



Measure M Taxpayer Oversight Committee
550 S. Main Street, Orange CA, Room 07
April 11, 2017 @ 6:00 p.m.

AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. MEASURE M ANNUAL PUBLIC HEARING**
 - A. Overview of Taxpayer Oversight Committee**
 - B. Review of the 2016 Taxpayer Oversight Committee Actions**
 - C. Local Eligibility Subcommittee Report**
 - D. Audit Subcommittee Report**
 - E. Public Comments***
 - F. Adjournment of Public Hearing**
- 4. Approval of Minutes/Attendance Report for February 14, 2017**
- 5. Action Items**
 - A. 2017 Measure M Annual Hearing Follow-Up and Compliance Findings
Dr. Ronald T. Randolph, Taxpayer Oversight Committee Co-Chair
 - B. Measure M2 Annual Eligibility Review Subcommittee Recommendations for
Fiscal Year 2015-16 Expenditure Reports
Stanley Counts, Annual Eligibility Review Subcommittee
- 6. Presentation Items**
 - A. Regional Traffic Signal Synchronization Program
Presentation – Kia Mortazavi, Executive Director, Planning
- 7. OCTA Staff Updates (5 minutes each)**
 - Measure M2 Environmental Cleanup Program – Kia Mortazavi, Executive Director, Planning
 - Other
- 8. Environmental Oversight Committee Report**
- 9. Committee Member Reports**
- 10. Public Comments***
- 11. Adjournment**

The next meeting will be held on June 13, 2017

*Public Comments: At this time, members of the public may address the Taxpayer Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

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



Measure M Taxpayer Oversight Committee INFORMATION ITEMS

<u>Staff Report Title</u>	<u>Board Meeting Date</u>
1. Ordinance Tracking Matrix – Ordinance No. 3	N/A
2. Capital Programs Division – Second Quarter Fiscal year 2016-17 Capital Action Plan Performance Metrics	February 13, 2017
3. Measure M2 Quarterly Progress Report for the Period of October 2016 Through December 2016	March 13, 2017
4. Orange County Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2016	March 27, 2017

*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to five (5) minutes per person and 20 minutes for all comments, unless different time limits are set by the Chairman, subject to the approval of the TOC.

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Measure M
Taxpayer Oversight Committee
Orange County Transportation Authority
550 S. Main Street, Orange CA, Room 07
February 14, 2017
5:00 p.m.

AGENDA

Committee Members Present:

Richie Kerwin Lim, First District Representative
Anthony Villa, First District Representative
Alan P. Dubin, Second District Representative
Eugene Fields, Third District Representative
Dr. Ronald T. Randolph, Third District Representative, Co-Chairman
Stanley F. Counts, Fourth District Representative
Guita Sharifi, Fifth District Representative
Matt McGuinness, Fifth District Representative

Committee Member(s) Absent:

Eric Woolery, Orange County Auditor-Controller, Co-Chairman
Margie Drilling, Second District Representative
Sony Soegiarto, Fourth District Representative

Orange County Transportation Authority Staff Present:

Jim Beil, Executive Director, Capital Programs
Julianne Brazeau, Public Reporter Specialist
Marissa Espino, Community Relations Officer, External Affairs
Sam Kaur, Section Manager, Local Programs
Rodney Johnson, Deputy Treasurer
Kia Mortazavi, Executive Director, Planning
Sean, Murdock, Director, Finance & Administration
Dan Phu, Program Manager, Strategic Planning
Alice Rogan, Public Outreach Manager, External Affairs
Tamara Warren, Program Manager, M Program Management Office

1. Welcome

Dr. Ronald T. Randolph, Co-Chairman, welcomed everyone to the Taxpayer Oversight Committee (TOC) meeting at 5:13 p.m.

2. Pledge of Allegiance

Dr. Ronald T. Randolph, Co-Chairman, led the Pledge of Allegiance to the Flag.

3. Approval of the Minutes/Attendance Report for October 11, 2016

A motion was made by Richie Lim, seconded by Alan Dubin, and carried unanimously to approve the October 11, 2016 TOC Minutes/Attendance report as presented.

4. Action Items

A. AER Subcommittee Eligibility Report FY 16-17

Matthew McGuinness, AER Chairman, said the Measure M2 ordinance requires all local agencies in Orange County to annually satisfy eligibility requirements in order to receive M2 net revenues. He said the AER subcommittee members convened on September 20th and October 20th with OCTA staff and their consultant to review eligibility requirements to ensure compliance with the ordinance and to ensure all related discussion were public. As part of the M2 Eligibility review for FY 2016-17, the AER subcommittee reviewed Pavement Management Plan (PMP) Certifications for even-numbered year agencies.

Matthew McGuinness noted subcommittee members concerns about the downward trend in pavement conditions based on the seven year projections provided in the current PMPs for the cities of Fullerton and Placentia. He said members also noted that it is important to continue to address the condition of pavement on an ongoing basis to avoid further deterioration. The AER Subcommittee asked staff to communicate their concerns with the cities of Fullerton and Placentia. OCTA staff will be sending out letters to the cities of Fullerton and Placentia to express concerns raised by the committee members during the AER subcommittee meetings.

Matthew McGuinness said upon TOC approval, recommendations from the TOC and OCTA staff will be presented to the OCTA Regional Planning & Highways Committee and the Board of Directors for approval in April 2017. He said the AER Subcommittee is scheduled to review expenditure reports for all local jurisdictions in March 2017.

Recommendations

A motion was made by Eugene Fields, seconded by Matthew McGuinness, and carried unanimously to approve PMPs for even-numbered year agencies, and find these local jurisdictions (21) eligible to receive Measure M2 net revenues for fiscal year 2016-17.

A motion was made by Richie Lim, seconded by Guita Sharifi, and carried unanimously to direct Orange County Transportation Authority staff to communicate concerns regarding deteriorating pavement to the cities of Fullerton and Placentia.

B. Measure M2 Quarterly Revenue & Expenditure Report (June 16)

Sean Murdock, Director, Finance and Administration handed out the Measure M2 Quarterly Revenue & Expenditure Report for June 2016.

C. Measure M2 Quarterly Revenue & Expenditure Report (September 16)

Sean Murdock, Director, Finance and Administration handed out the Measure M2 Quarterly Revenue & Expenditure Report for September 2016.

- D. Measure M2 Quarterly Revenue & Expenditure Report (December 16)
Sean Murdock, Director, Finance and Administration presented the Measure M2 Quarterly Revenue & Expenditure Report for December 2016.

Dr. Ronald Randolph asked how it looks. Sean Murdock said we are seeing about a 2.2% growth.

Eugene Fields asked what is included in the administrative overhead. Sean Murdock said the administrative portion covers staff time that is not directly allocated to projects, but overall administration of Measure M.

A motion was made by Richie Lim, seconded by Matt McGuinness, and carried unanimously to receive and file the Measure M2 Quarterly Revenue & Expenditure Reports for June, September and December 2016.

5. Presentation Items

- A. Fourth Quarter 2016 Debt and Investment Report
Rodney Johnson, Deputy Treasurer, presented the Fourth Quarter 2016 Debt and Investment Report.

Richie Lim asked if the assets are divided equally between the managers. Rodney Johnson said they are, and it is approximately \$325 million per manager.

Dr. Ronald Randolph asked if the total return on the portfolio is about 1½%-2%. Rodney Johnson said it was until the last interest hikes; now it is about 1.1%. He said the portfolio is doing well considering the interest rate hikes.

Richie Lim asked with the reduction of M2 revenues, is there an increase in risk tolerance with management. Rodney Johnson said OCTA is not yield chasers; they will not be aggressive.

Alan Dubin asked how much of the funds in the portfolio are Measure M. Rodney Johnson said about 50% of the portfolio is Measure M.

- B. I-405 Improvement Project Update
Jim Beil, Executive Director, Capital Programs, provided a brief update on the I-405 Improvement Project.

Matthew McGuinness asked when toll revenue will begin to be collected. Jim Beil said in 2023. Jim said one of the perks of a TIFIA loan is OCTA doesn't have to pay it back until we start collecting revenue and the interest rate is really favorable. He said with this loan the project costs a couple hundred million dollars less, because of its favorable rates.

Richie Lim asked what the estimate is for the excess revenue. Jim Biel said operation and maintenance take a piece of that revenue first, along with debt service. He said with the TIFIA loan, we have seen them ask other projects for 50% excess revenue, but that can be negotiated under the terms and conditions.

Matthew McGuinness asked if other projects in the region, like Los Angeles, have met the ridership projections. Jim Beil said they are very different projects. He said those projects were not financed, they were funded and they are run differently.

- C. Final Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) and Associated Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the Measure M2 Environmental Mitigation Program.

Dan Phu, Program Manager, Strategic Planning, presented the final NCCP/HCP and the associated EIR/EIS for the Measure M2 Environmental Mitigation Program.

Dr. Ronald Randolph asked if the property involved in this program was private property acquisitions. Dan Phu said yes, the private properties are put up for sale voluntarily. Dr. Randolph asked if OCTA uses any condemnation procedures. Dan said no, the OCTA Board of Directors decided to not go in that direction because it is not required.

Matthew McGuinness asked if OCTA gets appraisals on the properties before purchase. Dan Phu explained the process: first property owners submit their property, then the property is evaluated from a biological stand point, then the OCTA Board decides whether to spend resources to get an appraisal. He said it takes a specific type of appraiser to do these appraisals; they have to decide on whether it is potentially developable, what the property offers biologically, etc.

Matthew McGuinness asked if the properties have less value per square foot, than a developable property or properties in residential or commercial areas. Dan Phu said generally that is the case, but to give an example the Aliso property in Laguna Beach is 150 acres and was purchased for about \$15,000 per acre.

Matthew McGuinness commented he wanted to make sure the prices of the properties are not overinflated, just because a government agency is looking to purchase it. Dan Phu said no, OCTA conducts a fair market appraisal before making an offer on a property.

Guita Sharifi asked if OCTA has the ability to sell these properties in the future for a profit. Dan Phu said generally, no. He said OCTA has agreements with the wildlife agencies that none of these properties can be changed and then they give us the "credits" for mitigation.

Richie Lim asked how many acres of land are yet to be purchased. Dan Phu said we have largely met our goals to mitigation. He said there are some minor mitigation projects, but we have essentially come to the end of the last property purchase and now there is ongoing maintenance.

Dr. Ronald Randolph asked who determines, under the endangered species act, what qualifies as endangered. Dan Phu said it is state and federal agencies. He said there are species of special concern and they need to be monitored. Once they have monitored it for a number of years, then it is determined whether to classify species as endangered. Dr. Randolph said it is out of OCTA's hands as to what is classified endangered. Dan said yes, those decisions are made at the state and federal levels.

Richie Lim asked if there would be money left unused in the mitigation program if no more properties are going to be purchased. Dan Phu said we looked at the amount of money that is committed but not expended. He said the endowment has been accounted for but not actually expended and that will be accumulated over the next 10-12 year period. He said a few years ago staff went to the Environmental Oversight Committee (EOC), in which TOC member Anthony Villa is a part of, knowing we would approach the maximum amount of funds. He said there is currently about \$290 million projected for program over the next 30 years and roughly 45% has already been committed. So there would be about \$145 million going forward. He said after the guiding principles were drafted to determine the use of future revenue stream, it was decided there should be some flexibility with the funds in case there is another recession, etc. The EOC recommended to the OCTA Board, and it was approved, to use the funds for the obligations and then excess revenues would be used to augment or mitigate for new or different projects.

Dr. Ronald Randolph asked if roads could be built on these properties in the future. Dan Phu said no and excess funds can only be used for mitigation on freeway projects.

Guita Sharifi said for example OCTA needs to build 10 new overpasses the funding could be allocated to that project. Dan Phu said it depends on the vetting of the project, but the money would be used to purchase property to offset the freeway project impacts.

Dr. Ronald Randolph asked if the properties are not to be developed in infinite. Dan Phu said they cannot be built on in perpetuity as per the agreement with the wildlife agencies.

6. OCTA Staff Updates

- Measure M Next 10 Plan
Tamara Warren gave a brief update on the Measure M Next 10 Plan.

Eugene Fields asked what is the projection of the excess funds revenue from the 91 express lanes. Tamara Warren said we are only bringing in to the program what is needed and that is \$463 million.

- OC Streetcar

Jim Beil gave a brief update on the OC Streetcar project.

Guita Sharifi asked if the project is similar to projects in other states. Jim Beil said it is considered modern. He said Tucson, Portland, Charlotte, Atlanta, Dallas and Tacoma all have a similar system.

Alan Dubin said he rode the streetcar in Tacoma and it is very nice. Kia said it could have been the light rail system. Jim Beil said Tacoma has both streetcar and light rail.

Matthew McGuinness asked if the way OCTA is funding the streetcar is typical of other systems. Jim Beil said OCTA is maximizing state and federal funding methods.

Matthew McGuinness said there has been press about the Federal Government substantially increasing infrastructure spending for shovel ready projects. He asked if that would help fund projects in Orange County. Jim Beil said OCTA is hopeful. He said the California Governor submitted a list of projects to Washington. He said Orange County had two projects on that list. The I-405 Project was third on the list. And, the OC Streetcar was on the bottom of the first page on the three page list.

Richie Lim asked if state funding has been approved for the OC Streetcar. Jim Beil and Kia Mortazavi said it has been semi-approved. Richie asked when the federal funding is projected to be approved. Jim said it should be approved in September 2017.

Dr. Ronald Randolph said the School of the Arts is close to the line.

Matthew McGuinness asked if OCTA is looking at extending the project in either direction. Jim Beil said it is being looked at as part of the Central Harbor Blvd. Study and could be linked to some sort of system along Harbor Blvd.

Guita Sharifi said the system looks like it would serve lower income families and could create a boom for the area. She asked if that is being considered. Jim Beil said yes, the Federal New Starts Program take this into consideration when rating a project.

- Other

Alice Rogan passed out an outline describing the TOC Measure M Annual Public Hearing. She said the major responsibility of the TOC is to determine whether OCTA is proceeding in accordance with the Measure M Ordinance. The TOC's main objective is to listen to comments at the hearing and then determine compliance.

7. Audit Subcommittee Report

Dr. Ronald Randolph said the Audit Subcommittee met in January. The Subcommittee went over the procedures applied by the auditors. He said Roger Alfaro, a Partner with Vavrinek, Trine, Day & Company (VTD), provided a summary of the procedures performed and the related results. Dr. Randolph said VDT find very little exceptions to the procedures and therefore no disagreements. One of the recommendations was for OCTA to look at cyber security. He said the subcommittee received the report and indicated that based on the Audit results presented, that OCTA has acted in compliance for the past year.

Matthew McGuinness asked how often the auditors are chosen. Dr. Ronald Randolph said they are chosen every three years. He said VTD is a very fine firm and OCTA is lucky to have them. Alice Rogan said a TOC Member sits on the selection panel. Dr. Randolph asked who sat on that panel. Alice said it was Margie Drilling.

8. Environmental Oversight Committee (EOC) Report

Anthony Villa said the last EOC meeting was in November. He passed out information on the hikes and equestrian rides on the properties.

9. Committee Member Reports

There were no further reports

10. Public Comments

There were no public comments.

11. Adjournment

The Measure M Taxpayer Oversight Committee meeting adjourned at 6:30 p.m. The next meeting will take place on April 11, 2017 at 6pm.

Taxpayer Oversight Committee Fiscal Year 2016-2017 Attendance Record



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

Meeting Date	12-Jul	9-Aug	13-Sep	11-Oct	8-Nov	13-Dec	10-Jan	14-Feb	14-Mar	11-Apr	9-May	13-Jun
Stanley F. Counts		X		X		M E E T I N G C A N C E L E D		X				
Margie Drilling		X		X			*					
Alan Dubin		X		X			X					
Eugene Fields		X		X			X					
Richie Kerwin Lim		X		X			X					
Matt McGuinness		X		E			X					
Ronald Randolph		E		X			X					
Guita Sharifi		X		X			X					
Sony Soegiarto		E		E			*					
Anthony Villa		X		X			X					
Eric Woolery		E		X			*					

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
2/14/17	Margie Drilling	Work Schedule Conflict
2/14/17	Sony Soegiarto	Personal
2/14/17	Eric Woolery	Work Schedule Conflict

Action Items



April 11, 2017

To: Taxpayer Oversight Committee

From: Orange County Transportation Authority Staff

Subject: Measure M2 Annual Eligibility Review Subcommittee
Recommendations for Fiscal Year 2015-16 Expenditure Reports

Overview

The Measure M2 Ordinance requires all local jurisdictions to annually satisfy eligibility requirements in order to receive Measure M2 net revenues. The Annual Eligibility Review subcommittee review process for the fiscal year 2015-16 expenditure reports has been completed.

Recommendations

1. Approve the fiscal year 2015-16 expenditure reports for 35 local jurisdictions and find 35 local jurisdictions eligible to receive Measure M2 revenues for fiscal year 2016-17.
2. Refer discussion to Taxpayer Oversight Committee Audit Subcommittee for further review of Maintenance of Effort administration costs for the cities of Aliso Viejo, Newport Beach, Seal Beach, Stanton and Westminster.
3. Recommend to the Taxpayer Oversight Committee Audit Subcommittee that the city of San Juan Capistrano's Senior Mobility Program be considered for audit next year.
4. Direct Orange County Transportation Authority staff to communicate concerns to city of Rancho Santa Margarita regarding the Maintenance of Effort benchmark reported as actual expenditures.

Background

The Taxpayer Oversight Committee (TOC) is responsible for reviewing local agencies Local Signal Synchronization Plan, Mitigation Fee Program, Expenditure Report, Congestion Management Plan, and Pavement Management Plan for compliance with Ordinance No. 3. The eligibility component, due this eligibility cycle, includes fiscal year (FY) 2015-16 expenditure reports for each local

jurisdiction in Orange County. The Annual Eligibility Review (AER) subcommittee has been designated by the TOC to review the eligibility submittals with support from Orange County Transportation Authority (OCTA) staff.

Local jurisdictions are required to annually submit expenditure reports within six months of the close of local agencies' FY (December 31st). The city of Huntington Beach is an exception since the local jurisdiction follows a federal FY (October 1 to September 30) and submits an expenditure report by March 31st.

Discussion

OCTA staff reviewed the expenditure reports to ensure consistency and accuracy. The AER subcommittee convened on March 29, 2017 to review and discuss the expenditure reports. The Measure M2 (M2) Ordinance requires local jurisdictions to satisfy the maintenance of effort (MOE) requirements by maintaining a minimum level of local streets and roads expenditures from local agencies' discretionary funds consistent with the provisions of enabling statutes. Local jurisdictions are required to report the MOE expenditures in the M2 expenditure reports.

During the AER subcommittee review, it was observed that some local agencies included higher levels of administrative costs in their reported MOE. AER subcommittee members expressed concerns on the higher administration costs as part of satisfying the MOE benchmark for five local agencies including the cities of Aliso Viejo, Newport Beach, Seal Beach, Stanton, and Westminster. While the M2 ordinance does not define or cap the level of administration costs allowed as part of satisfying the MOE requirement, the subcommittee refers this discussion to the TOC Audit Subcommittee for further review.

During the review process, the AER subcommittee annually recommends local agencies for audit consideration to the TOC Audit Subcommittee. Based on the review of all of the local jurisdictions' expenditure reports, the AER subcommittee has recommended that the city of San Juan Capistrano's Senior Mobility Program be considered next year as the TOC Audit subcommittee selects local jurisdictions for audit.

The AER subcommittee also expressed concerns with the level of Maintenance of Effort expenditures reported by the city of Rancho Santa Margarita in order to satisfy the MOE benchmark. The subcommittee asked OCTA staff to communicate the subcommittees' concerns to city of Rancho Santa Margarita on reporting MOE expenditures that are exactly equal to the city's MOE benchmark. In the event that any MOE expenditures are deemed ineligible through a future audit, the city may jeopardize their eligibility status and risk being ineligible to receive Measure M2 funds since the expenditures would be below the required benchmark.

The FY 2016-17 Measure M2 Eligibility Review of Expenditure Reports for FY 2015-16 Summary is included as Attachment A. The AER subcommittee recommends eligibility approval to the TOC. Upon TOC approval, OCTA staff will present the eligibility findings to the Regional Planning and Highways Committee on May 1, 2017, and to the OCTA Board of Directors on May 8, 2017.

Summary

The AER subcommittee reviewed expenditure reports and found the 35 local jurisdictions compliant with the Measure M2 Ordinance.

Attachment

- A. FY 2016-17 Measure M2 Eligibility Review of FY 2015-16 Expenditure Reports Summary

**FY 2016-17 Measure M2 Eligibility
Review of FY 2015-16 Expenditure Reports Summary**

Local Jurisdiction	Expenditure Report Received by deadline	Resolution Received by deadline	MOE Reported	Compliant
Aliso Viejo	Yes	Yes	Yes	Yes
Anaheim	Yes	Yes	Yes	Yes
Brea	Yes	Yes	Yes	Yes
Buena Park	Yes	Yes	Yes	Yes
Costa Mesa	Yes	Yes	Yes	Yes
County of Orange	Yes	Yes	N/A	Yes
Cypress	Yes	Yes	Yes	Yes
Dana Point	Yes	Yes	Yes	Yes
Fountain Valley	Yes	Yes	Yes	Yes
Fullerton	Yes	Yes	Yes	Yes
Garden Grove	Yes	Yes	Yes	Yes
Huntington Beach	Yes	Yes	Yes	Yes
Irvine	Yes	Yes	Yes	Yes
La Habra	Yes	Yes	Yes	Yes
La Palma	Yes	Yes	Yes	Yes
Laguna Beach	Yes	Yes	Yes	Yes
Laguna Hills	Yes	Yes	Yes	Yes
Laguna Niguel	Yes	Yes	Yes	Yes
Laguna Woods	Yes	Yes	Yes	Yes
Lake Forest	Yes	Yes	Yes	Yes
Los Alamitos	Yes	Yes	Yes	Yes
Mission Viejo	Yes	Yes	Yes	Yes
Newport Beach	Yes	Yes	Yes	Yes
Orange	Yes	Yes	Yes	Yes
Placentia	Yes	Yes	Yes	Yes
Rancho Santa Margarita	Yes	Yes	Yes	Yes
San Clemente	Yes	Yes	Yes	Yes
San Juan Capistrano	Yes	Yes	Yes	Yes
Santa Ana	Yes	Yes	Yes	Yes
Seal Beach	Yes	Yes	Yes	Yes
Stanton	Yes	Yes	Yes	Yes
Tustin	Yes	Yes	Yes	Yes
Villa Park	Yes	Yes	Yes	Yes
Westminster	Yes	Yes	Yes	Yes
Yorba Linda	Yes	Yes	Yes	Yes

FY - Fiscal Year


MOE - Maintenance of Effort

Presentation Items



COMMITTEE TRANSMITTAL

March 13, 2017

To: Members of the Board of Directors
From:  Laurena Weinert, Clerk of the Board
Subject: Regional Traffic Signal Synchronization Program Overview

Regional Planning and Highways Committee Meeting of March 6, 2017

Present: Directors Delgleize, Do, Donchak, M. Murphy, Nelson, Spitzer, and Steel
Absent: None

Committee Vote


This item was passed by the Members present.

Staff Recommendation

Receive and file as an information item



March 6, 2017

To: Regional Planning and Highways Committee
From: Darrell Johnson, Chief Executive Officer 
Subject: Regional Traffic Signal Synchronization Program Overview

Overview

Implementation of multi-agency traffic signal synchronization is a cost-effective strategy to improve traffic flow without significant roadway construction. The Orange County Transportation Authority continues to work with local cities, the County of Orange, and the California Department of Transportation in funding and implementing key regional traffic signal synchronization projects. This report provides an update on the Measure M2 Regional Traffic Signal Synchronization Program, including results from recently completed projects.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA) provides funding and assistance to implement multi-agency signal synchronization as part of the Measure M2 (M2) Regional Traffic Signal Synchronization Program (RTSSP). OCTA provides competitive capital grants and limited-term operations funding for the coordination of traffic signals across jurisdictional boundaries. The goal of the RTSSP is to improve the flow of traffic by developing and implementing regional signal coordination that crosses local agencies' boundaries and maintains coordination through freeway interchanges, where possible.

Discussion

Signal synchronization projects optimize traffic signal timings to reduce travel times, stops, and delays, and ultimately give users a better driving experience along corridors. OCTA has used a variety of sources in the past to fund signal synchronization projects on a regional basis, including Measure M1, Proposition 1B Traffic Light Signal Synchronization Program, air quality funds, and M2.

Projects are corridor-based, and optimized signal timings are developed based on existing traffic data and patterns. Key to these efforts is regular dialogue between the partner agencies and the California Department of Transportation.

Projects implement a coordination strategy that combines interconnected, time-based synchronization of the respective agencies' systems, including the necessary modifications to infrastructure in preparation for future uses and upgrades. Existing synchronization on crossing arterials is incorporated when and where applicable. Optimized timings are developed and implemented for identified peak periods, which are typically weekday mornings, midday, evenings, and for weekends, mid-morning through early evening. In order to quantify signal synchronization benefits, "before and after" studies are conducted to evaluate the improvements from these new optimized timing plans.

Signal Synchronization Projects

OCTA and local agencies have completed 59 signal synchronization projects since 2008. The signal program target of synchronizing at least 2,000 signalized intersections, as expressed in the M2 voter pamphlet, was met by December 2016. This goal was originally set to be accomplished over the 30 year period of M2. OCTA and local agencies accelerated the RTSSP and met that goal in less than 9 years. A total of 2,068 signalized intersections, covering 540 miles of arterial highways, has been synchronized so far. The total cost of these projects was approximately \$36 million. The completed projects are identified on the map in Attachment A. A summary of the results for the 59 completed signal synchronization projects is identified on the table in Attachment B. This early acceleration of the RTSSP will allow the benefits of signal synchronization to be experienced by the travel public much earlier than originally promised.

The 59 projects reduced average travel time by 13 percent and the average number of stops by 31 percent. Average speed improved by 15 percent. Drivers will save approximately \$95.7 million (at \$2.90 per gallon in today's dollars) in fuel costs and reduce greenhouse gas (GHG) emissions by approximately 667.2 million pounds over the three-year project cycle. The reduction of GHG emissions is made possible by reducing the number of stops, smoothing the flow of traffic, and reducing the amount of acceleration and deceleration of vehicles. These results are similar to signal timing efforts nationwide as they typically result in improvements in the range of five percent to 15 percent.

Currently, OCTA is funding an additional 29 signal synchronization projects that are in various stages of implementation. The committed funding from OCTA is primarily from the competitive M2 Signal Program, and the total cost of these projects is over \$54 million. Once completed, these funded projects will synchronize an additional 998 signals and 267 miles of roadway.

The signal synchronization program allows for completed projects to compete again for funding during the annual call process. Previous investments made as part of earlier projects are incorporated into the revisited projects. An example of this would be the Oso Parkway/Pacific Park Drive signals, which were synchronized in 2009 and updated in 2014. The result is a program that can regularly coordinate 2,000 intersections as the basis for synchronized operation across Orange County.

Next Steps

OCTA continues to work with local agencies through various venues, including the Technical Steering Committee, Technical Advisory Committee, and traffic forums to identify corridors that are eligible for funding that would benefit from signal program funding as part of annual calls for projects.

Summary

OCTA and local agencies have successfully implemented new cooperative traffic signal synchronization timing on 59 corridors. Another 29 projects are planned or underway. The synchronization of traffic signals along these regional corridors will continue to result in significant improvements to traffic flow by reducing total travel times and stops per mile, improving average speeds, and decreasing GHG and overall vehicle emissions.

Attachments

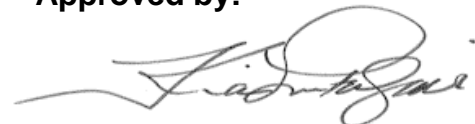
- A. OCTA – Funded Signal Synchronization Projects (2008 – present)
- B. Summary of Results for Completed Regional Traffic Signal Synchronization Projects

Prepared by:



Ron Keith
Project Manager III
Regional Modeling, Traffic Operations
(714) 560-5990

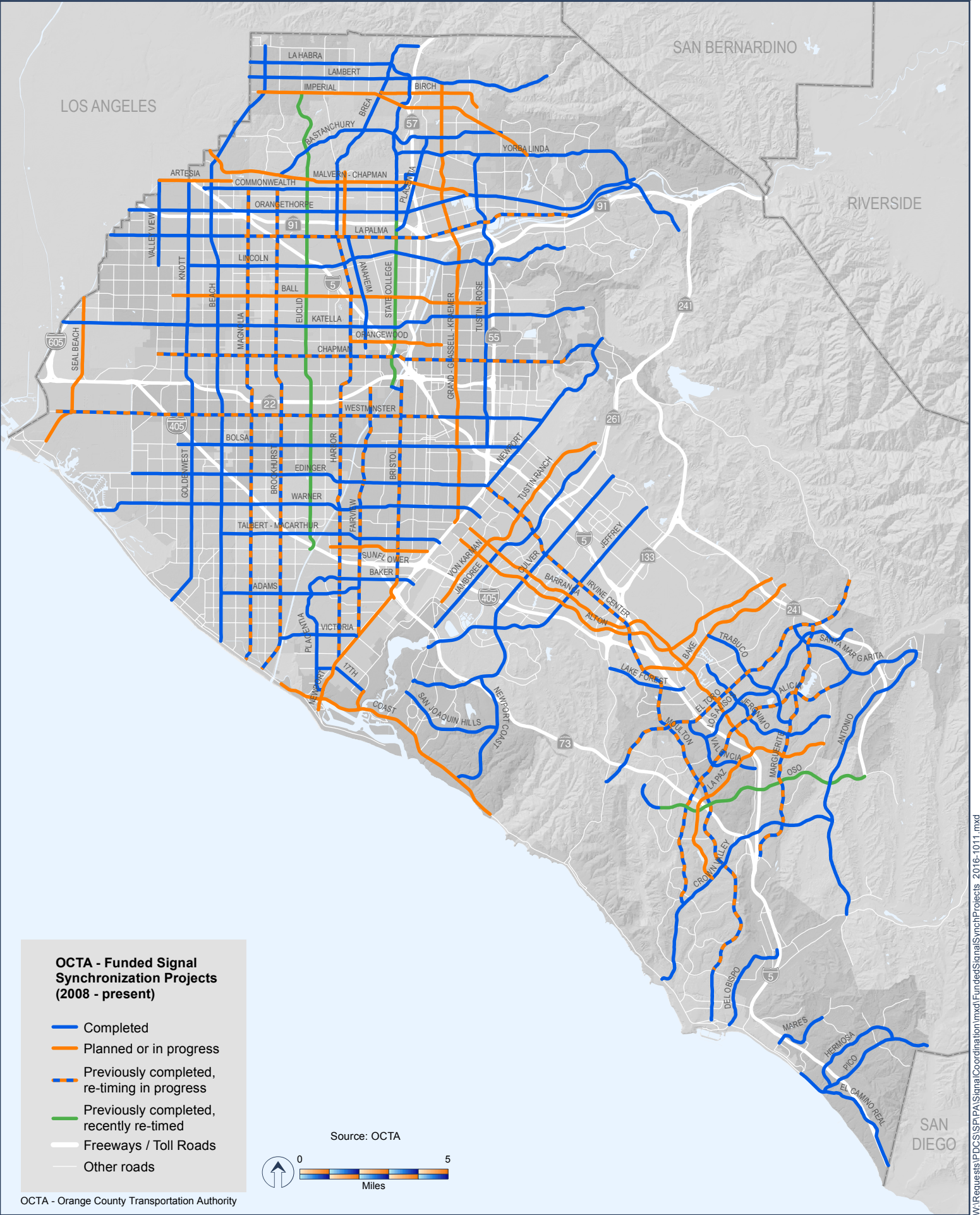
Approved by:



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



OCTA - Funded Signal Synchronization Projects (2008 - present)



OCTA - Funded Signal Synchronization Projects (2008 - present)

- Completed
- Planned or in progress
- Previously completed, re-timing in progress
- Previously completed, recently re-timed
- Freeways / Toll Roads
- Other roads

Source: OCTA



OCTA - Orange County Transportation Authority

Summary of Results for Completed Regional Traffic Signal Synchronization Projects

Corridor Name	Timing Completed	Lead Agency	Length (Miles)	Signals	Project Cost	Project Life Fuel Consumed Savings (gal)	Estimated Project Life Gas Savings (Dollars)^	Estimated Project Life Greenhouse Gas Savings (lbs.)	Travel Time Improvement	Average Speed Improvement	Stops Improvement
Euclid Street	2008	OCTA	15	62	\$450,000	792,726	\$ 2,298,905	16,188,276	20%	24%	43%
Pacific Park/Oso Parkway*	2009	OCTA	9	34	\$250,000	935,223	\$ 2,712,147	19,098,249	22%	29%	50%
Alicia Parkway	2010	OCTA	11	41	\$945,000	206,667	\$ 599,334	4,220,358	13%	12%	40%
Beach Boulevard	2010	OCTA	20	70	\$1,300,000	2,684,544	\$ 7,785,178	54,821,202	14%	21%	28%
Chapman Avenue (South)	2010	OCTA	15	52	\$800,000	831,969	\$ 2,412,710	16,989,696	16%	18%	46%
Edinger Avenue/Irvine Center Drive/Moulton Parkway	2011	OCTA	22	109	\$846,000	1,181,976	\$ 3,427,730	24,137,220	11%	14%	34%
Harbor Boulevard	2011	OCTA	16	107	\$520,000	827,208	\$ 2,398,903	16,892,430	11%	12%	23%
Orangethorpe Avenue	2011	OCTA	19	44	\$698,000	681,804	\$ 1,977,232	13,923,183	17%	20%	42%
State College Boulevard/Bristol Street	2011	OCTA	17	97	\$760,000	1,048,650	\$ 3,041,085	21,414,531	15%	18%	28%
Westminster Avenue	2011	OCTA	13	48	\$620,000	1,085,484	\$ 3,147,904	22,166,736	14%	17%	35%
Brookhurst Street	2012	OCTA	16	56	\$631,764	2,012,875	\$ 5,837,338	41,105,031	19%	18%	31%
El Toro Road	2012	OCTA	11	40	\$478,916	846,879	\$ 2,455,949	17,294,160	19%	24%	32%
Katella Avenue	2012	OCTA	17	69	\$673,845	1,137,363	\$ 3,298,353	23,226,165	14%	14%	36%
La Palma Avenue	2012	OCTA	18	58	\$803,999	1,610,653	\$ 4,670,894	32,391,229	18%	22%	27%
Bastanchury Road	2013	Fullerton	8	27	\$674,920	270,002	\$ 783,006	5,513,723	13%	15%	49%
Euclid Street*	2013	Fullerton	17	66	\$1,250,000	1,106,675	\$ 3,209,358	22,599,458	15%	17%	40%
Tustin Avenue/Rose Drive	2013	OCTA	10	43	\$854,000	592,267	\$ 1,717,574	12,094,717	15%	17%	37%
Yorba Linda Boulevard	2013	OCTA	12	46	\$521,837	465,049	\$ 1,348,643	9,496,799	14%	17%	32%
Culver Drive	2014	Irvine	11	39	\$979,320	929,653	\$ 2,695,994	18,984,498	12%	12%	19%
Fairview Road/Street	2014	Costa Mesa	8	31	\$775,001	444,993	\$ 1,290,479	9,087,220	11%	12%	24%
Jamboree Road	2014	Irvine	8	27	\$288,260	813,645	\$ 2,359,571	16,615,495	9%	9%	19%
Jeffrey Road	2014	Irvine	9	33	\$512,540	489,977	\$ 1,420,933	10,005,845	9%	10%	26%
Lincoln Avenue	2014	Anaheim	13	47	\$1,192,810	401,102	\$ 1,163,196	8,190,935	9%	15%	25%
MacArthur Boulevard/Talbert Avenue	2014	OCTA	7	26	\$490,320	134,391	\$ 389,734	2,744,427	7%	8%	13%
Magnolia Street	2014	OCTA	16	53	\$400,000	566,394	\$ 1,642,543	11,566,362	10%	12%	15%
Pacific Park/Oso Parkway*	2014	OCTA	8	31	\$612,778	490,380	\$ 1,422,102	10,014,071	16%	19%	29%
Valley View Street	2014	Buena Park	3	14	\$350,000	783,613	\$ 2,272,478	16,002,194	28%	24%	37%
Warner Avenue	2014	OCTA	13	43	\$777,310	460,817	\$ 1,336,369	9,410,366	8%	6%	26%
Avenida Pico	2014	San Clemente	4	21	\$483,166	181,023	\$ 524,967	3,696,687	9%	10%	21%
Crown Valley Parkway	2014	OCTA	9	30	\$400,627	142,625	\$ 413,613	2,912,557	4%	3%	20%
Edinger Avenue	2014	OCTA	12	38	\$803,019	324,316	\$ 940,516	6,622,870	2%	5%	25%
El Camino Real	2014	San Clemente	4	18	\$580,267	380,188	\$ 1,102,545	7,763,838	9%	10%	25%
First Street / Bolsa Avenue	2014	OCTA	12	49	\$1,123,449	899,045	\$ 2,607,231	18,359,448	11%	12%	26%
Jeronimo Road	2015	OCTA	6	16	\$307,621	386,683	\$ 1,121,381	7,896,471	12%	3%	35%
Lake Forest Drive	2014	OCTA	2	10	\$135,302	175,873	\$ 510,032	3,591,510	19%	23%	33%
Lambert Avenue	2013	La Habra	10	36	\$174,893	1,173,926	\$ 3,404,385	23,972,807	14%	16%	41%
Marguerite Parkway	2014	OCTA	9	31	\$332,397	156,175	\$ 452,908	3,189,264	11%	12%	21%
Santa Margarita Parkway	2015	OCTA	5	20	\$351,750	437,265	\$ 1,268,069	8,929,416	15%	18%	41%
Del Obispo Street	2014	San Juan Capistrano	4	16	\$158,553	254,554	\$ 738,207	5,198,269	13%	10%	11%
Knott Avenue	2015	Buena Park	7	28	\$707,100	491,820	\$ 1,426,278	10,043,483	23%	26%	37%
17th Street	2014	Costa Mesa	3	9	\$275,000	31,564	\$ 91,536	644,563	7%	3%	0%
Baker Street/Placentia Avenue	2014	Costa Mesa	8	27	\$650,000	138,520	\$ 401,708	2,828,724	14%	16%	34%
Victoria Street	2014	Costa Mesa	3	12	\$250,000	32,005	\$ 92,815	653,581	22%	15%	25%
Brea Boulevard	2014	Fullerton	4	16	\$400,000	208,598	\$ 604,934	4,259,783	12%	13%	43%
Commonwealth Avenue	2014	Fullerton	8	25	\$750,000	205,903	\$ 597,119	4,204,761	11%	12%	36%
Lemon Street / Anaheim Boulevard	2014	Fullerton	2	13	\$325,000	136,377	\$ 395,493	2,784,969	16%	21%	40%
Placentia Avenue	2014	Fullerton	4	15	\$475,000	146,390	\$ 424,531	2,989,436	18%	22%	48%
La Habra Boulevard	2014	La Habra	6	23	\$575,000	397,483	\$ 1,152,701	8,117,025	10%	11%	27%
Paseo de Valencia	2014	Laguna Hills	3	12	\$229,080	43,554	\$ 126,307	889,411	8%	5%	34%
Newport Coast Drive	2015	Newport Beach	5	13	\$504,318	167,175	\$ 484,808	3,413,896	10%	0%	6%
San Joaquin Hills Road	2015	Newport Beach	4	11	\$585,715	149,978	\$ 434,936	3,062,701	11%	12%	32%
Avenida Vista Hermosa	2015	San Clemente	4	17	\$316,518	64,846	\$ 188,053	1,324,219	17%	19%	54%
Camino De Los Mares	2015	San Clemente	2	13	\$241,160	463,252	\$ 1,343,431	3,153,365	27%	37%	57%
Los Alisos Boulevard	2014	OCTA	7	21	\$371,409	7,148	\$ 20,729	145,962	5%	3%	16%
Antonio Parkway	2016	OCTA	10	25	\$1,317,499	583,109	\$ 1,691,016	11,907,699	16%	19%	23%
Adams Avenue	2016	OCTA	5	17	\$1,144,786	529,737	\$ 1,536,237	10,817,781	12%	14%	27%
Trabuco Road	2015	OCTA	4	14	\$319,861	332,011	\$ 962,832	6,780,018	15%	18%	32%
State College Boulevard/The City Drive	2016	OCTA	5	35	\$940,870	380,749	\$ 1,104,172	7,775,289	10%	11%	16%
Newport Avenue/Boulevard (North)	2016	OCTA	7	24	\$1,099,276	149,162	\$ 432,570	3,046,041	12%	15%	36%
Summary of All Projects			540	2068	\$ 35,785,254	33,004,033	\$ 95,711,697	667,170,420	13%	15%	31%

* Euclid Street and Oso Parkway/Pacific Park Drive are included twice because both have been revisited

^ \$2.90 per gallon gasoline price used to estimate savings

Note: Improvements are averaged across both directions over the full corridor

gal - gallons

lbs - pounds

OCTA - Orange County Transportation Authority

Staff Update
Items



COMMITTEE TRANSMITTAL

March 13, 2017

To: Members of the Board of Directors

From:  Laurena Weinhert, Clerk of the Board

Subject: Measure M2 Environmental Cleanup Program - Tier 1 Grant Program Call for Projects

Regional Planning and Highways Committee Meeting of March 6, 2017

Present: Directors Delgleize, Do, Donchak, M. Murphy, Nelson, Spitzer, and Steel

Absent: None

Committee Vote

This item was passed by the Members present.


Committee Recommendations

- A. Approve the proposed revisions to the Comprehensive Transportation Funding Programs Guidelines for Environmental Cleanup Program Tier 1 projects.
- B. Authorize staff to issue the fiscal year 2017-18 Environmental Cleanup Program Tier 1 call for projects, totaling approximately \$3.1 million.



March 6, 2017

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer 

Subject: Measure M2 Environmental Cleanup Program – Tier 1 Grant Program Call for Projects

Overview

The Measure M2 Environmental Cleanup Program provides grants to projects that protect Orange County waterway and beaches from roadway runoff. Staff has updated the program implementation guidelines and is seeking authorization to release the next Environmental Cleanup Program Tier 1 call for projects.

Recommendations

- A. Approve the proposed revisions to the Comprehensive Transportation Funding Programs Guidelines for Environmental Cleanup Program Tier 1 projects.
- B. Authorize staff to issue the fiscal year 2017-18 Environmental Cleanup Program Tier 1 call for projects, totaling approximately \$3.1 million.

Background

The Environmental Cleanup Program, Project X (ECP), provides for the allocation of two percent of annual gross Measure M2 (M2) revenues to improve overall water quality in Orange County. Funding is allocated on a countywide competitive basis to assist jurisdictions in controlling transportation-related pollution. These funds are intended to supplement, not supplant, existing transportation-related water quality programs. Funds are awarded to priority projects that improve water quality in streams, harbors, and other waterways that have a nexus to transportation-related pollution, consistent with the Orange County Transportation Authority's (OCTA) Ordinance No. 3. The ordinance calls for establishment of an Oversight Allocation Committee to advise the Board of Directors (Board) on priorities and process for use of the funds.

In May 2010, the Board approved a two-tiered approach to fund the M2 ECP. Specifically, the funding plan called for up to \$19.5 million in Tier 1 grants on a “pay-as-you-go” basis through fiscal year (FY) 2017-18, and up to \$38 million in Tier 2 grants via bonding through FY 2014-15. The Tier 1 Grant Program consists of funding for equipment purchases and upgrades to existing storm drains and related best management practices. The Tier 2 Grant Program consists of funding for regional, potentially multi-jurisdictional, capital-intensive projects.

The previous FY 2016-17 Tier 1 call for projects (call) was finalized on September 12, 2016, with the approval of \$2,769,943 of funding. The Board approved funding allocations for 16 projects based on the scoring criteria. The past six Tier 1 calls have resulted in funding 131 projects, totaling approximately \$16.4 million.

Discussion

OCTA staff worked with the local agencies and Environmental Cleanup Allocation Committee (ECAC) to determine areas of the program guidelines that needed to be adjusted and reviewed issues that emerged out of the previous calls for projects. In addition, guidelines are updated to reflect the new release date and application deadline for the upcoming Tier 1 call (Attachment A).

The primary changes to the guidelines include changing the in-kind services match requirement of 25 percent to a local funding match of 20 percent and increasing the maximum grant per project from \$200,000 to \$500,000. The matching funds shall be provided as a cash contribution. The maximum allocation of \$500,000 per agency from M2 ECP grants remains unchanged.

OCTA staff tracks and monitors the in-kind match reporting and gathers documentation from local agencies to support the match justification. In-kind services for Tier 1 projects include maintenance and monitoring, which is driven by weather and rain events. Due to weather and rain events being dynamic and unpredictable, some funding recipients have not been able to meet the local match using in-kind services as anticipated. In addition, some agencies did not employ appropriate mechanisms to track staff time being used for in-kind match. Use of local funding as match improves accountability and simplifies reporting requirements. To facilitate the change to the matching requirements for the upcoming 2017 Tier 1 call, a reduction of the local match is proposed from 25 percent to 20 percent, consistent with the minimum local match for other M2 streets and roads programs. This recommendation was reviewed and endorsed by the ECAC on January 12, 2016.

Staff is recommending authorization to issue the FY 2017-18 ECP Tier 1 Grant Program call for approximately \$3.1 million. The evaluation approach remains identical to the previous call, with each proposal having the potential to receive a maximum of 110 points (including bonus points).

Next Steps

With Board approval, staff will initiate the ECP Tier 1 call, which is anticipated to commence March 13, 2017. During the call, staff will offer one-on-one meetings to assist local agencies with the application process. Applications are due on May 17, 2017, and staff will return to the Board with funding recommendations by late summer 2017.

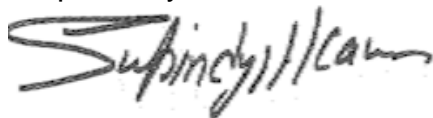
Summary

OCTA staff is recommending revisions to the ECP Guidelines and requesting authorization to issue the FY 2017-18 call for the ECP Tier 1 Grant Program, totaling approximately \$3.1 million.

Attachment

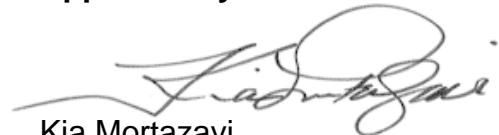
- A. Redlined - Chapter 12 - Environmental Cleanup Program (Project X)

Prepared by:



Sam Kaur
Section Manager, Local Programs
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Approved by:



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

Redlined

Chapter 12 – Environmental Cleanup Program (Project X)



Overview

The Project X/Environmental Cleanup Program (ECP) provides for Measure M2 (M2) revenues to improve overall water quality in Orange County from transportation-generated pollution. Specifically, the Orange County Local Transportation Authority's Ordinance No. 3 (M2 Ordinance) dated July 24, 2006, provides 2 percent of gross M2 revenue dedicated to protecting Orange County beaches and waterways from the conveyance of urban runoff associated with transportation generated pollution. The M2 ~~Environmental Cleanup Program (ECP)~~ ensures that 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 (BMPs).

As required by the M2 Ordinance, an Environmental Cleanup Allocation Committee (ECAC), representing a broad cross-section of the water quality community, was formed in October 2007 to provide guidance on program design and funding. The goal of the ECP is to fund projects on a countywide, competitive basis. This will assist the County of Orange and Orange County cities in reducing transportation-related water quality pollution by meeting Clean Water Act standards for local waterways and beaches.

Proposed projects must demonstrate a direct nexus (connection) to a reduction of transportation-related pollution as developed and defined by the ECAC in conformity with the M2 Ordinance. All proposing agencies must demonstrate an understanding of how their proposed projects meet the following transportation pollution nexus definition:

- Transportation-related activities can be a contributor of pollutants and/or impairments to receiving waters via aerial deposition, storm, and non-storm water discharges. Transportation-related activities are associated with the operation, construction, and maintenance of public roads, highways, and other ground transportation systems.
- The conveyance of transportation-related pollutants to surface and groundwater can occur from precipitation, runoff, and leaching entering or discharging from public roads, highways, and other ground transportation systems via drainage systems, such as catch basins, curbs, gutters, ditches, manmade channels, retention basins, or storm drains. The quality and quantity of these discharges vary considerably and are affected by hydrology, geology, land use, season, and sequence and discharge of hydrologic events.
- Pollutant sources can encompass right-of-way, properties, facilities, and activities related to motor vehicles, highway maintenance, construction site runoff,

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Chapter 12 – Environmental Cleanup Program (Project X)

maintenance facility runoff, illegal dumping, spills, and landscaping care. Pollutant categories include, but are not limited to: metals (such as copper, lead, and zinc), organic chemicals and compounds (hydrocarbons and pesticides), sediment, nutrients (nitrogen and phosphorus), litter, oxygen demanding substances (decaying vegetation, animal waste, and other organic matter), groundwater dewatering discharges, and pathogenic material.

The M2 ECP funds are designed to supplement, not supplant, existing water quality programs. Proposed projects must improve and not replace existing pollution reduction efforts by an eligible party. Funds will be awarded to the most competitive projects with the highest benefit to water quality.

The intent of the ~~ECP Environmental Cleanup Program~~ is to provide funding for water quality projects that do not replace existing transportation water quality expenditures. In other words, if a project has components which would replace features already in place or which would fulfill project specific mitigation, those components would not be eligible for M2 funding consideration. Some upgrades and expansions may be eligible. The eligibility of the project and its components will be determined during the evaluation process. Contact ~~the~~ Program Manager for details.

In May 2010, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved a two-tiered approach to fund the M2 ECP. Specifically, the funding plan called for up to \$19.5 million in Tier 1 grants on a “pay-as-you-go” basis through fiscal year (FY) 2017-18, and up to \$38 million in Tier 2 grants via bonding through FY 2014-15.

~~Organization of Chapter 12~~

~~The first part of the chapter consists of funding guidelines for the Tier 1 Grant Program. The second part of the chapter consists of funding guidelines for the Tier 2 Grant Program.~~



Section 12.1 – Tier 1 Grant Program

Overview

The Tier 1 Grant Program is designed to mitigate the more visible forms of pollutants, such as litter and debris, which collect on the roadways and in the catch basins (storm drains) prior to being deposited in waterways and the ocean. It consists of grant funding for Orange County local governments to purchase equipment and upgrades for existing catch basins and other related BMPs (i.e., “street-scale” low flow diversion projects). Examples include screens, filters, and inserts for catch basins, as well as other devices designed to remove the above mentioned pollutants. To date, five Tier 1 calls for projects have been held. Through this process, many of the opportunities for street-scale BMPs have been fulfilled. Water quality projects, regardless of technology, are eligible for Tier 1 funding provided they have a verifiable benefit to water quality and fall within the maximum per project programming cap. The intent of this funding program is for project applicants to complete the work generally within one year from the letter agreement execution.

Tier 1 Project Types

The Tier 1 projects funded in the past include the following types. A description of each project type is provided below:

- 1) Automatic Retractable Screen and other debris screens or inserts: screen or insert units prevent debris from entering the storm drain system.
- 2) Irrigation system retrofits to reduce runoff: these projects decrease runoff from highway medians by using more efficient irrigation systems and/or replacing existing landscape to reduce the amount of water used in irrigation.
- 3) Continuous Deflection Separator (CDS): CDS units screen, separate, and trap debris, sediment, oil, and grease from storm water runoff.
- 4) Linear Radial Gross Solid Removal Device (GSRD): GSRDs are certified full capture systems which efficiently remove large solids from runoff water flows.
- 5) Marina Trash Skimmer: these devices draw in floating debris, such as plastics, bottles, paper, oil sheen, and drift wood. The installation of marina trash skimmers will reduce the amount of trash and debris reaching the open ocean.
- 6) Bioswales and Bioretention systems: pollutants and sedimentation are captured and subsequently removed from stormwater runoff.
- 7) Trash Boom: a floating boom placed across a channel captures trash and debris that have reached flood channels from being further conveyed to downstream receiving waters.



Chapter 12 – Environmental Cleanup Program (Project X)

Pre-Application Process

In order to ensure the best use of M2 funds and assist eligible jurisdictions with the Tier 1 Grant Program, applicants may engage in a pre-application process with OCTA staff in project planning, cost estimate development, and determination of likely projected competitiveness. Specific meeting times will be established once the call is initiated. Subsequent to the call for projects deadline and submittal of the grant application, applicants will not be able to change the content of the application or scope of the project.

Eligible Applicants

ECP funds can be used to implement street and highway-related water quality improvement projects to assist Orange County cities and the County of Orange to meet federal Clean Water Act standards for urban runoff. Applicants eligible for ECP funds include the 34 Orange County cities plus the County of Orange. Eligible applicants must meet the transportation requirements discussed in the M2 Ordinance.

Third parties, such as water and wastewater public entities, environmental resource organizations, nonprofit 501(c) environmental institutions, and homeowners associations cannot act as the lead agency for a proposed project, however; these agencies can jointly apply with an Orange County city and/or the County of Orange.

Two or more agencies may participate in a project. If a joint application among agencies and/or third party entities is submitted, a preliminary agreement with joint or third party entities must be provided as part of the application. In order to meet M2 Ordinance requirements, an eligible applicant must be the lead agency for the funding application. Per Chapter 9, if a project includes more than one jurisdiction and is being submitted as a joint application, one agency shall act as lead agency and must provide a resolution of support from all joint applicants.

Each eligible jurisdiction must meet the eligibility criteria as set forth in Chapter 1 of these guidelines.

Project Programming

The Tier 1 Grant Program approach is designed to be consistent with Chapter 2 of ~~these~~ [Comprehensive Transportation Funding Program \(CTFP\) Guidelines](#) ~~Manual~~ regarding the provisions below:

- Program Consolidation
- Funding Projections
- Programming Adjustments
- Project Cost Escalation
- Programming Policies



Chapter 12 – Environmental Cleanup Program (Project X)

- Schedule Change Requests
- Project Advancements
- Semi-Annual Review

Refer to Chapter 2 for explanations of the above provisions.

Funding Estimates

A total of up to \$19.5 million is available for the Tier 1 Grant Program over a seven-year window from FY 2011-12 through FY 2017-18. Approximately \$2-83.1 million is available for the 2017 Tier 1 call for projects.

The maximum amount for the Tier 1 Grant Program is \$5200,000 per project. The maximum amount that an applicant can receive in a funding period is \$500,000.

Matching Funds

For the Tier 1 Grant Program, a minimum local match of 2520 percent of the eligible project cost is required. These matching funds can be provided by shall be provided as a cash contributions and/or in-kind services. In-kind services can include salaries and benefits for employees who work directly on the project. In addition, ongoing operations and maintenance of the project for a maximum of 10 years can be pledged on a match. For projects wherein ongoing operations and maintenance are pledged as match, the local agency will report on actual operations and maintenance expenditures as part of the semi-annual review process (see page 2-7). Local agencies must complete Form 10-17 for each grant project.contribution.

Retroactive expenditures **cannot** be credited towards the matching fund threshold.

Overmatch

For the Tier 1 Grant Program, administering agencies may “overmatch” ECP projects; that is, additional cash match may be provided for the project. Applicants will receive additional points in the evaluation process for matching with cash above the minimum requirement. Proposals that exceed the 2520 percent minimum funding match will be given an additional one-half point for every five percent over the minimum cash match (up to five **5** bonus points). Projects that achieve an overmatch using a combination of cash and in-kind services shall not be awarded bonus points.

Additionally, administering agencies must commit to cover any future cost overruns if the project is underfunded. Any work not eligible for ECP reimbursement must be funded by other means by the project applicant and cannot count as match. These non-eligible items should not be included in the cost estimate breakdown in the application.



Reimbursements

For the Tier 1 Grant Program, OCTA will release funds through two payments. The initial payment will constitute 75 percent of the contract award or programmed amount at contract award. OCTA will disburse the final payment, approximately 25 percent of eligible funds, after approval of the final report. Further information on reimbursements can be located within Chapter 10 of [the most recent version of the these CTFP Guidelines](#).

Scope Reductions/Modifications and Cost Savings

Any proposed scope reductions of an approved project must be submitted to OCTA to ensure consistency with the Tier 1 Grant Program requirements. If the proposed scope reduction is approved by OCTA, cost savings will be proportionally shared between OCTA and the grantee -- a reduction in ECP funds must be applied proportionally to maintain the approved local match percentage. All cost savings will be returned to the Tier 1 Grant Program for reallocation for the subsequent call of projects.

Any minor scope modifications, such as BMP device quantities and/or the adjustment of device locations, must be submitted to OCTA for administrative approval prior to the implementation of the project. —The proposed modifications must mitigate the same pollutants, affect the same waterways, and meet all other provisions as stipulated in these guidelines.

2017~~6~~ Tier 1 Call for Projects

2016~~7~~ Tier 1 Call for Projects applications must be received by OCTA **no later than 5:00 PM, ~~April 15, 2016~~ May 17, 2017**. Projects that do not award construction contracts by June 30, 2018~~7~~ will not be considered. OCTA allocates funds on July 1 of each year. [Tier 1 projects are not eligible for delay requests, please refer to precept number 17 for additional information.](#) Funds will become available upon execution of a letter agreement. ~~Approximately \$2.8 million will be available for the 2016 Tier 1 call for projects.~~

After the Tier 1 applications are reviewed by OCTA, an advisory panel will review and rank projects. Following a review by the ECAC, a recommended priority list of projects will be forwarded to the OCTA Board for approval in summer 2017~~6~~. Funds allocated for projects are final once approved by the OCTA Board. No additional funds will be allocated to the project. Grantees are responsible for any costs exceeding the allocated amount.



Chapter 12 – Environmental Cleanup Program (Project X)

Tier 1 Selection Criteria

OCTA will evaluate all proposals that meet the mandatory prerequisites based on competitive selection criteria (Exhibit 12-1) with the following categories:

- Problem and source identification
- Project design
- Operations and maintenance
- Project benefits
- Performance metrics
- Project implementation and readiness
- Secondary attributes*

*Note: Project elements which may qualify for points under the “secondary attributes” category do not need to be eligible expenditures. See Eligible Expenditures and Ineligible Expenditures sections for further information.

Each proposal can receive a maximum of 100 points, exclusive of ten bonus points associated with up to five points related to a cash overmatch, and up to five points related to eligible agencies that have previously funded the implementation of structural BMP’s to mitigate pollutant loading. Previous projects funded by M2 Competitive Grant funds cannot be used for bonus points consideration. Proof of documentation such as invoices or payment request must be available on the purchase of the equipment or services provided by vendors. The latter bonus points are based on the ECAC’s recommendations that previous local funding of structural BMPs should be acknowledged and rewarded. See Exhibit 12-1 for scoring categories and point distribution.



Chapter 12 – Environmental Cleanup Program (Project X)

Exhibit 12-1 (Tier 1 Scoring Criteria)

Scoring Criteria	Points Possible
1. Describe the need for the selected BMP(s), including nexus to transportation pollutants, and detail the benefits to water quality the BMP(s) will achieve. (up to 15 Points)	15
2. List each receiving waterway associated with this project. If the receiving waterway is on the 303(d) list of impaired waters, identify the pollutant(s) for which it is listed. (2 points per waterway; 3 points if waterway is 303(d) listed, up to 12 points)	12
3. List the pollutant(s) that would be addressed by the proposed project <i>and</i> the source(s) generating those pollutants. (2 points per pollutant and source, 3 points if the addressed pollutant is on the 303(d) list for any receiving waterways identified in Question 2, up to 16 points)	16
4. How effective will the proposed project be in dealing with the more visible forms of pollutants, such as a litter and debris? (up to 10 points)	10
5. What other BMP types were considered for this project? Why was the proposed BMP chosen? (5 points)	5
6. Provide information on proposed BMP performance efficiency and/or effectiveness, including pollutant capture, storage capacity, flow capacity, etc. (up to 6 points)	6
7. Project Readiness: The project schedule will be reviewed by the evaluation committee to determine when the proposed BMP will be operational following the OCTA Board of Directors approval. (up to 6 points): Less than 4 Months (6 points) 4 - 8 months (4 points) 8 - 12 months (2 points) More than 12 months (1 point)	
8. Secondary Attributes: Will the proposed project provide any benefits beyond water quality improvement (i.e., water use efficiency, public awareness, flooding control, recreation, habitat, sustainability)? (up to 5 points)	5
9. What is the methodology for measuring pollutant reduction before and after the BMP is implemented? How frequently will monitoring and performance assessment occur? (up to 10 points)	10
10. Provide an operations and maintenance plan for the lifespan of the proposed project. Include schedule of inspections, cleaning, removal and disposal of pollutants, repairs, etc. (up to 15 points)	15
	100



Chapter 12 – Environmental Cleanup Program (Project X)

11. **BONUS:** How many different Tier 1 type BMPs are currently installed within the local agency's jurisdiction, excluding BMPs funded by previous ECP grants. (1 point per BMP type, up to 5 points) 5
12. **BONUS:** Are local matching funds in excess of the ~~25~~20% minimum cash being proposed? 5
— If yes, at what percentage? (.5 point for each 5% cash overmatch, up to 5 points)
Note: overmatch bonus points can only be granted to projects in which ~~whose~~ match is entirely cash, no in-kind services.



Application Process

The following information, which is to be completed within the Tier 1 Grant Application Form, available electronically from OCTA, is required to evaluate and select projects. A checklist is included in the Tier 1 Grant Application Form to assist eligible agencies in assembling project proposals. The following project information will be necessary as part of the application process:

- Project Title
- Lead Agency Information
- Joint-Application (if applicable)
- Proposed Schedule
- Project Management
- Description and Scope of Proposed Project
- Integrated Regional Water Management Plan identification (if applicable)
- Affected Receiving Waters
- Project Readiness
- Performance Metrics
- Detailed Project Cost Estimate

In addition to the completed Tier 1 Grant Application, the following documentation is required as part of the application process:

- Project design or concept drawings, including preliminary design calculations, of proposed BMP
- Precise maps to show tributary drainage area and proposed location(s) for BMP installation
- Digital project site photos
- Project master schedule
- Preliminary agreements with joint and/or third party entities if part of the funding application
- A city council resolution. ~~If a final resolution authorizing request for funding consideration with a commitment of local match funding must be provided with the project application. is not provided with the application, the lead agency must provide the date the resolution will be approved by the city council. (Exhibit 12-2) A final resolution must be provided for projects recommended for funding prior to the OCTA Board Committee approval date. If a draft copy of the resolution is provided, the local agency must also provide the date the resolution will be finalized by the local agency's governing body.~~ A final copy of the City Council approved resolution must be provided at least four (4) weeks **PRIOR** to the consideration of programming recommendations by OCTA's Board of ~~Directors.~~

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Chapter 12 – Environmental Cleanup Program (Project X)

For the Tier 1 Grant Program, an unbound original and two copies (total of three) of the completed application form and supporting documentation are to be submitted, plus a CD/DVD copy of the complete application materials. Use separate sheets of paper if necessary.

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 sheets, folded into the proposal. The original proposal should be left unbound for reproduction purposes.



Chapter 12 – Environmental Cleanup Program (Project X)

Exhibit 12-2: Sample Resolution

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL/BOARD OF THE CITY/COUNTY OF _____

AUTHORIZING AN APPLICATION FOR FUNDS FOR THE ENVIRONMENTAL CLEANUP, TIER 1 GRANT PROGRAM UNDER ORANGE COUNTY LOCAL TRANSPORTATION ORDINANCE NO. 3 FOR (PROJECT NAME).

WHEREAS, Orange County Local Transportation Ordinance No.3, dated July 24, 2006, and is known and cited as the Renewed Measure M Transportation Ordinance and Investment Plan makes funds available through the Environmental Cleanup Program to help protect Orange County beaches and waterways from transportation-generated pollution (urban runoff) and improve overall water quality.

WHEREAS, the Environmental Cleanup, Tier 1 Grant Program consists of funding purchases and installation to catch basins with Best Management Practices, such as screens, filters, inserts, and other "street-scale" low flow diversion projects.

WHEREAS, OCTA has established the procedures and criteria for reviewing proposals; and

WHEREAS, (ADMINISTERING AGENCY) possesses authority to nominate water quality improvement projects that have a transportation pollution nexus to finance and construct the proposed project; and

WHEREAS, by formal action the (GOVERNING BODY) authorizes the nomination of (PROJECT NAME), including all understanding and assurances contained therein, and authorizes the person identified as the official representative of the (ADMINISTERING AGENCY) to act in connection with the nomination and to provide such additional information as may be required; and

WHEREAS, the (ADMINISTERING AGENCY) will maintain and operate the equipment acquired and installed; and

WHEREAS, the (ADMINISTERING AGENCY) will give OCTA's representatives access to and the right to examine all records, books, papers or documents related to the funded Tier 1 Grant Project; and

WHEREAS, the (ADMINISTERING AGENCY) will cause work on the project to be commenced within a reasonable time after receipt of notification from OCTA and that the project will be carried to completion with reasonable diligence; and

WHEREAS, the (ADMINISTERING AGENCY) will comply where applicable with provisions of the California Environmental Quality Act, the National Environmental Policy Act, the American with Disabilities Act, and any other federal, state, and/or local laws, rules and/or regulations;

WHEREAS, the (ADMINISTERING AGENCY) must include all projects funded by Net Revenues in the ~~seven-year Capital Improvement Program as part of the Renewed Measure M Ordinance~~ eligibility

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Chapter 12 – Environmental Cleanup Program (Project X)

requirement.

WHEREAS, the (ADMINISTERING AGENCY) authorizes a formal amendment to the seven-year Capital Improvement Program to add projects approved for funding upon approval from the Orange County Transportation Authority Board of Directors.

WHEREAS, the City/County of _____ will provide a minimum of ~~25~~0% in matching funds for the (PROJECT NAME) as required by the Orange County Comprehensive Transportation Funding Programs Guidelines.

NOW, THEREFORE, BE IT RESOLVED that the City/County of _____ hereby authorizes (NAME OF AGENCY REPRESENTATIVE) as the official representative of the (ADMINISTERING AGENCY) to accept funds for the Environmental Cleanup, Tier 1 Grant Program for (PROJECT NAME).

BE IT FURTHER RESOLVED that the City/County of _____ agrees to fund its share of the project costs and any additional costs over the identified programmed amount.



Eligible Expenditures

- ECP funds must be for capital improvement. Construction management and project management cannot exceed 15 percent of the total construction costs. ~~Eligible jurisdictions may use in-kind services to meet all or part of the matching funds requirement. These services can include salaries and benefits for employees of the eligible jurisdiction who perform work on the project or programs. Only those employees' salaries and benefits working directly on the project will be considered for the matching requirement.~~
- ECP funds can only be used for facilities that are in public ownership for public use; however, water quality improvements on private property, which are connected to municipal separate storm sewer systems, are eligible. (For example, a homeowner association can apply for funding through an eligible agency if the proposed project is connected to a public facility.)
- Reducing volume of surface flows is an integral factor of improving water quality, therefore, projects that have water-saving features (i.e., drip systems) are eligible for funding considerations.

Ineligible Expenditures

- Operations and maintenance ~~plans~~ costs are not eligible expenditures. ~~However, up to 10 years of ongoing o~~Operations and maintenance costs ~~can~~ cannot be utilized ~~as as in-kind services as~~ a source of matching funds.
- ECP funds are not to be used for planning.
- Expenditures prior to the grantee executed letter agreement date cannot be considered eligible for funding or match.
- Landscaping ~~—installation —and —replacement —are —not —eligible —for —funding consideration.~~
- Capital equipment purchases related to regular on-going street maintenance efforts, including, but not limited to: trash receptacles, vacuum trucks and/or equipment, street sweepers, signage, etc.

Reporting and Reimbursement

~~Chapter 10 of the CTFP Guidelines outlines the process and requirements regarding reimbursements and reporting for the Tier 1 Grant Program.~~ A final report must be filed within 180 days of the project being completed with information as shown in Form 10-16. [See Chapter 10 for the process and requirements regarding reimbursements and reporting for the Tier 1 Grant Program.](#)

Additionally, an exception to Precept #36: Agencies may appeal to the ECAC and the OCTA Board on any issues that the agency and OCTA cannot resolve, as such are the approving bodies for this program.

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Chapter 12 – Environmental Cleanup Program (Project X)



Technical and/or Field Review

Once an agency submits a final report for a project, OCTA shall review the report for compliance with the CTFP Guidelines and may conduct a field review. OCTA will use the project cost estimate forms submitted with the application and revised where appropriate, project accounting records and the final report as the primary items to conduct the review. Agencies must maintain separate records for projects (i.e., expenditures, interest) to ensure compliance. Only CTFP eligible items listed on a project's cost estimate form will be reimbursed. See Chapter 11 for independent audit requirements beyond the technical and/or field review.

Additional Information

Completed applications and questions regarding these procedures and criteria should be directed to:

By mail:

~~Dan Phu~~Sam Kaur
Orange County Transportation Authority
P.O. Box 14184
Orange, CA 92863-1584
Tel: (714) 560-~~5907~~5673

In person:

Orange County Transportation Authority
600 South Main Street
Orange, CA 92863-1584

*Information
Items*

Ordinance Tracking Matrix – Ordinance No. 3

The M2 Program Management Office (PMO) created the Ordinance Tracking Matrix as a tool to ensure on annual basis that all required elements of the M2 Ordinance No. 3 are being met to ensure compliance. The attached document is the matrix for the calendar year 2016. The PMO has determined that all requirements have been met through the end of 2016. The matrix will be updated again at the conclusion of 2017 and will be provided to the TOC for your continued information.

If you have any questions, please contact Tami Warren, Manager of the Measure M Program Management Office at (714) 560-5590 or by email at twarren@octa.net.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance Tracking Matrix - Ordinance No. 3
For Period Ending December 31, 2016

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2016 Response
1.00	Administrative and General Requirements						
2.00	Has a transportation special revenue fund ("Local Transportation Authority Special Revenue Fund") been established to maintain all Revenues?	Sec. 10.1	F & A	One-time, start-up	Done	Sean Murdock	Yes, The LTA Fund (fund 17) was established for this purpose. A discussion of the fund and its purpose can be found in the OCLTA audited financial statements. Please refer to: " Year Ending June 30, 2016 OCLTA Annual Financial Statement " Report, pg. 17 - Notes to the Financial Statements. This report is scheduled to go to the Board and TOC in April 2017, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report.
3.00	Have the imposition, administration and collection of the tax been done in accordance with all applicable statutes, laws, rules and regulations prescribed and adopted by State Board of Equalization?	Sec. 3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 Status Report. Please refer to: " Year Ending June 30, 2016 OCTA Measure M2 Status Report ". This report is scheduled to go the Board and TOC in April 2017, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report. M2 Status Reports from prior years can be found in the Document Center.
4.00	Have Net Revenues been allocated solely for the transportation purposes described in the Ordinance?	Sec. 4	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 Status Report. Please refer to: " Year Ending June 30, 2016 OCTA Measure M2 Status Report ". This report was presented is scheduled to go the Board and TOC in April 2017, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report. M2 Status Reports from prior years can be found in the Document Center.
5.00	Before issuing bonds, has the Authority determined the scope of expenditures made "pay-as-you-go" financing unfeasible?	Sec. 5	F & A, Planning	Recurring	Done to date	Sean Murdock	Yes. Please refer to the following documents: "Plan of Finance for Early Action Plan Staff Report" , November 9, 2007 (Attachment D) "Renewed Measure M Early Action Plan Review Staff Report" , December 14, 2009 "Paying for M2 - Bond Financing Legal Memo" , March 5, 2012
6.00	Have maintenance of effort (MOE) levels been established for each jurisdiction for fiscal year 2010-2011 pursuant to Ordinance 2?	Sec. 6	Planning	One-time, start-up	Done	Sam Kaur	Yes. The MOE benchmark for each jurisdiction was originally established under Ordinance No. 2. MOE for FY 2010-11 was established and adopted by the OCTA Board on January 25, 2010 as part of the M2 Eligibility Guidelines. Please reference " Measure M2 Local Agency Eligibility Guidelines and Requirements " Staff Report.

7.00	Have city and county MOE levels been adjusted by July 1, 2014 and every three years thereafter using the Caltrans Construction Cost Index?	Sec. 6	Planning	Recurring	Done to date	Sam Kaur	Yes. The first MOE adjustment based on the California Construction Cost Index was presented to the Board on April 14, 2014. MOE adjustments for the cities of La Habra, Laguna Woods, Los Alamitos, and Yorba Linda were presented to the Board on August 11, 2014. The next MOE benchmark adjustment will be effective on July 1, 2017 and is scheduled to go to the OCTA Board in April 2017. Please refer to the following Staff Reports: "Fiscal Year 2014-15 Measure M2 Eligibility Guidelines Update" , April 14, 2014 "Fiscal Year 2014-15 Maintenance of Effort Benchmark Adjustments" , August 11, 2014
8.00	Have MOE requirements been met annually by each jurisdiction?	Sec. 6	Planning	Recurring	Done to date	Sam Kaur	Yes. Actual expenditures for all local agencies were approved by the Board most recently on May 9, 2016. Please reference "Measure M2 Eligibility Review Recommendations for FY 2014-15 Expenditure Reports" Staff Report.
9.00	Have Revenues expended for salaries and benefits of Authority administrative staff remained within the one-percent per year limit?	Sec 7	F & A	Recurring	Action plan in place	Sean Murdock & Ben Torres	Yes. Expenditures were 0.77% for the fiscal year period between July 1, 2015 and June 30, 2016, which was less than the 1% of net revenue requirement. The amount under 1% for the fiscal year was \$714,369. However, program-to-date expenditures are over the 1% limit by \$2,786,445. This amount has been borrowed from the Orange County Unified Transportation Trust, and is being paid back when administrative expenditures underrun revenue in any given year of the program. Please reference "Summary of Measure M2 Administration Costs from Inception through June 30, 2016" .
10.00	Has the Authority, to the extent possible, used existing state, regional and local planning and programming data and expertise to carry out the purposes of the Ordinance?	Sec. 7	Planning	Recurring	Done to date	Tamara Warren	Yes, OCTA as appropriate, looks to other existing resources to ensure that work is not duplicative and that expenses are kept to a minimum. In cases where OCTA does not have the expertise available, OCTA contracts with other external agencies. For example, OCTA regularly has cooperative agreements with the California Department of Transportation, local universities, Army Core of Engineers, and contracts with private sector experts as needed to meet the requirements of the Ordinance.
11.00	Have expenses for administrative staff and for project implementation incurred by the Authority, including contracted expenses, been identified in an annual report pursuant to Ordinance No. 3, Sec. 10.8?	Sec. 7 and Sec. 10.8	External Affairs	Recurring	Done to date	Alice Rogan	Yes. These reports identify expenses for administrative staff and for project implementation incurred by the Authority, including contracted expenses. M1 Annual reports from years 2008 - 2011 included minor updates on M2 Early Action Plan progress and funding. All reports are saved in the M2 Document Center. As a one-time courtesy, hyperlinks for all M2 annual reports were provided in the 2015 matrix. For the 2016 M2 report, please refer to: "Measure M Annual Report 2015" , published in March 2016.
12.00	Has the 2006-2007 Authority appropriations limit been set at \$1,123 million?	Sec. 8	F & A	One-time, start-up	Done	Sean Murdock	Yes. Please reference "Board Resolution 2006-32 Establishing LTA Appropriations Limit FY 2006-07" , dated June 12, 2006.
13.00	Has the Authority's appropriations limit been adjusted annually?	Sec. 8	F & A	Recurring	Done to date	Sean Murdock	Yes. All Board Resolutions establishing LTA appropriations are saved in the M2 Document Center. As a one-time courtesy, hyperlinks for all resolutions were provided in the 2015 matrix. For the approved 2016 resolution, please refer to: "Board Resolution 2016-025 Establishing LTA Appropriations Limit FY 2016-17"

14.00	Has the County of Orange Auditor-Controller, in the capacity as Chair of the Taxpayer Oversight Committee, annually certified that the Revenues were spent in compliance with the Ordinance?	Sec. 10.2	External Affairs	Recurring	Done to Date	Alice Rogan	Yes. Each year since 2007, subsequent to Measure M Annual Hearings, the County Auditor-Controller has annually certified that revenues were spent in compliance with the Ordinance. For this reporting period, on February 10, 2015, County Auditor-Controller Eric Woolery certified that the revenues were spent in compliance with the Ordinance as noted in his February 10, 2015 memo to the OCTA Chair. All Annual Hearing Compliance Memos are saved in the M2 Document Center. For the most recent version, please refer to: " Annual Hearing Compliance Memo 2015 ", dated April 12, 2016.
15.00	Have receipt, maintenance and expenditure of Net Revenues been distinguishable in each jurisdiction's accounting records from other funding sources, and distinguishable by program or project?	Sec. 10.3	F&A, Internal Audit	Recurring	Action plan in place	Sean Murdock	Yes, local agencies submit expenditure reports annually that distinguish funding sources and tie to accounting records that are subject to audits. With the 2011 version of the annual expenditure report, local jurisdictions' finance directors are also required to attest to this requirement and each year hereafter. Jurisdictions are also subject to audits that cover this requirement. Internal Audit, through contractors, conducts audits of 8-10 jurisdictions per year covering this matter. Expenditure Reports for each city are reviewed by staff and the TOC. The agencies to be audited are selected by the TOC Audit Subcommittee. The TOC approved FY 2014-15 Expenditure Reports on April 12, 2016 for all agencies. Audited agency findings are included in the Agreed-Upon Procedures M2 Reports. Please refer to: April 12, 2016 Meeting Minutes portion of " TOC Agenda Packet ", dated June 14, 2016 " Measure M2 Eligibility Recommendations for Fiscal Year 2014-15 Expenditure Reports ", Staff Report dated May 9, 2016 "Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2016", Staff Report when available
16.00	Has interest earned on Net Revenues allocated pursuant to the Ordinance been expended only for those purposes for which Net Revenues were allocated?	Sec. 10.3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 Status Report. Please refer to: " Year Ending June 30, 2016 OCTA Measure M2 Status Report ". This report is scheduled to go to the Board and TOC, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report, when available. M2 Status Reports from prior years can be found in the Document Center.
17.00	Have jurisdictions used Net Revenues only for transportation purposes authorized by the Ordinance?	Sec. 10.4	F&A, Internal Audit	Recurring	Action plan in place	Sean Murdock	Yes. See Item 15 notes.
18.00	If any jurisdiction used Net Revenues for other than transportation purposes, has it fully reimbursed the Authority the Net Revenues misspent and been deemed ineligible to receive Net Revenues for a period of five years?	Sec. 10.4	F & A	Recurring	N.A.	Sean Murdock	Not applicable because there have been no such occurrences to date. Compliance is subject to audits by Internal Audit.
19.00	Has a Taxpayer Oversight Committee been established to provide an enhanced level of accountability for expenditures of Revenues and to help ensure that all voter mandates are carried out as required?	Sec. 10.5	External Affairs	One-time, start-up	Done	Alice Rogan	Yes. The Citizens Oversight Committee established under M1 was transitioned into the Taxpayer Oversight Committee (TOC) in August 2007. The transition was mentioned in the OCTA Staff Update portion of the June 12, 2007 COC Meeting Minutes, included in the August 28, 2007 TOC Meeting Agenda Packet. The TOC has since met regularly to provide an enhanced level of accountability for expenditures of Revenues and to help ensure that all voter mandates are carried out as required. Agenda Packets and Meeting Minutes for each TOC meeting can be found in the Document Center. Please reference: " TOC Agenda Packet 20070828 ".

20.00	Have performance assessments to evaluate efficiency, effectiveness, economy and program results been conducted every three years?	Sec. 10.6	PMO	Recurring	Done to Date	Tamara Warren	Yes, to date, three Performance Assessments have been conducted. Please refer to the following assessments: "Triennial M2 Performance Assessment 2006-2009" "Triennial M2 Performance Assessment 2009-2012" "Triennial M2 Performance Assessment 2012-2015"
21.00	Have the performance assessments been provided to the Taxpayers Oversight Committee?	Sec. 10.6	PMO, External Affairs	Recurring	Done to Date	Tamara Warren & Alice Rogan	Yes, the first Performance Assessment was presented to the TOC on December 14, 2010. The second Performance Assessment was presented to the TOC on April 9, 2013. The third Performance Assessment was presented to the TOC on June 14, 2016. Please refer to the following agenda packets: "TOC Agenda Packet 20101214" "TOC Agenda Packet 20130409" "TOC Agenda Packet 20160614"
22.00	Have quarterly status reports regarding the major projects detailed in the Plan been brought before the Authority in public meetings?	Sec. 10.7	PMO	Recurring	Done to Date	Tamara Warren	Yes, quarterly reports have consistently been brought before the Board. The reports are posted on the OCTA website and saved in the M2 Document Center. These reports can be found by searching for "M2 Quarterly Report". The latest report was presented to the Board on December 12, 2016. Please reference: "M2 Quarterly Report Q1 July through September 2016" .
23.00	Has the Authority published an annual report on how revenues have been spent and on progress toward implementation and publicly reported on the findings?	Sec. 10.8	External Affairs	Recurring	Done to date	Alice Rogan	Yes. These reports were prepared and made public for FY's 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15. The FY 2015-16 report is underway and will be presented to the Board in April 2017. See Item 11 for links to public reports.
24.00	Has the Authority, every ten years, conducted a comprehensive review of all projects and programs implemented under the Plan to evaluate the performance of the overall program?	Sec. 11	PMO	Recurring	Not yet required	Tamara Warren	The first comprehensive Ten-Year Review was conducted for the period covering November 8, 2006 through June 30, 2015. The final report was presented to the Board on October 12, 2015. Please reference: "M2 Ten-Year Review Report" .
25.00	If the Authority has amended the Ordinance, including the Plan, has the Authority followed the process and notification requirements in Ordinance No. 3, Sec. 12, including approval by not less than two-thirds vote of the Taxpayer Oversight Committee?	Sec. 12	PMO, External Affairs	Recurring	Done to Date	Tamara Warren & Alice Rogan	Yes. For Amendment #1 (Nov. 9, 2012) to the Plan (Freeway Category), OCTA followed the Plan amendment process and notification requirements (including TOC approval on Oct. 9, 2012). For Amendment #2 (Nov. 25, 2013) to the Ordinance (Attachment C), OCTA followed the Ordinance amendment process and notification requirements (didn't require TOC approval). For Amendment #3 (Dec. 14, 2015, <i>corrected on Mar. 14, 2016</i>) to the Plan (Transit Category) and Ordinance (Attachment B), OCTA followed the Plan amendment process and notification requirements (including TOC approval on Nov. 10, 2015). Please refer to: "TOC M2 Amendment No. 1 Approval Memo" , dated October 9, 2012 "TOC M2 Amendment No. 3 Approval Memo" , dated November 10, 2015.
26.00	General Requirements - Allocation of Net Revenues						
27.00	Have at least five percent of the Net Revenues allocated for Freeway Projects been used to fund Programmatic Mitigation of Freeway Projects, and have these funds derived by pooling funds from the mitigation budgets of individual Freeway Projects?	Att. B, Sec. II.A.5	Planning, F & A	30-year	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 Status Report. Please refer to: "Year Ending June 30, 2016 OCTA Measure M2 Status Report" . This report will be presented to the Board and TOC in April 2017, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report. M2 Status Reports from prior years can be found in the Document Center.

28.00	<p>Has the Authority used Revenues as follows:</p> <ul style="list-style-type: none"> -First, paid the State Board of Equalization for services and functions? -Second, paid the administrative costs of the Authority? -Third, satisfied the annual allocation of two percent of Revenues for Environmental Cleanup? -Fourth, satisfied the debt service requirements of all bonds issued pursuant to the Ordinance that are not satisfied out of separate allocations? 	Att. B, Sec. IV.A.1-4	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 Status Report. Please refer to: " Year Ending June 30, 2016 OCTA Measure M2 Status Report ". This report will be presented to the Board and TOC in April 2017, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report. M2 Status Reports from prior years can be found in the Document Center.
29.00	<p>After providing for the use of Revenues as described above, has the Authority allocated Net Revenues as follows:</p> <ul style="list-style-type: none"> -Freeway Projects - 43%? -Streets and Roads Projects - 32%? -Transit Projects - 25%? 	Att. B, Sec. IV.B.1-3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 Status Report. Please refer to: " Year Ending June 30, 2016 OCTA Measure M2 Status Report ". This report will be presented to the Board and TOC in April 2017, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report. M2 Status Reports from prior years can be found in the Document Center.
30.00	<p>Has the allocation of the 32 percent for Streets and Roads Projects been made as follows:</p> <ul style="list-style-type: none"> -Regional Capacity Program projects - 10% of Net Revenues? -Regional Traffic Signal Synchronization Program projects - 4% of Net Revenues? -Local Fair Share Program projects - 18% of Net Revenues? 	Att. B, Sec. IV.C.1-3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 Status Report. Please refer to: " Year Ending June 30, 2016 OCTA Measure M2 Status Report ". This report will be presented to the Board and TOC in April 2017, as an Attachment to the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report. M2 Status Reports from prior years can be found in the Document Center.
31.00	If the percentage basis of the allocation of Net Revenues in any given year is different than required by Sections B and C (except for Local Fair Share Program projects), have the percentage allocations set forth in Sections B and C been achieved during the duration of the Ordinance?	Att. B, Sec. IV.D	F & A	30-year	Not yet required	Sean Murdock	The percentage basis allocation is not an annual requirement, but must be achieved during the duration of the Ordinance.
32.00	Have Net Revenues allocated for the Local Fair Share Program pursuant to Att. B, Sec. IV.C been paid to Eligible Jurisdictions within 60 days of receipt by the Authority?	Att. B, Sec. IV.E	F & A	Recurring	Done to date	Sean Murdock	Yes. See General Accounting payments for Local Fair Share funds for FY 2015-16. Also note that Agreed-Upon Procedures to the Measure M2 Status Report is scheduled to go to the Board and TOC in April 2017. Please refer to: " FY16 Project Q Local Fair Share Payments " " Year Ending June 30, 2016 OCTA Measure M2 Status Report ", Attachment F to "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report when available
33.00	If the Authority exchanged Net Revenues from a Plan funding category for federal, state or other local funds, has the Authority and the exchanging public agency used the exchanged funds for the same program or project authorized for the use of the funds prior to the exchange, have such federal, state or local funds received by the Authority been allocated to the same Plan funding category that was the source of the exchanged Net Revenues?	Att. B, Sec. IV.F	Planning, F & A	Recurring	Not yet required	Sean Murdock	Not applicable to date because there have been no exchanges.
34.00	Has the Authority followed the requirement that in no event shall an exchange of funds reduce the Net Revenues allocated for Programmatic Mitigation of Freeway Projects?	Att. B, Sec. IV.F	Planning, F & A	Recurring	Not yet required	Sean Murdock	Not applicable to date because there have been no exchanges.

35.00	Has the Authority, upon review and acceptance of any Project Final Report, allocated the balance of Net Revenues, less the interest earned on the Net Revenues allocated for the project?	Att. B, Sec. IV.H	Planning	Recurring	Done to Date	Sam Kaur	Yes. As projects are completed, any unused funds from each project are made available for other projects within the same category, as needed (Ordinance Amendments 1 and 3 are examples of this). There have been no reallocations across categories (43% Freeway, 32% Streets and Roads, and 25% Transit), in accordance with overall requirements in Att. B, Sec IV.B.
36.00	Requirements Related to All Freeway Projects						
37.00	Have Freeway Projects been planned, designed and constructed with consideration for their aesthetic, historic and environmental impacts on nearby properties and communities?	Att. A, p. 5 Freeway Projects Overview	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes. Freeway Projects are developed with input from Cities, the public, other stakeholders and various interest groups. For example, landscaping and aesthetics are prepared with input from city representatives and the public to ensure that each city is given an opportunity to include its own "theme" while preserving the overall uniformity on the freeways throughout Orange County. Please reference Environmental Documents for each project. For an example, please refer to the " Historic Resources Compliance Report HRCR " portion of the Project H Environmental Document, dated December 1, 2008.
38.00	Has a Master Agreement for environmental and programmatic mitigation of freeway projects between OCLTA and state and federal resource agencies been executed?	Att. A, p.5 Freeway Projects Overview	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, serves as the Master Agreement. As a note, the termination date on the Planning Agreement has been extended since it took longer than anticipated to complete the NCCP/HCP and EIR/EIS. Please refer to: " C-9-0278 Agreement, Environmental Mitigation Program MOA ".
39.00	Has the OCLTA made every effort to maximize Orange County's share of state and federal freeway dollars?	Att. B, Sec. II.A.1	Govt Relations, Planning	Recurring	Done to date	Adriann Cardoso	Yes. Since 2006, OCTA has received and programmed the following amounts, for freeway projects included in the M2 Plan: federal - \$399 million, state - \$593 million, other local - \$527 million. Please refer to Attachment E of " Capital Programming Policies Update " Staff Report, dated December 12, 2016.
40.00	Have all major approval actions for Freeway Projects, including project concept, location, and any change in scope, been agreed upon by Caltrans, the Authority, project sponsors, and where appropriate, the FHWA and/or the California Transportation Commission?	Att. B, Sec. II.A.2	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes, coordination with the agencies listed is a constant, and the required approval actions are obtained from the appropriate agencies. Project concept, location and scope are determined when the preferred alternative is selected and identified in the final approved environmental document (FED). The FED is approved by Caltrans, which includes delegated NEPA authority from FHWA. The environmental documents are also provided to the CTC. Scope changes will often require changes to the Cooperative Agreement between OCTA and Caltrans. Design modifications and exceptions to design requirements are coordinated with Caltrans District 12 and Headquarters (Sacramento), which has the delegated authority from FHWA to approve design exceptions. Project Change Requests are required to be approved by both OCTA and Caltrans when a change in scope is large enough to warrant a change in project funding. Approval by the California Transportation Commission may also be required if state funds are requested or a baseline agreement amendment is required.
41.00	Has the Authority, prior to allocation of Net Revenues for any Freeway Project, obtained written assurances from the appropriate state agency that after the project is constructed to at least minimum acceptable state standards, the State shall be responsible for maintenance and operation?	Att. B, Sec. II.A.3	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes, construction Cooperative Agreements between OCTA and Caltrans include language that assigns maintenance and operations to Caltrans. For an example, please reference Attachment A, article 31 of the " Cooperative Agreement with the California Department of Transportation for the Interstate 5 HOV Improvement Project Between Avenida Pico and Avenida Vista Hermosa " Staff Report, dated December 9, 2013. This agreement (C-3-2080) was executed on July 5, 2012.

42.00	Have Freeway Projects been built largely within existing rights of way using the latest highway design and safety requirements?	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes, keeping generally within existing Right of Way is one of the largest project parameters. For example, elimination of braided ramps on the I-405 Improvement Project was approved in the final EIR/EIS to reduce the full ROW acquisitions while still ensuring that the design meets Caltrans design and safety standards. Keeping the ROW impacts to some partial acquisitions and primarily temporary construction easements while adding 4 lanes to the 405 is a major accomplishment for a \$1.9 billion project, the largest project in the M2 freeway program, highlighting the importance placed on working within ROW constraints. For an example, please reference " I-405 Supplemental Draft Environmental Impact Report/EIS ".
43.00	To the greatest extent possible within the available budget, have Freeway Projects been implemented using Context Sensitive Design? ("Context Sensitive Design features" are further described in the referenced provision.)	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes, freeway projects include many context sensitive design features, from the Planning stages, through Environmental, Design and Construction. The project team, including Public Outreach, coordinates with local cities and other agencies on landscaping, aesthetic and soft/hardscape features. For example, the construction of sound walls requires public input, in the form of a soundwall survey, to determine if soundwalls will be built. Aesthetics of soundwalls, retaining walls and bridges take into account City and community preferences.
44.00	Have Freeway Projects, to the greatest extent possible within the available budget, been planned, designed and constructed using a flexible community-responsive and collaborative approach to balance aesthetic, historic and environmental values with transportation safety, mobility, maintenance and performance goals?	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes, Community Outreach is a constant on all the Freeway Projects. Open Houses, City Council presentations, local agency meetings and other forms of Outreach are deployed in order to obtain community feedback so that modifications are made, where possible, to retain these values. All design features and proposed changes are reviewed and approved by Caltrans to ensure safety, mobility, maintenance and performance goals.
45.00	Have the Net Revenues allocated to Freeway Projects for use in funding Programmatic Mitigation for Freeway Projects been subject to the following:	Att. B, Sec. II.A.5	Planning		Done	Dan Phu	See items 45.01 - 45.09
45.01	Has a Master Environmental Mitigation and Resource Protection Plan and Agreement (Master Agreement) between the Authority and state and federal resources been developed?	Att. B, Sec. II.A.5.a	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, serves as the Master Agreement. As a note, we have had to extend the termination date on the Planning Agreement since it took longer than anticipated to complete the NCCP/HCP and EIR/EIS. Please refer to: " C-9-0278 Agreement, Environmental Mitigation Program MOA ".
45.02	Does the Master Agreement include commitments by the Authority to provide programmatic environmental mitigation of Freeway Projects?	Att. B, Sec. II.A.5.a.(i)	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, serves as the Master Agreement. See Item 1 within the Agreement which refers to commitments by OCTA to provide programmatic environmental mitigation of Freeway Projects. As a note, an extension of the termination date on the Planning Agreement was required since it took longer than anticipated to complete the NCCP/HCP and EIR/EIS. Please refer to: " C-9-0278 Agreement, Environmental Mitigation Program MOA ".

45.03	Does the Master Agreement include commitments by state and federal agencies to reduce project delays associated with permitting and streamline the process for Freeway Projects?	Att. B, Sec. II.A.5.a.(ii)	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, serves as the Master Agreement. See Items 6 and 8 within the Agreement as it relates to commitments by state and federal agencies to reduce project delays associated with permitting and streamline the process for Freeway Projects. As a note, an extension of the termination date on the Planning Agreement was required since it took longer than anticipated to complete the NCCP/HCP and EIR/EIS. Please refer to: " C-9-0278 Agreement, Environmental Mitigation Program MOA ".
45.04	Does the Master Agreement include an accounting process for mitigation obligations and credits that will document net environmental benefit from regional, programmatic mitigation in exchange for net benefit in the delivery of transportation improvements through streamlined and timely approvals and permitting?	Att. B, Sec. II.A.5.a.(iii)	Planning	One-time, start-up	Done	Dan Phu	Yes. Development of the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) set forth the process to meet this provision (Sections 5 and 6). The Final NCCP/HCP was approved by the Board and the Final EIR/EIS was certified by the Board on November 28, 2016. An accounting process is folded into the NCCP/HCP for mitigation obligations and credits. An annual report is required and will document freeway project level impacts as well as mitigation performed for those freeway projects. The first annual report will be finalized in 2018, one year after the Implementing Agreement was signed. Actual impacts will be compared against assumptions made within the NCCP/HCP. Net environmental benefits from the NCCP/HCP are summarized in Table ES-1 of the NCCP/HCP. Biological permits from the wildlife regulatory agencies are being issued in advance, therefore streamlining the delivery of the transportation projects. Please refer to: " Final Natural Community Conservation Plan/Habitat Conservation Plan and Associated EIR/EIS ", Staff Report dated November 28, 2016.
45.05	Does the Master Agreement include a description of the specific mitigation actions and expenditures to be undertaken and a phasing, implementation, and maintenance plan?	Att. B, Sec. II.A.5.a.(iv)	Planning	One-time, start-up	Done	Dan Phu	Yes, the Memorandum of Agreement and Planning Agreement, executed in January 2010, includes this provision. Please refer to: " C-9-0278 Agreement, Environmental Mitigation Program MOA ".
45.06	Does the Master Agreement include appointment by the Authority of a Mitigation and Resource Protection Oversight Committee to make recommendations to the Authority on the allocation of Net Revenues for programmatic mitigation and to monitor implementation of the Master Agreement?	Att. B, Sec. II.A.5.a.(v)	Planning	One-time, start-up	Done	Dan Phu	Yes. The Environmental Oversight Committee makes recommendations to the Authority on the allocation of Net Revenues for programmatic mitigation and also monitors the implementation of the Environmental Mitigation Program which is based on the Master Agreement. Please refer to: " C-9-0278 Agreement, Environmental Mitigation Program MOA ".
45.07	Was an Environmental Oversight Committee appointed and does it consist of no more than 12 members and is comprised of representatives of the Authority, Caltrans, state and federal resource agencies, non-governmental environmental organizations, the public and the Taxpayer Oversight Committee?	Att. B, Sec. II.A.5.a.(v)	Planning, External Affairs	One-time, start-up	Done	Dan Phu & Marissa Espino	Yes. Creation of the EOC occurred in 2007 with applicant scoring and selection for membership by the Transportation 2020 Committee on October 15, 2007. The first EOC meeting took place on November 13, 2007. Please reference the following documents: " Renewed Measure M Environmental Committees Selection Process " Staff Report dated October 22, 2007 " EOC Minutes " dated November 13, 2007 " Status Report on Renewed Measure M Environmental Programs " Staff Report dated August 25, 2008 " EOC Roster 2016 " dated February 15, 2017
45.08	Was the Master Agreement developed as soon as practicable following the approval of the ballot proposition by the electors?	Att. B, Sec. II.A.5.b	Planning	One-time, start-up	Done	Dan Phu	Yes, the Memorandum of Agreement and Planning Agreement process began in early 2008.

45.09	Have the Authority and state and federal resource agencies developed the Master Agreement prior to the implementation of Freeway Projects?	Att. B, Sec. II.A.5.b	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement process began in early 2008 and was fully executed by OCTA and state and federal resources agencies in January 2010. During this timeframe, the Early Action Plan also authorized the project development processes for various M2 freeway projects, which included preliminary engineering, environmental studies, and final design work. The initiation of this work also maximized OCTA's ability to compete for state and federal funds (i.e., CMIA and federal stimulus). With the exception of the eastbound SR-91 lane addition between SR-241 and SR-71, the rest of the M2 freeway projects did not begin construction until after January 2010. The Eastbound SR-91 lane addition project began construction in late 2009 and utilized primarily American Recover and Reinvestment Act (ARRA) federal stimulus funds. Please refer to: " C-9-0278 Agreement, Environmental Mitigation Program MOA ".
46.00	Requirements Related to Specific Freeway Projects						
47.00	Project A						
48.00	Have Santa Ana Freeway (I-5) improvements between the Costa Mesa freeway (SR-55) and "Orange Crush" (SR-57) described in Project A been built:	Att. A, p. 7, Project A	Capital Programs - Highways	30-year	Not yet required	Rose Casey	This project is currently in the design phase, and this phase is expected to be completed by May 2017. The forecasted construction completion date is March 2020.
48.01	At the SR-55/I-5 interchange area between the Fourth Street and Newport Boulevard ramps on I-5?	Att. A, p. 7	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 48.00. The project improvements begin just north of Fourth Street.
48.02	On SR-55 between Fourth Street and Edinger Avenue?	Att. A, p. 7	Capital Programs - Highways	30-year	Not yet required	Rose Casey	No. Project A improvement limits do not include SR-55 between Fourth Street and Edinger Avenue. There are some improvements included in Project F on SR-55 between I-405 and I-5.
48.03	On I-5 between SR-55 and SR-57?	Att. A, p. 7	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 48.00.
49.00	Have the Project A improvements, as built, increased capacity and reduced congestion?	Att. A, p. 7, Project A	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The forecasted construction completion date is March 2020. The project will add capacity with a second carpool lane and relieve congestion.
50.00	Project B						
51.00	Have new lanes been built and interchanges improved on the Santa Ana Freeway (I-5) between the Costa Mesa freeway (SR-55) to El Toro "Y"?	Att. A, p. 7, Project B	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Conceptual engineering is complete, and the Next 10 Plan includes clearing this project environmentally. The environmental phase work for the project is underway and is expected to be complete by August 2018. The final design and construction schedules have not been set yet, as they are dependent on the allocation of funds for those phases.
52.00	Have the Project B improvements as built increased capacity and reduced congestion?	Att. A, p. 7, Project B	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 51.00. The project will add capacity with one additional general purpose lane in each direction and relieve congestion.

53.00	Project C						
54.00	Have Santa Ana Freeway (I-5) improvements south of the El Toro "Y" been built with:	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The I-5, Pico to Vista Hermosa project (including interchange improvements at Pico) began construction in December 2014 and has a forecasted construction completion date of August 2018. The I-5, Vista Hermosa to PCH project began construction in July 2014 and has a forecasted construction completion date of March 2017. The I-5, PCH to San Juan Creek Road project started construction in December 2013 and has a forecasted construction completion date of April 2018. The I-5, SR-73 to El Toro Road project (including interchange improvements at Avery and La Paz) completed the environmental phase in May 2014. This project has been divided into three segments for design and construction. All three projects are currently in the design phase, and the forecasted construction completion date of the last segment is November 2022.
54.01	New lanes from the vicinity of the El Toro Interchange in Lake Forest to the vicinity of SR-73 in Mission Viejo?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 54.00.
54.02	New lanes between Pacific Coast Highway and Avenida Pico?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 54.00.
54.03	Major improvements at local interchanges as determined in Project D?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Avenida Pico, Avery Parkway and La Paz Parkway are incorporated into project C. (See notes Item 54.00 for main item status which includes these interchanges.)
55.00	Have the Project C improvements as built increased capacity and reduced congestion?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 54.00. The I-5 HOV Improvement projects will increase capacity and reduce congestion when construction is completed. The additional general purpose lane to be added in each direction from SR-73 to El Toro Road will also reduce congestion once constructed.
56.00	Project D						
57.00	Have key I-5 interchanges such as Avenida Pico, Ortega Highway, Avery Parkway, La Paz Road, El Toro Road, and others been updated and improved to relieve street congestion around older interchanges and on ramps?	Att. A, p. 8, Project D	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See item 54.00 for status of Pico, Avery and La Paz interchanges. Construction of the I-5/Ortega Highway Interchange project was completed in December 2015. The interchange was opened for public use in fall 2015. Please refer to: "FD101 Master Schedule Complete" , Project Controls Schedule dated February 19, 2016 "FD101 I-5 Ortega, SR-74 Ortega Highway Plans Sheets" , Invitation for Bids dated June 4, 2012 The I-5/El Toro Road Interchange has an approved project study report with the environmental phase slated to begin in April 2017. The Next 10 Plan includes clearing this project environmentally. The design and construction schedules have not been set yet, and are dependent on the allocation of funds for those phases.
58.00	Project E						
59.00	Have interchange improvements on the Garden Grove Freeway (SR-22) been constructed at the following interchanges:	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Yes, completed in 2007. Improvements were made to the three interchanges listed below to reduce freeway and street congestion in the area. The project was completed early as a "bonus project" provided by the original Measure M. Please refer to: "F7100 EA OJ9601 SR-22 As Built Plans Approved" , dated November 30, 2006.

59.01	Euclid Street?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Yes, see notes Item 59.00.
59.02	Brookhurst Street?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Yes, see notes Item 59.00.
59.03	Harbor Boulevard?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Yes, see notes Item 59.00.
60.00	Project F						
61.00	Have new lanes, including merging lanes to smooth traffic been added to the Costa Mesa Freeway (SR-55) between SR-22 and I-405 generally constructed within existing ROW?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The SR-55 project between I-405 and I-5 is currently in the environmental phase with an expected phase completion by January 2018. It is forecasted that construction will be completed in January 2027. The project will generally be constructed within the existing ROW. The SR-55 project between I-5 and SR-91 will begin the environmental phase in January 2017 for two and a half years. The design and construction schedules are dependent on funding and have not been set yet.
62.00	Have operational improvements been made to the SR-55 between SR-91 and SR-22?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 61.00.
63.00	Have these improvements increased freeway capacity and reduced congestion?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 61.00.
64.00	Project G						
65.00	Have the following improvements been made to the Orange Freeway (SR-57):	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Construction of the SR-57 (NB) Katella to Lincoln project was completed in April 2015, and the SR-57 (NB) Orangethorpe to Yorba Linda segments were completed in May 2014 and November 2014. Please refer to: "FG101 Master Schedule Complete" , Katella to Lincoln Project Controls Schedule dated May 18, 2015 "FG102 Master Schedule Complete" , Orangethorpe to Yorba Linda Project Controls Schedule dated December 15, 2014 "FG103 Master Schedule Complete" , Yorba Linda to Lambert Project Controls Schedule dated June 17, 2014 "FG101 Plans Sheets" , Invitation for Bids dated July 18, 2011 "FG102 SR-57 NB Orangethorpe to Yorba Linda Plans Sheets" , Invitation for Bids dated May 10, 2010 "FG103 Plans Sheets" , Invitation for Bids dated May 24, 2010

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							The environmental phase for the project between Orangewood Avenue and Katella Avenue began in April 2016. The Next 10 Plan includes clearing this project environmentally. The design and construction schedules are dependent on funding and have not been set. The other projects on SR-57 include improvements to the Lambert Road interchange and a northbound truck climbing lane between Lambert Road and Tonner Canyon, which the Next 10 Plan advances through the environmental phase. The design and construction schedules are dependent on funding and have not been set yet.
65.01	A new northbound lane between Orangewood Avenue and Lambert Road?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 65.00.
65.02	Improvements to the Lambert Interchange?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 65.00.
65.03	Addition of a northbound truck climbing lane between Lambert Road and Tonner Canyon?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes Item 65.00.
66.00	Have these improvements increased freeway capacity and reduced congestion?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The completed NB lanes on SR-57 from Katella to Lincoln and Orangethorpe to Yorba Linda have increased capacity and reduced congestion. See notes Item 65.00.
67.00	Project H						
68.00	On the Riverside Freeway (SR-91) from the I-5 to the SR-57:	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Construction began on a new westbound lane in February 2013, and construction was completed in July 2016.
68.01	Has capacity been added in the westbound direction?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Capacity was provided. See notes Item 68.00.
68.02	Have operational improvements been provided at on and off ramps?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Operational improvements were provided at on and off ramps with the addition of auxiliary lanes. See notes Item 68.00.
69.00	Project I						
70.00	On the Riverside Freeway (SR-91) from the SR-57 to the SR-55, has the interchange complex been improved, including nearby local interchanges such as Tustin Avenue and Lakeview?	Att. A, p. 11, Project I	Capital Programs - Highways	30-year	Done to Date	Rose Casey	The portion of Project I between the SR-55 and Tustin Avenue began construction in November 2013, and construction was completed in July 2016.
71.00	On the SR-91, has capacity been added between the SR-55 and the SR-57?	Att. A, p. 11, Project I	Capital Programs - Highways	30-year	Done to Date	Rose Casey	This project between the SR-55 and SR-57 began the environmental phase in January 2015, with an expected phase completion by May 2019. Improvements to the Lakeview interchange are included in the environmental studies. The Next 10 Plan includes clearing this project environmentally. The design and construction schedules are dependent on funding and have not been set yet.

72.00	Project J						
73.00	Have up to four new lanes on SR- 91 between SR-241 and the Riverside County Line been added?	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>The first project segment between State Route 241 and SR-71 added an eastbound lane and is complete. The second project segment between SR-55 and SR-241 added two lanes - one in each direction - and is also complete. Please refer to: "FJ100 Project Progress Final Report", Project Controls Schedule dated May 6, 2013 "FJ100 SR-91, SR-241 to SR-71 Complete Plans Sheets", Invitation for Bids dated June 28, 2009 "FJ101 SR-91, SR-55 to SR-241 Weir Canyon Plans Sheets", Invitation for Bids dated February 22, 2011 "FJ101 Project Master Schedule Complete", Project Controls Schedule dated April 15, 2013</p> <p>The remaining project segment will add another lane between SR-241 and the County line and will match up with an additional lane to be added by the RCTC from the County line to SR-71. With RCTC's focus on extending the 91 Express Lanes and adding a general purpose lane east of SR-71 (this project broke ground 2013 and is nearly complete), construction of the final additional general purpose lane between SR-241 and SR-71 will take place post-2035 to ensure synchronization between the two counties.</p>
74.00	Was the following taken into consideration: Making best use of available freeway property, adding reversible lanes, building elevated sections, and improving connections to SR-241?	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Not yet required	Rose Casey	When a project goes through the environmental phase, all viable alternatives are considered and the best alternative is determined at that time. This is true for this project. OCTA is engaged with the TCA, who is taking the lead on the SR-91/SR-241 direct connector project. The environmental phase is nearly complete.
75.00	Were the projects constructed with similar coordinated improvements in Riverside County extending to I-15 with the funding for those in Riverside county paid for from other sources?	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The 91 Implementation Plan, required by the state legislature to be updated annually, requires coordination between the two counties. Orange County and Riverside County are working cooperatively on all SR-91 projects. Project improvements within Riverside County limits are not paid for by Measure M. Please reference: " 2015 SR-91 Implementation Plan ", Staff Report dated June 8, 2015.
76.00	Also, was one new lane added in each direction on SR-91 between SR-241 and SR-55 and were the interchanges improved?	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Done to Date	Rose Casey	Yes. This project is complete. Improvements to Lakeview Interchange, Imperial Highway and Weir Canyon were included in this project. See Item 73.00 notes.
77.00	Project K						
78.00	Have new lanes been added to the San Diego Freeway (I-405) between the I-605 and the SR-55?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The environmental phase was completed in May 2015. OCTA has implemented the preferred alternative from the EIR/EIS using the design-build procurement method and will acquire all necessary ROW. The addition of one general purpose lane in each direction is M2 Project K. The addition of a second lane in the median, which when combined with the existing HOV lane, becomes the two lane Express facility in each direction, will be funded with non-M2 funding sources. The draft and final DB RFPs were released in November 2015 and April 2016, respectively. The Board awarded the DB contract in November 2016. Construction completion is scheduled for April 2023.

79.00	Has the project made best use of available freeway property, updated interchanges and widened all local overcrossings according to city and regional master plans?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Yes, 4 new lanes will be added to the 405 with no full property acquisitions identified. The majority of the ROW needed are temporary construction easements and some partial fee acquisitions. Local interchanges and overcrossings will be improved and widened according to city and regional master plans. Design of the local facilities has been closely coordinated with each corridor city.
80.00	Have the improvements been 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?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Yes, the 405 improvements have been coordinated with the West County Connector improvements at the 405/22/605 interchange that have been completed in construction. There will be a direct connector linking the 405 Express Lanes with SR-73 to the south.
81.00	Have the improvements adhered to recommendations of the Interstate 405 Major Investment Study adopted by the OCTA Board of Directors on October 14, 2005?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Yes, the improvements will add one general purpose lane in each direction as recommended in the 405 MIS.
82.00	Project L						
83.00	Have new lanes been added to the San Diego Freeway (I-405) between the SR-55 and the I-5?	Att. A, p. 14, Project L	Capital Programs - Highways	30-year	Not yet required	Rose Casey	A project study report was completed in 2013. The environmental phase began in December 2014 and completion is scheduled for July 2018. The Next 10 Plan includes clearing this project environmentally. The design and construction schedules are dependent on funding and have not been set yet.
84.00	Have chokepoints at interchanges been improved and merging lanes added near on/off ramps such as Lake Forest Drive, Irvine Center Drive and SR-133 to improve the overall freeway operations in the I405/I-5 El Toro "Y" area?	Att. A, p. 14, Project L	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The project includes on and off ramps realignment at various locations, as well as auxiliary lanes between on and off ramps where required. See notes Item 83.00.
85.00	Project M						
86.00	Have freeway access and arterial connections to I-605 serving the communities of Los Alamitos and Cypress been improved?	Att. A, p. 15, Project M	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The project study report was approved. The environmental phase began in August 2016. The Next 10 Plan includes clearing this project environmentally. The design and construction schedules are dependent on funding and have not been set yet.
87.00	Has the project been coordinated with other planned improvements to the SR-22 and SR-405?	Att. A, p. 15, Project M	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The project has been coordinated with nearby planned improvements. See note Item 86.00.
88.00	Project N						
89.00	Are basic freeway service patrols available Monday through Friday during peak commute hours?	Att. A, p. 15, Project N	Transit	30-year	Done to date	Sue Zuhlke	Yes, FSP service, divided into 12 service areas, is available during peak commute hours on all freeways.. Six service areas are under contract through November 30, 2018. Four services areas are under contract through November 20, 2020. Two service areas were procured during fiscal year 2016, and are under contract through December 3, 2021. This procurement also provided for M2-funded construction FSP service for the widening of I-405 and will begin once a notice to proceed is issued. New midday and weekend service funded by M2 was approved by the Board on May 14, 2012 and began service on June 2, 2012. The M2 funded CHP dispatch position was filled May 2013. Benefit/cost analysis of fiscal year 2014-15 service was completed in August 2016 and the results of the study will be incorporated into future service planning. Please reference: "Update on Motorist Services Activities for FY15-16 ", Staff Report dated September 12, 2016.

90.00	Requirements for Eligible Jurisdictions						
91.00	In order to be eligible to receive Net Revenues, has each jurisdiction satisfied the following requirements?	Att. B, Sec. III.A	Planning	Recurring	Done to date	Sam Kaur	Yes, see below for more on each jurisdiction under Item 91.
91.01	Complied with the conditions and requirements of the Orange County Congestion Management Program (CMP)?	Att. B, Sec. III.A.1	Planning	Recurring	Done to date	Sam Kaur	Yes. Required odd years only. This requirement was submitted to OCTA and was presented to the Board on January 11, 2016 as part of the Annual Eligibility Review. The next CMP submittal is due in 2017. Please reference: " Fiscal Year 2015-16 Measure M2 Annual Eligibility Review " Staff Report.
91.02	Assessed traffic impacts of new development and required new development to pay a fair share of improvements attributable to it?	Att. B, pp B-7 to 10, Sec. III.A.2	Planning	Recurring	Done to date	Sam Kaur	Yes. This is required biennially except when there is an updated mitigation fee program. This requirement was submitted to OCTA and was presented to the Board on January 11, 2016 as part of the Annual Eligibility Review. No updates were reported during the Fiscal Year 2016-17 eligibility cycle. The next required submittal is due in 2017. Please reference: " Fiscal Year 2015-16 Measure M2 Annual Eligibility Review " Staff Report.
91.03	Adopted and maintained a Circulation Element of its General Plan consistent with the MPAH?	Att. B, Sec. III.A.3	Planning	Recurring	Done to date	Sam Kaur	Yes. This is required biennially. This requirement was submitted to OCTA and was presented to the Board on January 11, 2016 as part of the "Fiscal Year 2015-16 Measure M2 Annual Eligibility Review". The next submittal is due in 2017. Please reference: " Fiscal Year 2015-16 Measure M2 Annual Eligibility Review " Staff Report.
91.04	Adopted and updated biennially a Capital Improvement Program that includes all capital transportation projects?	Att. B, Sec. III.A.4	Planning	Recurring	Done to date	Sam Kaur	Yes. OCTA is requiring an annual 7-year CIP. This requirement was submitted to OCTA and will be presented to the Board in April 2017, as part of the "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review". Please reference: "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review" Staff Report when available.
91.05	Participated in Traffic Forums as described in Attachment B?	Att. B, Sec. III.A.5	Planning	Recurring	Done to date	Sam Kaur	Yes. This is an annual requirement. Local agencies have to attend at least one traffic forum on an annual basis to remain eligible for M2 net revenues. For FY 2016-17 Eligibility, traffic forums were held on August 3, 2015, October 7, 2015, and February 4, 2016. This requirement will be presented to the Board in April 2017, as part of the "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review". Please reference: "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review" Staff Report when available.
91.06	Adopted and maintained a Local Traffic Signal Synchronization Plan that identifies signalization street routes and signals; a three-year plan showing costs, available funding and phasing of capital, operations and maintenance of the street routes and traffic signals; and included information on how the street routes and signals may be synchronized with signals and routes in adjoining jurisdictions; and is consistent with the Traffic Signal Synchronization Master Plan?	Att. B, Sec. III.A.6	Planning	Recurring	Done to date	Sam Kaur	This is required every three years and is not required for the 2016 eligibility cycle. The last Regional Traffic Signal Synchronization Program review was presented to the Board on November 10, 2014 as part of the Annual Eligibility Review. The next submittal is due in 2017. Please reference: " Fiscal Year 2014-15 Measure M2 Annual Eligibility Review " Staff Report.
91.07	Adopted and updated biennially a Pavement Management Plan (PMP) and issued, using a common format approved by the Authority, a report every two years regarding the status of road pavement conditions and implementation of the Pavement Management Plan?	Att. B, Sec. III.A.7	Planning	Recurring	Done to date	Sam Kaur	Yes. The Board will be presented with the PMPs for local agencies submitting on an even-year cycle in April 2017, as part of the Annual Eligibility Review. Odd year cycle will be presented to the Board by December 2017. All prior reports to date have been submitted and approved per the requirements and noted in the previous year's tracking matrix. Please reference: "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review" Staff Report when available.

91.08	Included in its PMP: -Current status of pavement on roads -Six-year plan for road maintenance and rehabilitation, including projects and funding -Projected road conditions resulting from the maintenance and rehabilitation plan -Alternative strategies and costs necessary to improve road pavement conditions	Att. B, Sec. III.A.7.b-c	Planning	Recurring	Done to date	Sam Kaur	Yes, all local agencies have approved PMPs fully compliant with Att. B, Sec. III. A. 7. a. b. c., inclusive. The Board will be presented with the PMPs for local agencies submitting on an even-year cycle in April 2017, as part of the Annual Eligibility Review. All prior reports to date have been submitted and approved per the requirements and noted in previous year tracking matrix. Please reference: "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review" Staff Report when available.
91.09	Adopted an annual Expenditure Report to account for Net Revenues, developer/traffic impact fees, and funds expended by the Eligible Jurisdiction which satisfy the Maintenance of Effort requirements?	Att. B, Sec. III.A.8	Planning	Recurring	Done to date	Sam Kaur	Yes, the Board was presented with the Annual Expenditure Reports for FY 2014-15 on May 9, 2016, for all 35 local agencies. Please reference: " Measure M2 Eligibility Recommendations for Fiscal Year 2014-15 Expenditure Reports " Staff Report.
91.10	Submitted the Expenditure Report by the end of six months following the end of the jurisdiction's fiscal year and included all Net Revenue fund balances and interest earned, and expenditures identified by type and program and project?	Att. B, Sec. III.A.8	Planning	Recurring	Done to date	Sam Kaur	Yes, all local agencies have submitted the expenditure reports by the end of six months following the end of the jurisdiction's fiscal year. The Board was presented with the Annual Expenditure Reports for FY 2014-15 on May 9, 2016. Please reference: " Measure M2 Eligibility Recommendations for Fiscal Year 2014-15 Expenditure Reports " Staff Report.
91.11	Provided the Authority with a Project Final Report within six months following completion of a project funded with Net Revenues?	Att. B, Sec. III.A.9	Planning	Recurring	Done to date	Sam Kaur	Yes, an ongoing monitoring report is tracked frequently and uploaded to M2 Document Center. Please reference: " M2 Eligibility Compliance Final Report 180-Day Tracking Report as of December 31, 2016 ".
91.12	Agreed that Net Revenues for Regional Capacity Program projects and Traffic Signal Synchronization Program projects shall be expended or encumbered no later than the end of the fiscal year for which the Net Revenues are programmed, subject to extensions?	Att. B, Sec. III.A.10.a	Planning	Recurring	Done to date	Sam Kaur	Yes, net revenues are being expended and encumbered as required. Extension requests as part of the CTFP Semi-Annual Review were approved by the Board on June 13, 2016 and December 12, 2016. Please refer to: " Comprehensive Transportation Funding Programs Semi-Annual Review – March 2016 ", Staff Report dated June 13, 2016 " Comprehensive Transportation Funding Programs Semi-Annual Review –September 2016 ", Staff Report dated December 12, 2016.
91.13	Any requests for extensions of the encumbrance deadline for no more than 24 months were submitted to the Authority no less than 90 days prior to the deadline?	Att. B, Sec. III.A.10.a	Planning	Recurring	Done to date	Sam Kaur	Yes, extensions following the deadline rules were approved by the Board on June 13, 2016 and December 12, 2016. Please refer to: " Comprehensive Transportation Funding Programs Semi-Annual Review – March 2016 ", Staff Report dated June 13, 2016 " Comprehensive Transportation Funding Programs Semi-Annual Review –September 2016 ", Staff Report dated December 12, 2016.
91.14	Agreed that Net Revenues for any program or project <i>other</i> than Regional Capacity Program projects or Traffic Signal Synchronization Program projects shall be expended or encumbered within three years of receipt, subject to extension?	Att. B, Sec. III.A.10.b	Planning	Recurring	Not yet required	Sam Kaur	Yes, agencies have satisfied this requirement. Extensions following the deadline rules were approved by the Board on June 13, 2016 and December 12, 2016. Please refer to: " Comprehensive Transportation Funding Programs Semi-Annual Review – March 2016 ", Staff Report dated June 13, 2016 " Comprehensive Transportation Funding Programs Semi-Annual Review –September 2016 ", Staff Report dated December 12, 2016.
91.15	Agreed that if the above time limits were not satisfied, to return to the Authority any retained Net Revenues and interest earned on them to be available for allocation to any project within the same source?	Att. B, Sec. III.A.10.c	Planning	Recurring	Done to date	Sam Kaur	Yes. Local agencies that did not meet the three year expenditure deadline were not paid for expenditures incurred beyond the expenditure deadline.

91.16	Annually certified Maintenance of Effort requirements of Ordinance No. 3, Sec. 6?	Att. B, Sec. III.A.11	Planning	Recurring	Done to date	Sam Kaur	Yes, this is required annually. The Board approved Annual Expenditure Reports for FY 2014-15 on May 9, 2016. Please reference: " Measure M2 Eligibility Recommendations for Fiscal Year 2014-15 Expenditure Reports " Staff Report.
91.17	Agreed that Net Revenues were not used to supplant developer funding which has or will be committed for any transportation project?	Att. B, Sec. III.A.12	Planning	Recurring	Done to date	Sam Kaur	Yes. This is required annually. This will be presented to the Board for approval in April 2017, as part of the Annual Eligibility Review. Please reference: "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review" Staff Report when available.
91.18	Considered as part of its General Plan, land use planning strategies that accommodate transit and non-motorized transportation?	Att. B, Sec. III.A.13	Planning	Recurring	Done to date	Sam Kaur	Yes. This is required annually. This will be presented to the Board for approval in April 2017, as part of the Annual Eligibility Review. Please reference: "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review" Staff Report when available.
92.00	Has the Authority, in consultation with the Eligible Jurisdictions, defined a countywide management method to inventory, analyze and evaluate road pavement conditions and a common method to measure improvement of road pavement conditions?	Att. B, Sec. III.A.7.a	Planning	One-time, start-up	Done	Sam Kaur	Yes, the Countywide Pavement Management Program Guidelines which implement Att. B, Sec. III. A.7.a. b. and c. were developed by OCTA staff in consultation with the Technical Advisory Committee and approved by the Board of Directors May 24, 2010. The PMP guidelines were updated and approved by the Board in two parts on December 10, 2012 and January 12, 2015. Revisions to the PMP Guidelines were presented to the Board on January 11, 2016. No updates have been made to the PMP Guidelines since then. Please reference: " Countywide Pavement Management Plan Guidelines Updates ", Staff Report dated January 11, 2016.
93.00	Requirements Related to Specific Streets and Roads Projects						
94.00	Project O - Regional Capacity Program						
95.00	Prior to the allocation of Net Revenues for any Street and Road Project, has the Authority, in cooperation with affected agencies, determined the entity(ies) to be responsible for the maintenance and operation thereof, utilizing maintenance and operating agreements with each agency receiving streets and roads funding?	Att. B, Sec. II.C	Planning	Recurring	Done to date	Sam Kaur	Yes. OCTA relies on California Streets and Highways Code Sections 900-909 and 1800-1813 for Counties and Cities, respectively, which establishes the authority and obligations of local agencies to construct, maintain, and operate local streets and roads. For road projects implemented by OCTA on behalf of local agencies (e.g. select grade separations), OCTA enters cooperative agreements for construction and maintenance prior to implementation.
96.00	Has each eligible jurisdiction contributed local matching funds equal to 50 percent of Project O project or program costs?	Att. A, p. 18, Project O and Att. B, p. B-12, Sec. V.A.1	Planning	Recurring	Done to date	Sam Kaur	Yes, except when a match reduction has been approved. Funding Recommendations for 2016 Call for Projects were approved by the Board on April 11, 2016. Additional information on each fund source and percentage is available online on OCFUNDTRACKER. Please refer to: " Measure M2 Comprehensive Transportation Funding Programs - 2016 Call for Projects Programming Recommendations ", Staff Report.
97.00	Alternatively, jurisdictions qualified for a ten- and/or five-percent reductions as provided in Attachment B have met those reduced match levels?	Att. A, p. 18, Project O and Att. B, Sec. V.A.1.a-c	Planning	Recurring	Done to date	Sam Kaur	Yes. Funding Recommendations for 2016 Call for Projects was approved by the Board on April 11, 2016. Additional information on each fund source and percentage is available online on OCFUNDTRACKER. Please refer to: " Measure M2 Comprehensive Transportation Funding Programs - 2016 Call for Projects Programming Recommendations ", Staff Report.

98.00	Has a countywide competitive procedure for Project O been adopted by the Authority?	Att. B, Sec. V.A.2	Planning	Recurring	Done	Sam Kaur	Yes. The OCTA Board approved the <u>revised</u> CTFP Guidelines and issued the 2017 CTFP Annual Calls for Projects on August 8, 2016. Please reference: " Measure M2 Comprehensive Transportation Funding Programs - 2017 Annual Calls for Projects ", Staff Report.
99.00	Have eligible Jurisdictions been consulted by the Authority in establishing criteria for determining priority for Project O allocations?	Att. B, Sec. V.A.2	Planning	One-time, start-up	Done	Sam Kaur	The Technical Advisory Committee (TAC) recommended approval of modifications to the 2016 CTFP guidelines on July 13, 2016, prior to Board of Directors action. Changes were documented in the Staff Report presented to the TAC. For Committee comments and item approval, please reference TAC meeting minutes, approved at the following meeting on October 2, 2016: " TAC Meeting Minutes 20160713 ".
100.00	Has funding under Project O been provided 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?	Att. A, p. 18, Project O	Capital Programs, Planning	30-year	Done	Rose Casey & Adriann Cardoso	Yes, the Board authorized use of \$144.5 million in M2 funds as match for TCIF funding for seven Grade Separation projects. Four of the seven grade separations have been opened to traffic and completed (accepted by the City). The last of the three remaining projects will complete construction in March 2018. Please refer to: " OC Bridges Railroad Grade Separation Program Cost to Complete Update ", Staff Report dated August 8, 2016. " OC Bridges Railroad Grade Separation Program Funding Plan Update ", Staff Report dated November 14, 2016
101.00	Project P - Regional Traffic Signal Synchronization Program						
102.00	Have the Cities, the County of Orange and Caltrans, as required, worked together to prepare a common Traffic Signal Synchronization Master Plan and the necessary governance and legal arrangements before receiving funds, and has the Authority adopted and maintained the Master Plan which was a part of the MPAH?	Att. A, p. 19, Project P and Att. B, Sec. V.B.1	Planning	One-time, start-up	Done	Anup Kulkarni	Yes. Please reference: " Guidelines for the Preparation of the Local Signal Synchronization Plans ", Staff Report dated July 26, 2010.
103.00	Does the Master Plan include synchronization of street routes and traffic signals within and across jurisdictional boundaries and the means of implementing, operating and maintaining the programs and projects including necessary governance and legal arrangements?	Att. A, p. 19, Project P and Att. B, V.B.1	Planning	One-time, start-up	Done	Anup Kulkarni	Yes. Please reference: " Guidelines for the Preparation of the Local Signal Synchronization Plans ", Staff Report dated July 26, 2010.
104.00	Has a countywide, competitive procedure been adopted by the Authority in consultation with eligible jurisdictions in establishing criteria for determining priority for allocations?	Att. B, Sec. V.B.2.a	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Approved by the Board for each Call for Projects with the priority for allocation updated as well. Please refer to: " Measure M2 Comprehensive Transportation Funding Programs - 2017 Annual Calls for Projects ", Staff Report dated August 8, 2016. " Comprehensive Transportation Funding Program - August 2016 Guidelines ", chapter 8
105.00	Has the Authority given priority to programs and projects which include two or more jurisdictions?	Att. B, Sec. V.B.2.b	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Please reference: " Comprehensive Transportation Funding Program - August 2016 Guidelines ", chapter 8, pages 8-6 to 8-7.
106.00	Has the Authority encouraged the State to participate in the Regional Traffic Signal Synchronization Program and given priority to use of transportation funds as match for the State's discretionary funds used for implementing Project P?	Att. B, Sec. V.B.2.c	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P allows state participation and allows for match to be fulfilled with both in-kind and cash. Match beyond 20% (including State discretionary funds) is provided additional priority in the evaluation. Please reference: " Comprehensive Transportation Funding Program - August 2016 Guidelines ", chapter 8, page 8-7.

107.00	Has each local jurisdiction contributed matching local funds equal to 20 percent of the program or project cost? (May be satisfied all or in part with in-kind services provided by the Eligible Jurisdiction including salaries and benefits)	Att. A, p. 19, Project P and Att. B, V.B.3	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P requires a minimum 20% match. Please reference: " Comprehensive Transportation Funding Program - August 2016 Guidelines ", chapter 8, page 8-10.
108.00	Has the project provided funding for ongoing maintenance and operation of the synchronization plan?	Att. A, p. 19, Project P	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P requires ongoing maintenance and monitoring of the synchronization and provides funding for this task. Please reference: " Comprehensive Transportation Funding Program - August 2016 Guidelines ", chapter 8, page 8-2.
109.00	Have local jurisdictions publicly reported on the status and performance of their signal synchronization efforts at least every three years?	Att. A, p. 19, Project P and Att. B, Sec. V.B.4	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Status and performance of their signal synchronization efforts were reported in the Local Signal Synchronization Plan Updates that were completed June 30, 2014. Please reference: " Fiscal Year 2014-15 Measure M2 Annual Eligibility Review ", Staff Report dated November 10, 2014.
110.00	Has signal equipment to give emergency vehicles priority at intersections been an eligible expense for projects implemented as part of this program?	Att. A, p. 19, Project P	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P includes signal equipment to give emergency vehicles priority at intersections as an eligible expense. Please reference: " Comprehensive Transportation Funding Program - August 2016 Guidelines ", chapter 8, page 8-3.
111.00	Have eligible jurisdictions and Caltrans, with the County of Orange and the Orange County Division of League of Cities, established boundaries for Traffic Forums?	Att. B, Sec. III.A.5	Planning	Recurring	Done to date	Anup Kulkarni	Yes. See the guidelines for the preparation of the Local Signal Synchronization Plans that went to the Board on April, 14, 2014. Please reference: " Fiscal Year 2014-15 Measure M2 Eligibility Guidelines Update ", Staff Report.
112.00	Project Q - Local Fair Share Program						
113.00	Are Local Fair Share funds distributed by a formula that accounts for the following factors and weightings: Population - 50%? Street mileage - 25%? Amount of sales tax collection in each jurisdiction - 25%?	Att. A, p. 20, Project Q Att. B, Sec. 5.C.1-3	Planning, F&A	Recurring	Done to date	Sean Murdock	Yes. See General Accounting payments for Local Fair Share funds for FY 2015-16. Also note that Agreed-Upon Procedures to the Measure M2 Status Report is scheduled to go to the Board and TOC in April 2017, related to Local Fair Share disbursements. Please refer to: " FY16 Project Q Local Fair Share Payments " " Year Ending June 30, 2016 OCTA Measure M2 Status Report ", Attachment F to "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report when available "Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2016", Attachment to Staff Report when available
114.00	General Requirements Related to Transit Projects						
115.00	Have Metrolink extensions been evaluated against well-defined and well-known criteria detailed in the Renewed Measure M Transportation Investment Plan?	Att. A, p.23, Project S	Capital Programs – Rail & Planning (for Project S)	Recurring	Done to date	Jennifer Bergener & Sam Kaur	Yes. The Board approved Project S funding guidelines for fixed guideway projects on September 13, 2010. Project S guidelines for Bus and Station Van Extension projects were approved by the Board on December 12, 2011. Please refer to: " Measure M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only) ", Staff Report dated September 13, 2010 " Project S 2012 Guidelines for Bus and Station Van Extension Projects ", Staff Report dated December 12, 2011

116.00	Has the Authority made every effort to maximize state and federal transit dollars?	Att. B, Sec. II.B.1	Planning	Recurring	Done to date	Adriann Cardoso	Yes. Consistent with Board of Directors approved programming policies, OCTA has maximized state and federal transit dollars for rail capital projects, as well as rail rehab projects. To date, OCTA has programmed \$327 million in state, \$623 million in federal and \$80 million in other local funds which will be used for rail capital projects in place of M2 funds. A regular review of project funding and status occurs monthly and all programming actions are made in accordance with the Board policies to maximize state and federal funding. Please reference: Attachment E of " Capital Programming Policies Update " Staff Report, dated December 12, 2016 Attachment C of "Transit Projects Programming Revisions" Staff Report, dated January 23, 2017
117.00	Prior to the allocation of Net Revenues for a Transit Project, has the Authority obtained a written agreement from the appropriate jurisdiction that the project will be constructed, operated and maintained to minimum standards acceptable to the Authority?	Att. B, Sec. II.B.2	Capital Programs - Rail & Planning (for Project V)	Recurring	Done to date	Jennifer Bergener & Sam Kaur	Yes. As transit projects are approved for development and/or funding by the OCTA Board to be improved, constructed or in any way augmented by OCTA or OCTA Board-approved funding, necessary agreements are entered into with each jurisdiction to define roles and responsibilities during project phases as well as post-completion. At any given time, there are multiple agreements in place for projects. At the present time, there are active agreements in place for all funded capital projects. Agreements for all transit projects can be found in the M2 Document Center.
118.00	Requirements Related to Specific Transit Projects						
119.00	Has a series of new, well-coordinated, flexible transportation systems, each one customized to the unique transportation vision the station serves, been developed?	Att. A, p. 21 - General Transit, Att. A, p. 23, Project S	Capital Programs - Rail & Planning (for Project S)	30-year	Not yet required	Jennifer Bergener & Sam Kaur	Yes. The Board approved the Project S funding guidelines on September 13, 2010 and December 12, 2011 (See Item 115 notes). On November 22, 2010, the Board evaluated and awarded Project S funds to the City of Anaheim and the City of Santa Ana for preliminary engineering of fixed-guideway projects. However, on June 27, 2016, the Board approved an amendment to Agreement (C-1-3115) with City of Anaheim to conclude all planning efforts on their fixed-guideway project. The Santa Ana-Garden Grove OC Streetcar project is in the design phase (60 percent complete) and has requested entry into New Starts Engineering from FTA. On July 23, 2012, four rubber-tire projects were approved for the first Call for Projects. Two of the projects have implemented service. Scope changes to one of the remaining projects were approved on December 14, 2015 as part of the Semi-Annual Review, with the final project under review for route changes. Please refer to: "Measure M2 Project S Programming Recommendations" , Staff Report dated November 22, 2010 "Anaheim Rapid Connection and Future Transit Connectivity to OC Streetcar" , Staff Report dated June 27, 2016 "Project S Bus and Station Van Extension – 2012 Call for Projects Programming Recommendations" , Staff Report dated July 23, 2012 "Comprehensive Transportation Funding Programs Semi-Annual Review –September 2015" , Staff Report dated December 14, 2015.

120.00	Project R - High Frequency Metrolink Service						
121.00	Has Project R increased rail services within the county and provided frequent Metrolink service north of Fullerton to Los Angeles?	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Done to date	Jennifer Bergener	Yes, through the completion of the MSEP capital activities, additional service has been added, providing more intra-county trains. MSEP improvements have added infrastructure to support as many as 76 trains a day, but the Comprehensive Business Plan currently shows that only 59 are sustainable based on projected revenues and operating funds, and that number has been added over the past several years. Ten intra-county trains and two Inland Empire-OC trains have been added since July 2011. OCTA continues to work with partners at Metrolink, RCTC, BNSF to advance the discussion of additional train service between Orange County and Los Angeles. Metrolink is currently leading necessary discussions and negotiations with the BNSF to allow for additional train capacity between Fullerton and Los Angeles.
122.00	Has Project R provided for track improvements, more trains, and other related needs to accommodate the expanded service?	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Done to date	Jennifer Bergener	Yes, the MSEP capital program has made numerous improvements with more on the way. This is an ongoing program of improvements as needed, based on available funding. This program included infrastructure track and train station improvements to allow up to 76 daily trains and additional rail vehicle procurement to provide that service. It also included implementing 52 grade crossing safety enhancements (OCX) to allow cities to implement quiet zones. Rail Programs and Facilities Engineering updates are presented to the Board quarterly. For note of OCX completion, please reference: " Capital Programs - Second Quarter Fiscal Year 2011-12 Capital Action Plan Performance Metrics Update ", Rail and Station Projects portion of Staff Report dated February 13, 2012.
123.00	Has the service included upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means to move arriving passengers to nearby destinations?	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Done to date	Jennifer Bergener	Yes, 52 grade crossing safety improvements have been completed which has allowed the Cities of Anaheim, Orange, Santa Ana, Tustin, Irvine, San Clemente, San Juan Capistrano and Dana Point to obtain quiet zone status. Parking structures have been completed at the Irvine, Fullerton and Tustin Metrolink stations as well as additional surface parking capacity at the Laguna Niguel/Mission Viejo Metrolink station. Environmental clearance and final design plans are expected to be complete in early 2016 for the Orange Metrolink Station parking structure, and design plans for the Placentia Metrolink Station are 95 percent complete (the project is on hold at the request of the city). A pedestrian walkway has been added to the Tustin station that connects a major employment center with the station, and a consultant has been selected to conduct preliminary engineering and environmental services for the Anaheim Canyon Metrolink Station project.
124.00	Has Project R included funding for improving grade crossings and constructing over or underpasses at high volume streets that cross Metrolink tracks?	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Done to date	Jennifer Bergener	Yes. Environmental clearance and supporting engineering efforts are underway for the 17th Street grade separation project in Santa Ana. Preliminary engineering has been completed on State College in Anaheim. The Sand Canyon grade separation in Irvine is complete. There are 5 other grade separations with PSR or PSR equivalents completed and awaiting funding to proceed further.

125.00	Project S - Transit Extensions to Metrolink						
126.00	Has a competitive program been established for local jurisdictions to broaden the reach of the rail system to other activity centers and communities?	Att. A, p. 23, Project S	Capital Programs - Rail	30-year	Done to date	Jennifer Bergener	Yes. Project S Guidelines were developed for both fixed guideway and rubber tire projects and are included in OCTA's Comprehensive Funding Program (CTFP) Guidelines which specifies the criteria for projects to be evaluated when competing for funding. The CTFP Guidelines are updated annually, with the last update in August 2015. Please reference: " Measure M2 Comprehensive Transportation Funding Programs - 2017 Annual Calls for Projects ", Staff Report dated August 8, 2016.
127.00	Have proposals for extensions been developed and supported by local jurisdictions and evaluated against well-defined and well-known criteria as follows: -Traffic congestion relief? -Project readiness with priority 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? -Cost-effectiveness? -Proximity to jobs and population centers? -Regional as well as local benefits? -Ease and simplicity of connections? -Compatible, approved land uses? -Safe and modern technology? -A sound, long-term operating plan?	Att. A, p. 23, Project S	Capital Programs - Rail	30-year	Done to date	Jennifer Bergener & Sam Kaur	Yes. Following the criteria identified in the Ordinance as well as the guidelines specified for Project S in the CTFP Guidelines adopted by the Board, the first round of applications for fixed guideway funding were evaluated on November 22, 2010. The same process was followed for the Rubber Tire call for projects under Project S. The Board approved the Project S Guidelines for the Bus and Station Extension Projects Linking to the Metrolink Corridor on December 12, 2011. All projects recommended to move forward and not recommended to move forward are presented to the Board as part of Call for Project Programming Recommendations Staff Reports. On June 27, 2016, the Board approved an amendment to Agreement C-1-3115 with City of Anaheim to conclude all planning efforts on their fixed-guideway project. Please refer to the following Staff Reports: "Measure M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only)" , dated September 13, 2010 "Project S 2012 Guidelines for Bus and Station Van Extension Projects" , dated December 12, 2011 "Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans" dated August 11, 2014 "Fixed-Guideway Policy Decisions Overview" , dated May 23, 2014 "Anaheim Rapid Connection and Future Transit Connectivity to OC Streetcar" , dated June 27, 2016
127.01	Has Project S, as required, not been used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor?	Att. A, p. 23, Project S	Planning & Capital Programs- Rail	30-year	Done to date	Jennifer Bergener & Sam Kaur	Yes, any Project S funds that have been approved by the Board have been consistent with the program guidelines and as such have only been made available for guideway projects and rubber tire projects that directly connect to an existing Metrolink station. On August 11, 2014, the Board approved the use of Project S funds for operations of fixed-guideway projects. Please refer to the following staff reports for documentation of compliance: "Measure M2 Project S Programming Recommendations" , dated November 22, 2010 "M2 Project S Cooperative Agreements with Cities of Anaheim and Santa Ana for Funding the Preliminary Engineering Phase of Proposed Fixed-Guideway Systems" , dated March 14, 2011 "Project S Bus and Station Van Extension - 2012 Call for Projects Programming Recommendations" , dated July 23, 2012 "Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans" , dated August 11, 2014

127.02	Has the emphasis been on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor?	Att. A, p. 23, Project S	Planning & Capital Programs-Rail	30-year	Done to date	Jennifer Bergener & Sam Kaur	Yes. Planning activities completed to date have been done with an emphasis on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. A key aspect of that evaluation includes detailed study on passengers making connections at the existing stations.
127.03	Have multiple transit projects been funded with no single project being awarded all the funding under this project?	Att. A, p. 23, Project S	Planning & Capital Programs-Rail	30-year	Done to date	Jennifer Bergener & Sam Kaur	Yes, there is currently one fixed guideway project concepts advancing through the program (OC Streetcar), and there are three rubber tire projects (Vanpool Connection from Irvine Metrolink Station to Oakley employment center in Lake Forest; Anaheim Canyon Metrolink Station Bus Connection; Vanpool Connection from Irvine Metrolink Station to Panasonic employment center in Lake Forest).
128.00	Have Eligible Jurisdictions, in order to be eligible to receive Net Revenues for Transit Extensions, executed written agreements between the Authority and eligible jurisdictions regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the Transit Extensions to Metrolink?	Att. B, Sec. VI.A.2	Capital Programs - Rail	Recurring	Done to date	Jennifer Bergener	<p>Yes, upon each award of funding from the Board, a cooperative agreement has been executed with each agency to define roles, responsibilities and terms of funding.</p> <p>On March 14, 2011, and May 20, 2011, respectively, agreements were executed with the Cities of Anaheim (C-1-2448) and Santa Ana (C-1-2447) to define roles and responsibilities related to funding the preliminary engineering phase of their respective proposed fixed-guideway projects (Anaheim Rapid Connection [ARC] and OC Streetcar).</p> <p>On August 11, 2014, the Board authorized the CEO to negotiate and execute a cooperative agreement with the Cities of Santa Ana and Garden Grove to define roles and responsibilities for project development through construction of the OC Streetcar (Santa Ana/Garden Grove Fixed-Guideway Project). Effective August 1, 2015 and May 9, 2016, OCTA entered into agreements with the cities of Santa Ana (C-5-3583) and Garden Grove (C-5-3807) to define roles for the design phase of the OC Streetcar project.</p> <p>On June 27, 2016, the Board approved an amendment to Anaheim’s contract, concluding all planning efforts on the ARC fixed-guideway project, and to determine OCTA would serve as the lead agency for any future phases of the project (C-1-3115).</p> <p>For the Rubber Tire Program, Cooperative Agreements have been established with City of Anaheim (C-2-1668) and City of Lake Forest (C-2-1667).</p> <p>Please refer to the following Staff Reports: "M2 Project S Cooperative Agreements with Cities of Anaheim and Santa Ana for Funding the Preliminary Engineering Phase of Proposed Fixed-Guideway Systems", dated March 14, 2011 "Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans", dated August 11, 2014 "Anaheim Rapid Connection and Future Transit Connectivity to OC Streetcar", dated June 27, 2016 "Project S Bus and Station Van Extension - 2012 Call for Projects Programming Recommendations", dated July 23, 2012</p>

129.00	Has a countywide competitive procedure for Project S been prepared in consultation with eligible jurisdictions and adopted by the Authority which included an evaluation process and methodology applied equally to all candidate projects?	Att. B, Sec. VI.B.3	Capital Programs - Rail	One-time	Done to date	Jennifer Bergener	On September 13, 2010, the Board approved Project S funding guidelines, and on November 22, 2010, the Board evaluated and awarded Project S funds to Anaheim and Santa Ana for preliminary engineering of fixed-guideway projects. Please refer to: " Measure M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only) ", Staff Report dated September 13, 2010 " Measure M2 Project S Programming Recommendations ", Staff Report dated November 22, 2010
130.00	Project T - Convert Metrolink Stations to Regional Gateways						
131.00	Has the program provided local improvements necessary to connect planned future high speed rail systems to stations on the Orange County Metrolink route?	Att. A, p. 24, Project T	Capital Programs - Rail	30-year	Done to date	Jennifer Bergener	Yes, ARTIC opened in December 2014. ARTIC was designed to accommodate future High Speed rail service and will serve as the southern terminus for the California High Speed Rail Authority's Phase I. Please reference: " Agreement C-9-0448 with City of Anaheim ".
132.00	Have eligible Jurisdictions, in order to be eligible to receive Net Revenues, executed written agreements with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the facilities?	Att. B, Sec. VI.B.2	Capital Programs - Rail	Recurring	Done to date	Jennifer Bergener	Yes, as part of project development, OCTA enters into cooperative agreements with host cities. These agreements define roles and responsibilities for the representative phase as well as ongoing maintenance of improvements. Please reference: " Agreement C-9-0448 with City of Anaheim ".
133.00	Has a countywide competitive procedure for Project T been prepared in consultation with eligible jurisdictions and adopted by the Authority which included an evaluation process and methodology applied equally to all candidate projects?	Att. B, Sec. VI.B.3	Capital Programs - Rail	One-time	Done	Jennifer Bergener	Yes, a Call for Projects was issued, and funds were awarded based on OCTA Board-approved criteria. The Board approved criteria on January 26, 2009. Please reference: " Renewed Measure M Project T Funding Guidelines and Attachments ", Staff Report dated January 26, 2009.
134.00	Project U - Expand Mobility Choices for Seniors and Persons with Disabilities						
135.00	Has one percent of Net Revenues been allocated to the County to augment existing senior non-emergency medical transportation services funded with Tobacco Settlement funds?	Att. B, Sec. VI.C.3.a	F&A	Recurring	Done to date	Sean Murdock & Curt Burlingame	Yes. See General Accounting payments for SNETM funds for FY 2016. Also note that Agreed-Upon Procedures to the Measure M2 Status Report is scheduled to go to the Board and TOC in April 2017. Please refer to Attachment F of the "Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports" Staff Report. M2 Status Reports from prior years can be found in the Document Center. Please refer to: " FY16 M2 Project U SNETM Payments " "Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2016", Staff Report when available
136.00	Has the County continued to fund these services in an amount equal to the same percentage of the total annual Tobacco Settlement funds received by the County?	Att. B, Sec. VI.C.3.a	F&A	Recurring	Done to Date	Sean Murdock & Curt Burlingame	Yes. The County is required to allocate at least 5.27% of Tobacco Settlement Revenue (TSR) funds to meet their MOE obligation under M2. The County allocation for FY 2016 was 5.82%. See supporting documentation from the County showing Measure H Tobacco Settlement Revenues allocated to SNETM. Please reference: " FY17 SNETM MOE Verification ", correspondence dated January 17, 2017.
137.00	Have Net Revenues been annually allocated to the County in an amount no less than the Tobacco Settlement funds annually expended by the County for these services and no greater than one percent of Net Revenues plus any accrued interest?	Att. B, Sec. VI.C.3a	F&A	Recurring	Done to date	Sean Murdock & Curt Burlingame	Yes, the M2 SNETM funding allocation to the County for FY 2016 of \$2,825,885 exceeded TSR funding of \$1,509,516. Therefore, the M2 funding is no less than the TSR funding, and no more than 1% of net revenue as required under the Ordinance. Please refer to: " FY17 SNETM MOE Verification ", correspondence dated January 17, 2017. " FY16 M2 Project U SNETM Payments "

138.00	Has one percent of Net Revenues been allocated to continue and expand the Senior Mobility Program provided by the Authority in 2006 with allocations determined pursuant to criteria and requirements as adopted by the Authority?	Att. B, Sec. VI.C.3.b	F&A, Transit	Recurring	Done to date	Sean Murdock & Curt Burlingame	Yes. See General Accounting payments for SMP funds for FY 2016. Also note that Agreed-Upon Procedures applied to the FY 2015-16 Measure M2 Status Report related to Senior Mobility Program disbursements, is scheduled to go to the Board and TOC in April 2017. Please reference: "FY16 M2 Project U SMP Payments" "Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2016", Staff Report when available
139.00	Has one percent of Net Revenues been allocated to partially fund bus and ACCESS fares for seniors and persons with disabilities in an amount equal to the percentage of funding as of the effective date of the Ordinance and to partially fund train and other transit fares for seniors and persons with disabilities as determined by the Authority?	Att. B, Sec. VI.C.3.c	F&A, Transit	Recurring	Done to date	Sean Murdock & Curt Burlingame	Yes. See General Accounting Fare Stabilization Revenue Allocation chart. In addition to the 1%, the Board approved an amendment to the M2 Ordinance No. 3 on December 14, 2015 (updated on March 14, 2016), which increased the Fare Stabilization allocation to 1.47% of Net Revenues. Please refer to: "M2 Fare Stabilization Cash Flow", Attachment A of "Measure M2 Fare Stabilization Update" , Staff Report dated June 23, 2014 "Measure M2 Fare Stabilization Update" , Staff Report dated September 28, 2015 "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update" , Staff Report dated March 14, 2016 "FY16 Fare Stabilization Payments"
140.00	Project V - Community Based Transit/Circulators						
141.00	Have all such projects [within Project V], in order to be considered for funding, met performance criteria for ridership, connection to bus and rail services, and financial viability?	Att. A, p. 25, Project V	Planning	Recurring	Done to date	Sam Kaur	Yes. Per the current Project V Guidelines adopted by the OCTA Board on November 23, 2015, performance criteria for ridership, connections to bus and rail services and financial viability are specifically required to be defined as part of the application process prior to competing and receiving funding. Please reference: "Community-Based Transit/Circulators Program Guidelines and Call for Projects" , Staff Report dated November 23, 2015.
142.00	Have all such projects been competitively bid?	Att. A, p. 25, Project V	Planning	Recurring	Done to date	Sam Kaur	Yes. Per the 2013 and 2015 Project V Guidelines adopted by the OCTA Board on November 26, 2012 and November 23, 2015, projects are required to follow competitive procedures including procurement. Local Agencies followed the procedures where applicable to their projects and nature of procurement. Please refer to the following Staff Reports: "Project V 2013 Guidelines for Community-Based Transit/Circulators and Issuance of the Call for Projects" , dated November 26, 2012 "Community-Based Transit/Circulators Program Guidelines and Call for Projects" , dated November 23, 2015
143.00	As a condition of being funded, have such projects been determined not to duplicate or compete with existing transit services?	Att. A, p. 25, Project V	Planning, Transit	Recurring	Done to date	Sam Kaur	Yes, OCTA staff evaluated all project applications before preparing final recommendations for the Board to ensure that proposed services will either expand or provide new services and not supplant the existing transit services. OCTA Board approved project allocations on June 13, 2016. OCTA staff will continue to monitor the projects to ensure that services funded with Project V do not duplicate existing transit services. Please reference: "Project V Community-Based Transit/Circulators Call for Projects Programming Recommendations" , Staff Report dated June 24, 2013 <i>(continues on next page)</i>

							(continued from previous page) "2016 Measure M2 Community-Based Transit Circulators (Project V) Call for Projects Programming Recommendations for Capital and Planning Grants" , Staff Report dated June 13, 2016
144.00	For any of its projects to be eligible for funding, has the Eligible Jurisdiction executed a written agreement with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the project?	Att. B, Sec. VI.D.2	Planning	Recurring	Done to date	Sam Kaur	Yes. OCTA executed Cooperative Funding Agreements with each local agency and identified roles and responsibilities pertaining to operation, construction, maintenance and uses of the facilities and vehicles. All M2 funding agreements and Letter agreements are available in the M2 Document Center. A list of the corresponding contract numbers with Anaheim, Costa Mesa, County of Orange, Dana Point, Huntington Beach, Irvine, La Habra, Lake Forest, Laguna Beach, Mission Viejo, Newport Beach, San Clemente, San Juan Capistrano, and Westminster can be found here in the Document Center. Please reference: " Project V List of Contract Numbers DRAFT ", dated January 4, 2017.
145.00	Have any allocations of Net Revenues to such projects been determined pursuant to a countywide competitive procedure adopted by the Authority?	Att. B, Sec. VI.D.3	Planning	Recurring	Done to date	Sam Kaur	Yes, OCTA Board approved updated Project V Guidelines on November 23, 2015 and issued the 2016 call for projects. Please reference: " Community-Based Transit/Circulators Program Guidelines and Call for Projects ", Staff Report dated November 23, 2015.
146.00	Does the competitive procedure include an evaluation process and methodology applied equally to all candidate Community Based Transit/Circulator projects?	Att. B, Sec. VI.D.3	Planning	Recurring	Done to date	Sam Kaur	Yes. See 2015 Project V Guidelines adopted by the OCTA Board on November 23, 2015. Please reference: " Community-Based Transit/Circulators Program Guidelines and Call for Projects ", Staff Report dated November 23, 2015.
147.00	Have Eligible Jurisdictions been consulted by the Authority in the development of the evaluation process and methodology?	Att. B, Sec. VI.D.3	Planning	One-time	Done to date	Sam Kaur	Yes. The Technical Advisory Committee (TAC) approved the Project V Community Based Transit/Circulators Program Guidelines on September 23, 2015. For Committee comments and approval, please reference TAC meeting minutes, approved at the following meeting on October 28, 2015: " TAC Meeting Minutes 20150923 ".
148.00	Project W - Safe Transit Stops						
149.00	Have amenities been provided at the 100 busiest transit stops across the County? Were they designed to ease transfer between bus lines and provide amenities such as improved shelters, lighting, current information on bus and train timetables and arrival times, and transit ticket vending machines?	Att. A, p. 25, Project W	Planning	30-year	Done to date	Sam Kaur	The OCTA Board adopted the Project W framework on March 10, 2014 to allocate funds for the Top 100 Busiest Stops in Orange County. On July 14, 2014 OCTA Board approved Project W funds for 51 stops and for OCTA text4next system. Project W funding is eligible for including projects that install new transit shelters at locations where there are no shelters at present, and replace aging shelters, shade, and amenities that have become run down over time. In addition, funds were initially approved for an OCTA-initiated project to provide text4next system which gives riders easy access to bus service information. On June 8, 2015, OCTA Board took action to change the scope of the Project and provide funding for mobile ticketing app. Please refer to the following Staff Reports: "Measure M2 Project W Safe Transit Stops" , dated March 10, 2014 "Measure M2 Project W Safe Transit Stops – 2014 Programming Recommendations" , dated July 14, 2014 "Comprehensive Transportation Funding Programs Semi-Annual Review – March 2016" , dated June 13, 2016

150.00	Requirements Related to Project X						
151.00	Have Environmental Cleanup funds been used on a countywide, competitive basis to meet federal Clean Water Act standards for controlling transportation-generated pollution as called for in Attachment A?	Att. A, p. 27, Project X	Planning	30-year	Done to date	Dan Phu	<p>Yes, the OCTA Board has authorized several countywide competitive calls for projects for both a Tier 1 and Tier 2 environmental cleanup program providing funding to improve water quality. To date, six rounds of funding under the Tier 1 grants program have been awarded by the Board. A total of 138 projects in the amount of nearly \$17 million have been awarded since 2011. There have been two rounds of funding under the Tier 2 grants program. A total of 22 projects in the amount of \$27.89 million have been awarded by the OCTA Board since 2013. To date, 33 of the 34 Orange County cities plus the County of Orange have received funding under this program. A seventh Tier 1 Call for Projects is anticipated in spring 2017. With approximately \$10 million in Tier 2 funding remaining, staff is working with the M2 Environmental Cleanup Allocation Committee to recommend the appropriate timing of a third Tier 2 Call for Projects. For the most recent Tier 1 and Tier 2 guidelines, please refer to:</p> <p>"Measure M2 Environmental Cleanup Allocation Program – Funding Program Guidelines Revisions and Tier 1 Grant Program Call for Projects", Staff Report dated February 8, 2016</p> <p>"Measure M2 Environmental Cleanup Allocation Program – Funding Program Guidelines Revisions and Tier 2 Grant Program Call for Projects", Staff Report dated June 10, 2013</p>
152.00	Does the program augment, not replace existing transportation related water quality expenditures and emphasize high impact capital improvements over local operations and maintenance costs?	Att. A, p. 27, Project X	Planning	30-year	Done to date	Dan Phu	<p>Yes. Requirement is specified in Chapter 12 of the Comprehensive Transportation Funding Guidelines. As a note, Chapter 12 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: "Comprehensive Transportation Funding Program - August 20156 Guidelines", chapter 12.</p>
153.00	Has a comprehensive countywide capital improvement program for transportation related water quality improvements been developed?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	<p>Yes, the OCTA Board approved a two-tiered funding program for water quality improvement projects. These guidelines are incorporated into Chapter 12 of the Comprehensive Transportation Funding Programs guidelines. To date six rounds of funding under the Tier 1 program and two rounds under the Tier 2 have been allocated for these purposes. See Item 151 for Tier 1 and Tier 2 Guideline Revisions and Call for Projects Staff Reports.</p> <p>Please reference:</p> <p>"Measure M2 Environmental Cleanup Program – A Two-Tier Grant Funding Approach" Staff Report dated May 24, 2010</p> <p>"Comprehensive Transportation Funding Program - August 20156 Guidelines", chapter 12</p>
154.00	Has a competitive grant process to award funds to the highest priority, most cost-effective projects been developed?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	<p>Yes. The Tier 1 and Tier 2 project evaluation criteria were adopted by the OCTA Board and integrated as Chapter 12 of the Comprehensive Transportation Funding Guidelines. As a note, Chapter 12 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: "Comprehensive Transportation Funding Program - August 20156 Guidelines", chapter 12.</p>
155.00	Has a matching requirement to leverage federal, state and local funds for water quality improvement been established?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	<p>Yes. The Tier 1 and Tier 2 project evaluation criteria were adopted by the OCTA Board and integrated as Chapter 12 of the Comprehensive Transportation Funding Guidelines. As a note, Chapter 12 of the CTFP guidelines gets periodic updates to improve on the</p>

							process. Please reference: " Comprehensive Transportation Funding Program - August 20156 Guidelines ", chapter 12.
156.00	Has a maintenance of effort requirement been established to ensure that funds augment, not replace existing water quality programs?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	Yes, these are specified in Chapter 12 of the Comprehensive Transportation Funding Guidelines. Also, this becomes part of the evaluation process for candidate projects. Please reference: " Comprehensive Transportation Funding Program - August 20156 Guidelines ", chapter 12.
157.00	Has there been annual reporting on actual expenditures and assessment of water quality benefits provided?	Att. A, p. 27, Project X	Planning, External Affairs	Recurring	Done to date	Dan Phu & Marissa Espino	Yes. Reports have occurred through the Semi-Annual Review Process, which ended in September 2016. Please reference: " Comprehensive Transportation Funding Programs Semi-Annual Review – September 2016 ", Staff Report dated December 12, 2016.
158.00	If there has been any misuse of these funds, have penalties been imposed?	Att. A, p. 27, Project X	Planning	Recurring	Done to date	Dan Phu	Not applicable because there has been no finding of misuse of funds to-date. Assessment of appropriate use occurs through the initial and final payment processes and Semi-Annual Review process.
159.00	Has an Environmental Cleanup Allocation Committee (ECAC), including the following 12 voting members, but not including any elected public officer, been established: -One representative of the County of Orange? -Five representatives of cities (one per supervisorial district)? -One representative of the Caltrans? -Two representatives of water or wastewater public entities? -One representative of the development industry? -One representative of private or non-profit organizations involved in water quality protection/enforcement matters?	Att. B, Sec. VII.B.1.i-vii	Planning, External Affairs	Recurring	Done to date	Dan Phu & Marissa Espino	Yes. Creation of ECAC occurred in 2008. The initial roster was presented to the Board on August 25, 2008 as Attachment B to the Staff Report. ECAC members are recruited following the requirements upon any vacancies. Member rosters for each year are saved in the M2 Document Center. Please refer to: " Status Report on Renewed Measure M Environmental Programs ", Staff Report dated August 25, 2008. " ECAC Roster 2016 " dated February 17, 2017
160.00	Does the ECAC also include one representative of the Santa Ana Regional Water Quality Control Board and one representative of the San Diego Regional Water Quality Control Board as non-voting members?	Att. B, Sec. VII.B.1.i-vii	Planning, External Affairs	Recurring	Done	Dan Phu	Yes. Creation of ECAC occurred in 2008. The initial roster was presented to the Board on August 25, 2008 as Attachment B to the Staff Report. Member rosters for each year are saved in the M2 Document Center. Please refer to: " Status Report on Renewed Measure M Environmental Programs ", Staff Report dated August 25, 2008. " ECAC Roster 2016 " dated February 17, 2017
161.00	Has the Environmental Cleanup Allocation Committee recommended to the Authority for the Authority's adoption the following:	Att. B, Sec. VII.B.2.	Planning	One-time, start-up	Done	Dan Phu	See items 161.01 - 161.04
161.01	A competitive grant process for the allocation of Environmental Cleanup Revenues as set forth in Attachment B.	Att. B, Sec. VII.B.2.a	Planning	One-time, start-up	Done	Dan Phu	Yes, the Environmental Cleanup Allocation Committee (ECAC) created guidelines that were approved by the Board on February 14, 2011. This is also included in Chapter 12 of the CTFP. Please refer to: " Measure M2 Environmental Cleanup Allocation Program - Incorporation into the Comprehensive Transportation Funding Program and Tier 1 Grant Program 2011 Call for Projects ", Staff Report dated February 14, 2011 " Comprehensive Transportation Funding Program - August 20156 Guidelines ", chapter 12.

161.02	A process requiring that allocated Environmental Cleanup Revenues supplement and not supplant other applicable funding sources.	Att. B, Sec. VII.B.2.b	Planning	One-time, start-up	Done	Dan Phu	Yes, the ECAC ensures that as part of the application process that projects meet the criteria specified in the Ordinance. This is part of the guidelines which are included in Chapter 12 of the CTFP. Please reference: " Comprehensive Transportation Funding Program - August 20156 Guidelines ", chapter 12.
161.03	Allocation of Environmental Cleanup Revenues for proposed projects and programs.	Att. B, Sec. VII.B.2.c	Planning	Recurring	Done to date	Dan Phu	Yes, the ECAC reviews applications and makes recommendations on funding allocation, which is then approved by the Board. Please refer to the latest " M2 ECP - 2016 Tier 1 Water Quality Funding Allocations " Staff Report, dated September 12, 2016.
161.04	An annual reporting procedure and method to assess water quality benefits provided by the projects and programs.	Att. B, Sec. VII.B.2.d	Planning, External Affairs	Recurring	Done to date	Dan Phu	Yes, the ECAC has developed a database to estimate the trash removed by the funded Tier 1 projects to report on benefits of the program. This is an ongoing process. Updates are provided to the ECAC. For Tier 2, the procurement process has begun to hire a consultant to create a mechanism to quantify the improvements in water quality by using a combination of field data collection and information provided by the applicant. Reportable information will most likely be available in the next two years. Please refer to: " ECAC Agenda 20141211 " " OCTA Measure M2 Tier 1 and Tier 2 – Potential Water Resources Benefits of Funded Projects Memo from Geosyntec Consultants 20150422 "
162.00	Safeguards and Audits						
163.00	The requirements listed in Attachment A page 28-29 are covered in other areas of the matrix as they relate to quarterly and annual reporting.	Att. A, p.28-29					
164.00	Requirements Related to the Taxpayers Oversight Committee (TOC)						
165.00	Was a Taxpayers Oversight Committee established for the purpose of overseeing compliance with the Ordinance as specified in Attachment B, Section IV and organized and convened before any Revenues were collected or spent pursuant to the Ordinance?	Att. C, Sec. I	External Affairs	One-time, start-up	Done	Alice Rogan	Yes. The TOC updated the former procedures from the M1 Citizens Oversight Committee to accommodate additional responsibilities under M2 in August 2007. Please reference: " TOC Meeting Minutes ", dated August 28, 2007.
166.00	Has the TOC been governed by its 11 members and the provisions relating to membership (including initial and ongoing appointment, geographic balance, terms, resignation, removal, reappointment, and vacancies) consistent with Attachment C of the Ordinance been followed?	Att. C, Secs. II, and III	External Affairs	Recurring	Done to date	Alice Rogan	Yes, the TOC is governed by its 11 members and the provisions relating to membership (including initial and ongoing appointment, geographic balance, terms, resignation, removal, reappointment, and vacancies), consistent with Attachment C of the Ordinance. Please reference: " TOC Member Terms Roster History (1997-2017) ", dated February 2, 2017.
167.00	Has the Committee carried out the following duties and responsibilities:	Att. C, Sec. IV	External Affairs	Recurring		Alice Rogan	See Items 167.01-167.11 below.
167.01	Did the initial Members of the TOC adopt procedural rules and regulations as are necessary to govern the conduct of Committee meetings as described in Attachment C?	Att. C, Sec. IV.A	External Affairs	One-time, start-up	Done	Alice Rogan	Yes. The TOC updated the former procedures from the M1 Citizens Oversight Committee to accommodate additional responsibilities under M2 in August 2007. Please reference: " TOC Meeting Minutes ", dated August 28, 2007. On June 14, 2016, the TOC updated the committee's Mission Statement and Policies and Procedures to remove responsibilities due to the close-out of M1. Please reference TOC Meeting Minutes in " TOC Agenda Packet " dated August 9, 2016.

167.02	Did the Committee approve by a vote of not less than 2/3 of all Committee members, any amendments to the Plan which changed the funding category, programs or projects identified on page 31 of the Plan?	Att. C, Sec. IV.B	External Affairs	Recurring	Done to date	Alice Rogan	Yes. The TOC approved the first amendment to the M2 Transportation Investment Plan on October 9, 2012 and the third amendment on November 10, 2015. The second amendment did not require TOC approval. Please refer to: "TOC M2 Amendment No. 1 Approval Memo" , dated October 9, 2012 "TOC M2 Amendment No. 3 Approval Memo" , dated November 10, 2015
167.03	Did the TOC receive and review, as a condition of eligibility for M2 funds, from each jurisdiction the following documents as defined in Att. B, Sec. I?	Att. C, Sec. IV.C and	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Sam Kaur	In process. The Annual Eligibility Review Subcommittee reviewed applicable eligibility requirements on September 20, 2016, and approved them on October 20, 2016. The full TOC will consider the eligibility requirements on February 14, 2017. Also see Items 167.04-167.08 below. Approval will be noted in the February 14 TOC Meeting Minutes, as part of the "TOC Agenda Packet", dated April 11, 2017.
167.04	Congestion Management Program?	Att. C, Sec. IV.C.1 and Att. B, Sec. III.A.1	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Sam Kaur	Yes. The TOC reviewed the Congestion Management Program on October 13, 2015. Eligibility determination was presented to the Board on December 14, 2015 as part of the Fiscal Year 2015-16 Measure M2 Annual Eligibility Review. Please refer to: "TOC Meeting Minutes" , dated October 13, 2015
167.05	Mitigation Fee Program?	Att. C, Sec. IV.C.2 and Att. B, Sec. III.A.2	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Sam Kaur	Yes. The TOC reviewed the Mitigation Fee Program on October 13, 2015. Eligibility determination was presented to the Board on December 14, 2015 as part of the Fiscal Year 2015-16 Measure M2 Annual Eligibility Review. Please refer to: "TOC Meeting Minutes" , dated October 13, 2015
167.06	Expenditure Report?	Att. C, Sec. IV.C.3 and Att. B, Sec. III.8	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Sam Kaur	Yes. The TOC approved FY 2014-15 Expenditure Reports on April 12, 2016, for all agencies. The TOC is expecting to review the FY 2015-16 expenditure reports in April 2017 for all 35 local agencies. This will be presented to the Board by summer 2017. Please reference: April 12, 2016 Meeting Minutes portion of "TOC Agenda Packet" , dated June 14, 2016.
167.07	Local Traffic Synchronization Plan?	Att. C, Sec. IV.C.4 and Att. B, Sec. III.A.6	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Sam Kaur	This is required every three years and is not required for the 2016 eligible cycle. The last Local Signal Synchronization Plan review was received and reviewed by the TOC on October 14, 2014, and presented to the Board on November 10, 2014, as part of the Fiscal Year 2014-15 Measure M2 Annual Eligibility Review. The next submittal is due in 2017. Please reference: "Fiscal Year 2014-15 Measure M2 Annual Eligibility Review" , Staff Report dated November 10, 2014 "TOC Meeting Minutes" , dated October 14, 2014
167.08	Pavement Management Plan?	Att. C, Sec. IV.C.5 and Att. B, Sec. III.7	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Sam Kaur	In process. Pavement plans for even year agencies were received and reviewed by the Annual Eligibility Review Subcommittee on September 20, 2016 and approved on October 20, 2016. The full TOC will consider the eligibility items at their February 14, 2017 meeting, and then will be presented to the Board in April 2017, as part of the Fiscal Year 2016-17 Measure M2 Annual Eligibility Review. Next approval for agencies on the odd year cycle will be considered for TOC review in October 2017 and Board approval by December 2017. Please reference: "Fiscal Year 2016-17 Measure M2 Annual Eligibility Review" , Staff Report when available "TOC Meeting Minutes" , dated February 14, 2017 when available

167.09	Has the Committee reviewed yearly audits and held an annual hearing to determine whether the Authority is proceeding in accordance with the Plan?	Att. C, Sec. IV.D	External Affairs	Recurring	Done to date	Alice Rogan	Yes. The last Annual Hearing and Compliance Review was completed on April 12, 2016. The next one is planned for April 11, 2017. Please reference: " TOC Meeting Agenda Packet ", dated April 12, 2016.
167.10	Has the Chair annually certified whether the Revenues have been spent in compliance with the Plan?	Att. C, Sec. IV.D	External Affairs	Recurring	Done to date	Alice Rogan	Yes. The last Annual Hearing and Compliance Review was completed on April 12, 2016. A memo from the TOC Chairman was presented to the Board on April 25, 2016. Please reference: " Taxpayer Oversight Committee Measure M Annual Public Hearing Results and Compliance Findings ", Staff Report dated April 25, 2016.
167.11	Has the Committee received and reviewed the performance assessment conducted by the Authority at least once every three years to review the performance of the Authority in carrying out the purposes of the Ordinance?	Att. C, Sec. IV.E	External Affairs	Recurring	Done to date	Alice Rogan	Yes. The TOC has received and reviewed the performance assessments conducted by the Authority at least once every three years to review the performance of the Authority in carrying out the purposes of the Ordinance. Assessments have been reviewed by the TOC on December 14, 2010, April 9, 2013, and June 14, 2016. Please refer to: " TOC Meeting Minutes ", dated December 14, 2010 " TOC Meeting Minutes ", dated April 9, 2013 " TOC Meeting Minutes ", dated June 14, 2016



COMMITTEE TRANSMITTAL

February 13, 2017

To: Members of the Board of Directors

From: 
Laurena Weinert, Clerk of the Board

Subject: Capital Programs Division – Second Quarter Fiscal Year 2016-17
Capital Action Plan Performance Metrics

Executive Committee Meeting of February 6, 2017

Present: Chairman Hennessey, Vice Chair Bartlett, and Directors Do,
Donchak, Murray, and Shaw

Absent: Director Nelson

Committee Vote

Following the discussion, no action was taken on this receive and file information item.

Staff Recommendation

Receive and file as an information item.

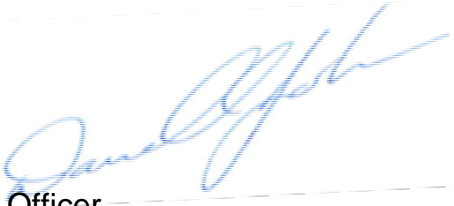


February 6, 2017

To: Executive Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Capital Programs Division - Second Quarter Fiscal Year 2016-17
Capital Action Plan Performance Metrics

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over a horizontal dashed line that spans across the "From:" and "Subject:" fields.

Overview

The Orange County Transportation Authority's Strategic Plan key strategies and objectives to achieve the goals for Mobility and Stewardship include delivery of all Capital Action Plan projects on time and within budget. The Capital Action Plan is used to create a performance metric to assess capital project delivery progress on highway, grade separation, rail, and facility projects. This report provides an update on the Capital Action Plan delivery and performance metrics.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA) Capital Programs Division is responsible for project development and delivery of highway, grade separation, rail, and facility projects from the beginning of the environmental approval phase through construction completion. Project delivery commitments reflect defined project scope, costs, and schedules. Project delivery commitments shown in the Capital Action Plan (CAP) are key strategies and objectives to achieve the Strategic Plan goals for Mobility and Stewardship.

This report provides an update on the CAP performance metrics, which are the fiscal year (FY) snapshot of the planned CAP project delivery milestones in the budgeted FY. The Capital Programs Division also provides Metrolink commuter rail ridership, revenue, and on-time performance reports and metrics in quarterly rail program updates.

Discussion

The Capital Programs Division objective is to deliver projects on schedule and within the approved project budget. Key projects' cost and schedule commitments are captured in the CAP which is regularly updated with new projects and project status (Attachment A). The CAP is categorized into four key groupings of projects; freeway projects, grade separation projects, rail and station projects, and key facility projects. Simple milestones are used as performance indicators of progress in project delivery. The CAP performance metrics provides a FY snapshot of the milestones targeted for delivery in the budgeted FY, and provide both transparency and measurement of annual capital project delivery performance.

The CAP project cost represents the total cost of the project across all phases of project delivery, including support costs, and right-of-way (ROW) and construction capital costs. The established baseline cost is shown in comparison to either the actual or forecast cost. The baseline costs may be shown as to-be-determined (TBD) if project scoping studies or other project scoping documents have not been approved, and may be updated as project delivery progresses and milestones are achieved. Actual or forecast costs represent the estimated total project cost across all project delivery phases. Measure M2 (M2) projects are identified with the corresponding project letter and the M2 logo. The CAP update is also included in the M2 Quarterly Report.

The CAP summarizes the very complex capital project critical path delivery schedules into eight key milestones.

Begin Environmental	The date work on the environmental clearance, project report, or preliminary engineering phase begins.
Complete Environmental	The date environmental clearance and project approval is achieved.
Begin Design	The date final design work begins, or the date when a design-build contract begins.
Complete Design	The date final design work is 100 percent complete and approved.
Construction Ready	The date contract bid documents are ready for advertisement, including certification of ROW, all agreements executed, and contract constraints cleared.

Advertise for Construction	The date a construction contract is advertised for bids.
Award Contract	The date the construction contract is awarded.
Construction Complete	The date all construction work is completed, and the project is open to public use.

These delivery milestones reflect progression across the project delivery phases shown below.



Project schedules reflect the approved milestone dates in comparison to the forecast or actual milestone dates. Milestone dates may be shown as TBD if project scoping or approval documents have not been finalized and approved, or if the delivery schedule has not been negotiated with the agency or consultant implementing the specific phase of a project. Planned milestone dates can be revised to reflect new dates from approved baseline schedule changes. Actual dates will be updated when milestones are achieved, and forecast dates will be updated to reflect project delivery status.

Key Findings

CAP second quarter FY 2016-17 milestones achieved include:

Freeway and OC Bridges Railroad Grade Separation Projects

- The begin environmental milestone for the State Route 55 widening between Interstate 5 (I-5) and State Route 91 (SR-91) was achieved.
- The construction ready milestone on the post SR-91 widening replacement planting project between State Route 57 (SR-57) and I-5 was achieved.
- The Interstate 405 Improvement Project design-build contract was awarded on November 14, 2016.
- The Orangethorpe Avenue railroad grade separation construction was completed, and final acceptance was provided by the cities on October 25, 2016.

- The Tustin Avenue/Rose Drive railroad grade separation construction was completed, and final acceptance was provided by the cities on October 25, 2016.

The following CAP milestones missed the planned delivery through the second quarter of FY 2016-17.

- The begin environmental milestone for the I-5 El Toro Interchange reconstruction project was missed. A cooperative agreement for the California Department of Transportation (Caltrans) to prepare the project report, environmental studies, and environmental clearance was executed on November 22, 2016. OCTA committed federal funds to pay Caltrans for this effort, and Caltrans informed OCTA that work will not begin until all federal funding approvals are in place. Caltrans also informed OCTA that the federal funding approvals will not be provided until corrections have been made to the project post miles listed in the Federal Transportation Improvement Program through an amendment, which is anticipated in February 2017.
- The complete environmental milestone for the Anaheim Canyon Metrolink Station expansion project was missed. However, 30 percent design has been completed, and environmental studies are being finalized with environmental approval anticipated in February 2017. As the studies were being finalized, it was determined a Section 106 review of historic properties in the area of the project would need to be performed, which was not anticipated by OCTA's consultant. OCTA has filed a California Environmental Quality Act Notice of Exemption with the County of Orange and anticipates the Cultural Resource Report to be finalized in January 2017. Technical studies have been provided to the Federal Transit Administration in anticipation of concurrence that the project is categorically exempt under the National Environmental Policy Act process.
- The complete design and construction ready milestones were missed on the SR-57 post-widening replacement planting between Orangethorpe Avenue and Lambert Road. The design consultant made a tardy submittal of the 95 percent plans to Caltrans for review in late December 2016, and Caltrans has provided extensive markups and comments, and has expressed concerns regarding quality of the consultant submittal. Staff and Caltrans are working with the consultant to address the quality issues to complete the design, and achieve construction ready in the fourth quarter of FY 2016-17.
- The construction ready milestone was missed on the SR-57 post-widening replacement planting between Katella Avenue and Lincoln Avenue. Caltrans delayed the required safety review of the 95 percent plans until January 2017. Pending Caltrans final review and resolution of comments, the construction ready milestone is anticipated in April 2017.

- The advertise construction milestone was missed on the post SR-91 widening replacement planting project between SR-57 and I-5. Caltrans was seven weeks late finishing the final design and achieving the construction ready milestone, which delayed the construction advertisement. Caltrans has informed OCTA that the advertise construction milestone is now planned for February 6, 2017.
- The award contract milestone for construction of the Orange Metrolink Station parking expansion project was missed. The initial advertisement and bidding process was cancelled due to failure of bidders to meet Disadvantaged Business Enterprise (DBE) goals, and to clarify specifications for the design and Federal Buy America requirements. Minor modifications to the DBE goals, plans, and specifications were made, and the contract was re-advertised. The bid opening was on January 12, 2017, and pending the bid analysis, the OCTA Board of Directors (Board) will award the contract to the lowest responsive responsible bidder on February 27, 2017.

Recap of Second Quarter FY 2016-17 Performance Metrics

The performance metrics snapshot provided at the beginning of FY 2016-17 reflected 33 planned major project delivery milestones to accomplish, 19 of which are planned through the second quarter. The CAP and performance metrics have been updated to reflect both milestones achieved and missed through the second quarter of FY 2016-17 (Attachment B). Twelve of the 19 planned milestones through the second quarter of FY 2016-17 have been completed (63.2 percent).

Seven milestones were missed through the second quarter. Four of these seven missed milestones are delays to landscape replacement planting project design and approvals from Caltrans.

Risks and Look Ahead Project Concerns

The I-5 widening project between State Route 73 and El Toro Road is being delivered in three logical construction contract segments based on traffic impact and management, and anticipated construction contract size. As reported to the OCTA Board last quarter, the 2016 State Transportation Improvement Program (STIP) adopted by the California Transportation Commission (CTC) in May 2016 delayed availability of funding for construction of the southerly segment, which includes the Avery Parkway interchange, from FY 2018-19 to FY 2020-21. All three segments have interrelated construction schedules for traffic staging, and any significant delay to one of the segments will impact the construction schedule of the remaining two segments. Staff continues to maintain the current delivery schedules for all three segments, and appraisals are underway to prepare offers for acquisition of the right-of-way needs. The first

segment of the three segments is scheduled to advertise for construction bids in mid-2018. The continued delay in STIP funding for construction of the southerly segment will result in delays to the planned construction schedules of all three segments. There is also continued risk of schedule delays and significant cost increases if Caltrans withholds approvals or processing for any of the segments due to the STIP construction funding delay.

STIP funding availability for construction of the second high-occupancy vehicle lane on I-5 between SR-55 and SR-57 was delayed by the CTC from FY 2017-18 to FY 2018-19. Final design will be complete in the fourth quarter and is planned to be submitted to Caltrans for final contract packaging prior to advertisement, award, and administration of the construction contract. The one-year delay of \$36.3 million of construction phase funding will begin impacting finalization of the Caltrans cooperative agreement required for final contract packaging, advertisement, award, and administration of the construction contract on a month-to-month basis beginning in February 2017.

The advertise construction milestone for the SR-57 post-widening replacement planting between Orangethorpe Avenue and Lambert Road may not be completed in the current FY as planned due to consultant delays in completing the design, as discussed previously in this report. The planned award contract milestone this FY is now delayed into August 2017, next FY.

The award contract milestone for the SR-57 post-widening replacement planting between Katella Avenue and Lincoln Avenue will not be completed in the current FY as planned due to delays in Caltrans safety reviews of the final design, as discussed previously in this report. The planned award contract milestone this FY is now delayed into August 2017, next FY.

Summary

Continued capital project delivery progress has been achieved and reflected in the CAP. The planned FY 2016-17 performance metrics created from forecast project schedules will be used as a general project delivery performance indicator. Staff will continue to manage project costs and schedules across all project phases to meet project delivery commitments and report quarterly.

Attachments

- A. Capital Action Plan, Status Through December 2016
- B. Capital Programs Division, Fiscal Year 2016-17 Performance Metrics Status Through December 2016

Prepared by:



















Jim Beil, P.E
Executive Director, Capital Programs
(714) 560-5646

Capital Action Plan

Status Through December 2016














Updated: January 23, 2017

Capital Projects	Cost	Schedule							
	Baseline/Forecast	Plan/Forecast							
	(millions)	Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction
Freeway Projects:									
 I-5, Pico to Vista Hermosa	\$113.0	Jun-09	Dec-11	Jun-11	Oct-13	Feb-14	Oct-14	Dec-14	Aug-18
Project C	\$89.6	Jun-09	Oct-11	Jun-11	Oct-13	May-14	Sep-14	Dec-14	Aug-18
 I-5, Vista Hermosa to Pacific Coast Highway	\$75.6	Jun-09	Dec-11	Jun-11	Feb-13	Jun-13	Oct-13	Dec-13	Mar-17
Project C	\$71.1	Jun-09	Oct-11	Jun-11	May-13	Aug-13	Feb-14	Jun-14	Mar-17
 I-5, Pacific Coast Highway to San Juan Creek Road	\$70.7	Jun-09	Dec-11	Jun-11	Jan-13	May-13	Aug-13	Oct-13	Sep-16
Project C Cost/Schedule Risk	\$71.0	Jun-09	Oct-11	Jun-11	Jan-13	Apr-13	Aug-13	Dec-13	Apr-18
 I-5, I-5/Ortega Interchange	\$90.9	Sep-05	Jun-09	Jan-09	Nov-11	Mar-12	Jun-12	Aug-12	Sep-15
Project D	\$80.3	Sep-05	Jun-09	Jan-09	Dec-11	Apr-12	Jun-12	Aug-12	Jan-16
 I-5, I-5/Ortega Interchange (Landscape)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	Jan-14	Oct-14	Feb-15	Aug-15	Sep-15	Sep-16
 I-5, SR-73 to Oso Parkway	\$151.9	Sep-11	Jun-14	TBD	Jan-18	May-18	Aug-18	Dec-18	Apr-22
Project C & D Cost/Schedule Risk	\$151.9	Oct-11	May-14	Mar-15	Jan-18	Oct-18	Feb-19	May-19	Sep-22
 I-5, Oso Parkway to Alicia Parkway	\$196.2	Sep-11	Jun-14	Nov-14	Jun-17	Dec-17	Feb-18	Jun-18	Mar-22
Project C & D Cost/Schedule Risk	\$196.2	Oct-11	May-14	Nov-14	Jun-17	Jun-18	Aug-18	Nov-18	Aug-22
 I-5, Alicia Parkway to El Toro Road	\$133.6	Sep-11	Jun-14	Mar-15	Jun-18	Dec-18	Jan-19	May-19	Sep-22
Project C Cost/Schedule Risk	\$133.6	Oct-11	May-14	Mar-15	Jun-18	Feb-19	Apr-19	Aug-19	Dec-22
 I-5, I-5/El Toro Road Interchange	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Project D	TBD	Apr-17	Mar-20	TBD	TBD	TBD	TBD	TBD	TBD
 I-5, I-405 to SR-55	TBD	May-14	Aug-18	TBD	TBD	TBD	TBD	TBD	TBD
Project B	TBD	May-14	Aug-18	TBD	TBD	TBD	TBD	TBD	TBD
 I-5, SR-55 to SR-57	\$37.1	Jul-11	Jun-13	Jun-15	Mar-17	Jul-17	Sep-17	Dec-17	Feb-20
Project A Cost/Schedule Risk	\$37.1	Jun-11	Apr-15	Jun-15	May-17	Sep-17	Nov-17	Feb-18	Apr-20
 SR-55, I-405 to I-5	TBD	Feb-11	Nov-13	TBD	TBD	TBD	TBD	TBD	TBD
Project F Cost/Schedule Risk	\$375.9	May-11	Sep-17	Dec-17	Mar-20	Oct-20	Dec-20	Apr-21	May-25
 SR-55, I-5 to SR-91	TBD	Dec-16	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Project F	TBD	Dec-16	Jun-19	TBD	TBD	TBD	TBD	TBD	TBD
 SR-57 Northbound (NB), Orangewood Avenue to Katella Avenue	TBD	Apr-16	Dec-18	TBD	TBD	TBD	TBD	TBD	TBD
Project G	TBD	Apr-16	Dec-18	TBD	TBD	TBD	TBD	TBD	TBD
 SR-57 (NB), Katella Avenue to Lincoln Avenue	\$78.7	Apr-08	Jul-09	Jul-08	Nov-10	Mar-11	May-11	Aug-11	Sep-14
Project G	\$40.5	Apr-08	Nov-09	Aug-08	Dec-10	Apr-11	Jul-11	Oct-11	Apr-15
 SR-57 (NB), Katella Avenue to Lincoln Avenue (Landscape)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Project G Cost/Schedule Risk	N/A	N/A	N/A	May-09	Jul-10	Apr-17	Jun-17	Aug-17	Aug-18

Capital Action Plan

Status Through December 2016

Updated: January 23, 2017

Capital Projects	Cost	Schedule							
	Baseline/Forecast	Plan/Forecast							
	(millions)	Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction
 SR-57 (NB), Orangethorpe Avenue to Yorba Linda Boulevard Project G	\$80.2	Aug-05	Dec-07	Feb-08	Dec-09	Apr-10	Jun-10	Oct-10	May-14
	\$52.4	Aug-05	Dec-07	Feb-08	Jul-09	Dec-09	May-10	Oct-10	Nov-14
 SR-57 (NB), Yorba Linda Boulevard to Lambert Road Project G	\$79.3	Aug-05	Dec-07	Feb-08	Dec-09	Apr-10	Jun-10	Oct-10	Sep-14
	\$54.8	Aug-05	Dec-07	Feb-08	Jul-09	Mar-10	May-10	Oct-10	May-14
 SR-57 (NB), Orangethorpe Avenue to Lambert Road (Landscape) Project G Cost/Schedule Risk	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	Oct-14	Mar-17	Apr-17	Jun-17	Aug-17	Sep-18
 SR-57 (NB), Lambert Road to Tonner Canyon Cost/Schedule Risk	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
	TBD	Jul-17	Jun-20	TBD	TBD	TBD	TBD	TBD	TBD
 SR-91 Westbound (WB), I-5 to SR-57 Project H	\$78.1	Jul-07	Apr-10	Oct-09	Feb-12	Jul-12	Aug-12	Nov-12	Apr-16
	\$59.4	Jul-07	Jun-10	Mar-10	Apr-12	Aug-12	Oct-12	Jan-13	Jun-16
 SR-91 Westbound (WB), I-5 to SR-57 (Landscape) Project H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	Nov-14	Aug-16	Dec-16	Feb-17	Apr-17	May-18
 SR-91, SR-57 to SR-55 Project I Cost/Schedule Risk	TBD	Jan-15	Oct-18	TBD	TBD	TBD	TBD	TBD	TBD
	TBD	Jan-15	May-19	TBD	TBD	TBD	TBD	TBD	TBD
 SR-91 (WB), Tustin Interchange to SR-55 Project I	\$49.9	Jul-08	Jul-11	Jul-11	Mar-13	Jul-13	Aug-13	Oct-13	Jul-16
	\$43.8	Jul-08	May-11	Jun-11	Feb-13	Apr-13	Jun-13	Oct-13	Jul-16
 SR-91, SR-55 to SR-241 Project J	\$128.4	Jul-07	Jul-09	Jun-09	Jan-11	Apr-11	Jun-11	Sep-11	Dec-12
	\$79.6	Jul-07	Apr-09	Apr-09	Aug-10	Dec-10	Feb-11	May-11	Mar-13
 SR-91, SR-55 to SR-241 (Landscape) Project J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	May-12	Feb-13	Apr-13	Jul-13	Oct-13	Feb-15
 SR-91 Eastbound, SR-241 to SR-71 Project J	\$104.5	Mar-05	Dec-07	Jul-07	Dec-08	Mar-09	May-09	Jul-09	Nov-10
	\$57.8	Mar-05	Dec-07	Jul-07	Dec-08	May-09	Jun-09	Aug-09	Jan-11
91 Express Lanes to SR-241 Toll Connector	TBD	N/A	N/A	TBD	TBD	TBD	TBD	TBD	TBD
	TBD	Nov-13	Oct-17	TBD	TBD	TBD	TBD	TBD	TBD
 I-405, I-5 to SR-55 Project L	TBD	Dec-14	Jul-18	TBD	TBD	TBD	TBD	TBD	TBD
	TBD	Dec-14	Jul-18	TBD	TBD	TBD	TBD	TBD	TBD
 I-405, SR-55 to I-605 (Design-Build) Project K	\$1,900.0	Mar-09	Mar-13	Mar-14	Nov-15	Feb-16	Mar-16	Nov-16	Apr-23
	\$1,900.0	Mar-09	May-15	Mar-14	Nov-15	Feb-16	Mar-16	Nov-16	Apr-23
I-405/SR-22 HOV Connector	\$195.9	N/A	N/A	Sep-07	Sep-09	Mar-10	May-10	Aug-10	Aug-14
	\$120.4	N/A	N/A	Sep-07	Jun-09	Sep-09	Feb-10	Jun-10	Mar-15
I-405/I-605 HOV Connector	\$260.4	N/A	N/A	Sep-07	Sep-09	Mar-10	May-10	Oct-10	Jan-15
	\$172.6	N/A	N/A	Sep-07	Sep-09	Feb-10	May-10	Oct-10	Mar-15
I-405/SR-22/I-605 HOV Connector (Landscape)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	Jun-08	May-09	Feb-16	May-16	Jul-16	Jan-18

Capital Action Plan

Status Through December 2016

Updated: January 23, 2017

Capital Projects	Cost Baseline/Forecast	Schedule Plan/Forecast								
		Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction	
	(millions)									
I-605, I-605/Katella Interchange	TBD	Aug-16	Nov-18	TBD	TBD	TBD	TBD	TBD	TBD	
Project M	TBD	Aug-16	Nov-18	TBD	TBD	TBD	TBD	TBD	TBD	
Grade Separation Projects:										
Sand Canyon Avenue Railroad Grade Separation	\$55.6	N/A	Sep-03	Jan-04	Jul-10	Jul-10	Oct-10	Feb-11	May-14	
Project R	\$61.7	N/A	Sep-03	Jan-04	Jul-10	Jul-10	Oct-10	Feb-11	Jan-16	
Raymond Avenue Railroad Grade Separation	\$77.2	Feb-09	Nov-09	Mar-10	Aug-12	Nov-12	Feb-13	May-13	Aug-18	
Project O Cost/Schedule Risk	\$124.8	Feb-09	Nov-09	Mar-10	Dec-12	Jul-13	Oct-13	Feb-14	Aug-18	
State College Boulevard Railroad Grade Separation (Fullerton)	\$73.6	Dec-08	Jan-11	Jul-06	Aug-12	Nov-12	Feb-13	May-13	May-18	
Project O Cost/Schedule Risk	\$97.0	Dec-08	Apr-11	Jul-06	Feb-13	May-13	Sep-13	Feb-14	May-18	
Placentia Avenue Railroad Grade Separation	\$78.2	Jan-01	May-01	Jan-09	Mar-10	May-10	Mar-11	Jun-11	Nov-14	
Project O	\$64.4	Jan-01	May-01	Jan-09	Jun-10	Jan-11	Mar-11	Jul-11	Dec-14	
Kraemer Boulevard Railroad Grade Separation	\$70.4	Jan-01	Sep-09	Jan-09	Jul-10	Jul-10	Apr-11	Aug-11	Oct-14	
Project O	\$63.5	Jan-01	Sep-09	Feb-09	Jul-10	Jan-11	Jun-11	Sep-11	Dec-14	
Orangethorpe Avenue Railroad Grade Separation	\$117.4	Jan-01	Sep-09	Feb-09	Dec-11	Dec-11	Feb-12	May-12	Sep-16	
Project O	\$108.6	Jan-01	Sep-09	Feb-09	Oct-11	Apr-12	Sep-12	Jan-13	Oct-16	
Tustin Avenue/Rose Drive Railroad Grade Separation	\$103.0	Jan-01	Sep-09	Feb-09	Dec-11	Mar-12	May-12	Aug-12	May-16	
Project O	\$98.3	Jan-01	Sep-09	Feb-09	Jul-11	Jun-12	Oct-12	Feb-13	Oct-16	
Lakeview Avenue Railroad Grade Separation	\$70.2	Jan-01	Sep-09	Feb-09	Oct-11	Oct-12	Feb-13	May-13	Mar-17	
Project O	\$107.4	Jan-01	Sep-09	Feb-09	Jan-13	Apr-13	Sep-13	Nov-13	Jul-17	
17th Street Railroad Grade Separation	TBD	Oct-14	Jun-16	TBD	TBD	TBD	TBD	TBD	TBD	
Project R	TBD	Oct-14	Jun-17	TBD	TBD	TBD	TBD	TBD	TBD	
Rail and Station Projects:										
Rail-Highway Grade Crossing Safety Enhancement	\$94.4	Jan-08	Oct-08	Jan-08	Sep-08	Sep-08	Sep-08	Aug-09	Dec-11	
Project R	\$90.4	Jan-08	Oct-08	Jan-08	Sep-08	Sep-08	Sep-08	Aug-09	Dec-11	
San Clemente Beach Trail Safety Enhancements	\$6.0	Sep-10	Jul-11	Feb-12	Apr-12	Apr-12	Jul-12	Oct-12	Jan-14	
Project R	\$5.0	Sep-10	Jul-11	Feb-12	Jun-12	Jun-12	Oct-12	May-13	Mar-14	
San Juan Capistrano Passing Siding	\$25.3	Aug-11	Jan-13	Mar-15	May-16	May-16	Aug-16	Dec-16	Jan-19	
	\$30.8	Aug-11	Mar-14	Mar-15	Apr-17	Apr-17	Jul-17	Oct-17	Dec-19	
OC Streetcar	TBD	Aug-09	Mar-12	Feb-16	Sep-17	Nov-17	Nov-17	Mar-18	Apr-20	
Project S	\$306.4	Aug-09	Mar-15	Feb-16	Sep-17	Nov-17	Nov-17	Mar-18	Apr-20	
Placentia Metrolink Station and Parking Structure	\$34.8	Jan-03	May-07	Oct-08	Jan-11	TBD	TBD	TBD	TBD	
Project R Cost/Schedule Risk	\$34.8	Jan-03	May-07	Oct-08	Feb-11	Sep-17	Oct-17	Feb-18	Oct-19	
Anaheim Canyon Station	TBD	Jan-16	Dec-16	TBD	TBD	TBD	TBD	TBD	TBD	
	\$21.0	Jan-16	Feb-17	Jan-18	Mar-19	Mar-19	May-19	Sep-19	Nov-20	

Capital Action Plan

Status Through December 2016

Updated: January 23, 2017

Capital Projects	Cost	Schedule							
	Baseline/Forecast (millions)	Begin Environmental	Complete Environmental	Begin Design	Complete Design	Construction Ready	Advertise Construction	Award Contract	Complete Construction
Orange Station Parking Expansion	\$33.2	Dec-09	Dec-12	Nov-10	Apr-13	Jul-16	Jul-16	Nov-16	Jun-18
Cost/Schedule Risk	\$33.2	Dec-09	May-16	Nov-10	Apr-16	Jul-16	Jul-16	Feb-17	Oct-18
Fullerton Transportation Center - Elevator Upgrades	\$3.5	N/A	N/A	Jan-12	Dec-13	Dec-13	Jun-14	Sep-14	Mar-17
Cost/Schedule Risk	\$4.0	N/A	N/A	Jan-12	Dec-13	Dec-13	Aug-14	Apr-15	Jan-18
Laguna Niguel/Mission Viejo Station ADA Ramps	\$3.5	Jul-13	Jan-14	Jul-13	Aug-14	Aug-14	Sep-14	Jan-15	Apr-17
	\$4.9	Jul-13	Feb-14	Jul-13	Jul-15	Jul-15	Jul-15	Oct-15	Jul-17
Anaheim Regional Transportation Intermodal Center	\$227.4	Apr-09	Feb-11	Jun-09	Feb-12	Feb-12	May-12	Jul-12	Nov-14
Project R & T	\$230.4	Apr-09	Feb-12	Jun-09	May-12	May-12	May-12	Sep-12	Dec-14

Note: Costs associated with landscape projects are included in respective freeway projects.

Grey = Milestone achieved

Green = Forecast milestone meets or exceeds plan

Yellow = Forecast milestone is one to three months later than plan

Red = Forecast milestone is over three months later than plan

Begin Environmental: The date work on the environmental clearance, project report, or preliminary engineering phase begins.

Complete Environmental: The date environmental clearance and project approval is achieved.

Begin Design: The date final design work begins, or the date when a design-build contract begins.

Complete Design: The date final design work is 100 percent complete and approved.

Construction Ready: The date contract bid documents are ready for advertisement, including certification of right-of-way, all agreements executed, contract constraints are cleared.

Advertise for Construction: The date a construction contract is both funded and advertised for bids.

Award Contract: The date the construction contract is awarded.

Construction Complete: The date all construction work is completed and the project is open to public use.

Acronyms

I-5 - Santa Ana Freeway (Interstate 5)

SR-71 - Corona Expressway (State Route 71)

SR-55 - Costa Mesa Freeway (State Route 55)

SR-57 - Orange Freeway (State Route 57)

SR-91 - Riverside Freeway (State Route 91)

SR-22 - Garden Grove Freeway (State Route 22)

I-405 - San Diego Freeway (Interstate 405)

SR-241 - Foothill/Eastern Transportation Corridor (State Route 241)

I-605 - San Gabriel River Freeway (Interstate 605)

ADA - Americans with Disabilities Act

Capital Programs Division Fiscal Year 2016-17 Performance Metrics Status Through December 2016

Begin Environmental

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17 Fcst
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	
I-605, I-605/ Katella Avenue Interchange	X	✔							
I-5, I-5/EI Toro Road Interchange			X						
SR-55, I-5 to SR-91			X	✔					
Total Forecast/Actual	1	1	2	1	0	0	0	0	3

Complete Environmental

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17 Fcst
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	
Anaheim Canyon Metrolink Station			X						
17th Street Railroad Grade Separation							X		
Total Forecast/Actual	0	0	1	0	0	0	1	0	2

Begin Design

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17 Fcst
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	
No "Begin Design" milestones scheduled for fiscal year 2016-17									
Total Forecast/Actual	0	0	0	0	0	0	0	0	0

Complete Design

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17 Fcst
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	
SR-91 (Westbound), I-5 to SR-57 Landscape	X	✔							
SR-57 (Northbound), Orangethorpe Avenue to Lambert Road Landscape			X						
I-5, SR-55 to SR-57					X				
I-5, Oso Parkway to Alicia Parkway							X		
I-405 Southbound, SR-133 to University Drive							X		
San Juan Capistrano Passing Siding							X		
Total Forecast/Actual	1	1	1	0	1	0	3	0	6

Construction Ready

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17 Fcst
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	
Orange Metrolink Station Parking Expansion	X	✔							
SR-57 (Northbound), Katella Avenue to Lincoln Avenue Landscape			X						
SR-57 (Northbound), Orangethorpe Avenue to Lambert Road Landscape			X						
SR-91 (Westbound), I-5 to SR-57 Landscape			X	✔					
I-405 Southbound, SR-133 to University Drive							X		
San Juan Capistrano Passing Siding							X		
Total Forecast/Actual	1	1	3	1	0	0	2	0	6

Capital Programs Division

Fiscal Year 2016-17 Performance Metrics Status Through December 2016

Advertise Construction

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
Orange Metrolink Station Parking Expansion	X	✔							
SR-91 (Westbound), I-5 to SR-57 Landscape			X						
SR-57 (Northbound), Katella Avenue to Lincoln Avenue Landscape					X				
SR-57 (Northbound), Orangethorpe Avenue to Lambert Raod Landscape					X				
Total Forecast/Actual	1	1	1	0	2	0	0	0	4

Award Contract

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
I-405/SR-22/I-605 HOV Connector Landscape	X	✔							
I-405, SR-55 to I-605 (Design-Build)			X	✔					
Orange Metrolink Station Parking Expansion			X						
SR-91 (Westbound), I-5 to SR-57 Landscape					X				
SR-57 (Northbound), Katella Avenue to Lincoln Avenue Landscape					X				
SR-57 (Northbound), Orangethorpe Avenue to Lambert Road Landscape					X				
Total Forecast/Actual	1	1	2	1	3	0	0	0	6

Complete Construction

Project Description	FY 17 Qtr 1		FY 17 Qtr 2		FY 17 Qtr 3		FY 17 Qtr 4		FY 17
	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst	Actual	Fcst
SR-91 (Westbound), Tustin Interchange to SR-55	X	✔							
Orangethorpe Avenue Railroad Grade Separation	X			✔					
Tustin Avenue/Rose Drive Railroad Grade Separation	X			✔					
I-5/Ortega Highway Interchange Landscape		✔	X						
I-5, Vista Hermosa to Pacific Coast Highway					X				
Fullerton Transportation Center - Elevator Upgrades					X				
Total Forecast/Actual	3	2	1	2	2	0	0	0	6

Totals	8	7	11	5	8	0	6	0	33
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Begin Environmental: The date work on the environmental clearance, project report, or preliminary engineering phase begins.

Complete Environmental: The date environmental clearance and project approval is achieved.

Begin Design: The date final design work begins or the date when a design-build contract begins.

Complete Design: The date final design work is 100 percent complete and approved.

Construction Ready: The date contract bid documents are ready for advertisement, right-of-way certified, all agreements executed, and contract constraints are cleared.

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Construction Complete: The date all construction work is completed and the project is open to public use.

Acronyms

I-5 - Santa Ana Freeway (Interstate 5)

SR-22 - Garden Grove Freeway (State Route 22)

SR-55 - Costa Mesa Freeway (State Route 55)

SR-57 - Orange Freeway (State Route 57)

SR-91 - Riverside Freeway (State Route 91)

SR-133 - Laguna Freeway (State Route 133)

I-605 - San Gabriel River Freeway (Interstate 605)

I-405 - San Diego Freeway (Interstate 405)

HOV - high-occupancy vehicle

X = milestone forecast in quarter

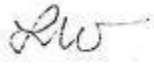
✔ = milestone accomplished in quarter



COMMITTEE TRANSMITTAL

March 13, 2017

To: Members of the Board of Directors

From:  Laurena Weinert, Clerk of the Board

Subject: Measure M2 Quarterly Progress Report for the Period of October 2016 Through December 2016

Executive Committee Meeting of March 6, 2017

Present: Chairman Hennessey, Vice Chair Bartlett, and Directors Do, Donchak, Murray, Nelson, and Shaw

Absent: None

Committee Vote

This item was passed by the Members present.


Staff Recommendation

Receive and file as an information item.



March 6, 2017

To: Executive Committee

From: Darrell Johnson, Chief Executive Officer 

Subject: Measure M2 Quarterly Progress Report for the Period of October 2016 Through December 2016

Overview

Staff has prepared a Measure M2 quarterly progress report for the period of October 2016 through December 2016, for review by the Orange County Transportation Authority Board of Directors. This report highlights progress on Measure M2 projects and programs and will be available to the public via the Orange County Transportation Authority website.

Recommendation

Receive and file as an information item.

Background

On November 7, 2006, Orange County voters, by a margin of 69.7 percent, approved the Renewed Measure M Transportation Investment Plan (Plan) for the Measure M2 (M2) one half-cent sales tax for transportation improvements. The Plan provides a 30-year revenue stream for a broad range of transportation and environmental improvements, as well as a governing ordinance which defines all the requirements for implementing the Plan. Ordinance No. 3 designates the Orange County Transportation Authority (OCTA) as responsible for administering the Plan and ensuring that OCTA's contract with the voters is followed.

OCTA is committed to fulfilling the promises made in M2. This means not only completing the projects described in the Plan, but adhering to numerous specific requirements and high standards of quality called for in the measure, as identified in the ordinance. Ordinance No. 3 requires that quarterly status reports regarding the major projects detailed in the Plan be brought to the OCTA Board of Directors (Board). All M2 progress reports are posted online for public review.

Discussion

This quarterly report reflects current activities and progress across all M2 programs for the period of October 1, 2016 through December 31, 2016 (Attachment A).

The quarterly report is designed to be easy to navigate and public friendly, reflecting OCTA's Strategic Plan transparency goals. The report includes budget and schedule information included in the Capital Action Plan, Local Fair Share Program, and Senior Mobility Program payments made to cities this quarter, as well as total distributions from M2 inception through December 2016.

Additionally, Attachment A includes a summary of the Program Management Office activities that have taken place during the quarter. One particular area of significance is highlighted below.

Next 10 Delivery Plan

On November 14, 2016, the Board adopted the Next 10 Delivery Plan, which provides guidance to staff on delivery of M2 projects and programs between 2017 and 2026. During the Next 10 time period, more than \$6 billion in transportation improvements promised to the voters in M2 are to be completed or underway by 2026. The Plan's ten key deliverables take into account the revised sales tax revenue forecast of \$14.2 billion (supplemented with external revenues) and updated project costs and schedules generated by the Board-approved October 2016 M2 cash flow.

Also part of the Next 10 Plan adoption, the Board directed staff to conduct a market analysis to analyze current resource demands and provide information on the impact on OCTA's delivery of M2 projects. Consultant selection for this effort is underway.

Progress Update

The following highlights M2 Program accomplishments that occurred during the second quarter:

- October 24, 2016, the Board approved conceptual designs for the OC Streetcar stops, and directed staff to make revisions to the canopy size, seating accommodations, and colors, and to conduct additional public outreach. On November 28, 2016, the Board approved revised conceptual designs. On December 12, 2016, the Board approved a request for proposals (RFP) for Public Awareness Services, and an RFP for manufacturing and delivery of streetcar vehicles (Project S).

- Construction acceptance was obtained on October 25, 2016, for the Tustin Avenue/Rose Drive and Orangethorpe Avenue grade separation projects in the cities of Anaheim and Placentia (Project O).
- Construction acceptance was obtained on October 31, 2016, for the State Route 91 Improvement Project from State Route 55 (SR-55) to the Tustin Avenue interchange (Project I).
- Community-Based Transit Circulator services in the cities of Mission Viejo, San Clemente, and Westminster began in October (Project V).
- On November 14, 2016, the Board approved an increase to the OC Bridges Railroad Grade Separation Program budget by \$32.73 million, increasing the total amount to \$663.96 million (Project O).
- An agreement with the California Department of Transportation (Caltrans) was approved by the Board on November 14, 2016, to address all toll operation matters related to the 405 Express Lanes (Project K).
- The design-build contract for the Interstate 405 (I-405) Improvement Project was approved by the Board, in the amount of \$1.217 billion, on November 14, 2016 (Project K).
- On November 28, 2016, the Final Environmental Impact Report and Final Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan) was approved by the Board. An agreement between OCTA, United States Fish and Wildlife Service, and the California Department of Fish and Wildlife was also approved for implementation of the Conservation Plan.
- On December 12, 2016, a consultant was selected for construction management services for the Placentia Metrolink Commuter Rail Station Project, and an amendment was approved for adding additional construction management services for the Laguna Niguel/Mission Viejo Metrolink Station Improvements Project (Project R).
- On December 12, 2016, the Board approved adjustments for Combined Transportation Funding Program projects and Local Fair Share funds, as part of the September 2016 Semi-Annual Review (projects O, P, Q, S, V, W, and X).
- On December 12, 2016, the Board approved an agreement to purchase seven cut-away buses for Project V services (Project V).

- Caltrans presented the Draft Managed Lanes Network Study to the Board on December 12, 2016. This Caltrans-prepared study intends to address slow travel speeds in high-occupancy vehicle (HOV)/carpool lane systems in Orange County by recommending changes to the system through pricing or new capacity (where possible) to manage demand and improve overall performance (projects A-M).

A critical factor in delivering M2 freeway projects is to ensure project scope, schedules, and budgets remain on target. Project scope increases, schedule delays, and resulting cost increases can quickly affect project delivery and have a cascading effect on other activities. In light of the recent reduction in the sales tax revenue forecast, this factor is even more significant. Project delivery is monitored closely, and progress, as well as challenges, are presented to the Board through these quarterly staff reports, individual project staff reports, as well as through the Capital Action Plan quarterly performance metrics reports from the Capital Programs Division.

Caltrans and OCTA continue to work together to move projects forward. Looking ahead, Caltrans' strategic policy direction now includes a focus on construction and/or enhancement of a managed lanes system, including HOV lanes, which is a particular challenge. This policy shift and associated risks will continue to be of concern over how non-M2-focused priorities may delay or impact the remaining M2 freeway projects. OCTA continues to advise Caltrans that these new state policies need to take voter commitments into consideration and be implemented as additive projects to M2 improvements where appropriate.

During the quarter, a statewide environmental issue came to light related to the National Environmental Policy Act (NEPA) Assignment Program. Under this program, the Federal Highway Administration has delegated "signing authority" to Caltrans for making environmental decisions and approvals for highway projects in California. Time savings provided with NEPA delegation has helped expedite project delivery. This program expired on January 1, 2017, suspending Caltrans' NEPA delegation authority. An extended lapse in signing authority could potentially affect numerous locally-funded OCTA projects, putting them at risk for delay if they are subject to the traditional NEPA review process. The projects currently at risk for delay due to this lapse are the SR-55 Widening Project between I-405 and Interstate 5 (Project F), and the I-405 Improvement Project between SR-55 and Interstate 605. New legislation, AB 28 (Frazier, D-Oakley), was introduced on December 5, 2016, which proposes to delegate NEPA assignment authority to Caltrans indefinitely. OCTA has taken a support position on AB 28 and to date the legislation appears to be moving well through the legislative process. Staff believes the legislation will be approved by the legislature and enacted by the Governor prior to projects being negatively impacted.

Another continued challenge that the program has faced is the reduction in Orange County's share of State Transportation Improvement Program (STIP) funding of \$42.2 million, and delays to previously programmed M2 projects.

The impacts related to the STIP reduction include a one-year delay on Project A, \$39 million project, and a two-year delay on Project C, a \$482 million project, which, if not addressed, will result in cost increases for both projects due to escalation. OCTA is closely monitoring the transportation funding proposals at the state and federal levels that could potentially provide a funding solution for these two projects and possibly provide an opportunity to expedite projects as a result of additional funding becoming available. Near term implications persist, and staff will seek the Board's direction next quarter on how to address the impacts.

Summary

As required by M2 Ordinance No. 3, a quarterly report covering activities from October 2016 through December 2016 is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program. To be cost-effective and to facilitate accessibility and transparency of information available to stakeholders and the public, the M2 quarterly progress report is presented on the OCTA website. Hard copies are available by mail upon request.

Attachment

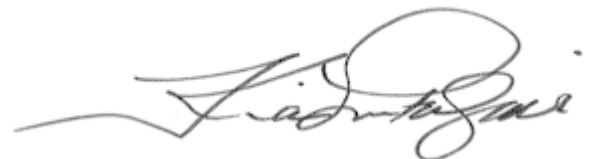
- A. Measure M2 Progress Report – Second Quarter of Fiscal Year 2016-17 – October 1, 2016 through December 31, 2016

Prepared by:



Tamara Warren
Manager, Program Management Office
(714) 560-5590

Approved by:



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



SECOND QUARTER HIGHLIGHTS:

- Freeway Projects
- Streets and Roads
- Environmental Cleanup & Water Quality
- Freeway Mitigation Program
- Finance Matters
- Program Management Office
- Summary

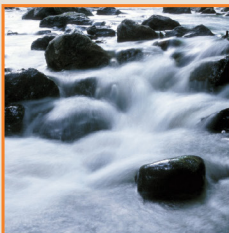
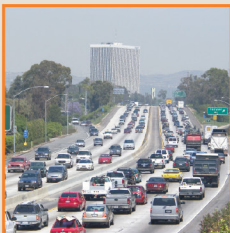
Final OC Streetcar Stop design concept and color scheme yet to be determined

Measure M2

Progress Report



Second Quarter of Fiscal Year 2016-17
 October 1, 2016 through December 31, 2016





SUMMARY

As required by the Measure M2 (M2) Ordinance No. 3, a quarterly report covering activities from **October 1, 2016 through December 31, 2016** is provided to update progress in implementing the M2 Transportation Investment Plan.

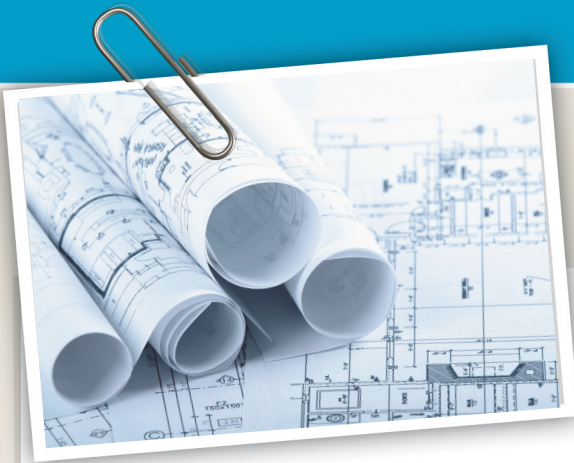
To be cost effective and to facilitate accessibility and transparency of information available to stakeholders and the public, the M2 progress report is presented on the Orange County Transportation Authority (OCTA) website. Hard copies are mailed upon request.



Measure M2

Progress Report

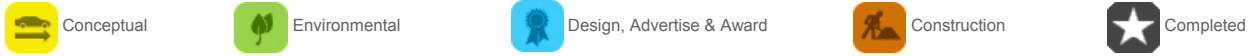
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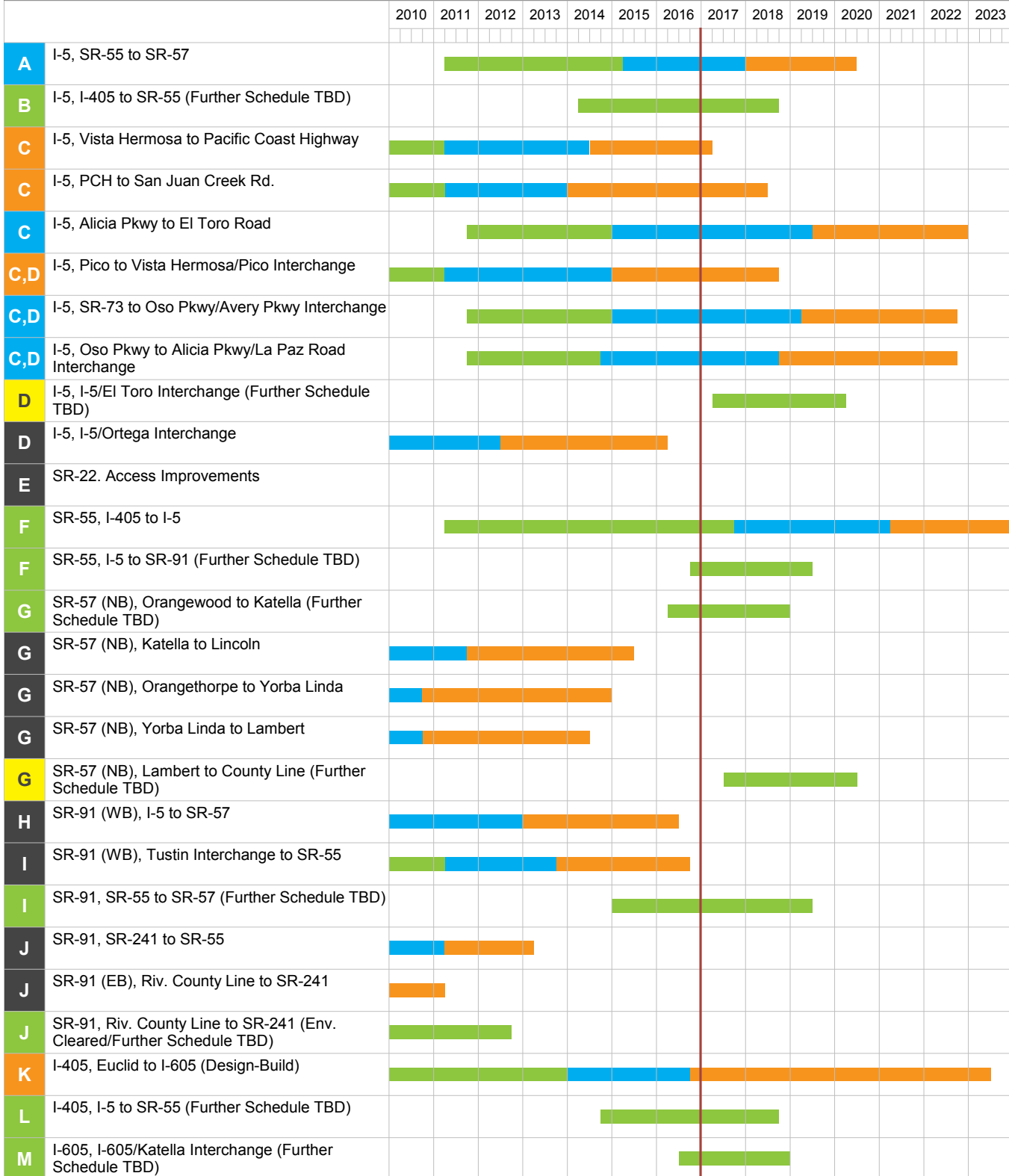
SECTION	PROJECT	PAGE
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Freeway Program (Projects A - N)		7
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State Route 22 (SR-22) Project	E	10
State Route 55 (SR-55) Projects	F	11
State Route 57 (SR-57) Projects	G	12
State Route 91 (SR-91) Projects	[H – J]	13
Interstate 405 (I-405) Projects	[K – L]	15
Interstate 605 (I-605) Project	M	17
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M2 Project Schedules



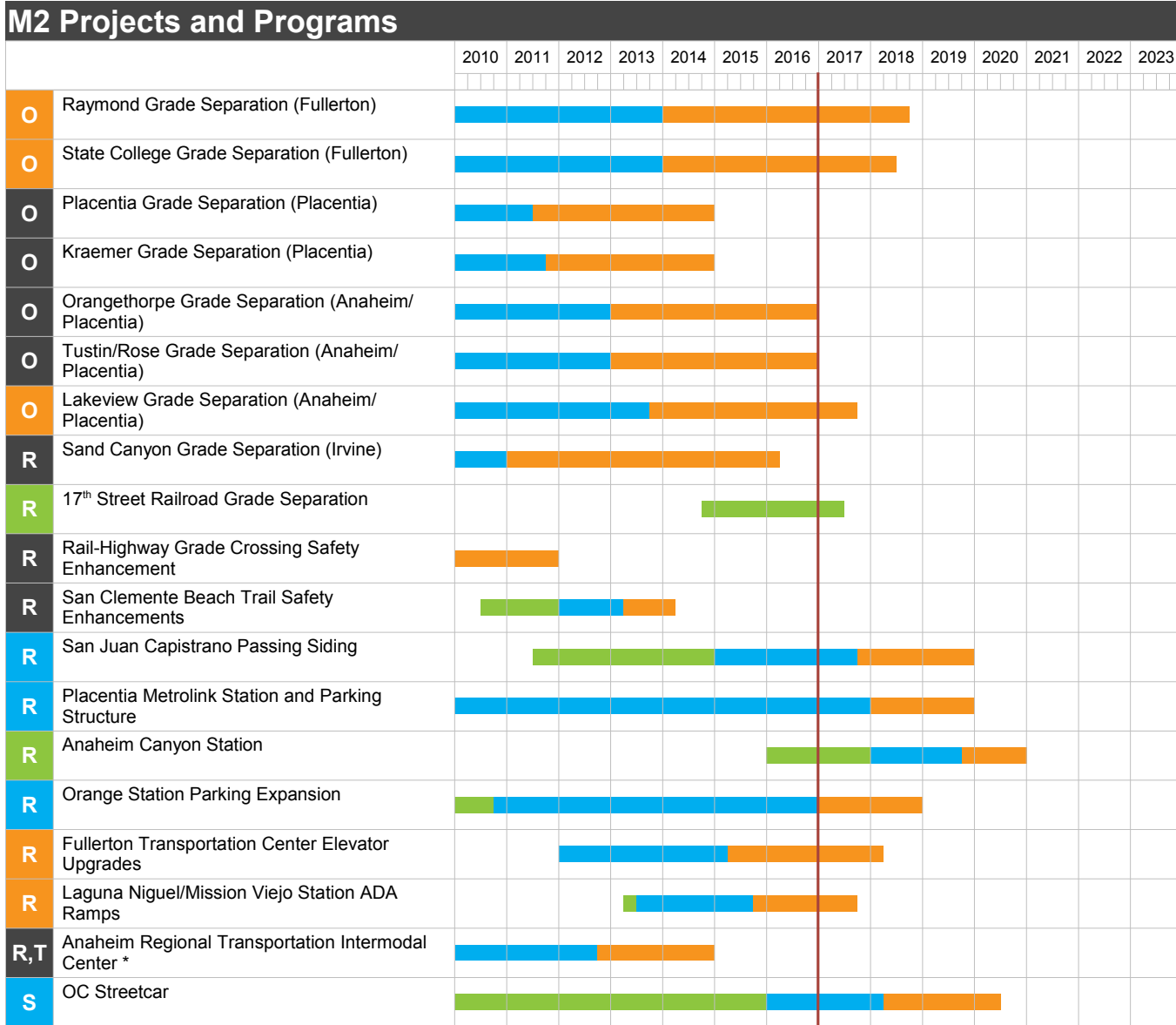
M2 Projects and Programs



Continues on the next page...



Continued from the previous page...



*Projects managed by local agencies.

Project K is a Design-Build project, with some overlap in activities during phases. Phase work can be concurrent.

Shown schedules are subject to change.

Measure M2

Progress Report

M2 DELIVERY RISK UPDATE



Key:

- One to Watch
- At Risk

M2 Delivery Risk Update

This section discusses the risks and challenges related to overall Measure M2 and Next 10 Plan delivery that the Measure M Program Management Office is watching – complete with associated explanations and proposed actions. The below risks have been identified in the Board-adopted Next 10 Delivery Plan.

Financial		
Delivery Risk	Explanation	Proposed Action
1	Continuation of a lower-than-projected M2 revenue forecast of \$14.2 billion or a reduction in external revenue assumptions would impact delivery.	<p>The original projection in 2005 was \$24.3 billion. With the revised Board-adopted forecast methodology in place to ensure more accurate projections, the forecast is 42% lower and the delivery plan has a greater reliance on external funding.</p> <p>Continue to actively pursue all available state and federal revenue.</p> <p>As a result of the STIP funding delay, the freeway program may require additional local funding if proposed state funding fixes are not implemented.</p>
2	Revenue assumptions related to Project K (I-405) not fulfilled.	<p>The M2 cash flow assumes receipt of \$245 million in Transportation Infrastructure Finance and Innovation Act (TIFIA) funds for the M2 portion of Project K.</p> <p>If the TIFIA loan is not approved at the level assumed, a revised cash flow will be required to determine the need for revised delivery schedules and additional revenue sources.</p>
3	The inability to scale the Freeway Program to available revenue with large freeway capital projects moving forward in the Next 10 timeframe.	<p>Management of project scopes and schedules is key to the successful delivery of the overall Freeway Program.</p> <p>Given the magnitude of upcoming projects (e.g. Project K), any length of delay with associated cost escalation can be impactful and will need to be tightly managed.</p> <p>Staff will work closely with project managers and Caltrans to seek cost-saving measures on freeway projects through changes in design parameters where possible.</p> <p>Tight monitoring of project schedules and scopes will be required to ensure delivery of the entire Freeway Program.</p>
4	Rising cost of operating Metrolink train service.	<p>Operational cost of Metrolink service continues to grow as new regulations are imposed, such as Positive Train Control, track-sharing arrangements with Burlington Northern Santa Fe, and new locomotive requirements.</p> <p>Staff will continue to work closely with Metrolink and our partners to ensure cost increases are minimized while service is optimized.</p>
5	Timeframe for establishment of an endowment fund for long-term management of seven conservation properties (Preserves), as part of the Freeway Environmental Mitigation Program (EMP), may be extended.	<p>A portion of the annual revenues for the EMP will be dedicated to the endowment deposits. If sales tax revenues continue to decline, it may take longer to establish the endowment and OCTA will need to continue to pay for the interim management of the Preserves.</p> <p>Staff will continue to engage state and federal resource agencies to minimize management costs for the Preserves. Where successful, this will reduce the overall endowment obligation, enabling OCTA to set up the endowment in the prescribed ten-to-twelve year period.</p>

Measure M2

Progress Report

M2 DELIVERY RISK UPDATE



Continued from previous page...

Delivery Risk	Explanation	Proposed Action
Organizational		
6	Availability of specialized staff, given the scope of Right-of-Way (ROW) activities for various freeway construction activities.	Timely ROW acquisition and utility clearance has proven to be a key factor in reducing risk on construction projects. Early acquisition is challenged by the heavy demand on Caltrans' ROW resources. This is further challenged by a change in meeting frequency by the California Transportation Commission, a necessary step in ROW settlement.
		Expert and timely coordination between OCTA and Caltrans is imperative to manage this risk. If resource issues become a problem, OCTA should consider taking full responsibility for ROW activities. Staff is currently conducting a ROW resource analysis and results from that effort will provide direction on next steps.
7	New operational responsibilities with both the I-405 Express Lanes and OC Streetcar	With the implementation of both the I-405 Express Lanes and the OC Streetcar service, OCTA will be increasing its overall role in operations.
		OCTA holds a strong track record in operating the 91 Express Lanes. Additionally, OCTA will look to augment staff's capabilities to provide guidance for operating the OC Streetcar.
Policy		
8	New statewide directives creating additional hurdles for the Freeway Program in particular.	With new statewide directives focused on greenhouse gas reductions, it will be more difficult to environmentally clear the remaining M2 general purpose lane projects.
	Additionally, within the recently completed Caltrans managed lanes study, inclusion of managed lanes is suggested for M2 project corridors where the promise to the voters is the addition of a general purpose lane. Projects currently in the environmental phase are at possible risk.	OCTA will need to ensure that when freeway improvement projects are reviewed for environmental clearance, they are viewed as part of a larger suite of transportation improvements. OCTA staff will work closely with Caltrans to emphasize the importance of keeping the promise to the voters.
Market		
9	Major capital work underway in the Southern California region impacting OCTA's ability to secure resources needed for project and program delivery.	Competition for available resources for capital projects in the Southern California region has increased with the major capital work currently underway in Riverside, Los Angeles, and San Diego county. For future projects going forward, engineers, right-of-way experts, and materials will be in higher demand.
		A market research analysis will be conducted to evaluate staffing and resource needs to implement the Next 10 Plan and help guide OCTA in navigating the bidding environment. Any identified resource needs for Plan implementation will be brought to the Board as part of future budget adoption or in separate Board requests.

Measure M2

Progress Report
NEXT 10 UPDATE



Next 10 Plan Update

Contact: Tami Warren, PMO Manager
(714) 560-5590

On November 14, 2016, the Board of Directors (Board) approved the Next 10 Delivery Plan, a ten-year plan that outlines projects and programs for all modes of transportation to be delivered on an expedited schedule between 2017 and the year 2026. The plan identified ten deliverables for what is to be accomplished, with the overarching goal of successfully delivering the M2 Program by 2041 as promised.

This quarter, staff began the implementation and outreach effort for the Next 10 Plan. Next 10 revenue, expense, and schedule sequencing assumptions have been incorporated into the M2 cash flow model. Tight monitoring of cash flow assumptions versus actual revenue, expense, and schedule activity is underway. Additionally, External Affairs, in collaboration with Government Relations and the Measure M Program Management Office, has successfully implemented the Next 10 communication plan. External stakeholders have been notified of the adoption of the Next 10 Delivery Plan through formal mailings, email, and digital communications.

Next 10 Plan Deliverables

1. Deliver \$3 billion of freeway improvements promised in M2020 (Projects A-M).

The M2 freeway program currently consists of 27 projects or project segments. Of this amount, nine are already complete, and another nine are designated to be complete within the Next 10 timeframe. Together, the nine segments designated for completion make up the \$3 billion delivery promise. Segments to be complete by 2026 include: three segments of I-5 between Avenida Pico and San Juan Creek Road (Project C) which are currently in construction, one project on I-405 between SR-55 and I-605 (Project K) in the Design-Build phase, another four segments on I-5 (one between SR-55 and SR-57 and the other three between SR-73 and El Toro Road) that are in design, and one segment on SR-55 (between I-405 and I-5) that is in the environmental phase. For more details, see previous page (Project Schedules) and the project updates contained in the following pages.

2. Invest approximately \$1.2 billion more in revenues, bringing the completed Freeway Program improvements to \$4.2 billion (Projects A-M).

The final nine remaining project segments (of the 27 total) are on track to be environmentally cleared by 2020, making them “shelf ready” for future advancement as revenues become available. The Next 10 Plan designated another \$1.2 billion (in addition to the \$3 billion promised above) toward moving one or two projects from the nine into construction by 2026. Environmentally cleared projects that rank highest in congestion levels, readiness, and cost risk will be recommended to the Board to advance into the construction phase. Project I (between SR-55 and SR-57) meets the above criteria and was designated as a priority project by the Board in the Next 10 Plan.

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3. Allocate \$1 billion, with \$400 million in competitive funding to local jurisdictions to expand roadway capacity and synchronize signals (Project O and P) and \$630 million in flexible funding to local jurisdictions to help maintain aging streets or for use on other transportation needs, as appropriate (Project Q).

Between M2 inception and the Next 10 Plan adoption, OCTA invested approximately \$700 million in M2 funds into the Regional Capacity Program (Project O), Regional Traffic Signal Synchronization Program (Project P), and Local Fair Share Program (Project Q). Since the Next 10 Plan was adopted in November, \$8.32 million in Local Fair Share funds was distributed to cities during the quarter. No Board action was taken to provide additional Project O and P competitive funding.

a. Complete the remaining three grade separation projects (Projects O, P, and Q).

Grade Separation projects under construction include: Raymond Avenue, State College Boulevard, and Lakeview Avenue. Construction on Lakeview is anticipated to be complete by summer 2017. Construction on Raymond and State College is expected to be complete in mid-2018. To date, the Board has approved \$664 million in committed M2 and external funds for all seven of the OC Bridges Program grade separation projects.

4. Expand Metrolink service between Orange County and Los Angeles County, contingent upon cooperation and funding participation from route partners; complete six rail station improvements (Project R).

The Riverside County Transportation Commission (RCTC), Los Angeles County Metropolitan Transportation Authority (Metro), and OCTA continue to work together to secure approval of a Memorandum of Understanding (MOU) with Burlington Northern Santa Fe (BNSF) Railway, which is necessary to operate train service on BNSF-owned tracks. Metrolink has taken the lead in the discussions with the BNSF Railway to evaluate the current shared use and indemnification/liability agreements that govern the use of each agency's respective railroad rights of way. Special counsel has been brought in to assist in these discussions.

Within this program, funding is provided for rail corridor and station improvements to accommodate increased train service and commuter use - including station upgrades, parking expansions, and safety enhancements. The Next 10 Plan identifies six projects to be completed by 2026, which include: Laguna Niguel/ Mission Viejo Metrolink station ADA ramps (construction 31% complete), Orange Metrolink station parking structure (construction to begin in spring 2017), Placentia Metrolink station (construction to begin in spring 2018), Anaheim Canyon Metrolink station improvement project (construction to begin in late 2019), Fullerton Transportation Center elevators (construction to begin in early 2017), and San Clemente Pier Metrolink/Amtrak station lighting (construction 30% complete). For more details, see the project updates contained in the following pages.

5. Complete design, construction and begin operating the OC Streetcar (Project S) and complete the Harbor Corridor Transit Study and the Orange County Transit Vision to guide development of future transit connections (Project S).

OC Streetcar

To date, the Board has approved up to \$306.4 million for the OC Streetcar project, including preliminary studies, environmental, project development and construction. FTA has shown strong support for this project, including ascribing an overall medium-high rating to it in their 2016 Annual New Starts Report. The full Notice to Proceed for design was issued in February 2016. Approval for entry into the New Starts Engineering phase is anticipated in January 2017.

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Harbor Corridor Transit Study

In October 2016, the Board amended the scope of the Harbor Corridor Transit Study to also evaluate a transit connection between Harbor Boulevard and the Anaheim Regional Transportation Intermodal Center (ARTIC). During the quarter, staff worked with the Project Development Team (PDT) to perform the additional analysis along the Katella Avenue corridor and to develop three additional conceptual alternatives focused on connections between Harbor Boulevard and ARTIC. The team also worked to refine the other draft conceptual alternatives, finalized evaluation criteria metrics, and updated the outreach plan. The completed Harbor Corridor Transit Study is expected to be presented to the Board in July 2017.

OC Transit Vision

Staff conducted 18 stakeholder interviews during this quarter. During these interviews, staff presented a project overview and solicited input which will be used to help shape the project goals and outcomes. A “State of OC Transit” report is under development which will be distributed to the Board and stakeholders during the next quarter. The completed OC Transit Vision is expected to be presented to the Board in November 2017.

6. Provide up to \$120 million in funding to expand mobility choices for seniors and persons with disabilities (Project U).

Since M2 inception, more than \$43 million in Project U funds has been provided for the Senior Mobility Program (SMP), the Senior Non-emergency Medical Transportation Program (SNEMT), and the Fare Stabilization Program. Included in this amount, approximately \$1.62 million has been provided for the SMP, SNEMT, and Fare Stabilization programs since Next 10 Plan adoption.

7. Support local agency efforts to deliver Board-approved community transit projects and provide grant opportunities for local agencies to implement effective local transit services (Project V).

Since 2013, the Board has approved approximately \$36.86 million to fund 29 community-based transit service projects (22 capital and operations grants and 7 planning grants). Approved projects service areas in 19 cities and the County of Orange: Anaheim, Costa Mesa, County of Orange, Dana Point, Fountain Valley, Garden Grove, Huntington Beach, Irvine, La Habra, Laguna Beach, Laguna Niguel, Lake Forest, Mission Viejo, Newport Beach, Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Tustin, and Westminster. Project updates are provided to the Board biannually.

8. Allocate \$9 million in funding to improve the top 100 busiest bus stops in Orange County and support the modernization of the bus system to enhance the customer experience (Project W).

Between M2 inception and Next 10 Plan adoption, the Board approved up to \$1,205,666 for supporting 51 city-initiated improvements and \$370,000 for OCTA-initiated improvements. The \$370,000 contribution was invested towards a mobile ticketing application (app) to make it more convenient for bus customers to purchase bus passes, obtain trip information, and board buses using smart phone devices to display bus passes as proof of payment. Since Next 10 adoption in November, no Board action has been taken to provide additional Project W funding.

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9. Ensure the ongoing preservation of purchased open space (Preserves), providing comprehensive mitigation of the environmental impacts of freeway improvements and higher-value environmental benefits in exchange for streamlined project approvals (Projects A-M).

The Freeway Mitigation Program is proceeding as planned, with seven properties (Preserves) acquired (1,300 acres), and 11 restoration projects approved for funding by the Board, totaling approximately 350 acres. These Preserves and restoration projects are folded into the OCTA Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP), which contributes mitigation to streamline the permitting process for M2 freeway projects. The program's Conservation Plan and Final Environmental Impact Report and Environmental Impact Statement (EIR/EIS) were approved by the Board in November 2016. As part of the NCCP/HCP process, an endowment is required to be established to pay for the long-term management of the Preserves. In September 2016, the Board approved staff's recommendation to retain the California Community Foundation to establish this endowment. The first endowment deposit is anticipated to be made in early 2017. Staff will continue to oversee and manage the Preserves until a long-term manager(s) is established. Additionally, staff will monitor the progress of all restoration projects and provide status updates to the Environmental Oversight Committee until each project is implemented.

10. Work with the Environmental Cleanup Allocation Committee (ECAC) to develop the next tiers of water quality programs, with a goal of providing \$40 million in grants to prevent the flow of trash, pollutants, and debris into waterways from transportation facilities. In addition, focus on improving water quality on a regional scale that encourages partnerships among the local agencies as part of the Environmental Cleanup Program (Project X).

Prior to Next 10 adoption, the Board awarded approximately \$45 million for 138 Tier 1 and 22 Tier 2 projects. Since adoption in November, no action has been taken to award additional Project X funds. Staff is working with the ECAC to determine the best timing for the next Tier 2 call based on projected cash flow and potential viable Tier 2 projects.



Interstate 5 (I-5) Projects

Project A

I-5 (SR-55 to SR-57)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Design Phase Underway - 78% Complete

Summary: This project will increase HOV capacity by adding a second HOV lane in both directions along I-5 between SR-55 and SR-57 in Santa Ana. This quarter, the Project Design Team (PDT) completed 95 percent Engineering Plans, Specifications & Estimates (PS&E). Final design plans are being developed and will be submitted next quarter. The design phase is expected to be complete by mid-2017. Funding for the construction phase of this project was impacted by the STIP reductions, and staff is evaluating alternative funding in hopes of keeping this project on schedule.

Project B

I-5 (SR-55 to the El Toro "Y" Area)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Environmental Phase Underway - 46% Complete

Summary: This project will add one general purpose lane in each direction of the I-5 corridor and improve the interchanges in the area between SR-55 and SR-133 (near the El Toro "Y" and I-405) in Tustin and Irvine. The environmental study will consider the addition of one general purpose lane on I-5 between just north of I-405 to SR-55. Additional features of Project B include improvements to various interchange ramps. Auxiliary lanes could be added in some areas and re-established in other areas within the project limits. During the quarter, the consultant continued working on technical studies and obtained approval on some. The final Environmental Document is expected to be complete in August of 2018.



Project C & Part of Project D

I-5 (SR-73 to Oso Parkway/ Avery Parkway Interchange)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Design Phase Underway - 78% Complete

Summary: This project will make improvements along I-5 between SR-73 and Oso Parkway in the cities of Laguna Hills, Laguna Niguel, and Mission Viejo. The proposed improvements include the addition of a general purpose lane in each direction and reconstruction of the Avery Parkway Interchange (part of Project D). During the quarter, comments were received from Caltrans for the 65 percent PS&E submittal and work continued on the 95 percent PS&E submittal. The ROW maps are being prepared and will be submitted to Caltrans next quarter, on October 19, 2016. Staff continued to work with Caltrans regarding ROW support services. Design work is anticipated to be complete in 2018. Due to extended ROW coordination, this project is marked “yellow” in the Capital Action Plan, signifying a delay of one to three months beyond the original schedule.

I-5 (Oso Parkway to Alicia Parkway/ La Paz Road Interchange)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Design Phase Underway - 80% Complete

Summary: This project will make improvements along I-5 between Oso Parkway and Alicia Parkway in the cities of Mission Viejo, Laguna Hills, and Lake Forest. The proposed improvements include the addition of a general purpose lane in each direction and reconstruction of the La Paz Road Interchange. The design phase is currently underway. Major activities this quarter included submittal of the 95 percent PS&E package, continued coordination on the aesthetics concept plan, off-site sound walls, service contract coordination with Southern California Rail Road Association (SCRRA) and Metrolink, and coordination with Caltrans on ROW and utilities. Federal authorization to begin work on the ROW phase was granted in December. Due to extended ROW coordination, this project is marked “yellow” in the Capital Action Plan, signifying a delay of one to three months beyond the original schedule.

I-5 (Alicia Parkway to El Toro Road)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Design Phase Underway - 71% Complete

Summary: This project will make improvements along I-5 between Alicia Parkway to El Toro Road in the cities of Lake Forest, Laguna Hills, Laguna Woods and Mission Viejo, including the extension of the second HOV lane from Alicia Parkway to El Toro Road. Major activities this quarter included providing responses to comments received from the 65 percent submittal and beginning meetings with the functional units for concurrence, continued coordination on the aesthetics concept plan, and the continued development of a plan to address potential impacts to Avenida De La Carlota and Southern California Edison power lines therein. Also held meetings with other utility agencies to determine the need, extent and schedules for third party relocations/protection. Due to extended ROW coordination, this project is marked “yellow” in the Capital Action Plan, signifying a delay of one to three months beyond the original schedule.

Measure M2

Progress Report

FREEWAYS



Project C & Part of Project D continued from previous page...

I-5 (Avenida Pico to Avenida Vista Hermosa)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Construction Underway - 61% Complete

Summary: This segment adds a carpool lane in each direction on I-5 between Avenida Pico and Avenida Vista Hermosa in San Clemente, and also includes major improvements to the Avenida Pico Interchange (part of Project D), which will also provide bicycle lanes in both directions of Avenida Pico. Construction began in February 2015. During the quarter, the westerly half of Avenida Pico Undercrossing bridge was completed and northbound traffic was routed onto the new bridge. The old easterly half of the Avenida Pico interchange was demolished and pile driving for the new easterly half of the bridge began. Construction of Avenida Pico retaining wall is in progress, and construction of the roadway section is ongoing. Construction is scheduled to be 100 percent complete in early 2018.

I-5 (Avenida Vista Hermosa to PCH)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Construction Underway - 91% Complete

Summary: This segment adds a carpool lane in each direction of I-5 between Avenida Vista Hermosa and Pacific Coast Highway (PCH) in San Clemente, and also includes reconstructing on and off ramps at Avenida Vista Hermosa and Camino de Estrella. Construction began in September 2014. During the quarter, Hot Mix Asphalt (HMA) paving work in southbound and northbound directions continued and will finish next quarter. Installation of irrigation systems for landscaping and connection to reclaimed water were completed. Additionally, construction of all sound walls and installation of soundsorb panels were completed. Construction is scheduled to be 100 percent complete in spring 2017.

I-5 (PCH to San Juan Creek Road)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Construction Underway - 84% Complete

Summary: This segment will add a carpool lane in each direction of the I-5 between PCH and San Juan Creek Road in the cities of San Clemente, Dana Point, and San Juan Capistrano. Project improvements also include reconstructing on and off ramps at PCH/Camino Las Ramblas. Construction began in March 2014. During the quarter, construction on Retaining Wall 349 with the new soldier pile wall and the cast-in-place wall was completed. The southbound PCH/Camino Las Ramblas on-ramp was also paved and completed. Construction of the roadway section, including the PCH connector bridge work and Hot Mix Asphalt (HMA) paving is ongoing. A soil issue identified in fall 2015 that was brought to the Board will delay project completion time. As a result, this project is marked "red" in the Capital Action Plan, signifying a delay of more than three months, with a revised completion date extending at least 19 months past original schedule (September 2016). Construction work is scheduled to be 100 percent complete in spring 2018.



Project D

This Project will update and improve key I-5 interchanges at Avenida Pico, Ortega Highway, Avery Parkway, La Paz, and at El Toro Road. Three interchange improvements at La Paz, Avery Parkway, and Avenida Pico are part of Project C.

I-5 El Toro Road Interchange

Contact: Rose Casey, Highways
(714) 560-5729

Status: Environmental Phase Pending

Summary: Caltrans approved the Project Study Report/Project Development Support (PSR-PDS) on February 20, 2015, and the document is considered final and complete. The PSR-PDS includes alternatives that consider modifications to the existing interchange to provide a new access ramp to El Toro Road and one alternate access point adjacent to the interchange. The project can now advance to the Environmental Phase for further detailed engineering and project development efforts, which is anticipated to begin next quarter. The Cooperative Agreement for the Environmental Phase between OCTA and Caltrans was approved by the Board on October 10, 2016.

I-5/ Ortega Highway Interchange

Contact: Rose Casey, Highways
(714) 560-5729

Status: PROJECT COMPLETE



Summary: Construction began in February 2013 to reconstruct the SR-74 Ortega Highway Bridge over I-5, and improve local traffic flow along SR-74 and Del Obispo Street in the City of San Juan Capistrano. All lanes on the new bridge were opened to traffic on September 4, 2015. A dedication ceremony was held on October 1, 2015. The project was officially completed on January 15, 2016.

State Route 22 (SR-22) Project

Project E

SR-22 Access Improvements

Contact: Rose Casey, Highways
(714) 560-5729

Status: PROJECT COMPLETE



Summary: Completed in 2008, Project E made improvements at three key SR-22 interchanges (Brookhurst Street, Euclid Street, and Harbor Boulevard) in the City of Garden Grove to reduce freeway and street congestion in the area. This M2 project was completed early as a “bonus project” provided by the original Measure M (M1).



State Route 55 (SR-55) Projects

Project F

SR-55 (I-405 to I-5)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Environmental Phase Underway - 87% Complete

Summary: This project will widen SR-55 in the cities of Irvine, Santa Ana, and Tustin. Caltrans has proposed a Modified Alternative 3 and staff presented the recommendation to the Board in July 2016. The Board directed staff to incorporate the modified alternative with an anticipated 12 to 18 month estimate to complete the Environmental Phase. The PDT has updated most technical studies and will be ready to re-circulate the draft environmental document next quarter. The project is ahead of the target schedule but is at risk of incurring some delay due to the current lapse of NEPA delegation to the State. The project is marked “red” in the Capital Action Plan, signifying a delay of more than three months. This project has been delayed by more than six years from its original schedule, due to differences in project determination between OCTA and Caltrans.

SR-55 (I-5 to SR-91)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Environmental Phase Underway - 1% Complete

Summary: The PSR/PDS was signed by Caltrans on January 12, 2015, completing the project initiation document phase. Once implemented, this project will add capacity between I-5 and SR 22, and provide operational improvements between SR-22 and SR-91 in the cities of Orange, Santa Ana, Tustin, and Anaheim. All of the project alternatives in the draft PSR/PDS document include the addition of one general purpose lane in each direction between SR-22 and Fourth Street and operational improvements between Lincoln Avenue and SR-91. Other improvements being considered consist mostly of operational improvements at ramps and merge locations between SR-22 and SR-91, as well as a potential interchange project at First Street and the I-5 connector ramp. During the quarter, a consultant contract was executed to begin the Environmental Study Phase and complete the Project Report and Environmental Document. The Environmental Phase is anticipated to be complete in 2019.



State Route 57 (SR-57) Projects

Project G

SR-57 NB (Lambert Road to Tonner Canyon Road)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Conceptual Phase Complete, Further Schedule TBD

Summary: Caltrans previously completed a PSR/PDS document for the Lambert Road to Tonner Canyon Road segment, which will add a truck-climbing lane from Lambert Road to Tonner Canyon Road in the city of Brea. The segment will be cleared environmentally by 2020. Future work will be planned so that it coincides with related work by the Los Angeles Metropolitan Transportation Authority (Metro) across the county line. Funding for environmental phase for this project was proposed to be included in the 2016 STIP but was removed due to funding constraints. Staff will evaluate alternative funding sources.

SR-57 NB (Yorba Linda Boulevard to Lambert Road)

Contact: Rose Casey, Highways
(714) 560-5729

Status: PROJECT COMPLETE



Summary: Completed on May 2, 2014, this project increased capacity and improved operations and traffic flow on SR-57 with the addition of a new 2.5-mile northbound general-purpose lane between Yorba Linda Boulevard in the City of Fullerton and Lambert Road in the City of Brea. Additional project benefits include on- and off-ramp improvements, the widening and seismic retrofit (as required) of six bridges in the northbound direction and the addition of soundwalls. Existing lanes and shoulders were also widened to standard widths, enhancing safety for motorists. The new general purpose lane was opened to traffic on September 23, 2013.

SR-57 NB (Orangethorpe Avenue to Yorba Linda Boulevard)

Contact: Rose Casey, Highways
(714) 560-5729

Status: PROJECT COMPLETE



Summary: This project increased capacity and improved operations on northbound SR-57 with a new 2.5 mile northbound general-purpose lane between Orangethorpe Avenue in the City of Placentia to Yorba Linda Boulevard in the City of Fullerton. In addition to the new lane, capital improvements include reconstruction of northbound on and off ramps, widening of seven bridges, and the addition of soundwalls. The new general purpose lane was opened to traffic on April 28, 2014. The project was completed on November 6, 2014.



Project G continued from previous page...

SR-57 NB (Katella Avenue to Lincoln Avenue)

Status: PROJECT COMPLETE



Contact: Rose Casey, Highways
(714) 560-5729

Summary: This project increased capacity and improved operations on northbound SR-57 between Katella Avenue and Lincoln Avenue in the City of Anaheim with the addition of a new 3-mile general purpose lane, on and off-ramp improvements, and sound walls. Bridges at Katella Avenue and Douglas Road were also widened in the northbound direction. The project opened to traffic on November 19, 2014 and completed on April 21, 2015.

SR-57 NB (Orangewood Avenue to Katella Avenue)

Status: Environmental Phase Underway - 1% Complete

Contact: Rose Casey, Highways
(714) 560-5729

Summary: This project will add capacity in the northbound direction of SR-57 from Orangewood Avenue to Katella Avenue in the cities of Anaheim and Orange. Improvements under study include adding a northbound general purpose lane to join the northbound general purpose lane which was opened to traffic in 2014 between Katella Avenue and Lincoln Avenue. During the quarter, the PDT updated design geometrics and consolidated feasible alternatives. The Environmental Phase is anticipated to be complete in late-2018.

State Route 91 (SR-91) Projects

Project H

SR-91 WB (SR-57 to I-5)

Status: PROJECT COMPLETE



Contact: Rose Casey, Highways
(714) 560-5729

Summary: This project increased capacity in the westbound direction of SR-91 by adding an additional general purpose lane in the westbound direction between Anaheim and Fullerton, and provided operational improvements at on and off-ramps between Brookhurst Street and State College Boulevard. This quarter, closeout activities continued, including developing the final construction estimate. Construction is 100 percent complete, as of June 23, 2016. Consultant-supplied construction management services ended on September 29, 2016. The general purpose lane was opened to traffic on March 7, 2016.



Project I

SR-91 (SR-55 to Tustin Avenue Interchange)

Status: PROJECT COMPLETE



Contact: Rose Casey, Highways
(714) 560-5729

Summary: This project improved traffic flow at the SR-55/SR-91 interchange by adding a westbound auxiliary lane beginning at the northbound SR-55 to westbound SR-91 connector through the Tustin Avenue interchange in the City of Anaheim. The project was intended to relieve weaving congestion in the area and included reconstruction of the westbound side of the Santa Ana River Bridge to accommodate the additional lane. This quarter, closeout activities took place, including development of the preliminary final construction estimate. The bypass lane was open to traffic on May 14, 2016. Construction is 100 percent complete. Contract Acceptance was granted on October 31, 2016.

SR-91 (SR-57 to SR-55)

Status: Environmental Phase Underway - 27% Complete

Contact: Rose Casey, Highways
(714) 560-5729

Summary: This project will improve traffic flow and operations along SR-91 within the cities of Fullerton and Anaheim. The study will look at the addition of one general purpose lane eastbound between SR-57 and SR-55, and one general purpose lane westbound from Glassell Street to State College Boulevard. Additional features of this project include improvements to various interchanges. Auxiliary lanes will be added in some segments and re-established in others within the project limits. This quarter, the consultant continued working on technical documents. M2 and federal funds would pay for the mainline freeway improvements and future funding would need to be identified for connector portions of the project. Due to Caltrans requiring extra work for the unfunded study, this project has been delayed by more than one year from its original schedule. The project is being re-baselined and the environmental phase is expected to be complete in early 2019.

Project J

SR-91 Eastbound (SR-241 to SR-71)

Status: PROJECT COMPLETE



Contact: Rose Casey, Highways
(714) 560-5729

Summary: Completed in January 2011, this segment added six miles through a key stretch of SR-91 between Orange County's SR-241 and Riverside County's SR-71. The project improves mobility and operations by reducing traffic weaving from traffic exiting at SR-71 and Green River Road. An additional eastbound general purpose lane on SR-91 was added and all existing eastbound lanes and shoulders were widened. Because this project was shovel-ready, OCTA was able to obtain American Recovery and Reinvestment Act (ARRA) funding for this M2 project, saving M2 revenues for future projects.

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Measure M2

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Project J continued from previous page...

SR-91 (SR-241 to SR-55)

Status: PROJECT COMPLETE



Summary: This completed Project J segment added six miles in the westbound and eastbound direction to a key stretch of SR-91 between SR-55 and SR-241 in the cities of Anaheim and Yorba Linda. In addition to adding 12 lane miles to SR-91, the project also delivered a much needed second eastbound exit lane at the Lakeview Avenue, Imperial Highway and Yorba Linda Boulevard/Weir Canyon Road off-ramps. Beyond these capital improvements, crews completed work on safety barriers, lane striping and soundwalls. Completion of this project in March 2013 means a total of 18 lane miles have been added to SR-91 since December 2010.

Contact: Rose Casey, Highways
(714) 560-5729

SR-91 (SR-241 to I-15)

Status: RCTC's Design-Build Construction Underway

Summary: The purpose of this project is to extend the 91 Express Lanes eastward from its current terminus in Anaheim to I-15 in Riverside County. This project will also add one general purpose lane in each direction of SR-91, from SR-71 to I-15, and construct various interchange and operational improvements. On December 11, 2013, the Riverside County Transportation Commission's (RCTC) contractors broke ground on this \$1.3 billion freeway improvement project. While the portion of this project between SR-241 and the Orange County/Riverside County line is part of OCTA's M2 Project J, the matching segment between the county line and SR-71 is part of RCTC's Measure A. With RCTC's focus on extending the 91 Express Lanes and adding a general purpose lane east of SR 71, construction of the final additional general purpose lane between SR-241 and SR-71 will take place post-2035. (RCTC is responsible for the lane between Green River and SR-71 while OCTA will be responsible for the lane west of Green River to SR-241.) To maintain synchronization, these general purpose lanes improvements, which span both counties, will be scheduled to ensure coordinated delivery of both portions of the project, and will provide a continuous segment that stretches from SR-241 to SR-71. This action is consistent with the 2016 SR-91 Implementation Plan.

Contact: Rose Casey, Highways
(714) 560-5729

Interstate 405 (I-405) Projects

Project K

I-405 (SR-55 to I-605)

Status: Design-Build Procurement Underway

Summary: OCTA and Caltrans have finalized the environmental studies to widen I-405 through the cities of Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, and Westminster. These improvements will add mainline capacity and improve the local interchanges along the corridor from SR-73 to I-605.

Contact: Rose Casey, Highways
(714) 560-5729

Measure M2

Progress Report

FREEWAYS



Project K continued from previous page...

On July 25, 2014, despite OCTA's Board recommendation to select Alternative 1 (the Measure M, single general purpose lane alternative) Caltrans informed OCTA that Alternative 3 (general purpose lane and second HOV lane to be combined with existing HOV lane providing dual tolled express lane facility) would be the project preferred alternative. To ensure local control over how the express lane facility would be operated, the Board decided that OCTA would lead this project with the clear understanding that Measure M would only fund the general purpose lane portion of the project and that the second HOV lane/Express lane facility would be funded separately.

The initial toll policy and preliminary finance plan for the 405 Express Lanes was approved by the Board on May 23, 2016. The policy meets the Board's objective of allowing two-person carpools to use the express lanes for free for at least three years during most of the day. It strikes the right balance between offering drivers a guaranteed free-flowing commute, moving the most number of cars and people. Tolls will vary by hour, day of the week, direction of travel and distance traveled (with three intermediate access points).

On November 14, 2016, the Board approved the award of a Design-Build contract to OC 405 Partners for the design and construction of the Project. The Board also approved the Toll Operating Agreement between OCTA and Caltrans, which addresses all matters related to the design, construction, maintenance, and operation of the 405 Express Lanes.

On December 12, 2016, the Board approved the Cooperative Agreement between OCTA and the California Highway Patrol for the Construction Zone Enhanced Enforcement Program required during construction of the Project. Staff also provided the Board with an overview of liability for the cost of relocation of the 33" West Orange County Water Board (WOCWB) water line. The Board directed staff to continue to work cooperatively with the WOCWB and Caltrans in accordance with state and federal law to relocate the subject water line.

During the quarter, work continued on procurement of the Design-Build contract, ROW acquisition, utility coordination, and environmental re-validation and permitting. Other activities include FHWA Major Project Deliverables, OCTA/Caltrans operating toll agreement, traffic and revenue study, and TIFIA loan pursuit.

Project L

I-405 (SR-55 to the I-5)

Contact: Rose Casey, Highways
(714) 560-5729

Status: Environmental Phase Underway - 63% Complete

Summary: This project will add one general purpose lane in each direction of the I-405 corridor and improve the interchanges in the area between I-5 and SR-55 in Irvine. Additional features of Project L include improvements to various interchanges, auxiliary lanes and ramps. During the quarter, the consultant continued working on technical studies and obtained approval on critical technical studies such as the Noise Study Report and the Noise Abatement Decision Report. The final Environmental Document is expected to be complete in July 2018.



Interstate 605 (I-605) Project

Project M

I-605/Katella Interchange Improvements

Contact: Rose Casey, Highways
(714) 560-5729

Status: Environmental Phase Underway - 8% Complete

Summary: This project will improve freeway access and arterial connection to I-605 at Katella Avenue in the City of Los Alamitos and the County of Orange. Improvements under this project may include enhancements at the on-ramps and off-ramps in addition to operational improvements on Katella Avenue at the I-605 Interchange. The PSR/PDS was signed on May 11, 2015 by Caltrans Executive Management. Three alternatives were approved within the document, including modification of interchange ramps and lane configurations on Katella Avenue from Coyote Creek Channel to Civic Center Drive. During the quarter, the project schedule was approved by the PDT and the consultant started working on technical studies. The final Environmental Document is anticipated to be completed in November 2018.

Freeway Service Patrol

Project N

Freeway Service Patrol

Contact: Sue Zuhlke, Motorist Services
(714) 560-5574

Status: Service Ongoing

Summary: M2's Freeway Service Patrol (FSP) began operation in June 2012 and provides tow truck service for motorists with disabled vehicles on the freeway system to help quickly clear freeway lanes and minimize congestion. During the quarter, the midday service provided assistance to 1,442 motorists, weekend service provided assistance to 778 motorists, and construction service provided assistance to 375 motorists. Since inception, M2 and construction-funded FSP has provided a total of 53,375 assists to motorists on the Orange County freeway system.



Project O

Regional Capacity Program

Contact: Sam Kaur, Planning
(714) 560-5673

Status: 2017 Call for Projects in Development

Summary: This program, in combination with required local matching funds, provides funding for improvements on Orange County's Master Plan of Arterial Highways. On August 8, 2016, the Board approved the release of the 2017 Call for Projects. This seventh Call for Projects will make approximately \$32 million available to fund additional road improvements throughout the County. Applications were due October 21, 2016. OCTA received 16 applications for a total of \$50.3 million in funding requests. Staff is currently reviewing applications and will provide final recommendations to the Board by June 2017. Since 2011, 122 projects totaling more than \$231 million have been awarded by the Board to date.

OC Bridges Railroad Program

This program will build seven grade separations (either under or over passes) where high volume streets are impacted by freight trains along the BNSF Railroad in North County. A status for each of the seven projects is included below. As of the end of this quarter, three grade separation projects are under construction, four are complete (Kraemer, Placentia, Orangethorpe, and Tustin/Rose), and the remaining projects are scheduled to be complete in 2017 and 2018.

Kraemer Boulevard Grade Separation



Contact: Rose Casey, Highways
(714) 560-5729

Status: PROJECT COMPLETE

Summary: The project located at Kraemer Boulevard railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the City of Placentia by building an underpass for vehicular traffic. The grade separation was opened to traffic on June 28, 2014, and an event was held on July 8, 2014 to commemorate the opening. Project acceptance by the City of Anaheim and the City of Placentia, respectively, occurred in December 2014 and the cities assumed full maintenance responsibilities. In December 2015, the one-year warranty period expired with no issues or repairs identified.

Lakeview Avenue Grade Separation

Contact: Rose Casey, Highways
(714) 560-5729

Status: Construction Underway - 85% Complete

Summary: The project located at Lakeview Avenue railroad crossing will grade separate the local street from railroad tracks in the cities of Anaheim and Placentia by building a bridge for vehicular traffic over the railroad crossing and



Project O continued from previous page...

reconfiguring the intersection of Lakeview Avenue and Orangethorpe Avenue. Construction began on July 1, 2014. Project activities this quarter continued to include street drainage facility work, irrigation, landscaping, parking lots restoration, retaining walls, barrier slabs, underground electrical conduits, lighting, signals, pile driving and forming abutments for Lakewood Avenue and Atwood Channel Bridges, precast girder fabrication and placement, and falsework placement. The deck for the new Lakeview Avenue bridge was poured and completed in late November 2016. Lakeview Avenue (north of Orangethorpe Avenue) was closed to traffic on February 25, 2015, and was reopened with the connector road in late July 2016. Lakeview Avenue (south of Orangethorpe Avenue) was closed to through traffic on March 13, 2015, and is expected to reopen in spring 2017. Local access to all businesses will continue to be maintained. Construction is expected to be 100 percent complete by summer 2017. Due to utility conflicts and design changes, completion has been delayed four months. As a result, this project is marked “red” in the Capital Action Plan, signifying a delay of more than three months beyond the original schedule.

Orangethorpe Avenue Grade Separation

Contact: Rose Casey, Highways
(714) 560-5729

Status: PROJECT COMPLETE



Summary: The project located at Orangethorpe Avenue railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the cities of Placentia and Anaheim by building a bridge for vehicular traffic over the railroad tracks. On May 17, 2016, a joint-grand opening event was held to commemorate the opening to traffic for the Orangethorpe and Tustin/Rose Grade Separation projects. OCTA oversaw construction of the project which was completed during the quarter. Final construction activities included landscaping, irrigation, survey monumentation, and construction close-out activities. Construction was completed in October 2016 and construction acceptance was obtained from the cities of Anaheim and Placentia on October 25, 2016. OCTA has turned over the maintenance responsibilities to the cities and commenced the one-year warranty.

Placentia Avenue Grade Separation

Contact: Rose Casey, Highways
(714) 560-5729

Status: PROJECT COMPLETE



Summary: The project located at Placentia Avenue railroad crossing is grade separated and open to traffic. This project separated the local street from railroad tracks in the city of Placentia by building an underpass for vehicular traffic. An event was held on March 12, 2014, to commemorate the opening to traffic. Project acceptance by the City of Anaheim and the City of Placentia, respectively, occurred in December 2014, and the cities assumed full maintenance responsibilities. In December 2015, the one-year warranty period expired with no issues or repairs identified.

Measure M2

Progress Report STREETS & ROADS



Project O continued from previous page...

Raymond Avenue Grade Separation

Status: Construction Underway - **75% Complete**

Summary: The project located at Raymond Avenue railroad crossing will grade separate the local street from railroad tracks in the City of Fullerton by taking vehicular traffic under the railroad crossing. The City of Fullerton is managing construction and OCTA is providing construction oversight, public outreach, railroad coordination and ROW support. Construction began on June 2, 2014. Activities this quarter continued to include pile driving for retaining wall and Valencia Drive bridge abutments and deck, placement of shoring for the retaining walls and pump station, storm drain, and mass excavation. Construction is expected to be 100 percent complete in mid-2018.

Contact: Rose Casey, Highways
(714) 560-5729

State College Boulevard Grade Separation

Status: Construction Underway - **75% Complete**

Summary: The project located at State College Boulevard railroad crossing will grade separate the local street from railroad tracks in the City of Fullerton by taking vehicular traffic under the railroad crossing. The City of Fullerton is managing the construction and OCTA is providing construction oversight, public outreach, railroad coordination and right-of-way support. Construction activities this quarter continued to include retaining wall drilling and soldier beams, pump station, mass excavation, electrical, storm drain, street lighting, traffic signal, and roadway pavement. The intersection of State College Boulevard and East Valencia Drive was closed on January 9, 2015, for approximately two and a half years to allow for the construction of the new bridge at the railroad tracks. State College Boulevard, north of the railroad bridge, will be opened to vehicular traffic in early January 2017. Construction is expected to be 100 percent complete in mid-2018.

Contact: Rose Casey, Highways
(714) 560-5729

Tustin Avenue/ Rose Drive Grade Separation

Status: **PROJECT COMPLETE**



Summary: The project located at Tustin Avenue/Rose Drive railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the cities of Placentia and Anaheim by building a bridge for vehicular traffic over the railroad crossing. On May 17, 2016, a joint-grand opening event was held to commemorate the opening to traffic for the Orangethorpe and Tustin/Rose Grade Separation projects. OCTA oversaw construction of the project, which was completed during the quarter. Final construction activities included traffic signal controller, landscaping, irrigation, survey monumentation, and construction close-out and warranty activities. Construction was completed in October 2016 and construction acceptance was obtained from the cities of Anaheim and Placentia on October 25, 2016. OCTA has turned over the maintenance responsibilities to the cities and commenced the one-year warranty.

Contact: Rose Casey, Highways
(714) 560-5729



Project P

Contact: Anup Kulkarni, Planning
(714) 560-5867

Regional Traffic Signal Synchronization Program (RTSSP)

Status: Ongoing (See current RTSSP projects' statuses illustrated on the map on the next page)

Summary: This program provides funding and assistance to implement multi-agency signal synchronization. The target of the program is to regularly coordinate signals for 2,000 intersections along 750 miles of roadway as the basis for synchronized operation across Orange County. The program will enhance the efficiency of the street grid and reduce travel delay.

On August 8, 2016, the Board approved the release of the 2017 RTSSP Call for Projects. This seventh Call for Projects will make approximately \$8 million available to fund additional local agency signal synchronization projects throughout the County.

To date, OCTA and local agencies have synchronized more than 1,600 intersections along more than 430 miles of streets (or 38 projects). There have been six rounds of funding to date, providing a total of 79 projects with more than \$69.56 million in funding awarded by the Board since 2011.

Project Q

Local Fair Share Program

Contact: Vicki Austin, Finance
(714) 560-5692

Status: Ongoing

Summary: This program provides flexible funding to help cities and the County of Orange keep up with the rising cost of repairing the aging street system. This program is intended to augment, not replace, existing transportation expenditures of the cities and the County. All local agencies have been found eligible to receive Local Fair Share funds. On a bi-monthly basis, 18 percent of net revenues are allocated to local agencies by formula. To date, approximately \$253 million in Local Fair Share payments have been provided to local agencies as of the end of this quarter.

See pages 45-46 for funding allocation by local agency.

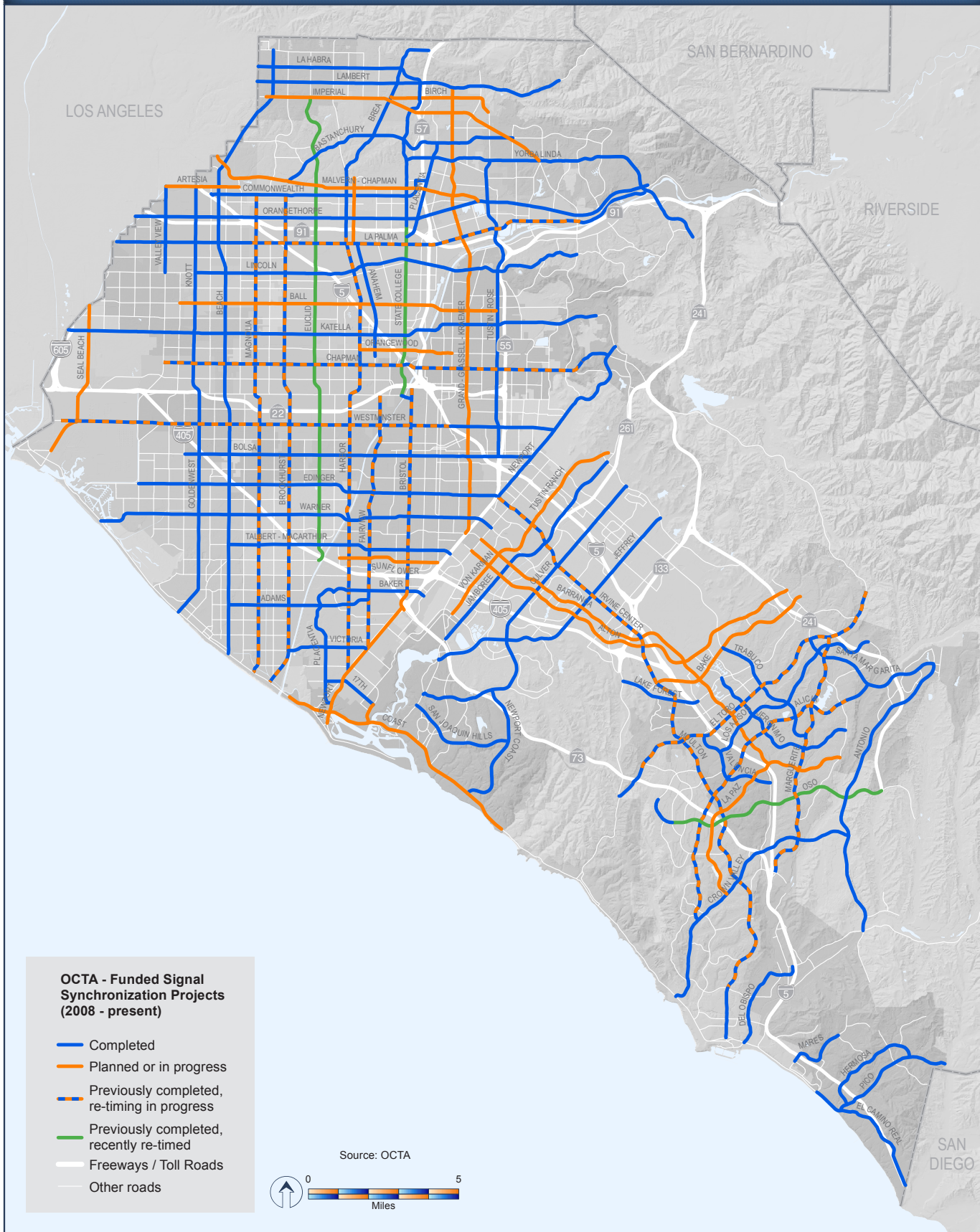
Measure M2

Progress Report

STREETS & ROADS



OCTA - Funded Signal Synchronization Projects (2008 - present)



OCTA - Funded Signal Synchronization Projects (2008 - present)

- Completed
- Planned or in progress
- Previously completed, re-timing in progress
- Previously completed, recently re-timed
- Freeways / Toll Roads
- Other roads

Source: OCTA





Project R

High Frequency Metrolink Service

Project R will increase rail services within the County and provide additional Metrolink service north of Fullerton to Los Angeles. The program will provide for track improvements, the addition of trains and parking capacity, upgraded stations, and safety enhancements to allow cities to establish quiet zones along the tracks. This program also includes funding for grade crossing improvements at high volume arterial streets, which cross Metrolink tracks.

Metrolink Grade Crossing Improvements

Status: PROJECT COMPLETE



Contact: Jennifer Bergener, Rail
(714) 560-5462

Summary: Enhancement of the designated 52 Orange County at-grade rail-highway crossings was completed as part of the Metrolink Service Expansion Program (MSEP) in October 2012. Completion of the safety improvements provided each corridor city with the opportunity to establish a “quiet zone” at their respective crossings. Quiet zones are intended to prohibit the sounding of train horns through designated crossings, except in the case of emergencies, construction work, or safety concerns identified by the train engineer. The cities of Anaheim, Dana Point, Irvine, Orange, Santa Ana, San Clemente, San Juan Capistrano, and Tustin have established quiet zones within their communities.

Metrolink Service Expansion Program

Status: Service Ongoing

Contact: Jennifer Bergener, Rail
(714) 560-5462

Summary: Following the completion of the Metrolink Service Expansion Program (MSEP) improvements in 2012, OCTA deployed a total of ten new Metrolink intra-county trains operating between Fullerton and Laguna Niguel/Mission Viejo, primarily during midday and evening hours. Efforts to increase ridership through a redeployment of the trains without significantly impacting operating costs have been underway since 2014. In April 2015, several schedule changes added a connection between the 91 Line and the intra-county service at Fullerton to allow a later southbound peak evening departure from Los Angeles to Orange County. Staff will continue to monitor ridership on these trains, but data through December 2016 shows sustained ridership as a result of these schedule changes.

Part of OCTA’s re-deployment plan involves providing new trips from Orange County to Los Angeles. Staff continues to work with BNSF, RCTC, and Metro to address track-sharing issues, operating constraints and funding that will impact the options for redeployment. Metrolink has taken the lead in the discussions with the BNSF Railway to evaluate the current shared use and indemnification/liability agreements that govern the use of each agencies respective railroad rights of way. These discussions are on-going and special counsel has been brought in to assist. Operation of additional Metrolink trains to Los Angeles is contingent on addressing indemnification and liability agreements and the completion of a triple track project on the BNSF Railway between Fullerton and Los Angeles, which is currently anticipated in spring 2017.

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Progress Report

TRANSIT



Project R continued from previous page...

Rail Corridor & Station Improvements

Additionally under the Metrolink Service Expansion Program, funding is provided for rail line and station improvements to accommodate increased service. Rail station parking lot expansions, better access to platforms, among other improvements have been made or are underway. For schedule information on station improvement projects, please see the Capital Action Plan pages at the back of this report.

Anaheim Canyon Metrolink Station

This OCTA-led project will include construction of a second main track and platform, lengthening the existing platform, improved pedestrian circulation, added benches, shade structures, and Ticket Vending Machines (TVM) at the Anaheim Canyon Metrolink Station. Preliminary plans are complete and CEQA clearance is expected next quarter in January 2017, with NEPA clearance expected in February 2017. Following CEQA and NEPA clearance, a Request for Proposals (RFP) for final design will be released by the Board.

Fullerton Transportation Center Improvements

Completed early on, a new 5-level parking structure, accommodating approximately 821 public parking spaces, was constructed to provide additional transit parking at the Fullerton Transportation Center for both intercity rail service and commuter rail passengers. This City-led project was completed on June 19, 2012. After completion, an elevator upgrade project was proposed with leftover savings. The elevator project will modify the existing pedestrian bridge to add two new traction elevators, one on each side. The City of Fullerton is the lead on this project as well. Notice to Proceed was issued in January 2016, however, work on the platform area has not begun. Renovations to the restrooms have been completed, but the contractor has experienced delays in starting on the elevator work due to subcontractor issues. It is now anticipated that work will begin in January 2017. Construction is expected to take one year.

Laguna Niguel/Mission Viejo Station - 31% Complete

The Laguna Niguel/Mission Viejo station accessibility improvements project is currently in the construction phase. Improvements include new Americans with Disabilities Act (ADA)-compliant access ramps on either side of the pedestrian undercrossing and a unisex ADA-compliant restroom. Initial demolition work has begun. The contractor has finished relocation of the sewer line and is continuing with shoring and excavation on the west side of the project in preparation for the future ADA ramp. Construction of the eastern ramp will begin in early 2017. Because various submittal requirements took longer than expected, staff is anticipating the project will be completed 1-3 months beyond the original schedule. As a result, this project is marked “yellow” in the Capital Action Plan. The project is expected to be complete in July 2017.

Orange Parking Structure

OCTA is the lead for the construction phase of this project. The City of Orange is the lead for the design phase. An Invitation for Bids (IFB) was released in July 2016, and a bid opening was held on September 20, 2016; however, the plans were deemed non-compliant with federal Buy America provisions and the procurement was cancelled. The project was re-bid in November 2016, and construction is expected to begin in spring 2017. Also in September

Continues on the next page...

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Progress Report

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Project R continued from previous page...

2016, the Board approved the selection of a construction management firm. Negotiations are in progress, and a signed contract is anticipated in February 2017. The completed project will be a 611-space, 5-level shared use parking structure that will be located on Lemon Street between Chapman Avenue and Maple Street in Orange. This project is marked “red” in the Capital Action Plan, signifying a delay of more than three months. As a result of design challenges, this project has been delayed by three years from its original schedule.

Placentia Station

Plans for the proposed Placentia Metrolink Station Project were near completion but the City of Placentia requested to modify the plans to include a parking structure to be built where surface parking had been designed. On June 27, 2016, the Board approved a new cooperative agreement with the City that revised the scope of the project and budget. There will now be a parking structure as part of the project and the City will contribute towards the cost. During the quarter, OCTA revised the agreement with the engineer of record and revisions to the plans have begun. An RFP for construction management services was released in August 2016 and a selection was approved by the Board in December 2016. A contract for these services is expected to be in place in March 2017 so a constructability review can be done. The project is anticipated to begin construction in spring 2018 and is anticipated to be complete in fall 2019.

San Clemente Pier Station Lighting - 30% Complete

Currently in the construction phase, this project will add lighting to the existing platform of the San Clemente Pier Station. OCTA is the lead for design and installation. During the quarter, demolition and trenching were completed, as well as installation of new hand rails at the mini-high platform. Construction is anticipated to be complete in March 2017.

San Juan Capistrano/Laguna Niguel Passing Siding Project

Currently in the design phase, this project will add approximately 1.8 miles of new passing siding railroad track adjacent to the existing mainline track, which will enhance operational efficiency of passenger services within the LOSSAN rail corridor. During the quarter, the project team completed the 90 percent design plans and continued working with various jurisdictions including the California Public Utilities Commission to analyze the at-grade crossing modifications. The overall project cost impacts are currently estimated at \$5.6 million above the original project budget of \$25.3 million, which was based on a preliminary design in 2013. The project cost increase was due to necessary changes to the specified retaining wall type, height, and length due to site constraints, removal of Control Point (CP) Avery, replacement of an existing 1940 wooden trestle bridge, and other adjustments to project support costs and construction cost escalations. Completion of the design phase is expected in April 2017, with construction beginning in late 2017. Project completion is expected in late 2019. The project team continues to reduce the overall schedule impact wherever possible. This project is marked “red” in the Capital Action Plan, signifying a delay of more than three months. This project has been delayed by six months from its original schedule.



Project R continued from previous page...

Tustin Parking Structure - 100% Complete

Also completed early on, this project provided additional parking at the Tustin Metrolink Station to meet increased requirements associated with the MSEP by constructing a new 4-story parking structure with approximately 735 spaces, plus on-site surface parking. The parking structure was opened to the public on September 22, 2011.

Additional rail corridor improvements include: completion of the San Clemente Beach Trail Audible Warning System (AWS) project, which provides additional safety improvements and AWS devices at seven pedestrian grade crossings along the beach trail (AWS activation occurred on June 24, 2016); completed PSR's or environmental clearance for six potential grade separation projects along the LOSSAN corridor (State College Avenue, Ball Road, 17th Street, Santa Ana Boulevard, Grand Avenue, and Orangethorpe Avenue); replacement of the San Juan Creek railroad bridge in the City of San Juan Capistrano, which will also accommodate a future bike trail on the south end along the creek (design is 60 percent complete); the Control Point project at Fourth Street in the City of Santa Ana, which will provide rail operational efficiencies; the Railroad ROW Slope Stabilization project, which includes eight locations within the OCTA-owned LOSSAN rail corridor that have been identified for improvements to prevent future erosion and slope instability; video surveillance, and continued implementation of Positive Train Control.

Sand Canyon Grade Separation

Status: PROJECT COMPLETE



Contact: Rose Casey, Highways
(714) 560-5729

Summary: The project located at Sand Canyon Avenue railroad crossing is grade separated and open to traffic. The project separated the local street from railroad tracks in the City of Irvine by constructing an underpass for vehicular traffic. The westbound lanes were opened to traffic on June 12, 2014, and the eastbound lanes were opened to traffic on July 14, 2014. A road opening ceremony was held on August 11, 2014. The project is completed and construction acceptance was obtained from the City of Irvine on January 15, 2016. The project is in the one-year warranty period and no repairs have been identified to date. The project will be closed out in mid-January 2017.

Project S

Transit Extensions to Metrolink

Project S includes a competitive program which allows cities to apply for funding to connect passengers to their final destinations using transit in order to broaden the reach of Metrolink to other Orange County cities, communities and activity centers. There are currently two areas of this program: a fixed guideway program (street car) and a rubber tire transit program.

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Progress Report

TRANSIT



Project S continued from previous page...

OC Streetcar Project

Status: Design Phase Underway

Summary: OCTA is serving as the lead agency for the OC Streetcar project. FTA formally advanced the project into the Project Development phase of the federal New Starts program in May 2015. FTA has shown strong support for this project, including ascribing an overall medium-high rating to it in their Annual New Starts Report, which was released in February 2016. The full Notice to Proceed for design was issued in February 2016, and a consultant team was selected to prepare design plans (PS&E) for the project.

During the quarter, 60 percent PS&E was completed. Property negotiations continued for the parcels required for the Maintenance and Storage Facility (MSF), and discussions on relocation assistance were held with the MSF residential and commercial tenants. Two RFPs were released, including a quality assurance manager as well as services for a public awareness campaign. Staff also continued working closely with the cities of Santa Ana and Garden Grove to review design plans, finalize utility relocation arrangements with utility companies, and continue preparations for entering the engineering phase. Approval for entry into the New Starts Engineering phase is anticipated next quarter in January 2017.

In October, staff received feedback from the Board on conceptual streetcar stop designs. Revised concepts with larger shade structures and additional seating accommodations were presented to and approved by the Board in November.

In December, the Board approved issuance of an RFP for a vehicle manufacturing and delivery contract after issues arose related to “piggybacking” (securing an assignment on another agency’s vehicle contract) and meeting FTA requirements for Buy America compliance. The Construction Manager also began work, and will be conducting a constructability review for the project.

Bus and Station Van Extension Projects

Status: Service Ongoing for Oakley Vanpool and Anaheim Canyon Metrolink Bus Connection

Summary: Bus and Station Van Extension projects help enhance the frequency of service in the Metrolink corridor by linking communities within the central core of Orange County. To date, the Board has approved one round of funding for bus and van extension projects, totaling over \$730,000. Four projects located within the cities of Anaheim and Lake Forest were approved for funding by the Board on July 23, 2012. Two projects have implemented service, one has been revised with a scope change, and the other has been cancelled. The vanpool connection from the Irvine Metrolink Station to the Oakley employment center in the City of Lake Forest began in December 2012, and the Anaheim Canyon Metrolink Station Bus Connection began service in February 2013. Following detailed discussions with OCTA staff, the Board approved a scope change submitted by the City on behalf of Panasonic Avionics in December 2015, which utilizes the City’s established shuttle program to provide trips between the Irvine Metrolink Station and the Panasonic employment center as an alternative to providing vanpool services. Service

Contact: Jennifer Bergener, Rail
(714) 560-5462

Contact: Sam Kaur, Planning
(714) 560-5673



Project S continued from previous page...

associated with Invensys Incorporated in the City of Lake Forest was cancelled at the request of the participant, and the funds have been returned to the program for use in future calls for projects. Service provided in the City of Anaheim carries approximately 90 passengers per day between the station and Anaheim Resort area.

Project T

Convert Metrolink Stations to Regional Gateways that Connect Orange County with High-Speed Rail Systems

Contact: Jennifer Bergener, Rail
(714) 560-5462

Status: PROJECT COMPLETE



Summary: This project constructed the Anaheim Regional Transportation Intermodal Center (ARTIC) located at 2626 East Katella Avenue in the City of Anaheim. In addition to providing transit connections for OCTA bus service, Metrolink and Amtrak service, shuttle and charter bus service, taxis, bikes, and other public and private transportation services, ARTIC also accommodates future high-speed rail trains. The City of Anaheim, which led the construction effort, opened the facility to rail and bus service on December 6, 2014. A ribbon-cutting ceremony was held on December 8, 2014, with a grand opening celebration hosted on December 13, 2014. This facility replaced the former Anaheim Station that was located on the opposite side of the freeway in the Angel Stadium parking lot.

Project U

Project U expands mobility choices for seniors and persons with disabilities, and includes the Senior Mobility Program (SMP), the Senior Non-emergency Medical Transportation Program (SNEMT), and the Fare Stabilization Program. Since inception, a total of approximately \$43 million in Project U funding has been provided under M2.

Senior Mobility Program (SMP)

Contact: Curt Burlingame, Transit
(714) 560-5921

Status: Ongoing

Summary: This program provides one percent of net M2 revenues to continue and expand local community transportation service for seniors under the SMP. Including this quarter and since inception of the program, more than \$14.03 million and 1,520,000 boardings and have been provided for seniors traveling to medical appointments, nutrition programs shopping destinations, and senior and community center activities. This quarter, more than \$442,200 was paid out to the 31 participating cities during the month of November*.

**Payments are made every other month (January, March, May, July, September, and November). The amount totaled for one fiscal year quarter either covers one or two payments, depending on the months that fall within that quarter.*



Project U continued from previous page...

Senior Non-emergency Medical Transportation Program (SNEMT)

Contact: Curt Burlingame, Transit
(714) 560-5921

Status: Ongoing

Summary: This program provides one percent of net M2 revenues to supplement existing countywide senior non-emergency medical transportation services. Including this quarter and since inception of the program, more than \$14.03 million and 526,000 SNEMT boardings have been provided. This quarter, more than \$467,000 in SNEMT funding was paid to the County of Orange during the month of November*.

**Payments are made every other month (January, March, May, July, September, and November). The amount totaled for one fiscal year quarter either covers one or two payments, depending on the months that fall within that quarter.*

Fare Stabilization Program

Contact: Sean Murdock, Finance
(714) 560-5685

Status: Ongoing

Summary: Between years 2011-2015, one percent of net M2 revenues was dedicated to stabilize fares and provide fare discounts for bus services and specialized ACCESS services for seniors and persons with disabilities. Effective January 28, 2016, an amendment to the M2 Ordinance No. 3, adjusted this amount to 1.47 percent of net M2 revenues to be dedicated to the Fare Stabilization Program.

Approximately \$879,284 in revenue was allocated this quarter to support the Fare Stabilization Program. The amount of funding utilized each quarter varies based on ridership. Throughout the quarter, approximately 3,358,645 program-related boardings were recorded on fixed route and ACCESS services. Since inception of the program, more than \$15.13 million and 76,000,000 program-related boardings have been provided.

Project V

Contact: Sam Kaur, Planning
(714) 560-5673

Community Based Transit / Circulators

Status: 2012 Call for Projects Service Ongoing, 2016 Call for Projects Service Begun

Summary: This project establishes a competitive program for local jurisdictions to develop local bus transit services such as community based circulators and shuttles that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit. On June 24, 2013, the Board approved the first round of funding for \$9.8 million to fund five funding proposals from the Cities of Dana Point, Huntington Beach, La Habra, Laguna Beach, and Lake Forest. Funding was approved to implement vanpool services from local employment centers to transportation hubs, special event and seasonal services that operate during heavy traffic periods, and



Project V continued from previous page...

local community circulators that carry passengers between various shopping, medical, and transportation-related centers. Prior to the second Call for Projects, Project V Guidelines were revised in 2015, per Board direction, to encourage more local agency participation. On June 13, 2016 the Board approved \$26.7 million in Project V funds for 17 Capital and Operations grants and \$323,780 for seven planning grants. OCTA staff has completed agreements with the local agencies to implement these projects. Services for the Cities of Westminster, Mission Viejo and San Clemente started in October 2016. OCTA staff will continue to monitor these services to ensure the performance standards are met and will provide reports to the Board on a regular basis.

Project W

Contact: Sam Kaur, Planning
(714) 560-5673

Safe Transit Stops

Status: City-Initiated Improvements Underway or Complete; Mobile Ticketing in Use

Summary: This project provides funding for passenger amenities at the 100 busiest transit stops across the County, determined by average daily weekday passenger boardings. Stop improvements will be designed to ease transfers between bus lines and provide passenger amenities such as improved shelters and lighting. On July 14, 2014, the Board determined that 80 percent of available Project W funding (\$4.47 million) would be designated for supporting city-initiated projects, and the remaining 20 percent (\$1.12 million) would be directed towards the development and implementation of regional, customer-facing technologies that benefit the 100 busiest stops. On that date, the Board approved up to \$1,205,666 for city-initiated improvements and \$370,000 for OCTA-initiated improvements in fiscal year 2014-15.

According to October 2012 ridership data, 15 cities (containing at least one of the 100 busiest stops) are eligible for Safe Transit Stops funding. Seven cities applied for funds, and 51 projects were approved for funding per the July 2014 Board approval. Letter agreements with local agencies to allow the use of funds are complete. The City of Anaheim was not able to initiate the improvements for their projects and will reapply for funds through the next Call for Projects. The remaining 43 projects have been moving forward. The Cities of Irvine, Westminster, Costa Mesa, Orange, and Brea have completed their projects. The City of Santa Ana awarded their contract in April 2016 and will report completion of the projects to OCTA in the future.

For OCTA-initiated improvements, the \$370,000 investment has been contributed towards a mobile ticketing application (app) that will make it more convenient for bus customers to purchase bus passes, obtain trip information, and board buses using smart phone devices to display bus passes as proof of payment. The smart phone app was launched on June 15, 2016, for OC Fair and Express Bus users and received positive reviews. It is planned to be expanded to include regular fixed route and college pass purchases next quarter, and then to include reduced fare purchases (for Seniors and Persons with Disabilities) early next year.



Project X

Contact: Dan Phu, Planning
(714) 560-5907

Environmental Cleanup

Status: Ongoing

Summary: This program implements street and highway-related water quality improvement programs and projects that assist agencies countywide with federal Clean Water Act standards for urban runoff. It 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. The Environmental Cleanup Allocation Committee (ECAC) is charged with making recommendations to the Board on the allocation of funds for the Environmental Cleanup Program (ECP). These funds are allocated on a countywide, competitive basis to assist agencies in meeting the Clean Water Act standards for controlling transportation-related pollution.

Project X is composed of a two-tiered funding process focusing on early priorities (Tier 1), and a second program designed to prepare for more comprehensive capital investments (Tier 2). To date, there have been six rounds of funding under the Tier 1 grants program. A total of 138 projects, amounting to nearly \$17 million, have been awarded by the Board since 2011. There have been two rounds of funding under the Tier 2 grants program. A total of 22 projects in the amount of \$27.89 million have been awarded by the Board since 2013. To date, 33 of the 34 Orange County cities plus the County of Orange have received funding under this program. The seventh Tier 1 Call for Projects is anticipated to be released in early 2017, providing approximately \$3.1 million.

With approximately \$10 million in Tier 2 funding remaining, staff continues to work with the ECAC and the County of Orange to recommend the appropriate timing of a third Tier 2 Call for Projects.

Part of Projects A-M

Contact: Dan Phu, Planning
(714) 560-5907

Freeway Mitigation Program

Status: Final Conservation Plan and EIR/EIS Approved by the Board

Summary: The Freeway Mitigation Program provides higher-value environmental benefits such as habitat protection, wildlife corridors, and resource preservation in exchange for streamlined project approvals and greater certainty in the delivery of Projects A-M. The program is proceeding as planned, with seven properties (Preserves) acquired (1,300 acres), and 11 restoration projects approved for funding by the Board, totaling approximately 350 acres. The restoration project plans have been approved by the wildlife agencies and are currently at various stages of implementation. To date, the Board has authorized \$42 million for property acquisitions, \$10.5 million to fund habitat restoration activities, and \$2.5 million for conservation plan development and program support, for a total

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ENVIRONMENTAL



Part of Projects A-M continued from previous page...

of approximately \$55 million.

The program's Final Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan) and Final Environmental Impact Report and Environmental Impact Statement (EIR/EIS) were approved by the Board in November 2016. As part of the Conservation Plan process, an endowment is required to be established to pay for the long-term management of the Preserves. In September 2016, the Board approved Staff's recommendation to retain the California Community Foundation to establish the endowment. It is estimated that it will take up to fifteen years to fully fund the endowment. The first endowment deposit is anticipated to be made in early 2017. Staff will continue to oversee and manage the Preserves until a long-term manager(s) is established. Additionally, staff will monitor the progress of all restoration projects and provide status updates to the Environmental Oversight Committee until each project is implemented.

Separate Preserve-specific RMPs for five Preserves within Trabuco and Silverado Canyons are currently being finalized and will determine the appropriate management needs (consistent with the Conservation Plan), which will include an assessment of recreational uses for each of the Preserves. In addition, the RMPs are also under development for the more recently acquired MacPherson and Aliso Canyon Preserves. Public access events will continue to be held on the Ferber Preserve as well as the O'Neill Oaks and Aliso Canyon Preserves. A list of scheduled 2017 wilderness Preserve hiking and equestrian riding tours is available on the M2 website at www.PreservingOurLegacy.org.

As part of the safeguards in place for the M2 Program, a 12-member Environmental Oversight Committee (EOC) makes funding allocation recommendations to assist OCTA in acquiring land and restoring habitats in exchange for streamlined project approvals for the M2 freeway improvement projects (A-M).

See map of Preserves and funded restoration properties on the following page.

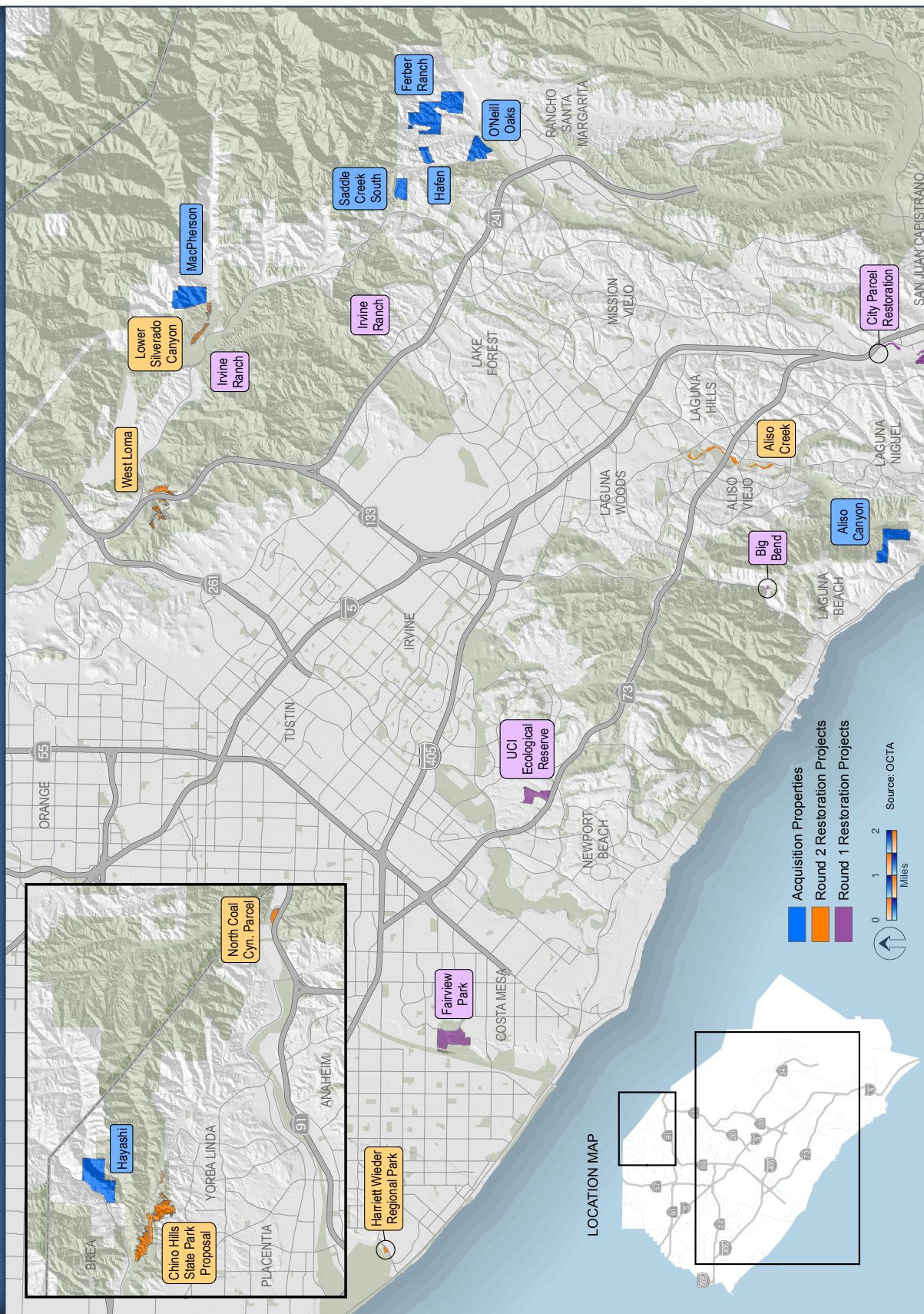
Measure M2

Progress Report

ENVIRONMENTAL



Acquisition Properties and Funded Restoration Projects





PMO Continued from previous page...

Program Management Office

Contact: Tami Warren, PMO Manager
(714) 560-5590

The Measure M (M1 and M2) Program Management Office (PMO) provides interdivisional coordination for all M-related projects and programs. To ensure agency-wide compliance, the PMO also holds a bi-monthly committee meeting made up of executive directors and key staff from each of the divisions, which meets to review significant issues and activities within the Measure M programs. This quarter, the focus of the PMO has been on several major items, including the following.

Next 10 Delivery Plan

On November 14, 2016, the Board of Directors adopted the Next 10 Delivery Plan providing staff guidance on delivery of M2 projects and programs between 2017 and 2026. Due to reduced state and federal funding and lower-than-anticipated sales tax revenues, the freeway program identified in the M2020 plan was underfunded, and therefore not deliverable based on current assumptions. Cash flows for M2 projects and programs were run to determine what can be accomplished between 2017 and 2026, based on financial constraints. Next 10 is a comprehensive plan that was developed to ensure that the promises made in the entire Measure M2 Investment Plan can continue to be delivered despite changing economic impacts and revenue shortfalls. The Next 10 Plan takes into account the revised sales tax revenue forecast (supplemented with external revenue – Federal, State and local dollars), updated project cost and schedules, and outlines key M2 project and program milestones to be delivered in the next 10 years. During the Next 10 time period, more than \$6 billion in transportation improvements promised to the voters in M2 are to be completed or underway by 2026.

2012-2015 M2 Performance Assessment Update

Measure M2's Ordinance No. 3 requires that a M2 performance assessment be conducted every three years. To date there have been two prior performance assessments and the most recent assessment reviewed the time period of July 1, 2012 through June 30, 2015. The final report and findings were received in May 2016. The results of the Performance Assessment including findings were brought to the Taxpayer Oversight Committee (TOC) on June 14, 2016 for information, and were presented to the Board on August 8, 2016 for approval. Overall, the FY 2012-13 through FY 2014-15 assessment commends OCTA's commitment to the effective and efficient management and delivery of the M2 Program. While there were no significant findings, recommendations for improvements were made. A total of 9 recommendations were identified and over the next 12 months staff will make improvements to address recommendations as presented to the Board in August.

M2 Awareness and Signage

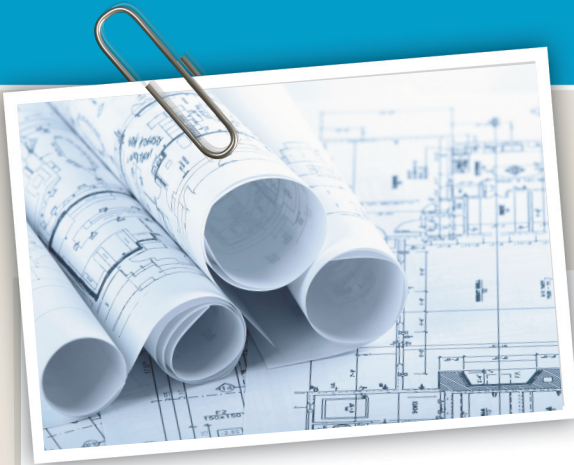
M2 Signage Guidelines are being developed in response to Performance Assessment findings regarding M2 awareness and public perception. These uniform guidelines will document signage procedures to follow for each of the M2 programs (Freeway, Streets & Roads, Transit, and Environmental projects) and will be designed to create a common brand across all modes. During the quarter, the PMO met with key staff and stakeholders to refine the draft design concepts. Final templates will be selected next quarter, with the final version of the signage guidelines anticipated to be complete in June

Continues on the next page...

Measure M2

Progress Report

PROGRAM MGMT



PMO continued from previous page...

2017.

M2 Administrative Cost Safeguards

Both M1 and M2 include one percent caps on administrative expenses for salaries and benefits of OCTA administrative staff, but the M2 language sets the cap on an annual basis, whereas the M1 cap was set as an annual average over the life of the measure. In a legal opinion on M2, it was determined that in years where administrative salaries and benefits are above one percent, only one percent can be allocated with the difference borrowed from other, non-Measure M fund sources. Conversely, in years where administrative salaries and benefits are below one percent, OCTA can still allocate the full one percent for administrative salaries and benefits but may use the unused portion to repay the amount borrowed from prior years in which administrative salaries and benefits were above one percent.

Based on the original M2 revenue projections, OCTA expected to receive \$24.3 billion in M2 funds, with one percent of total revenues available to fund administrative salaries and benefits over the life of the program. As M2 revenue projections declined (currently projected to be 41.7 percent) as a result of economic conditions, the funds available to support administrative salaries and benefits have also declined from the original expectations. While revenue has declined, the administrative effort needed to deliver M2 remains the same. Additionally, the initiation of the Early Action Plan (EAP) in 2007 required administrative functions four years prior to revenue collection. While the EAP resulted in project savings and significant acceleration of the program, administrative functions were required during this time with associated administrative costs.

As a result of the aforementioned factors, OCTA has incurred higher than one percent administrative costs. OCTA currently has Board approval to use funds from the Orange County Unified Transportation Trust (OCUTT) fund to cover costs above the one percent, with the understanding that those funds will be repaid with interest in future years that OCTA administrative costs fall below the one percent cap. As of June 30, 2012, OCTA had borrowed approximately \$5.2 million from OCUTT. Following recommendations received through the February 2013 M2 Performance Assessment Final Report, staff adjusted the approach to apply the allocation of state planning funds to areas that are subject to the one percent administration cap and adjusted OCTA's cost allocation plan to ensure that administrative charges are more precisely captured. Over the last few years, OCTA has experienced underruns in the one percent administration cap and has made payments to OCUTT to reduce the outstanding balance. As of December 2016, the outstanding balance was \$2.3 million.

Staff continues to meet quarterly to review all labor costs to ensure proper cost allocation to both M1 and M2. During the quarter, staff met on October 19, 2016, to review the labor reports to ensure costs attributed to the one percent cap were accurately reported and there were no misplaced project related costs, as well as to ensure project costs were applied to the correct projects. Staff will meet again on January 18, 2017, to conduct this quarterly review.

Taxpayer Oversight Committee

The M2 Ordinance requires a Taxpayer Oversight Committee (TOC) to oversee the implementation of the M2 plan. With the exception of the elected Auditor/Controller of Orange County who in Ordinance No. 3 is identified as the chair of the TOC, all other members are not elected or appointed officials. Members are recruited and screened for expertise

Measure M2

Progress Report

PROGRAM MGMT



and experience by the Orange County Grand Jurors Association, and are selected from the qualified pool by lottery. The TOC meets every other month. The TOC upholds the integrity of the measure by monitoring the use of Measure M funds and ensuring that all revenue collected from Measure M is spent on voter-approved transportation projects. The responsibilities of the 11-member Measure M TOC are to:

- Ensure all transportation revenue collected from Measure M is spent on the projects approved by the voters as part of the plan
- Ratify any changes in the plan and recommend any major changes go back to the voters for approval
- Participate in ensuring that all jurisdictions in Orange County conform with the requirements of Measure M before receipt of any tax monies for local projects
- Hold annual public meetings regarding the expenditure and status of funds generated by Measure M
- Review independent audits of issues regarding the plan and performance of the Orange County local Transportation Authority regarding the expenditure of Measure M sales tax monies
- Annually certify whether Measure M funds have been spent in compliance with the plan.

The TOC met on October 11, 2016, to hear presentations on and discuss the Measure M Next 10 Delivery Plan, an overview of Comprehensive Transportation Funding Programs, and updates on Measure M sales tax revenue forecasts and the OC Bridges projects. The December 13, 2016, TOC meeting was cancelled.

Two subcommittees have been formed to assist the TOC with their safeguard responsibilities: the Annual Eligibility Review (AER) Subcommittee and the Audit Subcommittee. The AER Subcommittee meets a few times per year, as needed, to ensure local jurisdictions have submitted the following documents in order to be deemed eligible to receive M2 funding: Congestion Management Program, Mitigation Fee Program, Local Traffic Signal Synchronization Plan, Pavement Management Plan, and an Expenditure Report. The Audit Subcommittee meets bi-monthly and is responsible for reviewing the quarterly M2 Revenue and Expenditure Reports and the Annual Measure M Audit, as well as any other items related to Measure M audits.



M2 Financing

Contact: Sean Murdock, Finance
(714) 560-5685

Revenue Forecast and Collection

OCTA contracts with three universities (Chapman University; University of California, Los Angeles; and California State University, Fullerton) to provide a long-range forecast of taxable sales to forecast Measure M2 revenues for purposes of planning projects and program expenditures. In the past, OCTA has taken an average of the three university taxable sales projections to develop a long-range forecast of Measure M2 taxable sales. On March 28, 2016, as part of the FY 2016-17 budget development process, the Board approved a new sales tax forecast methodology. This methodology includes a more conservative approach by utilizing a five-year forecast from MuniServices, Inc. Historically, MuniServices, Inc. has been more conservative than the three universities over the first five years of M2 revenue collection (2011-2016).

Revenue forecast information is updated quarterly based on the actual revenues received for the previous quarter. As required by law, OCTA pays the State Board of Equalization a fee to collect the sales tax. The M2 Ordinance estimated this fee to be 1.5 percent of the revenues collected over the life of the program.

Current Forecast

Based on long term forecasts received in July 2016, OCTA staff forecasts total nominal sales tax collections over the life of M2 to be approximately \$14.2 billion. Original projections in 2005 estimated total nominal M2 sales tax collections at \$24.3 billion. Based on the current estimated forecast of \$14.2 billion, sales tax revenue will run approximately \$10.1 billion (41.7 percent) less than the original 2005 projection. The revenue forecast for the life of the M2 Program will vary as actual sales tax revenue data is incorporated.

Final sales tax receipts through the first quarter of fiscal year 2016-17 (September 30, 2016) were received in December 2016, and reflected a growth in sales tax revenue of 2.21 percent over the same period of the prior fiscal year. The growth, while positive, is less than the budgeted sales tax growth rate of 4.4 percent for fiscal year 2016-17. Staff will continue to closely monitor sales tax receipts. At this time, no changes are required to the budget.

Measure M2

Progress Report

PROGRAM MGMT



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Measure M2

Progress Report

REVENUE & EXPENDITURES



Schedule 1

Measure M2

Schedule of Revenues, Expenditures and Changes in Fund Balance

as of December 31, 2016

(Unaudited)

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2016	Year to Date Dec 31, 2016 (A)	Period from Inception to Dec 31, 2016 (B)
Revenues:			
Sales taxes	\$ 81,565	\$ 159,401	\$ 1,609,710
Other agencies' share of Measure M2 costs:			
Project related	11,746	27,229	503,424
Non-project related	-	15	454
Interest:			
Operating:			
Project related	-	-	2
Non-project related	1,787	3,418	20,500
Bond proceeds	-	3,243	39,240
Debt service	8	14	90
Commercial paper	-	-	393
Right-of-way leases	30	89	903
Miscellaneous:			
Project related	-	-	270
Non-project related	-	-	100
Total revenues	<u>95,136</u>	<u>193,409</u>	<u>2,175,086</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	886	1,780	17,668
Professional services:			
Project related	8,430	10,879	283,728
Non-project related	499	700	15,743
Administration costs:			
Project related	2,132	4,267	48,807
Non-project related :			
Salaries and Benefits	591	1,183	18,623
Other	1,170	2,340	28,978
Other:			
Project related	45	64	1,742
Non-project related	16	20	3,820
Payments to local agencies:			
Project related	28,801	47,957	655,853
Capital outlay:			
Project related	8,851	15,794	562,287
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	27,085
Interest on long-term debt and commercial paper	6	10,671	126,208
Total expenditures	<u>51,427</u>	<u>95,655</u>	<u>1,790,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,709</u>	<u>97,754</u>	<u>384,513</u>
Other financing sources (uses):			
Transfers out:			
Project related	(963)	(1,665)	(24,324)
Non-project related	-	-	-
Transfers in:			
Project related	-	493	76,037
Non-project related	-	(493)	5,444
Bond proceeds	-	-	358,593
Total other financing sources (uses)	<u>(963)</u>	<u>(1,665)</u>	<u>415,750</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 42,746</u>	<u>\$ 96,089</u>	<u>\$ 800,263</u>



Schedule 2

Measure M2
Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)
as of December 31, 2016
(Unaudited)

(\$ in thousands)	Quarter Ended	Year to Date	Period from	Period from	Total
	Dec 31, 2016 (actual)	Dec 31, 2016 (actual) (C.1)	Inception through Dec 31, 2016 (actual) (D.1)	January 1, 2017 through March 31, 2041 (forecast) (E.1)	
Revenues:					
Sales taxes	\$ 81,565	\$ 159,401	\$ 1,609,710	\$ 12,558,021	\$ 14,167,731
Operating interest	1,787	3,418	20,500	206,009	226,509
Subtotal	<u>83,352</u>	<u>162,819</u>	<u>1,630,210</u>	<u>12,764,030</u>	<u>14,394,240</u>
Other agencies share of M2 costs	-	15	454	-	454
Miscellaneous	-	-	100	-	100
Total revenues	<u>83,352</u>	<u>162,834</u>	<u>1,630,764</u>	<u>12,764,030</u>	<u>14,394,794</u>
Administrative expenditures:					
SBOE fees	886	1,780	17,668	188,446	206,114
Professional services	499	700	11,967	86,053	98,020
Administration costs :					
Salaries and Benefits	591	1,183	18,623	125,560	144,183
Other	1,170	2,340	28,978	216,715	245,693
Other	16	20	3,820	21,654	25,474
Capital outlay	-	-	31	-	31
Environmental cleanup	3,092	6,681	24,831	251,120	275,951
Total expenditures	<u>6,254</u>	<u>12,704</u>	<u>105,918</u>	<u>889,548</u>	<u>995,466</u>
Net revenues	<u>\$ 77,098</u>	<u>\$ 150,130</u>	<u>\$ 1,524,846</u>	<u>\$ 11,874,482</u>	<u>\$ 13,399,328</u>
<hr/>					
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 358,593	\$ 1,450,000	\$ 1,808,593
Interest revenue from bond proceeds	-	3,243	39,240	6,405	45,645
Interest revenue from debt service funds	8	14	90	3,889	3,979
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>8</u>	<u>3,257</u>	<u>398,316</u>	<u>1,460,294</u>	<u>1,858,610</u>
Financing expenditures and uses:					
Professional services	-	-	3,776	12,340	16,116
Bond debt principal	-	-	27,085	1,771,748	1,798,833
Bond debt and other interest expense	6	10,671	126,208	888,611	1,014,819
Total financing expenditures and uses	<u>6</u>	<u>10,671</u>	<u>157,069</u>	<u>2,672,699</u>	<u>2,829,768</u>
Net bond revenues (debt service)	<u>\$ 2</u>	<u>\$ (7,414)</u>	<u>\$ 241,247</u>	<u>\$ (1,212,405)</u>	<u>\$ (971,158)</u>

Measure M2

Progress Report

REVENUE & EXPENDITURES



Measure M2
Schedule of Revenues and Expenditures Summary
as of September 30, 2016
(Unaudited)

Schedule 3

Project	Description	Net Revenues through Dec 31, 2016	Total Net Revenues
(G)		(H)	(I)
<i>(\$ in thousands)</i>			
Freeways (43% of Net Revenues)			
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 60,101	\$ 528,135
B	I-5 Santa Ana/SR-55 to El Toro	38,389	337,333
C	I-5 San Diego/South of El Toro	80,179	704,556
D	I-5 Santa Ana/San Diego Interchange Upgrades	32,992	289,913
E	SR-22 Garden Grove Freeway Access Improvements	15,345	134,843
F	SR-55 Costa Mesa Freeway Improvements	46,803	411,272
G	SR-57 Orange Freeway Improvements	33,082	290,700
H	SR-91 Improvements from I-5 to SR-57	17,903	157,317
I	SR-91 Improvements from SR-57 to SR-55	53,261	468,019
J	SR-91 Improvements from SR-55 to County Line	45,038	395,765
K	I-405 Improvements between I-605 to SR-55	137,186	1,205,499
L	I-405 Improvements between SR-55 to I-5	40,882	359,245
M	I-605 Freeway Access Improvements	2,558	22,474
N	All Freeway Service Patrol	19,181	168,554
	Freeway Mitigation	32,784	288,086
	Subtotal Projects	655,684	5,761,711
	Net (Bond Revenue)/Debt Service	-	-
	Total Freeways	\$ 655,684	\$ 5,761,711
	%		
Street and Roads Projects (32% of Net Revenues)			
O	Regional Capacity Program	\$ 152,487	\$ 1,339,950
P	Regional Traffic Signal Synchronization Program	60,992	535,956
Q	Local Fair Share Program	274,472	2,411,879
	Subtotal Projects	487,951	4,287,785
	Net (Bond Revenue)/Debt Service	-	-
	Total Street and Roads Projects	\$ 487,951	\$ 4,287,785
	%		

Measure M2

Progress Report

REVENUE & EXPENDITURES



Measure M2
Schedule of Revenues and Expenditures Summary
as of September 30, 2016
(Unaudited)

Schedule 3

Expenditures through Dec 31, 2016 (J)	Reimbursements through Dec 31, 2016 (K)	Net M2 Cost (L)
\$ 5,190	\$ 937	\$ 4,253
4,982	2,191	2,791
92,028	33,888	58,140
1,786	527	1,259
4	-	4
7,737	23	7,714
45,103	10,281	34,822
32,733	809	31,924
17,040	1,902	15,138
6,938	5,294	1,644
58,882	3,267	55,615
6,159	3,669	2,490
760	16	744
243	-	243
46,856	1,688	45,168
326,441	64,492	261,949
33,040	-	33,040
\$ 359,481	\$ 64,492	\$ 294,989
		27.8%
\$ 627,149	\$ 353,759	\$ 273,390
25,721	3,629	22,092
253,872	77	253,795
906,742	357,465	549,277
36,698	-	36,698
\$ 943,440	\$ 357,465	\$ 585,975
		55.2%

Continues on following page...

Measure M2

Progress Report

REVENUE & EXPENDITURES



Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2016
(Unaudited)

Schedule 3

Project	Description	Revenues through Dec 31, 2016	Total Revenues
	(G)	(H.1)	(I.1)
	(\$ in thousands)		
Transit Projects (25% of Net Revenues)			
R	High Frequency Metrolink Service	\$ 139,492	\$ 1,336,384
S	Transit Extensions to Metrolink	134,609	1,182,850
T	Metrolink Gateways	26,149	68,487
U	Expand Mobility Choices for Seniors and Persons with Disabilities	47,107	464,624
V	Community Based Transit/Circulators	30,489	267,916
W	Safe Transit Stops	3,365	29,571
	Subtotal Projects	381,211	3,349,832
	Net (Bond Revenue)/Debt Service	-	-
	Total Transit Projects	\$ 381,211	\$ 3,349,832
	%		
	Measure M2 Program	\$ 1,524,846	\$ 13,399,328
Environmental Cleanup (2% of Revenues)			
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 32,604	\$ 287,885
	Net (Bond Revenue)/Debt Service	-	-
	Total Environmental Cleanup	\$ 32,604	\$ 287,885
	%		
Taxpayer Safeguards and Audits			
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 24,146	\$ 212,516
	%		
	Oversight and Annual Audits (1% of Revenues)	\$ 16,302	\$ 143,942
	%		



Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2016
(Unaudited)

Schedule 3

Expenditures through Dec 31, 2016 (J)	Reimbursements through Dec 31, 2016 (K)	Net M2 Cost (L)
\$ 162,505	\$ 95,083	\$ 67,422
12,189	2,103	10,086
98,213	60,956	37,257
43,235	88	43,147
2,387	131	2,256
198	26	172
<u>318,727</u>	<u>158,387</u>	<u>160,340</u>
20,523	-	20,523
<u>\$ 339,250</u>	<u>\$ 158,387</u>	<u>\$ 180,863</u>
		17.0%
<u><u>\$ 1,642,171</u></u>	<u><u>\$ 580,344</u></u>	<u><u>\$ 1,061,827</u></u>
<u>\$ 24,831</u>	<u>\$ 292</u>	<u>\$ 24,539</u>
-	-	-
<u>\$ 24,831</u>	<u>\$ 292</u>	<u>\$ 24,539</u>
		1.5%
<u>\$ 17,668</u>	<u>\$ -</u>	<u>\$ 17,668</u>
		1.1%
<u>\$ 18,623</u>	<u>\$ 2,321</u>	<u>\$ 16,302</u>
		1.0%

Measure M2

Progress Report LOCAL FAIR SHARE



M2 FUNDS

ENTITY	2nd Quarter FY 2016/17	FUNDS TO DATE
ALISO VIEJO	\$104,110.88	\$3,153,386.43
ANAHEIM	\$912,839.83	\$27,251,846.56
BREA	\$148,771.89	\$4,579,760.41
BUENA PARK	\$241,195.86	\$7,391,720.66
COSTA MESA	\$384,459.51	\$11,478,340.33
CYPRESS	\$139,051.92	\$4,279,073.07
DANA POINT	\$84,563.06	\$2,611,346.68
FOUNTAIN VALLEY	\$162,802.89	\$4,998,631.21
FULLERTON	\$343,686.81	\$10,386,654.07
GARDEN GROVE	\$390,504.51	\$11,890,617.71
HUNTINGTON BEACH	\$506,908.38	\$15,502,166.30
IRVINE	\$725,857.24	\$20,913,482.83
LAGUNA BEACH	\$67,471.58	\$2,026,491.99
LAGUNA HILLS	\$89,100.07	\$2,725,736.45
LAGUNA NIGUEL	\$176,997.94	\$5,361,959.80
LAGUNA WOODS	\$32,978.73	\$1,028,983.21
LA HABRA	\$137,973.99	\$4,235,240.62
LAKE FOREST	\$210,934.08	\$6,237,431.38

Measure M2

Progress Report

LOCAL FAIR SHARE



M2 FUNDS

ENTITY	2nd Quarter FY 2016/17	FUNDS TO DATE
LA PALMA	\$44,131.20	\$1,398,562.25
LOS ALAMITOS	\$34,259.21	\$1,033,554.12
MISSION VIEJO	\$246,955.14	\$7,493,818.07
NEWPORT BEACH	\$287,984.85	\$8,759,327.86
ORANGE	\$437,733.92	\$13,094,158.80
PLACENTIA	\$124,866.84	\$3,782,258.00
RANCHO SANTA MARGARITA	\$110,566.64	\$3,389,081.82
SAN CLEMENTE	\$147,596.08	\$4,429,171.56
SAN JUAN CAPISTRANO	\$99,712.72	\$3,039,843.26
SANTA ANA	\$737,451.67	\$22,096,223.55
SEAL BEACH	\$64,926.59	\$2,054,505.21
STANTON	\$79,156.44	\$2,406,837.30
TUSTIN	\$241,141.97	\$7,071,638.30
VILLA PARK	\$13,711.17	\$416,021.17
WESTMINSTER	\$225,326.11	\$6,810,909.81
YORBA LINDA	\$157,784.29	\$4,778,712.64
COUNTY UNINCORPORATED	\$494,073.12	\$14,564,775.92
TOTAL M2 FUNDS	\$8,407,587.13	\$252,672,269.35

Measure M2

Progress Report

CAPITAL ACTION PLAN



Grey = Milestone achieved

Green = Forecast milestone meets or exceeds plan

Yellow = Forecast milestone is one to three months later than plan

Red = Forecast milestone is over three months later than plan

Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule Plan/Forecast			
		Begin Environmental	Complete Environmental	Complete Design	Complete Construction
FREEWAY PROJECTS					
I-5, Pico to Vista Hermosa	\$113.0	Jun-09	Dec-11	Oct-13	Aug-18
Project C	\$89.6	Jun-09	Oct-11	Oct-13	Aug-18
I-5, Vista Hermosa to Pacific Coast Highway	\$75.6	Jun-09	Dec-11	Feb-13	Mar-17
Project C	\$71.1	Jun-09	Oct-11	May-13	Mar-17
I-5, PCH to San Juan Creek Rd.	\$70.7	Jun-09	Dec-11	Jan-13	Sep-16
Project C	\$71.0	Jun-09	Oct-11	Jan-13	Apr-18
I-5, I-5/Ortega Interchange	\$90.9	Sep-05	Jun-09	Nov-11	Sep-15
Project D	\$80.3	Sep-05	Jun-09	Dec-11	Jan-16
I-5, I-5/Ortega Interchange (Landscape)	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	Oct-14	Sep-16
I-5, SR-73 to Oso Parkway	\$151.9	Sep-11	Jun-14	Jan-18	Apr-22
Project C & D	\$151.9	Oct-11	May-14	Jan-18	Sep-22
I-5, Oso Parkway to Alicia Parkway	\$196.2	Sep-11	Jun-14	Jun-17	Mar-22
Project C & D	\$196.2	Oct-11	May-14	Jun-17	Aug-22
I-5, Alicia Parkway to El Toro Road	\$133.6	Sep-11	Jun-14	Jun-18	Sep-22
Project C	\$133.6	Oct-11	May-14	Jun-18	Dec-22
I-5, I-5/El Toro Road Interchange	TBD	TBD	TBD	TBD	TBD
Project D	TBD	Apr-17	Mar-20	TBD	TBD
I-5, I-405 to SR-55	TBD	May-14	Aug-18	TBD	TBD
Project B	TBD	May-14	Aug-18	TBD	TBD
I-5, SR-55 to SR-57	\$37.1	Jul-11	Jun-13	Mar-17	Feb-20
Project A	\$37.1	Jun-11	Apr-15	May-17	Apr-20

*For detailed project information, please refer to the individual project section within this report.

Measure M2

Progress Report

CAPITAL ACTION PLAN



Grey = Milestone achieved

Green = Forecast milestone meets or exceeds plan

Yellow = Forecast milestone is one to three months later than plan

Red = Forecast milestone is over three months later than plan

Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule Plan/Forecast			
		Begin Environmental	Complete Environmental	Complete Design	Complete Construction
SR-55, I-405 to I-5	TBD	Feb-11	Nov-13	TBD	TBD
Project F	\$375.9	May-11	Sep-17	Mar-20	May-25
SR-55, I-5 to SR-91	TBD	Dec-16	TBD	TBD	TBD
Project F	TBD	Dec-16	Jun-19	TBD	TBD
SR-57 (NB), Orangewood to Katella	TBD	Apr-16	Dec-18	TBD	TBD
Project G	TBD	Apr-16	Dec-18	TBD	TBD
SR-57 (NB), Katella to Lincoln	\$78.7	Apr-08	Jul-09	Nov-10	Sep-14
Project G	\$40.5	Apr-08	Nov-09	Dec-10	Apr-15
SR-57 (NB), Katella to Lincoln (Landscape)	N/A	N/A	N/A	N/A	N/A
Project G	N/A	N/A	N/A	Jul-10	Aug-18
SR-57 (NB), Orangethorpe to Yorba Linda	\$80.2	Aug-05	Dec-07	Dec-09	May-14
Project G	\$52.4	Aug-05	Dec-07	Jul-09	Nov-14
SR-57 (NB), Yorba Linda to Lambert	\$79.3	Aug-05	Dec-07	Dec-09	Sep-14
Project G	\$54.8	Aug-05	Dec-07	Jul-09	May-14
SR-57 (NB), Orangethorpe to Lambert (Landscape)	N/A	N/A	N/A	N/A	N/A
Project G	N/A	N/A	N/A	Mar-17	Sep-18
SR-57 (NB), Lambert to Tonner Canyon (On Hold)	TBD	TBD	TBD	TBD	TBD
Project G	TBD	Jul-17	Jun-20	TBD	TBD
SR-91 Westbound (WB), I-5 to SR-57	\$78.1	Jul-07	Apr-10	Feb-12	Apr-16
Project H	\$59.4	Jul-07	Jun-10	Apr-12	Jun-16
SR-91 Westbound (WB), I-5 to SR-57 (Landscape)	N/A	N/A	N/A	N/A	N/A
Project H	N/A	N/A	N/A	Aug-16	May-18

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Measure M2

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Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule Plan/Forecast			
		Begin Environmental	Complete Environmental	Complete Design	Complete Construction
SR-91, SR-57 to SR-55	TBD	Jan-15	Oct-18	TBD	TBD
Project I	TBD	Jan-15	May-19	TBD	TBD
SR-91 (WB), Tustin Interchange to SR-55	\$49.9	Jul-08	Jul-11	Mar-13	Jul-16
Project I	\$43.8	Jul-08	May-11	Feb-13	Jul-16
SR-91, SR-55 to SR-241	\$128.4	Jul-07	Jul-09	Jan-11	Dec-12
Project J	\$79.6	Jul-07	Apr-09	Aug-10	Mar-13
SR-91, SR-55 to SR-241 (Landscape)	N/A	N/A	N/A	N/A	N/A
Project J	N/A	N/A	N/A	Feb-13	Feb-15
SR-91 Eastbound, SR-241 to SR-71	\$104.5	Mar-05	Dec-07	Dec-08	Nov-10
Project J	\$57.8	Mar-05	Dec-07	Dec-08	Jan-11
I-405, I-5 to SR-55	TBD	Dec-14	Jul-18	TBD	TBD
Project L	TBD	Dec-14	Jul-18	TBD	TBD
I-405, SR-55 to I-605 (Design-Build)	\$1,900.0	Mar-09	Mar-13	Nov-15	Apr-23
Project K	\$1,900.0	Mar-09	May-15	Nov-15	Apr-23
I-605, I-605/Katella Interchange (Draft)	TBD	Aug-16	Nov-18	TBD	TBD
Project M	TBD	Aug-16	Nov-18	TBD	TBD
GRADE SEPARATION PROJECTS					
Sand Canyon Avenue Railroad Grade Separation	\$55.6	N/A	Sep-03	Jul-10	May-14
Project R	\$61.7	N/A	Sep-03	Jul-10	Jan-16
Raymond Avenue Railroad Grade Separation	\$77.2	Feb-09	Nov-09	Aug-12	Aug-18
Project O	\$124.8	Feb-09	Nov-09	Dec-12	Aug-18
State College Blvd. Grade Separation (Fullerton)	\$73.6	Dec-08	Jan-11	Aug-12	May-18
Project O	\$97.0	Dec-08	Apr-11	Feb-13	May-18

Measure M2

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Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule Plan/Forecast			
		Begin Environmental	Complete Environmental	Complete Design	Complete Construction
Placentia Ave. Grade Separation	\$78.2	Jan-01	May-01	Mar-10	Nov-14
Project O	\$64.4	Jan-01	May-01	Jun-10	Dec-14
Kraemer Blvd. Grade Separation	\$70.4	Jan-01	Sep-09	Jul-10	Oct-14
Project O	\$63.5	Jan-01	Sep-09	Jul-10	Dec-14
Orangethorpe Blvd. Grade Separation	\$117.4	Jan-01	Sep-09	Dec-11	Sep-16
Project O	\$108.6	Jan-01	Sep-09	Oct-11	Oct-16
Tustin Ave./Rose Dr. Grade Separation	\$103.0	Jan-01	Sep-09	Dec-11	May-16
Project O	\$98.3	Jan-01	Sep-09	Jul-11	Oct-16
Lakeview Ave. Grade Separation	\$70.2	Jan-01	Sep-09	Oct-11	Mar-17
Project O	\$107.4	Jan-01	Sep-09	Jan-13	Jul-17
17th St. Grade Separation	TBD	Oct-14	Jun-16	TBD	TBD
Project R	TBD	Oct-14	Jun-17	TBD	TBD
RAIL AND STATION PROJECTS					
Rail-Highway Grade Crossing Safety Enhancement	\$94.4	Jan-08	Oct-08	Sep-08	Dec-11
Project R	\$90.4	Jan-08	Oct-08	Sep-08	Dec-11
San Clemente Beach Trail Safety Enhancements	\$6.0	Sep-10	Jul-11	Apr-12	Jan-14
Project R	\$5.0	Sep-10	Jul-11	Jun-12	Mar-14
San Juan Capistrano Passing Siding	\$25.3	Aug-11	Jan-13	May-16	Jan-19
	\$30.8	Aug-11	Mar-14	Apr-17	Dec-19
OC Streetcar	TBD	Aug-09	Mar-12	Sep-17	Apr-20
Project S	\$306.4	Aug-09	Mar-15	Sep-17	Apr-20
Placentia Metrolink Station and Parking Structure	\$34.8	Jan-03	May-07	Jan-11	TBD
Project R	\$34.8	Jan-03	May-07	Feb-11	Oct-19

*For detailed project information, please refer to the individual project section within this report.

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Capital Projects*	Cost Budget/ Forecast (in millions)	Schedule Plan/Forecast			
		Begin Environmental	Complete Environmental	Complete Design	Complete Construction
Anaheim Canyon Station	TBD	Jan-16	Dec-16	TBD	TBD
	\$21.0	Jan-16	Feb-17	Mar-19	Nov-20
Orange Station Parking Expansion	\$33.2	Dec-09	Dec-12	Apr-13	Jun-18
	\$33.2	Dec-09	May-16	Apr-16	Oct-18
Fullerton Transportation Center - Elevator Upgrades	\$3.5	N/A	N/A	Dec-13	Mar-17
	\$4.0	N/A	N/A	Dec-13	Jan-18
Laguna Niguel/Mission Viejo Station ADA Ramps	\$3.5	Jul-13	Jan-14	Aug-14	Apr-17
	\$4.9	Jul-13	Feb-14	Jul-15	Jul-17
Anaheim Regional Transportation Intermodal Center	\$227.4	Apr-09	Feb-11	Feb-12	Nov-14
Project R & T	\$230.4	Apr-09	Feb-12	May-12	Dec-14

*For detailed project information, please refer to the individual project section within this report.

LOS ANGELES

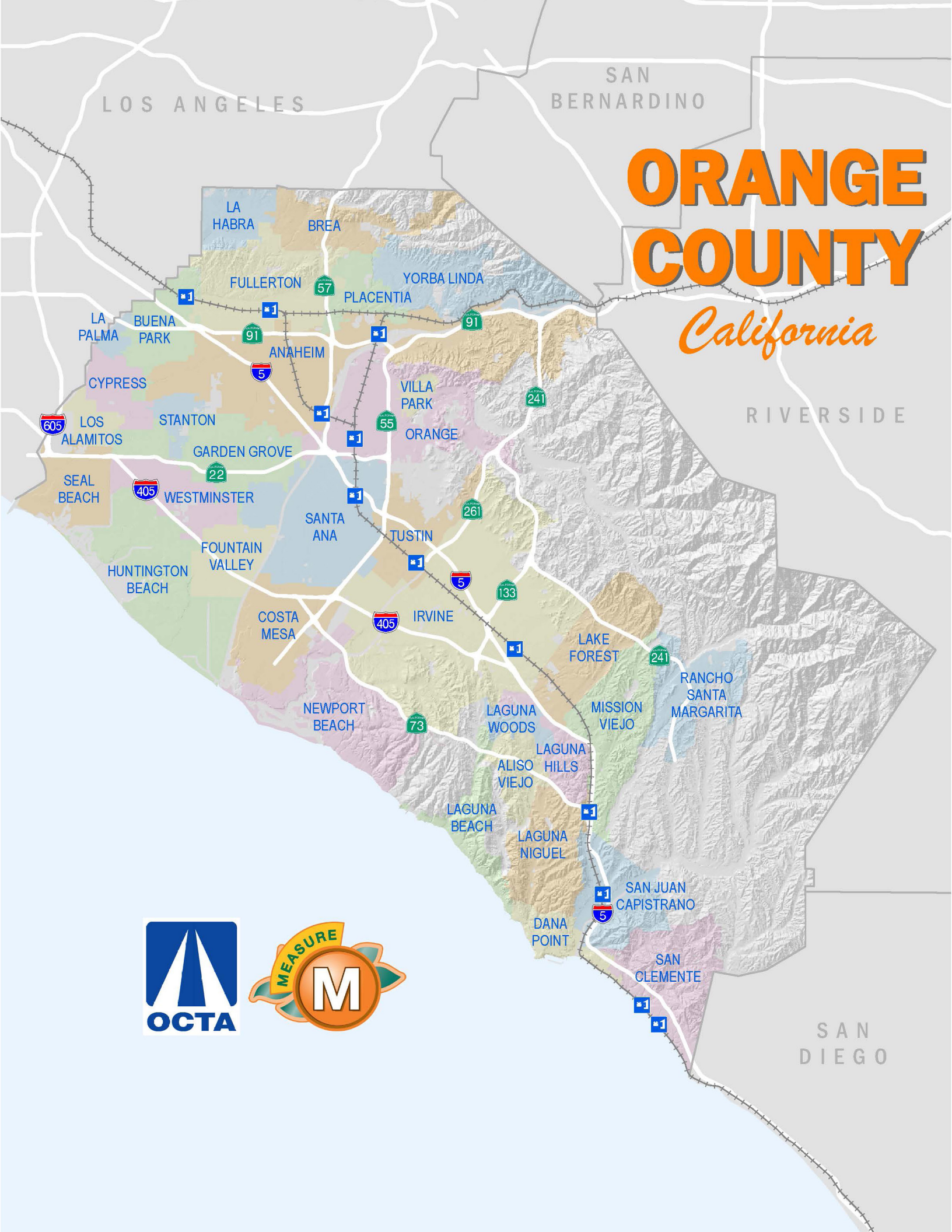
SAN BERNARDINO

ORANGE COUNTY

California

RIVERSIDE

SAN DIEGO





COMMITTEE TRANSMITTAL

March 27, 2017

To: Members of the Board of Directors
From: Laurena Weinert, ^{MS} Clerk of the Board
Subject: Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2016

Finance and Administration Committee Meeting of March 22, 2017

Present: Directors Do, Hennessey, Jones, Murphy, Spitzer, and Steel
Absent: Director Pulido

Committee Vote

This item was passed by the Members present.

Directors Hennessey and Jones were not present to vote on this item.

Committee Recommendations

- A. Direct staff to monitor implementation of recommendations by the County of Orange and all cities.
- B. Receive and file the Orange County Local Transportation Authority Measure M2 Senior Non-Emergency Medical Transportation Program Agreed-Upon Procedures Report Fiscal Year Ended June 30, 2016, the Orange County Local Transportation Authority Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2016, and the Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2016, as information items.



March 22, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Orange County Local Transportation Authority Measure M2
Agreed-Upon Procedures Reports, Year Ended June 30, 2016

Overview

Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has completed agreed-upon procedures related to Measure M2 Senior Non-Emergency Medical Transportation Program funds provided to the County of Orange, Local Fair Share funds provided to nine cities, and Senior Mobility Program funds provided to four cities, for the fiscal year ended June 30, 2016. Observations were made relating to the classification of Maintenance of Effort and Local Fair Share expenditures, errors in reporting of amounts on required activity reports and annual expenditure reports, failure to allocate interest income, senior mobility program trips, inclusion of projects in city Capital Improvement Program plans, and service contractor procurement.

Recommendations

- A. Direct staff to monitor implementation of recommendations by the County of Orange and all cities.
- B. Receive and file the Orange County Local Transportation Authority Measure M2 Senior Non-Emergency Medical Transportation Program Agreed-Upon Procedures Report Fiscal Year Ended June 30, 2016, the Orange County Local Transportation Authority Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2016, and the Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2016, as information items.

Background

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayer Oversight Committee selects a sample of local jurisdictions receiving Measure M2 (M2) funding for review to determine the local jurisdictions' level of compliance with provisions of the M2 Ordinance (Ordinance). For the fiscal year (FY) ended June 30, 2016, the Subcommittee selected the County of Orange (County) for review of the Senior Non-Emergency Medical Transportation (SNEMT) Program funding, nine cities for review of Local Fair Share (LFS) program funding, and four cities for review of Senior Mobility Program (SMP) funding. The agreed-upon procedures applied for these reviews were approved by the Subcommittee.

The SNEMT program supplements existing countywide services that are funded with Tobacco Settlement Revenue (TSR). Since the SNEMT program is intended to supplement, not replace, existing TSR expenditures, the County is required to allocate the same percentage of TSR funding that was allocated in November 2006. A cooperative agreement between the County and the Orange County Local Transportation Authority (OCLTA) outlines program requirements. The County is required to submit quarterly SNEMT activity reports within 45 days of quarter end.

The LFS program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. Since the LFS program is intended to augment, not replace, existing transportation expenditures, each jurisdiction is required to maintain a minimum level of local street and roads expenditures to conform to a defined maintenance of effort (MOE) requirement.

The SMP funds local community transportation services for seniors. This program provides 80 percent of the funding allocation, and participating local jurisdictions provide a 20 percent match. A cooperative agreement is executed between the local jurisdiction and OCLTA to outline requirements of the program and required matching funds. Cities are required to submit monthly SMP activity reports within 30 days of month end.

All M2 revenues, interest earned on net revenues, expenditures, and expenditures of earned interest are required to be reflected, along with a certification by the finance director, on an annual M2 Expenditure Report that must be adopted and filed with OCLTA within six months of fiscal year end.

Discussion

Vavrinek, Trine, Day & Company, LLP, (auditors) conducted the agreed-upon procedures, including site visits to each of the selected cities, and conducted

interviews of city finance and program-related staff. Procedures included sample testing of expenditures for compliance with related program requirements, review of indirect costs for adequate support and reasonableness, testing to ensure allocation of interest, and testing of activity reports and annual expenditure reports for accuracy.

Agreed-Upon Procedures: SNEMT Program Funds

The auditors identified omissions in the annual M2 Expenditure Report filed by the County. The M2 Expenditure Report did not include \$233,672 in administrative charges or any of the indirect charges to the SNEMT program. In addition, the fourth quarter SNEMT activity report under-reported expenditures by \$898,245. The auditors also reported that the County had not allocated interest to the fund, as required. The County responded that administrative and indirect cost charges will be reported with an explanation on the expenditure report for June 30, 2017, and procedures will be updated to ensure inclusion of these costs on all reports going forward. With regard to the quarterly activity report, the County indicated that the variance resulted from the timing of payments that were recorded in the general ledger after preparation of the report. The County will revise procedures to include accrual amounts in the fourth quarter summary reports; however, the County advised there will still be some differences. Finally, the County responded that interest revenue and costs will be tracked and allocated to the fund going forward.

The Orange County Local Transportation Authority Measure M2 Senior Non-Emergency Medical Transportation Program Agreed-Upon Procedures Report Year Ended June 30, 2016, can be found at Attachment A.

Agreed-Upon Procedures: LFS Program Funds

The auditors examined the cities of Fountain Valley, Fullerton, Laguna Niguel, Laguna Woods, Lake Forest, Newport Beach, Placentia, San Juan Capistrano, and Yorba Linda. At seven cities, the auditors identified expenditures not properly classified as MOE expenditures; however, after removing the amounts from MOE, all of the cities still met the minimum MOE requirement. Three cities failed to report indirect costs on their annual M2 Expenditure Reports, one city misreported LFS fund balance, and another city reported budget, rather than actual amounts, on the M2 Expenditure Report. Finally, one city did not include certain pavement management plan projects for which LFS funds were expended, in their Capital Improvement Project Plan, as required. Finally, a LFS expenditure of \$29 was found to be improperly classified.

A summary of all findings, by city, can be found at Attachment B and the detailed reports can be found at Attachment C.

Agreed-Upon Procedures: SMP Funds

The auditors examined the cities of Fullerton, Mission Viejo, Newport Beach, and Yorba Linda. Reporting errors in monthly activity reports were identified at two cities, and another city had not reflected fare revenue and other match expenditures in its general ledger system. The City of Fullerton (Fullerton) funded three trips to out-of-county destinations, contrary to revised guidelines for SMP trips. Also, Fullerton had not allocated interest to the funds and did not have evidence of insurance coverage on file for one of its SMP vendors. The City of Mission Viejo utilized two SMP vendors acquired through competitive bid in 2003 and 2006, and continued to extend those contracts, rather than conduct another competitive procurement for the services. The City of Yorba Linda (Yorba Linda) over-allocated interest to the SMP fund in error. Also, Yorba Linda revised its SMP program from allowing participants 55 and older to allowing participants 60 and older, in order to align with the ordinance.

A summary of all findings, by city, can be found at Attachment B and the detailed reports can be found at Attachment D.

Summary

The auditors have completed agreed-upon procedures related to Measure M2 SNEMT, LFS, and SMP funds provided to the County and ten cities for the FY ended June 30, 2016.

Attachments

- A. Orange County Local Transportation Authority Measure M2 Senior Non-Emergency Medical Transportation Program Agreed Upon Procedures Report Year Ended June 30, 2016
- B. Summary of Agreed-Upon Procedures Reports Orange County Local Transportation Authority
- C. Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2016
- D. Orange County Local Transportation Authority Senior Mobility Program Agreed-Upon Procedures Report Year Ended June 30, 2016

Prepared by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON EMERGENCY
MEDICAL TRANSPORTATION PROGRAM
AGREED-UPON PROCEDURES REPORT**

Year Ended June 30, 2016

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON EMERGENCY MEDICAL TRANSPORTATION PROGRAM
AGREED-UPON PROCEDURES REPORT**

Year Ended June 30, 2016

The County of Orange was selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2016.



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — COUNTY OF ORANGE**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the County of Orange's (County) level of compliance with certain provisions of the Measure M2 Senior Non-Emergency Medical Transportation Program (SNEMT Program) as of, and for the fiscal year ended, June 30, 2016. The County's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement between OCLTA and the County of Orange and determined that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which funds the County used to track expenditures relating to Senior Non Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on the County's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The County's expenditures are tracked in the general ledger by fund, department, unit and job number. The County records its Senior Non-Emergency Medical Transportation Program expenditures in its General Fund (100), within the Orange County Community Resources Department (012), Office of Aging Unit (2700), within M2 Administrative (Job# CA802) and M2 Contract (Job# CA812). Total program expenditures totaled \$3,353,995, for the fiscal year ended June 30, 2016. The County reported total expenditures of \$3,120,323 on the Expenditure Report (Schedule 2, lines 13 and 14 for Project U), resulting in a difference of \$233,672. The County excluded \$233,672 of M2 Administrative expenditures from the Expenditure Report. No other differences were noted as a result of our procedures.

3. We obtained a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculated the amount the County has received for the past three fiscal years. We obtained the fund balance of the County's SNEMT funds as of June 30, 2016, agreed to the balance as listed on the County's Expenditure Report (Schedule 1, lines 16 and 17) and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed the amount listed as received on the County's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The County received \$8,183,944 for the past three fiscal years, all for Measure M2 Senior Non-Emergency Medical Transportation Program for fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Non-Emergency Medical Transportation Program(M2)	\$ 1,366,662

We compared the fund balance of \$1,366,662 to the County's Expenditure Report (Schedule 1, lines 16 and 17), noting the County reported \$1,600,334, a difference of \$233,672. The County excluded \$233,672 of M2 Administrative expenditures from the Expenditure Report, which is the same difference noted in Procedure #2.

The County received \$2,825,885 during the fiscal year ended June 30, 2016 which agreed to the County's Expenditure Report (Schedule 2, Line 5 for Project U). No other differences were noted as a result of our procedures.

4. We reviewed the County's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund. We agreed the amount reflected to the amount of interest listed on the County's Expenditure Report (Schedule 2, line 6 for Project U), explaining any differences.

Results: We reviewed the County's interest allocation methodology and noted the County did not separately track interest for the Senior Non-Emergency Medical Transportation Program for the year ended June 30, 2016. All interest earned during the fiscal year was allocated to the County's General Fund (100), and \$0 interest was reported on the County's Expenditure Report (Schedule 2, line 6 for Project U).

5. We determined the amount of Tobacco Settlement funds required to be expended by the County for the fiscal year ending June 30, 2016 (e.g. obtained from OCLTA the percentage requirement and applied to the annual state allocation of Tobacco Settlement funds for the year under review).

Results: Through review of the Cooperative Agreement it was noted that the percentage of Tobacco Settlement Funds required to be expended by the County is equal to 5.27 percent of the total received. The total state allocation of Tobacco Settlement funding received by the County was \$25,945,738 for fiscal year ending June 30, 2016 of which \$1,367,340 (5.27%) was to be expended by the County.

6. We determined that the County spent the required annual amount of Tobacco Settlement funds on the SNEMT program and selected a sample from the general ledger to verify the expenditures related to the SNEMT program.

Results: Through review of the general ledger detail, it was determined that the County allocated and transferred the minimum 5.27% of Tobacco Settlement Funds to the SNEMT Program expenditures. The County recorded expenditures of \$1,398,251 (or 5.39% of total Tobacco Settlement funding) within job numbers CA800 and CA810 for the SNEMT Program, which was in excess of the minimum requirement. Measure M2 SNEMT program expenditures tested totaled \$1,131,695 or 81% of total Tobacco Settlement expenditures. No exceptions were noted, as a result of our procedures.

7. We selected a sample of Measure M2 SNEMT expenditures from the County's general ledger expenditure detail. For each item selected we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above are exclusively for the SNEMT program and complied with the Measure M2 Project U Senior/Disabled Program Funding Policy guidelines and the cooperative agreement.

Results: Measure M2 Senior Non-Emergency Medical Transportation Program expenditures tested totaled \$2,372,621 representing approximately 71% of total Measure M2 Senior Non-Emergency Medical Transportation Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

8. We inquired as to the procedures used by the County to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: We inquired of the County's program personnel as to the procedures used to ensure services are provided only to eligible participants. We noted that the County has monitoring procedures to review participant data, such as date of birth, to ensure only eligible residents are enrolled in the Senior Non-Emergency Medical Transportation Program. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, we compared indirect costs identified to the amount reported on the County's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the County reported \$0 in indirect costs. Per discussions with the County's accounting personnel and review of the general ledger expenditure detail, we identified indirect expenditures. We noted that these costs were supported by an approved cost allocation plan; costs were specifically allocated to the SNEMT Program based on labor hours. We tested a total of \$102,393 in indirect costs, representing 3% of total Measure M2 Senior Non-Emergency Medical Transportation Program expenditures for the fiscal year ended June 30, 2016. No other exceptions were noted as a result of our procedures.

10. We determined if the County contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with County accounting personnel, the County contracted with two third party service providers, Abrazar Inc. and Age Well Senior Services Inc. to provide transportation services for the Senior Non-Emergency Medical Transportation Program. We verified that both vendors were selected using a competitive procurement process through review of the County's Request for Proposal, bidding documents, and the executed agreements. Per review of the contract agreements we verified that wheelchair accessible vehicles are available and used as needed. No exceptions were noted as a result of our procedures.

11. We obtained the proof of insurance coverage for the County's Contractor and performed the following:

- a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results: Based on our review of the general ledger expenditure detail and discussion with County accounting personnel, the County contracts with two third party service providers, Abrazar Inc. and Age Well Senior Services Inc., to provide transportation services for the Senior Non-Emergency Medical Transportation Program. We obtained and reviewed the insurance coverage for both contractors, and noted the requirements established in the Cooperative Agreement were met. As required in the Cooperative Agreement, we noted the current year proof of insurance for the County was submitted and on file with OCLTA, while the County's contractors' insurance was on file with the County. No exceptions were noted as a result of our procedures.

12. We obtained the quarterly summary reports and determined the reports were properly prepared and submitted within forty-five (45) days.

Results: Through review of the County's quarterly summary reports, it was noted that the fourth quarter report expenditures did not agree to the County's general ledger. Total expenditures were under-reported by \$898,245, or 19% of the actual general ledger balances. The County asserted the differences were related to the timing of processing payments, which were recorded in the general ledger subsequent to the monthly report submission. In addition, we noted all reports were submitted to OCLTA within forty-five (45) days of month end. No other exceptions were noted as a result of our procedures.

13. We inquired of the County whether they prioritized trips provided under the SNEMT program. If so, we determined whether actual expenditures exceeded available program funding and whether OCLTA was notified as required.

Results: Through inquiry of management, it was determined that the prioritized trip program was not implemented during the fiscal year ending June 30, 2016. As such, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the SNEMT Program. 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.

At the request of OCLTA, the County's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the County's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the OCLTA and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California

March 8, 2017



ORANGE COUNTY
Community Resources
Our Community. Our Commitment.

DYLAN WRIGHT
 DIRECTOR
 OC COMMUNITY RESOURCES

March 8, 2017

CYMANTHA ATKINSON
 DEPUTY DIRECTOR
 OC COMMUNITY RESOURCES

Board of Directors
 Orange County Local Transportation Authority
 and the Taxpayers Oversight Committee of the
 Orange County Local Transportation Authority

JENNIFER HAWKINS, DVM
 DIRECTOR
 OC ANIMAL CARE

Subject: County Response Letter

RENEE RAMIREZ
 DIRECTOR
 OC COMMUNITY SERVICES

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Non-Emergency Medical Transportation Program for the County of Orange as of and for the fiscal year ended June 30, 2016.

JULIA BIDWELL
 DIRECTOR
 HOUSING & COMMUNITY
 DEVELOPMENT &
 HOMELESS PREVENTION

Procedure #2

We documented which funds the County used to track expenditures relating to Senior Non-Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on the County's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

STACY BLACKWOOD
 DIRECTOR
 OC PARKS

Results:

The County's expenditures are tracked in the general ledger by fund, department, unit and job number. The County records its Senior Non-Emergency Medical Transportation Program expenditures in its General Fund (100), within the Orange County Community Resources Department (012), Office of Aging Unit (2700), within M2 Admin (Job# CA802) and M2 Contract (Job# CA812). Total program expenditures totaled \$3,353,995, for the fiscal year ended June 30, 2016. The County reported total expenditures of \$3,120,323 on the Expenditure Report (Schedule 2, lines 13 and 14 for Project U), resulting in a difference of \$233,672. The County excluded \$233,672 of M2 Admin expenditures from the Expenditure Report. No other differences were noted as a result of our procedures.

HELEN FRIED
 COUNTY LIBRARIAN
 OC PUBLIC LIBRARIES

County's Response:

The difference of \$233,672 is the County's administration portion of Senior Non-Emergency Medical Transportation Program expenditures. The County will report administration expenditures of \$233,672 on County's Expenditure Report for June 30, 2017 with an explanation. In addition, the County will revise procedures to include County's administration costs on County's Expenditure Report.



OFFICE OF THE DIRECTOR
 1770 NORTH BROADWAY
 SANTA ANA, CA 92706-2642
 PHONE: 714.480.2788
 FAX: 714.480.2899

Procedure #3

We obtained a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculated the amount the County has received

for the past three fiscal years. We obtained the fund balance of the County's SNEMT funds as of June 30, 2016, agreed to the balance as listed on the County's Expenditure Report (Schedule 1, lines 16 and 17) and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed the amount listed as received on the County's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results:

The County received \$8,183,944 for the past three fiscal years, all for Measure M2 Senior Non-Emergency Medical Transportation Program for fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance was as follows:

Allocation Year	Funding Source	Remaining Fund Balance
2015/2016	Senior Non-Emergency Medical Transportation Program (M2)	\$ 1,366,662

We compared the fund balance of \$1,366,662 to the County's Expenditure Report (Schedule 1, lines 16 and 17), noting the County reported \$1,600,334, a difference of \$233,672. The County excluded \$233,672 of M2 Admin expenditures from the Expenditure Report, which is the same difference noted in Procedure #2.

The County received \$2,825,885 during the fiscal year ended June 30, 2016 which agrees to the County's Expenditure Report (Schedule 2, Line 5 for Project U). No other differences were noted as a result of our procedures.

County's Response:

Same as procedure #2.

Procedure #4

We reviewed the County's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund. We agreed the amount reflected to the amount of interest listed on the County's Expenditure Report (Schedule 2, line 6 for Project U), explaining any differences.

Results:

We reviewed the County's interest allocation methodology and noted the County did not separately track interest for the Senior Non-Emergency Medical Transportation Program for the year ended June 30, 2016. All interest earned during the fiscal year was allocated to the County's General Fund (100), and \$0 interest was reported on the County's Expenditure Report (Schedule 2, line 6 for Project U).

County's Response:

The County will create a spreadsheet to calculate interest revenue and cost attributable to Senior Non-Emergency Medical Transportation Program funding and report the annual interest amount on County's Expenditure Report for June 30, 2017. In addition, the County will revise procedures to calculate and include interest revenue and costs associated with Senior Non-Emergency Medical Transportation Program on County's Expenditure Report.

Procedure #9

We identified whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, we compared indirect costs identified to the amount reported on the County's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and supporting documentation for reasonableness and appropriate methodology.

Results:

Based on our review of the Expenditure Report (Schedule 3, Line 1), the County reported \$0 in indirect costs. Per discussions with the County's accounting personnel and review of the general ledger expenditure detail, we identified indirect expenditures. We noted that these costs were supported by an approved cost allocation plan; costs were specifically allocated to the SNEMT Program based on labor hours. We tested a total of \$102,393 in indirect costs, representing 3% of total Measure M2 Senior Non-Emergency Medical Transportation Program expenditures for the fiscal year ended June 30, 2016. No other exceptions were noted as a result of our procedures.

County's Response:

The County will report indirect costs of \$102,393 on County's Expenditure Report for June 30, 2017 with an explanation. In addition, the County will revise procedures to include indirect costs associated with Senior Non-Emergency Medical Transportation Program on County's Expenditure Report.

Procedure #12

We obtained the quarterly summary reports and determined the reports were properly prepared and submitted within forty-five (45) days.

Results:

Through review of the County's quarterly summary reports, it was noted that the fourth quarter report expenditures did not agree to the County's general ledger. Total expenditures were under-reported by \$898,245, or 19% of the actual general ledger balances. The County asserted the differences were related to

the timing of processing payments, which were recorded in the general ledger subsequent to the monthly report submission. In addition, we noted all reports were submitted to OCLTA within forty-five (45) days of month end. No other exceptions were noted as a result of our procedures.

County's Response:

The County will revise procedures to include accrual amounts at the time of submission of the fourth quarter summary report. Due to timing of processing actual invoices, there will be some differences between accrual and actual amounts.

Respectfully yours,



Signature

OC Community Resources Director



Date

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2016

City	Result	City Management Response
Fountain Valley	One Maintenance of Effort (MOE) expenditure for \$1,629 was not properly classified as a local street and road expenditure. However, after removing the expenditure from total MOE expenditures, the City of Fountain Valley (Fountain Valley) continued to meet the MOE	Management indicated that expenditures will be closely reviewed to ensure proper classification in the future.
	Fountain Valley's expenditure report reflected \$0 in indirect costs charged as MOE expenditures; however, testing identified \$44,826 in indirect expenditures charged to the MOE. The charges were reviewed for appropriateness and adequate supporting documentation and no exceptions were noted.	Management indicated that, going forward, indirect costs will be properly reported on the expenditure report.
Fullerton	One MOE expenditure, for \$14,493 was not properly classified as a local street and road expenditure. However, after removing the expenditure from the total MOE expenditures, the City of Fullerton (Fullerton) continued to meet the MOE requirement.	These expenditures will no longer be considered as part of the MOE calculation.
	Fullerton's expenditure report reflected \$0 in indirect costs charged as MOE expenditures; however, testing identified \$380,219 in indirect expenditures charged to the MOE. The charges were reviewed for appropriateness and adequate supporting documentation and no exceptions were noted.	Management will report indirect costs on the expenditure report in the future.
Laguna Niguel	Twelve MOE expenditures, totaling \$89,440 were not properly classified as local street and road expenditures. In addition, one invoice for \$60,905 was overpaid by \$1,000. However, after removing these expenditures from total MOE expenditures, the City of Laguna Niguel continued to meet in the minimum MOE requirement.	Management has implemented procedures to ensure expenditures reported as MOE are properly classified in the future.
Laguna Woods	The City of Laguna Woods' (Laguna Woods) Fund 111 had a deficit fund balance of (\$145,137), which included Local Fair Share and other M2 funds. Laguna Woods calculated a fund balance of \$29,883 in Local Fair Share (LFS) funds, which did not agree to Laguna Woods' expenditure report, which reflected a fund balance of \$133,266.	The variance is primarily due to \$103,361 in eligible expenses incurred and recorded in Fund 111 in fiscal year (FY) 2013-14 which were inadvertently excluded from the annual M2 report. Laguna Woods will correct the beginning fund balance as part of the FY 2016-17 reporting and has updated accounting controls and procedures for the reconciliation of fund balances. Also, a second reviewer will ensure the report reconciles to the general ledger.
	None of the LFS expenditures tested, totaling \$137,921, were related to projects on the City of Laguna Woods' approved Seven-Year Capital Improvement Plan (CIP), as required. In addition, one expenditure, for \$29, did not meet the criteria of a street and road expenditure.	Management acknowledged that expenditures related to the Laguna Woods' Pavement Management Plan (PMP) have not been reflected in the CIP, but agreed to include these expenditures going forward. As to the \$29 expenditure, Laguna Woods' management believes this expenditure to be an allowable cost; however, they agreed to defer to the judgement of the auditors and will repay the amount, with interest, to the fund.
Lake Forest	One MOE expenditure, for \$9,159 was not properly classified as a local street and road expenditure. However, after removing the expenditure from the total MOE expenditures, the City of Lake Forest continued to meet the MOE requirement.	Management stated they believe this to be an isolated incident and asserted that internal controls are in place to provide reasonable assurance that errors such as this will be detected.
Newport Beach	None	None
Placentia	Three MOE expenditures, totaling \$42,732, were not properly classified as a local street and road expenditures. However, after removing the expenditures from the total MOE expenditures, the City of Placentia (Placentia) continued to meet the MOE requirement.	Management will revise procedures for determining what is applicable to the MOE requirement going forward.

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2016

City	Result	City Management Response
	Placentia's expenditure report reflected \$0 in indirect costs charged as MOE expenditures; however, testing identified \$3,883 in indirect expenditures charged to the MOE. The charges were reviewed for appropriateness and adequate supporting documentation and no exceptions were noted.	Management will amend its procedures to include indirect costs when determining MOE totals.
San Juan Capistrano	One MOE expenditure, for \$1,350 was not properly classified as a local street and road expenditure. Another expenditure of \$21,435 for street striping, appeared allowable; however, the invoice had been altered to reflect an invoice date of 7/1/15. Further review noted that the invoice was issued prior to that date. However, after removing amounts from total MOE expenditures, the City of San Juan Capistrano's continued to meet the MOE requirement.	Management will instruct personnel processing vendor invoices to watch for any apparent alterations to documents and immediately inform management of the same.
Yorba Linda	The City of Yorba Linda (Yorba Linda) reported budgeted MOE expenditures on the Expenditure Report, rather than actuals.	In the future, actual amounts will be reported on the Expenditure Report.
	Testing identified costs totalling \$80,118 claimed as MOE expenditures which were not properly classified as local street and road expenditures. However, after removing the amounts from total MOE expenditures, Yorba Linda continued to meet the MOE requirement.	The Finance Department will work with the Public Works Department to implement a methodology to segregate unallowable expenditures into easily-identifiable accounts so that they will be excluded from future MOE calculations.

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Senior Mobility Program for the Year Ended June 30, 2016

City	Result	City Management Response
Fullerton	All interest earned during the fiscal year was tracked in the Measure M2 Fund as LFS interest income.	The Fullerton will allocate interest income between the Senior Mobility Program (SMP) and LFS going forward.
	Three expenditures totalling \$1,788, were for transportation services outside of the county. Destinations were to the Riverside Mission Inn, San Diego Harbor, and one taxicab trip to Rowland Heights.	Fullerton will change its policy and will not pay for trips outside of the county, and will reimburse the Orange County Transportation Authority (OCTA) for the cost of the two trips provided through the non-profit agency.
	Fullerton funded two trips outside the county through a non-profit organization. The trip provider was selected by the non-profit organization; therefore, a competitive process resulting in a Fullerton contract that included language related to wheelchair accessibility and insurance requirements was not available for review.	With the agreement being between the provider and the non-profit agency, Fullerton believed that the competitive procurement process was not applicable. Fullerton will reimburse the cost of these trips to OCTA.
	Evidence of Workers Compensation and Employers' Liability insurance coverage for California Yellow Cab, one of the SMP providers, could not be verified, as evidence was not provided.	Yellow Cab of California is in the process of obtaining insurance required and Fullerton will receive it soon. The Fullerton will follow-up every year with the contractor to ensure that the proper insurance is on file.
	Review of Fullerton's monthly summary reports noted that, in five of twelve reports, expenditures did not agree to supporting documentation. Total expenditures were underreported by \$14,197. In addition, revisions were made to the monthly report for June 2016, but were not submitted to the Orange County Local Transportation Authority.	Fullerton will reconcile all monthly reports with the general ledger prior to submitting to OCTA. Fullerton will notify OCTA of any changes and will submit a revised SMP report.
Mission Viejo	Fare revenues collected by the City of Mission Viejo (Mission Viejo) third party vendor were not recorded in the general ledger. Instead, fare revenues were used to offset amounts paid to the contractor.	Mission Viejo will request the third party provider to submit invoices reflecting total costs of the service, and fares collected. Mission Viejo will then enter both amounts when processing invoices so that it is visible in the general ledger.
	Required match expenditures were not reported in Mission Viejo's general ledger. California Yellow Cab collects \$5 per trip to offset trip costs as a match, while Age Well Senior Services holds back 20% of the invoice total as a match.	In the future, Mission Viejo will enter total expenditures and match figures in the general ledger.
	The two third party service providers, California Yellow Cab and Age Well Senior Services, were originally awarded contracts in 2006 and 2003, respectively, and have been extended ever since, without any additional competitive procurement activities.	Mission Viejo will not issue additional contract extensions, but will solicit competitive bids at the first opportunity.
Newport Beach	Review of the City of Newport Beach's (Newport Beach) monthly summary reports noted that, in nine of twelve reports, expenditures did not agree to supporting documentation. Total expenditures were underreported by \$29,810.	The differences between monthly reports and the general ledger are due to the timing of processing the reports. Newport Beach will submit these reports timely and prepare a year-to-date report after the close of each fiscal year.
Yorba Linda	The Yorba Linda overallocated interest to the SMP fund due to a calculation error.	The formula error has since been corrected.
	Yorba Linda's program originally included participants 55 years old and over however, the Measure M2 ordinance dictates funding be provided for participants 60 years old and over. As such, during the year, Yorba Linda revised the policy to ensure only participants 60 years old and over are enrolled in the program. Yorba Linda reviewed all registration forms on file in March 2016, and identified only four participants between the ages of 55 and 59. Subsequent to the review, staff was advised that only those participants 60 and over may participate.	As indicated, Yorba Linda has already implemented procedures to ensure only residents 60 years old and over are enrolled in the program.

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 LOCAL FAIR SHARE
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2016**

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2016

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2016. Please refer to the individual divider tab for our report on each Agency.

City of Fountain Valley

City of Fullerton

City of Laguna Niguel

City of Laguna Woods

City of Lake Forest

City of Newport Beach

City of Placentia

City of San Juan Capistrano

City of Yorba Linda



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF FOUNTAIN VALLEY**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Fountain Valley’s (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

- 1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$1,180,712 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

- 2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (11), under the Public Works and Field Services Departments. No exceptions were noted as a result of our procedures.

- 3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City’s Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City’s MOE expenditures for the fiscal year ended June 30, 2016 were \$2,493,170 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$2,493,170 to the amount reported on the City’s Expenditure Report (Schedule 3, line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$607,465, representing approximately 24% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted one expenditure, totaling \$1,629, was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, per discussions with the City’s accounting personnel and review of the general ledger expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2016. Indirect MOE expenditures tested totaled \$44,826. No other exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$2,894,157 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 997,308
2014/2015	Local Fair Share (M2)	976,550
2013/2014	Local Fair Share (M2)	749,434

We agreed the fund balance of \$2,723,292 to the City’s Expenditure Report (Schedule 1, lines 12 and 13), noting no differences. No exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts reflected on the City’s Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 25, Measure M2 Fund as transfers out to Fund 24 Traffic Improvement Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$39,751 (see Schedule A), which agrees to the City’s Expenditure Report (Schedule 2 lines 9 and 10, and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$27,628 representing approximately 70% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based upon our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, the City reported \$7,876 as indirect costs for the fiscal year ended June 30, 2016. Indirect M2 expenditures tested totaled \$2,762, representing approximately 35% of the total indirect costs per Schedule 3, line 1. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 2), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavinich Train, Dry Co, Ltd

Laguna Hills, California
March 8, 2017

CITY OF FOUNTAIN VALLEY, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Patching - Schedule 3, line 11	\$ 471,757
Street Lights & Traffic Signals - Schedule 3, line 13	1,111,838
Other Street Purpose Maintenance - Schedule 3, line 15	<u>909,575</u>
Total MOE Expenditures	<u>2,493,170</u>

Measure M2 Local Fair Share Expenditures (Schedule 4):

City-Wide Signal Timing Maintenance	20,450
Harbor N City/Sa River	7,776
Edinger-Brookhurst to Euclid	7,110
Harbor Avenue Signal Sync	<u>4,415</u>
Total Measure M2 Local Fair Share Expenditures	<u>39,751</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,532,921</u></u>

Note:

The above amounts were taken directly from the financial records of the City of Fountain Valley and were not audited.



CITY OF FOUNTAIN VALLEY

www.fountainvalley.org

10200 SLATER AVE – FOUNTAIN VALLEY, CA 92708-4736 (714) 593-4400, FAX (714)593-4498

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Fountain Valley as of and for the fiscal year ended June 30, 2016.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results:

MOE expenditures tested totaled \$607,465 representing approximately 24% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted one expenditure, totaling \$1,629, was not properly classified as a local street and road expenditure, nor were the costs allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.

City's Response:

City staff will closely review expenditures for proper classification and restrict MOE expenditures to only include expenditures related to local street and roads. WE are comfortable that except for the expenditure noted above all other expenditures meet the MOE requirements.

Procedure #5

We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible

Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results:

Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2016. Indirect MOE expenditure tested totaled \$44,826. No other exceptions were noted as a result of our procedures.


City's Response:

The correction has been noted. Going forward, indirect costs will be properly reported on the Expenditure Report (Schedule 3, line 1).

Sincerely,



Title: Interim City Manager



Title: Director of Finance / City Treasurer



Title: Director of Public Works



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF FULLERTON**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Fullerton's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$3,427,988 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (10) and Sanitation Fund (23), under the Public Works Department. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$5,740,353 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$5,740,353 to the amount reported on the City's Expenditure Report (Schedule 3, Line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$655,532 representing approximately 11% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted one expenditure, totaling \$14,493, was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the City’s Expenditure Report (Schedule 3, Line 1), explaining differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, per discussions with the City’s accounting personnel and review of the general ledger expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2016. Indirect MOE expenditures tested totaled \$380,219. No other exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$6,037,218 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 2,083,616
2014/2015	Local Fair Share (M2)	\$ 1,113,716

We agreed the fund balance of \$3,197,332 to the City’s Expenditure Report (Schedule 1, lines 12 and 13), noting no differences. No exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City’s Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 25, Measure M2 as transfers out to Fund 74, Capital Improvement Projects. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$2,360,818 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2 lines 9 and 10 and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, noting any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M Local Fair Share expenditures tested totaled \$976,552 representing approximately 41% of total Measure M Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, Line 1) and explained any differences. If applicable, we selected a sample of charges. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, line 1), and discussions with the City's accounting personnel, the City reported \$103,244 as indirect costs for the fiscal year ended June 30, 2016. Indirect M2 expenditures tested totaled \$11,264, representing approximately 11% of the indirect costs per Schedule 3, line 1. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 2), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavinich, Train, Dog Co., LLC

Laguna Hills, California
March 8, 2017

CITY OF FULLERTON, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Overlay & Sealing - Schedule 3, line 12	\$ 2,559,322
Street Lights & Traffic Signals - Schedule 3, line 13	449,198
Other Street Purpose Maintenance - Schedule 3, line 15	2,731,833
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>-</u>
Total MOE Expenditures	<u>5,740,353</u>

Measure M2 Local Fair Share Expenditures (Schedule 4):

Placentia Ave. Reconstruction - Chapman to Ruby (CIP 44013)	2,369
Gilbert Street Reconstruction - Rosecrans to Pioneer (CIP 44020)	814,460
Valencia Drive Reconstruction - Euclid to Basque (CIP 44021)	10,549
Highland Ave. Reconstruction - Valencia to Baker Ave. (CIP 44023)	304,222
Chapman Ave. Rehabilitation - Berkeley to Raymond (CIP 44025)	29,826
Kraemer Blvd. Reconstruction - Lambert Road to Golden Avenue (CIP 44027)	474
State College Reconstruction - Yorba Linda Blvd. to Santa Fe Ave. (CIP 44028)	6,247
Residential St. Reconstruction 14-15: Ponderosa (CIP 44029)	500,000
Nutwood Ave - Chapman Ave & 57 Fwy (CIP 44031)	34,276
Arterial St. Reconstruction, Rehabilitation & Repair (CIP 44400)	138,159
Residential Street Program (CIP 44586)	325,825
Residential Street Program (CIP 44587)	11,113
Curb/Gutter & Sidewalk Reconstruction (CIP 44786)	17,791
Curb/Gutter & Sidewalk Reconstruction (CIP 44787)	18,760
Bastanchury Rd. Widening from Harbor Blvd. to Fairway Isles Dr. (CIP 45670)	43,503
Administration (Indirect & Overhead)	<u>103,244</u>
Total Measure M2 Local Fair Share Expenditures	<u>2,360,818</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 8,101,171</u></u>

Note:

The above amounts were taken directly from the financial records of the City of Fullerton and were not audited.



CITY OF FULLERTON

Administrative Services Department

Administration (714) 738-6521
 Fiscal Services (714) 738-6529
 Information Technology (714) 738-6538
 Purchasing (714) 738-6533

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
 and the Taxpayers Oversight Committee of the
 Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Fullerton as of and for the fiscal year ended June 30, 2016.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results:

MOE expenditures tested totaled \$655,532 representing approximately 11% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted one expenditure, totaling \$14,493, was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.

City's Response:

The City of Fullerton's Public Works department is requesting Park Dwelling funding for tree trimming in parks starting FY 17-18 so it will not be considered in the MOE calculation.

Procedure #5

We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, Line 1), explaining differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

THE EDUCATION COMMUNITY



Results:

Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, per discussions with the City's accounting personnel and review of the general ledger

expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2016. Indirect MOE expenditure tested totaled \$380,219. No other exceptions were noted as a result of our procedures.

City's Response:

Effective FY 2016-17, the City of Fullerton will calculate indirect costs in programs supporting MOE expenditures, and indicate the total on the M2 Expenditure Report, Schedule 3, line 1.

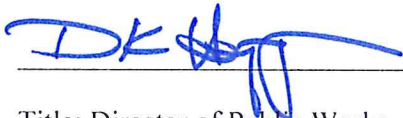
Sincerely,



Title: City Manager



Title: Director of Administrative Services



Title: Director of Public Works



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF LAGUNA NIGUEL**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Laguna Niguel's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$721,542 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (100) and Capital Improvement Program Fund (300), under the Street Sweeping (32), Street Lighting (33), Median Maintenance (34), and Street & Roads (70) Departments. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$2,032,253 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$2,032,253 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$856,712, representing approximately 42% of total MOE expenditures for the fiscal year ended June 30, 2016. As a result of our procedures, we noted 13 exceptions as follows:

- 12 expenditures, totaling \$89,440 were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance.
- 1 allowable invoice in the amount of \$60,905 was overpaid by \$1,000.

However, after removing the amounts from total MOE expenditures, the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$3,091,844 for the past three fiscal years ended June 30, 2014, 2015 and 2016. We noted no remaining fund balance which agreed to the City's Expenditure Report (Schedule 1, lines 12 and 13). No exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City's Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 300, Capital Improvement Project, under project 5008-11 & 5008-12 Annual Street Resurfacing Program. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$1,062,958 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2 lines 9 and 10, and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$1,062,958 representing 100% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 2), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinch, Travis, DMS & Co, LLP

Laguna Hills, California
March 8, 2017

CITY OF LAGUNA NIGUEL, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Overlay & Sealing - Schedule 3, line 12	\$ 274,775
Street Lights & Traffic Signals - Schedule 3, line 13	665,520
Other Street Purpose Maintenance - Schedule 3, line 15	747,625

Construction:

Street Reconstruction - Schedule 3, line 3	344,333
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	-

Total MOE Expenditures	<u>2,032,253</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

Annual Street Resurfacing Program	<u>1,062,958</u>
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Total Measure M2 Local Fair Share Expenditures	<u>1,062,958</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 3,095,211</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of Laguna Niguel and were not audited.

**CITY of LAGUNA NIGUEL**

30111 Crown Valley Parkway • Laguna Niguel, California 92677
Phone/949 • 362 • 4300 Fax/949 • 362 • 4340

CITY COUNCIL

Mayor Jerry Slusiewicz
Mayor Pro Tem Fred Minagar
Council Member Laurie Davies
Council Member Elaine Gennawey
Council Member John Mark Jennings

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Laguna Niguel as of and for the fiscal year ended June 30, 2016.

Procedure #4:

We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results:

MOE expenditures tested totaled \$856,712, representing approximately 42% of total MOE expenditures for the fiscal year ended June 30, 2016. As a result of our procedures, we noted 13 exceptions as follows:

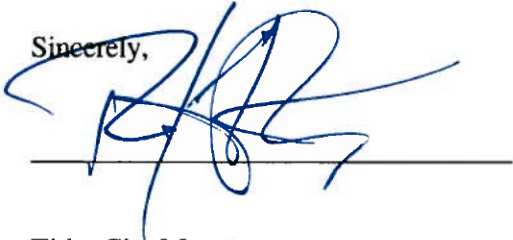
- 12 expenditures, totaling \$89,440 were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance.
- 1 allowable invoice in the amount of \$60,905 was overpaid by \$1,000.

However, after removing the amounts from total MOE expenditures, the City continued to meet the minimum MOE requirement.

City's Response:

The City concurs with the results above. While the City still continues to meet the MOE requirement, we have implemented procedures to ensure in the future that the expenditures reported as MOE-related are properly classified: 1) as to types of costs allowable per the Ordinance and 2) at the proper amounts. Finance staff will review the transactions in the expenditure accounts and functions determined to be MOE-related periodically throughout the fiscal year (for example, quarterly) to ensure that only allowable costs have been recorded in those designated accounts. Should any overpayments occur in those related accounts, they would be reclassified to prepaids until the period in which the credits were used to cover future expenditures. Additional review procedures will be put into place to determine the MOE expenditures amount for annual reporting to Orange County Local Transportation Authority.

Sincerely,



Title: City Manager



Title: Director of Finance



Title: Director of Public Works



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF LAGUNA WOODS**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Laguna Woods' (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$83,501 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (001), under Department 2100-7830.000, Landscape Services, M2 MOE. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$88,396 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$88,396 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$66,957, representing approximately 76% of total MOE expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. Per discussions with the City’s accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$594,470 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 29,883

The City’s Fund 111 had a deficit fund balance of (\$145,137), which included M2 Local Fair Share and other M2 fund balances. The City calculated fund balance for the M2 Local Fair Share funds of \$29,883. The remaining fund deficit of (\$175,020) is related to other M2 funds. The calculated fund balance of \$29,883 did not agree to the City’s Expenditure Report (Schedule 1, lines 12 and 13), which reflected a M2 Local Fair Share fund balance of \$133,266.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City’s Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 111, Measure M2, under Department 2100 – Engineering & Infrastructure Services, Accounts 8XXX.0000. We noted Fund 111 is used to track M2 Local Fair Share and Other M2 programs. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$173,576 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2 lines 9 and 10, and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$137,921 representing approximately 79% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. We noted that none of the expenditures tested related to projects on the City's approved Seven-Year CIP, as required. Further, we noted one expenditure in the amount of \$29 which did not meet the criteria of a local street and road expenditure.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures through review of the City's Expenditure Report (Schedule 3, line 1). If applicable, we obtained the detail of indirect costs charged, and selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based upon our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, we noted indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. Indirect M2 expenditures tested totaled \$600, representing 100% of the total indirect costs per Schedule 3, line 1. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount per the City's records to the amount listed on the City's Expenditure Report (Schedule 2, line 2), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavinich, Train, Day & Co., LLP

Laguna Hills, California
March 8, 2017

CITY OF LAGUNA WOODS, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Other Street Purpose Maintenance - Schedule 3, line 15	\$ 88,396
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1:	-
	-
Total MOE Expenditures	88,396

Measure M2 Local Fair Share Expenditures (Schedule 4):

Administration (Indirect & Overhead)	600
Street Lighting - Public ROW	27,006
Contract - Traffic Engineering	122,126
Contract - Traffic Signal Main	23,844
	23,844
Total Measure M2 Local Fair Share Expenditures	173,576
Total MOE and Measure M2 Local Fair Share Expenditures	\$ 261,972

Note:

The above amounts were taken directly from the financial records of the City of Laguna Woods and were not audited.



CITY of LAGUNA WOODS

Shari L. Horne
Mayor

March 8, 2017

Carol Moore
Mayor Pro Tem

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

Cynthia
Conners
Councilmember

Bert Hack
Councilmember

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Laguna Woods as of and for the fiscal year ended June 30, 2016.

Noel Hatch
Councilmember

Christopher
Macon
City Manager

Procedure #6

We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results:

The City received \$594,470 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund</u>
2015/2016	Local Fair Share (M2)\$	29,883

The City's Fund 111 had a deficit fund balance of (\$145,137), which included M2 Local Fair Share and other M2 fund balances. The City calculated fund balance for the M2 Local Fair Share funds of \$29,883. The remaining fund deficit of (\$175,020) is related to other M2 funds. The calculated fund balance of \$29,883 did not agree to the City's Expenditure Report (Schedule 1, lines 12 and 13), in which the M2 Local Fair Share fund balance was reported as \$133,266.

City's Response:

The City concurs with the finding. The fund balance reported in the general ledger is correct. The fund balance reported on the M2 report needs to be corrected. The variance is primarily due to \$103,361 in eligible expenses incurred and recorded in

Fund 111 in a prior year (FY 2013-14) which were inadvertently excluded from the annual M2 report. The City will correct the beginning fund balance on the FY 2016-17 M2 report unless instructed otherwise. Please note additional action, taken to reconcile all City Special Revenue Funds, including Fund 111, as summarized below.

Beginning mid-year in FY 2014-15 and through FY 2016-17, the City has undergone a significant reorganization, including replacement of all financial and accounting staff and an update of accounting controls and procedures. As part of this reorganization, and due to limited staffing, the City established a three-year plan to ensure balances per the prior books of record had been appropriately reported. In year one, FY 2014-15, the City retained a consultant to audit the beginning fund balances carried forward into a new set of books and records established on July 1, 2014. In year two, FY 2015-16, a consultant was retained to audit expenditures allocated to special revenue funds over a three-year period to ensure only eligible expenditures had been charged. Adjustments required were made including repayment with interest where appropriate. Fund 111 was reimbursed a total of \$1,910. Currently, in year three, FY 2016-17, the City is reconciling all fund balances to subsidiary records and supporting reports and is in the process of taking action to correct any discrepancies found.

Based on the reorganization, the City now has procedures in place to ensure staff preparing the annual M2 report reconciles to the general ledger, and that a second reviewer confirms that reconciliation.

Procedure #8

We obtained the City's Seven-Year Capital Improvement Program (CIP) and selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
- b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results:

Measure M2 Local Fair Share expenditures tested totaled \$137,921 representing approximately 79% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. We noted that none of the expenditures tested related to projects on the City's approved Seven-Year CIP, as required. Further, we noted one expenditure in the amount of \$29 which did not meet the criteria of a local street and

road expenditure.

City's Response:

The City concurs with the finding. This finding refers to amounts reported on Schedule 4 of the annual report, "Fair Share Project List." The City reported Pavement Management Plan (PMP) expenditures by category on Schedule 4. PMP expenditures were eligible expenditures. The City's CIP expenditures, based on program rules, are not claimable until certain other performance milestones are completed, and reporting is deferred until they can be claimed.

The City has not reported the Pavement Management Plan (PMP) in its annual budget document as part of its seven-year Capital Improvement Program (CIP), believing it should be accounted for separately (in the operational section). Prior staff, no longer with the City, segregated PMP and CIP as they were reported separately in the annual "Measure M Eligibility Package." Based on this audit, and discussion at the February 9, 2017, 2017 Semi-Annual Review workshop hosted by OCTA, the City is now aware that PMP should also be included in our annual budget document as part of the CIP seven-year plan. This correction will be made with the development of the FY 2017-18 budget, currently in process, and all future M2 reporting will be adjusted accordingly.

The City believes the \$29 was an allowable cost, but will defer to the judgement of the auditors and will repay the \$29 with interest to Fund 111.

Sincerely, 

Title: City Manager



Title: Director of Finance



Title: Director of Public Works



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF LAKE FOREST**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Lake Forest's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$145,670 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (100), under Department 430 (Public Works – Landscape/Building Maintenance) and 440 (NPDES – Water Quality). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$1,301,934 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$1,301,934 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$1,052,994, representing approximately 81% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted one expenditure in the amount of \$9,159 was incorrectly charged to MOE and was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. Per discussions with the City’s accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$3,613,298 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 1,147,075

We agreed the fund balance of \$1,147,075 to the City’s Expenditure Report (Schedule 1, lines 12 and 13), noting no differences. No exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City’s Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 220, Measure M Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$589,370 (see Schedule A) which agreed to the City’s Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, noting any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$492,844 representing approximately 84% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1) and explained any differences. If applicable, we selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based upon our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount per the City's records to the amount listed on the City's Expenditure Report (Schedule 2, line 10), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavriach, Train, Day & Co., LLP

Laguna Hills, California
March 8, 2017

CITY OF LAKE FOREST, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	\$ -
Other - Schedule 3, line 17	<u>1,301,934</u>
Total MOE Expenditures	<u>1,301,934</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Street Repaving & Slurry Seal	<u>589,370</u>
Total Measure M2 Local Fair Share Expenditures	<u>589,370</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 1,891,304</u></u>

Note:

The above amounts were taken directly from the financial records of the City of Lake Forest and were not audited.

CITY OF LAKE FOREST



Mayor
Scott Voigts

Mayor Pro Tem
Leah Basile

Council Members
Dr. Jim Gardner
Andrew Hamilton
Dwight Robinson

Interim City Manager
Debra DeBruhl Rose

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Lake Forest as of and for the fiscal year ended June 30, 2016.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.


Results:

MOE expenditures tested totaled \$1,052,994, representing approximately 81% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted one expenditure in the amount of \$9,159 was incorrectly charged to MOE and was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.


City's Response:

The City's internal controls are designed to provide a reasonable assurance that the City complies with laws, regulations, contracts and grant agreements including the reporting of MOE expenditures. The City's internal controls over payment and reporting of MOE expenditures include multiple reviews and approvals within the Public Works and Finance departments that are designed to detect the error identified by the auditors. The City agrees the instance of non-compliance identified by the auditors resulted in an over reporting of the MOE expenditures in the amount of \$9,159. Subsequent to the auditors identifying the invoice, the City reviewed the other eleven monthly invoices for the fiscal year for the same activity and identified all invoices were entered and reported properly as MOE expenditures. The City believes the error to be isolated to the invoice identified by the auditors.

Sincerely,

Signature: 
Debra DeBruhl Rose
Interim City Manager

Signature: 
Keith D. Neves
Deputy City Manager/Director of Finance/City Treasurer

Signature: 
Thomas E. Wheeler
Director of Public Works



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF NEWPORT BEACH**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Newport Beach's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$8,868,393 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (010) and General Fund Capital Project (012), under Departments Public Works (80), Municipal Operations Department (90) and Capital Improvement Projects (01). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$19,027,594 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$19,027,594 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$8,869,837, representing approximately 47% of total MOE expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City’s accounting personnel, the City reported \$10,376,193 as indirect costs for the fiscal year ended June 30, 2016. Indirect MOE expenditures tested totaled \$2,837,670, representing approximately 27% of the total indirect costs per Schedule 3, Line 1. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$5,122,641 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 1,769,001
2014/2015	Local Fair Share (M2)	1,436,608

We agreed the fund balance of \$3,205,609 to the City’s Expenditure Report (Schedule 1, line 12), noting no differences. No exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City’s Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 122, Measure M Fair Share Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$1,896,070 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2 lines 9 and 10, and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
- Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$1,592,309 representing approximately 84% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures through review of the City's Expenditure Report (Schedule 3, line 1). If applicable, we obtained the detail of indirect costs charged, and selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based upon our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount per the City's records to the amount listed on the City's Expenditure Report (Schedule 2, line 10), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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 Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California
March 8, 2017

CITY OF NEWPORT BEACH, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Overlay & Sealing - Schedule 3, line 12	\$ 510,479
Other Street Purpose Maintenance - Schedule 3, line 15	3,260,738

Construction:

Street Reconstruction - Schedule 3, line 3	3,578,843
Signals, Safety Devices & Street Lights - Schedule 3, line 4	1,301,341
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>10,376,193</u>

Total MOE Expenditures	<u>19,027,594</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

Campus/San Joaquin Hills/San Miguel Overlay	1,372
Residential Overlay	180,676
Dover Drive/Westcliff Drive Pavement Rehabilitation	1,710,911
MacArthur Boulevard Pavement	<u>3,111</u>

Total Measure M2 Local Fair Share Expenditures	<u>1,896,070</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 20,923,664</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of Newport Beach and were not audited.



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF PLACENTIA**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Placentia's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$546,000 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (101), under Department 36 (Public Works Maintenance Services), Division 52 (Street/Curb/Gutter). No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$994,922 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$994,922 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$520,101, representing approximately 52% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted three expenditures, totaling \$42,732, were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. However, after removing the amounts from total MOE expenditures, the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, per discussions with the City’s accounting personnel and review of the general ledger expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2016. Indirect MOE expenditures tested totaled \$3,883. No other exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$1,471,814 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 502,208
2014/2015	Local Fair Share (M2)	\$ 494,807
2013/2014	Local Fair Share (M2)	\$ 128,495

We compared the fund balance of \$1,125,510 to the City’s Expenditure Report (Schedule 1, Lines 12 and 13), which reflected a balance of \$1,130,700. The Expenditure Report fund balance included \$5,190 of Senior Mobility Program funds. No other exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City’s Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City’s Measure M2 Local Fair Share expenditures are recorded in Fund 210, Measure M Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$30,067 (see Schedule A), which agreed to the City’s Expenditure Report (Schedule 2 lines 9 and 10, and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$26,122 representing approximately 87% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures through review of the City's Expenditure Report (Schedule 3, line 1). If applicable, we obtained the detail of indirect costs charged, and selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$23,770 as indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we noted \$23,770 reported represents direct administrative costs, no indirect costs charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount per the City's records to the amount listed on the City's Expenditure Report (Schedule 2, line 10), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavinich, Train, Day & Co., LLP

Laguna Hills, California

March 8, 2017

CITY OF PLACENTIA, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street Lights & Traffic Signals - Schedule 3, line 13	\$ 20,400
Other Street Purpose Maintenance - Schedule 3, line 15	939,600
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	-
Other - Schedule 3, line 17	<u>34,922</u>
Total MOE Expenditures	<u>994,922</u>

Measure M2 Local Fair Share Expenditures (Schedule 4):

Santa Fe Revitalization (62010) Old Town Parking Mangement Plan	6,297
Pavement Management Plan	<u>23,770</u>
Total Measure M2 Local Fair Share Expenditures	<u>30,067</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 1,024,989</u></u>

Note:

The above amounts were taken directly from the financial records of the City of Placentia and were not audited.

The People are the City

Mayor
CRAIG S. GREEN

Mayor Pro Tem
CHAD P. WANKE

Councilmembers:
RHONDA SHADER
WARD L. SMITH
JEREMY B. YAMAGUCHI

City Clerk:
PATRICK J. MELIA

City Treasurer
KEVIN A. LARSON

City Administrator
DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Placentia as of and for the fiscal year ended June 30, 2016.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results:

MOE expenditures tested totaled \$520,101, representing approximately 52% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted three expenditures, totaling \$42,732, were not properly classified as local street and road expenditures, nor were the costs allowable per the Ordinance. However, after removing the amounts from total MOE expenditures, the City continued to meet the minimum MOE requirement.

City's Response:

We agree with the results and have corrected the problem going forward. \$38,546 of the excluded expenditures was paid to Clean City, Inc., a contractor who provided graffiti removal and downtown cleaning, including road and median work. The city terminated this contract in August of 2015. \$4,186 was paid to Traffic Management for parking lot signs. The city will revise its procedures in determining what is applicable to the MOE requirement

going forward. The city will continue to meet/exceed minimum MOE requirements in the future.

Procedure #5

We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results:

Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. However, per discussions with the City’s accounting personnel and review of the general ledger expenditure detail, we identified indirect costs charged as MOE expenditures for the fiscal year ended June 30, 2016. Indirect MOE expenditure tested totaled \$3,833. No other exceptions were noted as a result of our procedures.

City’s Response:

The city agrees with the indirect MOE expenditures totaling \$3,833. The city will amend its procedures going forward to include the indirect costs when determining MOE totals.

Procedure #6

We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results:

The City received \$1,471,814 for the past three fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance of these funds was as follows:

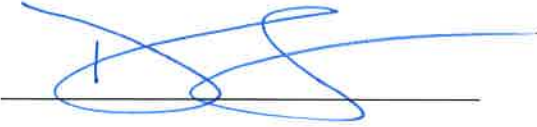
<u>Allocation Year</u> <u>Balance</u>	<u>Funding Source</u>		<u>Remaining Fund</u>
2015/2016	Local Fair Share (M2)	\$	502,208
2014/2015	Local Fair Share (M2)	\$	494,807
2013/2014	Local Fair Share (M2)	\$	128,495

We compared the fund balance of \$1,125,510 to the City’s Expenditure Report (Schedule 1, Lines 12 and 13), which reflected a balance of \$1,130,700. The Expenditure Report fund balance included \$5,190 of Senior Mobility Program funds. No other exceptions noted as a result of our procedures.

City's Response:

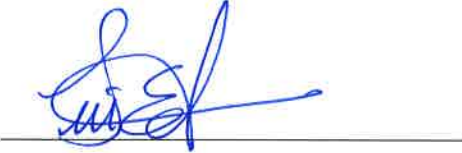
Going forward, the City will report both balances on the appropriate lines on the M2 Expenditure report.

Sincerely,



A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right, positioned above a horizontal line.

Title: City Manager ADMINISTRATOR



A handwritten signature in blue ink, featuring a large, stylized initial 'S' followed by a horizontal line, positioned above a horizontal line.

Title: Director of Public Works



A handwritten signature in blue ink, appearing to read 'Shaly R.' followed by a horizontal line, positioned above a horizontal line.

^{Interim}
Title: Director of Finance



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF SAN JUAN CAPISTRANO**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of San Juan Capistrano's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$390,383 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (1), under Department (8) Public Works. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$2,342,553 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$2,342,553 to the amount reported on the City's Expenditure Report (Schedule 3, Line 18), noting no differences. No exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$293,191 representing approximately 13% of total MOE expenditures for the fiscal year ended June 30, 2016. As a result of our procedures, we noted one expenditure, totaling \$1,350 was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. Further, we noted one expenditure totaling \$21,435 was related to street striping, and appeared allowable per the Ordinance; however, the date on the invoice was altered to reflect an invoice date of 7/1/15. We requested the original invoice to validate the time frame the work was performed, and noted upon inquiry of the City (and the City’s inquiry with the vendor), the work was performed prior to July 1, 2015. However, after removing the amount from total MOE expenditures, the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City’s accounting personnel, the City reported \$864,717 as indirect costs for the fiscal year ended June 30, 2016. Indirect MOE expenditures tested totaled \$25,044, representing approximately 3% of the total indirect costs per Schedule 3, Line 1. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$1,789,499 for the past three fiscal years, all for Measure M2 Local Fair Share for fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 611,825
2014/2015	Local Fair Share (M2)	101,152

We agreed the fund balance of \$712,977 to the City’s Expenditure Report (Schedule 1, lines 12 and 13), noting no differences. No exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City's Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 32, Measure M Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$246,407 (see Schedule A), which agrees to the City's Expenditure Report (Schedule 2 lines 9 and 10 and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled \$194,463 representing approximately 79% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures through review of the City's Expenditure Report (Schedule 3, line 1). If applicable, we obtained the detail of indirect costs charged, and selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based upon our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, we noted indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. Indirect M2 expenditures tested totaled \$1,897, representing approximately 43% of the total indirect costs per Schedule 3, Line 1. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount per the City's records to the amount listed on the City's Expenditure Report (Schedule 2, line 10), explaining any differences.

Results: No exceptions were noted as result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California

March 8, 2017

CITY OF SAN JUAN CAPISTRANO, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Patching - Schedule 3, line 11	\$ 202,550
Street Lights & Traffic Signals - Schedule 3, line 13	337,543
Storm Damage - Schedule 3, line 14	75,802
Other Street Purpose Maintenance - Schedule 3, line 15	861,941
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1	<u>864,717</u>
Total MOE Expenditures	<u>2,342,553</u>

Measure M2 Local Fair Share Expenditures (Schedule 4):

City Local Street Pavement Rehabilitation (CIP xx105)	76,727
City Arterial Street Pavement Rehabilitation (CIP xx109)	84,301
Camino Del Avion/Ave Descanso Sidewalk Improvements (CIP 08103)	20,905
Citywide Sign Replacement Program (CIP 11101)	60,000
Bridge at Acjachema Street and La Calera Street (CIP 13102)	2,676
Traffic Signal Cabinet Upgrades (CIP 16101)	1,623
Trabuco Creek Road Improvements (CIP 10104)	<u>175</u>
Total Measure M2 Local Fair Share Expenditures	<u>246,407</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,588,960</u></u>

Note:

The above amounts were taken directly from the financial records of the City of San Juan Capistrano and were not audited.

32400 PASEO ADELANTO
 SAN JUAN CAPISTRANO, CA 92675
 (949) 493-1171
 (949) 493-1053 FAX
 www.sanjuancapistrano.org



MEMBERS OF THE CITY COUNCIL

SAM ALLEVATO
 KERRY K. FERGUSON
 PAM PATTERSON, ESQ.
 JOHN M. PERRY
 DEREK REEVE

March 8, 2017

Board of Directors
 Orange County Local Transportation Authority
 and the Taxpayers Oversight Committee of the
 Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of San Juan Capistrano as of and for the fiscal year ended June 30, 2016.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results:

MOE expenditures tested totaled \$293,191 representing approximately 13% of total MOE expenditures for the fiscal year ended June 30, 2016. As a result of our procedures, we noted one expenditure, totaling \$1,350 was not properly classified as a local street and road expenditure, nor was the cost allowable per the Ordinance. Further, we noted one expenditure totaling \$21,435 was related to street striping, and appeared allowable per the Ordinance; however, the date on the invoice was altered to reflect an invoice date of 7/1/15. We requested the original invoice to validate the time frame the work was performed, and noted upon inquiry of the City (and the City's inquiry with the vendor), the work was performed prior to July 1, 2015. However, after removing the amount from MOE expenditures, the City continued to meet the minimum MOE requirement.

San Juan Capistrano: Preserving the Past to Enhance the Future



City's Response:

Management concurs with the auditors' findings and has implemented procedures to reduce the likelihood of this occurring in the future.

Signature:


cc Benjamin Siegel, City Manager

Signature:


Ker Al-Imam, Director of Finance

Signature:


Steve May, Director of Public Works



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — CITY OF YORBA LINDA**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Yorba Linda's (City) level of compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained the OCLTA Maintenance of Effort (MOE) Calculation Report and identified the required minimum amount to be spent on MOE expenditures by the City.

Results: The City was required to spend \$1,985,964 in MOE expenditures during the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identifies MOE expenditures in its general ledger.

Results: All MOE expenditures are tracked in the general ledger by fund, program, and activity. The City recorded its MOE expenditures in its General Fund (001), under the Public Works Department. No exceptions were noted as a result of our procedures.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results: The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$2,866,048 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$2,866,048 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), noting a difference of \$436,107. The City reported \$2,429,941 as total MOE expenditures which represented budgeted amounts rather than actual. No other exceptions were noted as a result of our procedures.

4. We selected a sample of MOE expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
 - b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results: MOE expenditures tested totaled \$409,406 representing approximately 14% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted the following expenditures were not appropriately classified as local street and road expenditures, nor were the costs allowable per the Ordinance:

- \$9,075 in costs incurred for a City Water Study.
- \$67,230 in costs incurred for the City’s Landscape Maintenance Assessment District (LMAD) Transition Design Project.
- \$3,813 in overhead costs incurred for landscape irrigation for various street medians and parks.

However, after removing the amounts from total MOE expenditures, the City continued to meet the minimum MOE requirement.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we obtained detail of indirect costs charged, and selected a sample of charges for review. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, line 1), the City reported \$0 as indirect costs. Per discussions with the City’s accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as MOE expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Local Fair Share Fund as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 12 and 13), and determined whether funds were expended within three years of receipt, explaining any differences.

Results: The City received \$2,785,164 for the past three fiscal years, all for Measure M2 Local Fair Share for fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance of these funds was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Local Fair Share (M2)	\$ 960,115
2014/2015	Local Fair Share (M2)	933,270
2013/2014	Local Fair Share (M2)	384,486

We agreed the fund balance of 2,277,870 to the City’s Expenditure Report (Schedule 1, lines 12 and 13), noting no differences. No exceptions were noted as a result of our procedures.

7. We documented which fund the City used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the total Local Fair Share expenditures per the general ledger to the amounts per the City's Expenditure Report (Schedule 2, lines 9 and 10, and detail listed at Schedule 4), explaining any differences.

Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 028, Measure M2 Turnback and Fund 008, Capital Improvements Fund. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2016 were \$1,097,910 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2 lines 9 and 10 and detail listed at Schedule 4). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP). We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. We selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects.

Results: Measure M Local Fair Share expenditures tested totaled \$1,051,327 representing approximately 96% of total Measure M Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures through review of the City's Expenditure Report (Schedule 3, line 1). If applicable, we obtained the detail of indirect costs charged, and selected a sample of charges for review, explaining any differences between detail and the Expenditure Report. We reviewed the supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, we noted no indirect costs were charged as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

10. We reviewed the City's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. We agreed the amount per the City's records to the amount listed on the City's Expenditure Report (Schedule 2, line 10), explaining any differences.

Results: No exceptions were noted as a result of our procedures.

11. We determined the City was found eligible by the TOC Eligibility Subcommittee.

Results: We reviewed the minutes of the TOC and verified that the TOC Eligibility Subcommittee found the City was eligible to receive Measure M2 Local Fair Share funds. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purposes of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Vavriach, Train, Day & Co., LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California
March 8, 2017

CITY OF YORBA LINDA, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2016
(Unaudited)

Maintenance of Effort (MOE) Expenditures:

Maintenance:

Street Lights & Traffic Signals - Schedule 3, line 13	\$ 333,316
Other Street Purpose Maintenance - Schedule 3, line 15	1,617,709

Construction:

New Street Construction - Schedule 3, line 2	789,885
Administrative/Other (Indirect & Overhead) - Schedule 3, line 1:	<u>125,138</u>

Total MOE Expenditures	<u>2,866,048</u>
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Measure M2 Local Fair Share Expenditures (Schedule 4):

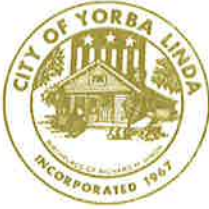
Traffic Calming (008.4.512.726)	40,923
Bastanchury - Lakeview to Eureka (008.4.512.7633)	300,000
La Palma Rehab (008.4.512.7655)	720,000
Citywide Traffic Signal Modifications/Rehab (008.4.514.7229)	<u>36,987</u>

Total Measure M2 Local Fair Share Expenditures	<u>1,097,910</u>
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Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 3,963,958</u></u>
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Note:

The above amounts were taken directly from the financial records of the City of Yorba Linda and were not audited.



CITY OF YORBA LINDA

P.O. BOX 87014

CALIFORNIA 92885-8714

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Transportation Ordinance for the City of Yorba Linda as of and for the fiscal year ended June 30, 2016.

Procedure #3

We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2016 and determined whether the City met the minimum MOE requirement. We agreed the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18), explaining any differences.

Results:

The City's MOE expenditures for the fiscal year ended June 30, 2016 were \$2,866,048 (see Schedule A), which exceeded the requirement. We agreed the total expenditures of \$2,866,048 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), noting a difference of \$436, 107. The City reported \$2,429,941 as total MOE expenditures which represented budgeted amounts rather than actual. No other exceptions were noted as a result of our procedures.

City's Response:

It has been the City's past practice to include amounts reported on the Maintenance of Effort Reporting Form onto the Measure M2 Expenditure Report. However during the review, it has been brought to the City's attention that actual amounts should be reported on the Measure M2 Expenditure Report rather than budgeted amounts. Therefore, in future years the City will include the actual amounts on the Measure M2 Expenditure Report.

Procedure #4

We selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Results:

MOE expenditures tested totaled \$409,406 representing approximately 14% of total MOE expenditures for the fiscal year ended June 30, 2016. We noted the following expenditures were not appropriately classified as a local street and road expenditure, nor were the costs allowable per the Ordinance:

- \$9,075 in costs incurred for a City Water Study.
- \$67,230 in costs incurred for the City’s Landscape Maintenance Assessment District (LMAD) Transition Design Project.
- \$3,813 in overhead costs incurred for landscape irrigation for various street medians and parks.

However, after removing the amounts from total MOE expenditures, the City continued to meet the minimum MOE requirement.

City’s Response:

The City’s historical practice has been to include the majority of the City’s General Fund Public Works accounts in the Maintenance of Effort (MOE) calculation. However, recently some of these accounts have been utilized for costs related to the City’s Landscape Maintenance Assessment District (LMAD) that are being funded from the City’s General Fund per direction from the City Council. City staff did not update the MOE calculation methodology to specifically exclude these accounts. The Finance Department will work with the Public Works Department to implement a methodology to segregate these LMAD-related expenditures into easily-identifiable accounts, which will ensure that they are excluded from future MOE calculations.

Sincerely,



Title: City Manager



Title: Director of Finance



Title: Director of Public Works

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 SENIOR MOBILITY PROGRAM
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2016**

**ORANGE COUNTY LOCAL
TRANSPORATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2016

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2016. Please refer to the individual divider tab for our report on each Agency.

City of Fullerton

City of Mission Viejo

City of Newport Beach

City of Yorba Linda



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF FULLERTON**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Fullerton’s (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City’s Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City’s expenditures are tracked in the general ledger by fund, sub-project and object. The City records its Senior Mobility Program expenditures in its Measure M2 Fund (25) and Parks & Recreation Fund (15), Senior Programs (sub-project #516), under Professional & Contractual Fee (object# 6319) and Printing, Binding, & Duplicate (object# 6443). During the year ended June 30, 2016, the City reported total program expenditures of \$198,569, which included the City’s match. The City reported \$152,379 in program expenditures on the Expenditure Report (Schedule 2, lines 13 and 14 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2016, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to the amount listed as received on the City's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$362,129 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 6,231

We compared the fund balance of \$6,231 to the City's Expenditure Report (Schedule 1, lines 16 and 17), noting a difference of (\$646,497). The Expenditure Report Fund balance includes (646,497) of the City's Regional Traffic Signal Synchronization Program, with the remaining \$6,231 related to the Senior Mobility Program.

The City received \$125,042 during the fiscal year ended June 30, 2016 which agrees to the City's Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Results: We reviewed the City's interest allocation methodology and noted the City did not separately track interest for the Senior Mobility Program for the year ended June 30, 2016. All interest earned during the fiscal year was tracked in the Measure M2 Fund (25) as Local Fair Share interest income, and \$0 interest was reported on the City's Expenditure Report (Schedule 2, line 6 for Project U). No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by City's Community Center and tracked in the City's general ledger within the Parks and Recreation Fund (15), under the Senior Programs Subprogram (516) within the Miscellaneous Object Code (4830). During the year ended June 30, 2016, the City collected \$34,656, which was used as part of the City's match related to payroll expenditures in the Parks and Recreation Fund. No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$46,190 which is approximately 37% of the total annual formula allocation of \$125,042. No exceptions were noted as a result of our procedures.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$155,082 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. We noted the following types of expenditures:

- \$75,644 or 49% of our sample, represented cost incurred for senior transportation services provided by third-party service providers. We reviewed supporting documentation noting that \$1,788 were for transportation services outside of the County limits for reasons other than medical trips. Trip destinations included the Riverside Mission Inn (\$685), and the San Diego Harbor (\$1,075), provided by The Bus, and Rowland Heights (\$28) provided by California Yellow Cab. No other exceptions were noted as a result of our procedures.
 - \$79,438 or 51% of our sample, related to costs incurred for senior bus passes and administration costs related to the taxi voucher program, including \$2,703 of payroll expenditures. No exceptions were noted as a result of our procedures.
7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted upon registration, the City reviews date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were noted as a result of our procedures.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide senior transportation services under the Senior Mobility Program. We verified that California Yellow Cab was selected using a competitive procurement process through review of the City’s Request for Proposal, bidding documents, and the executed agreement with California Yellow Cab. Per review of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed. The City did not competitively procure The Bus and did not have an executed contract to outline the wheelchair accessible requirement. The Bus was procured through an agreement between the City and the Fullerton Senior Travel Club (a nonprofit Organization). Two trips were provided by The Bus during the fiscal year, see expenditures noted under procedure 6. No other exceptions were noted as a result of our procedures.

10. We obtained the proof of insurance coverage for the City’s Contractor and performed the following:
 - a. Reviewed the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide transportation services under the Senior Mobility Program. We obtained and reviewed the insurance coverage for California Yellow Cab, and noted the requirements established in the Cooperative Agreement were partially met. We were unable to obtain the Workers Compensation and Employers’ Liability insurance coverage for California Yellow Cab, and as such could not determine if the requirements established in the Cooperative Agreement were met. Additionally, we were unable to review insurance coverage for The Bus as proof of insurance was not on file with the City.

As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City’s contractors’ insurance was on file with the City, except as noted above. No other exceptions were noted as a result of our procedures.

11. We obtained and sampled the monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through review of the City’s monthly summary reports, we noted that, in five of twelve reports, expenditures did not agree to supporting documentation. Total expenditures were under reported by \$14,197, or 8% of the actual general ledger balances. The City asserted the differences were related to the timing of invoice processing, which were recorded in the general ledger subsequent to the monthly report submission, exclusion of expenditures related to trips outside of Orange County limits, and input errors.

Reporting Month	Amount Reported as OCTA Contribution	Amount per City’s General Ledger	Variance
December-15	\$ 15,610	\$ 16,295	\$ (685)
January-16	2,520	6,187	(3,667)
February-16	12,666	16,539	(3,873)
May-16	6,743	7,818	(1,075)
June-16	13,143	18,040	(4,897)

In addition, a sample of four reports were reviewed for timely submission and it was noted that reports were submitted within 30 days of month end. We noted for the June 2016 summary report, the City made a preliminary submission within 30 days of month end. However, the City made revisions to the form for the month of June 2016, and did not submit revised amounts to OCTA. No other exceptions were noted as a result of our procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California

March 8, 2017



CITY OF FULLERTON

Administrative Services Department

Administration (714) 738-6521
 Fiscal Services (714) 738-6529
 Information Technology (714) 738-6538
 Purchasing (714) 738-6533

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
 and the Taxpayers Oversight Committee of the
 Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Fullerton as of and for the fiscal year ended June 30, 2016.

Procedure #4

We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 -- Project U), explaining any differences.

Results:

We reviewed the City's interest allocation methodology and noted the City did not separately track interest for the Senior Mobility Program for the year ended June 30, 2016. All interest earned during the fiscal year was tracked in the Measure M2 Fund (25) as Local Fair Share interest income, and \$0 interest was reported on the City's Expenditure Report (Schedule 2, line 6 for Project U). No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by City's Community Center and tracked in the City's general ledger within the Parks and Recreation Fund (15), under the Senior Programs Subprogram (516) within the Miscellaneous Object Code (4830). During the year ended June 30, 2016, the City collected \$34,656, which was used as part of the City's match related to payroll expenditures in Parks and Recreation Fund. No exceptions were noted as a result of our procedures.

City's Response:

The City of Fullerton will allocate interest income between SMP and LFS instead of all interest allocating to LFS M2 Fund.

Procedure #6

We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

THE EDUCATION COMMUNITY

303 West Commonwealth Avenue, Fullerton, California 92832-1775
 Fax (714) 738-3168 • Web Site: www.ci.fullerton.ca.us



- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
- b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results:

Measure M2 Senior Mobility Program expenditures tested totaled \$155,082 representing approximately 78% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. We noted the following types of expenditures:

- \$75,644 or 49% of our sample, represented cost incurred for senior transportation services provided by third-party service providers. We reviewed supporting documentation noting that \$1,788 were for transportation services outside of the County limits for reasons other than medical trips. Trip destinations included the Riverside Mission Inn (\$685), and the San Diego Harbor (\$1,075), provided by The Bus, and Rowland Heights (\$28) provided by California Yellow Cab. No other exceptions were noted as a result of our procedures.
- \$79,438 or 51% of our sample, related to costs incurred for senior bus passes and administration costs related to the taxi voucher program, including \$2,703 of payroll expenditures. No exceptions were noted as a result of our procedures.

City's Response:

The City of Fullerton will change its policy and will not pay for trips outside of Orange County. The City will reimburse OCTA for the cost of the two trips from The Bus by reversing the expense from the M2 funds to City funds and send proof of the transaction to the OCTA.

Procedure #9

We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results:

Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide senior transportation services under the Senior Mobility Program. We verified that California Yellow Cab was selected using a competitive procurement process through review of the City's Request for Proposal, bidding documents, and the executed agreement with California Yellow Cab. Per review of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed. The City did not competitively procure The Bus and did not have an executed contract to outline the wheelchair accessible requirement. The Bus was procured through an agreement between the City and the Fullerton Senior Travel Club (a nonprofit Organization). Two trips were provided by The Bus during the fiscal year, see expenditures noted under procedure 6. No other exceptions were noted as a result of our procedures.

City's Response:

With the agreement being between the Bus and the Fullerton Senior Citizen's Club it was thought that the City's procurement process was not applicable. The payment should have been a reimbursement to the senior club rather than a direct payment to The Bus. In the future, the City will follow proper competitive procurement procedures and require any contractors who receive M2 funding to follow the same procedures. The City will reimburse OCTA for the cost of the two trips from The Bus by reversing the expense from the M2 funds to City funds and send proof of the transaction to the OCTA.

Procedure #10

We obtained the proof of insurance coverage for the City's Contractor and performed the following:

- a. Reviewed the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results:

Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and The Bus, to provide transportation services under the Senior Mobility Program. We obtained and reviewed the insurance coverage for California Yellow Cab, and noted the requirements established in the Cooperative Agreement were partially met. We were unable to obtain the Workers Compensation and Employers' Liability insurance coverage for California Yellow Cab, and as such could not determine if the requirements established in the Cooperative Agreement were met. Additionally, we were unable to review insurance coverage for The Bus as proof of insurance was not on file with the City.

As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City's contractors' insurance was on file with the City, except as noted above. No other exceptions were noted as a result of our procedures.

City's Response:

Although most of the insurance requirements were met, the Workers Compensation and Employers Liability Insurance were not. Yellow Cab is in the process of getting the insurance requirements to the City and the City should be receiving the insurance. The City will follow up each year with the contractor to ensure that the proper insurance certificates have been sent to the City.

Procedure #11

We obtained and sampled the monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results:

Through review of the City's monthly summary reports, we noted that, in five of twelve reports, expenditures did not agree to supporting documentation. Total expenditures were under reported by \$14,197, or 8% of the actual general ledger balances. The City asserted the differences were related to the timing of invoice processing, which were recorded in the general ledger subsequent to the monthly report submission, exclusion of expenditures related to trips outside of Orange County limits, and input errors.

<u>Reporting Month</u>	<u>Amount Reported as OCTA Contribution</u>	<u>Amount per City's General Ledger</u>	<u>Variance</u>
December-15	\$ 15,610	\$ 16,295	\$ (685)
January-16	2,520	6,187	(3,667)
February-16	12,666	16,539	(3,873)
May-16	6,743	7,818	(1,075)
June-16	13,143	18,040	(4,897)

In addition, a sample of four reports were reviewed for timely submission and it was noted that reports were submitted within 30 days of month end. We noted for the June 2016 summary report, the City made a preliminary submission within 30 days of month end. However, the City made revisions to the form for the month of June 2016, and did not submit revised amounts to OCTA. No other exceptions were noted as a result of our procedures.

City's Response:

The City of Fullerton, will reconcile all monthly SMP reports with the City's general ledger prior to submitting the SMP to OCTA. The City will notify OCTA of any changes made to the GL. If any changes are made, the City will submit a revised SMP report to OCTA.

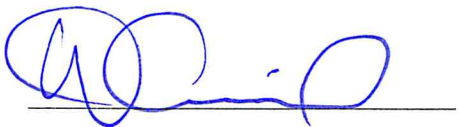
Sincerely,



Title: City Manager



Title: Director of Administrative Services



Title: Director of Parks & Recreation



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES – CITY OF MISSION VIEJO**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Mission Viejo’s (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City’s management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City’s Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City’s expenditures are tracked in the general ledger by fund and object. The City records its Senior Mobility Program expenditures in its Senior Mobility Grant Fund (278). During the fiscal year ended June 30, 2016, the City reported total program expenditures of \$86,312, which did not include the City’s match. The City reported \$86,312 in program expenditures on the Expenditure Report (Schedule 2, Lines 13 and 14 for Project U) which agrees to the M2 funded portion of total expenditures. No exceptions were noted as a result of our procedures.

- We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2016 agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to amount listed as received on City's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$322,446 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 111,340
2014/2015	Senior Mobility Program (M2)	867

We compared the fund balance of \$112,207 to the City's Expenditure Report (Schedule 1, lines 16 and 17), noting the Expenditure Report reflected a balance of (\$287,792). The difference of (\$399,999) relates to the Water Quality Program, with the remaining related to the Senior Mobility Program.

The City received \$111,340 during the fiscal year ended June 30, 2016 which agrees to the City's Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

- We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Results: The City reported \$697 of interest income for the year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 6 for Project U). No exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by the City's third party service providers and noted on monthly invoices. During the year ended June 30, 2016, one of the third party contractors collected \$5 per trip, which was used to offset the amounts paid to the contractor. However, the City did not record the fare box revenue or related expenditures in the City's general ledger. Refer to Procedure 5 below. No other exceptions were noted as a result of our procedures.

- We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$38,949 which was approximately 35% of the total annual formula allocation of \$111,340. We noted the match expenditures were not reported in the City's general ledger, but instead tracked as direct reductions on the individual invoices for the City's two third party contractors. Further, the \$38,949 in match funds were not included in the total expenditures noted under Procedure 2 above. Amounts reported as expenditures in the City's general ledger, and tested under Procedure 6, were the net amount due to the third party contractor after removing the calculated fare box revenue. California Yellow Cab collects \$5 per trip to offset trip costs as a match, while Age Well Senior Services holds back 20% of the invoice total as a match. We verified match requirements were met through review of the City's invoices with the third party contractors, and have summarized the match contributions below:

<u>Match Amount</u>	<u>Third Party Contractor</u>
\$33,975	California Yellow Cab
4,974	Age Well Senior Services

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$70,816 representing approximately 82% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted upon registration, the City reviews date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were noted as a result of our procedures.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and Age Well Senior Services, to provide senior transportation services for the Senior Mobility Program. We verified that both contractors were selected using a competitive procurement process through review of the City's Request for Proposals (RFP), bidding documents, and the executed agreements. We noted the City awarded the contracts to California Yellow Cab in 2006 and Age Well Senior Services in 2003. For the Age Well Senior Services Contract, the initial agenda report and bidding documents were not provided, but we reviewed the RFP as evidence of the competitive bid process. The City has continued to extend existing contracts with California Yellow Cab and Age Well Senior Services through June 30, 2016, with no additional competitive procurement activities since 2006 and 2003, respectively.

Per review of the California Yellow Cab contract agreement we verified that wheelchair accessible vehicles are available and used as needed. Per review of the Age Well Senior Services contract agreement, inclusion of wheelchair accessible vehicles was not present. Further, as noted above, we were unable to verify if language was included in the Age Well Senior Services bid documents because those documents were not available. No other exceptions were noted as a result of our procedures.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Reviewed the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and Age Well Senior Services, to provide transportation services under the Senior Mobility Program. We obtained and reviewed the insurance coverage for both contractors, and noted the requirements established in the Cooperative Agreement were met. As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City's contractors' insurance was on file with the City. No exceptions were noted as a result of our procedures.

11. We obtained and sampled the monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through review of a sample of four of the City's monthly summary reports, it was noted that the City's monthly expenditures agreed to supporting documentation, and reports were submitted to OCLTA within 30 days of month end. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California
March 8, 2017



City of Mission Viejo

Administrative Services Department

Wendy Bucknum
Mayor

Ed Sachs
Mayor Pro Tem

Brian Goodell
Council Member

Trish Kelley
Council Member

Greg Raths
Council Member

March 8, 2017

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Mission Viejo as of and for the fiscal year ended June 30, 2016.

Procedure #4

We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Results:

The City reported \$697 of interest income for the year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 6 for Project U). No exceptions noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by City's third party service providers and noted on monthly invoices. During the year ended June 30, 2016, one of the third party contractors collected \$5 per trip, which was used to offset the amounts paid to the contractor. However, the City did not record the fare box revenue or related expenditures in the City's general ledger. Refer to Procedure 5 below. No other exceptions were noted as a result of our procedures.

City's Response:

The City will request that our third party provider submit invoices that reflect the total cost of the services provided, as well as the total amount of fares collected. The city will then enter two lines into our financial software when processing the payment: one line for the total amount, and one line for the fare amount (credit). Therefore, the fare amount will be visible on our general ledger.



Procedure #5

We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results:

The total match expenditures amounted to \$38,949 which is approximately 35% of the total annual formula allocation of \$111,340. We noted the match expenditures were not reported in the City's general ledger, but instead tracked as direct reductions on the individual invoices for the City's two third party contractors. Further, the \$38,949 in match funds were not included in the total expenditures noted under Procedure 2 above. Amounts reported as expenditures in the City's general ledger, and tested under Procedure 6, were the net amount due to the third party contractor after removing the calculated fare box revenue. California Yellow Cab collects \$5 per trip to offset trip costs as a match, while Age Well Senior Services holds back 20% of the invoice total as a match. We verified match requirements were met through review of the City's invoices with the third party contractors, and have summarized the match contributions below:

<u>Match Amount</u>	<u>Third Party Contractor</u>
\$33,975	California Yellow Cab
4,974	Age Well Senior Services

City's Response:

Our current vendor, Age Well, provides invoices showing the gross amount and the 20% match. We will change our procedure from entering the net amount into our financial software to entering one line for the total, and one line for the 20% match. Therefore, the match amount will be visible on our general ledger.

Procedure #9

We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:

- a. Verified that the Contractor was selected using a competitive procurement process.
- b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results:

Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with two third party service providers, California Yellow Cab and Age Well Senior Services, to provide senior transportation services for the Senior Mobility Program. We verified that both contractors were selected using a competitive procurement process through review of the City's Request for Proposals, bidding documents, and the executed agreements. We noted the City awarded the contracts to California Yellow Cab in 2006 and Age Well Senior Services in 2003. For the Age Well Senior Services Contract, the initial agenda report and bidding documents were not provided, but we reviewed the RFP as evidence of the competitive bid process. The City has continued to extend existing contracts with California Yellow Cab and Age Well Senior Services through June 30, 2016, with no additional competitive procurement activities since 2006 and 2003, respectively.

Per review of the California Yellow Cab contract agreement we verified that wheelchair accessible vehicles are available and used as needed. Per review of the Age Well Senior Services contract agreement, inclusion of wheelchair accessible vehicles was not present. Further, as noted above, we were unable to verify if language was included in the Age Well Senior Services bid documents and those documents were not available. No other exceptions were noted as a result of our procedures.

City's Response:

The City will not issue another extension to the existing contracts and will issue an RFP for a competitive bid at the first opportunity.

In addition, the scope of services included a section on wheelchair accessibility and Age Well currently uses vans that accommodate wheelchair passengers. We will amend any new contracts to include this wording in the future.

Signatures:


Dennis Wilberg, City Manager


Cheryl Dyas, Director of Administrative Services


Mark Nix, Director of Recreation & Community Services



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES – CITY OF NEWPORT BEACH**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Newport Beach’s (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City’s management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City’s Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City’s expenditures are tracked in the general ledger by fund and project. The City records its Senior Mobility Program expenditures in its General Fund (010) under Organization 0107033 – Oasis Transportation. During the fiscal year ended June 30, 2016, the City reported total program expenditures of \$674,092, which included the City’s match. The City reported \$127,630 in program expenditures on the Expenditure Report (Schedule 2, Lines 13 and 14 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City's Measure M2 Senior Mobility Program as of June 30, 2016, agreed to the balance as listed on the City's Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to amount listed as received on City's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$366,961 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 0

We compared the fund balance of \$0 to the City's Expenditure Report (Schedule 1, lines 16 and 17), noting the Expenditure Report reflected a balance of (\$54,369). The balance of (\$54,369) related to the City's Regional Traffic Signal Synchronization Program and Water Quality Program.

The City received \$126,711 during the fiscal year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

4. We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Results: The City reported \$919 of interest income for the year ended June 30, 2016 which agreed to the City's Expenditure Report (Schedule 2, Line 6 for Project U). No exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by the City and tracked in the City's general ledger within the Oasis Transportation Organization Code (0107033), and Oasis Transportation Fees Object Code (551180). During the year ended June 30, 2016, the City collected \$25,450, which was used to offset SMP expenditures within the same Organization Code (0107033). No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$547,381 which was approximately 432% of the total annual formula allocation of \$126,711. No exceptions were noted as a result of our procedures.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$212,013 representing approximately 31% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted upon registration, the City reviews date of birth documented on registration forms, to ensure participants are 60 years of age or older. No exceptions were noted as a result of our procedures.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussions with City's Finance and Recreation & Senior Services personnel (personnel) and review of the general ledger expenditure detail, we identified indirect expenditures as part of the City's match, excluded from the Expenditure Report. We tested a total of \$155,690 as indirect costs, representing 23% of total Measure M2 Senior Mobility Program expenditures (including match expenditures) for the fiscal year ended June 30, 2016. No exceptions noted as a result of our procedures.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City personnel, the City did not contract with a third party service provider for senior transportation service. No exceptions were noted as a result of our procedures.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:
 - a. Reviewed the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
 - b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results: We obtained and reviewed the insurance coverage for the City, and noted the requirements established by the Cooperative Agreement were met. Additionally, we noted the current year proof of insurance was submitted and on file with OCLTA. No exceptions were noted as a result of our procedures.

11. We obtained and sampled the monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through review of the City's monthly summary reports, we noted that, in nine of twelve reports, expenditures did not agree to the supporting documentation. Total expenditures were under reported by \$29,810, or 4% of the actual general ledger balances. The City asserted the differences were related to the timing of processing payments and internal service costs, which were recorded in the general ledger subsequent to the monthly report submission.

Reporting Month	Amount Reported as OCTA Contribution	Amount per City's General Ledger	Variance
August-15	\$ 52,405	\$ 52,403	\$ 2
September-15	52,051	54,148	(97)
October-15	54,503	54,542	(39)
January-16	49,945	50,101	(156)
February-16	49,386	48,776	610
March-16	61,002	61,039	(37)
April-16	47,621	48,122	(501)
May-16	38,603	52,365	(13,762)
June-16	47,721	63,551	(15,830)

In addition, a sample of four reports were reviewed for timely submission and it was noted that reports were submitted within 30 days of month end to OCLTA. No other exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinch, Train, Day & Co., LLP

Laguna Hills, California

March 8, 2017

CITY OF NEWPORT BEACH

100 Civic Center Drive
Newport Beach, California 92660
949 644-3127 | 949 644-3339 FAX
newportbeachca.gov/finance



March 8, 2017

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Newport Beach as of and for the fiscal year ended June 30, 2016.

Procedure #11

We obtained and sampled the monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results:

Through review of the City's monthly summary reports, we noted that, in nine of twelve reports, expenditures did not agree to the supporting documentation. Total expenditures were under reported by \$29,810, or 4% of the actual general ledger balances. The City asserted the differences were related to the timing of processing payments and internal service costs, which were recorded in the general ledger subsequent to the monthly report submission.


Reporting Month	Amount Reported as OCTA Contribution	Amount per City's General Ledger	Variance
August-15	\$ 52,405	\$ 52,403	\$ 2
September-15	52,051	54,148	(97)
October-15	54,503	54,542	(39)
January-16	49,945	50,101	(156)
February-16	49,386	48,776	610
March-16	61,002	61,039	(37)
April-16	47,621	48,122	(501)
May-16	38,603	52,365	(13,762)
June-16	47,721	63,551	(15,830)

In addition, a sample of four reports were reviewed for timely submission and it was noted that reported were submitted within 30 days of month end to OCLTA. No other exceptions were noted as a result of our procedures.

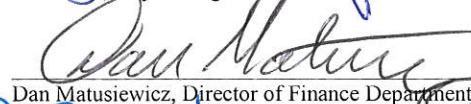
City's Response:

The City concurs that the difference between the monthly reports and the general ledger expenditures is due to the timing of processing the monthly reports, which are prepared prior to the closing of the fiscal year. Going forward, the City shall continue to submit the monthly reports on time, and additionally, submit a year to-date report after the fiscal year is closed.

Sincerely,



Dave Kiff, City Manager



Dan Matusiewicz, Director of Finance Department



Laura Detweiler, Director of Recreation & Senior Services Department



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES – CITY OF YORBA LINDA**

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Yorba Linda's (City) compliance with the provisions of the Measure M2 Senior Mobility Program as of, and for the fiscal year ended, June 30, 2016. The City's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. 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 those parties specified in the report. 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.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the City to determine that the agreement was properly approved and executed.

Results: No exceptions were noted as a result of our procedures.

2. We documented which fund(s) the City used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on City's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results: The City's expenditures are tracked in the general ledger by fund, object, and project. The City records its Senior Mobility Program expenditures in its General Fund (001), under Parks and Recreation/Community Center Contractual Service (object# 418) and Senior Mobility Program (project# 3023). During the year ended June 30, 2016, the City reported total program expenditures of \$100,142, which included the City's match. The City reported \$83,127 in program expenditures on the Expenditure Report (Schedule 2, Lines 13 and 14 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were noted as a result of our procedures.

3. We obtained a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We obtained the fund balance of the City’s Measure M2 Senior Mobility Program as of June 30, 2016, agreed to the balance as listed on the City’s Expenditure Report (Schedule 1, lines 16 and 17), and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed to amount listed as received on City’s Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results: The City received \$197,982 for the past three fiscal years ended June 30, 2014, 2015 and 2016. No exceptions were noted as a result of our procedures. The remaining fund balance was as follows:

<u>Allocation Year</u>	<u>Funding Source</u>	<u>Remaining Fund Balance</u>
2015/2016	Senior Mobility Program (M2)	\$ 11,222

We compared the fund balance of \$11,222 to the City’s Expenditure Report (Schedule 1, lines 16 and 17), without exception.

The City received \$68,362 during the fiscal year ended June 30, 2016 which agreed to the City’s Expenditure Report (Schedule 2, Line 5 for Project U). No exceptions were noted as a result of our procedures.

4. We reviewed the City’s interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City’s Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Results: The City reported \$657 of interest income for the year ended June 30, 2016, which agreed to the City’s Expenditure Report (Schedule 2, Line 6 – Project U). We reviewed the City’s interest allocation worksheet and noted the calculation contained a mathematical error resulting in an over allocation of interest in the amount of \$478. No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City’s fare collection methodology and noted fares are collected by the third party contractor and noted on monthly invoices. During the year ended June 30, 2016, the third party contractor collected \$3,787, which was used to offset contractor payments, and were tracked under Object Code 418, Activity #3023 (Parks and Recreation/Community Center/Contractual Services – Senior Mobility Program). No exceptions were noted as a result of our procedures.

5. We verified that the City satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e. accrual-basis funding allocation for fiscal year ended June 30, 2016).

Results: The total match expenditures amounted to \$16,995 which was approximately 25% of the total annual formula allocation of \$68,362. No exceptions were noted as a result of our procedures.

6. We selected a sample of Measure M2 Senior Mobility Program expenditures from the City’s general ledger expenditure detail. For each item selected, we performed the following:
 - a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verified that the expenditures selected in (a) above were exclusively for Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: Measure M2 Senior Mobility Program expenditures tested totaled \$69,903 representing approximately 70% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

7. We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted that the City has reviewed all participant data to ensure only eligible residents are enrolled in the Senior Mobility Program. The City's original Scope of Work allowed for enrollment of those 55 years of age or older, which differs from the Ordinance requirement of 60 years of age or older. As such, during the year, the City revised the policy to ensure only those over the age of 60 are enrolled in the program. Upon registration, the City verifies date of birth to ensure participants are 60 years of age or older.

As a result of the change from 55 years of age to 60 years of age, the City reviewed all the registration forms on file in March 2016. Per review of the listing of approximately 1,030 registered participants, the City identified 4 participants between 55 and 59 years of age. One of these participants used services within six months of the City's review (i.e. between October 2015 and March 2016). After this review, the City has notified all staff at the Community Center to ensure only residents 60 years of age or older are enrolled or served by the program.

8. We identified whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, we compared indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the City reported \$0 in indirect costs. Per discussion with the City's accounting personnel and review of the general ledger expenditure detail, we noted no indirect costs were charged as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

9. We determined if the City contracts with a third party service provider to provide senior transportation service, and performed the following:
 - a. Verified that the Contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracted with a third party service provider, Keolis Transit America (DBA Western Transit Systems), to provide senior transportation services for the Senior Mobility Program. We verified that Western Transit Systems was selected using a competitive procurement process through review of the City's Request for Proposal, bidding documents, and the executed agreement with Western Transit Systems. Per review of the contract agreement we verified that wheelchair accessible vehicles are available and used as needed. No exceptions were noted as a result of our procedures.

10. We obtained the proof of insurance coverage for the City's Contractor and performed the following:

- a. Reviewed the insurance coverage to ensure the terms satisfied the requirements established in the Cooperative Agreement.
- b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Results: Based on our review of the general ledger expenditure detail and discussion with City accounting personnel, the City contracts with a third party service provider, Western Transit Systems, to provide transportation services under the Senior Mobility Program. We obtained and reviewed the insurance coverage for Western Transit Systems, and noted the requirements established in the Cooperative Agreement were met. As required in the Cooperative Agreement, we noted the current year proof of insurance for the City was submitted and on file with OCLTA, while the City's contractors' insurance was on file with the City. No exceptions were noted as a result of our procedures.

11. We obtained and sampled the monthly summary reports, and determined the reports were properly prepared and submitted within thirty (30) calendar days of month end.

Results: Through review of a sample of four City's monthly summary reports, it was noted that the City's reported monthly expenditures agreed to supporting documentation, and reports were submitted to OCLTA within 30 days of month end. We noted two transposition errors of total expenditures totaling \$270 each within the September 2015 and June 2016 reports, but in both cases, the City revised and submitted the reports to OCLTA on November 23, 2016. No exceptions were noted as a result of our procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Senior Mobility Program. 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.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California

March 8, 2017



CITY OF YORBA LINDA

P.O. BOX 87014

CALIFORNIA 92885-8714

March 8, 2017

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility Program for the City of Yorba Linda as of and for the fiscal year ended June 30, 2016.

Procedure #4

We reviewed the City's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. We agreed the amount reflected to the amount of interest listed on the City's Expenditure Report (Schedule 2, line 6 – Project U), explaining any differences.

Results:

The City reported \$657 of interest income for the year ended June 30, 2016, which agreed to the City's Expenditure Report (Schedule 2, Line 6 – Project U). We reviewed the City's interest allocation worksheet and noted the calculation contained a mathematical error resulting in an over allocation of interest in the amount of \$478. No other exceptions were noted as a result of our procedures.

Additionally, we inquired of the City's fare collection methodology and noted fares are collected by the third party contractor and noted on monthly invoices. During the year ended June 30, 2016, the third party contractor collected \$3,787, which was used to offset contractor payments, and were tracked under Object Code 418, Activity #3023 (Parks and Recreation/Community Center/Contractual Services – Senior Mobility Program). No exceptions were noted as a result of our procedures.

City's Response:

The City agrees that additional interest was allocated to the program incorrectly due to a formula error in the City's interest allocation spreadsheet. The formula in the spreadsheet has since been corrected for use in future years' calculations.

Procedure #7

We inquired as to the procedures used by the City to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results:

We inquired of management as to the procedures used to ensure services are provided only to eligible participants and noted that the City has reviewed all participant data to ensure only eligible residents are enrolled in the Senior Mobility Program. The City's original Scope of Work allowed for enrollment of those 55 years of age or older, which differs from the Ordinance requirement of 60 years of age or older.

As such, during the year, the City revised the policy to ensure only those over the age of 60 are enrolled in the program. Upon registration, the City verifies date of birth to ensure participants are 60 years of age or older. As a result of the change from 55 years of age to 60 years of age, the City reviewed all the registration forms on file in March 2016. Per review of the listing of approximately 1,030 registered participants, the City identified 4 participants between 55 and 59 years of age. One of these participants used services within six months of the City's review (i.e. between October 2015 and March 2016). After this review, the City has notified all staff at the Community Center to ensure only residents 60 years of age or older are enrolled or served by the program

City's Response:

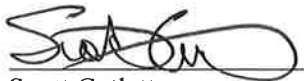
As discussed in the Auditor's finding above, the City has already put in place procedures to ensure that only residents 60 years of age or older are enrolled in or served by the program.

Sincerely yours,

CITY OF YORBA LINDA



Mark Pulone
City Manager



Scott Catlett
Finance Director



Mike Kudron
Parks & Recreation Director