

Date: Friday, May 23, 2008

Time: 9:00 a.m.

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



BOARD AGENDA

Orange County Transportation Authority Board Meeting
OCTA Headquarters
First Floor - Room 154, 600 South Main Street
Orange, California
Friday, May 23, 2008, 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 Cavecche

Pledge of Allegiance

Director Mansoor

Agenda Descriptions

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

Public Comments on Agenda Items

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



BOARD AGENDA

ACTIONS

Special Matters

- 1. Recognition of APTA Rodeo Team**
Beth McCormick

Present First Place plaques to the OCTA's 2008 International Bus Rodeo Maintenance team of Ray Consiglio, Anders Holst, and Ernie Booe, Coach Operator Alonzo Valenzuela, and OCTA's team coach Frank Scholl. The Orange County Transportation Authority rodeo team did extremely well placing 5th overall.

- 2. Presentation of Resolutions of Appreciation for Employees of the Month for May 2008**

Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2008-26, 2008-27, 2008-28 to Robert Hall, Coach Operator; Toan Le, Maintenance; and Dana Wiemiller, Administration, as Employees of the Month for May 2008.

- 3. Sacramento Advocate Presentation**

Presentation by OCTA's State Legislative Advocates, Kevin Sloat and Moira Topp.

Consent Calendar (Items 4 through 22)

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

- 4. Approval of Minutes**

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of the May 12, 2008.



BOARD AGENDA

ACTIONS

5. Approval of Resolutions of Appreciation for Employees of the Month for May 2008

Adopt Orange County Transportation Authority Resolutions of Appreciation Nos. 2008-26, 2008-27, and 2008-28 to Robert Hall, Coach Operator, Toan Le, Maintenance, and Dana Wiemiller, Administration, as Employees of the Month for May 2008.

6. Agreements for General Auditing Services

Kathleen M. O'Connell

Overview

The Internal Audit Department of the Orange County Transportation Authority relies on the services of external audit firms to perform compliance, operational, and other audit services on an on-call basis. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute on-call agreements between the Orange County Transportation Authority and four audit firms, in an amount not to exceed \$900,000, for the three fiscal years ending June 30, 2011, with two one-year option periods.

7. Agreements for Price Review Audit Services

Kathleen M. O'Connell

Overview

The Internal Audit Department of the Orange County Transportation Authority relies on the services of external audit firms to perform price review audits of architectural and engineering cost proposals. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.



BOARD AGENDA

ACTIONS

7. (Continued)

Recommendation

Authorize the Chief Executive Officer to execute on-call agreements between the Orange County Transportation Authority and four external audit firms, in an amount not to exceed \$120,000, for fiscal year ending June 30, 2009, with two one-year option periods.

8. **Fiscal Year 2007-08 Internal Audit Plan, Third Quarter Update**

Kathleen M. O'Connell

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan on August 8, 2007. This update is for the third quarter of the fiscal year.

Recommendation

Receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan.

9. **Restructuring of the Disadvantaged Business Enterprise Program**

P. Sue Zuhlke

Overview

Restructuring of the disadvantaged business enterprise program is being recommended that will result in operation efficiency and cost savings.

Recommendations

- A. Authorize staff to change Orange County Transportation Authority's membership in the California Unified Certification Program from certifying member agency to non-certifying member agency.
- B. Authorize staff to issue a request for proposals to contract for disadvantaged business enterprise program administration services.



BOARD AGENDA

ACTIONS

10. Katella Avenue Smart Street - Knott Avenue to the Stanton Channel Project Update

Jennifer Bergener/Kia Mortazavi

Overview

The Orange County Transportation Authority has received a request from the City of Stanton for additional construction funding for the Katella Avenue Smart Street Project. This request is presented for Board of Directors' review and approval.

Recommendations

- A. Approve the City of Stanton's request for an additional \$558,791 for the construction phase of the Katella Avenue Smart Street Project.
- B. Authorize staff to increase the Measure M Smart Street Program allocations by \$558,791 for the Katella Avenue Smart Street Project from Knott Avenue to the Stanton Channel.

11. Proposition 1B Highway Railroad Crossing Safety Account

Jennifer Bergener/Kia Mortazavi

Overview

On November 7, 2006, California voters passed Proposition 1B, a \$19.9 billion bond initiative for transportation improvements throughout the state. Included in Proposition 1B is the Highway Railroad Crossing Safety Account Program, which makes available \$250 million for the completion of high-priority grade separation and railroad crossing safety improvements. An overview of the program and candidate projects for Orange County is presented.

Recommendation

Authorize the Chief Executive Officer to submit letters of support for project applications from the cities of Anaheim and Irvine for the Highway Railroad Crossing Safety Account Program.



BOARD AGENDA

ACTIONS

12. 2008 Technical Steering Committee Update

Tresa Oliveri/Kia Mortazavi

Overview

The Orange County Transportation Authority's Technical Advisory Committee provides feedback and direction on many streets and roads items, including the allocation of Combined Transportation Funding Programs funds. The Technical Advisory Committee is comprised of local agencies' public works directors and city engineers. Each year the Technical Advisory Committee recommends members to a Technical Steering Committee. The representative for the Fifth District has resigned effective June 2008; therefore, a replacement representative must be selected.

Recommendation

Approve the revised 2008 Technical Steering Committee membership roster.

13. Transit Promotional Fare Marketing Program

Stella Lin/Ellen S. Burton

Overview

The Orange County Transportation Authority "Schedule of Tariffs" includes provisions for distribution of promotional prepaid fares to encourage people to try bus transit services. This report provides an overview of how promotional fare media is proposed to be distributed June 2008 during "Dump the Pump" week. It outlines proposed bus and Metrolink promotional fare programs for Fiscal Year 2008-09.

Recommendations

- A. Approve the offer of free bus passes for the 2008 "Dump the Pump" promotion.
- B. Approve the fiscal year 2008-09 promotional fare programs for bus and Metrolink transit services.



BOARD AGENDA

ACTIONS

14. Amendment to Agreement for Rideshare Support Services
Stella Lin/Ellen S. Burton

Overview

As part of the regional rideshare program, the Board of Directors has authorized Agreement No. C-6-0344 with Inland Transportation Services to process carpool match lists, provide employer transportation information, and develop average vehicle ridership surveys. The initial one-year term of the agreement was for \$100,000, and included three option years. The first option year has been exercised and it is requested the Board of Directors approve the second option year.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-6-0344 between the Orange County Transportation Authority and Inland Transportation Services, in an amount not to exceed \$115,000, for rideshare support services from July 1, 2008 through June 30, 2009. This increases the total maximum cumulative contract obligation amount to \$330,000. This action is contingent on approval of the Orange County Transportation Authority Fiscal Year 2008-2009 Budget.

15. Los Angeles-San Diego Rail Corridor Agency Integration Market Research
Ellen S. Burton

Overview

Market research is being conducted to support an initiative to integrate rail transit services along the Los Angeles - San Diego rail corridor. Focus group research will identify customer and non-customer attitudes and perceptions about rail transit and service options. On-board customer surveys will provide quantitative research findings. The overall goal is to gather data useful in designing and tailoring services that improve the transit riders experience, expand the market, and increase ridership.

Recommendation

Receive and file as an information item.



BOARD AGENDA

ACTIONS

16. Approval of the Fiscal Year 2008-09 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

William Dineen, Jr./James S. Kenan

Overview

The Laguna Beach Municipal Transit Lines, a department within the City of Laguna Beach, is eligible to receive funding from the Local Transportation Fund in Orange County for providing public transportation services throughout the city. To receive the funds, the Laguna Beach Municipal Transit Lines must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

Recommendation

Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2008-09 Local Transportation Fund Claim for public transportation services, in the amount of \$1,971,161, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

17. Annual Investment Policy Update

Kirk Avila/James S. Kenan

Overview

The Treasurer has revised the Orange County Transportation Authority's Annual Investment Policy for 2008. The Annual Investment Policy sets forth the investment guidelines for all funds invested on and after May 23, 2008. As recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Annual Investment Policy to be reviewed at a public meeting.

Recommendation

Adopt the 2008 Annual Investment Policy.



BOARD AGENDA

ACTIONS

18. **91 Express Lanes Protected License Plates Enforcement Process**
Kirk Avila/James S. Kenan

Overview

In 2007, approximately 3,500 toll violations on the 91 Express Lanes were attributed to protected license plates at an estimated loss of \$10,500 in toll revenues. A process has been developed to send violation notices and to collect tolls from the registered owners of vehicles with protected license plates.

Recommendation

Receive and file as an information item.

Orange County Transit District Consent Calendar Matters

19. **Amendment to Agreement for Printing, Packaging, and Delivery of the Bus Book**
Stella Lin/Ellen S. Burton

Overview

On April 23, 2007, the Board of Directors approved an agreement with Clearwater Graphics, Inc., in the amount of \$340,000 to provide printing, packaging, and delivery services for the bus book. The agreement included a one-year term. An amendment is necessary to exercise the first option term of the agreement.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement No. C-7-0434 between the Orange County Transportation Authority and Clearwater Graphics, Inc. to exercise the first option term, in the amount of \$285,000 and increase the total maximum cumulative obligation for printing, packaging, and delivery of the bus book to \$625,000. These totals are pending fiscal year 2008-09 budget approval.



BOARD AGENDA

ACTIONS

20. **ACCESS Performance Measurements Update**

Curt Burlingame/Beth McCormick

Overview

As directed by the Board of Directors, staff has provided monthly updates regarding ACCESS service provided by Veolia Transportation Services, Inc., including a report on contractual performance measurements. This report provides ACCESS performance measurement data through April 2008 and an update on the relocation of selected ACCESS support functions to the Irvine Construction Circle facility.

Recommendation

Receive and file as an information item.

21. **Amendments to Agreements for Threaded Products and Fasteners**

Connie Raya/Beth McCormick

Overview

On July 11, 2005, the Board of Directors approved two agreements with Golden State Fastener and Supply Company, for a total amount of \$110,000, for a one-year period with three option years. It is time to consider exercising the final option year for both agreements.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-5-2643 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, for threaded products and fasteners, in an amount not to exceed \$60,000, and Amendment No. 3 to Agreement No. D-5-2455 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, for threaded products and fasteners, in an amount not to exceed \$45,000, for a total maximum obligation of \$345,000.



BOARD AGENDA

ACTIONS

22. Agreement with the County of Orange, Orange County Sheriff's Department

Diane Kiernan/Beth McCormick

Overview

On July 14, 2003, the Board of Directors approved a five-year agreement with the County of Orange, Orange County Sheriff's Department, for Transit Police Services. This agreement expires on June 30, 2008. Staff requests approval of an amendment to Agreement No. C-3-0656 with the Orange County Sheriff's Department to close out the current five-year agreement and approval of a new agreement with the County of Orange, Orange County Sheriff's Department for Transit Police Services.

Recommendations

- A. Authorize the Chief Executive Officer to establish a sole source agreement with the County of Orange, Orange County Sheriff's Department, in an amount not to exceed \$5,069,280, for Transit Police Services for a base term of one-year with four one-year options.
- B. Authorize the Chief Executive Officer to execute Amendment No. 5 to Agreement No. C-3-0656 between the Orange County Transportation Authority and the County of Orange, Orange County Sheriff's Department, in an amount not to exceed \$444,754, to reconcile expenses and close out the existing contract, for a revised maximum authorization of \$21,461,916.



BOARD AGENDA

ACTIONS

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

23. **Implementation of Trade Corridor Improvement Fund Projects**
Tom Bogard/Kia Mortazavi

Overview

On April 10, 2008, the California Transportation Corridor approved an allocation of \$218 million to Orange County under the Trade Corridor Improvement Fund program. Eight projects were approved under the program. This report discusses a number of activities planned to begin the implementation of these projects, including amending a contract for project management services.

Recommendation

Approve Amendment No. 1 to Hatch Mott MacDonald Agreement No. C-7-1196 for \$3 million to provide project management support services for the Trade Corridors Improvement Fund grade separation projects over the next four years for a total contract value of \$9 million.

Orange County Local Transportation Authority Regular Calendar Matters

24. **Procurement of Professional Services for the Go Local Program Step Two Bus/Shuttle Service Planning**
Darrell E. Johnson/Kia Mortazavi

Overview

Under Step Two of the Go Local Program, all qualifying Go Local Step One mixed-flow bus/shuttle proposals must undergo service planning to further refine the proposed concepts. Staff is proposing an approach for conducting the service planning so that future local transit bus/shuttle services are integrated with the existing fixed-route bus transit system and StationLink services. In addition, it is essential that the Orange County Transportation Authority has the capability for sufficient program review, capital and operating cost estimates, and revenue and ridership assumptions.



BOARD AGENDA

ACTIONS

24. (Continued)

Recommendations

- A. Approve the use of professional services to perform service planning for qualifying Go Local Step One mixed-flow bus/shuttle proposals and provide technical and program management support of bus/shuttle and fixed-guideway proposals.
- B. Direct staff to return to the Board of Directors in July 2008 for approval to issue a request for proposals by consultants.

Discussion Items

25. Southern California Regional Rail Authority Fiscal Year 2008-09 Proposed Budget

A presentation by David Solow, Chief Executive Officer of the Southern California Regional Rail Authority, on Metrolink's Fiscal Year 2008-09 Proposed Budget.

26. 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.

27. Chief Executive Officer's Report

28. Directors' Reports



BOARD AGENDA

ACTIONS

29. Closed Session

Pursuant to Government Code Section 54956.8 to meet with OCTA negotiator James Staudinger to discuss the purchase of real property interests identified as follows:

	<u>Assessor Parcel Number (APN)</u>	<u>Street Address</u>	<u>City</u>
1.	035-020-65	None	Anaheim
2.	267-051-20	None	Anaheim
3.	267-061-02	None	Anaheim

The negotiator for each property interest is the owner of the property.

30. Adjournment

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, June 9, 2008**, at the OCTA Headquarters.



Orange County Transportation Authority

Board of Directors' Meeting

Agenda

May 23, 2008

1. State Budget Update – May Revise
2. Update on priority legislation and sponsor bills
3. 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
Board of Directors
May 12, 2008

Call to Order

The May 12, 2008, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Norby at 9:00 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Directors Present: Chris Norby, Chairman
Peter Buffa, Vice Chair
Jerry Amante
Patricia Bates
Bill Campbell
Carolyn Cavecche
Paul Glaab
Allan Mansoor
John Moorlach
Janet Nguyen
Curt Pringle
Miguel Pulido
Gregory T. Winterbottom
Cindy Quon, Governor's Ex-Officio Member

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

Directors Absent: Arthur C. Brown
Richard Dixon
Cathy Green
Mark Rosen

Invocation

Chairman Norby gave the invocation.

Pledge of Allegiance

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

Public Comments on Agenda Items

Chairman Norby 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

There were no Special Calendar Matters.

Consent Calendar (Items 1 through 14)

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

1. Approval of Minutes

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of April 28, 2008.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

2. State Legislative Status Report

Director Moorlach pulled this item and inquired about Recommendation A, as principles are being developed, and how the process would work with the parties involved.

Sue Zuhlke, Chief of Staff, responded that under the Governor's proposal, a statewide organization would be in place and OCTA's principles recommend that the Board defer to the local agency. In the case of OCTA's 91 Express Lanes, nothing within legislation would affect OCTA's ability to operate that toll road, nor could additional requirements be put upon OCTA.

2. (Continued)

Following comments from Director Bates indicating Committee's discussion and intent, a motion was made by Director Moorlach, seconded by Director Cavecche, and declared passed by those present, to:

A. Approve a set of proposed goals for guiding current legislation that should be considered when analyzing legislation that would authorize or study the creation of additional public private partnership projects within the state or create a centralized mechanism for streamlining the approval of such projects.

B. Adopt the following recommended positions on legislation:

Oppose SB 1165 (Kuehl, D-Santa Monica), which would impose additional requirements under the California Environmental Quality Act

Oppose SB 1507 (Oropeza, D-Long Beach), which would prohibit state highway construction or expansion near schools

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Rosen, and Winterbottom were not present for this vote.

Director Cavecche stated that the word "advisory" was specifically added to the principle which discusses a third-party board to make the statement that the Board would consider matters coming out of the state advisory and that local control should prevail.

Director Pringle stated that the principles should maximize the opportunity for public/private partnerships in all endeavors and not restrict or limit what is currently being done.

2A. Resolution No. 2008-39, A Resolution of the Orange County Transportation Authority Certifying State Reimbursement will not be Sought for the 91 Advisory Committee

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to adopt Resolution No. 2008-39, a Resolution of the Orange County Transportation Authority agreeing that the Orange County Transportation Authority will not seek state reimbursement for the costs of the State Route 91 Advisory Committee through SB 1316 (Correa, D-Santa Ana), if enacted.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

3. Agreement for a Compensation and Classification Study for Administrative Positions

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement No. C-8-0516 between the Orange County Transportation Authority and The Segal Company, in an amount not to exceed \$165,000, for a comprehensive compensation and classification study of administrative positions.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

4. Request to Award Agreement for Network Based Intrusion Detection/Prevention Services

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement No. C-7-1424 between the Orange County Transportation Authority and Verisign Inc., in an amount not to exceed \$184,785, for network based intrusion detection/prevention services for a three-year term.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

5. Finance, Administration and Human Resources Division Responses to State Triennial Performance Audit Recommendations

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to receive and file as an information item.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

Orange County Local Transportation Authority Consent Calendar Matters

6. Adopt a Mitigated Negative Declaration for the Fullerton Turnback Facility and the Anaheim Layover Facility

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to approve Resolution No. 2008-31 adopting the mitigated negative declaration and a Mitigation Monitoring and Reporting Program for the Fullerton turnback facility and the Anaheim layover facility.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

7. Consultant Cost Negotiation for Preparation of a Feasibility Study for Improvements to the Riverside Freeway (State Route 91)

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement No. C-7-1360 with RMC, Inc., in an amount not to exceed \$297,021.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

8. Measure M Quarterly Report

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to receive and file as an information item.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

9. Metrolink Ridership and On-Time Performance Report

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to receive and file as an information item.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

10. Agreement for Public Outreach Consultant to Support the Environmental and Design Phases of the Riverside Freeway (State Route 91) Improvement Projects

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement No. C-7-1433 between the Orange County Transportation Authority and Westbound Communications, in an amount not to exceed \$589,000 over a three-year term, for comprehensive public outreach services in support of the environmental, design and/or pre-construction phases of three projects on the Riverside Freeway (State Route 91).

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

Orange County Transit District Consent Calendar Matters

11. Agreement for Heating, Ventilation, and Air Conditioning Replacement at the Garden Grove Base Annex Building

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement No. C-8-0441 between the Orange County Transportation Authority and Air-Ex Air Conditioning, Inc., the lowest responsive, responsible bidder, in the amount of \$298,048, for heating, ventilation, and air conditioning replacement at the Garden Grove Base annex building.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

12. Agreement for Bus Wash Building Refurbishment at the Garden Grove Base

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement No. C-8-0377 between the Orange County Transportation Authority and Thomco Construction, Inc., the lowest responsive, responsible bidder, in an amount not to exceed \$123,448, for the refurbishment of the bus wash building at the Garden Grove Base.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

13. Bus Customer Satisfaction Survey

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to receive survey results for discussion and possible action as deemed appropriate by the Board of Directors.

14. Approval of the Fiscal Year 2008-09 Local Transportation Fund Claim for Public Transportation and Community Transit Services

A motion was made by Director Pringle, seconded by Director Cavecche, and declared passed by those present, to approve the Orange County Transit District Fiscal Year 2008-09 Local Transportation Fund Claim for public transportation services, in the amount of \$98,226,084, and for community transit services, in the amount of \$5,227,300, for a total claim amount of \$103,453,384, and authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

Vice Chairman Buffa and Directors Brown, Campbell, Dixon, Green, Nguyen, Rosen, and Winterbottom were not present for this vote.

Regular Calendar

Orange County Local Transportation Authority Regular Calendar Matters

15. Go Local Step One Screening Results and Step Two Recommendations

Kia Mortazavi, Executive Director of Development, presented an overview of the results and recommendations before the Board at this time, and emphasized that the Board was not being asked to approve any projects at this time, only the funds for planning, conceptual engineering, and environmental clearance work for future projects.

Director Pulido introduced Garden Grove Mayor, Bill Dalton, who addressed the Board, stating his support of these recommendations and to add a fixed guideway project and increased flexibility to initiate planning efforts on fixed guideway supporting facilities earlier than completion of Step Two, as recommended.

A motion was made by Director Pulido, seconded by Director Nguyen, to approve staff's recommendations, adding an amendment that the work the Santa Ana Regional Transportation Intermodal Center just west of Harbor Boulevard, and to delete the third paragraph on Page 7 of the staff report, referring to the multi-modal use of the Pacific Electric Right-of-Way.

The following recommendations were approved as part of this motion:

- A. Allocate \$5.9 million to the City of Anaheim for detailed planning, alternatives analysis, financial planning, conceptual engineering, and state and federal environmental clearance for the fixed-guideway Anaheim Regional Transportation Intermodal Center to The Platinum Triangle to Anaheim Resort Connector.
- B. Authorize the Chief Executive Officer to negotiate a cooperative agreement with City of Anaheim for detailed planning, alternatives analysis, financial planning, conceptual engineering, and state and federal environmental clearance for the fixed-guideway Anaheim Regional Transportation Intermodal Center to The Platinum Triangle to Anaheim Resort Connector, subject to a maximum Orange County Transportation Authority obligation of \$5.9 million.
- C. Allocate \$5.9 million to the City of Santa Ana for detailed planning, alternatives analysis, financial planning, conceptual engineering, and state and federal environmental clearance of the Santa Ana Fixed-Guideway Project.

15. (Continued)

- D. Authorize the Chief Executive Officer to negotiate a cooperative agreement with City of Santa Ana for detailed planning, alternatives analysis, financial planning, conceptual engineering, and state and federal environmental clearance for the Santa Ana Fixed-Guideway Project, subject to a maximum Orange County Transportation Authority obligation of \$5.9 million.
- E. Direct staff to return to the Board of Directors after all Go Local Step One final reports have been submitted with a recommended approach for funding consideration of all station, parking, bicycle, pedestrian, and remaining Go Local Step One projects.
- F. Refer policy discussion on using Renewed Measure M funds for operations and maintenance to the Renewed Measure M Transit Strategic Plan effort, and direct staff to return by June 2008 with a draft strategic plan that evaluates options for funding operations and maintenance.

Directors Brown, Dixon, Green, Rosen, and Winterbottom were not present for this vote.

Discussion Items

16. Public Comments

Chairman Norby 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.

Tony Peca, resident of Costa Mesa, offered comments to the Board regarding the State Route 55 project over the past several years and asked the status of work on that freeway, as well as status of funding. Director Mansoor indicated he has asked the Costa Mesa City Council to revisit this issue, and invited Mr. Peca to offer any suggestions he may have to move the work along. Director Mansoor indicated there is no funding available at this time.

17. Chief Executive Officer's Report

Chief Executive Officer, Arthur T. Leahy, reported:

- Copies of the Measure M Progress Report were provided to Members today, and an ad will be in tomorrow's newspaper notifying the public of this;
- On Friday, May 8, a gas leak in Irvine caused by construction crews created Metrolink service disruption, and OCTA provided a bus bridge for passengers in need of transportation;

17. (Continued)

- Director Dixon is in Washington, D.C., on issues related to the 241 toll road extension project;
- On Monday, Director Dixon and the CEO met with the Orangeline Authority and Southern California Association of Governments' (SCAG) staff regarding the Orangeline. It appeared that Los Angeles was the larger blockade to the project than was the Metropolitan Transportation Authority (MTA). Mr. Leahy agreed to recommend to the Board that when OCTA concludes the current cross-border study to recommend a million dollars, contingent upon the MTA doing a similar investment that would be the next step in evaluating what to do with the Pacific Electric right-of-way. This went to the SCAG full Board, where it was agreed that the Orangeline is in the Strategic Plan, not the Constrained Plan;
- Director Dixon was sworn in as President of SCAG last week;
- This is bike-to-work week, and Mr. Leahy encouraged everyone to participate;
- Director Cavecche was named the Elected Official of the Year by the California Transportation Foundation.

18. Directors' Reports

Director Mansoor stated that he is pleased there was not funding for the current alignment on the State Route 55, as it removes homes and businesses, as well as cutting through the downtown area.

Director Moorlach asked for further information on the gas leak incident and the Metrolink disruption; Mr. Leahy responded with more information, sharing his own experience of getting back to Orange County that day as he was in Los Angeles when this incident took place.

Director Campbell reported that the opinion for the 241 toll road (Foothill South) extension was issued by the U.S. Fish and Wildlife Service and stated that a 'no jeopardy' opinion had been issued, which confirms that the project complies with the Endangered Species Act and no endangered species would be put in jeopardy as a result of this project.

18. (Continued)

Chairman Norby reported that on Friday morning, he joined the students from Crosby School in Garden Grove, who took their annual field trip to the San Juan Capistrano Mission on public transit. They had planned to take Metrolink to the San Juan location station, but due to the gas leak incident, it was necessary to transport them all the way via buses.

19. Closed Session

A Closed Session was not conducted at this meeting.

20. Orange County Transportation Authority Fiscal Year 2008-09 Budget Workshop

Ken Phipps, Deputy Director of Finance and Administration, led a two-hour discussion and workshop on the OCTA budget for the upcoming fiscal year. A discussion and a question-and-answer period followed, and Budget staff will attend each upcoming Committee meeting to ensure all questions and concerns regarding the budget are addressed and satisfied.

Staff will return to the Board in early June for a public hearing and request budget approval.

21. Adjournment

The meeting adjourned at 11:52 a.m. Chairman Norby announced that the next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Friday, May 23, 2008**, at the OCTA Headquarters.

ATTEST

Wendy Knowles
Clerk of the Board

Chris Norby
OCTA Chairman



ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

ROBERT HALL

WHEREAS, the Orange County Transportation Authority recognizes and commends Robert Hall; and

WHEREAS, be it known that Robert Hall has earned a four year Safe Driving Award and has been with the Authority since January 2004. Robert has distinguished himself by maintaining an outstanding record for safety, attendance, and customer relations; and

WHEREAS, Robert's dedication to his duties and desire to excel are duly noted and he is recognized as an outstanding Authority employee who has consistently demonstrated a level of professionalism that is the embodiment of the Authority's core values; and

WHEREAS, be it known that Robert Hall takes great pride in his driving skills and exemplifies the excellent qualities of a professional coach operator.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Robert Hall as the Orange County Transportation Authority Coach Operator Employee of the Month for May 2008; and

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

Dated: May 23, 2008

Chris Norby, Chairman
Orange County Transportation Authority

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

OCTA Resolution No. 2008-27





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

TOAN LE

WHEREAS, the Orange County Transportation Authority recognizes and commends Toan Le; and

WHEREAS, be it known that Toan Le is a valued member of the Maintenance Department. His diligence, industriousness and conscientiousness in performing all tasks are recognized. Toan consistently demonstrates a high level of achievement in assisting the Garden Grove Base meet mission goals; and

WHEREAS, Toan's work ethic, body repair and paint skills are exceptional. His detailed workmanship and positive attitude in performing all facets of his job earned him the respect of both his supervisor and his peers; and

WHEREAS, Toan is a key player in the Garden Grove NABI Bus Beautification Effort and he keeps a smooth pace completing buses for this important project, he is also responsible for the decommissioning of all the OCTA buses that are sent for auction; 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 Toan Le as the Orange County Transportation Authority Maintenance Employee of the Month for May 2008; and

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

Dated: May 23, 2008

Chris Norby, Chairman
Orange County Transportation Authority

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





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

DANA WIEMILLER

WHEREAS, the Orange County Transportation Authority recognizes and commends Dana Wiemiller; and

WHEREAS, Dana Wiemiller has consistently performed her duties as a Community Transportation Coordinator in the Community Transportation Services Department demonstrating the highest level of dedication and can-do-spirit; and

WHEREAS, Dana Wiemiller has successfully handled very complex projects, such as the Senior Mobility Program, which requires administering contracts with eighteen participating cities and three non-profit organizations; and has successfully implemented cooperative agreements with agencies that serve ACCESS eligible customers, resulting in deferred costs and providing much needed transportation services to the senior and disabled residents of Orange County; and

WHEREAS, Dana Wiemiller has consistently demonstrated her professionalism, integrity, creativity, and teamwork in all her projects; and leads others by the example she sets; and

WHEREAS, Dana Wiemiller plays an integral role in representing the Community Transportation Services Department as a customer focused and responsive organization, reflecting the core values of the Authority.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Dana Wiemiller as the Orange County Transportation Authority Administrative Employee of the Month for May 2008; and

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

Dated: May 23, 2008

Chris Norby, Chairman
Orange County Transportation Authority

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





BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: Agreements for General Auditing Services

Finance and Administration Committee meeting of May 14, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Directors Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute on-call agreements between the Orange County Transportation Authority and four audit firms, in an amount not to exceed \$900,000, for the three fiscal years ending June 30, 2011, with two one-year option periods.

Staff Comments

Staff noted correction in the staff report on page 4, under "Summary", that "... award of agreements to four ~~seven~~ on-call audit firms, ..."

Staff clarified that Attachment A is a listing of the seven firms that were short-listed and interviewed, including the four that were selected.



May 14, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreements for General Auditing Services

Overview

The Internal Audit Department of the Orange County Transportation Authority relies on the services of external audit firms to perform compliance, operational, and other audit services on an on-call basis. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute on-call agreements between the Orange County Transportation Authority and four audit firms, in an amount not to exceed \$900,000, for the three fiscal years ending June 30, 2011, with two one-year option periods.

Background

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (Authority) contracts with external audit firms on an on-call basis to perform various audits including regulatory and contract compliance audits, internal control reviews, and financial and operational audits. These on-call firms augment Internal Audit staffing, allowing the department to complete its annual audit plan while providing flexibility to respond to requests by management, the Board of Directors, or federal or state agencies.

In years past, on-call audit firms also conducted reviews of cost and price proposals (Price Reviews) for architectural and engineering (A&E) services prior to the execution of A&E contracts. Price Reviews are used by the Contracts Administration and Materials Management (CAMP) Department in price negotiations with proposed contractors.

The current procurement for on-call audit services excludes Price Review services. Price Review services have been separately procured under an on-call contract that will enable Internal Audit to sequentially award tasks to pre-qualified firms. This will expedite the delivery of Price Reviews, allowing more timely negotiation and execution of A&E contracts.

Internal Audit's use of on-call contracts for general auditing services for the last five fiscal years is presented as Attachment C.

The current general auditing services contracts are expiring June 30, 2008; thus a new procurement was initiated.

Discussion

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

The procurement was advertised on January 31, 2008 and February 6, 2008, in a newspaper of general circulation. On January 31, 2008, an electronic notice of the request for proposals (RFP) was sent to 1,608 firms registered on CAMM NET. A pre-proposal meeting was held on February 6, 2008, and was attended by five firms.

An addendum to the RFP was issued to respond to questions received by the Authority.

On February 28, 2008, eleven offers were received. An evaluation committee composed of staff from Internal Audit, CAMM, the Financial Planning and Analysis Department, and the City of Anaheim's Internal Audit Department was established to review all offers submitted. The offers were evaluated on the basis of firm qualifications, staffing and project organization, work plan, and cost.

Qualifications of the Firm	35 percent
Staffing and Project Organization	35 percent
Work Plan	15 percent
Cost	15 percent

Heavier weight was given to the qualifications of the firm, staffing and project organization because the procurement sought to establish a pool of qualified firms to perform work that has yet to be determined. These criteria establish the depth, breadth, and flexibility of firm resources and the technical experience and expertise of staff across a variety of audit project types. The criteria weighting also emphasizes the firm and its staffs' understanding of, and experience with, Government Auditing Standards issued by the Comptroller General of the United States or other relevant professional audit standards.

The work plan criteria was weighted lighter to reflect proposers' theoretical audit approach rather than the proposers' approach and audit plan for specific projects. Similarly, the 15 percent cost weight reflects hourly rates for unidentified staff or staffing models for projects as yet undetermined. Specific projects awarded under these on-call contracts will be competitively awarded.

The evaluation committee met on March 6, 2008. The committee short-listed seven firms and interviewed each on March 12, 2008. Based on the proposals and interviews, the evaluation committee recommends the following firms to the Finance and Administration Committee for consideration of an award:

Firm and Location

Mayer Hoffman McCann P.C.
Irvine, California

Sjoberg Evashenk Consulting, Inc.
Sacramento, California

Thompson, Cobb, Bazilio & Associates, P.C.
Torrance, California

Wang Professional Corporation
Arcadia, California

The recommended firms were all found by the evaluation committee to possess experience and expertise in general auditing services. Work and staffing plans were detailed, and the firms have the flexibility and resources to quickly respond to Authority audit needs.

Fiscal Impact

Funding for these on-call contracts will be determined each fiscal year through the budget process.

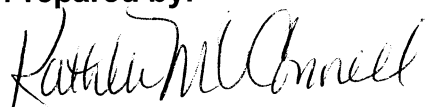
Summary

Based on the information provided, staff recommends award of agreements to seven on-call audit firms, in an amount not to exceed \$900,000, for the three fiscal years ended June 30, 2011, with two one-year option periods.

Attachments

- A. RFP 8-0225 On-Call General Auditing Services Proposal Evaluation Summary
- B. RFP 8-0225, "On-Call General Auditing Services" Review of Proposals
- C. Contracted Audit Services Fiscal Years 2004-2008

Prepared by:



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

RFP 8-0225

On-Call General Auditing Services

PROPOSAL EVALUATION SUMMARY							
FIRM: Thompson, Cobb, Bazilio & Associates						Weights	Criteria Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	5.0	4.5	4.0	4.1	5.0	7	31.6
Staffing/Project Organization	4.0	4.0	5.0	4.0	4.0	7	29.4
Work Plan	4.5	3.0	4.0	4.0	4.0	3	11.7
Cost and Price	4.0	4.0	4.0	4.0	4.0	3	12.0
Overall Score	88.5	80.5	87.0	80.7	87.0		85
FIRM: Mayer Hoffman McCann P.C.						Weights	Criteria Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	4.5	4.5	4.0	4.0	5.0	7	30.8
Staffing/Project Organization	4.5	4.0	4.0	3.5	4.5	7	28.7
Work Plan	4.0	4.5	4.5	3.5	4.0	3	12.3
Cost and Price	3.0	3.0	3.0	3.0	3.0	3	9.0
Overall Score	84.0	82.0	78.5	72.0	87.5		81
Firm: Sjoberg Evashenk Consulting, Inc.						Weights	Criteria Score
Evaluator Number	1	2	3	4	5		
Qualification of Firm	4.0	4.0	3.0	3.7	4.5	7	26.9
Staffing/Project Organization	4.5	4.0	4.0	3.4	4.0	7	27.9
Work Plan	4.0	3.0	4.0	3.0	4.0	3	10.8
Cost and Price	2.0	2.0	2.0	2.0	2.0	3	6.0
Overall Score	77.5	71.0	67.0	64.7	77.5		72
FIRM: Wang Professional Corporation						Weights	Criteria Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	3.5	3.0	3.0	2.4	3.5	7	21.6
Staffing/Project Organization	3.5	3.5	3.0	2.5	3.5	7	22.4
Work Plan	4.0	3.0	4.0	3.0	4.0	3	10.8
Cost and Price	5.0	5.0	5.0	5.0	5.0	3	15.0
Overall Score	76.0	69.5	69.0	58.3	76.0		70
FIRM: GCAP Services						Weights	Criteria Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	3.0	3.0	3.0	2.5	3.5	7	21.0
Staffing/Project Organization	4.0	4.0	4.0	3.0	4.0	7	26.6
Work Plan	3.0	3.0	3.0	2.0	3.5	3	8.7
Cost and Price	3.0	3.0	3.0	3.0	3.0	3	9.0
Overall Score	67.0	67.0	67.0	53.5	72.0		65
FIRM: Mendoza Berger Company						Weights	Criteria Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	4.0	3.0	3.0	3.4	4.0	7	24.4
Staffing/Project Organization	3.0	3.0	3.0	2.2	3.0	7	19.9
Work Plan	4.5	4.0	4.0	3.2	4.5	3	12.1
Cost and Price	3.0	3.0	3.0	3.0	3.0	3	9.0
Overall Score	71.5	63.0	63.0	57.8	71.5		65
FIRM: KNL Support Services						Weights	Criteria Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	3.0	3.0	3.0	2.4	2.5	7	19.5
Staffing/Project Organization	3.0	3.0	3.0	2.7	3.0	7	20.6
Work Plan	3.5	4.0	4.0	3.0	4.0	3	11.1
Cost and Price	4.0	4.0	4.0	4.0	4.0	3	12.0
Overall Score	64.5	66.0	66.0	56.7	62.5		63

RFP 8-0225 , "On-Call General Auditing Services"
Review of Proposals
 PRESENTED TO FINANCE AND ADMINISTRATION COMMITTEE - May 14, 2008

11 proposals were received, 7 firms were short-listed. 7 firms recommended for award.

Overall Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Proposed Hourly Rates
1	85.00	Thompson, Cobb, Bazilio & Associates, P.C. Torrance, CA	None	Work plan has detailed approach Firm has performed all types of audits as requested on RFP Strong interview No exceptions/deviations to Authority's contract. Average labor rates	Engagement Partner \$185.00 Manager \$125.00 Senior Auditor \$90.00
2	81.00	Mayer Hoffman McCann P.C. Irvine, CA	None	Firm has wealth of experience with providing all audit types on RFP Detailed workplan. Demonstrated thorough and concise understanding of project requirements . Excellent interview No exceptions/deviations to Authority's contract. Competitive labor rates	Engagement Partner \$130.00 Manager \$130.00 Senior Auditor \$107.00
3	72.00	Sjoberg Evashenk Consulting, Inc. Sacramento, CA	None	Extensive audit experience with most audit types on RFP Firm has been engaged on variety of audits of government entities Good interview Detailed work plan No exceptions/deviations to Authority's contract. High labor rates	Engagement Partner \$235.00 Manager \$165.00 Senior Auditor \$130.00
4	70.00	Wang Professional Corporation Arcadia, CA	None	Firm has experience with providing similar services. Significant government audit experiences Detailed work plan Engaging partner will perform most of the work Expertise in construction and close-out audits Very competitive labor rates	Engagement Partner \$130.00 Manager \$110.00 Senior Auditor \$70.00
5	65.00	Mendoza Berger & Company, L.L.P. Irvine, CA	None	Firm has experience with providing similar services. Firm has public agency experience. Detailed work plan No exceptions/deviations to Authority's contract. Good interview High labor rates	Engagement Partner \$250.00 Manager \$150.00 Senior Auditor \$100.00
6	65.00	GCAP Services Costa Mesa, CA	Equals & Kita Palos Verdes Estate, CA WYSA & Associates Los Angeles, CA	Firm and sub-contractor have experience in this type of service. Firm has public agency experience. Average work plan No exceptions/deviations to Authority's contract. Good interview Average labor rates	Engagement Partner \$140.00 Manager \$125.00 Senior Auditor \$115.00
7	63.00	KNL Support Services Los Angeles, CA	None	Firm has experience with providing similar services. Firm has public agency experience. Comprehensive work plan acknowledging understanding of Authority needs. Good interview Very competitive labor rates	Engagement Partner \$115.00 Manager \$95.00 Senior Auditor \$85.00

Evaluation Panel:

Contracts Administration and Materials Management
 Internal Audit (2)
 Financial Planning and Analysis
 City of Anaheim's Internal Audit

Proposal Criteria

Qualifications of the Firm
 Staffing and Project Organization
 Work Plan
 Cost and Price

Weight Factors

35%
 35%
 15%
 15%

Contracted Audit Services Fiscal Years 2004-2008

Project	Fiscal Year	Audit Firm	Amount	
Bus Parts Valuation	2004	Mayer Hoffman McCann	\$ 14,550	
Compliance Audit of Parsons Brinckerhoff Quade and Douglas	2004	Thompson Cobb Bazilio & Associates	58,650	
Compliance Audit of South County Senior Services	2004	Mendoza Berger & Company	8,293	
Measure M Close-out Survey	2004	LMS Consulting	18,500	
SR-22 Audit of Parsons Transportation Group	2004	GCAP Services	45,025	
91 TollPro Software System Audit	2004	Jefferson Wells	34,300	
Total Contracted Audits FY2004			\$ 179,318	
Combined Transportation Funding Projects Laidlaw Audit	2005	Mayer Hoffman McCann	29,510	
Combined Transportation Funding Projects Compliance Audit of Parsons Brinckerhoff Quade and Douglas	2005	Thompson Cobb Bazilio & Associates	19,260	
Combined Transportation Funding Projects Compliance Audit of Parsons Brinckerhoff Quade and Douglas	2005	Thompson Cobb Bazilio & Associates	17,760	
Combined Transportation Funding Projects	2005	Mendoza Berger & Company	19,910	
Combined Transportation Funding Projects	2005	Mendoza Berger & Company	40,785	
Measure M Project Delivery Review	2005	LMS Consulting	44,400	
Measure M Close-out Program Audit	2005	LMS Consulting	48,500	
Ride Checks	2005	James Transportation Group	9,254 *	
ACCESS Assessment	2005	LMS Consulting	7,500	
Total Contracted Audits FY2005			\$ 397,303	
Bus Parts Valuation	2006	Mayer Hoffman McCann	23,061	
Laidlaw Audit	2006	Mayer Hoffman McCann	5,788	
Project Controls Audit	2006	Thompson Cobb Bazilio & Associates	25,810	
Third Party Administrator Audit	2006	Benefit Plan Audit Services LLC	26,500 *	
Analyze Staffing Costs	2006	LMS Consulting	22,500	
Measure M Close-out Monitoring	2006	LMS Consulting	70,761	
SR-22 Audit of Parsons Transportation Group	2006	GCAP Services	16,611	
SR-22 Audit of Granite Meyers Rados	2006	GCAP Services	37,406	
Total Contracted Audits FY2006			\$ 228,436	
Laidlaw Close-out Audit	2007	Mayer Hoffman McCann	162,500	
Bus Parts Valuation	2007	Mayer Hoffman McCann	18,550	
Laidlaw Audit	2007	Mayer Hoffman McCann	8,426	
State Transportation Improvement Program - Planning, Programing and Monitoring Program Audit FY2002/2003	2007	Thompson Cobb Bazilio & Associates	10,422	
ACCESS Eligibility Audit	2007	Thompson Cobb Bazilio & Associates	29,625	
Measure M Close-out Monitoring	2007	LMS Consulting	70,000	
Total Contracted Audits FY2007			\$ 299,523	
State Transportation Improvement Program - Planning, Programing and Monitoring Program Audit FY2004/2005	2008	Thompson Cobb Bazilio & Associates	11,328	
Payroll System Audit	2008	Thompson Cobb Bazilio & Associates	48,870	Estimated
Veolia Audit	2008	Mayer Hoffman McCann	23,044	
SR-22 Close-out Audit	2008	GCAP	40,000	Estimated
Buena Park Metrolink Station	2008	Mayer Hoffman McCann	22,600	

Contracted Audit Services Fiscal Years 2004-2008

Project	Fiscal Year	Audit Firm	Amount	
I-5 Gateway Audit	2008	RFP Not Yet Issued	40,000	Estimated
405/55 Interchange Audit	2008	Mayer Hoffman McCann	19,790	
Health Insurance Portability and Accountability Act Compliance Review	2008	Aon Consulting	32,400	*
Information Systems Risk Assessment	2008	Control Solutions	25,000	*
Total Contracted Audits FY2008E			\$ 263,032	Estimated
Total Contracted Audits FY2004-2008E			\$ 1,367,612	

Project	Fiscal Year	Audit Firm	Amount	
Price Reviews	2004	Various	\$ 54,119	
Price Reviews	2005	Various	28,202	
Price Reviews	2006	Various	50,464	
Price Reviews	2007	Various	63,847	
Price Reviews	2008	Various	98,724	Estimated
Total Contracted Price Reviews FY2004-2008E			\$ 295,356	
Total Contracted Audits and Contracted Price Reviews Fiscal Years 2004-2008E			\$ 1,662,968	

* Audit firm was not selected from the on-call pool because the pool did not contain subject matter expertise.
A separate procurement was conducted using budget authority for audit consultants.



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Agreements for Price Review Audit Services

Finance and Administration Committee meeting of May 14, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Directors Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute on-call agreements between the Orange County Transportation Authority and four external audit firms, in an amount not to exceed \$120,000, for fiscal year ending June 30, 2009, with two one-year option periods.



May 14, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreements for Price Review Audit Services

Overview

The Internal Audit Department of the Orange County Transportation Authority relies on the services of external audit firms to perform price review audits of architectural and engineering cost proposals. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute on-call agreements between the Orange County Transportation Authority and four external audit firms, in an amount not to exceed \$120,000, for fiscal year ending June 30, 2009, with two one-year option periods.

Background

In accordance with Orange County Transportation Authority (Authority) procurement policy, the Internal Audit Department (Internal Audit) conducts pre-award reviews (Price Reviews) of cost proposals submitted by architectural and engineering (A&E) contractors. The Contracts Administration and Materials Management (CAMP) Department uses the results of these Price Reviews in negotiations with proposed vendors. In order to expeditiously conduct Price Reviews, Internal Audit contracts with external audit firms on an on-call basis.

In years past, on-call audit firms conducted Price Reviews under the general audit services on-call contracts. The current, stand-alone procurement for these Price Review services will enable Internal Audit to sequentially award tasks to pre-qualified firms thus expediting the negotiation and execution of A&E contracts.

The current general auditing services contracts are expiring June 30, 2008; thus a new procurement was initiated.

Discussion

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

The procurement was advertised on February 6, 2008 and February 11, 2008, in a newspaper of general circulation. On February 6, 2008, an electronic notice of the request for proposals (RFP) was sent to 1,615 firms registered on CAMM NET.

Two addenda to the RFP were issued to address administrative changes and to respond to questions received by the Authority.

On March 3, 2008, ten offers were received. An evaluation committee composed of staff from Internal Audit, CAMM, and the Accounting and Financial Reporting Department was established to review all offers submitted. The offers were evaluated on the basis of firm qualifications, staffing and project organization, work plan, and cost.

Qualifications of the Firm	20 percent
Staffing and Project Organization	30 percent
Work Plan	30 percent
Cost	20 percent

Heavier weight was given to staffing and project organization as well as work plan because the procurement sought to establish a pool of qualified firms to perform work in conformity with established and mandated criteria. Price Reviews require that auditors have the requisite experience and expertise in conducting these highly detailed but fairly routine audits.

In compliance with the Authority's policy for procurements less than \$250,000, interviews were not required for this procurement, which has a total maximum budget amount of \$120,000.

Once the pool of qualified firms is established, projects will be awarded on a sequential basis as permitted by the Authority's procurement policies. Staff is recommending an initial term of one year, with two one-year option periods so as to allow for the evaluation of this sequential awarding process.

The evaluation committee met on March 10, 2008, to discuss each proposal. Based on the review and evaluation of the proposals, the evaluation committee recommends the following firms to the Finance and Administration Committee for consideration of an award:

Firm and Location

KNL Support Services
Los Angeles, California

Mayer Hoffman McCann P.C.
Irvine, California

Mendoza Berger & Company, L.L.P.
Irvine, California

Thompson, Cobb, Bazilio & Associates, P.C.
Torrance, California

The recommended firms were all found by the evaluation committee to possess experience and expertise in price review services. Work and staffing plans were adequately detailed and demonstrated an understanding of the requirements, and the firms have the flexibility and resources to quickly respond to Authority service needs.

Fiscal Impact

Funding for these contracts will be determined each fiscal year through the budget process.

Summary

Based on the information provided, staff recommends award of agreements to four on-call audit firms, in an amount not to exceed \$120,000, for the fiscal year ending June 30, 2009, with two one-year option periods.

Attachments

- A. RFP 8-0309 On-Call Price Review Services Proposal Evaluation Summary
- B. RFP 8-0309, "On-Call Price Review Services" Review of Proposals

Prepared by:



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

RFP 8-0309

On-Call Price Review Services

PROPOSAL EVALUATION SUMMARY

FIRM: Mayer Hoffman McCann P.C.					Weights	Criteria Score
Evaluator Number	1	2	3	4		
Qualifications of Firm	4.5	5.0	5.0	5.0	4	19.5
Staffing/Project Organization	4.5	5.0	5.0	5.0	6	29.3
Work Plan	4.5	5.0	5.0	5.0	6	29.3
Cost and Price	4.0	4.0	4.0	4.0	4	16.0
Overall Score	88.0	96.0	96.0	96.0		94
FIRM: Thompson, Cobb, Bazilio & Associates					Weights	Criteria Score
Evaluator Number	1	2	3	4		
Qualifications of Firm	5.0	4.0	5.0	5.0	4	19.0
Staffing/Project Organization	4.0	4.0	5.0	5.0	6	27.0
Work Plan	4.5	5.0	4.0	5.0	6	27.8
Cost and Price	5.0	5.0	5.0	5.0	4	20.0
Overall Score	91.0	90.0	94.0	100.0		94
FIRM: KNL Support Services					Weights	Criteria Score
Evaluator Number	1	2	3	4		
Qualifications of Firm	3.0	3.0	3.0	2.0	4	11.0
Staffing/Project Organization	4.0	4.0	4.0	5.0	6	25.5
Work Plan	4.0	4.0	4.0	5.0	6	25.5
Cost and Price	5.0	5.0	5.0	5.0	4	20.0
Overall Score	80.0	80.0	80.0	88.0		82
FIRM: Mendoza Berger Company					Weights	Criteria Score
Evaluator Number	1	2	3	4		
Qualifications of Firm	4.0	4.5	4.0	4.0	4	16.5
Staffing/Project Organization	4.0	4.0	4.0	4.0	6	24.0
Work Plan	4.5	4.0	4.0	4.0	6	24.8
Cost and Price	4.0	4.0	4.0	4.0	4	16.0
Overall Score	83.0	82.0	80.0	80.0		81

RFP 8-0309, "On-Call Price Review Services"
Review of Proposals
 PRESENTED TO FINANCE AND ADMINISTRATION COMMITTEE - May 14, 2008

10 proposals were received, 10 firms were short-listed. 4 firms recommended for award.

Overall Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Proposed Hourly Rates
1	94.00	Mayer Hoffman McCann P.C. Irvine, CA	None	Firm has wealth of experience with providing all audit types on RFP Detailed workplan. Demonstrated thorough and concise understanding of project requirements . No exceptions/deviations to Authority's contract. Competitive labor rates	Engagement Partner \$130.00 Manager \$130.00 Senior Auditor \$107.00
2	94.00	Thompson, Cobb, Bazilio & Associates, P.C. Torrance, CA	None	Work plan has detailed approach Firm has performed all types of audits as requested on RFP No exceptions/deviations to Authority's contract. Competitive labor rates	Engagement Partner \$180.00 Manager \$120.00 Senior Auditor \$85.00
3	82.00	KNL Support Services Los Angeles, CA	None	Firm has experience with providing similar services. Firm has public agency experience. Comprehensive work plan acknowledging understanding of Authority needs. Very competitive labor rates	Engagement Partner \$115.00 Manager \$95.00 Senior Auditor \$85.00
4	81.00	Mendoza Berger & Company, L.L.P. Irvine, CA	None	Firm has experience with providing similar services. Firm has public agency experience. Detailed work plan No exceptions/deviations to Authority's contract. High labor rates	Engagement Partner \$250.00 Manager \$150.00 Senior Auditor \$100.00

Evaluation Panel:

Contracts Administration and Materials Management
 Internal Audit (2)
 Accounting & Financial Reporting

Proposal Criteria

Qualifications of the Firm
 Staffing and Project Organization
 Work Plan
 Cost and Price

Weight Factors

20%
 30%
 30%
 20%



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Fiscal Year 2007-08 Internal Audit Plan, Third Quarter Update

Finance and Administration Committee meeting of May 14, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Directors Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan.



May 14, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Fiscal Year 2007-08 Internal Audit Plan, Third Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan on August 8, 2007. This update is for the third quarter of the fiscal year.

Recommendation

Receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management in the discharge of its duties and responsibilities.

Internal Audit performs a wide range of auditing services that include managing the annual financial audit, operational reviews, contract compliance reviews, internal control assessments, investigations, and pre-award price reviews. Internal Audit also monitors software system implementation to help ensure that proper controls are built into systems prior to implementation. All audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan (Plan) Third Quarter Update (Attachment A) reflects the status of each of the projects. As indicated in Attachment A, numerous projects are in process or in the report development phase.

Internal Audit has completed or has in process 18 price reviews at March 31, 2007. As shown on Attachment A, the budgeted hours have been exceeded. The primary reason for this is Internal Audit's attempts to improve turn-around time on price reviews by conducting them in-house. While Internal Audit has at its disposal on-call firms to conduct these reviews, competitive contract task orders (CTOs) are required. As such, using on-call firms increases turn-around time by up to two weeks. Procurement of on-call price review services has recently been completed and qualified firms awarded contracts will henceforth be awarded CTOs on a sequential basis. This is expected to accelerate the price review process and allow Internal Audit to contract for more of these reviews.

Internal Audit had planned a safety monitoring audit for the fourth quarter of the fiscal year. However, in December 2007, the American Public Transportation Association (APTA) conducted a Bus Safety Management Program Audit and a final report will be provided soon. Internal Audit has reviewed the scope and findings of the audit and considered any additional audit testwork to be redundant at this time. As such, Internal Audit will postpone this audit until fiscal year 2008-09. The scope will be limited to follow-up testing.

The Veolia Transportation Services, Inc. (Veolia) contract audit was significantly over the budgeted hours due to in-sourcing of some of the audit testwork. It had originally been the intention of Internal Audit to contract out the entire Veolia audit. However, during the development of the scope of work, and in order to contain costs, Internal Audit carved out fixed route, Stationlink, and express bus services as well as certain other contract terms and reviewed these services in-house and using the Internal Audit intern. The hours indicated on Attachment A reflect this work, audit contractor oversight, and other contract analysis.

Findings and Recommendations Tracking

At the request of the Finance and Administration Committee (Committee), unresolved audit recommendations are to be included in Internal Audit's quarterly updates to the Plan as Attachment B. In order to also ensure resolution of findings and recommendations provided by external auditors, Internal Audit will include findings and recommendations from regulatory audits, as well as those of OCTA's independent financial statement auditors, Mayer Hoffman McCann PC.

Internal Audit Initiatives

In July 2007, the Government Accountability Office (GAO) issued revised Government Auditing Standards, also known as the Yellow Book. Internal Audit has now developed policies and procedures consistent with the Yellow Book. In-house training for all staff was conducted on January 16, 2008. Additional in-house training sessions have been scheduled to ensure that all staff are familiar with, and comply with, these standards.

In an effort to improve the administrative and operational efficiency of the department, Internal Audit has purchased and installed an audit software package specifically designed for the needs of an internal, rather than external, audit organization. The software, Audit Leverage, is capable of producing audit risk assessments, audit plans, audit programs, and has an electronic workpaper module which will allow Internal Audit to conduct its work in a "paperless" environment. In addition, the software will populate audit report templates, prompt follow-up to audit findings, and produce productivity reports. Three members of the Internal Audit Department have participated in the software's implementation training so that security settings, templates, and other software features can be configured. The remaining staff will be trained in June, with full implementation throughout the Internal Audit Department in the first quarter of fiscal year 2008-09.

Other Matters

In February 2008, the principal internal auditor resigned and a recruitment was immediately initiated. Over thirty candidates applied for the position and six were selected for interview. Of these, three candidates accepted invitations for interviews which were conducted on March 21, 2008. An offer was extended to and accepted by one of the candidates who is expected to start with OCTA on May 27, 2008.

Summary

The Internal Audit Department will continue to implement the Plan and report to the Committee on a quarterly basis the status of the Plan.

Attachments

- A. Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan Third Quarter Update
- B. Unresolved Audit Findings and Recommendations (Audit Reports Issued October 2005 – March 2008)

Prepared by:



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

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2007-08 Internal Audit Plan
Third Quarter Update**

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Contract Hours	Status	Notes (Contract Auditor)
Mandatory External Independent Audits									
Annual Financial Audit	Annual contracted financial audit for fiscal year 2006-07	1st	Financial	375	201	174	2,800	Complete	F&A 01/23/08 (Mayer Hoffman McCann)
Annual Transportation Development Act Audits	Coordination of legally required annual audits of the recipients of Local Transportation Funds for fiscal year 2006-07.	1st	Compliance	100	37	63	700	Complete	F&A 01/23/08 (Mayer Hoffman McCann)
Federal Triennial Audit	Legally required triennial performance audit conducted by the Federal Transit Administration in 2007.	1st	Performance	75	84	(9)		Complete	F&A 10/24/07 (Federal Transportation Administration)
Internal Audits									
Authority-Wide									
Price Reviews	Cost and price analyses as required by OCTA procurement policies and procedures.	All	Price Review	500	833	(333)	600	18 complete or in process	
Risk Assessment and Annual Audit Plan	Annual review to prepare the audit plan for next fiscal year; periodic assessment of risk throughout the year.	4th	Risk Assessment	100	98	2		In Process	
Unscheduled Reviews and Special Requests	Time allowed for unplanned audits and requests from the Board of Directors and management.	All	Varies	300	92	208	250		
Executive									
Safety Monitoring	Review of policies and procedures over safety function.	4th	Internal Controls	175	1	174		Postpone to Fiscal Year 08-09	APTA audit conducted FY08
Development									
Metrolink	Inventory and review of audit activities and results thereof for the Southern California Regional Rail Authority.	3rd	Operational	300	26	274		In Process	
SR-22 Contract Close-Out (Carryover)	Review to ensure contract stipulations were complied with and to verify the propriety of payments.	1st	Compliance	75	33	42	300	In Process	(GCAP Services, Inc.)
I-5 Gateway Contract (Carryover)	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	75	4	71	300	Scope of Work under Development	
Caltrans Cooperative Agreement 12-281 for I-405/SR-55	Review to ensure contract stipulations were complied with and to verify the propriety of payments.	1st	Compliance	75	45	30	300	In Process	(Mayer Hoffman McCann)
Carter Burgess Contract (Carryover)	Review of project management services contract for bus rapid transit (BRT) system.	1st	Compliance	75	130	(55)		Complete	F&A 01/23/08

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2007-08 Internal Audit Plan
Third Quarter Update**

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Contract Hours	Status	Notes (Contract Auditor)
Combined Transportation Fund Project (CTFP) Audits/CTFP System	Periodic review of selected projects funded by the CTFP and review of the related CTFP database.	3rd	Compliance	100		100	600	Scope of Work under Development	
Transit									
Buy America	Pre-award and post-delivery reviews to ensure vendor is in compliance with federal Buy America requirements.	All	Compliance	100	1	99		None Required	
Vehicle Maintenance	Review of policies, procedures, management reporting, and regulatory compliance.	4th	Operational	250		250			
Operations Training (Carryover)	Review to improve efficiencies and ensure compliance with regulations and established practices.	1st	Operational	250	140	110		Complete	F&A 04/09/08
Veolia Contract (Carryover)	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	250	1,158	(908)	400	Complete	F&A 05/28/08
Government Relations									
Grant Close-Outs	As needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	All	Compliance	75	67	8		4 complete	(Thompson, Cobb, Bazilio & Associates and Mayer Hoffman McCann)
Finance									
Treasury	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	1st & 3rd	Compliance	200	207	(7)		01/01-06/30/07 Complete 07/01-12/31/07 Complete	F&A 10/24/07 F&A 04/09/08
Revenue Accounting	Review of controls over the collection and processing of sales tax receipts.	3rd	Operational	250		250			
Grants Management and Accounting	Review of policies, procedures, and regulatory compliance with grant requirements.	3rd	Operational	225		225			
Farebox Operations/GFI Application System (Carryover)	Operational review to improve efficiencies and to analyze the accuracy of GFI fareboxes.	1st	Internal Controls	150	168	(18)		Complete	F&A 04/09/08
Armored Car Service Contract	Contract compliance review of contract for armored car services.	1st	Compliance	100	46	54		Complete	F&A 04/09/08
Capital Assets	Review of policies and procedures for capital assets, including capitalization policy, classifications, depreciation, disposal	3rd	Internal Controls	225	14	211		In-Process	

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2007-08 Internal Audit Plan
Third Quarter Update**

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Contract Hours	Status	Notes (Contract Auditor)
91 Express Lanes Collections	Review of contractual compliance and performance of collections contractor Law Enforcement Services (LES)	2nd	Compliance	100	38	62		In-Process	
Human Resources									
Payroll	Full-scope audit of the payroll function including internal controls and analytics.	1st	Operational	425	263	162	200	In Process	
Medical Examinations	Review of contracted services for medical examinations and programs.	2nd	Compliance	150	160	(10)		In Process	
Health Insurance Portability and Accountability Act (HIPAA) Compliance (Carryover)	Review to ensure compliance with HIPAA regulations.	1st	Compliance	45	54	(9)		Complete	F&A 01/23/08 (AON Consulting)
Orange County Employees' Retirement System (OCERS) (Carryover)	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established practices.	1st	Operational	275	320	(45)		In Process	
Teamsters Pension Trust Fund	Compliance and operational review of contract provisions and plan operations.	2nd	Compliance	50	41	9	200	Western Conference of Teamsters Pension Trust Audit Complete	F&A 02/13/08
Contracts & Materials									
Procurement Cycle	Operational review to identify efficiencies and determine compliance with established policies and procedures.	2nd	Operational	325	277	48		Report in Draft	
Contract Administration	Operational review to identify efficiencies and determine compliance with established policies and procedures.	3rd	Operational	275	92	183		In Process	
Southern Counties Oil Company	Contract compliance review of C50467 - diesel and unleaded fuel supply.	3rd	Compliance	125		125			
Information Systems									
Database Management (Carryover)	Operational review to improve efficiencies and ensure compliance with established practices.	1st	Operational	250	17	233		Postpone until Risk Assessment is Complete	
Information Systems Risk Assessment	Full inventory and risk assessment of information systems.	2nd	Risk Assessment	100	229	(129)	350	In Process	(Control Solutions, Inc.)
External Affairs									
Vanpool Program	Review of first year operations and contract compliance.	4th	Operational	175		175			
Bus Advertising Revenue Contract (Carryover)	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	175	216	(41)		Complete	F&A 4/9/2008

Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2007-08 Internal Audit Plan
Third Quarter Update

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Contract Hours	Status	Notes (Contract Auditor)
Monitoring Activities									
Transportation Development Act	Ongoing compliance review and follow-up of recommendations made in previous Transportation Development Act audits.	All		25	6	19			
Measure M Citizens Oversight Committee (COC) and Administrative Issues	Coordination of audit activities with the Audit Committee of the Measure M Citizens Oversight Committee.	All		75	109	(34)			
91 Express Lanes	Ongoing monitoring of 91 Express Lanes activities and participation in roundtables.	All		20	8	12			
I-5 Gateway Project	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	2	23			
Compressed Natural Gas (CNG) Station Project	Ongoing monitoring to keep apprised of activities and significant issues.	All		35	30	5			
Mincom/Ellipse Project	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	1	24			
BRT	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	16	9			
Integrated Transportation Communication System (ITCS) Radio System	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	3	22			
Technology Review Committee	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	2	23			
Records Management	Ongoing participation on Records Management Task Force.	All		75	3	72			
Follow-Up Reviews									
State Triennial Audit	Follow-up on internal control related findings and recommendations.	1st		150	40	110			
Other follow-Up Reviews and Reporting	Follow-up on audit findings and recommendations.	Various		225	128	97			
Total Audit Hours				7,600	5,440	2,160	7,000		

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
5/12/2006	06-015	Transit	Transit Police Services (TPS) Contract Compliance and Operational Audit	Management should analyze vacancy hours to determine whether the actual level of staffing is sufficient to meet contract requirements of the contract. Per management, options to maximize staffing levels are currently being analyzed.	Nov-07	May-08	We have analyzed vacancy hours and believe our staffing plan is sufficient to meeting contract requirements. Weekly meetings are conducted by the Manager of Operations and the Chief of Transit Police Services (TPS) to determine vacancy hours and current staffing levels.	Ng	In Process	We reviewed vacancy rates for July-Sept 2007 and noted they were still high. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	Individuals and departmental responsibilities related to contract administration be clearly defined within OCTA and communicated to the County.	Nov-07	May-08	Contract responsibilities have been clearly defined and communicated. The Chief of Transit Police Services reports directly to the Manager of Bus Operations. The Manager of Bus Operations is responsible for annual contract compliance and weekly service level monitoring.	Ng	In Process	This has not been documented in writing yet. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that support for all credits and charges made outside of the monthly recurring contract cost be reviewed by management before approving invoices for payment.	Nov-07	May-08	All requests for credits and changes made outside of the monthly recurring contract cost are now being reviewed and approved by the Manager of Bus Operations.	Ng	In Process	We noted additional special services that did not appear to be pre-approved. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that procedures or a letter to file be documented between OCTA and the County for provisions for credits to be applied.	Nov-07	May-08	Credits for the current contract year will be reconciled at the end of the fiscal year 2007-08. Fiscal year 2007-08 is the last year of the current five year contract with the Orange County Sheriff's Department. Should a new contract be executed with the Orange County Sheriff's Department, contract language will include a provision for reconciliation of applied credits.	Ng	On Hold	Management did not implement this in the FY 2007-08 contract as originally indicated. We will follow up again in May 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that management analyze the total cost of providing transit police services and determine whether it is beneficial to separately account for these costs.	Nov-07	May-08	Currently, the contract cost is split between OCTD and CURE funds. The allocation costs are based on the division of labor between Bus and Rail, 73 percent and 27 percent respectively. All other costs are absorbed by OCTD and not equitably allocated to other service recipients. For future contract cost consideration, the cost of personnel, capital and maintenance-related costs will be included and charged back to a TPS cost center and allocated to recipients of the TPS services. Some of these costs are: <ul style="list-style-type: none"> • Manager of Bus Operations time for administering the TPS contract. • TPS Office Specialist salary and benefit cost. • Capital cost for TPS vehicles. • Fuel, parts and labor for TPS vehicles. 	Ng	On Hold	Management indicated they will implement this in FY 2008-09. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	An evaluation be conducted on time spent by officers on Orange County Taxi Administration Program (OCTAP) related duties to determine whether the contract costs should be partially funded by OCTAP in addition to the Orange County Transit District (OCTD) and Commuter and Urban Rail Endowments (CURE). Additionally, the funding split should be periodically evaluated to ensure the allocation accurately reflects the time officers spend on rail activities and OCTAP.	Nov-07	May-08	The current TPS contract cost allocation is based on the division of labor and allocated proportionally to OCTD and CURE funds. As invoices arrive on a monthly basis the cost of contracted TPS services are split 73 percent to Bus and 27 percent to Rail. Using the division of labor for the period of July 2007 to December 2007 the allocation should be adjusted to indicate, Bus - 75.7 percent, Rail - 23.5 percent, Orange County Taxi Administration Program (OCTAP) - 0.7 percent. This cost allocation formula will be applied to all future contacts.	Ng	On Hold	Management indicated they will implement this in FY 2008-09. We will follow up again in May 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	An agreement be documented between OCTA and the County for rights to conduct routine fiscal and compliance monitoring of the contract by OCTA.	Nov-07	May-08	OCTA Internal Audit Department and the CAMM Department have provided copies of an AUDIT AND INSPECTION OF RECORDS clause that will be included into contract language for any future contracts entered into between OCTA and the Orange County Sheriff Department.	Ng	On Hold	Management indicated they will implement this in FY 2008-09. We will follow up again in May 2008.
8/2/2006	06-021	Finance, Administration and Human Resources / Development	Cofiroute Contract Compliance and Operational Audit	The contract with CHP should be updated to reflect current billing rates, level of service, responsibilities of each party, and other factors as necessary.	Mar-08	Jun-08	Management concurs. CAMM will meet with the CHP to obtain current rates, level of service, responsibilities of each party and incorporate those items into a new contract.	Ng	On Hold	A contract amendment will take place which will incorporate the contract changes. The contract amendment is up in Sacramento.
8/2/2006	06-021	Finance, Administration and Human Resources / Development	Cofiroute Contract Compliance and Operational Audit	In addition to Cofiroute's review of CHP invoices for accuracy, the invoices should be reviewed by OCTA staff for propriety with contract terms.	Mar-08	Jun-08	Management concurs. Management will review all CHP invoices for propriety with contract terms.	Ng	On Hold	CHP invoice review process will begin once the CHP contract is amended.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
6/14/2007	07-002	Safety/ Environmental Compliance	Environmental Compliance Review	Internal Audit recommends that comprehensive policies and procedures over environmental compliance be developed and formalized.	Jan-08	Sep-08	Numerous policies and procedures exist that guide the roles and responsibilities of the Health, Safety and Environmental Compliance Department. These policies are in need of updates and more detailed policies need to be developed directly related to environmental compliance. At this time, we are in the process of recruiting a department manager for the Health, Safety and Environmental Compliance Department. One of the first tasks of the new department manager will be a comprehensive review of the existing policies and drafting of new policies. Policies and procedures related to environmental compliance activities will be among those to be reviewed and updated in detail.	Ng	In Process	A new department manager for HSEC department has been appointed and one of the first priorities is to review all policies and procedures to determine applicability and to formalize the procedures. An action plan is being developed with due dates and assigned responsibilities. Follow-up review will be conducted June 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
6/14/2007	07-002	Safety/ Environmental Compliance	Environmental Compliance Review	Internal Audit recommends that the Health, Safety, and Environmental Compliance Department discuss with CMMM a notification process for procurements of consumables, which may involve CMMM periodically sending lists of new agreements with descriptions of procured items. Alternatively, consideration should be given to incorporating the Health, Safety, and Environmental Compliance Department's pre-approval in the procurement process for consumables with hazardous properties.	Jan-08	Sep-08	The Health, Safety, and Environmental Compliance Department has set up several meetings to discuss implementing a process for procurements of consumables with CMMM, but due to various staff changes, a process has yet to be established. In order to best comply with the Hazardous Waste Reduction Act, the Health, Safety and Environmental Compliance Department highly recommends a procedure that requires pre-approval by the department prior to procurement. This process could ensure that proper quantities are procured and could provide for an opportunity to explore substituting current hazardous materials with non-hazardous materials that are of equal effectiveness. The Health, Safety, and Environmental Compliance Department will pursue implementation of this process with CMMM.	Ng	In Process	Several meetings have taken place with CMMM. They understand the need. A policy is being written to implement the changes. Follow-up review will be conducted June 2008.
6/14/2007	07-002	Safety/ Environmental Compliance	Environmental Compliance Review	Internal Audit recommends that the facility section of the scope of work include better definitions when revised.	Jan-08	Sep-08	When CMMM, Community Transportation Services, and Veolia are prepared to amend the current contract, Facilities Maintenance and the Health, Safety, and Environmental Compliance Department will assist in rewriting the facilities section of the scope of work.	Ng	In Process	This action has not yet occurred. The contract has not been amended to change the scope of work. Follow-up review will be conducted June 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
5/8/2007	07-010	Finance, Administration and Human Resources / Development	Liability Claims and Subrogations Compliance and Operational Review	We recommend that all of the written policies and procedures be updated to reflect current practices as recommended in the prior audit.	None Issued	May-08	The Risk Management Department has been responsible for recovering OCTA property damage caused by vehicular accidents. Although an established and formal procedure has been followed, an update to the department's subrogation procedures has been intentionally delayed as our responsibilities in this area have recently expanded. Risk Management is now additionally responsible for the recovery of losses related to the operation of the 91 Express Lanes and workers' compensation expenditures caused by the negligence of other parties. We are currently working to finalize the additional procedures necessary to carry out these added responsibilities and expect to formalize the entire subrogation program policies and procedures by the end of calendar year 2007.	Dunning	In Process	
5/8/2007	07-010	Finance, Administration and Human Resources / Development	Liability Claims and Subrogations Compliance and Operational Review	We recommend that management continue to increase the level of review of files before they are closed. This can be accomplished by increased review and sign-off by management or by requiring co-worker review and sign-off prior to closing a claim.	None Issued	May-08	Management has review the audit findings and will use them to provide additional training to the Risk Management staff. We will emphasize the importance of proper filing of documents and accuracy of inputting financial transactions into our database. Further, we will require full compliance with the established process of reviewing all case summary reports that are generated after each financial transaction is made to ensure proper coding and posting in the Occurrence Tracking System (OTS).	Dunning	In Process	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
3/16/2007	07-011	Development	Freeway Service Patrol Operational Audit	a) Management should carefully review each invoice to ensure contract requirements are met and charges are substantiated. b) Only approved subcontractors should be used by the contractor. c) The contract should be revised to specifically state hourly rates for the prime and any subcontractors. d) All billed costs should include adequate detail to identify the work performed. Additionally, progress reports should accompany all invoices, as required by the contract. e) Support should be included for any out-of-pocket expenses billed.	Sep-07	Jun-08	<ul style="list-style-type: none"> • Management now carefully reviews each invoice to ensure contract requirements are met and charges are substantiated. • Contract has been amended to add approved subcontractors and their billing rates. • Each bill from contractor now lists work performed and hours on each activity. • Support is now required for all out-of-pocket expense. 	Bonelli	On Hold	Follow-up was put on hold until December after the DCA Contract Audit was complete. Our follow-up review revealed that issues still exist with invoice documentation; we will follow up again in June 2008.
3/16/2007	07-011	Development	Freeway Service Patrol Operational Audit	A formal OCTA policy should be approved that includes major FSP policy issues, such as the purpose for providing an FSP program, responsible parties and legislation and regulations that govern FSP programs. Additionally, desktop procedures should be continuously updated.	Sep-07	Jun-08	In June 2007 Motorist Services, in seeking Board approval for the award of several contracts to tow truck companies, included key program background and FSP policy information in the staff report. Updated desktop procedures are being updated as time permits. Management anticipates completion in early calendar year 2008.	Bonelli	On Hold	Follow-up was put on hold until December after the DCA Contract Audit was complete. Management has not yet updated its desktop procedures; we will follow up again in June 2008.
6/15/2007	07-012	Finance, Administration and Human Resources	Legal Services Contract Review	Legal services should be appropriately reflected in the general ledger by coding to the different accounts according to the services provided to all departments or programs.	Jan-08	Jun-08	Charges are allocated to departments within a fund based on materiality. Management will review the current contract setup to ensure that charges are properly recorded at the department level.	O'Connell	In Process	Follow-up review is in process.

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2/18/2008	07-015	External Affairs	Bus Advertising Program Contract Compliance Operational Review	Internal Audit recommends that OCTA periodically request detail supporting the gross revenue reported by Titan. The contract manager should then periodically, and on a sample basis, confirm advertising revenue directly with the advertisers. Internal Audit also recommends that management perform periodic comparisons of bus advertising revenues among local transit agencies to determine whether trends in OCTA's bus advertising revenues are consistent with trends experienced by other transit agencies. Finally, Internal Audit recommends that future procurements relating to bus advertising revenue administration also solicit proposals for annual flat fee amounts in addition to revenue sharing percentages and minimum guaranteed payments in the Request For Proposal (RFP).	None Issued	Aug-08	The contract manager will request that Titan provide OCTA with detailed individual sales invoices between Titan and their advertisers and conduct an annual spot check directly with the advertisers to verify the cost and quantity of purchased advertisements. In addition, the contract manager will select two to three Southern California transit agencies to compare revenue receipts on an annual basis. For future procurements, OCTA will solicit proposals for annual flat fee amounts in addition to revenue sharing and minimum guaranteed payments in the Request For Proposal (RFP).	Bonelli	In Process	Going to the board on 4/9/08.

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2/18/2008	07-015	External Affairs	Bus Advertising Program Contract Compliance Operational Review	We recommend that management request that Titan report gross revenue, adjustments to gross revenue including any applicable agency commissions or production costs, and net revenue in its monthly revenue reports. This will allow the Contract Manager to evaluate whether the adjustments to gross revenue are allowable under the terms of the Titan Contract.	None Issued	Aug-08	The Contract Manager has begun working with Titan to include the gross revenue, adjustments from agency commission and net revenue in the monthly reports. Although some contracts include production costs, when Titan invoices the agencies, revenue and production costs are invoiced separately. Therefore, the production costs will not be included in the monthly reports as they report revenue only. Titan's new monthly reports, reflecting these changes, are expected to begin in March 2008.	Bonelli	In Process	Going to the board on 4/9/08.

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2/7/2008	07-018	Finance, Administration and Human Resources / Development	Farebox Revenue Operations Operational Review	We recommend that management monitor and investigate cumulative farebox variances.	None Issued	Aug-08	Management concurs and is aggressively seeking ways to improve the accuracy of revenue reports so variances can be detected and investigated promptly. Steps include: 1) Working with the maintenance department to minimize the unclassified revenues that result from low batteries and timing issues, making it easier to reconcile actual deposits to anticipated revenue on a bin-by-bin basis. 2) Investigating the practice of placing circuit boards with test data into actual fareboxes. This may be inflating the GFI revenue. 3) Seeking additional training on the GFI system from the supplier to identify additional GFI tools that may help identify the causes of variances. 4) Randomly auditing individual cash boxes, reconciling the actual collection to the GFI revenue figures to validate the GFI revenue figures that result from the probing process. 5) Monitoring the unclassified revenue amounts on a daily basis to enable quicker responses to spikes in unclassified revenue figures.	Bonelli	In Process	Going to the board on 4/23/08.
3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should ensure that updated copies of required documents are kept in the training files.	None Issued	Sep-08	A review of the finding indicated that Operations Training and the Operations base managers need to work more closely to develop a procedure to ensure that a copy of each coach operator's required documents are kept not only at the base, but are routinely sent to the Operations Training Manager. A log of these transactions will be developed and maintained by the office specialist in Operations Training.	O'Connell	In Process	

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3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should ensure that DMV Form DL260 is kept current and is in the training files.	None Issued	Sep-08	Procedures will be changed to update training within the month that a training requirement is fulfilled. All files will be kept current.	O'Connell	In Process	
3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should ensure that instructors are giving road tests at least every 90 days. Additionally, road trip testing logs for each instructor should be kept in the training files.	None Issued	Sep-08	A review of the Operations training files revealed two of the instructors did not conduct road trip testing due to medical leaves of absence. When they returned to work, they were reinstated and have since been current. The third instructor had completed the required road trips, but the information had been incorrectly recorded. That information has been corrected. The information for each individual instructor will now be kept in their training files.	O'Connell	In Process	
3/18/2008	07-019	Transit	Operations Training Program Operational Audit	To ensure efficiency of the training program, management should require BWTs to commit to a minimum number of hours each year for training. Based on the number of hours needed, the number of trainers should also be determined.	None Issued	Sep-08	The previous Collective Bargaining Agreement (CBA) in effect from May 2004 through April 2007, only allowed coach operators to work with Operations Training for a limited number of hours. This includes two categories, BWI, or working with the training class, and BWT, instructing new operators out on the street after completing the Student Coach Operator Training (SCOT). The new CBA does not renew that portion of the agreement. Operations Training is currently evaluating the best use of the BWI and BWT program.	O'Connell	In Process	

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3/18/2008	07-019	Transit	Operations Training Program Operational Audit	Management should conduct records of hours, including overtime, used to back-fill route assignments for BWIs. This information should be used to determine the most efficient structure of the BWI program.	None Issued	Sep-08	When coach operators are used as BWIs, their regular work is back-filled, but when they are BWTs, they mentor new operators on their own route assignments and no back-fill is required. The Bus Operations Manager will work with the Operations Training group to determine a method of recording the overtime required for the BWI program.	O'Connell	In Process	
11/15/2007	07-026	Transit	Carter Burgess	Internal Audit recommends that future Scopes of Work, including deliverables, be more narrowly and specifically defined and that large component tasks be either separately procured or specified in Contract Task Orders drawn on a master contract. This will improve OCTA's contract management and oversight. Additionally, OCTA project management should request a more effective invoice summary for use in monitoring contract progress and usage.	N/A	May-08	Project management agrees that Scope of Work should be defined as narrowly as possible to allow more effective contract management. We will strive in the future to separate large, distinct, and approved projects by contract or by Contract Task Order within a contract. Project management has requested modifications and additions to existing project reporting and invoice detail to allow for more efficient and effective contract management.	Ng	In Process	Follow-up review to begin in May 2008.

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11/15/2007	07-026	Transit	Carter Burgess	<p>- For not-to-exceed escalation clauses, there should be guidance on whether all rate increases will be reviewed or reviewed on a sample basis. Documentation standards for rate reviews should be established.</p> <p>- For project personnel additions, the Contract Administrator's rate review should include a recalculation of rates using payroll registers and the established overhead and profit rates in the contract. Rate review and resolution of identified discrepancies should be documented in the file.</p> <p>- Contract amendments and OCTA Letter Approvals should be executed in a timely manner. The window of time between the effective date and the C&B Request date should be contractually limited. C&B requests should not be combined with contract amendment requests.</p> <p>- Project management should confirm that credits appear in C&B's next invoice prior to payment approval.</p>	None Issued	May-08	<p>- All rate increases are required to be reviewed, not just a sample. Current documentation standards are that all changes to a contract are to be documented in the contract file.</p> <p>- CAMM consistently recalculates rates when submitted. An excel spread sheet is used to verify proposed rates against payment terms. Contract Admin. has been requested to include the spread sheet in the contract file.</p> <p>- CAMM agrees that changes to the contract be completed in a timely manner. Therefore, CAMM will no longer accept requests that reflect a prior effective date.</p> <p>- Project management will log all credits earned and track these against credits given on monthly invoices. For those credits not reflected on the invoice within 60 days, project management shall investigate and resolve.</p>	Ng	In Process	Follow-up review to begin in May 2008.
11/15/2007	07-026	Transit	Carter Burgess	<p>Internal Audit recommends project management confirm that credits appear in C&B's next invoice prior to payment approval. Additionally, project management should establish a limit on the time between when an ODC is incurred and when it may be billed.</p>	None Issued	May-08	<p>Project management has confirmed that the credits identified by Internal Audit were credited on the invoice for June services, dated July 19, 2007. Additionally, project management is implementing the credit review procedure described in response 2.4 above.</p>	Ng	In Process	Follow-up review to begin in May 2008.

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6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA consider conducting an assessment on the cost of providing unlimited paratransit services for visitors and revise their policy accordingly.	Jan-08	Jan-08	In sampling some of the high-use customers, it is likely that either, 1) their client file has been coded "visitor" in error, or 2) they once lived in the County, utilized the service heavily, and have since moved out of the County but have retained visitor status eligibility. CTS staff will review and verify the status of those visitors utilizing the service most frequently to ensure that status is accurately coded. In addition, CTS staff will further research trends for visitor use of ACCESS service. If the trend is found to be problematic, change of policy will be further considered.	Dunning	In Process	Received March 6, 2008
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that prior to authorizing payment, OCTA should verify or reconcile the number of individual assessments completed and reported on CARE's invoice to OCTA's records for accuracy.	Jan-08	Jan-08	As of April 1, 2007, the CTS Eligibility Section implemented a new process which assists in tracking the CARE invoices. This tracking process consists of a daily cover sheet listing all customers evaluated and those applications that have been denied or incomplete. The daily cover sheet includes the client's name, ID#, type of letter, eligibility determination, evaluation date, and signature of CARE management staff. Once received by OCTA Eligibility Staff, the form is signed and dated to verify completion. Upon receiving the monthly invoice from CARE, those records are cross referenced by the ADA Eligibility Administrator.	Dunning	In Process	Follow-up review in process. Response received March 6, 2008.

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6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA consider annually reviewing and purging the ACCESS services database to ensure that only current eligible applicant data is maintained.	Jan-08	Jan-08	Expired client file records are maintained within a password protected database, which makes them as secure as any other record or data within the Trapeze database. The only known advantage to purging this data would be to provide additional disk space. Previously, there have not been any issues associated with lack of disk space. Should this create a problem with disk space in the future, CTS and IS staff will reconsider this practice.	Dunning	In Process	Follow-up review in process. Response received March 6, 2008.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that CARE implement measures to ensure ACCESS applications remain out of view and cannot be physically assessed by any unauthorized personnel.	Jan-08	Jan-08	CTS staff recognizes the need for additional security of applications, and practices have been implemented to address this issue. All documents are kept in the CARE operations room, with the door closed at all times during office hours. File cabinets will be open during business hours for items of daily use and locked after business hours. All sensitive documents will be stored in a locked cabinet.	Dunning	In Process	Follow-up review in process. Response received March 6, 2008.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We commend OCTA's efforts to initiate the drafting of an Information Protection Policy. However, we recommend that OCTA aggressively move forward with completing and adopting an information protection policy that communicates management's criteria for handling and sharing sensitive data with business partners.	Jan-08	Jan-08	The Authority's Information Systems Department recently hired a Trapeze software specialist and a senior security analyst, to address the information protection policy issues for handling and sharing sensitive data with our contractors. The Authority staff is currently working to develop such policies and a plan for implementing these policies.	Dunning	In Process	Follow-up review in process. Response received March 6, 2008.

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6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA management coordinate with CARE to implement password aging and forced password change functionality for ASMS. We also recommend that OCTA management coordinate with CARE to implement password formatting functionality for ASMS.	Jan-08	Jan-08	Currently, CARE does not have an automated system to require passwords be changed on a regular basis. CARE assigns all new users an access password and provides a manual notification to change passwords on a quarterly basis. CARE will remind staff of this requirement by e-mail notifications and at the OCTA ACCESS/CARE Quarterly Staff Meetings. It was recommended and agreed upon that software is to be developed for an automated forced password change. The implementation of this will depend on financial programming resources, OCTA contractual requirements with business partners, and final implementation of an OCTA contractor policy for security standards.	Dunning	In Process	Follow-up review in process. Response received March 6, 2008.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that ASMS access rights be reviewed and approved by CARE management on a periodic basis. This would require that management sign and date an ASMS access rights report as evidence of their review.	Jan-08	Jan-08	Currently, there is not an automated system to require user reviews on a regular basis. CARE has an annual review of users on the ASMS system and an automatic manual notification to IS when employees resign or are terminated. Any user that has resigned or is terminated is removed from the access users list. CARE will conduct a manual review of users on the ASMS system at all OCTA ACCESS Quarterly Staff Meetings. A review action document will be developed which will list the current and recently terminated users. This will be made available for review by the Eligibility Administrator.	Dunning	In Process	Follow-up review in process. Response received March 6, 2008.

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6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should develop a plan for the implementation of a comprehensive program to manage records organization-wide. Policies and procedures for the systematic and orderly accumulation and storage of active records should be developed to provide a foundation upon which better records retention and destruction can be controlled.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	In Process	
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	Employee awareness of their roles and responsibilities with regard to records management should be strengthened. A formal training program should be developed to drive greater accountability.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	In Process	
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should provide the technological resources necessary to allow consistent, organization-wide records retention, management, and retrieval. Electronic data and mail should be consistently classified, filed, sorted, and purged.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	In Process	
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	The current Policy and records retention schedules should be updated to include security, third party and electronic document considerations.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	O'Connell	In Process	

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6/15/2007	07-032	Finance, Administration and Human Resources	LNG Contract Review	CAMM should revise its policies and procedures to require formal CEO approval for substantial changes to terms of inventory contracts.	Jan-08	Aug-08	CAMM agrees to review the procurement policies and procedures as they relate to inventory and to update the Procurement Manual as needed. Funds have been budgeted in the fiscal year 2008 budget for this activity. It is anticipated that this effort will start in the September time frame and will include a procedure for handling inventory purchases as well as amendments to inventory contracts.	Bonelli	In Process	An RFP has been issued for a consultant to assist with updating the procurement manual. A completed manual is anticipated by August 2008. We will follow up with this item at that time.
6/15/2007	07-032	Finance, Administration and Human Resources	LNG Contract Review	The monthly index prices for LNG should be independently verified and retained with the invoices.	Jan-08	Aug-08	CAMM agrees to independently verify the index price from a published source and forward that information to Accounts Payable. Accounts Payable can retain this verification with the invoices.	Bonelli	In Process	Management is in the process of implementing a new procedure to verify fuel prices from an independent source. We will follow up with the implementation of this recommendation in August 2008.
9/11/2007		Finance, Administration and Human Resources	STIP PPM Financial and Compliance Review, Fiscal Year 2004-05	We recommend that OCTA management improve its oversight and review of costs charged to the STIP PPM Program.	Apr-08	Apr-08	OCTA staff concurs that all future reimbursement requests will be thoroughly reviewed and signed off by the Revenue Manager. In addition, staff has initiated contact with Caltrans to reconcile the specific project within the Fiscal Year 2004-05 Work Program.	O'Connell	In Process	
9/11/2007		Finance, Administration and Human Resources	STIP PPM Financial and Compliance Review, Fiscal Year 2004-05	We recommend that OCTA management improve its oversight to ensure compliance with the Agreement reporting requirements.	Apr-08	Apr-08	OCTA staff concurs that all future oversight will be improved to ensure compliance with the STIP/PPM Agreement reporting requirements.	O'Connell	In Process	

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3/24/2008	08-012	Finance, Administration and Human Resources	Investment Activities July 1 through December 31, 2007	Internal Audit recommends that the Treasury Department ensure that the reconciliation of all balances on the Portfolio Listing is accurate prior to inclusion in the debt and investment reports.	N/A	N/A	The account balances are reconciled on a monthly basis to the Account Balance worksheet. This is a manual process. The balances are used to create the quarterly investment report that contains the Portfolio Listing. The Treasury Department will work to ensure that the balances shown in the printed report from quarter-end are reflected accurately in the debt and investment reports.	Ng	In Process	Follow-up review will be rolled into the next Investment Activities audit.
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In reviewing the health plans from a HIPAA privacy and data security standpoint, it was not entirely clear that all covered entities have been properly identified. For example, the Executive Management Physical Program may be a covered entity unless it is determined to fit within the exemption for plans with less than 50 participants and is self-administered. To the extent that the Executive Management Physical Program does not fit within this exemption, then it will be necessary for the Program to comply with HIPAA privacy and data security tasks.	N/A	Jun-08	Management agrees with the recommendation. We will engage in discussions with Legal Counsel to determine if the management physical program is a covered entity. If the program is determined to be a covered entity, we will take the necessary steps to ensure that the program complies with HIPAA.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	A determination of the potential tax implications of the Executive Management Physical Program or the potential impact on nondiscrimination testing for this self-funded benefit is outside the scope of this review. However, under Internal Revenue Code Section 105(h), a self-insured medical expense reimbursement plan may provide tax-free health care expense reimbursements to highly compensated individuals if the plan does not discriminate in favor of those highly compensated individuals. Should a certain benefit fail a nondiscrimination test, then the federal income tax advantages may not be available, and in certain instances, the value of the benefit or a portion of the benefit may become taxable to the highly compensated individuals or key employees. Additional federal income tax reporting may therefore result.	N/A	Jun-08	Management agrees with the recommendation. We will engage in discussions with payroll and Legal Counsel to determine any potential tax implications.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that OCTA adopt a "hands-off" approach for handling information from its fully insured plans. If a "hands-off" approach to PHI is adopted, the existing privacy policies and procedures should be updated to reflect the additional policies required for compliance, and training should be provided for the new policies and procedures.	N/A	Jun-08	Management agrees with the recommendation. We will take the necessary measures to adopt a "Hands-Off" approach and will amend our policies and procedures to ensure proper record keeping of this approach.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	For a "hands-off" approach, OCTA will need to obtain a HIPAA authorization to assist participant with claims and other customer service activities when PHI is used or disclosed with out the individual present.	N/A	Jun-08	Management agrees with the recommendation. We will institute a process that will require HIPAA authorization to assist participant with claims and other customer service activities when PHI is used or disclosed with out the individual present.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA needs to formally appoint a Privacy Official and a Security Official to be accountable for the privacy and data security obligations under the HIPAA rules and regulations.	N/A	Jun-08	Management agrees with the recommendation. We will take the necessary measures to appoint a Privacy Official and a Security Official, and we will update our current record keeping documents to reflect the appointed officials.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should update its training materials to provide more comprehensive training on HIPAA Privacy and Data Security and conduct a refresher training ensuring that all members of the workforce who handle PHI are timely trained.	N/A	Jun-08	Management agrees with the recommendation. We will update our training materials to include the recommendations given and will conduct a refresher training for all members of our workforce who handle PHI. In addition to providing training for those directly responsible for protecting PHI related information, the Information Systems department will be conducting annual Authority wide general Information Security Awareness training. Security Awareness training has been identified as one of the top Authority security initiatives as it provides the greatest security benefits for each dollar spent.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should develop a training module that will highlight the importance of e-PHI security to the personnel performing services involving the health plans or e-PHI.	N/A	Jun-08	Management agrees with the recommendation. We will include e-PHI guidelines within the updated training materials.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should finalize and implement HIPAA record retention policies for the Human Resources Department.	N/A	Jun-08	Management agrees with the recommendation. We will finalize and implement the HIPAA record retention policies after review with Legal Counsel. The Authority, under the guidance of the IS Department manager and Deputy CEO, is in the process of developing an enterprise wide data retention and classification process, that will ensure that any PHI related information is properly protected and archived.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend OCTA obtain Business Associate agreements with its vendors for shredding services and records storage.	N/A	Jun-08	Management agrees with the recommendation. The IS Department will work with CAMM to amend the current contracts in order to remediate this gap.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should issue an addendum to its Business Associate agreement with Mercer Human Resource Consulting, Inc. to include adequate protections for the data security requirements under HIPAA.	N/A	Jun-08	Management agrees with the recommendation. We will hold discussions with Mercer and request an amendment to the Business Associate agreement to include adequate protections for the data security requirements.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend OCTA receive confirmation of compliance with HIPAA's privacy and security rules from all service providers for the health plans.	N/A	Jun-08	Management agrees with the recommendation. We will receive confirmation of compliance from all service providers for the health plans (Mercer and Creative Benefits).	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should review further and determine whether Chief Executive Office is properly included in the firewall and whether the categories listed in its Minimum Necessary Policy are appropriate and not too broadly defined.	N/A	Jun-08	Management agrees with the recommendation. We will review further and determine whether Chief Executive Office is properly included in the firewall and whether the categories listed in the Minimum Necessary Policy are appropriate and not too broadly defined.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should to conduct a comprehensive inventory and risk assessment of e-PHI to ensure that OCTA's health plans have established the necessary data security safeguards to comply with HIPAA. OCTA has drafted a number of enterprise-wide policy statements for protecting and safeguarding sensitive electronic information, which we recommend OCTA finalize as soon as possible. Additionally, the FAHR Division needs to further develop, implement, and operate in compliance with these data security procedures/standards.	N/A	Jun-08	Management agrees with the recommendation. This recommendation requires both a review of the manual and technical process/flow of how PHI information moves through the organization. Once this has been completed a better risk assessment can be accomplished. Final adoption of the Authority's newly created security policies and standards is anticipated before year end 2007.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	Once the enterprise-wide policy statements are adopted, OCTA should adopt by reference (or amend), on behalf of the health plans, the existing data security policy statements that apply within OCTA with appropriate modification to make certain that such policies specifically extend to e-PHI. In addition, OCTA should confirm that e-PHI should be treated as "Confidential" with respect to all such policies and procedures, and provide that access to such information will be limited solely to those individuals required to review such information.	N/A	Jun-08	Management agrees with the recommendation. Current draft policies have provisions that address this recommendation. As stated in response to recommendation 13, the security policies and standards are anticipated being adopted before year end 2007.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should amend appropriate plan documents to reflect the requirements of the HIPAA data security rule. Additionally, the Flexible Benefits Plan HIPAA Amendment needs to be amended to provide data security language.	N/A	Jun-08	Management agrees with the recommendation. We will work with our Flexible Benefits Plan provider to ensure proper language is included in the plan documents on data security.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should re-examine the number of individuals who have access to e-PHI on a regular basis to reaffirm their need for receipt of or access to the data currently provided to them (i.e., do their job responsibilities require that they access e-PHI), and investigate alternative data forms that do not negatively impact their functions but mitigate the risk of unintentional violations of security standards.	N/A	Jun-08	Management agrees with the recommendation. However, this recommendation requires regular review by Human Resources. The Information Systems department can provide relevant reports on a normal basis to support this review and will modify access to PHI systems as directed by the data owner (HR). Information Systems department are considered the custodians of the information, which means it does not make decision on who access is granted to. We will re-examine the number of individuals who have access to e-PHI on a regular basis to reaffirm their need for receipt of or access to the data currently provided to them.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In concert with OCTA's Information Systems resources, OCTA's Human Resource/ Benefits personnel should establish a specific process for the ongoing evaluation of security policies for the health plans.	N/A	Jun-08	Management agrees with the recommendation. Human Resources will work in concert with Information Systems department to establish the process by which we operate for evaluation of our security policies for Creative Benefits health plan.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should investigate the costs, required resources and vendor abilities to pursue a data encryption program for all internal and external e-PHI transmissions.	N/A	Jun-08	Management agrees with the recommendation and will analyze... Currently, majority of all e-PHI data transmissions inside and outside the organization has been identified and documented. All transmission of e-PHI data over the open Internet is currently being encrypted. IS and HR will need to verify that e-PHI approved users are not using any mechanism outside those documented (e.g. sending e-PHI via unprotected email) or stored on a unsecured location (e.g. Open file share). Once the e-PHI network data flow has been confirmed an internal review of transmission will be conducted in order to determine the best encryption mechanism to use.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	After the health plans are in existence for at least a year, we recommend that OCTA perform an analysis of the flow of individually identifiable health information for its health plans that pertains to plan participants and their covered dependents. The analysis should encompass the uses of the health information, any disclosures of such health information, and the retention/recording of such health information. The overall objective of the analysis should be to identify any impermissible health information use or disclosure practices that must be revised to conform with the HIPAA standards and ensure the fully insured plans are operating in accordance with a "Hands-Off" Approach.	N/A	Jun-08	Management agrees with the recommendation. We will create a process flow chart for the Flexible Spending Account. In the report it indicates that when using the term "health plans" it is referencing the FSA account/ Creative Benefits. The reference is also being made when stating in the recommendation "After the health plans are in existence for at least a year".	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that OCTA store any and all sensitive health information related to these prior plans and obtain a business associate agreement with the outside document storage vendor. Aon has not reviewed, and there appears to be very little guidance available, as to whether OCTA still has HIPAA obligations with respect to these terminated health plans. As such, further discussion with legal counsel is recommended.	N/A	Jun-08	Management agrees with the recommendation. Human Resources will work with the Records Retention department to establish required language in the business associate agreements for the outside document storage vendor.	Dunning	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should confirm that CalPERS is HIPAA compliant with respect to its LTC Plan.	N/A	Jun-08	Management agrees with the recommendation. We will confirm that CalPERS is HIPAA compliant.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In future negotiation with these unions, OCTA should consider obtaining certification that the applicable unions are in compliance with HIPAA's rules and regulations.	N/A	Jun-08	Management agrees with the recommendation. We will address this recommendation with Employee Relations and Legal Counsel.	Dunning	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that to the extent applicable, third parties such as medical, dental, vision and EAP providers confirm compliance with the electronic transaction and unique health identifiers regulations on an annual basis with respect to the OCTA health plans.	N/A	Jun-08	Management agrees with the recommendation. We will establish an annual process to confirm compliance with HIPAA for all third party health care entities.	Dunning	In Process	
10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA modify its current subrecipient monitoring policies and procedures to conform with federal requirements and communicate these policies and procedures to all managers of federal programs.	N/A	Sep-08	OCTA staff concurs and will subsequently modify its current subrecipient monitoring policies and procedures to conform with federal requirements and further communicate these policies and procedures to all managers of federal programs.	O'Connell	In Process	

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10/31/2007		Transit	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA adhere to the Buy America requirements and ensure that all documentation is contained in the procurement files to support OCTA's compliance.	N/A	Sep-08	Staff provided the necessary quality assurance oversight for the referenced procurement, and the actual in-plant and acceptance inspections were conducted by OCTA mechanics. We did not use an individual checklist for each bus to confirm that each item of the Buy America Pre-Award Audit was verified by signature at the place and date of assembly by our resident inspectors. Since this delivery, we have expanded our inspection detail for our resident in-plant inspector's documentation and definition of the actual components used during the Pre-Award Audit to determine U.S. content and final assembly. We currently use the list of components, as approved by Make and Model, during the vehicles' assembly process.	O'Connell	In Process	
10/31/2007		Deputy Chief Executive Officer	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	OCTA should develop and implement a policy on misconduct. Once developed, the policy should be acknowledged and signed by each employee on an annual basis as evidence of their reaffirmation that they understand the policy and have complied with its provisions.	N/A	Sep-08	Management will develop and implement a policy on misconduct; each new hire will be asked to acknowledge and sign the policy upon starting work at OCTA.	O'Connell	In Process	
10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA require departments using on-call contracts to comply with the existing Policies and Procedures Manual requirements governing the use of CTOs.	N/A	Sep-08	Management agrees to ensure that all departments using on-call contracts comply with the existing Policies and Procedures Manual requirements governing the use of CTOs.	O'Connell	In Process	

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10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA acquire or develop an inventory system for passes that provides for proper tracking of unissued passes. Additionally, if the system also serves as a point of sales system, OCTA should ensure the system is compliant with current privacy regulations.	N/A	Sep-08	Management agrees that an inventory system is needed to track bus passes. For over 10 years, a manual Excel spreadsheet has been used to record pass receipts and sales. The spreadsheet was never reconciled to a physical inventory count until fiscal year 2006-2007. While investigating the discrepancies after the first inventory, it was determined that the PICS did not account for passes issued at no cost for promotional purposes. The adjustments to inventory were the result of cumulative transactions over a 10-year period. PICS has since been modified so that passes issued at no cost will be deducted from the excel spreadsheet inventory. Additionally, OCTA is in the process of procuring a point of sale and inventory software package for the pass sale function. Only applications that comply with privacy regulations are being considered.	O'Connell	In Process	

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10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA develop and implement a formal change management process that documents the system development life cycle of changes to hardware applications and systems.	N/A	Sep-08	OCTA's IS Department Management Team recognizes the need for a more formal and consistent method to documenting and controlling change in its computing environment. A combination of internal Help Desk tickets, external vendor help desk tickets, and an internal tracking spreadsheet are being used and reviewed at least twice per week to coordinate, communicate and track when changes are implemented. OCTA has developed a scope of work to pilot practices and a software solution that will bring improvements in both Configuration Management and Change Management practices to the department. Our plan is currently on hold due to competing demands of other projects deemed more important. We plan to further evolve the practices into the department's operation.	O'Connell	In Process	
10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that an individual within the IS Department be tasked with the responsibility of assigning access permissions within IFAS. Access permission should only be assigned upon receipt of a properly authorized request for access.	N/A	Sep-08	Since the implementation of IFAS, the Section Manager of General Accounting has been assigning access in IFAS as there was no one in the IS Department supporting the IFAS system. IS recently hired a Business Computing System Specialist (BCSS) to support the IFAS. As the BCSS gains IFAS expertise, the Accounting Department will transition the assignment of permissions to the BCSS.	O'Connell	In Process	

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10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that management prepare written instructions for Department Heads to be included as part of OCTA's accounting policies and procedures manual. These instructions should document the basic concepts of proper cutoffs and the individuals responsible for accruing payables at the accounting period end.	N/A	Sep-08	Accounting distributes instructions and an accrual worksheet to department heads regarding the year end cutoff, seeking notification of any outstanding expenses that were incurred prior to year end. Next year, Accounting will supplement the written instructions with in-person meetings with staff responsible for submitting invoices. The Accounting Department will also require accounts payable supervisory review of all weekly check writes through October to ensure that all payments related to the previous fiscal year have been properly accrued.	O'Connell	In Process	
12/7/2007		Orange County Transportation Authority (Transit)	Agreed-Upon Procedures Performed with Respect to the National Transit Database Report, For the Period July 1, 2006 through June 30, 2007	We recommend that OCTA ensures that the contractor establishes written procedures requiring that the Data Entry Clerk document the reconciliation of the tripsheets and the Window Supervisor document the review of all tripsheets.	N/A	Jul-08	Management will ensure the contractor implements the recommendation	O'Connell	In Process	
12/7/2007		Orange County Transportation Authority (Transit)	Agreed-Upon Procedures Performed with Respect to the National Transit Database Report, For the Period July 1, 2006 through June 30, 2007	We recommend that OCTA develop and implement procedures to ensure the mathematical accuracy of the periodic data included on the worksheets and the periodic summaries for NTD reporting purposes.	N/A	Jul-08	OCTA Operations Analysis Department is in the process of developing written procedures to ensure formula calculations are accurate for NTD reporting purposes.	O'Connell	In Process	
12/19/2007		City of La Habra	2006-07 Annual Transportation Development Act Audits	We recommend that the City of La Habra competitively bid its contract for senior transportation services upon expiration.	N/A	Jul-08	The city agrees with the audit recommendation and plans to have a competitively bid contract in place within the next 60 days.	O'Connell	In Process	

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12/3/2007		Korean American Senior Association of Orange County (KASA) - passed through the City of Garden Grove	2006-07 Annual Transportation Development Act Audits	We recommend that KASA maintain mileage logs to support reimbursements paid to employees. The auditable mileage logs should contain the following at a minimum: data of trip, purpose of trip, beginning odometer reading, ending odometer reading and total miles. KASA should reimburse employees for business miles at the established IRS mileage rate instead of paying 100% of the fuel, repair, and maintenance costs for employee vehicles.	N/A	Jul-08	(Internal Audit requested a management response from KASA by February 25, 2008.)	O'Connell	In Process	
12/3/2007		Korean American Senior Association of Orange County (KASA) - passed through the City of Garden Grove	2006-07 Annual Transportation Development Act Audits	We recommend that KASA obtain and implement automated accounting software that will allow for double-entry accounting and result in the production of a trial balance and general ledger detailing all transactions.	N/A	Jul-08	(Internal Audit requested a management response from KASA by February 25, 2008.)	O'Connell	In Process	
12/19/2007		Orange County Transportation Authority (Finance, Administration and Human Resources)	2006-07 Annual Transportation Development Act Audits	We recommend that OCTA file claims for reimbursement for allowable TDA Article 3 expenses on at least a semi-annual basis. Additionally, we recommend that OCTA report its TDA revenue and expenses on the accrual basis of accounting.	N/A	Jul-08	In September 2006, staff recognized that the TDA Article 3 reserve balance established at the County Auditor-Controller was unusually high. An analysis determined that \$3.72 million should be claimed in the October 2006 submittal to the County Auditor-Controller. This analysis uncovered an inadequate process that has subsequently been addressed. Staff will file claims for reimbursement for allowable TDA Article 3 expenses on at least a semi-annual basis.	O'Connell	In Process	

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should build on the multi-level planning efforts for the Comprehensive Business Plan (CBP) to position the CBP as the single, agency-wide source for transportation plans, operations, projects and services. Executive: Jim Kenan.	Nov-07	Apr-08	<i>Will Not Implement.</i> Part of the recommendation for this item included expanding performance measures beyond bus operations to all departments within the CBP. It is important to note that the CBP is built at a macro level and is done by program, not by department. The bus operations program lends itself to performance measures on a system-wide basis but parsing out departmental goals at a programmatic level would be difficult and too detail-oriented for the CBP.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in April 2008.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should implement required time and costing processes and tools to enable more extensive and complete direct charging of expenses to the programs/activities responsible for the expenditure. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> The current Accounting system (IFAS) and the current Budgeting system both have the technical capacity to implement this type of project tracking at OCTA. Financial Planning & Analysis staff has worked with a consultant to pare down the project codes to a more useful number.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in April 2008.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	Accounts Payable should implement the "Payment Signature Authorization Policy" or a similar cover form for authorizing personnel to sign in the case of all invoices submitted for goods and services provided under contracts. Purchase orders could be excluded. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> In lieu of requiring a coversheet with boilerplate language to all non-purchase order payments, management suggests creating a new signature authorization card that details the responsibilities and assertions that an approval signature represents. This option will focus attention on the issue without increasing paper usage and processing time. Management believes that acknowledgement of the responsibilities with signature authority as delegated will be more effective and have less cost than adding boilerplate language and an extra piece of paper to each payment.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. A draft Payment Request Policy has been developed detailing the responsibilities of authorizing payments. A signature authorization form has also been drafted. Item will be taken to the Finance and Administration Committee meeting for discussion in April 2008.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should establish clear written guidelines on the use of payment requests. These should include those types of purchases that are exempt from the \$2,500 limit (e.g., judgments/settlements) and a cumulative dollar limit that can be paid to any one vendor via payment requests during any fiscal year. Executive: Jim Kenan	Jan-08	Apr-08	<i>Has Already Been Addressed.</i> The CAMM procedures generally establish the criteria for using payment requests by establishing thresholds for procurements that may bypass the formal procurement process. To supplement CAMM procedures, Accounts Payable has increased enforcement of the rules, rejecting payment requests exceeding \$2,500 unless on a pre-approved list of disbursements not subject to CAMM procurement rules. Finally, Accounting has created a document that details the requirements for submitting payments to Accounts Payable for processing that comply with all procurement rules.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. A Payment Request Policy that details the circumstances for using payment request forms has been drafted. This draft policy has been modified so that the \$2500 limit includes one-time payments as well as a series of payments to a single vendor during a rolling 12-month period. CAMM is working with Accounting to redefine the payment request policy.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	CAMM should review the "frequent payment request" list and contact departments that are using numerous payment requests to a single vendor to suggest that a contract or purchase order be established with the vendor. As part of this process, CAMM should also advise Accounts Payable to reject any further payment requests for the identified vendors. Accounts Payable should enforce the restriction. Executive: Jim Kenan	Jan-08	Apr-08	<p><i>Will Implement with Modifications.</i> As Accounts Payable (AP) processes payments, it currently addresses all Payment Requests that exceed \$2,500 without referencing a contract or Purchase Order (PO). If the payment is on the informal list of acceptable payments that do not require CAMM approval, it is processed. All other payment requests over \$2,500 are being rejected until approved by the CEO, Manager of CAMM or their designee. AP generates a weekly list of "exception" payments that the Department Manager reviews. There are very few true exceptions.</p> <p>Management disagrees that AP should be rejecting payments. This strategy does not address the problem and is punitive to the vendor instead of the offending OCTA department. Once the invoice is received by AP, the legal liability exists and payment must be made.</p>	O'Connell	In Process CAMM is working with Accounting to redefine the payment request policy.	Discussed with Jim Kenan and Art Leahy on 8/24/07. The new payment request draft policy details 4 categories of payment requests. The first 3 are authorized (one-time under \$2500, series of payment under \$2500 during a rolling 12-month period, and exempt payments). The last category, Payment Request Violations. Payments in the last category require the signature of the CEO, Deputy CEO, COB, Exec Director or Director before payment will be processed.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA's budget process should provide for a more rigorous review of professional services and capital. In doing so, the Budget Department should identify patterns of continual over-budgeting and work with Executive Directors and the CEO to limit the practice. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> Financial Planning & Analysis (FP&A) reviews each line-item in the budget as part of the budget review process. Professional Services and Capital budgets are built using a "zero-based" approach to budgeting, meaning that each item must be independently justified each year. In an effort to monitor the progress and merit of requested line items, FP&A staff reviews all board agendas and contracts to ensure budget resources are used as planned. Furthermore, staff is working on developing a carryover budget report that will help users distinguish line items that are encumbered and have budget dollars committed in the year they are executed to avoid the possibility of these items being needlessly re budgeted in subsequent years. A status of budget-to-actual information is transmitted to the Board each quarter. A focused effort to raise the level of awareness of budget-to-actual activity by department will be pursued by FP&A.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. The Finance and Administration Committee has requested that the quarterly budget status report be a presentation item. This will serve to increase the awareness of budget-to-actual activity throughout the Authority. Budget targets by division are being developed for the fiscal year 2008-09 budget cycle.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should establish and adopt a policy that requires CEO approval, with Board notification, for budget transfers between asset categories exceeding a reasonable dollar limit with any fiscal year. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> The proposed remedy includes CEO and Board involvement. Although no Board policy was violated, management believes that a less drastic revision to the current policy would provide an equal remedy and more prudent financial tracking. Currently, departments have full autonomy to transfer between capital items throughout the year. Management thinks this policy should be changed to restrict transfers only to those within the asset categories established in the CBP. This change would prohibit large transfers to unrelated items, while maintaining the budget autonomy of each department, the independence of the budget function and keeps the CEO and the Board focused on policy direction instead of individual budget items.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Art Leahy requested additional information from Jim Kenan. Management intends to implement this policy revision with implementation of the fiscal year 2008-09 budget.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should develop a more coordinated approach to grants management, and should consider creating a Grants Department within Finance, Administration, and Human Resources. At a minimum, the Grants Technician position, currently assigned to the General Accounting Section, should be transferred to the CBP/Grants Section in the FP&A Department. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> This should be considered during OCTA's organizational assessment. Consolidation of the three grant functions at OCTA is worth consideration.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Responsibility for seeking reimbursement on a 2005/06 STIP grant has been transferred to accounting. As new grants are approved, Accounting will take over responsibility for seeking reimbursements.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should establish a grants management planning process that requires the Manager of CBP/Grants, the Grants Section staff, the individual in that Section overseeing the grant, the project manager, and the Grants Funding Specialist develop a plan for administering each grant upon its receipt. The plan should include a list of all grant requirements and actions needed to meet them. Executive: Jim Kenan	Jan-08	Apr-08	<i>In Process.</i> OCTA has documented policies and procedures for the grant planning process within each of the three grant functional areas. This planning process is an integral part of the success for each specific grant function. The process of continued communication and coordination occurs from the initial stages of the grant needs assessment with the project manager. This continues on to proposal writing to award and execution of the grant to grant management and adherence to federal guidelines to grant accounting to grant close-out. These steps are all documented and followed in the grant policies and procedures. One item to note is that the processes are all individual in nature but coordinated as a single process. This single process itself is not documented but the concept is sound. Management will document the process.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in April 2008.

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(Audit Reports Issued October 2005 - March 2008)

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	Quarterly grants meetings should be conducted involving the Section Manager of CBP/Grants Section and his grants-related staff, the Grants Funding Specialist, and the project managers for each planned and active, grant-funded project. The status of each pending and approved grant should be reviewed and needed actions defined. Executive: Jim Kenan	Jan-08	Apr-08	<i>Has Already Been Addressed.</i> Currently, the three grant functional areas have daily communication, coordination and discussions. At times there are procedural breakdowns but they are short lived and quickly addressed. It is important to note that although the audit alludes to grants being "close to jeopardized" there are no instances where grant funds were forfeited. On a quarterly basis, there are regularly scheduled meetings with each functional area to discuss open issues, concerns, process enhancements and grants in general. This meeting is fruitful and assists in closure of any outstanding issues. Improved communication is needed with project managers. The Grant Specialist and Grants Management coordinate and report to the OCTA Board of Directors a quarterly staff report on the status of future, pending, executed and active grant activity.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in April 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should create a Contracts Administration function within the CAMM organization that is tailored to each major user group depending on the types of contracts and services. With the approval of the extension of Measure M, there will be new contracts that will require more time and attention from a management standpoint. Executive: Jim Kenan	Jan-08	Apr-08	<i>In Process.</i> Two Contracts Administrator positions added in the renewed Measure M budget amendment. Management will develop service level agreements with CAMM's customers. CAMM procurement administrators positions have been reclassified to contract administrators or buyers based on duties and individual qualifications. This is designed to strengthen the contracts administration function.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. On hold pending the results of the Organization Assessment, additional staffing, and direction from Executive Management. Establishment of a contract administration function on hold pending the Organizational Assessment.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should create Contracts Administration Policies and Procedures by working with other business units to meet their requirements. The Manager of CAMM is planning to recommend new contract administrator positions and an updated staffing plan as part of her implementation of the consultant recommendations from the study recently completed. Executive: Jim Kenan	Jan-08	Apr-08	<i>In Process.</i> See management response to #23. Additionally, more review in this area will be conducted as part of OCTA's organizational assessment.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. A Consultant has been hired to revise and update the procurement manual. Anticipated release is August/September timeframe.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should implement the split in the responsibility of Maintenance/Material Management into two sections (one for Inventory Management and one for Major Procurements) being considered as a result of the recent consultant report. Executive: Jim Kenan	Jan-08	Apr-08	<i>Has Already Been Addressed.</i> This recommendation has been implemented and both positions have been filled.	O'Connell	Closed	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in April 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	OCTA should enhance the Inventory Management Section, and review standard best practices, creating Policies and Procedures specific to how inventory is to be managed and maintained. This should be accomplished as part of the implementation of the Ellipse Inventory Management System. While Ellipse has the capability to list best practices, the capability has to be "turned on" and used for it to be functional. Also, the Ellipse system in itself does not generate new policies and procedures. Executive: Jim Kenan	Jan-08	Apr-08	<i>In Process.</i> One of the first duties of the newly created Section Manager, Inventory will be to review the procedures currently in place and update them to reflect industry best practices and the capabilities inherent in the Ellipse application.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. A new section manager has been hired and funds have been budgeted in FY 09 to conduct a thorough review of the inventory section.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit	CAMM should develop more detailed policies and procedures that will provide consistent direction. Executive: Jim Kenan	Jan-08	Apr-08	<i>In Process.</i> As part of the revisions to OCTA's procurement policies and procedures, CAMM will develop desktop procedures for the staff. These will ensure that all new employees are trained in a like manner and that all staff is handling procurements in a similar manner.	O'Connell	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. A consultant has been hired to update with updating the procurement manual; A completed manual is anticipated by August/September 2008.
11/28/2007		Transit	State Triennial Performance Audit	OCTA Human Resources Department and Bus Operations Departments should develop a systematic approach to regular operator evaluations. Executive: Beth McCormick	Jan-08	Apr-08	<i>In Process.</i> Management agrees with this recommendation and will work to develop an operator evaluation program during the next triennial evaluation period. Examples from other systems are being sought. OCTA has taken a more assertive approach to monitoring complaints and accidents.	O'Connell	In Process	Taken to the 1/24/08 Transit Committee. Management is working to develop an operator evaluation program.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued October 2005 - March 2008)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
11/28/2007		Transit	State Triennial Performance Audit	OCTA should develop and implement plans for providing physical security at the operating bases. Executive: Beth McCormick	Jan-08	Apr-08	<i>Has Already Been Addressed.</i> Facilities is improving fencing with barbed wire, etc. at all bases. We are also adding more electronic locks on various doors throughout all our bases and the use of electronic key cards. Most exterior doors will be included, as well as doors providing access to our telephone/server rooms, electrical power rooms, or any other room that is considered a security priority. Finally, we are hiring a video surveillance consultant to assess all of our bases facility video surveillance systems, determine spots that need coverage, and provide for a secure surveillance system that is common to all bases. The consultant's report will be used in the next fiscal year to actually make the suggested changes.	O'Connell	In Process	Discussed with Beth McCormick and Art Leahy on 10/26/07. Implementation is ongoing; Committee date to be determined.
11/28/2007		Transit	State Triennial Performance Audit	OCTA should develop updated service standards for fixed route services including developing unique standards for areas within the County where density and demographics may negatively impact ridership. Executive: Beth McCormick	Jan-08	Apr-08	<i>Will be Implemented.</i> The service standards for fixed route services will be updated as part of Transit's work plan for fiscal year 2007-08.	O'Connell	In Process	Taken to the 1/24/08 Transit Planning and Operations Committee. Performance measures and service standards are currently under revision and will be presented to the Board of Directors by the fourth quarter of fiscal year 2007-08.



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Restructuring of the Disadvantaged Business Enterprise Program

Finance and Administration Committee meeting of May 14, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Directors Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Authorize staff to change Orange County Transportation Authority's membership in the California Unified Certification Program from certifying member agency to non-certifying member agency.
- B. Authorize staff to issue a request for proposals to contract for disadvantaged business enterprise program administration services.



May 14, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Restructuring of the Disadvantaged Business Enterprise Program

Overview

Restructuring of the disadvantaged business enterprise program is being recommended that will result in operation efficiency and cost savings.

Recommendations

- A. Authorize staff to change Orange County Transportation Authority's membership in the California Unified Certification Program from certifying member agency to non-certifying member agency.
- B. Authorize staff to issue a request for proposals to contract for disadvantaged business enterprise program administration services.

Background

The Orange County Transportation Authority (OCTA) is required to maintain a disadvantaged business enterprise (DBE) program as a condition of receiving federal assistance, pursuant to Section 1101 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users; 49 Code of Federal Regulations (CFR) Part 26; and Federal Transit Administration (FTA) Master Agreement. This DBE program is administered by the Civil Rights Section consisting of the small business administrator and an office specialist under the direction of the Chief of Staff/DBE Liaison Officer.

The employees in the Civil Rights Section are responsible for regularly updating OCTA's DBE program based on regulatory or statutory changes; establishing the overall annual goal for FTA funded projects; preparing the annual anticipated DBE participation level (AADPL) to be submitted to the California Department of Transportation (Caltrans) for Federal Highway Administration (FHWA) funded projects; participating in pre-bid conferences for federally funded procurements; monitoring and tracking of contract compliance

with DBE commitments in federally funded contracts; preparing and submitting the semi-annual reports for DBE participation on contracts utilizing federal funds; outreach; certification of eligible businesses as DBEs; and preparation of the triennial Title VI report. Some of these functions, including certification of businesses as DBEs, updating of the written DBE program, and preparation of the AADPL, have been performed under contract by outside consultants.

The Chief of Staff was assigned responsibility for the Civil Rights Section in November 2006. Since that time, an evaluation of the section has been conducted and recommendations are being brought forward for consideration to improve program efficiency and cost effectiveness.

Discussion

California Unified Certification Program

In accordance with the U. S. Department of Transportation's (U.S. DOT) final rule on Participation by Disadvantaged Business Enterprises in Department of Transportation Programs published on February 2, 1999, each state department of transportation was required to establish a unified certification program no later than March 4, 2002. This program would permit businesses to be certified as a DBE by any authorized agency and that certification would be honored by all recipients in the state, eliminating the need for a business to be certified with each agency receiving federal funds.

The California Unified Certification Program (CUCP) was submitted to the U.S. DOT on May 1, 2001, and approved on March 13, 2002. All recipients and sub-recipients of federal transportation funds are required to participate in the CUCP as either a certifying member or non-certifying member. Initially, 21 agencies signed on as certifying agencies. Since that time, 12 agencies have changed its membership from certifying member agency to non-certifying member agency and two agencies have become certifying members. Attachment A includes a list of the original certifying members and the current 11 certifying members. Caltrans is responsible for certification activities in those areas without certifying member agencies.

The certification database maintained by OCTA includes approximately 400 businesses certified by OCTA, about half of which are located in Orange County. OCTA is required to follow all regulations related to the certification of businesses as DBEs including, but not limited to, assisting with the completion of the application, review and verification of the information in the application, on-site inspection of the business to verify control by the DBE qualifying owner, certification/denial of application, annual updating of each certified business,

decertification of businesses no longer eligible, and recertification of businesses every five years. The full-time office specialist is dedicated 100 percent to the certification program. The small business administrator allocates approximately 40 percent of her time to the certification program. Furthermore, a consultant is engaged to prepare the certification file, perform on-site business inspections, and recommend certification or denial. The annual cost of the office specialist's salary and benefits and consultant costs is approximately \$108,000.

In order to evaluate OCTA's benefit derived from participating as a CUCP certifying agency, staff reviewed the federally funded contracts executed during the past three calendar years. OCTA has entered into contracts on nine federally funded projects requiring DBE participation consideration. There were 20 different prime and sub-contractors performing the work on these contracts. Of these 20 prime and sub-contractors, there were 11 DBE firms engaged, of which three were certified by OCTA.

For federal fiscal year 2008-2009, capital federal funds from FTA will be used to pay for the bus purchase and previously awarded bus stop modification contracts. Since these are previously awarded contracts, solicitations encouraging DBE participation are not needed. Federal highway funds will be used for the right-of-way phase on two grade separation projects for which OCTA will be the lead and for construction of the high occupancy vehicle lane connectors between the Garden Grove Freeway (State Route 22) and the San Diego Freeway (State Route 405) and the San Gabriel Freeway (State Route 605) for which Caltrans will be the lead.

If OCTA withdraws as a certifying member of the CUCP, Caltrans would be the lead certification agency for Orange County. Furthermore, DBE eligible businesses who may also do business with the City of Los Angeles and the Los Angeles County Metropolitan Transportation Authority can seek certification through those agencies. In an effort to ensure that DBE firms are available to participate on OCTA's federally funded projects, OCTA will continue to educate firms on how to be certified by Caltrans on OCTA's website and at regular outreach events and monthly vendor orientations.

Based on the low number of federally funded contracts requiring DBE participation consideration and the annual cost of the certification program, staff recommends changing OCTA's membership in the CUCP from certifying member agency to non-certifying member agency. This action would result in the office specialist position being eliminated, effective September 1, 2008, to ensure timely transition of files to Caltrans.

Reporting Relationship of the DBE Section

Prior to May 2004, the DBE Section was within the Contracts Administration and Materials Management (CAMM) Department. In April 2004, OCTA was issued FTA's Fiscal Year 2004 Triennial Review Final Report. This report noted two deficiencies, one within the DBE area and one within the Equal Employment Opportunity (EEO) area. During the review, FTA noted that the DBE liaison officer reported to the procurement manager and did not report to the Chief Executive Officer (CEO) for DBE matters, as required by 49 CFR Part 26. Specifically, 49 CFR 26.25 states, "You must have a DBE liaison officer, who shall have direct, independent access to your Chief Executive Officer (CEO) concerning DBE matters. The liaison officer shall be responsible for implementing all aspects of your DBE program. You must also have adequate staff to administer the program in compliance with this part."

With respect to the EEO area, it was noted that the EEO officer reported to the Director of Human Resources and not to the CEO for EEO matters in accordance with FTA Circular 4704.1 which requires the EEO officer to be an executive and report directly to the CEO.

OCTA was required to submit evidence of corrective action within 90 days of the issuance of the report in order to remain eligible for federal assistance. The corrective action taken occurred in May 2004 and was done in coordination with the reorganization of the Human Resources Division resulting in the DBE Section being transferred to the Labor and Employee Relations and Civil Rights Division, with the division's executive director serving as the DBE liaison officer and the EEO officer.

Every aspect of the DBE program, exclusive of the certification program, deals directly with procurements and businesses that provide products and services to OCTA. To function effectively, the DBE program must coordinate closely with CAMM staff on all federally funded procurements, changes in regulations that effect procurement activities, pre-proposal conferences, contracting opportunities, and outreach events.

As stated above, the federal regulations require that the DBE liaison officer have direct, independent access to the CEO. This position does not need to be a direct report to the CEO. A reporting structure as reflected in Attachment B was reviewed by the FTA Region 9 Civil Rights Officer and found acceptable. Therefore, staff has requested the CEO to transfer the DBE program function back to the CAMM Department.

Delivery of DBE Program

Should the Board of Directors elect to change OCTA's membership in the CUCP from certifying member to non-certifying member, the DBE program would consist of review and update of written DBE program as needed; preparation of the overall annual goal for FTA funded projects; preparation of the AADPL for FHWA funded projects; submission of semi-annual DBE reports; review of procurement documents/contracts for applicable DBE requirements; outreach and facilitation of participation by DBEs on contracts; and participation in the multi-agency disparity study. Should disparity be found in FTA funded contracts and if the U.S. DOT approves Caltrans' DBE program with race-conscious components, project specific goal calculations and contractor compliance may be required on individual contracts.

Approximately 60 percent of the small business administrator's time is spent fulfilling these duties of the DBE program. Additionally, consultant services are used to review/update the DBE program, prepare the AADPL for submission to Caltrans, train CAMM staff on use of appropriate procurement/contract language, and represent OCTA as needed in the multi-agency disparity study. Furthermore, CAMM employs a business relations administrator that participates in all but one outreach event identified in the DBE outreach program for 2008 (Attachment C). Additionally, the business relations administrator conducts monthly vendor orientations that the small business administrator participates in to discuss certification, how to do business with OCTA, and upcoming contracting opportunities. Outreach for the DBE program could be accomplished by the business relations administrator. OCTA's cost for the small business administrator's salary and benefits (100 percent), consultant cost, and other services and supplies, such as training, conferences, and office supplies are approximately \$190,000 per year. This cost does not include the CUCP program described on pages 2 and 3 of this report, CAMM's business relations administrator's salary and benefits, or registration costs to participate in outreach events.

In an effort to determine if contracting the functions of the DBE program would be more efficient and cost effective, staff contacted the San Diego Association of Governments (SANDAG) and the Southern California Regional Rail Authority (SCRRA), both of which contract for DBE services. SANDAG's DBE program is located within the Contracts and Procurement Department and the DBE liaison officer is the department's manager.

SANDAG contracts out the following aspects of its DBE and labor compliance programs:

- Preparation of the FTA annual goal and the AADPL goal for FHWA funds, including FTA goals setting for Metropolitan Transit System and North County Transit District
- Review and update of written program as needed
- Review of DBE contract language
- Pre-bid assistance, including referring DBE firms to prime contractors, assisting prime contractors in verifying DBE status, and participating in pre-bid meetings
- Monitoring of EEO goals for contractors
- Labor compliance management on contracts

SANDAG pays about \$65,000 a year for these services. SANDAG's internal procurement staff prepares the semi-annual reports, maintains the bidders' list, and conducts outreach. Please note that OCTA utilizes separate services for EEO, labor compliance, and prompt payment on contracts either through a contracted construction management consultant or the project manager.

SCRRA's DBE program is also located within the Contract Administration and Procurement Department, with its director serving as the DBE liaison officer. Essentially, all DBE program functions are performed by the contractor, including:

- Preparation of DBE program document including updating of all forms and templates
- Annual goal preparation
- Maintaining a mentor/protégé program
- Ongoing contract monitoring and enforcement
- Outreach and marketing of upcoming procurements
- Maintenance of the bidders' list
- Solicitation/contract language review
- Disparity study coordination
- Development of contract specific goals as needed
- Completion of all semi-annual reports

Annual costs for these services are about \$130,000.

Based on the review of OCTA's existing program, OCTA's DBE program could be effectively delivered through existing CAMM staff and outsourcing of specific functions. CAMM staff is already conducting outreach which

duplicates most of the events attended by DBE staff. DBE specific information, such as how to obtain certification as a DBE and how to connect with prime contractors, can be included with the information being presented at events by CAMM. With respect to the filing of the semi-annual reports, the information regarding contract awards and close-outs is currently obtained from CAMM staff on a quarterly basis. A simple database could be developed for CAMM to track this information for the few federally funded contracts that require monitoring of DBE participation.

OCTA can contract with a consultant to:

- Update the written DBE program based on regulatory or statutory changes (currently a contracted service)
- Establish the overall annual goal for FTA funded projects
- Prepare the AADPL to be submitted to Caltrans for FHWA funded projects (currently a contracted service)
- Attend pre-bid meetings as requested
- Represent OCTA in the multi-agency disparity study (currently contracted on an as requested basis)

Based on the cost of contracting these services out paid by SANDAG and SCRRA, OCTA's cost should not exceed \$90,000 per year, resulting in an overall savings of \$100,000 per year. Staff recommends contracting out the DBE program components which cannot be incorporated into the day to day duties of CAMM's existing procurement and outreach staff.

Should the Board of Directors take action to contract out these services, the small business administrator position will be eliminated effective September 1, 2008. A request for proposals will be released in late June or early July with the expectation of a contract being awarded prior to September 1, 2008.

Staff's recommendations to change OCTA's membership in the CUCP to a non-certifying member and to contract out the remaining DBE program components results in the elimination of two full-time positions which are currently filled by employees with about seven years of service each at OCTA. These employees would be encouraged to apply for vacant positions being recruited at OCTA and provided with assistance in updating resumes and tips on interview skills. If one or both are not selected to fill vacant positions, the employees would be laid off on August 29, 2008, in accordance with the adopted Personnel and Salary Resolution.

The Executive Director of Finance, Administration, and Human Resources and the Director of CAMM were consulted regarding the recommendations contained in this staff report. Both concur with the recommendations to restructure the DBE program.


Summary

Recommendations are being presented to change OCTA's membership in the CUCP from certifying member to non-certifying member and to outsource certain components of the DBE program. These recommendations will result in operation efficiency and cost savings.

Attachments

- A. California Unified Certification Program Roster of Certifying Agencies
- B. Proposed DBE Program Organizational Chart
- C. Orange County Transportation Authority Disadvantaged Business Enterprise (DBE) Program Outreach Plan for 2008

Prepared by:



P. Sue Zuhke
Chief of Staff
(714) 560-5574

**California Unified Certification Program
Roster of Certifying Agencies**

Original Certifying Agencies

Cluster 1

City of San Diego
Port of San Diego
Sunline Transit

Cluster 2

City of Los Angeles
John Wayne Airport
LA County Metropolitan Transportation Authority
Orange County Transportation Authority

Cluster 3

Alameda-Contra Costa Transit District
Bay Area Rapid Transit District
Central Contra Costa Transit Authority
City of Oakland
City of San Jose
Golden Gate Bridge, Highway & Transit District
Metropolitan Transportation Commission
Monterey-Salinas Transit
Port of Oakland
San Joaquin Regional Rail Commission
San Mateo County Transit District
Santa Clara Vally Transportation Authority

Cluster 4

California Department of Transportation
Yolo County Transportation District

Current Certifying Agencies

Cluster 1

Cluster 2

City of Los Angeles

LA County Metropolitan Transportation Authority
Orange County Transportation Authority

Cluster 3

Bay Area Rapid Transit District
Central Contra Costa Transit Authority

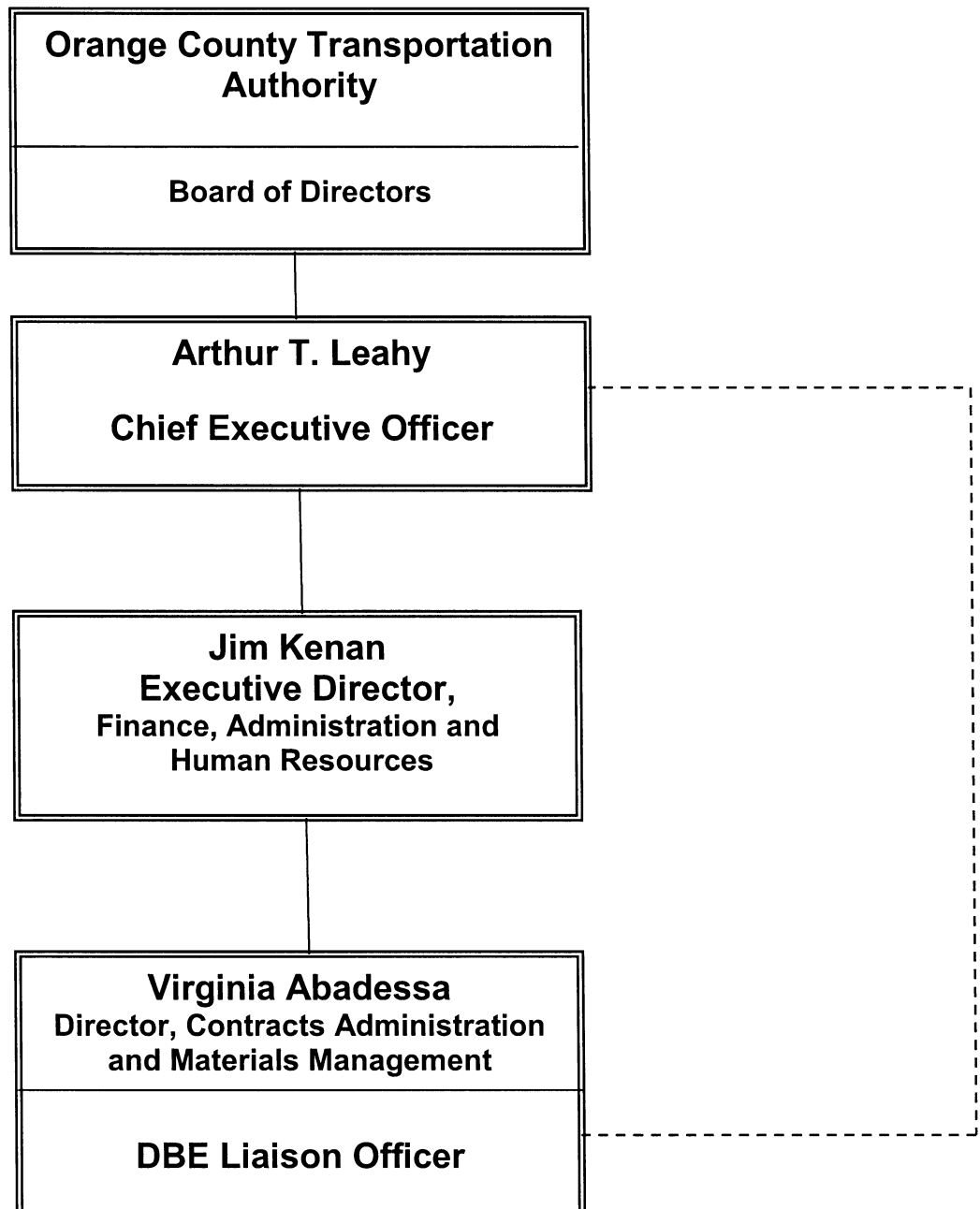
San Mateo County Transit District
Santa Clara Vally Transportation Authority
City of Fresno
San Francisco Municipal Transportation Agency

Cluster 4

California Department of Transportation
Yolo County Transportation District

PROPOSED DBE PROGRAM ORGANIZATIONAL CHART

The following proposed DBE Program Organizational Chart would delineate the communicating/reporting relationships among the Orange County Transportation Authority and the Disadvantaged Business Enterprise Liaison Officer (DBELO).





**ORANGE COUNTY TRANSPORTATION
AUTHORITY**

**DISADVANTAGED BUSINESS ENTERPRISE
(DBE) PROGRAM OUTREACH PLAN
FOR 2008**



ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM

I. POLICY STATEMENT AND PROGRAM OBJECTIVES

A. Policy Statement (§26.3; §26.7; §26.21; §26.23)

The Orange County Transportation Authority (Authority) has established a Disadvantaged Business Enterprise (DBE) Program in accordance with Title 49 Code of Federal Regulations (CFR), Part 26: *“Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs”* and subsequently issued U.S. Department of Transportation (U. S. DOT) Guidance (Race-Neutral Policy Implementation Directives). The Authority receives federal financial assistance from the U.S. Department of Transportation (U.S. DOT) and, as a condition of receiving this assistance, the Authority has signed an assurance that it will fully comply with Title 49 CFR, Part 26. These regulatory provisions and the Authority’s DBE Program apply to all of the Authority’s U.S. DOT-assisted contracts.

B. Program Objectives (§26.1; §26.23)

It is the policy of the Authority to ensure that DBEs, as defined in Title 49 CFR, Part 26, have an equitable opportunity to compete for and participate in the Authority’s U.S. DOT-assisted contracts and subcontracts. The Authority is firmly committed to its DBE Program and the following objectives, which are designed to:

- Ensure nondiscrimination in the award and administration of the Authority’s U.S. DOT-assisted contracts;
- Create a level playing field by which DBEs can fairly compete for the Authority’s U.S. DOT-assisted contracts;
- Ensure that the Authority’s DBE Program and overall annual goals are narrowly tailored in accordance with applicable law;
- Ensure that only firms that fully meet Title 49 CFR, Part 26 eligibility standards are permitted to participate as DBEs in the Authority’s DBE Program;
- Help remove barriers which impede the participation of DBEs in the Authority’s U.S. DOT-assisted contracts; and
- Assist in the development of DBE firms that can compete successfully in the marketplace outside of the DBE Program.
- Provide appropriate flexibility to recipients of Federal financial assistance in establishing and providing opportunities for DBEs.

DBE OUTREACH SCHEDULE

**DBE OUTREACH SCHEDULE
JAN. 1 – DEC. 31, 2008**

The focus of the outreach program is to encourage DBE and small businesses to participate in OCTA's contracting opportunities; identify businesses for DBE certification; provide information of upcoming projects; and solicit participation in Vendor Orientation.

DATE	EVENT	LOCATION	AUDIENCE	TIME	TABLE/ BOOTH	COST
1/21/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room	\$0
1/31/08	CMAA Owner's Night	Long Beach, CA	Construction trade	5:30 – 8:30	Table	\$0
2/18/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
2/21/08	Minority Business Expo	City of Industry, CA	General, small businesses	7:30 – 4:30	Booth	\$100.00
3/4-5/08	JPL Small Business Conference	Los Angeles - LAX	Engineering, IT, Construction	7:30 – 6:00	Table	\$140.00
3/13/08	OC Mixer	OC Fairgrounds Costa Mesa, CA	General, small businesses	5:30 – 9:00	Table	\$100.00
3/25/08	LA Vendor Fair	LA Convention Center Los Angeles, CA	General, small businesses	7:30 – 4:00	Booth	\$200.00
3/31/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
4/24/08	Asian Business Association	Orange, CA	Asian small businesses	8:00 – 3:00	Table	\$100.00
4/16/08	Veterans Business Expo	Irvine, CA	Veteran businesses, small businesses	8:00 – 4:00	Table	\$0
4/17/08	San Bernardino Small Business Expo	Ontario, CA	Small businesses	1:00 – 6:00	Table	\$0
5/19/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
6/16/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
7/20-22/08	American Indian Chamber Expo	Rancho Mirage, CA	Native American businesses	8:00 – 6:00	Table	\$500.00

7/21/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
8/08	CA Construction Business Expo	LA Convention Center Los Angeles	Construction trade		Booth	\$100.00
8/18/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
9/08	OC Presidents Council Expo	Garden Grove, CA	Asian, Black and Hispanic small businesses	8:00 – 4:00	Table	\$100.00
9/29/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
10/08	CA Utility Business Expo	Anaheim, CA	Small businesses		Table	\$100.00
10/08	Riverside Business & Veterans Expo	Riverside	General, Veteran businesses		Table	\$0
10/20/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0
11/17/08	Vendor Orientation	OCTA	General, small businesses	1:30 – 3:00	Conference room 103/4	\$0

DBE OUTREACH EVENTS

DBE OUTREACH PLAN

EVENT: CMAA Owners' Night

DATE: 1/31/08

LOCATION: Long Beach, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: Construction trades

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: Minority Business Opportunity Expo

DATE: 2/21/08

LOCATION: City of Industry, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: General – small businesses

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff, cost - \$100.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: JPL Small Business Conference

DATE: 3/4-5/08

LOCATION: Los Angeles, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: General – small businesses, emphases on engineering, and IT

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff, cost - \$140.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: OC Mixer

DATE: 3/13/08

LOCATION: Costa Mesa, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: General – small businesses

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff, cost - \$100.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: LA Vendor Fair

DATE: 3/25/08

LOCATION: Los Angeles, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: General – small businesses, IT, engineering, construction

STRATEGY: Booth set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff, cost - \$200.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: San Bernardino Small Business Expo

DATE: 4/15/08

LOCATION: Ontario, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: General - small businesses

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: Asian Business Association of Orange County Expo

DATE: 4/24/08

LOCATION: Garden Grove, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: Asian small businesses, IT, engineering, construction

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff, cost - \$100.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: American Indian Chamber Expo

DATE: 7/20-22/08

LOCATION: Rancho Mirage, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: American Indian small businesses, IT, engineering, construction

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, cost \$500.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: CA Construction Business Expo

DATE: 8/08

LOCATION: Los Angeles, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: Construction trade

STRATEGY: Booth set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff - cost \$100.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: OC Presidents Council Expo

DATE: 9/08

LOCATION: Garden Grove, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: Asian, Black, and Hispanic small businesses

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff - cost \$100.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: CA Utility Business Expo

DATE: 10/08

LOCATION: Anaheim, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: Small businesses in construction trades

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff - cost \$100.00

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: Riverside Business & Veteran Expo

DATE: 10/08

LOCATION: Riverside, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: Small businesses and veteran owned businesses

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

DBE OUTREACH PLAN

EVENT: Veteran's Business Expo

DATE: 4/15/08

LOCATION: Irvine, CA

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities; and sign-up firms for vendor orientation.

TARGET AUDIENCE: Veteran small businesses, IT, engineering, construction

STRATEGY: Table set up to provide one-on-one information; disseminate information on contracting opportunities; disseminate the CUCP DBE application; register firms for monthly vendor orientation, which provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.

**OCTA PROCUREMENT
OPPORTUNITIES OVER
\$100,000**



2008 Upcoming OCTA Projects



Project Item	Amount	Description of the project
Printing of Bus Book	\$ 340,000.00	Printing the Bus Book.
Graphic Design work	\$ 260,000.00	Production of all materials related to the service changes.
On-Call Environmental Services	\$ 100,000.00	Preparation of environmental reports, hazardous materials evaluations
Bus Marketing Printing	\$ 164,500.00	Printing of various materials related to various bus marketing and public information.
On-Call Appraisal Services	\$ 100,000.00	Appraisal reports estimating the fair market value of property rights.
Building Repairs and Maintenance	\$ 233,500.00	Building repairs/modifications for all leased OCTA facilities.
Paper Supplies	\$ 200,000.00	All colored papers used in the Print Shop/Reprographics.
Video Surveillance System (VSS) - Design and Standards Development	\$ 789,013.00	VSS Design Standards and OCTA Sub-regional Comprehensive Security Plan
On-Call Architectural/Engineering Design Services	\$ 425,000.00	Provide Architectural/Engineering design and construction support services.
On-Call Testing and Inspection Services	\$ 100,000.00	To provide qualified testing and inspection personnel to assist in the testing and inspection.
HVAC Services & Repairs	\$ 200,000.00	To provide non-scheduled repairs and maintenance of the Heating, Ventilation and Air Conditioning.
Underground Tank Testing & Repairs	\$ 100,000.00	Test all of the underground storage tanks (UST), on an established schedule.
Rubbish Collection Services	\$ 125,000.00	Provides labor, equipment, materials and personnel for rubbish/trash collection and removal services.
Security/VSS Metrolink Project Management Services	\$ 790,372.00	Consultant to provide Security/VSS Metrolink Project Management Services
Go Local Program Consultant Planning Support	\$ 511,427.00	Go Local Step One will produce evaluation criteria and a process for selecting city sponsored projects, which have the potential to improve access to Metrolink.
Highway Projects Project Management Services	\$ 273,242.00	Consultant shall assist as an extension of authority staff in oversight, management, all work associated with developing a "Rapid Transit Program" from planning through construction.
Pre-Paid Fare Media Software	\$ 400,000.00	Professional services and software designed to support the management and administration of the transit prepaid fare media program.
BRT Construction	\$ 1,188,000.00	Construction elements of the Harbor Boulevard BRT which includes bus stop amenities as part of the Board approved Five Year Rapid Transit Program.
BRT Project Management Services – Construction	\$ 194,119.00	Consultant shall assist authority staff in oversight, management and completion of all work associated with developing a "Rapid Transit Program" for the construction phase.



2008 Upcoming OCTA Projects



Project Item	Amount	Description of the project
Computer Operators/System Software Analyst	\$ 290,000.00	Contracted Computer Operators and System Software Analyst to support the Authority's centralized data center and Windows server platform.
Office Supplies, Furniture & Equipment	\$ 204,828.00	Supplies are the daily office supplies for all General Services personnel, plus any miscellaneous supplies and equipment to maintain all conference room needs.
Mobility Training Services	\$ 115,000.00	To provide mobility training to ACCESS riders who have restricted eligibility (trip-by-trip or conditional) and to encourage their use of the fixed route system.
ACCESS - In Person Assessment/Certification	\$ 587,400.00	Provide professional evaluation and determination of ADA eligibility for the Authority's ACCESS service.
Manual Ride check Data Collection	\$ 247,200.00	Passenger counts and schedule adherence documentation of Authority revenue vehicles. A schedule checking contract is required for several reasons.
Hand-Held PDAs	\$ 145,275.00	This item is being rebudgeted due to the delay of the Mincom implementation. CAMM would likely derive the greatest initial benefits from a solution such as this.
Debit Collection Services	\$ 1,025,000.00	Debt collection services for violators of the 91 Express Lanes.
Systems Maintenance and Support	\$ 600,000.00	This line item covers operational maintenance and support for the back office, in-lane transaction, And ALRP camera systems.
Aliso Creek Sound wall - Construction	\$ 1,350,000.00	Construction of a community sound wall on private property along the southbound I-5 between Los Alisos Boulevard and Alicia Parkway in the City of Laguna Hills.
Aliso Creek Sound wall - Construction Management	\$ 150,000.00	Construction of a community sound wall on private property along the southbound I-5 between Los Alisos Boulevard and Alicia Parkway in the City of Laguna Hills.
SR-57 NB Widening, Orangethorpe to Lambert - PA&ED	\$ 450,000.00	Project Acceptance and Environmental Documentation for the proposed widening on the Northbound SR-57 between Orangethorpe and Lambert.
Freeway Service Patrol Tow Services	\$ 4,975,000.00	Freeway Service Patrol tow truck services on designated freeways during peak commute hours.
Cellular Call Box Phones Service (Cingular)	\$ 140,000.00	Cellular service to all call boxes within Orange County SAFE's area
Transit Marketing Services	\$ 160,000.00	A firm(s) is needed to continue the development and implementation of proactive transit marketing programs.
Metrolink Marketing Printing	\$ 143,000.00	Printing services are required for various collateral pieces that are outside the range of capabilities that the OCTA internal print department can handle.
Pass Sales Program	\$ 293,952.00	The Authority's Pass Sales Program provides direct retail sales through OCTA's Pass-by-Mail Program and the Authority has Reduced Fare Identification Program.
Maintenance Parts	\$ 270,325.00	Parts are necessary to rebuild various fixed route bus components in-house such as engines, transmissions, alternators, generators, electric motors, etc.
On-Call GIS Services	\$ 130,000.00	Professional services are needed to augment regular Authority GIS staff to provide maps and other geographic data products, perform project specific analyses, develop new data layers and maintain existing data sets, and to provide for ad-hoc requests on an as needed basis.



2008 Upcoming OCTA Projects



Project Item	Amount	Description of the project
Operational and Technical Services Support	\$ 1,500,000.00	Consultants to provide operational and technical support for the 91 Express Lanes.
Roadway Repair Materials	\$ 200,000.00	To cover costs associated with the relocation of equipment and utilities during repavement or improvements on the 91 corridor, and for doubling of channelizers for areas prone to lane jumping.
Replacement Computer Hardware	\$ 130,000.00	Replacement computers, monitors, network switches and peripherals for the Anaheim and Corona facilities.
Radio Consultant	\$ 100,000.00	Radio Consultant. Contracted services for radio system expertise for ITCS and paratransit voice infrastructure.
Bus Painting Program	\$ 244,000.00	Ongoing paint program for the OCTA fleet; Repaint 61 NABI buses, 2100 series.
Chokepoint and Sound wall Program Support	\$ 145,000.00	The successful completion of the OCTA chokepoint and sound wall retrofits programs. Consultant services to assist in Program support.
Electronic Infrastructure Upgrades	\$ 206,500.00	Electronic infrastructure upgrades including disaster recovery enhancements, security enhancements, data access enhancements, recurring maintenance on network equipment and servers.
Fixed Route Radio System Upgrade	\$ 1,900,000.00	This is a preemptive addition so that the radio system is in a position to provide data whose need is anticipated for OCTA's coming Bus Rapid Transit service.
Commuter Rail On Call Planning Services	\$ 350,000.00	On Call Project Management Services for the grade crossing program, Commuter Rail Station needs Assessment, Studies as needed.
Commuter Rail On Call Engineering Services	\$ 160,000.00	Railroad design, engineering, geotechnical, survey, structural, and rail integration services to support commuter rail operations, planning and infrastructure management.
I-5 Gateway - Freeway Patrol Services	\$ 165,000.00	Freeway Service Patrol (FSP) is a service in support of the I-5 Gateway construction project.
Metrolink Rehab/Renovation	\$ 1,440,000.00	Metrolink maintenance rehabilitation and capital renovation to railroad tracks, bridges, signals, stations, communications equipment, rolling stock and other railroad assets.
Second Main Line - Santa Ana	\$ 1,620,000.00	Construction of 1.7 miles of track, retaining walls, pier protections wall, utility relocation and a block wall for visual relief.
Consultant Medical Provider Network	\$ 120,000.00	Consultant to assist with a feasibility study regarding the cost effectiveness of setting up a Medical Provider Network (MPN) and assisting with the creation of the MPN if the study proves it to be cost effective.
SR-90 Smart Street - Construction Management	\$ 1,200,000.00	The completion of the SR-90 Imperial Highway Smart Street construction project.
On-Call HR Consulting Services	\$ 100,000.00	Special HR consulting services for compensation/classification, employment, benefits, organizational studies, etc.
Printing of Customer Notification Materials	\$ 162,500.00	Amount budgeted is consistent with prior year actual.
Upgrade of Telecommunication Rooms	\$ 1,000,000.00	This is Improvement of existing asset.
Convert all Telco Rooms to 20 amps Plugs	\$ 100,000.00	All Telco rooms at the Bases need to be converted along with upgrading of all the wiring and circuit breakers.



2008 Upcoming OCTA Projects



Project Item	Amount	Description of the project
Radio Repair Contracts & Parts, Infrastructure	\$ 100,000.00	Contracted PM & repair of M/A-COM radio equipment. PM and repair contract with M/A-COM the ITCS radio infrastructure supplier.
Radio Infrastructure Repair Parts	\$ 200,000.00	Components for replacement of 500 & 800 MHz radio infrastructure and upgrade of obsolete.
Long-Term Transit Facilities Plan	\$ 250,000.00	Consultant services are requested to develop a long-term transit facilities plan to identify specific capital improvements supporting the service expansion.
Repair Wall Block at SA Base	\$ 200,000.00	Repairs are needed to prevent further damage.
Install Key Card Systems at All Facilities	\$ 500,000.00	Key Card System for Bus Base.
Overhead Doors & Controllers	\$ 100,000.00	Replacement of facility overhead doors.
Redesign LNG Equipment	\$ 500,000.00	Need to redesign part of the system and replace other parts of the system to extend its life until CNG replaces current LNG fueling.
Rotary Lifts	\$ 150,000.00	Existing Rotary lifts have reached the end of their service life.
Bus Hoist Modifications	\$ 150,000.00	Modifications to the existing bid bus hoists are needed to support the small bus maintenance.
Radio Contracts / Lease with County of Orange	\$ 110,000.00	Space lease and County Contracted Maintenance.
On-Call Transportation Modeling Services	\$ 225,000.00	Consultant services are requested to support regional travel demand modeling activities for Fiscal Year 2007/ 2008.
On-Call Traffic Engineering Services	\$ 750,000.00	Consultant services are requested to develop detailed signal synchronization plans.
Arterial Operations Plan	\$ 250,000.00	Consultant services are requested to develop an arterial operations plan.
Contracted Services Radio Replacement	\$ 6,000,000.00	Replacement of CTS voice system; Replace 500 MHz radio system,
General Audit Services	\$ 215,000.00	Auditing consultant Services.
Roofing Replacement – Santa Ana	\$ 200,000.00	Replacement of existing roof at Santa Ana Transit Terminal.
HVAC Replacement – Garden Grove	\$ 200,000.00	Replacing of HVAC unit.
Bus Wash Building Refurbishment - Garden Grove Base	\$ 200,000.00	The building's structural steel, metal decking, conduit, and piping systems are deteriorating and in need of repair or replacement to extend the life of this asset.
Asphalt Pavement Replacement PE East - GG Base	\$ 400,000.00	Reconstruction of the asphalt pavement and pavement striping at the Garden Grove Base along the Pacific Electric Right-of-way.
Overhead Safety System - Anaheim, Garden Grove, and SA Bases	\$ 800,000.00	Construction to install overhead safety rails and harness system.
Video Surveillance System (VSS) - Installation and Commissioning	\$ 2,500,000.00	Installation of VSS at the following Metrolink stations - Santa Ana, Orange, Fullerton, Irvine, and Tustin.
HP Blade Servers	\$ 140,000.00	Purchase of Itanium based Blades to support the growth of our HP-UX computing platform.



2008 Upcoming OCTA Projects



Project Item	Amount	Description of the project
On-Call Construction Management Services	\$ 100,000.00	To provide on-call construction management services for highway related projects. This will be on an as-needed basis, with no guaranteed usage; the consultant will provide construction engineering and inspection, construction administration and project management, soils and materials testing, construction surveying and other related services.
Replace Radio Communications Recording System	\$ 150,000.00	This will be a replacement system with modules at each Base feeding via OCTA's network to a centralized server. In FY07, a recording system was selected and installed for OCTA's Call Centers. This system has been quite successful and supervisors have found it to be easy to use and easy to find and access recordings.
IFAS Upgrade	\$ 125,000.00	Upgrade to the authority's financial system.
Telecommunications Systems Upgrades	\$ 250,000.00	The Authority urgently needs to bring all systems current.
Noise Barrier Scoping Summary Reports	\$ 150,000.00	OCTA has a sound wall retrofit program.
Metrolink Recollect able /Extraordinary Maintenance and Small Capital	\$ 200,000.00	As needed maintenance and small capital, improvements required for railroad operations, station access, safety, and ROW and passenger services.
General Use Copiers	\$ 156,000.00	The product to be purchased is general use copiers used throughout the Authority.
SCRRA: MSEP-Coop Agreement-Relief Sidings	\$ 2,370,000.00	This multi-year project will result in completion of track work, signals and ancillary construction on the operating railroad.
Laguna Nigel/Mission Viejo Parking Expansion - Design	\$ 1,110,000.00	Development of PS&E for the Laguna Nigel/Mission Viejo Parking expansion associated with (MSEP)
Metrolink Parking Expansion - Orange Transportation Center Design	\$ 362,000.00	Development of PS&E for the Orange Transportation Center Parking expansion related to the Metrolink Service
Metrolink Parking Expansion - Tustin Parking Expansion Design	\$ 500,000.00	Development of PS&E for the Tustin Station Parking expansion related to the Metrolink Service Expansion Program.
CTFP Project Final Report Review, Field Verifications, and On-Call Services	\$ 200,000.00	Consultant services will be required to assist staff in performing final report reviews, field verifications, and provide on-call services on Measure M street and road projects funded through the Combined Transportation Funding Programs to ensure compliance.
Security Procedures Development	\$ 200,000.00	This consultant will prepare the numerous standard operating procedures that will be identified and prioritized by the Internal Security Advisory Group.
Regional Programming Support	\$ 175,000.00	Consultant services.
Electronic Toll System Technology Upgrade	\$ 1,500,000.00	Upgrade will renew continued operation of the ETTM system for another 5 years of service.
E-forms & Intranet Redesign	\$ 190,000.00	To incorporate the e-forms program into the Intranet Redesign and move forward with technology
Variable Message Signs	\$ 450,000.00	Variable message signs provide communications to customers regarding price and information.
Lane Cutter Project	\$ 1,000,000.00	This project will place cameras and ETTM systems at the entry and exit of the 91 Express Lanes to verify actual entrance of the 91 Express Lanes at the beginning of the road.



2008 Upcoming OCTA Projects



Project Item	Amount	Description of the project
PC Components	\$ 300,000.00	Replacement servers and software used to access DMV, improve network security,
Document Imaging	\$ 200,000.00	Document imaging for human resources.
Planning Support Services	\$ 230,000.00	Consultant services are requested to assist in various work efforts including the periodic review of Measure M freeway environmental documents, support efforts to include Orange County plans and programs in the upcoming SCAG RTP, conduct Master Plan of Arterial Highway studies, track signal synchronization efforts, respond to air quality conformity issues, and respond to technical requests from policymakers.
Steam Clean Area Modifications - Santa Ana Base	\$ 100,000.00	Replacement of stainless steel wall panel, masonry pony wall, and light fixtures at steam clean area
Building Upgrades - Irvine Construction Circle Base	\$ 6,000,000.00	For the property to be usable as a bus maintenance and operations facility for paratransit vehicle, fueling, cleaning, and maintenance equipment is required.
Public Awareness SR-91	\$ 175,000.00	Community relations and public awareness for the SR-91
Public Awareness I-405	\$ 100,000.00	Community relations and public awareness for the I-405
Public Awareness Campaign SR-57	\$ 125,000.00	Community relations and public awareness for the SR-57
DBE Program Review - Consultant	\$ 200,000.00	Determining annual anticipated DBE participation levels
SR-91 Widening, SR-241 - SR-71 Design	\$ 1,700,000.00	Design effort for the proposed widening on the SR-91 Eastbound from the SR-241 to the SR-71.
SR91 EB Widening, SR-241 - SR71, Utility Relocation	\$ 300,000.00	The work associated with the relocation of the effected utilities is anticipated to begin in mid 2007,
AVR Survey Support	\$ 100,000.00	A consultant provides call taking services, match list processing, production of ride guides and the calculation of Average Vehicle Rider ship Surveys for employers with at least 250 employees for the Orange County Transportation Authority's Rideshare program.
Computers	\$ 200,000.00	This line item supports the replacement of OCTA desktop and laptop computers that are four or more Years old or have experienced a severe failure outside the warranty period of three years.
Grade Crossing Safety Enhancements	\$ 9,500,000.00	Consultant Services for grade crossing enhancement

DBE OUTREACH PLAN

EVENT: Vendor Orientation

DATE: 1/21/08; 2/18/08; 3/31/08; 4/21/08; 5/19/08; 6/16/08; 7/21/08; 8/18/08; 9/29/08; 10/20/08; 11/17/08

LOCATION: OCTA, Conference Room 103-104

GOALS: Increase the awareness of OCTA in the community; provide information on CUCP certification; provide instructions for registering on CAMMNET; provide information on contracting opportunities.

TARGET AUDIENCE: General – small businesses

STRATEGY: Disseminate information on contracting opportunities; disseminate the CUCP DBE application; provides information on how to do business with OCTA and preparing a winning proposal.

OBJECTIVES: To increase the pool of certified DBEs; to increase the pool of firms registered on CAMMNET; and to increase the number of firms bidding/proposing on OCTA contracting opportunities.

RESOURCES: DBE staff, CAMM staff

EVALUATION CRITERIA: Increase in the number of firms on CAMMNET, increase in the number of firms bidding/proposing on OCTA's contracts and contract awards to small and minority firms, increase in the number of new DBE applications, and increase in the number of firms registering for vendor orientation.



May 23, 2008

To: Members of the Board of Directors
From: Arthur T. Leahy, Chief Executive Officer
Subject: Katella Avenue Smart Street – Knott Avenue to the Stanton Channel Project Update

Overview

The Orange County Transportation Authority has received a request from the City of Stanton for additional construction funding for the Katella Avenue Smart Street Project. This request is presented for Board of Directors review and approval.

Recommendations

- A. Approve the City of Stanton's request for an additional \$558,791 for the construction phase of the Katella Avenue Smart Street Project.
- B. Authorize staff to increase the Measure M Smart Street Program allocations by \$558,791 for the Katella Avenue Smart Street Project from Knott Avenue to the Stanton Channel.

Background

In 1990, Orange County voters approved Measure M, the half-cent sales tax for transportation improvements throughout the County. Included in Measure M is the Smart Street Program (SSP), which makes funding available for investment in designated high-capacity, high-volume streets. The goal of the SSP is to substantially improve travel time and traffic flow through a coordinated effort across multiple jurisdictions.

The original estimated revenues for the SSP limited the number of smart streets that could be implemented. As a result, the Board of Directors (Board) directed staff to focus on the completion of four of the originally identified smart street corridors. Those four included Beach Boulevard, Imperial Highway, Katella Avenue, and Moulton Parkway. More detailed project descriptions and current status are included in Attachment A. As the implementation of the four

smart streets progressed, it was realized that due to rising cost of property acquisition, construction, and labor, the original smart streets funding would not be adequate to complete the projects. The original program funding was \$158.1 million.

In 1997, the Board set aside an additional \$30 million of revenues from the Measure M Master Plan of Arterial Highways (MPAH) program to complete the implementation of the four corridors. The smart streets are part of the MPAH network, making them eligible to receive these funds. To help ensure the completion of the SSP, the Board again, in 2007, approved the use of an additional \$7.7 million of MPAH funds for the implementation of these four corridors. This action was included in the strategies for the final call for projects for the streets and roads program. The total funds available to implement the SSP include \$158.1 million of SSP revenues (as reported in the December 2007 Taxpayers Oversight Committee Report) and \$37.7 million of MPAH revenues, for a total amount of \$195.8 million. To date, the Orange County Transportation Authority (OCTA) has allocated \$191.3 million including two recent allocations to the cities of Laguna Niguel for Moulton Parkway and Anaheim for Katella Avenue, in the amounts of \$3.8 million and \$3.3 million, respectively, leaving an unallocated balance of \$4.5 million available to complete the program.

Discussion

The Katella Avenue Smart Street Project corridor runs from the San Gabriel River Freeway (Interstate 605) in Los Alamitos to the Santa Ana Freeway (Interstate 5) in Anaheim, passing through the cities of Los Alamitos, Cypress, Stanton, Garden Grove, Anaheim, and the County of Orange. The City of Stanton (City) opened bids on April 1, 2008, for construction of the segment from Knott Avenue to the Stanton Channel. The lowest responsible bid with allowable contingencies and construction engineering was \$3,450,900. This amount exceeds the City's smart street allocation for construction by \$624,061. The City has agreed to fund \$65,270 in utility costs and miscellaneous sidewalk improvements, thereby reducing the overall shortfall to \$588,791.

Staff has reviewed the City's request, including a complete analysis of the bid package, and recommends approval of a construction cost allocation increase in the amount of \$558,791. This request can be accommodated within the unallocated balance of \$4.5 million for smart streets. With the approval of this request, there will be approximately \$3.9 million remaining in estimated

revenues to accommodate future funding requests for the remaining smart street segments.

OCTA anticipates that there will be additional funding requests for smart street projects from other agencies as project bids are received. Consistent with prior Board direction, the remaining revenues will continue to be programmed on a first-come, first-serve basis based on actual bid amounts. There are three more smart street-funded projects on Imperial Highway and two on Katella Avenue that will likely be bid within the next one to twelve months. These projects are located in the cities of La Habra (two on Imperial Highway), Brea (one on Imperial Highway), Anaheim (one on Katella Avenue), and the County of Orange (one on Katella Avenue). Funding shortfalls are anticipated on all of these projects.

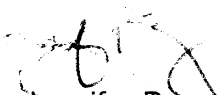
Summary

The City of Stanton is requesting an increase in funding for their portion of the Katella Avenue Smart Street Project (from Knott Avenue to the Stanton Channel). Staff reviewed the request and determined it to be a reasonable and consistent with escalation rates since the original estimates were completed. Staff recommends an increase in the construction allocation of \$558,791.

Attachment

- A. Smart Street Program Status

Prepared by:



Jennifer Bergener
Manager, Capital & Local Programs
(714) 560-5462

Approved by:



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

Smart Street Program Status

Smart Street	Limits	Status
Beach Boulevard	Imperial Highway (La Habra) to Ellis Avenue (Huntington Beach)	Complete
Katella Avenue	San Gabriel Freeway (Interstate 605) to Costa Mesa Freeway (State Route 55)	<p>Ten segments total</p> <p>Eight segments completed or underway</p> <p>Two segments outstanding: Anaheim - Humor Drive to Jean Street. County - Stanton Channel to Jean Street.</p>
Imperial Highway	From Los Angeles County Line to Santa Ana Canyon Road	<p>Twelve segments total</p> <p>Nine segments completed or underway</p> <p>Three segments outstanding: La Habra - Los Angeles County Line to Harbor Boulevard (two segments) Brea - Associated Road Intersection.</p>
Moulton Parkway	Main Street - Santa Ana to Del Prado (Dana Point)	<p>Five segments total (Measure M funded)</p> <p>All Measure M-funded segments completed or under construction.</p>



MEMO

May 20, 2008

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

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

Thank you.



May 19, 2008

To: Transportation 2020 Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Proposition 1B Highway Railroad Crossing Safety Account

Overview

On November 7, 2006, California voters passed Proposition 1B, a \$19.9 billion bond initiative for transportation improvements throughout the state. Included in Proposition 1B is the Highway Railroad Crossing Safety Account Program, which makes available \$250 million for the completion of high-priority grade separation and railroad crossing safety improvements. An overview of the program and candidate projects for Orange County is presented.

Recommendation

Authorize the Chief Executive Officer to submit letters of support for project applications from the cities of Anaheim and Irvine for the Highway Railroad Crossing Safety Account Program.

Background

In November 2006, California voters passed Proposition 1B, a \$19.9 billion transportation bond initiative. Proposition 1B established the Highway Railroad Crossing Safety Account (HRCSA) program, which specifies that \$250 million of the \$19.9 billion be used for the completion of high-priority grade separation and railroad crossing safety projects throughout the state.

Proposition 1B further specified that \$150 million of the \$250 million HRCSA program be made available for projects on the Public Utilities Commission (PUC) priority list. Orange County currently has 13 projects on that list (Attachment A). Consistent with adopted program guidelines, projects competing for funds in this category are required to provide at least a dollar for dollar match and must be ready for construction by June 2010. This funding component of the HRCSA is referred to as Part 1 of the program.

The remaining \$100 million of HRCSA funds will be distributed on a competitive basis for projects that are on the high-speed rail corridor and will be ready for construction by June 2014. There is no specific match requirement for this category, but projects will receive additional consideration for those that do have a match. This funding component of the HRCSA is referred to as Part 2 of the program. Projects competing for funds in Part 2 may or may not be included in the PUC priority list.

SB 88 (Chapter 181, Statutes of 2007) specified that the California Transportation Commission (CTC) would be the administrative agency responsible for the program. The CTC adopted the HRCSA program guidelines in April 2008. The guidelines define eligibility, scoring criteria, and schedule. Project nominations are due to the CTC by June 16, 2008, and the program is anticipated to be adopted in August 2008.

Discussion

The HRCSA is a competitive program statewide. The California Department of Transportation and public agencies responsible for the development of a project are eligible to submit project applications. Projects will be evaluated based on transportation benefits (safety, operational improvements, capacity benefits), project readiness, air quality benefits, and local match.

Staff has reviewed all of the potentially eligible projects in Orange County. This review has identified two candidate projects for consideration for funding through this program. These projects include the State College Boulevard grade separation in Anaheim and the Sand Canyon Avenue grade separation in Irvine. As the local lead agency, each of the cities will be submitting an application for its respective project. These two projects are estimated to request approximately \$45 million or 18 percent of the total program.

Part 1 of the HRCSA program is eligible only for projects on the PUC priority list. Eleven of the thirteen Orange County projects included on that list are currently approved for funding through the Trade Corridors Improvement Fund or are proposed for funding through the 2008 State Transportation Improvement Program. The two remaining projects are the State College Boulevard grade separation in Anaheim and the Sand Canyon Avenue grade separation in Irvine. The State College Boulevard grade separation project will be unable to meet the June 2010 construction start criteria and will not be able to compete for these funds. The Sand Canyon Avenue grade separation is eligible to be submitted for consideration for funding through Part 1.

Part 2 of the HRCSA program is eligible for projects that are on the high-speed rail corridor and will be ready for construction by June 2014. Projects that are or

are not on the current PUC priority list may compete in this category as well, so long as they are on the high-speed rail corridor. The State College Boulevard grade separation project is a good candidate for this program and meets all of the requirements. The remaining priority grade separations in the County cannot meet the delivery timeline for either Part 1 or 2 as required under the program guidelines. The CTC will make final programming decisions, including which Part each awarded project will be funded through. This decision is anticipated to be adopted in August 2008.

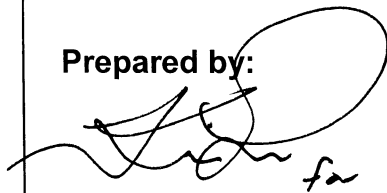
Summary

Proposition 1B made available \$250 million for grade separations and crossings through the HRCSA program. The program is subdivided into two programs referred to as Part 1 and 2 as defined by specific eligibility criteria for projects. The cities of Anaheim and Irvine are each submitting a project for consideration for funding through the program. Staff has reviewed the HRCSA program guidelines and recommends Orange County Transportation Authority's support of these project applications.

Attachment

- A. Public Utilities Commission Priority List for Fiscal Year 2008-09 – Orange County

Prepared by:



Jennifer Bergener
Manager, Capital & Local Programs
(714) 560-5462

Approved by:



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

**Public Utilities Commission Priority List for Fiscal Year 2008-09
Orange County**

Crossing Location	Funding Source	Funding Status
State College Boulevard (Fullerton)	Trade Corridors Improvement Fund	Approved
Raymond Avenue (Fullerton)	Trade Corridors Improvement Fund	Approved
Placentia Avenue (Placentia)	Trade Corridors Improvement Fund	Approved
Lakeview Avenue (Placentia)	Proposed 2008 State Transportation Improvement Program	Proposed
State College Boulevard (Anaheim)	Potential Highway Railroad Crossing Safety Account	Pending
Orangethorpe Avenue (Anaheim/Placentia)	Trade Corridors Improvement Fund	Approved
Sand Canyon Avenue (Irvine) ¹	Potential Prop Highway Railroad Crossing Safety Account	Pending
Tustin Avenue/Rose Drive (Placentia)	Trade Corridors Improvement Fund	Approved
Jefferson Street (Placentia)	Proposed 2008 State Transportation Improvement Program	Proposed
Kraemer Boulevard (Anaheim/Placentia)	Trade Corridors Improvement Fund	Approved
Kellog Drive (Anaheim)	Proposed 2008 State Transportation Improvement Program	Proposed
Ritchfield Road (Placentia)	Proposed 2008 State Transportation Improvement Program	Proposed
Van Buren Street (Placentia)	Proposed 2008 State Transportation Improvement Program	Proposed

1 - Also proposed in the 2008 State Transportation Improvement Program (partial construction funding)



May 23, 2008

To: Members of the Board of Directors
From: Arthur T. Leahy, Chief Executive Officer
Subject: 2008 Technical Steering Committee Update

Overview

The Orange County Transportation Authority's Technical Advisory Committee provides feedback and direction on many streets and roads items, including the allocation of Combined Transportation Funding Programs funds. The Technical Advisory Committee is comprised of local agencies' public works directors and city engineers. Each year the Technical Advisory Committee recommends members to a Technical Steering Committee. The representative for the Fifth District has resigned effective June 2008; therefore, a replacement representative must be selected.

Recommendation

Approve the revised 2008 Technical Steering Committee membership roster.

Background

The Technical Advisory Committee (TAC) was established under enabling legislation for the former Orange County Transportation Commission. The TAC is comprised of representatives from all Orange County cities, the County of Orange, California Department of Transportation, and the Transportation Corridor Agencies. The TAC uses a Technical Steering Committee (TSC) to review major issues relating to streets and roads programs and improvements under consideration.

The TSC consists of nine voting members appointed by the TAC and approved by the Orange County Transportation Authority Board of Directors (Board). There is one position representing each of Orange County's five supervisorial districts, two at-large positions, and the chairman and vice-chairman, who also serve as the chairman and vice-chairman of the TAC. The current Board-approved selection process is outlined in Attachment A.

Discussion

At the end of June, the current Fifth District (Rancho Santa Margarita) representative's resignation will become effective; therefore, a replacement representative must be seated. Staff reviewed the level of participation by the members of the Fifth District cities and discussed the potential replacements with the current Fifth District representative (who is the immediate past president of the Orange County Engineers Association), the chairman, and vice-chairman of the TSC, as well as the current president of the Orange County City Engineers Association. The goal was to find a representative who has been engaged and active at both TSC and TAC meetings.

Through this review process, the representative from Laguna Niguel was identified as the desired candidate to fill the vacancy; however, the Board-approved policy for TSC membership calls for a balance between large (population over 64,500) and small jurisdictions (population under 64,500). This designation is made consistent with League of Cities policy. Although the current Fifth District representative is from a small city and the goal was to fill the position with a small city representative, staff requests an exception be made to accommodate the representative from Laguna Niguel. Since the population of Laguna Niguel (66,608) is very close to the small city designation (64,500), the spirit of balance between large and small is supported (Attachment B). This candidate fulfills the remaining requirements for membership and has significant prior experience with the TSC.

This recommendation was approved by the TAC on April 23, 2008, and staff is now seeking Board approval.

NAME	AGENCY	POPULATION	MEDIAN POPULATION SIZE	DISTRICT	NORTH/ SOUTH	SEAT EXPIRES
Don Hoppe	Fullerton	137,367	Large	Chair	North	2008
Ken Rosenfield	Laguna Hills	33,391	Small	Vice-Chair	South	2008
James Ross	Santa Ana	353,428	Large	1	North	2009
Mark Lewis	Fountain Valley	57,741	Small	2	North	2008
Manuel Gomez	Irvine	202,079	Large	3	South	2009
Jim Biery	Buena Park	82,452	Large	4	North	2008
<i>Ken Montgomery</i>	<i>Laguna Niguel</i>	<i>66,608</i>	<i>Large</i>	<i>5</i>	<i>South</i>	<i>2009</i>
Ignacio Ochoa	County of Orange	118,136	Large	At-Large	N/S	2008
Ismile Noorbaksh	La Palma	16,162	Small	At-Large	North	2008

The proposed Fifth District representative is shown in italics.

The proposed roster supports the balance between small and large agency representation, along with the geographic balance, and maintains the seat expiration of 2009 for the Fifth District representative.


Summary

Due to the resignation of the current Fifth District representative for the TSC, a proposed replacement has been identified. The revised roster was approved by the TAC and is presented to the Board for consideration.

Attachments

- A. Policies and Procedures for Technical Steering Committee Membership
- B. City Population Estimates with Annual Percent Change - January 1, 2006 and January 1, 2007

Prepared by:



Tresa Oliveri
Transportation Analyst
(714) 560-5374

Approved by:



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

**Policies and Procedures
for
Technical Steering Committee Membership**

Overview

The Orange County Transportation Authority's (OCTA) Technical Steering Committee (TSC) is a subcommittee of the OCTA – Technical Advisory Committee (TAC). The TAC relies on the TSC to review and discuss technical issues prior to action by the TAC.

The TSC consists of nine voting members chosen by the TAC and appointed by OCTA Board of Directors (Board). There is one position representing each of Orange County's five supervisorial districts, two at-large positions, and the TAC chairman and vice-chairman. The chairman and vice-chairman serve one-year terms while all other representatives serve two-year terms, with no limit on the number of terms. The TSC tenure terms are staggered to ensure continuity and consistency. Current policy states that there are to be no more than two representatives from any district and there will be a balance between large and small cities.

TSC Membership Process

- OCTA provides a report to the TAC meeting about TSC positions that are up for consideration as well as the schedule for the selection process.
- TAC members interested in serving on the TSC must submit a letter of intent to the chairman of the TAC, president of the Orange County City Engineers Association (OCCEA), and the OCTA department manager (no nominations shall be accepted from the floor).
- A critical success factor for selection to serve on the TSC is active participation at the TAC meetings over the preceding 12 months.
- The president of the OCCEA, in consultation with the chairman of the OCTA TAC shall review the letters of intent and provide a recommendation for the new TSC.
- There shall be no more than two representatives from any one district, exclusive of the chairman and vice-chairman positions.
- County of Orange can only serve in at-large or chair/vice-chair positions.
- There will be a balance between small and large jurisdictions (small jurisdictions defined as those with populations less than 64,500), and consideration will be given to balance north and south Orange County. Consideration will also be given to provide a balance of large/small between the chairman and vice-chairman positions.
- The OCCEA recommendations are reviewed by the TSC and forwarded to the TAC for approval.

- The TAC recommendations for the new TSC appointments are approved by the OCTA Board.

Member Agency Definitions

	Member Agencies	City Size	Location
District 1	Garden Grove	Large	North
	Santa Ana	Large	North
	Westminster	Large	North
	County of Orange	Large	North/South
District 2	Costa Mesa	Large	South
	Cypress	Small	North
	Fountain Valley	Small	North
	Huntington Beach	Large	North
	La Palma	Small	North
	Los Alamitos	Small	North
	Newport Beach	Large	South
	Seal Beach	Small	North
	Stanton	Small	North
	County of Orange	Large	North/South
District 3	Brea	Small	North
	Irvine	Large	South
	Orange	Large	North
	Tustin	Large	North
	Villa Park	Small	North
	Yorba Linda	Large	North
	County of Orange	Large	North/South
District 4	Anaheim	Large	North
	Buena Park	Large	North
	Fullerton	Large	North
	La Habra	Small	North
	Placentia	Small	North
	County of Orange	Large	North/South
District 5	Aliso Viejo	Small	South
	Dana Point	Small	South
	Laguna Beach	Small	South
	Laguna Hills	Small	South
	Laguna Niguel	Large	South
	Laguna Woods	Small	South
	Lake Forest	Large	South
	Mission Viejo	Large	South
	Rancho Santa Margarita	Small	South
	San Clemente	Large	South
	San Juan Capistrano	Small	South
County of Orange	Large	North/South	

City Population Estimates with Annual Percent Change

January 1, 2006 and January 1, 2007*

	Total Population		Percent Change	Percent Incorporated District
	1/1/2006	1/1/2007		
County of Orange	3,071,924	3,098,121	0.9	
ALISO VIEJO	44,867	45,037	0.4	8.10%
ANAHEIM	342,717	345,556	0.8	50.86%
BREA	39,628	39,870	0.6	7.59%
BUENA PARK	81,488	82,452	1.2	12.14%
COSTA MESA	113,323	113,805	0.4	18.95%
CYPRESS	48,938	49,284	0.7	8.21%
DANA POINT	36,734	36,946	0.6	6.65%
FOUNTAIN VALLEY	57,505	57,741	0.4	9.61%
FULLERTON	136,659	137,367	0.5	20.22%
GARDEN GROVE	172,056	172,781	0.4	27.91%
HUNTINGTON BEACH	201,346	202,250	0.4	33.68%
IRVINE	194,126	202,079	4.1	38.48%
LAGUNA BEACH	25,006	25,131	0.5	4.52%
LAGUNA HILLS	33,281	33,391	0.3	6.01%
LAGUNA NIGUEL	66,291	66,608	0.5	11.98%
LAGUNA WOODS	18,366	18,426	0.3	3.32%
LA HABRA	61,894	62,483	1.0	9.20%
LAKE FOREST	77,991	78,243	0.3	14.08%
LA PALMA	16,109	16,162	0.3	2.69%
LOS ALAMITOS	12,026	12,146	1.0	2.02%
MISSION VIEJO	98,165	98,483	0.3	17.72%
NEWPORT BEACH	83,503	84,218	0.9	14.02%
ORANGE	138,027	138,640	0.4	26.40%
PLACENTIA	51,324	51,597	0.5	7.59%
RANCHO SANTA MARGARITA	49,217	49,718	1.0	8.95%
SAN CLEMENTE	66,392	67,373	1.5	12.12%
SAN JUAN CAPISTRANO	36,134	36,452	0.9	6.56%
SANTA ANA	352,090	353,428	0.4	57.09%
SEAL BEACH	25,513	25,962	1.8	4.32%
STANTON	38,828	38,981	0.4	6.49%
TUSTIN	69,586	70,350	1.1	13.40%
VILLA PARK	6,228	6,251	0.4	1.19%
WESTMINSTER	92,566	92,870	0.3	15.00%
YORBA LINDA	66,911	67,904	1.5	12.93%
BALANCE OF COUNTY	117,089	118,136	0.9	

League of Cities - small city designation is population of 64,500 or less

SUPERVISORIAL DISTRICTS

DISTRICT 1	619,079
DISTRICT 2	600,549
DISTRICT 3	525,094
DISTRICT 4	679,455
DISTRICT 5	555,808

* Source: California Department of Finance



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Transit Promotional Fare Marketing Program

Legislative and Communications Committee Meeting of May 15, 2008

Present: Directors Bates, Brown, Buffa, Cavecche, Glaab, Mansoor, and Rosen
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Approve the offer of free bus day-passes for the "Dump the Pump".
- B. Approve the fiscal year 2008-09 promotional fare programs for bus and Metrolink transit services.



May 15, 2008

To: Legislative and Communications Committee
From: Arthur T. Leahy^{AL}, Chief Executive Officer
Subject: Transit Promotional Fare Marketing Programs

Overview

The Orange County Transportation Authority Schedule of Tariffs includes provisions for distribution of promotional prepaid fares to encourage people to try bus transit services. This report provides an overview of how promotional fare media is proposed to be distributed June 2008 during “Dump the Pump” week. It also outlines proposed bus and Metrolink promotional fare programs for fiscal year 2008-09.

Recommendations

- A. Approve the offer of free bus day-passes for the “Dump the Pump”.
- B. Approve the fiscal year 2008-09 promotional fare programs for bus and Metrolink transit services.

Background

Orange County Transportation Authority (OCTA) employs numerous strategies and tactics to market its bus and Metrolink services. Marketing activities range from development of basic public and customer information to creation of general public and targeted ridership programs. Key target market segments include students, senior citizens, commuters, and employers.

The July 1, 2006, Schedule of Tariffs identifies Board of Directors (Board) approved fares for OCTA bus services. It also provides for distribution of promotional fare media to encourage trial use of the bus.

This report outlines the marketing programs that are proposed to use promotional fares to encourage trial use. This includes programs for bus and rail transit services during fiscal year 2008-09 as well as a concept to use promotional fairs during a June 2008 “Dump the Pump” promotion.

Discussion

While OCTA's bus ridership is slowly recovering from last year's work stoppage, the economic downturn has also affected core ridership. With the current high gas prices, an opportunity exists to recover previous ridership and to encourage trial use from the public. A bus marketing program has been developed for fiscal year 2008-09 to achieve this goal.

To support the implementation of the proposed bus marketing program, staff will utilize a sampling tactic, which will invite the public to experience the benefits of riding OCTA's bus service. This tactic has been utilized with past marketing programs and has been proven effective as shown in the following examples.

On August 31, 2007, the 35th bus birthday celebration generated a 9 percent increase in average weekday boardings, with a reduced fare of 35 cents. A "gas relief" campaign conducted in 2005 offered free bus passes through print advertisements during Rideshare Week. The result was a 3 percent increase in weekly ridership.

One of many route-specific promotions was to support Route 50, Long Beach to Orange, which was a direct mail program that offered free trial passes that resulted in an 8.2 percent increase in boardings in March 2007 compared to March 2006. This increase was sustained with a monthly average increase of 5.4 percent until the work stoppage in July 2007.

Fiscal Year 2008-09 Bus Marketing Promotional Fare Programs

The following programs incorporate distribution of one-day promotional bus passes:

- **Student Outreach**

Outreach to Orange County youths is designed to educate and train students in the use, convenience, and benefits of riding the bus. The emphasis is on middle and high school youth and involves students, teachers, and parents.

- **Senior Citizen Outreach**

This program is designed to educate, inform, and train senior citizens on the ease of use and benefits of riding fixed-route bus service. It also

shows them fixed-route bus service is a convenient alternative to ACCESS service.

- **Employer and University Outreach**

OCTA partners with employers and universities, such as California State University, Fullerton and University of California, Irvine, to provide transit education and bus passes to employees and college students.

- **General Public**

Outreach to the general public takes the form of involvement in local community events such as fairs and festivals as well as participation in the Orange County Fair. Transit-related information is provided through hands-on and one-on-one interface with the general public.

- **Targeted Route Promotions (Including Bus Rapid Transit)**

Routes with higher potential for ridership growth will be identified and targeted. Marketing tactics will be deployed to educate and attract new ridership from various market segments along each individual route or groups of routes. This includes the new BRAVO! bus rapid transit service on Harbor Boulevard, which is planned to launch in June 2009.

- **“Dump the Pump” Promotion**

“Dump the Pump” Day is a national initiative spearheaded by the American Public Transportation Association. The day is dedicated to raising awareness that public transportation helps improve the environment and conserve fuel. It also offers the opportunity for people to bypass the high price of gasoline and support public transportation as an important travel alternative to single occupancy vehicle travel.

During the week of June 15 through 20, it is proposed that OCTA join other transportation agencies from coast to coast to encourage the public to park their cars and ride public transportation instead. Marketing tactics will include print advertising that features a promotional coupon good for one free bus day-pass if used during “Dump the Pump” week. It is recommended this program continue on an annual basis.

- **Free Bus Ride Promotion – New Year’s Day Holiday**

To provide a safe alternative to driving for those who are celebrating, OCTA has offered systemwide free rides to the general public from 6:00 p.m. on December 31 through 4:00 a.m. on January 1 for the past six years. It is recommended this program continue on an ongoing basis.

Attachment A identifies anticipated distribution of promotional fare media and expected redemption rates for the “Dump the Pump” promotion as well as programs planned in fiscal year 2008-09. It is anticipated the face value of free pass redemptions equates to about \$77,000. Another \$18,000 worth of free rides could be provided over the New Year’s holiday.

Fiscal Year 2008-09 Metrolink Weekends Free Stations Promotion

“Free Station” promotions have been used to build awareness and encourage trial usage since the Metrolink Weekends service launched in October 2006. An average of 550 attendees was drawn to each of the promotions, which proved to be an effective tactic in generating trial usage of the service. Based on a survey conducted during the Lunar New Year Free Station Promotion, 48 percent of the customers indicated that they have not used Metrolink service before. The survey also showed that 98 percent of the customers were satisfied with the Metrolink trip and have high potential for using the service again in the future.

As a result of the successful outcome, four “Free Station” promotions are planned to be conducted during the fiscal year 2008-09 to continue building awareness and ridership for the Metrolink Weekend services.

Summary

Staff recommends approval of the offer of free bus passes for the “Dump the Pump” promotion, the fiscal year 2008-09 bus marketing promotional fare programs, and four free station promotions for the Metrolink Weekends service.

Attachment

A. Fiscal Year 2008-09 Anticipated Promotional Fare Distribution

Prepared by:

*Ellen Burton
for Stella Lin*

Stella Lin
Marketing Manager
(714) 560-5342

Approved by:

Ellen S. Burton

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

Fiscal Year 2008-09 Anticipated Promotional Fare Distribution

Programs	Timing	Description	No. Passes Distributed	Expected # Redeemed	Assumed Redemption Rate	Face Value (Assumes \$3.00 day pass)
Student Outreach	Ongoing	Junior High, High School, Career Fairs, Parent-Teacher Association	3,000	1,500	50%	\$4,500
Senior Outreach	Ongoing	Senior Centers, Leisure World	3,000	1,500	50%	\$4,500
Employer/University Outreach	Ongoing	Countywide	1,500	750	50%	\$2,250
General Outreach	Ongoing. OC Fair-July 11 - Aug. 3, 2008	Fairs and Festivals, Includes Orange County Fair	6,000	1,800	30%	\$5,400
"Dump the Pump"	"Dump the Pump", June 2008 and 2009	Nationwide ridership promotion, newspaper, business to business direct mail, city mailers	500,000 circulation	5,000	1%	\$15,000 *
Target Route Promotions, including Harbor Bravo!	Ongoing Harbor Bravo! - June 2009	Via direct mail	300,000 circulation	15,000	5%	\$45,000
Total Day Passes Redeemed				25,550		\$76,650

Other		Description	Boardings (Based on 2007 data)	Expected # Redeemed	Assumed Redemption Rate	Face Value (Assumes \$1.25 one-way fare)
New Year's Eve systemwide free ride Program	Dec. 31, 2008	Allows public free use of OCTA buses from 6 p.m. to 4 a.m. New Year's Eve/Day	14,000 boardings	14,000	100%	\$17,500

* per one year promotion



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Amendment to Agreement for Rideshare Support Services

Legislative and Communications Committee Meeting of May 15, 2008

Present: Directors Bates, Brown, Buffa, Cavecche, Glaab, Mansoor, and Rosen
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-6-0344 between the Orange County Transportation Authority and Inland Transportation Services, in an amount not to exceed \$115,000, for rideshare support services from July 1, 2008 through June 30, 2009. This increases the total maximum cumulative contract obligation amount to \$330,000. This action is contingent on approval of the Orange County Transportation Authority Fiscal Year 2008-2009 Budget.



May 15, 2008

To: Legislative and Communications Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Amendment to Agreement for Rideshare Support Services

Overview

As part of the regional rideshare program, the Board of Directors has authorized Agreement No. C-6-0344 with Inland Transportation Services to process carpool match lists, provide employer transportation information, and develop average vehicle ridership surveys. The initial one-year term of the agreement was for \$100,000 and included three option years. The first option year has been exercised and it is requested the Board of Directors approve the second option year.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-6-0344 between the Orange County Transportation Authority and Inland Transportation Services, in an amount not to exceed \$115,000, for rideshare support services from July 1, 2008 through June 30, 2009. This increases the total maximum cumulative contract obligation amount to \$330,000. This action is contingent on approval of the Orange County Transportation Authority Fiscal Year 2008-2009 Budget.

Background

The regional rideshare program is a collaboration between the Orange County Transportation Authority (OCTA), Los Angeles County Metropolitan Transportation Commission, Riverside County Transportation Commission, San Bernardino Association of Governments, and Ventura County Transportation Commission and is a transportation control measure included in the Southern California Association of Governments' Regional Transportation Plan.

The rideshare program emphasizes business to business outreach by offering large employers carpool, vanpool, and transit information to assist these employees in meeting mandates of the South Coast Air Quality Management District (SCAQMD) Rule 2202. This rule requires a large employer with 250 or more employees to annually survey its employees and submit average vehicle ridership (AVR) reports. OCTA uses this as an opportunity to assist employers while at the same time marketing bus, rail, and vanpool programs to the commuter market.

On July 24, 2006, the Board of Directors (Board) authorized an agreement with Inland Transportation Services (ITS) to provide rideshare support services, which includes processing carpool match lists, developing employer AVR surveys, and producing personalized RideGuides, which offer employees information about transportation options. The initial agreement was for \$100,000 and included three option terms. The first option term has been exercised and staff is seeking approval of the second option term.

Discussion

OCTA's rideshare program is marketed under the name "Commuter Solutions". The regional effort provides a variety of support services for employers to promote alternative modes of transportation to their employees. The Commuter Solutions program consists of:

- Outreach to employers to provide bus, rail, carpool, employer transit pass program, and other transportation information.
- Training of employer transportation coordinators (ETC) and familiarizing them with OCTA services and transportation options.
- Providing rideshare information to the calls received from 1-800-COMMUTE and 714-636-RIDE.
- Providing website information at www.commutessmart.info.
- Participation in programs such as Bike to Work, Dump the Pump, and Rideshare Week.
- Assisting employers with processing carpool match lists and AVR surveys.

OCTA's Commuter Solutions program is reaching more employers and respective employees each year. There are 330 employers in Orange County that employ more than 250 people. These employers must meet SCAQMD Rule 2202 requirements, and OCTA provides information and assistance to employers for conducting the AVR surveys. The following table shows the volume of rideshare support services provided to the employers and employees over the past few years.

Service Provided	Fiscal Year		
	2005-2006	2006-2007	2007-2008*
Rideshare Call Services	3,059	2,365	2,054
Individual RideGuides	7,333	6,025	10,083
Employer AVR Surveys	97	108	97
Employee Surveys Processed	31,318	32,260	40,387

* Through March 2008

ITS has provided excellent service to OCTA over the past several years, and on March 12, 2007, the Board approved Amendment No. 1 to exercise the first option term of the agreement in an amount of \$100,000. On June 8, 2007, a \$15,000 task order was issued to ITS to add a quality control function to its contract scope. This task involves ITS review of employer surveys before being submitted to SCAQMD ensuring the surveys are accurate. Prior surveys had been incomplete and created data entry errors.

Staff asks that the Board approve Amendment No. 3 to Agreement No. C-6-0344, in an amount not to exceed \$115,000. This amendment exercises the second option term, in an amount of \$100,000, includes \$15,000 for added quality control tasks / review of employer surveys, and increases the maximum cumulative obligation to \$330,000 (Attachment A).

This procurement was originally handled in accordance with OCTA's procedures for professional and technical services. The original agreement was awarded on a competitive basis. It has become necessary to amend the agreement due to the expiration of the first option year of the agreement term.

Fiscal Impact

Pending approval of OCTA's Fiscal Year 2008-2009 Budget, the work described in Amendment No. 3 to Agreement No. C-6-0344 will be included in the External Affairs Division, Account 1841-7519-G1013-L75, and is funded through the Congestion Mitigation and Air Quality program.

Summary

To support regional rideshare initiatives, it is being recommended the Board of Directors approve Amendment No. 3, in the amount of \$115,000, to Agreement No. C-6-0344 with Inland Transportation Services. The maximum cumulative obligation for this agreement is increased to \$330,000 and the term extended to June 30, 2009.

Attachment

- A. Inland Transportation Services Agreement C-6-0344 Fact Sheet

Prepared by:

*Ellen S. Burton
for Stella Lin*

Stella Lin
Manager, Marketing
(714) 560-5342

Approved by:

Ellen S. Burton

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

**Inland Transportation Services
Agreement C-6-0344 Fact Sheet**

1. July 24, 2006, Agreement No. C-6-0344, \$100,000, with three option years, approved by Board of Directors.
 - Inland Transportation Services provides the average vehicle ridership survey and call-taking services for Orange County Transportation Authority's rideshare program.
2. March 12, 2007, Amendment No. 1 to Agreement No. C-6-0344, \$100,000, was approved by Board of Directors.
 - Amendment to exercise the first option term and extend the agreement through June 30, 2008.
3. June 8, 2007, Amendment No. 2 to Agreement No. C-6-0344, \$15,000, by purchasing agent.
 - Amendment to increase the cumulative maximum obligation by \$15,000.
4. May 12, 2008, Amendment No. 3 to Agreement No. C-6-0344, \$115,000, pending approval by Board of Directors.
 - Amendment to exercise the second option term, extend the agreement through June 30, 2009, and increase the cumulative maximum obligation to \$330,000.

Total committed to Inland Transportation Services, Agreement No. C-6-0344, including pending amendment: \$330,000.



MEMO

May 20, 2008

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

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

Thank you.



May 19, 2008

To: Transportation 2020 Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Los Angeles – San Diego Corridor Rail Service Integration
Market Research

Overview

Market research is being conducted to support an initiative to enhance rail transit services along the Los Angeles – San Diego rail corridor. Focus group research will identify existing and potential customers' attitudes and perceptions about rail transit and service options. On-board customer surveys will provide quantitative research findings. The overall goal is to identify current and potential customers and to support development of long range strategic plan.

Recommendations

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation (Caltrans), the Los Angeles County Metropolitan Transportation Authority (Metro), the North County Transit District (NCTD), the San Diego Association of Governments (SANDAG), the Southern California Regional Rail Authority (SCRRA) and the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency (LOSSAN), is exploring options to coordinate and improve commuter and intercity rail services between Los Angeles and San Diego (LOSSAN corridor).

Due to a combination of capacity constraints, connection policies and other operational constraints, schedules among various operators are not typically timed for convenient passenger connections. The varying services, station stops, fares and schedules often confuse passengers and generate a multitude of inquiries and suggestions for improvement. The overall goal of integrating rail services is to make the LOSSAN corridor easier to use and a more

attractive transit option. To support the goal of better service integration, both qualitative focus group and quantitative on-board research is being implemented. The research will assess attitudes and perceptions about LOSSAN corridor rail services, test a variety of service scenarios and concepts, gather ideas to improve the transit system, and develop recommendations that will lead to better integration of services. The overarching goal is to expand the market and increase ridership.

Discussion

Currently, three passenger rail services, Amtrak, COASTER and Metrolink and one freight carrier, BNSF Railway, operate along the LOSSAN corridor. Amtrak operates the Pacific Surfliner intercity rail and bus service between San Luis Obispo and San Diego as well as the Coast Starlight long-distance service between Los Angeles and Seattle and the Southwest Chief between Los Angeles and Chicago (via Fullerton) as part of the Amtrak national network.

The SCRRA, a joint powers authority of which OCTA is a member, operates Metrolink service between Los Angeles and Oceanside and Los Angeles and Oxnard. The NCTD operates COASTER commuter rail service between Oceanside and San Diego.

Ownership of the rail right-of-way south of Los Angeles is split between Metro (Los Angeles Union Station to Redondo Junction), BNSF Railway (Redondo Junction to Fullerton Junction), OCTA (Fullerton Junction to San Diego line), NCTD (San Diego County line to San Diego city limit), and Metropolitan Transit Development Board (San Diego city limit to San Diego's Santa Fe Depot). The three passenger services (Amtrak, COASTER, and Metrolink) share the Oceanside station; one or two of the operators service other stations along the corridor.

The complexity of the existing services with multiple operators and service plans is challenging to users and is likely a barrier to ridership. The goal of the service integration initiative is to identify opportunities for consolidation and improvement in service design, delivery, and marketing.

Focus Group Research

Rea & Parker Research, headquartered in San Diego, is developing qualitative focus group research to query existing and potential new rail transit customers about the customers' attitudes and perceptions about rail transit along the LOSSAN corridor.

Four focus groups are planned – two will be conducted with existing customers and two will be with potential riders. Perceptions about current service characteristics as well as new service strategies will be elicited. Examples of topics include plans to integrate schedules and feeder services, the potential for streamlining fares and fare collection activities, the concept of on-board and station amenities, and clarification and consolidation of messages and marketing programs. Research will serve to:

- Identify the importance and relative value of a variety of service characteristics.
- Test views, reaction, and intensity of feelings about potential service integration issues.
- Refine public communication strategies and messages.

Focus groups are being scheduled for June 2008, and Rea & Parker Research is developing a draft discussion guide. The budget for the focus group research is \$50,000.

Quantitative Research: On-Board Survey

Quantitative research also is being planned. Using findings from the focus groups, a survey instrument will be developed to probe issues and develop statistically valid information. On-board research will survey approximately 1,000 Amtrak, COASTER, and Metrolink passengers that travel between Los Angeles and San Diego. Similar to focus group research, goals will be to gather perceptions about current service characteristics as well as identify new service strategies in order to expand the market. As an overall service plan is developed, this effort is intended to help answer overarching questions such as:

1. Where are the opportunities for better scheduling and train connectivity?
2. What service improvements are needed to provide enhanced commuter rail and intercity rail passenger customer services?
3. What type of fare structure, ticketing, scheduling, on-board and station amenities are favored to improve the customer experience?

4. What customer communication channels are appropriate for integrated and coordinated rail service (i.e., how do customers and potential customers want to receive service information?)
5. Are there emerging markets that would benefit from expanded and improved passenger rail service in the corridor?
6. How can the brands and identities of the complementary passenger rail services on this corridor be unified to support an ongoing marketing and public communications campaign to increase ridership and educate the public about the integrated passenger service?

On-board research is in the early stages of development. A request for proposals is being released shortly and it is anticipated consultant services will be procured by summer, and survey implementation is scheduled for the fall.

Summary

OCTA is working to identify opportunities to integrate rail transit service along the LOSSAN corridor. Focus group and onboard surveys will provide insight to improve the customer experience, build the transit market, and improve rail ridership. Focus group research will be conducted in June 2008 and on-board surveying will follow.

Attachment

None.

Prepared & Approved by:



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



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Approval of the Fiscal Year 2008-09 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

Finance and Administration Committee meeting of May 14, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Directors Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2008-09 Local Transportation Fund Claim for public transportation services, in the amount of \$1,971,161, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.



May 14, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Approval of the Fiscal Year 2008-09 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

Overview

The Laguna Beach Municipal Transit Lines, a department within the City of Laguna Beach, is eligible to receive funding from the Local Transportation Fund in Orange County for providing public transportation services throughout the city. To receive the funds, the Laguna Beach Municipal Transit Lines must file a claim against the Local Transportation Fund with the Orange County Transportation Authority.

Recommendation

Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2008-09 Local Transportation Fund Claim for public transportation services, in the amount of \$1,971,161, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

Background

The Transportation Development Act (TDA) of 1971 established a state funding source dedicated to public transit and transit-related projects. The TDA created in each county a Local Transportation Fund (LTF) for transportation purposes specified in the TDA. Revenues are derived from ¼ cent of the current 7 ¾ cent retail sales tax in Orange County. The distribution of the 7 ¾ cent sales tax in Orange County is as follows:

- 1 cent to cities and the County of Orange in unincorporated area;
- 6 cents to the State of California
- ¼ cent to State of California and transferred to the Orange County LTF; and

- ½ cent locally approved tax (Measure M) to the Orange County Transportation Authority (OCTA)

The LTF revenues are collected by the State Board of Equalization and returned to the local jurisdictions based on the volume of sales during each month. As required under provisions of the TDA, in Orange County the LTF receipts are deposited in the Orange County LTF account (Fund 182) in the Orange County Treasury and are administered by the Orange County Auditor-Controller.

In Orange County, the OCTA is the transportation planning agency responsible for the allocation of the LTF within its jurisdiction. Upon instructions from OCTA, LTF receipts are distributed by the Auditor-Controller among the various administrative, planning, public transportation, bicycle and pedestrian, and bus stop facilities program apportionments as specified in the TDA. The Orange County Transit District (OCTD) and the Laguna Beach Municipal Transit Lines (LBMTL) are the only public transit operators in Orange County eligible to receive allocations from the LTF under Article 4 of the TDA. Section 6630 of the California Code of Regulations requires the City of Laguna Beach to file a claim with OCTA in order to receive an allocation from the LTF for providing public transportation throughout the city.

Discussion

On March 10, 2008, the OCTA Board of Directors approved the LTF fiscal year (FY) 2008-09 apportionments. The total apportionment approved for LBMTL equaled \$1,092,618. On April 1, 2008, the Laguna Beach City Council adopted a resolution authorizing the filing of a LTF claim with OCTA for public transportation services. Laguna Beach has submitted its FY 2008-09 claim against the LTF for \$1,971,161. Of this amount, \$919,261 is needed by the city to meet current operating expenses in FY 2008-09, and \$1,051,900 is to be drawn down in FY 2008-09 from previously established reserves for capital projects. Approximately \$1,050,000 is anticipated to be disbursed for the purchase of three trolleys and \$1,900 for the purchase of a personal computer.

The OCTA, as the transportation planning agency for Orange County, is authorized to approve claims and to make payments from the LTF through written instructions to the Auditor-Controller.

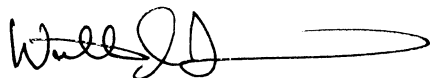
Summary

The Orange County Transportation Authority's approval of the City of Laguna Beach's claim against the Orange County Local Transportation Fund in the amount of \$1,971,161 will enable the Laguna Beach Municipal Transit Lines to continue providing public transportation services throughout the City of Laguna Beach during fiscal year 2008-09.

Attachment

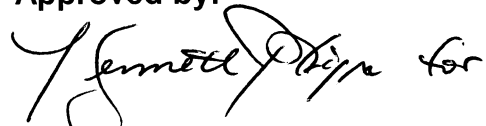
None.

Prepared by:



William J. Dineen
Manager, Revenue Management
Financial Planning and Analysis
(714) 560-5917

Approved by:



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



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

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

Finance and Administration Committee meeting of May 14, 2008

Present: Directors Amante, Buffa, Campbell, Green, and Moorlach
Absent: Directors Brown

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Adopt the 2008 Annual Investment Policy.

Committee Comment

The Committee requested a revision to Attachment B, page 7, section 9 as follows:

9) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by Standard & Poor's, A3 or better by Moody's or A- by Fitch or an equivalent rating by two of the three a Nationally Recognized Statistical Rating Organizations.



May 14, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Annual Investment Policy Update

Overview

The Treasurer has revised the Orange County Transportation Authority's Annual Investment Policy for 2008. The Annual Investment Policy sets forth the investment guidelines for all funds invested on and after May 23, 2008. As recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Annual Investment Policy to be reviewed at a public meeting.

Recommendation

Adopt the 2008 Annual Investment Policy.

Background

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

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

Discussion

The 2008 Policy is being submitted for review and adoption by the Board. Treasury/Public Finance Department staff met with representatives from the Authority's investment advisory firm and investment management firms to evaluate the effectiveness of the Policy and address any potential changes for 2008. There were no legislative changes to Section 53601 of the Code

affecting local agencies during the past year requiring updates or amendments to the Policy. There are, however, proposed changes intended to increase diversification and performance in the Authority's portfolio.

The changes are designed to further enhance what has been a conservative yet very effective policy. The first proposed change is to the maturity and term with respect to purchasing municipal securities that have been refunded and are being defeased by an escrow account that contains United States treasury securities. While the securities may have a stated final maturity longer than five years, the mandatory redemption date dictated by the refunding is sooner, within five years. These securities may offer a good value and are further backed by the safety and credit quality of the securities funding the escrow account.

Federal Agency (Agency) securities comprise approximately 19.4 percent of the Authority's total investment portfolio. Agency securities are debt instruments issued by federal agencies that carry a high safety rating because the securities are United States Government sponsored. Staff recommends the addition of the Federal Agricultural Mortgage Corporation (Farmer Mac) to the list of authorized agency securities. Farmer Mac is a federally chartered entity, which establishes a secondary market for agricultural real estate.

The current minimum requirement for commercial paper investments is A-1 by Standard and Poor's and P-1 by Moody's, with long-term debt ratings of A and A2 respectively. To match the Code and remain more consistent with the minimum requirement for other corporate securities, staff recommends the language be changed to include securities with a short-term rating by at least two of the three nationally recognized statistical rating organizations. This would include ratings of A-1 by Standard and Poor's, P-1 by Moody's, and F-1 by Fitch. Further, the change includes minimum long-term debt ratings of A-, A3, and A- from Standard and Poor's, Moody's, or Fitch. By incorporating the universe of A rated securities per Section 53601(h) of the Code, the Authority effectively achieves greater diversification in both corporate name exposure and business sectors.

While each of the proposed changes is subtle, the recommendations are all within the guidelines of the Code. Each offers varying levels of value and protection for the Authority's portfolio and promotes diversification within each asset class.

Summary

California Government Code Section 53646(a)(2) recommends that local agencies annually review its annual investment policy at a public meeting. The Treasurer is submitting an update to the Orange County Transportation Authority's Annual Investment Policy for approval by the Board of Directors.

Attachments

- A. Orange County Transportation Authority 2008 Annual Investment Policy May 23, 2008
- B. Black-line Copy of Orange County Transportation Authority 2008 Annual Investment Policy May 23, 2008

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
2008 Annual Investment Policy
May 23, 2008

I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after May 23, 2008. The objective of this Annual Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

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

II. OBJECTIVES

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

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Annual Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Annual Investment Policy. The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Annual Investment Policy.

If OCTA's Treasurer, in his sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Annual Investment Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation

occurs while the portfolio manager is on probation, the Treasurer shall request that the portfolio manager responsible for the compliance violation meet with the Chair of the Finance and Administration Committee and the Treasurer as soon as practical at which time it will be decided whether the Board of Directors will be notified of the violation.

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

IV. PRUDENCE

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

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

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

V. DELEGATION OF AUTHORITY

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

VI. ETHICS AND CONFLICTS OF INTEREST

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's

investment professionals and Treasury/Public Finance Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

VII. RESPONSIBILITIES

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

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

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

VIII. FINANCIAL BENCHMARKS

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

IX. BOND PROCEEDS INVESTMENTS

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

X. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

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

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

Eligible Instruments and Quality

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

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate.

2) U.S. Treasuries

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

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

3) Federal Agencies and U.S. Government Sponsored Enterprises

Senior debt obligations, participation certificates, or other instruments of, or issued by or guaranteed by, the following federal agencies and United States government sponsored enterprises:

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

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

4) State of California and Local Agency Obligations

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

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

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

5) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the Nationally Recognized Statistical Rating Organizations with the following ratings; A-1 for short-term deposits by Standard & Poor's, P-1 for short-term deposits by Moody's, or F1 for short-term deposits by Fitch, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

6) Commercial Paper

Commercial Paper must :

- A. be rated by two of the three rating agencies at the following level or better; P-1 by Moody's, A-1 by Standard & Poor's, or F-1 by Fitch
- B. be issued by corporations rated A- or better by Standard & Poor's, A3 or better by Moody's or A- by Fitch or an equivalent rating by a Nationally Recognized Statistical Rating Organizations for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than ten percent (10%) of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

7) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the Nationally Recognized Statistical Rating Organizations with the following minimum ratings; A-1 for short-term deposits by Standard & Poor's, P-1 for short-term deposits by Moody's, F-1 for short-term deposits by Fitch.

Maximum Term: 270 days

8) Repurchase Agreements

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

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

Maximum Term: 30 days (Code 1 year)

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

9) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by Standard & Poor's, A3 or better by Moody's or A- by Fitch or an equivalent rating by a Nationally Recognized Statistical Rating Organizations.
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5% of the portfolio.

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

10) Money Market Funds

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

- A. are rated AAA (or equivalent highest ranking) by two of the three largest Nationally Recognized Statistical Rating Organizations.
- B. may not represent more than ten percent (10%) of the money market fund's assets.

11) Other Mutual Funds

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

- A. are rated AAA (or equivalent highest ranking) by two of the three largest Nationally Recognized Statistical Rating Organizations.
- B. may not represent more than ten percent (10%) of the fund's or pool's assets.

12) Mortgage or Asset-backed Securities

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

- A. is rated AAA (Code AA) by Standard & Poor's, Aaa by Moody's or AAA by Fitch, and
- B. is issued by an issuer having an A or better rating by Standard & Poor's, A2 or better by Moody's or A or better by Fitch or an equivalent rating by a Nationally Recognized Statistical Rating Organizations recognized rating service for its long-term debt.

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

13) Investment Agreements

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

A. At the time of such investment,

- such bank has an unsecured, uninsured and unguaranteed obligation rated long-term Aa2 or better by Moody's and AA or better by Standard & Poor's, or
- such insurance company or corporation has an unsecured, uninsured and unguaranteed claims paying ability rated long-term Aaa by Moody's and AAA by Standard & Poor's, or
- such bank or broker/dealer has an unsecured, uninsured and unguaranteed obligation rated long-term A2 or better by Moody's and A or better by Standard & Poor's (and with respect to such broker/dealer rated short-term P-1 by Moody's and A-1 by Standard & Poor's); provided, that such broker/dealer or A2/A rated bank also collateralize the obligation under the investing agreement with U.S. Treasuries, Government National Mortgage Association securities, Federal National Mortgage Association securities or Federal Home Loan Mortgage Association securities meeting the following requirements:
 1. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
 2. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
 3. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within two business days of such valuation.

B. The agreement shall include a provision to the effect that if any rating of any such bank, insurance, broker-dealer or corporation is downgraded below a minimum rating

to be established at the time the agreement is executed, OCTA shall have the right to terminate such agreement.

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

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

15) Orange County Treasury Investment Pool (OCIP)

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

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three largest Nationally Recognized Statistical Rating Organizations.

17) Variable and Floating Rate Securities

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

18) Bank Deposits

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

19) Derivatives

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

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

Each such investment must be approved by the Finance and Administration Committee prior to entering into such investment.

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

Rating Downgrades

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

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

Diversification Guidelines

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

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS)....	100%
3) Federal Agencies and U.S. Government Sponsored Enterprise	100%
4) State of California and Local Agencies	25%
5) Bankers Acceptances	30% (Code 40%)
6) Commercial Paper	25% (Code)
7) Negotiable CDs	30% (Code)
8) Repurchase Agreements	75%
9) Medium Term Maturity Corporate Securities	30% (Code)
10) Money Market Funds and 11) Other Mutual Funds (in total).....	20% (Code)
12) Mortgage and Asset-backed Securities	20% (Code)
13) LAIF	\$40mm maximum per entity
14) OCIP	\$40mm maximum per entity
15) CAMP	10%
16) Variable and Floating Rate Securities	30%
17) Bank Deposits	5%
18) Derivatives (hedging transactions only) and subject to prior approval	5%
19) Investment Agreements pursuant to indenture	100%

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

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Government Sponsored Enterprises, Investment Agreements and Repurchase Agreements

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

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Government Sponsored Enterprises and Repurchase Agreements

Any one Federal Agency or Government Sponsored Enterprise 35%

Any one repurchase agreement counter-party name

If maturity/term is \leq 7 days 50%

If maturity/term is $>$ 7 days 35%

XI. SECURITIES SAFE KEEPING

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

XII. BROKER DEALERS

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

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

XIII. DEFINITION OF TERMS

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

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

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

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

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

BASIS POINT: When a yield is expressed as 5.12%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

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

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

BOOK VALUE: The original cost of the investment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

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

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

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

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

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

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

MARKET VALUE: The current market price of a security.

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

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

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

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

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

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

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

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

NEGOTIABLE CD: (See Certificates of Deposit)

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

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

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

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

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

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

PORTFOLIO: A group of securities held by an investor.

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

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

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

PURCHASE DATE: See (Trade Date)

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

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

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

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

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

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

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

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Orange County Transportation Authority

20078 Annual Investment Policy

April-May 923, 20078

I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after April-May 923, 20078. The objective of this Annual Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

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

II. OBJECTIVES

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

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Annual Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Annual Investment Policy. The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Annual Investment Policy.

If OCTA's Treasurer, in his sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Annual Investment Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation

occurs while the portfolio manager is on probation, the Treasurer shall request that the portfolio manager responsible for the compliance violation meet with the Chair of the Finance and Administration Committee and the Treasurer as soon as practical at which time it will be decided whether the Board of Directors will be notified of the violation.

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

IV. PRUDENCE

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

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

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

V. DELEGATION OF AUTHORITY

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

VI. ETHICS AND CONFLICTS OF INTEREST

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's

investment professionals and Treasury/Public Finance Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

VII. RESPONSIBILITIES

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

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

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

VIII. FINANCIAL BENCHMARKS

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

IX. BOND PROCEEDS INVESTMENTS

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

X. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

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

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

Eligible Instruments and Quality

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

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate.

2) U.S. Treasuries

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

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

3) Federal Agencies and U.S. Government Sponsored Enterprises

Senior debt obligations, participation certificates, or other instruments of, or issued by or guaranteed by, the following federal agencies and United States government sponsored enterprises:

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

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

4) State of California and Local Agency Obligations

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

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

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

5) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the Nationally Recognized Statistical Rating Organizations with the following ratings; A-1 for short-term deposits by Standard & Poor's, P-1 for short-term deposits by Moody's, or F1 for short-term deposits by Fitch, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

6) Commercial Paper

Commercial Paper must :

- A. be rated by two of the three rating agencies at the following level or better; P-1 by ___ Moody's, and A-1 or better by Standard & Poor's, and F-1 by Fitch
- B. be issued by corporations rated A2 or better by Moody's and A or better by Standard & Poor's be issued by corporations rated A- or better by Standard & Poor's, A3 or better by Moody's or A- by Fitch or an equivalent rating by a Nationally Recognized Statistical Rating Organizations for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than ten percent (10%) of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

7) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the Nationally Recognized Statistical Rating Organizations with the following minimum ratings; A-1 for short-term deposits by Standard & Poor's, P-1 for short-term deposits by Moody's, F-1 for short-term deposits by Fitch.

Maximum Term: 270 days

8) Repurchase Agreements

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

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

Maximum Term: 30 days (Code 1 year)

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

9) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by Standard & Poor's, A3 or better by Moody's or A- by Fitch or an equivalent rating by a Nationally Recognized Statistical Rating Organizations.
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5% of the portfolio.

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

10) Money Market Funds

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

- A. are rated AAA (or equivalent highest ranking) by two of the three largest Nationally Recognized Statistical Rating Organizations.
- B. may not represent more than ten percent (10%) of the money market fund's assets.

11) Other Mutual Funds

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

- A. are rated AAA (or equivalent highest ranking) by two of the three largest Nationally Recognized Statistical Rating Organizations.
- B. may not represent more than ten percent (10%) of the fund's or pool's assets.

12) Mortgage or Asset-backed Securities

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

- A. is rated AAA (Code AA) by Standard & Poor's, Aaa by Moody's or AAA by Fitch, and
- B. is issued by an issuer having an A or better rating by Standard & Poor's, A2 or better by Moody's or A or better by Fitch or an equivalent rating by a Nationally Recognized Statistical Rating Organizations recognized rating service for its long-term debt.

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

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13) Investment Agreements

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

A. At the time of such investment,

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

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

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

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

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

15) Orange County Treasury Investment Pool (OCIP)

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

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three largest Nationally Recognized Statistical Rating Organizations.

17) Variable and Floating Rate Securities

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

18) Bank Deposits

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

19) Derivatives

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

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

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

Rating Downgrades

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

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

Diversification Guidelines

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

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS)....	100%
3) Federal Agencies and U.S. Government Sponsored Enterprise	100%
4) State of California and Local Agencies	25%
5) Bankers Acceptances	30% (Code 40%)
6) Commercial Paper	25% (Code)
7) Negotiable CDs	30% (Code)
8) Repurchase Agreements	75%
9) Medium Term Maturity Corporate Securities	30% (Code)
10) Money Market Funds and 11) Other Mutual Funds (in total).....	20% (Code)
12) Mortgage and Asset-backed Securities	20% (Code)
13) LAIF	\$40mm maximum per entity
14) OCIP	\$40mm maximum per entity
15) CAMP	10%
16) Variable and Floating Rate Securities	30%
17) Bank Deposits	5%
18) Derivatives (hedging transactions only) and subject to prior approval	5%
19) Investment Agreements pursuant to indenture	100%

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

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Government Sponsored Enterprises, Investment Agreements and Repurchase Agreements

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

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Government Sponsored Enterprises and Repurchase Agreements

Any one Federal Agency or Government Sponsored Enterprise 35%

Any one repurchase agreement counter-party name

If maturity/term is \leq 7 days 50%

If maturity/term is $>$ 7 days 35%

XI. SECURITIES SAFE KEEPING

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

XII. BROKER DEALERS

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

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

XIII. DEFINITION OF TERMS

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

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

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

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

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

BASIS POINT: When a yield is expressed as 5.12%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

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

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

BOOK VALUE: The original cost of the investment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

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

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

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

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

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

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

MARKET VALUE: The current market price of a security.

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

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

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

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

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

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

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

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

NEGOTIABLE CD: (See Certificates of Deposit)

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

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

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

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

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

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

PORTFOLIO: A group of securities held by an investor.

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

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

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

PURCHASE DATE: See (Trade Date)

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

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

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

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

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

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

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

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



May 23, 2008

To: Members of the Board of Directors

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

Subject: 91 Express Lanes Protected License Plates Enforcement Process

Overview

In 2007, approximately 3,500 toll violations on the 91 Express Lanes were attributed to protected license plates at an estimated loss of \$10,500 in toll revenues. A process has been developed to send violation notices and to collect tolls from the registered owners of vehicles with protected license plates.

Recommendation

Receive and file as an information item.

Background

The California Department of Motor Vehicles (DMV) administers the Confidential Records Program (CRP). This program makes the residence address of certain public officials and employees confidential as specified in California Vehicle Codes (CVC) 1808.2, 1808.4, and 1808.6. At the request of the officials/employees, confidential license plates or "protected license plates" can be issued through the DMV to employees who meet the classification criteria. Thus, in lieu of the home address being provided through a DMV license plate query, the name of the affiliated agency appears instead.

Each toll lane on the 91 Express Lanes is equipped with technology that has the capability to record and charge tolls for trips by vehicles which do not have a transponder or have a transponder which is defective. When vehicles pass through the transponder reading devices, infrared cameras capture pictures of the vehicle's license plate. The electronic traffic and toll collection system processes the optical character reading of the license plate numbers and matches the license plate numbers against several databases, including the DMV registration file.

Any matches to the DMV registration file that do not have a valid transponder account with a California toll agency will result in a toll violation. The DMV database is used to secure a name, vehicle identification, and registration address which are used to record and mail the violation notice(s) to the registered vehicle owner. If the violator does not respond within the timeframe, as specified in the violation notice(s), the violation is then forwarded to the Orange County Transportation Authority's (Authority) collection agency. This process is fully automated through the Authority's systems.

If the license plate is a protected license plate, the only information provided by the DMV is the registered owner's name and affiliated agency. Since the address is not provided, the violation notices cannot be sent to these violators and the information is forwarded to the Authority's collection agency.

Over the past five years, there have been approximately 14,500 vehicle trips on the 91 Express Lanes that are attributed to protected license plates. During the same period, there were approximately 65 million vehicle trips on the 91 Express Lanes. Of those 14,500 trips, approximately 3,500 occurred in 2007, which equates to an estimated loss of \$10,500 in toll revenues.

Discussion

On April 14, 2008, the Authority's Board of Directors (Board) requested staff to develop a process to send violation notices and collect tolls on the protected license plates. During the past several weeks, a comprehensive agency directory was developed, which lists the agency name and corresponding address. Staff has instructed Northern Lakes Data Corporation, the developer of the 91 Express Lanes' back office customer account management system (TollPro), to augment the violations component system by incorporating the agency directory into the database.

Once this protected license plates process has been implemented, the violation notification process will be similar to those of regular violators. If the vehicle has a protected license plate and travels through the 91 Express Lanes without a transponder or has a defective transponder, the license plate will be queried against the DMV database. When the DMV returns the information electronically with the registered owner's name and affiliated agency, TollPro will insert the agency's corresponding address and automatically send the violation notice(s) to the registered owner at the agency address to pursue the payment of unpaid tolls.

If no response has been received by the timeframe as set forth in the violation notices, the Authority will escalate the matter to a senior level or commanding

officer of the agency to resolve the issue. The Authority's 91 Express Lanes staff will handle the notification process to the senior level or commanding officer internally. The Authority will monitor the cost effectiveness of this notification process and report back to the Board if changes are required.

On April 28, 2008, the Board adopted a support and work with authors position on AB 996 (Spitzer, R-Orange and Solorio, D-Santa Ana). This bill would revise the exemptions to the CRP to provide that a governmental agency may obtain a driver's DMV information including the registration address, in order to process the service and collection of a traffic, parking, or toll road violation. The Authority will be working with the authors to authorize an acting agent of a government agency, as specified in CVC 40252, to obtain CRP driver data on behalf of the government agency which manages the toll road.

AB 996 would also allow for the toll violator to be served with the citation at the place of employment and would extend the time period a government agency can collect the toll in order to cover the time necessary for the DMV to retrieve and send information to the requesting agency. If passed, the bill would allow the Authority to pursue protected plate violators in the same manner as other toll violators using the 91 Express Lanes.

Summary

In 2007, approximately 3,500 toll violations on the 91 Express Lanes were attributed to protected license plates at an estimated loss of \$10,500 in toll revenues. A process has been developed to send violation notices and to collect tolls from the registered vehicle owners' of protected license plates.

Attachment

None.

Prepared by:


Kirk Avila
General Manager
91 Express Lanes
(714) 560-5674

Approved by:


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



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Amendment to Agreement for Printing, Packaging, and Delivery of the Bus Book

Legislative and Communications Committee Meeting of May 1, 2008

Present: Directors Bates, Brown, Buffa, Cavecche, Glaab, Mansoor, and Rosen
Absent: None

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 No. C-7-0434 between the Orange County Transportation Authority and Clearwater Graphics, Inc. to exercise the first option term, in the amount of \$285,000 and increase the total maximum cumulative obligation for printing, packaging, and delivery of the bus book to \$625,000. These totals are pending fiscal year 2008-09 budget approval.



May 1, 2008

To: Legislative and Communications Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Amendment to Agreement for Printing, Packaging, and Delivery of the Bus Book

Overview

On April 23, 2007, the Board of Directors approved an agreement with Clearwater Graphics, Inc., in the amount of \$340,000, to provide printing, packaging, and delivery services for the bus book from July 1, 2007 to June 30, 2008. The agreement included a one-year option term. An amendment is necessary to exercise the first option term of the agreement.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement No. C-7-0434 between the Orange County Transportation Authority and Clearwater Graphics, Inc. to exercise the first option term, in the amount of \$285,000 and increase the total maximum cumulative obligation for printing, packaging, and delivery of the bus book to \$625,000. These totals are pending fiscal year 2008-09 budget approval.

Background

The Orange County Transportation Authority (OCTA) operates 81 fixed-route bus lines with approximately 6,500 countywide bus stops. In March 2008, average weekday boardings exceeding 221,000. One of the major bus service information materials is the bus book, which provides current information about the bus system routes and schedules. A survey conducted in November 2007 confirmed that the bus book is the most-used source of getting information and that customers prefer to get information on-board the bus. The bus book contains all schedule and route information for OCTA's 81 bus routes, Metrolink, Amtrak, and other counties' connecting services.

On April 23, 2007, the Board of Directors approved a one-year agreement with Clearwater Graphics, Inc. to print, package, and deliver bus books. The agreement included a one-year option term.

The current bus book print quantity for fiscal year 2007-08 is 600,000 - 150,000 units during each of the four service change periods. Due to budget constraints, as well as to manage the demand and distribution of the bus book, a reduced quantity of 400,000 or 100,000 units for each of the four service change periods is being proposed for fiscal year 2008-09. The impact of the print quantity reduction will be monitored and mitigated by increased communication to encourage online traffic to the OCTA website to visit the JustClick™ trip planner and to use the web for the most current bus information. In addition, the OCTA website is being updated to include a software application that allows customers to select multiple routes/schedules in one single portable document file (PDF), which serves as a personalized bus book to be saved to customers' computers.

Discussion

This procurement was originally handled in accordance with OCTA's procedures for professional and technical services and was awarded on a competitive basis. Staff has been satisfied with the work performed by Clearwater Graphics Inc. It is requested the Board of Directors authorize staff to exercise the first option term. The original agreement, awarded on May 23, 2007, was for an initial term July 1, 2007 to June 30, 2008, in the amount of \$340,000, a cost of \$0.57 per bus book.

Based on the fiscal year 2008-09 goal of printing a reduced quantity of 100,000 bus books per service change, a total of \$228,000 ($\$0.57 \times 400,000$) is required. Since we are testing this approach of reducing quantities, staff is requesting the Board allow us to print an additional 25,000 bus books per service change if needed. This would cost approximately \$57,000 ($\$0.57 \times 100,000$). The total request therefore is \$285,000. Amendment No. 1, in the amount of \$285,000, will increase the total contract value to \$625,000 for services provided July 1, 2008 to June 30, 2009.

Fiscal Impact

Funding for work described in Amendment No. 1 to Agreement No. C-7-0434 is being requested in OCTA's Fiscal Year 2008/2009 Budget, External Affairs/Marketing, Account 1837-7661-A3311-1E2, and is funded through the Orange County Transit District Fund 30.

Summary

Staff recommends approval of Amendment No. 1 to Agreement No. C-7-0434, in the amount of \$285,000, with Clearwater Graphics Inc., to exercise the first option term for printing, packaging, and delivering of the bus book.

Attachment

- A. Clearwater Graphics, Inc. Agreement No. C-7-0434 Fact Sheet

Prepared by:



Stella Lin
Marketing Manager
(714) 560-5342

Approved by:



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

**Clearwater Graphics, Inc.
Agreement No. C-7-0434 Fact Sheet**

1. April 23, 2007, Agreement No. C-7-0434, \$340,000, with one option year, approved by the Board of Directors.
 - Clearwater Graphics, Inc. provides the printing, packaging, and delivery of the bus book for each quarterly service change.
 - Initial term July 1, 2007 through June 30, 2008.
2. May 12, 2008, Amendment No. 1 to Agreement No. C-7-0434, \$285,000, pending approval by the Board of Directors.
 - Amendment to exercise the first option term to extend the agreement from July 1, 2008 through June 30, 2009.

Total committed to Clearwater Graphics, Inc., Agreement No. C-7-0434, including pending amendment: \$625,000.



MEMO

May 20, 2008

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

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

Thank you.



May 22, 2008

To: Transit Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: ACCESS Performance Measurements Update

Overview

As directed by the Board of Directors, staff has provided monthly updates regarding ACCESS service provided by Veolia Transportation Services, Inc., including a report on contractual performance measurements. This report provides ACCESS performance measurement data through April 2008 and an update on the relocation of selected ACCESS support functions to the Irvine Construction Circle facility.

Recommendation

Receive and file as an information item.

Background

Veolia Transportation Services, Inc., (Veolia) assumed management and operation of the Orange County Transportation Authority's (Authority) ACCESS service in July 2006. In response to continued service quality issues experienced after the start of the contract, the Board of Directors (Board) put Veolia on formal notice for lack of performance. The Board also required Authority staff to provide regular updates to the Transit Committee and the Board. ACCESS service quality began to stabilize and show improvement beginning in March 2007. A review of the contractual performance measurements indicate that service has either improved and/or remained consistent throughout the previous 12 months. However, there has been a slight decline in on-time performance for February, March, and April 2008.

Discussion

Veolia and Community Transportation Services (CTS) staff have continued to work closely to monitor ACCESS service quality and address issues that cause the quality of service to fall below contractual performance standards. The standards monitored on a daily basis include on-time performance, service delivery failure, and customer comments. All three indicators continued to show positive trends during November and December 2007 and in January 2008; however, performance standards declined in February 2008. Several key factors were identified as contributors to the decline beginning in February. The repair of two inoperable radio channels used by Veolia was completed in March, improving dispatcher communications with ACCESS drivers. In addition, during the month of March, Veolia initiated several staffing adjustments in the areas of scheduling, implemented to increase efficiency, and improve service quality.

During March 2008, performance levels improved in the areas of service delivery failures and the number of customer comments. However, on-time performance decreased below the 94 percent level for the first time since September 2007, ending the month at 93.72 percent. In addition, preliminary totals for April also show on-time performance below 94 percent, currently at 93.51. This total may slightly improve as the validation process for April data is complete. (Attachment A).

Service delivery failures, or trips in excess of 120 minutes late, continued to decrease during the last five months, with an average of approximately 11 per week during October, November, and December. The improvement continued into January and February 2008, with weekly averages decreasing to approximately eight in February. March improved dramatically, with a total of 18, less than five per week. Preliminary totals for the month of April show an increase with the trend back to the levels experienced in January and February, with an unverified total of 38 for the month (Attachment B).

The total number of customer comments improved during the month of March, after a marked increase experienced in February, when comments increased by nearly 30 percent in comparison to January. The month of March ended with a total of 197 comments, 35 less than the February total. In addition, ridership for March was 5 percent greater than the month of February, which makes this improvement even more significant. Preliminary totals for April show an increase in customer comments; early analysis indicates that totals could exceed those in March. This increase in comments can be partially attributed to an uncharacteristic increase in ridership during the month. This ridership increase is likely a result of the number of weekdays included in the

month; There were 21 weekdays during the month of March (compared to 20 in February), the month of April included 22 weekdays (Attachment C).

Authority staff is working with Veolia staff to address specific issues that have impacted service quality. During the month of March, the most common customer complaints continue to be buses running behind schedule and driver no-show. Complaints related to driver judgment, scheduler error and driving techniques show improvement. While there has been significant improvement since the beginning of the year, the number of complaints still exceeds the contractual performance standard of one per 1,000 passengers (Attachment D).

Irvine Construction Circle Facility

In 2007, the Board approved the Authority's purchase of a facility on Construction Circle in Irvine, which was the previous operations and maintenance base for ACCESS service when operated by Laidlaw Transit. The acquisition of this property allows the Authority flexibility in future contracting arrangements. In addition, the Construction Circle facility allows for much needed relief to the at-capacity conditions currently experienced at Veolia's operation at Irvine Sand Canyon.

Staff has begun preparations to relocate several ACCESS support functions to the Construction Circle base, including driver training, radio dispatch, scheduling, and the ACCESS call center. All relocation activities are scheduled to be completed by July 2008.

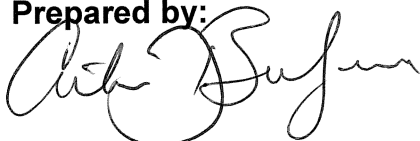
Summary

From November 2007 through January 2008, ACCESS service quality continued to improve. Performance measurements from February 2008 indicate that service levels have showed a slight decline in the areas of on-time performance and monthly customer comments. Staff will continue to monitor service quality and report to the Board of Directors as directed. Beginning in May 2008, several administrative functions of the ACCESS service will be relocated from Irvine Sand Canyon to the Irvine Construction Circle facility.

Attachments

- A. On-Time Performance
- B. Service Delivery Failure
- C. Monthly Customer Comments
- D. Top Five Comments

Prepared by:



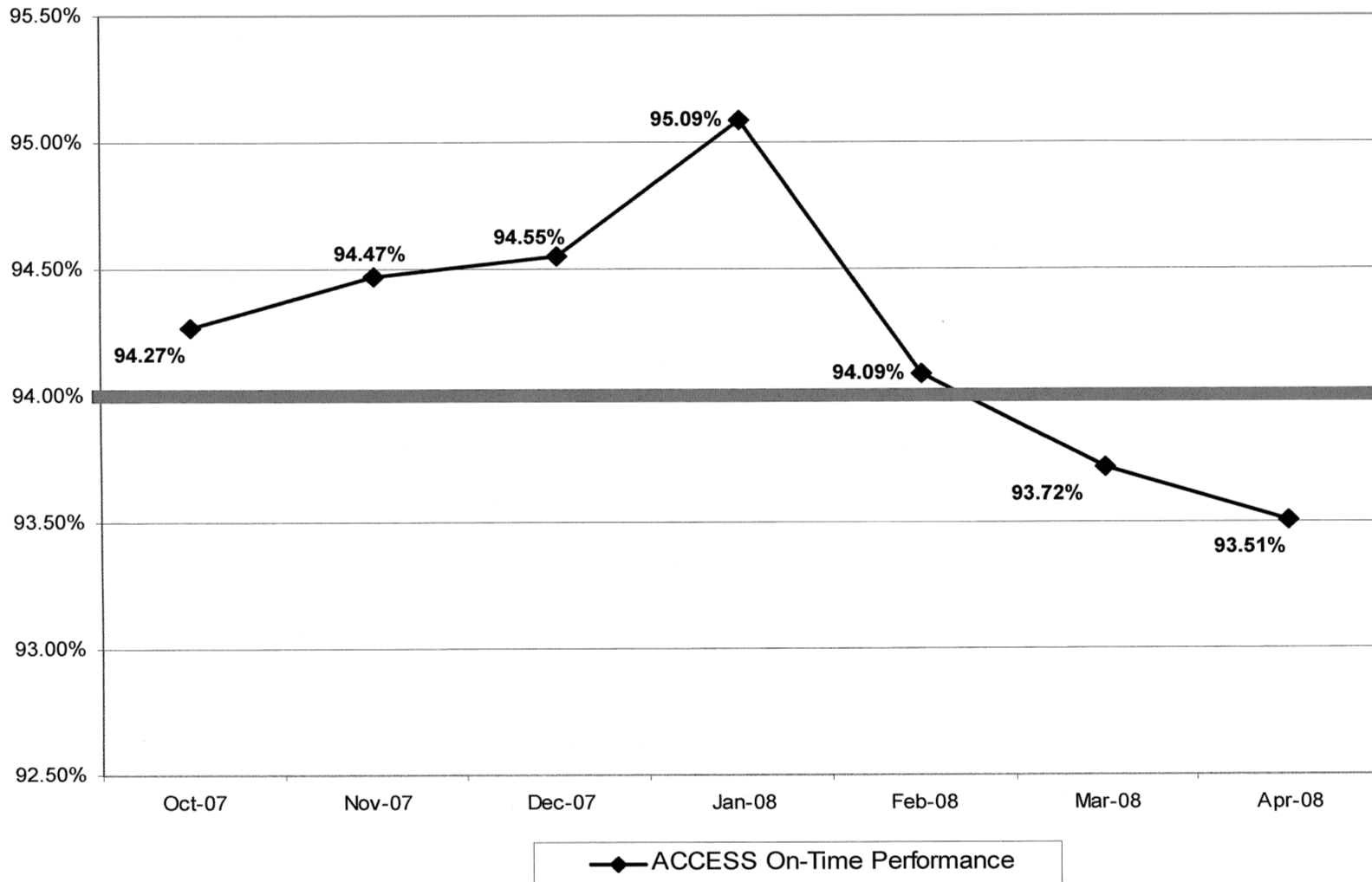
Curt Burlingame
Section Manager
Community Transportation Services
714-560-5921

Approved by:



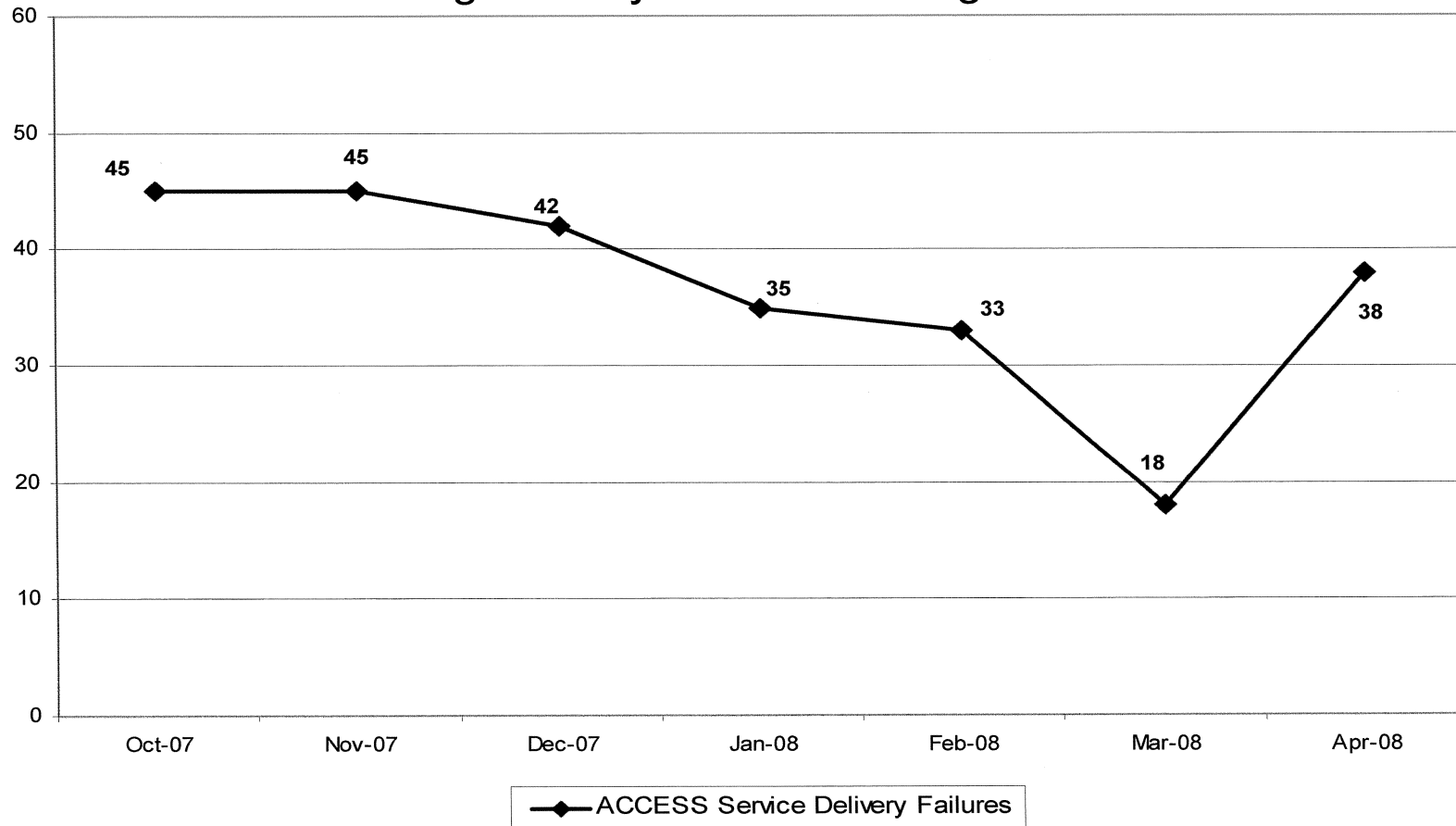
Beth McCormick
General Manager, Transit
714-560-5964

On-Time Performance

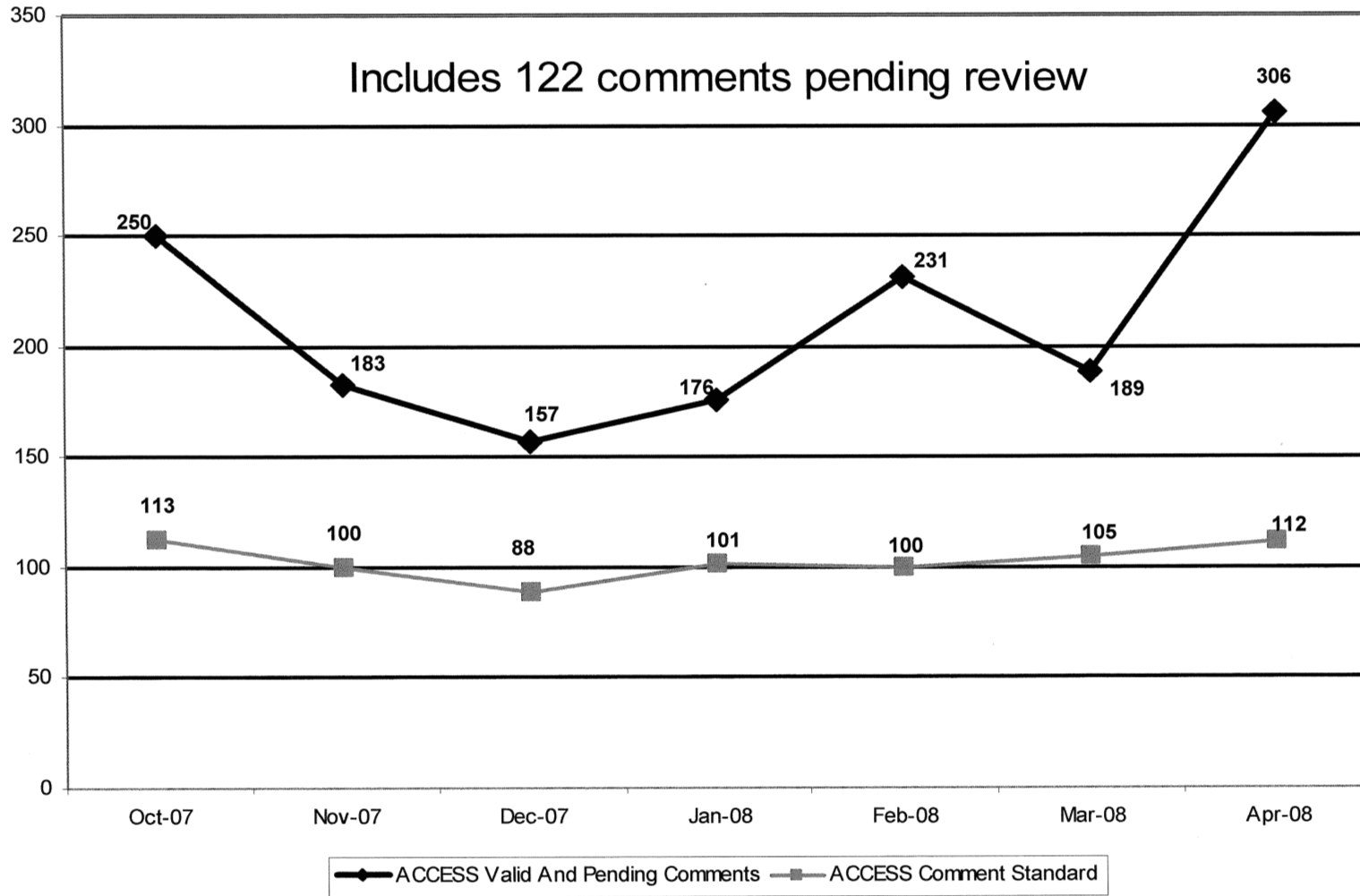


Service Delivery Failure

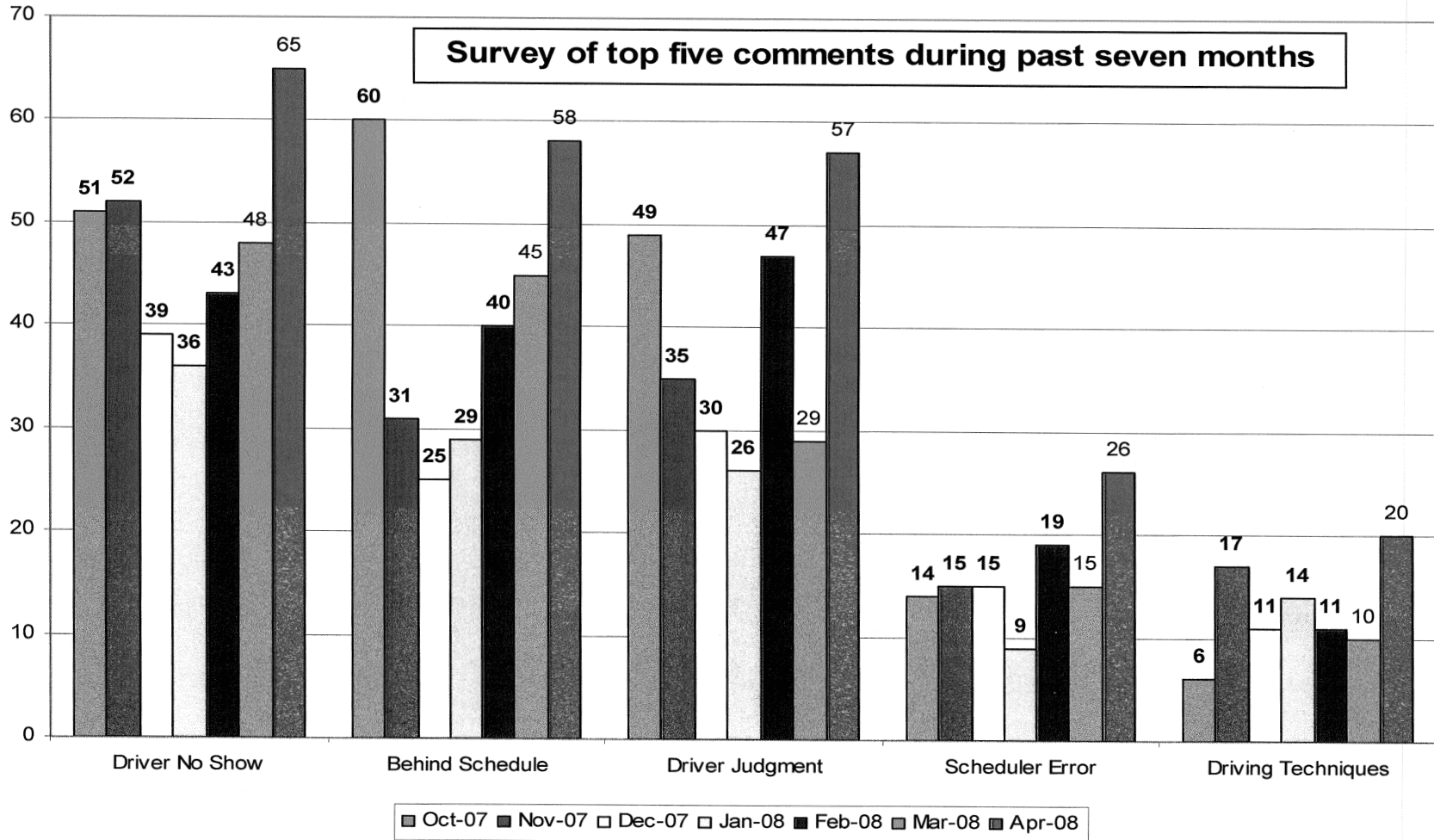
Data significantly validated through 04/24/08



Monthly Customer Comments



Top Five Comments





BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Amendments to Agreements for Threaded Products and Fasteners

Transit Committee meeting of May 8, 2008

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

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-5-2643 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, for threaded products and fasteners, in an amount not to exceed \$60,000, and Amendment No. 3 to Agreement No. D-5-2455 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, for threaded products and fasteners, in an amount not to exceed \$45,000, for a total maximum obligation of \$345,000.



May 8, 2008

To: Transit Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Amendments to Agreements for Threaded Products and Fasteners

Overview

On July 11, 2005, the Board of Directors approved two agreements with Golden State Fastener and Supply Company, for a total amount of \$110,000, for a one-year period with three option years. It is time to consider exercising the final option year for both agreements.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-5-2643 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, for threaded products and fasteners, in an amount not to exceed \$60,000, and Amendment No. 3 to Agreement No. D-5-2455 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, for threaded products and fasteners, in an amount not to exceed \$45,000, for a total maximum obligation of \$345,000.

Background

The Orange County Transportation Authority (Authority) maintenance staff requires various threaded products and fasteners used for the maintenance and repair of fixed route buses and support vehicles. The agreement provides only North American made, grade eight, high strength bolts, and other fasteners used on all vehicle repairs.

Discussion

This procurement was originally handled in accordance with the Authority's procedures for sealed bids. The original agreements were awarded on a competitive basis. It has become necessary to amend the agreements due to exercising the third and final option year.

The original procurement was split into two contracts, one to capture the most frequently used items on a direct blanket purchase order, and the second to cover miscellaneous items which are not generally stocked and ordered as needed.

The two original agreements awarded on July 11, 2005, were for a total amount of \$110,000. The option year pricing is determined by annual consumption and historical costs. Amendment No. 3 to Agreement No. C-5-2643, in the amount of \$60,000, will bring the total contract value to \$240,000. Amendment No. 3 to Agreement No. D-5-2455, in the amount of \$45,000, will bring the total contract value to \$105,000.

Fiscal Impact

Amendments No. 3 to Agreement No. C-5-2643 and Agreement No. D-5-2455 were approved in the Authority's Fiscal Year 2007-08 Budget, Transit Division, Maintenance Department, accounts 2162-7799-D2108-2RK, 2164-7799-D2108-2UL, and 2168-7799-D2108-2T7, and are funded through the Local Transportation Fund.

Summary

Staff recommends approval of Amendment No. 3 to Agreement No. C-5-2643, in the amount of \$60,000, and Amendment No. 3 to Agreement No. D-5-2455, in the amount of \$45,000, with Golden State Fastener and Supply Company to exercise the third and final option years for threaded products and fasteners, bringing the maximum contract obligation to \$345,000.

Attachments

- A. Golden State Fastener and Supply Company Agreement C-5-2643 Fact Sheet
- B. Golden State Fastener and Supply Company Agreement D-5-2455 Fact Sheet

Prepared by:



Connie Raya
Section Manager
Maintenance Resource Management
714-560-5962

Approved by:



Beth McCormick
General Manager, Transit
714-560-5964

**Golden State Fastener and Supply Company
Agreement C-5-2643 Fact Sheet**

1. July 11, 2005, Agreement No. C-5-2643, \$50,000, approved by the Board of Directors
 - Procurement of threaded products and fasteners.
2. April 24, 2006, Amendment No. 1 to Agreement No. C-5-2643, \$70,000, approved by the Board of Directors.
 - Exercise the first option year.
3. April 9, 2007, Amendment No. 2 to Agreement No. C-5-2643, \$60,000, approved by the Board of Directors.
 - Exercise the second option year.
4. May 12, 2008, Amendment No. 3 to Agreement No. C-5-2643, \$60,000, pending approval by the Board of Directors.
 - Exercise the third option year.

Total committed to Golden State Fastener and Supply Company, Agreement No. C-5-2643: \$240,000.

**Golden State Fastener and Supply Company
Agreement D-5-2455 Fact Sheet**

1. July 11, 2005, Agreement No. D-5-2455, \$60,000, approved by the Board of Directors
 - Procurement of threaded products and fasteners.
2. July 1, 2006, Amendment No. 1 to Agreement No. D-5-2455, no funds added, approved by the manager of Contracts Administration and Materials Management Department.
 - Exercise the first option year.
3. July 1, 2007, Amendment No. 2 to Agreement No. D-5-2455, no funds added, approved by the manager of Contracts Administration and Materials Management Department.
 - Exercise the second option year.
4. May 12, 2008, Amendment No. 3 to Agreement No. D-5-2455, \$45,000, pending approval by the Board of Directors.
 - Exercise the third option year.

Total committed to Golden State Fastener and Supply Company, Agreement No. D-5-2455: \$105,000.



BOARD COMMITTEE TRANSMITTAL

May 23, 2008

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Agreement with the County of Orange, Orange County Sheriff's Department

Transit Committee meeting of April 24, 2008

Present: Directors Brown, Buffa, Dixon, Green, Nguyen, Pulido, and Winterbottom
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Authorize the Chief Executive Officer to establish a sole source agreement with the County of Orange, Orange County Sheriff's Department, in an amount not to exceed \$5,069,280, for Transit Police Services for a base term of one-year with four one-year options.
- B. Authorize the Chief Executive Officer to execute Amendment No. 5 to Agreement No. C-3-0656 between the Orange County Transportation Authority and the County of Orange, Orange County Sheriff's Department, in an amount not to exceed \$444,754, to reconcile expenses and close out the existing contract, for a revised maximum authorization of \$21,461,916.



April 24, 2008

To: Transit Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreement with the County of Orange, Orange County Sheriff's Department

Overview

On July 14, 2003, the Board of Directors approved a five-year agreement with the County of Orange, Orange County Sheriff's Department for Transit Police Services. This agreement expires on June 30, 2008. Staff requests approval of an amendment to Agreement No. C-3-0656 with the Orange County Sheriff's Department to close out the current five-year agreement and approval of a new agreement with the County of Orange, Orange County Sheriff's Department for Transit Police Services.

Recommendations

- A. Authorize the Chief Executive Officer to establish a sole source agreement with the County of Orange, Orange County Sheriff's Department, in an amount not to exceed \$5,069,280, for Transit Police Services for a base term of one-year with four one-year options.
- B. Authorize the Chief Executive Officer to execute Amendment No. 5 to Agreement No. C-3-0656 between the Orange County Transportation Authority and the County of Orange, Orange County Sheriff's Department, in an amount not to exceed \$444,754, to reconcile expenses and close out the existing contract, for a revised maximum authorization of \$21,461,916.

Background

The Orange County Sheriff's Department (OCSD) has provided Transit Police Services (TPS) for the Orange County Transportation Authority (Authority) patrons, employees, and properties since 1993. On July 14, 2003, the Authority's Board of Directors (Board) approved a sole source agreement for five years with the OCSD to provide TPS (Attachment A). Each year of this

agreement, the OCSD provided the Authority with a budget for the following fiscal year, and the maximum obligation has been adjusted.

Agreement No. C-3-0656 expires on June 30, 2008. To ensure continuity of TPS, staff have worked to establish a new agreement for these services. This has included an evaluation of the deployment of officers, an update of the scope of work to add new Authority-owned facilities to the list of locations patrolled and address other necessary changes, an evaluation of the provision of service vehicles, and identification of the roles and responsibilities for the Authority and the OCSD relative to the receipt of Transit Security Grant Funds for special security related projects.

Services provided by TPS are listed on Attachment A. In addition, OCSD provides countywide services such as the bomb squad, Special Weapons and Tactics team, and the Orange County Intelligence Assessment Center, formerly known as the Terrorist Early Warning Group. OCSD deputies assigned to TPS carry with them full police powers allowing them to conduct investigations and make misdemeanor and felony arrests. Sheriff's special officers (SSOs) provide a uniformed presence at fixed-post locations including revenue collection. Upon request, the OCSD has provided enhanced patrol, security, and other law enforcement services for special events.

Discussion

Proposed New Agreement

The Authority is requesting Board approval of a new agreement with OCSD for TPS beginning in fiscal year 2008-09. In an effort to identify competitive opportunities for this service, Contracts Administration and Materials Management issued a request for interest for Transit Police Services on February 15, 2008, to 23 law enforcement agencies in Orange County, including the California Highway Patrol. These agencies were requested to provide the agencies' level of interest no later than February 29, 2008. The Authority received one affirmative response to this inquiry from the Orange County Sheriff's Department. Many of the law enforcement agencies were contacted to query why the agencies were not interested. Many cited lack of resources and manpower as reasons for not having interest in providing the services.

Therefore, the new proposed agreement was handled in accordance with the Authority's sole source procurement policies and procedures. Internal Audit has reviewed the proposed rates for fiscal year 2008-09 and has determined that the rates are in accordance with those rates charged to all contract cities

receiving similar services from the OCSD. Staff is recommending a one-year contract term with four one-year options.

In reviewing the scope of work for the new agreement, staff considered modifications in the deployment of TPS staff, an evaluation of the provision of vehicles for use by TPS staff, and the addition of coordination activities in support of Transit Security Grant Funds awarded to the region. The changes that were considered are further described in Attachment B.

Cost of Proposed Agreement

Attachment C summarizes the costs proposed by the OCSD for the period July 1, 2008 through June 30, 2009. The changes in the scope of work are included in the estimate provided. The proposed cost of \$5,069,280 for fiscal year 2008-09 represents a 4.92 percent increase over the value of the current fiscal year.

Closing out the Existing Agreement

The current agreement includes language that allows the County to pass on any costs for services in excess of the scope of work and for increases in costs associated with increases in salaries and benefits to cities and other agencies obtaining services from the OCSD.

In order to close out the existing TPS agreement with the OCSD, it has become necessary to amend the agreement due to a retroactive increase in costs for salaries and benefits, to cover costs for additional services requested, and to reimburse the County for a one-time technology improvement expense.

In October 2007, the County concluded negotiations with the Association of Orange County Deputy Sheriffs for a new three-year contract period from October 16, 2006, through October 31, 2009. In addition, other positions received increases in salaries and benefits during the five-year agreement. The amount of the adjustment passed onto the Authority is \$142,291 for fiscal year 2006-07 and \$244,991 for fiscal year 2007-08, for a total increase of \$387,282.

Since the beginning of the current fiscal year, the Authority requested services that were not included in the scope of work, but were in support of maintaining security for the Authority's properties. This included an enhanced level of security during the July 2007 coach operator work stoppage, a presence at the Authority's Rodeo, and participation in emergency response training and

regional drills. The cost for the additional services requested by the Authority is \$42,899.

Finally, from the initial year of this five-year agreement, the Authority reimbursed the County a total of \$164,445 for the implementation of a mobile data computer system for use in all TPS service vehicles. This was not a discretionary item, and according to the terms and conditions of the agreement, the Authority is required to reimburse the County for all expenses incurred in support of the services requested. However, because this was a multi-year agreement, the request for an adjustment in the maximum authorization was not requested at the time it was paid, and subsequently over the term of the contract, part of this amount has been covered by applying credits the Authority received as a result of position vacancies and retirement rebates. The additional amount necessary to reconcile this outstanding expense is \$14,573.

The original agreement awarded on July 14, 2003, was in the amount of \$3,791,712. This agreement has been amended previously. The total amount after approval of Amendment No. 5, incorporating the \$444,754 in additional expenses identified above, will be \$21,461,916.

Fiscal Impact

Funds for Transit Police Services are included in the Authority's proposed Fiscal Year 2008-09 Budget, accounts 2118-7616-D4805-B6Q, 0093-7616-A0001-DKP, and 0034-7616-D4805-BDQ.

Summary

Staff recommends the Authority establish a sole source agreement with the County of Orange, Orange County Sheriff's Department, in an amount not to exceed \$5,069,280, for Transit Police Services for a one-year term from July 1, 2008 through June 30, 2009 and execute Amendment No. 5 to Agreement No. C-3-0656, in an amount not to exceed \$444,754, for a revised contract value of \$21,461,916 for Transit Police Services provided through June 30, 2008.

Attachments

- A. County of Orange Orange County Sheriff's Department Agreement No. C-3-0656 Fact Sheet
- B. Modifications to Transit Police Services Scope of Work
- C. Orange County Sheriff's Department, Law Enforcement Contracts, OCTA-FY 2008-09 Proposed/Estimated Costs

Prepared by:



Diane Kiernan
Manager, Bus Operations
(714) 560-5961

Approved by:



Beth McCormick
General Manager, Transit
(714) 560-5964

**County of Orange
Orange County Sheriff's Department
Agreement No. C-3-0656 Fact Sheet**

1. July 14, 2003, Agreement No. C-3-0656, in the amount of \$3,791,712, approved by Board of Directors.
 - To provide security and law enforcement services for the Orange County Transportation Authority from July 1, 2003 to June 30, 2004
 - Following services will be provided:
 - uniformed patrol and plainclothes enforcement at Authority-owned properties, on railroad rights-of-way, and on-board Authority's buses
 - response to calls for service as needed
 - traffic enforcement as it relates to the operation of fixed route vehicles
 - special enforcement team for investigation and prevention of graffiti
 - taxicab applicant review
 - specialized and internal investigations conducted as needed.
 - security for the revenue room
 - security at Authority Board meetings, public hearings, and special events as requested
 - coordinate with other transit security, local, state, and federal law enforcement agencies
 - participate in multi-agency drills on a local and regional level
 - coordination on security related grant funding
 - Sheriff's staff to be deployed includes the following:
 - 1 Lieutenant
 - 2 Sergeants
 - 20 Deputy Sheriff IIs
 - 4 Sheriff's Special Officer IIs
2. June 14, 2004, Amendment No. 1 to Agreement No. C-3-0656, \$3,959,076, approved by Board of Directors.
 - To amend the maximum obligation for the second year of the five-year agreement by \$3,959,076, a 4.41 percent increase over fiscal year 2004.
 - No staffing change.

3. June 27, 2005, Amendment No. 2 to Agreement No. C-3-0656, \$4,251,498, approved by the Board of Directors.
 - To amend the maximum obligation for the third year of the five-year agreement by \$4,251,498, a 7.39 percent increase over fiscal year 2005.
 - No staffing change.
4. May 22, 2006, Amendment No. 3 to Agreement No. C-3-0656, \$4,428,226, approved by the Board of Directors.
 - To amend the maximum obligation for the fourth year of the five-year agreement by \$4,428,226, a 4.16 percent increase over fiscal year 2006.
 - No staffing change.
5. May 29, 2007, Amendment No. 4 to Agreement No. C-3-0656, \$4,586,650, approved by the Board of Directors.
 - To amend the maximum obligation for the fifth year of the five-year agreement by \$4,586,650, a 10 percent increase over fiscal year 2006.
 - No staffing change.
6. May 12, 2008, Amendment No. 5 to Agreement No. C-3-0656, \$444,754, pending approval by the Board of Directors.
 - To increase the maximum obligation by \$387,282 due to retroactive increases in salaries and benefits to October 13, 2006.
 - To increase the maximum obligation by \$42,899 due to the provision of services outside the scope of work as requested by the Authority.
 - To reconcile the maximum obligation by \$14,573 for expenses incurred during the first year of the agreement due to the installation of the mobile data computers, a pass-through expense; this amount is offset by credits for vacancies and retirement rebates accumulated throughout the term of the agreement.
 - No staffing change.

Total committed to County of Orange, Orange County Sheriff's Department, Agreement No. C-3-0656: \$21,461,916.

Modifications to Transit Police Services Scope of Work

Staffing

Staff is recommending the addition of a sergeant position for a total of three to improve supervision of deputies deployed 24 hours every day of the year. In addition, the OCSD has proposed to replace the SSOs standing post at the Santa Ana Transit Terminal with roving patrols of deputies assigned to provide security on the Authority's right-of-way or on fixed route service. The third staffing change is related to programs in support of Transit Security Grant Funds and is discussed in more detail below.

The revised staffing level is provided on Attachment C under Recommended Level of Service.

Equipment

In addition, staff evaluated the cost of providing vehicles for the TPS program versus the cost passed onto the Authority for provision of these vehicles through the County. While vehicle purchase prices are relatively similar, in evaluating the cost of vehicle maintenance and fuel, the Authority will save approximately \$130,000 per year providing vehicles under this agreement. In addition, the OCSD has begun to implement a patrol video system on all vehicles operated by OCSD staff. Actual costs will be passed through to the Authority after implementation is completed, but at this time, cost of the program is estimated to be \$75,000 per year.

Transit Security Grant Funds

In 2007, supplemental funds were added to the Transit Security Grant Program (TSGP) sponsored through the Transportation Security Administration (TSA) under what has been called "Operational Packages" or OPAKs. These funds were primarily made available for the implementation of Visual Intermodal Protection Response Teams, or VIPR, activities under cooperative partnerships at transit facilities or aboard transit vehicles. VIPR teams work with local security and law enforcement officials to supplement existing security resources, provide deterrent presence and detection capabilities, and introduce an element of unpredictability to disrupt potential terrorist planning activities. The Orange County and Los Angeles County Sheriff's departments (LASO) were specifically mentioned as potential recipients for these funds in support of the contracted services provided to the regional transit agencies.

Both agencies applied for the grant funding to provide VIPR services cooperatively. In particular, OCSD applied for funding to cover overtime expenses associated with these operations to conduct VIPR activities at the Authority's transit facilities and support VIPR activities at Metrolink stations and on-board trains. Funds, in the amount of \$186,500, were awarded to the two law enforcement agencies, and the County of Orange formally accepted this funding at its April 15, 2008, County Board of Supervisors meeting. The 20 percent funding match is approximately \$46,625, or

approximately \$16,000 per year for a three-year period, and is included in the cost proposal for the new agreement which is submitted for consideration by the Board.

As a note, in addition to participation in the VIPR activities with other agencies, the Authority also anticipates an award of \$1.55 million under this same grant program in late April 2008. The funds requested were pursued to cover the costs of a new on-board video surveillance system, as well as develop and implement an OCTA exercise and training program.

More specifically, the VIPR services to be provided under this program include observing passenger activity in and around transit operation vehicles and facilities; detecting suspicious behavior; detecting unattended/suspicious packages, objects, and vehicles; promoting the visibility of TSA-OCSD-LASO resources to facilitate deterrence; providing collective visibility operations by law enforcement personnel, both overt and covert, providing a discreet presence within the transit environment; encouraging inter-agency cooperation with other Orange County law enforcement agencies via patrol operations/terrorism liaison officers and through the Orange County Intelligence Assessment Center and the Federal Bureau of Investigation Joint Terrorism Task Force for the Orange County.

Other features of the program include joint VIPR operations under the "Special Threat Interdiction Team" concept; joint operations with LASO on a random and unpredictable basis. The Transit Security Grant Program has placed an emphasis on the implementation of VIPR activities and has been encouraging transit and law enforcement agencies to sustain such programs as part of their day to day operations.

Use of Canine Patrols at Transit Facilities

The OCSD has proposed a very innovative way to expand the VIPR program incorporating a canine element into the Authority's regular TPS program without incurring the bulk of the expenses associated with the addition of a canine officer. To summarize, the Authority would only incur the cost associated with the difference between a deputy II salary and a bomb technician salary, an annual expense of \$26,465. In addition, this expense to the Authority might be eligible as an in-kind match for the 2007 TSGP referenced above, decreasing the Authority's match in cash to the grant.

Costs related to the upkeep and training of the dog are proposed to be absorbed by the OCSD, and the OCSD kennel would be used for this canine officer, eliminating the need to install costly facilities on Authority property at the Authority's expense. Initially, an appropriate vehicle would be provided through the OCSD, but when that vehicle is replaced, one of the Authority-provided vehicles assigned to right-of-way patrol would be retrofitted to accommodate a canine officer. The canine would be used at rail stations, at Authority bus bases (to sweep buses before going into service), and at transportation centers and layovers. Buses in service would not be boarded.

ORANGE COUNTY SHERIFF'S DEPARTMENT
LAW ENFORCEMENT CONTRACTS
OCTA - FY 2008-09
Proposed/Estimated Costs

	FY 2007-08 Adjusted Cost	FY 2008-09 Current Level of Svc	Add Supervision One (1) FTE Sergeant	Eliminate SSO 2 SSO Full-year	Convert DSII To Bomb Tech Full-year	Add PVS 6 Units 1st year	Add Grant Match Services
1 Lieutenant	\$234,923	\$250,829					
2 Sergeant	409,558	425,474	\$212,737				
14 DS II FX RTE ENF	2,438,842	2,512,804					
6 DSII RAIL	1,045,218	1,076,916			26,465		
2 SSO II PREMIUM PAY	216,882	213,334		(213,334)			
2 SSO II NO PREMIUM PAY	208,624	205,056					
Additional Costs & Revenue	<u>252,594</u>	<u>242,999</u>			0	75,000	
Total - Contracted Services	<u>\$4,806,641</u>	<u>\$4,927,412</u>	<u>\$212,737</u>	<u>(\$213,334)</u>	<u>\$26,465</u>	<u>\$75,000</u>	
Special and Supplemental Services	\$25,000	\$25,000					
OPAK - Grant Match							<u>\$16,000</u>
Firm, Fixed Total Cost	<u>\$4,831,641</u>	<u>\$4,952,412</u>					

FY 2008-09
ESTIMATED
TOTAL %
Increase

Recommended Level of Service:

Current Level of Service	\$4,952,412						\$5,069,280	4.92%
Eliminate two (2) SSO - full-year				(\$213,334)				
Add Sergeant - one (1) FTE			\$212,737					
Convert DS II to DS II - Bomb Tech K-9					26,465			
K-9 - One-time costs					0			
Acquisition of Patrol Video System						\$75,000		
OPAK - Match							\$16,000	



MEMO

May 20, 2008

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

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

Thank you.



May 19, 2008

To: Transportation 2020 Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Implementation of Trade Corridors Improvement Fund Projects

Overview

On April 10, 2008, the California Transportation Commission approved an allocation of \$218 million to Orange County under the Trade Corridors Improvement Fund program. Eight projects were approved under the program. This report discusses a number of activities planned to begin the implementation of these projects, including amending a contract for project management services.

Recommendation

Approve Amendment No. 1 to Hatch Mott MacDonald Agreement No. C-7-1196 for \$3 million to provide project management support services for the Trade Corridors Improvement Fund grade separation projects over the next four years for a total contract value of \$9 million.

Background

The California Transportation Commission (CTC) recently approved \$218 million for eight Orange County projects under the Trade Corridors Improvement Fund (TCIF) program. This amount is matched with \$73 million of federal funding and \$199 million of local funding, for a total investment of \$490 million. The eight projects include one freeway project on the Riverside Freeway (State Route 91) in Anaheim and seven railroad grade separation projects in the cities of Fullerton and Placentia. A map showing the location of the projects is included in Attachment A.

The grade separation projects are along the Orangethorpe rail corridor at these locations:

<u>Rail Crossing Location</u>	<u>City</u>
Raymond Avenue	Fullerton
State College Boulevard	Fullerton
Placentia Avenue	Placentia
Kraemer Boulevard	Placentia
Orangethorpe Avenue	Placentia
Tustin Avenue/Rose Avenue	Placentia
Lakeview Avenue	Placentia

The TCIF applications proposed the Orange County Transportation Authority (Authority) as the lead agency for the State Route 91 project, the City of Fullerton as the lead agency for the two grade separations (Raymond Avenue and State College Boulevard) in the City of Fullerton, and the Authority as the lead agency for the remaining five grade separations in the City of Placentia. The City of Placentia was not considered for a lead agency role on the five grade separations in the City of Placentia because of its limited staff resources and the pending resolution of financial issues related to administration of prior state grants.

The CTC set a goal to have all TCIF projects under construction by December 2013. The Authority has committed to start these projects immediately and to have all of its projects under construction by this date.

Discussion

This report presents a plan for implementing the eight projects approved under the TCIF program. The implementation plan includes a discussion of the role of the Authority in the development of the projects and provides an assessment of the potential risks to completing the projects within promised schedules and budgets.

State Route 91 Project

The Authority will be the lead agency for delivering the State Route 91 project between the Santa Ana Freeway (Interstate 5) and the Orange Freeway (State Route 57). The project includes the addition of one general purpose lane in the westbound direction between these two freeways. This project is currently included in the Renewed Measure M Early Action Plan and is one of several freeway projects being implemented by the Authority. The Authority is currently developing a preliminary design and environmental document for the project. The environmental document is expected to be

approved in 2010, and the construction is scheduled to begin in 2012, prior to the CTC deadline date.

The Authority currently has a project manager assigned to this project and is set to deliver the project. No additional resources or changes are needed to meet the scheduled delivery for this project.

Railroad Grade Separation Projects

The seven grade separation projects included in the approved TCIF program were the subject of a number of earlier studies by the Authority and the cities of Fullerton and Placentia. Presently, the environmental analysis and design work for the State College Boulevard project are well underway. Right-of-way activities will be initiated upon the completion of these efforts. This project is being advanced by the City of Fullerton.

The environmental document for the Placentia Avenue grade separation project has been approved and the final design is nearly complete. In addition, some of the property needed for this grade separation has been acquired. An environmental document is currently underway for the four grade separations at Kraemer Avenue, Orangethorpe Avenue, Tustin Avenue/Rose Avenue, and Lakeview Avenue. These projects are currently being developed by the City of Placentia.

The Authority and City of Fullerton have mutually agreed that the City of Fullerton will manage the two grade separation projects at Raymond Avenue and State College Boulevard. The City of Fullerton has developed grade separation projects in the past and is a competent manager of public works projects. The Authority will provide the state, federal, and Measure M funds needed for these two projects as a grant to the City of Fullerton. The City of Fullerton will be responsible for the schedule and budget performance of these projects and must conform to the requirements of the TCIF program. The City of Fullerton will also be responsible for reporting progress on these projects directly to the CTC. The Authority will coordinate the schedules for these two projects with the development of the remaining five grade separation projects.

The Authority will be the lead agency for completing the five grade separation projects in the City of Placentia. The Authority will assume responsibility for developing the Placentia Avenue project from the City of Placentia at its present state of completion. The Authority will also assume the development of the remaining four projects once the City of Placentia completes the environmental document for the projects. This is expected to occur in late 2008. The Authority will hire private consultants and contractors to complete the design and construction of these five projects.

Project Management

The management and coordination of the new grade separation projects will be a significant increase in the workload of the Authority's Highway Project Delivery Department. To handle this increased workload, staff proposes to use employees from its project management support consultant, Hatch Mott MacDonald (HMM), to manage the grade separation projects.

Currently, staff from HMM is managing the completion of the Garden Grove Freeway (State Route 22) project and will be available for a new assignment within the next month. The HMM project manager for the State Route 22 project, and his staff, have previous experience with grade separation projects and have a good record in managing projects for the Authority.

Using the existing contract with HMM will allow for a quick start to the grade separation projects to meet promised CTC milestones and will minimize impact to the management of existing capital projects within the Authority's Highway Project Delivery Department. The option of hiring new Authority staff to manage this work, or procuring new project management services from another consultant, would not meet the immediate timetable to complete the environmental document and start final design and right-of-way acquisition on the projects.

The selection of HMM to provide project management support services for the highway program was just recently completed. This procurement was done on a competitive basis to provide services for a four-year period starting in May 2008. The scope of HMM's current contract was developed prior to the approval of the TCIF funding and did not include support for these projects. Staff is proposing to amend HMM's contract to provide additional project management support for these projects. The additional effort would require two to three staff members over the remaining four years of the HMM contract. The value of these additional services is estimated to be \$3 million.

An amendment is required to the existing HMM project management support contract to add staff to manage the grade separation projects. The value of the HMM contract is proposed to be increased by \$3 million, to a revised total value of \$9 million (Attachment B).

Project Sequencing

The current TCIF schedules for the seven grade separation projects assume that six of the projects will start development immediately, which may result in all of the projects being under construction at the same time. This approach

would result in the earliest possible completion of the projects, but may cause significant traffic impacts in the affected area of the County. Staff proposes that the construction timeframes for the seven projects be sequenced to minimize the traffic impacts caused by simultaneous construction on parallel streets. This approach will extend the completion of the projects and can significantly reduce adverse traffic impacts along the Orangethorpe rail corridor; however, this implies a change from the schedules provided to the CTC as part of the funding applications to leapfrog the construction of the grade separations to allow the diversion of traffic to adjacent streets that are not under construction. The proposed sequencing of the construction of the seven grade separation projects is shown in Attachment C.

This schedule assumes the full closure of all crossings during construction, with the exception of Placentia Avenue and Orangethorpe Avenue. Placentia Avenue will be built with a four-lane street detour adjacent to the existing street. Orangethorpe Avenue is assumed to be built in two halves, with one or two lanes open in both directions during construction.

Currently, the Burlington Northern Santa Fe (BNSF) Railway and Metrolink run many trains along the Orangethorpe rail corridor at the locations of the grade separations. Both operators will require that the tracks remain open at all times during construction. Temporary tracks will be provided at the location of all undercrossings to allow unrestricted rail operations during construction.

Staff had preliminary discussions with the cities of Anaheim, Fullerton, and Placentia regarding the proposed construction sequencing. The cities are in general agreement with this sequencing approach. Further traffic studies will be conducted to confirm the workability of these sequencing proposals. In addition, these timelines also need review and approval by BNSF.

Staff will propose to the CTC an amendment to the TCIF schedules to show the extended sequencing of the grade separation projects. These changes must be reviewed and approved by the CTC and then incorporated into the baseline agreements.

Program Risks

There are a number of risks associated with delivering the projects funded under the TCIF program. It is important to identify and address these risks early in the process to avoid or minimize impact on the projects. Some of the significant risk factors that have been identified at this time are described below.

Project Sequencing Risk – The CTC must approve a change in the previously approved schedules for three grade separation projects to allow the extended sequencing of construction for all seven projects. The request for these schedule changes could trigger a re-evaluation of the competitiveness of these projects by the CTC and could jeopardize the funding allocation to the projects. If this is the case, the proposal for the extended sequencing of construction for the projects may need to be withdrawn.

Funding Risk – The CTC will actively monitor the progress of the TCIF projects to see that schedule and funding goals are met. If a project is falling behind its schedule or exceeding its budget, there may be a re-evaluation of the funding allocation. In the worst case, the CTC could cut off or reduce funding to the project if it does not meet its agreed upon goals.

Environmental Approval Risk – Completion of the environmental documents for the grade separations is required before final design can be completed. If there are delays by the cities of Fullerton or Placentia in completing the environmental documents, the project schedules will be delayed.

Railroad Approval Risks – A construction and maintenance agreement is required with BNSF to construct the grade separations. The BNSF Railway does not place a high priority on developing grade separation projects. There may be delays in advancing the projects if BNSF does not act upon the agreements in a timely manner.

Property Acquisition Risks – All of the grade separation projects require significant new right-of-way to build the improvements. The right-of-way acquisition is likely to include private properties. Any reluctance or delay in acquiring the properties by the cities or the Authority may delay construction of the improvements.

Authority staff and the project management consultant will develop methods to manage or avoid these risks as part of the project management approach to the projects.

Next Steps

The steps required to begin implementation of the grade separation projects are listed below. The initial focus of the project management consultant will be managing these activities:

- Amend the TCIF schedules to allow construction sequencing
- Prepare the amendment to the CTC baseline agreement
- Negotiate cooperative agreements with the cities for project coordination and permitting
- Further evaluate construction staging and traffic impacts
- Complete the environmental documents
- Negotiate railroad agreements with BNSF

Fiscal Impact

The additional work described in Amendment No. 1 to Agreement C-7-1196 is included in the Authority's proposed Fiscal Year 2008-09 Budget, Development Division, Account 0017-7519-FK002-HGL, and is funded through Renewed Measure M.

Summary

The California Transportation Commission has recently approved \$218 million for trade corridor improvements in Orange County. One freeway and seven railroad grade separations projects were selected for funding. An additional \$272 million in federal and local funds has been allocated by the Orange County Transportation Authority to the projects, for a total investment of \$490 million. Staff has prepared a summary of the implementation plan for delivering these projects.

Attachments

- A. Authority Trade Corridors Improvement Fund Projects
- B. Hatch Mott MacDonald, Agreement No. C-7-1196 Fact Sheet
- C. Proposed Construction Schedules, Grade Separation Projects

Prepared by:



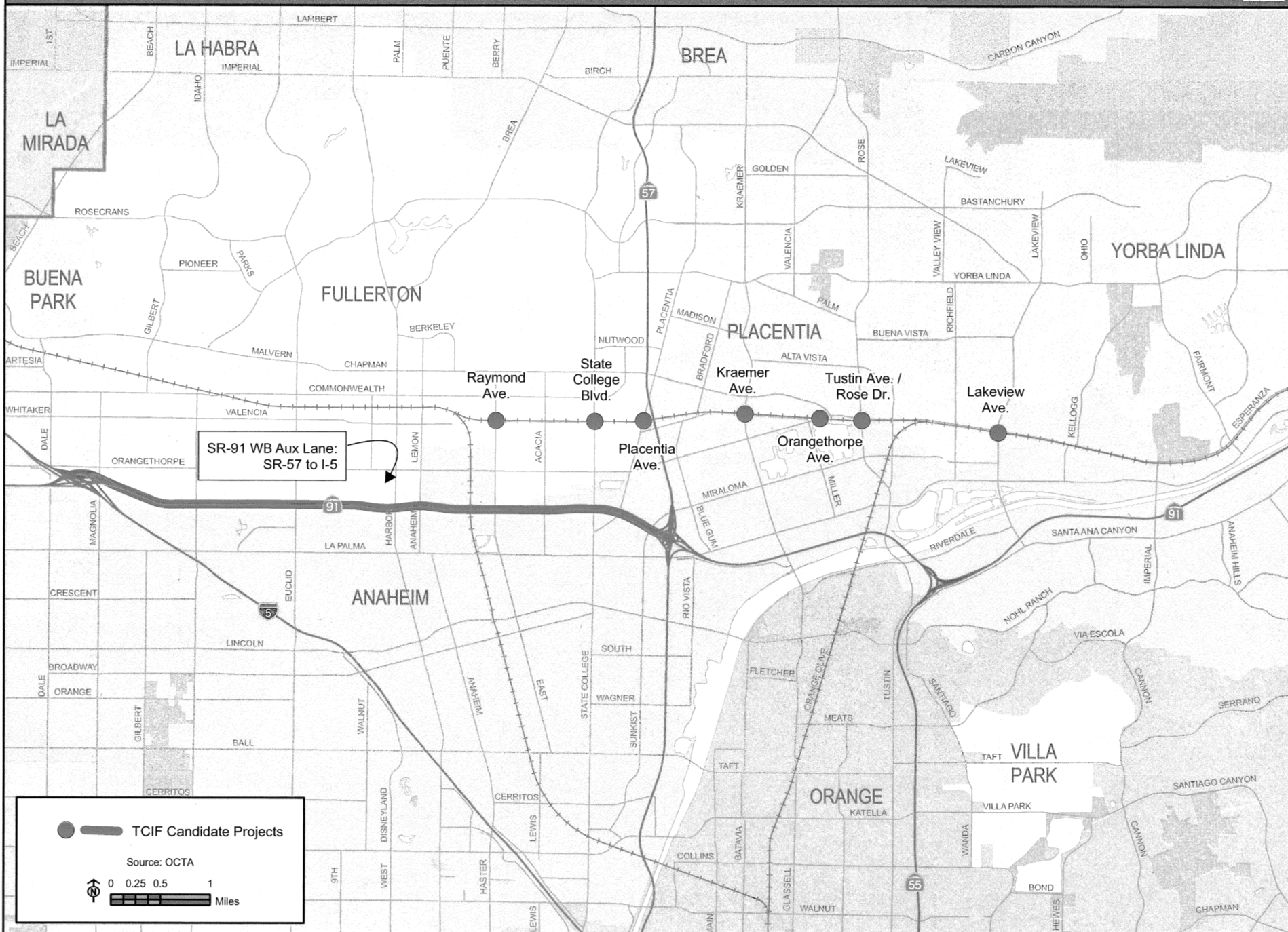
Tom Bogard, P.E.
Director, Highway Project Delivery
(714) 560-5918

Approved by:



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

OCTA Trade Corridor Improvement Fund Projects



SR-91 WB Aux Lane:
SR-57 to I-5

● TCIF Candidate Projects

Source: OCTA

0 0.25 0.5 1 Miles

**AUTHORITY TRADE CORRIDOR
IMPROVEMENT FUND PROJECTS**

ATTACHMENT A

**Hatch Mott MacDonald
Agreement No. C-7-1196 Fact Sheet**

- 1) December 10, 2007. Agreement No. C-7-1196, \$6,000,000, approved by Board of Directors.
 - To provide project management support services for the Capital Development Program.
- 2) May 23, 2008, Amendment No. 1 to Agreement No. C-7-1196, \$3,000,000, pending approval by Board of Directors.
 - Additional project management support services to implement the proposed Trade Corridor Improvement Fund projects.

Total committed to Hatch Mott MacDonald after approval of Amendment No. 1 to Agreement No. C-7-1196: \$9,000,000.

**Proposed Construction Schedules
Grade Separation Projects
April 30, 2008**

Location	UC /OC	Lead Agency	2010				2011				2012				2013				2014				2015				2016			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Raymond Ave	UC	Fullerton																												
State College Blvd	UC	Fullerton																												
Placentia Ave	UC	OCTA																												
Kraemer Blvd	UC	OCTA																												
Orangethorpe Ave	OC	OCTA																												
Tustin Ave	OC	OCTA																												
Lakeview Ave	OC	OCTA																												

UC - undercrossing
OC - overcrossing

↑
TCIF
Must-Start
Date



Implementation of Trade Corridors Improvement Fund Projects

Orange County Transportation Authority
Board of Directors Meeting
May 23, 2008



Trade Corridors Improvement Fund (TCIF) Projects



- Approved Projects

- State Route 91, Interstate 5 to State Route 57
- Seven railroad grade separations

- Funding Allocations

\$218 million	TCIF funds
<u>\$272 million</u>	Federal & Measure M
\$490 million	TOTAL

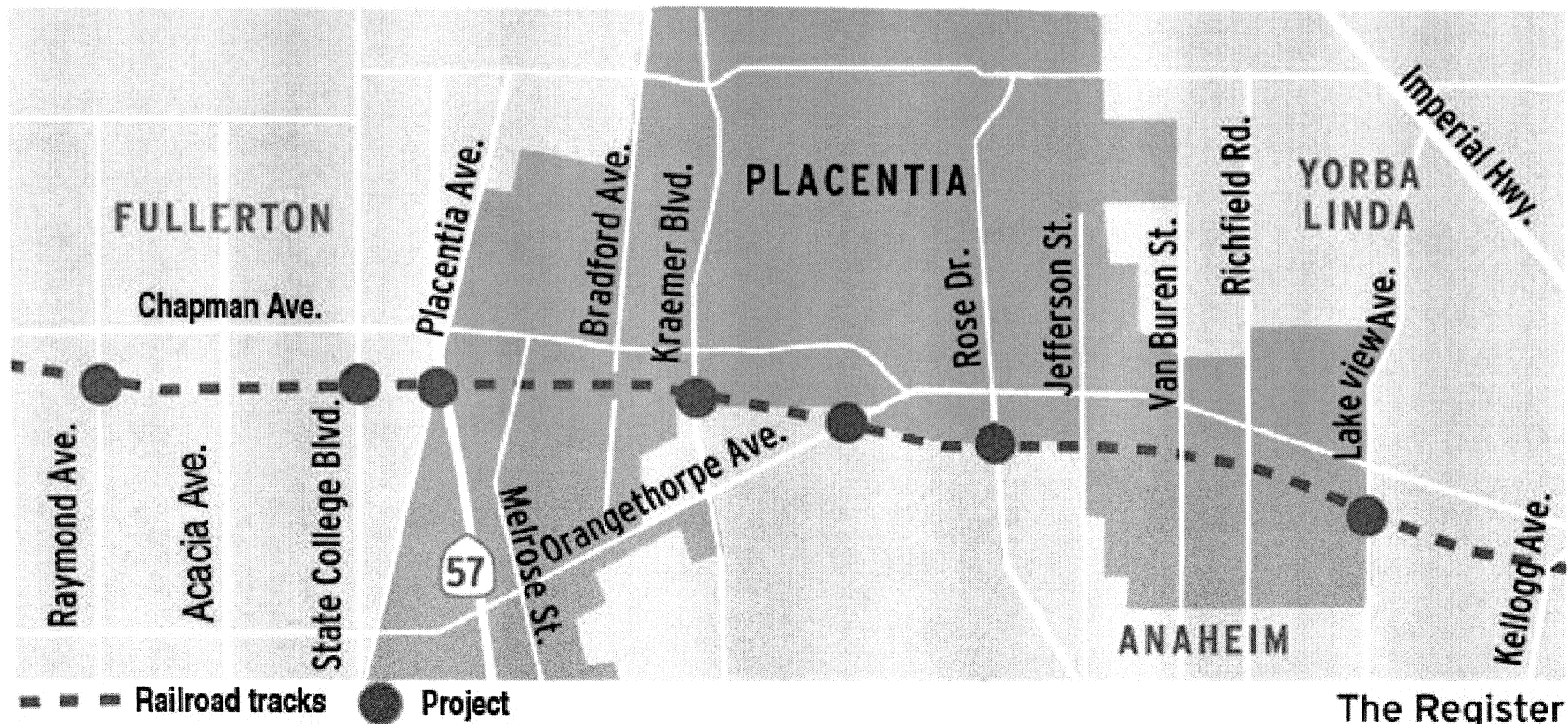
Imperial Grade Separation



Grade Separation Projects



Rail projects



Construction Sequencing



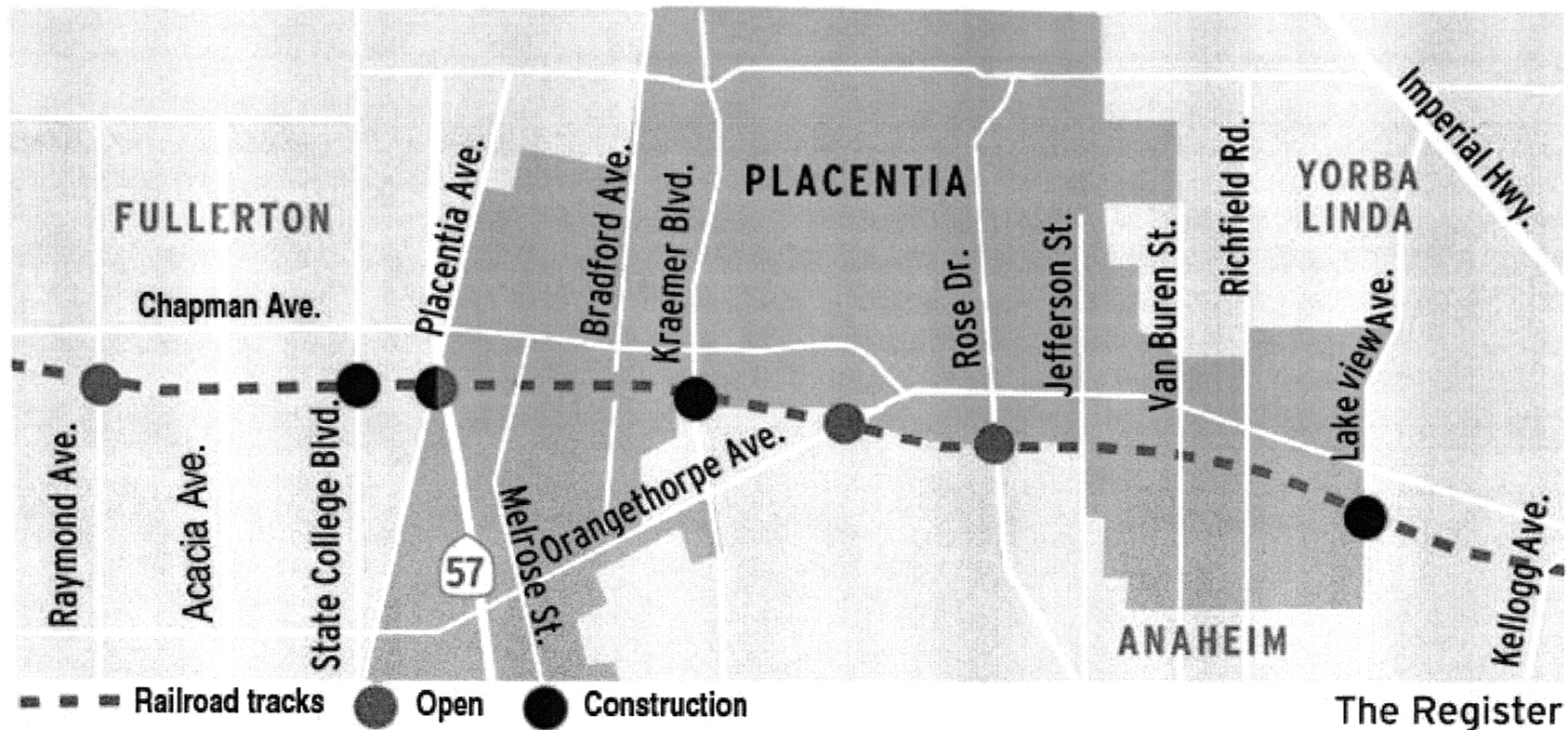
Proposed Construction Schedules

Location	UC /OC	Lead Agency	2010				2011				2012				2013				2014				2015				2016			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Raymond Ave	UC	Fullerton																												
State College Blvd	UC	Fullerton																												
Placentia Ave	UC	OCTA																												
Kraemer Blvd	UC	OCTA																												
Orangethorpe Ave	OC	OCTA																												
Tustin Ave / Rose Dr	OC	OCTA																												
Lakeview Ave	OC	OCTA																												

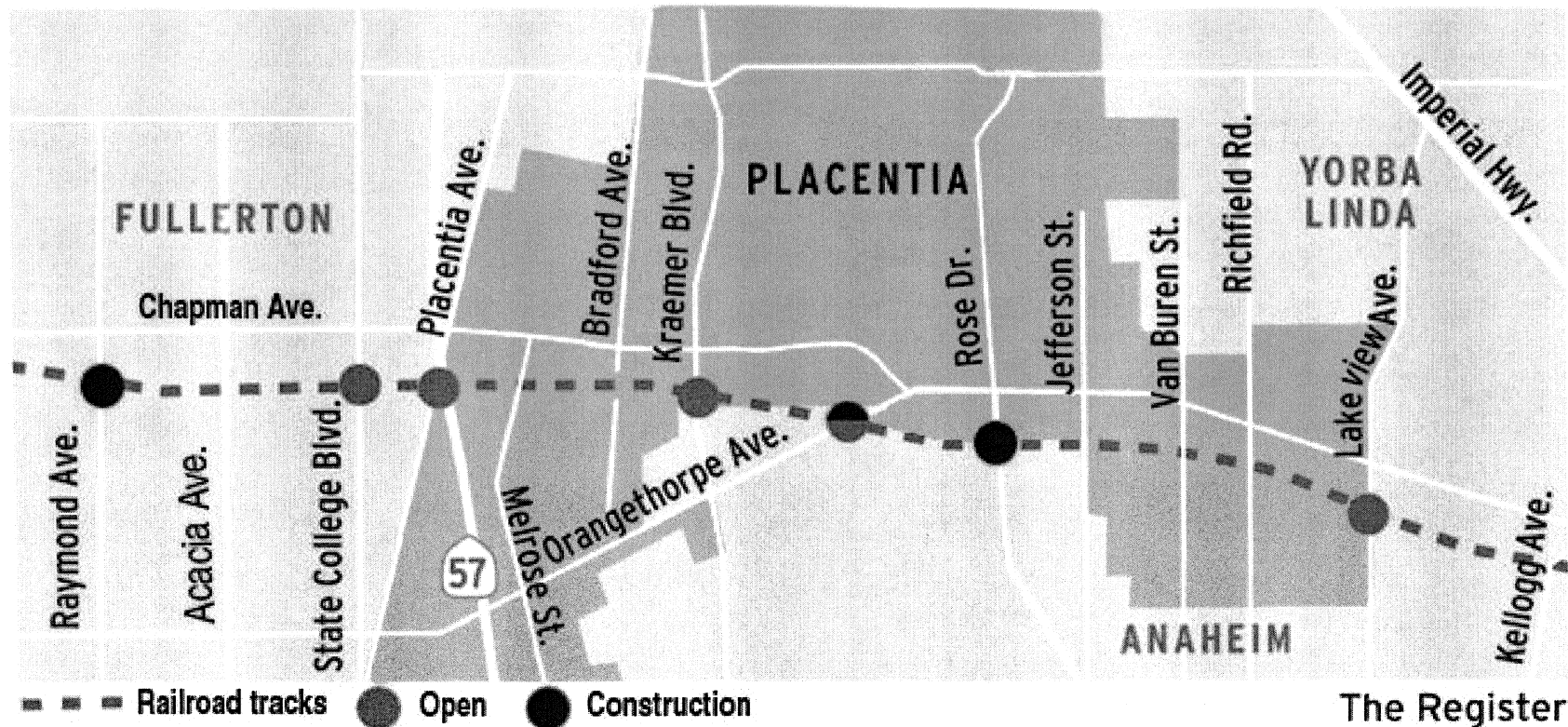
UC - undercrossing
 OC - overcrossing

↑
 TCIF
 Must-Start
 Date

Rail projects



Rail projects



Program Risks



- Approval of revised project sequencing
- Delay in environmental approvals
- Potential re-evaluation of TCIF funding allocations
- Agreement with BNSF on construction impacts and funding responsibilities
- Significant property acquisition impacts

Next Steps



- Establish project management team
- Finalize construction staging plan
- Negotiate TCIF baseline agreements
- Complete environmental documents
- Negotiate agreement with BNSF
- Prepare cooperative agreement with cities



MEMO

May 20, 2008

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

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Thank you.



May 19, 2008

To: Transportation 2020 Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Procurement of Professional Services for the Go Local Program Step Two Bus/Shuttle Service Planning

Overview

Under Step Two of the Go Local Program, all qualifying Go Local Step One mixed-flow bus/shuttle proposals must undergo service planning to further refine the proposed concepts. Staff is proposing an approach for conducting the service planning so that future local transit bus/shuttle services are integrated with the existing fixed-route bus transit system and StationLink services. In addition, it is essential that the Orange County Transportation Authority has the capability for sufficient program review, capital and operating cost estimates, and revenue and ridership assumptions.

Recommendations

- A. Approve the use of professional services to perform service planning for qualifying Go Local Step One mixed-flow bus/shuttle proposals and provide technical and program management support of bus/shuttle and fixed-guideway proposals.
- B. Direct staff to return to the Board of Directors in July 2008 for approval to issue a request for proposals by consultants.

Background

In October 2005, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved a five-year program to improve public transportation in Orange County. The program envisioned using the existing Metrolink commuter rail corridor as the backbone of the County's rail transit system as nearly two-thirds of Orange County residents and jobs are within four miles of this core rail system.

A key component of the program is to extend commuter rail service by allowing cities to develop extensions that would connect the corridor to major destinations, employment, and activity centers currently not being served.

On February 27, 2006, the OCTA Board approved the Go Local Program, a four-step process for city-initiated transit planning. The Go Local Program is funded through the Measure M (M1) High-Technology Advanced Rail Transit Program. The use of M1 transit funds on the Go Local Program complies with the M1 transit project description to provide for improvements to the Los Angeles – San Diego – San Luis Obispo rail corridor and increase access between the primary rail system and employment centers.

On February 25, 2008, the Board approved the programmatic allocation of \$3 million of Step Two Go Local funds for development of mixed-flow bus/shuttle project types.

As a result of city partnerships, there are 19 city teams participating in Go Local Step One. Based on interviews conducted with the city teams, staff expects over 15 bus/shuttle proposals to be submitted as part of Go Local Step One. Within the bus/shuttle proposals, staff estimates that approximately two to three routes are likely to be proposed, resulting in approximately 30 to 45 alignments that would need further study. As part of Go Local Step Two, all proposed routes need to be evaluated to refine the proposed concepts and routings prior to further action by the Board.

Discussion

The intent of the Go Local Program is to fund city-based efforts to plan and develop transit services which support the Metrolink Service Expansion Program (MSEP). It is necessary for these services to be effectively coordinated with OCTA StationLink and fixed-route services and with each other.

The next step to advance the qualifying proposals received to date is for the proposals to undergo detailed service planning. Staff has considered multiple approaches, as outlined below, on how the service planning can be completed and how OCTA can maintain an integrated and cohesive transit system with the future development of bus/shuttle projects countywide.

Option 1: Service planning reviews conducted by OCTA staff. Review of multiple service proposals under a compressed schedule exceeds available resources and will affect ongoing bus planning activities.

Option 2: Service planning conducted by the proposing city or team. This would require OCTA involvement in an oversight role to ensure the cities' planning is coordinated with OCTA's existing routes and other related practices, such as placement of stops. Supporting multiple studies is also likely to require significant OCTA staff time.

Option 3: Procure outside resources that would work directly with the participating cities to conduct the service planning according to a set of service planning guidelines established by OCTA. This approach will ensure uniformity in merging existing and new service into a cohesive transit system by maximizing the overall transit service and avoid duplication of services.

Staff recommends Option 3, as this approach will be more efficient with OCTA resources managing a single consultant or small group of them as opposed to managing all individual cities' planning efforts.

The proposed schedule for the procurement of consultant services to conduct service planning could be as follows, based on current projects submitted to date:

Action	Proposed Date
Prepare Statement of Work and Request for Proposals (RFP)	May 2008 – June 2008
Board Authorization Releases RFP	July 2008
Proposals Due	August 2008
Award Recommendation	September 2008
Board Awards Contract	October 2008
Notice to Proceed	November 2008
Service Planning Work	November 2008 thru spring/summer 2009

Based on this schedule, the launch of the Go Local bus/shuttle projects would coincide with the implementation of the MSEP by 2010. It is essential that these two programs work in conjunction with one another as the expansion of Metrolink is the fundamental component of implementing a seamless connection with the Go Local Program. This schedule also allows the remaining Go Local Step One mixed-flow bus/shuttle proposals to be considered in a comprehensive manner.

Staff is also requesting additional resources to supplement the programmatic development of both the mixed-flow bus/shuttle, as well as the fixed-guideway proposals through the Step Two process. Program oversight and technical resources are needed to assist in the analysis of proposals from both project

types. In summary, the statement of work for the bus/shuttle service planning will require that professional services complete the following tasks:

- Under general direction from OCTA, work with participating cities to develop service plan of bus/shuttle proposals;
- Assist OCTA staff and provide program management oversight, including final review and evaluation of bus/shuttle proposals;
- Assist OCTA staff and provide program management oversight, including final review and evaluation of fixed-guideway proposals.

Fiscal Impact

All planning work for mixed-flow bus/shuttle proposals under Go Local Step Two is fundable with the Board-approved allocation of \$3 million in existing M1 funds.

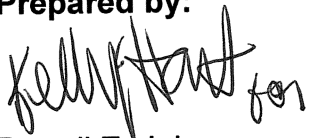
Summary

In anticipation of receiving a large number of proposed Go Local bus/shuttle projects by the June 30, 2008, deadline and the need for service planning to adhere to the same levels of standards and cost-effectiveness of OCTA's current fixed-route bus service, staff recommends procuring outside resources to work directly with the cities and OCTA to ensure uniformity and cohesiveness in the overall system.

Attachment

None.

Prepared by:



Darrell E. Johnson
Director, Transit Project Delivery
(714) 560-5343

Approved by:

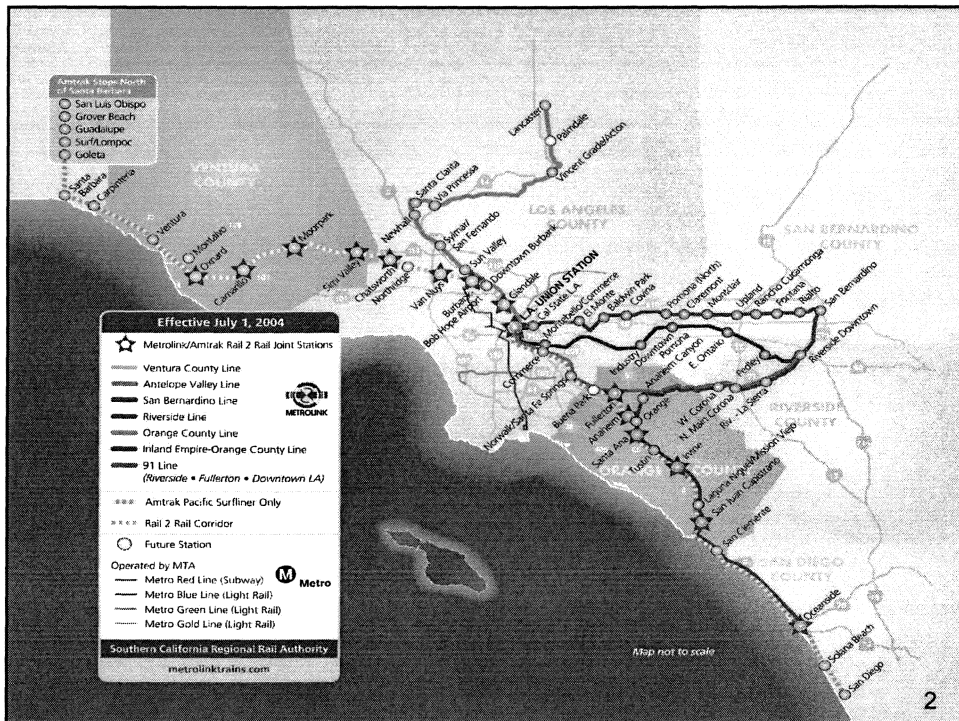


Kia Mortazavi
Executive Director, Development
(714) 560-5741

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

Fiscal Year 2008-09 Proposed Budget

ORANGE COUNTY TRANSPORTATION AUTHORITY
Board of Directors Meeting
MAY 23, 2008



As a Five-County Joint Powers Authority, Southern California Regional Rail Authority (SCRRA)

- Contracts for operations of Metrolink commuter rail services over six-county area
- Provides operations planning (scheduling) services
- Dispatches passenger and freight trains on Member-owned territory
- Contracts for the maintenance of Member-owned track, structures, signals, and Metrolink rolling stock
- Procures rolling stock and other railroad related equipment and facilities
- Provides guidance on railroad-related issues
- Delivers renovation, rehabilitation, and new capital projects on Member-owned territory
- Provides operational interface with freight railroads on behalf of Member Agencies.

Metrolink at a Glance

Proposed FY 2008-09 Budget

SYSTEMWIDE

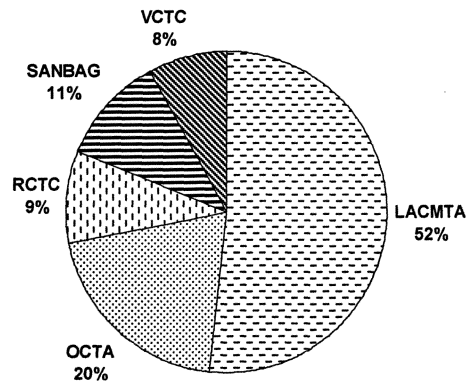
- 512 route miles on 7 lines
- 147 weekday trains
- 78 weekend trains
- 2.5 million train miles
- 11.7 million trips
- 43,452 daily riders

ORANGE COUNTY OC/91/IEOC Lines

- 249 Route Miles on 3 Lines
- 44 weekday trains
- 26 weekend trains
- 0.9 million train miles
- 4.0 million trips
- 15,300 daily riders

- Average Metrolink trip 35.8 miles

Member Agency Shares FY 2008-09 Proposed Operating Budget



Budget Components

- Operating Budget
 - *Operations and Equipment Maintenance*
 - *Maintenance of Way (MOW)*
- Capital Budget
 - *Renovation and Rehabilitation Projects*
 - *New Capital Projects*

FY 2008-09 Proposed Operating Budget

SYSTEMWIDE

- **TOTAL:** \$159.1 million
- Fare Revenues:
\$72.4 million (45.5%)
- Other Operating Revenues:
\$14.4 million (9.1%)

- Total Revenues:
\$86.8 million (55%)

- Member Agencies Contribution:
\$72.3 million (45.0%)

ORANGE COUNTY

- **TOTAL:** \$34.4 million
- Fare Revenues:
\$16.3 million (47.4%)
- Other Operating Revenues:
\$3.3 million (9.5%)

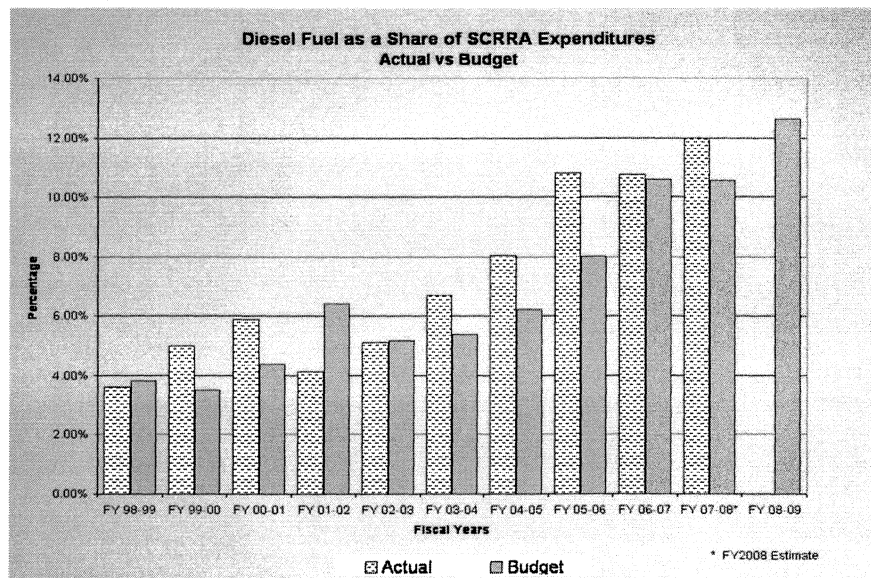
- Total Revenues to OCTA:
\$19.6 million (57%)

- OCTA Contribution:
\$14.7 million (43%)

Major Items Affecting Expenditure Growth

FY 2008-09 Proposed Budget

Fuel	+\$ 4.8 million	+31.3%
Equipment Maintenance	+\$ 2.9 million	+14.5%
Ordinary MOW	+\$ 2.0 million	+ 9.2%
Transit Transfers	<u>+\$ 1.6 million</u>	+33.6%
Sub-total	<u>+\$11.3 million</u>	
 Total FY 2008-09 Increase	 +\$14.0 million	
 Items above:	 81.4%	



History of Metrolink Fare Actions

- Increased fares by 4% in 1998, 2000, and 2002
- Included a supplemental security fee of 1% beginning July 1, 2002
- Approved and implemented a 10-year fare restructuring to a distance-based fare.
- Regular, incremental fare changes:
 - 4.0% July 1, 2004
 - 4.5% July 1, 2005
 - 5.5% July 1, 2006
 - 3.5% July 1, 2007
 - 5.5% July 1, 2008 (Approved - 4/25/08)
- Proposed January 1, 2009 \$0.25 Per Trip Transfer

FY 2008-09 Capital Budget

- **Rehabilitation/Renovation Projects**
 - Preserve and extend the useful life of existing infrastructure assets and rolling stock
 - Government Accounting Standards Board 34 compliance
 - > *Modified Approach* > *Asset condition ratings*
- **Ongoing Rehabilitation/Renovation Program**
 - \$37.5 million systemwide outstanding authority
 - \$6.8 million from OCTA (18%)
 - *Orange County projects: \$3.0 million*
 - *Contribution to systemwide projects: \$3.8 million*
- **FY 2008-09 New Rehabilitation/Renovation Projects**
 - \$44.8 million systemwide
 - \$18.9 million from OCTA (42%)
 - *Orange County projects: \$16.1 million*
 - *Contribution to systemwide projects: \$2.8 million*
- **Total Rehabilitation/Renovation Authority from OCTA: \$25.7 million (31%)**

FY 2008-09 Capital Budget

- **New Capital**
 - System expansion, e.g. double track, sidings, signal upgrades, new rolling stock
 - Total Project value recognized when approved
- **Ongoing New Capital Projects**
 - Remaining Project Authority: \$361.3 million
 - OCTA Support: \$211.2 million
 - *Rolling stock procurement: \$102 million*
 - *Locomotive procurement: \$9.9 million*
 - *Orange County system improvements: \$85.4 million*
 - *Other systemwide improvements \$14.6 million*
- **Other Projects**
 - Orange County Grade Crossing Safety Enhancement Program

Questions?