



Measure M
Taxpayers Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA
October 9, 2007
6:00 p.m.



AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of August Minutes/Attendance Report**
- 4. Chairman's Report**
- 5. Mitigation and Resource Protection Oversight Committee
(Environmental Oversight Committee) Member Selection**
- 6. Presentation Items**
 - A. Growth Management Subcommittee Eligibility Report – *Action Item*
Presentation – Merlin Henry, Chairman, Growth Management Subcommittee
 - B. Combined Transportation Funding Programs (CTFP) Overview
Presentation – Kia Mortazavi, Executive Director, Development
 - C. Semi-Annual Review
Presentation – Jennifer Bergener, Manager of Capital & Local Programs
 - D. Actual Measure M Revenue Compared to Forecasts
Presentation – Ken Phipps, Director, Finance, Administration and Human Resources
- 7. Receive and File Items**
 - A. Measure M Quarterly Revenue and Expenditure Report (June 2007)
- 8. Growth Management Subcommittee Report**
- 9. Audit Subcommittee Report**
- 10. Committee Member Reports**
- 11. OCTA Staff Update**
- 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

**August 28, 2007
Meeting Minutes**

Committee Members Present:

David Sundstrom, County Auditor-Controller, Chairman
Narinder Mahal, First District Representative
Charles Smith, First District Representative
Gilbert Ishizu, Second District Representative
Merlin Henry, Third District Representative
Greg Moore, Third District Representative
Rose Coffin, Fourth District Representative
Frederick Von Coelin, Fourth District Representative
Richard Gann, Fifth District Representative
James Kelly, Fifth District Representative

Committee Members Absent:

Brooks Corbin, Second District Representative

Orange County Transportation Authority Staff Present:

Arthur T. Leahy
Monte Ward
Kia Mortazavi
Ellen S. Burton
Alice Rogan
Jennifer Bergener
Tresa Oliveri
Sarah Swensson
Nora Yeretizian

Members of the Public

None.

1. Welcome by Chairman Sundstrom

Chairman David Sundstrom called the meeting to order at 6:07 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was performed.

3. Welcome by Chairman Sundstrom

Chairman David Sundstrom introduced OCTA CEO, Arthur T. Leahy. A. Leahy thanked the committee for their work and welcomed the new Taxpayers Oversight Committee (TOC) members. Mr. Leahy gave an overview of OCTA projects.

4. Approval of Minutes

A motion was made and seconded to approve the minutes for the June 12, 2007 meeting. The motion passed unanimously.

5. Chairman's Report

None to report.

6. Presentation Items

A. Taxpayers Oversight Committee Overview

Ellen S. Burton, Executive Director of External Affairs, gave an overview of the responsibilities of the Taxpayers Oversight Committee. She handed out a document that showed a side by side comparison of the responsibilities of the COC and the TOC and noted many are the same. Ellen told the committee that a review of the by-laws is coming and will be agendaized for the Audit Subcommittee to address. She also told the committee that if they were unable to attend a meeting, they need to contact Alice Rogan. Alice Rogan explained that the reason for the absence will be put on the attendance record and will be approved as part of the minutes at the next meeting. A member can be removed from the committee with three unexcused absences.

B. Renewed Measure M Early Action Plan Update

Monte Ward, Director of Special Projects, gave a presentation on the Renewed Measure M Early Action Plan Update. He showed a PowerPoint presentation on the M2 Early Action Plan. He explained how OCTA would like to introduce projects earlier and at a lower cost. He distributed the Early Action Plan brochure to the new TOC members.

M. Henry asked how early mitigation tied in. Monte explained that the mitigation would be funded through M2.

G. Moore asked if there were any plans to expand the SR-55. Monte said that there were plans to add additional lanes.

C. Smith asked about slide #3 of Monte's presentation, and if the amount stated that OCTA would collect, which is an estimate, had taken inflation into consideration. Monte said that it had been taken into consideration, and that the income and cost were both based on 2005 figures. C. Smith asked if OCTA is bonding. Monte replied that one of the directions from the Board is to come back with a finance plan that is currently being worked on. OCTA will probably borrow \$500 million or less.

C. Proposed Freeway Program Amendment Overview

Monte Ward, Director of Special Projects, gave a presentation on the Proposed Freeway Program Amendments. Monte Ward outlined the proposed amendments to Measure M1. He briefly discussed how the pre-construction cost of \$22 million for an M2 construction project on State Route 57 could be funded from the current Measure M. The amendment would help get the project started now and that it will help the transition from M1 to M2 to meet the closeout percentage for M1.

OCTA is also seeking to allocate \$10 million to Phase II of the SR-22 project—the West County Connectors. Funding for the project ultimately will come from CMAQ, but OCTA is only reimbursed after expenditures are made, so the money is needed up front to get the project going. OCTA may get reimbursed up to \$7 million for the M1 dollars SR-22 Phase II - West County Connectors, pending discussion with the federal government.

Monte said there is currently an unspent balance of \$172 million in the Measure M Freeway Program with only two projects remaining that still need to be closed out – I-5 and SR-22. The amendment request of \$32 million dollars would come from the unspent balance.

G. Moore asked how the current M1 money would be spent otherwise. Monte said it would stay where it is until further recommendations were made.

G. Ishizu asked what happens when M1 ends and we have funds left. Monte said we would apply them to M2 freeway projects.

N. Mahal asked what the impact was of state and federal funds. Monte said it is not very significant. He stated that OCTA has applied for State Prop. 1B funds that have been approved.

D. Sundstrom stated that the 6/30/07 financial statement was not attached. Alice said that the report has not been finalized yet, but will be included in the October packets.

D. Sundstrom asked what our annual collections of Measure M was. Monte said that \$1.3 billion has been collected to date as of March 2007, and \$1.8 billion is projected by the end of the projects. D. Sundstrom asked if \$172 million was enough cushion and also how much could sales tax revenue drop. Monte replied that even if sales taxes are flat, we would still have a significant cushion.

J. Kelly asked if the funds ran out, would we not do the projects? Monte said yes, that we would seek the funds elsewhere.

D. Sundstrom asked if we could still afford these projects even if sales tax revenue were flat for the next four years and Monte said yes, we could.

R. Gann asked if matching funds would expire. Monte said that if we don't use it in the assigned timeframe, it would expire.

C. Smith commented that he thinks the request is reasonable, OCTA has put safeguards into place, and recommends approving the amendment.

R. Gann asked if there was a wish list of projects. Monte said there was and it was in the Early Action Plan.

D. Sundrom said that this amendment had not been agendaized as an action item and asked if it was a problem with the Brown Act. Monte said he asked OCTA legal counsel and they said it was not a problem since the item was on the agenda.

The Taxpayers Oversight Committee (TOC) was presented with a proposal to amend the M1 Expenditure Plan utilizing \$32 million of the \$172 million unprogrammed balance which is currently forecast for the freeway component. The two amendments the committee considered include allocating \$22 million to pay for preconstruction costs on the M2 Orange Freeway (SR-57) widening (Project G), and allocating \$10 million as working capital for design and right-of way on the Garden Grove Freeway (SR-22) Phase II - West County Connectors.

After careful review and deliberation, Charles Smith made a motion, it was seconded, and the TOC approved unanimously, by a 10 to zero vote, "to amend the Measure M (M1) Expenditure Plan, Page 18 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.

8. Receive and File Items

None.

9. Growth Management Subcommittee Report

None.

10. Audit Subcommittee Report

None.

11. Committee Member Reports

None.

12. OCTA Staff Update

Alice Rogan, Community Relations Officer, welcomed everyone to the TOC, as well as the four new committee members: Charles Smith, Rose Coffin, Narinder Mahal and Richard Gann. She said she wanted to point out that the M2 Ordinance will take on the roll of the COC with both M1 and M2. She also mentioned that the next meeting will be on October 9, 2007.

Sarah Swensson, Community Relations Associate, talked about the 35th Birthday Celebration for OCTA and handed out invitations.

Alice asked new TOC members to stay and have their pictures taken in order to put them online.

13. Public Comments

None to report.

14. Adjournment

The meeting adjourned at 7:51 p.m.



Taxpayers Oversight Committee Fiscal Year 2007-2008 Attendance Record



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

Meeting Date	10-Jul	28-Aug	11-Sep	9-Oct	13-Nov	11-Dec	8-Jan	12-Feb	11-Mar	8-Apr	13-May	10-Jun
Rose Coffin		X										
Brooks Corbin		*										
Richard Gann		X										
Merlin Henry		X										
Gilbert Ishizu		X										
James Kelly		X										
Narinder Mahal		X										
Greg Moore		X										
Chuck Smith		X										
David Sundstrom		X										
Frederick von Coelin		E										

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
August 28, 2007	Brooks Corbin	Out of town



October 9, 2007

To: Members of the Taxpayers Oversight Committee

From: Members of the Growth Management Program Subcommittee

Subject: Fiscal Year 2007-08 Measure M Growth Management Program Subcommittee Eligibility Review

Overview

The Measure M Ordinance requires all local jurisdictions in Orange County to annually submit elements of the Measure M Growth Management Program to the Orange County Transportation Authority in order to remain eligible for receiving Measure M turnback and competitive funds. The eligibility review process for fiscal year 2007-08 has been completed.

Recommendations

- A. Approve the Measure M Growth Management Program Eligibility Review and find all local jurisdictions eligible to receive Measure M funds for turnback and competitive funds for fiscal year 2007-08.
- B. Notify the Audit subcommittee of the City of Laguna Beach's self-finance plan for street rehabilitation for future monitoring.

Background

To maintain eligibility to receive Measure M funds each fiscal year, all local jurisdictions are required to submit a seven-year Capital Improvement Program (CIP) and a Maintenance of Effort (MOE) certification.

Additionally, the Measure M Ordinance requires local jurisdictions to submit their Measure M Growth Management Program (GMP) eligibility packages to the Orange County Transportation Authority (OCTA) on an annual basis. Some jurisdictions, based on an alternating year schedule, are required to submit a Pavement Management Plan (PMP) update that is consistent with the countywide pavement condition assessment standards as set forth in the Arterial Highway Rehabilitation Program (AHRP).

Every five years, local agencies must submit a GMP Statement of Compliance Reporting Form and supporting documents to satisfy the Growth Management Elements (GME) review requirements due in this reporting cycle. The information local agencies must submit to demonstrate their compliance are:

- Traffic level of service standards;
- Planning standards for fire, police, library, flood control, parks and open space, and other locally needed services and public facilities;
- Development mitigation program;
- Development phasing and monitoring program;
- Participation in inter-jurisdictional planning forums;
- Balanced housing options and job opportunities; and
- Adoption of a transportation demand management ordinance.

This statement of compliance with the GME requirements, and supporting documents listed above, were included in the eligibility documentation each local jurisdiction submitted to OCTA by the due date of June 30, 2007..

The Taxpayers Oversight Committee (TOC) is responsible for reviewing and approving the jurisdictions' CIP for eligible use of Measure M revenues as well as GME compliance. The Technical Advisory Committee (TAC) is responsible for approving the MOE and PMP. The determinations of each of these committees are forwarded to the OCTA Board of Directors for final eligibility determination.

The TAC, comprised of Public Works Directors and representatives from the local agencies, met on September 26, 2007, and approved the MOE certifications for all jurisdictions and PMP's for cities included in this year's staggered review. The cities required to submit this year are: Anaheim, Brea, Dana point, Irvine, La Habra, Lake Forest, Los Alamitos, Newport Beach, San Clemente, Stanton, and Tustin.

Discussion

The TOC designated the GMP subcommittee to review the eligibility submittals with support from OCTA staff. The 2007-08 GMP Subcommittee members are:

Merlin L. Henry, Jr. (Chair)
Gilbert Ishizu
Richard Gann

Charles V. Smith
Greg Moore

OCTA staff reviewed the submittals to ensure each eligibility package was complete and accurate and worked with the local jurisdictions to obtain additional information and/or backup materials as needed. A matrix was developed to detail how the local jurisdictions satisfied the GME reporting requirements for 2007.

Over 500 projects were included in the CIP's submitted by the local jurisdictions and reviewed by the GMP subcommittee in addition to the GME requirements over the course of their meetings.

Consistent with previous eligibility cycles, there was significant discussion about proposed projects shown in the CIP. Although the subcommittee members debated a variety of public policy issues related to project scope, selection, and efficacy, their purview is to determine eligible use of funds consist with Article IXX. All projects proposed for funding were ultimately determined as eligible.

Based upon feedback received during this and previous cycles, the GMP subcommittee suggested that local jurisdictions consider the following when compiling CIPs:

- Provide clear and concise description within the confines of the software
- Be prepared to provide additional project description materials during the review process
- Include a candidate list of projects for annual maintenance program activity in the first fiscal year of the cycle
- Delete projects from the database which may have been completed in previous years

No significant issue with respect to the eligibility of local jurisdictions remains. However, during the review the subcommittee determined that it is necessary to highlight an area of future attention by the Audit Committee.

During this cycle, the City of Laguna Beach elected to dedicate and invest substantial general fund resources for street rehabilitation in FY 2008-09. The CIP reflects this as a "loan" from future transportation revenues. The intent is to "backfill" (payback) this general fund expenditure with transportation revenues including Measure M and Gas Tax in fiscal years 2009-10, 2010-11 and 2011-12.

While this process permits the City to self-finance eligible improvements and deliver transportation benefits earlier than would otherwise be possible, the

subcommittee expressed concern regarding the ability to track Measure M expenditures related to the repayment mechanism and ensure eligible use of funds. In addition, the accelerated use of general funds should be excluded in maintenance of effort reporting for FY 2008-09 due to repayment from transportation revenues in future years.

Once the TAC and the full TOC approve their respective components of the eligibility packages for all jurisdictions, OCTA staff will present a final recommendation of eligibility to the Regional Planning and Highways Committee on November 5, 2007, and to the OCTA Board of Directors on November 9, 2007.

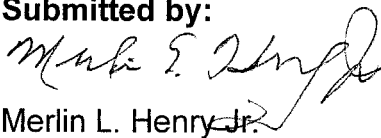
Summary

All local jurisdictions in Orange County have submitted fiscal year 2007-08 Measure M Growth Management Program eligibility packages. The information was reviewed by the Growth Management Program Subcommittee, and all local jurisdictions meet the eligibility requirements for fiscal year 2007-08

Attachment

None.

Submitted by:



Merlin L. Henry Jr.
Chairman
Growth Management Subcommittee for
Fiscal Year 2007-08

Combined Transportation Funding Programs Semi-Annual Review



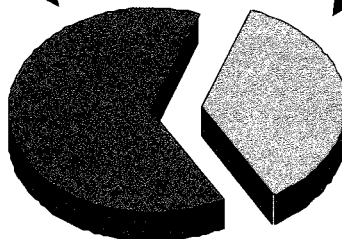
Overview - Combined Transportation Funding Programs

**Measure M
Streets & Roads
Program
Project Allocations**

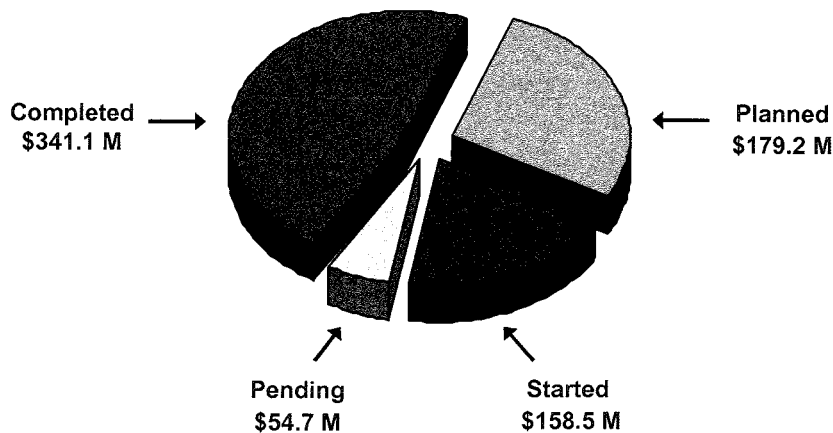
**RSTP Federal-aid
Project
Allocations**

**\$733.5
Million**

**\$405.5
Million**



Status of Measure M Streets and Roads Project Allocations (\$ in Millions)



3

Measure M Streets & Roads Program – Adjustments

Additional Funds - ~ \$3.2 million for implementation of the Smart Street Program construction phase.

Advancements - ~ \$1.6 million

Cancellations - ~ \$1.7 million

Delays - ~ \$27 million - 32 Projects Allocations

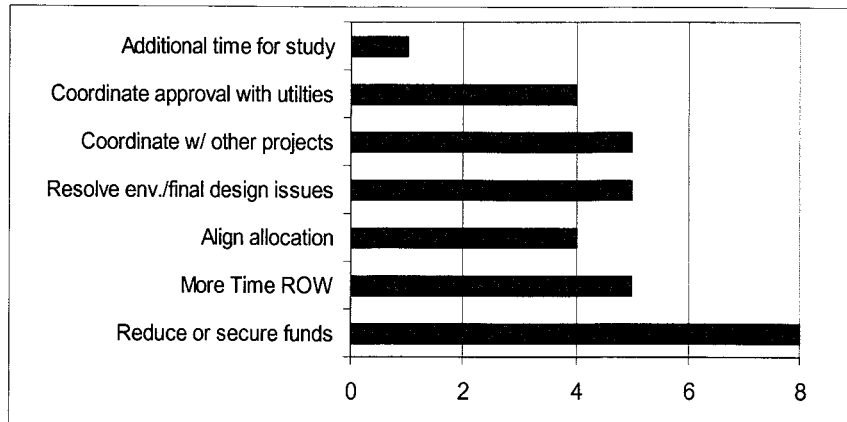
Misc./Admin. Adjustments – 17 Misc./Admin Adjustments, Transfer of Funds between phases, project scope change, and lead agency change.



4

Measure M Streets & Roads Program – Adjustments Cont...

Delays – 32 Project Allocations, delaying \$27 million



5

Measure M – Comparison of March 2007 SAR and March 2006 SAR Delays

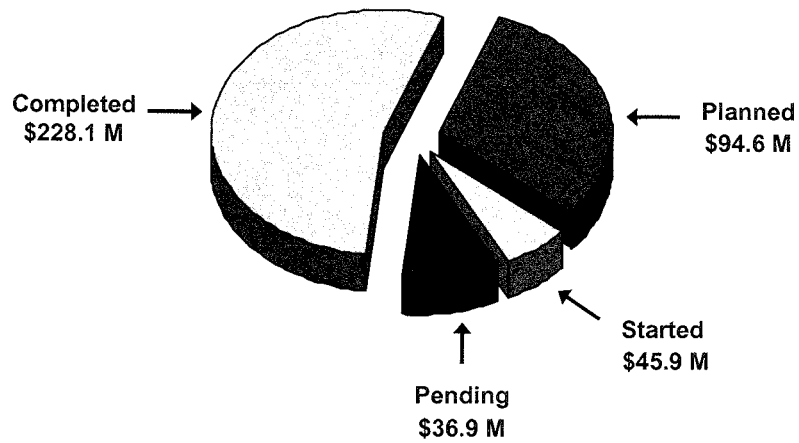
March 2006 SAR, 53 Project Delays
totaling ~\$34.1 million.

March 2007 SAR, 32 Project Delays
totaling ~\$27 million



6

RSTP Federal-aid Program (\$ in Millions)



7

Next Steps

Next semi-annual review planned for
September 2007



8

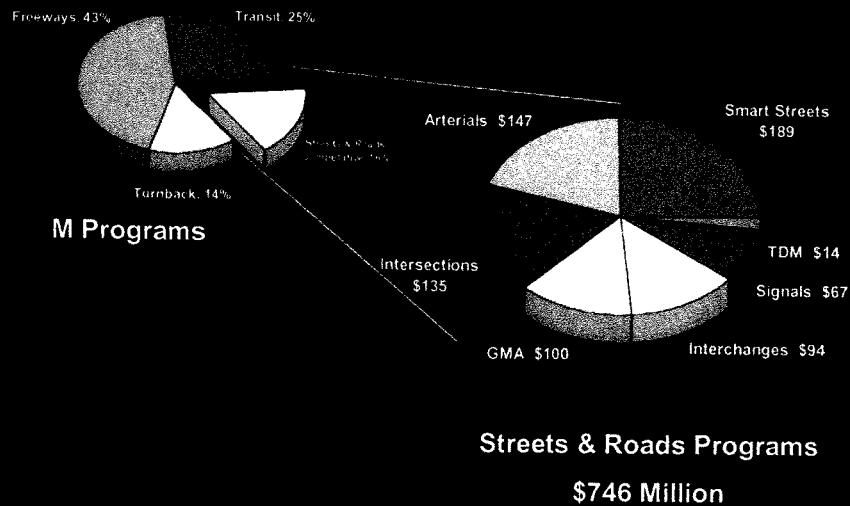


Project Funding Opportunities

Streets & Roads Competitive Programs

-
- Intersection Improvement Program
- Transportation Demand Management Program
- Master Plan of Arterial Highways Program
- Regional Interchange Program
- Smart Street Program
- Growth Management Areas Program

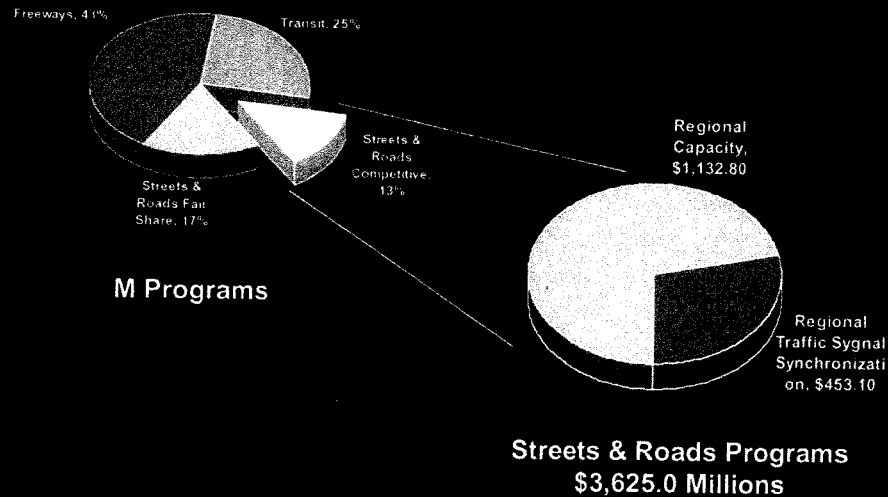
Measure M Expenditure Plan



2008 Call-for-Projects

- Final call for balance of 1990 Measure M Streets & Road funding
- Projects will be ranked using a point system developed in conjunction with local agencies
- Grants will be made through FY 2010/2011 based on local agency's schedule
- Local agency takes the lead to implement the project
- Twice each year OCTA reviews and reports on status of the project
- Local agency completes the project and submits a final report

Renewed Measure M Expenditure Plan



Renewed Measure M Streets & Roads Competitive Programs

- Regional Traffic Signal Synchronization
 - Capital projects & operating assistance
- Regional Capacity
 - Completion of planned roads (MPAH)
 - Intersection and interchange improvements
 - Freight Railroad Grade Separations

Other Renewed Measure M Arterial Funding Programs

- Local Fair Share Allocations
- LOSSAN Corridor Railroad Grade Separations
- Railroad Crossing Enhancements

7

Questions?

8

Measure M Actual Sales Tax Revenue Compared to Forecast
Fiscal Year 1995 through Fiscal Year 2006

	FY 1995	% variance from actual	FY 1996	% variance from actual	FY 1997	% variance from actual	FY 1998	% variance from actual
Actual Revenue:	\$ 140,682,560		\$ 149,899,700		\$ 161,061,635		\$ 174,694,937	
5-Year Forecast:	*		*		*		\$ 165,417,453	-5.6%
3-Year Forecast:	\$ 142,279,790	**	\$ 152,945,583	2.0%	\$ 153,092,731	-5.2%	\$ 166,086,136	-5.2%
1-Year Forecast:	\$ 138,492,576	-1.6%	\$ 149,987,216	0.1%	\$ 156,228,421	-3.1%	\$ 170,479,054	-2.5%

	FY 1999	% variance from actual	FY 2000	% variance from actual	FY 2001	% variance from actual	FY 2002	% variance from actual
Actual Revenue:	\$ 183,991,548		\$ 204,416,898		\$ 216,495,452		\$ 212,741,853	
5-Year Forecast:	\$ 173,901,783	-5.8%	\$ 186,537,788	-9.6%	\$ 193,824,070	-11.7%	\$ 217,915,408	2.4%
3-Year Forecast:	\$ 174,407,845	-5.5%	\$ 191,211,410	-6.9%	\$ 202,756,358	-6.8%	\$ 221,275,606	3.9%
1-Year Forecast:	\$ 181,906,434	-1.1%	\$ 196,899,956	-3.8%	\$ 210,399,493	-2.9%	\$ 229,483,682	7.3%

	FY 2003	% variance from actual	FY 2004	% variance from actual	FY 2005	% variance from actual	FY 2006	% variance from actual
Actual Revenue:	\$ 223,232,864		\$ 237,957,371		\$ 251,229,425		\$ 271,438,409	
5-Year Forecast:	\$ 229,252,548	2.6%	\$ 248,049,449	4.1%	\$ 274,876,424	8.6%	\$ 290,884,972	6.7%
3-Year Forecast:	\$ 240,931,606	7.3%	\$ 257,748,273	7.7%	\$ 256,006,639	1.9%	\$ 254,976,702	-6.5%
1-Year Forecast:	\$ 228,612,531	2.4%	\$ 229,941,200	-3.5%	\$ 242,340,603	-3.7%	\$ 261,256,905	-3.9%

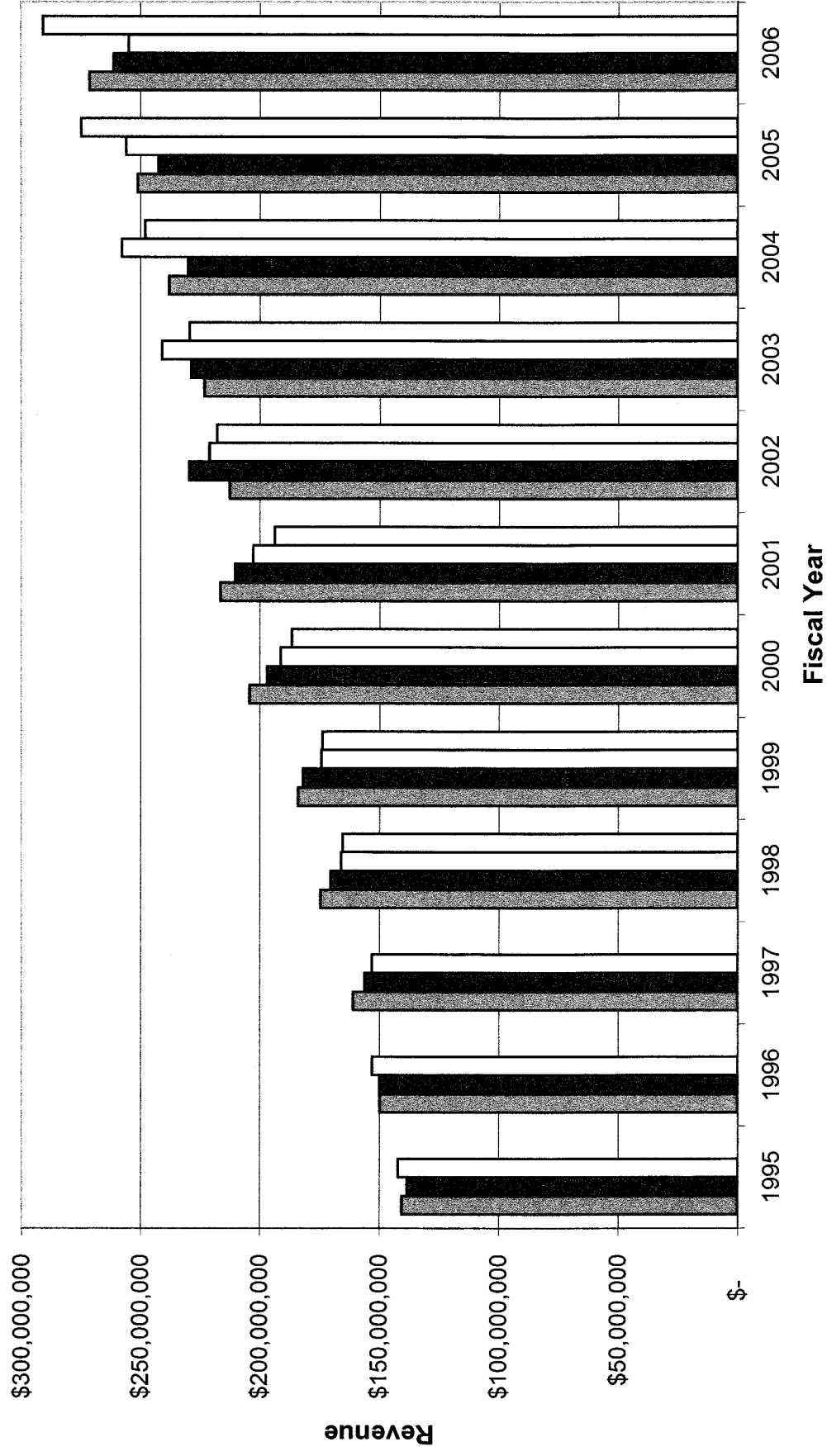
Notes:

* Five year forecast not available for 1995-1997.

** Forecast based on 1992 Ernst & Young Forecast for Measure M.

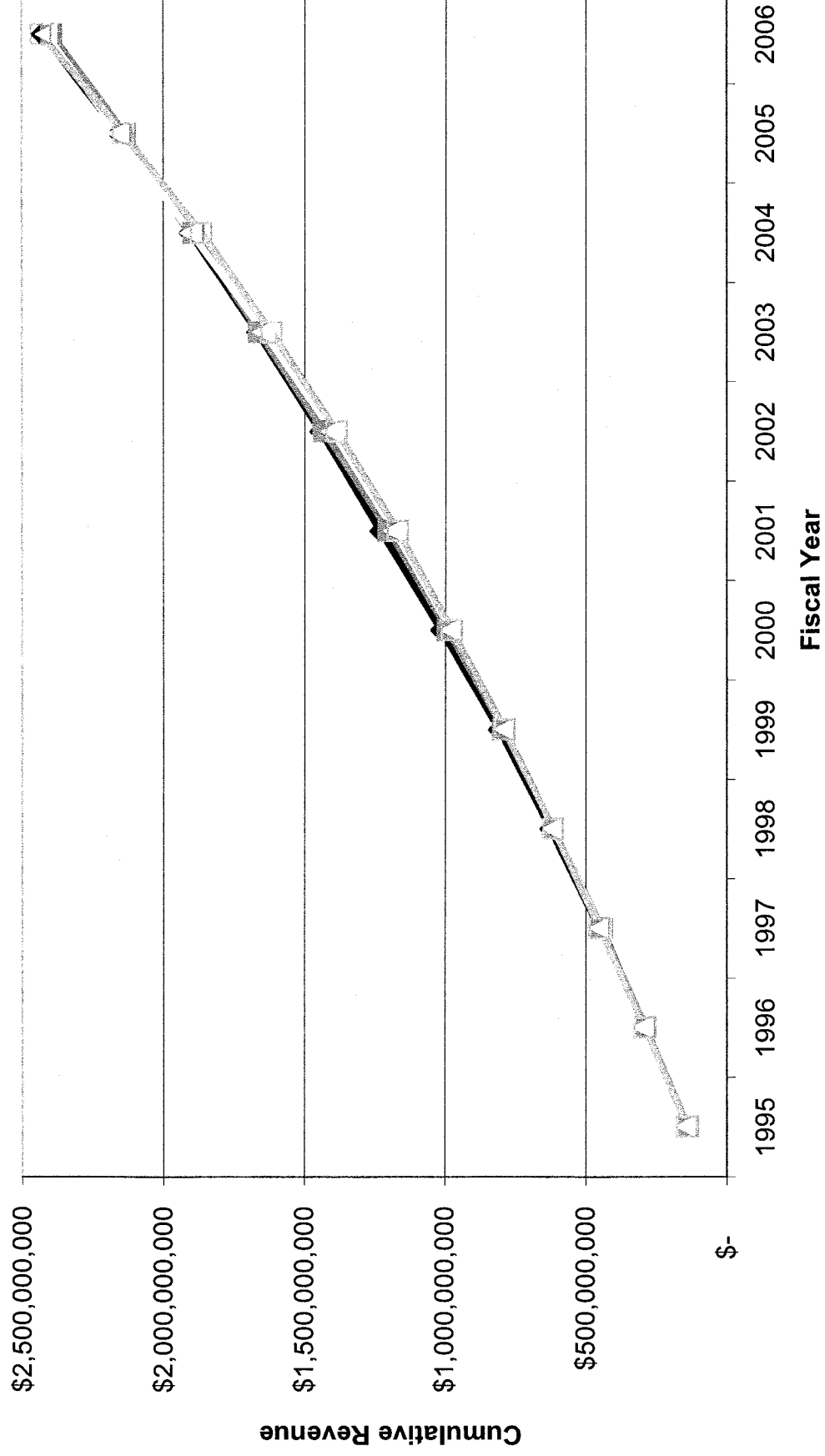
Forecasts from 1993-2006 based on Chapman University Forecasts

Measure M Forecast to Actual



Actual Revenue ■ 1-Year Forecast □ 3-Year Forecast □ 5-Year Forecast

Measure M Forecast to Actual



Actual Revenue
 1-Year Forecast
 3-Year Forecast
 5-Year Forecast*

August 2007

Revised Traffic Improvement and Growth

Management Plan Expenditure Plan (1988 \$ x million)

Freeway Projects		\$ 1,325
Project	Cost	
I-5 (Santa Ana Freeway) between I-405 (San Diego Freeway) and I-605 (San Gabriel Freeway)	\$ 727	
I-5 (San Diego Freeway) between I-5/I-405 Interchange and San Clemente	\$ 52	
I-5/I-405 Interchange	\$ 66	
S.R. 55 (Costa Mesa Freeway) between I-5 and S.R. 91(Riverside Freeway)	\$ 44 *	
S.R. 57 (Orange Freeway) between I-5 and Lambert Road	\$ 38	
S.R. 91 (Riverside Freeway) between Riverside County Line and Los Angeles County Line	\$ 95 *	
S.R. 22 (Garden Grove Freeway) between S.R. 55 and Interstate 605	\$ 303 **	
Freeway Sub-total	\$ 1,325	

Regional Street and Road Projects		\$ 350
Project	Cost	
Smart Streets	\$ 120	
Regionally Significant Interchanges	\$ 70	
Intersection Improvement Program	\$ 100	
Traffic Signal Coordination	\$ 50	
Transportation Systems Management and Transportation Demand Management	\$ 10	
Streets and Roads Sub-total	\$ 350	

Local Street and Road Projects		\$ 650
Project	Cost	
Master Plan of Arterial Highway Improvements	\$ 100	
Streets and Roads Maintenance and Road Improvements	\$ 450	
Growth Management Area Improvements	\$ 100	
Local Street and Road Sub-total	\$ 650	

Transit Projects		\$ 775
Project	Cost	
Pacific Electric Right-of-Way	\$ 15	
LOSSAN Intercity Rail Program	\$ 20	
LOSSAN Commuter Rail	\$ 215	
Riverside Commuter Rail	\$ 40	
High-Technology Advanced Rail Transit	\$ 340	
Elderly & Handicapped Fare Stabilization	\$ 20	
Transitways	\$ 125	
Transit Sub-total	\$ 775	

TOTAL		\$ 3,100
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* Pursuant to Resolution No. 94-03 dated 4/11/94, these projects shall be first in priority for State Transportation Improvement Program funds.

** Measure M project budget, assuming a 2004 construction date, is \$327 million.
Pursuant to OCTA Board action dated 9/13/2004, OCTA shall pursue reimbursement of \$123.7 million in Transportation Congestion Relief Funds