



Measure M
Taxpayers Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA, Room 103



August 13, 2013

6:00 p.m.

AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for June 11, 2013**
- 4. Chairman's Report**
- 5. CEO Report**
Darrell Johnson, OCTA Chief Executive Officer
- 6. Presentation Items**
 - A. I-405 Improvement Project/Project K Update
Presentation – Rose Casey, Director, Highways Program
 - B. Capital Projects Update
Presentation – Jim Beil, Executive Director, Capital Programs
 - C. Project V Update
Presentation – Kia Mortazavi, Executive Director, Planning
- 7. OCTA Staff Update (5 minutes each)**
 - Metrolink – Andy Oftelie, Executive Director, Finance & Administration
 - Finance Directors Workshop – Andy Oftelie, Executive Director, Finance & Administration
 - Measure M Amendment – Alice Rogan, Strategic Communications Mgr, External Affairs
 - M2020 Update – Tamara Warren, Program Manager, M Program Management Office
 - Other
- 8. Annual Eligibility Review Subcommittee Report**
- 9. Audit Subcommittee Report**
- 10. Environmental Oversight Committee Report**
- 11. Committee Member Reports**
- 12. OCTA Staff Update**
- 13. Public Comments***
- 14. 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

June 11, 2013
Meeting Minutes

Committee Members Present:

Howard Mirowitz, Second District Representative, Co Chairman
Jack Wu, Second District Representative
Anh-Tuan Le, First District Representative
Dowling Tsai, Third District Representative
Philip C. La Puma, PE, Fourth District Representative
John Stammen, Fourth District Representative
Terry Fleskes, Fifth District Representative
Tony Rouff, Fifth District Representative

Committee Member(s) Absent:

Jan Grimes, Orange County Acting Deputy Auditor-Controller, Co-Chairman
Richard Egan, First District Representative
Randy Holbrook, Third District Representative

Orange County Transportation Authority Staff Present:

Marissa Espino, Senior Community Relations Specialist
Janice Kadlec, Public Reporter
Abbe McClenahan, Section Manager, Planning
Dan Phu, Project Manager, Planning
Andy Oftelie, Acting Executive Director, Finance and Administration
Tamara Warren, Manager of M Program Management Office

1. Welcome

In the absence of Chair Jan Grimes, Co-Chair Howard Mirowitz chaired the Taxpayers Oversight Committee (TOC) meeting and began the meeting 6:00 p.m.

2. Pledge of Allegiance

Co-Chair Howard Mirowitz asked everyone to stand and led the Pledge of Allegiance.

3. Approval of Minutes/Attendance Report for April 9, 2013

Co-Chair Howard Mirowitz asked for the following three corrections to the April 9, 2013 meeting minutes:

- 1) Page 3, first sentence in the last paragraph: "Co-Chair Howard Mirowitz asked if OCTA ~~buys~~ rides the Yield Curve."

- 2) Page 6, Item 8, first bullet point. "Audit Responsibilities of the TOC Audit Subcommittee – ~~Renewed~~ Reviewed their Charter."
- 3) Page 6, Item 8, second bullet point, third line: "Earlier in the program in the course of appraising property they found the On-Call appraisers did not have the experience in appraising conservation properties."

There were no further corrections.

A motion was made by John Stammen, seconded by Dowling Tsai, and carried unanimously to approve the April 9, 2013 TOC minutes and attendance report as corrected. Jack Wu abstained from voting as he was not at the April 9 TOC meeting.

4. Chairman's Report

There was no Chairman's report.

5. Co-Chair Election

Co-Chair Howard Mirowitz asked for any nominations from the floor for the TOC Co-Chair position. John Stammen nominated Howard Mirowitz. There were no further nominations and the nominations were closed. Howard Mirowitz was elected unanimously to the TOC Co-Chair position.

6. Subcommittee Selections

Marissa Espino asked if any of the current TOC members would like to change to a different subcommittee. All members present asked to keep their current subcommittee assignments.

7. Action Items

A. Measure M1 Revenue & Expenditure Quarterly Report (Mar 13)

Andy Oftelie gave an overview of the M1 Revenue & Expenditure Quarterly Report.

Terry Fleskes asked for background information on an item on page one; the "Excess Deficiency of Revenue Over/Under Expenses." Is it correct there was a \$390 million deficiency? Andy Oftelie said yes, but that the "Bond Proceeds" are not included in that calculation. Terry Fleskes said the revenues have all been collected. How does this just go away? Andy Oftelie said by the time they receive all reimbursements and bond proceeds are factored in, this will be zeroed out.

Terry Fleskes said his second question was a terminology question. On page one of the report there is a reference to Total Revenues of \$5.1 and the elements of these revenues. On page four there is "Net Tax Revenues Programmed to Date." Terry Fleskes asked why there were different revenues on page one and on page four. Co-Chair Howard Mirowitz said he believed these are tax

revenues. Andy Oftelie said they have had this question before and there is a spreadsheet that explains it. He will bring the spreadsheet to him before he leaves and explain it, but basically, "Total Revenues" are different than "Net Tax Revenues." "Net Tax Revenues" are specifically defined in the Ordinance. Generally, "Net Revenues" are "Total Revenues" less certain fees such as State Board of Equalization Fees and Administrative Costs.

Philip La Puma asked if the expectation was M1 will zero out or are there going to be funds transferred to M2. Andy Oftelie said M1 will zero out when the final transfers are completed. For example, there will be approximately \$28 million left in the Freeway Program which will likely be transferred to the M2 SR-57 project. There should be approximately \$8 to \$10 million left in the Streets and Roads Program and this will be issued as part of an M2 call for projects. There should be approximately \$80 million left over in Transit which will be transferred to the Commuter Urban Rail Endowment (CURE) fund and used to pay for Metrolink Operations. All of these actions have already been approved by the Board.

B. M2 Revenue & Expenditure Quarterly Report (Mar 13)

Andy Oftelie gave an overview of the M2 Revenue & Expenditure Quarterly Report.

Co-Chair Howard Mirowitz asked if grant money is available to reimburse the administrative cost overruns and where will it show in the M2 Revenue and Expenditure Quarterly Report. Andy Oftelie said it will more than likely show as a grant reimbursement against the administrative cost. OCTA receives a certain amount of Transit Development Act sales tax (separate from M) which has always been used for administrative and planning purposes, including for administrative costs associated with Measure M. If OCTA can specifically dedicate this fund source for salaries and benefits instead of overhead, it will help. The same amount of funds will still go toward Measure M; it will just be specifically dedicated to salaries and benefits. Even if this is not possible, staff believes Measure M will ramp up at the beginning and then taper off over the 30 years of the program and over the long run, OCTA will be at the required one percent.

Co-Chair Howard Mirowitz said, unfortunately, the Ordinance requires truing it up every year. Andy Oftelie said this is correct. Any charges in excess of the 1% Administrative cap has to be paid with other sources. Currently, as the Board directed, OCTA uses OCUTT funds for this, but if they come in under in a subsequent year, they can pay OCUTT back.

The TOC received and filed the Measure M1 and Measure M2 Revenue and Expenditure Quarterly Reports for March 2013.

8. Presentation Items

A Comprehensive Transportation Funding Program (CTFP) Semi-Annual Review

Abbe McClenahan presented the March 2013 CTFP Semi-Annual Review. She provided the committee members with a detailed spreadsheet which included the CTFP Semi-Annual Review Adjustment Requests approved by the OCTA Board on June 10, 2013.

Co-Chair Howard Mirowitz said in the 2013 call for projects two projects were tied with identical scores. Only one of the projects was awarded. How did they make the judgment on which one would be awarded? Abbe McClenahan said the amount of funds requested by the project which was not awarded exceeded the funds available.

Co-Chair Howard Mirowitz said potentially there will be left over funds from M1. Why couldn't these funds be used to fund the more expensive project. Abbe McClenahan said because of the timing of the Program and when projects were awarded they did not have approval from the Board to use the \$10 million M1 money. Approval was received in April and the \$10 million will be added to the next call for projects in August. Howard Mirowitz asked if the project not funded on this round would be able to apply again. Abbe McClenahan said yes. Co-Chair Howard Mirowitz asked if she knew if they were going to reapply. Abbe McClenahan said yes.

Abbe McClenahan said, because of this incident, the CTFP guidelines have been revised. If they have this type of situation again, it will be brought to the Technical Advisory Committee (TAC) for discussion and the TAC will determine how to handle it, provided both projects are equal in dollars and funding is available. Co-Chair Howard Mirowitz concluded if one project is more expensive than the other they will still have a problem. Abbe McClenahan said, correct, if there is not enough funding then they can't afford the project.

Anh-Tuan Le asked if the guidelines for this Program were use-it-or-lose-it. Abbe McClenahan said the guidelines have always required the funds be expended in the programmed year. New guidelines have been added to allow a onetime delay of 24 months.

Anh-Tuan Le asked for an explanation of the City of Garden Grove's cancelation of a \$1.8 million project. Abbe McClenahan said this was a unique situation. The purchase of a gas station was part of this project. OCTA paid the City of Garden Grove for this and they took the money. During construction it was determined a full take of the gas station was not needed; only a partial take was needed. They ended up leasing the gas station back to the owner. Essentially they did not use

the money for the purchase of the gas station. In the meantime they have refunded the money to OCTA.

Anh-Tuan Le asked if the planned improvements to the intersection had been completed. Abbe McClenahan said the improvements have been completed; they just did not need the right-of-way portion to make the improvements.

B. Water Quality Program Update

Dan Phu gave an overview and update of the M2 Water Quality Program and the activities of the Environmental Cleanup Allocation Committee (ECAC).

Tony Rouff asked Dan Phu for more specifics on the policy changes which might affect the Water Quality Program. Dan Phu said Orange County is under the jurisdiction of two water quality boards – The San Diego Regional Water Quality Control Board (the San Diego Board) and the Santa Ana Regional Water Quality Control Board (the Santa Ana Board). The San Diego Board recently had some changes in policy with respect to the local agencies on trash and debris and what the requirements are. Staff is still trying to gain an understanding of what the new requirements are with the help of the ECAC. The question is how the changes proposed by the San Diego Board will affect the OCTA Tier 1 Water Quality Program.

Co-Chair Howard Mirowitz said some of things mentioned as potential Tier 1 projects such as inserts, screens and filters will require ongoing maintenance. Is there money in the projects set aside for Operations and Maintenance (O&M)? Dan Phu said the Tier 1 Water Quality Projects receive funds for capital only. The cities or the County will be responsible for the long term O&M for these projects.

Co-Chair Howard Mirowitz asked if the cost of the O&M can be used as the local match. Dan Phu said the O&M can be counted as a match under Tier 1 but not under Tier 2. Co-Chair Howard Mirowitz asked why it couldn't be used as a match for Tier 2 projects. Dan Phu said the Tier 2 projects tend to be natural bioswales and retention basins which do not have a high operating cost. OCTA wanted to make sure since the cities are receiving money for capital they commit to the long term O&M.

9. OCTA Staff Updates

Metrolink: Andy Oftelie gave an update on the Metrolink financial situation. Jack Wu asked who OCTA's representatives on the Metrolink Board were. Andy Oftelie said they were Vice Chairman Shawn Nelson (voting member), Director Michael Hennessey (voting member), and Caroline Cavecche (alternate).

Sales Tax Forecast: Andy Oftelie gave a brief update on the Sales Tax Forecast and reported on the preliminary forecast numbers from Chapman University (6.05%),

University of California at Los Angeles (6.25%), and California University at Fullerton (7.4%).

John Stammen said in previous reports one of the universities seemed to be consistently higher than the others. Which one is it? Andy Oftelie said UCLA seems to be consistently higher than the others.

M1 Close-out: Tami Warren gave an update on the M1 close-out. Tony Rouff asked what Programs were actually going to close-out. Tami Warren said this is an important point: even though the Program ended there are still revenues that need to be collected. The Streets and Roads Program goal is to have it closed-out in 2014 and the Freeway Program goal is to close-out in 2015.

Other: Marissa Espino thanked the outgoing TOC members (Richard Egan, Tony Rouff, John Stammen and Dowling Tsai) for their time and service. The names of the new TOC members will be drawn at the June 24 OCTA Board meeting. Howard Mirowitz also thanked all the outgoing members for their service on behalf of himself and Co-Chair Jan Grimes.

10. Annual Eligibility Review Subcommittee Report

Tony Rouff said there was no Annual Eligibility Review Subcommittee report.

11. Audit Subcommittee Report

Co-Chair Howard Mirowitz said there was no Audit Subcommittee report.

12. Environmental Oversight Committee (EOC) Report

Philip La Puma reported the EOC met on June 5 and received a property management update report on previously acquired properties and heard public comments from three people on the Ferber Ranch property.

13. Committee Member Reports

Co-Chair Howard Mirowitz reported the Internal Audit Department of OCTA recently underwent a regularly scheduled Peer Review by the Internal Audit Professional Association to determine its independence and whether its audit procedures are according to accepted standards. The Peer Review results were good and found OCTA's Internal Audit Department independent and following adequate procedures. There were two minor management findings noted and accepted by the OCTA Internal Audit Department.

14. Public Comments

There were no public comments

15. Adjournment

The Measure M Taxpayers Oversight Committee meeting adjourned at 7:30 p.m. The next meeting will be August 13, 2013.

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		X		X		*
Terry Fleskes		N/A	N/A	N/A		N/A		X		X		X
Randy Holbrook		X	X	X		X		X		X		*
Katherine Koster		X	X	X		X		R		R		R
Philip La Puma		X	X	X		X		X		X		X
Anh-Tuan Le		X	E	E		X		E		X		X
Howard Mirowitz		X	X	X		X		X		X		X
Tony Rouff		X	X	X		X		X		X		X
John Stammen		X	X	X		E		X		X		X
Jan Grimes		E	X	X		X		X		E		*
Dowling Tsai		X	X	X		X		X		X		X
Jack Wu		X	E	X		X		E		E		X

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
6/11/13	Richard Egan	Illness
6/11/13	Randy Holbrook	Out of Town
6/11/13	Jan Grimes	Personal

***Presentation
Items***



COMMITTEE TRANSMITTAL

June 24, 2013

To: Members of the Board of Directors
From: Wendy Knowles, ^{WK} Clerk of the Board
Subject: Project V Community-Based Transit/Circulators Call for Projects Programming Recommendations

Transit Committee Meeting of June 13, 2013

Present: Directors Donchak, Eastman, Jones, Nguyen, and Shaw
Absent: Directors Pulido and Winterbottom

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve the programming recommendations for Project V funding, in an amount not-to-exceed \$9,820,457 plus inflationary adjustments, to fund project applications from the cities of Dana Point, Huntington Beach, Laguna Beach, La Habra, and Lake Forest.
- B. Authorize the Chief Executive Officer to negotiate and execute cooperative, purchase, and service provider agreements for the City of La Habra project, to support the programming recommendations.
- C. Authorize staff to amend the Federal Transportation Improvement Program and execute any necessary agreements.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project V Community-Based Transit/Circulators Call for
Projects Programming Recommendations**

Staff Report



June 13, 2013

To: Transit Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Project V Community-Based Transit/Circulators Call for Projects Programming Recommendations

Overview

The Orange County Transportation Authority issued the 2013 Measure M2 Project V call for projects for community-based transit/circulators in December 2012. Applications have been received and scored consistent with the Orange County Transportation Authority Board of Directors-approved guidelines. All projects are being recommended for funding and are presented for review and approval.

Recommendations

- A. Approve the programming recommendations for Project V funding, in an amount not-to-exceed \$9,820,457 plus inflationary adjustments, to fund project applications from the cities of Dana Point, Huntington Beach, Laguna Beach, La Habra, and Lake Forest.
- B. Authorize the Chief Executive Officer to negotiate and execute cooperative, purchase, and service provider agreements for the City of La Habra project, to support the programming recommendations.
- C. Authorize staff to amend the Federal Transportation Improvement Program and execute any necessary agreements.

Background

Measure M2 (M2) includes the Project V – Community-Based Transit/Circulators Program which develops local bus transit services that complement regional transit service. This is a competitive capital program and provides funding for bus and vehicle leases/purchases, bus stop improvements, maintenance facilities for new service, seasonal and special event services, as well as parking leases for seasonal and special event services. In addition to the

capital cost categories, there is an operating reserve that could be available for cost-effective transit service. The operating reserve is subject to minimum performance requirements including a minimum standard of ten boardings per revenue vehicle hour, which must be achieved in the first 12 months of operation and sustained thereafter. The Orange County Transportation Authority (OCTA) would reimburse awarded agencies operating reserve funding on a pro-rata basis, but not to exceed \$8 per boarding, and not to exceed 90 percent of net operating and maintenance costs (after deducting for fares), whichever is less. The \$8 per boarding may increase annually by an OCTA-approved inflationary factor. In addition, there is a project funding cap of \$525,000 per project per year. The cap includes capital as well as operating reserve funding. However, there is no guarantee that a project will be awarded operating reserve funding given the performance requirements.

On November 26, 2013, the OCTA Board of Directors (Board) approved the Project V guidelines and directed staff to issue a call for projects valued at \$28 million. Funding would be available starting in fiscal year 2013-14.

Discussion

On March 29, 2013, five local agencies submitted applications requesting funds for one year-round community circulator, three special event services, three seasonal services, one expanded seasonal service, and two vanpool services. Applications were reviewed for eligibility, consistency and adherence to the guidelines, and program objectives (Attachment A). The local agencies are required to provide a ten percent local match. All projects are competitive and are being recommended for funding, in an amount up to \$9,820,457, plus future inflationary adjustments. This amount includes all capital cost and eligible operations and maintenance (O&M) for up to seven years. Vanpool services are subject to additional competitive bidding by the end user and may actually be lower than, but will not exceed, the recommended grant amount. The O&M is subject to minimum performance standards, a cap per boarding as well as an annual cap per project, and is subject to annual audit.

On April 24, 2013, the City of San Juan Capistrano (City) submitted a letter requesting the opportunity to participate in Project V funding at some future date (Attachment B). At the present time, the City does not have a formal proposal. Staff is supportive of the City's initiative and will bring back an item to the Board for consideration once the service and related costs, given the parameters of Project V, are better understood.

The City of Dana Point submitted an application for a summer weekend trolley along Pacific Coast Highway, a summer weekend harbor shuttle, and miscellaneous event shuttles spanning 17 days, including the Festival of Whales event. The City of Dana Point is proposing to operate these services with a private contractor. The grant request is for \$113,920 in capital for new bus stops and up to \$2,342,591 in operating reserve for a seven-year period. This includes expansion of special event services in year 2016.

The City of Huntington Beach submitted an application for two special event shuttle services, one day for the 4th of July and four days for the US Open Surfing Competition. The grant request is for \$93,287 in operating reserve for a seven-year period. Huntington Beach will lease vehicles (included in the operating incentive).

The City of La Habra submitted an application for a year round, Monday through Friday, community bus/neighborhood circulator to be operated by OCTA. Stops include St. Jude Hospital and the Fullerton Transportation Center. The grant request is for \$497,000 in capital for two new buses and bus stop amenities, and up to \$2,937,600 for a six-year period in operating reserve. OCTA is working with the City of La Habra to conduct a more detailed operations analysis that could change the planned service levels.

The City of Laguna Beach submitted an application for expanded festival seasonal service to reduce headways to 15 minutes on three trolley routes and add a new off-season trolley service during the spring and winter months. The grant request is for \$472,500 in capital funding to purchase three new trolleys, and up to \$3,139,860 in operating reserve for a six-year period to fund the expanded and new off-season service.

The City of Lake Forest submitted two proposals to fund two station van projects carrying passengers from the Irvine Station to two major employers, namely Oakley, Inc., and Ossur Americas. The request for funding totals \$223,699 for a seven-year operating period and includes a ten percent contingency for changes in lease provider rates and changes in van size as needed.

Staff is recommending \$9,820,457 in total funding for all projects. O&M funding is subject to annual audit for compliance with the minimum performance requirements, including monthly reporting of ridership. Participation in the operating reserve is limited to the useful life of the capital purchase with Project V funds.

Fiscal Impact

This project is pending approval in OCTA's Fiscal Year 2013-14 Budget, Planning Division, Account 0017-7831-TV001-TGU, and is funded with M2 funds.

Summary

Proposed programming recommendations for projects in the Project V Program have been developed by staff. Funding for six projects, up to \$9,820,457 plus inflationary adjustments, in Measure M2 funds is being recommended. Staff is seeking approval for the programming recommendations presented.

Attachments

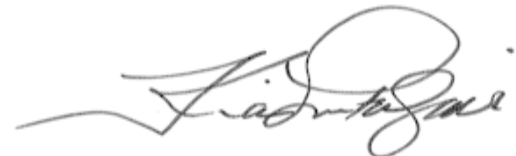
- A. 2013 Project V Call for Projects Programming Recommendations
- B. Letter from Karen Brust – City Manager – City of San Juan Capistrano – Dated April 24, 2013 – San Juan Capistrano Trolley

Prepared by:



Abbe A. McClenahan
Manager, Measure M2, Local Programs
(714) 560-5673

Approved by:



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



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project V Community-Based Transit/Circulators Call for
Projects Programming Recommendations**

Attachment A

2013 Project V Call for Projects Programming Recommendations

Local Agency	Project Description	Score	Capital Cost	Operating Incentive	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Total OCTA Allocation
Dana Point	PCH summer trolley, seasonal Harbor shuttle, and three miscellaneous special event shuttles (festival of whales, Sea Terrace Park events, etc.). Bus stop improvements.	71	\$113,920	\$2,342,591	\$156,471	\$197,160	\$420,576	\$420,576	\$420,576	\$420,576	\$420,576	\$2,456,511
Huntington Beach	4th of July shuttle and US Open shuttle.	73		\$93,287	\$12,173	\$12,541	\$12,916	\$13,306	\$13,706	\$14,111	\$14,534	\$93,287
La Habra	Community circulator through the City of La Habra to St. Jude Hospital and Fullerton Transportation Center, two bus purchases, and bus stop amenities.	57	\$497,000	\$2,937,600	\$497,000	\$489,600	\$489,600	\$489,600	\$489,600	\$489,600	\$489,600	\$3,434,600
Laguna Beach	Off season weekend shuttle service and expanded summer service, three bus purchases.	56	\$472,500	\$3,139,860	\$525,000	\$514,560	\$514,560	\$514,560	\$514,560	\$514,560	\$514,560	3,612,360
Lake Forest	Vanpool service from the Irvine Station to Oakley, Inc.	53		\$74,844	\$10,692	\$10,692	\$10,692	\$10,692	\$10,692	\$10,692	\$10,692	\$74,844
Lake Forest	Vanpool service from Irvine Station to Ossur Americas.	51		\$148,855	\$21,265	\$21,265	\$21,265	\$21,265	\$21,265	\$21,265	\$21,265	\$148,855

\$9,820,457

Note: The \$8 per boarding may increase annually by an OCTA-approved inflationary factor. Huntington Beach included a three percent escalation factor. Vanpool services includes a ten percent contingency for changes in lease provider rates and van sizes.

OCTA - Orange County Transportation Authority
 PCH - Pacific Coast Highway



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project V Community-Based Transit/Circulators Call for
Projects Programming Recommendations**

Attachment B

32400 PASEO ADELANTO
SAN JUAN CAPISTRANO, CA 92675
(949) 493-1171
(949) 493-1053 FAX
www.sanjuancapistrano.org



MEMBERS OF THE CITY COUNCIL

SAM ALLEVATO
ROY L. BYRNES, M.D.
LARRY KRAMER
DEREK REEVE
JOHN TAYLOR

April 24, 2013

Orange County Transportation Authority
Attn: Darrell Johnson, Chief Executive Officer
550 South Main Street
PO Box 14184
Orange, CA 92863-1584

Re: San Juan Capistrano Trolley

Dear Mr. Johnson:


The City of San Juan Capistrano would like to request the opportunity to compete for the funding of a local trolley system in the recent call for projects by the OCTA.

The current Ortega I-5 Interchange project is now under construction and is expected to cause serious local mobility problems for commuters and tourists trying to navigate through and around our community. Our Mayor, John Taylor, has set up an Economic Preservation Committee of local business owners to recommend solutions to deal with the effects of this project on revenue. The business owners have recommended that the City again pursue the concept of a local trolley to enhance our existing bus service in order to better serve local activity centers and provide improved connectivity to our San Juan Capistrano Train Station. We believe such a system could be a major asset to our community, both long term as the County becomes more transit oriented and immediately during this period of intense construction activity.

San Juan Capistrano's interest in a trolley feeder system dates back to 2008 when the City of San Juan Capistrano, along with the cities of Dana Point and San Clemente, applied for the funding of the Tri-Cities Trolley Program. Although that effort was unsuccessful, we still have the benefit of the studies done at that time to try to put together an application; assuming we can be granted an extension in the application submittal deadline.

Thank you so much for considering our request. We also want to thank you for all the wonderful assistance you and your staff have given to the City of San Juan Capistrano as we deal with all the recent freeway and railroad improvement projects impacting our City.

Sincerely,


Karen Brust
City Manager

San Juan Capistrano: Preserving the Past to Enhance the Future
San Juan Capistrano: Preserving the Past to Enhance the Future

Information Items



BOARD COMMITTEE TRANSMITTAL

June 10, 2013

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Annual Investment Policy Update

Finance and Administration Committee Meeting of May 22, 2013

Present: Directors Bates, Lalloway, Pulido, Jones, Spitzer, and Ury
Absent: Directors Hennessey and Moorlach

Committee Vote

This item was passed by the Members present.

Committee Recommendations

Receive and file as an information item.

Committee Discussion:

Following a discussion, the Committee, by consensus, requested a change to the following in the 2013 Annual Investment Policy:

Beginning on Page 10 - Diversification Guidelines, Instruments, (verbiage on page 11) to be changed as follows:

13) Mortgage and Asset-backed Securities.....20% (Code) 10%



ORANGE COUNTY TRANSPORTATION AUTHORITY

Annual Investment Policy Update

Staff Report



May 22, 2013

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Annual Investment Policy Update

Overview

The Treasurer has revised the Orange County Transportation Authority's Annual Investment Policy for 2013. The Annual Investment Policy sets forth the investment guidelines for all funds invested on and after June 10, 2013. As recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Annual Investment Policy to be reviewed at a public meeting. Further, the governing body of a local agency has the authorization to appoint, for a period of one year, a Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds.

Recommendations

- A. Adopt the 2013 Annual Investment Policy.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2013-14.
- C. Return to the Board of Directors within 120 days with a recommended investment strategy for funds with longer-term expenditure requirements.

Background

The Annual Investment Policy (Policy) sets forth the guidelines for all Orange County Transportation Authority (OCTA) investments that must conform to the California Government Code (Code). The main objectives of the Policy continue to be the preservation of capital, liquidity, diversification, and a market average rate of return through economic cycles.

The Policy is reviewed and approved by the Board of Directors (Board) at least annually. However, relevant changes to the Code may warrant amendments to the Policy throughout the year.

To comply with the provisions of the Code regarding Local Agency Investments, OCTA annually requests that the Board renew the Treasurer's authority to invest OCTA funds. The Code limits the delegation of investment functions by any local governing body to its Treasurer for a period of one year.

Discussion

The 2013 Policy is being submitted for review and adoption by the Board. Treasury/Toll Roads Department staff met with representatives from OCTA's investment advisory firm and investment management firms to evaluate the effectiveness of the Policy and address any potential changes for 2013. There were no legislative changes to Section 53601 of the Code affecting local agencies during the past year. Several recommendations were considered during this year's review; however, only two are proposed, along with minor revisions to the Policy.

The most notable amendment is to Section XI Permitted Investments for Non-Bond Proceeds Section 13, specifically the Mortgage or Asset-Backed Securities language. Language was added to reflect the availability and permit the use of short-term securities 13 months or less. The securities shall be permitted as long as the securities meet the long-term credit requirements or are rated A-1 or the equivalent by two of the three Nationally Recognized Statistical Ratings Organizations (NRSRO).

Short-term asset-backed securities are a relatively small component of the fixed-income market. This modification will add value and increase diversification in the front end of the yield curve. In a rising interest rate environment, investment managers will invest in shorter-maturity securities to reduce volatility while remaining liquid enough to capitalize on higher future rates.

Additional language was added to continue allowing United States (U.S.) Government, Instrumentality or Agency-backed debt that may be downgraded. The credit rating agency Standard & Poor's downgraded its credit rating of the U.S. Federal Government from AAA (outstanding) to AA+ (excellent) on August 5, 2011. There remains a possibility that another NRSRO could do the same. Adding the language is a preemptive measure to ensure the continued use of high-quality U.S. debt in OCTA's portfolio.

The Policy has also been updated to reflect revised language pertaining to investments in 91 Express Lanes bonds or notes. Due to the illiquidity in the capital markets caused by the financial crisis in 2008, the Internal Revenue Service (IRS) allowed municipal bonds issuers to buy and hold their own tax-exempt debt for a relatively short period of time, and then reselling that debt, without causing such debt to be extinguished. The Policy was amended to allow OCTA to temporarily purchase a portion of the variable rate 91 Express Lanes Bonds in order to avoid the cost of paying high interest rates to third party providers during the financial crisis. After the end of the financial crisis, the IRS rescinded its temporary allowance of the ability of municipal issuers to own their tax-exempt debt. Language was added in the Policy to reflect that investments in 91 Express Lanes bonds or notes are allowed only when authorized by the IRS.

Lastly, as a result of the discussion on the 91 Express Lanes debt, staff will also review the cash flow requirements for the Orange County Transit District and Commuter and Urban Rail Endowment funds. It is anticipated that some of these funds are not required for several years; therefore staff will review the opportunity to invest these funds on a longer-term basis and provide an analysis of the benefits and risks associated with this strategy. Currently, these funds are invested in OCTA's Short-Term portfolio that has an average duration of approximately 1.8 years. Staff will return to the Board within 120 days with an investment strategy for these funds.

Summary

California Government Code Section 53646(a)(2) recommends that local agencies annually review their Annual Investment Policy at a public meeting. The Treasurer is submitting an update to the Orange County Transportation Authority's Annual Investment Policy for approval by the Board of Directors. Further, the Orange County Transportation Authority requests approval by the Board of Directors, authorizing the Treasurer, for a period of one year, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2013-14.

Attachments

- A. Orange County Transportation Authority 2013 Annual Investment Policy
June 10, 2013
- B. Black-line Copy of Orange County Transportation Authority 2013 Annual
Investment Policy June 10, 2013

Prepared by:



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ORANGE COUNTY TRANSPORTATION AUTHORITY

Annual Investment Policy Update

Attachment A

Orange County Transportation Authority
2013 Annual Investment Policy
June 10, 2013

I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after June 10, 2013. The objective of this Annual Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Annual Investment Policy. The OCTA Annual Investment Policy conforms to the California Government Code (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Annual Investment Policy and adhered to.

II. OBJECTIVES

1. **Safety of Principal** -- Safety of principal is the foremost objective of the OCTA. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of the securities.
2. **Liquidity** -- Liquidity is the second most important objective of the OCTA. It is important that the portfolio contain investments for which there is an active secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
3. **Total Return** -- The OCTA's portfolio shall be designed to attain a market-average rate of return through economic cycles.
4. **Diversification** -- Finally, the OCTA shall diversify its portfolio(s) to avoid incurring unreasonable market risks.

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Annual Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Annual Investment Policy. However, bond proceeds may be invested in approved short-term investments without regard to diversification limits for a period of three months after their initial deposit and three months before the bond proceeds portfolio final drawdown. Investment activity during the implementation and dissolution of the bond proceeds investment portfolio strategy shall be reported to the Finance & Administration Committee monthly and included in the quarterly Debt and Investment report to the Board of Directors.

The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Annual Investment Policy.

If OCTA's Treasurer, in his sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Annual Investment Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation occurs while the portfolio manager is on probation, the Finance and Administration Committee shall review the error and may request that the portfolio manager responsible for the compliance violation meet with the Chair of the Finance and Administration Committee and the Treasurer as soon as practical at which time it will be decided whether the Board of Directors will be notified of the violation.

If OCTA's Treasurer finds that the portfolio manager has made a third investment while on probation that does not comply with the provisions of the Annual Investment Policy, the Treasurer shall notify the Board of Directors of the compliance violations, and the Board, thereafter may terminate the contract with the portfolio manager.

IV. PRUDENCE

OCTA's Board of Directors or persons authorized to make investment decisions on behalf of OCTA are trustees and fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard as defined in the Code below and shall be applied in the context of managing an overall portfolio. OCTA's investment professionals acting in accordance with written procedures and the Annual Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of OCTA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

V. DELEGATION OF AUTHORITY

Authority to manage OCTA's investment program is derived from an order of the Board of Directors. Management responsibility for the investment program is hereby delegated to OCTA's Treasurer pursuant to Section 53607 of the Code. On an annual basis, the Board of Directors is required to renew the authority of OCTA's Treasurer to invest or reinvest OCTA funds. The Treasurer is hereby authorized to delegate his authority as he determines to be appropriate. No person may engage in an investment transaction except as provided under the terms of this Annual Investment Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate professionals.

The Treasurer shall develop administrative procedures and internal control, consistent with this Investment Policy, for the operation of OCTA's investment program. Such procedures shall be

designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of OCTA.

VI. ETHICS AND CONFLICTS OF INTEREST

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's investment professionals and Treasury/Toll Roads Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

VII. RESPONSIBILITIES

The Finance and Administration Committee of the OCTA Board of Directors, subject to the approval of the OCTA Board of Directors, is responsible for establishing the Annual Investment Policy and ensuring investments are made in compliance with this Annual Investment Policy. This Annual Investment Policy shall be reviewed annually by the Board of Directors at a public meeting.

The Treasurer is responsible for making investments and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities and shall make a quarterly report to the Board of Directors in accordance with Section 53646 (b) of the Code. Under Section 53646 (b) the Code states that the Treasurer may make a quarterly report to the Board of Directors. OCTA policy is to provide a monthly report to the Finance and Administration Committee and provide copies to the Board of Directors. In addition, the Treasurer will prepare a quarterly report to the Board of Directors.

The Treasurer is responsible for establishing a procedural manual for OCTA's investment program and for having an annual independent audit performed on OCTA's investments.

VIII. FINANCIAL BENCHMARKS

In order to establish a basis for evaluating investment results, the Authority uses nationally recognized fixed income security performance benchmarks to evaluate return on investments. The Merrill Lynch 1-3 year Treasury Index benchmark is used for OCTA's short-term portfolios, the Merrill Lynch 1-5 year Treasury Index benchmark is used for the extended fund, while a customized performance benchmark may be used for the bond proceeds portfolios.

IX. BOND PROCEEDS INVESTMENTS

Bond proceeds from OCTA's capital project financing programs are to be invested in accordance with the provisions of their specific indenture and are further limited by the maturity and diversification guidelines of this Annual Investment Policy. Debt service reserve funds of bond proceeds are to be invested in accordance with the maturity provision of their specific indenture.

X. INVESTMENT AGREEMENTS – BOND PROCEEDS

Investment agreements must be approved and signed by OCTA's Treasurer. Investment agreements are permitted with any bank, insurance company or broker/dealer, or any corporation if:

A. At the time of such investment,

- such bank has an unsecured, uninsured and unguaranteed obligation rated long-term Aa2 or better by Moody's and AA or better by Standard & Poor's, or
- such insurance company or corporation has an unsecured, uninsured and unguaranteed claims paying ability rated long-term Aaa by Moody's and AAA by Standard & Poor's, or
- such bank or broker/dealer has an unsecured, uninsured and unguaranteed obligation rated long-term A2 or better by Moody's and A or better by Standard & Poor's (and with respect to such broker/dealer rated short-term P-1 by Moody's and A-1 by Standard & Poor's); provided, that such broker/dealer or A2/A rated bank also collateralize the obligation under the investing agreement with U.S. Treasuries, Government National Mortgage Association securities, Federal National Mortgage Association securities or Federal Home Loan Mortgage Association securities meeting the following requirements:

1. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
2. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
3. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

B. The agreement shall include a provision to the effect that if any rating of any such bank, insurance, broker-dealer or corporation is downgraded below a minimum rating to be established at the time the agreement is executed, OCTA shall have the right to terminate such agreement.

XI. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

All investments, unless otherwise specified, are subject to a maximum stated term of five years. Maturity shall mean the stated final maturity or the mandatory redemption date of the security, or the unconditional put option date if the security contains such a provision. Term or tenure shall mean the remaining time to maturity from the settlement date.

The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Annual Investment Policy. If an eligible security already contained in the Authority's portfolio is subsequently placed on "Negative Credit Watch" by any of the three Nationally Recognized Statistical Rating Organizations (NRSROs), then the security will be handled under the provisions of Rating Downgrades.

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate. Investments in tax-exempt notes and bonds issued by OCTA are only allowable when authorized by the Internal Revenue Service.

2) U.S. Treasuries

Direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Treasury coupon and principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and TIPS (Treasury Inflation Protected Securities) are permitted investments pursuant to the Annual Investment Policy.

3) Federal Instrumentality Securities (Government Sponsored Enterprises)

Debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)

4) Federal Agencies

Mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States (EXIMBANK)
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

5) State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency, other than OCTA, of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated at least A-1 or better by two of the three NRSROs for short-term obligations, or A or the equivalent for long-term debt.

OCTA may also purchase defeased state and local obligations as long as the obligations have been legally defeased with U.S. Treasury securities and such obligations mature or otherwise terminate within five years of the date of purchase.

Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

6) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the NRSROs with at least A-1 or the equivalent for short-term deposits, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

7) Commercial Paper

Commercial Paper must :

- A. be rated at least A-1 or the equivalent by two of the three NRSRO's, and
- B. be issued by corporations rated at least A- or the equivalent rating by a NRSRO for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than 10 percent of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

8) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the NRSRO's with at least A-1 or the equivalent for short-term deposits.

Maximum Term: 270 days

9) Repurchase Agreements

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Annual Investment Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

- A. a Public Securities Association (PSA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and

- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

Maximum Term: 30 days (Code 1 year)

Reverse repurchase agreements are not permitted unless used as a permitted investment in the Local Agency Investment Fund

10) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by two of the three NRSRO's, and
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, and
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5 percent of the portfolio.

Maximum Term: Five (5) years. (Code)

11) Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the money market fund's assets.

12) Other Mutual Funds

Shares of beneficial interest issued by diversified management companies (commonly called mutual funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the fund's or pool's assets.

13) Mortgage or Asset-backed Securities

Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:

- A. is rated AAA or equivalent (excluding US Government/Agency/Instrumentality backed structured product which will be permitted with their prevailing ratings even if those ratings are below AAA) by a NRSRO, or be rated at least A-1 or the equivalent by two of the three NRSRO's for money-market asset-backed securities, and
- B. is issued by an issuer having at least an A or equivalent rating by a NRSRO for its long-term debt.

Maximum Term: Five year stated final maturity. (Code)

14) State of California Local Agency Investment Fund (LAIF)

LAIF is a pooled fund managed by the State Treasurer referred to in Section 16429.1 of the Code. All securities are purchased under the authority of the Code Section 16430 and 16480.4.

15) Orange County Treasury Investment Pool (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities and is based on the investment guidelines detailed in the Code section 53601.7, which parallels Rule 2a-7. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635.

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three NRSRO's.

17) Variable and Floating Rate Securities

Variable and floating rate securities are restricted to investments in securities with a final maturity of not to exceed five years as described above, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or LIBOR (London Interbank Offered Rate), and must meet all minimum credit requirements previously detailed in the Annual Investment Policy. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

18) Bank Deposits

Bank deposits in California banks which have a minimum short-term rating of A-1 by Standard and Poor's and a minimum short-term rating of P-1 by Moody's. The Treasurer shall draft and execute a contract describing provisions for bank deposits.

19) Derivatives

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation.

Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the Finance and Administration Committee prior to entering into such investment.

No investments shall be permitted that have the possibility of returning a zero or negative yield if held to maturity. In addition, the investment in inverse floaters, range notes, strips derived from mortgage obligations, step-up notes and dual index notes are not permitted investments.

Rating Downgrades

OCTA may from time to time be invested in a security whose rating is down-graded below the quality criteria permitted by this Annual Investment Policy.

Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade shall be immediately reviewed by the Treasurer for action, and notification shall be made to the Board of Directors in writing as soon as practical and/or included in the monthly Orange County Transportation Authority Investment and Debt Programs report. The decision to retain the security until maturity, sell (or put) the security, or other action shall be approved by the Treasurer.

Diversification Guidelines

Diversification limits ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS).....	100%
3) Federal Instrumentality Securities.....	100%
4) Federal Agencies	100%
5) State of California and Local Agencies	25%
6) Bankers Acceptances	30% (Code 40%)

7) Commercial Paper	25% (Code)
8) Negotiable CDs	30% (Code)
9) Repurchase Agreements	75%
10) Medium Term Maturity Corporate Securities	30% (Code)
11) Money Market Funds and 12) Other Mutual Funds (in total).....	20% (Code)
13) Mortgage and Asset-backed Securities	20% (Code)
14) LAIF	\$40mm maximum per entity
15) OCIP	\$40mm maximum per entity
16) CAMP	10%
17) Variable and Floating Rate Securities	30%
18) Bank Deposits	5%
19) Derivatives (hedging transactions only) and subject to prior approval	5%
20) Investment Agreements pursuant to indenture	100%

Outside portfolio managers must review the portfolios they manage (including bond proceeds portfolios once established) to ensure compliance with OCTA's diversification guidelines on an ongoing basis.

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Federal Instrumentalities, Investment Agreements, Repurchase Agreements and 91 Express Lanes Debt

Any one corporation, bank, local agency, special purpose vehicle or other corporate name for one or more series of securities. 5%

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Federal Instrumentalities and Repurchase Agreements

Any one Federal Agency or Federal Instrumentalities 35%

Any one repurchase agreement counter-party name

If maturity/term is ≤ 7 days	50%
If maturity/term is > 7 days	35%

Issuer/Counter-Party Diversification Guidelines For OCTA's 91 Express Lanes Debt

The Authority can purchase all or a portion of the Orange County Transportation Authority's Toll Road Revenue Refunding Bonds (91 Express Lanes) Series B Bonds maturing December 15, 2030 providing the purchase does not exceed 25% of the Maximum Portfolio and when authorized by the Internal Revenue Service.

XII SECURITIES SAFE KEEPING

All security transactions, including collateral for repurchase agreements, entered into by OCTA shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third party custodian designated by the Treasurer, evidenced by safe keeping receipts and in compliance with Code Section 53608.

XIII. BROKER DEALERS

The Treasurer, and investment professionals authorized by the Treasurer, may buy securities from a list of broker dealers and financial institutions that will be periodically reviewed.

Outside portfolio managers must certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Annual Investment Policy.

XIV. ANNUAL INVESTMENT POLICY REVIEW

This Annual Investment Policy shall be reviewed annually by the Finance and Administration Committee of the OCTA Board of Directors to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends.

XV. DEFINITION OF TERMS

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

AGENCY SECURITIES: (See U.S. Government Agency Securities)

ASK PRICE: (Offer Price) The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): Securities collateralized or backed by receivables such as automobile loans and credit card receivables. The assets are transferred or sold by the company to a Special Purpose Vehicle and held in trust. The SPV or trust will issue debt collateralized by the receivables.

BANKERS ACCEPTANCES (BAs): Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

BASIS POINT: When a yield is expressed as X.YZ%, the YZ digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains an electronic record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment.

CALLABLE BONDS: A bond issue which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a security.

CERTIFICATES OF DEPOSIT (NEGOTIABLE CDs): A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits in an Investment Agreement.

COMMERCIAL PAPER (CP): Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

COUPON: The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as "interest rate."

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of assets in the name of the depositor.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE SECURITY: Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: An investment principal designed to spread the risk in a portfolio by dividing investments by sector, maturity and quality rating.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size or book-value of that investment.

DURATION: A measure of the timing of cash flows, such as the interest payments and principal repayment, to be received from a given fixed-income security.

FEDERAL FUNDS RATE: Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC): A committee within the Federal Reserve System that makes short-term monetary policy for the Fed. The committee decides either to sell securities to reduce the money supply, or to buy government securities to increase the money supply. Decisions made at FOMC meetings will cause interest rates to either rise or fall.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 2 Federal Reserve banks and about 6,000 member banks.

FITCH Ratings referred to as Fitch: (See Nationally Recognized Statistical Rating Organizations)

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTEREST RATE RISK: The risk associated with declines or rises in interest rates, which causes the market price of a fixed-income security to increase or decrease in value.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

MARK-TO-MARKET: The process by where the value of a security is adjusted to reflect current market conditions.

MARKET RISK: The risk that the value of a security will rise or decline as a result in changes in market conditions.

MARKET VALUE: The current market price of a security.

MATURITY: The date that the principal or stated value of an investment becomes due and payable.

MEDIUM TERM MATURITY CORPORATE SECURITIES: Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

MONEY MARKET: The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments.

MOODY'S INVESTORS SERVICE, INC. referred to as Moody's: (See Nationally Recognized Statistical Rating Organizations)

MORTGAGE-BACKED SECURITY: A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the individual real estate assets are used to pay interest and principal on the bonds.

MUNICIPAL DEBT: Issued by public entities to meet capital needs.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSRO's): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc. and Fitch Ratings.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling the fund's assets which includes securities, cash and accrued earnings, then subtracting this from the fund's liabilities and dividing by the total number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

NON-CALLABLE: Bond that is exempt from any kind of redemption for a stated time period.

OCTA BONDS: Bonds, notes, warrants, or other evidences of indebtedness.

OFFER PRICE: An indicated price at which market participants are willing to sell a security.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PORTFOLIO: A group of securities held by an investor.

PREMIUM: The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE: A preferred interest rate charged by commercial banks to their most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PURCHASE DATE: See (Trade Date)

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

REPURCHASE AGREEMENTS (REPOS): A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, with the difference between the purchase price and sales price determining the earnings.

SAFEKEEPING: Holding of assets (e.g. securities) by a financial institution.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SETTLEMENT DATE: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

SPECIAL PURPOSE VEHICLE (SPV): A trust or similar structure created specifically to purchase securities and reprofile cash flows and/or credit risk. Mortgage or Asset-backed securities may be issued out of the SPV and secured by the collateral transferred from the corporation.

STANDARD & POOR'S CORPORATION referred to as Standard and Poor's or S & P: (See Nationally Recognized Statistical Rating Organizations)

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio.

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES AND U.S. FEDERAL INSTRUMENTALITIES: U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", they include:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest bearing discount securities of the U.S. Treasury with maturities under one year.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

Treasury bond: interest-bearing obligations issued by the U.S. Treasury with maturities ranging from ten to thirty years from the date of issue.

Treasury STRIPS: U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

Treasury TIPS: U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.

VARIABLE AND FLOATING RATE SECURITIES: Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

For the purposes of this Annual Investment Policy, a Variable Rate Security, where the variable rate of interest is readjusted no less frequently than every 762 calendar days, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest. A Floating Rate Security shall be deemed to have a remaining maturity of one day.

VOLITILITY: The degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

ZERO COUPON SECURITIES: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



ORANGE COUNTY TRANSPORTATION AUTHORITY

Annual Investment Policy Update

Attachment B

Orange County Transportation Authority
201~~23~~ Annual Investment Policy
January-June 910, 201~~23~~

I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after January-June 910, 201~~23~~. The objective of this Annual Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Annual Investment Policy. The OCTA Annual Investment Policy conforms to the California Government Code (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Annual Investment Policy and adhered to.

II. OBJECTIVES

1. **Safety of Principal** -- Safety of principal is the foremost objective of the OCTA. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of the securities.
2. **Liquidity** -- Liquidity is the second most important objective of the OCTA. It is important that the portfolio contain investments for which there is an active secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
3. **Total Return** -- The OCTA's portfolio shall be designed to attain a market-average rate of return through economic cycles.
4. **Diversification** -- Finally, the OCTA shall diversify its portfolio(s) to avoid incurring unreasonable market risks.

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Annual Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Annual Investment Policy. However, bond proceeds may be invested in approved short-term investments without regard to diversification limits for a period of three months after their initial deposit and three months before the bond proceeds portfolio final drawdown. Investment activity during the implementation and dissolution of the bond proceeds investment portfolio strategy shall be reported to the Finance & Administration Committee monthly and included in the quarterly Debt and Investment report to the Board of Directors.

ATTACHMENT B

The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Annual Investment Policy.

If OCTA's Treasurer, in his sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Annual Investment Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation occurs while the portfolio manager is on probation, the Finance and Administration Committee shall review the error and may request that the portfolio manager responsible for the compliance violation meet with the Chair of the Finance and Administration Committee and the Treasurer as soon as practical at which time it will be decided whether the Board of Directors will be notified of the violation.

If OCTA's Treasurer finds that the portfolio manager has made a third investment while on probation that does not comply with the provisions of the Annual Investment Policy, the Treasurer shall notify the Board of Directors of the compliance violations, and the Board, thereafter may terminate the contract with the portfolio manager.

IV. PRUDENCE

OCTA's Board of Directors or persons authorized to make investment decisions on behalf of OCTA are trustees and fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard as defined in the Code below and shall be applied in the context of managing an overall portfolio. OCTA's investment professionals acting in accordance with written procedures and the Annual Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of OCTA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

V. DELEGATION OF AUTHORITY

Authority to manage OCTA's investment program is derived from an order of the Board of Directors. Management responsibility for the investment program is hereby delegated to OCTA's Treasurer pursuant to Section 53607 of the Code. On an annual basis, the Board of Directors is required to renew the authority of OCTA's Treasurer to invest or reinvest OCTA funds. The Treasurer is hereby authorized to delegate his authority as he determines to be appropriate. No person may engage in an investment transaction except as provided under the terms of this Annual Investment Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate professionals.

ATTACHMENT B

The Treasurer shall develop administrative procedures and internal control, consistent with this Investment Policy, for the operation of OCTA's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of OCTA.

VI. ETHICS AND CONFLICTS OF INTEREST

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's investment professionals and Treasury/Toll Roads Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

VII. RESPONSIBILITIES

The Finance and Administration Committee of the OCTA Board of Directors, subject to the approval of the OCTA Board of Directors, is responsible for establishing the Annual Investment Policy and ensuring investments are made in compliance with this Annual Investment Policy. This Annual Investment Policy shall be reviewed annually by the Board of Directors at a public meeting.

The Treasurer is responsible for making investments and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities and shall make a quarterly report to the Board of Directors in accordance with Section 53646 (b) of the Code. Under Section 53646 (b) the Code states that the Treasurer may make a quarterly report to the Board of Directors. OCTA policy is to provide a monthly report to the Finance and Administration Committee and provide copies to the Board of Directors. In addition, the Treasurer will prepare a quarterly report to the Board of Directors.

The Treasurer is responsible for establishing a procedural manual for OCTA's investment program and for having an annual independent audit performed on OCTA's investments.

VIII. FINANCIAL BENCHMARKS

In order to establish a basis for evaluating investment results, the Authority uses nationally recognized fixed income security performance benchmarks to evaluate return on investments. The Merrill Lynch 1-3 year Treasury Index benchmark is used for OCTA's short-term portfolios, the Merrill Lynch 1-5 year Treasury Index benchmark is used for the extended fund, while a customized performance benchmark may be used for the bond proceeds portfolios.

IX. BOND PROCEEDS INVESTMENTS

Bond proceeds from OCTA's capital project financing programs are to be invested in accordance with the provisions of their specific indenture and are further limited by the maturity and diversification guidelines of this Annual Investment Policy. Debt service reserve funds of bond proceeds are to be invested in accordance with the maturity provision of their specific indenture.

X. INVESTMENT AGREEMENTS – BOND PROCEEDS

Investment agreements must be approved and signed by OCTA's Treasurer. Investment agreements are permitted with any bank, insurance company or broker/dealer, or any corporation if:

A. At the time of such investment,

- such bank has an unsecured, uninsured and unguaranteed obligation rated long-term Aa2 or better by Moody's and AA or better by Standard & Poor's, or
- such insurance company or corporation has an unsecured, uninsured and unguaranteed claims paying ability rated long-term Aaa by Moody's and AAA by Standard & Poor's, or
- such bank or broker/dealer has an unsecured, uninsured and unguaranteed obligation rated long-term A2 or better by Moody's and A or better by Standard & Poor's (and with respect to such broker/dealer rated short-term P-1 by Moody's and A-1 by Standard & Poor's); provided, that such broker/dealer or A2/A rated bank also collateralize the obligation under the investing agreement with U.S. Treasuries, Government National Mortgage Association securities, Federal National Mortgage Association securities or Federal Home Loan Mortgage Association securities meeting the following requirements:

1. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
2. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
3. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

- B. The agreement shall include a provision to the effect that if any rating of any such bank, insurance, broker-dealer or corporation is downgraded below a minimum rating to be established at the time the agreement is executed, OCTA shall have the right to terminate such agreement.

XI. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

All investments, unless otherwise specified, are subject to a maximum stated term of five years. Maturity shall mean the stated final maturity or the mandatory redemption date of the security, or the unconditional put option date if the security contains such a provision. Term or tenure shall mean the remaining time to maturity from the settlement date.

The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Annual Investment Policy. If an eligible security already contained in the Authority's portfolio is subsequently placed on "Negative Credit Watch" by any of the three Nationally Recognized Statistical Rating Organizations (NRSROs), then the security will be handled under the provisions of Rating Downgrades.

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate. [Investments in tax-exempt notes and bonds issued by OCTA are only allowable when authorized by the Internal Revenue Service.](#)

2) U.S. Treasuries

Direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Treasury coupon and principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and TIPS (Treasury Inflation Protected Securities) are permitted investments pursuant to the Annual Investment Policy.

3) Federal Instrumentality Securities (Government Sponsored Enterprises)

Debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)

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4) Federal Agencies

Mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States (EXIMBANK)
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

5) State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency, other than OCTA, of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated at least A-1 or better by two of the three NRSROs for short-term obligations, or A or the equivalent for long-term debt.

OCTA may also purchase defeased state and local obligations as long as the obligations have been legally defeased with U.S. Treasury securities and such obligations mature or otherwise terminate within five years of the date of purchase.

Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

6) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the NRSROs with at least A-1 or the equivalent for short-term deposits, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

7) Commercial Paper

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Commercial Paper must :

- A. be rated at least A-1 or the equivalent by two of the three NRSRO's, and
- B. be issued by corporations rated at least A- or the equivalent rating by a NRSRO for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than 10 percent of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

8) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the NRSRO's with at least A-1 or the equivalent for short-term deposits.

Maximum Term: 270 days

9) Repurchase Agreements

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Annual Investment Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

- A. a Public Securities Association (PSA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and

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- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

Maximum Term: 30 days (Code 1 year)

Reverse repurchase agreements are not permitted unless used as a permitted investment in the Local Agency Investment Fund

10) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by two of the three NRSRO's, [and](#)
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, [and](#)
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5 percent of the portfolio.

Maximum Term: Five (5) years. (Code)

11) Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, [and](#)
- B. may not represent more than 10 percent of the money market fund's assets.

12) Other Mutual Funds

Shares of beneficial interest issued by diversified management companies (commonly called mutual funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, [and](#)
- B. may not represent more than 10 percent of the fund's or pool's assets.

13) Mortgage or Asset-backed Securities

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Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:

- A. is ~~rated AAA or the equivalent (Code AA) by a NRSRO~~rated AAA or equivalent (excluding US Government/Agency/Instrumentality backed structured product which will be permitted with their prevailing ratings even if those ratings are below AAA) by a NRSRO, or be rated at least A-1 or the equivalent by two of the three NRSRO's for money-market asset-backed securities, and
- B. is issued by an issuer having at least an A or equivalent rating by ~~a~~ NRSRO for its long-term debt.

Maximum Term: Five year stated final maturity. (Code)

14) State of California Local Agency Investment Fund (LAIF)

LAIF is a pooled fund managed by the State Treasurer referred to in Section 16429.1 of the Code. All securities are purchased under the authority of the Code Section 16430 and 16480.4.

15) Orange County Treasury Investment Pool (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities and is based on the investment guidelines detailed in the Code section 53601.7, which parallels Rule 2a-7. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635.

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three NRSRO's.

17) Variable and Floating Rate Securities

Variable and floating rate securities are restricted to investments in securities with a final maturity of not to exceed five years as described above, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or LIBOR (London Interbank Offered Rate), and must meet all minimum credit requirements previously detailed in the Annual Investment Policy. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

18) Bank Deposits

Bank deposits in California banks which have a minimum short-term rating of A-1 by Standard and Poor's and a minimum short-term rating of P-1 by Moody's. The Treasurer shall draft and execute a contract describing provisions for bank deposits.

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19) Derivatives

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation.

Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the Finance and Administration Committee prior to entering into such investment.

No investments shall be permitted that have the possibility of returning a zero or negative yield if held to maturity. In addition, the investment in inverse floaters, range notes, strips derived from mortgage obligations, step-up notes and dual index notes are not permitted investments.

Rating Downgrades

OCTA may from time to time be invested in a security whose rating is down-graded below the quality criteria permitted by this Annual Investment Policy.

Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade shall be immediately reviewed by the Treasurer for action, and notification shall be made to the Board of Directors in writing as soon as practical and/or included in the monthly Orange County Transportation Authority Investment and Debt Programs report. The decision to retain the security until maturity, sell (or put) the security, or other action shall be approved by the Treasurer.

Diversification Guidelines

Diversification limits ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS).....	100%
3) Federal Instrumentality Securities.....	100%
4) Federal Agencies	100%
5) State of California and Local Agencies	25% <u>100%</u> <u>25%</u>
6) Bankers Acceptances	30% (Code 40%)
7) Commercial Paper	25% (Code)
8) Negotiable CDs	30% (Code)
9) Repurchase Agreements	75%
10) Medium Term Maturity Corporate Securities	30% (Code)
11) Money Market Funds and 12) Other Mutual Funds (in total).....	20% (Code)

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13) Mortgage and Asset-backed Securities	20% (Code)	←
14) LAIF	\$40mm maximum per entity	
15) OCIP	\$40mm maximum per entity	←
16) CAMP	10%	←
17) Variable and Floating Rate Securities	30%	←
18) Bank Deposits	5%	←
19) Derivatives (hedging transactions only) and subject to prior approval	5%	←
20) Investment Agreements pursuant to indenture	100%	←

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Outside portfolio managers must review the portfolios they manage (including bond proceeds portfolios once established) to ensure compliance with OCTA's diversification guidelines on an ongoing basis.

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Federal Instrumentalities, Investment Agreements, Repurchase Agreements and 91 Express Lanes Debt

Any one corporation, bank, local agency, special purpose vehicle or other corporate name for one or more series of securities. 5%

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Federal Instrumentalities and Repurchase Agreements

Any one Federal Agency or Federal Instrumentalities 35%

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Any one repurchase agreement counter-party name

If maturity/term is ≤ 7 days	50%
If maturity/term is > 7 days	35%

Issuer/Counter-Party Diversification Guidelines For OCTA's 91 Express Lanes Debt

The Authority can purchase all or a portion of the Orange County Transportation Authority's Toll Road Revenue Refunding Bonds (91 Express Lanes) Series B Bonds maturing December 15, 2030 providing the purchase does not exceed 25% of the Maximum Portfolio [and when authorized by the Internal Revenue Service.](#)

XII SECURITIES SAFE KEEPING

All security transactions, including collateral for repurchase agreements, entered into by OCTA shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third party custodian designated by the Treasurer, evidenced by safe keeping receipts and in compliance with Code Section 53608.

XIII. BROKER DEALERS

The Treasurer, and investment professionals authorized by the Treasurer, may buy securities from a list of broker dealers and financial institutions that will be periodically reviewed.

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Outside portfolio managers must certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Annual Investment Policy.

XIV. ANNUAL INVESTMENT POLICY REVIEW

This Annual Investment Policy shall be reviewed annually by the Finance and Administration Committee of the OCTA Board of Directors to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends.

XV. DEFINITION OF TERMS

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

AGENCY SECURITIES: (See U.S. Government Agency Securities)

ASK PRICE: (Offer Price) The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): Securities collateralized or backed by receivables such as automobile loans and credit card receivables. The assets are transferred or sold by the company to a Special Purpose Vehicle and held in trust. The SPV or trust will issue debt collateralized by the receivables.

BANKERS ACCEPTANCES (BAs): Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

BASIS POINT: When a yield is expressed as 5.42X.YZ%, the YZ digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains an electronic record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment.

CALLABLE BONDS: A bond issue which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a security.

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CERTIFICATES OF DEPOSIT (NEGOTIABLE CDs): A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits in an Investment Agreement.

COMMERCIAL PAPER (CP): Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

COUPON: The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as "interest rate."

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of assets in the name of the depositor.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE SECURITY: Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: An investment principal designed to spread the risk in a portfolio by dividing investments by sector, maturity and quality rating.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size or book-value of that investment.

DURATION: A measure of the timing of cash flows, such as the interest payments and principal repayment, to be received from a given fixed-income security.

FEDERAL FUNDS RATE: Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC): A committee within the Federal Reserve System that makes short-term monetary policy for the Fed. The committee decides either to sell

ATTACHMENT B

securities to reduce the money supply, or to buy government securities to increase the money supply. Decisions made at FOMC meetings will cause interest rates to either rise or fall.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 2 Federal Reserve banks and about 6,000 member banks.

FITCH Ratings referred to as Fitch: (See Nationally Recognized Statistical Rating Organizations)

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTEREST RATE RISK: The risk associated with declines or rises in interest rates, which causes the market price of a fixed-income security to increase or decrease in value.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

MARK-TO-MARKET: The process by which the value of a security is adjusted to reflect current market conditions.

MARKET RISK: The risk that the value of a security will rise or decline as a result of changes in market conditions.

MARKET VALUE: The current market price of a security.

MATURITY: The date that the principal or stated value of an investment becomes due and payable.

MEDIUM TERM MATURITY CORPORATE SECURITIES: Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

MONEY MARKET: The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invests in a variety of short-term money market instruments.

MOODY'S INVESTORS SERVICE, INC. referred to as Moody's: (See Nationally Recognized Statistical Rating Organizations)

MORTGAGE-BACKED SECURITY: A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the individual real estate assets are used to pay interest and principal on the bonds.

MUNICIPAL DEBT: Issued by public entities to meet capital needs.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSRO's): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the

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form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc. and Fitch Ratings.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling the fund's assets which includes securities, cash and accrued earnings, then subtracting this from the fund's liabilities and dividing by the total number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

NON-CALLABLE: Bond that is exempt from any kind of redemption for a stated time period.

OCTA BONDS: Bonds, notes, warrants, or other evidences of indebtedness.

OFFER PRICE: An indicated price at which market participants are willing to sell a security.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PORTFOLIO: A group of securities held by an investor.

PREMIUM: The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE: A preferred interest rate charged by commercial banks to their most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PURCHASE DATE: See (Trade Date)

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

REPURCHASE AGREEMENTS (REPOS): A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, with the difference between the purchase price and sales price determining the earnings.

SAFEKEEPING: Holding of assets (e.g. securities) by a financial institution.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

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SETTLEMENT DATE: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

SPECIAL PURPOSE VEHICLE (SPV): A trust or similar structure created specifically to purchase securities and reprofile cash flows and/or credit risk. Mortgage or Asset-backed securities may be issued out of the SPV and secured by the collateral transferred from the corporation.

STANDARD & POOR'S CORPORATION referred to as Standard and Poor's or S & P: (See Nationally Recognized Statistical Rating Organizations)

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio.

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES AND U.S. FEDERAL INSTRUMENTALITIES: U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", they include:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest bearing discount securities of the U.S. Treasury with maturities under one year.

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Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

Treasury bond: interest-bearing obligations issued by the U.S. Treasury with maturities ranging from ten to thirty years from the date of issue.

Treasury STRIPS: U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

Treasury TIPS: U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.

VARIABLE AND FLOATING RATE SECURITIES: Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

For the purposes of this Annual Investment Policy, a Variable Rate Security, where the variable rate of interest is readjusted no less frequently than every 762 calendar days, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest. A Floating Rate Security shall be deemed to have a remaining maturity of one day.

VOLITILITY: The degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

ZERO COUPON SECURITIES: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



BOARD COMMITTEE TRANSMITTAL

June 10, 2013

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Comprehensive Transportation Funding Program – March 2013
Semi-Annual Review

Regional Planning and Highways Committee Meeting of June 3, 2013

Present: Directors Bates, Donchak, Harper, Lalloway, Miller, Murray,
and Spitzer
Absent: Director Nelson

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve adjustments to the Comprehensive Transportation Funding Program project allocations as presented.
- B. Approve six project delays for the cities of Buena Park, Huntington Beach, Laguna Niguel, Mission Viejo (two requests), and Santa Ana as presented.
- C. Approve the City of San Juan Capistrano's extension request for expenditure of \$135,500 of Measure M turnback funds to June 30, 2015.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Staff Report



June 3, 2013

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Comprehensive Transportation Funding Program - March 2013 Semi-Annual Review

Overview

The Orange County Transportation Authority recently completed the semi-annual review of projects funded through the Comprehensive Transportation Funding Program. This process reviews the status of Measure M and Measure M2 grant-funded projects and provides an opportunity for local agencies to update project information and request project modifications. Recommendations are presented for review and approval.

Recommendations

- A. Approve adjustments to the Comprehensive Transportation Funding Program project allocations as presented.
- B. Approve six project delays for the cities of Buena Park, Huntington Beach, Laguna Niguel, Mission Viejo (two requests), and Santa Ana as presented.
- C. Approve the City of San Juan Capistrano's extension request for expenditure of \$135,500 of Measure M turnback funds to June 30, 2015.

Background

The Comprehensive Transportation Funding Program (CTFP) is the mechanism the Orange County Transportation Authority (OCTA) uses to administer and monitor grants provided for funding street, road, signal, and water quality projects throughout the County. The CTFP contains a variety of funding programs and sources including Measure M (M1) and Measure M2 (M2) revenues, State and Local Partnership Program funds, and federal Regional Surface Transportation Program funds.

The CTFP provides local agencies with a comprehensive set of guidelines for administration and delivery of various transportation funding grants. Consistent with the CTFP guidelines, OCTA requires online reporting of the status of all projects and regularly meets with representatives from local agencies to review proposed project or schedule changes. This process is commonly referred to as the semi-annual review (SAR). The goals of the SAR process are to review project status, determine the continued viability of projects, address local agency issues, and ensure timely closeout of the M1 Streets and Roads Program.

Discussion

M1 Program Summary

Since 1991, OCTA has competitively awarded more than \$679.3 million in M1 funds to local agencies through the CTFP. These projects were programmed for fiscal year (FY) 1992-93 through FY 2010-11. Below is a summary of CTFP allocations using M1 funds (allocations in millions):

M1 CTFP Program Summary

Project Status	Allocations (prior to SAR adjustments)	Allocations (with SAR adjustments)
Started ¹	\$ 81.0	\$ 60.0
Pending ²	95.8	86.3
Completed ³	507.3	533.0
Total Allocations	\$ 684.1	\$ 679.3

Since the last SAR, the CTFP has realized \$4.8 million in project savings (\$3 million in bid savings and \$1.8 million in cancellations). Staff will continue to monitor projects on a semi-annual basis in order to identify additional savings and track the progress toward the M1 closeout. The review found that as of March 2013, 91 percent of M1 projects have been delivered (completed and pending). This is a three percent increase compared to the prior review cycle. Consistent with prior Board of Directors (Board) action, the remaining M1 funds will be used to augment future M2 call for projects (call).

M1 Closeout

In March 2011, with the sunset of M1, the remaining M1 CTFP projects were obligated. There are currently 182 active M1 CTFP project phases, and local

1. Started indicates that the project is underway and the funds are obligated.
 2. Pending indicates that the project work is completed and the final report submittal/approval is pending.
 3. Completed indicates that the project work is complete, final report approved, and final payment has been made.

agencies have completed work with pending final reports on 117 of the remaining project phases. In accordance with the timely use of funds provision in Ordinance No. 2, and policies established by the Board, all expenses related to these projects must be completed by March 31, 2014. Local agency project updates provided during the March SAR indicate that all agencies will meet the March 31, 2014 deadline. Local agencies will have 180 days from project completion to file the final report, and staff expects the complete closeout of the M1 CTFP by December 2014.

M2 Program Summary

Since the start of M2, OCTA has issued a number of calls and awarded \$175.6 million in competitive funds for the following programs: 1) M2 Regional Capacity Program (Project O), 2) Traffic Signal Synchronization Program (Project P), and 3) the Environmental Cleanup Program (Project X). Below is a summary of CTFP allocations using M2 funds (allocations in millions):

M2 CTFP Program Summary

Project Status	Allocations (prior to SAR adjustments)	Allocations (with SAR adjustments)
Planned ¹	\$ 77.1	\$ 133.6
Started ²	34.9	37.0
Pending ³	1.2	4.3
Completed ⁴	0.2	0.7
Total Allocations ⁵	\$ 113.4	\$ 175.6

This SAR reflects additional allocations of \$62.2 million that is comprised of \$12.7 million in new Project X (Tier 2) allocations, \$34.6 million in new Project O allocations, and \$14.9 million in new Project P allocations that were authorized by the Board since the last review. As of March 2013, the local agency project updates indicate that a total of \$42 million of M2 projects have started (\$37 million), are pending completion (\$4.3 million), or are completed (\$0.7 million). Staff is working with local agencies to allocate State-Local Partnership Program funds used to supplement the M2 call, by June 30, 2013.

1. Planned indicates that the funds have not been obligated and/or are pending contract award.
2. Started indicates that the project is underway and the funds are obligated.
3. Pending indicates that the project work is completed and the final report submittal/approval is pending.
4. Completed indicates that the project work is complete, final report approved, and final payment has been made.
5. Allocation changes are the result of recently approved 2013 call programming recommendations and reductions for project cancellations.

Project Adjustments

The March 2013 SAR adjustments are itemized in Attachment A. The adjustments include one scope change, nine phase cancellations, and six delays. In addition, the City of San Juan Capistrano is requesting an extension for use of M1 turnback funds. The Technical Advisory Committee concurred with the SAR adjustment recommendations on April 24, 2013.

Scope Change

The City of Garden Grove is requesting a scope change for the Harbor Boulevard and Trask Avenue Intersection Project. The scope adjustment consists of adding a through lane to southbound Harbor Boulevard, omitting the second left turn lane to southbound Harbor Boulevard, and removing the fourth additional through lane on northbound Harbor Boulevard. The northbound improvements could not be completed because the widening would create a tight turning radius for the State Route 22 (SR-22) westbound on ramp. There will be a project cost savings at project closeout. Harbor Boulevard is an unfunded smart street and the City of Garden Grove has done a number of improvements through the corridor. The scope change will mitigate similar traffic delays in the opposite direction of the project area.

Delays

This SAR included six requests for M2 project delays from five local agencies. Delays are allowed in accordance with precept 35 of the CTFP guidelines and require city council concurrence, as well as Board approval of the request.

The City of Buena Park is requesting a 12-month delay on the State Route 91 and Beach Boulevard westbound exit ramps due to delay in the review of the traffic operational analysis submitted to the California Department of Transportation. The City of Buena Park received city council concurrence for this request on April 9, 2013 (Attachment B).

The City of Huntington Beach is requesting a 12-month delay for the Brookhurst Street and Adams Avenue Intersection Project to allow for time to finalize the environmental impact report (EIR). The delay will allow the City of Huntington Beach to provide a more precise scope to the project engineer and reduce the possibility of scope modification as a result of the EIR process. The City of Huntington Beach received city council concurrence for this request on April 15, 2013 (Attachment C).

The City of Laguna Niguel is requesting a 24-month delay for the Crown Valley Parkway runoff elimination, Phase V. The City of Laguna Niguel

is attempting to go to bid for this project in the next FY and package the project with previously awarded project phases I-IV. The previous phases received high bids, and the City of Laguna Niguel is working with other partners to obtain additional funding. The City of Laguna Niguel received city council concurrence for this request on February 19, 2013 (Attachment D).

The City of Mission Viejo is requesting two 12-month delays for the La Paz Bridge and Road Widening Project, as well as the Oso Parkway widening (Interstate 5 to Country Club Drive). The La Paz Road bridge project experienced delays associated with right-of-way (ROW) certification and compensation for one of the property owners. The extension will also allow the City of Mission Viejo to use the full amount of time allocated by the California Transportation Commission through the State-Local Partnership Program. Oso Parkway experienced delays due to the loss of redevelopment agency funds and delays by a developer related to grading of private property adjacent to the road widening project. The City of Mission Viejo received city council concurrence for both delays on March 18, 2013 (Attachments E and F).

The City of Santa Ana is requesting a 12-month delay for the Grand Avenue Widening Project (First Street to Fourth Street). The City of Santa Ana has encountered delays in the ROW negotiations that include full parcel acquisitions and business relocations. The City of Santa Ana received city council concurrence for this request on March 18, 2013 (Attachment G).

Cancellations

Local agencies are requesting phase cancellations for nine project phases. The City of Costa Mesa is requesting a project cancellation for the Broadway Street Environmental Cleanup/Water Filtration Project. The City of Costa Mesa encountered issues with construction timing and will reapply at a later date. The City of Garden Grove is requesting a cancellation for the ROW phase on Harbor Boulevard and the SR-22. The City of Garden Grove has fully reimbursed OCTA for the initial payment, plus interest. The County of Orange and the City of Rancho Santa Margarita are requesting cancellation of allocation requests for six separate segments of the Antonio Parkway signal coordination projects. The Antonio Parkway signal coordination projects were combined and re-scoped into a larger project which re-competed for funds during the 2013 call. The City of Westminster is requesting a cancellation for the Dillow Street and Moran Street Environmental Cleanup/Water Filtration Project. The City of Westminster intended to use existing catch basins for the project, but discovered that the catch basins were not large enough for the unit. The construction of new catch basins and connector pipes made the project cost prohibitive.

Turnback Extension

The City of San Juan Capistrano submitted an M1 turnback extension request for an expenditure of \$135,500 of turnback funds received in March 2011, and is requesting an extension to June 30, 2015 (Attachment H). The City of San Juan Capistrano is in receipt of the turnback funds, and the extension request has no impact on M1 closeout or determining remaining M1 balances to be transferred to M2. The City of San Juan Capistrano will utilize the funds on railroad grade crossing improvements being coordinated with OCTA.

Summary

The Orange County Transportation Authority has recently reviewed the status of grant-funded streets and roads projects funded through the Comprehensive Transportation Funding Program. Staff is seeking Board of Directors approval of the project adjustments requested by local agencies, including six delay requests, as well as the M1 turnback extension request by the City of San Juan Capistrano. The Technical Advisory Committee approved the recommendations on April 10, 2013. With the conclusion of Measure M, Measure M Comprehensive Transportation Funding Program funds must be expended by March 31, 2014. Local agencies will have 180 days from project completion to file the final report and staff expects the complete closeout of the Measure M Comprehensive Transportation Funding Program by December 2014. The next semi-annual review is currently scheduled for September 2013.

Attachments

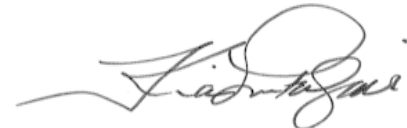
- A. Comprehensive Transportation Funding Program – Semi-Annual Review Adjustment Requests
- B. Letter from Nabil S. Henein, P.E., Deputy City Engineer – City of Buena Park – Dated February 28, 2013 – SR-91/Beach Blvd WB Exit Ramp, Project No. 11-BPRK-FST-3510
- C. Letter from Travis K. Hopkins, P.E., Director of Public Works - City of Huntington Beach – Dated March 27, 2013 – Request for Delay, Comprehensive Transportation Funding Programs – Intersection Capacity Enhancement, 11-HBCH-ICE-3526, Brookhurst Street and Adams Avenue
- D. Letter from Tim Casey, City Manager - City of Laguna Niguel – Dated February 20, 2013 – Request for Extension of Tier 1 Environmental Cleanup Program Grant Award for the Runoff Elimination Program for Crown Valley Parkway Medians, Phase V (12-LNIG-ECP-3628)
- E. Letter from Mark Chagnon, Director of Public Works – City of Mission Viejo – Dated April 1, 2013 – CTFP Funding Request for Extension of Time, 11-MVJO-ACE-3536, La Paz Bridge and Road Widening, Muirlands Boulevard to Chrisanta Drive
- F. Letter from Dennis Wilberg, City Manager – City of Mission Viejo – Dated March 21, 2013 – CTFP Funding Request for Extension of Time, 11-MVJO-ACE-3537, Oso Parkway Widening, Country Club Drive to I-5
- G. Letter from Jason Gabriel, Principal Engineer, Public Works Agency – City of Santa Ana – Dated March 11, 2013 – Request for Extension of Comprehensive Transportation Funding Program Grant Award for Grand Avenue Widening Project Between First to Fourth Streets, Project ID: 12-SNTA-ACE-3600
- H. Letter from James G. Ross, Interim Public Works Director – City of San Juan Capistrano – Dated April 9, 2013 – Measure M-Turnback Extension Request

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ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment A

Comprehensive Transportation Funding Program
Semi-Annual Review Adjustment Requests

Agency	Project #	Program	Project Title	Phase	Current FY	Months	Proposed FY	Original Amount	Action Request	Proposed Amount	Reason
Scope Change											
Garden Grove	05-GGRV-IIP-2152	IIP	Harbor Boulevard/Trask Avenue	C	08/09	N/A	N/A	\$ 640,041	SCOPE CHANGE	\$ 640,041	Add SB right turn lane. Omit 4th NB thru lane. Continuation of NB lane (outside project limits) would have created light turn radius for WB SR-22 onramp. Project will incur project savings, which will be reflected at project closeout. No allocation reduction recommended.
Delays											
Miscellaneous Adjustments - Total Phase Allocations (1) \$ 640,041											
Buena Park	11-BPRK-FST-3510	FST	Slate Route 91/Beach Boulevard WB Exit Ramp	E	11/12	12	12/13	\$ 308,000	DELAY	\$ 308,000	City council concurrence received April 9, 2013. Extension requested to accommodate Caltrans review of traffic operational analysis.
Huntington Beach	11-HBCH-ICE-3526	ICE	Brookhurst Street/dams Avenue	E	12/13	12	13/14	\$ 274,508	DELAY	\$ 274,508	City council concurrence received April 15, 2013. Extension will provide additional time for environmental impact report and reduce the final engineering process.
Laguna Niguel	12-LNIG-ECP-3628	ECP	Crown Valley Parkway Runoff Elimination, Phase V	I	12/13	24	14/15	\$ 97,285	DELAY	\$ 97,285	City council concurrence received February 19, 2013. Extension will allow city to bundle project with previously delayed phases I-IV.
Mission Viejo	11-MVJO-ACE-3536	ACE/SLPP	La Paz Bridge/Road Widening (Muirlands to Chirsanta)	C	12/13	12	13/14	\$ 2,550,646	DELAY	\$ 2,550,646	CTC allocation in June 2013. CTFP obligation by May 2014 (City has received SLPP extension). City council concurrence received March 18, 2013.
Mission Viejo	11-MVJO-ACE-3537	ACE/SLPP	Oso Parkway (Interstate 5 to Country Club Drive)	C	12/13	12	13/14	\$ 2,407,936	DELAY	\$ 2,407,936	CTC allocation in June 2013. CTFP obligation by December 2013 (city is requesting, from CTC, a 12 month extension to May 2014). City council concurrence received March 18, 2013.
Santa Ana	11-SNTA-ACE-3543	ACE	Grand Avenue Widening (1st Street to 4th Street)	C	12/13	12	13/14	\$ 1,000,000	DELAY	\$ 1,000,000	City council concurrence received March 18, 2013. City is negotiating with two additional property owners and has started eminent domain process.
Cancellations											
Delays - Total Phase Allocations (6) \$ 6,638,375											
Costa Mesa	12-CMSA-ECP-3607	ECP	Broadway Street Environmental Cleanup/Water Filtration Project	I	12/13	N/A	N/A	\$ 100,000	CANCEL	\$ -	Per City request due to timing with other construction projects.
Garden Grove	05-GGRV-IIP-2152	IIP	Harbor Boulevard/Trask Avenue	R	05/06	N/A	N/A	\$ 1,829,919	CANCEL	\$ -	Included excess R. Cancellation per City request. City has reimbursed OCTA allocation amount, plus interest (\$2.2 million).
County of Orange	11-ORCO-TSP-3548	TSSP	Antonio Parkway	I	12/13	N/A	N/A	\$ 79,920	CANCEL	\$ -	Per County request. County re-competed in 2013 call for projects. New project is Antonio Parkway (Ortega Highway to Santa Margarita Parkway) and includes Antonio Parkway in Rancho Santa Margarita.
County of Orange	11-ORCO-TSP-3548	TSSP	Antonio Parkway	M	13/14	N/A	N/A	\$ 14,472	CANCEL	\$ -	Per County request. County re-competed in 2013 call for projects. New project is Antonio Parkway (Ortega Highway to Santa Margarita Parkway) and includes Antonio Parkway in Rancho Santa Margarita.
County of Orange	11-ORCO-TSP-3548	TSSP	Antonio Parkway	M	14/15	N/A	N/A	\$ 14,472	CANCEL	\$ -	Per County request. County re-competed in 2013 call for projects. New project is Antonio Parkway (Ortega Highway to Santa Margarita Parkway) and includes Antonio Parkway in Rancho Santa Margarita.
Rancho Santa Margarita	12-RSMA-TSP-3621	TSSP	Antonio Parkway (Meandering Trail to Santa Margarita Parkway)	I	12/13	N/A	N/A	\$ 118,428	CANCEL	\$ -	Per City request. County re-competed in 2013 call for projects. New project is Antonio Parkway (Ortega Highway to Santa Margarita Parkway) and includes Antonio Parkway in Rancho Santa Margarita.
Rancho Santa Margarita	12-RSMA-TSP-3621	TSSP	Antonio Parkway (Meandering Trail to Santa Margarita Parkway)	M	13/14	N/A	N/A	\$ 6,754	CANCEL	\$ -	Per City request. County re-competed in 2013 call for projects. New project is Antonio Parkway (Ortega Highway to Santa Margarita Parkway) and includes Antonio Parkway in Rancho Santa Margarita.
Rancho Santa Margarita	12-RSMA-TSP-3621	TSSP	Antonio Parkway (Meandering Trail to Santa Margarita Parkway)	M	14/15	N/A	N/A	\$ 6,754	CANCEL	\$ -	Per City request. County re-competed in 2013 call for projects. New project is Antonio Parkway (Ortega Highway to Santa Margarita Parkway) and includes Antonio Parkway in Rancho Santa Margarita.
Westminster	12-WEST-ECP-3649	ECP	Dilloff Street/Moran Street Environmental Cleanup/Water Filtration Project	I	12/13	N/A	N/A	\$ 99,240	CANCEL	\$ -	Per City request. City intended to retrofit existing catch basins for filtration device, however catch basins were too small and made project cost prohibitive.
Cancellations - Total Phase Allocations (9) \$ 2,269,959											

ABBREVIATIONS
 ACE - Arterial Capacity Enhancement Program
 C - Construction
 Caltrans - California Department of Transportation
 CTC - California Transportation Commission
 CTFP - Combined Transportation Funding Program
 E - Engineering
 ECP - Environmental Cleanup Program
 N/A - Not Applicable
 FST - Freeway Arterial/Street Transition
 FY - Fiscal Year
 I - Implementation
 ICE - Intersection Capacity Enhancements
 IIP - Intersection Improvement Program
 M - Maintenance & Monitoring
 NB - Northbound
 OCTA - Orange County Transportation Authority
 R - Right-of-Way
 TSSP - Traffic Signal Synchronization Program

SB - Southbound
 SLPP - State Local Partnership Program
 WB - Westbound



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment B



CITY OF BUENA PARK

Department of Public Works

James A. Biery, Director

February 28, 2013

Ms. Abbe McClenahan
Manager, Measure M2 Local Programs
Orange County Transportation
600 S. Main Street
Orange, CA 92863

Attention: Paul Rumberger

**SUBJECT: SR-91/Beach Blvd WB Exit Ramp
Project No. 11-BPRK-FST-3510**

Dear Paul:

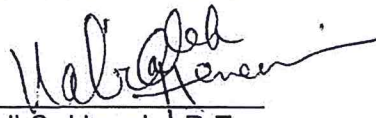
We are respectfully requesting the following change regarding the subject project:

- Delay the funding allocation for "ENG" Phase from FY11/12 to FY12/13

Thank you in advance for your cooperation in this matter. If you have any questions or need additional information, please call me at (714) 562-3685.

Sincerely,

James A. Biery, P.E.
Director of Public Works

By: 
Nabil S. Henein, P.E.
Deputy City Engineer

C: Jim Biery, Director of Public Works
Neda Ghazvini, Assistant Engineer
Roger Lopez, OCTA

6650 Beach Boulevard, P.O. Box 5009, Buena Park, California 90622-5009

(714) 562-3670 Fax (714) 562-3677



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment C



CITY OF HUNTINGTON BEACH

Public Works Department

Travis K. Hopkins, PE
Director of Public Works

March 27, 2013

Ms. Abbe McClenahan
Manager, Measure M2 Local Programs
Orange County Transportation Authority
550 S. Main Street
Orange, CA 92863

Dear Ms. McClenahan:

Subject: Request for Delay
Comprehensive Transportation Funding Programs
Intersection Capacity Enhancement, 11-HBCH-ICE-3526
Brookhurst Street and Adams Avenue

In 2011 the Board of Directors approved funding under the Comprehensive Transportation Funding Programs, Regional Capacity Program, Intersection Capacity Enhancements, for the preparation of final plans, specifications and estimates and right-of-way engineering for the widening of the Brookhurst Street and Adams Avenue intersection. The project application specified commencement of these efforts in OCTA fiscal year 2012/2013, which ends on June 30, 2013.

Under a previously approved Growth Management Area project, we are in the process of performing the preliminary engineering and preparing the Environmental Impact Report (EIR). The public scoping period for the EIR closed on March 1, 2013 and the preparation of the draft EIR is underway. The public hearing on the EIR is scheduled for September 2013.

In accordance with Chapter 2 of the Comprehensive Transportation Funding Program Guidelines, the City respectfully requests a one-time, one year extension of this grant award. The City would like to have as much input as possible from the EIR process as it relates to the final engineering scope. This will result in a more precise scope and reduce the possibility of needing to modify the engineering scope to accommodate changes identified in the later stages of the EIR process.

This delay request is scheduled to be presented to our City Council at their meeting on April 15, 2013. Assuming a positive City Council action, a follow-up request will be sent to you.

We thank you for your consideration of this request. Should you have questions, please contact William Janusz, Principal Civil Engineer, at (714) 536-5431.

Sincerely,

A handwritten signature in black ink, appearing to read 'Travis K. Hopkins', written over a horizontal line.

Travis K. Hopkins, P.E.
Director of Public Works



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment D



CITY of LAGUNA NIGUEL

Public Works/Engineering

30111 Crown Valley Parkway • Laguna Niguel, California 92677

Phone/949•362•4337 Fax/949•362•4385

CITY COUNCIL

Laurie Davies

Linda Lindholm

Jerry McCloskey

Robert Ming

Jerry Slusiewicz

February 20, 2013

Dan Phu, Section Manager
Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863

REQUEST FOR EXTENSION OF TIER 1 ENVIRONMENTAL CLEANUP PROGRAM GRANT AWARD FOR THE RUNOFF ELIMINATION PROGRAM FOR CROWN VALLEY PARKWAY MEDIANS, PHASE V (12-LNIG-ECP-3628)

Dear Mr. Phu:

In August 2011, the OCTA Board of Directors approved four Tier 1 Environmental Cleanup Grants for the City of Laguna Niguel for our Runoff Elimination Program for Crown Valley Parkway Medians, Phases I through IV. After construction bids were determined to have exceeded the anticipated budgets, the City requested and OCTA granted a one-time 24-month extension for all four projects. The extension was intended to enable the City to pursue additional funding sources, conduct value engineering, and potentially re-bid the project. Under the terms of the extension, the construction contract would have to be awarded by June 30, 2014.

In Fall 2012, the OCTA Board approved an additional Tier 1 Environmental Cleanup grant under its second call for projects, providing funding to Laguna Niguel for the fifth and final phase of the Crown Valley Medians Runoff Elimination Project. The deadline for awarding a construction contract under the second call is June 30, 2013.

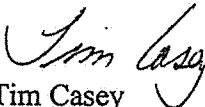
In order to achieve the maximum benefit from any economy of scale, the City has incorporated the design of Phase V into the bid set for Phases I through IV, so that all five phases can be built as one project. The City has also been diligently pursuing supplemental funding to cover the budget shortfall, negotiating primarily in the context of water district programs that support water-conserving technologies and conversion from potable to recycled water. However, these negotiations have not yet been formally concluded, so the available supplemental funding amounts have not yet been confirmed. Consequently, the City Council has not yet authorized the re-bidding of the projects.

Although we anticipate that the negotiations with the water district will be completed within the next few months, the uncertainty of the timing may make it infeasible for the City to complete the subsequent bidding process in time to award a construction contract before June 30, 2013, which is the current deadline for Phase V. A one-time 24-month extension on Phase V would allow the City to make the Phase V deadline with the schedule for Phases I through IV, which would enable the City to complete negotiations with the water district, appropriate any additional General Funds that may be needed, and re-bid the project with all five phases packaged together.

In light of the above, on February 19, 2013, the Laguna Niguel City Council directed City Staff to request a one-time 24-month extension of the Tier 1 Environmental Cleanup Grant Award for the Phase V project. A copy of the minutes from the City Council meeting will be forwarded as soon as they are available. The formal extension is being requested in the March 2013 Semiannual Review Process.

Thank you for your consideration of this request for a one-time 24-month extension of our Tier 1 Environmental Cleanup Program Grant Award for Phase V of the Runoff Elimination Program for Crown Valley Parkway medians. If you have any questions or need additional information, please feel free to contact me at (949)362-4300.

Yours truly,


Tim Casey
City Manager

Attachment: Agenda Staff Report for February 19, 2013 City Council meeting

Cc: Mayor and City Council
Dave Rogers, Director of Public Works/City Engineer
Nancy Palmer, City Landscape Architect/Environmental Programs Manager
Stephen Erlandson, Director of Finance



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment E



City of Mission Viejo

Public Works Department

Rhonda Reardon
Mayor

Trish Kelley
Mayor Pro Tem

Dave Leckness
Council Member

Cathy Schlicht
Council Member

Frank Ury
Council Member

April 1, 2013

Abbe McClenahan
Manager, Measure M2 Local Programs
Orange County Transportation Authority
P. O. Box 14184
Orange, California 92863

Subject: CTFP Funding Request for Extension of Time, 11-MVJO-ACE-3536, La Paz Bridge and Road Widening, Muirlands Boulevard to Chrisanta Drive

Dear Ms. McClenahan:

In conformance with the 2012 Comprehensive Funding Guidelines Manual, the City of Mission Viejo is respectfully requesting a 5-month extension of time for the award of a construction contract for the La Paz Bridge and Road Widening from Muirlands Boulevard to Chrisanta Drive. Attached is the City of Mission Viejo City Council Resolution No. 13-19 authorizing this request. The request is due to a delay in the federal right-of-way process.

Because the project includes federal funding, the federal right-of-way process must be followed. Although the City had acquired the necessary easement rights for the project, during the federal right-of-way certification process, an issue arose regarding compensation for one of the parcels. The issue was recently resolved, compensation has been made to the property owner, and the federal right-of-way certification package has been submitted to Caltrans. However, given the time required for the federal right-of-way certification approval, subsequent federal construction authorization, and the construction bidding process, the City now expects to award a construction contract in September 2013.

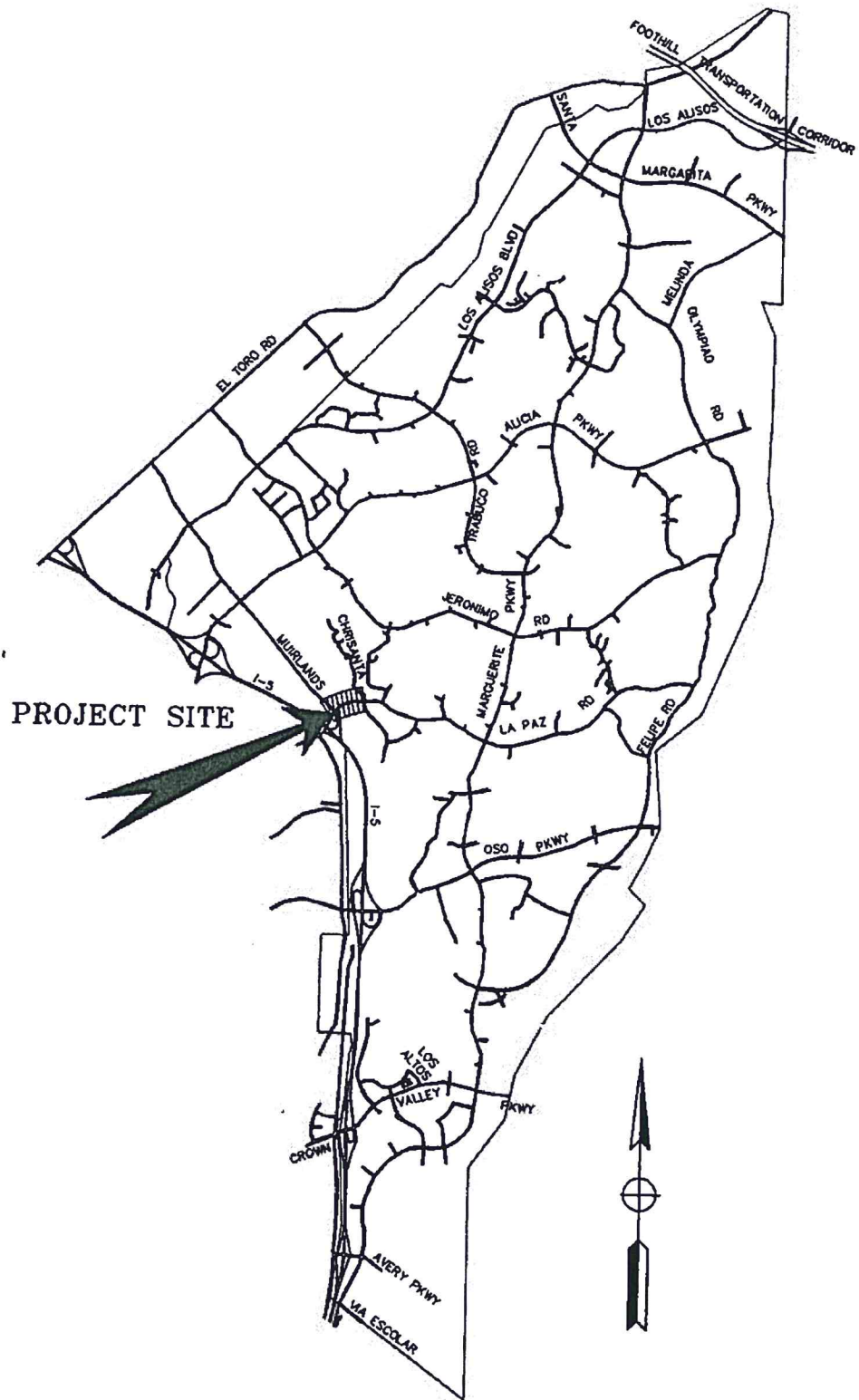
The City has already requested and received a time extension from the California Transportation Commission (SLPP funds) until November, 30, 2013. Accordingly, the City requests OCTA to grant a 5-month time extension from the current contract award deadline of June 30, 2013, to November 30, 2013, consistent with the CTC deadline.

Thank you for your consideration of this request. If you have any questions, please do not hesitate to contact me at (949) 470-3091 or mchagnon@cityofmissionviejo.org.

Sincerely,

Mark Chagnon
Director of Public Works

Attachments: Location Map
Resolution 13-19



CITY OF MISSION VIEJO
LOCATION MAP

RESOLUTION 13-19

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF MISSION VIEJO AUTHORIZING THE CITY MANAGER TO REQUEST AN EXTENSION OF TIME FROM THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR FUNDING FOR THE LA PAZ BRIDGE AND ROAD WIDENING PROJECT (CIP 756/761)

WHEREAS, the City of Mission Viejo originally applied for grant funding for the La Paz Bridge and Road Widening, Muirlands to Chrisanta (CIP 756/761) for funding consideration under the 2010 Orange County Transportation Authority (OCTA) Comprehensive Transportation Funding Program (CTFP) call-for-projects for the Regional Capacity Program; and

WHEREAS, OCTA approved grant funding for construction of the subject project in the amount of \$2,550,646.00; and

WHEREAS, OCTA requires that the City of Mission Viejo award a construction contract for the subject project by June 30, 2013, unless a formal extension of time is requested by the City Council; and

WHEREAS, the California Transportation Commission (CTC) has already approved an extension until November 30, 2013, due to delays associated with final right-of-way acquisition; and

WHEREAS, by requesting an extension until November 30, 2013, from OCTA, the deadline to award a construction contract would be consistent with that of the CTC;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MISSION VIEJO DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Manager is authorized to request an extension until November 30, 2013, for the construction contract award for the La Paz Bridge and Road Widening project from OCTA.

SECTION 2. The City Clerk shall certify the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 18th day of March, 2013.


Rhonda Reardon
Mayor

I, Karen Hamman, City Clerk of the City of Mission Viejo, hereby certify that the foregoing resolution was duly adopted by the City Council of the City of Mission Viejo at a regular meeting thereof, held on the 18TH day of March, 2013, by the following vote of the City Council:

AYES: Kelley, Leckness, Reardon, Schlicht, and Ury
NOES: None
ABSENT: None



Karen Hamman
City Clerk



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment F



City of Mission Viejo

Office of the City Manager

Rhonda Reardon
Mayor

Trish Kelley
Mayor Pro Tem

Dave Leckness
Council Member

Cathy Schlicht
Council Member

Frank Ury
Council Member

March 21, 2013

Abbe McClenahan
Manager, Measure M2 Local Programs
Orange County Transportation Authority
P. O. Box 14184
Orange, California 92863

Subject: CTFP Funding Request for Extension of Time, 11-MVJO-ACE-3537, Oso Parkway Widening, Country Club Drive to I-5

Dear Ms. McClenahan:

In conformance with the 2012 Comprehensive Funding Guidelines Manual, the City of Mission Viejo is respectfully requesting an 11-month extension of time for the award of a construction contract for Oso Parkway Widening from Country Club Drive to I-5. Attached is the City of Mission Viejo's City Council Resolution No. 13-18 authorizing this request. The justification for this request is to allow a development project to complete grading prior to the start of the project. The delay in the commencement of construction will result in a significant project savings and less construction and traffic impacts, which ultimately benefits the public at large.

Prior to the start of construction of the City of Mission Viejo's Oso Parkway widening project, Watermarke Properties (an independent developer) was expected to be underway with the construction of an apartment housing project fronting Oso Parkway within the widening project limits (please see attached location map). The original schedule for the Watermarke Properties project called for the grading to be completed by March 2013.

On June 28, 2011, Governor Jerry Brown approved ABx1 26 and ABx1 27 as part of the adoption of the FY 2011/12 State budget. ABx1 26 suspended and prohibited most redevelopment activities and prohibited agencies from incurring indebtedness. Because of the adoption of redevelopment dissolution laws, the subsequent lawsuit and the uncertainty of whether redevelopment agencies would survive, the City was forced to suspend and/or delay projects that were to be funded with redevelopment tax increment revenue. As a result, the Watermarke Properties project, which was set to receive an affordable housing subsidy, was put on hold. Litigation ensued against the State, which ultimately resulted with the California Supreme Court upholding ABx1 26, thereby eliminating redevelopment agencies in California effective February 1, 2012. This resulted in the permanent loss of the affordable housing subsidy for the Watermarke Properties apartment project.



City's widening project timing is now running slightly ahead of the Watermarke project. The City's CTFP funding requires the City to award a construction contract by June 30, 2013. However, City staff does not expect Watermarke Properties to have completed its grading by this date. If the City receives an extension of time from OCTA, there would be a unique opportunity for the City to enter into a cost-sharing agreement with Watermarke Properties on some improvement items, avoid the need to remove just completed improvements constructed with the City's widening project, and result in less construction traffic delays and impacts to the public.

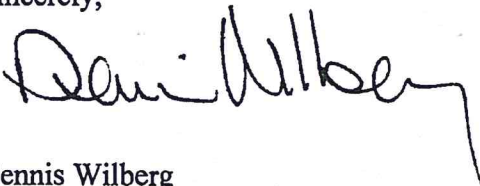
In order to achieve these cost savings and benefits, it will be necessary to allow Watermarke Properties to complete the rough grading of the site before the City begins the widening project. This will eliminate the need for the City to construct an embankment to accommodate the fourth travel lane within the Watermarke project limits. In addition, the City will cost share 50/50 with Watermarke on some improvements such as a traffic signal, sidewalk, etc., that are common to both projects.

If the City does not receive a time extension from OCTA, the City would be forced to proceed ahead of Watermarke. As a result, the City would have to construct the embankment, which would subsequently be partially removed by Watermarke. In addition, other new improvements such as a new traffic signal, curb and gutter, and sidewalk, constructed by the City as part of the widening project, would need to be removed and reconstructed by Watermarke to accommodate its project. Watermarke would also need to cut into the newly paved roadway to install its utility connections.

By partnering with Watermarke Properties on shared construction items, the City is not supplanting any developer fees or required improvements due to the fact that Watermarke Properties had legal rights to develop the site that do not allow the City to place obligations on the developer for public improvements.

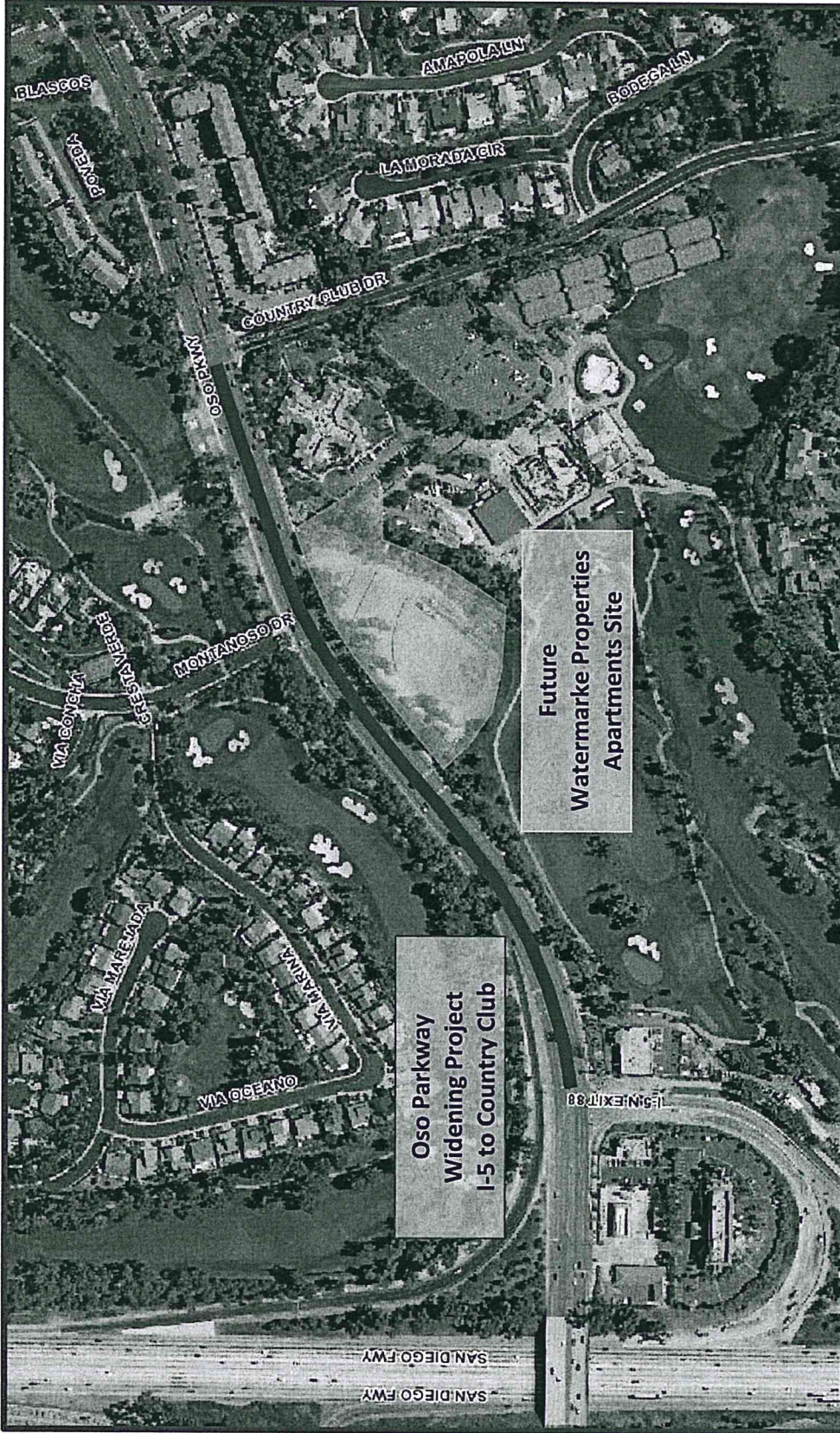
Thank you for your consideration of this request for an extension of time for the construction contract award of the Oso Parkway widening project. If you have any questions, please do not hesitate to contact Richard Schlesinger, City Engineer, at (949) 470-3079 or rrschlesinger@cityofmissionviejo.org.

Sincerely,



Dennis Wilberg
City Manager

Attachments: Location Map
Resolution 13-18



**LOCATION MAP
OSO PARKWAY WIDENING
I-5 TO COUNTRY CLUB DRIVE
(CIP 791)**

RESOLUTION 13-18

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF MISSION VIEJO AUTHORIZING THE CITY MANAGER TO REQUEST AN EXTENSION OF TIME FROM THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) FOR FUNDING FOR THE OSO PARKWAY WIDENING, COUNTRY CLUB DRIVE TO INTERSTATE 5 FREEWAY (CIP 791)

WHEREAS, the City of Mission Viejo originally applied for grant funding for the Oso Parkway Widening from I-5 to Country Club Drive (CIP 791) for funding consideration under the 2010 Orange County Transportation Authority Comprehensive Transportation Funding Program (CTFP) call-for-projects for the Regional Capacity Program; and

WHEREAS, OCTA approved grant funding for construction of the subject project in the amount of \$2,407,936.00; and

WHEREAS, OCTA requires that the City of Mission Viejo award a construction contract for the subject project by June 30, 2013, unless a formal extension of time is requested by the City Council; and

WHEREAS, the proposed Watermarke Properties apartment project significantly impacts the proposed project; and

WHEREAS, by requesting an 11-month delay from OCTA for CIP 791 there would be an opportunity to cost-share with Watermarke Properties on some construction items that will save construction costs for the City and minimize the construction impacts and traffic delays to the public;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MISSION VIEJO DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Manager is authorized to request an 11-month delay for the construction contract award for CIP 791 from OCTA.

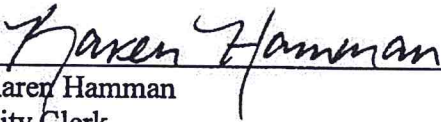
SECTION 2. The City Clerk shall certify the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 18th day of March, 2013.


Rhonda Reardon
Mayor

I, Karen Hamman, City Clerk of the City of Mission Viejo, hereby certify that the foregoing resolution was duly adopted by the City Council of the City of Mission Viejo at a regular meeting thereof, held on the 18th day of March, 2013, by the following vote of the City Council:

AYES: Kelley, Leckness, Reardon, Schlicht, and Ury
NOES: None
ABSENT: None



Karen Hamman
City Clerk



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment G

MAYOR
Miguel A. Pulido
MAYOR PRO TEM
Sal Tinajero
COUNCILMEMBERS
Angelica Armezcu
P. David Benavides
Michele C. Martinez
Roman A. Reyna
Vincent F. Sarmiento



INTERIM CITY MANAGER
Kevin O'Rourke
CITY ATTORNEY
Sonia R. Carvalho
CLERK OF THE COUNCIL
Maria D. Huizar

CITY OF SANTA ANA

Public Works Agency
20 Civic Center Plaza • P.O. Box 1988, M-21
Santa Ana, California 92702

March 11, 2013

Roger Lopez
OCTA Local Measure M Programs
550 South Main Street
Orange, CA 92863

**SUBJECT: REQUEST FOR EXTENSION OF COMPREHENSIVE
TRANSPORTATION FUNDING PROGRAM GRANT AWARD FOR
GRAND AVENUE WIDENING PROJECT BETWEEN FIRST TO
FOURTH STREETS**
Project ID: 12-SNTA-ACE-3600

Dear Mr. Lopez:

In June 2011, the OCTA Board of Directors approved Comprehensive Transportation Funding Program (CTFP) Arterial Capacity Enhancements (ACE) Grant Award for the City of Santa Ana (City) for Grand Avenue Widening between First and Fourth Streets project (Project). The grant award for this Project totaled \$1 million for the construction phase for fiscal year 2012-13, which requires the construction contract to be awarded by June 30, 2013.

In accordance with Chapter 2 of the CTFP guidelines, the City respectfully submits this request for a one-time one-year extension of this grant award for the Project. The reasons for the extension are as follows:

- Due to the reorganization at Caltrans district and headquarter offices and new Caltrans requirements, the Request for Authorization to Proceed with Right of Way (E-76) process was four months beyond our anticipated schedule.
- The complexity of the right of way process, including pursuing eminent domain proceedings for two parcels, has delayed the project beyond our control.

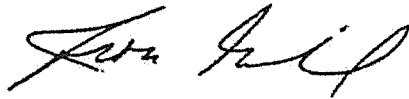
To date, the City has completed the acquisition of eight of ten parcels and relocation of ten of seventeen businesses. An extension will allow the city to make a diligent effort to negotiate with the remaining property and business owners and have adequate time to provide relocation assistance to the persons and businesses displaced as a result of the acquisition of this Project for public use.

The City formally requested the extension in the recent March 2013 CTFP Semiannual Review Process. A copy of the minutes from the March 18, 2013 City Council Meeting will be provided under separate submittal when available.

Thank you for your consideration of this request for extension of the CTFP ACE Grant Award for the Grand Avenue Widening between First and Fourth Streets project.

If you have any questions in regards to this letter or need additional information, please contact me at (714) 647-5664.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Gabriel". The signature is fluid and cursive, with the first name "Jason" and last name "Gabriel" clearly distinguishable.

Jason Gabriel
Principal Engineer
Public Works Agency

Cc: Mayor and City Council
Raul Godinez, II, Director of Public Works
William Galvez, City Engineer

MAYOR
Miguel A. Pulido
MAYOR PRO TEM
Sal Tinajero
COUNCILMEMBERS
Angelica Amezcua
P. David Benavides
Michele Martinez
Roman Reyna
Vincent F. Sarmiento



CITY MANAGER
Kevin O'Rourke
CITY ATTORNEY,
Sonia R. Carvalho
CLERK OF THE COUNCIL
Maria D. Huizar

CITY OF SANTA ANA
CLERK OF THE COUNCIL OFFICE M-30
P.O. Box 1988
Santa Ana, California 92702

MINUTES EXCERPT

MEETING DATE: March 18, 2013

COUNCILMEMBERS: **PRESENT:** Amezcua, Benavides, Martinez, Pulido, Reyna (5)

ABSENT: Sarmiento, Tinajero (2)

CONSENT CALENDAR ITEM

MISCELLANEOUS ADMINISTRATION

19D REQUEST FOR EXTENSION OF MEASURE M2 COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM FOR GRAND AVENUE WIDENING (PROJECT NO. 081732, NON-GENERAL FUND) - Public Works Agency

MOTION: Authorize the Public Works Agency to request a one-time, one-year extension of Measure M2 Comprehensive Transportation Funding Program funding for construction of Grand Avenue Widening between First and Fourth Streets project.

VOTE: **AYES:** Amezcua, Benavides, Martinez, Pulido, Reyna (5)
NOES: None (0)
ABSTAIN: None (0)
ABSENT: Sarmiento, Tinajero (2)

STATE OF CALIFORNIA
COUNTY OF ORANGE

I, MARIA D. HUIZAR, Clerk of the Council, of the City of Santa Ana, California, hereby certify the foregoing to be a full, true and correct copy of the minute action on record in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 26th day of March, 2013.

Rose Ana Huizar

for Maria D. Huizar,
Clerk of the Council



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Program – March
2013 Semi-Annual Review**

Attachment H



32400 PASEO ADELANTO
SAN JUAN CAPISTRANO, CA 92675
(949) 493-1171
(949) 493-1053 FAX
www.sanjuancapistrano.org

MEMBERS OF THE CITY COUNCIL

SAM ALLEVATO
ROY L. BYRNES, M.D.
LARRY KRAMER
DEREK REEVE
JOHN TAYLOR

April 9, 2013

Orange County Transportation Authority
Attn: Kia Mortazavi, Executive Director Planning
600 South Main Street
Orange, CA 92863-1584

RE: Measure M-Turnback Extension Request

Dear Mr. Mortazavi:

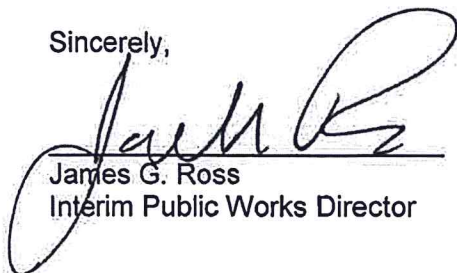
The City of San Juan Capistrano is requesting a time extension to June 30, 2015 to spend its Measure M-Turnback funding which was received during fiscal year 2010-11. The City has \$135,500 of Measure M-Turnback funding remaining from Fiscal Year 2010-11 associated with the following project:

1. CIP 07118 OCTA Grade Crossing Project. M-Turnback / Fair Share funding: \$219,998. Project construction of railroad grade crossing improvements by OCTA is complete. The City is currently awaiting final invoice from OCTA for the match amount. Project closeout is anticipated by December 2013.

The City will continue to coordinate with OCTA staff to ensure that the necessary reimbursement for match amount for the above-mentioned project is made that would satisfy the expenditure requirements of the City's Measure M-Turnback funding received. Chris Poli of OCTA has indicated that OCTA expects to resolve all issues and distribute a last and final invoice to the City by June 30, 2013. Since the expenditure of funds is contingent upon receipt of the final invoice from OCTA, the City cannot guarantee the expenditure of funds by March 31, 2014 and is therefore requesting the time extension to June 30, 2015 for full expenditure of M-Turnback funds.

Please do not hesitate to e-mail or call me at 949-443-6398 if you have any questions.

Sincerely,



James G. Ross
Interim Public Works Director

San Juan Capistrano: Preserving the Past to Enhance the Future



BOARD COMMITTEE TRANSMITTAL

June 10, 2013

To: Members of the Board of Directors

From: *WK*
Wendy Knowles, Clerk of the Board

Subject: Measure M2 Eligibility Guidelines and Measure M2 Expenditure Report

Regional Planning and Highways Committee Meeting of June 3, 2013

Present: Directors Bates, Donchak, Harper, Lalloway, Miller, Murray, and Spitzer

Absent: Director Nelson

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve the proposed revisions to the Measure M2 Eligibility Guidelines, Measure M2 expenditure report template, and adjustment methodology for the fiscal year 2014-15 maintenance of effort benchmark.
- B. Approve the expenditure report for the City of Huntington Beach and find the City of Huntington Beach eligible to receive fair share and competitive grant net revenues for fiscal year 2012-13.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M2 Eligibility Guidelines and Measure M2
Expenditure Report**

Staff Report



June 3, 2013

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Measure M2 Eligibility Guidelines and Measure M2 Expenditure Report

Overview

The Measure M2 Eligibility Guidelines establish eligibility requirements for local agencies to receive competitive grant and fair share funds as defined in the Measure M2 Ordinance No. 3. Updates to the guidelines, Measure M2 expenditure report template, and maintenance of effort benchmark are presented to the Board of Directors for review and approval. The City of Huntington Beach's expenditure report for fiscal year 2011-12 and resolution have been reviewed by the Taxpayers Oversight Committee and are presented to the Board of Directors for eligibility determination.

Recommendations

- A. Approve the proposed revisions to the Measure M2 Eligibility Guidelines, Measure M2 expenditure report template, and adjustment methodology for the fiscal year 2014-15 maintenance of effort benchmark.
- B. Approve the expenditure report for the City of Huntington Beach and find the City of Huntington Beach eligible to receive fair share and competitive grant net revenues for fiscal year 2012-13.

Background

The Measure M2 (M2) Eligibility Guidelines (Eligibility Guidelines) establish annual requirements that local agencies must satisfy to be eligible for fair share and competitive grant funds. Minor administrative adjustments and proposed revisions to the M2 expenditure report template are being recommended to clarify the guidelines.

The ordinance requires local jurisdictions to satisfy maintenance of effort (MOE) requirements by maintaining a minimum level of local streets and roads expenditures from local agencies' discretionary funds. The current MOE benchmark for each local jurisdiction is based on average discretionary expenditures for the purposes of local street maintenance and construction expenditures from fiscal year (FY) 1985-86 through FY 1989-90. There were no adjustments for inflation between 1990 and 2010. M2 provided for a process to review MOE and adjust the benchmark every three years, effective July 1, 2014.

Each local jurisdiction must adopt an expenditure report to account for M2 funds, development/traffic impact fees, and funds expended that satisfy MOE requirements. Local jurisdictions are required to annually submit expenditure reports six months after the close of the FY, typically on December 31st, with the exception of the City of Huntington Beach. The City of Huntington Beach follows a federal fiscal year (October 1 to September 30), and therefore submits an expenditure report by March 31st. The Taxpayers Oversight Committee (TOC) approved the expenditure reports for all local jurisdictions in Orange County, except for the City of Huntington Beach, on February 12, 2013.

Discussion

Eligibility Guidelines

Technical revisions are proposed to enhance the Eligibility Guidelines and M2 expenditure report template. The administrative changes are indicated in the revised Eligibility Guidelines (Attachment A) and include updates to the Congestion Management Program checklist (Attachment A/Appendix C), Pavement Management Plan Certification (Attachment A/Appendix F), local fair share estimates (Attachment A/Appendix J), and acronyms list (Attachment A/Appendix L). In addition, an excerpt from the Countywide Pavement Management Program (PMP) Guidelines has been included in Attachment A/Appendix F to provide local jurisdictions with an agency checklist for PMP submittals.

A review of the prior year expenditure reports indicated that some agencies had negative interest and high MOE costs dedicated to agency staff and administrative charges. This assessment was also noted by the TOC - Annual Eligibility Review (AER) Subcommittee during the subcommittee's review of the expenditure reports. In response, Orange County Transportation Authority (OCTA) staff has revised the current M2 expenditure report template to separate direct staff time charges to construction and maintenance from administrative charges related to indirect project costs. The expenditure report template and instructions in Attachment A/ Appendix G include revised

instructions to distinguish these two separate costs, and to clarify that negative interest is not an allowable expense. Negative interest is charged when a city advances a Measure M-funded project using city funds and charges interest to Measure M for use of those funds. In addition, a sample resolution for expenditure reports has been included in Attachment A/ Appendix G.

MOE Benchmark Adjustment

The ordinance requires the adjustment of the MOE benchmark by the percentage change in the California Department of Transportation construction cost index (CCI) for the previous three calendar years (2011, 2012, and 2013). This is the first adjustment to the MOE benchmark since it was established in 1990. The ordinance includes a provision that if the general fund revenues growth for the jurisdiction is less than the CCI growth, the general fund revenue growth value will be used for escalating the current MOE benchmark. If there is a negative or zero growth in the general fund revenues, the local jurisdiction's current MOE benchmark will remain unchanged. Although the calculated change in CCI growth will be the same for each local jurisdiction, the change in local jurisdiction's growth of general fund revenues may result in a different level of MOE adjustment for each local jurisdiction. The table below illustrates several potential scenarios for MOE adjustments with a sample MOE benchmark of \$500,000.

Scenarios	Total Growth in Caltrans' CCI*	Total Growth in General Fund Revenues	Action for MOE Adjustment
<u>Scenario 1:</u> Growth in CCI is greater than growth in general fund revenue	3.125%	1%	Adjusted MOE benchmark = current benchmark x 1% = \$500,000 x 1% = \$5,000 revised MOE benchmark = \$505,000
<u>Scenario 2:</u> Negative growth in general fund	3.125%	-2%	No change in current benchmark
<u>Scenario 3:</u> Growth in CCI is less than growth in general fund revenue	3.125%	4%	Adjusted benchmark = current benchmark x 3.125% = \$500,000 x 3.125% = \$15,625 revised MOE benchmark = \$515,625

* Note that the growth in CCI has been calculated using the growth in CCI for calendar years 2010 through 2012 and will be adjusted with the CCI for calendar year 2013. The CCI for 2010 is 76.8, and the CCI for 2012 is 79.2. The growth in CCI from 2010 to 2012 is 3.125 percent.

In addition, local jurisdictions are required to provide excerpts from the Comprehensive Annual Financial Report (CAFR) to provide evidence of actual general fund revenues in FY 2010-11 and FY 2012-13. This information will be used to determine the change in actual general fund revenues as required by the ordinance. This will be submitted to OCTA no later than December 31, 2013. OCTA staff will calculate the adjusted growth in CCI for calendar years 2011 through 2013. A comparison of the growth in general fund revenues and CCI will determine the appropriate MOE adjustment for each local jurisdiction and will be effective July 1, 2014 (FY 2014-15).

City of Huntington Beach's Expenditure Report

The City of Huntington Beach submitted the expenditure report for FY 2011-12 by the March 31st deadline. OCTA staff reviewed the expenditure report to ensure consistency and accuracy. The AER subcommittee found the City of Huntington Beach's expenditure report in compliance with the ordinance and recommended it to the TOC for eligibility approval on April 9, 2013.

Summary

The M2 Eligibility Guidelines have been modified to provide minor updates to the existing M2 Eligibility Guidelines and revisions to the M2 expenditure report template. Secondly, the current benchmarks for each local jurisdiction are identified in Attachment B and will be used as the MOE benchmark for the upcoming eligibility cycle for FY 2013-14. Local jurisdictions must submit excerpt information from the local jurisdictions CAFR for actual general fund revenues for FY 2010-11 and FY 2012-13 by December 31, 2013. The MOE adjustments described in this staff report will not go into effect until July 1, 2014. The final MOE benchmark adjustments will be presented to the Board of Directors in early spring. Lastly, the TOC reviewed the City of Huntington Beach's expenditure report for FY 2011-12 and found it in compliance with the ordinance.

Attachments

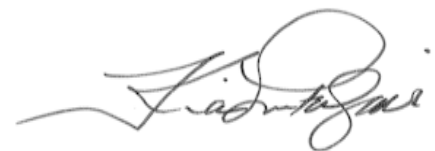
- A. Renewed M - Measure M2 Eligibility Guidelines – June 2013
- B. Table 2-1: Maintenance of Effort Benchmark by Local Jurisdiction –
Revised November 8, 2001

Prepared by:



May Hout
Associate Transportation
Funding Analyst
(714) 560-5905

Approved by:



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



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M2 Eligibility Guidelines and Measure M2
Expenditure Report**

Attachment B

TABLE 2-1
Maintenance of Effort Benchmark
by Local Jurisdiction

Revised November 8, 2001

Jurisdiction	MOE Benchmark
Aliso Viejo	\$ 400,000
Anaheim	\$ 7,496,000
Brea	\$ 703,000
Buena Park	\$ 3,526,282
Costa Mesa	\$ 5,980,000
Cypress	\$ 2,670,215
Dana Point	\$ 942,000
Fountain Valley	\$ 1,149,000
Fullerton	\$ 3,083,000
Garden Grove	\$ 2,732,000
Huntington Beach	\$ 4,510,000
Irvine	\$ 5,112,000
La Habra	\$ 1,297,000
La Palma	\$ 156,000
Laguna Beach	\$ 1,358,000
Laguna Hills	\$ 268,106
Laguna Niguel	\$ 691,000
Laguna Woods	\$ 77,769
Lake Forest	\$ 140,000
Los Alamitos	\$ 136,000
Mission Viejo	\$ 2,150,000
Newport Beach	\$ 8,229,000
Orange	\$ 2,205,000
Placentia	\$ 546,000
Rancho Santa Margarita	\$ 350,000
San Clemente	\$ 951,000
San Juan Capistrano	\$ 353,000
Santa Ana	\$ 6,753,031
Seal Beach	\$ 505,000
Stanton	\$ 172,000
Tustin	\$ 1,119,535
Villa Park	\$ 263,000
Westminster	\$ 1,284,000
Yorba Linda	\$ 1,933,000
Annual Total Orange County	\$ 69,240,938

General Fund Discretionary Expenditures for Maintenance, Construction and other Categories





BOARD COMMITTEE TRANSMITTAL

June 10, 2013

To: Members of the Board of Directors
From: *WK*
Wendy Knowles, Clerk of the Board
Subject: Measure M2 Environmental Cleanup Allocation Program –
Funding Program Guidelines Revisions and Tier 2 Grant
Program Call for Projects

Regional Planning and Highways Committee Meeting of June 3, 2013

Present: Directors Bates, Donchak, Harper, Lalloway, Miller, Murray,
and Spitzer
Absent: Director Nelson

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve the revised Environmental Cleanup Program Tier 2 Comprehensive Transportation Funding Program Guidelines.
- B. Authorize staff to issue the fiscal year 2013-14 call for projects for the Tier 2 Grant Program, totaling approximately \$25.3 million.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M2 Environmental Cleanup Allocation Program –
Funding Program Guidelines Revisions and Tier 2 Grant
Program Call for Projects**

Staff Report



June 3, 2013

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Measure M2 Environmental Cleanup Allocation Program – Funding Program Guidelines Revisions and Tier 2 Grant Program Call for Projects

Overview

The Measure M2 Environmental Cleanup Program, Project X, provides funds to assist jurisdictions in addressing water quality impacts related to transportation. In May 2012, the Orange County Transportation Authority Board of Directors approved the addition of the Tier 2 Environmental Cleanup Program Guidelines, which provide grants to regional projects, to the Comprehensive Transportation Funding Program. The Tier 2 guidelines have been updated to reflect lessons learned from the prior call for projects process. Staff is recommending approval of the revisions and authorization to issue the fiscal year 2013-14 Tier 2 Grant Program's call for projects.

Recommendations

- A. Approve the revised Environmental Cleanup Program Tier 2 Comprehensive Transportation Funding Program Guidelines.
- B. Authorize staff to issue the fiscal year 2013-14 call for projects for the Tier 2 Grant Program, totaling approximately \$25.3 million.

Background

The Environmental Cleanup Program, Project X (ECP), provides for the allocation of Measure M2 (M2) revenues to improve overall water quality in Orange County from transportation-related pollution. Funding for the ECP is allocated on a countywide competitive basis to assist jurisdictions in controlling transportation-related pollution. These funds are intended to supplement, not supplant, existing transportation-related water quality programs. Funds are awarded to priority projects that improve water quality in streams, harbors, and other waterways that have a nexus to transportation-related pollution

consistent with Orange County Transportation Authority's (OCTA) M2 Ordinance No. 3.

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

On February 25, 2013, the Board approved eight (of 12) projects for \$12.7 million in funding for the first Tier 2 call for projects (call).

Discussion

To prepare for the Tier 2 call, a consultant was retained to assist OCTA and the potential funding applicants in identifying opportunities for water quality projects. The focus will be on the most strategically effective areas for implementation of structural best management practices within Orange County's 11 watersheds. Since February 2013, staff has continued to reach out to various potential applicants to further develop projects.

The Tier 2 Grant Program Planning Study (Planning Study) provides the framework in identifying the most impaired water bodies in Orange County by using geographic information system and analysis of water quality data. This information provides the basis for technical project evaluation through watershed and location-specific needs and priority analyses. The Planning Study supported development of the Tier 2 guidelines and scoring criteria which are used to evaluate eligible projects.

During staff's presentation to the Executive Committee (Committee) in February 2013 for the Tier 2 call funding recommendations, the Committee provided input on the public outreach efforts, more focus on high-priority areas as outlined in the Planning Study, and encouraged more participation by reducing the program match requirements.

Since then, staff has continued to reach out to cities within the most strategically effective areas for implementation of structural best management practices. Staff has been working with the cities and the consultant to identify the potential projects to allow the cities to choose the best project(s) to meet the Tier 2 Grant Program objectives. Furthermore, staff will continue to conduct Tier 2 field reviews, workshops, and one-on-one meetings with potential applicants throughout the 90-day call period (further discussed below).

In the first Tier 2 call, there were opportunities to reduce the local match from 50 percent to 25 percent. In recognition that some smaller cities may not be able to commit resources to meet the minimum match requirement, the Environmental Cleanup Allocation Committee (ECAC) recommended the minimum match be reduced to 20 percent from 25 percent. To accomplish this, the guidelines have been revised to allow agencies to reduce the match based on project readiness and/or an operations and maintenance (O&M) commitment beyond a ten-year minimum.

The proposed minimum match reduction to 20 percent deviates from the streets and roads programs where an applicant can reduce the minimum match to 25 percent based on criteria included in Ordinance No. 3 that is specific to the Streets and Roads Program. The match reduction to 20 percent for Project X Tier 2 projects may mean fewer projects being awarded funding since OCTA would contribute more M2 funds to off-set the lower match obligation by the applicant.

The ECAC also recommended \$25.3 million be allocated for the FY 2013-14 call. Since the Tier 2 type projects may involve multiple jurisdictions and are regional in nature, the ECAC recommended a cap of \$5 million of Project X funds per project.

Staff has taken into consideration the experience from the FY 2012-13 Tier 2 call and evaluation process. Consequently, the ECAC is recommending that the ECP Tier 2 Comprehensive Transportation Funding Program Guidelines (Guidelines) be revised to improve the process (Attachment A). Some of the changes to the Guidelines include:

- Deleted 70 point minimum to maintain consistency with the rest of the streets and roads programs (where no minimum is required)
- Reduced the minimum match requirement percent to 20 percent from 25 percent
- Added definitions for ineligible expenditures

On May 9, 2013, the ECAC endorsed the approval of the Tier 2 Guidelines and the release of the FY 2013-14 Tier 2 call.

Next Steps

Upon Board authorization, the Tier 2 call is anticipated to begin on June 24, 2013 for a 90-day period. Staff will conduct group and one-on-one workshops with applicants to provide guidance and input on the application process. In addition, staff will conduct field visits with potential applicants. Applications will be due on September 24, 2013. The ECAC will evaluate the applications, and staff will return to the Board for funding authorization in the November/December 2013 timeframe.

Fiscal Impact

This project is proposed to be included in OCTA's FY 2013-14 Budget, Planning Division, Account 0017-7831-MX001-T6S, and is funded with M2 funds.

Summary

Staff is recommending the approval of the revised Tier 2 Comprehensive Transportation Funding Program Guidelines and authorization to issue the fiscal year 2013-14 call for projects for the Tier 2 Grant Program, totaling approximately \$25.3 million.

Attachment

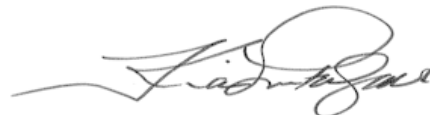
- A. Draft Revised Environmental Cleanup Program Tier 2 Comprehensive
Transportation Funding Program Guidelines

Prepared by:



Dan Phu
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(714) 560-5907

Approved by:



Kia Mortazavi
Executive Director, Planning
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ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M2 Environmental Cleanup Allocation Program –
Funding Program Guidelines Revisions and Tier 2 Grant
Program Call for Projects**

Attachment A

DRAFT

**Revised Environmental Cleanup Program Tier 2 Comprehensive
Transportation Funding Program Guidelines**

The Tier 2 Grant Program consists of funding larger (projects treating catchment areas of 50 acres or greater), potentially multi-jurisdictional, capital-intensive structural treatment best management practice (BMP) projects. Proposed projects covering smaller catchment areas which are otherwise eligible are not prohibited from the application process and will be regarded as eligible for consideration if the proposed project can demonstrate highly significant water quality improvement benefits (greater than other competing larger scale proposed projects) and cost-effectiveness under the scoring criteria guidelines. Tier 2 funds are designed to fund large-scale BMP construction projects. Examples include constructed wetlands, detention/infiltration basins and other large-scale BMPs that mitigate litter and debris, heavy metals, organic chemicals, sediment, nutrients, and other transportation-related pollutants. Funds will be awarded through a competitive grant process geared towards awarding funds to the highest scoring, most cost-effective projects.

Pre-Application Process

In order to facilitate a jurisdiction's best use of the Environmental Cleanup Program, Project X (ECP) funds, Tier 2 applicants may engage in a pre-application process with Orange County Transportation Authority (OCTA) staff in order to assist jurisdictions in project planning, proposal and cost estimate development, and determination of likely projected competitiveness in the scoring criteria. The pre-application timeframe is defined as the time between the initiation of the call for projects (call) and one week prior to the application deadline date. Subsequent to the call deadline, applicants will not be able to change the content of their application or scope of the project.

Eligible Applicants

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

For Tier 2 multi-agency collaborations, M2 eligible jurisdictions may partner with other entities such as special districts and non-profits, but the lead agency must be an M2 eligible jurisdiction.

Third parties, such as water and wastewater public entities, environmental resource organizations, non-profit 501(c) environmental institutions, and homeowners associations cannot act as the lead agency for a proposed project, however; these agencies can jointly apply with an M2 eligible Orange County city and/or the County of Orange. Joint applicants must contribute to the project in some capacity (monetary contribution, time contribution, etc.).

Two or more agencies may participate in a project. If a joint application among agencies and/or third party entities is submitted, a preliminary agreement with joint or third party entities must be provided as part of the application. In order to meet M2 Ordinance requirements, an eligible applicant must be the lead agency for the funding application. Per Chapter 9, if a project includes more than one jurisdiction and is being submitted as a joint application, one agency shall act as lead agency and must provide a resolution of support from the other agency. In addition, the applicant shall provide a schedule by which the lead agency will obtain a final agreement with a third party—must be provided. The final agreement must be executed prior to grant funds being released/contract award date.

Each eligible jurisdiction must meet the eligibility criteria as set forth in Chapter 1 of the Combined Transportation Funding Program (CTFP) Guidelines. For example, to apply for CTFP programs, local agencies must fulfill an annual eligibility process. Eligibility packages are due to OCTA by June 30 of each year. The M2 Eligibility Preparation Manual outlines the eligibility requirements in detail.

In order for an applicant to accept ECP funding for their proposed project, OCTA has certain requirements that must be met. These requirements include adhering to the OCTA CTFP Guidelines; meeting a ten-year BMP operations and maintenance (O&M) commitment; and commitment to maintain and monitor the project commensurate with the design life.

Project Programming

The Tier 2 Grant Program is designed to be consistent in terms of approach with Chapter 2 of the CTFP Guidelines regarding the provisions below:

- Program Consolidation
- Sequential Programming Process
- Funding Projections
- Programming Adjustments
- Project Cost Escalation
- Project Readiness
- Programming Policies
- Schedule Change Requests
- Project Advancements

- Semi-Annual Review

Refer to Chapter 2 for explanation of the above provisions.

Funding Estimates

The Tier 2 program ~~will be~~was funded beginning in winter 2012-13 using bond financing revenues, with up to \$38 million allocated through fiscal year (FY) 2014-15. Beyond FY 2014-15, funding will be based on a pay-as-you-go basis. The maximum amount that an individual project may receive of the initial \$38 million in Tier 2 funding is capped at \$5 million per project ~~phase~~. ~~Projects must receive a minimum evaluation score of 70 out of 100 to receive grant funds.~~

~~The first Tier 2 call for projects is expected to be issued in spring 2012 with a total amount of \$13.3 million. Jurisdictions may request allocation of funds to be in either FY 2012-13 or FY 2013-14. The~~For the second Tier 2 call, ~~approximately of \$24.7– \$25.3 million is expected to be available in FY 2013-14 and~~ jurisdictions Applicants may request allocation of funds in either FY 2013-14 or FY 2014-15. Depending on the outcome of the first two Tier 2 calls, there may be a third call if there are residual funds available after the first two calls.

FY 201~~32~~-1~~34~~ Tier 2 Implementation Timeline

The Tier 2 call will be open for 90 days. The FY 201~~23~~-1~~34~~ Tier 2 applications must be received by OCTA **no later than 5:00 PM, ~~September 4~~October xx, 201~~32~~**. OCTA is seeking applications for projects, which can be awarded no later than June 30, 201~~34~~ for the FY 201~~23~~-1~~34~~ funding cycle, or by June 30, 201~~45~~ for the FY 201~~34~~-1~~45~~ funding cycle. Projects that do not obligate funds by the dates/cycles listed above will not be considered. Funds allocated by OCTA for each awarded project will be available on July 1st of that funding cycle year.

After the Tier 2 applications are reviewed by OCTA, an advisory panel will review and rank projects. Following review and recommendation by the Environmental Cleanup Allocation Committee (ECAC), a recommended priority list of projects will be forwarded to the OCTA Board of Directors (Board) for approval. Funds allocated for projects are final once approved by the OCTA Board. No additional funds will be allocated to the project. Grantees are responsible for any costs exceeding the allocated amount.

Matching Funds

For the Tier 2 Grant Program, a minimum local match of 50 percent of the total eligible project ~~phase~~-cost is required. These matching funds can be provided by

cash contributions or in-kind services. Expenditures that are ineligible for grant funding cannot be used as matching funds. Construction management and project management cannot exceed 15 percent of eligible construction costs. Previously completed phases of a project may not be attributed to the match. Prior expenditures cannot be used as matching funds. In-kind services can include salaries and benefits for employees who work directly on the project. In-kind services for O&M cannot be pledged as a match.

Potential to reduce matching funds up to ~~25~~30 percent

- 5 Project readiness (i.e., environmental [~~5~~five percent], design [~~5~~five percent] or right-of-way (ROW) acquisition (~~5~~five percent) – up to 15 percent reduction
Note: 5 percent match reduction for ROW acquisition cannot be claimed if no ROW acquisition is required for the project.
- O&M commitment beyond ten years: Five years above commitment for a total of 15 years (~~5~~10 percent reduction) and/or ten years above commitment for a total of 20 years (~~10~~15 percent reduction) ~~– up to 10% reduction~~

If a joint application among agencies and/or third party entities is submitted, matching funds documentation must clearly identify the entity providing the funds for each line item in the matching funds description. Additionally, preliminary agreements are required to be submitted with the grant application that contains the matching funds commitments from a supporting agency.

Applicants must submit a draft BMP O&M Plan covering a minimum of ten years after project completion. The BMP O&M Plan must document (through a resolution) project O&M financial commitment and sustainability for ten years and is subject to an OCTA semi-annual (twice yearly) review process over the ten-year period. BMP O&M costs cannot be used for the match or in-kind services. Applicants must include as part of the O&M Plan, project assessment and monitoring of performance. A documented 15- or 20-year draft BMP O&M Plan (submitted with application) will be eligible for a ~~5~~10 percent or ~~10~~15 percent matching funds reduction, respectively. Please refer to the County of Los Angeles Stormwater Best Management Practice Design and Maintenance Manual <http://dpw.lacounty.gov/DES/design_manuals/> for guidance.

Refer to Chapter 10 for reimbursement details. Sufficient documentation including council resolutions, purchase orders, invoices, and payroll records must be submitted with the funding request to enable OCTA to verify total project expenditures and eligible costs.

Matching rate commitments identified in the project grant application shall remain constant throughout the project. Match rate commitments may not be reduced for any reason.

Eligible Expenditures

- ECP funds are designed to fund capital improvements. Tier 2 funds are designed to be strictly used for project construction costs, although up to 10 percent of total grant amount (i.e., funds requested) may be allocated to preliminary project design, environmental, or engineering costs. ~~Non-capital expenses for enhancements such as education, recreation, etc. are not eligible for Tier 2 grant funding.~~

- Tier 2 projects must meet the transportation nexus as outlined previously in this chapter.

~~Expenditures prior to award date cannot be considered eligible for funding or match.~~

- Eligible jurisdictions may use in-kind services to meet all or part of the matching funds requirement. These services can include salaries and benefits for employees of the eligible jurisdiction who perform work on the project or programs. Only those employees' salaries and benefits working directly on the project will be considered for the matching requirement. For Tier 2, construction management and project management cannot exceed 15 percent of the total construction costs.

- ECP funds can only be used for facilities that are in public ownership for public use; however, water quality improvements on private property, which are connected to municipal separate storm sewer systems, are eligible (For example, a homeowners association can apply for funding through an eligible agency if the proposed project is connected to a public facility).

Ineligible Expenditures (including, but not limited to)

- Non-capital expenses for enhancements such as education, recreation, etc., are not eligible for Tier 2 grant funding

- Expenditures prior to letter agreement execution cannot be considered eligible for funding or match

- Benches

- Landscaping not directly related to improving water quality

- Trails/sidewalks, unless contributing to water quality improvement

- Lighting

- O&A (as in-kind match)
- Planning activities beyond ten percent of grant request
- Replacement of existing water quality features

Overmatch

For the Tier 2 Grant Program, administering agencies may “overmatch” ECP projects (up to 25 percent); that is, additional cash match dollars may be provided for the project. Applicants will receive additional points in the evaluation process for over matching with cash contributions. Proposals that exceed the 50 percent minimum funding match will be given an additional one point for every five percent over the minimum cash match (up to five bonus points). Overmatch must be a cash contribution and cannot be from another competitive M2 grant program.

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

Expenditures incurred prior to letter agreement execution cannot be credited towards the matching fund threshold.

Reimbursements

For the Tier 2 Grant Program, OCTA will release funds through two payments. The initial payment will constitute 75 percent of the contract award or programmed amount at time of award. OCTA will disburse the final payment, approximately 25 percent of eligible funds, after approval of the final report. Further information on reimbursements can be located within Chapter 10 of the CTFP ~~2012~~ Guidelines.

Scope Reductions and Cost Savings

Any proposed scope reductions of an approved project must be submitted to OCTA to ensure consistency with the Tier 2 Grant Program requirements. If the proposed scope reduction is approved by OCTA, cost savings will be proportionally shared between OCTA and the grantee. A reduction in ECP funds must be applied proportionally to maintain the approved local match percentage. All cost savings will be returned to the Tier 2 Grant Program for reallocation for the subsequent call-

Tier 2 Selection Criteria

OCTA will evaluate all proposals that meet the mandatory prerequisites based on competitive selection criteria with the following categories:

- Problem and source identification
- Project design
- Project implementation and readiness
- Project benefits
- Performance metrics

Each proposal can receive a maximum of 100 points, exclusive of five bonus points associated with a cash "overmatch," which was discussed in a previous section. Tier 2 selection criteria include both technical scoring criteria –70 percent weighting – and non-technical scoring criteria –30 percent weighting.

A focus on several overarching concepts is emphasized in the funding guidelines and scoring criteria:

- Focus on a clear and measureable transportation nexus, defined as total lane miles in the project catchment area, as defined by the Master Plan of Arterial Highways
- Priority in the scoring criteria is given to projects in areas of highest water quality need, as established by predicted pollutant loading, receiving water monitoring, and the extent of impairment of receiving waters (i.e., higher priority given to 303(d) listed water bodies or project in a water quality plan)
- Quantification of project benefits where possible in terms of a load reduction metric (pollutants or water volumes), expressed in terms of cost-benefit
- Emphasis on project readiness, and ability to leverage funding
- Emphasis on other regional and environmental benefits
- Emphasis on multi-jurisdictional and public benefits

Application Process

The following information, which is to be completed within the Tier 2 Grant Application Form (Exhibit 12-2), is required by OCTA to evaluate and select projects. A checklist is included in the Tier 2 Grant Application Form to assist eligible agencies in assembling project proposals:

- Project Title
- Lead Agency Information
- Joint-Application (if applicable)
- Funding Request/Match Commitment
- Proposed Schedule
- Project Management
- Integrated Regional Water Management Plan identification (if applicable)
- Description of Proposed Project
- Project Priority
- Funding Cycle preference
- Performance Metrics (Project Specific Information)
- Funding Information

In addition, the following exhibits are required to be included within the submitted proposal:

- Project design or concept drawings, including preliminary design calculations, of proposed BMP
- Estimates of pollutant load reduction, calculated using Structural BMP Prioritization Analysis Tool (SBPAT) or equivalent
- Precise maps to show tributary drainage area and proposed location(s) for BMP installation
- Disposition of environmental clearance and permitting
- Discussion and disposition of long-term maintenance agreement
- Discussion of multiple benefits
- Discussion of funding leveraging/overmatch
- Digital project site photos
- A project master schedule
- Preliminary agreements with joint and/or third party entities if part of the funding application
- A draft resolution (final due prior to OCTA Executive Committee and Board approval)
- A ten-year draft BMP O&M Plan. Applicants may propose up to a 20-year draft BMP O&M Plan (if applicant desires match reduction)

Information can be completed utilizing the grant application exhibit. For the Tier 2 Grant Program, an unbound original and ~~four~~two copies (total of ~~five~~three) of the

completed application form and related exhibits are to be submitted, plus a CD/DVD copy of the complete application. Use separate sheets of paper if necessary.

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

Reporting and Reimbursement

The Tier 2 Grant Program is consistent with Chapter 10 of the CTFP Guidelines regarding the process and requirements of reimbursements and reporting including semi-annual reviews. Upon completion of project construction, a final BMP O&M Plan is required to be submitted along with the final report.

Additionally, an exception to Precept #36 is as follows: Agencies may appeal to the ECAC and the OCTA Board on any issues that the agency and OCTA cannot resolve.

Technical and/or Field Review

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

Additional Information

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

By mail:

Dan Phu
Orange County Transportation Authority
P.O. Box 14184
Orange, CA 92863-1584
Tel: (714) 560-5907
Fax: (714) 560-5794

In person:

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

**Exhibit 12-2
ECP Tier 2 Grant Application**

Project Title: _____

<p>Lead Agency Information</p> <p>(Project Administrator responsible for day-to-day project implementation)</p> <p>Name:</p> <p>Title:</p> <p>Address:</p> <p>Phone:</p> <p>Email:</p>	<p>FUNDING/MATCH SUMMARY</p> <p>TOTAL PROJECT COST (TPC) \$ _____</p> <p>Complete section "i." on next page to calculate amounts below</p> <p>TOTAL FUNDS REQUESTED \$ _____</p> <p>APPLICANT MATCH % (50% min. minus reductions) _____ %</p> <p>OVERMATCH COMMITMENT <u>(must be cash and cannot be from a competitive M2 grant program)</u> _____ %</p> <p>APPLICANT MATCH AMOUNT \$ _____</p> <p>Project is part of a larger effort (circle)</p>	<p>Yes / No</p>
<p>Joint Applicant / Third Party:</p> <p>Name:</p> <p>Title:</p> <p>Agency:</p> <p>Address:</p> <p>Phone:</p> <p>Email:</p>	<p>Joint Applicant / Third Party:</p> <p>Name:</p> <p>Title:</p> <p>Agency:</p> <p>Address:</p> <p>Phone:</p> <p>Email:</p>	<p>Joint Applicant / Third Party:</p> <p>Name:</p> <p>Title:</p> <p>Agency:</p> <p>Address:</p> <p>Phone:</p> <p>Email:</p>

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

i. Funding Request/Match Commitment:

Total Funds Requested (\$5 million max)	\$ _____	
Match Reduction Percentages (25<u>30</u>% max)* Project Readiness up to 15% Draft Operations and Maintenance (O&M) Plan up to 15 <u>10</u> %	Applicant Match	Match Calculation
<ul style="list-style-type: none"> • Minimum Required Match Percent <u>(50% of the total eligible project cost)</u> 	50%	50%
Project Readiness <u>(check box if applicable)</u> <input type="checkbox"/> CEQA Certification (must be certified) <input type="checkbox"/> Construction Documents Complete <input type="checkbox"/> ROW Acquired <u>(only if required for this project)</u>	5% reduction 5% reduction 5% reduction	Subtract <input type="text"/> % Subtract <input type="text"/> % Subtract <input type="text"/> %
Draft O&M Plan (10-year Plan Required) <ul style="list-style-type: none"> • O&M Beyond 10 years: 15 years (5<u>10</u>% reduction) or 20 years (10<u>15</u>% reduction) 	<u>10</u> 5 % or 10 <u>15</u> % reduction	Subtract <input type="text"/> %
Calculated Applicant Match Percentage	_____ %	
Applicant Overmatch Percentage <u>(must be cash and cannot be from a competitive M2 grant program; (see Part Two, #7)</u>	_____ %	
Applicant Match Amount (Total <u>Eligible Project Cost</u> Funds Requested x Match Percentage)	\$ _____	
Estimated Eligible Grant Funded Expenditures**	Amount	Percentage
<ul style="list-style-type: none"> • Construction 	\$ _____	_____ %
<ul style="list-style-type: none"> • Project Management/Construction Management (max 15% of Construction Cost) 	\$ _____	_____ %
<ul style="list-style-type: none"> • Preliminary Project Design, Environmental, & Engineering (max 10% of Total Funds Requested) 	\$ _____	_____ %
Total Eligible Expenditures (Cannot exceed total funds requested plus match amount)	\$ _____	

|

* Match reduction(s) require verification by evaluation committee.

|

** Provide if available. This information will be required for payment verification at time of invoicing.

DRAFT

|

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

ii. Proposed Schedule: Provide an estimate of the project's proposed schedule:

	Start Date	Completion Date
<u>Third Party/Joint Applicant Agreement</u> <u>(must be executed by the time grant funding is released prior to contract award date)</u>		
Environmental Document		
Design and Permitting (if applicable)		
ROW (if applicable)		
Award of Contract		
Construction		
O&M (10 years minimum 15 or 20 years for match reduction)		

iii. Project Management

Provide an assessment of the management capabilities of the Applicant/Lead Agency. At a minimum, include an organization chart (as attachment), showing key project individuals who will be responsible for ensuring that the project is completed and has long-term sustainability.

iv. Partnerships

State in what capacity the joint applicant/third party will be contributing to the project (monetary contribution, time contribution, etc.) and explain the process and timing of the agreement between your agency and the joint applicant/third party.

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

v. Transportation Nexus

Describe how the project meets the transportation nexus definition. See page 12-1 and 12--2.

vi. Existing Water Quality Expenditures

Describe how the project supplements and does not supplant funding from other sources of transportation related water quality projects and programs (see Overview on page 12-1 for further details) This question may not apply to all projects.

iv-vii. Integrated Regional Water Management Plan (IRWMP)

Is the proposed project identified in an existing IRWMP? Yes _____ No _____

v-viii. Description of Proposed Project

Describe the project and why it is important for controlling transportation-related pollutants to a watershed(s).

vi-ix. Project Details:

INFORMATION REQUIRED	INPUT
1. Project Location (Street Address or Lat-Long)	
2. Project BMP Type (use CASQA or equivalent definition)	
3. Project Design Criteria. Select one: - Volume-based BMP (24-hour rainfall volume) - Flow-based BMP (design 1-hour intensity)	
4. Project Site Map	Provide as attachment (provide as geographic information service (GIS) file or in Google Earth format)
5. Project Tributary Drainage Area	Provide as attachment (provide as GIS file or in Google Earth format)

**Exhibit 12-2 (continued)
ECP Tier 2 Grant Application**

vii-x. Project Priority

If submitting an application for more than one project, is this project your agency's priority?

Yes _____ No _____

viii-xi. Funding Cycle

If awarded funding, in which funding cycle would you like to receive funds? (Check one)

_____ FY ~~2012-13~~2013-14 (contract must be awarded by June 30, ~~2013~~2014 and funds would be available July 1, ~~2014~~2013)

_____ FY ~~2014-15~~2013-14 (contract must be awarded by June 30, ~~2014~~2015 and funds would be available July 1, ~~2015~~2014)

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

Part Two: Project Specific Information (scored)

Each proposal can receive up to 105 points, inclusive of five bonus points associated with overmatch commitment. Tier 2 selection criteria includes both technical scoring criteria (70 percent weighting) and non-technical scoring criteria (30 percent weighting)

- 1) Transportation Priority Index (5/100 pts – Coordination with OCTA required to determine points)

The Transportation Priority Index (TPI) is developed based on density of roadway lane miles within pre-defined catchment areas. OCTA will provide geospatial information (through ArcGIS and/or Google Earth) that will allow applicants to establish this point score based solely on project location/address.

Points (5 max)

(To be completed by OCTA)

- 2) Water Quality Need Analysis (40/100 pts – Coordination with OCTA required to determine points)

a) The Environmental Cleanup Allocation Committee (ECAC) agreed upon criteria upon which water quality Catchment Prioritization Index (CPI) scores were established. CPI scores quantify water quality need using the GIS-based Structural BMP Prioritization and Analysis Tool (SBPAT) and Orange County land use and receiving water data. OCTA will provide geospatial information (through ArcGIS and/or Google Earth) that will allow applicants to establish this point score based solely on project location/address.

Points (30 max)

(To be completed by OCTA)

b) The OCTA team reviewed County monitoring data and regulatory (303d) impairment lists to establish indices of water quality need based on receiving water quality. OCTA will provide geospatial information (through ArcGIS and/or Google Earth) that will allow applicants to establish this point score based solely on project location/address.

Points (10 max)

(To be completed by OCTA)

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

3) BMP Performance (25/100 pts – **Coordination with OCTA required to determine points**)

a) For Wet Weather (25 pts), develop water quality load reduction index (WQLRI)

A	B	C*	D*
Pollutant Family	Relative Contribution to CPI Score from SBPAT Prioritization Output	Avg. Annual Load Reduction from SBPAT Analysis Output (units vary, max 100)	Weighted Load Reduction (B x C)
Volume	___%		
Metals	___%		
Bacteria	___%		
Nutrients	___%		
TSS	___%		
	___%	dimensionless WQLRI (sum)	

* OCTA to complete

WQLRI/Total Project Cost (to be completed by OCTA):
 Wet Weather Project Quantile **(to be completed by OCTA)**:
 Wet-Weather Points Allocated **(to be completed by OCTA)**:

b) For Dry Weather (25 pts), estimate total dry-weather volume mitigated (include supplemental calculation package, including basis for estimates)

Proposed BMP Technology	
Estimated Total Dry Weather Flow Rate (cfs)	
Estimated Total Dry Weather Flow Rate Mitigated (cfs)	
Estimated Percentage of Dry-Weather Flow Removed or Avoided (MG/yr)	
Estimated Percentage of Dry-Weather Flow Treated to Water Quality Standards (MG/yr)	
Estimated Total Dry Weather Flow Volume Fully Mitigated (MG/year)	

Mitigated Dry Weather Volume/Total Project Cost (to be completed by OCTA):
 Dry-Weather Project Quantile **(to be completed by OCTA)**:
 Dry-Weather Points Allocated **(to be completed by OCTA)**:

c) Total BMP Performance Score (all to be completed by OCTA)

Wet-Weather Points Allocated (from a)}
 Dry-Weather Points Allocated (from b)}
 Total Points Allocated (max 25 points)

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

- 4) Multiple-Benefits (semi-qualitative analysis) (10/100 pts max from subcategories *a, b, c, d, e*)
Any benefit above and beyond water quality improvement (load reduction benefit) should be addressed in these questions. All subcategories may not apply to your project.

- a) Drainage (5 points maximum)

How does the project increase levels of protection or mitigate a flooding problem?

- b) Recreational (5 points maximum)

How does the project provide a recreational benefit to the community?

- c) Habitat (5 points maximum)

How does the project provide a habitat benefit?

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

d) Water Resources (5 points maximum)

Is there a potential water resources sustainability benefit? Describe.

e) Other (5 points maximum)

Describe any other benefit your project provides not previously addressed in a through d.

5) Project Readiness (10 points maximum)

Describe the project's readiness (i.e., how far along is the project with regard to concept development, cost estimates, design, environmental compliance, construction documents).

Exhibit 12-2 (continued)
ECP Tier 2 Grant Application

- 6) Policy (10/100 points maximum from subcategories *a* and *b*)
- a) Multi-Jurisdictional Project with Regional Benefit (maximum 10 points)
If the project is multi-jurisdictional, describe how it would provide a regional benefit.

- b) Community ~~and Public~~-Support and Benefit (maximum 5 points)
Community support could include but not be limited to third parties who are either directly or indirectly involved with the project. For example, if a project is located adjacent to a private development, the homeowners' association could write a letter of support for the project. Likewise, community organizations may also write letters of support for the project. Does the project have community ~~and public~~-support and how will it provide a benefit?

- 7) BONUS POINTS: Ability to Leverage Funding (5 points maximum, 1 point per 5%_ maximum 25%)
Will your agency provide matching funds above the minimum?

Part Three: Funding

Project Title: _____	Phone: _____
Contact: _____	Email: - _____
Agency: _____	

Local Match Detail

Cash Contribution	_____
In-Kind Services *	_____
Other Grants	_____
Total Match Commitment	\$ -

Source(s) of Local Match

- 1. *In-Kind Services (excluding O&M):** Salaries and benefits for employees who will perform work on the proposed project are eligible as a matching requirement. Please provide details on how in-kind services are calculated. Identify the Fiscal Year(s) of In-Kind expenditure and amount for each year. Do not use acronyms.

- 2. Other grants and/or funding** may include fair share funds, non-ECP state or federal grant funds, local city funds, general funds, developer fees, etc. Please list the name and amount of any respective non-ECP grants that are proposed as a match. If there are other grant type(s), include the status of each.

Part Three: Funding (continued)



**Comprehensive Transportation Funding Program
Environmental Cleanup Program
Tier 2 Cost Estimate**

1 Project Number		Lead Agency				Match Rate		Date:				
Project Title						#DM/01						
2	No.	Project Design, Environmental, Engineering Description	Unit Price	Unit of Measurement	Tier 2 Funding		Matching Funds		Non-Eligible Project Costs Other/Non-Eligible		Totals	
					Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
						\$ -		\$ -		\$ -		\$ -
						\$ -		\$ -		\$ -		\$ -
						\$ -		\$ -		\$ -		\$ -
Project Design, Environmental, Engineering Sub-Total					0	\$ -	0	\$ -	0	\$ -	0	\$ -
3	No.	Construction (Capital) Description	Unit Price	Unit of Measurement	Tier 2 Funding		Matching Funds		Other/Non-Eligible		Total	
					Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
						\$ -		\$ -		\$ -	0	\$ -
						\$ -		\$ -		\$ -	0	\$ -
						\$ -		\$ -		\$ -	0	\$ -
Construction (Capital) Sub-Total					0	\$ -	0	\$ -	0	\$ -	0	\$ -
4	No.	Construction Management Description	Unit Price	Unit of Measurement	Tier 2 Funding		Matching Funds		Other/Non-Eligible		Total	
					Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
						\$ -		\$ -		\$ -	0	\$ -
						\$ -		\$ -		\$ -	0	\$ -
						\$ -		\$ -		\$ -	0	\$ -
Construction Management Sub-Total					0	\$ -	0	\$ -	0	\$ -	0	\$ -
5	No.	Other Description	Unit Price	Unit of Measurement	Tier 2 Funding		Matching Funds		Other/Non-Eligible		Total	
					Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
						\$ -		\$ -		\$ -	0	\$ -
						\$ -		\$ -		\$ -	0	\$ -
						\$ -		\$ -		\$ -	0	\$ -
Other Sub-Total					0	\$ -	0	\$ -	0	\$ -	0	\$ -
Totals						\$ -		\$ -		\$ -		\$ -
Total Eligible Project Cost						\$0						

Part Three: Funding (continued)

<u>Estimated Preliminary Project Design, Environmental, & Engineering Costs</u>						
Item #	Description	Unit	Quantity	Unit Price		Amount
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				Subtotal:		\$0
<u>Estimated Construction (Capital) Costs</u>						
Item #	Description	Unit	Quantity	Cost/Price		Amount
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				Subtotal:		\$0
<u>Estimated Project Management/Construction Management Cost</u>						
Item #	Description	Unit	Quantity	Cost/Price		Amount
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				Subtotal:		\$0
<u>Estimated Other Cost</u>						
Item #	Description	Unit	Quantity	Cost/Price		Amount
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				\$ -	\$	-
				Subtotal:		\$0
TOTAL PROJECT COST						\$0

Part Four: Tier 2 Grant Program Resolution

SAMPLE AGENCY RESOLUTION REQUESTING FUNDS FOR PROPOSED PROJECT

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL/BOARD OF THE CITY/COUNTY OF _____ AUTHORIZING AN APPLICATION FOR FUNDS FOR THE ENVIRONMENTAL CLEANUP, TIER 2 GRANT PROGRAM UNDER ORANGE COUNTY LOCAL TRANSPORTATION ORDINANCE NO. 3 FOR (NAME OF PROPOSAL) PROJECT.

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

WHEREAS, the Environmental Cleanup, Tier 2 Grant Program consists of funding regional, potentially multi-jurisdictional, capital-intensive projects, such as constructed wetlands, detention/infiltration basins and bioswales, which mitigate pollutants including litter and debris, heavy metals, organic chemicals, sediment, and nutrients.

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

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

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

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

WHEREAS, the (ADMINISTERING AGENCY) will give OCTA's representatives access to and the right to examine all records, books, papers or documents related to the funded Tier 2 Grant Project; and

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

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

NOW, THEREFORE, BE IT RESOLVED that the City/County of _____, hereby authorizes (NAME OF AGENCY REPRESENTATIVE) as the official representative of the (ADMINISTERING AGENCY) to accept funds for the Environmental Cleanup, Tier 2 Grant Program for (NAME OF PROPOSAL).

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

Tier 2 Checklist

Mandatory Application Items (check all items included in this package)

Application (Parts 1 - 3)

Environmental Document (if applicable)

Preliminary Cooperative Agreement (if applicable)

Project Cost Estimate

Proposed Budget

Maps

Design / Concept Drawing

Digital Project Site Photos

Project Schedule

Draft Resolution

Applicable Exhibits (refer to Tier 2 Guidelines)

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ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M Taxpayers' Oversight Committee Recruitment,
Lottery, and Resolutions of Appreciation for Outgoing
Members**

Staff Report



June 24, 2013

To: Members of the Board of Directors

From: Darrell Johnson, Chief Executive Officer

Subject: Measure M Taxpayers Oversight Committee Recruitment, Lottery, and Resolutions of Appreciation for Outgoing Members

Overview

Measure M, first approved by voters in 1990 and renewed again by voters in 2006, calls for a committee to oversee implementation of the program of transportation improvements. Each year, new committee members are recruited and selected to fill vacancies left by expired terms. The recruitment process has been completed for 2013, and a lottery must take place in public session to fill vacancies in the First, Third, Fourth, and Fifth Supervisorial Districts. In addition, resolutions of appreciation for four outgoing members are presented for Board of Directors' adoption.

Recommendations

- A. Pursuant to the Measure M ordinances, conduct the lottery for final selection of new Measure M Taxpayers Oversight Committee members by drawing one name, each representing the First, Third, Fourth, and Fifth Supervisorial Districts from the list of recommended finalists from the Grand Jurors Association of Orange County.
- B. Present Orange County Local Transportation Authority Resolutions of Appreciation No. 2013-073 for Richard Egan, No. 2013-074 for Dowling Tsai, No. 2013-075 for John Stammen, and No. 2013-076 for Elliot "Tony" Rouff, members of the Taxpayers Oversight Committee whose terms have expired.

Background

The Measure M Taxpayers Oversight Committee (TOC) is required by the Measure M (M1) Traffic Improvement and Growth Management Plan Ordinance No. 2 as well as the Measure M2 (M2) Ordinance No. 3. The TOC is an independent committee representing all five supervisorial districts in the County and is responsible for ensuring the transportation projects in M1 are

implemented according to the M1 Expenditure Plan and M2 Investment Plan approved by the voters.

The original oversight committee, known as the Citizens Oversight Committee (COC), began meeting in 1991. The M2 Ordinance called for the COC to be transformed into the TOC. In 2007, the TOC took on the role and basic responsibilities of the COC. Although M1 sales tax collection expired on March 31, 2011, the TOC will continue to oversee M1 expenditures and project activities, and approve any necessary amendments until M1 is fully closed out. The 11-member committee has a balanced representation of all supervisorial districts, with ten private citizens plus the Orange County Auditor-Controller. The TOC meets bimonthly to review progress on the implementation of the Measure M program.

Each year, as terms on the TOC come to an end, a recruitment process is conducted to fill vacancies. As outlined in the M1 and M2 ordinances, the recruitment process is conducted by the Grand Jurors Association of Orange County (GJAOC). The GJAOC acts as an independent body serving in the interest of Orange County citizens. In its role, the GJAOC appoints a five-member Selection Panel (Panel) to conduct the recruitment process.

The Panel conducted the first COC application/recruitment program from August to October 1990. The first lottery took place on November 15, 1990, and the individuals chosen began meeting in January 1991, serving staggered one-year, two-year, or three-year terms. Following the same recruitment process, new members serving three-year terms have joined the committee each year, replacing outgoing members whose terms have expired.

Discussion

On June 30, 2013, the terms of four members of the TOC will expire. The current membership roster is attached (Attachment A). The schedule for the recruitment process for this year began in mid-March to fill vacancies in the First, Third, Fourth, and Fifth Supervisorial Districts (Attachment B).

The Panel concluded the recruitment process to fill the four vacant positions at the end of May (Attachment C). A fact sheet/application form was used for recruitment purposes (Attachment D). Announcements were distributed to nearly 4,800 persons in the First, Third, Fourth, and Fifth Supervisorial Districts by utilizing email sent to listings in the Orange County Transportation Authority (OCTA) database. Advertisements also were placed in the *Los Angeles Times* and the *Orange County Register*, and on their websites, as well as in other

local newspapers and publications. In addition, postings were made on OCTA's Facebook and Twitter accounts, announcements were sent to the media, and city councils, and information was sent to local organizations to include in their newsletters.

The members of the Panel screened 66 applications from interested citizens, looking closely at each applicant's community service record as well as experience in community and transportation issues. The Panel considered each individual's ability to assess and analyze facts, desire to make the oversight committee a priority, their involvement in community organizations, any special skills or experience, and their degree of knowledge of government. In addition, the M1 and M2 ordinances prohibit elected or appointed officials from serving on the TOC.

Following an initial screening process, personal interviews were conducted by the Panel in an effort to gain as much insight as possible into the most qualified candidates.

The criteria listed in Policy Resolution No. 1, Section III, No. 3, of Ordinance No. 2 calls for no more than five candidates to be recommended for each supervisorial district. The Panel provides only the names of candidates it feels is most qualified for membership. The Panel is recommending 17 candidates for possible membership on the committee: two from the First Supervisorial District, five from the Third Supervisorial District, five from the Fourth Supervisorial District, and five from the Fifth Supervisorial District (Attachment E).

At the June 24, 2013, Board of Directors meeting, the Chairman will select four persons by lottery to fill the vacant positions. The four new members will begin serving their terms in July 2013. Each representative will serve a three-year term.

During the lottery process, the first name drawn from each supervisorial district will be the selected committee member. The remaining names will be drawn from each supervisorial district to establish a contingency list. Should a vacancy occur, finalists would be called upon to serve on the committee in the order in which the names were drawn.

Resolutions for Outgoing Members

Participation on the TOC requires dedication, time, and commitment. The volunteers who serve on the TOC provide expertise and insight resulting in thoughtful discussions regarding implementation and oversight of Measure M. In recognition of this contribution to the citizens of Orange County, the adoption

of Resolutions of Appreciation is proposed for the following TOC members who have completed their terms: Richard Egan – First Supervisorial District, Dowling Tsai – Third Supervisorial District, John Stammen – Fourth Supervisorial District, and Elliot “Tony” Rouff – Fifth Supervisorial District (Attachment F).

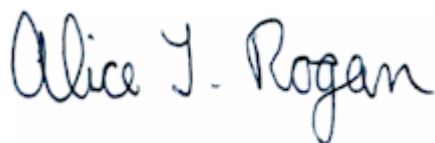
Summary

The Panel has completed its recruitment for four open positions on the TOC for the First, Third, Fourth, and Fifth Supervisorial Districts and submitted the names of eligible candidates for the 2013 lottery to fill the four positions. Also, four Resolutions of Appreciation for outgoing TOC members are included for Board of Directors’ adoption.

Attachments


- A. Measure M Taxpayers Oversight Committee Members Fiscal Year 2012-2013
- B. Measure M Taxpayers Oversight Committee 2013 Recruitment Schedule, Supervisorial Districts One, Three, Four, and Five
- C. Grand Jurors Association of Orange County Oversight Committee Selection Panel 2013
- D. Application For The 2013 Measure M Taxpayers Oversight Committee
- E. Measure M Taxpayers Oversight Committee 2013 Finalists
- F. Resolutions of Appreciation for Outgoing Members

Prepared by:



Alice T. Rogan
Strategic Communications Manager
(714) 560-5577

Approved by:



Ellen S. Burton
Executive Director, External Affairs
(714) 560-5923



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M Taxpayers' Oversight Committee Recruitment,
Lottery, and Resolutions of Appreciation for Outgoing
Members**

Attachment A

**MEASURE M
TAXPAYERS OVERSIGHT COMMITTEE MEMBERS
FISCAL YEAR 2012-13**

<u>District</u>	<u>Name</u>	<u>Term</u>	<u>Expiration</u>
1	Richard Egan	3 Years	2013
1	Anh-Tuan Le	3 Years	2015
2	Howard Mirowitz	3 Years	2014
2	Jack Wu	3 Years	2015
3	Merrill "Randy" Holbrook	3 Years	2014
3	Dowling Tsai	3 Years	2013
4	Philip C. La Puma, PE	3 Years	2015
4	John Stammen	3 Years	2013
5	Elliott "Tony" Rouff	3 Years	2013
5	Terry Fleskes	3 Years	2015
	Jan Grimes, Orange County Auditor-Controller		Required by M1 & M2 Ordinances



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M Taxpayers' Oversight Committee Recruitment,
Lottery, and Resolutions of Appreciation for Outgoing
Members**

Attachment B

**MEASURE M TAXPAYERS OVERSIGHT COMMITTEE
2013 RECRUITMENT SCHEDULE
SUPERVISORIAL DISTRICTS ONE, THREE, FOUR, AND FIVE**

Jan 16, 2013	Planning meeting with GJAOC Selection Panel
Week of Mar 11 Mar 18 – Apr 19	Press release distributed; Flyer emailed to city public information officers, weekly newsletters, supervisors' assistants; Posted on OCTA Social Media Outlets and Los Angeles (LA) Times and Orange County (OC) Register Websites
Mar 22, 23, 24 & 29	Ad in Local Papers
Mar 16 & 19 Mar 25 & 28	Ad in the LA Times Ad in the OC Register
Apr 12	Ad in OC Register community papers within the First, Second, Fourth, and Fifth supervisorial districts
Apr 8	First reading of applications by GJAOC Selection Panel
Apr 22	Applications due
May 6 –17	GJAOC Selection Panel interviews candidates
May 17	GJAOC Selection Panel submits list of finalists to OCTA
May 20 – 24	Legal review for conflict of interest
Jun 24	OCTA Chairman draws names at Board of Directors Meeting



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M Taxpayers' Oversight Committee Recruitment,
Lottery, and Resolutions of Appreciation for Outgoing
Members**

Attachment C

**GRAND JURORS ASSOCIATION OF ORANGE COUNTY
OVERSIGHT COMMITTEE
SELECTION PANEL
2013**

Glen Stroud (Chair)

Joe Moreland

John Gallie

Robin Bowen

William Underwood

John Moohr



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M Taxpayers' Oversight Committee Recruitment,
Lottery, and Resolutions of Appreciation for Outgoing
Members**

Attachment D

APPLY FOR THE 2013 MEASURE M TAXPAYERS OVERSIGHT COMMITTEE

RESIDENTS NEEDED FROM THE FIRST, THIRD, FOURTH AND FIFTH SUPERVISORIAL DISTRICTS

Measure M is the Transportation Ordinance and Plan approved first by Orange County voters in 1990 and renewed again by voters in 2006. The combined measures raise the sales tax in Orange County by one-half cent for a total period of 50 years to alleviate traffic congestion. This money is administered by the Orange County Transportation Authority (OCTA) and pays for specific voter-approved transportation projects for freeway improvements, local street and road improvements, and rail and transit programs specified in the Plan.

Measure M requires that an independent Taxpayers Oversight Committee ensure the integrity of the measure by acting as watchdog over the expenditures specified in the Transportation Ordinance and Plan.

The responsibilities of the 11-member Measure M Taxpayers Oversight Committee are to:

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

► HOW ARE MEMBERS CHOSEN?

Measure M Oversight Committee candidates are chosen by the Grand Jurors Association of Orange County (GJAOC), which has formed a five-member Taxpayers Oversight Committee Selection Panel to conduct an extensive recruitment program. The panel screens all applications, conducts interviews and recommends candidates for membership on the Taxpayers Oversight Committee. The GJAOC is made up of former grand jurors who have a continuing concern for good government and whose purpose is to promote public understanding of the functions and purpose of the grand jury. The GJAOC is a neutral body serving the interests of the citizens of Orange County.

Measure M Taxpayers Oversight Committee members represent each of the five Orange County Supervisorial Districts and have been meeting regularly since 1990. At this time, the GJAOC is conducting a recruitment to fill four vacancies with one representative from each of the First, Third, Fourth and Fifth supervisorial districts. The GJAOC will recommend as many as five finalists from each district. The new members are to be chosen by lottery at the June 24, 2013 meeting of the OCTA Board of Directors. The terms for the new committee members will begin July 1, 2013. The representatives will serve three-year terms which expire on June 30, 2016. This is a volunteer position and no monetary compensation will be paid to committee members. The Chairperson is the elected Auditor-Controller of Orange County. The Auditor-Controller's term coincides with his/her elected/appointed term.

► WHO CAN APPLY TO SERVE?

Any Orange County citizen 18 years or older may apply to serve on the Measure M Taxpayers Oversight Committee. Potential candidates will be reviewed on the basis of the following criteria:

1. Commitment and ability to participate in Taxpayers Oversight Committee meetings for a three-year term from July 1, 2013 to June 30, 2016. The Committee will maintain time and meeting requirements. The Committee currently meets quarterly.
2. Demonstrated interest and history of participation in community activities, with special emphasis on transportation-related activities.
3. Lack of conflict of interest with respect to the expenditure of the sales tax revenue generated by Measure M. All Taxpayers Oversight Committee members are required to sign a conflict of interest form when accepting appointment.
4. Elected or appointed city, district, county, state or federal officials are not eligible to serve.

DEADLINE FOR APPLICATION:

All applications **MUST** be received no later than **April 22, 2013**. For more information, call the GJAOC's Taxpayers Oversight Committee Selection Panel at (714) 970-9329. Please mail application to:

GJAOC's Measure M Taxpayers Oversight Committee
Selection Panel
P.O. Box 1154
Yorba Linda, CA 92885-1154

APPLICATION FOR MEASURE M TAXPAYERS OVERSIGHT COMMITTEE

PLEASE TYPE OR PRINT USING DARK INK. ADDITIONAL SHEETS MAY BE ATTACHED IF NEEDED.

Name (Mr. Ms. Mrs.) _____ Email _____
(circle one)

Business Address _____ City _____ Zip Code _____

Residence Address _____ City _____ Zip Code _____

Home Phone (____) _____ Business Phone (____) _____

Supervisorial District Number _____ (Call Registrar of Voters at (714) 567-7586 to confirm your district.)

Are you presently employed? _____ not employed? _____ retired? _____

Present Occupation _____ Employer _____

Please state your ethnic origin (optional) _____

How long have you lived in Orange County? _____

Are you a citizen of the United States? Yes No

Are you a registered voter?..... Yes No

Are you related to, or closely associated with any elected official or public employee?..... Yes No
If yes, please state the nature of the association.

Have you ever been convicted of malfeasance in office, or of any felony? Yes No
If yes, please explain.

As a member of any profession or organization, or as a holder of any office,
have you ever been suspended, disbarred, or otherwise disqualified? Yes No
If yes, please explain.

Do you personally have any past or pending issues related to development
or transportation in any Orange County city? Yes No
If yes, please explain.

Are you currently serving with any organization in an elected or appointed capacity
involved with planning or traffic matters? Yes No
If yes, please explain.

KEEP AN EYE ON YOUR TAX DOLLARS

Do you possess research abilities, including complex reading facility and capability to assess and analyze facts? Yes No

Are you able and willing to define and evaluate issues without expressing a personal bias? Yes No

While no specific time commitment is predetermined, are you willing to make a conscientious effort for a period of three years to give membership on this committee a priority and participate as necessary? Yes No

If you are presently active or have been active in the past five years in any organization, please give the organization name, nature of your activities and duties, and appropriate dates. (Attach sheet if necessary)

In what transportation-related activities have you been involved?

What do you know about Measure M?

What specialized skill or expertise would you bring to the Oversight Committee?

EDUCATIONAL BACKGROUND:

List highest grade completed, any degrees you hold and the college/university attended and date of graduation.

EMPLOYMENT BACKGROUND:

List employment history for the last five years, including positions and titles held.

How did you hear about the Taxpayers Oversight Committee?

Continued on back

APPLICATION FOR MEASURE M TAXPAYERS OVERSIGHT COMMITTEE

Why do you wish to be considered for membership on the Taxpayers Oversight Committee?

APPLICATION MUST BE RECEIVED BY APRIL 22, 2013.

Please send completed application to:

GJAOC's Measure M Taxpayers Oversight Committee Selection Panel
P.O. Box 1154
Yorba Linda, CA 92885-1154

For more information call (714) 970-9329.

I hereby declare the information provided in this Application for the Measure M Oversight Committee is true, correct and complete to the best of my knowledge. I understand that my statements may be verified and I give permission to do so.

Date

Signature



Orange County Transportation Authority
550 South Main Street
PO Box 14184
Orange, CA 92863-1584



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M Taxpayers' Oversight Committee Recruitment,
Lottery, and Resolutions of Appreciation for Outgoing
Members**

Attachment E

**MEASURE M
TAXPAYERS OVERSIGHT COMMITTEE
2013 FINALISTS**

DISTRICT 1

<u>NAME</u>	<u>CITY</u>
Guitierrez, Zachary	Garden Grove
Mahal, Nindy	Santa Ana

DISTRICT 3

<u>NAME</u>	<u>CITY</u>
Card, Les	Irvine
Cavecche, Carolyn	Orange
Duensing, Terre	Orange
Kelley, Jim	Tustin
Merino, Michael	Orange

DISTRICT 4

<u>NAME</u>	<u>CITY</u>
Hall, Cynthia	Anaheim
Hall, Rya	Anaheim
Harvey, Theresa	Fullerton
Miller, Paul	Placentia
Naftali, Arief	Brea

DISTRICT 5

<u>NAME</u>	<u>CITY</u>
Falk, Murray	Laguna Woods
Gupta, Nilima	Lake Forest
McGregor, Derek	Trabuco Canyon
Oakley, Richard	Rancho Santa Margarita
Tayanipour, Steven	Laguna Niguel



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Measure M Taxpayers' Oversight Committee Recruitment,
Lottery, and Resolutions of Appreciation for Outgoing
Members**

Attachment F

Richard Egan

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of Richard Egan to the successful implementation of Measure M to date; and

WHEREAS, be it known that Richard Egan has served on the Measure M Taxpayers Oversight Committee from July 2010 to June 2013; and

WHEREAS, Mr. Egan has served on the Measure M Taxpayers Oversight Committee - Audit Subcommittee for three years; and

WHEREAS, representing the citizens of Orange County and the First Supervisorial District, Mr. Egan displayed a keen perception and understanding of issues and the complexities of both the Measure M1 and Measure M2 ordinances and investment plans.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors is privileged to recognize Richard Egan's outstanding public service; and

BE IT FURTHER RESOLVED that the Board of Directors does hereby acknowledge and appreciate the dedicated efforts of Richard Egan and the many hours of his personal time that he gave to ensure the will of the voters and the integrity of Measure M were maintained.

Dated: June 24, 2013

**Gregory T. Winterbottom, Chair
Orange County Transportation Authority**

**Darrell Johnson, Chief Executive Officer
Orange County Transportation Authority**

OCTA Resolution No. 2013-073

Dowling Tsai

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of Dowling Tsai to the successful implementation of Measure M to date; and

WHEREAS, be it known that Dowling Tsai has served on the Measure M Taxpayers Oversight Committee from July 2010 to June 2013; and

WHEREAS, Mr. Tsai has served on the Measure M Taxpayers Oversight Committee - Annual Eligibility Review Subcommittee for three years; and

WHEREAS, representing the citizens of Orange County and the Third Supervisorial District, Mr. Tsai displayed a keen perception and understanding of issues and the complexities of both the Measure M1 and Measure M2 ordinances and investment plans.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors is privileged to recognize Dowling Tsai's outstanding public service; and

BE IT FURTHER RESOLVED that the Board of Directors does hereby acknowledge and appreciate the dedicated efforts of Dowling Tsai and the many hours of his personal time that he gave to ensure the will of the voters and the integrity of Measure M were maintained.

Dated: June 24, 2013

**Gregory T. Winterbottom, Chair
Orange County Transportation Authority**

**Darrell Johnson, Chief Executive Officer
Orange County Transportation Authority**

OCTA Resolution No. 2013-074

John Stammen

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of John Stammen to the successful implementation of Measure M to date; and

WHEREAS, be it known that John Stammen has served on the Measure M Taxpayers Oversight Committee from July 2010 to June 2013; and

WHEREAS, Mr. Stammen has served on the Measure M Taxpayers Oversight Committee - Annual Eligibility Review Subcommittee for three years; and

WHEREAS, Mr. Stammen has acted in the best interest of the citizens of Orange County and the Fourth Supervisorial District during the implementation of both the Measure M1 and Measure M2 ordinances and investment plans.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors is privileged to recognize John Stammen's outstanding public service; and

BE IT FURTHER RESOLVED that the Board of Directors does hereby acknowledge and appreciate the dedicated efforts of John Stammen and the many hours of his personal time that he gave to ensure the will of the voters and the integrity of Measure M were maintained.

Dated: June 24, 2013

**Gregory T. Winterbottom, Chair
Orange County Transportation Authority**

**Darrell Johnson, Chief Executive Officer
Orange County Transportation Authority**

OCTA Resolution No. 2013-075

Elliot “Tony” Rouff

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of Elliot “Tony” Rouff to the successful implementation of Measure M to date; and

WHEREAS, be it known that Elliot “Tony” Rouff has served on the Measure M Taxpayers Oversight Committee from July 2010 to June 2013; and

WHEREAS, Mr. Rouff has served on the Measure M Taxpayers Oversight Committee – Annual Eligibility Review Subcommittee for three years;

WHEREAS, Mr. Rouff also served as Chairman of the Measure M Taxpayers Oversight Committee Annual Eligibility Review Subcommittee for two years;

WHEREAS, Mr. Rouff has acted in the best interest of the citizens of Orange County and the Fifth Supervisorial District during the implementation of both the Measure M1 and Measure M2 ordinances and investment plans.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors is privileged to recognize Elliot “Tony” Rouff’s outstanding public service; and

BE IT FURTHER RESOLVED that the Board of Directors does hereby acknowledge and appreciate the dedicated efforts of Elliot “Tony” Rouff and the many hours of his personal time that he gave to ensure the will of the voters and the integrity of Measure M were maintained.

Dated: June 24, 2013

**Gregory T. Winterbottom, Chair
Orange County Transportation Authority**

**Darrell Johnson, Chief Executive Officer
Orange County Transportation Authority**

OCTA Resolution No. 2013-076



COMMITTEE TRANSMITTAL

June 24, 2013

To: Members of the Board of Directors
From: Wendy Knowles, ^{WK} Clerk of the Board
Subject: Anaheim Rapid Connection Locally Preferred Alternative Concurrence

Transit Committee Meeting of June 13, 2013

Present: Directors Donchak, Eastman, Jones, Nguyen, and Shaw
Absent: Directors Pulido and Winterbottom

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Concur with the City of Anaheim's adoption of the Streetcar Alternative as the locally preferred alternative for the Anaheim Rapid Connection. The locally preferred alternative is defined as an at-grade modern streetcar system operating in a mixed-flow configuration primarily in the existing street right-of-way on Katella Avenue, Clementine Street, Harbor Boulevard, and Convention Way.
- B. Direct staff to work with the City of Anaheim to ensure that the development of the locally preferred alternative provides for compatibility with the Santa Ana/Garden Grove Fixed-Guideway Project.
- C. Direct staff to work with the City of Anaheim to develop cost containment strategies to reduce cost of the locally preferred alternative, consistent with the project's identified goals and objectives, as well as the value engineering efforts utilized by the Federal Transit Administration.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Anaheim Rapid Connection Locally Preferred Alternative
Concurrence**

Staff Report



June 13, 2013

To: Transit Committee

From: Darrell Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the "From:" line.

Subject: Anaheim Rapid Connection Locally Preferred Alternative Concurrence

Overview

The City of Anaheim completed the Anaheim Rapid Connection Draft Alternatives Analysis Report, and the Anaheim City Council adopted the Streetcar Alternative as the locally preferred alternative. The City of Anaheim initially presented the selection of the locally preferred alternative to the Board of Directors in January 2013. Information supporting the locally preferred alternative has been expanded to address the Board of Directors' concerns. Additionally, a Special Board of Directors Meeting was conducted in February 2013 for staff to provide an in-depth review of each of the Go Local Fixed-Guideway Program project development steps, including the scope of each phase, the funding awarded to date, the roles and responsibilities of the Orange County Transportation Authority and participating cities, and future funding sources. As a result of these efforts, staff is returning to the Board of Directors to seek concurrence on the City of Anaheim's locally preferred alternative.

Recommendations

- A. Concur with the City of Anaheim's adoption of the Streetcar Alternative as the locally preferred alternative for the Anaheim Rapid Connection. The locally preferred alternative is defined as an at-grade modern streetcar system operating in a mixed-flow configuration primarily in the existing street right-of-way on Katella Avenue, Clementine Street, Harbor Boulevard, and Convention Way.

- B. Direct staff to work with the City of Anaheim to ensure that the development of the locally preferred alternative provides for compatibility with the proposed Santa Ana/Garden Grove Fixed-Guideway Project.

- C. Direct staff to work with the City of Anaheim to develop cost containment strategies to reduce cost of the locally preferred alternative, consistent with the project's identified goals and objectives, as well as the value engineering efforts utilized by the Federal Transit Administration.

Background

In February 2006, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved the Measure M2 Project S Transit Extensions to Metrolink (Program), previously known as Go Local, to help broaden the reach of the Metrolink system by providing a link between stations and major destinations. The Program is a competitive process in which local jurisdictions take the lead in defining, planning, and implementing transit extensions that branch from Metrolink stations to outlying communities and activity centers. In 2008, as part of Step One of the Program, the City of Anaheim (City) proposed the Anaheim Rapid Connection (ARC) project, an east-west, high-capacity transit connection between the Anaheim Regional Transportation Intermodal Center (ARTIC), the Platinum Triangle, and The Anaheim Resort. The purpose of the ARC project is to substantially increase transit ridership to, from, and within the five-square mile study area containing ARTIC, the mixed-use Platinum Triangle development area, and The Anaheim Resort. The ARC project would allow residents, workers, and visitors to travel to and from ARTIC, where transfers could be easily made to and from Metrolink, Amtrak, local fixed-route bus, and bus rapid transit. The ARC project would also improve transit service for short trips within the study area, allowing riders who arrive by car to park once and circulate by transit. By offering a service that is convenient and frequent, the ARC project is expected to attract additional riders to transit, support planned growth, and enhance livability within the study area, the City, Orange County, and Southern California.

In May 2008, following review of the initial concept report, the ARC project was determined to meet Board-approved criteria, and the Board awarded \$5.9 million to advance additional planning, including preparation of an alternatives analysis (AA) report, conceptual engineering, and state and federal environmental clearance. The City and OCTA then entered into a cooperative agreement that outlined key milestones, including the City's adoption of the locally preferred alternative (LPA), for which the City would return to the Board for concurrence, and provide an ARC project update.

Following this award, the City utilized a screening framework developed around the goals of the ARC project and community input, and initiated a combined

AA and environmental impact report/environmental impact statement for two primary build alternatives: bus and elevated fixed-guideway. Substantial development activities were completed for these alternatives, including the preparation of conceptual engineering, environmental analysis, and cost estimates.

In an effort to further develop the Program, in September 2010, the Board approved the Program's funding guidelines and issued a call for projects for preliminary engineering (PE) activities. An application from the City was received requesting Program funding for PE of an elevated fixed-guideway alternative. The application was reviewed by staff, consistent with Board-approved criteria, and the Board subsequently awarded funding for further development of the elevated fixed-guideway in the amount of \$18,535,000. The funding is comprised of 80 percent Federal Transit Administration (FTA) Section 5307 funds, ten percent Measure M2 Project S funds, and ten percent local City match. The funding award also included funds for the City to complete additional FTA project development activities required prior to requesting approval to begin PE from the FTA.

As project development activities advanced, there was ongoing review and refinement of the project alternatives and corresponding cost estimates. Upon review of the cost estimate for the elevated fixed-guideway and an initial evaluation of the potential competitiveness of the elevated fixed-guideway within the federal New Starts funding program, project staff from the City, FTA, and OCTA agreed, with general support of the approach from the Board, that an additional alternative should be added to the AA process that would be more cost effective and still meet the goals and objectives of the study and Program. Subsequently, a third alternative, Streetcar Alternative was added to the AA. Following the decision to include the third alternative, the City also determined that it would proceed with a sequential planning process: complete the AA, select an LPA, and then proceed with environmental clearance.

The City hosted a public workshop in September 2012 to present the results of the AA to the public. A similar presentation was made to the Board the following month. Based upon the results of the AA, City staff recommended the Streetcar Alternative be selected as the LPA. In October 2012, the City Council held a workshop on the ARC project and AA. The City Council subsequently selected the Streetcar Alternative as the LPA.

At the January 28, 2013 OCTA Board meeting, the City sought concurrence from the OCTA Board on the LPA, as well as approval of a funding plan adjustment to reduce overall funding for project development activities and PE from \$18,535,000 to \$13,352,000 as a result of the selection of the at-grade

streetcar as the LPA, as compared to the elevated alternative which had been the basis for the original PE cost estimate. At that meeting, the Board approved the funding plan adjustment and requested additional information regarding the ARC project, as well as an overview of the Program in its entirety before taking action on the LPA.

A Special Board Meeting was held on February 28, 2013, to provide the Board with an in-depth review of each of the project development steps of the Program, including the scope of each phase, the funding awarded to date, the roles and responsibilities of OCTA and participating cities, and future funding sources. Additionally, staff was requested to return to the Board to outline each of the incremental decisions that are required by the Board to advance the fixed-guideway projects, as well as the costs associated with these decisions. Staff prepared the requested decision diagram for Board discussion on April 22, 2013. It is provided as reference to illustrate the timing of the Board's decision on the ARC project LPA in relation to the upcoming Program decisions (Attachment A). In conjunction with these Program efforts, the City is returning to the Board to seek concurrence on the ARC project LPA.

Discussion

The AA for the ARC project describes and evaluates alternatives to provide an east-west transit connection between ARTIC and major employment, residential, sports, entertainment, and convention activity centers in the Platinum Triangle and The Anaheim Resort. The AA was prepared by the City in coordination with OCTA. OCTA staff worked closely with FTA and the City to ensure that the AA was developed in a manner consistent with the FTA New Starts evaluation criteria. Specifically, FTA was engaged in the review and comment of key project development deliverables. Also, FTA was involved in the development of the ARC project's ridership model to ensure that the model appropriately captured the unique visitor travel market within the transit corridor.

Alternatives Analysis

The AA report, completed by the City in October 2012, describes the ARC project's purpose and need, the AA study process, and the evaluation of the alternatives based upon conceptual-level engineering and related technical analysis. The AA analyzed the alternatives based on a set of evaluation criteria used by FTA to consider project viability, including mobility benefits and impacts, environmental effects, economic development and land use support, and cost and cost-effectiveness. The following is an overview of the evaluation

of alternatives as documented in the complete AA Report and summarized in the AA Executive Summary (Attachment B).

Ridership

The AA found that the elevated fixed-guideway offers the highest speed and attracts the greatest ridership; however, the elevated fixed-guideway alternative is the most costly to build and to operate. It would also be costly to extend the system, add or expand stations, or increase frequency as transit demand grows over time. The ridership demand on this transit corridor is expected to vary over time, with higher demand at certain times of the year, including special events. The elevated fixed-guideway's lack of flexibility to respond to varying levels of demand and growth over time is considered to be a major drawback that the enhanced bus and streetcar alternatives do not face, and was therefore ruled out.

The Streetcar Alternative would attract and serve a larger base of overall riders than the enhanced bus (approximately 22 percent more riders are projected to use a streetcar than the enhanced bus). For internal trips to and from destinations in the ARC corridor, the Streetcar Alternative would also serve a larger share of riders (30 percent more internal riders are projected to use a streetcar than the enhanced bus). A significant share of this internal ridership is anticipated to come from The Anaheim Resort district employees and guests, meeting the identified project goals, purpose, and need.

Based upon studies of similar streetcar projects nationwide, the visibility of tracks in the street and more prominent stations are likely to attract greater ridership. Compared to enhanced bus service, the Streetcar Alternative offers a fixed-guideway system that makes it far more visible to the user and particularly to the visitor who may be unfamiliar with the system.

Environmental Analysis

The Streetcar Alternative would have no major environmental impacts (minimal noise, vibration, visual, aesthetic, and environmental justice impacts), a higher level of total benefits, and would provide significant emission reductions over no-build conditions and the bus alternative, taking more vehicles off the roads and freeway.

Supportive Land Use/Economic Development

Consistent with FTA evaluation criteria, the Streetcar Alternative would provide the strongest support for City land-use and economic development policies and plans as it is easily integrated into pedestrian-oriented development, providing a high level of support for mixed-use development, and strong future pedestrian connectivity with stations located on study area sidewalks. Similar to its positive impact on ridership, the Streetcar Alternative also has a greater positive impact on land use and economic development, given the permanency of the investment in tracks and stations.

Project Cost

The Streetcar Alternative capital cost is less than half the cost of the elevated fixed-guideway and more closely aligns with the potential funding sources available for project delivery. It has a more competitive FTA cost-effectiveness rating, and the operating and maintenance costs could be locally funded by a combination of funding resources, such as Anaheim Tourism Improvement District transportation funds, sponsorship, retail, and farebox.

Project Cost Evaluation

In order to provide the Board a clear understanding of the project cost, staff has provided the estimate in the context of first, how it compares to other peer streetcar systems on a cost per track mile basis, and second, showing the ARC project cost estimate broken down by cost category to delineate the major cost drivers (Attachment C).

Compared to other similar systems, the ARC project is on the higher range of cost. However, specific factors that impact capital expenses, including local labor costs, right-of-way needs, utility and drainage work, and environmental mitigation requirements can vary significantly between projects. This should be taken into account when reviewing peer comparison information.

The ARC project cost estimate is broken down by FTA's standard cost categories: guideway and track work, stations/stops, support facilities, site work and special conditions, systems, right-of-way, vehicles, professional services, unallocated contingency, and finance charges.

The escalation costs and contingency amounts have been removed and displayed separately in order to identify specific project elements that could be considered for refinement and value engineering as part of the next phase of

project development. Project contingency takes into account the current risk profile associated with estimated project costs, given the stage of the project and the amount of engineering work that has been completed. FTA recommends a total contingency of 30 percent (allocated and unallocated contingency) for entry into the PE phase. Because the ARC project has not yet entered PE, the total contingency at this point should be at least 30 percent, according to FTA guidelines.

The expectation is that the percent of contingency will decrease during future project phases as project development is more clearly defined, more accurate and detailed engineering information is made available, the number of unknowns regarding the project scope decreases, and the risk mitigation measures are clarified. FTA recommends a contingency of 20 percent for entry into the final design phase, and 15 percent when a full funding grant agreement is reached. While contingency costs typically decrease during the course of project development, overall project costs may have adjustments in base project costs as the project scope is finalized.

With Board direction, staff proposes to work with the City on value engineering to identify opportunities for cost reduction of the LPA while still maintaining the adopted purpose and need of the project. Staff would coordinate this effort with the guidance of FTA to ensure consistency with FTA's regular value engineering efforts. Additionally, staff is seeking Board direction to work with the City to ensure that, as the LPA is advanced and refined through the environmental clearance process, it is developed in a manner that allows for compatibility with the Santa Ana/Garden Grove Fixed-Guideway Project. These efforts would focus on key project design features such as vehicle technology and maintenance facility specifications in order to maximize economies of scale and operational efficiencies, as well as provide for the possibility of future connectivity between the two systems.

Funding

To date, the planning phases for the ARC project have been funded through a combination of Measure M, Measure M2, and federal 5307 formula funds. The City's access to the PE funds is contingent upon approval by the Board and FTA to enter into PE.

The future phases (final design, right-of-way acquisition, and construction) are currently unfunded. The Board direction to date is that the ARC project, as well as the Santa Ana/Garden Grove Fixed-Guideway Project, pursues FTA New Starts

funding. Both of these projects are included in the M2020 Plan and the M2020 Plan of Finance, approved by the Board in September 2012 and November 2012, respectively, as projects eligible for the Measure M2 Project S: Transit Extensions to Metrolink funding program. The M2020 Plan of Finance includes both the Board direction to pursue FTA New Starts, as well as an alternate scenario to potentially advance the ARC project and the Santa Ana/Garden Grove Fixed-Guideway Project through other federal and local funding sources, excluding New Starts.

With significant technical and strategic input from OCTA's program management oversight team, staff concurs with the process the City utilized to evaluate project alternatives. Staff supports the selection of the Streetcar Alternative as the LPA in conjunction with the efforts to identify and employ cost reduction strategies and compatible guideway systems.

Next Steps

Should the Board concur with the LPA, the City will proceed with preparation of the state and federal environmental documents and advanced conceptual engineering plans in 2013. Concurrence with the ARC LPA does not require additional funding to proceed with environmental clearance work, nor does it permit the initiation of project delivery. The City will return to the Board for concurrence at the next Program milestone, completion of the draft environmental document, which is anticipated in 2014. Following completion of environmental clearance, a request will be made to FTA to initiate PE. Over the next year, staff will be seeking Board direction on the Program policy decisions regarding funding plans and appropriate governance structure for delivery of future phases, including operations and maintenance, consistent with the decision diagram presented to the Board in April 2013.

Summary

The City completed the AA and adopted the Streetcar Alternative as the LPA. Staff is seeking Board concurrence on the Streetcar Alternative as the LPA for the ARC project. The Streetcar Alternative will be studied further through the state and federal environmental clearance processes and PE activities.

Attachments

- A. Go Local Fixed-Guideway Program: Decision Flow Diagram
- B. Anaheim Rapid Connection Project Alternatives Analysis Report: Executive Summary
- C. Anaheim Rapid Connection (ARC) Capital Cost Summary and Comparison

Prepared by:



Kelly Hart
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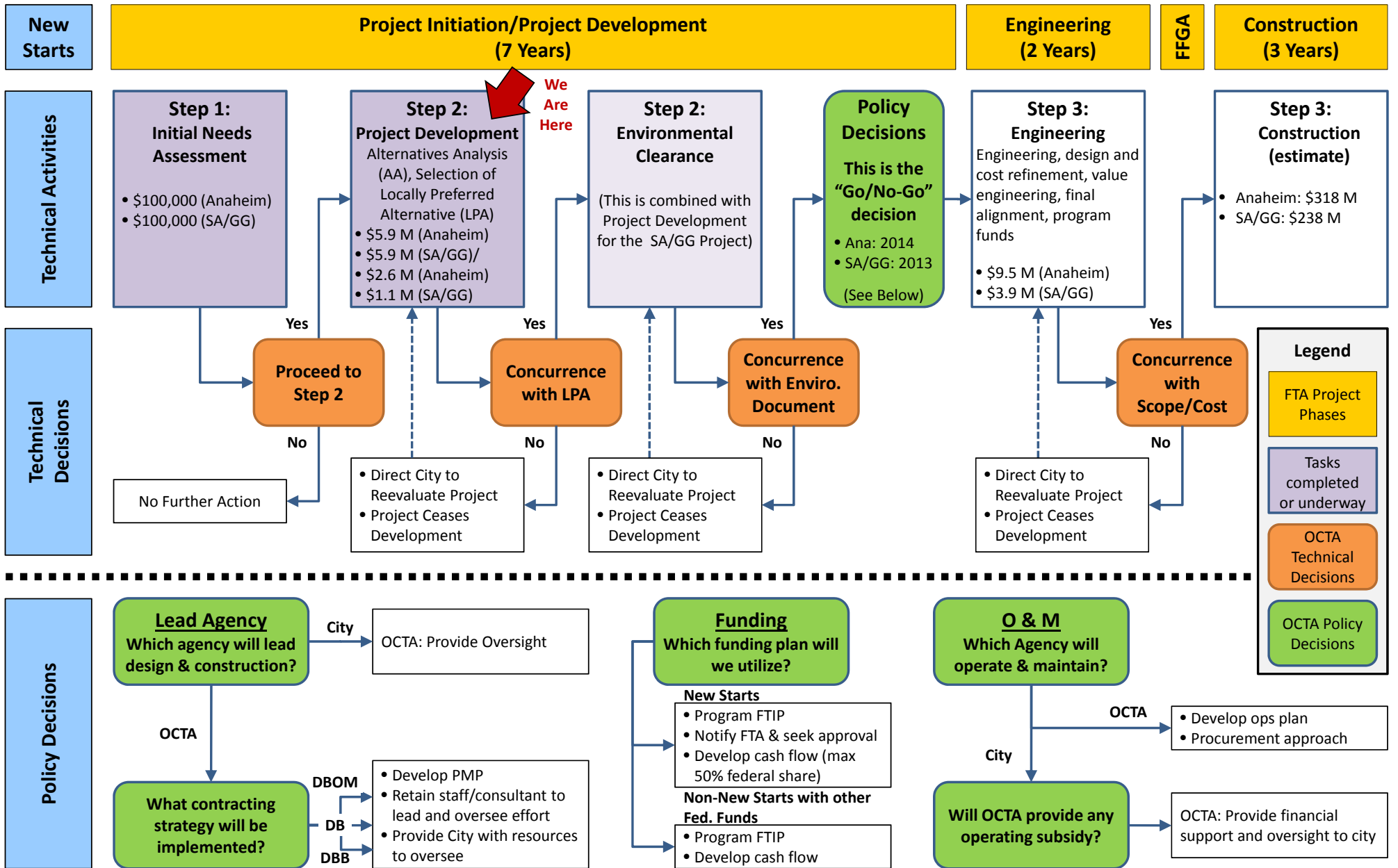
ORANGE COUNTY TRANSPORTATION AUTHORITY

**Anaheim Rapid Connection Locally Preferred Alternative
Concurrence**

Attachment A

Go Local Fixed-Guideway Program: Decision Flow Diagram

ATTACHMENT A





ORANGE COUNTY TRANSPORTATION AUTHORITY

**Anaheim Rapid Connection Locally Preferred Alternative
Concurrence**

Attachment B

**Anaheim Rapid Connection Project
Alternatives Analysis Report: Executive Summary**



EXECUTIVE SUMMARY

The City of Anaheim, in coordination with the Orange County Transportation Authority (OCTA), has completed the Anaheim Rapid Connection (ARC) Fixed-Guideway Alternatives Analysis (AA) study. The ARC AA study explored opportunities to provide an east-west transit connection between the planned Anaheim Regional Transportation Intermodal Center (ARTIC) and the activity centers of the Platinum Triangle and The Anaheim Resort®. The AA study was a cooperative effort with the participation of the City of Anaheim, OCTA, and the Federal Transit Administration (FTA).

Located in the center of the City of Anaheim in Northern Orange County, the approximate five square mile Study Area attracts national and international visitors, and includes a diverse cross-section of what makes Anaheim unique – from the Disneyland Resort and Anaheim Convention Center, and more than one-third of Orange County’s hotels in The Anaheim Resort, to the fast-growing, mixed-use Platinum Triangle area, which is also home to the Angel Stadium of Anaheim and Honda Center.

The initial goals of the project were defined some 18 years ago, when a people mover system connecting major attractions in Anaheim was first envisioned. Over the past four years, interest in a transit connection has gained momentum with the renewal of Measure M, the initiation of OCTA’s *Go Local* funding program, and the expansion of Metrolink to serve as Orange County’s “backbone” commuter rail system. In 2007, the City of Anaheim adopted the *Go Local Transit Master Plan* which included the ARC Fixed-Guideway project. The ARC project is envisioned to provide transit access for trips within the Study Area as well as a convenient “last mile” connection between the Study Area’s activity centers and Metrolink, Amtrak, local fixed-route bus, Stationlink bus, and future California High-Speed Rail (CHSR) at ARTIC, which is under construction and will be open in 2014.

On September 22, 2008, the OCTA Board approved a Cooperative Agreement with the City of Anaheim for detailed planning, alternatives analysis, conceptual engineering, and state and federal environmental clearance for the proposed Anaheim Rapid Connection (ARC) Fixed-Guideway Project. On March 14, 2011, the OCTA Board approved a second cooperative agreement with the City, which was amended on January 12, 2012, to provide funding for ARC pre-preliminary engineering activities, including preparation of an application for federal New Starts funding and preliminary engineering efforts.

Initiated in February 2009, the ARC Fixed-Guideway AA study sought to answer the following questions:

- Why does Anaheim need new transit service?
- What travel markets will benefit?
- What technologies are appropriate?
- What are the best alignment and the best location for stations?
- What are the costs, benefits, and impacts of various transportation alternatives?

The ARC AA study has answered these questions through a three-step study process that developed and assessed a full range of transportation alternatives to identify the alternative that best meets the



identified project goals and mobility challenges defined in the purpose and need effort. Each study phase incorporated technical and environmental analyses, along with stakeholder and community input. The third and last AA study evaluation phase assessed a final set of four alternatives based on conceptual-level engineering and related technical and environmental assessment efforts, along with community and agency outreach input. The resulting information, presenting the benefits and challenges of each of the proposed project alternatives, is documented in this AA report and provides the basis for informed decision-making in identifying the recommended Locally Preferred Alternative (LPA) presented here. (The LPA will be added to this section following City Council action.)

ES.1 Project and Study Area Description

The ARC project is envisioned to provide transit access for trips both within the Study Area and beyond by providing a transit connection that will link Orange County's "backbone" Metrolink commuter rail system to Anaheim's major employment and activity centers and visitor destinations in the Platinum Triangle and The Anaheim Resort. The project is needed to accommodate existing and projected future demand for local and regional travel in a unique visitor/recreational market in the heart of Central Orange County's sports and entertainment district. Connecting Anaheim activity centers with a new and highly visible transit option to the planned ARTIC and regional transit systems would address deficiencies in the City's transportation system. The project would also address Anaheim's development plans and would be expandable to serve local and region-wide travel needs.

ES.1.1 Activity Centers and Destinations

The ARC Study Area is home to numerous activity centers, community nodes, and regional attractions as illustrated in Figure ES.1. Currently, there are 51,600 jobs and 25,300 residents within the five square mile Study Area. In addition, Study Area destinations attract approximately 20 million annual visitors from all over the U.S. and the world. Several of the largest tourist attractions and event centers in Southern California are located in Anaheim, and the visitor market is a major driver of the local and regional economy, creating jobs and revenue for the City of Anaheim and Orange County. The Study Area activity centers are summarized below and shown in Figure ES.1.

The Anaheim Resort – The approximate 1,100-acre area known as The Anaheim Resort encompasses the Anaheim Convention Center, theme parks, numerous hotels and motels (over 30 percent of the hotel rooms in Orange County), retail space, restaurants, and other visitor attractions. As shown in Figure ES.1, the four major components of The Anaheim Resort are:

- **Anaheim Convention Center** – The Anaheim Convention Center (ACC) is the largest convention center on the West Coast, hosting exhibitions, conferences, and meetings of national and international scope. The ACC includes 815,000 square feet of exhibition space and 100,000 square feet of meeting and ballroom space, and draws more than one million convention attendees annually. An expansion project underway to provide additional outdoor convention space will be completed in 2013. In 2010, the ACC hosted more than one million conference and



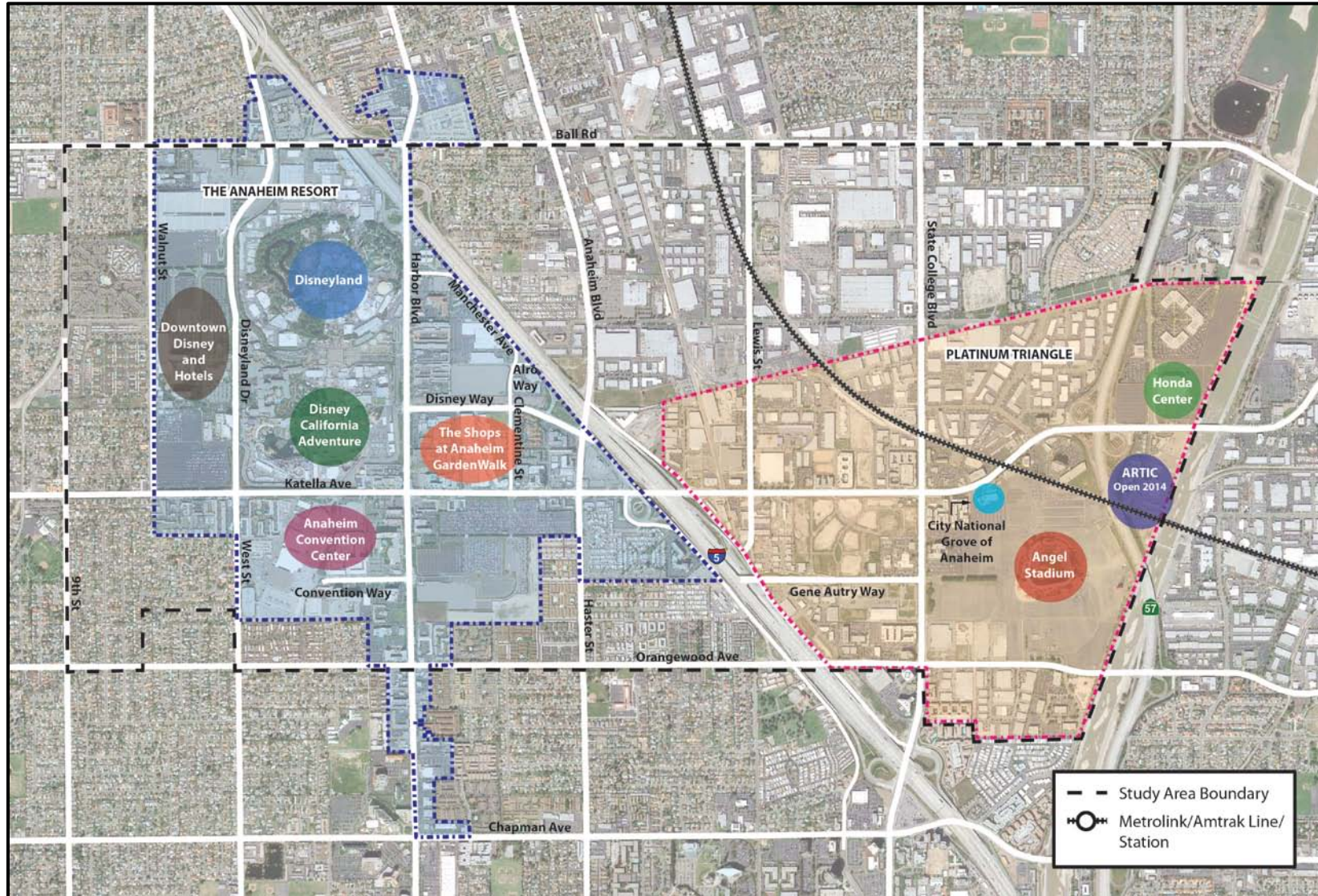
meeting attendees who spent more than \$1.1 billion in the region as identified by the Anaheim-Orange County Visitor and Convention Bureau.

- **Disneyland Resort** – The Disneyland Resort is a top tourist attraction in Southern California, hosting millions of visitors annually. It is also Anaheim’s largest employer providing approximately 23,000 jobs. The Disneyland Resort includes Disneyland Park, Disney California Adventure, Downtown Disney District, and several resort hotels. These interrelated destinations generate approximately \$4.7 billion annually for the Southern California economy. There are also related parking facilities located east of Harbor Boulevard and south of Katella Avenue.
- **The Shops at Anaheim GardenWalk** – Anaheim GardenWalk, a major lifestyle retail center, opened in 2008, and encompasses 440,000 square feet of retail, restaurant, and entertainment uses. The final project phase will include two additional hotels (866 rooms) and a 400-unit timeshare. A bus depot, which accommodates 15 bus bays, has been constructed as part of the Anaheim GardenWalk.

Platinum Triangle – A major transformation is occurring in this district of the City which was created through an update to the *City of Anaheim General Plan* in 2004, and which already includes Angel Stadium, Honda Center, and the City National Grove of Anaheim. New land use designations were implemented in the area generally bounded by I-5 and SR-57 between Katella and Orangewood Avenues to provide for the transition from existing industrial uses to mixed-use, residential, office, and commercial uses. Current zoning allows for 18,909 residential units in the Platinum Triangle, of which over 8,000 units are in various stages of approval or completion. The Platinum Triangle can accommodate up to 14.3 million square feet of office space and 4.9 million square feet of retail space. Industrial and institutional uses also are permitted. The four major components of the Platinum Triangle are shown in Figure ES.1 and described below.

- **Anaheim Station/ARTIC** – The current Anaheim Station, which links bus transit, taxi, and commuter and intercity rail service, is located off Katella Avenue adjacent to Angel Stadium. It will be converted into the City’s planned intermodal transportation hub, ARTIC, and will serve as the City’s regional transportation gateway for visitors and those who live, work, and visit in the region. The *Platinum Triangle Master Land Use Plan* allows development of a mix of high-density retail, office, housing, and visitor-oriented facilities adjoining ARTIC. Given plans to integrate Metrolink, Amtrak, and high-speed rail service at ARTIC, this multi-modal transit hub and activity center will be the principal anchor for the ARC Fixed-Guideway project, and will be an iconic transportation hub in the Southern California region when the station opens in 2014.
- **Angel Stadium** – Home to the Angels, a Major League Baseball team, Angel Stadium is a major sporting and event center in Southern California with seating for just over 40,000 spectators and attracts more than 3.4 million annual attendees. Approximately 80 home games occur annually

Figure ES.1 – Study Area





at Angel Stadium along with other major events and concerts throughout the year. The stadium site is integral to the Platinum Triangle.

- **Honda Center** – Honda Center is a major sports and event center, with seating for over 17,000 spectators. It serves as the home of the Anaheim Ducks National Hockey League team. Events at Honda Center attract approximately 1.7 million annual attendees.
- **City National Grove of Anaheim** – This indoor venue hosts more than 250 events annually ranging from concerts to corporate and private events. The 5,000-seat facility is owned by the City of Anaheim and managed by Nederlander Concerts.

The City of Anaheim has developed and initiated implementation of Study Area land use and economic development plans to create higher density, mixed-use development incorporating housing, office, commercial, hotels and related amenities. Relevant studies and plans, include the *City of Anaheim Go Local Transit Master Plan*, *City of Anaheim General Plan*, the *Anaheim Regional Transportation Intermodal Center (ARTIC) Project*, the *Platinum Triangle Master Land Use Plan*, *Anaheim Resort Specific Plan*, *Disneyland Resort Specific Plan*, *Hotel Circle Specific Plan*, *Metrolink Service Expansion Program*, *California High-Speed Rail Environmental Impact Statement/Environmental Impact Report (EIS/EIR)* and other improvement plans and studies. These studies and plans provided the background and context for the ARC Fixed-Guideway Transit Corridor AA Study.

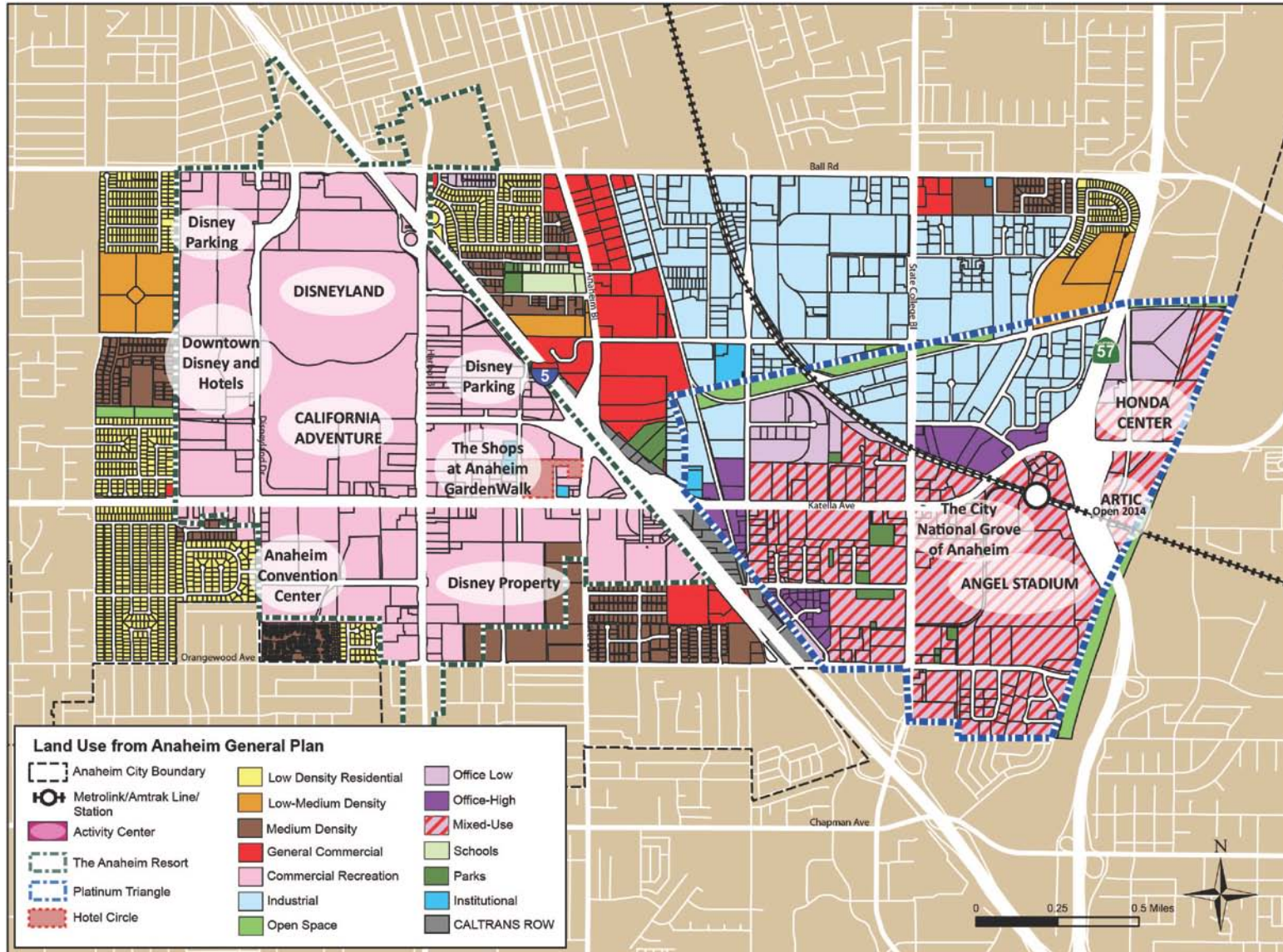
ES.2 Mobility Challenges and Purpose and Need

The existing and future demographic, land use, and transportation setting, along with the definition of the mobility challenges and opportunities to be addressed by the proposed ARC Fixed-Guideway project have been identified and documented in the *Mobility Problem Definition/Purpose and Need Report (Appendix A)*. The following discussion highlights the key current and future mobility factors in the Study Area.

Demographics – Based on the Orange County Projections for 2010 as reflected in the Southern California Association of Governments (SCAG) *Regional Transportation Plan (RTP 2012) Forecasts*, between 2010 and 2035, population in the Study Area is expected to increase by approximately 62 percent from 25,300 to 41,100 residents, while employment is projected to grow by approximately 46 percent from 51,600 jobs today to more than 75,200 jobs over the same time period. These are higher growth rates than those identified for the City and County as a whole (approximately 21 and 14 percent respectively for population, and 9 and 21 percent respectively for employment). Actual future Study Area population and employment numbers may be higher as the City moves forward with implementation of its land use and economic development plans.

Land Use – The Study Area has diverse land uses with a growing residential community, expanding employment opportunities, and numerous activity centers and destinations that attract national and international visitors. This visitor market is a major driver of the local and regional economy, creating jobs and revenue for the City of Anaheim and Orange County. Due to the high number of both service

Figure ES.2 – Planned Land Uses in the Study Area





professional and service industry jobs within the Study Area, the employment attraction is regional in nature.

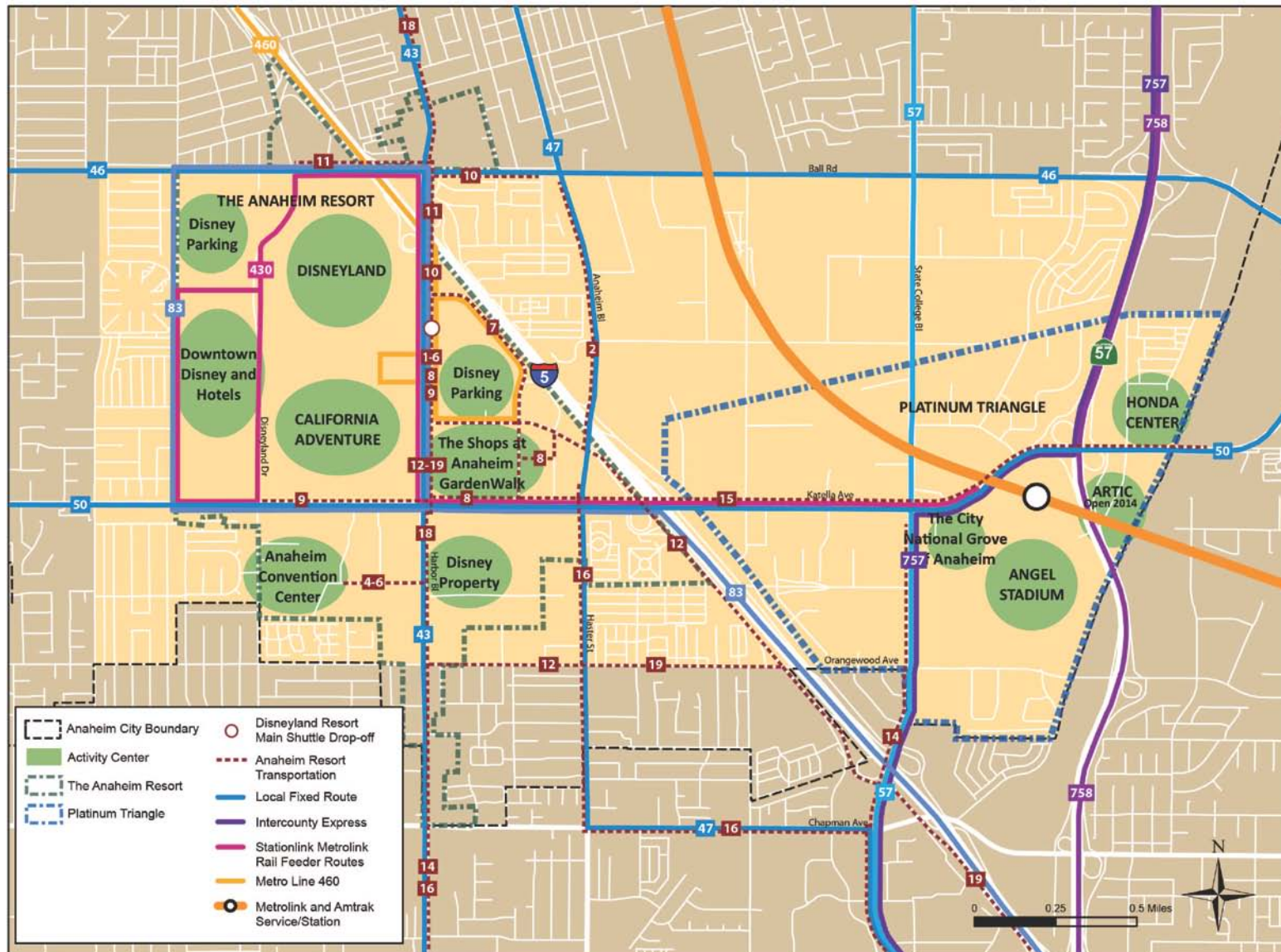
Travel Markets – The Study Area’s diverse land uses generate a variety of travel markets many of which are unique. Each of the markets currently exists, with the exception of the high-speed rail riders, which are forecast to utilize ARTIC under future conditions. Implementation of high-speed rail introduces a significant market that will benefit from an efficient transit system to connect ARTIC to attractions and destinations throughout the Study Area. The following seven key markets could benefit from an east-west connection between ARTIC and the activity centers of the Platinum Triangle and The Anaheim Resort:

- Metrolink access and egress trips;
- Resort Area Guests (including Disneyland and Anaheim Convention Center guests using transit to access resort destinations from their hotels);
- California High-Speed Rail (CHSR) access and egress trips;
- Amtrak access and egress trips;
- Trips Within the Corridor (Intra-corridor travel that may use transit);
- Disneyland remote parking trips; and
- Angel Stadium and Honda Center event trips.

Existing Transportation Network – The Study Area highway system consists of primary, secondary, and major roads with the major east-west arterials being Ball Road, Katella Avenue, and Orangewood Avenue; and the north-south arterials are Harbor Boulevard and State College Boulevard. Freeways serving the Study Area are the I-5, which bisects the Study Area at a diagonal, and the SR-57 which is located on the eastern edge. Existing transit service is provided by a wide range of modes, including commuter rail (Metrolink), intercity rail (Amtrak), fixed-route bus provided by OCTA, Stationlink bus routes between destinations in and beyond the Study Area and the Anaheim Station/ARTIC (under construction), and local circulator shuttle (Anaheim Resort Transportation or ART).

Existing transit linkages between the Anaheim Station and major Study Area destinations are not seamless or frequent. In addition, not all of the current services enter the station and require long walks to transfer between rail and bus modes. The current ART service that provides Study Area connections to and from the station has vastly different travel times in making the approximately three-mile trip between the Anaheim Station and Disneyland – 10 minutes westbound in non-peak hour conditions to Disneyland, and 20 minutes eastbound. The time difference is due to the variation in the number and location of hotels and stops along each route. Service travel times are unreliable during peak periods for all bus and circulator service due to congested roadway conditions. There is no ART route that directly connects the Anaheim Station/planned ARTIC with the Anaheim Convention Center. The ARC project is envisioned to provide improved transit access for trips within the Study Area as well as a convenient “last mile” connection between the activity centers and visitor destinations and Metrolink, Amtrak, local fixed-route bus, future BRT, and CHSR services at the Anaheim Station/ARTIC.

Figure ES.3 – Existing Transit Service in the Study Area





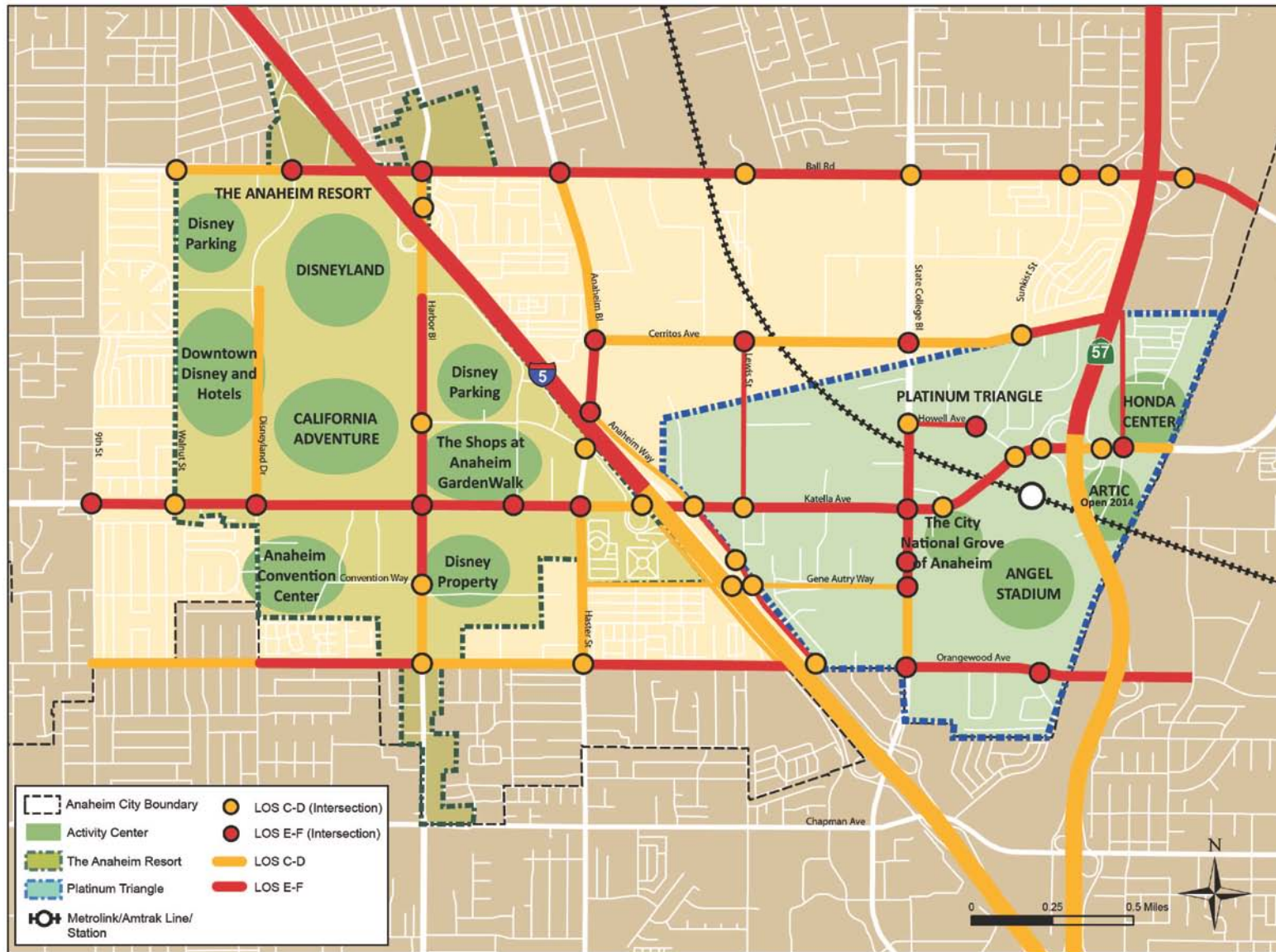
Transit Demand – Based on 2005 and 2010 information from the Orange County Transportation Analysis Model (OCTAM), the transit mode share (the percentage of people using transit) in the Study Area is approximately 2.0 percent (i.e., 98 percent of Study Area is made in other ways – primarily by automobile, but also by walking or bicycling). According to OCTAM, the proportion of work trips using transit is higher, with work transit shares being equal to 4.0 percent for Orange County and 5.7 percent for the region as a whole. As estimated from the *2004 Metrolink Passenger Survey*, 36 percent of arriving Anaheim passengers transfer to public transit including local bus and ART service, 38 percent drive or are picked up by a vehicle, and 26 percent walk to their destination. Approximately 90 percent of Disney employees drive to work and of the remaining, seven percent arrive by bus, three percent walk or bicycle and one percent use Metrolink or Amtrak (equals more than 100 percent due to rounding). According to 2011 ART ridership data, there were approximately 5.3 million annual or 20,400 daily weekday boardings, 1.2 million annual or 23,100 daily Saturday boardings, and 1.1 million annual or 21,200 daily Sunday boardings.

Transportation System Operating Conditions – On an average weekday, several Study Area arterial segments currently operate at unacceptable service levels based on City standards. Under future conditions, arterial traffic volume growth will reduce speeds throughout the Study Area. Currently, average freeway peak hour speeds range from 25 to 30 miles per hour in the peak travel directions. During event conditions, numerous streets in the Study Area, (primarily those east of the I-5 Freeway) are affected by traffic from events at Honda Center and Angel Stadium. Combined, these two facilities host over 235 events per year, including days when events are hosted at both locations. Based on future land use plans and population and growth projections, without significant improvement in transit services and connections, the existing highway system will become increasingly strained.

As described above, the current transit system serves all of the identified travel markets with the exception of the future high-speed rail system, but does not provide frequent, convenient or well-coordinated service. Transit operates in mixed-flow conditions and tends to be slow and unreliable. With the substantial growth projected for the Study Area, performance of the existing transit system will be further impacted by roadway congestion. Future population and employment growth, along with the introduction of high-speed rail arriving at ARTIC, is likely to result in transit system capacity constraints. Provision of a frequent, reliable, high-capacity transit connection would address the Study Area’s future travel needs.

Parking Conditions – Currently, major parking facilities supply approximately 35,600 publicly accessible paid parking spaces in the Study Area. Although visitors for the major attractions can generally be accommodated within their dedicated parking facilities, patrons tend to seek less expensive or more easily accessible parking. Since parking fees are not consistent within the Study Area, traffic, circulation, and other transportation and mobility issues can occur. This could be better coordinated with improved parking oversight and management. In the future, provision of a frequent, reliable transit connection could encourage Study Area visitors to “park once” reducing both the need to provide large-scale parking facilities and to reduce street system operational impacts.

Figure ES.4 – Future Roadway and Intersection Deficiencies in the Study Area (2035)





Pedestrian and Bicycle Conditions – The Study Area has varying types of pedestrian facilities and crossings. Based on field observations and evaluations, the majority of the Study Area arterials have good overall walkability as the current sidewalk widths and robust crossing facilities help offset the lack of buffers (not including The Anaheim Resort and some locations in the Platinum Triangle where landscaped parkways are provided); high vehicle speeds; and long crossing distances. Bicycle activity within the Study Area is limited to a Class I Bikeway along the Santa Ana River Trail in the eastern part of the Study Area and Class II Bikeways on two segments of Orangewood Avenue and a bikeway on 9th Street between Katella Avenue and Chapman Avenue. The City has developed plans to introduce more bicycle facilities throughout major corridors and rights-of-way within the Study Area, and has recently launched a bike-share program with bike-lending kiosks proposed at Anaheim Station/planned ARTIC, the Anaheim Convention Center, the City National Grove of Anaheim, Honda Center, and The Shops at Anaheim GardenWalk.

Mobility Challenges

The Study Area is continuing to grow as both a residential and employment center for Anaheim and as one of the region's major recreation and tourist destinations. This growth will place continuing pressure on a transportation system that will become increasingly stressed as travel demand within and into the Study Area increases. As documented in the *Mobility Problem Definition/Purpose and Need Report*, the following key Study Area mobility challenges have been identified:

Lack of Convenient Transit Access between Anaheim Station/planned ARTIC, the Platinum Triangle, and The Anaheim Resort

While there are OCTA local and express bus routes and ART services that traverse the Study Area, convenient and direct east-west connections from the Anaheim Station/planned ARTIC to major Study Area attractions and activity centers do not exist. ART and OCTA provide limited service between Anaheim Station/planned ARTIC, the Platinum Triangle, and The Anaheim Resort. The connectivity between OCTA local bus routes and the Anaheim Station are not seamless as transfers require a long walk through an office/retail development to access Katella Avenue and an on-street bus stop. Other services require at least one transfer to complete the transit trip from Metrolink to Anaheim activity centers. Another difficulty in service is that existing transit runs in mixed-flow traffic with automobiles, which subjects it to peak-period congestion and delay-causing incidents.

With future expansion of Metrolink and Amtrak service, and development within the Platinum Triangle and The Anaheim Resort, there are limitations to what the existing Study Area transit service can provide. While ART bus routes have been recently redesigned for more frequent service to Anaheim Station, routes do not meet every train and the route, service frequency and travel times vary significantly. Also, direct service to the Anaheim Convention Center from Anaheim Station is not provided. In terms of mobility, existing transit service would not effectively serve future high levels of activity associated with ARTIC, or to serve projected visitor, employee, and resident populations in the Study Area.



Increased Travel Demand Due to Planned and Programmed Study Area Development

Substantial growth in Study Area population and employment is forecast due to planned high-density, mixed-use development in The Anaheim Resort and the Platinum Triangle. As previously noted, per the SCAG 2012 RTP forecast, population is expected to increase by approximately 62 percent from 2010 to 2035, and employment is projected to grow approximately 46 percent over the same period. This magnitude of growth will result in a substantial increase in local and inter-area travel demand. More than 500,000 daily vehicle trips are projected to be added to roadways within and bounding the Platinum Triangle and another 100,000 daily new vehicle trips are anticipated to be added in the vicinity of The Anaheim Resort. Today, the I-5 and SR-57 – the freeways bounding the Platinum Triangle – are subject to severe congestion. In 2035, arterials within the Study Area are forecast to operate at unacceptable levels of service, with traffic volumes at or exceeding roadway capacity.

With Study Area freeways and arterials already operating at unacceptable levels of service, the economic development and livability of the Study Area and its activity centers will be impaired by further increases in traffic congestion. Convenient, dependable, and attractive transit connections from the Anaheim Station/planned ARTIC to major Study Area destinations would increase transit mode share and accommodate increasing travel demand while minimizing the numbers of vehicles that would be added to an increasingly congested highway system. A new transit connection that serves ARTIC and major area attractions would substantially improve Study Area mobility, livability, and economic development potential.

Limited Availability of Flexible, Cost-Effective Parking

In the Study Area, parking must serve high demand events and tourist seasons. During peak visitor seasons and when events occur at the same time the parking demand for the major attractions, such as the Disneyland Resort (including Disneyland, Disney California Adventure, and Downtown Disney), the Anaheim Convention Center, Angel Stadium, and Honda Center, becomes competitive as easily accessible and low cost parking is valued. Employee parking during these high demand periods also becomes difficult to manage given the increased value of available spaces.

To maximize circulation system efficiency, consideration should be given to the development of parking that is oriented to highly visible, frequent, and easy to use transit. These connections enable visitors and employees entering the area by car to park once in a location from which they can easily access any and all of the area's major venues. A system of parking locations that is recognizable and that uses a single fee and proof-of-payment document to enable users to board transit to access all of their Anaheim area destinations relatively seamlessly will address this primary travel demand segment. Eliminating auto trips between major area venues will reduce demand for local streets and arterials. It would also reduce parking demand, improve overall Study Area mobility, and reduce vehicular travel within the Study Area.

Lack of Visible, “User-Friendly” Transit Services for Residents, Employees, and Visitors

Transit routes and schedules are not readily apparent to those who are unfamiliar with the local transit system, and the location of major activity centers and destinations. The Study Area is currently served



by multiple local providers with routes that are not highly visible or “user-friendly” for area visitors and first-time or infrequent riders, such as area residents and employees. There are no distinctly apparent transit corridors and stations/stops or fare payment mechanisms, and transit information is not readily available, recognizable, or self-guided. The ARC Fixed-Guideway project offers a unique opportunity to develop and market an easy-to-use, recognizable, and visible transit service that will accommodate a variety of transit markets.

Lack of Inter-Area Transit Connections for Employees

Currently, commuters traveling to Anaheim via Metrolink do not have a direct connection to employment centers in the Study Area. All connecting travel requires a walk to a bus stop, and the bus service at that stop is slow, infrequent and unreliable. Conversely, residents currently living in the Study Area do not have a direct connection to the Anaheim Station/planned ARTIC. Future residents forecast to live in the Study Area will not have a direct connection to ARTIC for travel to jobs in other locations. Improving transit connections within the Study Area for employees who live outside the city limits would enable these workers to get to work, or make lunchtime trips, without a car.

Need to Serve the Future High-Speed Rail Market

Implementation of high-speed rail service at ARTIC is forecast to generate a market of approximately 23,500¹ daily trips in each direction resulting in large numbers of people arriving at one time. Current transit service is incapable of effectively serving this future market. The Study Area needs an efficient transit system to seamlessly link the CHSR market with area activity centers and destinations.

Purpose and Need

The purpose of the ARC transit project is to substantially increase transit ridership to, from, and within the five square mile Study Area containing ARTIC, the mixed-use Platinum Triangle development area, and The Anaheim Resort. The Study Area currently has approximately 51,600 jobs and 25,300 residents. By 2035, employment is expected to grow by 46 percent to approximately 75,100 jobs, while the number of residents is projected to grow by 62 percent to approximately 41,100 residents. The Study Area’s theme parks, major league sports facilities, and the Anaheim Convention Center attract approximately 20 million annual visitors from all over the U.S. and the world.

Less than two percent of trips made to and from the Study Area are currently made on transit. The ARC project will give residents, workers, and visitors an attractive “last mile” connection to ARTIC, now under construction, where they can easily transfer to and from Metrolink, Amtrak, local fixed-route bus, bus rapid transit, and future high-speed rail. (With ARC and planned increases in Metrolink, Amtrak, and bus service, ARTIC is expected to have approximately 19,000 daily boardings and alightings by 2035. This will rise to approximately 50,000 daily boardings and alightings when California High-Speed Rail arrives at ARTIC.) ARC will also improve transit service for short trips within the Study Area, allowing those who arrive by car to park once and circulate by transit. By offering an attractive new service that is convenient, frequent, and easy-to-navigate, ARC will attract additional riders to transit, support planned

¹ Travel Demand Forecasting Results Report, August 2012.



growth, and enhance livability within the Study Area, the City of Anaheim, Orange County, and Southern California.

ES.3 Alternatives Considered

During the AA efforts, possible transportation alternatives were identified and evaluated through a three-step screening process incorporating technical and environmental analysis, along with community and stakeholder input. The AA screening efforts were based on project goals identified by the Project Development Team² (PDT) and feedback received from the public and stakeholders during the initial project development phase. The following screening and evaluation process was used to identify the final set of alternatives:

- **Step 1: Preliminary Screening** – An initial set of nine technologies and 12 alignments was identified during the project initiation process.
- **Step 2: Secondary Screening** – Alternatives identified in the first study step were assessed based on a comparative evaluation of technical and environmental benefits and impacts along with additional stakeholder and public feedback. This evaluation step resulted in the identification of the proposed final set of alternatives, which included three “Build” (or provide a new transit system) alternatives and a No Build Alternative.
- **Step 3: Final Screening** – The final set of alternatives was refined and studied through conceptual-level engineering design, related technical and environmental analyses, along with additional community and stakeholder input, to identify a Locally Preferred Alternative.

ES.3.1 Final Set of Alternatives

The final set of alternatives is summarized below, and each of the Build alternatives is then presented in more detail. An overview of the engineering, technical analysis, and environmental assessment results is presented below and is documented in the AA report. The final set of alternatives included:

- **No Build** – A baseline alternative comprised of the planned and programmed Study Area improvements that are included in the financially-constrained project list of the OCTA *2010 Long Range Transportation Plan* and the SCAG *2012 RTP*, excluding the ARC project. The identified projects are anticipated to be implemented by 2035, but are subject to funding availability and completion of any required analytical documentation and related agency decision-making. The No Build option provided a comparative basis for the three build alternatives.
- **Enhanced Bus** – Enhanced bus service providing a similar level of service to that provided by a street-running fixed-guideway system. This alternative included branded, limited stop bus service with some dedicated bus lane operations and signal priority.

² The PDT included agency representatives from the OCTA, the City of Anaheim, Caltrans, and Southern California Regional Rail Association (SCRRA).

- **Streetcar** – An at-grade rail system operating in a mixed-flow configuration primarily in the existing street right-of-way. This alternative included some signal priority to improve street-running operations.
- **Elevated Fixed-Guideway** – An elevated, automated system that operates on a fixed-guideway structure on columns, located primarily in the existing street right-of-way. This alternative would use one of the following automated technology options: rubber tire, low-speed magnetic levitation, or monorail.

ES.3.1.1 Enhanced Bus Alternative

The Enhanced Bus Alternative includes the provision of new branded, limited stop bus service connecting ARTIC to the Platinum Triangle and The Anaheim Resort. The new bus service would generally run on existing streets in mixed-flow operations, with dedicated lane operations and signal priority, where possible to improve this option’s operational performance over existing fixed-route bus service, and provide a level of service similar to that of a street-running fixed-guideway system. This alternative would operate at-grade in several configurations: in dedicated lanes on Disney Way where sufficient roadway traffic capacity exists to dedicate a lane to bus operations, while maintaining the required level of service for traffic operations; and in mixed-flow traffic where future traffic service conditions would not allow for dedicated lane operations. Operational signal priority was evaluated to identify possible locations. Figure ES.5 illustrates the typical proposed cross-section for mixed-flow operations for this alternative.

Figure ES.5 – Enhanced Bus Alternative: Typical Cross-Section

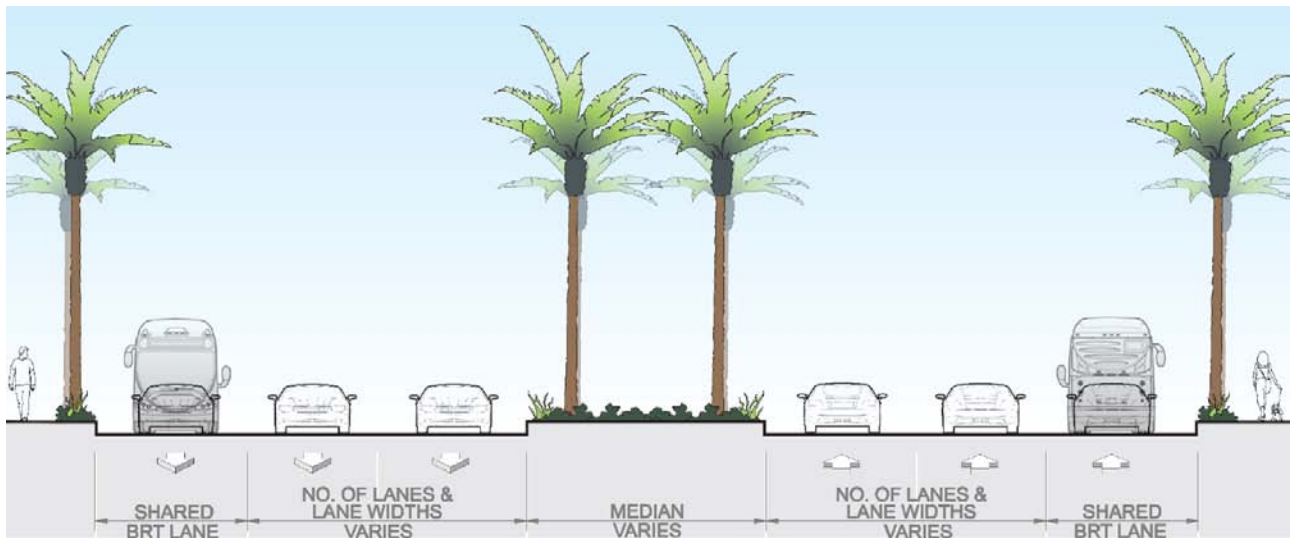
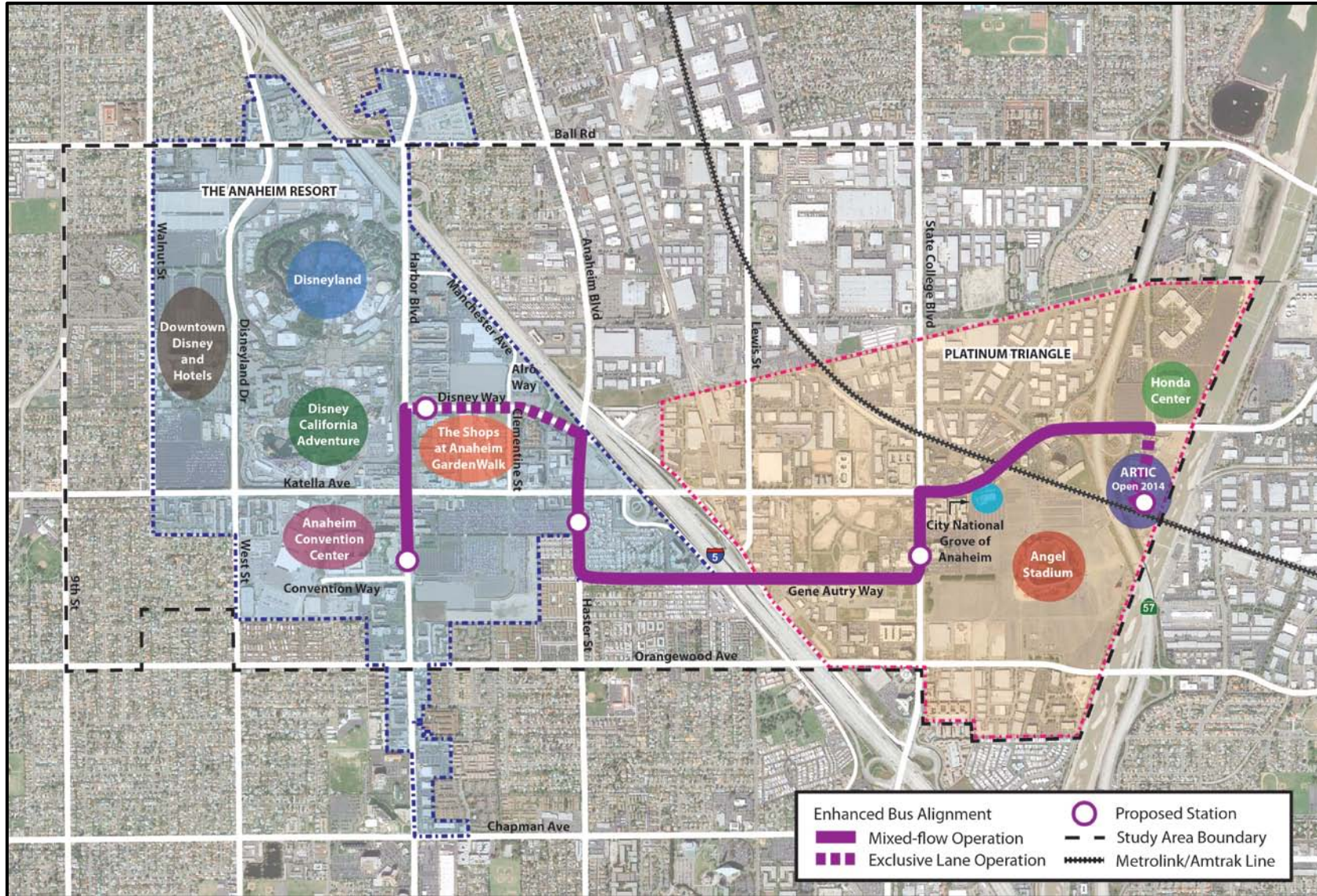


Figure ES.6 – Enhanced Bus Alternative Alignment





Minor property acquisition (approximately 0.50 acres) would be required for the Enhanced Bus Alternative. Six partial takes are required adjacent to four of the stations identified below – Convention, Resort (at Disney Way), Haster, and Triangle (at State College Boulevard).

Alignment and Stations

As shown in Figure ES.6, the Enhanced Bus Alternative alignment starts at the ARTIC facility and travels along the following streets to the Anaheim Convention Center: Katella Avenue, State College Boulevard, Gene Autry Way, across the I-5 Freeway to Haster Street (which is named Anaheim Boulevard north of Katella Avenue), Disney Way, Harbor Boulevard, and south to a terminus on Harbor Boulevard at Convention Way near the Anaheim Convention Center. Five proposed stops along this alignment would serve the Study Area’s activity centers: ARTIC, Triangle, Haster, Resort, and Convention.

Table ES.1 – Summary of Enhanced Bus Alternative Service Characteristics

Characteristic	Description
Service Information	18 hour daily service span with 10 minute peak headways; possibly expanded to 24 hour service in the future.
Travel Time ¹	20:16 (20 minutes and 16 seconds).
Maintenance Facility	Utilize existing OCTA bus maintenance facilities.

Note: ¹ End-to-end, one way travel time

ES.3.1.2 Streetcar Alternative

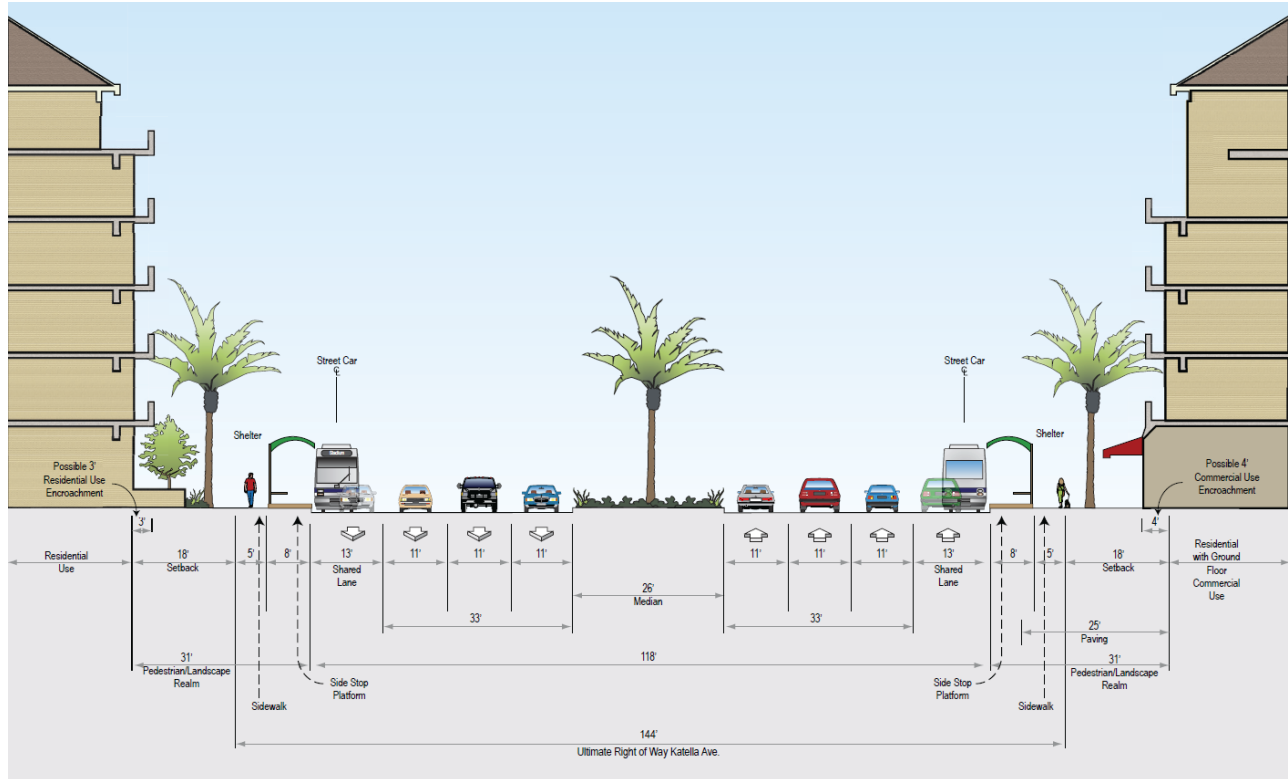
The Streetcar Alternative is a rail-borne technology that would use vehicles that are typically smaller than a Light Rail Transit (LRT) system. This alternative is proposed to operate at-grade on embedded steel rail tracks, typically operating in mixed traffic on existing city streets. In consideration of the streetscape and urban design goals adopted by the City of Anaheim as part of various specific plans for The Anaheim Resort and Platinum Triangle, the Streetcar Alternative under consideration will seek to minimize the use and visual obtrusiveness of overhead catenary wires to the extent possible. This may be achieved through the use of a ground-level power supply, on-board battery power to allow for catenary-free operation for some or all of the alignment, or the use of trolley wire rather than the more visually obtrusive multi-wire catenary systems that are typically used for LRT systems. Additionally, the vehicles under consideration would allow for a small turning radius that could be accommodated within the existing street right-of-way. Curbside, level boarding would comply with the American with Disabilities Act (ADA). Figure ES.7 presents a typical cross-section of a catenary-free streetcar operating within a shared curbside lane.

Alignment and Stations

As illustrated in Figure ES.8, the Streetcar Alternative alignment starts at ARTIC in the surface parking lot north of Angel Stadium adjacent to the Metrolink/Amtrak platforms, travels west parallel to the Metrolink/Amtrak tracks, then between Katella Avenue and The City National Grove of Anaheim to

Katella Avenue, where it enters the street at a signalized intersection. The Streetcar would operate along the following streets to the Anaheim Convention Center: Katella Avenue, crossing under the I-5

Figure ES.7 – Streetcar Alternative: Typical Cross-Section



Freeway to Clementine Street, where the alignment turns north (Clementine Street becomes Manchester Avenue) to Alro Way, where it turns west towards Harbor Boulevard, then south on Harbor Boulevard to Convention Way, where a terminus station would be located west of Harbor Boulevard.

The alignment terminus at ARTIC could be extended eastward as a single-track alignment under the SR-57. However, this extension would remain in service only until the proposed CHSR project is implemented as the CHSR improvements would occur in this same area. This connecting alternative would primarily travel within the Angel Stadium parking lot, crossing under the SR-57 Freeway and over a lowered Douglass Road to City-owned right-of-way bounded by the SR-57 Freeway, OCTA/Metrolink railroad right-of-way, and the Santa Ana River.

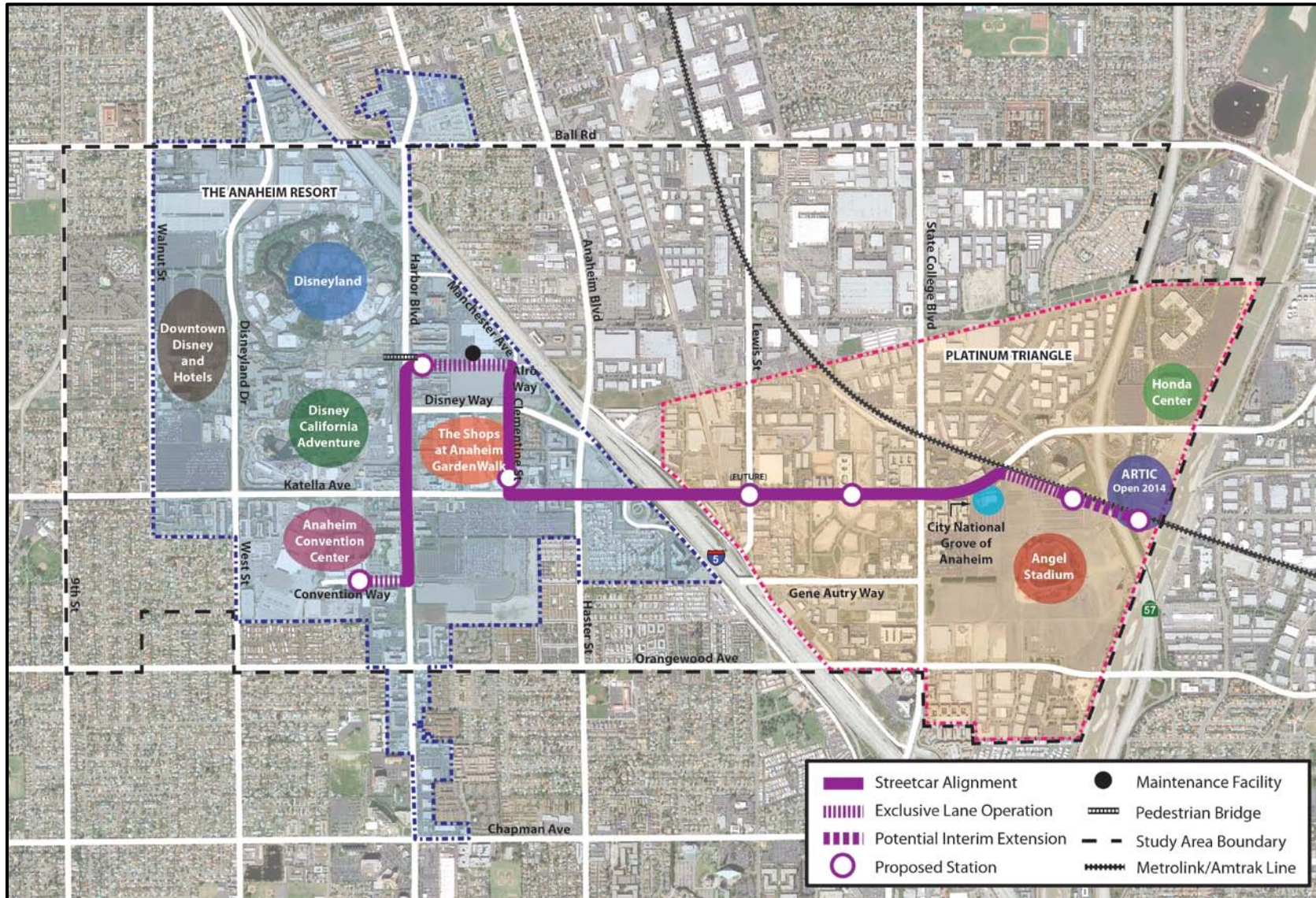
As illustrated in Figure ES.8, six proposed Streetcar stations would serve the Study Area's major activity centers:

- ARTIC – center platform station in the surface parking lot north of Angel Stadium and in close proximity to the Metrolink/Amtrak platforms. If the alignment were extended as a single-track eastward under the SR-57 Freeway, a station would be located east of the freeway on an interim basis until the CHSR project is implemented.
- Triangle – curbside station on Katella Avenue between State College Boulevard and Lewis Street.



-
- Lewis (optional) – curbside station on Katella Avenue at the Lewis Street intersection.
 - Clementine – median station on Clementine Street just north of Katella Avenue.

Figure ES.8 – Streetcar Alternative Alignment





- Resort – center platform station on the east side of Harbor Boulevard opposite the main entrance of the Disneyland Resort theme parks (approximately 800 feet north of Disney Way). The station would incorporate many of the transit functions currently handled by the Disneyland Resort Transportation Center on the west side of Harbor Boulevard. Depending on the area available in the transit center and future system design information, the station will include bus bays for Anaheim Resort Transportation (ART) and OCTA, and possibly Los Angeles Metro Line 460, as well as taxi and passenger drop-off. This station would include a pedestrian bridge across Harbor Boulevard to connect the Resort station to the Disneyland and Disney’s California Adventure theme parks.
- Convention – center platform station on the south side of Convention Way west of Harbor Boulevard.

Minor acquisition (approximately 9.8 acres) would be required to provide station facilities and a transit center in the Resort station area, and an operations and maintenance facility in the area just west of the I-5 Freeway at approximately the northwest corner of the Manchester Avenue/Alro Way intersection. There would also be some acquisition along the street right-of-way in The Anaheim Resort, and on the south side of Katella Avenue between Clementine Street and Haster Street.

Table ES.2 – Summary of Streetcar Alternative Service Characteristics

Characteristic	Description
Service Information	18 hour daily service span with 10 minute peak headways; possibly expanded to 24 hour service in the future.
Travel Time ¹	18:07 (18 minutes and 7 seconds).
Maintenance Facility	Proposed maintenance facility to be located at northwest corner of the Manchester Avenue/Alro Way intersection.

Note: ¹ End-to-end, one way travel time

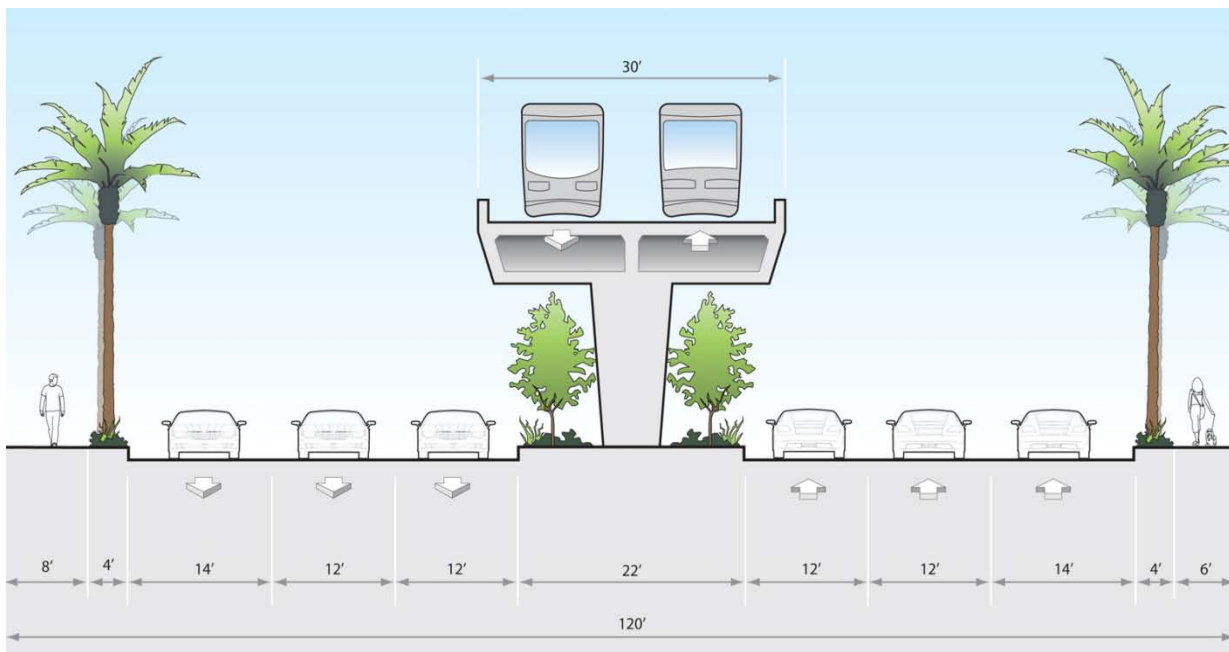
ES.3.1.3 Elevated Fixed-Guideway Alternative

The Elevated Fixed-Guideway Alternative is a fully grade-separated alternative that would operate on a guideway structure on columns located primarily in the existing street right-of way using one of the following three automated technology options: rubber-tire, low-speed magnetic levitation (maglev), or monorail. This alternative would travel primarily on columns located within existing city street right-of-way, either in a side-running alignment or in the median, and the Angel Stadium surface parking area. The Elevated Fixed-Guideway Alternative would operate in an elevated structure ranging from 18 feet to 40 feet above street level depending on the station type and location. The aerial structure would be a minimum of 32 feet wide, but would widen near stations (with center platforms) and at switches or cross-over locations to a maximum width of 72 feet. Figure ES.9 shows typical cross sections for the Elevated Fixed-Guideway Alternative.

Property acquisition is required (approximately 16.0 acres) to accommodate the system structure adjacent to the I-5 Freeway and connecting west to Harbor Boulevard, to provide station and related

facilities in the Resort station area and for an operations and maintenance facility in the area located at the northwest corner of the Manchester Avenue/Alro Way intersection. For the alignment variation discussed below, acquisition of approximately 17.7 acres, of which 3.75 acres is owned by Caltrans, would be required to accommodate the maintenance facility and Disney Way portion of the alignment.

Figure ES.9 – Elevated Fixed-Guideway Alternative: Typical Cross-Sections





Alignment and Stations

As illustrated in Figure ES.10, the Elevated Fixed Guideway Alternative alignment starts north of Angel Stadium adjacent to the Anaheim Metrolink/Amtrak platforms, traverses the Angel Stadium parking lot, proceeds west across the intersection of State College Boulevard/Gene Autry Way, and then operates along the following streets to the Anaheim Convention Center: Gene Autry Way, Haster Street (which is named Anaheim Boulevard north of Katella Avenue), travels north on Haster Street, travels north parallel to the I-5 Freeway, turns west at the intersection of Manchester Avenue/Alro Way towards Harbor Boulevard, and runs south on Harbor Boulevard to a terminus station south of the intersection of Harbor Boulevard and Convention Way. A tail track extension would be located on Harbor Boulevard south from Convention Way to just north of West Orangewood Avenue to provide train layover space.

A proposed alignment variation would proceed north from the Anaheim Boulevard/Katella Avenue intersection, turn west on Disney Way, and run south on Harbor Boulevard. The Resort station would be located on Disney Way just east of Harbor Boulevard, and no transit center is proposed for this alignment option. The maintenance yard for this alternative would be located on a site west of the I-5 Freeway in the area bounded by the I-5, Anaheim Boulevard, and Katella Avenue.

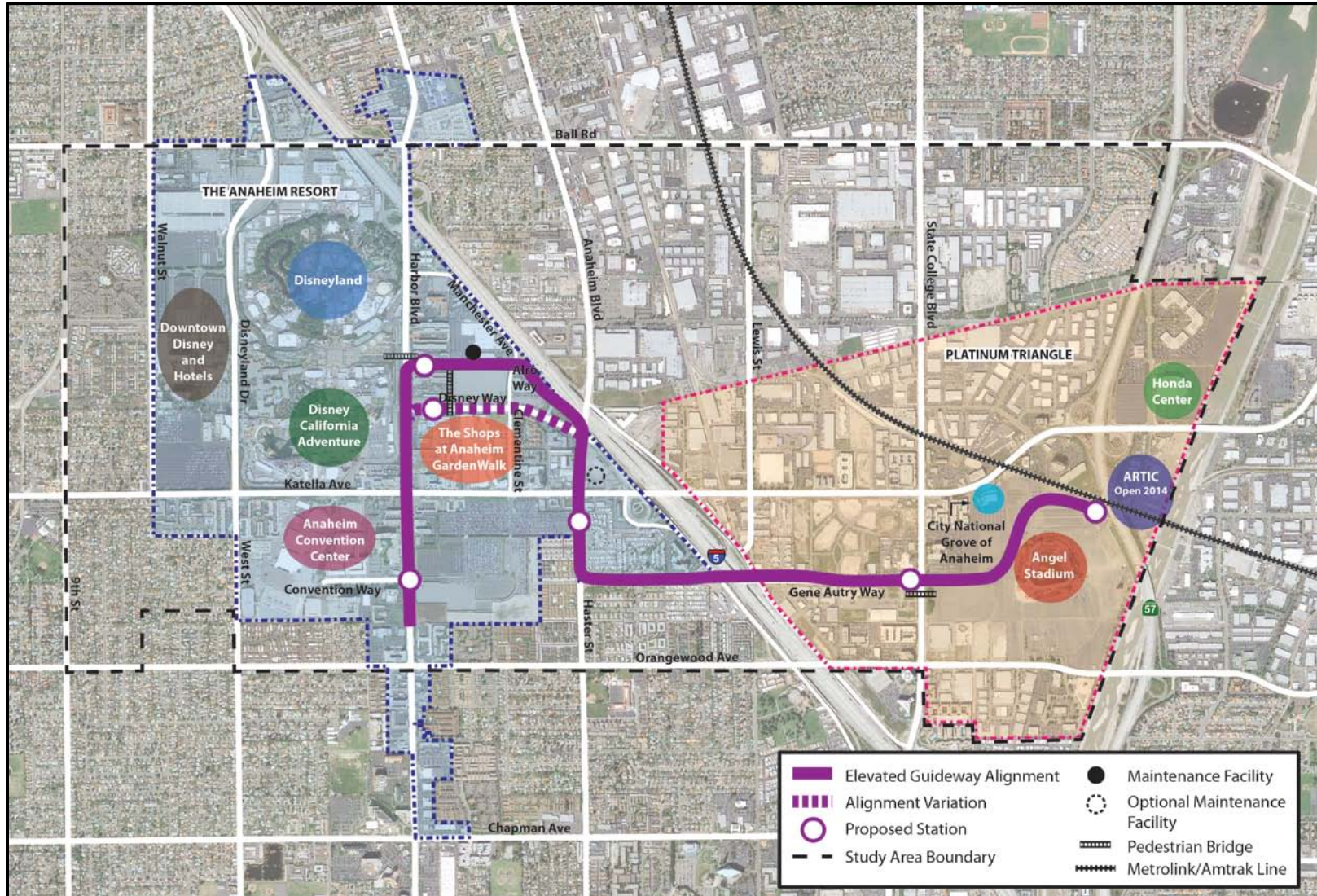
As show in Figure ES.10, there are five proposed Elevated Fixed-Guideway stations:

- ARTIC.
- Triangle – on Gene Autry Way west of the State College Boulevard intersection.
- Haster – on Haster Street between Katella Avenue and Gene Autry Way.
- Resort – on the east side of Harbor Boulevard opposite the main entrance of the Disneyland Resort theme parks (approximately 800 feet north of Disney Way). This station would incorporate many of the transit functions currently handled within the Disneyland Resort Transportation Center on the west side of Harbor Boulevard; depending on the area available within the transit center and future design information, the station will include bus bays for ART, OCTA, and possible Los Angeles Metro, bus service as well as taxi and passenger drop-off. This station includes a pedestrian walkway across Harbor Boulevard to connect the Resort station to the Disneyland and Disney's California Adventure theme parks.
- Convention – on Harbor Boulevard just south of the Convention Way intersection.

Grade-separated pedestrian access would be provided across roadways where the elevated stations are located in the street median. For example, the pedestrian connections across Harbor Boulevard at Convention Way are required to provide access to the elevated station in the median, and so are integral to the station design. The same case exists at Haster Street. The Triangle station, which is located in a median, has a grade-separated pedestrian connection across Gene Autry Way that is required to provide station access. Three pedestrian connectors linking stations to Study Area activity centers are also proposed for this alternative:

1. Triangle station across State College Boulevard east to Angel Stadium;
2. Resort station south across Disney Way to The Shops at Anaheim GardenWalk; and

Figure ES.10 – Elevated Fixed-Guideway Alternative Alignment





3. Resort station west across Harbor Boulevard to the Disney theme parks' entrance on the west side of Harbor Boulevard.

Table ES.3 – Summary of Elevated Fixed-Guideway Service Characteristics

Characteristic	Description
Service Information	18 hour daily service span with 10 minute peak headways; possibly expanded to 24 hour service in the future.
Travel Time ¹	9:26 (9 minutes and 26 seconds).
Maintenance facility	Proposed maintenance facility to be located at the northwest corner of the Manchester Avenue/Alro Way intersection; or, for the alignment variation, west of the I-5 Freeway in an area bounded by the I-5 Freeway, Anaheim Boulevard, and Katella Avenue.

Note: ¹ End-to-end, one way travel time

ES.4 Evaluation Results

Conceptual-level engineering and related technical analysis, including cost and ridership evaluations, and an environmental assessment, were used to provide a comparison of the final set of alternatives. The evaluation results were consolidated into the following four categories in order to provide a focused understanding of the benefits and impacts of each of the proposed project alternatives:

1. **Mobility Benefits and Impacts** – Assessing how the alternatives improve local and regional mobility, and travel reliability and safety for residents, workers, and visitors, while improving access to and from the Study Area's residential, employment, visitor destinations, and other activity centers.
2. **Environmental Effects** – Identifying the challenges to and benefits for the Study Area's natural and built environment with implementation of the proposed transit modes, alignments, and stations.
3. **Economic Development and Land Use Support** – Evaluating how the project alternatives support the City's economic development and land use goals and policies.
4. **Cost and Cost-Effectiveness** – Identifying what the alternatives will cost to build and operate, and which options maximize the cost-effective use of public funds and are financially feasible.

The resulting information is discussed below and summarized in Table ES.4 for consideration in identifying the Locally Preferred Alternative that best meets the project goals and the Study Area's mobility challenges.



Mobility Benefits and Impacts

Implementation of all of the transit system alternatives would result in improved Study Area and regional mobility to varying degrees. All of the alternatives would provide increased transit ridership and remove daily auto trips from the Study Area's street system. The differences in the resulting mobility benefits and impacts provided by each alternative are discussed below.

The grade-separated **Elevated Fixed-Guideway Alternative** would provide the fastest average speed and shortest end-to-end trip times, and attract the highest number of corridor linked transit trips, and project boardings. It would remove the highest number of daily auto trips from the Study Area's street system, and would have minimal impacts on the operations of the Study Area's highway system.

Of the two at-grade operating alternatives, the **Enhanced Bus Alternative** would have the highest number of impacts on the Study Area's highway system capacity and operations. It would have the lowest average speed, and would attract and serve the lowest number of corridor linked transit trips and project boardings.

The **Streetcar Alternative** would have minimal impacts on the Study Area's street system capacity and operations, and with a faster average speed than the Enhanced Bus Alternative due to higher number of possible signal priority treatments, result in higher corridor linked transit trips and daily project boardings. While the Elevated Fixed-Guideway Alternative was identified as having a higher level of project boardings, the Streetcar Alternative would attract and serve a larger base of internal trips with a significant share of ridership coming from Anaheim Resort guests. This alternative's ability to attract and serve a higher level of Anaheim Resort trips is primarily due to the Convention and Clementine stations being more pedestrian-friendly and better located to serve internal trips than similar stations identified for the other alternatives. It should be noted that a comparison of the total project boardings with the other alternatives is a bit misleading as the Streetcar Alternative has a shorter alignment (0.2 to 0.3 miles shorter), and when looking at project boardings per mile, the Streetcar Alternative provides strong ridership potential.

Environmental Effects

An assessment of each alternative's ability to preserve and enhance the Study Area's natural and built environment was prepared and the results are summarized below. Given the urban, built out nature of the Study Area, the environmental benefits and challenges were related more to areas such as displacement, air quality emissions, visual, and noise impacts. The proposed project alternatives rank fairly closely with the Streetcar Alternative having fewer impacts than the other two project options.

- **The Enhanced Bus Alternative** was identified as providing a poor level of support for the Study Area's land use and economic development plans based on regional and national experience. This alternative would also have possible impacts related to noise and Environmental Justice groups, and would only result in minor reductions to air quality and greenhouse gas emissions. It would result in the highest level of impacts to Study Area pedestrian and vehicular safety. The



benefits of the Enhanced Bus Alternative were the lowest level of property acquisition and displacement requirements, and minor visual and aesthetic impacts.

- **The Streetcar Alternative** was identified as having no major environmental impacts. While it would have a higher level of property acquisition and related displacement than the Enhanced Bus Alternative, it should be understood that the bus option would be able to utilize an existing OCTA bus storage and maintenance facility reducing its property needs. Also, while the Streetcar Alternative would provide a lower level of reduction of pollution emissions than the Elevated Fixed-Guideway Alternative, implementation of this alternative would result in significant emission reductions over No Build conditions. Operation of the Streetcar Alternative would result in some impacts to pedestrian and vehicular safety. In addition, this alternative would provide strong support for the City's land use and economic development plans, and would have minimal noise, vibration, visual, aesthetic, and environmental justice impacts.
- **The Elevated Fixed-Guideway Alternative** would have the highest level of property acquisition needs and related displacement impacts, along with possibly major visual, aesthetic, and noise impacts due to its elevated guideway structure and stations. This alternative would provide the highest level of reduction in pollution emissions, and strong support for land use and economic development plans. It would have minimal impacts to pedestrian and vehicular safety, but may have some security impacts due to its elevated stations.

Economic Development and Land Use Support

Based on national and regional experience, implementation of the **Streetcar and Elevated Fixed-Guideway Alternatives** would provide the strongest support for City land use and economic development policies and plans. National and regional experience has shown that the **Enhanced Bus Alternative** would provide minimal support for local land use and development plans. The at-grade **Streetcar Alternative** has a demonstrated ability to be easily integrated into pedestrian-oriented development as shown in Portland, and would provide a high level of support for mixed-use development. The Streetcar Alternative could provide strong future pedestrian connectivity with stations located on Study Area sidewalks, with new stations that could be easily added as needed to respond to future development patterns and needs. Pedestrian connectivity would be more challenging for the **Elevated Fixed-Guideway Alternative** due to the need for passengers to circulate via escalators and elevators to grade-separated stations. Adding future grade-separated stations to serve future development would be costly, but may be accommodated within future plans with developer-support.

Cost and Cost-Effectiveness

Technical efforts identified the cost to build and operate the proposed alternatives, along with a cost-effectiveness analysis for each option. Transit projects that seek federal New Starts funding are evaluated in a number of categories, including cost-effectiveness. This is a measure of the hours saved by riders of the project compared to the annual cost to provide the service, and is based on a comparison of a proposed project's annual cost (combined annualized capital cost and annual operations and maintenance cost) to the annual hours saved by passengers using the project. The cost-



effectiveness results are ranked by federally-established breakpoints. The cost-effectiveness information presented below is preliminary as FTA is in the process of revising their evaluation criteria and related ratings, especially how cost-effectiveness is identified and rated. The following cost and cost-effectiveness findings have been identified for each of the proposed project alternatives:

- **Enhanced Bus** – This alternative would have the lowest total and per mile capital cost. When evaluating cost-effectiveness, while the Enhanced Bus Alternative would perform well based on current and anticipated federal rating system for New Starts funding, this category of funding is not typically provided for enhanced bus service, but it could be funded through other federal funding sources. While this alternative has a low capital cost, the resulting forecast daily boardings show that the Enhanced Bus Alternative does not have the demonstrated attractiveness to encourage auto drivers to use transit to make Study Area trips, and may primarily serve existing bus riders better.
- **Streetcar** – This alternative would have the second lowest total and per mile capital cost. When evaluating cost-effectiveness for federal funding, the Streetcar Alternative will rate significantly higher under the anticipated revised New Starts criteria than under the former rating system. Federal funding has become increasingly supportive of this modal option, which has been shown to be successful in encouraging auto drivers to use and developers to build transit oriented projects. This alternative would provide a fixed-guideway system at less than half of the capital cost identified for the Elevated Fixed-Guideway Alternative, and is anticipated to have a cost-effectiveness rating that would allow it to compete well nationally for federal funding.
- **Elevated Fixed-Guideway** – This alternative would have the highest total and per mile capital cost due to the elevated guideway structure, stations, and maintenance facility, along with the highest level of property acquisition. From a cost-effectiveness perspective, the Fixed-Guideway Alternative would have major challenges competing for federal funding both under the former and anticipated rating systems.

Conclusion

The Streetcar Alternative was recommended for consideration as the Locally Preferred Alternative based on the following:

- The Streetcar Alternative would have minimal impacts on the operation of the Study Area's highway system, and with implementation of signal priority treatments, would result in a strong corridor and project ridership performance. This alternative would attract and serve a larger base of internal trips, with a significant share of ridership coming from Anaheim Resort guests. Its ability to attract and serve a higher level of Anaheim Resort trips would allow this transit system option to best meet the identified project goals and purpose and need. Streetcar service has a demonstrated ability to attract and serve a wide variety of trips as demonstrated in cities such as Portland.
- The Streetcar Alternative was identified as having fewer environmental impacts than the other two proposed project options, and a higher level of total benefits. This alternative would have



minimal noise, vibration, visual, aesthetic, and environmental justice impacts. It would provide a significant level of reduction in criteria pollution and greenhouse gas emissions over No Build conditions.

- Based on national and regional experience, implementation of the Streetcar Alternative would provide the strongest support for City land use and economic development policies and plans. The at-grade Streetcar Alternative has a demonstrated ability to be easily integrated into pedestrian-oriented development, and would provide a high level of support for mixed-use development. The Streetcar Alternative would provide strong future pedestrian connectivity with stations located on Study Area sidewalks. New stations could be easily added as needed to respond to future development patterns and needs.
- The Streetcar Alternative would have a capital cost that is within local funding parameters, and the operating and maintenance cost is at a level that possibly could be covered by identified local funding resources. Under the revised New Starts criteria, federal funding has become increasingly supportive of this modal option, which has been shown to be successful in encouraging auto drivers to use and developers to build transit oriented projects. This alternative would provide a fixed-guideway system at less than half of the capital cost identified for the Elevated Fixed-Guideway Alternative, and would have a cost-effectiveness rating that would allow it to compete well nationally for federal funding.

ES.5 Locally Preferred Alternative

Text to be added following City Council selection of the LPA.



Table ES.4 – Summary of Alternative Benefits and Impacts

Criteria	Enhanced Bus	Streetcar	Elevated Fixed-Guideway
Alignment Length (Miles)	3.5	3.2	3.4
Number of Stations	5	6	5
Average Speed (miles per hour)	13	14	22
Arterial Intersection Operation Impacts (Over No Build)	2	1	0
Daily Trips Removed From Study Area Highway System (With CHSR)	630	730	1,000
Daily Auto Vehicle Miles Removed From Regional Highway System (With CHSR)	9,800	15,200	31,520
Daily Project Boardings (2035, Daily Equivalent Before CHSR)	3,200	4,200	5,300
Daily Project Boardings (2035, Daily Equivalent After CHSR)	6,300	7,700	10,800
Daily Project Boardings Per Mile (2035, Daily Equivalent Before CHSR)	914	1,312	1,559
Daily Project Boardings Per Mile (2035, Daily Equivalent After CHSR)	1,800	2,406	3,176
Cost to Build (\$2012*, millions)	\$55.3	\$318.7	\$679.0
Cost to Build Per Mile (\$2012*, millions)	\$15.8	\$99.7	\$200.0
Annual Cost to Operate (\$2012*, millions)	\$2.6	\$4.3	\$10.0

Sources: AECOM; RSG, Inc.

Notes: * 2012 project costs escalated to year of expenditure

Shading indicates ridership information reflecting implementation of CHSR service



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Anaheim Rapid Connection Locally Preferred Alternative
Concurrence**

Attachment C

Anaheim Rapid Connection (ARC) Capital Cost Summary and Comparison

Cost per Mile Comparison to Other Peer Streetcar Lines

City / Project	Actual / Proposed Opening Date	Length (Track Miles)	Capital Cost (x1000) in 2011 \$	Cost per Track Mile (x1000)	Status
Anaheim	2018	6.84	\$ 278,689	\$ 40,744	Planned
Cincinnati	2015	3.90	\$ 127,851	\$ 32,782	About to Start Construction
Los Angeles	2016	3.59	\$ 106,762	\$ 29,739	Planned
Tampa	2002	3.50	\$ 90,180	\$ 25,766	In Service
Santa Ana	2017	8.30	\$ 210,775	\$ 25,395	Planned
Atlanta	2013/2014	2.70	\$ 68,401	\$ 25,334	Under Construction
Tucson	2015	7.80	\$ 196,599	\$ 25,205	Under Construction
Portland	2012	6.60	\$ 148,300	\$ 22,470	In Service
Seattle	2007	2.60	\$ 54,600	\$ 21,000	In Service

ARC Capital Cost

Standard Cost Category	Base Year Cost (No Contingency) (x1000)	Base Year Contingency (x1000)	Escalation (x1000)	Year of Expenditure (YOE) Cost (x1000)	YOE Line Item % of Total	Description of Costs in Category
10. Guideway	\$ 32,105	\$ 6,421	\$ 6,185	\$ 44,711	14.0%	Track and supporting structures
20. Stations	\$ 15,009	\$ 3,002	\$ 2,771	\$ 20,782	6.5%	Stations and all supporting systems
30. Support Facilities	\$ 15,918	\$ 3,184	\$ 3,154	\$ 22,256	7.0%	Maintenance facility
40. Sitework	\$ 18,529	\$ 3,706	\$ 3,540	\$ 25,775	8.1%	Demolition, utilities, mitigation, roadways, etc
50. Systems	\$ 17,520	\$ 3,504	\$ 3,391	\$ 24,415	7.7%	Train control; fare and power systems
60. Right-of-Way	\$ 23,105	\$ 9,242	\$ 3,816	\$ 36,163	11.3%	Land and relocation costs
70. Vehicles	\$ 35,000	\$ 3,500	\$ 6,368	\$ 44,868	14.1%	Streetcar vehicles
80. Professional Services	\$ 36,950	\$ 3,695	\$ 4,046	\$ 44,691	14.0%	Design, project and construction management
90. Unallocated Contingency	\$ -	\$ 46,078	\$ 6,509	\$ 52,587	16.5%	Unanticipated costs
100. Finance Charges	\$ 2,223	\$ -	\$ 277	\$ 2,500	0.8%	Borrowing costs
Total Project Cost (10-100)	\$ 196,359	\$ 82,332	\$ 40,057	\$ 318,748	100.0%	
Percent of Base Cost	100%	42%	20%	162%		



ORANGE COUNTY TRANSPORTATION AUTHORITY

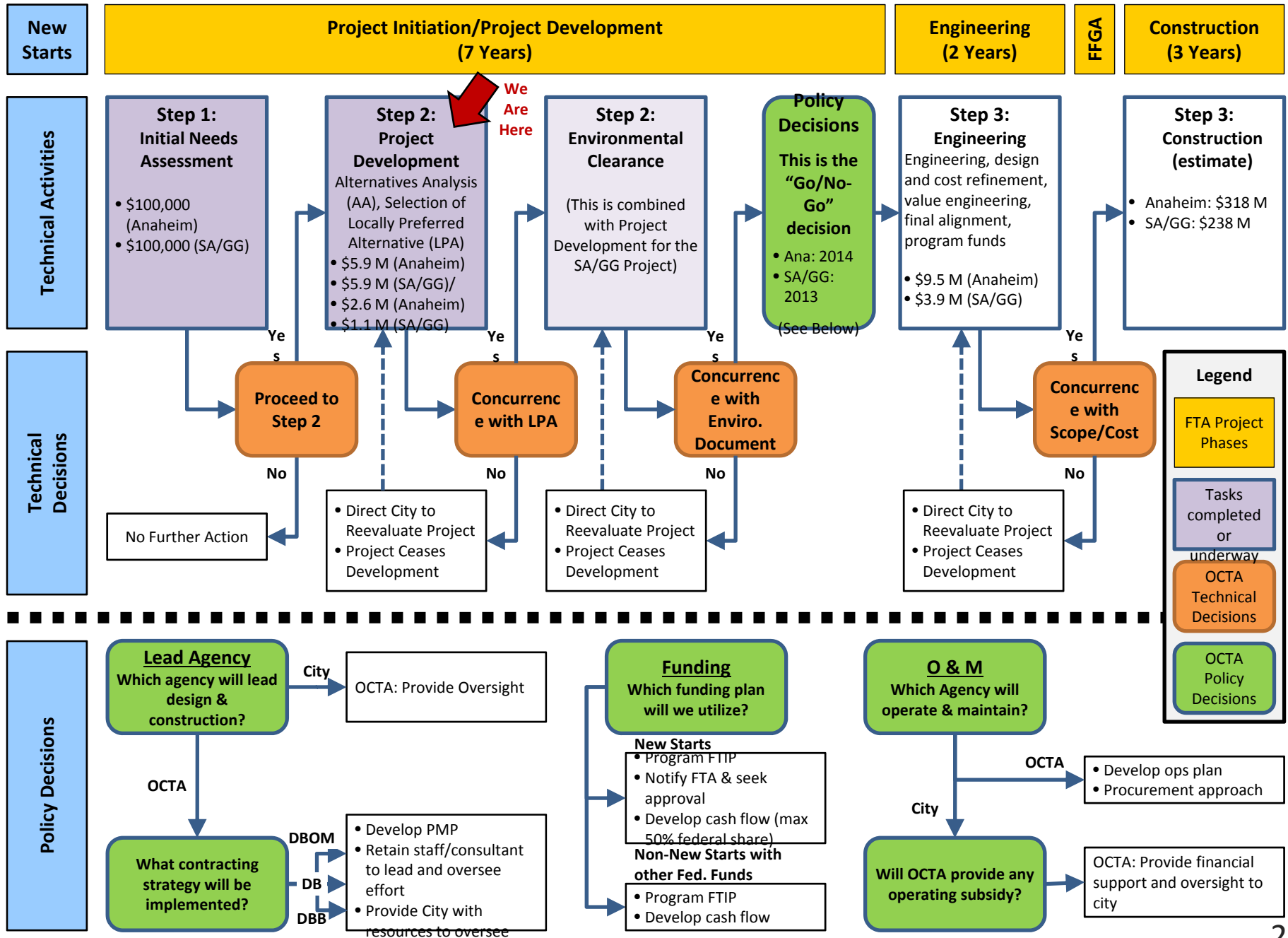
**Anaheim Rapid Connection Locally Preferred Alternative
Concurrence**

PowerPoint 1

Anaheim Rapid Connection Locally Preferred Alternative Concurrence



Go Local Fixed-Guideway Program: Decision Flow Diagram



Anaheim Rapid Connection (ARC) Cost per Mile Comparison

City / Project	Actual / Proposed Opening Date	Length (Track Miles)	Capital Cost (x1000) in 2011 \$	Cost per Track Mile (x1000)	Status
Anaheim	2018	6.84	\$ 278,689	\$ 40,744	Planned
Cincinnati	2015	3.90	\$ 127,851	\$ 32,782	About to start Construction
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ARC Capital Cost

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40. Sitework	\$ 18,529	\$ 3,706	\$ 3,540	\$ 25,775	8.1%	Demolition, utilities, mitigation, roadways, etc
50. Systems	\$ 17,520	\$ 3,504	\$ 3,391	\$ 24,415	7.7%	Train control; fare and power systems
60. Right-of-Way	\$ 23,105	\$ 9,242	\$ 3,816	\$ 36,163	11.3%	Land and relocation costs
70. Vehicles	\$ 35,000	\$ 3,500	\$ 6,368	\$ 44,868	14.1%	Streetcar vehicles
80. Professional Services	\$ 36,950	\$ 3,695	\$ 4,046	\$ 44,691	14.0%	Design, project and construction management
90. Unallocated Contingency	\$ -	\$ 46,078	\$ 6,509	\$ 52,587	16.5%	Unanticipated costs
100. Finance Charges	\$ 2,223	\$ -	\$ 277	\$ 2,500	0.8%	Borrowing costs
Total Project Cost (10-100)	\$ 196,359	\$ 82,332	\$ 40,057	\$ 318,748	100.0%	
Percent of Base Cost	100%	42%	20%	162%		

Recommendations

- Concur with Streetcar Alternative as the locally preferred alternative (LPA) for the ARC Project
- Direct staff to work with the City of Anaheim (City) to ensure compatibility with the Santa Ana/Garden Grove Fixed-Guideway project
- Direct staff to work with the City to develop cost containment strategies for the LPA



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Anaheim Rapid Connection Locally Preferred Alternative
Concurrence**

PowerPoint 2



ANAHEIM > RAPID > CONNECTION

Anaheim Rapid Connection (ARC)

Fueling Future Mobility and Economic Development

TODAY

25 million visitors
annually

51,000 employees

25,000 residents

2035

31 million visitors
annually

75,000 employees

41,000 residents

All within **five square** miles and at the doorstep of the Anaheim Regional Intermodal Transportation Center (ARTIC)



The Challenge

Over the last decade, the City of Anaheim (City) has set the stage for long-term growth. In order to realize the full potential of this growth, a permanent transit solution is required that will:

- Take cars off congested freeways and streets
- Increase mobility throughout the region which will enhance economic development
- Provide a high-capacity, frequent and easy to use “last mile” connection between ARTIC, The Platinum Triangle, The Anaheim Resort, and Convention Center
- Promote transit use by residents, employees in the Platinum Triangle and The Anaheim Resort
- Encourage the 25 million annual visitors to connect to the rest of Orange County and the region

What is ARC?

- ARC is an approximate 3.2-mile transit system that will connect residents, workers, and visitors to ARTIC
- The project was initiated through Measure M2 Go Local program established to provide connections to Metrolink stations
- Envisioned to operate as a high-capacity transportation system, providing convenient and efficient transfers to Metrolink, Amtrak, bus rapid transit, local bus, and future high-speed train services at ARTIC
- Three options for operation were studied: bus, streetcar, and elevated fixed-guideway
- After analysis, in October 2012, the Anaheim City Council selected the Streetcar Alternative as the locally preferred alternative for future environmental study

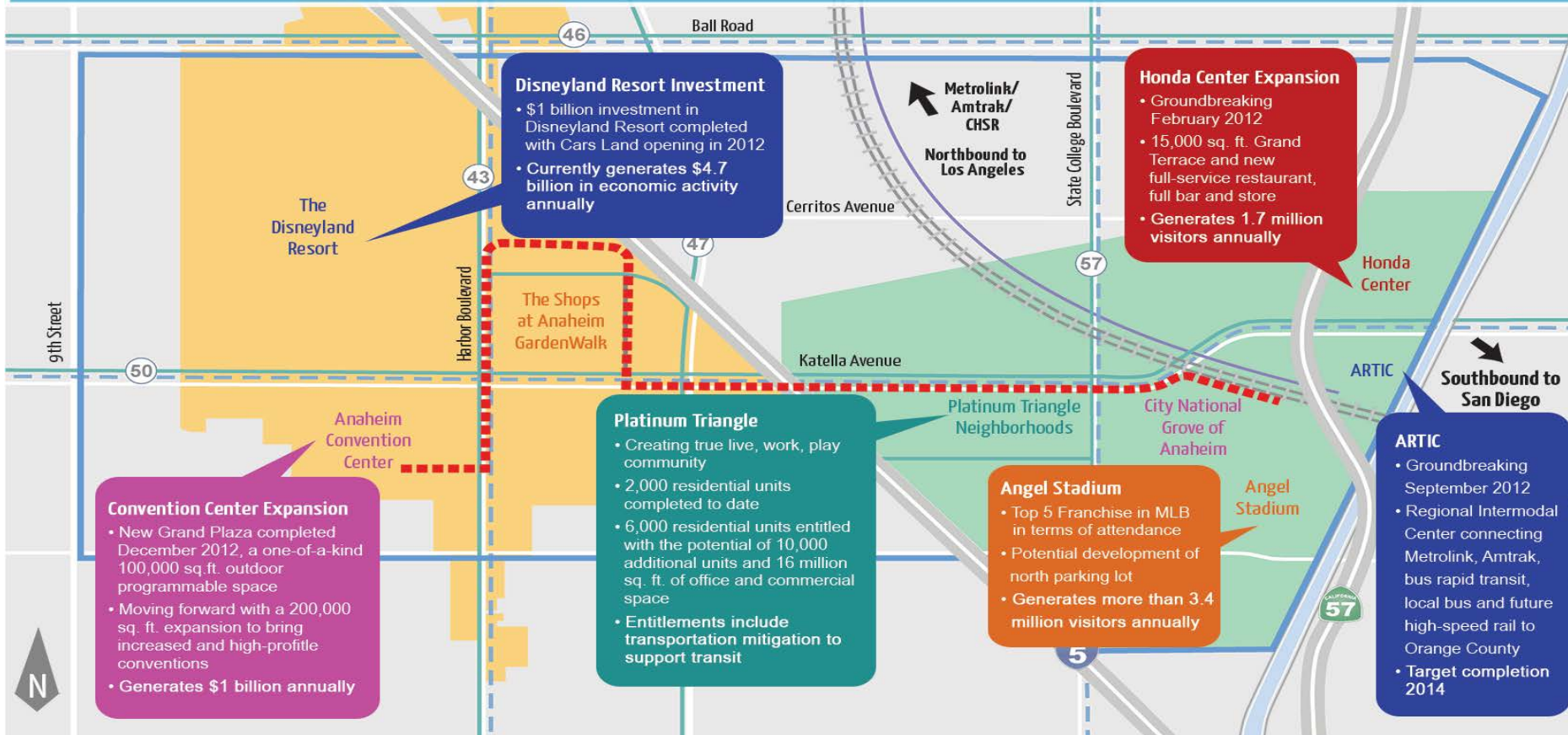
Streetcar Selected as Locally Preferred Alternative



Ten-Year Transit-Centered Economic Plan

Anaheim Tourism Improvement District (ATID)

- Hotel owners in The Anaheim Resort and Platinum Triangle Areas agreed to an assessment in 2010 to fund marketing efforts to promote local tourism and convention business and transportation improvements
- 25% set aside for transportation/transit
- **Currently \$3 million annually is generated that would be dedicated for Operations and Maintenance Costs of ARC**



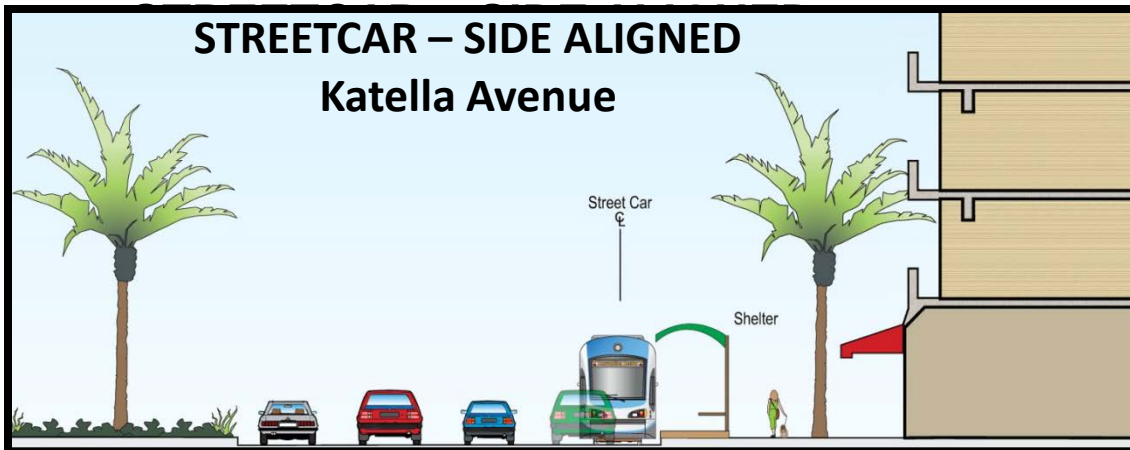
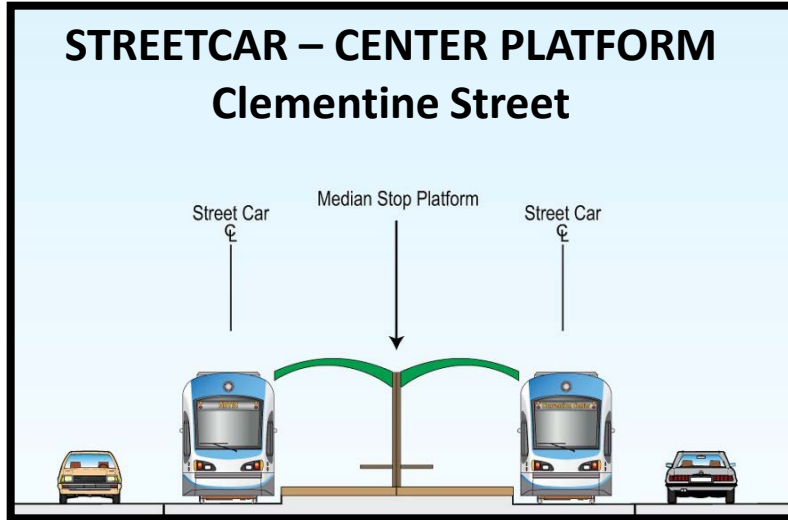
Streetcars Maximize Ridership and Economic Development

- **ARC Will Generate Increased Ridership***
 - 4,168 projected daily riders (pre high-speed rail)
 - Projected to have approximately 22 percent overall higher ridership than bus
 - Draws 30 percent more riders than a bus for internal trips to and from destinations in the ARC corridor
 - Attracts 52 percent more Metrolink riders and 31 percent more Amtrak riders than the bus
- **Streetcars Carry More Passengers Than Buses**
 - 120 passengers per streetcar vs. 90-100 passengers per bus
 - Up to 1,500 passengers per hour per direction for streetcar vs. 1,000 for bus
- **Easier Accessibility for Wheelchairs, Strollers, and Luggage**
 - Low-floor streetcar vehicles make boarding easier and faster
- **Similar Systems Have Resulted in Better Than Expected Ridership Results**
 - Portland: 2,800 projected daily riders/10,000 actual daily
 - Seattle: 1,000 projected weekday riders/3,000 actual

Streetcars Maximize Ridership and Economic Development

- Provides Certainty for Visitors and Businesses
 - Encourages broader use of transit if seen as easy, reliable and permanent
 - Generates increased investment and expansion from businesses
- Generates Fewer Emissions
 - Increased ridership of streetcars results in more vehicles off roads and freeways
 - Meets goals of Southern California Association of Governments Regional Plan/Sustainable Communities Strategy
 - Utilizes electricity/battery vs. natural gas for buses
- Promotes Livable Communities
 - Encourages compact, walk/bike/transit-friendly development
- Results in Major Economic Returns
 - Increases in property value and development densities
 - Generates additional investment and spending

Streetcar Elements



Costs

Key Facts:

Opening Date:	2018
Track Miles:	6.4
Stations:	7 (1 interim)
Vehicles:	10

Cost Breakdown (Millions):*

Vehicles:	\$ 44.9
Right-of-Way:	\$ 36.1
Construction:	\$137.9
Engineering and Professional Services:	\$ 44.7
	SUBTOTAL: \$263.6
Unallocated Contingency/Finance Charges:	\$ 55.1
	TOTAL: \$318.7

Cost Drivers and Potential Savings

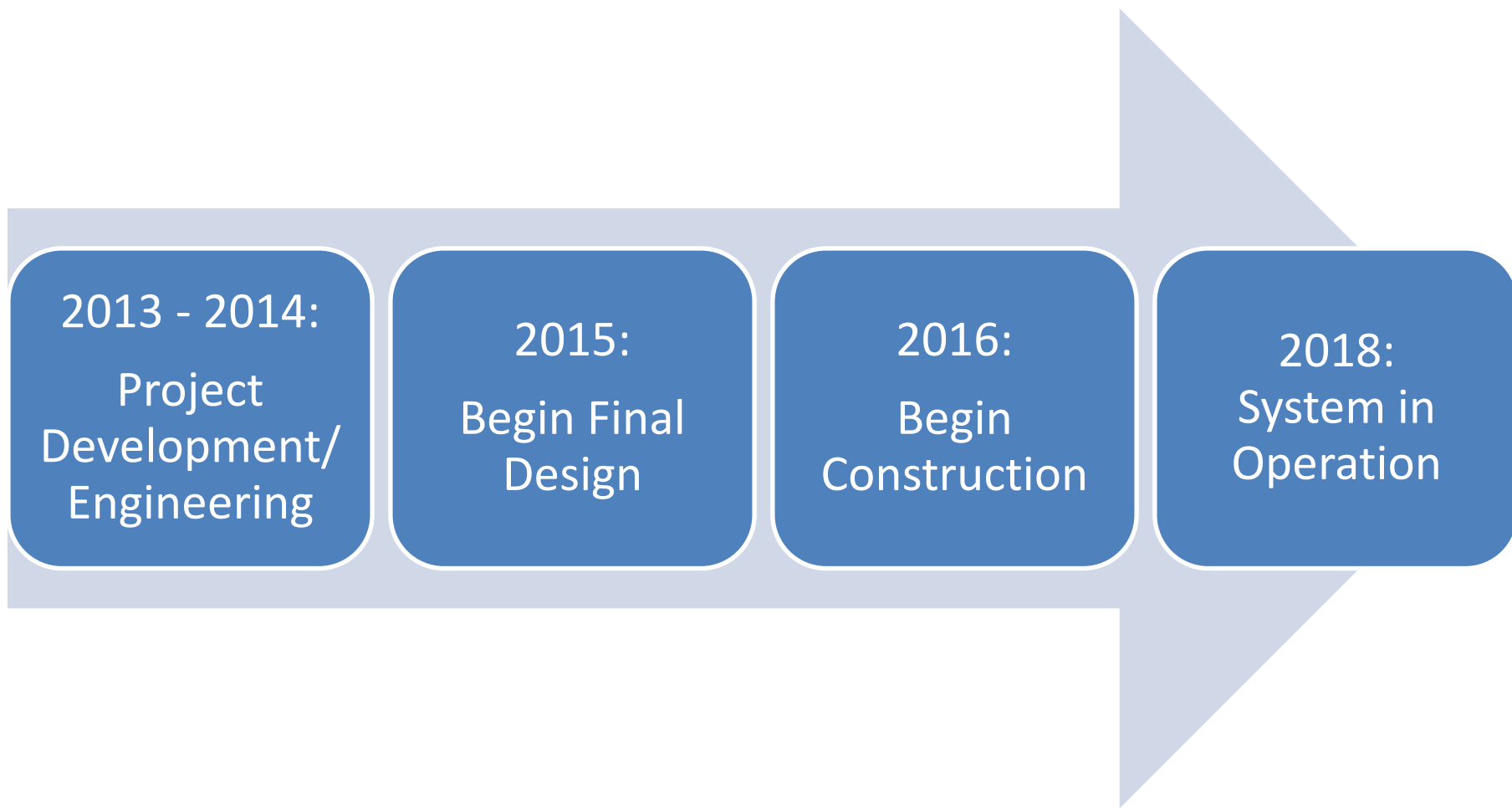
Drivers:

- Ridership Requires More Robust System
 - More vehicles and stations
 - Maintenance Facility
- Construction must accommodate current traffic loads on Harbor Boulevard and Katella Avenue
 - Concrete vs. asphalt
- Acquisition/Right-of-Way Costs
- Station Design Accommodates Ridership Capacity and Needs

Potential Savings:

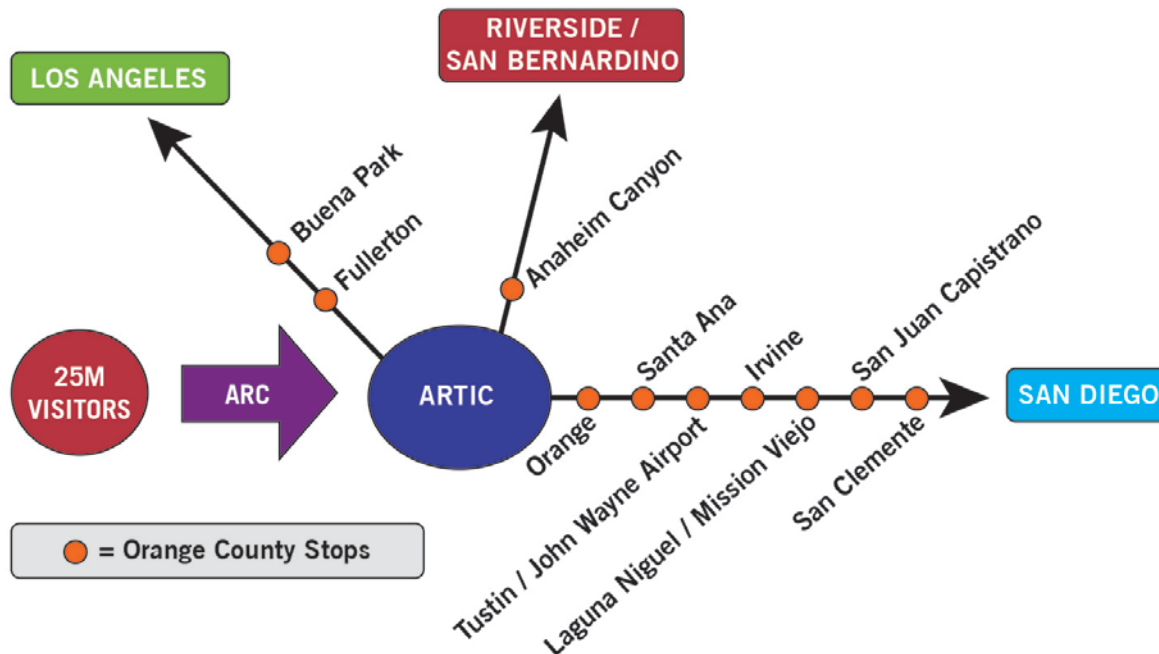
- Station Costs
- Contingency (FTA requires over 30 percent at this phase)
- Right-of-way
- Utility Relocation

Key Project Dates



Connecting 25 Million Visitors to Orange County and the Region

The proposed streetcar system is the City preferred alternative and perhaps the most effective way to maximize ARTIC regional benefits for all of Orange County. By connecting a major regional transit center to major destinations, ARC has the potential to take tens of thousands of cars off the road each year. This will help to better the lives of county residents, visitors, employers and employees and to extend Anaheim visitors an open invitation to visit other areas of Orange County raising the regions profile as a world-class destination where visitors stay longer and spend throughout the county.





ORANGE COUNTY TRANSPORTATION AUTHORITY

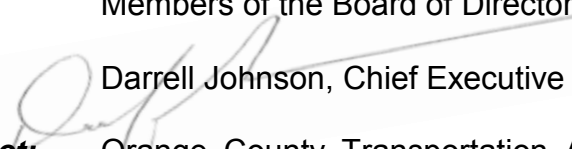
**Orange County Transportation Authority's Fiscal Year
2013-14 Member Agency Contribution to the Southern
California Regional Rail Authority**

Staff Report



June 24, 2013

To: Members of the Board of Directors

From:  Darrell Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority's Fiscal Year 2013-14 Member Agency Contribution to the Southern California Regional Rail Authority

Overview

Under the joint powers agreement that governs the Southern California Regional Rail Authority, each member agency must approve its financial contribution to the Southern California Regional Rail Authority budget. At the June 10, 2013 Orange County Transportation Authority Board of Directors' meeting, the Board of Directors approved a fiscal year 2013-14 member agency contribution to the Southern California Regional Rail Authority subject to future Board actions by the Southern California Regional Rail Authority. On June 14, 2013, the Southern California Regional Rail Authority Board took two separate actions related to the Orange County Transportation Authority member agency contribution.

Recommendations

- A. Approve fiscal year 2013-14 Orange County Transportation Authority member agency contribution to the Southern California Regional Rail Authority fiscal year 2013-14 capital budget, in an amount up to \$2.5 million, to fund capital rehabilitation projects and authorize the use of Federal Transit Administration funds to fully fund those projects.
- B. Reserve \$0.6 million in a separate account which may only be released to the Southern California Regional Rail Authority upon future approval by the Orange County Transportation Authority Board of Directors.

Background

At the June 10, 2013, Board of Directors' (Board) meeting, the Orange County Transportation Authority's (OCTA) Board approved a fiscal year (FY) 2013-14 member agency contribution to the Southern California Regional Rail Authority (SCRRA) that was subject to future Board action by the SCRRA.

OCTA's Board approved a member agency contribution, in an amount of \$19.9 million, for operating expenditures, which is equivalent to the contribution to SCRRA for operations in FY 2012-13, but reserved \$0.8 million in operating funds subject to future Board discussion related to a forensic audit requested by OCTA. The Board also recommended that the SCRRA Board eliminate a five percent fare increase and three percent merit pool from the SCRRA budget.

Discussion

At its June 14, 2013 Board meeting, the SCRRA Board took action with respect to the forensic audit and the fare increase. The SCRRA Board approved the evaluation criteria for the forensic audit. The forensic audit is scheduled to commence late in the second quarter of FY 2013-14 with initial results anticipated sometime in the following quarter. Given that operating payments are made to the SCRRA on a quarterly basis on the first day of each quarter, it is anticipated that the reserve funds held by the OCTA would be necessary to fully fund the fourth quarter payment to SCRRA which is due April 1, 2014. Staff anticipates that given the timing of the forensic audit that any recommendation to the Board related to the reserve funds would not occur until the third or fourth quarter of FY 2013-14.

The SCRRA Board also approved a five percent fare increase effective July 1, 2013. The fare increase impacts all ticket types with the exception of student fares and weekend day passes. The fare increase is anticipated to lower OCTA's member agency contribution by \$1 million in FY 2013-14 from \$21.5 million to \$20.5 million. At the June 10, 2013 OCTA Board meeting, a reserve amount of \$0.8 million was approved by the Board. The reserve amount was based on SCRRA's most conservative fare increase option of 3.5 percent. Given that the SCRRA Board approved a five percent fare increase, the OCTA member agency contribution has decreased by \$0.2 million. The \$0.2 million decrease in member agency contribution results in a corresponding reduction in the reserve amount, and decreases the reserve amount from \$0.8 million to \$0.6 million.

The SCRRA Board is anticipated to make a decision on the three percent merit pool when it considers the overall budget. The SCRRA is holding a special board meeting on June 28, 2013, to consider adoption of its FY 2013-14 budget.

Each year the OCTA Board is asked to approve the SCRRA's detailed list of capital rehabilitation projects by member agency. The detailed list of projects and staff recommendation to fund the projects was included as part of the budget package provided to the Board at the June 10, 2013 meeting; however, final Board approval did not include the recommendation to fund the capital rehabilitation projects. Staff is requesting that the Board approve an amount up to \$2.5 million to fund capital rehabilitation projects and authorize the use of Federal Transit Administration funds to fully fund those projects.

Summary

The Southern California Regional Rail Authority Board took two separate actions at its June 14, 2013, Board meeting that impact the Orange County Transportation Authority's fiscal year 2013-14 member agency contribution. The Southern California Regional Rail Authority Board approved the evaluation criteria for a forensic audit and a five percent fare increase that becomes effective July 1, 2013.

Attachment

None.

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COMMITTEE TRANSMITTAL

July 8, 2013

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: OC Bridges Railroad Grade Separation Program Budget Update

Regional Planning and Highways Committee Meeting of July 1, 2013

Present: Directors Donchak, Harper, Lalloway, Miller, Murray, and Spitzer
Absent: Directors Bates and Nelson

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Direct staff to return to the Board of Directors with an amended funding plan, in consideration of eligible use of federal, state, and local fund sources, to support the revised estimated costs for the OC Bridges Railroad Grade Separation Program.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**OC Bridges Railroad Grade Separation Program Budget
Update**

Staff Report



July 1, 2013

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: OC Bridges Railroad Grade Separation Program Budget Update

Overview

The Orange County Transportation Authority is implementing the OC Bridges Railroad Grade Separation Program which includes seven railroad grade separation projects along the Orangethorpe railroad corridor in the cities of Anaheim, Fullerton, and Placentia. The funding for the program is provided by a combination of federal, state, and local funds. Based on updated costs, additional budget authority and a revised funding plan are needed to complete the seven railroad grade separation projects.

Recommendation

Direct staff to return to the Board of Directors with an amended funding plan in consideration of eligible use of federal, state, and local fund sources to support the revised estimated cost to complete the OC Bridges Railroad Grade Separation Program.

Background

The Orange County Transportation Authority (OCTA), in coordination with the cities of Anaheim, Fullerton, and Placentia, is implementing the OC Bridges Railroad Grade Separation Program (OC Bridges Program). Undercrossings at Placentia Avenue and Kraemer Boulevard and overcrossings at Orangethorpe Avenue, Tustin Avenue/Rose Drive, and Lakeview Avenue will be implemented directly by OCTA. The City of Fullerton is implementing undercrossings at State College Boulevard and Raymond Avenue. A map showing the locations of these projects is included in Attachment A.

These projects are regionally significant due to substantial rail and vehicular traffic volumes that currently traverse the crossings and that are forecasted to increase substantially in the future. The proposed grade separations are on streets that are primary north/south arterial connectors in the cities of Anaheim,

Fullerton, and Placentia. Up to 130 trains per day are expected to use the rail corridor by the year 2030. These projects will provide much needed benefits to the region, including enhanced safety, reduced delay and improved travel time, reduced emergency response times, air quality benefits, and noise reduction.

Based on the need and importance of these grade separation projects, OCTA and the cities of Fullerton and Placentia successfully applied for funding from the state's Proposition 1B Trade Corridor Improvement Fund (TCIF) program. This provided OCTA the one time opportunity to fund the OC Bridges Program with TCIF funds and other state, federal, and local sources. A chronological summary of programming and funding actions related to the OC Bridges Program is included in Attachment B.

Discussion

The OC Bridges Program is progressing well with the Placentia Avenue, Kraemer Boulevard, Orangethorpe Avenue, and Tustin Avenue/Rose Drive grade separation projects in the construction phase, while the Lakeview Avenue, State College Boulevard, and Raymond Avenue grade separation projects are being prepared for bid advertisement to move into the construction phase by 2014. Attachment C provides the status on each of the seven railroad grade separation projects.

OCTA staff has recently performed a comprehensive analysis of actual and estimated remaining costs for each project and has developed updated estimated costs to complete the program. Results of this analysis indicate that the estimated cost to complete the program is \$617.7 million, which is \$31.8 million (5.4 percent) over the current available funding of \$585.9 million. A detailed summary of estimated costs for each project, by phase, is included in Attachment D.

It should be noted that the \$31.8 million funding gap should be reduced to \$25.1 million by additional third party project contributions that have been realized subsequent to the April 9, 2012 Board actions. Further reductions may materialize through federal and Measure M2 revenue offsets that will be available to the program proportional to the TCIF bid savings on the projects currently in construction. Additionally, staff estimates a return of approximately \$12.9 million in revenue from the sale of remnant property after construction is complete. A table summarizing the potential funding offsets is included in Attachment B.

A significant portion of the program cost increases are attributed to the Raymond Avenue railroad grade separation project, primarily in right-of-way (ROW) and construction.

In August 2012, the Board and the Fullerton City Council approved the transfer of lead agency responsibility for the ROW phase of the Raymond Avenue and State College Boulevard grade separation projects from the City of Fullerton to OCTA, as requested by the City of Fullerton. As the lead ROW agency, OCTA staff has been performing detailed reviews of the design and proposed ROW acquisitions for the City of Fullerton projects and have applied lessons learned from the other OC Bridges Program grade separation projects to incorporate design refinements and ensure the ROW being acquired provides the most public benefit with the least private injury.

There is a significant increase in the estimated ROW costs for the Raymond Avenue grade separation project primarily due to a number of tenant relocations and business goodwill costs that were not originally contemplated.

During the construction staging development process, BNSF Railway (BNSF) required a continuous railroad shoofly between State College Boulevard and Raymond Avenue to accommodate railroad operations. With this requirement, the projects were required to be constructed concurrently. The City of Fullerton analyzed the concurrent construction of the two adjacent grade separations and determined that closure of both roadways would cause detrimental impacts to traffic circulation in the region. A bypass roadway for Raymond Avenue was added at that time by the City of Fullerton to mitigate potential traffic issues; however, a budget adjustment was never contemplated to capture the additional costs generated by the bypass road.

There is also an increase in the construction cost of the Raymond Avenue grade separation project due to retaining walls required along the BNSF ROW to accommodate the construction of the continuous railroad shoofly between Raymond Avenue and State College Boulevard. These walls were not included in the original construction cost estimate, but were discovered as OCTA staff performed design and ROW reviews.

Value analyses (VA) were performed for all of the grade separation projects to identify methods to decrease project costs. The VA for the Raymond Avenue grade separation project included reviewing pavement material types, realigning roadway geometry, modifying construction staging, and altering structures and bridge foundation materials. Through this analysis for the Raymond Avenue grade separation, several cost reduction measures were implemented, including restaging and eliminating an AT&T utility temporary relocation, modifying the roadway profile of Raymond Avenue to reduce retaining wall heights to decrease wall and excavation costs, and replacing steel piles with less expensive concrete foundations for retaining walls. These cost-saving measures are incorporated into the current project cost estimates; however, these measures result in a relatively minor reduction

in the overall project costs as compared to the increased costs in ROW elements and previously missing construction elements.

There are also increases and decreases in the overall costs for the other six OC Bridges Program grade separation projects. For example, there are pending ROW purchase agreements with several property owners that will result in settlement amounts greater than the appraised amounts. The project cost variances result from a combination of construction bid savings, cost leveling of final engineer's estimates, utility cost increases, settlement of numerous ROW acquisition agreements and anticipated costs for pending settlement agreements, increase in city support costs, additional Transportation Management Plan elements, and increased legal and design support costs primarily related to the numerous property acquisitions that have been or are currently being negotiated. Attachment D includes detailed summaries of significant cost changes by project development phase for each OC Bridges project.

If it is determined there are no readily available funding sources to cover the program funding gap, one option would be to delay the Raymond Avenue grade separation project until sufficient funding can be secured and complete the implementation of the remaining OC Bridges Program projects. This option would require the de-coupling of the continuous railroad shoofly between State College Boulevard and Raymond Avenue. As a result, the railroad construction and maintenance (C&M) agreements for both projects would need to be renegotiated with BNSF, and railroad costs would increase on both projects. This option would also delay the start of the State College Boulevard grade separation project as it could not proceed into construction until a new C&M agreement is negotiated and executed. Any delays in the State College Boulevard project places TCIF funding allocations at risk due to the requirement for an approved construction contract by the end of 2013.

Future Actions

Contingent upon approval of the recommended action herein, staff plans to return to the Board this fall with a comprehensive funding plan with recommended programming actions to cover the current funding gap and to shift funds between projects and phases. The proposed funding plan will be developed with the intent to maximize the OC Bridges Program's current federal and state funds and limit the use of additional local funds to the extent possible. Because additional funds are required, staff will need to consider the impacts of the contemplated funding options on the overall capital improvement program.

Fiscal Impact

Funds are included in OCTA's Fiscal Year 2013-14 Budget, Capital Programs Division, from various accounts to accommodate the current OC Bridges

Program budget, and are funded with a combination of federal, state, and local funds. Necessary budget adjustments will be made in the future contingent upon Board approval of a revised funding plan for the OC Bridges Program.

Summary


The currently approved budget for the OC Bridges Program is not sufficient to complete the seven grade separation projects along the Orangethorpe railroad corridor. Additional funds and reprogramming of existing fund sources between projects and project phases will be required. OCTA staff will develop a revised funding plan to be presented to the Board of Directors for recommended approval this fall.

Attachments

- A. BNSF Corridor Railroad Grade Separation Project Map
- B. OC Bridges Railroad Grade Separation Program Budget Update
Summary of Programming and Funding Actions
- C. OC Bridges Grade Separation Program Status Update
- D. OC Bridges Program Project Cost Summary Details

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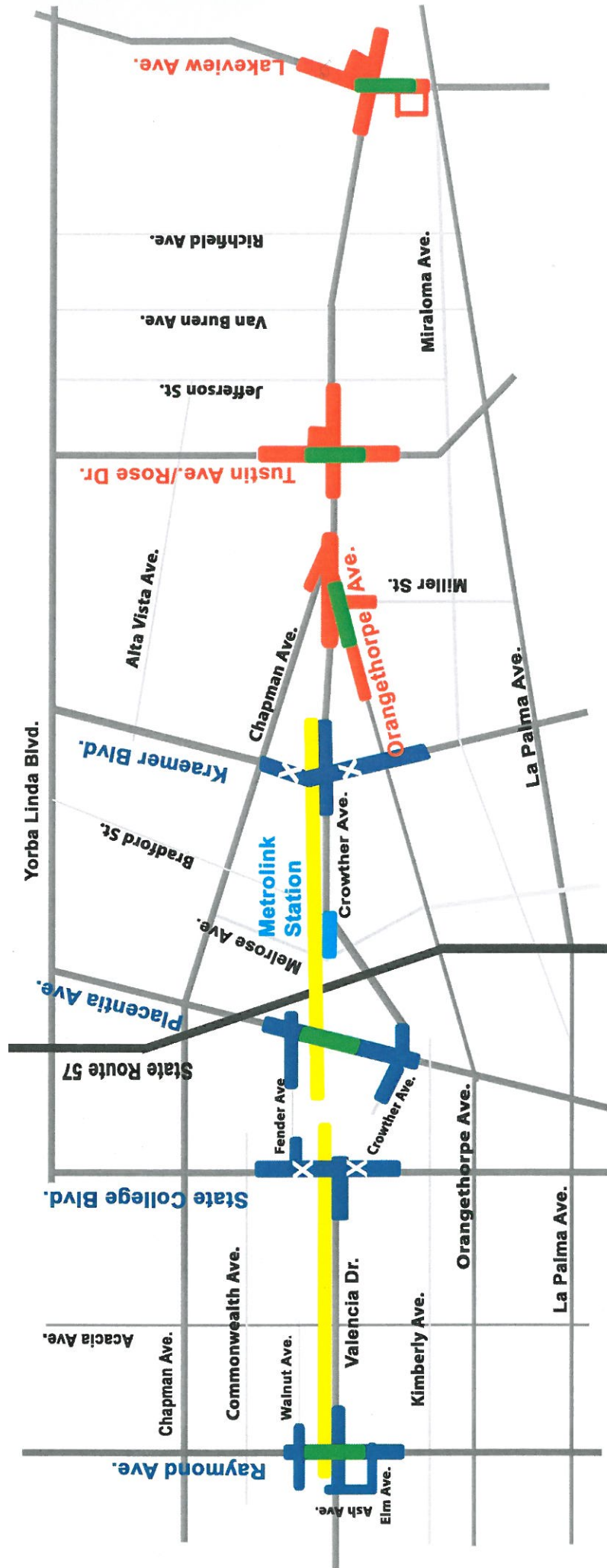


ORANGE COUNTY TRANSPORTATION AUTHORITY

**OC Bridges Railroad Grade Separation Program Budget
Update**

Attachment A

BNSF Corridor Railroad Grade Separation Project Map



X	Road Closure During Construction
Green Bar	Detour Road During Construction
Blue Bar	Project Area (Undercrossings)
Red Bar	Project Area (Overcrossings)
Yellow Bar	Temporary Railroad Shoofly



ORANGE COUNTY TRANSPORTATION AUTHORITY

**OC Bridges Railroad Grade Separation Program Budget
Update**

Attachment B

**OC Bridges Railroad Grade Separation Program Budget Update
Summary of Programming and Funding Actions**

The OC Bridges Railroad Grade Separation Program (OC Bridges Program) is being managed by the Orange County Transportation Authority (OCTA) as a program of projects and is currently programmed to be delivered with more than ten different funding sources, making this one of the most complex funding programs OCTA has ever managed. State and federal programming documents reflect funding on a project-by-project basis for each phase of project delivery, not as a program of projects. The state and federal funding sources have very specific rules for eligibility for each phase of project delivery and limitations for capturing construction bid savings.

The use of state and federal funds for the OC Bridges Program of projects started in 2005, when the City of Fullerton (Fullerton) secured \$12.8 million in federal grant funding for the State College Boulevard grade separation project. Several years later, in January 2008, OCTA and the cities of Fullerton and Placentia applied for funding from the state's Proposition 1B Trade Corridor Improvement Fund (TCIF) program for the seven grade separation projects. In April 2008, the California Transportation Commission programmed a total of \$182.8 million in TCIF funds for the projects toward the total estimated OC Bridges Program cost of \$416.7 million. The balance was funded with \$80.6 million in other state and federal funds and \$153.2 million in Measure M2 (M2) and city funds.

With the completion of the Environmental Impact Report, OCTA and the City of Fullerton found that there was a significant difference between the original estimate and the actual anticipated costs because the preliminary engineering on all of the projects did not accurately reflect the full requirements for the project; the estimates for right-of-way acquisition, structures construction, and railroad items were lower than needed, and roadway detours were required and not considered in the original estimates. In addition, BNSF Railway (BNSF) required a shoofly detour for four of the projects. In July 2010, the Board of Directors (Board) approved a revised OC Bridges Program cost of \$589.6 million, an increase of \$172.9 million which was supported with \$144.7 million in federal funds and \$28.2 million in M2 funds.

In August 2011, the Board approved an amendment to the Raymond Avenue grade separation project funding plan to replace \$43.6 million of Congestion Mitigation and Air Quality and M2 funds with Proposition 1B funds from the Public Transportation Modernization, Improvement, and Service Enhancement Account.

In April 2012, the Board approved an amendment to the OC Bridges Program funding plan which included several programming actions to shift funds between projects and project phases, as required, based on updated project costs, construction contract award savings for Kraemer Boulevard and Placentia Avenue

grade separations, and eligibility requirements of each funding source. The April 2012 Board action resulted in no net change to the overall program budget of \$589.6 million, but reduced the Fullerton contribution by \$5.7 million (per the city's request), added in new revenues from BNSF (\$8.9 million), increased the Public Transportation Modernization, Improvement, and Service Enhancement Account Program by another \$34.9 million, reduced TCIF by \$8.6 million (due to bid savings), and decreased the federal funding contribution by \$29.5 million.

In February 2013, the Board approved actions to reprogram a total of \$12.6 million in TCIF bid savings from Kraemer Boulevard, Placentia Avenue, Orangethorpe Avenue, and Tustin Avenue/ Rose Drive grade separation projects to the Lakeview Avenue (\$10.8 million) and State College Boulevard (\$1.8 million) grade separation projects, resulting in a net increase in the overall TCIF revenue for the program of \$4.2 million which was added to the Lakeview Avenue grade separation project. The remaining TCIF bid savings replaced federal and M2 funds in both of the grade separation projects. The February Board action also resulted in changes (due to TCIF bid savings) in the individual project budgets for Kraemer Boulevard, Placentia Avenue, Orangethorpe Avenue, and Tustin Avenue/ Rose Drive grade separation projects, thereby decreasing the overall funding available for the OC Bridges Program to \$585.5 million.

It is important to note that the TCIF bid savings only represents a proportional share of the overall bid savings that was achieved in each of the four projects which have already awarded contracts. In the April 2012 Board action, bid savings across all fund sources was accounted for in the programming of the Placentia Avenue and Kraemer Boulevard grade separation projects. However, there has not been a corresponding Board action to reduce the federal or M2 funds from Orangethorpe Avenue and Tustin Avenue/Rose Drive grade separation projects as there has been with the TCIF bid savings, so those funds continue to be available to support the OC Bridges program budget.

Subsequent to the OC Bridges programming actions noted above, OCTA staff and the City of Fullerton have negotiated several agreements for additional third party contributions which are higher than originally estimated. These additional contributions increase the revenue available to the program by \$6.7 million. The third party contributions include a net increase in the BNSF reimbursement shares based on actual costs identified in the BNSF construction and maintenance agreements, and reimbursements from third party utility companies for utility work to be performed as part of the construction contracts on the Fullerton grade separation projects.

OCTA has been able to identify another earmark for the State College Boulevard grade separation project, which was not previously included in the project budget, which provides an additional \$490 thousand to the project.

While consistent with the April 2012 item, the program budget is currently \$589.6 million, and the Board approved revenues for the project as of February 2013 are \$585.5 million, the program currently has an estimated \$592.6 million in available revenues.

Finally, the program is anticipating \$12.9 million in revenues from the sale of surplus properties, \$4.1 million to be used to repay an Orange County Unified Transportation Trust (OCUTT) loan to the program and \$8.8 million to help offset the use of M2 for this program of projects.

Table B-1 on the next page outlines the most recently approved funding plans and the potential revenues described in this attachment. It does not include the revenues anticipated through the sale of surplus property. There is an estimated funding gap of \$25.1 million.

Table B-1

OC Bridges Program Grade Separation Project Cost Summary

Project	OCTA Board Approved Funding 2/25/13 (\$000s)	Additional Federal Funds	Available Funding (\$000s)	Current Estimate (\$000s)	Variance (\$000s)	Additional Third Party Contributions (\$000s)	Revised Variance with Contributions (\$000s)
Placentia Avenue (1)	\$67,471		\$67,471	\$69,425	(\$1,954)	\$0	(\$1,954)
Kraemer Boulevard (1)	\$69,145		\$69,145	\$66,627	\$2,518	\$0	\$2,518
Orangethorpe Avenue (2)	\$108,489		\$108,489	\$107,194	\$1,295	\$351	\$1,646
Tustin Avenue/ Rose Drive (2)	\$87,791		\$87,791	\$91,271	(\$3,480)	\$288	(\$3,192)
Lakeview Avenue	\$99,763		\$99,763	\$104,839	(\$5,076)	\$619	(\$4,457)
State College Boulevard (3)	\$74,644	\$490	\$75,134	\$80,254	(\$5,120)	\$3,109	(\$2,011)
Raymond Avenue	\$78,156		\$78,156	\$98,138	(\$19,982)	\$2,320	(\$17,662)
Total	\$585,459	\$490	\$585,949	\$617,748	(\$31,799)	\$6,687	(\$25,112)
Post Construction Potential Return from Remnant Property Sale							\$12.9

(1) TCIF deallocation approved 4/9/12

(2) TCIF deallocation approved 2/25/13 with adjustments to Placentia and Kraemer

(3) Additional \$490,000 in federal earmark



ORANGE COUNTY TRANSPORTATION AUTHORITY

**OC Bridges Railroad Grade Separation Program Budget
Update**

Attachment C

OC Bridges Grade Separation Program
Status Update

Raymond Avenue

The design is complete, and construction bid packages are being finalized for advertisement this fall. Required right-of-way (ROW) acquisition agreements have been executed or are being negotiated. The City of Fullerton has procured a contract for construction management services, and construction is scheduled to begin by the end of this calendar year.

State College Boulevard

The design is complete, and construction bid packages are being finalized for advertisement this fall. Required ROW acquisition agreements have been executed or are being negotiated. The City of Fullerton is in the process of procuring a contract for construction management services, and construction is scheduled to begin by the end of this calendar year.

Placentia Avenue

Construction commenced in late 2011 and is approximately 60 percent complete. The bridge structure was completed in June 2013 and BNSF Railway's (BNSF) shift from the railroad shoofly to the mainline tracks is anticipated in July 2013. Construction is anticipated to be complete in mid-2014.

Kraemer Boulevard

Construction commenced in late 2011 and is approximately 60 percent complete. The bridge structure was completed in June 2013 and BNSF's shift from the railroad shoofly to the mainline tracks is anticipated in July 2013. Construction is anticipated to be complete in mid-2014.

Orangethorpe Avenue

Construction has commenced. A limited notice to proceed was issued to the contractor, Flatiron West, Inc., on April 25, 2013, and a full notice to proceed with construction will be issued in July 2013. Current project activities include construction administration and project set-up, mobilization of materials and equipment, and utility relocations. Construction is anticipated to be complete by the end of summer 2016.

Tustin Avenue/Rose Drive

Construction has commenced. A limited notice to proceed was issued to the contractor, USS Cal Builders, Inc., on April 22, 2013, and a full notice to proceed with construction will be issued in July 2013. Current project activities include construction administration

and project set-up, mobilization of materials and equipment, and utility relocations. Construction is anticipated to be complete by the end of summer 2016.

Lakeview Avenue

The design is complete, and construction bid packages are being finalized for advertisement. OCTA is working with Southern California Edison (SCE) to address Buy America compliance issues, which must be resolved for the California Transportation Commission to allocate Trade Corridor Improvement funds and for OCTA to obtain federal approval to advertise the project. Required ROW acquisition agreements have been executed or are being negotiated. Construction is scheduled to begin in early 2014, contingent upon timely resolution of the SCE Buy America issue.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**OC Bridges Railroad Grade Separation Program Budget
Update**

Attachment D

Project Funding Detail
OC Bridges Program Summary

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Additional Federal Funds	Surplus/ (Shortfall) (\$000s)
Design (Preliminary & Final Engineering)	43,223	41,443		(1,780)
Right of Way	187,661	167,904		(19,757)
Railroad Items (C&M)	35,329	44,656		9,327
Construction	299,831	298,630		(1,201)
Project Management & Support	35,726	16,020		(19,706)
Project Contingency	15,978	16,806		828
Additional Federal Funding			490	490
TOTALS	617,748	585,459	490	(31,799)
Utility Reimbursement				5,629
Railroad Reimbursement				1,058
TOTAL				(25,112)

Project Funding Detail
Raymond Avenue Undercrossing Project

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Surplus/ (Shortfall) (\$000s)	Comments
Design (Preliminary & Final Engineering)	4,862	4,896	34	
Right-of-Way (ROW)	34,901	27,170	(7,731)	Increase in ROW acquisition, including relocation assistance program (RAP) and goodwill; increase in ROW support due to RAP, goodwill appraisals, furniture, fixtures, and equipment (FFE) appraisals; Increase in contingency to cover pending settlements
Railroad Items (Construction and Maintenance (C&M))	10,564	14,499	3,935	Estimate reduced based on ongoing negotiations with BNSF Railway and updated costs for shoofly and railroad (RR) signal work
Construction	44,278	29,617	(14,661)	Increase based on updated and leveled engineer's estimate; original estimate did not include retaining walls along RR ROW
Project Management & Support	3,533	1,974	(1,559)	Increase in anticipated legal fees: Duralume, Fuller Labs, Fullerton Business Park/ condos, Ceja Meats, Pinsky, others
TOTALS	98,138	78,156	(19,982)	
Utility Reimbursement			2,620	Metropolitan Water District reimbursement not included in original budget
Railroad Reimbursement			(300)	Differences based on actual negotiated amounts
TOTAL			(17,662)	

Project Funding Detail

State College Boulevard Undercrossing Project

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Additional Federal Funds	Surplus/ (Shortfall) (\$000s)	Comments
Design (Preliminary & Final Engineering)	5,612	3,900		(1,712)	Increase in design costs due to replacement of design consultant \$2 million, environmental revalidation, and OCTA design requirements for ROW
ROW	23,868	19,092		(4,776)	Increase in ROW acquisition cost, including RAP for Lee Building tenants which was not originally contemplated
Railroad Items (C&M)	4,436	11,119		6,683	Estimate reduced based on ongoing negotiations with BNSF and updated costs for Shoofly and RR signal work
Construction	42,011	38,377		(3,634)	Increase based on updated and leveled engineer's estimate
Project Management & Support	4,327	2,156		(2,171)	Increase in anticipated legal services: Linder, Lee, CJ Foods, Fullerton Industrial Park, Fullerton Business Center, others
Additional Federal Funding			490	490	Additional federal earmark
TOTALS	80,254	74,644	490	(5,120)	
Utility Reimbursement				3,009	Orange County Sanitation District reimbursement not included in original budget
Railroad Reimbursement				100	Differences based on actual negotiated amounts
TOTAL				(2,011)	

Project Funding Detail
Placentia Avenue Undercrossing Project

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Surplus/ (Shortfall) (\$000s)	Comments
Design (Preliminary & Final Engineering)	4,625	4,328	(297)	
ROW	20,856	19,410	(1,446)	Increase due to M&H Settlement / Home Depot and Sam's Club
Railroad Items (C&M)	6,581	6,581	0	
Construction	32,022	32,394	372	
Project Management & Support	4,454	2,792	(1,662)	legal services: M&H / Home Depot / Sam's Club and Fullerton Business Center
Project Contingency	887	1,966	1,079	
TOTALS	69,425	67,471	(1,954)	
Utility Reimbursement			0	
Railroad Reimbursement			0	
TOTAL			(1,954)	

Project Funding Detail
Kraemer Boulevard Undercrossing Project

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Surplus/ (Shortfall) (\$000s)	Comments
Design (Preliminary & Final Engineering)	6,168	6,043	(125)	
ROW	7,418	9,754	2,336	Cost adjustment based on actual amounts for ROW acquisition and support
Railroad Items (C&M)	6,092	6,092	(0)	
Construction	41,792	44,663	2,871	Feb 2013 TCIF Adjustment amount added to available funding for potential increase in supplemental work items
Project Management & Support	3,700	1,797	(1,903)	Increase in Fullerton support and legal services
Project Contingency	1,457	796	(661)	
TOTALS	66,627	69,145	2,518	
Utility Reimbursement			0	
Railroad Reimbursement			0	
TOTAL			2,518	

Project Funding Detail
Orangethorpe Avenue Overcrossing Project

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Surplus/ (Shortfall) (\$000s)	Comments
Design (Preliminary & Final Engineering)	8,266	7,532	(734)	
ROW	27,050	24,805	(2,245)	ROW cost includes Myers/Treesmith and Vistara settlements; does not include costs for Hoke Building. Increase in SCE and SCG Transmission utility costs
Railroad Items (C&M)	2,874	1,997	(877)	Railroad costs based on executed C&M agreement
Construction	58,290	66,938	8,648	Decrease in construction costs due to bid savings
Project Management & Support	6,414	2,917	(3,497)	Increase in legal services: Lakeside plaza tenants, Myers/Treesmith, Jazzbrite; Vistara, Las Palmas. Increase in City support costs
Project Contingency	4,300	4,300	0	
TOTALS	107,194	108,489	1,295	
Utility Reimbursement			0	
Railroad Reimbursement			351	Differences based on actual negotiated amounts
TOTAL			1,646	

Project Funding Detail
Tustin Avenue / Rose Drive Overcrossing Project

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Surplus/ (Shortfall) (\$000s)	Comments
Design (Preliminary & Final Engineering)	6,389	6,246	(143)	
ROW	33,590	31,085	(2,505)	Increase in utility costs based on updated estimates from utility companies. Contingency increased for pending ROW acquisition settlements
Railroad Items (C&M)	3,051	3,520	469	
Construction	37,373	40,026	2,653	Decrease due to construction bid savings
Project Management & Support	6,568	2,204	(4,364)	Increase in anticipated legal services: Del Cerro, CADE, Rose Plaza, Las Palmas. Increase in City support costs. Increase in project management due to numerous legal issues
Project Contingency	4,300	4,710	410	
TOTALS	91,271	87,791	(3,480)	
Utility Reimbursement			0	
Railroad Reimbursement			288	Differences based on actual negotiated amounts
TOTAL			(3,192)	

Project Funding Detail
Lakeview Avenue Overcrossing Project

Project Phase	Current Cost Estimate (\$000s)	Board Approved Funding 2/25/13 (\$000s)	Surplus/ (Shortfall) (\$000s)	Comments
Design (Preliminary & Final Engineering)	7,301	8,498	1,197	
ROW	39,978	36,588	(3,390)	Increase in utility costs: SCG, SCE, Anaheim Electric. Increased contingency for pending settlements
Railroad Items (C&M)	1,731	848	(883)	Increase due to Quiet Zone deactivation at RR signal
Construction	44,065	46,615	2,550	Trade Corridor Improvement Fund added February 2013
Project Management & Support	6,730	2,180	(4,550)	Increase in anticipated legal services: Collier, Hayden Brothers, Rathmeier, Goodman, Minassian, Carrone, others
Project Contingency	5,034	5,034	0	
TOTALS	104,839	99,763	(5,076)	
Utility Reimbursement			0	
Railroad Reimbursement			619	Differences based on actual negotiated amounts
TOTAL			(4,457)	



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Completion of Milestones for the Anaheim Rapid
Connection Project**

Staff Report



July 8, 2013

To: Members of the Board of Directors

From: Darrell Johnson, Chief Executive Officer

Subject: Completion of Milestones for the Anaheim Rapid Connection Project

Overview

The City of Anaheim has completed the Anaheim Rapid Connection Alternatives Analysis Report, and the Anaheim City Council adopted the Streetcar Alternative as the locally preferred alternative on October 23, 2012. The City of Anaheim is required to seek the Orange County Transportation Authority Board of Directors' approval to advance the Anaheim Rapid Connection project into the environmental clearance phase.

Recommendations

- A. Approve the completion by the City of Anaheim of the following project milestones: alternatives analysis and approval and adoption by the Anaheim City Council of the locally preferred alternative which is an at-grade modern streetcar system operating in a mixed-flow configuration primarily in the existing street right-of-way on Katella Avenue, Clementine Street, Harbor Boulevard, and Convention Way; and allow the City of Anaheim to advance into the next project milestone which is completion of draft environmental documents of its locally preferred alternative.
- B. Direct staff to work with the City of Anaheim to ensure that the development of the locally preferred alternative provides for compatibility with the proposed Santa Ana/Garden Grove Fixed-Guideway Project.
- C. Direct staff to work with the City of Anaheim to develop cost containment strategies to reduce cost of the locally preferred alternative, consistent with the Anaheim Rapid Connection project's identified goals and objectives, as well as the value engineering efforts utilized by the Federal Transit Administration.

Background

Initiated by the Measure M (M1)-funded Go Local Program (Program), a program envisioned to help broaden the reach of the Metrolink system by providing a link between Metrolink stations and major destinations, the City of Anaheim (City) has been leading the development for the Anaheim Rapid Connection (ARC), including an evaluation of project alternatives. Building off of the initial M1 investment in the Program, the approval of Measure M2 (M2) by the voters in 2006 made funds available for the implementation of transit extensions to Metrolink projects as identified in Project S. The Orange County Transportation Authority (OCTA) has overseen project development of the ARC project to ensure consistency with the goals of both the initial investment of M1 and the further commitment to these goals in M2 Project S.

The Federal Transit Administration (FTA) has also been involved in the oversight of project development activities, consistent with the Board of Directors (Board) requirement that the ARC project remain eligible for federal funds. This is also consistent with the M2 Ordinance which specifically states that OCTA will maximize the use of state and federal funding.

Consistent with funding requirements of OCTA's initial M1 investment, the City must seek Board approval to advance ARC into subsequent project development phases upon the completion of specific project milestones. The City has completed its alternatives analysis (AA), and the City Council has adopted the at-grade streetcar alternative as its locally preferred alternative (LPA). Board approval is required to allow the City to proceed into the environmental phase where it will refine LPA costs and conduct additional project analysis. Upon completion of the draft environmental document, the City will again return to the Board for approval to proceed to the subsequent phase.

Discussion

To provide clarification on several Program issues that were raised at the June 24, 2013 Board meeting, the following information is provided:

Streetcar Cost Estimates

Staff is seeking Board direction to work with the City to reduce the project cost of the LPA. In an effort to support the development of this recommendation, staff provided a comparison of the ARC project cost per mile in relation to other peer streetcar projects nationwide. In order to provide a fair, equitable comparison among projects that varied widely in length, track configurations, stages of development and estimates' year of expenditure, as well as the disparity that exists for labor and land costs by region and state, it was

necessary to not only provide the data in track miles but also to display the estimates in 2011 dollars to account for the variances. As a point of clarity, “route miles” are the number of miles a rail vehicle travels to get from point A to point B, independent of the number of tracks. “Track miles” are the total length of track in a corridor; for example, one mile of two-track mainline equals two track miles. This is further explained and illustrated in Attachment A. For purposes of cost comparison amongst different projects, track miles are typically used, whereas for public understanding of one particular project, route miles are commonly used.

M2 Project S

To date, the planning phases for the ARC project have been funded through a combination of M1, M2, and federal 5307 formula funds (Attachment B). The City’s access to funds for preliminary engineering (PE) is contingent upon approval by the Board and FTA to enter into PE. The future phases (final design, right-of-way acquisition, and construction) are currently not funded.

The approval of M2 in 2006 made available approximately \$1.3 billion (May 2013 forecast) over the duration of the measure for Project S – Transit Extensions to Metrolink. Per the M2 Investment Plan, Project S will “establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria...” (Attachment C).

Future Project Phases

Per Board direction, the Program has followed a linear path of development which is also consistent with the federal New Starts Program. Linear development steps allow for a deliberate planning process and the ability to review and assess progress at key decision points. Proceeding into the environmental phase allows the City the opportunity to further develop and refine the ARC project. This will include extensive public outreach, a more detailed level of engineering, and a further identification of risk and mitigations which will allow for further refinement and reduction of cost. Upon completion of the draft environmental document, the City will return to the Board for review and approval of the completed milestone prior to proceeding any further with project development.

At the conclusion of the environmental phase and prior to entering into PE, a detailed operating plan as well as multiple project management documents that identify clear lines of authority for design, construction, and ownership will be required. Each of these critical policy decisions will be brought to the Board for

a detailed discussion consistent with the decision diagram previously presented to the Board.

Connectivity

Staff is seeking Board direction to work with the City to ensure that, as the LPA is advanced and refined through the environmental clearance process, it is developed in a manner that allows for compatibility with the Santa Ana/Garden Grove Fixed-Guideway Project. These efforts would focus on key project design features such as vehicle technology and maintenance facility specifications in order to maximize economies of scale and operational efficiencies; this will also address the passenger interface to ensure that there is a seamless transition for the possibility of future connectivity between the two systems.

Milestones

In 2008, OCTA and the City entered into a cooperative agreement that awarded funds to the City to complete the AA, state and federal environmental clearance, and the requisite detailed planning, project management, and conceptual engineering. As part of that cooperative agreement, three milestones were identified: completion of the AA, approval and adoption of the LPA by the Anaheim City Council, and completion of draft environmental documents; at each point the City would be required to seek approval from OCTA that the milestone had been completed in order to advance to the next milestone. The intent of the inclusion of the milestones was to ensure that the OCTA Board was kept apprised of project progress and further advancement of the project was subject to OCTA approval.

Next Steps

Should the Board approve the completion of the AA and approval and adoption of the LPA by the Anaheim City Council, the City will proceed with preparation of the state and federal environmental documents and advanced conceptual engineering plans. Board approval of the AA and LPA project milestones does not require additional funding as funding for the environmental clearance phase was approved by the Board on September 22, 2008, November 22, 2010, and modified on January 28, 2013, as identified in Attachment B. Consistent with the linear planning and decision-making process for this Program, the approval of the AA and LPA milestones and the advancement into environmental clearance does not permit the initiation of project delivery. The City will return to the Board for approval of the next Program milestone, completion of the draft environmental document, which is anticipated in 2014. Following completion of environmental clearance, a request will be made to FTA to initiate PE. Over the next year staff will be seeking Board direction on the Program policy decisions

regarding funding plans and appropriate governance structure for delivery of future phases, including operations and maintenance, consistent with the decision diagram presented to the Board in April 2013.

Summary

The City has completed the AA, and the City Council has adopted the Streetcar Alternative as the LPA. Board action is required to approve the completion of the project milestones and allow the City to proceed with environmental clearance for the ARC project.

Attachments

- A. Route vs. Track Miles
- B. City of Anaheim Go Local Fixed-Guideway Program Expenditures
- C. Measure M2 Project S – Transit Extensions to Metrolink

Prepared by:



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Approved by:



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ORANGE COUNTY TRANSPORTATION AUTHORITY

**Completion of Milestones for the Anaheim Rapid
Connection Project**

Attachment A

Route vs. Track Miles

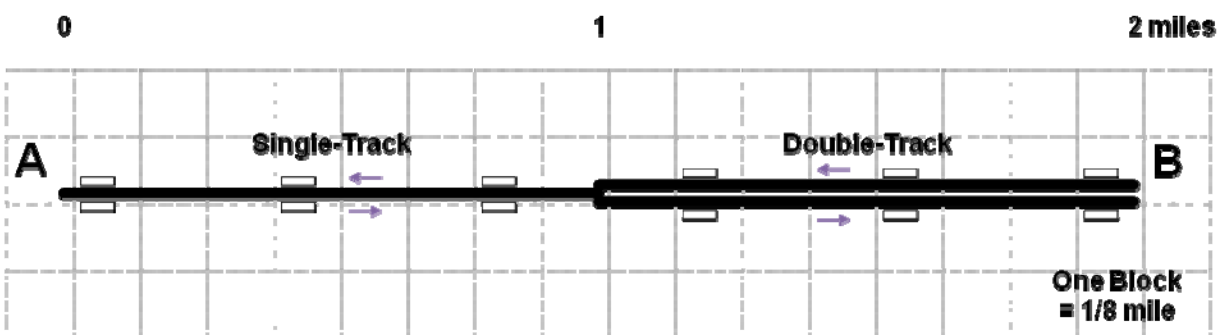
Route Miles – The number of miles a rail vehicle travels to get from point A to point B (number of tracks doesn't matter)

- Route miles are the easiest for public to understand and are typically used in documents and presentations

Track Miles – Total length of track in a corridor; for example, one mile of two-track mainline equals two track miles

- Track miles are used to compare ARC to other streetcars across the country, due to different track configurations as detailed on following slide

Route vs. Track Miles – Example



- Route Miles (A → B) = 2 Route Miles
- Track Miles (total track) = 3 Track Miles
 - Single-track = 1 track mile
 - Double-track = 2 track miles (1 mile of two track configuration)



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Completion of Milestones for the Anaheim Rapid
Connection Project**

Attachment B

CITY OF ANAHEIM GO LOCAL FIXED-GUIDEWAY PROGRAM EXPENDITURES (as of May 2013)

OCTA Board Approval	Project Development Step	Federal Funds (5307)	OCTA Funds	City Match	Total Approved Budget	➔	Approved for Expenditure	City Encumbered (Contract Value)	Expenditures to Date
6/26/2006	Step 1: Initial Transit Needs Assessment		Measure M1 \$ 100,000		\$ 100,000	➔	\$ 100,000	\$ 100,000	\$ 100,000
9/22/2008	Step 2: Alternatives Analysis and Environmental Clearance		Measure M1 \$ 5,900,000	\$ 100,000	\$ 6,000,000	➔	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
11/22/2010	Pre-Preliminary Engineering (Pre-PE) <i>As modified by the Board on 1/28/2013¹</i>	\$ 2,272,000	Measure M2 \$ 284,000	\$ 284,000	\$ 2,840,000	➔	\$ 2,840,000	\$ 2,701,176	\$ 300,000
11/22/2010	Step 3: Preliminary Engineering (PE) <i>As modified by the Board on 1/28/2013¹</i>	\$ 8,409,600	Measure M2 \$ 1,051,200	\$ 1,051,200	\$ 10,512,000	➔	\$ 0 ²	\$ 6,911,156 ³	\$ 0
TOTAL		\$ 10,681,600	\$ 7,335,200	\$ 1,435,200	\$ 19,452,000	➔	\$ 8,940,000	\$ 15,712,332	\$ 6,400,000

¹The OCTA Board approved a funding plan adjustment (for both Pre-PE and PE) commensurate with the Anaheim City Council selection of the locally preferred alternative. This resulted in funds being returned to OCTA. This action modified the 11/22/2010 Board action.

²Funds are not available until OCTA and the Federal Transit Administration approve entry into PE.

³ Optional task pending approval to enter into PE and issuance of a Notice to Proceed by the City.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Completion of Milestones for the Anaheim Rapid
Connection Project**

Attachment C



Transit Projects

High Frequency Metrolink Service Transit Extensions to Metrolink

Project **R**

High Frequency Metrolink Service

Description:

This project will increase rail services within the county and provide frequent Metrolink service north of Fullerton to Los Angeles. The project will provide for track improvements, more trains, and other related needs to accommodate the expanded service.

This project is designed to build on the successes of Metrolink and complement service expansion made possible by the current Measure M. The service will include upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means, to move arriving passengers to nearby destinations.

The project also includes funding for improving grade crossings and constructing over or underpasses at high volume arterial streets that cross the Metrolink tracks.

Cost:

The estimated cost of capital and operations is \$1,014.1 million.

Project **S**

Transit Extensions to Metrolink

Description:

Frequent service in the Metrolink corridor provides a high capacity transit system linking communities within the central core of Orange County. This project will establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria as follows:

- Traffic congestion relief
- Project readiness, with priority given to projects that can be implemented within the first five years of the Plan
- Local funding commitments and the availability of right-of-way
- Proven ability to attract other financial partners, both public and private
- Cost-effectiveness
- Proximity to jobs and population centers
- Regional as well as local benefits
- Ease and simplicity of connections
- Compatible, approved land uses
- Safe and modern technology
- A sound, long-term operating plan

This project shall not be used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor. The emphasis shall be on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. It is intended that multiple transit projects be funded through





Transit Projects

Metrolink Gateways

Expand Mobility Choices for Seniors and Persons with Disabilities

a competitive process and no single project may be awarded all of the funds under this program.

These connections may include a variety of transit technologies such as conventional bus, bus rapid transit or high capacity rail transit systems as long as they can be fully integrated and provide seamless transition for the users.

Cost:

The estimated cost to implement this program over thirty years is \$1,000.0 million.

Project **T**

Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High-Speed Rail Systems

Description:

This program will provide the local improvements that are necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high-speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties, including a link from Anaheim to Ontario airport, are also being planned or proposed by other agencies.

Cost:

The estimated Measure M share of the cost for these regional centers and connections is \$226.6 million.

Project **U**

Expand Mobility Choices for Seniors and Persons with Disabilities

Description:

This project will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities as follows:

- One percent of net revenues will stabilize fares and provide fare discounts for bus services, specialized ACCESS services and future rail services
- One percent of net revenues will be available to continue and expand local community van service for seniors through the existing Senior Mobility Program
- One percent will supplement existing countywide senior non-emergency medical transportation services

Over the next 30 years, the population age 65 and over is projected to increase by 93 percent. Demand for transit and specialized transportation services for seniors and persons with disabilities is expected to increase proportionately.

Cost:

The estimated cost to provide these programs over 30 years is \$339.8 million.





ORANGE COUNTY TRANSPORTATION AUTHORITY

**Completion of Milestones for the Anaheim Rapid
Connection Project**

PowerPoint

Completion of Milestones: Anaheim Rapid Connection

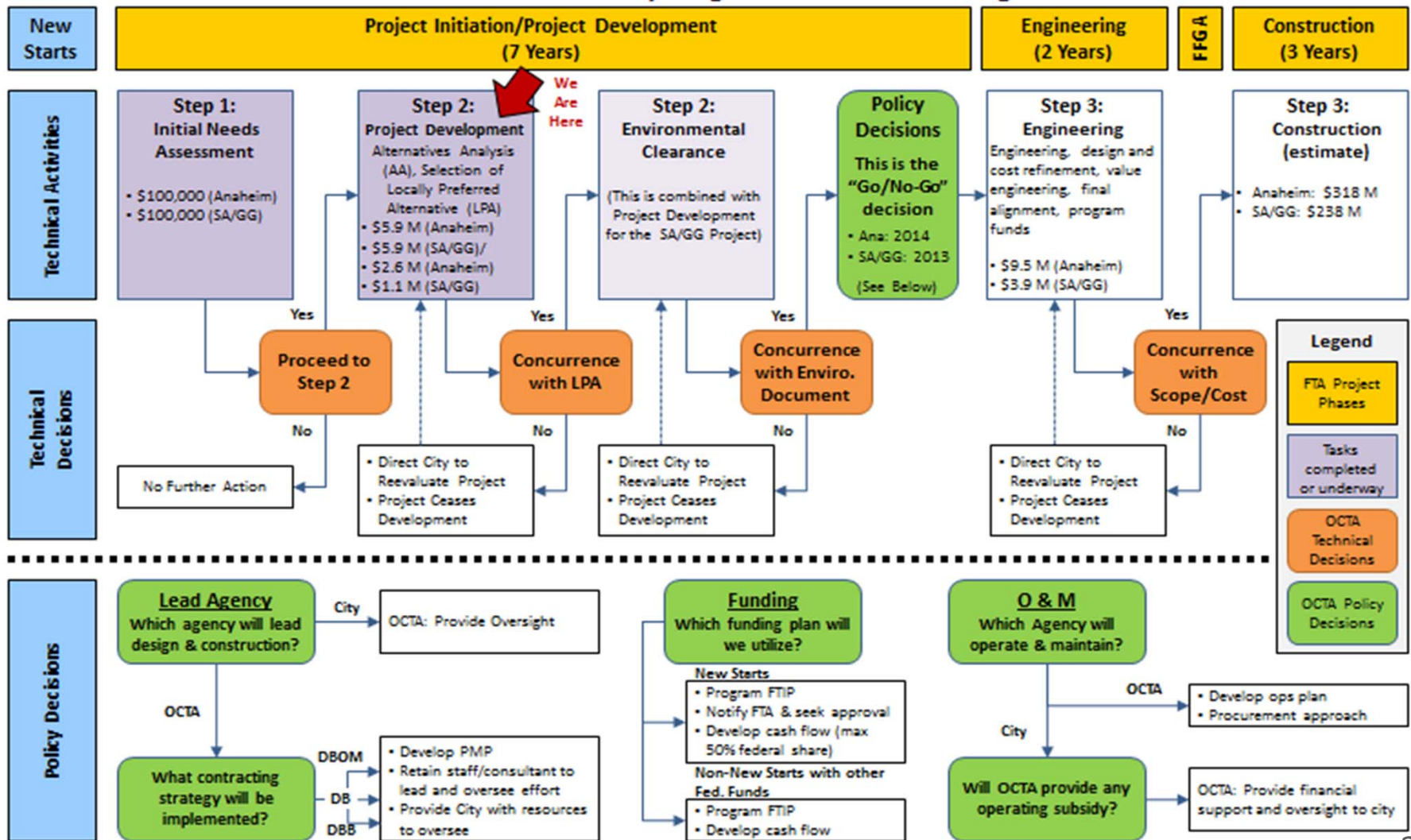


Measure M2 Project S

- \$1.3 billion available for Project S: Transit Extensions to Metrolink (May 2013 forecast)
- Intent of Project S:
 - “Establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria...”

Future Project Phases

Go Local Fixed-Guideway Program: Decision Flow Diagram



Recommendations

- Approve the City of Anaheim's completion of the alternatives analysis and approval and adoption of the locally preferred alternative (LPA) by the Anaheim City Council; allow City of Anaheim to advance into next milestone, completion of draft environmental documents
- Direct staff to work with the City of Anaheim to ensure compatibility of the LPA with the Santa Ana/Garden Grove Fixed-Guideway project
- Direct staff to work with the City of Anaheim to develop cost containment strategies for the LPA



ORANGE COUNTY TRANSPORTATION AUTHORITY

Second Quarter 2013 Debt and Investment Report

Staff Report



July 22, 2013

To: Members of the Board of Directors
From: Darrell Johnson, Chief Executive Officer
Subject: Second Quarter 2013 Debt and Investment Report

Overview

The California Government Code authorizes the Orange County Transportation Authority Treasurer to submit a quarterly investment report detailing the investment activity for the period. This investment report covers the second quarter of 2013, April through June, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.

Discussion

The Treasurer is currently managing the Orange County Transportation Authority's (OCTA) investment portfolio totaling \$1.14 billion as of June 30, 2013. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, bond proceeds portfolio to meet Measure M2 (M2) transportation program needs, and the short-term portfolio for future budgeted expenditures. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes.

OCTA's debt portfolio had an outstanding principal balance of \$526.6 million as of June 30, 2013. Approximately 70 percent of the outstanding balance is comprised of M2 debt and 30 percent is associated with the 91 Express Lanes program.

Economic Summary: Positive economic news and improvements in the housing market have helped boost investor confidence about the current economic recovery. The result has been increased volatility in the bond market due to concerns about when the Federal Reserve might scale back its current

\$85 billion per month bond purchasing program. At its June meeting the Federal Open Market Committee (Fed) maintained its commitment to accommodative policy, but minutes show that the majority of members agree that the Fed should start reducing its bond purchases if the economy continues its current, sustainable path.

The most recent employment data illustrates a broad-based gain with payrolls increasing in economic sectors including retail, professional and business services, healthcare, and hospitality. The unemployment rate remains at 7.6 percent, close to a four-year low. Hourly earnings in June 2013 advanced by the most since July 2011, giving Americans already motivated by higher home prices more reason to increase household spending, which accounts for 70 percent of the economy.

Debt Portfolio Activity: In early June 2013, OCTA representatives traveled to New York to visit with rating agencies and financial institutions. During the meetings, representatives discussed OCTA's programs and services. The meetings focused on the recent Board of Directors and management changes, M2020 plan, fiscal year 2013-14 proposed budget, carpool degradation study, sales tax collections, Orange County economy, 91 Express Lanes operational highlights, and the upcoming restructuring of the 91 Express Lanes debt. The meetings were well received.

No debt service payments were made during the second quarter. The outstanding balances for each of OCTA's debt securities are presented in Attachment A.

Investment Portfolio Compliance: There were no compliance violations during the quarter. OCTA continues its policy of reviewing the contents of the investment portfolio on a daily basis to ensure compliance. Attachment B provides a comparison of the portfolio holdings as of June 30, 2013, to the diversification guidelines of the policy.

Investment Portfolio Performance Versus Selected Benchmarks: OCTA's investment managers provide OCTA and its financial advisor, Sperry Capital, with monthly performance reports. The investment managers' performance reports calculate monthly total rates of return based upon the market value of the portfolios they manage at the beginning of the month versus the market value at the end of the month. The market value of the portfolio at the end of the month includes the actual value of the portfolio based upon prevailing market conditions, as well as the interest income accrued during the month.

OCTA has calculated the total returns for each of the investment managers for short-term operating monies and has compared the returns to specific benchmarks as shown in Attachment C. Attachment D contains an annualized total return performance comparison by investment manager for the previous two years. Attachment E provides a two-year yield comparison between the short-term portfolio managers, Orange County Investment Pool, and the Local Agency Investment Fund.

The returns for OCTA's short-term operating monies are compared to the Bank of America Merrill Lynch (BAML) 1-3 year Treasury Index benchmark. The BAML 1-3 year Treasury Index is one of the most commonly used short-term fixed-income benchmarks. Each of the four managers invests in a combination of securities that all conform to OCTA's 2013 Annual Investment Policy. For the quarter ending June 30, 2013, the weighted average total return for OCTA's short-term portfolio was -0.29 percent, 18 basis points below the benchmark return of -0.11 percent. For the 12-month period ending June 30, 2013, the portfolio's return totaled 0.47 percent, 14 basis points above the benchmark return of 0.33 percent for the same period.

The returns for OCTA's bond proceeds portfolio are compared to a customized benchmark comprised of treasury securities that match the projected draw schedule. Each of the two managers invests in a combination of securities that all conform to OCTA's 2013 Annual Investment Policy. For the quarter ending June 30, 2013, the weighted average total return for OCTA's bond proceeds portfolio was -0.03 percent, 3 basis points below the benchmark return of 0.00 percent. For the 12-month period ending June 30, 2013, the portfolio's return totaled 0.23 percent, 18 basis points above the benchmark return of 0.05 percent for the same period.

Total return is comprised of two components: income and capital appreciation. Income includes interest paid by fixed-income investments, while capital appreciation represents the change in the market price of an asset. Fixed-income markets experienced outflows across almost every sector. Treasury rates rose significantly, with the ten-year rising by more than 100 basis points throughout May and June during this sell-off. The two-year treasury yield, maturity closest to the BAML 1-3 year Benchmark, rose 20 percent from 30 to 36 basis points during the quarter. This resulted in negative returns for fixed-income benchmarks in the front end of the yield curve for both May and June, primarily due to concerns regarding future Fed actions.

JP Morgan and Western Asset Management, two of OCTA's short-term portfolio investment managers, had a higher concentration of securities in the three to five-year range resulting in lower performance relative to the

benchmark than the other managers. This is illustrated in the Maturity Schedule bar charts in Appendix F. A summary of each investment manager's investment diversification, performance, and maturity schedule is provided in Attachment F. These summaries provide a tool for analyzing the different returns for each manager.

A complete listing of all securities is provided in Attachment G. Each portfolio contains a description of the security, maturity date, book value, market value, and current yield provided by the custodial bank.

Cash Availability for the Next Six Months: OCTA has reviewed the cash requirements for the next six months. It has been determined that the liquid and the short-term portfolios can fund all projected expenditures during the next six months.

Summary

As required under the California Government Code, the Orange County Transportation Authority is submitting its quarterly debt and investment report to the Board of Directors. The investment report summarizes the Orange County Transportation Authority's Treasury activities for the period April 2013 through June 2013.

Attachments

- A. Orange County Transportation Authority Outstanding Debt June 30, 2013.
- B. Orange County Transportation Authority Investment Policy Compliance June 30, 2013.
- C. Orange County Transportation Authority Short-term Portfolio Performance Review Quarter Ending June 30, 2013.
- D. Orange County Transportation Authority Short-term Portfolio Performance June 30, 2013.
- E. Orange County Transportation Authority Comparative Yield Performance June 30, 2013.
- F. Investment Manager Diversification and Maturity Schedules June 30, 2013.
- G. Orange County Transportation Authority Portfolio Listing as of June 30, 2013.

Prepared by:

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ORANGE COUNTY TRANSPORTATION AUTHORITY

Second Quarter 2013 Debt and Investment Report

Attachment A

Orange County Transportation Authority
Outstanding Debt
June 30, 2013

ATTACHMENT A

Orange County Local Transportation Authority (OCLTA) - M2 Program

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2008 Tax-Exempt Commercial Paper	\$ 100,000,000	\$ 25,000,000	2014
2010 Series B Sales Tax Revenue Tax-Exempt Bonds	\$ 59,030,000	\$ 52,620,000	2020
2010 Series A Sales Tax Revenue Taxable Bonds	\$ 293,540,000	\$ 293,540,000	2041
Sub-total	\$ 452,570,000	\$ 371,160,000	

91 Express Lanes

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2003 Toll Road Revenue Refunding Bonds	\$ 195,265,000	\$ 155,460,000	2030

TOTAL OUTSTANDING BALANCE

\$ 526,620,000



ORANGE COUNTY TRANSPORTATION AUTHORITY

Second Quarter 2013 Debt and Investment Report

Attachment B

ORANGE COUNTY TRANSPORTATION AUTHORITY
Investment Policy Compliance
June 30, 2013

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	\$407,515,308	35.6%	100%
Federal Agencies & U.S. Government Sponsored	258,886,321	22.6%	100%
State of California & Local Agencies	3,878,370	0.3%	25%
Money Market Funds & Mutual Funds	110,356,060	9.6%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	13,393,000	1.2%	30%
Commercial Paper	31,616,474	2.8%	25%
Medium Term Maturity Corporate Securities	186,535,165	16.3%	30%
Mortgage and Asset-backed Securities	42,251,237	3.7%	20%
Repurchase Agreements	48,385,189	4.2%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund	10,101,202	0.9%	\$ 40 Million
Orange County Investment Pool	15,033,372	1.3%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	16,209,633	1.4%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	-	0.0%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	<u>\$1,144,161,332</u>	100.0%	



ORANGE COUNTY TRANSPORTATION AUTHORITY

Second Quarter 2013 Debt and Investment Report

Attachment C

**Orange County Transportation Authority
Short-term Portfolio Performance Review*
Quarter Ending June 30, 2013**

Month Ending	Merrill Lynch Treasury 1-3 Year Index Benchmark		JP Morgan		Payden & Rygel		Western Asset Mgmt.		State Street Global Advisors	
	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration
4/30/2013	0.10%	1.87 years	0.15%	1.88 years	0.14%	1.76 years	0.11%	1.73 years	0.12%	1.67 years
5/31/2013	-0.14%	1.89 years	-0.30%	1.88 years	-0.16%	1.83 years	-0.21%	1.80 years	-0.18%	1.78 years
6/30/2013	-0.07%	1.89 years	-0.25%	1.83 years	-0.20%	1.83 years	-0.21%	1.82 years	-0.20%	1.60 years
Apr 13 - Jun 13 Total Return	-0.11%		-0.39%		-0.22%		-0.31%		-0.25%	

HISTORICAL QUARTERLY RETURNS

Jul 12 - Sep 12 Total Return	0.26%	0.51%	0.47%	0.47%	0.42%
Oct 12 - Dec 12 Total Return	0.07%	0.11%	0.12%	0.10%	0.08%
Jan 13 - Mar 13 Total Return	0.12%	0.20%	0.21%	0.15%	0.23%
Apr 13 - Jun 13 Total Return	-0.11%	-0.39%	-0.22%	-0.31%	-0.25%
12-Month Total Return	0.33%	0.43%	0.57%	0.42%	0.45%

* - Month End Rates of Return are Gross of Fees



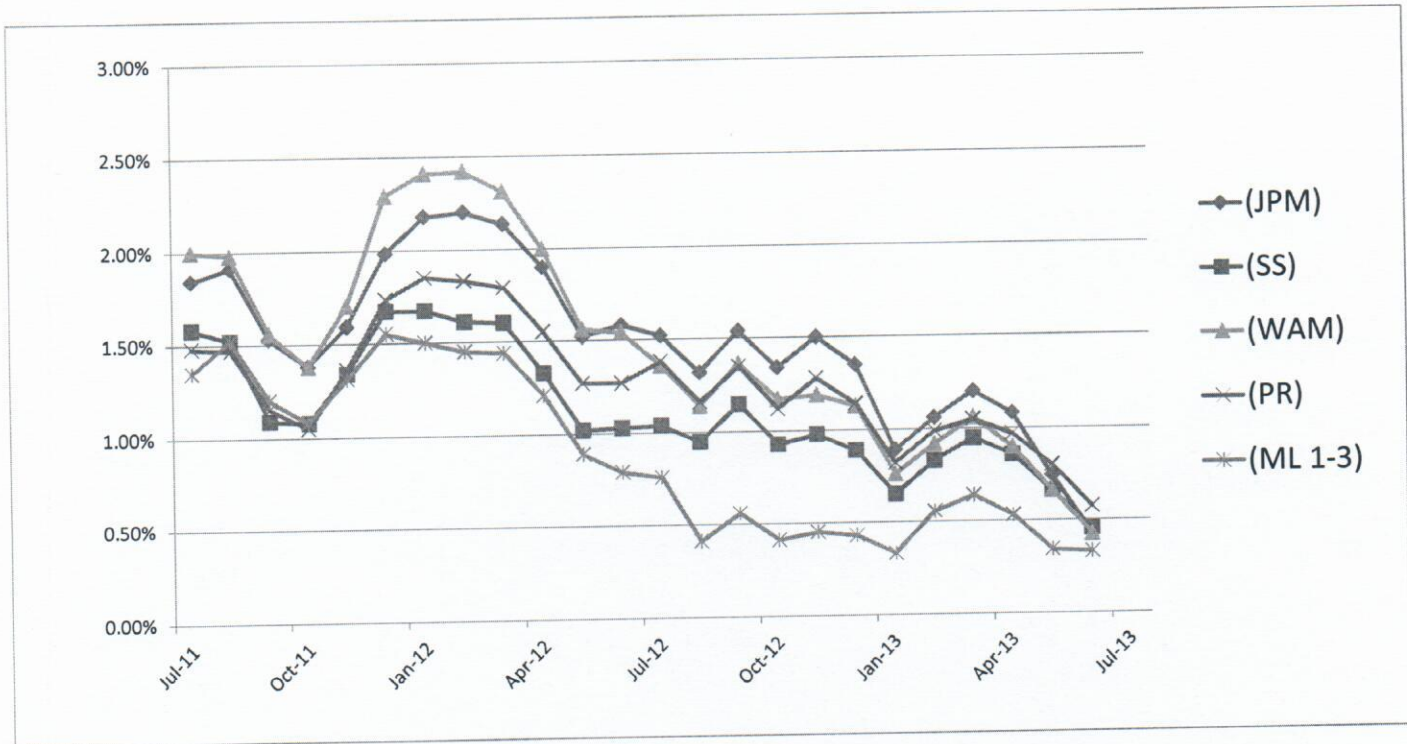
ORANGE COUNTY TRANSPORTATION AUTHORITY

Second Quarter 2013 Debt and Investment Report

Attachment D

Orange County Transportation Authority Short-Term Portfolio Performance June 30, 2013

**Trailing 1-Year Total Return
Vs. The Merrill Lynch 1-3 Treasury Benchmark**



	JP Morgan (JPM)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	Merrill Lynch 1-3 Yr (ML 1-3)
Jul-11	1.84%	1.58%	2.00%	1.48%	1.35%
Aug-11	1.91%	1.52%	1.98%	1.47%	1.52%
Sep-11	1.53%	1.09%	1.56%	1.15%	1.20%
Oct-11	1.38%	1.08%	1.38%	1.05%	1.08%
Nov-11	1.59%	1.34%	1.70%	1.36%	1.31%
Dec-11	1.99%	1.67%	2.29%	1.73%	1.55%
Jan-12	2.18%	1.67%	2.41%	1.85%	1.50%
Feb-12	2.20%	1.61%	2.42%	1.83%	1.45%
Mar-12	2.14%	1.60%	2.31%	1.79%	1.44%
Apr-12	1.90%	1.33%	2.00%	1.55%	1.21%
May-12	1.52%	1.02%	1.56%	1.27%	0.89%
Jun-12	1.58%	1.03%	1.54%	1.27%	0.79%
Jul-12	1.52%	1.04%	1.36%	1.38%	0.76%
Aug-12	1.32%	0.95%	1.14%	1.16%	0.41%
Sep-12	1.54%	1.15%	1.37%	1.35%	0.56%
Oct-12	1.34%	0.93%	1.17%	1.12%	0.41%
Nov-12	1.50%	0.98%	1.19%	1.28%	0.45%
Dec-12	1.35%	0.89%	1.13%	1.14%	0.43%
Jan-13	0.89%	0.65%	0.76%	0.82%	0.33%
Feb-13	1.06%	0.83%	0.92%	0.99%	0.56%
Mar-13	1.20%	0.95%	1.06%	1.05%	0.64%
Apr-13	1.08%	0.86%	0.90%	0.97%	0.53%
May-13	0.74%	0.66%	0.66%	0.80%	0.34%
Jun-13	0.43%	0.45%	0.42%	0.57%	0.33%



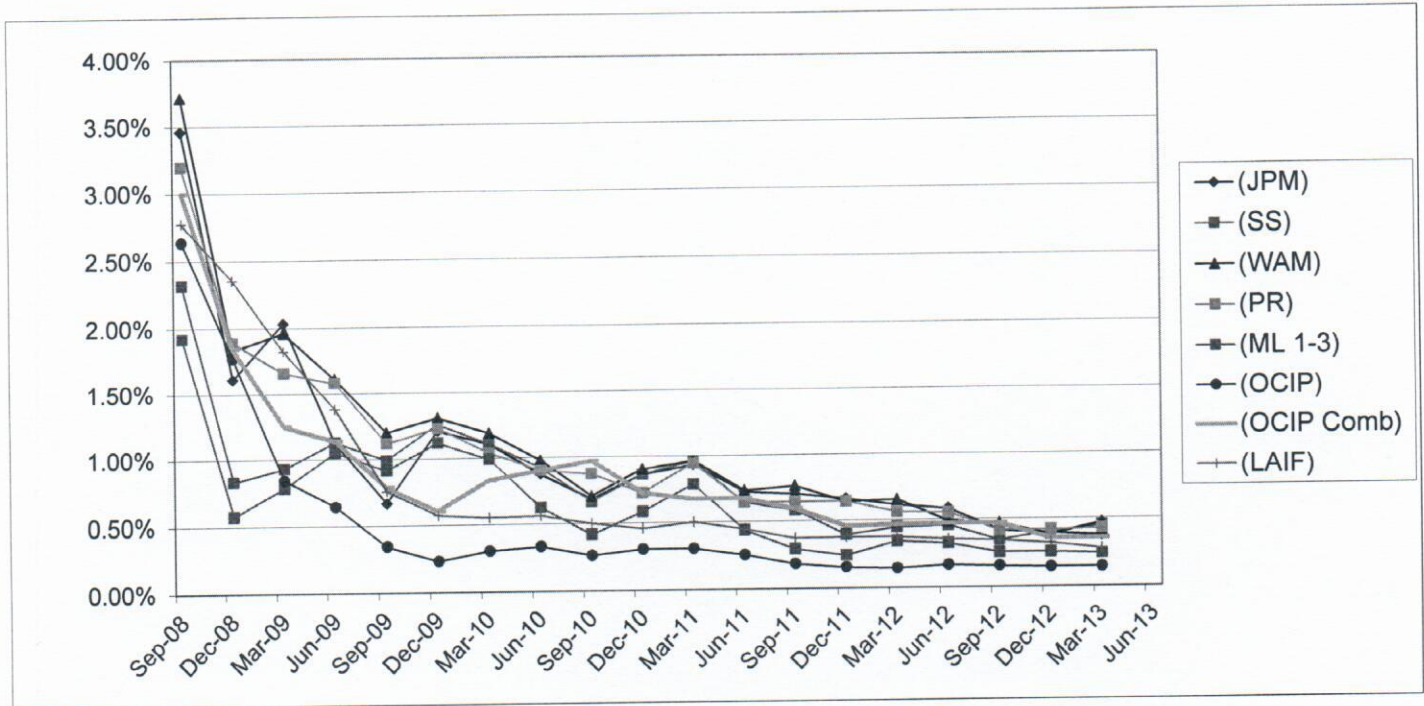
ORANGE COUNTY TRANSPORTATION AUTHORITY

Second Quarter 2013 Debt and Investment Report

Attachment E

Orange County Transportation Authority Comparative Yield Performance June 30, 2013

**Historical Yields
Vs. The Merrill Lynch 1-3 Treasury Benchmark**



	JP Morgan (JPM)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	Merrill Lynch 1-3 Yr (ML 1-3)	(OCIP)	(OCIP Comb)	(LAIF)
Sep-08	3.46%	2.32%	3.71%	3.20%	1.92%	2.64%	3.00%	2.77%
Dec-08	1.61%	0.83%	1.83%	1.89%	0.57%	1.77%	1.84%	2.35%
Mar-09	2.03%	0.93%	1.96%	1.66%	0.78%	0.84%	1.25%	1.82%
Jun-09	1.12%	1.13%	1.61%	1.58%	1.05%	0.64%	1.14%	1.38%
Sep-09	0.66%	0.99%	1.20%	1.12%	0.91%	0.35%	0.78%	0.75%
Dec-09	1.21%	1.26%	1.31%	1.23%	1.12%	0.24%	0.60%	0.57%
Mar-10	1.11%	1.11%	1.19%	1.04%	0.99%	0.31%	0.83%	0.55%
Jun-10	0.87%	0.92%	0.98%	0.90%	0.62%	0.34%	0.90%	0.56%
Sep-10	0.68%	0.66%	0.70%	0.87%	0.42%	0.27%	0.97%	0.50%
Dec-10	0.86%	0.86%	0.90%	0.72%	0.58%	0.31%	0.72%	0.46%
Mar-11	0.93%	0.96%	0.96%	0.94%	0.78%	0.31%	0.67%	0.50%
Jun-11	0.72%	0.64%	0.73%	0.64%	0.44%	0.26%	0.67%	0.45%
Sep-11	0.70%	0.58%	0.76%	0.64%	0.30%	0.19%	0.59%	0.38%
Dec-11	0.66%	0.40%	0.64%	0.64%	0.25%	0.16%	0.46%	0.38%
Mar-12	0.61%	0.45%	0.65%	0.56%	0.35%	0.15%	0.47%	0.38%
Jun-12	0.58%	0.46%	0.49%	0.55%	0.33%	0.17%	0.47%	0.36%
Sep-12	0.42%	0.35%	0.47%	0.42%	0.26%	0.16%	0.47%	0.35%
Dec-12	0.40%	0.41%	0.39%	0.42%	0.26%	0.15%	0.36%	0.33%
Mar-13	0.38%	0.45%	0.47%	0.43%	0.25%	0.15%	0.36%	0.29%
Jun-13	0.59%	0.56%	0.63%	0.63%	0.35%	N/A	N/A	N/A



ORANGE COUNTY TRANSPORTATION AUTHORITY

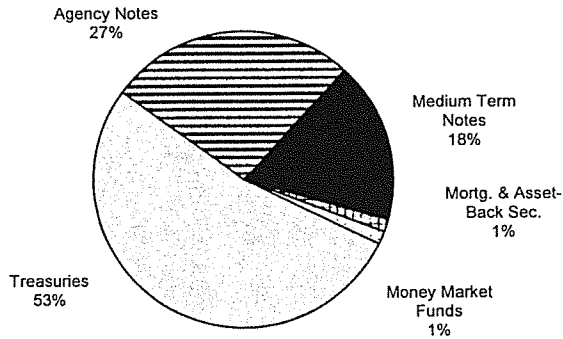
Second Quarter 2013 Debt and Investment Report

Attachment F

Investment Manager Diversification and Maturity Schedules

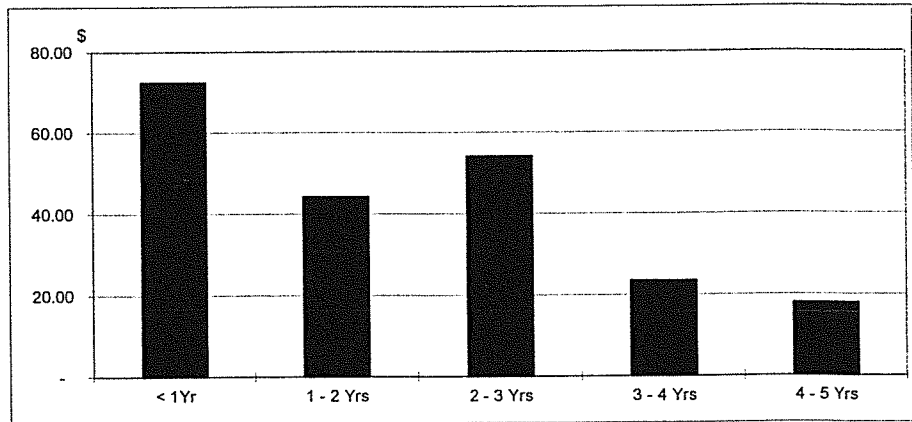
**JP Morgan
June 30, 2013**

SHORT-TERM PORTFOLIO (\$212.4 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$112,374,143	\$111,359,975
Agency Notes	56,824,900	56,006,499
Medium Term Notes	37,228,426	36,355,542
Mortg. & Asset-Back Sec.	2,923,731	2,894,140
Money Market Funds	<u>3,003,167</u>	<u>3,003,167</u>
	<u>\$212,354,368</u>	<u>\$209,619,323</u>

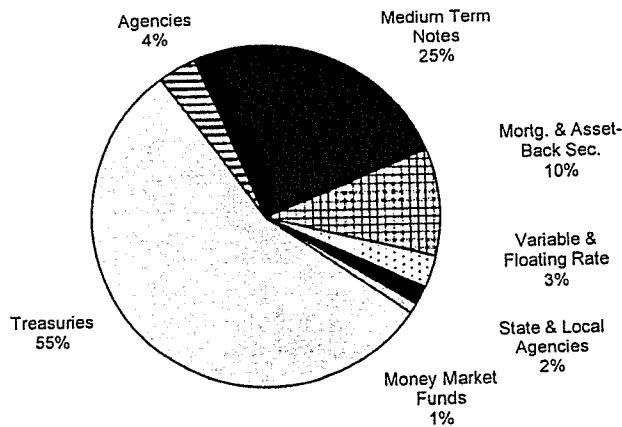
Wtd Avg Maturity	1.90 Yrs
Duration	1.83 Yrs
Quarter-end Yield	0.59%
Benchmark Comparison	0.35%
Quarter Return	-0.39%
Benchmark Comparison	-0.11%
12 Month Return	0.43%
Benchmark Comparison	0.33%



Investment Manager Diversification and Maturity Schedules

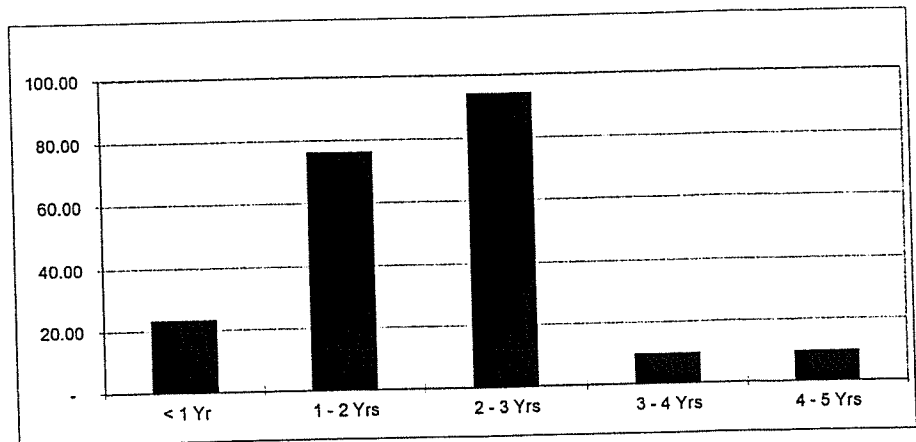
Payden & Rygel
June 30, 2013

SHORT-TERM PORTFOLIO (\$212.7 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$117,628,435	\$116,894,978
Agencies	7,727,808	7,937,760
Medium Term Notes	53,979,473	53,554,110
Mortg. & Asset-Back Sec.	21,068,965	20,861,311
Variable & Floating Rate	6,450,365	6,438,618
State & Local Agencies	3,878,370	3,858,950
Money Market Funds	<u>2,010,297</u>	<u>2,010,297</u>
	<u>\$212,743,714</u>	<u>\$211,556,025</u>

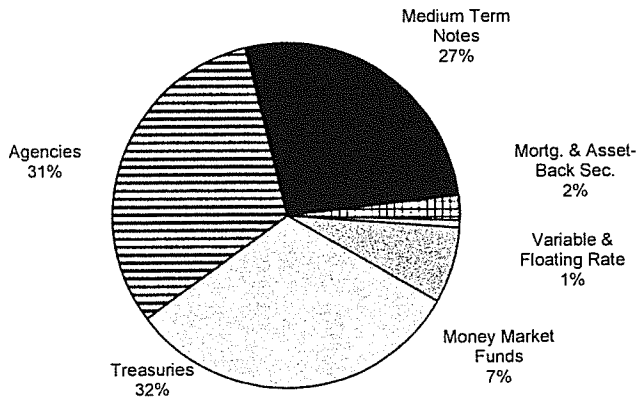
Wtd Avg Maturity	2.07 Yrs
Duration	1.83 Yrs
Quarter-end Yield	0.63%
Benchmark Comparison	0.35%
Quarter Return	-0.22%
Benchmark Comparison	-0.11%
12 Month Return	0.57%
Benchmark Comparison	0.33%



Investment Manager Diversification and Maturity Schedules

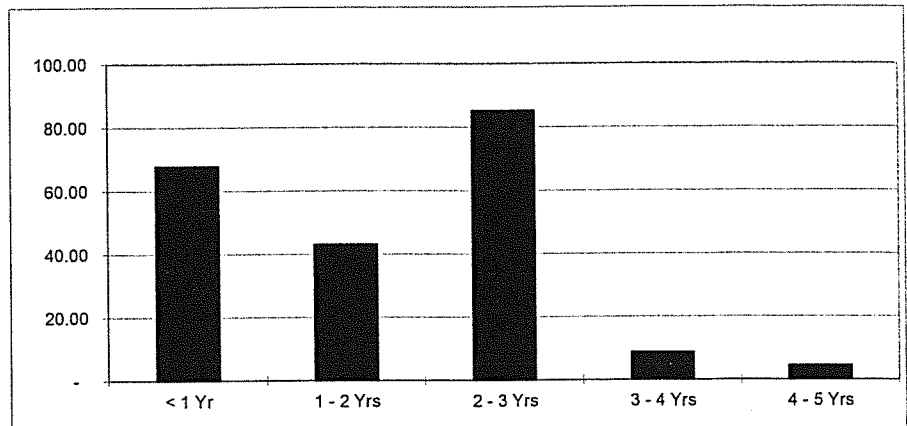
State Street
June 30, 2013

SHORT-TERM PORTFOLIO (\$209.2 M)



	Book Value	Market Value
Treasuries	\$66,151,976	\$66,206,789
Agencies	65,591,809	65,459,113
Medium Term Notes	56,453,672	56,163,225
Mortg. & Asset-Back Sec.	4,845,510	4,830,573
Variable & Floating Rate	1,500,000	1,496,700
Money Market Funds	<u>15,007,272</u>	<u>15,007,272</u>
	<u>\$209,550,240</u>	<u>\$209,163,671</u>

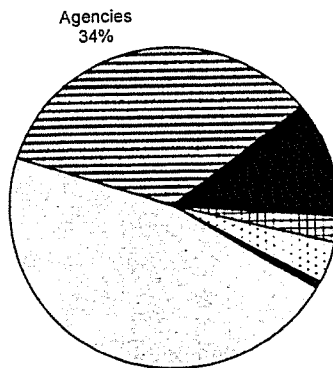
Wtd Avg Maturity	1.69 Yrs
Duration	1.60 Yrs
Quarter-end Yield	0.56%
Benchmark Comparison	0.35%
Quarter Return	-0.25%
Benchmark Comparison	-0.11%
12 Month Return	0.45%
Benchmark Comparison	0.33%



Investment Manager Diversification and Maturity Schedules

Western Asset Management June 30, 2013

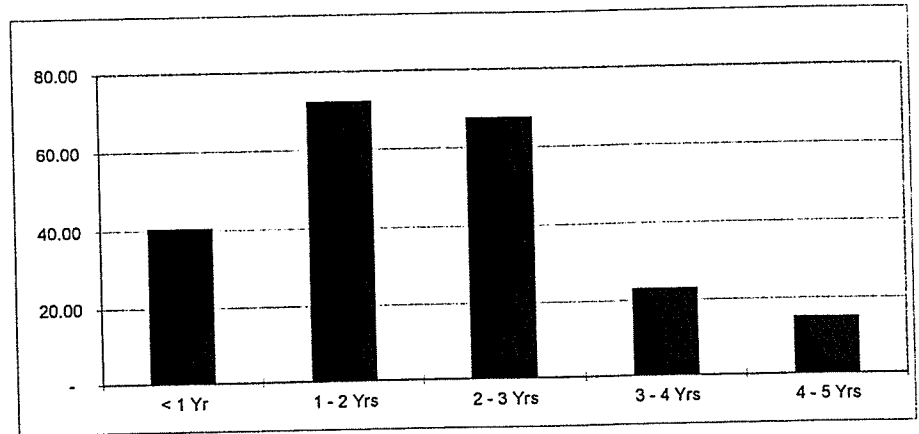
SHORT-TERM PORTFOLIO (\$218.2 M)



Medium Term Notes 12%
Variable Rate Sec. 2%
Mortg. & Asset-Back Sec. 4%
Money Market Funds 1%

	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$101,826,808	\$101,991,657
Agencies	\$74,689,050	74,025,415
Medium Term Notes	25,641,207	25,560,097
Variable Rate Sec.	5,520,689	5,519,872
Mortg. & Asset-Back Sec.	8,893,993	8,792,904
Money Market Funds	1,627,521	1,627,521
	<u>\$218,199,268</u>	<u>\$217,517,465</u>

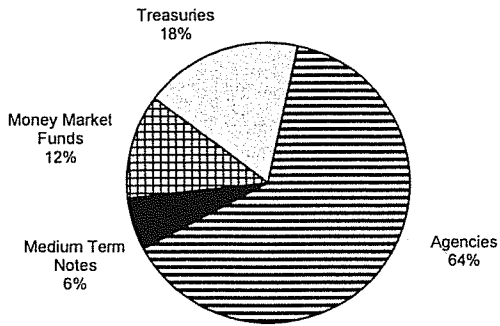
Wtd Avg Maturity	2.17 Yrs
Duration	1.82 Yrs
Quarter-end Yield	0.63%
Benchmark Comparison	0.35%
Quarter Return	-0.31%
Benchmark Comparison	-0.11%
12 Month Return	0.42%
Benchmark Comparison	0.33%



Investment Manager Diversification and Maturity Schedules

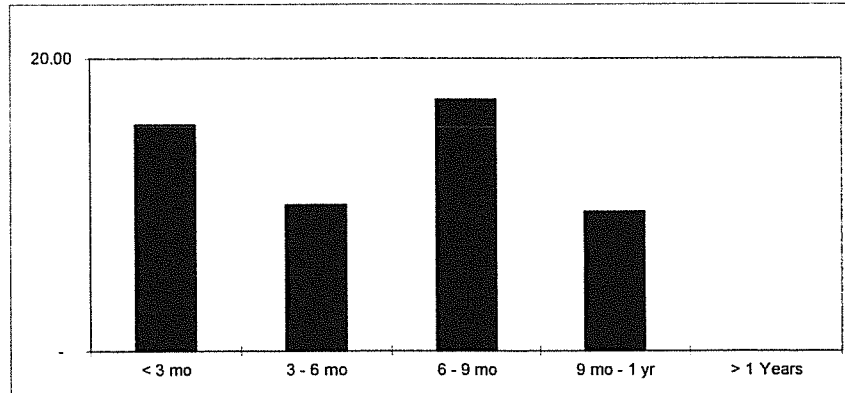
Cutwater
June 30, 2013

BOND PROCEEDS PORTFOLIO (\$52.2 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$ 9,533,945	\$9,523,040
Agencies	33,248,352	33,166,075
Medium Term Notes	3,170,470	3,095,790
Money Market Funds	<u>6,279,479</u>	<u>6,279,479</u>
	<u>\$ 52,232,246</u>	<u>\$ 52,064,383</u>

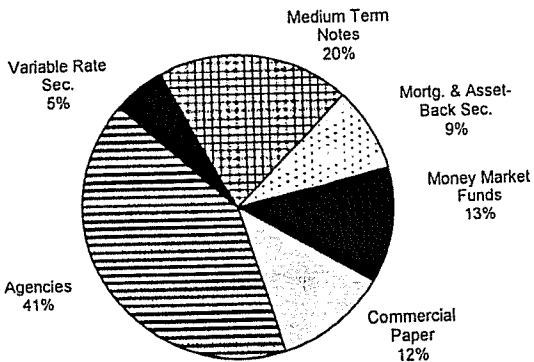
Wtd Avg Maturity	0.44 Yrs
Duration	0.44 Yrs
Quarter-end Yield	0.18%
Benchmark Comparison	0.08%
Quarter Return	0.02%
Benchmark Comparison	0.00%
12 Month Return	0.27%
Benchmark Comparison	0.05%



Investment Manager Diversification and Maturity Schedules

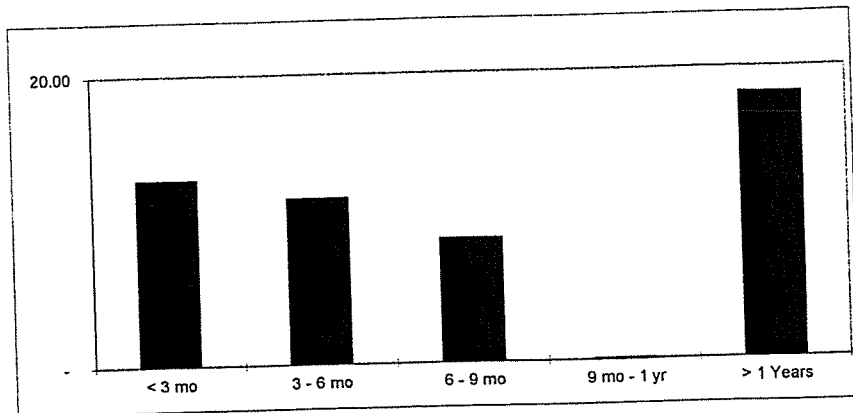
Logan Circle
June 30, 2013

BOND PROCEEDS PORTFOLIO (\$50.4 M)



	<u>Book Value</u>	<u>Market Value</u>
Commercial Paper	\$5,996,154	\$5,996,905
Agencies	20,804,403	20,709,204
Variable Rate Sec.	2,738,578	2,734,008
Medium Term Notes	10,061,917	9,932,160
Mortg. & Asset-Back Sec.	4,519,038	4,510,261
Money Market Funds	<u>6,308,750</u>	<u>6,308,750</u>
	<u>\$50,428,839</u>	<u>\$50,191,287</u>

Wtd Avg Maturity	1.21 Yrs
Duration	0.63 Yrs
Quarter-end Yield	0.44%
Benchmark Comparison	0.08%
Quarter Return	-0.08%
Benchmark Comparison	0.00%
12 Month Return	0.18%
Benchmark Comparison	0.05%





ORANGE COUNTY TRANSPORTATION AUTHORITY

Second Quarter 2013 Debt and Investment Report

Attachment G

**Orange County Transportation Authority
Portfolio Listing
As of June 30, 2013**

LIQUID PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<i>CASH EQUIVALENTS</i>				
REPURCHASE AGREEMENT	7/1/2013	48,385,189.34	48,385,189.34	0.05%
FEDERATED PRIME OBLIGATIONS FUND	N/A	18,973,125.23	18,973,125.23	0.09%
FIDELITY PRIME OBLIGATIONS FUND	N/A	57,056,432.47	57,056,432.47	0.05%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	14.09	14.09	0.02%
GOLDMAN SACHS FINANCIAL GOVT FUND	N/A	87,272.24	87,272.24	0.01%
<i>SUB-TOTAL</i>		124,502,033.37	124,502,033.37	
<i>LOCAL AGENCY INVESTMENT FUND (LAIF)</i>	N/A	10,101,201.77	10,101,201.77	N/A
<i>ORANGE COUNTY INVESTMENT POOL (OCIP)</i>	N/A	15,033,372.45	15,033,372.45	N/A
LIQUID PORTFOLIO - TOTAL		\$ 149,636,607.59	\$ 149,636,607.59	

BOND PROCEEDS PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<i>CASH EQUIVALENTS / COMMERCIAL PAPER</i>				
FIDELITY PRIME OBLIGATIONS FUND	N/A	12,588,228.16	12,588,228.16	0.04%
JPMORGAN CHASE & CO.	8/21/2013	999,595.56	999,689.00	0.16%
THE BANK OF NOVA SCOTIA	9/26/2013	999,550.00	999,465.43	0.18%
THE BANK OF NOVA SCOTIA	9/26/2013	749,662.50	749,599.07	0.18%
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	10/22/2013	999,022.50	999,197.00	0.23%
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	10/23/2013	249,756.67	249,796.75	0.24%
THE COCA-COLA COMPANY	8/28/2013	999,050.00	999,742.00	0.19%
THE COCA-COLA COMPANY	10/22/2013	999,516.67	999,416.00	0.12%
<i>SUB-TOTAL</i>		18,584,382.06	18,585,133.41	
<i>U.S. GOVERNMENT & AGENCY OBLIGATIONS</i>				
FANNIE DISCOUNT NOTE	8/1/2013	1,998,790.00	1,999,940.00	0.11%
FANNIE MAE	12/23/2014	2,004,720.00	2,004,080.00	0.35%
FANNIE MAE	7/19/2016	1,001,140.00	1,000,870.00	0.26%
FANNIE MAE	2/1/2016	2,003,360.00	2,001,000.00	0.33%
FANNIE MAE	2/1/2016	2,003,634.00	2,001,000.00	0.33%
FANNIE MAE	2/13/2017	3,003,690.00	2,979,180.00	0.40%
FANNIE MAE	3/20/2017	2,004,380.00	1,968,900.00	0.33%
FARMER MAC	2/4/2014	1,379,862.00	1,371,451.50	0.20%
FARMER MAC	3/25/2014	3,000,660.00	2,999,340.00	0.21%
FED HOME LN DISCOUNT NT	8/30/2013	1,998,612.78	1,999,900.00	0.11%
FED HOME LN DISCOUNT NT	11/1/2013	4,995,166.67	4,998,800.00	0.12%
FED HOME LN DISCOUNT NT	12/31/2013	4,993,680.56	4,997,700.00	0.13%
FEDERAL FARM CREDIT BANK	1/23/2014	3,005,760.00	3,002,640.00	0.16%
FEDERAL HOME LOAN BANK	1/26/2017	1,002,770.00	1,001,990.00	0.30%
FEDERAL HOME LOAN BANK	12/13/2013	2,032,177.86	2,026,800.00	0.12%
FEDERAL HOME LOAN BANK	3/14/2014	1,020,090.00	1,015,190.00	0.17%
FEDERAL HOME LOAN BANK	8/28/2013	1,618,469.02	1,615,920.55	0.15%
FREDDIE MAC	11/14/2016	403,292.00	401,676.00	0.37%
FREDDIE MAC	2/25/2014	2,945,286.85	2,937,066.55	0.16%
FREDDIE MAC	9/27/2013	3,588,364.00	3,524,373.96	0.14%
FREDDIE MAC	2/25/2014	3,039,630.00	3,022,710.00	0.18%
FREDDIE MAC	11/27/2013	5,009,218.95	5,004,750.00	0.16%
US TREASURY N/B	3/31/2014	1,525,195.31	1,517,760.00	0.18%
US TREASURY N/B	3/31/2014	3,003,281.25	3,001,980.00	0.12%

**Orange County Transportation Authority
Portfolio Listing
As of June 30, 2013**

US TREASURY N/B	3/31/2014	5,005,468.75	5,003,300.00	0.13%
SUB-TOTAL		63,586,700.00	63,398,318.56	
 <u>MEDIUM TERM NOTES</u>				
BANK OF NEW YORK MELLON	8/27/2013	1,022,980.00	1,007,100.00	0.25%
BB&T CORPORATION	9/25/2013	1,013,610.00	1,006,570.00	0.29%
CELLCO PART/VERI WIRELSS	11/15/2013	792,007.50	767,872.50	0.65%
CISCO SYSTEMS INC	3/14/2014	760,612.50	756,060.00	0.30%
GOLDMAN SACHS GROUP INC	1/15/2014	1,041,250.00	1,021,100.00	0.96%
IBM CORP	10/15/2013	307,632.00	305,220.00	0.30%
IBM CORP	10/15/2013	778,485.00	763,050.00	0.25%
MERCK & CO INC	12/1/2013	778,845.00	764,790.00	0.23%
MET LIFE GLOB FUNDING I	9/18/2013	512,965.00	505,130.00	0.30%
NATIONAL RURAL UTIL COOP	11/1/2013	754,777.50	751,492.50	0.32%
PHILIP MORRIS INTL INC	3/17/2014	1,075,380.00	1,045,180.00	0.42%
SOUTHERN CAL EDISON	3/15/2014	793,530.00	776,250.00	0.32%
UBS AG STAMFORD CT	1/28/2014	508,040.00	504,810.00	0.63%
US BANCORP	10/30/2013	753,592.50	751,215.00	0.28%
WALT DISNEY COMPANY/THE	12/15/2013	256,990.00	254,520.00	0.28%
WALT DISNEY COMPANY/THE	12/15/2013	1,027,850.00	1,018,080.00	0.31%
WYETH LLC	2/1/2014	1,053,840.00	1,029,510.00	0.33%
SUB-TOTAL		13,232,387.00	13,027,950.00	
 <u>VARIABLE RATE NOTES</u>				
CREDIT SUISSE NEW YORK	1/14/2014	503,756.50	502,225.00	0.47%
CREDIT SUISSE NEW YORK	1/14/2014	402,804.00	401,780.00	0.45%
MASSMUTUAL GLOBAL FUNDIN	12/6/2013	751,242.00	750,622.50	0.23%
NATIONAL RURAL UTIL COOP	5/27/2016	330,000.00	329,145.30	0.53%
PRINCIPAL LIFE INC FDG	11/8/2013	750,775.50	750,234.75	0.34%
SUB-TOTAL		2,738,578.00	2,734,007.55	
 <u>MORTGAGE AND ASSET-BACK SECURITIES</u>				
AMXCA 2009-2 A	3/15/2017	152,296.88	151,802.55	1.06%
FG P60083	12/1/2014	37,253.33	36,367.71	4.37%
FG P60083	12/1/2014	2,906.22	2,991.31	5.97%
GEEMT 2012-1 A2	1/22/2015	149,087.60	148,962.78	0.46%
GEEST 2011-2A A2	6/23/2014	52,854.92	52,706.19	1.13%
GEET 2012-1 A2	9/22/2014	268,103.08	267,779.06	0.68%
GEET 2012-1 A2	9/22/2014	301,287.24	301,146.29	0.72%
GEET 2012-1 A2	9/22/2014	84,171.58	84,119.08	0.71%
GEET 2012-1 A2	9/22/2014	42,100.58	42,059.54	0.69%
GEET 2012-1 A2	9/22/2014	117,886.21	117,766.71	0.70%
GEET 2012-1 A3	11/23/2015	25,007.81	25,050.13	0.98%
GEET 2012-1 A3	11/23/2015	377,021.48	375,751.88	0.79%
GN 781068	7/15/2014	22,052.52	20,415.50	3.49%
HAROT 2011-1 A4	4/17/2017	444,348.44	443,773.88	1.54%
HAROT 2012-2 A2	11/17/2014	354,050.35	353,685.47	0.50%
HAROT 2012-2 A2	11/17/2014	505,746.74	505,264.96	0.50%
JDOT 2012-B A2	2/17/2015	145,814.44	145,726.03	0.41%
JDOT 2012-B A2	2/17/2015	624,812.36	624,336.01	0.41%
TAOT 2012-A A2	10/15/2014	58,403.84	58,390.30	0.53%
TAOT 2012-A A2	10/15/2014	64,249.24	64,229.33	0.53%
TAOT 2012-B A3	7/15/2016	99,859.38	99,700.90	0.50%
TAOT 2012-B A3	7/15/2016	589,723.44	588,235.31	0.47%
SUB-TOTAL		4,519,037.67	4,510,260.90	
 BOND PROCEEDS PORTFOLIO - TOTAL		\$ 102,661,084.73	\$ 102,255,670.42	

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SHORT-TERM PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<i>CASH EQUIVALENTS</i>				
BLACKROCK INSTITUTIONAL FUNDS	N/A	21,648,257.40	21,648,257.40	0.01%
SUB-TOTAL		21,648,257.40	21,648,257.40	
<i>U.S. GOVERNMENT & AGENCY OBLIGATIONS</i>				
FANNIE MAE	7/5/2014	654,175.20	685,977.30	1.58%
FANNIE MAE	4/11/2016	5,325,000.00	5,227,700.00	0.62%
FANNIE MAE	12/19/2014	13,119,606.40	13,199,638.40	0.75%
FANNIE MAE	3/30/2016	2,996,580.00	2,983,200.00	0.54%
FANNIE MAE	9/20/2016	4,734,592.00	4,712,314.00	0.23%
FANNIE MAE	3/30/2016	2,247,435.00	2,237,400.00	0.54%
FANNIE MAE	8/27/2015	2,001,875.00	1,996,080.00	0.34%
FANNIE MAE	12/15/2016	589,210.00	565,785.00	0.92%
FANNIE MAE	4/15/2015	4,558,884.00	4,328,120.00	0.78%
FANNIE MAE	4/15/2015	1,137,362.00	1,082,030.00	0.75%
FANNIE MAE	7/17/2013	107,621.00	100,186.00	0.93%
FANNIE MAE	7/17/2013	322,263.00	300,558.00	2.19%
FANNIE MAE	10/15/2015	677,679.60	651,882.00	0.88%
FANNIE MAE	10/15/2015	1,472,215.50	1,466,734.50	2.33%
FANNIE MAE	3/15/2016	1,043,640.00	1,041,630.00	1.21%
FANNIE MAE	9/28/2016	450,418.95	455,143.50	1.23%
FANNIE MAE	11/15/2016	403,993.60	405,500.00	1.16%
FANNIE MAE	12/19/2014	2,999,838.00	3,018,210.00	0.75%
FANNIE MAE	1/30/2017	1,014,261.00	1,006,120.00	0.96%
FANNIE MAE	1/30/2017	810,556.00	804,896.00	0.96%
FANNIE MAE	4/27/2017	201,672.00	199,306.00	0.95%
FANNIE MAE	5/27/2015	199,692.60	200,326.00	0.55%
FANNIE MAE	3/8/2016	523,765.00	517,695.00	0.68%
FANNIE MAE	10/26/2015	518,058.50	512,395.00	0.64%
FANNIE MAE	7/28/2015	827,195.20	831,616.00	1.66%
FANNIE MAE	5/15/2014	309,677.70	305,955.00	1.43%
FANNIE MAE	5/15/2014	592,990.80	611,910.00	2.79%
FANNIE MAE	2/27/2014	2,998,650.00	3,022,590.00	1.27%
FANNIE MAE	7/2/2015	5,014,115.00	5,006,650.00	0.40%
FANNIE MAE	7/2/2015	4,986,850.00	5,006,650.00	0.59%
FANNIE MAE	3/30/2016	3,457,054.46	3,441,618.40	0.54%
FANNIE MAE	3/30/2016	1,383,421.10	1,377,244.00	0.54%
FANNIE MAE	3/30/2016	1,153,019.10	1,147,537.60	0.53%
FANNIE MAE	9/23/2013	3,982,720.00	4,007,640.00	1.16%
FANNIE MAE	10/26/2015	5,188,175.00	5,123,950.00	0.46%
FDIC STRUCT SALE GTD NTS	10/25/2013	2,489,874.12	2,698,272.00	2.33%
FEDERAL FARM CREDIT BANK	4/17/2014	496,855.00	509,555.00	2.78%
FEDERAL FARM CREDIT BANK	7/7/2014	515,680.00	514,430.00	2.34%
FEDERAL HOME LOAN BANK	1/29/2014	7,012,509.00	7,007,070.00	0.15%
FEDERAL HOME LOAN BANK	3/13/2015	3,181,080.00	3,122,070.00	0.50%
FEDERAL HOME LOAN BANK	5/12/2014	682,735.20	629,874.00	2.44%
FEDERAL HOME LOAN BANK	8/15/2013	16,359.93	15,089.10	0.96%
FEDERAL HOME LOAN BANK	8/15/2013	60,425.75	55,326.70	2.01%
FEDERAL HOME LOAN BANK	8/15/2013	1,095,600.00	1,005,940.00	2.24%
FEDERAL HOME LOAN BANK	4/17/2014	1,103,460.00	1,037,260.00	2.51%
FEDERAL HOME LOAN BANK	12/13/2013	2,033,300.00	2,026,800.00	2.68%
FEDERAL HOME LOAN BANK	6/13/2014	2,081,680.00	2,043,160.00	0.41%
FEDERAL HOME LOAN BANK	3/14/2014	3,101,760.00	3,045,570.00	0.39%
FEDERAL HOME LOAN BANK	3/13/2015	680,132.50	660,838.15	0.71%
FEDERAL HOME LOAN BANK	3/11/2016	2,446,625.00	2,450,466.00	1.72%
FEDERAL HOME LOAN BANK	3/11/2016	4,348,200.00	4,261,680.00	0.74%

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FEDERAL HOME LOAN BANK	8/28/2013	998,610.00	1,000,570.00	0.57%
FEDERAL HOME LOAN BANK	1/29/2014	4,007,740.00	4,004,040.00	0.25%
FEDERAL HOME LOAN BANK	6/24/2016	6,980,085.00	6,921,320.00	0.47%
FREDDIE MAC	1/30/2014	8,708,000.00	8,222,640.00	2.70%
FREDDIE MAC	8/20/2014	2,517,725.00	2,520,525.00	0.74%
FREDDIE MAC	3/21/2014	4,096,925.00	4,103,854.00	0.34%
FREDDIE MAC	7/3/2017	3,831,540.00	3,800,418.00	0.20%
FREDDIE MAC	8/28/2015	6,006,426.18	6,003,900.00	0.47%
FREDDIE MAC	8/25/2016	6,321,780.00	6,215,940.00	0.68%
FREDDIE MAC	12/29/2014	2,493,175.00	2,511,325.00	0.72%
FREDDIE MAC	4/17/2015	3,689,936.00	3,708,843.00	0.59%
FREDDIE MAC	1/30/2014	1,220,736.00	1,130,613.00	1.26%
FREDDIE MAC	10/15/2013	3,106,355.00	3,103,224.00	0.39%
FREDDIE MAC	8/20/2014	1,007,740.00	1,008,210.00	0.72%
FREDDIE MAC	12/5/2014	364,941.60	365,259.15	0.36%
FREDDIE MAC	4/18/2016	1,038,708.00	1,013,112.00	0.50%
FREDDIE MAC	2/25/2014	1,992,574.00	2,015,140.00	1.50%
FREDDIE MAC	5/27/2016	419,306.80	420,032.00	1.46%
FREDDIE MAC	5/27/2016	334,835.48	341,276.00	1.85%
FREDDIE MAC	5/27/2016	1,031,249.00	1,050,080.00	1.83%
FREDDIE MAC	8/27/2014	708,675.10	706,384.00	0.44%
FREDDIE MAC	8/25/2016	1,033,230.00	1,035,990.00	1.28%
FREDDIE MAC	8/25/2016	517,140.00	517,995.00	1.27%
FREDDIE MAC	8/25/2016	321,244.63	321,156.90	1.22%
FREDDIE MAC	8/25/2016	515,047.00	517,995.00	1.36%
FREDDIE MAC	8/25/2016	196,775.40	196,838.10	1.23%
FREDDIE MAC	10/30/2013	4,786,656.00	4,803,552.00	0.52%
FREDDIE MAC	5/12/2017	354,775.75	350,490.00	0.96%
FREDDIE MAC	5/13/2016	451,102.50	447,165.00	0.42%
FREDDIE MAC	4/28/2014	1,997,880.00	2,002,560.00	0.42%
FREDDIE MAC	9/10/2015	5,205,075.00	5,136,900.00	0.42%
FREDDIE MAC	2/25/2014	4,496,557.50	4,534,065.00	1.40%
FREDDIE MAC	12/29/2014	1,745,222.50	1,757,927.50	0.72%
FREDDIE MAC	4/17/2015	4,986,400.00	5,011,950.00	0.59%
FREDDIE MAC	5/13/2016	7,010,234.00	6,955,900.00	0.45%
NCUA GUARANTEED NOTES	6/12/2015	988,623.90	1,006,008.30	1.44%
TREASURY BILL	9/12/2013	9,994,684.72	9,999,600.00	0.11%
TSY INFL IX N/B	7/15/2013	3,985,639.62	3,930,610.90	1.48%
TSY INFL IX N/B	1/15/2015	2,058,268.33	2,028,228.80	1.28%
TSY INFL IX N/B	4/15/2014	1,803,657.54	1,784,369.60	1.12%
US TREASURY N/B	1/31/2015	4,485,776.81	4,640,085.00	2.32%
US TREASURY N/B	2/28/2015	3,713,309.27	3,827,909.00	2.30%
US TREASURY N/B	4/30/2015	2,019,459.82	2,078,820.00	2.29%
US TREASURY N/B	4/30/2015	5,314,822.52	5,529,661.20	2.52%
US TREASURY N/B	4/30/2015	2,533,016.20	2,598,525.00	2.22%
US TREASURY N/B	8/31/2015	793,627.68	814,248.00	1.42%
US TREASURY N/B	6/15/2014	2,799,353.14	2,814,756.00	0.76%
US TREASURY N/B	6/15/2014	5,314,095.88	5,327,931.00	0.66%
US TREASURY N/B	1/31/2017	3,627,433.94	3,594,384.00	0.72%
US TREASURY N/B	1/31/2017	302,098.66	299,532.00	0.73%
US TREASURY N/B	6/15/2015	15,191,144.63	15,204,712.00	0.39%
US TREASURY N/B	7/31/2017	9,925.00	9,760.20	0.65%
US TREASURY N/B	9/30/2017	1,000,117.19	977,730.00	0.62%
US TREASURY N/B	11/15/2015	7,010,687.53	6,984,670.00	0.32%
US TREASURY N/B	11/30/2017	5,202,658.03	5,069,584.00	0.61%
US TREASURY N/B	3/15/2016	8,805,873.21	8,753,272.00	0.35%
US TREASURY N/B	4/15/2016	5,286,750.00	5,249,067.00	0.33%
US TREASURY N/B	4/30/2018	1,961,562.50	1,932,820.00	1.03%
US TREASURY N/B	5/15/2016	11,460,662.50	11,417,445.20	0.48%
US TREASURY N/B	5/15/2016	7,146,867.89	7,123,536.00	0.50%

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US TREASURY N/B	8/31/2014	3,532,271.48	3,413,516.40	0.30%
US TREASURY N/B	10/31/2014	4,249,544.65	4,114,080.00	0.39%
US TREASURY N/B	4/30/2015	5,553,843.75	5,404,932.00	0.63%
US TREASURY N/B	9/30/2015	5,123,844.88	5,091,000.00	0.48%
US TREASURY N/B	9/30/2015	8,201,901.80	8,145,600.00	0.47%
US TREASURY N/B	10/31/2015	6,420,396.68	6,360,157.80	0.35%
US TREASURY N/B	1/31/2016	8,413,464.30	8,301,840.00	0.35%
US TREASURY N/B	8/15/2014	2,709,597.66	2,708,856.00	0.37%
US TREASURY N/B	2/15/2015	584,215.23	589,651.90	0.59%
US TREASURY N/B	2/15/2015	6,077,828.33	6,096,401.00	0.38%
US TREASURY N/B	5/15/2015	4,260,787.78	4,272,980.80	0.40%
US TREASURY N/B	5/15/2015	299,321.32	299,508.00	0.33%
US TREASURY N/B	5/15/2015	448,964.40	449,262.00	0.34%
US TREASURY N/B	5/15/2015	139,650.47	139,770.40	0.34%
US TREASURY N/B	10/15/2015	6,971,859.39	6,968,850.00	0.39%
US TREASURY N/B	11/30/2014	2,399,820.54	2,400,552.00	0.25%
US TREASURY N/B	1/15/2016	17,499,527.44	17,457,103.20	0.42%
US TREASURY N/B	2/15/2016	105,053.32	104,532.75	0.36%
US TREASURY N/B	2/15/2016	110,068.75	109,510.50	0.35%
US TREASURY N/B	2/15/2016	235,027.54	233,954.25	0.37%
US TREASURY N/B	2/28/2015	790,154.30	789,415.40	0.24%
US TREASURY N/B	2/28/2015	400,079.47	399,704.00	0.24%
US TREASURY N/B	5/15/2016	2,289,046.77	2,275,574.00	0.41%
US TREASURY N/B	5/15/2016	993,089.29	989,380.00	0.49%
US TREASURY N/B	5/15/2016	10,629,292.52	10,596,259.80	0.51%
US TREASURY N/B	5/15/2016	2,185,741.75	2,176,636.00	0.47%
US TREASURY N/B	9/30/2014	17,004,041.33	17,005,950.00	0.23%
US TREASURY N/B	11/15/2013	2,041,171.87	2,030,700.00	0.09%
US TREASURY N/B	2/15/2014	2,649,707.03	2,559,950.00	0.32%
US TREASURY N/B	2/15/2014	1,602,304.69	1,535,970.00	0.36%
US TREASURY N/B	8/15/2014	230,041.60	224,709.40	0.29%
US TREASURY N/B	2/15/2015	748,261.72	741,944.00	0.23%
US TREASURY N/B	2/15/2015	713,781.25	688,948.00	0.54%
US TREASURY N/B	8/15/2015	587,118.17	567,740.25	0.33%
US TREASURY N/B	8/15/2015	2,219,140.63	2,162,820.00	0.35%
US TREASURY N/B	8/15/2015	553,613.28	540,705.00	0.36%
US TREASURY N/B	11/15/2015	397,769.53	383,169.50	0.35%
US TREASURY N/B	11/15/2015	226,968.75	218,954.00	0.43%
US TREASURY N/B	2/15/2016	673,078.13	661,638.00	0.42%
US TREASURY N/B	2/15/2016	841,289.06	827,047.50	0.35%
US TREASURY N/B	9/30/2013	2,122,812.50	2,015,000.00	0.85%
US TREASURY N/B	9/30/2013	1,007,812.50	1,007,500.00	0.11%
US TREASURY N/B	11/30/2013	477,169.92	468,631.65	1.01%
US TREASURY N/B	12/31/2013	454,007.81	453,060.00	0.12%
US TREASURY N/B	2/28/2014	2,057,343.75	2,022,880.00	0.28%
US TREASURY N/B	4/30/2014	557,499.89	557,733.00	1.44%
US TREASURY N/B	4/30/2016	486,738.28	475,209.00	0.84%
US TREASURY N/B	2/29/2016	2,132,187.50	2,109,540.00	0.34%
US TREASURY N/B	2/29/2016	853,187.50	843,816.00	0.38%
US TREASURY N/B	3/31/2016	326,889.85	319,917.55	0.77%
US TREASURY N/B	3/31/2016	476,434.80	466,764.95	0.81%
US TREASURY N/B	7/31/2014	2,077,265.63	2,052,260.00	0.25%
US TREASURY N/B	7/31/2014	706,154.69	718,291.00	2.42%
US TREASURY N/B	7/31/2014	820,065.18	820,904.00	2.04%
US TREASURY N/B	7/31/2014	524,843.75	513,065.00	0.33%
US TREASURY N/B	8/31/2014	275,045.00	271,646.20	0.31%
US TREASURY N/B	10/31/2014	4,158,750.00	4,114,080.00	0.26%
US TREASURY N/B	10/31/2014	1,011,058.04	1,028,520.00	2.13%
US TREASURY N/B	10/31/2014	225,484.15	231,417.00	2.33%
US TREASURY N/B	11/30/2014	548,839.84	544,098.00	0.26%

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US TREASURY N/B	11/30/2014	704,703.90	687,822.00	0.37%
US TREASURY N/B	1/31/2015	433,445.46	433,074.60	1.40%
US TREASURY N/B	1/31/2017	437,437.50	431,500.00	1.14%
US TREASURY N/B	2/28/2015	490,888.28	475,902.20	0.43%
US TREASURY N/B	2/28/2015	1,055,625.00	1,034,570.00	0.38%
US TREASURY N/B	2/28/2015	2,630,566.41	2,586,425.00	0.41%
US TREASURY N/B	4/30/2015	532,285.16	519,705.00	0.75%
US TREASURY N/B	5/31/2015	1,562,226.56	1,550,865.00	0.27%
US TREASURY N/B	5/31/2017	494,191.41	479,812.50	0.72%
US TREASURY N/B	5/31/2017	594,316.40	575,775.00	0.66%
US TREASURY N/B	6/30/2017	435,828.12	422,624.00	0.64%
US TREASURY N/B	6/30/2015	524,296.87	515,000.00	0.49%
US TREASURY N/B	7/15/2013	350,616.41	350,122.50	0.94%
US TREASURY N/B	7/31/2015	207,875.00	205,656.00	0.34%
US TREASURY N/B	7/31/2015	202,992.86	205,656.00	1.44%
US TREASURY N/B	7/31/2017	594,687.50	578,187.50	0.69%
US TREASURY N/B	7/31/2017	537,558.59	525,625.00	0.82%
US TREASURY N/B	9/15/2013	1,005,859.38	1,001,370.00	0.48%
US TREASURY N/B	9/30/2015	250,498.88	254,550.00	1.21%
US TREASURY N/B	10/31/2015	513,339.85	509,220.00	0.45%
US TREASURY N/B	10/31/2017	423,703.12	411,564.00	0.66%
US TREASURY N/B	10/31/2017	593,687.50	576,189.60	0.64%
US TREASURY N/B	10/31/2017	403,067.19	390,985.80	0.63%
US TREASURY N/B	10/31/2017	636,726.56	617,346.00	0.62%
US TREASURY N/B	11/30/2015	2,060,468.75	2,042,500.00	0.35%
US TREASURY N/B	11/30/2015	1,029,062.50	1,021,250.00	0.38%
US TREASURY N/B	11/30/2015	246,026.23	255,312.50	1.71%
US TREASURY N/B	11/30/2015	1,235,906.25	1,225,500.00	0.35%
US TREASURY N/B	11/30/2015	618,703.13	612,750.00	0.32%
US TREASURY N/B	12/15/2013	744,348.22	752,197.50	1.01%
US TREASURY N/B	12/31/2015	1,049,179.69	1,040,080.00	0.32%
US TREASURY N/B	12/31/2015	1,008,714.29	1,040,080.00	1.94%
US TREASURY N/B	12/31/2015	201,797.54	208,016.00	1.93%
US TREASURY N/B	1/31/2016	607,278.12	601,883.40	0.40%
US TREASURY N/B	1/31/2016	734,289.06	726,411.00	0.39%
US TREASURY N/B	1/31/2016	525,917.96	518,865.00	0.38%
US TREASURY N/B	1/31/2016	316,019.53	311,319.00	0.42%
US TREASURY N/B	1/31/2016	228,275.77	238,677.90	2.16%
US TREASURY N/B	3/15/2014	449,279.30	453,478.50	1.31%
US TREASURY N/B	4/15/2014	300,000.00	302,544.00	1.25%
US TREASURY N/B	4/15/2014	1,016,484.38	1,008,480.00	0.33%
US TREASURY N/B	4/30/2016	1,503,457.03	1,557,660.00	1.95%
US TREASURY N/B	2/15/2014	365,821.87	362,476.80	0.40%
US TREASURY N/B	2/15/2014	199,125.00	201,376.00	1.40%
US TREASURY N/B	2/15/2014	300,247.10	302,064.00	1.22%
US TREASURY N/B	2/15/2014	150,293.47	151,032.00	1.18%
US TREASURY N/B	2/29/2016	460,199.19	479,011.80	2.12%
US TREASURY N/B	2/29/2016	302,977.57	312,399.00	1.91%
US TREASURY N/B	2/29/2016	309,407.67	322,812.30	2.17%
US TREASURY N/B	2/29/2016	308,560.02	322,812.30	2.22%
US TREASURY N/B	2/29/2016	149,725.12	156,199.50	2.16%
US TREASURY N/B	5/15/2014	912,902.35	906,363.00	0.30%
US TREASURY N/B	5/15/2014	3,043,359.38	3,021,210.00	0.34%
US TREASURY N/B	5/15/2014	453,533.20	453,181.50	0.73%
US TREASURY N/B	5/15/2014	453,111.33	453,181.50	0.76%
US TREASURY N/B	5/31/2016	156,628.71	159,868.55	1.53%
US TREASURY N/B	5/31/2016	2,080,703.12	2,062,820.00	0.41%
US TREASURY N/B	5/31/2016	309,375.00	309,423.00	1.08%
US TREASURY N/B	5/31/2016	312,216.01	319,737.10	1.60%
US TREASURY N/B	6/30/2016	695,187.50	716,898.00	1.64%

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US TREASURY N/B	6/30/2016	395,328.13	409,656.00	1.75%
US TREASURY N/B	6/30/2016	80,071.88	81,931.20	1.48%
US TREASURY N/B	6/30/2016	565,919.92	563,277.00	0.88%
US TREASURY N/B	6/15/2014	250,253.91	251,317.50	0.72%
US TREASURY N/B	6/15/2014	1,202,812.50	1,206,324.00	0.67%
US TREASURY N/B	7/31/2016	606,750.00	614,298.00	1.27%
US TREASURY N/B	7/31/2016	161,943.75	163,812.80	1.25%
US TREASURY N/B	7/31/2016	330,217.77	332,744.75	1.17%
US TREASURY N/B	8/15/2014	301,148.44	300,984.00	0.37%
US TREASURY N/B	8/15/2014	477,430.66	476,558.00	0.32%
US TREASURY N/B	8/31/2016	60,377.34	60,463.80	0.87%
US TREASURY N/B	8/31/2016	502,910.15	503,865.00	0.88%
US TREASURY N/B	8/31/2016	327,500.98	327,512.25	0.84%
US TREASURY N/B	8/31/2016	502,597.66	503,865.00	0.89%
US TREASURY N/B	9/30/2016	499,375.00	503,400.00	1.03%
US TREASURY N/B	9/30/2016	501,035.15	503,400.00	0.96%
US TREASURY N/B	9/30/2016	502,597.65	503,400.00	0.89%
US TREASURY N/B	10/15/2014	1,806,257.81	1,806,462.00	0.38%
US TREASURY N/B	10/15/2014	502,343.75	501,795.00	0.25%
US TREASURY N/B	10/31/2016	352,843.75	352,079.00	0.83%
US TREASURY N/B	10/31/2016	502,519.53	502,970.00	0.90%
US TREASURY N/B	10/31/2016	326,180.66	326,930.50	0.93%
US TREASURY N/B	10/31/2013	1,000,703.12	1,000,510.00	0.17%
US TREASURY N/B	11/30/2013	650,431.64	650,383.50	0.18%
US TREASURY N/B	11/30/2016	200,679.69	200,126.00	0.80%
US TREASURY N/B	11/30/2016	265,797.07	265,166.95	0.81%
US TREASURY N/B	12/31/2013	3,500,410.17	3,500,000.00	0.10%
US TREASURY N/B	12/31/2013	2,000,000.00	2,000,000.00	0.12%
US TREASURY N/B	12/31/2016	700,519.53	699,566.00	0.86%
US TREASURY N/B	3/31/2017	176,155.27	175,164.50	0.86%
US TREASURY N/B	5/31/2014	2,502,343.75	2,501,475.00	0.17%
US TREASURY N/B	5/31/2017	698,277.34	688,842.00	0.68%
US TREASURY N/B	6/15/2015	801,875.00	800,248.00	0.26%
US TREASURY N/B	6/15/2015	599,648.44	600,186.00	0.40%
US TREASURY N/B	7/31/2017	297,621.10	292,806.00	0.66%
US TREASURY N/B	7/31/2017	397,125.00	390,408.00	0.65%
US TREASURY N/B	7/31/2017	396,578.12	390,408.00	0.67%
US TREASURY N/B	7/31/2017	495,722.65	488,010.00	0.68%
US TREASURY N/B	7/31/2017	317,225.00	312,326.40	0.68%
US TREASURY N/B	8/31/2017	500,058.59	489,725.00	0.62%
US TREASURY N/B	9/30/2017	299,929.68	293,319.00	0.63%
US TREASURY N/B	9/30/2017	400,234.38	391,092.00	0.61%
US TREASURY N/B	9/30/2017	600,117.18	586,638.00	0.62%
US TREASURY N/B	9/30/2017	500,488.28	488,865.00	0.61%
US TREASURY N/B	10/31/2017	513,247.26	500,396.70	0.62%
US TREASURY N/B	10/31/2017	600,820.32	588,702.00	0.72%
US TREASURY N/B	11/30/2017	198,812.50	194,984.00	0.75%
US TREASURY N/B	11/30/2017	300,339.84	292,476.00	0.60%
US TREASURY N/B	11/30/2017	600,117.19	584,952.00	0.62%
US TREASURY N/B	11/30/2017	300,117.19	292,476.00	0.62%
US TREASURY N/B	12/31/2017	800,375.00	782,688.00	0.74%
US TREASURY N/B	12/31/2017	598,570.32	587,016.00	0.80%
US TREASURY N/B	1/31/2018	699,945.31	687,533.00	0.88%
US TREASURY N/B	1/31/2018	651,294.92	638,423.50	0.83%
US TREASURY N/B	1/31/2018	400,781.25	392,876.00	0.83%
US TREASURY N/B	1/31/2018	550,000.00	540,204.50	0.87%
US TREASURY N/B	2/28/2018	349,166.02	341,442.50	0.80%
US TREASURY N/B	4/30/2018	649,212.89	628,166.50	0.65%
US TREASURY N/B	4/30/2018	149,121.09	144,961.50	0.75%
US TREASURY N/B	8/31/2013	703,882.82	703,528.00	0.08%

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US TREASURY N/B	10/31/2013	1,009,140.63	1,008,790.00	0.10%
US TREASURY N/B	10/15/2014	15,042,237.75	15,053,850.00	0.40%
US TREASURY N/B	10/15/2014	652,642.80	652,333.50	0.36%
US TREASURY N/B	11/15/2014	998,558.04	1,002,030.00	0.42%
US TREASURY N/B	11/15/2014	8,991,592.65	9,018,270.00	0.41%
US TREASURY N/B	12/15/2014	249,112.17	250,057.50	0.37%
US TREASURY N/B	4/30/2014	9,996,517.88	10,006,600.00	0.27%
US TREASURY N/B	5/31/2014	9,988,705.38	10,005,900.00	0.31%
US TREASURY N/B	7/15/2015	5,742,831.76	5,734,302.50	0.29%
US TREASURY N/B	1/15/2016	4,495,093.20	4,483,845.00	0.41%
<i>SUB-TOTAL</i>		602,814,929.43	599,882,185.40	

MEDIUM TERM NOTES

3M COMPANY	6/26/2017	537,510.60	527,704.20	1.09%
3M COMPANY	9/29/2016	167,917.20	166,521.30	0.99%
3M COMPANY	9/29/2016	41,025.60	40,368.80	0.75%
ACE INA HOLDINGS	6/15/2014	176,334.40	167,577.60	1.11%
ACE INA HOLDINGS	3/15/2018	60,709.50	58,230.50	1.25%
ACE INA HOLDINGS	11/23/2015	66,088.10	67,460.90	2.16%
AFLAC INC	8/15/2015	147,130.20	147,189.00	1.94%
AFLAC INC	2/15/2017	62,252.40	61,432.20	1.59%
AFLAC INC	2/15/2017	105,024.00	102,387.00	1.31%
ALABAMA POWER CO	11/15/2013	1,080,490.00	1,019,540.00	3.56%
ALABAMA POWER CO	11/15/2013	78,918.70	71,367.80	2.01%
ALABAMA POWER CO	10/15/2015	10,986.58	10,939.83	0.59%
ALABAMA POWER CO	10/15/2015	312,618.14	311,287.89	0.59%
ALLSTATE CORP	8/15/2014	1,671,570.00	1,569,165.00	2.02%
ALLSTATE CORP	8/15/2014	52,871.00	52,305.50	0.53%
ALLTEL CORPORATION	3/15/2016	60,551.00	57,328.50	1.59%
AMER EXPRESS CREDIT CO	8/25/2014	1,012,878.20	985,195.20	2.80%
AMER EXPRESS CREDIT CO	12/2/2015	112,314.00	109,770.00	1.59%
AMER EXPRESS CREDIT CO	9/15/2015	62,530.80	62,235.60	0.86%
AMERICAN EXPR CENTURION	11/13/2015	499,810.00	498,750.00	0.89%
AMERICAN EXPRESS CREDIT	6/12/2015	508,030.00	506,785.00	1.19%
AMERICAN EXPRESS CREDIT	6/12/2015	189,962.00	192,578.30	1.76%
AMERICAN EXPRESS CREDIT	9/19/2016	106,212.00	103,822.00	0.92%
AMERICAN EXPRESS CREDIT	9/19/2016	440,555.00	441,243.50	1.90%
AMERICAN EXPRESS CREDIT	6/12/2015	389,922.00	395,292.30	1.76%
AMERICAN HONDA FINANCE	8/11/2015	748,432.50	751,215.00	1.07%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	2,004,540.00	1,999,500.00	0.72%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	1,004,280.00	999,750.00	0.63%
APACHE CORP	1/15/2017	119,134.00	112,624.00	1.24%
APPLE INC	5/3/2016	469,149.30	464,952.20	0.51%
APPLE INC	5/3/2018	528,044.30	508,959.00	1.08%
APPLE INC	5/3/2016	214,610.85	212,690.90	0.51%
APPLE INC	5/3/2016	1,247,737.50	1,236,575.00	0.51%
AT&T INC	6/1/2017	810,168.00	792,120.00	1.43%
AT&T INC	5/15/2016	741,909.00	731,500.00	1.15%
AT&T INC	2/13/2015	889,368.10	890,462.80	0.90%
AT&T INC	2/13/2015	388,190.40	390,202.80	1.04%
AT&T INC	12/1/2015	39,987.20	39,817.20	0.81%
AT&T INC	12/1/2017	150,211.50	145,828.50	1.37%
AT&T INC	8/15/2015	1,043,950.00	1,030,440.00	0.82%
AT&T INC	8/15/2016	1,057,240.00	1,030,560.00	0.95%
BANK OF AMERICA CORP	3/22/2017	824,280.00	837,864.00	3.17%
BANK OF AMERICA CORP	9/1/2017	209,457.00	201,771.00	2.23%
BANK OF AMERICA CORP	5/15/2014	545,894.90	531,300.40	1.15%
BANK OF AMERICA CORP	1/11/2016	998,010.00	986,150.00	1.32%
BANK OF NEW YORK MELLON	2/20/2015	279,745.20	282,270.80	1.23%
BANK OF NEW YORK MELLON	6/18/2015	873,267.90	864,237.50	1.19%

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BANK OF NEW YORK MELLON	1/15/2015	50,824.00	51,848.50	2.72%
BANK OF NEW YORK MELLON	6/18/2015	88,275.05	88,506.25	1.82%
BANK OF NEW YORK MELLON	1/15/2016	209,792.00	206,904.00	0.66%
BANK OF NEW YORK MELLON	1/17/2017	105,342.00	102,028.00	1.07%
BANK OF NEW YORK MELLON	2/20/2015	100,638.00	100,811.00	0.96%
BAXTER INTERNATIONAL INC	6/1/2016	519,500.80	517,561.20	0.98%
BAXTER INTERNATIONAL INC	6/1/2016	199,808.00	199,062.00	0.98%
BAXTER INTERNATIONAL INC	6/1/2016	59,942.40	59,718.60	0.98%
BB&T CORPORATION	4/28/2014	408,444.00	403,824.00	0.70%
BB&T CORPORATION	8/15/2017	299,454.00	293,382.00	1.64%
BB&T CORPORATION	4/30/2014	122,637.90	114,499.00	1.57%
BB&T CORPORATION	4/29/2016	161,946.00	160,699.50	2.01%
BB&T CORPORATION	3/15/2016	77,138.25	78,609.75	2.54%
BB&T CORPORATION	3/22/2017	73,052.70	70,114.80	1.12%
BB&T CORPORATION	8/15/2017	518,055.42	507,550.86	1.64%
BECTON DICKINSON	11/8/2016	205,110.00	203,436.00	1.13%
BELLSOUTH CORP	9/15/2014	402,034.60	388,522.20	0.62%
BERKSHIRE HATHAWAY FIN	5/15/2017	425,985.00	418,236.00	1.26%
BERKSHIRE HATHAWAY FIN	7/15/2014	331,488.00	314,421.00	1.75%
BERKSHIRE HATHAWAY FIN	12/15/2015	498,900.00	519,950.00	2.50%
BERKSHIRE HATHAWAY INC	2/11/2016	1,099,901.00	1,094,797.00	0.80%
BERKSHIRE HATHAWAY INC	1/31/2017	579,971.00	586,171.20	1.90%
BERKSHIRE HATHAWAY INC	2/11/2015	103,238.00	104,013.00	2.31%
BERKSHIRE HATHAWAY INC	1/31/2017	1,553,385.00	1,515,960.00	1.01%
BLACKROCK INC	9/15/2017	6,071.90	5,886.55	1.32%
BLACKROCK INC	9/15/2017	23,055.74	22,368.89	1.33%
BLACKROCK INC	12/10/2014	31,705.80	31,210.50	1.83%
BLACKROCK INC	12/10/2014	115,094.30	119,640.25	3.48%
BLACKROCK INC	12/10/2014	75,033.00	72,824.50	1.08%
BOEING CAPITAL CORP	8/15/2016	62,471.40	61,658.40	0.84%
BOEING CAPITAL CORP	8/15/2016	104,758.00	102,764.00	0.89%
BOEING CAPITAL CORP	8/15/2016	1,043,550.00	1,027,640.00	1.02%
BOEING CO	2/15/2015	37,574.95	36,634.85	0.64%
BOTTLING GROUP LLC	11/15/2013	70,350.80	66,081.60	2.74%
BOTTLING GROUP LLC	4/1/2016	116,903.00	111,560.00	1.61%
BROADCOM CORP	11/1/2015	99,820.30	97,904.15	0.66%
BROADCOM CORP	11/1/2015	714,503.20	700,787.60	0.66%
CAROLINA POWER & LIGHT	4/1/2015	174,643.15	166,958.25	1.15%
CATERPILLAR FIN SERV CRP	2/17/2014	112,023.00	103,538.00	1.06%
CATERPILLAR FINANCIAL SE	3/26/2015	179,847.00	181,168.20	1.08%
CATERPILLAR FINANCIAL SE	5/29/2015	69,977.60	70,380.10	1.11%
CATERPILLAR FINANCIAL SE	11/6/2015	579,466.40	578,758.80	0.73%
CATERPILLAR FINANCIAL SE	9/1/2017	59,999.00	57,772.00	1.34%
CATERPILLAR FINANCIAL SE	12/20/2013	91,510.20	90,522.90	0.55%
CATERPILLAR FINANCIAL SE	4/1/2016	60,360.00	62,483.40	2.52%
CATERPILLAR FINANCIAL SE	4/1/2016	52,619.50	52,069.50	1.24%
CATERPILLAR FINANCIAL SE	5/20/2014	126,635.00	126,048.75	0.84%
CATERPILLAR FINANCIAL SE	8/1/2016	98,722.10	97,187.85	1.06%
CATERPILLAR FINANCIAL SE	3/24/2017	91,200.60	89,764.20	1.46%
CATERPILLAR INC	5/27/2014	499,620.00	503,825.00	1.40%
CATERPILLAR INC	6/26/2017	91,785.60	89,095.50	1.08%
CHARLES SCHWAB CORP	12/4/2015	220,000.00	219,326.80	0.85%
CHARLES SCHWAB CORP	12/4/2015	120,674.40	119,632.80	0.64%
CHARLES SCHWAB CORP	12/4/2015	220,624.80	219,326.80	0.75%
CHEVRON CORP	6/24/2016	220,000.00	220,288.20	0.89%
CHEVRON CORP	6/24/2016	520,000.00	520,681.20	0.89%
CHEVRON CORP	6/24/2016	94,000.00	94,123.14	0.89%
CHEVRON CORP	6/24/2016	600,000.00	600,786.00	0.89%
CISCO SYSTEMS INC	2/22/2016	62,851.25	61,415.75	2.30%
CISCO SYSTEMS INC	2/22/2016	89,612.00	89,332.00	2.84%

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CISCO SYSTEMS INC	11/17/2014	79,470.00	77,456.25	0.86%
CISCO SYSTEMS INC	11/17/2014	57,972.20	56,801.25	0.38%
CISCO SYSTEMS INC	11/17/2014	52,654.50	51,637.50	0.68%
CISCO SYSTEMS INC	3/14/2017	60,349.30	58,062.95	0.85%
CITIGROUP INC	1/15/2015	1,236,896.40	1,238,787.20	4.44%
CITIGROUP INC	12/13/2013	376,621.15	378,595.10	5.43%
CITIGROUP INC	8/19/2013	664,519.90	609,464.90	2.46%
CITIGROUP INC	8/7/2015	335,459.49	332,496.87	1.30%
CITIGROUP INC	8/7/2015	201,158.72	199,294.76	1.29%
CITIGROUP INC	8/7/2015	159,979.56	158,622.36	1.32%
CITIGROUP INC	7/2/2013	103,936.00	100,000.00	0.90%
CITIGROUP INC	8/19/2013	661,781.25	629,612.50	2.65%
CITIGROUP INC	8/12/2014	86,549.60	84,422.40	3.40%
CITIGROUP INC	10/15/2014	109,427.85	110,436.90	4.02%
CITIGROUP INC	1/15/2015	165,427.50	160,188.00	3.25%
CITIGROUP INC	1/15/2015	63,106.80	64,075.20	4.23%
CITIGROUP INC	5/19/2015	32,371.80	31,728.00	1.66%
CITIGROUP INC	12/13/2013	130,340.40	122,787.60	3.21%
CITIGROUP INC	6/15/2016	177,097.50	179,191.90	2.92%
CITIGROUP INC	1/15/2016	1,994,940.00	1,976,100.00	1.34%
CME GROUP INC	8/1/2013	103,784.00	100,383.00	4.25%
CME GROUP INC	2/15/2014	87,571.20	82,473.60	1.38%
CME GROUP INC	2/15/2014	81,922.50	77,319.00	1.23%
COCA-COLA CO/THE	3/15/2014	608,960.80	572,241.60	0.98%
COCA-COLA CO/THE	3/13/2015	459,484.80	461,610.00	0.79%
COCA-COLA CO/THE	11/15/2013	1,919,097.60	1,921,804.80	0.77%
COCA-COLA CO/THE	3/13/2015	889,003.20	893,115.00	0.79%
COCA-COLA CO/THE	3/15/2014	104,283.00	102,186.00	2.54%
COCA-COLA CO/THE	9/1/2016	81,436.80	81,623.20	1.40%
COCA-COLA CO/THE	9/1/2016	1,037,040.00	1,020,290.00	0.78%
COLGATE-PALMOLIVE CO	5/1/2014	479,299.20	483,240.00	1.30%
COLGATE-PALMOLIVE CO	11/1/2015	992,480.00	1,014,810.00	1.53%
COMERICA INC	9/16/2015	101,015.00	104,475.00	2.73%
COMERICA INC	9/16/2015	63,596.40	62,685.00	0.84%
COMERICA INC	9/16/2015	31,576.50	31,342.50	0.74%
CONOCOPHILLIPS	1/15/2015	583,335.00	572,556.60	2.78%
CONOCOPHILLIPS	2/1/2014	184,480.15	189,489.95	4.83%
CONOCOPHILLIPS	2/1/2014	29,283.39	27,655.29	0.78%
CONOCOPHILLIPS COMPANY	12/15/2017	250,237.50	241,257.50	1.03%
CONS EDISON CO OF NY	2/1/2014	75,481.00	71,687.00	0.88%
CONS EDISON CO OF NY	9/15/2016	52,879.95	50,836.95	1.52%
COSTCO WHOLESALE CORP	12/7/2015	499,405.00	499,015.00	0.69%
CREDIT SUISSE NEW YORK	5/1/2014	110,154.00	104,075.00	1.71%
CREDIT SUISSE NEW YORK	5/1/2014	483,561.00	468,337.50	2.40%
CREDIT SUISSE USA INC	8/15/2015	53,843.90	53,988.00	3.02%
CREDIT SUISSE USA INC	8/15/2015	55,235.00	53,988.00	0.91%
CREDIT SUISSE USA INC	8/16/2016	162,489.60	158,974.20	1.38%
DAIMLER FINANCE NA LLC	11/15/2013	214,114.00	204,184.00	0.80%
DAIMLER FINANCE NA LLC	9/15/2016	156,480.00	153,951.00	1.36%
DAIMLER FINANCE NA LLC	11/15/2013	278,242.50	255,230.00	1.64%
DAIMLER FINANCE NA LLC	4/10/2015	749,565.00	756,382.50	1.67%
DAIMLER FINANCE NA LLC	1/11/2016	555,316.12	552,374.88	1.29%
DANAHER CORP	6/23/2014	63,947.52	64,444.80	1.33%
DANAHER CORP	6/23/2016	52,411.50	51,698.50	1.16%
DELMARVA PWR & LIGHT CO	12/1/2013	151,653.60	138,169.80	1.66%
DETROIT EDISON COMPANY	10/1/2013	164,614.50	152,121.00	1.13%
DUKE ENERGY CAROLINAS	11/15/2013	33,457.80	30,576.30	0.98%
DUKE ENERGY CAROLINAS	11/15/2013	55,663.00	50,960.50	1.35%
DUKE ENERGY CAROLINAS	11/15/2013	153,200.70	137,593.35	1.62%
DUKE ENERGY CAROLINAS	12/15/2016	50,443.50	50,681.50	1.55%

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DUKE ENERGY CAROLINAS	12/15/2016	91,089.00	91,226.70	1.49%
DUKE ENERGY FLORIDA INC	11/15/2015	719,359.20	715,924.80	0.68%
E.I. DU PONT DE NEMOURS	1/15/2014	92,646.26	85,299.10	2.78%
E.I. DU PONT DE NEMOURS	4/1/2016	425,164.00	418,188.00	1.25%
E.I. DU PONT DE NEMOURS	1/15/2014	286,010.00	256,925.00	1.54%
E.I. DU PONT DE NEMOURS	3/25/2014	203,952.00	201,606.00	0.89%
E.I. DU PONT DE NEMOURS	3/25/2014	999,130.00	1,008,030.00	1.78%
EBAY INC	7/15/2015	500,000.00	500,585.00	0.70%
EBAY INC	7/15/2015	200,000.00	200,234.00	0.70%
EBAY INC	7/15/2015	230,648.60	230,269.10	0.60%
EBAY INC	7/15/2015	341,679.60	340,397.80	0.50%
EBAY INC	10/15/2015	58,236.00	61,279.20	2.33%
EBAY INC	10/15/2015	102,366.00	102,132.00	0.85%
EBAY INC	10/15/2015	40,887.60	40,852.80	0.89%
EBAY INC	7/15/2017	90,565.20	88,456.50	1.22%
EBAY INC	7/15/2015	769,000.00	769,899.73	0.70%
EMC CORP	6/1/2018	199,886.00	197,700.00	1.89%
EMERSON ELECTRIC CO	11/15/2013	58,617.90	56,024.10	0.70%
EMERSON ELECTRIC CO	12/15/2014	162,974.20	154,039.30	1.29%
ENTERGY LOUISIANA LLC	12/15/2014	66,602.25	65,861.90	0.64%
EOG RESOURCES INC	2/1/2016	83,771.20	82,829.60	0.74%
EOG RESOURCES INC	2/1/2016	51,046.00	51,768.50	1.99%
EOG RESOURCES INC	2/1/2016	62,982.00	62,122.20	0.67%
FLORIDA POWER & LIGHT	11/1/2017	229,360.40	219,681.80	1.09%
FRANKLIN RESOURCES INC	9/15/2017	994,550.00	970,100.00	1.49%
FRANKLIN RESOURCES INC	5/20/2015	157,431.00	156,202.50	1.82%
GENERAL DYNAMICS CORP	11/15/2017	59,721.00	57,838.80	1.10%
GENERAL ELEC CAP CORP	5/13/2014	679,811.40	649,276.40	3.42%
GENERAL ELEC CAP CORP	7/2/2015	349,702.50	354,091.50	1.65%
GENERAL ELEC CAP CORP	5/13/2014	719,200.80	753,998.40	5.93%
GENERAL ELEC CAP CORP	1/9/2015	439,542.40	448,654.80	2.19%
GENERAL ELEC CAP CORP	12/11/2015	929,070.00	928,614.30	1.03%
GENERAL ELEC CAP CORP	6/4/2014	99,239.56	98,403.90	0.45%
GENERAL ELEC CAP CORP	9/21/2015	1,268,280.00	1,281,924.00	3.00%
GENERAL ELEC CAP CORP	11/9/2015	653,417.10	645,586.20	0.83%
GENERAL ELEC CAP CORP	12/11/2015	32,967.00	32,950.83	1.03%
GENERAL ELEC CAP CORP	1/8/2016	49,985.00	49,723.00	1.01%
GENERAL ELEC CAP CORP	1/8/2016	310,987.60	305,365.20	1.29%
GENERAL ELEC CAP CORP	11/9/2015	1,036,260.00	1,024,740.00	0.98%
GENERAL ELEC CAP CORP	7/2/2015	1,019,290.00	1,011,690.00	0.91%
GENERAL ELEC CAP CORP	1/8/2016	996,790.00	994,460.00	1.11%
GENERAL ELECTRIC CO	10/9/2015	1,003,070.00	999,050.00	0.75%
GENERAL ELECTRIC CO	10/9/2015	999,730.00	999,050.00	0.86%
GENZYME CORP	6/15/2015	246,058.60	243,089.30	0.65%
GEORGIA POWER COMPANY	8/10/2015	499,675.00	499,040.00	0.77%
GEORGIA POWER COMPANY	8/10/2015	909,408.50	908,252.80	0.77%
GEORGIA POWER COMPANY	12/15/2015	112,794.00	110,152.00	0.79%
GEORGIA POWER COMPANY	6/1/2017	60,218.50	57,306.00	1.35%
GEORGIA POWER COMPANY	8/10/2015	399,740.00	399,232.00	0.77%
GLAXOSMITHKLINE CAP INC	4/15/2014	268,942.50	257,740.00	0.57%
GOLDMAN SACHS GROUP INC	5/3/2015	959,318.40	989,491.20	3.33%
GOLDMAN SACHS GROUP INC	11/23/2015	573,169.20	571,299.60	1.40%
GOLDMAN SACHS GROUP INC	5/3/2015	260,810.00	257,680.00	1.42%
GOLDMAN SACHS GROUP INC	1/15/2014	155,905.45	148,059.50	2.47%
GOLDMAN SACHS GROUP INC	8/1/2015	98,428.55	98,976.70	2.88%
GOLDMAN SACHS GROUP INC	11/15/2014	109,749.00	105,680.00	3.00%
GOLDMAN SACHS GROUP INC	7/15/2013	166,966.40	160,224.00	3.43%
GOLDMAN SACHS GROUP INC	7/15/2013	63,802.20	60,084.00	1.74%
GOLDMAN SACHS GROUP INC	10/1/2016	104,953.60	102,339.88	1.65%
GOLDMAN SACHS GROUP INC	10/1/2016	20,532.96	20,023.02	1.65%

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GOLDMAN SACHS GROUP INC	5/3/2015	104,298.00	103,072.00	1.04%
GOLDMAN SACHS GROUP INC	5/3/2015	49,964.50	51,536.00	3.33%
GOLDMAN SACHS GROUP INC	1/15/2014	311,931.00	306,330.00	2.64%
GOLDMAN SACHS GROUP INC	2/7/2016	53,260.50	52,193.00	1.22%
GOLDMAN SACHS GROUP INC	2/7/2016	90,513.00	93,947.40	3.47%
GOLDMAN SACHS GROUP INC	2/7/2016	80,523.20	83,508.80	3.47%
GOLDMAN SACHS GROUP INC	9/1/2017	153,117.90	147,316.00	2.10%
GOLDMAN SACHS GROUP INC	5/3/2015	998,440.00	1,030,720.00	3.36%
GOLDMAN SACHS GROUP INC	1/15/2014	1,576,200.00	1,531,650.00	0.83%
GOLDMAN SACHS GROUP INC	2/7/2016	2,120,660.00	2,087,720.00	1.64%
GOOGLE INC	5/19/2014	1,149,735.50	1,158,429.50	1.26%
HOME DEPOT INC	3/1/2016	578,980.00	557,145.00	0.97%
HONEYWELL INTERNATIONAL	3/15/2016	115,614.00	111,140.00	1.70%
HONEYWELL INTERNATIONAL	3/1/2018	107,347.50	102,538.80	1.24%
HONEYWELL INTERNATIONAL	2/15/2014	69,482.40	66,370.20	0.55%
HONEYWELL INTERNATIONAL	2/15/2014	158,742.00	153,162.00	0.58%
HONEYWELL INTERNATIONAL	2/15/2014	791,820.00	765,810.00	2.39%
HOWARD HUGHES MEDICAL IN	9/1/2014	335,238.40	330,601.60	0.44%
HSBC BANK USA	4/1/2014	136,375.20	133,616.60	3.01%
HSBC BANK USA	4/1/2014	103,799.00	102,782.00	0.61%
HSBC FINANCE CORP	6/30/2015	215,042.00	213,920.00	3.02%
HSBC FINANCE CORP	6/30/2015	218,898.00	213,920.00	2.42%
HSBC USA INC	2/13/2015	1,020,770.00	1,021,880.00	1.54%
IBM CORP	2/6/2017	647,120.50	642,928.00	1.34%
IBM CORP	5/6/2016	428,787.40	423,932.70	0.54%
IBM CORP	10/31/2014	1,235,841.25	1,231,027.00	0.42%
IBM CORP	5/6/2016	1,007,151.80	995,748.90	0.54%
IBM CORP	10/15/2013	143,981.25	127,175.00	1.20%
IBM CORP	1/5/2016	255,420.00	256,457.50	1.48%
IBM CORP	7/22/2016	103,953.00	102,501.00	0.71%
IBM CORP	7/22/2016	102,345.00	102,501.00	1.41%
IBM CORP	5/6/2016	149,577.00	147,883.50	0.54%
IBM CORP	7/22/2016	251,190.00	256,252.50	1.85%
IBM CORP	5/11/2015	748,755.00	752,317.50	0.81%
ILLINOIS TOOL WORKS INC	4/1/2014	187,210.80	175,654.20	0.94%
INTEL CORP	10/1/2016	51,569.00	51,279.00	1.26%
INTEL CORP	10/1/2016	162,860.80	164,092.80	1.57%
INTEL CORP	10/1/2016	93,070.80	92,302.20	1.16%
INTEL CORP	10/1/2016	83,012.80	82,046.40	0.94%
JOHN DEERE CAPITAL CORP	4/17/2015	549,659.00	552,271.50	0.90%
JOHN DEERE CAPITAL CORP	3/3/2014	1,368,643.70	1,381,138.10	1.63%
JOHN DEERE CAPITAL CORP	6/29/2015	999,730.00	1,005,080.00	0.96%
JOHN DEERE CAPITAL CORP	6/7/2016	104,269.00	103,174.00	0.93%
JOHN DEERE CAPITAL CORP	9/15/2016	61,711.20	61,269.00	0.95%
JOHN DEERE CAPITAL CORP	3/15/2017	202,634.00	197,908.00	1.08%
JOHN DEERE CAPITAL CORP	4/17/2015	55,965.28	56,231.28	0.90%
JOHN DEERE CAPITAL CORP	6/7/2016	1,570,995.00	1,547,610.00	0.93%
JOHN DEERE CAPITAL CORP	4/17/2015	749,535.00	753,097.50	0.90%
JOHN DEERE CAPITAL CORP	6/29/2015	999,730.00	1,005,080.00	0.96%
JOHNSON & JOHNSON	5/15/2014	609,558.00	604,554.00	0.54%
JOHNSON & JOHNSON	5/15/2014	549,356.50	554,174.50	1.24%
JPMORGAN CHASE & CO	1/15/2016	984,830.00	1,021,110.00	2.93%
JPMORGAN CHASE & CO	3/20/2015	1,170,619.50	1,163,466.50	1.06%
JPMORGAN CHASE & CO	10/15/2015	299,877.00	298,170.00	1.11%
JPMORGAN CHASE & CO	3/15/2014	663,975.00	642,681.25	2.76%
JPMORGAN CHASE & CO	2/26/2016	1,997,580.00	1,970,640.00	1.17%
KENTUCKY UTILITIES	11/1/2015	205,604.00	204,206.00	0.52%
KIMBERLY-CLARK CORP	8/15/2013	48,949.20	45,234.00	2.45%
KIMBERLY-CLARK CORP	8/1/2017	109,043.10	105,303.60	1.03%
LOCKHEED MARTIN CORP	9/15/2016	103,763.00	102,089.00	1.06%

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LOWE'S COMPANIES INC	10/15/2015	79,152.93	77,695.30	0.53%
LOWE'S COMPANIES INC	10/15/2015	21,160.87	20,791.70	0.57%
LOWE'S COMPANIES INC	10/15/2015	44,366.00	43,772.00	0.62%
MANUF & TRADERS TRUST CO	3/7/2018	250,897.50	242,437.50	1.37%
MCDONALD'S CORP	5/29/2015	108,812.52	109,243.07	0.81%
MCDONALD'S CORP	5/29/2015	219,733.80	220,490.60	0.79%
MCDONALD'S CORP	5/29/2015	145,735.74	146,325.58	0.81%
MCDONALD'S CORP	5/29/2015	359,010.00	360,802.80	0.84%
MCDONALD'S CORP	10/15/2017	41,471.85	40,804.05	1.38%
MCKESSON CORP	12/4/2015	631,349.04	630,312.56	0.98%
MEDTRONIC INC	3/15/2015	1,066,140.00	1,037,370.00	0.70%
MET LIFE GLOB FUNDING I	1/9/2015	1,776,707.00	1,807,750.20	2.06%
MET LIFE GLOB FUNDING I	6/29/2015	499,605.00	507,845.00	1.73%
MET LIFE GLOB FUNDING I	6/10/2014	214,574.00	208,616.00	1.41%
MET LIFE GLOB FUNDING I	1/10/2014	749,677.50	756,135.00	2.01%
MET LIFE GLOB FUNDING I	6/29/2015	999,210.00	1,015,690.00	1.73%
MICROSOFT CORP	2/8/2016	583,396.00	572,764.50	1.01%
MICROSOFT CORP	9/27/2013	1,098,185.00	1,101,155.00	0.93%
MICROSOFT CORP	6/1/2014	73,592.40	71,691.90	1.46%
MICROSOFT CORP	9/25/2015	102,978.00	102,260.00	0.36%
MICROSOFT CORP	2/8/2016	106,590.00	104,139.00	0.63%
MONSANTO CO	4/15/2016	141,790.50	140,919.75	1.54%
MORGAN STANLEY	12/28/2017	174,928.50	166,431.00	2.24%
MORGAN STANLEY	4/28/2015	189,188.68	191,916.64	4.07%
MORGAN STANLEY	5/13/2014	434,552.00	416,020.00	3.83%
MORGAN STANLEY	5/13/2014	486,985.50	468,022.50	3.85%
MORGAN STANLEY	2/25/2016	454,140.05	450,754.85	1.82%
MORGAN STANLEY	2/25/2016	1,546,514.10	1,530,585.15	1.72%
MORGAN STANLEY	7/28/2014	1,537,005.00	1,527,705.00	1.48%
MORGAN STANLEY	4/29/2016	2,117,040.00	2,080,120.00	1.91%
NATIONAL RURAL UTIL COOP	2/2/2015	179,427.60	180,869.40	1.11%
NATIONAL RURAL UTIL COOP	2/2/2015	169,909.90	170,821.10	1.02%
NATIONAL RURAL UTIL COOP	2/2/2015	201,404.00	200,966.00	0.72%
NATIONAL RURAL UTIL COOP	2/2/2015	357,332.35	356,714.65	0.72%
NATIONAL RURAL UTIL COOP	2/2/2015	55,479.05	55,265.65	0.59%
NATIONAL RURAL UTIL COOP	4/10/2017	101,504.45	96,246.35	1.02%
NATIONAL RURAL UTIL COOP	11/1/2015	103,204.00	102,433.00	0.63%
NATIONAL RURAL UTIL COOP	11/1/2015	61,816.20	61,459.80	1.02%
NATIONAL RURAL UTIL COOP	11/1/2015	72,182.60	71,703.10	1.03%
NATIONAL SEMICONDUCTOR	6/15/2017	99,349.60	94,000.00	1.11%
NBCUNIVERSAL MEDIA LLC	4/1/2014	30,462.60	30,361.20	0.52%
NBCUNIVERSAL MEDIA LLC	4/1/2016	317,271.00	313,569.00	0.95%
NEW YORK LIFE GLOBAL FDG	7/24/2015	434,612.85	435,957.00	0.78%
NEW YORK LIFE GLOBAL FDG	2/12/2016	1,039,324.00	1,033,479.20	0.82%
NORTHERN TRUST CORP	5/1/2014	53,247.50	51,719.50	0.44%
NORTHERN TRUST CORP	5/1/2014	62,659.80	62,063.40	0.32%
NORTHERN TRUST CORP	5/1/2014	80,727.00	77,579.25	2.56%
NORTHERN TRUST CORP	5/1/2014	131,505.60	124,126.80	1.26%
NORTHERN TRUST CORP	5/1/2014	86,080.00	82,751.20	0.95%
NOVARTIS CAPITAL CORP	4/24/2015	266,775.00	260,592.50	0.74%
NSTAR ELECTRIC CO	4/15/2014	142,131.60	134,413.50	1.15%
NSTAR ELECTRIC CO	4/15/2014	172,969.60	165,432.00	0.79%
OCCIDENTAL PETROLEUM COR	12/13/2013	499,405.00	502,145.00	1.49%
OCCIDENTAL PETROLEUM COR	6/1/2016	44,053.60	43,392.00	0.75%
OCCIDENTAL PETROLEUM COR	2/15/2017	103,139.00	99,920.00	0.98%
OCCIDENTAL PETROLEUM COR	2/15/2017	179,987.50	174,860.00	0.98%
OCCIDENTAL PETROLEUM COR	2/15/2017	101,007.00	99,920.00	1.54%
ORACLE CORP	7/8/2014	100,857.70	98,112.20	0.43%
ORACLE CORP	7/8/2014	53,625.50	51,638.00	0.59%
ORACLE CORP	10/15/2017	50,105.50	48,561.00	1.15%

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ORACLE CORP	10/15/2017	100,661.00	97,122.00	1.05%
ORACLE CORP	1/15/2016	85,317.75	82,945.50	0.75%
ORACLE CORP	1/15/2016	44,585.60	44,237.60	0.78%
PACCAR FINANCIAL CORP	9/29/2014	399,556.00	404,820.00	1.59%
PACCAR FINANCIAL CORP	9/29/2014	96,451.60	96,144.75	0.68%
PACCAR FINANCIAL CORP	6/5/2015	179,825.40	181,227.60	1.08%
PACCAR FINANCIAL CORP	2/8/2016	209,714.40	208,154.10	0.85%
PACCAR FINANCIAL CORP	9/29/2014	40,738.00	40,482.00	0.58%
PACCAR FINANCIAL CORP	9/29/2014	101,037.50	101,205.00	1.17%
PACCAR FINANCIAL CORP	6/5/2015	69,932.10	70,477.40	1.08%
PACCAR FINANCIAL CORP	2/8/2016	99,966.00	99,121.00	0.81%
PACCAR INC	2/15/2014	109,516.00	103,822.00	0.65%
PACIFICORP	8/15/2014	163,471.50	156,403.50	2.77%
PECO ENERGY CO	10/15/2013	108,363.00	101,439.00	1.04%
PECO ENERGY CO	10/1/2014	155,054.20	147,278.60	1.64%
PECO ENERGY CO	10/1/2014	221,500.00	210,398.00	1.09%
PEPSICO INC	5/10/2016	601,656.00	624,312.00	2.44%
PEPSICO INC	3/5/2015	179,920.80	180,322.20	0.76%
PEPSICO INC	3/1/2014	698,516.00	714,560.00	3.80%
PEPSICO INC	3/5/2015	1,069,529.20	1,071,915.30	0.76%
PEPSICO INC	3/1/2014	80,248.50	76,560.00	1.75%
PEPSICO INC	3/1/2014	105,114.00	102,080.00	0.58%
PEPSICO INC	3/1/2014	66,335.75	66,352.00	3.22%
PEPSICO INC	8/25/2014	39,843.60	40,117.60	0.93%
PFIZER INC	1/15/2017	129,792.09	128,553.10	0.94%
PHILIP MORRIS INTL INC	5/16/2016	512,795.00	519,365.00	1.90%
PHILIP MORRIS INTL INC	3/20/2017	743,647.50	745,762.50	1.80%
PNC FUNDING CORP	2/8/2015	478,521.00	469,458.00	1.14%
PNC FUNDING CORP	2/8/2015	239,383.72	235,772.24	0.72%
PNC FUNDING CORP	2/8/2015	423,412.00	417,296.00	0.71%
PNC FUNDING CORP	2/8/2015	425,483.24	427,728.40	2.60%
PNC FUNDING CORP	9/19/2016	63,443.40	62,445.60	0.96%
PRAXAIR INC	3/30/2015	539,188.65	528,551.10	0.50%
PRAXAIR INC	11/15/2014	94,985.80	90,368.60	0.78%
PRAXAIR INC	3/30/2015	67,331.40	64,066.80	1.85%
PRAXAIR INC	3/31/2014	86,397.60	82,199.20	0.68%
PRAXAIR INC	11/7/2017	140,847.00	135,101.40	0.92%
PRAXAIR INC	11/7/2017	39,737.20	38,600.40	1.19%
PRAXAIR INC	2/21/2016	999,380.00	994,700.00	0.77%
PRECISION CASTPARTS CORP	12/20/2015	399,880.00	397,648.00	0.71%
PRECISION CASTPARTS CORP	12/20/2015	269,919.00	268,412.40	0.71%
PRICOA GLOBAL FUNDING 1	6/11/2014	675,868.20	647,949.60	2.61%
PRINCIPAL LFE GLB FND II	12/11/2015	449,707.50	450,085.50	1.02%
PRINCIPAL LIFE INC FDG	4/15/2014	91,571.35	88,007.30	1.58%
PRINCIPAL LIFE INC FDG	4/27/2015	111,196.00	108,506.00	1.85%
PRINCIPAL LIFE INC FDG	4/27/2015	111,185.00	108,506.00	1.74%
PROCTER & GAMBLE CO/THE	8/15/2014	1,094,250.00	1,049,920.00	2.76%
PROCTER & GAMBLE CO/THE	8/15/2016	783,648.40	799,803.90	1.62%
PROCTER & GAMBLE CO/THE	8/15/2014	98,144.10	94,492.80	0.43%
PROCTER & GAMBLE CO/THE	8/15/2014	218,414.00	209,984.00	2.67%
PROCTER & GAMBLE CO/THE	8/15/2016	102,560.00	101,241.00	0.70%
PUB SVC ELEC & GAS	8/15/2014	55,295.50	52,420.00	0.80%
PUB SVC ELEC & GAS	8/15/2014	78,984.50	73,388.00	1.59%
PUB SVC ELEC & GAS	5/1/2015	62,722.80	62,083.80	0.46%
PUB SVC ELEC & GAS	5/1/2015	83,649.60	82,778.40	0.50%
PUB SVC ELEC & GAS	5/1/2015	164,706.30	170,730.45	2.74%
PUB SVC ELEC & GAS	8/15/2014	189,887.90	190,649.80	0.87%
SAN DIEGO GAS & ELECTRIC	11/15/2015	169,434.00	165,261.00	0.61%
SIMON PROPERTY GROUP LP	1/30/2014	85,374.40	81,902.40	1.80%
SIMON PROPERTY GROUP LP	5/1/2016	57,495.50	56,072.50	1.96%

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SIMON PROPERTY GROUP LP	9/15/2017	41,560.00	40,132.00	1.18%
SIMON PROPERTY GROUP LP	9/15/2017	77,601.00	75,247.50	1.39%
SOUTHERN CAL EDISON	1/15/2014	114,919.20	112,646.60	0.50%
SOUTHERN CAL EDISON	3/15/2014	149,328.90	139,725.00	0.85%
SOUTHERN CALIF GAS CO	3/15/2014	153,715.05	139,610.25	1.49%
SOUTHERN CO	9/1/2016	41,324.40	40,585.20	1.00%
STATE STREET CORP	4/30/2017	94,543.20	90,262.40	1.45%
STATE STREET CORP	5/30/2014	64,239.60	62,121.00	0.83%
STATE STREET CORP	5/30/2014	208,330.00	207,070.00	3.28%
STATE STREET CORP	3/7/2016	63,783.60	62,649.00	0.61%
STATE STREET CORP	3/7/2016	104,706.00	104,415.00	1.67%
SYSCO CORPORATION	6/12/2015	297,957.00	299,814.00	0.78%
SYSCO CORPORATION	6/12/2015	763,763.11	768,523.22	0.78%
TARGET CORP	7/18/2014	430,550.50	427,860.25	0.54%
TARGET CORP	5/1/2017	179,274.00	170,028.00	1.16%
TARGET CORP	5/1/2017	117,920.00	113,352.00	1.14%
TEXAS INSTRUMENTS INC	5/15/2014	406,744.00	403,084.00	0.55%
TEXAS INSTRUMENTS INC	8/3/2015	846,149.50	845,920.00	0.60%
TEXAS INSTRUMENTS INC	5/15/2014	30,475.80	30,231.30	0.45%
TEXAS INSTRUMENTS INC	5/15/2014	172,714.90	171,310.70	0.79%
TEXAS INSTRUMENTS INC	5/16/2016	100,537.55	98,481.75	0.83%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,831.20	83,634.40	1.86%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,790.40	83,634.40	1.54%
TOYOTA MOTOR CREDIT CORP	9/15/2016	79,584.80	81,612.00	2.11%
TOYOTA MOTOR CREDIT CORP	1/12/2017	62,215.20	60,689.40	1.20%
TOYOTA MOTOR CREDIT CORP	2/17/2015	100,980.00	100,657.00	0.44%
TOYOTA MOTOR CREDIT CORP	2/17/2015	101,043.00	100,657.00	0.40%
TOYOTA MOTOR CREDIT CORP	7/17/2015	100,369.00	100,349.00	0.75%
TOYOTA MOTOR CREDIT CORP	6/17/2015	499,380.00	522,715.00	3.23%
TRAVELERS COS INC	12/1/2015	56,975.50	55,268.00	0.88%
TRAVELERS COS INC	6/20/2016	52,848.90	51,435.45	2.36%
TRAVELERS COS INC	6/20/2016	53,122.95	51,435.45	1.63%
TRAVELERS COS INC	12/15/2017	119,868.00	115,600.00	1.25%
UBS AG STAMFORD CT	8/12/2013	253,635.00	250,427.50	1.55%
UNITED TECHNOLOGIES CORP	5/1/2015	148,531.05	145,443.60	2.33%
UNITED TECHNOLOGIES CORP	6/1/2017	41,239.20	40,146.40	1.09%
UNITEDHEALTH GROUP INC	10/15/2015	219,949.40	220,286.00	0.86%
UNITEDHEALTH GROUP INC	11/15/2016	138,554.66	136,287.38	0.89%
UNITEDHEALTH GROUP INC	11/15/2016	1,871,902.88	1,844,964.98	0.94%
UNITEDHEALTH GROUP INC	11/15/2016	53,720.16	52,887.64	0.92%
US BANCORP	9/13/2013	1,098,581.00	1,101,320.00	1.42%
US BANCORP	5/15/2014	267,977.50	258,140.00	0.86%
US BANCORP	5/15/2014	107,929.00	103,256.00	1.05%
US BANCORP	11/20/2014	163,315.35	169,801.50	3.10%
US BANCORP	9/13/2013	150,475.50	150,180.00	1.26%
US BANCORP	3/4/2015	748,695.00	778,372.50	3.19%
USAA CAPITAL CORP	9/30/2014	649,337.00	654,238.00	1.08%
VERIZON COMMUNICATIONS	4/1/2017	945,424.00	900,728.00	1.50%
VERIZON COMMUNICATIONS	11/2/2015	399,928.00	397,312.00	0.71%
VERIZON COMMUNICATIONS	11/2/2015	530,254.40	526,438.40	0.68%
VERIZON COMMUNICATIONS	2/15/2016	56,708.50	55,402.00	2.20%
VERIZON COMMUNICATIONS	4/1/2016	273,535.60	271,772.80	1.10%
VERIZON COMMUNICATIONS	4/1/2016	53,344.00	52,264.00	1.31%
VESEY STREET INV TRUST I	9/1/2016	90,117.00	95,840.10	4.37%
WACHOVIA CORP	2/15/2014	669,381.30	646,184.70	2.70%
WACHOVIA CORP	2/15/2014	1,063,650.00	1,025,690.00	2.65%
WACHOVIA CORP	10/15/2016	689,124.00	674,382.00	1.27%
WACHOVIA CORP	10/15/2016	149,267.30	146,116.10	1.40%
WAL-MART STORES INC	4/5/2017	381,519.60	375,965.70	1.17%
WAL-MART STORES INC	4/11/2016	479,659.20	476,793.60	0.62%

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WAL-MART STORES INC	4/11/2016	239,829.60	238,396.80	0.62%
WAL-MART STORES INC	4/15/2014	50,842.00	50,489.50	0.29%
WAL-MART STORES INC	4/15/2016	317,547.00	315,339.00	0.70%
WAL-MART STORES INC	10/25/2015	1,547,580.00	1,529,115.00	0.45%
WALT DISNEY COMPANY/THE	2/15/2017	803,760.00	786,344.00	1.02%
WALT DISNEY COMPANY/THE	12/1/2014	887,089.70	894,912.80	0.99%
WALT DISNEY COMPANY/THE	9/15/2016	77,153.05	74,014.20	0.89%
WALT DISNEY COMPANY/THE	9/15/2016	177,382.50	170,802.00	1.36%
WALT DISNEY COMPANY/THE	12/1/2014	44,852.85	45,248.40	0.99%
WALT DISNEY COMPANY/THE	8/16/2016	1,022,590.00	1,009,050.00	0.78%
WELLS FARGO & COMPANY	4/15/2015	1,701,688.80	1,763,781.60	3.34%
WELLS FARGO & COMPANY	6/15/2016	266,735.00	267,105.00	2.07%
WELLS FARGO & COMPANY	2/13/2015	101,186.00	100,571.00	0.57%
WELLS FARGO & COMPANY	5/8/2017	154,266.00	150,537.00	1.45%
WELLS FARGO & COMPANY	7/1/2015	50,155.00	50,569.50	1.39%
WELLS FARGO & COMPANY	7/1/2015	100,929.00	101,139.00	1.17%
WELLS FARGO & COMPANY	7/1/2015	998,040.00	1,011,390.00	1.57%
WISC ELEC POWER	4/1/2014	50,847.30	46,789.20	1.16%
WISC ELEC POWER	12/1/2015	148,352.50	140,938.75	1.28%
WYETH LLC	2/1/2014	166,309.50	154,426.50	0.94%
XTO ENERGY INC	6/30/2015	114,630.00	109,120.00	0.82%
		173,302,777.73	171,632,973.27	

SUB-TOTAL

VARIABLE RATE NOTES

AMERICAN EXPRESS CO	5/22/2018	1,010,000.00	1,008,687.00	0.88%
APPLE INC	5/3/2016	1,320,000.00	1,318,878.00	0.33%
APPLE INC	5/3/2018	1,090,000.00	1,085,323.90	0.53%
BANK OF AMERICA CORP	3/22/2016	760,000.00	757,773.20	1.11%
BB&T CORPORATION	4/28/2014	620,000.00	622,380.80	0.99%
DAIMLER FINANCE NA LLC	4/10/2014	720,000.00	722,512.80	1.07%
GOLDMAN SACHS GROUP INC	4/30/2018	1,090,000.00	1,079,917.50	1.50%
GOLDMAN SACHS GROUP INC	2/7/2014	520,000.00	521,357.20	1.30%
GOLDMAN SACHS GROUP INC	2/7/2014	130,365.30	130,339.30	1.20%
JPMORGAN CHASE & CO	1/25/2018	540,000.00	538,812.00	1.19%
JPMORGAN CHASE & CO	1/25/2018	1,500,000.00	1,496,700.00	1.19%
MERCK & CO INC	5/18/2018	860,000.00	858,348.80	0.64%
NBCUNIVERSAL ENTERPRISE	4/15/2016	610,689.30	611,811.70	0.79%
TARGET CORP	7/18/2014	1,100,000.00	1,101,573.00	0.45%
TORONTO-DOMINION BANK	5/1/2015	1,100,000.00	1,100,209.00	0.46%
VF CORP	8/23/2013	500,000.00	500,565.00	1.05%
		13,471,054.60	13,455,189.20	

SUB-TOTAL

STATE OF CALIFORNIA AND LOCAL AGENCIES

CA ST DEPT OF WTR-AO	12/1/2015	500,000.00	500,000.00	0.65%
CALIFORNIA ST-TXBL	2/1/2016	792,670.20	788,799.20	0.93%
IRVINE RANCH WTR DIST	3/15/2014	1,535,700.00	1,521,495.00	1.93%
ORANGE CO-A-TXBL	6/30/2014	1,050,000.00	1,048,656.00	0.76%
		3,878,370.20	3,858,950.20	

SUB-TOTAL

MORTGAGE AND ASSET-BACK SECURITIES

BMWFT 2012-1A A	9/15/2017	750,000.00	747,127.50	0.59%
BMWLT 2012-1 A3	2/20/2015	1,002,460.94	1,000,900.00	0.65%
BMWLT 2013-1 A3	9/21/2015	1,499,760.00	1,494,780.00	0.55%
CCCIT 2009-A4 A4	6/23/2016	1,650,175.79	1,563,255.00	2.54%
CCCIT 2009-A4 A4	6/23/2016	442,937.50	416,868.00	2.59%
CCCIT 2013-A1 A1	4/24/2017	1,100,000.00	1,096,964.00	0.29%
CHAIT 2012-A5 A5	8/15/2017	2,499,908.00	2,488,575.00	0.59%
CHAIT 2012-A6 A	8/15/2017	1,410,000.00	1,406,178.90	0.32%
CHAIT 2013-A5 A	5/15/2017	4,199,955.48	4,181,352.00	0.47%
FHLB Y2-2015 1	4/20/2015	942,418.76	962,874.07	2.55%

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FHMS K501 A1	6/25/2016	913,097.81	903,197.55	0.78%
FHMS K501 A2	11/25/2016	1,146,595.31	1,126,050.60	0.79%
FHMS K502 A1	12/25/2016	2,125,577.19	2,107,271.39	0.73%
FHR 3612 AE	12/15/2014	576,693.81	578,772.90	1.42%
FNA 2012-M9 ASQ2	12/25/2017	2,177,092.97	2,108,444.40	1.02%
FSPC T-50 A6X	2/27/2015	1,942,107.54	1,891,929.23	3.07%
GEEST 2012-1A A3	9/21/2015	2,006,640.63	2,004,860.00	0.94%
GEET 2012-1 A3	11/23/2015	1,509,843.72	1,513,035.10	0.99%
GEMNT 2009-4 A	11/15/2017	2,126,484.38	2,084,540.00	2.43%
HAROT 2011-1 A3	10/15/2014	257,922.04	258,152.81	1.13%
HAROT 2011-1 A3	10/15/2014	392,620.40	391,531.77	0.95%
HAROT 2011-1 A3	10/15/2014	133,259.72	133,378.95	1.13%
HAROT 2011-3 A3	9/21/2015	190,086.91	190,519.63	0.90%
HAROT 2011-3 A3	9/21/2015	763,914.01	762,078.53	0.76%
HAROT 2012-4 A2	4/20/2015	1,477,538.85	1,476,361.47	0.40%
JDOT 2011-A A3	1/15/2016	36,269.47	36,370.83	1.29%
SLMA 2012-5 A1	11/25/2016	704,403.52	703,424.40	0.39%
SLMA 2012-7 A1	2/27/2017	1,019,558.72	1,018,183.87	0.37%
TAOT 2011-A A3	10/15/2014	110,917.98	110,652.74	0.88%
TAOT 2012-A A3	2/16/2016	701,503.91	701,008.00	0.69%
TAOT 2012-A A3	2/16/2016	300,843.75	300,432.00	0.67%
TAOT 2012-A A3	2/16/2016	845,841.80	847,218.24	0.75%
TAOT 2013-A A3	1/17/2017	399,996.92	398,084.00	0.55%
TAOT 2013-A A3	1/17/2017	243,998.12	242,831.24	0.55%
USAOT 2012-1 A2	6/15/2015	131,773.43	131,724.19	0.38%
SUB-TOTAL		<u>37,732,199.40</u>	<u>37,378,928.31</u>	
SHORT-TERM PORTFOLIO - TOTAL		<u>\$ 852,847,588.76</u>	<u>\$ 847,856,483.78</u>	

DEBT SERVICE RESERVE FUNDS

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<u>91 EXPRESS LANES 2003 BONDS</u>	2030		25,269,736.30	
US BANK COMMERCIAL PAPER	8/1/2013	12,925,152.63		0.04%
US BANK COMMERCIAL PAPER	8/1/2013	12,695,167.71		0.04%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	2,730.58		0.02%
<u>91 EXPRESS LANES 2003 BONDS - OPERATING & MAINTENANCE RESERVES</u>			12,750,000.00	
OPERATING RESERVE: BofWEST NEG CD	8/1/2013	3,238,000.00		0.12%
MAINTENANCE RESERVE: BofWEST NEG CD	8/1/2013	10,155,000.00		0.12%
DEBT SERVICE RESERVE FUNDS - TOTAL		<u>\$ 39,016,050.92</u>		

	<u>Book Value</u>	<u>Market Value</u>
TOTAL PORTFOLIO	<u>\$ 1,144,161,332.00</u>	<u>\$ 1,138,764,812.70</u>

FFCB - Federal Farm Credit Banks
 FHLB - Federal Home Loan Banks
 FHLMC - Federal Home Loan Mortgage Corporation
 FNMA - Federal National Mortgage Association
 SLMA - Student Loan Marketing Association