Date:	**Monday, August 13, 2007**
Time:	**9:00 a.m.**
Where:	**Orange County Transportation Authority Headquarters** **600 South Main Street, First Floor - Conference Room 154** **Orange, California 92868**

OCTA

BOARD AGENDA

ACTIONS

Orange County Transportation Authority Board Meeting
OCTA Headquarters
First Floor - Room 154, 600 South Main Street
Orange, California
Monday, August 13, 2007, at 9:00 a.m.

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 Pringle

Pledge of Allegiance
Director Brown

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.

ACTIONS

Special Matters

1. **Presentation of Resolution of Appreciation for Employee of the Month for July 2007**

   Present Orange County Transportation Authority Resolution of Appreciation No. 2007-45 to Blanca Ibarra, Administration, as Employee of the Month for July 2007.

Consent Calendar (Items 2 through 18)

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

2. **Approval of Board Member Travel Request**

   Approval of travel for Director Art Brown to travel from October 30 through November 4, 2007, to attend the 2007 Rail Volution Conference in Miami, Florida.

3. **Approval of Minutes**

   Of the Orange County Transportation Authority and affiliated agencies' regular meeting of July 23, 2007.

4. **Approval of Resolution of Appreciation for Employee of the Month for July 2007**

   Adopt Orange County Transportation Authority Resolution of Appreciation No. 2007-45 to Blanca Ibarra, Administration, as Employee of the Month for July 2007.

ACTIONS

5. Fiscal Year 2006-07 Internal Audit Plan, Fourth 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 2006-07 Internal Audit Plan on July 12, 2006. This update is for the fourth quarter of the fiscal year.

Recommendation

Receive and file the fourth quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2006-07 Internal Audit Plan.

6. Draft Fiscal Year 2007-08 Internal Audit Plan
Kathleen M. O'Connell

Overview

At the direction of the Orange County Transportation Authority's Board of Directors, the Internal Audit Department develops and implements an annual Internal Audit Plan as an essential tool to assist management in the discharge of its responsibilities and to protect the integrity of the Orange County Transportation Authority's operations and assets.

Recommendations

A. Approve the Draft Fiscal Year 2007-08 Internal Audit Plan.

B. Direct the Internal Audit Manager to provide quarterly updates on the Internal Audit Plan.

ACTIONS

7. **Triennial Performance Audit Improvement Recommendations for Internal Audit**
Kathleen M. O'Connell

Overview

Triennial performance audits were conducted of the Orange County Transportation Authority and the Orange County Transit District as required by California Public Utilities Code §99246. Nine improvement recommendations were provided for the Internal Audit Department's consideration. Additionally, eight recommendations unrelated to Internal Audit require further investigation by the Internal Audit Department.

Recommendations

A. Direct Internal Audit to implement the improvement recommendations as modified in management's responses to improvement recommendations.

B. Direct Internal Audit to further investigate facts and circumstances underlying improvement recommendations 16, 17, 19, 22, 23, 26, 27, and 28.

8. **Cooperative Agreement with the Southern California Regional Disparity Study Consortium**
Tina Giles-Potter/P. Sue Zuhlke

Overview

The Orange County Transportation Authority proposes to enter into a cooperative agreement with the Los Angeles County Metropolitan Transportation Authority, San Diego Association of Governments, and Southern California Regional Rail Authority. A cooperative agreement is required to establish roles, responsibilities, and a process for a disparity study to determine whether discrimination exist in the transportation contracting industry in Southern California. A disparity study is required to receive federal funding from the United States Department of Transportation.

8. **(Continued)**

Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-1007 between the Orange County Transportation Authority, the Los Angeles Metropolitan Transportation Authority, San Diego Association of Governments, and Southern California Regional Rail Authority, in an amount not to exceed $100,000, for a legally defensible disparity study of the transportation contracting industry in Southern California.

9. **Agreement for Maintenance Services for Landscape Improvement Projects Along the Former Pacific Electric Railroad Right-of-Way**
Bill Mock/Kia Mortazavi

Overview

The Orange County Transportation Authority provides contracted maintenance services for landscape improvements along the former Pacific Electric Railroad right-of-way. Bids have been solicited for continuing those services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0517 between the Orange County Transportation Authority and U.P. Landscape Maintenance, Inc., in an amount not to exceed $143,000, for maintenance services for landscape improvements along the former Pacific Electric Railroad right-of-way.

10. **Cooperative Agreements with the Cities of Laguna Hills, Lake Forest, and Yorba Linda for the Go Local Program**
Jeanne Spinner LaMar/Kia Mortazavi

Overview

The Orange County Transportation Authority proposes to enter into cooperative agreements with the cities of Laguna Hills, Lake Forest, and Yorba Linda to establish roles and responsibilities and define proposed project concepts for step one of the Go Local program.

10. (Continued)

Recommendations

A. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0939 between the Orange County Transportation Authority and the City of Laguna Hills, in an amount not to exceed $100,000, to assess the need for transit connections to Metrolink.

B. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0993 between the Orange County Transportation Authority and the City of Lake Forest, in an amount not to exceed $100,000, to collaborate with neighboring cities to identify multiple opportunities to improve transit connections to Metrolink.

C. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0970 between the Orange County Transportation Authority and the City of Yorba Linda, in an amount not to exceed $100,000, to participate in a study to refine the 2005 North Orange County Transit Study to focus on Metrolink connections.

11. Orangeline Magnetic Levitation Project
Michael Litschi/Kia Mortazavi

Overview

The Orangeline Development Authority is pursuing a high-speed, magnetic levitation transit system stretching 108 miles, from Palmdale to Irvine via downtown Los Angeles. Officials from that agency have proposed routing the system down the Pacific Electric Railroad right-of-way, which is owned by the Orange County Transportation Authority. Staff is requesting that the Board of Directors provide direction on the Orangeline Magnetic Levitation Project proposal.

Recommendations

A. Continue with implementation of the transit projects defined in the Orange County Transportation Authority's 2006 Long-Range Transportation Plan, which does not include the Orangeline Magnetic Levitation Project proposal.

ACTIONS

11. (Continued)

B. Work with the Los Angeles County Metropolitan Transportation Authority to examine transit alternatives on the Pacific Electric Railroad right-of-way as part of the Orange County/Los Angeles Intercounty Transportation Study.

12. Approval to Release Request for Proposals for Northbound Orange Freeway (State Route 57) Improvements Between Katella Avenue and Lincoln Avenue

Pradeep Gunaratne/Kia Mortazavi

Overview

Staff has developed a draft Request for Proposals to initiate a competitive procurement process to retain a consultant to prepare the Project Report/Environmental Document and the plans, specifications, and estimates for northbound Orange Freeway (State Route 57) improvements between Katella Avenue and Lincoln Avenue.

Recommendations

A. Approve the proposed evaluation criteria and weightings.

B. Approve the release of Request for Proposals 7-0938 for environmental and final design consulting services for northbound Orange Freeway (State Route 57) improvements between Katella Avenue and Lincoln Avenue.

13. Metrolink Ridership and On-Time Performance Report

Abbe McClenahan/Kia Mortazavi

Overview

Staff is providing a fiscal year end report on Metrolink commuter rail ridership and on-time performance in Orange County. Weekday ridership continues to grow in part due to strong on-time performance. Year-round weekend service completed its first year of service and is entering its peak ridership months.

13. **(Continued)**

Recommendation

Receive and file as an information item.

14. **Smart Street Program Status Report**
Harry W. Thomas/Kia Mortazavi

Overview

Smart Streets are high-capacity, high-volume streets that serve as the backbone for Orange County's Master Plan of Arterial Highways. Smart Street projects result in coordinated improvements across multiple jurisdictions in accordance with locally approved implementation plans. The Orange County Transportation Authority Board of Directors has allocated up to $177.4 million to build four Smart Streets. A status report for the overall program is provided.

Recommendation

Receive and file as an information item.

15. **Santa Ana Second Main Track Project Update and Request for Additional Funding**
Dinah Minteer/Kia Mortazavi

Overview

Construction of the Santa Ana Second Main Track project is approximately 80 percent complete. The Southern California Regional Rail Authority is the lead agency for delivery of this project. The approved project budget is $26,472,000. This report provides an update on the project and seeks authorization to increase the project budget by $715,000.

ACTIONS

15. (Continued)

Recommendations

A. Authorize the use of $715,000 of additional Commuter Urban Rail Endowment funds for completion of the Santa Ana Second Main Track project, increasing the total project cost to $27,187,000, and amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget to reflect the increase.

B. Direct staff to continue working with the City of Santa Ana and the Southern California Regional Rail Authority to address the construction of a replacement block wall on the east side of the railroad tracks.

16. Excess Liability Insurance Renewal
Al Gorski/James S. Kenan

Overview

The Orange County Transportation Authority currently has excess liability insurance policies with Everest National Insurance Company and Great American Custom Insurance Services. These policies are scheduled to expire on October 31, 2007.

Recommendation

Authorize the Chief Executive Officer to issue Purchase Order A03247, in an amount not to exceed $600,000, to Marsh Risk and Insurance Services, Inc., for the purchase of excess liability insurance for the period of November 01, 2007, to October 31, 2008.

ACTIONS

17. Agreement to Ciber, Inc. for Human Resource and Payroll Software Upgrade
Lloyd Sullivan/James S. Kenan

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, the Orange County Transportation Authority has planned an upgrade to the Lawson Software Human Resources and Payroll Information System. The project will consist of an application upgrade to version 9.0 and the implementation of Lawson Software's Absence Management and Time and Expense modules. 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 Agreement C-7-0776 between the Orange County Transportation Authority and Ciber, Inc., in an amount not to exceed $758,422, to complete the upgrade and implementation of two new software modules.

Orange County Transit District Consent Calendar Matters

18. ACCESS Performance Measurements Update
Curt Burlingame/Beth McCormick

Overview

At the June 25, 2007, Board of Directors meeting, staff provided the final report of Veolia's 90-day evaluation period. The report indicated that ACCESS service quality has stabilized and is continuing to improve. At that time, the Board of Directors approved continuing the contract with Veolia and directed staff to continue to provide monthly reports on ACCESS service performance measurements to the Board of Directors. The following report provides updated performance measurement data for ACCESS service.

Recommendation

Receive and file as an information item.

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

19. State Legislative Status Report
Kristin Essner/P. Sue Zuhlke

Overview

The State Assembly passed its fiscal year 2007-2008 state budget proposal on July 20, 2007. The Senate has yet to ratify this version. Key components include permanent changes in spillover allocation and the adoption of distribution methods for specific categories of Proposition 1B bonds. A support with amendments position is requested for a bill imposing a container fee at the Ports of Long Beach, Los Angeles, and Oakland to address congestion and air quality impacts associated with goods movement.

Committee Recommendations

A. Adopt a Support with Amendments position on SB 974 (Lowenthal, D-Long Beach) with the following amendments to be included:

   a. Eliminate the air quality attainment requirement for the congestion relief funds;

   b. Formula for equitable distribution defined in the bill outside of the California Transportation Commission process; and

   c. An ongoing updating of projects, as opposed to a one-time list of projects.

B. Chairman to draft a letter to the Governor encouraging support if amendments are made or urging a veto if amendments are not incorporated.

Orange County Local Transportation Authority Regular Calendar Matters

20. Final Renewed Measure M Early Action Plan
Monte Ward

Overview

On May 29, 2007, the Orange County Transportation Authority Board of Directors approved the release of the Renewed Measure M Draft Early Action Plan for public review and for the development of additional recommendations regarding budget and funding. A Final Renewed Measure M Early Action Plan is presented for adoption.

Recommendations

A. Adopt the Final Renewed Measure M Early Action Plan as shown on the attached item to this report, "Final Renewed Measure M Early Action Plan".

B. Initiate the process to amend the Measure M Expenditure Plan to:

1. Modify the description of the Orange Freeway (State Route 57) project, consistent with Project G in the Renewed Measure M Transportation Investment Plan, and increase the funding allocation by $22 million.

2. Expand the limits of the Garden Grove Freeway (State Route 22) project to include the West County Connection improvements and increase the funding allocation by $10 million.

C. Set a date of September 24, 2007, for a public hearing and Board of Directors action to approve proposed amendments to the Measure M Expenditure Plan.

D. Authorize funding of expenditures for Renewed Measure M projects in the period from November 8, 2006 to June 30, 2007, using proceeds from the Orange County Unified Transportation Trust fund, to be reimbursed with interest when Renewed Measure M funds become available in 2011.

20. (Continued)

E. Direct staff to develop a detailed plan of finance to meet the anticipated cash flow requirements of the Early Action Plan in accordance with the financing policy guidelines on page 6-7 of the Renewed Measure M Early Action Plan and return for review and approval within 90 days.

F. Direct staff to report quarterly on progress in implementing the Early Action Plan; seek and recommend opportunities to improve project delivery times; and annually review and make recommendations on opportunities to add or substitute projects in the Early Action Plan based upon progress made.

21. Renewed Measure M Budget Amendment
Andrew Oftelie/James S. Kenan

Overview

Staff proposes a budget amendment to update the Orange County Transportation Authority Fiscal Year 2007-08 Budget. The amendment allows the budget to accommodate the staffing and resource needs to begin implementation of the Renewed Measure M Early Action Plan. The proposed amendment increases the budget by $19,352,581, and adds 11 new positions to the Orange County Transportation Authority staffing plan.

Committee Recommendations

A. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Salaries and Benefits Budget by $1,124,081, and the Orange County Transportation Authority staffing plan to 1,972 positions to accommodate the addition of 11 new staff positions to support various programs and projects related to the Renewed Measure M Early Action Plan.

B. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Services and Supplies Budget by $12,678,500, to accommodate the initial resource needs to support various programs and projects related to the Renewed Measure M Early Action Plan.

ACTIONS

21. **(Continued)**

C. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Capital and Fixed Assets Budget by $6,350,000, to begin construction and right-of-way activities for 53 Grade Crossings (Project R – High Frequency Metrolink Service) and improvements on the Orange Freeway (Project G).

Other Matters

22. **Citizens Advisory Committee Composition**
Karen Taylor/Ellen S. Burton

23. **Organizational Readiness and Capacity Assessment**
Paul C. Taylor

24. **Anaheim Regional Transportation Intermodal Center Public-Private Partnership**
Jeanne Spinner LaMar/Kia Mortazavi

25. **35th Birthday Celebration**
Stella Lin/Ellen S. Burton

26. **Update on Garden Grove Freeway (State Route 22) Design-Build Project Completion**
Tom Bogard/Kia Mortazavi

27. **Public Comments**

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

28. **Chief Executive Officer's Report**

ACTIONS

29. Directors' Reports

30. Closed Session

Pursuant to Government Code Section 54957.6 to meet with Orange County Transportation Authority designated representative Marva Phillips regarding collective bargaining agreement negotiations with the Teamsters Local 952 representing the maintenance employees.

31. Adjournment

The next regularly scheduled meeting of the Board will be held at **9:00 a.m. on August 27, 2007,** at the OCTA Headquarters.

OUT-OF-STATE TRAVEL

Board Member Only - Travel Authorization/Request For Payment

OCTA

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

CONFERENCE/SEMINAR INFORMATION

Name: Arthur C. Brown **Job Title:** Board Member

Department: Board of Directors **Destination:** Miami, FL

Program Name: The 2007 Rail Volution Conference

Description/Justification: The 2007 Rail Volution conference provides an opportunity for participants to develop solutions for transportation issues that affect livability in cities. Several key themes that will be discussed in depth at the conference include the challenges of project financing, collaborative partnerships with communities, and reauthorization as the Federal Highway Trust Fund faces potential negative balances in 2009.

COMMENTS

Other- Airport parking and car rental
Meal rate- $59 - $3 = $56 per day

Conference/Seminar Date:	10/31/07	**Departure Date:**	10/30/07	☐ **Mail**	☐ **Hand Carry**
Payment Due Date:		**Return Date:**	11/4/07	**Course Hours:**	

ESTIMATED EXPENDITURES

Transportation	$403.10
Meals	$336.00
Lodging	$1075.00
Registration	$495.00
Other	$651.05
Total	$2,960.15

APPROVALS

Please Initial:

AV — Finance* 7/25/07 — Date

* Funds are available for this travel request.

Please Sign:

Clerk of the Board — Date

ACCOUNTING CODES

Org. Key: 1120	**Object:** 7655	**Job Key:** A0001	**JL:** EUH

Ref #: July 2007	**Board Date:** August 13, 2007	**T/A #:** FY 07/08- 40

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
July 23, 2007

Call to Order

The July 23, 2007, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Cavecche at 9:06 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Directors Present:	Carolyn Cavecche, Chairman Chris Norby, Vice Chair Jerry Amante Patricia Bates Arthur C. Brown Peter Buffa Bill Campbell Richard Dixon Paul Glaab Cathy Green John Moorlach Janet Nguyen Miguel Pulido Mark Rosen 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:	Allan Mansoor Curt Pringle

Invocation

Director Nguyen gave the invocation.

Pledge of Allegiance

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

Public Comments on Agenda Items

Chairman Cavecche 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 Matters on the calendar.

At this time, Director Pulido introduced David Freeman, current Chairman of the Board for the Los Angeles Port Authority, who presented a verbal report on goods movement issues. He stressed the importance of counties and cities working together for effective improvements in the areas of air quality, development of hybrid technology, global warming, and reducing requirements for foreign oil.

Director Pulido urged staff to develop a working relationship with the staff for the Ports of Los Angeles and Long Beach, suggesting also that his colleagues on the OCTA Board work regionally on these issues.

1. Approval of Minutes

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of July 9, 2007, and the special meeting of July 16, 2007.

2. Triennial Performance Audit

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to:

A. Direct staff to implement the compliance recommendation in the Triennial Performance Audit of the Orange County Transportation Authority and Orange County Transit District for fiscal years 2003-04 through 2005-06.

B. Direct staff to monitor and follow up on the compliance recommendations included in the Triennial Performance Audit of the Laguna Beach Municipal Transit Lines for fiscal years 2003-04 through 2004-06.

2. **(Continued)**

C. Direct staff to implement the improvement recommendations as modified in management's responses to improvement recommendations.

D. Direct staff to further investigate facts and circumstances underlying improvement recommendations 16, 17, 19, 22, 23, 26, 27, and 28.

E. Direct staff to determine which committees should consider the recommendations, and establish a schedule.

3. **Records Management Assessment**

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to direct staff to implement the recommendations made in the Records Management Assessment.

4. **Proposed Overall Annual Race-Neutral Disadvantaged Business Enterprise Goal for Federal Fiscal Year 2007-08**

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to adopt the proposed federal fiscal year 2007-08 Overall Annual Race-Neutral Disadvantaged Business Enterprise participation goal of 16 percent for contracts assisted by the Federal Transit Administration, in accordance with 49 Code of Federal Regulations Part 26.

Vice Chairman Norby voted in opposition of this motion.

5. **Status Report on the Development of Trade Corridor Improvement Fund Programming Framework Alternatives**

This item was pulled by Director Bates, who requested that a report and matrix with the status of bills in the Proposition 1B legislation be provided to Board Members.

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

6. **2006 State Transportation Improvement Program Update**

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to:

A. Adopt the California Transportation Commission approved 2006 State Transportation Improvement Program augmentation.

B. Authorize the Orange County Transportation Authority to assume responsibility as lead agency for the Placentia Transit Station.

6. (Continued)

C. Amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget to include the approved Orange County Transportation Authority led State Transportation Improvement Program projects.

D. Authorize staff to amend the Federal Transportation Improvement Program and execute any necessary agreements to facilitate the adopted State Transportation Improvement Program.

7. Garden Grove Freeway (State Route 22) Design-Build Project Update

Staff pulled this item to offer a brief verbal update on the project.

Tom Bogard, Director of Highway Project Delivery, updated the Board on the progress on the State Route 22 Design-Build Project, status of completion, milestones, and anticipated potential schedule issues.

Mr. Bogard stated that the project completion milestone of project is due on July 29. He stated that staff, along with the project management consultant, Parsons Transportation Group, have evaluated the current status of work, and it is projected that the contractor will not meet that milestone and could be approximately one or two months later.

Mr. Bogard reported that Granite-Myers-Rados (GMR) has been put on notice that they are behind schedule, and OCTA has requested a recovery plan be developed. The contractual leverage on GMR to encourage completion is that OCTA holds a retention amount that will only be released once the project completion milestone has been accomplished.

Mr. Bogard introduced David Smith, representing GMR, and the Principal in charge of the project, who offered comments concerning this issue and stated that the GMR team is focused on reaching the completion deadlines and is working diligently at this time.

Mr. Smith reported that:

√ City street work not completed as of April 30, and subsequently to be complete by July 29, is complete with one exception – that at Garden Grove Boulevard and Knott Avenue. There have been difficulties with the retrofit work at that location, and the work was not done within the anticipated schedule. He stated that the road is open in all lanes required, but not all of the surface street repairs are complete; target date for completion is two weeks.

7. **(Continued)**

- √ Two bridge-mounted overhead sign structures on the freeway have had design and fabrication issues and those are not installed at this time; target date for that work is the end of July.

- √ Power-drop service connections to light up all the surface street lighting, overhead sign lighting, and all of the ITS equipment installations have had several challenges. GMR has been working with Southern California Edison (SCE) to improve the delivery of those 60-plus new power-drop facilities throughout the corridor. SCE has agreed to add staff to facilitate the paperwork documentation to allow GMR to pay for the new service-drops and get them installed; target date for completion of that work is over the next couple of months.

Chairman Cavecche requested that staff and GMR return to the Board at the August 13 meeting with another update on these issues and anticipated dates for the recovery plan.

Director Nguyen requested that staff include at the same time a timeframe for Caltrans' information on the feasibility study for the project.

Directors Campbell and Winterbottom asked that staff look at options for barriers, such as plastic tubes (as on State Route 91), cones, etc., other than the wide-lane barriers that currently exist along the eastbound lane at the Interstate 5/State Route 57 interchange.

A motion was made by Chairman Cavecche, seconded by Director Campbell, and declared passed by those present, to request staff to return to the Regional Planning and Highways Committee on August 6, 2007, with an update on the contractor's efforts to complete all work required for the Project Completion milestone and a plan from Granite-Myers-Rados be presented to the Board on August 13, 2007.

8. **Amendment to the Master Plan of Arterial Highways**

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to approve amendment to the Master Plan of Arterial Highways to delete the proposed Avenida Talega extension, east of Camino Tierra Grande.

9. Second Quarter 2007 Debt and Investment Report

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to receive and file the Quarterly Investment Report prepared by the Treasurer as an information item.

10. Reorganization of the Contracts Administration and Materials Management Department

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

Orange County Service Authority for Freeway Emergencies Consent Calendar Matters

11. Agreement for Freeway Service Patrol Tow Services

Director Rosen stated that pursuant to Government Code Section 87100, he would recuse himself from participating in the discussion on this item, as one of the bidders had been a source of income to him over the past 12 months. Director Rosen left the room while this item was under discussion.

Director Moorlach pulled this item and asked staff to provide an update on the larger increases on the contracts involved, and the reasons for increases.

Paul C. Taylor, Deputy Chief Executive Officer, stated that on beats #7 and #14, the increases are due to the current contractor, A&B Towing, removing the cost of the vehicles from their bid when it was submitted some years ago, which resulted in an under-bid situation. Now, they have come up with the appropriate bid as opposed to a deliberately low bid.

Mr. Taylor reported that on beat #8, the current contractor is also the one who is being recommended for the award going forward. The contractor's current rate has increased, the difference being cost increases realized in fuel and insurance, as well as labor costs.

Director Moorlach inquired if other firms bid on beat 7, and Mr. Taylor stated that the other bids were in the same range, and that the award is recommended to the same contractor who had the award three years ago.

11. (Continued)

A motion was made by Director Moorlach, seconded by Director Campbell, and declared passed by those present, to:

A. Authorize the Chief Executive Officer to execute Agreement C-7-0898 between the Orange County Transportation Authority and Hadley Tow for beats 6, 6A&B, 8, 9, 9A&B, 14 and14A in an amount not to exceed $5,485,616, for the period of December 1, 2007, to November 30, 2010.

B. Authorize the Chief Executive Officer to execute Agreement C-7-0443 between the Orange County Transportation Authority and California Coach Orange, Incorporated for beat 13 in an amount not to exceed $1,658,218, for the period of December 1, 2007, to November 30, 2010.

C. Authorize the Chief Executive Officer to execute Agreement C-7-0899 between the Orange County Transportation Authority and A&B Towing for beat 7 in an amount not to exceed $1,740,486 for the period of December 1, 2007, to November 30, 2010.

Director Nguyen was not present for the vote on this item.

Director Rosen returned to the Board room at the conclusion of the discussion and vote on this item.

Orange County Transit District Consent Calendar Matters

12. Selection of a Consultant for Project Management Services for Facility Modifications at All Bases and Transportation Centers

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to:

A. Select MARRS Services, Inc., as the top ranked firm to provide management services.

B. Authorize the Chief Executive Officer to request a cost proposal from MARRS Services, Inc., and negotiate a three-year agreement, in an amount not to exceed $900,000, for project management services.

C. Authorize the Chief Executive Officer to execute the final agreement.

13. Agreement for Major Bus Body Repair

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-7-0706 between the Orange County Transportation Authority and Smith and Hartford Coach Works, in an amount not to exceed $125,000, for major bus body repairs for a one-year period with one option year.

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

14. Principles for Container Fee Program

Chief Executive Officer (CEO), Arthur T. Leahy, provided background and a brief update on this issue.

Wendy Villa, Manager of State Relations, reviewed the principles, as revised after their initial presentation to the Transportation 2020 Committee on July 16, 2007.

Discussion followed between staff and Board Members. Director Dixon stated that he would like to see the principles sent to the Southern California Association of Governments (SCAG) to include in their ongoing discussions on the issue.

Director Amante stated his concern that there is no suggestion for a formula for fees, and the formula should have much to do with direct proportionality of impact on the community as it does with the movement of money. He further suggested there ought to be the formula that is recommended, that there should be proportionality with the impacts that are felt, and the manner in which this modest fee is apportioned. He further indicated he would not want to see another level of government created to manage this.

A motion was made by Director Buffa, seconded by Director Brown, and declared passed by those present, to approve a set of principles that should be considered for any program which levies a fee on containers being transported though the Ports of Los Angeles, Long Beach, and Oakland for the purposes of providing an infrastructure system capable of handling increased trade volumes while mitigating the impacts of that trade on local communities, and to forward OCTA's approved principles to SCAG.

Director Nguyen voted to oppose this motion.

15. Garden Grove Freeway State Route 22 Carpool Survey

A presentation was provided by Mark McCourt, Project Manager, Strategic Consulting & Research, who conducted this survey for OCTA, and reviewed the purposes and results.

A motion was made by Vice Chairman Norby, seconded by Director Moorlach, and declared passed by those present, to receive and file this item as information.

Other Matters

16. California Department of Transportation High-Occupancy Vehicle Lanes Update

James Pinheiro, Deputy District Director of Caltrans Operations, District 12, presented an update regarding the opening of the high-occupancy vehicle (HOV) lanes on the State Route 22 for continuous ingress and egress. He stated that Caltrans' findings are consistent with the public survey (Item 15) and that is, the State Route 22 is in a free-flow condition with the exception of the eastbound lanes discussed earlier between Bristol Street and the Interstate 5/State Route 57, which is a separate issue. He stated that the HOV lanes are also in a free-flow condition, and there is significant capacity to use on the mixed-flow lanes and the HOV lanes on the SR 22.

Mr. Pinheiro stated that the occupancy rate on the mixed-flow lanes is observed to be higher than one which means that there are commuters using the mixed-flow lanes in one vehicle that could be using the carpool lanes but are not. This is seen as an opportunity to advise the general public that the HOV lanes are safe and operational.

Mr. Pinheiro reported that the project study reports for the Interstate 405, State Route 91, and State Route 57 from the Los Angeles County line to the beginning of the 91 Express Lanes are on-schedule and will be complete within the next week

Mr. Pinheiro stated that the Berkeley report was received just this morning and, therefore, there has not been much time to analyze all that is reported in it. He stated that the study compared accident rates and collisions between continuous access and controlled access, and the findings are that the accident rates for continuous access are slightly less than the accident on controlled access facilities. Phase II of the Berkeley study will be done over the next year.

16. (Continued)

Mr. Pinheiro stated there is still work to be done with the Federal Highway Administration to finalize the process for authority to give the lanes continuous access.

Chairman Cavecche and Director Amante stated that they would like to see everything possible done to get the State Route 55 HOV lanes changed to continuous access, as discussed previously. CEO, Arthur T. Leahy, advised that Caltrans has the lead in this process with the federal agency.

17. Public Comments

At this time, Chairman Cavecche stated that 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 would be taken on off-agenda items unless authorized by law.

Patrick Kelly, Secretary/Treasurer, Local 952, Teamsters, thanked the Board for ratifying the contract and offered comments relative to the recently resolved coach operators' strike.

18. Chief Executive Officer's Report

CEO, Arthur T. Leahy, reported that bus service has been restored and base personnel report that the coach operators and maintenance personnel are glad to be back at work.

The OCTA booth at the Orange County Fair is open and is a good demonstration of what OCTA can do.

19. Directors' Reports

Director Brown commented that MTA has been trying to tie the spillover funds for transit to the I5 freeway construction project north of OCTA's construction and asked if Mr. Leahy has talked to their CEO about that issue.

Mr. Leahy responded that he has not talked to Mr. Snoble about that issue directly, but last week, they were considering a press event and asked OCTA to participate, which we would have; however, they canceled. Budget deal did include significant amounts of money dedicated to specific Los Angeles projects.

Wendy Villa, Manager of State Relations, stated that there was nothing specific in the state budget that would have allocated Public Transportation Account funds to their I-5 project. The budget is still pending on the Senate side.

19. (Continued)

Director Brown requested a copy of SCAG's report on the electrification of the basin for the railroads, wherein it was suggested a Metrolink bond to pay for the project.

Director Nguyen stated that she rode the bus this past week and observed that the buses are very clean and that coach operators and the public are indeed pleased the strike is over.

Director Glaab thanked Directors Bates and Dixon for their participation in the various South County meetings held recently.

20. Closed Session

A Closed Session was held pursuant to Government Code Section 54956.9(c).

21. Adjournment

The meeting adjourned at 11:25 a.m. Chairman Cavecche announced that the next regularly scheduled meeting of the Board would be held at **9:00 a.m. on August 13, 2007,** at the OCTA Headquarters.

ATTEST

_____
Wendy Knowles
Clerk of the Board

_____
Carolyn V. Cavecche
OCTA Chairman

4.

OCTA

ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

BLANCA IBARRA

WHEREAS, *the Orange County Transportation Authority recognizes and commends Blanca Ibarra; and*

WHEREAS, *Blanca Ibarra exemplifies the Authority's core values: integrity, customer focus, can-do spirit, communication, and teamwork; and*

WHEREAS, *be it known that Blanca Ibarra consistently puts out an extraordinary effort in performing her duties as the Assistant Base Manager of the Santa Ana Operations Base; and*

WHEREAS, *Blanca Ibarra is responsible for supervising approximately 450 coach operators; and*

WHEREAS, *Blanca Ibarra has made a tremendous contribution as a stable force to both the coach operators, department management, base management and staff during labor agreement negotiations; and*

WHEREAS, *Blanca Ibarra answered difficult questions during very trying times in an honest, positive manner, makes split decisions everyday which affects our coach operators, customers, department budget and numerous other departments with all for the betterment of the employees and the Authority.*

NOW, THEREFORE, BE IT RESOLVED *that the Authority does hereby declare Blanca Ibarra as the Orange County Transportation Authority Administrative Employee of the Month for July 2007; and*

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

Dated: August 13, 2007

Carolyn V. Cavecche, Chairman
Orange County Transportation Authority

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

OCTA Resolution No. 2007-45

5.

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Fiscal Year 2006-07 Internal Audit Plan, Fourth Quarter Update

Finance and Administration Committee — July 25, 2007

Present: Directors Bates, Buffa, Brown, Campbell, Cavecche, Moorlach, and Nguyen
Absent: Director Amante

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file the fourth quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2006-07 Internal Audit Plan.

OCTA

July 25, 2007

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Fiscal Year 2006-07 Internal Audit Plan, Fourth Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2006-07 Internal Audit Plan on July 12, 2006. This update is for the fourth quarter of the fiscal year.

Recommendation

Receive and file the fourth quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2006-07 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 as a tool for management and to assist management in the discharge of its duties and responsibilities.

Discussion

Internal Audit performs a wide range of auditing services that include overseeing the annual financial audit, operational reviews, contract compliance reviews, internal control assessments, investigations, and pre-award price reviews. Internal Audit also monitors and provides guidance in computer 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.

The Orange County Transportation Authority Internal Audit Department Fiscal Year 2006-07 Internal Audit Plan (Plan) (Attachment A) reflects the

status of each of the projects. During the fourth quarter, 11 audit reports were issued and presented to the Finance and Administration Committee (Committee) (Attachment B).

Due to staff vacancies during the first and second quarter of the year, Internal Audit lost approximately 1,000 hours of audit time. In addition, Internal Audit consumed approximately 500 hours more than budgeted conducting price reviews. In an effort to improve progress in completing the Plan, Internal Audit outsourced two audits, deferred several audits, and incorporated procedures for other audits into audits planned for fiscal year 2007-08.

As indicated in Attachment A, several audits planned for fiscal year 2006-07 were cancelled. Payroll reviews and a review of internal controls over the Lawson payroll system were both cancelled. Instead, a full-scope internal control and operational audit of the payroll function will be conducted in fiscal year 2007-08. The general accounting review of National Transit Database reporting procedures was also cancelled. Internal Audit, during its participation in the contracted audit of OCTA's financial statements, conducted the review of this process and identified issues which were communicated to management in the external auditor's Management Letter dated November 27, 2006. Finally, cycle counts, or the unannounced verification of inventory procedures performed by maintenance staff, have been discontinued. Internal Audit will instead perform a maintenance inventory controls audit during fiscal year 2007-08.

An audit of the system-wide purchasing and payment cycle will be carried over to fiscal year 2007-08. This audit, which was planned for outsourcing, will be conducted by Internal Audit staff and will focus on internal controls over the procurement cycle. In addition, the Combined Transportation Funding Project audits and Santa Ana Freeway (Interstate 5) Gateway contract, planned as contract audits, will be carried over to fiscal year 2007-08.

Nine audits and three follow-up reviews are in process and in various stages of completion. Internal Audit expects to consume approximately 750 audit hours in fiscal year 2007-08 completing these fiscal year 2006-07 projects.

Internal Audit has also compiled a list of all unresolved audit findings and recommendations (Attachment C) for audits issued during the period January 2005 through December 2006. Internal Audit typically allows management six months to implement corrective action before a follow-up is conducted. Internal Audit will continue to monitor implementation of unresolved findings and recommendations.

Summary

The Fiscal Year 2006-07 Internal Audit Plan is being closed-out. Audits in process will be completed during fiscal year 2007-08. Additionally, several contracted audits will be carried forward to the fiscal year 2007-08 Internal Audit Plan.

Attachments

A. Orange County Transportation Authority Internal Audit Department Fiscal Year 2006-07 Internal Audit Plan Fourth Quarter Update
B. Audit Reports Issued in Fourth Quarter
C. Unresolved Audit Findings and Recommendations (Audit Reports Issued Jan. 2005 - Dec. 2006)

Prepared by:

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

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
FISCAL YEAR 2006-07 INTERNAL AUDIT PLAN
Fourth Quarter Update

Audit	Description	Frequency	Audit Type	Quarter Work Starts	Staff Planned Hours	Staff Hours To Date	Under (Over)	Contract Hours	Status (Date report to F&A)	Notes (Contract auditors)
Mandatory External Independent Audits										
Annual Financial Audit	Annual financial audit for fiscal year 2005-06; contracted to a CPA firm with oversight and assistance provided by Internal Audit. Includes financial statements for LTF, STAF, and SR-91; NTD compliance; Single Audit.	Annually	Fiscal	1st	455	328	127		Complete (01/24/07)	(Macias, Gini & O'Connell)
Annual Transportation Development Act Audits	Coordination of legally required annual audits of the recipients of Local Transportation Funds for fiscal year 2005-06, in accordance with the Transportation Development Act.	Annually	Fiscal / Compliance	1st	200	67	133		Complete (01/24/07)	(Mayer Hoffman McCann)
State Triennial Performance Audit	Coordination of legally required triennial performance audit of OCTA as the Regional Transportation Planning Entity and of all transit operators in the County of Orange for fiscal years 2003-04 through 2005-06, in accordance with the Transportation Development Act.	Triennially	Performance	1st	150	84	66		Complete (07/11/07)	(LMS Consulting)
Federal Triennial Audit	Legally required triennial performance audit to be conducted by the Federal Transit Administration on the OCTA in 2007.	Triennially	Performance	4th	50	108	(58)		**In Process**	FTA Auditors on-site 07/10-07/12/07
Internal Audits										
Authority-Wide										
Price Reviews	Cost and price analyses as required per OCTA procurement policies and procedures.	As needed	Cost avoidance	All	500	1,012	(512)	500	Complete (various)	27 Price Reviews Completed
System-Wide Purchasing and Payment Cycle	To ensure procedures are in place and operating effectively and efficiently.	As needed	Internal Controls / Operational / Fiscal	3rd	88	-	88	350	**Carryover**	Procurement Audit in FY 2007-2008 Audit Plan
System-Wide Policies and Procedures	To assess OCTA's system of policies and procedures to ensure procedures are in place and operating effectively and efficiently.	As needed	Internal Controls / Operational	1st	125	21	104		On-Going	
System-Wide Record Retention Policies	To ensure procedures are in place and operating effectively and efficiently.	As needed	Internal Controls / Operational	2nd	125	109	16		Complete (07/25/07)	
Risk Assessment/Annual Audit Plan	Annual review to prepare the audit plan for next fiscal year; periodic assessment of risk throughout the year.	Annually	Risk Assessment	4th	130	38	92		Complete (07/25/07)	
Unscheduled Reviews, Special Requests & Projects	Time allowed for requests from management and reviews identified during the year.	As needed	Varies	All	388		(235)			
Carter Burgess BRT Contract						223			**In Process**	
Internal Audit Quality Assurance Program						168			Ongoing	
Other Projects						232			**In Process**	
Deputy CEO										
Environmental Safety	Review to improve efficiencies and ensure compliance with external regulations and established practices.	As needed	Compliance / Operational / Internal Controls	1st	228	422	(194)		Complete (06/27/07)	

ATTACHMENT A

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
FISCAL YEAR 2006-07 INTERNAL AUDIT PLAN
Fourth Quarter Update

Audit	Description	Frequency	Audit Type	Quarter Work Starts	Staff Planned Hours	Staff Hours To Date	Under (Over)	Contract Hours	Status (Date report to F&A)	Notes (Contract auditors)
Transit										
Buy America Reviews	Pre-award and post-delivery reviews to ensure vendor is in compliance with federal Buy America requirements.	As needed	Mandatory	All	142	209	(67)		Complete (varous)	3 Reviews Completed during FY 2006-2007
Farebox Operations/GFI Application System	Operational review to improve efficiencies and to analyze the accuracy of GFI fareboxes.	As needed	Internal Controls / Operational	3rd	195	79	116		**In Process**	
Applied LNG Technology Contract	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	As needed	Compliance / Fiscal	2nd	125	190	(65)		Complete (06/27/07)	
Operations Training	Review to improve efficiencies and ensure compliance with regulations and established practices.	As needed	Compliance / Operational	3rd	175	38	137		**In Process**	
Laidlaw Close-out Audit	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	At close-out	Compliance / Cost Recovery	1st	80	388	(308)	1,600	Complete (11/09/06)	(Mayer, Hoffman, McCann)
Veolia Contract Audit	Review halfway through first contract year to ensure contract stipulations are being complied with and to verify the propriety of payments.	Annually	Compliance / Cost Recovery	2nd	96	84	12	400	**In Process**	
ACCESS Eligibility Administration	Review to improve efficiencies and ensure compliance with ADA regulations and established practices.	As needed	Compliance / Operational	4th	190	232	(42)		Complete (06/27/07)	(Thompson, Cobb, Bazilio & Assoc.)
Development										
CTFP Project Audits/CTFP System	Review of selected projects funded by the CTFP and review of the related CTFP database.	Annually	Compliance / Internal Controls	All	188	43	145	600	**Carryover**	Procure Audit Services FY 2007-2008
OCTAP	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established practices.	As needed	Compliance / Operational / Internal Controls	2nd	175	256	(81)		Complete (02/28/07)	
Freeway Service Patrol	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established practices.	As needed	Compliance / Operational / Internal Controls	3rd	153	160	(7)		Complete (03/28/07)	
SR-22 Contract Close-out Audit	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	At close-out	Compliance / Fiscal	2nd	100	17	83	300	**In Process**	Procurement for Audit Services In Process
I-5 Gateway Contract Audits	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	During construction	Compliance / Fiscal	4th	116	-	116	300	**Carryover**	Procure Audit Services FY 2007-08
External Affairs										
Bus Advertising Revenue Contract	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Annually	Compliance / Fiscal / Operational	4th	200	24	176		Complete (08/23/06)	

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
FISCAL YEAR 2006-07 INTERNAL AUDIT PLAN
Fourth Quarter Update

Audit	Description	Frequency	Audit Type	Quarter Work Starts	Staff Planned Hours	Staff Hours To Date	Under (Over)	Contract Hours	Status (Date report to F&A)	Notes (Contract auditors)
Finance, Administration & Human Resources										
Fixed Asset Inventory Observation	Observation of the annual physical inventory of fixed assets to verify the existence and working condition of assets and ensure they are properly recorded.	Annually	Compliance / Internal Controls / Operational	4th	140	23	117		Complete (09/27/06)	
Payroll Reviews	Unannounced payroll reviews to ensure the accuracy of the payroll files.	Semi-annually	Internal Controls	2nd & 4th	80	3	77		**Cancelled**	Full Scope Payroll Audit in FY 2007-2008
Treasury	Financial and compliance reviews of the treasury function, including investment and bond compliance.	Quarterly	Compliance / Internal Controls / Operational	All	178	220	(42)		Complete (01/24/07 and 05/14/07)	Audits through 12/31/06 Complete
Cycle Counts	Unannounced inventory cycle counts to ensure the accuracy of inventory balances.	Semi-annually	Internal Controls / Performance	1st & 3rd	184	53	131		**Cancelled**	Inventory Controls have been documented. Audit in FY 2007-2008
Grant Close-out Audits	Fiscal and compliance audits of grants at close-out to ensure propriety of expenditures.	As needed	Compliance / Internal Controls	2nd, 3rd, & 4th	127	36	91		Complete (02/28/07)	1 grant close out audit complete
Legal Counsel and Legal Services Contracts	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	As needed	Compliance / Fiscal / Internal Controls	3rd	94	119	(25)	250	Complete (06/27/07)	
Access Card Key Program	Operational review to improve efficiencies and ensure compliance with established practices.	As needed	Internal Controls / Operational	1st	140	300	(160)		Complete (03/28/07)	
Database Management	Operational review to improve efficiencies and ensure compliance with established practices.	As needed	Operational / Performance / Internal	1st	268	5	263		**In Process**	
HIPAA Compliance	Review to ensure compliance with HIPPA regulations.	As needed	Compliance / Internal Controls	4th	200	58	142		**In Process**	(Aon Consulting)
OCERS	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established	As needed	Compliance / Operational / Internal Controls	4th	288	9	279		**In Process**	
In-House Liability Claims Administration	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established practices.	As needed	Compliance / Operational / Internal Controls / Cost Recovery	1st	298	454	(156)		Complete (5/23/07)	
Employee & Labor Relations and Civil Rights										
DBE Program	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established practices.	As needed	Compliance / Operational / Internal Controls / Performance	3rd	148	249	(101)		Complete (06/27/07)	

Carryover Projects from FY2005-06

General Accounting	Review of National Transit Database procedures.	As needed	Compliance / Internal Controls	1st	50		50		**Cancelled**	Reviewed during financial audit. Issues identified in management letter
Cofiroute Contracts Audit	Compliance and operational review of contracted operations.	As needed	Compliance / Operational	1st	60	100	(40)		Complete (10/11/06)	
Other Carryover Projects						6				

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
FISCAL YEAR 2006-07 INTERNAL AUDIT PLAN
Fourth Quarter Update

Audit	Description	Frequency	Audit Type	Quarter Work Starts	Staff Planned Hours	Staff Hours To Date	Under (Over)	Contract Hours	Status (Date report to F&A)	Notes (Contract auditors)
Monitoring Projects										
Transportation Development Act	On-going compliance review and follow up of recommendations made in previous Transportation Development Act audits.	Continuous		All	60	6	54		Ongoing	
Measure M COC	Coordination of audit activities with the Audit Committee of the Measure M Citizens Oversight Committee.	Continuous		All	115	24	91		Ongoing	
Bus Camera Surveliance System	On-going monitoring to keep apprised of activities and significant issues.	During planning and implementation		All	96	3	93		Ongoing	
91 Express Lanes	On-going monitoring of 91 Express Lanes activities and participation in roundtables.	Continuous		All	58	16	42		Ongoing	
SR-22 Project	On-going monitoring to keep apprised of activities and significant issues.	During construction		All	48	25	23		Ongoing	
I-5 Gateway Project	On-going monitoring to keep apprised of activities and significant issues.	During construction		All	48	3	45		Ongoing	
CNG Station Project	On-going monitoring to keep apprised of activities and significant issues.	During construction		All	80	8	72		Ongoing	
Mincom Implementation	On-going monitoring of the implementation of the new inventory, maintenance and procurement system to help ensure proper internal controls are established.	During implementation		All	67	25	42		Ongoing	
BRT	On-going monitoring to keep apprised of activities and significant issues.	During planning and implementation		All	80	58	22		Ongoing	
ITCS Radio System	On-going monitoring to keep apprised of activities and significant issues.	Continuous		All	60	28	32		Ongoing	
Measure M Compliance Review	Recommendations were made to ensure compliance with the Measure M Ordinance and to improve procedures.			All	100	44	56	300	Ongoing	
Follow-up Reviews										
Lawson System	Follow-up on the fairly new system.			1st	23	-	23		**Cancelled**	Payroll System controls will be included in FY 2007-2008 Payroll Audit
Project Controls	Recommendations were made to strengthen internal controls and make operations more efficient.			1st	20	6	14		Complete	
Maintenance Tire Lease	Recommendations were made to strengthen internal controls.			2nd	20	2	18		**In Process**	
Employee Expense Reports	Recommendations were made to strengthen internal controls, make operations more efficient, and ensure compliance with applicable policies.			2nd	20	12	8		Complete	
Santa Ana Base Construction	Recommendations were made to improve management oversight of the applicable contract.			2nd	20	8	12		**In Process**	
DMV Pull Notice	Recommendations were made to strengthen internal controls and make operations more efficient.			3rd	20	6	14		**In Process**	
Pass Sales	Recommendations were made to strengthen internal controls and make operations more efficient.			3rd	20	18	2		Complete	
Transit Police Services	Recommendations were made to strengthen internal controls, make operations more efficient, and ensure contract compliance.			3rd	20	21	(1)		Complete	

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
FISCAL YEAR 2006-07 INTERNAL AUDIT PLAN
Fourth Quarter Update

Audit	Description	Frequency	Audit Type	Quarter Work Starts	Staff Planned Hours	Staff Hours To Date	Under (Over)	Contract Hours	Status (Date report to F&A)	Notes (Contract auditors)
Payroll Reviews	Recommendations were made to strengthen internal controls.			3rd	20	21	(1)		**Cancelled**	Full Scope Payroll Audit in 2007-08
Bus Advertising	Recommendations were made to collect monies owed to OCTA and to strengthen internal controls.			3rd	20	58	(38)		Complete	Bus Advertising Audit In Process at 06/30/07
Cofiroute Contract Audits	Recommendations were made to improve management oversight, make operations more efficient, and ensure contract			3rd	20	2	18		Complete	
Total Audit Hours					**7,664**	**6,561**	**1,104**	**4,600**		
				Internal Staff Hours		**85.6%**				

ATTACHMENT B

AUDIT REPORTS ISSUED IN FOURTH QUARTER

Report No.	*Name of Report*	*Date to Finance and Administration Committee*
PR07-021	Buy America Pre-Award Audit – Creative Bus Sales (41 vehicles)	04/25/07
07-023	Investment Activities October 1 through December 31, 2006, Financial and Compliance Review	05/09/07
07-010	Liability Claims and Subrogations Compliance and Operational Review	05/23/07
07-029	Disadvantaged Business Enterprise Program Contract Review	06/27/07
07-002	Environmental Compliance Review	06/27/07
07-028	ACCESS Eligibility and Certification Process Review (Thompson, Cobb, Bazilio & Associates)	06/27/07
07-032	Liquified Natural Gas Contract Review	06/27/07
07-012	Legal Services Contract Review	06/27/07
PR07-027	Buy America Audit and Single Bid Review – Creative Bus Sales (20 vehicles)	06/27/07
07-005	State Triennial Performance Audit (LMS Consulting)	07/11/07
07-031	Records Management Assessment	07/11/07

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Jan. 2005 - Dec. 2006)

Audit Issue Date	Report Number	Division / Department	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
10/4/2005	05-036	Development	Financial and Compliance Audits of Combined Transportation Programs	Combined Transporation Funding Program (CTFP) guidelines should be revised to specify requirements for competitive bidding for contracts issued by recipient agencies in connection with CTFP projects.	11/13/2006	Sept. 2007	Management will update the guidelines to emphasize the process for competitive bidding and the selection of consultants.	Monteiro	In Process	Management plans to implement recommendation 3 by updating the CTFP Guidelines in the next Call for Projects, which will be in the fall of 2007. Internal Audit (IA) will follow up at that time.
10/4/2005	05-036	Development	Financial and Compliance Audits of Combined Transportation Programs	OCTA should take steps to ensure that the agencies adhere to the requirements under Chapter 14 of the CTFP Guidelines, which discusses requirements for project cost documentation.	11/13/2006	Sept. 2007	Management agrees with recommendation and will organize a series of workshops for local agencies to delineate the CTFP payment documentation requirements and to further explain the procedures described in the 2004 CTFP Guidelines.	Monteiro	In Process	Management has conducted workshops and included procedures in updated CTFP Guidelines. Management no longer plans to create an online clearinghouse for info related to the CTFP. Management believes it will not be useful.
12/21/2005	06-002	Construction & Engineering / Finance, Administration & Human Resources	Internal Control Review and Operational Audit of Project Controls	Develop written policies and procedures for project control functions.	4/30/2007	Nov. 2007	Management agrees with recommendation. Policies and procedures will be documented and include recommendations 3 and 4. This recommendation is expected to be complete by June 30, 2006.	Monteiro	In Process	Management has indicated it will need more time to implement.
12/21/2005	06-002	Construction & Engineering / Finance, Administration & Human Resources	Internal Control Review and Operational Audit of Project Controls	Project Controls should consider developing a consolidated monthly or quarterly project status summary report for each project.	4/30/2007	Nov. 2007	Refer to Response 1.	Monteiro	In Process	Management has indicated it will need more time to implement.

ATTACHMENT C

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Jan. 2005 - Dec. 2006)

Audit Issue Date	Report Number	Division / Department	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.	1/2/2007	Sept.-Oct. 2007	Agree with recommendation. Working with Chief of Transit Police, Operations Analysis Department will be requested to conduct analysis. Currently, the Orange County Sheriffs Department (OCSD) has proposed an alternative to use extra help deputies to fill vacant positions until they are hired. This will decrease the use of overtime and increase the flexibility in deploying TPS resources 24/7.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.
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.	1/2/2007	Sept.-Oct. 2007	Agree with recommendation. With the assistance of Contract Administration and Materials Management (CAMM), Bus Operations management will prepare a letter to the County requesting a specific process be used for contract administration and/or clarifications and updating the contacts for this agreement.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.
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.	1/2/2007	Sept.-Oct. 2007	Agree with recommendation. This will be addressed in the letter referenced under item 2.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.
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.	1/2/2007	Sept.-Oct. 2007	Agree with recommendation. See response to items 2 and 3.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Jan. 2005 - Dec. 2006)

Audit Issue Date	Report Number	Division / Department	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.	1/2/2007	Sept.-Oct. 2007	Agree with recommendation. Operations Analysis Department will be requested to assist with this analysis.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that OCTA management work with the County to establish a method for regular reporting of TPS activity. Additionally, the methods TPS uses to gather the reported information should be communicated to OCTA.	1/2/2007	Sept.-Oct. 2007	Agree with recommendation. Statistics for calendar year 2005 are summarized; a process to ensure this is ongoing is currently under development by TPS. Goal is to establish quarterly reporting mechanism for presentation to committees as appropriate.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.
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.	1/2/2007	Sept.-Oct. 2007	Agree with recommendation. Operations Analysis Department will be requested to assist with this analysis.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.
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.	1/2/2007	Sept.-Oct. 2007	Agree with recommendations. This will be addressed in the letter referenced under item 2, 3, and 4.	Monteiro	On Hold	Follow-up report was issued 3/21/07. Another follow-up will be done in Sept-Oct 2007.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Jan. 2005 - Dec. 2006)

Audit Issue Date	Report Number	Division / Department	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
6/12/2006	06-017	External Affairs	Bus Revenue-Generating Advertising Program Contract Compliance and Operational Audit	Expedient action be taken to collect the $40,780.51 due to OCTA.	7/13/2006	On Hold	The Marketing Department will work with IA and Accounts Payable (AP) to properly identify the late fees that may be owed by Titan Outdoor to OCTA. A detailed listing of late fees will be identified on an invoice generated for Titan Outdoor to pay.	Dunning	On Hold	IA concurs with management's response to recommendation. Follow-up audit will be rolled into Internal Audit Report No. 07-015 which is currently being conducted by Ricco Bonelli.
6/12/2006	06-017	External Affairs	Bus Revenue-Generating Advertising Program Contract Compliance and Operational Audit	Establish, finalize and implement a comprehensive written policy and procedures on the Bus Revenue-Generating Advertising Program. Procedures should include relevant procedures of all parties involved in administering the program and be distributed to all of these parties.	7/13/2006	On Hold	Management agrees that a strict set of policies and procedures should be formalized for Titan Outdoor to follow. Draft policies and procedures have been prepared and will be reviewed by interested parties in AP, CAMM, and IA.	Dunning	On Hold	Revised audit has concluded that amount due is $15,799.68. All outstanding revenue and fees were paid to OCTA as of July 11, 2006. The follow-up review will be rolled into the next audit which is on schedule for the fourth quarter of 2007.
8/2/2006	06-021	Finance, Administration and Human Resources / Development	Cofiroute Contract Compliance and Operational Audit	The contract with the California Highway Patrol (CHP) should be updated to reflect current billing rates, level of service, responsibilities of each party, and other factors as necessary.	4/30/2007	10/30/2007	Management concurs. CAMM will meet with CHP to obtain current rates, level of service, responsibilities of each party and incorporate those items into a new contract.	Monteiro	On Hold	A contract amendment will take place by the second quarter of fiscal year 2007-08 which will incorporate the contract changes.
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.	4/30/2007	10/30/2007	Management concurs. Management will review all CHP invoices for propriety with contract terms.	Monteiro	On Hold	CHP invoice review process will begin once the CHP contract is amended.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Jan. 2005 - Dec. 2006)

Audit Issue Date	Report Number	Division / Department	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
7/31/2006	06-024	Finance, Administration and Human Resources	Fixed Asset Inventory Observation Compliance Review	Management should incorporate the "spot checking" of asset tags by the General Services Department as previously recommended by IA.	9/13/2006	To be determined	Management concurs with recommendation. General Services agrees to spot check 10% of the total amount of tagable fixed assets twice a year, paying special attention to the department where fixed assets tags were found to be missing, as identified during the 2006 fixed asset inventory.	Bonelli	In Process	Auditor to whom this audit was reassigned has received update and is currently reviewing response and preparing follow-up review memo.
7/31/2006	06-024	Finance, Administration and Human Resources	Fixed Asset Inventory Observation Compliance Review	We recommend that the Asset Management Administrator follow up on the collection of the recently published "Asset Custodian Statement of Accountability" form and ensure each is signed by the Asset Custodian and Department Manager.	6/7/2007	6/15/2007	Management concurs with recommendation. Currently 98% of the forms have been received.	Bonelli	In Process	Auditor to whom this audit was reassigned has received update and is currently reviewing response and preparing follow-up review memo.
7/31/2006	06-024	Finance, Administration and Human Resources	Fixed Asset Inventory Observation Compliance Review	We recommend that management update the OCTA fixed asset inventory policy to reflect a biennial inventory cycle.	6/7/2007	6/15/2007	Management concurs with recommendation. The OCTA capitalization policy and the Fixed Asset Management Manual currently reflect a biennial inventory cycle.	Bonelli	In Process	Auditor to whom this audit was reassigned has received update and is currently reviewing response and preparing follow-up review memo.

6.

OCTA

MEMO

August 7, 2007

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.

OCTA

August 8, 2007

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Draft Fiscal Year 2007-08 Internal Audit Plan

Overview

At the direction of the Orange County Transportation Authority's Board of Directors, the Internal Audit Department develops and implements an annual Internal Audit Plan as an essential tool to assist management in the discharge of its responsibilities and to protect the integrity of the Orange County Transportation Authority's operations and assets.

Recommendations

A. Approve the Draft Fiscal Year 2007-08 Internal Audit Plan.

B. Direct the Internal Audit Manager to provide quarterly updates on the Internal Audit Plan.

Background

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

Discussion

The Internal Audit Department is presenting the Draft Fiscal Year 2007-08 Internal Audit Plan (Audit Plan) for the Board of Directors' approval. The Audit Plan was developed using an enterprise-wide risk assessment with input from OCTA management. The Audit Plan will be implemented using Internal Audit Department staff and through the use of on-call consultants, the independent auditors for the annual financial audit of OCTA, and other firms to be contracted as needed.

During the fiscal year, priorities and circumstances are likely to change, requiring that changes be incorporated into the Audit Plan. This may require changing the timing and scope of some audits. Therefore, the Audit Plan is an active document which will be updated on a regular basis.

Fiscal Impact

The Audit Plan has been developed within the resources available in the adopted budget for fiscal year 2007-08.

Summary

The Audit Plan has been developed to support the Board of Directors and OCTA management in the discharge of duties and responsibilities to safeguard the assets of OCTA while ensuring those assets are used in an efficient and effective manner.

Attachment

A. Draft Fiscal Year 2007-08 Internal Audit Plan

Prepared by:

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

ATTACHMENT A

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

OCTA

Draft Fiscal Year 2007-08
Internal Audit Plan

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

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Orange, CA 92863-1584

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Table of Contents

Executive Summary 2

Mission Statement 2

Internal Audit Department Activities 2

FY 2006-07 Accomplishments 3

FY 2007-08 Goals 3

Internal Audit Organizational Chart 4

Fiscal Year 2007-08 Risk Assessment 6

Risk Assessment Approach 6

Orange County Transportation Authority Enterprise Risk 6

The Fiscal Year 2007-08 Internal Audit Plan 9

APPENDIX A – Orange County Transportation Authority Internal Audit Department FY 2007-08 Internal Audit Plan 10

APPENDIX B – Orange County Transportation Authority Internal Audit Department Risk Assessment By Program/Project Fiscal Year 2007-08 11

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Executive Summary

Mission Statement

The mission of the Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA or Authority) is to assist management and the Board of Directors in the effective discharge of duties and responsibilities to safeguard the assets of the Authority while ensuring those assets are used in an efficient and effective manner. To this end, Internal Audit serves as an independent appraisal function to examine and evaluate the Authority's operations and activities.

Internal Audit Department Activities

Internal Audit is responsible for examining and evaluating financial, administrative and operational activities of OCTA, and supplying management personnel at all levels with information to assist in its control of the assets and operations for which it is responsible.

Internal Audit provides a wide range of auditing services including annual financial audit oversight, operational reviews, contract compliance reviews, internal control assessments, investigations, pre-award Buy America reviews, and pre-award price reviews. Internal Audit also monitors and provides guidance in computer 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.

The following are general descriptions of the various types of audits performed by Internal Audit. Many audit engagements include objectives consistent with one or more of these audit types.

Compliance – Compliance audits are performed to ensure that the terms and conditions of agreements are being followed and that there is compliance with Board adopted policies and procedures, management policies and procedures, contract provisions or regulatory requirements.

Price Review – Price reviews are conducted to determine if proposed pricing or costs are fair, reasonable and necessary. Certain price reviews are mandated by federal or state statutes and others by OCTA procurement policy.

Financial - Financial audits focus on verification of financial transactions and balances.

Internal Control – Internal control audits are performed to ensure that there are adequate controls in place to protect assets. Internal controls include processes for safeguarding assets as well as segregating incompatible duties.

Operational - An operational audit is performed to evaluate current operating procedures and to determine if there are better ways to accomplish the goals of the project, program or activity. Operational audits generally include elements of an internal control audit or a compliance audit.

Performance - These audits provide an assessment of the performance of an entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.

Monitoring - Monitoring activities are carried out to gain insight into newly developed or developing programs or projects to allow auditors to continuously identify associated risk.

FY 2006-07 Accomplishments

- Coordinated and assisted external auditors with the annual financial audit.
- Worked with the audit sub-committee of the Orange County Local Transportation Authority Citizen's Oversight Committee to ensure the audit requirements of the sub-committee were achieved during the annual financial audit process.
- Improved the annual audit planning process by aligning the annual risk assessment with core business processes.
- Informed management of opportunities for improvements in operations, internal controls, and compliance.
- Developed a process to monitor the implementation of recommendations from previous audits.
- Completed 22 audit projects, including the State Triennial Performance Audit for fiscal years 2003-04 through 2005-06.
- Participated on numerous committees and task forces including the Security Policy Development Committee, the Measure M Administrative Committee, the Technology Review Committee and the newly created Records Management Task Force.

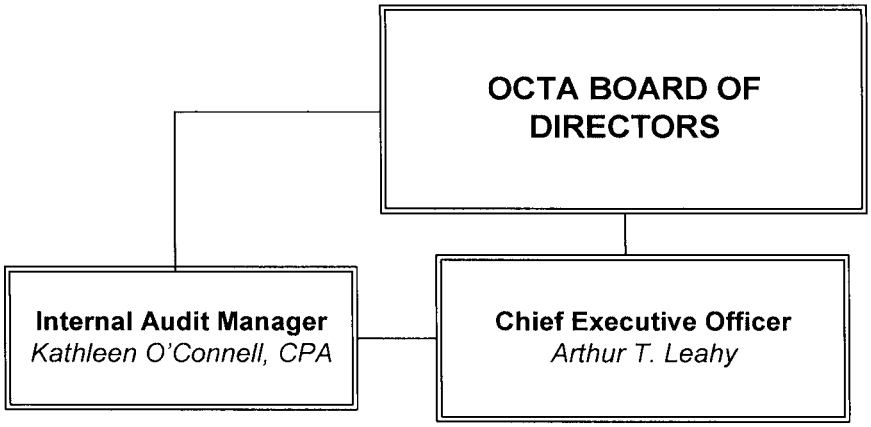
FY 2007-08 Goals

- Coordinate and assist external auditors with the annual financial audit.
- Track the implementation of audit recommendations and report progress quarterly to the Finance and Administration Committee.

- Implement audit management software to improve the Internal Audit's efficiency and accountability.
- Continue to enhance the identification of enterprise-wide risk through the risk assessment process.
- Update Internal Audit Department policies and procedures to ensure compliance with Government Accountability Office Yellow Book requirements.
- Conduct an Information Systems Risk Assessment to inventory and prioritize information systems audits.
- Prepare and plan for a Fall 2008 Quality Assurance (Peer) Review.
- Inventory and review existing audit procedures related to the expenditure of Measure M funds and develop a risk assessment specific to the program.
- Explore technological concepts such as an Internal Audit website, control self-assessments and an anonymous hotline.
- Develop a formal training needs assessment for each internal auditor in the department.
- Implement State Triennial Audit recommendations related to the Authority's audit function, as directed by the Board of Directors.
- Complete audits of major contracts, operational audits of departments, recurring reviews, and requests from the Board of Directors and management.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

Internal Audit Organizational Chart



Principal Internal Auditor
Lisa Monteiro, CPA

Senior Internal Auditors:

Ricco Bonelli

Gerald Dunning, CIA, CISA, CFE

Serena Ng, CPA

Teri Lepe,
Administrative Specialist

Philip Jun, Intern

Fiscal Year 2007-08 Risk Assessment

It is the responsibility of management of the Authority to identify, assess and manage risk. It is Internal Audit's responsibility to facilitate the identification and assessment of risk and to monitor and report on how well risks are being managed by the Authority. All organizations face risks, which are defined as those events, actions or inactions that could cause business objectives not to be achieved. To mitigate and manage these risks, an organization typically implements internal controls, anticipates and plans for disruptions, develops risk management programs, and engages in other risk mitigation activities.

A formal risk assessment process assists in focusing and prioritizing an internal audit department's resources to review the areas of highest risk to the organization. The risk assessment provides a consistent and rational method for selecting specific risks on which to focus audit resources.

Risk Assessment Approach

In developing a risk-based approach to planning audit activities for fiscal year 2007-08, Internal Audit reviewed numerous documents, including prior risk ratings developed by the department and a risk assessment conducted by Ernst & Young in February 2002. Internal Audit also reviewed the department's activities for the last three years, reviewing the results of audits and reviews, management letters and audit follow-ups. Internal Audit sought the input of Authority management for the identification of risk within divisions and departments. In addition, Internal Audit reviewed risk assessment methodology employed by other government audit departments.

The fiscal year 2007-08 Risk Assessment represents the first time the Board of Directors has been presented the detail supporting the Annual Audit Plan. Internal Audit would expect that the approach, methodology and risk assessments will be subject to continuous evaluation and adjustment based on continuing input by the Board of Directors and management. Internal Audit would also expect to continually inventory and expand the portfolio of projects and programs subject to audit.

Orange County Transportation Authority Enterprise Risk

To fulfill its mission of enhancing the quality of life in Orange County by delivering safer, faster, and more efficient transportation solutions, the Authority has several core business processes: transit services, regional transportation planning and programming, highway project delivery and transit project delivery. The core business processes of the Authority are then supported by divisions and departments through projects, programs and support services.

Internal Audit's risk assessment of the Authority focuses on the potential impact and the likelihood that events or circumstances could occur that would hamper the Authority's ability to meet its core business objectives. The risk assessment includes a subjective evaluation of existing internal controls, Internal Audit's experience with the project or program, management and staff experience and control-consciousness, management's appraisal of risk and the external environment impacting the project or program.

The following table (TABLE 1) graphically depicts Internal Audit's assessment of enterprise-wide risk. It is a functional view of the Authority built from a more detailed risk assessment of the family of projects, programs and services supporting these functions.

Internal Audit started the risk assessment process at the enterprise level by these functions, evaluating the significance of the functions to the Authority's core business. Internal Audit then identified the projects and programs supporting the functions. These projects and programs were evaluated for risk factors as defined below. Internal Audit then assigned risk ratings and reviewed the portfolio of projects and programs to develop the Audit Plan at Appendix A. The risk assessment (Appendix B) was then collapsed back into functions in TABLE 1 to present an enterprise-wide view of risk and fiscal year 2007-08 audit coverage. Terms in TABLE 1 are defined as follows:

Mission Impact is the degree to which the function supports the Authority's core business objectives.

Risk Factors are those influences which can inhibit the Authority's ability to achieve its mission:

Safety & Security: The risk that an event or circumstances will compromise the safety of customers, employees and the public or the security of critical information, assets, or processes.

Image/Reputation: The risk that the organization fails to comply with legal or regulatory requirements or other events or circumstances that damage the image or reputation of the organization.

Service Delivery: The risk of significant disruption to, or delay in, meeting established service goals.

Financial: The risk that delays in service, facilities construction or delivery, contract management or oversight or control of assets will result in financial harm to the organization.

The ***Risk Assessment*** is the degree to which identified risks are or are not managed through mitigating controls or other risk management techniques.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

TABLE 1: ENTERPRISE RISK

	MISSION IMPACT	Safety & Security	Image & Reputation	Service Delivery	Financial Impact	RISK ASSESSMENT	2008 AUDIT(S)
Executive							
Safety & Environmental Compliance	High	X	X		X	High	X
Clerk of the Board	Moderate		X			Low	
Disadvantaged Businesses	Moderate		X		X	Moderate	
Security	High	X			X	High	
Legal	Low		X			Moderate	
Employee and Labor Relations	High		X	X	X	High	
Federal & State Government Relations	Moderate		X		X	Moderate	
Planning & Development							
Strategic Planning	High		X	X		Moderate	
Transit Project Delivery	High	X	X	X	X	High	
Highway Project Delivery	High	X	X	X	X	High	X
Local Projects	Moderate	X	X	X	X	High	X
Facility Projects	Moderate	X	X	X	X	High	
Metrolink	Moderate	X	X	X	X	High	X
Transit Operations							
Community Transportation Services	High	X	X	X	X	High	X
Maintenance	High	X		X	X	High	X
Fixed Route Operations	High	X	X	X	X	High	
Central Communications	High	X	X	X		High	
Transit Police Services	High	X	X		X	Moderate	
Motorist Services	Moderate	X	X	X	X	Moderate	
Finance							
Financial Planning & Analysis	High			X	X	Moderate	
Treasury / Public Finance Management	High		X		X	High	X
Accounting & Financial Reporting	High		X		X	High	X
Grants Management and Accounting	High		X		X	High	X
Accounts Payable	Moderate				X	Moderate	
Accounts Receivable	Moderate				X	Moderate	
Fixed Assets	Moderate				X	Moderate	
General Services	Low			X	X	Low	
Risk Management	High	X	X		X	High	
Human Resources							
Compensation, Payroll and Benefits	High		X	X	X	High	X
Employment	Moderate		X	X		Moderate	X
Training & Development	Moderate		X	X		Moderate	
Contracts & Materials							
Procurement	High		X	X	X	High	X
Maintenance Inventory Management	High		X	X	X	High	
Contract Administration	High		X	X	X	High	X
Information Systems							
IT Planning and Management	High		X	X	X	High	Risk
IT Solutions Development	High		X	X	X	High	Assessment
Technical Services	High		X	X	X	High	
External Affairs							
Communications, Customer Relations, Marketing	Moderate		X	X		Moderate	X

The Fiscal Year 2007-08 Internal Audit Plan

The Internal Audit Plan for Fiscal Year 2007-08 calls for approximately 7,600 of Internal Audit hours and 7,000 hours of contract audit hours. Of the 7,600 hours of Internal Audit time, approximately 600 relate to mandatory external audit activities and of the 7,000 contracted hours, half are for legally required audits of the Authority's financial statements and Transportation Development Act funds.

The Internal Audit Plan seeks to align limited audit resources with risk throughout the organization while considering prior audit effort as identified at Appendix B, Risk Assessment by Program/Project.

The Internal Audit Plan for fiscal year 2007-08 includes a variety of audit types. Of particular note is an Information Systems Risk Assessment. Government audit standards and prudent audit planning require that information systems auditing be considered within every organization. Internal Audit lacks the expertise to appropriately identify and assess risk in this portfolio of technological assets and programs. Currently, the portfolio of projects in the concept or development phase within the Technology Services Department numbers over thirty. In addition, there are an equal number of information systems applications in production. The department hopes to build expertise in this area through training and future recruitment.

APPENDIX A – Orange County Transportation Authority Internal Audit Department FY 2007-08 Internal Audit Plan

Orange County Transportation Authority
Internal Audit Department
FY 2007-08 Internal Audit Plan

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Staff Hours	Outsourced Hours	Total Hours
Mandatory External Independent Audits						
Annual Financial Audit	Annual contracted financial audit for fiscal year 2006-07	1st	Financial	375	2,800	3,175
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	700	800
Federal Triennial Audit	Legally required triennial performance audit conducted by the Federal Transit Administration in 2007.	1st	Performance	75		75
Internal Audits						
Authority-Wide						
Price Reviews	Cost and price analyses as required by OCTA procurement policies and procedures.	All	Price Review	500	600	1,100
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		100
Unscheduled Reviews and Special Requests	Time allowed for unplanned audits and requests from the Board of Directors and management.	All	Varies	300	250	550
Executive						
Safety Monitoring	Review of policies and procedures over safety function.	4th	Internal Controls	175		175
Development						
Metrolink	Inventory and review of audit activities and results thereof for the Southern California Regional Rail Authority.	3rd	Operational	300		300
SR-22 Contract Close-out (Carryover)	Review to ensure contract stipulations were complied with and to verify the propriety of payments.	1st	Compliance	75	300	375
I-5 Gateway Contract (Carryover)	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	75	300	375
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	300	375

Orange County Transportation Authority
Internal Audit Department
FY 2007-08 Internal Audit Plan

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Staff Hours	Outsourced Hours	Total Hours
Carter Burgess Contract (Carryover)	Review of project management services contract for Bus Rapid Transit system.	1st	Compliance	75		75
CTFP Project Audits/CTFP System	Periodic review of selected projects funded by the CTFP and review of the related CTFP database.	3rd	Compliance	100	600	700
Transit						
Buy America	Pre-award and post-delivery reviews to ensure vendor is in compliance with federal Buy America requirements.	All	Compliance	100		100
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		250
Veolia Contract (Carryover)	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	250	400	650
Government Relations						
Grant Close-outs	As needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	All	Compliance	75		75
Finance						
Treasury	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	1st & 3rd	Compliance	200		200
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		150
Armored Car Service Contract	Contract compliance review of contract for armored car services.	1st	Compliance	100		100

Orange County Transportation Authority
Internal Audit Department
FY 2007-08 Internal Audit Plan

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Staff Hours	Outsourced Hours	Total Hours
Capital Assets	Review of policies and procedures for capital assets, including capitalization policy, classifications, depreciation, disposal	3rd	Internal Controls	225		225
91 Express Lanes Collections	Review of contractual compliance and performance of collections contractor L.E.S.	2nd	Compliance	100		100
Human Resources						
Payroll	Full-scope audit of the payroll function including internal controls and analytics.	1st	Operational	425	200	625
Medical Examinations	Review of contracted services for medical examinations and programs.	2nd	Compliance	150		150
HIPAA Compliance (Carryover)	Review to ensure compliance with HIPAA regulations.	1st	Compliance	45		45
OCERS (Carryover)	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established practices.	1st	Operational	275		275
Teamsters Pension Trust Fund	Compliance and operational review of contract provisions and plan operations.	2nd	Compliance	50	200	250
Contracts & Materials						
Procurement Cycle	Operational review to identify efficiencies and determine compliance with established policies and procedures.	2nd	Operational	325		325
Contract Administration	Operational review to identify efficiencies and determine compliance with established policies and procedures.	3rd	Operational	275		275
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		250
Information Systems Risk Assessment	Full inventory and risk assessment of information systems.	2nd	Risk Assessment	100	350	450

Orange County Transportation Authority
Internal Audit Department
FY 2007-08 Internal Audit Plan

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Staff Hours	Outsourced Hours	Total Hours
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		175
Monitoring Activities						
Transportation Development Act	On-going compliance review and follow-up of recommendations made in previous Transportation Development Act audits.	All		25		25
Measure M COC and Administrative Issues	Coordination of audit activities with the Audit Committee of the Measure M Citizens Oversight Committee.	All		75		75
91 Express Lanes	On-going monitoring of 91 Express Lanes activities and participation in roundtables.	All		20		20
I-5 Gateway Project	On-going monitoring to keep apprised of activities and significant issues.	All		25		25
CNG Station Project	On-going monitoring to keep apprised of activities and significant issues.	All		35		35
Mincom/Ellipse Project	On-going monitoring to keep apprised of activities and significant issues.	All		25		25
BRT	On-going monitoring to keep apprised of activities and significant issues.	All		25		25
ITCS Radio System	On-going monitoring to keep apprised of activities and significant issues.	All		25		25
Technology Review Committee	On-going monitoring to keep apprised of activities and significant issues.	All		25		25
Records Management	On-going participation on Records Management Task Force.	All		75		75

Orange County Transportation Authority
Internal Audit Department
FY 2007-08 Internal Audit Plan

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Staff Hours	Outsourced Hours	Total Hours
Follow-up Reviews						
State Triennial Audit	Follow-up on internal control related findings and recommendations.	1st		150		150
Other follow-up reviews and reporting	Follow-up on audit findings and recommendations.	Various		225		225
Total Audit Hours				**7,600**	**7,000**	**14,600**

APPENDIX B – Orange County Transportation Authority Internal Audit Department Risk Assessment by Program/Project Fiscal Year 2007-08

Orange County Transportation Authority
Internal Audit Department

Risk Assessment by Program/Project

Fiscal Year 2007-08

	MISSION IMPACT	Safety & Security	Image & Reputation	Service Delivery	Financial Impact	RISK ASSESSMENT	3 Year Audit History
Executive							
Safety & Environmental Compliance	High	X	X		X	High	
Safety Programs		o	o	o	o		**2008***
Loss Control and Accident Analysis		o	o		o		
DMV Pull Notice Program		o	o				**2006**
Wellness Program			o				
Environmental Safety Monitoring		o	o		o		**2007**
Clerk of the Board	Moderate		X			Low	
Public Records Requests			o				
Disadvantaged Businesses	Moderate		X		X	Moderate	2007
Security	High	X			X	High	
Disaster Preparedness and Business Resumption		o	o	o	o		
Legal	Low		X			Moderate	
Contracts > $5 million: Woodruff, Spradlin and Smart P.C.			o		o		2007
Employee and Labor Relations	High		X	X	X	High	2006
Affirmative Action			o				
Contract Negotiations			o	o	o		
Unemployment Claims					o		
Grievances			o				
Employee Relations Training				o			
Equal Employment Opportunity			o				
Federal & State Government Relations	Moderate		X		X	Moderate	
Planning and Development							
Stategic Planning	High		X	X		Moderate	
Transit Project Delivery	High	X	X	X	X	High	
Transit Project Management		o	o	o	o		
Contracts > $5 million: Carter & Burgess (BRT)		o	o	o	o		2007
Highway Project Delivery	High	X	X	X	X	High	
Construction Project Management		o	o	o	o		
Contracts > $5 million: SR-22 GMR (Construction)		o	o	o	o		**2008**
Contracts > $5 million: SR-22 Parsons (Project Mgmt)		o	o	o	o		
Contracts > $5 million: I-5 Gateway (CalTrans Co-Op)		o	o	o	o		**2008**
Contracts > $5 million: URS Corp. I-5 Far North Design		o	o	o	o		
Contracts > $5 million: Union Pacific RR ROW		o	o	o	o		
Contracts > $5 million: I-5 HOV (SR-91 to Artesia) Caltrans Co-Op		o	o	o	o		
Contracts > $5 million: I-405/SR-55 Caltrans Co-Op Agreement		o	o	o	o		**2008**
Contracts > $5 million: I-405 Jamboree to SR-73 and SR-55 from I-405 to MacArthur (Caltrans Co-Op Agreement)		o	o	o	o		
Local Projects	Moderate	X	X	X	X	High	2006
CTFP			o	o	o		**2008**
Measure M Turnback			o	o	o		**Annual**
Go-Local Program			o	o			
Facility Projects	Moderate	X	X	X	X	High	
Santa Ana Base Construction		o	o	o	o		2005
Contracts > $5 million: Irvine trans center parking structure		o	o	o	o		
Contracts > $5 million: City of Buena Park intermodal trans facility		o	o	o	o		
Metrolink	Moderate	X	X	X	X	High	
Contracts > $5 million - SCRRA Capital Programs		o	o	o	o		
Contracts > $5 million - SCRRA Operations		o	o	o	o		**2008**
Contracts > $5 million - Parsons Brinckerhoff Proj Mgmt		o	o	o	o		
Transit Operations							
Community Transportation Services	High	X	X	X	X	High	
Contracts > $5 million: Veolia Transportation		o	o	o	o		**2008**
ACCESS Elibility		o	o	o	o		2007
Contracts > $5 million - Senior Mobility Program Funding (cities)		o	o	o	o		**Annual TDA Audit**

*Years that appear bolded indicate fiscal year 2007-08 projects

Orange County Transportation Authority
Internal Audit Department

Risk Assessment by Program/Project

Fiscal Year 2007-08

	MISSION IMPACT	Safety & Security	Image & Reputation	Service Delivery	Financial Impact	RISK ASSESSMENT	3 Year Audit History
Maintenance	High	X		X	X	High	
Base Facilities		o		o	o		2006
Vehicles		o	o	o	o		**2008**
Stops & Zones		o	o	o	o		2005
Fixed Route Operations	High	X	X	X	X	High	
Operations Training		o	o	o			2007
CEA Vehicles				o			2005
Field Supervision		o	o	o			
Central Communications	High	X	X	X		High	
Radios and Dispatch		o	o	o			
Transit Police Services	High	X	X		X	Moderate	2006
Motorist Services	Moderate	X	X	X	X	Moderate	
Contracts > $5 million (Freeway Service Patrol contracts)		o	o	o	o		2007
Finance							
Financial Planning & Analysis	High			X	X	Moderate	
Budget Development & Monitoring			o	o	o		
Performance Measures			o	o	o		
Comprehensive Business Plan				o			
Treasury / Public Finance Management	High		X		X	High	
Investments			o		o		**2008**
SR-91 Accounting & Reporting			o		o		**Annual**
Contracts > $5 million - Cofiroute USA LLC			o	o	o		2006
Measure M Debt Administration			o		o		
Investor Relations			o		o		
Deferred Compensation					o		
Accounting and Financial Reporting	High		X		X	High	
General Accounting					o		2006
Financial Reporting			o		o		**Annual**
NTD Reporting			o	o	o		**Annual**
Measure M Accounting & Reporting			o		o		**Annual**
Revenue Accounting			o	o	o		**2008**
Revenue Facilities, Fareboxes and Armored Car Service			o		o		**2008**
Grants Management & Accounting	High		X		X	High	**2008**
Accounts Payable	Moderate				X	Moderate	
Accounts Receivable	Moderate				X	Moderate	
Capital Assets	Moderate				X	Moderate	**2008**
Real Estate Administration					o		2005
General Services	Low			X	X	Low	
Printing and Reprographics			o				
Records Management			o				2007
Building Operations / Lease Administration					o		
Contracts > $5 million - P M Realty (Admin Bldg Lease)					o		
Access & Identification Cards		o					2007
Risk Management	High	X	X		X	High	
Insurance Programs			o		o		
Liability Claims Management			o	o	o		2007
Workers Compensation				o	o		
Human Resources							
Compensation, Payroll and Benefits	High		X	X	X	High	
Payroll			o	o	o		**2008**
Other Compensation			o	o	o		
Contracts > $5 million: CIGNA Healthcare			o	o	o		
FMLA					o		2005
Flexible Benefits					o		

*Years that appear bolded indicate fiscal year 2007-08 projects

Orange County Transportation Authority
Internal Audit Department

Risk Assessment by Program/Project

Fiscal Year 2007-08

	MISSION IMPACT	Safety & Security	Image & Reputation	Service Delivery	Financial Impact	RISK ASSESSMENT	3 Year Audit History
OCERS			o		o		2007
Teamsters Pension Trust Fund			o		o		**2008**
Employee Assistance Program			o				
Employment	Moderate		X	X		Moderate	
HIPAA			o		o		2007
Medical Examinations		o	o	o	o		**2008**
Training & Development	Moderate		X	X		Moderate	
Contracts & Materials							
Procurement	**High**		X	X	X	**High**	**2008**
Maintenance Inventory Management	**High**		X	X	X	**High**	
Contract Administration	**High**		X	X	X	**High**	**2008**
Contracts > $5 million - New Flyer Bus Purchases		o	o	o	o		2007
Contracts > $5 million - Southern Counties Oil (Deisel/Unleaded)		o		o	o		**2008**
Contracts > $5 million - Bridgestone/Firestone (Tires)		o		o	o		2005
Contracts > $5 million - Applied LNG Technolgies (LNG Fuel)		o		o	o		2007
Information Systems							
IT Planning and Management	**High**		X	X	X	**High**	**Risk**
IT Solutions Development	**High**		X	X	X	**High**	**Assessment**
Technical Services	**High**		X	X	X	**High**	**2008**
Telecommunications				o	o		
External Affairs							
Communications, Customer Relations, Marketing	Moderate		X	X		Moderate	
Bus Advertising			o		o		2007
Marketing Outreach and Programs			o				
Media Relations			o				
Local Government Relations			o				
Community and Customer Relations			o				
VanPool Program		o	o	o	o		**2008**
Web Development			o	o			
Pass Sales Programs			o	o	o		2005
Contracts > $5 million - ALTA Resources			o	o	o		

*Years that appear bolded indicate fiscal year 2007-08 projects

OCTA

MEMO

August 7, 2007

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.

OCTA

August 8, 2007

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Triennial Performance Audit Improvement Recommendations for Internal Audit

Overview

Triennial performance audits were conducted of the Orange County Transportation Authority and the Orange County Transit District as required by California Public Utilities Code §99246. Nine improvement recommendations were provided for the Internal Audit Department's consideration. Additionally, eight recommendations unrelated to Internal Audit require further investigation by the Internal Audit Department.

Recommendations

A. Direct Internal Audit to implement the improvement recommendations as modified in management's responses to improvement recommendations.

B. Direct Internal Audit to further investigate facts and circumstances underlying improvement recommendations 16, 17, 19, 22, 23, 26, 27, and 28.

Background

The California Public Utilities Code requires that all transit operators and regional transportation planning entities (RTPE) have a triennial performance audit conducted of their activities.

A performance audit is a systematic process of evaluating an organization's effectiveness, efficiency and economy of operation under management control. The objectives of the audit are to provide a means for evaluating an organization's performance and to enhance the performance by making recommendations for improvement. The audit measures performance against acceptable criteria and focuses on management's planning and control system.

In addition, the audit evaluates the adequacy of an organization's systems and the degree of compliance with established policies and procedures.
The audit approach consists of a review of compliance requirements, follow-up review of prior performance audit recommendations, a review of transit operator and RTPE functions, and verification and review of performance indicators.

The audits must be conducted in accordance with the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, January 1998 (second edition)* published by the California Department of Transportation and with the efficiency, economy, and program results portion of the Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions," commonly referred to as the "Yellow Book."

Discussion

The performance audits of the Orange County Transportation Authority (OCTA) as the RPTE for the County of Orange, and the Orange County Transit District (OCTD) and the Laguna Beach Municipal Transit Lines (LBMTL) as transit operators, were conducted by LMS Consulting.

The reports document the results of the triennial performance audits of OCTA as the RTPE for the County of Orange, OCTD, and LBMTL as transit operators, for fiscal years 2003-04 through 2004-06. LBMTL management is responsible for implementing the recommendations in its report, and OCTA management, as a transit operator and the RTPE for the County of Orange, is responsible for monitoring and following up on its recommendations. The audit reports were filed with the State of California Controller's Office as required by California Public Utilities Code §99246.

The triennial performance audits for OCTA and OCTD indicate that the organization is generally operating in an efficient and effective manner. One issue of noncompliance was noted in which OCTA's Memorandum of Understanding with the City of Laguna Beach for transit funding needs to be updated.

The consultant also provided 38 recommendations for improvement based upon limited survey work rather than detailed analyses. The consultant indicated that these recommendations go beyond the compliance review and that OCTA may wish to invest in further definition of the findings and improvement recommendations.

At the July 23, 2007, meeting of the Board of Directors, the Board directed staff to return to appropriate committees of the Board for further discussion of the recommendations. Management is in the process of reviewing the recommendations and will return to the appropriate committee for discussion.

Improvement recommendations four through nine in the audit report related to the administration of the Internal Audit Department (Internal Audit). Internal Audit has already addressed three of these recommendations, and will implement the other three with modifications. In addition, improvement recommendations 31, 34, and 35 suggest specific audits and reviews to be performed. Two of the suggested audits and reviews have routinely been conducted by Internal Audit. The third suggested audit is being addressed in the fiscal year 2007-08 Internal Audit Plan.

Additionally, Internal Audit was directed to investigate the facts and circumstances underlying improvement recommendations 16, 17, 19, 22, 23, 26, 27, and 28. These recommendations are based on what appears to be significant internal control deficiencies. Internal Audit has prepared a plan to follow-up with these recommendations.

Summary

Triennial performance audits were conducted for OCTA as the RTPE for the County of Orange and for OCTD as a transit operator for fiscal years 2003-04 through 2005-06. These triennial performance audits are required by California Public Utilities Code §99246. Nine improvement recommendations were provided for Internal Audit's consideration, five of which have already been addressed. Additionally, Internal Audit will investigate the facts and circumstances underlying improvement recommendations 16, 17, 19, 22, 23, 26, 27, and 28.

Attachments

A. Orange County Transportation Authority FY 2004 – FY 2006 Triennial Performance Audit Management Responses to Improvement Recommendations for Internal Audit
B. Report to The Orange County Transportation Authority FY 2004-FY 2006 Transportation Development Act Performance Audits
C. Triennial Performance Audit Recommendations for Internal Audit PowerPoint Presentation

Prepared by:

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

Orange County Transportation Authority
FY 2004 – FY 2006 Triennial Performance Audit
Management Responses to Improvement Recommendations for Internal Audit

4. **OCTA's Internal Audit Manager, working with the Chief Executive Officer (CEO) and Executive Director of Finance, Administration, and Human Resources, should clarify the roles / expectations of Board Directors serving as the Audit Committee.**

   Management Response:
   Will Implement with Modifications. OCTA's Finance and Administration Committee (Committee) of the Board of Directors (Board) serves as the organization's audit committee and the Committee's activities concerning audit have been evolving. In recent years, the Committee has become involved in the review and approval of the annual audit plan (Plan). The Committee now reviews all audit reports and is provided a quarterly update on the status of the Plan. The Committee also participates in the appointment of the independent financial statement auditors and reviews all reports and other communication, including the management letter, provided by those auditors.

   In addition to this involvement, the Internal Audit Department (Internal Audit) will solicit additional input from the Committee in developing its fiscal year 2007-08 annual audit plan. Internal Audit will also, in the coming year, provide the Committee with materials relative to typical audit committee responsibilities (see also management response to Recommendation #5).

   The audit report seems to imply, based on an Ernst & Young survey, that the Committee's time commitment to audit activities is insufficient. Ernst & Young's 2006 survey of audit committees says that on average, an audit committee member spends 136 hours a year on all Board and audit committee activities, with an average of 51 hours devoted specifically to audit committee activities. In addition, 78 percent of survey respondents indicated that some of that audit committee time was devoted to activities pertinent only to public companies, such as earnings releases. While survey results are interesting, they do not include government or not-for-profit industries, so it is impossible to assess the survey's relevance to OCTA.

   To OCTA's knowledge, the Committee has not placed a restriction on their time or involvement in audit activities. While OCTA might expect, over time, incremental additional Committee involvement in audit planning and oversight, OCTA would not expect a significant commitment of additional time. Audit activities will continue to be incorporated into the regular Committee calendar.

5. **The Manager of Internal Audit should provide a training forum and guidance materials to the Board about the activities of an Audit Committee.**

   Management Response:
   Will Implement with Modifications. OCTA'S governing Board consists of numerous locally elected officials as well as two public members, who have, in many cases, spent years in government service, are familiar with government accounting, auditing

and/or financial reporting, and serve on boards, committees (both government and private) in capacities which expose them to regulatory, internal and external audit activities.

At the direction of the Committee, OCTA will supplement members' knowledge and experience with additional training activities. This may take the form of material, presentations or, should the Committee desire, externally provided education. The topic will be evaluated with Committee members to determine the most useful approach that is not redundant to experience, exposure and training they receive elsewhere.

6. **The Manager of Internal Audit should review the current processes that involve the Audit Committee (audit planning sessions, access to Audit Committee for input and feedback, audit communications, etc.) and strengthen the procedures, timing and reporting processes to foster enhanced Audit Committee involvement and participation.**

   Management Response:
   Will Implement with Modifications. As indicated under our response to Recommendation #4, Internal Audit will continue to seek Committee feedback, input and guidance.

7. **Managers and Executive Directors of OCTA's Divisions should become involved in the audit planning process and the resulting scheduling of audit time and resources. While we recognize that Internal Audit must maintain its independence in setting its priorities, we believe this cross organizational participation should emphasize cooperative prioritizing/identifying of audit area and input to audit scoping plans.**

   Management Response:
   Has Already Been Addressed. Internal Audit has made an effort in the last two years to solicit the input of Executive Management in the development of the annual audit plan and, as indicated in the management response to Recommendation #4, will look for additional guidance from the Committee in developing the fiscal year 2007-08 audit plan. Input from both sources is essential in determining the organization's risks and vulnerabilities.

   While a cooperative effort in identifying and prioritizing risk is appropriate, Internal Audit believes that audit timing and resource planning is best conducted by Internal Audit as a means of ensuring independent and unrestricted audit access. Management seems to support this philosophy, too, as a means of demonstrating its full cooperation with Internal Audit. Internal Audit will continue its commitment to considering matters of convenience to staff when scheduling and scoping its work.

8. **The tenor, tone and format of Internal Audit's reports should be updated and changed to facilitate a more constructive and positive approach to developing and reporting on its work.**

   Management Response:
   Has Already Been Addressed. Internal Audit is making efforts to improve the quality, consistency, and content of its reports to provide users, particularly the Committee and Board, with better information upon which to act. It is the objective of Internal Audit to provide the Committee and Board with objective and fair reports consistent with professional standards.

   To a large degree, the content of audit reports is specified in Government Auditing Standards (the "Yellow Book") issued by the United States Government Accountability Office. Those standards specify report content, emphasizing the objective and fair representation of audit findings based on credible and convincing evidence. Section 8.47 specifically deals with tone, stating "The tone of reports should encourage decision makers to act on the auditors' findings and recommendations. This tone should be balanced by requiring reports to present sound and logical evidence to support conclusions while refraining from using adjectives or adverbs that characterize evidence in a way that implies criticism or unsupported conclusions."

   Standards section 8.48 also calls for the recognition of the positive aspects of the program under review, if applicable to the audit objectives, which provides greater balance to the report.

   Finally, section 8.49 requires that reports be convincing. The information presented should be sufficient to convince the report users to recognize the validity of findings, the reasonableness of conclusions and the benefit of implementing the recommendations.

9. **The Internal Audit staff should further utilize their participation in the meetings, briefings and discussions they attend with other OCTA staff to share ideas and provide advice from the aspect of controls, accountability, and sound management practices.**

   Management Response:
   Has Already Been Addressed. As part of its annual audit plan, Internal Audit programs staff time for this very purpose and actively participates in meetings, briefings and discussions as they relate to internal controls and accountability. Audit plan "monitoring" projects ensure that Internal Audit is "in-the-loop" on large project implementations and participates in regularly scheduled status meetings on these projects. OCTA staff also makes itself available on an ad-hoc basis for questions or advice.

In maintaining independence, auditors must be alert to circumstances where advice on policy and procedures could impair their ability to audit those policies and procedures. Internal Audit, in providing ideas or advice on "management practices," may impair its independence and will remain cautious in this regard.

31. OCTA should conduct periodic audits and reviews of Metrolink activities on a regular basis to assure integrity in the use of funds spent for rail services affecting Orange County.

Management Response:
Will Implement with Modifications. While the auditor's recommendation has some merit, it is important to first identify existing financial oversight and audit activities related to Metrolink.

The Southern California Regional Rail Authority (SCRRA) is composed of five member agencies, including the OCTA. Being a recipient of state and federal funding, the SCRRA is subject to numerous external audits, including those by the Federal Transit Administration and the California Department of Transportation. In addition, the Los Angeles County Metropolitan Transportation Authority contracts with a public accounting firm to review certain SCRRA financial data, including member allocations of interest and expenditures.

The Board of Directors of the SCRRA, upon which sit two of OCTA's Board members, is responsible for financial oversight of the organization. To meet this responsibility, the Board employs independent financial statement auditors to audit its financial statements, perform an annual Single Audit and report on the agency's National Transit Database. The SCRRA also employs independent auditors to perform contract close-out audits and to review proposed contract pricing during its procurement cycle.

The SCRRA also contracts with a separate public accounting firm for its internal audit activities. The Board's Operational Oversight Committee serves as its audit committee. The Committee reviews the annual internal audit plan, reviews all audit reports, receives monthly staff reports on audit activities, unresolved issues and audit procurements. In addition, OCTA staff receive and review committee agendas and are in regular contact with both SCRRA staff and OCTA/SCRRA Board members concerning matters of significance to OCTA.

It will provide only limited value to have SCRRA member agencies conduct redundant independent audits. OCTA, both its participating Board members and its staff, will continue to monitor the operations and audit activities of the SCRRA Board and its Operational Oversight Committee. Internal Audit will include a review of SCRRA audit activities in its fiscal year 2007-08 audit plan "monitoring" projects. Internal Audit will inventory the audit activities of SCRRA, evaluate the reasonableness and comprehensiveness of those audit efforts and provide a report

to the Finance & Administration Committee of the Board. Should concerns arise, Internal Audit and the Development Division of OCTA will respond with an audit team ideally composed of the five member agencies.

34. OCTA should conduct periodic audits of the trip sheets maintained by Veolia Transportation to ensure an accurate sampling of data.

Management Response:
Has Already Been Addressed. See Response to recommendation below.

35. OCTA should conduct an audit of the Veolia Transportation contract following the first year to ensure that any contract billing issues are identified and resolved early in the contract process.

Management Response:
Has Already Been Addressed. Internal Audit routinely conducts audits of the ADA ACCESS contract provider. Two audits of the previous contract provider have been conducted covering the period April 1, 2003 through June 30, 2006, and an audit of the Veolia contract was included in the fiscal year 2006-07 annual audit plan. Historical and planned audits have necessarily included the review of the trip data supporting contractor billings.

REPORT TO:

THE ORANGE COUNTY TRANSPORTATION AUTHORITY

FY 2004-FY 2006 TDA PERFORMANCE AUDITS

LMS CONSULTING

MAY 2007

ATTACHMENT B

LMS

May 31, 2007

Ms. Kathleen O'Connell
Manager, Internal Audit Department
Orange County Transportation Authority
550 South Main Street
Orange, California 92863

SUBJECT: TRIENNIAL PERFORMANCE AUDIT OF ORANGE COUNTY TRANSPORTATION AUTHORITY

Dear Ms. O'Connell:

LMS Consulting is pleased to present this report on our performance audit of the Orange County Transportation Authority (OCTA). Under separate cover, we will provide you with the performance audit report for the Laguna Beach Municipal Transit Lines. This work was performed in accordance with the standards and approach defined in California Department of Transportation (Caltrans) Performance Audit Guidebook. This Guidebook, modeled after the Government Auditing Standards (GAO) Yellow Book, sets the criteria, format and tasks required to comply with the applicable sections of the California Public Utilities Code and the California Code of Regulations. Recipient agencies of State Transportation Development Act (TDA) funds must have a performance audit conducted every three years. This report covers the three fiscal years beginning on July 1, 2003, and concluding on June 30, 2006.

As part of our work on this audit, we have reviewed our audit findings and recommendations with the OCTA managers and directors responsible for the activities covered in this report. After receiving your department's input and other input you obtained from OCTA staff, we incorporated appropriate changes and issued this report in final form. Of course, we are available to meet with you and OCTA management to discuss the matters presented in this report.

32919 Brookseed Drive * Trabuco Canyon, CA 92679
Tel/Fax (949) 766-1237
E-mail: LMSConsulting@msn.com

LMS

We have included observations and recommendations that go beyond the compliance review specified in your Request for Proposals. We wanted the work to be of maximum value to OCTA, and therefore recorded and reported on any matters that emerged during the course of the project. Because of the limited scope of our charter, these findings are based on survey rather than detailed analyses. In some instances, we believe it may be useful to OCTA to invest in further defining of the findings and recommendations and will be pleased to discuss those opportunities with you at the conclusion of the current project.

We want to thank your Department and the many personnel at OCTA that we interviewed, obtained documents from, and that provided our team with necessary data. Turnarounds were very quick and our interactions were always constructive. This enabled us to complete the work on schedule despite delays in final contract issuance and the holiday periods at the start of the work. LMS also wants to recognize our team members who contributed greatly to this project. Our subcontractors were:

- Altmayer Consulting
- Franklin Hill Group
- Darrel Cohoon and Associates

Please contact Larry Seigel at (949) 766-1237 regarding any communications relating to this report. He will coordinate any responses, information, or meetings that may be needed.

Very truly,

Larry M. Seigel, Principal
LMS Consulting

32919 Brookseed Drive * Trabuco Canyon, CA 92679
Tel/Fax (949) 766-1237
E-mail: LMSConsulting@msn.com

TABLE OF CONTENTS

I. Introduction I-1

A. LMS Consulting and its Team Members conducted the Fiscal Year 2004 – Fiscal Year 2006 Transportation Development Act Performance Audit of Orange County Transportation Authority I-1

B. This Report Meets the State Requirements for Completion of the Regional Transportation Planning Entity (RTPE) and Operator (Transit) Functions Conducted by OCTA I-2

C. Key Components of the Performance Audit I-2

D. Major Accomplishments I-4

E. Organization of the Report I-5

II. Compliance Review II-1

OCTA Compliance with Requirements of Caltrans Performance Audit Guidelines II-1

A. Overall Compliance II-1

B. RPTE Compliance Issues II-1

C. RTPE Recommendations II-4

D. Transit Operator Compliance Issues II-4

III. Transit Performance Trends & Analyses III-1

A. Overview III-1

B. Performance Indicator Tables III-2

IV. Functional Area Improvement Recommendations IV-1

A. OCTA Long Range Transportation Planning Efforts IV-1

B. Environmental Management IV-6

C. Clerk of the Board Committee Support IV-6

D. Internal Audit IV-7

E. Marketing and Public Relations IV-9

TABLE OF CONTENTS (continued)

F. Financial Management and Reporting IV-11
G. Revenue Collection and Financial Management IV-12
H. Contract Administration and Material Management IV-22
I. Program/Project Management IV-26
J. Rail Services IV-28
V. Transit Operations Improvement Recommendations V-1
A. Directly Operated Fixed Route Services V-1
B. Paratransit and Contracted Services V-5
C. Maintenance V-9
D. Service Planning V-13
VI. Appendices VI-1
A. OCTA Compliance with PUC Requirements Matrix VI-1
B. Prior Audit Recommendations VI-3
C. RTPE Regulatory Compliance Matrix VI-4
D. OCTA Action Plan VI-6

I. INTRODUCTION

A. LMS CONSULTING AND ITS TEAM MEMBERS CONDUCTED THE FISCAL YEAR 2004 – FISCAL YEAR 2006 TRANSPORTATION DEVELOPMENT ACT PERFORMANCE AUDIT OF ORANGE COUNTY TRANSPORTATION AUTHORITY

- Performance Audits are conducted in accordance with California Department of Transportation's (Caltrans) Transportation Development Act (TDA) Performance Audit Guidebook every three years under California Public Utilities Code (PUC) Section 99246
- The audit covers Orange County Transportation Authority's (OCTA) Regional Planning and Transit Activities as well as the transit program at the City of Laguna Beach which is reported separately
- The audit period starts July 1, 2003, and continues through June 30, 2006
- The performance audits covers:
  - Verification of TDA data collection and reporting procedures
  - Compliance with PUC requirements
  - Progress in completing/implementing the prior triennial audit recommendations
  - Performance indicator trend analyses
- The scope of services included two major reviews:
  - Compliance with TDA Performance expectations – This is based on the questions and issues as listed in the TDA including review of the implementation status of prior audit recommendations.
  - Functional reviews - Unlike prior period audits, OCTA elected to not include functional area performance reviews in the scope of work. However, LMS' Audit Team included limited functional surveys as part of the process of conducting the project resulting in suggestions for operational and management improvements.

The resulting recommendations are presented as two types of recommendations: *Compliance Recommendations* related to specific instances of non-compliance with TDA requirements; and *Improvement Recommendations* resulting from survey work. OCTA will be expected to respond to both sets of recommendations in the next Performance Audit.

B. THIS REPORT MEETS THE STATE REQUIREMENTS FOR COMPLETION OF THE REGIONAL TRANSPORTATION PLANNING ENTITY AND OPERATOR FUNCTIONS CONDUCTED BY OCTA

- OCTA was established in 1991 through the consolidation of the Orange County Transportation Commission (OCTC) and the Orange County Transit District (OCTD).
- OCTA's portfolio of programs, beyond regional planning and transit, include owning and operating the 91 Express Lanes (Toll Road), operating a freeway callbox program as the Service Authority for Freeway Emergencies (SAFE), partnership in the Southern California Regional Rail Authority (Metrolink), and operating motorist assistance services through the Freeway Service Patrol.
- OCTA is the Regional Transportation Planning Entity (RTPE) entity for Orange County. In this role, OCTA oversees and administers the allocation and expenditure of State TDA and Federal funds.
- OCTA provides (directly and through contracts) fixed route bus, commuter rail and paratransit services. Laguna Beach operates its own transit program which receives funding through OCTA
- OCTA through the Orange County Local Transportation Authority (OCLTA) is also the administering agency for "Measure M" funding. Measure M is a one-half cent sales tax initiative originally approved by Orange County voters in 1990 and ending in 2011. The voters recently voted to extend Measure M—with some modifications—for 30 years beginning in 2011. The current measure is expected to generate over $4 billion and has been used to fund major road and transit improvements in the County. Measure M is separately audited and overseen by a Citizens Oversight Committee.

C. KEY COMPONENTS OF THE PERFORMANCE AUDIT

I. DOCUMENT REVIEW

Documents prepared by and for OCTA were a major data source for this audit. Documents which our team reviewed included:

- OCTA policies and procedures, both general and specifically for TDA Program Administration
- Claims submitted on behalf of OCTD and Laguna Beach for TDA funding
- Audited financial statements, State Controller Reports and reports submitted to Federal oversight agencies
- Prior Performance Audits and written responses to the recommendations included in those reports
- OCTA internal reports, including those prepared by the OCTA's Internal Audit Department
- Operating and capital budgets
- Various Board, Committee and Oversight Committee reports and meeting minutes
- Contracts and cooperative agreements
- Long-range, intermediate term and other planning documents
- Comprehensive Business Plans (CBP) prepared each year
- Project planning documents
- California Highway Patrol (CHP) certifications
- Internal Audit Plans
- Maintenance and other transit operating reports
- Organizational and process flow charts
- Marketing documents and products

II. INTERVIEWS:

- Chief Executive Officer
- Clerk of the Board
- Executive Directors (all)
- Functional Managers throughout the Organization
- Managers, supervisors and other personnel assigned to specific functions such as security, purchasing and maintenance

- Human Resources Department and Risk Management Department
- Information Systems and other project management personnel

III. SITE VISITS:

- Santa Ana, Garden Grove and Anaheim Bases
- OCTA Headquarters
- ACCESS Operations Center in Irvine
- City of Laguna Beach, Laguna Beach Transit

D. MAJOR ACCOMPLISHMENTS

OCTA achieved many noteworthy accomplishments during the audit period. Particularly significant was the American Public Transportation Association (APTA) award to OCTA in 2005 as the Transit Operator of the Year, and the Community Transportation Association of America (CTAA) selection of OCTA as Urban Transportation System of the Year in 2004. After the close of the audit period, OCTA received a major endorsement of its programs and operations when Orange County voters approved an extension of Measure M with almost 70 percent of the voters in favor of the Measure. OCTA programs and initiatives have won many design and excellence awards.

The OCTA has also made significant progress in maintaining interruption-free service and has expanded service throughout the County. OCTA has also been able to attract qualified new applicants for available coach operator positions. Ridership has increased faster than the national norm of 2 percent and exceeds 5 million passengers a month. Service hours and routes have expanded in concert with County growth and ridership needs.

OCTA has been an active partner in Commuter Rail services provided by its partnership in Metrolink. Service hours, frequency

and destinations have increased to meet growing demand. Further and dramatic increases in rail service are planned for the coming years. OCTA's success can also be measured in its ability to attract Federal and State funding for projects—major amounts of funds for intercity service have been successfully sought and obtained by OCTA during the audit period. One other success area which should be noted has been OCTA's outreach to the ridership and business communities to partner on joint programs. This teaming was shown to be particularly valuable in the recent Measure M election success.

E. ORGANIZATION OF THE REPORT

This report combines our work on the transit and planning elements of OCTA's performance. OCTA's operations and activities are complex and integrated; this makes segmenting the findings into specific silos very difficult. For example, procurement is an integral and supporting activity within the maintenance function. If parts are not ordered appropriately, service and maintenance schedules are interrupted and costs increase. Where we have findings regarding compliance issues, we make "recommendations" focused on achieving the required compliance. For findings where we believe further effectiveness is possible, but are not a matter of compliance, we present our recommendations in the form of "improvement areas." Recognizing the challenges of this interdependency, we have organized the report as shown below:

I. **Introduction (this section)**

II. **Compliance Review:** In this section we present our findings in responding to the specific requirements of the TDA Performance Audit Guidebook. Because OCTA is in full compliance with the vast majority of the requirements, we report only on the areas warranting improvement. However, the entire set of criteria is presented for the reader's reference in the Appendices 1 and 2.

III. Transit Performance Trends and Analyses: In this section we present the results of our collecting and analyzing performance statistics for the three year audit period for both fixed route and paratransit services.

IV. Functional Area Improvement Recommendations: While it is not part of OCTA's required scope of work, LMS believes that providing useful results in a Performance Audit goes beyond the compliance and mandated analyses. Therefore, we summarize specific functional activities where, in the course of conducting the mandated reviews, we observed improvement opportunities that OCTA management may wish to consider. In some cases, OCTA has already begun improvement actions and we recognized many of those efforts as part of making the improvement suggestions. **Section IV.** addresses the "corporate" or support functions at OCTA and **Section V.** addresses the transit programs.

V. Transit Operations Improvement Recommendations: Parallel to our observations and findings regarding OCTA's corporate/support activities, we provide recommendations specific to OCTA's transit programs in this section of our report.

VI. Appendices: These appendices include exhibits such as Caltrans' compliance matrices as attachments. In addition, the Appendix includes an evaluation of OCTA's compliance with prior audit recommendations.

II. COMPLIANCE REVIEW

OCTA COMPLIANCE WITH REQUIREMENTS OF CALTRANS PERFORMANCE AUDIT GUIDELINES

A. OVERALL COMPLIANCE

OCTA has done an excellent job of implementing policies, procedures, and actions to assure compliance with the State's requirements for transit operations and regional planning. We found very few instances where compliance was not totally satisfactory and complete. For that reason, we only address the areas where we offer recommendations for increased compliance, and present the details of the compliance requirements as an Appendix to this report, including compliance with prior audit recommendations. OCTA complied with all prior audit recommendations with one exception as noted. Overall, OCTA's successful performance is consistent with prior Triennial Performance Audits prepared over the past 15 years at OCTA.

B. RTPE COMPLIANCE ISSUES

OCTA must comply with TDA requirements that are specified in PUC Regulations and the California Code of Regulations as noted in the Compliance Matrix in Appendix 2.

Background

Transportation planning is accomplished in two units within OCTA:

- The Strategic Planning Department is located in the Development Division, and focuses on long-range transportation planning, including travel demand forecasting and modeling. The Division also provides geographical information system (GIS) services to the agency. OCTA is one of eight Orange County agencies that jointly fund the Center for Demographic Research at the California State University, Fullerton for demographic projections. The on-going demographic projections provided by the Center are used by the Development Division in travel demand forecasting, and the 2006 Long Range Transportation Plan (LRTP) relied on the Center's demographic forecasts of population, housing and employment. The demographic forecasts are adopted by the Orange County Council of Governments (OCCOG) and become Orange County's growth forecasts for input into Southern California Association of Governments (SCAG) Regional Transportation Plan (RTP).

- The Service Planning and Customer Advocacy Department within the Transit Division focuses on short range transit planning, usually over a one-to two-year planning horizon. During most of the audit period, the planning activities of the two units were conducted separately. More recently, both units have been working collaboratively to provide support to the Financial Planning & Analysis Department (FP&A) in the preparation of the 2007 CBP.

Findings Related to RTPE Functions

1. **The annual CBP is a business planning document that merges OCTA's planned programs and services into a financially driven plan.**

   The CBP functions as OCTA's five-year financial planning document for bus operations, and incorporates the Commuter Rail Strategic Assessment Plan. The focus of the CBP, however, has been on developing a fiscally constrained business plan for OCTA. During the audit period, the Transit Division emphasized a one to two year planning horizon, while the Development Division was focused on a longer range horizon of 20 to 30 years. This difference in focus left a gap in the transportation planning efforts. As noted above, more recently, both organizations have been collaborating with the FP&A Department in preparing the 2007 CBP.

2. Memorandum of Understanding (MOU) with Laguna Beach Regarding Local Funds Assistance

The OCTA and Laguna Beach Transit adopted an MOU in 2001 the purpose of which is to provide Laguna Beach with local funds to offset the loss of federal transit operating grants. The MOU has been amended twice. While the existing MOU calls for timely submission of National Transit Database reports and other requirements, it does not address Local Transportation Fund (LTF) claims submissions. The OCTA is working on a revised MOU.

3. Laguna Beach LTF Claims Processing

OCTA paid Laguna Beach Municipal Transit's claim for local transportation funding for all three fiscal years covered by the audit period although the City of Laguna Beach did not file any of its three claims by the State's established deadlines. Laguna Beach did not file the claim for fiscal year (FY) 2004-05 until after the end of the fiscal year for which the funds were requested. This was more than 15 months later than required by the OCTA and State Rules and Regulations.

The California Code of Regulations states, "A claimant wishing to receive an allocation from a county's LTF...shall file an annual claim with the transportation planning agency in accordance with the rules and regulations established by the transportation planning agency, pursuant to PUC Section 99661, or in the absence of such rules and regulations at least 90 days prior to the beginning of the fiscal year." OCTA has established rules and regulations requiring that LTF claims be filed at least 90 days prior to the beginning of the fiscal year. Laguna Beach filed its claims for the three years covered by the audit as follows:

- Claim for FY 2003-04 Deadline: April 1, 2003 Claim Received: June 13, 2003
- Claim for FY 2004-05 Deadline: April 1, 2004 Claim Received: July 22, 2005

OCTA's Executive Director of Finance, Administration, and Human Resources contacted the City of Laguna Beach following the late claim for FY 2004-05 to discuss the matter. As a result of the visit, Laguna Beach filed its grant application for FY 2005-06 prior to the April 1, 2006 deadline.

C. RTPE RECOMMENDATION

Compliance Recommendation #1: The revised MOU with the City of Laguna Beach regarding transit funding should specify requirements associated with TDA Article 3 claims as well as State Transit Assistance Funds (STAF). It should consider penalties for failure to submit complete, timely claims. Additionally, the OCTA should continue to monitor the timeliness of LTF claims filed by the City of Laguna Beach to ensure that the claims are filed by the deadline established by the OCTA and by the California Code of Rules and Regulations.

D. TRANSIT OPERATOR COMPLIANCE ISSUES

OCTA must comply with TDA requirements that are specified in PUC Regulations and the California Code of Regulations as noted in the Compliance Matrix in Appendix 1. The Compliance Matrix investigates the degree to which funds allocated to the claimant pursuant to TDA requirements were expended in conformance with applicable laws and rules and regulations. While complying with the vast majority of requirements, OCTA does not fully comply with one required element. PUC Section 99261 requires that Claims for TDA funds be submitted in compliance with RTPE's rules and regulations. In its role as the RTPE, OCTA has issued "TDA -- Guidelines for Administration of the Act and Preparation of LTF Claims and STAF Claims" ("Guidelines"). These Guidelines require that all submissions for LTF monies include, among other things:

"Operators must submit performance measures for three years encompassing the project year, current year, and prior year. The performance measures must be identified separately by mode of service where possible, as follows: for OCTD, local and express service and paratransit service . . . . These performance indicators are necessary for the Transportation Planning Agency (TPA) to carry out its responsibilities in determining the efficiency, effectiveness, productivity and general operating trends of operators. Explanations of major changes in the indicators must be provided by each operator in its claim. "

While OCTA maintains and tracks the required performance measures as part of its overall operations, in each of the three audit years reviewed, OCTA did not include in its claim a formal recitation of the required performance indicators, nor did it provide an explanation of any major changes in the indicators. Moreover, this issue was raised as a finding in the prior performance audit, but was not corrected by OCTA during the audit period. An additional compliance recommendation is not made because we address the issue later in this report as an improvement recommendation.

In addition to the forgoing, OCTA is responsible for making annual submissions to the State Controller and the Federal Transit Administration (FTA) providing key financial and operational data. Pursuant to this audit, data was reviewed to evaluate the consistency of data submitted to these agencies. Prior performance audits had reported deviations in demand response data. Data consistency issues as related to demand response have been sufficiently corrected. No significant data consistency issues were found with fixed route services.

III. TRANSIT PERFORMANCE TRENDS & ANALYSES

A. OVERVIEW

In this section, we present the results of collecting and analyzing performance statistics for the three year audit period for both fixed route and paratransit services at OCTA. California PUC Section 99246 mandates that a performance audit include a review and analysis of an operator's performance of five key indicators:

1. Operating cost per passenger
2. Operating cost per Vehicle Service Hour
3. Passengers per Vehicle Service Mile
4. Passengers per Vehicle Service Hour
5. Vehicle Service Hours per employee

Data for the analysis of these indicators were compiled using data from National Transit Database and State Controller's reports. The performance trends cover the period from FY 2004 through FY 2006, with FY 2003 used as a base year to provide a point of reference for the analysis. The review is designed to assess efficiency and effectiveness trends system-wide as well as trends for fixed route and demand response services and is divided into three sections:

- Total system
- Fixed route
- Demand response

Overall, as an operator OCTA has experienced a decrease in system-wide efficiency primarily due to significant increases in key expense categories including fringe benefits, tires, and fuel costs during the audit period. Demand response services showed stronger trends with significant increases in passengers and only marginal increases in operating costs. The following section will examine these costs and trends in greater detail.

B. PERFORMANCE INDICATOR TABLES

1. System Wide Tables

System wide indicators (Tables 1 and 2) show an overall decrease in cost efficiency. This decrease in efficiency is primarily due to significant increases in fringe benefits, tire and fuel costs. The system also saw an isolated spike in liability and casualty costs as a result of high liability accidents that occurred prior to the audit period but whose costs were incurred in FY 2006. The result was a significant increase in system wide operational costs. Additionally, the system also saw slight decreases in certain service indicators such Vehicle Service Hours (VSH). Vehicle Service Miles (VSM) increased at a faster rate than the overall growth in passengers. Below is a summary of trends within key operational indicators:

- **Operating Cost Per Vehicle Service Hour** – As with Operating Cost per Passenger, this key cost indicator increased significantly during the audit period (21.6%). While the VSH increased by 8.0%, Operating Costs increased by 31.3% creating a rise in the Operating Cost per VSH. The increase in Operating Costs is largely driven by four key expense categories.
- **Fuel and Lubricants** -- Fuel and lubricant costs rose dramatically from $6.6 million in FY 2003 to $16.6 million in FY 2006, a rise of over 150%.
- **Fringe Benefit Costs** -- Fringe Benefit costs increased by 43.8% during the audit period from $35.4 million in FY 2003 to over $50.9 million in FY 2006. While workers' compensation costs remained relatively stable during the audit period, retirement costs and health care costs increased significantly resulting in over 40% overall increase in fringe benefit costs.

- **Tires and Tubes** – Tire and tube costs increased by 82.3% over the audit period, a total increase of $934,148. The global increase in oil prices had significant impact on the costs of petroleum based products. The led to the substantial increase in tire and tube costs.
- **Casualty and Liability** – Casualty and liability costs also spiked in FY 2006, causing an abnormally inflated operating cost figure for FY 2006.
- **Operating Cost Per Passenger** – This cost effectiveness measure grew significantly from $2.62 per passenger in FY 2003 to $3.29 per passenger, an increase of 25.6%. While passenger volume increased by 4.5% during the audit period, an increase of almost 3 million passengers, this increase did not keep pace with rising operating costs.
- **Passengers Per Vehicle Service Hour** – Passengers per VSH dropped a modest 3.3% during the audit period.
- **Passengers Per Vehicle Service Mile** – Passengers per VSM dropped 2.8% during the audit period with VSM increasing at a faster pace than the growth in passengers.

Table 1: TDA PERFORMANCE INDICATORS – TOTAL SYSTEM					
TDA Performance Indicators	Base Yr. FY 03	Audit Period FY 04	Audit Period FY 05	Audit Period FY 06	% Change FY 03-FY 06
Total Operating Costs	$173,153,286	$195,975,847	$212,031,514	$227,283,447	31.3%
Unlinked Passengers	66,104,733	68,636,823	68,501,777	69,057,674	4.5%
Vehicle Service Hours	2,250,500	2,385,084	2,445,317	2,430,281	8.0%
Vehicle Service Miles	29,979,357	31,906,928	32,700,809	32,234,072	7.5%
Operating Cost Per VSH	$76.94	$82.17	$86.71	$93.52	21.6%
Operating Cost Per Passenger	$2.62	$2.86	$3.10	$3.29	25.6%
Passengers Per VSH	29.4	28.8	28.0	28.4	-3.3%
Passengers Per VSM	2.21	2.15	2.09	2.14	-2.8%

Table 2: SYSTEM WIDE EXPENSES					
System Wide Expenses	Base Year FY 03	Audit Period FY 04	Audit Period FY 05	Audit Period FY 06	% Change FY 03 – FY 06
Labor					
Operator Salaries & Wages	$39,189,166	$40,709,850	$42,057,592	43,133,068	10.1%
Other Salaries & Wages	30,695,492	33,394,492	33,554,929	35,449,668	15.5%
Fringe Benefits	35,412,884	49,942,186	50,053,453	50,932,357	43.8%
Services	20,105,822	23,423,921	23,142,880	20,803,963	3.5%
Materials & Supplies					
Fuel & Lubricants	$6,622,722	8,359,766	10,704,233	16,594,566	150.6%
Tires & Tubes	1,135,242	1,415,510	1,536,527	2,069,390	82.3%
Other Materials & Supplies	10,510,169	11,313,821	12,507,294	12,827,662	22.1%
Utilities	1,523,491	1,287,714	1,363,672	1,590,712	4.4%
Casualty & Liability Costs	1,029,543	540,984	1,032,654	10,924,305	961.1%
Taxes (taxes levied by Federal, State and local governments)	460,032	575,476	1,598,315	111,656	-75.7%
Purchased Transportation	25,151,812	30,328,920	32,847,997	31,422,053	24.9%
Miscellaneous Expense	1,316,861	1,683,259	1,631,968	1,424,047	8.1%
Total System Expenses	**$173,153,286**	**$195,975,847**	**$212,031,514**	**$27,283,447**	**31.3%**

2. Fixed Route Analysis and Indicators

TDA performance indicators for fixed route were mixed. As indicated in Table 3 below, operating costs rose substantially during the audit period due to certain key expense indicators and this increase is negatively reflected in the cost efficiency measures referenced below. On a positive note, passengers increased during the audit period at a faster rate than VSM. Set forth below is a summary of trends in each of the key performance areas:

- **Operating Cost Per VSH** – This cost and efficiency indicator increased significantly during the audit period from $85.40 to $105.50 per hour, an increase of 23.5%. As discussed above, the increase in this indicator is largely due to increases in four expense categories: fuel and lubricants, fringe benefit costs, tires and tubes and casualty and liability.
- **Operating Cost Per Passenger** – Operating Cost per Passenger also grew measurably during the audit period from $2.30 per passenger in FY 2003 to $2.87 per passenger in FY 2006, an increase of 24.6%. Passengers grew approximately 4.1% during the period, an increase of over 2.6 million passengers.
- **Passengers Per VSH** – Passengers per VSH was effectively flat during the audit period starting at a level of 37.1 passengers per VSH in FY 2003 and finishing the audit period at 36.7 passengers per hour in FY 2006.
- **Passengers Per VSM** – Passengers per VSM increased by 1.8% during the audit period. This was largely achieved through a marginal increase in overall ridership on fixed route services.
- **VSH Per Employee** – Vehicle Service Hours per employee grew by 4.5% during the audit period, representing an overall increase in workforce productivity. This was largely the result of a relatively constant workforce (coach operators, maintenance and service workers) during the audit period.

Table 3: TDA PERFORMANCE INDICATORS -- FIXED-ROUTE					
TDA Performance Indicators	Base Year FY 03	Audit Period FY 04	Audit Period FY 05	Audit Period FY 06	% Change FY 03-FY 06
Total Operating Costs	$150,217,079	$167,856,484	$180,560,237	$194,879,440	29.7%
Unlinked Passengers	65,195,577	67,551,874	67,304,135	67,868,149	4.1%
Vehicle Service Hours	1,759,039	1,807,854	1,838,509	1,847,266	5.0%
Vehicle Service Miles	22,848,216	23,305,651	23,468,437	23,353,882	2.2%
Employees	1,694	1,716	1,704	1,702	0.5%
Operating Cost Per VSH	$85.40	$92.85	$98.21	$105.50	23.5%
Operating Cost Per Passenger	$2.30	$2.48	$2.68	$2.87	24.6%
Passengers Per VSH	37.1	37.4	36.6	36.7	-0.9%
Passengers Per VSM	2.85	2.90	2.87	2.91	1.8%
Vehicle Service Hours Per Employee	1,039	1,053	1,079	1,085	4.5%

3. Demand Response Indicators

TDA performance indicators for demand response were mixed. As expected, operating costs increased substantially during the audit period, but was balanced by a positive increase in relation to VSH and VSM. Set forth below is a summary of trends in each of the key performance areas:

- **Operating Cost Per VSH** – Operating Cost per VSH for demand response services increased by 19.1% during the audit period from $46.67 to $55.58. This increase was directly related to significant increases in fuel and other material costs.
- **Operating Cost Per Passenger** – Operating Cost per Passenger grew from $25.23 per passenger in FY 2003 to $27.24 per passenger in FY 2006, an increase of 8.0%. While operating costs increased significantly, OCTA's transit services also experienced the following growth in passengers, VSH and VSM:
  - 30.8% growth in passengers
  - 18.6% growth in VSH
  - 24.5% growth in VSM
- **Passengers Per VSH** – As a result of the significant increase in passengers, the overall Passengers per Vehicle Service Hour increased markedly from 1.8 to 2.0, a 10.3% increase.
- **Passengers Per VSM** – Passengers per VSM also increased during the audit period from 0.127 passengers per mile in FY 2003 to 0.134 per mile in FY 2006, a 5.1% increase. As noted above, passengers increased by 30.8% and VSM increased by 24.5%.

Table 4: TDA PERFORMANCE INDICATORS -- DEMAND-RESPONSE					
TDA Performance Indicators	Base Yr. FY 03	Audit Period FY 04	Audit Period FY 05	Audit Period FY 06	% Change FY 03- FY 06
Total Operating Costs	$22,936,207	$28,119,363	$31,471,277	$32,404,007	41.3%
Unlinked Passengers	909,156	1,084,949	1,197,642	1,189,525	30.8%
Vehicle Service Hours	491,461	577,230	606,808	583,015	18.6%
Vehicle Service Miles	7,131,141	8,601,277	9,232,372	8,880,190	24.5%
Operating Cost Per VSH	$46.67	$48.71	$51.86	$55.58	19.1%
Operating Cost Per Passenger	$25.23	$25.92	$26.28	$27.24	8.0%
Passengers Per VSH	1.8	1.9	2.0	2.0	10.3%
Passengers Per VSM	0.127	0.126	0.130	0.134	5.1%

IV. FUNCTIONAL AREA IMPROVEMENT RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS FOR MAJOR FUNCTIONAL ACTIVITIES AT OCTA

The Audit Team included limited functional surveys as part of the process of conducting the audit resulting in suggestions for operational and management improvements. These recommendations are noted as Improvement Recommendations and are based on the assessment conducted by the audit team during the scope of the review. Our team had also conducted recent studies in the procurement and financial reporting areas; we incorporated findings from those projects when appropriate. These recommendations are actions that management should consider and evaluate as part of its ongoing management of the OCTA.

A. OCTA LRTP EFFORTS

During the audit period, OCTA's LRTP efforts focused on the 2006 LRTP, which in turn served as the planning basis both for the renewal of Measure M and as input into the 2008 Regional Transportation Plan (RTP) update.

1. LRTP

OCTA adopted its most recent long-range transportation plan, *New Directions,* in July 2006. The plan identified a multi-modal package of projects and programs designed to:

- Reduce delay due to congestion
- Increase the average peak period freeway speed (AM)
- Increase the average peak period roadway speed (AM)
- Increase daily transit trips

There were three sets of improvement alternatives, each with differing levels of performance on the four measures listed above, and each requiring different levels of investment. The improvement alternatives were presented assuming the sunset in 2011, and the extension of Measure M, Orange County's half-cent sales tax for improvements on highways, roadways and transit. Also in preparation for the possible extension of Measure M, OCTA conducted a Program Environmental Assessment Review (PEIR) of the 2006 LRTP. Thus the 2006 LRTP served the dual purpose of providing guidance for Orange County transportation projects and programs through 2030, and providing the baseline for projects and services that could be funded should Measure M be extended.

2. Renewed Measure M

Orange County voters approved the renewal of Measure M on November 7, 2006. The Renewed Measure M provides $11.8 billion for transportation improvements over a 30-year period beginning in 2011. The *Renewed Measure M Transportation Investment Plan* is based on projects identified in the 2006 LRTP.

3. Regional Transportation Plan

Orange County is one of the six member counties in the Southern California Association of Governments (SCAG), which is the metropolitan planning organization (MPO) for the region. SCAG is responsible for preparation and submission of the RTP, with input from OCTA and the other regional transportation planning entities.

- **2004 RTP:** OCTA's input to the 2004 RTP was based on the 2002 LRTP, *Directions 2030*. According to staff, OCTA's proposed projects and programs were included in the 2004 RTP without substantial change. The 2004 RTP was adopted on April 1, 2004, by the SCAG Regional Council.

- **February 2, 2006, RTP Amendment:** The initial slate of Orange County projects included the CenterLine light rail project, and once it became clear that federal funding for CenterLine would not be forthcoming, OCTA submitted a formal RTP Amendment to replace CenterLine with a combination of bus rapid transit service, expanded Metrolink commuter rail service, local shuttle and carpool operational improvement projects. The amendment also included a revision to the scope of the Foothill Transportation Corridor-South (SR-241) toll road project. After a period of review and interagency consultations, the amendment was adopted by the SCAG Regional Council on February 2, 2006.

- **2008 RTP Update:** The reauthorization of federal surface transportation programs in 2005, titled the Safe, Accountable, Flexible, Efficient Transportation Equity Act–A Legacy for Users (SAFETEA-LU), changed the RTP cycle from every three to every four years. Accordingly, SCAG has begun the process of updating the 2004 RTP, and OCTA staff has been actively participating in the many SCAG Committees that provide input to the RTP process.

4. **CBP**

The CBP process was discussed in Section II. of this report. Based on the matters we discussed in that section, we believe there is additional benefit that can be achieved through the CBP process and therefore we make the following improvement recommendation.

Improvement Recommendation #1: OCTA should build on the multi-level planning efforts for the CBP to position the CBP as the single, agency-wide source for transportation plans, operations, projects and services.

- This planning effort should include divisions/departments such as Marketing and Operations Analysis as well as Strategic Planning.

- The 2006 CBP lists performance indicators for bus operations and paratransit in terms of boardings and similar indices. These performance measures should be expanded to include indicators for all departments, and should also be tied to annual operational goals. This would then serve as the basis of an internally developed performance measurement system which would be based on OCTA's planned programs and projects and service priorities.
- While the Finance, Administration, and Human Resources Division compiles the CBP, all of OCTA's Executive Directors and Management should take greater ownership of its content to help position the CBP to become more comprehensive and to serve as a basis for setting the expectations of their respective operations' performance.
- The Chief Executive Officer (CEO) should further enhance the image and importance of the CBP by regularly using it as the reference base in evaluating performance and providing supporting detailed direction to staff.

5. Regional Planning Accomplishments during the Audit Period:

- Completion of the Interstate 405 Major Investment Study, with the locally preferred alternative adopted in October 2005. This study examined future transportation improvements along the San Diego Freeway (I-405) corridor in the 13.5 miles between the San Gabriel Freeway (I-605) and San Joaquin Hills Transportation Corridor (SR-73). In an extensive consultative process with local working groups and the public, the locally preferred strategy adopted by the OCTA Board would add a general purpose lane in each direction between Brookhurst and I-605, supported by additional auxiliary lanes, modeling strategies, new park-and-ride facilities, and express bus service.

- Completion of the Riverside County – Orange County Major Investment Study, with the locally preferred alternative adopted in December 2005. This study examined capital and operational improvements to Riverside Freeway (SR-91) and other potential multimodal transportation corridors between Riverside and Orange counties. The locally preferred strategy approved by the OCTA Board of Directors and the Riverside County Transportation Commission Board of Commissioners

included widening the SR-91 with first priority for the section between SR-241 and Interstate 15, and next priority on the section between Costa Mesa Freeway (SR-55) and SR-241.

- Completion of the South Orange County Transit Study in February 2004. Working closely with the cities and stakeholders in the South Orange County area, a seven-year action plan for improving transit services was identified.

- Continued updating and developing the SR-91 Implementation Plan, which includes short-, mid- and long-term transportation plans for SR-91 between SR-55 and I-15, with the cooperation of the Riverside County Transportation Commission (RCTC) and Caltrans.

- Started the South Orange County Major Investment Study, which will assess various alternatives for improving north-south travel from the SR-55 to the Orange/San Diego County border and east-west travel from the foothills to the coast. The study began in early 2006 and is expected to be completed in December 2007.

- Moved toward completion of the initial phase of the Central County Corridor Study, which identified conceptual alternatives for improving mobility in the central area bounded by Beach Boulevard on the west, SR-55 on the east, Ball Road on the north and Pacific Coast Highway on the south. The study findings are to be finalized and presented to the Board in 2007.

- Amended and updated the Master Plan of Arterial Highways (MPAH), most recently in January 2007. The MPAH defines a county-wide system of roads and arterials eligible for funding, and thus assists in ensuring coordination of roadway planning among local agencies.

B. ENVIRONMENTAL MANAGEMENT

OCTA currently does not have internal staff with extensive environmental experience or expertise outside of air quality issues and policies. This may present difficulties for the agency, especially in light of programs to be funded by the renewed Measure M. Two percent of gross revenues from Measure M are set aside for projects that will protect Orange County beaches from urban runoff and improve ocean water quality. Measure M also provides funds for comprehensive mitigation of the environmental impacts of the planned highway improvements, subject to a Master Agreement between OCTA and State and Federal resource agencies. Both of these efforts suggest the need for staff that can direct and manage environmentally related projects.

Improvement Recommendation #2: OCTA should supplement existing staff environmental capabilities with personnel possessing stronger experience and expertise in environmental matters.

C. CLERK OF THE BOARD COMMITTEE SUPPORT

OCTA's Clerk of the Board provides administrative support to the OCTA's Board and the official Board Committees. There are, however, many other OCTA sponsored committees that involve or make reports to Board Members. The responsibility for providing similar administrative support (agenda preparation, note taking, reporting of minutes, etc.) to other committees that include Board Member appears to be distributed to other departments within OCTA—notably the External Affairs Division. To ensure a consistent level of administrative support, commensurate with the expertise of the support received by Board Committees, it would be advisable to assign responsibility for administrative support for such committees to the Clerk of the Board.

Improvement Recommendation #3: OCTA should consider assigning the administrative support of all committees that support the OCTA related activities of Board Members to the Clerk of the Board.

D. INTERNAL AUDIT

OCTA's Internal Audit Department and its activities experienced substantial change during the performance audit period. The department has a new manager and largely new staff since 2003. The Internal Audit Plan has been revised based on a new risk assessment and the department now reports directly to the Board through the CEO which is an elevation from its prior position in the organization. We also observed that the department had become more involved and participative in the day to day operations of the OCTA rather than reserving all of its resources for audits of largely completed activities. The Manager of Internal Audit has proposed to subject the department to a peer review for further professional development and to increase the Board's and the public's confidence in the independence and effectiveness of the department's programs. During the course of the Performance Audit, we found several matters which could further improve the effectiveness of the internal audit function at OCTA.

1. The Finance and Administration Committee of the Board of Directors and the Audit Committee Role

The OCTA Board of Directors has designated its Finance and Administration Committee to act as the OCTA's Audit Committee. As such, the Committee is responsible for receiving and reviewing financial and internal audit reports and briefings. We found that the Committee had only minor participation in the development of the current internal audit plan, and that financial and internal audit reports had apparently received little review prior to their presentation at Committee meetings during the performance audit period. We also noted that currently all Internal Audit reports are presented to the Finance and Administration Committee and the level of Board interest has increased. A recent report by a major accounting firm found that, in industry, the average Audit Committee Member devotes over 140 hours a year to that responsibility. While there are certainly differences in scope, regulations, and business activity, the firm's findings are a useful indicator of the amount of time it can take to provide audit oversight in a major entity such as OCTA. As part of the continuing discussions with the Finance and Audit Committee, the Manager of Internal Audit should discuss time availability and scheduling for Audit Committee activities.

Improvement Recommendation 4: OCTA's Internal Audit Manager, working with the CEO and Executive Director of Finance, Administration, and Human Resources, should clarify the roles/expectations of Board Directors serving as the Audit Committee.

Improvement Recommendation #5: The Manager of Internal Audit should provide a training forum and guidance materials to the Board about the activities of an Audit Committee.

Improvement Recommendation #6: The Manager of Internal Audit should review the current processes that involve the Audit Committee (audit planning sessions, access to Audit Committee for input and feedback, audit communications, etc.) and strengthen the procedures, timing and reporting processes to foster enhanced Audit Committee involvement and participation.

2. The Role of Internal Audit at OCTA

Effective Internal Audit organizations provide consultive as well as evaluative services. The idea is to help operating departments avoid problems rather than watching and later reporting deficiencies. OCTA's Internal Audit Department has made progress in moving towards this mode of operating. Further improvements are possible.

Improvement Recommendation #7: Managers and Executive Directors of OCTA's Divisions should become involved in the audit planning process and the resulting scheduling of audit time and resources. While we recognize that Internal Audit must maintain its independence in setting its priorities, we believe this cross organizational participation should emphasize cooperative prioritizing/identifying of audit area and input to audit scoping plans.

Improvement Recommendation #8: The tenor, tone and format of Internal Audit's reports should be updated and changed to facilitate a more constructive and positive approach to developing and reporting on its work.

Improvement Recommendation #9: The Internal Audit staff should further utilize their participation in the meetings, briefings and discussions they attend with other OCTA staff to share ideas and provide advice from the aspect of controls, accountability, and sound management practices.

E. MARKETING AND PUBLIC RELATIONS

As part of the External Affairs Division, OCTA has a Marketing Department which promotes all OCTA programs (bus, rail, 91 Express Lanes, etc.) through a wide range of marketing, public relations, and advertising activities. The department's products (reports, artwork, marketing materials) have been widely applauded for their quality. Also, the department has substantially enhanced the creativity, planning and execution of its efforts. Marketing does a noteworthy job of measuring its activities in terms of contact rates, public awareness and customer satisfaction metrics. In performing the analyses for the Performance Audit Compliance Matrix items addressing Marketing, we found the activities were in full compliance. However, we offer some suggestions for OCTA's consideration as its marketing efforts evolve.

1. Transit Services Route Information

While Marketing measures awareness and activity metrics (# calls, # bus books issued, web hits, etc.) for its efforts to get service information to existing and potential customers, the actual impact on ridership volumes is unmeasured. OCTA makes information available to riders by:

- Printing almost 200,000 copies of a bus book with each service change (down from 400,000 in the past)
- Maintaining a web-site with transit information
- Information on buses and at several thousand bus stops via information displays
- Contracting for a call center which handles 50,000+ calls each month at a cost of about $2 for each call

- Outreach marketing efforts at schools, community groups and other gatherings of potential riders.
  It is unlikely that restricting information to one source (such as the bus book) would work for all riders, but the degree of overlap and relative impact on ridership of each activity is not measured. For example, the number of bus books printed was halved and OCTA received little or no notice from patrons about the change. Similarly, OCTA incurs a major expense in changing the information cassettes posted at bus stops with each service change. OCTA does not know if the cassette information needs to be precise (e.g. a bus now comes at 9:02 instead of 8:59 before the change) or if the riders would be sufficiently informed to know only first and last bus times and the intervals.

  Improvement Recommendation #10: OCTA should investigate how various the route data are used and valued by its customers, and then adjust the efforts based on the findings. OCTA should regularly evaluate cost-effectiveness of their marketing strategies and monitor the performance of the marketing strategies against adopted performance metrics.

2. **Promotional Activities**

Improvement Recommendation #11: OCTA should evaluate the potential value of integrating additional marketing efforts across all of the OCTA's services. For example, Metrolink Rail and OCTA bus fares are not packaged or bundled. OCTA's merchant coupon program for bus riders is not promoted to 91 Express Lanes customers as a benefit of being an OCTA customer.

Improvement Recommendation #12: OCTA should evaluate the effectiveness of increasing its marketing outreach to high school students as an alternative to contracted school bus transportation on routes serving junior high and high schools. Currently marketing to students is more generalized and particularly focused on summer activities such as the beach destinations.

3. Marketing Planning

Marketing develops excellent overall plans and campaign plans for specific programs. However, the department stated that it could use more top level direction regarding overall strategic, service and growth goals to guide its planning. This information is generally included in the CBP, but could be more explicit and comprehensive to assist Marketing.

Improvement Recommendation #13: Expand the CBP to specifically address marketing strategies that will be used to achieve program and service goals.

F. FINANCIAL MANAGEMENT AND REPORTING

Large organizations generally create a cost allocation plan to enable management to easily and equitably allocate indirect costs to specific activities and/or programs. The cost allocation plan establishes definitions/categories of direct and indirect (sometimes called overhead or general administration (G&A) costs and charges the indirect costs to activities based on a pre defined set of formulae such as headcount, space used, or budget size. The intent is to avoid spending significant time and resources trying to precisely track overhead type costs when such costs are for "general benefit" of the organization. For example, rather than track electricity usage by department or even by person, organizations allocate the total cost of electricity to programs based on the relative square footage of facilities occupied by staff assigned to that activity. Similarly, the cost of top corporate executives may be allocated based on relative sales, costs, or some other reasonable basis. However, the delicate balance any organization faces is that allocated indirect costs are difficult, if not impossible, to manage by the activity receiving the charge. Therefore, it is important to strive to directly charge as much of the costs as is feasible and reasonable in terms of the mechanics of cost accounting, and to regularly update the bases (formulae) of how the indirect cost pool is allocated. OCTA has made progress in this area by identifying selected support costs which, while charged through the cost allocation plan, are recorded directly through project costing codes. However, we found some instances where such charges were collected on less than a complete basis

because individual time records did not capture all the directly chargeable activities of the individuals.

OCTA's cost allocation pool for FY 2006 was about $47 Million out of a total operating budget of about $477 Million. While 10 percent of all operating costs is not an unreasonable portion for indirect charges, it is still substantial. The transit programs operated by OCTA are allocated about 55 percent of the indirect cost pool. Transit was also directly charged for essentially OCTA's entire $11 million casualty and liability costs in 2006 because of several large transit related settlements. These cost allocations occur largely because transit employs the vast majority of OCTA employees, operates the bus bases, and encounters most of casualty costs in operating transportation services.

Our limited work during the Performance Audit did not include examining specific indirect charges or the underlying allocation formulae. However, we observed (as have OCTA staff) that there are further opportunities to reasonably determine a basis for direct costing some expenses to projects and activities. This would require modifications to OCTA's chart of accounts and time charging practices. Increased direct billing of support services would enhance program cost accountability and enable managers to exert more influence on the costs of their activities. OCTA staff agreed with our observations and has begun a project to examine how to reduce the cost allocation pool through more extensive direct charging.

Improvement Recommendation #14: 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.

G. REVENUE COLLECTION AND FINANCIAL MANAGEMENT

1. Pass Sales Program

OCTA sells bus passes through its Customer Information Center (CIC), purchase orders, and also approximately

150 retail vendors. The total annual dollar volume from these sources is approximately $10 million. Accounting does not separately report the amounts received from these categories. External Affairs is considering restructuring its retail-vendor sales structure to, among other things, change from a 60-day consignment approach to a "net 30-day" retail approach.

OCTA currently discounts the price of bus pass sales to retail vendors by five percent from the pass's face value. A recent consultant study, by Darrel Cohoon & Associates, found that some other properties give significantly lower discounts to retail vendors and still maintains as many vendors as they wish in the sales program. Examples of percentage discounts paid to retail vendors include Los Angeles County Metropolitan Transportation Authority (less than 1%), Santa Clara Valley Transportation Authority (0%), and Dallas Area Rapid Transit (2-5% depending on the agreement with large chain stores receiving 5% if they consolidate sales/revenue reporting). If OCTA reduced its discount from five to two percent, it would save a minimum of $150,000 a year and possibly significantly more.

Improvement Recommendation #15: Once OCTA has implemented the 30-day net retail approach; it should consider a scheduling a small reduction in the discount and then evaluate the impact on the number of vendor and total vendor pass sales. If there is no significant reduction in vendor sales and in the necessary geographic coverage of retail vendors, further reductions should be considered over time until an optimum discount is reached.

2. **Accounts Payable**

- **Invoice Approval**

  There were instances during the audit period in which authorizing staff, i.e. project managers, approved invoices for professional services that did not fully meet terms of the contracts. The OCTA has recognized that there are shortcomings in the payment approval process and is implementing remedial actions:

The Finance, Administration, and Human Resources Division will be developing a process, as recommended in a consultant review of CAMM earlier this year, under which invoices for payments of contracts over a certain dollar and complexity level will have to be signed by a contract administrator in Contracts Administration and Materials Management (CAMM). The intent of this initiative is to provide "a second set of eyes" to ensure that invoices meet the criteria set forth in the bulleted items below.

The Accounting Department has drafted a "Payment Signature Authorization Policy" that among other things states that "individuals authorizing payments are responsible for ensuring" that the following requirements have been met:

- The underlying goods or services were received and were satisfactory
- The amount is correct and legally due
- The expenditure complies with applicable statutes and OCTA policies
- The expenditure complies with applicable contract or purchase order terms
- Available budget exists to cover the expenditure
- Payment is within the approver's level of fiscal responsibility and authority.

Improvement Recommendation #16: 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.

- **Use of Payment Requests**

  Departments are authorized to make individual payments not exceeding $2,500 without following any formal procurement process, i.e., no purchase order or contract has to be established. The intent is to allow for small,

occasional purchases without going through the CAMM procurement process. Payment requests are also used for items larger than $2,500 as in the case of judgments and settlements.

Whenever possible, departments are required to go through CAMM's normal procurement process for purchases over $2,500. In practice, some departments repeatedly issue numerous payment requests that if properly consolidated would exceed the $2,500 threshold. The following are three examples of such instances during FY 2005-06:.

1. Maintenance issued 175 payment requests for a total of $66,883 for parts and maintenance supplied by Cummins Engine. Many of the payment requests were documented as being for bus-downs, situations in which rapid procurement is important. While bus-downs require prompt procurement, Maintenance has a contract with Cummins, and CAMM has a process for issuing purchase orders to that vendor within four hours. Maintenance indicates that such purchase orders are not always readily available at night or on weekends, but the volume of payment requests suggests that Maintenance used this approach to circumvent the established procurement process.
2. Information Services issued 80 payment requests totaling $19,936, to Lasercare for printer repair.
3. Human Resources issued 74 payment requests for placing personnel recruitment ads through the Employment Guide at a cost of $50,839. This apparently occurred because there was no purchase order in place at the time for placement of ads directly through newspapers. Purchase orders have now been issued for these ads.

All of the examples appear to be types of procurements for which contracts or blanket purchase orders should have been issued after competitive bids or proposals. Currently, Account Payable staff process payment requests without reviewing them for possible overuse of the less formal process.

Improvement Recommendations#17:

A: 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.

B: CAMM should review the "frequent payment request" list and contact departments that 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.

3. Budgeting

- **Professional Services and Capital Budgeting**

As shown in the table below, the amounts spent by OCTA Divisions for professional services are nearly always considerably below the amounts budgeted. The same pattern applies to amounts budgeted for capital budgets. To some extent, this is unavoidable. Budget submittals generally reflect departments' expectations, and subsequent events then preclude the departments from using all of their budgeted funds. However, some departments repeatedly under-spend one year's budget and then seek the same level or a higher level the following year only to under-spend again. The variance between actual and budget, exceeding $13 million in professional services only in one year, represents funds that are "locked up" and unusable for other needed purposes. As a result, these funds may remain unspent for the purposes requested in the annual budget.

PROFESSIONAL SERVICES, BUDGET TO ACTUAL												
	FY 2003-04				FY 2004-05				FY 2005-06			
Division	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%
Executive Office	$344	$323	($21)	-6%	$1,220	$1,077	($143)	-12%	$1,437	$1,368	($69)	-5%
Finance, Admin & HR	8,057	5,518	(2,540)	-32%	7,593	6,642	(951)	-13%	7,700	6,624	(1,077)	-21%
External Affairs	3,359	3,129	(231)	-7%	2,612	2,617	(6)	-0%	2,768	2,194	(573)	-21%
Labor Relations	615	578	(38)	-6%	169	72	(97)	-57%	151	111	(40)	-27%
Development	44,663	41,692	(2,971)	-7%	39,938	25,955	(11,983)	-32%	35,505	37,109	(1,604)	-5%
Transit	1,248	1,390	(142)	-11%	1,462	1,267	(195)	-13%	1,443	1,221	(222)	-15%
Total	$58,288	$52,630	($5,568)	-10%	$50,994	$37,631	($13,362)	-26%	$49,004	$48,626	($377)	-1%

Improvement Recommendation #18: 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.

- **Budget Transfers**

  Despite the fact that professional services and capital items are zero-based in the budget process, the Financial Planning & Analysis Department stated that the following sequence of events occurs:

  1. A capital project or item is approved in the budget

2. During the course of the fiscal year, the user department does not complete the procurement of the project or item specified in the budget
3. The user department transfers some of the budgeted funds from the original item to another asset category
4. The user department re-budgets the originally budgeted item into the following year's budget submission

Transfers between major object codes requires the approval of the Board of Directors, but transfers of funds within the same object codes, even if they involve different asset categories, do not require Board approval. In adopting the annual budget, the Board of Directors approves specific capital assets. The current policy allows departments to move approved funds to items not specified in the approved budget. For example:

During the audit period, there were numerous transfers of large sums from one or more capital line items in the budget to other capital line items that, while within the same object code, were in a different asset category. For example:

- In FY 2005-06, Maintenance transferred over $1.5 million from the $4.5 million budgeted for the ACCESS Radio Replacement Project to several other budgeted line items. These included the fixed route digital radio system and a video retrieval system.
- In FY 2004-05, Maintenance funded the unbudgeted replacement of 20 engines for the 7300 Series articulated buses with approximately $1.15 million budgeted for the replacement of engines, transmissions, and wiring on 5000/5100 Series buses and for three other line items in different asset categories. The request was taken to the Board because the intended use was for an unbudgeted item exceeding $100,000, but the staff report indicated only that "engine repair funds are available" and did not specify the source of funds had been budgeted for purposes unrelated to the 7300 Series buses.

While the transfers noted above were allowable under the current policy, the amounts were large and not in keeping with the purposes for which the funds were originally budgeted.

Improvement Recommendation #19: 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.

- **Maintenance Budget**

Maintenance has one of the most complex budgets within the OCTA owing to the large number of people it employs, the range of items it buys, and its changing needs during the course of each fiscal year. A more systematic approach to projecting the department's needs for bus fuel, tires, and parts is required so that Maintenance is neither under- nor over-budgeted from year to year. Budget-to-actual figures for items varied significantly throughout the audit period. The variations appear especially large since these items should be reasonably predictable based on engine hours and miles associated with planned service levels.

Improvement Recommendation #20: The Budget Development Section in the FP&A Department should work with the Maintenance Department in Transit to develop a financial model that projects the upcoming year's budget for tires, major parts and fuel based on clear assumptions regarding the planned use of buses, by model, expected unit prices, and documented operating assumptions. The model should be documented to record the assumptions made, relationships between factors (for example, miles and tires), and should be updated each year as the information changes.

- **Fleet Plan**

The OCTA has a process for planning the number, model and other factors affecting the size and configuration of its bus fleet. This results in a fleet plan. The plan, however, is a fluid document and not systematically linked to either the CBP or the annual budget.

Improvement Recommendation #21: OCTA should formalize the fleet plan annually and consider including as part of the CBP. The Service Review Committee should then review and approve the plan.

C. Grants Management

- **Grants Management Organization and Coordination**

OCTA receives hundreds of millions of dollars per year in state and federal grants. Grants planning, application, budgeting, administration, and reimbursement activities need to be closely coordinated. Centralizing these functionswithin a single department would allow for better focus, communication, and coordination.

Currently, the CBP/Grants Section in the FP&A Department conducts all grant reimbursement activities except for those associated with FTA grants, which are largely handled by the Grants Technician in the General Accounting Section in Accounting & Financial Reporting Department. Key information is occasionally not shared, and key tasks occasionally are not coordinated between General Accounting and CBP/Grants Section. For example, CBP/Grants personnel do not consistently transmit requisitions for fully or partially grant-funded procurements to the grants accounting personnel. This makes it difficult for CBP/Grants Section to later locate purchase orders resulting from the requisition and to obligate the grant funds. Although OCTA does not seem to have lost any grant revenue as a lack of centralized coordination and control, there are reported to have been many instances in which communication has had to be repeated and clarified. The

process is not as efficient as it could be under a more coordinated approach.

- **Project Management Planning and Review for Grants**

Project managers in some cases do not fully understand grant requirements, and there are reported instances in which grant funds have come close to being jeopardized.

Improvement Recommendations #22:

A. 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.

B. 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.

C. 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.

H. CONTRACT ADMINISTRATION AND MATERIALS MANAGEMENT

CAMM handles all procurements and contracts for OCTA of materials, supplies and services. This ranges from office supplies to major construction projects. CAMM is organized into three major teams that handle the following major categories of goods and services:

- **Capital Projects** – Public works including architectural/engineering services and construction
- **Procurement** – Professional and miscellaneous services
- **Maintenance** – Supplies, parts and maintenance services, and the Maintenance Team stocks, distributes and reorders parts for the OCTA's three bus operations bases.

The department processes the requisitions and purchases orders based on existing policies and procedures which are currently being reviewed based on recommendations by the Board of Directors. In FY 2006-07, CAMM has engaged consultants to address its operating structure, staffing and processes. The recommendations presented in this section of our report are consistent with the intent and priorities established by the consultants earlier this year.

In the following paragraphs, we identify five actions which we believe will provide more consistency and effectiveness in procurements and in interpretations of Policies and Procedures going forward.

1. Contract Management

OCTA currently does not have an OCTA-wide contract administration capability. While contact management tasks are conducted during the procurement phase of purchasing, very little post award activity such as contract compliance reviews and performance compliance is performed. The only exceptions we noted were CAMM assigning a Contract Administrator to be

actively involved in the Ellipse project, and CAMM assigning a Section Manager for Capital Projects to handle some contract administrative functions on large construction projects such as the Garden Grove Freeway Project. The rest of CAMM's procurement activity is related to pre-contract award tasks such as Requests for Proposals, evaluation and selection of vendors, and negotiating contracts. Specific contract administration tasks are not included in the current OCTA Policies and Procedures. Actual Contract Management is left up to the numerous user departments and the assigned project managers. This has proven to have a lack consistency on how contracts are managed on a day-to-day basis and has created additional costs during the audit period. We observed that contracts are not consistently administered by CAMM. Examples of less than needed contract administration occurred in the Ellipse, Orbital Radio, and ACCESS projects. For example, we were advised by CAMM Section Managers or Procurement Administrators that they attend meetings for the business units that they support for procurements, only if invited. The meetings which are attended may be scheduled on a weekly, monthly or project basis, and are typically specific to pre-award of contracts. However, CAMM staff also advised us that not all departments invite them to these meetings. In other instances, department meetings occurred prior to a CAMM representative being assigned to the planned procurement. Because of these inconsistencies, there have been problems including:

- Payments being issued for work that has not been completed
- Contracts remaining open even after completion of work. This situation can leave budget still available and invoices that are paid for work that was not included in the contract.

CAMM advised us that during the configuration phase of the Ellipse system, CAMM learned that there were thousands of open contracts and purchase orders which were old, outdated and should have been cancelled. To address these issues, we suggest the following.

Improvement Recommendation #23: 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.

Improvement Recommendation #24: 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.

2. **Maintenance/Material Management**

OCTA has divided the Materials Management team into two groups, one for large procurements and one for inventory procurements. The large procurements are for buses, facilities and facilities management and are usually one time purchases. The inventory procurements are for bus parts and any items that are maintained in the inventory system. The Section Manager has thirteen direct reports, which is double the number assigned to the other section managers. Because of the responsibility of having the two groups, the Section Manager is not able to spend the necessary time on both areas of responsibility.

Improvement Recommendation #25: 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.

3. Inventory Control

The inventory control function is organizationally dispersed and is lacking in central analysis and guidance.

- There is a process defined for setting reorder points for all inventory, regardless of dollar value or turn rates. The current turn rate is 2 times during 5 ½ months. Because the metric is an average, some very high dollar items sit on the shelves for several years without being used. Our findings show that these include multiple engines that are usually ordered at the time of ordering buses and are rarely ever used. In some cases, OCTA has spent considerable sums updating spare engines when updating engines in service even though the spare engines are never used. These items become "obsolete" and OCTA's salvage return is 3 cents or less, on the dollar. CAMM does not use first in first out (FIFO) on inventory with expiration dates. This generates more obsolete inventory if product becomes outdated.

- The reorder levels are not prioritized by dollar, turn rate or historic usage. A process that is followed in many inventory control departments is the A, B, C ranking of each inventory item with a priority based on usage and dollar.

- Currently the reorder points are set separately at each operations base. This does not allow for overall consideration of stock that may be sitting on the shelf at another base.

- When the Maintenance Department runs a campaign for maintenance on the buses, CAMM is not consistently notified and therefore, the inventory is depleted before completing the campaign.

Improvement Recommendation #26: 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.

4. Policies and Procedures

CAMM currently has documented policies and procedures, but they lack sufficient detail to provide guidance to staff, and are open to varying interpretations on how things are to be done. The definition of scope of work is not clearly defined for requisitions. Because of the lack of clarity, scopes of work have been incomplete or weak for procurements leading to problems when trying to have a contractor comply with a contract.

Improvement Recommendation #27: CAMM should develop more detailed policies and procedures that will provide consistent direction.

I. PROGRAM/PROJECT MANAGEMENT

Program/Project Management is currently decentralized at OCTA. While project management often occurs under the auspices of the Information Systems (IS) Department (usually because of a technology tie), the activity occurs across the OCTA organization. Therefore there is no consistency in availability or use of tools, processes, and procedures. Because of this lack of consistency, there have been projects within the Agency that have experienced problems that stem from project management such as:

- Business units not always taking ownership

- Insufficient executive sponsorship
- Less than warranted commitments of time and resources,
- Project Managers who are new to the OCTA being assigned to major projects without having the necessary experience and knowledge needed to appropriately manage the project
- Shortage of committed resources allocated to ensure success of the project.
- Scopes that are not clearly defined or lacking detail
- Unrealistic lead times and project schedules
- Conflicting priorities including too many collateral assignments.
- Coupled with the sometimes insufficient contract administration activities, these problems compound the issues and complexity of achieving successful completion of projects.

The IS Department has had to fill project management voids on numerous projects when resources have been unavailable or not provided from the user departments. When this occurs, managers assigned from IS are placed in the position managing without being empowered to make decisions. Also, these assigned project managers do not always understand the business units' needs because they lack the full participation of the business unit staff and management. Several years ago, OCTA formed a Technology Review Committee (TRC) to review and approve all technology projects, but the necessary OCTA staff does not always attend the meetings. Further, the Committee and projects do not always receive sufficient commitment from the top management, and therefore this process is not always effective. We noted an exception to this situation in the Planning & Analysis Department which has put together a model for their engineering and construction projects. OCTA's unmet needs will continue to grow unless the tools, resources and management processes are put in place throughout OCTA to ensure success. To address this gap, we suggest the following.

Improvement Recommendation #28: OCTA should establish a Program Management Office (PMO) that is separate from the business units. The PMO should report at the Executive level. This would enable the project managers to report sufficiently high and directly in the OCTA management structure to identify, communicate, mitigate, and resolve project issues.

Improvement Recommendation #29: The established PMO should implement consistent processes and tool set for managing projects.

Improvement Recommendation #30: Project Managers from the PMO should be assigned based on the project type, (construction, engineering, technology, marketing, etc.), project requirements, and capabilities of the available team members.

J. RAIL SERVICES

OCTA works closely with Metrolink in providing rail services to the residents of, and commuters, to Orange County. OCTA staff attends all Metrolink Board meetings, along with a monthly Technical Advisory Committee (TAC) meeting. The TAC represents the agencies which provide the funds from the surrounding counties. Metrolink involves OCTA and the other member agencies in its budgeting processes well as participating in its Twenty-Year Strategic and Five-Year Strategic Implementation Plans.

OCTA implemented a weekend service in June 2006, providing this type of service for the first time to Orange County. The OCTA was able to change the mindset of Metrolink and the Burlington Northern Santa Fe (BNSF) which was to provide weekday only service. This achievement required substantial negotiating and was accomplished in a short period of time. OCTA currently owns more train right-of-way miles within the County than other member counties (except Los Angeles) have in their jurisdictions, and this asset enables Orange County to run relatively more trains without obtaining agreements from members. OCTA also provides Station Link Service that provides bus transportation from the trains to major employment centers during commuter times. Related to this service to/from train stations, OCTA is currently doing studies for each of the 34 cities for the Go

Local Program which is funded by Measure M. OCTA is also in the process of determining and obtaining the level of staff required to work on the 30 Minute Service Extension.

Improvement Recommendation #31: OCTA should conduct periodic audits and reviews of Metrolink activities on a regular basis to assure integrity in the use of funds spent for rail services affecting Orange County.

V. TRANSIT OPERATIONS IMPROVEMENT RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDED IMPROVEMENTS FOR OCTA TRANSIT DIVISION

Transit Division is comprised of three distinct services: fixed route service, and demand response services. The fixed route and demand response services represent the core of OCTA's transit bus operations and are responsible for delivering daily fixed route bus services, express bus service, StationLink rail feeder services, and paratransit bus services for Orange County residents. In this section, we will summarize specific operational activities, recognize accomplishments, identify challenges, and where appropriate, recommend improvement opportunities.

A. DIRECTLY OPERATED FIXED ROUTE SERVICES

OCTA provides local bus service within Orange County and into Los Angeles, San Diego, and Riverside Counties where those services connect with other transit systems. Local fixed route services operate seven days a week with weekday operating hours beginning at 4:00 AM and continuing past 2:00 AM on its busiest routes.

In FY 2006, Operations provided:

- Rides to over 67.8 million passengers
- 40 million annual VSM
- 2.7 million annual VSH

Fares for local bus services begin at $1.25 for a regular one-way fare to $3.00 for an all-day pass, without discounts offered for seniors and persons with disabilities. Weekly, 15-day, monthly, and student passes are also available offering discounts against the regular fare.

During the audit period, OCTA fixed route services achieved a number of significant accomplishments:

- **Implementation of Peer to Peer Mentoring Program for Operators ("Operation Teamwork")**

  During FY 2005, Bus Operations Department implemented a new peer-to-peer mentoring program for all in-house bus operators. The goal of the program is to improve safety and customer service through a program that provides operators with positive feedback without the threat of organizational discipline. The program was developed by Bus Operations and supported by Teamsters Local 952. Members of Operation Teamwork included safety captains, line captains, union stewards, behind-the-wheel trainers and coach operators with high seniority, and good customer service records. Members of Operation Teamwork perform "ride-alongs" with operators, and provide tips and guidance on issues ranging from customer interaction, schedule adherence, safety, and proper use of equipment. By providing this training in a non-threatening environment, the goal is to increase awareness of key customer and safety issues as well as provide a positive networking experience for the operators.

- **Reduction in Customer Complaints, Employee Injuries and Accidents**

  During the audit period, directly operated fixed route services has seen a number of positive developments in the areas of customer service, accidents and injuries. Reductions in these key indicators can be attributed to a more proactive approach in fostering development and providing training. During the audit period, Operations has more greatly emphasized the use of performance data to prioritize operational goals to the point of using such data to evaluate individual performance of Operations management. Moreover, Operations has begun a campaign that emphasizes "safety, courtesy, and reliability" for the operators. Utilizing the tools of performance evaluation for Operations supervisors and Operation Teamwork, Operations is stressing a culture that promotes safety, courtesy and reliability.

As a result of the foregoing efforts, Operations has achieved a significant measure of success in reducing customer complaints, employee injuries and accidents:

- Complaints per 100,000 boardings dropped from 6.0 in FY 2004 to 4.4 in FY 2006 – (Goal of 6.0 per 100,000 boardings)
- Vehicular accidents were reduced from 3.28 accidents per 100,000 hub miles in FY 2004 to 3.23 accidents in FY 2006 (Goal of 3.21 per 100,000 hub miles)
- Employee injuries have been reduced from 20.6 per 100 employees in FY 2004 to 15.5 in FY 2006 – (Goal 9.2 injuries per 100 employees); and,
- Coach operators with 10 or more complaints in a rolling 12-month period have reduced from 39 coach operators in FY 2004 to 10 coach operators in FY 2006

OCTA fixed route services experienced a number of significant challenges:

- **Increasing Operational Costs**

As discussed more fully in Section II, operational costs increased considerably during the audit period with fixed route costs rising 29.7%. This increase was driven by four key cost categories–fuels and lubricants, fringe benefit costs, tires and tubes, and casualty and liability. Even excluding a one-time casualty and liability spike, total system operating costs still increased by more than 25%. While a substantial portion of these costs are beyond the immediate control of OCTA (fuel and tires), OCTA may consider long-term strategies (e.g. hedging fuel costs) to create more predictability and stability in operating expenses.

- **Hiring and Retention of Operators**

  During the audit period, OCTA struggled with the ability to hire and retain qualified operators. Currently, the coach operator turnover rate is 16.5% annually. In many cases throughout the audit period, there were significant shortages of operators, resulting in an increase use of both scheduled and unscheduled overtime. At one point during the audit period, the average work week of a coach operator was 48 hours. While there was no apparent impact on safety over the short run, continued use of overtime of this level could impact safety and customer service. The primary obstacles to operator recruitment and retention include a strong job market within Southern California, the high cost of living within Orange County resulting in more operators traveling greater distances to work and a scheduling system that negatively impacts new hires.

- **Operator Evaluations**

  During the audit period, OCTA did not schedule or conduct regular performance evaluations for each of its operators. This does not mean, however, that many operators did not receive evaluations, counseling or discipline. However, it appears that these practices only regularly occurred as the result of an accident, customer complaint or other incident. The failure to conduct regularly scheduled personnel evaluations of operators could potentially have a detrimental effect on employee relations. The lack of a routine evaluation process may reduce the amount of time spent evaluating an individual operator's record and, therefore, may limit appropriate training or counseling. It also limits the opportunity for supervisors to provide informal recognition to employees who have been successful over a period of time.

  Improvement Recommendation #32: OCTA Human Resources Department and Bus Operations Departments should develop a systematic approach to regular operator evaluations.

- **Physical Security at Operating Bases**

  OCTA has five operating bases. The open-gate nature of the bases and the lack of a non-peak security presence represent a security issue that affects the ability of the OCTA to adequately secure fueling station, buses and other equipment and OCTA employees located at these facilities.

  Improvement Recommendation #33: OCTA should develop and implement plans for providing physical security at the operating bases.

B. PARATRANSIT AND CONTRACT SERVICES

OCTA provides paratransit services within Orange County pursuant to the Americans with Disabilities Act (ADA). The ADA mandates that transit operators must provide a level of service comparable to existing fixed route services to all eligible clients with eligibility determined based upon an individual's physical and/or cognitive ability to use fixed route services. During the audit period, OCTA contracted with Laidlaw Transit Services, Inc. to provide these services, as well as providing the StationLink.

In maintaining compliance with ADA and FTA requirements, OCTA has seen the level of its paratransit service grow significantly during the audit period. Some key performance indicators for FY 2006 include:

- Rides for approximately 1.2 million passengers, a 30.8% increase over the audit period
- 8.8 million annual service vehicle miles, a 44.5% increase over the audit period
- Approximately 585,000 annual service vehicle hours, a 24.4% increase over the audit period

Moreover, growth within the program is anticipated to experience continued growth, between 3.2% and 4.4% annually. In part to

address the past and future growth projections, in 2004 OCTA sponsored a Paratransit Growth Management Study. A substantial portion of the study is devoted to identifying strategies for managing ADA service growth.

During the audit period, demand response paratransit services achieved a number of significant accomplishments:

- **Paratransit Growth Management Study** – In 2004, OCTA sponsored the development of a Paratransit Growth Management Study (Study). In addition to providing a comprehensive review of the current performance data and trends, the Study formulated strategies to (1) manage ADA service growth and (2) ensure sustainable compliance with ADA mandates.

- **Redesign of the Eligibility Evaluation Process** – In 2005 and 2006, OCTA began a major redesign of its eligibility evaluation process. As part of its reform, OCTA began to require that all applicants for ADA eligible status attend an "in-person" interview. OCTA also reduced the burden of preparing the application by reducing the application from 4 pages down to a single page. The purpose of these changes was threefold. First, the in-person screening allowed OCTA to more effectively evaluate an applicant's cognitive and physical abilities. Second, in-person interviews allowed OCTA to more effectively implement its Travel Training program, a program designed to show both ADA and non-ADA eligible applicants how they more effectively utilize existing fixed route services. Third, allow an applicant a simple one-step application process.

  The result of the reform was both an increase in the number of individuals who were denied ADA certification and offered counseling on fixed route options and a reduction in the total number of overall applicants for ADA status:

Fiscal Year	Applications	% Denied	% In Person Interview
FY 2004	8233	3.77%	11.87%
FY 2005	7837	7.15%	37.71%
FY 2006	6417	4.15%	100.00%

These changes have served to both manage existing and future growth, but also train both ADA eligible and non-ADA eligible users to more effectively utilize existing fixed route services. During the audit period, demand response services experienced a number of significant challenges:

- **Data Collection** – During the audit period, OCTA monitored performance data through the use of trip sheets that were handwritten by individual operators, manually compiled by Laidlaw, and then submitted to OCTA. An audit by OCTA found numerous data accuracy issues associated with the reporting of performance data. (See Contract Compliance and Close-out Audit of Laidlaw Contract C-4-0301 for the Period April 1, 2005 through June 30, 2006.) First, OCTA discovered that certain performance data was not being accurately compiled based on a failure of individual operators to record sufficient data during the course of their routes. For example, OCTA discovered that operators were recording odometer readings at first pick up and last drop off, but not readings for each passenger. The effect was that verification of passenger miles for those trip sheets was not possible. Second, the audit also discovered that some data reporting issues arose out of calculation errors within an existing data accumulation spreadsheet.

In FY 2005, OCTA began to implement a mobile data terminal (MDT) system for its paratransit service. The new system was designed to allow OCTA to reduce the data errors associated with manual entry and transmission of data and allow OCTA to obtain 100% sampling of their performance data. While the MDT system has been installed within each of the paratransit vehicles, data transmission issues (e.g. both MDT software related and cell phone coverage issues) have prevented full exploitation of the system. As a result, Veolia is still maintaining individual trip logs in addition to requiring operators to enter data on the MDT.

Improvement Recommendation #34: OCTA should conduct periodic audits of the trip sheets maintained by Veolia Transportation to ensure an accurate sampling of data.

- **Prolonged Procurement for New Vendor** – The Laidlaw contract was scheduled to terminate at the end of FY 2004, however, due to a delay in the procurement of a new contract, the Laidlaw contract was extended two additional years. The design and execution of the procurement for both the paratransit services and fixed route services (i.e. StationLink and Express Bus Services) was both time consuming and complex. It appears from interviews with staff that delays in the procurement process were, in part, due to a change in strategy concerning how the scope of services should be delineated. In the first iteration, OCTA choose to issue two different RFP's, one for paratransit services and one for the fixed route portion of services. Upon receiving the proposals to both RFPs, it became apparent that a strategy of allowing the proposers to combine their bids to provide both types of services may result in more efficient and effective delivery of both services. As a result, a new RFP was drafted combining both services and the process began again, eventually resulting in the award of a contract to Veolia to begin in July of 2006.

- **Laidlaw Contract Issues** – In March of 2006, OCTA's Internal Audit conducted an audit of the billings associated with the Laidlaw contract for FY's 2003, 2004 and portions of 2005. Auditors identified approximately $563,000 of

inadequately supported invoices. Moreover, in October of 2006, as part of a contract close-out audit, audits again identified approximately $345,000 in inadequately supported invoices. The primary issue in both audits was the contractual interpretation of how the contractor should report and bill for vehicle service hours, most notably service cancellations surrounding drivers' lunch breaks. Laidlaw contended that the contractual definition of VSH did not preclude billing for these cancellations. In a review of the contract, it is apparent that the definition is sufficiently vague to support, at least to some degree, multiple interpretations. In the end, the parties resolved the issue.

For the contract executed with Veolia in July of 2006, we would recommend that OCTA conduct a contract compliance audit of the Veolia contract at the completion of the first year of performance in an effort to identify any contractual issues earlier in the contract to both avoid issues that are both larger in magnitude or may require an amendment to the current contract.

Improvement Recommendation #35: OCTA should conduct an audit of the Veolia Transportation contract following the first year to ensure that any contract billing issues are identified and resolved early in the contract process.

C. MAINTENANCE

The maintenance function within OCTA provides maintenance services for all OCTA operated vehicles and operating facilities. This function includes both vehicle maintenance and non-vehicle maintenance. Vehicle maintenance includes purchasing and storing of parts inventory, purchasing vehicle fuel, performing routine maintenance of vehicles, performing major overhauls or engine replacement and providing vehicle cleaning facilities. Non-vehicle maintenance includes base facility maintenance functions and the cost of maintaining OCTA's stops and zones.

As service has expanded, new and larger maintenance facilities have come on-line and fringe benefit costs have continued to increase, overall maintenance costs have grown significantly during the audit period:

- System-wide vehicle maintenance costs have risen 22.9% (22.4% for fixed route vehicles and 28.1% for demand response)
- System-wide non-vehicle maintenance costs have risen 41.3% (43.2% for fixed route and -0.4% for demand response)

Maintenance achieved a number of significant achievements during the audit period:

- **Move to New Maintenance and Operations Facility** – In May of 2005, OCTA opened a new, 20 acre maintenance and operations facility in Santa Ana, replacing the Irvine Base that had previously been in operation. This move required all maintenance equipment and vehicles be moved from the Irvine Base to the Santa Ana Base over a period of 48 hours (one weekend). Logistically, the move required significant planning to ensure that all vehicles were ready to roll-out the following Monday. Despite significant obstacles, the move to the new base resulted in no service disruptions.

- **No Missed Roll-Outs During the Audit Period** – A primary goal of maintenance is to ensure that all vehicles necessary to maintain service delivery is available each service. In order to accomplish this task, maintenance must perform all required maintenance, perform necessary repairs and replacement of parts, conduct major overhauls when necessary, and perform designated campaigns. During the audit period, Maintenance was able to perform all of the prior tasks without any missed roll-outs or service delivery.

Maintenance also addressed a number of significant challenges during the audit period:

- **Liquefied Natural Gas (LNG) Vehicles** – In 2001 and 2002, OCTA procured approximately 230 buses that ran on LNG fuel. During the first few years of operation and continuing through the beginning of the audit period, these vehicles suffered from a number of key defects that required significant attention by maintenance. These defects included fuel leaks, operational concerns associated with valves and vaporizers, and methane detection issues. While these issues were eventually addressed successfully, the maintenance function was significantly taxed.

- **Fixed Route Fareboxes** – During the audit period, OCTA installed new fareboxes on all fixed route vehicles. Initially, fareboxes experience significant problems with achieving the appropriate sensitivity to read paper money and to accept certain denominations of change. Despite numerous adjustments, eventually new software was required to be changed on all fareboxes.

- **Increasing Vehicle and Non-Vehicle Maintenance Costs** – As referenced above, vehicle and non-vehicle maintenance costs increased significantly during the audit period. The most significant factors affecting vehicle maintenance costs were associated with increased salary and benefit costs. From FY 2003 to FY 2006, salaries and wages increased by 15.2%, while fringe benefit costs moved up by 49.0%. While a portion of these costs can be attributable to a 7.5% system wide increase on vehicle service miles, it is also a reflection of a more competitive job market and increasing healthcare costs and OCERS rates. Non-vehicle maintenance costs were also affected by large increases in salaries (up 41.6%) and fringe benefits (67.6%) and contracted services (50.4%). A significant factor in the increase in non-vehicle maintenance costs are related to a 40% increase in facility space and an increase in the level of service for the maintenance of OCTA stops and zones.

- **Procurements** – Maintenance is responsible for a significant portion of CAMM purchasing activity through both its purchase of routine inventory items, and through its larger, one-time procurements for buses and facility related items. Two primary issues arose from our study:

- Maintenance does not have a systematic process for the evaluation of strategic purchases. The concern is that maintenance purchases for items, whether it be one-time, large scale purchases or more routine inventory items does not have a formal review process within Transit to evaluate the impact of the purchase on performance. For example, if maintenance changed its specification requirements for new tire purchases, no approval of that change and its subsequent purchases would be required to ensure budgetary compliance. This could occur even if the change resulted in safety concerns or loss in fuel mileage.

- Maintenance does not routinely notify CAMM of future maintenance campaigns that will require large-scale purchases of the required items. In certain circumstances this has resulted in the depletion of existing inventory prior to the completion of the campaign.

Improvement Recommendation #36: OCTA should consider developing a procurement policy for maintenance that specifies an approval process for procurements (1) above a specified dollar amount, or (2) that result in a change in product that may materially affect performance.

Improvement Recommendation #37: Maintenance should develop a practice of notifying CAMM prior to the beginning of each large-scale maintenance campaign that may have a significant impact on existing inventory items.

D. SERVICE PLANNING

The Service Planning function within the Transit Division is primarily responsible for service planning on all OCTA fixed route operations. As will be discussed more below, Service Planning may on occasion coordinate services with Community Transportation Services (CTS) regarding demand response services, but CTS is ultimately responsible for all paratransit planning. The unit's planning horizon is short-term only, with longer range planning such as the LRTP and the RTP being handled by OCTA's Development Division.

The primary method of reviewing and evaluating service planning issues for fixed routes is through monitoring a number of different performance indicator reports prepared by OCTA (i.e. FP&A Monthly Performance Measurement Report, Customer Comments/Complaints, Route Issues & Input, On-Time Performance, Full/Late and Monthly Operating Summary). Additionally, Service Planning also monitors development that may result in transportation needs through the review of Environmental Impact Reports, customer requests for new services, and meetings with cities, large employers, and commuter or rideshare organizations. These data sources are used in conjunction with existing service standards, growth projections and long term service goals to implement a quarterly service change program.

The primary accomplishments of Service Planning during this period include:

- **Planning for the Implementation of Express Bus Service** – During the audit period, Service Planning developed a plan for a new business class express route service with two existing inter-county routes (701 and 721) and a plan to add up to 11 more routes through FY 2014

- **Planning for the Implementation of Bus Rapid Transit (BRT) Service** – In October of 2005, the Board approved three

BRT corridors to provide a transit alternative. These services are expected to begin in FY 2009.

- **Planning for and Implementation of a Route Deviation Service** – In FY 2006, OCTA began service on a hybrid route (Route 693). The goal of this route is to provide both fixed route services within a portion of San Clemente, but allow the vehicle under certain circumstances to deviate from its route and pick up paratransit riders. This new route is located in an area that disproportionately services lower income and senior residents.

- **Continued Ridership Growth** – As set forth in the performance trend section, ridership on fixed route services has reached record levels. During the audit period, ridership grew by 4.5% to a new high of over 69 million passengers in FY 2006. This new high in ridership was achieved despite a slight fare increase in 2005. That fare increase was the first one in 14 years.

The primary challenges during this audit period include:

- **Route Deviations and Changes during the Construction of the Garden Grove Freeway** – Construction on the Garden Grove Freeway and Harbor Boulevard directly impacted service on north/south routes in the central portion of the County during the audit period. This construction not only impacted the nature of certain routes, but also required changes to ensure that headways were not significantly impacted based on changes in the footprint of the route or new traffic associated with the construction.

- **Continued Use of Service Standards Developed in FY 1995** – Currently, the service standards used by Service Planning to evaluate existing service were developed in 1995. Since that time, growth within South County has been significant. This growth, however, is mostly single family residential in nature, resulting in less dense development and a unique demographic

profile. As a result, the existing service standards may not adequately represent realistic service goals, especially in less urban areas of South County.

Improvement Recommendation #38: 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.

VI. Appendices

OCTA COMPLIANCE WITH PUC REQUIREMENTS MATRIX

Code Reference	Operator Compliance Requirements	Compliance Finding	Comments
PUC Section 99243	Submit annual reports to the State Controller, based on the Uniform System of Accounts and Records established by the State Controller, within 90 days of the end of the fiscal year (i.e., September 28th)	Compliance	
PUC Section 99245	Submit annual fiscal and compliance audits to RTPE and State Controller within 180 days of the end of he fiscal year (i.e., December 27th), or receive 90 day extension	Compliance	
PUC Section 99251	CHP has certified operator's compliance with Vehicle Code 1808.1 within 13 months prior to TDA claim submittal	Compliance	CHP Certification Dates: FY04: GG (12/11/02), Ana (2/6/03), Irv (9/25/03), Irv LL (10/3/02) FY05: GG (12/4/03), Ana (2/4/04), Irv (9/9/03), Irv LL (10/2/03) FY06: GG (12/28/04), Ana (2/9/05), Irv (10/14/04), Irv LL (10/15/04)
PUC Section 99261	Claims for TDA funds are submitted in compliance with RTPE's rules and regulations	**Partial Compliance**	TDA claims do not include required submission of performance indicators
PUC Section 99264	Public transportation vehicles designed to be operated by one person are not routinely staffed with two or more persons	Compliance	
PUC Section 99266	Operating budget has not increased by more than 15% over preceding year unless reasonable justification has been provided	Compliance	% Increase in Operating Costs: FY04: 13.1% FY05: 8.19% FY06: 7.19%

OCTA COMPLIANCE WITH PUC REQUIREMENTS MATRIX (continued)

Code Reference	Operator Compliance Requirements	Compliance Finding	Comments
PUC Section 99268	Operator funding provided through TDA makes up no more than 50% of operating, maintenance, capital, and debt service requirements after federal grants are deducted	Not Applicable	
PUC Sections 99268.2 99268.3	Operator has maintained a ratio of fare revenues to operating costs at least equal to: - 20% for urban areas - 15% for non-urban counties or areas	Compliance	Farebox Recovery Ratio by TDA guidelines: FY04: 25.5% FY05: 26.3% FY06: 27.4%
PUC Section 99271	The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing an RTPE-approved plan to fully fund the retirement system within 40 years	Compliance	TDA submissions include statement by CFO that the retirement system is fully funded
PUC Section 99314.5	If the operator receives STA funds, the operator is not precluded by contract from employing part-time drivers or from contracting with common carriers	Compliance	OCTA is not precluded from employing part-time operators
PUC Section 99314.6	If the operator receives STA funds, the operator's total operating cost per revenue vehicle hour for the last year for which audited data are available does not exceed the prior year's cost per hour adjusted for inflation using the CPI OR: The operator's average total operating cost per revenue vehicle hour in the latest three years for which audited data are available does not exceed the sum of the average of the preceding three years adjusted for inflation using the CPI	Compliance	
CAC Section 6754(a)(3)	If the operator receives STA funds, the operator makes full use of funds available from the FTA before TDA claims are granted	Compliance	

PRIOR AUDIT RECOMMENDATIONS

Prior Audit Recommendation	Compliance Finding	Comments
Updates OCTA's LTF Guidelines for specific sections of the TDA and implement a checklist for use when reviewing claims.	Compliance	See, Section II. Of this Report for additional recommendations related to the proposed changes for LTF Guidelines
Establish procedures to work with transit operators to identify productivity improvements and develop a performance monitoring program	**Non-Compliance**	LBMTL did not submit performance indicators pursuant to the LTF Guidelines
Revise procedures to expand reporting requirements and oversight of Senior Mobility Program	Compliance	No action required.
Establish procedures to ensure audit recommendations are implemented	Compliance	Internal Audit has taken steps to ensure that audit recommendations are reported annually
Submit TDA claims on time	Compliance	No action required.
Complete and submit Triennial Audits on time	Compliance	No action required.
Laidlaw should establish procedures to ensure that records are retained as required	Compliance	Contractual changes to ensure record retention have been included in the Veolia contract

Table 1
RTPE Regulatory Compliance Matrix

Compliance Requirement	Reference	Method and/or Sources to Verify Compliance
All transportation operators and city or county governments, which have responsibility for serving a given geographical area, in total claim no more than those LTF moneys apportioned to that areas.	PUC Section 99231	Review of allocations and apportionments.
The RTPE has adopted rules and regulation delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	PUC Sections 99233 and 99234	Review rules and regulations.
The RTPE has established a social services transportation advisory council. The RTPE must ensure that there is a citizen participation process which includes at least an annual public hearing.	PUC Sections 99238 and 99238.5	OCTA is exempt from this requirement.
The RTPE has annually identified, analyzed and recommended potential productivity improvements which could lower operating cost of those operators which operate at least 50 percent of their vehicle service miles within the RTPE's jurisdiction. Recommendations include, but are not limited to those made in the performance audit. • A committee for the purpose of providing advice on productivity improvements may be formed • The operator has made a reasonable effort to implement improvements recommended by the RTPE, as determined by the RTPE, or else the operator has not received an allocation which exceeds its prior year allocation	PUC Section 99245	Interviews and review of records. OCTA was not in compliance with this requirement as of the previous performance audit.
The RTPE has ensured that all claimants to whom it allocates TDA funds submit to it and to the state controller annual certified fiscal and compliance audits within 180 days after the end of the fiscal year.	PUC Section 99245	Review of Records.

Table 1
RTPE Regulatory Compliance Matrix (continued)

The RTPE has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to the operator for that or subsequent fiscal years until the audit was transmitted.	PUC Sections 99246 and 99248	Review of Records
The RTPE has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPE has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction has been completed.	PUC Section 99246 (c)	Review of Records.
The performance audit of the operator shall include a certification of the operator's cost per passenger, operating cost per vehicle service hour, passengers per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee. The audit shall include consideration of the needs and types of passengers being serviced and the employment of part-time drivers and contracting with common carriers of persons operating under a franchise or license to provide services during peak hours.	PUC Section 99246 (d)	Review of previous performance audit.
The RTPE has established rules and regulations regarding revenue rations for transportation providing services in urbanized and newly urbanized areas.	PUC Sections 99270.1 and 99270.2	Review of records.
The RTPE has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC Section 99275.5	Review of records.

OCTA ACTION PLAN

RECOMMENDATION NUMBER AND DESCRIPTION	PRIORITY (High, Medium, Low)	Suggested Timeframe Immediate, 6 months, 1Year	SUGGESTED IMPLEMENTATION RESPONSIBILITY
COMPLIANCE MATTERS:			
1. The revised MOU with the City of Laguna Beach regarding transit funding should specify requirements associated with TDA Article 3 claims as well as State Transit Assistance Funds.	**H**	6 MONTHS	Executive Director of Finance, Administration and Human Resources
IMPROVEMENT RECOMMENDATIONS:			
1. 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.	**H**	6 MONTHS	Deputy CEO and Executive Director of Finance, Administration and Human Resources
2. OCTA should supplement existing staff environmental capabilities with personnel possessing stronger experience and expertise in environmental matters.	**M**	1 YEAR	Deputy CEO
3. OCTA should consider assigning the administrative support of all committees that support the OCTA related activities of Board Members to the Clerk of the Board.	**M**	6 MONTHS	Clerk of the Board

OCTA ACTION PLAN (continued)

4. OCTA Internal Audit Manager, working with the CEO and Executive Director of Finance, Administration and Human Resources, should clarify the roles/expectations of Board Directors serving as the Audit Committee.	**H**	IMMEDIATE	CEO, Executive Director of Finance, Administration and Human Resources, Manager of Internal Audit
5. The Manager of Internal Audit should provide a training forum and guidance materials to the Board about the activities of an Audit Committee.	**M**	6 MONTHS	Manager of Internal Audit
6. The Manager of Internal Audit should review the current processes that involve the Audit Committee (audit planning sessions, access to Audit Committee for input and feedback, audit communications, etc.) and strengthen the procedures, timing and reporting processes to foster enhanced Audit Committee involvement and participation.	**M**	6 MONTHS	Manager of Internal Audit
7. Managers and Executive Directors of OCTA's Divisions should become involved in the audit planning process and the resulting scheduling of audit time and resources. While we recognize that Internal Audit must maintain its independence in setting its priorities, we believe this cross organizational participation should emphasize cooperative prioritizing/identifying of audit area and input to audit scoping plans.	**M**	1 YEAR	Manager of Internal Audit with support of Deputy CEO

OCTA ACTION PLAN (continued)

8. The tenor, tone and format of Internal Audit's reports should be updated and changed to facilitate a more constructive and positive approach to developing and reporting on its work.	**L**	6 MONTHS	Manager of Internal Audit
9. The Internal Audit staff should further utilize their participation in the meetings, briefings and discussions they attend with other OCTA staff to share ideas and provide advice from the aspect of controls, accountability, and sound management practices.	**L**	IMMEDIATE	Manager of Internal Audit
10. OCTA should investigate how various the route data are used and valued by its customers, and then adjust the efforts based on the findings. OCTA should regularly evaluate cost-effectiveness of their marketing strategies and monitor the performance of the marketing strategies against adopted performance metrics.	**M**	6 MONTHS	Manager of Marketing
11. OCTA should evaluate the potential value of integrating additional marketing efforts across all of the OCTA's services. For example, Metrolink Rail and OCTA bus fares are not packaged or bundled. OCTA's merchant coupon program for bus riders is not promoted to 91 Express Lanes customers as a benefit of being an OCTA customer.	**M**	6 MONTHS	Executive Director of Transit, Executive Director of Development and Executive Director of External Affairs

OCTA ACTION PLAN (continued)

12. OCTA should evaluate the effectiveness of increasing its marketing outreach to high school students as an alternative to contracted school bus transportation on routes serving junior high and high schools. Currently marketing to students is more generalized and particularly focused on summer activities such as the beach destinations.	**L**	1 YEAR	Executive Director of External Affairs
13. Expand the CBP to specifically address marketing strategies that will be used to achieve program and service goals.	**L**	6 MONTHS	Executive Director of Finance, Administration and Human Resources and Executive Director of External Affairs
14. 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.	**L**	1 YEAR	Executive Director of Finance, Administration and Human Resources
15. Once OCTA has implemented the 30-day net retail approach, it should consider scheduling a small reduction in the discount and then evaluate the impact on the number of vendors and total vendor pass sales. If there is no significant reduction in vendor sales and in the necessary geographic coverage of retail vendors, further reductions should be considered over time until an optimum discount is reached.	**L**	1 YEAR	Executive Director of External Affairs

OCTA ACTION PLAN (continued)

16. 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 (i.e., not in the case of purchase orders)	**M**	IMMEDIATE	Executive Director of Finance, Administration and Human Resources
17. **A:** The OCTA should establish clear written guidelines on the use of payment requests. These should include those types of purchases that are exempt from $2,500 limit (e.g., judgments/settlements) and a cumulative dollar limit that can be paid to any one vendor via payment request during any one year. **B:** CAMM should review the "frequent payment request" list and contact authorizing departments that are issuing 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.	**M** **L**	6 MONTHS 6 Months	Executive Director of Finance, Administration and Human Resources Executive Director of Finance, Administration and Human Resources

OCTA ACTION PLAN (continued)

18. OCTA's budget process should provide for a more rigorous review of professional services and capital. In doing so, the Budget Division should identify patterns of continual over-budgeting and work with Executive Directors and the CEO to limit the practice.	**L**	1 YEAR	Executive Director of Finance, Administration and Human Resources
19. OCTA should establish and adopt a policy that requires CEO approval, with Board notification, for budget transfers between asset categories exceeding some reasonable cumulative dollar limit within any single fiscal year.	**M**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources
20. The Budget Development Section in the Financial Planning & Analysis Department should work with the Maintenance Department in Transit to develop a financial model that projects the upcoming year's budget for tires, fuel, and major parts on the basis of clear assumptions regarding planned use of buses by model; resulting units of tires, fuel, etc. based on use by model; and unit prices on some agreed-upon basis. The model should require explicit assumptions regarding these factors, and the model should be used every year with changes in assumptions from year to year clearly documented.	**H**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources working with General Manager of Transit Division

OCTA ACTION PLAN (continued)

21. OCTA should formalize the fleet plan annually and consider including it as part of the CBP. The Service Review Committee should then review and, if appropriate, approve the plan and any changes to the plan during the year.	**M**	ONE YEAR	General Managers of Transit Division
22. **A.** 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 Financial Planning & Analysis Department. **B.** OCTA should establish 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.	**M** **M**	SIX MONTHS SIX MONTHS	Deputy CEO Executive Director of Finance, Administration and Human Resources

OCTA ACTION PLAN (continued)

22. continued C. 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 grant should be reviewed and needed actions defined.	**M**	IMMEDIATE	Executive Director of Finance, Administration and Human Resources and Deputy CEO
23. 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.	**M**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources
24. OCTA should create Contracts Administration Policies and Procedures by working with other business units to meet their requirements.	**H**	IMMEDIATE	Executive Director of Finance, Administration and Human Resources
25. 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.	**M**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources

OCTA ACTION PLAN (continued)

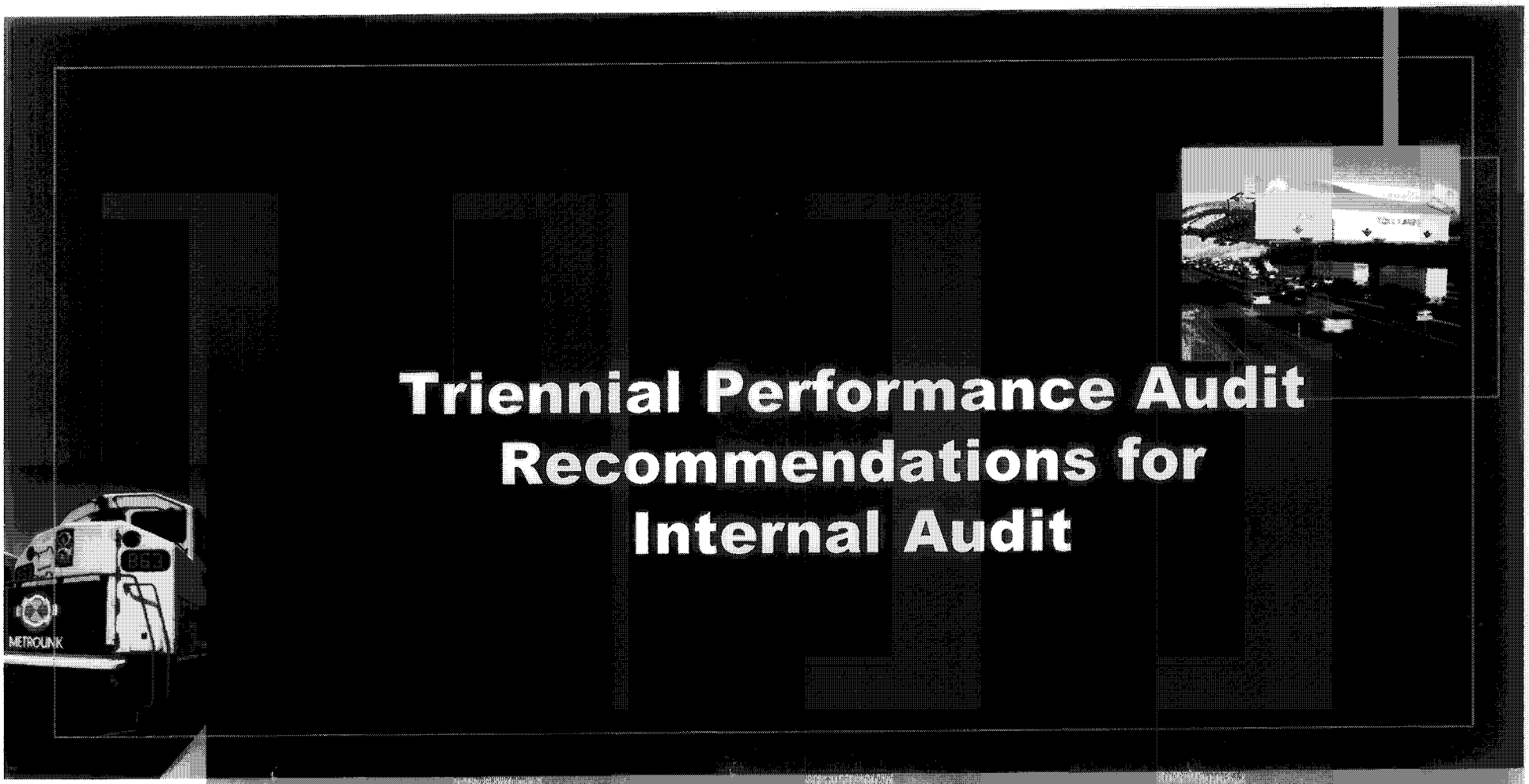
26 OCTA should enhance the Inventory Management Section, and review standard best practices, creating Policies and Procedures specific to how inventory is to be managed and maintained. This should be accomplished as part of the implementation of the Ellipse Inventory Management System. While Ellipse 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.	**M**	IMMEDIATE	Executive Director of Finance, Administration and Human Resources with participation of General Manager of Transit Division
27. CAMM should develop more detailed policies and procedures that will provide consistent direction.	**H**	IMMEDIATE	Executive Director of Finance, Administration and Human Resources
28. OCTA should establish a Program Management Office (PMO) that is separate from the business units. The PMO should report at the Executive level. This would enable the project managers to report sufficiently high and directly in the OCTA management structure to identify, communicate, mitigate, and resolve project issues.	**H**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources
29. The established PMO should implement consistent processes and tool set for managing projects.	**H**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources

OCTA ACTION PLAN (continued)

30. Project Managers from the PMO should be assigned based on the project type, (construction, engineering, technology, marketing, etc.), project requirements, and capabilities of the available team members	**H**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources
31. OCTA should conduct periodic audits and reviews of Metrolink activities on a regular basis to assure integrity in the use of funds spent for rail services affecting Orange County.	**L**	1 YEAR	Manager of Internal Audit
32. OCTA Human Resources Department and Bus Operations Departments should develop a systematic approach to regular operator evaluations.	**M**	SIX MONTHS	Executive Director of Finance, Administration and Human Resources General Managers of Transit Division
33. OCTA should develop and implement plans for providing physical security at the operating bases.	**H**	IMMEDIATE	Manager of Security Threat Assessment and Executive Director of Finance, Administration and Human Resources
34. OCTA should conduct periodic audits of the trip sheets maintained by Veolia Transportation to ensure an accurate sampling of data.	**L**	IMMEDIATE	Manager of Internal Audit
35. OCTA should conduct an audit of the Veolia Transportation contract following the first year to ensure that any contract billing issues are identified and resolved early in the contract process.	**L**	SIX MONTHS	Manager of Internal Audit

OCTA ACTION PLAN (continued)

36. OCTA should consider developing a procurement policy for maintenance that specifies an approval process for procurements (1) above a specified dollar amount, or (2) that result in a change in product that may materially affect performance.	**M**	SIX MONTHS	General Manager of Transit Division
37. Maintenance should develop a practice of notifying CAMM prior to the beginning of each large-scale maintenance campaign that may have a significant impact on existing inventory items.	**M**	IMMEDIATE	General Manager of Transit Division
38. 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.	**L**	SIX MONTHS	General Manager of Transit Division



Triennial Performance Audit Recommendations for Internal Audit

Finance and Administration Committee

August 8, 2007

ATTACHMENT C

Triennial Performance Audit

- Triennial performance audits required by California Public Utilities Code §99246
  - Orange County Transportation Authority
  - Orange County Transit District
  - Laguna Beach Municipal Transit Lines
- Nine improvement recommendations were provided related to Internal Audit activities for which Internal Audit is seeking the Finance and Administration Committee's input.
- Recommendations for other departments will be sent to the appropriate Board committees
- Internal Audit will follow-up on eight recommendations that suggest material internal control deficiencies

OCTA

Recommendations for Internal Audit

Recommendation 4

OCTA's Internal Audit Manager, working with the Chief Executive Officer and Executive Director of Finance, Administration, and Human Resources, should **clarify the roles / expectations of Board Directors** serving as the Audit Committee.

OCTA

Recommendations for Internal Audit

Recommendation 5

The Manager of Internal Audit should **provide a training forum and guidance materials to the Board** about the activities of an Audit Committee.

OCTA

Recommendations for Internal Audit

Recommendation 6

The Manager of Internal Audit should review the current processes that involve the Audit Committee (audit planning sessions, access to Audit Committee for input and feedback, audit communications, etc.) and **strengthen the procedures, timing and reporting processes** to foster enhanced Audit Committee involvement and participation.

OCTA

Recommendations for Internal Audit

Recommendation 7

Managers and Executive Directors of OCTA's Divisions should become involved in the **audit planning process** and the resulting scheduling of audit time and resources.

OCTA

Recommendations for Internal Audit

Recommendation 7

Managers and Executive Directors of OCTA's Divisions should become involved in the **audit planning process** and the resulting scheduling of audit time and resources.

OCTA

Recommendations for Internal Audit

Recommendation 8

The tenor, tone and format of Internal Audit's **reports should be updated** and changed to facilitate a more constructive and positive approach to developing and reporting on its work.

OCTA

Recommendations for Internal Audit

Recommendation 9

The Internal Audit staff should further utilize their participation in the meetings, briefings and discussions they attend with other OCTA staff to **share ideas and provide advice** from the aspect of controls, accountability, and sound management practices.

OCTA

Recommendations for Internal Audit

Recommendation 31

OCTA should **conduct periodic audits and reviews of Metrolink activities** on a regular basis to assure integrity in the use of funds spent for rail services affecting Orange County.

OCTA

Recommendations for Internal Audit

Recommendation 34

OCTA should **conduct periodic audits of the trip sheets maintained by Veolia Transportation** to ensure an accurate sampling of data.

OCTA

Recommendations for Internal Audit

Recommendation 35

OCTA should **conduct an audit of the Veolia Transportation contract** following the first year to ensure that any contract billing issues are identified and resolved early in the contract process.

OCTA

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Cooperative Agreement with the Southern California Regional Disparity Study Consortium

Finance and Administration Committee — July 25, 2007

Present: Directors Bates, Buffa, Brown, Campbell, Cavecche, Moorlach, and Nguyen
Absent: Director Amante

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-1007 between the Orange County Transportation Authority, the Los Angeles Metropolitan Transportation Authority, San Diego Association of Governments, and Southern California Regional Rail Authority, in an amount not to exceed $100,000, for a legally defensible disparity study of the transportation contracting industry in Southern California.

OCTA

July 25, 2007

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Cooperative Agreement with the Southern California Regional Disparity Study Consortium

Overview

The Orange County Transportation Authority proposes to enter into a cooperative agreement with the Los Angeles County Metropolitan Transportation Authority, San Diego Association of Governments, and Southern California Regional Rail Authority. A cooperative agreement is required to establish roles, responsibilities, and a process for a disparity study to determine whether discrimination exist in the transportation contracting industry in Southern California. A disparity study is required to receive federal funding from the United States Department of Transportation.

Recommendation

Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-1007 between the Orange County Transportation Authority, the Los Angeles Metropolitan Transportation Authority, San Diego Association of Governments, and Southern California Regional Rail Authority, in an amount not to exceed $100,000, for a legally defensible disparity study of the transportation contracting industry in Southern California.

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. Additionally, the 2005 Ninth Circuit Court decision in *Western State Paving Co. v. Washington State Department of Transportation* (Washington DOT) affects whether a race-neutral or race-conscious DBE

program is implemented in the states of California, Oregon, Washington, Alaska, Arizona, Idaho, Montana, Nevada, and Hawaii.

In this decision, the court held that 49 CFR Part 26 and the authorizing statute for the DBE program were constitutional and affirmed that Congress had determined that there was a compelling need for the DBE program and that 49 CFR Part 26 was narrowly tailored. However, the court said that race-conscious elements, to be narrowly tailored, must be limited to those areas where raced-based measures are demonstrably needed. The court concluded that Washington DOT's DBE program was not narrowly tailored because evidence supporting its application was inadequate. Specifically, the court found that Washington State had not conducted statistical studies to establish the existence of discrimination in the highway contracting industry.

Following the Ninth Circuit Court decision, the FTA issued guidance (Attachment A) which directed all United States Department of Transportation (DOT) recipients within the court's jurisdiction to implement a wholly race-neutral DBE program, if they did not have sufficient evidence readily available to satisfy the evidentiary standards established by the Ninth Circuit Court of Appeals. The guidance further directed each recipient that does not have sufficient evidence of discrimination or its effects to submit a statement concerning the absence of adequate evidence, and a description of plans to either conduct a disparity/availability study or other appropriate evidence gathering process to determine the existence of discrimination or its effects on the recipient's marketplace.

On June 26, 2006, the OCTA Board of Directors adopted on overall annual race-neutral program goal of 13 percent for federal fiscal year 2006-07. The transmittal of this goal to FTA included the OCTA's intent to participate in a disparity study with other similar agencies located in Southern California.

Discussion

The California Department of Transportation (Caltrans) undertook a year-long availability and disparity study focusing on the transportation contracting industry for the entire State of California. Emphasis was placed on highway construction and engineering contracts awarded by Caltrans or funds administered by Caltrans from January 1, 2002 through December 31, 2006. The sources of contract funding were from the Federal Highway Administration, FTA, and the State of California. The final results of the Caltrans study should be available in the near future. However, the interim report released in March 2007 raised several concerns: (1) the focus of the study was highway

construction and engineering services (supporting highway construction) contracting, omitting many other contracting areas; (2) contracts awarded by larger transportation agencies, such as Los Angeles County Metropolitan Transportation Authority (Metro), Bay Area Rapid Transit District (BART), and OCTA were not included in the Caltrans study; and (3) other concerns were the methodology utilized in creating the database for the study.

As a result of the limited focus on highway projects, demographics of large urban areas differing from that of the state as a whole, and lack of inclusion of specific transit related contracting available from other transportation agencies within the Caltrans Availability and Disparity Study, the FTA has conveyed that the Caltrans study would not be sufficient to determine whether discrimination exists for FTA funding recipients. A number of agencies have already embarked on conducting independent disparity studies. Disparity studies are being conducted by: (1) BART; (2) Santa Clara Valley Transportation Authority (VTA) and San Mateo County Transit District (SamTrans); (3) San Francisco International Airport (SFO) and San Francisco Municipal Transportation Agency (SFMTA); and (4) Southern California airports consisting of San Diego County Regional Airport Authority, Los Angeles World Airports, John Wayne Airport, Long Beach Airport, and Burbank Airport. Expenditures for these independent disparity studies vary based on the size and number of agencies involved in the study. None of the above agencies have completed their disparity studies; therefore, the following costs are anticipated final expenditures:

AGENCIES	COST	COMMENTS
BART	$300,000	Study will commence end of July.
VTA/SamTrans	$370,000	Study underway.
SFO/SFMTA	Unknown	Study is being conducted by the city's attorney office.
Southern California Airports	$300,000 to 400,000	San Diego Airport will contribute the initial funds, the amount to be paid by the other airports has not been determined.

A disparity study conducted in Alameda County in 2004 cost $500,000.

Metro has led an effort to solicit participation in a regional disparity study that would encompass the market areas of the large transit agencies in Southern California. Metro solicited participation from the City of Los Angeles, San Diego Association of Governments (SANDAG), Southern California Regional Rail Authority (SCRRA), Omnitrans, Riverside Transit Agency (RTA), and

OCTA. Omnitrans and RTA do not plan to participate in the regional study, and the City of Los Angeles is still evaluating whether it will participate. Proposed financial contribution by agency is as follows:

- Metro $500,000
- OCTA $100,000
- SANDAG $100,000
- SCRRA $ 75,000

Participants in the study will comprise the Southern California Regional Disparity Study Consortium (Consortium). Metro will be designated the lead agency and the members of the Consortium will participate in the review of the scope of work for the study, selection of the consultant, provide input and feedback on the study as needed, and review the draft study document. The study will include an assessment of discrimination within the market areas of the Consortium members encompassing at a minimum the counties of Los Angeles, Orange, Ventura, Kern, Santa Barbara, San Luis Obispo, San Diego, Riverside, San Bernardino, and Imperial.

The study will also provide information pertinent to each Consortium member including:

- A definition of the transportation contracting industry geographic market area.
- DBE availability and utilization data.
- Information to aid in the DBE goal setting process.
- Record keeping parameters helpful to meet future DBE program needs.

Based on the cost estimates of other disparity studies, Metro estimates that the cost of the study for the Southern California area will be between $700,000 and $1,000,000. With the overlap in market areas and the estimated costs of disparity studies being conducted by other agencies, participation in the Southern California Regional Disparity Study is financially advantageous to participants. Additionally, because of the overlap in market areas, the DBE programs of the agencies in Southern California may be legally more defensible if the methodology to determine whether discrimination exists is similar.

Therefore, staff recommends that OCTA enter into a cooperative agreement with Metro, SANDAG, and SCRRA (Attachment B) and contribute $100,000 towards the cost of the disparity study.

Fiscal Impact

The project was approved in the OCTA's Fiscal Year 2007-08 Budget, Employee & Labor Relations/Disadvantaged Business Enterprise, Account 1314-7519-A0011-HGE.

Summary

Staff recommends the Board of Directors' approval for the Chief Executive Officer to execute Cooperative Agreement C-7-1007, in the amount of $100,000.00, with the Los Angeles County Metropolitan Transportation Authority, San Diego Association of Governments, and Southern California Regional Rail Authority.

Attachments

A. Federal Register/Vol. 71, No. 161/Monday, August 21, 2006/Notices
B. Southern California Regional Disparity Study Consortium Cooperative Agreement C-7-1007

Prepared by:

Tina Giles-Potter
Small Business Program Administrator
(714) 560-5620

Approved by:

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

of the functions of the Department, including whether the information will have practical utility; the accuracy of the Department's estimates of the burden of the proposed information collection; ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of the collection of information on respondents, including the use of automated collection techniques or other forms of information technology.

Issued in Washington, DC, on August 14, 2006.

Carla Mauney,

FAA Information Collection Clearance Officer, Information Systems and Technology Services Staff, ABA–20.

[FR Doc. 06–7064 Filed 8–18–06; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF TRANSPORTATION

Federal Transit Administration

[Docket No. FTA–2006–24063]

Disadvantaged Business Enterprises; Western States Guidance for Public Transportation Providers

AGENCY: Federal Transit Administration (FTA), DOT.

ACTION: Notice of availability and policy guidance.

SUMMARY: This notice announces the Federal Transit Administration's (FTA) implementation of Department of Transportation guidance for participants of the Disadvantaged Business Enterprise (DBE) program. This notice solely concerns FTA implementation procedures applicable to FTA grantees in the states comprising the 9th Federal Judicial Circuit (California, Oregon, Washington, Alaska, Arizona, Idaho, Montana, Nevada, and Hawaii).

DATES: *Effective Date:* This policy takes effect on August 21, 2006.

FOR FURTHER INFORMATION CONTACT: Scheryl Portee, Attorney Advisor, Office of the Chief Counsel, (202) 366–4011 (telephone) and (202) 366–3809 (fax).

SUPPLEMENTARY INFORMATION:

1. Availability of the DOT Guidance and Comments

A copy of the Department of Transportation Guidance for participants of the Disadvantaged Business Enterprise (DBE) program in the affected States and comments received from the public are available for inspection or copying at the Docket Management Facility, U.S. Department of Transportation, Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. You may retrieve the guidance and comments online through the Document Management System (DMS) at: *http://dms.dot.gov.* Enter the docket number 24063 in the search field. The DMS is available 24 hours each day, 365 days each year. Electronic submission and retrieval help and guidelines are available under the help section of the Web site. An electronic copy of the document may also be downloaded by using a computer, modem and suitable communications software from the Government Printing Office's Electronic Bulletin Board Service at (202) 512–1661. Internet users may also reach the Office of the Federal Register's home page at: *http://www.nara.gov/fedreg* and the Government Printing Office's Web page at: *http://www.gpoaccess.gov/fr/index.html.*

2. Background

The General Counsel of the Department of Transportation issued guidance concerning the effects of the *Western States Paving Co.* v. *United States and Washington State Department of Transportation,* 407 F. 3d 983 (9th Cir. 2005) in January 2006. On March 23, 2006, FTA published a **Federal Register** notice requesting comments on its implementation of the Department's guidance (56 FR 14775).

The guidance applies to recipients of Federal funds authorized under chapter 53 of Title 49 of the United States Code that are located within the states of Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington.

The Court of Appeals for the 9th Circuit, like other Federal courts that have reviewed the Department of Transportation's DBE program, held that 49 CFR part 26 and the authorizing statute for the DBE program in TEA–21 were constitutional. The court affirmed that Congress had determined that there was a compelling need for the DBE program and part 26 was narrowly tailored. However, the 9th Circuit opinion held that the Washington State Department of Transportation's program for implementing part 26 was not narrowly tailored because the State's evidence of discrimination supporting the use of race conscious measures in the program was inadequate. The January 2006 DOT guidance provides information to recipients in the 9th Circuit about how to address the implications of the court's decision in their programs. This document provides further information on how FTA will administer the DBE program for FTA recipients in light of the court decision and the DOT guidance.

3. Response to Comments

This notice responds to comments regarding the procedures that FTA will employ in its review process for overall goal submissions from grantees in 9th Circuit States for Fiscal Year 2006 (that were due August 1, 2005) and subsequent-year submissions. These procedures concern such matters as race-neutral submissions, the evidence gathering process to determine evidence of discrimination or its effects in grantees' markets, and action plans for disparity/availability studies or other appropriate evidence gathering processes.

FTA solicited comments on two transit-specific issues. FTA considered all comments and statements filed that pertained to these two issues. FTA responses to these comments are included in this section. There is no discussion by FTA of comments that addressed Department-wide DBE issues, the content of the January 2006 DOT guidance, or statutory requirements. These issues were beyond the scope of the FTA notice. FTA received 10 comments in response to the two transit-specific issues we raised. The breakdown among commenter categories follows:

- Nonprofits and special transit providers: 1.
- City and County transit providers: 8.
- Trade association: 1.

Issues

1. Commitment To Conduct Disparity Studies

On the two matters posed for comment regarding FTA's implementation of the *Western States* guidance, there were limited comments on the first issue, that FTA may require recipients to certify that they will conduct or participate in a disparity or availability study. Those that did respond expressed concern that the Regional Civil Rights Office may require this certification.

FTA Response: DBE compliance is a condition of the FTA Master Agreement for all applicable recipients. The Regional Civil Rights Officer, in its review of DBE goal submissions, will work with grantees. In some cases, this will result in grantees having to commit to conducting disparity studies or similar evidence gathering efforts.

The Department's Guidance explicitly states that if a recipient does not currently have sufficient evidence of discrimination or its effects, then an all

race-neutral overall goal for Fiscal Year 2006 would be submitted, along with a statement concerning the absence of adequate evidence and a description of plans to conduct a study or other appropriate evidence gathering process, an action plan, and time lines for its completion. The Regional Civil Rights Office review of the annual goal submissions will determine whether evidence of discrimination or its effects has been provided.

Under part 26, any recipient, wherever located, would submit an all race-neutral overall goal if it concluded, based on the information used in the goal-setting process, that it could meet its overall goal without any use of race conscious measures like contract goals. If a recipient in the 9th Circuit presents an analysis making this showing, then the recipient need not submit an action plan for conducting a disparity study or similar evidence gathering effort. However, if a 9th Circuit recipient's Part 26 goal-setting analysis concludes that race conscious measures would be necessary to meet part of its overall goal and that the recipient does not have sufficient evidence to meet the requirements of the *Western States* decision, the recipient would submit a race-neutral overall goal and an action plan for a disparity study or similar evidence gathering effort. In some cases, it may be necessary for grantees who have already submitted Fiscal Year 2006 goals to rework their submissions to address these matters.

2. Costs of Disparity Studies

A common thread was noted in comments responding to the second issue concerning funding of disparity studies. Commenters stated that additional targeted funding for disparity studies is needed to avoid reducing the current pressing service-related needs. Commenters also noted the financial limitations of small transit operators with respect to conducting such studies.

FTA Response: FTA is aware of the costs involved in conducting disparity studies or availability studies. For recipients in the 9th Circuit states whose goal-setting processes would lead to the use of race conscious means, but for the effects of the *Western States* decision, a disparity study or similar evidence gathering effort is essential, and consistent with DOT's guidance, is a condition of FTA's approval of a race-neutral overall goal. As noted in the General Counsel's DBE guidance, funding of disparity studies is reimbursable from Federal program funds, subject to the availability of those funds and under the FTA statute, this is an eligible capital expense. Recipients that propose to undertake a study may wish to consider joint studies within their locale or participate in studies that will be undertaken by other transit properties in the local market. The Regional Civil Rights Office will review the overall goal submissions and work with recipients to respond to local circumstances and to achieve compliance with the overall objectives of the DBE program.

FTA also suggests that recipients communicate with the State DOT to determine what preparations are being undertaken for a statewide study and whether participation in the study is feasible. Per the guidance, this is occurring and some recipients are complying with the guidance by submission of a race-neutral overall goal and participation in studies currently underway rather than conducting their own study.

3. Group-Specific Goals

One commenter asked about an apparent inconsistency between Part 26 and the DOT guidance concerning group-specific goals.

FTA Response: Part 26 prohibits group-specific goals. Following the completion of a disparity study, a recipient might conclude that it had evidence of discrimination with respect to some, of the groups presumed to be disadvantaged under the rule. In such a case, the recipient should apply for a program waiver under § 26.15 of the rule. This opportunity is not limited to recipients in the 9th Circuit or to FTA grantees. For example, Colorado DOT applied for and was granted such a waiver on the basis of its disparity study for its Fiscal Year 2000 overall goal.

FTA will continue to work with recipients in the 9th Circuit to meet the requirements of a "narrowly tailored" DBE program in light of the recent developments in case law.

Dated: August 15, 2006.

Sandra K. Bushue,

Deputy Administrator.

[FR Doc. 06–7053 Filed 8–18–06; 8:45 am]

BILLING CODE 4910–57–M

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

[Docket No. NHTSA 2006–24928; Notice 2]

Continental Tire North America, Grant of Petition for Decision of Inconsequential Noncompliance

Continental Tire North America (Continental) has determined that certain tires it produced in 2004 and 2005 do not comply with S5.5(f) of 49 CFR 571.139, Federal Motor Vehicle Safety Standard (FMVSS) No. 139, "New pneumatic radial tires for light vehicles." Pursuant to 49 U.S.C. 30118(d) and 30120(h), Continental has petitioned for a determination that this noncompliance is inconsequential to motor vehicle safety and has filed an appropriate report pursuant to 49 CFR part 573, "Defect and Noncompliance Reports." Notice of receipt of a petition was published, with a 30-day comment period, on June 14, 2006, in the **Federal Register** (71 FR 34414). NHTSA received no comments.

Affected are a total of approximately 2,627 model 235/55R17 99H Conti Pro Contact replacement tires manufactured during 2004 and 2005. S5.5(f) of FMVSS No. 139 requires the actual number of plies in the tread area to be molded on both sidewalls of each tire. The noncompliant tires are marked on the sidewall "*Tread Plies 1 Rayon + 2 Steel + 2 Nylon*" whereas the correct marking should be "*Tread Plies 1 Rayon + 2 Steel + 1 Nylon.*" Continental has corrected the problem that caused these errors so that they will not be repeated in future production.

Continental Tire believes that the noncompliance is inconsequential to motor vehicle safety and that no corrective action is warranted. Continental Tire states,

> All other sidewall identification markings and safety information are correct. This noncompliant sidewall marking does not affect the safety, performance and durability of the tire; the tires were built as designed.

The Transportation Recall, Enhancement, Accountability, and Documentation (TREAD) Act (Pub. L. 106–414) required, among other things, that the agency initiate rulemaking to improve tire label information. In response, the agency published an Advance Notice of Proposed Rulemaking (ANPRM) in the **Federal Register** on December 1, 2000 (65 FR 75222).

The agency received more than 20 comments on the tire labeling information required by 49 CFR 571.109 and 119, part 567, part 574, and part 575. In addition, the agency conducted a series of focus groups, as required by the TREAD Act, to examine consumer perceptions and understanding of tire labeling. Few of the focus group participants had knowledge of tire labeling beyond the tire brand name, tire size, and tire pressure.

Based on the information obtained from comments to the ANPRM and the consumer focus groups, we have

ATTACHMENT B

SOUTHERN CALIFORNIA REGIONAL DISPARITY STUDY CONSORTIUM

COOPERATIVE AGREEMENT C-7-1007

THIS AGREEMENT, made and entered into by and between:

Agency: **Los Angeles County Metropolitan Transportation Authority (Metro)**
Address: One Gateway Plaza
Los Angeles, CA 90012
Contact: Joe Hernandez, Manager DEOD
213-922-2643

Agency: **Orange County Transportation Authority**
Address: 550 South Main Street
Orange, CA 92863-1584
Contact: Sue Zuhlke, Chief of Staff
714-560-5574

Agency: **San Diego Association of Governments (SANDAG)**
Address: 401 B. Street, Suite 800
San Diego, CA 92101-4231
Contact: Elaine Richardson
619-699-6956

Agency: **Southern California Regional Rail Authority**
Address: 700 South Flower Street, Suite 2600
Los Angeles, CA 90017
Contact: Steve Wylie, Assistant Executive Officer
213-452-0331

Collectively, the above entities shall be referred to herein as the CONSORTIUM.

RECITALS,

Whereas, the members of the CONSORTIUM are recipients of federal financial assistance from the Federal Transit Administration (FTA) of the U.S. Department of Transportation (USDOT), and as a condition of receiving these funds, are subject to the Disadvantaged Business Enterprise (DBE) program requirements promulgated by 49 Code of Federal Regulations (CFR) Part 26, which among other things requires members to utilize DBE firms on federally funded contracts,

Whereas, the Ninth Circuit Court of Appeal's decision in Western States v. Washington Department of Transportation (Western States) held that notwithstanding the overall constitutionality of the DBE program at 49 CFR Part 26, recipients of federal funds must narrowly tailor their DBE programs by setting forth sufficient evidence of discrimination or its effects in their transportation contracting industry. Moreover, DBE programs must be tailored such that they are limited to specific groups that have actually suffered discrimination or its effects,

Whereas, each member of the CONSORTIUM examined evidence of discrimination and its effects and determined that the evidence is not sufficient under the Western States decision to support the use of race-conscious aspects in their DBE programs, and based on this finding, CONSORTIUM members have implemented wholly race-neutral DBE programs and have forwarded the race-neutral program plan to the USDOT,

Whereas, USDOT issued guidance on August 21, 2006 responding to the Western States decision requiring that race-neutral submissions include a description of a plan to conduct a study or other appropriate evidence gathering process to determine the existence of discrimination or its effects in the recipient's market, including a description of the study and the time line for its completion,

Whereas, the USDOT guidance states that when a recipient lacks sufficient evidence of discrimination or its effects, it should immediately begin to conduct a rigorous and valid study to determine whether there is evidence of discrimination or its effects, and that this study be designed to determine, in a fair and valid way, whether evidence of the kind the Western States decision determined was essential to a DBE program including race-conscious elements exits (hereinafter referred to as the "DISPARITY STUDY" or "STUDY",

NOW, THEREFORE, CONSORTIUM agrees as follows:

A. CONSORTIUM will perform a rigorous and valid STUDY that considers the following points as suggested by the USDOT:

1. The STUDY will ascertain the evidence for discrimination and its effects separately for each of the groups presumed by Part 26 to be disadvantaged.

2. The STUDY will include an assessment of complaints and other evidence of discrimination from each member of the CONSORTIUM along with anecdotal evidence of discrimination from businesses based in each CONSORTIUM member's market area.

3. The STUDY will consider the kinds of evidence that are used in "Step 2" of the Part 26 goal-setting process, such as evidence of barriers in obtaining bonding and financing, disparities in business formation and earnings.

4. The STUDY will rigorously determine the effects of factors other than discrimination that may account for statistical disparities between DBE availability and participation.

5. The STUDY will quantify the magnitude of any differences between DBE availability and participation, or DBE participation in race-neutral and race-conscious contracts.

6. The STUDY will consider the effects of past race-conscious program measures.

7. The STUDY will utilize the suggestions of the United States Commission on Civil Rights with regard to the use of disparity studies as evidence of discrimination in Federal contracting.

B. The STUDY will provide information pertinent to each member of the CONSORTIUM as follows:

1. Provide for each CONSORTIUM member a definition of their transportation contracting industry geographic market area.

2. Provide for each CONSORTIUM member DBE availability and utilization data.

3. Provide for each CONSORTIUM member information to aid in the DBE goal setting process.

4. Provide for each CONSORTIUM member record keeping parameters helpful to meet future DBE program needs.

C. The STUDY will, to the maximum extent possible, utilize the results and supporting data of the State of California Department of Transportation (Caltrans) disparity study which is anticipated to be completed by June 2007.

D. Members of the CONSORTIUM will independently seek reimbursement from the FTA to recover their costs for the STUDY.

E. Metro is designated as lead agency regarding the scope and direction of the STUDY. Metro's Manager of Diversity & Economic Opportunity will act as Project Manager for the STUDY. Metro will guide the STUDY consultant through the entire course of the STUDY. Metro will award the STUDY consultant contract through its established competitive procurement process, which is compliant with federal USDOT funding requirements, and will render final approval of the draft STUDY and will render final approval of the STUDY document.

1. Members of the CONSORTIUM will have an opportunity to review and provide input on the statement of work for the Disparity Study.

2. Members of the CONSORTIUM may be asked to participate in the selection process for the Disparity Study consultant.

3. Members of the CONSORTIUM will review the draft Study document and provide feedback to the Metro's assigned STUDY Project Manager.

4. Members of the CONSORTIUM will have direct access to Metro's Disparity Study project manager during the course of the Disparity Study, and will provide input and feedback to the project manager as needed.

5. Metro's Disparity Study project manager will on a regular basis, but not less often than monthly, provide status to the CONSORTIUM on the Disparity Study and a financial report.

6. Members of the CONSORTIUM will be a funding partner in the disparity study, as shown in the following schedule:

Organization Name	Organization Representative	Funding Amount ($)
Metro	Joe Hernandez Manager, DEOD	500,000.00
OCTA	Sue Zuhlke Chief of Staff	100,000.00
SANDAG	Leslie Campbell Director of Administration	100,000.00
SCRRA	Steve Wylie Assistant Executive Officer	75,000.00
	Target Funding Total	775,000.00

The funds will be forwarded to Metro and held in a designated joint venture account for the sole purpose of conducting the Disparity Study. Metro alone will be responsible for payment to the Disparity Study consultant. The funds will be expended solely on the contract to perform the Disparity Study, as identified in the above section. All funds will be expended proportionately based on the original contribution amounts. Should any funds remain after the completion of the Disparity Study, such funds will be returned to each CONSORTIUM member at a pro rata basis. Repayment of these funds will occur within 90 days of the completion of the study. Should any additional funds be required to complete the Disparity Study, the CONSORTIUM will meet and discuss the options, required funding amounts, and agree to a path forward.

F. The Disparity Study final document, and all supporting data, will be provided to all members of the CONSORTIUM upon completion of the STUDY.

G. The term of this agreement shall be for the duration of the Disparity Study, until such time as the final STUDY document is approved and adopted by the Metro Board of Directors.

H. In Metro's contract with the STUDY consultant, the consultant shall indemnify, defend, and hold harmless Metro, its officers, agents, and employees, from and against any and all liability expense, including defense costs and legal fees and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, or property damage arising from or connected with any alleged act or omission of the consultant. Metro, in turn, will indemnify, defend, and hold harmless each CONSORTIUM member, its officers, agents, and employees, from and against any and all liability expense, including defense costs and legal fees and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, or property damage arising from or connected with any alleged act or omission of the consultant.

I. The form of the Disparity Study consultant contract shall ensure that the Disparity Study consultant will be available to each member of the CONSORTIUM for a period of five years from the effective date of the published STUDY date, such that any member of the CONSORTIUM may independently engage the consultant for purposes related to the Disparity Study report.

J. The interpretation of this agreement shall be under California Law.

K. Termination of agreement: Metro, as the lead agency, may terminate agreement upon reasonable written notice to CONSORTIUM members. Upon termination any unused funds shall be returned to CONSORTIUM members on a pro rata basis. In case of Metro's termination, any claims or

settlements shall be paid by Metro, using Metro's funds, not funding provided by the CONSORTIUM members.

This agreement is established and in effect on this date, August 13, 2007:

Organization	Name of Authorizing Agent	Signature of Authorizing Agent
Metro	Lonnie Mitchell Chief Admin. Services Officer	
OCTA	Arthur T. Leahy Chief Executive Officer	
SANDAG	Leslie Campbell Director of Administration	
SCRRA	Steve Wylie Assistant Executive Officer	

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Agreement for Maintenance Services for Landscape Improvement Projects Along the Former Pacific Electric Railroad Right-of-Way

Transit Planning and Operations Committee — July 26, 2007

Present: Directors Brown, Green, Moorlach, Nguyen, Norby, and Winterbottom
Absent: Directors Dixon and Pulido

Committee Vote

This item was passed by all Committee Members present.

Director Norby was not present to vote on this item.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0517 between the Orange County Transportation Authority and U.P. Landscape Maintenance, Inc., in an amount not to exceed $143,000, for maintenance services for landscape improvements along the former Pacific Electric Railroad right-of-way.

OCTA

July 26, 2007

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Agreement for Maintenance Services for Landscape Improvement Projects Along the Former Pacific Electric Railroad Right-of-Way

Overview

The Orange County Transportation Authority provides contracted maintenance services for landscape improvements along the former Pacific Electric Railroad right-of-way. Bids have been solicited for continuing those services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0517 between the Orange County Transportation Authority and U.P. Landscape Maintenance, Inc., in an amount not to exceed $143,000, for maintenance services for landscape improvements along the former Pacific Electric Railroad right-of-way.

Background

In April 1998, the Orange County Transportation Authority's (Authority) Board of Directors (Board) approved the Pacific Electric Railroad Right-of-Way (PEROW) Aesthetics Plan. The purpose of the implementation plan was to aesthetically enhance the PEROW corridor where it intersects city street crossings.

In addition to landscaping, the design and construction plans incorporated railroad materials to highlight the historical significance of the property. Railroad ties, logo pedestals, historical plaques, and simulated railroad tracks using concrete and brick pavers were constructed throughout the project. Construction began in 1998 and was completed in 2003. The locations selected along the PEROW are described in Attachment A.

Currently there are two landscape maintenance contracts to service the landscape projects. Maintenance for ten locations is contracted to CJ Construction; the contract expires July 31, 2007. Maintenance for the

remaining five locations is contracted to Pest Options; the contract expires November 30, 2007. Neither of the vendors chose to bid for this procurement.

The landscape improvements require continuous landscape maintenance services such as watering, trimming, fertilization, graffiti removal, pest control, and debris and trash removal.

Discussion

This procurement was handled in accordance with the Authority's procedures for public works and construction projects, which conform to state requirements. Public works projects are handled as sealed bids and award is made to the lowest responsive, responsible bidder.

The project was advertised on May 8 and May 15, 2007, in a newspaper of general circulation. On May 8, 2007, Invitation for Bids 7-0517 was released and posted on CAMM NET, and an electronic notification was sent to 137 firms. Addendum No. 1 was issued on May 9, 2007, to address administrative issues. Addendum No. 2 was issued on May 15, 2007, to address administrative issues and provide clarifications to the plans and specifications. A pre-bid meeting was held on May 15, 2007, and was attended by four firms.

On June 8, 2007, one bid was received. The bid was reviewed by staff from the Development Division and the Contracts Administration and Materials Management Department to ensure compliance with the terms and conditions, project specifications, and drawings. The bid was reviewed by the Authority's Internal Audit Department who found that the procurement process was fair and competitive. On June 8, 2007, each of the four firms attending the pre-bid meeting were contacted and each firm stated different internal reasons for why they chose not to bid. Listed below is the one bid received. State law for competitive sealed bids requires award to the lowest responsive, responsible bidder.

Based on findings, staff is recommending the following firm for consideration of an award:

Firm and Location

U.P. Landscape Maintenance, Inc.
Irvine, California

If approved by the Board, the agreement will be issued for a period of three years, in an amount not to exceed $143,000. Upon release of the Notice to Proceed, the vendor will provide maintenance services for ten locations on the PEROW and effective December 1, 2007, for the remaining five locations.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2007-08 Budget, Development Division, Account 0010-7517-T1004-G88, funded through Measure M Funds, and Account 1722-7517-D4850-G1U, funded through the Orange County Transit District.

Summary

Staff has reviewed the bid and determined that U.P. Landscape Maintenance, Inc., is the lowest responsive, responsible bidder for landscape maintenance services along the former PEROW, with a bid amount of $143,000.

Attachment

A. Landscape Project Locations

Prepared by:

Bill Mock
Right-of-Way Administrator
(714) 560-5737

Approved by:

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

ATTACHMENT A

LANDSCAPE PROJECT LOCATIONS

01	Western Avenue (both sides) in the City of Stanton. Landscape Maintenance activities cover 7,695 sq. ft.
02	Cerritos Avenue (both sides) in the City of Stanton. Landscape Maintenance activities cover 10,480 sq. ft.
03	Knott Avenue (east side) in the City of Anaheim. Landscape Maintenance activities cover 6,200 sq. ft.
04	Knott Avenue (west side) to Ball Road (south side), in the City of Anaheim. Landscape Maintenance activities cover 17,185 sq. ft.
05	Ball Road (north side) in the City of Anaheim. Landscape Maintenance activities cover 6,200 sq. ft.
06	Holder Street (both sides) in the Cities of Cypress and Buena Park. Landscape Maintenance activities cover 6,785 sq. ft.
07	Valley View Street (both sides) in the City of Cypress. Landscape Maintenance activities cover 7,790 sq. ft.
08	Lincoln Avenue (both sides) in the City of Cypress. Landscape Maintenance activities cover 6,200 sq. ft.
09	Moody Street (both sides) in the City of Cypress. Landscape Maintenance activities cover 6,028 sq. ft.
10	Crescent Avenue (both sides) in the Cities of Cypress and La Palma. Landscape Maintenance activities cover 8,440 sq. ft.
11	Trask Avenue (south side) in the City of Garden Grove. Landscape Maintenance activities cover 23,000 sq. ft.
12	Trask Avenue (north side) in the City of Garden Grove. Landscape Maintenance activities cover 6,120 sq. ft.
13	Brookhurst Street (east side) in the City of Garden Grove. Landscape Maintenance activities cover 7,212 sq. ft.
14	Magnolia Avenue (both sides) in the City of Garden Grove. Landscape Maintenance activities cover 7,750 sq. ft.
15	Beach Boulevard (both sides) in the City of Stanton. Landscape Maintenance activities cover 8,600 sq. ft.

OCTA

MEMO

August 7, 2007

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.

OCTA

August 9, 2007

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Cooperative Agreements with the Cities of Laguna Hills, Lake Forest, and Yorba Linda for the Go Local Program

Overview

The Orange County Transportation Authority proposes to enter into cooperative agreements with the cities of Laguna Hills, Lake Forest, and Yorba Linda to establish roles and responsibilities and define proposed project concepts for step one of the Go Local program.

Recommendations

A. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0939 between the Orange County Transportation Authority and the City of Laguna Hills, in an amount not to exceed $100,000, to assess the need for transit connections to Metrolink.

B. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0993 between the Orange County Transportation Authority and the City of Lake Forest, in an amount not to exceed $100,000, to collaborate with neighboring cities to identify multiple opportunities to improve transit connections to Metrolink.

C. Authorize the Chief Executive Officer to execute Cooperative Agreement C-7-0970 between the Orange County Transportation Authority and the City of Yorba Linda, in an amount not to exceed $100,000, to participate in a study to refine the 2005 North Orange County Transit Study to focus on Metrolink connections.

Background

On February 27, 2006, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved the Go Local program, a four-step process for city-initiated rapid transit planning using both Measure M (M1) and

Renewed Measure M (M2) funds. At the January 25, 2007, Transit Planning and Operations Committee meeting, there were many questions about the criteria for eligibility for Go Local funding. Steps one and two, funded by M1, encourage broad local creativity and planning to identify locally acceptable options to implement the High Technology Advanced Rail Transit Project of M1. Step one Go Local projects must comply with that transit project description, which states:

"This 20-Year Plan element will also provide matching funds to encourage local development of extensions to major activity centers. The primary improvements will be along the Los Angeles to San Diego (LOSSAN) rail corridor, with nine stops at San Juan Capistrano, San Clemente, Mission Viejo, Irvine, North Irvine, Santa Ana, Anaheim, Fullerton, and Buena Park. The extension will provide access between the primary rail system and employment centers."

In step one, local agencies formulate and study their own project concepts with minimal direction from OCTA. Collaboration is encouraged but not required. Cities submit a project concept and request up to $100,000 in M1 funds. After an 8- to 12-month study, a city submits its results and may compete for step two funding to further develop their concept and test its viability. Step two projects must also comply with M1 and any other subsequently Board-adopted policy guidance. Steps three and four are funded by M2 and emphasize implementing the most viable projects.

Since the Go Local program's inception, the cities have worked to develop concepts and investigate partnering with adjacent cities, and OCTA staff have worked closely with them. To date, the Board has approved Go Local concepts from 22 cities representing 75 percent of county residents, as illustrated in the map in Attachment A. A summary of these project concepts is presented in Attachment C.

Discussion

The Board is requested to approve a cooperative agreement along with each project concept for the cities of Laguna Hills, Lake Forest, and Yorba Linda.

Laguna Hills

The City of Laguna Hills intends to collaborate with the City of Lake Forest on a study of transit needs for its citizens related to travel demands outside the City of Laguna Hills and to the two adjacent train stations, with a particular

emphasis on the Irvine station. Laguna Hills will also assess internal circulation to assess demand for a direct route to Metrolink.

Lake Forest

The City of Lake Forest will study a range of options that could improve access to Metrolink stations for Lake Forest and Laguna Hills residents. Options will include employer pass programs, shuttle services, and adjustments in fixed-route service.

Yorba Linda

The City of Yorba Linda proposes to join the north Orange County transit study effort approved by the Board on July 23, 2007, and led by the City of Brea. This study will utilize the findings of a prior analysis of transit needs in the north County as a basis to identify potential Metrolink extensions to serve the participating cities.

Summary

Staff recommends the Board of Directors approval for the Chief Executive Officer to execute cooperative agreements, in an amount not to exceed $100,000 each, with the cities of Laguna Hills, Lake Forest, and Yorba Linda for the Go Local program.

Attachments

A. Go Local Program Status Map
B. Go Local Program Status Report
C. City Project Concepts Summary Table – August 9, 2007
D. Cooperative Agreement No. C-7-0939 between Orange County Transportation Authority and City of Laguna Hills for City Initiated Transit Extensions to Metrolink
E. Cooperative Agreement No. C-7-0993 between Orange County Transportation Authority and City of Lake Forest for City Initiated Transit Extensions to Metrolink
F. Cooperative Agreement No. C-7-0970 between Orange County Transportation Authority and City of Yorba Linda for City Initiated Transit Extensions to Metrolink

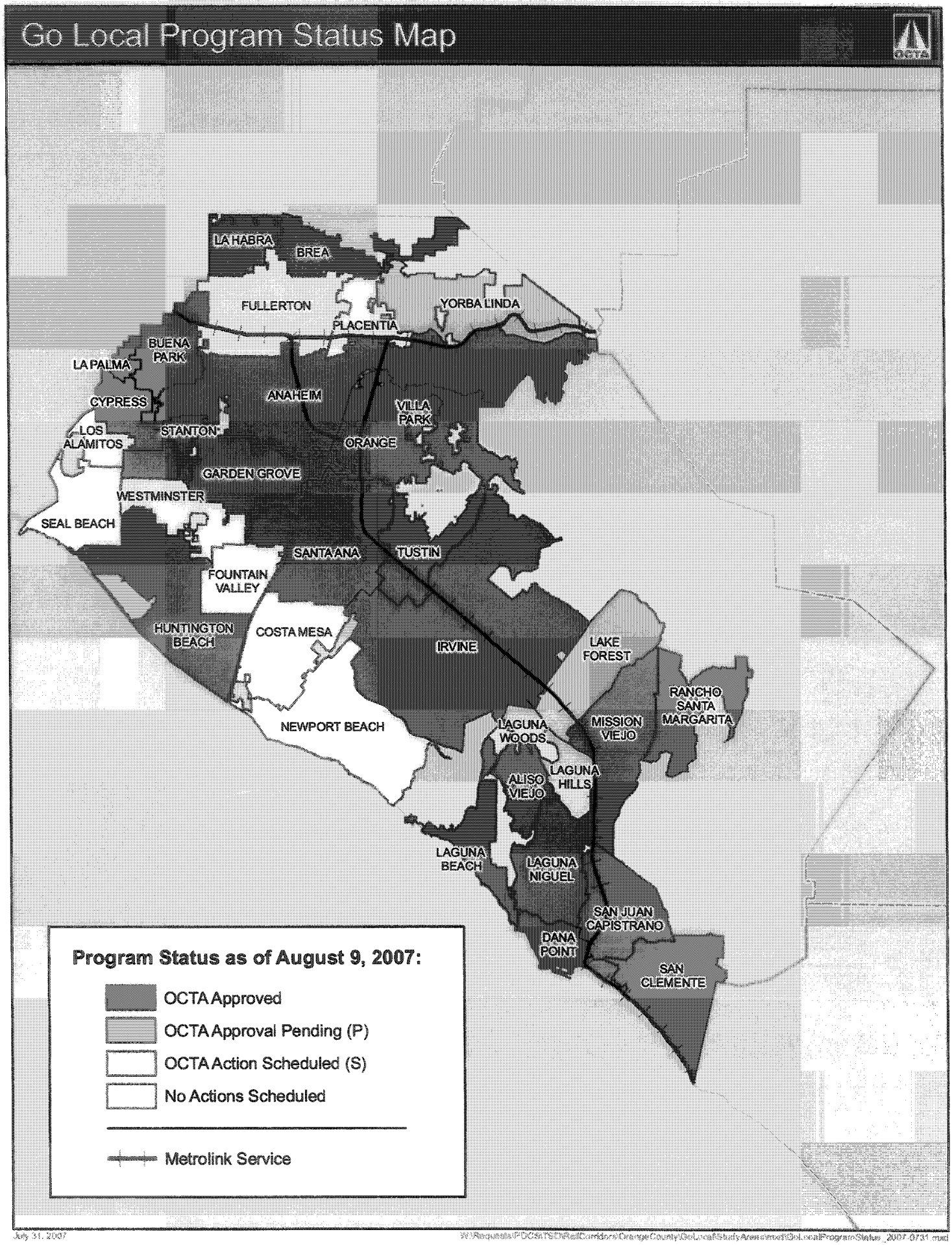
Prepared by:

Jeanne Spinner LaMar
Manager, Local Initiatives
(714) 560-5663

Approved by:

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

ATTACHMENT A



Go Local Program Status Report

City	Workshop	TAC Brief	Initial Mtg w/ OCTA	Follow up Mtg/Call	Project Concept in Progress	Partnering in Progress	Project Concept Complete	Partnering Complete	Council Approved	OCTA Approval in Progress	OCTA Approved	RFP Prepared / Circulated	RFP Awarded / Work Started	Comments
Aliso Viejo	X		X	X	X		X		X	N/A	X			Approved 11/13/06
Anaheim	X	X	X	X	X	X	X	X	X	N/A	X	X	X	Approved 11/13/06
Brea	X		X	X	X	X			X	N/A	X	X		Approved 07/09/07
Buena Park	X	X	X	X	X	X	X		X	N/A	X			Approved 2/26/07
Costa Mesa	X		X	X			X	X						City Council rejected staff proposed concept
Cypress			X	X	X	X	X		X		X			Approved 05/14/07
Dana Point		X	X	X	X	X	X	X	X	N/A	X			Approved 2/26/07
Fountain Valley	X	X	X	X	X	X								
Fullerton		X	X	X	X	X	X		X	S				Council approved 7/17/07
Garden Grove		X	X	X	X	X	X		X	N/A	X			Approved 2/26/07
Huntington Beach	X	X	X	X	X	X	X	X	X	N/A	X			Approved 2/26/07
Irvine	X	X	X	X	X	X	X	X	X	N/A	X		X	Approved 2/26/07
La Habra	X		X	X	X	X			X	N/A	X	X		Approved 07/09/07
La Palma			X	X	X	X	X		X	N/A	X			approved 05/14/07
Laguna Beach	X	X	X	X	X	X	X	X	X	N/A	X		X	Approved 11/13/06
Laguna Hills		X	X	X		X	X		X	P				partnering in part w. LF
Laguna Niguel	X	X	X	X	X	X	X	X	X	N/A	X			Approved 2/26/07
Laguna Woods	X		X	X	X	X			X	S				Council approved 7/18/07
Lake Forest	X		X	X		X	X		X	P		X		Approved 7/17/07; partnering with LH
Los Alamitos			X	X										
Mission Viejo	X	X	X	X	X	X	X	X	X	N/A	X		X	Approved 2/26/07
Newport Beach		X												
Orange	X	X	X	X	X	X	X	X	X	N/A	X		X	Approved 11/13/06
Placentia	X		X	X	X									
Rancho Santa Margarita		X	X	X	X	X	X	X	X	N/A	X	X		Approved 2/26/07
San Clemente	X	X	X	X	X	X	X	X	X	N/A	X		X	Approved 11/13/06; lead with DP** & SJC***
San Juan Capistrano	X	X	X	X	X	X	X	X	X	N/A	X		X	Approved 2/26/07; partnering w/ DP** & SC****
Santa Ana	X	X	X	X	X		X			N/A	X		X	Approved 2/26/07
Seal Beach			X	X	X									
Stanton	X	X	X	X	X	X	X	X	X	N/A	X			Approved 2/26/07
Tustin	X	X	X	X	X	X	X	X	X	N/A	X		X	Approved 2/26/07
Villa Park		X	X	X	X	X	X	X	X	N/A	X		X	Approved 11/13/06
Westminster		X	X	X	X	X	X	X						08/08/07 Council discussion
Yorba Linda	X		X	X		X	X		X	S				Council apprvd

Approved 22 (S) OCTA Approval Scheduled 3 3 (P) OCTA Action Pending 2

*TP&O = Transit Planning and Operations Committee **DP = Dana Point ***SJC = San Juan Capistrano ****SC - San Clemente

ATTACHMENT B

City Project Concepts Summary Table
August 9, 2007

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
Laguna Hills	$100,000	8/9/07 (T)	Working with lead city, the City of Lake Forest to analyze transit service between the two cities and the Irvine train station. Within Laguna Hills, to identify transit service needs from Laguna Niguel and Irvine stations.
Lake Forest	$100,000	8/9/07 (T)	As lead city in a partnership with Laguna Hills, Lake Forest will analyze a range of transit options to improve utilization of Metrolink. Options include shuttle services, revisions in OCTA fixed-route services, etc.
Yorba Linda	$100,000	8/9/07 (T)	Work with Brea and La Habra and potentially other north county cities to update the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within north Orange County.
Brea	$100,000	7/09/07 (B)	With Brea as lead city, update the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within North Orange County.
La Habra	$100,000	7/09/07 (B)	With Brea as lead city, update the 2004 Transit Feasibility and Alignment Study and to conduct public outreach regarding the possibilities of transit development within North Orange County.
Cypress	$100,000	5/14/07 (B)	With Buena Park as lead city in a tri-city partnership, conduct a needs assessment and feasibility study of a transit feeder service to the Buena Park Metrolink station.
La Palma	$100,000	5/14/07 (B)	With Buena Park as lead city in a tri-city partnership, conduct a needs assessment and feasibility study of a transit feeder service to the Buena Park Metrolink station.

ATTACHMENT C

City Project Concepts Summary Table
August 9, 2007

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
Buena Park	$100,000	2/26/2007 (B)	As lead city in a tri-city partnership, conduct a transit feeder feasibility, planning, and needs assessment related to the implementation of local circulators to improve local mobility and regional connectivity from key districts throughout these partnering cities to the Buena Park Metrolink station.
Dana Point	$100,000	2/26/2007 (B)	As part of a three-city collaboration of Dana Point, San Juan Capistrano, and San Clemente, provide a Dana Point-link from the San Juan Capistrano and San Clemente train stations to Dana Point and various destinations throughout the tri-city area for residents and especially visitors.
Garden Grove	$100,000	2/26/2007 (B)	In collaboration with a Huntington Beach-led consortium, assess opportunities for a north/south transit connection, giving priority to a rail system along the Union Pacific Railroad right-of-way.
Huntington Beach	$100,000	2/26/2007 (B)	Lead city in a multi-city collaboration of Huntington Beach, Stanton, Garden Grove, and Anaheim to-date, analyze the possibility to provide a new alternative to regional travel which would help alleviate freeway and arterial congestion, improve air quality and improve the mobility and quality of life for residents, businesses, and visitors of west/central Orange County.
Irvine	$100,000	2/26/2007 (B)	To improve traffic circulation in the Irvine Business Center (IBC) by providing a shuttle system that will serve as a direct connection from the IBC to the Tustin Metrolink station.
Laguna Niguel	$100,000 (augmenting $169,000 in federal grants)	01/25/2007 (T) 2/26/2007 (B)	Using Laguna Niguel as a terminus station for expanded Metrolink service, accommodate rail expansion in conjunction with new development in the nearby area by providing safe, convenient, and better pedestrian, vehicular, bus, and bicycle access to the station.

City Project Concepts Summary Table
August 9, 2007

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
Mission Viejo	$100,000	01/25/2007 (T) 2/26/2007 (B)	Improve local mobility and regional connectivity through continuing and augmenting the work begun as a result of OCTA's South County Transit Study by developing a local fixed-route local circulation network offering direct connections to Metrolink stations and other OCTA routes.
Rancho Santa Margarita	$100,000	2/26/2007 (B)	Identify and study potential transportation alternatives, which will serve the city and the Laguna Niguel/Mission Viejo station to improve the mobility of residents and commuters and reduce traffic congestion throughout the community.
San Juan Capistrano	$100,000	01/25/2007 (T) 2/26/2007 (B)	As part of a three-city collaboration of San Juan Capistrano, Dana Point, and San Clemente, assess ways to provide an easy-access link from the San Juan Capistrano train station, in particular, to various destinations throughout the tri-city area for residents, visitors, and commuters.
Santa Ana	$100,000	2/26/2007 (B)	Study four transit feeder service alignments, which will connect the downtown area, key points of interest, and the Santa Ana Metrolink station to provide improved regional connectivity for visitors, commuters, and residents.
Stanton	$100,000 $50,000 to local transit access improvement assessment $50,000 to multi-city alternative transit study	01/25/2007 (T) 2/26/2007 (B)	Improve pedestrian facilities and local transit access to Stanton's economic development areas including the major activity center at Katella Avenue and Beach Boulevard. In city collaboration, interested in the transit alternatives and possible route opportunities for Stanton residents, visitors, and business travelers.
Tustin	$100,000	01/25/2007 (T) 2/26/2007 (B)	Improve multi-modal access (transit, trolley, pedestrian, and bicycle) to the train station through the evaluation and identification of feasible short term and long term transportation improvement measures.

City Project Concepts Summary Table
August 9, 2007

City	Go Local Funds	Submitted to TP&O* (T) or Board (B)	Concept
Anaheim	$100,000 (augmenting $300,000 in city funds)	11/13/2006 (B)	Lead city in a three city collaboration of Anaheim, Orange, and Villa Park to devise better transit access to Anaheim Canyon station and to/from key employment areas and both Orange and ARTIC stations.
Aliso Viejo	$100,000	11/13/2006 (B)	Develop multidisciplinary transit plan maximizing appeal of transit service between Aliso Viejo Town Center and Laguna Niguel station through wide range of employer, developer, transit, and route planning amenities.
Laguna Beach	$100,000	11/13/2006 (B)	In conjunction with tourism interests and adjacent station cities develop a plan to connect city's fixed-route system to Metrolink to serve key markets.
Orange	$100,000 60,000 to Orange station pedestrian access study; $40,000 three city transit access/planning	11/13/2006 (B)	Improve pedestrian access by planning more accessible, pedestrian friendly continuous pedestrian access between downtown and Orange station. In city collaboration, particularly interested in identifying feeder service opportunities to both stations for those with Orange destinations.
San Clemente	$100,000	11/13/2006 (B)	Address implementation issues of city's plan to operate a trolley service connecting the Metrolink station, beach area, and downtown San Clemente. Consider opportunities for coordination with adjacent communities.
Villa Park	$100,000	11/13/2006 (B)	Assess community interest in having service to station and if warranted prepare initial route plans.

Previously approved by OCTA Board

COOPERATIVE AGREEMENT NO. C-7-0939

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

CITY OF LAGUNA HILLS

FOR

CITY INITIATED TRANSIT EXTENSIONS TO METROLINK

THIS AGREEMENT is made and entered into this 12th day of June 2007, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), acting on behalf of the Orange County Local Transportation Authority, and the City of Laguna Hills, 24035 El Toro Road, Laguna Hills, California, 92653, a municipal corporation and general law city duly organized and existing under the constitution and laws of the State of California (hereinafter referred to as "CITY").

RECITALS:

WHEREAS, AUTHORITY considers its railroad lines linking Los Angeles and San Diego Counties and the Inland Empire to be the core of Orange County's future rail transit system; and

WHEREAS, CITY and AUTHORITY wish to work as partners to develop a community-based transit vision that increases use of Metrolink by Laguna Hills residents, visitors, and/or employees; and

WHEREAS, the funds allocated through this program must comply with the 1990 Measure M ordinance which states in part that the intent is to provide matching funds to encourage development of extensions to major activity centers and providing access between the primary rail system and employment centers; and

WHEREAS, CITY is encouraged to enter into written agreements with other cities to collaborate in some or all facets of a planning and needs assessment to support this vision; and

WHEREAS, Measure M funds have been designated for cities to study ways to accomplish this; and

WHEREAS, CITY will develop a proposed Project Concept (further defined hereunder) which will factor in, among other elements, community interests and desires; and

WHEREAS, the AUTHORITY's Board of Directors on February 27, 2006, allocated Measure M funds to a program designed to enable cities that wish to develop a local transit vision including defined enhancements and transit extensions to Metrolink that work best with their local community's short and long-term priorities (hereinafter referred to as "GO LOCAL Step 1"); and

WHEREAS, CITY has completed the GO LOCAL Step 1 Project Concept form, and AUTHORITY has found such concept acceptable; and

WHEREAS, AUTHORITY's Board of Directors authorized execution of this Agreement on _____, 2007; and

WHEREAS, CITY, upon AUTHORITY's execution of this Agreement, will pursue the Project Concept; and

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and CITY as follows:

ARTICLE 1. COMPLETE AGREEMENT

This Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the terms and conditions of the agreement between AUTHORITY and CITY concerning the GO LOCAL Step 1 work and supersedes all prior representations, understandings and communications between the parties. The invalidity in whole or part of any term or condition of this Agreement shall not affect the validity of the other terms or conditions.

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ARTICLE 2. SCOPE

A. This Agreement specifies the procedures that AUTHORITY and CITY will follow in connection with the GO LOCAL Step 1 work to be performed. CITY agrees to provide all services identified in Project Concept, identified herein as Exhibit A to this Agreement. Both AUTHORITY and CITY agree that each will cooperate and coordinate with the other in all activities covered by this Agreement and any other supplemental agreements.

B. AUTHORITY's failure to insist upon CITY's performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such terms or conditions and CITY's obligation in respect to performance shall continue in full force and effect.

C. Changes to any portion of this Agreement shall not be binding upon AUTHORITY unless confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 3. RESPONSIBILITES OF AUTHORITY

AUTHORITY agrees to the following responsibilities for the GO LOCAL Step 1 work:

A. Payment- AUTHORITY shall pay CITY the amount identified in Article 5. PAYMENT, for the GO LOCAL Step 1 work within 30 days of receipt of acceptable invoice. Funds will not be distributed to CITY if AUTHORITY has not accepted CITY's Project Concept. CITY may resubmit an amended Project Concept for review by AUTHORITY. AUTHORITY has the sole and exclusive right to accept or reject any Project Concept.

B. Should CITY not complete the services identified in Exhibit A, or does not meet the terms and conditions of this Agreement, the CITY will return to AUTHORITY all monies funded to the CITY within sixty (60) days of AUTHORITY's written demand.

C. Additional Funding- Funding beyond what has been identified in Article 5. PAYMENT, shall be pursuant to a competitive process for projects initiated by AUTHORITY at a date to be determined. AUTHORITY does not guarantee that CITY will be selected to advance to

the any future step in the GO LOCAL process.

ARTICLE 4. RESPONSIBILITIES OF CITY

CITY agrees to the following responsibilities for GO LOCAL Step 1 work:

A. Lead Agency- CITY will act as the lead agency for the GO LOCAL Step 1 work. However, CITY may designate pursuant to a written partnership letter of agreement that another city participating in the GO LOCAL program is serving as lead agency. AUTHORITY shall be provided a copy of this letter within ten (10) days after the agreement has been executed.

B. Third Party Partnerships- CITY is encouraged to collaborate with and enter into written agreements with adjacent cities to advance the project consistent with the Project Concept. CITY shall deliver to AUTHORITY a copy of each executed agreement within ten (10) days of execution.

C. Project Reporting- Within six months from the receipt of funds, CITY shall submit to AUTHORITY a progress report similar to that detailed in Exhibit B, entitled "GO LOCAL Initial Progress Report," attached to and, by this reference, incorporated in and made part of this Agreement. CITY shall be required to produce a final written report of its findings, recommendations, and next steps according to a mutually agreed upon date, but no later than the completion date of this Agreement. The Final Report will include the elements described in Exhibit C, entitled "GO LOCAL Project Concept Final Report Outline." Exhibit C is attached to and, by this reference, incorporated in and made part of this Agreement.

D. Use Of Funding- CITY shall use funding provided by AUTHORITY exclusively for the services identified in Exhibit A. All funding released to CITY shall be spent in accordance with Local Transportation Ordinance Number 2: The Revised Orange County Traffic Improvement and Growth Management Ordinance. If CITY fails to develop and/or pursue the Project Concept in accordance with said Ordinance, or the CITY uses the Funds to support or facilitate acquisition of property through eminent domain or as matching funds to implement land development, all monies funded to the CITY shall be returned to AUTHORITY within sixty (60) days of AUTHORITY's written demand. AUTHORITY shall have sole discretion in determining whether the Project Concept has been

developed and/or pursued in accordance with said Ordinance. AUTHORITY may terminate this Agreement, in whole or part, if the AUTHORITY determines in its sole discretion that CITY has utilized funds in a manner leading to use of eminent domain powers. Upon AUTHORITY's determination and written request, CITY shall return all monies in accordance with this Article.

E. Third Party Work- CITY shall deliver to AUTHORITY a copy of each executed agreement and scope of work for services to be performed by third parties in fulfillment of the Project Concept within thirty (30) days after the agreement has been executed.

F. Conduct- CITY shall conduct all of its activities in association with GO LOCAL Step 1 in a good and competent and professional manner and in compliance with all applicable federal, state and local rules and regulations.

G. Modeling—CITY shall utilize existing AUTHORITY modeling results to ensure that project results are compatible with AUTHORITY planning efforts. AUTHORITY shall make modeling available.

ARTICLE 5. PAYMENT

A. For CITY's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provisions set forth in this Agreement, AUTHORITY shall pay CITY the not to exceed lump sum amount of One Hundred Thousand Dollars ($100,000.00) within thirty (30) days after execution of this Agreement and upon receipt of acceptable invoice.

B. As a supplement to the Final Report, CITY shall submit to AUTHORITY a Project Expenditures Certification, as detailed in Exhibit D, which is attached to this Agreement, and incorporated by reference, for work performed under this Agreement. The Certification shall include, but not be limited to, period of performance, actual expenses; classification, hours and rates of in-house personnel, vendors, contractors, for work performed exclusively for the GO LOCAL Step 1 phase. Additionally, CITY may be required to submit this information to the AUTHORITY at any time

during the performance of this Agreement. CITY will be required to submit to AUTHORITY all information requested within thirty (30) days from AUTHORITY's request.

ARTICLE 6. MAXIMUM OBLIGATION

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CITY agree that AUTHORITY's maximum cumulative payment obligation hereunder (including CITY's direct and indirect costs) shall be One Hundred Thousand Dollars ($100,000.00) which shall include all amounts payable incurred solely for the purposes of the GO LOCAL Step 1 work.

ARTICLE 7. AUDIT AND INSPECTION

CITY shall maintain a complete set of records in accordance with generally accepted accounting principles and in accordance with Local Transportation Ordinance Number 2: The Revised Traffic Improvement and Growth Management Ordinance. The original records shall be maintained within the CITY limits. Upon reasonable notice, CITY shall permit the authorized representatives of the AUTHORITY to inspect and audit all work, materials, payroll, books, accounts and other data and records of CITY for a period of not less than four (4) years after final payment, or until any on-going audit is completed whichever is longer. For purposes of audit, the date of completion of this Agreement shall be the date of AUTHORITY's payment for CITY's final billing (so noted on the invoice) under this Agreement. AUTHORITY shall also have the right to reproduce any documents related to this Agreement by whatever means necessary.

ARTICLE 8. INDEMNIFICATION

Each Party shall indemnify, defend and hold harmless the other Party, its officers, directors, employees and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, worker's compensation subrogation claims, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by the Parties, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

/

ARTICLE 9. ADDITIONAL PROVISIONS:

The AUTHORITY and CITY agree to the following mutual responsibilities:

A. Term of Agreement- This Agreement shall continue in full force and effect through December 31, 2007, unless terminated by mutual written consent by both Parties. The term of this Agreement may only be extended upon mutual written agreement by both Parties.

B. Termination- The AUTHORITY may terminate this Agreement for its convenience any time, in whole or part, by giving CITY written notice thereof.

C. Modifications- This Agreement may be amended in writing at any time by the mutual consent of both Parties. No amendment shall have any force or effect unless executed in writing by both AUTHORITY and CITY.

D. Legal Authority- AUTHORITY and CITY hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that, by so executing this Agreement, the Parties hereto are formally bound to the provisions of this Agreement.

E. Notices- Any notices, requests or demands made between the parties pursuant to this Agreement are to be directed as followed:

To CITY:

City of Laguna Hills

24035 El Toro Road

/

Laguna Hills, CA 92653

ATTENTION: Bruce E. Channing

City Manager

(949/707-2600)

To AUTHORITY:

Orange County Transportation Authority

550 South Main Street

P. O. Box 14184

Orange, CA 92863-1584

ATTENTION: Kathleen Murphy-Perez

Section Manager, Capital Projects

(714/560-5743); kperez@octa.net

c: Kia Mortazavi, Executive Director,

Development Division

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F. Severability- If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

G. Counterparts of Agreement- This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

H. Force Majeure- Either Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other Party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the Party not performing.

I. Assignment- Neither this Agreement, nor any of a Party's rights, obligations, duties, or authority hereunder may be assigned in whole or in part by either Party without the prior written consent of the other Party. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

J. Obligations Comply with Law- Nothing herein shall be deemed nor construed to authorize or require any Party to issue bonds, notes or other evidences of indebtedness under terms, in amounts, or for purposes other than as authorized by local, State or Federal law.

K. Governing Law- The laws of the State of California and applicable Federal, State, local laws, regulations and guidelines shall govern hereunder.

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This Agreement shall be made effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-7-0939 to be executed on the date first above written.

CITY OF LAGUNA HILLS

By: _____
Bruce E. Channing
City Manager

ATTEST:

By: _____
Peggy J. Johns
City Clerk

APPROVED AS TO FORM:

By: _____
Gregory Simonian
City Attorney

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____
Arthur T. Leahy
Chief Executive Officer

APPROVAL RECOMMENDED:

By: _____
Kia Mortazavi, Executive Director
Development Division

Dated: _____

GO LOCAL

PROJECT CONCEPT

To qualify for funds your city project must focus on assessing ways to provide transit connections to Metrolink. Complete the Project Concept, and return with the Cooperative Agreement.

A. Study Type

Project Concept assessments can cover or study any of the following topics. Please review the descriptions below and indicate the type of analysis you expect to perform by placing an (x) next to one (or more) of the following:

__X__ **Needs Assessments**
What are the transit needs? Identify populations, congestion areas, etc.

_____ **Coordinating Transit *and* Land Use**
How can a transit project support your city's land use planning policies/projects and vice versa?

_____ **Route Planning**
Existing data has identified activity centers, populations or congestion hot spots which warrant transit service. What are possible routes and types of transit?

_____ **Public policy /public support**
Does the community support transit as evidenced by land use designations and the commitment of local stakeholders?

_____ **Project Concepts**
Does the city have one or more general transit concepts which it would like to explore more fully in a detailed technical analysis?

_____ **Make your own case**
Is there a concept that addresses a need in your city that you would like the Board of Directors to consider? Is this need consistent with the Measure M requirements that funds be spent on transit-related purposes to extend the reach of Metrolink?

B. Project Overview

Please include a 250 to 300 word overview of your Project Concept.

C. Partners

Please attach any letters of agreements, which identify other jurisdictions participating in this Project Concept, and your respective roles (see Checklist on Website).

B. Project Overview

The Go Local project for the City of Laguna Hills consists of two Needs Assessments related to providing transit services to our residents and employers/employees to access Metrolink services. The first needs assessment involves an internal City evaluation of the potential use of a transit connection to Metrolink services and the second needs assessment involves an external evaluation in cooperation with the City of Lake Forest on area needs for a transit connection to Metrolink services. Transit services in the City of Laguna Hills include an active Park and Ride lot on the property of the Laguna Hills Mall and an OCTA Transit Center near that location, both adjacent to major employers, and within the area known as the Urban Village.

The internal City needs assessments will include retaining consulting services to assess current usage of OCTA bus routes in and through Laguna Hills, usage and barriers to usage of the Park and Ride lot, employer evaluation of alternate transit opportunities and use of focus groups to ascertain interest levels in additional transit services. The focus group work will involve interviews of major employers and community leaders to assess ridership potential of a feeder transit system. A recently completed city-wide survey instrument will be used to provide basic population statistics. An evaluation will be made of the likelihood of use of either the Irvine Transportation Center or the Laguna Niguel/Mission Viejo Metrolink Station by residents and employers/employees within the City of Laguna Hills.

The area wide needs assessment, in cooperation with the City of Lake Forest as lead agency, will be a collaborative effort involving the use of consulting services to evaluate cross City boundary needs for alternate transit services that interconnect the two cities and that may be needed to increase the use of Metrolink services. See the City of Lake Forest Project Overview for further details.

C. Partners

The City of Laguna Hills and the City of Lake Forest have agreed, in concept, to partner on the external needs assessment described above. A cooperative agreement will be developed. Up to 50% of the City of Laguna Hills' Go Local funds will be dedicated for this effort.

GO LOCAL

PROJECT CONCEPT
SIX-MONTH PROGRESS REPORT

City/Date: _____ **Prepared**
By_____

A. Project Overview Progress Report

Please include a 200-300 word description of progress to date. *To the extent possible*, you should describe what you are working on, your methodology, key staff and/or stakeholders, and any preliminary results.

B. Project Resources

Please indicate all that apply:

- We've been utilizing consultants
  (Name(s):_____

- We've been doing some or all of the work in-house

- We have partnerships with:
  (Include if not listed in Exhibit A)

C. Financial Report

Percentage of funding Committed _____ Expended_____

We foresee obstacles to completion with funding. No____ Yes____
If yes, please explain in attachment:

Return to: **Jeanne Spinner-LaMar, Manager, Local Initiative**
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT
FINAL REPORT OUTLINE

At the conclusion of Project Concept work, all cities will submit a Final Report within _____days utilizing the outline below. Sections Five and Six below will constitute your proposal for the next phase of work.

1. **Summary of Project** **(1 page)**

2. **Study Questions** **(1 page)**

3. **Methodology Used** **(1 page)**

4. **Results** **(3-5 pages)**
   Report against the Evaluation Criteria, i.e. financial considerations, community factors, transportation benefit.

5. **Findings** **(4-5 pages)**
   Your analysis of the results

6. **Next Steps** **(5-7 pages)**
   Identify:
   - *what you wish to do next,*
   - *the methods you would use,*
   - *the staff, resources, and time you would need;*
   - *what you would expect to determine, and*
   - *the budget, your agency contribution, any partnerships and their contributions.*

Return to: **Jeanne Spinner-La Mar, Manager, Local Initiatives**
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT
Project Expenditures Certification

SAMPLE

Consultant	Contract Number	Cost *Column A*	In-house Labor	Total hours charged to project x fully burdened hourly rate	*Cost Column B*	*TOTAL add A & B*
ABC	001	**25,000**	Sr. Planner	500 hours x $85/hr	**42,500**	
XYZ	002	**30,000**	Admin Asst.	100 x $25/hr	**2,500**	
		55,000			**45,000**	**100,000**

I hereby certify that the above is a true and correct statement of the work performed and costs incurred on the Project Concept.

_____ _____

Date Signed

_____

Title

Return to: **Jeanne Spinner-LaMar, Manager, Local Initiative**
550 South Main Street
P.O. Box 14184Orange, CA 92863-15

COOPERATIVE AGREEMENT NO. C- 7-0993

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

CITY OF LAKE FOREST

FOR

CITY INITIATED TRANSIT EXTENSIONS TO METROLINK

THIS AGREEMENT is made and entered into this _____day of _____ 2007, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), acting on behalf of the Orange County Local Transportation Authority, and the City of Lake Forest, 25550 Commercentre Drive, Lake Forest, CA 92630, a municipal corporation and charter city duly organized and existing under the constitution and laws of the State of California (hereinafter referred to as "CITY").

RECITALS:

WHEREAS, AUTHORITY considers its railroad lines linking Los Angeles and San Diego Counties and the Inland Empire to be the core of Orange County's future rail transit system; and

WHEREAS, CITY and AUTHORITY wish to work as partners to develop a community-based transit vision that increases use of Metrolink by Lake Forest residents, visitors, and/or employees; and

WHEREAS, the funds allocated through this program must comply with the 1990 Measure M ordinance which states in part that the intent is to provide matching funds to encourage development of extensions to major activity centers and providing access between the primary rail system and employment centers; and

WHEREAS, CITY is encouraged to enter into written agreements with other cities to collaborate in some or all facets of a planning and needs assessment to support this vision; and

WHEREAS, Measure M funds have been designated for cities to study ways to accomplish this; and

WHEREAS, CITY will develop a proposed Project Concept (further defined hereunder) which will factor in, among other elements, community interests and desires; and

WHEREAS, the AUTHORITY's Board of Directors on February 27, 2006, allocated Measure M funds to a program designed to enable cities that wish to develop a local transit vision including defined enhancements and transit extensions to Metrolink that work best with their local community's short and long-term priorities (hereinafter referred to as "GO LOCAL Step 1"); and

WHEREAS, CITY has completed the GO LOCAL Step 1 Project Concept form, and AUTHORITY has found such concept acceptable; and

WHEREAS, CITY, upon AUTHORITY's execution of this Agreement, will pursue the Project Concept; and

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and CITY as follows:

ARTICLE 1. COMPLETE AGREEMENT

This Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the terms and conditions of the agreement between AUTHORITY and CITY concerning the GO LOCAL Step 1 work and supersedes all prior representations, understandings and communications between the parties. The invalidity in whole or part of any term or condition of this Agreement shall not affect the validity of the other terms or conditions.

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ARTICLE 2. SCOPE

A. This Agreement specifies the procedures that AUTHORITY and CITY will follow in connection with the GO LOCAL Step 1 work to be performed. CITY agrees to provide all services identified in Project Concept, identified herein as Exhibit A to this Agreement. Both AUTHORITY and CITY agree that each will cooperate and coordinate with the other in all activities covered by this Agreement and any other supplemental agreements.

B. AUTHORITY's failure to insist upon CITY's performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such terms or conditions and CITY's obligation in respect to performance shall continue in full force and effect.

C. Changes to any portion of this Agreement shall not be binding upon AUTHORITY unless confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 3. RESPONSIBILITES OF AUTHORITY

AUTHORITY agrees to the following responsibilities for the GO LOCAL Step 1 work:

A. Payment- AUTHORITY shall pay CITY the amount identified in Article 5. PAYMENT. for the GO LOCAL Step 1 work within 30 days of receipt of acceptable invoice. Funds will not be distributed to CITY if AUTHORITY has not accepted CITY's Project Concept. CITY may resubmit an amended Project Concept for review by AUTHORITY. AUTHORITY has the sole and exclusive right to accept or reject any Project Concept.

B. Should CITY not complete the services identified in Exhibit A, or does not meet the terms and conditions of this Agreement, AUTHORITY shall give CITY written notice of any violation. CITY shall have thirty (30) days to cure the violation. If the violation is not cured within the thirty (30) days, the CITY will return to AUTHORITY all monies paid to the CITY within sixty (60) days of AUTHORITY's written demand.

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C. Additional Funding- Funding beyond what has been identified in Article 5. PAYMENT, shall be pursuant to a competitive process for projects initiated by AUTHORITY at a date to be determined. AUTHORITY does not guarantee that CITY will be selected to advance to the any future step in the GO LOCAL process.

ARTICLE 4. RESPONSIBILITIES OF CITY

CITY agrees to the following responsibilities for GO LOCAL Step 1 work:

A. Lead Agency- CITY will act as the lead agency for the GO LOCAL Step 1 work. However, CITY may designate pursuant to a written partnership letter of agreement that another city participating in the GO LOCAL program is serving as lead agency. AUTHORITY shall be provided a copy of this letter within ten (10) days after the agreement has been executed.

B. Third Party Partnerships- CITY is encouraged to collaborate with and enter into written agreements with adjacent cities to advance the project consistent with the Project Concept. CITY shall deliver to AUTHORITY a copy of each executed agreement within ten (10) days of execution.

C. Project Reporting- Within six months from the receipt of funds, CITY shall submit to AUTHORITY a progress report similar to that detailed in Exhibit B, entitled "GO LOCAL Initial Progress Report," attached to and, by this reference, incorporated in and made part of this Agreement. CITY shall be required to produce a final written report of its findings, recommendations, and next steps according to a mutually agreed upon date, but no later than the completion date of this Agreement. The Final Report will include the elements described in Exhibit C, entitled "GO LOCAL Project Concept Final Report Outline." Exhibit C is attached to and, by this reference, incorporated in and made part of this Agreement.

D. Use Of Funding- CITY shall use funding provided by AUTHORITY exclusively for the services identified in Exhibit A. All funding released to CITY shall be spent in accordance with Local Transportation Ordinance Number 2: The Revised Orange County Traffic Improvement and Growth Management Ordinance. If CITY fails to develop and/or pursue the Project Concept in accordance with said Ordinance, or the CITY uses the Funds to support or facilitate acquisition of property

through eminent domain or as matching funds to implement land development, all monies funded to the CITY shall be returned to AUTHORITY within sixty (60) days of AUTHORITY's written demand. AUTHORITY shall have sole discretion in determining whether the Project Concept has been developed and/or pursued in accordance with said Ordinance. AUTHORITY may terminate this Agreement, in whole or part, if the AUTHORITY determines in its sole discretion that CITY has utilized funds in a manner leading to use of eminent domain powers. Upon AUTHORITY's determination and written request, CITY shall return all monies in accordance with this Article.

E. Third Party Work- CITY shall deliver to AUTHORITY a copy of each executed agreement and scope of work for services to be performed by third parties in fulfillment of the Project Concept within thirty (30) days after the agreement has been executed.

F. Conduct- CITY shall conduct all of its activities in association with GO LOCAL Step 1 in a good and competent and professional manner and in compliance with all applicable federal, state and local rules and regulations.

G. Modeling—CITY shall utilize existing AUTHORITY modeling results to ensure that project results are compatible with AUTHORITY planning efforts. AUTHORITY shall make modeling available.

ARTICLE 5. PAYMENT

A. For CITY's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provisions set forth in this Agreement, AUTHORITY shall pay CITY the not to exceed lump sum amount of One Hundred Thousand Dollars ($100,000.00) within thirty (30) days after execution of this Agreement and upon receipt of acceptable invoice.

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B. As a supplement to the Final Report, CITY shall submit to AUTHORITY a Project Expenditures Certification, as detailed in Exhibit D, which is attached to this Agreement, and incorporated by reference, for work performed under this Agreement. The Certification shall include, but not be limited to, period of performance, actual expenses; classification, hours and rates of in-house personnel, vendors, contractors, for work performed exclusively for the GO LOCAL Step 1 phase. Additionally, CITY may be required to submit this information to the AUTHORITY at any time during the performance of this Agreement. CITY will be required to submit to AUTHORITY all information requested within thirty (30) days from AUTHORITY's request.

ARTICLE 6. MAXIMUM OBLIGATION

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CITY agree that AUTHORITY's maximum cumulative payment obligation hereunder (including CITY's direct and indirect costs) shall be One Hundred Thousand Dollars ($100,000.00) which shall include all amounts payable incurred solely for the purposes of the GO LOCAL Step 1 work.

ARTICLE 7. AUDIT AND INSPECTION

CITY shall maintain a complete set of records in accordance with generally accepted accounting principles and in accordance with Local Transportation Ordinance Number 2: The Revised Traffic Improvement and Growth Management Ordinance. The original records shall be maintained within the CITY limits. Upon reasonable notice, CITY shall permit the authorized representatives of the AUTHORITY to inspect and audit all work, materials, payroll, books, accounts and other data and records of CITY for a period of not less than four (4) years after final payment or until any on-going audit is completed whichever is longer. For purposes of audit, the date of completion of this Agreement shall be the date of AUTHORITY's payment for CITY's final billing (so noted on the invoice) under this Agreement. AUTHORITY shall also have the right to reproduce any documents related to this Agreement by whatever means necessary.

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ARTICLE 8. INDEMNIFICATION

CITY shall indemnify, defend and hold harmless AUTHORITY, its officers, directors, employees and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, worker's compensation subrogation claims, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by CITY, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

ARTICLE 9. ADDITIONAL PROVISIONS:

The AUTHORITY and CITY agree to the following mutual responsibilities:

A. Term of Agreement- This Agreement shall continue in full force and effect through December 31, 2007, unless terminated by mutual written consent by both Parties. The term of this Agreement may only be extended upon mutual written agreement by both Parties.

B. Termination- The AUTHORITY may terminate this Agreement for its convenience any time, in whole or part, by giving CITY written notice thereof.

C. Modifications- This Agreement may be amended in writing at any time by the mutual consent of both Parties. No amendment shall have any force or effect unless executed in writing by both AUTHORITY and CITY.

D. Legal Authority- AUTHORITY and CITY hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that, by so executing this Agreement, the Parties hereto are formally bound to the provisions of this Agreement.

E. Notices- Any notices, requests or demands made between the parties pursuant to this Agreement are to be directed as followed:

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To CITY:	To AUTHORITY:
City of Lake Forest	Orange County Transportation Authority
25550 Commercentre Drive	550 South Main Street
	P. O. Box 14184
Lake Forest, CA 92630	Orange, CA 92863-1584
Attention: Brent Cooper	Attention: Kathleen Murphy-Perez,
Planning Manager	Section Manager, Capital Projects
(949/461-3472); bcooper@ci.lake-forest.ca.us	(714/560-5743); kperez@octa.net
	c: Kia Mortazavi, Executive Director,
	Development Division

F. Severability- If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

G. Counterparts of Agreement- This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

H. Force Majeure- Either Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other Party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the Party not performing.

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I. Assignment- Neither this Agreement, nor any of a Party's rights, obligations, duties, or authority hereunder may be assigned in whole or in part by either Party without the prior written consent of the other Party. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

J. Obligations Comply with Law- Nothing herein shall be deemed nor construed to authorize or require any Party to issue bonds, notes or other evidences of indebtedness under terms, in amounts, or for purposes other than as authorized by local, State or Federal law.

K. Governing Law- The laws of the State of California and applicable Federal, State, local laws, regulations and guidelines shall govern hereunder.

This Agreement shall be made effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-7-0993 to be executed on the date first above written.

CITY OF LAKE FOREST

By: _____
Richard T. Dixon
Mayor

ATTEST:

By: _____ 07/17/07
Sherry A. F. Wentz, MCM
City Clerk

APPROVED AS TO FORM:

By: _____
Best Best & Krieger, LLP
City Attorney

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____
Arthur T. Leahy
Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Kennard Smart, Jr.
General Counsel

APPROVAL RECOMMENDED:

By: _____
Kia Mortazavi, Executive Director
Development Division

Dated: _____

GO LOCAL

STEP ONE PROJECT CONCEPT

To qualify for funds your city project must focus on assessing ways to provide transit connections to Metrolink. Complete the Project Concept, and return with a signed Cooperative Agreement.

A. Study Type

Project Concept assessments can cover or study any of the following topics. Please review the descriptions below and indicate the type of analysis you expect to perform by placing an (x) next to one (or more) of the following:

__X__ **Needs Assessments**
What are the transit needs? Identify populations, congestion areas, etc.

_____ **Coordinating Transit *and* Land Use**
How can a transit project support your city's land use planning policies/projects and vice versa?

__X__ **Route Planning**
Existing data has identified activity centers, populations or congestion hot spots which warrant transit service. What are possible routes and types of transit?

__X__ **Public policy /public support**
Does the community support transit as evidenced by land use designations and the commitment of local stakeholders?

__X__ **Project Concepts**
Does the city have one or more general transit concepts which it would like to explore more fully in a detailed technical analysis?

_____ **Make your own case**
Is there a concept that addresses a need in your city that you would like the Board of Directors to consider? Is this need consistent with the Measure M requirements that funds be spent on transit-related purposes to extend the reach of Metrolink?

B. Project Overview

Please include a 250 to 300 word overview of your Project Concept.

The City of Lake Forest (City) proposes to use Go Local funding allocated by the Orange County Transportation Authority (OCTA) to conduct a transit

feasibility study that identifies a range of strategies to increase use of Metrolink by Lake Forest residents and employees, including but not limited to local feeder systems to existing stations, park and ride facilities, potential changes to OCTA bus routes, remote parking lots, public information programs, employer pass programs, or other strategies identified by the needs assessment.

Metrolink service to the residents of Lake Forest is available at stations located approximately 3 miles north in the City of Irvine, and approximately 4 miles south in the City of Laguna Niguel. Currently, there are no shuttle or locally operated feeder systems that specifically operate to facilitate access for Lake Forest residents to the stations in Laguna Niguel or Irvine. Consequently, Lake Forest residents that commute via Metrolink typically travel in personal vehicles outside our community to access this service. The City believes there may be significant benefits in establishing a local shuttle or feeder system and/or a remote parking lot(s) to facilitate access to Metrolink for Lake Forest residents and businesses.

Project Scope

The City identifies the following issues that may be included in a transit needs assessment.

- Resident and business community perceptions of existing transit services and additional transit needs
- Potential Metrolink ridership demand within Lake Forest
- Potential benefits to residents and business community of additional transit services
- Assessment of potential additional ground transit routes
- Local transit service options, costs, funding sources, and routes to existing Metrolink stations from Lake Forest
- Potential park and ride facility or remote parking lot locations and preliminary design requirements
- Expanded employer pass programs and public education programs

C. Partners

Please attach any letters of agreements which identify other jurisdictions participating in this Project Concept and your respective roles (See Checklist on Website).

The City has made preliminary inquiries with the city of Laguna Hills to determine the feasibility of a partnership project. The City of Laguna Hills has a major transit node between the I-5 Freeway, Paseo de Valencia, El Toro Road, and Los Alisos Boulevard. Transit demand in this area is high because the area is a major employment, service and retail center with the Laguna Hills Mall, Saddleback Valley Hospital, Laguna Hills City Hall, office buildings, several smaller shopping centers, and a major bus transfer station. This transit node is also located adjacent to the Lake Forest shopping centers on El Toro Road, which links the transit demands between the two cities. For this reason, the City of Laguna Hills is interested in joining our study, and may potentially allocate $50,000 of their Go Local Grant toward our work effort.

GO LOCAL

PROJECT CONCEPT
SIX-MONTH PROGRESS REPORT

City/Date: _____ **Prepared By**_____

A. Project Overview Progress Report

Please include a 200-300 word description of progress to date. *To the extent possible*, you should describe what you are working on, your methodology, key staff and/or stakeholders, and any preliminary results.

B. Project Resources

Please indicate all that apply:

- We've been utilizing consultants
  (Name(s):_____

- We've been doing some or all of the work in-house

- We have partnerships with:
  (Include if not listed in Exhibit A)

C. Financial Report

Percentage of funding Committed _____ Expended_____

We foresee obstacles to completion with funding. No____ Yes____
If yes, please explain in attachment:

Return to: **Jeanne Spinner-LaMar, Manager, Local Initiative**
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT
FINAL REPORT OUTLINE

At the conclusion of Project Concept work, all cities will submit a Final Report within _____days utilizing the outline below. Sections Five and Six below will constitute your proposal for the next phase of work.

1. **Summary of Project** **(1 page)**

2. **Study Questions** **(1 page)**

3. **Methodology Used** **(1 page)**

4. **Results** **(3-5 pages)**
   Report against the Evaluation Criteria, i.e. financial considerations, community factors, transportation benefit.

5. **Findings** **(4-5 pages)**
   Your analysis of the results

6. **Next Steps** **(5-7 pages)**
   Identify:

- *what you wish to do next,*
- *the methods you would use,*
- *the staff, resources, and time you would need;*
- *what you would expect to determine, and*
- *the budget, your agency contribution, any partnerships and their contributions.*

Return to: **Jeanne Spinner-La Mar, Manager, Local Initiatives**
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT
Project Expenditures Certification

SAMPLE

Consultant	Contract Number	Cost *Column A*	In-house Labor	Total hours charged to project x fully burdened hourly rate	*Cost Column B*	*TOTAL add A & B*
ABC	001	**25,000**	Sr. Planner	500 hours x $85/hr	**42,500**	
XYZ	002	**30,000**	Admin Asst.	100 x $25/hr	**2,500**	
		55,000			**45,000**	**100,000**

I hereby certify that the above is a true and correct statement of the work performed and costs incurred on the Project Concept.

_____ _____

Date Signed

_____

Title

Return to: **Jeanne Spinner-LaMar, Manager, Local Initiative**
550 South Main Street
P.O. Box 14184
Orange, CA 92863-15

COOPERATIVE AGREEMENT NO. C-7-0970

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

CITY OF YORBA LINDA

FOR

CITY INITIATED TRANSIT EXTENSIONS TO METROLINK

THIS AGREEMENT is made and entered into this _____day of _____ 2007, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), acting on behalf of the Orange County Local Transportation Authority, and the City of Yorba Linda, 4845 Casa Loma Avenue, P.O. Box 87014, Yorba Linda, California, 92885, a municipal corporation (hereinafter referred to as "CITY").

RECITALS:

WHEREAS, AUTHORITY considers its railroad lines linking Los Angeles and San Diego Counties and the Inland Empire to be the core of Orange County's future rail transit system; and

WHEREAS, CITY and AUTHORITY wish to work as partners to develop a community-based transit vision that increases use of Metrolink by Yorba Linda residents, visitors, and/or employees; and

WHEREAS, the funds allocated through this program must comply with the 1990 Measure M ordinance which states in part that the intent is to provide matching funds to encourage development of extensions to major activity centers and providing access between the primary rail system and employment centers; and

WHEREAS, CITY is encouraged to enter into written agreements with other cities to collaborate in some or all facets of a planning and needs assessment to support this vision; and

WHEREAS, Measure M funds have been designated for cities to study ways to accomplish this; and

WHEREAS, CITY will develop a proposed Project Concept (further defined hereunder) which will factor in, among other elements, community interests and desires; and

WHEREAS, the AUTHORITY's Board of Directors on February 27, 2006, allocated Measure M funds to a program designed to enable cities that wish to develop a local transit vision including defined enhancements and transit extensions to Metrolink that work best with their local community's short and long-term priorities (hereinafter referred to as "GO LOCAL Step 1"); and

WHEREAS, CITY has completed the GO LOCAL Step 1 Project Concept form, and AUTHORITY has found such concept acceptable; and

WHEREAS, CITY, upon AUTHORITY's execution of this Agreement, will pursue the Project Concept; and

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and CITY as follows:

ARTICLE 1. COMPLETE AGREEMENT

This Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the terms and conditions of the agreement between AUTHORITY and CITY concerning the GO LOCAL Step 1 work and supersedes all prior representations, understandings and communications between the parties. The invalidity in whole or part of any term or condition of this Agreement shall not affect the validity of the other terms or conditions.

ARTICLE 2. SCOPE

A. This Agreement specifies the procedures that AUTHORITY and CITY will follow in connection with the GO LOCAL Step 1 work to be performed. CITY agrees to provide all services identified in Project Concept, identified herein as Exhibit A to this Agreement. Both AUTHORITY

and CITY agree that each will cooperate and coordinate with the other in all activities covered by this Agreement and any other supplemental agreements.

B. AUTHORITY's failure to insist upon the performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such terms or conditions and the CITY's obligation in respect to performance shall continue in full force and effect.

C. Changes to any portion of this Agreement shall not be binding upon AUTHORITY unless confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 3. RESPONSIBILITIES OF AUTHORITY

AUTHORITY agrees to the following responsibilities for the GO LOCAL Step 1 work:

A. Payment- AUTHORITY shall pay CITY the amount identified in Article 5. PAYMENT, for the GO LOCAL Step 1 work within 30 days of receipt of an acceptable invoice. Funds will not be distributed to CITY if AUTHORITY has not accepted CITY's Project Concept. CITY may resubmit an amended Project Concept for review by AUTHORITY. AUTHORITY has the sole and exclusive right to accept or reject any Project Concept.

B. Should CITY not complete the services identified in Exhibit A, or does not meet the terms and conditions of this Agreement, the CITY will return to AUTHORITY all monies funded to the CITY within sixty (60) days of AUTHORITY's written demand.

C. Additional Funding- Funding beyond what has been identified in Article 5. PAYMENT, shall be pursuant to a competitive process for projects initiated by AUTHORITY at a date to be determined. AUTHORITY does not guarantee that CITY will be selected to advance to the any future step in the GO LOCAL process.

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ARTICLE 4. RESPONSIBILITIES OF CITY

CITY agrees to the following responsibilities for GO LOCAL Step 1 work:

A. Lead Agency- CITY will act as the lead agency for the GO LOCAL Step 1 work. However, CITY may designate pursuant to a written partnership letter of agreement that another city participating in the GO LOCAL program is serving as lead agency. AUTHORITY shall be provided a copy of this letter within ten (10) days after the agreement has been executed.

B. Third Party Partnerships- CITY is encouraged to collaborate with and enter into written agreements with adjacent cities to advance the project consistent with the Project Concept. CITY shall deliver to AUTHORITY a copy of each executed agreement within ten (10) days of execution.

C. Project Reporting- Within six months from the receipt of funds, CITY shall submit to AUTHORITY a progress report similar to that detailed in Exhibit B, entitled "GO LOCAL Initial Progress Report," attached to and, by this reference, incorporated in and made part of this Agreement. CITY shall be required to produce a final written report of its findings, recommendations, and next steps according to a mutually agreed upon date, but no later than the completion date of this Agreement. The Final Report will include the elements described in Exhibit C, entitled "GO LOCAL Project Concept Final Report Outline." Exhibit C is attached to and, by this reference, incorporated in and made part of this Agreement.

D. Use Of Funding- CITY shall use funding provided by AUTHORITY exclusively for the services identified in Exhibit A. All funding released to CITY shall be spent in accordance with Local Transportation Ordinance Number 2: The Revised Orange County Traffic Improvement and Growth Management Ordinance. If CITY fails to develop and/or pursue the Project Concept in accordance with said Ordinance, or the CITY uses the Funds to support or facilitate acquisition of property through eminent domain or as matching funds to implement land development, all monies funded to the CITY shall be returned to AUTHORITY within sixty (60) days of AUTHORITY's written demand. AUTHORITY shall have sole discretion in determining whether the Project Concept has been developed and/or pursued in accordance with said Ordinance. AUTHORITY and CITY may

terminate this Agreement, in whole or part, if the AUTHORITY determines in its sole discretion that CITY has utilized funds in a manner leading to use of eminent domain powers. Upon AUTHORITY's determination and written request, CITY shall return all monies in accordance with this Article.

E. Third Party Work- CITY shall deliver to AUTHORITY a copy of each executed agreement and scope of work for services to be performed by third parties in fulfillment of the Project Concept within thirty (30) days after the agreement has been executed.

F. Conduct- CITY shall conduct all of its activities in association with GO LOCAL Step 1 in a good and competent and professional manner and in compliance with all applicable federal, state and local rules and regulations.

G. Modeling—CITY shall utilize existing AUTHORITY modeling results to ensure that project results are compatible with AUTHORITY planning efforts. AUTHORITY shall make modeling available.

ARTICLE 5. PAYMENT

A. For CITY's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provisions set forth in this Agreement, AUTHORITY shall pay CITY the not to exceed lump sum amount of One Hundred Thousand Dollars ($100,000.00) within thirty (30) days after execution of this Agreement and upon receipt of an acceptable invoice.

B. As a supplement to the Final Report, CITY shall submit to AUTHORITY a Project Expenditures Certification, as detailed in Exhibit D, which is attached to this Agreement, and incorporated by reference, for work performed under this Agreement. The Certification shall include, but not be limited to, period of performance, actual expenses; classification, hours and rates of in-house personnel, vendors, contractors, for work performed exclusively for the GO LOCAL Step 1 phase. Additionally, CITY may be required to submit this information to the AUTHORITY at any time during the performance of this Agreement. CITY will be required to submit to AUTHORITY all information requested within thirty (30) days from AUTHORITY's request.

ARTICLE 6. MAXIMUM OBLIGATION

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CITY agree that AUTHORITY's maximum cumulative payment obligation hereunder (including CITY's direct and indirect costs) shall be One Hundred Thousand Dollars ($100,000.00) which shall include all amounts payable incurred solely for the purposes of the GO LOCAL Step 1 work.

ARTICLE 7. AUDIT AND INSPECTION

CITY shall maintain a complete set of records in accordance with generally accepted accounting principles and in accordance with Local Transportation Ordinance Number 2: The Revised Traffic Improvement and Growth Management Ordinance. The original records shall be maintained within the CITY limits. Upon reasonable notice, CITY shall permit the authorized representatives of the AUTHORITY to inspect and audit all work, materials, payroll, books, accounts and other data and records of CITY for a period of not less than four (4) years after final payment, or until any on-going audit is completed whichever is longer. For purposes of audit, the date of completion of this Agreement shall be the date of AUTHORITY's payment for CITY's final billing (so noted on the invoice) under this Agreement. AUTHORITY shall also have the right to reproduce any documents related to this Agreement.

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CITY shall indemnify, defend and hold harmless the AUTHORITY, its officers, directors, employees and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, worker's compensation subrogation claims, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by the CITY, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

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D. Legal Authority- AUTHORITY and CITY hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that, by so executing this Agreement, the Parties hereto are formally bound to the provisions of this Agreement.

E. Notices- Any notices, requests or demands made between the parties pursuant to this Agreement are to be directed as followed:

To CITY:

City of Yorba Linda

4845 Casa Loma Avenue

P.O. Box 87014

Yorba Linda, CA 92885

ATTENTION: Tamara S. Letourneau

City Manager

(714/961-7110)

tletourneau@yorba-linda.org

To AUTHORITY:

Orange County Transportation Authority

550 South Main Street

P. O. Box 14184

Orange, CA 92863-1584

ATTENTION: Kathleen Murphy-Perez

Section Manager, Capital Projects

(714/560-5743); kperez@octa.net

c: Kia Mortazavi, Executive Director,

Development Division

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F. Severability- If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

G. Counterparts of Agreement- This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

H. Force Majeure- Either Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other Party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the Party not performing.

I. Assignment- Neither this Agreement, nor any of a Party's rights, obligations, duties, or authority hereunder may be assigned in whole or in part by either Party without the prior written consent of the other Party. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

J. Obligations Comply with Law- Nothing herein shall be deemed nor construed to authorize or require any Party to issue bonds, notes or other evidences of indebtedness under terms, in amounts, or for purposes other than as authorized by local, State or Federal law.

K. Governing Law- The laws of the State of California and applicable Federal, State, local laws, regulations and guidelines shall govern hereunder.

This Agreement shall be made effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-7-0970 to be executed on the date first above written.

CITY OF YORBA LINDA

By: Tamara S. Letourneau

Tamara S. Letourneau
City Manager

ATTEST:

By: Kathie Mendoza

Kathie Mendoza
City Clerk

APPROVED AS TO FORM:

By: Janne S. Raymond
for

Sonia Carvalho
City Attorney

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____

Arthur T. Leahy
Chief Executive Officer

APPROVED AS TO FORM:

By: _____

Kennard R. Smart, Jr.
General Counsel

APPROVAL RECOMMENDED:

By: _____

Kia Mortazavi, Executive Director
Development Division

Dated: _____

GO LOCAL

STEP ONE PROJECT CONCEPT

To qualify for funds your city project must focus on assessing ways to provide transit connections to Metrolink. Complete the Project Concept, and return with a signed Cooperative Agreement.

A. Study Type

Project Concept assessments can cover or study any of the following topics. Please review the descriptions below and indicate the type of analysis you expect to perform by placing an (x) next to one (or more) of the following:

__X__ **Needs Assessments**
What are the transit needs? Identify populations, congestion areas, etc.

__X__ **Coordinating Transit *and* Land Use**
How can a transit project support your city's land use planning policies/projects and vice versa?

__X__ **Route Planning**
Existing data has identified activity centers, populations or congestion hot spots which warrant transit service. What are possible routes and types of transit?

__X__ **Public policy /public support**
Does the community support transit as evidenced by land use designations and the commitment of local stakeholders?

__X__ **Project Concepts**
Does the city have one or more general transit concepts which it would like to explore more fully in a detailed technical analysis?

__X__ **Make your own case**
Is there a concept that addresses a need in your city that you would like the Board of Directors to consider? Is this need consistent with the Measure M requirements that funds be spent on transit-related purposes to extend the reach of Metrolink?

B. Project Overview

The City of Yorba Linda originally responded to the OCTA initiative initially by a requirement to have bus routes that would link to the Metrolink Stations and the Town Center to facilitate mass transit. However, with the termination of a potential Yorba Linda Metrolink Station and the stalled Town Center project, the Yorba Linda portion of

the North Orange County Transit Feasibility Study is now outdated. City officials have updated the previous scope of work and now wish to proceed with the following scope of work:

• Park N' Ride lots with shuttles during peak hours to the Fullerton Transportation Center and the Anaheim Canyon Station.
• Reevaluate the potential bus routes along Imperial Highway, Bastanchury Road and Orangethrope Ave/Esparanza Road, to include a route to Savi Ranch. Further, assess bus route requirements to serve the Nixon Library.
• Provide shuttles specifically for senior citizens to the Fullerton Transportation Center and the potential Placentia Metrolink Station.
• Revisit the bus route to the Town Center when the project reaches the final stages.

The following approach builds on the scope of work for the North Orange County Cities (NOCC) Transit Oriented Project in general. The City intends to continue to coordinate the work with the partner cities. It is clear that, if the City of Yorba Linda is to maintain and enhance its quality-of-life, transit must begin to shoulder a larger portion of travel. At the same time, the past several years have seen some exciting developments in transit within Orange County and the City is embarking on this study relating to the Go Local Transit Program to serve the area.

The City understands the global objectives of the NOCC initiative include the need to profile existing transit/transportation services and study existing connections to Metrolink and to subsequently develop alternate service solutions such as shuttle services, it is important that transportation improvements reflect:

• Increase transportation system modal options and person-carrying capacity without increasing mobile source emissions;
• Minimize neighborhood and environmental impacts;
• Have overall public support, achieved through an extensive public dialogue;
• Support public policy direction and local plans;
• Be cost-effective, buildable within available budgets, safe and attractive, and tie into the greater regional system;
• Stimulate and support economic and land use development objectives in the cities by providing access to major activity centers and corridors, thereby strengthening travel connections internally and between the cities and Metrolink stations; and
•Address people-moving capacity deficiencies in the existing roadway network/corridors:

The study is to review opportunities for alternate transit / transportation options in order to maximize the efficiency and effectiveness of the services provided. Included will be the review and subsequent development of policies and procedures, management strategies, governance/administration and operative techniques to improve the customer service and cost-effectiveness of alternate transportation services including shuttle bus services. In the development of alternate transit services or route restructuring, consideration will be given to:

GO LOCAL

PROJECT CONCEPT
SIX-MONTH PROGRESS REPORT

City/Date: _____ **Prepared**
By_____

A. Project Overview Progress Report

Please include a 200-300 word description of progress to date. *To the extent possible*, you should describe what you are working on, your methodology, key staff and/or stakeholders, and any preliminary results.

B. Project Resources

Please indicate all that apply:

- We've been utilizing consultants
  (Name(s):_____

- We've been doing some or all of the work in-house

- We have partnerships with:
  (Include if not listed in Exhibit A)

C. Financial Report

Percentage of funding Committed _____ Expended_____

We foresee obstacles to completion with funding. No____ Yes____
If yes, please explain in attachment:

Return to: **Jeanne Spinner-LaMar, Manager, Local Initiative**
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT
FINAL REPORT OUTLINE

At the conclusion of Project Concept work, all cities will submit a Final Report within _____days utilizing the outline below. Sections Five and Six below will constitute your proposal for the next phase of work.

1. **Summary of Project** **(1 page)**

2. **Study Questions** **(1 page)**

3. **Methodology Used** **(1 page)**

4. **Results** **(3-5 pages)**
   Report against the Evaluation Criteria, i.e. financial considerations, community factors, transportation benefit.

5. **Findings** **(4-5 pages)**
   Your analysis of the results

6. **Next Steps** **(5-7 pages)**
   Identify:
   - *what you wish to do next,*
   - *the methods you would use,*
   - *the staff, resources, and time you would need;*
   - *what you would expect to determine, and*
   - *the budget, your agency contribution, any partnerships and their contributions.*

Return to: **Jeanne Spinner-La Mar, Manager, Local Initiatives**
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

GO LOCAL

PROJECT CONCEPT
Project Expenditures Certification

SAMPLE

Consultant	Contract Number	Cost *Column A*	In-house Labor	Total hours charged to project x fully burdened hourly rate	*Cost Column B*	*TOTAL add A & B*
ABC	001	**25,000**	Sr. Planner	500 hours x $85/hr	**42,500**	
XYZ	002	**30,000**	Admin Asst.	100 x $25/hr	**2,500**	
		55,000			**45,000**	**100,000**

I hereby certify that the above is a true and correct statement of the work performed and costs incurred on the Project Concept.

_____ _____

Date Signed

_____

Title

Return to: **Jeanne Spinner-LaMar, Manager, Local Initiative**
550 South Main Street
P.O. Box 14184Orange, CA 92863-15

OCTA

MEMO

August 7, 2007

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.

OCTA

August 9, 2007

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Orangeline Magnetic Levitation Project

Overview

The Orangeline Development Authority is pursuing a high-speed, magnetic levitation transit system stretching 108 miles, from Palmdale to Irvine via downtown Los Angeles. Officials from that agency have proposed routing the system down the Pacific Electric Railroad right-of-way, which is owned by the Orange County Transportation Authority. Staff is requesting that the Board of Directors provide direction on the Orangeline Magnetic Levitation Project proposal.

Recommendations

A. Continue with implementation of the transit projects defined in the Orange County Transportation Authority's 2006 Long-Range Transportation Plan, which does not include the Orangeline Magnetic Levitation Project proposal.

B. Work with the Los Angeles County Metropolitan Transportation Authority to examine transit alternatives on the Pacific Electric Railroad right-of-way as part of the Orange County/Los Angeles Intercounty Transportation Study.

Background

The Orangeline Development Authority (Orangeline) is a joint powers authority formed in 2003 to develop plans for a privately funded high-speed magnetic levitation (Maglev) system stretching from Palmdale to Irvine via downtown Los Angeles.

As currently planned, the Orangeline Maglev Project (Orangeline Maglev) would travel on an elevated guideway above existing highway or railroad corridors at up to 240 miles per hour (mph), with an average speed of 90 mph

in urban areas. Orangeline officials estimate that trains would cover the 108 miles between Palmdale and Irvine in approximately one hour, making 18 station stops along the way. They believe the system could be in revenue service by 2013 and would provide 255,000 trips per day by 2027. The Orangeline Maglev is discussed in Southern California Association of Governments' 2004 Regional Transportation Plan as one component of a proposed regional Maglev system.

The Orange County Transportation Authority's (OCTA) current transit priorities, as defined in the 2006 Long-Range Transportation Plan (LRTP), include implementing high-frequency Metrolink service, establishing new transit connections to Metrolink stations, and creating new bus rapid transit and community bus routes. The Orangeline Maglev was not included in OCTA's 2006 LRTP.

Orangeline officials have proposed running Maglev service down the Pacific Electric (PE) Railroad right-of-way on much of the route between Los Angeles and Orange County. The Los Angeles County Metropolitan Transportation Authority (Metro) owns approximately seven miles of the PE Railroad right-of-way between the cities of Paramount and Cerritos, while OCTA owns a little more than 11 miles between the cities of La Palma and Santa Ana. Per OCTA Board of Directors' (Board) direction, a 65-foot-wide corridor within the 100-foot-wide PE Railroad right-of-way has been reserved for future transit use.

In an information packet being shared with elected officials, potential private sector investors, and the public, the Orangeline reports, "the public has acquired about 17 miles of railroad right-of-way the Authority plans to use for the Orangeline high-speed Maglev, with an estimated value of over $150 million." However, neither Metro nor OCTA has committed to making the PE Railroad right-of-way available for use by the Orangeline.

During a presentation regarding the PE Railroad right-of-way at the March 5, 2007, meeting of the Regional Planning and Highways Committee, several Board Members requested that staff return to the Board with a position on the Orangeline Maglev. On May 10, 2007, Orangeline representatives made a presentation to the Transit Planning and Operations Committee regarding the proposed Maglev project.

Discussion

Though studies of Maglev service down the PE Railroad right-of-way have been underway for nearly a decade, a number of important issues have yet to be resolved and require further analysis. These issues are presented below.

Financial Plan

The Orangeline's proposed financial plan appears extremely optimistic. Orangeline officials expect to secure at least $19 billion in private capital to construct the Orangeline Maglev and an additional $24 billion for real estate development near proposed Orangeline Maglev stations. In addition, the Orangeline is seeking $200 million for preliminary design and engineering, environmental reviews, and project financing. OCTA staff is not aware of any privately-funded transit lines in the United States on such a scale.

Orangeline officials are assuming an $18 fare for a 20-mile trip, and believe passenger fares and cargo fees will cover all operating and capital costs, with debt payoff estimated by 2046. They predict that surplus revenue will reach $25 billion by 2062, and expect $10.2 billion in project surpluses to be distributed to Orange County member cities.

In March 2007, Orangeline officials met with potential private sector investors to gauge their interest in the Orangeline Maglev. Though the officials reported that their presentations were favorably received, investors expressed concern about the Orangeline's ability to secure right-of-way for the project and to receive the necessary environmental approvals. Orangeline officials also reported that investors were wary of any factors that could jeopardize the Orangeline's ridership projections, such as a competing, publicly subsidized transit service. Funding commitments for the environmental and construction phases of the Orangeline Maglev have not been secured.

Redundant Corridors

The Orangeline Maglev could duplicate existing and planned transit services between Orange County and Los Angeles. The proposed Orangeline Maglev alignment between Los Angeles and Irvine is roughly parallel to the Los Angeles – San Diego (LOSSAN) rail corridor, which currently hosts up to 60 Metrolink and Amtrak passenger trains each weekday. The OCTA Board has approved a plan to nearly double the amount of Metrolink commuter rail service on the LOSSAN corridor by 2009, providing service every 30 minutes between Fullerton and Laguna Niguel/Mission Viejo.

The Orangeline Maglev route also would mirror the California High-Speed Rail Authority's proposed alignment between Anaheim, Los Angeles, and Palmdale, a project which is primarily publicly funded. OCTA has endorsed the California High-Speed Rail Authority's proposal for high-speed train service between Anaheim and Los Angeles, continuing to the Bay Area, and has pledged $7 million for project-level environmental studies on the

Anaheim to Los Angeles segment. OCTA staff believes the Orangeline Maglev would provide redundant service if the state's high-speed rail system is also built as planned.

Local Support

Political and community support for the Orangeline Maglev in Orange County is uncertain. Only one of the Orangeline's 14-member cities, Los Alamitos, is located in Orange County, and none of the seven Orange County cities directly bordering the PE Railroad right-of-way has joined the Orangeline.

The Orangeline lists the cities of Garden Grove, Huntington Beach, and Stanton as "supporting agencies" on its letterhead; however, these cities have not participated in Orangeline activities during the past several years and have not committed funding to the Orangeline Maglev. In March 2007, the La Palma City Council adopted a resolution explicitly opposing the use of the PE Railroad right-of-way for any future transit project, including the Orangeline Maglev.

Technology Selection

The Orangeline is proceeding on the assumption that Maglev is the best technology for transit service along the PE Railroad right-of-way; however, a high-speed, elevated Maglev system may not be the ideal technology for shorter-range commuter trips in the corridor. OCTA believes other transit options, including rubber tire and steel wheel on steel rail technologies, should be evaluated further before any decisions are made about future uses of the PE Railroad right-of-way. Transit options on the PE Railroad right-of-way will be analyzed as part of the joint Orange County/Los Angeles Intercounty Transportation Study.

Summary

Based on the Orangeline's financial plan and right-of-way assumptions, redundancy with other transit corridors, lack of local support, and technology preference, OCTA staff believes it would be premature to commit the PE Railroad right-of-way to the Orangeline Maglev. Staff recommends proceeding with the transit priorities defined in the 2006 LRTP and working with Metro to explore other transit alternatives on the PE Railroad right-of-way.

Attachment

None.

Prepared by:

Michael A. Litschi
Section Manager, Long-Range Strategies
(714) 560-5581

Approved by:

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

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board WK

Subject: Approval to Release Request for Proposals for Northbound Orange Freeway (State Route 57) Improvements Between Katella Avenue and Lincoln Avenue

Regional Planning and Highways Committee — August 6, 2007

Present: Directors Amante, Cavecche, Dixon, Glaab, Green, Mansoor, Norby, Pringle, and Rosen
Absent: None

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

A. Approve the proposed evaluation criteria and weightings.

B. Approve the release of Request for Proposals 7-0938 for environmental and final design consulting services for northbound Orange Freeway (State Route 57) improvements between Katella Avenue and Lincoln Avenue.

OCTA

August 6, 2007

To: Regional Planning and Highways Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Approval to Release Request for Proposals for Northbound Orange Freeway (State Route 57) Improvements Between Katella Avenue and Lincoln Avenue

Overview

Staff has developed a draft Request for Proposals to initiate a competitive procurement process to retain a consultant to prepare the Project Report/Environmental Document and the plans, specifications, and estimates for northbound Orange Freeway (State Route 57) improvements between Katella Avenue and Lincoln Avenue.

Recommendations

A. Approve the proposed evaluation criteria and weightings.

B. Approve the release of Request for Proposals 7-0938 for environmental and final design consulting services for northbound Orange Freeway (State Route 57) improvements between Katella Avenue and Lincoln Avenue.

Background

The proposed improvements to the Orange Freeway (State Route 57) between Katella Avenue and Lincoln Avenue include the construction of an additional northbound general purpose lane and full standard widths for existing lanes and shoulders. A Project Study Report was approved in June 2003 for the project.

These improvements were included in the Renewed Measure M freeway program. The Katella Avenue to Lincoln Avenue improvement project was also selected to be in the State of California's Corridor Mobility Improvement Account (CMIA) program. The CMIA funds are expected to be matched with Measure M (M1) funds. The Orange County Transportation Authority (Authority) is advancing the project at this time to comply with the funding timetables of the CMIA program.

Discussion

On April 23, 2007, the Authority's Board of Directors (Board) approved procurement procedures and policies requiring the Board to approve all Requests for Proposals (RFP) over $1,000,000, as well as approve the evaluation criteria and weightings. Staff is hereby submitting for Board approval the attached RFP and evaluation criteria and weights, which will be used to evaluate proposals received in response to the RFP. The evaluation criteria and weights are as follows:

- Qualifications of the Firm 25 percent
- Staffing and Project Organization 40 percent
- Work Plan 35 percent

The evaluation criteria are consistent with other criteria developed for similar architectural and engineering (A&E) procurements. In developing the criteria weights, several factors were considered. Staff assigned the greatest importance to staffing and project organization, as the qualifications of the project manager and other key task leaders are critical to the timely delivery of the project. Likewise, staff assigned a high level of importance to the work plan, as the technical approach of the project is most critical to the successful performance of the project. As this is an A&E procurement, price is not an evaluation criteria pursuant to state and federal law.

The present CMIA funding schedule requires that the environmental and the design phase for the State Route 57 (SR-57) project be completed in 36 months, by November 2010. The construction is scheduled to begin in May 2011. This aggressive schedule can only be achieved by overlapping the timeline for environmental and design services. Therefore, the use of one procurement to secure environmental and final design services is recommended to meet the project schedule. A Notice to Proceed will be issued for Phase I with the stipulation that Phase II will not begin until a second Notice to Proceed has been issued.

This RFP is one of many expected to be released over the next six months by the Authority. Attachment A provides a list of the projects and services that will be procured in the near future and the likely issue date for each RFP. This aggressive program of contracting for professional services is needed to support the draft Early Action Plan for the Renewed Measure M program, which will be presented to the Board on August 13, 2007. The SR-57 improvements project between Katella Avenue and Lincoln Avenue is one of the early RFPs to be released under this program.

Fiscal Impact

On March 26, 2007, the Board approved the use of M1 funds as a local match for the CMIA funds. A separate Board action will be required by November 2007 to formally authorize the use of the M1 funds for the environmental and design phase of the project. The CMIA funding is programmed for the construction phase of the project.

Summary

It is requested that the Board approve the draft RFP and evaluation criteria and weightings to evaluate proposals received in response to the RFP for northbound SR-57 improvements between Katella Avenue and Lincoln Avenue.

Attachments

A. Anticipated Contracting Opportunities, Orange County Transportation Authority - Freeway Program, July 2007
B. Draft Request for Proposals (RFP) 7-0938 - Consulting Services for Northbound State Route 57 Between Katella Avenue and Lincoln Avenue

Prepared by:

Pradeep Gunaratne, P.E.
Program Manager
(714) 560-5648

Approved by:

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

Anticipated Contracting Opportunities
Orange County Transportation Authority

Freeway Program
July 2007

Project	Service	Construction Value ($Millions)	RFP Date
Orange Freeway (State Route 57), Orangethorpe Avenue to Yorba Linda Boulevard	Final Design	$60	Jul-07
SR-57, Yorba Linda Boulevard to Lambert Road	Final Design	$60	Jul-07
El Camino Real Soundwall	Final Design	$3	Jul-07
SR-57, Katella Avenue to Lincoln Avenue	Environmental & Final Design	$35	Aug-07
Avenida Vaquero Soundwall	Final Design	$2	Aug-07
Program Management Services	Support Services	N/A	Sep-07
Riverside Freeway (State Route 91), SR-57 to Costa Mesa Freeway (State Route 55)	Project Study	$550	Oct-07
San Diego Freeway (Interstate 405)/Garden Grove Freeway (State Route 22) & Interstate 405 (I-405)/San Gabriel River (Interstate 605) Interchanges	Right-of-Way Services	N/A	Nov-07
San Diego Freeway (Interstate 5), San Joaquin Transportation Corridor (State Route 73) to El Toro Road	Project Study	$400	Mar-08
I-405, State Route 55 to Interstate 605	Environmental	$640	Mar-08

ATTACHMENT A

ATTACHMENT B

DRAFT

REQUEST FOR PROPOSALS (RFP) 7-0938

Consulting Services for Northbound State Route 57 Between Katella Avenue and Lincoln Avenue

ORANGE COUNTY TRANSPORTATION AUTHORITY
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
(714) 560-6282 tele; (714) 560-5792 fax; kpeale@octa.net

Key RFP Dates

Comments to Draft RFP	August 16, 2007
Issued:	August 23, 2007
Pre-Proposal Conference:	September 10, 2007
Written Questions:	September 11, 2007
Proposal Due:	October 15, 2007
Interview Date:	October 30, 2007

TABLE OF CONTENTS

			PAGE
NOTICE FOR REQUEST FOR PROPOSALS			i
SECTION I.	INSTRUCTIONS TO OFFERORS		1
SECTION II.	PROPOSAL CONTENT		7
SECTION III.	EVALUATION AND AWARD		13
	A.	EVALUATION CRITERIA	14
	B.	EVALUATION PROCEDURE	14
	C.	AWARD	15
	D.	NOTIFICATION OF AWARD AND DEBRIEFING	15
SECTION IV.	AGREEMENT		16
SECTION V.	SCOPE OF WORK		17
SECTION VI.	PARTY AND PARTICIPANT DISCLOSURE FORMS		18
SECTION VII.	STATUS OF PAST AND PRESENT CONTRACTS FORM		28

OCTA

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Ex-Officio Member

CHIEF EXECUTIVE OFFICE

Arthur T. Leahy
Chief Executive Officer

August 23, 2007

SUBJECT: NOTICE OF REQUEST FOR PROPOSALS
RFP 7-0938: "Consulting Services for Northbound State Route 57 Between Katella Avenue and Lincoln Avenue"

Gentlemen/Ladies:

The Orange County Transportation Authority ("Authority") invites proposals from qualified consultants to provide consulting services to prepare Project Report, and Environmental Documents, (PR/ED) and Plans, Specifications and Estimates (PS&E) for northbound Orange Freeway (State Route 57) widening improvements from Katella Avenue to Lincoln Avenue.

Proposals must be submitted at or before 2:00 p.m. on October 15, 2007.

Proposals delivered in person or by means other than the U.S. Postal Service shall be submitted to the following:

Orange County Transportation Authority
Contracts Administration and Materials Management
600 South Main Street, 4th Floor
Orange, California 92868
Attention: Kathy Peale, Senior Contract Administrator

Proposals delivered using the U.S. Postal Service shall be addressed as follows:

Orange County Transportation Authority
Contracts Administration and Materials Management
P.O. Box 14184
Orange, California 92863-1584
Attention: Kathy Peale, Senior Contract Administrator

Proposals, and amendments to proposals, received after the date and time specified above will be returned to the Offerors unopened.

Parties interested in obtaining a copy of this Request for Proposals (RFP) 7-0938 may do so by faxing their request to (714) 560-5792, or e-mail your

request to *rfp_ifb_Requests@octa.net* or calling (714) 560-5922. Please include the following information:

- Name of Firm
- Address
- Contact Person
- Telephone and Facsimile Number
- Request For Proposal (RFP) 7-0938
-

All firms interested in doing business with the Authority are required to register their business on-line at CAMMNet, the Authority's interactive website. The website can be found at *www.octa.net.* From the site menu, click on CAMMNet to register.

To receive all further information regarding this RFP 7-0938, firms must be registered on CAMMNet with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

Commodities for this solicitation are:

Category(s):	Commodity(s):
Professional Services	Engineering – General
	Engineering – Civil
	Engineering – Traffic
	Engineering – Right of Way
	Engineering – Environmental
	Engineering Drawings
Professional Consulting	Consultant Services - General
	Consultant Services - Transit Planning
	Consultant Services - Transportation Planning
	Traffic Planning Consulting
	Architectural & Engineering Design Consulting
	Environmental Consulting

A pre-proposal conference will be held on September 10, 2007, at 2:00 p.m. at the Authority's Administrative Office, 600 South Main Street, Orange, California, in Conference Room 103. All prospective Offerors are encouraged to attend the pre-proposal conference.

Offerors are asked to submit written statements of technical qualifications and describe in detail their work plan for completing the work specified in the

Request for Proposal. **No cost proposal or estimate of work hours is to be included in this phase of the RFP process.**

The Authority has established October 30, 2007 as the date to conduct interviews. All prospective Offerors will be asked to keep this date available.

Offerors are encouraged to subcontract with small businesses to the maximum extent possible.

The Offeror will be required to comply with all applicable equal opportunity laws and regulations.

The award of this contract is subject to receipt of state and/or local funds adequate to carry out the provisions of the proposed agreement including the identified Scope of Work.

Sincerely,

Kathy Peale

Kathy Peale
Senior Contract Administrator

Contracts Administration and Materials Management Note:

Comments relative to this draft RFP should be submitted in writing no later than August 16, 2007 to Kathy Peale, Senior Contract Administrator.

SECTION I

INSTRUCTIONS TO OFFERORS

SECTION I. INSTRUCTIONS TO OFFERORS

A. PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held on September 10, 2007, at 2:00 p.m. at the Authority's Administrative Office, 600 South Main Street, Orange, California, in Conference Room 103/104. All prospective Offerors are strongly encouraged to attend the pre-proposal conference.

B. EXAMINATION OF PROPOSAL DOCUMENTS

By submitting a proposal, Offeror represents that it has thoroughly examined and become familiar with the work required under this RFP and that it is capable of performing quality work to achieve the Authority's objectives.

C. ADDENDA

Any Authority changes to the requirements will be made by written addendum to this RFP. Any written addenda issued pertaining to this RFP shall be incorporated into the terms and conditions of any resulting Agreement. The Authority will not be bound to any modifications to or deviations from the requirements set forth in this RFP as the result of oral instructions. Offerors shall acknowledge receipt of addenda in their proposals.

D. AUTHORITY CONTACT

All questions and/or contacts with Authority staff regarding this RFP are to be directed to the following Contracts Administrator:

Kathy Peale, Senior Contract Administrator
Contracts Administration and Materials Management Department
600 South Main Street, P.O. Box 14184
Orange, CA 92863-1584
Phone: 714.560.5609, Fax: 714.560.5792, or E-Mail: kpeale@octa.net

E. CLARIFICATIONS

1. Examination of Documents

Should an Offeror require clarifications of this RFP, the Offeror shall notify the Authority in writing in accordance with Section E.2 below. Should it be found that the point in question is not clearly and fully set forth, the Authority will issue a written addendum clarifying the matter which will be sent to all firms registered on CAMMNet under the commodity codes specified in this RFP.

2. Submitting Requests

a. All questions, including questions that could not be specifically answered at the pre-proposal conference must be put in writing and must be received by the Authority no later than 4:00 p.m., September 11, 2007.

b. Requests for clarifications, questions and comments must be clearly labeled, "Written Questions". The Authority is not responsible for failure to respond to a request that has not been labeled as such.

c. Any of the following methods of delivering written questions are acceptable as long as the questions are received no later than the date and time specified above:

(1) U.S. Mail: Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

(2) Personal Courier: Contracts Administration and Materials Management Department, 600 South Main Street, 4th Floor, Orange, California.

(3) Facsimile: The Authority's fax number is (714) 560-5792.

(4) E-Mail: Kathy Peale, Senior Contract Administrator, e-mail address is kpeale@octa.net.

3. Authority Responses

Responses from the Authority will be posted on CAMM NET, the Authority's interactive website, no later than close of business on September 13, 2007. Offerors may download responses from CAMM NET at *www.octa.net/cammnet*, or request responses be sent via U.S. Mail by e-mailing or faxing the request to Kathy Peale, Senior Contract Administrator.

To receive e-mail notification of Authority responses when they are posted on CAMM NET, firms must be registered on CAMM NET with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

Commodities for this solicitation are:

Category(s):	Commodity(s):
Professional Services	Engineering – General
	Engineering – Civil
	Engineering – Traffic

Professional Consulting	Engineering – Right of Way Engineering – Environmental Engineering Drawings Consultant Services - General Consultant Services - Transit Planning Consultant Services - Transportation Planning Traffic Planning Consulting Architectural & Engineering Design Consulting Environmental Consulting

Inquiries received after 4:00 p.m. on August 30, 2007, will not receive a response.

F. SUBMISSION OF PROPOSALS

1. Date and Time

Proposals must be submitted at or before 2:00 p.m. on October 15, 2007.

Proposals received after the above specified date and time will not be accepted by the Authority and will be returned to the Offeror unopened.

2. Address

Proposals delivered in person or by a means other than the U.S. Postal Service shall be submitted to the following:

Orange County Transportation Authority
Contracts Administration and Materials Management (CAMM)
600 South Main Street, 4th Floor
Orange, California 92868
Attention: Kathy Peale, Senior Contract Administrator

Proposals delivered using the U.S. Postal Services shall be addressed as follows:

Orange County Transportation Authority
Contracts Administration and Materials Management
P.O. Box 14184
Orange, California 92863-1584
Attention: Kathy Peale, Senior Contract Administrator

Firms must obtain a Visitor Badge from the Receptionist n the lobby of the 600 Building before delivering any information to the CAMM Department.

3. Identification of Proposals

Offeror shall submit an **original and 10 copies** of its proposal in a sealed package, addressed as shown above, bearing the Offeror's name and address and clearly marked as follows:

"RFP 7-0938: Consulting Services for Northbound State Route 57 Between Katella Avenue and Lincoln Avenue"

4. Acceptance of Proposals

a. The Authority reserves the right to accept or reject any and all proposals, or any item or part thereof, or to waive any informalities or irregularities in proposals.

b. The Authority reserves the right to withdraw or cancel this RFP at any time without prior notice, and the Authority makes no representations that any contract will be awarded to any Offeror responding to this RFP.

c. The Authority reserves the right to postpone proposal openings for its own convenience.

d. Proposals received by the Authority are public information and must be made available to any person upon request.

e. Submitted proposals are not to be copyrighted.

G. PRE-CONTRACTUAL EXPENSES

The Authority shall not, in any event, be liable for any pre-contractual expenses incurred by Offeror in the preparation of its proposal. Offeror shall not include any such expenses as part of its proposal.

Pre-contractual expenses are defined as expenses incurred by Offeror in:

1. Preparing its proposal in response to this RFP;
2. Submitting that proposal to the Authority;
3. Negotiating with the Authority any matter related to this proposal; or
4. Any other expenses incurred by Offeror prior to date of award, if any, of the Agreement.

H. JOINT OFFERS

Where two or more Offerors desire to submit a single proposal in response to this RFP, they should do so on a prime-subcontractor basis rather than as a joint venture. The Authority intends to contract with a single firm and not with multiple firms doing business as a joint venture.

I. TAXES

Offerors' proposals are subject to State and Local sales taxes. However, the Authority is exempt from the payment of Federal Excise and Transportation Taxes.

J. PROTEST PROCEDURES

The Authority has on file a set of written protest procedures applicable to this solicitation that may be obtained by contacting the Contracts Administrator responsible for this procurement. Any protests filed by an Offeror in connection with this RFP must be submitted in accordance with the Authority's written procedures.

K. CONTRACT TYPE

It is anticipated that the Agreement resulting from this solicitation, if awarded, will be a fixed fee per task contract specifying firm-fixed prices for individual tasks specified in the Scope of Work included in this RFP. The initial Agreement will be executed for Phase I. The Agreement will be amended to add Phase II prices after receipt of funding in Fiscal Year 2008.

L. PREVAILING WAGES

Certain labor categories under this project are subject to prevailing wages as identified in the State of California Labor Code commencing in Section 1770 et. seq. It is required that all mechanics and laborers employed or working at the site be paid not less than the basic hourly rates of pay and fringe benefits as shown in the current minimum wage schedules. Offerors must use the current wage schedules applicable at the time the work is in progress.

SECTION II

PROPOSAL CONTENT

SECTION II. PROPOSAL CONTENT AND FORMS

A. PROPOSAL FORMAT AND CONTENT

1. Presentation

Proposals shall be typed, with 12 pt font, double spaced and submitted on 8 1/2 x 11" size paper, using a single method of fastening. Charts and schedules may be included in 11" x 17" format. Offers should not include any unnecessarily elaborate or promotional material. Lengthy narrative is discouraged, and presentations should be brief and concise. Proposals should not exceed fifty (50) pages in length, excluding any appendices.

2. Letter of Transmittal

The Letter of Transmittal shall be addressed to Kathy Peale, Senior Contract Administrator, and must, at a minimum, contain the following:

a. Identification of Offeror that will have contractual responsibility with the Authority. Identification shall include legal name of company, corporate address, telephone and fax number. Include name, title, address, and telephone number of the contact person identified during period of proposal evaluation.

b. Identification of all proposed subcontractors including legal name of company, contact persons name and address, phone number and fax number. Relationship between Offeror and subcontractors, if applicable.

c. Acknowledgment of receipt of all RFP addenda, if any.

d. A statement to the effect that the proposal shall remain valid for a period of not less than 180 days from the date of submittal.

e. Signature of a person authorized to bind Offeror to the terms of the proposal.

f. Signed statement attesting that all information submitted with the proposal is true and correct.

3. Technical Proposal

a. Qualifications, Related Experience and References of Offeror

This section of the proposal should establish the ability of Offeror to satisfactorily perform the required work by reasons of: experience in performing work of the same or similar nature; demonstrated experience working with local agencies and cities directly involved in this project; strength and stability of the Offeror; staffing capability; work load; record of meeting schedules on similar projects; and supportive client references. Equal weighting will be given to firms for past experience performing work of a similar nature whether with the Authority or elsewhere.

Offeror to:

(1) Provide a brief profile of the firm, including the types of services offered; the year founded; form of the organization (corporation, partnership, sole proprietorship); number, size and location of offices; number of employees.

(2) Provide a general description of the firm's financial condition, identify any conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that may impede Offeror's ability to complete the project. The Authority does not have a policy for debarring or disqualifying.

(3) Describe the firm's experience in performing work of a similar nature to that solicited in this RFP, and highlight the participation in such work by the key personnel proposed for assignment to this project.

(4) Describe experience in working with the various government agencies that may have jurisdiction over the approval of the work specified in this RFP. Please include specialized experience and professional competence in areas directly related to this RFP.

(5) Provide a list of past joint work by the Offeror and each subcontractor, if applicable. The list should clearly identify the project and provide a summary of the roles and responsibilities of each party.

(6) A minimum of three (3) references should be given. Furnish the name, title, address and telephone number of the person(s) at the client organization who is most knowledgeable about the work performed. Offeror may also supply references from other work not cited in this section as

related experience.

b. Proposed Staffing and Project Organization

This section of the proposal should establish the method that will be used by the Offeror to manage the project as well as identify key personnel assigned. Proposed Staffing and Organization are to be presented by Offeror for both project segments identified in the Scope of Work.

Offeror to:

(1) Provide education, experience and applicable professional credentials of project staff. Include applicable professional credentials of "key" project staff.

(2) Furnish brief resumes (not more than two [2] pages each) for the proposed Project Manager and other key personnel.

(3) Identify key personnel proposed to perform the work in the specified tasks and include major areas of subcontract work. Include the person's name, current location, proposed position for this project, current assignment, level of commitment to that assignment, availability for this assignment and how long each person has been with the firm.

(4) Include a project organization chart that clearly delineates communication/reporting relationships among the project staff, including subconsultants.

(5) Include a statement that key personnel will be available to the extent proposed for the duration of the project, acknowledging that no person designated as "key" to the project shall be removed or replaced without the prior written concurrence of the Authority.

c. Work Plan

Offeror shall provide a narrative that addresses the Scope of Work and shows Offeror's understanding of Authority's needs and requirements for both Phase I & II.

Offeror to:

(1) Describe the approach and work plan for completing the tasks specified in the Scope of Work for northbound State Route 57 between Katella Avenue and Lincoln Avenue. The work plan shall be of such detail to demonstrate the Offeror's ability to accomplish the project objectives and overall schedule.

(2) Outline sequentially the activities that would be undertaken in completing the tasks and specify who in the firm would perform them.

(3) Furnish a project schedule for each task and subtask in terms of elapsed weeks from the project commencement date.

(4) Identify methods that Offeror will use to ensure quality control as well as budget and schedule control for the project.

(5) Identify any special issues or problems that are likely to be encountered during this project and how the Offeror would propose to address them.

(6) Offeror is encouraged to propose enhancements or procedural or technical innovations to the Scope of Work that do not materially deviate from the objectives or required content of the project.

d. Exceptions/Deviations

State any exceptions to or deviations from the requirements of this RFP, segregating "technical" exceptions from "contractual" exceptions. Where Offeror wishes to propose alternative approaches to meeting the Authority's technical or contractual requirements, these should be thoroughly explained. If no contractual exceptions are noted, Offeror will be deemed to have accepted the contract requirements as set forth in Section IV. Proposed Agreement.

4. Cost and Price Proposal

Offerors are asked to submit only the technical qualifications as requested in this RFP. **No cost proposal or work hours are to be included in this phase of the RFP process.** Upon completion of the initial evaluations and interviews, the highest ranked Offeror will be asked to submit a detailed cost proposal and negotiations will commence based on both the cost and technical proposals.

5. Appendices

Information considered by Offeror to be pertinent to this project and which has not been specifically solicited in any of the aforementioned sections may be placed in a separate appendix section. Offerors are cautioned, however, that this does not constitute an invitation to submit large amounts of extraneous materials; appendices should be relevant and brief.

B. CAMPAIGN CONTRIBUTION FORMS

Party and Participant Disclosure Forms

In conformance with the statutory requirements of the State of California Government Code Section 84308, part of the Political Reform Act and Title 2, California Code of Regulations 18438 through 18438.8, regarding campaign contributions to members of appointed Boards of Directors, Offeror is required to complete and sign the forms provided in this RFP and submit as part of the proposal. Offeror is required to submit only **one** copy of the completed form(s) as part of its proposal and it should be included in only the **original** proposal. The form entitled "Party Disclosure Form" must be completed by the prime contractor and subcontractors. The form entitled "Participant Disclosure Form" must be completed by lobbyists or agents representing the prime contractor in this procurement. Reporting of Campaign Contributions is required up and until the Authority's Board of Directors makes a selection, which is currently scheduled for **December 10, 2007**. Therefore, the prime Consultant, subcontractors and agents will be required to report all Campaign Contributions from the date of proposal submittal up and until the Board takes action.

C. STATUS OF PAST AND PRESENT CONTRACTS FORM

Offeror is required to complete and sign the form entitled "Status of Past and Present Contracts" provided in this RFP and submit as part of the proposal. Offeror shall list the status of past and present contracts where the firm has either provided services as a prime contractor or a subcontractor during the past five (5) years and the contract has ended or will end in a termination, settlement, or litigation. A separate form must be completed for each contract. Offeror shall provide an accurate contact name and telephone number for each contract and indicated the term of the contract and the original contract value. If the contract was terminated, Offeror must list the reason for termination. Offeror must identify and state the status of any litigation, claims or settlement agreements related to any of the contracts. Each form must be signed by the Offeror confirming that the information provided is true and accurate. Offeror is required to submit only **one** copy of the completed form(s) as part of its proposal and it should be included in only the **original** proposal.

SECTION III

EVALUATION AND AWARD

SECTION III. EVALUATION AND AWARD

A. EVALUATION CRITERIA

The Authority will evaluate the offers received based on the following criteria:

1. Qualifications of the Firm **25 %**

Technical experience in performing work of a closely similar nature; experience working with public agencies; strength and stability of the firm; strength, stability, experience and technical competence of subcontractors; assessment by client references.

2. Staffing and Project Organization **40 %**

Qualifications of "Key personnel", especially the Project Manager, including their relevant past experience. Key personnel's level of involvement in performing related work cited in "Qualifications of the Firm" section; adequacy of labor commitment; references from past projects; logic of project organization; concurrence in the restrictions on changes in key personnel; and licensed Project Engineer.

3. Work Plan **35 %**

Depth of Offeror's understanding of Authority's requirements and overall quality of work plan; logic, clarity and specificity of work plan; appropriateness of labor distribution among the tasks; ability to meet the project deadline; reasonableness of proposed schedule; utility of suggested technical or procedural innovations.

B. EVALUATION PROCEDURE

An Evaluation Committee will be appointed to review all proposals received. The committee is comprised of Authority staff and may include outside personnel. The committee members will evaluate the written proposals. Each member of the Evaluation Committee will then evaluate each proposal using the criteria identified in Section III. A. to arrive at a "proposal score" for each proposal. Based upon the evaluation scores of each committee member for each proposal, a list of Offerors within a competitive range will be asked to interview.

The Authority has established **October 30, 2007** as the date to conduct interviews. All prospective Offerors will be asked to keep this date available. No other interview dates will be provided, therefore, if an Offeror is unable to attend the interview on this date, its proposal may be eliminated from further consideration. The interview may consist of a short presentation by the Offeror after which the evaluation committee will ask questions related to the Offeror's proposal and qualifications.

At the conclusion of the evaluation process, the evaluation committee will rank proposals and will recommend the highest ranking Offeror to the Regional Planning and Highways Committee. The Regional Planning and Highways Committee will review the evaluation committee's recommendation and forward its recommendation to the Board of Directors for final action.

C. AWARD

In conjunction with its action of selecting a firm, the Authority's Board of Directors will authorize staff to request a cost proposal from the selected Offeror and to negotiate a contract price and other terms and conditions. The Board will also grant staff the ability to terminate negotiations with selected Offeror if no satisfactory agreement can be reached and to begin negotiations with the next highest-ranked Offeror until a satisfactory agreement has been achieved. The selected Offeror may be asked to submit a Best and Final Offer (BAFO). In the BAFO request, the Offeror may be asked to provide additional information, confirm or clarify issues and submit a final cost/price offer. A deadline for submission of the BAFO will be stipulated.

Negotiations may or may not be conducted with Offerors; therefore, the proposal submitted should contain Offeror's most favorable terms and conditions, since the selection and award may be made without discussion with any Offeror. The selected Offeror may be required to submit to an audit of its financial records to confirm its financial stability and its accounting system.

D. NOTIFICATION OF AWARD AND DEBRIEFING

Offerors who submit a proposal in response to this RFP shall be notified regarding the Offeror awarded a contract. Such notification shall be made within three (3) days of the date the contract is awarded.

Offerors who were not awarded the contract may obtain a prompt explanation concerning the strengths and weaknesses of their proposal. Unsuccessful Offerors who wish to be debriefed, must request the debriefing in writing or electronic mail and it must be received by the Authority within three (3) days of notification of the award of contract.

SECTION IV

PROPOSED AGREEMENT

PROPOSED AGREEMENT NO. C-7-0938

BETWEEN

ORANGE COUNTY TRANSPORTATION AUTHORITY

AND

_____

THIS AGREEMENT is effective as of this _____ day of _____, 2007, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, CA 92863-1584, a public corporation of the state of California (hereinafter referred to as "AUTHORITY"), and _____, _____, (hereinafter referred to as "CONSULTANT").

WITNESSETH:

WHEREAS, AUTHORITY requires assistance from CONSULTANT to provide consulting services to prepare Project Report (PR), Environmental Document (ED), and Plans, Specifications and Estimates (PS&E) for northbound Orange Freeway (State Route 57) improvements between Katella Avenue and Lincoln Avenue; and

WHEREAS, said work cannot be performed by the regular employees of AUTHORITY; and

WHEREAS, CONSULTANT has represented that it has the requisite personnel and experience, and is capable of performing such services; and

WHEREAS, CONSULTANT wishes to perform these consulting services; and

WHEREAS, AUTHORITY's Board of Directors has reviewed and approved the selection of CONSULTANT on November 9, 2007;

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and CONSULTANT as follows:

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ARTICLE 1. COMPLETE AGREEMENT

A. This Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the term(s) and condition(s) of the agreement between AUTHORITY and CONSULTANT and it supersedes all prior representations, understandings and communications. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other term(s) or condition(s).

B. AUTHORITY's failure to insist in any one or more instances upon the performance of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance by CONSULTANT or to future performance of such terms or conditions and CONSULTANT obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon AUTHORITY except when specifically confirmed in writing by an authorized representative of AUTHORITY by way of a written Amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 2. AUTHORITY DESIGNEE

The Chief Executive Officer of AUTHORITY, or designee, shall have the authority to act for and exercise any of the rights of AUTHORITY as set forth in this Agreement.

ARTICLE 3. SCOPE OF WORK

A. CONSULTANT shall perform the work necessary to complete in a manner satisfactory to AUTHORITY the services set forth in Exhibit A, entitled "Scope of Work," which is attached to and, by this reference, incorporated in and made a part of this Agreement. All services shall be provided at the times and places designated by AUTHORITY.

B. CONSULTANT shall provide the personnel listed below to perform the above-specified services, which persons are hereby designated as key personnel under this Agreement.

Names	Functions

C. No person named in paragraph B of this Article, or his/her successor approved by AUTHORITY, shall be removed or replaced by CONSULTANT, nor shall his/her agreed-upon function or level of commitment hereunder be changed, without the prior written consent of AUTHORITY. Should the services of any key person become no longer available to CONSULTANT, the resume and qualifications of the proposed replacement shall be submitted to AUTHORITY for approval as soon as possible, but in no event later than seven (7) calendar days prior to the departure of the incumbent key person, unless CONSULTANT is not provided with such notice by the departing employee. AUTHORITY shall respond to CONSULTANT within seven (7) calendar days following receipt of these qualifications concerning acceptance of the candidate for replacement.

ARTICLE 4. TERM OF AGREEMENT

This Agreement shall commence upon the effective date of this Agreement, and shall continue in full force and effect through July 31, 2015, or thirty (30) days beyond the date in which AUTHORITY formally approves, in writing, the final as-built drawings prepared and submitted by CONSULTANT, whichever is later, unless earlier terminated as provided hereunder.

ARTICLE 5. PAYMENT

A. For CONSULTANT's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provision set forth in Article 6, AUTHORITY shall pay CONSULTANT on a firm fixed price basis in accordance with the following provisions.

B. The following schedule shall establish the firm fixed payment to CONSULTANT by AUTHORITY for each work task set forth in the Scope of Work.

Task	Description – Phase I	Firm Fixed Price
1	Project Management/Coordination/Administration	.00
2	Engineering Development	.00
3	Project Report Preparation	.00
4	Environmental Document	.00
TOTAL FIRM FIXED PRICE PAYMENT FOR PHASE I		**.00**

C. CONSULTANT shall invoice AUTHORITY on a monthly basis for payments corresponding to the work actually completed by CONSULTANT. Percentage of work completed shall be documented in a monthly progress report prepared by CONSULTANT, which shall accompany each invoice submitted by CONSULTANT. CONSULTANT shall also furnish such other information as may be requested by AUTHORITY to substantiate the validity of an invoice. At its sole discretion, AUTHORITY may decline to make full payment for any task listed in paragraph B of this Article until such time as CONSULTANT has documented to AUTHORITY's satisfaction, that CONSULTANT has fully completed all work required under the task. AUTHORITY's payment in full for any task completed shall not constitute AUTHORITY's final acceptance of CONSULTANT's work under such task; final acceptance shall occur only when AUTHORITY's release of the retention described in paragraph Article 5.D.

D. As partial security against CONSULTANT's failure to satisfactorily fulfill all of its obligations under this Agreement, AUTHORITY shall retain ten percent (10%) of the amount of each invoice submitted for payment by CONSULTANT. All retained funds shall be released by AUTHORITY and shall be paid to CONSULTANT within sixty (60) calendar days of payment of final invoice, unless AUTHORITY elects to audit CONSULTANT's records in accordance with Article 16 of this Agreement. If AUTHORITY elects to audit, retained funds shall be paid to CONSULTANT within thirty (30) calendar days of completion of such audit in an amount reflecting any adjustment required by such audit.

E. Invoices shall be submitted by CONSULTANT on a monthly basis and showing earned value, shall be submitted in duplicate to AUTHORITY's Accounts Payable office. Each invoice shall be accompanied by the monthly progress report specified in paragraph C of this Article. AUTHORITY shall remit payment within thirty (30) calendar days of the receipt and approval of each invoice. Each invoice shall include the following information:

1. Agreement No. C-7-0938;
2. Specify the task number for which payment is being requested;
3. The time period covered by the invoice;

4. Total monthly invoice (including project-to-date cumulative invoice amount); and retention;

5. Monthly Progress Report;

6. Weekly certified payroll for personnel subject to prevailing wage requirements;

7. Certificate signed by the CONSULTANT or his/her designated alternate that a) The invoice is a true, complete and correct statement of reimbursable costs and progress; b) The invoice is a true, complete and correct statement of reimbursable costs; c) The backup information included with the invoice is true, complete and correct in all material respects; d) All payments due and owing to subcontractors and suppliers have been made; e) Timely payments will be made to subcontractors and suppliers from the proceeds of the payments covered by the certification and; f) The invoice does not include any amount which CONSULTANT intends to withhold or retain from a subcontractor or supplier unless so identified on the invoice.

8. Any other information as agreed or otherwise requested by AUTHORITY to substantiate the validity of an invoice.

ARTICLE 6. MAXIMUM OBLIGATION

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CONSULTANT mutually agree that AUTHORITY's maximum cumulative payment obligation (including obligation for CONSULTANT's profit) shall be _____ Dollars ($.00) which shall include all amounts payable to CONSULTANT for its subcontracts, leases, materials and costs arising from, or due to termination of, this Agreement.

ARTICLE 7. NOTICES

All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of said notices in person or by depositing said notices in the U.S. mail, registered or certified mail, returned receipt requested, postage prepaid and addressed as follows:

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To CONSULTANT:	To AUTHORITY:
	Orange County Transportation Authority
	550 South Main Street
	P.O. Box 14184
	Orange, CA 92863-1584
ATTENTION:	ATTENTION: Kathy Peale
	Senior Contract Administrator
	(714) 560 – 5609; kpeale@octa.net

ARTICLE 8. INDEPENDENT CONTRACTOR

CONSULTANT's relationship to AUTHORITY in the performance of this Agreement is that of an independent CONTRACTOR. CONSULTANT's personnel performing services under this Agreement shall at all times be under CONSULTANT's exclusive direction and control and shall be employees of CONSULTANT and not employees of AUTHORITY. CONSULTANT shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

ARTICLE 9. INSURANCE

A. CONSULTANT shall procure and maintain insurance coverage during the entire term of this Agreement. The following coverage shall be full coverage and not subject to self-insurance provision. CONSULTANT shall provide the following insurance coverage:

1. Commercial General Liability, to include Products/Completed Operations, Independent CONSULTANTs', Contractual Liability, and Personal Injury with a minimum limit of $1,000,000.00 per occurrence and $2,000,000.00 general aggregate.

2. Automobile Liability to include owned, hired and non-owned autos with a combined single limit of $1,000,000.00 each accident;

3. Workers' Compensation with limits as required by the State of California including a

waiver of subrogation in favor of AUTHORITY, its officers, directors, employees and agents;

4. Employers' Liability with minimum limits of $1,000,000.00; and

5. Professional Liability with minimum limits of $5,000,000.00 per claim.

B. Proof of such coverage, in the form of an insurance company issued policy endorsement and a broker-issued insurance certificate, must be received by AUTHORITY prior to commencement of any work. Proof of insurance coverage must be received by AUTHORITY within ten (10) calendar days from the effective date of this Agreement with AUTHORITY, its officers, directors, employees and agents designated as additional insured on the general and automobile liability. Such insurance shall be primary and non-contributive to any insurance or self-insurance maintained by AUTHORITY. Furthermore, AUTHORITY reserves the right to request certified copies of all related insurance policies.

C. CONSULTANT shall include on the face of the certificate of Insurance the Agreement Number C-7-0938; and Kathy Peale, Senior Contract Administrator.

D. CONSULTANT shall also include in each subcontract agreement the stipulation that subcontractors shall maintain insurance coverage in the amounts required from CONSULTANT as provided in this Agreement.

ARTICLE 10. ORDER OF PRECEDENCE

Conflicting provisions hereof, if any, shall prevail in the following descending order of precedence: (1) the provisions of this Agreement, including all exhibits; (2) the provisions of RFP 7-0938; (3) CONSULTANT's proposal dated _____, 2007, CONSULTANT's cost proposal dated _____ and (4) all other documents, if any, cited herein or incorporated by reference.

ARTICLE 11. CHANGES

By written notice or order, AUTHORITY may, from time to time, order work suspension and/or make changes in the general scope of this Agreement, including, but not limited to, the services furnished to AUTHORITY by CONSULTANT as described in the Scope of Work. If any such work suspension or change causes an increase or decrease in the price of this Agreement or in the time required for its performance, CONSULTANT shall promptly notify AUTHORITY thereof and assert its

claim for adjustment within ten (10) days after the change or work suspension is ordered, and an equitable adjustment shall be negotiated. However, nothing in this clause shall excuse CONSULTANT from proceeding immediately with the Agreement as changed.

ARTICLE 12. DISPUTES

A. Except as otherwise provided in this Agreement, any dispute concerning a question of fact arising under this Agreement which is not disposed of by supplemental agreement shall be decided by AUTHORITY's Manager, Contracts Administration and Materials Management (CAMM), who shall reduce the decision to writing and mail or otherwise furnish a copy thereof to CONSULTANT. The decision of the Manager, CAMM, shall be the final administrative remedy.

B. The provisions of this Article shall not be pleaded in any suit involving a question of fact arising under this Agreement as limiting judicial review of any such decision to cases where fraud by such official or his representative or board is alleged, provided, however, that any such decision shall be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this Article, CONSULTANT shall be afforded an opportunity to be heard and to offer evidence in support of its appeal.

C. Pending final decision of a dispute hereunder, CONSULTANT shall proceed diligently with the performance of this Agreement and in accordance with the decision of AUTHORITY's Manager, CAMM. This "Disputes" clause does not preclude consideration of questions of law in connection with decisions provided for above. Nothing in this Agreement, however, shall be construed as making final the decision of any AUTHORITY official or representative on a question of law, which questions shall be settled in accordance with the laws of the state of California.

ARTICLE 13. TERMINATION

A. AUTHORITY may terminate this Agreement for its convenience any time, in whole or part, by giving CONSULTANT written notice thereof. Upon said notice, AUTHORITY shall pay CONSULTANT its allowable costs incurred to date of termination and those allowable costs determined

by AUTHORITY to be reasonably necessary to effect such termination. Thereafter, CONSULTANT shall have no further claims against AUTHORITY under this Agreement.

B. AUTHORITY may terminate this Agreement for CONSULTANT's default if a federal or state proceeding for the relief of debtors is undertaken by or against CONSULTANT, or if CONSULTANT makes an assignment for the benefit of creditors, or if CONSULTANT breaches any term(s) or violates any provision(s) of this Agreement and does not cure such breach or violation within ten (10) calendar days after written notice thereof by AUTHORITY. CONSULTANT shall be liable for any and all reasonable costs incurred by AUTHORITY as a result of such default, including but not limited to, reprocurement costs of the same or similar services that were to be provided by CONSULTANT under this Agreement.

ARTICLE 14. INDEMNIFICATION

CONSULTANT shall indemnify, defend and hold harmless AUTHORITY, its officers, directors, employees and agents from and against any and all claims (including attorneys' fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligence, recklessness or willful misconduct by CONSULTANT, its officers, directors, employees, agents, subcontractors or suppliers in connection with or arising out of the performance of this Agreement.

ARTICLE 15. ASSIGNMENTS AND SUBCONTRACTS

A. Neither this Agreement nor any interest herein nor claim hereunder may be assigned by CONSULTANT either voluntarily or by operation of law, nor may all or any part of this Agreement be subcontracted by CONSULTANT, without the prior written consent of AUTHORITY. Consent by AUTHORITY shall not be deemed to relieve CONSULTANT of its obligations to comply fully with all terms and conditions of this Agreement.

B. AUTHORITY hereby consents to CONSULTANT's subcontracting of portions of the Scope of Work to the parties identified below for the functions described in CONSULTANT's proposal. CONSULTANT shall include in the subcontract agreement the stipulation that CONSULTANT, not

AUTHORITY, is solely responsible for payment to the subcontractor for the amounts owing and that the subcontractor shall have no claim, and shall take no action, against AUTHORITY, its officers, directors, employees or sureties for nonpayment by CONSULTANT.

Subcontractor Name/Address	Subcontractor Amounts
1.	.00
2.	.00

ARTICLE 16. AUDIT AND INSPECTION OF RECORDS

CONSULTANT shall provide AUTHORITY, or other agents of AUTHORITY, such access to CONSULTANT's accounting books, records, work data, documents and facilities as AUTHORITY deems necessary. CONSULTANT shall maintain such books, records, data and documents in accordance with generally accepted accounting principles and shall clearly identify and make such items readily accessible to such parties during CONSULTANT's performance hereunder and for a period of four (4) years from the date of final payment by AUTHORITY. AUTHORITY's right to audit books and records directly related to this Agreement shall also extend to all first-tier subcontractors identified in Article 15 of this Agreement. CONSULTANT shall permit any of the foregoing parties to reproduce documents by any means whatsoever or to copy excerpts and transcriptions as reasonably necessary.

ARTICLE 17. FEDERAL, STATE AND LOCAL LAWS

CONSULTANT warrants that in the performance of this Agreement, it shall comply with all applicable federal, state and local laws, statutes and ordinances and all lawful orders, rules and regulations promulgated thereunder.

ARTICLE 18. EQUAL EMPLOYMENT OPPORTUNITY

In connection with its performance under this Agreement, CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national

origin. CONSULTANT shall take affirmative action to ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

ARTICLE 19. PROHIBITED INTERESTS

CONSULTANT covenants that, for the term of this Agreement, no director, member, officer or employee of AUTHORITY during his/her tenure in office/employment or for one (1) year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ARTICLE 20. OWNERSHIP OF REPORTS AND DOCUMENTS

A. The originals of all letters, documents, reports and other products and data produced under this Agreement shall be delivered to, and become the property of AUTHORITY. Copies may be made for CONSULTANT's records but shall not be furnished to others without written authorization from AUTHORITY. Such deliverables shall be deemed works made for hire and all rights in copyright therein shall be retained by AUTHORITY.

B. All ideas, memoranda, specifications, plans, manufacturing, procedures, drawings, descriptions, and all other written information submitted to CONSULTANT in connection with the performance of this Agreement shall not, without prior written approval of AUTHORITY, be used for any purposes other than the performance for this project, nor be disclosed to an entity not connected with the performance of the project. CONSULTANT shall comply with AUTHORITY's policies regarding such material. Nothing furnished to CONSULTANT, which is otherwise known to CONSULTANT or becomes generally known to the related industry shall be deemed confidential. CONSULTANT shall not use AUTHORITY's name, photographs of the project, or any other publicity pertaining to the project in any professional publication, magazine, trade paper, newspaper, seminar or other medium without the express written consent of AUTHORITY.

C. No copies, sketches, computer graphics or graphs, including graphic artwork, are to be

released by CONSULTANT to any other person or agency except after prior written approval by AUTHORITY, except as necessary for the performance of services under this Agreement. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be handled only by AUTHORITY unless otherwise agreed to by CONSULTANT and AUTHORITY.

ARTICLE 21. PATENT AND COPYRIGHT INFRINGEMENT

A. In lieu of any other warranty by AUTHORITY or CONSULTANT against patent or copyright infringement, statutory or otherwise, it is agreed that CONSULTANT shall defend at its expense any claim or suit against AUTHORITY on account of any allegation that any item furnished under this Agreement or the normal use or sale thereof arising out of the performance of this Agreement, infringes upon any presently existing U. S. letters patent or copyright and CONSULTANT shall pay all costs and damages finally awarded in any such suit or claim, provided that CONSULTANT is promptly notified in writing of the suit or claim and given authority, information and assistance at CONSULTANT's expense for the defense of same. However, CONSULTANT will not indemnify AUTHORITY if the suit or claim results from: (1) AUTHORITY's alteration of a deliverable, such that said deliverable in its altered form infringes upon any presently existing U.S. letters patent or copyright; or (2) the use of a deliverable in combination with other material not provided by CONSULTANT when such use in combination infringes upon an existing U.S. letters patent or copyright.

B. CONSULTANT shall have sole control of the defense of any such claim or suit and all negotiations for settlement thereof. CONSULTANT shall not be obligated to indemnify AUTHORITY under any settlement made without CONSULTANT's consent or in the event AUTHORITY fails to cooperate fully in the defense of any suit or claim, provided, however, that said defense shall be at CONSULTANT's expense. If the use or sale of said item is enjoined as a result of such suit or claim, CONSULTANT, at no expense to AUTHORITY, shall obtain for AUTHORITY the right to use and sell said item, or shall substitute an equivalent item acceptable to AUTHORITY and extend this patent and copyright indemnity thereto.

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ARTICLE 22. DESIGN WITHIN FUNDING LIMITATIONS

A. In order to ensure the accuracy of the construction budget for the benefit of the public works bidders and AUTHORITY's budget process, CONSULTANT shall accomplish the design services required under this Agreement so as to permit the award of a contract, for the construction of the facilities designed at a price that does not exceed the estimated construction contract price as set forth by AUTHORITY. When bids or proposals for the construction contract are received that exceed the estimated price, CONSULTANT shall perform such redesign and other services as are necessary to permit contract award within the funding limitation. These additional services shall be performed at no increase in the price for which the services were specified. However, CONSULTANT shall not be required to perform such additional services at no cost to AUTHORITY if the unfavorable bids or proposals are the result of conditions beyond its reasonable control.

B. CONSULTANT will promptly advise AUTHORITY if it finds that the project being designed will exceed or is likely to exceed the funding limitations and it is unable to design a usable facility within these limitations. Upon receipt of such information, AUTHORITY will review CONSULTANT's revised estimate of construction cost. AUTHORITY may, if it determines that the estimated construction contract price is so low that award of a construction contract not in excess of such estimate is improbable, authorize a change in scope or materials as required to reduce the estimated construction cost to an amount within the estimated construction contract price set forth by AUTHORITY, or AUTHORITY may adjust such estimated construction contract price. When bids or proposals are not solicited or are unreasonably delayed, AUTHORITY shall prepare an estimate of constructing the design submitted and such estimate shall be used in lieu of bids or proposals to determine compliance within the funding limitation.

ARTICLE 23. REQUIREMENTS FOR REGISTRATION OF DESIGNERS

All design and engineering work furnished by CONSULTANT shall be performed by or under the supervision of persons licensed to practice architecture, engineering or surveying (as applicable) in the State of California, by personnel who are careful, skilled, experienced and competent in their

respective trades or professions, who are professionally qualified to perform the work in accordance with the contract documents and who shall assume professional responsibility for the accuracy and completeness of the design documents and construction documents prepared or checked by them.

ARTICLE 24. FINISHED AND PRELIMINARY DATA

A. All of CONSULTANT's finished technical data, including but not limited to illustrations, photographs, tapes, software, software design documents, including without limitation source code, binary code, all media, technical documentation and user documentation, photoprints and other graphic information required to be furnished under this Agreement, shall be AUTHORITY's property upon payment and shall be furnished with unlimited rights and, as such, shall be free from proprietary restriction except as elsewhere authorized in this Agreement. CONSULTANT further agrees that it shall have no interest or claim to such finished, AUTHORITY-owned, technical data; furthermore, said data is subject to the provisions of the Freedom of Information Act, 5 USC 552.

B. It is expressly understood that any title to preliminary technical data is not passed to AUTHORITY but is retained by CONSULTANT. Preliminary data includes roughs, visualizations, software design documents, layouts and comprehensives prepared by CONSULTANT solely for the purpose of demonstrating an idea or message for AUTHORITY's acceptance before approval is given for preparation of finished artwork. Preliminary data title and right thereto shall be made available to AUTHORITY if CONSULTANT causes AUTHORITY to exercise Article 11, and a price shall be negotiated for all preliminary data.

ARTICLE 25. GENERAL WAGE RATES

A. CONSULTANT warrants that all mechanics, laborers, journeypersons, workpersons, craftspersons or apprentices employed by CONSULTANT or subcontractor at any tier for any work hereunder, shall be paid unconditionally and not less often than once a week and without any subsequent deduction or rebate on any account (except such payroll deductions as are permitted or required by federal, state or local law, regulation or ordinance), the full amounts due at the time of payment, computed at a wage rate and per diem rate not less than the aggregate of the highest of the

two basic hourly rates and rates of payments, contributions or costs for any fringe benefits contained in the current general prevailing wage rate(s) and per diem rate(s), established by the Director of the Department of Industrial Relations of the state of California, (as set forth in the Labor Code of the state of California, commencing at Section 1770 et. seq.), or as established by the Secretary of Labor (as set forth in Davis-Bacon Act, 40 U.S.C. 267a, et. seq.), regardless of any contractual relationship which may be alleged to exist between CONSULTANT or subcontractor and their respective mechanics, laborers, journeypersons, workpersons, craftspersons or apprentices. Copies of the current General Prevailing Wage Determinations and Per Diem Rates are on file at AUTHORITY's offices and will be made available to CONSULTANT upon request. CONSULTANT shall post a copy thereof at each job site at which work hereunder is performed.

B. In addition to the foregoing, CONSULTANT agrees to comply with all other provisions of the Labor Code of the state of California, which is incorporated herein by reference, pertaining to workers performing work hereunder including, but not limited to, those provisions for work hours, payroll records and apprenticeship employment and regulation program. CONSULTANT agrees to insert or cause to be inserted the preceding clause in all subcontracts, which provide for workers to perform work hereunder regardless of the subcontractor tier.

ARTICLE 26. ALCOHOL AND DRUG POLICY

AUTHORITY and CONSULTANT shall provide under this Agreement, a safe and healthy work environment free from the influence of alcohol and drugs. Failure to comply with this Article may result in nonpayment or termination of this Agreement.

ARTICLE 27. FORCE MAJEURE

Either party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to

the other party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the party not performing.

This Agreement shall be made effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. C-7-0938 to be executed on the date first above written.

CONSULTANT

By _____

ORANGE COUNTY TRANSPORTATION AUTHORITY

By _____

Arthur T. Leahy
Chief Executive Officer

APPROVED AS TO FORM:

By _____

Kennard R. Smart, Jr.
General Counsel

APPROVED:

By _____

Kia Mortazavi
Executive Director, Development

Date _____

SECTION V

SCOPE OF WORK

SCOPE OF WORK

PROJECT REPORT & ENVIRONMENTAL SERVICES (PR/ED)
AND
PLANS, SPECIFICATIONS, AND ESTIMATES (PS&E)

FOR

PROPOSED IMPROVEMENTS TO
NORTHBOUND STATE ROUTE 57 (SR-57)

BETWEEN

KATELLA AVENUE
AND
LINCOLN AVENUE

SCOPE OF WORK

DESCRIPTION OF PROJECT

1.1 PROJECT DESCRIPTION

1.1-1 Background

The Orange County Transportation Authority (OCTA) in cooperation with the California Department of Transportation (Caltrans), is issuing Request for Proposals (RFP) 7-0938 for professional and technical consultant services for developing an approved Project Report and Environmental Document (PR/ED), and the Plans, Specifications, and Estimates (PS&E) for proposed improvements to the segment of State Route 57 (SR-57) in Orange County between Katella Avenue and Lincoln Avenue referred to as Project. In general, this project proposes the addition of an auxiliary lane or a fifth general purpose lane on NB SR-57 from Katella Avenue off-ramp to Lincoln Avenue on-ramp. The PR/ED will be in English units and English editions of the applicable Caltrans design standards. Pursuant to the California Environmental Quality Act (CEQA), the anticipated Environmental Document will be an Initial Study (IS) resulting in a Mitigated Negative Declaration (MND). This proposed Project has been approved with the Corridor Mobility Improvement Account (CMIA) funds and it is on an accelerated path to implement construction. Adherence to the CMIA schedule commitment is a key consideration for this proposed Project.

1.1-2 Location and Limits

SR-57, Northbound from .31 miles south of Katella Avenue (Post Mile 12.25) to .31 miles north of Lincoln Avenue (Post Mile 15.16).

1.1-3 Statement of Intent

Consultant shall perform professional and technical engineering services to prepare a Project Report (PR) and an IS/MND (ENVIRONMENTAL DOCUMENT) for the proposed Project. The Alternatives are described in the following section. The PR/ED shall be considered as Phase I of Project.

Consultant shall also perform engineering services to prepare PS&E for highway improvements for the proposed Project. For proposal comparison purposes, Alternate 3 as described in section 1.1-4d is proposed as a basis. However, the preferred alternative will be selected

upon completion of the Environmental Document and project approval. Consultant shall be responsible for providing project support throughout bidding and construction. The PS&E shall be considered as Phase II of Project.

1.1-4 Detailed Proposed Project Alternatives

The proposed improvements, described as Alternative 1, Alternative 2, and Alternative 3 in the Project Study Report (PSR) EAF040K (dated May 2003), will be the basis for the work for Phase I contained in this Scope of Work. The Project Baseline is the No Build Alternative in the PSR.

1.1-4a Baseline Alternative

A No Build Alternative was considered in this PSR as a baseline to measure and compare the proposed improvement alternatives. The No Build Alternative would maintain the existing four general purpose lanes and one High Occupancy Vehicle (HOV) lane through the northbound segment of SR-57.

1.1-4b Alternative 1: Addition of Auxiliary Lanes

This proposed alternative would provide one northbound auxiliary lane from the Katella Avenue northbound on-ramp to the Ball Road off-ramp and another from the Ball Road northbound on-ramp to the Lincoln Avenue off ramp. This alternative proposes the widening of northbound SR-57 to reduce the congestion caused by weaving at on/off ramps by the addition of these auxiliary lanes. The southern portion of this alternative will have the on-ramp from eastbound Katella Avenue join the new northbound auxiliary lane. The on-ramp from westbound Katella Avenue would merge into the new auxiliary lane. This lane would then continue north to the Ball Road northbound off-ramp where the new auxiliary lane terminates. The northerly portion of this alternative will have the on-ramp from eastbound Ball Road join the new northbound auxiliary lane. The on-ramp from westbound Ball Road would merge into the new auxiliary lane.. This lane would then continue north to the Lincoln Avenue northbound off-ramp where the new auxiliary lane terminates. Where the SR-57 is widened to accommodate the new construction the existing northbound freeway lanes will be restriped. The freeway restriping would bring the existing 11-ft lanes up to the standard 12-ft lane widths.

1.1-4c Alternative 2: Addition of General Purpose Lane

This proposed alternative would widen SR-57 to provide an additional northbound general purpose lane between the Katella Avenue off-ramp and the Lincoln Avenue on-ramp. This alternative would increase northbound mainline capacity by creating a fifth general purpose lane by widening the SR-57. The existing auxiliary lane that terminates at the northbound off-ramp from SR-57 to Katella Avenue is where the new general purpose lane will begin. The existing two northbound on-ramps from Katella Avenue will merge into the new general purpose lane. The loop ramp from eastbound Katella Avenue will require some modifications to accommodate the new general purpose lane. The new general purpose lane continues north to Ball Road, where the existing northbound Ball Road off-ramp branches off and the two northbound Ball Road on-ramps will merge into the new general purpose lane. The loop ramp from eastbound Ball Road will require some modifications to accommodate the new general purpose lane. The new general purpose lane continues north to Lincoln Avenue, where the existing northbound Lincoln Avenue off-ramp branches off and the northbound Lincoln Avenue on-ramp from eastbound Lincoln Avenue will merge into the new general purpose lane. The loop ramp from eastbound Lincoln Avenue will require reconstruction to accommodate the new general purpose lane. The new general purpose lane will terminate north of the Lincoln Avenue Undercrossing. Where the SR-57 is widened to accommodate the new general purpose lane the existing northbound freeway lanes will be restriped. The freeway restriping would bring the existing 11-ft lanes up to the standard 12-ft lane widths.

1.1-4d Alternative 3: Addition of General Purpose Lane and 10-ft Median Shoulder

This alternative would include all of the changes proposed in Alternative 2 plus the additional widening of SR-57 to accommodate a standard 10-ft inside shoulder.

1.2 STANDARDS

1.2-1 Latest Editions

Consultant shall perform all services under the Agreement in conformance and in compliance with the latest Caltrans editions of applicable design and environmental standards. Please note that Caltrans currently requires work to be done in English Customary Units.

1.2-2 Conflicts

In case of conflict, ambiguities, discrepancies, errors or omissions among the reference materials obtained by Consultant from other agencies, Consultant shall submit the matter to OCTA for clarification. Any work affected by such conflicts, ambiguities, discrepancies, errors or omissions which is performed by Consultant prior to clarification by OCTA shall be at Consultant's risk. Such conflicts, ambiguities, discrepancies, errors or omissions among the references shall not give rise to a claim by Consultant for extra work unless Consultant can demonstrate that it has incurred additional expenses as a result thereof.

1.2-3 Preliminary Engineering and Environmental Documentation

Preparation of the PR will be in accordance with the latest edition of the Caltrans "Project Development Procedures Manual" and the "Highway Design Manual". Any additional nonstandard features shall require documentation by Consultant and approval from Caltrans. Environmental Documentation work shall be prepared in conformance with CEQA guidelines and regulations, as well as Caltrans policies and procedures.

1.2-4 Plans, Specifications, and Estimates

PS&E shall be prepared in English units and in conformance with the most recent versions of the Caltrans Guide for the Submittal of Plans, Specifications, Estimates, Standard Plans, and Standard Specifications. As part of the work involved in the preparation of the PS&E, Consultant shall prepare Special Provisions pertaining to items of work included in the plans that are not addressed in the latest Caltrans Standard Specifications and Caltrans approved Standard Special Provisions. Consultant sahll furnish the Special Provisions to Caltrans.

1.2-5 Roadway/Design

Roadway design shall be in accordance with the Caltrans "Highway Design Manual" and its latest revisions. Fact sheets for non-standard features shall require approval from Caltrans and FHWA.

1.2-6 Drafting

Roadway and related plans shall be prepared in conformance with the latest versions of the Caltrans "Drafting and Plans Manual" and "CADD Manual." The size and clarity of lettering on plan sheets requires special attention, as final contract plans are half-size. Plans, which are illegible or otherwise difficult to read, are unacceptable.

1.2-7 Reference Material

Consultant shall utilize the following documents. Please note it is not Authority 's intent to provide a comprehensive list of resources; therefore, Consultant shall make use of additional reference material as appropriate. Consultant shall also be responsible for ensuring they are using the most recent version of all reference material, including any addenda and errata.

- A Policy on Geometric Design of Highways and Streets (AASHTO 2004)
- Caltrans Highway Design Manual including updated Design Information Bulletins, and Design Memorandums
- Manual of Uniform Traffic Control Devices (MUTCD) (2003)
- MUTCD California Supplement (2003)
- Caltrans DOS Structures Manuals, including Information & Procedures Guide, Design Details, Aids, Practice and Memo to Designers Manuals
- Caltrans Project Development Procedures Manual
- Caltrans Environmental Guidelines & Manuals
- Caltrans Drafting Manual
- Caltrans CADD Manual
- Caltrans Highway Planting and Irrigation Manual
- Caltrans Guide for Submittal of PS&E
- Caltrans RTL Guide
- Caltrans Standard Plans and Standard Specifications
- Caltrans Storm Water Quality Handbooks
- Orange County Hydrology Manual
- Caltrans Right of Way Engineering Procedures Handbook
- Caltrans HOV Guidelines
- Caltrans Local Assistance Procedures
- Caltrans Surveys Manual

- Caltrans District 12 R/W Engineering Requirements for the Preparation of Documents and Maps
- Applicable Local Codes and Manuals
- Construction Best Management Practices (BMPs)
- Caltrans Standard Environmental Reference (SER)
- Applicable Caltrans District 12 Design Memorandum
- Caltrans District 12 Quality Control Review Checklists

1.2-8 Product Delivery

- All electronic data produced and supporting the PR/ED shall be provided on electronic media (CD, DVD or portable hard drive) in formats consistent with OCTA software programs.
- All vector geographic data layers shall be delivered in either ESRI Shapefile or Personal Geodatabase (MS ACCESS) format. Aerial photography shall be delivered in tiled Tagged Image File Format (TIFF) with "world" files or Joint Photographic Experts Group (JPEG) with "world" files. Raster data can be delivered in ArcGRID format.

1.3 DESIGN CRITERIA

The following is a general listing of specific design criteria which shall be adhered to. This list is by no means comprehensive and other standards may apply.

1.3-1 Roadway

Design speed shall follow Caltrans Highway Design Manual (HDM) guidelines as well as pertinent City of Anaheim standards.

1.3-2 Bridge

- Design: Bridge Design Specifications (LRFD) and Seismic Design Criteria (SDC)

1.3-3 Surveys

Consultant shall conduct all surveys in conformance with the Land Surveyor's Act and Caltrans Survey Manual.

1.3-4 Materials Report

Consultant shall conform to the guidelines established by Caltrans Office of Materials Engineering and Testing Services (METS).

1.3-5 Drainage

- Q25 for Design on-site drainage
- Q100 for Design off-site drainage
- Q50 for Design for bridge Deck Drain

SECTION 2

GENERAL CONDITIONS AND REQUIREMENTS

2.1 SCOPE OF WORK GENERAL CONDITIONS AND REQUIREMENTS

2.1-1 Consultant shall carry out the instructions as received from Authority Project Manager and shall cooperate with Caltrans, City of Anaheim, and any other consultants working on this project.

2.1-2 It is not the intent of the foregoing paragraph to relieve Consultant of his professional responsibility during the performance of this contract. In those instances where Consultant believes a better design or solution to a problem is possible, Consultant shall promptly notify Authority /Caltrans Project Managers of these concerns, together with the reasons therefore.

2.1-3 Consultant is responsible for the accuracy and completeness of data, reports, studies, PS&E prepared for this project and shall check such material accordingly. While Caltrans will review the data and plans for conformity with Caltrans Design Standards, as well as conformance with CEQA requirements, the responsibility for accuracy and completeness lies with Consultant .

2.1-4 Neither Consultant nor its subcontractors shall incorporate materials, or equipment of single or sole source origin, other than those included in Caltrans Standards, into the design without the prior written approval of Caltrans.

2.1-5 Reports, studies, plans, data, estimates, and documents produced by Consultant shall be subject to approval and acceptance by Caltrans and FHWA. In the event of non-acceptance due to errors, inconsistencies and omissions, Consultant shall have ten (10) business days to make corrections and return the documents to Caltrans.

2.1-6 The plans, specifications, designs, estimates, calculations, reports, studies, and other documents furnished under this Scope of Work shall be of a quality acceptable to Caltrans and Authority. The minimum criteria for acceptance shall be a product of neat appearance that is well organized, technically and grammatically correct, and thoroughly checked in accordance with the Caltrans QA/QC Procedures Manual. All work products shall clearly identify both the preparer and checker. The standards of appearance, organization, and contents of the reports and drawings shall meet or exceed those of similar documents produced by Caltrans.

2.1-7 The page identifying preparers of engineering reports, the title for specifications and each sheet of plans, shall bear the professional seal, certificate number and expiration date, registration classification, and the signature of the professional engineer(s) responsible for their preparation.

2.1-8 To assist in understanding contract objectives and requirements, Consuiltant shall hold regular meetings with the Authority and Caltrans. If the original established schedule is insufficient, Consultant shall hold additional meetings as necessary. The primary purpose of these meetings is to discuss work objectives, Consultant's work schedule, the terms of the contract and other related issues. In addition, the meetings shall serve as a forum for resolving any issues related to the PR/ED and PS&E development.

2.1-9 Consultant may establish direct contact with governmental regulatory and resource agencies and others in order to obtain information, expertise, and assistance in developing baseline data and resource inventories. Consultant shall maintain a record of such contacts and shall transmit copies of those records to Caltrans and Authority on a regular basis. At a minimum, these records shall be transmitted monthly or more frequently, when the content or extent of the records so warrants.

2.1-10 Caltrans and Authority will retain responsibility for final consultation, both informal and formal, with state and federal agencies regarding project mitigation and compensation proposals.

2.1-11 Consultant shall comply with OSHA regulations regarding safety equipment and procedures, safety instructions issued by Caltrans, and the safety provisions included in the Caltrans Survey Manual. While working on the job site, Consultant's personnel shall wear white hard hats, rubber soled shoes, and appropriate safety vests. In the case of a discrepancy between the Caltrans and OSHA requirements, the more stringent regulation shall apply.

2.1-12 Consultant shall designate a Surveys Manager who will coordinate Consultant's surveying operations. The Surveys Manager shall be responsible for all matters related to Consultant's surveying operations, but shall coordinate with Consultant's Project Manager.

2.1-13 Surveys performed by Consultant shall conform to the requirements of the Land Surveyors Act and the Caltrans Surveys Manual. In accordance with the Act, "responsible charge" for the work shall reside with a pre-January 1, 1982, Registered Civil Engineer or a Licensed Land Surveyor, in the State of California.

2.1-14 In the case of conflicts between the instructions contained in this Scope of Work and those found in the Bridge Memos to Designers, the instructions in this Scope of Work take precedence.

2.1-15 Where Consultant is required to prepare and submit studies, reports, plans, etc., to Caltrans as required by this Scope of Work, these shall be submitted in draft to OCTA for review prior to submitting to Caltrans. The Project schedule shall reflect OCTA reviews and Consultant revisions as necessary. In addition to OCTA reviews, draft submittals reflected on project schedule and opportunity shall be provided for Caltrans to request revisions, prior to final submission.

2.1-16 Throughout the design of this project, Consultant shall consider least cost alternatives analysis for major project components, where appropriate.

2.1-17 Authority Project Manager will administer Consultant contract and provide general direction to Consultant. Caltrans is responsible for providing Quality Assurance as well as final approval of the PR/ED and PS&E, required reports, and work product.

2.1-18 Following is material furnished by Caltrans/Authority (as available):

- Existing aerial photographs and negatives
- Existing survey control data and site survey information (hard copy and electronic files) including survey control maps, coordinate control maps, existing right-of-way maps, existing monument maps, existing land-net information and any pertinent records of information
- Existing Caltrans Detailed Seismic Revisions Data Sheets
- Existing maintenance reports
- Existing as-built Logs of Test Borings
- Existing noise data
- Existing Materials Data and Foundation Reports
- Pertinent correspondence
- Caltrans standard CADD cell library including bridge, geometric, landscape, project plans, right of way, and traffic/electrical (hard copy and electronic files)
- Caltrans District CADD cell library (hard copy and electronic files)
- Caltrans Headquarters/District font library
- Caltrans CADD plotting pen tables
- Caltrans CADD seed file
- Available aerial mapping for the entire project limits (hard copy and electronic files) in proper format
- Current Standard Special Provisions (hard copy and electronic files)

- Monument disks, plugs, tags, and marker posts
- Current Traffic Counts and 2030 Traffic Projections

2.1-19 Following is work which is to be performed by Caltrans:

- Coordinate and communication with FHWA
- Process Exceptions to Policy
- Provide all Survey Controls
- Input Construction Cost Estimate into BEES
- Technical reviews of work and deliverables (technical and office engineers)
- Preparation and processing of request to the Caltrans Longitudinal Encroachment Committee for exceptions to policy, if needed
- Analysis and recommendations for rehabilitation work on existing ramps to be widened
- Perform Safety Review during design and construction
- Perform Constructability Review
- Perform Bidability Review
- Provide all current standards, existing plans, and manuals (at Consultant cost)
- Perform Quality Assurance for all work and deliverables
- Attend project meetings
- Provide guidance with the preparation of the PR/ED and supporting documentation

2.1-20 Encroachment Permit:

It is the responsibility of Consultant and its sub Consultants to obtain the proper permit(s) from Caltrans and/or local agencies prior to any field surveys.

2.1-21 Progress Reports:

At the end of each month, Consultant shall report the progress of the work. Progress shall be based on physical percent complete such as number of drawings or deliverables completed or estimated progress toward completion. Progress payments will be based upon percent complete of the major tasks identified.

Consultant shall submit one copy of a monthly Progress Report to the Authority Project Manager consisting of a written narrative and an updated bar-chart format of the Project Master Schedule. This report shall be received no later than the tenth (10^{th}) calendar day of the month.

The narrative portion of the monthly Progress Report shall describe overall progress of the work, discuss significant problems and present proposed corrective action and show the status of major changes.

All schedule tasks will be updated to reflect current percent complete. If the latest completion time for a significant work item does not fall within the time allowed by the original Project Master Schedule, the sequence of work and/or duration shall be revised by Consultant through concurrent operations, additional staffing or overtime, until the resultant schedule indicates that all significant project completion dates shall be met. If during the course of the work, Consultant falls behind in overall performance in accordance with the current schedule, a project management meeting will be called to determine the cause. If cause is found to be due to Consultant performance, payment to Consultant may be withheld pending the submittal of an action plan outlining the steps which will be taken to correct the identified delay(s).

The initial Project Master Schedule, referenced in Section 3.1-2 and 4.1-2, as agreed to by Authority shall become the project target. The target schedule shall be displayed on the updated Project Master Schedule.

Consultant Deliverables:

Following are the progress reports which Consultant shall be responsible for preparing and providing:

- Monthly Progress Reports

2.1-22 Quality Assurance / Quality Control (QA / QC) Plan:

Consultant shall maintain a Quality Assurance / Quality Control Plan throughout performance of the services under this Agreement. The QA / QC Plan is intended to ensure that the reports, plans, studies, estimates, and other documents submitted under the Agreement are complete, accurate, checked, and proofread to meet professional engineering practices in effect at the time of execution of the Agreement, and of a quality acceptable to Authority.

The following quality control elements are required by Consultant throughout the preparation of PR/ED and PS&E for the project.

1. Provide independent checking and verification of all calculations.
2. Provide independent checking, correction, and back checking for all plans. Plans shall be marked clearly as being checked, signifying that the preparation of the material followed the QA /QC Plan established for the project.

3. Route pertinent project related correspondence and memoranda to affected personnel and bind in appropriate project files.
4. Establish appropriate means to avoid conflicts and misalignments between both new and existing improvements, particularly where several drawings show different elements of work in the same area.
5. Identify critical QA reviews within the Project Master Schedule.
6. Include in the QA / QC Plan a procedure where each deliverable is certified by the Quality Manager or Project Manager as being prepared and checked in accordance with the approved QA / QC Plan.
7. Certify each deliverable by the Quality Manager or Project Manager as being prepared and checked in accordance with the approved QA / QC Plan.

Within 7 days of receiving the Notice to Proceed, Consultant shall submit a complete copy of the QA / QC Plan to both the Authority Project Manager and Caltrans for review.

Consultant Deliverables:

- 1 copy of QA / QC Plan

PHASE I

**CONSULTING SERVICES TO PREPARE
PROJECT REPORT & ENVIRONMENTAL SERVICES (PR/ED)**

FOR

**PROPOSED IMPROVEMENTS TO
NORTHBOUND STATE ROUTE 57 (SR-57)**

BETWEEN

**KATELLA AVENUE
AND
LINCOLN AVENUE**

PHASE I
PROJECT REPORT/ENVIRNMENTAL DOCUMENT

SECTION 3

STATEMENT OF WORK

3.1 TASK 1 - PROJECT MANAGEMENT/COORDINATION/ADMINISTRATION

This task includes the project management services including the requirements for meetings, schedules, progress reports, invoicing, and administration of Consultant's work.

3.1-1 Project Management

Purpose: To provide overall execution and financial management of the project, including OCTA and Department coordination, coordination with local, state and federal regulatory agencies and railroads, tracking progress of the work, administering subcontract, attending public workshops, preparing invoices, and conducting project meetings.

Methodology: Consultant Project Manager shall provide overall project management, coordination, and supervision of project staff to facilitate the performance of the work in accordance with the scope and requirements of OCTA and Department. Consultant shall maintain coordination with other members of the project development team (PDT) and regulatory agencies impacted by the project. A project kick-off meeting shall be held soon after contract execution to review project objectives and requirements, receive initial information from agencies, establish communication plan and protocols, and address other issues as necessary to ensure a successful project initiation. Consultant design team meetings shall be held as necessary to coordinate design activities, review assignments and progress, and identify issues to be resolved.

Deliverables:

- Project Management Plan
- Communication Plan

3.1-2 Coordination/Administration

3.1-2a Coordination and Meetings

Purpose: To meet with affected parties; to discuss / resolve issues pertinent to the analysis, design, and potential environmental impacts of the Project; and to obtain direction for the study.

Methodology: Consultant shall participate in the following meetings:

PDT Meetings with OCTA, Caltrans and other key stakeholders will be held as needed (up to a maximum of 20 meetings), to discuss policy, procedure, and make decisions affecting the direction of the Project Report and Environmental Document. Consultant shall prepare and distribute meeting notices, agendas, handout material relevant to the agenda, and meeting minutes.

Agency Coordination/Technical Workshop Meetings will be held to discuss technical issues with specific agencies. Consultant shall participate in a maximum of 20 meetings and will bring progress plans as appropriate. No special presentation materials will be prepared.

Collateral material shall be black and white.

Deliverables:

- PDT meeting notices, agendas, handouts, and minutes.
- Progress plans

3.1-2b Administration

Purpose: To provide administration to ensure all executive and managerial requirements with PROJECT are met. The scheduling requirements for PROJECT is to be considered and documented.

Methodology: Consultant administration shall include the following elements of the work:

- Supervise, coordinate and monitor work for conformance with Caltrans' standards and policies.
- Apply for and obtain Caltrans' and/or local agency encroachment permits necessary for Consultant to be on the job site.

- Prepare, circulate and file correspondence and memos as appropriate.
- Maintain project files using Caltrans Uniform File System.

Fifteen days after notice to proceed, Consultant shall submit the Project Master Schedule to OCTA and Caltrans' Project Managers. The Master Schedule shall include:

- Work items and deliverables identified in accordance with a Work Breakdown Structure (WBS) as developed by the Consultant.
- Work items of agencies and other third-parties that may affect or be affected by the Consultant's activities

Resource loading of work items in work hours to show the effort required to perform the work. Resource loading will be used to develop plan and actual progress curves.

The Project Master Schedule shall be prepared to include the data for the total project and the critical path shall be identified. The order, sequence, and interdependence of significant work items will be reflected on the Project Master Schedule.

The following list of tasks shall be used to develop the Project Master Schedule:

Task 1 - Project Management/Coordination/Administration

Task 2 - Engineering Development

Task 3 - Project Report Preparation

Task 4 - Environmental Document, including Permit Coordination

Consultant shall submit a copy of the Project Master Schedule to the OCTA Project Manager for review and approval and a copy to Caltrans for Information.

Deliverables:

- Project Master Schedule

3.2 TASK 2 - ENGINEERING DEVELOPMENT

Activities consist of the development of engineering plans to support the evaluation of the SR-57 Improvement Project alternatives within the draft Project Report and Draft ENVIRONMENTAL DOCUMENT.

3.2-1 Data Collection

Purpose: To obtain existing and previously documented information for all features of the proposed Project.

Methodology: Consultant shall collect and assemble available existing information. The information shall include recent traffic counts, as-built plans, existing roadway geometrics and intersection configurations, and other physical features of the project area. Consultant shall perform field reconnaissance where necessary.

Deliverables:

- Inventory of existing planning/engineering data
- Inventory of existing environmental conditions.

3.2-2 Field Surveys

Purpose: To obtain necessary survey data of Project areas to be carried forward in the draft Project Report.

Methodology: Consultant shall obtain the necessary permits to perform surveys. Consultant shall perform surveys including mapping, necessary to complete the Project Report. This includes horizontal and vertical control, drainage surveys, topographical surveys, cross sections, open ended traverses, profile data sheets, and required documentation.

Surveys shall be performed in accordance with the current Caltrans "Survey Manual" and its revisions. Work not covered by the Manual shall be performed in accordance with accepted professional surveying standards. The minimum standard of survey quality shall be that of similar surveys performed by Caltrans.

Caltrans will designate the existing horizontal and vertical control monuments that are to be the basis of Consultant performed surveys. Caltrans will provide the California Coordinate System values and/or elevation values for these monuments. Consultant shall adjust Consultant performed surveys to the designated control monuments and their values - no other control shall be used by Consultant.

Survey points, lines, and monuments shall be established, marked, identified and referenced, as required to complete the Project Report. Additionally, survey notes, drawings, calculations and other survey documents/materials shall be completed as required to complete the Project Report.

A copy, except as otherwise specified herein, of original survey documents resulting from this Agreement (including original field notes, adjustment

calculations, final results, and appropriate intermediate documents) shall be delivered to the Authority and shall become the property of the Authority. The original survey documents (or a copy, if the original is to be provided to the Authority) shall be retained by Consultant for future reference.

When the survey is performed with a Total Station Survey System, the original field notes shall be a hard copy listing, in a readable format, of the data (observations) as originally collected and submitted by the survey party. The listing shall be signed by the party chief.

Deliverable:

- Survey Plans (original and 10 copies (full size)

3.2-3 Geometric Development

Purpose: To develop layout plans and profiles (where necessary), to be carried forward in the draft Project Report and Draft ENVIRONMENTAL DOCUMENT.

Methodology: Geometric layout plans shall be developed based on English design standards as defined in Caltrans Highway Design Manual, latest edition. Lane, shoulder, buffer, and right-of-way widths will be labeled. Profiles shall be developed at critical arterial street and other features overcrossing locations as a component of the build alternatives carried forward in the ENVIRONMENTAL DOCUMENT (mainline profiles will not be developed).

Consultant shall work with Caltrans, OCTA, and affected cities and agencies to obtain geometric approval of the preferred alternative. Comments received from the submittal of geometric plans will be reviewed and incorporated as required for final approval.

Deliverable:

- Layout Plans of the build alternatives of the Projects (original vellum & 10 copies)

3.2-4 Structure Advance Planning Studies

Purpose: To evaluate the feasibility of various structures that are required to be constructed with each of the alternatives developed in the draft Project Report

Methodology: Advance Planning Studies shall be prepared for the proposed alternatives where bridge structures will be modified and/or reconstructed.

Deliverable:

- Input findings into draft ENVIRONMENTAL DOCUMENT

3.2-5 Cost Estimates

Purpose: Prepare cost estimates for each of the proposed alternatives to be analyzed in the draft and final Project Report.

Methodology: Based on the preliminary engineering plans and the structure cost estimates described above, Consultant shall prepare Project Report level cost estimates.

Deliverable:

- Cost Estimate (original & 10 copies for each alternative)

3.2-6 Right-of-Way and Utility Identification

Purpose: To identify right-of-way impacts and proposed utility impacts associated with each of the alternatives developed in the draft Project Report. Existing right-of-way lines and major utilities shall be identified on the engineering plans.

Methodology: Based on the preliminary geometric plans, right-of-way acquisition delineation shall be prepared for each alternative for review and approval by OCTA, Caltrans and pertinent cities. Potential impacts associated with proposed mainline and arterial interchange reconfigurations shall be delineated via right-of-way lines on appropriate base mapping. Specific delineation of proposed ramps shall be developed during the Project Report stage to be carried forward into the ENVIRONMENTAL DOCUMENT.

Each parcel potentially affected shall be reviewed to assess the degree of impact and the likely Project impact (full take, partial take, severance, etc.). Contacts shall be made with each utility company affected and a preliminary determination of relocation requirements and responsibilities will be made. It is assumed that Caltrans will provide guidance on valuations for right-of-way acquisitions. Individual parcel maps, preliminary title reports, appraisals, right-of-way acquisition negotiations, property surveys and other acquisition activities are not included as part of this Scope of Work.

Deliverables:

- Right-of-way Lines Delineated on Geometric Plans
- Right-of-way Data Sheets
- Preliminary Impacted Utilities Delineated on Layout Plans

3.2-7 Drainage

Purpose: To identify drainage impacts and identify needed improvements as a result of the proposed alternatives.

Methodology: A field reconnaissance of the Project shall be enclosed to accommodate the build alternatives. Impacts on and replacement of these facilities shall be analyzed and included in the cost estimate. Freeway drainage shall be reviewed to assess the adequacy of the existing systems.

Deliverable:

- Identification of Major Drainage Improvements

3.2-8 Railroads/PUC Processing

Purpose: To determine Public Utility Commission impacts on PROJECT.

Methodology: Consultant shall assist in Railroad and Public Utility Commission (PUC) coordination as needed. Any impacts to utility that are subject to PUC General Order 131-D shall be identified in the ENVIRONMENTAL DOCUMENT.

Deliverable:

- Identification of PUC General Order 131-D affected utilities

3.2-9 Construction Staging/Traffic Handling

Purpose: To develop a construction staging/traffic handling concept for the Project build alternatives carried forward in the draft Project Report and Draft ENVIRONMENTAL DOCUMENT.

Methodology: A conceptual construction staging/traffic handling concept shall be prepared to verify constructability and feasibility of traffic handling. This concept shall be developed assuming the existing mainline capacity will be maintained during construction of the build alternative. The construction staging and traffic handling concept shall identify detour concepts that minimizes disruption and impacts to adjacent residents and businesses.

Deliverable:

- Construction Staging/Traffic Handling Concepts (one camera-ready original & 10 copies)

3.2-10 Geotechnical Identification

Purpose: Identify sub-surface conditions at the Project overcrossings and undercrossings, and develop the traffic index for purposes of establishing the roadway structural section.

Methodology: Preliminary geotechnical investigations shall be conducted by Consultant if necessary to assess potential impacts and estimate construction costs. Consultant shall develop the traffic index for purposes of establishing the roadway structural section.

Deliverables:

- Traffic Index
- Roadway structural section
- A technical memo to discuss geotechnical impacts to project costs.

3.2-11 Value Analysis (Value Engineering)

Purpose: In an effort to deliver the most cost effective solution, an independent team of experts will evaluate the Alternatives being developed to ascertain their effectiveness with regards to costs, time of delivery and other benefits.

Methodology: As per the Caltrans Project Development Procedures Manual, Value Analysis (VA) process, utilizing a function-oriented, structured, team approach to solving problems and reducing life-cycle costs by applying techniques that adhere to a formal VA job plan. Consultant shall provide a VA team leader / facilitator, a certified VA Specialist, to conduct the VA study and the facility including support materials for conducting the workshop.

Deliverables:

- Draft VA Study Report
- Final VA Study Report

3.3 TASK 3 - PROJECT REPORT PREPARATION

This task shall involve the preparation of the Draft and Final Project Reports, Fact Sheets, and any needed engineering exhibits for the ENVIRONMENTAL DOCUMENT under concurrent preparation.

3.3-1 Preliminary draft Project Report and Fact Sheet

Purpose: To develop the Preliminary draft Project Report (PR) and Fact Sheets documenting the engineering evaluation of the proposed alternatives and to satisfy Caltrans Project Development procedures.

Methodology: A Preliminary draft PR shall be prepared in accordance with Caltrans' Project Development Procedures Manual. The Preliminary draft PR shall contain a discussion of the existing conditions, the need for improvements, and the alternatives considered.

Note: The existing condition will be a condition that incorporates Caltrans proposed and approved improvements for SR-91 corridor within the limits of the Project. See approved PR/ED Documents for more detailed information.

Fact Sheets shall be prepared to document reduced standard features within the proposed build alternatives. To avoid environmentally sensitive properties and to minimize the costs of the bridge structures and interchange reconstruction, it may be necessary to consider non-standard features at "pinch points." The consideration of non-standard features shall be closely coordinated with Caltrans and FHWA staff to assure acceptability and compliance with state and federal requirements.

The Preliminary draft PR and Draft Fact Sheets shall be submitted for OCTA, Caltrans and FHWA for review and comment.

Deliverables:

- Preliminary draft PR (15 copies each)
- Draft Mandatory and Advisory Fact Sheets (10 copies each)

3.3-2 Final Draft Project Report and Fact Sheet

Purpose: To incorporate OCTA, Caltrans, and FHWA review comments to the Drafts.

Methodology: Upon receipt of OCTA, Caltrans, and FHWA review comments of the Preliminary draft PR's and Fact Sheets and after adequate time to develop response actions, a meeting shall be held with the above agencies and Consultant to discuss the comments and the appropriate responses taken. This step reduces the opportunity for misunderstanding and provides clear direction toward the development of an approved product. Once concurrence has been reached on all outstanding issues, the draft PR's shall be prepared, signed by a Registered Civil Engineer and submitted to Caltrans for signature and approval.

Deliverables:

- Final draft PR (original and 30 copies each)
- Final Mandatory and Advisory Fact Sheets (original and 30 copies)

3.3-3 Draft Final Project Report (PR)

Purpose: To document recommendation of the Preferred Alternative (PA) for the Project.

Methodology: After circulation of the Draft ENVIRONMENTAL DOCUMENT, and concurrent with the preparation of the Final ENVIRONMENTAL DOCUMENTS, Consultant shall prepare a draft Final PR for the Project which recommends the preferred alternative. The report shall review the development of the preferred alternative including public and agency comments obtained during the public meetings and environmental review period.

Deliverable:

- Draft Final PR (15 copies)

3.3-4 Final Project Report

Purpose: To incorporate OCTA, Caltrans, and FHWA review comments to the draft Final PR's.

Methodology: Upon receipt of OCTA, Caltrans, and FHWA review comments of the draft Final PR's and after adequate time to develop response actions, a meeting will be held with the above agencies and Consultant to discuss the comments and the appropriate responses taken. Once concurrence has been reached on all outstanding issues, the Final PR shall be prepared, signed by a Registered Civil Engineer and submitted to Caltrans for signature and approval.

Deliverable:

- Final PR for this Project (camera-ready original and 30 copies)

3.4 TASK 4 - ENVIRONMENTAL DOCUMENT

3.4-1 Issue CEQA Notice of Initiation of Studies (NOIS)

Purpose: To notify agencies and the public that an Environmental Document is being prepared for the Project and to solicit comments or suggestions concerning alternatives or social, economic and environmental factors.

Methodology: Consultant shall prepare, obtain approvals from Caltrans, and circulate a Notice of Initiation indicating that Caltrans has initiated environmental analyses and preliminary engineering for the Project, and are requesting comments defining environmental and other concerns. These notices shall be sent to local residents, elected officials, responsible agencies, and other special interest groups on the Project mailing list. The mailing list shall be developed by Consultant and receive prior approval from Caltrans and OCTA. Comments received shall be used to identify particular agency and public concerns and to initiate early agency consultation.

Deliverables:

- Draft and Final NOIS (original and 10 copies each of the final)
- Scoping Summary Report

3.4-2 Conduct Environmental Evaluation

Environmental analyses shall be prepared to meet CEQA requirements, and in accordance to Caltrans guidelines. Consultant shall coordinate with Caltrans in determining the specific content and format requirements for the studies.

The technical studies to be conducted for Caltrans are identified in the Preliminary Environmental Analysis Report (PEAR). Consultant shall refer to the Caltrans Standard Environmental Reference (SER), in compliance with CEQA requirements for the preparation of the environmental documentation. As appropriate, the following studies, reports or evaluations shall be prepared in accordance with Caltrans' SER.

Technical studies/information include, but are not limited to:

3.4-2a APE Map

Purpose: To identify all properties that are considered to be directly or indirectly affected by the Project.

Methodology: The Area of Potential Effects (APE) shall be delineated at 1:2400 scale and approval shall be obtained from the Caltrans Professionally Qualified Staff (PQS) and the Project Manager.

Deliverables:

- Draft and Final APE map for the Project (10 copies each)
- Input into draft ENVIRONMENTAL DOCUMENT, as necessary.

3.4-2b Floodplain Evaluation Report

Purpose: To evaluate potential impacts of the Project on the 100-year (base) floodplain.

Methodology: Consultant shall prepare a Floodplain Evaluation Report in accordance with Caltrans SER.

Deliverables:

- Draft and Final Floodplain Evaluation Report for the Project (10 copies of draft, 10 copies of final, original of final)
- Input findings into draft ENVIRONMENTAL DOCUMENT, as necessary.

3.4-2c Water Quality Study

Purpose: To evaluate the potential impacts on water quality that may be caused by the direct introduction of pollutants into surface bodies of water, the alteration of surface drainage patterns, and changes to area groundwater levels due to an increase of impermeable surfaces.

Methodology: A water quality section shall be prepared in accordance with the Caltrans SER and CEQA guidelines.

Deliverables:

- Water Quality study (10 copies of draft, 10 copies of final, original of final)
- Input findings of Water Quality Study to draft ENVIRONMENTAL DOCUMENT

3.4-2d Air Quality Report

Purpose: To analyze regional and micro scale impacts of the Project on air quality.

Methodology: Consultant shall conduct an air quality analysis in accordance with Caltrans SER and CEQA guidelines. Consultant shall comply with the federal *Clean Air Act* and the new requirements for PM 2.5 / PM 10 issued March 2006.

Deliverable:

- Draft and Final Air Quality Report for the Project (10 copies of draft, 10 copies of final, original of final)

3.4-2e Traffic/Circulation Impact Report

Purpose: To analyze impacts, both beneficial and adverse, and identify appropriate mitigation measures.

Methodology: Consultant shall analyze the traffic/circulation impacts and prepare a technical report in accordance with Caltrans SER Volume 1 Chapter 26 and CEQA guidelines.

Deliverables:

- Draft and Final Traffic/Circulation Impact Report for the Project (10 copies of draft, 10 copies of final, original of final)
- Input findings into draft ENVIRONMENTAL DOCUMENT.

3.4-2f Hazardous Materials/Waste ISA

Purpose: To identify existing hazardous materials and waste sites, extent of contamination and remediation measures.

Methodology: Consultant shall prepare Initial Site Assessment (ISA) in accordance with Caltrans SER and CEQA guidelines.

Deliverables:

- Draft and Final ISA for the Project (10 copes of draft, 10 copies of final, original of final)
- Input findings into draft ENVIRONNMENTAL DOCUMENT.
- Site Investigation, as required, prior to ENVIRONMENTAL DOCUMENT approval. (10 copies of draft, 10 copies of final, original of final)

3.4-2g Visual Impact Assessment Report

Purpose: To assess the visual quality impacts on viewer groups and to recommend mitigation for adverse impacts.

Methodology: Consultant shall conduct a visual analysis in accordance with Caltrans SER and CEQA guidelines.

Deliverable:

- Draft and Final Visual Impact Assessment for the Project (10 copies of draft, 10 copies of final, original of final)

3.4-2h Noise Report

Purpose: To evaluate the noise impacts resulting from the construction and operation of the Project.

Methodology: Consultant shall conduct a noise analysis in accordance with Caltrans SER Volume 1 Chapter 12 and CEQA guidelines. Consultant shall adhere to the guidance provided in the Caltrans' *Traffic Noise Analysis Protocol* and *Technical Noise Supplement*.

Deliverables:

- Draft and Final Noise Impact Report for the Project (10 copies of draft, 10 copies of final, original of final)
- Input findings into draft ENVIRONMENTAL DOCUMENT.

3.4-2i Cultural Resources (HPSR, HRER, and ASR,)

Purpose: To identify properties and places listed in or eligible for inclusion in the National Register of Historic Places (NRHP), determine the impacts on these resources, and recommend measure to minimize harm.

Methodology: Consultant shall conduct a cultural resources analysis and Paleontological Assessment in accordance with Caltrans SER, Volume 2 of the Caltrans Environmental Handbook, CEQA guidelines, and the Section 106 process of the National Historic Preservation Act of 1966.

Deliverables:

- Historic Property Survey Report (HPSR), and as appropriate, the Archaeological Survey Report (ASR), Historic Resources Evaluation Report (HRER), Bridge Evaluation, Test Excavation Evaluation, etc. (10 copies of draft, 10 copies of final, original of final)
- Paleontological Assessment
- Input findings into draft ENVIRONMENTAL DOCUMENT.

3.4-2j Biological Resources and Wetlands

Purpose: To evaluate the potential impacts on biological resources and wetlands/waters of the U.S.

Methodology: Consultant shall conduct a biological resources analysis in accordance with Caltrans SER, Volume 3 of the Caltrans Environmental Handbook, and CEQA guidelines. For

state only projects, the applicable section of the Endangered Species Act is Section 10; for federal and federal-aid projects, the Project and documentation must comply with Section 7 of the Endangered Species Act. For a concise discussion of the formal and informal Section 7 consultation processes, please see April 24, 2002 memo from FHWA regarding *Conducting Endangered Species Act Consultations with the Services.*

If waters of the US may be affected, a wetland delineation/assessment shall be prepared. Caltrans SER provides an overview of the biologist's responsibilities if the project is anticipated to affect wetlands.

Many cities and counties within California have tree preservation ordinances and local land use policies with which transportation agencies and their agents must comply. During the planning phases, there shall be a thorough investigation to determine if such ordinances or regulations apply.

The biological analysis does not include conducting special surveys/studies, including Biological Assessments.

Deliverables:

- Input to Draft ENVIRONMENTAL DOCUMENT
- Natural Environment Study (minimal impacts) [10 copies of draft, 10 copies of final, original of final]

3.4-2k Socioeconomics/Environmental Justice

Purpose: To identify the socioeconomic effects of the Project on neighborhoods, cities, and minority or low-income populations.

Methodology: Consultant shall prepare Environmental Justice Analysis in accordance with Caltrans SER and CEQA guidelines. Consultant shall prepare Socioeconomics Analysis in accordance with Caltrans SER, Volume 4 of the Caltrans Environmental Handbook and CEQA guidelines.

Deliverable:

- Community Impact Assessment for insertion into draft ENVIRONMENTAL DOCUMENT

3.4-2l Land Use Analysis

Purpose: To identify project inconsistencies or incompatibility with the existing and future land uses in the area.

Methodology: Consultant shall Prepare Land Use Analysis in accordance with Caltrans SER and CEQA guidelines. Additional guidance for land use analysis may be found in Volume 4 of the Environmental Handbook.

Deliverable:

- Input to Draft ENVIRONMENTAL DOCUMENT

3.4-2m Energy Analysis

Purpose: To evaluate the potential energy consumption of the Project.

Methodology: Consultant shall prepare energy analysis in accordance with Caltrans SER and CEQA guidelines.

Deliverable:

- Input to Draft ENVIRONMENTAL DOCUMENT

3.4-2n Growth Inducement and Cumulative Impacts

Purpose: To determine if the Projects would induce growth or contribute to cumulative impacts.

Methodology: Data collected for other analyses shall be used to identify if the proposed transportation improvements would potentially induce population and development growth beyond that envisioned in local planning and zoning documents, and whether cumulative impacts would occur.

The improved access proposed by this Project could facilitate in the growth of business development in the area. Analysis shall investigate whether the level of growth is consistent with local planning documents for the area. The proposed Project may be implemented at the same time as other proposed projects in the area. Construction-related activities such as road closures may need to be coordinated to avoid unexpected traffic congestion or conflicting detour plans (cumulative impacts). Mitigation measures shall be recommended to minimize impacts commensurate with the project's contribution to the impact.

Deliverable:

- Input to Draft ENVIRONMENTAL DOCUMENT

3.4-3 Final Technical Reports

Purpose: To incorporate OCTA and Caltrans review comments to the Draft Technical Reports.

Methodology: For each technical report itemized below, Consultant shall incorporate OCTA and Caltrans review comments to the draft versions. To facilitate this effort, Consultant shall discuss comments with the applicable reviewers as needed for clarification and direction.

Deliverables: (10 copies of draft, 10 copies of final, camera-ready original of final)

- 3.4-2a APE Map
- 3.4-2b Floodplain Evaluation Report
- 3.4-2c Water Quality Study
- 3.4-2d Air Quality Report
- 3.4-2e Traffic/Circulation Impact Report
- 3.4-2f Hazardous Materials/Waste ISA and Site Investigation
- 3.4-2g Visual Impact Assessment Report
- 3.4-2h Noise Report
- 3.4-2i HPSR, HRER, ASR, Paleontological Assessment
- 3.4-2j Natural Environment Study (minimal impacts)

3.4-4 Prepare Screen Check Draft ENVIRONMENTAL DOCUMENT

Purpose: To document the public and agency coordination, potential environmental impacts and recommended mitigation.

Methodology: An ENVIRONMENTAL DOCUMENT, as determined by the results of the PEAR, shall be prepared for this Project in accordance with the Caltrans Standard Environmental Reference (SER), and Caltrans Environmental Handbook. Concurrent with the technical analyses described above, Consultant shall prepare a Screencheck Draft ENVIRONMENTAL DOCUMENT incorporating an environmental checklist, technical analyses, a discussion of critical environmental issues identified, an analysis of the cumulative effects of the project, mitigation measures, and a list of potential permits required.

Deliverables:

- Screencheck Draft ENVIRONMENTAL DOCUMENT (20 copies)
- Screencheck Draft ENVIRONMENTAL DOCUMENT REVISIONS (20 copies)

3.4-5 Draft ENVIRONMENTAL DOCUMENT

Purpose: To incorporate OCTA and Caltrans review comments to the Screencheck.

Methodology: Following review by OCTA and Caltrans, the Screencheck Draft ENVIRONMENTAL DOCUMENT shall be revised. The Final Draft ENVIRONMENTAL DOCUMENT shall be submitted to OCTA, Caltrans, and FHWA for review and approval.

The Draft ENVIRONMENTAL DOCUMENT shall be distributed to agencies and the public for review and comment.

Deliverable:

- Draft ENVIRONMENTAL DOCUMENT for the Project (20 copies, original)

3.4-6 Public Informational Meeting

Purpose: To receive agency and public comments on the Draft ENVIRONMENTAL DOCUMENT.

Methodology: A Notice of Availability shall be prepared, following approval of the Draft ENVIRONMENTAL DOCUMENT, for publication in the Orange County Register and Los Angeles Times. Consultant shall find a suitable location within vicinity of the project area, and assist Caltrans and OCTA in conducting the Public Informational meeting. Consultant shall prepare, obtain approvals from Caltrans, and circulate / mail the Notice of Availability. These notices shall be sent to local residents, elected officials, responsible agencies, and other special interest groups on the Project mailing list encompassing an area up to ½ mile radius to the Project. The mailing list shall be developed by Consultant and receive prior approval from Caltrans and OCTA.

Deliverables:

- Notice of Availability (original and 10 copies)
- Mailing list of addresses and contacts including mailing
- Public Informational Meeting, handouts, visual displays and other materials.
- Documentation and gathering of public comments for the Project records (10 copies)

3.4-7 Prepare Response to Comments

Purpose: To document the responses to comments on the Draft ENVIRONMENTAL DOCUMENT.

Methodology: Consultant shall address comments received from agencies and the public during the circulation period and the public

hearing. The responses shall be submitted to OCTA and Caltrans for review.

Deliverable:

- Screencheck Final ED (20 copies)

3.4-8 Final ENVIRONMENTAL DOCUMENT

Purpose: To document the selection of the Preferred Alternative, timing and responsibility of mitigation measures identified in the Mitigation Monitoring Plan

Methodology: Following this review, the Final ENVIRONMENTAL DOCUMENT and mitigation monitoring plan, described below, shall be prepared and submitted for approval.

Consultant shall prepare a Final ENVIRONMENTAL DOCUMENT describing the Preferred Alternative. The Final ENVIRONMENTAL DOCUMENT shall be submitted to Authority and Caltrans for approval and signature. Consultant shall prepare a Mitigation Monitoring Plan in a matrix format. The matrix shall include a description of each mitigation measure, organized by topic, numbered to correspond with the impacts, and referenced back to the ED. For each mitigation measure, the reporting process, timing of measure, responsible party, and verification of compliance shall be identified.

Deliverables:

- Final ENVIRONMENTAL DOCUMENT (40 copies and original)
- Draft and Final Mitigation Monitoring Plan (10 copies each, original of final)

3.4-9 Prepare Notice of Intent to Adopt a Negative Declaration or Mitigated Declaration

Purpose: To complete the CEQA environmental process.

Methodology: Filing of the Notice of Intent (NOI) to Adopt a Negative Declaration or Mitigated Declaration completes the CEQA ENVIRONMENTAL DOCUMENT. The NOI is submitted to the State Office of Planning and Research to determine whether the project will have a significant environmental effect, the type of ENVIRONMENTAL DOCUMENT prepared, if mitigation measures were made a condition of project approval, or CEQA Findings. A Draft NOI shall be prepared and submitted to Authority and Caltrans for review and comment. Following this review a final NOI shall be prepared and submitted to Authority and Caltrans.

3.5 PROJECT SCHEDULE

The products shall be delivered in accordance with the following schedule.

ACTIVITY	DATE
A. Begin Work	February 2008
B. Preliminary Draft PR	May 2008
C. Draft PR	December 2008
D. Draft ED	December 2008
E. Final ED	May 2009
F. Final PR	May 2009

PHASE II

**CONSULTING SERVICES TO PREPARE
PLANS, SPECIFICATIONS AND ESTIMATES (PS&E)**

FOR

**PROPOSED IMPROVEMENTS TO
NORTHBOUND STATE ROUTE 57 (SR-57)**

BETWEEN

**KATELLA AVENUE
AND
LINCOLN AVENUE**

PHASE II
PLANS, SPECIFICATIONS, AND ESTIMATES (PS&E)

SECTION 4

STATEMENT OF WORK

4.1 TASK 1 - PROJECT MANAGEMENT/ COORDINATION/ ADMINISTRATION

This task covers project management services including the requirements for meetings, schedules, progress reports, invoicing, and administration of Consultant's work.

4.1-1 Coordination/Administration

4.1-1a Coordination and Meetings

Meetings with affected parties shall be held to discuss issues pertinent to analysis, design, and effects of the Project. During these meetings, Authority and Caltrans may provide direction for development of the PS&E.

Consultant shall participate in the following meetings:

Project Development Team (PDT) Meetings with Authority and Caltrans shall be held as needed (up to a maximum of 20 meetings) to discuss policy, procedural and freeway-specific issues. Consultant shall bring progress plans as appropriate. No special presentation materials shall be required.

Agency Coordination/Technical Workshop Meetings shall be held to discuss technical issues with specific agencies. Consultant shall participate in a maximum of 20 meetings. Consultant shall bring progress plans as appropriate. No special presentation materials shall be required. Collateral material may be black and white.

Right Of Way Coordination meetings shall be held before starting work between Consultant and the Chief of Caltrans District 12 R/W Engineering (CHIEF). Thereafter monthly progress meetings (up to a maximum of 10 meetings)shall take place between Consultant and the CHIEF at District 12 Headquarters. An emergency meeting may be called at any time to address pressing problems.

Deliverables:

Following are the meeting materials which Consultant shall be responsible for preparing and providing:

- Notices
- Agendas
- Handouts
- Minutes
- Progress plans

4.1-1b Administration

Following are administrative duties which shall be performed by Consultant:

- Supervise subcontractors, coordinate, and monitor work for conformance with Caltrans standards and policies.
- Apply for and obtain Caltrans encroachment permits necessary for Consultant to be on the jobsite.
- Apply for and obtain City approvals and permits as required.
- Prepare, circulate, and file correspondence and memoranda as appropriate.
- Maintain Project files using the Caltrans Uniform File System.
- Thirty days after Notice to Proceed, Consultant shall submit the Project Master Schedule to Authority and Caltrans Project Managers. Section 4.1-2 contains of description of the Master Schedule.

4.1-2 Schedules

Consultant shall submit an initial Project Master Schedule. Following approval by Authority, this schedule will become the Project Target Schedule. The approved Project Target Schedule shall be displayed on the Project Master Schedule updates. The following elements must be included by Consultant in the Schedule:

- Work items and deliverables identified in accordance with a Work Breakdown Structure (WBS) as developed by Consultant and approved by Authority
- Work items of agencies and other third parties that may affect or be affected by Consultant's activities

- Resource loading of work items in work hours to show the effort required to perform the work. Resource loading shall be used to develop plan and actual progress curves
- The Project Master Schedule shall include all data necessary to represent the total Project and the critical path shall be clearly identified
- The order, sequence, and interdependence of significant work items shall be reflected on the Project Master Schedule
- The following list of major tasks shall be used to develop the Project Master Schedule:

  Task 1 – Project Management/Coordination/Administration
  Task 2 – 35 Percent PS&E
  Task 3 – Unchecked Details PS&E (65 Percent) Submittal
  Task 4 – Initial PS&E (95 Percent) Submittal
  Task 5 – Final PS&E (100 Percent) Submittal
  Task 6 – Construction Bidding Phase
  Task 7 – Construction Support Phase
  Task 8 – Project Closeout

Major tasks shall be broken down into subtasks as warranted.

Consultant shall submit a copy of the Project Master Schedule to the Authority Project Manager for review and approval and a copy to Caltrans for information. Monthly schedule updates shall be part of the Progress Report and will be in accordance with the requirements shown in Section 2.1-21.

Deliverables:

Following are the schedules which Consultant shall be responsible for preparing and providing:

- Project Master Schedule

4.2 TASK 2 – 35% PS&E

4.2-1 Data Collection

Consultant shall collect existing topographic maps, as-built drawings, reports, and other available materials. Consultant shall request data from the City of Anaheim, Caltrans, the County, and other agencies, as appropriate.

4.2-2 Workshop

Consultant shall conduct a workshop with Caltrans District 12 staff, the geometric reviewer, and City staff to present and obtain consensus on the geometrics of the ultimate SR-57 Northbound Widening Improvements and proposed project design. Consultant shall identify and clarify any major non-standard features.

4.2-3 Fact Sheets

Consultant shall prepare Fact Sheets for Mandatory and Advisory Design Exceptions for non-standard design features.

Deliverables:

- Caltrans approved Fact Sheet(s)

4.2-4 Design Surveys

Consultant shall perform design surveys during this phase. Authority will provide recent photogrammetric mapping in English units. No new mapping is anticipated, however, if significant topographic changes have occurred, supplemental mapping will be necessary, subject to prior Authority and Caltrans approval. Should such additional mapping be required, the compensation will be via a contract amendment. Any additional survey work or mapping performed prior to receiving the required approval will be at Consultant's risk and expense.

Upon receipt of the Survey Control Data from Caltrans, Consultant shall verify the physical existence of the Monumented Control Points and, if necessary, re-establish such Control Points.

Consultant shall perform detailed field surveys of existing street and drainage features. The Surveys Manager shall coordinate with the Design Engineer to establish limits of work. Cross sections and tie-in surveys will ensure accurate design fit and smooth transitions from existing roadway and infrastructure features.

Consultant will verify survey results and then transmit them in MicroStation 3D DGN and CaiCE DTM formats, along with ASCII point and station-offset files of all field survey ties. All work and files will be based on project coordinate control and in accordance with Caltrans Surveys and Right-of-Way Manuals, and Caltrans District 12 Right of Way Engineering Requirements for the Preparation of Documents and Maps.

Consultant shall survey Geotechnical Boring locations to verify these locations. (See Geotechnical Exploration Plan).

Deliverables:

- Survey Plans (original and electronic copies)

4.2-5 Geotechnical Exploration Plan

Consultant shall prepare and submit a geotechnical review and exploration plan for the City of Anaheim and Caltrans review. Consultant shall obtain right-of-entry permits prior to exploration. Consultant shall conduct subsurface investigation and evaluate the results in accordance with Caltrans testing criteria. Consultant shall analyze the results and present them in the geotechnical report.

Deliverables:

- Geotechnical Report

4.2-6 Roadway Plans

Consultant shall prepare 35 percent level layouts, profiles, superelevation diagrams, typical sections, and ROW requirements per Alternate 3 as described in section 1.1-4d and the field survey.

Deliverables:

- 35% Roadway Plans - 10 sets

4.2-7 Preliminary Foundation Report

To assist in Type selection, Consultant shall prepare a Preliminary Foundation Report, in accordance with Caltrans Office of Structural Foundations requirements. This report shall include a summary of the exploration program, description of the site geotechnical issues, and recommendations for foundation design and construction including retaining walls, if appropriate.

Deliverables:

- Preliminary Foundation Report

4.2-8 Bridge Type Selection

Consultant shall prepare the Structure Type Selection documents and the Bridge General Plan to comply with the most current Caltrans guidelines, including, but not necessarily limited to: Bridge Design Details 3-10 to 3-14; Bridge Design Aids, Section 10; Memos To Designers 1-23, 14-29, 17-105, 110, and 21-19.

The Type Selection Report shall include a discussion of foundation and falsework requirements, seismic and aesthetic considerations, traffic handling requirements and alternatives, and construction cost and staging. In addition, Consultant shall develop an order-of-magnitude construction cost estimate. Anticipated construction methods will be identified in the Type Selection process and coordinated with the project geometry.

Consultant shall submit Type Selection documents to the Caltrans Office of Special Funded Projects (OSFP) for review and approval.

Deliverables:

- Bridge Type Selection documents

4.2-9 Bridge Type Selection Meeting and Approval

Consultant shall attend a Type Selection review meeting at Caltrans Headquarters in Sacramento to finalize structure type, foundations, seismic design, aesthetics, and traffic handling plans.

Consultant shall summarize and submit meeting proceedings to the liaison engineer within one week for written Type Selection approval. The meeting summary may update or supplement the Type Selection Report.

Deliverables:

- Meeting Minutes

4.2-10 Project Cost

Consultant shall prepare a preliminary cost estimate at 35% completion. Throughout development of the PS&E, Consultant shall update this

estimate. If this cost estimate, or any of the updates, exceeds the Project Report Cost Estimate, Consultant shall recommend alternatives for reducing the project costs.

Deliverables:

- Project Cost Estimate

4.2-11 Utilities

Consultant shall coordinate and work closely with the City and utility companies to determine the need to relocate impacted lines, using Caltrans policy for high- and low-risk utilities. It is assumed the utility companies will perform relocation design for their own facilities. Any necessary utility relocation plans will be not be part of the PS&E package developed by Consultant. Consultant shall perform potholing of existing utilities, and prepare and distribute utility base maps to affected utilities. If necessary, Consultant shall conduct a utility relocation feasibility study to evaluate existing systems and optimize relocations.

Deliverables:

- Utility base maps and plans
- Utility relocation feasibility study, if needed

4.2-12 Hazardous Waste

Aerially Deposited Lead (ADL): Consultant shall test the unpaved area within the project limits for lead contamination and incorporate the results and conclusions into the PS&E package. This task shall also address the removal and disposal of traffic stripes and pavement markings.

4.3 TASK 3 – UNCHECKED DETAILS PS&E (65 PERCENT) SUBMITTAL

4.3-1 Roadway Plans

Consultant shall incorporate all reviewing agency comments into the roadway plans and estimates. Where it is not possible or desirable to incorporate certain comments, Consultant shall provide an explanation.

Deliverables:

1. Title Sheet - 10 sets
2. Typical Cross Sections - 10 sets
3. Key Map and Line Index - 10 sets

4. Layout Plans - 10 sets
5. Profiles and Superelevation Diagrams - 10 sets
6. Construction Details - 10 sets
7. Contour Grading - 10 sets

4.3-2 Drainage Plans

Consultant shall prepare a drainage report to address the existing drainage condition and the proposed mitigation and design. This report shall consider both onsite and offsite systems. Consultant shall prepare drainage plans, profiles, and quantities based on the drainage report. To address storm water quality (NPDES & Caltrans) requirements, Consultant shall update the existing SWDR (for both projects) as discussed in 4.3-13. The drainage, SWDR, temporary water pollution control, and erosion control plans will be prepared in accordance with Caltrans Standard Drainage Plans and Quality Sheets guidance. Consultant shall also prepare temporary drainage plans where needed.

Deliverables:

- Drainage Report
- Drainage Plans, Profiles, Details, and Quantities - 10 sets
- Storm Water Data Report
- Water Pollution Control Plans - 10 sets
- Temporary Drainage Plans - 10 sets, if needed
- Erosion Control Plans - 10 sets

4.3-3 Stage Construction, Traffic Handling, Detour Plans, and Transportation Management Plan (TMP)

The objective of the TMP is to provide continuous traffic circulation and access, with adequate space for safe and efficient construction. The TMP will be coordinated with the City of Anaheim, Caltrans, and other stakeholders, including the CHP. Stage Construction and Detour Plans shall include construction detour routes.

Deliverables:

- Transportation Management Plan
- Stage construction and traffic handling/detour plans - 10 sets
- Detour layouts, profiles, and superelevation diagrams - 10 sets, as required
- Construction area signs - 10 sets
- Quantity sheets - 10 sets

4.3-4 Pavement Delineation Plans

Consultant shall prepare pavement delineation plans to identify locations of painted and thermoplastic stripes and markings, pavement markers, and delineators.

Deliverables:

- Pavement Delineation Plans - 10 sets
- Pavement Details - 10 sets
- Quantity Sheets - 10 sets

4.3-5 Sign Plans

Consultant shall prepare Sign Plans to show existing and proposed new signs. The plans will include sign details and quantity sheets.

Deliverables:

- Sign Plans - 10 sets
- Sign Details - 10 sets
- Quantity Sheets - 10 sets

4.3-6 Lighting, Signal Plans, and Electrical Ramp Metering and Traffic Monitoring

Consultant shall prepare Lighting and Signal Plans for the project including safety lighting and ramp metering plans for the northbound on-ramps. Consultant shall coordinate with Caltrans to ensure that ramp meter and electrical designs will accommodate future SR-57 traffic monitoring features within the project limits.

Deliverables:

- Lighting plans and Details - 10 sets
- Electrical Ramp Metering Plans - 10 sets

4.3-7 Planting and Irrigation Plans

Consultant shall prepare a replacement Landscaping theme for the project limits.

Deliverables:

- Planting and Irrigation Plans - 10 sets

4.3-8 Right-of-Way Engineering Services

4.3-8a Location

Over and along that portion of SR-57 (S.R. 57) described as: "Limits of the project as defined by Caltrans"

4.3-8b References

Ref 1. Caltrans Right of Way Manual (with special attention to Chapter 6 - Right of Way Engineering)
Ref 2. Caltrans Surveys Manual
Ref 3. Caltrans Drafting and Plans Manual
Ref 4. Caltrans District 12 R/W Engineering Requirements for the Preparation of Documents and Maps (dated JAN-2007)
Ref 5. Caltrans District 12 R/W Engineering CADD Standards (dated 2003)

In the event of conflict between Ref 1, 2, 3 and Ref 4, 5 – the latter shall prevail.

4.3-8c Activities

In compliance with the above references and as project needs dictate, Consultant shall perform the following:

4.3-8c-1 Perform Record Data Search

Search, acquisition, and analysis of appropriate deeds, field notes, and survey maps contained in State, County, and City files.

4.3-8c-2 Acquire Title Reports

Acquire title reports for all parcels impacted by proposed R/W fee and easement takes.

4.3-8c-3 Perform Land Net Recovery and Field Ties

Field and related survey effort necessary to search, recover, describe, and tie-in controlling land survey

monuments. (See "State Right of Way Boundary Establishment" Ref 4)

4.3-8c-4 Prepare Land Net Map - "Before Condition" Record of Survey

This activity is required by the Professional Land Surveyors Act and involves the production and filing of the "Before Condition" Record of Survey. (See "Records of Survey" Ref 4)

4.3-8c-5 Perform Monument Perpetuation Surveys

This activity is required by the Professional LandSurveyors Act and includes:

- Preparation of lists of monuments threatened with destruction.
- Referencing threatened monuments with tie-outs for perpetuation through construction.
- Setting replacement monuments after construction to effect said perpetuation.

All reset replacement monuments shall meet the requirements described below under the activity "Final Monuments".

The "Before Condition" Record of Survey (See "Records of Survey" Ref 4) shall be the instrument on which tie-outs are documented prior to construction. In the cases where swing ties or tangent over ties are the method of tie-out, each monument tied out using these methods shall clearly be shown as a separate "Detail" on the "Before Condition" Record of Survey.

4.3-8c-6 Prepare Right of Way Maps

Prepare various types of R/W Maps (See Ref 1 and Ref 3) as dictated by project need. (Also see "Right of Way Maps" Ref 4). Various types of R/W Maps may include but are not limited to:

- Appraisal Map
- Resolution of Necessity Map
- Director's Deed Map
- Relinquishment Map
- Vacation Map
- Transfer Control and Possession Map
- Right of Way Record Map

4.3-8c-7 Prepare Acquisition Documents

Prepare property acquisition documents. (See "Legal Descriptions & Exhibits" Ref 4)

4.3-8c-8 Prepare Resolution of Necessity and Plats

Prepare Resolution of Necessity and any additional information for the filing of the complaint, and the preparation of any attendant map or plat. (See "Legal Descriptions & Exhibits" Ref 4)

4.3-8c-9 Prepare Director's Deed and Plats

Prepare Director's Deed and attendant maps or plats. (See "Legal Descriptions & Exhibits" Ref 4)

4.3-8c-10 Prepare Utility Legal Description and Plat

Prepare legal description and plat to fulfill contract obligations with utility entities including Joint Use Agreement and Consent to Common Use Agreement. (See "Legal Descriptions & Exhibits" Ref 4)

4.3-8c-11 Prepare Parcel Files

For each R/W fee of easement take, prepare a parcel file. (See "Parcel Files" Ref 4).

4.3-8c-12 Final Monumentation

Conduct field survey and related activity to monument new R/W boundaries. Monument type shall vary depending on the surface character at the point as follows:

- In dirt - 2-inch diameter galvanized iron pipe at least 24 inches in length with bronze disk cemented in top. The pipe and disk should be countersunk no more than 2 inches and no less then 1 inch from the dirt surface.
- In concrete structure or surface - bronze disk cemented into concrete. Disk shall be countersunk so that top of disk is flush with the concrete surface.
- In asphalt surface street - bronze disk in Type D (Alternative No. 1) well monument as shown on Caltrans Standard Plan A74 (See Caltrans "Standard Plans" publication).
- In asphalt surface non-street - Galvanized iron spike at least 6 inches in length collared with a brass identification tag. Immediately underneath the brass tag shall be a stiff metal washer to prevent the brass tag from becoming deformed when the point is set. Spike and tag shall be countersunk flush with the surface. The use of "gear spikes" or "gin spikes" is expressly prohibited.

All bronze disks shall be at least 2-1/4 inches in diameter.

All disks and spikes set shall have a clear and unambiguous punch mark defining the point. Each disk or brass tag set shall be clearly and permanently labeled with the license number of the professional in responsible charge of the work. If the license number is rendered illegible in the process of setting the point, the point shall be remonumented so as to make the license number legible.

4.3-8c-13 Monumentation Map - "After Condition" Record of Survey

This activity is required by the Professional Land Surveyors Act and involves the production and filing of the "After Condition" Record of Survey. (See "Records of Survey" Ref 4)

4.3-8d Deliverables

Specific requirements for various deliverables are contained in Ref. All deliverables shall be in compliance with the above stated REFERENCES. All deliverables shall meet the standard of Professional Land Surveyor work. Whenever Consultant delivers surveying and mapping information produced within this scope of work to any party, Consultant shall automatically and simultaneously provide an exact duplicate of the delivered information to the Chief of Caltrans District 12 R/W Engineering.

4.3-8e Applicable Law

All work shall be conducted in compliance with all applicable State law and regulation, and all applicable local ordinance and regulation.

4.3-9 Geotechnical and Foundation Reports

4.3-9a Geotechnical Design Report (GDR)

Consultant shall prepare a report discussing the geotechnical design basis of the project and recommendations for design and construction of earth retaining structures, cut, and fill slopes, pavement, and drainage facilities. This report will be submitted to Caltrans for review. Consultant shall address any comments stemming from this review and prepare a final draft. All calculations supporting the design recommendations will be included as an appendix to the GDR.

Deliverable:

- Draft/Final Geotechnical Design Reports

4.3-9b Foundation Reports for Bridges and Retaining Walls

Consultant shall prepare a Foundation Report based upon Type Selection comments and additional information from the GDR analyses. Logs of test borings will be included as 11-inch by 17-inch plans.

Deliverable:

- Draft Foundation Report

4.3-10 Bridge Plans

Consultant shall prepare layout plans and structural details for the widening of Bridges. Consultant shall also prepare draft technical special provisions for the bridges. Consultant shall coordinate this portion of the work with Metrolink staff to address all railroad requirements and concerns.

Bridge design shall be in accordance with Caltrans Seismic Design Criteria, Bridge Design Specifications, Memos to Designers and Bridge Design Details Manual and will address any specific requirements of Metrolink. Details and construction specifications shall be prepared in accordance with Caltrans Standard Plans, Standard Specifications, and Standard Special Provisions.

Consultant shall update the bridge General Plan estimate to verify its ongoing validity.

Deliverables:

- 6 reduced sets unchecked structure plans
- Draft Foundation Reports

4.3-11 Retaining Wall Plans

Consultant shall prepare layout plans and structural details, if necessary, for the walls specified along the project route. Consultant shall prepare draft technical special provisions for the retaining walls.

Deliverables:

- 6 reduced sets unchecked structure plans
- Draft Foundation Reports

4.3-12 Permit Applications

Consultant shall prepare and submit permit applications for surveying, geotechnical investigations, and construction. Possible permits required for this project include:

- State's Encroachment Permit for Construction
- National Pollutant Discharge Elimination System (NPDES) General Construction Activity Stormwater Permit

- Caltrans Statewide Permit

Deliverables:

- Prepared Permit Applications
- Secure all required permits

4.3-13 Storm Water Pollution Prevention Plan (SWPPP)

Consultant shall update the existing Storm Water Data Report SWDR) and incorporate its recommendations into the project's PS&E.

4.4 TASK 4- INITIAL PS&E (95 PERCENT) SUBMITTAL

4.4-1 Roadway Plans

This submittal will include comments, reviews, coordination efforts, and updated information. Consultant shall update Roadway Plans, Stage Construction/Traffic Handling Plans, Drainage Plans, and, and will provide Quantity Sheets with updated Special Provisions and BEES estimate. Any Revised and/or New Standard Plans developed by Caltrans shall be included with Consultant's Roadway Plan submittal.

Deliverable:

- 95 percent Roadway PS&E - 35 sets plus one electronic copy

4.4-2 Bridge and Retaining Wall Plans

Consultant shall independently review the unchecked plans, draft special provisions, quantities, and construction cost estimate for the Bridges and retaining walls. Consultant's independent review team shall analyze the structures, verify member capacities, review the special provisions, and prepare independent quantity calculations. All issues raised by the checkers shall be resolved with the structural designers. The final design shall reflect agreement among the designers and independent checkers.

Deliverables:

- 95 percent structure plans, reduced size – 10 sets
- Edited structures special provisions – 2 copies
- Design calculations – 1 set
- Design check calculations – 1 set

- Final Foundation Reports

4.4-3 Construction Schedule

Prepare CPM construction schedule in consultation with the Authority Construction Manager and Caltrans based on the estimated required working days for project construction.

Deliverables:

- CPM Schedule Printout and electronic copy

4.4-4 Utility and ROW Update

Consultant shall verify and update utility and ROW engineering data.

Deliverable:

- Report containing all updated utility and ROW engineering data with changes clearly identified

4.4-5 Materials Handouts

Consultant shall prepare materials handout information per Caltrans HDM, Section 111.3 Materials Information Furnished to Prospective Bidders

Deliverable:

- Material Handouts

4.5 TASK 5 – FINAL PS&E (100 PERCENT) SUBMITTAL

4.5-1 Roadway Plans, Bridge Plans, Special Provisions, Cost Estimates, and Working Day Schedules

Consultant shall submit the Final PS&E package to Caltrans District Office Engineer and Office of Special Funded Projects (OSFP) for final approval. The submittal shall incorporate review comments from all involved agencies.

Deliverables:

- Final Roadway PS&E – 35 sets
- Full-size reproducible final structure plans – 1 set
- Final structures special provisions – 4 sets
- Prints of final structure plans – 4 sets; Cost estimates – 2 copies
- Working day schedules – 2 copies
- Original/checked quantity calculations – 2 copies

Deliverables to Office of Special Funded Projects (OSFP) :

- Full-size reproducible final structure plans – 1 set
- Final structures special provisions – 4 sets
- Prints of final structure plans, reduced size – 4 sets

In addition, Consultant shall provide electronic version of all plans, special provisions, estimates and schedules.

4.5-2 Resident Engineer File

Consultant shall meet with the Resident Engineer (RE) and functional units and provide the following information for the RE file. This list is not comprehensive and Consultant shall provide additional information as appropriate:

- Permits
- Surveying Notes
- Geotechnical (GDR) and Foundation (FDR) Reports
- Hydrology/Hydraulics Report and calculations
- Relevant correspondence and memoranda
- Engineering calculations (horizontal and vertical alignments, earthwork quantities, etc.)
- Environmental Agreements and Reports
- Summary and discussion of Environmental issues

- Traffic Management Plan and supplements
- Material Handouts
- Storm Water Data Report
- Right-of-Way Maps & Agreements
- List of Project Personnel
- Cooperative Agreements

Deliverables:

- RE file
- Bridge four–scale plans – 3 sets

Consultant shall provide an electronic version of all RE file information.

4.6 TASK 6 – CONSTRUCTION BIDDING PHASE

Bidding procedures will be the responsibility of Caltrans. In addition, Caltrans will:

- Advise the Design Consultant of listing dates.
- Inform Consultant of all issues and inquiries list and responses.
- Provide Consultant with bid results and summary sheets for their review.

During bid advertisement of the project, Consultant shall refer all questions concerning the intent to Caltrans for resolution. In the event that items requiring interpretation of the drawings or specifications are discovered during the bidding period, Consultant shall inform Caltrans. Caltrans will advise Consultant regarding the proper procedure required for analysis of said items. Any necessary corrective action shall either be in the form of an addendum prepared by Consultant and issued by Caltrans, or via a covering change order after the award of the construction contract.

4.6-1 Pre-Bid Meeting

Consultant shall attend the pre-bid meeting.

4.6-2 Respond to Inquiries

Consultant shall draft responses to bidders' inquiries as requested by the District Office Engineer. All such responses shall be routed through the District Engineer.

Deliverable:

- Draft Bidder Inquiry Responses (hard copy and electronic in ms word)

4.6-3 Addenda

Consultant shall prepare addenda as requested by District Engineer.

Deliverable:

- Copies of Addenda

4.7 TASK 7 – CONSTRUCTION SUPPORT PHASE

Construction of the project will be the responsibility of Caltrans. During the construction phase, Consultant shall work closely with Resident Engineer (RE) within the budget allotted to assist and advise the RE in order to minimize construction conflicts and to expedite project completion.

4.7-1 Pre-Construction Meeting

Consultant shall attend the pre-construction meeting.

4.7-2 Partnering Workshop

Consultant shall attend a partnering workshop as requested by Caltrans.

4.7-3 Additional Drawings Due to Consultant Error, Omission, or Revision

In the case of errors and/or omissions, Consultant shall furnish additional and/or revised drawings necessary for corrections and change orders. Caltrans will provide a written request for such drawings and Consultant shall provide said drawings at no additional cost to Caltrans or Authority. Consultant shall also provide the original tracings of the drawings and contract wording for related change orders to Caltrans at no additional cost.

4.7-4 Shop Drawing and Submittal Review

Consultant shall review all submittals and shop drawings. The review of shop drawings shall include bridge working drawing submittals, construction contractor's submittals for substitutions, construction contractor's alternative construction approval, steel layout for structures, independent check of construction contractor's falsework submittal and others as requested by the Resident Engineer.

4.7-5 Additional Drawings at Caltrans Request

If requested by Caltrans, Consultant shall prepare additional drawings and change order-supporting documents. Any such additional drawings constitute extra work; therefore, prior approval from Authority is required. Any such additional engineering services, drawings, or change order documentation prepared prior to receiving the required approval shall be at Consultant's risk and expense.

4.7-6 Site Visits

Consultant shall visit the job site as requested by Authority.

4.7-7 Respond to Inquiries/RFIs

Consultant shall draft responses to contractor inquiries and RFIs as requested by the Resident Engineer.

4.7-8 Change Order Preparation and Review

Consultant shall review proposed change orders, draft change order language and make recommendations as requested by Resident Engineer. If said changes are necessary as a direct result of design errors and omissions, Consultant shall prepare and/or review contract change orders at no additional cost.

Caltrans Responsibility

- Provide advice on any issues raised and inquiries made by Resident Engineer
- Inform Design Consultants of all field changes and Contract Change Orders (CCOs)
- Prepare and maintain as-built mark-ups in the field

4.7-9 As-Builts

Consultant shall be responsible for incorporating as-builts into the PS&E.

4.8 TASK 8 – PROJECT CLOSEOUT

After construction, Consultant shall provide all final construction project records in accordance with Section 5-104 of the Caltrans Construction Manual and all other Caltrans requirements. Records shall include, but not necessarily be limited to design survey records, including legible hard copies and electronic files, recorded monumentations, and post audits. Consultant shall maintain all project records in accordance with the Caltrans Uniform filing system.

4.8-1 Develop Final Record Drawing Plans

While Caltrans is responsible for maintaining field as-built plans, Consultant shall keep a similar set of plans, noting any variation between the plans and the actual construction. These marked up plans will form the basis for the development of the Final record drawing PS&E. In developing the Final record drawing PS&E, Consultant shall follow all requirements specified in Sections 5-104D (1) and (2) of the Caltrans Construction Manual and submit to Caltrans no later than 60 days after construction contract acceptance by Caltrans.

Deliverables:

- Final record copies of the PS&E

4.8-2 Deliver Project Files

Consultant shall provide all pertinent project records to Caltrans. Documents shall be organized in accordance with the Caltrans Uniform Filing System.

Deliverables:

- Project Files

4.8-3 Recorded Monumentations

In accordance with the Professional Land Surveyors Act, Consultant shall review monument surveys for the project right-of-way. Consultant shall also review mapping and documentation for all recorded monuments associated with the project.

4.8-4 Post Audits

Consultant shall assist Caltrans with the post audits, as required and requested by Caltrans.

4.9 TASK 9 - PROJECT SCHEDULE

Activity	Proposed Date
A. Notice to Proceed	To be determined
B. Draft PS&E	
B.1 Submit 35% PS&E	December, 2008
B.2 Submit Unchecked Details (65%) PS&E	April, 2009
B.3 Submit Initial (95%) PS&E	November, 2009
C. Submit Final PS&E (100%)to Caltrans	February, 2010
D. Advertise	August, 2010
E. Award	December, 2010
F. Begin Construction	January, 2011
G. Completion of Construction	January 2014
H. Project Close Out	January 2015

SECTION VI

PARTY AND PARTICIPANT DISCLOSURE FORMS

PARTY DISCLOSURE FORM

Information Sheet

ORANGE COUNTY TRANSPORTATION AUTHORITY AND AFFILIATED AGENCIES

The attached Party Disclosure Form must be completed by applicants for, or persons who are the subject of, any proceeding involving a license, permit, or other entitlement for use pending before the Board of Directors of the Orange County Transportation Authority or any of its affiliated agencies. (Please see next page for definitions of these terms.)

IMPORTANT NOTICE

Basic Provisions of Government Code Section 84308

A. If you are an applicant for, or the subject of, any proceeding involving a license, permit, or other entitlement for use, you are prohibited from making a campaign contribution of more than $250 to any board member or his or her alternate. This prohibition begins on the date your application is filed or the proceeding is otherwise initiated, and the prohibition ends three months after a final decision is rendered by the Board of Directors. In addition, no board member or alternate may solicit or accept a campaign contribution of more than $250 from you during this period.

B. These prohibitions also apply to your agents, and, if you are a closely held corporation, to your majority shareholder as well. These prohibitions also apply to your subcontractor(s), joint venturer(s), and partner(s) in this proceeding. Also included are parent companies and subsidiary companies directed and controlled by you, and political action committees directed and controlled by you.

C. You must file the attached disclosure form and disclose whether you or your agent(s) have in the aggregate contributed more than $250 to any board member or his or her alternate during the 12-month period preceding the filing of the application or the initiation of the proceeding.

D. If you or your agent have in the aggregate contributed more than $250 to any individual board member or his/or her alternate during the 12 months preceding the decision on the application or proceeding, that board member or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the board member or alternate returns the campaign contribution within 30 days from the time the director knows, or should have known, about both the contribution and the fact that you are a party in the proceeding. The Party Disclosure Form should be completed and filed with your proposal, or with the first written document you file or submit after the proceeding commences.

1. A proceeding involving "a license, permit, or other entitlement for use" includes all business, professional, trade and land use licenses and permits, and all other entitlements for use, including all entitlements for land use, all contracts (other than competitively bid, labor or personal employment contracts), and all franchises.

2. Your "agent" is someone who represents you in connection with a proceeding involving a license, permit or other entitlement for use. If an individual acting as an agent is also acting in his or her capacity as an employee or member of a law, architectural, engineering, consulting firm, or similar business entity, both the business entity and the individual are "agents."

3. To determine whether a campaign contribution of more than $250 has been made by you, campaign contributions made by you within the preceding 12 months must be aggregated with those made by your agent within the preceding 12 months or the period of the agency, whichever is shorter. Contributions made by your majority shareholder (if a closely held corporation), your subcontractor(s), your joint venturer(s), and your partner(s) in this proceeding must also be included as part of the aggregation. Campaign contributions made to different directors or their alternates are not aggregated.

4. A list of the members and alternates of the Board of Directors is attached.

This notice summarizes the major requirements of Government Code Section 84308 of the Political Reform Act and 2 Cal. Adm. Code Sections 18438-18438.8.

ORANGE COUNTY TRANSPORTATION AUTHORITY
AND ITS AFFILIATED AGENCIES

To be completed only if campaign contributions have been made in the preceding 12 months.

Party's Name: _____

Party's Address: _____
Street

_____
City

_____
State Zip Phone

Application or Proceeding
Title and Number: _____

Board Member(s) or Alternate(s) to whom you and/or your agent made campaign contributions and dates of contribution(s) in the preceding 12 months:

Name of Member: _____
Name of Contributor (if other than Party): _____
Date(s): _____
Amount(s): _____

Name of Member: _____
Name of Contributor (if other than Party): _____
Date(s): _____
Amount(s): _____

Name of Member: _____
Name of Contributor (if other than Party): _____
Date(s): _____
Amount(s): _____

Date: _____ _____
Signature of Party and/or Agent

ORANGE COUNTY TRANSPORTATION AUTHORITY
AND AFFILIATED AGENCIES

Board of Directors

Carolyn V. Cavecche, Chairman

Chris Norby, Vice-Chairman

Jerry Amante, Director

Patricia Bates, Director

Art Brown, Director

Peter Buffa, Director

Bill Campbell, Director

Richard Dixon, Director

Paul G. Glaab, Director

Cathy Green, Director

Allan Mansoor, Director

John Moorlach, Director

Janet Nguyen, Director

Curt Pringle, Director

Miguel Pulido, Director

Mark Rosen, Director

Gregory T. Winterbottom, Director

PARTICIPANT DISCLOSURE FORM

Information Sheet

ORANGE COUNTY TRANSPORTATION AUTHORITY AND AFFILIATED AGENCIES

The attached Participant Disclosure Form must be completed by participants in a proceeding involving a license, permit, or other entitlement for use. (Please see next page for definitions of these terms.)

IMPORTANT NOTICE

Basic Provisions of Government Code Section 84308

A. If you are a participant in a proceeding involving a license, permit, or other entitlement for use, you are prohibited from making a campaign contribution of more than $250 to any board member or his or her alternate. This prohibition begins on the date you begin to actively support or oppose an application for license, permit, or other entitlement for use pending before the Orange County Transportation Authority or any of its affiliated agencies, and continues until three months after a final decision is rendered on the application or proceeding by the Board of Directors.

   No board member or alternate may solicit or accept a campaign contribution of more than $250 from you and/or your agency during this period if the board member or alternate knows or has reason to know that you are a participant.

B. The attached disclosure form must be filed if you or your agent have contributed more than $250 to any board member or alternate for the Orange County Transportation Authority or any of its affiliated agencies during the 12-month period preceding the beginning of your active support or opposition. (The disclosure form will assist the board members in complying with the law.)

C. If you or your agent have made a contribution of more than $250 to any board member or alternate during the 12 months preceding the decision in the proceeding, that board member or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the member or alternate returns the campaign contribution within 30 days from the time the director knows, or should have known, about both the contribution and the fact that you are a participant in the proceeding.

The Participant Disclosure Form should be completed and filed with the proposal submitted by a party, or should be completed and filed the first time that you lobby in person, testify in person before, or otherwise directly act to influence the vote of the board members of the Orange County Transportation Authority or any of its affiliated agencies.

1. An individual or entity is a "participant" in a proceeding involving an application for a license, permit or other entitlement for use if:

    a. The individual or entity is not an actual party to the proceeding, but does have a significant financial interest in the Orange County Transportation Authority's or one of its affiliated agencies' decision in the proceeding.

AND

    b. The individual or entity, directly or through an agent, does any of the following:

        (1) Communicates directly, either in person or in writing, with a board member or alternate of the Orange County Transportation Authority or any of its affiliated agencies for the purpose of influencing the member's vote on the proposal;

        (2) Communicates with an employee of the Orange County Transportation Authority or any of its affiliated agencies for the purpose of influencing a member's vote on the proposal; or

        (3) Testifies or makes an oral statement before the Board of Directors of the Orange County Transportation Authority or any of its affiliated agencies.

2. A proceeding involving "a license, permit, or other entitlement for use" includes all business, professional, trade and land use licenses and permits, and all other entitlements for use, including all entitlements for land use; all contracts (other than competitively bid, labor, or personal employment contracts) and all franchises.

3. Your "agent" is someone who represents you in connection with a proceeding involving a license, permit, or other entitlement for use. If an agent acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar business entity or corporation, both the business entity or corporation and the individual are agents.

4. To determine whether a campaign contribution of more than $250 has been made by a participant or his or her agent, contributions made by the participant within the preceding 12 months shall be aggregated with those made by the agent within the preceding 12 months or the period of the agency, whichever is shorter. Campaign contributions made to different members or alternates are not aggregated.

5. A list of the members and alternates of the Board of Directors is attached.

This notice summarizes the major requirements of Government Code Section 84308 and 2 Cal. Adm. Code Sections 18438-18438.8.

ORANGE COUNTY TRANSPORTATION AUTHORITY AND ITS AFFILIATED AGENCIES

To be completed only if campaign contributions have been made in the preceding 12 months.

Party's Name: _____

Party's Address: _____
Street

_____
City

_____
State Zip Phone

Application or Proceeding
Title and Number: _____

Board Member(s) or Alternate(s) to whom you and/or your agent made campaign contributions and dates of contribution(s) in the preceding 12 months:

Name of Member: _____
Name of Contributor (if other than Party): _____
Date(s): _____
Amount(s): _____

Name of Member: _____
Name of Contributor (if other than Party): _____
Date(s): _____
Amount(s): _____

Name of Member: _____
Name of Contributor (if other than Party): _____
Date(s): _____
Amount(s): _____

Date: _____ _____
Signature of Party and/or Agent

ORANGE COUNTY TRANSPORTATION AUTHORITY
AND AFFILIATED AGENCIES

Board of Directors

Carolyn V. Cavecche, Chairman

Chris Norby, Vice-Chairman

Jerry Amante, Director

Patricia Bates, Director

Art Brown, Director

Peter Buffa, Director

Bill Campbell, Director

Richard Dixon, Director

Paul G. Glaab, Director

Cathy Green, Director

Allan Mansoor, Director

John Moorlach, Director

Janet Nguyen, Director

Curt Pringle, Director

Miguel Pulido, Director

Mark Rosen, Director

Gregory T. Winterbottom, Director

SECTION VII

STATUS OF PAST AND PRESENT CONTRACTS FORM

Status of Past and Present Contracts Form

On the form provided below, Offeror shall list the status of past and present contracts where the firm has either provided services as a prime contractor or a subcontractor during the past five (5) years in which the contract has ended or will end in a termination, settlement or in legal action. A separate form must be completed for each contract. Offeror shall provide an accurate contact name and telephone number for each contract and indicate the term of the contract and the original contract value.

If the contract was terminated, list the reason for termination. Offeror must also identify and state the status of any litigation, claims or settlement agreements related to any of the identified contracts. Each form must be signed by an officer of the Offeror confirming that the information provided is true and accurate.

Project city/agency/other:
Contact name: **Phone:**
Project award date: **Original Contract Value:**
Term of Contract:
1) Status of contract:
2) Identify claims/litigation or settlements associated with the contract:

By signing this Form entitled "Status of Past and Present Contracts," I am affirming that all of the information provided is true and accurate.

_____ _____

Name _____ Date

Title _____

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Metrolink Ridership and On-Time Performance Report

Transit Planning and Operations Committee — July 26, 2007

Present: Directors Brown, Green, Moorlach, Nguyen, Norby, and Winterbottom
Absent: Directors Dixon and Pulido

Committee Vote

No action was taken on this item.

Recommendation

Receive and file as an information item.

OCTA

July 26, 2007

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Metrolink Ridership and On-Time Performance Report

Overview

Staff is providing a fiscal year end report on Metrolink commuter rail ridership and on-time performance in Orange County. Weekday ridership continues to grow in part due to strong on-time performance. Year-round weekend service completed its first year of service and is entering its peak ridership months.

Recommendation

Receive and file as an information item.

Background

The Southern California Regional Rail Authority operates seven lines throughout Southern California's five-county commuter rail system known as Metrolink. Metrolink is a joint powers authority whose five-agency membership includes the Los Angeles County Metropolitan Transportation Authority, the Orange County Transportation Authority (OCTA), the Riverside County Transportation Commission (RCTC), the San Bernardino Associated Governments (SANBAG), and the Ventura County Transportation Commission.

Metrolink service began in Orange County in 1994 with the Orange County (OC) line, followed by the Inland Empire – Orange County (IEOC) line in 1995 and the 91 line in 2002. The three Metrolink lines serving Orange County provide a total of 44 daily weekday trains to ten Orange County stations. Construction of the eleventh Orange County station, located in the City of Buena Park, is nearing completion and service is expected to begin in September 2007. The OC line, with stops between Oceanside and Los Angeles, provides 19 daily trains Monday through Friday; the IEOC line, with stops between San Bernardino, Riverside, Orange, and Oceanside, provides 16 daily weekday trains; and the 91 line, with stops between Riverside and Los Angeles via Fullerton, operates nine daily trains during the week. Rail 2 Rail,

which began in 2003, allows Metrolink monthly pass holders the option to ride Amtrak trains at no additional charge.

Metrolink weekend service on the OC and IEOC lines has completed its first year of service as part of the Board of Directors-approved Metrolink Service Expansion. The OC line provides three round trips on both Saturday and Sunday. The IEOC weekend service previously operated for ten years as a summer-only service known as the "Beach Train" and one year as the "Summerlink" service. Year round IEOC line weekend service provides three round trips on Saturday and two round trips on Sunday. OCTA, RCTC, and SANBAG are partners in funding the IEOC line weekend service.

Currently 13 StationLink bus routes serve seven Orange County Metrolink stations. StationLink operates during peak rush hours and provides Metrolink passengers connecting bus service to major employment centers Monday through Friday. There is one StationLink route that operates on Saturday from the Irvine station to Irvine Spectrum.

Discussion

This report provides a fiscal year (FY), year-end report of annual ridership and on-time performance results.

Average Weekday Ridership

Daily average ridership during the weekday continues to show positive annual growth. The OC line daily average ridership for FY 2006-07 compared to FY 2005-06 increased by 2.4 percent. Rail 2 Rail ridership average weekday ridership is up 5.9 percent compared to the previous year. The combined OC line and Rail 2 Rail weekday average totals 7,803 riders per day. The average daily ridership on the IEOC line compared to the previous year is up 12.1 percent and lastly, the ridership on the 91 line is up 3.6 percent compared to last year. Ridership on the train continues to increase as the population grows and traffic congestion increases on the Riverside Freeway (State Route 91) and the Santa Ana Freeway (Interstate 5). The stress free train commute is the number one reason riders continue to ride along with reliability and on-time performance as very important contributing factors to continued annual ridership growth.

Total weekday average ridership on all three lines for FY 2006-07 has increased by 5.8 percent from the previous year, for a total weekday average of 14,636 riders including Rail 2 Rail ridership. Ridership totals by line are detailed further in Attachment A.

FY 2006-07 Ridership

The total FY, year-end ridership on the OC line is 1,677,978, an increase of 5 percent compared to the previous year. The IEOC FY, year-end ridership of 1,218,638 is up 14 percent compared to the previous year. Lastly, the 91 line ridership grew by 7.7 percent or 572,756 riders compared to the previous year. The IEOC line experienced the largest ridership growth system wide. The 91 line experienced the second largest growth followed by the OC line. These three lines are growing faster than the Antelope Valley line, Riverside line, and San Bernardino line in the Metrolink system. Total year-end annual ridership for all three lines, including Rail 2 Rail and weekend service is 3,841,259 passengers, which is an overall increase by 8.3 percent from the previous year.

With the completion of FY 2006-07, all three Metrolink lines serving Orange County have been operating for a full five years. Over the five-year period, total ridership, including Rail 2 Rail, has increased from 2.54 million annual riders to 3.84 million annual riders, an increase of 50 percent.

Weekend Ridership

Metrolink service has carried a total of 102,493 Orange County weekend passengers since start-up of the new service beginning in June 2006, and 99,844 passengers in FY 2006-07 (Attachment B). The goal for first year weekend ridership was 100 passengers per train on the OC line and 125 passengers per train on the IEOC line. Actual ridership ended the FY slightly under the projections for Saturday service, carrying 89 passengers on average per train on the OC line and 95 passengers per train on the IEOC line. Sunday OC and IEOC line ridership reached 73 and 96 percent of the ridership goal, respectively. The first year weekend service plan anticipated running four round trips on the OC line both Saturday and Sunday; however, as a result of negotiations with the Burlington Northern Santa Fe Corporation, it was agreed that only three round trips would operate the first year of weekend service, which provided less travel options and therefore had an impact on projected ridership.

Weekend ridership decreased during the winter season; however, ridership is showing a substantial improvement as the summer season approaches. This is evidenced by an overall 6.5 percent increase for the OC line fourth quarter ridership compared to the third quarter. Similarly, the IEOC line experienced a 64 percent increase in total weekend ridership from the third quarter to the fourth quarter of FY 2006-07.

Marketing Segmentation Study

A weekend ridership study was conducted in April/May 2007 to identify the weekend service customer base and to provide a foundation for service planning, future marketing, and customer relations activities. The preliminary results indicate that the service could be improved by adding more frequent trains. In addition, the study results indicate that most riders are visiting friends or family, which is consistent with the other Metrolink weekend rider demographic. A subsequent staff report that specifically addresses the study is being prepared and will be presented to the Legislative and Government Affairs/Public Communications Committee.

StationLink Rail Feeder

StationLink Rail Feeder ridership increased by 5.6 percent year-to-date through May 2007 compared to the same period during FY 2005-06. In addition, Metrolink transfers to all OCTA bus routes, including StationLink and local routes, showed an increase of 7.6 percent year-to-date through May 2007 compared to the statistics for the same period during FY 2005-06.

On-Time Performance Report

While the growth in ridership is an important factor, another important factor in providing useful and quality commuter rail service is the on-time performance of trains. Metrolink provides weekly system wide on-time performance reports followed by monthly on-time performance reports by line.

Of the seven Metrolink routes, three operate in Orange County, accounting for approximately 31 percent of the Metrolink ridership in FY 2006-07. The OC line trains averaged 94 percent on-time performance. The IEOC line had 93 percent on-time performance and the 91 line had 96 percent on-time performance. Overall, 94 percent of all trains serving Orange County have been within five minutes of their scheduled time (Attachment C). Weekend trains operated at 89 percent on time since start of service, largely due to weekend construction activities between Fullerton and Los Angeles and the Santa Ana Double Track project.

Summary

This report provides an update on the OCTA commuter rail weekday and weekend ridership and on-time performance. Overall, annual ridership including weekend and Rail 2 Rail service is 3,841,259. Average on-time performance is 94 percent for trains serving Orange County. Weekend ridership continues to increase as the summer months approach.

Attachments

A. Weekday Ridership
B. Weekend Ridership
C. Weekday On-Time Performance Report

Prepared by:

Abbe McClenahan
Principal Transportation Analyst
(714) 560-5673

Approved by:

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

ATTACHMENT A

WEEKDAY RIDERSHIP

Fiscal Year (FY), Year-End Daily Average Weekday Ridership

FY, Year-End Average Weekday Ridership	Orange County Line Daily Average	Inland Empire - Orange County Line Daily Average	91 Line Daily Average	Rail 2 Rail Daily Average	Total Weekday Average
2005-06	6,327	4,146	2,109	1,251	13,833
2006-07	6,478	4,649	2,184	1,325	14,636
Change	**2.4%**	**12.1%**	**3.6%**	**5.9%**	**5.8%**

Total FY, Year-End Ridership

FY, Year-End Total Ridership	Orange County Line	Inland Empire - Orange County Line	91 Line	Rail 2 Rail South of Los Angeles	Total Year-End
2002-03	1,360,631	795,511	391,078		2,547,220
2003-04	1,422,770	913,528	428,572	240,272	3,005,142
2004-05	1,485,342	918,057	473,820	324,983	3,202,202
2005-06	1,597,992	1,066,558	531,930	351,217	3,547,697
2006-07	1,677,978	1,218,638	572,756	371,887	3,841,259
2006-07 Increase	**5%**	**14%**	**7.7%**	**5.9%**	**8.3%**

ATTACHMENT B

WEEKEND RIDERSHIP

Monthly Metrolink Weekend Ridership Fiscal Year (FY) 2006-07

	Orange County Line (Sat)	Orange County Line (Sun)	Inland Empire - Orange County Line (Sat)	Inland Empire - Orange County Line (Sun)
July	2,880	1,563	4,657	2,620
August	2,084	1,932	5,957	3,412
September	2,472	1,933	3,860	1,485
October	1,721	2,503	1,561	1,808
November	1,704	1,762	1,259	912
December	2,115	1,961	1,419	1,039
January	1,978	1,596	1,086	628
February	2,875	1,621	1,178	649
March	3,040	1,898	2,216	1,199
April	2,296	2,511	1,589	1,280
May	2,610	1,821	1,636	1,523
June	2,913	1,704	2,740	2,638
Subtotal	**28,688**	**22,805**	**29,158**	**19,193**
Total FY Ridership Per Line	51,493		48,351	
Total Year-End Ridership	**99,844**			

FY, Year-End Weekend Ridership Average Per Day/Train

FY, Year-End	Orange County Line (Sat)	Orange County Line (Sun)	Inland Empire - Orange County Line (Sat)	Inland Empire - Orange County Line (Sun)
Year-to-date (YTD) Average per Day	536	439	589	366
YTD Average per Train	89	73	95	96

ATTACHMENT C

Weekday On-Time Performance Report

Percentage of ALL Trains Arriving Within 5 Minutes of Scheduled Time				
	OC Line	IEOC Line	91 Line	System Total *
Jul-06	92%	93%	95%	95%
Aug-06	93%	92%	94%	94%
Sep-06	95%	87%	97%	95%
Oct-06	96%	95%	95%	96%
Nov-06	89%	90%	93%	91%
Dec-06	92%	95%	97%	95%
Jan-07	95%	93%	99%	95%
Feb-07	97%	95%	97%	95%
Mar-07	96%	93%	94%	94%
Apr-07	96%	93%	99%	96%
May-07	96%	95%	97%	96%
Jun-07	96%	95%	98%	97%
Total Line Average	**94%**	**93%**	**96%**	**95%**

* System total includes the Ventura, Antelope Valley, San Bernardino, Riverside OC, IEOC, and 91 lines.

Weekend On-Time Performance Report

Percentage of Weekend Trains Arriving Within 5 Minutes of Scheduled Time				
Month	OC Line	IEOC Line	91 Line	System Total **
Jul-06	90.0%	83.0%	N/A	87.0%
Aug-06	94.0%	85.0%	N/A	94.0%
Sep-06	80.0%	87.0%	N/A	90.0%
Oct-06	85.0%	86.0%	N/A	91.0%
Nov-06	94.0%	85.0%	N/A	95.0%
Dec-06	95.0%	96.0%	N/A	96.0%
Jan-07	90.0%	100.0%	N/A	94.0%
Feb-07	78.0%	84.0%	N/A	90.0%
Mar-07	93.0%	98.0%	N/A	94.0%
Apr-07	76.7%	79.2%	N/A	88.6%
May-07	100.0%	94.8%	N/A	98.2%
Jun-07	98.4%	98.4%	N/A	94.1%
Total Line Average	**89.5%**	**89.7%**	**N/A**	**94.1%**

** System Total includes Antelope Valley, San Bernardino, OC, and IEOC Lines.

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

WK

From: Wendy Knowles, Clerk of the Board

Subject: Smart Street Program Status Report

Regional Planning and Highways Committee — August 6, 2007

Present: Directors Amante, Cavecche, Dixon, Glaab, Green, Mansoor, Norby, Pringle, and Rosen
Absent: None

Committee Vote

No action was taken.

Staff Recommendation

Receive and file as an information item.

Staff Comments

The Committee requested clarification to page four, paragraph one of the staff report for the full Board.

Staff clarification is that the Katella Smart Street allocation to Anaheim for the Magnolia Street to Lewis Street segment was for early acquisition of rights of way and did not fund any actual construction. The allocation was granted prior to the funding of the major elements of the Smart Street program in February, 1997. The right of way work was completed and construction was funded through subsequent allocations to both to Anaheim and the County of Orange.

OCTA

August 6, 2007

To: Regional Planning and Highways Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Smart Street Program Status Report

Overview

Smart Streets are high-capacity, high-volume streets that serve as the backbone for Orange County's Master Plan of Arterial Highways. Smart Street projects result in coordinated improvements across multiple jurisdictions in accordance with locally approved implementation plans. The Orange County Transportation Authority Board of Directors has allocated up to $177.4 million to build four Smart Streets. A status report for the overall program is provided.

Recommendation

Receive and file as an information item.

Background

The goal of the Smart Street Program is to substantially improve travel time, traffic flow, safety, and air quality through proactive engineering techniques and implementation of various capital improvement projects in the selected corridors. Combining signal coordination, bus stop treatments, parking prohibitions, raised medians, separate turn lanes, and additional travel lanes on a corridor-wide basis can optimize traffic flow and enhance safety, accomplishing the Smart Street Program goal.

In 1990, voters approved Measure M and within it, an aggressive program to implement Smart Street projects. Shortly after beginning the program, it was recognized that rising property acquisition, construction, and labor costs combined with reduced local contribution opportunities meant that the number of Smart Street projects that could be funded through Measure M was limited.

In 1993, the Orange County Transportation Authority (OCTA) Board of Directors (Board) directed staff to concentrate on the completion of Beach Boulevard (Attachment A) and the development of implementation plans for Imperial Highway (Attachment B) from the Los Angeles County line to

Santa Ana Canyon Road, Katella Avenue (Attachment C) from the San Gabriel Freeway (Interstate 605) to the Santa Ana Freeway (Interstate 5), and Moulton Parkway (Attachment D) from Main Street in Santa Ana to Del Prado in Dana Point. The funding strategy called for targeting these four corridors for completion with the Measure M Smart Street funds. Other Smart Street projects receive special consideration when they compete for Measure M funding in other programs.

In addition to Beach Boulevard, funding allocations were granted to the corridor cities in 1993, 1994, and 1995 for Imperial Highway, Katella Avenue, and Moulton Parkway. These allocations were primarily for preliminary engineering and early acquisition of rights-of-way, with some construction funding.

By 1996, implementation plans prepared by local agencies in each of the three additional Smart Streets, indicated the need for significant local and developer investment for Moulton Parkway and coordination with the California Department of Transportation (Caltrans) for Imperial Highway. Coordination of the Katella Avenue improvements with the Interstate 5 (I-5) project also presented challenges. The Board allocated the entire Measure M Smart Street Program for these four roadways in February 1997. A subsequent amendment to Measure M allowed the use of $30 million of Measure M Master Plan of Arterial Highways Program funds to complete the priority segments of these facilities.

The magnitude of the projects and heightened level of inter-jurisdictional coordination necessary to implement planned improvements has required flexibility and commitment to successfully complete the facilities. An overview of each project is provided below.

Discussion

Beach Boulevard

OCTA was the lead agency to improve Beach Boulevard as the first Smart Street. Working with Caltrans, the County of Orange, and the cities of La Habra, Fullerton, Buena Park, Anaheim, and Huntington Beach, the Beach Boulevard project was dedicated in May 1999, and is viewed as a great success. This project was programmed for $28.1 million of Measure M funds; however, the actual expenditure was $19.8 million due to construction cost savings, reimbursements, and contributions from other agencies. As a result, there was an $8.3 million savings to the Measure M Smart Street Program, which was subsequently re-allocated to the three other Smart Street corridors.

Imperial Highway

The Imperial Highway Smart Street corridor runs from the Los Angeles County line to Santa Ana Canyon Road passing through the cities of La Habra, Fullerton, Brea, Placentia, Yorba Linda, and Anaheim.

Los Angeles County Line to Rose Drive: The cities of La Habra, Brea, and Fullerton have total allocations of $19.4 million for their segments of Imperial Highway. Brea, as lead agency, is currently out to bid for construction segments in Brea, Fullerton, and Placentia. La Habra expects to be out to bid for their segment before the end of 2007.

Rose Drive to Orangethorpe Avenue (Yorba Linda): This segment has been completed and savings of more than $1 million were returned to the program and subsequently reallocated. Measure M provided $28.8 million to complete this segment of Imperial Highway, including the cost of the implementation plan prepared by the corridor cities.

Orangethorpe Avenue to Santa Ana Canyon (Anaheim): This segment was divided into three phases because of the need to coordinate construction with Caltrans' railroad grade separation at Orangethorpe Avenue. Two of the phases are completed and the third phase at the La Palma Avenue intersection is under construction. The Board recently approved $3.2 million in additional funding for this project, increasing the allocation for this segment to $14.7 million. The total Smart Street Program allocations for Imperial Highway now total $62.9 million.

Katella Avenue

The Katella Avenue Smart Street corridor runs from Interstate 605 (I-605) to I-5. The project serves the cities of Los Alamitos, Stanton, Cypress, Garden Grove, Anaheim, and the County of Orange.

I-605 to Knott Avenue (Los Alamitos): This segment has been completed except for the Knott Avenue intersection improvements. Lead agency responsibility for the intersection improvements along with the funding was transferred to the City of Stanton, since most of the proposed construction is in its jurisdiction. The total cost for the revised segment is $4.8 million.

Knott Avenue to Jean Street (Stanton, Cypress, Garden Grove, and County of Orange): The City of Stanton and the County of Orange are lead agencies for various phases of projects in this segment. Construction plans are essentially complete, right-of-way acquisition is under way, and additional inter-agency cooperative agreements are being negotiated. It is anticipated

that construction contracts for the projects will be advertised during fiscal year (FY) 2007-08. The combined allocation for this segment is $11.2 million.

Magnolia Street to Lewis Street (Anaheim): This project was an early allocation of Smart Street funds primarily for right-of-way acquisition. The project also included engineering and limited construction. The total cost was $12.4 million, including the cost of the implementation plan prepared by the City of Anaheim on behalf of the corridor agencies. The project is complete.

Jean Street to Ninth Street (Anaheim): Construction plans for this segment are essentially complete and right-of-way acquisition is nearly complete. Construction contracts are expected to be awarded in FY 2007-08. The allocation for this segment $25.5 million.

Ninth Street to I-5 (Anaheim): This segment is complete and the allocation was $11.7 million. The City of Anaheim successfully integrated Smart Street improvements in the resort area, with major improvements on the I-5 and other significant locally funded corridor construction. The total Smart Street Program allocation for Katella Avenue is $65.6 million.

Moulton Parkway

The Moulton Parkway Smart Street corridor runs from Ritchey Street in Santa Ana to Sardina in Laguna Niguel. The Measure M funded projects are in the cities of Santa Ana, Tustin, Irvine, Laguna Niguel, and the County of Orange. Moulton Parkway is alternatively known as Edinger Avenue, Irvine Center Drive, and Street of the Golden Lantern in the various jurisdictions through which it passes. Approximately three quarters of the Smart Street improvements in this corridor are being funded by County road fee programs or other developer exactions. The County of Orange received an allocation of $150,000 to prepare the implementation plan on behalf of the corridor agencies.

Ritchey Street to Red Hill Avenue (Santa Ana and Tustin): The cities of Santa Ana and Tustin are integrating the Smart Street improvements with related projects such as the revised Edinger Avenue/Newport Boulevard interchange at State Route 55. In addition, the cities have approved up to $3 million of local funding for additional costs from a joint powers developer fee program. The total allocation for this segment is $14.4 million.

Harvard Avenue to Jamboree Road (Tustin): This project had a Smart Street allocation of $0.6 million and is complete.

Jamboree Road/Edinger Avenue Interchange (Tustin): This project had a Smart Street allocation of $11.5 million and is complete.

Harvard Avenue to Lake Forest Drive (Irvine): This project, which had an original allocation of $1.1 million, has been mostly completed through developer exactions with a savings of about $0.8 million to the Smart Street Program. The remaining portion of the project, with an allocation of $0.2 million, is expected to be completed in FY 2007-08.

Aloma Avenue to Sardina (Laguna Niguel): This project was divided into three phases. Phase 1 is complete and construction of phases 2 and 3 is expected to be underway in FY 2007-08. This project has an allocation of $2.2 million, which was expended on Phase 1. The most recent cost estimate for the project is $7.6 million. Although the original cost for the project may have been significantly underestimated, the City of Laguna Niguel has indicated they will fully fund phases 2 and 3. The total allocation for the Measure M funded segments of the Moulton Parkway Smart Street corridor is $29.1 million.

Funding Analysis

All eligible segments of the three active Smart Street projects are now fully funded based on agency requests; however, the continuing volatility of construction and recently escalating real estate costs, pose future financial challenges for these projects. It is currently estimated that there is a potential additional funding shortfall of $3.5 million and $1.7 million in eligible costs for Imperial Highway and Katella Avenue, respectively. Construction contracts are expected to be let for several segments of both streets in the next 12 months. As actual construction costs become known, various options will be mutually considered for completion of the projects.

Imperial Highway Grade Separation

A related project is the Imperial Highway grade separation project at Orangethorpe Avenue and Imperial Highway. This project is funded with State Transportation Improvement Program funds, but functions as a key component of the Imperial Highway Smart Street. Construction began on February 16, 2007, with completion expected in 2010. The contract term is 850 working days. The total cost of the project including engineering, right-of-way, construction, and contingencies is approximately $90 million.

Summary

The Smart Street Program is in the midst of implementation and major project segments are completed or under construction. All of the remaining segments

are expected to be under construction or have construction contracts awarded within the next 12 months. Additional funding challenges are anticipated due to cost increases in right-of-way and construction. Staff will continue to work with the cities to monitor these projects, identify savings, and address issues as necessary to complete the funded segments.

Attachments

A. Beach Boulevard Smart Street Project
B. Imperial Highway Smart Street Project
C. Katella Avenue Smart Street Project
D. Moulton Parkway Smart Street Project

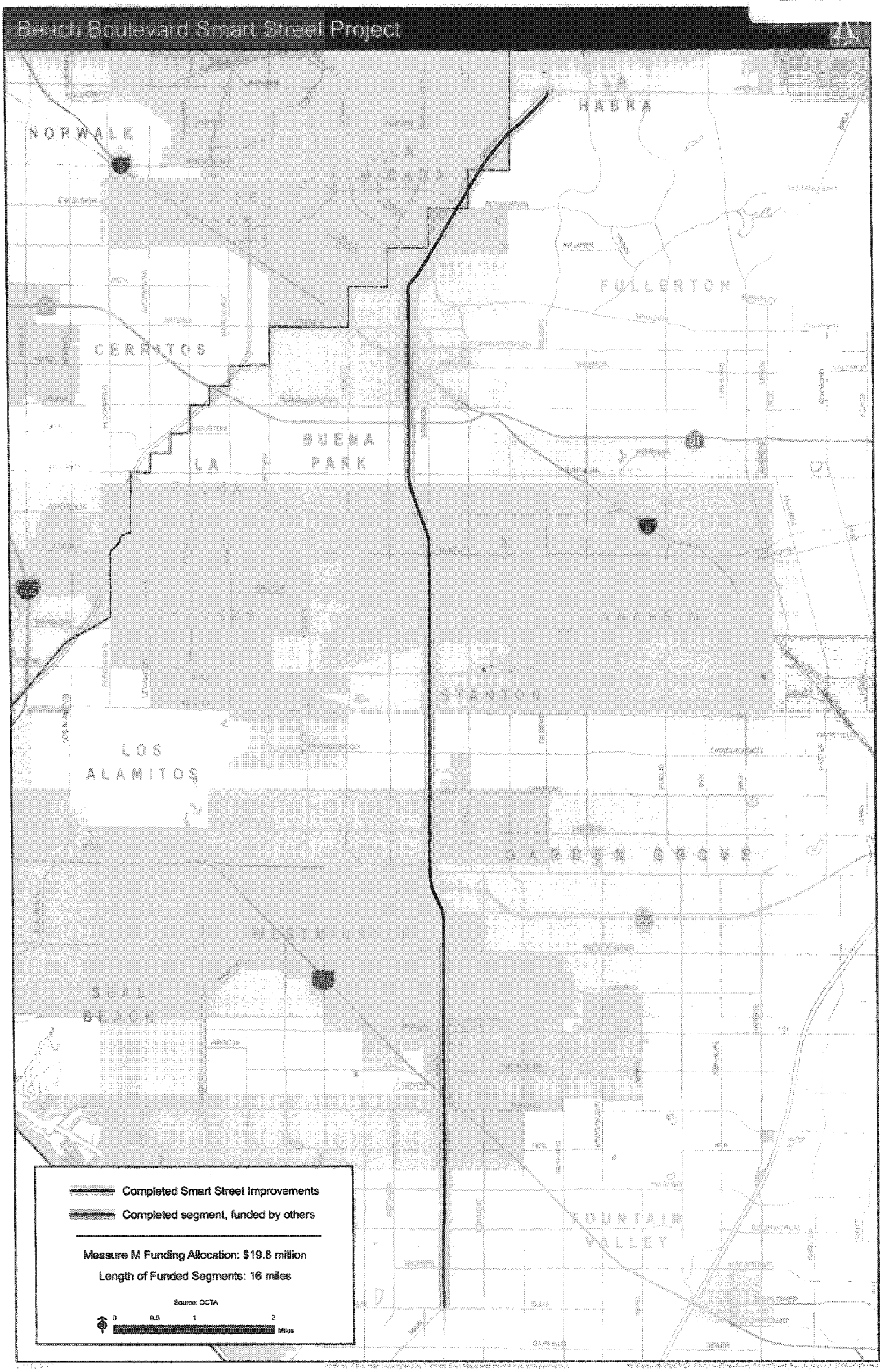
Prepared by:

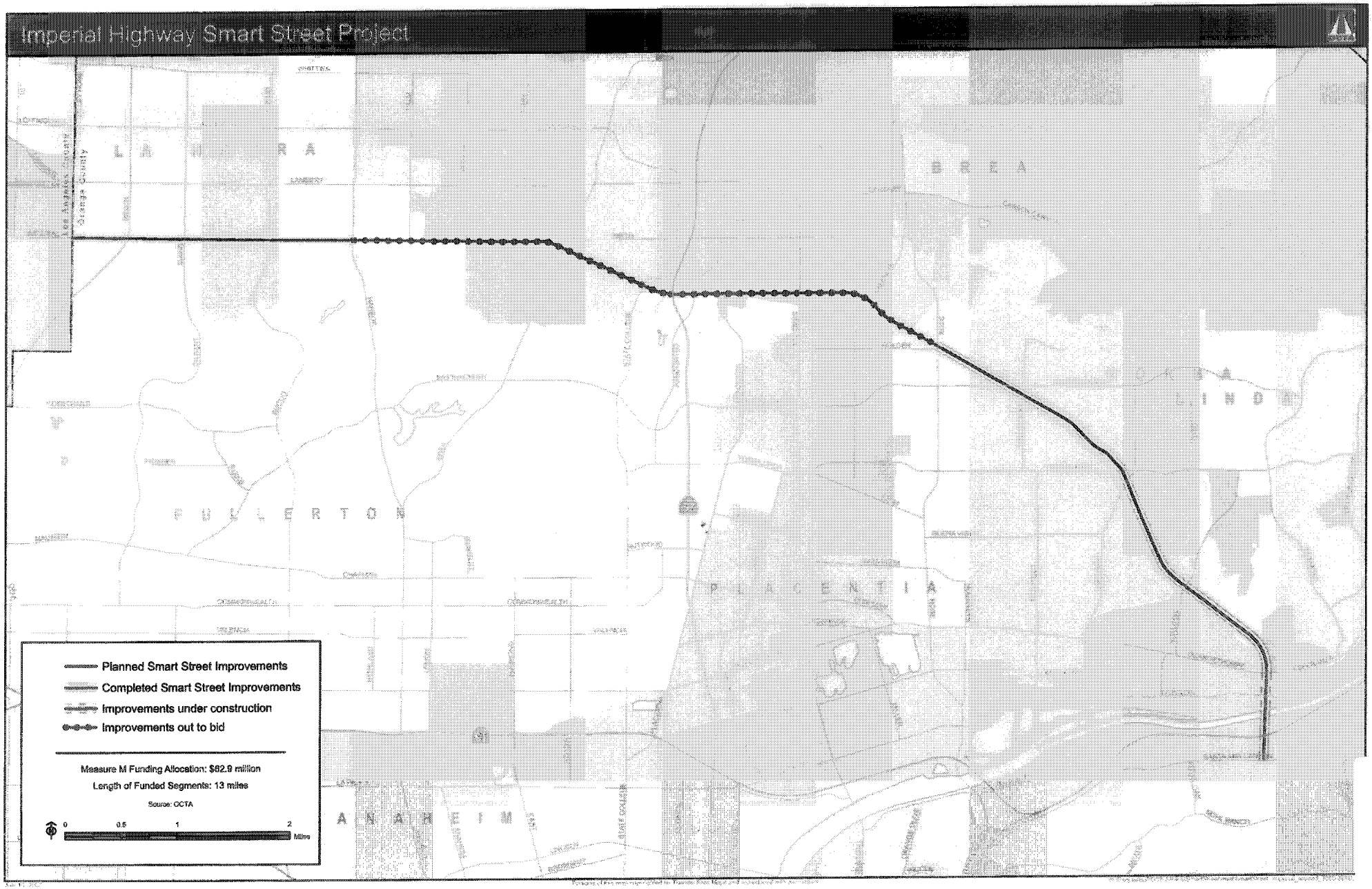
Harry W. Thomas
Project Manager, Project Delivery
(714) 560-5617

Approved by:

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

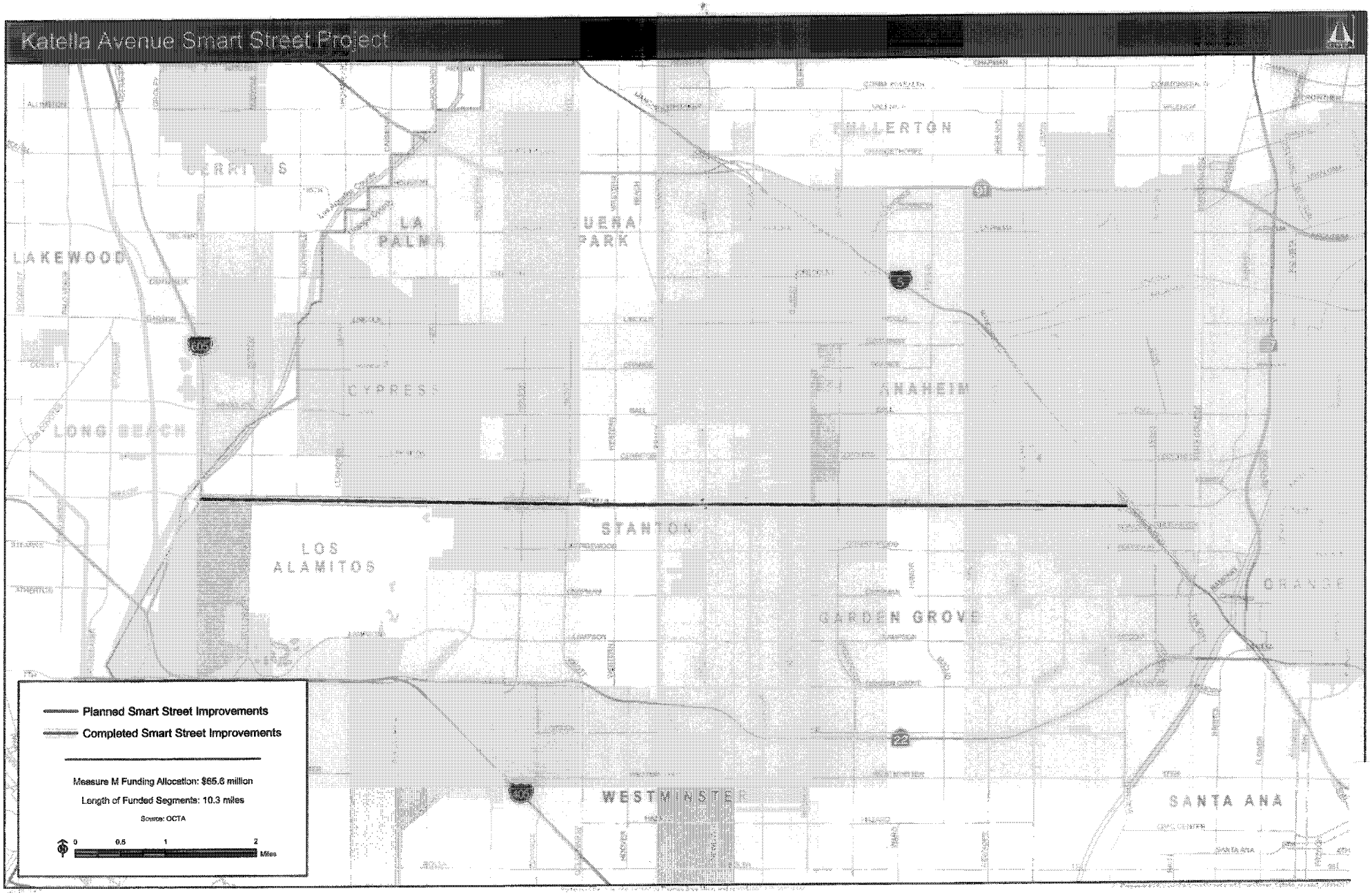
ATTACHMENT A





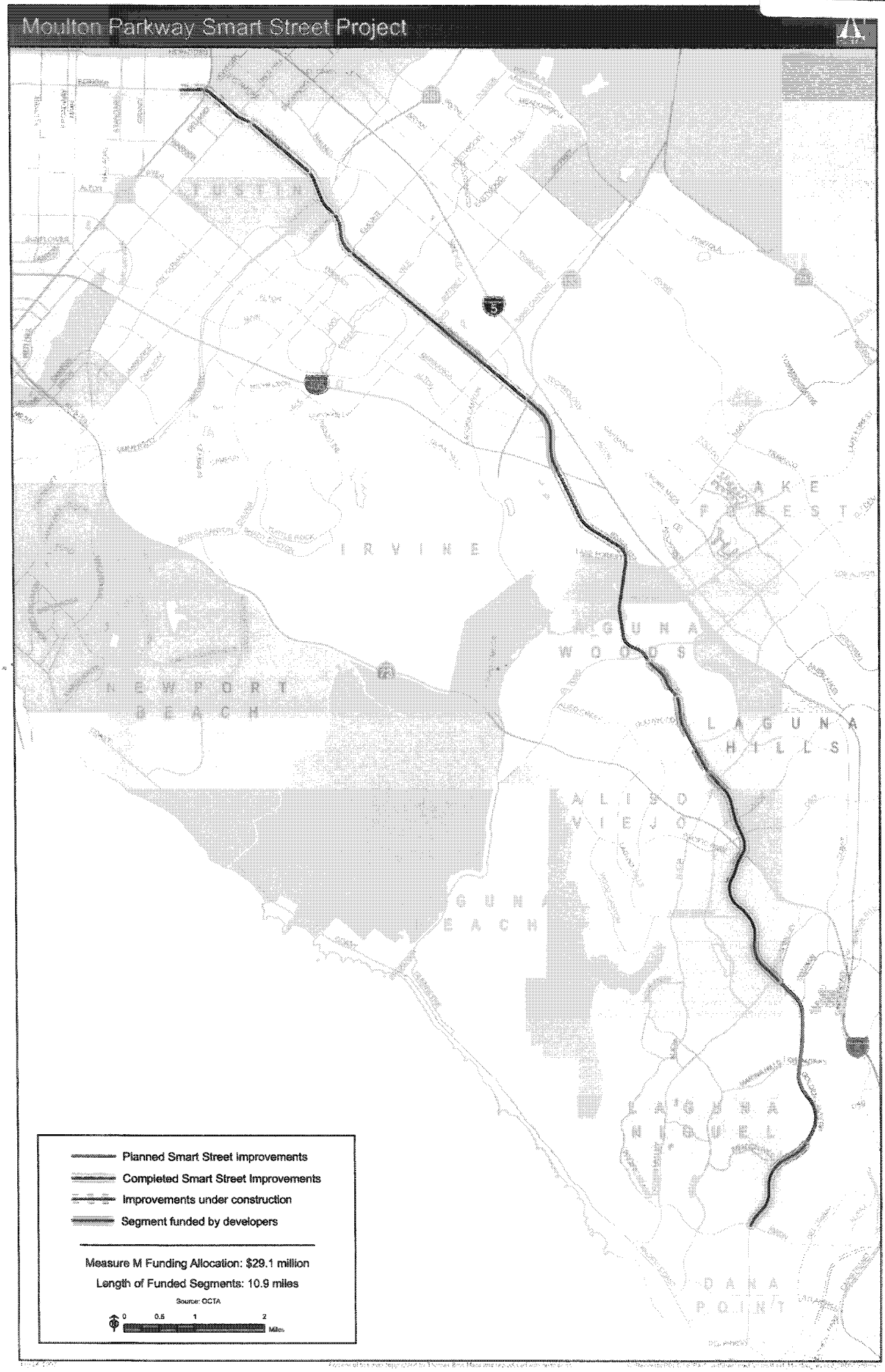
ATTACHMENT B

Katella Avenue Smart Street Project



ATTACHMENT C

ATTACHMENT D



15.

OCTA

MEMO

August 7, 2007

To: Members of the Board of Directors

WK

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.

OCTA

August 9, 2007

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Santa Ana Second Main Track Project Update and Request for Additional Funding

Overview

Construction of the Santa Ana Second Main Track project is approximately 80 percent complete. The Southern California Regional Rail Authority is the lead agency for delivery of this project. The approved project budget is $26,472,000. This report provides an update on the project and seeks authorization to increase the project budget by $715,000.

Recommendations

A. Authorize the use of $715,000 of additional Commuter Urban Rail Endowment funds for completion of the Santa Ana Second Main Track project, increasing the total project cost to $27,187,000, and amend the Orange County Transportation Authority's Fiscal Year 2007-08 Budget to reflect the increase.

B. Direct staff to continue working with the City of Santa Ana and the Southern California Regional Rail Authority to address the construction of a replacement block wall on the east side of the railroad tracks.

Background

The Santa Ana Second Main Track (SASMT) is a critical project that will improve the efficiency of train movements for existing train traffic, as well as eliminate the bottleneck that exists due to the 1.8-mile stretch of single track between 17th Street in Santa Ana and La Veta Avenue in Orange. Once completed, this corridor will have two main lines from Los Angeles to Laguna Niguel. This improvement is key to maintaining service reliability and efficiencies when the Metrolink 30-minute service is implemented.

This project is composed of the following elements:

- Construction of 1.8 miles of second main track
- Construction of a second railroad bridge over Santiago Creek
- Realignment of portions of Lincoln Avenue
- Construction of a decorative barrier wall between Lincoln Avenue and the railroad right-of-way
- Modifications to four at-grade crossings, including addition of second track, median barriers, signal warning devices, three-quadrant gates, profile adjustments, and concrete panels
- Right-of-way acquisition needed as part of the project
- Extensive utility modifications, including water and sewer lines, and a 66-inch storm drain facility
- Reconstruction of curb and gutter and repaving of major portions of Lincoln Avenue
- Construction of a block wall on the east side of the railroad tracks at the back of the residential properties.

This project went through an extensive environmental analysis and City of Santa Ana (City) review, which resulted in a settlement agreement between the Southern California Regional Rail Authority (SCRRA) and the City. Numerous issues were addressed in the agreement, including utility modifications and upgrades, enhancements paid for by the project such as a decorative wall along the east side of Lincoln Avenue to screen the railroad tracks, and construction of a replacement block wall on the east side of the railroad tracks to aesthetically enhance the area.

The approved project budget is currently at $26,472,000, which includes design, construction, construction management, and project administration costs. Project funding for the SASMT is comprised of funds from the State Highway Account, State Public Transportation Account, and the Orange County Transportation Authority's (OCTA) Commuter Urban Rail Endowment (CURE) funds as shown in Attachment A.

Discussion

Implementation of the SASMT project began in 2004 with the construction of the second railroad bridge over Santiago Creek. Construction of the major project elements began in 2006. The project is approximately 80 percent complete with completion expected by September 30, 2007. In June 2007, as part of the regular construction meetings between SCRRA and OCTA, SCRRA staff

informed OCTA that the project would incur additional costs above the project contingency.

The increased cost can be primarily attributed to the utility relocations and upgrades associated with this project and the resulting six-month time extension to the project schedule, which increased support costs. The original project scope included the construction of a new reinforced concrete pipe storm drain system, approximately 2,200 feet long, and a retaining wall between Santa Clara Avenue and 17th Street in the City. The contractor encountered unforeseen utilities in this area such as an 8-inch water main and a 12-inch sewer interference, which required construction of a reinforced concrete box and utility re-arrangements. Another unanticipated utility relocation was undertaken when a wall adjacent to Lincoln Avenue was being constructed. An existing 12-inch sewer line and a 20-inch water line required relocation to avoid other existing utilities between Fairhaven Avenue and Santa Clara Avenue. Additional materials were required and the construction sequencing had to be adjusted to minimize loss of time and support services.

The SCRRA recently provided OCTA with a project budget update, including a revised estimate at completion (EAC), which is $ 2,335,000 over the previously approved budget. The existing project budget includes $1.62 million that was allocated for the construction of the replacement block wall along the east side of the railroad right-of-way. The replacement block wall is not in the current construction contract because consent and approvals were unable to be secured from the homeowners affected. The SCRRA has used its best faith efforts but has been unable to gain 100 percent approval for the replacement wall, which is required by the settlement agreement, prior to construction of the wall. OCTA, the City, and SCRRA have met to discuss the status of the replacement block wall. At this time, SCRRA is exploring several alternatives, and will continue working closely with the City and OCTA to achieve the intent of the settlement agreement. Meanwhile, by using the $1.62 million currently budgeted for the replacement block wall, the anticipated net funding shortfall can be reduced to $715,000. This anticipated cost is included in the revised EAC, bringing the total project cost to $27,187,000, net of the cost for a replacement block wall.

Staff from SCRRA plan to go to its Board of Directors in late August to request approval of a change order. Due to the timing of the SCRRA and the OCTA Board of Directors meetings, and the need for timely approval of contract change orders, OCTA staff is seeking authorization to increase the project budget by $715,000, and to use $1.62 million, which was originally set aside for the replacement block wall, toward funding the completion of the construction project.

Next Steps

The main construction effort is expected to be completed in late September. Once the current contract is complete, there will be follow-up work required to be done by SCRRA. Two grade crossings, Fairhaven Avenue and Santa Clara Avenue, require modifications to address changes in vehicle and truck traffic circulation, which were not encountered in the original project design. It is anticipated that these modifications will be addressed through the OCTA grade crossing improvement program or under a separate contract.

Alternatives to the replacement block wall are currently being explored. It may be possible to apply a "surface" treatment to the existing wall, which will match the decorative wall on the opposite side of the tracks. The project also includes a window replacement program for residences adjacent to the railroad track. Windows that open toward the railroad are being replaced with double-paned glass as part of the settlement agreement. Some additional window replacements, not identified in the original document, are eligible for replacement and will be addressed as a follow-on project.

Depending on the final outcome of negotiations regarding alternatives to the replacement block wall, changes to grade crossings, and window replacement, additional funding may be requested at a future date.

Originally, SCRRA considered including these follow-on project elements in the existing contract, but was unable to come to an agreement with the current contractor. In lieu of extending the construction contract for more time and money, it was determined that it would be more cost effective to address the follow-on projects separately.

Fiscal Impact

The funding associated with this budget increase was not included in OCTA's Fiscal Year 2007-08 Budget and will require a budget amendment to Development Division, Account 0093-7831/A0001-DSD.

Summary

Construction of the SASMT project is nearing completion. A budget increase of $715,000 in funds is being requested to fund the increased costs expected to be incurred by the project.

Attachment

A. Project Source and Use of Funds

Prepared by:

Dinah Minteer
Manager, Metrolink Expansion Program
(714) 560-5740

Approved by:

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

ATTACHMENT A

Project Source and Use of Funds

Source of Funds	Approved Budget*	Additional Request	Proposed Budget
State Highway Account	$8,829,000		$8,829,000
State Public Transportation Account	8,640,000		8,640,000
CURE	9,003,000	715,000	9,718,000
Total	**$26,472,000**	**715,000**	**27,187,000**

Use of Funds by Phase	Approved Budget*	Additional Funds	Proposed Budget
Design	$2,264,000	$147,000	$2,411,000
Construction	20,777,000	$230,000	$21,007,000
Const. Management	1,458,000	$198,000	$1,656,000
Contract Admin.	1,973,000	$140,000	2,113,000
Total	**$26,472,000**	**$715,000**	**$27,187,000**

*Includes $1,620,000 previously allocated to replacement block wall.

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Excess Liability Insurance Renewal

Finance and Administration Committee — July 25, 2007

Present: Directors Bates, Buffa, Brown, Campbell, Cavecche, Moorlach, and Nguyen
Absent: Director Amante

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to issue Purchase Order A03247, in an amount not to exceed $600,000, to Marsh Risk and Insurance Services, Inc., for the purchase of excess liability insurance for the period of November 01, 2007 to October 31, 2008.

OCTA

July 25, 2007

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Excess Liability Insurance Renewal

Overview

The Orange County Transportation Authority currently has excess liability insurance policies with Everest National Insurance Company and Great American Custom Insurance Services. These policies are scheduled to expire on October 31, 2007.

Recommendation

Authorize the Chief Executive Officer to issue Purchase Order A03247, in an amount not to exceed $600,000, to Marsh Risk and Insurance Services, Inc., for the purchase of excess liability insurance for the period of November 01, 2007 to October 31, 2008.

Background

The Orange County Transportation Authority (OCTA) has been self-insured for liability claims since 1977 and currently maintains a self-insured retention (SIR) of $5 million per claim. In addition, OCTA purchases $20 million in excess liability insurance above the current SIR to provide financial protection against potentially high exposure liability losses.

Excess liability insurance is a type of insurance policy purchased by OCTA to protect against liability claims for bodily injury and property damage arising out of premises, all operations including the 91 Express Lanes, products and completed operations, advertising and personal injury liability, errors and omissions liability (including public official's coverage), employment practices, and employee benefit liability.

The $20 million in excess liability insurance is provided by two insurance carriers, Everest National Insurance Company (Everest) and Great American Custom Insurance Services (a member of the Great American Insurance

Companies). Everest provides coverage of $10 million in excess of OCTA's $5 million SIR for a premium of $339,966. In addition, Great American Custom Insurance Services provides an additional $10 million in coverage to OCTA beyond the Everest policy, for a premium of $98,940. A summary of the current policies, including coverage limits are outlined in Attachment A. The total premium for both policies is $438,906. These policies are scheduled to expire on October 31, 2007.

The OCTA's Broker of Record, Marsh Risk and Insurance Services, Inc. (Marsh), will provide marketing and placement of the excess liability insurance coverage for this renewal. Marsh is paid a flat fee of $110,000 for marketing and placing all property and casualty insurance per Agreement C-7-0632 approved by the Board on May 29, 2007. By agreement, Marsh does not earn any additional compensation or commission for their services. The contract further requires that any commissions offered by insurers will offset OCTA's premiums.

Marsh is currently contacting the insurance market for competitive quotes for the renewal of OCTA's excess liability insurance coverage. Marsh has been directed to explore multi-year policy options to entice carriers to reduce rates in exchange for a possible long-term commitment, and not to disclose broker compensation to prospective insurers to avoid having them net the broker's commission against their quoted premiums.

On November 8, 2006, the Finance and Administration Committee directed staff to follow a five-point process in the procurement of all insurance coverages and to submit a staff report to the Board of Directors for review and approval of this process.

The Finance and Administration Committee provided the following for all future OCTA insurance procurements:

1. There shall be an annual review of all insurance coverages by the Finance and Administration Committee. This shall include renewal dates, areas of liability, coverage amounts, and insurance carrier information. This review shall take place at the second Finance and Administration Committee meeting in May each year. The insurance coverage and renewal schedule will also be included in the budget workshop material that is presented annually to the Board of Directors.

2. All premiums and other compensation to insurance brokers and for insurance coverages shall be fully disclosed and presented to the Finance and Administration Committee for review on an annual basis. Any

proposed changes to premiums and compensation paid to insurance brokers will be presented to the Finance and Administration Committee for approval as changes occur during the year.

3. The Finance and Administration Committee shall be presented with a staff report for each planned insurance renewal at least 90 days in advance of the policy expiration. A copy of the Risk Review and Renewal Strategy Plan that has been agreed to by the OCTA's Risk Manager and OCTA's Broker of Record will be included as part of the staff report. The Risk Review and Renewal Strategy Plan will be discussed with the Finance and Administration Committee as part of each insurance renewal process.

4. Staff reports shall include a list of all companies that will be solicited on behalf of OCTA by its Broker of Record. Staff reports shall also fully disclose all insurance bids received including any compensation offers associated with the bids. A transparency disclosure form from the Broker of Record will be provided to the Finance and Administration Committee as part of the insurance renewal process.

5. Staff will require OCTA's Broker of Record to attend all Committee and Board meetings when insurance awards are on the agenda.

Staff will be certain that there is full compliance to these guidelines during this excess liability renewal.

Discussion

Eleven insurance carriers that currently write public transportation excess liability insurance policies are being contacted for renewal quotes. These insurers have the financial capacity to provide the protection OCTA requires and have experience providing coverage to public transportation agencies that are permissively self-insured in the State of California. These carriers have an AM Best financial rating of A-7 or better:

- Everest Indemnity Insurance Company
- Catlin Specialty Insurance Company
- XL America Group
- American International Group Specialty
- Lexington Insurance Company
- Discover Reinsurance Casualty Company
- Arch Insurance Company
- Great American Insurance Company
- ACE American Insurance Company

- RSUI Indemnity Company
- Allied World Assurance Company, LTD.
- Swiss Re America Group

OCTA has been insured for excess liability since 1991 and has experienced only one claim with a value in excess of $5 million that required payment by an excess liability insurer. This favorable loss history and OCTA achievements like winning the 2007 American Public Transportation Association Safety Award may place OCTA in a better position to reduce the current $5 million SIR and to further reduce excess liability insurance premiums.

As outlined on page two of Attachment B, Marsh indicates that the current excess liability marketplace can be categorized as "soft" and due to the current market conditions, OCTA can expect a 10-15 percent premium rate reduction without any changes to OCTA's current $5 million SIR. However, it is expected that premium rate reductions will be lessened if OCTA elects to reduce the current $5 million SIR.

Fiscal Impact

The premium for this insurance policy was approved in OCTA's Fiscal Year 2008 Budget, Finance, Administration, and Human Resources Division, Risk Management Department, Account 0040-7562-A0017-DTN, and is funded through the General Fund.

Summary

Based on the information provided, staff recommends the approval to authorize the Chief Executive Officer to issue Purchase Order A03247, in an amount not-to-exceed $600,000, to Marsh Risk and Insurance Services, Inc., for the purchase of excess liability insurance for the period of November 01, 2007 to October 31, 2008.

Attachments

A. Orange County Transportation Authority, Summary of Insurance
B. November 1, 2007 Excess Liability Risk Review and Renewal Strategy Plan

Prepared by:

Al Gorski
Manager,
Risk Management
(714) 560-5817

Approved by:

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

SUMMARY OF INSURANCE

PUBLIC ENTITY EXCESS LIABILITY

Carrier:	**Everest National Insurance Company**	
Broker:	**Marsh USA Inc.**	
Policy Number:	71P3000002-061	
Policy Term:	November 01, 2006 to November 01, 2007	
Limits of Liability:	Products-Completed Operations Hazard Aggregate	$10,000,000
	Public Officials Errors and Omissions Liability Aggregate	$10,000,000
	Employment Practice Wrongful Acts Aggregate	$10,000,000
	Employee Benefit Liability Aggregate	$10,000,000
	Per Occurrence, Wrongful Act, Empl. Benefit	$10,000,000
	Per Employment Practice Liability	
Retained Limit:	Any One Occurrence	$5,000,000
	Any One Employment Practice	$5,000,000
Defense Costs:	Are paid in addition to the limits	
Coverage Trigger:	Occurrence	
Terms and Conditions as Per Coverage Form:	EUM00 514 06 06	
Notable Endorsements (At Policy Inception):	Nuclear Energy Liability Exclusion Endorsement (Broad Form)	
	California Changes – Cancellation and Nonrenewal	
	Cap On Loses From Certified Acts of Terrorism	
	Amendment For Transit Agencies	
	Reimbursement of Defense Costs For Employment Practice Liability Wrongful Act	
	• If Allegations Arising Solely Out of an Employment	

This document is only a synopsis of coverage and intended for use as a reference. The actual policy contains exclusions and/or limitations not summarized herein. The actual policy should be consulted for full coverage terms and conditions, including any endorsements that may be issued after the policy inception.

Practice Liability Wrongful Act Are Not Proven After A Trial by a Final Judgment We Will Reimburse You For Up To 50% of Reasonable Defense Costs, Subject To The Terms By This Policy And Subject To a Maximum of $250,000

Amendment of Limit of Liability – Defense Costs

- All Expenses That We Incur in The Defense of Any Claim or Suit Are in Addition to and Will Not Erode the Limits of Insurance

Policy Premium:	$339,966.00
TRIA Premium:	$ 6,666.00 (included)
Minimum Premium:	$339,966.00

This document is only a synopsis of coverage and intended for use as a reference. The actual policy contains exclusions and/or limitations not summarized herein. The actual policy should be consulted for full coverage terms and conditions, including any endorsements that may be issued after the policy inception.

ORANGE COUNTY TRANSPORTATION AUTHORITY

SUMMARY OF INSURANCE

EXCESS LIABILITY

Carrier:	**Great American Assurance Company**		
Broker:	**Marsh USA Inc.**		
Policy Number:	EXC 9252652		
Policy Term:	11/01/2006	to 11/01/2007	
Limits of Liability:	Aggregate, where applicable		$10,000,000
	Each Occurrence		$10,000,000
	In excess of:		Underlying
Defense Costs:	Are paid in addition to the limits		
Coverage Trigger:	Occurrence (Employee Benefits Liability is claims-made)		
Terms and Conditions as Per Coverage Form:	GAI 6524 6/97 XS.		
Notable Endorsements (At Policy Inception):	Employment Related Practices Exclusion		
	Intellectual Property Exclusion		
	Silica or Related Dust Exclusion		
	Discrimination Exclusion		
	Economic and Trade Sanctions Condition		
	Violation of Statutes in Connection With Email, FAX or Phone Call Exclusion		
	Professional Liability Exclusion		
	Uninsured/Underinsured Motorist Exclusion		
	Care, Custody or Control Exclusion – Real or Personal Property		
	Pollution Liability Coverage – Follow Form		
	Disclosure Pursuant to Terrorism Risk Insurance Act		
	CAP on Losses From Certified Acts of Terrorism		
	Amendment of Cancellation Condition – California (60/10 days)		

This document is only a synopsis of coverage and intended for use as a reference. The actual policy contains exclusions and/or limitations not summarized herein. The actual policy should be consulted for full coverage terms and conditions, including any endorsements that may be issued after the policy inception.

ORANGE COUNTY TRANSPORTATION AUTHORITY

SUMMARY OF INSURANCE

Policy Premium:	$98,940.00
TRIA Premium:	$ 1,940.00 (included)

This document is only a synopsis of coverage and intended for use as a reference. The actual policy contains exclusions and/or limitations not summarized herein. The actual policy should be consulted for full coverage terms and conditions, including any endorsements that may be issued after the policy inception.

ATTACHMENT B

MARSH

Craig Morris
Senior Vice President

Marsh Risk & Insurance Services
4695 MacArthur Court, Suite 700
Newport Beach, CA 92660
California Insurance License # 0437153
949 399 5872 Fax 949 833 9518
craig.m.morris@marsh.com
www.marsh.com

July 5, 2007

Mr. Al Gorski
Manager, Risk Management
Orange County Transportation Authority
550 S. Main Street
Orange, CA 92863-1584

Subject:
November 1, 2007 Excess Liability Risk Review and Renewal Strategy Plan

Dear Al:

Thank you for the time you and Lorie spent with Stephanie and me on Tuesday, July 3, 2007 to outline your renewal goals and objectives for OCTA's November 1, 2007 Excess Liability insurance renewal. The following summarizes our discussion.

Recap of Risk Identification Review Discussion:

- OCTA is the county's primary transportation agency and continues to provide an efficient and safe transportation system for its residents and visitors. There have been no changes in operations this year.
- Measure M, the ½ cent sales tax approved by the voters in 1990 to improve transportation in the County has been renewed and will provide OCTA with $11.8 billion over the next 30 years beginning in 2011.
- OCTA has begun installing cameras on buses and plans to expand their use into the 299 new buses being purchased over the next two years.
- OCTA plans to transition from LNG to CNG as the fuel for operating buses.

Recap of Renewal Strategy Meeting Discussion and Deliverables:

- We reviewed the current excess liability program structure.
  - OCTA's purchases a total of $20,000,000 excess liability limits above a $5,000,000 self insured retention.
  - Everest National Insurance Company, new to OCTA's program in 2006, provides the primary excess limit of $10,000,000. Excess liability insurance is a type of insurance policy purchased by OCTA to protect against liability claims for bodily injury and property damage arising out of premises, operations, products, and completed operations; advertising and personal injury liability; errors and omissions liability (including public official's coverage); employment practices and employee benefit liability.

  - Great American Assurance Company provides the secondary $10,000,000 limit of excess liability coverage above Everest. Great American's policy follows the underlying Everest policy, but does not include coverage for Employment Practices Liability.
  - Both Everest and Great American are admitted carriers and participated in the California Insurance Guarantee Fund. Both of the OCTA's prior years carriers were non admitted.

- OCTA's historical loss experience has been very good. There are only one claim that have exceeded OCTA's SIR and both were paid by Clarendon, OCTA's previous carrier.
- We discussed the state of the current excess liability marketplace which can be categorized as "soft". There is adequate capacity as new carriers, such as Catlin, have entered the transit marketplace. Coincidently, Clarendon, OCTA's previous carrier, has decided to exit the market and is no longer writing transit risks. Based upon the state of the current marketplace, OCTA can expect a 10-15% rate reduction on the cost of their excess liability program at renewal. However, any reductions in OCTA's SIR may result in a less of a premium rate reduction.

- The goals for the renewal are:
  - Obtain a rate reduction of 10 -15% at the current SIR level.
  - Provide options for $2, 3, 4 and 5 million Self Insured Retentions.
  - Include Employment Practices Liability coverage for the full limits of the program.
  - Ensure that Defense Costs are outside the limit of liability
- We agreed to fully market OCTA's Excess Liability risk to all markets A-7 or better that have experience with transit agencies. Specifically you would like us to seek proposals from the following markets:

  - Everett National Ins. Company through C.V. Starr – admitted
  - XL America Group – admitted
  - Arch Insurance Company – non admitted
  - Allied World Assurance Company, Ltd. – non admitted
  - Great American Ins. Company – admitted
  - Lexington Insurance Company – non admitted
  - ACE USA – admitted
  - Swiss Re America Group – non admitted
  - Catlin Specialty Ins. Company – non admitted
  - Discover Reinsurance Casualty Company – non admitted
  - RSUI Indemnity Company – non admitted

In approaching these markets on your behalf, you have further directed Marsh to disclose the following information as part of our negotiating process:

- The names of the incumbent insurers and other prospective insurers to prospective insurers;
- Provide a specific price, range of prices or prioritization of terms that you seek in purchasing insurance;
- The structure, language and/or pricing of the expiring policy;
- Disclose aspects of the quote (including price, structure, and/or policy language) of a prospective insurer to other prospective insurers.

If during the marketing process you would like Marsh to provide the incumbent carriers with an opportunity to submit an improved quote after all other competing final quotes have been received, sometimes referred to as a "last look" please provide me with written direction to that effect.

Our agreed upon timeline reflects these key dates:

Excess Liability

▪ Renewal Strategy Meeting	07/03/07
▪ Staff Report due	07/06/07
▪ Updated renewal information from OCTA	07/31/07
▪ Renewal specifications sent to market	08/11/07
▪ Carrier quotes due	09/14/07
▪ Presentation to OCTA	09/21/07
▪ F&A Committee Meeting	09/26/07
▪ Board Meeting	10/05/07
▪ Approval from OCTA to bind coverage	10/17/07
▪ Provide confirmation of coverage to OCTA	10/24/07
▪ Coverage renews	11/01/07

It was very beneficial for us to meet and we appreciate the time you spent with us. We look forward to a successful renewal of your program.

Sincerely,

Craig Morris
Senior Vice President

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Agreement to Ciber, Inc. for Human Resource and Payroll Software Upgrade

Finance and Administration Committee — July 25, 2007

Present: Directors Bates, Buffa, Brown, Campbell, Cavecche, Moorlach, and Nguyen
Absent: Director Amante

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0776 between the Orange County Transportation Authority and Ciber, Inc., in an amount not to exceed $758,422, to complete the upgrade and implementation of two new software modules.

OCTA

July 25, 2007

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Agreement to Ciber, Inc. for Human Resource and Payroll Software Upgrade

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, the Orange County Transportation Authority has planned an upgrade to the Lawson Software Human Resources and Payroll Information System. The project will consist of an application upgrade to version 9.0 and the implementation of Lawson Software's Absence Management and Time and Expense modules. 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 Agreement C-7-0776 between the Orange County Transportation Authority and Ciber, Inc., in an amount not to exceed $758,422, to complete the upgrade and implementation of two new software modules.

Background

The Orange County Transportation Authority (Authority) implemented Lawson Software (Lawson) Human Resources and Payroll Information System program in fiscal year (FY) 2003-04 at a total cost of $2,713,668. The program has been in production since September 27, 2004.

As a normal course of improving and advancing the solution to keep pace with user demands and evolutions in technology, Lawson releases periodic software upgrades that clients are entitled to under the terms of their software maintenance agreements. Lawson releases major upgrades approximately every two to three years. It is important not to allow an implemented program to lag too far behind in the application of these upgrades. If upgrades are

significantly delayed or skipped, future upgrades can be much more complicated and expensive to implement and the Authority does not reap the full benefit of its maintenance investment and the improvements in capabilities and features the upgrades carry. During the implementation of the Lawson solution in FY 2003-04, a major Lawson upgrade was released. The timing of the upgrade release was such that the Authority chose not to deploy the upgrade due to the disruption and risk it would introduce to the implementation project.

Among other features in the upgrade, the Authority will take advantage of Lawson's new absence management module. In addition to allowing the Authority to eliminate one of the more complex modifications made during the original implementation, Lawson's absence management for government directly addresses two Human Resources challenges: managing absences by position and providing up-front allotments with automated adjustments for actuals compared with allotted balances. Specifically, it will help Human Resources create multiple plan types to track accrual balances by employee group, facilitate the automation of the Authority's complex union environment, and accurately calculate and track leave of absence eligibility and time balances by position.

The Authority will also implement an additional Lawson software feature known as the Time and Expense module. The Time and Expense module will allow administrative staff to enter their time records electronically using pull down menus to assign appropriate project codes to their hours, which, in addition to being a convenience factor, will reduce the number of timesheet coding errors. Upon completion, the electronic timesheets will be automatically routed to the appropriate supervisors for approval before being sent to Payroll. Electronic entry of timesheets will greatly reduce the amount of manual entry currently required by payroll staff to process the paper timesheets that are currently being used by administrative employees.

The elimination of other Lawson modifications will be evaluated during the upgrade process. This represents one of the ongoing objectives of the Authority: to leverage improvements in the system to eliminate custom modifications that are costly to maintain.

The Authority requires the help of professional services to implement this upgrade and new software.

Discussion

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

The Request for Proposals was sent electronically to 1,697 firms. A pre-proposal meeting was held on May 9, 2007, and attended by three firms.

On May 30, 2007, three offers were received. An evaluation committee composed of Authority staff representing Information Systems, Contracts Administration and Materials Management, Payroll, and Human Resources was established to review all offers submitted. The offers were evaluated based on qualifications of the firm, staffing, work plan, and price. Based on its findings, the evaluation committee recommended the following short-listed firms for further consideration.

Firm and Location

Ciber, Inc.
San Diego, California

Lawson Software
Irvine, California

The evaluation process continued with vendor interviews. The evaluation committee considered the vendor's clarity of presentation, firm's experience, knowledge of key staff members, and ability to answer questions.

Following the interviews, a request for a Best and Final Offer (BAFO) was sent to both short-listed firms, Ciber, Inc. and Lawson Software. Based on the two remaining short-listed vendors' BAFOs and their final scores, the evaluation committee found Ciber, Inc. and its proposed upgrade team to be the best qualified.

In addition to providing the lowest cost bid, Ciber, Inc. proposed a strong project management team, displayed a thorough understanding of the Authority's proposed work plan, and is a customer service driven firm.

Ciber, Inc. was incorporated in 1974 and currently has more than 1,100 Lawson clients and has provided support for over 1,400 Lawson upgrades. Ciber, Inc. employs 350 people in its Enterprise Solutions Group, 70 of which are certified Lawson consultants, and to date has accrued more than 1.5 million Lawson consulting hours. Ciber, Inc. is a Lawson Certified Partner and from 1996 to 2002 developed all of Lawson's upgrade software used in Lawson's software releases.

Ciber, Inc. has proposed to subcontract the software installation portion of the upgrade project to Lawson. Lawson Software completed the original implementation of the Lawson Human Resources and Payroll system. Sub-contracting to Lawson affords Ciber, Inc. the opportunity to leverage the lessons learned and the knowledge gained from the original consultants and minimizes the learning curve.

Ciber, Inc.'s Enterprise Solutions Group will provide consulting and education at various points in the project, and will provide the technical consulting recommended in each phase of the project.

Fiscal Impact

The cost of this project can be accommodated within the existing budget appropriation for fiscal year 2007-08. Expenses will be charged to Account 2928-9028-IX042-CV6.

Summary

Staff recommends approval of Agreement C-7-0776 between the Orange County Transportation Authority and Ciber, Inc., in an amount not to exceed $758,422, to upgrade the Lawson software applications to version 9.0 and implement Lawson's Absence Management and Time and Expense modules.

Attachment

None.

Prepared by:

Lloyd Sullivan
Project Manager III
Information Systems
(714) 560-5957

Approved by:

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

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: ACCESS Performance Measurements Update

Transit Planning and Operations Committee — July 26, 2007

Present: Directors Brown, Green, Moorlach, Nguyen, Norby, and Winterbottom
Absent: Directors Dixon and Pulido

Committee Vote

This item was passed by all Committee Members present.

Director Norby was not present to vote on this item.

Committee Recommendation

Receive and file as an information item.

OCTA

July 26, 2007

To: Transit Planning and Operations Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: ACCESS Performance Measurements Update

Overview

At the June 25, 2007, Board of Directors meeting, staff provided the final report of Veolia's 90-day evaluation period. The report indicated that ACCESS service quality has stabilized and is continuing to improve. At that time, the Board of Directors approved continuing the contract with Veolia and directed staff to continue to provide monthly reports on ACCESS service performance measurements to the Board of Directors. The following report provides updated performance measurement data for ACCESS service.

Recommendation

Receive and file as an information item.

Background

At the March 26, 2007, Board of Directors meeting, the evaluation period that Veolia was under was extended for 60 days, until May 31, 2007. At that time, staff was directed to continue to provide weekly written updates, monthly presentations to the Transit Planning and Operations Committee, and a monthly consent calendar item to the Board of Directors. At the June 25, 2007, Board of Directors meeting, the final report of this evaluation period was given. At that time, the Board of Directors approved continuing the contract with Veolia and directed staff to continue to provide monthly updates for the next 90 days, then quarterly thereafter, on ACCESS service to the Board of Directors.

Discussion

Veolia and the Orange County Transportation Authority (Authority) staff have continued to work closely to monitor ACCESS service quality. The contractual performance standards that are monitored on a daily basis include on-time

performance, service delivery failure, and customer comments. All three indicators began showing positive trends in February and have shown signs of the service quality stabilizing.

On-time performance has met or exceeded the 94 percent on-time performance standard since April. On-time performance averaged 95.47 percent for the month of April, 95.25 percent for the month of May, and 96.37 percent for the month of June (Attachment A). Service delivery failures, or trips in excess of 120 minutes late, have dramatically decreased to an average of less than seven per week (Attachment B).

In January 2007, customer comments began to consistently decline. The most common customer comments have been buses running behind schedule, driver no-show, reservation operator error, schedule error, and dispatch error (Attachment C). Customer comments citing driver no-shows have increased from 25 in May to 37 in June. In addition, customer comments relating to driver judgment increased from 24 in May to 41 in June.

While the trend line shows a spike in the number of customer comments during the week of June 24, 2007, the total customer comments decreased from 203 in May, to 191 in June (Attachment D). Community Transportation Services (CTS) staff reviews customer comments on a daily basis, investigates each incident and closely follows trends. CTS staff works with Veolia staff to address service quality issues identified by trends.

Summary

Veolia has continued to stabilize and improve the quality of ACCESS service. Staff will continue to provide monthly reports for the next 90 days, then quarterly thereafter, that detail ACCESS performance measurement data.

Attachment

A. On-time Performance
B. Service Delivery Failure
C. Top Five Complaints
D. Weekly Complaints

Prepared by:

Curt Burlingame
Section Manager
Community Transportation Services
714-560-5921

Approved by:

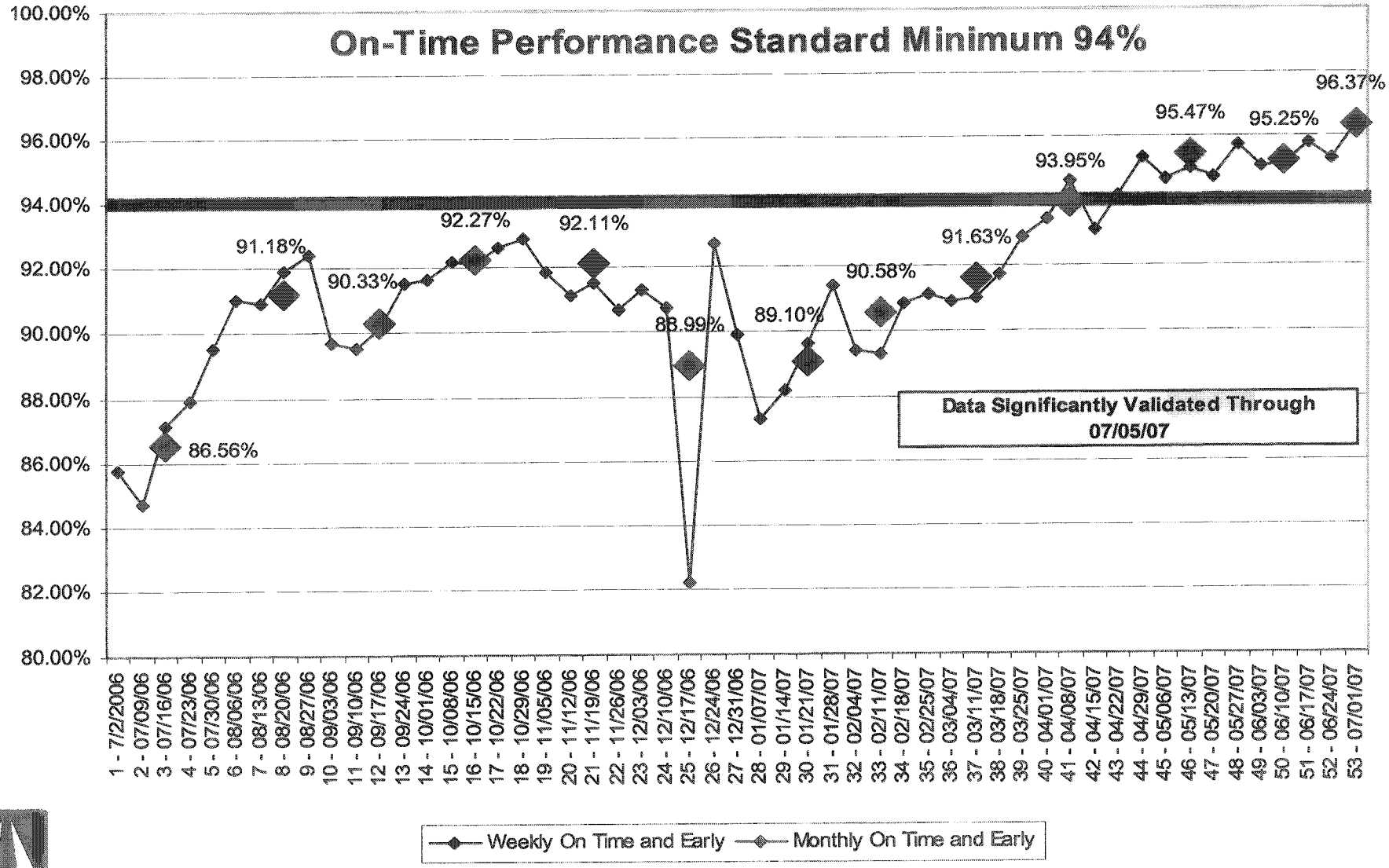
Beth McCormick
Acting General Manager, Transit
714-560-5964

AN UPDATED ATTACHMENT

WILL BE PROVIDED

AT THE BOARD MEETING

On-Time Performance

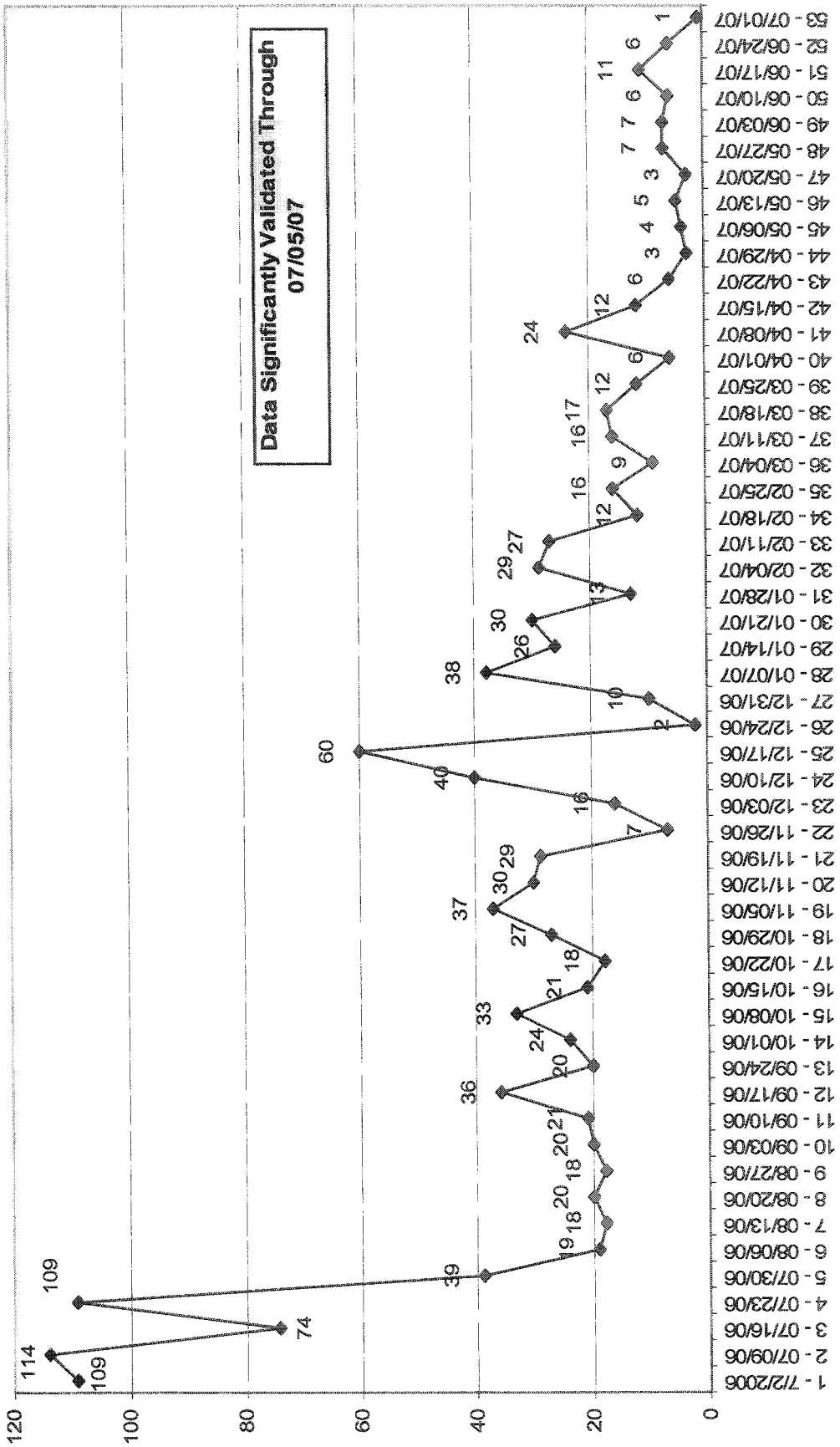


OCTA

ATTACHMENT A

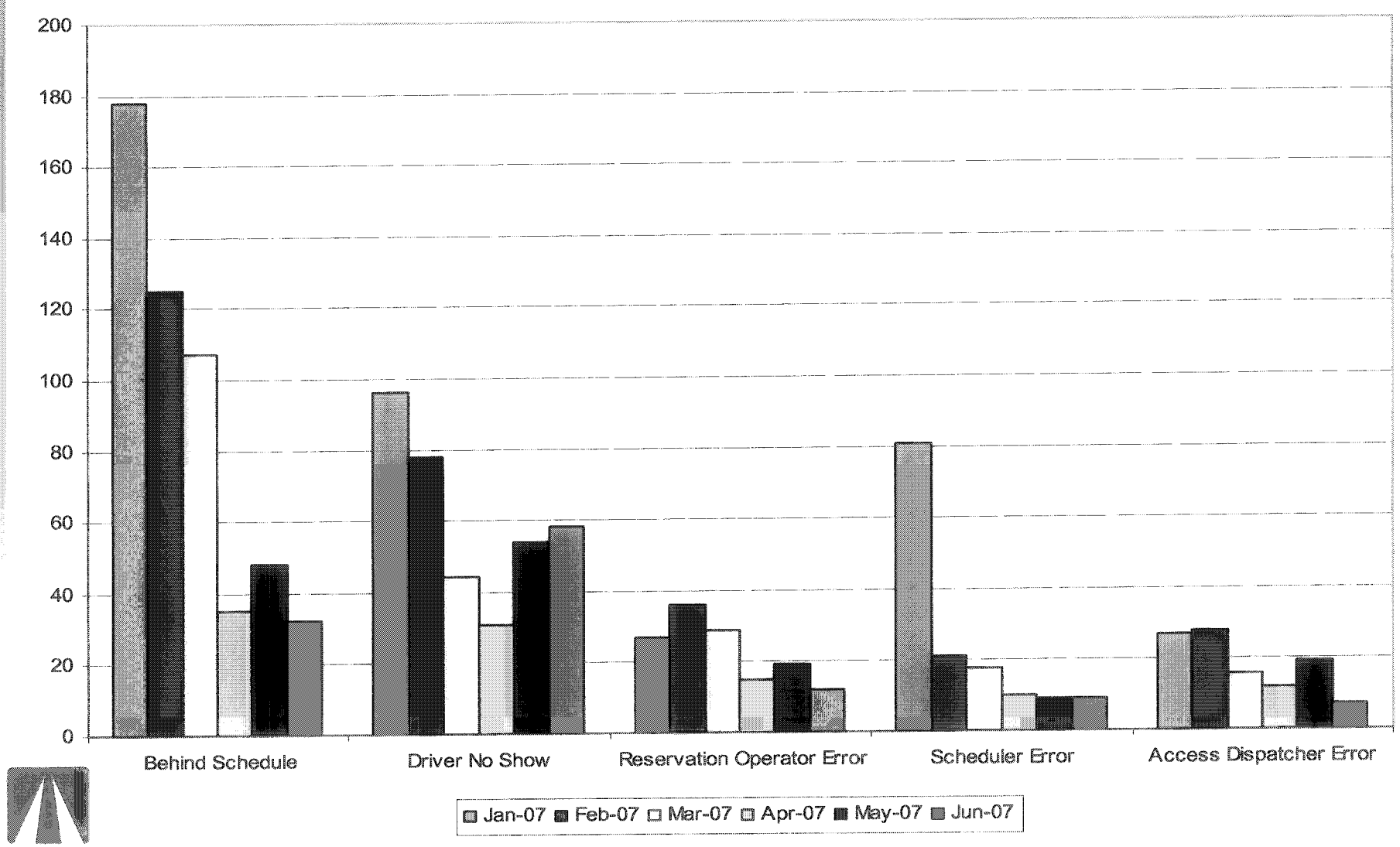
ATTACHMENT B

Service Delivery Failure



OCTA

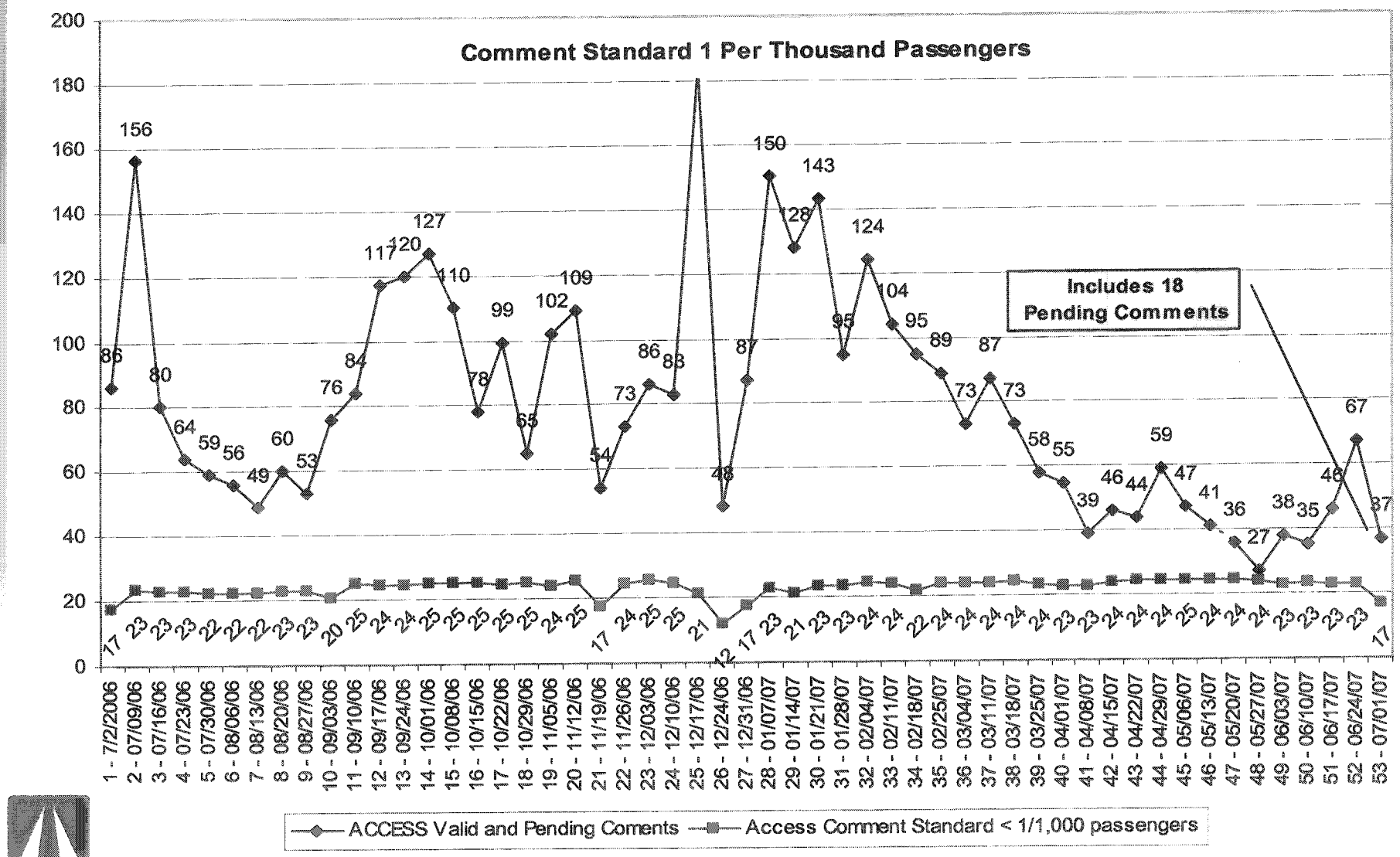
Top Five Complaints



OCTA

ATTACHMENT C

Weekly Complaints



OCTA

ATTACHMENT D

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From Wendy Knowles, Clerk of the Board

Subject: State Legislative Status Report

Executive Committee — August 6, 2007

Present: Chairman Cavecche, Vice Chairman Norby, Directors Bates, Campbell, Pringle, Rosen, and Winterbottom
Absent: None

Note: Director Brown also attended this meeting

Committee Vote

The item was passed by those present with modifications.

Director Rosen opposed the motion.

Committee Recommendations (reflects a change from staff recommendations)

A. Adopt a Support with Amendments position on SB 974 (Lowenthal, D-Long Beach) with the following amendments to be included:

   a. Eliminate the air quality attainment requirement for the congestion relief funds;
   b. Formula for equitable distribution defined in the bill outside of the California Transportation Commission process; and
   c. An ongoing updating of projects, as opposed to a one-time list of projects.

B. Chairman to draft a letter to the Governor encouraging support if amendments are made or urging a veto if amendments are not incorporated.

(Note: please see attached listing of container fees requested at Committee meeting)

April 10, 2007

A Sampling of Fees and Taxes Paid by International Shippers and Cargo Owners

Not every international shipper or cargo owner will pay every fee listed below. The list is offered as an example of how costs get passed along to the shipper/cargo owner, and how cargo owners do pay for the port and transportation facilities they use.

Direct Commercial Fees:

Not every shipper pays these fees. Sometimes these fees are included in the base rate a shipper pays. Often they are separately stated as surcharges. All of these fees are subject to rate negotiation between the carrier and the shipper.

- **"Peak Season" Charges:** Ocean carriers as part of the *Trans-Pacific Stabilization Agreement (TSA)* often charge fees of as much as $400 per FEU on west-bound containers terminating at West Coast ports.
- **Fuel Price Surcharges:**
    - Bunker Adjustment Factor (BAF): Compensates for wide fluctuations in marine bunker fuel and diesel oil at key load ports. Such surcharges, added onto base freight rates, help offset rising marine bunker fuel and diesel oil prices. The formula managed by TSA tracks world bunker fuel prices and then applies a weighted average formula to recover the cost impact of price fluctuations on carrier operations. The formula reflects fuel consumption patterns across the TSA membership (where fuel is purchased and loaded, vessel size, route configurations, sailing speed and transit time, linehaul and feeder ship fuel costs, cargo mix, etc.). The charge is allowed to float with fuel prices, and is adjusted on a monthly basis.
    - Other Fuel Surcharges: Intermodal rail shippers will also sometimes be charged a fuel adjustment factor that is separate from the base freight rate. Similarly, trucking companies also sometimes impose fuel surcharges.
- **Terminal Use Fees:** Longstanding business practices allow carriers to pass along terminal operating expenses to shippers through terminal use fees. These fees for the use of the terminal are sometimes separately stated from the ocean carriage rate. In addition to these charges, other fees may be charged:
    - Demurrage Charges are assessed on containers that fail to move off terminal within a specific period of time—usually three or four days. The purpose behind these charges is to ensure that port facilities are not used as warehouses for cargo owners and shippers. The shipper has a significant incentive to move containers quickly to avoid these penalties.
    - Detention Charges are fees imposed on intermodal equipment such as chassis. If a shipper keeps a chassis or a container for longer than a specific period of time, fees accrue. The fees are there to encourage shippers to return equipment quickly. After the 2002 labor dispute that closed West Coast ports for more than a week, a critical shortage of chassis developed further impeding the flow of commerce. .

- **Security-related charges:** As of 2003, many carriers include security related surcharges to their freight rates in order to offset higher regulatory costs associated with port and carrier security mandates included in several federal laws.
    - Port Security Fees: Ports have raised their tariffs to cover the cost of compliance with the Marine Transportation Security Act of 2002 and the imposition of international standards on ports developed by the International Maritime Organization and enforced by the U.S. Coast Guard. The ports of California increased their tariffs by 5% in 2005 to cover the cost of added security infrastructure. Carriers may pass along a portion of this cost for this infrastructure to shippers in the form of per-container security surcharges, or directly in the shipping rate.
    - Manifest Fees: Many carriers have imposed a new Advanced Manifest Fee, which is assessed on a Bill of Lading basis to pay the cost of compliance with the provisions of the Trade Act of 2002 and the U.S. Customs requirement to provide manifest information 24-hour in advanced of lading.
    - Inspection fees: Importers have to pay the government for the expense of inspecting their cargo, if the container is pulled aside for an intensive exam.
    - C-TPAT Expenses: Although not a charge, *per se*, shippers who participate in the Customs-Trade Partnership Against Terrorism incur a number of business expenses related to ensuring the security of the supply chain. These expenses include on-site monitoring of overseas factories, overseas scanning, and managing compliance audits. Congress has recently considered asking shippers to pay a separate fee for compliance assessments conducted by third-parties.
- **Alameda Corridor Fee:** Containers moving on the Alameda Corridor pay fees of $18/TEU, $36/FEU, and $40/ 45-foot container for the use of the infrastructure. Some containers drayed from the ports of Los Angeles and Long Beach to other rail facilities in Southern California will also pay the corridor fee, even though they merely bypassed the corridor. The fee is paid by the railroads and passed along to carriers who usually charge the shipper either in the rate or as a separate charge.
- **PierPass Traffic Mitigation Fee:** Containers drayed from the Los Angeles and Long Beach ports during daylight hours are subject to a privately-imposed traffic mitigation fee of $100 per FEU. Intermodal rail containers do not pay this fee. The fee is collected directly from the shipper.

Direct U.S. Government Compliance Fees:

- Harbor Maintenance Fee, collected by the Department of Homeland Security, Customs and Border Protection (CBP), is charged only on importers and is a percentage of the value of the merchandise. The fee is used to support dredging of ports nationwide. The Port of Oakland recently benefited from these fees as part of its channel deepening efforts.
- Merchandise Processing Fee, collected by CBP, is assessed up to a certain amount on the value of the merchandise imported. The fee collects $1 billion in revenues each year and is supposed to be used to offset the cost of customs processing. However, until recently, the fee was not "fire-walled" and went directly into the general treasury.

- Import Duties, collected by CBP, are assessed ad valorem on the value of imported merchandise. However, there are some imports that are not required to pay no import duties, either because the duty rate is set at zero, or the import qualifies under one of the U.S. Free Trade Agreements. Other imports, such as footwear and apparel, pay very high duties. Duties are imposed to "protect" domestic industry from foreign competition, and thus fall quite unevenly across industry segments, and not at all on exporters. Duties raise approximately $21 billion each year that goes into the general revenues of the United States. Almost half of this revenue is collected as duties on imports of footwear and wearing apparel—a hidden, regressive tax that harms working American families. The Bush Administration has called for the elimination of all tariffs on industrial goods as part of the agenda for the Doha Round of Trade Talks. For this reason import duties are not a good candidate as a source of federal revenue for trade-related infrastructure.

Other Indirect Compliance Fees:

- **ISPIS Surcharges:** The International Ship and Port Facility Security Code (ISPS) went into effect in 2005. This IMO standard is enforced in the Untied States by the U.S. Coast Guard. All ports in the U.S. must meet these security standards or they will be shut down. Cargo coming from non-ISPS compliant ports can be denied entry into the United States. Many foreign governments have imposed fees, taxes and charges on ocean carriers to raise the resources necessary to meet this world-wide standard. Shippers may have to pay these fees as surcharges from ocean carriers.

OCTA

August 6, 2007

To: Executive Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: State Legislative Status Report

Overview

The State Assembly passed its fiscal year 2007-2008 state budget proposal on July 20, 2007. The Senate has yet to ratify this version. Key components include permanent changes in spillover allocation and the adoption of distribution methods for specific categories of Proposition 1B bonds. A support with amendments position is requested for a bill imposing a container fee at the Ports of Long Beach, Los Angeles, and Oakland to address congestion and air quality impacts associated with goods movement.

Recommendation

Adopt a Support with Amendments position on SB 974 (Lowenthal, D-Long Beach).

Discussion

Assembly's Fiscal Year 2007-2008 Proposed Budget Overview

On July 20, 2007, the Assembly submitted the $146 billion Fiscal Year (FY) 2007-2008 Budget to the Senate. The Senate continues to deliberate on whether to ratify the Assembly's proposal. Any updates to the Assembly's proposal based on Senate deliberations will be given verbally at the Committee Meeting.

As proposed by the Assembly, the General Fund revenues are projected to be $107.1 billion, including $4.8 billion from the prior year fund balance and $102.3 billion in current revenues. General Fund expenditures are projected to be $103 billion, including reserve levels set at $3.4 billion. In addition, the budget provides for the early repayment of $2.5 billion in bond obligations, $1 billion more than required by state law.

As proposed under the Governor's May Revise, spillover revenues continue to be re-directed to General Fund obligations. Overall, the Assembly's budget would shift $1.3 billion in transportation funds to cover General Fund expenditures, about the same amount proposed by the Governor. The Assembly's budget also goes further in its transportation funding divestment by creating a new formula for the permanent diversion of 50 percent of spillover funding to fulfill General Fund obligations.

Finally, through trailer bill language, the Assembly created Proposition 1B enabling language, which will create the structure and process to implement the following funding categories:

- $3.6 billion Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)
- $1 billion Transit System Safety, Security, and Disaster Response Account (TSSSDRA)
- $2 billion Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006
- $1 billion Port Air Quality Improvement Account

Transportation Component of the Governor's Budget

The major components of the Business, Transportation & Housing Agency (BT&H) revised budget affecting the Orange County Transportation Authority (OCTA) are described below:

Proposition 42

The Assembly's budget continues the Governor's proposal to fully fund Proposition 42 at $1.48 billion, to be distributed as follows:

- $602 million to the Traffic Congestion Relief Program (TCRP)
- $702 million to the State Transportation Improvement Program (STIP)
- $176 million to the Public Transportation Account (PTA)

Cities and counties again receive no funding due to early distributions received in FY 2001-2002 and FY 2002-2003. Like with the May Revision, these funds are to be offset by Proposition 1B funding for local streets and roads, proposed by the Assembly to be $950 million for FY 2007-2008, an increase over the $600 million in the Governor's proposal.

The budget also continues to propose a minimum Proposition 42 loan repayment of $83 million, as required by Proposition 1A passed in November 2006.

Spillover

For FY 2007-2008, spillover (a calculation of the difference between a portion of the state sales tax on all goods and the sales tax on gasoline) revenues are estimated to be $827 million. The Assembly's budget proposes to divert all but $200 million of the spillover to pay for General Fund obligations. The $627 million in diverted spillover funds, in combination with other PTA funds for a total of $1.26 billion PTA funds, will be diverted to pay for non-transit purposes as follows:

- $948 million for FY 2007-2008 and past-year debt service on transportation bonds
- $83 million to payback a portion of the outstanding Proposition 42 loan
- $99 million to pay for home-to-school transportation
- $129 million to pay for regional center transportation

The $200 million in remaining spillover funds will instead be directed to the State Transit Assistance (STA) program.

The Assembly's proposed FY 2007-2008 budget continues to reallocate a significant permanent diversion of spillover funding to fulfill General Fund obligations such as school transportation and bond debt service. Specifically, this new formula will divert 50 percent of all future spillover revenue beginning in the FY 2008-2009 to cover expenditures traditionally covered by the General Fund. In FY 2008-2009, this amount is estimated to be $467 million. The remaining spillover funds would then be allocated two-thirds to the STA and one-third to the PTA, whereas traditionally transit funding is divided equally between the two sources. Additionally, the budget obligates the PTA to fund regional center transportation on an ongoing basis.

Bonds

The Assembly's FY 2007-2008 budget proposal increases the amount of Proposition 1B funds allocated over the next year from $4.1 billion of the $19.95 billion total proposed in the Governor's May Revise, to $4.2 billion. Attachment A shows how these bond funds are to be allocated. The increase in funding is mostly due to an increase in the amount allocated to local streets and roads from the $600 million proposed in the May Revise to a total of $950 million.

In addition, unchanged from the May Revise, is the effort to disproportionately compensate funding lost from spillover with Proposition 1B transit funds. The proposed $600 million in Proposition 1B funding from the May Revise is maintained in the Assembly's budget, drastically imbalanced to the $1.3 billion

in overall budget cuts to transit funding. Furthermore, the situation is maintained where the voter's intent last year is not carried out to ensure that these funds are to be used in addition, and not in place of, current sources of transit dollars.

Through trailer bill language, the Assembly also appropriated $150 million to the City of Los Angeles from the Highway Safety, Rehabilitation, and Preservation Account under Proposition 1B. Although the allocation does not directly state the City of Los Angeles as the recipient of the funding, it does specify that the monies can only be appropriated to a city within the state with a population over 3.5 million persons as of January 1, 2007, that has a program for system-wide installation and upgrade of traffic signals within its jurisdiction. The only city that meets these requirements is Los Angeles.

Also worth noting, is the absence of a proposed provision that would have accelerated the California Air Resources Board's (CARB) off-road in-use diesel vehicle regulation for construction companies wishing to obtain Proposition 1B contracts.

Finally, through trailer bill language, the Assembly created enabling language to implement the administration and disbursement of specific Proposition 1B funds. The following provisions were adopted:

Transit System Safety, Security, and Disaster Response Account (TSSSDRA)

The OCTA previously adopted principles to guide in the implementation of Proposition 1B funds. Under those principles, the OCTA recommended that a formula be adopted whereby 50 percent of the funds would go to all transit operators for safety, security, and disaster preparedness projects. The other 50 percent would go to high-risk/high-density areas based on the most favorable determinations made by the State Office of Emergency Services (OES) or the Federal Office of Domestic Preparedness.

The Assembly's proposal rejected this type of formula, opting instead for the following distribution:

- 60 percent to agencies and transit operators eligible to receive STA funds.
    - These allocations will be based on the average of the STA percentage shares for FY 2004-2005, 2005-2006, and 2006-2007.
    - These funds can be used for either transit security or disaster response programs.
- 25 percent to regional waterborne transit agencies for disaster response.

- 15 percent to intercity passenger and commuter rail systems for transit security or disaster response.

The administration of the program will be shared by the Controller, the Office of Homeland Security (OHS), and OES. The Controller will create the eligibility list, OHS will provide oversight of project submittals, and OES is to adopt the guidelines necessary for the Disaster Preparedness Response Account for transit agencies. In years in which the project needs exceed the Legislature's appropriation, OHS is to prioritize the eligibility list based on the greatest risk to public safety, and to the extent possible, reflect a distribution of funding that is geographically balanced.

For the FY 2007-2008, the Assembly proposed to allocate $100 million of the total $1 billion. Based on the formula above, this means that $60 million would be available for transit agencies next year, of which OCTA can expect to receive approximately $3.528 million. In total, the formula would grant OCTA approximately $35.28 million.

Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)

The primary debate over the allocation of funds under the PTMISEA has surrounded the question of which agency will oversee the administration of the account. Under the Assembly's proposal, oversight is to be conducted by the California Department of Transportation (Caltrans). For FY 2007-2008 only, the available pot will be distributed by taking an average of the percentage shares of the STA formula for FY 2004-2005, 2005-2006, and 2006-2007. The Legislature will then revisit this allocation mechanism for future year distributions.

Projects approved for funding must meet the following requirements:

- Have a useful life of at least 15 years, pursuant to State General Bond Obligation Law.
- Projects, or a component of a project, are required to be fully funded if it receives PTMISEA funding.
- Allocations are to be encumbered within three years.

For the FY 2007-2008, the Assembly proposed to allocate $600 million of the $3.6 billion total account. Based on the formula above, this means that the OCTA can expect to receive approximately $35.28 million. If this formula were to be used for the entire category of funds, OCTA would receive $211.68 million of the $3.6 billion total.

Port Air Quality Improvement Program

Under OCTA principles previously adopted, it was recommended that funding under this program should be allocated to regions with an emphasis on the following: health risks/impacts on population, annual 20-foot equivalent units (TEU) of containerized cargo, annual tonnage of non-containerized cargo, air quality non-attainment, annual number of vessel calls (another way to measure the volume of cargo on a ship), and a local match. In addition, it was recommended that the following project criteria should also be considered: annual reduction in diesel related particulate matter, oxides of sulfur, oxides of nitrogen and carbon dioxide emissions, immediate and long term reductions in emissions, as well as health risks and system-wide benefits.

The Assembly's enabling language does not create a finalized administrative procedure. Instead, after naming the California Air Resources Board (CARB) as the administrative oversight agency for the program, the Assembly listed guidelines for CARB to assist in the implementation of the program.

In regards to the allocation of funds, CARB is to grant funding on a competitive basis for projects that are shown to achieve the greatest emission reductions, with priority given to emission reduction projects that achieve the earliest possible reduction of health risk in communities with the highest health risks from goods movement facilities. In evaluating which projects to fund, CARB is to consider the following:

- The magnitude of the emission reduction.
- The public health benefits of the emission reduction.
- The cost-effectiveness and sustainability of the emissions reductions.
- The severity and magnitude of the emission source's contributions to emissions.
- Regulatory and State Implementation Plan requirements, and the degree of surplus emissions to be reduced.
- The reduction of greenhouse gases.
- Extent to which advanced emission reduction technologies are used.
- Degree to which funds are leveraged from other sources.
- Degree to which the project reduces air pollutants or air contaminants in furtherance of achieving state and federal ambient air quality standards and reducing toxic air contaminants.
- The total emission reductions a project would achieve over its lifetime per state dollar invested.
- Whether an emissions reduction is likely to occur in a location where emission sources in the area expose individuals and population groups to elevated emissions that result in adverse health effects.

Prior to adopting its final guidelines, CARB is to hold at least one workshop in Northern California, one in Southern California, and one in the Central Valley.

The criteria developed by the Assembly is mostly consistent with the principles adopted by the OCTA Board of Directors with one exception in the area of also considering the volume of containers coming through each Port.

When funding is made available to an applicant, the applicant will have two years from the date the funds are allocated to award a contract for implementation of the project. Then the applicant must liquidate the funds within four years of the date the contract was awarded.

High Speed Rail

The California High Speed Rail Authority (CHSRA) budget is proposed to be $15.5 million, an increase of $13.8 million from the May Revise. The allocated monies mostly derive from unexpended monies under the Clean Air and Transportation Improvement Act of 1990 (Proposition 116) for the Los Angeles-Fresno-San Francisco Bay Area passenger rail corridor and rail right-of-way studies. These funds will be allocated to specific projects by the CHSRA.

Personnel-Year Equivalents

The Assembly's proposed budget includes an allocation of $1.8 billion to the Department of Transportation for the funding of 12,594 personnel-year equivalents (PYEs) in staff resources to design and engineer transportation projects. The total represents an additional 527 PYEs over the FY 2006-2007 level. The new PYEs will be distributed as follows: 10 percent (50 PYEs) are proposed for outsourcing, an increase over the traditional 7 percent allotted for contractors, and 90 percent (477 PYEs) would be state staff.

Impact on Orange County

Due to the severe cuts in transportation funding, the STIP transit capital funding is now very limited. Early analysis by the California Transportation Commission (CTC) predicts that there will be impacts on the STIP allocations for FY 2007-2008. For the July 2007 CTC meeting, approximately $900 million in allocations were scheduled for STIP projects. Due to the severe impacts on the STIP, CTC held off on voting on allocations for the month of July, with certain exceptions. Voting on these projects will thus be deferred to the CTC's September meeting.

OCTA's loss is estimated to be $24.3 million in operating funds and $26 million in capital STIP funds. Furthermore, many important OCTA projects are

scheduled for September's CTC meeting and will face increasing competition due to the reduction in total STIP funding. CTC staff has informally notified us that they may recommend an allocation plan that could affect any OCTA project programmed in the FY 2007-2008 STIP. These projects include:

- Santa Ana Freeway (Interstate 5) at Camino Capistrano (interchange-design and right-of-way [ROW])
- Interstate 5 (I-5) at Culver (off ramp widening-construction)
- I-5 at Oso Parkway (off ramp and storage lane-ROW)
- I-5 at Jamboree (auxiliary lane-environmental)
- San Diego Freeway (Interstate 405) (Magnolia to Beach) (auxiliary lane-construction)
- Riverside Freeway (State Route 91) (Costa Mesa Freeway [State Route 55] Gypsum) (widening-environmental/design)
- El Camino Real Soundwall (design-construction)
- Avenida Vaquero Soundwall (design-construction)
- Fullerton Station Parking Expansion (ROW)
- Tustin Station Parking Expansion (design)
- Bus Rapid Transit (design)

Overall, the $1.3 billion cut in transportation funding will significantly impact transportation agencies throughout the State and limit OCTA's ability to move forward on a number of major planned transportation projects.

SB 974 (Lowenthal, D-Long Beach)/Principles for a Container Fee Program

The week of July 16, the OCTA Transportation 2020 Committee and the Legislative and Government Affairs/Public Communications Committee reviewed and approved a set of principles to be used as guidelines in the development of a container fee program. On July 23, these principles were approved by OCTA's Board of Directors. OCTA staff was directed to utilize the approved principles when discussing the development of a container fee program affecting the Ports of Los Angeles, Long Beach, and Oakland.

One of the major proposals before the State Legislature at this time is SB 974 (Lowenthal, D-Long Beach). SB 974 levies a $30 fee per container on goods coming through the Ports of Long Beach, Los Angeles, and Oakland to address congestion and air quality impacts related to goods movement. The funds would be distributed with 50 percent going to congestion relief and the other 50 percent going to mitigation. Separate accounts would be established and maintained for Northern and Southern California based on funds collected at the respective ports in the region.

The bill allocates funding authority to the California Transportation Commission (CTC) for the congestion relief projects and to the California Air Resources Board (CARB) for the mitigation projects. The bill contains a prohibition against the transfer or loan of these funds to the state General Fund.

It also contains guidance for the CTC to consider projects along the entire Southern California corridor serving Los Angeles and Long Beach ports such as grade crossings, expanded rail capacity, on-dock rail improvements, and areas such as the Colton Crossing. The list of projects must be adopted by the CTC by September 1, 2008, and once the projects are fully funded, the container fee can no longer be collected.

With respect to the air quality funds, SB 974 specifies that by September 1, 2008, CARB must adopt a list of projects consistent with the Emission Reduction Plan adopted by the state in April 2006. It further specifies that funding can also be provided to meet the goals of the San Pedro Bay Clean Air Action Plan. Once the emission reduction goals are met, the container fee will no longer be assessed.

OCTA Principles

The principles adopted by the OCTA Board serve as a set of recommendations to be considered in the development of a container fee program. A comparison of OCTA's Principles to SB 974, in its current form, has many similarities. Both the principles and SB 974 direct the levied fees to provide traffic congestion relief and mitigate air quality due to port activity, set timelines for fees to be collected, and provide for some means of sunsetting the program.

Although Senator Lowenthal agreed to work on amending SB 974 recently in the Assembly Transportation Committee, this bill contains a few provisions that are so far inconsistent with OCTA's principles. First, along with OCTA, many Southern California local government agencies have raised the issue of local control over the use of funds collected on each container. Currently, SB 974 calls for the CTC and CARB to set up a competitive process where sponsoring agencies can apply for funds for eligible projects. A competitive process does not guarantee that all affected counties will receive funding necessary to mitigate the impacts associated with port activity.

Second, SB 974 differs from OCTA's principles in that SB 974 places restrictions on the Ports of Los Angeles and Long Beach that requires the port complex to meet emission reduction goals as specified in the San Pedro Bay Ports Clean Air Action Plan or lose its eligibility to receive congestion mitigation funds. SB 974, in its current form, makes all counties in the Southern California region responsible for meeting the Ports' emission reduction goals in order to receive funding for projects and constitutes an unfunded mandate.

More importantly, any potential congestion mitigation funds OCTA would receive for eligible congestion relief projects would be in jeopardy. The bill does not place similar restrictions on the Port of Oakland. OCTA's principles call for a "fair and equitable" distribution of funds and that selected projects should not be intended to impose additional regulations, obligations or unfunded mandates on local government agencies.

Lastly, SB 974 establishes a one-time list of projects that could potentially be obsolete shortly after adoption and does not consider whether specific outcomes have been achieved (an ongoing reduction in congestion).

A comparison between OCTA's adopted principles and SB 974 can be found in Attachment B. As the Legislature is in session until September 14, 2007, staff recommends that OCTA work with the author to secure amendments that will help address the inconsistencies noted above.

Staff recommends: SUPPORT WITH AMENDMENTS.

Summary

The Assembly proposed FY 2007-2008 budget divests $1.3 billion in transportation funding, proposes a permanent shift in 50 percent of spillover funds, decreases STIP funding for planned projects, and creates enabling language for Proposition 1B programs. A support with amendments position is recommended for SB 974 (Lowenthal, D-Long Beach) which would create a container fee at the Ports of Long Beach, Los Angeles, and Oakland to address goods movement related air quality and congestion impacts.

Attachments

A. Planned Proposition 1B Implementation
B. Comparison of OCTA Principles for a Container Fee Program & SB 974 (Lowenthal, D-Long Beach)
C. Text of SB 974 (Lowenthal, D-Long Beach)
D. Orange County Transportation Authority Legislative Matrix

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ATTACHMENT A

Planned Proposition 1B Implementation
Assembly's Proposed Allocations for Fiscal Year 2007-2008

Proposition 1B Program	FY 2007-08 Funds
Public Transportation Modernization, Improvement, and Service Enhancement Account	$608 million
Transit • Local transit capital improvements • Intercity Rail	$788 million $600 million $188 million
STIP	$722 million
Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006	$950 million
California Ports Infrastructure, Security, and Air Quality Improvement Account • Air Quality Improvement • Trade Infrastructure • Port, Harbor and Ferry Terminal Security	$291 million $250 million $0 $41 million
SHOPP	$403 million
Highway-Railroad Crossing Safety Account	$123 million
Highway 99	$14.3 million
California Clean Schoolbus Program	$193 million
Local Bridge Seismic Retrofit Account	$13.5 million
Transit System Safety, Security, and Disaster Response Account	$101 million
Total Appropriations	**$4.2 billion**

ATTACHMENT B

Comparison of OCTA Principles for a Container Fee Program & SB 974 (Lowenthal, D-Long Beach)

OCTA Principles:	Provisions of SB 974:
• The port system in Southern California is defined as the entire network which supports the movement of goods to and from the Ports of Los Angeles and Long Beach including directly impacted infrastructure and communities in the counties of Los Angeles, Orange, Riverside, and San Bernardino.	• Requires the CTC to select projects which improve the rail and cargo transportation systems to and from the Ports of Los Angeles and Long Beach. The CTC is required to consult with counties within the port system including the counties of Orange, Riverside, and San Bernardino when selecting congestion relief projects.
• A fee levied on port containers should be used to mitigate congestion and air quality issues directly associated with the movement of cargo from California Ports.	• Levies a fee on containers processed at three California ports to fund congestion management and air quality improvement projects related to the ports.
• Fees which are levied are placed into accounts which are allocated based on geographic region and dedicated to specific project categories.	• Fees are collected are placed into one of four accounts based geographic region and project category.
• A container fee program should establish a timeline in which fees will be collected, continuously appropriate funds, sunset once specified project outcomes have been achieved, and be sufficiently firewalled to prohibit diversions by the State or any government agency for another purpose.	• Requires a payment schedule be created to collect fees, requires fees to be continuously appropriated to the identified accounts in order to finance projects, requires that container fees expire upon projects being fully funded, and restricts the State from transferring or loaning funds derived from fees into the General Fund.
• Projects which are identified for each funding category should be intended to improve the efficiency of transporting cargo and mitigating the effects of port activity.	• Specifically identifies eligible projects or project qualifications for congestion relief projects selected by the CTC. Specifies eligible projects or project qualifications for air quality mitigation projects selected by CARB.

OCTA Principles (continued):

- Selected projects should be clearly defined, have separate individual accounts, and accounts should be eligible for port and inland transportation and air quality mitigation projects.

- Fees collected from the Los Angeles/Long Beach port complex should be collected and distributed in a fair and equitable manner to local and regional government agencies in Los Angeles, Orange, Riverside, and San Bernardino Counties.

- The State should not impose any unfunded mandates on agencies which administer a container fee program. Program funds should not be used to impose additional regulations and/or obligations on local government entities.

Provisions of SB 974 (continued):

- Four accounts are created in the state treasury separated by two Northern and two Southern California accounts, and further separated by a congestion relief account and mitigation relief account for the north and south.

- Fees collected are allocated on a competitive process by the CTC and CARB (eligible projects are awarded funds with no assurances those funds will be distributed in an equitable manner between Southern California Counties or distributed to projects which have the greatest impact on the local communities).

- Requires the Los Angeles and Long Beach port complex to meet emission reduction goals of the 2006 San Pedro Bay Clean Air Action Plan. CTC will not award funding to any project, including congestion relief projects, if these goals are not met. This includes potential projects which are located outside the port complex in Orange, Riverside, and San Bernardino Counties.

- SB 974, in its current form, does not possess language which prohibits the designated agencies from selecting projects which are regulatory and/or obligate a local government agency to implement additional requirements.

AMENDED IN SENATE MAY 24, 2007

AMENDED IN SENATE APRIL 30, 2007

AMENDED IN SENATE APRIL 9, 2007

SENATE BILL No. 974

Introduced by Senator Lowenthal
(Principal coauthor: Assembly Member De La Torre)
(Coauthors: Senators Kehoe, Kuehl, Migden, and Steinberg)
(Coauthors: Assembly Members Carter, *DeSaulnier, Hancock,* and Karnette)

February 23, 2007

An act to add Article 10 (commencing with Section 63049.70) to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to amend and renumber Section 1760 of, to add a heading to Chapter 1 (commencing with Section 1720) of, and to add Chapter 2 (commencing with Section 1740) to, Part 2 of Division 6 of, the Harbors and Navigation Code, relating to ports, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 974, as amended, Lowenthal. Ports: congestion relief: environmental mitigation: regulatory fee.

(1) Existing law regulates the operation of ports and harbors.

This bill would require the Ports of Los Angeles, Long Beach, and Oakland to collect a user fee on the owner of container cargo moving through the Port of Los Angeles, the Port of Long Beach, or the Port of Oakland at a rate of $30 per twenty-foot equivalent unit (TEU).

The bill would require the Ports of Los Angeles and Long Beach to transmit ½ of the funds derived from imposition of the fee to the Southern California Port Congestion Relief Trust Fund, which the bill

would establish in the State Treasury, and ½ to the Southern California Port Mitigation Relief Trust Fund, which the bill would establish in the State Treasury. The bill would require the Port of Oakland to transmit ½ of the funds derived from imposition of the fee to the Northern California Port Congestion Relief Trust Fund, which the bill would establish in the State Treasury, and ½ to the Northern California Port Mitigation Relief Trust Fund, which the bill would establish in the State Treasury.

The bill would require the moneys transmitted to the Southern California Port Congestion Relief Trust Fund and the Northern California Port Congestion Relief Trust Fund to be available, upon appropriation, for expenditure by the California Transportation Commission exclusively for the purposes of funding projects that improve the flow and efficiency of container cargo to and from those ports, and funding the administrative costs of this program. The bill would prohibit moneys deposited in those funds from being loaned or transferred to, or allocated or appropriated in any other way to, the General Fund. The bill would prohibit the commission from using the funds to construct, maintain, or improve highways, with certain exceptions.

The bill would require the moneys transmitted to the Southern California Port Mitigation Relief Trust Fund and the Northern California Port Mitigation Relief Trust Fund to be available, upon appropriation, for expenditure by the State Air Resources Board to develop a list of projects to mitigate environmental pollution caused by the movement of cargo to and from those ports, and for the administration of this program. The bill would prohibit moneys deposited in those funds from being loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

The bill would establish a state-mandated local program by imposing these additional duties upon the ports.

(2) Existing law sets forth the duties of the Infrastructure and Economic Development Bank and its board of directors generally in performing various financing transactions, including the issuance of bonds.

This bill would authorize the bank to enter into financing agreements with participating parties to finance or refinance Southern California and Northern California port congestion relief projects and Southern California and Northern California port mitigation relief projects. The bank would be authorized to issue revenue bonds. User fees on container

ships from the Southern and Northern California Port Congestion Relief Trust Funds and the Southern and Northern California Mitigation Relief Trust Funds would be continuously appropriated to the bank to secure any revenue bonds.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Article 10 (commencing with Section 63049.70) is added to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to read:

Article 10. Financing of Port Congestion Relief and Port Mitigation Relief

63049.70. The definitions contained in this section are in addition to the definitions contained in Section 63010 and together with the definitions contained in that section shall govern the construction of this article, unless the context requires otherwise:

(a) "Credit facility" means all obligations, including principal, interest, fees, costs, indemnities, and all other amounts incurred by the bank under or in connection with any credit enhancement or liquidity agreement, including a letter of credit, standby purchase agreement, reimbursement agreement, liquidity facility, or other similar arrangement entered into by the bank.

(b) "Northern California port congestion relief container fee revenue" means all of the following:

(1) Income and receipts derived by the bank from Northern California port congestion relief container fees.

(2) Interest and other income from investment of money in any fund or account established pursuant to an indenture for Northern California Port Congestion Relief Container Fee Revenue Bonds, other than any fund established to rebate investment earnings to the federal government.

(A) Amounts on deposit in these funds and accounts, other than any fund or account established to rebate investment earnings to the federal government and any fund or account established to hold the proceeds of a drawing on any liquidity or credit support facility for these bonds.

(B) Net income and net receipts derived by the bank on account of interest rate swaps with respect to these bonds.

(c) "Northern California Port Congestion Relief Container Fee Revenue Bonds" means revenue bonds issued pursuant to this article that are payable from Northern California port congestion relief container fee revenue.

(d) "Northern California port congestion relief container fees" means all user fees that are imposed pursuant to Section 1747 of the Harbors and Navigation Code and remitted to the Northern California Port Congestion Relief Trust Fund in the State Treasury.

(e) "Northern California port congestion relief project" means each project for public development facilities and economic development facilities for which the expenditure of funds has been approved by the California Transportation Commission pursuant to Section 1751 of the Harbors and Navigation Code.

(f) "Northern California port mitigation relief container fee revenue" means all of the following:

(1) Income and receipts derived by the bank from Northern California port mitigation relief container fees.

(2) Interest and other income from investment of money in any fund or account established pursuant to an indenture for Northern California Port Mitigation Relief Container Fee Revenue Bonds, other than any fund established to rebate investment earnings to the federal government.

(A) Amounts on deposit in these funds and accounts, other than any fund or account established to rebate investment earnings to the federal government and any fund or account established to hold the proceeds of a drawing on any liquidity or credit support facility for these bonds.

(B) Net income and net receipts derived by the bank on account of interest rate swaps with respect to these bonds.

(g) "Northern California Port Mitigation Relief Container Fee Revenue Bonds" means revenue bonds issued pursuant to this article that are payable from Northern California port mitigation relief container fee revenue.

(h) "Northern California port mitigation relief container fees" means all user fees that are imposed pursuant to Section 1747 of the Harbors and Navigation Code and remitted to the Northern California Port Mitigation Relief Trust Fund in the State Treasury.

(i) "Northern California port mitigation relief project" means each project for public development facilities and economic development facilities for which the expenditure of funds has been approved by the State Air Resources Board pursuant to Section 1753 of the Harbors and Navigation Code.

(j) "Southern California port congestion relief container fee revenue" means all of the following:

(1) Income and receipts derived by the bank from Southern California port congestion relief container fees.

(2) Interest and other income from investment of money in any fund or account established pursuant to an indenture for Southern California Port Congestion Relief Container Fee Revenue Bonds, other than any fund established to rebate investment earnings to the federal government.

(A) Amounts on deposit in these funds and accounts, other than any fund or account established to rebate investment earnings to the federal government and any fund or account established to hold the proceeds of a drawing on any liquidity or credit support facility for these bonds.

(B) Net income and net receipts derived by the bank on account of interest rate swaps with respect to these bonds.

(k) "Southern California Port Congestion Relief Container Fee Revenue Bonds" means revenue bonds issued pursuant to this article that are payable from Southern California port congestion relief container fee revenue.

(*l*) "Southern California port congestion relief container fees" means all user fees that are imposed pursuant to Sections 1745 and 1746 of the Harbors and Navigation Code and remitted to the Southern California Port Congestion Relief Trust Fund in the State Treasury.

(m) "Southern California port congestion relief project" means each project for public development facilities and economic development facilities for which the expenditure of funds has been approved by the California Transportation Commission pursuant to Section 1750 of the Harbors and Navigation Code.

(n) "Southern California port mitigation relief container fee revenue" means all of the following:

(1) Income and receipts derived by the bank from Southern California port mitigation relief container fees.

(2) Interest and other income from investment of money in any fund or account established pursuant to an indenture for Southern California Port Mitigation Relief Container Fee Revenue Bonds, other than any fund established to rebate investment earnings to the federal government.

(3) Amounts on deposit in these funds and accounts, other than any fund or account established to rebate investment earnings to the federal government and any fund or account established to hold the proceeds of a drawing on any liquidity or credit support facility for these bonds.

(4) Net income and net receipts derived by the bank on account of interest rate swaps with respect to these bonds.

(o) "Southern California Port Mitigation Relief Container Fee Revenue Bonds" means revenue bonds issued pursuant to this article that are payable from Southern California port mitigation relief container fee revenue.

(p) "Southern California port mitigation relief container fees" means all user fees that are imposed pursuant to Sections 1745 and 1746 of the Harbors and Navigation Code and remitted to the Southern California Port Mitigation Relief Trust Fund in the State Treasury.

(q) "Southern California port mitigation relief project" means each project for public development facilities and economic development facilities for which the expenditure of funds has been approved by the State Air Resources Board pursuant to Section 1752 of the Harbors and Navigation Code.

63049.71. (a) The bank may enter into financing agreements with participating parties for the purpose of financing or refinancing Southern California port congestion relief projects and Southern California port mitigation relief projects.

(b) The bank may issue bonds pursuant to this chapter as Southern California Port Congestion Relief Container Fee Revenue Bonds to finance or refinance Southern California port congestion relief projects and as Southern California Port Mitigation Relief Container Fee Revenue Bonds to finance or refinance Southern California port mitigation relief projects. The aggregate principal

amount of the bonds that may be issued is unlimited, but the aggregate principal amount of the bonds that may be outstanding at any one time is five billion dollars ($5,000,000,000). The revenue bonds may also be issued to finance necessary reserves, capitalized interest, credit enhancement costs, and costs of issuance of the revenue bonds. The last date for payment of principal of any revenue bond may not be more than 30 years after the date of issuance of the revenue bond.

(c) Principal of and interest and redemption premiums on Southern California Port Congestion Relief Container Fee Revenue Bonds and Southern California Port Mitigation Relief Container Fee Revenue Bonds shall be payable from, and secured by, Southern California port congestion relief container fee revenue and Southern California port mitigation relief container fee revenue, respectively, as and to the extent provided in the constituent instruments defining the rights of the holders of the bonds.

63049.72. (a) The bank may enter into financing agreements with participating parties for the purpose of financing or refinancing Northern California port congestion relief projects and Northern California port mitigation relief projects.

(b) The bank may issue bonds pursuant to this chapter as Northern California Port Congestion Relief Container Fee Revenue Bonds to finance or refinance Northern California port congestion relief projects and as Northern California Port Mitigation Relief Container Fee Revenue Bonds to finance or refinance Northern California port mitigation relief projects. The aggregate principal amount of the bonds that may be issued is unlimited, but the aggregate principal amount of the bonds that may be outstanding at any one time is five billion dollars ($5,000,000,000). The revenue bonds may also be issued to finance necessary reserves, capitalized interest, credit enhancement costs, and costs of issuance of the revenue bonds. The last date for payment of principal of any revenue bond may not be more than 30 years after the date of issuance of the revenue bond.

(c) Principal of and interest and redemption premiums on Northern California Port Congestion Relief Container Fee Revenue Bonds and Northern California Port Mitigation Relief Container Fee Revenue Bonds shall be payable from, and secured by, Northern California port congestion relief container fee revenue

and Northern California port mitigation relief container fee revenue, respectively, all as and to the extent provided in the constituent instruments defining the rights of the holders of the bonds.

63049.73. (a) The bank may pledge all or any portion of the Southern California port congestion relief container fees to secure Southern California Port Congestion Relief Container Fee Revenue Bonds, and credit facilities for these bonds, and all or any portion of the Southern California port mitigation relief container fees to secure Southern California Port Mitigation Relief Container Fee Revenue Bonds, and credit facilities for these bonds. All Southern California port congestion relief container fees and Southern California port mitigation relief container fees so pledged are hereby continuously appropriated, notwithstanding Section 13340, without regard to fiscal years, to the bank, and, if the bank so directs, shall be paid to the indenture trustee for these bonds each month, from the Southern California Port Congestion Relief Trust Fund and the Southern California Port Mitigation Relief Trust Fund for so long as any of the bonds are outstanding. Any Southern California port congestion relief container fees and Southern California port mitigation relief container fees that are not required to be retained by the indenture trustee pursuant to the constituent instruments defining the rights of the holders of the bonds shall be remitted by the indenture trustee to the Southern California Port Congestion Relief Trust Fund and the Southern California Port Mitigation Relief Trust Fund and shall be disbursed at the request and direction of the California Transportation Commission and the State Air Resources Board, respectively, for Southern California port congestion relief projects and Southern California port mitigation relief projects that are not being financed with revenue bonds issued by the bank, and these funds are ~~hereby continuously appropriated, notwithstanding Section 13340, without regard to fiscal years~~ *available upon appropriation by the Legislature*, for that purpose.

(b) The state hereby pledges to and agrees with the holders of revenue bonds issued pursuant to this article, and each provider of a letter of credit, standby purchase agreement, reimbursement agreement, liquidity facility, or other similar arrangement for the benefit of the revenue bonds, that the state will not limit, alter, or restrict each pledge of Southern California port congestion relief container fees and Southern California port mitigation relief

container fees permitted hereby and any other terms of any agreement made with or for the benefit of the holders of the revenue bonds or the providers or in any way impair the rights or remedies of the holders of the bonds or the providers or reduce or terminate the fees while any of the bonds remain outstanding.

63049.74. (a) The bank may pledge all or any portion of the Northern California port congestion relief container fees to secure Northern California Port Congestion Relief Container Fee Revenue Bonds, and credit facilities for these bonds, and all or any portion of the Northern California port mitigation relief container fees to secure Northern California Port Mitigation Relief Container Fee Revenue Bonds, and credit facilities for these bonds. All Northern California port congestion relief container fees and Northern California port mitigation relief container fees so pledged are hereby continuously appropriated, notwithstanding Section 13340, without regard to fiscal years, to the bank, and, if the bank so directs, shall be paid to the indenture trustee for the bonds each month, from the Northern California Port Congestion Relief Trust Fund and the Northern California Port Mitigation Relief Trust Fund for so long as any of the bonds are outstanding. Any Northern California port congestion relief container fees and Northern California port mitigation relief container fees that are not required to be retained by the indenture trustee pursuant to the constituent instruments defining the rights of the holders of the bonds shall be remitted by the indenture trustee to the Northern California Port Congestion Relief Trust Fund and the Northern California Port Mitigation Relief Trust Fund and shall be disbursed at the request and direction of the California Transportation Commission and the State Air Resources Board, respectively, for Northern California port congestion relief projects and Northern California port mitigation relief projects that are not being financed with revenue bonds issued by the bank, and these funds are ~~hereby continuously appropriated, notwithstanding Section 13340, without regard to fiscal years~~ *available upon appropriation by the Legislature*, for that purpose.

(b) The state hereby pledges to and agrees with the holders of revenue bonds issued pursuant to this article, and each provider of a letter of credit, standby purchase agreement, reimbursement agreement, liquidity facility, or other similar arrangement for the benefit of the revenue bonds, that the state will not limit, alter, or

restrict each pledge of Northern California port congestion relief container fees and Northern California port mitigation relief container fees permitted hereby and any other terms of any agreement made with or for the benefit of the holders of the revenue bonds or the providers or in any way impair the rights or remedies of the holders of the bonds or the providers or reduce or terminate the fees while any of the bonds remain outstanding.

63049.75. Notwithstanding any other provision of law, Article 3 (commencing with Section 63040), Article 4 (commencing with Section 63042), and Article 5 (commencing with Section 63043) of this chapter do not apply to any financing provided by the bank pursuant to this article, and the principal amount of revenue bonds issued pursuant to this article and Chapter 5 (commencing with Section 63070) shall not count against the limit stated in the first sentence of subdivision (b) of Section 63071.

SEC. 2. The heading of Chapter 1 (commencing with Section 1720) is added to Part 2 of Division 6 of the Harbors and Navigation Code, immediately preceding Section 1720, to read:

CHAPTER 1. PORT FACILITY CONSTRUCTION

SEC. 3. Chapter 2 (commencing with Section 1740) is added to Part 2 of Division 6 of the Harbors and Navigation Code, to read:

CHAPTER 2. PORT CONGESTION RELIEF AND PORT MITIGATION RELIEF

Article 1. General Provisions

1740. The Legislature hereby finds and declares all of the following:

(a) There is a need to mitigate the enormous burden imposed on the highway transportation system serving the Ports of Los Angeles, Long Beach, and Oakland by the overland movement of cargo shipped from and to those ports.

(b) The operation of the ports causes environmental pollution that requires mitigation.

(c) The improvement of goods movement infrastructure would benefit the owners of container cargo moving through the ports

by allowing the owners of the cargo to move container cargo more efficiently and to move more cargo through those ports.

(d) The reduction of goods movement pollution would benefit the owners of container cargo moving through the ports by meeting federal air quality standards, which will allow for continued federal funding of goods movement infrastructure projects.

(e) Accordingly, it is the intent of the Legislature to alleviate these burdens by imposing a fee on shipping containers processed through those ports and using the funds derived from that fee to do both of the following:

(1) Improve the rail system that serves as an alternative to shipping on the highway by commercial vehicle, including, but not limited to, the ondock rail facilities at those ports.

(2) Mitigate the environmental pollution caused by port operations.

1741. (a) There is hereby established in the State Treasury the Southern California Port Congestion Relief Trust Fund.

(b) There is hereby established in the State Treasury the Southern California Port Mitigation Relief Trust Fund.

(c) There is hereby established in the State Treasury the Northern California Port Congestion Relief Trust Fund.

(d) There is hereby established in the State Treasury the Northern California Port Mitigation Relief Trust Fund.

1743. For purposes of this chapter, the following definitions apply:

(a) "Board" means the State Air Resources Board.

(b) "Commission" means the California Transportation Commission.

(c) "Northern California Congestion Fund" means the Northern California Port Congestion Relief Trust Fund.

(d) "Northern California Mitigation Fund" means the Northern California Port Mitigation Relief Trust Fund.

(e) "Port" means the Port of Los Angeles, Port of Long Beach, or Port of Oakland, as appropriate.

(f) "Southern California Congestion Fund" means the Southern California Port Congestion Relief Trust Fund.

(g) "Southern California Mitigation Fund" means the Southern California Port Mitigation Relief Trust Fund.

Article 2. User Fee

1745. (a) Beginning January 1, 2008, the Port of Los Angeles shall develop a process for notifying the owner of, and collecting a user fee from the owner of, container cargo moving through the port.

(b) No later than June 1, 2008, the port shall notify the owner of cargo moving through the port that it will be assessed a user fee not to exceed thirty dollars ($30) per 20-foot equivalent unit (TEU). The notice shall include, but not be limited to, the process for payment of the user fee, the frequency for payment of the user fee, and that the user fee is being assessed to improve the goods movement infrastructure serving the port, to reduce pollution from all forms of equipment, vehicles, locomotives, and ships that operate at the port and bring containers to and from the port.

(c) Beginning January 1, 2009, the port shall assess a user fee on the owner of container cargo moving through the port not to exceed thirty dollars ($30) per TEU. The port shall collect the fee at least twice a year.

(1) The port shall remit one-half of the user fee to the Southern California Congestion Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the commission exclusively for the purposes of funding projects that improve the flow and efficiency of container cargo to and from the Port of Los Angeles, and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(2) The port shall remit one-half of the user fee to the Southern California Mitigation Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the board to mitigate environmental pollution caused by the movement of cargo to and from the Port of Los Angeles by commercial motor vehicles, oceangoing vessels, and rail, and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(d) The port may contract with PierPass for the collection of the user fee authorized pursuant to this section.

1746. (a) Beginning January 1, 2008, the Port of Long Beach shall develop a process for notifying the owner of, and collecting a user fee from the owner of, container cargo moving through the port.

(b) No later than June 1, 2008, the port shall notify the owner of cargo moving through the port that it will be assessed a user fee not to exceed thirty dollars ($30) per 20-foot equivalent unit (TEU). The notice shall include, but not be limited to, the process for payment of the user fee, the frequency for payment of the user fee, and that the user fee is being assessed to improve the goods movement infrastructure serving the port, to reduce pollution from all forms of equipment, vehicles, locomotives, and ships that operate at the port and bring containers to and from the port.

(c) Beginning January 1, 2009, the port shall assess a user fee on the owner of container cargo moving through the port not to exceed thirty dollars ($30) per TEU. The port shall collect the fee at least twice a year.

(1) The port shall remit one-half of the user fee to the Southern California Congestion Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the commission exclusively for the purposes of funding projects that improve the flow and efficiency of container cargo to and from the Port of Long Beach, and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(2) The port shall remit one-half of the user fee to the Southern California Mitigation Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the board to mitigate environmental pollution caused by the movement of cargo to and from the Port of Long Beach by commercial motor vehicles, oceangoing vessels, and rail, and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(d) The port may contract with PierPass for the collection of the user fee authorized pursuant to this section.

1747. (a) Beginning January 1, 2008, the Port of Oakland shall develop a process for notifying the owner of, and collecting a user fee from the owner of, container cargo moving through the port.

(b) No later than June 1, 2008, the port shall notify the owner of cargo moving through the port that it will be assessed a user fee not to exceed thirty dollars ($30) per 20-foot equivalent unit (TEU). The notice shall include, but not be limited to, the process for payment of the user fee, the frequency for payment of the user fee, and that the user fee is being assessed to improve the goods movement infrastructure serving the port, to reduce pollution from all forms of equipment, vehicles, locomotives, and ships that operate at the port and bring containers to and from the port.

(c) Beginning January 1, 2009, the port shall assess a user fee on the owner of container cargo moving through the port not to exceed thirty dollars ($30) per TEU. The port shall collect the fee at least twice a year.

(1) The port shall remit one-half of the user fee to the Northern California Congestion Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the commission exclusively for the purposes of funding projects that improve the flow and efficiency of container cargo to and from the Port of Oakland and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(2) The port shall remit one-half of the user fee to the Northern California Mitigation Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the board to mitigate environmental pollution caused by the movement of cargo to and from the port by commercial motor vehicles, oceangoing vessels, and rail, and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(d) The port may contract with PierPass for the collection of the user fee authorized pursuant to this section.

Article 3. Congestion Relief and Mitigation Relief Projects

1750. (a) Beginning January 1, 2008, the commission shall develop a list of projects that would improve the overall efficiency of container cargo movement to and from the Ports of Los Angeles and Long Beach by improving the rail system and container

transportation systems that transport container cargo from and to those ports and the ondock rail facilities at those ports. In the process for selecting projects, the commission shall consult with the transportation commissions for the Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura, the Port of Los Angeles, the City of Los Angeles, the Port of Long Beach, the City of Long Beach, and the Southern California Association of Governments. The commission shall hold public hearings to seek further input on developing these projects, with at least one hearing at or near the Port of Los Angeles and the Port of Long Beach.

(b) No later than September 1, 2008, the commission, at a public hearing, shall finalize a list of projects that would improve the overall efficiency of container cargo movement to and from the Ports of Los Angeles and Long Beach by improving the rail system and container transportation systems that transport container cargo from and to those ports and the ondock rail facilities at those ports. This will be the final list, of infrastructure projects at the Ports of Los Angeles and Long Beach, eligible to be funded by the user fee authorized pursuant to this chapter.

(c) Projects eligible to be on the final list shall not be used to construct, maintain, or improve highways, unless the highway or road improvement is part of a rail grade separation, or the highway improvement is done to separate container cargo from motor vehicle traffic by creating on ramps or off ramps for port container truck traffic.

(d) In awarding funds pursuant to this section, the commission shall give priority to those projects that have been designed to measurably reduce air pollution and environmental impacts to local communities, and to assist in achieving and maintaining state and federal air quality standards and enhancing environmental performance, while addressing the overall efficiency of container cargo movement.

(e) On January 1, 2009, and annually thereafter, the Ports of Long Beach and Los Angeles shall report to the commission on the implementation of the Final 2006 San Pedro Bay Clean Air Action Plan. Each port shall report to the commission on whether the emission reduction goals for the source specific categories have been achieved as follows:

(1) Heavy-duty vehicles by 2011.

(2) Cargo handling equipment, 2010, 2012, and 2014.

(3) Harbor craft, 2008 and 2011.

(4) Locomotives, 2008, 2011, and 2014.

If any of the source specific emission reduction goals have not been met, the commission shall not award funding to any project, and the commission shall not fund any further projects until the source specific emission reduction goals are achieved, other than projects that have been awarded funding prior to this finding.

(f) For all construction projects funded pursuant to this section, a contractor shall ensure that all mobile nonroad equipment used on the project will be equipped with a California Air Resources Board (CARB) verified diesel particulate filter that obtains at least an 85-percent reduction in emissions, unless any of the following circumstances exists, and the contractor is able to provide proof that any of these circumstances exists:

(1) A piece of specialized equipment is unavailable in a controlled form within the state, including through a leasing arrangement.

(2) A contractor has applied for incentive funds to put controls on a piece of uncontrolled equipment planned for use on the project, but the application is not yet approved, or the application has been approved, but funds are not yet available.

(3) A contractor has ordered a control device for a piece of equipment planned for use on the project, or has ordered a new piece of controlled equipment to replace the uncontrolled equipment, but that order has not been completed by the manufacturer or dealer, and the contractor has attempted to lease controlled equipment, but no dealer within 200 miles of the project has the controlled equipment available for lease.

(g) Projects eligible to be considered by the commission include, but are not limited to, all of the following:

(1) A project to separate at-grade crossings to reduce conflicts between trains and motor vehicles in Los Angeles, Orange, Riverside, and San Bernardino Counties, also known as the Alameda Corridor East Project.

(2) A project to improve rail capacity by adding additional tracks to existing rail lines in Los Angeles, Orange, Riverside, and San Bernardino Counties.

(3) A project to separate at-grade rail crossings in San Bernardino County, also known as the Colton crossing.

(4) A project to improve ondock rail infrastructure at the Ports of Los Angeles and Long Beach.

(h) In determining which projects to select, the commission shall also take into account the entire rail and trade corridor servicing the Ports of Los Angeles and Long Beach.

(i) The commission shall only use the funds received from the Southern California Congestion Fund to fund projects authorized pursuant to this section.

(j) Once the projects on the final list are completed and fully funded, the commission shall notify the Ports of Los Angeles and Long Beach that the infrastructure projects are completed and to no longer collect the one-half of the user fee for infrastructure projects. The commission may also make a finding that a project on the final list has either been funded by another source or is no longer worthy of funding.

1751. (a) Beginning January 1, 2008, the commission shall develop a list of projects that would improve the overall efficiency of container cargo movement to and from the Port of Oakland by improving the rail and container transportation systems that transport container cargo from and to that port and the ondock rail facilities at that port. In the process for selecting projects, the commission shall consult with the transportation commissions for the Counties of Alameda and Contra Costa, the Port of Oakland, the City of Oakland, and the Bay Area Association of Governments. The commission shall hold public hearings to seek further input on developing these projects, including at least one hearing in the City of Oakland.

(b) No later than September 1, 2008, the commission, at a public hearing, shall finalize a list of projects that would improve the overall efficiency of container cargo movement to and from the Port of Oakland by improving the rail and container transportation systems that transport container cargo from and to that port and the ondock rail facilities at that port. This will be the final list, of infrastructure projects at the Port of Oakland, eligible to be funded by the user fee authorized pursuant to this chapter.

(c) Projects eligible to be on the final list shall not be used to construct, maintain, or improve highways, unless the highway or road improvement is part of a rail grade separation, or the highway improvement is done to separate container cargo from motor

vehicle traffic by creating on ramps or off ramps for port container truck traffic.

(d) In awarding funds pursuant to this section, the commission shall give priority to those projects that have been designed to measurably reduce air pollution and environmental impacts to local communities, and to assist in achieving and maintaining state and federal air quality standards and enhancing environmental performance, while addressing the overall efficiency of container cargo movement.

(e) For all construction projects funded pursuant to this section, a contractor shall ensure that all mobile nonroad equipment used on the project will be equipped with a California Air Resources Board (CARB) verified diesel particulate filter that obtains at least an 85 percent reduction in emissions, unless any of the following circumstances exists, and the contractor is able to provide proof that any of these circumstances exists:

(1) A piece of specialized equipment is unavailable in a controlled form within the state, including through a leasing arrangement.

(2) A contractor has applied for incentive funds to put controls on a piece of uncontrolled equipment planned for use on the project, but the application is not yet approved, or the application has been approved, but funds are not yet available.

(3) A contractor has ordered a control device for a piece of equipment planned for use on the project, or has ordered a new piece of controlled equipment to replace the uncontrolled equipment, but that order has not been completed by the manufacturer or dealer, and the contractor has attempted to lease controlled equipment, but no dealer within 200 miles of the project has the controlled equipment available for lease.

(f) Projects eligible to be considered by the commission include, but are not limited to, projects to separate at-grade crossings to reduce conflicts between trains and motor vehicles and ondock rail improvements at the Port of Oakland.

(g) In determining which projects to select, the commission shall also take into account the entire rail and trade corridor servicing the Port of Oakland.

(h) The commission shall only use the funds received from the Northern California Congestion Fund to fund projects authorized pursuant to this section.

(i) Once the projects on the final list are completed and fully funded, the commission shall notify the Port of Oakland, that the infrastructure projects are completed and to no longer collect the one-half of the user fee for infrastructure projects. The commission may also make a finding that a project on the final list has either been funded by another source or is no longer worthy of funding.

1752. (a) Beginning January 1, 2008, the board shall develop a list of projects that reduce air pollution caused by the movement of container cargo to and from the Ports of Los Angeles and Long Beach. The projects on the list shall be consistent with the Emission Reduction Plan (ERP) adopted April 2006, and shall be designed to reduce air pollution at those ports in order to achieve and maintain state and federal air quality standards and to meet the ERP's goals for 2010, 2015, and 2020, as well as the goals for the Air Quality Management Plan prepared by the South Coast Air Quality Management District, and the San Pedro Bay Clean Air Action Plan. In developing the list, the board shall consult with the South Coast Air Quality Management District, the Gateway Council of Governments, and the Ports of Los Angeles and Long Beach. The board shall hold public hearings before developing the list of projects, with at least one hearing being held at or near the Ports of Los Angeles and Long Beach.

(b) The board shall work with the South Coast Air Quality Management District, the Port of Los Angeles, and the Port of Long Beach in order to ensure that projects within the Air Quality Management Plan prepared by the South Coast Air Quality Management District and within the San Pedro Bay Clean Air Action Plan are completed or implemented. The board may provide funding to the district in order to implement the Air Quality Management Plan prepared by the district, and to the ports in order to implement the San Pedro Bay Clean Air Action Plan.

(c) No later than September 1, 2008, the board, at a public hearing, shall finalize a list of projects that meet the ERP's goals for 2010, 2015, and 2020, in order to meet federal air quality attainment standards.

(d) The board may determine, at a public hearing, that the emission reduction goals for 2020 have been met or exceeded and that federal air quality standards have been met in the South Coast Air Basin, including full implementation of the Air Quality Management Plan prepared by the South Coast Air Quality

Management District. Once the determination is made, and ensuring that all approved projects have been funded, the board shall notify the Port of Los Angeles of this determination, and the Port of Los Angeles shall no longer collect the one-half of the user fee for air quality projects meant to reach these goals and federal air quality attainment standards.

(e) The board may determine, at a public hearing, that the emission reduction goals for 2020 have been met or exceeded and that federal air quality standards have been met in the South Coast Air Basin, including full implementation of the Air Quality Management Plan prepared by the South Coast Air Quality Management District. Once the determination is made, and ensuring that all approved projects have been funded, the board shall notify the Port of Long Beach of this determination, and the Port of Long Beach shall no longer collect the one-half of the user fee for air quality projects meant to reach these goals and federal air quality attainment standards.

(f) The board shall only use the funds received from the Southern California Mitigation Fund to fund projects authorized pursuant to this section.

1753. (a) Beginning January 1, 2008, the board shall develop a list of projects that reduce air pollution caused by the movement of container cargo to and from the Port of Oakland. The projects on the list shall be consistent with the Emission Reduction Plan (ERP) adopted April 2006, and shall be designed to reduce air pollution at the port in order to achieve and maintain state and federal air quality standards and to meet the ERP's goals for 2010, 2015, and 2020. In developing the list, the board shall consult with the Bay Area Air Quality Management District and the Port of Oakland.

(b) If the Bay Area Air Quality Management District and the Port of Oakland develop a plan to reduce emissions from the Port of Oakland, then the board shall work with the district and the port in order to ensure that projects within the plan are completed or implemented. The board may provide funding to the district or the port in order to achieve the goals of the plan.

(c) No later than September 1, 2008, the board, at a public hearing, shall finalize a list of projects that meet the ERP's goals for 2010, 2015, and 2020, in order to meet federal air quality attainment standards.

(d) The board may determine, at a public hearing, that the emission reduction goals for 2020 have been met or exceeded and that federal air quality standards have been met within the Bay Area Air Quality Management District, and once the determination is made, and ensuring that all approved projects have been funded, the board shall notify the Port of Oakland of this determination, and the Port of Oakland shall no longer collect the one-half of the user fee for air quality projects meant to reach these goals and federal air quality attainment standards.

(e) The board shall only use the funds received from the Northern California Mitigation Fund to fund projects authorized pursuant to this section.

SEC. 4. Section 1760 of the Harbors and Navigation Code is amended and renumbered to read:

1730. (a) For purposes of this section, "council" means the California Marine and Intermodal Transportation System Advisory Council, a regional subunit of the Marine Transportation System National Advisory Council chartered by the federal Secretary of Transportation under the Federal Advisory Council Act (P.L. 92-463).

(b) The council is requested to do all of the following:

(1) Meet, hold public hearings, and compile data on issues that include, but need not be limited to, all of the following:

(A) The projected growth of each maritime port in the state.

(B) The costs and benefits of developing a coordinated state program to obtain federal funding for maritime port growth, security, and congestion relief.

(C) Impacts of maritime port growth on the state's transportation system.

(D) Air pollution caused by movement of goods through the state's maritime ports, and proposed methods of mitigating or alleviating that pollution.

(E) Maritime port security, including, but not limited to, training, readiness, certification of port personnel, exercise planning and conduct, and critical marine transportation system infrastructure protection.

(F) A statewide plan for continuing operation of maritime ports in cooperation with the United States Coast Guard, the federal Department of Homeland Security, the Office of Emergency Services, the state Office of Homeland Security, and the California

National Guard, consistent with the state's emergency management system and the national emergency management system, in the event of a major incident or disruption of port operations in one or more of the state's maritime ports.

(G) State marine transportation policy, legislation, and planning; regional infrastructure project funding; competitiveness; environmental impacts; port safety and security; and any other matters affecting the marine transportation system of the United States within, or affecting, the state.

(2) Identify all state agencies that are involved with the development, planning, or coordination of maritime ports in the state.

(3) Identify other states that have a statewide port master plan and determine whether that plan has assisted those states in improving their maritime ports.

(4) Compile all information obtained pursuant to paragraphs (1) to (3), inclusive, and submit its findings in a report to the Legislature not later than January 1, 2006. The report should include, but need not be limited to, recommendations on methods to better manage the growth of maritime ports and address the environmental impacts of moving goods through those ports.

(c) The activities of the council pursuant to this section shall not be funded with appropriations from the General Fund.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

O

ATTACHMENT D

Orange County Transportation Authority Legislative Matrix

(► Denotes changes from the last report)

OCTA Sponsored Legislation

AB 256

AUTHOR: Huff (R)
TITLE: State Highway Operation and Protection Programs
LAST AMEND: 4/25/2007
LOCATION: Assembly Appropriations Committee
COMMENTARY:
Relates to the state highway operation and protection program. Appropriates to the department, from funds in the State Highway Account the amount identified for traffic safety projects.
STATUS:
5/31/2007 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.
Position: Sponsor

AB 387

AUTHOR: Duvall (R)
TITLE: Design-Build: Transit Contracts
LAST AMEND: 4/17/2007
LOCATION: Assembly Business and Profession Committee
COMMENTARY:
Amends law that authorizes transit operators to enter into design-build contract according to specified procedures. Provides that the prequalification process is optional for technology or surveillance procurements designed to enhance safety, disaster preparedness, and homeland security efforts.
STATUS:
5/08/2007 In ASSEMBLY Committee on BUSINESS AND PROFESSIONS: Failed passage.
5/08/2007 In ASSEMBLY Committee on BUSINESS AND PROFESSIONS: Reconsideration granted.
Position: Sponsor

AB 1228

AUTHOR: Solorio (D)
TITLE: High-Speed Passenger Train Bond Act
INTRODUCED: 2/23/2007
LOCATION: Assembly Appropriations Committee
COMMENTARY:
Relates to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. Provides that Anaheim is to be the Southern terminus of the initial segment of the high-speed train system. Provides that for the Anaheim-Irvine segment, no general obligation bond funds shall be available for construction, but that those funds shall be available only for eligible planning, environmental, and engineering costs.
STATUS:
5/31/2007 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in committee.
Position: Co-Sponsor

AB 1306

AUTHOR: Huff (R)
TITLE: Sales Tax on Gasoline
INTRODUCED: 2/23/2007
LOCATION: Assembly Transportation Committee
COMMENTARY:
Reduces the portion of gasoline sales tax revenues that are deposited in the Public Transportation Account by eliminating what is commonly known as the spillover formula. Increase revenues from the sales tax on gasoline that are deposited in the General Fund. Requires those revenues to be transferred to the Transportation Investment Fund.
STATUS:
4/23/2007 In ASSEMBLY Committee on TRANSPORTATION: Failed passage.
4/23/2007 In ASSEMBLY Committee on TRANSPORTATION: Reconsideration granted.
Position: Sponsor

►SB 184

AUTHOR: Alquist (D) and Correa (D)
TITLE: Transportation Projects
INTRODUCED: 2/06/2007
LAST AMEND: *7/06/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Limits provisions of existing law that authorizes a regional or local entity that is the sponsor of, or is eligible to receive funding for, a project contained in the state transportation improvement program to expend its own funds for any component of a project within its jurisdiction that is included in an adopted state transportation improvement program, and for which the California Transportation Commission has not made an allocation to projects advanced for expenditure by an eligible entity.
STATUS:
7/18/2007 *In ASSEMBLY Committee on Appropriations: To Suspense File.*
Position: Co-Sponsor

SB 442

AUTHOR: Ackerman (R)
TITLE: Public Contracts: Transit Projects: Design-Build
LAST AMEND: 4/09/2007
LOCATION: Senate Transportation and Housing Committee
COMMENTARY:
Amends existing law that authorizes transit operators to enter into design-build contracts. Specifies that such provisions apply only to transit projects, and that transit projects do not include highway construction or local street and road projects. Specifies that project include, but are not limited to, high-occupancy vehicle lane connecting the Garden Grove Freeway (State Route 22) to the San Diego (Interstate 405) and the San Gabriel (Interstate 605) freeways.
STATUS:
4/24/2007 In SENATE Committee on TRANSPORTATION AND HOUSING: Failed passage
4/24/2007 In SENATE Committee on TRANSPORTATION AND HOUSING: Reconsideration granted.
Position: Sponsor

Bills with Official Positions

►AJR 14

AUTHOR: Jeffries (R)
TITLE: Customs Duties and Importation Revenues
INTRODUCED: 2/23/2007
LOCATION: *Chaptered*
COMMENTARY:
Memorializes the President and Congress to enact legislation that will ensure that a substantial increment of new revenues derived from customs duties and importation fees be dedicated to mitigating the economic, mobility, security, and environmental impacts of trade in this state and in other trade-affected states.
STATUS:
7/03/2007 *Chaptered by Secretary of State*
7/03/2007 *Resolution Chapter No. 73.*
Position: Support

SB 56

AUTHOR: Runner (R)
TITLE: Highway Construction Contracts
LAST AMEND: 5/01/2007
LOCATION: Senate Appropriations Committee
COMMENTARY:
Declares the intent of the Legislation to authorize a demonstration program that would allow a careful examination of the benefits and challenges of using a design-build method of procurement for transportation projects. Authorizes certain state and local transportation entities to use a design-build process for contracting on transportation projects. Requires a transportation entity to implement a labor compliance program for design-build projects. Establishes a procedure for submitting bids.
STATUS:
5/31/2007 *In SENATE Committee on APPROPRIATIONS: Not heard.*
Position: Support

► SB 124

AUTHOR: Ducheny (D)
TITLE: Evasion of Tolls: Registered Owner
LAST AMEND: 4/09/2007
LOCATION: *Enrolled*
COMMENTARY:
Defines registered owner, for purposes of liability for a toll evasion violation, to include a person registered as the owner of the vehicle by the appropriate agency or authority of another state, the District of Columbia, or a territory or possession of the United States.
STATUS:
7/20/2007 *In ASSEMBLY. Read third time, urgency clause adopted. Passed ASSEMBLY. To ENROLLMENT.*
Position: Support

► SB 375

AUTHOR: Steinberg (D)
TITLE: Transportation Planning: Travel Models: Reviews
LAST AMEND: *7/17/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Relates to guidelines for travel demand guidelines used in regional transportation plans, the requirement a regional transportation plan include a preferred growth scenario designed to achieve goals for the reduction of vehicle miles in the region, an environmental document under the Environmental Quality Act that examines specific impacts of a transportation project located in a local jurisdiction that has amended its general plan and the legislative body finds the project meets specified criteria.
STATUS:
7/17/2007 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*
Position: Oppose

► AB 801

AUTHOR: Walters (R)
TITLE: Vehicles: License Plates
LAST AMEND: *7/16/2007*
LOCATION: *Senate Appropriations Committee*
HEARING DATE: *8/20/07, 10 am*
COMMENTARY:
Prohibits the use of a device that would obstruct or impair the reading or recognition of a license plate by an electronic device operated by state or local enforcement, or by an electronic device operated in connection with a toll road, high-occupancy lane, toll bridge, or other toll facility. Provides that a person who sells a product or device that obscures or is intended to obscure the reading or recognition of a license plate is guilty of a misdemeanor.
STATUS:
7/16/2007 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*
Position: Support

SB 872

AUTHOR: Ackerman (R)
TITLE: State-Local Partnership Program
LAST AMEND: 5/8/2007
LOCATION: Senate Appropriations Committee
COMMENTARY:
Creates the State-Local Partnership Program and appropriates a specified amount per year for 5 years beginning in the 2010-11 fiscal year. Provides for allocation of state funds to eligible highway and mass transit guideway projects nominated by local agencies are to be funded with at least 50% of local funds derived from a locally imposed transportation sales tax.
STATUS:
5/31/2007 *In SENATE Committee on APPROPRIATIONS; Not heard.*

Position: Support

Bills Being Monitored

► AB 38

AUTHOR: Nava (D)
TITLE: Department of Emergency Services and Homeland Security
LAST AMEND: 5/01/2007
LOCATION: Senate Public Safety Committee
COMMENTARY:
Merges the Office of Homeland Security and the Office of Emergency Services to establish the Department of Emergency Services and Homeland Security.
STATUS:
7/10/2007 *In SENATE Committee on PUBLIC SAFETY: Failed Passage*
7/10/2007 *In SENATE Committee on PUBLIC SAFETY: reconsideration granted*

► AB 57

AUTHOR: Soto (D)
TITLE: Highways: Safe Routes to School Construction Program
LAST AMEND: *7/20/2007*
LOCATION: *Senate Appropriations Committee*
COMMENTARY:
Deletes the January 1, 2008, repeal date of the Safe Routes to School construction program, thereby extending the provisions indefinitely. Deletes the January 1, 2008, repeal date of provisions authorizing state and local entities to secure and expend federal funds for programs related to bicycles and pedestrian safety and traffic-calming measures in high-hazard locations.
STATUS:
7/20/2007 *In SENATE Committee on APPROPRIATIONS with Author's Amendments.*
7/20/2007 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS*

► AB 109

AUTHOR: Nunez (D)
TITLE: Global Warming Solutions Act of 2006: Annual Report
INTRODUCED: 1/05/2007
LAST AMEND: *7/18/2007*
LOCATION: *Senate Appropriations Committee*
HEARING DATE: *8/20/2007*
COMMENTARY:
Requires the Governor, Treasurer's Office, the Public Employees' Retirement and State Teachers' Retirement systems to annually report to the Legislature information relating to greenhouse gas emissions and green investments. Requires all land conservancies to report to the Legislature on past, current, and future activities to sequester greenhouse gas emissions. Requires an annual report on the Global Warming Solutions Act. Includes the reduction of such gases in the Environmental Goals and Policy Project.
STATUS:
7/18/2007 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS*

AB 169

AUTHOR: Levine (D)
TITLE: Joint Powers Authorities: Indian Tribes
INTRODUCED: 1/23/2007
LOCATION: Senate Local Government Committee
COMMENTARY:
Provides that 16 federally recognized Indian tribes may participate in the Southern California Association of Governments, a joint powers authority, for specified purposes and subject to specified conditions in the 6-county region of the Southern California Association of Governments.
STATUS:
5/23/2007 To SENATE Committee on LOCAL GOVERNMENT

AB 242

AUTHOR: Blakeslee (R)
TITLE: Emissions of Greenhouse Gases: Reduction
LAST AMEND: 3/29/2007
LOCATION: Assembly Natural Resources Committee
COMMENTARY:
Requires that an entity that has voluntarily reduced its emissions of greenhouse gases through cost-effective investments receive credit from the state Air Resources Board for early action. Authorizes an entity that has received credit for early action to further minimize its carbon footprint through the purchase of offsets for the emission of greenhouse gases as authorized by the board.
STATUS:
4/16/2007 In ASSEMBLY Committee on NATURAL RESOURCES: Not heard

► AB 867

AUTHOR: Davis (D)
TITLE: Transportation Analysis Zones
INTRODUCED: 2/22/2007
LAST AMEND: *7/10/2007*
LOCATION: *Senate Appropriations Committee*
HEARING DATE: *8/20/2007*
COMMENTARY:
Requires each metropolitan planning organization and each transportation planning agency, in developing the regional transportation plan, to factor the mobility of low-income and minority residents into its computer analysis of regional transportation analysis zones. Requires results of such analysis to be availed to the public.
STATUS:
7/10/2007 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS*

► AB 995

AUTHOR: Nava(D)
TITLE: Goods Movement Emission Reduction Program
INTRODUCED: 2/22/2007
LAST AMEND: *7/17/2007*
LOCATION: *Senate Appropriations Committee*
HEARING DATE: *8/20/2007*
COMMENTARY:

Relates to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act. Provides that projects eligible for funding from the Trade Corridors Improvement fund receive priority if they meet specified requirements. Requires the Transportation Commission to coordinate with the Air Resources Board in evaluating project applications. Requires the Board to release a preliminary list of projects being considered for funding, hold public hearings, and adopt a final list of funded projects.

STATUS:

7/17/2007 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*

► AB 1161

AUTHOR: Tran (R)
TITLE: Eminent Domain
LAST AMEND: 5/01/2007
LOCATION: Assembly Appropriations Committee
COMMENTARY:

Requires the Department of Transportation, upon acquiring property through eminent domain, to designate the particular project for which the property is being acquired and would require the department to use the property for that purpose within a certain number of years, plus an extension if obtained, or to otherwise sell the property. Requires the property to be offered to the original owner, or his or her descendants, at the original purchase price. Repeals a provision relating to property taxation.

STATUS:

5/31/2007 *In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in committee.*

► AB 1351

AUTHOR: Levine (D)
TITLE: Transportation: State-Local Partnerships
INTRODUCED: 2/23/2007
LAST AMEND: *7/12/2007*
LOCATION: *Senate Appropriations Committee*
HEARING DATE: *8/20/2007*
COMMENTARY:

Amends the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. States the intent of the Legislature to appropriate a specified amount of funds for the State-Local Partnership Program for funding transportation projects for a specified period. Defines local funds under the program relating to a local match as revenues from any locally imposed transportation related sales tax. Requires certain related reports.

STATUS:

7/12/2007 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*

► AB 1358

AUTHOR: Leno (D)
TITLE: Planning: Circulation Element: Transportation
LAST AMEND: 7/18/2007
LOCATION: *Senate Appropriations Committee*
HEARING DATE: *8/20/2007*
COMMENTARY:
Requires that the legislative body of a city or county, upon any revision of the circulation element of the general plan, modify the circulation element to specify how this element will provide for the routine accommodation of all users of the highway and public transportation systems, to include motorists, pedestrians, bicyclists, children, individuals with disabilities, seniors, and users of public transportation. Requires the Office of Planning and Research to prepare or amend related guidelines.
STATUS:

7/18/2007	*In SENATE. Read second time and amended. Re-referred to committee on APPROPRIATIONS.*

► AB 1672

AUTHOR: Nunez (D)
TITLE: California Transportation Commission
LAST AMEND: 7/16/2007
LOCATION: *Senate Appropriations Committee*
COMMENTARY:
Requires the State Transportation Commission to consult with the Chairs of the appropriate legislative committees prior to changes to any guidelines for the expenditure of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Act. Expands the Commission to 13 members, with one additional voting member each appointed by the Speaker of the Assembly and the Senate on Rules, who would not be subject to Senate confirmation.
STATUS:

7/16/2007	*In SENATE. Read second time and amended. Re-referred to Committee on RULES.*
7/16/2007	*Withdrawn from Senate Committee on RULES.*
7/16/2007	*Re-referred to SENATE Committee on APPROPRIATIONS*

► ACA 1

AUTHOR: Dymally (D)
TITLE: Elections: Redistricting
LAST AMEND: *6/20/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Proposes an amendment to the Constitution to require the appointment of the Independent Redistricting Commission that would be charged with establishing, by February 28 of each year ending in the number one, congressional, Assembly, Senate, and State Board of Equalization districts of equal population in compliance with the United States Constitution, pursuant to a mapping process for each district in accordance with specified goals.
STATUS:

6/20/2007	*In ASSEMBLY. Read second time and amended. Re-referred to committee on APPROPRIATIONS*

► ACA 2

AUTHOR: Walters (R)
TITLE: Eminent Domain
LAST AMEND: *7/05/2007*
LOCATION: *Assembly Judiciary Committee*
COMMENTARY:
Proposes an amendment to the Constitution of the State to permit private property to be taken or damaged only for a stated public use and only when just compensation has

been paid to, or into court for, the owner of the property. Prohibits, with respect to both new and pending eminent domain projects that involve the exercise of the power of eminent domain, a community redevelopment agency, commission, or joint powers agency that has the power of eminent domain from exercising such power unjustly.

STATUS:

7/10/2007 *In ASSEMBLY committee on JUDICIARY: Failed Passage.*

7/10/2007 *In ASSEMBLY committee on JUDICIARY: Reconsideration Granted.*

► ACA 3

AUTHOR: Gaines (R)
TITLE: Expenditure Limits
LAST AMEND: *6/04/2007*
LOCATION: *Assembly Education Committee*

COMMENTARY:

Limits total state General Fund and special fund expenditures to an annual increase of no more than the increase in the cost of living, multiplied by the percentage increase in state population. Requires excess revenues to be allocated in prescribed amounts to a reserve account, to the State School Fund, and to personal income taxpayers.

STATUS:

6/04/2007 *In ASSEMBLY committee on EDUCATION with author's amendments.*

6/04/2007 *In ASSEMBLY. Read second time and amended. Re-referred to committee on EDUCATION.*

► SB 9

AUTHOR: Lowenthal (D)
TITLE: Trade Corridor Improvement: Transportation Project
LAST AMEND: *7/19/2007*
LOCATION: *Assembly Appropriations Committee*

COMMENTARY:

Amends existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act. Requires for funding emphasis to be on consideration of specified emissions associated with the construction and operation of the project and the project's potential to reduce emissions associated with trade activity. Requires inclusion of a plan to mitigate emissions associated with their projects. Provides funding for projects that support movement of freight with zero emissions.

STATUS:

7/19/2007 *From ASSEMBLY Committee on APPROPRIATIONS with author's amendments.*

7/19/2007 *In ASSEMBLY, Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*

► SB 19

AUTHOR: Lowenthal (D)
TITLE: Trade Corridor: Projects to Reduce Emissions: Goods
LAST AMEND: *7/17/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Relates to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Specifies a list of projects eligible for this funding. Requires that the Air Resources Board ensure that these funds are supplemented and matched with funds from federal, state, local, and private sources to the maximum extent feasible. Requires applicants for this funding to include with their application for funding a plan to reduce emissions associated with goods movement activity.
STATUS:
7/17/2007 *From ASSEMBLY Committee on APPROPRIATIONS with author's amendments.*
7/17/2007 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*

► SB 33

AUTHOR: Simitian (D)
TITLE: Vehicles: Wireless Telephones and Mobile Service
LAST AMEND: *7/12/2007*
LOCATION: *Assembly Third Reading File*
COMMENTARY:
Prohibits a person under the age of 18 years from driving a motor vehicle using a wireless telephone equipped with a hands-free device or while using a mobile service device. Provides that the prohibition would not apply to a person using a wireless telephone or mobile service device for emergency purposes.
STATUS:
7/12/2007 *In ASSEMBLY. Read third time and amended. To Third Reading File.*

► SB 45

AUTHOR: Perata (D)
TITLE: Transportation Funds: Transit System Safety
LAST AMEND: 6/04/2007
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Establishes the application process for the portion of the bond funds from Proposition 1B to be made available for allocations for capital projects that provide increased protection against safety or security threat. Allocations would be made by the Office of Homeland Security to transit operators under specified formulas.
STATUS:
7/09/2007 *From ASSEMBLY Committee on TRANSPORTATION: Do pass to Committee on APPROPRIATIONS.*

SB 47

AUTHOR: Perata (D)
TITLE: Transportation Bonds
LOCATION: Senate Rules Committee
COMMENTARY:
States the intent of the Legislature to enact provisions governing project eligibility, matching fund requirements, and the application process relative to allocation of bond proceeds of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to the State-Local Partnership Program.
STATUS:
1/18/2007 To SENATE Committee on RULES.

► SB 61

AUTHOR: Runner (R)
TITLE: *High-Occupancy Toll Lanes and Toll Roads*
LAST AMEND: 5/01/2007
LOCATION: *Assembly Transportation Committee*
COMMENTARY:
Authorizes the Department of Transportation to apply to the State Transportation Commission for the development and operation of a high-occupancy toll land or toll road project sponsored by the department. Deletes the 4-project limitation and the requirement for the Legislature to approve each project by statute.
STATUS:
6/07/2007 *To ASSEMBLY Committee on TRANSPORTATION*

SB 113

AUTHOR: Calderon R (D)
TITLE: Presidential Primary Election
INTRODUCED: 1/22/2007
ENACTED: 3/15/2007
LOCATION: Chaptered
COMMENTARY:
Requires that the presidential primary election be held on the first Tuesday in February in any year evenly divisible by the number 4.
STATUS:
3/15/2007 Signed by GOVERNOR.
3/15/2007 Chaptered by Secretary of State. Chapter No. 2

► SB 286

AUTHOR: Dutton (R) and Lowenthal *(D)*
TITLE: Transportation Bonds: Implementation
LAST AMEND: *7/16/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Requires Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act funds for local street and road purposes to be allocated in cycles. Requires the Controller to use the population figures from the Department of Finance in making allocations to cities. Requires an applicant for these funds to submit a list of projects expected to be funded with bond funds to the Department of Finance and to report various information to the Department of Finance. *Requires the funds to be allocated within 3 fiscal years of the date of allocation.*
STATUS:
7/16/2007 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*

► SB 343

AUTHOR: Negrete McLeod (D)
TITLE: Local Agencies: Open Meetings: Documents
LAST AMEND: *6/21/2007*
LOCATION: *Assembly Third Reading File*
COMMENTARY:
Amends the Ralph M. Brown Act. Provides if a writing that is a public record, and it relates to an agenda item for an open session of a regular meeting of the legislative body of a local agency, it is distributed less than 72 hours prior to that meeting, the writing shall be made available for public inspection at a public office or location the agency shall designate. Requires the office or location address to be on agendas for all meetings of the legislative body of the agency. Requires Internet posting.
STATUS:
7/05/2007 *In ASSEMBLY. Read second time. To third reading.*

► SB 445

AUTHOR: Torlakson (D)
TITLE: Road User Task Force
LAST AMEND: *6/04/2007*
LOCATION: *Assembly Transportation Committee*
COMMENTARY:
Creates the Road User Task Force to hold public hearings around the state and to report on alternatives to the current system of taxing road users through per-gallon fuel taxes.
STATUS:
7/02/2007 *In ASSEMBLY Committee on TRANSPORTATION. Not heard.*

► SB 716

AUTHOR: Perata (D)
TITLE: Transit Operators
LAST AMEND: *7/11/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Relates to appropriations for transportation agencies for transit capital projects pursuant to a specified order. Specifies requirements for an eligible project sponsor to receive an allocation of funds appropriated from the account. Requires the Transportation Commission and the Controller to administer these provisions.
STATUS:
7/11/2007 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS*

► SB 717

AUTHOR: Perata (D)
TITLE: Transportation Investment Fund
LAST AMEND: *5/10/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Continues the Transportation Investment Fund in existence and specifies the use of revenues deposited in that fund from gasoline sales tax revenues subject to Article XIX B beginning in the 2008-09 fiscal year.
STATUS:
7/09/2007 *From Assembly Committee on TRANSPORTATION: Do pass to Committee on APPROPRIATIONS.*

► SB 841

AUTHOR: Calderon (D)
TITLE: Vehicles: Mature Driver Improvement Course
LAST AMEND: *6/27/2007*
LOCATION: *Assembly Third Reading File*
COMMENTARY:
Amends existing law that requires the Director of Motor Vehicles to establish standards and develop criteria for approval of initial and renewal mature driver improvement courses. Specifies that a course may be offered in an Internet format, if the course if educationally equivalent to the course provided in the classroom format.
STATUS:
7/16/2007 *In ASSEMBLY. Read second time. To third reading.*

SB 947

AUTHOR: Hollingsworth (R)
TITLE: Consultation: Transportation Facilities
LAST AMEND: 4/30/2007
LOCATION: Assembly Natural Resources Committee
COMMENTARY:
Requires notice of at least one scoping meeting to be provided to transportation planning agencies or public agencies required to be consulted concerning a project proposed by a lead agency which requires an environmental impact report under the California Environmental Quality Act. Requires the project's effect on overpasses, on-ramps, and off-ramps to be included in that consultation.
STATUS:
4/30/2007 To ASSEMBLY Committees on TRANSPORTATION and NATURAL RESOURCES .

► SB 964

AUTHOR: Romero (D)
TITLE: Local Agencies
LAST AMEND: 5/10/2007
LOCATION: Assembly Third Reading File
COMMENTARY:
Relates to local agencies and open meetings. Provides that when the members of a local legislative body are authorized to access a writing of the body or of the agency in the performance of their duties, the local agency shall not discriminate between or among any of those members as to which writing or portion thereof is made available or when, and shall not charge any of those members a fee to inspect or obtain a copy of that writing. Establishes other prohibitions for local legislative bodies.
STATUS:
7/16/2007 *In ASSEMBLY. Read second time. To third reading.*

► SB 974

AUTHOR: Lowenthal (D)
TITLE: Ports: Congestion Relief: Environmental Mitigation
LAST AMEND: *5/24/2007*
LOCATION: *Assembly Appropriations Committee*
COMMENTARY:
Requires the Ports of Los Angeles and Long Beach to transmit 1/2 of the funds derived from imposition of the fee to the Southern California Port Congestion Relief Trust Fund. Requires the Port of Oakland to transmit 1/2 of the funds derived from imposition of the fee to the Northern California Port Congestion Relief Trust Fund and 1/2 to the Northern California Port Mitigation Relief Trust Fund.
STATUS:
7/09/2007 *From ASSEMBLY Committee on TRANSPORTATION: Do pass to Committee on APPROPRIATIONS.*

SCA 1

AUTHOR: McClintock (R)
TITLE: Eminent Domain: Condemnation Proceedings
LAST AMEND: 2/05/2007
LOCATION: Senate Judiciary Committee
COMMENTARY:
Proposes an amendment to the Constitution to provide that private property may be taken or damaged only for a stated public purpose and not without the consent of the owner for purposes of economic development, increasing tax revenue, or any other private use, nor for maintaining the present use by a different owner. Provides that if the property ceases to be used for the public use, the former owner would have right to require the property at its fair market value. Provides reevaluation procedures.
STATUS:

2/05/2007	From SENATE Committee on JUDICIARY with author's amendments.
2/05/2007	In SENATE. Read second time and amended. Re-referred to Committee on JUDICIARY.

SCA 5

AUTHOR: McClintock (R)
TITLE: State and Local Government Finance: Taxes
INTRODUCED: 1/30/2007
LAST AMEND: 3/21/2007
LOCATION: Senate Revenue and Taxation Committee
COMMENTARY:
Proposes an amendment to the Constitution to establish a constitutional definition of a tax as any monetary exaction imposed by a governmental entity. Recasts the definition of a special tax. Conditions the imposition by the state or local government of a new tax, or a change in a tax, that increases the amount of any tax levied upon the approval of 2/3 membership of the governing body and voter approval. Prohibits new tax without voter approval. Provides exceptions.
STATUS:

4/25/2007	In SENATE Committee on REVENUE AND TAXATION: Heard, remains in Committee.

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Final Renewed Measure M Early Action Plan

Transportation 2020 Committee — July 16, 2007

Present: Directors Amante, Brown, Campbell, Cavecche, Dixon, and Pringle
Absent: Director Buffa

Committee Vote

This item was passed by all Committee Members present.

Director Dixon was not present to vote on this item.

Committee Recommendations

A. Adopt the Final Renewed Measure M Early Action Plan as shown on the attached item to this report, "Final Renewed Measure M Early Action Plan".

B. Initiate the process to amend the Measure M Expenditure Plan to:

1. Modify the description of the Orange Freeway (State Route 57) project, consistent with Project G in the Renewed Measure M Transportation Investment Plan, and increase the funding allocation by $22 million.

2. Expand the limits of the Garden Grove Freeway (State Route 22) project to include the West County Connection improvements and increase the funding allocation by $10 million.

C. Set a date of September 24, 2007, for a public hearing and Board of Directors action to approve proposed amendments to the Measure M Expenditure Plan.

D. Authorize funding of expenditures for Renewed Measure M projects in the period from November 8, 2006, to June 30, 2007, using proceeds from the Orange County Unified Transportation Trust Fund, to be reimbursed with interest when Renewed Measure M funds become available in 2011.

E. Direct staff to develop a detailed plan of finance to meet the anticipated cash flow requirements of the Early Action Plan in accordance with the financing policy guidelines on page 6-7 of the Renewed Measure M Early Action Plan and return for review and approval within 90 days.

F. Direct staff to report quarterly on progress in implementing the Early Action Plan; seek and recommend opportunities to improve project delivery times; and annually review and make recommendations on opportunities to add or substitute projects in the Early Action Plan based upon progress made.

Committee Discussion

Director Campbell requested that Renewed Measure M Project I to improve the Riverside (State Route 91) Freeway between the Orange (State Route 57) Freeway and the Costa Mesa (State Route 55) Freeway be advanced by starting conceptual engineering in fiscal year 2007-08.

Director Campbell requested that the Members of the Transportation 2020 Committee be provided with a list of the projects and programs that could be included in the plan of finance.

Director Cavecche requested that the plan of finance be brought back sooner than 90 days if at all possible.

OCTA

July 16, 2007

To: Transportation 2020 Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Final Renewed Measure M Early Action Plan

Overview

On May 29, 2007, the Orange County Transportation Authority Board of Directors approved the release of the Renewed Measure M Draft Early Action Plan for public review and for the development of additional recommendations regarding budget and funding. A Final Renewed Measure M Early Action Plan is presented for adoption.

Recommendations

A. Adopt the Final Renewed Measure M Early Action Plan as shown on the attached item to this report, "Final Renewed Measure M Early Action Plan."

B. Initiate the process to amend the Measure M Expenditure Plan to:

   1. Modify the description of the Orange Freeway (State Route 57) project, consistent with Project G in the Renewed Measure M Transportation Investment Plan, and increase the funding allocation by $22 million.

   2. Expand the limits of the Garden Grove Freeway (State Route 22) project to include the West County Connection improvements and increase the funding allocation by $10 million.

C. Set a date of September 24, 2007, for a public hearing and Board of Directors action to approve proposed amendments to the Measure M Expenditure Plan.

D. Authorize funding of expenditures for Renewed Measure M projects in the period from November 8, 2006 to June 30, 2007, using proceeds from the Orange County Unified Transportation Trust fund, to be

reimbursed with interest when Renewed Measure M funds become available in 2011.

E. Direct staff to develop a detailed plan of finance to meet the anticipated cash flow requirements of the Early Action Plan in accordance with the financing policy guidelines on page 6-7 of the Renewed Measure M Early Action Plan and return for review and approval within 90 days.

F. Direct staff to report quarterly on progress in implementing the Early Action Plan; seek and recommend opportunities to improve project delivery times; and annually review and make recommendations on opportunities to add or substitute projects in the Early Action Plan based upon progress made.

Background

On May 29, the Board of Directors authorized the release of the Renewed Measure M Draft Early Action Plan (EAP) for review and comment. A Final Renewed Measure M Early Action Plan (Attachment A) has been prepared for consideration by the Transportation 2020 Committee and the Board of Directors.

A summary of outreach efforts and findings is presented. Recommendations for funding of the EAP are also presented, including proposed amendments to the Measure M (M1) Expenditure Plan and policy guidelines for preparation of a finance plan to complete the EAP funding picture.

Recommendations for staffing and resource needs are presented under a separate accompanying staff report outlining a Fiscal Year (FY) 2007-08 Orange County Transportation Authority (OCTA) Budget amendment.

Discussion

Outreach Findings and Recommendations

Outreach activities in support of the development of the EAP have been underway since shortly after the November 2006 election. Since May 29, these efforts have focused on distribution of the Draft EAP and providing briefings to city officials and the key stakeholders who participated in the development of Renewed Measure M (M2). The principal message to cities has been the need to plan for the increased workload to concurrently close out M1 and prepare for the M2. All stakeholders have been encouraged to provide comments and suggestions on the EAP.

The Draft EAP was distributed to over 400 key stakeholders including:

- Mayors, City Managers, and Public Works Directors of all Orange County cities
- State Delegation
- County of Orange
- League of Cities' Executive Steering Committee
- Water District Boards of Directors
- Orange County Business Council
- Building Industry Association
- OCTA Citizen's Advisory Committee
- OCTA Technical Advisory Committee and Technical Steering Committee
- Environmental Organizations
- Various Business Organizations

Accompanying the EAP was a transmittal memo that provided stakeholders the opportunity to provide feedback on the plan as well as information to request that OCTA make a presentation to their organization. Per the recommendation of the Transportation 2020 Committee, the Chairman sent a follow-up email to all Orange County mayors with copies to city managers extending again the opportunity for cities to receive a presentation or briefing. Since preparation of the EAP began, presentations have been made to over 50 city and community stakeholders, including city councils, chambers of commerce, and transportation, engineering and business associations. As of preparation of this report, ten more presentations are scheduled. Pages 8-10 of the EAP summarize the outreach efforts to date.

The responses received from the outreach efforts can generally be summarized as follows:

- Find ways to reduce project delivery times and bring more projects into the EAP.
- Provide better geographic balance in the freeway program. This comment was heard most often in regard to south Orange County, particularly with respect to accelerating various Santa Ana Freeway (Interstate 5) and interchange projects, many of which are currently being evaluated as part of the South Orange County Major Investment Study (SOCMIS).
- Too much front loading of projects will drive up costs and tax project management and oversight capabilities. Plan for a steady, sustainable stream of work that minimizes cost and project management risks.

- Too much front loading of freeways may create a capacity surge that will induce more demand. Resources won't be available later to cope with the needs.
- There is too much early emphasis on freeways. There should be more focus on transit investment to address environmental and energy issues.
- There is not enough emphasis on non-motorized transportation.

No significant changes to the Draft EAP are recommended now in response to the comments received to date. The current state of project readiness and the schedule requirements tied to the Corridor Mobility Improvement Account (CMIA) matching funds do not offer much flexibility in this regard. However, pending work such as the completion of the SOCMIS, conceptual engineering for freeway projects, the M1 Go Local transit program, and signal coordination pilot projects will create new opportunities to add to or modify the EAP Plan in the future.

It is recommended that as an overarching policy, staff be directed to seek opportunities to improve project delivery times, to report regularly on progress in implementing the EAP, and to provide annual reviews with recommendations on the potential for addition or substitution of projects.

Outreach will continue subsequent to adoption of the EAP to provide information and guidance to local jurisdictions and progress reports to all stakeholders. In addition, significant upgrades are planned to the OCTA website to provide improved access to status and progress on implementing Renewed Measure M and the EAP.

Funding and Financing

The EAP has a strong funding foundation of matching state, federal, and local funds that have already been committed. For example, approximately $267 million, principally from Proposition 1B CMIA and State Transportation Improvement Program (STIP) funds, are currently available for M2 EAP freeway projects. Nearly all of the M2 transit, roads, and environmental programs have matching requirements, which will eventually leverage additional funds to deliver the EAP.

Beyond these known commitments and requirements, there are three steps that must be taken to complete the funding and financing picture for the EAP.

Step 1: OCTA has existing commitments to M1 and CMIA funded freeway projects that must be addressed in the short term. This includes providing a match for CMIA funds that are available only for construction on the M2

Orange Freeway (State Route 57) project (Project G), and the completion of existing M1 freeway projects on Interstate 5 (I-5) and State Route 22 (SR-22). In addition, the SR-22 Phase II West County Connections Project (not part of M2) is funded with a combination of federal Congestion Mitigation Air Quality (CMAQ) funds (available only via reimbursement), and state CMIA funds (available only for construction). Working capital is needed on this project for initial investment in design and right-of-way.

Currently, the M1 freeway mode is projected to have an ending unspent balance of $172 million. It is recommended that two amendments to the M1 Expenditure Plan be initiated as follows:

1. Allocate $22 million of the unprogrammed funds in the M1 freeway mode to pay for preconstruction costs on the M2 State Route 57 (SR-57) widening (Project G).

2. Allocate $10 million from unprogrammed funds in the M1 freeway mode as working capital for design and right-of-way on the SR-22 Phase II West County Connections with the San Gabriel Freeway (Interstate 605) and the San Diego Freeway (Interstate 405).

This would leave a current estimated balance of $140 million in the M1 freeway mode as a prudent reserve for economic uncertainties and project closeout costs.

The process for amending M1 is shown below:

Actions	**Date (2007)**
OCTA Transportation 2020 Committee recommendation to initiate amendment and set public hearing	**July 16**
Potential amendment discussed with Taxpayers Oversight Committee	**July 24**
OCTA Board of Directors initiates amendment and sets public hearing date	**August 13**
Proposed amendment sent to local agencies (at least 30 days prior to public hearing)	**August 15**
Taxpayers Oversight Committee considers/acts on amendment (requires 2/3 vote)	**September 11**
Public hearing on amendment and roll call vote by Board of Directors	**September 24**
Amendment transmitted to local agencies	**September 24**
Amendment effective 45 days following transmittal to local agencies	**November 8**

The actual text of the proposed amendments is shown as Attachment B.

Step 2: Costs already incurred for M2 project and program development must be funded. Project and program development activities have been underway since the November 7, 2006, election. These costs are estimated at $3 million, for the period beginning November 8, 2006, through the end of the current fiscal year. This includes contracts for conceptual engineering on Costa Mesa Freeway (State Route 55) (Project F); conceptual engineering and environmental studies on the Riverside Freeway (State Route 91) (Projects J and H), and the development of the EAP.

It is recommended that these M2 project and program development activities be funded from the Orange County Unified Transportation Trust (OCUTT) fund to be reimbursed with interest by M2 when funds become available in 2011. OCUTT funds can be used for any transportation purpose as designated by the Board of Directors. The current OCUTT fund balance is approximately $10 million.

Step 3: A plan of finance is needed to ensure that the cash flow requirements from FY 2007-08 through FY 2011-12 for the EAP are met. Significant expenditures are anticipated for highway project development, design, right-of-way, and construction and the programming of road, transit, and environmental funds. Detailed year-by-year cash flow needs for all of these elements are still being compiled and refined, but the aggregate financing needed to deliver the EAP is currently estimated to be less than $500 million.

It is recommended that a finance plan for the EAP be prepared and presented to the Transportation 2020 Committee and the Board of Directors for review and approval. This can be completed within 90 days.

The finance plan will consist of the following:

- Best available cost estimates for each EAP project and program, including annual cash flow estimates;
- Adjustment of all cost and revenue estimates to year-of-expenditure values;
- Refinement of revenue estimates for state, federal, and other non-M2 revenue sources;
- Analysis of financing options, including major risk factors, and recommendation of a preferred strategy.

The finance plan will not be a static document. Project costs and schedules and revenue estimates will be continuously monitored. The financing strategy will be refined and adjustments brought back to the Board of Directors for action as circumstances change.

Following are the recommended policies to guide the preparation and maintenance of the finance plan:

1. Aggressively seek and utilize first, all available local, state, and federal matching funds and grants.

2. Annually review and recommend the level of M1 reserves needed to assure the completion of all M1 projects. First priority for unprogrammed M1 funds not needed for reserves should be to fund eligible M2 projects.

3. Utilize internal borrowing to the extent that it is the lowest cost option and does not jeopardize other non-M funding commitments.

4. Utilize debt financing subject to the following conditions:

   - Conservative, independently validated assumptions and projections indicate the ability to deliver the full 30-year M2 plan is not compromised.
   - Debt financing can be shown to be either the lowest cost option, or the only available option, to meet the need.
   - Financing costs accrue appropriately to the M2 project or program for which borrowing occurs.

5. Investigate the opportunities and the potential benefits of interest rate management strategies

Staffing and Resources

Recommendations for staffing and resources needed to implement the EAP in FY 2007-08 are made in a separate staff report to the Transportation 2020 Committee and the Board of Directors. A budget adjustment of approximately $19.3 million and addition of eleven positions is recommended. Also included in the budget are resources for an organizational readiness review and a market conditions analysis to assess and manage cost risks for delivery of the EAP.

Next Steps

Subsequent to adoption by the Board of Directors, the EAP will be distributed to local jurisdictions and key stakeholders. The new Taxpayers Oversight Committee will begin meeting in July 2007. Quarterly status reports on implementation of the EAP will be integrated with the Measure M Quarterly

Reports beginning in the fall 2007. Also in the fall, the finance plan for the EAP will be presented for review and adoption.

By the end of calendar year 2007, detailed strategic plans outlining scope, sequencing, milestones, cost estimates, cash flow and funding allocation for the freeway and transit programs will be completed. On the same timetable, upgrades to the OCTA website will be phased in to improve the accessibility and transparency of information available to stakeholders and the public.

Summary

The Final Renewed Measure M Early Action Plan is presented for approval by the Transportation 2020 Committee and the Board of Directors.

Attachments

A. Final Renewed Measure M Early Action Plan
B. Proposed Measure M Expenditure Plan Amendments

Prepared by:

Monte Ward
Director, Special Projects
(714) 560 -5582

ATTACHMENT A

Orange County Transportation Authority

Renewed Measure M Early Action Plan

OCTA

Renewed Measure M Early Action Plan
Table of Contents

Introduction	Pages	1-7
Summary of Outreach	Pages	8-10
Freeway Projects		
Overview Map	Page	11
Freeway Timeline	Page	12
Early Action Projects Timeline	Page	13
Project Descriptions	Pages	14-19
Streets and Roads Program		
Early Action Program Timeline	Page	20
Requirements for Eligible Jurisdictions	Page	21
M2 Precursors for Funding Eligibility	Page	22
Program Descriptions	Pages	23-25
Transit Programs		
Early Action Program Timeline	Page	26
Program Descriptions	Pages	27-36
Environmental Cleanup and Water Quality		
Early Action Program Timeline	Page	37
Program Descriptions	Pages	38-39

Introduction

Renewed Measure M Early Action Plan (EAP)

Introduction

On November 7, 2006, Orange County voters, by a vote of 69.7 percent, approved the renewal of the Measure M one-half cent sales tax for transportation improvements. Measure M was originally passed in 1990 (M1) with a sunset in 2011. With the approval of the Renewed Measure M, the voters agreed to continued investment of local tax dollars in Orange County's transportation infrastructure for another 30 years to 2041.

A primary reason for the voters' willingness to renew Measure M (M2) was that they saw and experienced tangible results. Since 1990, most of Orange County's freeway system has been improved, including a major overhaul of the I-5 right through the heart of the County; major roads and local streets have been upgraded; and a new Metrolink commuter rail system has been added, linking Orange County with jobs and housing in the surrounding counties.

Owing to careful stewardship and strategic early action, Orange County has also been able to meet the promises made to the voters in M1, and then some. Completing the bulk of the freeway program within ten years contributed to the ability to add an entirely new project – widening the Garden Grove Freeway (State Route 22) – to the list of accomplishments.

Although both M1 and M2 express a strong preference for pay-as-you-go project financing, they both also permit debt financing under the proper conditions. In the case of the M1 freeway program, the benefits of early action are obvious and tangible – projects cost less, traffic relief was delivered sooner and, the opportunity was created for additional projects to be delivered.

The Transportation 2020 Committee directed the preparation of a five-year plan, covering the years 2007 to 2012, to advance the implementation of M2. A Draft Early Action Plan outlining the projects and programs that could be advanced along with anticipated schedules and major milestones was approved by the Board of Directors and released on May 29, 2007. Input was actively sought from city officials and key stakeholders, and recommendations on financing and budget needs were added before approval of the Final Early Action Plan by the Board of Directors on August 13, 2007.

Key Objectives

The renewal of Measure M offers the opportunity to replicate, and perhaps exceed, the performance in delivering on the original. This report presents a blueprint for early action on the Renewed Measure M Transportation Investment Plan for the five-year period from 2007 to 2012. That blueprint commits to meeting the following nine objectives in the next five years:

1. Complete the first major milestone – conceptual engineering -- for every freeway project in the Plan; ensuring that all projects are eligible for matching funds and ready to enter into environmental review, design and construction.
2. Start construction on five major M2 freeway projects on SR-91, SR-57 and I-5 valued at $445 million. Two other projects will also be under construction at the I-405/SR-22 and I-405/I-605 interchanges, valued at $400 million and paid for by Proposition 1B and federal funds.
3. Enable every Orange County city and the County to meet eligibility requirements for M2 funds, including new pavement management and signal synchronization programs.
4. Award up to $165 million to cities and the County for signal synchronization and road upgrades.
5. Implement high-frequency Metrolink service within Orange County with associated railroad crossing safety and quiet zone improvements completed or under construction. Begin project development for at least five major grade separation projects.
6. Award up to $200 million in competitive funding for transit projects.
7. Complete development work and allocate funds for transit fare discounts and improved services for seniors and persons with disabilities.
8. Complete an agreement between OCTA and resource agencies detailing environmental mitigation of freeway improvements and commitments for project permitting. Begin allocation of funds for mitigation.
9. Complete program development for road runoff/water quality improvements; Begin allocation of funds to water quality projects.

In all, more than $1.6 billion in transportation improvements, promised to the voters in M2 could be underway by 2012.

To put the magnitude of this effort in perspective, two M1 freeway projects were under construction within the two years after revenues began to be collected in 1991. The EAP will enable five M2 projects to be under construction before revenues begin to be collected in 2011.

Oversight and Safeguards

Early action on M2 will take place with the full oversight and regular reporting promised to the voters. Beginning in August 2007, the independent Taxpayers Oversight Committee will be appointed and begin its job of monitoring and reviewing all M1 and M2 expenditures. In addition, updated accounting, auditing and reporting protocols will be implemented. Before the end of the 2007 calendar year, new systems for document controls, archiving and public access to documents will be in place so that public access to original records and information regarding M2 can be assured.

Subsequent to the Board adoption of the EAP, more specific strategic implementation plans for the freeway and transit components of M2 will be prepared. These will provide detailed plans for the delivery of each project and/or program, including project or program scope, sequencing, milestones, cost estimates, cash flow and funding allocation. It is anticipated that the Freeway Strategic Plan could be completed by Fall 2007 and the Transit Strategic Plan by late 2007. These strategic plans will guide resource needs and allocation and provide the means to measure project and/or program development progress against established benchmarks.

Beginning in Fall 2007, regular progress reports on implementing the EAP will be incorporated into the Measure M Quarterly Report that is prepared for the Taxpayers Oversight Committee and the Board of Directors. To improve accessibility and transparency of the information, the quarterly progress report will be presented principally in a web-based on-line form, showing progress on all projects and programs against the timelines and benchmarks in the Action Plan and associated strategic plans. Contact information for the OCTA staff member responsible for each program or project will be included.

Some Risks

Early action of this magnitude is not without risks. Similar efforts in surrounding counties as well as implementation of recently passed State infrastructure and other spending measures (Propositions 1A-1E and 84) will likely result in increased regional competition and costs for the human and capital resources needed to design and implement transportation projects. Global competition from rapid development and infrastructure spending in countries like India and China has already impacted the costs of construction and is also expected to continue to be a factor.

OCTA will undertake a market analysis/risk management study in the next fiscal year to assess the competitive environment for labor and materials, refine the model for project cost estimates and develop strategies to manage project cost risks.

Also, the impacts of multiple construction projects on traffic operations, the traveling public, and adjacent businesses and residents must be carefully evaluated and managed. Project phasing and implementation must be planned to avoid concurrent impacts on alternate routes or parallel facilities and to minimize extended disruption to businesses and residents.

Project scheduling and phasing to manage local impacts will be specifically addressed as part of the proposed freeway and transit strategic plans.

Another key concern is the capacity of local jurisdictions, OCTA and Caltrans and federal agencies to effectively manage the work that needs to be done. Over the

next five years, a significant increase in program development, planning, environmental, design, oversight and construction management work will be overlaid on the ongoing responsibilities of operating, maintaining, and improving the existing road, highway and transit network. Project planning and phasing will need to account for this increased workload and the capacity of staff and the private sector to respond. OCTA will need to review and rethink its procurement, contract management, project management, staffing and training needs to make best use of and to avoid overburdening the available public and private resources.

An organizational review, conducted by an external, objective third party, will be undertaken in FY 2007-08 to ensure that OCTA management and staff are well positioned and prepared to meet the challenges of the Plan.

Funding and Financing

The fact that the voters approved a renewal of Measure M nearly four and one-half years before the revenues become available is both an opportunity and a challenge. This lead-time enables significant project development work to be undertaken and projects to be delivered early, but only if sufficient funding is made available in a timely manner. Pay-as-you-go project funding is de-facto not possible for any M2 projects until after April 1, 2011. However, early action on M2 projects prior to April 1, 2011 can be undertaken using some combination of four principal funding sources:

1. Federal, State and local grants and/or matching funds

2. Unallocated M1 funds, in excess of what is needed to complete the M1 Expenditure Plan

3. Internal loans of qualifying non-M funds held by OCTA

4. Debt financing repaid by future M2 revenues

These funding sources all have certain qualifying requirements in order to be available for M2 purposes. Grants and matching funds must generally be won through a competitive application or eligibility process, or through an earmarked appropriation. Allocation of M1 funds requires approval of the Board of Directors to amend the M1 Expenditure Plan, with concurrence by the Taxpayers Oversight Committee, and in some cases the voters. Internal loans require that the funds are not otherwise needed over the short term and payment of interest. Debt financing can be used only if pay-as-you-go is deemed infeasible, and if the costs of financing do not imperil delivery of the balance of the voter-approved M2 Investment Plan.

The EAP has a strong funding foundation of matching state, federal and local funds that have already been committed. For example, approximately $267 million, principally from Proposition 1B Corridor Mobility Improvement Account (CMIA) and State Transportation Improvement Program (STIP) funds, are currently available for M2 EAP freeway projects. Nearly all of the M2 transit, roads and environmental programs have matching requirements, which will eventually leverage additional funds to deliver the EAP.

Beyond these known commitments and requirements, there are three steps that must be taken to complete the funding and financing picture for the EAP.

Step 1: Near Term Commitments

OCTA has existing commitments to M1 and CMIA funded freeway projects that must be addressed in the short term. This includes providing a match for CMIA funds that are available only for construction on the M2 SR-57 project (Project G), and the completion of existing M1 freeway projects on I-5 and SR-22. In addition, the SR-22 Phase II Project (not part of M2) is funded with a combination of federal Congestion Mitigation Air Quality (CMAQ) funds (available only via reimbursement), and state CMIA funds (available only for construction). Working capital is needed on this project for initial investment in design and right of way.

Currently the M1 freeway mode is projected to have an ending unspent balance of $172 million. It is recommended that two amendments to the M1 Expenditure Plan freeway mode be approved as follows:

1. Allocate $22 million of the un-programmed funds in the M1 freeway mode to pay for pre-construction costs on the M2 SR-57 widening (Project G).

2. Allocate $10 million from un-programmed funds in the M1 freeway mode as working capital on the SR-22 Phase II design and right of way.

This leaves an estimated balance of $140 million in the M1 freeway mode as a prudent reserve for economic uncertainties and project closeout costs.

Step 2: Costs Since the Election

Costs already incurred for M2 project and program development must be funded. Project and program development activities have been underway since the November 7, 2006 election. These costs are estimated at $3 million, for the period beginning November 8, 2006 through the end of the current fiscal year. This includes contracts for conceptual engineering on SR-55 (Project F); conceptual engineering and environmental studies on SR-91 (Projects J and H), and the development of the EAP.

It is recommended that these M2 project and program development activities be funded from the Orange County Unified Transportation Trust (OCUTT) fund to be reimbursed with interest by M2 when funds become available in 2011. OCUTT funds can be used for any transportation purpose as designated by the Board of Directors. The current OCUTT fund balance is approximately $10 million.

Step 3: Plan of Finance

A plan of finance is needed to ensure that the cash flow requirements from FY 2007-08 through FY 2011-12 for the EAP are met. Significant expenditures are anticipated for highway project development, design, right-of-way, and construction and the programming of road, transit and environmental funds. Detailed year-by-year cash flow needs for all of these elements are still being compiled and refined, but the aggregate financing needed to deliver the EAP is currently estimated to be less than $500 million.

It is recommended that a plan of finance for the EAP be prepared and presented to the Transportation 2020 Committee and the Board of Directors for review and approval. This can be completed within 90 days.

The plan of finance will consist of the following:

- Best available cost estimates for each EAP project and program, including annual cash flow estimates;
- Adjustment of all cost and revenue estimates to year-of-expenditure values;
- Refinement of revenue estimates for state, federal and other non-M2 revenue sources;
- Analysis of financing options, including major risk factors, and recommendation of a preferred strategy.

The plan of finance will not be a static document. Project costs and schedules and revenue estimates will be continuously monitored. The financing strategy will be refined and adjustments brought back to the Board of Directors for action as circumstances change.

Financing Policy Guidelines

Following are the recommended policies to guide the preparation and maintenance of the plan of finance:

1. Aggressively seek and utilize first all available local, state and federal matching funds and grants.

2. Annually review and recommend the level of M1 reserves needed to assure the completion of all M1 projects. First priority for M1 funds not needed for reserves should be to fund eligible M2 projects.

3. Utilize internal borrowing to the extent that it is the lowest cost option and does not jeopardize other non-M funding commitments.

4. Utilize debt financing subject to the following conditions:

   - Conservative, independently validated assumptions and projections indicate the ability to deliver the full 30-year M2 plan is not compromised.
   - Debt financing can be shown to be either the lowest cost option, or the only available option, to meet the need.
   - Financing costs accrue appropriately to the M2 project or program for which borrowing occurs.

5. Investigate the opportunities and the potential benefits of interest rate management strategies.

Staffing and Resources

Recommendations for staffing and resources needed to implement the EAP in fiscal year 2007-08 are made in a separate report to the Board of Directors. A budget adjustment of approximately $20 million and addition of eleven positions is recommended.

Next Steps

Subsequent to adoption by the Board of Directors, the EAP will be distributed to local jurisdictions and key stakeholders. The new Taxpayers Oversight Committee will begin meeting in July 2007. Quarterly status reports on implementation of the Plan will be integrated with the Measure M Quarterly Report beginning in the Fall 2007. Also in the Fall, the plan of finance for the EAP will be presented for review and adoption.

By the end of calendar year 2007, detailed strategic plans outlining scope, sequencing, milestones, cost estimates, cash flow and funding allocation for the freeway and transit programs will be completed. On the same timetable, upgrades to the OCTA website will be phased in to improve the accessibility and transparency of information available to stakeholders and the public.

Renewed Measure M Early Action Plan Outreach Summary

OCTA began outreach to local government and community stakeholders involved in the development of the Renewed Measure M Investment Plan (M2) shortly after its approval by the voters in November 2007. The principal message of these briefings was the need to plan for the increased workload that accompanied the close out of the current M1, what the passage of M2 meant for Orange County as well as the development of the M2 Early Action Plan.

In January 2007, OCTA staff began meeting with city and community groups, including city councils, chambers of commerce and transportation, business and development/engineering associations. All stakeholders were encouraged to provide suggestions and comments on the Early Action Plan.

Upon the Board's approval of the Draft Early Action Plan in late May, the Plan was distributed to over 400 stakeholders including:

- Mayors, city managers and public works directors of all Orange County cities
- State Legislative Delegation
- County of Orange
- League of Cities' Executive Steering Committee
- Water District Boards of Directors
- Orange County Business Council
- Building Industry Association
- OCTA Citizen's Advisory Committee
- OCTA Technical Advisory Committee and Technical Steering Committee
- Environmental Organizations
- Various Business Organizations

Accompanying the Early Action Plan was a transmittal memo that provided stakeholders the opportunity to provide feedback on the Plan as well as information to request that OCTA make a presentation to their organization. Since January, over 55 presentations to city councils and community/business organizations have been completed and, as of preparation of this report, seven more are scheduled. In addition to presentations, the Early Action Plan was also posted on the OCTA website with a field for the public to provide comments on the Plan. This effort will continue up until Board consideration of the Plan and, once approved, there will be a transition from presentations seeking input to informing stakeholders about what is included in the Final Early Action Plan.

In addition, significant upgrades are planned for the OCTA website to provide improved access to status and progress on implementing Renewed Measure M and the Early Action Plan.

The following chart depicts all organizations that received briefings on the Renewed Measure M Early Action Plan:

M2 Early Action Plan Outreach Summary
January – August 2007

Date	Organization
January	Irvine Chamber of Commerce
	Orange County Business Council Infrastructure Committee
	Women in Transportation Seminar
	American Society of Civil Engineers
	League of Cities' Executive Steering Committee
	Santa Ana ComLink
	National Association of Industrial Office Properties
	Tustin Chamber of Commerce
February	Building Industry Association Infrastructure Committee
	League Newly Elected Officials seminar
	Irvine City Council
	Orange County Association of Realtors
	Orange County Taxpayers Association
	South Orange County Regional Chambers of Commerce
March	GMA 7&8 Elected Officials
	Orange County City Managers Association
	National Association of Industrial Office Properties
	Cypress City Council
	Santa Ana Kiwanis
	Newport City Council
	Huntington Beach Kiwanis
	Brea City Council
	Aliso Viejo City Council
	Construction Management Association of America
	Consulting Engineers and Land Surveyors of OC
	Orange City Council
	Garden Grove City Council
	Villa Park City Council
	Dana Point Mayor
April	Costa Mesa City Council
	Los Alamitos City Council
	Placentia City Council
	Women in Transportation Seminar
	Costa Mesa Leadership Tomorrow
	Orange County Planning Director Association
May	Yorba Linda City Council
	Fountain Valley Mayor's Meeting
	Laguna Hills Mayor

May 29	**Adoption of Draft Renewed M Early Action Plan**

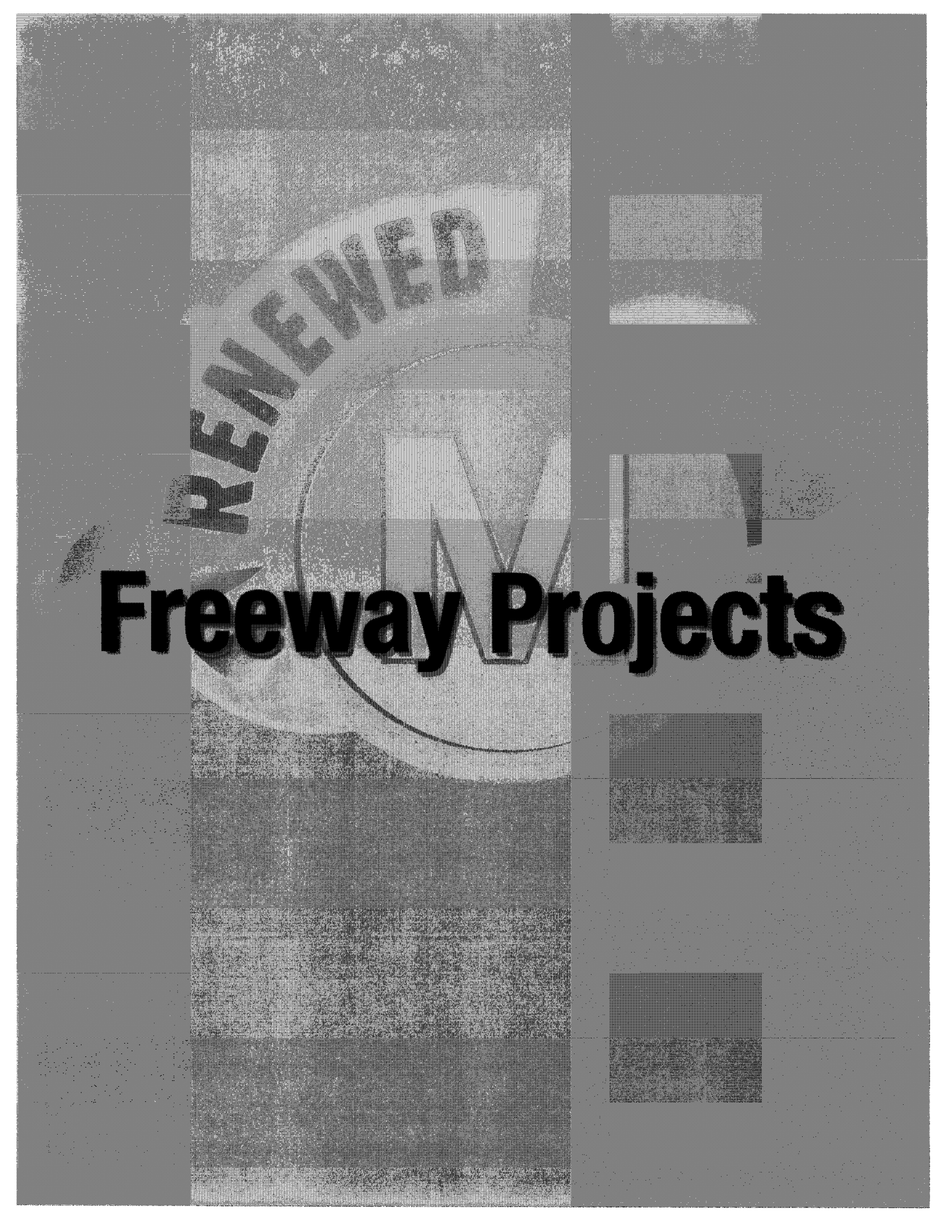
June	Mission Viejo City Council GMA 2 Elected Officials League of Cities' Executive Steering Committee South County Technical Advisory Committee Workshop San Juan Capistrano Chamber of Commerce Orange County Council of Governments American Society of Civil Engineers, Transportation Technical Committee OCTA Citizens' Advisory Committee OCTA Technical Advisory Committee Orange County Business Council, Infrastructure Committee
July	Laguna Hills City Council Anaheim City Council La Palma City Council Los Alamitos City Council Seal Beach City Council Cypress City Council Stanton City Council Santa Ana Environmental and Transportation Advisory Committee South Orange County Mayor's Association OCTA Special Needs in Transit Advisory Committee
August	Orange County City Managers Association

Scheduled:

August 7	Buena Park City Council San Juan Capistrano City Council Tustin City Council Placentia City Council
August 10	Orange County Council of Governments Technical Advisory Committee
August 22	Santa Margarita Water District
August 30	Orange County Taxpayers Association

Total Meetings*: 66

* Current as of August 1, 2007


REMEMBER
Freeway Projects

EARLY ACTION PROJECTS 2007-2012

Freeways

Project Descriptions

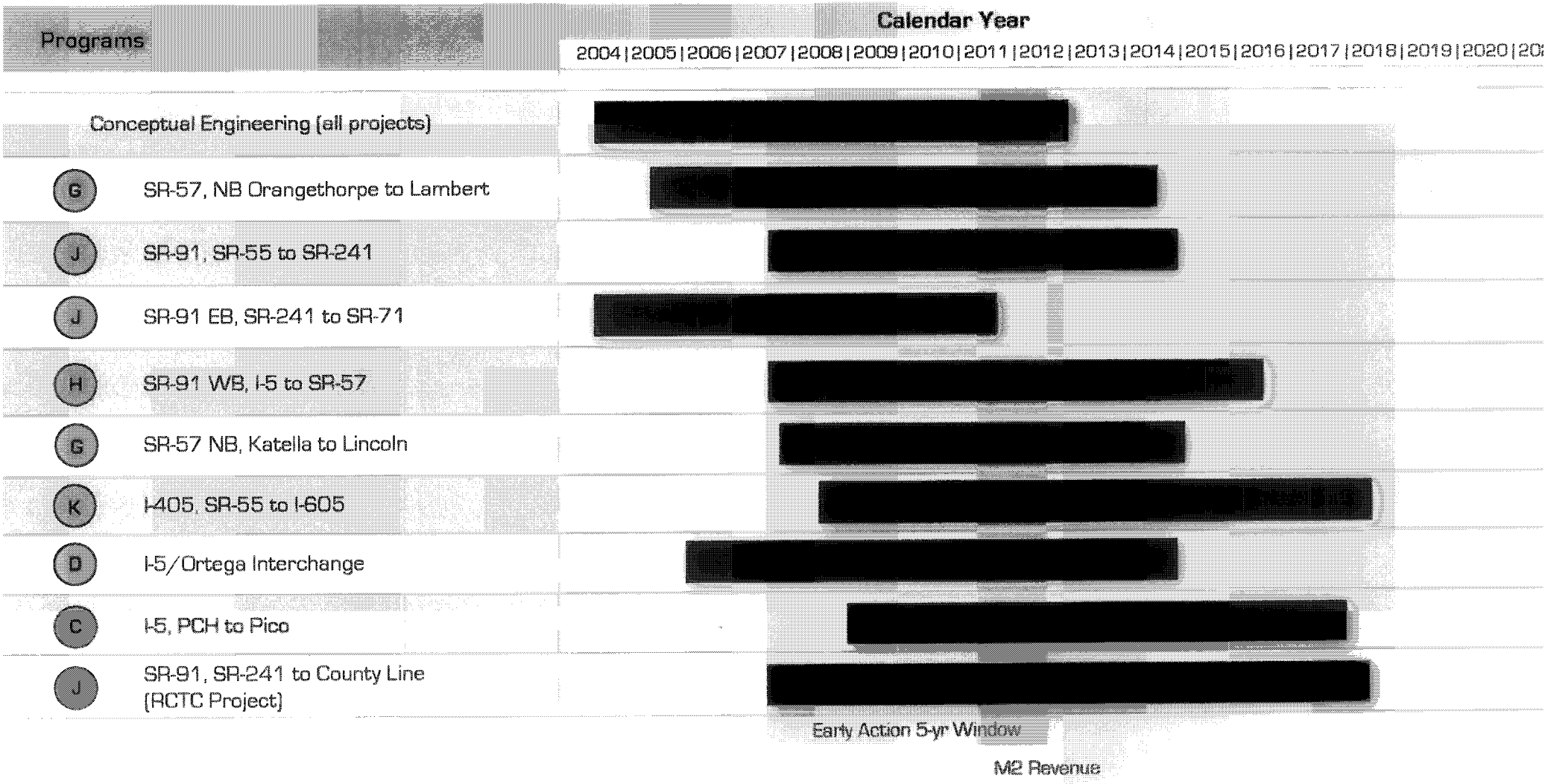
Early Action Projects

- (C) I-5, PCH to Pico
- (D) I-5/Ortega Interchange
- (G) SR-57 NB, Katella to Lincoln; SR-57 NB, Orangethorpe to Lambert
- (H) SR-91 WB, I-5 to SR-57
- (J) SR-91, SR-55 to SR-241; SR-91 EB, SR-241 to SR-71; SR-91, SR-241 to County Line (91 TIE Project)
- (K) I-405, SR-55 to I-605

Conceptual Engineering Projects

- (A) (B) I-5, SR-57 to SR-55; I-5, SR-55 to El Toro Y
- (C) I-5, El Toro Y to SR-73
- (D) South OC Freeway Interchanges
- (E) SR-22 Access Improvements
- (F) SR-55, SR-22 to I-405
- (G) SR-57 NB, Lambert to County Line
- (I) SR-91, SR-57 to SR-55
- (L) I-405, SR-55 to I-5

EARLY ACTION FREEWAY PROJECTS TIMELINE



The remaining freeway projects listed below will be implemented subsequent to the 2007-2012 Early Action Plan period. Priorities, schedules and project phasing will be presented for Committee and Board of Directors' action as conceptual engineering is completed and more information is known about each project.

- A I-5, SR-57 to SR-55
- B I-5, SR-55 to El Toro Y
- C I-5, El Toro Y to SR-73
- D South OC Freeway Interchanges
- E SR-22 Access Improvements
- F SR-55, SR-22 to I-405
- G SR-57 NB, Lambert to CL
- I SR-91, SR-57 to SR-55
- J SR-91, SR-241 to County line (OCTA Project)
- L I-405, SR-55 to I-5
- M I-605 Access Improvements

EARLY ACTION PROJECTS TIMELINE

Freeways

Projects	Category	Start*	End*
SR-57, Orangethorpe to Lambert	Environmental	June 05	Dec 07
	Design/Engineering	Dec 07	June 10
	Right of Way & Utilities	June 08	June 10
	Construction	June 10	July 14
SR-91, SR-55 to SR-241	Environmental	July 07	July 09
	Design/Engineering	Jan 09	Dec 11
	Right of Way & Utilities	July 09	Dec 11
	Construction	Dec 11	Dec 14
SR-91 EB, SR-241 to SR-71	Environmental	May 04	Dec 07
	Design/Engineering	July 07	Aug 09
	Right of Way & Utilities	Jan 08	Aug 09
	Construction	Aug 09	Sep 11
SR-91 WB, I-5 to SR-57	Environmental	July 07	June 10
	Design/Engineering	June 10	June 13
	Right of Way & Utilities	Dec 10	June 13
	Construction	June 13	June 16
SR-57 NB, Katella to Lincoln	Environmental	Oct 07	July 09
	Design/Engineering	June 08	May 11
	Right of Way & Utilities	Dec 08	May 11
	Construction	May 11	Jan 15
I-405, SR-55 to I-605	Environmental	July 08	June 11
	Design/Engineering	June 11	June 14
	Right of Way & Utilities	Jan 12	June 14
	Construction	June 14	June 18
I-5/Ortega Interchange	Environmental	Jan 06	Nov 08
	Design/Engineering	Nov 08	Nov 11
	Right of Way & Utilities	May 09	Nov 11
	Construction	Nov 11	Nov 14
I-5, PCH to Pico	Environmental	Dec 08	Dec 11
	Design/Engineering	Dec 11	Dec 14
	Right of Way & Utilities	June 12	Dec 14
	Construction	Dec 14	Dec 17
SR-91, SR-241 to County Line (RCTC Project)	Environmental	July 07	Apr 12
	Design/Engineering	Apr 12	Apr 15
	Right of Way & Utilities	Oct 12	Apr 15
	Construction	Apr 15	Apr 18

*The dates shown here are preliminary and represent typical or average durations for the various project stages. As the projects

C. San Diego Freeway (I-5) Improvements South of the El Toro "Y"

Description:
Add new lanes to I-5 from the vicinity of the El Toro Interchange in Lake Forest to the vicinity of SR-73 in Mission Viejo. Also add new lanes on I-5 between Coast Highway and Avenida Pico interchanges to reduce freeway congestion in San Clemente. Regional plans also include construction of a new freeway access point between Crown Valley Parkway and Avery Parkway as well as new off ramps at Stonehill Drive using federal and state funds.

Status:
Project Study Report under way now for Coast Highway to Avenida Pico section (Caltrans lead). Analysis to date has focused on this segment as an HOV lane. Initiate Project Study Report for El Toro Interchange to SR-73 area by 2011 contingent upon funding availability and future Board action following completion of the South Orange County Major Investment Study (SOCMIS).

Present Day Congestion:
Today, I-5 near the El Toro "Y" carries about 342,000 vehicles per day and has about 5,300 daily vehicle hours of delay. Segments of the freeway currently operate at level of service "F" (over capacity) in the morning and afternoons. On-ramps are significantly congested in the mornings at Crown Valley and Oso Parkways.

Benefits:
The project will increase freeway capacity and reduce congestion. Travel volumes are expected to increase in the future by 35 percent (118,000 vehicles), bringing it up to 460,000 vehicles per day in the future.

Cost (2005 $):
$627.0 million.

Issues:
Contingent on findings from Project Study Reports (estimated 2008 completion for Coast Highway to Pico section).

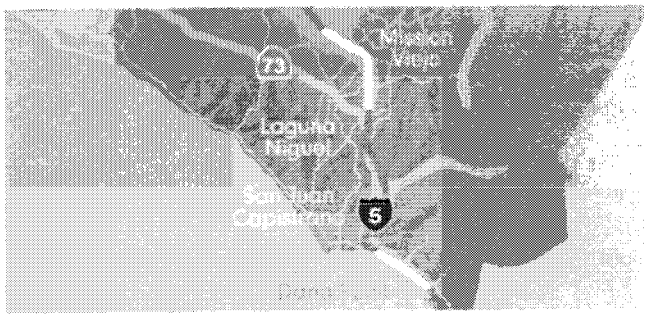
External Funding:
Potential linkages to non-Measure M funded local interchange projects such as Crown Valley Parkway area.

Risks:
Limited right-of-way in certain sections may require non-standard shoulder and lane widths to minimize right-of-way acquisition. Major Investment Study currently under way may modify proposed plans. Major interchange improvements (Project D) will need to be integrated into the mainline widening.

Related Projects:
I-5 local interchange improvements (Project D); new freeway access point between Crown Valley Parkway and Avery Parkway.

Involved Agencies:
Caltrans, Laguna Hills, Mission Viejo, Laguna Niguel, San Juan Capistrano, Dana Point, San Clemente, Lake Forest, TCA

References:
Caltrans District 12 Proposed Projects (2004)



D. Santa Ana Freeway / San Diego Freeway (I-5) Local Interchange Upgrades

Description:
Update and improve key I-5 interchanges such as Avenida Pico, Ortega Highway, Avery Parkway, La Paz Road, El Toro Road, and others to relieve street congestion around older interchanges and on ramps. In addition to the project described above, regional plans also include improvements to the local interchanges at Camino Capistrano, Oso Parkway, Alicia Parkway and Barranca Parkway using federal and state funds.

Status:
Projects at various stages. Ortega Highway EIR under way.

Present Day Congestion:
Varies by location. Each local interchange suffers from high, recurrent congestion in morning and afternoon peak periods.

Benefits:
Varies by location. Each local interchange offers community benefits including congestion relief and improved freeway access.

Cost (2005 $):
$258.0 million.

Issues:
Contingent on findings from Project Study Reports (estimated 2008 to 2012 completion).

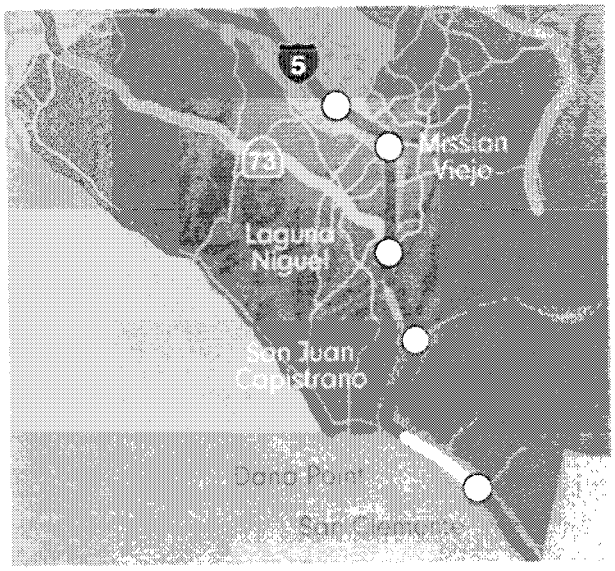
External Funding:
Potential linkages to non-Measure M funded local interchange projects such as Culver Drive and Ortega Highway.

Risks:
Limited right-of-way in certain locations may require right-of-way acquisition. Major Investment Study currently underway may modify proposed plans. Project C needs to be integrated with the local interchange upgrades.

Related Projects:
I-5 widening, south of the El Toro "Y"

Involved Agencies:
Caltrans, Irvine, Laguna Hills, Mission Viejo, Laguna Niguel, San Juan Capistrano, San Clemente, Lake Forest, TCA

References:
Caltrans District 12 Proposed Projects (2004); 2006 Long Range Transportation Plan; I-5/SR-74 PSR



G. Orange Freeway (SR-57) Improvements

Description:
Build a new northbound lane between Orangewood Avenue and Lambert Road. Other projects include improvements to the Lambert interchange and the addition of a northbound truck climbing lane between Lambert and the county line. In addition to the project described above, regional plans include new carpool ramps at Cerritos Avenue using federal and state funds.

Status:
Environmental document under way from Orangethorpe to Lambert with expected completion by 2008. Initiate Project Report for Orangewood to Orangethorpe segment by 2008 contingent upon funding availability and future Board action. Initiate environmental document for northbound truck climbing lane between Lambert and Tonner Canyon Road by 2011.

Present Day Congestion:
Today, this segment of SR-57 carries about 315,000 vehicles and has about 3,300 daily vehicle hours of delay in the northbound direction. High, recurrent congestion southbound in the morning and northbound in the evening.

Benefits:
The project will increase freeway capacity and reduce congestion. By 2030, this volume will increase by 15 percent, bringing it up to 363,000 vehicles per day.

Cost (2005 $):
$258.7 million.

Issues:
Contingent on findings from environmental documents. Coordination with local interchange projects such as Lambert, and ARTIC related freeway access improvements.

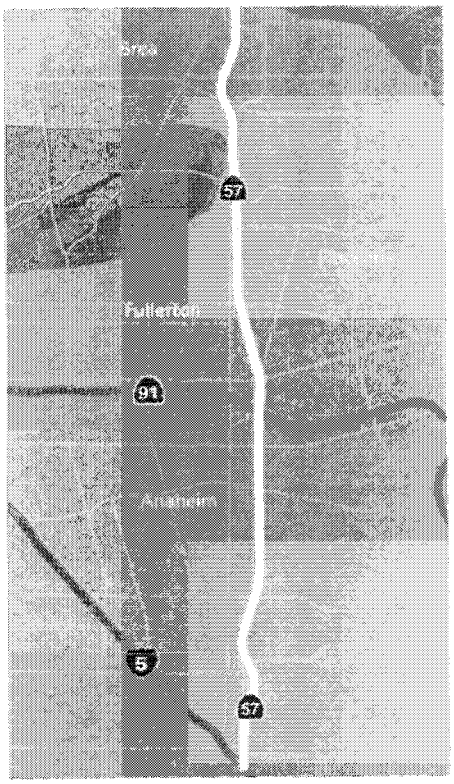
External Funding:
CMIA, possible Measure M1

Risks:
Limited right-of-way in certain sections may require non-standard shoulder and lane widths to minimize right-of-way acquisition.

Related Projects:
SR-91 improvements, SR-57 to I-5; SR-57 to SR-55

Involved Agencies:
Caltrans, Orange, Anaheim, Placentia, Fullerton, Brea

References:
Orangethorpe to Lambert PSR (2004); Katella to Lincoln PSR (2003); Caltrans District 12 Proposed Projects (2004); Lambert interchange PSR; 2006 Long-Range Transportation Plan



H. Riverside Freeway (SR-91) Improvements from the Santa Ana Freeway (I-5) to the Orange Freeway (SR-57)

Description:
Add capacity in the westbound direction and provide operational improvements at on and off ramps to the SR-91 between I-5 and the Orange Freeway (SR-57).

Status:
Initiate environmental document by summer 2007.

Present Day Congestion:
Today, this segment of SR-91 carries about 256,000 vehicles and has about 3,800 daily vehicle hours of delay.

Benefits:
The project will increase freeway capacity and reduce congestion. By 2030, this volume is expected to increase by nearly 13 percent, bringing it up to 289,900 vehicles per day.

Cost (2005 $):
$140.0 million.

Issues:
Contingent on findings from environmental document (estimated 2010 completion).

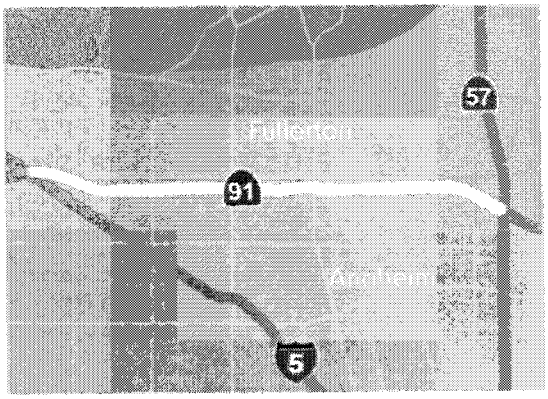
External Funding:
None at this time.

Risks:
Limited right-of-way in certain sections may require non-standard shoulder and lane widths to minimize right-of-way acquisition.

Related Projects:
N/A

Involved Agencies:
Caltrans, Anaheim, Fullerton

References:
Caltrans District 12 Proposed Projects (2004); 2006 Long Range Transportation Plan; SR-91 westbound lane PSR (I-5 to SR-57)



J. Riverside Freeway (SR-91) Improvements from Costa Mesa Freeway (SR-55) to the Orange/ Riverside County Line

Description:
This project adds capacity on SR-91 beginning at SR-55 and extending to I-15 in Riverside County. The first priority will be to improve the segment of SR-91 east of SR-241. The goal is to provide up to four new lanes of capacity between SR-241 and Riverside County Line by making best use of available freeway property, adding reversible lanes, building elevated sections and improving connections to SR-241. This project also includes improvements to the segment of SR-91 between SR-241 and SR-55. The concept is to generally add one new lane in each direction and improve the interchanges.

Status:
Environmental document under way for new eastbound lane east of SR-241. Initiate study of ultimate improvements between SR-241 and Riverside County Line by Fall 2007. PSR for added lanes from SR-55 to SR-241 completed in May 2004.

Present Day Congestion:
Today, this freeway carries about 314,000 vehicles every day and has about 5,500 daily vehicle hours of delay.

Benefits:
The project will increase freeway capacity and reduce congestion. Traffic volumes are expected to increase by 36 percent, bringing it up to 426,000 vehicles by 2030.

Cost (2005 $):
$925.0 million.

Issues:
Contingent on findings from EIR for new eastbound lane (estimated 2007 completion). Other environmental issues contingent on future Project Study Reports. Improvements east of SR-241 are coordinated with SR-91/SR-241 interchange improvements (non-Measure M funded) and Riverside County's Measure A widening of SR-91.

External Funding:
CMIA and potential 2006 STIP funding

Risks:
Limited right-of-way in certain sections may require non-standard shoulder and lane widths to minimize right-of-way acquisition.

Related Projects:
EB auxiliary lane, SR-241 to SR-71; Riverside County Measure A 5th lane (SR-241 to I-15)

Involved Agencies:
Caltrans, RCTC, Anaheim, Yorba Linda

References:
Caltrans District 12 Proposed Projects (2004); 2006 Long Range Transportation Plan; 5th lane SR-55 to SR-241 PSR, SR-91 implementation plan

K. San Diego Freeway (I-405) Improvements between the I-605 Freeway in Los Alamitos area and Costa Mesa Freeway (SR-55)

Description:
Add new lanes to the San Diego Freeway between I-605 and SR-55. The project will make best use of available freeway property, update interchanges and widen all local overcrossings according to city and regional master plans. The improvements will be coordinated with other planned I-405 improvements in the I-405/SR-22/I-605 interchange area to the north and I-405/SR-73 improvements to the south. Near-term regional plans also include the improvements to the I-405/ SR-73 interchange as well as a new carpool interchange at Bear Street using federal and state funds.

Status:
Complete the draft Project Study Report by 2008.

Present Day Congestion:
Today, I-405 carries about 430,000 vehicles daily and has about 11,400 daily vehicle hours of delay. Segments of the freeway operate at level of service "F" (over capacity) in the morning and afternoon.

Benefits:
The project will increase freeway capacity and reduce congestion. Traffic volumes are expected to increase by nearly 23 percent, bringing it up to 528,000 vehicles daily by 2030.

Cost (2005 $):
$500 million.

Issues:
Contingent on findings from Project Study Report (estimated 2008).

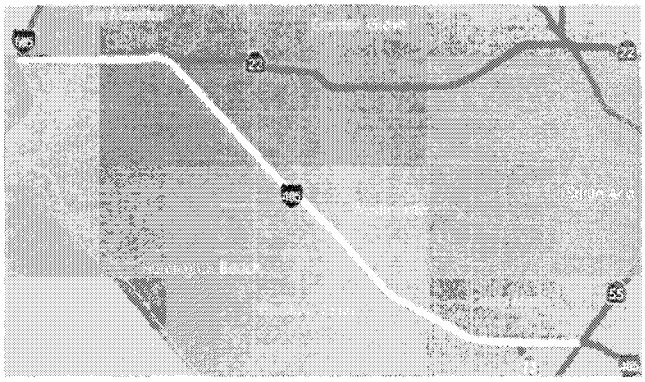
External Funding:
Federal funds have been earmarked for improvements to the Beach Boulevard interchange that will need to be coordinated with this project.

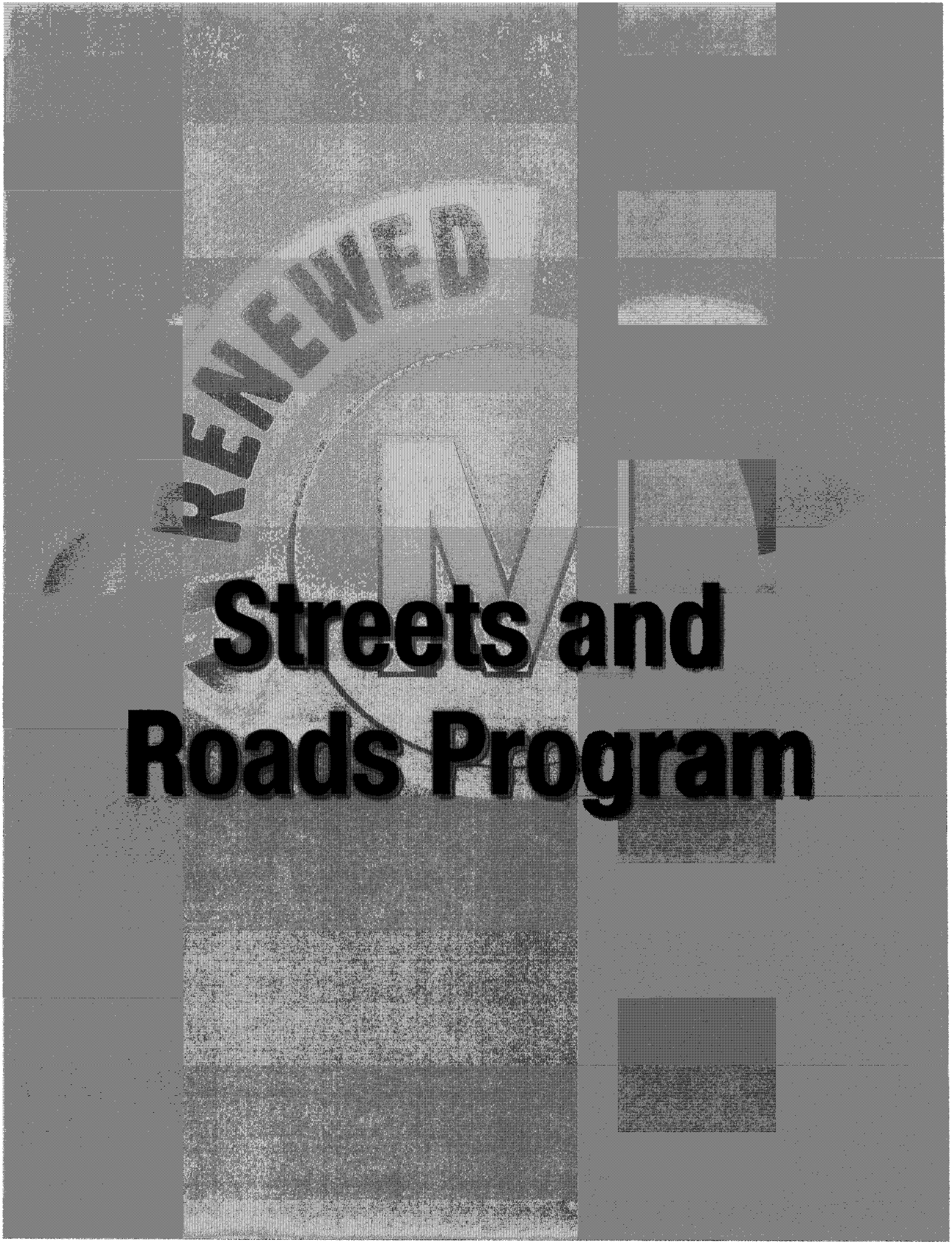
Risks:
Limited right-of-way in certain sections may require non-standard shoulder and lane widths to minimize right-of-way acquisition. Re-building local interchanges may require right-of-way to accommodate existing and future traffic.

Related Projects:
SR-22 west, Valley View to I-605, Bear street HOV ramps, I-405/SR-73 HOV direct connectors

Involved Agencies:
Caltrans, Seal Beach, Los Alamitos, Garden Grove, Westminster, Huntington Beach, Fountain Valley, Costa Mesa

References:
Caltrans District 12 Proposed Projects (2004); 2006 Long Range Transportation Plan; I-405 MIS

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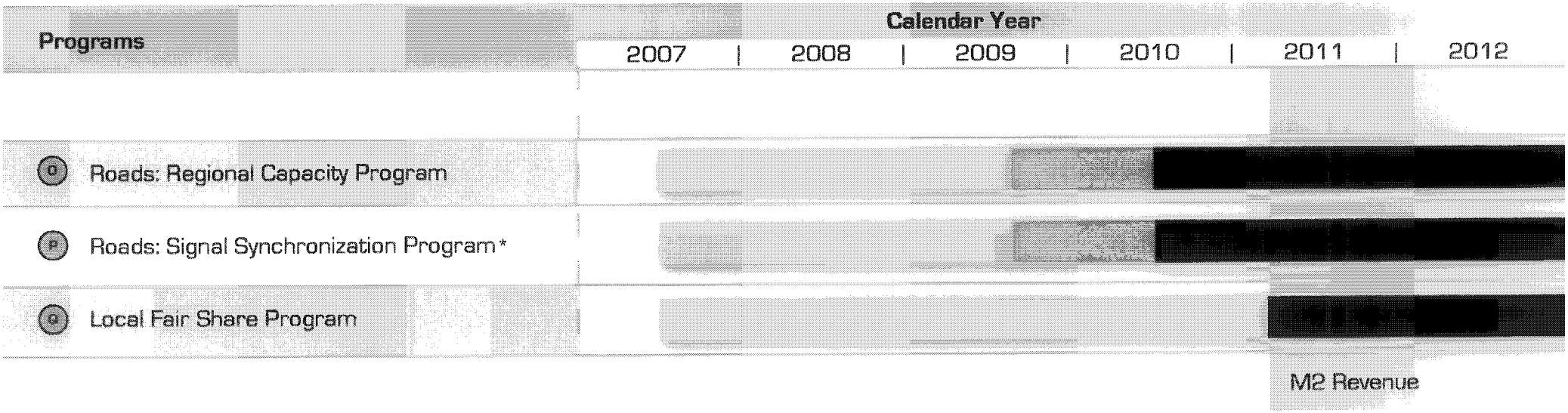
Streets and
Roads Program

EARLY ACTION STREETS & ROADS PROGRAM TIMELINE



Legend

- Program Development
- Call For Projects
- Program Implementation

Notes

* Renewed M eligibility requirement and funding program

Requirements for Eligible Jurisdictions
M1 and M2

	M1 Eligibility Requirements	M2 Eligibility Requirements
1	Comply with M1 Growth Management Plan (GMP) requirements generally based on maintaining certain traffic level of service standards	Comply with State requirements for Orange County Congestion Management Program (CMP) generally based on maintaining certain traffic level of service standards
2	Institute development mitigation as part of GMP to ensure new development pays its share of the associated costs	Require new development to pay a fair share of needed transportation improvements
3	Adopt a General Plan Circulation Element consistent with the Master Plan of Arterial Highways (MPAH)	Adopt a General Plan Circulation Element consistent with the Master Plan of Arterial Highways (MPAH)
4	Adopt a 7-Year Capital Improvement Plan (CIP) that includes all M1 funds	Adopt a 6-Year Capital Improvement Plan (CIP) that includes all M2 funds
5	Participate in Growth Management Area (GMA) interjurisdictional forums	Participate in Traffic Forums
6	Adopt a local Transportation Demand (TDM) program/ordinance or alternative mitigation to reduce single occupancy vehicle travel	Adopt a local Signal Synchronization Plan consistent with a countywide Master Plan
7	Adopt a local Pavement Management Plan and adequately fund the same	Adopt a local Pavement Management Plan; measure pavement conditions against a standard and show or maintain improvement of pavement condition
8	No comparable requirement	Provide an annual Expenditure Report of all M2 spending
9	No comparable requirement	Provide a Project Final Report for all completed M2 projects
10	Agree to spend all M1 revenues within 3 years	Agree to time limits for expenditures; generally 3 years
11	Meet Maintenance of Effort (MOE) standard	Meet Maintenance of Effort (MOE) standard with a Construction Cost Index (CCI) escalation every three years
12	No supplanting of private developer funding	No supplanting of private developer funding
13	Address jobs/housing balance as part of GMP	Consider land use planning strategies that accommodate transit and non-motorized transportation

M2 Precursors for Local Funding Eligibility and Allocations

1. **Traffic Forums**: Eligible Jurisdictions and Caltrans, in participation with County of Orange and the Orange County Division of League of Cities shall establish boundaries for Traffic Forums.
2. **Regional Traffic Signal Synchronization Program**: OCTA, in consultation with Eligible Jurisdictions and Caltrans, shall adopt and maintain a Traffic Signal Synchronization Master Plan that shall be part of the Master Plan of Arterial Highways (MPAH).
3. **Local Traffic Signal Synchronization Plan**: Eligible Jurisdictions shall adopt and maintain a Local Traffic Signal Synchronization Plan consistent with the Traffic Signal Synchronization Master Plan. The Signal Synchronization Plan must be part of the General Plan Circulation Element.
4. **Pavement Management**: OCTA, in consultation with Eligible Jurisdictions, shall define a countywide management method to inventory, analyze and evaluate road pavement conditions, and a common method to measure improvement of road pavement conditions.
5. **Pavement Management Plan**: Eligible Jurisdictions shall biennially adopt and update a Pavement Management Plan, using a common format approved by OCTA, and issue a report every two years regarding status of pavement conditions and implementation of the Plan.
6. **Capital Improvement Program**: Eligible Jurisdictions shall develop a 6-Year Capital Improvement Program that includes all proposed M2 expenditures, including Signal Synchronization and Pavement Management.
7. **Competitive Procedures**: OCTA, in consultation with Eligible Jurisdictions, shall develop competitive procedures for allocation of funds for Regional Capacity (Project O), Signal Synchronization (Project P), Metrolink Extensions (Project S), Metrolink Gateways (Project T), and Community Based Transit/Circulators (Project V).
8. **Environmental Cleanup/Water Quality**: OCTA shall appoint an Environmental Cleanup/Water Quality Allocation Committee as specified in M2 Ordinance #3. The Committee shall recommend to OCTA a competitive grant process; maintenance of effort provisions; annual reporting and benefit assessment methods; and funding allocations for M2 Environmental Cleanup revenues.

O. Regional Capacity Program

Description:
This program, in combination with local matching funds, provides a funding source to complete the Orange County Master Plan of Arterial Highways (MPAH). The program also provides for intersection improvements and other projects to help improve street operations and reduce congestion. This program also provides funding for construction of railroad grade separations where high volume streets are impacted by freight trains along the Burlington Northern Santa Fe railroad in northern Orange County. The program allocates funds through a competitive process and targets projects that help traffic the most by considering factors such as degree of congestion relief, cost effectiveness, and project readiness.

Cost (2005 $):
$1,132.8 million.

Status:
Initiate development of program procedures, guidelines and eligibility requirements by 2007. Call for projects estimated by 2009.

Present Day:
Roughly 1,000 miles of new street lanes remain to be completed, mostly in the form of widening existing streets to their ultimate planned width. Completion of the system will result in a more even traffic flow and efficient system.

Benefits:
Improvements to be funded by this program, when combined with local arterial projects, are projected to improve peak period arterial speeds by nearly 27% by 2030 compared to not constructing those projects.

Issues:
Right-of-way may be difficult to obtain for widening projects in some older, more densely developed sections of the county.

External Funding:
A local jurisdiction match equivalent to 50% of project costs is required to qualify for Measure M funding. Match can be reduced contingent on participation in pavement and signal synchronization programs as well as use of non-Measure M funds for local match and developer contributions.

Risks:
Jurisdictions must meet eligibility requirements to receive funding.

Related Projects:
Regional Traffic Signal Synchronization Program; Local Fair Share Program

Involved Agencies:
All local jurisdictions (cities and the County)

References:
2006 Long Range Transportation Plan; Orange County Master Plan of Arterial Highways

P. Regional Traffic Signal Synchronization Program

Description:
This program targets over 2,000 signalized intersections across the County for coordinated operation. The goal is to improve the flow of traffic by developing and implementing regional signal coordination programs that cross jurisdictional boundaries. The goal is development of a coordinated signal system that is corridor based rather than just city or agency based.

Cost (2005 $):
$453.1 million

Status:
The development of a county-wide Signal Master Plan and local signal plans will be initiated by the end of 2007. Goal is to have call for projects by 2009.

Present Day:
Most traffic signal synchronization programs today are limited to segments of roads within individual cities or under the control of specific agencies, such as Caltrans agencies. For example, signals at intersections of freeways with arterial streets are controlled by Caltrans, while nearby signals at local street intersections are under the control of cities.

Benefits:
The projects in this program will maximize the effectiveness of the existing arterial system and will improve arterial corridor speeds. When completed, this project can increase the capacity of the street grid and reduce the delay by over six million hours annually.

Issues:
Some cities may be reluctant to give up local control of signals. Requires development of local signal synchronization plans and coordination with area traffic forums.

External Funding:
Local jurisdiction match equivalent to 20% of project costs is required to qualify for this program.

Risks:
Jurisdictions must meet eligibility requirements to receive funding. This includes a local signal synchronization plan and participation in traffic forums to resolve traffic operations issues with neighboring jurisdictions.

Related Projects:
Regional Capacity Program; Local Fair Share Program

Involved Agencies:
All local jurisdictions (cities and the County); Caltrans

References:
2006 Long Range Transportation Plan; 2006 Orange County Traffic Signal Coordination Program

Q. Local Fair Share Program

Description:
This element of the program will provide flexible funding to help cities and the County of Orange keep up with the rising cost of repairing the aging street system. In addition, cities can use these funds for other local transportation needs such as residential street projects, traffic and pedestrian safety near schools, signal priority for emergency vehicles, etc.

This program is intended to augment, rather than replace, existing transportation expenditures and therefore cities must meet specific eligibility requirements to receive the funds.

Cost (2005 $):
$2,039.1 million.

Status:
Initiate development of program procedures, guidelines and eligibility requirements by 2007.

Present Day:
This program is a continuation of the existing Measure M "turnback" program.

Benefits:
This program provides an augmentation to local general fund monies used for transportation purposes that will not be sufficient alone to maintain streets and improve local/residential streets.

Issues:
Eligibility requirements include local jurisdiction consistency with the MPAH, developer impact fees, Pavement Management Plan, Signal Synchronization Plan, participation in traffic forums, compliance with CMP requirements and annual reporting of expenditures in addition to maintenance of effort requirements.

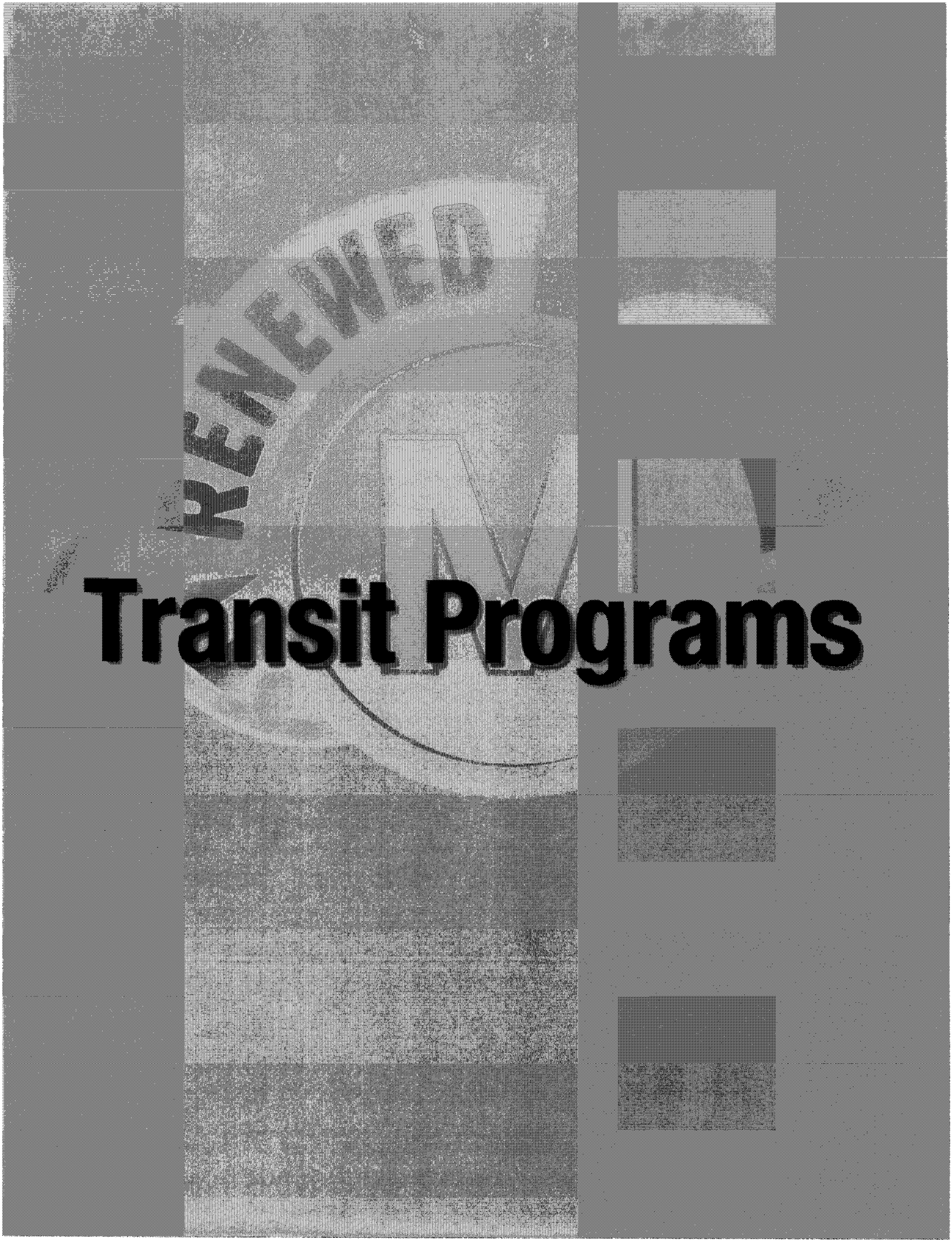
External Funding:
Local jurisdictions must maintain current general fund level of effort for transportation. Maintenance of effort to be increased annually to keep pace with inflation.

Risks:
Jurisdictions must meet eligibility requirements to receive funds.

Related Projects:
Regional Capacity Program; Regional Traffic Signal Synchronization Program

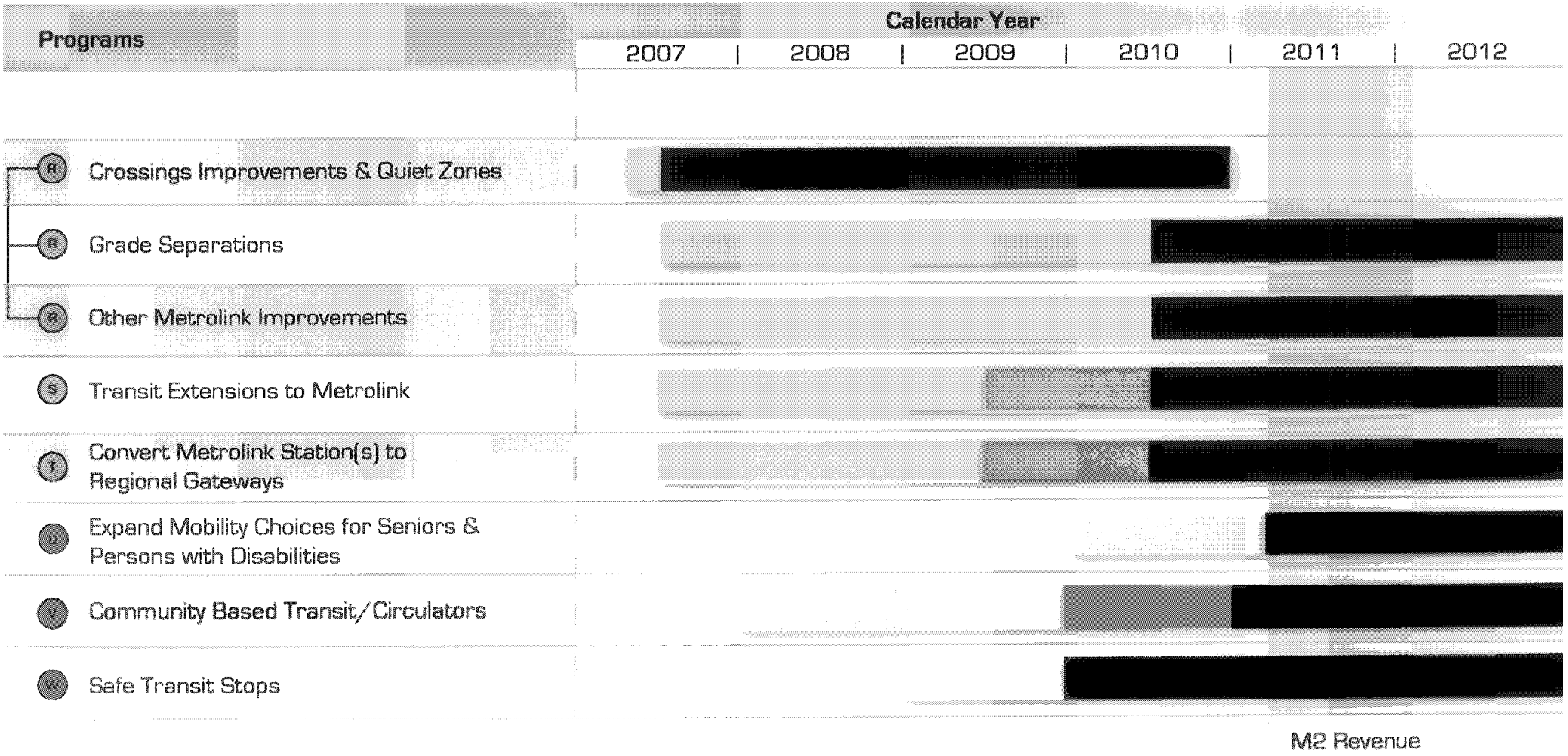
Involved Agencies:
All local jurisdictions (cities and the County)

References:
2006 Long Range Transportation Plan



Transit Programs

EARLY ACTION TRANSIT PROGRAM TIMELINE



R. High Frequency Metrolink Service

Description:
This project will increase rail services within the county and provide frequent Metrolink service north of Fullerton to Los Angeles. The project will provide for track improvements, more trains, and other related needs to accommodate the expanded service.

This project is designed to build on the successes of Metrolink and complement service expansion made possible by the current Measure M. The service will include upgraded stations and added parking capacity, safety improvements and quiet zones along the tracks, and frequent shuttle service and other means to move arriving passengers to nearby destinations.

The project also includes funding for improving grade crossings and constructing over or underpasses at high volume arterial streets that cross the Metrolink tracks.

Cost (2005 $):
$1,014.1 million

Status:
- Operations cost for service through 2041 is currently being developed
- Quiet Zone policy development underway
- Grade Separation prioritization to commence in 2007/08

Present Day:
Three Metrolink lines serve Orange County today, providing 44 daily trains and carrying more than 3.5 million annual riders.

Benefits:
High frequency Metrolink service will allow for additional capacity parallel to I-5 (Orange County Line) and SR-91 (Inland Empire-Orange County Line and 91 Line). Frequent service 7 days per week, throughout the day will allow for more flexible home to work trips as well as other non-commuter hour trips.

Issues:
- Funding continued operation of Metrolink service developed and funded under Measure M1 must be a top priority.
- Coordination with Los Angeles and Riverside Counties on inter-county priorities.
- Relationship to goods movement policies.
- Role of Metrolink in South Orange County

External Funding:
State Transportation Improvement Program (STIP) and Federal Congestion Mitigation and Air Quality (CMAQ), and Federal New Starts funds are eligible for commuter rail capital improvements.

Risks:
Moderate risk associated with expansion on OCTA owned rail right-of-ways. Significantly more risk associated with Burlington Northern Santa Fe (BNSF) railroad owned right-of-way.

Goods Movement related capacity and mitigation programs may impact service

expansion plans north and east of Fullerton.

Program Development:
2007-2010

Program Implementation:
2010 and beyond

Related Projects:
Metrolink Expansion Plan (Measure M1 funded)

Project "S" – Transit Extensions to Metrolink

Project "T" – Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems.

Project "V" – Community Based Transit Circulators

California High Speed Rail Authority Project

Involved Agencies:
Metrolink, Caltrans, California High Speed Rail Authority, BNSF, Buena Park, Fullerton, Anaheim, Orange, Santa Ana, Tustin, Irvine, Laguna Niguel, Mission Viejo, San Juan Capistrano, Dana Point, San Clemente.

S. Transit Extensions to Metrolink

Description:
Frequent service in the Metrolink corridor provides a high capacity transit system linking communities within the central core of Orange County. This project will establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria as follows:

- Traffic congestion relief
- Project readiness, with priority given to projects that can be implemented within the first five years of the Plan
- Local funding commitments and the availability of right-of-way
- Proven ability to attract other financial partners, both public and private
- Cost-effectiveness
- Proximity to jobs and population centers
- Regional as well as local benefits
- Ease and simplicity of connections
- Compatible, approved land uses
- Safe and modern technology
- A sound, long-term operating plan

This project shall not be used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor. The emphasis shall be on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. It is intended that multiple transit projects be funded through a competitive process and no single project may be awarded all of the funds under this program.

These connections may include a variety of transit technologies such as conventional bus, bus rapid transit or high capacity rail transit systems as long as they can be fully integrated and provide seamless transition for the users.

Cost (2005 $):
$1,000.0 million.

Status:
Step 1* of this program is underway with $3.4 million in Measure M1 grants made available to cities to study options for connections to Metrolink.

Step 2* of this program is expected to begin in 2008. $26.6 million in Measure M1 funds have been approved for Step 2.

*Go Local Program funded by M1.

Present Day:
Connections to and from Metrolink stations are provided by OCTA operated "Station link" bus service and OCTA operated fixed route bus service.

Benefits:
The goal of this program is to make Metrolink more convenient to more people in Orange County. The program also seeks to provide traffic congestion relief, and access to job and population centers.

The program is expected to build upon the baseline improvements provided

under the Measure M1 funded Metrolink Expansion Plan as well as Project "R", High Frequency Metrolink Service.

Individual project benefits will be established in Step 1 and 2 of the program.

Issues:
Coordination and consistency with Step 1 and Step 2 of the program funded under Measure M1.

Coordination with Metrolink Expansion Plan and Project "R"

Coordination with Project "V" – Community Based Transit Circulators

External Funding:
Potential capital funding from the State Transportation Improvement Program (STIP), Federal Congestion Mitigation and Air Quality (CMAQ), Federal New Starts funds and state bond funds (Proposition 116).

Risks:
Risk associated with 34 separate local transit plans and proposals.

Potential risk associated with selection of most promising projects.

Need to fully understand operating costs and plans of proposed systems.

Program Development:
Go Local Studies 2006-2009

Program Development 2007-2009

Program Implementation:
2010 and beyond

Related Projects:
Metrolink Expansion Plan (Measure M 1 funded)

Project "R" – High Frequency Metrolink Service

Project "T" – Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems.

Project "V" – Community Based Transit Circulators

California High Speed Rail Authority Project

Involved Agencies:
All Orange County cities, Federal Transit Administration, Caltrans, California Transportation Commission

T. Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High-Speed Rail Systems

Description:
This program will provide the local improvements that are necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high-speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties, including a link from Anaheim to Ontario airport, are also being planned or proposed by other agencies.

Cost (2005 $):
$226.6 million.

Status:
The California High Speed Rail Authority (CAHSRA) is currently in the project level Environmental Impact Report / Environmental Impact Statement phase of a planned high-speed rail system that will connect Southern California to the San Francisco Bay Area and Sacramento.

The CAHSRA and OCTA have entered into a Memorandum of Understanding that provides $7 million in Measure M1 funds towards this effort. The Los Angeles to Orange County segment is anticipated to follow the existing Metrolink alignment and terminate in Anaheim.

OCTA has recently purchased 13.5 acres in the City of Anaheim next to the railroad right-of-way. This site is planned for future transportation use as the Anaheim Regional Transportation Intermodal Center (ARTIC). Preliminary planning is currently underway for this site.

Present Day:
Currently there are not any high speed rail systems operating in California. Existing rail service consists of Metrolink and Amtrak.

Benefits:
When high speed rail systems develop, Orange County will need a gateway station or stations so that residents of Orange County will have convenient access. Future connections will be made by Metrolink, Amtrak, local bus, and automobile. The high speed rail system(s) is planned to relieve freeway congestion, airport congestion and allow for fast, frequent service throughout the state.

Issues:
Coordination with Metrolink Expansion Plan and Project "R"

Coordination with Project "V" – Community Based Transit Circulators

External Funding:
Potential funding from the State Transportation Improvement Program (STIP), Federal Congestion Mitigation and Air Quality (CMAQ), and Federal New Starts funds.

Risks:
Coordination with multiple agencies, many outside the County.

Long term operating costs of facilities.

Program Development:
2007-2009

Program Implementation:
2010 and beyond

Related Projects:
Metrolink Expansion Plan (Measure M 1 funded)

Project "R" – High Frequency Metrolink Service

Project "S" – Transit Extensions to Metrolink.

Project "V" – Community Based Transit Circulators

California High Speed Rail Authority Project

Involved Agencies:
All Orange County cities, Federal Transit Administration, Caltrans, California Transportation Commission

U. Expand Mobility Choices for Seniors and Persons with Disabilities

Description:
This project will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities as follows:

- One percent of net revenues will stabilize fares and provide fare discounts for bus services, specialized ACCESS services and future rail services
- One percent of net revenues will be available to continue and expand local community van service for seniors through the existing Senior Mobility Program
- One percent will supplement existing countywide senior non-emergency medical transportation services
- Over the next 30 years, the population age 65 and over is projected to increase by 93 percent. Demand for transit and specialized transportation services for seniors and persons with disabilities is expected to increase proportionately.

Cost (2005 $):
$339.8 million.

Status:
Program Development Needed

Present Day:
A similar program currently exists under Measure M 1 (elderly and handicapped fare stabilization). The Senior Mobility Program and non-emergency medical transportation services currently exist as well.

Benefits:
This program is expected to provide assistance to seniors and persons with disabilities through fare discounts, a senior mobility van program, and senior non-emergency transportation services. Can divert trips from more expensive ACCESS paratransit services.

External Funding:
None

Risks:
Future demand for senior and disabled transportation could exceed program revenues

Program Development:
2010-2011

Program Implementation:
2011 and beyond

Related Projects:
Measure M 1 program for elderly and handicapped fare stabilization

OCTA Senior Mobility Program

County of Orange non-emergency medical transportation

Metrolink Expansion Plan (Measure M 1 funded)

Project "R" – High Frequency Metrolink Service

Project "S" – Transit Extensions to Metrolink

Project "V" – Community Based Transit Circulators

Involved Agencies:
All Orange County cities, Federal Transit Administration, Local Agencies

V. Community Based Transit/Circulators

Description:
This project will establish a competitive program for local jurisdictions to develop local bus transit services such as community based circulators, shuttles and bus trolleys that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit. Projects will need to meet performance criteria for ridership, connection to bus and rail services, and financial viability to be considered for funding. All projects must be competitively bid, and they cannot duplicate or compete with existing transit services.

Cost (2005 $):
$226.5 million

Status:
Program Development Needed

Present Day:
Some Orange County cities have studied and / or expressed interest in the development of local transit circulators. About half of the cities operate local senior mobility services.

Benefits:
This program is expected to provide local access to activity and employment centers. Reductions in localized traffic congestion is an anticipated benefit.

External Funding:
Potential Federal Transit Administration (FTA) funds.

Risks:
Moderate – associated with ridership and operating costs forecasting.

Program Development:
2008-2010

Program Implementation:
2011 and beyond

Related Projects:
Metrolink Expansion Plan (Measure M 1 funded)

Planned Bus Rapid Transit Program

Project "R" – High Frequency Metrolink Service

Project "S" – Transit Extensions to Metrolink

Involved Agencies:
All Orange County cities, Federal Transit Administration

W. Safe Transit Stops

Description:
This project provides for passenger amenities at 100 of the busiest transit stops across the County. The stops will be designed to ease transfer between bus lines and provide passenger amenities such as improved shelters, lighting, current information on bus and train timetables and arrival times, and transit ticket vending machines.

Cost (2005 $):
$25 million

Status:
Program Development Needed

Present Day:
The Bus Stop Accessibility Program (BSAP) is nearing completion (2007). 6,500 bus stops were enhanced through this program.

Benefits:
This program is expected to provide significantly enhanced transit stops at the most heavily used transit stops in the OCTA system. A focus will be placed on intermodal connections, transfers and integration with the planned Bus Rapid Transit program.

External Funding:
Potential Federal Transit Administration (FTA) funds.

Risks:
Low risk associated with this program. Some risk associated with potential local right-of-way needs for enhanced transit stops.

Program Development:
2009-2010

Program Implementation:
2010 and beyond

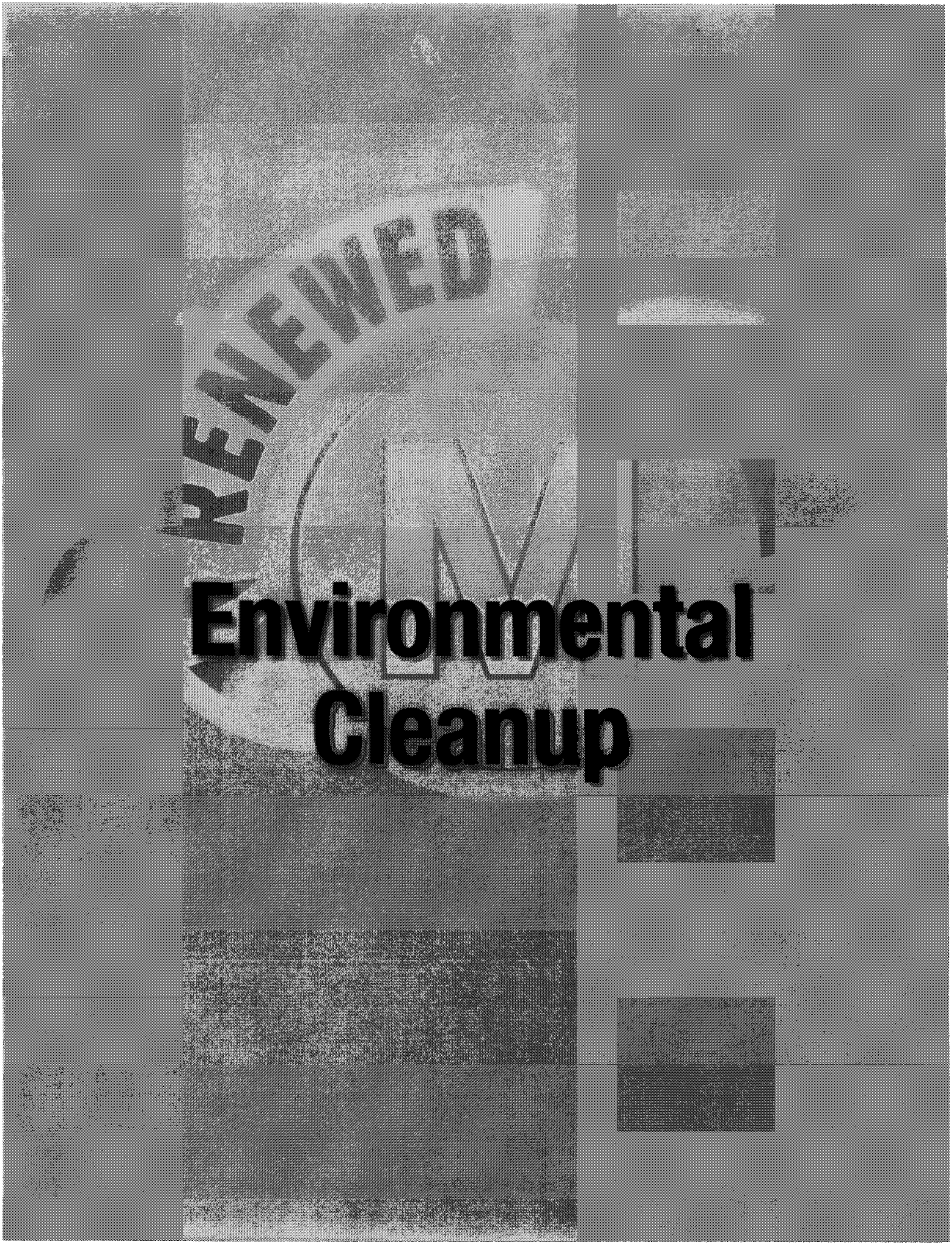
Related Projects:
Metrolink Expansion Plan (Measure M 1 funded)

Planned Bus Rapid Transit Program

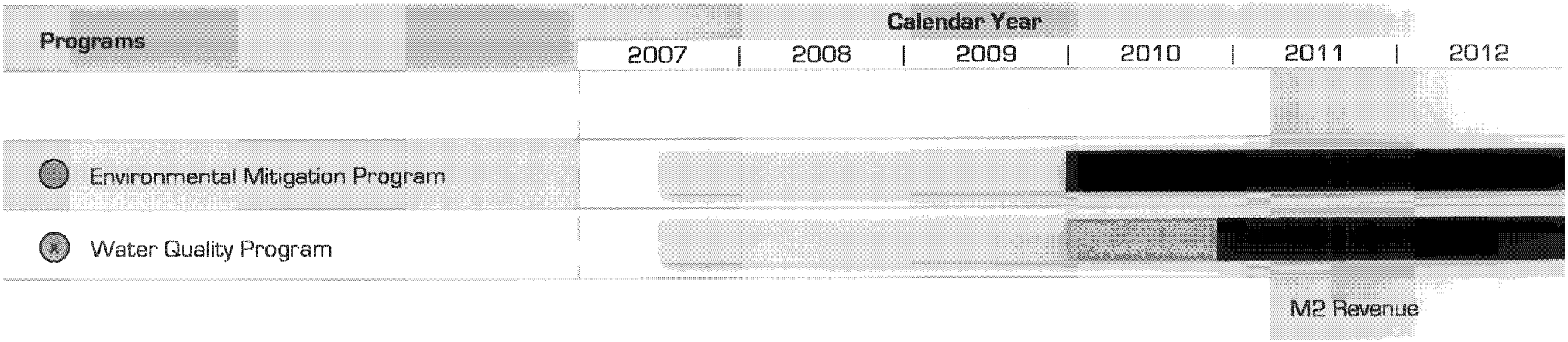
Project "R" – High Frequency Metrolink Service

Project "S" – Transit Extensions to Metrolink

Involved Agencies:
All Orange County cities, Federal Transit Administration


REFINED
Environmental
Cleanup

EARLY ACTION ENVIRONMENTAL PROGRAM TIMELINE



Legend

- Program Development
- Call For Projects
- Program Implementation

Freeway Mitigation Master Agreement

Description:
Subject to a Master Agreement negotiated between OCTA and federal and state resource agencies, provide for high-value environmental benefits such as habitat protection and resource preservation, in exchange for streamlined project approvals for the freeway program as a whole.

Cost:
A minimum of 5 percent of total Freeway expenditures ($243.5 million)

Status:
Renewed Measure M Ordinance #3 calls for development of the Master Agreement "as soon as practicable" following approval by the voters. Negotiations can commence as soon as Board of Directors authorization is given for an Early Action Plan.

Benefits:
The project has the potential to minimize or reduce regulatory delays in the implementation of freeway projects and to result in greater environmental benefits than could be achieved through traditional project-by-project mitigation.

Issues:
The Board must appoint a Mitigation and Resource Protection Program Oversight Committee. An application and selection process will be needed. Freeway impacts and mitigation opportunities must be inventoried and assessed, in some cases prior to completion of environmental documents. Resource agencies will need to make commitments in advance of permit issuance.

External Funding:
Potential for matching funds from state bonds.

Risks:
Over time, mitigation opportunities can be lost and costs can increase. Competing conservation/mitigation priorities may make reaching agreement more difficult. Resource agencies may have difficulty making necessary commitments.

Related Projects:
Can benefit all freeway projects. Some mitigation opportunities may mesh with those under Project X – Environmental Cleanup funds for road runoff.

Involved Agencies:
Caltrans, Corps of Engineers, Fish and Wildlife, Fish and Game, FHWA

References:
Renewed Measure M Transportation Investment Plan
Orange County Local Transportation Authority Ordinance No. 3

X. Environmental Cleanup

Description:
Competitive grant process designed to clean up highway and street runoff and to supplement current road runoff efforts. Program will help local agencies meet Clean Water Act standards.

Cost:
$ 237.2 million

Status:
Work is underway by local agencies to develop scope/cost to meet standards. Program policies and guidelines must be developed.

Benefits:
The program enables larger-scale, high impact projects. Early implementation could result in more benefits at lower cost. Funds may be used for water quality improvements related to both existing and new transportation infrastructure.

Issues:
The OCTA Board must appoint an Allocation Committee. Allocation committee will recommend a competitive grant process for the allocation of environmental cleanup revenues. The recommended process should give priority to cost-effective projects and programs that offer opportunities to leverage other funds. An application and selection process will be needed to fill the Allocation Committee.

External Funding:
Matching requirements can leverage other funds.

Risks:
Projects and programs that are recommended for funding may not be equitably distributed geographically. Potential for conflicting geographic and jurisdictional interests. Water quality standards and best practices can change rapidly.

Related Projects:
Existing and new transportation infrastructure may benefit from this program. May also work with Freeway Mitigation Master Agreement.

Involved Agencies:
County, cities, Caltrans, Regional Water Quality Control Boards, scientific/ academia, private/non-profit.

References:
Renewed Measure M Transportation Investment Plan
Orange County Local Transportation Authority Ordinance No. 3

Proposed Measure M Expenditure Plan Amendments

Orange Freeway (SR 57) from the Los Angeles County Line to Interstate 5

Description:

The 20-Year Master Plan for Transportation Improvements calls for the addition of one carpool lane in each direction to the Orange Freeway for its entire length within Orange County. This covers a distance of about 12 miles. In addition, soundwalls and other environmental amenities will be added. In 1988, this freeway carried over 210,000 vehicles per day and forecasts estimate this demand to grow to over 280,000 daily. Los Angeles County plans for additional lanes that extend the improvements north to Route 60 in Diamond Bar.

The 2007 Renewed Measure M Transportation Investment Plan lists additional improvements for this corridor under "Project G – Orange Freeway Improvements." Use of available Measure M funds will enable Orange County to leverage state funds and deliver the improvements earlier.

Costs:

The 1988 capital cost estimate for this improvement is $22 million. The cost of pre-construction work on early-action Renewed Measure M improvements on the Orange Freeway is $16 million (in 1988 dollars).

Implementation:

The current schedule slates the Orange Freeway improvements for the first five-year period of the plan. Design of the early-action Orange Freeway improvements will begin in 2007 and construction is scheduled to begin in 2010.

References:

1. Renewed Measure M Transportation Investment Plan, July 2006.
2. Renewed Measure M Early Action Plan, Draft Report, Orange County Transportation Authority, July 16, 2007.

Garden Grove Freeway (State Route 22) from State Route 55 to Interstate 605 including West County Connection improvements

Description:

State Route 22 is the last major freeway in Orange County slated for Measure M-funded improvements. In 2000, over 174,000 vehicles a day traveled on this freeway and forecasts show demand increasing to over 212,000 daily. At the west end, SR-22 connects with Interstate 405 and Interstate 605 – "West County Connection." This freeway segment carries over 430,000 cars today and future demand is projected to reach 526,000. Plans call for the addition of carpool lanes in each direction along with auxiliary lanes, freeway-to-freeway carpool connectors, interchange improvements, and environmental mitigation.

Costs:

The Measure M contribution for this project shall not exceed $ 303 million in 1988 dollars. These funds will leverage existing Federal, State, and Local sources that are providing over $235 million for improvements. In 2007, an additional $400 million of new state and federal funds were made available to the West County Connection.

Implementation:

Design of the project will begin immediately. Construction is targeted to begin by 2004. Sales Tax revenues would be used to augment funding from other sources. Design of the West County Connection improvements will begin in 2007 and construction is scheduled to begin on 2009.

References:

State Route 22/West County Connection Project Report, Caltrans, March 2003.

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From: Wendy Knowles, Clerk of the Board

Subject: Renewed Measure M Budget Amendment

Transportation 2020 Committee — July 16, 2007

Present: Directors Amante, Brown, Campbell, Cavecche, Dixon, and Pringle
Absent: Director Buffa

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (reflects change from staff recommendations)

A. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Salaries and Benefits Budget by $1,124,082, and the Orange County Transportation Authority staffing plan to 1,972 positions to accommodate the addition of 11 new staff positions to support various programs and projects related to the Renewed Measure M Early Action Plan.

B. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Services and Supplies Budget by $12,678,500, to accommodate the initial resource needs to support various programs and projects related to the Renewed Measure M Early Action Plan.

C. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Capital and Fixed Assets Budget by $6,350,000, to begin construction and right-of-way activities for 53 grade crossings (Project R – High Frequency Metrolink Service) and improvements on the Orange Freeway (State Route 57) (Project G).

Committee Discussion

Director Campbell questioned the justification for additional transit staff for M2 and requested additional information regarding current transit staffing and a projection of staffing requirements throughout the transition of the transit program from M1 to M2.

Director Campbell requested that Recommendation B be modified to add another $800,000 to the Orange County Transportation Authority Fiscal Year 2007-08 Services and Supplies Budget, bringing the requested increase in Services and Supplies to $12,678,500 and the total overall budget amendment to $20,152,582.

Directors Pringle and Campbell requested that a summary be provided of the sources of revenue for the budget amendment (Transmittal Attachment A).

Renewed Measure M Budget Amendment - Source of Funds

Project	Description	OCUTT	M1	SR-91	Federal
C.	I-5 - South of the El Toro "Y"	$ 1,600,000			
G.	SR-57		1,127,000		
H.	SR-91 - I-5 to SR-57	100,000			
I.	SR-91 - SR-57 to SR-55	800,000			
J.	SR-91 - SR-55 to County Line			826,500	
K.	I-405 - I-605 to SR-55	3,536,000			2,500,000
O.	Regional Capacity Program	75,000			
P.	Signal Synchronization Program		180,503		
Q.	Local Fair Share Program	65,000	55,000		
R.	High Frequency Metrolink Service	195,091	6,549,000		560,000
S.	Transit Extensions to Metrolink		264,734		
T.	Regional Gateways	468,000			
V.	Community Based Transit / Circulators	78,000			
X.	Clean Highway and Street Runoff	203,734			
	Oversight and Annual Audits	839,273	129,748		
		$ 7,960,098	$ 8,305,985	$ 826,500	$ 3,060,000
	Total	$ 20,152,582			

OCTA

TRANSMITTAL
ATTACHMENT A

OCTA

July 16, 2007

To: Transportation 2020 Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Renewed Measure M Budget Amendment

Overview

Staff proposes a budget amendment to update the Orange County Transportation Authority Fiscal Year 2007-08 Budget. The amendment allows the budget to accommodate the staffing and resource needs to begin implementation of the Renewed Measure M Early Action Plan. The proposed amendment increases the budget by $19,352,582, and adds 11 new positions to the Orange County Transportation Authority staffing plan.

Recommendations

A. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Salaries and Benefits Budget by $1,124,082, and the Orange County Transportation Authority staffing plan to 1,972 positions to accommodate the addition of 11 new staff positions to support various programs and projects related to the Renewed Measure M Early Action Plan.

B. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Services and Supplies Budget by $11,878,500, to accommodate the initial resource needs to support various programs and projects related to the Renewed Measure M Early Action Plan.

C. Amend the Orange County Transportation Authority Fiscal Year 2007-08 Capital and Fixed Assets Budget by $6,350,000, to begin construction and right-of-way activities for 53 Grade Crossings (Project R – High Frequency Metrolink Service) and improvements on the Orange Freeway (State Route 57) (Project G).

Background

On June 11, 2007, the Board of Directors (Board) approved the fiscal year (FY) 2007-08 budget. At that time and throughout the budget development process, staff informed the Board that budget requests related to the Renewed Measure M Early Action Plan would be deferred pending direction from the Transportation 2020 Committee and the Board regarding priority and timing of the various projects. Staff reported that an amendment to the budget would be forthcoming in the first quarter of the fiscal year related to the Renewed Measure M Early Action Plan.

Discussion

The Renewed Measure M Ordinance is specific regarding the amount of revenues dedicated to each project. There are 14 freeway projects (including the Freeway Service Patrol program), three streets and roads programs, six transit programs, an environmental cleanup program, and a 1 percent allocation for taxpayer safeguards and administration. In general, the Orange County Transportation Authority (OCTA) will request in-house staff to oversee ongoing programs and provide general support for the life of the Measure and will utilize the private sector for specific expertise and to deliver projects that have a limited duration.

Freeway Projects

Freeway improvement projects go through several phases. The first phase requires a report on the feasibility of the proposed improvements, commonly referred to as a Project Study Report (PSR). This study typically produces several options to deliver the project and defines the project's scope, cost, and schedule. The second step, Project Approval/Environmental Document (PA/ED), provides the preliminary design and required environmental clearance to move forward with the project. The third step is the preparation of detailed Plans, Specifications, and Estimate (PS&E). In this stage, the final design of the project is done and any required right-of-way is acquired. The final step includes the construction of the improvements.

The following describes the various freeway projects that will be underway this fiscal year. Corresponding budget authorization is requested based on the phase of the individual project.

Project C – San Diego Freeway (Interstate 5) Improvements South of the El Toro "Y"

Budget authorization is sought to begin the first phase of this project, developing a PSR. The anticipated cost of this effort is $1,600,000 and is expected to be fully encumbered in FY 2007-08.

Project G – Orange Freeway (State Route 57) Improvements

Budget authorization for the PS&E ($12,240,000), for improvements from Orangethorpe Avenue to Lambert Road, was included in the FY 2007-08 budget since this work qualifies for Corridor Mobility Investment Account (CMIA) funding. Budget authorization of $350,000 of capital right-of-way acquisition and $50,000 of right-of-way support services is requested at this time to accommodate the cash needs for the balance of the fiscal year. Also, approximately $60,000 per month in project management consultant services, starting in September, will be needed. Project management support services have been utilized since the early part of the Measure M (M1) freeway program as an augmentation of in-house staff. These support services provide full-time personnel and task order based technical assistance. The level of effort from the consultant varies depending on the number of projects underway at a given time. This delivery model is consistent with the successful M1 program. Additionally, $127,000 is being requested for a public awareness campaign and outreach support.

57 Northbound Orangethorpe Avenue to Lambert Road	Total Cost	Current Amount in 08 Budget	Amount Needed in 08 Budget	Budget Amendment Amount
Plans, Specifications & Estimates	$ 12,240,000	$ 12,240,000	$ 12,240,000	$ -
Right-of-Way Support Services	200,000	-	50,000	50,000
Right-of-Way Acquisition	1,350,000	-	350,000	350,000
Consultant Services	N/A	-	600,000	600,000
Public Awareness Campaign	125,000	-	125,000	125,000
Outreach Support	N/A	-	2,000	2,000
		Total for Project G		**$ 1,127,000**

Project H – Riverside Freeway (State Route 91) Improvements from the Interstate 5 (I-5) to the State Route 57 (SR-57)

This project is currently in the PA/ED phase and $100,000 is needed to continue the project management consulting work through the balance of the fiscal year.

Project J – State Route 91 (SR-91) Improvements from State Route 55 (SR-55) to the Orange/ Riverside County Line

Current plans call for this project to be developed in two phases, from the SR-55 to Foothill Transportation Corridor (State Route 241), and from State Route 241 (SR-241) to the county line and to begin the PA/ED phase this fiscal year. The estimate for PA/ED for the segment from the SR-55 to SR-241 is $4,763,000; however, this will be funded through the State Transportation Improvement Program (STIP) and will be a direct draw from California Department of Transportation (Caltrans) so it will not flow through OCTA's books. The other segment, from the SR-241 to the county line, is estimated at $4,800,000. Budget authorization of $600,000 is requested to accommodate the cash needs for this contract from January through the balance of the fiscal year. Additionally, $226,500 is requested to initiate a public awareness campaign and for supporting outreach services.

State Route 91 - State Route 241 to County Line	Total Cost	Current Amount in 08 Budget	Amount Needed in 08 Budget	Budget Amendment Amount
Project Approval/Environmental Document	$ 4,800,000	$ -	$ 600,000	$ 600,000
Public Awareness Campaign	925,000	-	175,000	175,000
Outreach Support	N/A	-	51,500	51,500
		Total for Project J		**$ 826,500**

Project K – San Diego Freeway (Interstate 405) Improvements between the San Gabriel Freeway (Interstate 605) in the Los Alamitos area and the SR-55

This project will begin the PA/ED phase this fiscal year. It is anticipated that the total cost of this phase, $5,587,000, will be encumbered when the contract is executed so budget authorization for the full amount is requested. In addition, $100,000 is requested for consultant support, $300,000 for the public awareness campaign, and $49,000 for outreach support.

Streets and Roads Projects

Project O - Regional Capacity Program

Delivery of M1 included a mix of in-house staff and consultant services to manage the Combined Transportation Funding Program (CTFP). As a result, no new staff resources are needed to continue this program. However, budget

authorization of $75,000 is requested for a consultant to update the guidelines and project selection criteria for the new Regional Capacity Program.

Project P – Regional Traffic Signal Synchronization Program

As signal synchronization efforts continue as part of the M1 program, budget authorization is requested to leverage Renewed Measure M (M2) dollars to accelerate the process. The FY 2007-08 budget already allocates M1 resources to develop a Traffic Signal Synchronization Master Plan (Master Plan). Budget authorization of $135,503 (see fiscal impact section below) is requested to hire a senior traffic engineer to oversee this countywide effort. This position would work with all 34 cities, the County of Orange, and Caltrans to ensure the program is successful. It is anticipated that once the Master Plan is completed, an additional position will be needed in FY 2008-09 to support the program.

Project Q – Local Fair Share Program

Similar to the Regional Capacity Program, OCTA has used a mix of in-house staff and consultant services to deliver the annual turnback program for the cities and the County of Orange to maintain their aging streets and roads as part of the M1 program. Budget authorization of $65,000 is requested for a consultant to update the eligibility process for the Local Fair Share Program and $55,000, is requested to deploy a new Pavement Management Program throughout the County.

Transit Projects

Project R – High Frequency Metrolink Service

Increasing rail services within the County requires significant capital improvements. Initially, 53 individual grade crossing improvement projects, with an estimated combined value of $60 million have been identified. Budget authorization of $6 million is requested to accommodate the capital requirements of this program. Also, $260,000 is requested for consultant services to oversee the quiet zone and grade crossing program and $700,000 is required to develop PSRs for grade separation projects. To oversee the entire effort, an in-house project manager is requested to manage the quiet zone and grade crossing program, manage the grade separation PSRs, develop cooperative agreements with the cities and Southern California Regional Rail Authority (SCRRA), and approve scope and funding plans, invoices, schedules, and project budgets. Additionally, $149,000 is requested

to initiate a public awareness campaign and for supporting marketing and outreach services.

As the rail system in Orange County matures, a more intense focus on analyzing ridership trends by day, time, and station becomes necessary. Also, coordination of train schedules with OCTA fixed route and station link buses, Amtrak, and Coaster becomes increasingly complex. Currently, OCTA largely relies on SCRRA to provide this type of work. Ultimately, train service in Orange County is the responsibility of OCTA. As a result, budget authorization for a new senior transportation analyst is requested to provide independent analysis of train operations and lead the coordination efforts with other modes of transportation.

High Frequency Metrolink	Total Cost	Current Amount in 08 Budget	Amount Needed in 08 Budget	Budget Amendment Amount
Project Manager	N/A	-	$ 108,734	$ 108,734
Senior Transportation Analyst	N/A	-	86,357	86,357
Capital for 53 Grade Crossings	60,000,000	-	6,000,000	6,000,000
Consultant Services	1,560,000	-	260,000	260,000
Grade Separation Project Study Reports	1,750,000	-	700,000	700,000
Public Awareness Campaign	210,000	-	100,000	100,000
Marketing/Outreach Support	N/A	-	49,000	49,000
		Total for Project R		**$ 7,304,091**

Project S – Transit Extensions to Metrolink

It is envisioned that this program would be setup similarly to the current CTFP program in that local jurisdictions would compete for these funds based on well-defined and well-known criteria. Since this is a new program, consultant services of $156,000 are requested to develop the program guidelines and evaluation criteria. A project manager position is requested to oversee the program and be the primary contact for cities that are considering the development of an application for funding under this competitive program. This position would also ensure that all program guidelines are consistent with Federal Transit Administration (FTA) program guidelines for New Starts and Small Starts so that projects are eligible for federal funds. This position would also support the work proposed under Project T.

Project T – Convert Metrolink Stations to Regional Gateways

Consultant services of $468,000 are requested to develop program guidelines and evaluation criteria for the Gateways program and provide project

management support for the Anaheim Regional Transportation Intermodal Center (ARTIC) project. In-house support would be provided by the new position proposed under Project S.
Project V – Community Based Transit/Circulators

Consultant services of $78,000 are requested to develop program guidelines and evaluation criteria for the community based transit program.

Environmental Cleanup

Project X – Environmental Cleanup

Consultant services of $95,000 are requested to define the process and criteria for a competitive water quality program. In addition, a project manager position is requested to oversee the program. This new position would have specific environmental expertise and would also support the $243.5 million environmental mitigation plan under the freeway program.

Oversight and Annual Audits

In order to effectively deliver all of the elements of the Early Action Plan, some support functions need to be strengthened. Initiation of all of these programs and projects will place an extraordinary burden on the Contracts Administration and Materials Management (CAMM) Department, which will be asked to process dozens of new and complex procurements for the foreseeable future. A recent consultant study found that, at minimum, three new positions should be requested to accommodate the workload anticipated as a result of the Early Action Plan, two senior contract administrators and a director of CAMM. Currently, the highest level position in CAMM is a department manager. The recent consultant study found that the department manager was too heavily involved in the day-to-day procurement activities and could not dedicate the time necessary to lead the function. The director position aims to solve these issues and puts the leader of the function on par with other positions in the OCTA. The consultant study also found that if CAMM were to undertake more contract management activity, then more positions would likely be needed. This issue will be addressed in the upcoming organizational review, at which time more positions will be requested, if deemed appropriate.

Late last year, the Board approved a new position titled, director of transit project delivery, to oversee the development of the transit projects approved as part of M2. While three project-specific positions are proposed as described above, two general support positions are requested to staff this new division as well. A principal transportation analyst is requested to track all transit program

expenditures and coordinate and manage cooperative agreements with external agencies such as SCRRA, cities, Caltrans, Burlington Northern Santa Fe, Amtrak, and Coaster. This position would also coordinate with internal and external staff to ensure consistency among the OCTA budget, Comprehensive Business Plan (CBP), Long-Range Transportation Plan, Regional Transportation Plan, and the Measure M Ordinance. Additionally, an office specialist position is requested to provide general office and administrative support to the entire Transit Project Delivery Division.

The External Affairs Division is charged with ensuring that the public is properly informed of ongoing OCTA projects. One of the best ways to communicate with the public is through the OCTA website. As part of Renewed Measure M, the OCTA plans to significantly upgrade the website to provide greater transparency for the public and use it as a primary communications tool. A new senior web developer position would work with the Board and staff to create meaningful and accessible online information for cities and the public regarding the progress of projects and programs under Measure M. This new position would be complemented with $150,000 in consultant services to help with graphics, database creation, document control systems, and new user interactivity processes. Additionally, $68,000 is requested to provide professional services related to marketing and outreach required for various project elements.

To accommodate 11 new staff positions, OCTA will need to buy some new office furniture, computers, and necessary software and construct or redesign a handful of offices and cubicles. Budget authorization of $100,000 is requested for these purposes.

Lastly, as work related to M2 commences, a comprehensive review of internal processes related expenditure tracking and reporting and audit plans will need to be reviewed and adjusted appropriately. Budget authorization of $75,000 is requested to have a consultant set up an inventory of administrative tasks that need to occur for implementation of M2.

Fiscal Impact

Eleven new positions are requested as part of this budget amendment. Salaries are assumed at the midpoint of the salary range as articulated in the FY 2007-08 Personnel and Salary Resolution and the start dates are assumed to be October 1, 2007. The cost of these positions is summarized on the next page:

Approved Staffing Plan	1,961					
Position		Salary Grade	Annual Salary	Annual Benefits	Annual Total	FY 2007-08 Impact
Senior Traffic Engineer	1	V	$ 117,395	$ 63,276	$ 180,671	$ 135,503
Project Manager	3	T	94,203	50,775	434,935	326,201
Senior Transportation Analyst	1	R	74,817	40,326	115,143	86,357
Director, CAMM	1	X	150,000	80,850	230,850	173,138
Senior Contract Administrator	2	R	74,817	40,326	230,287	172,715
Principal Transportation Analyst	1	S	83,970	45,260	129,230	96,922
Senior Web Developer	1	R	74,817	40,326	115,143	86,358
Office Specialist	1	H	40,622	21,895	62,517	46,888
Total	1,972				$ 1,498,776	$ 1,124,081

The OCTA's Services and Supplies Budget will increase by $11,878,500 and the Capital and Fixed Asset Budget will increase by $6,350,000 to accommodate the initial resource needs to support various programs and projects related to the Renewed Measure M Early Action Plan.

There will be various funding sources for the items identified in the amendment as outlined on Attachment A. In general, M1 funds, Commuter and Urban Rail Endowment Funds, CMIA funds, or federal funds will be used where appropriate before M2 funds are utilized. A plan of finance authorized in a separate report on the final Renewed Measure M Early Action Plan will detail any financing needed to meet cash flow needs for FY 2007-08 through FY 2011-12. Staff positions will be charged to projects where possible but general activities will be subject to the annual cost allocation process at fiscal year end.

Summary

Staff recommends a budget amendment of $19,352,582 to implement the Renewed Measure M Early Action Plan.

Attachment

A. Measure M 2 Line Items by Project.

Prepared by:

Andrew J. Oftelie
Manager,
Financial Planning and Analysis
(714) 560-5649

Approved by:

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

ATTACHMENT A

Measure M 2 Line Items by Project

Expenses by Major Object	A. Santa Ana Freeway (I-5) Improvements between Costa Mesa Freeway (SR-55) and "Orange Crush" area (SR-57)	Amount	Requestor

Expenses by Major Object	B. Santa Ana Freeway (I-5) Improvements from the Costa Mesa Freeway (SR-55) to El Toro "Y" Area	Amount	Requestor

Expenses by Major Object	C. San Diego Freeway (I-5) Improvements South of the El Toro "Y"	Amount	Requestor
Services & Supplies	Freeway Scoping Project	1,600,000	Kia Mortazavi
	SubTotal	**1,600,000**	

Expenses by Major Object	D. Santa Ana Freeway / San Diego Freeway (I-5) Local Interchange Upgrades	Amount	Requestor

Expenses by Major Object	E. Garden Grove Freeway (SR-22) Access Improvements	Amount	Requestor

Expenses by Major Object	F. Costa Mesa Freeway (SR-55) Improvements	Amount	Requestor

Expenses by Major Object	G. Orange Freeway (SR-57) Improvements	Amount	Requestor
Services & Supplies	ROW Support Services	50,000	Kia Mortazavi
Capital	ROW Acqusition and Utility Relocation	350,000	Kia Mortazavi
Services & Supplies	Consultant Support	600,000	Kia Mortazavi
Services & Supplies	Public Awareness Campaign	125,000	Ellen Burton
Services & Supplies	Marketing/Outreach Support Services	2,000	Ellen Burton
	SubTotal	**1,127,000**	

Expenses by Major Object	H. Riverside Freeway (SR-91) Improvements from the Santa Ana Freeway (I-5) to the Orange Freeway (SR-57)	Amount	Requestor
Services & Supplies	Consultant Support	100,000	Kia Mortazavi
	SubTotal	**100,000**	

Expenses by Major Object	I. Riverside Freeway (SR-91) Improvements from Orange Freeway (SR-57) to the Costa Mesa Freeway (SR-55) Interchange Area	Amount	Requestor

Expenses by Major Object	J. Riverside Freeway (SR-91) Improvements from Costa Mesa Freeway (SR-55) to the Orange / Riverside County Line	Amount	Requestor
Services & Supplies	Project Approval/Environmental Document	600,000	Kia Mortazavi
Services & Supplies	Public Awareness Campaign	175,000	Ellen Burton
Services & Supplies	Marketing/Outreach Support Services	51,500	Ellen Burton
	SubTotal	**826,500**	

Expenses by Major Object	K. San Diego Freeway (I-405) Improvements between the I-605 Freeway in Los Alamitos area and Costa Mesa Freeway (SR-55)	Amount	Requestor
Services & Supplies	Project Approval/Environmental Document	5,587,000	Kia Mortazavi
Services & Supplies	Consultant Support	300,000	Kia Mortazavi
Services & Supplies	Public Awareness Campaign	100,000	Ellen Burton
Services & Supplies	Marketing/Outreach Support Services	49,000	Ellen Burton
	SubTotal	**6,036,000**	

Expenses by Major Object	L. San Diego Freeway (I-405) Improvements between Costa Mesa Freeway (SR-55) and Santa Ana Freeway (I-5)	Amount	Requestor

Measure M 2 Line Items by Project

Expenses by Major Object	M. I-605 Freeway Access Improvements	Amount	Requestor

Expenses by Major Object	O. Regional Capacity Program	Amount	Requestor
Services & Supplies	Consultant - Update guidelines for Regional Capacity Program	75,000	Kia Mortazavi
	SubTotal	**75,000**	

Expenses by Major Object	P. Regional Traffic Signal Synchronization Program	Amount	Requestor
Services & Supplies	Consultant - Develop Policies and Procedures for Traffic Forums	45,000	Kia Mortazavi
Salaries & Benefits	Senior Traffic Engineer (Salary Grade V)	135,503	Kia Mortazavi
	SubTotal	**180,503**	

Expenses by Major Object	Q. Local Fair Share Program	Amount	Requestor
Services & Supplies	Consultant - Update Eligibility Process	65,000	Kia Mortazavi
Services & Supplies	Software - Pavement Management	55,000	Kia Mortazavi
	SubTotal	**120,000**	

Expenses by Major Object	R. High Frequency Metrolink Service	Amount	Requestor
Salaries & Benefits	Project Manager, Development (Salary Grade T)	108,734	Kia Mortazavi
Salaries & Benefits	Senior Transportation Analyst (Salary Grade R)	86,357	Kia Mortazavi
Capital	Capital for 53 Grade Crossings	6,000,000	Kia Mortazavi
Services & Supplies	Consultant - Manage Quiet Zone and Grade Crossing Program	260,000	Kia Mortazavi
Services & Supplies	Grade Separation PSR	700,000	Kia Mortazavi
Services & Supplies	Marketing/Outreach Support Services	49,000	Ellen Burton
Services & Supplies	Public Awareness Campaigns	100,000	Ellen Burton
	SubTotal	**7,304,091**	

Expenses by Major Object	S. Transit Extensions to Metrolink	Amount	Requestor
Salaries & Benefits	Project Manager, Development (Salary Grade T)	108,734	Kia Mortazavi
Services & Supplies	Consultant - Develop Program Guidelines, Eligibility Review	156,000	Kia Mortazavi
	SubTotal	**264,734**	

Expenses by Major Object	T. Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High Speed Rail Systems	Amount	Requestor
Services & Supplies	Consultant - Develop Program Guidelines, Eligibilty Review	468,000	Kia Mortazavi
	SubTotal	**468,000**	

Expenses by Major Object	U. Expand Mobility Choices for Seniors and Persons with Disabilities	Amount	Requestor

Expenses by Major Object	V. Community Based Transit/Circulators	Amount	Requestor
Services & Supplies	Consultant - Develop Program Guidelines and Evaluation Criteria	78,000	Kia Mortazavi
	SubTotal	**78,000**	

Expenses by Major Object	W. Safe Transit Stops	Amount	Requestor

Expenses by Major Object	X. Cleanup Highway and Street Runoff that Pollutes Beaches	Amount	Requestor
Services & Supplies	Consultant - Develop Criteria for Selection Process	95,000	Kia Mortazavi
Salaries & Benefits	Project Manager, Development (Salary Grade T)	108,734	Kia Mortazavi
	SubTotal	**203,734**	

Measure M 2 Line Items by Project

Expenses by Major Object	Collect Sales Taxes (State charges required by law)	Amount	Requestor

Expenses by Major Object	Oversight and Annual Audits	Amount	Requestor
Salaries & Benefits	Director, Contracts Administration and Materials Management	173,138	Jim Kenan
Salaries & Benefits	Senior Procurement Administrator (2) (Salary Grade R)	172,714	Jim Kenan
Salaries & Benefits	Principal Transportation Analyst (Salary Grade S)	96,923	Kia Mortazavi
Salaries & Benefits	Office Specialist (Salary Grade H)	46,888	Kia Mortazavi
Services & Supplies	M2 Delivery and Setup	75,000	Monte Ward
Salaries & Benefits	Senior Web Developer (Salary Grade R)	86,357	Ellen Burton
Services & Supplies	Furniture, Computers, Software and Office Construction	100,000	Jim Kenan
Services & Supplies	Other Professional Services	68,000	Ellen Burton
Services & Supplies	Website Development/Maintenance	150,000	Ellen Burton
	SubTotal	**969,020**	
	Salaries & Benefits	**1,124,082**	
	Services & Supplies	**11,878,500**	
	Capital	**6,350,000**	
	Total	**19,352,582**	

OCTA

BOARD COMMITTEE TRANSMITTAL

August 13, 2007

To: Members of the Board of Directors

From Wendy Knowles, Clerk of the Board

Subject: Citizens Advisory Committee Composition

Executive Committee — August 6, 2007

Present: Chairman Cavecche, Vice Chairman Norby, Directors Bates, Campbell, Pringle, Rosen, and Winterbottom

Absent: None

Note: Director Brown also attended this meeting

Committee Vote

The item was passed by those present.

Committee Recommendation

On Page Two of Committee By-laws, remove paragraph entitled, "Affiliation".

CITIZENS' ADVISORY COMMITTEE
ROSTER
2007-2008

Director	Appointment	Affiliation	Term
Jerry Amante 3rd District	Larry Larsen *Yorba Linda*	Yorba Linda Traffic Commission	09
	James Hillquist *Yorba Linda*	Society of Logistic Engineers	08
Pat Bates 5th District	Linda Lindholm *Laguna Niguel*	Laguna Niguel City Council	09
	Derek McGregor *Rancho Santa Margarita*	Trabuco Canyon Advisory Committee	08
Art Brown 4th District	Donald Godfrey *Buena Park*	California Building Association	08
	Leonard Lahtinen *Anaheim*	North Orange County Community College District Board of Trustees	09
Peter Buffa Public Member	Michael Brandman *Orange*	Building Industry Association	09
	Hamid Bahadori *Mission Viejo*	Automobile Club of Southern California	08
Bill Campbell 3rd District	Jack Mallinckrodt *Santa Ana*	Drivers for Highway Safety	08
	Michael McNally *Irvine*	UC Irvine	09
Carolyn Cavecche 3rd District	Roy Shahbazian *Orange*	Bus Rider, Transit Advocate of Orange County	08
	Jeff R. Thompson *Tustin*	Building Industry Association	09

Richard Dixon 5th District	John Frankel *Rancho Santa Margarita*	Architectural Review Committee	08
	Neil Blais *Rancho Santa Margarita*	Rancho Santa Margarita City Council	09
Paul Glaab 5th District	John Tengdin *San Clemente*	Engineering Consultant	09
	Gail Reavis *Mission Viejo*	City of Mission Viejo, City Council	08
Cathy Green 2nd District	Ralph Bauer *Huntington Beach*	Council on Aging, City of Huntington Beach	08
	Joanne Rasmussen *Huntington Beach*	Monorail Society	09
Allan Mansoor 2nd District	Gil Coerper *Huntington Beach*	Huntington Beach City Council	09
	Judith Berry *Costa Mesa*	Orange County Taxpayers Assn.	08
John Moorlach 2nd District	David Mootchnik *Huntington Beach*	Southern California Commuters Forum	09
	Mark McCurdy *Fountain Valley*	Fountain Valley Chamber of Commerce	08
Janet Nguyen 1st District	Jerry Margolin *Garden Grove*	Garden Grove Resident	09
	Connie Jones *Santa Ana*	Community Development Council	08
Chris Norby 4th District	Jane Reifer *Fullerton*	Transit Advocates of Orange County	08
	Vince Buck *Fullerton*	Cal State Fullerton	09
Curt Pringle 4th District	Nahla Kayali *Anaheim*	Anaheim Resident	09
	Pat Pepper *Anaheim*	Anaheim Resident	08

Miguel Pulido 1st District	Phil Bacerra *Santa Ana*	Transit Advocate	08
	Brian Bist *Santa Ana*	Santa Ana Environmental and Transportation Committee (ETAC)	09
Mark Rosen 1st District	Sheldon Singer *Garden Grove*	Vector Control Board	08
	Robin Marcario *Garden Grove*	Central Garden Grove Neighborhood Association	09
Greg Winterbottom Public Member	Lyle Overby *Laguna Niguel*	OC Public Affairs Association	09
	Phil Tsunoda *Aliso Viejo*	OC Public Affairs Association	08

Legislative mandate directing the
Orange County Transportation Commission
to form a Citizens Advisory Committee

Public Utilities Code section 130105(d)

The commission shall:

(d) Appoint, not later than July 1, 1977, a citizens' advisory committee, which membership shall reflect a broad spectrum of interests and all geographic areas of the county. Members of the staff of the commission, as determined by the commission, shall be available to aid the citizens' advisory committee in its work.

CITIZENS ADVISORY COMMITTEE
MISSION STATEMENT

As a broad-based, geographically representative committee of the Orange County Transportation Authority (OCTA), the mission of the Citizens Advisory Committee is to provide advice and recommendations to the OCTA for reaching the greatest possible public consensus concerning Orange County transportation matters.

To carry out its mission, the Citizens Advisory Committee will:

1. Review significant transportation issues and provide recommendations to the OCTA Board of Directors as appropriate.

2. Recommend mechanisms and methodologies for obtaining public opinion on specific transportation issues.

3. Identify opportunities for community input.

4. Serve as a liaison between the public and OCTA.

CITIZENS ADVISORY COMMITTEE
BYLAWS

Membership and Term

Each member of the Orange County Transportation Authority (OCTA) 17-member Board of Directors appoints two county citizens to serve on the Citizens Advisory Committee (CAC).

- Committee members serve staggered terms of two years.

- All members will serve terms as appointed at the pleasure of their appointing Board Member.

- Any new member appointed to fill an open position created by a resignation will serve the remainder of the resigning member's term.

Election/Removal of Chair and Vice Chair

The members of the CAC will elect, by majority vote, a Chair and Vice Chair at the first committee meeting. The individuals selected as Chair and Vice Chair will serve for one year. These positions may be replaced at any time by a majority vote of the full committee. In the event of resignations, the replacement will be elected by a majority vote.

Duties of the Chair/Vice Chair

Chair:
- Schedule meeting dates
- Establish meeting agenda
- Serve as ex-officio member of all subcommittees
- Act as spokesperson for the CAC when required
- Determine assignments to ad hoc committees based on member interest

Vice Chair:
- Perform duties of Chair when Chair is absent
- Perform other duties as required

Quorum

Attendance by a simple majority of those appointed will establish a quorum. A quorum must be present for any votes to be valid. Information and discussion may take place if a quorum is not present.

Meetings

The CAC will meet as a whole at least two times every year.

- Members of the CAC will adopt a set time and date for their regular meetings.
- Members are expected to make a commitment to attend. Members unable to attend due to extenuating circumstances must notify OCTA staff prior to the CAC meeting.
- Committee members participate in committee activities on behalf of the organization or constituency they represent. Personal interests or issues should not interfere with committee business at any time.

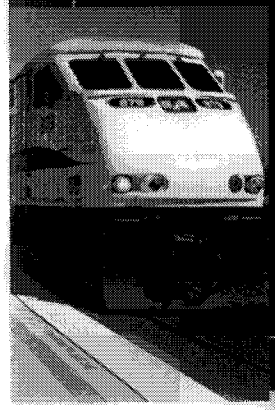
Affiliation

Members may not use their OCTA Citizens Advisory Committee affiliation to represent personal or constituency opinions. Members may not represent themselves as representatives of the CAC unless given direction to do so by a majority vote of the committee.

Public Outreach Participation

Throughout the year, committee members will have the opportunity to participate in various public outreach programs to help OCTA seek input on specific issues or projects. Committee members may be asked to participate in outreach programs which may include ad hoc committees, focus groups, roundtable discussions, special events, public open houses, etc. Additional members from the public may also be recruited, as appropriate.

Failure to comply with the Citizens Advisory Committee Bylaws will result in removal from the committee by a majority vote of the committee or appointing Board Director.



Organizational Readiness and Capacity Assessment

Board of Directors' Meeting
August 13, 2007

OCTA

Objectives

- Review ability to meet demands placed on the organization
- Recommend most cost-effective and efficient organizational structure
- Update administrative and management practices and procedures

OCTA

Focus of Work

- Core business units
  - Transit services
  - Transportation planning and programming
  - Highway project delivery
  - Transit project delivery
- Other divisions
  - Finance, Administration and Human Resources
  - External Affairs
  - Executive Office

OCTA

Work Program

- Evaluate performance against objectives
- Peer review of resource allocation and performance measures for industry best practice and other guidance
- Is organization structured to achieve goals and adjust to changes?
- What levels of in-house and outside resources maximize ability to deliver?

OCTA

Expected Results

- Evaluation of organizational capacity and readiness to meet goals and objectives
- Recommendations to improve OCTA's ability to
  - Achieve strategic objectives defined by Board, chief executive and management
  - Adjust rapidly to changes in strategic direction as the need arises

OCTA

Next Steps

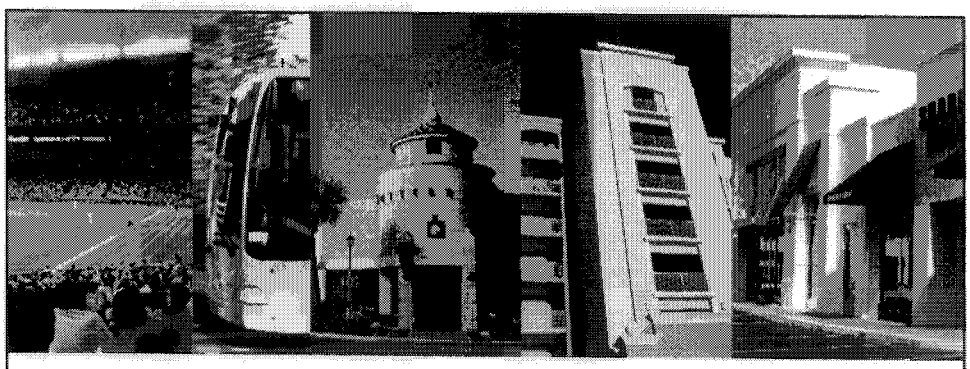
- Request proposals from consulting firms
- Executive Committee and Board select consultant, review goals and objectives
- Consultant complete work early in 2008

OCTA

Anaheim Regional Transportation Intermodal Center Public/Private Partnership

Orange County Transportation Authority
Board of Directors Meeting

August 13, 2007



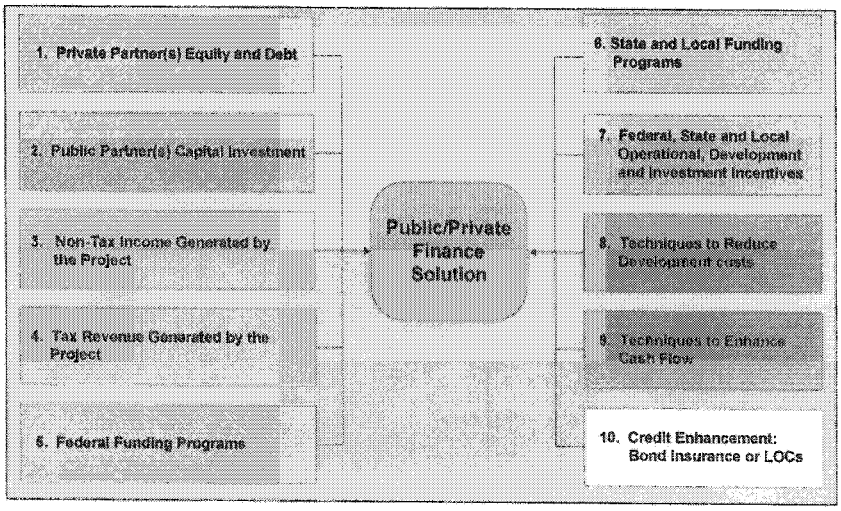
Public/Private Financing of Transportation Centers

August 13, 2007

Objectives

- Place Public Partners in a position of strength
- Optimize Public Partner's Return on Investment (ROI)
- Cover some or all Public Partner costs
- Reduce public risk and increase public control
- Structure opportunity attractive to private sector
- Gain consensus on building program/design/public partner investment
- Provide a solid basis to proceed to implementation

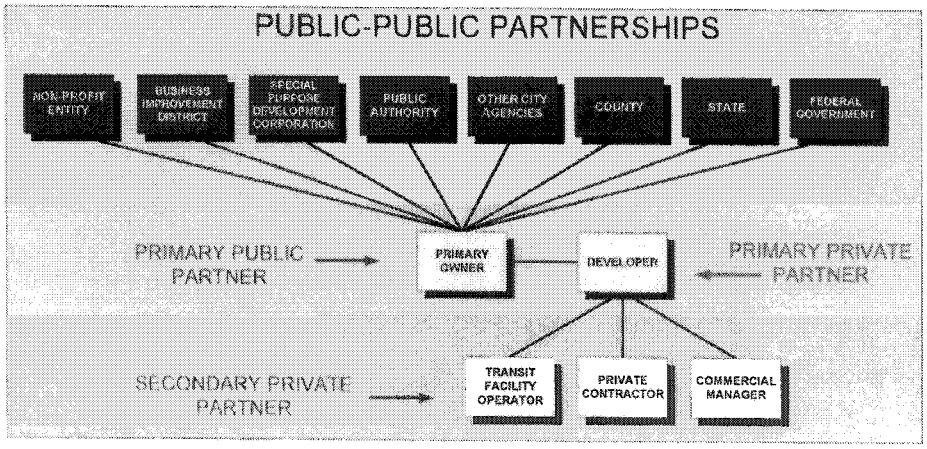
10 Part Approach to Public/Private Finance©



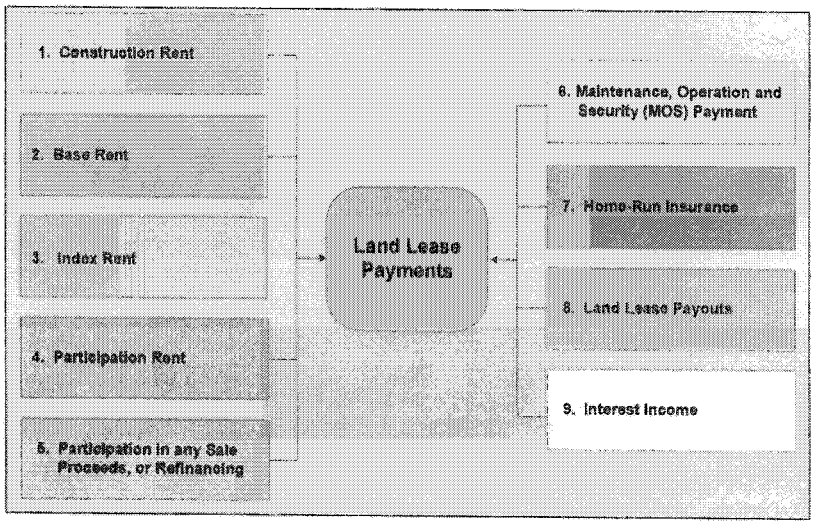
Selected Public/Private Finance Instruments

- Land Lease Backed Revenue Bond
- "Land Lease Payouts"
- TIF-Backed Revenue Bond
- New Market Tax Credits
- Low Income Housing Tax Credits (LIHTC)
- Payment-In-Lieu-Of-Taxes (PILOT)
- Developer Note

Potential Primary and Secondary Public Partners



9 Types of Land Lease Payments to Public Partners



Part 1: Private Partner Equity and Debt

Private Developers Must Provide:

- At Risk Cash
- Construction Loan
- Permanent Loan/Take-out Construction Loan
- Mezzanine Debt, if Required

Part 2: Public Partner(s) Capital Investment

Primary and Secondary Public Partners Provide Investment in the Form of:

- Cash
- Grant
- Low Interest Loans
- Tax Credits
- Surplus Operating Income from Private Activities
- Project Site, if Required

Public Partners are retaining outside professionals, to determine whether private developers actually need financial assistance.

Part 3: Nontax Income Generated by the Project

Developers can pay Public Partner in Seven Different Types of Land Lease Payments:

- Construction Rent
- Base Rent

Part 4: Potential Tax Revenue Generated by the Project

- Property Tax
- Sales Tax
- Hotel Occupancy Tax
- Car Rental Tax

Option: Public Partner can leverage certain tax increment as security for revenue bonds.

Part 5: Federal Funding Available for Non-Transit Facilities

If a development is located within 1,500 ft. of a transit station it may be eligible for funding for:

- Land Acquisition
- Site Preparation
- Station Improvements
- Commuter Parking Facilities
- Public Buildings Required by Local Governments
- Walkways and Open Space that are Physically and Functionally Related to Transportation Facilities

Part 6: State and Local Funding Programs

There are nearly 30 public/private finance instruments that can be used to finance components of development around transit:

- State Infrastructure Banks (SIB)
- State Revolving Loan Funds
- Tax Increment Financing (TIF)
- Certificates of Participation (COP)
- Public Improvement Districts (PID)
- Certificates of Obligation (CO)

Summary

The 10 Part Public/Private Finance Approach

- Generates non-tax income and tax revenue from government-owned land and infrastructure investments, which can be used to finance transit facilities; and,
- Supports implementation of related commercial development.