

Date: Monday, July 9, 2007

Time: 9:00 a.m.

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



BOARD AGENDA

Orange County Transportation Authority Board Meeting
OCTA Headquarters
First Floor - Room 154, 600 South Main Street
Orange, California
Monday, July 9, 2007, at 9:00 a.m.

ACTIONS

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

Invocation

Director Amante

Pledge of Allegiance

Director Bates

Agenda Descriptions

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

Public Comments on Agenda Items

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



BOARD AGENDA

ACTIONS

Special Matters

1. **Presentation of Citizens Advisory Committee Resolutions of Appreciation**

Consent Calendar (Items 2 through 20)

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

Orange County Transportation Authority Consent Calendar Matters

2. **Approval of Minutes**

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of June 25, 2007.

3. **Approval of Resolution of Appreciation for San Juan Capistrano City Manager, Bill Huber**

4. **Legal Services Contract Review**
Kathleen M. O'Connell

Overview

The Internal Audit Department has completed a review of the contract between Orange County Transportation Authority and Woodruff, Spradlin & Smart, P.C. The review, which included an evaluation of controls at both the Orange County Transportation Authority and Woodruff, Spradlin & Smart P.C., found that controls over contract administration at the Orange County Transportation Authority can be improved. Recommendations are being made to improve controls and contract administration.

Recommendation

Direct staff to implement the recommendations made in the Legal Services Review, Internal Audit Report No. 07-012.



BOARD AGENDA

ACTIONS

5. **Disadvantaged Business Enterprise Program Contract Review**
Kathleen M. O'Connell

Overview

The Internal Audit Department has completed a contract review of the Orange County Transportation Authority's Disadvantaged Business Enterprise Program. Recommendations were made to strengthen internal controls over contract management. Management staff has indicated the recommendations contained in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement the recommendations in the Disadvantaged Business Enterprise Program Contract Review, Internal Audit Report No. 07-029.

6. **Preparation of the 2008 State and Federal Legislative Platforms**
Kristin Essner/P. Sue Zuhlke

Overview

The Orange County Transportation Authority is preparing the legislative platforms in advance of the 2008 sessions of the California Legislature and United States Congress. As a listing of objectives and issue positions, the legislative platforms provide general direction to staff and legislative representatives in Sacramento and Washington, D.C.

Recommendation

Approve the preparation plan and timeline for the State and Federal Legislative Platforms.



BOARD AGENDA

ACTIONS

7. **Agreement for On-Call Right-of-Way Services for the Metrolink Service Expansion Program**
James Staudinger/Kia Mortazavi

Overview

Right-of-way consultant services are required to ensure the ability of the Orange County Transportation Authority to construct facilities needed to implement the Metrolink Service Expansion Program. A Request for Proposals was solicited and received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Committee Recommendations

- A. Authorize the Chief Executive Officer to execute Agreement C-7-0777 between the Orange County Transportation Authority and Paragon Partners, Ltd., in an amount not to exceed \$1,920,000, for on-call right-of-way services.
 - B. Direct staff to ensure that Paragon Partners, Ltd.'s scope of work will enable them to be proactive in acquiring properties that become available for sale on the open market.
8. **Budget Amendment for Soundwall Design Services Along the San Diego Freeway (Interstate 5) in the City of San Clemente**
George B. Saba/Kia Mortazavi

Overview

On June 7, 2007, the California Transportation Commission adopted the State Transportation Improvement Program augmentation submitted by the Orange County Transportation Authority staff to design and initiate right-of-way services for two soundwall projects on the San Diego Freeway (Interstate 5) in San Clemente, located at El Camino Real and Avenida Vaquero. A budget amendment is required to incorporate this newly approved funding into the agency's budget.



BOARD AGENDA

ACTIONS

8. (Continued)

Recommendations

- A. Amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, Expense Account 1752-7519-A9220-DYR for the El Camino Real soundwall and Account 1752-7519-A9215-DYQ for the Avenida Vaquero soundwall by \$646,000 and \$620,000, respectively.
- B. Amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, Revenue Account 0001-6026-A9220-DYR for the El Camino Real soundwall and Account 0001-6026-A9215-DYQ for the Avenida Vaquero soundwall by \$646,000 and \$620,000, respectively.

9. **Approval to Release Request for Proposals for Northbound Orange Freeway (State Route 57) Improvements Between Orangethorpe Avenue and Lambert Road**

Tom Bogard/Kia Mortazavi

Overview

Staff has developed a draft Request for Proposals to initiate a competitive procurement process to retain design consultants to provide plans, specifications, and estimates for widening improvements on the northbound Orange Freeway (State Route 57) between Orangethorpe Avenue and Lambert Road.

Recommendations

- A. Approve a project development approach that splits the improvements planned for Orange Freeway (State Route 57) between Orangethorpe Avenue and Lambert Road into two separate projects to encourage a broader response by private engineers and contractors to increase competition on this project.
- B. Approve the proposed evaluation criteria and weightings.
- C. Approve the release of Request for Proposals 7-0887 for design consulting services for northbound Orange Freeway (State Route 57) improvements between Orangethorpe Avenue and Lambert Road.



BOARD AGENDA

ACTIONS

10. Cooperative Agreements with the Cities of Brea and La Habra for the Go Local Program

Jeanne Spinner LaMar/Kia Mortazavi

Overview

The Orange County Transportation Authority proposes to enter into cooperative agreements with the cities of Brea and La Habra to establish roles and responsibilities and define proposed project concepts for step one of the Go Local program.

Recommendations

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement C-6-0886 between the Orange County Transportation Authority and the City of Brea, in an amount not to exceed \$100,000, to expand the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within north Orange County.
- B. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0886 between the Orange County Transportation Authority and the City of La Habra, in an amount not to exceed \$100,000, to expand the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within north Orange County.

11. New York Meetings with Rating Agencies and Insurers

Kirk Avila/James S. Kenan

Overview

Since the early nineties, the Orange County Transportation Authority has maintained an active investor relations program. As part of this program, each year the Orange County Transportation Authority conducts a series of meetings with rating agencies and insurance companies in New York, New York. This year the trip took place during the week of June 4, 2007.

Recommendation

Receive and file as an information item



BOARD AGENDA

ACTIONS

12. **Excess Workers' Compensation Insurance Policy**
Al Gorski/James S. Kenan

Overview

The Orange County Transportation Authority has an Excess Workers' Compensation Insurance Policy that will expire on September 30, 2007.

Recommendation

Authorize the Chief Executive Officer to issue Purchase Order C-7-0973, in an amount not to exceed \$950,000, to renew the excess workers' compensation insurance policy for the period October 1, 2007 to September 30, 2008.

13. **Agreements for Contract Technical Staffing for Programming, Database Administration, Business Intelligence Development, Computer Operations, Network Administration, and Desktop Support**
William Mao/James S. Kenan

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, the Board approved the contracting of supplemental programming, database administration, business intelligence development, network administration, computer operations, and desktop staffing support to augment current staffing levels. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board approval is requested to execute the following agreements.

Recommendations

- A. Authorize the Chief Executive Officer to execute Agreement C-7-0501 between the Orange County Transportation Authority and Digital Intelligence Systems Corporation, in an amount not to exceed \$280,000, for programming and database administration contract staffing.



BOARD AGENDA

ACTIONS

13. (Continued)

- B. Authorize the Chief Executive Officer to execute Agreement C-7-0950 between the Orange County Transportation Authority and Transit Intelligence, Inc., in an amount not to exceed \$130,000, for business intelligence development support.
- C. Authorize the Chief Executive Officer to execute Agreement C-7-0951 between the Orange County Transportation Authority and Omega Contract Design, in an amount not to exceed \$356,000, for network administration and computer operations contract staffing.
- D. Authorize the Chief Executive Officer to execute Agreement C-7-0952 between the Orange County Transportation Authority and Kenda Systems, Inc. (SEGULA Technologies), in an amount not to exceed \$230,000, for desktop support contract staffing.

14. Grant Award for Alternative Fuel Bus Purchases and Fueling Infrastructure

Ric Teano/Richard J. Bacigalupo

Overview

The Mobile Source Air Pollution Reduction Review Committee awarded the Orange County Transportation Authority a total of \$1,000,000 in grant funds to support the purchase of compressed natural gas buses and fueling infrastructure at the Santa Ana Bus Base. Authorization is requested to accept the award and execute grant-related agreements.

Recommendation

Authorize the Chief Executive Officer to execute grant agreements with the Mobile Source Air Pollution Reduction Review Committee to support the purchase of new compressed natural gas buses and fueling infrastructure at the Santa Ana Bus Base.



BOARD AGENDA

ACTIONS

Orange County Transit District Consent Calendar Matters

15. ACCESS Eligibility and Certification Process Review

Kathleen M. O'Connell

Overview

At the direction of the Orange County Transportation Authority's Internal Audit Department, Thompson, Cobb, Bazilio & Associates has completed a review of the ACCESS eligibility and certification process managed by the Community Transportation Services Department, Internal Audit Report No. 07-028. Six recommendations are being made to strengthen controls and improve operations. Management has indicated the recommendations contained in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement recommendations in the Review of the ACCESS Eligibility and Certification Process.

16. Liquefied Natural Gas Contract Review

Kathleen M. O'Connell

Overview

The Internal Audit Department has completed a review of the contract between Orange County Transportation Authority and Applied LNG Technologies for the supply and delivery of liquefied natural gas. The review found that controls over contract administration are generally adequate. Recommendations are being made to improve controls and contract administration.

Recommendation

Direct staff to implement the recommendations made in the Liquefied Natural Gas Contract Review, Internal Audit Report No. 07-032.



BOARD AGENDA

ACTIONS

17. Buy America Audit and Single Bid Review – Procurement of 20 Paratransit Vehicles

Kathleen M. O'Connell

Overview

Internal Audit has performed a Pre-Award Buy America Audit for the 20 compressed natural gas cutaway vehicles proposed by Creative Bus Sales, Incorporated / ElDorado National Company, and determined that the proposed vehicles are in compliance with federal "Buy America" guidelines. Additionally, Internal Audit reviewed the procurement process for the purchase and concluded that the process was fair and competitive.

Recommendation

Receive and file as an information item.

18. Environmental Compliance Review

Kathleen M. O'Connell

Overview

The Internal Audit Department has completed an environmental compliance review on underground storage tanks, aboveground storage tanks, and hazardous waste. Recommendations were made to increase effectiveness of controls over environmental compliance and other processes. Management staff has indicated the recommendations contained in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement the recommendations in the Environmental Compliance Audit Review, Internal Audit Report No. 07-002.



BOARD AGENDA

ACTIONS

19. **Request to Release Request for Proposals for a Compressed Natural Gas Fueling Station at the Sand Canyon Irvine Base**
Ryan Erickson/Beth McCormick

Overview

Staff has developed the proposed evaluation criteria weighting to initiate the competitive procurement process to select a firm to provide a lease-to-own compressed natural gas fueling facility at the Sand Canyon Irvine Base.

Recommendations

- A. Approve the proposed evaluation criteria and weightings.
- B. Approve the release of a Request for Proposals for a compressed natural gas fueling station at the Sand Canyon Irvine Base.

20. **Agreement for Storm Drain Modifications at the Anaheim Base**
James J. Kramer/Kia Mortazavi

Overview

Modifications are needed at the Anaheim Base to improve the storm drain system. The project is ready for construction and the Board of Directors' authorization is requested.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0853 between the Orange County Transportation Authority and Sim Engineering, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$69,500, for storm drain modifications at the Anaheim Base.



BOARD AGENDA

ACTIONS

Regular Calendar

Orange County Local Transportation Authority Regular Calendar

21. **Santa Ana Regional Transportation Center Pedestrian Bridge Improvement Project – Request for Budget Transfer**
Dinah Minter/Kia Mortazavi

Overview

Construction of pedestrian safety improvements, including the pedestrian bridge crossing over the railroad tracks, were recently completed at the Santa Ana Regional Transportation Center. Project costs have exceeded the current budget and require a budget transfer of \$280,000 to fund this difference.

Committee Recommendations

- A. Authorize the use of \$280,000 of additional Commuter Urban Rail Endowment funds to cover the final cost associated with the pedestrian bridge project constructed at the Santa Ana Regional Transportation Center.
- B. Request the City of Santa Ana to pay \$35,000 to close out the project.

Other Matters

22. **Chairman's Goals Status Report**
23. **Orange County Transportation Authority's Fleet and Hybrid Vehicle Options**
Dennis Elefante/Beth McCormick
24. **Public Comments**

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



BOARD AGENDA

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

Pursuant to Government Code Section 54957.6 to meet with Orange County Transportation Authority designated representative Sherry Bolander regarding collective bargaining agreement negotiations with the Teamsters Local 952 representing the coach operators.

- 28. Adjournment**

The next regularly scheduled meeting of the Board will be held at **9:00 a.m. on July 23, 2007**, at the OCTA Headquarters.

ACTIONS



ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

DAVID CHAPEL

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of David Chapel to the Authority's public outreach process; and

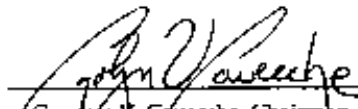
WHEREAS, be it known that Mr. Chapel has served on the Citizens Advisory Committee, providing advice and recommendations to the Authority on reaching public consensus concerning Orange County transportation matters; and

WHEREAS, Mr. Chapel has assisted the Authority in identifying significant transportation issues and suggested possible solutions; and

WHEREAS, serving as a liaison between the Authority and the public, Mr. Chapel provided a keen perception and understanding of transportation issues to his fellow citizens, and helped submit recommendations from those citizens to the Authority regarding its programs and services.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby acknowledge the dedicated efforts of Mr. Chapel and his willingness to volunteer personal time to provide advice on public outreach activities and act as a liaison between the public and the Authority.

Dated: June 25, 2007


Carolyn V. Cavecche, Chairman
Orange County Transportation Authority





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

MONICA HAMILTON

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of Monica Hamilton to the Authority's public outreach process; and

WHEREAS, be it known that Mrs. Hamilton has served on the Citizens Advisory Committee, providing advice and recommendations to the Authority on reaching public consensus concerning Orange County transportation matters; and

WHEREAS, Mrs. Hamilton has assisted the Authority in identifying significant transportation issues and suggested possible solutions; and

WHEREAS, serving as a liaison between the Authority and the public, Mrs. Hamilton provided a keen perception and understanding of transportation issues to her fellow citizens, and helped submit recommendations from those citizens to the Authority regarding its programs and services.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby acknowledge the dedicated efforts of Mrs. Hamilton and her willingness to volunteer personal time to provide advice on public outreach activities and act as a liaison between the public and the Authority

Dated: June 25, 2007


Carolyn V. Cayecche, Chairman
Orange County Transportation Authority





ORANGE COUNTY
TRANSPORTATION AUTHORITY
RESOLUTION

MICKI HARRIS

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of Micki Harris to the Authority's public outreach process; and

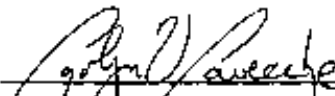
WHEREAS, be it known that Ms. Harris has served on the Citizens Advisory Committee, providing advice and recommendations to the Authority on reaching public consensus concerning Orange County transportation matters; and

WHEREAS, Ms. Harris has assisted the Authority in identifying significant transportation issues and suggested possible solutions; and

WHEREAS, serving as a liaison between the Authority and the public, Ms. Harris provided a keen perception and understanding of transportation issues to her fellow citizens, and helped submit recommendations from those citizens to the Authority regarding its programs and services.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby acknowledge the dedicated efforts of Ms. Harris and her willingness to volunteer personal time to provide advice on public outreach activities and act as a liaison between the public and the Authority.

Dated: June 25, 2007


Carolyn V. Cayecche, Chairman
Orange County Transportation Authority





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

DEREK MCGREGOR

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of 2006/2007 Citizens Advisory Committee Chairman, Derek McGregor, to the Authority's public outreach process; and

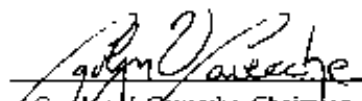
WHEREAS, be it known that Derek McGregor served on the Citizens Advisory Committee, volunteering his time as Chairman, providing exceptional leadership at the monthly committee meetings concerning Orange County transportation matters, and

WHEREAS, Mr. McGregor made outstanding contributions in assisting the Authority with identifying significant transportation issues and suggesting possible solutions over the course of the year; and

WHEREAS, in his leadership role on the Citizens Advisory Committee, Mr. McGregor facilitated the process for the committee members to provide input and recommendations to the Authority's staff and Board of Directors on a variety of transportation issues and projects.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby acknowledge the dedicated efforts of Mr. McGregor and his willingness to volunteer personal time to provide direction and advice on public outreach activities and act as a liaison between the public and the Authority.

Dated: June 25, 2007


Carolyn W. Cavecche, Chairman
Orange County Transportation Authority



**Minutes of the Special Meeting of the
Orange County Transportation Authority
Orange County Service Authority for Freeway Emergencies
Orange County Local Transportation Authority
Orange County Transit District
Board of Directors
June 25, 2007**

Call to Order

The June 25, 2007, special meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Cavecche at 8:15 a.m. at the OCTA Headquarters, Orange, California.

Roll Call

Directors Present: Carolyn Cavecche, Chairman
Chris Norby, Vice Chair
Jerry Amante
Patricia Bates
Arthur C. Brown
Peter Buffa
Bill Campbell
Paul Glaab
Cathy Green
Allan Mansoor
John Moorlach
Janet Nguyen
Mark Rosen
Gregory T. Winterbottom

Also Present: Arthur T. Leahy, Chief Executive Officer
Paul Taylor, Deputy Chief Executive Officer
Kennard R. Smart, Jr., General Counsel
Members of the Press and the General Public

Directors Absent: Richard Dixon
Curt Pringle
Miguel Pulido

Public Comments on Agenda Items

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

No public comments were offered by members of the public.

Special Matters

1. Closed Session

A Closed Session was held:

- A. Pursuant to Government Code Section 54957.6 to meet with Orange County Transportation Authority designated representative Sherry Bolander regarding collective bargaining agreement negotiations with the Teamsters Local 952 representing the coach operators.
- B. Pursuant to Government Code Section 54956.9(b)(1).

The Board reconvened following this meeting, and there was no report out of this Closed Session.

2. Adjournment

The meeting was adjourned at 9:00 a.m. Chairman Cavecche announced that the next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSSAV Board will be held at 9:00 a.m. on June 25, 2007, at OCTA Headquarters in Orange, California.

ATTEST

Wendy Knowles
Clerk of the Board

Carolyn V. Cavecche
OCTA Chairman

**Minutes of the Meeting of the
Orange County Transportation Authority
Orange County Service Authority for Freeway Emergencies
Orange County Local Transportation Authority
Orange County Transit District
Board of Directors
June 25, 2007**

Call to Order

The June 25, 2007, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Cavecche at 9:12 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Directors Present: Carolyn Cavecche, Chairman
Chris Norby, Vice Chair
Jerry Amante
Patricia Bates
Arthur C. Brown
Peter Buffa
Bill Campbell
Paul Glaab
Cathy Green
Allan Mansoor
John Moorlach
Janet Nguyen
Mark Rosen
Gregory T. Winterbottom
Cindy Quon, Governor's Ex-Officio Member

Also Present: Arthur T. Leahy, Chief Executive Officer
Paul C. Taylor, Deputy Chief Executive Officer
Wendy Knowles, Clerk of the Board
Mary Burton, Deputy Clerk of the Board
Kennard R. Smart, Jr., General Counsel
Members of the Press and the General Public

Directors Absent: Richard Dixon
Curt Pringle
Miguel Pulido

Invocation

Director Glaab gave the invocation.

Pledge of Allegiance

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

Public Comments on Agenda Items

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

Special Matters

1. Special Recognition for Thirty Years of Safe Driving

Chairman Cavecche and Diane Kiernan presented award checks to Elisha Rainwaters and Pete Robertson for achieving thirty years of safe driving.

2. Presentation of Resolutions of Appreciation for Employees of the Month for June 2007

Chairman Cavecche presented Orange County Transportation Authority Resolutions of Appreciation Nos. 2007-31, 2007-32, 2007-33 to Jon Jackson, Coach Operator; Rudy Chavez, Maintenance; and Patrick Sampson, Administration, as Employees of the Month for June 2007.

3. Presentation of Resolution of Appreciation to Orange County Sheriff's Department Employee of the Quarter

Chairman Cavecche presented Orange County Transportation Authority Resolution of Appreciation No. 2007-36 to Orange County Sheriff's Deputy Ron Byers.

4. Resolution of Appreciation for Marty Bryant

Chairman Cavecche and Director Amante presented Orange County Transportation Authority Resolution of Appreciation No. 2007-47 to Marty Bryant, President and Chief Executive Officer for the Orange County Great Park, on the occasion of his retirement.

Directors Campbell and Glaab added comments of appreciation for Mr. Bryant's many years of work

5. Measure M Oversight Committee New Member Recruitment and Lottery

Chairman Cavecche drew the names by lottery of individuals to serve as the new members of the Measure M Citizens Oversight (COC) Committee. Those names, by District, are as follows:

District One:	Charles Smith	(Finalist for 3-year term)
	Narinder Mahal	(Finalist for 3-year term)
	Linda Rogers	(Contingency Status)
	Vivien Kirkpatrick-Pilger	(Contingency Status)
	Phillip Russell	(Contingency Status)
District Four:	Rose Coffin	(Finalist)
	Craig Green	(Contingency Status)
	Arnel Sarmiento	(Contingency Status)
	Roger Rawden	(Contingency Status)
District Five:	Richard Gann	(Finalist)
	Hamid Bahadori	(Contingency Status)
	Danny Murphy	(Contingency Status)
	Jed Pearson	(Contingency Status)
	Derek McGregor	(Contingency Status)

A resolution of appreciation was presented to outgoing COC Members Ed Wylie, and Gene Rodriguez, who were present at this meeting. Resolutions of appreciation for the outgoing Members not present will be presented to them at a later date.

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

- A. Pursuant to the Measure M Ordinance, conduct the lottery for final selection of new Measure M Oversight Committee members by drawing two names representing the First Supervisorial District, one name representing the Fourth Supervisorial District, and one name representing the Fifth Supervisorial District from the list of recommended finalists from Grand Jurors Association of Orange County.
- B. Adopt Orange County Local Transportation Authority Resolutions of Appreciation Nos. 2007-29 and 2007-30 for Ed Wylie and Gene Rodriguez, both members of the Citizens Oversight Committee whose terms have expired

Consent Calendar (Items 6 through 24)

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

Orange County Transportation Authority Consent Calendar Matters

6. Approval of Minutes

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of June 11, 2007.

7. Approval of Resolutions of Appreciation for Employees of the Month for June 2007

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to adopt Orange County Transportation Authority Resolutions of Appreciation Nos. 2007-31, 2007-32, and 2007-33 to Jon Jackson, Coach Operator, Rudy Chavez, Maintenance, and Patrick Sampson, Administration, as Employees of the Month for June 2007.

8. Approval of Resolution of Appreciation to Orange County Sheriff's Department Employee of the Quarter

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to adopt Orange County Transportation Authority Resolution of Appreciation No. 2007-36 for Orange County Sheriff's Deputy Ron Byers.

9. Approval of Resolution of Appreciation for Marty Bryant, City of Irvine

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to adopt Orange County Transportation Authority Resolution of Appreciation No. 2007-47 to President and Chief Executive Officer for the Orange County Great Park, on the occasion of his retirement.

10. State Legislative Status Report

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

A. Adopt the following recommended positions on legislation:

Support AB 468 (Ruskin, D-Los Altos)
Oppose SB 375 (Steinberg, D-Sacramento)

B. Consider proposed California Air Resources Board rulemaking for in-use off-road diesel vehicles

11. Federal Legislative Status Report

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

12. Draft 2007 State Route 91 Implementation Plan

Vice Chairman Norby pulled this item and stated that while he is supportive of this item, he is concerned for the time involved in completing some of the projects referenced in the plan. He stated that the times seem excessive and while he accepts that it is standard practice within the state, asked that a look be taken of these timelines.

A motion was made by Vice Chairman Norby, seconded by Director Buffa, and declared passed by those present, to approve the Draft 2007 State Route 91 Implementation Plan.

13. Updated 2007 Technical Steering Committee Membership

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to approve the updated 2007 Technical Steering Committee member roster.

14. Award of Construction Contract for Americans with Disabilities Act Bus Stop Modifications (Phase 3, Construction Package 9)

Director Winterbottom pulled this item for comment and thanked staff for the effort to make these bus stops accessible.

A motion was made by Director Winterbottom, seconded by Director Brown and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-7-0666 between the Orange County Transportation Authority and California Engineering & Contracting, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$458,305, for Americans with Disabilities Act bus stop modifications in the cities of San Juan Capistrano, Rancho Santa Margarita, and Mission Viejo.

15. Amendment to Agreement for Temporary Staffing Services Contracts

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 3 to on-call agreements C-5-0938 with Corestaff Services, C-5-2439 with Focus on Temps, Inc. and C-5-2438 with Select/Remedy Staffing, and the Orange County Transportation Authority, adding \$150,000 for the remainder of fiscal year 2006-07, for a total contract commitment of \$1,645,000 covering the period from July 1, 2005 through June 30, 2008.

16. Citizens' Advisory Committee Update

Chairman Cavecoche pulled this item and recognized the outgoing Members of the Citizens' Advisory Committee (CAC) with resolutions of appreciation for their service.

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

- A. Receive and file the Citizens' Advisory Committee status report.
- B. Adopt resolutions of appreciation 2007-37 through 2007-41 and 2007-46, 2007-48 for members of the 2006-2007 Citizens' Advisory Committee who will be leaving the committee.

Director Brown requested the Executive Committee take up the issue of the appointment of elected officials to the Citizens' Advisory Committee.

Orange County Local Transportation Authority Consent Calendar Matters

17. Santa Ana Freeway (Interstate 5) Gateway Project Quarterly Update

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

18. Santa Ana Regional Transportation Center Pedestrian Bridge Improvement Project - Request for Budget Transfer

This item was deferred and will be addressed at a future meeting.

19. Combined Transportation Funding Program Semi-Annual Review

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

- A. Approve adjustments to the Combined Transportation Funding Program project allocations as presented.
- B. Authorize the Chief Executive Officer to execute amendments to local agencies' master funding cooperative agreements to reflect approved project allocations.
- C. Approve amended guidelines to Combined Transportation Funding Program to expedite closeout of project allocations during project submittals.

Orange County Transit District Consent Calendar Matters

20. Agreement for Countywide Coordinated Communications System Load Study

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-7-0804 between the Orange County Transportation Authority and Motorola, in an amount not to exceed \$50,000, for a countywide coordinated communications system load study.

21. Agreement to Purchase Alternator Material Kits for 50 New Flyer Buses

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-7-0883 between the Orange County Transportation Authority and Complete Coach Works, in an amount not to exceed \$172,630, for the purchase of material kits for the installation of alternators on 50 New Flyer buses.

22. Agreement to Purchase Material Kits for the Installation of Interior Lighting on 232 North American Bus Industry Buses

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-7-0882 between the Orange County Transportation Authority and TCB Industries, Inc., in an amount not to exceed \$491,195, for the purchase of material kits for the installation of solid state light emitting diodes interior lighting on 232 North American Bus Industry buses.

23. Agreement for Compressed Natural Gas Fueling Upgrade on 12 Express Buses

A motion was made by Director Green, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-7-0834 between the Orange County Transportation Authority and Creative Bus Sales, Inc., in an amount not to exceed \$87,098, for the installation of an additional fueling receptacle on 12 express buses.

24. Agreements to Purchase and Install Bus Jack Stand Adapters

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

- A. Authorize the Chief Executive Officer to issue Agreement C-7-0768 to New Flyer Industries Limited, in an amount not to exceed \$71,064, for the purchase of jack stand adapters.
- B. Authorize the Chief Executive Officer to issue Agreement C-7-0736 to Coach Retrofit Inc., for the installation of jack stand adapters on the buses, in an amount not to exceed \$39,750.

Regular Calendar

Orange County Transit District Regular Calendar Matters

25. ACCESS Service Update

Chief Executive Officer (CEO), Arthur T. Leahy, provided opening comments, and Erin Rogers, Manager of Community Transportation Service, presented a summary for the Board on the service difficulties and progress over the past several months.

25. (Continued)

Ms. Rogers informed the Board that two previously-approved changes will go into effect on July 1, which are 1) an increase in the premium fare for door-to-door service, going from \$2.00 to \$4.00; 2) and OCTA will change the advance reservation policy from seven days down to three days.

Ms. Rogers stated that she will be coming back through the Transit Planning and Operations Committee to report on how taxi service is being utilized for ACCESS service, and what is envisioned for the future.

Public comments were heard from:

Frank Austin, a representative of the National Multiple Sclerosis Society, stated there has been a vast improvement in Veolia's service over the past several weeks and months.

Rob Lammers, a representative of the National Multiple Sclerosis Society, stated he is pleased with the current level of service by Veolia. He also asked staff to check into the OCTA/Los Angeles Metrolink service.

Christie Rudder, representative of the Dayle McIntosh Center, provided additional positive comments regarding Veolia's service to OCTA. She also expressed a concern for the quality of service and would like more involvement by staff with customer comments and the complaint process.

Director Campbell stated that in light of past difficulties, he had concern for follow-up reports coming to Committee and Board only quarterly, and moved that those reports be presented monthly for three months, then quarterly thereafter.

CEO, Arthur T. Leahy, assured the Board that staff would come back to them well in advance of a contract decision being necessary should there be concern for the performance of Veolia. The current contract expires June 30, 2009.

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

- A. Continue with Veolia Transportation Services, Inc., for the management and operation of ACCESS, Contracted Fixed Route, Stationlink, and Express Bus Service.
- B. Continue to monitor the performance of Veolia Transportation Services, Inc., against the contractual performance standards and provide monthly reports to the Transit Planning and Operations Committee and the Board of Directors for the next 90 days, then quarterly thereafter.

Director Glaab was not present for this vote.

Other Matters

26. California Department of Transportation High-Occupancy Vehicle Lanes Update

John Wolf, Assistant Division Chief for Traffic Operations at Caltrans, who reported that the information received regarding the operation of the State Route 22 looks good, is working as expected, and that there seems to be nothing wrong in the operation of the lanes.

Chairman Cavecche inquired if the action plan will be received by the end of August, and Mr. Wolf replied that it would. Chairman Cavecche re-stated her desire that the opening of the high-occupancy lanes take place as soon as possible.

Chairman Cavecche stated that she would like the project study reports on the State Route 57, Interstate 405, and the State Route 91 to be available at the second meeting in July if possible, or the first meeting in August if necessary.

Director Rosen stated that if it requires the involvement of the Federal Highway Administration to be able to give the flexibility on Orange County's HOV lanes, that should be taken into consideration at the Legislative Committee when looking to hire a federal lobbyist.

27. Radio Frequency Communications Quarterly Report

Dennis Elefante, Section Manager in Transit, presented this item to the Board and provided an overview of the radio communications and a status report on the Integrated Transportation Communication System, which provides communications for fixed route operations as well as voice communication on the contract transportation system.

Mr. Elefante provided information on radio site locations and a status on the radio system study and next steps.

28. Public Comments

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

28. (Continued)

Public comments were heard from:

Arnie Pike, resident of Placentia, requested staff look at the current policy that the return trip on ACCESS must only be to the location of origin for that trip. He related a recent experience he had wherein a medical need arose and ACCESS could not accommodate his request to go to a medical facility.

Jacqueline Owens, representing Little House Rentals, addressed the Board, stating that Granite-Myers-Rado is late in paying invoices due her for April and that she has not received fair treatment by that company.

Director Campbell directed staff to report to the Board with the resolution of Ms. Owens' situation.

29. Chief Executive Officer's Report

Chief Executive Officer, Arthur T. Leahy, informed the Board that on July 4, the City of Placentia will establish a quiet zone, which will mean that the horns will only be sounded at the discretion of the engineer when there is an emergency type reason do so. Mr. Leahy stated that OCTA will work with the City to develop some communications so people understand what the status is.

Mr. Leahy also reported that he and Richard Bacigalupo, Manager of Federal Relations, would participate in OCTA's pre-proposal conference for the procurement of the Authority's federal advocate(s) on Wednesday, June 27.

Mr. Leahy stated that a meeting with Congressman Oberstar's staff will be one of the meetings held. Congressman Oberstar is the Chair of the Transportation and Infrastructure Committee, and this meeting is being conducted in an effort to clarify some misinformation that office received regarding the 91 Express Lanes Project.

30. Directors' Reports

Director Campbell stated he was anxious to get feedback on the eastbound State Route 22 connector to the southbound Interstate 5, and CEO, Arthur T. Leahy, responded that Director Campbell will be contacted later this date.

Director Winterbottom thanked Director Quon for the quick response to a situation about which he contacted Caltrans concerning an on-ramp timing problem at Katella Avenue.

Director Moorlach requested staff prepare a response to the LA Times article on "Going it Alone" based on census information.

Director Bates offered praise to the writers of a letter written to clarify State Route 91 public/private partnership issues.

30. (Continued)

Chairman Cavecche congratulated OCTA's External Affairs team, who won 17 Protos awards at the annual award ceremony for superior work in public relations and marketing. OCTA topped all other Orange County organizations and businesses for the third straight year.

Chairman Cavecche announced that she has appointed Director Janet Nguyen to serve on the Finance and Administration Committee.

31. Closed Session

A Closed Session was not conducted at this meeting, having addressed the issues at the Special Meeting of the Board just prior to this regular meeting.

32. Adjournment

The meeting adjourned at 10:58 a.m. Chairman Cavecche announced that the next regularly scheduled meeting of the Board will be held at 9:00 a.m. on **Monday, July 9, 2007**, at the OCTA Headquarters.

ATTEST

Wendy Knowles
Clerk of the Board

Carolyn V. Cavecche
OCTA Chairman



ORANGE COUNTY
TRANSPORTATION AUTHORITY
RESOLUTION

WILLIAM HUBER

WHEREAS, William Huber has served the residents of Orange County for over fifteen years, most recently as the Assistant City Manager for the City of San Juan Capistrano, providing leadership and expertise in the development of local and regional infrastructure improvements; and

WHEREAS, William Huber has been instrumental in helping the Orange County Transportation Authority meet its objective of being more responsive to the transportation needs of the cities of Orange County; and

WHEREAS, William Huber has provided essential guidance to Orange County transportation infrastructure development as a member of the Technical Advisory Committee; and

WHEREAS, through his involvement in transportation issues throughout the county, William Huber has contributed to the success of the Measure M program as well as the development of the Renewed Measure M plan; and

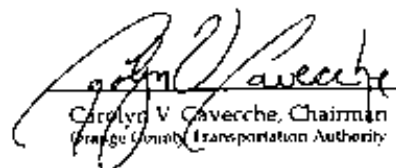
WHEREAS, William Huber has been a valuable advisor to the Orange County Transportation Authority in the administration of the South Orange County Major Investment Study; and

WHEREAS, William Huber has been a leader in municipal engineering in Orange County, serving the City of San Juan Capistrano as the Director of Building and Engineering for thirteen years.

NOW, THEREFORE, BE IT RESOLVED that the Orange County Transportation Authority Board of Directors is privileged to recognize his outstanding public service.

BE IT FURTHER RESOLVED that William Huber is commended for his insight, leadership, and support in realizing the vision of the Orange County Transportation Authority to provide leadership in developing transportation solutions and that he has earned our sincerest thanks and appreciation.

Dated: July 9, 2007


Carolyn V. Cavecche, Chairman
Orange County Transportation Authority





BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Legal Services Contract Review

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Cavecche, and Moorlach
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Nguyen were not present to vote on this item.

Committee Recommendation

Direct staff to implement the recommendations made in the Legal Services Review, Internal Audit Report No. 07-012.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Legal Services Contract Review

Overview

The Internal Audit Department has completed a review of the contract between Orange County Transportation Authority and Woodruff, Spradlin & Smart, P.C. The review, which included an evaluation of controls at both the Orange County Transportation Authority and Woodruff, Spradlin & Smart P.C., found that controls over contract administration at the Orange County Transportation Authority can be improved. Recommendations are being made to improve controls and contract administration.

Recommendation

Direct staff to implement the recommendations made in the Legal Services Review, Internal Audit Report No. 07-012.

Background

The Orange County Transportation Authority (OCTA) contracts with the law firm of Woodruff, Spradlin & Smart, P.C. (WSS) under Agreement C-94-852 to provide general counsel and legal defense assistance on an as-requested basis. The contract is dated November 14, 1994, and is a time-and-expense contract that specifies fully-burdened hourly rates by labor category, subject to an annual adjustment relative to the Consumer Price Index. Payments made to WSS and its subcontractors for the 21 months ended March 31, 2007, total approximately \$3.65 million.

General counsel services generally include attendance at Board, Committee, and Executive meetings. General Counsel also includes matters of general litigation. Liability services includes defense of claims against OCTA for liability lawsuits. The Executive Director of Finance, Administration and Human Resources is responsible for managing the contract.

Discussion

The Internal Audit Plan for Fiscal Year 2006-07 included a review of OCTA's contract with WSS. The period covered by the review generally included activities and transactions for the 21 month period between July 1, 2005 through March 31, 2007. The objective was to evaluate contract compliance and internal controls.

Internal Audit made recommendations to enhance review and approval of general counsel invoices, obtain and retain detailed support for services rendered, ensure subcontractors and their respective billing rates are pre-approved in writing by OCTA's Chief Executive Officer, code legal services in the accounting records according to the services provided to departments or programs, and update the insurance requirements in the contract.

Summary

Internal Audit has completed a review of the legal services contract and has made recommendations to improve controls and contract administration.

Attachment

A. Legal Services Contract Review, Internal Audit Report No. 07-012

Prepared by:



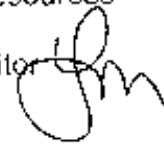
Kathleen M. O'Connell
Manager, Internal Audit
(714) 560-5669



INTEROFFICE MEMO

June 15, 2007

To: James S. Kenan, Executive Director
Finance, Administration & Human Resources

From: Lisa Monteiro, Principal Internal Auditor 
Internal Audit

Subject: **Legal Services Contract Review, Internal Audit
Report No. 07-012**

Attached hereto is Legal Services Contract Review, Internal Audit Report No. 07-012. Your responses to the recommendations made in the audit have been incorporated into the attached final audit report. Internal Audit concurs with the planned corrective action.

We appreciate the cooperation received during this review. Internal Audit will follow up on management's planned corrective action in six months.

Attachment: Legal Services Contract Review, Internal Audit Report No. 07-012

c: Arthur T. Leahy
Virginia Abadessa
Kathleen O'Connell
Kennard R. Smart, Jr., Esq., Woodruff, Spradlin & Smart

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Legal Services Contract Review

INTERNAL AUDIT REPORT NO. 07-012

June 15, 2007



Audit Team

Kathleen O'Connell, Internal Audit Manager

Lisa Monteiro, Principal Internal Auditor

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Legal Services Review
June 15, 2007**

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Legal Services Review
June 15, 2007**

CONCLUSION

A compliance and internal controls review was performed of the contract between Orange County Transportation Authority and Woodruff, Spradlin & Smart, P.C. The review, which included an evaluation of controls at both Orange County Transportation Authority and Woodruff, Spradlin & Smart, P.C., found that controls over contract administration at Orange County Transportation Authority can be improved.

BACKGROUND

Legal Services Contract

The Orange County Transportation Authority (OCTA) contracts with the law firm of Woodruff, Spradlin & Smart, P.C. (WSS) under Agreement C-94-852 to provide general counsel and legal defense assistance on an as-requested basis. The contract is dated November 14, 1994, and is a time-and-expense contract that specifies fully-burdened hourly rates by labor category, subject to an annual adjustment relative to the Consumer Price Index. Below is a summary of the contract and amendments:

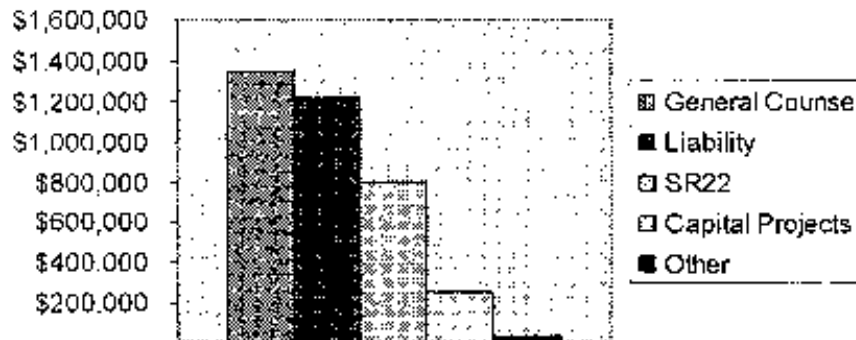
Date	Item	Revisions Made
Nov 14, 1994	Original contract	<ul style="list-style-type: none">Allows OCTA to terminate agreement for its convenience at any time.Annual increase in hourly rates based on CPI
June 20, 1995	Amendment 1	Allowed use of contract task orders for special assignments.
May 13, 1996	Amendment 2	Changed name of firm from "Rourke, Woodruff & Spradlin" to "Woodruff, Spradlin & Smart."
Aug 31, 1998	Amendment 3	Added two subcontractors.
Oct 24, 2000	Amendment 4	Reconfirmed hourly rates (no change from original CPI-based increases).
Feb 27, 2007	Amendment 5	Reconfirmed hourly rates (no change from original CPI-based increases).

Payments made to WSS for the 21 months ended March 31, 2007, total approximately \$3.65 million, which includes \$0.82 million for subcontracted services. OCTA's accounting system has the fees broken down in the following general categories:

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Legal Services Review
June 15, 2007**

**Legal Services
For the 21 months ended March 31, 2007**



General Counsel services are provided for a number of discrete legal entities that include:

- The Orange County Transit District
- The Orange County Local Transportation Authority
- The Orange County Congestion Management Agency
- The Service Authority for Freeway Emergencies
- The Service Authority for Abandoned Vehicles
- The Consolidated Transportation Services Agency

General Counsel also provides services at Board, Committee, and Executive meetings and matters of general litigation. Liability services includes defense of claims against OCTA for liability lawsuits. The Executive Director of Finance, Administration and Human Resources is responsible for managing the contract. Legal counsel reports to OCTA's Board of Directors.

The lead partner from WSS has been working with OCTA since before the consolidation of numerous transit agencies into OCTA and therefore brings a wealth of historical perspective to OCTA. WSS does not charge OCTA an administrative fee for contract administration. Additionally, the hourly rates being charged appear reasonable.

PURPOSE AND SCOPE

The Internal Audit Plan for Fiscal Year 2006-07 included a review of OCTA's contract with WSS. The period covered by the audit generally included activities and transactions in the 21 month period between July 1, 2005 and March 31, 2007. Our objective was to evaluate contract compliance and internal controls. To achieve our objective, we performed procedures at both OCTA and WSS:

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Legal Services Review
June 15, 2007**

OCTA

- Reviewed the contract and contract amendments with WSS
- Performed walk-throughs of the invoice review and reconciliation process
- Reviewed a sample of invoice payments

WSS

- Interviewed administrative personnel responsible for compiling time, expense and subcontractor data and preparing invoices
- Performed a walkthrough of, and tested, the accumulation and summarization of time, expenses, and subcontractor amounts for invoicing purposes

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Legal Services Review
June 15, 2007**

**AUDITOR COMMENTS, RECOMMENDATIONS AND MANAGEMENT
RESPONSES**

General Counsel Invoices

Currently, WSS invoices do not include the detail of activities performed by the firm. Rather, invoices include only hours and rates by OCTA department or function. WSS accumulates this information in its accounting system to support its invoices; however, OCTA has instructed WSS to provide summary information only. In addition, management of the OCTA departments or functions to which legal services have been provided do not review the invoices or verify services prior to payment. As a public entity purchasing professional services, OCTA should maintain and validate detailed records of these services.

Recommendation 1: General counsel invoices should, at a minimum, be reviewed by the Finance, Administration and Human Resources Department (F&A) for material items and service usage. Where significant trends or usage is noted, management should route the invoice to the appropriate department for review and approval. Additionally, detailed support should be included with the invoices and kept on-hand.

Management Response: Management concurs with this recommendation and, as part of the invoice approval process, will contact the individual departments for verification that services billed were actually received.

Approval of Subcontractors

According to OCTA's contract with WSS, all legal services subcontractors used by WSS should be approved in advance by the CEO. During our review, we noted several instances where subcontractors had not been approved in writing. The approval of use of these subcontractors has since been memorialized in writing.

Recommendation 2: All subcontractors and their respective billing rates should be approved by OCTA's CEO prior to WSS invoicing for services.

Management Response: Management concurs with this recommendation.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Legal Services Review
June 15, 2007**

Account Codings for Legal Services

F&A does not code general counsel invoices by department in the general ledger, even though this information is readily available. F&A codes the amounts to the various funds based on the budgeted amounts for legal services.

Recommendation 3: Legal services should be appropriately reflected in the general ledger by coding to the different accounts according to the services provided to all departments or programs.

Management Response: Charges are allocated to departments within a fund based on materiality. Management will review the current contract setup to ensure that charges are properly recorded at the department level.

Insurance Requirements

WSS is in compliance with OCTA's current insurance requirements for contractors; however, the insurance requirements listed in the contract are out-dated.

Recommendation 4: The insurance requirements in the contract should be updated to current standards.

Management Response: Management concurs with this recommendation. WSS currently provides insurance that meets or exceeds OCTA's requirements.



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Disadvantaged Business Enterprise Program Contract Review

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Cavecche, and Moorlach
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Nguyen were not present to vote on this item.

Committee Recommendation

Direct staff to implement the recommendations in the Disadvantaged Business Enterprise Program Contract Review, Internal Audit Report No. 07-029.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy^{AV}, Chief Executive Officer
Subject: Disadvantaged Business Enterprise Program Contract Review

Overview

The Internal Audit Department has completed a contract review of the Orange County Transportation Authority's Disadvantaged Business Enterprise Program. Recommendations were made to strengthen internal controls over contract management. Management staff has indicated the recommendations contained in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement the recommendations in the Disadvantaged Business Enterprise Program Contract Review, Internal Audit Report No. 07-029.

Background

The United States Department of Transportation's (DOT) Disadvantaged Business Enterprise Program (DBE) seeks to ensure nondiscrimination in the award and administration of DOT-assisted contracts in the department's highway, transit, and airport financial assistance programs. The Orange County Transportation Authority (Authority), being a recipient of federal financial assistance from the DOT, established a DBE program in accordance with *Title 49 Code of Federal Regulations (CFR) Part 26: Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs*.

The Authority has designated the Chief of Staff as its DBE Liaison Officer (DBELO). The DBELO, required by the Federal Transit Administration to have direct, independent access to the Chief Executive Officer concerning DBE program matters, is responsible for implementing all aspects of the DBE program. Areas of responsibility include developing annual DBE goals, monitoring federal projects to ensure DBE requirements, and certifying DBEs.

The Authority uses the services of consultants to assist in these responsibilities.

Discussion

The objective of this review was to evaluate contract compliance and test internal controls over DBE contracts. Internal Audit made recommendations to strengthen procedures and controls over processing payment requests.

Summary

Based on the review, Internal Audit offered some recommendations for improvements, which management staff indicated would be implemented or otherwise satisfactorily addressed.

Attachment

- A. Revised Disadvantaged Business Enterprise Program Contract Review, Internal Audit Report No. 07-029

Prepared by:



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



INTEROFFICE MEMO

June 20, 2007

To: Sue Zuhlke, Chief of Staff

From: Ricco Bonelli, Internal Auditor *RTB*
Internal Audit

Subject: **Revised Disadvantaged Business Enterprise Program Contract Review, Internal Audit Report No. 07-029**

We have updated the Management Response for the Disadvantaged Business Enterprise Contract Program Review, Internal Audit Report No. 07-029. Attached hereto is the revised report.

Attachment: Disadvantaged Business Enterprise Contract Program Review, Internal Audit Report No. 07-029

c: James Kenan
Ken Phipps
Tom Wulf
Virginia Abadessa
Tina Giles-Potter
Kathleen O'Connell

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**



**Disadvantaged Business Enterprise Program
Contract Review**

INTERNAL AUDIT REPORT NO. 07-029

Report Date: June 20, 2007



Audit Team:

Kathleen O'Connell, Internal Audit Manager
Rico Bonelli, Internal Auditor

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Disadvantaged Business Enterprise Program
Contract Review
June 20, 2007

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Disadvantaged Business Enterprise Program
Contract Review
June 20, 2007**

CONCLUSION

The Internal Audit Department has completed a contract compliance and internal controls review of the Disadvantaged Business Enterprise program. Based on this review, it appears that Disadvantaged Business Enterprise-related contracts have not been adequately monitored. Recommendations are being made to improve internal controls and update policies and procedures.

BACKGROUND

Creation and Purpose

The United States Department of Transportation's (DOT) Disadvantaged Business Enterprise (DBE) Program seeks to ensure nondiscrimination in the award and administration of DOT-assisted contracts in its highway, transit, and airport financial assistance programs. The Orange County Transportation Authority (Authority), being a recipient of federal financial assistance from the DOT, established a DBE program in accordance with *Title 49 Code of Federal Regulations (CFR) Part 26: Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs*. As a condition of receiving this assistance, the Authority has signed an assurance that it will comply with *Title 49 CFR Part 26*. The Authority has implemented a DBE program that applies to all of its DOT-assisted projects.

DBE Operations

The Authority has designated the Chief of Staff as its DBE Liaison Officer (DBELO). The DBELO, required by the Federal Transit Administration (FTA) to have direct, independent access to the Chief Executive Officer concerning DBE program matters, is responsible for implementing all aspects of the DBE program. Areas of responsibility include developing annual DBE goals, monitoring federal projects to ensure DBE requirements, and certifying DBE's. The Authority uses the services of consultants to assist in these responsibilities.

DBE Goals -- The DBELO establishes an overall goal on an annual basis for the participation of DBE's in all budgeted contracts utilizing DOT federal financial assistance. The Authority's overall annual goal represents the amount of ready, willing and able DBE's available to participate in contracting opportunities and is reflective of the amount of DBE participation the Authority would expect, absent the effects of discrimination.

The Authority's overall annual DBE goals are submitted to DOT agencies from which it anticipates receiving federal financial assistance in excess of the established threshold

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Disadvantaged Business Enterprise Program
Contract Review
June 20, 2007**

requirements. Internal Audit noted that the Authority has met or exceeded its DBE goals since fiscal year 2001-02.

DBE Certification – The Authority is a member of the California Unified Certification Program (CUCP). The CUCP has established two regional DBE certification clusters (northern and southern) in the state to facilitate statewide DBE certification activities. The City of Los Angeles, the Los Angeles County Metropolitan Transportation Authority, the Orange County Transportation Authority, and the California Department of Transportation are the certifying agencies that make up the southern cluster.

As a CUCP certifying member agency, the Authority certifies the eligibility of DBE's in accordance with *Title 49 CFR Part 26, Subpart E: Certification Procedures*. The Authority ensures that only firms certified as eligible DBE's participate as DBE's in the DBE program. The Authority is required to determine the eligibility of firms as DBEs consistent with regulations as prescribed by the DOT.

DBE Consultants – Due to the size and nature of the recent Design/Build SR-22 Freeway Widening Project, a consultant, Padilla & Associates (Padilla), was engaged, under contract Agreement C-3-4073, to design, implement, and administer a DBE program, including certification services, specific to the SR-22 project. In addition to the SR-22 DBE contract, Padilla has also been awarded other contracts related to labor compliance, DBE program consulting, and assistance with small business workshops and vendor fairs. Furthermore, the Authority has also contracted the services of HSW Services, LLC (HSW) to assist with the DBE certification process. The following is a list of DBE contract agreements that are either active or recently closed:

Contract Agreement	Description	Vendor	Contract Terms	Contract Award
C-3-0473	DBE services for the SR-22 Project	Padilla	06/04/03 - 12/31/07	\$460,000
C-5-1359	DBE program review services	Padilla	07/08/05 - 12/31/06	\$50,000
C-4-0859	DBE certification services	HSW	11/01/04 - 10/31/06	\$100,000
C-6-0271	DBE consulting services (9 th Circuit Court Ruling)	Padilla	06/29/06 - 09/30/07	\$68,138

Contract Agreements C-5-1359 and C-4-0859 had been monitored by the former Executive Director of Employee & Labor Relations and Civil Rights. Since these contracts are either closed or being closed, there are no ongoing monitoring procedures being performed by current staff. Agreement C-3-0473 is currently active. The former

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Disadvantaged Business Enterprise Program
Contract Review
June 20, 2007**

Executive Director of Employee & Labor Relations and Civil Rights monitored this contract prior to November 2006; the Chief of Staff, however, has assumed monitoring responsibilities for this contract.

PURPOSE AND SCOPE

The Internal Audit Plan for Fiscal Year 2006-07 included an operational review of the Authority's DBE program. During our preliminary review of the program, Internal Audit learned that Padilla had recently performed a review of the Authority's DBE program to ensure compliance with federal requirements. Additionally, Padilla was recently contracted to revise the Authority's DBE program to conform to the United States DOT and the California DOT proposed guidelines for compliance with the recent Ninth Circuit Court's decision in Western States Paving Company v. Washington State Department of Transportation. The court decision held that the DBE program administered by the Washington State Department of Transportation was unconstitutional as applied. Whether race-based measures are needed in a DBE program depends on the presence or absence of discrimination or its effects in a state's transportation contracting industry. The court held that the Washington State Department of Transportation's DBE program was not specifically tailored to establish the existence of discrimination in the highway contracting industry. Consequently, the Authority's DBE goal submissions, beginning in fiscal year 2005-06, must be race-neutral until a disparity study is completed determining whether there is discrimination, or its effects in the Authority's market. It is anticipated that the Authority will be participating in a joint disparity study in the near future.

Consequently, the scope of this review was refined to evaluate the Authority's management of contracted DBE consultants. Internal Audit will be monitoring the results of these evaluations by Padilla and will follow-up on any findings or deficiencies reported. The objective of this review was to evaluate contract compliance and test internal controls over DBE contracts. The period covered by the review generally included activities and transactions taking place between April 2005 and February 2007.

For this review, Internal Audit reviewed the following contract agreements:

- C-3-0473 -- DBE services for the SR-22 Design-Build Project (Padilla)
- C-5-1359 -- DBE program review services (Padilla)
- C-4-0859 -- DBE certification services (HSW)

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Disadvantaged Business Enterprise Program
Contract Review
June 20, 2007**

**AUDITOR COMMENTS, RECOMMENDATIONS AND MANAGEMENT
RESPONSES**

Project Management

Internal Audit reviewed twenty-nine invoice packages for mathematical accuracy and performed detailed testwork on sixteen of these invoice packages. During this process, Internal Audit identified the following:

1. Twelve of the sixteen invoice payment packages tested lacked certain information required by the contract. Missing information included the name of the DBE certification file submitted for payment and the percentage of completion of the file, the name and function of staff performing services, and the "project-to-date" cumulative invoice amount.
2. One \$2,000 invoice for services performed by HSW was incorrectly applied to contract Agreement C-4-0859. The invoiced services did not relate to the scope of work described in the contract; consequently, it should not have been applied to the contract.
3. Six invoice payment packages tested contained billing rates and vendor personnel not authorized by the contract agreement. For two invoices, the DBE Compliance Officer was billed at \$73.03 per hour, the authorized contractual rate. However, a footnote on the bill indicated that some of these services were performed by support staff, which is not contractually allowed. There were also four invoices for this contract where the Authority was billed for services performed by a DBE Compliance Analyst at a billing rate of \$47.38 per hour. Internal Audit obtained a memo, which was signed by the former project manager, authorizing Padilla to bill the Authority for services performed by the DBE Compliance Analyst at the \$47.38 hourly billing rate. However, the contract was not amended to allow for this personnel classification or associated billing rate. The total amount billed for the Compliance Analyst position for the four billing periods was \$12,840.
4. Internal Audit detected one instance of a \$2,500 overpayment to a vendor. The incident arose from an incorrect billing in which the Authority appropriately requested two separate invoices from the vendor, one for the \$2,500 fee and one for services related to agreement C-3-0473. However, due to an error, both the original invoice and a separate revised invoice for the \$2,500 fee were both submitted to the Accounts Payable Department for payment. Internal Audit was notified that the vendor never deposited the overpayment it received from the Authority. The Chief of Staff has since taken the appropriate action to ensure that the vendor will receive the correct amount owed by the Authority.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Disadvantaged Business Enterprise Program
Contract Review
June 20, 2007**

5. Internal Audit found numerous instances in which the former project manager failed to review invoices and authorize payment in a timely manner. There were six instances in which an invoice was paid between two and three months after the invoice date and one instance in which an invoice was paid over 3 months after the invoice date. Additionally, two invoices were paid in excess of 250 days past the original invoice date.
6. Six of the twenty-nine invoice payment packages reviewed had minor mathematical errors of less than \$2 and were in favor of the Authority; however, there is no evidence that these errors were detected during invoice review by management.

Recommendation 1

Internal Audit recommends that policies and procedures be developed to ensure that the payment review process includes:

1. Verifying that the invoice package contains all contractually required information and deliverables.
2. Reviewing the contract agreement or purchase order to ensure that services performed fall under the scope of work authorized.
3. Confirming the billing rates are accurate and allowable per the contract agreement.
4. Identifying any discrepancies and/or disallowed items on the invoices, and ensuring payment authorizations include the total dollar amount authorized for payment in order to minimize confusion in the payment process.
5. Minimizing the time elapsed between receipt and payment of an invoice.
6. Checking all invoices for mathematical accuracy.

Management Response:

Management has reviewed the invoice payment issues noted and has identified numerous causes for the errors, most of which have been cured with a change in management oversight of DBE contracts. Management agrees that policies and procedures should be developed to address the payment review process. These policies are needed on an Authority-wide basis and should be developed by the appropriate department to ensure consistency throughout the Authority. Furthermore, training on the roles and responsibilities of all departments involved in contract payments should be provided.



MEMO

July 3, 2007

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

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

Thank you.



July 5, 2007

To: Legislative and Government Affairs/Public Communications Committee

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

Subject: Preparation of the 2008 State and Federal Legislative Platforms

Overview

The Orange County Transportation Authority is preparing the legislative platforms in advance of the 2008 sessions of the California Legislature and United States Congress. As a listing of objectives and issue positions, the legislative platforms provide general direction to staff and legislative representatives in Sacramento and Washington, D.C.

Recommendation

Approve the preparation plan and timeline for the State and Federal Legislative Platforms.

Discussion

Annually, Orange County Transportation Authority (OCTA) staff collect legislative ideas from interested parties within Orange County, subsequently evaluating and consolidating suggestions and strategies into a framework document to guide OCTA's state and federal legislative activities for the upcoming year. These documents are initially submitted as drafts and then in final form to the Board of Directors for adoption. In addition to adoption of the 2008 State and Federal Legislative Platforms, OCTA staff will pursue input from the Board on particular items to guide in advocacy positions and responses.

The OCTA State and Federal Legislative Platforms provide guidance on state and federal statutory, regulatory, and administrative policies for staff and its legislative advocates to pursue in the subsequent year. Timely adoption of the platforms allows time to draft bill language, find bill authors, introduce legislation, recommend advocacy positions on bills, as well as to develop support for OCTA projects and funding requests.

In gathering ideas and information for potential legislative needs in 2008, State and Federal Government Relations Department staff will seek suggestions from Board Members; OCTA division directors and department managers; regional and state transportation agencies, associations, and interest groups; cities; the County of Orange; various parties in the public and private sectors; OCTA advisory groups; and users of OCTA services. Advice will be sought from members of the Orange County Legislative Delegations and their staffs.

Once legislative ideas are collected, staff will formulate the Draft 2008 State and Federal Legislative Platforms. Subsequently, these documents will be reviewed by legislative advocates, legal counsel, and members of the Legislative and Government Affairs/Public Communications Committee. After extensive circulation and revision, final adoption will be sought at the OCTA Board meeting on November 9, 2007. A detailed timeline is presented as Attachment A.

On November 13, 2006, the OCTA Board of Directors adopted the 2007 State and Federal Legislative Platforms. Copies of these are included as Attachments B and C for your information.

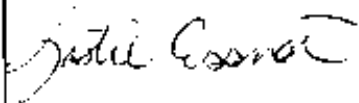
Summary

The proposed timeline and process for the preparation of the 2008 State and Federal Legislative Platforms are presented for approval.

Attachments

- A. Proposed Adoption Schedule of Orange County Transportation Authority 2008 State and Federal Legislative Platforms
- B. Orange County Transportation Authority 2007 State Legislative Platform
- C. Orange County Transportation Authority 2007 Federal Legislative Platform

Prepared by:



Kristin Essner
Government Relations
Representative
(714) 560-5754

Approved by:



Wendy Villa
Manager, State Relations
(714) 560-5595

**Proposed Adoption Schedule of
Orange County Transportation Authority
2008 State and Federal Legislative Platforms**

Proposed Action	Target Date
Provide schedule and preparation process to the members of the Legislative and Government Affairs/Public Communications (LGA/PC) Committee, followed by the Board of Directors.	July 5, 2007 July 9, 2007
Receive requests for legislative suggestions from the Board of Directors, OCTA staff, OCTA standing committees, Orange County Legislative delegations, transportation agencies and associations, Orange County organizations, and interested members of the public.	August 31, 2007
Present preliminary draft of 2008 Legislative Platforms to LGA/PC Committee. Circulate and receive comments from staff, legislative advocates, legal counsel, and Board Members. Revise platforms based on input.	September 20, 2007
Comments due back.	October 15, 2007
Present draft 2008 Legislative Platforms to LGA/PC Committee for recommendation to the Board of Directors.	November 1, 2007
Present draft 2008 Legislative Platforms to Board of Directors for adoption.	November 9, 2007
Distribute adopted 2008 Legislative Platforms.	December 14, 2007

**OCTA
2007 STATE LEGISLATIVE
PLATFORM**

ATTACHMENT B

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Key Transportation Policy Issues in 2007

A number of pressing transportation issues are expected to be discussed in the 2007 legislative session. A few of these key issues have been highlighted in this section including: Infrastructure Bonds, Proposition 42, Public-Private Partnerships, Design-Build Authority, Goods Movement, and Spillover.

Infrastructure Bonds

In 2006, voters approved a \$39 billion infrastructure bond package constituting the single largest investment in state infrastructure in decades. Specifically, Proposition 1B allocates over \$19 billion for transportation purposes and will be the subject of implementing legislation in the 2007 legislative session. The California Transportation Commission (CTC) has already established working groups to direct the implementation effort. These five working groups are currently discussing the details of the programs established in the bond including the corridor mobility program, goods movement, the state-local partnership program, performance measures, and public-private partnerships. The Orange County Transportation Authority (OCTA) is actively involved in this effort.

In 2007, OCTA will:

- a) Support implementing legislation that increases funding directed towards Orange County projects.
- b) Support implementing legislation that enables faster, more efficient delivery of transportation projects in Orange County.

Proposition 42

Approved by nearly 70 percent of voters in March 2002, Proposition 42 requires the transfer of the state sales tax on gasoline from the General Fund to the Transportation Investment Fund (TIF) to fund transportation improvements around the state. However, provisions contained in Proposition 42 have permitted the Legislature to suspend this transfer of revenue in any fiscal year with a two-thirds vote of the Legislature. Since its passage in 2002, Proposition 42 has been fully or partially suspended twice, diverting more than \$2 billion away from transportation purposes.

Proposition 1A, approved by the voters in 2006, closed the "loop-hole" in Proposition 42 by only permitting loans to the General Fund, rather than full or partial suspensions. These loans would be required to be repaid with interest within three years. Loans are now only permitted twice in a 10-year period and each loan has to be fully repaid before subsequent loans can be taken. Lastly, Proposition 1A specifies a repayment schedule for prior Proposition 42 suspensions.

In 2007, OCTA will continue to:

- a) Support efforts to make the sales tax on gasoline a guaranteed revenue source for transportation.
- b) Support the expedited repayment of all Proposition 42 loans.
- c) Oppose efforts to divert gasoline sales tax revenues from transportation purposes as intended by the voters with the passage of Proposition 42.

Public-Private Partnerships

As state transportation funding shortfalls continue while the costs of building, maintaining, and expanding our infrastructure increases, innovative funding methods have become increasingly necessary to accommodate the growth in transportation system demands in California. Through the effective use of public-private partnerships, such projects as the 91 Express Lanes in Orange County have provided additional transportation capacity and improved transportation choices while being paid for by the system's users.

The infrastructure bond agreement in 2006 included the authority for the California State Department of Transportation (Caltrans) to enter into eight public-private partnership agreements for the purposes of goods movement and high occupancy toll (HOT) lanes, with projects being split equally between the north and the south. The authorizing legislation, AB 1467 (Chapter 32, Statutes of 2006), was further clarified by AB 521 (Chapter 542, Statutes of 2006) which details the approval process by the Legislature for these agreements.

OCTA's experiences with this innovative public-private partnership have provided valuable lessons in the use of this concept and in 2007, OCTA's advocacy efforts will emphasize the following:

- a) Support the use of public-private partnerships that increase highway capacity without limiting the ability to improve public facilities.
- b) Cooperate with the Riverside County Transportation Commission on the possible extension of the existing 91 Express Lanes into Riverside County.

Design-Build

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

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

Currently, OCTA is utilizing its design-build authority in constructing a transit way, or high occupancy vehicle (HOV) lanes, on the Garden Grove Freeway (State Route 22). By using design-build, the projected completion time of widening State Route 22 (SR-22) will be reduced by three to five years. The SR-22 project is expected to be completed on November 30, 2006, on time and on budget - exactly 800-days since the inception of the endeavor.

OCTA would like to build upon the efficient delivery schedule of the SR-22 project by having design-build authority available for the delivery of Phase II - the design and construction of two SR-22 interchange connector on-ramps. This project will link the new SR-22 HOV lanes with the vital corridors of the San Diego Freeway (Interstate 405) and the San Gabriel Freeway (Interstate 605).

In 2006, the Legislature debated legislation which would have provided broader design-build authority to Caltrans and local/regional transportation

commissions but at the end was unable to pull together sufficient consensus to ultimately pass the bill. While discussions will continue in the Legislature in 2007 regarding design-build authority, OCTA will also pursue authorizing legislation that will allow transportation projects to be delivered in a faster, more efficient manner for the residents of Orange County.

In 2007, OCTA's advocacy efforts related to design-build will emphasize the following:

- a) Support legislation authorizing the use of design-build for transportation infrastructure without limiting the type of funding that can be used on the projects.
- b) Sponsor legislation authorizing the use of design-build for Phase II of the SR-22 project.
- c) Sponsor legislation authorizing the use of design-build for installation of homeland security and traffic management technologies.

Goods Movement

The movement of goods to and from the ports of Los Angeles and Long Beach (POLA/LB) has been a major contributor to traffic congestion on Orange County highways, streets, and roads. Approximately 43 percent of containers entering and 23 percent of the containers leaving the United States travel through POLA/LB, making them the country's largest container ports. Most significantly, 50 to 70 percent of the freight coming through POLA/LB is destined for other parts of the country.

This trade volume is expected to triple in the next 20 years. This industry supports one out of every seven jobs in the state, contributing more than \$200 billion per year to the state's economy, including more than \$16 billion in tax revenues to state and local government. An estimated 225,000 manufacturing jobs are directly related to freight movement in Southern California.

Current revenue streams are not sufficient to fund the projects needed to offset the costs of moving these goods. Additionally, existing state and local infrastructure is unable to handle the increasing demands placed on it by the growth in goods moving through Southern California.

The need for significant investment in the goods movement system has prompted the inclusion of \$3.1 billion for goods movement and port security infrastructure in Proposition 1B, approved by the voters in 2006.

In 2007, OCTA's advocacy efforts in this regard will emphasize the following:

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

Spillover

Enacted in 1971, the Transportation Development Act (TDA) was designed to enhance transportation funding in California without increasing the overall sales tax rate by reducing the state sales tax on all goods by one-quarter percent and allowing each county board of supervisors to impose a one-quarter percent sales tax for local transportation purposes. All 58 counties chose to enact the one-quarter percent sales tax.

As the reduction in the state sales tax would impact state General Fund revenues, a state sales tax was then imposed on gasoline to mitigate the loss to the General Fund. At the time, the amount of revenue generated by imposing the state sales tax on gasoline was equivalent to the one-quarter percent sales tax on all goods thus holding harmless the General Fund from any loss of revenue.

The following year, as gas prices increased, the state sales tax on gasoline generated more revenue than the state lost through the diversion of the one-quarter cent sales tax on all goods to counties. The imposition of the state sales tax on gasoline was not intended to create a windfall for the General Fund, so legislation was enacted that required any excess revenue be

transferred to what is now known as the Public Transportation Account (PTA) to be used for transit purposes. This excess revenue has become known as "spillover."

However, voter-approved Proposition 42 which dedicated the state sales tax on gasoline that is transferred to the General Fund to the Transportation Investment Fund for transportation purposes, does not capture "spillover" revenues. Since "spillover" goes directly from the Retail Sales Tax Fund to the PTA, it is never transferred to the General Fund, and therefore, is not available for the purposes of Proposition 42. The Legislature has used "spillover" in the past to balance the state budget and cover the cost over-runs on the Bay Bridge. "Spillover" continues to be vulnerable to legislative diversion, despite the protections offered by Proposition 42 to other transportation funding.

Therefore, OCTA will:

- a) Support the elimination of the statute that requires the "spillover" set-aside, thus allowing all gasoline sales tax funds to flow to Proposition 42.

I. State Budget

With continued state budget deficits, OCTA remains concerned about the status of transportation funding in California. Transportation loans, transfers, and suspensions totaling over \$5 billion in the last six years have exacerbated the existing demand for transportation investment in California. In fact, the CTC has identified over \$120 billion in unfunded rehabilitation needs alone on California's highways, local streets and roads, and public transit over the next decade.

Consequently, OCTA will be alert to the further erosion of state funding, as well as state attempts to shift their costs to local entities or to secure a larger state share of federal transportation funding.

Key actions by OCTA will include:

- a) Oppose further loans from state highway and transit accounts to the state General Fund, deferral of existing loan repayment provisions, taking of "spillover" revenue from the Public Transportation Account, or relaxation of payback with interest provisions.

- b) Oppose unfunded mandates for transportation agencies and local governments in providing transportation improvements and services.
- c) Oppose efforts to fund the Small Business Guarantee Program with "spillover" revenues unless it includes provisions to repay the loan with interest over a short term and holds the State Transit Assistance (STA) program harmless.
- d) Oppose cost shifts or changes in responsibility for projects funded by the state to the local transportation entities.
- e) Oppose allocation of OCTA's statutory portions of the state highway and transit funding programs for alternative purposes.
- f) Support legislation to treat the property tax of single-county transit districts the same as multi-county districts and correct other Educational Revenue Augmentation Fund (ERAF) inequities between like agencies.
- g) Seek additional funding for paratransit operations, including service for persons with disabilities and senior citizens.
- h) Support the Constitutional protection of all transportation funding resources.
- i) Seek legislation to keep Orange County's share of Service Authority for Abandoned Vehicles (SAAV) funding in Orange County.

II. State/Local Fiscal Reforms and Issues

As California's budget challenges continue, uncertainties over potential future structural changes remain. OCTA is concerned that local agencies will be impacted as the Legislature and Administration attempt to erase the budget deficit and repay loans coming due in the next few years.

Therefore, OCTA will:

- a) Oppose efforts to reduce local prerogative over regional program funds.
- b) Oppose instituting regional gasoline sales taxes or user fees that would not be directly controlled by county transportation commissions.
- c) Oppose efforts to increase the one and one-half percent cap on administrative fees charged by the

Board of Equalization on the collection of local sales taxes measures.

- d) Oppose legislative efforts to redirect Proposition 116 funds outside of the county/region approved by the voters upon passage of the initiative.
- e) Oppose efforts to transfer traditional federal funding sources from local agencies to the state and support equitable distribution of new federal funding programs in the state implementation legislation for the federal surface transportation act.
- f) Support legislation protecting or expanding local decision-making in programming expenditures of transportation funds.
- g) Support efforts to ease or simplify local matching requirements for state and federal grants and programs.
- h) Support the retention of existing local revenue sources.
- i) Support legislation to protect the flexibility of federal aid highway funds by requiring state compliance with federal highway safety requirements.
- j) Support flexibility for obligating regional federal transportation funds through interim exchange instead of loss of the funds by the local agency.
- k) Investigate updating the formula used to sub-allocate gas tax between counties and cities.
- l) Support increased flexibility in state guidelines related to the use of state highway funds for soundwalls.

III. STIP Reform

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

SB 45 placed decision-making closest to the problem by providing project selection for 75 percent of the funding in the Regional Transportation Improvement Program (RTIP). This funding is distributed to counties

based on an allocation formula. The remaining 25 percent of the funds is programmed by Caltrans in the Interregional Transportation Improvement Program (ITIP).

Key provisions to be sought by the OCTA include:

- a) Sponsor legislation to guarantee reimbursement of project costs advanced with local funds for projects approved by the CTC in the STIP.
- b) Support legislation that maintains equitable "return to source" allocations of transportation tax revenues, such as updating north/south formula distribution of county shares and ITIP allocations.
- c) Support legislation to clarify that programming of county shares has priority over advancement of future county shares.
- e) Support maintaining the current STIP formula, which provides 75 percent of the STIP funding to the locally nominated RTIP and 25 percent to the ITIP Program.
- f) Support a formula based guaranteed disbursement of the ITIP.
- g) Support removing the barriers for funding transportation projects including allowing local agencies to advance projects with local funds when state funds are unavailable due to budgetary reasons, and allowing regions to pool federal, state, and local funds in order to limit lengthy amendment processes and streamline project delivery time.
- h) Support exemptions for State Highway Operation and Protection Program (SHOPP) safety projects so that these projects can continue in the event the budget is not passed by the constitutional deadline.
- i) Support legislation to involve county transportation commissions in development and prioritization of SHOPP projects.

IV. Transit Programs

In 2005, OCTA was recognized by the American Public Transportation Association as the "Outstanding Public Transportation System of the Year." OCTA's legislative efforts in 2007 will focus on allowing the agency to continue to provide the reliable, safe, and efficient bus service that riders have come to count on.

To that end, OCTA will focus on the following:

- a) Oppose unfunded transit mandates that may occur as part of California's Olmstead Plan, which encourages independence in the disabled community.
- b) Support legislation to encourage the interoperability of smart card technology within California.
- c) Support legislation to limit the liability of transit districts for the location of bus stops (*Bonanno v. Central Contra Costa Transit Authority*).
- d) Support the siting of transit oriented development projects (i.e. authorize extra credit towards housing element requirements for these developments).
- e) Support additional funding for paratransit operations, including service for persons with disabilities and senior citizens.
- f) Support legislation to reauthorize the yield-to-bus sign program in order to help buses flow smoothly back into traffic after a stop.

V. Roads and Highways

OCTA's commitment to continuously improve mobility in Orange County is reflected through a dynamic involvement in such innovative highway endeavors as the ownership of the 91 Express Lanes and the use of design-build authority on the SR-22 project. OCTA will continue to seek new and innovative ways to deliver road and highway projects to the residents of Orange County and to that end, in 2007, OCTA will focus on the following:

- a) Oppose efforts to create a conservancy that would affect the delivery of transportation projects under study or being implemented in the region.
- b) Support administrative policy changes to lower the oversight fee charged by Caltrans to ensure that project support costs are equivalent whether the project is administered by Caltrans or a local agency.
- c) Support improvements in major trade gateways in California to facilitate the movement of intrastate, interstate, and international trade beneficial to the state's economy.
- d) Support streamlining of the Caltrans review process for projects, simplification of processes, and reduction of red tape, without compromising environmental safeguards.

- e) Explore viability of statutory authorization to manage construction projects on state highways similar to the authority vested in the Santa Clara Valley Transportation Authority.
- f) Support customer privacy rights while maintaining OCTA's ability to effectively communicate with customers and operate the 91 Express Lanes.
- g) Work with Caltrans to ensure design specifications for bridges are free from defect.
- h) Seek cooperation from the state, the county, cities, and other local jurisdictions to implement street signal coordination, prioritization, preemption, and use of intelligent transportation systems measures.
- i) Work with Caltrans to further improve street signal coordination by permitting the coordination of on and off-ramp signals with local street signal synchronization efforts.
- j) Seek an administrative/legislative remedy that increases utilization of HOV lanes, including unlimited ingress/egress and use by single occupant vehicles during off-peak hours.
- k) Support studying the policies, funding options, and need for rail/highway grade separations including any impact on existing state highway and transit funding sources.

VI. Rail Programs

Metrolink is Southern California's commuter rail system that links residential communities to employment and activity centers. In 2006, Metrolink celebrated its 12th anniversary of operation in Orange County. Orange County is served by three routes: the Orange County (OC) Line, the Inland Empire-Orange County (IEOC) Line, and the 91 Line (Riverside-Fullerton-Los Angeles).

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

In addition to Orange County Metrolink services, two other rail systems could also travel through the county at some point in the future – High Speed Rail and Magnetic Levitation (Maglev). While the status and future of these programs is uncertain, OCTA will be

watchful to ensure that funding for these rail systems does not impact other transportation funding sources.

Key advocacy efforts will emphasize the following:

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

VII. Administration/General

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

- a) Oppose legislation and regulations adversely affecting OCTA's ability to efficiently and effectively contract for goods and services, conduct business of OCTA, and limit or transfer the risk of liability.
- b) Support legislation that is aimed at controlling, diminishing, or eliminating unsolicited electronic messages that congest OCTA's computer systems and reduce productivity.
- c) Support legislation that establishes reasonable liability for non-economic damages in any action for personal injury, property damage, or wrongful death brought against a public entity based on principles of comparative fault.
- d) Support legislation that would provide for consistency of campaign contribution limits applied to both elected and appointed bodies.
- e) Monitor legislation affecting drivers' license privileges and standards related to age.

VIII. Environmental Policies

Changes in environmental laws can affect OCTA's ability to plan, develop, and build transit, rail, and highway projects. While OCTA has been a leading advocate for new cleaner transit technologies and

the efficient use of transportation alternatives. It also remains alert to new, conflicting, or excessive environmental statute changes.

Key positions include:

- a) Oppose efforts to grant special interest groups or new bureaucracies control or influence over the California Environmental Quality Act process.
- b) Oppose expanded use of HOV lanes for purposes not related to congestion relief or air quality improvement.
- c) Oppose legislation that restricts road construction by superseding existing broad-based environmental review and mitigation processes.
- d) Support creative use of paths, roads, and abandoned rail lines using existing established rights of way to promote bike trails and pedestrian paths.
- e) Support incentives for development, testing, and purchase of clean fuel commercial vehicles.
- f) Support an income tax credit to employers for subsidizing employee transit passes.
- g) Support efforts to seek funding for retrofitting or re-powering heavy duty trucks and buses for cleaner engines to attain air quality standards.
- h) Support legislation to require the South Coast Air Quality Management District to grant transit demonstration projects a temporary relief from having to initiate or test new services with alternative fuel vehicles.
- i) Support legislation to further integrate state and federal environmental impact studies.
- j) Work closely with the California Air Resources Board (CARB) on regulations governing greenhouse gas emission reductions as established by AB 32 (Chapter 488, Statutes of 2006)

IX. Employment Issues

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

Key advocacy positions include:

- a) Oppose efforts to impose state labor laws on currently exempt public agencies.

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

X. Transportation Security

With the recent increase and severity of terrorists attacks around the world on transit systems, greater emphasis is being placed on transportation security in the United States. As the County's bus provider and Metrolink partner, OCTA comprehends the importance of securing our transportation network and protecting our customers. Presently, OCTA maintains a partnership with the Orange County Sheriffs Department to provide OCTA Transit Police Services to the bus and train systems in Orange County. OCTA is also currently working with its community partners on an effort to install video surveillance systems at Metrolink stations and on buses to enhance security efforts.

Heightened security awareness, an active public safety campaign, and greater surveillance efforts, require additional financial resources. Consequently, in 2007, OCTA's advocacy position will highlight:

- a) Support state homeland security and emergency preparedness funding and grant programs to local transportation agencies to alleviate financial burden placed on local entities.
- b) Support legislation that would reduce the time period to retain video surveillance records to reflect current reasonable technological capabilities.

**OCTA
2007 FEDERAL LEGISLATIVE
PLATFORM**

ATTACHMENT C

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Introduction

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

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

Orange County Transportation Authority's (OCTA) Federal Legislative Platform outlines the statutory, regulatory, and administrative goals and objectives of the transportation authority. The following platform was adopted by the OCTA Board of Directors to provide direction to staff and federal legislative advocates for the first session of the 110th Congress.

I. Fiscal Year 2008 Transportation Appropriations

The annual appropriations process will play a significant roll in the OCTA 2007 federal legislative platform. Given that the federal surface transportation authorization bill, the Safe Accountable Flexible Efficient Transportation Equity Act - A Legacy for Users (SAFETEA-LU), fully obligated the federal highway trust fund and to a lesser degree, the mass transit account, there is limited discretionary funding available year to year for surface transportation earmarks. To more effectively work within the limitations on federal transportation funding at this time, OCTA

will focus on strategic, high priority county and regional projects, to include: highway and transit infrastructure, homeland security, and goods movement. As part of the fiscal year (FY) 2008 transportation appropriations bill, OCTA will work with its Congressional delegation to secure greater levels of federal investment in the following projects:

- a) Riverside Freeway (State Route 91) widening and Orange County/Riverside chokepoint projects congestion relief projects.
- b) Grade separation improvements along Orangethorpe corridor in north Orange County.
- c) San Diego Freeway (Interstate 405) widening and improvements. Including interchange improvements, as well as bridges and overcrossings.
- d) San Diego Freeway (Interstate 5) and Ortega Highway chokepoint and interchange improvements.
- e) Improvements to relieve chokepoint congestion at the Interstate 5 (I-5) and Costa Mesa Freeway (State Route 55).
- f) Phase I of the I-5 South high occupancy lane (HOV) project.
- g) The Orange County Rapid Transit project, which includes Metrolink service enhancements and Bus Rapid Transit.
- h) Improvements along the Bristol Street multi-modal corridor in Santa Ana.
- i) Phase II of the Garden Grove Freeway (State Route 22) project and federal authorization for easements to the Seal Beach Naval Weapons Center.

Other funding priorities for OCTA include:

- a) Support appropriations and additional funding of transit security grant programs for the Department of Homeland Security (DHS) to protect county surface transportation systems, including highways, transit facilities, rail lines, and related software systems.

- b) Support Small Start funding for the Orange County Rapid Transit project.
- c) Support full funding of Section 5309 (m)(1)(a) rail modernization grant funds.
- d) Support bus and bus-related OCTA projects under Section 5309 (m)(1)(c).
- e) In concert with regional transportation agencies, seek funding for the Southern California Regional Training Consortium to develop bus maintenance training information to the transit agencies throughout Southern California.
- f) Inter-county express bus service to assist commuters between Orange, Los Angeles and Riverside counties.

II. Highways, Transit, and Rail – Next Round of Reauthorization Begins

The federal surface transportation bill, SAFETEA-LU, included a significant level of funding for OCTA and authorized funding for critical highway and transit projects. However, there are a number of vital infrastructure projects – both highway and rail – that continue to require authorization to address specific highway, rail, and transit needs throughout the County and Southern California region. As Congress gears up for the next round of reauthorization of the federal surface transportation bill, OCTA will seek authorization and funding for the following projects:

Project Authorization

- a) Support legislative efforts to authorize the State Route 91 (SR-91) congestion relief projects.
- b) Support authorization and funding for the Anaheim Regional Transportation Intermodal Center (ARTIC).
- c) Support continued authorization of and funding for the four-county Alameda Corridor East (ACE) project.
- d) Support amendments to the Los Angeles-San Diego-

San Luis Obispo (LOSSAN) Rail Corridor Agency (LOSSAN Corridor) to ensure federal authorization for all counties, including Orange County, that serve and are impacted by the rail corridor. As currently authorized, only projects within 10 percent of the corridor would be eligible. Because of the shared use of the LOSSAN Corridor, improvements along any stretch of rail line would have positive impacts to other areas.

- e) Support efforts to authorize and fund Maglev transportation from Anaheim to Ontario Airport and Ontario to Las Vegas. Support funding to augment state and local efforts for high speed rail service to and from Anaheim.
- f) Monitor and with OCTA Board approval, support Intelligent Transportation System (ITS) measures to advance the safety, security and efficiency of the multi-modal transportation system, reduce fuel consumption and environmental impacts, ease congestion, and facilitate emergency response times.

Regulatory Changes

- a) Designate the Orange County portion of the BNSF/Orangethorpe corridor as part of the Alameda Corridor East/national goods movement corridor.
- b) The Federal Highway Administration (FHWA) recently began to require that agencies prepare a 30-year cash flow analysis for the long range Regional Transportation Plan (RTP). OCTA and other planning agencies already perform this level of analysis for the six-year Transportation Improvement Program (TIP) and doing a 30-year analysis for the RTP is redundant and costly.
- c) SAFETEA-LU implementing regulations, shifted the approval of RTP amendments involving Transportation Control Measures (TCM) from FHWA to the Environmental Protection Agency (EPA). OCTA requests that this approval process revert back to FHWA and maintain a consultation process with EPA.

- di Request Federal Transportation Enhancement (TE) program guidelines be amended to permit use of TE funds for soundwalls as a local option. The FHWA does not permit the use of highway funds to retrofit soundwalls, yet federal trade policies have lead to increased freight traffic along goods movement corridors and hence noise along the freeways. OCTA requests that the policy be amended to allow highway funds to be used to mitigate the impacts of freight traffic on local communities adjacent to goods movement corridors.

III. Advocacy Efforts for Existing Federal Highway and Transit Programs

- a) Work with regional agencies to advocate for a high ranking of the ACE project as part of the U.S. Department of Transportation's Projects of National and Regional Significance (PNRS) program.
- b) Seek support from the Federal Transit Administration and Orange County Congressional Delegation for the Orange County Rapid Transit Project.
- c) Pursue funding for applicable transit programs newly authorized by SAFETEA-LU, including Small Starts, Jobs Access Reverse Commute (JARC), and New Freedom program for new transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA).
- d) Support expanded design-build authorization for federally-funded highway and surface transportation projects.
- e) Support environmental streamlining and stewardship efforts by the relevant federal agencies.
- f) Support expedited federal review and payments to local agencies and their contractors for project development, right-of-way acquisition, and construction activities.
- g) Support bond measures for Amtrak improvements in high-speed rail corridors.
- h) Work with the Southern California Regional Transit Training Consortium on its FY 2007 legislative efforts to obtain federal funds to streamline bus maintenance training for alternative fuel buses.

IV. Homeland Security

OCTA continues to work cooperatively with neighboring transit agencies, Urban Area Security Initiative (UASI) partners, state Homeland Security grant partners, and local jurisdictions to develop regional and countywide strategic plans for terrorism preparedness. Last year, DHS released the first level of federal funding to enhance the security of regional bus and rail systems as part of the FY 2005 Transit Security Grant Program (TSGP). In addition to seeking additional grant funding in FY 2007 to secure the county's highways, rail and transit systems, OCTA will pursue the following regulatory and statutory changes to address homeland security needs:

- a) Support increased federal funding to transit agencies for operational security improvements for highways, transit, and rail security in the United States.
- b) Support a fair distribution of grant funds based on the risk of terrorism as estimated by the DHS, in lieu of formulas based solely on size of population.
- c) Support programs that reach out to state homeland security officials to improve information exchange protocols, refine the Homeland Security Advisory System, and support state and regional data coordination.
- d) Congress passed the Terrorism Risk Insurance Act (TRIA) in 2002 and its extension in 2005, but the legislation is scheduled to expire December 31, 2007. Monitor and support Congressional action to adopt a long-term private/public terrorism risk insurance program.

V. Goods Movement

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

- a) Support additional funding for ACE grade separation projects in Orange County along the Orangethorpe corridor.
- b) Support funding for highway improvements along Orange County trade corridors, including the SR-91, Orange Freeway (State Route 57), I-5, and I-405.

VI. Energy Issues

Legislation addressing U.S. policies on energy is likely to play a greater role in the 110th Congress. The transportation sector is the largest consumer of petroleum in the United States. Therefore, the focus by Congress to further develop energy efficient policies is likely to have an impact on OCTA operations.

- a) Monitor legislation and federal rulemaking that addresses new or emerging energy policies such as: incentives for alternative fuel technology and use, developer incentives supporting transit programs, as well as research and technology.
- b) Provide federal legislative reports to the OCTA Board of Directors outlining any energy-related legislation introduced in the next Congress that potentially impacts OCTA operations.
- c) Work with industry associations to comment on Congressional actions and/or federal policies that impact the public transportation sector.

VII. Environmental Policy and Regulatory Requirements

Federal environmental laws and regulations affecting OCTA include the National Environmental Protection Act (NEPA), the Federal Clean Air Act, Federal Water

Pollution Control Act, and the Endangered Species Act. OCTA's historical positions with regard to these acts and related regulations include:

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

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

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

VIII. Employment Issues

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

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



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WK}Wendy Knowles, Clerk of the Board
Subject: Agreement for On-Call Right-of-Way Services for the Metrolink Service Expansion Program

Transit Planning and Operations Committee

June 28, 2007

Present: Directors Brown, Green, Moorlach, Norby, Pulido, and Winterbottom
Absent: Directors Dixon and Nguyen

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (reflects change from staff recommendation)

- A. Authorize the Chief Executive Officer to execute Agreement C-7-0777 between the Orange County Transportation Authority and Paragon Partners, Ltd., in an amount not to exceed \$1,920,000, for on-call right-of-way services.
- B. Direct staff to ensure that Paragon Partners, Ltd.'s scope of work will enable them to be proactive in acquiring properties that become available for sale on the open market.



June 28, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, ^{AK} Chief Executive Officer
Subject: Agreement for On-Call Right-of-Way Services for the Metrolink Service Expansion Program

Overview

Right-of-way consultant services are required to ensure the ability of the Orange County Transportation Authority to construct facilities needed to implement the Metrolink Service Expansion Program. A Request for Proposals was solicited and received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0777 between the Orange County Transportation Authority and Paragon Partners, Ltd., in an amount not to exceed \$1,920,000, for on-call right-of-way services.

Background

On November 14, 2005, the Orange County Transportation Authority (Authority) Board of Directors (Board) adopted the Metrolink Service Expansion Program (MSEP), which authorized staff to begin the implementation of 30-minute rail service between the Fullerton Transportation Center and the Laguna Niguel/Mission Viejo station in Orange County. On April 23, 2007, the Board approved the updated capital projects list for the MSEP. This list identified right-of-way (ROW) needs at the Fullerton and Laguna Niguel turnback facilities, and the Alton/Bake layover facility in Irvine. A summary of the ROW needed is included in Attachment A.

The Authority has a need for on-call ROW services such as property acquisition, preparation of appraisals and appraisal reviews, relocation of persons, property and business, and other miscellaneous ROW services in order to proceed with the MSEP projects.

On April 26, 2007, the Authority issued a Request for Proposals (RFP) for on-call ROW services for the MSEP.

The broad range of ROW activities include, but are not limited to, the following:

- Acquisition and review of preliminary title reports, appraisal maps, surveys, and legal descriptions; hazardous waste and environmental inspections and reports; utility relocation coordination; preparation of appraisals and appraisal reviews; acquisition of property; relocation of persons, property and businesses; and coordination of eminent domain activities, if required.
- Quality assurance and quality control to ensure compliance with applicable federal, state, and local laws, policies, ordinances, rules and regulations, and assist with budget control.
- Attend public meetings and hearings, as necessary, to support the projects.

Discussion

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

On April 26, 2007, an RFP was posted on CAMMNET and advertised in a newspaper of general circulation. A pre-proposal meeting was held on May 3, 2007, and was attended by 17 firms. On May 24, 2007, five proposals were received. An evaluation committee consisting of Authority staff from the Development Division and Contracts Administration and Materials Management Department was established to review all proposals submitted. The proposals were evaluated and scored based upon qualifications of the firm, staffing and project organization, work plan, and cost. On June 4, 2007, the five firms were invited to interview. Interviews were held on June 11 and June 14, 2007, and were based on a question and answer session related to the firms' proposals. At the completion of the interviews, the evaluation committee reviewed the scores and finalized the recommendation. Based on their findings, the evaluation

committee recommends the following firm to the Transit Planning and Operations Committee for consideration of award.

Firm and Location

Paragon Partners, Ltd.
Huntington Beach, California

Paragon Partners, Ltd., had significant relative experience and demonstrated the greatest knowledge and understanding of the project and its particular ROW issues. Additionally, the firm's proposed staffing plan exhibited the best combination of experience and skills necessary to ensure timely and cost-effective delivery of services.

If approved by the Board, the agreement will be issued for a period of two years with two one-year options on a reimbursable contract, in an amount not to exceed \$1,920,000.

Fiscal Impact

The project is included in the Authority's Fiscal Year 2007-08 Budget, Development Division, Account 0010-7514-T5406-FV7, and is funded through the Local Transportation Authority.


Summary

In order to ensure the ability of the Authority to deliver the MSEP, ROW services are required. Staff recommends award of Agreement C-7-0777 to Paragon Partners, Ltd., in an amount not to exceed \$1,920,000, for consultant ROW services.

Attachments

- A. Metrolink Service Expansion Program Right-of-Way Needs
- B. Metrolink Service Expansion Projects Map

Prepared by:


for James Staudinger
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Approved by:


Kia Mortazavi
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**Metrolink Service Expansion Program
Right-of-Way Needs****Fullerton Turnback Facility**

The project is anticipated to require right-of-way acquisition near Lawrence Avenue. Tracks would be added to an abandoned railroad bridge across Lemon Street, once owned by the Union Pacific Railroad. The loss of parking on Walnut Avenue will be offset by the Fullerton parking structure planned to be constructed at Harbor Boulevard and Santa Fe Avenue.

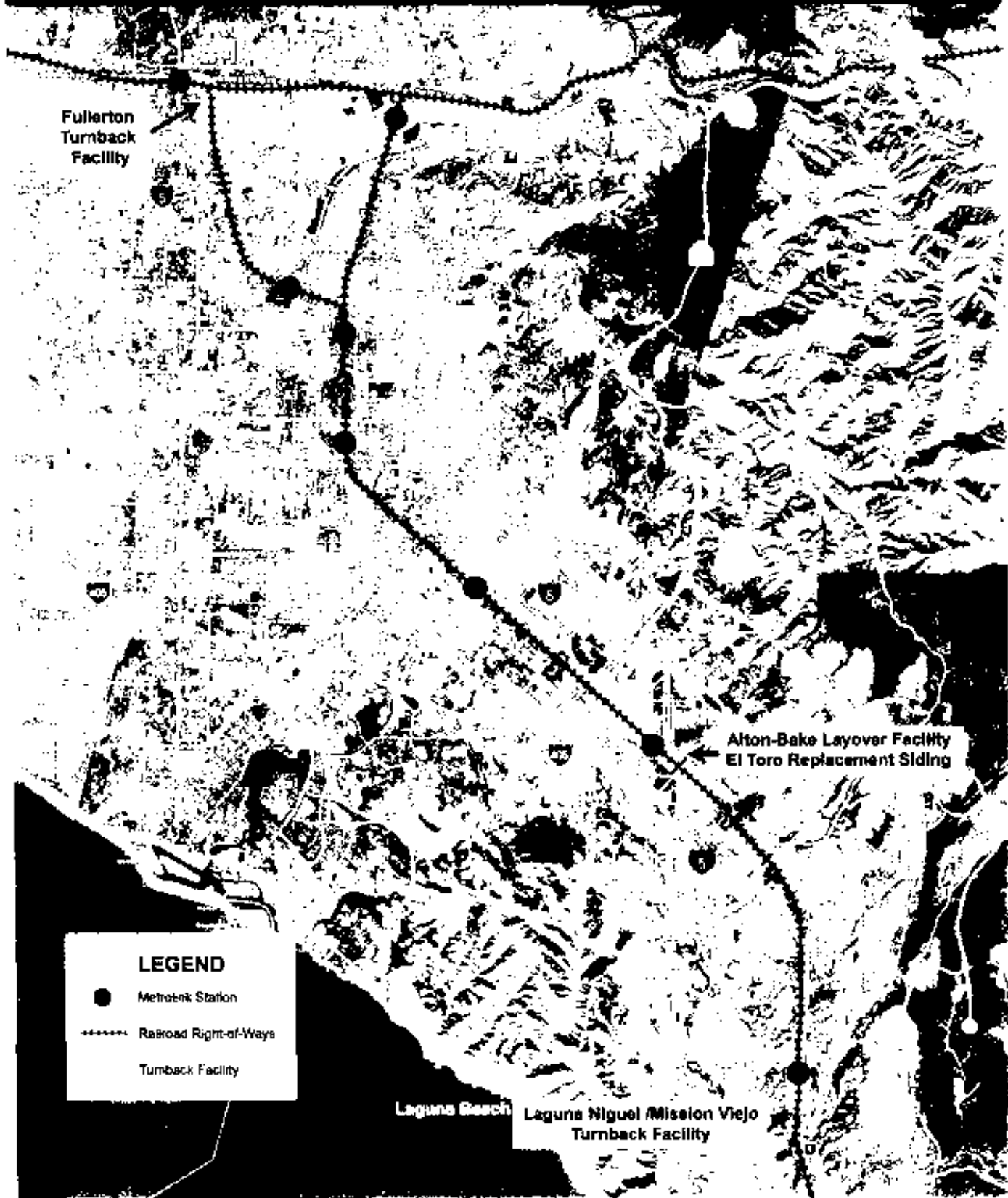
Alton-Bake Layover Facility/El Toro Replacement Siding

The layout for the proposed Alton-Bake layover facility will utilize existing land available within the right-of-way, north of the main tracks, between the overcrossings of Alton Parkway and Bake Parkway in the City of Irvine. This siding will include two tracks capable of storing up to six, eight-car train sets. Vehicle access to this facility could be addressed via an easement agreement or other negotiated agreement, allowing access through the properties to the north of the facility, nearest Alton Parkway. Additional right-of-way is required on an existing commercial property and would need to be secured through a lease agreement with the existing owner. The siding replacement facility will be constructed on existing right-of-way.

Laguna Niguel Turnback Facility

Right-of-way acquisition is anticipated to be minimal and includes a small 5-foot strip along the east side of the right-of-way, along Camino Capistrano, for the purposes of a security barrier and landscaping. This land is already part of the City of Laguna Niguel's improvement plan for Camino Capistrano. Portions of this acquired right-of-way will be needed for access to the storage track for inspection and servicing.

Metrolink Service Expansion Projects Map





BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Budget Amendment for Soundwall Design Services Along the San Diego Freeway (Interstate 5) in the City of San Clemente

Regional Planning and Highways Committee

July 2, 2007

Present: Directors Amante, Dixon, Glaab, Green, Mansoor, Norby, and Rosen
Absent: Directors Cavecche and Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, Expense Account 1752-7519-A9220-DYR for the El Camino Real soundwall and Account 1752-7519-A9215-DYQ for the Avenida Vaquero soundwall by \$646,000 and \$620,000, respectively.
- B. Amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, Revenue Account 0001-6026-A9220-DYR for the El Camino Real soundwall and Account 0001-6026-A9215-DYQ for the Avenida Vaquero soundwall by \$646,000 and \$620,000, respectively.



July 2, 2007

To: Regional Planning and Highways Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Budget Amendment for Soundwall Design Services Along the San Diego Freeway (Interstate 5) in the City of San Clemente

Overview

On June 7, 2007, the California Transportation Commission adopted the State Transportation Improvement Program augmentation submitted by the Orange County Transportation Authority staff to design and initiate right-of-way services for two soundwall projects on the San Diego Freeway (Interstate 5) in San Clemente, located at El Camino Real and Avenida Vaquero. A budget amendment is required to incorporate this newly approved funding into the agency's budget.

Recommendations

- A. Amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, Expense Account 1752-7519-A9220-DYR for the El Camino Real soundwall and Account 1752-7519-A9215-DYQ for the Avenida Vaquero soundwall by \$646,000 and \$620,000, respectively.
- B. Amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, Revenue Account 0001-6026-A9220-DYR for the El Camino Real soundwall and Account 0001-6026-A9215-DYQ for the Avenida Vaquero soundwall by \$646,000 and \$620,000, respectively.

Background

The Orange County Freeway Retrofit Soundwall Program was created by the Orange County Transportation Authority (OCTA) Board of Directors (Board) to mitigate freeway noise at residential neighborhoods due to overall growth in traffic volume.

The Noise Barrier Scope Summary Report (NBSSR) for the southbound San Diego Freeway (Interstate 5) and El Camino Real soundwall was approved

on August 5, 2004. The northbound Interstate 5 and Avenida Vaquero soundwall NBSSR was approved on December 15, 2004. In these studies, both soundwalls were classified as "Tier One Soundwalls" in accordance with the OCTA Freeway Retrofit Soundwall Policy, updated in April 2007, and adopted by the OCTA Board on May 7, 2007, making them eligible for implementation once State Transportation Improvement Program (STIP) funding becomes available.

These soundwalls were programmed as part of the 2004 STIP. During the two years following the 2004 STIP, construction prices in California rose significantly. Accordingly, the projects costs were updated. OCTA submitted a request to the California Transportation Commission (CTC) for full funding.

Discussion

On June 7, 2007, the CTC adopted the STIP, which included additional funding for the El Camino Real and Avenida Vaquero soundwall projects. Design and right-of-way (ROW) allocations are programmed in FY 2007-08 and construction funds are programmed in FY 2008-09. An amendment to OCTA's FY 2007-08 Budget is needed to start the design and ROW phases in accordance with the Orange County Freeway Retrofit Soundwall Program.

OCTA will serve as the lead agency for the design. The California Department of Transportation (Caltrans) will serve as the lead agency for certification. A cooperative agreement between OCTA and Caltrans authorizing Caltrans to perform quality assurance/quality control and ROW certification will be prepared and presented to the Board for approval.

Fiscal Impact

Amend OCTA's FY 2007-08 Budget, Expense Account 1752-7519-A9220-DYR for the El Camino Real soundwall project and Account 1752-7519-A9215-DYQ for the Avenida Vaquero soundwall project by \$646,000 and \$620,000, respectively. A revenue budget amendment to Account 0001-6026-A9220-DYR for the El Camino Real soundwall project and Account 0001-6026-A9215-DYQ for the Avenida Vaquero soundwall project by \$646,000 and \$620,000, respectively, is also required.

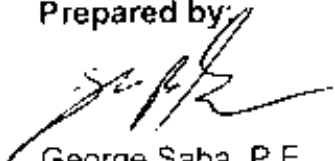
Summary

Staff recommends approval to amend OCTA's FY 2007-08 Budget. Revenue accounts will be established to address the project funding. This budget amendment will enable OCTA to proceed with design and ROW for the El Camino Real and Avenida Vaquero soundwall projects.

Attachment

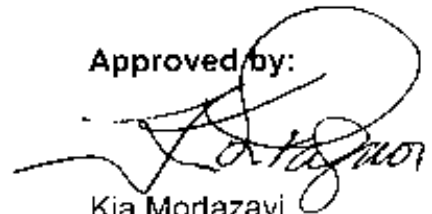
None.

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BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors

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

Subject: Approval to Release Request for Proposals for Northbound Orange Freeway (State Route 57) Improvements Between Orangethorpe Avenue and Lambert Road

Regional Planning and Highways Committee

July 2, 2007

Present: Directors Amante, Dixon, Glaab, Green, Mansoor, Norby, and Rosen

Absent: Directors Cavecche and Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Approve a project development approach that splits the improvements planned for Orange Freeway (State Route 57) between Orangethorpe Avenue and Lambert Road into two separate projects to encourage a broader response by private engineers and contractors to increase competition on this project.
- B. Approve the proposed evaluation criteria and weightings.
- C. Approve the release of Request for Proposals 7-0887 for design consulting services for northbound Orange Freeway (State Route 57) improvements between Orangethorpe Avenue and Lambert Road.



July 2, 2007

To: Regional Planning and Highways Committee

From: Arthur T. Leahy, ^{PLV} Chief Executive Officer

Subject: Approval to Release Request for Proposals for Northbound Orange Freeway (State Route 57) Improvements Between Orangethorpe Avenue and Lambert Road

Overview

Staff has developed a draft Request for Proposals to initiate a competitive procurement process to retain design consultants to provide plans, specifications, and estimates for widening improvements on the northbound Orange Freeway (State Route 57) between Orangethorpe Avenue and Lambert Road.

Recommendations

- A. Approve a project development approach that splits the improvements planned for Orange Freeway (State Route 57) between Orangethorpe Avenue and Lambert Road into two separate projects to encourage a broader response by private engineers and contractors to increase competition on this project.
- B. Approve the proposed evaluation criteria and weightings.
- C. Approve the release of Request for Proposals 7-0887 for design consulting services for northbound Orange Freeway (State Route 57) improvements between Orangethorpe Avenue and Lambert Road.

Background

Proposed improvements to the northbound Orange Freeway (State Route 57) between Orangethorpe Avenue and Lambert Road include the construction of a fifth mixed flow lane and auxiliary lanes. This project will also consider widening of the existing lanes and shoulders to standard widths. The environmental review for the project is currently ongoing with an anticipated completion date of December 2007.

These improvements are included in the Renewed Measure M freeway program. The Orangethorpe Avenue to Lambert Road project segment was also identified as a critical chokepoint within the northern region of the County and was selected to be in the State of California's Corridor Mobility Improvement Account (CMIA) program. The CMIA funds are expected to be matched with Measure M (M1) funds. The Orange County Transportation Authority (Authority) is advancing the project at this time to comply with the funding timetables of the CMIA program.

Discussion

The State Route 57 (SR-57) project between Orangethorpe Avenue and Lambert Road is part of the Early Action Plan for the Renewed Measure M (M2) freeway program. One of the challenges that was identified in delivering the Early Action Plan was the need to generate enough interest by private engineers and contractors to provide the resources and competitive prices required to support the delivery of the program.

On May 29, 2007, the Board of Directors (Board) asked staff to explore ways to encourage a broad participation by private firms in the M2 freeway program and Early Action Plan. In response to this, staff has initiated discussions with the Association of General Contractors (AGC) and the Consulting Engineers and Land Surveyors of California (CELSOC) to identify the factors that will increase the competitiveness of our projects and to find ways to encourage the broadest participation by contractors and engineers. The findings and recommendation from these discussions will be presented to the Board in the fall of this year.

One of the factors that will be important in our discussions with the AGC and CELSOC will be the size and dollar value of our individual projects. In general, the larger the size of a project, the fewer contractors or engineers that will be able or willing to bid on the project. At this time, staff believes that our individual construction projects should be sized in the \$50-\$60 million range to encourage broad participation by both engineering and construction firms and to result in better pricing for the projects. The cost of the proposed improvements to northbound SR-57 between Orangethorpe Avenue and Lambert Road are far in excess of this dollar range. Therefore, staff recommends that we divide the SR-57 project into two segments to create two equal-sized projects in the \$60 million range.

Staff also recommends that two engineering firms be engaged for the design of the two projects. This will facilitate the preparation of two separate construction packages, improve the chances that more firms will respond to the

Request for Proposals (RFP), and provide access to a broader number of professional resources to expedite the completion of design. It is recommended that a single RFP be issued for both projects to expedite the selection process and to reduce the work required by the responding firms. From this single procurement, two separate firms may be selected by the Board for the two projects.

On April 23, 2007, the Board approved procurement procedures and policies requiring the Board to approve all RFPs over \$1,000,000, as well as approve the evaluation criteria and weightings. Staff is hereby submitting for Board approval the attached RFP and evaluation criteria and weights, which will be used to evaluate proposals received in response to the RFP. The proposed evaluation criteria and weights are as follows:

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

The evaluation criteria are consistent with weightings developed for similar architectural and engineering (A&E) procurements. In developing the criteria weights, several factors were considered. Staff proposed giving the greatest importance to staffing and project organization, as the qualifications of the project manager and other key task leaders are critical to the successful performance of the project. Likewise, staff would assign a high level of importance to the work plan, as the technical approach and understanding of the project is critical to developing realistic schedules and work approaches. As this is an A&E procurement, price is not an evaluation criteria pursuant to state and federal law.

The RFP will be released upon Board approval of these recommendations.

Fiscal Impact

On March 26, 2007, the Board approved the use of M1 funds as local match for the CMIA funds needed for these projects. A separate Board action will be required by November 2007 to formally authorize the required M1 funds.

Summary

It is requested that the Board approve the draft RFP and evaluation criteria and weightings to evaluate proposals received in response to the RFP for northbound SR-57 improvements between Orangethorpe Avenue and Lambert Road.

Attachment

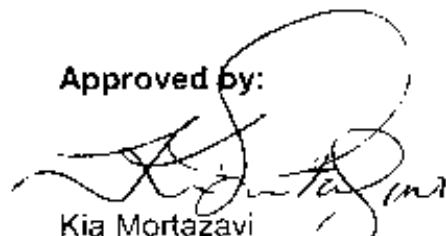
- A. Draft Request for Proposals (RFP) 7-0887 – Design Consulting Services for Northbound State Route 57 Widening Improvements

Prepared by:



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Approved by:



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Executive Director, Development
(714) 560-5741



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WK}Wendy Knowles, Clerk of the Board
Subject: Cooperative Agreements with the Cities of Brea and La Habra for the Go Local Program

Transit Planning and Operations Committee

June 28, 2007

Present: Directors Brown, Green, Moorlach, Norby, Pulido, and Winterbottom
Absent: Directors Dixon and Nguyen

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement C-6-0886 between the Orange County Transportation Authority and the City of Brea, in an amount not to exceed \$100,000, to expand the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within north Orange County.
- B. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0886 between the Orange County Transportation Authority and the City of La Habra, in an amount not to exceed \$100,000, to expand the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within north Orange County.



June 28, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Cooperative Agreements with Cities of Brea and La Habra for the Go Local Program

Overview

The Orange County Transportation Authority proposes to enter into cooperative agreements with the cities of Brea and La Habra to establish roles and responsibilities and define proposed project concepts for step one of the Go Local program.

Recommendations

- A. Authorize the Chief Executive Officer to execute Cooperative Agreement C-6-0886 between the Orange County Transportation Authority and the City of Brea, in an amount not to exceed \$100,000, to expand the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within north Orange County.
- B. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0886 between the Orange County Transportation Authority and the City of La Habra, in an amount not to exceed \$100,000, to expand the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within north Orange County.

Background

On February 27, 2006, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved the Go Local program, a four-step process for city-initiated rapid transit planning using both Measure M (M1) and Renewed Measure M (M2) funds. Steps one and two, funded by M1, encourage broad local creativity and planning to identify locally acceptable options to implement the High Technology Advanced Rail Transit Project of M1.

Step one Go Local projects must comply with that transit project description, which states:

"This 20-Year Plan element will also provide matching funds to encourage local development of extensions to major activity centers. The primary improvements will be along the Los Angeles to San Diego (LOSSAN) rail corridor, with nine stops at San Juan Capistrano, San Clemente, Mission Viejo, Irvine, North Irvine, Santa Ana, Anaheim, Fullerton, and Buena Park. The extension will provide access between the primary rail system and employment centers."

In step one, local agencies formulate and study their own project concepts with minimal direction from OCTA. Collaboration is encouraged but not required. Cities submit a project concept and request up to \$100,000 in M1 funds. After an 8- to 12-month study, a city submits its results and may compete for step two funding to further develop their concept and test its viability. Step two projects must also comply with M1 and any other subsequently Board-adopted policy guidance. Steps three and four are funded by M2 and emphasize implementing the most viable projects.

Since the Go Local program's inception, the cities have worked to develop concepts and investigate partnering with adjacent cities, and OCTA staff has worked closely with them. To date, the Board has approved Go Local concepts for 20 cities representing 75 percent of County residents, as illustrated in Attachment A. A summary of these project concepts are presented in Attachment B.

Discussion

The Board is requested to approve a cooperative agreement along with each project concept for the cities of Brea and La Habra. The cities are proposing to collaborate with Brea as the lead agency.

Brea

The City of Brea's concept is to design a transit system emphasizing connections to Metrolink. This will build on the local transit planning consensus contained in the 2004 Transit Feasibility and Alignment Study for Brea, Fullerton, La Habra, Placentia, and Yorba Linda. It will include a detailed evaluation of specific routes to create a priority list for future funding applications. This transit planning effort will be coordinated with a separate

task, funded independent of OCTA, which will assess links between transit system and land use planning. Brea will serve as lead in this multi-city effort.

La Habra

The City of La Habra intends to participate in the Go Local planning effort led by Brea to design a transit system emphasizing connections to Metrolink. This will expand the transit planning work reflected in the 2004 Transit Feasibility and Alignment Study. La Habra has participated in discussions regarding the scope and will continue to do so.

Upcoming Project Concepts

Staff will continue to work with the remaining cities on developing their project concepts. Staff will bring each project concept and cooperative agreement to the Board for review and approval.

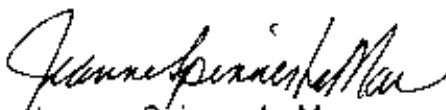
Summary

Staff recommends Board approval for the Chief Executive Officer to execute cooperative agreements C-6-0886 and C-7-0886, in an amount not to exceed \$100,000 each, with the cities of Brea and La Habra.

Attachments

- A. Go Local Program Status Map
- B. City Project Concepts Summary Table – June 28, 2007
- C. Cooperative Agreement No. C-6-0886 between Orange County Transportation Authority and City of Brea for City Initiated Transit Extensions to Metrolink
- D. Cooperative Agreement No. C-7-0886 between Orange County Transportation Authority and City of La Habra for City Initiated Transit Extensions to Metrolink

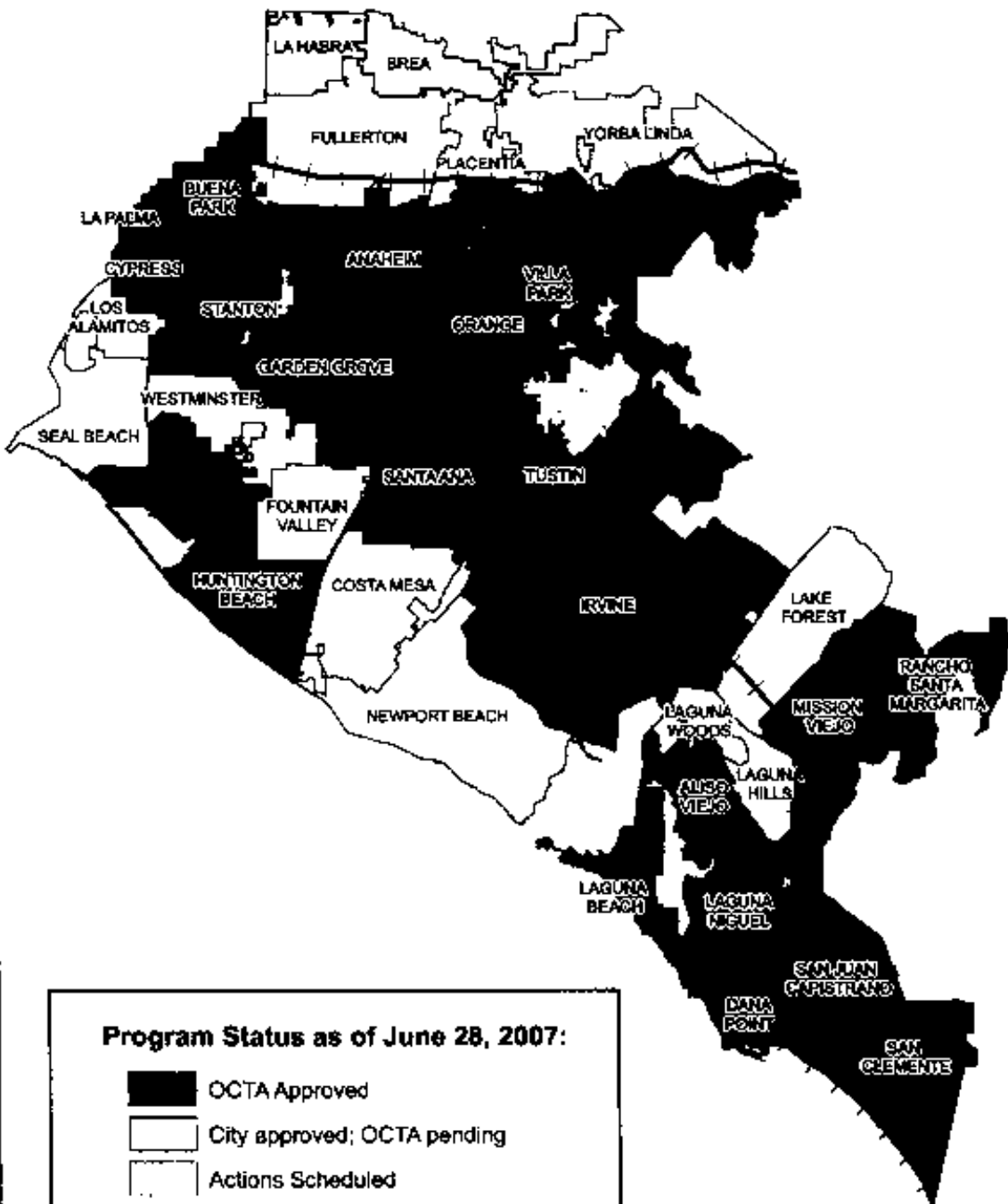
Prepared by:


Jeanne Spinner LaMar
Manager, Local Initiatives
(714) 560-5663

Approved by:


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

Go Local Program Status Map



City Project Concepts Summary Table

June 28, 2007

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
Brea	\$100,000	6/26/07 (T)	With Brea as lead city, to update the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within North Orange County
La Habra	\$100,000	6/26/07 (T)	With Brea as lead city, to update the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within North Orange County
Cypress	\$100,000	5/14/07 (B)	With Buena Park as lead City in a tri-city partnership, conduct a needs assessment and feasibility study of a transit feeder service to the Buena Park Metrolink Station
La Palma	\$100,000	5/14/07 (B)	With Buena Park as lead City in a tri-city partnership, conduct a needs assessment and feasibility study of a transit feeder service to the Buena Park Metrolink Station
Buena Park	\$100,000	2/26/2007 (B)	As lead City in a tri-city partnership, conduct a transit feeder feasibility, planning and needs assessment related to the implementation of local circulators to improve local mobility and regional connectivity from key districts throughout these partnering cities to the Buena Park Metrolink Station.
Dana Point	\$100,000	2/26/2007 (B)	As part of a three-city collaboration of Dana Point, San Juan Capistrano (SJC) and San Clemente (SC), provide a Dana Point-link from the SJC and SC train stations to Dana Point and various destinations throughout the tri-city area for residents and especially visitors.
Garden Grove	\$100,000	2/26/2007 (B)	In collaboration with a Huntington Beach-led consortium, assess opportunities for a North/South transit connection, giving priority to a rail system along the Union Pacific Railroad right of way.

City Project Concepts Summary Table

June 28, 2007

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
Huntington Beach	\$100,000	2/26/2007 (B)	Lead city in a multi-city collaboration of Huntington Beach, Stanton, Garden Grove and Anaheim to-date, analyze the possibility to provide a new alternative to regional travel which would help alleviate freeway and arterial congestion, improve air quality and improve the mobility and quality of life for residents, businesses and visitors of West/Central Orange County.
Irvine	\$100,000	2/26/2007 (B)	To improve Traffic circulation in the Irvine Business Center (IBC) by providing a shuttle system that will serve as a direct connection from the IBC to the Tustin Metrolink Station.
Laguna Niguel	\$100,000 (augmenting \$169,000 in federal grants)	01/25/2007 (T) 2/26/2007 (B)	Using Laguna Niguel as a terminus station for expanded Metrolink Service, accommodate rail expansion in conjunction with new development in the nearby area by providing safe, convenient and better pedestrian, vehicular, bus and bicycle access to the station.
Mission Viejo	\$100,000	01/25/2007 (T) 2/26/2007 (B)	Improve local mobility and regional connectivity through continuing and augmenting the work begun as a result of OCTA's South County Transit Study by developing a local fixed-route local circulation network offering direct connections to Metrolink stations and other OCTA routes.
Rancho Santa Margarita	\$100,000	2/26/2007 (B)	Identify and study potential transportation alternatives which will serve the city and the Laguna Niguel/Mission Viejo station to improve the mobility of residents and commuters and reduce traffic congestion throughout the community.
San Juan Capistrano	\$100,000	01/25/2007 (T) 2/26/2007 (B)	As part of a three-city collaboration of San Juan Capistrano, Dana Point and San Clemente, assess ways to provide an easy-access link from the SJC train station, in particular, to various destinations throughout the tri-city area for residents, visitors and commuters.

City Project Concepts Summary Table

June 28, 2007

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
Santa Ana	\$100,000	2/26/2007 (B)	Study four transit feeder service alignments which will connect the downtown area, key points of interest and the Santa Ana Metrolink Station to provide improved regional connectivity for visitors, commuters and residents.
Stanton	\$100,000 \$50,000 to local transit access improvement assessment \$50,000 to multi-city alternative transit study	01/25/2007 (T) 2/26/2007 (B)	Improve pedestrian facilities and local transit access to Stanton's economic development areas including the major activity center at Katella and Beach. In city collaboration, interested in the transit alternatives and possible route opportunities for Stanton residents, visitors and business travelers.
Tustin	\$100,000	01/25/2007 (T) 2/26/2007 (B)	Improve multi-modal access (transit, trolley, pedestrian and bicycle) to the train station through the evaluation and identification of feasible short term and long term transportation improvement measures.
Anaheim	\$100,000 (augmenting \$300,000 in city funds)	11/13/2006 (B)	Lead city in a three city collaboration of Anaheim, Orange, and Villa Park to devise better transit access to Anaheim Canyon Station and to/from key employment areas and both Orange and ARTIC stations.
Aliso Viejo	\$100,000	11/13/2006 (B)	Develop multidisciplinary transit plan maximizing appeal of transit service between Aliso Viejo Town Center and Laguna Niguel Station through wide range of employer, developer, transit and route planning amenities.
Laguna Beach	\$100,000	11/13/2006 (B)	In conjunction with tourism interests and adjacent station cities develop a plan to connect city's fixed route system to Metrolink to serve key markets.
Orange	\$100,000 60,000 to Orange station pedestrian access study; \$40,000 three city transit access/planning	11/13/2006 (B)	Improve pedestrian access by planning more accessible, pedestrian friendly continuous pedestrian access between downtown and Orange station. In city collaboration, particularly interested in identifying feeder service opportunities to both stations for those with Orange destinations.

City Project Concepts Summary Table **June 28, 2007**

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
San Clemente	\$100,000	11/13/2006 (B)	Address implementation issues of city's plan to operate a trolley service connecting the Metrolink station, beach area, and downtown San Clemente. Consider opportunities for coordination with adjacent communities.
Villa Park	\$100,000	11/13/2006 (B)	Assess community interest in having service to station, and if warranted prepare initial route plans.

Previously approved by
OCTA Board

COOPERATIVE AGREEMENT NO. C-6-0886

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

CITY OF BREA

FOR

CITY INITIATED TRANSIT EXTENSIONS TO METROLINK

THIS AGREEMENT is made and entered into this _____ day of _____ 2007, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), acting on behalf of the Orange County Local Transportation Authority, and the City of Brea, 1 Civic Center Circle, Brea, California, 92821, a municipal corporation (hereinafter referred to as "CITY").

RECITALS:

WHEREAS, AUTHORITY considers its railroad lines linking Los Angeles and San Diego Counties and the Inland Empire to be the core of Orange County's future rail transit system; and

WHEREAS, CITY and AUTHORITY wish to work as partners to develop a community-based transit vision that increases use of Metrolink by Brea residents, visitors, and/or employees; and

WHEREAS, the funds allocated through this program must comply with the 1990 Measure M ordinance which states in part that the intent is to provide matching funds to encourage development of extensions to major activity centers and to provide access between the primary rail system and employment centers; and

WHEREAS, CITY is encouraged to enter into written agreements with other cities to collaborate in some or all facets of a planning and needs assessment to support this vision; and

WHEREAS, Measure M funds have been designated for cities to study ways to accomplish this; and

1 **WHEREAS**, CITY will develop a proposed Project Concept (further defined hereunder) which
2 will factor in, among other elements, community interests and desires; and

3 **WHEREAS**, the AUTHORITY's Board of Directors on February 27, 2006, allocated Measure
4 M funds to a program designed to enable cities that wish to develop a local transit vision including
5 defined enhancements and transit extensions to Metrolink that work best with their local
6 community's short and long-term priorities (hereinafter referred to as "GO LOCAL Step 1"); and

7 **WHEREAS**, CITY has completed the GO LOCAL Step 1 Project Concept form, and
8 AUTHORITY has found such concept acceptable; and

9 **WHEREAS**, CITY, upon AUTHORITY's execution of this Agreement, will pursue the Project
10 Concept; and

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

13 **ARTICLE 1. COMPLETE AGREEMENT**

14 This Agreement, including all exhibits and documents incorporated herein and made
15 applicable by reference, constitutes the complete and exclusive statement of the terms and
16 conditions of the agreement between AUTHORITY and CITY concerning the GO LOCAL Step 1
17 work and supersedes all prior representations, understandings and communications between the
18 parties. The invalidity in whole or part of any term or condition of this Agreement shall not affect the
19 validity of the other terms or conditions.

20 **ARTICLE 2. SCOPE**

21 A. This Agreement specifies the procedures that AUTHORITY and CITY will follow in
22 connection with the GO LOCAL Step 1 work to be performed by CITY. CITY agrees to provide all
23 services identified in Project Concept, identified herein as Exhibit A to this Agreement. Both
24 AUTHORITY and CITY agree that each will cooperate and coordinate with the other in all activities
25 covered by this Agreement and any other supplemental agreements.

26 /

B. AUTHORITY's failure to insist upon CITY's performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such terms or conditions and CITY's obligation in respect to performance shall continue in full force and effect.

C. Changes to any portion of this Agreement shall not be binding upon AUTHORITY unless confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 3. RESPONSIBILITIES OF AUTHORITY

AUTHORITY agrees to the following responsibilities for the GO LOCAL Step 1 work:

A. Payment- AUTHORITY shall pay CITY the amount identified in Article 5. PAYMENT, for the GO LOCAL Step 1 work within 30 days of receipt of acceptable invoice. Funds will not be distributed to CITY if AUTHORITY has not accepted CITY's Project Concept. CITY may resubmit an amended Project Concept for review by AUTHORITY. AUTHORITY has the sole and exclusive right to accept or reject any Project Concept.

B. Should CITY not complete the services identified in Exhibit A, or does not meet the terms and conditions of this Agreement, the CITY will return to AUTHORITY all monies funded to the CITY within sixty (60) days of AUTHORITY's written demand.

C. Additional Funding- Funding beyond what has been identified in Article 5. PAYMENT, shall be pursuant to a competitive process for projects initiated by AUTHORITY at a date to be determined. AUTHORITY does not guarantee that CITY will be selected to advance to the any future step in the GO LOCAL process.

ARTICLE 4. RESPONSIBILITIES OF CITY

CITY agrees to the following responsibilities for GO LOCAL Step 1 work:

A. Lead Agency- CITY will act as the lead agency for the GO LOCAL Step 1 work. However, CITY may designate pursuant to a written partnership letter of agreement that another city participating in the GO LOCAL program is serving as lead agency for a joint Project Concept.

1 AUTHORITY shall be provided a copy of this letter within ten (10) days after the agreement has been
2 executed.

3 B. Third Party Partnerships- CITY is encouraged to collaborate with and enter into written
4 agreements with adjacent cities to advance the project consistent with the Project Concept. CITY shall
5 deliver to AUTHORITY a copy of each executed agreement within ten (10) days of execution.

6 C. Project Reporting- Within six months from the receipt of funds, CITY shall submit to
7 AUTHORITY a progress report similar to that detailed in Exhibit B, entitled "GO LOCAL Initial
8 Progress Report," attached to and, by this reference, incorporated in and made part of this
9 Agreement. CITY shall be required to produce a final written report (Final Report) of its findings,
10 recommendations, and next steps according to a mutually agreed upon date, but no later than the
11 completion date of this Agreement. The Final Report will include the elements described in Exhibit
12 C, entitled "GO LOCAL Project Concept Final Report Outline." Exhibit C is attached to and, by this
13 reference, incorporated in and made part of this Agreement.

14 D. Use Of Funding- CITY shall use funding provided by AUTHORITY exclusively for the
15 services identified in Exhibit A. All funding released to CITY shall be spent in accordance with Local
16 Transportation Ordinance Number 2: The Revised Orange County Traffic Improvement and Growth
17 Management Ordinance. If CITY fails to develop and/or pursue the Project Concept in accordance
18 with said Ordinance, or the CITY uses the Funds to support or facilitate acquisition of property
19 through eminent domain or as matching funds to implement land development, all monies funded to
20 the CITY shall be returned to AUTHORITY within sixty (60) days of AUTHORITY's written demand.
21 AUTHORITY shall have sole discretion in determining whether the Project Concept has been
22 developed and/or pursued in accordance with said Ordinance. AUTHORITY may terminate this
23 Agreement, in whole or part, if the AUTHORITY determines in its sole discretion that CITY has
24 utilized funds in a manner leading to use of eminent domain powers. Upon AUTHORITY's
25 determination and written request, CITY shall return all monies in accordance with this Article.

26 /

E. Third Party Work- CITY shall deliver to AUTHORITY a copy of each executed agreement and scope of work for services to be performed by third parties in fulfillment of the Project Concept within thirty (30) days after the agreement has been executed.

F. Conduct- CITY shall conduct all of its activities in association with GO LOCAL Step 1 in a good and competent and professional manner and in compliance with all applicable federal, state and local rules and regulations.

G. Modeling—CITY shall utilize existing AUTHORITY modeling results to ensure that project results are compatible with AUTHORITY planning efforts. The AUTHORITY shall make a good faith effort to make existing modeling results available to CITY within 2 business days of the CITY's written request.

ARTICLE 5. PAYMENT

A. For CITY's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provisions set forth in this Agreement, AUTHORITY shall pay CITY the not to exceed lump sum amount of One Hundred Thousand Dollars (\$100,000.00) within thirty (30) days after execution of this Agreement and upon receipt of acceptable invoice.

B. As a supplement to the Final Report, CITY shall submit to AUTHORITY a Project Expenditures Certification, as detailed in Exhibit D, which is attached to this Agreement, and incorporated by reference, for work performed under this Agreement. The Certification shall include, but not be limited to, period of performance, actual expenses; classification, hours and rates of in-house personnel, vendors, contractors, for work performed exclusively for the GO LOCAL Step 1 phase. Additionally, CITY may be required to submit this information to the AUTHORITY at any time during the performance of this Agreement. CITY will be required to submit to AUTHORITY all information requested within thirty (30) days from AUTHORITY's request.

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ARTICLE 6. MAXIMUM OBLIGATION

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CITY agree that AUTHORITY's maximum cumulative payment obligation hereunder (including CITY's direct and indirect costs) shall be One Hundred Thousand Dollars (\$100,000.00) which shall include all amounts payable incurred solely for the purposes of the GO LOCAL Step 1 work.

ARTICLE 7. AUDIT AND INSPECTION

CITY shall maintain a complete set of records in accordance with generally accepted accounting principles and in accordance with Local Transportation Ordinance Number 2: The Revised Traffic Improvement and Growth Management Ordinance. The original records shall be maintained within the CITY limits. Upon reasonable notice, CITY shall permit the authorized representatives of the AUTHORITY to inspect and audit all work, materials, payroll, books, accounts and other data and records of CITY for a period of not less than four (4) years after final payment, or until any on-going audit is completed whichever is longer. For purposes of audit, the date of completion of this Agreement shall be the date of AUTHORITY's payment for CITY's final billing (so noted on the invoice) under this Agreement. AUTHORITY shall also have the right to reproduce any documents related to this Agreement by whatever means necessary.

ARTICLE 8. INDEMNIFICATION

CITY shall indemnify the AUTHORITY and defend and hold harmless the AUTHORITY and their officers, directors, employees, and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by the Parties and their officers, directors, employees, and agents in connection with or arising out of the performance of this Agreement.

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ARTICLE 9. ADDITIONAL PROVISIONS:

The AUTHORITY and CITY agree to the following mutual responsibilities:

A. Term of Agreement- This Agreement shall continue in full force and effect through December 31, 2007, unless terminated by mutual written consent by both Parties. The term of this Agreement may only be extended upon mutual written agreement by both Parties.

B. Termination For Cause - AUTHORITY may terminate this Agreement any time for cause, in whole or part, by giving CITY written notice thereof.

C. Termination For Convenience - AUTHORITY may request to terminate this Agreement for convenience by giving, at a minimum, thirty (30) days written notice to the other party specifying the effective date of termination.

D. Modifications- This Agreement may be amended in writing at any time by the mutual consent of both Parties. No amendment shall have any force or effect unless executed in writing by both AUTHORITY and CITY.

E. Legal Authority- AUTHORITY and CITY hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that, by so executing this Agreement, the Parties hereto are formally bound to the provisions of this Agreement.

F. Notices- Any notices, requests or demands made between the parties pursuant to this Agreement are to be directed as followed:

To CITY:

City of Brea

1 Civic Center Circle

Brea, CA 92821

ATTENTION: Charles View

Development Services Director

(714/990-7690);

To AUTHORITY:

Orange County Transportation Authority

550 South Main Street

P. O. Box 14184

Orange, CA 92863-1584

Attention: Kathleen Murphy-Perez,

Section Manager, Capital Projects

(714/560-5743); kperez@octa.net

charliev@cityofbrea.net

c: Paul Taylor, Executive Director,
Development Division

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

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

I. Force Majeure- Either Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other Party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the Party not performing.

J. Assignment- Neither this Agreement, nor any of a Party's rights, obligations, duties, or authority hereunder may be assigned in whole or in part by either Party without the prior written consent of the other Party. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

K. Obligations Comply with Law- Nothing herein shall be deemed nor construed to authorize or require any Party to issue bonds, notes or other evidences of indebtedness under terms, in amounts, or for purposes other than as authorized by local, State or Federal law.

/

L. Governing Law- The laws of the State of California and applicable Federal, State, local laws, regulations and guidelines shall govern hereunder.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-6-0886 to be executed on the date first above written.

CITY OF BREA

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: Tim O'Donnell
Tim O'Donnell
City Manager

By: _____
Arthur T. Leahy
Chief Executive Officer

ATTEST:

APPROVED AS TO FORM:

By: Lucinda Williams
Lucinda Williams
City Clerk

By: _____
Kennard R. Smart, Jr.
General Counsel

APPROVED AS TO FORM:

APPROVAL RECOMMENDED:

By: James Markman
James Markman
City Attorney

By: _____
Paul Taylor, Executive Director
Development Division

Dated: _____

GO LOCAL

STEP ONE PROJECT CONCEPT

To qualify for funds your city project must focus on assessing ways to provide transit connections to Metrolink. Complete the Project Concept, and return with a signed Cooperative Agreement.

A. Study Type

Project Concept assessments can cover or study any of the following topics. Please review the descriptions below and indicate the type of analysis you expect to perform by placing an (x) next to one (or more) of the following:

☒

Needs Assessments

What are the transit needs? Identify populations, congestion areas, etc.

☒

Coordinating Transit and Land Use

How can a transit project support your city's land use planning policies/projects and vice versa?

☒

Route Planning

Existing data has identified activity centers, populations or congestion hot spots which warrant transit service. What are possible routes and types of transit?

☒

Public policy /public support

Does the community support transit as evidenced by land use designations and the commitment of local stakeholders?

☒

Project Concepts

Does the city have one or more general transit concepts which it would like to explore more fully in a detailed technical analysis?

Make your own case

Is there a concept that addresses a need in your city that you would like the Board of Directors to consider? Is this need consistent with the Measure M requirements that funds be spent on transit-related purposes to extend the reach of Metrolink?

B. Project Overview

Please include a 250 to 300 word overview of your Project Concept.

C. Partners

Please attach any letters of agreements which identify other jurisdictions participating in this Project Concept and your respective roles (See Checklist on Website).



City of Brea

NORTH ORANGE COUNTY CITIES – TRANSIT ORIENTED PROJECT: "GO LOCAL" PROGRAM PROJECT OVERVIEW

Beginning in 2003, the five North Orange County Cities of Brea, Fullerton, La Habra, Placentia and Yorba Linda undertook a cooperative effort to define a vision for transit in North Orange County, resulting in the 2004 *Transit Feasibility & Alignment Study*. The transit vision arising from that work is very much compatible with the objectives of the Go Local Program. The task at hand is to build on the 2004 study and take the next logic steps to develop a future transit system emphasizing connections to Metrolink and reflecting the link between transit system planning and land use planning, specifically addressing the following elements:

- Needs Assessment – Update
- Public Outreach
- Coordinated Transit and Land Use
- Refined Transit Technologies Concept
- Refined Transit Route and Station Planning
- Evaluation of Alternatives
- Preferred Strategy & Funding Application

Note that, independently of the Go Local Program, the Five cities have applied for and received grant funding from the Reduce Orange County Congestion (ROCC) program and the SCAG Compass Demonstration Community Program, which together provide an additional \$510,000 (including in-kind City staff support) of resources to further enhance public outreach and explore opportunities for transit-oriented development around the emerging high-capacity transit system; this effort is shown as Task 3 below.

TASK 1: NEEDS ASSESSMENT UPDATE

- Update the 2004 *Transit Feasibility & Alignment Study* including population and employment areas, traffic congestion, dominant travel patterns, existing transit usage, and areas of strategic and/or economic importance to North Orange County.
- Review current information including planned and programmed roadway and transit improvements, geographical information system (GIS) data and 2020 population and employment information.
- In addition to high level population and economic data, a community demographic profile will further address auto ownership, journey to work and mode split data.
- Deliverable: Technical Memorandum summarizing the updated data collection and 2020 base condition, including population and employment data, land uses, travel patterns and freeway, arterial road and transit network.

TASK 2: PUBLIC OUTREACH

- On-going dialogue with key stakeholders including officials (Public Works and Planning) from each of the cities; elected officials; OCTA officials; and key community opinion leaders including representatives from the business, health care and education communities.

- Commence dialogue with the public through a series of focus group sessions and public meetings at strategic times throughout the study period. This element of the outreach will be designed to solicit comment on the process, conceptual alternatives including transit technologies, route and station planning, evaluation elements, a preferred strategy and to seek public support for a refined vision. This "ascertainment" of community issues will be conducted to assure that community perspectives and values are integrated into the NOCC's Go Local Transit Program.

TASK 3: COORDINATED TRANSIT AND LAND USE

- Complementary effort to the Go Local Program, funded separately through ROCC and SCAG grants and focusing on *Transit Oriented Developments* (TOD) reflecting urban design and parking elements to be incorporated into transit route and station alternatives, evaluation and design.
- Work elements include enhanced public outreach (including visual simulations of TOD principles), station-area planning and market/financial assessment, development of an alternative land-use scenario to gauge TOD effect on ridership and cost-effectiveness of the Go Local transit concepts, work toward a joint transit and land use strategy.

TASK 4: REFINE TRANSIT TECHNOLOGIES CONCEPT

- Refine the review of available rail and transit technologies including "Light" Bus Rapid Transit evolving to dedicated BRT and potentially LRT concept based on further policy and public input.
- Ancillary transit service types as well as alternate vehicle types including smaller purpose-built vehicles, shuttles will be presented within the context of an appropriate service delivery scheme. Further, alternate service schemes will be presented which may include regularly scheduled, fixed route shuttle service; flexroute; route deviated service; or demand responsive service. Within the various scenarios, alternate technologies will be presented, ranging from operations (vehicle locating capabilities/AVL and communications such as mobile data terminals/MDTs) to customer focus applications that may include trip booking via interactive voice response (IVR), Web based and/or cell phone/text messaging.

TASK 5: TRANSIT ROUTE AND STATION PLANNING

- Detailed service planning addressing specific transit route structure and station locations, reflecting strategies to better complement Metrolink or other services through enhanced service coordination
- Service plan based on population density and the distribution pattern of local destinations and regional travel connections. A series of alternatives will be presented in a comparative matrix clearly detailing
 - A description of each alternative including levels of service, frequency, headways, etc.;
 - Cost characteristics and minimal hourly productivity needed to meet farebox recovery minimums;
 - Level of anticipated service quality;
 - Potential to satisfy identified and potential needs and demand;
 - Equipment requirements;
 - Overlap with other transportation services;
 - Potential integration with fixed route and regional bus plans and services;
 - Ease and timing of implementation;
 - Administrative ease,
 - Labor implications, and
 - Political and community acceptance

TASK 6: EVALUATION

- Expand upon the preliminary evaluation completed in the *Transit Feasibility & Alignment Study* (that provided an assessment of “sample” routes and sketch level costs and ridership estimates).
- Detailed evaluation based on specific routes and Go Local criteria including cost and ridership (using the OCTAM network model for ridership) estimates.
- A further screening will be conducted on the possible transit alternatives. The analyses will focus on:
 - Mobility Improvements
 - Traffic Impacts
 - Environmental Benefits/Impacts
 - Cost Effectiveness
 - Policy Support
 - Connectivity (with other systems)
 - Relationship to Neighboring Transportation Programs
 - Transit Supportive Land Use Characteristics

TASK 7: PREFERRED STRATEGY & FUNDING APPLICATION

- Refine to reflect specific routes and prioritize routes for consideration in Step Two Alternatives Analysis as well as present alternate service types for complementary application.
- *Funding Application* - In consultation with NOCC officials, this task will result in the preparation of an application for OCTA's Step Two funding (for more in-depth planning or small project implementation).

Tax ID 95-2504420

FAX (714) 985-2407

Show the purchase order number on all
invoices, Packing Slips, Packages, and
Correspondence pertaining to this order.

PURCHASE ORDER
NUMBER 0813

Continuing Purchase Order		7.00
YES	NO	
	XXX	End Approval

Special Instructions:	Approved by City Council on February 20, 2007	Sub Total	10 000.00
		Shipping	-
		7.75 % Sales Tax	-
LRMS: 04070		TOTAL	\$ 10 000.00

* חתמה: אורנה שניידר



CITY OF YORBA LINDA

P.O. BOX 67014

CALIFORNIA 92885-6714

March 13, 2007

Mr. Tim O'Donnell
City Manager, City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

SUBJECT: Go Local Program-Letter of Agreement

Dear Mr. O'Donnell:

Enclosed is the signed Letter of Agreement requesting that the OCTA provide \$10,000 directly to the City of Brea on behalf of the City of Yorba Linda to lead the Transit Needs Assessment Study.

If you have any questions, please contact me at (714) 961-7106 or email at maalders@yorba-linda.org.

Sincerely,

Mark Aalders
Management Analyst

Enclosure



City of Brea

November 8, 2006

Ms. Tammy Letourneau
City Manager, City of Yorba Linda
4845 Casa Loma Avenue
Yorba Linda, CA 92885-8714

Dear Tammy:

This Letter of Agreement confirms our prior discussion that the City of Brea intends to partner with the cities of Fullerton, La Habra, Placentia and Yorba Linda for the Orange County Transportation Authority (OCTA) Go Local Program. The City of Brea, as the lead agency, will contract with an outside consultant to perform a study and will provide the day-to-day management of the consultant and manage all consultant administration and contracting. City of Brea staff will participate in the development of the scope of work and review of proposals. Furthermore, the transit-oriented development and the final report will be reviewed by the partnering cities of Brea, Fullerton, La Habra, Placentia and Yorba Linda staff.

Therefore, we respectfully request that OCTA provide \$ 10,000 (Yorba Linda to complete) directly to City of Brea on behalf of the City of Yorba Linda to lead the Transit Needs Assessment Study. This study through public outreach, data collections, and technical analysis, will identify the transit needs and opportunities in the City of Yorba Linda. If warranted through the needs assessment, the study will further evaluate the feasibility of a feeder service within the partnering cities and the Fullerton Metrolink stations.

Both cities are in acknowledgement that OCTA will not resolve any disagreements which may arise among the parties, including scope, financing and deliverables.

If you concur with the above, please sign below and return one original to me. We look forward to working with you furthering our cities local transit initiatives. If you have any questions regarding this letter, please feel free to contact Melinda Kwan, Senior Management Analyst at (714) 990-7766, or by email at melindak@cityofbrea.net.

Sincerely,

Tim O'Donnell

Tim O'Donnell
City Manager
City of Brea

I agree with the terms outlined above:

Tammy Letourneau 2/26/07

Tammy Letourneau
City Manager, City of Yorba Linda

Amount Committed: \$10,000 of OCTA Funds

City Council

Roy Moore
Mayor

Marty Simonoff
Mayor Pro Tem

John Beauman
Councilmember

Bill Lentini
Councilmember

Don Schweitzer
Councilmember



November 8, 2006

City of Brea

Mr. Robert Dominguez, City Administrator
City of Placentia
401 E. Chapman Avenue
Placentia, CA 92832

Dear Bob:

This Letter of Agreement confirms our prior discussion that the City of Brea intends to partner with the cities of Fullerton, La Habra, Placentia and Yorba Linda for the Orange County Transportation Authority (OCTA) Go Local Program. The City of Brea, as the lead agency, will contract with an outside consultant to perform a study and will provide the day-to-day management of the consultant and manage all consultant administration and contracting. City of Brea staff will participate in the development of the scope of work and reviewing the proposals. Furthermore, the transit-oriented development and the final report will be reviewed by the partnering cities of Brea, Fullerton, La Habra, Placentia and Yorba Linda staff.

Therefore, we respectfully request that OCTA provide \$ 10,000 (Placentia to complete) directly to City of Brea on behalf of the City of Placentia to lead the Transit Needs Assessment Study. This study through public outreach, data collections, and technical analysis, will identify the transit needs and opportunities in the City of Placentia. If warranted through the needs assessment, the study will further evaluate the feasibility of a feeder service within the partnering cities and the Fullerton Metrolink stations.

Both cities are in acknowledgement that OCTA will not resolve any disagreements which may rise among the parties, including scope, financing and deliverables.

If you concur with the above, please sign below and return one original to me. We look forward to working with you furthering our cities local transit initiatives. If you have any questions regarding this letter, please feel free to contact Melinda Kwan, Senior Management Analyst at (714) 990-7766, or by email at melindak@cityofbrea.net.

Sincerely,

Tim O'Donnell

Tim O'Donnell
City Manager
City of Brea

I agree with the terms outlined above:

Robert Dominguez

Robert Dominguez
City Administrator, City of Placentia

3/13/07
Date

Amount Committed

\$10,000

City Council

Marty Simonoff
Mayor

Don Schweitzer
Mayor Pro Tem

John Beaman
Councilmember

Ron Garcia
Councilmember

Roy Moore
Councilmember



City of Brea

November 8, 2006

Mr. Don Hannah
Acting City Manager, City of La Habra
201 E. La Habra Blvd., P.O. Box 337
La Habra, CA 90633-0337

Dear Don:

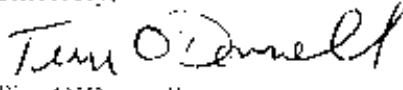
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Therefore, we respectfully request that OCTA provide \$ 100,000 (La Habra to complete) directly to City of Brea on behalf of the City of La Habra to lead the Transit Needs Assessment Study. This study through public outreach, data collections, and technical analysis, will identify the transit needs and opportunities in the City of La Habra. If warranted through the needs assessment, the study will further evaluate the feasibility of a feeder service within the partnering cities and the Fullerton Metrolink stations.

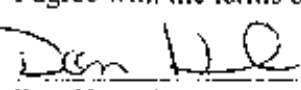
Both cities are in acknowledgement that OCTA will not resolve any disagreements which may arise among the parties, including scope, financing and deliverables.

If you concur with the above, please sign below and return one original to me. We look forward to working with you furthering our cities local transit initiatives. If you have any questions regarding this letter, please feel free to contact Melinda Kwan, Senior Management Analyst at (714) 990-7766, or by email at melindak@cityofbrea.net.

Sincerely,


Tim O'Donnell
City Manager
City of Brea

I agree with the terms outlined above:

 12/20/06
Don Hannah
Acting City Manager, City of La Habra

Amount Committed: 100,000

City Council	Roy Moore Mayor	Marty Simonoff Mayor Pro Tem	John Beauman Councilmember	Bill Lentini Councilmember	Don Schweitzer Councilmember
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COOPERATIVE AGREEMENT NO. C-7-0886

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

CITY OF LA HABRA

FOR

CITY INITIATED TRANSIT EXTENSIONS TO METROLINK

THIS AGREEMENT is made and entered into this _____ day of _____, 2007, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), acting on behalf of the Orange County Local Transportation Authority, and the City of La Habra, 201 East La Habra Boulevard, La Habra, California, 90631, a municipal corporation and charter city duly organized and existing under the constitution and laws of the State of California (hereinafter referred to as "CITY").

RECITALS:

WHEREAS, AUTHORITY considers its railroad lines linking Los Angeles and San Diego Counties and the Inland Empire to be the core of Orange County's future rail transit system; and

WHEREAS, CITY and AUTHORITY wish to work as partners to develop a community-based transit vision that increases use of Metrolink by La Habra residents, visitors, and/or employees; and

WHEREAS, the funds allocated through this program must comply with the 1990 Measure M ordinance which states in part that the intent is to provide matching funds to encourage development of extensions to major activity centers and providing access between the primary rail system and employment centers; and

WHEREAS, CITY is encouraged to enter into written agreements with other cities to collaborate in some or all facets of a planning and needs assessment to support this vision; and

/

1 **WHEREAS**, Measure M funds have been designated for cities to study ways to accomplish
2 this; and

3 **WHEREAS**, CITY will develop a proposed Project Concept (further defined hereunder) which
4 will factor in, among other elements, community interests and desires; and

5 **WHEREAS**, the AUTHORITY's Board of Directors on February 27, 2006, allocated Measure
6 M funds to a program designed to enable cities that wish to develop a local transit vision including
7 defined enhancements and transit extensions to Metrolink that work best with their local
8 community's short and long-term priorities (hereinafter referred to as "GO LOCAL Step 1"); and

9 **WHEREAS**, CITY has completed the GO LOCAL Step 1 Project Concept form, and
10 AUTHORITY has found such concept acceptable; and

11 **WHEREAS**, CITY, upon AUTHORITY's execution of this Agreement, will pursue the Project
12 Concept; and

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

15 **ARTICLE 1. COMPLETE AGREEMENT**

16 This Agreement, including all exhibits and documents incorporated herein and made
17 applicable by reference, constitutes the complete and exclusive statement of the terms and
18 conditions of the agreement between AUTHORITY and CITY concerning the GO LOCAL Step 1
19 work and supersedes all prior representations, understandings and communications between the
20 parties. The invalidity in whole or part of any term or condition of this Agreement shall not affect the
21 validity of the other terms or conditions.

22 **ARTICLE 2. SCOPE**

23 A. This Agreement specifies the procedures that AUTHORITY and CITY will follow in
24 connection with the GO LOCAL Step 1 work to be performed. CITY agrees to provide all services
25 identified in Project Concept, identified herein as Exhibit A to this Agreement. Both AUTHORITY
26 /

and CITY agree that each will cooperate and coordinate with the other in all activities covered by this Agreement and any other supplemental agreements.

B. AUTHORITY's failure to insist upon CITY's performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such terms or conditions and CITY's obligation in respect to performance shall continue in full force and effect.

C. Changes to any portion of this Agreement shall not be binding upon AUTHORITY unless confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 3. RESPONSIBILITIES OF AUTHORITY

AUTHORITY agrees to the following responsibilities for the GO LOCAL Step 1 work:

A. Payment- AUTHORITY shall pay CITY the amount identified in Article 5. PAYMENT, for the GO LOCAL Step 1 work within 30 days of receipt of acceptable invoice. Funds will not be distributed to CITY if AUTHORITY has not accepted CITY's Project Concept. CITY may resubmit an amended Project Concept for review by AUTHORITY. AUTHORITY has the sole and exclusive right to accept or reject any Project Concept.

B. Should CITY not complete the services identified in Exhibit A, or does not meet the terms and conditions of this Agreement, the CITY will return to AUTHORITY all monies funded to the CITY within sixty (60) days of AUTHORITY's written demand.

C. Additional Funding- Funding beyond what has been identified in Article 5. PAYMENT, shall be pursuant to a competitive process for projects initiated by AUTHORITY at a date to be determined. AUTHORITY does not guarantee that CITY will be selected to advance to the any future step in the GO LOCAL process.

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ARTICLE 4. RESPONSIBILITIES OF CITY

CITY agrees to the following responsibilities for GO LOCAL Step 1 work:

A. Lead Agency- CITY will act as the lead agency for the GO LOCAL Step 1 work. However, CITY may designate pursuant to a written partnership letter of agreement that another city participating in the GO LOCAL program is serving as lead agency. AUTHORITY shall be provided a copy of this letter within ten (10) days after the agreement has been executed.

B. Third Party Partnerships- CITY is encouraged to collaborate with and enter into written agreements with adjacent cities to advance the project consistent with the Project Concept. CITY shall deliver to AUTHORITY a copy of each executed agreement within ten (10) days of execution.

C. Project Reporting- Within six months from the receipt of funds, CITY shall submit to AUTHORITY a progress report similar to that detailed in Exhibit B, entitled "GO LOCAL Initial Progress Report," attached to and, by this reference, incorporated in and made part of this Agreement. CITY shall be required to produce a final written report of its findings, recommendations, and next steps according to a mutually agreed upon date, but no later than the completion date of this Agreement. The Final Report will include the elements described in Exhibit C, entitled "GO LOCAL Project Concept Final Report Outline." Exhibit C is attached to and, by this reference, incorporated in and made part of this Agreement.

D. Use Of Funding- CITY shall use funding provided by AUTHORITY exclusively for the services identified in Exhibit A. All funding released to CITY shall be spent in accordance with Local Transportation Ordinance Number 2: The Revised Orange County Traffic Improvement and Growth Management Ordinance. If CITY fails to develop and/or pursue the Project Concept in accordance with said Ordinance, or the CITY uses the Funds to support or facilitate acquisition of property through eminent domain or as matching funds to implement land development, all monies funded to the CITY shall be returned to AUTHORITY within sixty (60) days of AUTHORITY's written demand. AUTHORITY shall have sole discretion in determining whether the Project Concept has been developed and/or pursued in accordance with said Ordinance. AUTHORITY may terminate this

Agreement, in whole or part, if the AUTHORITY determines in its sole discretion that CITY has utilized funds in a manner leading to use of eminent domain powers. Upon AUTHORITY's determination and written request, CITY shall return all monies in accordance with this Article.

E. Third Party Work- CITY shall deliver to AUTHORITY a copy of each executed agreement and scope of work for services to be performed by third parties in fulfillment of the Project Concept within thirty (30) days after the agreement has been executed.

F. Conduct- CITY shall conduct all of its activities in association with GO LOCAL Step 1 in a good and competent and professional manner and in compliance with all applicable federal, state and local rules and regulations.

G. Modeling—CITY shall utilize existing AUTHORITY modeling results to ensure that project results are compatible with AUTHORITY planning efforts. AUTHORITY shall make modeling available.

ARTICLE 5. PAYMENT

A. For CITY's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provisions set forth in this Agreement, AUTHORITY shall pay CITY the not to exceed lump sum amount of One Hundred Thousand Dollars (\$100,000.00) within thirty (30) days after execution of this Agreement and upon receipt of acceptable invoice.

B. As a supplement to the Final Report, CITY shall submit to AUTHORITY a Project Expenditures Certification, as detailed in Exhibit D, which is attached to this Agreement, and incorporated by reference, for work performed under this Agreement. The Certification shall include, but not be limited to, period of performance, actual expenses; classification, hours and rates of in-house personnel, vendors, contractors, for work performed exclusively for the GO LOCAL Step 1 phase. Additionally, CITY may be required to submit this information to the AUTHORITY at any time during the performance of this Agreement. CITY will be required to submit to AUTHORITY all information requested within thirty (30) days from AUTHORITY's request.

ARTICLE 6. MAXIMUM OBLIGATION

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CITY agree that AUTHORITY's maximum cumulative payment obligation hereunder (including CITY's direct and indirect costs) shall be One Hundred Thousand Dollars (\$100,000.00) which shall include all amounts payable incurred solely for the purposes of the GO LOCAL Step 1 work.

ARTICLE 7. AUDIT AND INSPECTION

CITY shall maintain a complete set of records in accordance with generally accepted accounting principles and in accordance with Local Transportation Ordinance Number 2: The Revised Traffic Improvement and Growth Management Ordinance. The original records shall be maintained within the CITY limits. Upon reasonable notice, CITY shall permit the authorized representatives of the AUTHORITY to inspect and audit all work, materials, payroll, books, accounts and other data and records of CITY for a period of not less than four (4) years after final payment, or until any on-going audit is completed whichever is longer. For purposes of audit, the date of completion of this Agreement shall be the date of AUTHORITY's payment for CITY's final billing (so noted on the invoice) under this Agreement. AUTHORITY shall also have the right to reproduce any documents related to this Agreement by whatever means necessary.

ARTICLE 8. INDEMNIFICATION

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

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ARTICLE 9. ADDITIONAL PROVISIONS:

The AUTHORITY and CITY agree to the following mutual responsibilities:

A. Term of Agreement- This Agreement shall continue in full force and effect through December 31, 2007, unless terminated by mutual written consent by both Parties. The term of this Agreement may only be extended upon mutual written agreement by both Parties.

B. Termination- The AUTHORITY may terminate this Agreement for its convenience any time, in whole or part, by giving CITY written notice thereof.

C. Modifications- This Agreement may be amended in writing at any time by the mutual consent of both Parties. No amendment shall have any force or effect unless executed in writing by both AUTHORITY and CITY.

D. Legal Authority- AUTHORITY and CITY hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that, by so executing this Agreement, the Parties hereto are formally bound to the provisions of this Agreement.

E. Notices- Any notices, requests or demands made between the parties pursuant to this Agreement are to be directed as followed:

To CITY:	To AUTHORITY:
City of La Habra	Orange County Transportation Authority
201 E. La Habra Blvd.	550 South Main Street
/	P. O. Box 14184
La Habra, CA 90631	Orange, CA 92863-1584
ATTENTION: Jeffrey Sinn	ATTENTION: Kathleen Murphy-Perez
Deputy Director of Public Works	Section Manager, Capital Projects
(562/905-9271)	(714/560-5743); kperez@octa.net
jeffs@laabracity.com	c: Kia Mortazavi, Executive Director,
/	Development Division
/	

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

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

H. Force Majeure- Either Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other Party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the Party not performing.

I. Assignment- Neither this Agreement, nor any of a Party's rights, obligations, duties, or authority hereunder may be assigned in whole or in part by either Party without the prior written consent of the other Party. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

J. Obligations Comply with Law- Nothing herein shall be deemed nor construed to authorize or require any Party to issue bonds, notes or other evidences of indebtedness under terms, in amounts, or for purposes other than as authorized by local, State or Federal law.

K. Governing Law- The laws of the State of California and applicable Federal, State, local laws, regulations and guidelines shall govern hereunder.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-7-0886 to be executed on the date first above written.

CITY OF LA HABRA

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: Don HH
Donald Hannah
Assistant City Manager

By: _____
Arthur T. Leahy
Chief Executive Officer

ATTEST:

APPROVED AS TO FORM:

By: Tamara D. Mason
Tamara D. Mason 6/6/07
City Clerk

By: _____
Kennard R. Smart, Jr.
General Counsel

APPROVED AS TO FORM:

APPROVAL RECOMMENDED:

By: Richard D. Jones
Richard D. Jones
City Attorney

By: _____
Kia Mortazavi, Executive Director
Development Division

Dated: _____

GO LOCAL

PROJECT CONCEPT

To qualify for funds your city project must focus on assessing ways to provide transit connections to Metrolink. Complete the Project Concept, and return with the Cooperative Agreement.

A. Study Type

Project Concept assessments can cover or study any of the following topics. Please review the descriptions below and indicate the type of analysis you expect to perform by placing an (x) next to one (or more) of the following:

- ☒ **Needs Assessments**
What are the transit needs? Identify populations, congestion areas, etc.
- ☒ **Coordinating Transit and Land Use**
How can a transit project support your city's land use planning policies/projects and vice versa?
- ☒ **Route Planning**
Existing data has identified activity centers, populations or congestion hot spots which warrant transit service. What are possible routes and types of transit?
- ☒ **Public policy /public support**
Does the community support transit as evidenced by land use designations and the commitment of local stakeholders?
- ☒ **Project Concepts**
Does the city have one or more general transit concepts which it would like to explore more fully in a detailed technical analysis?
- ☒ **Make your own case**
Is there a concept that addresses a need in your city that you would like the Board of Directors to consider? Is this need consistent with the Measure M requirements that funds be spent on transit-related purposes to extend the reach of Metrolink?

B. Project Overview

Please include a 250 to 300 word overview of your Project Concept.

C. Partners

Please attach any letters of agreements, which identify other jurisdictions participating in this Project Concept, and your respective roles (see Checklist on Website).

NORTH ORANGE COUNTY CITIES – TRANSIT ORIENTED PROJECT: "GO LOCAL" PROGRAM PROJECT OVERVIEW

Beginning in 2003, the five North Orange County Cities of Brea, Fullerton, La Habra, Placentia and Yorba Linda undertook a cooperative effort to define a vision for transit in North Orange County, resulting in the 2004 *Transit Feasibility & Alignment Study*. The transit vision arising from that work is very much compatible with the objectives of the Go Local Program. The task at hand is to build on the 2004 study and take the next logic steps to develop a future transit system emphasizing connections to Metrolink and reflecting the link between transit system planning and land use planning, specifically addressing the following elements:

- Needs Assessment – Update
- Public Outreach
- Coordinated Transit and Land Use
- Refined Transit Technologies Concept
- Refined Transit Route and Station Planning
- Evaluation of Alternatives
- Preferred Strategy & Funding Application

Note that, independently of the Go Local Program, the Five cities have applied for and received grant funding from the Reduce Orange County Congestion (ROCC) program and the SCAG Compass Demonstration Community Program, which together provide an additional \$510,000 (including in-kind City staff support) of resources to further enhance public outreach explore opportunities for transit-oriented development around the emerging high-capacity transit system; this effort is shown as Task 3 below.

TASK 1: NEEDS ASSESSMENT UPDATE

- Update the 2004 *Transit Feasibility & Alignment Study* including population and employment areas, traffic congestion, dominant travel patterns, existing transit usage, and areas of strategic and/or economic importance to North Orange County.
- Review current information including planned and programmed roadway and transit improvements, geographical information system (GIS) data and 2020 population and employment information.
- In addition to high level population and economic data, a community demographic profile will further address auto ownership, journey to work and mode split data.
- *Deliverable:* Technical Memorandum summarizing the updated data collection and 2020 base condition, including population and employment data, land uses, travel patterns and freeway, arterial road and transit network.

TASK 2: PUBLIC OUTREACH

- On-going dialogue with key stakeholders including officials (Public Works and Planning) from each of the cities; elected officials; OCTA officials; and key community opinion leaders including representatives from the business, health care and education communities.
- Commence dialogue with the public through a series of focus group sessions and public meetings at strategic times throughout the study period. This element of the outreach will be designed to solicit comment on the process, conceptual alternatives including transit technologies, route and station planning, evaluation elements, a preferred strategy and to seek public support for a refined vision. This "ascertainment" of community issues will be conducted to assure that community perspectives and values are integrated into the NOCC's Go Local Transit Program.

TASK 3: COORDINATED TRANSIT AND LAND USE

- Complementary effort to the Go Local Program, funded separately through ROCC and SCAG grants and focusing on *Transit Oriented Developments (TOD)* reflecting urban design and parking elements to be incorporated into transit route and station alternatives, evaluation and design.
- Work elements include enhanced public outreach (including visual simulations of TOD principles), station-area planning and market/financial assessment, development of an alternative land-use scenario to gauge TOD effect on ridership and cost-effectiveness of the Go Local transit concepts, work toward a joint transit and land use strategy.

TASK 4: REFINE TRANSIT TECHNOLOGIES CONCEPT

- Refine the review of available rail and transit technologies including “Light” Bus Rapid Transit evolving to dedicated BRT and potentially LRT concept based on further policy and public input.
- Ancillary transit service types as well as alternate vehicle types including smaller purpose-built vehicles, shuttles will be presented within the context of an appropriate service delivery scheme. Further, alternate service schemes will be presented which may include regularly scheduled, fixed route shuttle service; flexroute; route deviated service; or demand responsive service. Within the various scenarios, alternate technologies will be presented, ranging from operations (vehicle locating capabilities/AVL and communications such as mobile data terminals/MDTs) to customer focus applications that may include trip booking via interactive voice response (IVR), Web based and/or cell phone/text messaging.

TASK 5: TRANSIT ROUTE AND STATION PLANNING

- Detailed service planning addressing specific transit route structure and station locations, reflecting strategies to better complement Metrolink or other services through enhanced service coordination.
- Service plan based on population density and the distribution pattern of local destinations and regional travel connections. A series of alternatives will be presented in a comparative matrix clearly detailing:
 - A description of each alternative including levels of service, frequency, headways, etc.;
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 - Ease and timing of implementation;
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 - Labor implications, and
 - Political and community acceptance.

TASK 6: EVALUATION

- Expand upon the preliminary evaluation completed in the *Transit Feasibility & Alignment Study* (that provided an assessment of “sample” routes and sketch level costs and ridership estimates)
- Detailed evaluation based on specific routes and Go Local criteria including cost and ridership (using the OCTAM network model for ridership) estimates.

- A further screening will be conducted on the possible transit alternatives. The analyses will focus on:
 - Mobility Improvements
 - Traffic Impacts
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 - Relationship to Neighboring Transportation Programs
 - Transit Supportive Land Use Characteristics

TASK 7: PREFERRED STRATEGY & FUNDING APPLICATION

- Refine to reflect specific routes and prioritize routes for consideration in Step Two Alternatives Analysis as well as present alternate service types for complementary application.
- *Funding Application* - In consultation with NOOC officials, this task will result in the preparation of an application for OCTA's Step Two funding (for more in-depth planning or small project implementation).

GO LOCAL

PROJECT CONCEPT SIX-MONTH PROGRESS REPORT

City/Date: _____
By _____

Prepared

A. Project Overview Progress Report

Please include a 200-300 word description of progress to date. *To the extent possible*, you should describe what you are working on, your methodology, key staff and/or stakeholders, and any preliminary results.

B. Project Resources

Please indicate all that apply:

- ◆ We've been utilizing consultants
(Name(s): _____)
- ◆ We've been doing some or all
of the work in-house
- ◆ We have partnerships with:
(Include if not listed in Exhibit A)

C. Financial Report

Percentage of funding Committed _____ Expended _____

We foresee obstacles to completion with funding. No _____ Yes _____
If yes, please explain in attachment:

Return to: Jeanne Spinner-LaMar, Manager, Local Initiative
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT FINAL REPORT OUTLINE

At the conclusion of Project Concept work, all cities will submit a Final Report within _____ days utilizing the outline below. Sections Five and Six below will constitute your proposal for the next phase of work.

1. **Summary of Project** (1 page)
2. **Study Questions** (1 page)
3. **Methodology Used** (1 page)
4. **Results** (3-5 pages)
Report against the Evaluation Criteria, i.e. financial considerations, community factors, transportation benefit.
5. **Findings** (4-5 pages)
Your analysis of the results
6. **Next Steps** (5-7 pages)
Identify:
 - *what you wish to do next,*
 - *the methods you would use,*
 - *the staff, resources, and time you would need;*
 - *what you would expect to determine, and*
 - *the budget, your agency contribution, any partnerships and their contributions.*

Return to: Jeanne Spinner-La Mar, Manager, Local Initiatives
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT
Project Expenditures Certification

SAMPLE

Consultant	Contract Number	Cost Column A	In-house Labor	Total hours charged to project x fully burdened hourly rate	Cost Column B	TOTAL add A & B
ABC	001	25,000	Sr. Planner	500 hours x \$85/hr	42,500	
XYZ	002	30,000	Admin Asst.	100 x \$25/hr	2,500	
		55,000			45,000	100,000

I hereby certify that the above is a true and correct statement of the work performed and costs incurred on the Project Concept.

Date

Signed

Title

Return to: Jeanne Spinner-LaMar, Manager, Local Initiative
550 South Main Street
P.O. Box 14184 Orange, CA 92863-15



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: New York Meetings with Rating Agencies and Insurers

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Moorlach, and Nguyen
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Cavecche were not present to vote on this item.

Committee Recommendation

Receive and file as an information item.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, ^{ATL} Chief Executive Officer
Subject: New York Meetings with Rating Agencies and Insurers

Overview

Since the early nineties, the Orange County Transportation Authority has maintained an active investor relations program. As part of this program, each year the Orange County Transportation Authority conducts a series of meetings with rating agencies and insurance companies in New York, New York. This year the trip took place during the week of June 4, 2007.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (Authority) and its affiliated agencies have issued over a billion dollars of long-term debt to advance various capital programs since 1987. One sub-component of debt issuance is the servicing of debt, which includes updating rating agencies and insurers on the progress of the Authority's programs and services on an annual basis.

Every year, the Authority provides a comprehensive presentation to various organizations. This year, the Authority met with Moody's Investor Services, Standard & Poor's, Fitch, Financial Guaranty Insurance Company (FGIC), Municipal Bond Insurance Association (MBIA), Ambac, XL Capital, CIFG, J.P. Morgan, and Dexia Public Finance Bank.

It is important for the Authority to provide constant communication to the municipal market. The annual meetings provide the Authority the opportunity to discuss both positive and negative issues facing the Authority and the Orange County economy. Keeping the municipal market informed will help maintain the Authority's strong credit ratings, which will result in lower debt service costs.

The Authority's track record of providing projects on time and under budget has clearly established the Authority's credibility with the rating agencies. The Authority has been recognized for being able to successfully implement the current Measure M program, efficiently operate its transit programs, and integrate the daily operations of the 91 Express Lanes into the Authority's organizational structure.

Discussion

The following representatives from the Authority were in New York during the week of June 4, 2007: Chairman Carolyn Cavecche, Vice-Chairman Chris Norby, Director Bill Campbell, Director Jerry Amante, Director Peter Buffa, Art Leahy, Jim Kenan, and Kirk Avila. Also, Jim Martling from Sperry Capital and representatives from Lehman Brothers attended the presentation meetings.

This year's meetings focused on the successful passage of the Renewed Measure M sales tax and the 91 Express Lanes. Other topics included the Proposition 1B allocation of funds, the current Measure M program, the performance of sales tax collections, bus transit update, and the Orange County economy.

A detailed summary report on all the New York meetings has been prepared by Sperry Capital, the Authority's Financial Advisor, and has been included as Attachment A. The report identifies the members of each firm and discusses the topics of concern for each of the organizations. A copy of the presentation report titled "Orange County Transportation Authority June 2007 Update" is provided as Attachment B.

Summary

The Orange County Transportation Authority has been proactive in delivering information to the municipal market in order to ensure that the Orange County Transportation Authority's credit ratings remain strong. As a result, the Orange County Transportation Authority's ratings are one of the highest in the nation for a transit agency. The most recent meetings in New York have been well received by the financial community.

Attachments

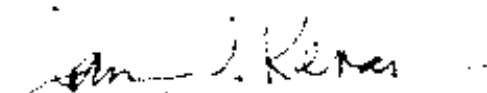
- A. Sperry Capital Inc. Letter to James Kenan on OCTA's 2007 New York Update Meetings.
- B. "Orange County Transportation Authority June 2007 Update" Presentation Report.

Prepared by:



Kirk Avila
Treasury/Public Finance Manager
(714) 560-5674

Approved by:



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

Sperry Capital Inc.

June 18, 2007

Mr. James S. Kenan
Executive Director, Finance, Administration and Human Resources
Orange County Transportation Authority
550 South Main Street
Orange, California 92863-1584

Dear Jim:

The June 2007 rating agency and AAA-rated bond insurance company update trip to New York was very successful. This year OCTA was able to update the analysts on the highly successful 70% November 2006 vote for Renewed Measure M ("M2") as well as the Board's workshop feedback for M2 spending priorities. In addition, the Board was able to provide the analysts with three full fiscal years of operating history of the 91 Express Lanes.

Fitch Ratings, Moody's and Standard & Poor's along with Ambac, Financial Guaranty Insurance Company ("FGIC"), Municipal Bond Insurance Association ("MBIA"), XL Capital, CIFG, Dexia Credit Local, and JP Morgan, were all extremely complimentary about the quality of the June 2007 Update book and the presentations by OCTA's Board of Directors and staff.

OCTA met with the following firms as part of its ongoing annual credit update program June 5th through 8th in New York:

Dexia Credit Local & JP Morgan	<ul style="list-style-type: none"> Dexia provides OCTA with a tax-exempt commercial paper (TECP) letter of credit; Dexia and JP Morgan provide the 91 Express Lanes variable rate bonds with a \$100 million liquidity facility
FGIC	<ul style="list-style-type: none"> FGIC insures \$12.185 million outstanding Series 1992 Second Senior Bonds and \$28.490 million outstanding Series 1994 Second Senior Bonds
XL Capital	<ul style="list-style-type: none"> XL Capital insured the taxable toll road bonds OCTA assumed in the 91 Express Lanes acquisition
Standard & Poor's	<ul style="list-style-type: none"> S&P rates OCTA's First Senior Bonds AAA, Second Senior Bonds AA, TECP P1+ and the 91 Express Lanes Bonds A-
Fitch Ratings	<ul style="list-style-type: none"> Fitch rates OCTA's First Senior Bonds AA, Second Senior Bonds AA-, and TECP P1+ and the 91 Express Bonds to an A rating
Ambac	<ul style="list-style-type: none"> Ambac insures all of the outstanding 91 Express Lanes Bonds, the outstanding \$57.4 million Series 1997 Second Senior Refunding Bonds, and the outstanding \$48.43 million Series 2001 Second Senior Refunding Bonds
Moody's	<ul style="list-style-type: none"> Moody's rates OCTA's First Senior Bonds Aa2, Second Senior Bonds Aa3, TECP A1, 91 Express Lanes Bonds A1, and COPs A1
MBIA	<ul style="list-style-type: none"> MBIA insures OCTA's outstanding 1998 Second Senior Bonds
CIFG	<ul style="list-style-type: none"> CIFG is a new AAA-rated municipal bond insurance company that is anxious to insure future OCTA bonds

Sperry Capital Inc.

Mr. James S. Kenan

June 18, 2007

Page Two

Chairman Carolyn Cavecche, Vice-Chairman Chris Norby, Director Jerry Amante, Director Peter Buffa, Director Bill Campbell, Art Leahy, Jim Kenan and Kirk Avila represented OCTA at the New York meetings. John McCray-Goldsmith and Lori Koh from Lehman Brothers and I attended the presentations as well.

The Treasury/Public Finance Department, with support from many departments throughout the Authority, worked diligently during March, April and May to update and prepare the comprehensive 84-page spiral bound presentation book, entitled the "June 2007 Update", which was used in conjunction with each of OCTA's meetings. The June 2007 Update presentation book was organized as follows:

- I. Introduction
- II. Renewed Measure M Program
- III. Measure M Program - The Final Four Years
- IV. 91 Express Lanes - The Model of Success
- V. 91 Express Lanes - Operational Activities
- VI. Orange County Economy
- VII. Chief Executive Officer's Report
- VIII. Financial Management
- IX. Debt Management
- Appendix

The Appendix to the June 2007 Update presentation book contained profiles for each Board member attendee and bios for OCTA's executive management staff.

Tuesday, June 5th

Dexia and JP Morgan: The first meeting on Tuesday was with Dexia Credit Local and JP Morgan at Dexia's offices located at 445 Park Avenue. John Flaherty and Russell Nussbaum represented Dexia. Bill Hansen and Jason Michaels represented JP Morgan Chase. Dexia is the current letter of credit provider for OCTA's \$29.1 million tax-exempt commercial paper program and Dexia and JP Morgan jointly provide the liquidity support for the variable rate bonds issued to finance the 91 Express Lanes.

Chairman Carolyn Cavecche began OCTA's presentation to Dexia and JP Morgan by stating that OCTA was a "multi-faceted transportation agency. Freeways, buses, toll roads. We do it all in Orange County." Chairman Cavecche then used the Board member photographs on page 1-3 to describe OCTA's Board of Directors to the analysts from Dexia and JP Morgan. She noted that OCTA has seven new Board members.

Dexia and JP Morgan were very interested in the 91 Express Lanes. Director Campbell prompted some laughter when he started his presentation by telling the Dexia and JP Morgan analysts that "We are here to tell you that we will not be calling on your letters of credit for the 91 Express Lanes. It's all good news."

Sperry Capital Inc.

Mr. James S. Kenan

June 18, 2007

Page Three

Director Campbell used page IV-1 to summarize the highlights of the 91 Express Lanes operations during the past fiscal year. Director Campbell effectively used pages IV-3 and IV-4 to illustrate the significant recent growth in daily 91 Express Lanes traffic volumes and operating revenues. The Dexia and JP Morgan analysts were clearly pleased with the demand for the 91 Express Lanes.

At the conclusion of the meeting, Jim Kenan told Dexia and JP Morgan that OCTA may issue tax-exempt commercial paper secured by the M2 sales tax revenues. However, he added that the decision to accelerate M2 projects with debt depends on a thorough review and approval by the Board of Directors. The Dexia and JP Morgan representatives said they would be pleased to support OCTA's future M2 borrowing needs.

FGIC: Jim Li represented FGIC. FGIC insures OCTA's outstanding Series 1994 Second Senior Bonds (\$14,585,000).

Chairman Carolyn Cavecche opened the presentation with a review of her major transportation goals for 2007. She emphasized the importance of quickly delivering a strategic plan for the first five years of M2, the need to change HOV policies, and the need to enhance commuter rail.

Chairman Cavecche summarized the results of the very successful November M2 vote. Chairman Cavecche told FGIC that "The last time a transportation measure got a two-thirds vote for transportation in Orange County was in 1912 to pave 117 miles of dirt road."

Director Amante discussed Measure M or "M1" highlights over the last 12 months. After a discussion of historical and projected M1 sales tax revenues as shown on page III-2, Director Amante explained that OCTA anticipates having approximately \$172.5 million in unprogrammed M1 sales tax revenues that is attributed to the M1 freeway program. Director Amante attributed OCTA's ability to contribute a substantial portion of unprogrammed M1 sales tax revenues to additional freeway projects as well as to the recently completed SR-22 widening as "prudent stewardship by the Board."

FGIC's Jim Li asked Director Buffa about the operational characteristics of the 91 Express Lanes. Director Buffa explained that the 91 Express Lanes has been a "great laboratory for congestion management policy. The key is that we can measure the number of cars that use the 91 Express Lanes hour by hour."

Art Leahy presented the Chief Executive Officer's Report. Mr. Leahy said that, "The OCTA staff is continually challenged by the Board to be the best we can be. Our staff accepts the notion that OCTA should be the model for others."

Mr. Leahy used page VII-2 to illustrate the impressive annual bus ridership growth at OCTA from 50.2 million boardings in 1997 to 68.6 million boardings in 2006. Mr. Leahy noted that OCTA was the eleventh largest bus operator in the United States.

Sperry Capital Inc.

Mr. James S. Kenan

June 18, 2007

Page Four

XL Capital: Kim Wong represented XL Capital. XL Capital insured the \$135 million taxable revenue bonds issued by the California Private Transportation Company ("CPTC") in 2001.

OCTA met with XL Capital representatives several times during its negotiations to purchase the 91 Express Lanes. When OCTA purchased the 91 Express Lanes in 2003, the Authority assumed the liability for the CPTC taxable bonds insured by XL Capital. When OCTA issued tax-exempt bonds to refund the taxable bonds insured by XL Capital in November 2003 the Authority received new AAA insurance bids and selected Ambac (based on the lowest premium) to insure the 2003 Toll Road Revenue Refunding Bonds issue.

Chairman Cavecche began OCTA's presentation to XL Capital with a thorough description of OCTA's Board of Directors. She noted that OCTA has excellent visibility in the Legislature. "Three former Board members and a former employee currently serve in the Legislature." Chairman Carolyn Cavecche also said OCTA is working closely with Los Angeles and Riverside counties on regional transportation issues that affect commuters into and out of Orange County.

During his presentation Director Amante described the first-ever design-build approach used by OCTA for the SR-22 widening. He noted that the design-build time saving approach that significantly accelerated project delivery was important to Orange County drivers because, "The SR-22 was originally designed for 115,000 cars a day and today it carries approximately 375,000 cars a day."

Wednesday, June 6th

Standard & Poor's: OCTA met with Standard & Poor's Wednesday at 9:30 am. S&P was represented by David Hitchcock, Laura MacDonald and Sussan Corson. Kurt Forsgren in S&P's Boston office participated by conference call.

Chairman Cavecche led the introductions of the OCTA representatives. Chairman Cavecche's statement of goals was well received at each presentation.

Chairman Cavecche used the information on page II-5 to explain OCTA's process for planning for M2 projects. S&P's Dave Hitchcock asked how OCTA will adjust its M2 project delivery plans given the sharply increasing cost of construction materials. Chairman Cavecche said, "We are very aware of the need for flexibility. Our Finance Group will evaluate costs very closely." Jim Kenan said, "We were very successful with Measure M. We will have to be very creative with M2 over the next 30 years." Director Amante added, "Our motorists are looking for the same increase in mobility in M2 as they saw in Measure M."

Director Campbell updated the S&P analysts on the success of the 91 Express Lanes. S&P's Laura Macdonald asked if OCTA planned to issue additional toll road revenue bonds. Director Campbell said, "We have no plans to issue additional 91 Express Lanes debt. However, we do have \$1.5 billion of M2 sales tax revenues targeted for SR-91 improvements."

Sperry Capital Inc.

Mr. James S. Kenan

June 18, 2007

Page Five

Director Buffa presented more information on the operational activities of the 91 Express Lanes. He used the graphs on page V-4 to illustrate how OCTA's congestion management toll policy is successfully inducing motorists to switch their trips to the westbound and eastbound off-peak travel hours. Director Buffa also briefed S&P on the litigation regarding OCTA's toll violation collection process. "The lawsuit essentially challenges the constitutionality of charging tolls. We are confident that the case has no merit."

Art Leahy presented the Chief Executive Officer's Report. Mr. Leahy used the illustration on page VII-4 to describe the proposed Anaheim Regional Transportation Intermodal Center ("ARTIC"). Mr. Leahy emphasized the importance of rail in the ARTIC plans as well as throughout Orange County. "Two thirds of our residents and two thirds of our jobs are within four miles of our train stations in Orange County." He also said the OCTA is trying to rationalize and improve the service provided by Amtrak and Metrolink for Los Angeles, Orange and San Diego County trips.

After Mr. Kenan's presentation on Financial Management, Kirk Avila presented the material on Debt Management. Mr. Avila noted that when OCTA pays the final \$1.2 million principal payment on its 1993 OCTD Bus Certificates of Participation on July 1, 2007 that OCTA's bus system will be debt free. Jim Kenan added that it is rare to see a major transit system without any debt.

Fitch Ratings: Fitch Ratings was represented by Amy Doppelt from Fitch's San Francisco office and Scott Trommer and Mike McDermott from New York.

After introductions and an overview of the Board of Directors, Chairman Cavecche outlined her major transportation goals for 2007. She noted that former Chairman Campbell requested that Caltrans consider making Orange County car pool lanes more accessible by giving motorists "continuous access" to HOV lanes rather than at restricted access points. She emphasized the importance of changing the existing policies governing HOV lanes in Orange County among her goals. "In my opinion and the opinion of many other is that we are just as capable of moving in and out of HOV lanes as they are in Northern California."

During Director Campbell's overview of the 91 Express Lanes he thanked Fitch for their rating upgrade from A- to A. "I want to tell you that you made a good call."

Fitch's Scott Trommer asked about violations processing. Kirk Avila said that OCTA's toll violations averaged about 2.5%, close to the national average. Director Buffa said, "They represent a small percentage...but they are enthusiastic violators."

During Art Leahy's CEO presentation, Fitch's Mike McDermott asked about Amtrak and OCTA's transit plans. Mr. Leahy said that OCTA is reviewing a strategy to consolidate the LOSSAN corridor service with Metrolink and added that, "The Board has approved it as a discussion initiative."

Sperry Capital Inc.

Mr. James S. Kenan
June 18, 2007
Page Six

Ambac: OCTA met with Kate McDonough, Debra Saunders, Mark Spinelli and Reid Tomlin at Ambac. Ambac has a close relationship with OCTA. Ambac insures OCTA's outstanding 1997 Second Senior Bonds (\$57,315,000), outstanding 2001 Second Senior Refunding Bonds (\$48,430,000), and 2003 outstanding Toll Road Revenue Refunding Bonds (\$183,510,000).

Chairman Cavecche introduced the OCTA team. She proudly described the \$383.5 million Proposition 1B Bonds funds awarded to Orange County. She discussed the location of the five Proposition 1B Orange County projects with the help of the map of page I-7, "We are helping not only our commuters, but commuters driving into Orange County from Los Angeles and Riverside counties. We are quickly becoming a huge jobs center."

Director Campbell summarized the 91 Express Lanes presentation by telling Ambac, "I am here to tell you that you can book the premium you charged us to insure the 91 Express Lanes bonds in 2003 as profit right now. We are doing very well."

Director Campbell updated Ambac on Riverside County's interest in acquiring a portion of OCTA's toll franchise and extending the 91 Express Lanes into Riverside County. Director Campbell said that OCTA supported Riverside County's toll road goals "As long as bondholders are protected and our customers have a seamless experience." After a summary of the status of AB 1295, he said, "We will find a way to work with Riverside County on this."

Art Leahy gave the Ambac analysts the CEO's report. He explained the importance of goods movement to Orange County and Southern California. Ambac's Mark Spinelli asked if the Alameda Corridor project has helped goods movement. Mr. Leahy said the Alameda Corridor project has helped, but that, "Significant rail, highway and air quality issues still have to be addressed."

Jim Kenan talked about Financial Management. He referred the Ambac analysts to the graph on page VIII-8 entitled "Proposed Fiscal Year 2008 Staffing and Service Trend." Mr. Kenan said that the graph helps to tell a story about a very well managed organization, "We have had a 46% increase in bus service with just an 11% increase in staff."

Kate McDonough closed the meeting by telling OCTA, "It is our pleasure to have the opportunity to work with you. I'm hard pressed to name another transportation agency that keeps us as well informed as you do. OCTA is clearly the best example we know of how issuers should conduct themselves."

Thursday June 7

Moody's: Joshua Schaff, Kevork Khrimian and Omar Ouzidane represented Moody's. Joshua Schaff introduced himself to the Authority and said that he would be assuming the OCTA senior account coverage responsibility for OCTA from Moody's Maria Matesanz.

Sperry Capital Inc.

Mr. James S. Kenan

June 18, 2007

Page Seven

After introductions, Chairman Cavecche gave the Moody's analysts an overview of the issues facing the Authority. During Chairman Cavecche's description of the award of Proposition 1B funds, Joshua Schaff asked her to elaborate on how she expected future moneys to be allocated from Proposition 1B. "The goods movement moneys will be allocated next. We believe that the Legislature may be involved in the next round" She answered.

Director Amante presented the Measure M highlights over the past 12 months. He said that OCTA was very pleased with the SR-22 design-build improvement project. "The \$550 million project was completed three years sooner with design-build than it would have been with traditional procurement," said Director Amante.

Vice-Chairman Norby presented information on the Orange County economy. He immediately engaged the Moody's analysts with his description of the size and breadth of Orange County's economic based and manufacturing diversity. Vice-Chairman Norby said that if Orange County's economy was compared to the leading economies of the world, Orange County would rank number 36 and, "That is why transportation is so important to Orange County."

Vice-Chairman Norby updated Moody's on Orange County's historical sales tax collections and noted the expected drop in fiscal year 2007 sales tax receipts. Kevork Khrimian asked if the OCTA thought that the slow down in real estate wealth creation played an impact on declining sales tax revenues. Director Amante said, "It may be an important factor but we don't have enough information yet." Jim Kenan said that OCTA expects to have actual sales tax revenues through March 2007 released by the State Board of Equalization in late June.

Art Leahy presented the Chief Executive Officer's Report. He updated Moody's on recent changes at the executive management level with the aid of the organization chart on page VII-6. After describing the strengths of OCTA's executive team he added, "We really have some very bright up and coming middle management stars so I feel very good about OCTA's future."

MBIA: After the Moody's meeting we traveled by subway to the Lehman Brothers offices located at 745 Seventh Avenue and 50th Street to meet with MBIA. MBIA, which has its headquarters one hour north of Manhattan in Armonk, was represented by Jane Klemmer, Maleta Carson and Sara McCuiston. MBIA insures OCTA's outstanding Series 1998 Second Senior Bonds (\$105,050,000)

Chairman Cavecche led the introductions of the OCTA representatives.

Vice-Chairman Norby began his presentation on the size and success of the Orange County economy by noting that the honey served in Lehman Brothers' conference room was from Knott's Berry Farms. He emphasized the importance of transportation to the Orange County economy. "Over 250,000 workers commute into Orange County each day."

At the close of the meeting, MBIA's Maleta Carson asked if OCTA expected to issue M2 securities that may need bond insurance. Chairman Cavecche responded, "We will have better

Sperry Capital Inc.

Mr. James S. Kenan
June 18, 2007
Page Eight

clarity once the full Board has reviewed all of our options."

After the MBIA presentation representatives from Lehman Brothers updated the OCTA Board members on the current municipal market conditions and conducted a brief presentation on interest rate swaps.

Friday, June 7th

CIFG: We met with CIFG at 9 AM. CIFG was represented by Michael Bartsch and Ray DiPrinzio. CIFG is an acronym based on the names of the company's prior French banking ownership. Michael Bartsch explained that when Natixis, a French banking firm, acquired the CIFG group of companies in 2006 Natixis decided to keep the CIFG acronym as its "brand" name.

Chairman Cavecche led the introductions of the OCTA representatives. Chairman Cavecche gave the MBIA analysts an overview of her transportation goals for 2007 and the M2 program. Director Amante presented information on M1 and Director Campbell updated CIFG on the recent financial results of the 91 Express Lanes.

Director Buffa presented information on the 91 Express Lanes. He said, "Every major metropolitan area in the world is looking at congestion management pricing." He explained the reason for the success of OCTA's toll road, "Our 91 Express Lanes customers are buying certainty. They are not buying convenience."

Michael Bartsch ended the meeting by telling OCTA, "CIFG is licensed in California now. We look forward to the opportunity to work with you."

Stantec:

OCTA met with Gerry Nielsten and Sheldon Mar at Stantec's at their offices from 11 AM to 1 PM. Gerry Nielsten gave a short update on congestion management pricing and showed OCTA some interesting new software programs that combined Google Earth photographs of the SR-91 corridor with the actual alignment of the 91 Express Lanes which then showed the impact of various traffic congestion assumptions.

Summary:

The June 2007 New York update meetings were very positive and well received. The rating agency and AAA-rated bond insurance analysts congratulated the Board and staff on the success of M2 and the continued financial, operating and policy success of the 91 Express Lanes.

Sperry Capital Inc.

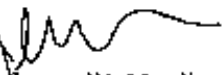
Mr. James S. Kenan

June 18, 2007


Page Nine

I have attached a complete list of the participants at OCTA's 2007 New York meetings.

Sincerely,



James W. Martling
Principal



Date	Time	2007 Meetings	Name	Title	Telephone	Location
Tuesday June 5	9:30 AM	Dexia Local Credit JP Morgan	John Flaherty, Dexia Rebhard Nussbaum, Dexia Bill Hansen, JP Morgan Justin Wahn, JP Morgan	Senior Vice President Vice President Executive Director Associate	212.515.7001 212.515.7025 212.270.4946 212.270.3813	Dexia Local Credit 445 Park Avenue
Tuesday June 5	1:15 PM	FGIC	Jun Li	Associate	212.312.3259	FGIC 125 Park Avenue
Tuesday June 5	3:30 PM	XL Capital	Kim Wong	Director	212.478.3535	XL Capital 1221 Ave of Americas
Wednesday June 6	10:00 AM	Standard & Poor's	Dave Hitchcock Laura MacDonald Susan Carson Kurt Forsgren	Director Director Associate Director Director	212.438.2022 212.438.2519 212.438.2014 617.530.8308	Standard & Poor's 55 Water Street
Wednesday June 6		Fitch Ratings	Amy Doppelt Scott Trommer Mike McDermott	Managing Director Senior Director Senior Director	415.732.5612 212.908.0678 212.908.0605	Fitch Ratings 33 Whitehall Street
Wednesday June 6	3:30 PM	Ambac	Kate McDonough Debra Saunders Mark Spinelli Reid Fomlin	Managing Director Managing Director Managing Director First Vice President	212.208.3269 212.208.3445 212.208.3382	Ambac One State Street Plaza
Thursday June 7	9:30 AM	Moody's	Kevin Khirman Joshua Schaff Omar Ouzdane	Vice President Assistant Vice President Associate	212.553.4837 212.553.7831	Moody's 99 Church Street
Thursday June 7	1:00 PM	MBIA	Jane Klemmer Maicela Carson Sara McCusison	Managing Director Senior Analyst Senior Analyst	914.765.3245 914.765.3062 914.765.3554	Lehman Brothers 745 Seventh Avenue
Thursday June 7	3:00 PM	Lehman Brothers	Gary Kilham Dan Helmowitz	Managing Director Managing Director	212.528.6027 212.526.6332	Lehman Brothers 745 Seventh Avenue
Friday June 8	9:00 AM	CIFG	Michael Bartsch Ray DiPrinzio	Director, Pub Finance Director, Proj Finance	212.909.3924 212.909.0433	CIFG 825 Third Avenue.

ORANGE COUNTY TRANSPORTATION AUTHORITY



ATTACHMENT B

JUNE 2007

Presentation Overview

- I. Introduction
- II. Renewcd Measure M Program
- III. Measure M Program – The Final Four Years
- IV. 91 Express Lanes - The Model of Success
- V. 91 Express Lanes - Operational Activites
- VI. Orange County Economy
- VII. Chief Executive Officer's Report
- VIII. Financial Management
- IX. Debt Management
- Appendix

I. Introduction

Presentation Participants

Orange County Transportation Authority

Carolyn Cavecche	Board of Directors Chairman
Chris Norby	Board of Directors Vice-Chairman
Bill Campbell	Finance and Administration Committee Chairman
Jerry Amante	Finance and Administration Committee Vice-Chairman
Peter Buffa	OCTA Director
Art Leahy	Chief Executive Officer
Jim Kenan	Executive Director of Finance, Administration and Human Resources
Kirk Avila	Treasurer and Public Finance Manager

Sperry Capital Inc.

James Martling *Principal*

Financial Advisor

Lehman Brothers

John McCray- *Senior Vice President*

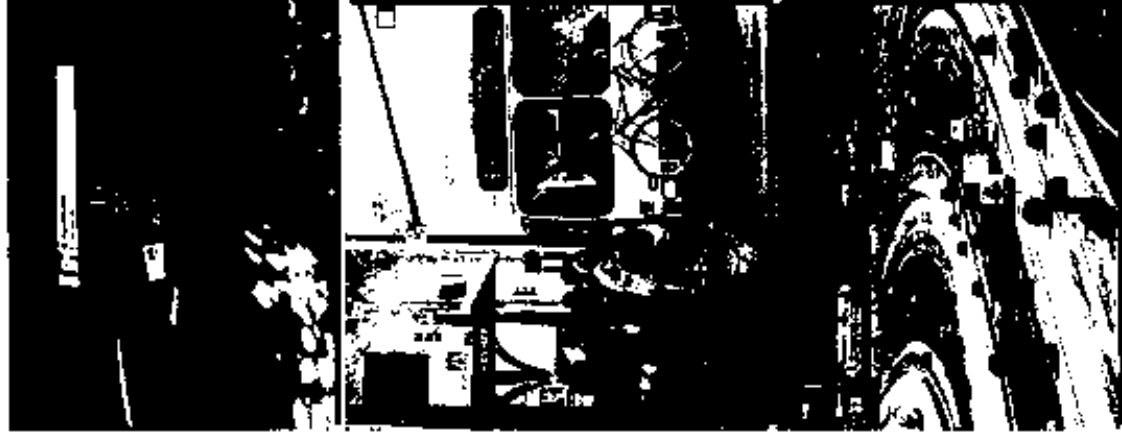
Underwriter

Goldsmith

Lori Koh *Vice President*

Orange County Transportation Authority

- ▶ Created in 1990 by State legislation
- ▶ Orange County's primary transportation agency
- ▶ Multi-model focus on freeways, transit, streets and roads
- ▶ 1,961 employees
- ▶ Received APTA's 2005 Outstanding Public Transportation System Achievement Award
- ▶ Proposed Fiscal Year 2008 Budget: \$991 Million
- ▶ Governed by an 18-member Board of Directors:
 - 15 elected members,
 - Two public members, and
 - One Governor's Ex-Officio member



2007 Board of Directors



Carolyn Cavecche
City of Orange
Chairman



Chris Norby
4th District
Supervisor
Vice-Chairman



Jerry Amante
City of
Tustin



Patricia Bates
5th District
Supervisor



Art Brown
City of
Buena Park



Peter Buffa
Public Member



Bill Campbell
3rd District
Supervisor



Richard T. Dixon
City of
Lake Forest



Paul Glab
City of
Laguna Niguel



Cathy Green
City of
Huntington Beach



Allan Mansour
City of
Costa Mesa



John Moorlach
2nd District
Supervisor



Janet Nguyen
1st District
Supervisor



Curt Pringle
City of
Anaheim



Miguel A. Pulido
City of
Santa Ana



Mark Rosen
City of
Garden Grove



**Gregory T.
Winterbottom**
Public Member



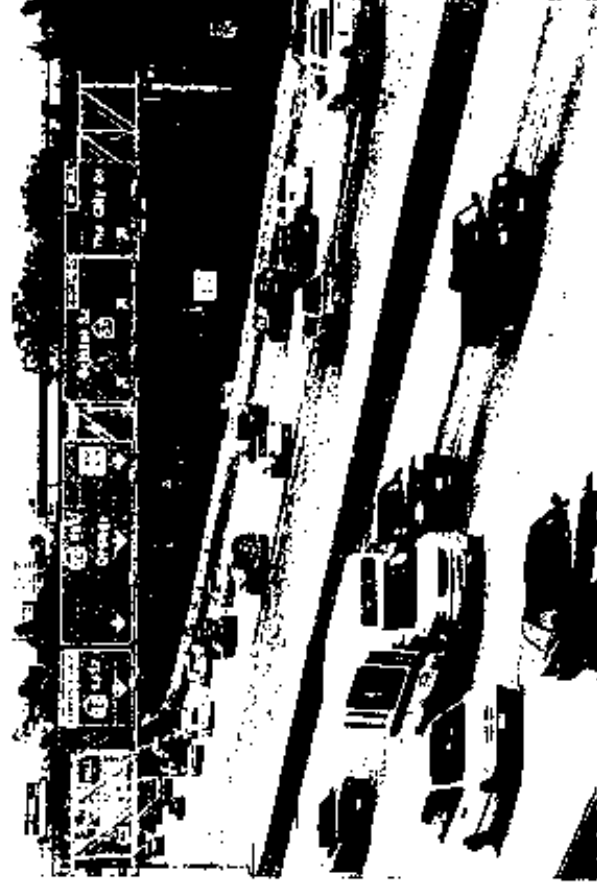
Cindy Quon
Governor's Ex-
Officio Member

Board Chairman's Major Transportation Goals for 2007

- ▶ Deliver a five-year plan that defines project priorities and establishes policies to responsibly and rapidly implement the Renewed Measure M program
- ▶ Pursue changes to existing policies governing high-occupancy vehicle lanes in Orange County
- ▶ Monitor progress toward completion of the Garden Grove Freeway (SR-22) improvements
- ▶ Secure state transportation bond funds to accelerate work on Phase II of the SR-22 project and widening of the Riverside Freeway (SR-91)
- ▶ Develop enhancement programs for commuter rail that include:
 - Initiating a countrywide quiet zone and grade crossing program
 - Developing a goods movement strategy that mitigates impacts on local communities
 - Researching possible service consolidation of the Los Angeles – San Diego Rail Corridor
- ▶ Collaborate with Los Angeles and Riverside County transportation officials to coordinate intercounty transportation solutions
- ▶ Refine the legislative strategy with Orange County's state and federal delegation to maximize Orange County's fair share of transportation funds
- ▶ Develop transportation solutions by continuing to work on the South Orange County Major Investment Study (MIS) and launching the Central County Corridor MIS

Board Vote Eases Carpool Lane Restrictions

- ▶ Orange County has over 200 miles of high-occupancy vehicle (HOV) lanes and offers direct carpool lane connectors at six freeway interchanges
- ▶ In April 2007, OCTA's Board of Directors approved a plan to allow commuters to move freely in and out of the HOV lanes and to potentially have solo drivers use the lanes during non-peak hours
- ▶ The approval follows a pilot program launched in December 2006 allowing continuous access to carpool lanes on the Garden Grove Freeway (SR-22)
- ▶ The new policy requires approval of regulatory agencies and is expected to go into effect initially on the San Diego Freeway (I-405), the Orange Freeway (SR-57) and the Riverside Freeway (SR-91)
- ▶ Funding will likely come from a combination of federal, state and local sources
- ▶ It is expected the first three freeways could be converted within 18 months

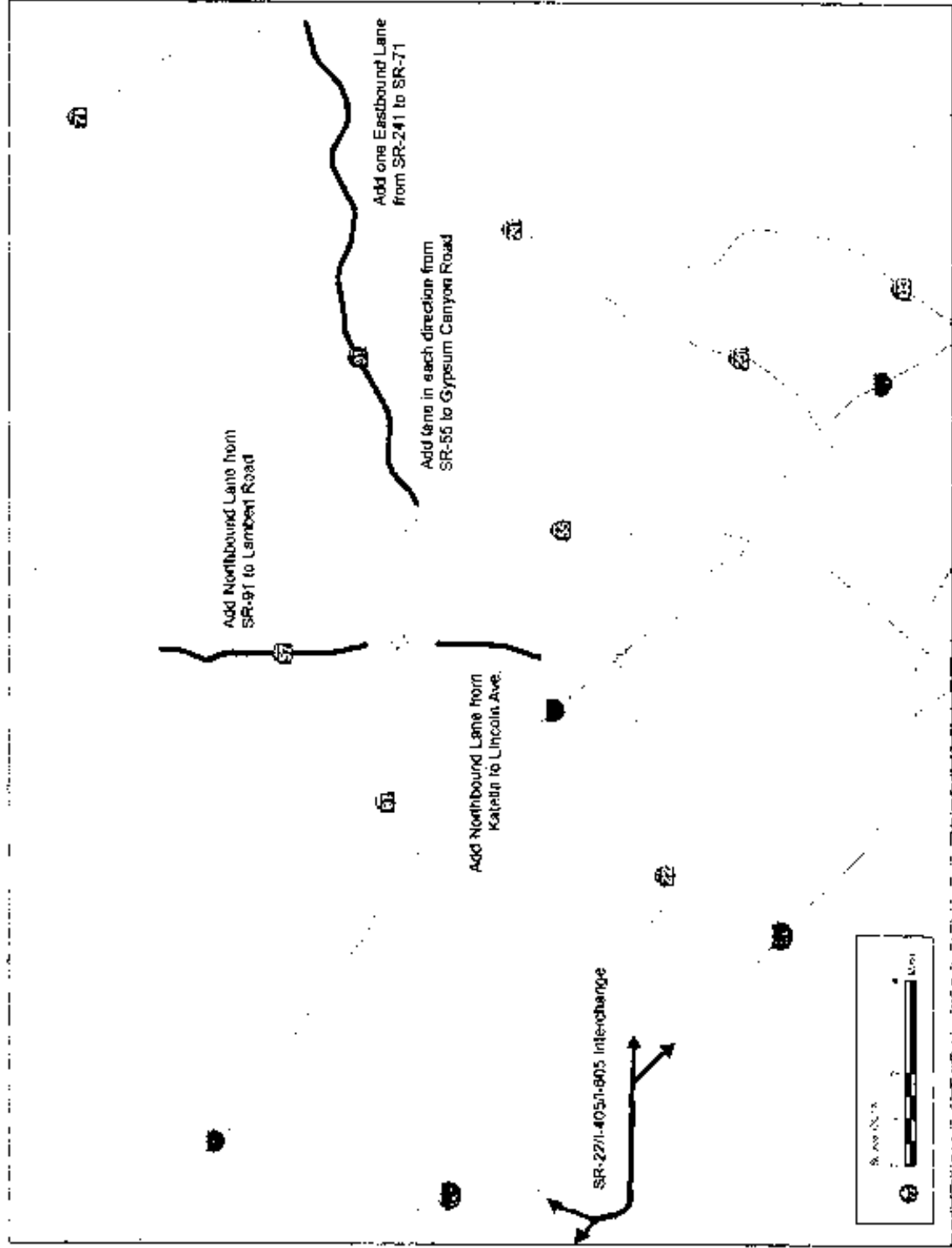


Proposition 1B Bond Funds Awarded

\$383.5 million awarded to Orange County for five projects:

- ▶ SR-22/1-405/1-605 HOV Connector project
 - Construction start date: March 2010 \$200 million
- ▶ Add Northbound lane on the SR-57 from SR-91 to Lambert Road
 - Construction start date: June 2010 \$70 million
- ▶ Add Northbound lane on the SR-57 from Katella to Lincoln Avenue
 - Construction start date: May 2011 \$20.1 million
- ▶ Add Eastbound lane on the SR-91 from SR-241 to SR-71
 - Construction start date: August 2009 \$71.4 million
- ▶ Add a lane in each direction on the SR-91 from SR-55 to Gypsum Canyon Road
 - Construction start date: December 2011 \$22 million

Map of the Five Proposition 1B Orange County Projects



II. Renewed Measure M Program

Renewed Measure M Gets Voter Approval in 2006

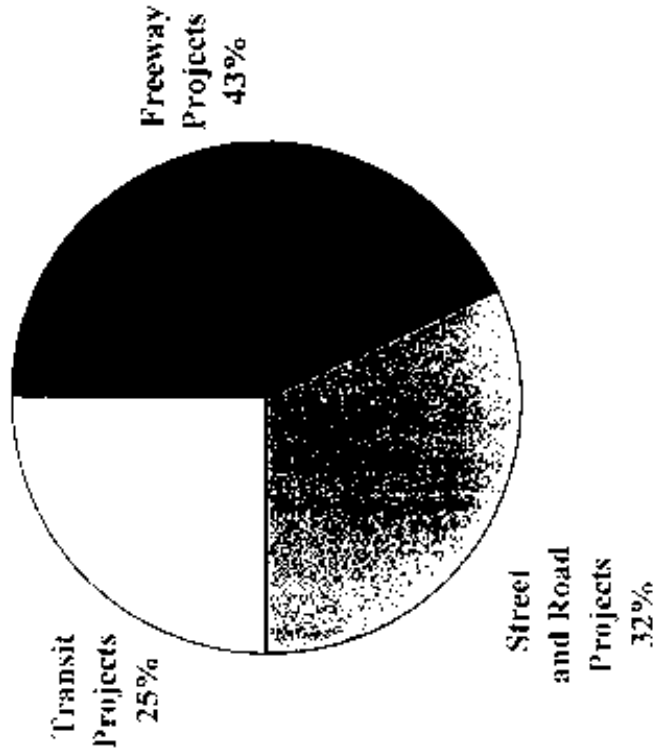
- ▶ Renewed Measure M approved by 70% of voters on November 7, 2006
- ▶ Orange County voters passed the renewal its first time on the ballot
- ▶ Renewed Measure M program will generate approximately \$12 billion
- ▶ Collection of tax revenues begins April 1, 2011 and terminates on March 31, 2041
- ▶ The last time a transportation measure got a two-thirds majority in Orange County was 1912 – the Good Roads Plan to pave major County streets

Renewed Measure M Investment Summary

In 2005 Dollars

Renewed Measure M Revenue Allocation

- 1.5% of gross revenues to SBOE
- 2.0% of gross revenues for environmental mitigation
- 1.0% for oversight and audit
- Net revenues allocated as follows:



Santa Ana Freeway Interchange Improvements	I-5	470.0
Santa Ana/San Diego Freeway Improvements	I-5	1,185.2
Garden Grove Freeway Access Improvements	SR-22	120.0
Costa Mesa Freeway Improvements	SR-55	366.0
Orange Freeway Improvements	SR-57	258.7
Riverside Freeway Improvements	SR-91	1,481.5
San Diego Freeway Improvements	I-405	819.7
Freeway Access Improvements	I-605	20.0
Freeway Service Patrol	All	150.0

Regional Capacity Program	1,132.8
Regional Traffic Signal Synchronization Program	453.1
Local Fair Share Program	2,039.1

High Frequency Metrolink Service	1,014.1
Transit Extensions to Metrolink	1,000.0
Metrolink Gateways to High Speed Rail Systems	226.6
Mobility Choices for Seniors and Persons with Disabilities	339.8
Community Based Transit/Circulators	226.5
Safe Transit Stops	25.0

Clean Up Highway and Street Runoff that Pollutes Beaches	237.2
--	-------

Collect Sales Taxes (State charges required by law)	178.0
Oversight and Annual Audits	118.6

Renewed Measure M Elements

- ▶ Freeway Programs
 - Santa Ana Freeway (I-5)
 - Riverside Freeway (SR-91)
 - Costa Mesa Freeway (SR-55)
 - San Diego Freeway (I-405)
 - Orange Freeway (SR-57)
 - Garden Grove Freeway (SR-22)
- ▶ New Local Programs
 - Pavement Management
 - Signal Synchronization
 - Traffic Forums
- ▶ New Environmental Programs
 - Water Quality
 - Freeway Mitigation
- ▶ New Transit Programs
 - Metrolink Extensions
 - Metrolink Gateways
 - Community Transit
 - Quiet Zones/Rail Grade Crossings
- ▶ Revised Elements
 - Competitive Road Funding
 - Fair Share/Turnback Program
- ▶ Oversight
 - New Taxpayer's Oversight Committee
 - Annual Spending Reports
 - Project Final Reports
 - New Audit Provisions

Board Workshop Feedback

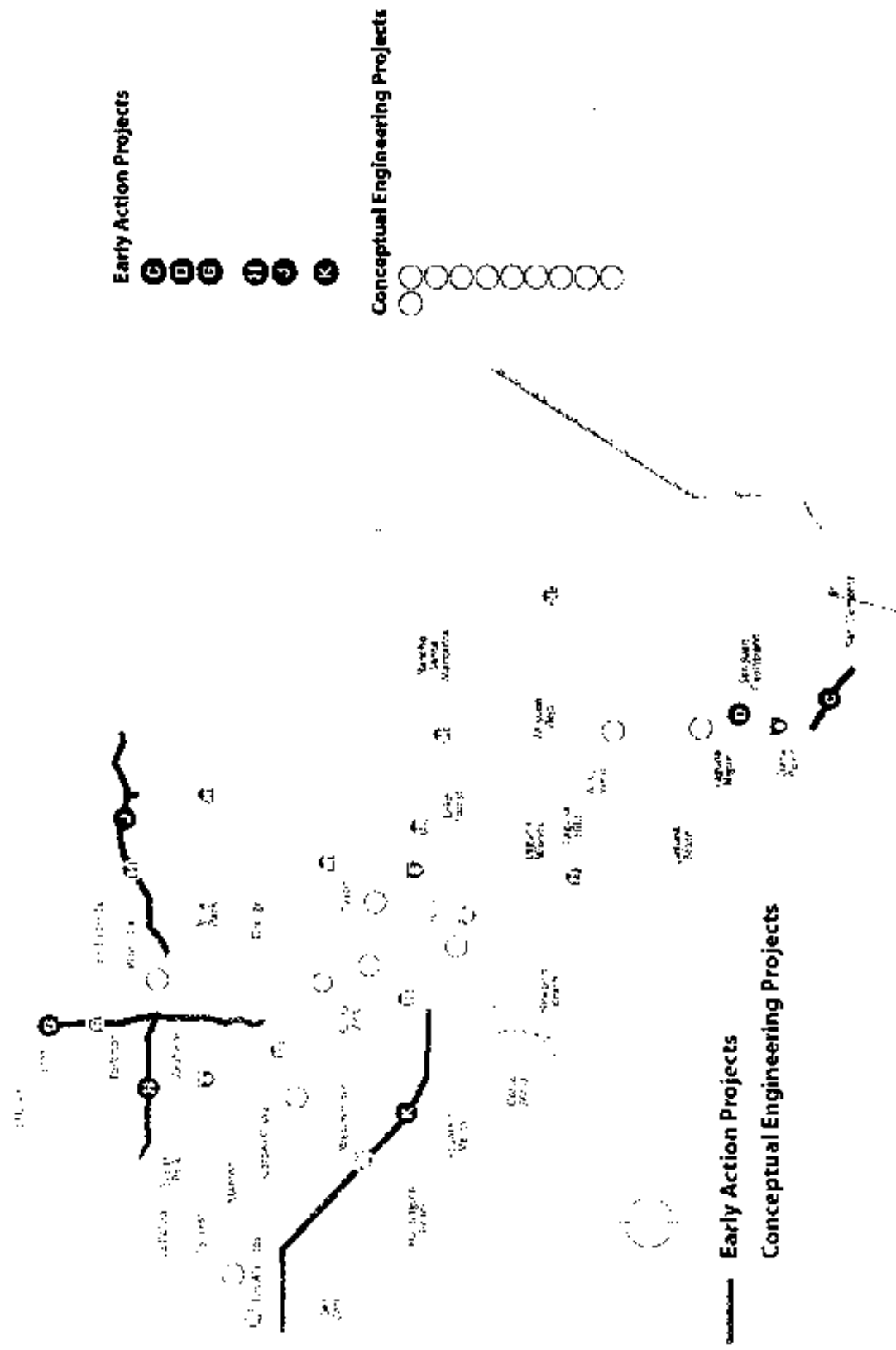
- ▶ On February 26, 2007, OCTA's Board of Directors held a workshop to discuss Renewed Measure M spending priorities
- ▶ Feedback from the workshop included:
 - Top goal is congestion relief
 - Need fast delivery strategies
 - Need progress on all Renewed Measure M Plan elements (freeways, roads, transit and environmental)
 - Leverage matching funds and grants
 - Develop a vision for five years and beyond

Laying the Groundwork for 2007 through 2012

- ▶ Put voter safeguards in place
- ▶ Develop early delivery strategies
- ▶ Make all jurisdictions eligible
- ▶ Get competitive programs ready:
 - Regional Road Capacity
 - Signal Synchronization
 - Quiet Zones/Rail Grade Crossings
 - Metrolink Extensions
 - Metrolink Gateways
 - Community Transit
 - Water Quality



Proposed Early Action Freeway Projects 2007-2012



Upcoming Priorities

Policy Review and Outreach	January - June 2007
Aligning Measure M, Renewed Measure M, and Proposition 1B Priorities	April - June 2007
Draft Five-Year Early Action Plan	June 2007
Financing Approach	August 2007
Renewed Measure M Program Development Schedule	August 2007

III. Measure M Program - The Final Four Years

Measure M Highlights Over the Past 12 Months

- ▶ Actual sales tax revenues increased by 8.0 percent during the last reported fiscal year (FY 2006)
- ▶ Distributed over \$38.1 million in Turnback funds to Orange County cities and the County of Orange
- ▶ Major work completed on the Garden Grove Freeway (SR-22) design-build improvement project
- ▶ Started construction on the Santa Ana Freeway (I-5) Gateway Project
- ▶ Began Metrolink Weekend service on Inland Empire-Orange County and Orange County Lines



Measure M Sales Tax Revenues Projected to Total \$4.3 Billion

Historical Revenues*

Fiscal Year	Measure M Sales Tax Revenues	Percent Change
1990-91 ***	\$28,068,083	-
1991-92	125,809,484	-
1992-93	127,958,093	1.71%
1993-94	132,773,924	3.76%
1994-95	140,682,560	5.96%
1995-96	149,899,700	6.55%
1996-97	161,061,635	7.45%
1997-98	174,694,937	8.46%
1998-99	183,991,548	5.32%
1999-00	204,416,898	11.10%
2000-01	216,495,452	5.91%
2001-02	212,741,853	-1.73%
2002-03	223,232,864	4.93%
2003-04	237,957,371	6.60%
2004-05	251,229,425	5.58%
2005-06	271,438,409	8.04%
Total	\$2,842,452,236	

Projected Revenues**

Fiscal Year	Measure M Sales Tax Revenues	Percent Change
2006-07	\$283,118,227	4.30%
2007-08	296,125,191	4.59%
2008-09	311,616,103	5.23%
2009-10	327,283,267	5.03%
2010-11 ***	258,058,152	5.13%
Total	\$1,476,200,940	

* Historical revenues have averaged 5.7% growth per year since inception

** Projected revenues based upon forecasts provided by Chapman University, California State University - Fullerton, and UCLA

*** Since Measure M went into effect 4/1/91 and will terminate 3/31/11, FY 1990-91 represents one quarter's collections and FY 2010-11 represents three quarter's collections

Revenue and Expenditure Summary

- ▶ Total projected Measure M revenue: \$4.32 billion
- ▶ Actual expenditures to-date total \$2.85 billion through March 31, 2007:
 - Freeways \$1,500 million
 - Regional Streets & Roads \$ 264 million
 - Local Streets & Roads \$ 558 million
 - Transit \$ 528 million

Potentially Available Measure M Funds

- ▶ As of March 31, 2007, there is an un-programmed balance in the Measure M program of approximately \$172.5 million (attributed to the freeway program)
- ▶ Policy choices for these funds include:
 - Maintain prudent reserves for economic uncertainty
 - Fund Renewed Measure M projects and/or programs
 - Fund other non-Measure M needs

Potential Uses For Unprogrammed Funds		
Description	Phase	Estimate
Economic Uncertainty	N/A	\$60 M
SR-57; Katella to Lambert - Northbound Capacity	CMLA Match; Design and Construction	\$91 M
I-5 South; Mainline and Interchanges	Environmental	\$3-6 M
I-5; Pacific Coast Hwy to Pico	Conceptual Plans and Environmental	\$3 M
I-405; I-605 to SR-55 - Additional Capacity	Environmental and Design	\$30-40 M
SR-91; SR-55 and SR-57 - Interchange Complexes	Conceptual Plans	\$1 M
Master Mitigation Plan	Program Development	\$500 K
Complete Renewed Measure M Project Study Reports	Project Study Reports	\$6-8 M
HOV Lanes Operational Changes	Implementation	\$10-15 M

All Lanes Open on the Garden Grove Freeway (SR-22)

- ▶ In late 2006, new lanes east of Magnolia Street to the Costa Mesa Freeway (SR-55) opened on the SR-22 Freeway
- ▶ On April 30, 2007, lanes from Magnolia Street west to Valley View opened, substantially completing the widening of the 12-mile, \$550 million project that began in 2004
- ▶ The SR-22 improvement project included:
 - 110,000 cubic yards of new concrete pavement
 - Realigned freeway interchanges at the Orange Crush where the SR-22, the I-5 and SR-57 freeways converge
 - 35 bridges replaced or widened
 - 12 miles of new soundwalls
 - 52 on-ramps and off-ramps upgraded and realigned
 - 12 miles of continuous-access carpool lanes and auxiliary lanes between the SR-55 and Valley View Street

SR-22 Freeway



Santa Ana Freeway (I-5) Gateway Project

Project Description

- ▶ Add one carpool lane and one travel lane in each direction
- ▶ Add auxiliary lanes from the SR-91 to Beach Blvd
- ▶ Reconstruct bridges at Stanton Ave, Beach Blvd, Western Ave, and Artesia Blvd
- ▶ Build aesthetically treated retaining walls and replace landscaping

Project Schedule

Stage 1 Western Bridge	Oct. 2006 - Jun. 2007
Stage 2 Stanton Bridge	Jun. 2007 - Feb. 2008
Stage 3 Beach Bridge (west)	Mar. 2008 - Nov. 2008
Stage 4 Beach Bridge (east)	Nov. 2008 - Jul. 2009
Stages 5 and 6	Aug. 2009 - Jul. 2010
Project Completion	Mid - 2010

Estimated Project Cost

\$314.3 Million



Metrolink Highlights

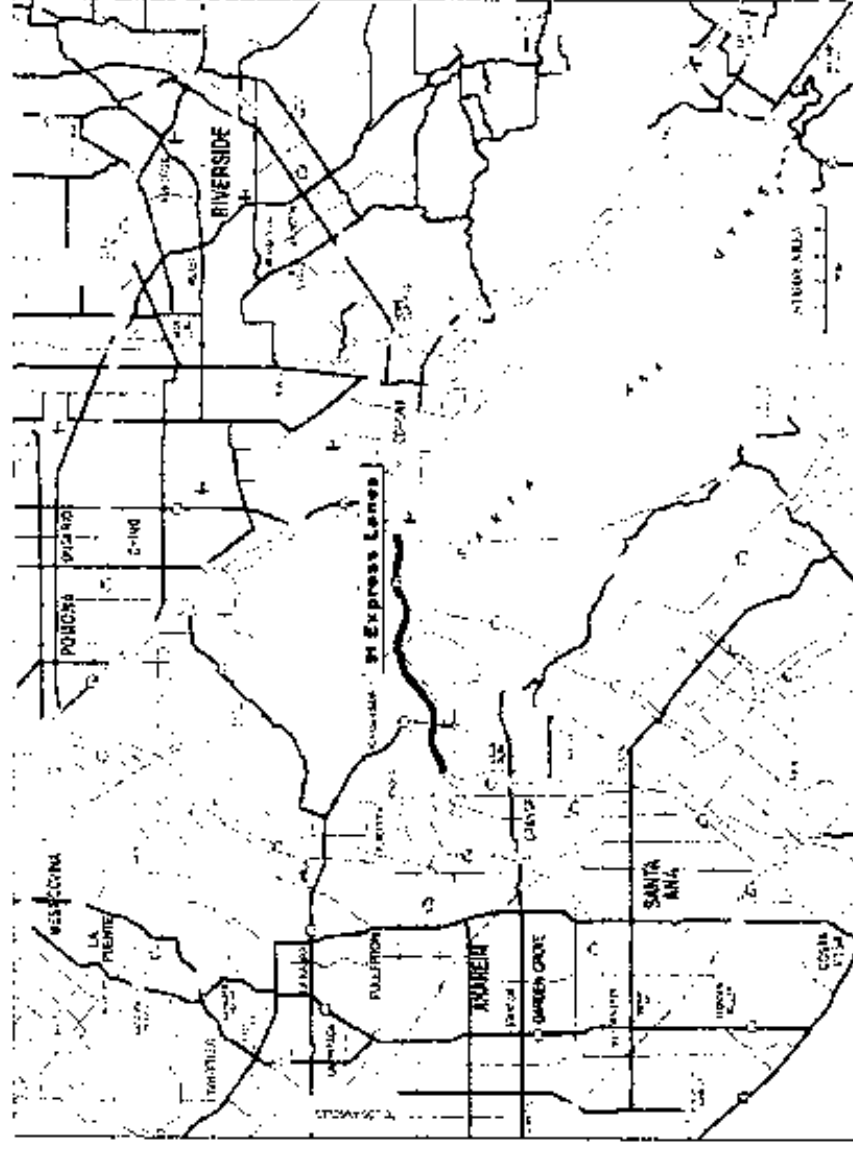
- ▶ “Metrolink Weekends” service began on Orange County and Inland Empire-Orange County lines
- ▶ Ridership on Orange County’s three Metrolink lines grew to more than 3.5 million per year
- ▶ Construction began on the Buena Park Station, Orange County’s 11th Metrolink station
- ▶ Broke ground on a new parking structure at the Irvine station
- ▶ Board of Directors approves rail improvement projects for the initiation of 30-minute headways for Metrolink 2009 expansion totaling approximately \$88 million - Projects include:
 - Additional tracks to allow trains to turn around at Fullerton and Laguna Niguel stations
 - Crossovers to allow trains to move from track to track near State College Blvd in Fullerton
 - Side tracks on the northern part of the corridor
 - Maintenance area south of the Irvine Transportation Center, and
 - System-wide improvements



IV. 91 Express Lanes - The Model of Success

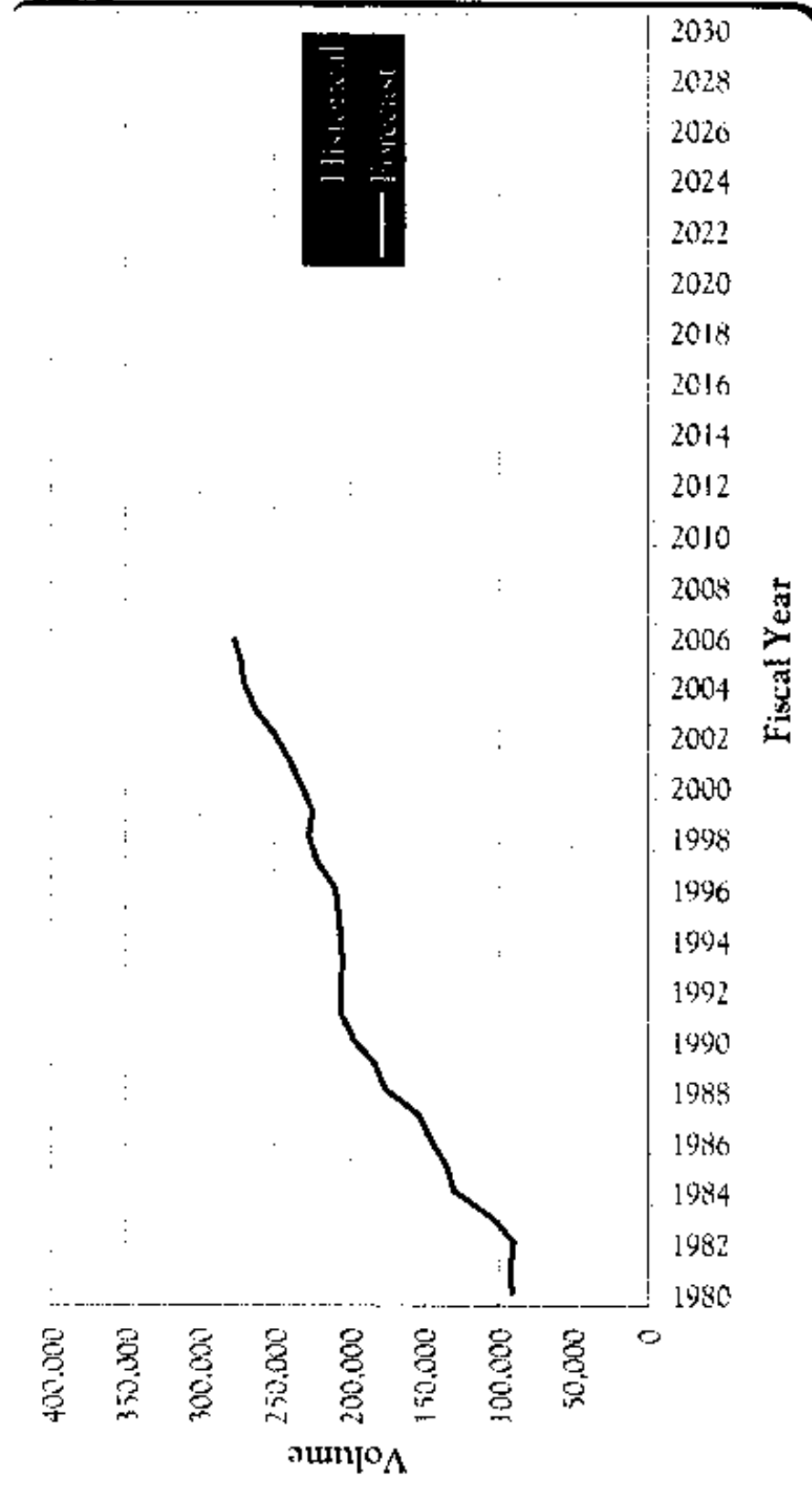
Significant Events of Fiscal Year 2006-07

- ▶ Reached record levels for traffic volumes and toll revenues
- ▶ Received rating upgrades from Fitch Ratings and Moody's Investors Service
- ▶ Completed an update to the 2003 Traffic and Revenue Study
- ▶ Completed the Pavement Improvement Project
- ▶ Awarded contracts for the telephone system replacement project, camera systems, and the Traffic Operations Center
- ▶ Allocated \$2.4 million in net revenues as the match for the Corridor Mobility Improvement Account (CMLA) approved Eastbound Auxiliary Lane project from the SR-241 to the SR-71
- ▶ Earmarked \$250,000 in net revenues for the Riverside County Transportation Commission to assist in the funding of a widening project on the SR-91 in Riverside County.

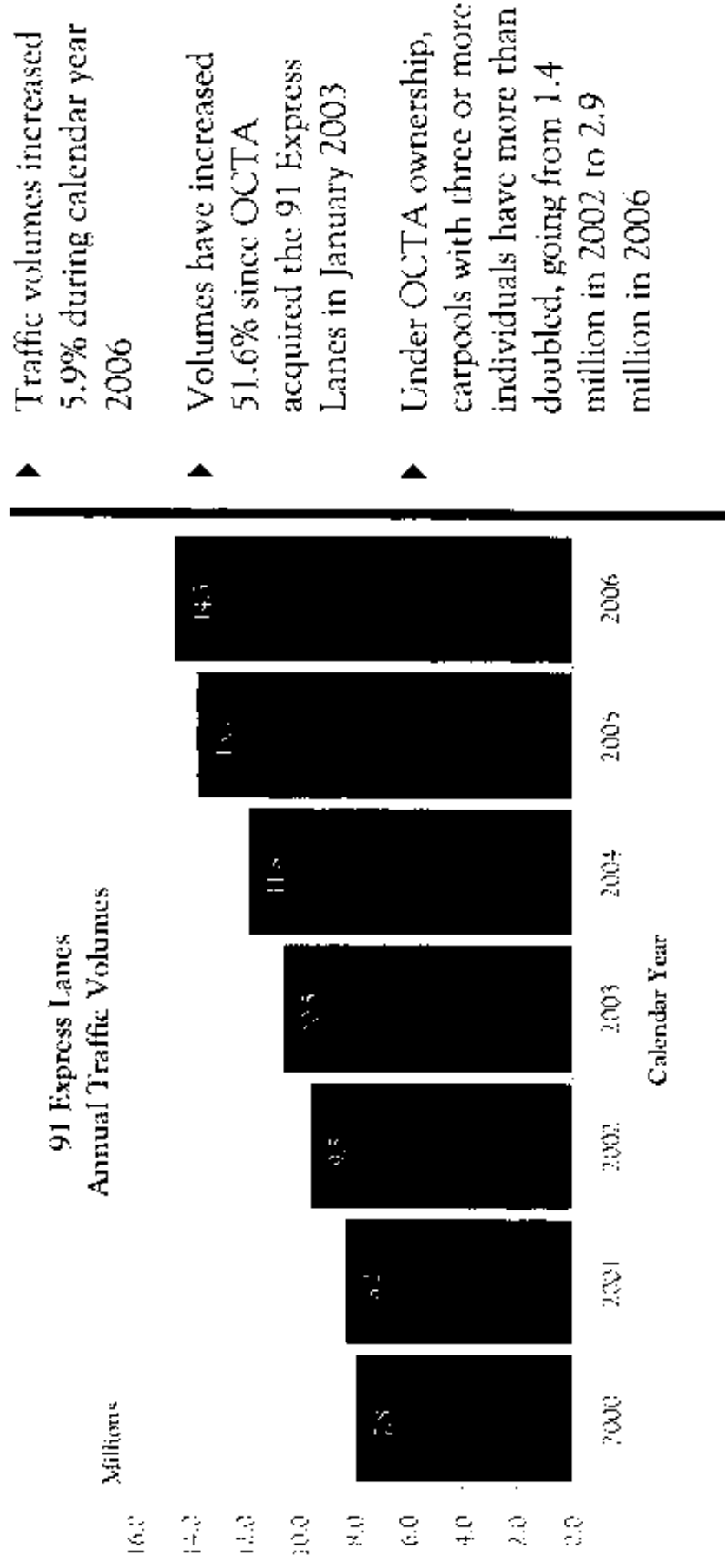


SR-91 Corridor Traffic Continues to Increase

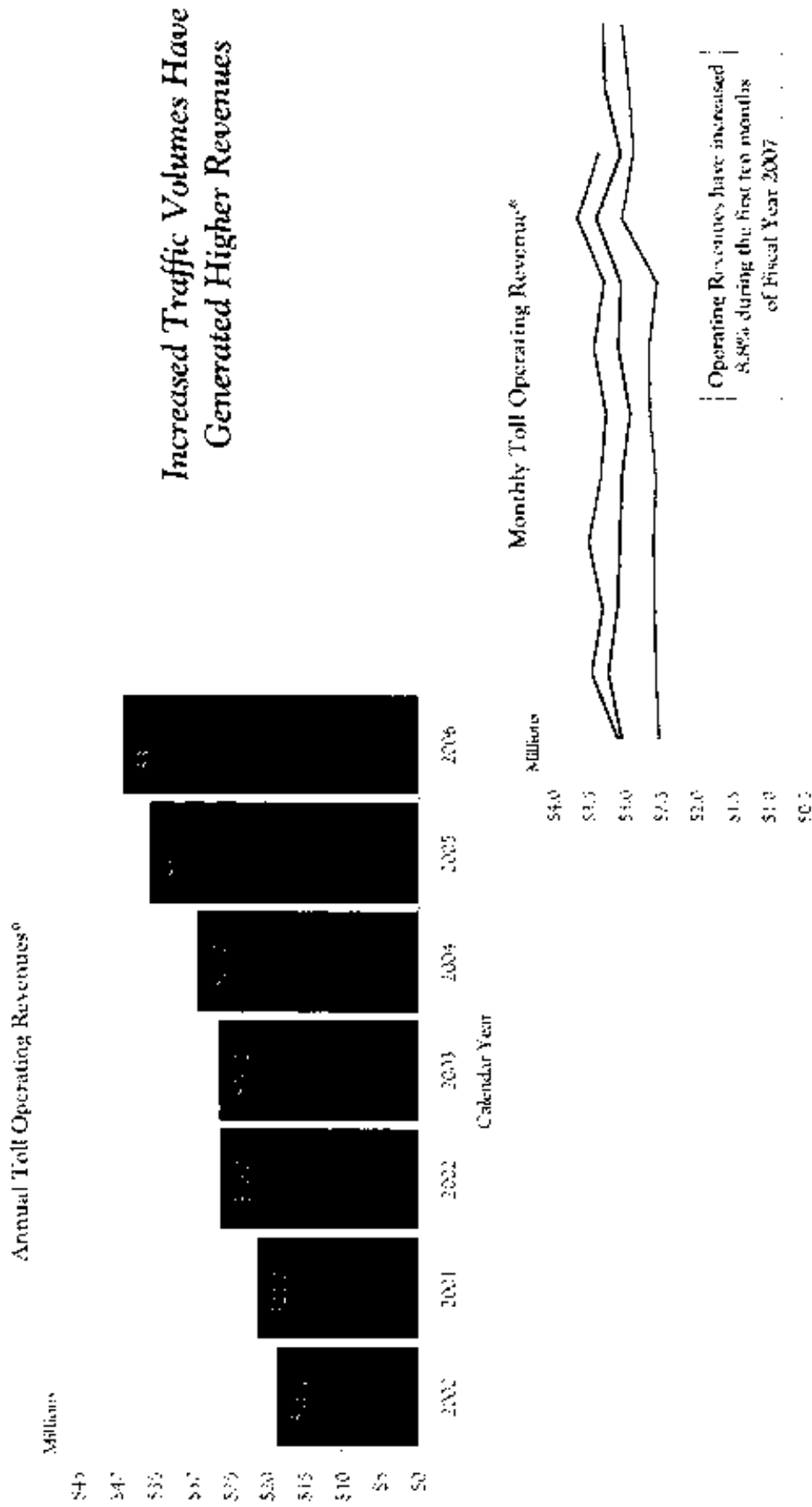
Global Average Daily Traffic Demand (General Purpose Lanes and the 91 Express Lanes)



Traffic Volumes Reached 14.5 Million in 2006



Toll Operating Revenues* Have Doubled Since 2000



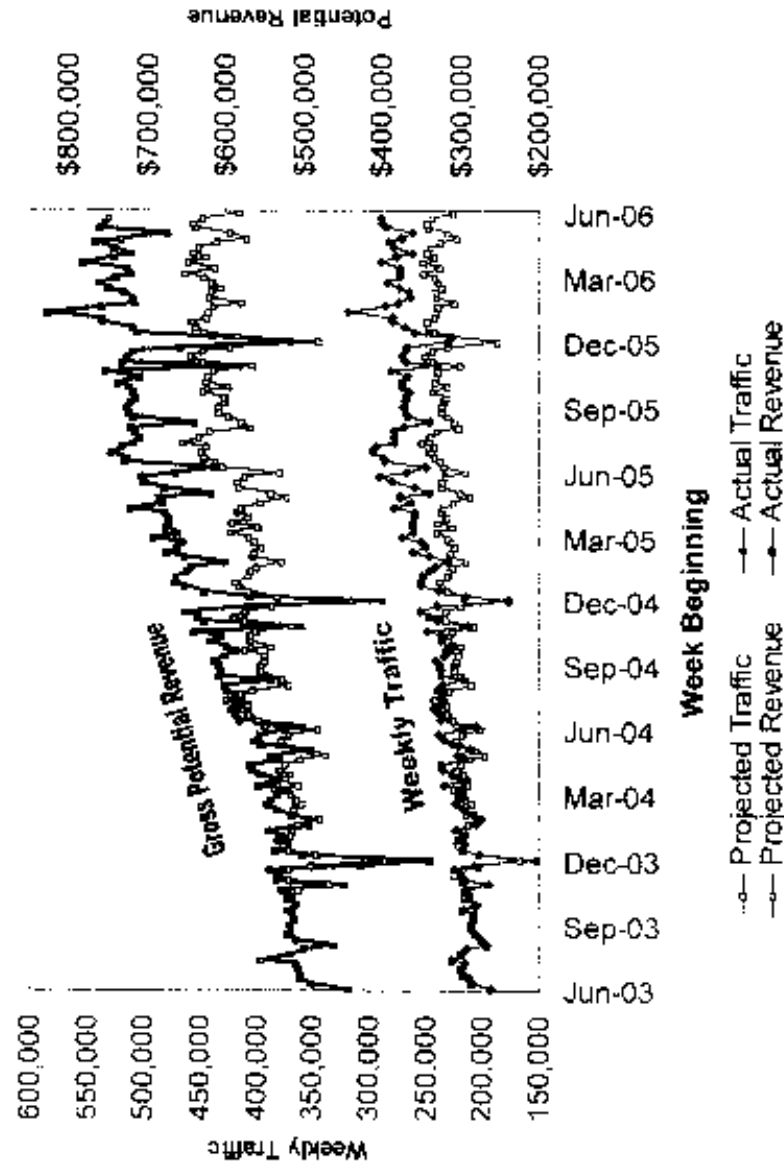
* Toll Operating Revenues are defined as gross potential toll revenues & do not include non-toll revenues (accrual maintenance fees & violation collections)

Debt Service Coverage Remains Strong

	Fiscal Year 2004 <u>Actual</u>	Fiscal Year 2005 <u>Actual</u>	Fiscal Year 2006 <u>Actual</u>	Fiscal Year 2007 <u>Estimate</u>
Gross Potential Revenues	\$26,971,777	\$32,518,490	\$37,510,375	\$41,261,413
Toll Revenues	24,610,057	30,411,879	35,002,588	38,015,814
Add: Non-Toll Revenues and Interest (1)	8,472,608	10,726,815	11,161,318	11,909,264
Gross Toll Revenues	33,082,665	41,138,694	46,163,906	49,925,077
Less: Operating Expenses	(12,702,688)	(14,505,407)	(14,507,464)	(14,914,095)
Net Revenue for Debt Service	20,379,977	26,633,286	31,656,442	35,010,982
Series 2003 Debt Service	2,185,282	11,947,877	12,254,033	12,257,389
2003 Debt Service Coverage	9.33x	2.23x	2.58x	2.86x

(1) Includes fee revenue, provisional credit, violation recovery funds, and all interest earnings

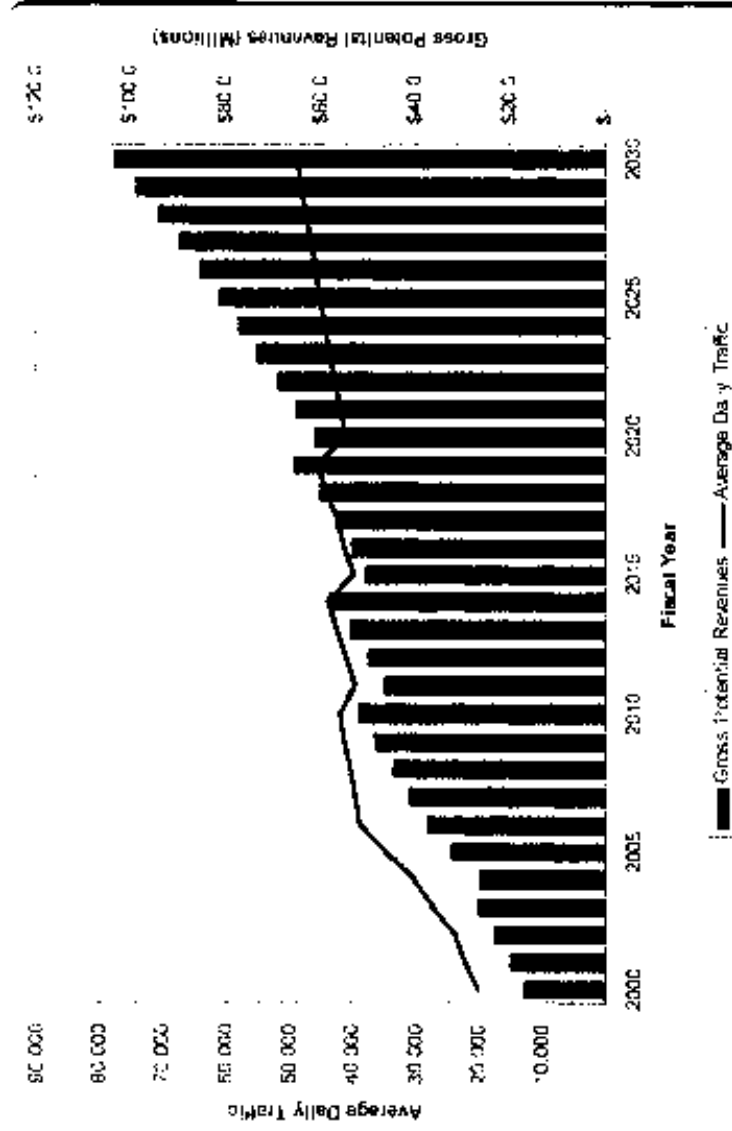
Traffic and Revenue: Oct 2003 Vollmer Projections vs Actual



- ▶ In October 2003, Vollmer Associates released their 91 Express Lanes Traffic and Revenue Report
- ▶ Since then, traffic volumes and revenues have exceeded the 2003 projections
- ▶ Actual gross potential revenue exceeded the October 2003 projections by 11.7% in FY 2005 and 17.9% in FY 2006

February 2007 Traffic and Revenue Update

Declines in FY 2011, FY 2015, FY 2020 are due to the opening of general purpose lane improvements which reduces corridor congestion



- ▶ In February 2007, Stantec (Stantec acquired Vollmer Associates) released an update to their 2003 Traffic and Revenue Report
- ▶ The 2007 Report incorporated the improvement projects contained in the 2006 SR-91 Implementation Plan
- ▶ The 2007 Report incorporates various scenarios including the expansion of the 91 Express Lanes into Riverside County
- ▶ Traffic volume is projected to increase by 2% and gross potential revenues are projected to increase 10% in FY 2007

Traffic and Revenue Study Comparison: Oct 2003 vs Feb 2007

Average Daily Traffic Volumes

Fiscal Year	2003 Forecast	2007 Forecast
2004	30,300	30,300
2005	32,100	34,900
2006	33,700	38,500
2007	35,400	39,700
2008	36,500	40,400
2009	37,700	41,300
2010	38,900	42,100
2011	39,900	39,600
2012	41,300	41,000
2013	31,600	42,400
2014	33,200	43,900
2015	34,900	39,900
2016	36,500	41,200
2017	38,100	42,600
2018	39,800	44,100
2019	41,400	45,500
2020	43,100	41,100
2021	44,800	42,000
2022	46,600	42,800
2023	48,200	43,600
2024	49,600	44,500
2025	51,000	45,200
2026	51,800	45,900
2027	52,400	46,600
2028	53,100	47,300
2029	53,800	48,000
2030	54,300	48,700

Gross Potential Revenues

Fiscal Year	2003 Forecast (Millions)	2007 Forecast (Millions)	Difference (Millions)	Percent Difference
2004	\$26.4	\$26.4	\$0.0	0.0%
2005	\$29.1	\$32.5	\$3.4	11.7%
2006	\$31.8	\$37.5	\$5.7	17.9%
2007	\$34.7	\$41.3	\$6.6	19.0%
2008	\$37.5	\$45.0	\$7.5	20.0%
2009	\$40.5	\$48.6	\$8.1	20.0%
2010	\$43.6	\$52.3	\$8.7	20.0%
2011	\$46.1	\$46.4	\$0.3	0.7%
2012	\$49.2	\$49.9	\$0.7	1.4%
2013	\$36.2	\$53.9	\$17.7	48.9%
2014	\$39.7	\$58.2	\$18.5	46.6%
2015	\$43.5	\$50.6	\$7.1	16.3%
2016	\$47.5	\$53.4	\$5.9	12.4%
2017	\$51.7	\$56.6	\$4.9	9.5%
2018	\$56.2	\$60.3	\$4.1	7.3%
2019	\$60.9	\$65.7	\$4.8	7.9%
2020	\$65.9	\$61.1	(\$4.8)	-7.3%
2021	\$71.1	\$65.0	(\$6.1)	-8.6%
2022	\$76.7	\$68.9	(\$7.8)	-10.2%
2023	\$82.1	\$73.1	(\$9.0)	-11.0%
2024	\$87.4	\$77.1	(\$10.3)	-11.8%
2025	\$92.9	\$81.2	(\$11.7)	-12.6%
2026	\$97.4	\$85.2	(\$12.2)	-12.5%
2027	\$101.8	\$89.5	(\$12.3)	-12.1%
2028	\$106.4	\$94.0	(\$12.4)	-11.7%
2029	\$111.2	\$98.7	(\$12.5)	-11.2%
2030	\$115.6	\$103.6	(\$12.0)	-10.4%
	\$1,683.1	\$1,676.0	(\$7.1)	-0.4%

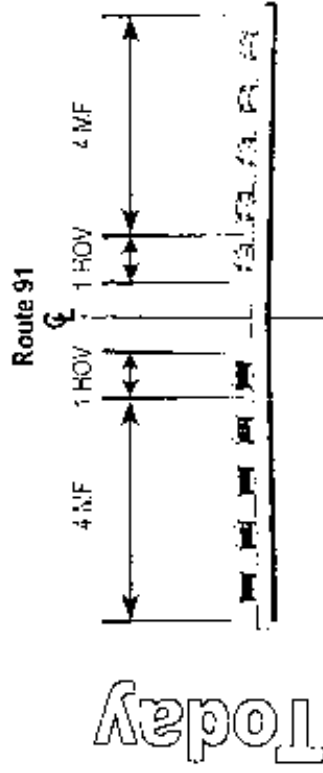
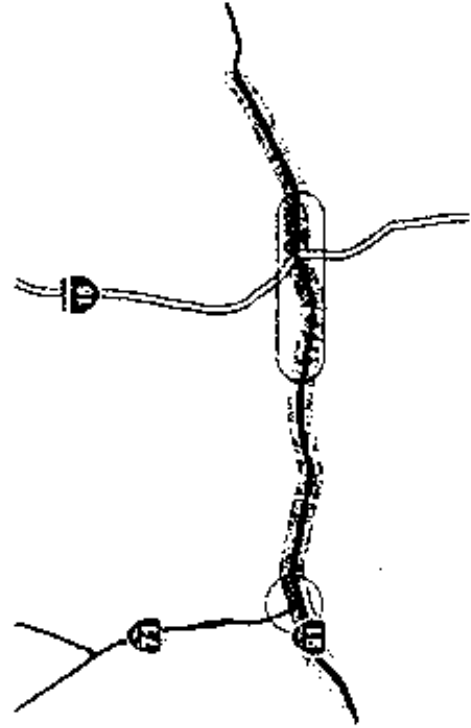
Figures shown above for the 2007 forecast use Stantec's basing scenario. Data contained in the 2007 Forecast for FY 04 - FY 06 represent actual figures.

Riverside County's Plans of Extending the 91 Express Lanes

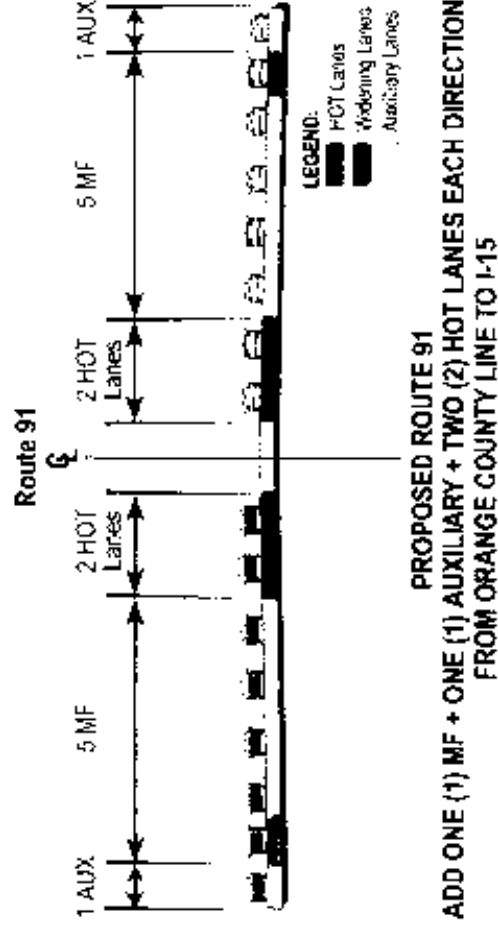
In December 2006, Riverside County Transportation Commission released their plans for improving traffic in the SR-91 Corridor - Improvements include:

- o Construct two HOT Lanes and a General Purpose Lane from OC Line to I-15 and a General Purpose Lane to Pierce Street
- o Construct Eastbound and Westbound Auxiliary Lanes
- o Build Connector Improvements and Collector Distributor (CD) System at SR-71
- o Implement Connector Improvements and CD System at I-15

Estimated Completion Date: 2015



EXISTING ROUTE 91
FOUR (4) MF + ONE (1) HOV LANES EACH DIRECTION
FROM ORANGE COUNTY LINE TO I-15



Riverside County's Proposed Toll Legislation – AB 1295

- ▶ AB 1295 (Spitzer, R-Orange) was introduced as a vehicle for the Riverside County Transportation Commission (RCTC) to seek legislative authority to operate toll lanes on the SR-91 and I-15 in Riverside County
- ▶ Key provisions of the bill include:
 - Deletes AB 1010 provision stating that OCTA shall have no further authority to impose tolls after December 31, 2030
 - Deletes provision that states OCTA may issue bonds for a period not to extend beyond 2030
 - Deletes section in AB 1010 which states that after OCTA pays off the 91 Express Lanes bonds, or on December 31, 2030, which ever comes first, the toll road reverts to Caltrans
 - States that in the event of a partial assignment, the 91 Express Lanes franchise agreement shall be extended to a date determined by OCTA no later than December 31, 2065
 - States that if RCTC constructs the SR-91 toll road, it is the intent that RCTC and OCTA will enter into an agreement that provides for the coordination of the respective toll roads
 - States toll revenues can be used for transportation uses within five miles of SR-91
- ▶ OCTA's Board of Directors has final approval of partially assigning the franchise agreement rights for the 91 Express Lanes in Riverside County to RCTC
- ▶ AB 1295 is pending in the Assembly Appropriations Committee

V. 91 Express Lanes - Operational Activities

91 Express Lanes' Congestion Management Toll Policy

- ▶ Adopted by Board of Directors in July 2003
- ▶ Includes "Three Ride Free" policy
- ▶ Volumes monitored on an hourly basis
- ▶ Board adopted policy establishes trigger points
- ▶ Hours are adjusted on a quarterly basis (toll rates for each hour adjusted are frozen for six months before being eligible for next adjustment)
- ▶ Policy includes annual Cost of Living Adjustment
- ▶ Notification given ten days prior to adjustments
- ▶ Revenue generated must be sufficient to meet debt service coverage ratio (1.3x coverage)



Toll Adjustments

							FY 2007 Toll Adjustments						
							Eastbound						
	Sun	Mon	Tue	Wed	Thur	Fri	Sat						
Midnight								Tue, 7/1/06	4-5 PM	\$0.75 increase to \$7.25			
1:00 AM								Fri, 7/1/06	4-5 PM	\$0.75 increase to \$8.50			
2:00 AM													
3:00 AM								Wed, 10/1/06	5-6 PM	\$0.75 increase to \$8.50			
4:00 AM													
5:00 AM													
6:00 AM								Mon, 1/1/07	5-6 PM	\$0.75 increase to \$6.65			
7:00 AM								Tue, 1/1/07	4-5 PM	\$0.75 increase to \$8.00			
8:00 AM								Wed, 1/1/07	3-4 PM	\$0.75 increase to \$4.95			
9:00 AM								Wed, 1/1/07	4-5 PM	\$0.75 increase to \$8.50			
10:00 AM								Thu, 1/1/07	4-6 PM	\$0.75 increase to \$9.25			
11:00 AM								Thu, 1/1/07	6-7 PM	\$0.75 increase to \$5.75			
Noon								Fri, 1/1/07	3-4 PM	\$0.75 increase to \$9.25			
1:00 PM													
2:00 PM													
3:00 PM													
4:00 PM													
5:00 PM								Tue, 4/1/07	5-6 PM	\$0.75 increase to \$8.50			
6:00 PM								Tue, 4/1/07	6-7 PM	\$0.75 increase to \$5.45			
7:00 PM								Wed, 4/1/07	6-7 PM	\$0.75 increase to \$4.95			
8:00 PM								Thu, 4/1/07	3-4 PM	\$0.75 increase to \$4.95			
9:00 PM								Fri, 4/1/07	4-5 PM	\$1.00 increase to \$9.50			
10:00 PM													
11:00 PM								Fri, 4/1/07	5-6 PM	\$0.75 increase to \$8.00			

Red boxes designate hours where rates have been adjusted since OCTA ownership

Current Toll Schedule

91 EXPRESS LANES TOLL SCHEDULE

Westbound

Apr-07

Time	Sun	Mon	Tue	Wed	Thur	Fri	Sat
Midnight	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
1:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
2:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
3:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
4:00 AM	\$1.15	\$2.20	\$2.20	\$2.20	\$2.20	\$2.20	\$1.15
5:00 AM	\$1.15	\$3.60	\$3.60	\$3.60	\$3.60	\$3.45	\$1.15
6:00 AM	\$1.15	\$3.70	\$3.70	\$3.70	\$3.70	\$3.60	\$1.15
7:00 AM	\$1.15	\$4.05	\$4.05	\$4.05	\$4.05	\$3.95	\$1.60
8:00 AM	\$1.60	\$3.70	\$3.70	\$3.70	\$3.70	\$3.60	\$1.85
9:00 AM	\$1.60	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.30
10:00 AM	\$2.30	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.30
11:00 AM	\$2.30	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.60
NOON	\$2.30	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.80
1:00 PM	\$2.60	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.60
2:00 PM	\$2.60	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.60
3:00 PM	\$2.60	\$1.85	\$1.85	\$1.85	\$1.85	\$2.30	\$2.60
4:00 PM	\$2.75	\$1.85	\$1.85	\$1.85	\$1.85	\$2.30	\$2.75
5:00 PM	\$2.75	\$1.85	\$1.85	\$1.85	\$1.85	\$2.30	\$2.75
6:00 PM	\$2.75	\$1.85	\$1.85	\$1.85	\$1.85	\$2.70	\$2.30
7:00 PM	\$2.30	\$1.15	\$1.15	\$1.15	\$1.15	\$1.85	\$1.85
8:00 PM	\$2.30	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
9:00 PM	\$2.30	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
10:00 PM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
11:00 PM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15

91 EXPRESS LANES TOLL SCHEDULE

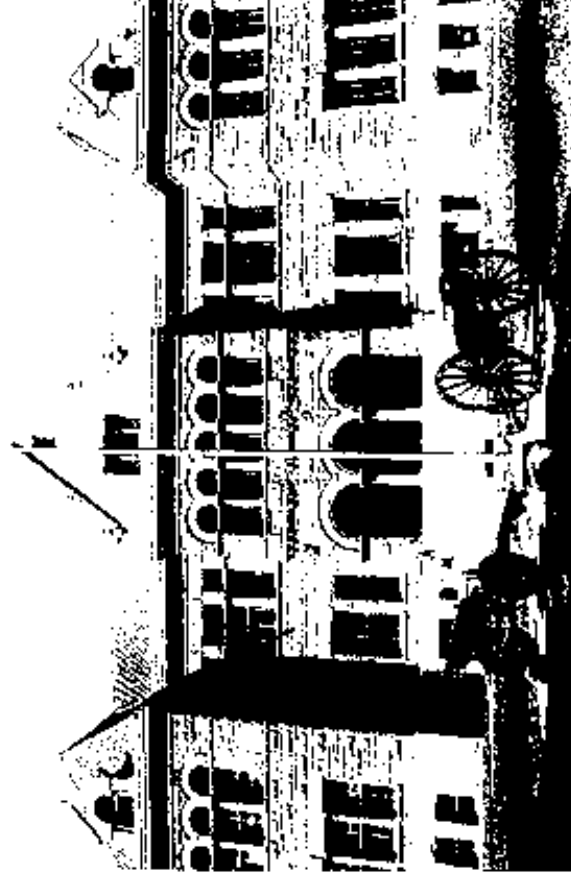
Eastbound

Apr-07

Time	Sun	Mon	Tue	Wed	Thur	Fri	Sat
Midnight	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
1:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
2:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
3:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
4:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
5:00 AM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
6:00 AM	\$1.15	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.15
7:00 AM	\$1.15	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.15
8:00 AM	\$1.50	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
9:00 AM	\$1.50	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
10:00 AM	\$2.30	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.30
11:00 AM	\$2.30	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.30
NOON	\$2.70	\$1.85	\$1.85	\$1.85	\$1.85	\$2.80	\$2.70
1:00 PM	\$2.70	\$2.55	\$2.55	\$2.55	\$2.80	\$4.35	\$2.70
2:00 PM	\$2.70	\$3.70	\$3.70	\$3.70	\$3.80	\$4.35	\$2.70
3:00 PM	\$2.30	\$3.95	\$3.95	\$3.95	\$4.95	\$9.25	\$2.70
4:00 PM	\$2.30	\$6.85	\$8.00	\$8.50	\$9.25	\$9.50	\$2.70
5:00 PM	\$2.30	\$6.85	\$8.50	\$8.50	\$9.25	\$8.00	\$2.70
6:00 PM	\$2.30	\$3.95	\$6.45	\$4.85	\$5.75	\$4.75	\$2.30
7:00 PM	\$2.30	\$2.80	\$2.80	\$2.80	\$4.00	\$4.40	\$1.85
8:00 PM	\$2.30	\$1.85	\$1.85	\$1.85	\$2.55	\$4.00	\$1.85
9:00 PM	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$2.65	\$1.85
10:00 PM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.85	\$1.15
11:00 PM	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15

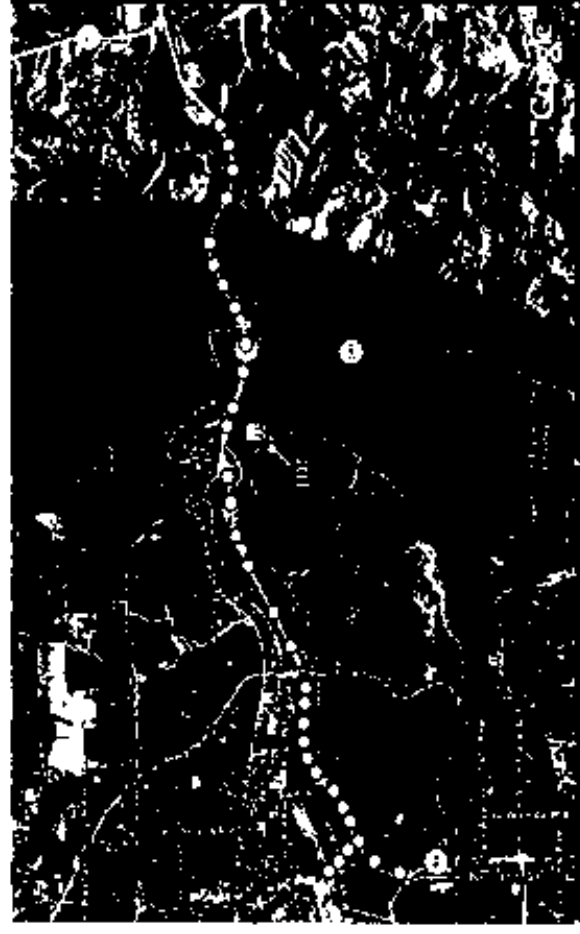
Defending OCTA's Violation Collections Process

- ▶ In January 2007, OCTA and the Transportation Corridor Agencies were jointly named in a class action lawsuit challenging the constitutionality of the procedures followed in assessing violation penalties and the amount of the violation penalties imposed
- ▶ OCTA's violations rate is approximately 2.5% which translates into approximately 30,000 violators per month
- ▶ OCTA's Violation Ordinance assesses penalties authorized by Section 40258 of the California Vehicle Code which allows \$100 for the first violation within one year, \$250 for the second violation within one year and \$500 for each additional violation within one year
- ▶ Most individuals that receive violation notices respond to the notices provided by OCTA and either resolve the infraction or pay a lower amount than the maximum allowed by California statute
- ▶ OCTA receives approximately \$3.5 million per year in violation collections revenue



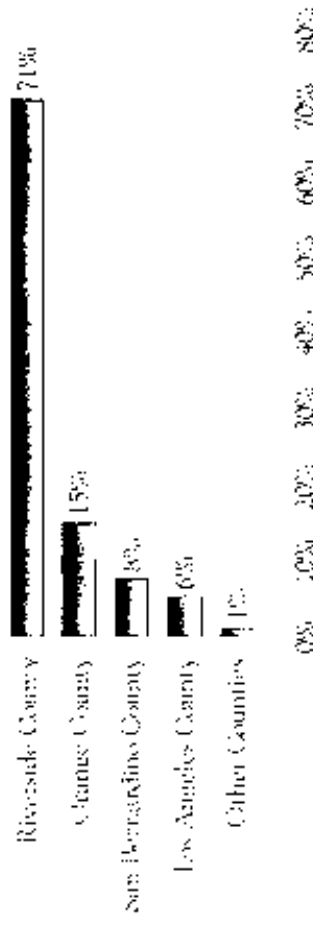
Upgrading the Traffic Operations Center

- ▶ In November 2006, OCTA's Board of Directors approved upgrading the Traffic Operations Center (TOC) and replacing the video camera system on the SR-91
- ▶ Upgrade project includes relocating TOC equipment and systems to a new 1,336 square foot facility in the Anaheim offices, replacing all video cameras, installing new video monitors in the TOC, and replacing video recorders with digital recorders
- ▶ Video cameras monitor traffic flows on the 91 Express Lanes and the SR-91 General Purpose Lanes
- ▶ Project will be completed by mid-July 2007

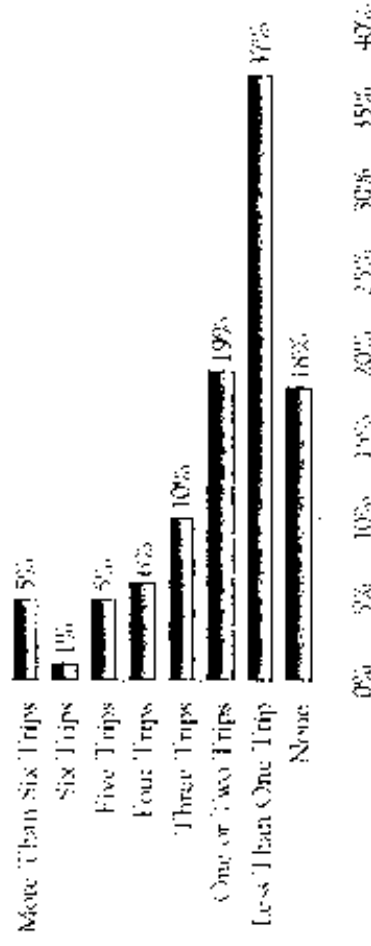


Customer Profiles

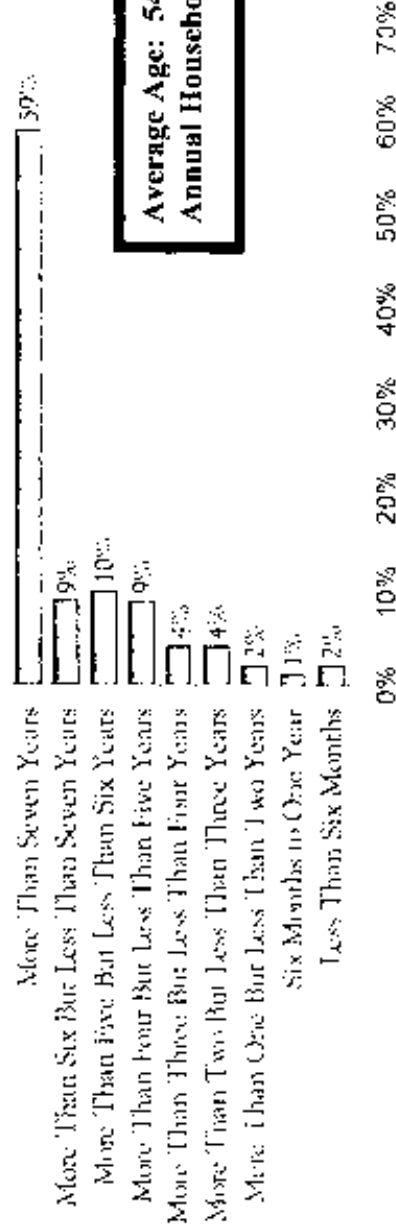
Revenues Generated By County
2006



Number Of Trips Per Week



Length of Time As Customer



Average Age: 54 Years Old
Annual Household Income: \$78,000

Source: Customer Satisfaction Survey, 2006



A Look Ahead...

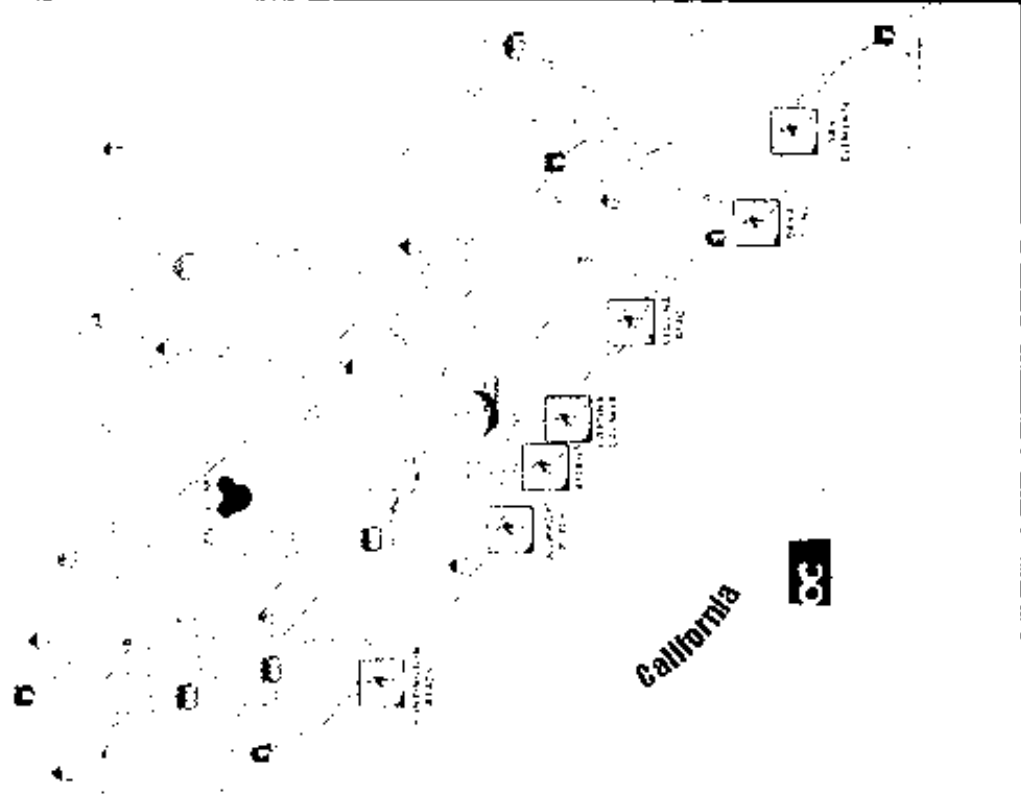
- ▶ Implement the annual inflation adjustments for July 1, 2007 and adjust eligible peak period hours
- ▶ Submit 2007 Implementation Plan for SR-91 improvement projects pursuant to AB 1010
- ▶ Approve 91 Express Lanes fiscal year 2008 budget
- ▶ Complete Stantec traffic and revenue study on the impacts of AB 1295 and monitor the legislative progress of AB 1295
- ▶ Complete Traffic Operations Center upgrade and replace telephone system network
- ▶ Complete fiscal year 2007 financial audit of 91 Express Lanes



VI. Orange County Economy

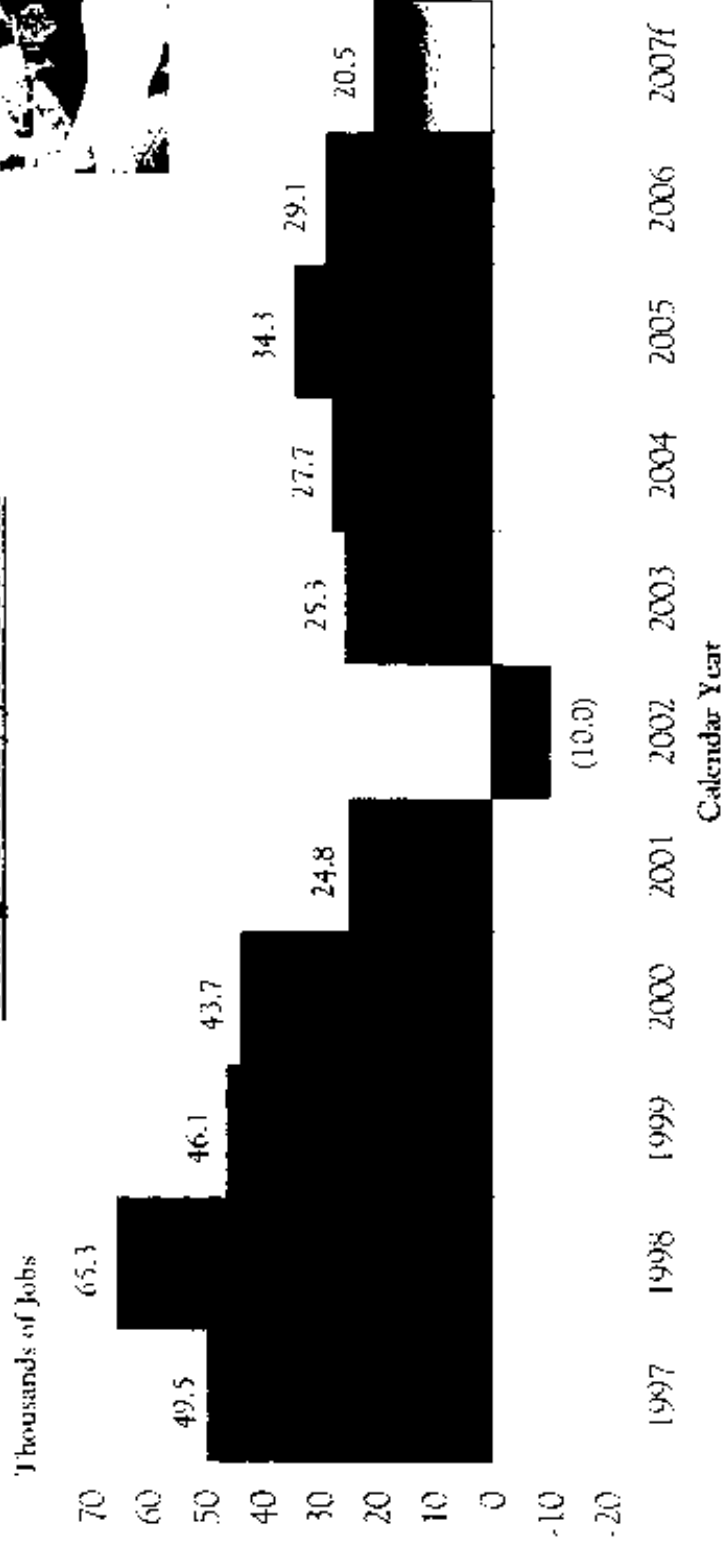
Orange County, California

- ▶ Located between Los Angeles and San Diego Counties
- ▶ 798 square miles and 34 cities
- ▶ Over 3 million residents
- ▶ Net job provider for the area
- ▶ Median family income of \$74,396 (2005 dollars)
- ▶ World's 36th largest economy



Job Growth Continues in 2006

Orange County Job Growth



Annual Percent Change in Employment

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Orange County	4.2%	5.3%	3.6%	3.3%	1.8%	-0.7%	1.8%	1.9%	2.4%	2.0%	2.0%
United States	2.6%	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	2.3%	1.4%	1.4%

Source: Employment Development Department, May 2007. 2007 forecast provided by Chapman University, April 2007.

Change in Job Growth

Orange County Annual Percentage Change in Payroll Jobs April 2006 to April 2007

Average Annual Percentage Change in Payroll Jobs Orange County and United States Comparison 1998 to 2006

Category	United States	Orange County
Construction	+ 2.2%	+ 5.6%
Manufacturing	(2.6)%	(2.1)%
Trade, Transportation & Utilities	+0.4%	+ 1.2%
Financial Activities	+ 1.3%	+ 4.2%
Services	+ 1.8%	+ 2.5%
Government	+ 1.2%	+ 2.1%
Total	+ 0.9%	+ 1.9%

Hot Employment Sectors	
Educational & Health Services	5.2%
Government	1.9%
Construction	1.6%
Professional & Business Services	1.5%
Leisure & Hospitality	1.0%

Cool Employment Sectors	
Financial Activities	-1.4%
Information	-1.0%
Trade, Transportation, & Utilities	-0.3%

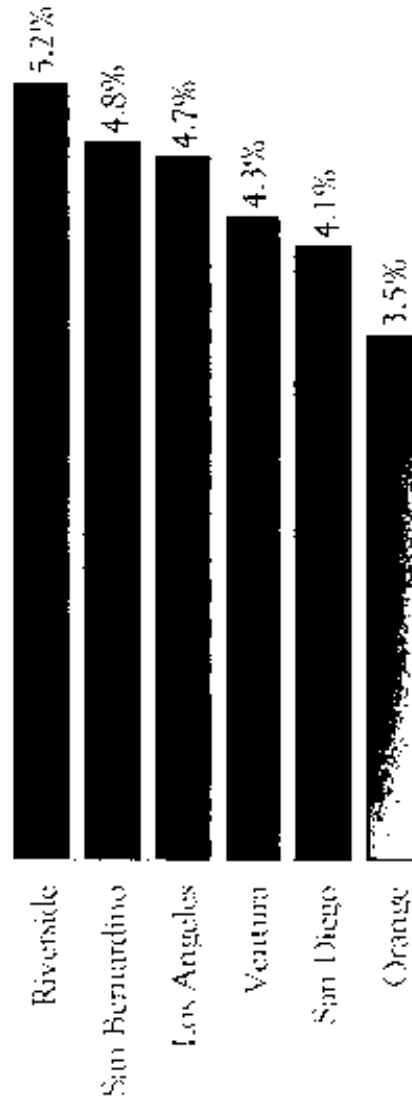


Source: Employment Development Department, May 2007

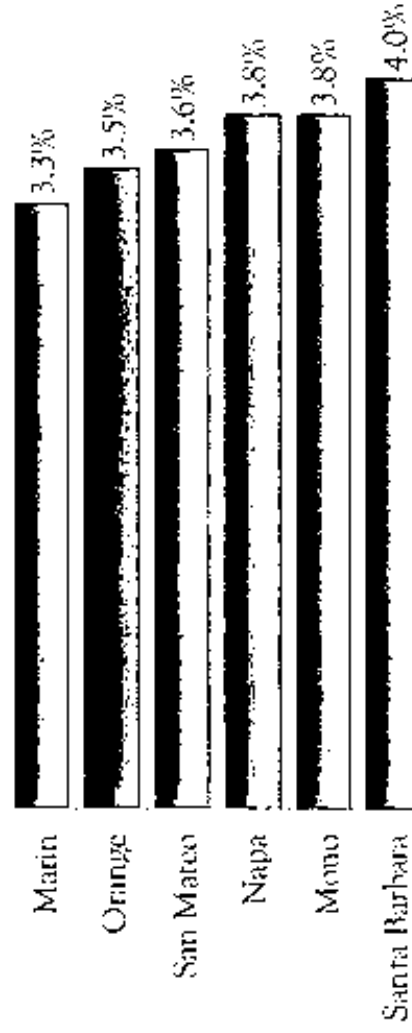
Unemployment Level Remains Low Despite Mortgage Layoffs



Southern California Counties



Lowest California County Rates

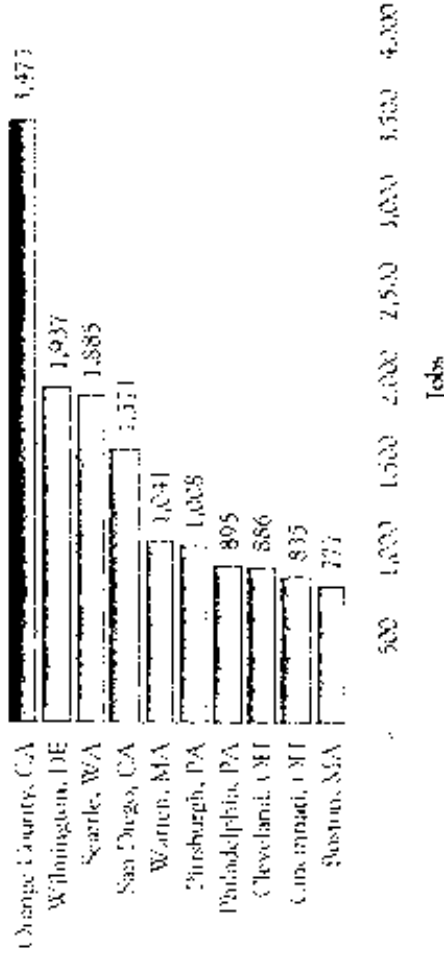


California Unemployment Rate: 5.0%
United States Unemployment Rate: 4.5%

Source: Employment Development Department -- April 2007

Orange County is Home to Many Subprime Lenders

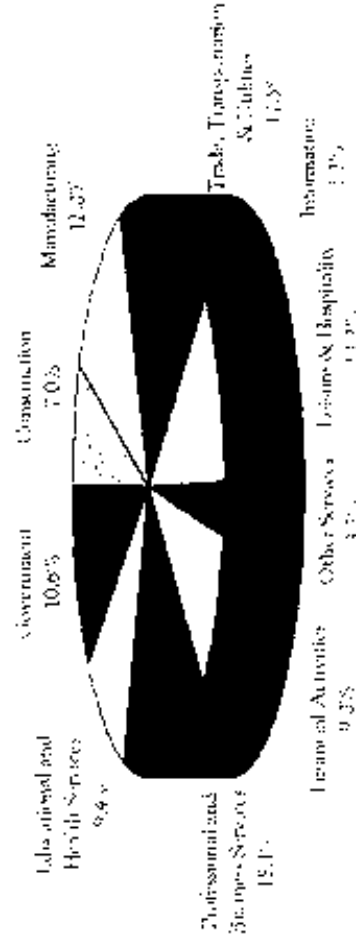
Metropolitan Areas With Most Job Losses
In Mortgage Lending (2005 to 2006)



Orange County Major Job Layoffs
Mortgage Lending Institutions
2007

ACC Capital Holdings 3,000 jobs
New Century Financial 500 jobs
ResMae Mortgage Corporation 300 jobs
Lending Tree 147 jobs
General Electric WMC Mortgage 83 jobs
Impac Mortgage Holdings 70 jobs

Orange County Employment Sectors
1.54 Million Jobs



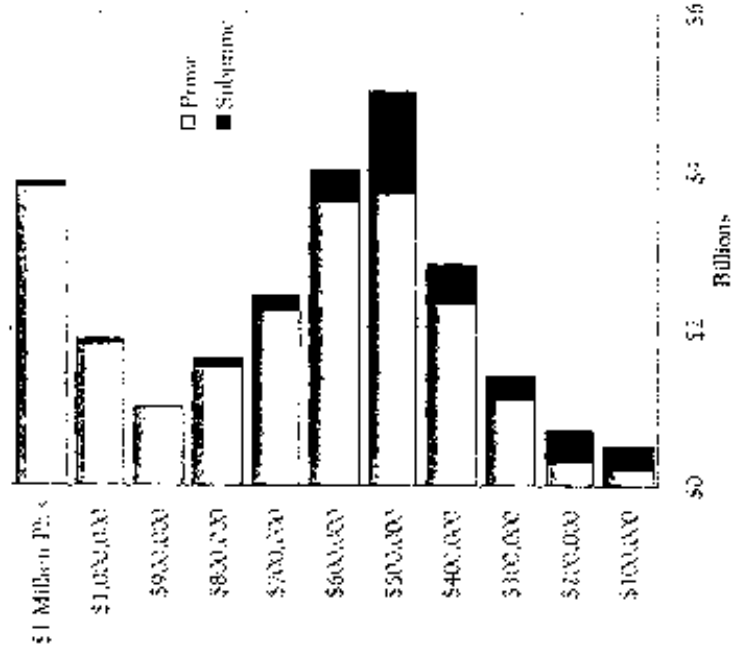
Source: Moody's Economy.com, Employment Development
Department, May 2007, Orange County Register

Subprime Loans in Orange County and Southern California

Southern California Home Loans in 2005 (Billions)

County	Percent Subprime	Prime	Subprime	Total
San Bernardino	40.3%	\$ 9.00	\$ 6.08	\$ 15.08
Imperial	40.0%	\$ 0.39	\$ 0.26	\$ 0.65
Riverside	33.4%	\$ 16.94	\$ 8.49	\$ 25.43
Los Angeles	27.7%	\$ 45.16	\$ 17.34	\$ 62.50
Ventura	21.2%	\$ 6.12	\$ 1.65	\$ 7.77
Orange	20.9%	\$ 20.92	\$ 5.54	\$ 26.46
San Diego	20.3%	\$ 22.33	\$ 5.67	\$ 28.00
California Average	26.0%			

Orange County Home Loans in 2005



Source: Federal Financial Institutions Examination Council

Home Prices Remain Flat While Sales Volumes Drop



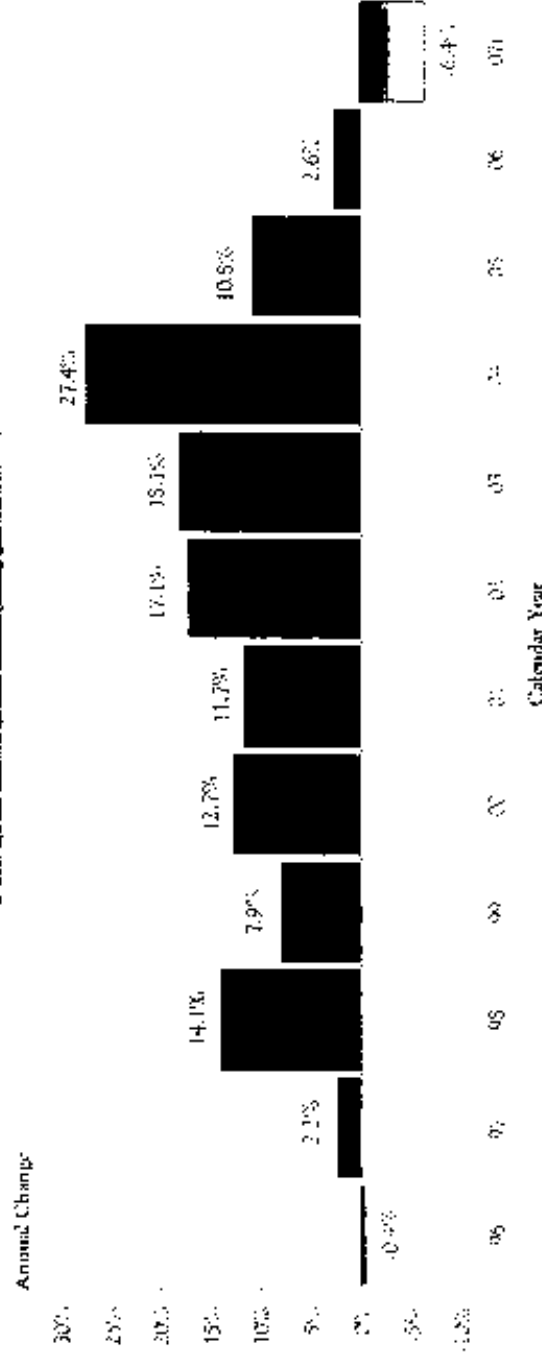
\$629,000
Orange County
Median Home Price
in April 2007



Southern California Median Prices and Sales Volumes

County	April Median	Percent Change	April Sales	Percent Change
Orange	\$ 629,000	-0.2%	2,682	-24.7%
Ventura	\$ 572,000	-2.4%	890	-11.7%
Los Angeles	\$ 540,000	5.9%	7,225	-22.2%
San Diego	\$ 490,000	-3.0%	3,436	-13.5%
Riverside	\$ 409,000	-1.0%	2,987	-45.1%
San Bernardino	\$ 370,000	2.8%	2,049	-46.7%
Southern California Total	\$ 505,000	6.0%	19,269	-28.9%

Orange County Housing Appreciation

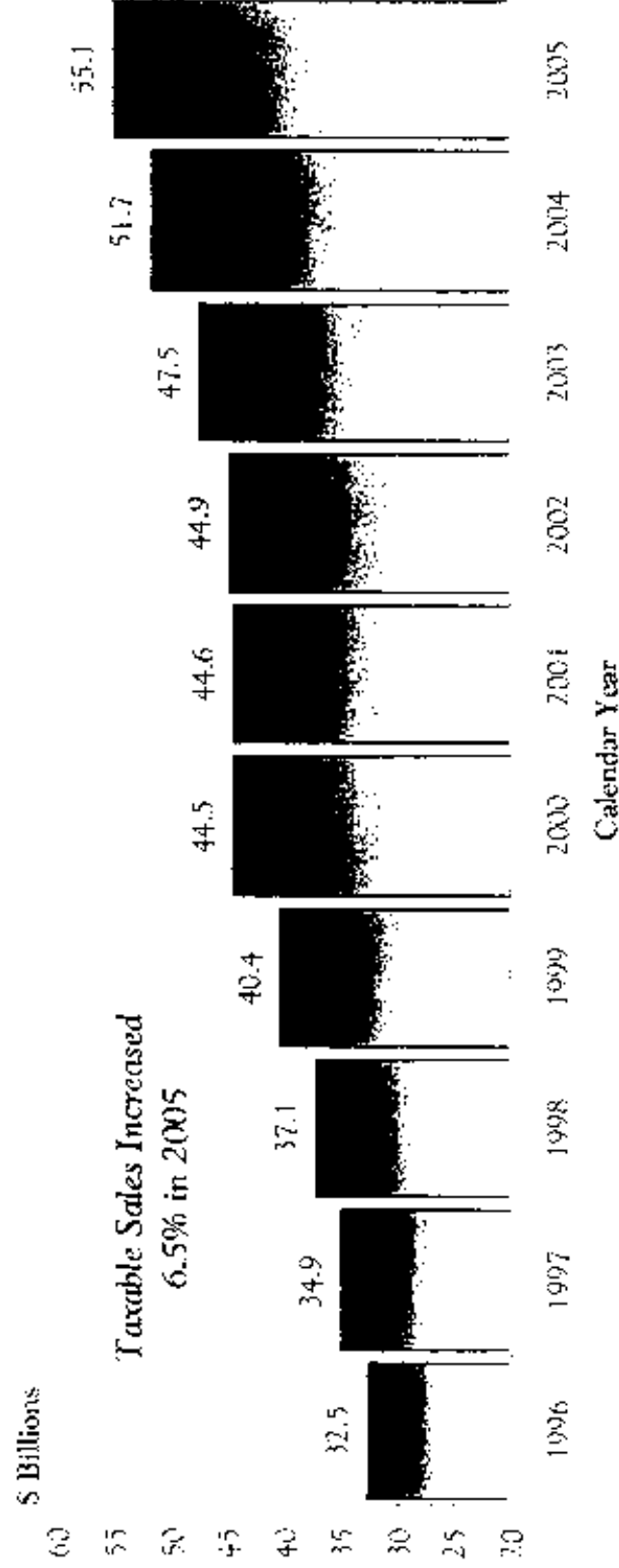


Source: DataQuick Information Systems and Chapman University. 2007f provided by Chapman University.

Taxable Sales Growth Solid in 2005



Historical Orange County Taxable Sales



Source: State Board of Equalization

5

VII. Chief Executive Officer's Report

Court Orders 60-Day Cooling Off Period in Labor Dispute

- ▶ On April 30, 2007, OCTA's collective bargaining agreement with Teamsters Local 952 Union covering 1,100 coach operators expired
- ▶ During the negotiation period, representatives of OCTA and the Union did not agree on terms for a new agreement
- ▶ A 60-day cooling-off period between OCTA and the coach operators' union was ordered in Orange County Superior Court on May 7, 2007
- ▶ The order was issued at the request of the California Attorney General after OCTA asked Governor Arnold Schwarzenegger and the state to intervene when union leaders walked away from the bargaining table
- ▶ OCTA has offered a 13.3% increase in wages and benefits over three years
- ▶ OCTA's three-year wage and benefits package totals approximately \$207 million and the Union's offer totals approximately \$210 million
- ▶ The 60-day cooling off period will end at midnight on July 6, 2007



Transit Update

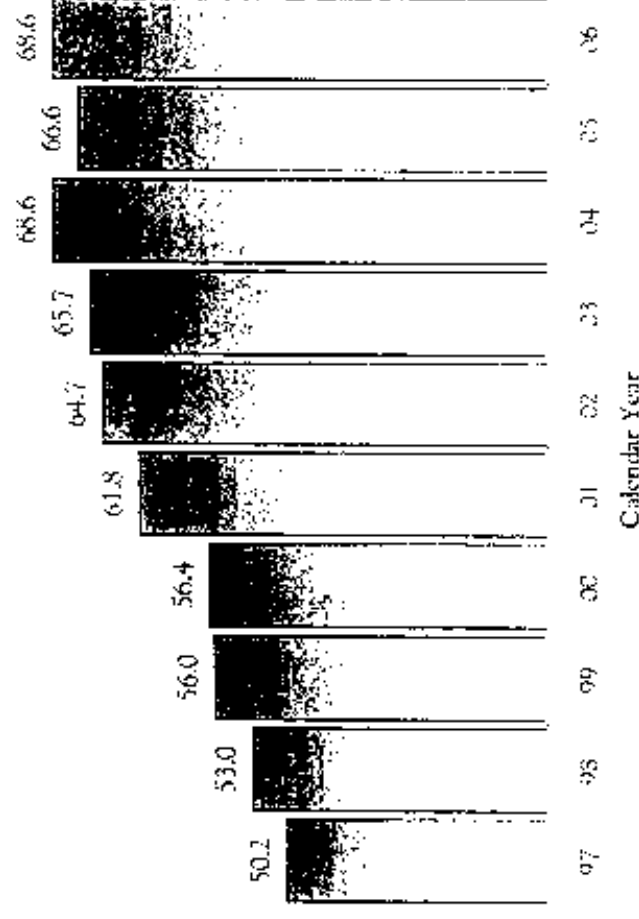
- ▶ On July 1, 2006, Veolia Transportation replaced Laidlaw Transit as the operator of ten local fixed routes, four express lines, ten Station Link lines and the entire ACCESS paratransit network (since the transition, Veolia has had trouble meeting contract performance standards)

- ▶ Bus ridership reached 68.6 million in 2006, an increase of three percent from the previous year

- ▶ Ridership levels in 2006 matched the same amount in 2004, the year prior to the 2005 fare increase

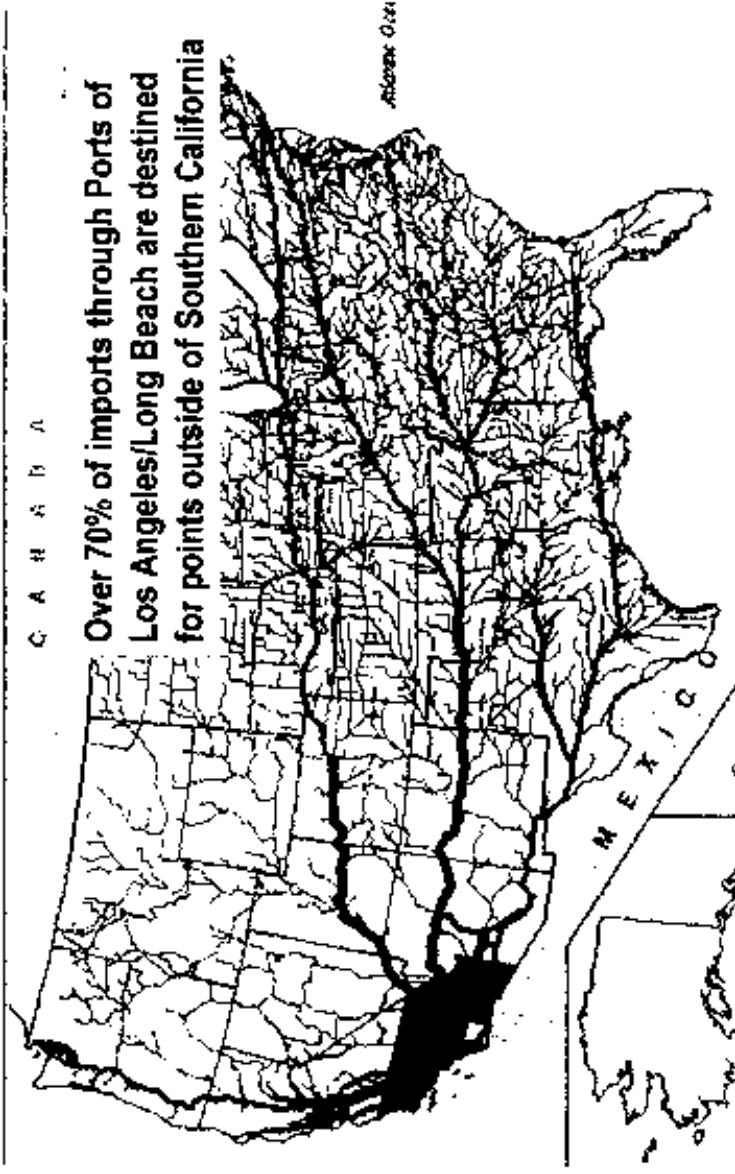
- ▶ In early 2007, the Board of Directors authorized the purchase of 31 mid-size compressed natural gas (CNG) buses bringing the total of CNG buses at OCTA to 330

Annual Bus Ridership
Boardings in Millions



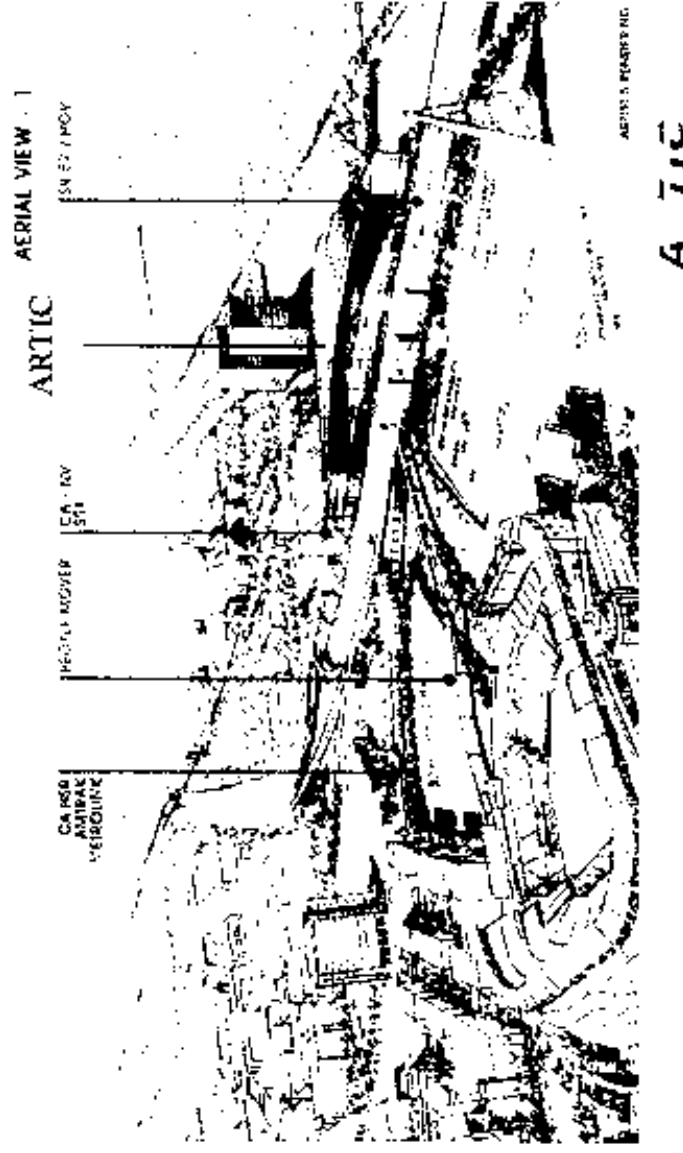
OCTA Adopts Goods Movement Policy

- ▶ In March 2007, the Board of Directors adopted a goods movement policy that includes projects and programs that contribute to the economic prosperity of Orange County and protects the quality of life in the region
- ▶ Because of increasing international trade and U.S. trade policies, the pursuit of faster and more efficient methods of goods movement has become a necessity in Southern California
- ▶ Expanding road and rail capacity is essential, however, these enhancements must be linked to mitigating the impacts on the local communities and transportation systems
- ▶ The goods movement policy identifies, pursues, and supports those projects that improve and mitigate the community impacts of goods movement corridors in the country and region
- ▶ Priority is placed on those projects which can be implemented and mitigated simultaneously



Anaheim Regional Transportation Intermodal Center (ARTIC)

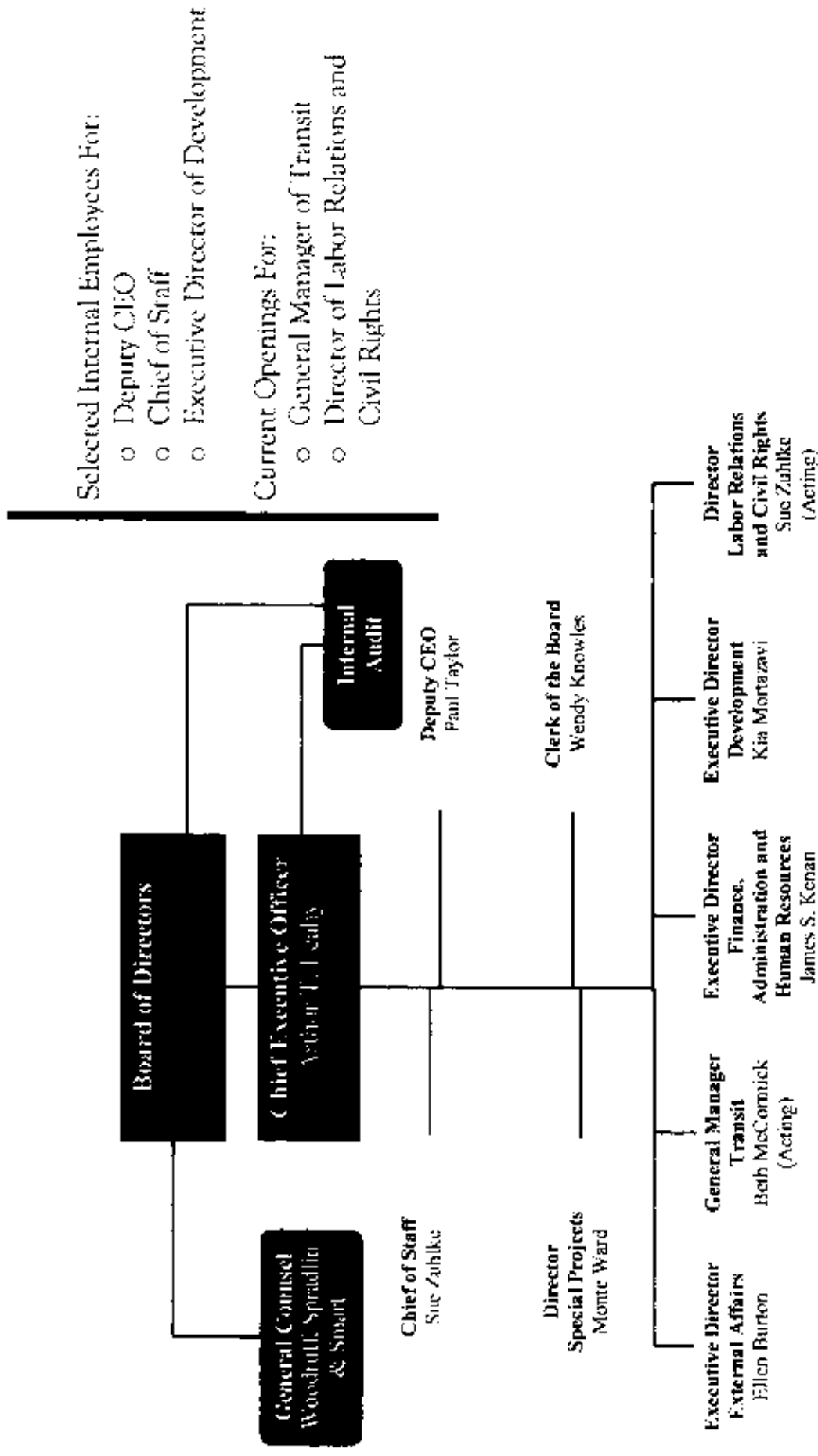
- ▶ In 2005, the County of Orange designated a 13.5-acre parcel in Anaheim as surplus property available for purchase
- ▶ The property is near Katella Avenue, the Orange Freeway (SR-57), the Santa Ana River, the OCTA-owned railroad right-of-way and Douglass Road (adjacent to the Anaheim Angels stadium and the Anaheim Ducks arena)
- ▶ OCTA purchased this property with the understanding that it would be used to develop a regional intermodal transportation center
- ▶ OCTA and the City of Anaheim have been working together to create a long-term plan for the development of this land
- ▶ OCTA and the city are taking the first step in the development of ARTIC by identifying the roles and responsibilities for planning, building and operating the facility



“Go Local” Program Debuts

- ▶ In 2006, the Board of Directors approved the “Go Local” program, a program that allocates \$100,000 grants to encourage local cities to find ways to better connect their local business, residential and activity centers with one of the nine Orange County Metrolink stations along the Los Angeles to San Diego (LOSSAN) corridor
- ▶ Cities receive grants to study a variety of transit concepts, including local shuttle bus, trolley service, and/or a new pedestrian corridor leading to a Metrolink station
- ▶ The initial \$100,000 grant allows cities to conduct an assessment of local transit needs and develop initial project concepts
- ▶ OCTA then issues a competitive call for projects and distributes the remaining funding based on evaluation criteria including local funding commitments, proximity to job and population centers, cost effectiveness and expected traffic congestion relief
- ▶ The initial phase of the program is funded with \$30 million from the current Measure M program
- ▶ Renewed Measure M will provide up \$1 billion in additional funding to help implement the transit extensions
- ▶ 18 cities have signed agreements with OCTA for the program

Changes at the Executive Management Level



VIII. Financial Management

Measure M Sales Tax Revenues Slowing in FY 2007

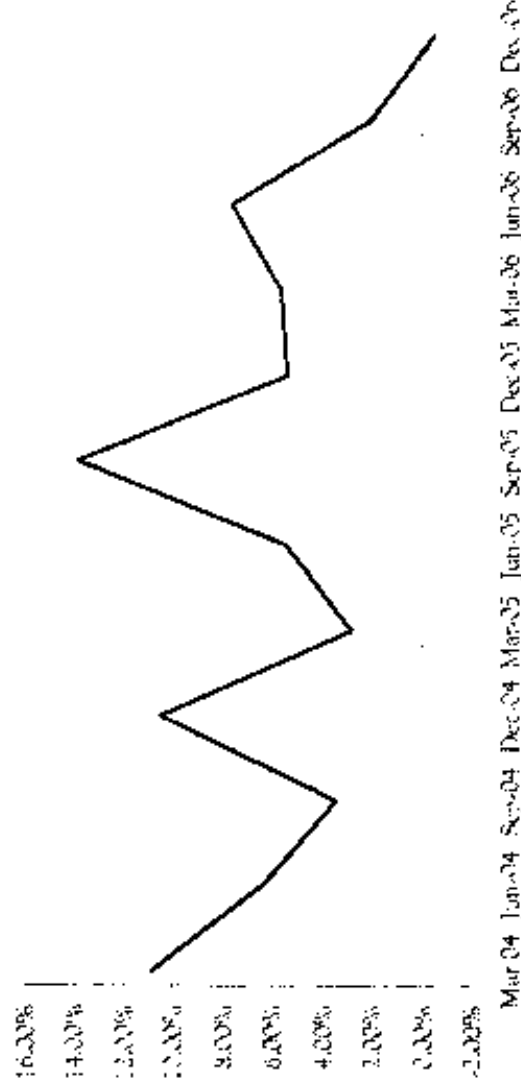
- ▶ Quarterly half-cent sales tax receipts dipped negative for the first time since June 2002 during the quarter ending December 2006

- ▶ In December 2006, sales tax receipts declined 0.54 percent when compared to December 2005

- ▶ Three university average forecast for FY 2007 is estimated at 4.3 percent

- ▶ Measure M Sales Tax Revenues have increased 0.73 percent during the first half of FY 2006-07 (July 2006 through December 2006)

Measure M Sales Tax Revenues Growth By Quarter
Annual Percentage Change Year Over Year



Renewed Measure M Updated Forecast

- ▶ In January 2007, OCTA requested an update to the Renewed Measure M forecast from Chapman University, California State University, Fullerton, and UCLA

- ▶ Approximately \$23.5 billion is forecasted to be generated over the 30-year period

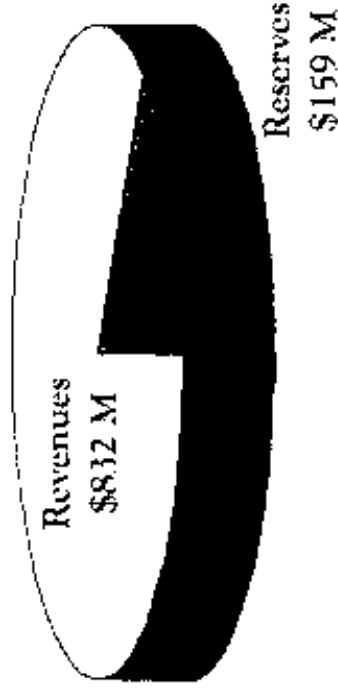
- ▶ Average projected rate of growth during the 30-year period is approximately 4.92 percent

- ▶ In 2007 dollars, Renewed Measure M Sales Tax is forecasted to generate \$12.79 billion

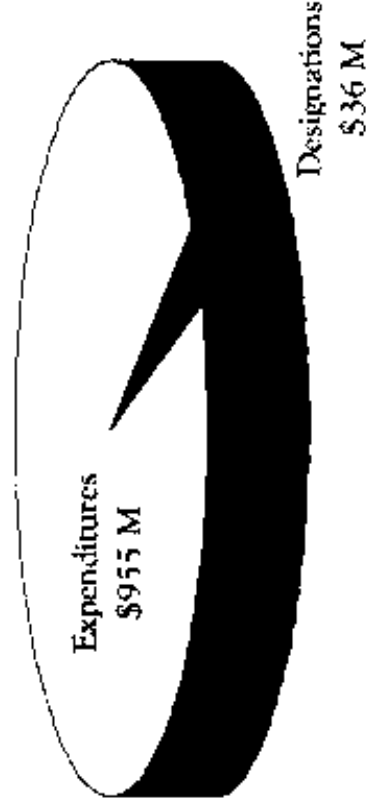
Fiscal Year	Renewed Measure M Revenue	Growth Rate	Fiscal Year	Renewed Measure M Revenue	Growth Rate
2011	\$ 86,019,384	5.1%	2027	\$ 752,504,679	5.3%
2012	362,040,583	5.2%	2028	790,550,067	5.1%
2013	380,539,149	5.1%	2029	828,348,127	4.8%
2014	400,711,364	5.3%	2030	861,628,029	4.0%
2015	421,673,412	5.2%	2031	903,227,504	4.8%
2016	444,063,730	5.3%	2032	946,898,389	4.8%
2017	466,436,490	5.0%	2033	992,718,509	4.8%
2018	488,707,722	4.8%	2034	1,041,184,238	4.9%
2019	511,507,220	4.7%	2035	1,092,020,166	4.9%
2020	536,062,621	4.8%	2036	1,144,802,007	4.8%
2021	563,440,457	5.1%	2037	1,200,309,861	4.9%
2022	592,191,266	5.1%	2038	1,258,540,647	4.9%
2023	620,211,748	4.7%	2039	1,319,569,802	4.9%
2024	648,931,032	4.6%	2040	1,383,434,007	4.8%
2025	680,223,292	4.8%	2041	1,087,810,648	4.8%
2026	714,367,143	5.0%			

Proposed Fiscal Year 2008 Budget Totals \$991 Million

Source of Funds



Use of Funds



Major Initiatives

Metrolink Expansion Program	\$ 95.7 M
Revenue Vehicles	63.5 M
Metrolink On-Going Operations	55.7 M
Garden Grove Freeway Phase II	30.4 M
I-5 Gateway Project	26.1 M
Anaheim Regional Transportation Intermodal Center	22.2 M

Proposed Fiscal Year 2008 Budget Overview

In Millions

	FY 2005-06 Year-End Actuals	FY 2006-07 Approved Budget	FY 2007-08 Proposed Budget	Change	
				Dollars	Percent
Revenue / Reserves					
Revenue	\$ 728.1	\$ 731.0	\$ 832.5	\$ 101.5	14%
Reserves Utilization	67.2	113.5	158.5	45.0	40%
Total Revenue/Reserves	\$ 795.3	\$ 844.5	\$ 991.0	\$ 146.5	17%
Expenditures / Designations					
Salaries & Benefits	\$ 133.8	\$ 148.0	\$ 157.7	\$ 9.7	7%
Services & Supplies	356.8	502.5	601.1	98.6	20%
Capital	143.7	122.9	196.1	73.2	60%
Designations	161.0	71.1	36.1	(35.0)	-49%
Total Expenditures/Designations	\$ 795.3	\$ 844.5	\$ 991.0	\$ 146.5	17%

Proposed Fiscal Year 2008 Revenue Detail

In Millions

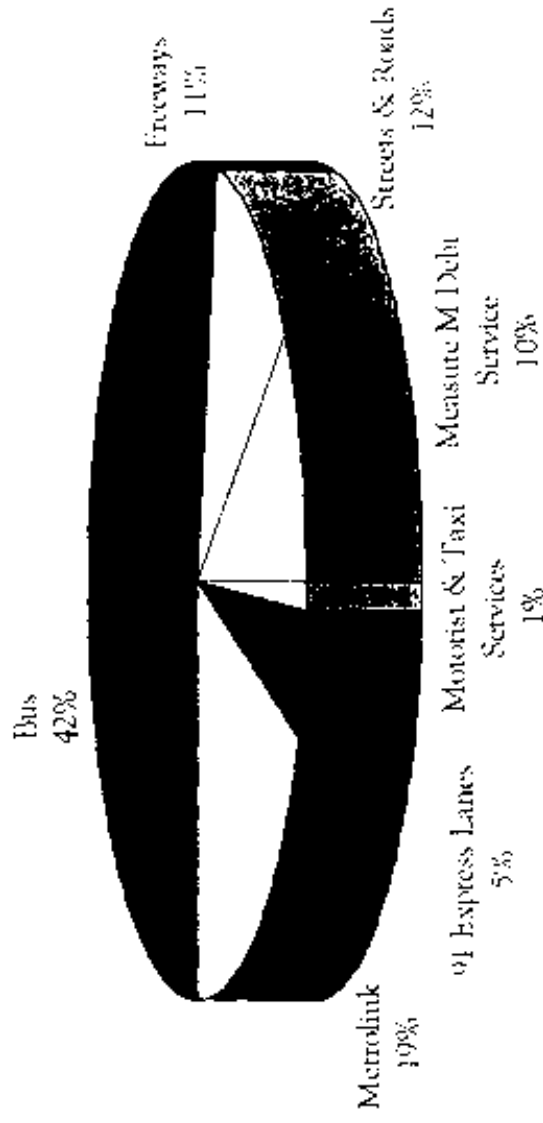
Revenue By Source	FY 2005-06 Year-End Actuals	FY 2006-07 Approved Budget	FY 2007-08 Proposed Budget	Change	
				Dollars	Percent
Local Transportation Authority 1/2 Cent Sales Tax	\$ 268.1	\$ 296.2	\$ 300.3	\$ 4.1	1%
Local Transportation Fund 1/4 Cent Sales Tax	105.2	111.6	120.7	9.1	8%
Federal Grants	101.4	84.0	112.2	28.2	34%
Passenger Fares	51.5	54.7	56.9	2.2	4%
Interest	25.3	36.2	50.5	14.3	40%
State Grants	0.6	21.7	56.8	35.1	162%
Toll Road Revenues	44.2	41.2	48.9	7.7	19%
Project Reimbursement/Gas Tax	66.5	24.7	23.9	(0.8)	-3%
Gas Tax	23.0	23.0	23.0	-	0%
Property Tax & Department of Motor Vehicle Fees	14.9	15.2	15.7	0.5	3%
State Transit Assistance Fund Sales Tax	11.8	13.6	10.8	(2.8)	-21%
Other	12.6	4.8	8.1	3.3	69%
Advertising	\$ 3.1	\$ 4.2	\$ 4.7	\$ 0.5	12%
Subtotal Sources	\$ 728.2	\$ 731.1	\$ 832.5	\$ 101.4	14%
Reserve Utilization	\$ 67.2	\$ 113.5	\$ 158.5	\$ 45.0	40%
Total	\$ 795.4	\$ 844.6	\$ 991.0	\$ 146.4	17%

Proposed Fiscal Year 2008 Expenditure Detail

In Millions

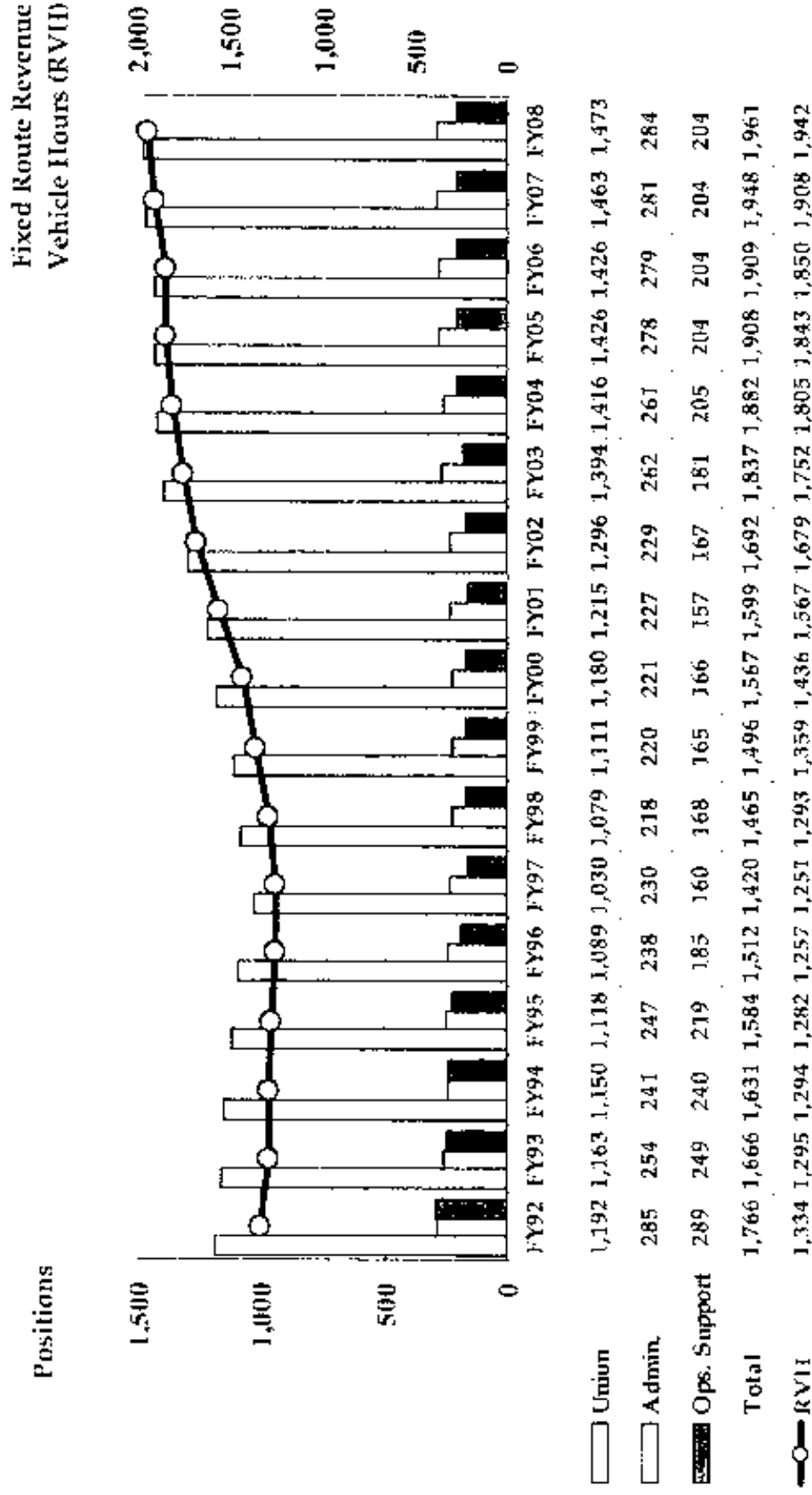
Use of Funds	FY 2005-06 Year-End Actuals	FY 2006-07 Approved Budget	FY 2007-08 Proposed Budget	Change	
				Dollars	Percent
Salaries & Benefits	\$ 133.8	\$ 148.0	\$ 157.7	\$ 9.7	7%
Capital/Construction	143.7	122.9	196.1	73.2	60%
Other Operating Expenses	16.1	106.0	145.4	39.4	37%
Professional & Outside Services	66.9	97.4	140.5	43.1	44%
Measure M Turnback/Competitive	61.4	73.2	86.6	13.4	18%
Long-Term Debt Payments	63.7	67.3	71.3	4.0	6%
Contract Transportation Services	36.9	36.9	40.6	3.7	10%
Insurance Claims/Premiums	12.3	16.7	13.9	(2.8)	-17%
Maintenance Parts & Fuel	28.0	34.6	32.2	(2.4)	-7%
Interest Expense	35.5	32.9	29.7	(3.2)	-10%
Gas Tax Exchange	23.0	23.0	23.0	0.0	0%
General & Administration	\$ 13.1	\$ 14.5	\$ 17.9	\$ 3.4	23%
Subtotal of Uses	\$ 634.4	\$ 773.4	\$ 954.9	\$ 181.5	23%
Designation of Funds	\$ 161.0	\$ 71.1	\$ 36.1	\$ (35.0)	-49%
Total	\$ 795.4	\$ 844.5	\$ 991.0	\$ 146.5	17%

Proposed Fiscal Year 2008 Program Expenditures



<u>Bus</u>		
Revenue Vehicles	\$ 63.5 M	
ACCESS	\$ 26.7 M	
Diesel Fuel	\$ 10.7 M	
Maintenance Parts	\$ 9.8 M	
<u>Metrolink</u>		
SCRRRA Cooperative Agreements	\$ 40.4 M	
ROW Acquisition	\$ 24.3 M	
Metrolink Operations Cost	\$ 14.0 M	
Metrolink Rail Cars	\$ 10.0 M	
<u>Streets & Roads</u>		
Measure M Turnback & Competitive Programs	\$ 91.1 M	
<u>Freeways</u>		
SR-22 Project - Phase II		\$ 30.4
I-5 Gateway Project		\$ 26.1
SR-57, Orangethorpe to Lambert		\$ 12.2
SR-22 Project - Phase I		\$ 10.2
<u>Measure M Debt Service</u>		
Principal Payments		\$ 71.3
Interest Expense		\$ 17.2
<u>91 Express Lanes</u>		
Operating Expenses		\$ 16.1
ETTM System Upgrades		\$ 2.5
<u>Motorist & Taxi Services</u>		
Taxi, TSP, Callbox & Abandoned Vehicle Programs		\$ 9.4

Proposed Fiscal Year 2008 Staffing and Service Trend

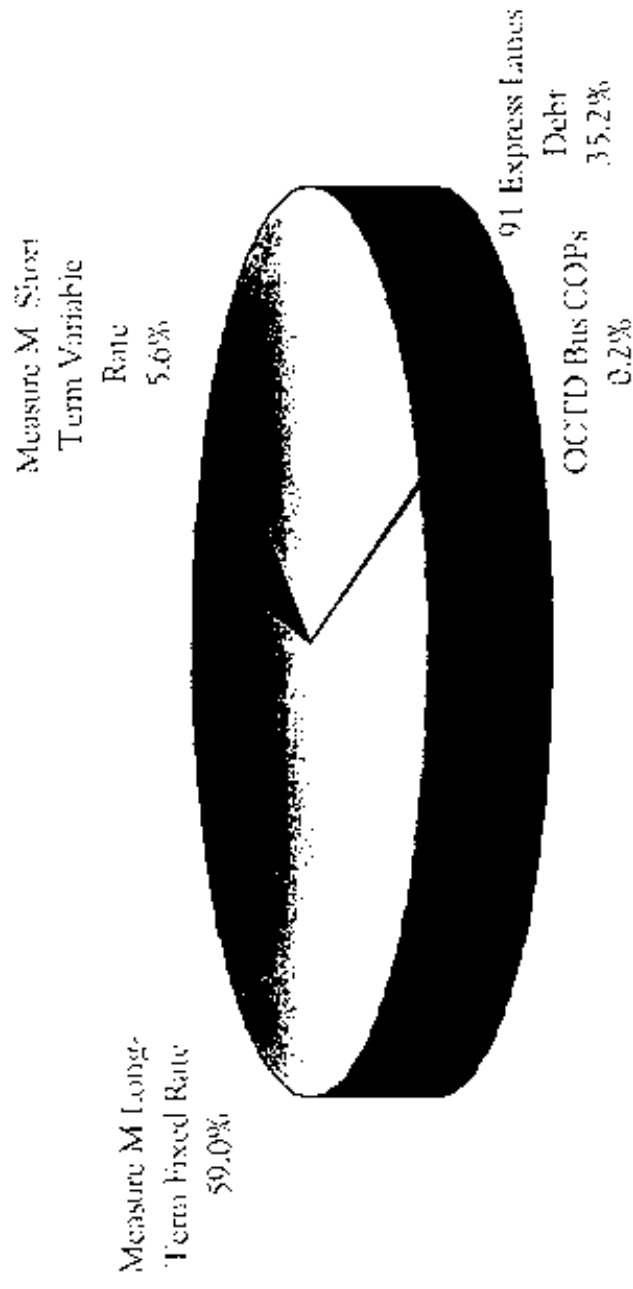


Financial Planning for the Future

- ▶ OCTA Board of Directors annually approves a Comprehensive Business Plan (CBP)
- ▶ CBP is a financially constrained business planning tool that provides future projections for 20 years with a focus on the first five years
- ▶ CBP incorporates the assumptions from the current year's budget and provides financial targets for the following year's budget
- ▶ New plan will include Renewed Measure M projected revenues and expenditures
- ▶ CBP will contain any financing assumptions driven by the Early Action Plan
- ▶ CBP captures all OCTA program modes:
 - Transit Operations (Bus and Metrolink)
 - Measure M
 - Renewed Measure M
 - 91 Express Lanes
 - Planning and Capital Projects
 - Motorist and Taxi Cab Services
- ▶ Next CBP is scheduled to be completed by the end of calendar year 2007

IX. Debt Management

Total Outstanding Debt Equals \$522 Million



	Outstanding Balance	Maturity Date
Measure M Long-Term Fixed Rate	\$307.8 M	February 2011
Measure M Short-Term Variable Rate	\$29.1 M	February 2011
OCTD Bus COPs	\$1.2 M	July 2007
91 Express Lanes Debt	\$183.5 M	December 2030

Measure M Outstanding Debt Totals \$337 Million

Principal Payments Due

Millions

\$ 90

\$ 80

\$ 70

\$ 60

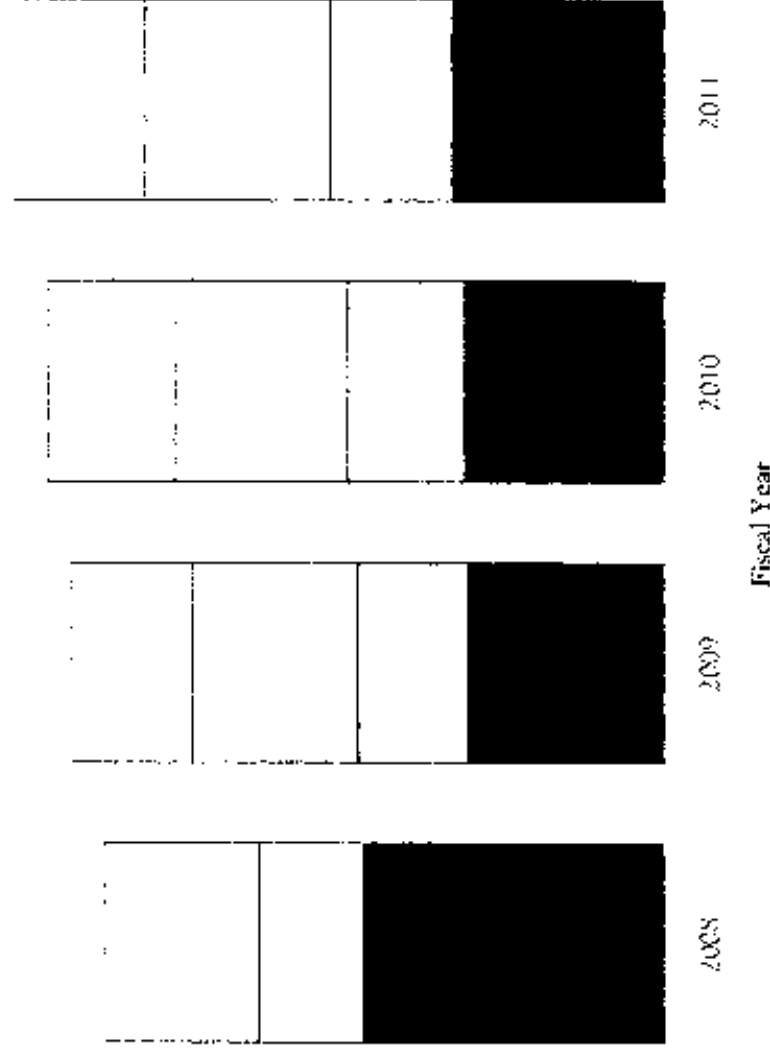
\$ 50

\$ 40

\$ 30

\$ 20

\$ 10



■ 1992 First Senior ■ 1994 Second Senior □ 1997 Second Senior
 □ 2001 Second Senior

Outstanding Balances (Millions)

1992 First Senior \$ 101.3

1994 Second Senior \$ 14.6

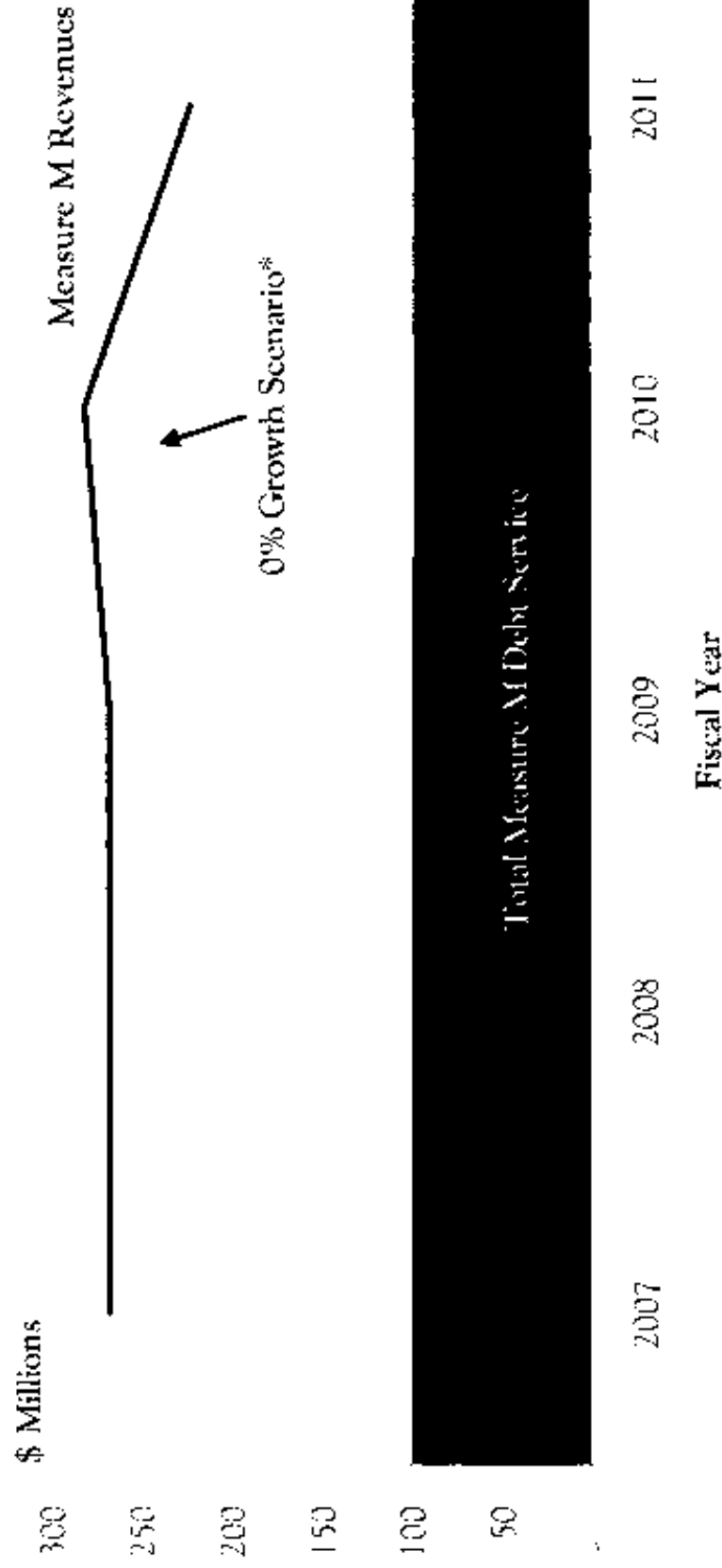
1997 Second Senior \$ 57.3

1998 Second Senior \$ 86.2

2001 Second Senior \$ 48.4

Tax-Exempt CP \$ 29.1

Measure M Revenues Provide Strong Coverage



Measure M sales tax collections will terminate on March 31, 2011

* 0% Growth Scenario assumes 0% growth rate for FY 07, FY 08, and FY 09. The forecast for FY 10 and FY 11 is based upon the average growth rate from the forecasts provided by Chapman University, California State University-Fullerton, and the University of California, Los Angeles.

Historical Measure M Coverage

Millions	FY 02	FY 03	FY 04	FY 05	FY 06
<u>Revenues</u>					
Sales Tax Revenues (1)	\$ 209.4	\$ 219.9	\$ 234.4	\$ 247.4	\$ 267.2
Less 14.6% Turnback	(30.3)	(31.8)	(33.9)	(35.8)	(38.6)
Revenues Available for Debt Service (2)	\$ 179.1	\$ 188.1	\$ 200.5	\$ 211.6	\$ 228.6
<u>First Senior Bonds</u>					
Long-Term Bond Debt Service	\$ 29.5	\$ 29.5	\$ 29.5	\$ 29.8	\$ 29.8
Coverage	6.07x	6.38x	6.80x	7.10x	7.67x
<u>First and Second Senior Bonds</u>					
Long-Term Bond Debt Service	\$ 87.6	\$ 87.9	\$ 88.0	\$ 88.2	\$ 88.2
Coverage	2.04x	2.14x	2.28x	2.40x	2.59x

(1) Sales Tax Revenues are defined as Sales Tax Receipts minus State Board of Equalization fees.

(2) Excludes investment earnings

Projected Measure M Coverage

Millions	FY 07	FY 08	FY 09	FY 10	FY 11
<u>Revenues</u>					
Sales Tax Revenues (1)	\$ 267.2	\$ 267.2	\$ 267.2	\$ 280.8	\$ 221.4
Less 14.6% Turnback	(38.6)	(38.6)	(38.6)	(40.6)	(32.0)
Revenues Available for Debt Service (2)	\$ 228.6	\$ 228.6	\$ 228.6	\$ 240.2	\$ 189.4
<u>First Senior Bonds</u>					
Long-Term Bond Debt Service	\$ 29.9	\$ 29.8	\$ 29.8	\$ 28.7	\$ 28.9
Coverage	7.65x	7.67x	7.67x	8.37x	6.55x
<u>First and Second Senior Bonds</u>					
Long-Term Bond Debt Service	\$ 88.3	\$ 88.5	\$ 88.6	\$ 87.4	\$ 87.4
Coverage	2.59x	2.58x	2.58x	2.75x	2.17x

(1) Sales Tax Revenues are defined as Sales Tax Receipts minus State Board of Equalization fees. Assumptions for revenue growth are 0% for FY 07, FY 08, FY 09, 5.05% for FY 10, and 5.13% for FY 11 (average forecast from Chapman, California State University-Fullerton, and UCLA)

(2) Excludes investment earnings

Projected Measure M Program Cash Flow

\$ Millions

Fiscal Year Ending June 30,

2011

2010

2009

2008

2007

2006

2005

2004

2003

2002

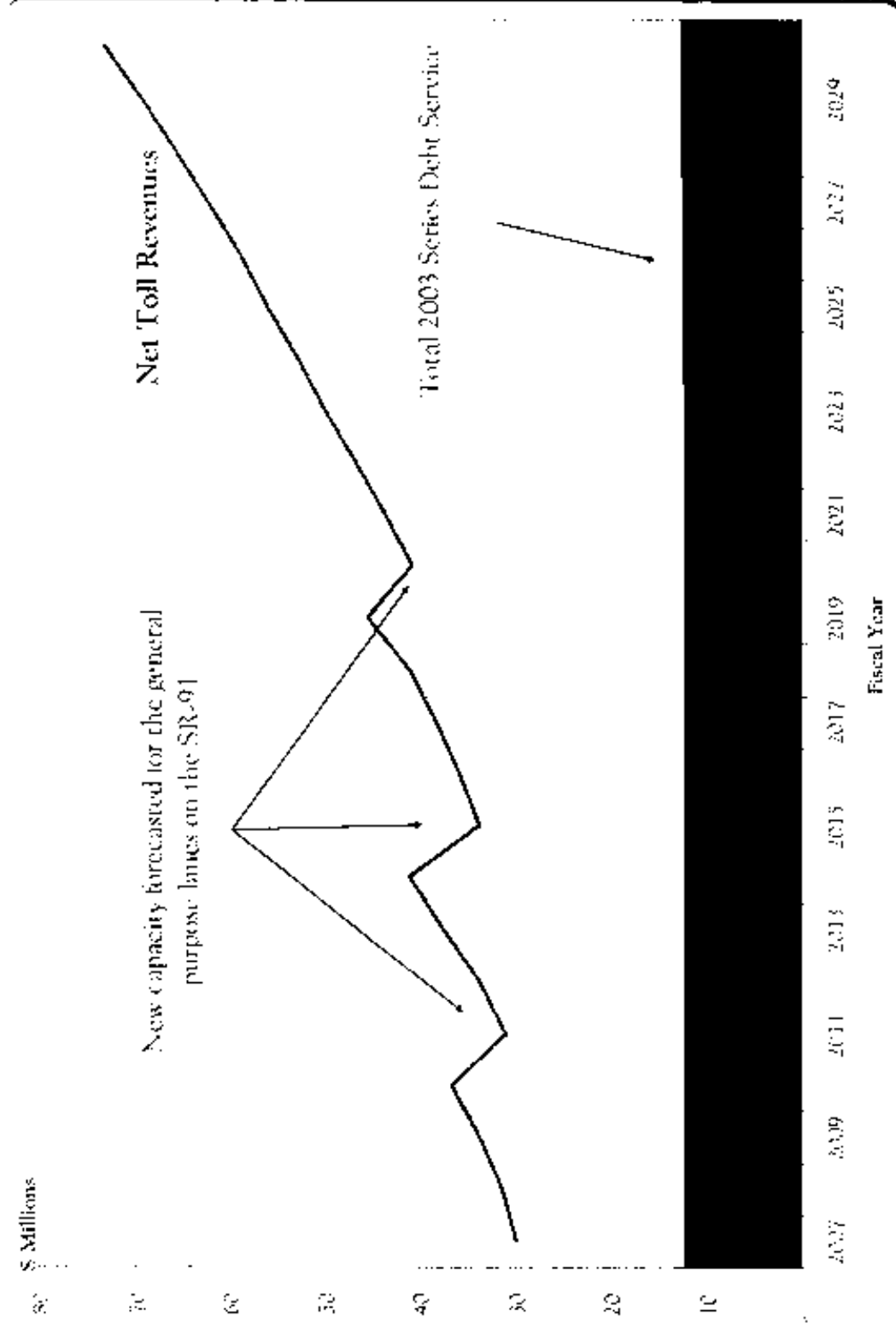
2001

BEGINNING CASH BALANCE	552.40	424.91	594.10	244.24	221.35
SOURCES OF FUNDS					
Sales Tax Revenues*	259.81	259.59	259.35	272.52	212.86
Bond Proceeds / Release of Debt Service Reserve Funds	0.00	0.00	0.00	0.00	62.83
TECP Proceeds	0.00	0.00	0.00	0.00	0.00
Other Revenues	39.67	7.72	13.07	13.07	3.57
Investment Earnings	19.65	14.14	9.91	7.82	7.03
Total Sources Of Funds	319.12	281.45	282.33	293.41	286.29
DEBT SERVICE PAYMENTS					
Gross Debt Service on Bonds	88.32	88.46	88.56	87.40	87.42
TECP Interest / Redemption **	7.71	7.48	7.25	7.73	8.07
Total Debt Service Payments	96.03	95.94	95.81	95.13	95.49
AMOUNT AVAILABLE FOR PROJECTS	805.50	610.42	490.62	442.52	412.65
PROGRAM EXPENDITURES					
Freeway Mode	138.72	53.33	60.34	47.52	15.39
Transit Mode	121.43	149.72	105.00	105.00	41.82
Pay-As-You-Go Transit	1.17	1.17	1.17	1.17	1.17
Local Streets & Roads	69.87	59.98	56.79	50.68	113.75
Regional Streets & Roads	49.40	42.14	23.08	16.30	96.85
Total Program Expenditures	380.59	306.32	246.38	220.67	269.99
ANNUAL CASH FLOW	(157.49)	(125.91)	(55.76)	(22.39)	(79.19)
ENDING CASH BALANCE	434.91	304.10	244.74	221.85	142.66

* Sales Tax Revenues are net of SBOE Fees and OCTA Administrative Fees. The forecast for FY 07, FY 08, and FY 09 is based on a 0% growth rate. Forecast for FY 10 and FY 11 is based on an average forecast from: Chapman University, UCLA, and California State University, Fullerton

** Assumes principal retirement (TECP = Tax-exempt commercial paper)

91 Express Lanes Coverage Projected to Remain Strong



Net toll revenues are based on Scantac's (formerly known as Vollmer Associates) February 2007 forecast

91 Express Lanes Reserve Fund Summary (as of Apr 30, 2007)

	<u>Reserve Requirement</u>	<u>Current Balance</u>	<u>Monthly Deposit</u>	<u>Fully Funded By:</u>
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<u>Bond Indenture Reserves</u>				
Operating Reserve Fund	\$2,750,000	\$2,750,000		Fully Funded

Capital Reserve Fund	\$10,000,000	\$4,679,092	\$200,000	December 2009
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Supplemental Reserve Fund	\$12,634,792	\$8,580,265	\$100,000	January 2012
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Debt Service Reserve Fund	\$12,634,792	\$12,635,289		Fully Funded
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Additional Reserves

Internal Capital Reserve	N/A	\$3,670,341	N/A	N/A
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"Basis" Account	N/A	\$ 167,257	N/A	N/A
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APPENDIX

Carolyn Cavecche

Chairman

Mayor, City of Orange



Having grown up in Orange County, Carolyn and her husband Rick chose Orange as the community to purchase their first home and start a family. Now long-term residents with three children they couldn't think of a better place to call home.

A graduate of California State University, Long Beach with a Bachelor of Science degree in Microbiology, Chairman Cavecche served seven years on the Orange Public Library Board of Trustees before being elected to the Orange City Council in June of 2001. Re-elected in November of 2002, she served as Mayor pro tem from 2003 to 2006, when she was directly elected Mayor of the City of Orange.

Chairman Cavecche has represented the Third District on the Orange County Transportation Authority Board of Directors since March 2004. She was unanimously selected to serve as Chairman of the Board of Directors for 2007 after serving as Vice-Chair in 2006. Chairman Cavecche is also a member of the Finance and Administration, Regional Planning and Highways, State Route 91 Advisory, and Transportation 2020 committees.

Chairman Cavecche has developed a strong interest in infrastructure and public works needs. She has served on the executive committee of the Orange County Sanitation District Board of Directors as chair of Operations, Maintenance and Technical Services. She was also a Sanitation District representative to a joint committee with the Orange County Water District over-seeing the Ground Water Replenishment System. One of the largest water re-use systems under construction.

Chairman Cavecche and her family are active in scouting, youth sports and at their church

Chris Norby

Vice-Chairman

Supervisor, 4th District &

Chairman of the Orange County

Board of Supervisors



Supervisor Norby was elected to the Orange County Board of Supervisors in March, 2002. He was sworn in as the Supervisor of the Fourth District on January 6, 2003, representing the cities of Fullerton, La Habra, Placentia, Buena Park and Anaheim (west of the 57 freeway). Supervisor Norby was chosen by his colleagues as Chairman of the Board of Supervisors in 2007.

Prior to his election to the Board of Supervisors, Supervisor Norby served on the Fullerton City Council since 1984, having been re-elected in 1988, 1992, 1996 and 2000. He served three years as Mayor of Fullerton – in 1990-91 and 1995-97. His 18 years of public service place him among the most senior of Orange County's elected city officials. While serving on the Fullerton City Council, Supervisor Norby was a strong advocate of open and efficient government. Concurrent with his tenure as a Fullerton City Councilmember and Mayor, Supervisor Norby was employed as a high school history teacher.

Statewide, Supervisor Norby is a leading critic of the abuse of power by redevelopment agencies and a strong advocate for fair and stable revenues for local government. He serves as the statewide director of Municipal Officials for Redevelopment Reform and authored "Redevelopment: The Unknown Government." Various cities have been known to lure high sales-tax producers such as chain retails and auto dealerships away from adjacent cities to pad the city tax base – all in the name of redevelopment.

As a member of the Orange County Board of Supervisors, Supervisor Norby works to implement structural reform for local governments. His program, FRESH – "Fiscal Reform: Equity, Stability, Harmony" – seeks to distribute property and sales tax dollars to local governments more fairly and equitably.

As a member of the OCTA Board of Directors, Vice-Chairman Norby also serves as the Vice-Chairman for both the Executive Committee and the Security Working Group Committee. Vice-Chairman Norby also serves as a member of the Regional Planning and Highways Committee and the Transit Planning and Operations Committee. As a member of the Foothill/Eastern Transportation Corridor Agency, Norby serves as the Chairman of the Foothill/Eastern Operations and Finance Committee.

Bill Campbell

Director

Supervisor, 3rd District



Supervisor Campbell founded BIMA Corporation, a franchisee of Taco Bell. He was a founding member of the Franchise Management Advisory Council with Taco Bell, which helped foster a spirit of working together between franchisees and the Taco Bell Corporation. The Campbell family sold BIMA in 2000. Prior to forming BIMA, Supervisor Campbell worked for Clabir Corporation, Rockwell International, NATEC and TRW systems.

A native Southern Californian, Supervisor Campbell was born in Los Angeles and raised in Pico Rivera. He received his Bachelor of Science in electrical engineering at Loyola Marymount University and his master of Business Administration at the Harvard Business School. He is a member of the Orange Chapter of Legatus and a former member of the Young Presidents' Organization where he served on the International Board of Directors for four years. Supervisor Campbell is also a member of both the Harvard Business School and the Loyola Marymount Alumni Associations and served on the Loyola Alumni Board.

Supervisor Campbell served in the California State Assembly from 1996 to 2002 representing the Seventy-First Assembly District, which included Orange, Villa Park, Tustin, Anaheim, Santa Ana, Mission Viejo, Lake Forest, Irvine, Rancho Santa Margarita and much of Southern Orange County. As a member of the Assembly, he was the Minority Leader, Vice Chairman of the Appropriations Committee and was a member of the Education, Banking and Finance, and Utilities and Commerce Committees.

Assemblyman Campbell had 32 bills signed into law, including the Children's Internet Protection Act, a \$400,000 grant for the Trabuco Canyon Bike Trail in Southern Orange County and a Manufacturers Investment Tax Credit. In 1999 he was instrumental in passing legislation to fund the statewide eradication and control of the Red Imported Fire Ant infestation occurring in California.

Supervisor Campbell is a member of the Children's Services Coordination Committee, Children and Families Commission of Orange County, South Coast Air Quality Management District, In-Home Supportive Services Public Authority, Library Advisory Board, Orange County Council of Governments, Orange County Housing Authority Board, Orange County Transportation Authority, South Orange County Public Financing Authority, Transportation Corridor-Eastern/Foothill, Transportation Corridor-San Joaquin Hills, and the Orange County Fire Authority.

Supervisor Campbell was elected in 2003 and reelected in 2004 and represents the Third Supervisorial District which includes the cities of Irvine, Tustin, Orange, Villa Park, Yorba Linda, Brea, the unincorporated communities of North Tustin and Orange Park Acres and much of the canyon areas of southeastern Orange County.

Jerry Amante

**Director
Mayor Pro Tem, City of Tustin**



Director Jerry Amante joined the Orange County Transportation Authority Board of Directors in December 2006.

As a member of the OCTA Board of Directors, Director Amante serves as Vice-Chairman of the Finance and Administration Committee and also serves as a member of the following committees: Regional Planning and Highways, Transportation 2020, State Route 91 Advisory, and the South County MIS Committee.

Director Amante has served on the Tustin City Council since 2004 where he is presently Mayor Pro Tem. Director Amante also currently serves as a Director of the Foothill/Eastern Transportation Corridor Agency where he serves as Vice-Chairman of the Finance and Operations Committee and on the Legislative Committee and Ad Hoc Joint Financial Options Committee. Director Amante also serves on the Newport Bay Watershed Executive Committee, the California State League of Cities Revenue and Taxation Policy Committee, and the Orange County League of California Cities Advocacy Committee.

Prior to joining the City Council, Director Amante was appointed to the Tustin Planning Commission and served as its Chairman until 2004.

Director Amante is an attorney and is a licensed real estate broker who owns a business, corporate and real estate law firm and a commercial and residential real estate brokerage firm. He is also an Arbitrator on the Panel of Civil Arbitrators of the Orange County Superior Court.

Director Amante has a B.A. from the University of California, Los Angeles and a Juris Doctorate from Southwestern University School of Law.

Peter Buffa

**Director
Public Member**



Director Peter Buffa is a media, corporate communications and intergovernmental consultant. He formed Petrone' Communications, Inc., a media production and consulting firm, in 1983. His work in documentary television has earned numerous awards, including two EMMY Awards and awards from the New York and Moscow Film Festivals (*The Mechanical Universe*, PBS).

As a member of the OCTA Board of Directors, Director Buffa serves as a member of the following committees: Finance and Administration, Legislative Governmental Affairs, Transportation 2020, and the South County MIS Committee.

Director Buffa served as a Council Member and Mayor of Costa Mesa, California from 1986 to 1998, following two years as a Planning Commissioner. From 1987 to 1998, Director Buffa served as a Director of the Transportation Corridor Agencies, including two terms as Chairman of the San Joaquin Hills Corridor Agency. In 1998, Director Buffa received special recognition from the American Road & Transportation Builders Association for his work on innovative transportation projects.

Director Buffa's firm, Petrone' Communications, has provided consulting services to numerous public agencies on the development and implementation of public outreach and consensus-building programs, including: Transportation Corridor Agencies, U.S. Army Corps of Engineers, and National Water Research Institute.

Director Buffa received a Bachelor of Fine Arts from the University of Arizona in 1970, and did graduate work at the University of Southern California Film School. He was commissioned a Lieutenant in the U.S. Air Force in 1970 and served as a press liaison and media production officer during the Vietnam War.

ARTHUR LEAHY
Chief Executive Officer
Orange County Transportation Authority

Arthur T. Leahy is Chief Executive Officer of the Orange County Transportation Authority (OCTA), a countywide transportation agency with 1,945 employees and an annual budget of \$991 million. Under the direction of a 17-voting member Board of Directors, he is responsible for planning, financing and coordinating Orange County's freeway, street and rail development as well as managing bus services, commuter rail services, paratransit van service for people with disabilities and a host of other transportation programs. He has served in the position since January 2001.

During Leahy's tenure, OCTA has undertaken some of the biggest projects in its history. Last year, Leahy delivered a \$550-million widening of the Garden Grove Freeway (SR-22), the first design-build project on existing freeway in California that saved three to five years from the original schedule. In 2003, OCTA purchased the 91 Express Lanes for \$207.5 million from a private firm that had operated the road, eliminating a "noncompete" agreement that banned any improvements to the adjacent free lanes and has since improved the SR-91 with reduced congestion, additional lanes and improved mobility along California's most congested corridor. Leahy has enhanced Orange County's transit system. Ridership on the bus and commuter rail systems have experienced record growth, boosting OCTA to the 12th busiest bus system in the nation and helping the agency lead in commuter-rail growth in Southern California.

Leahy also led OCTA to garner overwhelming approval for a \$12 billion transportation sales tax renewal with 70 percent of voters approving Orange County's Measure M, which will begin in 2011. Under his leadership this year, OCTA is delivering an aggressive comprehensive early action plan for Measure M that includes \$1.6 billion of transportation work for five freeway projects totaling \$445 million, enhancing Metrolink commuter-rail service with safety and quiet zone improvements, awarding \$200 million in competitive funds for transit projects, providing \$166 million for signal synchronization and road upgrades and developing a water quality and environmental improvement projects.

Leahy's experience within the transportation industry is extensive. Prior to joining OCTA, he most recently served as the General Manager of Metro Transit in Minneapolis-St. Paul, Minnesota where he was credited with revitalizing their entire transit system. From 1971 to 1996 he served at the Los Angeles Metropolitan Transportation Authority (MTA). Starting as a bus operator, he worked his way up to Executive Officer of Operations, where he directed the efforts to start rail service with the opening of the Metro Blue, Red and Green lines and the operation of the MTA's bus system.

OCTA was honored this year with the "National Owner of the Year" award from Design Build Institute of America for its successful delivery of the SR-22 project. In 2005, the OCTA was recognized as the "Outstanding Transportation System" of the year by the American Public Transportation Association. In 2004, the agency received "Urban Community Transportation System of the Year" from the Community Transit Association of America. In 1998, Mr. Leahy was named the "Transit Professional of the Year" by the Minnesota Public Transit Association.

JIM KENAN
Executive Director of Finance, Administration, and Human Resources
Orange County Transportation Authority

As the Orange County Transportation Authority's Executive Director of Finance, Administration, and Human Resources, Jim Kenan directs and manages OCTA's financial and administrative services, treasury/public finance, contracting, and human resource activities for the Authority. Jim supervises a 200-person division responsible for administering internal operations policies as well as financial performance, growth, and oversight duties within the Authority's \$991 million operating and capital budget. Since 1990, he has coordinated the issuance of over \$1 billion in taxable and tax-exempt securities including sales tax revenue bonds, revenue anticipation notes, certificates of participation, and taxable and tax-exempt commercial paper. Jim has also managed the issuance of innovative securities such as residual interest bonds and select auction variable rate securities.

Most recently Mr. Kenan was the Chief Negotiator for OCTA for the acquisition of the SR-91 Toll Road. The acquisition was completed within a 12 month time frame that included the passage of legislation by the state legislature and the assumption of \$135 million of outstanding debt. The acquisition of the toll road removes the non-compete provision that has prevented improvements from being made in the 91 corridor. The 91 Toll Road performance remains very strong with traffic and revenue performance well above forecast.

Prior to joining OCTA in 1979, Kenan headed internal audits for the Orange County Auditor-Controller's office. Mr. Kenan was a key member of the transition team that successfully brought about the consolidation of seven government entities including the Orange County Transportation Commission and the Orange County Transit District in June 1991. This consolidation has resulted in a cumulative savings of more than \$150 million to Orange County taxpayers.

Mr. Kenan earned a master's degree in public administration from the University of Southern California and a bachelor's degree in accounting from California State University, Fullerton. He is a Certified Government Financial Manager, a member of the American Society of Public Administrators, Municipal Treasurer's Association, the California Society of Municipal Finance Officers and the Government Finance Officer Association.

PAUL C. TAYLOR, P.E.
Deputy Chief Executive Officer
Orange County Transportation Authority

Prior to becoming Deputy CEO, in three years at OCTA Paul Taylor has had responsibility for planning, engineering and constructing all transportation programs and projects in Orange County, including highways, commuter rail and multimodal corridor improvements. Also, he manages the Freeway Service Patrol and the Freeway Call Box System. He has spent over thirty years managing major public sector capital and operational improvement programs in Southern California. Paul has served as executive director, deputy executive director and director of strategic long-range planning for Los Angeles County's transportation system. He managed the planning of Los Angeles County's rail transit system, engineering and early construction of the light rail Blue Line and conceptual engineering for what became the Metrolink commuter rail system. Paul directed operations planning, service deployment, and policy development for the Los Angeles County bus system. He has master's and bachelor's degrees in civil engineering from MIT and has lectured on transportation and development at universities throughout Southern California.

P. SUE ZUHLKE
Chief of Staff
Orange County Transportation Authority

P. Sue Zuhlke serves as the Chief of Staff in the Executive Office of the Orange County Transportation Authority (OCTA) and directs OCTA's State Relations and Health, Safety, and Environmental Compliance Departments. As Chief of Staff, Sue provides counsel to staff on a variety of issues, supports the Board of Directors and the Chief Executive Office, and manages several special projects. Additionally, Ms. Zuhlke has been the Interim Executive Director of the Labor/Employee Relations & Civil Rights Division since November 2006, serves as OCTA's civil rights officer, and is involved in the current labor negotiations with OCTA's coach operator's union.

Ms. Zuhlke joined OCTA in September 2000 and recently played a key role in securing \$383.5 million in state transportation bonds funds for vital freeway projects in Orange County. Prior to joining OCTA, Sue was recruited through a nationwide search to serve as the first District Manager of the San Gabriel Valley Mosquito & Vector Control District. In this role, Ms. Zuhlke was responsible for all financial, administrative, and technical aspects of setting up a new local government agency. Ms. Zuhlke been in public service for 20 years and has served the constituents of local government agencies in three states.

Ms. Zuhlke earned her Bachelor's degree in biology from the University of West Florida, where she also pursued her master's degree in biochemistry.

KIA MORTAZAVI
Executive Director of Development
Orange County Transportation Authority

Kia Mortazavi has responsibility for planning, funding and delivery of transportation programs and projects in Orange County, including highways, rail transit, and multimodal corridor improvements. In his role, he also formulates Orange County's priorities for allocation of Federal, State and local transportation funds. He has spent over twenty-three years developing and implementing major public sector capital improvement programs in Southern California including lead work on two transportation sales tax measures. Kia has served as the Principal Engineer for City of Irvine where he managed the delivery of major roadway capital projects. Kia holds a Master of Science degree in Civil Engineering with emphasis in Transportation & Urban Systems from University of California, Irvine. He received his Bachelor of Science degree in Civil Engineering from University of California, Irvine.

ELLEN S. BURTON
Executive Director, External Affairs
Orange County Transportation Authority

A twenty-year veteran at the Orange County Transportation Authority (OCTA), Ellen Burton has served as Executive Director, External Affairs since January 2005. In this role, she is responsible for all public communications in support of OCTA projects and services including freeway, toll road, streets and roads and bus and rail transit improvements. Her division provides community, customer, media, and local government relations as well as creates marketing and public information programs.

Prior to this appointment, Ms. Burton served for two years directing OCTA's toll road and motorist services division and was OCTA's first General Manager for the 91 Express Lanes. She managed the daily toll operations and was instrumental in creating the congestion management toll pricing policy. She oversaw the OCTAP, the county's taxicab administration program as well as the Service Authority for Freeway Emergencies which is comprised of the Freeway Service Patrol and callbox program.

Ms. Burton also served for seven years as a planning manager responsible for developing long-range transportation plans and environmental documents. Before this, she held Contract Transportation Manager and Marketing Manager positions.

Ms. Burton currently serves on the Board of Directors of the Girl Scout Council of Orange County as well as sits on the Executive Council of the California State University, Fullerton, College of Business and Economics. In 2003, Ms. Burton was named the Women's Transportation Seminar (WTS) "Woman of the Year" and was recently nominated for the Orange County Business Journal's Women in Business award. She holds a Bachelor's Degree from the State University of New York at Brockport, and a Masters Degree in Business Administration from the California State University, Fullerton.

BETH McCORMICK
Acting General Manager of Transit
Orange County Transportation Authority

Ms. McCormick has almost 25 years of transportation experience. She joined the Orange County Transportation Authority (OCTA) in 1993 as a Senior Transportation Analyst in Commuter Services where she worked on the implementation of Metrolink service in Orange County and provided program management for the Freeway Service Patrol program.

In 1998, Ms. McCormick was transferred to Community Transportation Services as the Department Manager and began to work on contract oversight for the OCTA's contracted transportation services including the ACCESS program, the Senior Nutrition Transportation program, the small bus fixed route program, and the Senior Mobility Program. During her tenure in the department, Ms. McCormick worked diligently to implement new programs to manage the growing demand for ACCESS. After an intensive public outreach process, a number of Paratransit Growth Management strategies were adopted by the Board of Directors to proactively manage the growth in ACCESS demand and develop alternative transit options to improve mobility for seniors and persons with disabilities throughout the county.

In 2005, Ms. McCormick became the Manager of Bus Operations, overseeing three operating bases from which 1,200 coach operators provide fixed route service twenty-four hours a day, seven days a week. In addition to the operating bases, the department includes other staff critical to daily operations, including Central Communications, Field Supervision, and Operations Training. Ms. McCormick was involved in the collective bargaining process and improved labor/management relations while in this position. Transit Police Services for the OCTA, which are supplied under contract with the Orange County Sheriff's Department, are also managed through this department. This team is dedicated to the daily operation of fixed route service and the transportation of more than 68 million passengers each year.

In May 2007, Ms. McCormick was appointed the Acting General Manager of the Transit Division. As such, Ms. McCormick is responsible for the management and operation of fixed route bus service, maintenance for directly operated service, facilities maintenance, contracted fixed route and paratransit services, cooperative partnerships with other agencies to provide specialized transportation services, service scheduling, service planning, and customer advocacy. This is the largest division at the OCTA, comprised of 220 staff, three collective bargaining units which include 1,234 coach operators, 263 vehicle maintenance mechanics and service workers, and 16 facilities maintenance workers, five operating bases, and 954 revenue vehicles. According to the American Public Transportation Association (APTA), OCTA is the 12th largest transit operator in the United States.

Ms. McCormick has her bachelor's degree in economics from Trinity College (now Trinity University) in Washington, DC, and a Masters of Science degree in Public Administration from the California State University, Long Beach. While finishing her undergraduate degree, she was an intern at Amtrak. Ms. McCormick is also a graduate of the Leadership APTA program and a member of a current Transportation Research Board project team to develop a guidebook on data collection and reporting for specialized transportation services.

KIRK AVILA
Treasurer and 91 Express Lanes General Manager
Orange County Transportation Authority

Kirk Avila has served as the Orange County Transportation Authority's Manager of the Treasury/Public Finance department since 1997. In this capacity, he is responsible for an investment portfolio of over a \$1 billion, a financing program that has over \$500 million in outstanding debt, and the Authority's investor relations program. As the Authority's focal point to the investment community, Mr. Avila provides regular updates to the rating agencies, insurers, and investors on the operating activities of the Authority and the status of the Orange County economy.

Mr. Avila was also a member of the Authority's acquisition team that purchased 91 Express Lanes. The acquisition was completed within a 12 month period that included the passage of legislation by the state legislature and the assumption of \$135 million in outstanding debt. In November 2003, the 91 Express Lane's outstanding taxable debt was restructured with tax-exempt securities. As a result of his ongoing involvement with the 91 Express Lanes, Mr. Avila was named General Manager in October 2006.

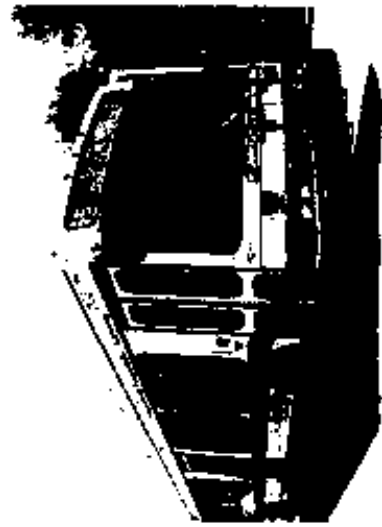
Mr. Avila earned a Master's of Science degree in Finance from Purdue University and a Bachelor's of Science degree in Mathematics and Economics from the University of California at Los Angeles.

PowerPoint Presentation

Attached



New York Meetings With Rating Agencies and Insurers



- Issued over \$1.3 billion
- Outstanding balances
 - Measure M - \$337.0 million
 - 91 Express Lanes - \$183.5 million
 - Orange County Transit District - \$1.2 million
- Total outstanding debt: \$521.7 million

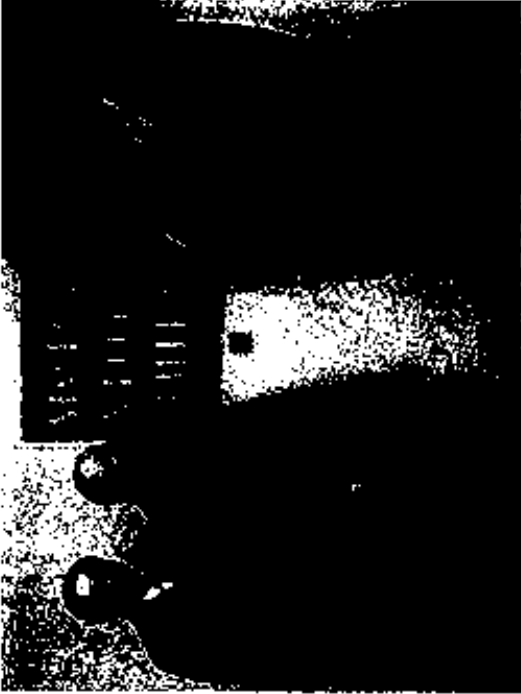
Maintain a good relationship with the rating agencies, insurers, and investors by sending them disclosure information routinely and keeping them informed of any changes that could affect credit quality

- Periodic phone calls
- Mailing informational materials
- OCTA website
- OCTA tours
- Annual meetings in New York

- **Assist agencies with their surveillance reports**
- **Establish a track record of trust**
- **Quick turnaround for ratings**
- **Potential for higher ratings and lower borrowing costs**

- **Rating Agencies**
 - **Standard & Poor's, Moody's, and Fitch**
- **Insurers**
 - **Ambac, Municipal Bond Insurance Association, Financial Guaranty Insurance Corporation, XL Capital, CIFG, Dexia and JP Morgan**

- **Proposition 1B Allocations**
- **Renewed Measure M Program**
- **Current Measure M Program**
- **91 Express Lanes**
- **Orange County Economy**
- **Labor Negotiations**
- **Sales Tax Collections**
- **Proposed FY 2008 Budget**
- **Debt Management**





BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Excess Workers' Compensation Insurance Policy

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Campbell, Cavecche,
Moorlach, and Nguyen
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to issue Purchase Order C-7-0973, in an amount not to exceed \$950,000, to renew the excess workers' compensation insurance policy for the period October 1, 2007 to September 30, 2008.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, ^{RT} Chief Executive Officer
Subject: Excess Workers' Compensation Insurance Policy

Overview

The Orange County Transportation Authority has an Excess Workers' Compensation Insurance Policy that will expire on September 30, 2007.

Recommendation

Authorize the Chief Executive Officer to issue Purchase Order C-7-0973, in an amount not to exceed \$950,000, to renew the excess workers' compensation insurance policy for the period October 1, 2007 to September 30, 2008.

Background

Employers are required by Section 3700 of the California Labor Code to secure payment of workers' compensation benefits by being insured or self-insured with the approval of the Director of the Industrial Relations Department. Orange County Transportation Authority (OCTA) has been self-insured since 1977.

OCTA is currently self-insured up to a retention level of \$750,000 per workers' compensation claim or occurrence. To protect OCTA from financial responsibility for catastrophic losses, OCTA purchases excess workers' compensation insurance. The excess insurance company provides statutory workers' compensation liability coverage above the self-insured retention (SIR) level. The auditable premium for the current policy is \$765,758 and the policy is scheduled to expire on September 30, 2007.

OCTA's Broker of Record, Marsh Risk and Insurance Services, Inc. (Marsh), markets and places workers' compensation insurance coverage.

Workers' compensation coverage is designed to provide medical, temporary disability, and permanent disability benefits to injured workers. Employer's liability is an additional coverage provided as part of the excess workers'

compensation insurance policy. Employer's liability insurance covers claims against an employer on behalf of employees seeking damages because of job-related activities involving bodily injury or disease to employees. For example, if a claim was filed against OCTA due to a serious and willful action resulting from an uncorrected yet known safety hazard that caused injury to an employee, OCTA may be liable for the costs of the claim as they would fall outside of the normal workers' compensation coverage. The employer's liability coverage would pay for the cost of legal defense for these types of claims. Fortunately, OCTA has not had any claims that would trigger the employer's liability coverage.

On November 8, 2006, the Finance and Administration Committee directed staff to follow a five-point process in the procurement of all insurance coverages and to submit a staff report to the Board of Directors for review and approval of this process.

The Finance and Administration Committee provided the following for all future OCTA insurance procurements:

1. There shall be an annual review of all insurance coverages by the Finance and Administration Committee. This shall include renewal dates, areas of liability, coverage amounts, and insurance carrier information. This review shall take place at the second Finance and Administration Committee meeting in May each year. The insurance coverage and renewal schedule will also be included in the budget workshop material that is presented annually to the Board of Directors.
2. All premiums and other compensation to insurance brokers and for insurance coverages shall be fully disclosed and presented to the Finance and Administration Committee for review on an annual basis. Any proposed changes to premiums and compensation paid to insurance brokers will be presented to the Finance and Administration Committee for approval as changes occur during the year.
3. The Finance and Administration Committee shall be presented with a staff report for each planned insurance renewal at least 90 days in advance of the policy expiration. A copy of the Risk Review and Renewal Strategy Plan that has been agreed to by the OCTA's Risk Management Manager and OCTA's Broker of Record will be included as part of the staff report. The Risk Review and Renewal Strategy Plan will be discussed with the Finance and Administration Committee as part of each insurance renewal process.

4. Staff reports shall include a list of all companies that will be solicited on behalf of OCTA by its Broker of Record. Staff reports shall also fully disclose all insurance bids received including any compensation offers associated with the bids. A transparency disclosure form from the Broker of Record will be provided to the Finance and Administration Committee as part of the insurance renewal process.
5. Staff will require OCTA's Broker of Record to attend all Committee and Board meetings when insurance awards are on the agenda.

Staff will be certain that there is full compliance to these guidelines during this workers' compensation renewal.

Discussion

OCTA and other California employers experienced exponential increases in workers' compensation costs during the years before the 2004 legislative reform. Due to the cost of workers' compensation claims in California, many insurance companies left the state, and those that remained significantly increased their premiums to recoup losses that exceeded revenues collected in prior years. As a result, OCTA was subject to increased costs of insurance and needed to increase the SIR to avoid paying even higher premiums.

Fortunately, OCTA's loss prevention initiatives reduced new injury claims from 336 in fiscal year 2004 to a projected 160 for fiscal year 2007, representing a total reduction of more than 52 percent since 2004. In addition, effective claims management oversight contributed to a reduction in claim payouts from \$6,678,372 in fiscal year 2004, to a projected decrease to \$4,398,212 for fiscal year 2007, resulting in a total decrease of more than 34 percent since 2004.

As part of OCTA's self-insured program, OCTA is required to set aside monies in reserve to fund losses for work related injuries. The funds in reserve, set aside by OCTA to meet costs of claims incurred, are regarded as an indicator of the degree of a claim's severity and are used by insurers when calculating insurance premiums. Generally, the higher the amount in reserves, the greater the future exposure for increased claim payouts, which cause insurers to charge higher premiums. Fortunately, OCTA's reserves have been reduced from \$10,106,679 in fiscal year 2004 to the current amount of \$7,502,264 for fiscal year 2007, resulting in a total reduction of more than 25 percent since 2004. These favorable results and OCTA achievements like winning the 2007 American Public Transportation Association Safety Award may place OCTA in a better position to reduce the excess workers' compensation SIR and to further reduce workers' compensation insurance premiums.

OCTA will pursue three possible goals for renewing this policy as outlined in Attachment A, "Excess Workers' Compensation Risk Review and Renewal Strategy Plan."

The first goal is to attempt to reduce the current SIR from \$750,000 to \$500,000 and obtain a reduction in the premium rate. If unsuccessful, the second goal will be to reduce OCTA's current SIR from \$750,000 to \$500,000 with no increase in the premium rate. Lastly, if the SIR cannot be reduced for a reasonable amount of increase in premium, a simple premium rate reduction will be sought while maintaining the current SIR level.

To assist in evaluating the cost effectiveness of reducing OCTA's SIR to \$500,000 per claim or occurrence, an actuarial study was conducted to project the amount of claims that would be paid by OCTA between \$500,000 and the current SIR of \$750,000. The actuarial finding as conducted by AmTech indicated that OCTA's likely payouts above \$500,000 would be \$230,500. This was determined by subtracting the projected payouts below \$500,000 from the projected payouts below \$750,000 as outlined in column (2) on Attachment B "2007-08 Projected Ultimate Losses at Alternative Self-Insured Retention Level." These findings will be helpful in determining the cost/benefit of any premium quotes specific to the SIR reduction quoted by the insurance carriers. Any increase of premium would be weighed against the \$230,500 projected payout for cost effectiveness.

Since the premium is based on the total payroll, obtaining a flat rate or reduced premium rate could possibly still result in an increase in premiums from the current policy as OCTA's total payroll has increased to a projected \$112,485,382.

Marsh is paid a flat fee of \$110,000 for marketing and placing all property and casualty insurance per Agreement C-7-0632 approved by the Board on May 29, 2007. By agreement, Marsh does not earn any additional compensation or commission for their services. The contract further requires that any commissions offered by insurers will offset OCTA's premiums.

Marsh is currently contacting the insurance market for competitive quotes for the renewal of OCTA's excess workers' compensation insurance coverage. Marsh has been directed to explore multi-year policy options to entice carriers to reduce rates in exchange for a possible long term commitment, and not to disclose broker compensation to prospective insurers to avoid having them take an invisible credit in their quoted premiums.

Seven insurance carriers offering Excess Workers' Compensation coverage are being contacted for renewal quotes. These insurers have the financial capacity

to provide the protection OCTA requires and have experience providing coverage to public transit agencies that are permissively self-insured in the State of California. They currently write public transportation policies as they are experienced with these types of risks. These carriers have an AM Best financial rating of A-9 or better.

- ACE
- American International Group
- Arch (through Wexford Underwriters)
- Midwest Employers
- Safety National
- Discover Re
- Praetorian Insurance Company (Formerly Insurance Corporation of Hannover)

Marsh indicates that the current excess workers' compensation industry pricing remains relatively unchanged compared to the prior policy renewal. Although the insurance market has reacted favorably to state-wide loss trend improvements experienced by employers like OCTA, self-insured retention level reductions are more difficult to achieve than premium rate reductions. Recent significant improvements in OCTA's workers' compensation program may provide the best opportunity to persuade insurers to meet OCTA's renewal goals.

Fiscal Impact

Funds in the amount of \$712,500 are budgeted for this purchase order for fiscal year 2008 and funds of \$237,500, will be requested for fiscal year 2009.

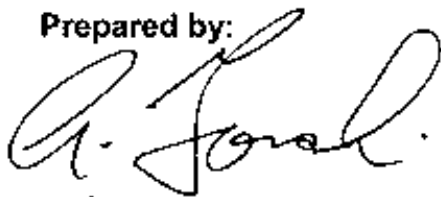
Summary

Based on the information provided, staff recommends the approval to authorize the Chief Executive Officer to issue Purchase Order C-7-0973, in an amount not to exceed \$950,000, to renew the excess workers' compensation insurance policy for the period of October 1, 2007 to September 30, 2008.

Attachments

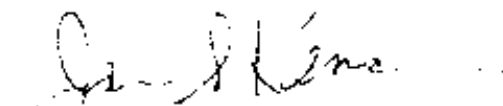
- A. Excess Workers' Compensation Risk Review and Renewal Strategy Plan.
- B. 2007-08 Projected Ultimate Losses at Alternative Self-Insured Retention Level.

Prepared by:



Al Gorski
Manager
Risk Management
(714) 560-5817

Approved by:



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

MARSH

Craig Morris
Senior Vice President

Marsh Risk & Insurance Services
4695 MacArthur Court, Suite 700
Newport Beach, CA 92660
California Insurance License # 0437153
949 399 5872 Fax 949 833 9518
craig.m.morris@marsh.com
www.marsh.com

June 6, 2007

Mr. Al Gorski
Manager, Risk Management
Orange County Transportation Authority
550 S. Main Street
P.O. Box 14184
Orange, CA 92863-1584

Subject:
Excess Workers Compensation Risk Review and Renewal Strategy Plan

Dear Al:

Thank you for the time you and Edwin spent with Karen Goodyear and me on Wednesday, May 30 to outline the goals and objectives for OCTA's October 1, 2007 Excess Workers Compensation renewal. The following summarizes our discussion.

Recap of Risk Identification Review Discussion:

- OCTA is the county's primary transportation agency and continues to provide an efficient and safe transportation system for its residents and visitors. There have been no significant changes in OCTA's operations over the past year.
- However, there have been many positive changes on the approach OCTA is taking towards Workers Compensation in order to promote a safer environment, effect a positive change in the workers compensation culture at OCTA, cost effectively manage the program, provide the injured workers with efficient and effective medical care and to assure legal compliance with the workers compensation regulations. Those changes are outlined below:
 - Changed to Tri-Star Risk Management for unbundled TPA services from Hazelrigg. You were able to hand pick experienced claim examiners that are dedicated to OCTA. Also hired RWI, Inc. for utilization review and Lien of Me for bill review.
 - Hired Edwin Byrne, Claims Manager to increased internal claims oversight to better control the benefits paid and ensure claims are being monitored and closed quicker.
 - Perform quarterly claim reviews with all parties including OCTA and Tri-Star to enhance claims handling, expedite resolution of claims to reduce payout costs and provide better service to the injured workers.
 - Created a cultural change. WC now falls under the leadership of Risk Management instead of HR and instead of being treated as a benefit, WC is considered a liability.
 - Take a more aggressive approach on investigating claims for possible fraud and work closely with the OC District Attorney to prosecute any cases discovered. OCTA has successfully prosecuted its first WC fraud case with restitution ordered.

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June 6, 2007

Mr. Al Gorski

Orange County Transportation Authority

- Improved safety awareness by adopting a behavior based safety program and by expanding the work rule violation policy to include work rule violations that result in injuries.
- Included worker safety, driver safety, accident prevention and WC claim reporting guidelines into the coach operators Annual Required Training (ART)
- Implemented a new requirement where all work related injuries must be reported to the injured workers direct supervisor. This allowed for a more immediate investigation and to remedy any hazards found.
- Developed "Operation Teamwork" to have peers ride along to observe fellow coach operators behaviors and provide non-disciplinary feedback to improve safe driving practices.
- Created a low back injury initiative which included a bus seat study and a body mechanics educational campaign to reduce the incidents of low back injuries.
- Developed a transitional work program to provide temporary light duty work for injured employees to aid their recovery while reducing temporary disability benefit payouts.
- Obtained agreement from the union that cost savings from reduced WC claims would be shared with the union employees.
- Increased the effectiveness of subrogation recoveries
- As a result of the success of the safety initiatives, OCTA was awarded the American Public Transportation Association (APTA) Bus Safety Gold Award for 2007.

Recap of Renewal Strategy Meeting Discussion and Deliverables:

- We reviewed the current Excess Workers Compensation program structure, terms and conditions. OCTA continued with Statutory WC coverage with ACE American Insurance Company, but the SIR was reduced from \$1,000,000 to \$750,000 while the rate remained at .7419 per \$100 of payroll. The premium is \$766,758 and is based upon \$101,189,411 of estimated payroll.
- You expect estimated payroll for the upcoming year to increase to approximately \$112,000,000.
- OCTA's WC claims experience has been improving significantly over the past year. Claims payouts in fiscal year 2006 are approximately 29.7% less than the 2004 fiscal year. Claim frequency has also decreased approximately 19.3% over the same period. Subrogation recoveries have also increased over the years bringing the total forecast for the 2007 fiscal year over \$200,000.
- We discussed the current marketplace and provided OCTA with guidance that the Excess WC marketplace remains flat with the potential for a 5-10% reduction at existing retentions. Most carriers are staying firm on maintaining retention levels at \$750,000 or higher, but with all of the changes OCTA has made to improve your WC program performance, there are

MARSH

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Mr. Al Gorski
Orange County Transportation Authority

very good reasons for ACE, or other carriers, to offer lower retentions. We reviewed last years WC proposal to revisit carrier pricing and terms.

- OCTA's goal for the upcoming renewal is to reduce the SIR from \$750,000 to \$500,000 at the same or lower rate. ArmTech is completing an attachment point analysis to help you determine the cost benefit of this potential change. The report is expected to be completed on June 11.
- Multiple year programs should also be considered.
- Effective July 1, 2007, Marsh is compensated by a fee for handling the WC. Any commissions included in the carrier proposals will be shared back to OCTA.
- Marsh will approach the following Excess Workers Compensation insurance carriers. These are the only carriers offering Excess Workers Compensation coverage. All have the ability to provide the protection OCTA requires and have experience providing coverage to public entities that are permissively self insured in the state of California. These insurance carriers currently write public transit risks and are familiar with the injuries that commonly occur in transit operations. The financial rating of the carriers we will approach all have AM Best Ratings of A- 9 or better.

Excess Workers Compensation

▪ ACE – A+15 AM Best Rating	▪ Safety National – A9 AM Best Rating
▪ AIG – A+15 AM Best Rating	▪ Discover Re – A-9 AM Best Rating
▪ Arch - A15 AM Best Rating (through Wexford Underwriters)	▪ Praetorian Insurance Company – A-9 AM Best Rating (Formerly Insurance Corporation of Hannover)
▪ Midwest Employers – A14 AM Best Rating	

In approaching these markets on your behalf, you have further directed Marsh to disclose the following information as part of our negotiating process:

- The names of the incumbent insurers and other prospective insurers to prospective insurers;
- Provide a specific price, range of prices or prioritization of terms that you seek in purchasing insurance; and
- The structure, language and/or pricing of the expiring policy

If during the marketing process you would like Marsh to provide the incumbent or any other insurer the following information on your behalf, please provide me with written direction to that effect.

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Orange County Transportation Authority

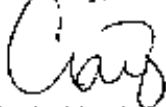
- Disclose aspects of the quote (including price, structure, and/or policy language) of a prospective insurer to other prospective insurers; or
- Provide your incumbent carriers with an opportunity to submit an improved quote after all other competing final quotes have been received, sometimes referred to as a "last look".

We agreed upon the following timeline.

- | | |
|---|----------|
| ▪ Renewal Strategy Meeting | 05/30/07 |
| ▪ Staff Report due | 06/08/07 |
| ▪ Updated renewal information from OCTA | 06/22/07 |
| ▪ F&A Committee Meeting | 06/27/07 |
| ▪ Specifications to market | 07/05/07 |
| ▪ Board Meeting | 07/09/07 |
| ▪ Carrier quote due date | 08/31/07 |
| ▪ Final Presentation to OCTA | 09/05/07 |
| ▪ Program Renewal | 10/01/07 |

It was very beneficial for us to meet and we appreciate the time you and Edwin spent with us. We look forward to a successful renewal of your program.

Sincerely,



Craig Morris
Senior Vice President



June 7, 2007

491-023

Orange County Transportation Authority
 550 South Main Street
 Orange, California 92863-1584

Attn: Mr. Edwin Byrne
 Claims Manager

**2007/08 Projected Ultimate Losses
 at Alternative Self-Insured Retention Level**

Per your request, we project ultimate limited losses for 2007/08 at the alternative retention level of \$500,000 to be as shown in the following table:

Retention Level (1)	Projected Ultimate Limited Losses (2)	Loss Rate per \$100 of Payroll (3)	Present Value of Projected Ultimate Limited Losses (4)	Present Value of Loss Rate per \$100 of Payroll (5)
(A) \$750,000	\$6,779,424	\$6.50	\$6,334,781	\$6.08
(B) \$500,000	6,548,924	6.28	6,119,398	5.87

Note: (A) is from the actuarial study as of June 30, 2006 (report dated October 26, 2006).
 (B) is based on (A) and actuarial judgment.

The projections in the table above are based on the actuarial study we completed using loss data valued as of June 30, 2006 and do not include the impact of the new PDRS (Permanent Disability Rating Schedule) and system utilization due to medical reforms of SB 899.

We note that the Orange County Transportation Authority (OCTA) has five claims as of April 30, 2007 since the inception of the program exceeding \$500,000 in reported incurred losses. We have relied on curves based on fitted size of loss distribution using OCTA loss data, industry factors and actuarial judgment. We have enclosed an exhibit showing the size of loss distribution based on claims data provided as of April 30, 2007.

Expenses (administrative, ULAE, and excess insurance) are additional.

We are pleased to serve the Orange County Transportation Authority and are available to answer any questions you may have.

Sincerely,

ARM TECH

By Mujtaba Dadoo
Mujtaba Dadoo, ACAS, MAAA, FCA
Actuarial Practice Leader

MD:ycl

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Enc.



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WEL}Wendy Knowles, Clerk of the Board
Subject: Agreements for Contract Technical Staffing for Programming, Database Administration, Business Intelligence Development, Computer Operations, Network Administration, and Desktop Support

Finance and Administration Committee

June 27, 2007

Present: Directors Campbell, Cavecche, Amante, Moorlach, Brown, Buffa
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Nguyen were not present to vote on this item.

Committee Recommendations

- A. Authorize the Chief Executive Officer to execute Agreement C-7-0501 between the Orange County Transportation Authority and Digital Intelligence Systems Corporation, in an amount not to exceed \$280,000, for programming and database administration contract staffing.
- B. Authorize the Chief Executive Officer to execute Agreement C-7-0950 between the Orange County Transportation Authority and Transit Intelligence, Inc., in an amount not to exceed \$130,000, for business intelligence development support.
- C. Authorize the Chief Executive Officer to execute Agreement C-7-0951 between the Orange County Transportation Authority and Omega Contract Design, in an amount not to exceed \$356,000, for network administration and computer operations contract staffing.



BOARD COMMITTEE TRANSMITTAL

- D. Authorize the Chief Executive Officer to execute Agreement C-7-0952 between the Orange County Transportation Authority and Kenda Systems, Inc. (SEGULA Technologies), in an amount not to exceed \$230,000, for desktop support contract staffing.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreements for Contract Technical Staffing for Programming, Database Administration, Business Intelligence Development, Computer Operations, Network Administration, and Desktop Support

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, the Board approved the contracting of supplemental programming, database administration, business intelligence development, network administration, computer operations, and desktop staffing support to augment current staffing levels. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board approval is requested to execute the following agreements.

Recommendations

- A. Authorize the Chief Executive Officer to execute Agreement C-7-0501 between the Orange County Transportation Authority and Digital Intelligence Systems Corporation, in an amount not to exceed \$280,000, for programming and database administration contract staffing.
- B. Authorize the Chief Executive Officer to execute Agreement C-7-0950 between the Orange County Transportation Authority and Transit Intelligence, Inc., in an amount not to exceed \$130,000, for business intelligence development support.
- C. Authorize the Chief Executive Officer to execute Agreement C-7-0951 between the Orange County Transportation Authority and Omega Contract Design, in an amount not to exceed \$356,000, for network administration and computer operations contract staffing.

- D. Authorize the Chief Executive Officer to execute Agreement C-7-0952 between the Orange County Transportation Authority and Kenda Systems, Inc. (SEGULA Technologies), in an amount not to exceed \$230,000, for desktop support contract staffing.

Background

Since consolidation in 1991, the Orange County Transportation Authority (Authority) has continued to look for ways to improve conducting business by identifying opportunities for privatization and outsourcing. By outsourcing the programming support for some applications, staff has been able to concentrate on the newer technologies such as business intelligence and web-based applications. The Information Systems Department has also expanded its coverage of the Authority's centralized data center by outsourcing two computer operators, network administration, and desktop support staff.

In February 2007, the Information Systems Department determined its technical staffing needs, which resulted in a Request for Proposals (RFP) being issued requesting staffing for programming, database administration, business intelligence, computer room, network administration, desktop, and various other short-term technical staffing support for the coming year.

These contract staff members will be used to support business applications, database administration such as the LAWSON HRIS, Ellipse, Hastus, and data warehousing. They will continue to provide data center coverage seven days a week, provide network administration for the 120 data center Microsoft Windows Servers, as well as support for the nearly 1000 personal computers in use at the Authority.

Discussion

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

The project was advertised on April 27, 2007, and May 3, 2007, in a newspaper of general circulation, and on CAMMNET. A pre-proposal meeting was held on May 8, 2007, and was attended by 17 consultants.

On May 24, 2007, 18 offers were received. An evaluation committee composed of staff from Contracts Administration and Materials Management, Information Systems, Risk Management, and North County Transit District was established on May 30, 2007, to review all offers submitted. The offers were evaluated on the basis of firm, staffing, project organization, work plan, and cost. The evaluation committee short-listed four firms to interview on June 5, 2007. The interviews considered presentation clarity, understanding of project requirements, experience, ability to answer questions, commitment and enthusiasm. Based on their findings, the evaluation committee recommends the following firms to the Finance and Administration Committee for consideration of an award:

Firm and Location

Digital Intelligence Systems Corporation
Anaheim, California

Transit Intelligence, Inc.
Yorba Linda, California

Omega Contract Design,
Huntington Beach, California

Kenda Systems, Inc.
Huntington Beach, California

All four firms received the highest marks, within their area of expertise, from all members of the evaluation committee in all proposal areas, as well as for their efforts during the interview phase of this procurement.

The four firms clearly demonstrated the best understanding of the Authority's current needs as well as future requirements. Their proposals clearly met all the requirements of the scope of work where the other firms did not.

The four firms chosen, Omega Contract Design, Transit Intelligence, Kenda Systems Inc., and Digital Intelligence Systems Corporation showed that their staff would be highly skilled and motivated individuals.

**Agreements for Contract Technical Staffing for Programming,
Database Administration, Business Intelligence Development,
Computer Operations, Network Administration, and Desktop
Support.**

Page 4

All of the firms demonstrated a very clear understanding of the requirements of this project and as offered qualified staff and competitive pricing. Additionally, their enthusiasm and expressed commitment to the Authority warrants this recommendation.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2007-08 Budget, Finance, Administration and Human Resources/Information Systems, Account 7519, and is funded through Local Transportation Fund.

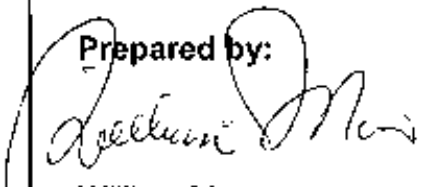
Summary

The Orange County Transportation Authority's Fiscal Year 2007-08 Budget includes funding for information systems consultants. Based on the evaluation of proposals received, staff recommends the award of four agreements for these services.

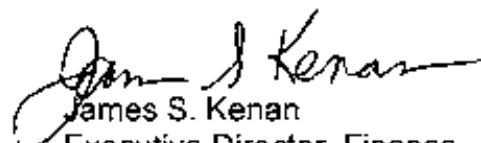
Attachment

None.

Prepared by:


William Mao
Chief Information Officer
Information Systems
(714) 560-5679

Approved by:


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



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board ^{WJK}
Subject: Grant Award for Alternative Fuel Bus Purchases and Fueling Infrastructure

Transit Planning and Operations Committee

June 28, 2007

Present: Directors Brown, Green, Moorlach, Norby, Pulido, and Winterbottom
Absent: Directors Dixon and Nguyen

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute grant agreements with the Mobile Source Air Pollution Reduction Review Committee to support the purchase of new compressed natural gas buses and fueling infrastructure at the Santa Ana Bus Base.



June 28, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Grant Award for Alternative Fuel Bus Purchases and Fueling Infrastructure

Overview

The Mobile Source Air Pollution Reduction Review Committee awarded the Orange County Transportation Authority a total of \$1,000,000 in grant funds to support the purchase of compressed natural gas buses and fueling infrastructure at the Santa Ana Bus Base. Authorization is requested to accept the award and execute grant-related agreements.

Recommendation

Authorize the Chief Executive Officer to execute grant agreements with the Mobile Source Air Pollution Reduction Review Committee to support the purchase of new compressed natural gas buses and fueling infrastructure at the Santa Ana Bus Base.

Background

In September 1990, AB 2766 (Chapter 1705, Statutes of 1990) was signed into law, which authorized a \$4 per-vehicle surcharge on annual motor vehicle registration fees to fund programs that reduce motor vehicle air pollution. AB 2766 mandated that \$.30 of every dollar collected be deposited into a discretionary account managed by the Southern California Air Quality Management District (SCAQMD). To determine which projects are funded by discretionary funds, AB 2766 created the Mobile Source Air Pollution Reduction Review Committee (MSRC) to establish criteria and evaluate proposed projects, and make final funding recommendations to the SCAQMD Governing Board.

Periodically, the MSRC makes available grant funds on a competitive basis to promote the use of alternative fuels and supporting infrastructure and to reduce emissions within the SCAQMD.

Discussion

On November 7, 2006, staff submitted a proposal to the MSRC Urban Transit Bus Engine Program to pursue up to \$800,000 in competitive grant funds to support the purchase of new buses equipped with advanced low emission compressed natural gas (CNG) engines, which are certified to meet the 2010 nitrogen oxides emission standard of 0.2 grams. Similarly, a proposal requesting the maximum of \$200,000 in grant funds was submitted to help offset the capital costs of CNG fueling equipment at the Santa Ana Bus Base.

In March 2007, both the MSRC and SCAQMD governing board accepted the proposals and awarded the Orange County Transportation Authority (OCTA) a total of \$1,000,000. The award will contribute \$20,000 each to the purchase of 40 new CNG buses within OCTA's current order of 299 buses, as well as \$150,000 in grant funds to assist in the capital costs of CNG fueling equipment located at the OCTA base facility in Santa Ana. An additional \$50,000 in grant funds was also awarded to defray the cost of facility modifications needed to accommodate the maintenance and repair of CNG vehicles.

Fiscal Impact

There is no fiscal impact associated with this action should the award be accepted. The award of grant funds furthers OCTA's commitment to cleaner burning CNG fuel technology while allowing local funds to be used towards other OCTA projects and programs.

Depending upon amounts available from the MSRC and SCAQMD, OCTA will continue to pursue funding for the additional CNG fleet of buses.

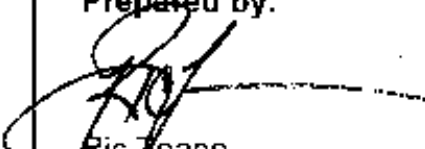
Summary

A total of \$1,000,000 in competitive grant funds have been awarded to OCTA by the MSRC to assist in the purchase of 40 new CNG buses and related fueling equipment at the Santa Ana Bus Base. The funds were awarded by the MSRC and SCAQMD to help reduce emissions within the South Coast Air Quality Management District. Authorization is requested to accept the award and enter grant funding agreements.

Attachment

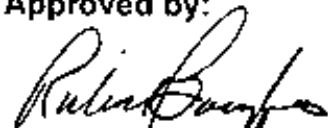
None.

Prepared by:



Ric Teano
Grant Specialist
(714) 560-5716

Approved by:



Richard J. Bacigalupo
Manager, Federal Relations
(714) 560-5901



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: ACCESS Eligibility and Certification Process Review

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Cavecche, and Moorlach
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Nguyen were not present to vote on this item.

Committee Recommendation

Direct staff to implement recommendations in the Review of the ACCESS Eligibility and Certification Process.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: ACCESS Eligibility and Certification Process Review

Overview

At the direction of the Orange County Transportation Authority's Internal Audit Department, Thompson, Cobb, Bazilio & Associates has completed a review of the ACCESS eligibility and certification process managed by the Community Transportation Services Department, Internal Audit Report No. 07-028. Six recommendations are being made to strengthen controls and improve operations. Management has indicated the recommendations contained in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement recommendations in the Review of the ACCESS Eligibility and Certification Process.

Background

ACCESS is the Orange County Transportation Authority's (OCTA) shared-ride service for people who are unable to use the regular, fixed-route bus service because of functional limitations caused by a disability. These passengers must be certified by OCTA to use the ACCESS system by meeting the Americans with Disabilities Act (ADA) eligibility criteria.

A person is eligible for ACCESS service if they are unable to board or exit a fixed-route bus, get to or from a bus stop due to physical and/or environmental barriers, or cannot understand how to ride the bus. Eligibility is based on a person's functional abilities and limitations due to a disability, not a specific diagnosis or disability.

The Community Transportation Services Department of the Transit Division of OCTA is responsible for managing the ACCESS certification of ADA qualified passengers for paratransit ACCESS service. The ACCESS section supervisor

has primary responsibility for managing the certification process. OCTA uses a contractor, Comprehensive Assessment Restorative Evaluation, LLC (CARE), to evaluate applicants and certify their eligibility for ACCESS service.

OCTA Agreement C-5-3039 with CARE is effective October 1, 2006 through June 30, 2008. OCTA paid a start-up fee of \$33,565.00 to CARE and pays a fixed fee of \$89.00 per individual assessment for the initial term of the agreement.

Discussion

The Internal Audit Plan for Fiscal Year 2006-07 included a review of the ACCESS certification process. The objective was to determine that the certification process complies with ADA guidelines, the certification process is cost efficient and effective, payments made by OCTA to CARE comply with contract terms, and applicant data is secured and protected.

Summary

Based on the review, Thompson, Cobb, Bazilio & Associates has offered recommendations for internal control and operational improvements, which management has indicated will be implemented.

Attachment

- A. ACCESS Eligibility and Certification Process Review, Internal Audit Report No. 07-028

Prepared by:



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



INTEROFFICE MEMO

June 15, 2007

To: Beth McCormick, Acting General Manager
Transit

From: Gerald Dunning, Senior Internal Auditor *[Signature: G. Dunning]*
Internal Audit

Subject: **ACCESS Eligibility and Certification Process Review,
Internal Audit Report No. 07-028**

Attached hereto is Thompson, Cobb, Bazilio & Associates' Review of the ACCESS Eligibility and Certification Process. Management responses to the recommendations made in the review have been provided. Internal Audit concurs with management's responses.

Internal Audit appreciates the cooperation received during this review. Internal Audit will follow up on management's planned corrective actions in six months.

Attachments: Review of the ACCESS Eligibility and Certification Process
Review of Agreement C-5-3039 between the Orange County
Transportation Authority and CARE Transit Services, Internal
Audit Report No. 07-028

c: Erin Rogers
Kathleen O'Connell

ORANGE COUNTY TRANSPORTATION AUTHORITY

REVIEW OF THE ACCESS ELIGIBILITY AND CERTIFICATION PROCESS

SUBMITTED BY

TCBA

THOMPSON, COBB, BAZILIO & ASSOCIATES, PC

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT SYSTEMS AND FINANCIAL CONSULTANTS

21250 HAWTHORNE BLVD. SUITE 500 TORRANCE, CA 90503

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**ORANGE COUNTY
TRANSPORTATION AUTHORITY**

**REVIEW OF THE
ACCESS ELIGIBILITY AND CERTIFICATION PROCESS**

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AUDIT RESULTS.....	7

EXECUTIVE SUMMARY

ACCESS is Orange County Transportation Authority's ("OCTA" or "Authority") shared-ride service for people who are unable to use the regular, fixed-route service because of functional limitations caused by a disability. These passengers must be certified by OCTA to use the ACCESS system by meeting the American with Disabilities Act (ADA) eligibility criteria. A person is eligible for OCTA ACCESS service if they are unable to board or exit a fixed-route bus, get to or from a bus stop due to physical and/or environmental barriers, or cannot understand how to ride the bus. Eligibility is based on a person's functional abilities and limitations due to a disability, not a specific diagnosis or disability. ADA guidelines require recertification at reasonable intervals. OCTA's ACCESS recertification policy is every 5 years. A limited survey of nine other transit agencies, including Los Angeles, New York, Dallas, and San Diego found that ACCESS recertification requirements varied from 2 to 4 years at those properties.

OCTA has contracted with "C.A.R.E" Evaluator, LLC (CARE) to conduct in-person assessments and provide paratransit eligibility determinations of all applicants. CARE is a consulting company providing health and wellness related evaluations and services for public and private organizations. On October 1, 2006, CARE began assessing and evaluating the eligibility determinations of all applicants for OCTA's ACCESS service. Applicant eligibility assessments for OCTA's ACCESS service are conducted at CARE office locations in Orange and Mission Viejo, California.

The primary objective of this review was to provide reasonable assurance that the ACCESS eligibility and certification process complies with ADA guidelines and that the process is efficiently and effectively implemented.

Below we provide a brief summary of the review results. Complete review results are detailed in the Review Results section of this report.

1. ACCESS Certification Process Was Found to Substantially Comply with ADA Guidelines

Based on our understanding and review of the ACCESS eligibility process, our detailed testing of eligible applicants processed prior to the CARE contract (prior to October 1, 2006) and during the CARE contract (October 1, 2006 through February 28, 2007), and our detailed testing of denied applicants for the period July 1, 2000 through February 28, 2007, we found that the ACCESS certification process substantially complied with ADA requirements.

2. ACCESS Certification Process Was Found to be Cost Efficient and Effective

On April 1, 2007, certain changes were made to the ACCESS certification process that we found improved the cost efficiency and effectiveness of the ACCESS certification process. Rather than require applicants to submit applications in advance of their in-person evaluation, applicants bring their completed applications with them to the evaluation. This change eliminated OCTA involvement in the process, reduced postage

costs, and increase the likelihood of compliance with the ADA's 21-day eligibility determination period.

3. Paratransit Service for Visitors Exceeds ADA Guidelines

OCTA's policy for ACCESS service for visitors to Orange County has no limit on the number of days an Orange County visitor can use paratransit services during the year or 365-day period. ADA guidelines for visitors are limited to 21 days of paratransit service during any 365-day period. Given that there are 1,165 visitors eligible for paratransit services on OCTA's database, OCTA should assess the cost of providing unlimited paratransit services for visitors and revise its policy on unlimited days accordingly.

4. Invoices from CARE Should Be Reconciled with OCTA Records

Although OCTA's ADA Administrator reviews the number of assessments listed on the invoices from CARE along with supporting reports generated by CARE, there is no reconciliation of the number of invoiced individual assessments with OCTA's records, such as the daily eligibility letters received by OCTA from CARE. The lack of reconciling invoices to OCTA's records could result in payment errors.

5. Physical Security of Applications Could Be Improved

During the course of our review, we observed a control weakness relative to the handling of ACCESS applications by CARE. We observed applications at the front desk sitting on top of an in-box awaiting evaluation by a CARE Transit Evaluator. Also, applications are placed in an open accordion folder, which is kept out on top of a desk in the office for approximately 4-5 days. Lastly, the main door to the office remains open during business hours. Although only CARE staff are allowed in the office, it is essential that stringent physical measures be used to protect and control access to ACCESS service applications containing sensitive and confidential information.

6. Controls Over CARE's ACCESS Services Management System (ASMS) Could Be Improved

There is no automated forced password change functionality implemented for the ASMS. In addition, ASMS does not have a required password length and formatting functionality. Lastly, ASMS user access rights are not reviewed on a periodic basis (e.g., quarterly or semiannually) and signed-off by CARE management certifying the appropriateness of user access to ASMS.

BACKGROUND

From July 1, 2000 to September 31, 2006, Magnolia Physical Therapy, a contractor to OCTA, performed ACCESS eligibility determinations. The eligibility determination was based on a three-tier process: an application review, a telephone interview and an in-person functional assessment. An applicant's ACCESS eligibility determination could have been made just on a review of the application (first tier). Thus, this three-tier process was considered a very "loose" process because an applicant's eligibility could have been determined by a review of the application without requiring a telephone interview (second tier) or an in-person functional assessment (third tier). From July 1, 2005 through September 31, 2006, OCTA's policy shifted to a "tighter" process requiring the contractor to perform an in-person functional assessment of all applicants.

When the contract with Magnolia Physical Therapy expired, OCTA re-bid the contract and selected "C.A.R.E" Evaluator, LLC (CARE) to perform the ACCESS eligibility determinations. CARE is a consulting company providing health and wellness related evaluations and services for public and private organizations. CARE's contract period is for the 21 months October 1, 2006 through June 30, 2008. Beginning October 1, 2006, CARE began assessing and evaluating the eligibility of all applicants for OCTA's ACCESS service. Evaluations for OCTA's ACCESS services are performed at CARE offices located in Orange and Mission Viejo, California.

OCTA's ACCESS certification process was changed on April 1, 2007. The certification process prior to April 1, 2007 began with an applicant completing an application and mailing it to OCTA's eligibility staff. OCTA staff would review the application for completeness. If the application was found to be incomplete, it would be mailed back to the applicant. If the application was found to be complete, then the application was considered accepted and the ADA required 21-day certification period began. OCTA staff would then scan the application into CARE's system. CARE would then contact the applicant and schedule an in-person interview. After the interview was completed, CARE staff would prepare a summary of the evaluation and the basis for their eligibility determination. CARE staff would also prepare the Applicant Notification Letter with mailing labels. The complete application package would then be sent to OCTA for final review. OCTA staff would review the completed package to ensure that the forms were complete and the justification of the eligibility determination was clear and reasonable. Upon OCTA staff review and concurrence, a determination letter would be mailed to the applicant and the applicant's ADA eligibility information entered into OCTA's computer system database (Trapeze).

The current process as of April 1, 2007 begins with an applicant completing an application and scheduling an in-person interview with CARE. Applicants do not mail the application, but submit their completed application to CARE on the same day as their scheduled in-person interview. If information is missing or requires clarification, CARE will request the applicant to complete the application that same day before the in-person interview begins. Upon acceptance of a complete application, CARE staff will date stamp and scan the application into its system (ASMS). The acceptance of the completed application begins the ADA required 21-day certification process determination period. The in-person interview involves a standard functional assessment, which evaluates the

*ACCESS Certification Review
Orange County Transportation Authority*

applicant's physical, cognitive and visual limitations. The CARE evaluator continues with the interview until they have sufficient information to make an eligibility determination. After the interview is completed, CARE staff prepares a summary of the evaluation and the basis for their eligibility determination. CARE staff also prepares the Applicant Notification Letter with mailing labels. The complete application package is then sent to OCTA for final review. OCTA staff reviews the completed package to ensure that the forms are complete and the justification of the eligibility determination is clear and reasonable. Upon OCTA staff review and concurrence, a determination letter is mailed to the applicant and the applicant's ADA eligibility information is entered into OCTA's computer system database (Trapeze).

OBJECTIVES, SCOPE AND METHODOLOGY

The primary objective of this review was to provide the Orange County Transportation Authority ("OCTA" or "Authority") reasonable assurance that the ACCESS eligibility and certification process complies with ADA guidelines and that the process is being operated in an efficient and effective manner.

The ACCESS eligibility and certification process consists of a completed application and a 20-minute in-person assessment. OCTA has contracted with CARE to conduct the in-person assessment and to provide paratransit eligibility determinations in accordance with ADA guidelines. The contract period is from October 1, 2006 through June 30, 2008. The scope of our review included certifications completed during the period prior to the CARE contract (prior to October 1, 2006), and during the CARE contract (October 1, 2006 through February 28, 2007). We began our review on April 17, 2007 and completed our review on June 8, 2007.

The objectives of the review as outlined in the request for proposals were to determine that 1) the certification process complies with ADA guidelines, 2) the certification process is cost efficient and effective, 3) payments made by OCTA to CARE comply with contract terms, and 4) applicant data is secured and protected at CARE's office site.

To accomplish our review objectives we performed the following:

1. Reviewed ADA and OCTA guidelines to obtain an understanding of ADA and OCTA requirements.
2. Conducted interviews with various OCTA personnel within the ACCESS Services Department and CARE to obtain an understanding of the ACCESS certification process.
3. Conducted detailed testing of applicants certified as eligible. Computed an attribute statistical sample of eligible application files using a 95% confidence level and a precision rate of $\pm 5\%$. Our sample size totaled 120 applications for the period prior to CARE and 100 applications that were processed by CARE. Reviewed each sampled application to ensure that the certification process for each applicant met the eligibility criteria according to ADA guidelines.
4. Conducted detailed testing of applicants denied eligibility. Computed an attribute statistical sample of denied applicant files using a 95% confidence level and a precision rate of $\pm 5\%$. Our sample size totaled 85 applications denied during the period of the CARE contract (10/1/06 – 2/28/07) and prior to CARE (7/1/00 – 9/30/06). Reviewed each sampled application to ensure that the certification process for each applicant was according to ADA guidelines.
5. Conducted interviews with OCTA's ADA ACCESS Administrator to obtain an understanding of OCTA's complimentary ACCESS services provided to visitors and to determine if OCTA's services for visitors are in compliance with ADA.

6. Developed a compliance checklist based on ADA guidelines.
7. Developed a flowchart of the certification process and procedures employed by the OCTA ACCESS Eligibility Administrator and CARE. Assessed whether the certification process was in compliance with ADA and was efficient and cost-effective.
8. Obtained and reviewed the contract agreement between OCTA and CARE related to fees and payment terms.
9. Obtained all invoices submitted by CARE and prepared a billings summary and agreed the payments to OCTA's records.
10. Sampled three months of billings submitted by CARE and verified that the rates were in accordance with the contract agreement.
11. Conducted interviews with the ADA ACCESS Administrator to obtain an understanding of database management procedures.
12. Reviewed and evaluated CARE information security policies and security administration procedures that relate to protecting sensitive data.
13. Reviewed file access permission settings in ASMS to determine that data is restricted to system users based upon their prospective job function and on a "need to know" basis.
14. Assessed the appropriateness of security parameter settings in ASMS.
15. Evaluated CARE's use of Intrusion detection and prevention systems (IDS/IPS) configured for the monitoring and surveillance of access to sensitive data, e.g., applicant data.
16. Evaluated CARE's use of virus scanning programs and security patch update procedures for vendor software that may impact applicant data.

REVIEW RESULTS

Below we provide the detailed results of our review based on our review objectives.

1. ACCESS Certification Process Was Found to Substantially Comply with ADA Guidelines

ADA (CFR Title 49 Section 37.121) requires that each public entity operating a fixed route system provide paratransit service to individuals with disabilities comparable to the level of service provided to individuals without disabilities who use a fixed route system. In addition, each public entity must establish a process for determining ADA paratransit eligibility in accordance with ADA guidelines (CFR Title 49 Section 37.125).

The ADA guidelines are as follows:

- a) Limit ADA paratransit eligibility to individuals due to disability (ies) who are unable to board or exit a fixed-route bus, get to or from a bus stop due to physical and/or environmental barriers, or cannot understand how to ride the bus.
- b) All information and notices related to the eligibility process and determination should be made available, upon request.
- c) Eligibility determination should be made within 21 days from the time a complete application is accepted.
- d) The eligibility determination should be in writing and if the determination is that the individual is ineligible, the determination should state the reasons for the finding.
- e) An eligibility determination letter should be provided to each eligible individual stating that he or she is "ADA Paratransit Eligible". The letter should include the name of the eligible individual, the name of the transit provider, the telephone number of the entity's paratransit coordinator, an eligibility expiration date, and any conditions or limitations on the individual's eligibility.
- f) Recertification should be required at reasonable intervals.
- g) An appeal process should be established.

Our assessment of the certification process was based on our detailed understanding and review of the ACCESS eligibility process, detailed sample testing of eligible and denied applicants processed by CARE during the period October 2006 through February 2007, and detailed sample testing of eligible and denied applicants processed prior to the CARE contract or prior to October 1, 2006.

CARE Contract Period October 1, 2006 through February 2007 – Eligible Applicants

Based on the results of our sample of 100 eligible applications out of a total universe of 1,708 eligible applications processed by CARE, we found that the overall certification process substantially complied with the ADA criteria based on the following.

- All 100 applications reviewed evidenced that individuals who, due to disability, are unable to board or exit a fixed-route bus, get to or from a bus stop due to physical and/or environmental barriers, or cannot understand how to ride the bus.
- Information and notices related to the eligibility process and determination such as the "Riders Guide" are made available upon request.
- The eligibility determination was made within 21 days from the time a complete application was accepted for 99 out of 100 applications reviewed.
- Documentation of eligibility determination was in writing for 99 out of 100 applications reviewed.
- An eligibility determination letter was provided to 99 out of 100 applications reviewed. We also verified that letters included the name of the eligible individual, the name of the transit provider, the telephone number of the entity's paratransit coordinator, an eligibility expiration date, and conditions or limitations on the individual's eligibility, if any.
- All 100 applications reviewed were granted eligibility certification for 5 years.
- Only one of the 100 applications sampled had gone through the appeal process and we verified that the appeal process was in compliance with ADA guidelines.

Prior to CARE Contract (Prior to October 1, 2006) – Eligible Applicants

Based on the results of our sample of 120 eligible applications out of the total universe of 22,676 eligible applications processed prior to CARE, we found that the overall certification process substantially complied with ADA criteria based on the following.

- All 120 applications reviewed evidenced that individuals who, due to disability, are unable to board or exit a fixed-route bus, get to or from a bus stop due to physical and/or environmental barriers, or cannot understand how to ride the bus.
- Information and notices related to the eligibility process and determination such as the "Riders Guide" are made available upon request.
- The eligibility determination was made within 21 days from the time a complete application was accepted for 119 out of 120 applications reviewed.

*ACCESS Certification Review
Orange County Transportation Authority*

- Documentation of eligibility determination was in writing for all 120 applications reviewed.
- An eligibility determination letter was provided to all 120 applications reviewed. We also verified that the letter included the name of the eligible individual, the name of the transit provider, the telephone number of the entity's paratransit coordinator, an eligibility expiration date, and conditions or limitations on the individual's eligibility, if any.
- All 120 applications reviewed were granted eligibility certification for 5 years.

Denied Applicants – July 1, 2000 through February 28, 2007

Based on the results of our sample of 85 applications out of a total universe of 1,276 denied applications processed from July 1, 2000 to February 28, 2007, we found that the overall certification process substantially complied with the ADA criteria as follows.

- All 85 applications reviewed evidenced that individuals were able to board or exit a fixed-route bus, get to or from a bus stop due to physical and/or environmental barriers, or can understand how to ride the bus.
- Information and notices related to the eligibility process and determination such as, the "Riders Guide" are made available upon request.
- The denied eligibility determination was made within 21 days from the time a complete application was accepted for all 85 applications reviewed.
- Documentation of denied eligibility determination was in writing for all 85 applications reviewed.
- A denied eligibility determination letter was provided to all 85 applications reviewed.
- Only six of the 85 applications sampled had gone through the appeal process and we verified that the appeal process was in compliance with ADA guidelines.

2. ACCESS Certification Process was Found to be Cost Efficient and Effective

On April 1, 2007, certain changes were made to the ACCESS certification process that we found improved the cost efficiency and effectiveness of the ACCESS certification process. Rather than require applicants to submit applications in advance of their in-person evaluation, applicants bring their completed applications with them to the evaluation. This change eliminated OCTA involvement in the process, reduced postage costs, and increases the likelihood of compliance with the ADA's 21-day eligibility determination period. Prior to April 1, 2007, individual applications were mailed to OCTA's offices in Orange, CA. Incomplete applications were sent back to the applicant by mail with instructions to complete. Completed applications were scanned by OCTA personnel and electronically sent to CARE for evaluation. The current process requires

the applicant to schedule a required in-person evaluation with CARE and submit the application directly to CARE at the time of the scheduled in-person evaluation.

This change eliminates applicant evaluation downtime by scheduling the in-person evaluation at the same time of application submittal. Cost savings are also realized by avoiding postage costs of mailing incomplete applications back to the applicant. The current process also creates efficiencies by having applications go directly to CARE, eliminating the need of OCTA personnel scanning applications into CARE's system. Lastly, the risk of not complying with ADA's 21-day eligibility determination period is decreased because the current process eliminates several days of downtime by having applicants submit their application directly to CARE at the time of the in-person evaluation.

3. Paratransit Service for Visitors Exceeds ADA Guidelines

ADA (CFR Title 49 Section 37.127) requires that ACCESS service be made available to visitors. A visitor is an individual with disabilities who does not reside in the jurisdiction served by the public entity. ADA also requires that service to a visitor be for 21 days during any 365-day period beginning with the visitor's first use of the service during a 365-day period. OCTA verifies the visitor's ACCESS certification either by obtaining the certification letter from the agency that certified the visitor, obtaining the eligibility identification card from the client with the client name and eligibility expiration date, or by having a meeting with the visitor and observing the individual's disability.

We found OCTA's policy for ACCESS service for visitors allows unlimited use during a 365-day period, exceeding the ADA requirement of 21 days during a 365-day period. Visitors are able to use OCTA's ACCESS service an unlimited number of times during the year or until eligibility expires. At the time of our review, OCTA's ACCESS database listed 1,165 visitors eligible for OCTA ACCESS service.

Recommendation

We recommend that OCTA consider conducting an assessment on the cost of providing unlimited paratransit service for visitors and revise its policy accordingly.

4. Invoices from CARE Should Be Reconciled with OCTA Records

OCTA has contracted with CARE to conduct in-person assessments and to make an eligibility determination of all applicants for ACCESS service. The contract period is for the 21 months October 1, 2006 through June 30, 2008 with a maximum contract amount of \$897,000. The contract amount includes a startup fee of \$33,565 and a payment of \$89 for each assessment completed. For the period October 1, 2006 through February 28, 2007, CARE invoiced and was paid \$197,503 by OCTA.

CARE submits a monthly invoice listing the number of assessments completed for the month multiplied by \$89. CARE also provides additional reports that support the number of assessments completed during the month. OCTA's ADA ACCESS Administrator reviews the invoice with supporting reports and authorizes the invoice for payment.

Our review found that there is no verification or reconciliation of the number of assessments completed according to CARE's invoice to OCTA records, such as the daily eligibility letters received by OCTA from CARE. This lack of verification or reconciliation of the number of assessments completed to OCTA's records could result in payment errors.

Recommendation

We recommend that prior to authorizing payment, OCTA verify or reconcile the number of assessments completed and reported on CARE's invoice to OCTA's records for accuracy.

5. Database Management

Currently, OCTA has approximately 47,000 applications that were processed prior to October 1, 2006 maintained in OCTA's database system (Trapeze). Of the 47,000 applicants, we were provided a list of currently eligible applicants totaling 22,676 or 48%. Thus, approximately 24,324 applicants or 52% of the total applicants in the database system are either ineligible applicants or applicants awaiting recertification (ACCESS certification expires after 5 years).

OCTA staff informed us that the ACCESS database was last cleaned up in 2005, and has not been purged since. Maintaining unnecessary or outdated applicant information is not an efficient database management practice, particularly given the sensitive and confidential nature of data being maintained.

Recommendation

We recommend that OCTA consider annually reviewing and purging the ACCESS service database to ensure that only current eligible applicant data is maintained.

6. Physical Security of Applications Needs Improvement

During the course of our review, we observed the following security weaknesses relative to the handling of ACCESS applications by CARE:

- When an applicant submits a complete application, the application is set on top of an in-box at the front desk until the Transit Evaluator picks it up for an interview.
- Once the in-person assessment is completed and the Transit Evaluator has made the eligibility determination, the application is scanned by a CARE staff and is set in an open-accordion folder on top of a desk in the office for approximately 4-5 days until an eligibility letter, labels, etc. is printed by a CARE staff and forwarded to OCTA.
- The door to CARE's offices, where the applications-in-transit are kept, is always open during business hours. During non-business hours, the building is locked.

Given that ACCESS applications contain sensitive applicant health information, it is essential that stringent physical security measures be used to protect and control access to such documents.

Recommendation

We recommend that CARE implement measures to ensure ACCESS applications remain out of view and cannot be physically accessed by any unauthorized personnel.

7. Information Protection Policy

OCTA currently does not have an Information Protection Policy to protect the use and handling of applicant data in accordance with applicable government mandates, such as Senate Bill 1386. Although such a policy is in the process of being drafted, it is not currently complete. The lack of an information protection policy could result in improper handling and unauthorized access of sensitive ACCESS application data to include health related information of applicants.

Recommendation

We commend OCTA's efforts to initiate the drafting of an Information Protection Policy. However, we recommend that OCTA aggressively move forward with completing and adopting an information protection policy that communicates management's criteria for handling and sharing sensitive data with business partners.

8. Password Change Management and Formatting Could Be Improved

There is no automated forced password change functionality implemented for the ASMS application. As a result, the system does not force users to change their passwords on a periodic basis to prevent passwords from remaining static for extended periods. Static passwords increase the possibility of ASMS being accessed by system intruders, hackers and other unauthorized users.

In addition, ASMS does not have required password length and formatting functionality. Although a CARE policy exists that requires users to create "strong" user passwords, the ASMS application does not force users to create passwords that comply with a minimum standard for secure passwords (e.g., alphanumeric, required length, special characters, etc.). As a result, user passwords are more susceptible to system hackers attempting to gain unauthorized access to ASMS.

Recommendation

We recommend that OCTA management coordinate with CARE to implement password aging and forced password change functionality for ASMS. We also recommend that OCTA management coordinate with CARE to implement password formatting functionality for ASMS.

9. ASMS Access Rights Review

ASMS user access rights are not reviewed on a periodic basis (e.g., quarterly or semiannually) and signed-off by CARE management as evidence of certifying the appropriateness of user access to ASMS. Lack of a periodic review of ASMS access rights could result in unauthorized users retaining or gaining access to the application.

Recommendation

We recommend that ASMS access rights be reviewed and approved by CARE management on a periodic basis. This would require that management sign and date an ASMS access rights report as evidence of their review.


Thompson, Cobb, Bazilio & Associates, PC



INTEROFFICE MEMO

June 12, 2007

To: Gerry Dunning, Senior Internal Auditor
Internal Audit

From: Beth McCormick, Acting General Manager, Transit 

Subject: **Review of Agreement C-5-3039 between the Orange County Transportation Authority and CARE Transit Services, Internal Audit Report No. 07-028**

Background

An audit has been conducted of the contract with Comprehensive Assessment Restorative Evaluation (CARE) to evaluate individuals with disabilities to determine eligibility for complementary paratransit services under the Americans with Disabilities Act (ADA). The audit included the contract period from October 1, 2006 through February 28, 2007. In addition, the auditor also examined records from the previous contract with Magnolia Physical Therapy. The audit findings, recommendations and management response to each item is provided below:

Findings and Recommendations

3. Paratransit Service for Visitors Exceeds ADA Guidelines

Recommendation

We recommend that OCTA consider conducting an assessment on the cost of providing unlimited paratransit services for visitors and revise their policy accordingly.

Management Response/Action Taken

The Federal Register, Section 37.127 Complementary Paratransit for Visitors:

ADA requirement of the 21 days visitor status during a 365-day period states the following:

"The local provider need serve someone based on visitor eligibility for no more than 21 days. After that, the individual is treated the same as a local person for eligibility purpose. This is true whether the 21 days are

consecutive or parceled out over several short visits. The local provider may request the erstwhile visitor to apply for eligibility in the usual local manner."

There are currently 1,165 ACCESS customers with visitor status in the database. The cost of a trip on ACCESS is approximately \$23. While there may be a number of clients registered as visitors in the Trapeze database, our records indicate that only 465 used the service during FY 2006. Visitors took a total of 10,502 trips, an average of 875 trips each month, or 29 trips each day. This represents less than 1% of the total service provided.

In sampling some of the high-use customers, it is likely that either, 1) their client file has been coded "visitor" in error, or 2) they once lived in the County, utilized the service heavily, and have since moved out of the County but have retained visitor status eligibility. CTS staff will review and verify the status of those visitors utilizing the service most frequently to ensure that status is accurately coded. In addition, CTS staff will further research trends for visitor use of ACCESS service. If the trend is found to be problematic, change of policy will be further considered.

4. Invoices from CARE Should Be Reconciled with OCTA Records

Recommendation

We recommend that prior to authorizing payment, OCTA should verify or reconcile the number of individual assessments completed and reported on CARE's invoice to OCTA's records for accuracy.

Management Response/Action Taken

As of April 1, 2007, the CTS Eligibility Section implemented a new process which assists in tracking the CARE invoices. This tracking process consists of a daily cover sheet listing all customers evaluated and those applications that have been denied or incomplete. The daily cover sheet includes the client's name, ID#, type of letter, eligibility determination, evaluation date, and signature of CARE management staff. Once received by OCTA Eligibility Staff, the form is signed and dated to verify completion. Upon receiving the monthly invoice from CARE, those records are cross referenced by the ADA Eligibility Administrator.

5. Database Management

Recommendation

We recommend that OCTA consider annually reviewing and purging the ACCESS services database to ensure that only current eligible applicant data is maintained.

Management Response

This issue has been previously considered by CTS staff. While trip history data is periodically purged by OCTA Database Administrators, CTS has asked that client file records be left intact. This historical data is often required for research and reporting purposes.

Expired client file records are maintained within a password protected database, which makes them as secure as any other record or data within the Trapeze database. The only known advantage to purging this data would be to provide additional disk space. Previously, there have not been any issues associated with lack of disk space. Should this create a problem with disk space in the future, CTS and IS staff will reconsider this practice.

6. Physical Security of Applications Needs Improvement

Recommendation

We recommend that CARE implement measures to ensure ACCESS applications remain out of view and cannot be physically accessed by any unauthorized personnel.

Management Response/Action Taken

CTS staff recognizes the need for additional security of applications, and practices have been implemented to address this issue. All documents are kept in the CARE operations room, with the door closed at all times during office hours. File cabinets will be open during business hours for items of daily use and locked after business hours. All sensitive documents will be stored in a locked cabinet.

7. Information Protection Policy

Recommendation

We commend OCTA's efforts to initiate the drafting of an Information Protection Policy. However, we recommend that OCTA aggressively move forward with completing and adopting an information protection policy that communicates management's criteria for handling and sharing sensitive data with business partners.

Management Response

The Authority's Information Systems Department recently hired a Trapeze software specialist and a senior security analyst, to address the information protection policy issues for handling and sharing sensitive data with our contractors. The Authority staff is currently working to develop such policies and a plan for implementing these policies.

8. Password Change Management and Formatting Could Be Improved

Recommendation

We recommend that OCTA management coordinate with CARE to implement password aging and forced password change functionality for ASMS. We also recommend that OCTA management coordinate with CARE to implement password formatting functionality for ASMS.

Management Response/Action Taken

Currently, CARE does not have an automated system to require passwords be changed on a regular basis. CARE assigns all new users an access password and provides a manual notification to change passwords on a quarterly basis. CARE will remind staff of this requirement by e-mail notifications and at the OCTA ACCESS/CARE Quarterly Staff Meetings.

It was recommended and agreed upon that software is to be developed for an automated forced password change. The implementation of this will depend on financial programming resources, OCTA contractual requirements with business partners, and final implementation of an OCTA contractor policy for security standards.

9. ACCESS Services Management System (ASMS) Access Rights Review

Recommendation

We recommend that ASMS access rights be reviewed and approved by CARE management on a periodic basis. This would require that management sign and date an ASMS access rights report as evidence of their review.

Management Response/Action Taken

Currently, there is not an automated system to require user reviews on a regular basis. CARE has an annual review of users on the ASMS system and an automatic manual notification to IS when employees resign or are terminated. Any user that has resigned or is terminated is removed from the access users list.

CARE will conduct a manual review of users on the ASMS system at all OCTA ACCESS Quarterly Staff Meetings. A review action document will be developed which will list the current and recently terminated users. This list will be made available for review by the Eligibility Administrator.

Summary

The audit that was recently conducted identified findings and recommendations to further improve the management and oversight of the contract with CARE, Inc., for ACCESS Eligibility Determination Services. Management is in agreement with the recommendations as modified with the management response. Staff is working to implement the recommendations.

c. Paul Taylor
Jim Kenan
Kathleen O'Connell
Erin Rogers
Gracie Davis



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Liquefied Natural Gas Contract Review

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Cavecche, and Moorlach
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Nguyen were not present to vote on this item.

Committee Recommendation

Direct staff to implement the recommendations made in the Liquefied Natural Gas Contract Review, Internal Audit Report No. 07-032.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, ^KChief Executive Officer
Subject: Liquefied Natural Gas Contract Review

Overview

The Internal Audit Department has completed a review of the contract between Orange County Transportation Authority and Applied LNG Technologies for the supply and delivery of liquefied natural gas. The review found that controls over contract administration are generally adequate. Recommendations are being made to improve controls and contract administration.

Recommendation

Direct staff to implement the recommendations made in the Liquefied Natural Gas Contract Review, Internal Audit Report No. 07-032.

Background

Orange County Transportation Authority (OCTA) currently operates approximately 570 buses, including 40-foot diesel/electric hybrid buses, 60-foot articulated diesel buses, 40-foot diesel buses, and 40-foot liquefied natural gas (LNG)-powered buses. Currently, 232 LNG-powered buses are in operation and each contains two 119-gallon LNG tanks. There are LNG fueling stations located at both the Anaheim and Garden Grove bases. Each base has two 25,000-gallon LNG storage tanks buried underground. OCTA contracts with Applied LNG Technologies (ALT) for the supply and delivery of LNG fuel.

Unlike other fuel contracts at OCTA, which are based on market pricing, a fixed price was negotiated with ALT for LNG. In July 1999, OCTA issued a purchase order to ALT to supply and deliver LNG based at a fixed rate per gallon ranging from \$0.35 to \$0.44. In 2003, when the price per gallon was at \$0.40, ALT approached OCTA requesting an increase in its fixed contract price because of increasing fuel costs. The company, claiming financial hardship, threatened to discontinue its supply to OCTA despite its contractual obligation. OCTA, having

no alternative supplier, conceded and in April 2003, closed the purchase order and entered into an agreement which set the fixed price at \$0.53 per gallon.

Again in 2005, ALT approached OCTA requesting a change from fixed pricing to index-based pricing. In November 2005, Amendment 2 to the agreement revised the payment terms from fixed to a formula based on the Platt's Natural Gas Index for Southern California Gas Company plus \$0.15 per gallon.

For the 24 months ended March 31, 2007, OCTA spent \$10.1 million on LNG fuel, or an average of \$404,168 per month (gross of a \$0.50 per gallon federal tax credit which became available in October 2006).

Discussion

The Internal Audit Plan for Fiscal Year 2006-07 included a review of OCTA's contract with ALT. The objective was to evaluate contract compliance and internal controls. Internal Audit made recommendations to revise procedures for inventory contract approval, verify and retain published monthly index prices, revise the fuel reconciliation process, and update the contract when an expected landfill gas conversion project becomes operational.

Summary

Internal Audit has completed a review of the LNG fuel supply and delivery contract and has made recommendations to improve controls and contract administration.

Attachment

- A. Liquefied Natural Gas Contract Review, Internal Audit Report No. 07-032

Prepared by:




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



INTEROFFICE MEMO

June 15, 2007

To: James S. Kenan, Executive Director
Finance, Administration & Human Resources

From: Lisa Monteiro, Principal Internal Auditor 
Internal Audit

Subject: **Liquefied Natural Gas Contract Review, Internal Audit
Report No. 07-032**

Attached hereto is Liquefied Natural Gas Contract Review, Internal Audit Report No. 07-032. Your responses to the recommendations made in the audit have been incorporated into the attached final audit report. Internal Audit concurs with the planned corrective action.

We appreciate the cooperation received during this review. Internal Audit will follow up on management's planned corrective action in six months.

Attachment: Liquefied Natural Gas Contract Review, Internal Audit
Report No. 07-032

c: Virginia Abadessa
Ryan Erickson
Kathleen O'Connell

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**



Liquefied Natural Gas Contract Review

INTERNAL AUDIT REPORT NO. 07-032

June 15, 2007



Audit Team

Kathleen O'Connell, Internal Audit Manager

Lisa Monteiro, Principal Internal Auditor

Philip Jun, Intern

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Liquefied Natural Gas Contract Review
June 15, 2007**

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Liquefied Natural Gas Contract Review
June 15, 2007**

CONCLUSION

A compliance and internal controls review was performed of the contract between Orange County Transportation Authority and Applied LNG Technologies. The review found that controls over contract administration are generally adequate. Recommendations are being made to improve controls and contract administration.

BACKGROUND

Bus Fleet Structure

Orange County Transportation Authority (OCTA) currently operates approximately 570 buses, including 40-foot diesel/electric hybrid buses, 60-foot articulated diesel buses, 40-foot diesel buses, and liquefied natural gas (LNG)-powered 40-foot buses. Currently, 232 LNG-powered buses are in operation and each contains two 119-gallon LNG tanks. OCTA contracts with Applied LNG Technologies (ALT) for the supply and delivery of LNG fuel. ALT's plant is located in Topock, Arizona, one mile east of the Arizona border with California.

There are LNG fueling stations located at both the Anaheim and Garden Grove bases. Each base has two 25,000-gallon LNG storage tanks buried underground. OCTA recently procured 299 40-foot Compressed Natural Gas (CNG)-powered buses, has completed a CNG fueling station at the Santa Ana Base, and has awarded a contract for the construction of CNG fueling stations at the Anaheim and Garden Grove bases. Delivery of the CNG-powered buses is scheduled for June 2007 at a rate of six per week. CNG will be produced by a compression system fed by pipeline natural gas from Texas by Southern California Gas Company. LNG-powered buses are expected to be utilized for five more years while the CNG buses come fully on-line.

LNG Fuel Contract Terms

Unlike other market rate fuel contracts at OCTA, a fixed price was negotiated with ALT for LNG. In July 1999, OCTA issued purchase order (PO) C-9-9184 to ALT to supply and deliver LNG based on the following fixed rates per gallon:

June 1, 2000 – May 31, 2001:	\$0.44 per gallon
June 1, 2001 – May 31, 2002:	0.42
June 1, 2002 – May 31, 2003:	0.40
June 1, 2003 – May 31, 2004:	0.40
June 1, 2004 – May 31, 2005:	0.38

The PO was for an amount not-to-exceed \$11,165,532, and included prices per gallon for five option years, exercisable at OCTA's option, based on the following schedule:

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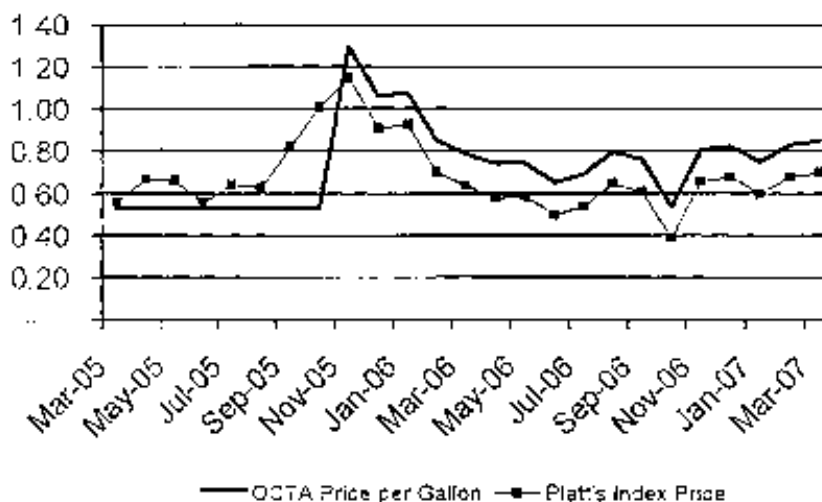
June 1, 2005 – May 31, 2006:	\$0.38 per gallon
June 1, 2006 – May 31, 2007:	0.38
June 1, 2007 – May 31, 2008:	0.38
June 1, 2008 – May 31, 2009:	0.35
June 1, 2009 – May 31, 2010:	0.35

In 2003, due to increases in LNG prices, ALT approached OCTA requesting an increase in its fixed contract price. The company, claiming financial hardship, threatened to discontinue its supply to OCTA despite its contractual obligation. OCTA had no alternate suppliers, and so in April 2003, closed the PO and entered into Agreement C-3-0300 which set the fixed price at \$0.53 per gallon.

Again in 2005, ALT approached OCTA requesting a change from fixed pricing to index-based pricing. In November 2005, Amendment 2 to the agreement revised the payment terms from fixed to a formula based on the Platt's Natural Gas Index for Southern California Gas Company (Index) plus \$0.15 per gallon. The Index measures gas prices per MMBtu (a thousand thousand British Thermal Units). Pounds of LNG delivered are then converted to gallons using a conversion rate of 3.6 pounds per gallon.

For the 24 months ended March 31, 2007, OCTA spent a total of \$10.1 million on LNG fuel, or an average of \$404,168 per month (gross of a \$0.50 per gallon federal tax credit which became available in October 2006). The price per gallon paid to ALT between March 2005 and March 2007 as compared to the index price is illustrated as follows:

LNG Fuel Prices, March 2005 thru March 2007



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Amendment 2 also requires ALT to charge OCTA at cost for any fuel supplied from Bowerman Landfill which is owned by Orange County Integrated Waste Management Department and is located in Irvine, California. In January 2007, the Bowerman Landfill initiated a project to convert landfill gas to LNG. The operation will initially produce 5,000 gallons of LNG per day, estimated to expand to 20,000 gallons per day by 2008. At full production, up to 40,000 gallons a day may be produced, with all output expected to be supplied to OCTA through ALT.

A summary of PO and contract amendments is available at APPENDIX A – Summary of ALT Contracts.

Production Interruptions

A contract was entered into with Clean Energy for the period December 23, 2003 through December 31, 2004, to provide up to \$250,000 of LNG fuel in case of emergencies. However, the contract was not renewed. In late 2005, OCTA's LNG supply was threatened due to a mechanical failure at ALT's plant in Arizona. OCTA immediately developed a contingency plan that included rationing, maximizing use of diesel fueled buses, and leasing surplus vehicles from other agencies. The ALT plant was back in operation before the supply was expended. To mitigate the consequences of any future supply issues, Amendment 2 also requires ALT to stage four 10,000 gallon trailers exclusively for OCTA in the event of a production interruption.

Currently, OCTA does not hedge LNG fuel prices or mitigate the risks associated with fuel supply shortages, except to the extent these contractually required emergency supplies are available at the contract index-based prices.

Contract Administration

The Maintenance Team section (Maintenance) of the Contracts Administration and Materials Management (CAMM) department administers the LNG contract. The contract was the responsibility of the Maintenance Team Section Manager in CAMM, who is no longer with OCTA, and the contract has not yet been reassigned. The Store Supervisor at the Garden Grove Base was also vacant at the time of this review; therefore, the Store Supervisor at Anaheim Base was overseeing LNG operations at both bases.

Maintenance uses a fuel management system for all of its fuels and consumables, including LNG, diesel, unleaded gasoline, oil, propane, and transmission fluid. The system controls the accounting and dispensing of all OCTA's fuels and consumables at the various remote-fueling locations. It also includes a mileage information collection system and a tank level monitoring system.

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**Liquefied Natural Gas Contract Review
June 15, 2007**

Internal Revenue Service Alternative Fuel Credit Program

Effective October 1, 2006, the Internal Revenue Service instituted an alternative fuel excise tax credit program that provides a \$0.50 per gallon credit for every liquid gallon of LNG used. This program also applies to CNG, providing a \$0.50 per gallon credit for gasoline gallon equivalent of CNG used.

PURPOSE AND SCOPE

The Internal Audit Plan for Fiscal Year 2006-07 included a review of OCTA's contract with ALT. Our objective was to evaluate contract compliance and internal controls. To achieve our objective, we performed the following:

- Reviewed the contract with ALT
- Performed walk-throughs of the fuel delivery, payment, and reconciliation processes
- Reviewed a sample of invoice payments
- Reviewed a sample of monthly LNG fuel reconciliations

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**Liquefied Natural Gas Contract Review
June 15, 2007**

**AUDITOR COMMENTS, RECOMMENDATIONS AND MANAGEMENT
RESPONSES**

Contract Amendments

According to OCTA procurement policies and procedures, the Chief Executive Officer (CEO) or his designee may authorize the award of competitively bid inventory materials, equipment, and supplies of any amount.

Amendment 2 to the contract with ALT, executed by the manager of CAMM on November 15, 2005, converted LNG pricing from fixed to formula based. The value of this amendment between its effective date and the end of the contract period (November 1, 2005 through May 31, 2006) was \$1.45 million.

While we understand that the CEO was involved in the negotiation of the new contract terms, there is no documentation of such in the contract file.

Recommendation 1: CAMM should revise its policies and procedures to require formal CEO approval for substantial changes to terms of inventory contracts.

Management Response: CAMM agrees to review the procurement policies and procedures as they relate to inventory and to update the Procurement Manual as needed. Funds have been budgeted in the fiscal year 2008 budget for this activity. It is anticipated that this effort will start in the September time frame and will include a procedure for handling inventory purchases as well as amendments to inventory contracts.

LNG Index Pricing

The Platt's Natural Gas Index used to calculate price per gallon of LNG is obtained by CAMM on a monthly basis from an ALT contractor and sent to Accounts Payable as support for invoice payments. Staff does not retain documentation of the monthly index prices nor do they independently verify the index price from a published source.

Recommendation 2: The monthly index prices for LNG should be independently verified and retained with the invoices.

Management Response: CAMM agrees to independently verify the index price from a published source and forward that information to Accounts Payable. Accounts Payable can retain this verification with the invoices.

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INTERNAL AUDIT DEPARTMENT**

**Liquefied Natural Gas Contract Review
June 15, 2007**

LNG Fuel Reconciliation

During our review of monthly LNG fuel reconciliations performed by CAMM maintenance personnel, we noted that the reconciliations and related internal control procedures do not adequately account for LNG inventory and usage. Reconciliations and effective internal controls provide assurance that all fuel delivered and consumed is accounted for.

LNG is delivered at a very cold temperature and warms slightly when deposited into the tanks. The fuel management system takes usage readings when fuel is dispensed into buses, at which time fuel is heated up. Therefore, according to Facilities Maintenance personnel, pounds per gallon at the time dispensed are generally about 15-18 percent less than pounds per gallon at the time of delivery. This makes the gallons recorded as dispensed by the fuel management system appear 15-18 percent higher than the gallons recorded as received. However, this variance is not calculated and accounted for during the monthly reconciliation process.

Some of the variance may be attributable to unused fuel being returned to tanks from buses as well as nightly circulation of fuel for testing purposes. However, there is no means by which to verify these amounts, nor are they accounted for during the reconciliation process.

Lastly, amounts invoiced are verified by staff using weighmaster certificates provided by delivery drivers. However, actual tank meter readings are not recorded before and after each delivery for physical verification of the delivery amounts.

Recommendation 3: Management should revise its current reconciliation process to adequately account for beginning and ending inventories, actual fuel deliveries and usage, and any fuel deposited back into, or circulated through, the tanks. Additionally, a threshold for variances between the fuel management system readings and the usage as calculated should be implemented, and all variances above the threshold should be investigated.

Management Response: CAMM agrees to revisit the reconciliation process currently being used and design and implement one that takes into consideration the deliveries and usage of fuel in the tanks. We will work with Facilities Maintenance, Maintenance and Internal Audit to develop this new procedure. There is currently a procedure in place for monitoring fuel deliveries. CAMM will ensure that the procedure is being followed. Additionally, a new Inventory Manager position is being created which will have responsibility for ensuring that appropriate reconciliation procedures are performed for inventory items.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Liquefied Natural Gas Contract Review
June 15, 2007**

Bowerman Liquefiers

Amendment 2 to the contract with ALT contains the following language related to Bowerman liquefiers:

"CONTRACTOR agrees that if and when the Bowerman liquefiers come on line, CONTRACTORS (sic) cost of supplying product to AUTHORITY will, for the (portion) obtained from Bowerman, become fixed and should adjust downward. CONTRACTOR is willing to pass whatever product is available from Bowerman on to the AUTHORITY at its cost."

Through research, we determined that this addition to the contract refers to a project at the Bowerman landfill in Irvine, California, to convert landfill gas to LNG and provide it to ALT through contract. In turn, ALT is to provide any fuel from Bowerman to OCTA at cost. However, the contract does not adequately reflect the details of this arrangement.

Recommendation 4: When the Bowerman liquefiers come on line, the contract with ALT should be revised to specify provisions and terms of the Bowerman project and its impact on the contract between OCTA and ALT.

Management Response: CAMM agrees with this recommendation.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Liquefied Natural Gas Contract Review
June 15, 2007**

APPENDIX A – Summary of ALT Contracts

Date	Item	Revisions Made
PO C-9-9184 with ALT		
July 29, 1999	PO C-9-9184 signed	<ul style="list-style-type: none"> Initial term to end May 31, 2005 Price fixed at \$0.28 to \$0.44 per gallon
March 20, 2001	Amendment 1	Incorporated penalty rates for delays caused OCTA at a rate of \$85 per hour after three hours, and increased the not-to-exceed by \$5,000
April 30, 2001	Amendment 2	Revised certified scale locations from "no more than 10 miles from the Authority's fuel station locations" to "no more than 55 miles from the Authority's fuel station locations."
Feb 15, 2002	Amendment 3	Added a mobile fueling station to be used as a back-up fueling station during emergency construction at a cost of \$6,000 per month for six months.
Contract C-3-0300 with ALT		
April 1, 2003	Contract number C-3-0300 signed	<ul style="list-style-type: none"> Initial term to end May 31, 2005 Price fixed at \$0.53 per gallon
June 1, 2005	Amendment 1	Extended the agreement through May 31, 2006
Nov 15, 2005	Amendment 2 (effective Nov 1, 2005)	<ul style="list-style-type: none"> Revised the payment terms from fixed to formula based Required a fixed price for fuel supplied from Bowerman Landfill Added requirement for contractor to stage four trailers exclusively for OCTA in the event of a production interruption
June 28, 2006	Amendment 3	Extended the agreement through May 31, 2007



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WV} Wendy Knowles, Clerk of the Board
Subject: Buy America Audit and Single Bid Review – Procurement of 20 Paratransit Vehicles

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Cavecche and Moorlach
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Nguyen were not present to vote on this item.

Committee Recommendation

Receive and file as an information item.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Buy America Audit and Single Bid Review -- Procurement of 20 Paratransit Vehicles

Overview

Internal Audit has performed a Pre-Award Buy America Audit for the 20 compressed natural gas cutaway vehicles proposed by Creative Bus Sales, Incorporated / ElDorado National Company, and determined that the proposed vehicles are in compliance with federal "Buy America" guidelines. Additionally, Internal Audit reviewed the procurement process for the purchase and concluded that the process was fair and competitive.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA) issued Request For Proposals (RFP) 6-0554 for the acquisition of 20 compressed natural gas cutaway vehicles. The vehicles will be acquired from Creative Bus Sales (CBS), and will be manufactured by ElDorado National Company (ElDorado) located in Salina, Kansas. Transit agencies are required by the Code of Federal Regulations (CFR), specified in 49 CFR 661, to verify and certify compliance with Buy America legislation. The regulations specify that before awarding a contract, the grant recipient must conduct, or contract for, a pre-award audit of the most responsive and responsible vehicle manufacturer to the solicitation. The purpose of the audit is to ensure that the vehicles to be manufactured for OCTA contain domestically manufactured components representing costs in excess of 60 percent of the cost of the vehicle. The audit also ensures that the vehicle manufacturer meets the requirements of the law, including compliance with the Federal Motor Vehicle Safety Standards (FMVSS), and the final assembly will be performed within the United States.

Additionally, Internal Audit conducts reviews of single bid procurements that exceed \$50,000 at the request of the Contracts Administration and Materials Management Department (CAMP). The purpose of a single bid review is to determine whether the procurement process was fair and competitive.

To facilitate the process, CAMP requested the Internal Audit Department perform both the Buy America pre-award audit and a single bid review of the procurement process for RFP 6-0554.

Discussion

Internal Audit verified the manufacturer's schedule of proposed material costs to recent invoices or quotations from various suppliers. Internal Audit determined that the vehicles to be manufactured for OCTA contain domestically manufactured components representing costs in excess of 60 percent of the cost of the vehicle. Internal Audit obtained documentation ascertaining Eldorado's compliance with the FMVSS. Internal Audit also ensured that the final assembly location for the vehicles is within the United States.

Additionally, for the single bid review, Internal Audit reviewed the requisition, the RFP documents, CBS' proposal, and OCTA's procurement policies and procedures. Internal Audit found that the RFP was released and advertised in accordance with policies and procedures. Although only two firms attended the pre-proposal conference, additional efforts were made to solicit more responses to the RFP; only one bid, however, was ultimately received.

Revised Internal Audit Report No. 07-027, Procurement of 20 Paratransit Vehicles, Single Bid Review and Pre-Award Buy America Audit, was issued to the Executive Director of Finance, Administration, & Human Resources on June 1, 2007. Included in that report, and provided as an attachment to this report, are two certifications regarding the conduct of the audit and compliance with Buy America requirements.

Summary

Based on the audit, vehicle costs in excess of 60 percent will be of U.S. content, in conformity with the Buy America requirements. Additionally, the procurement process for the purchase of 20 paratransit vehicles was considered to be fair and competitive.

Attachments

- A. Certification – Pre-Award Buy America Compliance Certification
- B. Certification – Audit

Prepared by:



Kathleen M O'Connell
Manager, Internal Audit
(714) 560-5669

**CERTIFICATION
PRE-AWARD BUY AMERICA COMPLIANCE CERTIFICATION**

As required by Title 49 of CFR, Part 663 - Subpart B, the Orange County Transportation Authority is satisfied that the vehicles to be purchased, 20 compressed natural gas cutaway vehicles from Creative Bus Sales, Inc., as manufactured by ElDorado National Company, meet the requirements of Section 165(b)(3) of the Surface Transportation Assistance Act of 1982, as amended. The Orange County Transportation Authority's Internal Audit Department has reviewed documentation provided by the manufacturer, which lists (1) the proposed component and sub-component parts of the vehicles identified by the manufacturer, country of origin, and cost; and, (2) the proposed location of the final assembly point for the vehicles, including a description of the activities that will take place at the final assembly point and the cost of final assembly.


Signature:



Kathleen O'Connell
Manager, Internal Audit
Orange County Transportation Authority

CERTIFICATION AUDIT

I certify that I have conducted a pre-award audit of the documents relating to the manufacture of the compressed natural gas cutaway vehicles by ElDorado National Company, Salina, Kansas, for the Orange County Transportation Authority of Orange, California, according to the requirements of 49 CFR 663. The manufacturer has proven that it intends to construct these vehicles in conformity with the requirements of Section 165 (a) or (b) (3) of the Surface Transportation Act of 1982, as amended.

A handwritten signature in black ink, appearing to read "Ricco Bonelli", is written over a horizontal line.

Ricco Bonelli
Internal Auditor
Orange County Transportation Authority



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Environmental Compliance Review

Finance and Administration Committee

June 27, 2007

Present: Directors Amante, Brown, Buffa, Cavecche, and Moorlach
Absent: Director Bates

Committee Vote

This item was passed by all Committee Members present.

Directors Campbell and Nguyen were not present to vote on this item.

Committee Recommendation

Direct staff to implement the recommendations in the Environmental Compliance Audit Review, Internal Audit Report No. 07-002.



June 27, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Environmental Compliance Review

Overview

The Internal Audit Department has completed an environmental compliance review on underground storage tanks, aboveground storage tanks, and hazardous waste. Recommendations were made to increase effectiveness of controls over environmental compliance and other processes. Management staff has indicated the recommendations contained in the report will be implemented or otherwise satisfactorily addressed.

Recommendation

Direct staff to implement the recommendations in the Environmental Compliance Review, Internal Audit Report No. 07-002.

Background

The underground storage tanks (UST) at the Orange County Transportation Authority (OCTA) bases contain fuel, oil, and automatic transmission fluid. The aboveground storage tanks (AST) at the bases include emergency generators and 55-gallon drums of gear oil, waste oil, turbine oil, and hydraulic fluid. Waste generated by OCTA includes clarifier waste, waste oil, used oil filters, waste antifreeze, and biomedical waste.

The Environmental Compliance Specialist in the Health, Safety, and Environmental Compliance (HSEC) Department is the Designated UST Operator and provides UST training and performs monthly inspections of the bases that include UST, AST, and hazardous waste. The Acting Manager of the HSEC Department inputs training records into OCTA's Learning Management System (LMS).

The Office Specialist in the Facilities Maintenance Department processes invoices from waste disposal vendors. The section supervisors and employees

in the Facilities Maintenance Department are involved in the day-to-day monitoring of UST, AST, and hazardous waste, including inspections and walk-throughs.

Discussion

The Internal Audit Plan for Fiscal Year 2006-07 included a review of environmental compliance. The review focused on environmental compliance over UST, AST, and hazardous waste. Internal Audit recommended that the Environmental Compliance Specialist include inspections of hazardous waste and hazardous substances as part of the monthly inspections at the Irvine Base. Internal Audit recommended that the HSEC Department and the Facilities Maintenance Department develop and formalize comprehensive policies and procedures over environmental compliance and continuously monitor the OCTA environmental training program. Other recommendations included determining whether the Irvine Base is required to prepare a Spill Prevention Control and Countermeasure (SPCC) Plan and considering the incorporation of the HSEC Department's approval in the procurement process for consumables with hazardous properties.

Summary

Based on the review, Internal Audit made some recommendations, which management indicated would be implemented or otherwise satisfactorily addressed.

Attachment

- A. Revised Environmental Compliance Review, Internal Audit Report No. 07-002

Prepared by:



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



INTEROFFICE MEMO

June 20, 2007

To: Sue Zuhlke, Chief of Staff
SN
From: Serena Ng, Senior Internal Auditor
Internal Audit
Subject: **Revised Environmental Compliance Review, Internal Audit
Report No. 07-002**

We have updated the Management Response to Recommendation No. 6 of the Environmental Compliance Review, Internal Audit Report No. 07-002. Attached hereto is the revised report.

Attachment: Environmental Compliance Review, Internal Audit
Report No. 07-002

c: Jim Kenan
Rita deAndrade
Ryan Erickson
Virginia Abadessa
Gayla Reenan
Kathleen O'Connell

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Environmental Compliance Review

INTERNAL AUDIT REPORT NO. 07-002

June 20, 2007



Audit Team

Kathleen M. O'Connell, CPA, Internal Audit Manager

Serena Nye, CPA, Senior Internal Auditor

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

Environmental Compliance Review
June 20, 2007

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INTERNAL AUDIT DEPARTMENT**

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June 20, 2007

CONCLUSION

An environmental compliance review has been performed on underground storage tanks (UST), aboveground storage tanks (AST), and hazardous waste. The review found that internal controls over environmental compliance are generally adequate. Recommendations are being made to increase effectiveness of controls over environmental compliance and other processes.

BACKGROUND

General

There are multiple federal and state laws and regulations over UST, AST, and hazardous waste. California regulations typically contain requirements that meet or exceed federal requirements. The Environmental Health Division of the Orange County Health Care Agency was designated by the State Secretary for Environmental Protection as the Certified Unified Program Agency (CUPA) for the County of Orange. In most cities, CUPA administers the Hazardous Waste, UST and AST programs, while the fire agencies administer the Hazardous Materials Disclosure, Business Plan, and California Accidental Release Program.

The UST at the Orange County Transportation Authority (OCTA) bases contain fuel, oil, and automatic transmission fluid. The AST at the bases include emergency generators and 55-gallon drums of gear oil, waste oil, turbine oil, and hydraulic fluid. Waste generated by OCTA includes clarifier waste, waste oil, used oil filters, waste antifreeze, and biomedical waste. OCTA contracts with Evergreen Environmental Services for the disposal of waste oil, with Stericycle, Inc. for the disposal of biomedical waste, and with Ecology Control Industries (ECI) for the disposal of clarifier waste, used oil filters, and other waste.

The OCTA Health, Safety, and Environmental Compliance Department is staffed with an Acting Manager, three Safety, Health, and Environmental Specialists, a Construction Safety Officer, an Office Specialist, and an intern. One of the Safety, Health, and Environmental Specialists is assigned responsibility for environmental compliance and will henceforth be referred to as "Environmental Compliance Specialist." The Environmental Compliance Specialist is also the Designated UST Operator and provides UST training and performs monthly inspections of the bases that include UST, AST, and hazardous waste. The Acting Manager inputs training records into OCTA's Learning Management System (LMS).

The OCTA Facilities Maintenance Department is staffed with a Section Manager, an Office Specialist, three section supervisors at the bases, and union employees at the bases, as well as Stops & Zones employees. The Office Specialist processes invoices

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

Environmental Compliance Review
June 20, 2007

from the waste disposal vendors for payment. The section supervisors and union employees at the bases are involved in the day-to-day monitoring of UST, AST, and hazardous waste, which includes inspections and walk-throughs.

UST Regulations

UST regulations are contained in 23 Code of California Regulations (CCR), Chapter 16, and require the development of a monitoring plan and a response plan for unauthorized release for UST.

Effective January 1, 2005, Designated UST Operators must possess a current certificate issued by the International Code Council indicating the passage of the California UST System Operator exam. Designated UST Operators are required to perform monthly visual inspections of all UST and record the results of each inspection in a monthly inspection report. The Designated UST Operator must provide the owner or operator with a copy of each monthly inspection report and alert the owner or operator of any condition discovered during the monthly visual inspection that may require follow-up action. The owner or operator is required to maintain a copy of the monthly inspection records and all attachments for the previous twelve months.

By July 1, 2005, and every twelve months thereafter, Designated UST Operators are required to train facility employees in the proper operation and maintenance of the UST system. For facility employees hired on or after July 1, 2005, the initial training must be conducted within 30 days of the date of hire.

AST Regulations

Owners or operators of aboveground petroleum storage tanks are required to file a storage statement and implement spill prevention measures according to the California Aboveground Petroleum Storage Act of 1990. Facilities with a single tank or cumulative aboveground storage capacities of 1,320 gallons or greater of petroleum are covered by this law.

A Spill Prevention Control and Countermeasure (SPCC) Plan must be prepared in accordance with the oil pollution prevention guidelines in 40 Code of Federal Regulations (CFR), Part 112. The compliance date to prepare and implement a SPCC Plan is no later than October 31, 2007. The SPCC Plan should include procedures, methods, and equipment at the facility to prevent discharges of petroleum from reaching navigable waters. The SPCC Plan must be certified by a Registered Professional Engineer, and a complete copy must be maintained on site.

Discharge prevention briefings must be scheduled and conducted for oil-handling personnel at least once a year to ensure adequate understanding of the SPCC Plan for

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that facility. The facility owner or operator must develop a facility response training program to train those personnel involved in oil spill response activities.

Hazardous Waste and Other Regulations

State regulations over hazardous waste are found in the 22 CCR. Containers of waste must be labeled with "Hazardous Waste," "Excluded Recyclable Waste," or "Drained Used Oil Filters," with the initial starting date for waste accumulation, and with other information depending on the contents of the container and the container size.

Hazardous waste may be transported offsite by milk run, bill of lading, self hauling, consolidation, or full manifest. All manifests, shipping papers and or receipts, analyses and determinations must be available for review on-site for a minimum of three years.

All hazardous waste generators such as OCTA are required to prepare a contingency plan. A business emergency response plan may be required by local fire departments when a business exceeds certain quantities of stored hazardous materials. An approved business plan is accepted in place of a contingency plan when it includes information required in a contingency plan.

Employees involved in the management of hazardous waste must complete a training program. Training must be completed within six months of the date of employment and annual refresher training is required. Additionally, Section 5194 of 8 CCR requires all employers to provide information to their employees about the hazardous substances to which they may be exposed, by means of a hazard communication program, labels and other forms of warning, material safety data sheets, and information and training.

Irvine Base

The Irvine Base is owned by OCTA and is currently occupied by Veolia Transportation (Veolia), which manages and operates the ACCESS and contracted fixed route service. From the inception of Veolia operations at the Irvine base until April 10, 2007, Veolia facilities staff worked at the Irvine Base. OCTA's Santa Ana Base Facilities Maintenance staff provided Veolia facilities maintenance with work orders for work such as daily inspections and reviewed the completed work orders. Effective April 10, 2007, OCTA's Facilities Maintenance staff has assumed responsibility for facilities maintenance at the Irvine Base.

PURPOSE AND SCOPE

The Internal Audit Plan for Fiscal Year 2006-07 included a review of environmental compliance. The review objectives were to determine the adequacy of existing internal controls, to identify areas to improve efficiencies, and to determine compliance with

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INTERNAL AUDIT DEPARTMENT**

**Environmental Compliance Review
June 20, 2007**

applicable laws and regulations. This review was limited to environmental compliance over UST, AST, and hazardous waste. The work included:

- Interviews with the Environmental Compliance Specialist;
- Interviews with the section supervisors and/or facility technicians from the Facilities Maintenance Department;
- Review of the Environmental Compliance Specialist's monthly inspection reports from January 2006 to January 2007;
- Review of training records for UST and hazardous waste and communications in the LMS for January 2006 through February 2007; and
- Review of waste manifests, bills of lading and related invoices.

**AUDITOR COMMENTS, RECOMMENDATIONS AND MANAGEMENT
RESPONSES**

Internal controls over environmental compliance for UST, AST, and hazardous waste appear to be adequate. The recommendations below reflect opportunities for improvement.

Monthly Inspections and Inspection Reports

The Environmental Compliance Specialist performs monthly inspections of all bases and fills out inspection reports for UST, AST, and hazardous waste. However, inspections of the Irvine Base do not include inspections of hazardous waste or hazardous substances such as cleaning products.

We also noted during review of the monthly inspection reports six instances where the Designated UST Operator did not complete a visual inspection checklist or the checklist was only partially completed. Tapes of alarm history from the UST monitoring system were attached, which would indicate some level of inspection.

Finally, Garden Grove Base's SPCC Plan checklist for AST was not included with the inspection reports for June and July 2006, and there were three instances of the SPCC checklist being only partially completed or not including the second page.

Recommendation 1: Internal Audit recommends that the Environmental Compliance Specialist include inspections of hazardous waste and hazardous substances as part of the monthly inspections at the Irvine Base. Additionally, Internal Audit recommends that all monthly inspection checklists be consistently filled out and attached to the monthly inspection reports prior to filing.

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Management Response: Based on the language in the Scope of Work associated with operations of the Irvine Base, the Environmental Compliance Specialist believed that the inspection of hazardous waste and hazardous substances was a responsibility of the contractor. All future inspections at the Irvine Base will include the aforementioned inspections.

To ensure that inspection checklists are consistently filled out and attached to the monthly inspection reports, the Manager of the Health, Safety, and Environmental Compliance Department will conduct period inspections of the checklists and monthly inspection reports.

Monitoring of Environmental Training

Ongoing monitoring of OCTA environmental training for compliance with regulations should be improved. During our review of training records for January 2006 through February 2007, we noted the following:

- Although annual refresher training for employees involved in the management of hazardous waste is required by 22 CCR, the most recent training sessions in February 2007 were held fourteen months after the previous training sessions. In addition, a Facility Maintenance Supervisor did not attend the most recent training sessions.
- The 23 CCR, Chapter 16, requires that the Designated UST Operator train facility employees in the proper operation and maintenance of the UST system by July 1, 2005, and every twelve months thereafter. For facility employees hired on or after July 1, 2005, the initial training must be conducted within 30 days of the date of hire. However, a Facility Maintenance Supervisor who attended UST training in 2005 did not attend UST training in 2006, and an Assistant Facility Technician did not attend UST training within thirty days of his reinstatement to OCTA. These employees subsequently received training in late March 2007.

Recommendation 2: Internal Audit recommends that the Health, Safety, and Environmental Compliance Department and the Facilities Maintenance Department continuously monitor the OCTA environmental training program to ensure required training is obtained. Roles and responsibilities for the training program between the departments should be defined.

Management Response: Hazardous materials, waste, and spill training is done annually through the University of California–Riverside which was taught a little later in the year than usual. The advantage of this class is that it is tailored to OCTA facilities and bases. The LMS system will be put on the Facilities office specialist's computer so she can audit quarterly to make sure everyone in Facilities is current on all classes.

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SPCC Plan

Facilities with a single tank or cumulative aboveground storage capacities of 1,320 gallons or greater of petroleum must have a SPCC Plan. SPCC Plans have been prepared for the Santa Ana Base, Garden Grove Base, and Anaheim Base. However, OCTA has not determined whether a SPCC Plan is required for the Irvine Base. Additionally, Santa Ana Base's SPCC Plan lists a terminated OCTA employee as the person within management who can fully execute the plan.

Recommendation 3: Internal Audit recommends that OCTA determine whether the Irvine Base is required to prepare a SPCC Plan prior to the compliance date of October 31, 2007. Additionally, OCTA should update Santa Ana Base's SPCC Plan with current OCTA contacts.

Management Response: A vendor has been selected to evaluate and implement a SPCC Plan for the Irvine Base to be completed prior to October 31, 2007. The SPCC Plan for the Santa Ana Base has been updated with the current contacts.

Policies and Procedures

There are no formal OCTA policies and procedures over environmental compliance that define the goals of environmental compliance and the roles and responsibilities of the involved departments including the Health, Safety, and Environmental Compliance Department and the Facilities Maintenance Department.

Recommendation 4: Internal Audit recommends that comprehensive policies and procedures over environmental compliance be developed and formalized.

Management Response: Numerous policies and procedures exist that guide the roles and responsibilities of the Health, Safety, and Environmental Compliance Department. These policies are in need of updates and more detailed policies need to be developed directly related to environmental compliance. At this time, we are in the process of recruiting a department manager for the Health, Safety, and Environmental Compliance Department. One of the first tasks of the new department manager will be a comprehensive review of the existing policies and drafting of new policies. Policies and procedures related to environmental compliance activities will be among those to be reviewed and updated in detail.

Notification of Purchases of Consumables

The Environmental Compliance Specialist indicated that there is no established protocol for the Contracts Administration & Materials Management Department (CAMP) to notify her of procurements of consumables that may result in new material safety data sheets,

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which inform employees of the hazardous properties of the materials. Additionally, there is no requirement that the Health, Safety, and Environmental Compliance Department approve new procurements of consumables with hazardous properties.

Recommendation 5: Internal Audit recommends that the Health, Safety, and Environmental Compliance Department discuss with CAMM a notification process for procurements of consumables, which may involve CAMM periodically sending lists of new agreements with descriptions of procured items. Alternatively, consideration should be given to incorporating the Health, Safety, and Environmental Compliance Department's pre-approval in the procurement process for consumables with hazardous properties.

Management Response: The Health, Safety, and Environmental Compliance Department has set up several meetings to discuss implementing a process for procurements of consumables with CAMM, but due to various staff changes, a process has yet to be established. In order to best comply with the Hazardous Waste Reduction Act, the Health, Safety, and Environmental Compliance Department highly recommends a procedure that requires pre-approval by the department prior to procurement. This process could ensure that proper quantities are procured and could provide for an opportunity to explore substituting current hazardous materials with non-hazardous materials that are of equal effectiveness. The Health, Safety, and Environmental Compliance Department will pursue implementation of this process with CAMM.

Stericycle, Inc. Billings

Stericycle, Inc., which disposes of biomedical waste for OCTA, did not bill OCTA in accordance with Purchase Order No. C-4-1213 for the review period of May 2006 to February 2007. Stericycle, Inc. billed OCTA a monthly fee of \$99.00 until November 2006 then began billing \$116.82. However, under Purchase Order No. C-4-1213, the monthly fee is \$99.00 for calendar year (CY) 2005, \$103.95 for CY 2006, and \$109.15 for CY 2007.

The Facilities Maintenance Office Specialist indicated that she had received a copy of only the first page of the purchase order that shows the monthly fee of \$99.00 for initial year of CY 2005 and believed that the \$99.00 fee remained the same for CY 2006 and CY 2007. She inquired of CAMM when the billing fee increased to \$116.82 and CAMM confirmed this fee despite it not formally agreeing to the contractual fee, because Stericycle, Inc. had approached CAMM about a potential fee increase to reflect higher gas prices.

Subsequent to our inquiries, Amendment No. 1 to the purchase order was executed on April 4, 2007, to increase the fees to \$116.82 effective January 1, 2007 through December 31, 2007.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

Environmental Compliance Review
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Recommendation 6: Internal Audit recommends that Facilities Maintenance review invoices for compliance with the purchase order terms prior to payment approval. Identified discrepancies should not be paid without adequate support such as amendments with new pricing.

Management Response: Facilities Maintenance currently reviews all invoices prior to authorizing payment. However, in this case, the information provided Facilities Maintenance regarding the agreement with Stericycle was inaccurate and incomplete as received from CAMM. Facilities Maintenance requested clarification from CAMM and began to approve invoices based on a verbal conversation. Going forward, Facilities Maintenance will hold all invoices with discrepancies until adequate paperwork can be supplied from CAMM.

Policies and procedures should be developed to address the payment review process. These policies are needed on an OCTA-wide basis and should be developed by the appropriate department to ensure consistency throughout OCTA. Furthermore, training on the roles and responsibilities of all departments involved in contract payments should be provided.

Agreement Attachments

The Price Summary Sheet and rate sheets were not attached to Agreement C-4-0825 between OCTA and ECI in CAMM's agreement file. Pricing information was found in ECI's Best and Final Offer in the agreement file as well as in the files of the Facilities Maintenance Office Specialist and Accounts Payable; however, the pricing information should be attached to the agreement in the agreement file.

As noted in the Stericycle, Inc. Billings auditor comment above, CAMM had sent only the first page of Purchase Order No. C-4-1213 to Facilities Maintenance with no attachments.

Recommendation 7: Internal Audit recommends that CAMM ensure all pricing sheets are attached to the agreement in the CAMM agreement file and that all agreement attachments are sent to the project manager with the agreement. Additionally, CAMM should provide the draft agreement to Facilities Maintenance for review prior to the finalization and signing of the agreement.

Management Response: Pricing Summary sheets are always attached to the contract or PO unless the information is incorporated into the document. Management will remind everyone who puts files together that the exhibits need to be attached.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

Environmental Compliance Review
June 20, 2007

Irvine Facilities

The Veolia contract scope of work includes a section regarding the Irvine facility used for the operation of ACCESS and contracted fixed route service. However, the facility section of the contract is not very detailed and contains some vague language. The facility section requires the contractor follow all applicable regulatory requirements, such as storm water runoff, hazardous materials, etc., and indicates that training will be provided on these requirements. The section also requires that the contractor be responsible for disposal of any hazardous waste generated by its operation in compliance with all Environmental Protection Agency and California Department of Health Services regulations. Facilities Maintenance indicated that the intent behind the contract language was to alert Veolia to hazardous waste disposal requirements. However, the contract language could be interpreted to mean that Veolia has financial responsibility for disposal which is not the current practice.

Internal Audit also noted that the UST Monitoring Plan was not on file at the Irvine Base and that the Hazardous Waste Contingency Plan was prepared when OCTA occupied the Irvine Base but has not been updated with current contracts. Management has indicated that these plans have now been updated.

Recommendation 8: Internal Audit recommends that the facility section of the scope of work include better definitions when revised.

Management Response: When CAMM, Community Transportation Services, and Veolia are prepared to amend the current contract, Facilities Maintenance and the Health, Safety, and Environmental Compliance Department will assist in rewriting the facilities section of the scope of work.



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WK}Wendy Knowles, Clerk of the Board
Subject: Request to Release Request for Proposals for a Compressed Natural Gas Fueling Station at the Sand Canyon Irvine Base

Transit Planning and Operations Committee

June 28, 2007

Present: Directors Brown, Green, Moorlach, Norby, Pulido, and Winterbottom
Absent: Directors Dixon and Nguyen

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Approve the proposed evaluation criteria and weightings.
- B. Approve the release of a Request for Proposals for a compressed natural gas fueling station at the Sand Canyon Irvine Base.

Note: Request for Proposal is attached.



June 28, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Request to Release Request for Proposals for a Compressed Natural Gas Fueling Station at the Sand Canyon Irvine Base

Overview

Staff has developed the proposed evaluation criteria weighting to initiate the competitive procurement process to select a firm to provide a lease-to-own compressed natural gas fueling facility at the Sand Canyon Irvine Base.

Recommendations

- A. Approve the proposed evaluation criteria and weightings.
- B. Approve the release of a Request for Proposals for a compressed natural gas fueling station at the Sand Canyon Irvine Base.

Background

In an attempt to reduce cost while continuing to meet expected ridership growth, the Orange County Transportation Authority's (Authority) fleet plan allows for growth in the number of midsize, fixed route buses. The South Coast Air Quality Management District (SCAQMD) fleet rules require that these new fixed route buses use low emission, alternative fueled engines. In November 2004, the Authority's Board of Directors (Board) approved the Authority's fleet plan, including the use of compressed natural gas (CNG). On April 9, 2007, the Board approved the purchase of 31 midsize CNG buses with options for up to 71 additional buses. On May 29, 2007, the Board approved the purchase of 20 cutaway CNG buses. These midsize and cutaway CNG buses will be operated by the Authority's Community Transportation Services (CTS) Department from the Sand Canyon Irvine Base. The capability of fueling and maintaining CNG buses from that location becomes necessary.

Discussion

The procurement for the CNG fueling station will be handled in accordance with the Authority's procedures for fixed assets and competitive procurements. Due to the nature of the technology involved, the Authority will use a competitive negotiated procurement method to lease-to-own the fueling station equipment. A lease-to-own approach would allow the transfer of development and construction risks associated with the station from the Authority to the contractor. The criteria for selecting a firm are based on meeting the Authority's technical requirements at the most competitive cost. This is the same procurement method used for the CNG fueling station recently completed at the Santa Ana Base, and for the recently awarded contract for CNG fueling stations at the Garden Grove and Anaheim bases.

Staff requests approval of the evaluation criteria, which will be used to evaluate proposals received in response to the Request for Proposals (RFP). The recommended weighting is identical to that used during the solicitation of the CNG fueling stations for Garden Grove and Anaheim bases previously approved by the Board. The proposals will be evaluated based on the following weighted criteria:

- | | |
|-------------------------------|------------|
| • Qualifications of the Firm: | 30 percent |
| • Staffing: | 20 percent |
| • Work Plan: | 25 percent |
| • Cost and Price: | 25 percent |

In developing the evaluation criteria, several factors were considered. Staff assigned a greater weight to the qualifications of the firm because the firm will be responsible for the design, construction, maintenance, and operation of the fueling station for 10 years. The firm's experience with other transit agencies having similar size projects is very important to the success of this project.

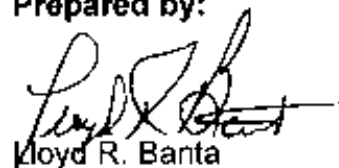
Summary

Staff recommends approval of the proposed evaluation criteria and authorization to release an RFP for a compressed natural gas fueling station at the Sand Canyon Irvine Base.

Attachment

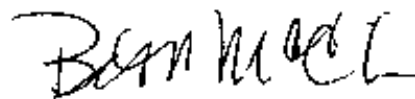
None.

Prepared by:



Lloyd R. Banta
Acting Manager, Maintenance
(714) 560-5975

Approved by:



Beth McCormick
Acting General Manager, Transit
(714) 560-5964



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Agreement for Storm Drain Modifications at the Anaheim Base

Transit Planning and Operations Committee

June 28, 2007

Present: Directors Brown, Green, Moorlach, Norby, Pulido, and Winterbottom
Absent: Directors Dixon and Nguyen

Committee Vote

This was passed by the Committee Members present.

Director Moorlach voted to oppose.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0853 between the Orange County Transportation Authority and Sim Engineering, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$69,500, for storm drain modifications at the Anaheim Base.



June 28, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy^{jr}, Chief Executive Officer
Subject: Agreement for Storm Drain Modifications at the Anaheim Base

Overview

Modifications are needed at the Anaheim Base to improve the storm drain system. The project is ready for construction and the Board of Directors' authorization is requested.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0853 between the Orange County Transportation Authority and Sim Engineering, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$69,500, for storm drain modifications at the Anaheim Base.

Background

The Orange County Transit District, predecessor to the Orange County Transportation Authority (Authority), completed construction of the Anaheim Base in 1983. On October 2, 2006, the Authority executed a contract task order with Carter & Burgess, Inc., to provide design and construction support services for storm drain modifications at the Anaheim Base. One storm drain outlet exists at the northwest corner of the Anaheim Base. During inclement weather, water flows in the Anaheim Base's existing curb and gutter system, requiring the coach operators and service workers to walk through the storm water to enter the buses, which creates a potential safety hazard to the employees. Two additional storm drain inlets will be added to minimize the volume of water flowing in the base's surface water drainage system.

Discussion

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

lowest responsive, responsible bidder. On May 7, 2007, Invitation for Bids 7-0853 was released and posted on CAMMNET. The project was advertised on May 5 and May 14, 2007, in a newspaper of general circulation. A pre-bid conference was held on May 15 and May 23, 2007, and was attended by four firms. Addenda Nos. 1 and 2 were issued on May 18, 2007, to address administrative issues. Addendum No. 3 was issued on May 23, 2007, to address administrative issues and provide clarifications to the plans and specifications. On June 7, 2007, four bids were received. All bids were reviewed by the staff from the Development Division and Contracts Administration and Materials Management Department to ensure compliance with the terms and conditions, specifications, and drawings. Listed below are the three low bids received. State law requires award to the lowest responsive, responsible bidder.

<u>Firm and Location</u>	<u>Bid Price</u>
Sim Engineering, Inc. Fallbrook, California	\$69,500
Fleming Environmental, Inc. Buena Park, California	\$106,900
Atlas-Allied, Inc. Anaheim, California	\$114,623

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2007-08 Budget, Development Division, Account 1722-9022-D3103-FYW, and is funded through the Orange County Transit District.

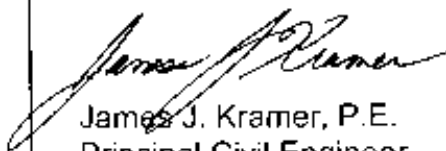
Summary

Staff has reviewed all bids and recommends approval of Agreement C-7-0853, in the amount of \$69,500, with Sim Engineering, Inc., the lowest responsive, responsible bidder for storm drain modifications at the Anaheim Base.

Attachment

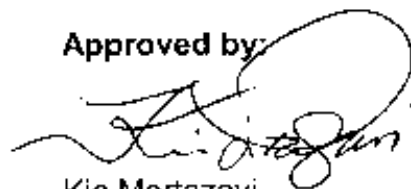
None.

Prepared by:



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

Approved by:



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



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: ^{WKC} Wendy Knowles, Clerk of the Board
Subject: Santa Ana Regional Transportation Center Pedestrian Bridge Improvement Project – Request for Budget Transfer

Transit Planning and Operations Committee

June 14, 2007

Present: Directors Green, Moorlach, Nguyen, Norby, and Winterbottom
Absent: Directors Brown, Dixon, and Pulido

Committee Vote

Recommendation A was passed by all Committee Members present.
Recommendation B passed; Director Green voted to oppose.

Committee Recommendations (reflects change from staff recommendation)

- A. Authorize the use of \$245,000 of additional Commuter Urban Rail Endowment funds to cover the final cost associated with the pedestrian bridge project constructed at the Santa Ana Regional Transportation Center.
- B. Request the City of Santa Ana to pay \$35,000 to close out the project.

Committee Discussion

When the project was initiated, OCTA was asked by the City of Santa Ana to put in an Art Wall and incorporate it into the bid package. The project has been completed and an additional \$280,000 is needed to close out the project. \$150,000 of this amount is what was originally allocated between both the Art Wall and the Construction project. The concept was that the two projects would share these costs. Due to the Art Wall project being removed, there was a \$35,000 re-bidding cost that is being incurred on the construction side. Some Committee Members felt that this amount should be the responsibility of the City of Santa Ana. Jim Ross, Director of Public Works for the City of Santa Ana, commented that the City's perspective is that this is a negotiation between Metrolink and their contractor and the City of Santa Ana was not a party to that agreement. Director Green felt that this was not the City's liability.



June 14, 2007

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, ^{AL}Chief Executive Officer

Subject: Santa Ana Regional Transportation Center Pedestrian Bridge Improvement Project – Request for Budget Transfer

Overview

Construction of pedestrian safety improvements, including the pedestrian bridge crossing over the railroad tracks, were recently completed at the Santa Ana Regional Transportation Center. Project costs have exceeded the current budget and require a budget transfer of \$280,000 to fund this difference.

Recommendation

Authorize the use of \$280,000 of additional Commuter Urban Rail Endowment funds to cover the final cost associated with the pedestrian bridge project constructed at the Santa Ana Regional Transportation Center.

Background

The Southern California Regional Rail Authority (SCRRA) is the lead agency for the design, engineering, and construction of the pedestrian bridge and related safety improvements recently completed at the Santa Ana Regional Transportation Center (SARTC). The project was originally funded with \$5.5 million of State Public Transportation Account (PTA) funds from the California Department of Transportation (Caltrans).

The SCRRA originally solicited bids for this project in May 2004; however, the City of Santa Ana (City) received a Transportation Enhancement Act (TEA) grant to construct a decorative block art wall behind the east platform at the SARTC and needed to obligate the funds in a timely manner. At the request of the City, Orange County Transportation Authority (Authority) staff requested that SCRRA include the art wall project in the construction bid package. The SCRRA re-solicited bids for the revised construction project. Construction bids for the revised project were received in August 2004. The bid price for the art wall exceeded grant funds available, therefore, the City removed the project from the

Santa Ana Regional Transportation Center Pedestrian Bridge Improvement Project – Request for Budget Transfer

bid and solicited separate construction bids for the art wall. The lowest responsive, responsible bid price for the remaining project was significantly higher than the engineer's estimate of \$3,069,059. In September 2004, an independent analysis of bid line items was performed to determine the reasonableness of the bids received; the analysis confirmed that the bids were reasonable. In October 2004, the Authority's Board of Directors (Board) approved the use of \$2.94 million of Commuter Urban Rail Endowment (CURE) funds for the project, which allowed SCRRA to proceed with the award of the construction contract in November 2004.

Discussion

The SCRRA's contractor worked with the City to try to accommodate the construction of the art wall along with its project. By doing so, it allowed the two projects to share certain common costs, including construction management, utilities relocation, and railroad safety flagging. Unfortunately, the City's contractor was unable to perform the work as required and the art wall project was postponed. The City has not yet developed a schedule to proceed with the art wall project.

Construction of the pedestrian bridge continued and the project is now complete. The SCRRA has been addressing contract closeout issues with the contractor and has determined that an additional \$280,000 is needed to close out this project. These costs were incurred early in the project and were initially covered in the budget; however, once all change orders and claims were finalized the existing budget could no longer absorb these costs without additional funds.

The additional costs are attributed to the following changes:

Project Changes	Cost
Additional cost to re-solicit bids for the project	\$35,000
Project modifications required by the Office of the State Architect	\$30,000
Cancellation of the City's art wall project	\$150,000
Additional work to improve integration with existing facility	\$30,000
Additional work to modify or remove existing platforms	\$35,000
Total	\$280,000

Details of the cost increases identified above are addressed in the attached letter from SCRRA (Attachment A).

Staff is recommending that \$280,000 in CURE funds be added to the project budget to cover the additional costs. The Authority's total contribution to the

**Santa Ana Regional Transportation Center Pedestrian Bridge
Improvement Project – Request for Budget Transfer**

Staff is recommending that \$280,000 in CURE funds be added to the project budget to cover the additional costs. The Authority's total contribution to the project would increase from \$2,940,000 to \$3,220,000. The proposed funding contributions and project costs by phase are shown on Attachment B.

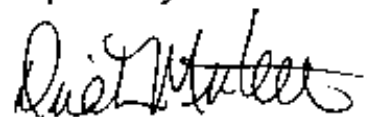
The total project cost increase is 3.3 percent of the originally approved budget of \$8,440,000. The approval of additional CURE funds will allow SCRRA to complete and close out the pedestrian bridge safety project.

Summary

The pedestrian bridge safety project at the SARTC has been completed. Staff is seeking Board approval to increase the Authority's funding contribution by \$280,000 to cover additional costs incurred by SCRRA and to close out this project.

Attachments

- A. Letter from Stuart Chuck, Metrolink, SCRRA, to Dinah Minter, Authority -
Dated April 19, 2007
- B. Project Source and Use of Funds

Prepared by:

Dinah Minter
Manager, Metrolink Expansion Program
(714) 560-5740

Approved by:

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



SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

Member Agencies:
 Los Angeles County
 Metropolitan Transportation
 Authority
 Orange County
 Transportation Authority
 Riverside County
 Transportation Commission
 San Bernardino
 Associated Governments
 Ventura County
 Transportation Commission
 Ex Officio Members:
 Southern California
 Association of Governments
 San Diego Association
 of Governments
 State of California

April 19, 2007

Dinah E. Minter
 Manager, Construction Services
 OCTA
 550 South Main Street
 P.O. Box 14184
 Orange, CA 92863-1594

Dear Dinah,

In my February 8, 2007 letter, I provided you with a final budget overrun of \$280,000 for the Santa Ana Station Pedestrian Bridge Project. As you requested, the following is a breakdown of that amount:

1) Additional Invitation for Bid costs - \$35,000

SCRRA issued Invitation for Bid (IFB) No. C3078-04 for the Pedestrian Bridge Project on May 5, 2004 with bids due on June 22, 2004. The IFB was advertised in several publications, and a pre-bid conference was held on May 18, 2004. Subsequently, the City of Santa Ana requested that the City's art wall project be added to the scope of IFB No. C3078-04. In order to add the art wall, SCRRA was required to make modifications to the bid documents, change plans and specifications, re-advertise the IFB, and conduct a second pre-bid conference.

2) Project modifications required by the State Architect - \$30,000

In accordance with the state funding agreement, the plans and specifications for the Pedestrian Bridge Project were reviewed by Division of the State Architect. The State Architect required various changes that had not been anticipated during project design.

3) Cancellation of City's Art Wall Project - \$150,000

The Pedestrian Bridge Project budget was developed under the assumption that the City's Art Wall project would be allocated a portion of certain common costs, including construction

Dinah Minter
April 19, 2007
Page 2

management and safety flagging. The cancellation of the Art Wall project eliminated the sharing of costs between the two projects. As a result, the Pedestrian Bridge budget line items for safety flagging, utility relocation work, construction management, and indirect costs were exceeded.

3) Additional work requested by City of Santa Ana - \$30,000

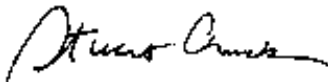
During construction of the Pedestrian Bridge Project, SCRRA authorized the contractor to proceed with various changes (e.g., elevator shaft painting and platform tile replacement) as requested by the City's station manager.

4) Additional work to modify or remove existing platforms - \$35,000

During demolition of the center boarding platform and modification of the existing side platform, it was discovered that substructure was much different than had been indicated on as-built drawings. This resulted in a change order to reflect the significant amount of additional work performed by the contractor to remove or modify the existing platforms.

Please let me know if you have any questions on any of these items.

Sincerely,



Stuart Chuck
Station Facilities Manager

Project Source and Use of Funds

Source of Funds	Amount
State Public Transportation Account	5,500,000
Commuter Urban Rail Endowment	2,940,000
<i>Approved Budget</i>	8,440,000
Commuter Urban Rail Endowment Increase	280,000
Proposed Budget	\$8,720,000

Phase	Amount
Design	502,000
Construction	6,764,000
Construction Management	714,000
Contract Administration/Agency Costs	740,000
Total	\$8,720,000

Chairman Cavecche's Top 7 Goals For 2007

1. Delivering a five-year plan that includes defining project priorities and establishing policies to responsibly and rapidly implement Renewed Measure M that voters overwhelmingly approved.
 - o On February 26, 2007, a workshop was held to gather Board input for project priorities and policies. Based on Board direction, staff is developing a plan with project timelines, resource allocations and related activities. The Draft Early Action Plan was approved by the Board through the Transportation 2020 Committee on May 29, 2007. This plan is being reviewed by the cities and stakeholders. Every city mayor was notified of the release of this plan along with the offer for a presentation to the city council members.
2. Monitoring progress toward completion of the Garden Grove Freeway (SR-22) improvements and securing state transportation bond funds to accelerate work on phase two of SR-22 and widening of the Riverside Freeway (SR-91).
 - o Progress continues on the SR-22 and all travel lanes are open on the SR-22 project, except two city streets. The two locations are City Drive at Metropolitan and Garden Grove Blvd at Fairview. A third city street, the Magnolia Street undercrossing, opened before April 30. Punchlist work, street rehabilitation, sign installation, landscaping and other work will continue.
 - o In February 2007 the California Transportation Commission approved \$200 million of Proposition 1B, Corridor Mobility Improvement Account (CMIA) funds for SR-22 Phase 2 and \$93.4 million for SR-91. These funds, combined with federal and local funds, will provide full funding for the projects awarded CMIA funds.
3. Developing enhancement programs for commuter rail that include:
 - a. Initiating a countywide quiet zone and grade crossing program that benefits local communities
 - o Staff presented a comprehensive overview of the status of the Grade Crossing and Quiet Zone Program to the OCTA Board of Directors on April 9, 2007. At the direction of the Board, a working group on quiet zone policy development has been established and met for the first time on May 9, 2007. The meeting focused on the group's mission statement, timeline and quiet zone establishment process. On June 27, the second meeting of the Railroad Corridor Quiet Zone Working Group was held. At this meeting the working group adopted the mission statement of the group and selected a program implementation method for recommendation to the OCTA Board of Directors later this summer.

3. (Continued)

- b. Developing a goods movement strategy that mitigates impacts on local communities. The Board approved a policy on Goods Movement on March 12, 2007.
 - c. Working on service consolidation of the Los Angeles – San Diego Corridor to enhance commuter rail in Southern California
 - o On March 20, 2007, OCTA staff hosted a conference call on the topic of passenger rail consolidation in the the Los Angeles to San Diego Rail Corridor. Attendees included Caltrans Director Will Kempton, as well as executive staff from LACMTA, Metrolink, North County Transit District (San Diego), San Diego Association of Governments and the San Diego Metropolitan Transit System. OCTA staff and Caltrans staff have subsequently met to develop short- and long-term work plans to begin identifying opportunities for integration as well as establish a framework for future discussions.
4. Collaborating with transportation officials in Los Angeles County and Riverside County to coordinate intracounty transportation solutions
- o In March, the Board approved an agreement with LACMTA to engage a consultant to begin a study that will identify opportunities for Los Angeles and Orange counties to coordinate and/or pursue activities of joint interest
 - o Orange and Riverside counties are working together on several issues related to congestion relief along the SR-91 corridor, such as exploring the extension of the 91 Express Lanes, improvements to SR-91, and the Riverside Orange Cooperative Agreement (monitored by the Riverside Orange Corridor Authority) continues to study feasibility of a tunnel to connect the two counties.
 - o The SR-91 implementation plan continues to be the instrument that guides congestion relief efforts. A plan update is under way and will go to the Board in June 2007.
 - o Informative and productive meetings have been held with MTA Board Members, Yvonne Burke on April 18, Bernard Parks and Mike Antonovich on May 23, 2007.
 - o There have been joint MTA/OCTA meetings held this year, one on January 19, and one on March 30, 2007. The next joint MTA/OCTA meeting is scheduled for July 20, 2007.

5. Refining the legislative strategy with Orange County's state and federal delegation to maximize Orange County's fair share of transportation funds
 - o The Legislative and Government Affairs/Public Communications Committee has established a legislative strategy working group which has met to begin refining the legislative strategy. Most recently, the group reviewed the scope of work for the procurement of federal legislative consulting services which outlined the ten most important upcoming legislative issues for OCTA in Washington, and OCTA's current position regarding these items. This statement of issues is intended to guide the procurement and supplement OCTA's federal legislative agenda.
 - o With respect to state efforts, the legislative advocate has increased in-person strategy sessions with the Legislative and Government Affairs/Public Communications Committee to refine approaches to accomplish OCTA's goals in Sacramento. These approaches have included strong participation by the Board of Directors and direct involvement by the state delegation to secure funding for Orange County.
6. Developing transportation solutions by continuing to work on the South Orange County Major Investment Study (SOCMIS) and launching the Central County Corridor Major Investment Study
 - o A number of SOCMIS policy working group meetings have taken place vetting transportation issues and investment options. In May 2007, the Board approved initial alternatives aimed at reducing south Orange County congestion. Technical study of these alternatives is under way, and results will be presented to the Board and public in fall 2007.
 - o The Central Corridor MIS will start up during the second half of 2007.
7. Continue to pursue changes to HOV policies with Caltrans to extend current pilot program on SR-22 to all Orange County freeways. Pilot program elements include continuous access of HOV lanes and open the lanes to all vehicles during non-peak hours
 - o Caltrans has the authority for policy guidance regarding freeway operations, and they have partnered with OCTA to develop a plan that makes safety and the integrity of the air quality in the region the primary concerns. Caltrans makes the policy that decides how, when, and where the re-striping and signage modifications will be made to the freeways, and they are currently studying the issue.
 - o Staff presented a comprehensive strategy to the Board in April 2007. At the direction of the Board, staff is working with Caltrans to prepare required conceptual engineering studies for installation of continuous access on I-405, SR-57, and SR-91. Staff is also working with SCAG to confirm the process to permit off-peak use of HOV lanes by general traffic.
 - o Caltrans is now making monthly progress reports to the Board.



BOARD COMMITTEE TRANSMITTAL

July 9, 2007

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board ^{WK}
Subject: Orange County Transportation Authority's Fleet and Hybrid Vehicle Options

Transit Planning and Operations Committee

June 28, 2007

Present: Directors Brown, Green, Moorlach, Norby, Pulido, and Winterbottom
Absent: Directors Dixon and Nguyen

Committee Vote

This item was passed by all Committee Members present.

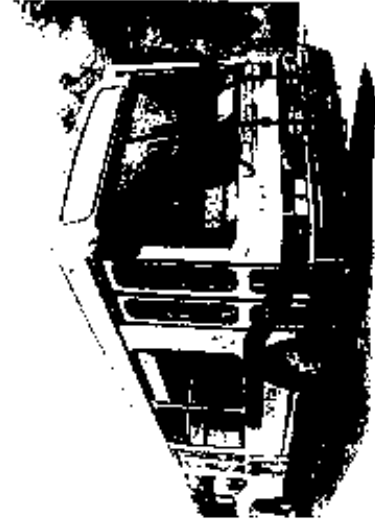
Committee Recommendation

Direct staff to explore all fuel types, including solar energy, and report back to Committee.

POWERPOINT PRESENTATION



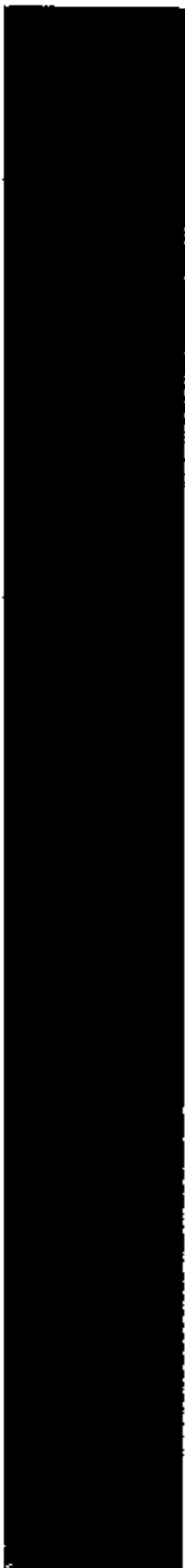
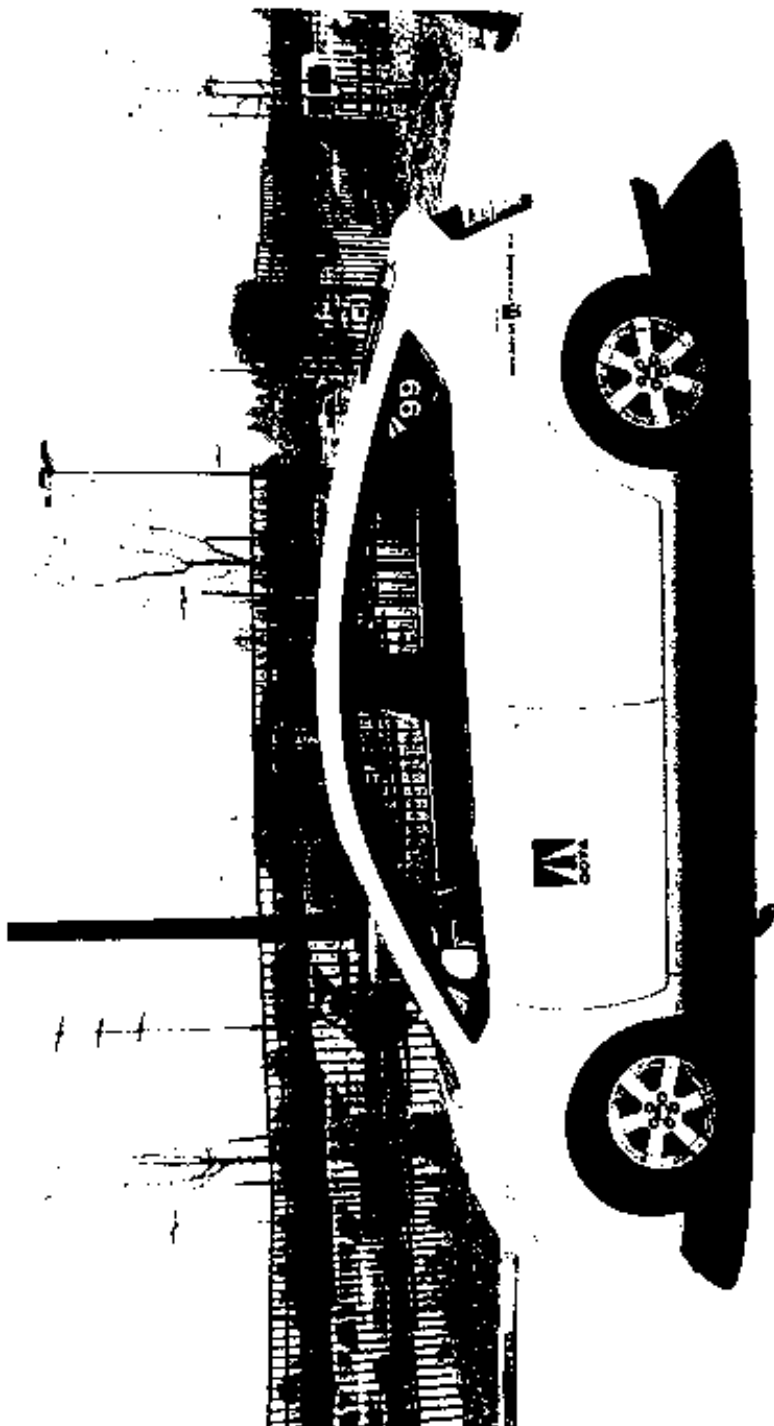
Orange County Transportation Authority's Fleet and Hybrid Vehicle Options

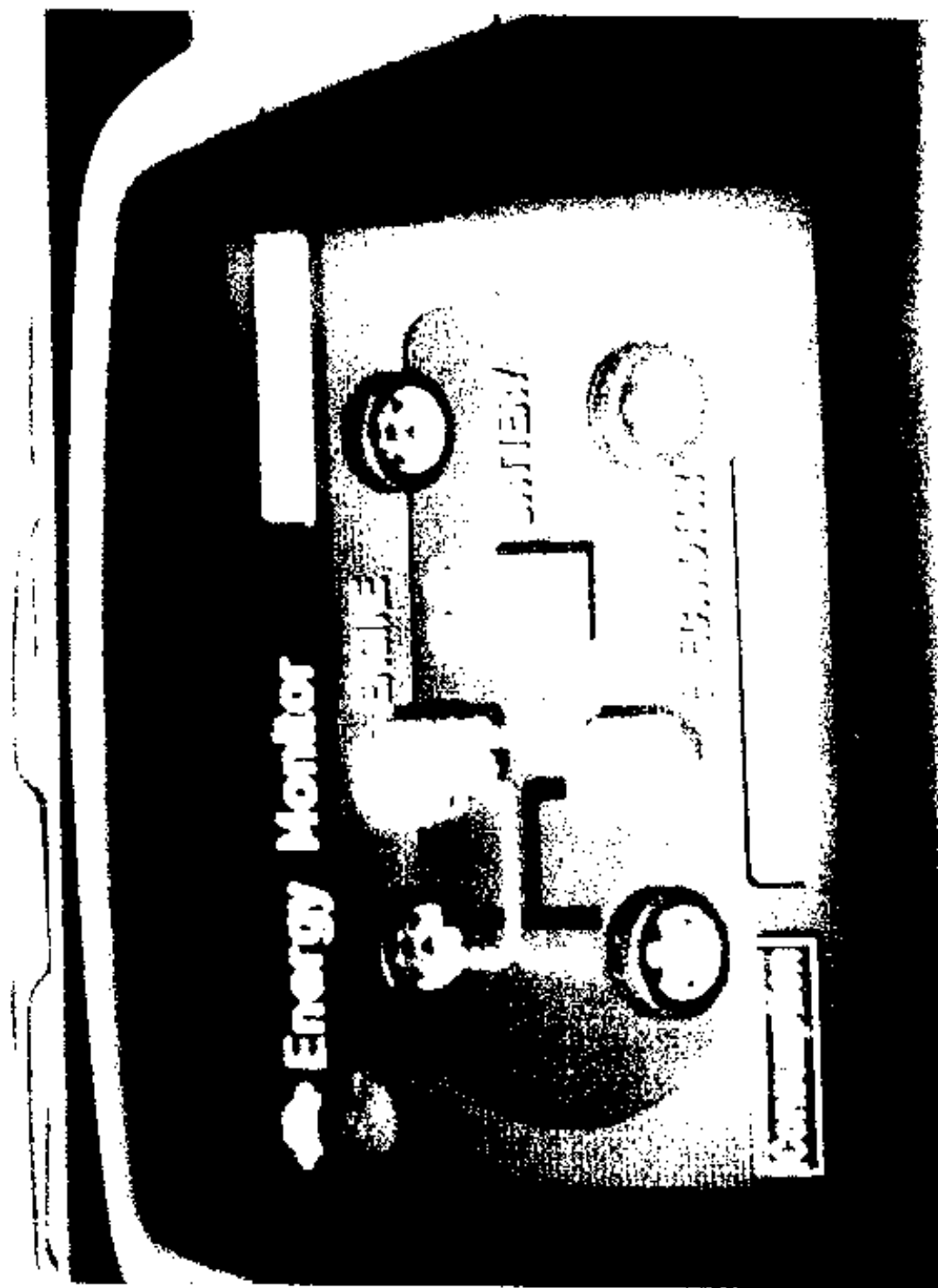


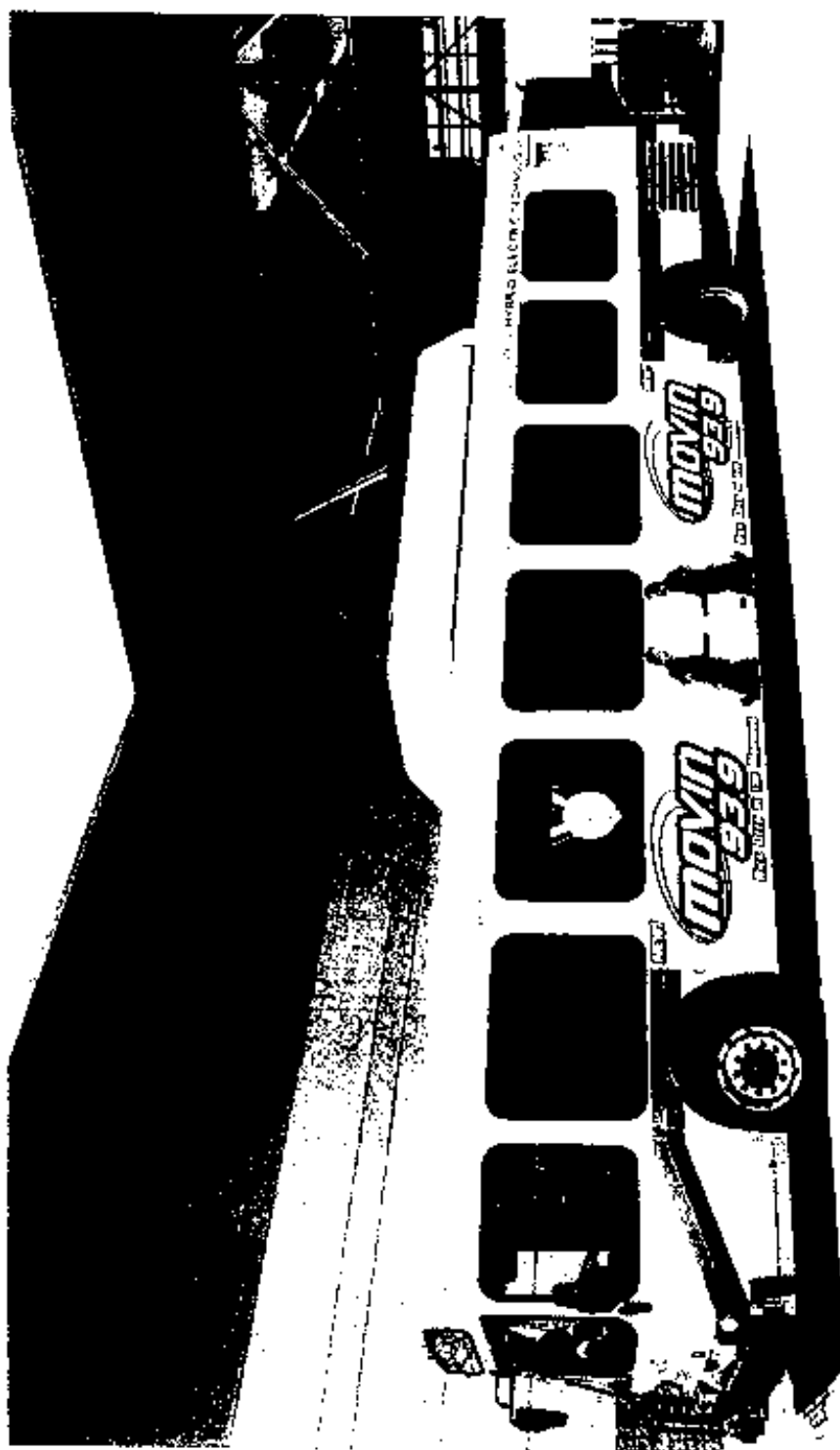
- Vehicle Fleet Summary
- Current Hybrid Applications
- Future Environmental Direction
- *Why Hybrid?*
- Proposed Next Steps

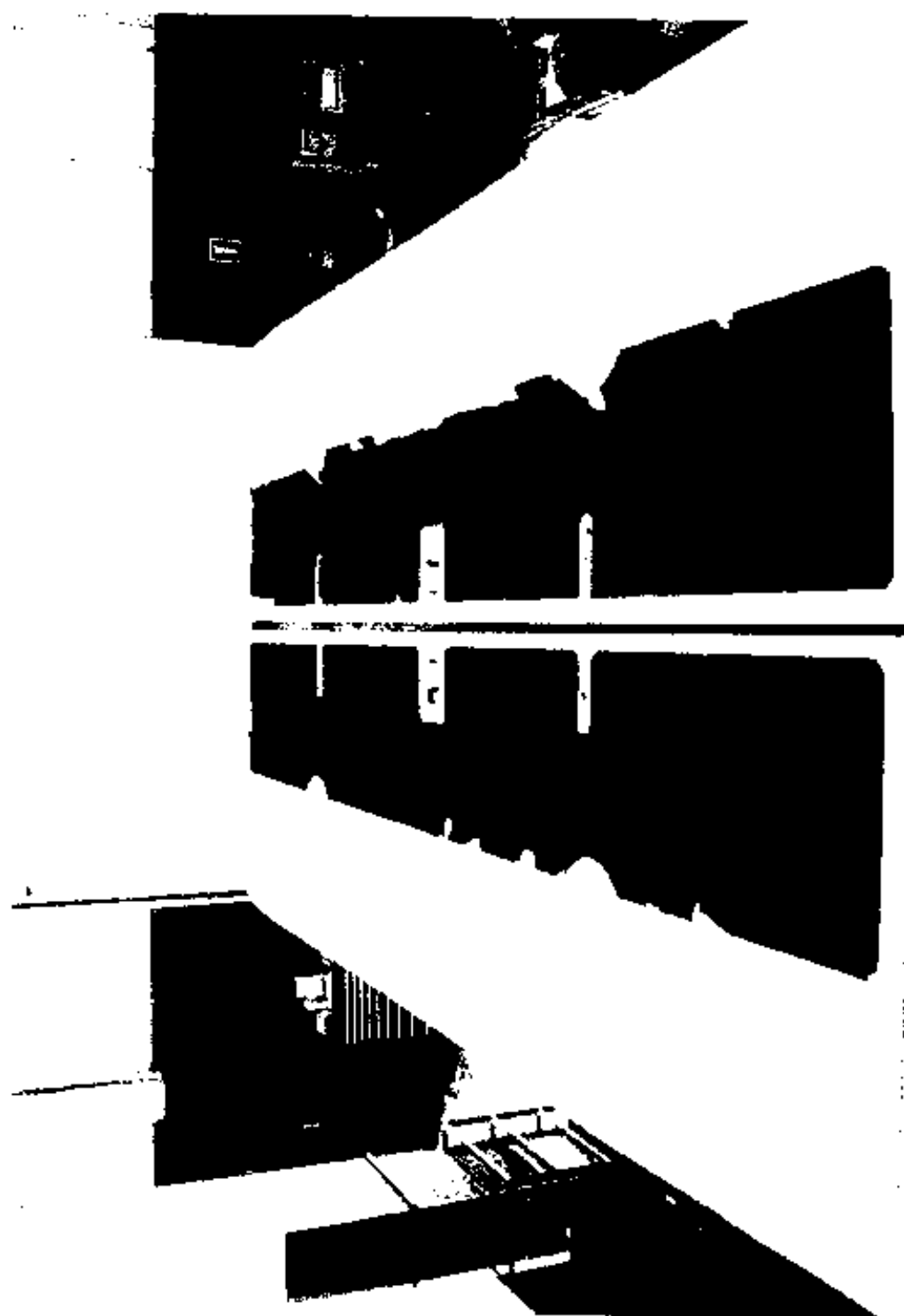
- Revenue Fleet
 - 930 Fixed Route and ACCESS Vehicles
 - Two Hybrid Electric Diesel
 - Two Hybrid Electric Gasoline
- Automobile Fleet
 - 99 Hybrid Electric Gasoline

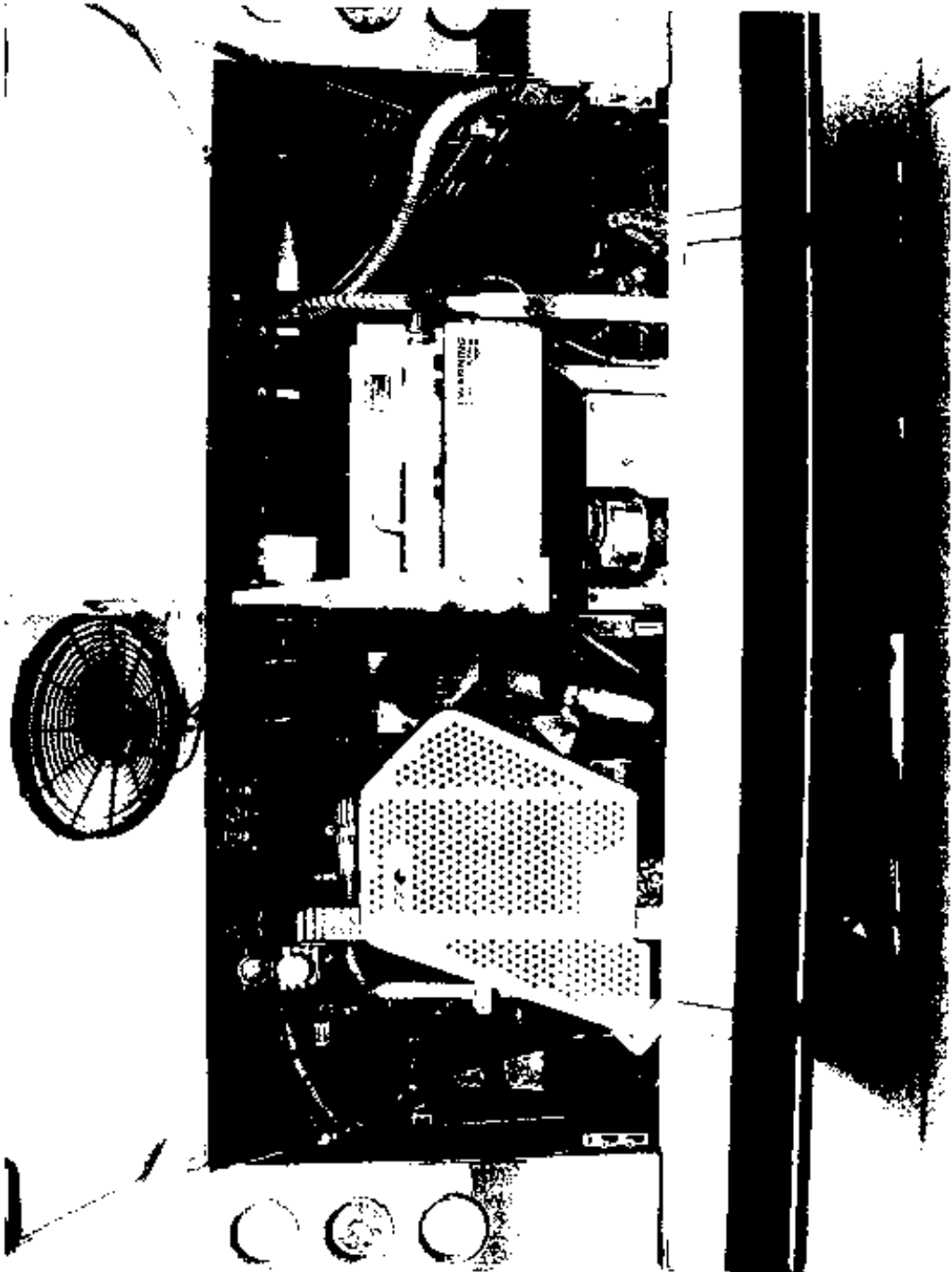
- Two New Flyer/Allison Diesel Hybrids
 - Third Generation Technology - Five Years
- Two New Flyer/Integrated Systems for Energy Gasoline Hybrids
 - In-Service for One Year
- 99 Toyota Prius Gasoline Hybrids
 - Four Year Lease, One Year Remaining

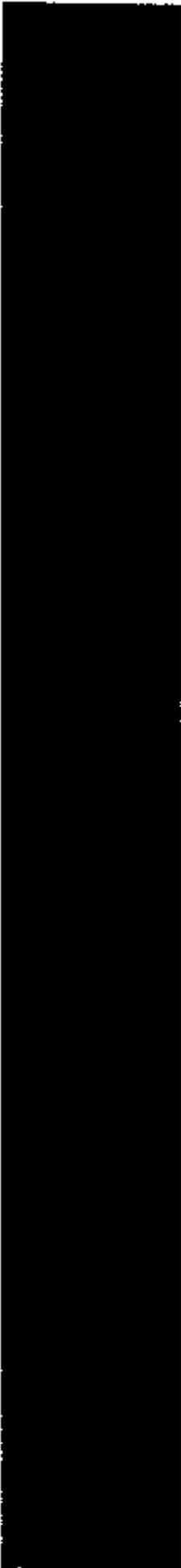


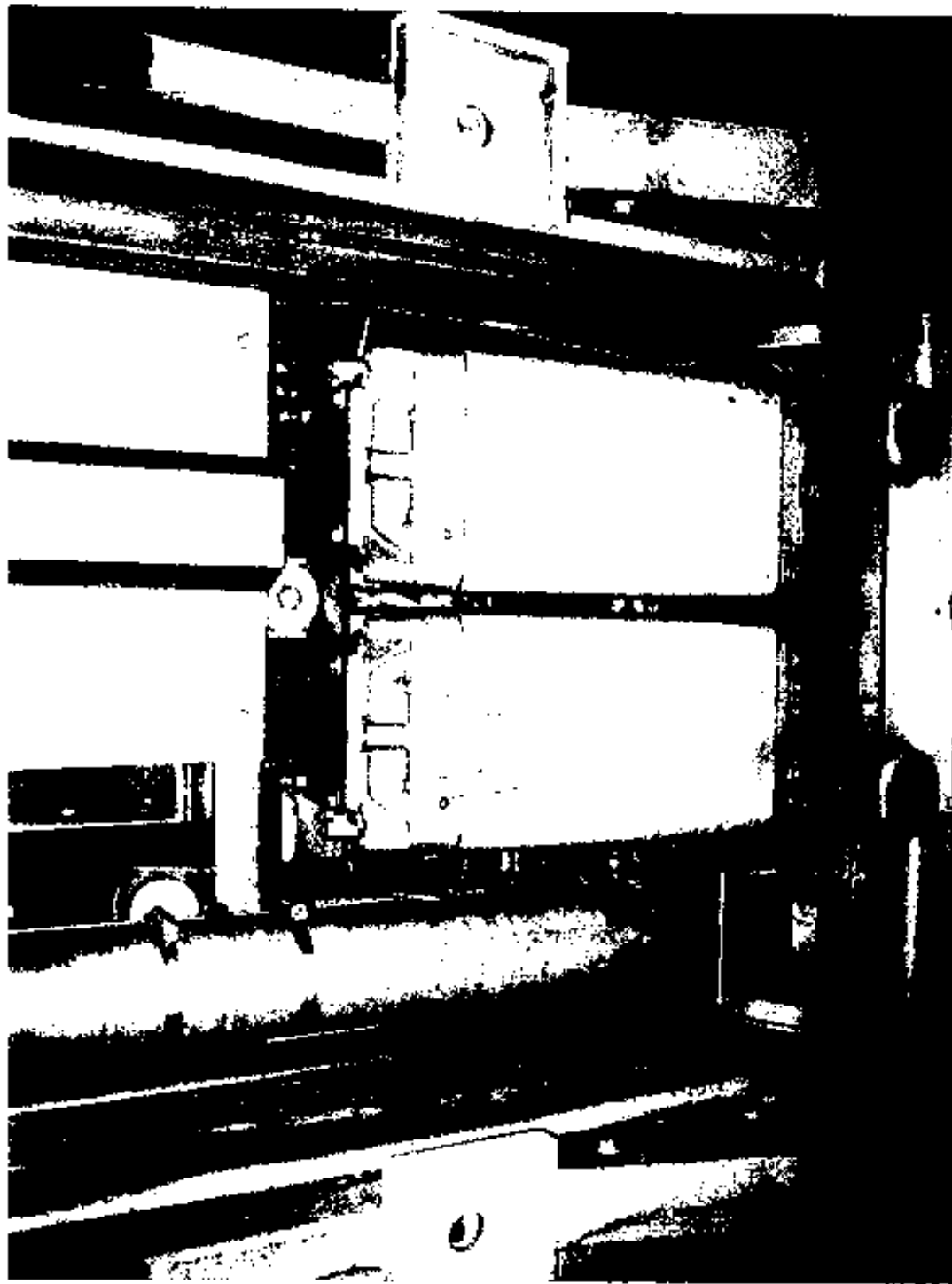


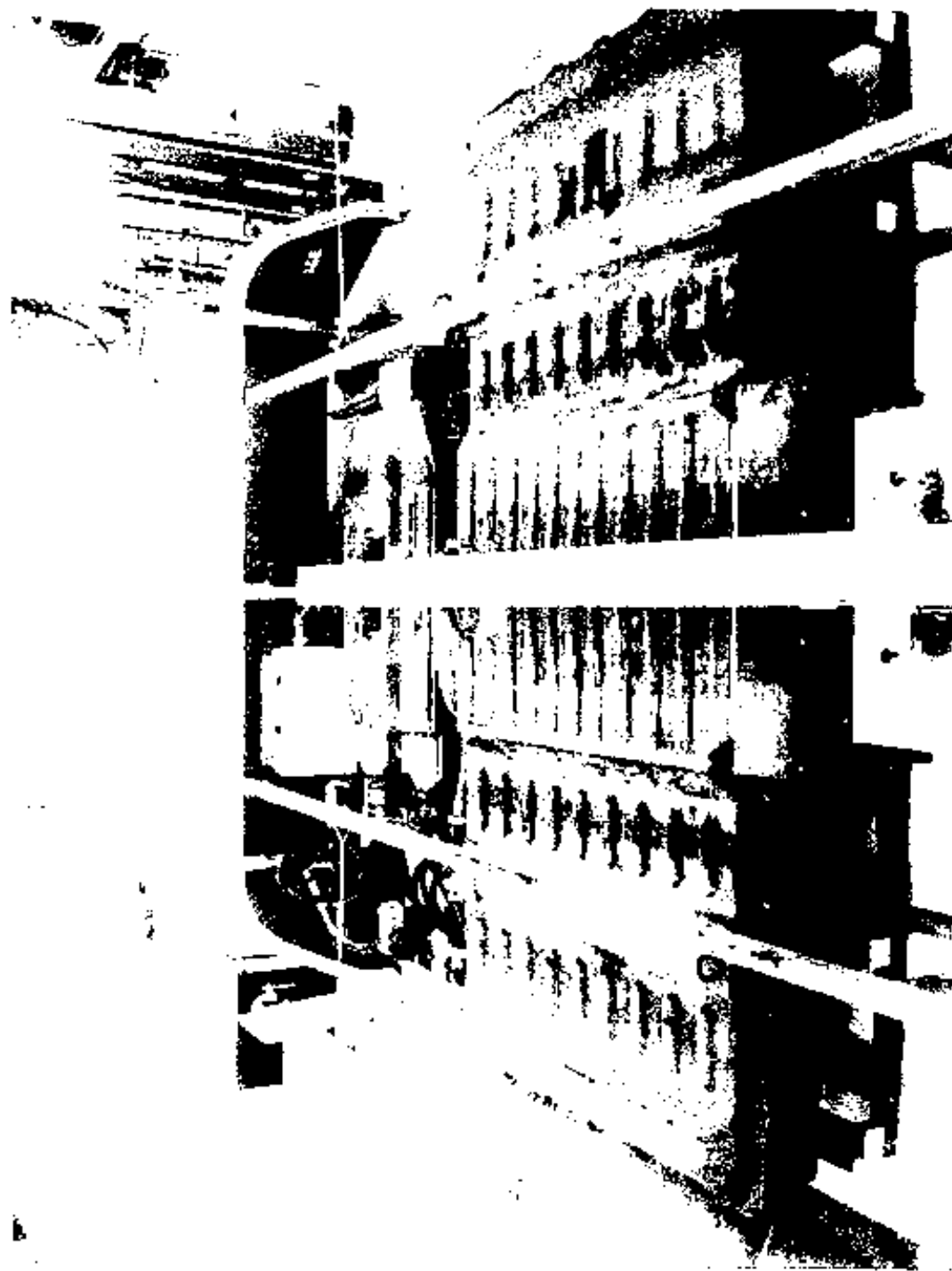


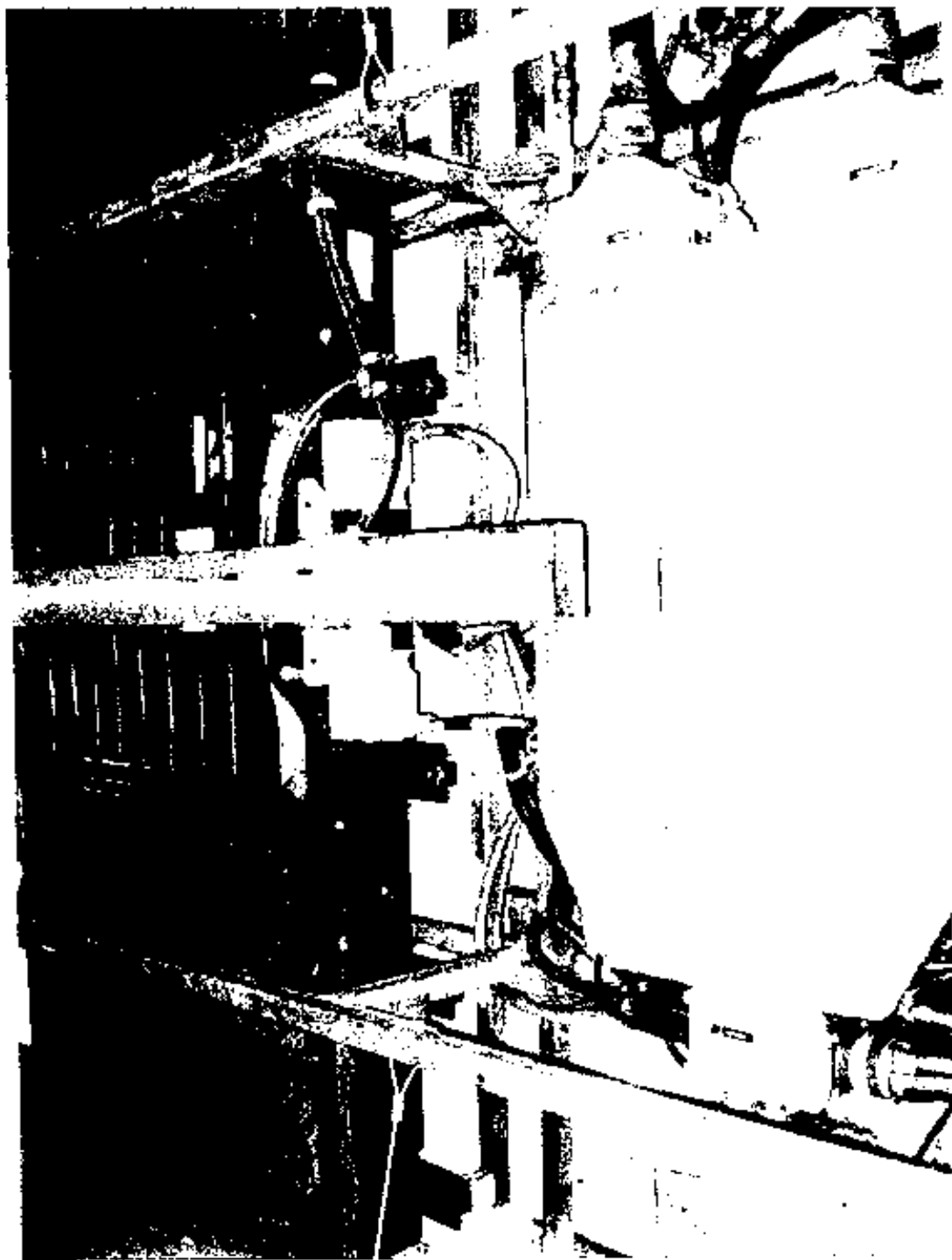


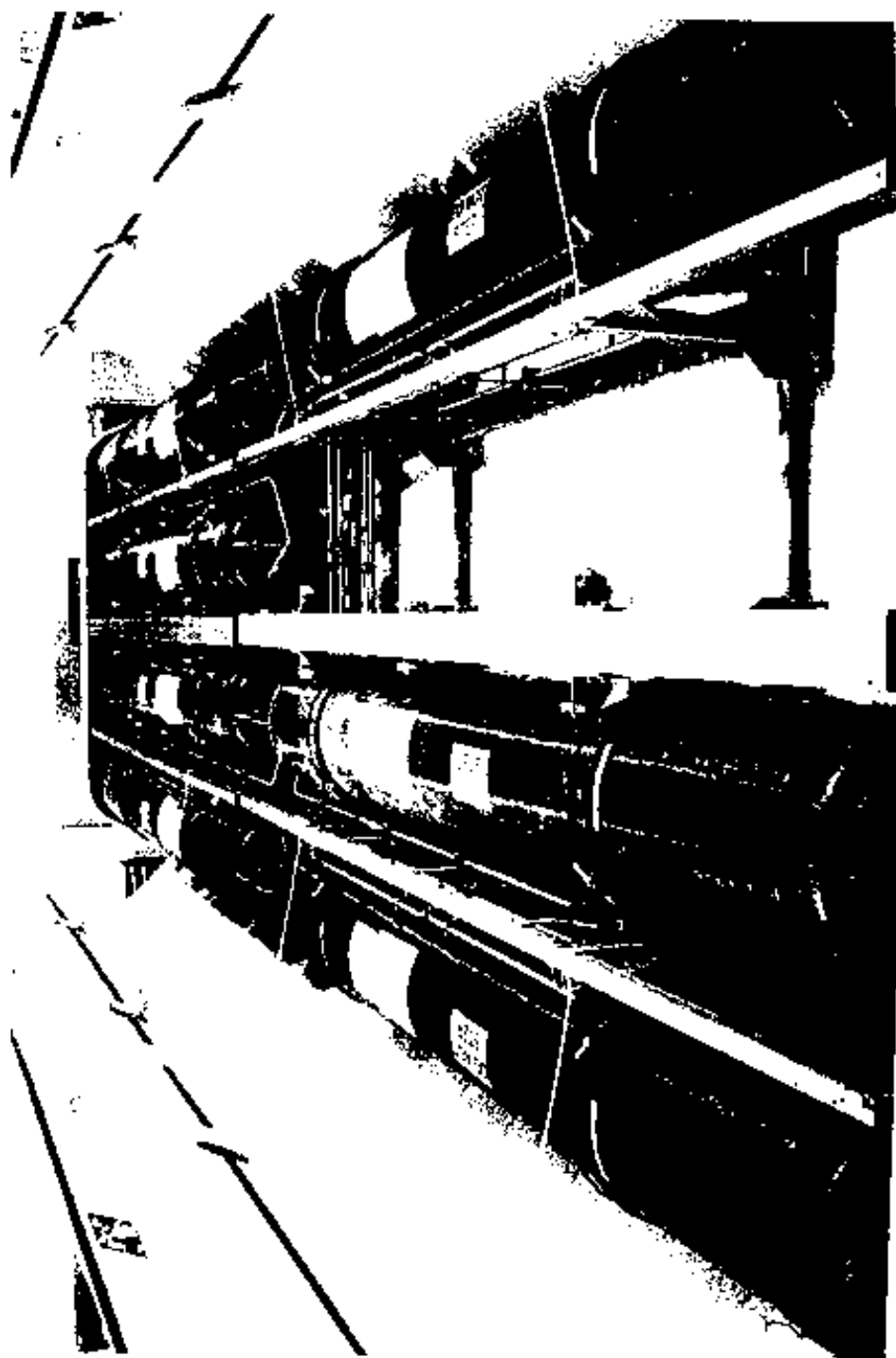












- Reduce Emissions
- Reduce Dependency on Petroleum Fuels
- Improve Fuel/Energy Efficiency
- Goal - Zero Emission Vehicle (ZEV),
Electric and Hydrogen Fuel Cells

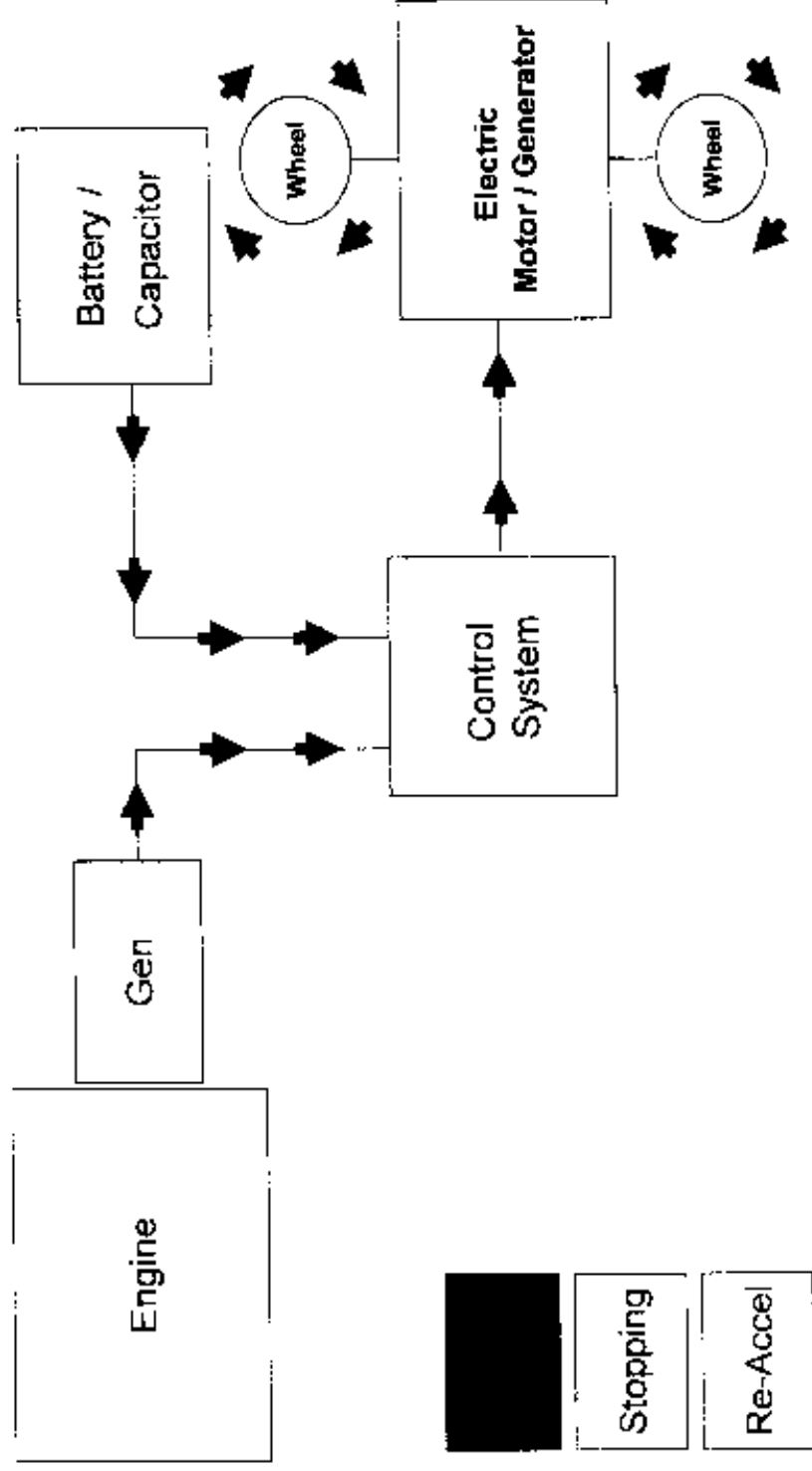
- Emission Reduction
- Improved Fuel Economy
- Neutral Fuel Flexibility
- Electric Drive and Energy Storage are Logical ZEV Enabling Steps
- Complements OCTA's Duty Cycle



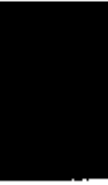
Energy



Energy



Energy



Stopping

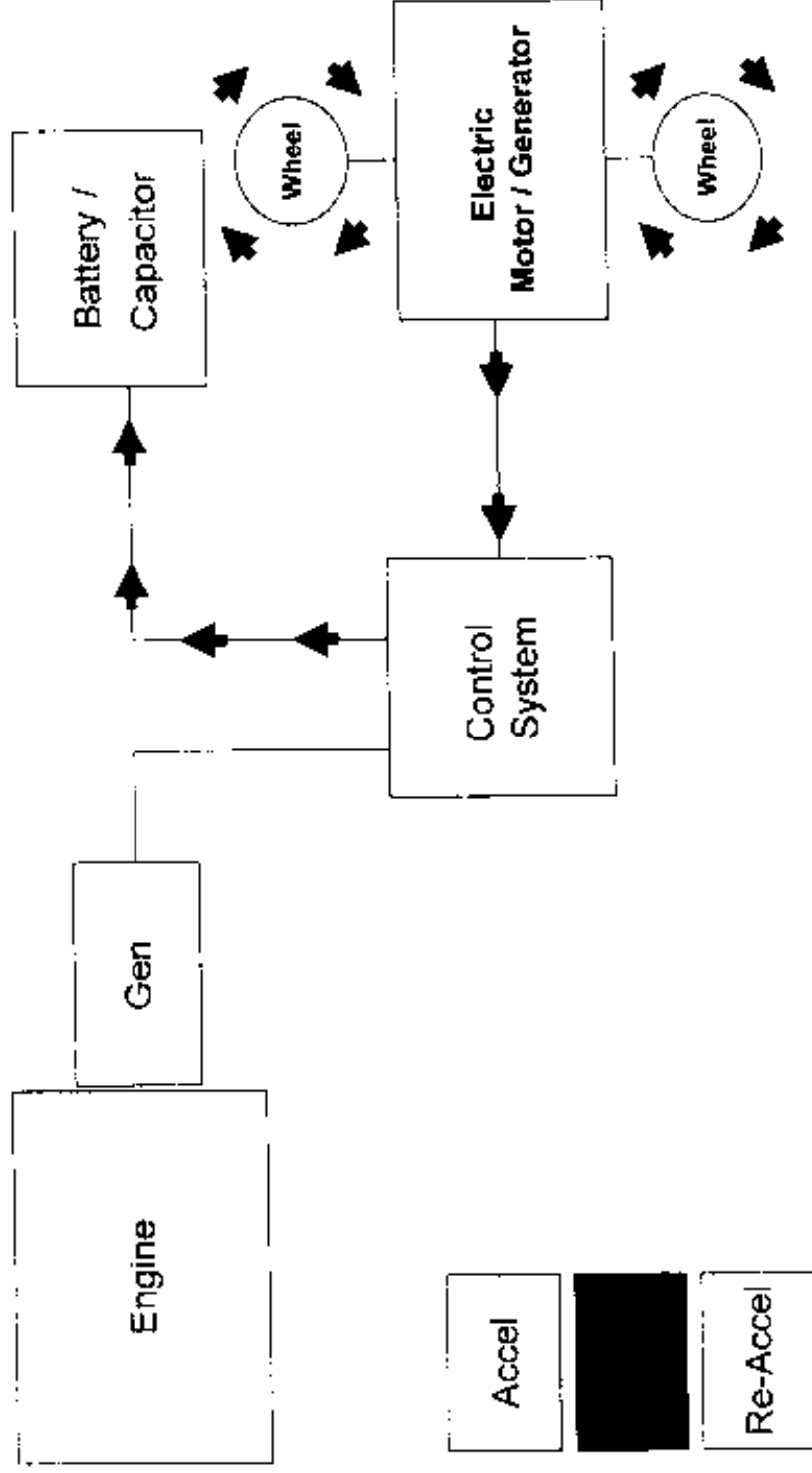
Re-Accel



Energy



Energy



Energy



Accel



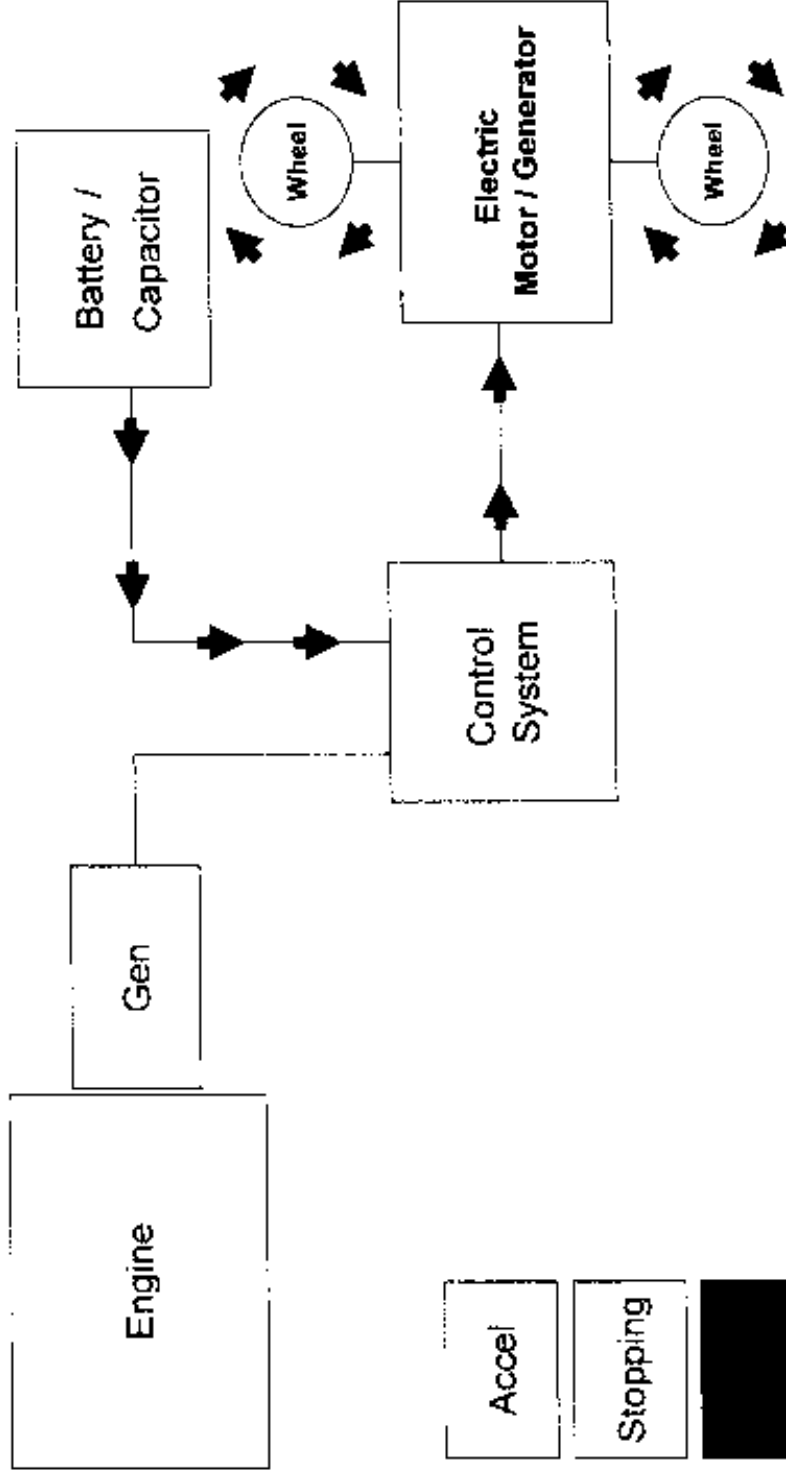
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Energy



Energy



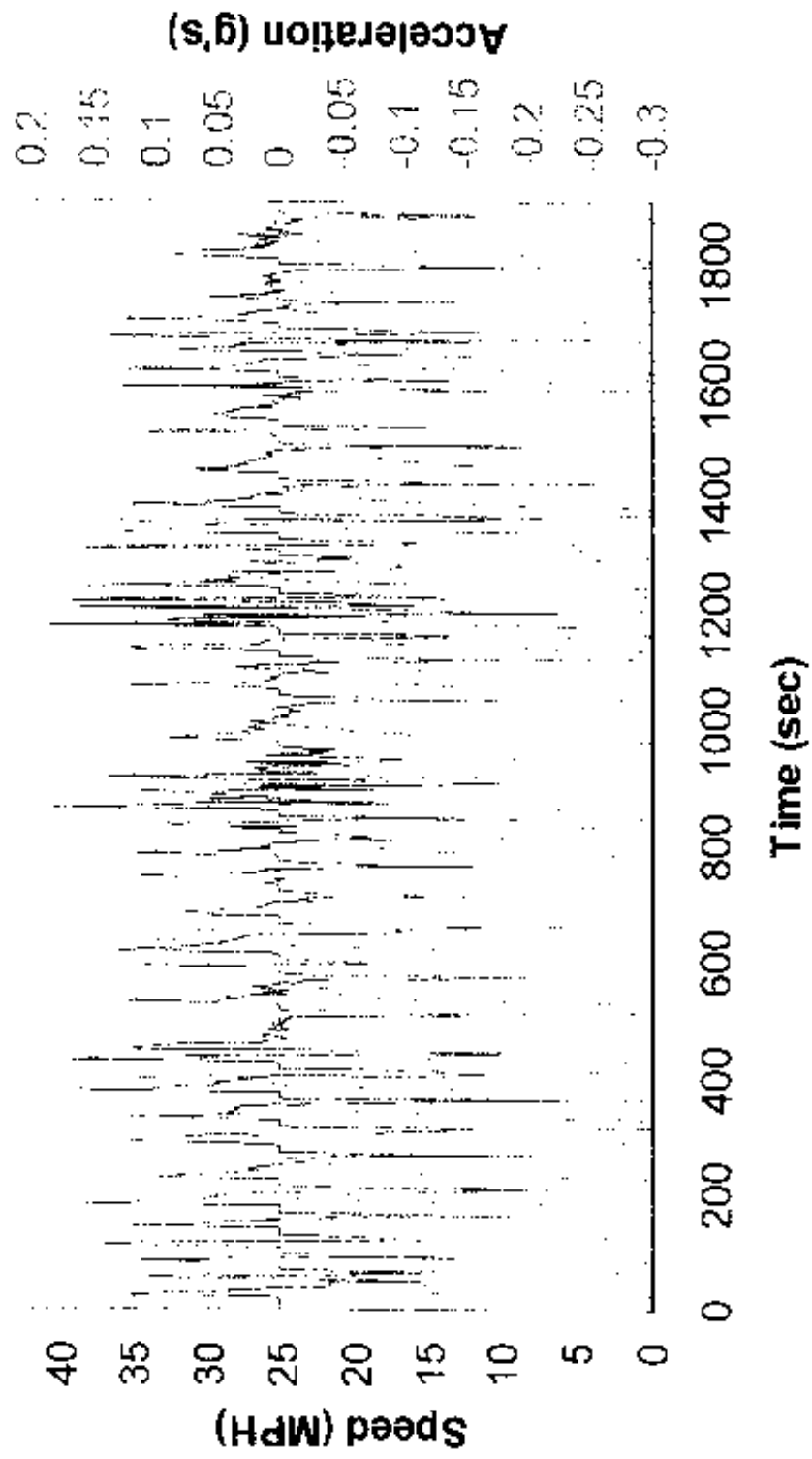
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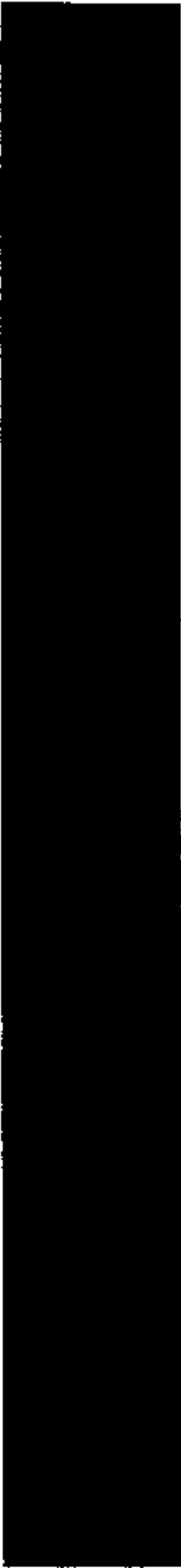
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Stopping



Orange County Route Profile





Santa Ana Single Trip Scatter Plot, miles



- Explore Hybrid with New Flyer CNG Order
- Explore Current Auto Lease/Bid Options
- Solicit Assistance: Air Quality Management District, Air Resource Board, California Energy Commission and Other Agencies
- Explore Alternatives for Fuel and Energy, such as, Bio, Solar, Hydrogen, etc.
- Return to Transit Planning and Operations Committee and Board with Update