



**Measure M**  
**Taxpayers Oversight Committee**  
at the Orange County Transportation Authority  
600 S. Main Street, Orange CA, Room 103/4



April 9, 2013

6:00 p.m.

**AGENDA**

1. **Welcome**
2. **Pledge of Allegiance**
3. **Approval of Minutes/Attendance Report for February 12, 2013**
4. **Chairman's Report**
5. **Action Items**
  - A. City of Huntington Beach Expenditure Report  
Discussion – Tony Rouff, Chairman, Annual Eligibility Review Subcommittee
6. **Presentation Items**
  - A. Annual Investment Policy  
Presentation – Rodney Johnson, Deputy Treasurer, Finance & Administration
  - B. Grade Separation Projects (OC Bridges) Program Update  
Presentation – Ross Lew, Program Manager, OC Bridges, Capital Programs
  - C. Measure M Performance Assessment  
Presentation – Tamara Warren, M Program Manager, Planning
7. **Annual Eligibility Review Subcommittee Report**
8. **Audit Subcommittee Report**
9. **Environmental Oversight Committee Report**
10. **Committee Member Reports**
11. **OCTA Staff Update (5 minutes each)**
  - I-405/Project K – Jim Beil, Executive Director, Capital Programs
  - Caltrans Degradation Study – Jim Beil, Executive Director, Capital Programs
  - Metrolink – Andy Oftelie, Deputy Director, Finance & Administration
  - Organizational Readiness Study – Tamara Warren, M Program Manager, Planning
  - Other
12. **Public Comments\***
13. **Adjournment**

\*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to five (5) minutes per person and 20 minutes for all comments, unless different time limits are set by the Chairman, subject to the approval of the TOC.

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

**Measure M  
Taxpayers Oversight Committee**

**February 12, 2013  
Meeting Minutes**

**Committee Members Present:**

Jan Grimes, Orange County Acting Deputy Auditor-Controller, Co-Chairman  
Richard Egan, First District Representative  
Howard Mirowitz, Second District Representative, Co Chairman  
Randy Holbrook, Third District Representative  
Dowling Tsai, Third District Representative  
Philip C. La Puma, PE, Fourth District Representative  
Terry Fleskes, Fifth District Representative  
Tony Rouff, Fifth District Representative  
John Stammen, Fourth District Representative

**Committee Member(s) Absent:**

Anh-Tuan Le, First District Representative  
Jack Wu, Second District Representative

**Orange County Transportation Authority Staff Present:**

Will Kempton, Chief Executive Officer  
Jennifer Bergener, Director of Rail Programs and Facilities Engineering  
Marissa Espino, Senior Community Relations Specialist  
Janice Kadlec, Public Reporter  
Ken Phipps, Executive Director of Finance and Administration  
Alice Rogan, Strategic Communications Manager  
Tamara Warren, Manager of M Program Management Office

**Members of the Public**

Diana Carey  
Vernon Nelson  
Harvey Liss

**1. Welcome**

Chair Jan Grimes began the Taxpayers Oversight Committee (TOC) meeting at 6:00 p.m. and welcomed everyone. She introducing new TOC member Terry Fleskes representing District 5 and replacing Kate Koster. Kate Koster resigned because of work conflicts.

## **2. Pledge of Allegiance**

Chair Jan Grimes asked everyone to stand and led the Pledge of Allegiance. She then turned the meeting over to Will Kempton. Will Kempton said he is retiring from public service at the end of February 2013 and moving back to Sacramento and taking a job with group called Transportation California to try and raise more money for transportation. He wanted to say goodbye to the TOC and thank them for their service. .

The incoming OCTA CEO will be Darrell Johnson and he will be a terrific CEO for OCTA. He is very proud of his accomplishments during his relative short time at OCTA. This is a great organization with a great staff and a vibrant program. OCTA is making great efforts in meeting the commitments of Measure M. Programs like Measure M are great program because they are performance based – the public gets what they were promised. The other feature that makes programs like this popular is accountability – this is where the TOC comes in, the fact that they are truly a taxpayers oversight committee protecting the interest of the taxpayers.

He thanked the TOC again for their service and all the good work they do.

## **3. ANNUAL MEASURE M PUBLIC HEARING**

### **a. Overview of Taxpayers Oversight Committee**

Co-Chairman Howard Mirowitz introduced himself and asked each TOC member to introduce themselves and to indicate what supervisorial district they represented.

Co-Chairman Howard Mirowitz gave a brief background of Measure M and a history of the M1 and M2 sales tax initiative and the TOC.

### **b. Review of the 2012 Taxpayers Oversight Committee Actions**

Co-Chairman Jan Grimes reported on the key activities of the TOC during 2012.

### **c. Local Eligibility Subcommittee Report**

Tony Rouff, Chairman of the Annual Eligibility Review Subcommittee (AER), reviewed the duties of the AER and reported on the major actions of the Subcommittee during 2012.

### **d. Audit Subcommittee Report**

Co-Chairman Jan Grimes reviewed the duties of the Audit Subcommittee and reported on the major actions of the Subcommittee during 2012.

**e. Public Comments**

Diana Carey, Councilwoman for the City of Westminster spoke in favor of the I-405 modified Alternative 2.

Harvey Liss spoke in favor of increasing traffic signal synchronization on road ways and not only at peak hours.

Vernon Nelson spoke against the I-405 project Alternative 3 and for Alternative 2.

**f. Adjournment of the Public Hearing**

Co-Chairman Jan Grimes said any questions by the public during the Public Comments item will be responded to at a later date. Co-Chairman Jan Grimes adjourned the Annual Measure M Public Hearing at 6:40 p.m.

**4. Approval of Minutes/Attendance Report for December 11, 2012**

Chair Jan Grimes asked if there were any additions or corrections to the December 11, 2012 TOC minutes and attendance report. Phillip La Puma asked to have his name corrected on Page 5, first paragraph, first sentence: *Phillip De-Palma La Puma asked Kirk Avila about the interest rate assumptions used in the baseline scenario.*

A motion was made by Phillip La Puma, seconded by Howard Mirowitz, and carried unanimously to approve the December 13, 2011 TOC minutes and attendance report as corrected. Terry Fleskes abstained from voting as he did not attend the meeting.

**5. Action Items**

**A. Measure M1 Revenue and Expenditure Quarterly Report (December 2012)**

A motion was made by Howard Mirowitz, seconded by Randy Holbrook, and carried unanimously to receive and file the Measure M1 Revenue and Expenditure Quarterly Report (December 2012). Terry Fleskes abstained from voting.

**B. Measure M2 Revenue and Expenditure Quarterly Report (December 2012)**

A motion was made by Howard Mirowitz, seconded by Richard Egan, and carried unanimously to receive and file the Measure M2 Revenue and Expenditure Quarterly Report (December 2012). Terry Fleskes abstained from voting.

**C. Annual Hearing Follow-up and Compliance Findings**

A motion was made by Tony Rouff, seconded by Phillip La Puma, and carried unanimously to approve the letter to the OCTA Board with the TOC finding OCTA in compliance with the M1 and M2 plans for 2012. Terry Fleskes abstained from voting.

**D. Local Jurisdictions Expenditure Reports**

Tony Rouff reported the Annual Eligibility Review (AER) Subcommittee had reviewed the Local Jurisdictions Expenditure Reports which are due six months after the close of the fiscal year (December 31). They found all jurisdictions in compliance with the Measure M Ordinance 3 with the exception of the City of Huntington Beach since this local jurisdiction follows the Federal fiscal year ending September 30 they will submit their expenditure report on March 31, 2013. The AER made three recommendations:

1. Approve Expenditure reports for all local jurisdictions in Orange County and find all local jurisdictions eligible to receive local Fair Share and Competitive grant net revenues for fiscal year 2012 and 2013.
2. Direct staff to return with an eligibility finding for the City of Huntington Beach pending adoption and submittal of their fiscal year 2011/2012 expenditure report.
3. Recommend to the TOC Audit Subcommittee that the cities of Irvine, Los Alamitos, Newport Beach, and Placentia will be considered for audit next year.

It was noted some agencies have high maintenance of effort costs dedicated to agency staffing and administration. The OCTA will review the current template and return to the ARE Subcommittee with recommendations to separate the administrative charges from agency staff time charged directly to construction and maintenance.

On approval, recommendations from the TOC and OCTA staff will be presented to the OCTA Highways Committee and the OCTA Board for approval in March.

A motion was made by Tony Rouff, seconded by John Stammen, and carried unanimously to approve the findings of the Annual Eligibility Review Subcommittee. Terry Fleskes abstained from voting.

## **6. Presentation Items**

### **A. Rail Program Update**

Jennifer Bergener gave an update on the OCTA Rail Program.

Richard Egan asked what is the 5307 funding. Jennifer said 5307 is Federal funding. Richard Egan said it is listed under the Orange County Transit mode. Jennifer said the slide he referred to was designed to show what OCTA contributed and what the city has contributed so under the OCTA control is the 5307 funds.

Tony Rouff asked where the LOSSAN cars are built. Jennifer said they are shipped in pieces from Korea and assembled in the US.

## **B. Sales Tax Forecast Update**

Ken Phipps gave a Sales Tax Forecast Update.

Howard Mirowitz said with the new M2020 Plan and the margin anticipated of revenues over expenditures, certain years look very slim. Ken Phipps said this is true, but the OCTA Treasurer did do a sensitivity analysis related to interest costs, fluctuations in the market, and the sales tax revenue and the current plan is based on the most recent university forecasts. Certainly if another down turn similar to the previous down turn occurs, they would need to be adjusted dramatically.

## **C. M2020 Review and M Program Management Office Overview**

Tamara Warren gave a brief review of the M2020 Program and an overview of the M Program Management Office.

## **7. Committee Member Reports**

Chair Jan Grimes reported on the Audit Subcommittee activities. On January 30, 2013, the Subcommittee met with auditors and reviewed the external auditor's communication and Annual Audit Reports. The Audit Subcommittee also met earlier in the evening and reviewed the M2 Triennial Performance Assessment Draft Final and the Quarterly Measure M1 and M2 Revenue and Expenditure Reports – 2<sup>nd</sup> Quarter.

Phillip La Puma asked where the excess Measure M funds are invested. Ken Phipps said OCTA has six contracted investment managers which invest the funds primarily in Treasury/Agency Securities. Two of the investment managers are designated to handle the bond proceeds. OCTA has very restrictive investment policy focused on protection of principal as opposed to gains.

Phillip La Puma observed the Bond Market is very essential to the protection of capital. Ken Phipps said yes and he would be happy to share the OCTA Investment Policy with the TOC – it is very restrictive and limits by category the type of investments and the amount of money they are allowed to put in.

Phillip La Puma said his understanding when interest starts to rise, the bond value drops. Ken Phipps said currently the money is primarily in Treasury/Agency Securities and they are receiving approximately 1 percent return. If those returns rise, everything changes- it would mean there would be higher interests costs going forward but receive a higher return.

Alice Rogan said they can have the OCTA Treasurer give a presentation on the Investment Policy. Phillip La Puma said he was concerned about what would happen if the investment market became unstable. Ken Phipps said OCTA believes they are safe guarded against this.

Howard Mirowitz asked what the interest assumption was on the earnings in the 20/20 Plan. Ken Phipps said in short term it was approximately 1%, in the future it would be approximately 3.5%.

Phillip La Puma said he attended the February 6, 2013 Environmental Oversight Committee (EOC) meeting. They received a report on the Acquisition Properties of Ferber Ranch and Hayashi.

The EOC received public comments on the both properties. The issues on the Ferber Ranch have to do with easements granted to the equestrian community. OCTA staff has responded to the public comments in a positive way and with appropriate action. This issue and others were outlined in a report forwarded to the TOC entitled Measure M2 Environmental Mitigation Program Ferber Ranch Management and Maintenance Efforts to Date.

The issue with the Hayashi property involved a 1.7 encroachment by a family who recently purchased a home there. The owner of the property spoke at the meeting and is very willing to work with OCTA to clear up any issues.

Two other properties are in negotiations to be purchased.

#### **8. Public Comments**

Diana Carey, who spoke earlier in the meeting, asked for a clarification of what districts the TOC members were from. Alice Rogan said, along with the Orange County Auditor-Controller, the TOC is made up of two members from each Supervisorial District (two members are absent at this meeting). Their terms were staggered; this is why this year there will be four open positions to be selected and it does not include the second district which was selected last year.

Alice Rogan reminded the TOC members the recruitment for new members will open up in the middle of March 2013 for the first, third, fourth, and fifth districts. Please encourage friends and colleagues to apply.

#### **9. Adjournment**

The Measure M Taxpayers Oversight Committee meeting adjourned at 7:45 p.m. The next meeting will be April 9, 2013.

**Taxpayers Oversight Committee**  
**Fiscal Year 2012-2013**  
**Attendance Record**



X = Present      E = Excused Absence      \* = Absence Pending Approval      U = Unexcused Absence      -- = Resigned

Meeting Date	10-Jul	14-Aug	27-Sep	9-Oct	13-Nov	11-Dec	8-Jan	12-Feb	12-Mar	9-Apr	14-May	11-Jun
Richard Egan		X	X	X		X		X				
Terry Fleskes		N/A	N/A	N/A		N/A		X				
Randy Holbrook		X	X	X		X		X				
Katherine Koster		X	X	X		X		R				
Philip La Puma		X	X	X		X		X				
Anh-Tuan Le		X	E	E		X		*				
Howard Mirowitz		X	X	X		X		X				
Tony Rouff		X	X	X		X		X				
John Stammen		X	X	X		E		X				
Jan Grimes		E	X	X		X		X				
Dowling Tsai		X	X	X		X		X				
Jack Wu		X	E	X		X		*				

**Absences Pending Approval**

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
February 12, 2013	Anh-Tuan Le	Business Travel
February 12, 2013	Jack Wu	Personal