



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



April 10, 2012

6:00 p.m.

**AGENDA**

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for January 30, 2012**
- 4. Chairman's Report**
- 5. Action Items**
  - A. M1/M2 Quarterly Revenue & Expenditure Reports (Dec 2011)  
Receive and File
- 6. Presentation Items**
  - A. Water Quality Program Update  
Presentation – Marissa Espino, Senior Strategic Communications Specialist  
Alison Army, Senior Transportation Analyst
  - B. Grade Separation Projects (OC Bridges) Program Update  
Presentation – Joe Toolson, Program Manager, OC Bridges  
Kia Mortazavi, Executive Director, Planning
  - C. M2020 Plan Overview  
Presentation – Kia Mortazavi, Executive Director, Planning
- 7. Annual Eligibility Review Subcommittee Report**
- 8. Audit Subcommittee Report**
- 9. Committee Member Reports**
- 10. OCTA Staff Update**
- 11. Public Comments\***
- 12. 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**

**January 30, 2012  
Meeting Minutes**

**Committee Members Present:**

David Sundstrom, Orange County Auditor-Controller, Co-Chairman  
Richard Egan, First District Representative  
Diana Hardy, First District Representative  
Howard Mirowitz, Second District Representative  
Dowling Tsai, Third District Representative  
Randy Holbrook, Third District Representative  
James Kelly, Fifth District Representative Co-Chairman  
Tony Rouff, Fifth District Representative

**Committee Members Absent:**

Anh-Tuan Le, Second District Representative  
Gregory Pate, Fourth District Representative  
John Stammen, Fourth District Representative

**Orange County Transportation Authority Staff Present:**

Jim Beil, Executive Director, Development  
Jennifer Bergener, Director, Rail Program  
Ellen Burton, Executive Director, External Affairs  
Marissa Espino, Senior Strategic Communications Specialist  
Kelley Jimenez, Strategic Communications Coordinator  
Darrell Johnson, Deputy CEO  
Janice Kadlec, Public Reporter  
Kia Mortazavi, Executive Director, Planning  
Andy Oftelie, Deputy Director, Finance and Administration  
Dan Phu, Project Development Section Manager  
Ken Phipps, Executive Director, Finance and Administration  
Alice Rogan, Strategic Communications Manager  
Tamara Warren, Measure M Program Manager  
Joel Zlotnik, Media Relations Manager

**Members of the Public**

Jim Adams, Los Angeles/Orange Counties Building & Construction Trades Council  
Todd Ament, Anaheim Chamber of Commerce  
John Bourne, Orange County Grand Juror's Association  
Jack Dean, Fullerton Association of Concerned Taxpayers  
Jill Kanzler, Support Our Anaheim Resort (SOAR)  
Kate Klimow, Orange County Business Council

Albert Martinez, Business Representative of the Construction Union  
Kristine Murray, City of Anaheim  
Deborah Pauly, City of Villa Park  
Pat Pepper, Chairman of the City of Anaheim's Budget and Investment Advisory Committee.  
Derek Ostensen, Laguna Canyon Foundation & City of San Juan Capistrano Consultant  
Shaun Skelly, Orange County Chief Deputy Auditor-Controller  
Larry Siegel, Yellow Cab Co.

**1. Welcome**

Co-Chairman David Sundstrom began the meeting at 6:00 p.m. and welcomed everyone.

**2. Pledge of Allegiance**

Co-Chairman David Sundstrom asked everyone to stand and led the Pledge of Allegiance.

**3. ANNUAL MEASURE M PUBLIC HEARING**

**a. Overview of Taxpayers Oversight Committee**

James Kelly, Co-Chairman of the Taxpayers Oversight Committee (TOC) asked each TOC member introduced themselves and to indicate what supervisorial district they represent. Co-Chairman David Sundstrom took the opportunity to introduce Shaun Skelly, the Orange County Chief Deputy Auditor-Controller who will become the Interim Orange County Auditor-Controller on February 1, 2012 and, therefore, the new TOC Co-Chairman.

Co-Chairman James Kelly gave an overview and history of the M1 and M2 sales tax initiative and the TOC.

**b. Review of the 2010 Taxpayers Oversight Committee Actions**

Co-Chairman David Sundstrom reported on the key activities of the TOC during 2011.

**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 2011.

**d. Audit Subcommittee Report**

As Chairman of the Audit Subcommittee, Co-Chairman David Sundstrom reviewed the duties of the Audit Subcommittee and reported on the major actions of the Subcommittee during 2011.

**e. Public Comments**

Kate Klimow spoke in support of the Anaheim Regional Transportation Intermodal Center (ARTIC) for the Orange County Business Council.

Deborah Pauly spoke against supporting ARTIC. Although Ms. Pauly is a member of the Villa Park City Council she did not speak for the Council but for common sense.

Jack Dean spoke against supporting ARTIC for the Fullerton Association of Concerned Taxpayers.

Jim Adams spoke in support of ARTIC for the Los Angeles/Orange Counties Building and Construction Trades Council.

Kristin Murray spoke in support of ARTIC as a citizen and member of the Anaheim City Council.

John Bourne spoke against supporting ARTIC for the Orange County Grand Jurors Association.

Pat Pepper spoke in support of ARTIC as a resident of Anaheim, and Chairman of the City of Anaheim's Budget and Investment Advisory Committee.

Jill Kanzler spoke in support of ARTIC for Support Our Anaheim Resorts (SOAR).

Albert Martinez spoke in support of ARTIC as 56-year resident of Orange County and Business Representative of the Construction Union.

Todd Ament spoke in support of ARTIC for the Anaheim Chamber of Commerce.

Larry Siegel spoke in support of the ARTIC for the Yellow Cab Company.

**Adjournment of the Public Hearing**

Co-Chairman David Sundstrom adjourned the Annual Measure M Public Hearing at 6:55 p.m.

**4. Approval of Minutes/Attendance Report for December 13, 2011**

A motion was made by James Kelly, seconded by Dowling Tsai, and carried unanimously to approve the December 13, 2011 TOC minutes and attendance report as presented.

**5. Chairman's Report**

Chairman David Sundstrom reported that this was his last TOC meeting and he considered it an honor to have served on the Committee for the past 13 years. He considered OCTA staff and committee members to be of the highest quality. He

enjoyed taking an active part in Measure M1 and M2 and seeing the improvements made, especially in the Freeway Mode and in Signal Synchronization. He will leave with great memories of the accomplishments achieved during the past years and knows the TOC will continue this great work into the future.

## **6. Action Items**

### **A. Measure M1 Revenue and Expenditure Quarterly Reports (Jun; Sep 2011)**

A motion was made by Howard Mirowitz, seconded by James Kelly, and carried unanimously to receive and file the Measure M1 Revenue and Expenditure Quarterly Report (June; September 2011)

### **B. M2 Revenue & Expenditure Annual Report (June 11); Quarterly Report (September 11)**

A motion was made by Randy Holbrook, seconded by Richard Egan, and carried unanimously to receive and file the M2 Revenue & Expenditure Annual Report (June 11); Quarterly Report (September 11).

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

A motion was made by James Kelly, seconded by Tony Rouff and carried unanimously to find OCTA in compliance with the M1 and M2 plan through June 30, 2011 and approved to submit the letter of the compliance findings to the OCTA Board.

Alice Rogan clarified the Local Transportation Authority compliance finding audits are through June 30 and everything else is through the calendar year. James Kelly suggested modifying the motion to reflect this. A motion was made and seconded to modify the previous motion to reflect the time period through December 31, 2011.

### **D. Local Jurisdictions Expenditure Reports**

Tony Rouff reported the Annual Eligibility Review Subcommittee had reviewed the Local Jurisdictions Expenditure Reports and found all jurisdictions in compliance with M1 and M2 for 2011.

A motion was made by Tony Rouff, seconded by Dowling Tsai, and carried unanimously to approve the findings of the Annual Eligibility Review Subcommittee.

## **7. Presentation Items**

### **A. Environmental Mitigation Program Update**

Marissa Espino and Dan Phu gave an update of the Environmental Mitigation Program. Derek Ostensen gave a presentation on the Environmental Restoration Program.

Chair David Sundstrom asked for a clarification – the money spent from the five percent and the properties acquired would supplant some or all of what would normally need to be spent for mitigation. Dan Phu said yes, it is all part of the larger program.

James Kelly said, one of the items to be reviewed in the audit is to be able to validate the correlation between the mitigation requirements by the highway construction versus the remote properties being acquired. This is something that needs to be considered in the audit process.

Howard Mirowitz asked what the plan was for determining the next tranche of money. Dan Phu said before any decision is made for additional acquisitions or restoration projects, they want to be sure the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) is in place and they know all requirements associated with this plan. Also they need to make sure they know how the acquisitions and restorations were funded through the \$55 million Early Action Plan and how it fits into the context of the conservation plan. From that point on they will have a better understanding of what the needs will be.

Richard Egan said it seemed to him people living near where the actual project is being constructed and undergoing the noise, mess, and delays do not benefit from this program because OCTA is taking five percent of the construction money and spending it on land far away from the construction site. Dan Phu said just because the funds have been set aside for the biological permits, it does not release OCTA and Caltrans from any responsibility from Best Management Practices during construction. Each project still needs to go through the Environmental review and mitigate for things like air quality impacts, noise impacts, and community disruptions and impacts directly related to the projects. Marissa Espino said the Environmental Mitigation Program allows OCTA to streamline – instead of piecemeal per project they are doing it all in one – they purchasing, acquiring, and restoring large parcels of land in exchange for all 13 M2 Freeway projects all at once.

Randy Holbrook asked who is responsible for the properties once they are bought. Dan Phu said OCTA is liable for the property until the property managers are in place.

Tony Rouff asked what would happen to these properties if there were no Environmental Mitigation Program. Dan Phu said some of the properties are protected from development while others can be developed on. One of the criteria looked at when purchasing property is the threat of development.

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

Ken Phipps gave a Sales Tax Forecast Update.

Chair David Sundstrom asked if OCTA had considered not giving the University forecasters equal weight based on their past forecasts. Ken Phipps said they haven't considered doing this simply because there has not been a very good measuring period.

Tony Rouff asked what rate OCTA used for their last budget. Ken Phipps said they took the actuals combined with the blended rate from the Universities.

Randy Holbrook asked what would be wrong with using the actuals from the prior year. Ken Phipps said they do use the actuals from the prior year and then apply the growth factor.

**8. Committee Member Reports**

There were no other Committee Member Reports

**9. OCTA Staff Update**

Alice Rogan reported on the start of the new member recruitment, there will be vacancies in the First, Second, Fourth, and Fifth Districts. The closing date for this recruitment will be April 23, 2012.

Alice Rogan thanked Chair Sundstrom for his commitment, loyalty, and the time he has given to the taxpayers of Orange County. OCTA staff has enjoyed working with him and appreciate his fairness in his approach in dealing with the TOC.

Alice Rogan on behalf of the OCTA staff welcomed Shaun Skelly who will be the interim Co-Chair of the TOC.

**10. Public Comments**

There were no further Public Comments

**11. Adjournment**

The Measure M Taxpayers Oversight Committee meeting adjourned at 8:00 p.m. The next meeting will be April 10, 2012.

# Taxpayers Oversight Committee

## Fiscal Year 2011-2012

### Attendance Record



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

Meeting Date	12-Jul	9-Aug	13-Sep	11-Oct	8-Nov	13-Dec	10-Jan	30-Jan	13-Mar	10-Apr	8-May	12-Jun
Richard Egan		X		X		X		X				
Diana Hardy		X		E		E		X				
Randy Holbrook		X		X		X		X				
James Kelly		X		X		X		X				
Anh-Tuan Le		X		E		E		*				
Howard Mirowitz		X		X		X		X				
Gregory Pate		X		E		E		*				
Tony Rouff		X		X		X		X				
John Stammen		X		X		X		*				
David Sundstrom		X		X		E		X				
Dowling Tsai		X		X		X		X				

### Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
January 30, 2012	Anh- Tuan le	Out of town
January 30, 2012	Gregory Pate	Work commitments
January 30, 2012	John Stammen	Illness

# *Action Items*

**Measure M1**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of December 31, 2011**

(\$ in thousands)	Quarter Ended Dec 31, 2011	Year to Date Dec 31, 2011	Period from Inception through Dec 31, 2011
	(A)	(B)	
<b>Revenues:</b>			
Sales taxes	\$ -	\$ -	\$ 4,003,972
Other agencies share of Measure M1 costs:			
Project related	15,424	20,457	479,361
Non-project related	1	3	617
Interest:			
Operating:			
Project related	-	-	1,052
Non-project related	1,941	3,925	266,294
Bond proceeds	-	-	136,067
Debt service	-	-	82,054
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	-	-	156,434
Right-of-way leases	68	179	5,761
Proceeds on sale of assets held for resale	-	-	24,575
Miscellaneous:			
Project related	-	-	26
Non-project related	-	-	775
<b>Total revenues</b>	<b>17,434</b>	<b>24,564</b>	<b>5,205,328</b>
<b>Expenditures:</b>			
Supplies and services:			
State Board of Equalization (SBOE) fees	-	-	56,883
Professional services:			
Project related	896	1,000	199,486
Non-project related	(329)	272	34,324
Administration costs:			
Project related	351	658	21,692
Non-project related	1,562	3,168	94,635
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	32	58	1,865
Non-project related	2	2	15,946
Payments to local agencies:			
Turnback	-	-	594,009
Other	2,371	6,611	807,514
Capital outlay	5,189	7,883	2,060,780
Debt service:			
Principal payments on long-term debt	-	-	1,003,955
Interest on long-term debt and commercial paper	-	-	561,842
<b>Total expenditures</b>	<b>10,074</b>	<b>19,652</b>	<b>5,531,549</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>7,360</b>	<b>4,912</b>	<b>(326,221)</b>
<b>Other financing sources (uses):</b>			
Transfers out:			
Project related	-	(363)	(383,264)
Non-project related	-	-	(5,116)
Transfers in:			
Project related	-	-	1,829
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(363)</b>	<b>629,587</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<b>\$ 7,360</b>	<b>\$ 4,549</b>	<b>\$ 303,366</b>

**Measure M1**  
**Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)**  
**as of December 31, 2011**

(\$ in thousands)	Quarter Ended Dec 31, 2011 (actual)	Year Ended Dec 31, 2011 (actual)	Period from Inception through Dec 31, 2011 (actual)	Period from January 1, 2012 forward (forecast)	Total
	(C.1)	(D.1)	(D.1)	(E.1)	(F.1)
<b>Tax revenues:</b>					
Sales taxes	\$ -	\$ -	\$ 4,003,972	\$ -	\$ 4,003,972
Other agencies share of Measure M1 costs	1	3	617	-	617
Operating interest	1,941	3,925	266,294	2,405	268,699
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	775	-	775
Total tax revenues	<u>1,942</u>	<u>3,928</u>	<u>4,292,341</u>	<u>2,405</u>	<u>4,294,746</u>
<b>Administrative expenditures:</b>					
SBOE fees	-	-	56,883	-	56,883
Professional services, non-project related	(329)	272	25,463	-	25,463
Administration costs, non-project related	1,562	3,168	94,635	974	95,609
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	2	2	6,846	-	6,846
Total administrative expenditures	<u>1,235</u>	<u>3,442</u>	<u>218,735</u>	<u>974</u>	<u>219,709</u>
<b>Net tax revenues</b>	<u>\$ 707</u>	<u>\$ 486</u>	<u>\$ 4,073,606</u>	<u>\$ 1,430</u>	<u>\$ 4,075,036</u>
		(C.2)	(D.2)	(E.2)	(F.2)
<b>Bond revenues:</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	-	-	82,054	-	82,054
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>-</u>	<u>-</u>	<u>1,415,777</u>	<u>-</u>	<u>1,415,777</u>
<b>Financing expenditures and uses:</b>					
Professional services, non-project related	-	-	8,861	-	8,861
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	1,003,955	-	1,003,955
Bond debt interest expense	-	-	561,842	-	561,842
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,100	-	9,100
Total financing expenditures and uses	<u>-</u>	<u>-</u>	<u>1,786,445</u>	<u>-</u>	<u>1,786,445</u>
<b>Net bond revenues (debt service)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (370,668)</u>	<u>\$ -</u>	<u>\$ (370,668)</u>

**Measure M1**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2011**

Project Description	Net Tax Revenues Program to date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through Dec 31, 2011	Reimbursements through Dec 31, 2011	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 982,247	\$ 982,591	\$ 810,010	\$ 789,022	\$ 193,569	\$ 20,988	\$ 871,679	\$ 85,619	\$ 786,060	97.0%
I-5 between I-5/I-405 Interchange and San Clemente	68,744	68,768	57,836	59,936	8,832	(2,100)	70,294	10,358	59,936	103.6%
I-5/I-405 Interchange	87,252	87,283	72,802	73,075	14,208	(273)	98,157	25,082	73,075	100.4%
SR-55 (Costa Mesa Fwy) between I-5 and SR-91 (Riverside Fwy)	58,168	58,188	49,349	49,349	8,839	(4,838)	55,514	6,172	49,342	110.9%
SR-57 (Orange Fwy) between I-5 and Lambert Road	29,084	29,094	24,128	22,758	6,336	1,370	25,617	2,859	22,758	94.3%
SR-91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	125,590	125,634	116,136	105,389	20,245	10,747	123,995	18,606	105,389	90.7%
SR-22 (Garden Grove Fwy) between SR-55 and Valley View St.	400,566	400,707	313,297	310,943	89,764	2,354	632,777	327,429	305,348	97.5%
Subtotal Projects	1,751,651	1,752,265	1,438,720	1,410,472	341,793	28,248	1,878,033	476,125	1,401,908	
Net (Bond Revenue)/Debt Service			311,917	311,917	(311,917)	-	311,917		311,917	
Total Freeways	\$ 1,751,651	\$ 1,752,265	\$ 1,750,637	\$ 1,722,389	\$ 29,876	\$ 28,248	\$ 2,189,950	\$ 476,125	\$ 1,713,825	
%				42.6%					45.5%	
Regional Street and Road Projects (11%)										
Smart Streets	\$ 153,633	\$ 153,687	\$ 151,278	\$ 151,278	\$ 2,409	\$ -	\$ 155,127	\$ 11,739	\$ 143,388	94.8%
Regionally Significant Interchanges	89,619	89,651	89,651	89,651	-	-	67,803	146	67,657	75.5%
Intersection Improvement Program	128,028	128,073	128,073	128,073	-	-	105,517	1,506	104,011	81.2%
Traffic Signal Coordination	64,014	64,036	64,036	64,036	-	-	63,127	1,554	61,573	96.2%
Transportation Systems Management and Transportation Demand Management	12,803	12,807	12,807	12,807	-	-	8,934	149	8,785	68.6%
Subtotal Projects	448,097	448,254	445,845	445,845	2,409	-	400,508	15,094	385,414	
Net (Bond Revenue)/Debt Service			2,409	2,409	(2,409)	-	2,409		2,409	
Total Regional Street and Road Projects	\$ 448,097	\$ 448,254	\$ 448,254	\$ 448,254	\$ -	\$ -	\$ 402,917	\$ 15,094	\$ 387,823	
%				11.1%					10.3%	

**Measure M1**  
**Schedule of Revenues and Expenditures Summary**  
as of December 31, 2011

Project Description (G)	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Dec 31, 2011 (N)	Reimbursements through Dec 31, 2011 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
<b>Local Street and Road Projects (21%)</b>										
Master Plan of Arterial Highway Improvements	\$ 160,711	\$ 160,803	\$ 160,803	\$ 160,803	\$ -	\$ -	\$ 132,989	\$ 99	\$ 132,890	82.6%
Streets and Roads Maintenance and Road Improvements	594,746	594,955	594,955	594,955	-	-	594,025	-	594,025	99.8%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	94,760	431	94,329	94.3%
Subtotal Projects	855,457	855,758	855,758	855,758	-	-	821,774	530	821,244	
Net (Bond Revenue)/Debt Service										
<b>Total Local Street and Road Projects</b>	<b>\$ 855,457</b>	<b>\$ 855,758</b>	<b>\$ 855,758</b>	<b>\$ 855,758</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 821,774</b>	<b>\$ 530</b>	<b>\$ 821,244</b>	
<b>%</b>				<b>21.2%</b>					<b>21.8%</b>	
<b>Transit Projects (25%)</b>										
Pacific Electric Right-of-Way	\$ 19,711	\$ 19,718	\$ 15,000	\$ 14,000	\$ 5,718	\$ 1,000	\$ 17,108	\$ 3,062	\$ 14,046	93.6%
Commuter Rail	367,649	367,786	352,567	361,104	6,682	(8,537)	411,438	60,805	350,633	99.5%
High-Technology Advanced Rail Transit	446,783	446,939	428,469	440,688	6,251	(12,219)	357,073	76,657	280,416	65.4%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	20,000	-	20,000	100.0%
Transitways	164,258	164,316	146,381	126,625	37,691	19,756	182,676	36,765	125,911	86.0%
Subtotal Projects	1,018,401	1,018,759	962,417	962,417	56,342	-	968,295	177,289	791,006	
Net (Bond Revenue)/Debt Service			56,342	56,342	(56,342)	-	56,342		56,342	
<b>Total Transit Projects</b>	<b>\$ 1,018,401</b>	<b>\$ 1,018,759</b>	<b>\$ 1,018,759</b>	<b>\$ 1,018,759</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,024,637</b>	<b>\$ 177,289</b>	<b>\$ 847,348</b>	
<b>%</b>				<b>25.2%</b>					<b>22.5%</b>	
<b>Total Measure M1 Program</b>	<b>\$ 4,073,606</b>	<b>\$ 4,075,036</b>	<b>\$ 4,073,408</b>	<b>\$ 4,045,160</b>	<b>\$ 29,876</b>	<b>\$ 28,248</b>	<b>\$ 4,439,278</b>	<b>\$ 669,038</b>	<b>\$ 3,770,240</b>	

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of December 31, 2011**  
**(Unaudited)**

(\$ in thousands)	Quarter Ended Dec 31, 2011	Year to Date Dec 31, 2011	Period from Inception to Dec 31, 2011
		(A)	(B)
<b>Revenues:</b>			
Sales taxes	\$ 66,463	\$ 122,660	\$ 183,781
Other agencies share of Measure M2 costs:			
Project related	22,252	22,955	37,115
Interest:			
Operating:			
Non-project related	66	19	(44)
Bond proceeds	13	4,175	6,422
Debt service	1	3	10
Commercial paper	-	-	393
Right-of-way leases	101	130	130
Miscellaneous	69	74	74
<b>Total revenues</b>	<u>88,965</u>	<u>150,016</u>	<u>227,881</u>
<b>Expenditures:</b>			
Supplies and services:			
State Board of Equalization (SBOE) fees	635	1,271	1,907
Professional services:			
Project related	8,517	8,709	99,333
Non-project related	23	138	4,616
Administration costs:			
Project related	1,204	2,162	10,376
Non-project related	994	2,235	13,840
Other:			
Project related	212	217	372
Non-project related	6	4	3,267
Payments to local agencies:			
Project related	14,406	20,519	86,793
Non-project related	-	-	-
Capital outlay:			
Project related	15,900	25,559	74,970
Non-project related	5	5	31
Debt service:			
Interest on long-term debt and commercial paper	(1)	11,262	15,951
<b>Total expenditures</b>	<u>41,901</u>	<u>72,081</u>	<u>311,456</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>47,064</u>	<u>77,935</u>	<u>(83,575)</u>
<b>Other financing sources (uses):</b>			
Transfers out:			
Project related	(422)	(817)	(1,194)
Transfers in:			
Project related	11,997	1,955	25,654
Bond proceeds	-	-	358,593
<b>Total other financing sources (uses)</b>	<u>11,575</u>	<u>1,138</u>	<u>383,053</u>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<u>\$ 58,639</u>	<u>\$ 79,073</u>	<u>\$ 299,478</u>

**Measure M2**  
**Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)**  
**as of December 31, 2011**  
**(Unaudited)**

(\$ in thousands)	Quarter Ended Dec 31, 2011 (actual)	Year Ended Dec 31, 2011 (actual)	Period from Inception through Dec 31, 2011 (actual)	Period from January 1, 2012 through March 31, 2041 (forecast)	Total
	(C.1)	(D.1)	(E.1)	(F.1)	
<b>Tax revenues:</b>					
Sales taxes	\$ 66,463	\$ 122,660	\$ 183,781	\$ 15,341,126	\$ 15,524,907
Operating interest	66	19	(44)	364,931	364,887
Subtotal	66,529	122,679	183,737	15,706,058	15,889,795
Miscellaneous	69	74	74	-	74
Total tax revenues	66,598	122,753	183,811	15,706,058	15,889,869
<b>Administrative expenditures:</b>					
SBOE fees	635	1,271	1,907	230,209	232,116
Professional services, non-project related	(4)	96	1,913	104,303	106,216
Administration costs, non-project related	994	2,235	13,840	146,507	160,347
Operating transfer out, non-project related	-	-	-	21,474	21,474
Other, non-project related	6	4	3,267	27,610	30,877
Capital outlay, non-project related	5	5	31	-	31
Environmental cleanup	347	478	2,060	314,121	316,181
	1,983	4,089	23,018	844,223	867,241
<b>Net tax revenues</b>	<b>\$ 64,615</b>	<b>\$ 118,664</b>	<b>\$ 160,793</b>	<b>\$ 14,861,834</b>	<b>\$ 15,022,627</b>
	(C.2)	(D.2)	(E.2)	(F.2)	
<b>Bond revenues:</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 358,593	\$ 740,000	\$ 1,098,593
Interest revenue from bond proceeds	13	4,175	6,422	54,700	61,122
Interest revenue from debt service funds	1	3	10	36,181	36,191
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	14	4,178	365,418	830,881	1,196,299
<b>Financing expenditures and uses:</b>					
Professional services, non-project related	27	42	2,703	-	2,703
Bond debt principal	-	-	-	1,092,570	1,092,570
Bond debt and other interest expense	(1)	11,262	15,951	1,009,859	1,025,810
Total financing expenditures and uses	26	11,304	18,654	2,102,429	2,121,083
<b>Net bond revenues (debt service)</b>	<b>\$ (12)</b>	<b>\$ (7,126)</b>	<b>\$ 346,764</b>	<b>\$ (1,271,548)</b>	<b>\$ (924,784)</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2011**  
**(Unaudited)**

Project	Description	Net Tax Revenues		Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through Dec 31, 2011	Reimbursements through Dec 31, 2011	Net Project Cost	Percent of Budget Expended	
		Program to date Actual	Net Tax Revenues							
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
(\$ in thousands)										
Freeways (43% of Net Tax Revenues)										
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 6,338	\$ 592,118	\$ 592,098	\$ 20	\$ -	\$ 256	\$ -	\$ 256	0.0%
B,C,D	I-5 Santa Ana/San Diego Freeway Improvements	15,981	1,493,094	1,320,282	172,812	-	11,755	36	11,719	0.9%
E	SR-22 Garden Grove Freeway Access Improvements	1,618	151,179	151,178	1	-	3	-	3	0.0%
F	SR-55 Costa Mesa Freeway Improvements	4,935	461,097	460,759	338	-	1,325	-	1,325	0.3%
G	SR-57 Orange Freeway Improvements	3,489	325,964	308,064	17,900	-	25,905	2,515	23,390	7.6%
H,I,J	SR-91 Riverside Freeway Improvements	19,977	1,866,401	1,862,991	3,410	-	14,865	5,306	9,559	0.5%
K,L	I-405 San Diego Freeway Improvements	11,053	1,032,660	610,674	421,986	-	12,435	590	11,845	1.9%
M	I-605 Freeway Access Improvements	270	25,197	25,197	-	-	-	-	-	0.0%
N	All Freeway Service Patrol	2,023	188,974	188,974	-	-	-	-	-	0.0%
	Freeway Mitigation	3,458	323,046	278,880	44,166	-	26,426	-	26,426	9.5%
	Subtotal Projects	69,142	6,459,730	5,799,097	660,633	-	92,970	8,447	84,523	
	Net (Bond Revenue)/Debt Service	-	-	660,633	(660,633)	-	5,203	-	5,203	
	Total Freeways	\$ 69,142	\$ 6,459,730	\$ 6,459,730	\$ -	\$ -	\$ 98,173	\$ 8,447	\$ 89,726	
	%			43.0%					40.8%	
Street and Roads Projects (32% of Net Tax Revenues)										
O	Regional Capacity Program	\$ 16,080	\$ 1,502,281	\$ 1,366,320	\$ 135,961	\$ -	\$ 69,610	\$ 12,622	\$ 56,988	4.2%
P	Regional Traffic Signal Synchronization Program	6,431	600,886	600,739	147	-	469	-	469	0.1%
Q	Local Fair Share Program	28,943	2,704,073	2,704,073	-	-	15,391	-	15,391	0.6%
	Subtotal Projects	51,454	4,807,240	4,671,132	136,108	-	85,470	12,622	72,848	
	Net (Bond Revenue)/Debt Service	-	-	136,108	(136,108)	-	3,537	-	3,537	
	Total Street and Roads Projects	\$ 51,454	\$ 4,807,240	\$ 4,807,240	\$ -	\$ -	\$ 89,007	\$ 12,622	\$ 76,385	
	%			32.0%					34.8%	

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2011**  
**(Unaudited)**

Project Description	Net Tax Revenues Program to date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through Dec 31, 2011	Reimbursements through Dec 31, 2011	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
<b>Transit Projects (25% of Net Tax Revenues)</b>										
R High Frequency Metrolink Service	\$ 14,394	\$ 1,344,848	\$ 1,293,265	\$ 1,293,265	\$ 51,583	\$ -	\$ 89,885	\$ 41,830	\$ 48,055	3.7%
S Transit Extensions to Metrolink	14,194	1,326,150	1,317,796	1,317,796	8,354	-	75	-	75	0.0%
T Metrolink Gateways	3,216	300,506	233,735	233,735	66,771	-	2	-	2	0.0%
U Expand Mobility Choices for Seniors and Persons with Disabilities	4,823	450,626	450,626	450,626	-	-	2,576	-	2,576	0.6%
V Community Based Transit/Circulators	3,215	300,373	300,373	300,373	-	-	-	-	-	0.0%
W Safe Transit Stops	355	33,154	33,154	33,154	-	-	-	-	-	0.0%
Subtotal Projects	40,197	3,755,657	3,628,949	3,628,949	126,708	-	92,538	41,830	50,708	
Net (Bond Revenue)/Debt Service	-	-	126,708	126,708	(126,708)	-	2,963	-	2,963	
<b>Total Transit Projects</b>	<b>\$ 40,197</b>	<b>\$ 3,755,657</b>	<b>\$ 3,755,657</b>	<b>\$ 3,755,657</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 95,501</b>	<b>\$ 41,830</b>	<b>\$ 53,671</b>	
<b>%</b>				<b>25.0%</b>					<b>24.4%</b>	
<b>Measure M2 Program</b>										
	<b>\$ 160,793</b>	<b>\$ 15,022,627</b>	<b>\$ 15,022,627</b>	<b>\$ 15,022,627</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 282,681</b>	<b>\$ 62,899</b>	<b>\$ 219,782</b>	

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2011**  
**(Unaudited)**

Project Description (G)	Revenues Program to date		Total Revenues (I.1)	Project Budget (J)	Estimate at Completion (K)	Variance Total		Expenditures through Dec 31, 2011 (N)	Reimbursements through Dec 31, 2011 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
	Actual (H.1)					Revenues to Est at Completion (L)	Project Budget to Est at Completion (M)				
Environmental Cleanup (2% of Revenues)											
X Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 3,676		\$ 317,797	\$ 316,462	\$ 316,462	\$ 1,335	\$ -	\$ 2,060	\$ -	\$ 2,060	0.7%
Net (Bond Revenue)/Debt Service	-		-	1,335	1,335	(1,335)	-	127	-	127	
Total Environmental Cleanup	\$ 3,676		\$ 317,797	\$ 317,797	\$ 317,797	\$ -	\$ -	\$ 2,187	\$ -	\$ 2,187	
%					2.0%					1.2%	
Taxpayer Safeguards and Audits											
Collect Sales Taxes (1.5% of Sales Taxes)	\$ 2,757		\$ 232,874	\$ 232,874	\$ 232,874	\$ -	\$ -	\$ 1,907	\$ -	\$ 1,907	0.8%
%					1.5%					1.0%	
Oversight and Annual Audits (1% of Revenues)	\$ 1,838		\$ 158,899	\$ 158,899	\$ 158,899	\$ -	\$ -	\$ 5,298	\$ 4,333	\$ 965	0.8%
%					1.0%					0.5%	

# ***Presentation Items***



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Measure M2 Environmental Cleanup Allocation Program –  
Funding Program Guidelines Revisions and Tier 1 Grant  
Program Call for Projects**

**Staff Report**



BOARD COMMITTEE TRANSMITTAL

**February 13, 2012**

**To:** Members of the Board of Directors  
**From:** <sup>WK</sup> Wendy Knowles, Clerk of the Board  
**Subject:** Measure M2 Environmental Cleanup Allocation Program –  
Funding Program Guidelines Revisions and Tier 1 Grant  
Program Call for Projects

Regional Planning and Highways Committee Meeting of February 6, 2012

**Present:** Directors Bates, Cavecche, Crandall, Glaab, Hansen, Herzog,  
and Nelson  
**Absent:** Director Galloway

**Committee Vote**

This item was passed by the Members present.

**Committee Recommendations**

- A. Approve the revised Environmental Cleanup Program Tier 1 Comprehensive Transportation Funding Program Guidelines.
- B. Authorize staff to issue the fiscal year 2012-13 call for projects for the Tier 1 Grant Program, totaling approximately \$2.8 million.



**February 6, 2012**

**To:** Regional Planning and Highways Committee

**From:** Will Kempton, Chief Executive Officer *Will Kempton*

**Subject:** Measure M2 Environmental Cleanup Allocation Program –  
Funding Program Guidelines Revisions and Tier 1 Grant Program  
Call for Projects

### **Overview**

The Measure M2 Environmental Cleanup Program, Project X, provides funds to meet federal Clean Water Act standards for controlling transportation-related pollution. In February 2011, the Board of Directors approved the Environmental Cleanup Program to the Comprehensive Transportation Funding Program. The guidelines have been updated to reflect lessons learned from the first call for projects. In addition, staff is recommending authorization to issue the fiscal year 2012-13 Tier 1 Grant Program's call for projects.

### **Recommendations**

- A. Approve the revised Environmental Cleanup Program Tier 1 Comprehensive Transportation Funding Program Guidelines.
- B. Authorize staff to issue the fiscal year 2012-13 call for projects for the Tier 1 Grant Program, totaling approximately \$2.8 million.

### **Background**

The Environmental Cleanup Program, Project X (ECP), provides for the allocation of two percent of annual gross Measure M2 (M2) revenues to improve overall water quality in Orange County from transportation-related pollution. Funding is allocated on a countywide competitive basis to assist jurisdictions in controlling transportation-related pollution. These funds are intended to supplement, not supplant, existing transportation-related water quality programs. Funds are awarded to priority projects that improve water quality in streams, harbors, and other waterways that have a nexus to

transportation-related pollution consistent with Orange County Transportation Authority's (OCTA) Ordinance No. 3.

In May 2010, the Board of Directors (Board) approved a two-tiered approach to fund the M2 ECP. Specifically, the funding plan called for up to \$19.5 million in Tier 1 grants on a "pay-as-you-go" basis through fiscal year (FY) 2017-18, and up to \$38 million in Tier 2 grants via bonding through FY 2014-15. The Board had previously approved the funding guidelines for the Tier 1 Grant Program, as well as a planning and research study for the development of evaluation methodologies and implementation strategies related to the preparation of the funding guidelines for the Tier 2 Grant Program.

The ECP two-tiered funding process focuses on early priorities (Tier 1) and prepares for more comprehensive investments (Tier 2):

- The Tier 1 Grant Program is designed to mitigate the more visible form of pollutants, such as litter and debris that collects on the roadways and storm drains prior to being deposited in waterways and the ocean. It consists of funding for equipment purchases and upgrades to existing storm drains and related best management practices.
- The Tier 2 Grant Program consists of funding regional, potentially multi-jurisdictional, capital-intensive projects. Planning and research for the development of best management practices implementation strategies related to the preparation of the funding guidelines for the Tier 2 Grant Program are currently being developed.

In FY 2011-12, a call for projects for the Tier 1 Grant Program was issued. During this call, OCTA received 47 applications from 23 cities and the County of Orange. The total amount of funding requested by all agencies was \$4,042,769. Staff, with input from the Environmental Cleanup Allocation Committee (ECAC), reviewed and ranked the applications using the Board-approved evaluation criteria.

On August 8, 2011, the Board approved funding of \$2,861,786 for the Tier 1 Grant Program. Specifically, the Board approved funding allocations for 34 of the 47 proposed projects based on the scoring criteria. All 24 agencies received Tier 1 funding for at least one project.

***Discussion***

Staff has taken into consideration the lessons learned from the FY 2011-12 Tier 1 call for projects and evaluation process, and has revised the ECP Tier 1 Comprehensive Transportation Funding Program Guidelines (Guidelines) to improve the process (Attachment A). On December 8, 2011, the ECAC endorsed the approval of the revisions to the Tier 1 Guidelines. Some of the changes to the Guidelines include:

- Summarization of the FY 2011-12 call for projects
- Addition of pre-application process details
- Clarification of eligible expenditures
- Restructuring the application to mirror the score sheet to expedite the evaluation process
- Addition of gradation in the point values of some evaluation criteria to reduce the number of projects receiving identical scores

**Next Steps**

Staff will return to the Board in the near future for approval of the Tier 2 Guidelines and authorization to issue the Tier 2 call for projects, anticipated in the summer 2012 timeframe.

Staff is recommending authorization to issue the FY 2012-13 ECP Tier 1 Grant Program call for projects for approximately \$2.8 million. An application form will be used by M2 eligible agencies to request funds for proposed project(s). The evaluation approach remains similar to the previous call, with each proposal receiving a maximum of 100 points.

The maximum grant amount is \$100,000 per project, consistent with the prior guidelines. To ensure that ECP funds are distributed to the highest number of eligible agencies, entities submitting more than one proposal must designate which project is the highest priority for funding. The maximum amount that an applicant can receive in a funding period is \$500,000.

With Board approval, staff will initiate the call, anticipated to occur between February 21 and April 23, 2012. During this period, staff will also hold workshops for funding applicants to assist in the application process. In addition, staff will also be available to assist applicants with any inquiries during the call. Applications are due on April 23, 2012, and funding recommendations will return to the Board by late summer 2012.

**Fiscal Impact**

This project was approved in OCTA's FY 2011-12 Budget, Planning Division, Account 0017-7831-MX001-T6S, and is funded with M2 funds.

**Summary**

Orange County Transportation Authority's staff is recommending the approval of the revised Tier 1 Comprehensive Transportation Funding Program Guidelines and authorization to issue the fiscal year 2012-13 call for projects for the Tier 1 Grant Program, totaling approximately \$2.8 million.

**Attachment**

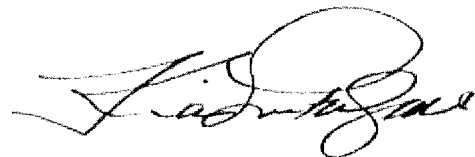
- A. Draft Environmental Cleanup Program Guidelines

**Prepared by:**



Dan Phu  
Section Manager  
(714) 560-5907

**Approved by:**



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



**ORANGE COUNTY TRANSPORTATION AUTHORITY**


**Orangethorpe Railroad Corridor Grade Separation  
Program Funding Plan Adjustment**

**Staff Report**



**April 2, 2012**

**To:** Regional Planning and Highways Committee

**From:** Will Kempton, Chief Executive Officer 

**Subject:** Orangethorpe Railroad Corridor Grade Separation Program Funding Plan Adjustment

### **Overview**

The Orange County Transportation Authority is funding and administering seven railroad grade separation projects along the Orangethorpe railroad corridor in the cities of Anaheim, Fullerton, and Placentia. The funding for the program is provided by a combination of federal, state, Measure M2, and other local funds. The current approved budget for the Orangethorpe Railroad Corridor Grade Separation Program is sufficient to complete the seven railroad grade separation projects; however, an amendment to the program funding plan is needed to shift funds between projects and to make other adjustments.

### **Recommendations**

- A. Authorize staff to reduce the City of Fullerton contribution to the State College Boulevard railroad grade separation project from \$10.6 million to \$2.1 million.
- B. Authorize an increase in Measure M2 funds from \$125,797,000 to \$128,634,000 for the Orangethorpe Railroad Corridor Grade Separation Program.
- C. Authorize the addition of \$8,871,000 in a Burlington Northern Santa Fe Railway contribution as revenue for the Orangethorpe Railroad Corridor Grade Separation Program.
- D. Authorize the reprogramming of \$12,757,000 in Trade Corridor Improvement Funds from the Raymond Avenue railroad grade separation project to the Orangethorpe Avenue, State College Boulevard, and Tustin Avenue/Rose Drive railroad grade separation projects.

- E. Authorize a decrease in the federal Regional Surface Transportation Program and Congestion Mitigation and Air Quality funds of \$29,516,651, from \$174,378,000 to \$144,861,349.
- F. Authorize a change in the Public Transportation Modernization, Improvement, and Service Enhancement Account Program (Proposition 1B) expenditure plan to increase funds from \$43,600,000 to \$78,504,000.
- G. Authorize staff to process necessary amendments to the Federal Transportation Improvement Program, adjust the budget within the currently approved level as required, and execute or amend agreements to facilitate these programming actions.
- H. Direct staff to amend the cooperative agreements with the cities of Fullerton and Placentia to ensure that any right-of-way purchased for, but not used by, the Orangethorpe Railroad Corridor Grade Separation Program will be sold and the proceeds will be provided to the Orange County Transportation Authority.

### ***Background***

The Orange County Transportation Authority (OCTA), in coordination with the cities of Fullerton (Fullerton) and Placentia (Placentia), is implementing the Orangethorpe Railroad Corridor Grade Separation Program (OC Bridges Program). Undercrossings at Placentia Avenue and Kraemer Boulevard and overcrossings at Orangethorpe Avenue, Tustin Avenue/Rose Drive, and Lakeview Avenue will be implemented directly by OCTA. Fullerton is implementing undercrossings at State College Boulevard and Raymond Avenue. A map showing the locations of these projects is included in Attachment A.

In 2005, Fullerton secured \$12.8 million in federal grant funding for the State College Boulevard railroad grade separation project. In January 2008, OCTA, Fullerton, and Placentia applied for funding from the state's Trade Corridor Improvement Fund (TCIF) program for the seven railroad grade separation projects. The California Transportation Commission (CTC) programmed a total of \$182.8 million in TCIF funds for the projects toward the total estimated OC Bridges Program cost of \$416.7 million.

In January 2009, OCTA and Fullerton conducted a comprehensive review of the estimates prepared for all seven railroad grade separation projects which identified a revised OC Bridges Program cost of \$589.6 million, an increase of \$172.9 million. In July 2010, the OCTA Board of Directors (Board) approved the OC Bridges Program budget adjustment based on this updated cost information.

In August 2011, the Board approved an amendment to the Raymond Avenue railroad grade separation project funding plan to replace \$43.6 million of Congestion Mitigation and Air Quality (CMAQ) funds with Proposition 1B funds from the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA).

The OC Bridges Program is being managed by OCTA as a program of projects and is now proposed to be delivered with ten different funding sources, making this one of the most complex funding programs OCTA has ever managed. State and federal programming documents reflect funding on a project-by-project basis for each phase of project delivery, not as a program of projects. Some of the state and federal funding sources have specific rules for eligibility for each phase of project delivery, and limitations for capturing construction bid savings. Programming changes are required to make the best use of all possible revenue sources and limit any increases in the use of Measure M funds.

### ***Discussion***

Overall, the projects within the OC Bridges Program are meeting schedule milestone targets and will be completed within the overall budget approved for the program by the OCTA Board in July 2010. The Placentia Avenue and Kraemer Boulevard railroad grade separation projects are under construction, and the combined construction bids received were \$13.6 million lower than the engineer's estimate. However, there are some changes in the projects which require adjustments to the overall funding plan. Details on project-specific proposed adjustments are provided in Attachment B. There are several reasons to request Board approval of these changes at this time:

1. OCTA has received a request from Fullerton to assist in funding the State College Boulevard railroad grade separation project.
2. There is new program revenue being added into the funding plan that was not included previously from the Burlington Northern Santa Fe Railway (BNSF) and revenue that will come from the sale of surplus right-of-way (ROW).
3. Continued work on design refinements and associated leveling of cost estimates combined with cost savings on the Placentia Avenue and Kraemer Boulevard railroad grade separation projects require an adjustment of each project's funding plan.
4. State and federal funding requirements limiting the use of certain fund sources for certain project activities necessitates changes in funding, which creates a cascading effect through the entire OC Bridges Program.

#### Fullerton Request

On January 17, 2012, Fullerton submitted a letter to OCTA requesting that OC Bridges Program funds backfill \$8.5 million of Fullerton's \$10.6 million local contribution on the State College Boulevard railroad grade separation project (Attachment C). This item was presented to the Regional Planning and Highways Committee on February 6, 2012, as a receive and file information item. Staff believes Fullerton's request has merit from an equity perspective since it is the only city to commit and spend local funding on the OC Bridges Program funding plan to date, and that commitment was made prior to the availability of Proposition 1B dollars for the project. No other city was required to make a contribution of the magnitude of Fullerton's due to the application of Proposition 1B funds. Staff is proposing to accommodate Fullerton's request as part of an overall OC Bridges Program funding adjustment.

#### Additional Program Funding Revenue

Staff currently estimates that \$10.9 million will be recouped as project funding revenue from the remnant property declared excess after construction of all railroad grade separation projects is complete and the excess lands are sold. Return of these funds to OCTA will need to be clarified in amendments to agreements with Fullerton and Placentia. Additionally, an estimated \$8.9 million in funding will be recouped from BNSF's federally required participation on the railroad grade separation projects. The BNSF share of funds will be agreed to in each project's railroad construction and maintenance (C&M) agreement and paid to OCTA at the completion of construction. The C&M agreements with BNSF for two of the seven projects have been completed and draft C&M agreements for two additional projects have been negotiated, which now makes estimating this revenue more accurate. The recouped BNSF funds will be applied as revenue to the OC Bridges Program. The excess land proceeds will be listed as a credit to the program.

#### Balancing Project Cost Increases and Reductions Across the Program

As each of the projects has proceeded through the design phase toward construction, OCTA has initiated the appraisal, acquisition, and tenant relocation process for the properties required to construct the seven railroad grade separations. Costs for acquisition and tenant relocations for impacted properties have increased from the original estimates due to refinements as design progressed, additional tenant occupancy, and actual negotiated settlement values. These increased costs have resulted in a need to increase the overall ROW cost estimate for the OC Bridges Program by \$2.8 million.

Design costs have also increased from original estimates due to: design revisions necessary to meet city and other stakeholder agency requirements;

design refinements necessary to minimize ROW and community impacts; and incorporation of additional traffic management plan (TMP) measures required to accommodate regional traffic during construction of the grade separations. This additional design work has resulted in an increase in the overall design cost estimate for the OC Bridges Program by \$2.8 million. Estimated project management costs have increased by \$8.4 million program-wide as a result of the additional design and due to the need for additional support from the Orangethorpe corridor cities for design reviews and TMP efforts. The overall construction cost for the OC Bridges Program has decreased from original estimates by \$14 million, primarily due to the bid savings on the Placentia Avenue and Kraemer Boulevard railroad grade separation projects and various design refinements. The decrease in estimated construction costs balances the increases in the other project phases and results in no net increase to the overall program cost. Staff continues to closely monitor all respective project phases and budgets to assure that all potential cost increases are avoided. Attachment D provides a comparison of the original estimated costs to current estimated costs for each of the projects by phase, as well as the overall program costs by phase.

#### **Placentia Avenue and Kraemer Boulevard Railroad Grade Separation Projects Savings**

There is an overall decrease in forecasted construction costs for the OC Bridges Program, primarily due to the bid savings realized on the Placentia Avenue and Kraemer Boulevard railroad grade separation projects. In July 2011, the Placentia Avenue railroad grade separation construction contract was awarded to Flatiron West, Inc., in the amount of \$23.8 million, which represents a 30 percent decrease in cost from the engineer's estimate. Additionally, in September 2011, the Kraemer Boulevard railroad grade separation construction contract was awarded to Atkinson Contractors, LP, in the amount of \$32.6 million, which represents a nine percent decrease in cost from the engineer's estimate. These lower bids result in necessary adjustments to the remaining engineer's estimates and the funds programmed for construction. Although these bids show gross savings of \$10.4 million and \$3.2 million respectively, the net savings realized by OCTA are less because the state funding sources on these projects are required to receive a proportional share of the bid savings. Additionally, other construction-related program-wide TMP elements have been found to be required as a result of project schedule sequencing and will be funded by a portion of the bid savings.

#### **State and Federal Funding Requirements/Limitations**

The CTC has several funding program policies which have impacted project funding. One policy established by the CTC which limits funding options is the

requirement that all projects be in construction by December 2013. This limited OCTA's option to use federal funds on the Raymond Avenue railroad grade separation as the federal requirements related to ROW acquisition would have taken too long and would not meet the schedule requirement for the TCIF program. Another policy impact is the CTC requirement that in instances of bid savings as seen for the Placentia Avenue and Kraemer Boulevard railroad grade separation projects, TCIF funds must be reduced proportionally. For OCTA, this means that while Placentia Avenue and Kraemer Boulevard had cost savings totaling almost \$14 million in construction, \$8.6 million of that funding will be de-allocated by the CTC. Thus, those funds are no longer available to provide funding to other projects in the OC Bridges Program.

Federal approval policies have impacted the OC Bridges funding plan as federal funds have been difficult to obligate in a timely manner. The project schedules require a certain amount of ROW activities to be completed prior to federal notice to proceed, which makes those activities ineligible for federal reimbursement. Federal funding will also not fund railroad work to be performed by BNSF forces. This funding constraint was not accounted for when funds were originally programmed and this has resulted in a requirement to decrease federal funds programmed in the construction phase. Although the cost estimate may not have changed, limitations on how federal funds can be used necessitates an overall reduction in use of federal funds. Federal funding not captured by the OC Bridges Program will be applied to other OCTA programs or projects.

#### **Funding Sources**

The OC Bridges Program funding plan is comprised of federal, state, and local funds. The table provided on the next page is a summary of the existing Board-approved and the proposed funding sources for the OC Bridges Program.

An OC Bridges Program Funding Summary, which provides a breakdown of funding sources on a project-by-project basis, is shown in Attachment E.

In addition to the refinements in cost estimates for various project delivery phases, two key funding issues are also being resolved in this proposed funding adjustment:

1. A City of Fullerton request to reduce its contribution to the State College Boulevard railroad grade separation project from \$10.6 million to \$2.1 million.
2. The need to conserve Measure M2 (M2) funds and use other sources of funding for federally ineligible project costs.

Fund Source	Existing	Proposed	Increase/ (Decrease)
<b>Local</b>			
M2	\$ 125,797,000	\$ 128,634,000	\$ 2,837,000
Fullerton	\$ 10,630,000	\$ 2,100,000	\$ (8,530,000)
Orange County Unified Transportation Trust	\$ 1,460,000	\$ 1,460,000	\$ -
BNSF Contribution	\$ -	\$ 8,871,000	\$ 8,871,000
<b>Subtotal Local:</b>	<b>\$ 137,887,000</b>	<b>\$ 141,065,000</b>	<b>\$ 3,178,000</b>
<b>State</b>			
PTMISEA	\$ 43,600,000	\$ 78,504,000	\$ 34,904,000
TCIF	\$ 182,802,000	\$ 174,237,000	\$ (8,565,000)
Transportation Congestion Relief Program (TCRP)	\$ 7,500,000	\$ 7,500,000	\$ -
<b>Subtotal State:</b>	<b>\$ 233,902,000</b>	<b>\$ 260,241,000</b>	<b>\$ 26,339,000</b>
<b>Federal</b>			
Demonstration (DEMO) Project	\$ 43,458,000	\$ 43,458,000	\$ -
Regional Surface Transportation Program (RSTP)/CMAQ	\$ 174,378,000	\$ 144,861,000	\$ (29,517,000)
<b>Subtotal Federal:</b>	<b>\$ 217,836,000</b>	<b>\$ 188,319,000</b>	<b>\$ (29,517,000)</b>
<b>Total All Fund Sources:</b>	<b>\$ 589,625,000</b>	<b>\$ 589,625,000</b>	<b>\$ -</b>
<b>Estimated Excess Land Proceeds/Placentia Loan Repayment*:</b>		\$ 10,885,000	
<b>Total Cost:</b>		<b>\$ 578,740,000</b>	
* A portion of the proceeds from the excess lands sale will repay OCTA for funds paid to the state for Placentia's use of TCRP funds used for ROW on the Placentia Avenue railroad grade separation project, per Cooperative Agreement No. C-9-0412.			

Federal RSTP and CMAQ funds are proposed to decrease by \$29.5 million from \$174.4 million to \$144.9 million. This reduction in federal funding is due to construction bid savings on the Kraemer Boulevard railroad grade separation project (\$7.2 million), the use of additional TCIF funds on the Orangethorpe Avenue, Tustin Avenue/Rose Drive, and Lakeview Avenue railroad grade separation projects (\$12.7 million), and an increase in federally ineligible activities (\$9.6 million).

This funding plan proposes to increase M2 funds by \$2.8 million. An additional increase of M2 was avoided through fund balancing and by using \$34.9 million in PTMISEA funding on the Placentia Avenue and Raymond Avenue railroad grade separation projects. The PTMISEA funding is proposed to be redirected from four rail station and track projects and one transit project to the Raymond Avenue and Placentia Avenue railroad grade separation projects. The OCTA-revised PTMISEA funding plan is included in Attachment F. The replacement funding for the rail station and track projects (\$31.5 million) is being presented to the Regional Planning and Highways Committee on April 2, 2012, and to the Board on April 9, 2012, in the "State and Federal Programming Actions for Rail Projects" item. Replacement funding for the one bus transit project (\$3.4 million) will be addressed in summer 2012 when the Federal Transit Administration Section 5307 Program of Projects item is presented for Board consideration.

Approximately \$22.9 million in PTMISEA funding will be reprogrammed to the Raymond Avenue railroad grade separation project to replace TCIF and M2 funding. PTMISEA funds cannot be used to match TCIF funds. In order to reduce the need for additional M2 funding, TCIF funds must also be reduced, eliminating the need for M2 funding as a match to TCIF. As a result, \$12.8 million in TCIF funds originally programmed for the Raymond Avenue railroad grade separation project, and \$9.1 million in M2 funding will be replaced with PTMISEA funds. The TCIF funds will be redirected to the Orangethorpe Avenue, State College Boulevard, and Tustin Avenue/Rose Drive railroad grade separation projects.

The remaining \$12 million in redirected PTMISEA funds will be used on the Placentia Avenue railroad grade separation project and will replace M2 funds in construction.

A portion of the now un-programmed federal funds (\$10.8 million in CMAQ) is proposed to be used on rail station and track projects which were previously funded with PTMISEA funds. The PTMISEA funds are now being used on Raymond Avenue and Placentia Avenue railroad grade separation projects. This is part of the "State and Federal Programming Actions for Rail Projects" item noted above that will be presented to the Board concurrent with this item.

The funding plan includes an \$8.6 million decrease in TCIF funds realized through bid savings from the Placentia Avenue and Kraemer Boulevard railroad grade separation projects. Based on CTC policy, these TCIF funds must be returned to the state TCIF program and are not available to the OC Bridges Program.

### **Cost Challenges**

There is an emerging trend of increases in forecasted ROW acquisition and design costs, primarily attributed to the Lakeview Avenue railroad grade separation project, which now requires several full parcel acquisitions and relocations that were originally estimated as partial acquisitions. Additionally, at Lakeview Avenue, a re-evaluation of the current design was requested by the cities of Anaheim and Placentia to address pre-existing local flood plain issues that are further aggravated by the grade separation. These cost challenges were closely evaluated by OCTA staff and considered in the development of the estimate and proposed OC Bridges Program funding plan adjustment. Staff will continue to closely monitor project design elements to avoid cost increases.

### **Future Actions**

Contingent upon approval of the recommended OC Bridges Program funding plan adjustment, staff will return to the Board during the next several months with cooperative agreement amendments with the cities of Anaheim, Fullerton, and Placentia. The cooperative agreement with Fullerton for the Raymond Avenue and State College Boulevard railroad grade separation projects will be amended to reflect the reduction of Fullerton's local contribution and the addition of other funding sources as described in this report. The cooperative agreements with the cities of Fullerton and Placentia will be amended to clarify and strengthen language requiring the cities to sell, in a manner acceptable to OCTA, excess ROW from all property previously acquired by the cities for the railroad grade separation projects and to provide OCTA with any net proceeds from the sale of said excess parcels. Amendments to the cities' cooperative agreements will also address any other necessary revisions such as additional TMP measures needed during construction of the projects.

### **Fiscal Impact**

Funds are included in OCTA's Fiscal Year 2011-12 Budget, Capital Programs Division, from various accounts to accommodate the budget adjustments and are funded with a combination of federal, state, and local funds.

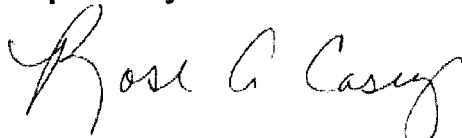
***Summary***

The currently approved budget for the railroad grade separation program is sufficient to complete the seven railroad grade separation projects along the Orangethorpe railroad corridor; however, reprogramming of fund sources between projects and project phases is required. OCTA staff has identified additional sources of state and M2 funds, BNSF participation, and excess parcel revenue to be able to complete the entire OC Bridges Program within the approved budget authority. Board approval of these changes in funding application is necessary to accomplish this outcome.

***Attachments***

- A. BNSF Corridor Railroad Grade Separation Projects
- B. OC Bridges Program Project and Project Funding Adjustment Details
- C. Letter to Kurt Brotcke, Director of Planning, Orange County Transportation Authority from Donald K. Hoppe, Director of Engineering, City of Fullerton, dated January 17, 2012, State College Blvd Grade Separation Project, Project No. 45660
- D. OC Bridges Program Changes in Funding Required by Phase, April 2, 2012
- E. OC Bridges Program Funding Summary, April 2, 2012
- F. PTMISEA Expenditure Plan (\$000s)

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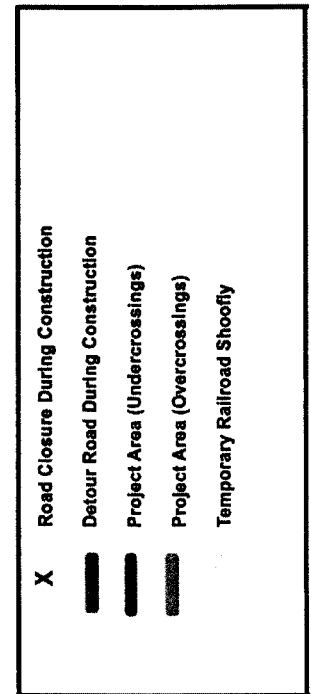
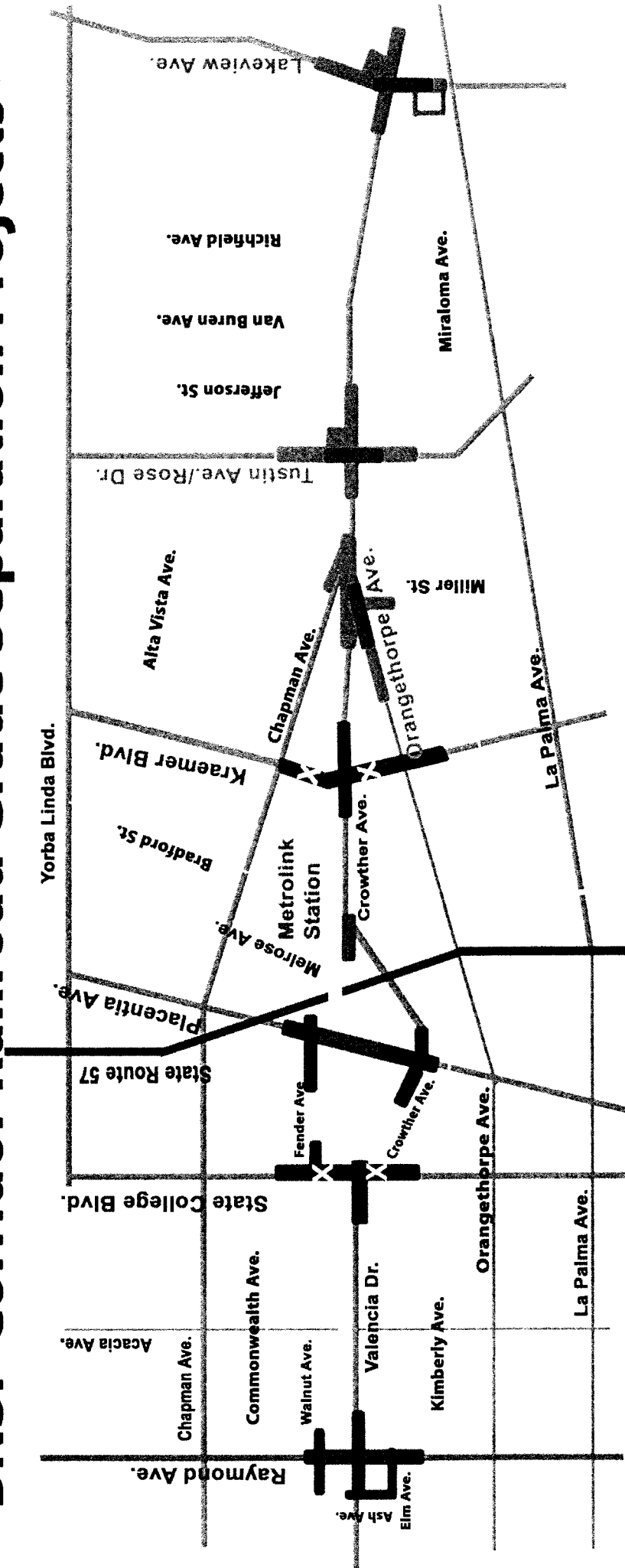


**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Orangethorpe Railroad Corridor Grade Separation  
Program Funding Plan Adjustment**

**Attachment A**

# BNSF Corridor Railroad Grade Separation Projects



*Attachments  
Available  
Upon Request*