

**Date:** Monday, January 23, 2006

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

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



## AGENDA

Orange County Transportation Authority Board Meeting  
OCTA Headquarters - First Floor - Room 154  
600 South Main Street, Orange, California  
*Monday, January 23, 2006, at 9:00 a.m.*

ACTIONS

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

### **Invocation**

Director Monahan

### **Pledge of Allegiance**

Chairman Campbell

### **Agenda Descriptions**

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

### **Public Comments on Agenda Items**

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



# AGENDA

ACTIONS

## Special Matters

1. **Oaths of Office to OCTA Board Members**  
Kennard R. Smart, Jr.  
  
Administration of Oaths of Office to OCTA Board Members.
2. **Presentation of Resolutions of Appreciation for Employees of the Month for January 2006**  
  
Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2006-02, 2006-03, 2006-04 to Frederick Davis, Coach Operator; Leo Diza, Maintenance; and Pam Rote, Administration, as Employees of the Month for January 2006.
3. **Election of New Orange County Transportation Authority Board Chairman**
4. **Election of New Orange County Transportation Authority Board Vice Chairman**
5. **Sacramento Advocate Presentation**  
Chris Kahn/Richard J. Bacigalupo

## Consent Calendar (Items 6 through 23)

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

## Orange County Transportation Authority Consent Calendar Matters

6. **Approval of Minutes**  
  
Of the Orange County Transportation Authority and affiliated agencies' regular meeting of January 9, 2006.



## AGENDA

ACTIONS

**7. Approval of Travel Authorization**

For Vice Chairman Brown to travel February 6-8, 2006, to Washington, D.C. for the Southern California Association of Governments' Consensus Conference.

**8. Approval of Resolutions of Appreciation for Employees of the Month for January 2006**

Adopt Orange County Transportation Authority Resolutions of Appreciation Nos. 2006-02, 2006-03, and 2006-04 to Frederick Davis, Coach Operator, Leo Diza, Maintenance, and Pam Rote, Administration, as Employees of the Month for January 2006.

**9. Reports on the Annual Transportation Development Act Audits for Fiscal Year 2004-05**

Robert A. Duffy/Richard J. Bacigalupo

***Overview***

Pursuant to Sections 6663 and 6751 of Title 21 of the California Code of Regulations, the audits for Article 3, Pedestrian and Bicycle Facilities Program, and the audits for Articles 4 and 4.5, Funds for the Transit and Paratransit Operating and Capital Program, were conducted for the fiscal year ending June 30, 2005, by Conrad and Associates, L.L.P.

***Recommendation***

Receive and file the Transportation Development Act Audit Reports for the Fiscal Year 2004-05.

**10. State Legislative Status Report**

Wendy Villa/Richard J. Bacigalupo

***Overview***

The Governor has released his policy and budgetary direction for the year with the State of the State Address on January 5, 2006, and the state budget proposal on January 10, 2006. The key components of both center around the proposed infrastructure bond, Proposition 42, and process-streamlining measures.



## AGENDA

ACTIONS

10. (Continued)

***Recommendation***

Receive and file the State Legislative Status Report as an information item.

11. **California Department of Transportation Planning Grant Award for the Commuter Rail Station Needs Assessment**

Ric Teano/Richard J. Bacigalupo

***Overview***

The California Department of Transportation awarded the Orange County Transportation Authority \$280,000 in grant funds to conduct a commuter rail station needs assessment. The study will assess the need for upgrades, additional parking, and transit feeder services at rail stations in Riverside and Orange counties to accommodate planned Metrolink service increases.

***Recommendation***

Authorize the Chief Executive Officer to execute grant agreements with the Southern California Association of Governments and Riverside County Transportation Commission for the use of \$280,000 and required local match funds to conduct the commuter rail station needs assessment.

12. **Metrolink Semi-Annual Update and Locomotive Procurement**

Abbe McClenahan/Paul C. Taylor

***Overview***

Staff is providing a semi-annual report to provide an update on the Orange County Metrolink commuter rail service including a recommendation for acquiring locomotives for the Metrolink service expansion.

***Recommendation***

Authorize staff to direct the Southern California Regional Rail Authority to acquire seven locomotives to support the Orange County Metrolink service expansion at a cost not to exceed \$25.6 million.



## AGENDA

ACTIONS

**13. 2006 Technical Steering Committee Nominations**  
Monica Giron/Paul C. Taylor

***Overview***

The Orange County Transportation Authority's Technical Advisory Committee provides input on eligibility and allocations for streets and roads funding programs. This committee uses a subcommittee entitled the Technical Steering Committee for more in-depth review of items. The Technical Steering Committee members serve two-year terms and currently three seats are up for reappointment. The proposed 2006 Technical Steering Committee membership is submitted for Board of Directors' approval.

***Recommendation***

Approve the proposed 2006 Technical Steering Committee membership as presented in Attachment A.

**14. Amendment to Employment Advertising Services Contract Agreements**  
Lisa Arosteguy/James S. Kenan

***Overview***

On May 24, 2004, the Board of Directors approved agreements with California Newspaper Service Bureau and TMP Worldwide, in the amount of \$192,000, to provide employment advertising services. California Newspaper Service Bureau and TMP Worldwide was retained in accordance with the Orange County Transportation Authority's procurement procedures for employment advertising services.

***Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 2 to on-call Agreement C-4-0097 with California Newspaper Service Bureau and Agreement C-4-0098 with TMP Worldwide to increase the maximum cumulative amount by \$96,000, for employment advertising services through June 30, 2006, and to exercise the first option years through June 30, 2007, in an amount of \$192,000, for both agreements.



## AGENDA

ACTIONS

**15. Reorganization of the Human Resources Department**

Lisa Arosteguy/James S. Kenan

***Overview***

In an effort to increase effectiveness of the Human Resources Department, the Orange County Transportation Authority conducted an organizational study. Upon approval, the recommended staffing changes and reorganization of the department will be implemented in the fourth quarter of fiscal year 2005-06.

***Recommendation***

Approve the proposed reorganization and authorize staff to implement the recommended changes effective May 1, 2006.

**16. Orange County Employees Retirement System Advance Payment for Fiscal Year 2007**

Kirk Avila/James S. Kenan

***Overview***

The Orange County Employees Retirement System has offered an early payment discount to member agencies of 7.5 percent if they elect to prepay their contributions for fiscal year 2007. Advance payments must be received before January 31, 2006. The Orange County Transportation Authority has estimated the savings over the next year and a half under this prepayment to total approximately \$495,000.

***Recommendation***

Authorize the prepayment of approximately \$11.7 million by January 31, 2006, to the Orange County Employees Retirement System for member contributions for fiscal year 2007.



## AGENDA

ACTIONS

**17. Fourth Quarter 2005 Debt and Investment Report**  
Kirk Avila/James S. Kenan

***Overview***

The California Government Code requires that the Orange County Transportation Authority Treasurer submit a quarterly investment report detailing the Orange County Transportation Authority's investment activity for the period. This investment report covers the fourth quarter of 2005, October through December, 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.

**Orange County Service Authority For Freeway Emergencies  
Consent Calendar Matters**

**18. Agreement for Freeway Service Patrol Funding with the State of California Department of Transportation for Fiscal Year 2005-06**  
Iain C. Fairweather/Paul C. Taylor

***Overview***

The Orange County Freeway Service Patrol receives funding from the California Department of Transportation under the terms of annual funding agreements. The fiscal year 2005-06 funding agreement will provide a total of \$2,689,044 for the Freeway Service Patrol program through June 30, 2006.

***Recommendation***

Authorize the Chief Executive Officer to execute Agreement C-5-3036 between the Orange County Transportation Authority and California Department of Transportation for fiscal year 2005-06 Freeway Service Patrol funding.





## AGENDA

ACTIONS

### Orange County Transit District Consent Calendar Matters

19. **Amendment to Agreement for Orange County ARC Lost & Found**  
Sharon Long/William L. Foster

***Overview***

The Orange County Transportation Authority has an agreement with Orange County ARC for the administration of the Orange County Transportation Authority's Lost and Found Program. The current contract was awarded December 29, 2004, for one-year with four one-year option terms. The current agreement expires January 31, 2006.

***Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement C-4-0857 between the Orange County Transportation Authority and Orange County ARC, in an amount not to exceed \$64,668, for Lost and Found services.

20. **Amendment to Agreement for Special Agency Transportation Service**  
Dana Wiemiller/William L. Foster

***Overview***

On April 12, 2004, the Board of Directors approved an agreement with Cabco Yellow, Inc., doing business as California Yellow Cab, in the amount of \$450,335, to provide Special Agency Transportation service. California Yellow Cab was retained in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

***Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-3-1284 between the Orange County Transportation Authority and Cabco Yellow, Inc., doing business as California Yellow Cab, in an amount not to exceed \$636,440, for the provision of Special Agency Transportation service through June 30, 2007.



## AGENDA

ACTIONS

21. **Amendment to Agreement for Janitorial Services**  
Al Pierce/William L. Foster

***Overview***

On February 6, 2003, the Board of Directors approved an agreement with Diamond Contract Services, Inc., to provide janitorial services at all Orange County Transportation Authority owned facilities for a one-year period with two one-year options.

***Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 6 to Agreement C-2-1189 between the Orange County Transportation Authority and Diamond Contract Services, Inc., in an amount not exceed \$350,000, to extend the contract from February 28, 2006, to June 30, 2006, for janitorial services at all Orange County Transportation Authority owned facilities.

22. **Purchase Order for Two Revenue Receiving Vaults and Six Revenue Collection Bins**  
Al Pierce/William L. Foster

***Overview***

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved the purchase of two revenue receiving vaults and six revenue collection bins. Board approval is requested to execute an agreement.

***Recommendation***

Authorize the Chief Executive Officer to issue Purchase Order 05-73716 between the Orange County Transportation Authority and GFI Genfare, Inc., in an amount not to exceed \$83,349, for the purchase of two revenue receiving vaults and six revenue collection bins.



## AGENDA

ACTIONS

23. **Audit Report on Second Quarter Parts Inventory Count**  
Robert A. Duffy/Richard J. Bacigalupo

***Overview***

The Internal Audit Department has completed the parts inventory count for the second quarter. A response to the report was not required.

***Recommendation***

Receive and file the Second Quarter Parts Inventory Count, Internal Audit Report No. 06-025.

### Regular Calendar

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

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

***Overview***

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

***Recommendation (Note: Revised Recommendation B)***

- A. Install air conditioning units for 13 classrooms in the Sunnyside and Mitchell Elementary Schools, as recommended by the approved environmental document.



## AGENDA

ACTIONS

### 24. (Continued)

- B. Approval to construct a 3-foot or up to a 14-foot soundwall along the north side of the State Route 22 Freeway between Magnolia Avenue and Euclid Street at a cost not to exceed \$4.4 million, contingent upon the Garden Grove City Council's approval. Should the City prefer a plexi-glass soundwall, the City would be responsible for the additional cost.
- C. Orange County Transportation Authority work in conjunction with the City of Garden Grove to establish a rubberized asphalt demonstration project on Trask Avenue between Brookhurst Street and Magnolia Street. The capital cost would be paid by Orange County Transportation Authority and the maintenance and operation by the City of Garden Grove.

### Other Matters

#### 25. Chief Executive Officer's Report

#### 26. Directors' Reports

#### 27. Public Comments

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

#### 28. Closed Session

- A. Pursuant to Government Code Section 54956.9(a) to discuss the following cases:
  - 1. OCTA v. Amerisourcebergen, et al., OCSC Case No. 04CC09849;
  - 2. OCTA v. Orange City Mills, et al., OCSC Case No. 04CC09917;
  - 3. OCTA v. EOP, et al., OCSC Case No. 04CC09845; and
  - 4. OCTA v. The City Office, et al., OCSC Case No. 04CC09846.



## AGENDA

*ACTIONS*

**28. (Continued)**

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

**29. Adjournment**

The next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSAAV Board will be held at **9:00 a.m. on Tuesday, February 14, 2006**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.





**Orange County Transportation Authority**

**Board of Directors' Meeting**

**Agenda**

**January 23, 2006**

1. Governor Schwarzenegger's Proposed 2006-2007 State Budget
2. State Infrastructure Bond
3. Sponsor Legislation
4. Late Breaking Developments
5. Questions/Comments





Minutes of the Meeting of the  
Orange County Transportation Authority  
Orange County Service Authority for Freeway Emergencies  
Orange County Local Transportation Authority  
Orange County Transit District  
January 9, 2006

**Call to Order**

The January 9, 2006, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order at 9:05 a.m. at the Orange County Transportation Authority Headquarters, Orange, California; Chairman Campbell presided over the meeting.

**Roll Call**

Directors Present: Bill Campbell, Chairman  
Arthur C. Brown, Vice Chairman  
Peter Buffa  
Carolyn Cavecche  
Lou Correa  
Richard Dixon  
Michael Duvall  
Cathy Green  
Chris Norby  
Curt Pringle  
Miguel Pulido  
Susan Ritschel  
Mark Rosen  
James W. Silva  
Thomas W. Wilson  
Gregory T. Winterbottom  
Jim Beil, attended for Cindy Quon

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

Directors Absent: Gary Monahan  
Cindy Quon, Governor's Ex-Officio Member

## **Invocation**

Director Wilson gave the invocation.

## **Pledge of Allegiance**

Vice Chairman Brown led the Board and audience in the Pledge of Allegiance to the Flag of the United States of America.

## **Public Comments on Agenda Items**

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

## **Special Matters**

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

Chairman Campbell stated that the OCTA Administrative Code required that the Board address the election of the Chair and Vice Chair at the first meeting in January. However, due to the Orange County League of Cities' appointments not taking place prior to the first Orange County Transportation Authority Board meeting for 2006, it was his recommendation that these elections be continued to the next Board meeting, at which time the full Board will be in place to participate in the vote.

Motion was made by Director Duvall, seconded by Director Winterbottom, and declared passed by those present, to approve this recommendation and agendaize it for Monday, January 23, 2006.

Director Pulido was not present for this vote.

## **Consent Calendar (Items 2 through 20)**

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

Chairman Campbell pulled Item 19, and Director Pringle pulled Items 5, 6, and 8 for comment and discussion.

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

### **2. Approval of Minutes**

Director Duvall requested that the votes on Item 21 (Health Benefits for Contractors' Employees) be clearly identified. The vote on Item 21 was: all in favor except Directors Duvall, Cavecche, Dixon, and Wilson.

Director Cavecche offered a correction to Item 19 (Riverside County-Orange County Major Investment Study Recommendations). She requested at the December 5 meeting that the words "and execute" be stricken from Recommendation I. This was not reflected correctly in the minutes from that meeting.

With those corrections noted, a motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of December 12, 2005.

### **3. First Quarter Payroll Distribution Review**

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to receive and file the First Quarter Payroll Distribution Review, Internal Audit Report No. 06-006.

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

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to receive and file the Review of Investment Activities for April through June 2005 Internal Audit Report No. 06-008.

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

Director Pringle pulled this item and stated that he would like to offer the following edits to language:

- On page 5, item II(b), he stated that he had concerns for an appearance of opposing a gas tax reduction and would like this point eliminated altogether;
- On page 5, item II(i), he would like the words "including VLF and property taxes" deleted;
- On page 5, item II(j), he had concerns for the wording of this item, and would like this point rephrased and brought back to Committee;
- On page 6, item III(b), replace the first word "Co-sponsor" (in the first line) with "seek";

**5. (Continued)**

Motion was made by Director Pringle and seconded by Director Dixon, to approve the Legislative Platform as written with the aforementioned amendments.

Director Norby stated that on page 7, item IV(e), he would suggest the following mark-up:

(e) Support ~~incentives to local entities for the development and siting of transit oriented developmental projects (i.e, an increased share of property taxes; extra credit towards housing element requirements).~~

Director Norby offered this additional amendment, and Director Pringle agreed to include that in his original motion.

A vote on this motion was held and passed with no opposition.

Director Ritschel stated that the Legislative and Government Affairs Committee will work on item 5(j) regarding rephrasing this recommendation.

**6. State Infrastructure Bond**

Director Pringle pulled this item.

Public comment was heard from Darrell Nolta, resident of Westminster, who stated that this is an important bond, and urged caution for the impact on the taxpayer with funding a bond such as the Governor recommends.

Director Pringle stated that there is \$12 billion worth of road bonds offered in the Governor's budget over the next two election cycles, yet he does not know what is in the final proposal in regard to what the Governor will propose regarding reforms, enhancements, and components to those bonds.

He also is concerned about "getting too far out" before it is known what is being voted upon or discussed. He feels one element of sensitivity is that of the infrastructure bonds being placed on the November 2006 ballot is important, and there is a need to weigh in. He is also concerned as to what else the Authority is weighing in with in terms of the words suggested, urging caution as this may relate to the renewal of Measure M.

Director Pringle stated that he feels that Recommendation C for a formula-driven bond would not be what he could support, unless it is expressly to Orange County's benefit. He would like to postpone this item until the Board sees all the information.

**6. (Continued)**

Motion was made by Director Pringle, seconded by Director Pulido, and declared passed by those present to defer this item until more detailed information is available.

Director Cavecche stated that while she agrees with the need to be careful, she feels the Board needs to look at user-type fees in order that it is paid back and not debt it to the taxpayers of the State.

Chairman Campbell stated he felt it would be better to have something specific to go on when the budget is announced Tuesday by the Governor.

**7. Performance Evaluation of Sloat Higgins Jensen Associates**

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to receive staff's evaluation as an information item.

**8. Design-Build Legislation**

Director Pringle pulled this item and stated he felt there should be caution used with incorporating the words "all authority"

Motion was made by Director Pringle, seconded by Director Wilson, and declared passed by those present, to adopt an Oppose position on SB 1026 (Kuehl, D-Santa Monica) and instruct staff to work with the Los Angeles County Metropolitan Transportation Authority and other interested parties to support a bill providing broader design-build authority in 2006.

**9. Orange County Transportation Authority 2006 Federal Legislative Platform**

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to:

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

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

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to:

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

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

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to authorize the procurement administrator to issue a sole source purchase order to Pictometry International Corporation for the license and use of their 2005 aerial image library, in an amount not to exceed \$10,775 for the first year, and \$18,318 for the second year, for a total of \$29,093. The term of the license agreement is 24 months.

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

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

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

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

**14. Orange County Transportation Authority Headquarters Building Options**

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to:

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

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

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to authorize staff to release the draft 2006 Long-Range Transportation Plan for public review.

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

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

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to:

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

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

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 1 to Cooperative Agreement C-5-2358 between the Orange County Transportation Authority and the City of Buena Park, in an amount not to exceed \$265,650, for mitigation measures for the Santa Ana Freeway (Interstate 5) Gateway Project.

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

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to:

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

**18. (Continued)**

- C. Increase the Measure M portion of the 1996 Freeway Strategic Plan budget by \$1,485,000, to include the Aliso Creek soundwall project feasibility study, design, construction, and construction management.

**19. Garden Grove Freeway (State Route 22) Design-Build Project Soundwall Study Review and Use of Rubberized Asphalt**

This item was pulled by Chairman Campbell at the request of Director Rosen. It was felt that the recommendations on the transmittal did not clearly represent what was intended by the Committee.

Director Rosen requested that renderings of three-foot and 14-foot soundwalls be prepared and that a meeting between OCTA staff, local residents, and the car dealerships be arranged as soon as possible.

Motion was made by Chairman Campbell that staff return with this item at the next Board meeting, January 23. Motion was seconded by Director Norby, and declared passed by those present.

**Orange County Transit District Consent Calendar Matters**

**20. Audit Reports on First Quarter Parts Inventory Counts**

Motion was made by Director Wilson, seconded by Director Silva, and declared passed by those present, to receive and file the First Quarter Parts Inventory Count Internal Audit Report No. 06-001 and the First Quarter Parts Inventory Count Internal Audit Report No. 06-001A.

**Regular Calendar**

**Orange County Transportation Authority Regular Calendar Matters**

**21. Measure M Investment Plan Outreach Update**

Ellen Burton, Executive Director, External Affairs, presented this item, along with a PowerPoint presentation. She requested Board support on the community presentations and would be contacting their schedulers to participate in these meetings.

Public comment was heard from Darrell Nolta, resident of Westminster, who stated he opposes this effort, as he feels it is a misuse of public money.



**21. (Continued)**

Director Pringle stated that the building for the state and communities' infrastructure is a difficult battle and important work. He feels leaders of the County are obligated to educate the public what may be coming before them on a ballot., and he feels this public education plan is very strict in terms of stopping communication when the item goes on a ballot, so as to not advocate a position. He emphasized that most of the money spent on this effort is soliciting public opinion and trying to understand what priorities should be.

Director Silva agreed, and stated that the Board supports educating the County's residents.

Director Correa stated that constituents put their trust in their elected officials and look to those leaders to communicate important information with the public.

Director Buffa stated he feels that what Measure M monies have accomplished needs to be consistently in front of the voters so they have a clear understanding of where that money has gone and what transportation improvements have been made possible.

Director Norby indicated that he feels it is important to have oversight as to what materials go out to the citizens in the County and suggested that the Board Chair and/or Vice Chair see those materials before they are distributed. (Director Pringle indicated his comments would apply to Item 22 on this agenda, also.)

Chairman Campbell stated he felt it was important for General Counsel to review the documents, and Director Wilson stated that he feels the materials should go through a committee when possible.

Motion was made by Director Dixon, seconded by Director Wilson, and declared passed by those present, to:

- A. Receive and file the Measure M Investment Plan Phase I Public Outreach Program update.
- B. Direct staff to implement Phases II and III of the Measure M Investment Plan outreach program designed to solicit input as well as educate and inform the public about Measure M Investment Plan proposals.
- C. Submit Measure M renewal materials through the Transportation 2020 Committee (on which the Chair and Vice Chair sit), General Counsel, and come back to the Board as appropriate.

## **22. Agreement for Measure M Public Education Program**

Chief Executive Officer (CEO), Arthur T. Leahy, provided opening comments on this item, noting that Measure M is a contract with the taxpayers and feels it is important for them to know what is in the contract when it comes before them for a vote.

Ellen Burton, Executive Director of External Affairs, presented a verbal presentation on this item and provided an overview of the proposal process and rationale for recommending that Townsend Raimundo Besler & Usher be awarded the contract.

Public comment was heard from Darrell Nolta, resident of Westminster, who opposes this expenditure of funds for public education on the matter.

Director Pringle asked that when the motion is made, that a requirement be added to the motion that all materials would be presented to the Transportation 2020 Committee.

Motion was made by Director Winterbottom, seconded by Director Green, and declared passed by those present, to include Director Pringle's amendment and authorize the Chief Executive Officer to execute Agreement C-5-2875 between the Orange County Transportation Authority and Townsend Raimundo Besler & Usher, in an amount not to exceed \$1.5 million, for a Measure M Plan direct mail public education program.

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

### **23. Renewed Measure M: Draft Transportation Investment Plan**

CEO, Arthur T. Leahy, provided an overview of the efforts undertaken to develop this Investment Plan, which has resulted in this draft document being presented at this time.

Monte Ward, Director of Special Projects, provided a verbal presentation explaining the Plan, recommendations, and detailing of where money will be spent through the Plan should Measure M be renewed.

Director Dixon suggested that a Recommendation "D" be added to request a fair and independent review of Measure M to date, how funds have been utilized, and outlining lessons learned. He suggested that the Orange County Business Council perform this project evaluation and assessment.

**23. (Continued)**

Public comments were heard from:

Jack Mallinckrodt (statement read by the Chairman since Mr. Mallinckrodt had health issues which precluded him from appearing in person), resident of the Third Supervisorial District, who stated his opposition to Project S (High Capacity Transit Extensions to Metrolink).

Chip Prather, Chief, Orange County Fire Authority, who stated that his organization, along with the Orange County Fire Chiefs' Association requesting that emergency vehicle traffic preemption systems be included as a project within the Traffic Signals Synchronization Program within the Investment Plan.

Darrell Nolta, resident of Westminster, stated his opposition to Recommendation "B".

Director Cavecche requested that staff look at intelligent preemption devices and evaluate for use.

Director Pringle stated that the preemption issue and many other proposals on enhancing safety and increased service on the County's roadways are exactly what Measure M is about.

A brief discussion followed regarding whether this should be specifically called out as a Measure M funded item or funded in the current fashion.

Director Wilson inquired as to the proposed Recommendation "D", who would pay for this effort. He expressed concern for moving ahead at this time in light of no set parameters in place – costs, staff time involved to assist with the evaluation team, and scope of work.

Director Dixon felt the Orange County Business Council would independently conduct this evaluation, and this report would come back to the Transportation 2020 Committee, as the Draft Plan and Ordinance will. Director Dixon stated this would not be at a cost to the OCTA.

Discussion followed regarding scope of the evaluation, costs, and concern to ensure that the audit (or review) be completely independent and purpose defined.

Director Pulido stated he feels it is essential that this evaluation be done well and all factors taken into consideration before that work is undertaken.

Director Dixon stated that it would be his intent that the Transportation 2020 Committee authorize to look at the issue of conducting an independent evaluation and areas where performance has been very good, it will be so noted, and in areas where improvement can be made, those areas could be noted.

**23. (Continued)**

Director Pringle referenced pages 8 and 9 of the Plan, in regard to items “F” and “G”, he stated he would like to add the words “within existing right-of-way” to both? Monte Ward responded that this language can be worked out.

Director Rosen referenced projects “E” and “M”, wondered why these were not shown on the map on page 5 and suggested those be added. Mr. Ward agreed to do so.

Director Pulido stated that regarding the Pacific Electric right-of-way, that this be shown as a dotted line to Santa Ana and the train depot.

After further discussion, a motion was made by Director Dixon, seconded by Director Pringle, and declared passed by those present, to:

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

Regarding Recommendation “D”, motion was made by Director Dixon, seconded by Director Buffa, and declared passed by those present, that OCTA direct the Transportation 2020 Committee to agendize a discussion for a potential full and independent project review of current Measure M performance.

Director Norby was not present for this vote.

## Orange County Transit District Regular Calendar Matters

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

CEO, Arthur T. Leahy, provided opening comments regarding this procurement and staff's desire to get clear direction from the Board regarding the Request for Proposal (RFP) in regard to bidders being permitted to offer a supplemental bid, in addition to their basic bid, using OCTA's facility.

Public comments were heard from:

Glen Charles, Regional Vice President, Connex, who stated that his organization was concerned regarding the recommendation on this procurement.

Irwin Rosenberg, representative of Laidlaw, who stated his support for staff's recommendation and provided background of the previous proposals.

Chairman Campbell provided comments regarding the Board's intention and the recommendation to allow for additional proposals to be submitted which would involve using a bidders' property if that were proposed.

Director Dixon stated that providing bids to use property other than that in Irvine would allow bidders to help us out if that property was not available for some reason, or if the operation outgrew the existing property.

Director Cavecche stated she believes the buses can be run out of anywhere, and she wanted a creative process and for the bidders to give a price which was the best benefit to the taxpayers and to OCTA.

Chairman Campbell stated that the RFP now specifies that a bidder must assume using OCTA property.

Director Buffa stated that if the RFP is published with specific language regarding using OCTA's Irvine Base, that should be left to stand, then compare everyone's proposals based on that specified scope of work. If additional proposals would be requested for everyone using other facilities, that would be fine, but the original RFP must stand.

CEO Leahy stated that the recommendation at this time would be to issue an addendum to maintain that all proposers bid using our facility, however, permits them to submit a supplemental proposal using their facility if they so chose, then all submittals would be evaluated using the same criteria. That would ensure a true and fair basis for comparison.

**24. (Continued)**

A motion was made by Chairman Campbell that an addendum request be sent out for any other proposals that bidders would like to make beyond what was requested, but it would only be considered if that firm were selected as the primary bid winner. Director Norby seconded this motion.

At this time Director Green stated she would like to offer a substitute motion to move staff's recommendation. Director Rosen provided a second to the motion.

General Counsel stated that the Board is free to change the current Request for Proposals, and if the Board desires to make the RFP state "either use the OCTA-owned Irvine Base or provide for an operation out of the bidder's property", they can do that, which is different than staff's recommendation. The recommendation by staff is to (1) require any potential bidder to submit a proposal using OCTA-owned Irvine property; (2) allow a bidder to submit an alternative proposal, meaning in addition, not in lieu of, using its own property.

Director Rosen indicated his preference would be to have a full range of options and those people who believe that it would be unfair to select from those with their property, can chose to vote for those without property to offer.

CEO Leahy stated that the previous Board action requiring the use of OCTA's facility is not affected by the staff recommendation; that stands as it is presently. The only issue, he stated, is should vendors be permitted to submit a supplemental proposal using their facility. A secondary issue to that would be should that supplemental be evaluated as part of the process of looking at the initial proposals, or should it be considered secondary to the evaluation of the initial proposals.

A roll call vote was held on the substitute motion, which failed by a vote of 5-8. Chairman Campbell, Vice Chairman Brown, Directors Ritschel, Buffa, Winterbottom, Norby, Dixon, and Wilson voted in opposition.

A roll call vote was held on the original motion, which was to issue an amendment which would allow the bidders to submit a second proposal, but that proposal would only come into consideration if they were chosen to be the primary bidder. Vote passed 10-3, with Vice Chairman Brown, and Directors Cavecche and Wilson voting to oppose.

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

## Other Matters

### 25. Chief Executive Officer's Report

CEO, Arthur T. Leahy, informed Members that the Board sent a letter to Southern California Gas Company regarding the new facility for compressed natural gas fueling at the Santa Ana Base. At that time, the intent was to see if the Gas Company may absorb a higher percent of the cost. OCTA has received a negative response from the Gas Company. Mr. Leahy stated it would be his intent to sign the contract unless the Board should provide direction otherwise.

Mr. Leahy stated that meetings will be scheduled over the coming weeks regarding the State Route 22 soundwall discussions with both affected companies and citizens in attendance.

Mr. Leahy offered that there would be a multi-County trip to Washington, D.C., the first week of February. The participants would be Orange County, Riverside, San Bernardino, Los Angeles, and Southern California Association of Governments, and the purpose would be to advance a broad package of projects.

Mr. Leahy requested that Members save the date of January 25 for the Employee of the Year Event.

### 26. Directors' Reports

Director Duvall reported that he has observed several small ACCESS-type buses are coming to stops at intersections where there is a right-turn only lane, and there is a sign there that says "Bus Exempt". He has observed that buses are approaching the railroad tracks in the "fast lane" of the two-lane road and stopping, nearly causing an accident to occur. He requested that this reviewed.

Director Norby reported that he had participated in the Orange Line tour and encouraged anyone who has not taken this tour to do so.

Vice Chairman Brown requested that he be advised as to who has jurisdiction in Anaheim on tracks at Ball Road. The tracks were not removed at that location and school buses are still having to stop, which he feels are creating safety issues.

Director Dixon stated OCTA may want to look at San Diego County as they have an outstanding bus rapid transit system, which has been very well planned.

Director Winterbottom commented that he had the opportunity to ride the bus frequently of late, and complimented how well OCTA's buses are maintained, the drivers are well-trained.

Chairman Campbell stated that the Foothill/Eastern Transportation Corridors Agency is having a public hearing on January 12 on the matter of the extension of the Foothill South, and he would appreciate it if staff could confirm at that meeting that is part of the arterial highways project.

## 27. Public Comments

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

Public comments were heard from:

Rodger Van Buskirk, resident of Garden Grove, stated he feels a committee should be formed to include residents, car dealers, and others affected by the State Route 22 Project.

Janet Bennett, resident of Garden Grove, expressed her feeling that citizens are not being listened to and objected to any further deferments of discussions on this matter.

Julia Araiza, resident of Garden Grove, stated she agrees that a committee should be formed.

Ruth Baird, resident of Garden Grove, would like to meet with OCTA staff, the car dealerships, and discuss the removal of vegetation along the Garden Grove Freeway.

Darrell Nolta, resident of Westminster, expressed his concerns for the entrance and exit points of carpool lanes.

## 28. Closed Session

Public comments were heard from:

Patrick Kelly, representing Teamsters Local 952, asked fairness as negotiations continue on the Maintenance Employees' contract.

John Christensen, representing Teamsters Local 952, who stated he is proud to be a Teamster and an OCTA employee. He asked for fairness through negotiations.

General Counsel, Kennard R. Smart, Jr., stated that a Closed Session would be held:

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



**28. (Continued)**

Directors Monahan, Norby, Pulido, Silva, and Pringle were not present for the Closed Session. In addition to these Members, Director Winterbottom did not attend the Closed Session on Item "A", and Director Dixon was not present for Item "B".

**29. Adjournment**

The meeting was adjourned at 12:30 p.m. Chairman Campbell announced that the next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSSAAV Board would be held at **9:00 a.m. on January 23, 2006**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.

ATTEST

---

Wendy Knowles  
Clerk of the Board

---

Bill Campbell  
OCTA Chairman



**OUT-OF-STATE TRAVEL**

Board Member Only - Travel Authorization/Request For Payment



Attach copy of the **Travel Worksheet, Registration Forms**, and other pertinent documentation for this claim.  
Travel **will not** be processed until all information is received.

**CONFERENCE/SEMINAR INFORMATION**

**Name:** Vice Chairman Art Brown **Job Title:** Board Member

**Department:** Executive Office **Destination:** Washington, D.C.

**Program Name:** 2006 Southern California Association of Governments (SCAG) Consensus Trip

**Description/Justification:** To meet with congressional delegation and other federal policy officials regarding transportation issues facing Orange County.

**COMMENTS**

Other: Airport parking and ground transportation

<b>Conference/Seminar Date:</b> 2/07/06	<b>Departure Date:</b> 2/06/06	<input type="checkbox"/> Mail <input type="checkbox"/> Hand Carry
<b>Payment Due Date:</b>	<b>Return Date:</b> 2/08/06	<b>Course Hours:</b>

**ESTIMATED EXPENDITURES**

<b>Transportation</b>	\$217.10
<b>Meals</b>	\$150.00
<b>Lodging</b>	\$430.00
<b>Registration</b>	\$0.00
<b>Other</b>	\$50.00
<b>Total</b>	\$ 847.10

**APPROVALS**

**Please Initial:**

*AW*

Finance\*

*1/11/06*

Date

\* Funds are available for this travel request.

**Please Sign:**

Clerk of the Board

Date

**ACCOUNTING CODES**

<b>Org. Key:</b> 1120	<b>Object:</b> 7655	<b>Job Key:</b> A0001	<b>JL:</b> B1V
-----------------------	---------------------	-----------------------	----------------

<b>Ref #:</b> 2006-174	<b>Board Date:</b> January 23, 2006	<b>T/A #:</b>
------------------------	-------------------------------------	---------------





ORANGE COUNTY  
TRANSPORTATION AUTHORITY

RESOLUTION

FREDERICK DAVIS

WHEREAS, the Orange County Transportation Authority recognizes and commends Frederick Davis; and

WHEREAS, be it known that Frederick Davis has been a principal player at OCTA and has performed his responsibilities as a Coach Operator in a professional, safe, courteous and reliable manner; and

WHEREAS, Frederick Davis has demonstrated his integrity by maintaining an excellent attendance record and his dedication exemplifies the high standards set forth for Orange County Transportation Authority employees; and

WHEREAS, Frederick Davis has demonstrated that safety is paramount by achieving 30 years of safe driving; and

WHEREAS, Frederick Davis has proven that "Putting Customers First" is the only way to conduct yourself as a professional coach operator at OCTA and Frederick's attention to detail and concern for his customers have helped OCTA ridership grow.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Frederick Davis as the Orange County Transportation Authority Coach Operator Employee of the Month for January 2006; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Frederick Davis' valued service to the Authority.

Dated: January 23, 2006

Bill Campbell, Chairman  
Orange County Transportation Authority

Arthur T. Leahy, Chief Executive Officer  
Orange County Transportation Authority

OCTA Resolution No. 2006-02





ORANGE COUNTY  
TRANSPORTATION AUTHORITY

RESOLUTION

**LEO DIZA**

WHEREAS, the Orange County Transportation Authority recognizes and commends Leo Diza; and

WHEREAS, be it known that Leo Diza has been a principal player in our Maintenance Department with his innovative contributions, service and commitment; and

WHEREAS, Leo began his employment with OCTA in October 1990, during his tenure he has maintained excellent attendance and has achieved a 15 year perfect safety record; and

WHEREAS, Leo has taken on many challenges with enthusiasm and a wonderful sense of pride, his trouble shooting skills are of a true journeyman mechanic and he goes the extra mile to insure success in his assignments and;

WHEREAS, his dedication to his duties and desire to excel are duly noted and he is recognized as an outstanding Authority employee.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Leo Diza as the Orange County Transportation Authority Maintenance Employee of the Month for January 2006; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Leo Diza's valued service to the Authority.

Dated: January 23, 2006

\_\_\_\_\_  
Bill Campbell, Chairman  
Orange County Transportation Authority

\_\_\_\_\_  
Arthur T. Leahy, Chief Executive Officer  
Orange County Transportation Authority

OCTA Resolution No. 2006-03





ORANGE COUNTY  
TRANSPORTATION AUTHORITY

RESOLUTION

*PAM ROTE*

WHEREAS, the Orange County Transportation Authority recognizes and commends Pam Rote; and

WHEREAS, Pam Rote joined the Authority in 1984, working in Bus Operations, both as an Operator and Operations Administrator. Pam has made significant contributions to the organization during her tenure; and

WHEREAS, be it known that Pam has performed her duties as an Operations Administrator in an outstanding manner, demonstrating the highest level of integrity and professionalism in all interactions with management, staff and the public; and

WHEREAS, Pam has demonstrated the highest level of accomplishment in the past months putting in countless hours working with Managers from both Maintenance and Bus Operations to process changes in bus assignments, as well as balancing the daily work assignments and assisting in the annual bid shakeup. Her efforts have contributed significantly to the Authority's strategy to cost containment and implementing manpower efficiencies; and

WHEREAS, Pam's sense of teamwork, her can-do spirit and daily dedication epitomize the goals of the Orange County Transportation Authority.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Pam Rote as the Orange County Transportation Authority Administrative Employee of the Month for January 2006; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Pam Rote's valued service to the Authority.

Dated: January 23, 2006

\_\_\_\_\_  
Bill Campbell, Chairman  
Orange County Transportation Authority

\_\_\_\_\_  
Arthur T. Leahy, Chief Executive Officer  
Orange County Transportation Authority

OCTA Resolution No. 2006-04









BOARD COMMITTEE TRANSMITTAL

**January 23, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy <sup>WK</sup> Knowles, Clerk of the Board  
**Subject** Reports on the Annual Transportation Development Act Audits for Fiscal Year 2004-05

Finance and Administration Committee

January 11, 2006

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

**Committee Vote**

This item was passed by all Committee Members present.

Committee Members Campbell and Correa were not present to vote on this item.

**Committee Recommendation**

Receive and file the Transportation Development Act Audit Reports for the Fiscal Year 2004-05.

Note: Subsequent to meeting, the attached Annual Schedule of Allocations for Disbursement was provided to Committee Members.

**ORANGE COUNTY TRANSPORTATION AUTHORITY****TRANSPORTATION DEVELOPMENT ACT - LOCAL TRANSPORTATION FUND****ANNUAL SCHEDULE OF ALLOCATIONS FOR DISBURSEMENT****FY 2004-05 period ending 6/30/05**

<u>CLAIMANT</u>	<u>TOTAL</u>
<b>ARTICLE 3 - ADMINISTRATION</b>	
Auditor-Controller, Orange County	\$2,495
Orange County Transportation Authority	\$99,149
<b>ARTICLE 3 - BICYCLE &amp; PEDESTRIAN FACILITIES &amp; BUS STOP ACCESSIBILITY PROGRAMS</b>	
San Clemente	\$177,023
Santa Ana	\$0
Orange County Transportation Authority	\$394,997
<i>Sub-total Article 3 BPF &amp; BSA Programs</i>	<hr/> \$572,020
<b>ARTICLE 3 - PLANNING</b>	
Orange County Transportation Authority	\$3,780,215
Southern California Association of Governments	\$174,500
<b>ARTICLE 4.5 - PARATRANSIT OPERATING &amp; CAPITAL</b>	
Orange County Transit District as the Consolidated Transportation Services Agency	\$2,889,658
Anaheim	\$159,936
Brea	\$44,524
Buena Park	\$47,984
Costa Mesa	\$57,423
Garden Grove (Korean Ctr)	\$46,551
Huntington Beach	\$122,896
Irvine	\$63,140
Laguna Niguel	\$33,689
Laguna Woods	\$89,206
La Habra	\$61,025
Lake Forest	\$14,413
Newport Beach	\$76,538
Rancho Santa Margarita	\$11,503
San Clemente	\$36,404
Santa Ana	\$116,040
Seal Beach	\$56,098
VNCOC/Asian Center	\$42,688
Westminster	\$63,442
Yorba Linda	\$31,082
	<hr/>
<i>Sub-total Article 4.5 Program</i>	\$4,064,240
<b>ARTICLE 4 - OPERATING &amp; CAPITAL</b>	
Orange County Transit District	\$82,422,378
Laguna Beach Municipal Transit Lines	\$0
	<hr/>
<i>Sub-total Article 4 Program</i>	\$82,422,378
 <b>TOTAL ALLOCATIONS:</b>	
	<b>\$91,114,997</b>



*January 11, 2006*

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Reports on the Annual Transportation Development Act Audits for Fiscal Year 2004-05

**Overview**

Pursuant to Sections 6663 and 6751 of Title 21 of the California Code of Regulations, the audits for Article 3, Pedestrian and Bicycle Facilities Program, and the audits for Articles 4 and 4.5, Funds for the Transit and Paratransit Operating and Capital Program, were conducted for the fiscal year ending June 30, 2005, by Conrad and Associates, L.L.P.

**Recommendation**

Receive and file the Transportation Development Act Audit Reports for the Fiscal Year 2004-05.

**Background**

The Transportation Development Act (TDA) provides as a source of funding for public transportation the Local Transportation Fund (LTF), which came into existence in 1972. The LTF revenues are derived from ¼ cent of the retail sales tax. The ¼ cent is returned by the State Board of Equalization to each county according to the amount of tax collected in that county.

Since July 1, 1988, the Orange County Transportation Authority (OCTA) has assumed responsibility for administering the TDA's various components under the LTF, which includes: Article 3, Bicycle and Pedestrian Facilities Program; Article 4, Operating and Capital Program; and Article 4.5, Paratransit Operating and Capital program, under Chapter 4 of the State of California's Public Utilities Code (PUC). An important aspect of this responsibility is to ensure that the LTF allocated and dispersed funds were used in accordance with applicable TDA rules and regulations and OCTA policies and procedures.

---

***Discussion***

A total of 23 entities in Orange County, including the County of Orange and OCTA, received a TDA audit of one or more Articles referenced above (Attachment A). Eleven of the 34 cities in Orange County did not receive any TDA funding and did not have any activity related to TDA funding in fiscal year 2004-05.

In general, the audits found that the entities used the LTF funds allocated and dispersed to them in accordance with applicable TDA rules and regulations, and OCTA policies and procedures. There were instances of non-compliance with a specific TDA regulation, and Conrad and Associates, L.L.P., made recommendations for improvement in internal controls to ensure that TDA funds are expended in accordance with TDA rules and regulations and OCTA policies and procedures (Attachment B). Additionally, the audit results are detailed in the individual audit reports which are on file in the Clerk of the Board's office. OCTA staff is working with the entities with reported findings to ensure adequate corrective actions are implemented.

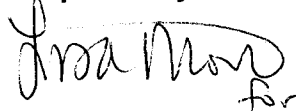
***Summary***

The audits for Article 3, Pedestrian and Bicycle Facilities Program, and the audits for Articles 4 and 4.5, Funds for the Transit and Paratransit Operating and Capital Programs, were conducted for the fiscal year ending June 30, 2005, by Conrad and Associates, L.L.P. The individual audit reports for fiscal year 2004-05 are on file in the Clerk of the Board's office.

***Attachments***

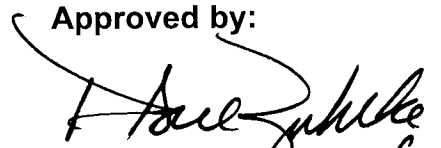
- A. Listing of Transportation Development Act Audits Performed for Fiscal Year 2004-05
- B. Summary of Audit Findings – Transportation Development Act Audits for Fiscal Year 2004-05

**Prepared by:**



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

**Approved by:**



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

**Listing of Transportation Development Act Audits Performed for  
Fiscal Year 2004-05**

<b>Cities</b>	<b>Articles</b>
County of Orange	3
Fullerton	3
Orange County Transportation Authority	3

<b>Cities</b>	<b>Articles</b>
Newport Beach	3 & 4.5
San Clemente	3 & 4.5
Westminster	3 & 4.5

<b>Cities</b>	<b>Articles</b>
Anaheim	4.5
Brea	4.5
Buena Park	4.5
Costa Mesa	4.5
Huntington Beach	4.5
Irvine	4.5
Korean-American Senior Center (passed through Garden Grove)	4.5
La Habra	4.5
Laguna Niguel	4.5
Laguna Woods	4.5
Lake Forest	4.5
Rancho Santa Margarita	4.5
Santa Ana	4.5
Seal Beach	4.5
VNCOC/Asian Center (passed through Santa Ana)	4.5
Yorba Linda	4.5

<b>Cities</b>	<b>Articles</b>
Laguna Beach Municipal Transit Lines	4

**SUMMARY OF AUDIT FINDINGS**  
**TRANSPORTATION DEVELOPMENT ACT AUDITS FOR FISCAL YEAR 2004-05**

AGENCY	PASS-THRU AGENCY	ARTICLE	FINDINGS	AGENCY RESPONSE
City of Rancho Santa Margarita	n/a	Article 4.5	1, 2	Concurrence; working on implementing improvements.
Laguna Beach Municipal Transit Lines	n/a	Article 4	3	Concurrence; working on implementing improvements.
Vietnamese Community of Orange County	City of Santa Ana	Article 4.5	2	Concurrence; working on implementing improvements.
Korean American Association of Orange County	City of Garden Grove	Article 4.5	4	Concurrence; working on implementing improvements.

**FINDINGS:**

- 1.) Noncompliance - Interest income was not allocated to TDA funds.
- 2.) Noncompliance - Required local match of 20 percent was not met.
- 3.) Noncompliance - The fiscal year 2004-05 TDA claim was not made to OCTA by the due date of April 1, 2004.
- 4.) The audit of Article 4.5 funds at the Korean American Association of Orange County (passed through the City of Garden Grove) reported the following findings:
  - a. Reportable Condition - The Association did not have documentation available to support cash receipts or expenditures incurred between July 1, 2004, and December 31, 2004.
  - b. Reportable Condition - The Association does not have documentation to support related party loans.
  - c. Reportable Condition - The Association did not perform bank reconciliations in fiscal year 2004-05.



BOARD COMMITTEE TRANSMITTAL



January 17, 2006

**To:** Members of the Board of Directors  
**From:** Wendy Knowles<sup>WK</sup>, Clerk of the Board  
**Subject:** State Infrastructure Bond

This item will be considered by the Legislative and Government Affairs/Public Communications Committee on January 19, 2006. Following Committee consideration of this matter, staff will provide you with a summary of the discussion and action taken by the Committee.

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





*January 19, 2006*

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

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

**Subject:** State Legislative Status Report

### **Overview**

The Governor has released his policy and budgetary direction for the year with the State of the State Address on January 5, 2006, and the state budget proposal on January 10, 2006. The key components of both center around the proposed infrastructure bond, Proposition 42, and process-streamlining measures.

### **Recommendation**

Receive and file the State Legislative Status Report as an information item.

### **Discussion**

#### State of the State Address

On January 5, 2006, Governor Arnold Schwarzenegger introduced the Strategic Growth Plan, which details the first 10 years of a 20 year investment plan in state infrastructure. The plan lays out more than \$222 billion in infrastructure investments, of which \$68 billion would be financed with general obligation (GO) bonds. The Governor proposes that the Legislature approve the entire 10-year plan as a single package with the GO bonds put before the voters over a series of elections between 2006 and 2014.

These bond measures also presume that the high speed rail bond would not go forward in 2006.

The chart on the next page shows the distribution of bonds as proposed.

Bond Distribution by Election

Program	2006	2008	2010	2012	2014	10 Year Totals
Transportation/Air Quality	\$6.0	\$6.0	-	-	-	\$12.0
Education*	\$12.4	\$4.2	\$7.7	\$8.7	\$5.0	\$38.0
Flood Control and Water Supply	\$3.0	-	\$6.0	-	-	\$9.0
Public Safety	\$2.6	-	\$4.2	-	-	\$6.8
Courts & Other Public Service Infrastructure	\$1.2	-	\$1.0	-	-	\$2.2
<b>Total</b>	<b>\$25.2</b>	<b>\$10.2</b>	<b>\$18.9</b>	<b>\$8.7</b>	<b>\$5.0</b>	<b>\$68.0</b>

All dollars are in billions. \* Education includes K-12 and higher education.

Transportation Segment of Proposed Bond

The transportation investment package of the Strategic Growth Plan anticipates a \$107 billion investment in transportation. Funding includes \$47 billion in existing transportation funding sources such as the state excise tax on fuel, Proposition 42, and federal funds. A total of \$48 billion in new funding is proposed from leveraging funds to attract increased federal, private, and local funding (relying on passage of new sales tax measures and renewal of existing sales tax measures), and using a revenue bond to be repaid from state gas tax and federal funds in 2014. The remaining \$12 billion would be derived from GO bonds and be allocated as follows.

Bond Investment by Category

Category of Investment	10 Year Need	First \$6 Billion Bond	Second \$6 Billion Bond	Total Bonds
Port Mitigation (Air Quality) – Requires 1-1 match	\$2.0	\$1.0	-	\$1.0
Highways (Corridor Mobility, Regional and Inter-Regional Priorities)	\$53.3	\$2.0	\$3.6	\$5.6
Inter-City Passenger Rail	\$4.5	\$0.4	\$0.1	\$0.5
Pedestrian/Bike Paths and Park & Ride Facilities		\$0.1	\$0.1	\$0.2
Intelligent Transportation Systems	\$3.3	\$0.2	-	\$0.2
Maintenance, Safety & Preservation	\$28.9	\$1.3	\$0.2	\$1.5
Trade Infrastructure – Requires 1-4 match	15.0	\$1.0	\$2.0	\$3.0
<b>Total</b>	<b>\$107.0</b>	<b>\$6.0</b>	<b>\$6.0</b>	<b>\$12.0</b>

All dollars are in billions.

Proposed Project List for Transportation

A proposed project list has already been drafted by the Business, Transportation, and Housing Agency (BT&H) for all of the categories not

requiring matching funds. The proposed project list is shown in Attachment A. As you will note, Orange County received one major project under the Regional Priority Routes category (\$320 million for 91 corridor improvements in Orange County). Orange County will also be eligible for some portion of \$300 million for various corridor mobility management programs in Los Angeles, Orange, Riverside, San Bernardino, and San Diego counties for projects along the Santa Ana Freeway (Interstate 5), the Riverside Freeway (State Route 91), the Pomona Freeway (State Route 60), the Santa Monica Freeway (Interstate 10), the Corona Freeway (Interstate 15), and the San Diego Freeway (Interstate 405). This includes transportation management system and traffic operations strategies to restore productivity of congested freeway corridors.

If the bond were distributed through a formula, such as the State Transportation Improvement Program (STIP) formula, Orange County would receive approximately \$520 million of the non-goods movement funds. The STIP formula would have resulted in at least \$130 million more for Orange County than was received through the proposed project list noted above.

As companions to the GO bonds, the Governor also proposed the following:

- Full protection of Proposition 42 funds from being suspended by future governors and legislatures through a constitutional amendment.
- A package of bills to provide design-sequencing and design-build authority and the ability to fund and deliver projects through a variety of public private partnerships.

Additionally, the Governor has proposed to limit the state's debt service ratio to 6 percent through a constitutional amendment. The state's current debt service ratio stands at 4.50 percent of general fund revenues. This amendment would require the Department of Finance to project out five years and if at any time in that five-year period the debt service ratio exceeds 6 percent, the new debt would not be issued. The Governor's Strategic Growth Plan is not projected to exceed this cap, although it does reach a high of 5.91 percent in fiscal year (FY) 2014-2015 before it begins to decline again.

In his final comments, he proposed increasing minimum wage by \$1, investing \$4.3 billion more in education than last year, eliminating the 8 percent fee increase on University of California and California State University students, calling on Congress to allow the importation of safe, affordable prescription drugs, and enacting Jessica's Law to provide additional protection for children from sex offenders.

### Governor's FY 2006-2007 Proposed Budget Overview

On January 10, 2006, Governor Schwarzenegger submitted his \$125.6 billion FY 2006-2007 budget to the Legislature. General Fund revenues are projected to increase by 4.4 percent over last year to \$91.5 billion, and General Fund expenditures are projected to increase by 8.4 percent to \$97.9 billion. The General Fund budget gap of approximately \$6.4 billion is expected to be covered by the fund balance from the current year.

The Administration outlines several highlights from the proposed budget, namely that there are no tax increases included in the budget. The Governor also provides for an increase of \$4 billion in Proposition 98 funding, including \$1.7 billion to partially repay borrowed funds, funding for Proposition 49 after-school programs for the first time, and the suspension of the proposed fee increases for the University of California, California State University, and California community colleges.

### Transportation Component of the Governor's Budget

The BT&H proposed budget totals \$15.3 billion for FY 2006-2007 from all funding sources.

### Proposition 42

For the second year in a row, the Governor's budget proposes to fully fund Proposition 42 at \$1.4 billion, distributed as follows:

- \$678 million to the Traffic Congestion Relief Fund (TCRF)
- \$582 million to the STIP
- \$146 million to the Public Transportation Account (PTA)

Additionally, the budget includes an early partial repayment of borrowed Proposition 42 funds, including interest, in the amount of \$920 million. The remaining loan amount of \$430 million will be repaid in FY 2007-2008. The \$920 million early repayment is allocated as follows:

- \$410 million to the TCRF
- \$255 million to the STIP
- \$255 million to cities and counties

### Tribal Gaming Revenue

The FY 2005-2006 Budget Act assumed that \$1 billion would be available to repay borrowed Proposition 42 funds through the sale of bonds guaranteed by Indian gaming revenues. Due to ongoing litigation, the bonds have not yet been sold. It is anticipated that the litigation will be settled this year allowing the bond sale to go forward. This will provide funding for transportation programs as follows (this amount is not accounted for in the FY 2006-2007 budget as the sale is expected to occur in the current fiscal year):

- \$465 million to the State Highway Account (SHA)
- \$290 million to the TCRF
- \$122 million to cities and counties

### Federal Funding

The Governor's proposed budget also reflects revised and already programmed federal funding levels following the passage of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), enacted on August 10, 2005.

### PTA, STIP and State Highway Operation and Protection Program (SHOPP) Funding

The Governor's budget suspends the transfer of "spillover" sales tax revenues to PTA for FY 2006-2007. The FY 2005-2006 Budget Act proposed that \$200 million of the projected spillover was to be retained in the General Fund and \$125 million was to go toward the Bay Bridge seismic retrofit project. The PTA will receive no funding from the spillover this year. However, the PTA will be funded through its portion of the sales tax at \$324 million, a \$3 million decrease from the current year.

The budget also provides for STIP funding at \$5.6 billion and SHOPP funding at \$12.9 billion through FY 2010-2011. The state also notes that as the final TCRF payment is made in FY 2007-2008, Proposition 42 funds currently allocated for that purpose will then be available for cities, counties, the STIP, and the PTA providing additional transportation funding at that time.

### Legislation Proposed in the Budget

As was discussed in the State of the State Address, the Governor proposed constitutional protection for Proposition 42 and additional legislation to allow for

process-streamlining measures such as design-build and design-sequencing in the state budget.

Additionally, the \$9.95 billion general obligation high speed rail bond scheduled for November 2006 is proposed to be postponed indefinitely.

#### Impact on Orange County

Cities and counties will not receive their normal distribution of funds under Proposition 42 this year, as these entities received what would have been their share under this program in fiscal years 2001-2002 and 2002-2003 from the SHA. However, they will receive funding from the early Proposition 42 loan repayment. Orange County cities and the County should receive approximately \$21 million for local streets and roads from the repayment.

Because of the full funding for Proposition 42, the Orange County Transportation Authority (OCTA) will not have to deprogram projects currently in the STIP and will also receive approximately \$3.8 million from the PTA for transit operations.

However it should be noted that since the transfer of "spillover" revenues to the PTA was suspended, OCTA will not receive an additional \$9 million for transit operations.

#### **Summary**

The Governor's State of State lays out an ambitious infrastructure bond proposal for the Legislature's consideration, among other policy recommendations. The proposed state budget fully funds Proposition 42 and provides for early loan repayment in the amount of \$920 million.

**Attachments**

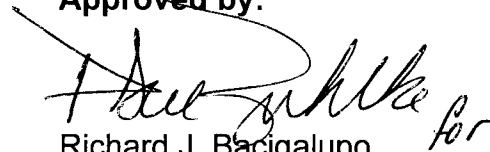
- A. Governor's Strategic Growth Plan – Preliminary Working List of Proposed Transportation Projects by Region
- B. Legislative Matrix

**Prepared by:**



Wendy Villa  
Principal Government Relations  
Representative  
(714) 560-5595

**Approved by:**



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

Governor's Strategic Growth Plan  
Preliminary Working List of Proposed Transportation Projects by Region

County	Route	Project/Category	Amount in Thousands
<b>Bay Area</b>			
Alameda/Contra Costa	24	Caldecott Tunnel	
			140,000
Alameda	880	Corridor/op improvements	100,000
Alameda		Inter-City Rail	15,100
Alameda		Park-and Ride/Ped-Bike	9,300
Contra Costa	4	Widening	60,000
Contra Costa		Park-and Ride/Ped-Bike	200
Marin		Park-and Ride/Ped-Bike	23,400
Napa	12	Widening	65,000
San Francisco	101	Doyle Drive	330,000
San Mateo		Park-and Ride/Ped-Bike	1,300
Santa Clara	101	Construct lanes	150,000
Solano		Park-and Ride/Ped-Bike	4,000
Solano	80/680/13	Construct I/C	300,000
Sonoma	101	HOV lanes	60,000
Sonoma		Park-and Ride/Ped-Bike	9,000
Transportation Technology (ITS)		SR-4, I-580/205, I-880	150,000
		<b>Total</b>	<b>\$1,417,300</b>
<b>Southern California (Los Angeles County/Orange County)</b>			
Los Angeles	405	HOV lanes	350,000
Los Angeles	5	Shoulder widening/Carmenita	100,000
Los Angeles	10	HOV lanes	280,000
Los Angeles		Inter-City Rail	290,000
Los Angeles		Park-and-Ride/Ped-Bike	39,660
Orange	91	Corridor improvements	320,000
Transportation Technology (ITS)		I-5, SR-91, I-405, SR-60, I-10	195,000
		<b>Total</b>	<b>\$1,574,660</b>
<b>Southern California (Inland Empire: Riverside County/San Bernardino)</b>			
Riverside	215	Widening	265,000
Riverside		Park-and-Ride/Ped-Bike	6,130
San Bernardino	15	HOV/managed lanes	250,000
San Bernardino	58	Widening	301,000
San Bernardino		Park-and-Ride/Ped-Bike	70
Transportation Technology (ITS)		SR-60, I-10, SR-91	65,000
		<b>Total</b>	<b>\$887,200</b>
<b>San Diego County/Imperial County</b>			
Imperial	78	Brawley Bypass	51,000
San Diego	5	HOV mixed flow, aux. lanes	250,000
San Diego	15	Managed lanes	100,000
San Diego	805/905	Corridor improvements/new fwy	110,000
San Diego		Inter-City Rail	69,400
San Diego		Park-and-Ride/Ped-Bike	19,940
Transportation Technology (ITS)		I-5, I-15	70,000
		<b>Total</b>	<b>\$670,340</b>



Governor's Strategic Growth Plan  
Preliminary Working List of Proposed Transportation Projects by Region

County	Route	Project/Category	Amount in Thousands
<b>Central Valley</b>			
Sacramento	5	HOV lanes	100,000
Sacramento	80	HOV lanes	85,000
Sacramento	50	HOV lanes	90,000
Sacramento	99	SR-99/Elverta Rd I/C	15,000
San Luis Obispo		Park-and-Ride/Ped-Bike	4,300
Sutter	99	SR/99/Riego Rd. I/C	15,000
Sutter	99	F.R. Bridge widening	47,000
Yuba	70	4-Lane expressway	25,000
Fresno, Kern, Madera, Merced, Transportation Technology (ITS)		SR-99 Corridor Enhancement Master Plan I-5	 1,000,000 20,000
<b>Total</b>			<b>\$1,401,300</b>
<b>Central Coast</b>			
Monterey	156	4-lane expressway	65,000
San Benito	156	4-lane expressway	60,000
San Luis Obispo	46/41	Widening	25,000
Santa Barbara	101	Widening	80,000
<b>Total</b>			<b>\$230,000</b>
<b>North State, Mountain, and Eastern Sierra Counties</b>			
Butte	70	4-lane expressway	20,000
Butte	70	4-lane expressway	25,000
Del Norte		Park-and-Ride/Ped-Bike	600
El Dorado		Park-and-Ride/Ped-Bike	9,300
Humboldt		Park-and-Ride/Ped-Bike	500
Inyo		Park-and-Ride/Ped-Bike	1,000
Mendocino	101	Willeys Bypass	130,000
Mendocino	101	Hopland Bypass	50,000
Mendocino		Park-and-Ride/Ped-Bike	3,000
Placer		Park-and-Ride/Ped-Bike	7,200
Shasta/Trinity	299	Buckham	146,000
Shasta	5	Widening	50,000
Shasta	44	Annex lanes	20,000
Shasta		Park-and-Ride/Ped-Bike	2,900
Tehama		Park-and-Ride/Ped-Bike	1,800
Trinity		Park-and-Ride/Ped-Bike	1,000
<b>Total</b>			<b>\$468,300</b>

## Orange County Transportation Authority Legislative Matrix

### OCTA Sponsor Legislation

CA AB 267	<b>AUTHOR:</b>	Daucher [R]
	<b>TITLE:</b>	Transportation Projects
	<b>LAST AMEND:</b>	08/15/2005
	<b>LOCATION:</b>	Senate Appropriations Committee
	<b>STATUS:</b>	08/25/2005 In SENATE Committee on APPROPRIATIONS: Not heard.
	<b>NOTES:</b>	LP Sec. IV(f) Repayment of local funds
	<b>COMMENTARY:</b>	Sponsor bill clarifying Legislature's intent to fully reimburse, without time limits, local agencies that use local funds to advance projects in the STIP. Relevance to OCTA: Ensures reimbursement of local funds expended on STIP projects.
	<b>Position:</b>	Sponsor
CA AB 1173	<b>AUTHOR:</b>	Tran [R]
	<b>TITLE:</b>	Safe, Reliable High-Speed Passenger Train Bond Act
	<b>LOCATION:</b>	Assembly Appropriations Committee
	<b>STATUS:</b>	05/25/2005 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.
	<b>NOTES:</b>	LP Sec. VII(d) High speed rail line
	<b>COMMENTARY:</b>	Sponsor bill to extend the terminus of the initial high-speed rail line from Los Angeles to Anaheim. Relevance to OCTA: Ensures that the high speed train provides service to Orange County and improves safety at 10 grade crossings.
	<b>Position:</b>	Co-Sponsor

## Bills with Official Positions

- CA AB 697      **AUTHOR:** Oropeza [D]  
**TITLE:** Highway Users Tax Account: Appropriation of Funds  
**LOCATION:** Assembly Appropriations Committee  
**STATUS:**  
05/25/2005      In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.  
**NOTES:** LP Sec. IV(h) removing funding barriers  
**COMMENTARY:**  
Allows fuel taxes to be continuously appropriated from the previous year should a budget not be passed by July 1. Relevance to OCTA: Ensures that unnecessary costs are not incurred due to projects being stopped and restarted when a state budget is not enacted on time.  
**Position:** Support
- CA AB 1118      **AUTHOR:** Umberg [D]  
**TITLE:** Nonhighway Vehicles: Disclosure  
**LAST AMEND:** 04/19/2005  
**LOCATION:** Senate Transportation and Housing Committee  
**STATUS:**  
06/02/2005      To SENATE Committee on TRANSPORTATION AND HOUSING.  
**COMMENTARY:**  
Requires manufacturers of non-highway vehicles, including but not limited to pocketbikes, place a notice on the vehicles that they cannot be operated on highways.  
**Position:** Watch
- CA ACA 4      **AUTHOR:** Plescia [R]  
**TITLE:** Transportation Investment Fund  
**LAST AMEND:** 05/09/2005  
**LOCATION:** Assembly Appropriations Committee  
**STATUS:**  
01/09/2006      From ASSEMBLY Committee on TRANSPORTATION: Be adopted to Committee on APPROPRIATIONS.  
**NOTES:** LP Sec. I(j) Protect Proposition 42  
**COMMENTARY:**  
Deletes Proposition 42 suspension provisions. Relevance to OCTA: Ensures that OCTA, Orange County, and cities receive their share of Proposition 42 annually allowing for better project planning and delivery.  
**Position:** Support
- CA ACA 11      **AUTHOR:** Oropeza [D]  
**TITLE:** Transportation Funds: Loans  
**LOCATION:** Assembly Appropriations Committee  
**STATUS:**  
01/09/2006      From ASSEMBLY Committee on TRANSPORTATION: Do pass to Committee on APPROPRIATIONS.  
**COMMENTARY:**  
Deletes Proposition 42 suspension provisions. Permits up to 2 loans of Proposition 42 funds to the General Fund or to any other state fund or account in a 10 year period provided the first loan is repaid in full prior to permitting a second loan. Relevance to OCTA: Provides better protection of Proposition 42 allowing for better project planning and delivery.  
**Position:** Watch

CA SB 208	<p><b>AUTHOR:</b> Alquist [D]  <b>TITLE:</b> Transportation Projects: Electronic Fund Transfers  <b>LAST AMEND:</b> 05/31/2005  <b>LOCATION:</b> Assembly Transportation Committee  <b>STATUS:</b>  06/27/2005 In ASSEMBLY Committee on TRANSPORTATION: Not heard.  <b>NOTES:</b> LP Sec. IV(h) Removing funding barriers  <b>COMMENTARY:</b>  Requires Caltrans to implement a rapid electronic funds transfer system by June 30, 2006. Relevance to OCTA: Expedites the reimbursement of local funds expended on STIP projects.  <b>Position:</b> Support</p>
CA SB 705	<p><b>AUTHOR:</b> Runner G [R]  <b>TITLE:</b> Design-Build Contracts  <b>LOCATION:</b> Senate Transportation and Housing Committee  <b>STATUS:</b>  04/19/2005 In SENATE Committee on TRANSPORTATION AND HOUSING: Not heard.  <b>NOTES:</b> LP Sec. VI(d) Design-build  <b>COMMENTARY:</b>  Authorizes Caltrans to use design-build. Part of the GoCalifornia. Bill was held in Senate Transportation. Issue will be addressed in SB 371. Relevance to OCTA: Provides an additional delivery mechanism that can save time and open transportation projects early.  <b>Position:</b> Support</p>
CA SCA 7	<p><b>AUTHOR:</b> Torlakson [D]  <b>TITLE:</b> Loans of Transportation Revenues and Funds  <b>LAST AMEND:</b> 01/09/2006  <b>LOCATION:</b> Senate Appropriations Committee  <b>STATUS:</b>  01/09/2006 From SENATE Committee on APPROPRIATIONS with author's amendments.  01/09/2006 In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.  <b>NOTES:</b> LP Sec. I(j) Repay transportation loans with interest  <b>COMMENTARY:</b>  Requires that any loan of motor vehicles fuel and vehicle-related revenues or trust funds not repaid in the same fiscal year or by a date not more than 30 days after passage of the budget bill be paid back with interest. Allows for a loan of these funds to other state funds or accounts under the same conditions applicable to the General Fund. Relevance to OCTA: Ensures that transportation funds are paid interest, ultimately increasing the amount of funds distributed to OCTA through the STIP.  <b>Position:</b> Support</p>

## Bills being Monitored

- CA AB 189      **AUTHOR:** Horton S [R]  
**TITLE:** Highway Capacity Enhancement Demonstration Projects  
**LAST AMEND:** 04/13/2005  
**LOCATION:** Assembly Appropriations Committee  
**STATUS:**  
05/25/2005      In ASSEMBLY Committee on APPROPRIATIONS: Heard,  
remains in Committee.  
**COMMENTARY:**  
Establishes the Highway Capacity Project Delivery Demonstration Act which  
requires Caltrans to identify and the CTC to approve three highway capacity  
enhancement projects to be delivered using coordinated environmental review  
process.  
**Position:** Monitor
- CA AB 236      **AUTHOR:** Bermudez [D]  
**TITLE:** Sales and Use Taxes: Exemptions: Fuel and Petroleum  
**LAST AMEND:** 04/13/2005  
**LOCATION:** Assembly Revenue and Taxation Committee  
**STATUS:**  
05/16/2005      In ASSEMBLY Committee on REVENUE AND TAXATION:  
Heard, remains in Committee.  
**COMMENTARY:**  
Restores partial state sales tax exemption for aviation fuel. Aviation fuel sales tax  
exemption was eliminated in 1991.  
**Position:** Monitor
- CA AB 372      **AUTHOR:** Nation [D]  
**TITLE:** Public Contracts: Transit Design-Build Contracts  
**LAST AMEND:** 01/04/2006  
**FILE:** 6  
**LOCATION:** Assembly Second Reading File  
**STATUS:**  
01/09/2006      From ASSEMBLY Committee on TRANSPORTATION: Do  
pass as amended.  
**COMMENTARY:**  
Authorizes Transit Operators to enter into a design-build contracts.  
**Position:** Monitor
- CA AB 426      **AUTHOR:** Bogh [R]  
**TITLE:** HOV Lanes  
**LAST AMEND:** 04/20/2005  
**LOCATION:** Assembly Appropriations Committee  
**STATUS:**  
05/25/2005      In ASSEMBLY Committee on APPROPRIATIONS: Heard,  
remains in Committee.  
**COMMENTARY:**  
Requires Caltrans to convert all HOV lanes in Riverside County to mixed flow lanes  
except during peak hours.  
**Position:** Monitor

CA AB 713      **AUTHOR:**                      Torrico [D]  
**TITLE:**                                      High-Speed Passenger Train Bond Act  
**LOCATION:**                                  Senate Transportation and Housing Committee  
**STATUS:**  
06/09/2005                                  To SENATE Committee on TRANSPORTATION AND HOUSING.  
**COMMENTARY:**  
Puts the \$9.95 billion High Speed Rail Bond Act on the Nov. 8, 2008 ballot.  
**Position:**                                      Monitor

CA AB 850      **AUTHOR:**                      Canciamilla [D]  
**TITLE:**                                      Toll Road Agreements  
**LAST AMEND:**                              05/03/2005  
**LOCATION:**                                  Assembly Appropriations Committee  
**STATUS:**  
05/25/2005                                  In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.  
**COMMENTARY:**  
Authorizes Caltrans to enter into toll agreements with public and private entities. Part of GoCalifornia.  
**Position:**                                      Monitor

CA AB 948      **AUTHOR:**                      Oropeza [D]  
**TITLE:**                                      Design-Build and Transit Operators  
**LAST AMEND:**                              04/13/2005  
**FILE:**    A-39  
**LOCATION:**                                  Senate Inactive File  
**STATUS:**  
07/11/2005                                  In SENATE. To Inactive File.  
**COMMENTARY:**  
Metrolink sponsored bill that would lower the threshold for design build from \$50 million to \$25 million. Would also require a labor compliance program if there is no collective bargaining agreement.  
**Position:**                                      Monitor

CA AB 1010      **AUTHOR:**                      Oropeza [D]  
**TITLE:**                                      Rail Transit  
**LAST AMEND:**                              04/06/2005  
**LOCATION:**                                  Senate Energy, Utilities and Communications Committee  
**STATUS:**  
06/09/2005                                  To SENATE Committee on ENERGY, UTILITIES AND COMMUNICATIONS.  
**COMMENTARY:**  
Transfers responsibility for rail grade crossing safety from PUC to Caltrans.  
**Position:**                                      Monitor

CA AB 1157      **AUTHOR:**                      Frommer [D]  
**TITLE:**                                      State Highways: Performance Measures  
**LAST AMEND:**                              04/11/2005  
**LOCATION:**                                  Senate Transportation and Housing Committee  
**STATUS:**  
06/09/2005                                  To SENATE Committee on TRANSPORTATION AND HOUSING.  
**COMMENTARY:**  
Requires Caltrans to work with regional transportation agencies to develop highway performance measures. Requires an annual report to Legislature regarding highway performance.  
**Position:**                                      Monitor

CA AB 1169     **AUTHOR:**            Torrico [D]  
**TITLE:**                    Transit District Operators: Assault and Battery  
**LAST AMEND:**            05/27/2005  
**LOCATION:**                 Senate Public Safety Committee  
**STATUS:**  
07/12/2005                 In SENATE Committee on PUBLIC SAFETY: Heard,  
                                  remains in Committee.

**COMMENTARY:**  
Increases penalty for assault against an operator of a transit district's vehicle.  
**Position:**                 Monitor

CA AB 1266     **AUTHOR:**            Niello [R]  
**TITLE:**                    State Highways: Design-Sequencing Contracts  
**LAST AMEND:**            05/04/2005  
**LOCATION:**                 Assembly Appropriations Committee  
**STATUS:**  
05/25/2005                 In ASSEMBLY Committee on APPROPRIATIONS: Heard,  
                                  remains in Committee.

**COMMENTARY:**  
Part of GoCalifornia package, this measure would allow Caltrans to award  
contracts utilizing design sequencing, if certain requirements are met.  
**Position:**                 Monitor

CA AB 1276     **AUTHOR:**            Oropeza [D]  
**TITLE:**                    Intermodal Corridors of Economic Significance  
**LOCATION:**                 Assembly Transportation Committee  
**STATUS:**  
03/10/2005                 To ASSEMBLY Committee on TRANSPORTATION.  
**COMMENTARY:**  
Requires Caltrans and regional transportation agencies to develop plans to reduce  
freight related congestion along intermodal corridors.  
**Position:**                 Monitor

CA AB 1283     **AUTHOR:**            DeVore [R]  
**TITLE:**                    State Highway: Reversible Lanes  
**LAST AMEND:**            04/19/2005  
**LOCATION:**                 ASSEMBLY  
**STATUS:**  
06/20/2005                 From ASSEMBLY Committee on TRANSPORTATION  
                                  without further action pursuant to JR 62(a).

**COMMENTARY:**  
Requires Caltrans to study the feasibility of adding reversible lanes before adding  
conventional lanes.  
**Position:**                 Monitor

CA AB 1520     **AUTHOR:**            Niello [R]  
**TITLE:**                    Public Works Contracts: Infrastructure Projects  
**LAST AMEND:**            04/05/2005  
**LOCATION:**                 Assembly Business and Professions Committee  
**STATUS:**  
04/26/2005                 In ASSEMBLY Committee on BUSINESS AND  
                                  PROFESSIONS: Failed passage.  
04/26/2005                 In ASSEMBLY Committee on BUSINESS AND  
                                  PROFESSIONS: Reconsideration granted.

**COMMENTARY:**  
Authorizes state agencies to enter into public private partnerships to design, build,  
and operate public infrastructure projects.  
**Position:**                 Monitor

CA AB 1699     **AUTHOR:**                     Frommer [D]  
**TITLE:**                                     Transportation: Highway Construction  
**LAST AMEND:**                         05/27/2005  
**LOCATION:**                                 Senate Transportation and Housing Committee  
**STATUS:**  
06/15/2005                                 To SENATE Committee on TRANSPORTATION AND HOUSING.

**COMMENTARY:**  
Authorizes Caltrans or self help counties to construct up to 8 toll road HOT lane projects using design build. Contains a labor compliance component.  
**Position:**                                 Monitor

CA AB 1702     **AUTHOR:**                     Frommer [D]  
**TITLE:**                                     State Finances: Economic Recovery/Transportation  
**LAST AMEND:**                         04/07/2005  
**LOCATION:**                                 Assembly Appropriations Committee  
**STATUS:**  
05/25/2005                                 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.

**COMMENTARY:**  
This bill would appropriate from the General Fund, from the amount transferred to that fund from the Economic Recovery Fund, \$500,000,000 to the Controller for deposit in the Traffic Congestion Relief Fund  
**Position:**                                 Monitor

CA AB 1714     **AUTHOR:**                     Plescia [R]  
**TITLE:**                                     Toll Bridge Seismic Retrofit Program  
**LAST AMEND:**                         05/03/2005  
**LOCATION:**                                 Assembly Appropriations Committee  
**STATUS:**  
05/25/2005                                 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.

**COMMENTARY:**  
Administration spot bill to address funding of Bay Bridge cost overruns.  
**Position:**                                 Monitor

CA AB 1783     **AUTHOR:**                     Nunez [D]  
**TITLE:**                                     Infrastructure Financing  
**INTRODUCED:**                         01/04/2006  
**LOCATION:**                                 ASSEMBLY  
**STATUS:**  
01/04/2006                                 INTRODUCED

**COMMENTARY:**  
This bill would provide for the financing of state and local government infrastructure through various funding sources. This is Assembly Democrats Infrastructure Bond Proposal.  
**Position:**                                 Monitor



CA AB 1838	<p><b>AUTHOR:</b> Oropeza [D]  <b>TITLE:</b> Transportation Bond Acts of 2006, 2008, and 2012  <b>INTRODUCED:</b> 01/10/2006  <b>LOCATION:</b> ASSEMBLY  <b>STATUS:</b> 01/10/2006 INTRODUCED  <b>COMMENTARY:</b>  This bill would authorize general obligation bonds for various transportation purposes, pledges a percentage of existing fuel excise taxes and truck weight fees to offset the cost of the bond debt service, and authorizes transportation entities to use a design-build process for contracting on transportation projects. This is the Administrations Infrastructure Bond Proposal.  <b>Position:</b> Monitor</p>
CA ACA 4 a	<p><b>AUTHOR:</b> Keene [R]  <b>TITLE:</b> State Finances  <b>LAST AMEND:</b> 04/11/2005  <b>LOCATION:</b> Assembly Budget Process Committee  <b>STATUS:</b> 04/11/2005 From ASSEMBLY Committee on BUDGET PROCESS with author's amendments.  04/11/2005 In ASSEMBLY. Read second time and amended.  Re-referred to ASSEMBLY Committee on BUDGET PROCESS.  <b>COMMENTARY:</b>  Administration's budget report proposal which includes Proposition 98 reform and Proposition 42 protections.  <b>Position:</b> Monitor</p>
CA ACA 5	<p><b>AUTHOR:</b> Richman [R]  <b>TITLE:</b> Public Retirement Systems  <b>LOCATION:</b> Assembly Public Employees, Retirement and Social Security Committee  <b>STATUS:</b> 04/14/2005 To ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY.  <b>COMMENTARY:</b>  Proposes a constitutional amendment that would prohibit new public employees, hired after July 1, 2007, from participating in a defined benefit plan. These employees would be limited to a defined contribution plan or a retirement system.  <b>Position:</b> Monitor</p>
CA ACA 7	<p><b>AUTHOR:</b> Nation [D]  <b>TITLE:</b> Local Governmental Taxation  <b>LOCATION:</b> Assembly Appropriations Committee  <b>STATUS:</b> 05/25/2005 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.  <b>COMMENTARY:</b>  Lowers voter threshold to 55% for special tax measures.  <b>Position:</b> Monitor</p>

CA ACA 9      **AUTHOR:**                    Bogh [R]  
**TITLE:**                                Motor Vehicle Fuel Sales Tax Revenue  
**LOCATION:**                            Assembly Appropriations Committee  
**STATUS:**  
01/09/2006                            From ASSEMBLY Committees on TRANSPORTATION: Be  
adopted to the Committee on APPROPRIATIONS.

**COMMENTARY:**  
Would amend Prop 42 to require 4/5ths of the legislature to suspend transfer  
instead of the current 2/3rds.  
**Position:**                            Monitor

CA ACA 22      **AUTHOR:**                    La Malfa [R]  
**TITLE:**                                Eminent Domain: Condemnation Proceedings  
**LOCATION:**                            ASSEMBLY  
**STATUS:**  
07/13/2005                            INTRODUCED  
**COMMENTARY:**  
Amends existing eminent domain law to only allow for private property to be taken  
when it is for a stated public use.  
**Position:**                            Monitor

CA SB 53        **AUTHOR:**                    Kehoe [D]  
**TITLE:**                                Redevelopment  
**LAST AMEND:**                        08/15/2005  
**LOCATION:**                            Assembly Local Government Committee  
**STATUS:**  
08/15/2005                            From ASSEMBLY Committee on LOCAL GOVERNMENT  
with author's amendments.  
08/15/2005                            In ASSEMBLY. Read second time and amended. Re-  
referred to Committee on LOCAL GOVERNMENT.

**COMMENTARY:**  
Requires redevelopment plans to contain a description of the agency's program to  
acquire real property by eminent domain, including prohibitions, if any, on the use  
of eminent domain, and a time limit for the commencement of eminent domain  
proceedings.  
**Position:**                            Monitor

CA SB 153      **AUTHOR:**                    Chesbro [D]  
**TITLE:**                                Clean Water, Safe Parks, Coastal Protection  
**LAST AMEND:**                        09/02/2005  
**LOCATION:**                            Assembly Appropriations Committee  
**STATUS:**  
09/02/2005                            From ASSEMBLY Committee on APPROPRIATIONS with  
author's amendments.  
09/02/2005                            In ASSEMBLY. Read second time and amended. Re-  
referred to Committee on APPROPRIATIONS.

**COMMENTARY:**  
General Obligation Bond for water, parks and open space.  
**Position:**                            Monitor

CA SB 172      **AUTHOR:**                      Torlakson [D]  
**TITLE:**                                      Bay Area State-Owned Toll Bridge: Financing  
**LAST AMEND:**                              05/27/2005  
**LOCATION:**                                      Assembly Transportation Committee  
**STATUS:**  
06/13/2005                                      To ASSEMBLY Committee on TRANSPORTATION.  
**COMMENTARY:**  
Gives the Bay Area Toll Authority more control over Caltrans construction of toll bridge seismic retrofits in the Bay Area. Requires quarterly reports by Caltrans the projects.  
**Position:**                                      Monitor

CA SB 371      **AUTHOR:**                      Torlakson [D]  
**TITLE:**                                      Public Contracts: Design-Build: Transportation  
**LAST AMEND:**                              04/26/2005  
**LOCATION:**                                      Senate Appropriations Committee  
**STATUS:**  
05/26/2005                                      In SENATE Committee on APPROPRIATIONS: Heard, remains in Committee.  
**COMMENTARY:**  
Design-build spot bill to be jointly authored by Senators Torlakson and Runner.  
**Position:**                                      Monitor

CA SB 427      **AUTHOR:**                      Hollingsworth [R]  
**TITLE:**                                      Environmental Quality Act: Scoping Meetings  
**LAST AMEND:**                              01/04/2006  
**LOCATION:**                                      Senate Appropriations Committee  
**STATUS:**  
01/09/2006                                      From SENATE Committee on ENVIRONMENTAL QUALITY: Do pass to Committee on APPROPRIATIONS.  
**COMMENTARY:**  
Requires at least one scoping meeting for a project and requires the lead agency to consult with transportation planning agencies that could be affect by a project. Requires notice of at least one scoping meeting be provided to those agencies required to be consulted concerning the project and to require, in the consultation, the project's effect on overpasses, on-ramps, and off-ramps.  
**Position:**                                      Monitor

CA SB 459      **AUTHOR:**                      Romero [D]  
**TITLE:**                                      Air Pollution: South Coast District: Locomotives  
**LAST AMEND:**                              04/12/2005  
**LOCATION:**                                      Assembly Transportation Committee  
**STATUS:**  
06/27/2005                                      In ASSEMBLY Committee on TRANSPORTATION: Heard, remains in Committee.  
**COMMENTARY:**  
Authorizes SCAQMD to collect a fee associated with locomotive air pollution and to expend it for specified mitigation purposes including railroad grade crossings.  
**Position:**                                      Monitor

CA SB 561      **AUTHOR:**                      Runner G [R]  
**TITLE:**                                      Toll Road Agreements  
**LAST AMEND:**                      05/24/2005  
**LOCATION:**                                  Senate Appropriations Committee  
**STATUS:**  
05/24/2005                                  In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.  
**COMMENTARY:**  
Authorizes Caltrans to enter into toll road agreements with private entities. Permits competitive facilities and safety work.  
**Position:**                                  Monitor

CA SB 601      **AUTHOR:**                                  Soto [D]  
**TITLE:**                                      Build California Bond Act of 2006  
**LAST AMEND:**                      04/12/2005  
**LOCATION:**                                  Senate Transportation and Housing Committee  
**STATUS:**  
04/12/2005                                  From SENATE Committee on TRANSPORTATION AND HOUSING with author's amendments.  
04/12/2005                                  In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION AND HOUSING.  
**COMMENTARY:**  
Would place a \$3 billion bond before voters to funds goods movement and other transportation projects.  
**Position:**                                  Monitor

CA SB 760      **AUTHOR:**                                  Lowenthal [D]  
**TITLE:**                                      Ports: Congestion Relief: Security Enhancement  
**LAST AMEND:**                      05/27/2005  
**LOCATION:**                                  Assembly Appropriations Committee  
**STATUS:**  
06/27/2005                                  From ASSEMBLY Committee on NATURAL RESOURCES: Do pass to Committee on APPROPRIATIONS.  
**COMMENTARY:**  
Authorizes the Ports of Los Angeles and Long Beach to impose a \$30 fee on each Twenty foot Equivalent Unit (TEU). The Port would retain \$10 for improvements and would forward \$10 to AQMD for air quality mitigation, and \$10 to the CTC to use on railroad improvement projects in Orange and other counties.  
**Position:**                                  Monitor

CA SB 1020    **AUTHOR:**                                  Migden [D]  
**TITLE:**                                      County Sales and Use Taxes: Rate Increase  
**LOCATION:**                                  Senate Revenue and Taxation Committee  
**STATUS:**  
04/13/2005                                  In SENATE Committee on REVENUE AND TAXATION: To Suspense File.  
**COMMENTARY:**  
Authorizes a county or a city and county to impose, with voter approval, an additional quarter cent sales tax for transit operations.  
**Position:**                                  Monitor

CA SB 1024	<p><b>AUTHOR:</b> Perata [D]  <b>TITLE:</b> Public Works and Improvements: Bond Measure  <b>LAST AMEND:</b> 09/08/2005  <b>FILE:</b> 82  <b>LOCATION:</b> Senate Third Reading File  <b>STATUS:</b>  09/08/2005 In SENATE. Read third time and amended. To third reading.</p> <p><b>COMMENTARY:</b>  Enacts the Essential Facilities Seismic Retrofit Bond Act of 2005 to place a \$10.3 billion general obligation bond before voters to funds seismic retrofit of essential facilities, including the Bay Bridge, repay Proposition 42 loans, and to facilitate goods movement.  <b>Position:</b> Monitor</p>
CA SB 1026	<p><b>AUTHOR:</b> Kuehl [D]  <b>TITLE:</b> Highway Construction Contracts: Design-build Projects  <b>LAST AMEND:</b> 09/08/2005  <b>LOCATION:</b> To enrollment  <b>STATUS:</b>  01/09/2006 From SENATE Committee on TRANSPORTATION AND HOUSING: Recommend concurrence in ASSEMBLY amendments.  01/09/2006 In SENATE. SENATE concurred in ASSEMBLY amendments. To enrollment.</p> <p><b>COMMENTARY:</b>  Authorizes the Los Angeles County Metropolitan Transportation Authority to use a specified design-build procurement process for the construction of an HOV lane in the 405 freeway.  <b>Position:</b> Monitor</p>
CA SCA 15	<p><b>AUTHOR:</b> McClintock [R]  <b>TITLE:</b> Eminent Domain: Condemnation Proceedings  <b>LAST AMEND:</b> 08/23/2005  <b>LOCATION:</b> Senate Judiciary Committee  <b>STATUS:</b>  08/30/2005 In SENATE Committee on JUDICIARY: Failed passage.  08/30/2005 In SENATE Committee on JUDICIARY: Reconsideration granted.</p> <p><b>COMMENTARY:</b>  Amends existing eminent domain law to only allow for private property to be taken when it is for a stated public use.  <b>Position:</b> Monitor</p>





BOARD COMMITTEE TRANSMITTAL

*January 23, 2006*

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** California Department of Transportation Planning Grant Award for the Commuter Rail Station Needs Assessment

Transit Planning and Operations Committee

January 12, 2006

**Present:** Directors Winterbottom, Brown, Silva, Duvall and Green  
**Absent:** Directors Pulido and Dixon

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Authorize the Chief Executive Officer to execute grant agreements with the Southern California Association of Governments and Riverside County Transportation Commission for the use of \$280,000 and required local match funds to conduct the commuter rail station needs assessment.



*January 12, 2006*

**To:** Transit Planning and Operations Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** California Department of Transportation Planning Grant award for the Commuter Rail Station Needs Assessment

**Overview**

The California Department of Transportation awarded the Orange County Transportation Authority \$280,000 in grant funds to conduct a commuter rail station needs assessment. The study will assess the need for upgrades, additional parking, and transit feeder services at rail stations in Riverside and Orange counties to accommodate planned Metrolink service increases.

**Recommendation**

Authorize the Chief Executive Officer to execute grant agreements with the Southern California Association of Governments and Riverside County Transportation Commission for the use of \$280,000 and required local match funds to conduct the commuter rail station needs assessment.

**Background**

The Commuter Rail Strategic Assessment (CRSA) completed in April 2004 identified future optimum commuter rail service levels for three Metrolink lines serving Orange County. The resulting CRSA service plan and phasing strategy for the Orange County, Inland Empire-Orange County, and 91 lines were adopted by the Board of Directors in May 2004 and later reflected in the transit element of the five-year program of projects. Approved by the Board of Directors on November 14, 2005, the five-year program represents a 90 percent increase in Metrolink service in Orange County by the year 2009. On September 24, 2004, the Orange County Transportation Authority (OCTA) submitted a grant proposal in partnership with the Riverside County Transportation Commission (RCTC) and Southern California Regional Rail Authority (SCRRA) to conduct a commuter rail station needs assessment for three specific Metrolink commuter rail lines serving both Orange and Riverside counties.



***Discussion***

On May 31, 2005, the California Department of Transportation (Caltrans) awarded OCTA a \$280,000 Federal Transit Administration (FTA) Section 5313(b) Statewide Transit Planning grant to conduct a needs assessment for rail stations to better accommodate future service expansion. The Southern California Association of Governments (SCAG), as the designated administrative agency for the grant program, is currently in the process of approving this project as part of an administrative amendment to its Fiscal Year (FY) 2005-06 Overall Work Program.

The study will evaluate the needs of 15 commuter rail stations located along the 91 (Riverside to Fullerton to Los Angeles), the Inland Empire-Orange County, and the Orange County lines by assessing the demand for station upgrades, parking, and transit feeder services, as well as identify opportunities for transit-oriented development.

Orange County Stations (11)		Riverside County Stations (4)
<ul style="list-style-type: none"> <li>• Anaheim</li> <li>• Anaheim Canyon</li> <li>• Fullerton</li> <li>• Irvine</li> <li>• Laguna Niguel/ Mission Viejo</li> </ul>	<ul style="list-style-type: none"> <li>• Oceanside</li> <li>• Orange</li> <li>• San Clemente</li> <li>• San Juan Capistrano</li> <li>• Santa Ana</li> <li>• Tustin</li> </ul>	<ul style="list-style-type: none"> <li>• Riverside Downtown</li> <li>• Riverside La Sierra</li> <li>• West Corona</li> <li>• North Main Corona</li> </ul>

The study will prioritize commuter rail stations that need to be upgraded or expanded in support of increased Metrolink services. The work will also entail the development of an action plan and conceptual design plans for stations identified as critical. OCTA will be managing the study effort in partnership with the RCTC, SCRRA, and SCAG.

The Caltrans grant of \$280,000 requires a local match amount of \$48,937, which is 15 percent of the total project cost. Of this amount, \$15,900 of in-kind assistance has been proposed in the form of staff hours dedicated to the project. The remaining local match cost of \$33,037 will be shared between OCTA (78 percent) and RCTC (22 percent).

Upon approval, staff will continue cooperative efforts with partnering agencies to finalize agreements. In accordance with Statewide Transit Planning Grant requirements, SCAG accepts the award as the region's metropolitan planning organization and conducts procurements on behalf of OCTA. Work on the

study is scheduled to begin in February 2006 pending the approval of an administrative amendment to the SCAG FY 2005-06 Overall Work Program and subsequent Notice to Proceed. The study is anticipated for completion in October 2007.

**Fiscal Impact**

The OCTA's local match of \$25,697 can be accommodated within the existing FY 2005-06 budget appropriation for the Commuter & Urban Rail Endowment Fund in Account 0093-7831.

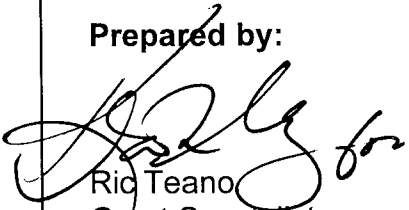
**Summary**

Caltrans awarded OCTA \$280,000, in planning grant funds to conduct the commuter rail station needs assessment. To accommodate Metrolink service expansions, the study will assess the need for upgrades, additional parking, and transit feeder services at 15 rail stations in Riverside and Orange County. Authorization to enter funding agreements is requested to begin the study.

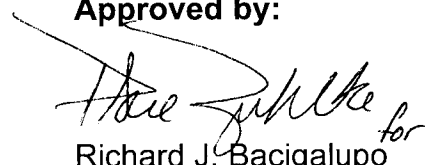
**Attachment**

None.

**Prepared by:**

  
Ric Teano  
Grant Specialist  
(714) 560-5716

**Approved by:**

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





BOARD COMMITTEE TRANSMITTAL

*January 23, 2006*

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Metrolink Semi-Annual Update and Locomotive Procurement

Transit Planning and Operations Committee

January 12, 2006

**Present:** Directors Winterbottom, Brown, Silva, Duvall, and Green  
**Absent:** Directors Pulido and Dixon

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Authorize staff to direct the Southern California Regional Rail Authority to acquire seven locomotives to support the Orange County Metrolink service expansion at a cost not to exceed \$25.6 million.



*January 12, 2006*

**To:** Transit Planning and Operations Committee  
**From:** *AK* Arthur T. Leahy, Chief Executive Officer  
**Subject:** *AK* Metrolink Semi-Annual Update and Locomotive Procurement

### **Overview**

Staff is providing a semi-annual report to provide an update on the Orange County Metrolink commuter rail service including a recommendation for acquiring locomotives for the Metrolink service expansion.

### **Recommendation**

Authorize staff to direct the Southern California Regional Rail Authority to acquire seven locomotives to support the Orange County Metrolink service expansion at a cost not to exceed \$25.6 million.

### **Background**

The Southern California Regional Rail Authority (SCRRA) operates Southern California's five-county commuter rail system known as Metrolink. Metrolink is a joint powers authority with five member agencies representing the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. Metrolink was formed in 1991 with service beginning in October 1992 on the San Bernardino, Ventura, and Santa Clarita (Antelope Valley) Lines. In 1994, service was expanded to include the Orange County Line and in 1995 to include the Inland Empire – Orange County Line (IEOC). The last line serving Orange County via Fullerton, known as the 91 Line, started service in 2002.

Today Metrolink operates 141 daily trains on seven rail lines throughout the 400-mile system, serving 54 stations, and carrying 43,000 riders each weekday. The three lines serving Orange County provide a total of 40 trains daily serving ten Orange County stations located in north Anaheim, Anaheim, Fullerton, Orange, Santa Ana, Tustin, Irvine, Laguna Niguel, San Juan Capistrano, and San Clemente. Total ridership for the three lines serving Orange County is approximately 13,000 riders per day. The Orange County Transportation Authority (OCTA) owns 47.2 miles of the rail right-of-way in

Orange County known as the Orange/Olive subdivision acquired from the Atchison, Topeka and Santa Fe Railway through a purchase and sale agreement and shared-use agreements with adjacent Southern California transportation agencies. OCTA's right-of-way extends from the Orange County Line at San Diego to half mile before the Fullerton station (Orange subdivision) and through the City of Orange to Placentia (Olive subdivision).

### ***Discussion***

#### Ridership, Rail 2 Rail Ridership, Service Changes (IEOC)

System-wide ridership continues to increase yearly with an average weekly ridership exceeding this fiscal year's budget expectations by approximately 3 percent. The average yearly increase in ridership from fiscal year 2003-04 to fiscal year 2004-05 on the Orange County Line is 8.4 percent and 10.5 percent on the 91 Line. The average yearly ridership on the IEOC Line remained flat in fiscal year 2004-05. The first quarter of fiscal year 2005-06 has seen a record-breaking increase in ridership system-wide. The IEOC ridership grew 10.1 percent for the first quarter of this fiscal year compared to last year and showed a remarkable 16 percent increase in the month of October compared to October last year.

The Rail 2 Rail program, which began in September 2002 and allows monthly Metrolink pass holders to ride Amtrak trains, has been successful with an average daily ridership of 1,200 trips. Rail 2 Rail ridership grew by 11 percent in the first quarter of fiscal year 2005-06. Amtrak and SCRRRA are working to expand Rail 2 Rail to Amtrak ten-trip ticket holders. This is anticipated to begin in the next few months.

Two new roundtrip off-peak IEOC trains began service between Oceanside and Riverside on January 3, 2005. As part of this increase in service, two existing IEOC trains operating from San Bernardino to Irvine were extended through to San Juan Capistrano.

#### Metrolink Expansion

On November 14, 2005, the Board of Directors (Board) authorized staff to begin implementation of Metrolink service expansion for 36 more Metrolink trains serving Orange County, including service every 30 minutes between Laguna Niguel/Mission Viejo and Fullerton. A very small number of added trains will also serve San Juan Capistrano and San Clemente.

To begin the expansion effort, staff is currently working with SCRRA to develop Orange County weekend service expected to start in May 2006. The weekend service will include trains on the Orange County and IEOC lines.

### Rolling Stock

#### Locomotives

On December 9, 2005, the SCRRA Board voted to participate in the Utah Transit Authority's (UTA) Request for Proposals (RFP) for remanufactured locomotives. The UTA RFP includes 15 units in the base order and up to 51 units in the option orders. This large order is expected to be attractive to the industry and to result in better competition. The RFP includes participation by other major transit agencies. Included in the 15 units of the base order are four locomotives for SCRRA. The RFP also includes an option to buy up to 10 additional locomotives for SCRRA to support the projected increase in OCTA's Metrolink service, seven of which are needed to support the next five years' service expansion. Staff is requesting authority to acquire the seven locomotives under the base order upon award instead of exercising the option at a later date. The delivery lead-time is very long and this action will put OCTA at the front of the line for delivery of locomotives to support the Metrolink service expansion expected to begin in 2009. The Board-approved funding for service expansion includes \$32 million for locomotives, of which \$6.4 million was funded in previous years. The additional amount of \$25.6 million is needed to fund the balance.

#### Cab Cars/Trailer Cars

SCRRA currently has an Invitation for Bids on the street to purchase passenger cars including seven cab cars and 52 trailer cars in the base order to support the Metrolink service expansion. Bids are due January 24, 2006, with notice to proceed anticipated in March 2006. The use of cab cars at the front of a train in "push" operation has been evaluated by SCRRA and the railroad industry in recent years. Representatives of SCRRA will present to the Transit Planning and Operations Committee the findings of their work on push pull train operations.

### SummerLink

In the summer of 2005 the IEOC summer Beach Train that operates from San Bernardino to Oceanside was expanded and re-branded as the SummerLink train. The purpose of this re-branding was to transform the charter beach train service to a weekend service on the IEOC Line serving Orange County, Riverside County, and San Bernardino County residents. This

weekend service, which ran from July 16 to October 9, was expanded through a joint agreement between OCTA, San Bernardino Associated Governments (SANBAG), and Riverside County Transportation Commission (RCTC). For ten years, the Beach Train only operated service from Rialto to San Clemente with Orange County stops in San Juan Capistrano and San Clemente. The SummerLink weekend service included five additional stops in Orange County to stations in Orange, Santa Ana, Tustin, Irvine, and Laguna Niguel/Mission Viejo. The service changed from one daily roundtrip Beach Train to three daily round trips, operated a total of 24 train dates, and provided 18,822 trips. Saturday trains carried 62 percent of the riders and Sunday trains carried 38 percent.

The overall SummerLink weekend ridership was down from prior Beach Train years, however, the service did well as the newly re-branded weekend start-up service. The overall reduction in ridership from the previous year is partly due to red tide algae at Orange County beaches, overcast beaches for most of the season, technology problems with issuing special SummerLink tickets through the ticket vending machines, and elimination of ticket sales outlets in the Inland Empire.

The SummerLink service was forecasted for 800 daily trips on average. The SummerLink carried on average 837 daily trips, which was 4.6 percent above the forecasted amount. The SummerLink ridership patterns changed as this was marketed as a weekend service versus a chartered beach train. Ridership percentages decreased in Riverside and San Bernardino counties as Orange County now accounted for 14 percent of ridership originating from Orange County stations. San Clemente was the favorite destination accounting for 60 percent of the riders. San Juan Capistrano attracted 9 percent of the riders with 5 percent going to all other Orange County stations. Moving forward in 2006, a timely and comprehensive advertising campaign will be mounted to successfully market this weekend service in cooperation with the partner agencies and Metrolink.

### Capital Projects

#### Buena Park Station

A Buena Park Metrolink station groundbreaking ceremony took place on December 14, 2005. The new station will be the 11<sup>th</sup> Metrolink station in Orange County and includes surface parking for 300 cars. The construction contract was awarded to Ace Engineering, Inc. and will be administrated by the City of Buena Park. Construction is anticipated to take one year, and the station opening is anticipated at the start of 2007. The Buena Park station is conveniently located between a California State University, Fullerton housing



complex and a new townhouse development, and it is at the forefront of the growing trend towards transit-oriented development.

#### Santa Ana Pedestrian Bridge

A pedestrian bridge is currently under construction at the Santa Ana Regional Transportation Center. This project is administered by the SCRRA and is funded by State Public Transportation Account funds from the California Department of Transportation (Caltrans) and by OCTA's Commuter and Urban Rail Endowment (CURE) funds for a total combined amount of \$5,500,000. This project includes a new 680-foot, side-boarding platform within the OCTA right-of-way and a new pedestrian overcrossing linking the existing station building to the new platform. The new pedestrian overcrossing consists of an elevator/stair tower on each side of the railroad tracks and an enclosed walkway spanning the towers. This improvement will allow passengers to board northbound trains without having to cross a set of tracks and wait on the center platform. The scheduled completion date is May 2006.

#### Irvine Parking Garage

OCTA and the City of Irvine entered into a cooperative agreement to contract for design services for a parking structure at the Irvine Transportation Center. OCTA committed \$450,000 for the design, which is expected to be complete in spring of 2006. Another \$20 million was included in the comprehensive funding program approved by the Board in November 2005. The parking structure will include 1500 parking spaces. Construction will take one year.

#### Increased Fuel Cost

Metrolink's fuel costs have increased dramatically over the last year. During the ten-month period from January 2005 to October 2005, the cost per gallon of diesel fuel increased by 121 percent. SCRRA staff has estimated an annual additional fuel cost of \$3 to \$6 million. This year, farebox revenues to date have exceeded budgeted expectations by approximately 6 percent and are expected to exceed the budget by 2 to 5 percent by fiscal year end. Total fare box revenues for the year are expected to cover some, but not all, of SCRRA's increases in fuel cost. No changes to the adopted budget are being requested by SCRRA at this time.

#### Quiet Zones

The final Federal Railroad Administration (FRA) rule regarding locomotive train horns was published on April 27, 2005, and effective June 24, 2005. The rule requires that locomotive horns sound a warning to public highway-rail

crossings but provides opportunity, not available until now, for localities to mitigate the effects of noise by establishing new “quiet zones.” A quiet zone requires that physical improvements be made to a crossing, enhancing its ability to prevent vehicular accidents. When those safety enhancements are deemed sufficient by all regulatory agencies (including FRA and the California Public Utilities Commission), a city may apply to exempt a specific crossing from the requirement that trains (both freight and passenger) sound warning horns.

SCRRA is currently developing a five-county systemwide policy regarding quiet zones, including recommended safety enhancements and ways of dealing with public liability for accidents. OCTA staff will assist Orange County cities who have expressed interest in quiet zones and will coordinate this effort with the improvements previously approved by the Board for grade crossing safety enhancements. These improvements will go a long way toward meeting prerequisites for applying for quiet zone designation.

Fiscal Impact

Funding for the locomotives will be paid out of the CURE fund.

**Summary**

This semi-annual report provides an update on the Metrolink commuter rail service and seeks approval to participate in the purchase of remanufactured locomotives.

**Attachment**

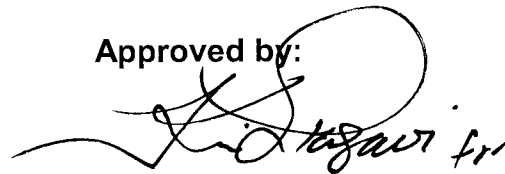
- A. Metrolink Ridership Growth in Orange County

**Prepared by:**



Abbe McClenahan  
Principal Transportation Analyst  
Commuter Rail Services  
(714) 560-5673

**Approved by:**



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

**Metrolink Ridership Growth in Orange County**

Table 1

<b>Metrolink Ridership Trends Annual Ridership</b>				
<b>Fiscal Year</b>	<b>Orange County Line</b>	<b>Inland Empire – Orange County Line</b>	<b>91 Line</b>	<b>Total Ridership</b>
1994	143,623	-	-	143,623
1995	679,491	-	-	679,491
1996	1,003,490	157,926	-	1,161,416
1997	1,199,358	250,685	-	1,450,043
1998	1,206,318	375,902	-	1,582,228
1999	1,293,088	441,158	-	1,734,246
2000	1,387,075	504,776	-	1,891,851
2001	1,450,499	690,072	-	2,149,571
2002	1,427,202	717,208	41,940	2,186,350
2003	1,526,894	815,511	391,078	2,733,483
2004	1,695,275	915,727	428,766	3,039,768
2005	1,839,111	918,057	473,820	3,230,988





BOARD COMMITTEE TRANSMITTAL

**January 23, 2006**

**To:** Members of the Board of Directors  
*W.K. Knowles*  
**From:** Wendy Knowles, Clerk of the Board  
**Subject** 2006 Technical Steering Committee Nominations

Regional Planning and Highways Committee

January 18, 2006

**Present:** Directors Norby, Cavecche, Rosen, Dixon, Green, Monahan, and Ritschel  
**Absent:** Directors Brown and Pringle

**Committee Vote**

This item was passed by all Committee Members present.

Directors Ritschel and Rosen were not present to vote.

**Committee Recommendation**

Approve the proposed 2006 Technical Steering Committee membership as presented in Attachment A.



*January 18, 2006*

**To:** Regional Planning and Highways Committee  
**From:** Arthur T. Leahy, Chief Executive Officer <sup>AL</sup>  
**Subject:** 2006 Technical Steering Committee Membership

**Overview**

The Orange County Transportation Authority's Technical Advisory Committee provides input on eligibility and allocations for streets and roads funding programs. This committee uses a subcommittee entitled the Technical Steering Committee for more in-depth review of items. The Technical Steering Committee members serve two-year terms and currently three seats are up for reappointment. The proposed 2006 Technical Steering Committee membership is submitted for Board of Directors' approval.

**Recommendation**

Approve the proposed 2006 Technical Steering Committee membership as presented in Attachment A.

**Background**

The Technical Advisory Committee (TAC) was established under enabling legislation for the former Orange County Transportation Commission. The TAC provides technical advice on issues pertaining to streets and roads programs and improvements. The TAC also reviews and approves portions of the Measure M eligibility information submitted by Orange County cities.

The TAC is comprised of representatives from all Orange County cities and the County of Orange. The California Department of Transportation and the Transportation Corridor Agencies are also invited to participate at TAC meetings. The TAC uses a Technical Steering Committee (TSC) to review and discuss technical issues prior to submittal to the TAC. The TSC consists of nine voting members appointed by the TAC and approved by the Board of Directors. There is one seat for each of Orange County's five supervisorial districts and two at-large positions. In addition, the TAC chairman and vice-chairman also serve on the TSC and lead the meetings. TSC membership policy calls for a balanced number of members from large and small cities.

Additionally, there can be no more than two representatives from any one supervisorial district. Members serve two-year terms and are expected to regularly attend TAC meetings in order to participate on the TSC. The chairman and vice-chairman serve one-year terms with no limit on the number of terms.

**Discussion**

For 2006, there were vacancies in Supervisorial Districts 1, 3, and 4. The new roster for 2006 fills these seats with incumbents from the cities of Santa Ana, Irvine, and Anaheim. The 2006 TAC will be chaired by the City of Fountain Valley representative. The City of Rancho Santa Margarita representative, currently holding a TSC at-large seat, is recommended to be the TAC vice-chairman in 2006. The County of Orange is recommended to fill the remaining one-year TSC term created due to this change.

The 2006 membership (Attachment A) is well-balanced among small and large cities as well as and north and south County jurisdictions. The TAC uses the Orange County City Engineers Association and the TSC Nomination Committee to prepare and recommend a roster. The TAC approved the recommended roster (Attachment A) on December 14, 2005.

**Summary**

The Orange County Transportation Authority TAC, with the assistance of the Orange County City Engineers Association and the TSC Nomination Committee, has prepared and approved the TSC membership roster for 2006. Board approval of the 2006 roster is requested.

**Attachment**

- A. Technical Steering Committee - 2006 Technical Steering Committee Membership List

**Prepared by:**

  
Monica Giron  
Associate Transportation Analyst  
Local Programs  
(714) 560-5905

**Approved by:**

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

**Technical Steering Committee**  
**2006 Technical Steering Committee Membership List**

Name	Agency	Population	Median Population Size	District	North/South	Seat Expires
<b>2005 TSC Membership</b>						
Mark Lewis	Fountain Valley	57,353	Small	Chair / *Vice-Chair	North	2005
James Ross	Santa Ana	351,697	Large	1	North	2005
Ismile Noorbaksh	La Palma	16,112	Small	2	North	2006
Marty Bryant	Irvine	180,803	Large	3	South	2005
Gary Johnson	Anaheim	345,317	Large	4	North	2005
Steve May	Laguna Beach	24,969	Small	5	South	2006
Tom Wheeler	Rancho Santa Margarita	49,936	Small	At Large	South	2006
David Webb	Huntington Beach	200,763	Large	At Large	North	2006

<b>Proposed 2006 TSC Membership</b>						
Mark Lewis	Fountain Valley	57,353	Small	Chair	North	2006
Tom Wheeler	Rancho Santa Margarita	49,249	Small	Vice-Chair	South	2006
James Ross	Santa Ana	351,697	Large	1	North	2007
David Webb	Huntington Beach	200,763	Large	2	North	2006
Marty Bryant	Irvine	180,803	Large	3	South	2007
Gary Johnson	Anaheim	345,317	Large	4	North	2007
Steve May	Laguna Beach	24,969	Small	5	South	2006
Ismile Noorbaksh	La Palma	16,112	Small	At Large	North	2006
Ignacio Ochoa	County of Orange	118,664	Large	At Large	North South	2006

\*Vice-Chair seat is currently vacant

Department of Finance Official State Estimates as of January 1, 2005

Cities with population of 61,200+ are designated as "large"







BOARD COMMITTEE TRANSMITTAL

**January 23, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, <sup>WK</sup> Clerk of the Board  
**Subject** Amendment to Employment Advertising Services Contract Agreements

Finance and Administration Committee

January 11, 2006

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

**Committee Vote**

This item was passed by all Committee Members present.

Committee Members Campbell and Correa were not present to vote on this item.

**Committee Recommendation**

Authorize the Chief Executive Officer to execute Amendment No. 2 to on-call Agreement C-4-0097 with California Newspaper Service Bureau and Agreement C-4-0098 with TMP Worldwide to increase the maximum cumulative amount by \$96,000, for employment advertising services through June 30, 2006, and to exercise the first option years through June 30, 2007, in an amount of \$192,000, for both agreements.



**January 11, 2006**

**To:** Finance and Administration Committee  
*AL*  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Amendment to Agreement for Employment Advertising Services

**Overview**

On May 24, 2004, the Board of Directors approved agreements with California Newspaper Service Bureau and TMP Worldwide, in the amount of \$192,000, to provide employment advertising services. California Newspaper Service Bureau and TMP Worldwide was retained in accordance with the Orange County Transportation Authority's procurement procedures for employment advertising services.

**Recommendations**

Authorize the Chief Executive Officer to execute Amendment No. 2 to on-call Agreement C-4-0097 with California Newspaper Service Bureau and Agreement C-4-0098 with TMP Worldwide to increase the maximum cumulative amount by \$96,000, for employment advertising services through June 30, 2006, and to exercise the first option years through June 30, 2007, in an amount of \$192,000, for both agreements.

**Background**

The Orange County Transportation Authority (OCTA) uses full service employment advertising firms to provide cost effective and timely service to research and identify media sources that will reach target audiences for a wide demographic, geographic and diverse population. These services are necessary due to the current competitive job market in Orange County, and the high volume of recruitment activities.

**Discussion**

This procurement was originally handled in accordance with the Orange County Transportation Authority's procedures for professional services. The

original agreement was awarded on a competitive basis. It is now necessary to amend the agreements to continue to utilize employment advertising services.

The original agreement awarded on May 24, 2004, was in the amount of \$192,000. This agreement has been amended previously (Attachment A). The total amount after approval of Amendment No. 2 will be \$508,880.

For the 2005 calendar year, over 20 OCTA positions were rejected by candidates who accepted other job offers. The competitive job market in Orange County has resulted in additional advertising and outreach activities for OCTA recruiters. According to the 2005 United States Department of Labor, the largest over-the-year jobless rate decrease was posted in the Los Angeles, Long Beach, and Santa Ana, California market at negative 1.5 percent; the unemployment rate for this metropolitan area was 4.3 percent down from 5.8 percent the previous year.

Nationwide turnover rates have also been consistently lower than 3 percent since April 2001. The State of California's Labor Market information confirmed these findings stating that in Southern California, Orange County had the lowest unemployment rate at 3.8 percent, San Diego and Los Angeles at 4.4 percent, San Bernardino at 5.1 percent and Riverside at 5.5 percent. Although OCTA positions are usually filled utilizing a pool of candidates within Orange County, it is necessary to conduct extensive outreach advertising campaigns to the surrounding Southern California counties mentioned above (all of which have some of the lowest unemployment rates in the nation).

In addition to the challenges of the competitive job market, unemployment rates, and turnover issues, it is also necessary to rely on employment advertising services to conduct research, and continually add to creative internet advertising sources. Employment candidates have become more sophisticated and computer savvy in searching for jobs on websites rather than with other media sources; therefore, OCTA utilizes multiple websites to post positions. In September 2004, OCTA transitioned to an on-line employment application to streamline the recruitment process and maintain a database of applicants. Employment advertising services conduct research for new web strategies, analyze effective web sites for target audiences, negotiate competitive pricing for ad placement, along with other customer services which assists with expediting the recruitment process.

Employment advertising services are extremely cost effective. During a four month period, July to November 2005, four employment staff members dedicated approximately 160 hours to updating external on-line advertisements, tracking invoices, and monitoring internet postings. In order to

maintain OCTA hiring standards and continue to attract top talent in the competitive market, the recruiters need to focus more time on sourcing, pre-screening and interviewing candidates, as well as attending job fairs, negotiating offers and refining hiring techniques. To successfully fulfill the hiring goals, OCTA needs to continue to utilize employment advertising services.

**Fiscal Impact**

The additional work described in Amendment No. 2 to Agreement C-4-0097 and Agreement C-4-0098 was approved in the OCTA's Fiscal Year 2005-06 Budget, Employment Advertising Services, Account 1331-7631-A0001-BCP, and is funded through the general fund.

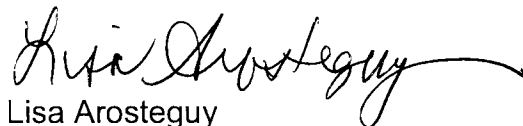
**Summary**

Based on the material provided, staff recommends approval of Amendment No. 2, to Agreement C-4-0097 with California Newspaper Service Bureau and Agreement C-4-0098 with TMP Worldwide, in the amount of \$96,000, for the period of January 1, 2006 to June 30, 2006, and to exercise the first option year through June 30, 2007, in an amount of \$192,000, for both agreements for an aggregate amount of \$288,000.

**Attachment**

- A. California Newspaper Service Bureau and TMP Worldwide Agreements C-4-0097 and C-4-0098 Fact Sheet.

**Prepared by:**



Lisa Arosteguy  
Human Resources  
Department Manager  
(714) 560-5801

**Approved by:**



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

## ATTACHMENT A

### **California Newspaper Service Bureau and TMP Worldwide Agreements C-4-0097 and C-4-0098 Fact Sheet**

1. May 24, 2004, Agreement C-4-0097 and Agreement C-4-0098, \$192,000, approved by Board of Directors.
  - The agreement was to provide for on-call employment advertising services.
2. September 12, 2005, Amendment No. 1 to Agreement C-4-0097 and Agreement C-4-0098, \$28,800, approved by purchasing agent.
  - The amendment provided for additional funds for recruitment activities.
3. January 23, 2006, Amendment No. 2 to Agreement C-4-0097 and Agreement C-4-0098, \$288,000, pending approval by Board of Directors.
  - This amendment will provide for additional funds for employment advertising services for increased recruitment advertising outreach.
  - Exercise first option term effective July 1, 2006 through June 30, 2007.

Total committed to California Newspaper Service Bureau, Agreement C-4-0097 and TMP Worldwide, Agreement C-4-0098: \$508,880.





BOARD COMMITTEE TRANSMITTAL

**January 23, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject** Reorganization of the Human Resources Department

Finance and Administration Committee

January 11, 2006

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

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Approve the proposed reorganization and authorize staff to implement the recommended changes effective May 1, 2006.





*January 11, 2006*

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Reorganization of the Human Resources Department

**Overview**

In an effort to increase effectiveness of the Human Resources Department, the Orange County Transportation Authority conducted an organizational study. Upon approval, the recommended staffing changes and reorganization of the department will be implemented in the fourth quarter of fiscal year 2005-06.

**Recommendation**

Approve the proposed reorganization and authorize staff to implement the recommended changes effective May 1, 2006.

**Background**

The Human Resources Department which includes Compensation, Employment, and Benefits was reorganized under the Finance and Administration Division in May 2004. At that time, Labor Relations and Civil Rights became a stand alone division separate from Human Resources.

The newly reorganized Finance, Administration and Human Resources (FA&HR) Division immediately focused its efforts on developing better partnerships, improving communications, bringing a financial/business consideration to Human Resource issues and improving employee retention. There have been numerous significant accomplishments since the initial reorganization.

**Workers Compensation**

In May 2004, the responsibility for workers compensation was transferred from the Benefits Section to the Orange County Transportation Authority's (Authority) Risk Management Department. This represented a fundamental philosophical shift, treating workers compensation as a liability rather than a

benefit. The first order of business was a review of the Third Party Administration (TPA) contract that provided a bundled service approach for claims adjusting, bill review, utilization review and medical case management services. The Authority's Risk Manager negotiated a \$65,000, reduction in the annual fee while exercising an option year to the contract. The next action was to request an audit of the existing TPA that resulted in 19 recommendations for improvements to strengthen internal controls, make operations more efficient, and ensure compliance with applicable laws and regulations. In September 2005, the Authority developed a Request for Proposal (RFP) for both bundled and unbundled TPA services instead of exercising an additional option year with the existing TPA. The unbundled approach provided the Authority with better control at more competitive rates and the existing TPA was replaced. The new TPA is currently performing a comprehensive claims review on all existing employee injury claim files.

On October 24, 2004, a Coach Operator Agreement was reached between the Authority and Teamsters Local 952 that included a Workers' Compensation Reduction Plan providing incentives for the union to assist the Authority in reducing benefits paid and new claims below agreed upon baseline targets, with savings to be shared. Actual benefits paid reflected a \$545,504, reduction over fiscal year 2004 and a 7 percent decrease in new coach operator claims.

Although the Authority is self-insured, it purchases an excess workers' compensation policy for large catastrophic injuries and claims in excess of \$1 million. After significant premium increases in fiscal years 2002 and 2003 of 174 percent and 130 percent, respectively, the Authority's insurance broker of record estimated that excess workers' compensation insurance would again be increased by approximately 15 percent in fiscal year 2005. In an effort to curtail the rising premiums, the Authority contacted the insurance underwriter directly to communicate the new cost-saving initiatives and commitment of the organization to reduce the workers' compensation exposures. This effort resulted in only a 1.4 percent increase in premium instead of the expected 15 percent increase, a savings of approximately \$105,000. In July 2005, the Authority was able to renew the excess workers' compensation insurance for an actual 8 percent reduction in premium, a savings of approximately \$54,000.

The Authority has always been very diligent in reviewing all questionable events and exaggerated injury claims for possible fraud. In California, workers' compensation fraud has proven to be difficult to detect and prosecute. The law requires that fraud exists if an injured worker intentionally and knowingly lies about a material fact in relation to their workers' compensation claim. In December 2005, the Authority obtained its first workers' compensation fraud conviction.

### Healthcare

On July 1, 2004, the Coach Operators group changed providers of their health and welfare benefits from the Authority to the Teamsters Union, becoming part of the Labor Alliance Managed Trust Fund (LAMTF), administered by DMC Administrators in Pleasanton, California. Coach Operators continued to have a choice of plans and providers. LAMTF maintained the same benefits in the health maintenance organization (HMO) plan and improved some benefits in the Kaiser plan. Immediate savings of more than \$400,000, a 4.4 percent reduction, was achieved by transferring this group of employees to the LAMTF plan. Additional savings are anticipated as the union restricts new members' enrollment to Kaiser and Pacific Union Dental for the first year of employment and Authority employees are pooled with the general LAMTF membership. Eliminating the coach operators' self-funded health plans makes available funds that were previously set aside as reserves to pay for claims. The use of these funds is currently being examined and a recommendation will be forwarded to the Board of Directors in the coming months.

The Authority had worked with one broker of record since its inception. To encourage competition and innovation, FA&HR elected to bid out the agreement for broker services for the administrative employee group. A RFP was conducted and Mercer Human Resources Consulting (Mercer) was selected to serve as the Authority's new broker of record. Mercer had excellent references, worked with a number of transit agencies, and had a reputation of being tough negotiators with carriers on behalf of their clients. Mercer representatives joined a number of FA&HR employees to create the Health Care Review Committee, meeting biweekly to discuss relevant healthcare topics.

Listening to employee requests and developing a better communication channel with employees became a high priority. In response to employee requests, through the RFP process, the Authority selected American Family Life Assurance Company of Columbus (AFLAC) to provide supplemental benefits to all employees. The Health Care Review Committee suggested the formation of focus groups comprised of various employees in different health care plans. Focus group suggestions were incorporated in the design of current and future plans. FA&HR staff also embarked upon an aggressive campaign of communicating all the changes to the healthcare plans to employees. Prior to each open enrollment period, staff provided numerous opportunities for employees to hear about the changes to the plans and to voice their concerns. FA&HR staff required that the carriers also make themselves available to employees for individual consultation as requested.

The Health Care Review Committee brought a financial/business focus to the health benefits program, implementing changes designed to impact employee behavior to help control costs. Employee contributions were converted from inequitable fixed dollar amounts to a percentage fee based upon the cost of the plan selected, providing an incentive for employees to choose a lower cost plan. Employees with no dependents began contributing 10 percent towards the cost of the plan selected. Based on employee feedback, medical and dental plans were unbundled, allowing employees to select their preferred dental plan without having to select the higher cost PPO medical plan. Plan design changes were made that provided incentives for employees to utilize in-network physicians and also seek preventive care services. In an effort to further reduce costs, the Authority increased the co-insurance charge to use out-of-network physicians from 30 percent to 40 percent, providing an incentive for employees to use in-network physicians. Out-of-pocket maximums were increased to lower the cost of the medical plans. Preventive dental care services were offered at no cost to the employee in an effort to detect potential problems prior to them becoming major problems. Health care plan renewals were changed to a calendar year basis to synchronize with flexible spending accounts and annual deductibles. On January 1, 2006, the Authority replaced its self-funded medical and dental plans with fully insured plans resulting in significant savings.

These changes to the Authority's health care programs took months to implement and were the result of numerous partnerships. Partnerships within the newly formed FA&HR division, partnerships between employees and the benefits department staff, partnerships between the Authority and the health care carriers, and lastly partnerships between the Authority and its broker of record, Mercer. Working together, the Authority reduced double-digit growth to 4 percent in fiscal year 2006 and saved approximately \$844,000, for calendar year 2006, a 14 percent decline in health care costs.

#### Employee Communications

FA&HR completely re-vamped the new employee orientation program and developed a new employee orientation video. Employees from all disciplines are involved in a full-day orientation which includes an overview of the Authority's business, organizational structure, and programs; a comprehensive tour of the Garden Grove bus base to better acquaint new employees with the Authority's primary business; and a tour of the Administrative Headquarters. In partnership with the External Affairs division, the *Between the Lines* newsletter was redesigned and a weekly e-mail version was created to better and more frequently communicate with employees. And in an effort to better communicate job performance expectations, the employee performance

appraisal and planning form was completely redesigned to emphasize pay for performance and incorporate the Authority's core values into the employees performance plan.

#### Benefits

On April 1, 2005, in an effort to cut costs, increase administrative efficiency and provide an enhanced benefit to employees, FA&HR consolidated the Authority's 457 deferred compensation plans with a single provider, Nationwide Retirement Solutions (NRS). The competitive bid process reduced the number of plan providers from four to one and eliminated the "asset-based fees" traditionally charged by providers resulting in cost savings to employees of approximately \$243,000, annually. The new plan provided an easier and more efficient enrollment process, provided employees with a more manageable array of investments from which to choose, delivered improved education and information resources to help employees plan for their retirement.

Additionally, the Defined Contribution program added a 401 (a) plan for administrative employees designed with investment options that mirror the new 457 plan. Contributions made by the Authority are deferred to the 401 (a) plan while all employee contributions continue to flow to the 457 plan, effectively allowing employees to maximize their tax-deferred savings options.

Employee education and extensive outreach, focusing on the advantages of tax deferred savings plans, have helped raise the individual awareness of employees and promote more active participation. NRS has taken a more central role in the New Employee Orientation process while also providing comprehensive retirement planning seminars throughout an individual's employment cycle at the Authority. As result of a more unified partnership between the Authority and NRS, participation has reached 72.1 percent, up from 58.5 percent in January 2004, compared to an average of 29 percent for other governmental agencies defined contribution plans.

In September 2005, the Authority was recognized by the National Association of Government Defined Contribution Administrators (NAGDCA) with the 2005 Leadership Recognition Award an award for effective plan restructuring. NAGDCA extends the award to government agencies that remain committed to offering state of the art benefits to employees while capitalizing on cost savings in the very competitive defined contribution provider market.

## Employment

Several changes have been initiated in the Employment section to reduce employee turnover, develop firmer controls over the Authority's Temporary Help/Extra Help workforce and give the Authority the best opportunity to hire top-notch professionals that can seamlessly integrate into the existing workforce at the Authority.

In the past year, the Employment section has become more focused on the needs of Transit Operations, holding weekly meetings with Transit Operations staff to set hiring goals, promote the Employee Referral Program, and offer creative solutions to attract more quality applicants to fill coach operator positions.

There has been unprecedented turnover within the administrative group. To help combat this problem, the Employment section has proactively implemented several changes. In an effort to hire top talent, job postings now include more pertinent information regarding employee benefits and salary ranges to promote the positive aspects of being an employee at the Authority. Flexible schedules are now offered to employees and the "Limited Term" designation has been stricken from all applicable positions thus eliminating some of the impediments to hiring that were noted by individuals who had declined job offers from the Authority. Lastly, educational and experience requirements have been rewritten to increase flexibility in the hiring process while maintaining an equitable compensation package for like positions throughout the Authority.

## ***Discussion***

The overall objective is to increase the effectiveness of Human Resources by improving communications, becoming more efficient, partnering with customers, controlling costs, and adding value to the Authority as a strategic business partner in an effort to impact the bottom line. While a great deal has been accomplished since the creation of the FA&HR division, an underlying goal within the division is continual process improvement. With that in mind, in February 2005, the Human Resources Department initiated a study to improve organizational effectiveness. The assessment study evaluated the department structure, staffing utilization, assignment of work, and outsourcing opportunities.

The study recommendations focus on combining the Benefits Section and Compensation section under one section manager and transferring the Internal Communications and Employee Programs section under the Human

Resources Department. Other recommendations include creating two Human Resources business partner positions to directly support business units within the Authority. This new position will work directly with OCTA management to provide human resources services and support organizational initiatives. In addition, it is recommended that a Business Systems Analyst position be added to focus on Human Resources Information Systems (HRIS). This position will support technology, develop employee self-service, streamline processes, enhance reporting, and further development of human resources related applications.

The reorganization will result in the reduction of one full-time position, along with enhanced duties and increased responsibilities for all positions. This will provide for better utilization of staffing in an effort to effectively support organizational goals and objectives.

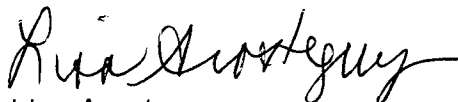
**Summary**

A study of the Human Resources Department recommends changes to improve organizational effectiveness and staffing efficiency. Staff recommends approval of the proposed organizational changes and authorization to implement the recommendations on May 1, 2006.

**Attachments**

- A. Human Resources Department Organizational Chart.
- B. Human Resources Department Proposed Organizational Chart.

**Prepared by:**



Lisa Arosteguy  
Department Manager  
Human Resources  
(714) 560-5801

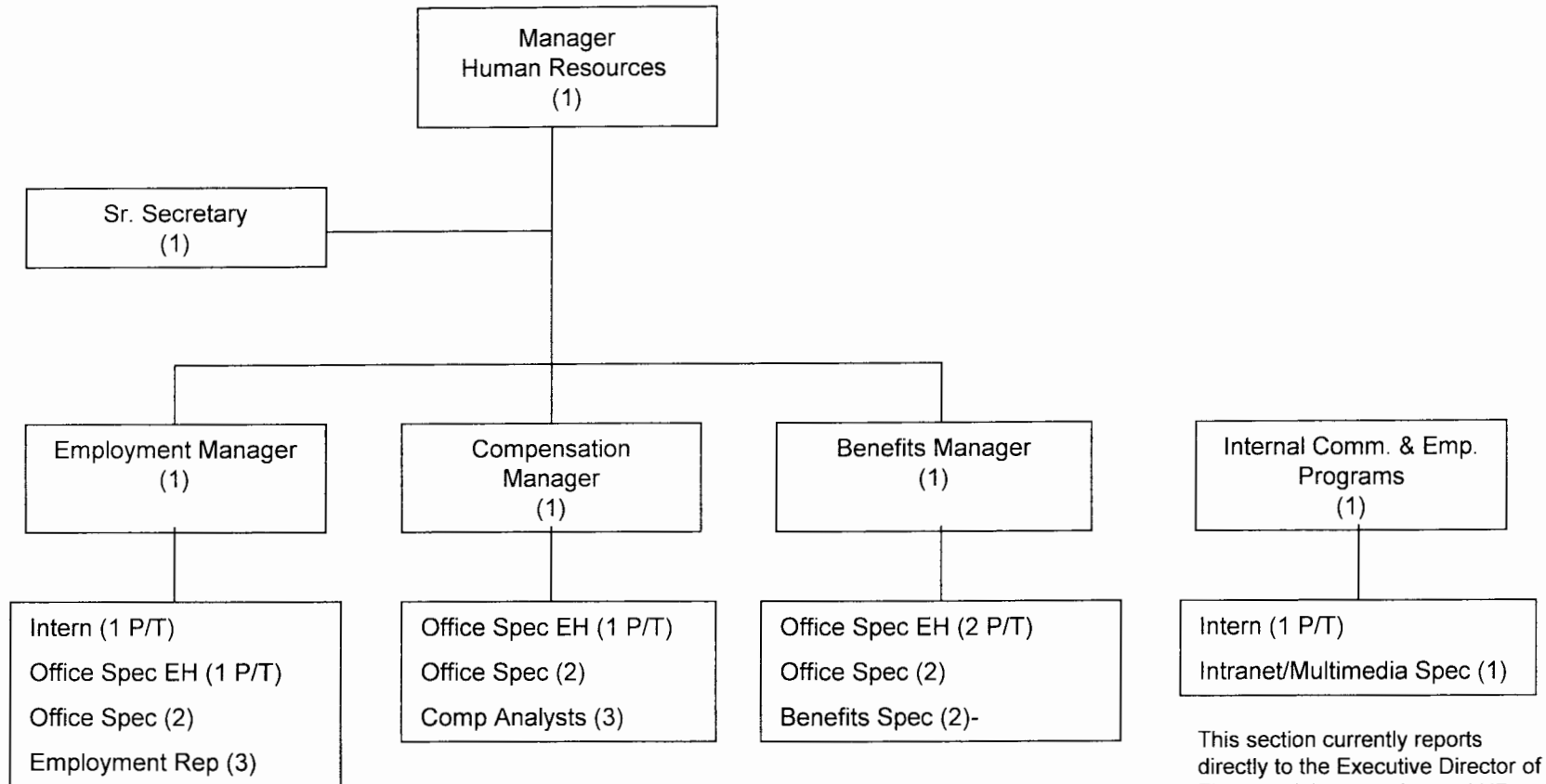
**Approved by:**



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

# Human Resources Department Organizational Chart

Headcount FTE: 23  
Interns: 2



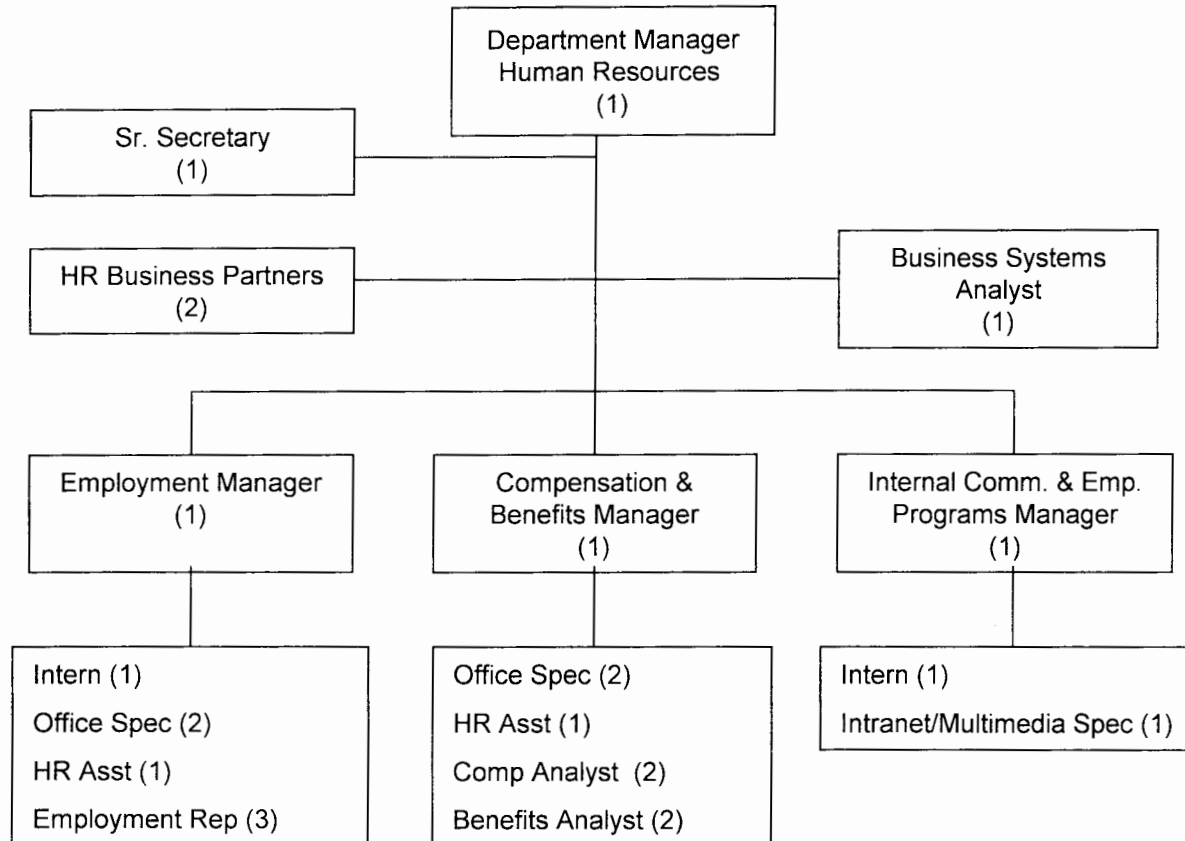
This section currently reports directly to the Executive Director of Finance, Administration and HR

January 5, 2006



# Human Resources Department Proposed Organizational Chart

Headcount FTE: 22  
Interns: 2



January 5, 2006





BOARD COMMITTEE TRANSMITTAL

**January 23, 2006**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject** Orange County Employees Retirement System Advance Payment for Fiscal Year 2007

Finance and Administration Committee

January 11, 2006

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

**Committee Vote**

This item was passed by all Committee Members present.

Committee Members Campbell and Correa were not present to vote on this item.

**Committee Recommendation**

Authorize the prepayment of approximately \$11.7 million by January 31, 2006, to the Orange County Employees Retirement System for member contributions for fiscal year 2007.



*January 11, 2006*

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Orange County Employees Retirement System Advance Payment for Fiscal Year 2007

**Overview**

The Orange County Employees Retirement System has offered an early payment discount to member agencies of 7.5 percent if they elect to prepay their contributions for fiscal year 2007. Advance payments must be received before January 31, 2006. The Orange County Transportation Authority has estimated the savings over the next year and a half under this prepayment to total approximately \$495,000.

**Recommendation**

Authorize the prepayment of approximately \$11.7 million by January 31, 2006, to the Orange County Employees Retirement System for member contributions for fiscal year 2007.

**Background**

The Orange County Employees Retirement System (OCERS) provides retirement benefits to Orange County Transportation Authority (Authority) employees. The vast majority of Authority employees and every retiree are covered by the OCERS plan. OCERS is a defined benefit plan with benefits determined with a formula based on years of service, age at retirement, and highest average salary. OCERS is administered by a nine-member Retirement Board, with one alternate member. The Retirement Board serves as fiduciary and administrative authority over investments and benefits. The plan has over \$5.5 billion in net assets. OCERS operates under the state statutory requirements of the County Employees Retirement Act of 1937, a section of the California Government Code.

---

Employer contributions to OCERS are calculated each pay period by the Authority and are paid electronically every two weeks. During the 12-month period ending December 2005, the Authority contributed approximately \$9.8 million to OCERS, which was based upon wages of approximately \$89.7 million. The Authority's employer rate during this time period was 10.95 percent.

***Discussion***

In December 2005, the OCERS Retirement Board voted to offer an early payment discount to employer contribution payments made before January 31, 2006, for the succeeding fiscal year. OCERS offered to discount the contributions for fiscal year (FY) 2007 by 7.5 percent. If the early payment option were exercised, OCERS would reconcile the projected payroll wages for the fiscal year and collect appropriate additions or provide credits against future payments from the Authority upon the close of FY 2007.

For FY 2007, OCERS has increased the Authority's employer rate to 13.6 percent from the FY 2006 rate of 10.95 percent. The Authority's estimated wages for FY 2007 is \$93 million. Applying the 13.6 percent employer's rate to the estimated wages for the year translates into an approximate contribution value of \$12.6 million for FY 2007.

Under the early payment option, the Authority has the choice of paying OCERS \$11.7 million (or 92.5 percent of \$12.6 million) by January 31, 2006, or the Authority could make the regular bi-weekly payments of approximately \$486,000, (for a total of \$12.6 million) during FY 2007. Assuming the Authority can earn 4 percent on its funds over the next three months and 4.5 percent thereafter for the remaining 14 months, the Authority has calculated the savings to equal approximately \$495,000, under this early payment option.

Based upon this analysis, it is financially advantageous for the Authority to exercise this early payment option. If this option were to be exercised, these funds would be deposited into OCERS on behalf of the Authority. Therefore, these funds would be credited to the Authority's account.

---

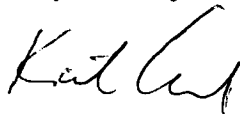
***Summary***

The Orange County Employees Retirement System has offered an early payment of contributions to member agencies for the upcoming fiscal year. Under this early payment option, a discount of 7.5 percent will be applied to the amounts due for employer contributions. The Orange County Transportation Authority has calculated the savings to equal approximately \$495,000. Staff recommends exercising this early payment option.

***Attachment***

None.

***Prepared by:***



Kirk Avila  
Treasurer  
Treasury and Public Finance  
(714) 560-5674

***Approved by:***



Kenneth Phipps  
Director, Finance, Administration  
and Human Resources  
(714) 560-5637





BOARD COMMITTEE TRANSMITTAL

**January 23, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Fourth Quarter 2005 Debt and Investment Report

Finance and Administration Committee

January 11, 2006

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

**Committee Vote**

This item was passed by all Committee Members present.

Committee Members Campbell and Correa were not present to vote on this item.

**Committee Recommendation**

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.





*January 11, 2006*

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Fourth Quarter 2005 Debt and Investment Report

**Overview**

The California Government Code requires that the Orange County Transportation Authority Treasurer submit a quarterly investment report detailing the Orange County Transportation Authority's investment activity for the period. This investment report covers the fourth quarter of 2005, October through December, 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.

**Background**

The Treasurer is currently managing the Orange County Transportation Authority's (Authority) investment portfolio totaling \$1.09 billion as of December 31, 2005. The portfolio is divided into two managed portfolios: the Liquid Portfolio for immediate cash needs, and the Short-term Portfolio for future budgeted expenditures. In addition to these portfolios, the Authority has funds invested in debt service reserve funds for the various outstanding debt obligations.

The Authority's debt portfolio had an outstanding principal balance of \$663.5 million as of December 31, 2005. Approximately 66 percent of the outstanding balance is comprised of Measure M fixed rate debt, 5 percent is comprised of Measure M variable rate debt, 28 percent is associated with the 91 Express Lanes, and 1 percent was issued as fixed rate debt for the Orange County Transit District.

***Discussion*****Economic Summary**

The Federal Open Market Committee (the Fed) raised rates for the 12<sup>th</sup> and 13<sup>th</sup> straight time during the fourth and final quarter of 2005. The current rate of 4.25 percent is a level not seen since Spring of 2001. Recent news releases indicate that Fed policy makers are scaling back guidance on future interest rate decisions because they are uncertain of the full economic impact of the previous 13 increases since June of 2004. The closer they get to the end of the tightening cycle, the less explicit they will be about further action. Moving forward, the Fed is expected to watch economic data closely to ensure that growth is still on track and inflation expectations remain manageable.

The key to future rate activity is economic growth, and while speculation is never a good idea, economic forecasting is essential to effective fiscal management. The Fed has stated that their target Gross Domestic Product growth for 2006 is 3 to 4 percent. Revised government data shows that the United States economy grew at a 4.1 percent annual rate in the third quarter, the fastest since the first three months of 2004 and the tenth quarter in a row with growth of 3 percent or more. Early forecasts show that the economy likely grew by a 3.3 percent annualized rate during the final quarter of 2005, with Bloomberg-surveyed economists anticipating at 3.8 percent annualized rate for January through March of 2006.

**Debt Portfolio Activity:** On December 1, 2005, the Authority remitted the final debt service payment to Series 1999 Certificates of Participation (COP) investors in the amount of \$1.29 million. With this payment, the Series 1999 COPs have matured. The outstanding balances for each of the Authority's other debt securities are presented in Attachment A.

During the refinancing of the 91 Express Lanes Bonds, the Authority entered into an interest rate swap agreement with two counterparties to synthetically fix the variable portion of the outstanding bonds. The swap agreement outlines the monthly payments the Authority will receive from the counterparties to offset the variable portion of the Authority's debt. Through December 31, 2005, the Authority has received approximately \$69,016 more from the counterparties than the Authority has paid as part of the variable rate bonds. This is referred to as "positive basis." The Authority will accumulate these funds, whenever there is positive basis, in a trust account to offset those periods when there is negative basis.

**Investment Portfolio Compliance:** As of December 31, 2005, the Authority's portfolio is in compliance with its 2005 Investment Policy. The Authority 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 December 31, 2005, to the diversification guidelines of the Investment Policy.

**Investment Portfolio Activity:** The Authority periodically transfers funds from the Short-term Investment Portfolio to the Liquid Portfolio to meet increased cash flow demands related to the improvements along Garden Grove Freeway (State Route 22). Transfers for the quarter totaled \$20 million. The Treasury/Public Finance Department works closely with Construction and Engineering staff members to ensure adequate liquidity to meet the cash flow demands of the State Route 22 improvement project.

During the fourth quarter of 2005, Citigroup completed the sale of its asset management group to Legg Mason, Incorporated. Moving forward, Citigroup decided that the business of asset management did not meet its core business objectives. The acquisition will enhance Legg Mason's position as one of the leaders in the asset management industry by becoming the fifth largest in the world with over \$800 billion in assets under management.

Legg Mason is currently in the process of combining the fixed income operations of Citigroup with those of Legg Mason's wholly owned subsidiary, Western Asset Management based in Pasadena California. Western Asset Management is a global leader in managing fixed income products, and following the transition, will become the largest institutional fixed income manager in the world. The Treasury/Public Finance staff will be meeting with Legg Mason representatives in the coming weeks to discuss the specifics of the transition and account management responsibilities.

**Investment Portfolio Performance Versus Selected Benchmarks:** The Authority's investment managers provide the Authority 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. Yields are calculated using the average yield of the portfolio weighted by market value.

The Authority has calculated the returns for each of the investment managers for short-term operating moneys and compared the returns to specific benchmarks as shown in Attachment C.

The returns for the Authority's short-term operating moneys are compared to the Merrill Lynch 1-3 year Treasury Index benchmark. The Merrill Lynch 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 the Authority's 2005 Annual Investment Policy. For the quarter ending December 31, 2005, the weighted average total return for the Authority's Short-term Portfolio was 0.67 percent, 2 basis points below the benchmark return of 0.69 percent. For the 12-month period ending December 2005, the portfolio's return totaled 1.93 percent, 26 basis points above the benchmark return of 1.67 percent for the same period.

During the fourth quarter, demand for treasury securities rose sharply resulting in the investment manager's underperforming the benchmark by 2 basis points. The demand was largely fueled by foreign investment searching for high quality investments with a competitive yield. Although the Authority has the majority of its funds in treasury and agency securities, approximately 58 percent, the portfolio remains diversified in various other investment instruments. Two such instruments are spread product in the form of Corporate Medium Term Notes and asset-backed securities, which performed poorly relative to the index. Those two sectors alone amount to 16.3 percent of the portfolio's asset allocation. The managers added value over the 12-month period with a combination of security selection and yield curve positioning.

In the coming months, the investment managers will position their respective portfolios for a moderation of economic growth. Key elements to this strategy will again be sector allocation, credit quality, and yield curve positioning. The fourth quarter experienced an inverted treasury yield curve, where short-term securities yielded more than longer term securities. Historically this inversion is an indication of an economic slowdown, although the current economic data indicates the contrary. The yield curve is expected to steepen as the Fed retreats from its current mode of economic tightening.

**Investment Portfolios:** A summary of each investment manager's investment diversification, performance, and maturity schedule is provided in Attachment D. These summaries provide a tool for analyzing the different returns for each manager.

A complete listing of all securities is provided in Attachment E. 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: The Authority 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 investment report to the Board of Directors. The investment summarizes the Orange County Transportation Authority's Treasury activities for the period October 2005 through December 2005.

**Attachments**

- A. Orange County Transportation Authority Outstanding Debt December 31, 2005.
- B. Orange County Transportation Authority Investment Policy Compliance December 31, 2005.
- C. Orange County Transportation Authority Short-term Portfolio Performance Review Quarter Ending December 31, 2005.
- D. Investment Manager Diversification and Maturity Schedules December 31, 2005.
- E. Orange County Transportation Authority Portfolio Listing as of December 31, 2005.

**Prepared by:**



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

**Approved by:**



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

**Orange County Transportation Authority  
Outstanding Debt  
December 31, 2005**

**Orange County Local Transportation Authority (OCLTA)**

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2001 Second Senior Sales Tax Revenue Bonds	\$ 48,430,000	\$ 48,430,000	2011
1998 Second Senior Sales Tax Revenue Bonds	213,985,000	122,955,000	2011
1997 Second Senior Sales Tax Revenue Refunding Bonds	57,730,000	57,415,000	2011
1995 Tax-Exempt Commercial Paper	74,200,000	34,500,000	2011
1994 Second Senior Sales Tax Revenue Bonds	200,000,000	41,690,000	2011
1992 Second Senior Sales Tax Revenue Bonds	190,000,000	23,755,000	2011
1992 First Senior Sales Tax Revenue Bonds	350,000,000	144,645,000	2011
<b>Sub-total</b>	<b>\$ 1,134,345,000</b>	<b>\$ 473,390,000</b>	

**Orange County Transportation District (OCTD)**

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
1993 Certificates of Participation	21,100,000	2,470,000	2007
<b>Sub-total</b>	<b>\$ 21,100,000</b>	<b>\$ 2,470,000</b>	

**91 Express Lanes \***

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2003 Toll Road Revenue Refunding Bonds	\$ 195,265,000	\$ 187,625,000	2030

\* Not reflected is the intra-agency borrowing (subordinated debt) for the purchase of the 91 Express Lanes in the amount of \$56,396,537.

<b>TOTAL ISSUED TO DATE</b>	<b>\$ 1,350,710,000</b>
<b>TOTAL OUTSTANDING BALANCE</b>	<b>\$ 663,485,000</b>

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
Investment Policy Compliance  
December 31, 2005**

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	\$386,471,140	35.3%	100%
Federal Agencies & U.S. Government Sponsored	245,786,653	22.5%	100%
State of California & Local Agencies *	0	0.0%	25%
Money Market Funds & Mutual Funds	158,725,344	14.5%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	5,201,359	0.5%	30%
Commercial Paper	0	0.0%	25%
Medium Term Maturity Corporate Securities	73,029,053	6.7%	30%
Mortgage and Asset-backed Securities	104,640,670	9.6%	20%
Repurchase Agreements	10,783,661	1.0%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund	24,583,670	2.2%	\$ 40 Million
Orange County Investment Pool	11,731,402	1.1%	Legal Mandate
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	6,899,813	0.6%	30%
Debt Service Reserve Funds - Investment Agreements	65,438,734	6.0%	Not Applicable
Derivatives (hedging transactions only)	0	0.0%	5%
	<hr/>		<hr/>
<b>TOTAL</b>	<b><u>\$1,093,291,499</u></b>	<b>100.0%</b>	

\* Balance does not include intra-agency borrowing for the purchase of the 91 Express Lanes in the amount of \$56,396,537.

**Orange County Transportation Authority  
Short-term Portfolio Performance Review\*  
Quarter Ending December 31, 2005**

Month Ending	Merrill Lynch Treasury 1-3 Year Index Benchmark		Bear Stearns		Payden & Rygel		Citigroup**		State Street Global Advisors	
	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration
10/31/2005	-0.01%	1.68 years	-0.01%	1.64 years	-0.06%	1.60 years	-0.01%	1.57 years	0.00%	1.66 years
11/30/2005	0.32%	1.76 years	0.28%	1.57 years	0.32%	1.58 years	0.33%	1.55 years	0.32%	1.78 years
12/31/2005	0.38%	1.73 years	0.39%	1.48 years	0.40%	1.56 years	0.38%	1.51 years	0.34%	1.70 years
Oct 05 - Dec 05 Total Return	0.69%		0.66%		0.66%		0.70%		0.66%	

**HISTORICAL QUARTERLY RETURNS**

Jan 05 - Mar 05 Total Return	-0.26%	-0.13%	-0.12%	-0.06%	-0.26%
Apr 05 - Jun 05 Total Return	1.14%	1.22%	1.18%	1.16%	1.22%
Jul 05 - Sep 05 Total Return	0.09%	0.29%	0.13%	0.26%	0.10%
Oct 05 - Dec 05 Total Return	0.69%	0.66%	0.66%	0.70%	0.66%
12-Month Total Return	1.67%	2.05%	1.86%	2.08%	1.73%

\* - Month End Rates of Return are Gross of Fees

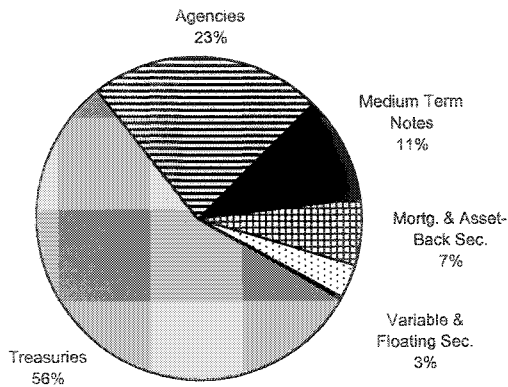
\*\* - Citigroup has sold its asset management business to Legg Mason. A new name will be included in upcoming Treasury/Public Finance reports



# Bear Stearns

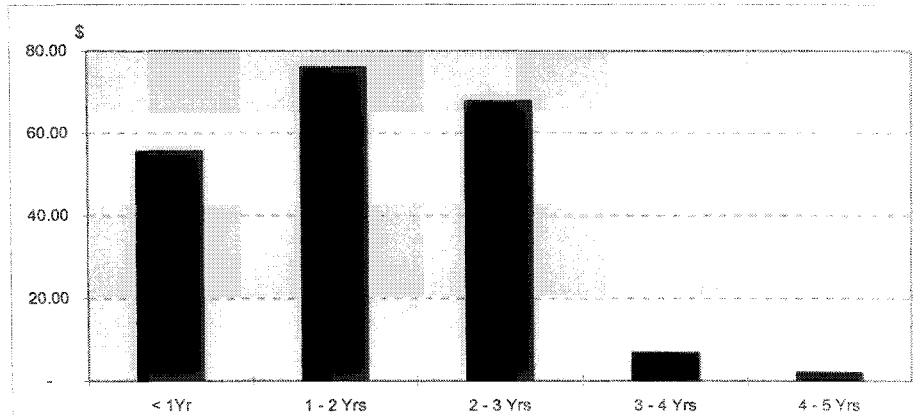
## December 31, 2005

### SHORT-TERM PORTFOLIO ( \$208.3 M)



	Book Value	Market Value
Treasuries	\$116,762,740	\$115,424,937
Agencies	48,209,481	47,339,970
Medium Term Notes	22,085,257	20,881,322
Mortg. & Asset-Back Sec.	13,833,566	13,575,360
Variable & Floating Sec.	6,899,813	6,827,343
Money Market Funds	<u>546,624</u>	<u>546,624</u>
	<u>\$208,337,480</u>	<u>\$204,595,555</u>

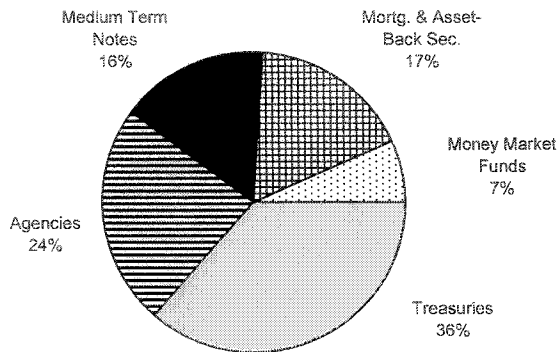
Wtd Avg Maturity	1.69 Yrs
Duration	1.48 Yrs
Quarter-end Yield	4.56%
Benchmark Comparison	4.41%
Quarter Return	0.66%
Benchmark Comparison	0.69%
12 Month Return	2.05%
Benchmark Comparison	1.67%



# Citigroup\*

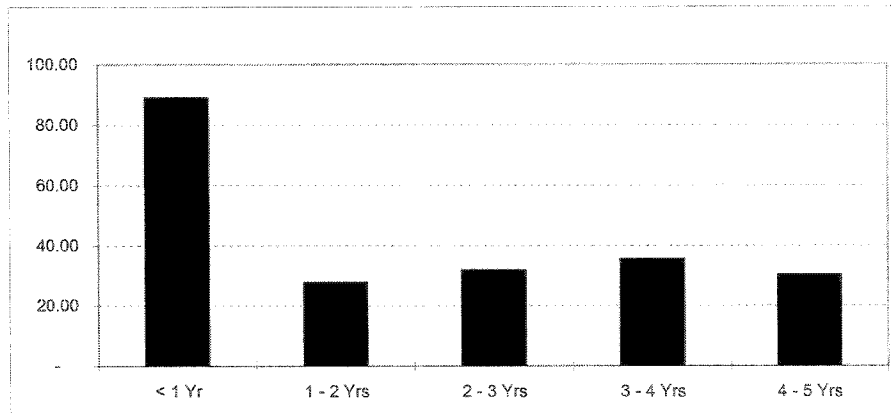
## December 31, 2005

### SHORT-TERM PORTFOLIO ( \$214.2 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$77,656,812	\$77,024,231
Agencies	51,423,028	48,352,625
Medium Term Notes	34,128,988	32,805,514
Mortg. & Asset-Back Sec.	36,943,069	36,041,092
Money Market Funds	14,032,218	14,032,218
	<u>\$214,184,115</u>	<u>\$208,255,680</u>

Wtd Avg Maturity	1.88 Yrs
Duration	1.51 Yrs
Quarter-end Yield	4.59%
Benchmark Comparison	4.41%
Quarter Return	0.70%
Benchmark Comparison	0.69%
12 Month Return	2.08%
Benchmark Comparison	1.67%

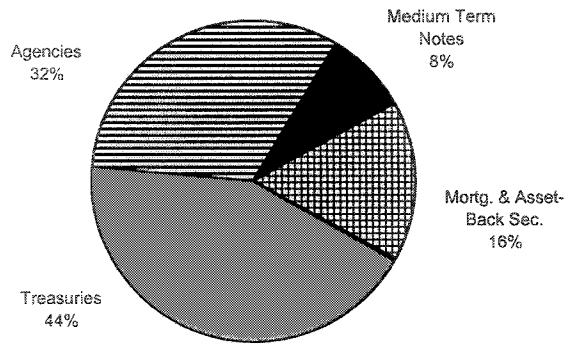


\* - Citigroup has sold its asset management business to Legg Mason. A new name will be included in upcoming Treasury/Public Finance reports.

# Payden & Rygel

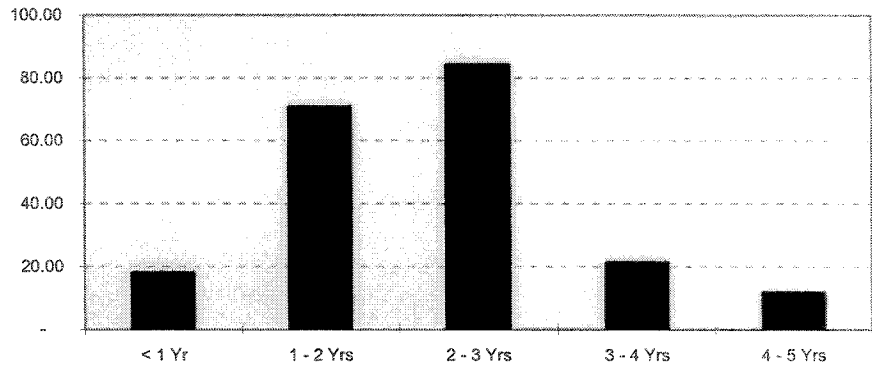
## December 31, 2005

### SHORT-TERM PORTFOLIO (\$206.8 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$89,120,167	\$88,561,985
Agencies	66,808,025	66,527,703
Medium Term Notes	16,814,808	16,346,312
Mortg. & Asset-Back Sec.	33,418,763	33,057,240
Money Market Funds	<u>595,094</u>	<u>595,094</u>
	<u>\$206,756,857</u>	<u>\$205,088,334</u>

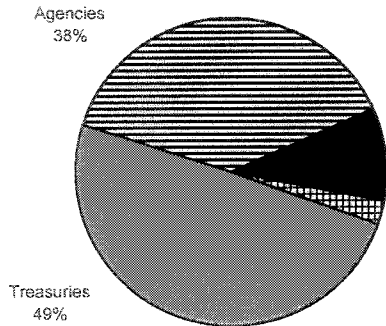
Wtd Avg Maturity	2.17 Yrs
Duration	1.56 Yrs
Quarter-end Yield	4.60%
Benchmark Comparison	4.41%
Quarter Return	0.66%
Benchmark Comparison	0.69%
12 Month Return	1.86%
Benchmark Comparison	1.67%



# State Street

## December 31, 2005

### SHORT-TERM PORTFOLIO (\$208.0 M)

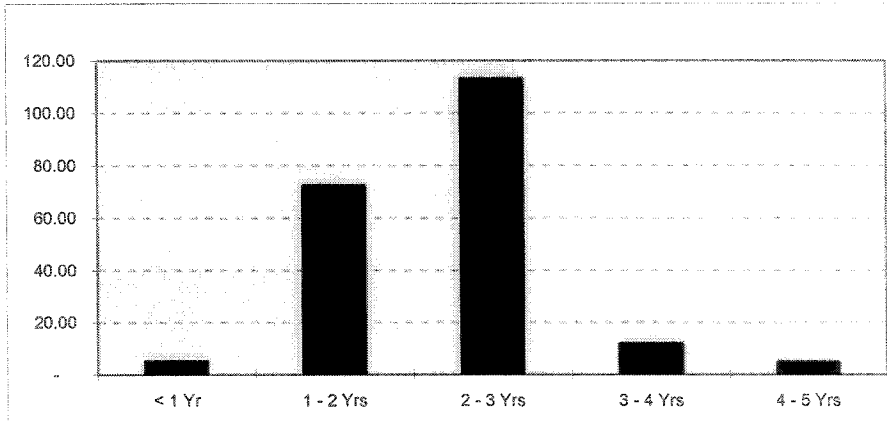


Mortg. & Asset-Back Sec.  
10%

Money Market Funds  
3%

	Book Value	Market Value
Treasuries	\$102,931,421	\$102,279,594
Agencies	79,346,119	77,841,863
Mortg. & Asset-Back Sec.	20,445,273	20,134,814
Money Market Funds	<u>5,232,544</u>	<u>5,232,544</u>
	<u>\$207,955,357</u>	<u>\$205,488,815</u>

Wtd Avg Maturity	2.06 Yrs
Duration	1.70 Yrs
Quarter-end Yield	4.57%
Benchmark Comparison	4.41%
Quarter Return	0.66%
Benchmark Comparison	0.69%
12 Month Return	1.73%
Benchmark Comparison	1.67%



**Orange County Transportation Authority  
Portfolio Listing  
As of December 31, 2005**

**LIQUID PORTFOLIO**

<u>Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield</u>
<u>Cash Equivalents</u>				
Repurchase Agreement	1/3/2006	\$ 10,000,000.00	\$ 10,000,000.00	3.85%
Repurchase Agreement	1/3/2006	783,661.21	783,661.21	3.75%
Evergreen Institutional Treasury Fund	N/A	87,497.66	87,497.66	3.63%
Fidelity Funds Treasury II	N/A	70,348,099.13	70,348,099.13	3.79%
Milestone Funds Treasury Obligations	N/A	50,875,292.73	50,875,292.73	3.77%
Wells Fargo Treasury Plus	N/A	20,094.05	20,094.05	3.63%
<i>Sub-total</i>		<u>132,114,644.78</u>	<u>132,114,644.78</u>	
<u>Local Agency Investment Fund (LAIF)</u>	N/A	24,583,670.47	24,583,670.47	3.18%
<u>Orange County Investment Pool (OCIP)</u>	N/A	11,731,401.57	11,731,401.57	3.77%
<b>Liquid Portfolio - Total</b>		<b><u>\$ 168,429,716.82</u></b>	<b><u>\$ 168,429,716.82</u></b>	

**SHORT-TERM PORTFOLIO**

<u>Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield</u>
<u>Cash Equivalents</u>				
Milestone Funds Treasury Obligations	N/A	<u>20,406,480.41</u>	<u>20,406,480.41</u>	3.77%
<i>Sub-total</i>		<u>20,406,480.41</u>	<u>20,406,480.41</u>	
<u>U.S. Government &amp; Agency Obligations</u>				
FHLB	1/3/2006	2,498,784.72	2,499,270.83	3.50%
FHLB	3/6/2006	33,807,042.69	31,219,500.00	5.12%
FHLB	2/15/2007	10,336,026.00	10,009,375.00	4.87%
FHLB	6/13/2007	6,251,650.00	6,175,781.25	4.04%
FHLB	9/14/2007	2,491,290.00	2,446,093.75	3.44%
FHLB	4/7/2008	9,988,500.00	9,931,250.00	4.46%
FHLB	6/13/2008	4,250,000.00	4,186,250.00	4.16%
FHLB	10/3/2008	5,974,200.00	5,913,750.00	4.43%
FHLMC	6/30/2006	8,000,000.00	7,926,480.00	2.72%
FHLMC	8/15/2006	10,094,300.00	9,884,375.00	2.78%
FHLMC	4/15/2007	6,960,317.00	6,912,500.00	3.79%
FHLMC	11/16/2007	4,989,950.00	4,967,187.50	4.40%
FHLMC	12/27/2007	9,996,000.00	10,012,800.00	4.99%
FHLMC	5/5/2008	5,929,200.00	5,924,760.00	4.35%
FHLMC	5/23/2008	5,508,580.00	5,420,937.50	4.31%
FHLMC	6/15/2008	11,753,955.40	11,665,718.75	3.95%
FHLMC	8/4/2008	4,492,395.00	4,451,760.00	4.54%
FHLMC	11/3/2008	5,984,100.00	5,979,420.00	4.91%
FNMA	2/8/2006	13,933,990.00	13,941,200.00	4.44%
FNMA	6/28/2006	5,030,500.00	4,967,187.50	3.27%
FNMA	8/15/2007	15,960,352.00	15,565,000.00	3.08%
FNMA	11/28/2007	6,491,355.00	6,495,937.50	4.90%
FNMA	2/15/2008	26,452,250.00	25,500,000.00	5.63%
FNMA	5/15/2008	12,706,474.90	12,234,687.50	5.83%
FNMA	7/28/2008	4,998,750.00	4,953,125.00	4.44%
FNMA	8/25/2008	5,997,180.00	5,979,375.00	4.76%

**Orange County Transportation Authority  
Portfolio Listing  
As of December 31, 2005**

FNMA	8/15/2010	4,909,510.00	4,898,437.50	4.33%
US Treasury Note	2/28/2006	12,559,187.50	12,552,750.00	1.63%
US Treasury Note	9/30/2006	2,794,640.63	2,760,520.00	2.53%
US Treasury Note	10/31/2006	16,911,679.69	16,737,690.00	2.53%
US Treasury Note	11/15/2006	12,335,408.94	12,258,892.50	2.66%
US Treasury Note	1/15/2007	7,615,486.81	7,420,236.93	3.43%
US Treasury Note	3/31/2007	17,011,289.06	16,855,160.00	3.78%
US Treasury Note	5/15/2007	10,314,588.21	10,121,810.00	3.18%
US Treasury Note	5/31/2007	51,654,483.02	51,098,985.00	3.54%
US Treasury Note	7/31/2007	6,655,246.08	6,645,562.50	3.90%
US Treasury Note	8/15/2007	22,012,719.73	21,698,968.50	2.82%
US Treasury Note	10/31/2007	24,451,808.50	24,428,215.00	4.26%
US Treasury Note	11/15/2007	15,714,593.76	15,625,657.00	3.07%
US Treasury Note	2/15/2008	6,314,765.63	6,122,592.00	3.08%
US Treasury Note	2/15/2008	45,570,688.27	45,444,624.00	3.44%
US Treasury Note	5/15/2008	51,274,709.21	51,159,089.54	3.80%
US Treasury Note	8/15/2008	21,306,080.13	21,232,361.50	4.14%
US Treasury Note	9/15/2008	3,913,906.25	3,872,360.00	3.22%
US Treasury Note	12/15/2008	25,736,523.43	25,040,845.00	3.47%
US Treasury Note	10/15/2009	6,292,812.50	6,276,790.00	3.49%
US Treasury Note	4/15/2010	16,209,078.04	16,063,140.63	4.05%
US Treasury STRIP	11/15/2007	6,646,525.00	6,682,252.50	3.00%
US Treasury STRIP	2/15/2008	3,174,920.00	3,192,245.00	4.35%
	<i>Sub-total</i>	<u>632,257,793.10</u>	<u>623,352,907.18</u>	
 <u>Variable Rate Bonds</u>				
FHLMC	11/17/2006	6,899,812.50	6,827,343.00	3.53%
	<i>Sub-total</i>	<u>6,899,812.50</u>	<u>6,827,343.00</u>	
 <u>Medium Term Notes</u>				
Abbott Labs	7/1/2006	1,886,517.50	1,758,137.50	5.59%
Allstate Life Global	7/30/2007	2,240,460.00	2,202,637.50	3.57%
Atlantic Richfield Company	4/15/2009	1,901,305.00	1,816,150.00	5.68%
Bank America Corp	2/1/2007	2,968,917.50	2,760,890.00	5.22%
Bank Boston NA	4/15/2008	2,202,315.00	2,117,834.50	6.17%
Bank One Corp	3/26/2007	2,220,015.00	2,113,230.00	5.46%
Banque Paribas	3/1/2009	1,718,104.50	1,664,460.00	6.50%
Berkshire Hathaway Financial Corp	10/15/2008	2,225,452.50	2,167,942.50	3.50%
Berkshire Hathaway Financial Corp	1/15/2010	1,999,400.00	1,943,460.00	4.24%
Citigroup Inc	2/1/2008	1,770,156.00	1,752,408.00	3.59%
Colgate-Palmolive Corp	3/27/2006	2,303,193.25	2,103,937.50	5.33%
Eli Lilly & Company	7/15/2006	2,078,100.00	2,008,800.00	5.47%
First Union National Bank Newark	10/15/2006	2,255,987.50	2,031,580.00	7.01%
General Electric Capital Corp	1/15/2008	3,136,425.10	3,093,598.10	4.30%
Goldman Sachs Group	10/27/2006	1,499,190.00	1,476,405.00	2.89%
Heller Financial Inc	3/15/2006	2,197,240.00	2,006,760.00	6.35%
Home Depot Inc	9/15/2009	2,157,952.50	2,170,957.50	3.88%
JP Morgan Chase & Co	5/1/2008	1,739,502.90	1,721,572.80	3.72%
Merck & Co Inc	7/1/2006	2,305,752.50	2,127,805.00	5.24%
Merrill Lynch & Co Inc	3/10/2006	1,125,663.75	1,120,680.00	2.47%
Morgan Stanley Co	4/15/2006	4,208,533.00	3,863,513.50	6.07%
Pfizer Inc.	2/1/2006	1,667,406.30	1,526,204.75	5.62%
Protective Life	11/24/2008	2,094,240.00	2,038,071.00	3.81%
Sunamerica Inc.	10/1/2007	2,209,234.50	2,082,955.50	6.56%
Suntrust Bank Atlanta	5/25/2009	2,123,250.00	2,098,033.75	4.60%
US Bancorp	8/23/2007	4,499,309.50	4,268,948.00	4.00%

**Orange County Transportation Authority  
Portfolio Listing  
As of December 31, 2005**

US Bank National Association	2/1/2007	2,121,538.75	2,079,248.75	2.93%
Wal Mart Stores	8/10/2009	2,137,505.78	2,054,060.40	6.45%
Washington Mutual Financial Corp	5/15/2006	1,140,524.00	1,055,733.00	6.21%
Wells Fargo	4/4/2008	1,729,675.20	1,710,156.80	3.60%
Wells Fargo	8/9/2010	2,064,493.50	2,024,477.50	4.68%
World Savings Bank	3/10/2008	3,131,091.60	3,125,558.40	4.19%
World Savings Bank	12/15/2009	1,970,600.00	1,946,940.00	4.23%
<i>Sub-total</i>		73,029,052.63	70,033,147.25	

Mortgage And Asset-Back Securities

American Honda Auto Lease Trust	3/16/2009	10,436,764.07	10,376,396.45	2.85%
American Honda Auto Lease Trust	7/15/2009	2,999,540.10	2,990,764.80	4.62%
ARG FDG Corporate Trust	4/20/2009	4,999,569.00	4,897,881.00	4.10%
Bank One Issuance Trust	5/17/2010	10,853,398.44	10,779,984.60	3.66%
CARMAX Auto Owner Trust	10/15/2007	948,594.17	925,518.36	2.67%
Caterpillar Financial Asset Trust	12/26/2007	1,245,138.85	1,217,410.73	1.67%
Chase Issuance Trust	6/15/2010	5,956,847.27	5,886,222.62	3.30%
CIT Equipment Collateral Trust	4/20/2007	996,169.88	938,408.05	1.64%
CIT Equipment Collateral Trust	3/20/2008	1,347,658.18	1,316,136.55	2.23%
Citibank Credit Crd Issuance Trust	6/16/2008	3,635,898.44	3,513,092.45	5.62%
Citibank Credit Crd Issuance Trust	1/20/2009	10,504,654.50	10,308,782.46	2.61%
Citibank Credit Crd Issuance Trust	8/24/2009	1,998,860.00	1,948,450.40	3.28%
DaimlerChrysler Auto Trust	12/8/2007	1,687,780.97	1,670,733.00	2.02%
FHLMC Mortgage Pool	9/1/2007	593,448.36	577,662.03	4.99%
FHLMC Mortgage Pool	11/15/2008	2,114,687.62	2,059,303.59	3.50%
FHLMC Mortgage Pool	2/1/2009	1,093,966.45	1,049,739.20	4.56%
FHLMC Mortgage Pool	3/1/2009	1,161,563.54	1,132,169.82	4.56%
FHLMC Mortgage Pool	4/1/2009	3,902,115.64	3,773,042.94	4.10%
Fifth Third Bank Cincinnati	8/10/2009	1,954,118.13	1,907,453.21	2.98%
FNMA Mortgage Pool	7/1/2006	76,055.73	73,776.17	5.98%
FNMA Mortgage Pool	11/25/2008	1,473,167.47	1,374,258.45	5.98%
FNMA Mortgage Pool	1/1/2009	404,514.58	391,185.09	5.45%
FNMA Mortgage Pool	6/25/2009	3,352,444.42	3,278,740.87	5.94%
FNMA Mortgage Pool	1/25/2010	4,992,187.50	4,857,930.00	4.21%
Franklin Auto Trust	3/16/2009	2,081,296.88	2,078,129.34	3.60%
Hertz Vehicle Financing LLC	5/25/2008	4,998,712.00	4,855,832.00	2.45%
National City Auto Receivables Trust	7/15/2008	1,514,984.74	1,494,579.78	2.13%
Nordstrom Private Label Trust	4/15/2010	2,123,460.94	2,099,314.56	4.82%
PECO Energy Transition Trust	3/1/2009	1,960,142.87	1,927,898.84	6.00%
Regions Auto Receivables Trust	1/15/2008	1,356,583.10	1,345,843.36	2.32%
Regions Auto Receivables Trust	9/15/2009	5,878,415.66	5,844,486.55	2.39%
USAA Auto Owner Trust	4/15/2008	1,398,733.80	1,382,739.58	2.08%
USAA Auto Owner Trust	2/17/2009	4,599,197.07	4,534,638.14	3.20%
<i>Sub-total</i>		104,640,670.37	102,808,504.99	

Short-Term Portfolio - Total

**\$ 837,233,809.01**

**\$ 823,428,382.83**

**DEBT SERVICE RESERVE FUNDS**

<u>Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Required Amount</u>	<u>Yield</u>
<u>1993 Bus COPs -</u>	2007		\$ 2,082,096.00	
Milestone Funds Treasury Obligations	N/A	\$ 2,116,907.21		3.77%

**Orange County Transportation Authority  
Portfolio Listing  
As of December 31, 2005**

<u>91 Express Lanes 2003 Refunding Bonds</u>	2030		18,634,792.30	
AIG GIC - Supplemental Reserve Fund	8/15/2015	6,000,000.00		4.51%
Evergreen Institutional Treasury Fund	N/A	482,967.90		3.63%
MBIA GIC - Debt Service Reserve Fund	12/15/2030	12,634,792.30		5.13%
 <u>91 Express Lanes 2003 Refunding Bonds - Operating &amp; Maintenance Reserves</u>			 5,201,359.00	
Operating Reserve - Bank of the West CD		2,768,706.00		4.00%
Maintenance Reserve - Bank of the West CD		2,432,653.00		4.00%
 <u>Measure M Second Senior Sales Tax Bonds</u>			 56,910,357.63	
<u>1992 Sales Tax Bonds -</u>				
AIG GIC	2/15/2011	5,466,511.66		5.75%
FSA GIC	2/15/2011	8,998,875.61		3.88%
Fidelity Funds Treasury II	N/A	707,979.45		3.79%
 <u>1994 Sales Tax Bonds -</u>				
CSFP Agmt - Various Treasury Securities	2011	7,762,734.30		5.98%
Fidelity Funds Treasury II	N/A	4,647,205.38		3.79%
 <u>1997 Sales Tax Bonds -</u>				
AIG GIC	2/15/2011	759,054.88		5.75%
FSA GIC	2/15/2011	1,249,542.82		3.88%
Fidelity Funds Treasury II	N/A	468,460.86		3.79%
 <u>1998 Sales Tax Bonds -</u>				
AIG GIC	2/15/2011	22,567,222.63		5.79%
Fidelity Funds Treasury II		2,012,759.42		3.79%
 <u>2001 Sales Tax Bonds -</u>				
Fidelity Funds Treasury II	2/15/2011	6,551,599.79		3.79%
<b>Debt Service Reserve Funds - Total</b>		<b><u>\$ 87,627,973.21</u></b>		

	<u>Book Value</u>	<u>Market Value</u>
<b>TOTAL PORTFOLIO</b>	<b><u>\$ 1,093,291,499.04</u></b>	<b><u>\$ 1,079,486,072.86</u></b>

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







**BOARD COMMITTEE TRANSMITTAL**

**January 23, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board *WK by JW*  
**Subject:** Agreement for Freeway Service Patrol Funding with the State of California Department of Transportation for Fiscal Year 2005-06

Regional Planning and Highways Committee

January 18, 2006

**Present:** Directors Norby, Cavecche, Rosen, Dixon, Green, Monahan, and Ritschel  
**Absent:** Directors Brown and Pringle

***Committee Vote***

This item was passed by all Committee Members present.

Directors Ritschel and Rosen were not present to vote.

***Committee Recommendation***

Authorize the Chief Executive Officer to execute Agreement C-5-3036 between the Orange County Transportation Authority and California Department of Transportation for fiscal year 2005-06 Freeway Service Patrol funding.



*January 18, 2006*

**To:** Regional Planning and Highways Committee

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

**Subject:** Agreement for Freeway Service Patrol Funding with the State of California Department of Transportation for Fiscal Year 2005-06

### **Overview**

The Orange County Freeway Service Patrol receives funding from the California Department of Transportation under the terms of annual funding agreements. The fiscal year 2005-06 funding agreement will provide a total of \$2,689,044 for the Freeway Service Patrol program through June 30, 2006.

### **Recommendation**

Authorize the Chief Executive Officer to execute Agreement C-5-3036 between the Orange County Transportation Authority and California Department of Transportation for fiscal year 2005-06 Freeway Service Patrol funding.

### **Background**

The Orange County Freeway Service Patrol (FSP) program is a partnership between California Department of Transportation (Caltrans), California Highway Patrol (CHP), Orange County Transportation Authority (OCTA), and the towing companies under contract to provide FSP tow truck services. In November 1992, the FSP began providing peak-hour assistance to stranded motorists along Orange County freeways. The FSP program is designed to provide timely assistance to motorists with disabled vehicles, as well as timely response to other incidents leaving debris on the freeways. In addition, the FSP program provides peak commute hour service on all freeways within Orange County as well as mid-day and certain construction zones service.

### **Discussion**

OCTA is the contract administrator for the FSP program, procuring services necessary for operation of the program. Annually, Caltrans budgets for the state's share of the FSP program, and CHP's portion is then received from

Caltrans; the remaining funds are then allocated by formula to each FSP program. Local programs and annual funding agreements with Caltrans are required to provide 20 percent of total program funding.

Caltrans' allocation to Orange County's FSP for fiscal year 2005-06 funding period is \$2,151,235, requiring a match of \$537,809, from OCTA. Total program allocation under the agreement is \$2,689,044. Under terms of the agreement, OCTA will have until June 30, 2007, to expend the allocation.

**Fiscal Impact**

Funds for operation of the FSP program have been included in fiscal year 2005-06 budget of the Orange County Service Authority for Freeway Emergencies, Fund 0013.

**Summary**

Based on the material provided, staff recommends execution of Agreement C-5-3036 between OCTA and Caltrans, for fiscal year 2005-06 FSP program funding.

**Attachment**

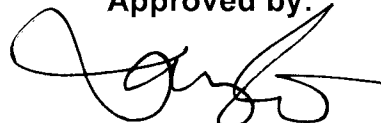
- A. Freeway Service Patrol Program Fund Transfer Agreement (Non Federal).

**Prepared by:**



Iain C. Fairweather  
Manager, Motorist Services  
(714) 560-5858

**Approved by:**



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

**FREEWAY SERVICE PATROL PROGRAM  
FUND TRANSFER AGREEMENT (Non Federal)**

Agreement No. FSP06-6071(028)  
Project No. FSP06-6071(028)

Location: 12-ORA-Var-OCTA  
EA: 12-931730L

THIS AGREEMENT, effective on July 1, 2005, is between the State of California, acting by and through the Department of Transportation, hereinafter referred to as STATE, and the Orange County Transportation Authority, a public agency, hereinafter referred to as "ADMINISTERING AGENCY."

WHEREAS, Streets and Highways Code (S&HC) Section 2560 et seq., authorizes STATE and administering agencies to develop and implement a Freeway Service Patrol (FSP) program on traffic-congested urban freeways throughout the state; and

WHEREAS, STATE has distributed available State Highway Account funds to administering agencies participating in the FSP Program in accordance with S&HC Section 2562; and

WHEREAS, ADMINISTERING AGENCY has applied to STATE and has been selected to receive funds from the FSP Program for the purpose of Freeway Service Patrol for FY 2005-2006, hereinafter referred to as "PROJECT"; and

WHEREAS, proposed PROJECT funding is as follows:

Total Cost	State Funds	Local Funds	
\$2,689,044.00	\$2,151,235.00	\$537,809.00	; and

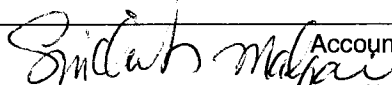
WHEREAS, STATE is required to enter into an agreement with ADMINISTERING AGENCY to delineate the respective responsibilities of the parties relative to prosecution of said PROJECT; and

WHEREAS, STATE and ADMINISTERING AGENCY mutually desire to cooperate and jointly participate in the FSP program and desire to specify herein the terms and conditions under which the FSP program is to be conducted; and

WHEREAS, ADMINISTERING AGENCY has approved entering into this Agreement under authority of Resolution No. \_\_\_\_\_ approved by ADMINISTERING AGENCY on \_\_\_\_\_, a copy of which is attached.

For Caltrans Use Only

I hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance

		Accounting Officer		Date		\$ 2,151,235.00	
				9-28-05			
Chapter	Statutes	Item	Fiscal Year	Program	BC	Category	Fund Source   \$
38	2005	2660-102-042	2005/2006	20.30.010.600	C	262040	114-042-T   2,151,235.00

NOW, THEREFORE, the parties agree as follows:

## SECTION I

### STATE AGREES:

1. To define or specify, in cooperation with ADMINISTERING AGENCY, the limits of the State Highway segments to be served by the FSP as well as the nature and amount of the FSP dedicated equipment, if any, that is to be funded under the FSP program.
2. To pay ADMINISTERING AGENCY the STATE's share, in amount not to exceed \$2,151,235.00, of eligible participating PROJECT costs.
3. To Deposit with ADMINISTERING AGENCY, upon ADMINISTERING AGENCY's award of a contract for PROJECT services and receipt of an original and two signed copies of an invoice in the proper form, including identification of this Agreement Number and Project Number, from ADMINISTERING AGENCY, the amount of \$344,197.60. This initial deposit represents STATE's share of the estimated costs for the initial two months of PROJECT. Thereafter, to make reimbursements to ADMINISTERING AGENCY as promptly as state fiscal procedures will permit, but not more often than monthly in arrears, upon receipt of an original and two signed copies of invoices in the proper form covering actual allowable costs incurred for the prior sequential month's period of the Progress Payment Invoice. (The initial deposit will be calculated at 16% of the STATE's total share.)
4. When conducting an audit of the costs claimed by ADMINISTERING AGENCY under the provisions of this Agreement, STATE will rely to the maximum extent possible on any prior audit of ADMINISTERING AGENCY performed pursuant to the provisions of state and federal laws. In the absence of such an audit, work of other auditors will be relied upon to the extent that work is acceptable to STATE when planning and conducting additional audits.

## SECTION II

### ADMINISTERING AGENCY AGREES:

1. To commit and contribute matching funds from ADMINISTERING AGENCY resources, which shall be an amount not less than 25 percent of the amount provided by STATE from the State Highway Account.
2. The ADMINISTERING AGENCY's detailed PROJECT Cost Proposal which identifies all anticipated direct and indirect PROJECT costs which ADMINISTERING AGENCY may invoice STATE for reimbursement under this Agreement is attached hereto and made an express part of this Agreement. The detailed PROJECT Cost Proposal reflects the provisions and/or regulations of Section III, Article 8, of this Agreement.

3. To use all state funds paid hereunder only for those transportation related PROJECT purposes that conform to Article XIX of the California State Constitution.
4. STATE funds provided to ADMINISTERING AGENCY under this Agreement shall not be used for administrative purposes by ADMINISTERING AGENCY.
5. To develop, in cooperation with STATE, advertise, award and administer PROJECT contract(s) in accordance with ADMINISTERING AGENCY competitive procurement procedures.
6. Upon award of a contract for PROJECT, to prepare and submit to STATE an original and two signed copies of invoicing for STATE's initial deposit specified in Section I, Article 3. Thereafter, to prepare and submit to STATE an original and two signed copies of progress invoicing for STATE's share of actual expenditures for allowable PROJECT costs.
7. Said invoicing shall evidence the expenditure of ADMINISTERING AGENCY's PROJECT participation in paying not less than 20% of all allowable PROJECT costs and shall contain the information described in Chapter 5 of the Local Assistance Procedures Manual and shall be mailed to the Department of Transportation, Accounting Service Center, MS 33, Local Program Accounting Branch, P.O. Box 942874, Sacramento CA, 94274-0001.
8. Within 60 days after completion of PROJECT work to be reimbursed under this Agreement, to prepare a final invoice reporting all actual eligible costs expended, including all costs paid by ADMINISTERING AGENCY and submit that signed invoice, along with any refund due STATE, to the District Local Assistance Engineer. Backup information submitted with said final invoice shall include all FSP operational contract invoices paid by ADMINISTERING AGENCY to contracted operators included in expenditures billed for to STATE under this Agreement.

## 9. COST PRINCIPLES

- A) ADMINISTERING AGENCY agrees to comply with, and require all project sponsors to comply with, Office of Management and Budget Circular A-87, Cost Principles for State and Local Government, and 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- B) ADMINISTERING AGENCY will assure that its Fund recipients will be obligated to agree that 1., Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual PROJECT cost items and 2., those parties shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every sub-recipient receiving Funds as a contractor or subcontractor under this Agreement shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

C) Any Fund expenditures for costs for which ADMINISTERING AGENCY has received payment or credit that are determined by subsequent audit to be unallowable under Office of Management and Budget Circular A-87, 48 CFR, Chapter 1, Part 31 or 49 CFR, Part 18, are subject to repayment by ADMINISTERING AGENCY to STATE. Should ADMINISTERING AGENCY fail to reimburse Fund moneys due STATE within 30 days of demand, or within such other period as may be agreed in writing between the Parties hereto, STATE is authorized to intercept and withhold future payments due ADMINISTERING AGENCY from STATE or any third-party source, including, but not limited to, the State Treasurer, the State Controller and the California Transportation Commission.

#### 10. THIRD PARTY CONTRACTING

A) ADMINISTERING AGENCY shall not award a construction contract over \$10,000 or other contracts over \$25,000 [excluding professional service contracts of the type which are required to be procured in accordance with Government Code Sections 4525 (d), (e) and (f)] on the basis of a noncompetitive negotiation for work to be performed using Funds without the prior written approval of STATE.

B) Any subcontract or agreement entered into by ADMINISTERING AGENCY as a result of disbursing Funds received pursuant to this Agreement shall contain all of the fiscal provisions of this Agreement; and shall mandate that travel and per diem reimbursements and third-party contract reimbursements to subcontractors will be allowable as project costs only after those costs are incurred and paid for by the subcontractors.

C) In addition to the above, the preaward requirements of third party contractor/consultants with ADMINISTERING AGENCY should be consistent with Local Program Procedures as published by STATE.

#### 11. ACCOUNTING SYSTEM

ADMINISTERING AGENCY, its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate Fund expenditures by line item. The accounting system of ADMINISTERING AGENCY, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP), enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices.



## 12. RIGHT TO AUDIT

For the purpose of determining compliance with this Agreement and other matters connected with the performance of ADMINISTERING AGENCY's contracts with third parties, ADMINISTERING AGENCY, ADMINISTERING AGENCY's contractors and subcontractors and STATE shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times for three years from the date of final payment of Funds to ADMINISTERING AGENCY. STATE, the California State Auditor, or any duly authorized representative of STATE or the United States Department of Transportation, shall each have access to any books, records, and documents that are pertinent for audits, examinations, excerpts, and transactions, and ADMINISTERING AGENCY shall furnish copies thereof if requested.

## 13. TRAVEL AND SUBSISTENCE

Payments to only ADMINISTERING AGENCY for travel and subsistence expenses of ADMINISTERING AGENCY forces and its subcontractors claimed for reimbursement or applied as local match credit shall not exceed rates authorized to be paid exempt non-represented State employees under current State Department of Personnel Administration (DPA) rules. If the rates invoiced are in excess of those authorized DPA rates, then ADMINISTERING AGENCY is responsible for the cost difference and any overpayments shall be reimbursed to STATE on demand.

## 14. SINGLE AUDIT

ADMINISTERING AGENCY agrees to include all state (Funds) and federal funded projects in the schedule of projects to be examined in ADMINISTERING AGENCY's annual audit and in the schedule of projects to be examined under its single audit prepared in accordance with Office of Management and Budget Circular A-133.

## SECTION III

### IT IS MUTUALLY AGREED:

1. All obligations of STATE under the terms of this Agreement are subject to the appropriation of resources by the Legislature and the encumbrance of funds under this Agreement. Funding and reimbursement is available only upon the passage of the State Budget Act containing these STATE funds. The starting date of eligible reimbursable activities shall be July 1, 2005.
2. All obligations of ADMINISTERING AGENCY under the terms of this Agreement are subject to authorization and allocation of resources by ADMINISTERING AGENCY.

3. ADMINISTERING AGENCY and STATE shall jointly define the initial FSP program as well as the appropriate level of FSP funding recommendations and scope of service and equipment required to provide and manage the FSP program. No changes shall be made in these unless mutually agreed to in writing by the parties to this Agreement.

4. Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this Agreement or affect the legal liability of either party to this Agreement by imposing any standard of care with respect to the maintenance of State highways different from the standard of care imposed by law.

5. Neither STATE nor any officer or employee thereof is responsible for any injury, damage or liability occurring or arising by reason of anything done or omitted to be done by ADMINISTERING AGENCY under or in connection with any work, authority or jurisdiction delegated to ADMINISTERING AGENCY under this Agreement. It is understood and agreed that, pursuant to Government Code Section 895.4, ADMINISTERING AGENCY shall fully defend, indemnify and save harmless the State of California, its officers and employees from all claims, suits or actions of every name, kind and description brought for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by ADMINISTERING AGENCY under or in connection with any work, authority or jurisdiction delegated to ADMINISTERING AGENCY under this Agreement.

6. Neither ADMINISTERING AGENCY nor any officer or employee thereof is responsible for any injury, damage or liability occurring or arising by reason of anything done or omitted to be done by STATE under or in connection with any work, authority or jurisdiction delegated to STATE under this Agreement. It is understood and agreed that, pursuant to Government Code Section 895.4, STATE shall fully defend, indemnify and save harmless ADMINISTERING AGENCY, its officers and employees from all claims, suits or actions of every name, kind and description brought for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by STATE under or in connection with any work, authority or jurisdiction delegated to STATE under this Agreement.

7. ADMINISTERING AGENCY will maintain an inventory of all non-expendable PROJECT equipment, defined as having a useful life of at least two years and an acquisition cost of \$500 or more, paid for with PROJECT funds. At the conclusion of this Agreement, ADMINISTERING AGENCY may either keep such equipment and credit STATE its share of equipment's fair market value or sell such equipment at the best price obtainable at a public or private sale (in accordance with established STATE procedures) and reimburse STATE its proportional share of the sale price.

8. ADMINISTERING AGENCY and its sub-contractors will comply with all applicable Federal and State laws and regulations, including but not limited to, Office of Management and Budget Circular A-97, Cost Principles for State and Local Governments (49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments).

9. In the event that ADMINISTERING AGENCY fails to operate the PROJECT commenced and reimbursed under this Agreement in accordance with the terms of this Agreement or fails to comply with applicable Federal and State laws and regulations, STATE reserves the right to terminate funding for PROJECT, or portions thereof, upon written notice to ADMINISTERING AGENCY.

10. This Agreement shall terminate on June 30, 2007. However, the non-expendable equipment and liability clauses shall remain in effect until terminated or modified in writing by mutual agreement.

STATE OF CALIFORNIA

Orange County Transportation Authority

Department of Transportation

By: \_\_\_\_\_

By: \_\_\_\_\_

Office of Project Implementation, South  
Division of Local Assistance

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_





BOARD COMMITTEE TRANSMITTAL

January 23, 2006

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Amendment to Agreement for Orange County ARC Lost & Found

Transit Planning and Operations Committee

January 12, 2006

**Present:** Directors Winterbottom, Brown, Silva, Duvall, and Green  
**Absent:** Directors Pulido and Dixon

**Committee Vote**

This item was passed by all Committee Members present.

**Committee Recommendation**

Authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement C-4-0857 between the Orange County Transportation Authority and Orange County ARC, in an amount not to exceed \$64,668, for Lost and Found services.



*January 12, 2006*

**To:** Transit Planning and Operations Committee  
**From:** *ATL* Arthur T. Leahy, Chief Executive Officer  
**Subject:** *ATL* Amendment to Agreement for Orange County ARC Lost and Found

**Overview**

The Orange County Transportation Authority has an agreement with Orange County ARC for the administration of the Orange County Transportation Authority's Lost and Found Program. The current contract was awarded December 29, 2004, for one-year with four one-year option terms. The current agreement expires January 31, 2006.

**Recommendation**

Authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement C-4-0857 between the Orange County Transportation Authority and Orange County ARC, in an amount not to exceed \$64,668, for Lost and Found services.

**Background**

On February 1, 2005, the Orange County Transportation Authority (Authority) entered into an agreement with Orange County ARC (OCARC), a non-profit agency, to provide a storage facility and a tracking system for items found on the Authority's fixed route bus system, paratransit bus system, and on Authority property. OCARC provides these services from their existing facility located at 225 W. Carl Karcher Way, Anaheim. This facility is located within one block of a fixed route bus stop to accommodate customers who are dependent on the bus system.

**Discussion**

Under the terms of this agreement OCARC receives all items left on Authority buses or at Authority properties. They are responsible for maintaining a inventory of all items received. All cash received is returned to the Authority

each month, in the form of a check with a copy of the deposit slip. All items must be kept for 90 days before items can be disposed of. Items are donated or sold to non-profit organizations with the proceeds funding special projects at OCARC. Authority staff audits OCARC Lost and Found twice a year.

The original agreement awarded on December 29, 2004, was in the amount of \$62,976. The first amendment to the agreement was executed on February 10, 2005. This amendment changed the starting date of the contract from January 1, 2005, to February 1, 2005. Amendment No. 2 exercises the first option year of the contract and increases the cumulative maximum obligation to \$127,644.

**Fiscal Impact**

The work described in Amendment No.2 to Agreement C-4-0857 was approved in the Authority's Fiscal Year 2004-05 Budget, Community Transportation Services, Account 2131-7519-D4102-9SU, and is funded through Local Transportation Funds.

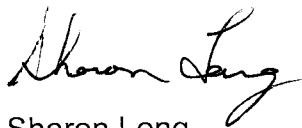
**Summary**

The Authority contracts with the Orange County ARC to provide administration of the Lost and Found Program. The current contract expires on January 31, 2006. Staff is seeking approval to execute the first option term of this agreement.

**Attachment**

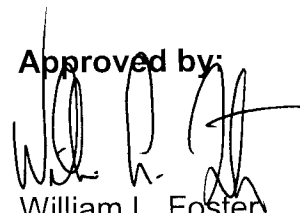
- A. Orange County ARC Agreement C-4-0857 Fact Sheet

**Prepared by:**



Sharon Long  
Community Transportation Coordinator  
(714) 560-5593

**Approved by:**



William L. Foster  
General Manager, Operations  
(714) 560-5842

**ATTACHMENT A**

Orange County ARC  
**Agreement C-4-0857 Fact Sheet**

1. Awarded December 29, 2004, Agreement C-4-0857, \$62,976
  - Track and maintain items found on Authority's fixed route bus system, paratransit bus system, and Authority properties
  - Hours of operation Monday – Friday, 10:00 a.m. to 6:00 p.m., four days per week, and 11:00 a.m. to 7:00 p.m. one day per week
  - Facility must remain ADA compliant
  - Initial term January 1, 2005, to December 31, 2006
2. February 1, 2005, Amendment No. 1 to Agreement C-4-0857
  - Change agreement effective term to February 1, 2005, through January 31, 2006
3. February 1, 2006, Amendment No. 2 to Agreement C-4-0857, \$64,668, pending approval by Board of Directors
  - Exercise first option term and extend agreement to February 2007

Total cumulative to Orange County ARC, Agreement C-4-0857: \$127,644







BOARD COMMITTEE TRANSMITTAL

*January 23, 2006*

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Amendment to Agreement for Special Agency Transportation Service

Transit Planning and Operations Committee

January 12, 2006

**Present:** Directors Winterbottom, Brown, Silva, Duvall and Green  
**Absent:** Directors Pulido and Dixon

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-3-1284 between the Orange County Transportation Authority and Cabco Yellow, Inc., doing business as California Yellow Cab, in an amount not to exceed \$636,440, for the provision of Special Agency Transportation service through June 30, 2007.



*January 12, 2006*

**To:** Transit Planning and Operations Committee  
**From:** *AT* Arthur T. Leahy, Chief Executive Officer  
**Subject:** Amendment to Agreement for Special Agency Transportation Service

**Overview**

On April 12, 2004, the Board of Directors approved an agreement with Cabco Yellow, Inc., doing business as California Yellow Cab, in the amount of \$450,335, to provide Special Agency Transportation service. California Yellow Cab was retained in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

**Recommendation**

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-3-1284 between the Orange County Transportation Authority and Cabco Yellow, Inc., doing business as California Yellow Cab, in an amount not to exceed \$636,440, for the provision of Special Agency Transportation service through June 30, 2007.

**Background**

The Orange County Transportation Authority (Authority) provides Special Agency Transportation (SAT) under contract to the Office on Aging to take seniors to and from congregate meal programs throughout Orange County. SAT is provided to various senior centers and social service agencies through cooperative cost-sharing agreements.

**Discussion**

This procurement was originally handled in accordance with the Authority's procedures for professional and technical services. The original agreement was awarded on a competitive basis. It has become necessary to amend the agreement to increase the cumulative maximum obligation.

The original agreement awarded on April 12, 2004, included a 12-month program funding allocation in the amount of \$450,335. The initial term of the agreement continues through June 30, 2007, requiring an increase in the contract maximum obligation. Amendment No. 1, in the amount of \$636,440, will increase the total agreement amount to \$1,086,775 (Attachment A), and fund the program through the initial term.

**Fiscal Impact**

Of the work described in Amendment No. 1 to Agreement C-3-1284, \$200,000 was approved in the Authority's Fiscal Year 2005-06 Budget, Operations/Community Transportation Services, Account 2131-7312, and is funded through the Local Transportation Fund. The remaining \$436,440 will be requested in the Authority's Fiscal Year 2006-07 Budget.

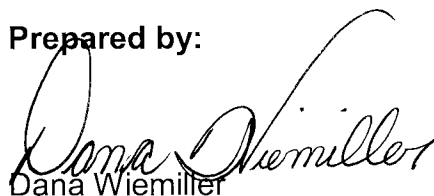
**Summary**

Staff recommends approval of Amendment No. 1, in the amount of \$636,440, to Agreement C-3-1284 with Cabco Yellow, Inc., doing business as California Yellow Cab, for the provision of Special Agency Transportation service.

**Attachments**

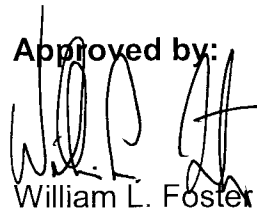
- A. Cabco Yellow, Inc. dba California Yellow Cab Agreement C-3-1284 Fact Sheet
- B. Board Staff Report, Agreement for Provision of Special Agency Transportation

**Prepared by:**



Dana Wiemiller  
Community Transportation Coordinator  
714/560-5718

**Approved by:**



William L. Foster  
General Manager, Operations  
714/560-5842

**ATTACHMENT A**

**Cabco Yellow, Inc. dba California Yellow Cab  
Agreement C-3-1284 Fact Sheet**

1. April 12, 2004, Agreement C-3-1284, \$450,335, approved by Board of Directors.
  - Agreement for the provision of Special Agency Transportation services to take seniors to and from congregate meal programs throughout Orange County.
2. January 23, 2006, Amendment No. 1 to Agreement C-3-1284, \$636,440, pending approval by the Board of Directors.
  - Amendment to increase the cumulative maximum obligation by \$636,440.

Total committed to California Yellow Cab, Agreement C-3-1284: \$1,086,775.



BOARD COMMITTEE TRANSMITTAL

**April 12, 2004**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Agreement for Provision of Special Agency Transportation

Transit Planning and Operations Committee

March 25, 2004

**Present:** Directors Keenan, Brown, Garcia, Silva, and Winterbottom  
**Absent:** None

**Committee Vote**

Unanimous vote of the Directors present

**Committee Recommendations**

- A. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-3-1284 between the Orange County Transportation Authority and Cabco Yellow, Inc. dba California Yellow Cab, in an amount not to exceed \$450,335, for the provision of Special Agency Transportation.
- B. Direct staff to complete the process to finalize an agreement with the Office on Aging which specifies their reimbursement for this program in Fiscal Year 2004-05; returning to the Board to request authorization for the final agreement.



**March 25, 2004**

**To:** Transit Planning and Operations Committee  
**From:** Arthur T. Leahy, <sup>ML</sup> Chief Executive Officer  
**Subject:** Agreement for Provision of Special Agency Transportation

### **Overview**

As part of the Orange County Transportation Authority's Fiscal Year 2004-05 Budget, the Board will consider approval of the continuation of the provision of Special Agency Transportation which is a service partially funded by the Office on Aging, participating cities, and private non-profit agencies. Offers to operate these services were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board approval is requested to execute an agreement.

### **Recommendations**

- A. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-3-1284 between the Orange County Transportation Authority and Cabco Yellow, Inc. dba California Yellow Cab, in an amount not to exceed \$450,335, for the provision of Special Agency Transportation.
- B. Direct staff to complete the process to finalize an agreement with the Office on Aging which specifies their reimbursement for this program in Fiscal Year 2004-05; returning to the Board to request authorization for the final agreement.

### **Background**

The Orange County Transportation Authority (Authority) provides Special Agency Transportation (SAT) under contract to the Office on Aging (OoA) to take seniors to and from congregate meal programs throughout Orange County. SAT is provided to various senior centers and social service agencies through cooperative cost-sharing agreements. SAT generally operates Monday through Friday from 7:00 a.m. to 6:00 p.m.

---

The Authority has provided SAT services under contract to the OoA since consolidation of the county's transportation agencies in 1990. Presently, this service is provided in conjunction with the ACCESS paratransit service agreement by a private operator, Laidlaw Transit Services, Inc., using Authority-owned vehicles. With the expiration of the Laidlaw agreement on June 30, 2004, and because of the growing demand for ACCESS services and the increased difficulty to share vehicles between the two services, staff initiated this procurement for the provision of SAT. Currently this service is provided by Laidlaw in conjunction with the ACCESS program, but commencing July 1, 2004, the SAT would be separated from ACCESS and operated independently. Under the new service delivery method, the contractor will provide the vehicles necessary for the service.

In addition to the provision of vehicles, the contractor shall provide all management, personnel, reservations and scheduling, dispatching, operations, computer software and hardware, insurance, record keeping and reporting, telecommunications equipment and service, revenue and non-revenue vehicles for driver relief and road supervision necessary for operation of SAT.

The actual level of service available under the SAT is allocated by the OoA to each congregate meal site and covered in a master agreement between the Authority and the OoA. The Authority in turn has an agreement with the ten agencies hosting the congregate meal sites included in the OoA allocation. These agencies are either cities or private non-profit agencies hosting congregate meal programs attended by seniors. The Authority receives partial reimbursement for each vehicle service hour provided as follows:

- 20% of the Vehicle Service Hours (VSH) cost is reimbursed by the participating city or private non-profit;
- Approximately 30% of the VSH cost is reimbursed by the OoA;
- Approximately 50% if the VSH cost is funded by the Authority.

Under the current procurement, bidders submitted costs to provide the service for an initial term from July 1, 2004, through June 30, 2007, with two, one-year options through June 30, 2009. Upon completion of this procurement, Authority staff will be able to conclude work on a revised agreement with OoA for their contribution in Fiscal Year 2004-05, return to the Board for approval of the revised agreement, and subsequently proceed with amendments to the agreements with the participating cities and private non-profit agencies participating in the program for their contributions in Fiscal Year 2004-05. All agreements include a clause that if future program funding is reduced or eliminated, the agreement can be modified or terminated.



---

***Discussion***

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

Notices that Request for Proposals were available were sent to 145 contractors on December 10, 2003. The project was advertised on December 17, 2003, and December 19, 2003, in the Orange County Register. A pre-proposal meeting was held on December 17, 2003.

On January 28, 2004, three offers were received. An Evaluation Committee composed of staff from Community Transportation Services, Contracts Administration and Materials Management, Finance, the Office on Aging, and the City of San Juan Capistrano was established to review all offers submitted. The offers were evaluated on the basis of qualification of the firm, staffing and project organization, work plan, cost and price. Based on their findings, the Evaluation Committee recommended the following firm to the Transit Planning and Operations Committee for consideration of an award:

Firm and Location

Cabco Yellow, Inc. dba California Yellow Cab  
520 West Dyer Road, Santa Ana, California, 92707

**Fiscal Impact**

This project will be included in the Authority's proposed Fiscal Year 2004-05 Budget, Operations/Community Transportation Services, Account 2131-7312 D1121-8LK, and will be funded through the Local Transportation Fund.

***Summary***

Based on the material provided, staff recommends award of Agreement No. C-3-1284 to Cabco Yellow, Inc. dba California Yellow Cab, in an amount not to exceed \$450,335, for provision of Special Agency Transportation Services.

---

**Attachment**

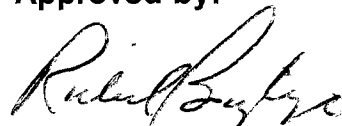
- A. Overall Evaluation Summary (Furnished upon request.)

**Prepared by:**



Beth McCormick  
Section Manager III  
(714) 560-5964

**Approved by:**



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





*BOARD COMMITTEE TRANSMITTAL*

***January 23, 2006***

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Amendment to Agreement for Janitorial Services

Transit Planning and Operations Committee

January 12, 2006

**Present:** Directors Winterbottom, Brown, Silva, Duvall, and Green  
**Absent:** Directors Pulido and Dixon

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Authorize the Chief Executive Officer to execute Amendment No. 6 to Agreement C-2-1189 between the Orange County Transportation Authority and Diamond Contract Services, Inc., in an amount not exceed \$350,000, to extend the contract from February 28, 2006, to June 30, 2006, for janitorial services at all Orange County Transportation Authority owned facilities.



*January 12, 2006*

**To:** Transit Planning and Operations Committee  
**From:** <sup>AKL</sup> Arthur T. Leahy, Chief Executive Officer  
**Subject:** Amendment to Agreement for Janitorial Services

**Overview**

On February 6, 2003, the Board of Directors approved an agreement with Diamond Contract Services, Inc., to provide janitorial services at all Orange County Transportation Authority owned facilities for a one-year period with two one-year options.

**Recommendation**

Authorize the Chief Executive Officer to execute Amendment No. 6 to Agreement C-2-1189 between the Orange County Transportation Authority and Diamond Contract Services, Inc., in an amount not exceed \$350,000, to extend the contract from February 28, 2006, to June 30, 2006, for janitorial services at all Orange County Transportation Authority owned facilities.

**Background**

The Orange County Transportation Authority (Authority) owned facilities include four large bus maintenance and operations bases and eight transit centers and park and ride facilities throughout Orange County. These facilities require janitorial services on a daily basis. The Authority requires the vendor to furnish a qualified labor force sufficient in number to complete all specified requirements in the prescribed time and to furnish all materials and equipment to perform these services.

Agreement C-2-1189 was established to provide on-going janitorial services for the Authority's bases, transportation centers, and park and ride facilities. The current agreement expires on February 28, 2006.

**Discussion**

In order to accommodate the Board of Director's direction to explore health care coverage options for contractor employees, the existing contract with Diamond Contract Services, Inc., must be extended while the details of providing health insurance are researched. Diamond Contract Services, Inc., has agreed to honor the same rates as the second option year.

This procurement was handled in accordance with the Authority's procedures for procurement of professional and technical services. The original agreement awarded on March 1, 2003, was for \$582,782. A 2 percent increase in pricing was negotiated during the original procurement for each option year. An additional amount was included for the second option year to account for the new Santa Ana Bus Maintenance and Operations Base which began operating on May 15, 2005.

**Fiscal Impact**

The work described in Amendment No. 6 to Agreement C-2-1189 was approved in the Authority's Fiscal Year 2005-06 Budget, Operations Division/Maintenance Department, Account 7615, and is funded through Local Transportation Funds.

**Summary**

Staff recommends approval of Amendment No. 6, for an amount not to exceed \$350,000, to Agreement C-2-1189 with Diamond Contract Services, Inc.

**Attachment**


- A. Diamond Contract Services, Inc., Agreement C-2-1189 Fact Sheet.

**Approved by:**



Al Pierce  
Maintenance, Manager  
(714) 560-5678

**Approved by:**



William L. Foster  
General Manager, Operations  
(714) 560-5842

## ATTACHMENT A

### **Diamond Contract Services, Inc. Agreement C-2-1189 Fact Sheet**

1. March 1, 2003, Agreement C-2-1189, \$582,782, approved by Board of Directors.
  - To provide janitorial services at all Authority owned facilities
2. March 1, 2003, Amendment No. 1 to Agreement C-2-1189, no cost increment, approved by Manager of Maintenance Procurement.
  - Delete Article 5, Paragraph D
3. March 1, 2004, Amendment No. 2 to Agreement C-2-1189, \$594,438, approved by Board of Directors.
  - To exercise the first option year
4. March 1, 2004, Amendment No. 3 to Agreement C-2-1189, \$7,500, approved by Manager of Maintenance Procurement.
  - Extra services to clean overhead areas of the shop at Garden Grove base and to include the parts, body, and tool rooms
5. March 1, 2005, Amendment No. 4 to Agreement C-2-1189, \$700,000, approved by Board of Directors.
  - To exercise the second option year
6. April 28, 2005, Amendment No. 5 to Agreement C-2-1189, no cost increment, approved by manager of Maintenance Procurement.
  - To add the Santa Ana Base
7. January 23, 2006, Amendment No. 6 to Agreement C-2-1189, \$350,000, pending approval by the Board of Directors.
  - To extend the contract by four months, through June 30, 2006.

Total committed to Diamond Contract Services, Inc., Agreement C-2-1189: \$2,234,720.







*BOARD COMMITTEE TRANSMITTAL*

*January 23, 2006*

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Purchase Order for Two Revenue Receiving Vaults and Six Revenue Collection Bins

Transit Planning and Operations Committee

January 12, 2006

**Present:** Directors Winterbottom, Brown, Silva, Duvall, and Green  
**Absent:** Directors Pulido and Dixon

***Committee Vote***

This item was passed by all Committee Members present.

***Committee Recommendation***

Authorize the Chief Executive Officer to issue Purchase Order 05-73716 between the Orange County Transportation Authority and GFI Genfare, Inc., in an amount not to exceed \$83,349, for the purchase of two revenue receiving vaults and six revenue collection bins.



*January 12, 2006*

**To:** Transit Planning and Operations Committee  
**From:** Arthur T. Leahy *ATL* Chief Executive Officer  
**Subject:** Purchase Order for Two Revenue Receiving Vaults and Six Revenue Collection Bins

**Overview**

As part of the Orange County Transportation Authority's Fiscal Year 2005-06 Budget, the Board approved the purchase of two revenue receiving vaults and six revenue collection bins. Board approval is requested to execute an agreement.

**Recommendation**

Authorize the Chief Executive Officer to issue Purchase Order 05-73716 between the Orange County Transportation Authority and GFI Genfare, Inc., in an amount not to exceed \$83,349, for the purchase of two revenue receiving vaults and six revenue collection bins.

**Background**

The Santa Ana Bus Maintenance and Operations Base has four fueling lanes that include revenue collection equipment. The farebox revenue is removed from the bus daily and placed in a receiving vault, which is picked up by armored vehicle and transported to the central revenue processing facility. Each service lane requires two vaults and an adequate number of spare receiving bins. Additional vaults and bins are needed to fully utilize all the fueling lanes of the Santa Ana Bus Maintenance and Operations Base.

**Discussion**

The revenue receiving vaults and collection bins are proprietary to and available only from GFI Genfare (GFI). GFI is the sole manufacturer for bus fare collection equipment used by the Orange County Transportation Authority (OCTA) and has patents on these items.

Staff requested a price proposal from GFI for this purchase. The proposal was reviewed by the Internal Auditor and the cost was found to be fair and reasonable.

**Fiscal Impact**

The project was approved in the OCTA Fiscal Year 2005-06 Budget, Operations Division/Maintenance, Account 2166-9026-D3107-AHQ, and is funded through Local Transportation Funds.

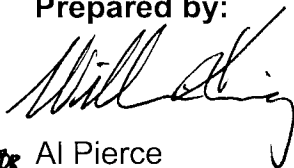
**Summary**

Staff recommends issuance of Purchase Order 05-73716 to GFI Genfare, Inc., in an amount not to exceed \$83,349, for the purchase of two revenue receiving vaults and six revenue collection bins.

**Attachment**

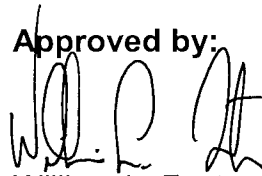
None.

**Prepared by:**



**for** Al Pierce  
Department Manager, Maintenance  
714-560-5975

**Approved by:**



William L. Foster  
General Manager, Operations  
714-560-5842





BOARD COMMITTEE TRANSMITTAL

*January 23, 2006*

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board  
**Subject:** Audit Report on Second Quarter Parts Inventory Count

Finance and Administration Committee

January 11, 2006

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

***Committee Vote***

This item was passed by all Committee Members present.

Committee Members Campbell and Correa were not present to vote on this item.

***Committee Recommendation***

Receive and file the Second Quarter Parts Inventory Count, Internal Audit Report No. 06-025.



*January 11, 2006*

**To:** Finance and Administration Committee  
**From:** Arthur T. Leahy, <sup>AL</sup> Chief Executive Officer  
**Subject:** Audit Report on Second Quarter Parts Inventory Count

**Overview**

The Internal Audit Department has completed the parts inventory count for the second quarter. A response to the report was not required.

**Recommendation**

Receive and file the Second Quarter Parts Inventory Count, Internal Audit Report No. 06-025.

**Background**

Results from quarterly inventory counts conducted by the Internal Audit Department assist the Contracts Administration and Materials Management Department in monitoring the accuracy of the parts inventory.

**Discussion**

Internal Audit conducted unannounced parts inventory counts at the three bases on November 3, 2005. The total inventory value for the Santa Ana Bus Maintenance and Operations Base, the Garden Grove Base, and the Anaheim Base was \$3,497,720 as of November 3, 2005.

A statistically valid sample of 443 part records was selected from the part records. The sample error rate was 2.93 percent, which indicated with a 95 percent confidence level that the error rate in the total parts population on that day fell between 1.8 percent and 4.8 percent.

The Orange County Transportation Authority's performance measure goal for inventory accuracy is 95 percent.

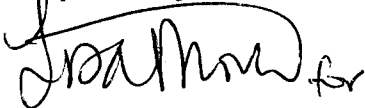
**Summary**

The sample error rate for the unannounced count of parts inventory was 2.93 percent on November 3, 2005.

**Attachment**

- A. Second Quarter Parts Inventory Count, Internal Audit Report No. 06-025

**Prepared by:**



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

**Approved by:**



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



*INTEROFFICE MEMO*

December 5, 2005

To: Jim Kenan, Executive Director  
Finance, Administration & Human Resources

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

Subject: **Second Quarter Parts Inventory Count, Internal Audit Report No. 06-025**

***Conclusion***

Internal Audit conducted a parts inventory count on November 3, 2005. In the sample of 443 part numbers, 13 errors were identified. The resulting 2.93 percent sample error rate indicated with a 95 percent confidence level that the error rate in the total parts inventory population on that day fell between 1.8 percent and 4.8 percent.<sup>1</sup>

***Purpose and Scope***

The purpose of the parts inventory count was to determine if the parts inventory records per the Maintenance, Accounting and Procurement System (MAPS) reflected the actual inventory locations and quantities on hand. Internal Audit's objective was to determine the differences in counts and bin locations between the actual physical inventory population and the inventory as recorded in MAPS. Statistical sampling tables were used in evaluating the results. Due to the narrowly focused purpose, Internal Audit did not test the overall inventory process.

***Background***

The total inventory value for the Santa Ana Operating Base (Base #1), the Garden Grove Operating Base (Base #4), and the Anaheim Operating Base (Base #6), was \$3,497,720 as of November 3, 2005.

---

<sup>1</sup> In determining the sample size, the confidence level was 95 percent with an expected rate of occurrence not over five percent. From the appropriate statistical sampling table, Internal Audit determined the sample size to be drawn and evaluated was 443 part records.





**Discussion**

Unannounced inventory counts were conducted at the Santa Ana Operating Base, the Garden Grove Operating Base, and the Anaheim Operating Base, on November 3, 2005, by the staff of the Internal Audit Department.

A statistically valid sample of 443 part records was randomly selected for testing. Of the 443 part records randomly selected, 13 part counts deviated from the quantities reported on MAPS; of these differences, six were instances of the parts being found in bin locations other than those shown on MAPS or in incorrect bin slots. The 13 total errors resulted in a sample error rate of 2.93 percent. The following table shows the sample error rates in this inventory count compared to sample error rates in previous counts.

Base	Sample Error Rate in Current Count	Sample Error Rate in Previous Count <sup>2</sup>
Santa Ana	5.24 percent	7.48 percent
Garden Grove	1.80 percent	3.14 percent
Anaheim	0.71 percent	0.71 percent

Based on the 2.93 percent sample error rate, Internal Audit is 95 percent confident that the true error rate in the total parts inventory population for the three operating bases on November 3, 2005, fell between 1.8 percent and 4.8 percent.<sup>3</sup> Detail differences for the random selection are shown in Exhibit A.

Internal Audit also judgmentally selected 10 part numbers from the storeroom floor at each operating base. Without a random selection, the differences noted in this test could not be combined with the others to yield a statistically valid conclusion. However, the one difference noted for the judgment sample might otherwise be useful and is shown in Exhibit B.

**Summary**

The random sample parts inventory error rate on November 3, 2005, was 2.93 percent.

<sup>2</sup> The dates of the previous parts inventory count were: July 6, 2005, for the Santa Ana Operating Base; August 16, 2005, for the Garden Grove Operating Base; and April 5, 2005, for the Anaheim Operating Base.

<sup>3</sup> The 13 errors in the 443 inventory part records counted (with a total valuation of \$139,416) resulted in a sample error rate of 2.93 percent. The 2.93 sample error rate indicated with a 95 percent confidence level that the error rate in the total parts population was between 1.8 percent and 4.8 percent on November 3, 2005. There is a five percent sampling risk that the actual total parts population error rate varied outside of the 1.8 percent to 4.8 percent range.



*INTEROFFICE MEMO*

Please contact Serena Ng at extension 5938 if you have any questions.

Audit performed by: Serena Ng, In-Charge Auditor  
Gerry Dunning  
Lisa Monteiro  
Maria Robledo

***Attachments***

- Exhibit A Differences Identified in Parts Inventory Count as of November 3, 2005, for Part Numbers Randomly Selected
- Exhibit B Differences Identified in Parts Inventory Count as of November 3, 2005, for Part Numbers Judgmentally Selected

c: Richard Bacigalupo  
Virginia Abadessa  
Wendy Hebein  
Robert Duffy

Exhibit A

Differences Identified in Parts Inventory Count as of November 3, 2005  
for Part Numbers Randomly Selected

Part No.	Description	Bin Location	Quantity			Average Unit Cost	Absolute Cost Diff.	Description of Variance	Notes
			Per Count	Per MAPS	Per Diff.				
<u>Santa Ana Operating Base (Base #1)</u>									
18671	Filter, Air	1C06D	0	1	-1	\$ 3.16000	\$ 3.16000	Quantity difference	
9678	Decal, OCTA	1E02C	13	12	1	\$ 8.58700	\$ 8.58700	Quantity difference	
14559	Spring, Latch	1E11C	21	19	2	\$ 1.31460	\$ 2.62920	Quantity difference	
2099	O-ring, High pressure	1V08AA	113	112	1	\$ 0.19229	\$ 0.19229	Quantity difference	
7996	Shim, Control valve	1V08HA	0	4	-4	\$ 1.32500	\$ 5.30000	Quantity difference	
2840	Washer, Copper	1V11BD	653	649	4	\$ 0.09560	\$ 0.38240	Quantity difference	
14203	Lamp, Tail light	1H06B	2	12	-10	\$ 40.16550	\$ -	Bin location difference	(A)
18536	Shaft, Axle	1N07E	0	1	-1	\$ 445.55000	\$ -	Bin location difference	(B)
3782	Fitting, Straight	1V08CB	5	3	2	\$ 2.70429	\$ -	Bin location difference	(C)
3792	Fitting, Straight	1V08CA	0	2	-2	\$ 3.22000	\$ -	See Note (F)	(C)
12550	Housing, Oil supply	1V10BD	0	1	-1	\$ 29.60500	\$ -	Bin location difference	(D)
<i>Subtotal (10 errors / 191 part records in sample = 5.24% error rate)</i>							\$20.25089	6 quantity errors and 4 bin location errors	
<u>Garden Grove Operating Base (Base #4)</u>									
15380	Insert, Wheelchair lift	4G01BB	93	100	-7	\$ 2.55370	\$17.87590	Quantity difference	
126	Bushing, Shock absorber	4C09B	0	19	-19	\$ 0.33420	\$ -	Bin location difference	(E)
<i>Subtotal (2 errors / 111 part records in sample = 1.80% error rate)</i>							\$17.87590	1 quantity error and 1 bin location error	
<u>Anaheim Operating Base (Base #6)</u>									
20074	Gasket, Fill connector	6W01E	0	6	-6	\$ 31.03200	\$ -	Bin location difference	(F)
<i>Subtotal (1 error / 141 part records in sample = 0.71% error rate)</i>							\$ -	1 bin location error	
<b>Total for Three Bases (13 errors / 443 part records = 2.93% error rate)</b>							<b>\$38.12679</b>	<b>7 quantity errors and 6 bin location errors</b>	

**Exhibit A**

**Differences Identified in Parts Inventory Count as of November 3, 2005  
for Part Numbers Randomly Selected**

Legend:

(A) - Although the 12 total quantity of part #14203 had a location 1H06B in MAPS, there was 10 quantity of the part found in location 1H06A, which was not labeled. A cost difference is not shown since it is considered a bin location error.

(B) - Part #18536 was found in location 1N07F, instead of the 1N07E location shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(C) - In location 1V08CB, the 3 quantity of part #3782 was found along with 2 quantity of part #3792; however, part #3792 has a location of 1V08CA in MAPS. Since the differences for the two selections are due to one error, only one bin location error has been counted for the two selections as part of the sample error rate.

(D) - Although part #12550 had a location of 1V10BD in MAPS, the part was found in an adjacent drawer. A cost difference is not shown since it is considered a bin location error.

(E) - Part #126 was found in location 4C09A, instead of the 4C09B location shown in MAPS. A cost difference is not shown since it is considered a bin location error.

(F) - Part #20074 was found in location 6W01C, instead of the 6W01E location shown in MAPS. A cost difference is not shown since it is considered a bin location error.

**Exhibit B**

**Differences Identified in Parts Inventory Count as of November 3, 2005  
for Part Numbers Judgmentally Selected**

Part No.	Description	Bin Location	Quantity		Average Unit Cost	Absolute Cost Diff.	Description of Variance	Notes
			Per Count	Per MAPS				
<u>Santa Ana Operating Base (Base #1)</u>								
						<u>No errors noted in judgment sample</u>		
<i>Subtotal (0 errors / 10 part records in sample = 0.00% error rate)</i>						\$ -	No errors noted	
<u>Garden Grove Operating Base (Base #4)</u>								
						<u>No errors noted in judgment sample</u>		
<i>Subtotal (0 errors / 10 part records in sample = 0.00% error rate)</i>						\$ -	No errors noted	
<u>Anaheim Operating Base (Base #6)</u>								
18302	Bracket, Post	6J11D	5	0	5 \$ 21.37000	\$ -	Bin location difference	(A)
<i>Subtotal (1 error / 10 part records in sample = 10.00% error rate)</i>						\$ -	1 bin location error	
<b><i>Total for Three Bases (1 error / 30 part records in sample = 3.33% error rate)</i></b>						<b>\$ -</b>	<b>1 bin location error</b>	

(A) - Although the 5 quantity of part #18302 was found in location #6J11D, there were no quantity shown in MAPS for that location. There was a total of 84 quantity of part #18302 shown at different locations in MAPS. Internal Audit counted a total of 84 quantity for the part at different locations, including the 5 quantity at location 6J11D. Therefore, total quantity of part #18302 was correct. Selection is considered a bin location difference.





**January 23, 2006**

**To:** Members of the Board of Directors  
**From:** Wendy Knowles, Clerk of the Board <sup>WK</sup>  
**Subject:** Garden Grove Freeway (State Route 22) Design-Build Project Sound Study Review and Use of Rubberized Asphalt

At the January 9, 2006, Board meeting, Chairman Campbell pulled this item and deferred it to the January 23, 2006, Board meeting.

Chairman Campbell stated that Recommendation B did not reflect the Regional Planning and Highways Committee's intent. In addition, Director Rosen requested renderings of the various potential soundwall configurations.

***Committee Recommendations (Reflects change from staff recommendation)***

***Note: Revised Recommendation B***

- A. Install air conditioning units for 13 classrooms in the Sunnyside and Mitchell Elementary Schools, as recommended by the approved environmental document.
- B. Approval to construct a 3-foot or up to a 14-foot soundwall along the north side of the State Route 22 Freeway between Magnolia Avenue and Euclid Street at a cost not to exceed \$4.4 million, contingent upon the Garden Grove City Council's approval. Should the City prefer a plexi-glass soundwall, the City would be responsible for the additional cost.
- C. Orange County Transportation Authority work in conjunction with the City of Garden Grove to establish a rubberized asphalt demonstration project on Trask Avenue between Brookhurst Street and Magnolia Street. The capital cost would be paid by Orange County Transportation Authority and the maintenance and operation by the City of Garden Grove.



**December 19, 2005**

**To:** Regional Planning and Highways Committee  
**From:** Arthur T. Leahy, Chief Executive Officer  
**Subject:** Garden Grove Freeway (State Route 22) Design-Build Project  
Sound Study Review and Use of Rubberized Asphalt

### **Overview**

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

### **Recommendations**

- A. Direct staff to proceed with the following noise mitigation measures and enhancements:
1. Install air conditioning units for 13 classrooms in the Sunnyside and Mitchell Elementary Schools, as recommended by the approved environmental document.
  2. Construct individual property walls along the north side of Trask Avenue or acoustical mitigation for the first row of homes along Trask Avenue.
  3. Construct a 3-foot high concrete barrier along the freeway mainline in lieu of a metal beam guardrail.

### **Background**

On October 11, 2001, the Orange County Transportation Authority (Authority) Board of Directors (Board) approved the implementation of the Garden Grove



Freeway (State Route 22) improvements using the design-build approach. Design-build is an innovative system of contracting where one entity performs both final engineering design and construction under one contract. In a traditional delivery scenario, these two elements are performed consecutively. In a design-build project they are performed concurrently resulting in significant time savings.

As part of the environmental analysis for the State Route 22 (SR-22) Design-Build Project (Project) improvements, two noise impact reports were prepared by the California Department of Transportation (Caltrans) to determine if the predicted noise levels result in increased traffic noise impacts. The purpose of these reports was to identify traffic noise impacts associated with the proposed Project improvements as well as potential noise abatement measures. The final noise impact reports were included in the SR-22 Final Environmental Impact Statement and Environmental Impact Report (FEIS/EIR), dated March 2003. The noise studies provide detailed analysis for the impacted areas, including commercial land uses, several car dealerships located along the north side of the SR-22, single-family residences located on the north side of Trask Avenue, and three impacted schools.

There have been five different noise studies prepared by different agencies to evaluate the noise impact along the Trask Avenue corridor, roughly bordered by Harbor Boulevard to the east and Magnolia Street to the west. They are listed as follows:

1. "Noise Impact Report as part Trask Widening Project," City of Garden Grove (1993)
2. "Traffic Noise Impact Technical Report," Caltrans (December 2000)
3. "Evaluation of the Traffic Noise Adjacent to Trask Avenue," Weiland Associates for the City of Garden Grove (November 2001), as requested by Mrs. Bennett
4. "Supplemental Traffic Noise Impact Report between Magnolia Street and Havenwood Drive," Caltrans (October 2002)
5. "Focused Traffic Noise Study," Parsons Transportation Group for the Authority (November 2005)

These studies concluded that both Trask Avenue and SR-22 contribute to the traffic noise in this area, and any SR-22 noise mitigation intended to benefit the residential area would be negated by traffic noise from Trask Avenue.

### ***Discussion***

In addition to the noise reports developed during the environmental phase, the Authority commissioned additional focused studies and analyses to address specific areas along the project alignment. One of these areas was between Brookhurst and Magnolia Streets and is identified in Attachment A. A detailed study for this area was initiated based on concerns voiced by Ms. Bennett, who is a local resident. Ms. Bennett's residence is located approximately ¼-mile north of the SR-22 (Attachment A). As part of these studies, the future worst case traffic noise levels were predicted using computer modeling at residences and schools in the study area.

#### **Residences**

Noise modeling was performed at 25 representative locations between Brookhurst and Magnolia Streets, with each location analyzed for 11 different pavement and traffic scenarios. Typically, only a few receptors are used to evaluate traffic noise impacts in a city block; however, to determine the detailed noise impacts in the study area, 25 receptors were used for this study. The pavement scenarios included both concrete and rubberized asphalt. Traffic contributions were modeled for the freeway alone, Trask Avenue alone, and both combined. Noise levels were calculated at houses with and without property walls and at various locations between the first and fifth rows of residences north of Trask Avenue. Some of the receptors were located behind car dealership buildings and others had an unobstructed view of the SR-22. In order to develop a noise profile, a 39-hour continuous noise measurement was also conducted at the backyard of a first row residence north of Trask Avenue. Results of this measurement indicated that the traffic noise is relatively steady between 7:00 a.m. and 10:00 p.m.

In order to meet the governing Caltrans standards, any noise mitigation measure must achieve a minimum 5 decibels (dBA) reduction in noise. Soundwalls were found to be effective in reducing noise levels at the car dealerships; however, the commercial land owners did not want noise barriers because it would block their visibility from the freeway. This was documented during the public review period of the environmental document.

It was also concluded in the FEIS/EIR that noise barriers located within Caltrans right-of-way would not be feasible in achieving a minimum 5 dBA noise reduction in the residential areas north of Trask Avenue. The primary reason a 5 dBA noise reduction cannot be achieved in the residential areas is because the reduction in SR-22 traffic noise provided by the noise barriers

would be negated by traffic noise from Trask Avenue. Trask Avenue, an adjacent arterial that is parallel with the SR-22, serves as an alternative roadway to the freeway. Accordingly, this local street is often congested and traffic patterns mirror those of the freeway.

Results of the additional analyses and site investigations confirmed that traffic on Trask Avenue is a major component of the total traffic noise at the residences located north of the avenue. Even if the traffic noise from the SR-22 is completely eliminated, the total noise levels at the first row houses would not be reduced appreciably due to the traffic on Trask Avenue.

The analyses indicate abatement measures implemented for SR-22 noise reduction will not produce a noticeable noise reduction at the residences located north of Trask Avenue; however, substantial noise reductions could be achievable at the first row houses by placing individual soundwalls on private property along the north side of the avenue. A wall at the property line would reduce the Trask Avenue traffic noise as well as provide some reduction of traffic noise from the SR-22; however, construction of these soundwalls must be agreed to by the homeowners, if practical. Another option for the impacted residents along the first row of houses is to provide interior noise reduction. This option was used by the City of Garden Grove in 1993 as part of the Trask Avenue Widening Project, between Brookhurst and Newhope Streets. As part of the mitigation measures, windows and doors were upgraded to reduce interior noise levels. Agreements with individual property owners would be required to implement such mitigation measures.

The project currently includes a combination of concrete barrier or metal guardrail along the edge of the freeway from Euclid Avenue to Brookhurst Street. It is proposed to replace approximately 3000 feet of the metal guardrail with a 3-foot high concrete barrier to provide some reduction of the generated tire/pavement noise. This will provide the additional benefit of visual screening from the residential area while maintaining visibility to the car dealerships. The addition of the concrete barrier is also considered a safety enhancement. It is believed that the barrier would achieve a noise reduction approximately equal to that provided by rubberized asphalt.

#### Schools

The Authority conducted a traffic noise analysis for Sunnyside and Mitchell Elementary Schools, as well as King of Kings Christian School to determine classroom interior noise levels and possible noise abatement measures.

At Sunnyside Elementary School, there are two sets of classrooms that are exposed to Trask Avenue and SR-22 traffic noise. The first set consists of six portable classrooms which have air conditioning units. The second set consists of seven classrooms without air conditioning units. Results of the noise study indicate that the seven classrooms with no air conditioning units would exceed Caltrans noise abatement criteria when classroom windows are open. As recommended in the FEIS/EIR, air conditioning units may be provided for these seven classrooms to allow the school to keep the windows closed during hot weather.

At Mitchell Elementary School, there are six classrooms with no air conditioning units in two separate buildings. Air conditioning units may be provided for these six classrooms as noise abatement for this school,.

At King of Kings Christian School, the impacted classrooms already have air conditioning units and there is no need for further interior noise mitigation.

In accordance with the environmental document and recent detailed noise studies, the Authority recommends providing air conditioning units for the 13 classrooms in the Sunnyside and Mitchell Elementary Schools.

#### **Rubberized Asphalt**

Although the additional studies and analyses confirmed the conclusion of the environmental report, namely any amount of noise mitigation to the freeway would not provide a noticeable noise reduction in the residential area, the Authority conducted research into the use of rubberized asphalt as a possible noise abatement measure. Authority staff contacted Caltrans Headquarters Pavement Division, Caltrans District 12 management, the Asphalt Pavement Alliance, and the American Concrete Pavement Association to gather information about rubberized asphalt and its application.

Rubberized asphalt is a paving mixture containing about 20 percent tire rubber that is blended into a liquid asphalt mixture. Rubberized asphalt was initially pioneered as a method to reduce the amount of used tires in the landfills. In fact, Assembly Bill 338 (Levine, D-Los Angeles) was recently enacted by the State of California, in essence provides for a minimum amount of crumb rubber (old tires) to be used statewide by Caltrans on projects that use asphalt concrete as a paving material. The Authority's legislative staff reviewed this bill and provided an analysis to the Board. The legislation does not impact the SR-22 improvements for three primary reasons:

- The pavement material on SR-22 is concrete, not asphalt;
- The crumb rubber requirement is on a statewide basis, not project specific; and
- The legislation becomes effective on January 1, 2007, which is after completion of the SR-22 improvements.

Rubberized asphalt can be used as a new pavement section and as an overlay to rehabilitate aged pavement. In some cases, this method of rehabilitation has proven to provide an economical treatment to aging highways. One of the unintended benefits of rubberized asphalt is its possible use as a noise mitigation measure.

With increased attention on the possible noise benefits of rubberized asphalt, there has been considerable information and misinformation distributed regarding this issue. The Federal Highway Administration (FHWA) issued a memorandum, dated January 19, 2005, entitled "Highway Traffic Noise - Guidance on Quiet Pavement Pilot Programs and Tire/Pavement Noise Research" (Attachment B). The FHWA policy does not allow the use of pavement type or surface texture as a noise abatement measure. On September 5, 2005, Caltrans issued a Pavement Advisory entitled "Designing Quieter Pavements" (Attachment C). This advisory was issued to provide project designers with the most current information available regarding pavement and traffic noise. The advisory states that Caltrans must adhere to the aforementioned FHWA policy regarding noise abatement measures, which restricts making adjustments for pavement type in the prediction of highway traffic noise levels and using specific pavement types or surface textures.

The FHWA policy does not preclude the use of rubberized asphalt. The policy simply states that rubberized asphalt cannot be used as an approved noise mitigation measure (i.e., it cannot be used to offset the need for a soundwall). If the Authority chose to place rubberized asphalt, FHWA would not participate in funding that element. Federal dollars on the Project are not jeopardized if rubberized asphalt is placed and funded by local funds.

Many reports have discussed the noise benefits of rubberized asphalt, specifically noting the Arizona program to overlay its urban freeways with rubberized asphalt to reduce noise. There are some key differences between Arizona's and California's concrete pavement. Caltrans reports that noise measurements on existing California concrete pavement are 4 to 7 dBA quieter than equivalent Arizona concrete pavement; therefore, California will not see as dramatic a noise reduction through the use of rubberized asphalt. One of the key differences between the concrete pavement in the two states is the

direction of the tined or grooved texturing. Arizona has grooves transverse to the traffic direction, whereas California has longitudinal grooves.

#### **Conclusion**

Five previous sound studies have analyzed the noise impact from both Trask Avenue and the SR-22. The results have consistently stated that traffic noise is generated by both Trask Avenue and the freeway. Consequently, freeway noise reduction, in whatever form, would be negated by traffic noise from Trask Avenue. The only noise mitigation required of the Project is to provide air conditioning units for the two elementary schools, as indicated in the environmental document.

To provide additional noise enhancements staff recommends placement of a property wall north of Trask Avenue. A wall along the property line will reduce the Trask Avenue traffic noise as well as provide some reduction of traffic noise from the SR-22. Replacement of approximately 3000 feet of metal guardrail with concrete barrier is also recommended to provide some nominal reduction of the generated tire/pavement noise and provide some visual screening.

As directed by the Regional Planning and Highways Committee, staff has reviewed a number of different options, and combinations thereof, to provide noise mitigation to the area. The alternatives provided for Board consideration are summarized in Attachment D. The options include various soundwall configurations, locations, and materials. Pavement options were also reviewed, including rubberized asphalt to address the noise source directly. The cost for each alternative and anticipated benefit is shown in Attachment D.

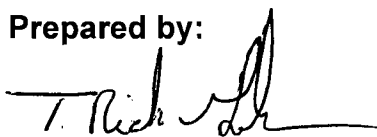
#### ***Summary***

The Authority continues to work on the first project in the State of California to be constructed on an active freeway using the innovative design-build delivery method and remains committed to project mitigations to minimize impacts to the community.

***Attachments***

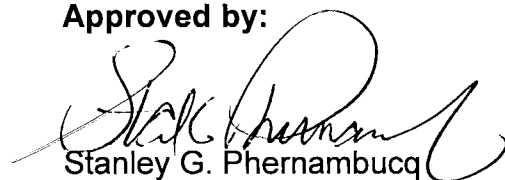
- A. Project Location Map
- B. Highway Traffic Noise – Guidance on Quiet Pavement Pilot Programs and Tire/Pavement Noise Research
- C. Designing Quieter Pavements
- D. SR-22 Enhanced Noise Mitigation Alternatives – Garden Grove

**Prepared by:**



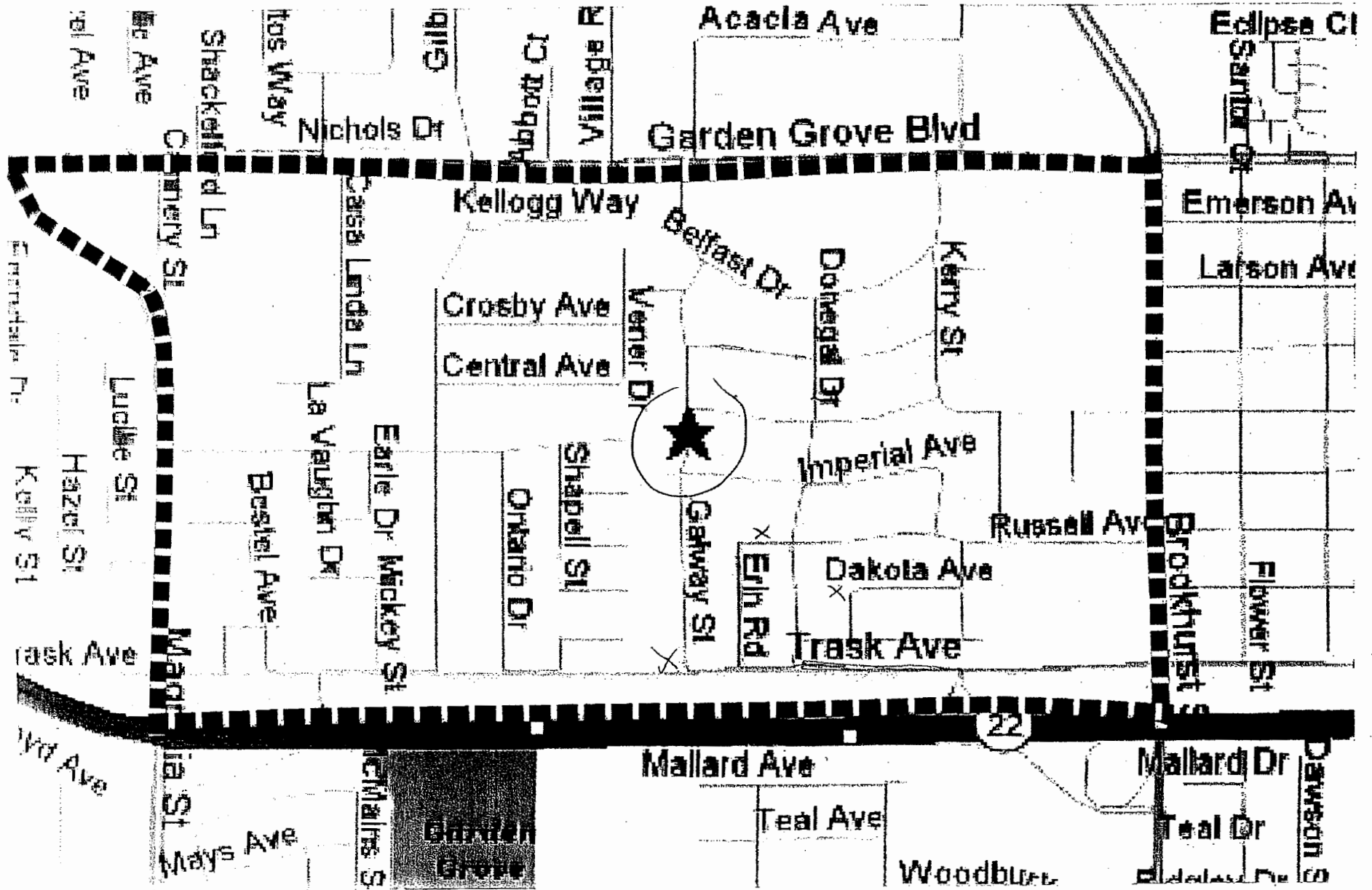
T. Rick Grebner, P.E.  
Program Manager  
(714) 560-5729

**Approved by:**



Stanley G. Phernambucq  
Executive Director,  
Construction & Engineering  
(714) 560-5440

Project Location Map



Project Area Analyzed ■■■■■■



Highway Traffic Noise –  
Guidance on Quiet Pavement Pilot Programs and Tire/Pavement Noise Research



U.S. Department  
of Transportation

# Memorandum

Federal Highway  
Administration

SENT VIA ELECTRONIC MAIL

Subject: **INFORMATION:** Highway Traffic Noise -  
Guidance on Quiet Pavement Pilot Programs  
and Tire/Pavement Noise Research

Date: January 19, 2005

Reply to: HEPN-20

(Original Signed by)

From: James M. Shrouds  
Director, Office of Natural and Human Environment

To: Division Administrators  
Federal Lands Highway Division Engineers

## Purpose

This memorandum provides guidance to a State DOT(s) that wants to develop a Quiet Pavement Pilot Program (QPPP) or conduct tire/pavement noise research. It specifically provides information on the QPPP implemented by the Arizona Department of Transportation (ADOT). Please note that the selection of pavement type and texture is based on engineering and economic analysis, specifically including safety and durability considerations. **Pavement safety and durability should never be jeopardized to obtain noise reduction.**

## Background

The FHWA noise program policy related to tire/pavement noise, contained on page 31 of "Highway Traffic Noise Analysis and Abatement: Policy and Guidance (found at <http://www.fhwa.dot.gov/environment/polguid.pdf>)," reads as follows:

"Pavement is sometimes mentioned as a factor in traffic noise. While it is true that noise levels do vary with changes in pavements and tires, it is not clear that these variations are substantial when compared to the noise from exhausts and engines, especially when there are a large number of trucks on the highway. Additional research is needed to determine to what extent different types of pavements and tires contribute to traffic noise.

It is very difficult to forecast pavement surface condition into the future. Unless definite knowledge is available on the pavement type and condition and its noise generating characteristics, no adjustments should be made for pavement type in the prediction of highway traffic noise levels. Studies have shown open-graded asphalt pavement can



initially produce a benefit of 2-4 dBA reduction in noise levels. However, within a short time period (approximately 6-12 months), any noise reduction benefit is lost when the voids fill up and the aggregate becomes polished. The use of specific pavement types or surface textures must not be considered as a noise abatement measure.”

The FHWA policy restricts making adjustments for pavement type in the prediction of highway traffic noise levels and using specific pavement types or surface textures as noise abatement measures.

### QPPP

As a result of input from the general public, as well as results from studies conducted during the 1990's, ADOT asked the FHWA for approval to implement a QPPP, specifically to use asphalt rubber friction courses on selected freeway segments in the Phoenix area to reduce noise. The FHWA approved ADOT's QPPP in June 2003. Based on similar public concerns and tire/pavement noise studies, the California Department of Transportation has indicated a desire to develop a proposal for a QPPP in California.

The QPPP's are intended to demonstrate the effectiveness of quiet pavement strategies and to evaluate any changes in their noise mitigation properties over time. Current knowledge on changes over time is extremely limited. Thus, the programs will collect data and information for at least a 5-10 year period, after which the FHWA will determine if policy changes to a State DOT(s) noise program are warranted.

The QPPP's will accomplish the following:

1. Account for documented noise reduction benefits of pavement types by adjusting predicted (modeled) highway traffic noise levels in project noise analyses (this may either reduce the number of identified traffic noise impacts or reduce the height of noise barriers that are required to mitigate identified traffic noise impacts);
2. Include post-construction monitoring for the projects to collect acoustic, texture, and frictional characteristics (monitoring will be performed for at least 5-10 years);
3. Document the general public's reaction to the noise reduction capabilities of specific pavement types; and
4. Include commitments to take appropriate actions to provide required noise reduction into perpetuity.

### **Guidance for Developing a QPPP**

The development of a QPPP is strictly voluntary and should not preclude the use of any “quieter pavement” technology. To account for variability in pavement designs and materials, as well as differing climatic conditions, a QPPP should be State-specific. However, if a group of State DOTs would like to jointly enter into a QPPP, they may do so if they collectively agree on the same pavement type(s), design(s) and materials. The State DOTs should also experience the same climatic conditions. The program should include a Program Plan and a Data Acquisition Plan, which should be reviewed and approved by the respective FHWA Division Office with the concurrence of the Office of Natural and Human Environment (HEPN).

The Program Plan will be specific to that State DOT(s). At a minimum, a State DOT(s) should address the nine items outlined in the attached Arizona DOT Program Plan. The Data Acquisition Plan should contain requirements to monitor noise characteristics, as well as safety and durability factors, measured over time [e.g., vehicle incident data, wayside acoustical data, porosity, frictional characteristics, skid number, impedance, etc.]. The attached Sample Data Acquisition Plan should be used as a proto-type for data collection; however, a State DOT’s QPPP may add items to adequately document the safety, durability, and noise requirements of their program. A State DOT(s) that adopts at a minimum the nine items in the Arizona DOT Program Plan and the Sample Data Acquisition Plan will obtain concurrence from FHWA HEPN.

For any project in a QPPP, a State DOT(s) is allowed to make adjustments for pavement type in the prediction of highway traffic noise levels and/or use specific pavement types or surface textures as noise abatement measures. However, a commitment must also be made to maintain in perpetuity any noise reduction attributed to the pavement type or surface texture.

### **Guidance for Conducting “Quiet Pavement” Research**

A State DOT(s) may also elect to conduct “quiet pavement” research. Once completed, this research would help substantiate a possible future policy change in its program to allow the use of a pavement adjustment factor in traffic noise predictions and the use of pavement types or surface textures as noise abatement measures. To conduct “quiet pavement” research, a State DOT(s) should develop a Quiet Pavement Research Plan that (1) outlines its intended purpose, (2) details all data acquisition, and (3) contains periodic reporting requirements. The Research Plan should be reviewed and approved by the respective FHWA division office, with the concurrence of HEPN. The attached Sample Data Acquisition Plan should be used as guidance for data acquisition. Noise data must be gathered to document the noise levels in residents’ backyards (wayside acoustical data). The research should include, for each applicable pavement type, a minimum of four studies that substantiate the policy change being considered. To account for variations in pavement design, construction, maintenance, and materials, these studies should (1) be in different locations within the State; (2) collect noise characteristics and safety and durability data for at least 5-10 years (or longer, based on the pavement life); and (3) involve different construction contractors.

## **Differences Between the QPPP and “Quiet Pavement” Research**

The data gathered for both a QPPP and “quiet pavement” research are exactly the same. This allows data for a specific pavement type from either source to be compared directly at a national level. This also can help to determine any correlation between pavement characteristics (e.g., texture or skid resistance), safety, durability, and noise reduction. The two major differences between a QPPP and “quiet pavement” research are discussed below.

First, a State DOT(s) entering into the QPPP has already submitted acceptable documentation on a specific pavement type’s noise reduction and safety capabilities over time. With this approved documentation, the State DOT(s) may make adjustments for (1) pavement type in the prediction of highway traffic noise levels; and (2) the use of specific pavement types or surface textures as noise abatement measures. These adjustments must be based on existing documentation. A State DOT(s) conducting “quiet pavement” research may not make these adjustments until acceptable documentation on a specific pavement type’s noise reduction and safety capabilities over time is submitted and approved. This determination will not be made until the “quiet pavement” research is completed.

Second, a State DOT(s) implementing a QPPP must make a commitment to monitor noise levels and take appropriate actions, if the noise reduction benefits do not last in perpetuity. A State DOT(s) conducting “quiet pavement” research does not need to make any commitment regarding the noise reduction benefits of the pavement, since no change in program policy, i.e., adjustments for pavement can occur until the research is complete.

### **Safety**

The Data Acquisition Plan for any QPPP or “quiet pavement” research should, as a minimum, contain what is presented in the attached Sample Data Acquisition Plan. If any pavement that is constructed in the QPPP and/or “quiet pavement” research fails to meet structural requirements to the extent that road users’ safety is compromised, the State DOT(s) shall immediately take action to achieve acceptable safety levels by (1) repaving with an adjusted pavement mix, or (2) repaving with a documented safe pavement type or surface. The determination of the appropriate action shall be with the concurrence of FHWA.

### **Funding**

No special or separate funding is available for the development of a QPPP or “quiet pavement” research. However, construction of a quiet pavement may be funded with any appropriate category of FA construction funds. The evaluation of a QPPP or “quiet pavement” research may be funded either as part of the construction project or as a separate project with NHS or STP, which can be used for research, development and technology transfer, or with SPR funds. The SPR funds may not be used for construction of the pavement.

## Summary

In summary, FHWA policy does not allow the use of pavement type or surface texture as a noise abatement measure. If policy change is to occur, results of the QPPP and/or additional research must demonstrate the safety and durability of each "quiet pavement," as well as its noise reduction capability. The safety and noise reduction of the pavement must last in perpetuity. In the short term, any policy change will be State specific, i.e., the change will only apply to a given State DOT(s) for a specified pavement type and/or texture. If warranted, changes in national policy may be considered in the future. The FHWA will disseminate information regarding Quiet Pavement Pilot Programs and Tire/Pavement Noise Research as they are developed and as deemed appropriate.

Questions and comments on the QPPP or "Quiet Pavement" research should be directed to Mark Ferroni ([Mark.Ferroni@fhwa.dot.gov](mailto:Mark.Ferroni@fhwa.dot.gov)) at (202) 366-3233 or Chris Corbisier ([Chris.Corbisier@fhwa.dot.gov](mailto:Chris.Corbisier@fhwa.dot.gov)) at (202) 366-1473, respectively.

2 Attachments

cc: Directors of Field Services

State of California  
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

*Flex your power!  
Be energy efficient!*

*Pavement Standards Team (PST)*  
***Pavement Advisory***

Number: PSTPA-02  
Effective Date: IMMEDIATE  
Approval Date: September 6, 2005

Title: Designing Quieter Pavements

**This advisory applies only to pavements, not bridges or structure approach slabs which are under the purview of Structures in the Division of Engineering Services.**

**ISSUE**

The issue of quieter pavements has received increasing attention nationwide over the past several years. Traffic noise has become a growing public concern.

The Federal Highway Administration issued a letter on January 19, 2005 to all State DOTs (see attachment) reiterating "The FHWA policy restricts making adjustments for pavement type in the prediction of highway traffic noise levels and using specific pavement types or surface textures as noise abatement measures." This means that FHWA will not participate in the costs for pavement work done solely for the purposes of reducing noise. FHWA stresses the need to not compromise safety and durability for noise reduction in meeting requirements found in NEPA and 23 CFR 772 for abating and maintaining noise. In their letter FHWA also notes their support in researching the issue and ultimately left open the possibility of modifying their policy based on this research. California has been investigating quieter pavement strategies for the last seven years and has developed several test sections. Arizona has also been testing thin overlays as a quiet pavement strategy for a number of years. Arizona has embarked on a program to overlay its urban freeways with open graded asphalt to reduce noise. Because of differences between Arizona's and California's pavements, California has not adopted Arizona's program. See p. 4 "Difference Between Arizona's and California's Pavements" of this advisory for further information. Several other state DOTs are working on developing additional research. Because one of the issues that FHWA wants addressed is how long pavement will maintain its noise benefits, it will be several more years before this research is fully completed.

In the mean time, with increasing attention, there has been a lot of information and misinformation distributed regarding this issue. Since the Department strives to provide the best product possible to the public, this advisory is being issued to provide designers with the most

current information available and provide interim recommendations on how to design pavements that are safe, long lasting, and quiet.

For reference, a 3dBA change in noise levels is barely perceptible to an average healthy ear. Caltrans constructs sound walls (in accordance with Federal requirements) after a reasonable and feasible analysis determines that a 'readably perceptible' decrease of 5 dBA or more can be achieved.

## CURRENT INFORMATION

Recent developments in testing now allow us to measure pavement noise separate from other noise factors. Based on research done to date and other experiences and comparisons here is what we know today:

1. Of the primary noise sources emanating from a vehicle, the noise generated from the interaction between the tire and pavement is the only variable transportation departments have some immediate control over. For passenger cars operating at freeway speeds, tire/pavement noise accounts for 75-90% of the overall wayside noise levels. The acoustics for heavy trucks is much more complex and the Department is examining this topic. Caltrans has a number of on-going studies that are examining various aspects of traffic related noise.
2. California's longitudinally tined concrete pavements are already 4 to 7 dB quieter than other states (including Arizona) that use transverse tining surface texture.
3. California's standard open graded asphalt pavements (conventional and rubberized) have noise readings that compare favorably with other "quiet pavements" developed in other states and in Europe. Caltrans will be testing some additional designs developed in other states and in Europe over the next several years.
4. Mixes with increased void content (like open graded asphalt) and smaller rock size seem to provide better noise performance.
5. While dense graded asphalt is typically quieter than concrete pavement, it is not necessarily always the case. Studies in California and the Midwest seem to show that well built concrete pavements which avoid transverse tining and give proper attention to surface texture can be statistically equivalent to dense graded asphalt mixes.
6. Caltrans has also seen some success in reducing noise on concrete pavements by grinding, but this really depends on the initial condition of the concrete. Significant

decreases in tire/pavement noise have been achieved when transversely textured concrete pavement is ground longitudinally. One interesting example of a successful grind on a recently built concrete pavement is on Route 85 in Santa Clara County, where a "whisper grind" reduced noise to the satisfaction of neighboring residents. Even though tests showed an overall 2 dBA reduction in noise, the grinding on Route 85 produced more uniform noise levels and showed a greater reduction in frequencies around 1600 Hz than at other ranges. It is possible but not proven that grinding may have changed the noise at the frequencies that were the most annoying to neighboring residents and created a surface with a more uniform sound.

7. Quality matters. Although additional data are being collected, there does appear to be a correlation between the quality of workmanship and noise performance. For example, we are seeing higher than average noise measurements for pavements that are also rougher than average. Poorly constructed pavement joints generate louder joint slap noise, which in turn increases overall noise levels. Also faulting on old concrete pavements increases noise. Caltrans has instituted the following improvements to its pavement design & practices, which will improve their noise performance in the future:
  - a. Enhanced smoothness specifications for asphalt and concrete pavements (see attached letter from Randall Iwasaki dated March 25, 2005)
  - b. Use of dowel bars in concrete pavements which reduces faulting by up to 90% and can double the pavement service life for faulting.
  - c. Increased use of open graded asphalt mixes on asphalt pavements.
8. Caltrans has not found any significant difference in noise performance between California's conventional and rubberized open graded asphalt pavements. Of what has been tested to date, open graded mixes are typically 3 – 5 dBA lower than conventional dense graded asphalt pavements. Caltrans has yet to test gap or dense graded rubberized asphalt pavements. Further investigation is needed and underway to sort out how material properties like aggregate size, surface texture, and void content effect noise performance. Although there is no apparent noise benefit from using rubber, there are other benefits, such as increased longevity.
9. Generally, the acoustic variation of a California pavement on a single project is a maximum of 1.5 dBA. Recently, we have run across a project where the same type of rubberized asphalt open graded was placed in two directions of an urban freeway using the same contractor but where there was a 3.5 dBA difference in noise measurements between directions. We are currently trying to ascertain what is causing this large variation.



10. At this point it is too early to tell how pavements will perform over time. Limited studies to date indicate that the noise measurement on their open graded asphalt overlays will increase by about 1 dBA per every three years. California is currently in the sixth year of testing the long term noise performance of open graded overlays. Additional testing is planned over the next three years to collect enough data to identify performance trends over the service life of the surface treatment.
11. Although California pavements are typically quieter than other states, we have identified or are looking at strategies, textures, and mixes which could potentially be even quieter. Over the next several years, as resources allow, we hope through our own efforts or in collaboration with other states, to test these alternate designs.

#### DIFFERENCES BETWEEN ARIZONA'S AND CALIFORNIA'S PAVEMENTS

Because there has been an increased awareness and discussion of Arizona's program, it should be noted that there are differences between Arizona's and California's pavement. The purpose of the section is to provide the reader with information on how California's concrete pavements differ from Arizona's and why the Department is not pursuing the same program of thin overlays that Arizona is doing.

1. Noise measurements on California's concrete pavements are 4 to 7 dBA quieter than equivalent Arizona concrete pavements while the noise measurements between California's and Arizona's open graded asphalt pavements are virtually identical. The differences between the concrete pavements of the two states as measured was due primarily to the uniform and randomly transverse tined textures Arizona chose to use; they have recently switched in 2002 to longitudinal tining to lower the tire/pavement noise levels. Therefore Caltrans will not see as dramatic a noise reduction from this approach.
2. California's concrete pavements are older (typically 30 to 50 years old) than Arizona's (typically less than 15 years old) and as a result have more distress. Because of this, placing thin overlays on pavements with higher distresses will result in faster deterioration of the overlay and a more rapid loss of acoustic benefits.
3. California has higher levels of traffic volumes/congestion than Arizona and more stringent lane closure requirements. This does make it more difficult and in some cases impractical to place and maintain thin open graded overlays to achieve high quality acoustic benefits on a number of California freeways. Open graded asphalt (particularly rubberized asphalt) needs to be placed in warmer temperatures which cannot always be achieved when night work is the only option. Arizona has already experienced some

early failures of their open graded overlays because they were placed in too cold of ambient temperatures.

4. California has 16,000 lane miles of urban freeway compared to Arizona's 1500 lane miles. The current cost for Arizona's program is \$100 million and climbing. Extrapolating from Arizona's experience, a similar program in California would cost in excess of \$1 billion not accounting for any repair work to existing pavements.

## RECOMMENDED ACTIONS

- New Construction

In designing new pavement, both Caltrans and FHWA agree that the primary consideration in the design should be safety (including for maintenance/construction workers) and durability (longevity). Therefore pavement selection, such as whether to use an asphalt or concrete surface should be based on these factors. Life cycle cost analysis should be used to determine whether a concrete or asphalt surface is the most cost effective over time.

Although, safety and durability should be the controlling criteria, this does not mean that pavements cannot also be designed to be quieter as well. The following steps are recommended to improve noise performance of concrete and asphalt pavements.

1. Use the most current versions of standard plans and specifications. These include changes made to improve pavement performance.
2. Use the new pilot specifications for smoothness (see attached letter from Randall Iwasaki dated March 25, 2005). Smoother pavements not only improve longevity of pavements, but also help reduce noise.
3. Enhanced inspection and stricter enforcement of current specifications. Poor quality construction leads to rougher, noisier, less durable pavement. Further improvements to specifications requested by Districts will be considered on a case-by-case basis (see nSSP policy).

Caltrans is also evaluating several new strategies and designs that show some promise for reducing noise while maintaining or improving safety and durability and is interested in creating some test sections for evaluation. These include reduced joint widths for concrete pavement, continuous reinforced concrete pavement, alternate surface textures, and alternate asphalt mix designs. If interested in building a test section, please contact Linus Motumah, Office of Pavement Design, at (916) 227-5851.

Additionally, Caltrans would like to construct pilot projects that improve smoothness. To request using the pilot smoothness specification or make modifications to existing specifications, please contact Tom Pyle at (916) 227-72871 for concrete pavement, and Terrie Bressette at (916) 227-7303 for asphalt projects. All of the pilot projects will require noise measurements and performance monitoring for several years.

- **Rehabilitation, Preservation, and Previously Built Pavements**

Concrete Pavement

The most promising strategies for reducing noise on older concrete pavements are either grinding or an open graded asphalt overlay. Open graded asphalt pavement is typically quieter than concrete when initially built, but pavement noise will increase at a faster rate than concrete. Open graded asphalt will also need to be periodically removed and replaced requiring lane closures and exposure of maintenance/construction personnel. Grinding has performed longer than open graded asphalt but can only be done so many times (typically 2 to 3) before the concrete pavement becomes too thin and loses integrity.

When designing a surface treatment for a previously built concrete pavement, the following steps are recommended:

1. Failed sections of concrete pavement (e.g. slab replacements) should be replaced prior to performing any surface treatment. Grinding will not improve these sections and experience has shown that asphalt overlays will fail prematurely (some projects have failed within 2 years).
2. Grinding should be considered first. Grinding has been successfully used in the past to address noise complaints from neighboring residents and it provides a smooth long lasting surface. Other things to keep in mind are:
  - a. Grinding reduces faulting and the resulting noise "slap" at the joints.
  - b. Grinding can be limited to just a few lanes but open graded asphalt has to be applied throughout.
  - c. Even if an open graded surface is applied, the existing concrete will need to be ground to eliminate faulting and other anomalies that will reduce the service life of the overlay.

A grinding specification should be used that requires the contractor to grind to a specific smoothness and to grind the entire surface rather than one that has a maximum depth of grind. This is necessary to avoid leaving any faulting or rough areas in the pavement.

3. Before deciding to place an open graded asphalt overlay, a life cycle cost analysis should be performed to verify if it is cost effective. Consideration should also be given as to whether it can be maintained or replaced in the future given the anticipated traffic and

lane closure constraints. Repair of failed areas and grinding should be completed prior to placing the overlay. Rubberized open graded asphalt is preferred because it resists reflective cracking from the concrete joints for a longer time than conventional open graded.

#### Asphalt Pavement

Open graded overlays are recommended for asphalt pavements regardless of whether they are used to reduce noise or not. Open graded surface courses, provide a wearing surface that can protect the dense graded layers, allow rainfall to drain into the open graded layer and off the pavement, and improve visibility in wet weather conditions. Caltrans open graded asphalt pavements are not suitable in all environments such as in freeze/thaw environments. When overlaying asphalt pavement in urban or other noise sensitive areas, the use of an open graded asphalt surface course is recommended. Gap graded rubberized asphalt pavement can also be used, but its noise benefits have not yet been determined.

#### UPCOMING ACTIVITIES

Caltrans will continue to pursue research on this subject and update guidance as new information becomes available. A web site for quieter pavements will be established by November 15, 2005 to provide the latest information to those designing pavements on state highways. The web site will be accessible from the Pavement web site at <http://www.dot.ca.gov/hq/oppd/pavement/index.htm>. For further information on pavement issues related to noise, please contact Linus Motumah at (916) 227-5851 or William K. Farnbach at (916) 227-5845 of the Office of Pavement Design in the Division of Design. For additional information on noise measuring issues, contact Bruce Rymer at (916) 653-6073.

#### DURATION

This advisory will expire on July 1, 2008, unless updated before July 1, 2008.

#### APPROVED



TOM HOOVER  
Project Manager  
Pavement

September 7, 2005

Date

Standards

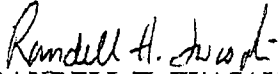
Program

## Memorandum

*Flex your power!  
Be energy efficient!*

To: DISTRICT DIRECTORS

Date: March 25, 2005

From:   
RANDELL H. IWASAKI  
Chief Deputy Director

Subject: Smoothness Specification Pilot Projects

In support of the California Department of Transportation's goal to improve mobility, a recent effort by the Pavement Standards Team (PST) has led to the introduction of an enhanced smoothness specification that includes an incentive/disincentive clause. The objective of this effort is to provide the traveling public with a smoother-riding pavement by providing contractors with an incentive for constructing smoother pavements. National experience has found that smoothness can improve the performance of pavements by 15 to 40 percent.

The PST is seeking assistance of the districts. The team would like to pilot these specifications on six to ten projects statewide that are scheduled for construction this coming spring/summer. The proposed projects should be a mix of dense-graded asphalt concrete (DGAC) and portland cement concrete (PCC) pavements.

The specification can be used on new and rehabilitated pavements. The projects should be at least five kilometers in length for DGAC pavements and three kilometers for PCC pavements. They can be either divided or undivided highways.

DGAC rehabilitation projects require a minimum overlay thickness of 90 mm. There is no minimum for new construction projects. Avoid widenings and shifting of centerlines.

PCC rehabilitation projects should be a substantial lane replacement or widening at least three kilometers in length. Avoid grinding projects.

It is anticipated the increased total project cost as a result of this specification would be in the one to two percent range. The project's contingency fund and G-12 fund should be able to fund the incentive payment. The Division of Transportation Programming has offered to assist the districts with this funding effort.

Should you have any questions, please contact Peter Vacura, Materials Engineering and Testing Services in the Division of Engineering Services, at (916) 227-5845 or via e-mail.

DISTRICT DIRECTORS

March 25, 2005

Page 2

- c: Richard D. Land, Project Delivery
- Lawrence H. Orcutt, Maintenance and Operations
- Ross A. Chittenden, Division of Transportation Programming
- Pavement Program Steering Committee
- Pavement Standards Team
- John Van Berkel, Division of Transportation Programming

**SR-22 ENHANCED NOISE MITIGATION ALTERNATIVES - GARDEN GROVE**

ALTERNATIVES	SEGMENT	CAPITAL COST	BENEFIT	
			dBA-Reduction	
			1st Row	5th Row
<b>Rubberized Asphalt (RA)</b>				
SR-22	Magnolia to Euclid	\$4.2 M *	1	2
Trask	Magnolia to Euclid	\$0.5 M	1	2
SR-22 and Trask	Magnolia to Euclid	\$4.7 M *	1	2
SR-22 with soundwall north of Trask	Magnolia to Brookhurst	\$4.7 M *	8-9	0-4
<b>Grinding</b>				
SR-22	Magnolia to Euclid	--	No overall noise reduction but may perceive as quieter. Work completed prior to construction.	
<b>Barrier</b>				
SR-22	Magnolia to Brookhurst	\$200 K	1	>1
SR22 with soundwall north of Trask		\$700 K	8	2.5
<b>Soundwall (14')</b>				
SR-22	Magnolia to Euclid	\$4.4 M	1-4	0-4
<b>Plexiglass (14')</b>				
SR-22	Magnolia to Euclid	\$8.9 M	1-4	0-4
<b>Soundwall (9')</b>				
North of Trask (15 homes)	Magnolia to Brookhurst	\$500 K	8-9	0-4

Notes: \* Includes increased maintenance cost (estimated to be \$2.0M in present dollars over 30 years)