

Environmental Cleanup Allocation Committee

**Meeting Minutes
December 10, 2009**

Committee Members Present:

Vice-Chair Mary Anne Skorpanich, County of Orange-Watershed and Coastal Resources Program
Mark Adelson, Santa Ana Regional Water Quality Control Board
John Bahorski, City of Cypress
Tim Casey, City of Laguna Niguel
Gene Estrada, City of Orange
Paul D. Jones, Irvine Ranch Water District
Chad Loften for James Smith, San Diego Water Quality Control Board
Joe Parco, City of Santa Ana
Hector B. Salas, Caltrans
Sat Tamaribuchi, Environmental Consultant
Dick Wilson, City of Anaheim

Committee Members Absent:

Chairperson, Garry Brown, Orange County Coastkeeper
William Cooper, UCI
Tom Rosales, Manager of the Southern California Waste Water Authority

Orange County Transportation Authority Staff Present:

Kurt Brotcke, Director of Strategic Planning
Marissa Espino, Senior Community Relations Specialist
Rodney Johnson, Deputy Treasurer
Janice Kadlec, Public Reporter
Hal McCutchan, Environmental Programs Manager
Monte Ward, Measure M Consultant

Guests:

David Hunt, Willdan Engineering
Lacy Kelly, Orange County Division, League of California Cities
Dr. Wallace Walrod, OCBC
Katie Wilson, Willdan Engineering

1. Welcome

In the absence of Chairman Garry Brown, Committee Member John Bahorski chaired the meeting, which began at 10:05 a.m.

2. New ECAC Member Introduction

This item was tabled to the following meeting.

3. Approval of the November 2009 Minutes

Chairperson John Bahorski asked if there were any corrections to the November 12, 2009 meeting minutes. No corrections were suggested. A motion was made by Committee Member Dick Wilson and seconded by Committee Member Tim Casey to approve the November 12 2009 meeting minutes as presented. The motion passed unanimously.

4. Orange County Model Water Efficient Landscape Ordinance Presentation

Lacy Kelly, Executive Director Orange County Division, League of California Cities gave a presentation on the Orange County Water Efficient Landscape Ordinance. The Orange County Water Efficient Ordinance is a countywide collaboration under the leadership of the OC League of California Cities and MWDOC (Municipal Water District of Orange County). The guiding principles of the Ordinance are:

- To protect local control and mitigate the creation of increased layers of government and oversight.
- To ensure as much simplicity, efficiency and flexibility as possible.
- To provide for as much consistency among Orange County cities as possible, mitigating the negative impacts that many different ordinances would have on the recovery of the building industry and economy in general.
- To minimize the complexity and cost of compliance.

Committee Member Tim Casey said he would like to publicly acknowledge the work under Lacy Kelly's leadership with the OC Division of the League of California Cities as well as MWDOC. These sentiments were also acknowledged by Chairperson John Bahorski.

Monte Ward, OCTA Consultant, suggested that the ECAP be presented to the Orange County Division, League of California Cities.

5. Financing Evaluation for Tier 2 Grant Program

Kurt Brotcke, OCTA's Director of Strategic Planning, presented a spreadsheet identifying potential maximum expenditures for Tier 1 and Tier 2 Grant Programs for the next six fiscal years.

Committee Member Paul Jones asked how sensitive are the total amounts to the interest rate on debt? Rodney Johnson, OCTA's Deputy Treasurer, said a sensitivity analysis had not been done yet as OCTA has not considered issuing debt just for this project. If this project receives debt financing, it will be part of the greater issuance. OCTA does not have plans to issue debt within the next 12 months. Kurt Brotcke indicated with a relatively short window, OCTA would be looking at a long-term bond for the ECAP. The first three years would not degrade too much; it is the out years where the cost would accrue. The biggest variable would be the revenue forecast.

Monte Ward said staff is seeking direction from the ECAC on the funding approach for this project. The T2020 Committee will be interested in the ECAC's recommendation regarding funding going forward and the pace of the programming for Tier 2 as it was their desire to see some Tier 2 investments early in the program.

Committee Member Dick Wilson said he would want to know what type of projects are out there to be funded. Monte Ward said it is his understanding there are projects "in the pipeline" that could be ready prior to the 2015 period and if the committee decides to use "pay as you go" funding it would be a very long time before any of the money becomes available for the projects. Committee member Wilson said there needs to be a reasonable starting point identifying the maximum that can be funded given the expected revenue. Monte Ward said the amount that can be funded would change with the revenue forecast. The presented spreadsheet identifying potential maximum expenditures is pretty close to what is expected.

Committee Member Tim Casey said although he agrees conceptionally with trying to advance funds from an estimate of the income stream, he is a little confused if the maximum bonding is for the funding cycles or the entire program? Kurt Brotcke said the model would be for bonding over a 30-year period. There are many variables, but the presented analysis of revenue and coverage ratios are to bring bond proceeds into the program to allow maximum expenditures for the projects.

Committee Member Paul Jones said this is just a snapshot and he cannot make a decision without seeing a sensitivity analysis and a complete revenue projection. Committee Member Tim Casey also said he agrees with advancing the program through prudent use of bonding, but would like to see more detail.

Rodney Johnson said the numbers used for the presented spreadsheet were from September 2009 revenue forecast and has not changed much. Staff can build cash flows further out, but declines in sales tax are still expected with negative numbers expected through at least the middle of 2010. The intent of the presented spreadsheet was to provide a more general direction based on the variables expected.

6. Tier 1 Grant Program and Tier 2 Planning Phase Funding Guidelines

Hal McCutchan went over the revised Tier 1 Grant Program and Tier 2 Planning Phase Funding Guidelines outlining the changes made since August 2009, which are consistent with the CTFP program.

Revisions that have been made since the last ECAC discussion included:

- Incorporation of a preface on the development of the two-tier funding approach
- Additional definitions (page 5) including competitive scoring criteria, performance metrics, third parties, Tier 1 Grant Program, and Tier 2 Grant Program
- Performance metrics added as a prerequisite. (Section 1.0 and 1.3)
- Grant submittal clarifications (Section 2.2.2)
- Renaming of the Post Award section to Reimbursement Process and Reporting Requirements (Section 3.0). This includes language that also coincides with the draft OCTA's Combined Transportation Funding Program (Section 3.6)
- Incorporation of an Eligibility Requirement Certification (Appendix B)
- Incorporation of the ECAP Proposal Budget Summary Sheets (Appendix C)
- An increase in additional (bonus) points that can be awarded (Section 2.2.3 and Appendix D, Tier 1 Competitive Scoring Criteria)

Vice-Chair Mary Anne Skorpanich asked if descriptions of the bonus points were included in the update? Hal McCutchan said bonus points were described on page 15 under *Proposal Evaluation/Scoring Criteria and Ranking*.

Acting Chairperson John Bohorski asked if any pre-work done qualified as in-kind services? Hal McCutchan indicated that retroactive funds cannot be credited towards the matching fund threshold. Acting Chairperson Bohorski asked if in-kind services must take place after the project is awarded. Hal said correct. Acting Chairperson Bohorski asked if there was a limit on what any one agency could get in a cycle? Hal said there is a \$500,000 cap for the entire Tier 1 Grant Project.

The Committee discussed methodology for measuring reduction of pollutants (Category 6, page 43). Committee Member Gene Estrada said it would be very hard to do this. He said he was concerned about how points are targeted. Hal indicated that a dialogue will occur between the ECAC and the applicants on appropriate measuring methodologies when projects are proposed.

Committee member Dick Wilson said he thought Category 5, page 43 *Project Benefits* deserved a higher point value since it defines one of the most important aspects of the project. Katie Wilson suggested, since the point values of the scoring categories only add up to 95 points (including bonus points), the *Project Benefits* Category could be increased by five points to give an even score of 100 possible points.

It was moved by Committee Member Dick Wilson and seconded to increase the point value for the *Project Benefits* Category by five points to give an even score of 100 possible points (including bonus points). The motion was approved unanimously.

7. Proposed Tier 2 Program Planning Study Update

Hal McCutchan announced that the Request for Proposals (RFP) 9-0875 for "Consultant Services for Environmental Cleanup Allocation Program" was disseminated. The RFP is for a professional support services for the development of the scope of work associated with developing the Tier 2 Program Planning Study. The 12-month contract associated with the RFP will up to \$50,000 and is due today.

The consultant will act as an independent party to provide execution and development of the Study (on an as needed basis) as defined under Tasks 1 and 2. Per Task 3 of the RFP, the drafted study objectives will be refined and a course of action will be developed for the best method to write the Scope of Work. Tasks 4 and 5 consists of drafting and finalizing the Scope of Work within a six week period

8. Next Meeting – January 7, 2010

Hal McCutchan asked that the January ECAC meeting be changed from January 14th to January 7th. The proposed change of date is taking into account that the ECAP recommendations for the January 18th T2020 Committee meeting needs to be finalized no later than January 8th.

9. Committee Member Reports

Committee Member Tim Casey noted that two information items were not discussed during the Financing Evaluation presentation. Monte Ward said these items would be discussed when Kurt Brotcke makes a follow-up financial report at the next ECAC meeting. Committee Member Tim Casey said he had questions about the following two bullet points: Bullet Point #4 – he would like to know what appropriate federal approval was needed. Bullet Point #5 – has it been decided a 50% match will be required. Monte Ward said the 50% match question has not been decided. Committee Member Tim Casey said the second document was an Executive Summary of the UCLA Economic Forecast – he would like to see a comparison of all three economic forecasts (UCLA, Cal State Fullerton, and Chapman College) side by side.

Hal McCutchan indicated that the design and drafting funding guidelines will be presented at the December 17th NPDES General Permittee Meeting. Interest survey forms will be disseminated at the meeting to estimate potential funding projects for both grant programs.

Marissa Espino, OCTA's Senior Community Relations Specialist said she had originally planned on having a photo taken today as requested by Committee Member Dick Wilson at the last meeting, but could not get the camera. In addition, she knew Chairperson Garry Brown would be absent and decided to wait until he could be in the photo.

10. Adjournment

The meeting adjourned at 11:30 a.m.