



Measure M
Taxpayers Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA
December 11, 2007
6:00 p.m.



AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of October Minutes/Attendance Report**
- 4. Chairman's Report**
- 5. Receive and File Items**
 - A. Measure M Quarterly Revenue and Expenditure Report (September 2007)
- 6. Presentation Items**
 - A. Combined Transportation Funding Programs (CTFP) Call for Projects
Presentation – Jennifer Bergener, Manager of Capital & Local Programs
 - B. Metrolink Expansion Update
Presentation – Dinah Minter, Project Manager
 - D. M2 Early Action Plan Update
Presentation – Monte Ward, Director, Special Projects
 - E. Measure M Annual Public Hearing Planning
Presentation – Alice Rogan, Community Relations Officer
- 7. Growth Management 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

**October 9, 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
James Kelly, Fifth District Representative
Brooks Corbin, Second District Representative

Committee Members Absent:

Richard Gann, Fifth District Representative

Orange County Transportation Authority Staff Present:

Monte Ward
Kia Mortazavi
Kirk Avila
Alice Rogan
Jennifer Bergener
Tresa Oliveri
Sarah Swensson
Nora Yeretjian

Members of the Public

None.

1. Welcome by Chairman Sundstrom

Chairman David Sundstrom called the meeting to order at 6:09 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was performed.

3. Approval of Minutes

A motion was made and seconded to approve the minutes for the August 28, 2007 meeting. The motion passed unanimously.

Monte Ward mentioned that the revised Page 18 (M1 Expenditure Plan) which was given to the TOC in August, had an error in the amount and that it was a calculation error. Alice said the action that the committee took on the amendment in August reflects the correct amount.

4. Chairman's Report

None to report.

5. Mitigation and Resource Protection Oversight Committee

Straws were drawn to see who would be on the committee. Merlin drew the shortest straw, with Brooks second and James Kelly third.

6. Presentation Items

A. Combined Transportation Funding Programs (CTFP) Overview

Kia Mortazavi, Executive Director of Development, gave a presentation on the streets and roads competitive programs. Kia discussed how all programs have some money left; however, OCTA will make allocations to the ones with significant funds. These would be the Intersection Improvement Program, the Transportation Demand Management Program, and the Growth Management Areas Program.

Kia explained the 2008 Call-for-Projects and how it uses a point system, developed in conjunction with local agencies, to rank projects. Grants will be made through FY 2010/2011 based on local agency's schedule, and local agencies will take the lead to implement the projects.

Kia listed the Renewed Measure M Streets and Roads Competitive Programs, which are the Regional Traffic Signal Synchronization and Regional Capacity. Other Renewed Measure M Arterial funding programs are Local Fair Share Allocations, LOSSAN Corridor Railroad Grade Separations, and Railroad Crossing Enhancements.

D. Sundstrom asked how the signal synchronization works and if each city has control.

Kia said that each city has their own control center and that some are more advanced than others are. The key is to have all cities work together.

M. Henry asked if this allows emergency vehicles to get through.

Kia responded that OCTA is working with cities on this. It is a local decision. OCTA is trying to make BRT work with signal synchronization.

G. Moore inquired about the LOSSAN grade separation and how the railroad contribution and Measure M funds are decided.

Kia explained that the railroad contribution is very minimal, approximately 5 to 10 percent. Cities may contribute but policies have not been established yet.

B. Growth Management Subcommittee Eligibility Report – Action Item

Merlin Henry, Chairman of the Growth Management Program (GMP) Subcommittee, presented the GMP Subcommittee Measure M Eligibility Report. The committee met three times to review the capital improvement programs submitted by 34 cities and the County of Orange. This review cycle, more than 500 projects were reviewed along with compliance documentation related to the GMP elements submitted by the

local agencies. The committee found that all local agencies were in compliance and eligible to continue receiving Measure M funds. The GMP Subcommittee recommends the full TOC concur with the findings of the committee and give approval for the fiscal year 2007-08 eligibility review process. A motion to accept and receive the GMP Subcommittee's recommendation was made by Gilbert Ishizu, seconded by Rose Coffin, and passed unanimously.

C. Semi-Annual Review

Jennifer Bergener, Manager of Capital and Local Programs, gave a presentation on the Combined Transportation Funding Programs Semi-Annual Review. She gave an overview on the combined transportation funding program. She also gave a status of the Measure M Streets and Roads Project Allocations. Jennifer showed the adjustments made to the program.

G. Moore stated that the number one delay is securing funds and asked what can be done about it.

Jennifer said that OCTA has asked cities to go back and consolidate some of their projects.

J. Kelly asked that when there is a short fall of funds, is it short term?

Jennifer responded that it generally was for short term.

C. Smith remarked that there has been a tremendous increase in costs of materials such as concrete.

D. Actual Measure M Revenue Compared to Forecasts

Kirk Avila, Treasurer, gave a presentation on behalf of Ken Phipps, Director of Finance, Administration and Human Resources. Kirk distributed a handout showing Measure M Actual Sales Tax Revenue compared to Forecast, FY 1995 through FY 2006. Kirk explained the handout, which showed the comparison for one-year forecasts and multi-year forecasts. The forecasts, in general, were accurate with the actual amounts received with the exception of the 2001 period. Actual sales tax revenues after September 11, 2001 were below the forecasted amounts.

C. Smith inquired on how we think they are doing based on everything we have seen.

Kirk said that he thinks Chapman University is doing very well. Kirk explained how OCTA has changed its forecasting basis for the new Measure M Program. In the past, OCTA only took Chapman University's forecast. Now OCTA has three universities forecasting for Renewed Measure M, UCLA, CSUF, and Chapman University. Using the three institutions provides a more diversified forecast base.

G. Moore asked if it was three times the cost.

Kirk said it was \$8,000 to \$9,000 and now it is three times that cost.

7. Receive and File Items

Measure M Quarterly Revenue and Expense Report. The subcommittee has reviewed this report and approved the draft.

8. Growth Management Subcommittee Report

None.

9. Audit Subcommittee Report

James Kelly will be reviewing the by-laws and mission statement of the COC to update them for the TOC. When they are ready, they will be presented to the committee.

10. Committee Member Reports

None.

11. OCTA Staff Update

None.

12. Public Comments

None to report.

13. Adjournment

The meeting adjourned at 7:04 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		X								
Brooks Corbin		E		X								
Richard Gann		X		*								
Merlin Henry		X		X								
Gilbert Ishizu		X		X								
James Kelly		X		X								
Narinder Mahal		X		X								
Greg Moore		X		X								
Chuck Smith		X		X								
David Sundstrom		X		X								
Frederick von Coelin		X		X								

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
October 9, 2007	Richard Gann	Business Trip

*Receive
&
File*

Measure M
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of September 30, 2007

(\$ in thousands)	Quarter Ended Sept 30, 2007	Year to Date Sept 30, 2007	Period from Inception to Sept 30, 2007
	(A)	(B)	
Revenues:			
Sales taxes	\$ 59,185	\$ 59,185	\$ 3,131,860
Other agencies share of Measure M costs			
Project related	-	-	382,185
Non-project related	-	-	97
Interest:			
Operating:			
Project related	-	-	612
Non-project related	5,656	5,656	199,613
Bond proceeds	-	-	136,067
Debt service	870	870	71,409
Commercial paper	57	57	5,968
Orange County bankruptcy recovery	-	-	42,268
Capital grants	457	457	129,020
Right-of-way leases	108	108	3,882
Miscellaneous	-	-	801
Total revenues	66,333	66,333	4,103,782
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	647	647	46,945
Professional services:			
Project related	622	622	136,792
Non-project related	55	55	25,029
Administration costs:			
Project related	547	547	14,345
Non-project related	1,269	1,269	68,429
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	8	8	1,085
Non-project related	1	1	14,967
Payments to local agencies:			
Turnback	6,614	6,614	459,947
Competitive projects	1,344	1,344	429,246
Capital outlay	4,717	4,717	1,820,279
Debt service:			
Principal payments on long-term debt	-	-	696,110
Interest on long-term debt and commercial paper	8,689	8,689	524,729
Total expenditures	24,513	24,513	4,316,521
Excess (deficiency) of revenues over (under) expenditures	41,820	41,820	(212,739)
Other financing sources (uses):			
Transfers out:			
Project related	(1,000)	(1,000)	(251,369)
Non-project related	-	-	(5,116)
Transfers in project related	16	16	1,683
Proceeds on sale of capital assets	537	537	18,134
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	(447)	(447)	779,470
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 41,373	\$ 41,373	\$ 566,731

Measure M
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of September 30, 2007

(\$ in thousands)	Quarter Ended Sept 30, 2007 (actual)	Year Ended Sept 30, 2007 (actual)	Period from Inception through Sept 30, 2007 (actual)	Period from October 1, 2007 through March 31, 2011 (forecast)	Total
	(C.1)	(D.1)	(E.1)	(F.1)	
Tax revenues:					
Sales taxes	\$ 59,185	\$ 59,185	\$ 3,131,860	\$ 1,133,898	\$ 4,265,758
Other agencies share of Measure M costs	-	-	97	-	97
Operating interest	5,656	5,656	199,613	42,967	242,580
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous	-	-	801	-	801
Total tax revenues	64,841	64,841	3,353,054	1,176,865	4,529,919
Administrative expenditures:					
SBOE fees	647	647	46,945	10,449	57,394
Professional services, non-project related	22	22	16,304	6,379	22,683
Administration costs, non-project related	1,269	1,269	68,429	19,962	88,391
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	1	1	5,868	5,003	10,871
	1,939	1,939	172,454	41,793	214,247
Net tax revenues	\$ 62,902	\$ 62,902	\$ 3,180,600	\$ 1,135,072	\$ 4,315,672
	(C.2)	(D.2)	(E.2)	(F.2)	
Bond revenues:					
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	870	870	71,409	13,501	84,910
Interest revenue from commercial paper	57	57	5,968	-	5,968
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	927	927	1,405,028	13,501	1,418,529
Financing expenditures and uses:					
Professional services, non-project related	33	33	8,725	-	8,725
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	696,110	307,845	1,003,955
Bond debt interest expense	8,689	8,689	524,729	37,904	562,633
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,099	-	9,099
Total financing expenditures and uses	8,722	8,722	1,441,350	345,749	1,787,099
Net bond revenues (debt service)	\$ (7,795)	\$ (7,795)	\$ (36,322)	\$ (332,248)	\$ (368,570)

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2007

Project Description	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Sept 30, 2007 (N)	Reimbursements through Sept 30, 2007 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 750,406	\$ 1,018,205	\$ 810,010	\$ 804,601	\$ 213,604	\$ 5,409	\$ 756,760	\$ 78,437	\$ 678,323	83.7%
I-5 between I-5/I-405 Interchange and San Clemente	53,674	72,829	57,836	59,940	12,889	(2,104)	69,745	10,358	59,387	102.7%
I-5/I-405 Interchange	68,125	92,437	72,802	73,075	19,362	(273)	98,157	25,082	73,075	100.4%
S.R. 55 (Costa Mesa Fwy) between I-5 and S.R. 91 (Riverside Fwy)	45,417	61,625	44,511	50,176	11,449	(5,665)	55,346	6,172	49,174	110.5%
S.R. 57 (Orange Fwy) between I-5 and Lambert Road	39,223	53,221	46,128	44,596	8,625	1,532	25,617	2,859	22,758	49.3%
S.R. 91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	98,058	133,053	116,136	105,666	27,387	10,470	123,917	18,606	105,311	90.7%
S.R. 22 (Garden Grove Fwy) between S.R. 55 and Valley View St.	312,755	424,369	244,460	247,852	176,517	(3,392)	513,878	283,806	230,072	94.1%
Subtotal Projects	1,367,658	1,855,739	1,391,883	1,385,906	469,833	5,977	1,643,420	425,320	1,218,100	
Net (Bond Revenue)/Debt Service			310,152	310,152	(310,152)	-	299,869		299,869	
Total Freeways	\$ 1,367,658	\$ 1,855,739	\$ 1,702,035	\$ 1,696,058	\$ 159,681	\$ 5,977	\$ 1,943,289	\$ 425,320	\$ 1,517,969	51.7%
%				40.8%						
Regional Street and Road Projects (11%)										
Smart Streets	\$ 119,954	\$ 162,762	\$ 160,366	\$ 160,366	\$ 2,396	\$ -	\$ 127,177	\$ 3,489	\$ 123,688	77.1%
Regionally Significant Interchanges	69,973	94,945	94,945	94,945	-	-	49,756	146	49,610	52.3%
Intersection Improvement Program	99,962	135,635	135,635	135,635	-	-	62,871	56	62,815	46.3%
Traffic Signal Coordination	49,981	67,818	67,818	67,818	-	-	36,483	132	36,351	53.6%
Transportation Systems Management and Transportation Demand Management	9,996	13,564	13,564	13,564	-	-	7,104	149	6,955	51.3%
Subtotal Projects	349,866	474,724	472,328	472,328	2,396	-	283,391	3,972	279,419	
Net (Bond Revenue)/Debt Service			2,396	2,396	(2,396)	-	2,316		2,316	
Total Regional Street and Road Projects	\$ 349,866	\$ 474,724	\$ 474,724	\$ 474,724	\$ -	\$ -	\$ 285,707	\$ 3,972	\$ 281,735	9.6%
%				11.4%						

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2007

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 Sept 30, 2007 (N)	Reimbursements through Sept 30, 2007 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Local Street and Road Projects (21%)										
<i>(\$ in thousands)</i>										
Master Plan of Arterial Highway Improvements	\$ 105,516	\$ 178,859	\$ 178,859	\$ 178,859	\$ -	\$ -	\$ 68,034	\$ 99	\$ 67,935	38.0%
Streets and Roads Maintenance and Road Improvements	462,410	627,432	627,432	627,432	-	-	459,963	-	459,963	73.3%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	64,414	431	63,983	64.0%
Subtotal Projects	667,926	906,291	906,291	906,291	-	-	592,411	530	591,881	
Net (Bond Revenue)/Debt Service										
Total Local Street and Road Projects	\$ 667,926	\$ 906,291	\$ 906,291	\$ 906,291	\$ -	\$ -	\$ 592,411	\$ 530	\$ 591,881	
%				21.8%					20.2%	
Transit Projects (25%)										
Pacific Electric Right-of-Way	\$ 15,390	\$ 20,882	\$ 15,000	\$ 14,000	\$ 6,882	\$ 1,000	\$ 16,174	\$ 2,425	\$ 13,749	91.7%
Commuter Rail	282,670	390,685	380,623	398,236	(7,551)	(17,613)	349,235	60,553	288,682	75.8%
High-Technology Advanced Rail Transit	348,840	473,332	460,891	464,580	8,752	(3,689)	52,073	6,035	46,038	10.0%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	16,010	-	16,010	80.1%
Transitways	128,250	174,019	146,381	126,079	47,940	20,302	160,271	36,666	123,605	84.4%
Subtotal Projects	795,150	1,078,918	1,022,895	1,022,895	56,023	-	593,763	105,679	488,084	
Net (Bond Revenue)/Debt Service			56,023	56,023	(56,023)	-	54,165		54,165	
Total Transit Projects	\$ 795,150	\$ 1,078,918	\$ 1,078,918	\$ 1,078,918	\$ -	\$ -	\$ 647,928	\$ 105,679	\$ 542,249	
%				26.0%					18.5%	
Total Measure M Program	\$ 3,180,600	\$ 4,315,672	\$ 4,161,968	\$ 4,155,991	\$ 159,681	\$ 5,977	\$ 3,469,335	\$ 535,501	\$ 2,933,834	

Presentation Items



November 21, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, ^{Mr.} Chief Executive Officer
Subject: Metrolink Ridership and On-Time Performance Report

Overview

Staff is providing the first quarter fiscal year 2007-08 report on Metrolink commuter rail ridership and on-time performance.

Recommendation

Receive and file as an information item.

Background

On October 29, 2007, the Southern California Regional Rail Authority (SCRRA) celebrated 15 years of service with three lines. Today, SCRRA operates seven lines throughout Southern California's five-county commuter rail system known as Metrolink. Metrolink is a joint powers authority whose five-agency membership includes the Los Angeles County Metropolitan Transportation Authority, the Orange County Transportation Authority (OCTA), the Riverside County Transportation Commission (RCTC), the San Bernardino Associated Governments (SANBAG), and the Ventura County Transportation Commission.

The Metrolink Orange County (OC) Line service began in 1994, followed by the Inland Empire – Orange County (IEOC) Line in 1995 and the 91 Line in 2002. The three Metrolink lines serving Orange County provide a total of 44 daily weekday trains to 11 Orange County stations. The newest Metrolink station, located in the City of Buena Park, opened with full Metrolink and OCTA fixed-route service on September 4, 2007. The Rail 2 Rail Program, which began in 2003, allows Metrolink monthly pass holders the option of riding Amtrak Pacific Surfliner trains at no additional charge, provided the pass holder travels within the designated stations identified on their monthly pass.

The OC and IEOC lines weekend service are in their second year of operation. On September 8, 2007, one additional round trip train was added to the

OC Line weekend service. The OC Line now provides four round trips on both Saturday and Sunday. The IEOC Line weekend service, previously known as the summer Beach Train, provides three round trips on Saturday and two round trips on Sunday on a year round basis. OCTA, RCTC, and SANBAG are partners in funding the IEOC Line weekend service.

Thirteen StationLink bus routes continue to serve seven Orange County Metrolink stations and are operating Monday through Friday during peak rush hours or providing Metrolink passengers connecting bus service to major employment centers. One StationLink route operates on Saturday from the Irvine Station to Irvine Spectrum. Currently, an additional 32 fixed-route buses also serve the Metrolink stations.

Discussion

This report provides a first quarter fiscal year (FY) 2007-08 report of ridership, on-time performance results, and service changes. Detailed information regarding performance statistics are delineated in Attachments A, B, and C.

Ridership and On-Time Performance Report

Weekday Ridership

Daily average ridership during the weekday shows minimal quarterly growth on the OC and IEOC lines. Rail 2 Rail average weekday ridership is up 12.4 percent compared to first quarter of the previous year. As reliability of train service has improved on the Riverside Line over the past year, ridership on the 91 Line has dropped significantly due to passengers switching to the Riverside Line. The Riverside Line offers better travel time and more frequent service to the Los Angeles Union Passenger Terminal. Although the average daily ridership dropped on the 91 Line, the overall combined growth on the Riverside and 91 lines increased by 3.4 percent. Combined weekday daily average ridership on all three lines for the first quarter of FY 2007-08 is 14,780 riders including Rail 2 Rail ridership. Daily average ridership by line are detailed further in Attachment A.

Total FY first quarter ridership for all three lines, including Rail 2 Rail and weekend service is 976,994 passengers, which is an overall increase of 7,051 riders from the same time the previous year. In summary, overall Orange County ridership remained relatively flat due to a significant number of passengers moving from the 91 Line to the Riverside Line, which does not serve Orange County. In addition, ridership growth is constrained on a number of peak period trains due to limited seating capacity. Ridership growth is expected to increase with the delivery of new train sets allowing for more cars

per train and an increase in seating capacity, as well as the addition of service as part of the service expansion in Orange County and systemwide.

Weekend Ridership

Metrolink weekend service carried a total of 33,051 Orange County passengers during first quarter of FY 2007-08 (Attachment B). Ridership ended the first quarter of FY 2007-08 slightly under the projections for OC Line weekend service, carrying 91 passengers on average per Saturday train, and 66 passengers per Sunday train compared to the projected goal of 100 passengers per train. A recent market segmentation study concluded that the service could be improved by adding more frequent service. Beginning in September 2007, a fourth round trip OC Line train was added on Saturday and Sunday providing more travel options. Ridership on the IEOC Line significantly exceeded the weekend ridership goal of 125 passengers on average per train, carrying 166 passengers on average per train on Saturday and 162 passengers on average per train on Sunday. In addition to the added service, OCTA's Marketing Department is launching a new weekend marketing campaign to target key audiences to increase awareness among non-riders and increase frequency of use among current riders.

Total weekend ridership remained flat compared to the first quarter of the previous FY 2006-07, due partly to the cancellation of weekend service the weekend of September 15 and 16, 2007, for completion of the Santa Ana double track project.

StationLink Rail Feeder

StationLink Rail Feeder ridership decreased by 9.9 percent the first quarter of FY 2007-08 compared to the same period during FY 2006-07. In addition, Metrolink transfers to all OCTA bus routes, including StationLink and local routes, showed a decrease of 10.3 percent in the first quarter compared to the statistics for the same period during FY 2006-07. This decrease in transfers is partly due to the bus strike, which lasted for nine days in July 2007, new corporate private shuttles providing more transfers, and mild summer/fall weather prompting people to walk from the station to work.

On-Time Performance Report

While the growth in ridership is an important factor, another important factor in providing useful and quality commuter rail service is the on-time performance of trains. Metrolink provides weekly systemwide on-time performance reports followed by monthly on-time performance reports by line.

Of the seven Metrolink routes, three operate in Orange County, accounting for approximately 31 percent of the Metrolink ridership. The OC Line trains averaged 94.5 percent on-time performance. The IEOC Line had 95.7 percent on-time performance and the 91 Line had 97.5 percent on-time performance. Overall, 95.9 percent of all trains serving Orange County have been within five minutes of their scheduled time (Attachment C). This is a 2.8 percent increase in on-time performance compared to the first quarter the previous FY. Weekend trains operated at 91.9 percent on time during the first quarter of FY 2006-07, which is a slight increase compared to the FY-end on-time performance.

Service Changes/Special Trains/Promotional Fare

Beginning September 4, 2007, three additional trains were extended further south from the Irvine Station to the Laguna Niguel/Mission Viejo Station. The additional stops provide more travel options south of Irvine and also help to alleviate parking at Irvine while the new Irvine parking structure is under construction. Beginning September 8, 2007, one additional round trip was added to the OC Line weekend service for a total of four round trips on Saturday and Sunday.

As part of further integration of Metrolink and Amtrak service, beginning on October 29, 2007, Amtrak provided two additional stops on four trains as part of the Rail 2 Rail program. The additional stops are at the Orange and Laguna Niguel/Mission Viejo stations. Additional Rail 2 Rail service options can be found in Attachment D.

Metrolink will operate a special four round trip schedule between Riverside and Laguna Niguel/Mission Viejo on Thanksgiving day. Previously, this special Thanksgiving day service operated between Riverside and Irvine and is now being extended to Laguna Niguel/Mission Viejo. Full service will operate on Friday, the day after Thanksgiving.

Metrolink will operate the Holiday Toy Express in cooperation with the Spark of Love Toy Drive this year at the following Orange County stations:

November 30	December 1	December 2	December 16
Buena Park	Anaheim	San Clemente, North	Tustin
	Orange	Camp Pendleton United States Marine Corps	Irvine
	Santa Ana	San Clemente Pier	Laguna Niguel/Mission Viejo
	Fullerton		San Juan Capistrano

The Holiday Toy Express includes a decorated train with 50,000 lights and a special free holiday show for children and adults alike. Over 20,000 people attended the events in Orange County last year, and Metrolink collected over 150,000 toys on behalf of the Southern California Fire Fighters' Spark of Love Toy Drive.

Weekends Friends and Family Day Pass

Metrolink, in conjunction with the Technical Advisory Committee, is considering development of a special promotional Weekend Friends and Family Day Pass priced at \$29 for four people to travel all day on a Saturday or Sunday systemwide. Metrolink is working out the technical impact and policy issues related to connecting transit prior to launching the Weekend Friends and Family Day Pass. Progress of this program will be provided in subsequent staff reports.

Railroad Right-of-Way Maintenance Project

OCTA and the City of Lake Forest entered into a cooperative agreement to improve the roadway access to the rail right-of-way, including city landscaping, irrigation, and fencing at Lake Forest Drive and the railroad. The City of Lake Forest is the lead agency for design and construction of the project. Metrolink initially agreed to perform the roadway portion of the project; however, due to a lengthy bidding process, the City of Lake Forest has agreed to complete the entire project. OCTA will reimburse the City of Lake Forest for the roadway improvements. The OCTA reimbursement portion of the project is funded out of the Metrolink rehabilitation and renovation budget. OCTA is currently negotiating a mutual license agreement with two of the adjacent property owners for access to the OCTA-owned right-of-way.

Summary

This report provides an update on the OCTA commuter rail ridership and on-time performance. Ridership has increased on some lines and the 91 Line has dropped due to improved service on a parallel line serving Riverside and Los Angeles. Weekend ridership exceeded goals on the IEOC Line but not on the OC Line. Additional service and launch of the new weekend marketing campaign are expected to boost ridership.

Attachments

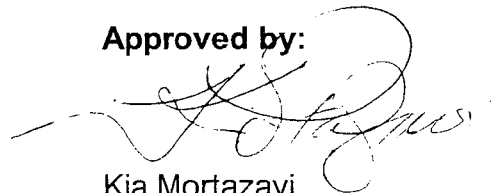
- A. Weekday Ridership
- B. Weekend Ridership
- C. On-Time Performance
- D. New Rail 2 Rail Service

Prepared by:



Abbe McClenahan
Principal Transportation Analyst
(714) 560-5673

Approved by:



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

WEEKDAY RIDERSHIP

Daily Average Weekday Ridership First Quarter Fiscal Year (FY) 2007-08

First Quarter Average Weekday Ridership	Orange County Line Daily Average	Inland Empire - Orange County Line Daily Average	91 Line Daily Average	Rail 2 Rail Daily Average	Total Weekday Average
2006-07	6,497	4,589	2,461	1,234	14,781
2007-08	6,591	4,692	2,110	1,387	14,780
Change	1.4%	2.2%	-14.3%	12.4%	0.0%

Total Year to Date Ridership

FY Total Ridership	Orange County Line	Inland Empire - Orange County Line	91 Line	Rail 2 Rail South of Los Angeles	Total Year to date
2002-03	1,360,631	795,511	391,078		2,547,220
2003-04	1,422,770	913,528	428,572	240,272	3,005,142
2004-05	1,485,342	918,057	473,820	324,983	3,202,202
2005-06	1,597,992	1,066,558	531,930	351,217	3,547,697
2006-07	1,677,978	1,218,638	572,756	371,887	3,841,259
2007-08 (Jul-Sep)	427,665	316,044	132,777	100,508	976,994

WEEKEND RIDERSHIP

Monthly Metrolink Weekend Ridership Fiscal Year 2007-08

	Orange County Line (Saturday)	Orange County Line (Sunday)	Inland Empire - Orange County Line (Saturday)	Inland Empire - Orange County Line (Sunday)
July	2,049	1,954	4,619	3,557
August	2,397	1,573	5,078	2,591
September	2,649	1,999	2,287	2,298
Subtotal	7,095	5,526	11,984	8,446
Total First Quarter Ridership Per Line	12,621		20,430	
Total First Quarter Ridership	33,051			

Weekend Ridership Average Per Day/Train

First Quarter	Orange County Line (Saturday)	Orange County Line (Sunday)	Inland Empire - Orange County Line (Saturday)	Inland Empire - Orange County Line (Sunday)
First Quarter Average per Day	546	395	999	650
Average per Train	91	66	166	162

ON-TIME PERFORMANCE

Weekday On-Time Performance Report First Quarter 2007-08

Percentage of ALL Trains Arriving Within 5 Minutes of Scheduled Time				
	OC Line	IEOC Line	91 Line	System Total *
Jul-07	94.2%	95.5%	96.8%	96.1%
Aug-07	96.1%	95.4%	98.6%	94.0%
Sep-07	93.1%	96.1%	97.1%	94.2%
Total Line Average	94.5%	95.7%	97.5%	94.8%

* System total includes the Ventura, Antelope Valley, San Bernardino, Riverside, OC, IEOC, and 91 lines.

Weekend On-Time Performance Report

Percentage of Weekend Trains Arriving Within 5 Minutes of Scheduled Time				
Month	OC Line	IEOC Line	91 Line	System Total **
Jul-07	90.7%	86.4%	N/A	94.4%
Aug-07	91.7%	97.5%	N/A	98.0%
Sep-07	92.1%	97.5%	N/A	93.4%
Total Line Average	91.5%	93.8%	N/A	95.3%

** System total includes Antelope Valley, San Bernardino, OC, and IEOC lines.
Sum of Saturday and Sunday service.

New Rail 2 Rail Service

Additional Departure Times Beginning October 29, 2007

To Los Angeles	Amtrak 565	Amtrak 567
Laguna Niguel/Mission Viejo	8:35 a.m.	9:35 a.m.
Orange	9:01 a.m.	10:01 a.m.
To Oceanside	Amtrak 566	Amtrak 578
Orange	9:15 a.m.	2:45 p.m.
Laguna Niguel/Mission Viejo	9:41 a.m.	3:11 p.m.



BOARD COMMITTEE TRANSMITTAL

November 9, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Plan of Finance for Early Action Plan

Finance and Administration Committee

October 24, 2007

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

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Adopt the Plan of Finance, which identifies a tax-exempt commercial paper program as the preferred method of funding Early Action Plan projects.
- B. Select JP Morgan and Lehman Brothers to serve as broker dealers for the tax-exempt commercial paper program.
- C. Authorize the use of tax-exempt commercial paper proceeds to fund all Renewed Measure M expenditures until the collection of sales taxes begins in fiscal year 2011.
- D. Authorize the issuance of a request for proposals for letter of credit services for the tax-exempt commercial paper program.
- E. Authorize the issuance of a request for proposals for issuing and paying agent services for the tax-exempt commercial paper program.
- F. Authorize the issuance of a request for proposal for a hedging program for the tax-exempt commercial paper program and future Renewed Measure M expenditures.



Committee Discussion

The Committee members suggested that staff should add in \$100 million for potential projects subject to state and federal decisions.

Director Moorlach directed staff to explore other ideas for supporting a tax-exempt commercial paper program that could reduce costs.



October 24, 2007

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Plan of Finance for Early Action Plan

Overview

On August 13, 2007, the Orange County Transportation Authority Board of Directors adopted the Final Renewed Measure M Early Action Plan. Early Action Plan projects will require funding prior to the collection of Renewed Measure M sales tax receipts in April 2011. A Plan of Finance with a preferred funding strategy for financing these Early Action Plan projects is presented for adoption.

Recommendations

- A. Adopt the Plan of Finance, which identifies a tax-exempt commercial paper program as the preferred method of funding Early Action Plan projects.
- B. Select JP Morgan and Lehman Brothers to serve as broker dealers for the tax-exempt commercial paper program.
- C. Authorize the use of tax-exempt commercial paper proceeds to fund all Renewed Measure M expenditures until the collection of sales taxes begins in fiscal year 2011.
- D. Authorize the issuance of a request for proposals for letter of credit services for the tax-exempt commercial paper program.
- E. Authorize the issuance of a request for proposals for issuing and paying agent services for the tax-exempt commercial paper program.
- F. Authorize the issuance of a request for proposal for a hedging program for the tax-exempt commercial paper program and future Renewed Measure M expenditures.

Background

On November 7, 2006, Orange County voters renewed the Measure M one-half cent sales tax by a vote of nearly 70 percent. The sales tax will fund transportation improvement projects throughout the County and will last for a period of 30 years, beginning on April 1, 2011 through March 31, 2041.

The Renewed Measure M (M2) ordinance expresses a preference for a pay-as-you-go project financing. Both M2 and the original Measure M sales tax (M1) permit debt financing under the proper conditions. In the case of the M1 program, the benefits of early action were obvious and tangible – projects cost less, traffic relief was delivered sooner, and the opportunity was created for additional projects to be delivered.

The Transportation 2020 Committee has directed the preparation of a five-year plan, covering the years 2007 to 2012, to advance the implementation of M2. A draft Early Action Plan (EAP) outlining the projects and programs that could be advanced along with anticipated schedules and major milestones was approved by the Board of Directors (Board) and released on May 29, 2007. Input was actively sought from city officials and key stakeholders, and recommendations on financing and budget needs were added before approval of the final EAP by the Board on August 13, 2007.

On August 13, 2007, the Board adopted the final EAP and approved an amendment to the fiscal year (FY) 2008 budget to accommodate the staffing and resource needs to begin implementation of the M2 program. The budget amendment increased the budget by \$19.4 million and added 11 new positions to the Orange County Transportation Authority's (Authority) staffing plan.

Funding Requirements

EAP projects will require approximately \$376.6 million through FY 2011. This includes approximately \$211.1 million to fund freeway projects, \$80 million to fund freeway programmatic mitigation, \$71.1 million to fund transit projects, and \$14.4 million to fund streets and roads projects. Since the M2 program does not begin generating sales tax receipts until April 1, 2011, other funding sources will need to be identified to pay for these expenditures.

Funds from the Corridor Mobility Improvement Account, State Transportation Improvement Program, Riverside County Transportation Commission, 91 Express Lanes, and the M1 program are estimated to provide approximately \$126.9 million for these projects through FY 2011. This leaves approximately \$249.7 million in expenditures with no funding source identified.

Freeway Projects

The cash expenditures for the freeway projects contained in the EAP through FY 2011 are divided into the following categories:

Project Study Reports	\$ 12.1 million
Environmental Phase	16.0 million
Design and Program Management	42.3 million
Right-of-Way and Utilities	35.6 million
Construction and Construction Management	96.1 million
Support Services	<u>9.0 million</u>
Total	\$ 211.1 million

Although \$211.1 million in expenditures are forecasted through FY 2011, the net amount of EAP freeway expenditures is estimated at \$84.2 million after applying the receipt of other revenue sources. In addition to the freeway categories identified above, an additional \$80 million is estimated to be expensed by FY 2011 for environmental mitigation. This expenditure will provide for the early acquisitions of appropriate mitigation properties for freeway projects. A Master Agreement between the Authority and federal and state resource agencies is required prior to the expenditure of these funds. Although these funds are assumed for cash flow purposes, the Authority's Board will need to approve any agreements between the agencies.

Attachment A lists the estimated costs and other funding sources by year for the freeway projects in the EAP through FY 2011.

Transit Programs

The cash expenditures for the transit projects contained in the EAP through FY 2011 are divided into the following categories:

High Frequency Metrolink Service	\$ 54.5 million
Transit Extensions to Metrolink	6.7 million
Convert Metrolink Stations to Regional Gateways	7.9 million
Expand Mobility Choices for Senior and Disabled	0.1 million
Community Based Transit / Circulators	1.0 million
Safe Transit Stops	0.1 million
Support Services	<u>0.8 million</u>
Total	\$ 71.1 million

A more detailed breakdown of the estimated costs highlighted above for the transit program is shown in Attachment B.

Streets and Roads Program

The cash expenditures for the streets and roads projects contained in the EAP through FY 2011 total approximately \$14.4 million. These expenditures will fund approximately 1,800 signals for a countywide traffic signal synchronization network.

Discussion

In 2003, the Authority conducted a request for proposals (RFP) for investment banking services. Seven firms were selected by the Board to serve on the Authority's financing team for future debt issuances (Attachment C). The term of the selection was for a period of five years. The only financing transaction occurring during the past four years was the 91 Express Lanes Refunding Bonds. Five firms were selected from the team of seven to work on that transaction.

With the passage of the M2 sales tax and the Board's adoption of the EAP, the Authority solicited funding ideas from the seven firms on the financing team. The Authority reviewed the proposals received and evaluated each of the strategies presented.

Options that merited further evaluation included issuing long-term bonds, either as capital appreciation bonds or as bonds issued with capitalized interest; bond anticipation notes with a three and a half year final maturity; bond anticipation notes issued on an annual basis; and a tax-exempt commercial paper program (TECP).

With the exception of the TECP option, the other alternatives are all fixed interest rate transactions. However, the annual issuance of bond anticipation notes option does require resetting the interest rate every year. The TECP option is a variable interest rate program that fluctuates with each maturity. Maturities range from one to 270 days.

Long-term bond issuances and bond anticipation notes would require the Authority to issue a set amount of bonds very soon to fund all, if not most, of the project expenditures associated with the EAP. The interest on these bonds or notes would have to be capitalized and would begin to accrue interest once the bonds or notes are issued. With a TECP program, the Authority would only issue the notes when the funds were needed. In order to establish the programs, the documentation process is more simplified for a TECP program relative to the other options.

In addition to these alternatives, the Authority has the option of borrowing from internal funds for some of the EAP projects. This option is not preferable since the cash balances in the Authority's investment portfolio are generating returns in excess of 5 percent. Therefore, borrowing internally from these funds would require the M2 program to pay an interest cost in excess of 5 percent. Interest rates for short-term notes are currently in the 3.5 to 3.8 percent range.

Recommended Strategy

Staff is recommending the establishment of a TECP program to fund EAP projects. A TECP program best meets the criteria for an effective financing program for the Authority. Attachment D provides the Plan of Finance, which discusses the financing options available and provides a cash flow utilizing a TECP program through FY 2011.

TECP has served the Authority well on the M1 program by providing a low-cost and flexible mechanism for funding projects when needed. The Authority established the M1 TECP program in 1993 to fund the Santa Fe right-of-way acquisition for the Los Angeles to San Diego corridor. The interest rate for the program since it was established in 1993 has averaged less than three percent per year.

Many of the benefits of using TECP as an ongoing component of the M1 program also apply to its use as an interim financing tool for the M2 program. A TECP program can accommodate both accelerations and delays in spending under the EAP without forcing the Authority to pay unnecessary interest costs or be constrained by artificial limits on its ability to ramp up issuances when necessary. The sizing of credit and liquidity facilities can be increased and decreased quickly and easily, within the parameters of the overall program size authorized by the Board.

TECP also provides the ability to treat the program as a "line of credit" or as a permanent portion of the capital structure that can be drawn down or paid off at any time. Once the Authority begins collecting sales tax receipts from the M2 program, the Authority will then issue bonds to payoff the then-existing TECP program and capture certainty of borrowing costs thereafter.

To implement the TECP program, the evaluation team that reviewed the proposals submitted by the financing team is recommending the use of two firms to serve as broker dealers for the transactions. JP Morgan and Lehman Brothers are the two recommended firms. Both firms have vast experience

with other California self-help counties in implementing TECP programs. Their qualifications and work plans set them apart from the other respondents.

Anticipated Costs

Cost of issuance expenses (legal fees, rating fees, setup costs, printing, etc.) are paid primarily at the initiation of the TECP program, which can remain in place for decades once it has been authorized. These costs are estimated at approximately \$400,000.

In addition to the cost of issuance fees, annual fees will be comprised of remarketing fees for the broker dealers, letter of credit fees, and trustee fees. The remarketing fees will total four basis points per year (.0004 multiplied by the outstanding principal amount of the TECP program). Letter of credit fees are estimated at 15 basis points per year for the outstanding principal amount and 8 basis points for the unutilized amount. These estimations are based upon recent letter of credit bids for similar agencies. Trustee fees are estimated at \$6,000 per year. Total annual fees are estimated at approximately \$169,000 for the first two years and \$537,000 for the third year. The increase in the third year is based upon the higher outstanding TECP principal amount.

The TECP program will fund all of these fees including the interest on the program. The Authority will issue TECP, and as the TECP matures, will issue new TECP to fund the maturing TECP plus interest. This will continue until the Authority pays down the entire principal amount. Pay downs in principal can occur at any time and can be for a portion of the outstanding amount or the entire amount.

Hedging Opportunities

While short-term municipal interest rates are forecasted to remain at their current levels or decrease, long-term municipal interest rates are projected to increase over the next several years. It may be advantageous for the Authority to lock in today's interest rates for future bond issuances. For example, the Authority will need to issue long-term debt to retire the outstanding principal balance for the M2 TECP program once sales tax collections commence in FY 2011. In addition, the Authority has some large capital expenditures forecasted for FY 2015 and FY 2016. The Authority could utilize a forward starting swap to lock in interest rates at today's levels.

Given these opportunities, staff would like to issue a RFP for hedging strategies to the investment banking community. Many firms have proprietary

products that may be advantageous to the Authority. These programs will be evaluated and a recommended strategy (including the possibility of a "do nothing" approach) will be presented to the Finance and Administration Committee and Board in the coming months.

Next Steps

If the Board approves the recommended funding strategy for the EAP projects, staff will begin drafting financing documents for a TECP program. In addition, staff will work with the financing team to issue requests for proposals for letter of credit services and for the selection of a trustee. An update will be provided to the rating agencies, investors, and potential letter of credit providers. Staff will return to the Board for final approval of the TECP financing documents.

Summary

The Plan of Finance for Early Action Plan projects is presented for approval by the Finance and Administration Committee and the Board of Directors.

Attachments

- A. Early Action Plan – Freeway Program Cash Requirements
- B. Early Action Plan – Transit Program Cash Requirements
- C. May 29, 2003, Selection of Underwriting Pool Staff Report
- D. Orange County Transportation Authority Plan of Finance for Early Action Plan Projects – October 2007

Prepared by:



Kirk Avila
Treasurer
Treasury/Public Finance
(714) 560-5674

Approved by:



James S. Kenan
Executive Director, Finance,
Administration and Human Resources
(714) 560-5678