



Measure M
Taxpayers Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA, Room 154



February 12, 2013

6:00 p.m.

AGENDA

1. **Welcome**
2. **Pledge of Allegiance**
3. **ANNUAL MEASURE M PUBLIC HEARING**
 - a. **Overview of Taxpayers Oversight Committee**
 - b. **Review of the 2012 Taxpayers Oversight Committee Actions**
 - c. **Local Eligibility Subcommittee Report**
 - d. **Audit Subcommittee Report**
 - e. **Public Comments***
 - f. **Adjournment of Public Hearing**
4. **Approval of Minutes/Attendance Report for December 11, 1012**
5. **Action Items**
 - A. **Measure M1 Revenue & Expenditure Quarterly Report (Dec 12)**
Receive and File
 - B. **Measure M2 Revenue & Expenditure Quarterly Report (Dec 12)**
Receive and File
 - C. **2013 Annual Hearing Follow-up and Compliance Findings**
Discussion – Jan Grimes, Taxpayers Oversight Committee Co-Chair
 - D. **Local Jurisdictions Expenditure Reports – Eligibility Findings**
Presentation – Tony Rouff, Annual Eligibility Review Subcommittee Chair
6. **Presentation Items**
 - A. **Rail Program Update**
Presentation – Jennifer Bergener, Director, Rail Programs & Facilities Engineering
 - B. **Sales Tax Forecast Update**
Presentation – Ken Phipps, Executive Director, Finance & Administration
 - C. **M2020 Review and M Program Management Office Overview**
Presentation – Tamara Warren, Manager, M Program Management Office
7. **Committee Member Reports**
8. **Public Comments***
9. **Adjournment**

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

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

Measure M Taxpayers Oversight Committee

**December 11, 2012
Meeting Minutes**

Committee Members Present:

Jan Grimes, Orange County Acting Deputy Auditor-Controller, Co-Chairman
Anh-Tuan Le, First District Representative
Richard Egan, First District Representative
Howard Mirowitz, Second District Representative, Co Chairman
Jack Wu, Second District Representative
Randy Holbrook, Third District Representative
Dowling Tsai, Third District Representative
Philip C. La Puma, PE, Fourth District Representative
Kate Koster, Fifth District Representative
Tony Rouff, Fifth District Representative

Committee Member(s) Absent:

John Stammen, Fourth District Representative

Orange County Transportation Authority Staff Present:

Kirk Avila, Treasurer, Finance and Administration
Janice Kadlec, Public Reporter
Kia Mortazavi, Executive Director, Planning
Doug Perkrul, SR-91 Project Manager, Development
Andy Oftelie, Deputy Director, Finance and Administration
Doug Pekarul, SR-91 Project Manager, Development
Ken Phipps, Executive Director of Finance and Administration
Julie Toledo, I-5 Outreach Manager, External Affairs
Hamid Torkamanha, I-5 Project Manager, Development
Tamara Warren, Manager, M Program Management Office

1. Welcome

Chair Jan Grimes began the meeting at 6:00 p.m. and welcomed everyone.

2. Pledge of Allegiance

Chair Jan Grimes asked everyone to stand and led the Pledge of Allegiance.

3. Approval of the Minutes/Attendance Report for October 9, 2012

A motion was made by Kate Koster, seconded by Tony Rouff, and carried unanimously to approve the September 27, 2012 and October 9, 2012 Taxpayers Oversight Committee (TOC) meeting minutes and attendance reports.

4. Chairman's Report

Chair Jan Grimes gave an update on the recruitment for a new County of Orange Auditor-Controller. The recruitment should be finished at the end of January 2013.

5. Action Items

A. M1/M2 Quarterly Revenue & Expenditure Reports (June 2012)

Chair Jan Grimes said these reports were reviewed by the Audit Subcommittee earlier in the evening and they found no discrepancies.

B. M1/M2 Quarterly Revenue & Expenditure Reports (Sept 2012)

Chair Jan Grimes said these reports were reviewed by the Audit Subcommittee earlier in the evening and they found no discrepancies.

A motion was made by Howard Mirowitz, seconded by Kate Koster, and carried unanimously to: Receive and file the M1/M2 Quarterly Revenue & Expenditure Reports (June 2012) and the M1/M2 Quarterly Revenue & Expenditure Reports (Sept 2012).

6. Presentation Items

A. M2020 Plan of Finance

Kirk Avila gave a review of the M2020 Plan of Finance which included: Plan Assumptions, Funding Requirements, Plan of Finance Recommendations, Debt Issuances Summary, Debt Service Coverage Ratios, and Alternative Scenarios.

Howard Mirowitz asked why not bond for the entire plan now while interest rate levels are low. Kirk Avila said there is a requirement by the Internal Revenue Service to spend down the money in a certain amount of time and OCTA would not be able to do this because of the current schedules of the M2 projects.

Tony Rouff asked Kirk Avila to explain the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. Mr. Avila stated that the TIFIA program allows issuers to borrow money at favorable costs and repayment terms. It offers a flexible alternative for municipal issuers.

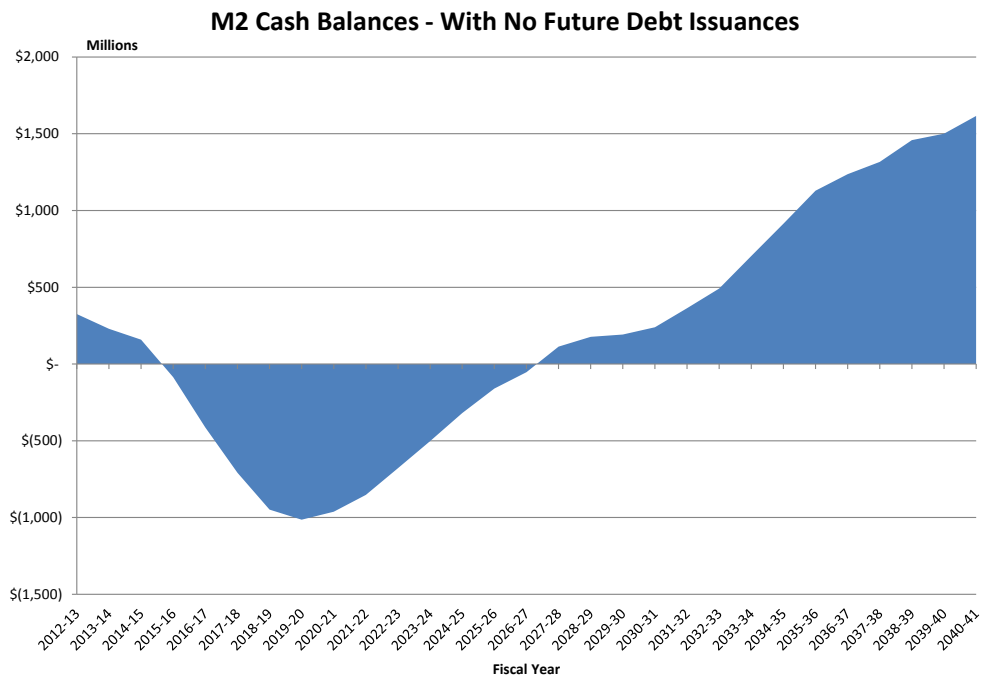
Mr. Avila commented that any type of capital project that is eligible for Federal assistance through surface transportation programs (highway and transit) is

eligible for TIFIA loans. TIFIA loans charge one basis point above the prevailing U.S. Treasury bond yield, significantly lower than current tax-exempt yields. In addition, the structuring flexibility of TIFIA with regards to capitalized interest, amortization and subordination is unique.

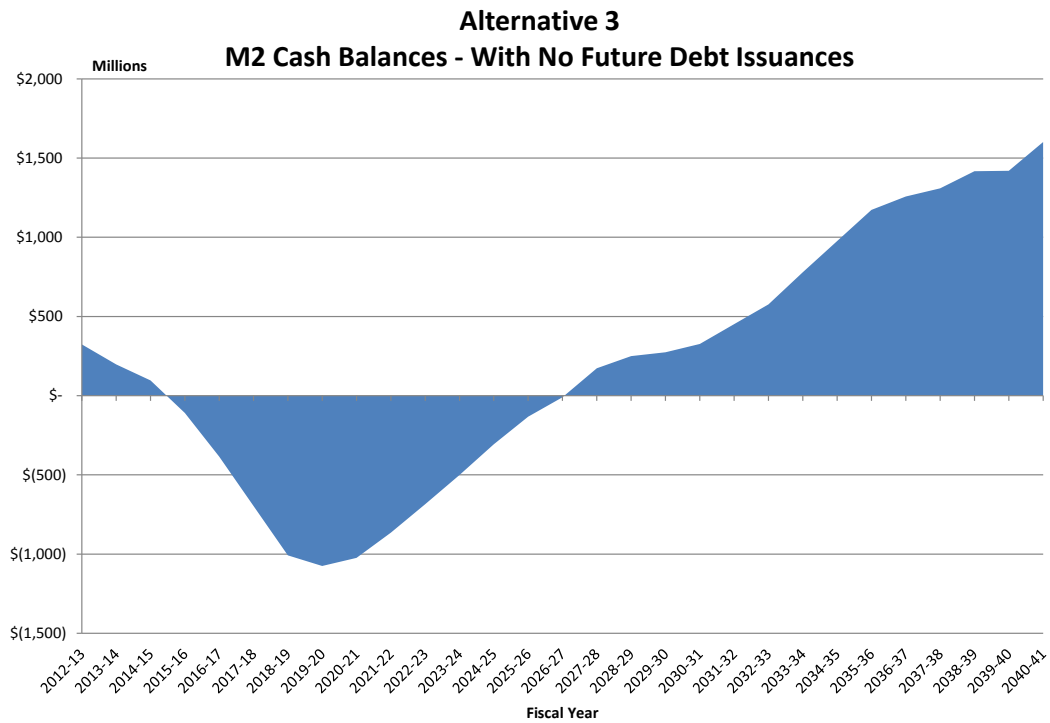
Howard Mirowitz asked Kirk Avila if he had the “M2 Cash Balances – With No Future Debt Issuances” chart for the three alternatives discussed. Mr. Avila responded that he did not have the information with him; however he could provide the charts to committee members.

The requested information is provided below:

Since the M2 Cash Balances – With No Future Debt Issuances chart assumes no additional debt, the charts for alternatives 1 and 2 are the same as the baseline scenario. Alternative 1 models various interest rate scenarios and alternative 2 assumes a debt structure with TIFIA funding. The chart is provided below:



Alternative 3 models a funding scenario for the fixed guideway projects that does not include the receipt of Federal New Starts funding. In order to fund the projects, additional bond financing would be required, another revenue source such as Congestion Mitigation and Air Quality funds would have to be earmarked for the projects, local cities would need to provide a funding match, and the project schedules would need to be delayed a few years. The M2 Cash Balances – With No Future Debt Issuance chart is shown below under this alternative:



Howard Mirowitz also asked what the debt service coverage ratios are for the three alternatives. Mr. Avila responded that he could provide the information to committee members.

The requested information is provided below:

For alternative 1, the coverage ratios are:

<u>Fiscal Year</u>	<u>Baseline</u>	<u>Alternative 1</u>		
		<u>Baseline +100 bps</u>	<u>90% M2 Revenues +100 bps</u>	<u>3.5% M2 Growth +100bps</u>
2012-13	9.47x	9.47x	8.61x	9.38x
2013-14	10.04x	10.04x	9.12x	9.71x
2014-15	10.68x	10.68x	9.71x	10.05x
2015-16	3.51x	3.33x	3.00x	3.03x
2016-17	3.69x	3.50x	3.15x	3.13x
2017-18	2.33x	2.21x	1.99x	1.96x
2018-19	2.42x	2.29x	2.07x	2.03x
2019-20	2.21x	2.10x	1.89x	1.85x
2020-21	2.29x	2.18x	1.96x	1.91x
2021-22	2.38x	2.26x	2.03x	1.98x

For alternatives 2 and 3, the coverage ratios are provided below:

<u>Fiscal Year</u>	<u>Baseline</u>	<u>Alternative 2</u>	<u>Fiscal Year</u>	<u>Baseline</u>	<u>Alternative 3</u>
		<u>TIFIA Funding</u>			<u>No Federal New Starts Scenario</u>
2012-13	9.47x	9.47x	2012-13	9.47x	9.47x
2013-14	10.04x	10.04x	2013-14	10.04x	6.00x
2014-15	10.68x	10.68x	2014-15	10.68x	6.38x
2015-16	3.51x	3.62x	2015-16	3.51x	3.24x
2016-17	3.69x	3.81x	2016-17	3.69x	3.22x
2017-18	2.33x	2.38x	2017-18	2.33x	2.18x
2018-19	2.42x	2.48x	2018-19	2.42x	2.26x
2019-20	2.21x	2.25x	2019-20	2.21x	2.05x
2020-21	2.29x	2.34x	2020-21	2.29x	2.13x
2021-22	2.38x	2.44x	2021-22	2.38x	2.21x

Phillip De Palma asked Kirk Avila about the interest rate assumptions used in the baseline scenario. Mr. Avila answered that the Authority used a conservative approach. Since interest rates are at historic low levels, OCTA assumed a premium of 100 basis points on top of the current yield curve. In addition, the Plan of Finance assumed funding a debt service reserve fund for the future issuances.

B. I-5 South Projects Update

Hamid Torkamanha and Julie Toledo gave an update on the I-5 South Freeway Projects.

Randy Holbrook said the I-5 south at El Toro originally had two High Occupancy Vehicle (HOV) lanes and was reduced to one lane. Is the new project going to revert back to two HOV lanes? Hamid Torkamanha said yes, they are also going to extend these lanes further south and make them continuous access lanes.

Tony Rouff asked how they were going to improve the bikeway at Pico Interchange. Hamid Torkamanha said they were going to increase the shoulder of the road.

Randy Holbrook asked how the off-ramp at Pico would be improved. Hamid Torkamanha said ramp lanes would be increased and signals coordinated.

C. SR-91 Projects Update

Doug Pekrul gave an update on the SR-91 projects.

D. Annual Public Hearing Planning

Alice Rogan gave an overview of the TOC Measure M Annual Public Hearing. She reviewed outreach efforts, presentations, and generally what to expect at the meeting.

7. Annual Eligibility Review Subcommittee Report

There was no report from the Annual Eligibility Review Subcommittee.

8. Audit Subcommittee Report

Chair Jan Grimes said the Audit Subcommittee met before the regular TOC meeting and discussed the following:

- Combined Transportation Funding Program Agreements Amendments
- M2 Performance Assessment Update
- Quarterly Measure M1 and M2 Revenue and Expenditure Reports for June and September 2012

They also received an update on the Audit from Janet Sutter Executive Director of Internal Audit on: Annual Compliance, Environmental Mitigation, and Metrolink Service Expansion Program Reviews. Janet Sutter said the Metrolink Service Expansion Program review has been delayed for 90 days at Metrolink's request.

9. Environmental Oversight Committee (EOC) Report

Phillip La Puma reported he had missed the last two EOC meetings due to confusion on his email address, but had received updates from OCTA Staff. Currently the EOC is in negotiations for the last four remaining properties from the last round of funding. Negotiations are going well and offers seem sound.

Phillip La Puma said the EOC recently received a report on the Ferber Ranch Management/Maintenance Efforts. This report was generated because of complaints from the local equestrian community regarding their continued denied access to the Ferber Ranch property. Phillip La Puma said hopefully this memorandum will address all the issues and concerns the equestrian community has.

10. Committee Member Reports

Howard Mirowitz asked about a news article reporting the appointment of Darrell Johnson as the new OCTA CEO has been suspended due to Brown Act violations. Alice Rogan said there is new language in the Brown Act the Board was not aware of that requires compensation to be discussed during a regular public meeting. Since Darrell Johnson's contract was previously discussed in a special meeting, the November 26, 2012 contract will be rescinded and the Board will consider the contract in January during a regular public meeting.

11. OCTA Staff Update

OCTA staff had nothing further to report.

12. Public Comments

There were no Public Comments.

13. Adjournment

The Measure M Taxpayers Oversight Committee meeting adjourned at 7:15 p.m. The next meeting will be February 12, 2013 at the OCTA offices.

Taxpayers Oversight Committee
Fiscal Year 2012-2013
Attendance Record



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

Meeting Date	10-Jul	14-Aug	27-Sep	9-Oct	13-Nov	11-Dec	8-Jan	12-Feb	12-Mar	9-Apr	14-May	11-Jun
Richard Egan		X	X	X		X						
Randy Holbrook		X	X	X		X						
Katherine Koster		X	X	X		X						
Philip La Puma		X	X	X		X						
Anh-Tuan Le		X	E	E		X						
Howard Mirowitz		X	X	X		X						
Tony Rouff		X	X	X		X						
John Stammen		X	X	X		*						
Jan Grimes		E	X	X		X						
Dowling Tsai		X	X	X		X						
Jack Wu		X	E	X		X						

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
December 11, 2012	John Stammen	Ill

Action Items

Measure M1
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of December 31, 2012

(\$ in thousands)	Quarter Ended Dec 31, 2012	Year to Date Dec 31, 2012	Period from Inception through Dec 31, 2012
		(A)	(B)
Revenues:			
Sales taxes	\$ -	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs:			
Project related	9,586	16,879	569,979
Non-project related	-	-	620
Interest:			
Operating:			
Project related	509	509	1,562
Non-project related	916	1,954	269,029
Bond proceeds	-	-	136,067
Debt service	-	-	82,054
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	-	-	156,434
Right-of-way leases	79	176	6,183
Proceeds on sale of assets held for resale	-	-	24,575
Miscellaneous:			
Project related	-	-	26
Non-project related	-	-	776
Total revenues	<u>11,090</u>	<u>19,518</u>	<u>5,299,617</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	-	-	56,883
Professional services:			
Project related	649	920	204,682
Non-project related	180	196	35,299
Administration costs:			
Project related	264	538	22,862
Non-project related	726	1,443	95,582
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	19	37	1,997
Non-project related	1	3	15,958
Payments to local agencies:			
Turnback	-	-	594,009
Other	6,793	10,590	920,304
Capital outlay	1,541	9,928	2,078,043
Debt service:			
Principal payments on long-term debt	-	-	1,003,955
Interest on long-term debt and commercial paper	-	-	561,842
Total expenditures	<u>10,173</u>	<u>23,655</u>	<u>5,670,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>917</u>	<u>(4,137)</u>	<u>(370,417)</u>
Other financing sources (uses):			
Transfers out:			
Project related	-	-	(383,264)
Non-project related	-	-	(5,116)
Transfers in: project related	-	-	1,829
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>629,587</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 917</u>	<u>\$ (4,137)</u>	<u>\$ 259,170</u>

Measure M1
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of December 31, 2012

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2012 (actual)	Year Ended Dec 31, 2012 (actual) (C.1)	Period from Inception through Dec 31, 2012 (actual) (D.1)	Period from January 1, 2013 forward (forecast) (E.1)	Total (F.1)
Tax revenues:					
Sales taxes	\$ -	\$ -	\$ 4,003,972	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs	-	-	620	-	620
Operating interest	916	1,954	269,029	3,117	272,146
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	776	-	776
Total tax revenues	<u>916</u>	<u>1,954</u>	<u>4,295,080</u>	<u>3,117</u>	<u>4,298,197</u>
Administrative expenditures:					
SBOE fees	-	-	56,883	-	56,883
Professional services, non-project related	180	196	26,438	-	26,438
Administration costs, non-project related	726	1,443	95,582	6,845	102,427
Transfers out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	1	3	6,858	-	6,858
Total administrative expenditures	<u>907</u>	<u>1,642</u>	<u>220,669</u>	<u>6,845</u>	<u>227,514</u>
Net tax revenues	<u>\$ 9</u>	<u>\$ 312</u>	<u>\$ 4,074,411</u>	<u>\$ (3,728)</u>	<u>\$ 4,070,683</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	-	-	82,054	-	82,054
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>-</u>	<u>-</u>	<u>1,415,777</u>	<u>-</u>	<u>1,415,777</u>
Financing expenditures and uses:					
Professional services, non-project related	-	-	8,861	-	8,861
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	1,003,955	-	1,003,955
Bond debt interest expense	-	-	561,842	-	561,842
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,100	-	9,100
Total financing expenditures and uses	<u>-</u>	<u>-</u>	<u>1,786,445</u>	<u>-</u>	<u>1,786,445</u>
Net bond revenues (debt service)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (370,668)</u>	<u>\$ -</u>	<u>\$ (370,668)</u>

Measure M1
Schedule of Revenues and Expenditures Summary
as of December 31, 2012

Project Description	Net Tax Revenues Program to date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures Quarter Ended Dec 31, 2012	Reimbursements Quarter Ended Dec 31, 2012	Expenditures through Dec 31, 2012	Reimbursements through Dec 31, 2012	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(N)	(O)	(P)	(Q)
<i>(\$ in thousands)</i>												
Freeways (43%)												
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 982,439	\$ 981,542	\$ 810,010	\$ 789,022	\$ 192,520	\$ 20,988	\$ 202	\$ 15	\$ 875,743	\$ 85,681	\$ 790,062	97.5%
I-5 between I-5/I-405 Interchange and San Clemente	68,758	68,695	72,862	74,962	(6,267)	(2,100)	-	-	70,294	10,358	59,936	82.3%
I-5/I-405 Interchange	87,269	87,189	72,802	73,075	14,114	(273)	-	-	98,157	25,082	73,075	100.4%
SR-55 (Costa Mesa Fwy) between I-5 and SR-91 (Riverside Fwy)	58,180	58,126	44,511	49,349	8,777	(4,838)	-	-	55,514	6,172	49,342	110.9%
SR-57 (Orange Fwy) between I-5 and Lambert Road	29,090	29,063	24,128	22,758	6,305	1,370	-	-	25,617	2,859	22,758	94.3%
SR-91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	125,615	125,500	116,136	105,389	20,111	10,747	-	-	123,995	18,606	105,389	90.7%
SR-22 (Garden Grove Fwy) between SR-55 and Valley View St.	400,645	400,279	313,297	310,943	89,336	2,354	1,823	1,873	647,947	339,926	308,021	98.3%
Subtotal Projects	1,751,996	1,750,394	1,453,746	1,425,498	324,896	28,248	2,025	1,888	1,897,267	488,684	1,408,583	
Net (Bond Revenue)/Debt Service	-	-	311,917	311,917	(311,917)	-	-	-	311,917	-	311,917	
Total Freeways	\$ 1,751,996	\$ 1,750,394	\$ 1,765,663	\$ 1,737,415	\$ 12,979	\$ 28,248	\$ 2,025	\$ 1,888	\$ 2,209,184	\$ 488,684	\$ 1,720,500	45.1%
%				42.8%								
Regional Street and Road Projects (11%)												
Smart Streets	\$ 153,664	\$ 153,523	\$ 151,114	\$ 151,114	\$ 2,409	\$ -	\$ 2,144	\$ -	\$ 156,540	\$ 11,939	\$ 144,601	95.7%
Regionally Significant Interchanges	89,637	89,555	89,555	89,555	-	-	-	-	73,895	146	73,749	82.4%
Intersection Improvement Program	128,053	127,936	127,936	127,936	-	-	1,336	2,214	109,518	3,720	105,798	82.7%
Traffic Signal Coordination	64,026	63,968	63,968	63,968	-	-	499	604	66,513	3,566	62,947	98.4%
Transportation Systems Management and Transportation Demand Management	12,805	12,794	12,794	12,794	-	-	206	-	9,674	149	9,525	74.4%
Subtotal Projects	448,185	447,776	445,367	445,367	2,409	-	4,185	2,818	416,140	19,520	396,620	
Net (Bond Revenue)/Debt Service	-	-	2,409	2,409	(2,409)	-	-	-	2,409	-	2,409	
Total Regional Street and Road Projects	\$ 448,185	\$ 447,776	\$ 447,776	\$ 447,776	\$ -	\$ -	\$ 4,185	\$ 2,818	\$ 418,549	\$ 19,520	\$ 399,029	10.5%
%				11.0%								

**Measure M1
Schedule of Revenues and Expenditures Summary
as of December 31, 2012**

Project Description (G)	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures Quarter Ended Dec 31, 2012 (N)	Reimbursements Quarter Ended Dec 31, 2012 (O)	Expenditures through Dec 31, 2012 (N)	Reimbursements through Dec 31, 2012 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Local Street and Road Projects (21%)												
Master Plan of Arterial Highway Improvements	\$ 160,762	\$ 160,523	\$ 160,523	\$ 160,523	\$ -	\$ -	\$ 2,636	\$ -	\$ 136,341	\$ 99	\$ 136,242	84.9%
Streets and Roads Maintenance and Road Improvements	594,864	594,320	594,320	594,320	-	-	-	-	594,025	-	594,025	100.0%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	328	-	94,411	431	93,980	94.0%
Subtotal Projects	855,626	854,843	854,843	854,843	-	-	2,964	-	824,777	530	824,247	
Net (Bond Revenue)/Debt Service	-	-	-	-	-	-	-	-	-	-	-	
Total Local Street and Road Projects	\$ 855,626	\$ 854,843	\$ 854,843	\$ 854,843	\$ -	\$ -	\$ 2,964	\$ -	\$ 824,777	\$ 530	\$ 824,247	21.6%
%					21.1%							21.6%
Transit Projects (25%)												
Pacific Electric Right-of-Way	\$ 19,715	\$ 19,697	\$ 15,000	\$ 14,000	\$ 5,697	\$ 1,000	\$ 45	\$ 16	\$ 17,353	\$ 3,201	\$ 14,152	94.3%
Commuter Rail	367,727	367,371	352,075	360,015	7,356	(7,940)	-	-	411,438	60,805	350,633	99.6%
High-Technology Advanced Rail Transit	446,871	446,462	427,872	440,688	5,774	(12,816)	42	5,452	455,501	151,083	304,418	71.1%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	-	-	20,000	-	20,000	100.0%
Transitways	164,291	164,140	146,381	126,625	37,515	19,756	5	-	162,685	36,765	125,920	86.0%
Subtotal Projects	1,018,604	1,017,670	961,328	961,328	56,342	-	92	5,468	1,066,977	251,854	815,123	
Net (Bond Revenue)/Debt Service	-	-	56,342	56,342	(56,342)	-	-	-	56,342	-	56,342	
Total Transit Projects	\$ 1,018,604	\$ 1,017,670	\$ 1,017,670	\$ 1,017,670	\$ -	\$ -	\$ 92	\$ 5,468	\$ 1,123,319	\$ 251,854	\$ 871,465	22.8%
%					25.1%							22.8%
Total Measure M1 Program	\$ 4,074,411	\$ 4,070,683	\$ 4,085,952	\$ 4,057,704	\$ 12,979	\$ 28,248	\$ 9,266	\$ 10,174	\$ 4,575,829	\$ 760,588	\$ 3,815,241	

Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of December 31, 2012
(Unaudited)

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2012	Year to Date Dec 31, 2012 <i>(A)</i>	Period from Inception to Dec 31, 2012 <i>(B)</i>
Revenues:			
Sales taxes	\$ 70,782	\$ 135,065	\$ 448,319
Other agencies' share of Measure M2 costs:			
Project related	25,786	32,636	91,600
Interest:			
Operating:			
Non-project related	413	950	1,434
Bond proceeds	(484)	3,282	12,627
Debt service	4	7	25
Commercial paper	-	-	393
Right-of-way leases	12	28	267
Total revenues	<u>96,513</u>	<u>171,968</u>	<u>554,665</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	656	1,313	4,424
Professional services:			
Project related	7,345	11,073	139,976
Non-project related	775	919	6,660
Administration costs:			
Project related	1,305	2,501	15,224
Non-project related	1,533	3,175	21,623
Other:			
Project related	113	137	604
Non-project related	10	13	3,423
Payments to local agencies:			
Project related	12,444	28,306	165,417
Capital outlay:			
Project related	25,555	39,630	160,190
Non-project related	-	-	32
Debt service:			
Interest on long-term debt and commercial paper	35	11,263	38,460
Total expenditures	<u>49,771</u>	<u>98,330</u>	<u>556,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,742</u>	<u>73,638</u>	<u>(1,368)</u>
Other financing sources (uses):			
Transfers out:			
Project related	(462)	(910)	(3,971)
Transfers in:			
Project related	1	1	26,503
Bond proceeds	-	-	358,593
Total other financing sources (uses)	<u>(461)</u>	<u>(909)</u>	<u>381,125</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 46,281</u>	<u>\$ 72,729</u>	<u>\$ 379,757</u>

Measure M2
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of December 31, 2012
(Unaudited)

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2012 (actual)	Year Ended Dec 31, 2012 (actual) (C.1)	Period from Inception through Dec 31, 2012 (actual) (D.1)	Period from January 1, 2013 through March 31, 2041 (forecast) (E.1)	Total (F.1)
Tax revenues:					
Sales taxes	\$ 70,782	\$ 135,065	\$ 448,319	\$ 14,858,555	\$ 15,306,874
Operating interest	413	950	1,434	358,565	359,999
Total tax revenues	<u>71,195</u>	<u>136,015</u>	<u>449,753</u>	<u>15,217,121</u>	<u>15,666,874</u>
Administrative expenditures:					
SBOE fees	656	1,313	4,424	222,968	227,392
Professional services, non-project related	668	807	3,704	101,022	104,726
Administration costs, non-project related	1,533	3,175	21,623	141,899	163,522
Transfers out, non-project related	-	-	-	20,798	20,798
Other, non-project related	10	13	3,423	26,741	30,164
Capital outlay, non-project related	-	-	32	-	32
Environmental cleanup	585	728	2,711	304,342	307,053
Total expenditures	<u>3,452</u>	<u>6,036</u>	<u>35,917</u>	<u>817,771</u>	<u>853,688</u>
Net tax revenues	<u>\$ 67,743</u>	<u>\$ 129,979</u>	<u>\$ 413,836</u>	<u>\$ 14,399,350</u>	<u>\$ 14,813,186</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 358,593	\$ 1,500,000	\$ 1,858,593
Interest revenue from bond proceeds	(484)	3,282	12,627	32,800	45,427
Interest revenue from debt service funds	4	7	25	58,161	58,186
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>(480)</u>	<u>3,289</u>	<u>371,638</u>	<u>1,590,961</u>	<u>1,962,599</u>
Financing expenditures and uses:					
Professional services, non-project related	107	112	2,956	-	2,956
Bond debt principal	-	-	-	1,873,265	1,873,265
Bond debt and other interest expense	35	11,263	38,460	1,638,633	1,677,093
Total financing expenditures and uses	<u>142</u>	<u>11,375</u>	<u>41,416</u>	<u>3,511,898</u>	<u>3,553,314</u>
Net bond revenues (debt service)	<u>\$ (622)</u>	<u>\$ (8,086)</u>	<u>\$ 330,222</u>	<u>\$ (1,920,937)</u>	<u>\$ (1,590,715)</u>

Measure M2
Schedule of Revenues and Expenditures Summary
as of December 31, 2012
(Unaudited)

Project	Description	Net Tax Revenues Program to Date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures Quarter Ended Dec 31, 2012	Reimbursements Quarter Ended Dec 31, 2012	Expenditures through Dec 31, 2012	Reimbursements through Dec 31, 2012	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(N)	(O)	(P)	(Q)	
Freeways (43% of Net Tax Revenues)													
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 16,312	\$ 583,864	\$ 583,040	\$ 583,040	\$ 824	\$ -	\$ 74	\$ -	\$ 1,205	\$ -	\$ 1,205	0.2%
B,C,D	I-5 Santa Ana/San Diego Freeway Improvements	41,132	1,472,330	1,283,085	1,283,085	189,245	-	2,600	1,309	29,079	3,569	25,510	2.0%
E	SR-22 Garden Grove Freeway Access Improvements	4,165	149,072	149,071	149,071	1	-	-	-	4	-	4	0.0%
F	SR-55 Costa Mesa Freeway Improvements	12,702	454,668	452,138	452,138	2,530	-	564	-	3,604	13	3,591	0.8%
G	SR-57 Orange Freeway Improvements	8,978	321,373	299,955	299,955	21,418	-	1,499	521	30,912	5,414	25,498	8.5%
H,I,J	SR-91 Riverside Freeway Improvements	31,537	1,128,844	1,118,805	1,118,805	10,039	-	376	1	17,866	5,330	12,536	1.1%
K,L	I-405 San Diego Freeway Improvements	48,327	1,729,851	695,918	695,918	1,033,933	-	718	-	16,202	613	15,589	2.2%
M	I-605 Freeway Access Improvements	694	24,845	24,845	24,845	-	-	11	-	12	-	12	0.0%
N	All Freeway Service Patrol	5,206	186,339	186,339	186,339	-	-	4	-	17	-	17	0.0%
	Freeway Mitigation	8,897	318,484	295,002	295,002	23,482	-	584	71	29,751	1,407	28,344	9.6%
	Subtotal Projects	177,950	6,369,670	5,088,198	5,088,198	1,281,472	-	6,430	1,902	128,652	16,346	112,306	
	Net (Bond Revenue)/Debt Service	-	-	1,281,472	1,281,472	(1,281,472)	-	(147)	-	11,194	-	11,194	
	Total Freeways	\$ 177,950	\$ 6,369,670	\$ 6,369,670	\$ 6,369,670	\$ -	\$ -	\$ 6,283	\$ 1,902	\$ 139,846	\$ 16,346	\$ 123,500	31.4%
	%				43.0%								
Street and Roads Projects (32% of Net Tax Revenues)													
O	Regional Capacity Program	\$ 41,384	\$ 1,481,337	\$ 1,386,395	\$ 1,386,395	\$ 94,942	\$ -	\$ 28,672	\$ 18,622	\$ 165,978	\$ 42,210	\$ 123,768	8.9%
P	Regional Traffic Signal Synchronization Program	16,553	592,509	592,261	592,261	248	-	448	-	1,372	272	1,100	0.2%
Q	Local Fair Share Program	74,490	2,666,374	2,666,374	2,666,374	-	-	7,195	-	58,592	-	58,592	2.2%
	Subtotal Projects	132,427	4,740,220	4,645,030	4,645,030	95,190	-	36,315	18,622	225,942	42,482	183,460	
	Net (Bond Revenue)/Debt Service	-	-	95,190	95,190	(95,190)	-	1,284	-	12,048	-	12,048	
	Total Street and Roads Projects	\$ 132,427	\$ 4,740,220	\$ 4,740,220	\$ 4,740,220	\$ -	\$ -	\$ 37,599	\$ 18,622	\$ 237,990	\$ 42,482	\$ 195,508	49.8%
	%				32.0%								

Measure M2
Schedule of Revenues and Expenditures Summary
as of December 31, 2012
(Unaudited)

Project	Description	Net Tax Revenues Program to Date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures Quarter Ended Dec 31, 2012	Reimbursements Quarter Ended Dec 31, 2012	Expenditures through Dec 31, 2012	Reimbursements through Dec 31, 2012	Net Project Cost	Percent of Budget Expended
(G)		(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(N)	(O)	(P)	(Q)
Transit Projects (25% of Net Tax Revenues)													
R	High Frequency Metrolink Service	\$ 37,047	\$ 1,326,099	\$ 1,267,276	\$ 1,267,276	\$ 58,823	\$ -	\$ 2,647	\$ 5,275	\$ 117,928	\$ 59,226	\$ 58,702	4.6%
S	Transit Extensions to Metrolink	36,532	1,307,661	1,220,556	1,220,556	87,105	-	49	-	396	139	257	0.0%
T	Metrolink Gateways	8,278	296,316	228,191	228,191	68,125	-	-	-	5	-	5	0.0%
U	Expand Mobility Choices for Seniors and Persons with Disabilities	12,414	444,343	444,343	444,343	-	-	1,198	-	9,741	-	9,741	2.2%
V	Community Based Transit/Circulators	8,275	296,185	296,185	296,185	-	-	-	-	2	-	2	0.0%
W	Safe Transit Stops	913	32,692	32,692	32,692	-	-	-	-	5	-	5	0.0%
	Subtotal Projects	103,459	3,703,296	3,489,243	3,489,243	214,053	-	3,894	5,275	128,077	59,365	68,712	
	Net (Bond Revenue)/Debt Service	-	-	214,053	214,053	(214,053)	-	(515)	-	5,129	-	5,129	
	Total Transit Projects	\$ 103,459	\$ 3,703,296	\$ 3,703,296	\$ 3,703,296	\$ -	\$ -	\$ 3,379	\$ 5,275	\$ 133,206	\$ 59,365	\$ 73,841	18.8%
	%					25.0%							
Measure M2 Program		\$ 413,836	\$ 14,813,186	\$ 14,813,186	\$ 14,813,186	\$ -	\$ -	\$ 47,261	\$ 25,799	\$ 511,042	\$ 118,193	\$ 392,849	

Measure M2
Schedule of Revenues and Expenditures Summary
as of December 31, 2012
(Unaudited)

Project	Description	Revenues Program to Date Actual	Total Revenues	Project Budget	Estimate at Completion	Variance Total Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures Quarter Ended Dec 31, 2012	Reimbursements Quarter Ended Dec 31, 2012	Expenditures through Dec 31, 2012	Reimbursements through Dec 31, 2012	Net Project Cost	Percent of Budget Expended
(G)		(H.1)	(I.1)	(J)	(K)	(L)	(M)	(N)	(O)	(N)	(O)	(P)	(Q)
	Environmental Cleanup (2% of Revenues)												
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 8,995	\$ 313,337	\$ 313,337	\$ 313,337	\$ -	\$ -	\$ 585	\$ -	\$ 2,711	\$ 177	\$ 2,534	0.8%
	Total Environmental Cleanup	\$ 8,995	\$ 313,337	\$ 313,337	\$ 313,337	\$ -	\$ -	\$ 585	\$ -	\$ 2,711	\$ 177	\$ 2,534	0.6%
	%				2.0%								
	Taxpayer Safeguards and Audits												
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 6,725	\$ 229,603	\$ 229,603	\$ 229,603	\$ -	\$ -	\$ 656	\$ -	\$ 4,424	\$ -	\$ 4,424	1.9%
	%				1.5%								1.0%
	Oversight and Annual Audits (1% of Revenues)	\$ 4,498	\$ 156,669	\$ 156,669	\$ 156,669	\$ -	\$ -	\$ 671	\$ -	\$ 9,773	\$ 5,184	\$ 4,589	2.9%
	%				1.0%								1.0%



February 12, 2013

To: Taxpayers Oversight Committee

From: Annual Eligibility Review Subcommittee

Subject: Renewed Measure M Annual Eligibility Review Subcommittee Recommendations for Fiscal Year 2011-12 Expenditure Reports

Overview

The Measure M and Measure M2 ordinances require all local jurisdictions in Orange County to annually satisfy eligibility requirements in order to receive fair share and competitive grant net revenues. The Annual Eligibility Review subcommittee review process for the fiscal year 2011-12 expenditure reports has been completed.

Recommendations

1. Approve the expenditure reports for all local jurisdictions in Orange County and find all local jurisdictions eligible to receive fair share and competitive grant net revenues for fiscal year 2012-13.
2. Direct staff to return with an eligibility finding for the City of Huntington Beach pending adoption and submittal of fiscal year 2011-12 expenditure report.
3. Recommend to the Taxpayers Oversight Audit Subcommittee that the cities of Irvine, Los Alamitos, Newport Beach, and Placentia be considered for audit next year.

Background

The Board of Directors authorized an amendment to Ordinance No. 2 (Measure M) that finds agencies which qualify as an "Eligible Jurisdiction" under Ordinance No. 3 (Measure M2) to also be an "Eligible Agency" under Ordinance No. 2.

The Taxpayer's Oversight Committee (TOC) is responsible for reviewing local agencies Local Signal Synchronization Plan, Mitigation Fee Program, Expenditure Report, Congestion Management Plan, and Pavement Management Plan (PMP)

for compliance with Ordinance No. 3. The eligibility component due this eligibility cycle includes fiscal year 2011-12 expenditure reports for each local jurisdiction in Orange County.

The Annual Eligibility Review (AER) subcommittee has been designated by the TOC to review the eligibility submittals with support from Orange County Transportation Authority (OCTA) staff. The AER subcommittee members include Tony Rouff (Chair), John Stammen, Dowling Tsai, and Jack Wu.

Local jurisdictions are required to annually submit expenditure reports six months after the close of the fiscal year (December 31st). City of Huntington Beach is an exception since the local jurisdiction follows a federal fiscal year (October 1 to September 30) and will therefore submit an expenditure report by March 31st.

Discussion

OCTA staff reviewed the expenditure reports to ensure consistency and accuracy. The AER subcommittee convened on January 24, 2013 to review and discuss the expenditure reports. It was noted that some agencies had high Maintenance of Effort costs dedicated to agency staff and administration. OCTA staff will review the current template and return to the AER subcommittee with recommendations to separate the administrative charges from agency staff time charged directly to construction and maintenance. Based on the review of all of the local agency expenditure reports, the AER subcommittee has recommended the cities of Irvine, Los Alamitos, Newport Beach, and Placentia be considered next year when the TOC Audit subcommittee selects which local agencies to audit.

The AER subcommittee found the expenditure reports in compliance with the Ordinance and recommend to the TOC for eligibility approval. The FY 2011-12 Expenditure Report Summary is included in Attachment A. Upon TOC approval, OCTA staff will present the eligibility findings to the Regional Planning and Highways Committee on March 4, 2013 and to the OCTA Board of Directors on March 11, 2013.

Summary

The Annual Eligibility Review subcommittee reviewed expenditure reports and found all local jurisdictions compliant with the Ordinance. The City of Huntington Beach's expenditure report will be submitted in fall 2013 with the eligibility findings for FY 2013-14.

Attachment

- A. FY 2011-12 Expenditure Report Summary

Fiscal Year 2011-12 Expenditure Report Summary

ATTACHMENT A

Agency	Expenditure Report Received by 12/31/12	Resolution Received by 12/31/12	MOE Reported	Expenditure Report Found Compliant by TOC Subcommittee
Aliso Viejo	Yes	Yes	Yes	Yes
Anaheim	Yes	Yes	Yes	Yes
Brea	Yes	Yes	Yes	Yes
Buena Park	Yes	Yes	Yes	Yes
Costa Mesa	Yes	Yes	Yes	Yes
County of Orange	Yes	Yes	N/A	Yes
Cypress	Yes	Yes	Yes	Yes
Dana Point	Yes	Yes	Yes	Yes
Fountain Valley	Yes	Yes	Yes	Yes
Fullerton	Yes	Yes	Yes	Yes
Garden Grove	Yes	Yes	Yes	Yes
Huntington Beach	N/A	N/A	N/A	N/A
Irvine	Yes	Yes	Yes	Yes
La Habra	Yes	Yes	Yes	Yes
La Palma	Yes	Yes	Yes	Yes
Laguna Beach	Yes	Yes	Yes	Yes
Laguna Hills	Yes	Yes	Yes	Yes
Laguna Niguel	Yes	Yes	Yes	Yes
Laguna Woods	Yes	Yes	Yes	Yes
Lake Forest	Yes	Yes	Yes	Yes
Los Alamitos	Yes	Yes	Yes	Yes
Mission Viejo	Yes	Yes	Yes	Yes
Newport Beach	Yes	Yes	Yes	Yes
Orange	Yes	Yes	Yes	Yes
Placentia	Yes	Yes	Yes	Yes
Rancho Santa Margarita	Yes	Yes	Yes	Yes
San Clemente	Yes	Yes	Yes	Yes
San Juan Capistrano	Yes	Yes	Yes	Yes
Santa Ana	Yes	Yes	Yes	Yes
Seal Beach	Yes	Yes	Yes	Yes
Stanton	Yes	Yes	Yes	Yes
Tustin	Yes	Yes	Yes	Yes
Villa Park	Yes	Yes	Yes	Yes
Westminster	Yes	Yes	Yes	Yes
Yorba Linda	Yes	Yes	Yes	Yes

MOE- Maintenance of Effort

TOC- Taxpayers Oversight Committee

***Presentation
Items***



To view the entire staff report with attachments, click here:

[M2020 Review and M2 Program Management Office Overview](#)



February 4, 2013

To: Executive Committee
From: Will Kempton, Chief Executive Officer
Subject: M2020 Review and M2 Program Management Office Overview

A handwritten signature in black ink, appearing to read "Will Kempton", is written over the "From:" line of the header.

Overview

On November 7, 2006, Orange County voters approved the Renewed Measure M Transportation Ordinance and Investment Plan, now referred to as Measure M2. Measure M2 includes a 30-year Transportation Investment Plan covering a range of projects and programs and a defining ordinance. The development of an M2020 Plan began in November 2011, and on September 10, 2012, the Orange County Transportation Authority Board of Directors approved the M2020 Plan. The M2020 Plan sets a course for advancement of major Measure M2 projects and programs between now and the year 2020. A high-level review of the M2020 Plan commitments and an overview of the Program Management Office role and current activities are presented.

Recommendation

Receive and file as an information item.

Background

In 2007, the Orange County Transportation Authority (OCTA) approved the Measure M2 (M2) Early Action Plan (EAP) to jump start delivery of projects in advance of the M2 half-cent transportation sales tax going into effect in 2011. Building on the completion of the EAP and the need to determine the next steps for accelerated projects, the development of an M2020 Plan began in November 2011. On February 27, 2012, an M2 Board of Directors (Board) workshop was held. Following a number of Board presentations and external outreach, the final M2020 Plan was approved by the Board on September 10, 2012. The M2020 Plan endeavors to deliver the majority of the freeway program by the year 2020 through the strategic use sales tax revenue bonds. In addition, the plan expands rail, funds fixed-guideway connections to Metrolink, improves streets and roads conditions, and delivers on environmental commitments.

To ensure coordinated and successful delivery of M2 projects and programs, the Board directed the creation of an M2 Program Management Office (PMO). The PMO coordinates the development of the M2020 Plan with all OCTA divisions. The PMO is charged with ensuring OCTA's commitment to fulfilling the promises made in M2. This means not only completing the projects described in the Transportation Investment Plan and M2020 Plan, but adhering to numerous specific requirements and high standards of quality called for in Ordinance No. 3. The PMO provides unified oversight and action to ensure successful delivery. While other organizational units within OCTA carry out the M2 Transportation Investment Plan's individual projects and programs, the PMO monitors and, as appropriate, assesses, facilitates, coordinates, and reports on M2 activities and progress. The Measure M PMO Charter is provided as Attachment A.

Discussion

During fiscal year (FY) 2011-12, with the EAP nearing completion and the sales tax revenue outlook resulting from the 2007 economic downturn, Board Members and staff alike were concerned with OCTA's ability to deliver the M2 commitment to the voters. In February 2012, staff developed cash flow scenarios using forecasted revenues and costs through 2041 and determined that early actions to accelerate programs and receipt of one-time grants positioned OCTA to temper the impacts of the economic downturn.

Staff developed the M2020 Plan and concluded that OCTA, through the use of sales tax bonds, can deliver M2 despite the economic downturn by keeping project costs down and leveraging additional state and federal funds. In addition, it was determined that OCTA could expedite delivery to further capitalize on competitive construction costs and deliver mobility benefits years earlier by getting additional projects shelf ready. The goal of the M2020 Plan is to accelerate projects in order to take advantage of today's competitive bidding environment and low debt cost, while minimizing the risk of future inflation and delivering mobility improvements sooner.

M2020 Plan Summary Review

In all, more than \$5 billion in transportation improvements promised to the voters in M2 will be completed or under construction by 2020. In addition, the groundwork will be laid for another nine freeway improvements projects by environmentally clearing the projects to be shelf ready in the event additional federal, state, or local funding becomes available.

The complete Board-approved M2020 Plan is included as Attachment B. All 14 objectives that are included in the plan to be delivered by the year 2020 are shown below.

M2020 Plan Objectives

Freeways

1. Deliver 14 projects along Interstate 405, Interstate 5, State Route 55, State Route 57, and State Route 91 (Projects A, C, D, E, F, G, H, I, J, and K). This completes two-thirds of the M2 freeway improvements, amounting to nearly \$3 billion in year-of-expenditure dollars worth of transportation investments.
2. Complete the environmental phase of all remaining M2 freeway projects, making these shelf ready for early delivery as external funds become available (Projects B, D, F, G, I, J, L, and M). This positions the remaining M2 freeway improvements, valued at approximately \$1.4 billion in current dollars in transportation investment, for complete implementation.

Streets and Roads

3. Invest nearly \$1.2 billion of funding for street and road improvement projects to expand roadway capacity, build grade separations, and protect pavement conditions (Projects O and Q).
4. Synchronize 2,000 traffic signals across the County to ease traffic flow (Project P).

Transit

5. Expand Metrolink peak period capacity and address gaps in the existing schedule, as well as make investments to improve rail stations such as the Orange and Laguna Niguel/Mission Viejo stations and operating facilities (Project R).
6. Expand Metrolink service into Los Angeles contingent upon funding participation from route partners (Project R).
7. Provide up to \$575 million in M2 and external funding (includes \$58 million in local match funds) to implement Board-selected

fixed-guideway projects, and proposed/future city projects for bus and van connections to Metrolink (Project S).

8. Deliver improvements to position Orange County to connect to planned statewide high-speed rail projects (Project T).
9. Provide up to \$75 million of funding to expand mobility choices for seniors and persons with disabilities by stabilizing OCTA bus fares and providing funds for senior community transportation programs and senior non-emergency medical transportation services (Project U).
10. Provide up to \$50 million of funding to encourage development, implementation, and operation of efficient local community transit services (Project V).

Freeway Environmental Mitigation

11. Secure the necessary permits from resource agencies for the 13 planned M2 freeway projects as part of the Freeway Mitigation Program in exchange for establishing a long-term management framework for acquired properties. Placing approximately 1,000 acres of open space into conservancy and targeting restoration of approximately 180 acres of habitat to its natural condition (Projects A through M).
12. Provide appropriate public access on acquired properties based on resource management plan development and completion (Projects A through M).

Environmental Cleanup

13. Complete the implementation of up to \$20 million of investments to prevent flow of roadside trash into the waterways (Project X).
14. Provide up to \$38 million to fund and complete construction of up to three major regional water quality improvement projects as part of the Environmental Cleanup Program (Project X).

Although the full program (through 2041) is deliverable, the overall program needs to be carefully managed. The 2041 plan relies on the future receipt of \$720 million in state and federal revenues. Even with these assumptions, there will be several points in the program with low year-by-year ending balances. Although these are positive balances, the margin leaves minimal flexibility to

respond to economic uncertainties, project scope changes, and/or schedule delays that may result in project cost increases. Additionally, the freeway delivery plan relies on obtaining design-build authority. The tight variance between the costs and funding plan will require that project scopes and schedules be carefully managed and closely monitored given the small margin of financial safety.

With careful management of the projects and use of financial resources, the full scope of the M2 Program can be delivered as promised.

With the adoption of the M2020 Plan, three implementing actions were required to move forward. This included, amending the M2 Transportation Investment Plan to balance the freeway plan by shifting funding from Project J (State Route 91) to Project K (Interstate 405). This was possible due to OCTA's success in capturing external funding. On October 9, 2012, the Taxpayers Oversight Committee reviewed the amendment and voted unanimously in support of the amendment. On November 9, 2012, a public hearing was held, and the Board approved the amendment.

The second implementing action was to develop a Plan of Finance to support the cash flow requirements of the M2020 Plan. The Plan of Finance was presented to, and approved by, the Board on November 26, 2012. This entails three debt issuances. The first in FY 2015-16 for \$700 million, another in FY 2017-18 for \$600 million, and a third in FY 2019-20 for \$200 million.

The final implementing action is to conduct an organizational readiness assessment of OCTA to ensure that OCTA is structured to ensure successful delivery of the aggressive eight-year, more than \$5 billion, M2020 Plan. The organizational assessment is currently underway and the findings are anticipated to be presented to the Board in the summer.

M2 PMO

The PMO consists of one full time staff member (hired in October 2011) and the Executive Director of Planning, and provides M2 Program oversight and interdivisional coordination. A committee made up of executive directors, the Deputy Chief Executive Officer, and key staff from each of the divisions meets regularly every two weeks to review key issues and activities within the M2 Program. The PMO is charged with ensuring all requirements of Ordinance No. 3 are followed.

Ordinance No. 3 has numerous requirements that need to be monitored and addressed at the appropriate designated intervals. For example, the ordinance

requires that quarterly reports sharing the progress of M2 be provided to the Board in a public setting. The ordinance also requires that an independent performance assessment be conducted every three years to review how OCTA is performing with regard to delivery of the M2 Program. Due to the acceleration and early start on delivering M2 projects and programs through the EAP, the first review covered the period from April 2006 through June 2009. Staff is currently conducting the second performance assessment, which covers the period from July 2009 through June 2012. The assessment includes review of OCTA's performance on managing the M2 Program in the following five areas - project delivery; program management and responsiveness; compliance; fiscal responsibility; and transparency and accountability. The assessment findings and recommendations will be brought before the Board in March 2013.

Additionally, every ten years, a comprehensive review of all M2 projects and programs implemented under the plan is to be evaluated to determine performance of the overall program and to address any necessary revisions to improve the plan's performance. Staff anticipates beginning the preparatory work for this effort in the 2013-14 FY.

Summary

The year-long Orange County Transportation Authority effort led by the Program Management Office to develop the more than \$5 billion M2020 Plan sets the course for Measure M2 for the next eight years, and ensures bringing mobility improvements sooner rather than later to Orange County residents and commuters. The creation of the Program Management Office and staffing in 2011 allows for monitoring the M2020 Plan progress and reporting on the Measure M2 overall progress to ensure that Measure M2 is delivered as promised, while following all the requirements of Orange County Transportation Authority's contract with the voters.

Attachments

- A. Measure M Program Management Office Charter
- B. M2020 Plan

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