



Measure M
Taxpayers Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA



April 13, 2010

6:00 p.m.

AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for February 9, 2010**
- 4. Chairman's Report**
- 5. Presentation Items**
 - A. M2 Environmental Mitigation Program Update**
Presentation – Dan Phu, Project Manager, M2 Environmental Mitigation Program
 - B. Grade Separation Projects Schedule & Outreach Update**
Presentation – Joe Toolson, Grade Separation Projects Program Manager
Tresa Oliveri, Senior Community Relations Specialist
 - C. M1 and M2 Combined Transportation Funding Programs (CTFP) Update**
M1 Semi-Annual Review; M2 CTFP Guidelines
Presentation – Kia Mortazavi, Executive Director, Development
 - D. I-405 Project Update**
Presentation – Kia Mortazavi, Executive Director, Development
- 6. Growth Management Subcommittee Report**
- 7. Audit Subcommittee Report**
- 8. Committee Member Reports**
- 9. OCTA Staff Update**
- 10. Public Comments***
- 11. 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 Meeting
And Annual Public Hearing**

**February 9, 2010
Meeting Minutes**

Committee Members Present:

David Sundstrom, County Auditor-Controller, Chairman
Linda Rogers, First District Representative
Vivian Kirkpatrick-Pilger, First District Representative
Anh-Tuan Le, Second District Representative
Howard Mirowitz, Second District Representative
C. James Hillquist, Third District Representative
Edgar Wylie, Third District Representative
Rose Coffin, Fourth District Representative
Gregory Pate, Fourth District Representative
Hamid Bahadori, Fifth District Representative
James Kelly, Fifth District Representative

Committee Members Absent:

No members were absent

Orange County Transportation Authority Staff Present:

Janice Kadlec, Public Reporter
Kia Mortazavi, Executive Director of Development
Kathleen M. O'Connell, Manager of Internal Audit
Andy Oftelie, Acting Director, Measure M Program Office
Ken Phipps, Executive Director, Finance and Administration
Alice Rogan, Community Relations Officer

Members of the Public:

Charlotte Fox
Register Reporter

1. Welcome

Chairman David Sundstrom began the meeting at 6:10 p.m. and welcomed everyone.

2. Pledge of Allegiance

Chairman David Sundstrom led everyone in the pledge of allegiance.

3. ANNUAL MEASURE M PUBLIC HEARING

a. Overview of Taxpayer Oversight Committee

Chairman David Sundstrom introduced himself and began the 19th Measure M Annual Public Hearing. He gave an overview of the Measure M Taxpayers Oversight Committee. Measure M is the one-half cent sales tax approved by voters in November 1990 for local transportation improvements. The sales tax is being collected for a 20-year period and used to fund a specific Expenditure Plan of transportation improvements in Orange County in order to alleviate traffic congestion and improve the overall transportation network.

Measure M was renewed in 2006 for another 30 years and called for transition of the Citizens Oversight Committee into the Taxpayers Oversight Committee. The Taxpayers Oversight Committee began meeting on August 28, 2007, but formerly met as the Citizens Oversight Committee from 1991 until June 2007.

As called for in the Measure M Ordinance, the Taxpayers Oversight Committee is made up of 10 members who volunteer their time and represent the five supervisorial districts of Orange County plus, the County Auditor Controller. Chairman Sundstrom asked each member to introduce themselves and identify the district they represent.

Chairman Sundstrom highlighted the following points describing the Taxpayers Oversight Committee:

- TOC established by Measure M as approved by the voters.
- M Ordinance set up an agency called the Local Transportation Authority or LTA to be responsible for the implementation of Measure M. The LTA and all of its dealings with Measure M are administered and executed by the Orange County Transportation Authority or OCTA.
- The purpose of the TOC is to make sure that OCTA is proceeding in accordance with the Measure M Ordinance.
- Members serve three-year terms. Selection is by the Grand Jurors Association of Orange County which independently recruits, screens and recommends TOC candidates.
- Final selection is by lottery at an OCTA Board of Director's meeting. This spring the Grand Jurors will be recruiting for four vacant positions: one in the First, one in the Third, one in the Fourth and one in the Fifth Supervisorial Districts.

- Specific Responsibilities of the Committee are to:
 - ◆ Ensure all transportation revenue collected from Measure M is spent on projects which are part of the Revised Traffic Improvement and Growth Management Plan.
 - ◆ Approve by a 2/3 vote, any material amendments to the M1 Expenditure Plan proposed by the Authority which change the funding categories, programs or projects identified on page 18 of the Expenditure Plan.
 - ◆ Review the growth management plan and seven-year capital improvement program for each jurisdiction (34 cities and the County of Orange) solely to determine if the plans prepared and certified by each jurisdiction include the elements specified in the countywide Growth Management Program in order to be eligible to receive Measure M1 local turnback funds and forward the findings to the OCTA.
 - ◆ Contract, through the Authority, for independent analysis or examination of issues within the Oversight Committee's purview including audits.
 - ◆ The committee's responsibilities will expand for M2 once the revenues begin being collected in 2011.

Two subcommittees have been formed to help perform the responsibilities stated above--an audit subcommittee and a growth management subcommittee which will give reports later in the evening.

b. Review of the 2009 Taxpayer Oversight Committee Actions

Chairman Sundstrom said the Oversight Committee has been meeting for more than 19 years. The original nine members spent a great deal of time in the beginning establishing policies and sorting out early issues. Although the committee continues to oversee based on these policies, each year new members bring insight and ideas.

Chairman Sundstrom outlined the major activities of the Taxpayer Oversight Committee during 2009:

- ◆ Conducting the 2008/2009 Measure M Annual Public Hearing in February 2009.
- ◆ Examining 35 jurisdiction's seven-year capital improvement program and growth management implementation program conformed with the transportation purposes identified in Policy Resolution No. three and the Growth Management Program.
- ◆ Reviewing and commenting on the fiscal year 2008/2009 audit results.
- ◆ Finding OCTA is proceeding in compliance with the Measure M Ordinance for the 18th year in a row.

- ◆ Ongoing review of the Measure M Revenue and Expense Forecast Summary Report for tracking purposes.
- ◆ Following the status of the development of the Early Action Plan to implement the Renewed Measure M Ordinance No. 3.
- ◆ Updating the committee by-laws and responsibilities to account for the transition from the COC to the TOC.
- ◆ Monitoring the sales tax revenue forecasts in light of the changing economy.
- ◆ Reviewing the status of several Measure M Programs including:
 - * freeway construction including the I-5 Gateway project
 - * regional and local streets and roads funding
 - * Metrolink expansion
 - * "Go Local" program
 - * Environmental programs
- ◆ In addition, the committee asked that a few things be added to the M2 Eligibility Guidelines to clarify some issues which were identified during the audit, but were resolved.

c. Growth Management Subcommittee Report

Ed Wylie, member of the Growth Management Subcommittee, introduced himself and the other members of the subcommittee: Linda Rogers, Vivian Kirkpatrick-Pilger, Anh-Tuan Le and Jim Hillquist.

The GMP subcommittee is responsible for reviewing the eligibility packages for all local agencies in Orange County that plan to use Measure M funds for their local streets and roads projects.

The subcommittee determines that all the projects submitted during the 2009-10 eligibility cycle were consistent with the ordinance which uses the eligibility definitions in Article 19 of the California Constitution.

The committee members met at OCTA and reviewed over 500 projects that local agencies submitted as part of their seven-year Capital Improvement Programs.

In 2009 the committee found all local jurisdictions submitted the necessary documentation to meet the eligibility requirements in the ordinance for fiscal year 2009-10. Growth Management Subcommittee presented their findings at the October 2009 Taxpayer Oversight Committee meeting and the Committee approved the findings and sent them to the OCTA Board of Directors for approval. The OCTA Board of Directors approved the recommendations at the November 9, 2009 Board meeting.

d. Audit Subcommittee Report

As a member of the Audit Subcommittee, David Sundstrom reported on the activities of the Subcommittee during 2009. He introduced the members of Audit Subcommittee who served during this past year: Hamid Bahadori, James Kelly, Howard Mirowitz, Vivian Kirkpatrick-Pilger and Gregory Pate.

The Committee's roles and responsibilities and related actions and conclusions were as follows:

- Review the financial statements and the auditors' opinion.
 - The external auditors issued an unqualified opinion on the Local Transportation Authority's (LTA) financial statements for the year ended June 30, 2009.
 - All audit adjustments identified by the auditors were posted to the financial statements.
- Review all other reports and opinions rendered by the auditors relevant to Measure M.
 - Debt service coverage exceeds the minimum required and the auditors concluded that the schedules were presented fairly.
 - The Audit Subcommittee also reviewed OCTA's management letter for issues relevant to the LTA. The auditors had no new audit findings for the fiscal year. A prior year finding and recommendation related to developing a Code of Conduct was implemented in July 2009, with the Board of Directors' approval of OCTA's Code of Conduct.
- Meet with the external auditors and discuss the results of their audits.
 - Marc Davis, Shareholder for MHM, provided a presentation to the Committee on the results of the audits. The Committee engaged in discussion about the accounting treatment for various transactions. The auditors indicated there were no disagreements with management or other significant difficulties encountered during the audit.
- Define audit procedures related to the audits of city turnback funds and the Quarterly Status Report.
 - The procedures developed by the Subcommittee are designed to ensure that the city's spending is in compliance with the Ordinance and that the Quarterly Measure M Status Report is accurate and reliable.
- Select a sample of cities for turnback fund audits.

- For the fiscal year ended June 30, 2009, the Audit Subcommittee selected eight cities for audit. The auditors found that several cities did not include their projects in their respective city's Capital Improvement Program (CIP) plan, of the CIP plan for the correct fiscal year, and recommended that these cities file amended CIP plans. The auditors also found that one city (Garden Grove) did not expend its turnback funds within three years, as required, and recommended that the city request an extension of time, as allowed. The auditors also questioned the manner in which one city allocated its cost to the project and recommended that the city update its cost allocation plan using appropriate methodology.
- Review results of Combined Transportation Funding Program (CTFP) audits.
 - The subcommittee reviewed the results of audits of eight CTFP projects. The audits were done at the direction of OCTA's Internal Audit Department by independent accounting firm Mayer Hoffman McCann. Auditors found that two cities (Stanton and Westminster) did not have adequate documentation to support expenditures. The Board of Directors allowed one city (Westminster) to produce alternate documentation to support \$12,000 of expenditures and directed staff to review documentation produced by one city (Stanton) subsequent to the issuance of the audit report in the amount of \$84,000. That review is underway. MHM and the Internal Audit Department have also, as a result of these audits, made recommendations to improve project oversight and evaluate potential excess right of way disposals.
- Participate in the selection of a consultant to perform the Measure M2 performance assessment.
 - Measure M2 requires a triennial performance assessment and one member of the Subcommittee (Howard Mirowitz) volunteered to participate on the procurement selection team. That procurement is currently underway.
- Review and evaluate other matters under the Audit Subcommittee's jurisdiction.
 - The Subcommittee continues to review the Quarterly Measure M Status Reports and sales tax projections provided by OCTA staff.
 - The Subcommittee will continue to monitor the Early Action Plan and other financing related issues.
 - The Subcommittee adopted an audit charter during the fiscal year to guide its activities.

e. Public Comments

Chairman David Sundstrom said the intent of tonight's public hearing is for the Tax Payers Oversight Committee (TOC) to hear comments from citizens regarding the implementation of the Measure M Program. The TOC will not be answering questions at this time. But will send a response to your questions at a later date. Each person making comments will be allowed five minutes to speak. You must fill out a "Request to Speak" form in order to give your comments. We ask organizations to have only one or two representatives give comments.

No members of the public chose to speak.

f. Adjournment of the Public Hearing

There were no further comments. Chairman Sundstrom thanked everyone from coming and adjourned Measure M Annual Public Hearing at 6:30 p.m.

4. Approval of Minutes/Attendance Report for October 13, 2009

Chairman David Sundstrom asked if there were any additions or corrections to the December 8, 2009, minutes and attendance report.

Vivian Kirkpatrick-Pilger said she did not have a correction to the minutes but she had two comments:

Page six, seventh paragraph, first and second sentence there is the following statement: Vivian Kirkpatrick-Pilger asked if Kirk had an estimate of the net gain if the debt was paid off early? Kirk said he could do some calculations and get those to her. She has not received the asked for calculations.

Page eight, second paragraph, there is the following statement: Vivian Kirkpatrick-Pilger asked if there was a list of projects yet to be started? Kia said yes, and he will get the list to the TOC members. She has not received the requested information.

Alice Rogan said she would get the requested information out to the TOC members on the following day.

A motion was made by Linda Rogers and seconded by Howard Mirowitz to approve the December 8, 2009 minutes and attendance report as corrected. The motion passed unanimously.

5. Chairman's Report

Chairman David Sundstrom had no Chairman's Report.

6. Action Items

A. Quarterly Measure M Revenue and Expenditure Report – June 2009

Chairman Sundstrom asked if there were any questions on the Quarterly Measure M Revenue and Expenditure Report – June 2009. No questions were asked.

A motion was made by Vivian Kirkpatrick-Pilger and seconded by Linda Rogers to receive and file the Quarterly Measure M Revenue and Expenditure Report – December 8, 2009. The motion passed unanimously.

B. Annual Hearing Follow-up and Compliance Findings

Chairman David Sundstrom said as a part of the Annual Hearing the TOC is required to forward a letter to the OCTA Board of Directors finding OCTA in compliance with the Ordinance.

Chairman Sundstrom read the following letter for TOC approval:

In accordance with both Policy Resolution No. 1 "Citizens Oversight Committee," and Attachment C "Taxpayers Oversight Committee," the Taxpayers Oversight Committee (TOC) is required to conduct an annual public hearing to determine whether the Orange County Transportation Authority (Authority) is proceeding in accordance with the M1- Countywide Traffic Improvement and Growth Management Plan (Plan), dated May 22, 1989 and the M2-Renewed Measure M Transportation Ordinance and Investment Plan dated July 24, 2006.

The TOC conducted the annual public hearing on February 9, 2010. No items were presented at the hearing to indicate that the Authority was not proceeding in accordance with the M1 and the M2 Plans during 2009.

Based upon the above-mentioned hearing, 2008/09 LTA financial audit results and all other information the TOC has to date, the TOC hereby finds the Authority is proceeding in accordance with the both the M1 and the M2 Plans.

Also, in accordance with Ordinance No. 2, Section 12, Paragraph B.3, I certify that the expenditures from the trust fund, through fiscal year ending June 30, 2009, have been spent on specific transportation purposes identified in the M1 Expenditure Plan. In addition, in accordance with Ordinance No. 3, Section 10, Paragraph 3, I certify that the revenues through fiscal year ending June 30, 2009, have been spent in compliance with the Renewed Measure M Transportation Ordinance and Investment Plan (M2).

A motion was made by Linda Rogers and seconded by Ed Wylie to forward the compliance findings to the OCTA Board of Directors. The motion passed unanimously.

C. Proposed M1 Freeway Program Amendment

Andy Offelie, Acting Director of Measure M Program Office, reported because of the recent downturn in the economy, the Measure M1 Traffic Improvement and Growth Management Expenditure Plan needed to be amended. In order to close the gap between the projected revenue and current balance of the M1 freeway mode, it is recommended the \$22 million be removed from M1 for the M2 SR-57 project.

All the M1 commitments for the SR-57 have already been met. The additional SR-57 freeway project for which the M1 Expenditure Plan was originally amended is included the M2 Transportation Improvement Plan as Project G.

On December 14, 2009, the Board directed staff to initiate the process to amend the M1 Expenditure Plan to remove the \$22 million of M1 funds intended for M2 improvements on the SR-57.

- The proposed amendment (Attachment A) would remove \$22 million (\$16 million in 1988 dollars) from the funding allocation for SR-57.

A motion was made by Ed Wylie and seconded by James Hillquist to approve the amendment to the Traffic Improvement and Growth Management Plan Expenditure Plan. The motion passed unanimously.

7. Presentation Items

A. Early Action Plan Update

Andy Offelie presented an update of the M2 the Early Action Plan. The recent economic downturn in revenues has triggered a need to reassess the Plan. To date, there are two major actions related to the downturn: 1) The Metrolink expansion plan was reduced from a maximum 76 trains per weekday to a maximum of 56 trains per weekday. 2) The Early Action Plan is being updated to reflect new forecasts and delivery dates.

B. M2 Annual Report

Ken Phipps, Executive Director of Finance and Administration, presented the M2 Annual Report. Ken noted the report does not show any revenue from sales tax revenue because M2 will not start to collect sales tax until 2011. The report also does not show any debt service because the only debt instrument issued for M2 is Commercial Paper (CP) and CP is a short term debt and not recognized as revenue.

Vivian Kirkpatrick-Pilger asked if the report anticipated the revenues will cover all proposed projects. Ken Phipps said at this point in time, yes. The sales tax revenues have been severely impacted by the recession and projects will most likely require funding from other sources to be completed.

Howard Mirowitz said in the Freeway mode the projects have not gone out to bid yet so what is the basis for the budget. Ken said the projects budgets are tied to the forecast for net tax revenue and based on proportional revenue shares.

Hamid Bahadori, asked when was an appropriate time to talk about what M2 will not be able to deliver. Ken Phipps said the appropriate time is now, it is already happening. The Metrolink service expansion plan has been revised; the number of trains has been reduced. The I-405 Freeway plans have been expanded to look at the possibility of tolled Express Lanes along with State and Federal money to bring in additional revenues to complete the project. Hamid Bahadori asked that a synopsis be included with future reports showing how the projects are being funded. Kia Mortazavi, Executive Director of Development, said the development of the project expenditure plan did not take into account that other money would be brought into the projects to complete them. Hamid Bahadori said the development of M2 took into consideration M2 projects were not all Orange County needs. Orange County needs these projects plus others and he was just concerned if all money is diverted to M2 what projects are not going to be built.

Chairman David Sundstrom asked what part of the CP program has been issued. Ken Phipps said the program is for \$400 million and \$75 million has been issued. Chairman Sundstrom asked why so much money was put out so soon. Ken said there are very aggressive near term cash requirements which consume this funding. The CP was issued in \$25 million tranches. Chairman Sundstrom asked what was paid on the debt. Ken said less than one percent.

C. M2 Eligibility Guidelines

Kia Mortazavi gave an overview of the new M2 Eligibility Guidelines. The set of guidelines spans the two measures - M1 and M2. He explained which guidelines were M1 and which guidelines were changes for M2. Kia said there were four elements new to M2:

1. M1 had a Congestion Management and Growth Management element and M2 has only the Congestion Management element.
2. M2 will focus on a traffic signal synchronization forum.
3. The traffic signal synchronization discussions must be consistent with the Signal Synchronization Plan. OCTA will have a master Signal Synchronization Plan and each agency must include this plan in their General Plan.
4. Each jurisdiction must submit an expenditure report looking back at the prior year describing exactly what was done with the money.

Kia said there are two remaining pieces related to the eligibility guidelines in development. One is the pavement management standards and the other relates to Signal Synchronization Plan.

Howard Mirowitz said in the Eligibility Guidelines there is an appendix "G" initialed "To Be Developed" which is supposed to be the sample expenditure reporting format. When does OCTA think this will be ready? Kia said the goal is for it to be ready by the fall 2010.

Vivian Kirkpatrick-Pilger asked if OCTA talks with each individual jurisdiction about the eligibility package. Kia said OCTA's Technical Advisory Committee (TAC) meets each month and each jurisdiction's Public Works Director sits on this committee. There is also a TAC Subcommittee that meets once a month also.

Linda Rogers said some requirements have been taken away and some have been added. Is there a feel for how much more burden is on the cities because of layoffs due to the economic downturn? Kia said there is no answer to this; the measures OCTA has taken have been taken so the taxpayers can feel comfortable.

Hamid Bahadori said he welcomed the addition of a Signal Synchronization Plan, Pavement Management Plan, and the expenditure reports. He asked what if the jurisdictions want additional extensions. Does OCTA plan to levy financial fines? Kia said in M2 there is more of a "carrot" approach. For example - to the extent cities participate in the signal synchronization and delivery, they can reduce their local match requirements for capital grants. OCTA is also shortening the window for the funding program from five years to three years and providing funding more frequently. The structure of the program will hopefully promote more realistic programming.

Vivian Kirkpatrick-Pilger said at a GMP Subcommittee meeting there was a discussion about penalties to jurisdictions that did not spend money in a proper way, the money would be taken back and that jurisdiction would not receive any money for five years. What kind of money was this? Kia said if Measure M funds are taken and used for non-transportation purposes this will happen.

Howard Mirowitz said since the TOC will be receiving expenditure reports the Committee may want to look at the agreed upon procedures. Having this data may save some effort. Chairman Sundstrom said he agreed.

Hamid Bahadori asked if the consultant hired for the triennial audit could also look at the combined guidelines. Kia said they could.

8. Committee Member Reports

Chairman David Sundstrom briefed the Committee on Audit Subcommittee meeting held earlier in the evening. He also said he met with Joe Moreland, President of the

Grand Jurors Association the previous week to see how things were going and to discuss a stipend for TOC members. After discussion, several members stated they did not feel comfortable receiving a stipend so the idea was dropped.

James Kelly suggested as a courtesy to convey some the members' concern to the OCTA Board that OCBC was selected for the triennial audit. Ken Phipps said the OCTA CEO and General Counsel were notified and they were both comfortable with the selection. Chairman David Sundstrom asked if the M2 Ordinance calls for the TOC to cause this audit to occur. Alice said no, they do not drive it the TOC just receives it.

Chairman David Sundstrom congratulated the OCTA Internal Audit Division upon receiving an unqualified external quality assurance review. This is very important distinction for Kathleen O'Connell and she is to be commended.

Hamid Bahadori said he attended the recent Transit Forum hosted by OCTA at Chapman University. It was very well done and he thought OCTA did a great job. Chairman David Sundstrom echoed his praise of the event.

Howard Mirowitz said the process for selecting the Triennial Assessment Auditors was very thorough and well done.

Howard Mirowitz said he would like an update on the no competitive bid contract let by the City of Santa Ana for a fixed guideway project using Measure M funds. Was there ever a letter sent to Santa Ana about this? Alice said yes and the situation still stands. The letter was sent and the OCTA Board was made aware. Kia Mortazavi said there was one other bid and City Council made changes to the staff recommendation and came up with a highbred recommendation. Anh-Tuan Le said there was concern about the irregularities in the procurement process but staff's position was this was a city grantee and the TOC could not reach beyond a letter of concern.

Anh-Tuan Le stated he was very interested in attending Transit Forum on Feb. 5, but had to be out of town. He requested staff provide him with any meeting documents, statements or speeches, and handouts.

Anh-Tuan Le noted the timeliness of tonight's Annual TOC public hearing in view the Year of the Buffalo coming to a close. He said that the Buffalo Year is characterized by hard work and patience, and the Tiger Year which starts February 14 is characterized by courage and honor. He took the occasion to wish colleagues and staff Gong Hay Fat Choy.

Anh-Tuan Le recalled the CEO's appearance at TOC's August 2009 meeting to greet the TOC and to publicly state CEO's commitment to transparency and accountability. He noted Kathleen O'Connell's subsequent presentation at TOC's October 2009 meeting regarding the Board's adoption in July of the Code of Conduct, and stated his appreciation of the CEO's leadership and commitment to OCTA's role as steward of taxpayers' dollars. He requested that the CEO return to TOC's April, 2010, meeting to

provide a general update of his eight months on the job. In particular, Anh-Tuan Le would like to hear from the CEO how the new Code of Conduct is functioning. He feels that because of OCTA's extensive procurement, adherence to the Code of Conduct's requirements regarding avoidance of conflict of interest and appearance of improprieties was an important compliance matter of interest to the TOC.

Alice Rogan noted that the TOC was previously provided with an overview presentation and copy of the Code of Conduct. Anh-Tuan Le responded that achieving policy aims requires effective practices. He pointed to the example of Howard Mirowitz' raising of concern about irregularity in City of Santa Ana's procurement and the subsequent sendoff to the city, an OCTA grantee, of a TOC Letter of Concern. He saw vulnerabilities in OCTA's implementation of the Code of Conduct when it principally relies on Form 700 self-disclosures and Fraud/Hotline reports. Since the CEO stated his commitment to transparency and accountability, Anh-Tuan would like to know how the CEO is addressing such concerns when they are raised.

9. OCTA Staff Update

Alice Rogan asked how the paperless agenda was received by the members. A committee member asked for the very large files broke down into smaller sections to make it easier to download.

10. Public Comments

No members of the Public chose to speak.

11. Adjournment

The meeting adjourned at 8:00 p.m. The next meeting of the Taxpayers Oversight Committee will be April 13, 2010.



Taxpayers Oversight Committee
Fiscal Year 2009-2010
Attendance Record



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

Meeting Date	14-Jul	11-Aug	8-Sep	13-Oct	10-Nov	8-Dec	12-Jan	9-Feb	9-Mar	13-Apr	11-May	8-Jun
Hamid Bahadori		X		X		X		X				
Rose Coffin		E		E		E		X				
C. James Hillquist		X		X		E		X				
James Kelly		X		X		X		X				
Vivian Kirkpatrick-Pilger		X		X		X		X				
Anh-Tuan Le		X		X		X		X				
Howard Mirowitz		X		E		X		X				
Gregory Pate		X		X		X		X				
Linda Rogers		NA		X		X		X				
David Sundstrom		X		X		X		X				
Edgar Wylie		X		E		X		X				

Absences Pending Approval

Meeting Date Name Reason

Presentation Items



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board *WK*
Subject: Measure M2 Freeway Environmental Mitigation Program
Acquisition Property Evaluation Results - Biological Criteria

Transportation 2020 Committee Meeting of March 15, 2010

Present: Directors Amante, Campbell, Cavecche, Dixon, Pringle
Absent: Directors Brown, Buffa

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (Reflects change from Staff Recommendations)

- A. Approve the Acquisition Property Evaluation Results based on the Property Acquisition/Restoration/Management Criteria Matrices - Biological Criteria.
- B. Authorize staff to proceed with the appraisal process with a subset of the Group 1 acquisition proposals.
- C. Direct staff to notify Newport Banning Ranch and Shell-Aera that these properties are removed from the list of potential acquisitions unless they respond in writing that they are willing sellers.
- D. Direct staff to restrict the appraisal process of acquisition to property within Orange County.

Note:

Please note the following correction made to the staff report, page 2, paragraph 5. The sentence should read:

"The conservation assessment, presented to the EOC on November 18, 2009, identified 11 core habitat areas (as outlined in Attachment B) within Orange County.



March 15, 2010

To: Transportation 2020 Committee
From: Will Kempton, Chief Executive Officer *Will Kempton*
Subject: Measure M2 Freeway Environmental Mitigation Program
Acquisition Property Evaluation Results - Biological Criteria

Overview

This is a summary report on the status of the Measure M2 Environmental Mitigation Program. Properties for potential acquisition have been identified based on biological values. Additional work is needed to assess non-biological factors prior to acquisition. Staff will return to the Transportation 2020 Committee and the Board of Directors with preliminary results of the evaluation of the restoration proposals.

Recommendations

- A. Approve the Acquisition Property Evaluation Results based on the Property Acquisition/Restoration/Management Criteria Matrices - Biological Criteria.
- B. Authorize staff to proceed with the appraisal process with a subset of the Group 1 acquisition proposals.

Background

Measure M2 (M2) includes a freeway Environmental Mitigation Program (Mitigation Program), which provides mitigation for the 13 freeway projects. The Mitigation Program is designed to streamline the permit process through partnership with the California Department of Transportation (Caltrans), California Department of Fish and Game (CDFG), and United States Fish and Wildlife Service (USFWS).

The Mitigation Program was launched in fall 2007 with the creation of the Environmental Oversight Committee (EOC). The function of the EOC is to provide guidance, program design, and funding recommendations.

Orange County Transportation Authority (OCTA) Board Director Patricia Bates chairs the EOC and Director Gregory Winterbottom is an EOC member. The Transportation 2020 Committee (T2020) and the Board of Directors (Board) must ultimately consider and approve any program, policy, or funding recommendations developed by the EOC.

In summer 2009, under the direction of the T2020 and the EOC, staff finalized the property acquisition and/or restoration prioritization process. This included the addition of policy considerations. On August 24, 2009, the Board approved the revised prioritization process. This established the framework for evaluation of properties to be considered for acquisition and/or restoration.

Discussion

Using the Board-approved property acquisition, restoration, and management criteria as a baseline, staff worked with Caltrans, the CDFG, and the USFWS to develop the Property Acquisition/Restoration/Management Criteria Matrices (property evaluation matrices). The property evaluation matrices utilize a qualitative ranking system consisting of a "yes" or "no", and "high," "medium," or "low" designations. The property evaluation matrices were provided to the T2020 and OCTA Board in fall 2009 (see Attachment A).

On a parallel path, a conservation assessment has been completed to analyze existing areas within Orange County that could provide conservation opportunities to offset impacts from the 13 M2 freeway projects. Properties located within the conservation opportunity areas will be considered for acquisition and/or restoration using the property evaluation matrices, and those outside of these areas will not be considered for first cycle funding.

The conservation assessment, presented to the EOC on November 18, 2009, identified 11 core habitat areas (as outlined in Attachment A) within Orange County. Core habitat areas support high or very high landscape integrity (intact habitat) and biodiversity (vegetation and sensitive species).

In addition, several potential linkages were identified, including Trabuco and San Juan creeks. Unprotected lands (lands not currently protected as public or private [natural open space]) within the core habitat areas were further prioritized into priority conservation areas (PCA) based on conservation values. PCAs are areas that support high-value biological resources (for example, species, habitats, intact lands), fill regional conservation gaps, and contribute to the integrity and long-term persistence of biological resources countywide.

**Measure M2 Freeway Environmental Mitigation Program
Acquisition Property Evaluation Results - Biological
Criteria**

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In order to manage the extensive list of properties under consideration for acquisition/restoration and to balance program schedule, OCTA, Caltrans, CDFG, and USFWS began to evaluate submitted properties within each PCA using the property evaluation matrices.

In conjunction with Caltrans, the CDFG, and the USFWS, all acquisition proposals have been evaluated based on biological merits. There are 83 total acquisition proposals, including those within PCAs. The evaluation of these acquisition properties resulted in four hierarchical groups. Group 1 properties generally possess higher quality habitats, larger sized properties, align with impacted habitats, and contain covered species. Group 2 properties generally possess good quality habitats, medium sized properties, and contain some covered species. Group 3 properties generally possess lower quality, smaller properties with highly disturbed habitats. Group 4 properties generally possess very small, highly disturbed habitats, and some do not align with covered species (see Attachment B for the preliminary acquisition properties list and a location map).

Through discussions with the CDFG and the USFWS, acquisition proposals within the first two groups (29 total properties) possess the biological value that would enable OCTA to obtain the necessary mitigation credits for the M2 freeway projects. However, given there is approximately \$27.5 million available for the first tranche for both acquisition and restoration proposals, it is not likely there would be sufficient funds available to acquire all properties within Groups 1 and 2.

In January 2010, staff contacted all property owners to gauge levels of interest in participating in the Mitigation Program. Three property owners were non-responsive to OCTA's request within Groups 1 and 2, which leads to 26 properties under consideration within the first two groups.

In order to proceed with completing the evaluation of the non-biological criteria for the Group 1 and 2 properties, it would be more cost effective to proceed with a subset of priority properties. It is estimated each property could cost up to \$10,000 to determine current reasonable market value consistent with the intended use (for example, conservation open space). Further, it could cost an additional \$10,000 to \$20,000 per property to obtain information on other non-biological factors such as potential presence of hazardous materials, as well as to determine long-term management cost.

Staff, in conjunction with Caltrans, the CDFG, the USFWS, and the EOC Working Group (consisting of a subset of EOC members), evaluated the Group 1 proposals based on key non-biological attributes that would enable OCTA to proceed with a subset of the Group 1 proposals into the appraisal process. These included the following attributes: potential for development, cooperative landowner, potential property owner/manager identified, partnership and leveraging opportunities identified, neighboring land uses, other complications (for example, access and toxics issues, etc.), and support from local and state governments, as well as support from the community.

Based on higher non-biological value, it is recommended that OCTA proceed with 14 of the 19 Group 1 properties for acquisition consideration. Of the 14 Group 1 properties, 11 of these will require appraisals. The remainder of the Group 1 properties and Group 2 properties will be appraised at a later time if a considerable number of the initial Group 1 properties fall out of contention. The properties recommended for proceeding with the appraisal process are denoted in Attachment B (under Group 1) and include those that are recommended for further consideration. The acquisition properties presented in each group are listed in alphabetical order.

Next Steps

It is recommended that OCTA proceed with the appraisal of a subset of the Group 1 properties given the high cost of performing appraisals. Upon obtaining the necessary property information, staff will return to the T2020 and Board to discuss the next steps in the acquisition process. In addition, staff will initiate discussions with the CDFG and the USFWS to determine the properties with the most cost-effective means to offset impacts for the M2 freeway program. On a parallel track, staff will continue to evaluate the restoration proposals and will also return to the T2020 and Board to share the preliminary results.

Summary

Staff has begun the evaluation of the acquisition proposals using the Board-approved M2 Property Acquisition, Restoration, and Management Criteria. Properties possessing high biological value would be recommended for acquisition to enable OCTA the highest mitigation credits from the CDFG and the USFWS. In order to effectively manage resources, a subset of the Group 1 acquisition properties is being recommended for acquisition consideration of which the first step entails appraisals.

Attachments

- A. Measure M2 Property Acquisition/Restoration Criteria - Property Acquisition Criteria: Biological Factors
- B. Measure M2 Environmental Mitigation Program Potential Acquisition Parcels

Prepared by:



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(714) 560-5907

Approved by:



Kia Mortazavi
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BOARD COMMITTEE TRANSMITTAL

March 8, 2010

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board *WK*
Subject: Accelerated Implementation Plan for the Orangethorpe Corridor Railroad Grade Separation Projects

Highways Committee Meeting of March 1, 2010

Present: Directors Bates, Cavecche, Glaab, Hansen, and Mansoor
Absent: Directors Dixon and Pringle

Committee Vote

This item was passed by all Committee Members present.


Committee Recommendations (reflects a change from staff recommendations)

- A. Direct staff to implement the proposed accelerated implementation plan for the Orangethorpe corridor railroad grade separation projects to accelerate the completion of the projects while staging closures to allow adequate traffic movement on local roadways.
- B. Direct staff to file a Notice of Exemption, finding that the project is exempt from compliance with the California Environmental Quality Act pursuant to Public Resources Code Section 21080.13; and further indicating that the Board of Directors has reviewed and considered the environmental impact report certified by the City of Placentia.
- C. In the alternative, adopt by reference the findings set forth in City of Placentia Resolution No. R-2008-94, including the Findings of Facts in Support of Findings for the Orange County Gateway Project and Statement of Overriding Considerations attached thereto.
- D. Direct staff to meet with the City of Placentia to draft language that would address their concerns regarding concurrent closures in the City of Placentia for the Orangethorpe corridor railroad grade separation project accelerated schedule.



March 1, 2010

To: Highways Committee

From:  Will Kempton, Chief Executive Officer

Subject: Accelerated Implementation Plan for the Orangethorpe Corridor Railroad Grade Separation Projects

Overview

On January 18, 2010, the Highways Committee asked staff to look for ways to advance the construction of the seven railroad grade separation projects along the Orangethorpe corridor to the earliest possible completion date. Staff has evaluated options to accelerate the projects.

Recommendations

- A. Direct staff to implement the proposed accelerated implementation plan for the Orangethorpe corridor railroad grade separation projects to accelerate the completion of the projects while staging closures to allow adequate traffic movement on local roadways.
- B. Direct staff to file a Notice of Exemption, finding that the project is exempt from compliance with the California Environmental Quality Act pursuant to Public Resources Code Section 21080.13; and further indicating that the Board of Directors has reviewed and considered the environmental impact report certified by the City of Placentia.
- C. In the alternative, adopt by reference the findings set forth in City of Placentia Resolution No. R-2008-94, including the Findings of Facts in Support of Findings for the Orange County Gateway Project and Statement of Overriding Considerations attached thereto.

Background

The Orange County Transportation Authority (OCTA) is the sponsoring agency of seven grade separation projects along the Orangethorpe railroad corridor in the cities of Anaheim, Fullerton, and Placentia. These projects are funded through Measure M2, Proposition 1B, federal grants, and local funds, and

include undercrossings at Raymond Avenue, State College Boulevard, Placentia Avenue, and Kraemer Boulevard, as well as overcrossings at Orangethorpe Avenue, Tustin Avenue/Rose Drive, and Lakeview Avenue.

OCTA is responsible for overseeing the funding and delivery of all of the projects, except for the design, right-of-way, and construction phases of the Raymond Avenue and State College Boulevard undercrossings, which are under lead agency authority of the City of Fullerton. Cooperative agreements have been established with the cities of Anaheim, Fullerton, and Placentia to clearly define each party's role in developing the seven projects.

A Baseline schedule, which sequenced the projects, was approved by the Burlington Northern Santa Fe Railway (BNSF), the cities of Fullerton and Placentia, the California Department of Transportation (Caltrans), and the California Transportation Commission in August 2008.

Discussion

OCTA's Highways Committee directed staff to look at opportunities to modify the Baseline schedule to advance the completion of the projects in order to minimize the risk of losing state funding due to construction delays, reduce the impact on the public due to an extended program schedule, as well as take advantage of favorable market conditions for construction bidding. It was also suggested to look at the possibility of moving up the construction dates of the later four projects to be concurrent with the first three projects.

Staff evaluated several options to accelerate the completion of the projects including concurrent construction (Attachment A). Factors considered included impacts to traffic on adjacent roadways, to the environmental document, and to emergency response times.

As part of the analysis, OCTA staff conducted a traffic study and met with senior administrative and technical staff from the cities of Anaheim, Brea, Fullerton, Placentia, and Yorba Linda in a deliberative and collaborative process to more fully understand the specific issues raised by a proposed acceleration of the grade separation program schedules. Staff also met with the BNSF to gauge the railroad's response to concurrent construction activities. Additionally, first responders met to review the results of the traffic analysis.

Traffic Impacts

A traffic study analyzed the impacts of concurrent closures on major arterials. The study looked at the expected traffic conditions caused by the street

closures and calculated the resultant delay time at major intersections. The findings of the traffic study show that the number of failing intersections with more than 100 seconds of delay, nearly double (from 14 to 24). The major intersections in the project area would have significant delays and many would have extended delay times, requiring drivers to sit through multiple signal phases at intersections which are already failing. Attachment B highlights the results of the traffic study.

Emergency Response Times

Staff met with police, fire, and medical emergency service providers in the area to discuss the impacts of concurrent closures during construction. The Orange County Fire Authority, which provides fire and emergency medical services to a large portion of the affected area, analyzed the expected response times under the proposed concurrent schedule and had concerns with access during emergencies. Several emergency response agencies provided written comments (Attachment C).

City Feedback

Fullerton and Placentia's major concerns relate to traffic impacts and congestion resulting from concurrent closures of adjacent roadways. The city councils of Brea, Fullerton, Placentia, and Yorba Linda all passed resolutions expressing opposition to advancing the construction of the projects if the construction was concurrent (Attachment D).

The City of Anaheim has acknowledged the related traffic issues and requested OCTA pursue the scheduling of concurrent construction activities with the understanding that construction will be planned in a manner to avoid concurrent street closures.

BNSF Response

The BNSF limits the number of construction projects along its rail corridors. On its San Bernardino Subdivision, which passes along the Orangethorpe corridor, BNSF limits the number of major construction projects to no more than four at one time. Presently, the counties of Orange, Riverside, and San Bernardino have about 20 major construction projects planned along the San Bernardino Subdivision within the timeline dictated by the state funding guidelines. The BNSF stated that it would not allow seven concurrent closures in Orange County, and the four closures which are allowed must be distributed amongst the three counties.

Environmental Re-Evaluation

Under the National Environmental Policy Act, a significant change in the sequencing of street closures during construction may require additional environmental studies to assess any changes in traffic, air quality, or community impacts in order to satisfy federal environmental requirements.

Staff asked Caltrans to review the potential changes in environmental impacts under federal standards and to provide its opinion on how these changes may affect the previous approvals. Caltrans stated that adoption of a concurrent construction schedule would likely require a re-evaluation and re-circulation of the technical studies and environmental impact statement. In the past, a major re-evaluation or re-circulation of an environmental document has taken nine to 18 months to complete. The start of construction of a number of the early projects (Kraemer Boulevard underpass and Lakeview Avenue overpass) will be delayed until an environmental re-evaluation is completed and approved.

The findings of the traffic study and discussions indicate that the concurrent closures to adjacent roadways of all seven grade crossings would lead to significant adverse impacts on the projects and communities. As a solution, staff has developed an alternate schedule which balances the benefits of accelerating the completion of the projects with the impacts to the communities (Attachment E).

The proposed accelerated construction plan includes the following elements:

- Overlapping completion and start of construction of adjacent projects to tighten up sequencing
- Shortening the construction schedule on all projects by six months to speed the start of the second-phase projects and to reduce the duration of construction impacts on surrounding communities
- Maintaining a street closure plan consistent with the baseline plan to reduce traffic impacts to surrounding roadways not equipped to handle the resulting traffic patterns
- Beginning design and ROW acquisition on the second-phase projects to allow an earlier construction date if a first-phase project is completed early
- Allowing earlier start times to take advantage of positive bid environment

- Starting construction of the last project at least one year before the funding deadline

The recommended approach also incorporates the early start concept proposed by the City of Anaheim to initiate the second-phase projects earlier than scheduled. The proposed adjustments are devised to control the construction durations, control costs, and keep community impacts to a minimum. OCTA will develop the construction contracts to accommodate flexible staging to avoid concurrent closures and will seek city participation and approval on closure sequencing.

California Environmental Quality Act (CEQA)

The project, consisting of standard grade separations at eight arterial road crossings, is statutorily exempt from the provisions of CEQA per Public Resources Code section 21080.13. Specifically, Section 21080.13 provides, in its entirety: "This division [CEQA] shall not apply to any railroad grade separation project which eliminates an existing grade crossing or which reconstructs an existing grade separation." Such statutory exemptions are "absolute;" "a project that falls within a statutory exemption is not subject to CEQA even if it has the potential to significantly affect the environment." (*Communities for a Better Environment v. California Resources Agency* (2002) 103 Cal. App. 4th 98, 128-129.)

Despite the fact that a statutory exemption applies to the project, the lead agency for the project, the City of Placentia, prepared and certified an environmental impact report (EIR) for the project. The EIR was certified via City of Placentia Resolution No. R-2008-94 on November 17, 2008.

If the project were not exempt from CEQA, OCTA, as a responsible agency, would be required to review and consider the EIR prepared by the City of Placentia and file a Notice of Determination stating that the Board considered the information contained in the certified EIR. (14 CCR §§ 15050[b]; 15096[i]). Since the project is statutorily exempt from CEQA, these requirements do not apply. Nonetheless, in the event that it is ever determined that the statutory exemption does not apply to the project, staff is recommending that the Board review and consider the EIR certified by the City of Placentia and adopt the findings of the City of Placentia set forth in Placentia Resolution No. R-2008-94. Those finding may be incorporated by reference.

The final EIR is available for the Board's review at the office of the Clerk of the Board.

Summary

Staff has evaluated several schedule acceleration options for the seven grade separation projects along the Orangethorpe rail corridor. Staff recommends an accelerated schedule that speeds the completion of the projects while balancing the interests of all parties and minimizing the adverse impacts on surrounding communities (Attachment E).

Attachments

- A. Concurrent Schedule
- B. Grade Separation Traffic Study Summary and Recommendations
- C. Emergency Response Letters
- D. City Council Resolutions
- E. Accelerated Schedule
- F. Notice of Exemption

Prepared by:

A handwritten signature in black ink, appearing to read 'Kia Mortazavi', is written over the 'Prepared by:' text.

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



BOARD COMMITTEE TRANSMITTAL

March 8, 2010

To: Members of the Board of Directors
From: ^{W/K} Wendy Knowles, Clerk of the Board
Subject: Measure M Combined Transportation Funding Program -
Semi-Annual Review

Highways Committee Meeting of March 1, 2010

Present: Directors Bates, Cavecche, Glaab, Hansen, and Mansoor
Absent: Directors Dixon and Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Approve adjustments to the Measure M Combined Transportation Funding Program project allocations as presented.



March 1, 2010

To: Highways Committee
From: Will Kempton, Chief Executive Officer
Subject: Measure M Combined Transportation Funding Program - Semi-Annual Review

Overview

The Orange County Transportation Authority has completed the September 2009 semi-annual review of projects funded through the Measure M Combined Transportation Funding Program. This process reviews the status of grant-funded streets and roads projects and provides an opportunity for local agencies to update project information. The requested changes and recommendations are provided for Board of Directors' review and approval.

Recommendation

Approve adjustments to the Measure M Combined Transportation Funding Program project allocations as presented.

Background

The Combined Transportation Funding Program (CTFP) is the mechanism the Orange County Transportation Authority (OCTA) uses to administer funding for streets and roads projects throughout Orange County. The CTFP contains a variety of funding programs and sources including Measure M (M1) local and regional streets and roads revenues as well as federal Regional Surface Transportation Program (RSTP) funds. The CTFP provides local agencies with a comprehensive set of guidelines for administration and delivery of various transportation funding grants.

OCTA staff meets with representatives from all local agencies twice each year to review the status of projects and proposed changes. This process is commonly referred to as the semi-annual review (SAR). The goals of the SAR process are to review project status, determine the continued viability of projects, and address local agency issues.

In an effort to improve timely delivery of M1 project allocations, the OCTA Board of Directors (Board) adopted a time extension policy in November 2004, with subsequent revisions in November 2009 (Attachment A). The November 2009 revisions will be effective with the March 2010 SAR. The SAR is customarily conducted in March and September of each year; however, the SAR scheduled for September 2009 was delayed until November 2009 to allow sufficient time for the delay policy issues discussed in Attachment A to be resolved.

Discussion

The frequent project delay requests that occur during the SAR have been a concern to the Board. With approximately 14 months until the CTFP contract award deadline of March 31, 2011, an intensive effort was made to work with the local agencies to realistically assess the continued viability of projects.

During the September 2009 SAR, 16 agencies requested 67 project allocation adjustments, impacting 58 projects. The projects impacted by the requested adjustments total approximately \$25 million, or about 25 percent of the remaining planned allocations. The adjustments requested ranged from administrative adjustments such as project consolidations or scope changes, to more significant changes such as project delay requests and cancellations. The detailed information on the requested changes, the associated city justifications, and the project details are shown in Attachment B.

These changes have been reviewed and approved by the Technical Advisory Committee (TAC).

Included in the TAC recommendations is the cancellation of the Los Alamitos Boulevard widening project in the City of Los Alamitos (City). This project was programmed in fiscal year (FY) 2008-09 but has failed to meet the obligation deadline. During the SAR, the City submitted a third delay request to move the project into FY 2009-10. Staff discussed the viability of the project with the City and determined that the project had unresolved scope issues as well as a significant funding shortfall. The City can re-compete to qualify the project for Measure M2 (M2) funds when the first M2 call for projects takes place in 2010. This project was discussed at length with both the TAC and a representative of the City. The TAC agreed that the project should be recommended for cancellation.

In summary, requested adjustments to M1-funded projects include the following:

- Two new project allocations, totaling \$388,000, are being requested through the growth management areas (GMA). These are the reallocation of GMA funds made available through project cancellations.
- Two project allocation changes, totaling \$500,000, requested to consolidate funding into one project.
- Fourteen project allocations, totaling \$6.5 million, requested cancellation.
- Nine project allocations, totaling \$4.7 million, requested funding transfers.
- Thirty-one project allocations, totaling \$13 million, requested project delays.

The details of the requests, broken down by request category and program, are detailed in Attachment B. The table below provides the current overall status of the CTFP program since inception, as well as the status after the approval of the requested project adjustments:

Status	Definition	Allocations (in millions) (Prior to SAR adjustments)	Allocations (in millions) (With SAR adjustments)
Completed	Project work is complete, final report is filed, approved, and the final payment has been made.	\$ 410.8	\$ 425.7
Started	Project has begun and the funds have been obligated.	115.3	137.4
Pending	Project work has been completed and only final report submittal/approval is pending.	45.2	48.4
Planned	Projects are planned but have not entered the program year or a delay has been requested.	134.2	84.3
	TOTAL PROJECT ALLOCATIONS	\$ 705.5	\$ 695.8

The March 2010 SAR will proceed as previous SARs, with the exception that staff will not be considering any delay requests. Requests for delays will need to be presented directly to the Board by the respective city in the case of special circumstances. These will be considered by the Board on a case-by-case basis. Other requests, such as cancellations, transfers, and advancements will continue to be allowed. During the March 2010 SAR, local agencies will have to

demonstrate that funds programmed in FY 2009-10 will be obligated prior to June 30, 2010, and projects programmed in FY 2010-11 will be obligated by March 31, 2011. Projects that cannot meet these deadlines will be recommended for cancellation. Consistent with the direction of the Board, any cost savings as a result of cancellations will be included in subsequent M2 Regional Capacity Program calls for projects.

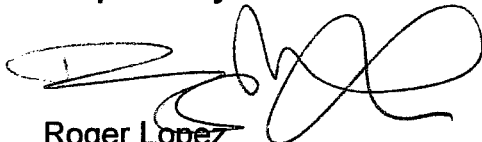
Summary

OCTA has recently reviewed the status of grant-funded streets and road projects funded through the CTFP. In total, 67 project allocation adjustments, impacting 58 projects are recommended for approval. The next SAR is scheduled for March 2010.

Attachments

- A. Combined Transportation Funding Program Project Delivery and Close Out Staff Report, dated November 16, 2009
- B. Combined Transportation Funding Program – September 2009 Semi-Annual Review Adjustment Requests

Prepared by:



Roger Lopez
Manager, Local Measure M Programs
(714) 560-5438


Approved by:



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



November 16, 2009

To: Highways Committee
From:  Will Kempton, Chief Executive Officer
Subject: Combined Transportation Funding Program Project Delivery and Close Out

Overview

In response to the Measure M Combined Transportation Funding Program project delay issues, staff has prepared options for ensuring close out of the program as the sunset of Measure M approaches in 2011. Recommendations are presented for Board of Directors' review and input.

Recommendations

- A. Authorize staff to implement a change to the Combined Transportation Funding Program delay request policy to allow no further delay requests, effective with the March 2010 semi-annual review.
- B. Direct staff to include Measure M Combined Transportation Funding Program project cancellation cost savings in the Renewed Measure M call for projects and return with specific guidelines to implement these changes if approved.

Background

The Combined Transportation Funding Program (CTFP) provides local agencies with a common set of guidelines for the Measure M (M1) streets and roads components. The program has successfully delivered hundreds of projects across Orange County; however, 91 percent of the program time has elapsed, but only 81 percent of the total project allocations have been completed or obligated to date. This imbalance is the result of project time extensions requested by local agencies. These requests have been made per the current "delay request" policy (Attachment A). The current guidelines for the CTFP, approved by the Board of Directors (Board) in 2007, require that all programmed funds be obligated (under contract) by the local agencies when M1 sunsets in March 2011.

Agencies may request project delays through the Orange County Transportation Authority's (OCTA) semi-annual review (SAR) process. These funds remain programmed to the delayed projects and the programmed year shifts to correspond to the new obligation year requested by the local agency. The table below summarizes the dollar amount of the delay requests for the last three fiscal years (FY).

CTFP Project Delays (x \$1,000)

FY	Amount
2007	\$ 30,661
2008	\$ 66,364
2009	\$ 23,521

Multiple factors are typically involved in project delays and these may include right-of-way acquisition problems, utility relocation issues, construction phasing with an adjacent project, as well as funding shortfalls. OCTA is not in a position to determine which specific local agencies will request further project delays (in this case, moving a project from FY 2009-10 to FY 2010-11). Currently, there is approximately \$104 million in project allocations planned for FY 2009-10, with another approximately \$30 million planned for FY 2010-11. The September 2009 SAR is currently being completed; followed by another review process scheduled for March 2010. March 2010 is the last SAR in which local agencies can request a delay from FY 2009-10 to FY 2010-11. Projects programmed in FY 2010-11 must be obligated by March 2011 based on the Board-approved policy.

Discussion

Staff has explored a variety of specific options with the OCTA Technical Advisory Committee (TAC) to address project delivery issues. Since the factors leading to delays primarily deal with either funding or schedule issues, staff explored various solutions to deal with these issues. As the various options were vetted through the TAC, the focus became primarily the addressing of the funding shortfalls that have delayed projects. At the September 21, 2009, Highways Committee (Committee) meeting, staff discussed an option that would permit local agencies to cancel a CTFP project and move the M1 and local matching funds to another approved CTFP project.

At the Committee's direction, this was discussed with the TAC on September 23, 2009. Staff requested a complete listing of all projects that could make use of the "cancel-and-transfer" concept. Staff also asked TAC

members if any projects could make use of a one-year extension past the March 2011 obligation deadline.

For the cancel-and-transfer concept, only four agencies indicated an interest in nominating projects for this option. The specific agencies and projects involved are presented in Attachment B. For the one-year extension concept, no agencies indicated an interest in pursuing this option. The majority of responses from the local agencies indicated that projects would continue to be delivered as planned. Based on this, it is apparent that the changes originally proposed to the program, the one-year extension, and the cancel-and-transfer concept are not necessary. Therefore, staff is recommending no change to the current CTFP guidelines; however, staff is recommending a change to the current delay policy.

The change currently being recommended for Board approval is to accept no further delay requests effective with the March 2010 SAR. This action would prevent any additional projects from being moved from FY 2009-10 to the final programming year of FY 2010-11. The change to the delay policy is likely to result in some project cancellations when the March 2010 SAR occurs. The amount of these cancellations cannot currently be estimated; however, these funds could still be programmed in FY 2010-11 as part of the first Renewed Measure M (M2) call for projects. Limitations could be placed on these funds to ensure that they are obligated by March 31, 2011. Staff is seeking direction on this approach. If endorsed, staff will return to the Board with specific guidelines to implement this change.

Staff will continue to monitor the project delivery trend of the CTFP. Regular updates are now being brought forward as part of the Measure M Quarterly Report. As FY 2009-10 draws to a close, staff will perform a detailed analysis of the program and bring an updated status of the current CTFP to the Board for consideration.

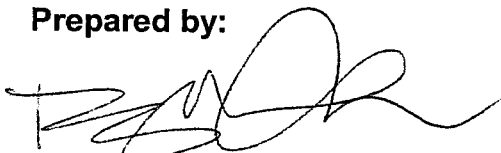
Summary

Staff is seeking approval on a change to the CTFP delay policy to allow no further delay requests effective with the March 2010 SAR. This action could result in additional programming capacity being made available through project cancellations. Staff is seeking direction on the inclusion of this potential funding in the M2 call for projects.

Attachments

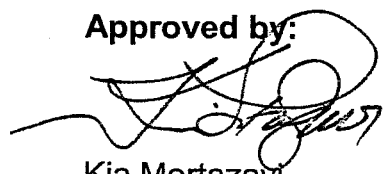
- A. Delay Policy
- B. Option One - Self-Directed Reallocation Project Transfer Details

Prepared by:



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Approved by:



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Delay Policy

Time Extensions

Time extensions may be granted for special circumstances that are beyond the control of the implementing agency. A formal request for a time extension should be presented to the Orange County Transportation Authority (OCTA) at the earliest possible moment or at a semi-annual review but no later than June 30 of the fiscal year in which the project is programmed.

The cities/County may request a one-time delay of up to 24 months. Jurisdictions will be required to justify this request and seek approval of the OCTA staff, the Technical Steering Committee (TSC), and the Technical Advisory Committee (TAC) as part of the semi-annual review process. A second delay request may only be awarded by obtaining the council-approved, revised Capital Improvement Program that indicates the project revised program year. The second delay request requires review by staff, the TSC, and TAC approval.

Any further delay beyond the second delay request would require a direct request for approval from the OCTA Board of Directors (Board). This request will be reviewed by staff and presented to the TAC for recommendation. The OCTA Board will have the final approval of the request.

Again, local agencies are reminded that Measure M funds must be encumbered by March, 31, 2011.

Option One - Self-Directed Funding Project Transfer Details

Agency	Projects	Allocation Amount	Description
Brea	<i>To Be Cancelled</i> 03-BREA-GMA-1029 - Rose Drive Widening (preliminary engineering)	\$ 30,000	The final phases of the Imperial Highway (State Route 90) Smart Street Project in the City of Brea are currently experiencing an estimated \$505,000 shortfall in the construction phase. City proposes to cancel the Rose Drive widening project and transfer these funds to the Imperial Highway (State Route 90) Smart Street Project.
	08-BREA-GMA-3053 - Rose Drive Widening (design)	\$ 300,000	
		\$ 330,000	
	<i>Receiving Transfer</i> 08-BREA-MPAH-3076 - Imperial Highway (State Route 90) Smart Street, Orange Freeway (State Route 57) to Rose Drive (construction)	\$ 200,000	
Garden Grove	<i>To Be Cancelled</i> 08-GGRV-SIP-2870 - Brookhurst Street/Magnolia Avenue/Garden Grove Boulevard Traffic Signal Coordination (design)	\$ 100,000	The Brookhurst Street corridor in the City of Garden Grove will be included in the countywide traffic signal synchronization effort. The Traffic Management Center Upgrade Project is currently being developed. The city feels this project would benefit from the additional funds from an allocation that would partially be a duplicative effort. The city proposes to cancel the Brookhurst Street/Magnolia Avenue/Garden Grove Boulevard Traffic Signal Coordination Project and transfer the funds to the Traffic Management Center Upgrade Project.
	<i>Receiving Transfer</i> 08-GGRV-GMA-2873 - Traffic Management Center Upgrade (construction)	\$ 170,000	
La Palma	<i>To Be Cancelled</i> 03-LPMA-MPH-1148 - Walker Street/Marquardt Avenue Bridge over Coyote Creek (engineering)	\$ 89,285	Complications with the Walker Street/Marquardt Avenue bridge make its delivery before the program sunset impossible. The La Palma Avenue/Del Amo Boulevard bridge project is proceeding as planned and the preliminary estimates indicate there could be a shortfall. The city proposes to cancel the Walker Street/Marquardt Avenue bridge and transfer the funds to the La Palma Avenue/Del Amo Boulevard bridge project.
	03-LPMA-MPH-1148 - Walker Street/Marquardt Avenue Bridge over Coyote Creek (construction)	\$ 469,486	
		\$ 558,771	
	<i>Receiving Transfer</i> 03-LPMA-MPH-1149 - La Palma Avenue/Del Amo Boulevard Bridge over Coyote Creek (engineering) 03-LPMA-MPH-1149 - La Palma Avenue/Del Amo Boulevard Bridge over Coyote Creek (construction)	\$ 131,350 \$ 667,959 \$ 799,309	
Santa Ana	<i>To Be Cancelled</i> 05-SNTA-SIP-2641 - Traffic Signal System Upgrade Phase I (engineering)	\$ 12,000	The Traffic Signal System Upgrade Project is experiencing significant funding shortfalls. Currently, the City of Santa Ana has allocations for eight phases of signal upgrades around the city. The city proposes to cancel Phases I and VIII and evenly distribute the allocations amongst the other six phases of the construction effort.
	05-SNTA-SIP-2641 - Traffic Signal System Upgrade Phase I (construction)	\$ 238,000	
	05-SNTA-SIP-2649 - Traffic Signal System Upgrade Phase VIII (engineering)	\$ 12,000	
	05-SNTA-SIP-2641 - Traffic Signal System Upgrade Phase VIII (construction)	\$ 238,000	
		\$ 500,000	
	<i>Receiving Transfer</i> 05-SNTA-SIP-2642 - Traffic Signal System Upgrade Phase II (construction)	\$ 238,000	
	05-SNTA-SIP-2643 - Traffic Signal System Upgrade Phase III (construction)	\$ 238,000	
	05-SNTA-SIP-2644 - Traffic Signal System Upgrade Phase IV (construction)	\$ 238,000	
	05-SNTA-SIP-2646 - Traffic Signal System Upgrade Phase V (construction)	\$ 238,000	
	05-SNTA-SIP-2647 - Traffic Signal System Upgrade Phase VI (construction)	\$ 238,000	
	05-SNTA-SIP-2648 - Traffic Signal System Upgrade Phase VII (construction)	\$ 238,000	
		\$ 1,428,000	

* Indicates the amount of the original allocation

**Combined Transpo. Funding Program
September 2009 Semi-Annual Review Adjustment Requests**

Agency	Project #	Program	Project Title	Phase	Current FY	Months	Proposed FY	Original Amount	Action Request	Proposed Amount	Reason
Requests For Delay											
ANAHEIM	08-ANAH-GMA-XXXX	GMA	Railroad Crossing Safety Improvements	C	FY 08/09	12	FY 09/10	\$ 211,611	DELAY	\$ 211,611	OCTA CONSTRUCTION SCHEDULE DELAY. PART OF OVERALL OCTA GRADE CROSSING SAFETY ENHANCEMENTS.
BUENA PARK	97-BPRK-GMA-1033	GMA	Artesia Blvd Improvements	C	FY 08/09	12	FY 09/10	\$ 240,000	DELAY	\$ 240,000	DELAY REQUESTED TO FINALIZE ROW AND UTILITY ISSUES. APPROVED BY GMA #1 ELECTED OFFICIALS. REVISED CIP RECEIVED.
BUENA PARK	08-BPRK-GMA-3051	GMA	Artesia Blvd Improvements	C	FY 08/09	12	FY 09/10	\$ 110,000	DELAY	\$ 110,000	DELAY REQUESTED TO FINALIZE ROW AND UTILITY ISSUES. APPROVED BY GMA #1 ELECTED OFFICIALS. REVISED CIP RECEIVED.
COUNTY	08-ORCO-GMA-2861	GMA	La Pata Ave (Ortega Hwy to Calle Saluda)	E	FY 08/09	24	FY 10/11	\$ 126,172	DELAY	\$ 126,172	PENDING GMA #11 ELECTED OFFICIALS APPROVAL
LA HABRA	05-LHAB-GMA-2632	GMA	Harbor/Lambert	C	FY 08/09	24	FY 10/11	\$ 284,000	DELAY	\$ 284,000	APPROVED BY GMA #1 ELECTED OFFICIALS. REVISED CIP RECEIVED.
LAGUNA NIGUEL	97-LNIG-GMA-1104	GMA	Avery Pkwy Widening	C	FY 08/09	12	FY 09/10	\$ 522,000	DELAY	\$ 522,000	CONSTRUCTION HAS BEEN DELAYED DUE TO UNFORESEEN FIELD CONDITIONS.
SAN CLEMENTE	08-SCLM-GMA-2913	GMA	Ave De La Estrella/Presidio/-5 SE Traffic Signals	C	FY 09/10	12	FY 10/11	\$ 150,000	DELAY	\$ 150,000	PENDING GMA ELECTED OFFICIALS APPROVAL
ORANGE	05-ORNG-GMA-2566	GMA	East Chapman Ave Signal Coord.	C	FY 09/10	12	FY 10/11	\$ 156,000	DELAY	\$ 156,000	REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS. PENDING GMA #11 ELECTED OFFICIALS APPROVAL
ORANGE	05-ORNG-GMA-2725	GMA	East Chapman Ave Signal Coord.	C	FY 09/10	12	FY 10/11	\$ 80,000	DELAY	\$ 80,000	REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS. PENDING GMA #11 ELECTED OFFICIALS APPROVAL
ORANGE	05-ORNG-GMA-3014	GMA	East Chapman Ave Signal Coord.	C	FY 09/10	12	FY 10/11	\$ 20,000	DELAY	\$ 20,000	REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS. PENDING GMA #11 ELECTED OFFICIALS APPROVAL
ORANGE	08-ORNG-GMA-3052	GMA	Glassell/Palm Traffic Signal	E	FY 08/09	12	FY 09/10	\$ 4,000	DELAY	\$ 4,000	REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS. PENDING GMA #11 ELECTED OFFICIALS APPROVAL
ORANGE	08-ORNG-GMA-3052	GMA	Glassell/Palm Traffic Signal	C	FY 09/10	12	FY 10/11	\$ 36,000	DELAY	\$ 36,000	REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS. PENDING GMA #11 ELECTED OFFICIALS APPROVAL
Sub-Total GMA Program Delay(s) (7)										\$ 1,939,783	
GARDEN GROVE	08-GGRV-IIP-2971	IIP	Euclid/Garden Grove	C	FY 09/10	12	FY 10/11	\$ 1,030,042	DELAY	\$ 1,030,042	CITY INDICATED PROJECT DELAY NECESSARY TO ADDRESS PENDING ROW ISSUE. 1ST DELAY.
LA HABRA	05-LHAB-IIP-2431	IIP	Whittier/Beach	R	FY 09/10	12	FY 10/11	\$ 295,954	DELAY	\$ 295,954	2ND DELAY. ROW/CONSTRUCTION IN SAME PROGRAM YEAR
LA HABRA	05-LHAB-IIP-2597	IIP	Harbor/Lambert	R	FY 09/10	12	FY 10/11	\$ 2,022,906	DELAY	\$ 2,022,906	2ND DELAY REQUESTED TO ALLOW ADDITIONAL TIME FOR CALTRANS COORDINATION.
LA PALMA	08-LPMA-IIP-2945	IIP	Orangethorpe/Walker	E	FY 08/09	12	FY 09/10	\$ 16,000	DELAY	\$ 16,000	TRAFFIC STUDY HAS RESULTED IN A REDUCTION TO THE SCOPE. DELAY REQUESTED TO ALLOW FOR SCOPE REFINEMENT.
LA PALMA	08-LPMA-IIP-2945	IIP	Orangethorpe/Walker	C	FY 08/09	12	FY 09/10	\$ 189,520	DELAY	\$ 189,520	TRAFFIC STUDY HAS RESULTED IN A REDUCTION TO THE SCOPE. DELAY REQUESTED TO ALLOW FOR SCOPE REFINEMENT.
ORANGE	00-ORNG-IIP-3142	IIP	Tustin/Chapman	C	FY 09/10	12	FY 10/11	\$ 595,365	DELAY	\$ 595,365	2ND DELAY REQUESTED DUE TO LENGTHY CONDEMNATION PROCESS CURRENTLY ONGOING.
SAN CLEMENTE	08-SCLM-IIP-2908	IIP	El Camino Real/Ave Pico	C	FY 08/09	12	FY 09/10	\$ 1,076,875	DELAY	\$ 1,076,875	DELAY REQUESTED TO ALLOW FOR COASTAL COMMISSION PERMIT TO BE FINALIZED.
Sub-Total IIP Program Delay(s) (8)										\$ 5,226,662	

Combined Transportation Funding Program September 2009 Semi-Annual Review Adjustment Requests

Agency	Project #	Program	Project Title	Phase	Current FY	Months	Proposed FY	Original Amount	Action Request	Proposed Amount	Reason
BUENA PARK	05-BPRK-RIP-2656	RIP	Beach Blvd/SR-91	C	FY 08/09	24	FY 10/11	\$ 530,613	DELAY	\$ 530,613	2ND DELAY REQUESTED TO ALLOW ADDITIONAL TIME TO MEET CALTRANS ENVIRONMENTAL REQUIREMENTS.
IRVINE	05-IRVN-RIP-2806	RIP	Jamboree/I-5	C	FY 09/10	12	FY 10/11	\$ 3,642,366	DELAY	\$ 3,642,366	ADDITIONAL COORDINATION NEEDED BETWEEN CALTRANS, TUSTIN, & IRVINE. NOTE: RSTP FUNDING ALLOCATION WILL ALSO BE DELAYED TO FY 2010-11.
Sub-Total RIP Program Delay(s) (2) \$ 4,172,979											
COUNTY	03-ORCO-MPH-1071	MPAH	Allon Parkway	C	FY 08/09	12	FY 09/10	\$ 654,005	DELAY	\$ 654,005	1ST DELAY: COUNTY IS REQUESTING A TRANSFER OF ROW FUNDS TO A CONSTRUCTION ALLOCATION AND REQUESTING A SUBSEQUENT DELAY TO THESE FUNDS.
Sub-Total MPAH Program Delay(s) (2) \$ 654,005											
LAGUNA HILLS	08-LHLL-SIP-3001	SIP	La Paz	E	FY 08/09	12	FY 09/10	\$ 28,800	DELAY	\$ 28,800	DELAY REQUESTED AS CITY LEAD DESIGN EFFORT WAS NOT STARTED AS ANTICIPATED.
LAGUNA HILLS	08-LHLL-SIP-3001	SIP	La Paz	C	FY 09/10	12	FY 10/11	\$ 221,200	DELAY	\$ 221,200	DELAY REQUESTED AS CITY LEAD DESIGN EFFORT WAS NOT STARTED AS ANTICIPATED.
LAGUNA HILLS	08-LHLL-SIP-3008	SIP	Alicia Pkwy	E	FY 08/09	12	FY 09/10	\$ 19,200	DELAY	\$ 19,200	DELAY REQUESTED AS CITY LEAD DESIGN EFFORT WAS NOT STARTED AS ANTICIPATED.
LAGUNA HILLS	08-LHLL-SIP-3008	SIP	Alicia Pkwy	C	FY 09/10	12	FY 10/11	\$ 163,976	DELAY	\$ 163,976	DELAY REQUESTED AS CITY LEAD DESIGN EFFORT WAS NOT STARTED AS ANTICIPATED.
ORANGE	05-ORNG-SIP-2023	SIP	E. Chapman Ave	E	FY 08/09	24	FY 09/10	\$ 61,949	DELAY	\$ 61,949	2ND DELAY REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS.
ORANGE	05-ORNG-SIP-2023	SIP	East Chapman Ave Signal Coord.	E	FY 08/09	12	FY 09/10	\$ 61,949	DELAY	\$ 61,949	2ND DELAY REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS.
ORANGE	05-ORNG-SIP-2023	SIP	East Chapman Ave Signal Coord.	C	FY 09/10	12	FY 10/11	\$ 167,365	DELAY	\$ 167,365	2ND DELAY REQUESTED TO ALLOW CONSOLIDATION OF SIGNAL PROJECTS.
SAN JUAN CAPISTRANO	03-SJCP-SIP-1203	SIP	Ortega Hwy	C	FY 08/09	12	FY 09/10	\$ 133,400	DELAY	\$ 133,400	DELAY REQUESTED AS PROJECT DID NOT OBLIGATE BEFORE FY 08-09 DEADLINE. PROJECT IS NOW UNDERWAY.
Sub-Total SIP Program Delay(s) (6) \$ 857,839											
BREA	07-BREA-SSP-2834	SSP	Imperial Highway, Segment D	C	FY 08/09	12	FY 09/10	\$ 200,000	DELAY	\$ 200,000	PROJECT WAS DELAYED PENDING CTC APPROVAL OF SLPP FUNDS.
Sub-Total SSP Program Delay(s) (1) \$ 200,000											
Delay(s) - Total CTFP (22) \$ 13,051,268											
Transfers											
BREA	05-BREA-GMA-2695	GMA	Birch Street Signal Connect	E	FY 05/06	N/A	N/A	\$ 20,000	TRANSFER	\$ 10,000	TRANSFER \$10,000 FROM ENGINEERING TO CONSTRUCTION. APPROVED BY GMA #1.
BREA	05-BREA-GMA-2695	GMA	Birch Street Signal Connect	C	FY 07/08	N/A	N/A	\$ 310,000	TRANSFER	\$ 320,000	TRANSFER \$10,000 FROM ENGINEERING TO CONSTRUCTION. APPROVED BY GMA #1.
MISSION VIEJO	09-MVJO-GMA-1181	GMA	Oso Pkwy Widening	R	FY 09/10	N/A	N/A	\$ 77,000	TRANSFER	\$ -	CITY WILL CANCEL PROJECT AND TRANSFER \$77,000 TO 08-MVJO-GMA-3067.
MISSION VIEJO	09-MVJO-GMA-1181	GMA	Oso/Marguerite IIP	C	FY 08/09	N/A	N/A	\$ 100,000	TRANSFER	\$ 177,000	CITY WILL CANCEL PROJECT 09-MVJO-GMA-1181 AND TRANSFER \$77,000 TO 08-MVJO-GMA-3067 CONSTRUCTION. ELECTED OFFICIAL APPROVED JUNE 2009. REQUEST TO SUPPLEMENT CONSTRUCTION COSTS.

Combined Transpo 1 Funding Program
September 2009 Semi-Annual Review Adjustment Requests

Agency	Project #	Program	Project Title	Phase	Current FY	Months	Proposed FY	Original Amount	Action Request	Proposed Amount	Reason
PLACENTIA	05-PLAC-GMA-2548	GMA	Richfield Rd Widening	C	FY 05/06	N/A	N/A	\$ 80,000	TRANSFER	\$ -	TRANSFER \$80,000 TO GMA-1155.
PLACENTIA	05-PLAC-GMA-2550	GMA	Rose Dr Signal Coordination	C	FY 07/08	N/A	N/A	\$ 60,000	TRANSFER	\$ 51,674	TRANSFER \$8,326 TO GMA-1155.
PLACENTIA	08-PLAC-GMA-2982	GMA	Basilarchury Signal System Extension	C	FY 08/09	N/A	N/A	\$ 180,000	TRANSFER	\$ 121,000	TRANSFER \$59,000 TO GMA-1155.
PLACENTIA	99-PLAC-GMA-1155	GMA	Madison/Bradford	C	FY 09/10	N/A	N/A	\$ 50,000	TRANSFER	\$ 197,326	\$80,000 FROM GMA-2548; \$8,326 FROM GMA-2550; \$59,000 FROM GMA-2982. REQUEST TO SUPPLEMENT EXCESS CONSTRUCTION COSTS.
Sub-Total GMA Program Transfer Adjustment(s) (4)									147,000	\$ 877,000	
ANAHEIM	03-ANAH-IIP-1016	IIP	Kraemer/La Palma	R	FY 06/07	N/A	N/A	\$ 533,053	TRANSFER	\$ 293,053	TRANSFER \$240,000 FROM ROW TO CONSTRUCTION REQUEST TO SUPPLEMENT EXCESS CONSTRUCTION COSTS.
ANAHEIM	03-ANAH-IIP-1016	IIP	Kraemer/La Palma	C	FY 09/10	N/A	N/A	\$ 1,168,181	TRANSFER	\$ 1,408,181	TRANSFER \$240,000 FROM ROW TO CONSTRUCTION REQUEST TO SUPPLEMENT EXCESS CONSTRUCTION COSTS.
Sub-Total IIP Program Transfer Adjustment(s) (2)									240,000	\$ 1,701,234	
ANAHEIM	03-ANAH-MPAH-2004	MPAH	Katella Ave (Humor to Jean)	R	FY 08/09	N/A	N/A	\$ 1,500,000	TRANSFER	\$ -	TRANSFER \$1,500,000 FROM ROW TO CONSTRUCTION REQUEST TO SUPPLEMENT EXCESS CONSTRUCTION COSTS.
ANAHEIM	03-ANAH-MPAH-2004	MPAH	Katella Ave (Humor to Jean)	C	FY 09/10	N/A	N/A	\$ -	TRANSFER	\$ 1,500,000	TRANSFER \$1,500,000 FROM ROW TO CONSTRUCTION REQUEST TO SUPPLEMENT EXCESS CONSTRUCTION COSTS.
COUNTY	03-ORCO-MPH-1071	MPAH	Alton Parkway	R	FY 08/09	N/A	N/A	\$ 654,005	TRANSFER		TRANSFER \$654,000 FROM ROW TO CONSTRUCTION REQUEST TO SUPPLEMENT EXCESS CONSTRUCTION COSTS.
COUNTY	03-ORCO-MPH-1071	MPAH	Alton Parkway	C	FY 08/09	N/A	N/A	\$ -	TRANSFER	\$ 654,005	TRANSFER \$654,000 FROM ROW TO CONSTRUCTION REQUEST TO SUPPLEMENT EXCESS CONSTRUCTION COSTS.
Sub-Total MPAH Program Transfer Adjustment(s) (2)									2,154,005	\$ 2,154,005	
Transfer(s) - Total CTFP (8)									2,541,005	\$ 4,732,239	
New Projects											
BREA	09-BREA-GMA-XXXX	GMA	Imperial Highway Smart Street (Segment D)	C	FY 09/10	N/A	N/A	\$ -	NEW PROJECT	\$ 330,000	APPROVED BY GMA #1.
BUENA PARK	09-BPRK-GMA-XXXX	GMA	Orangethorpe Avenue Corridor	C	FY 09/10	N/A	N/A	\$ -	NEW PROJECT	\$ 58,000	APPROVED BY GMA #1.
Total GMA New Projects (2)										\$ 388,000	
New Projects - Total CTFP (2)										\$ 388,000	
Misc. Adjustment											
FOUNTAIN VALLEY	09-FVLV-GMA-3402	GMA	ITS Project	C	FY 09/10	N/A	N/A	\$ 450,000	PROJECT CONSOLIDATION	\$ -	

Combined Transportation Funding Program September 2009 Semi-Annual Review Adjustment Requests

Agency	Project #	Program	Project Title	Phase	Current FY	Months	Proposed FY	Original Amount	Action Request	Proposed Amount	Reason
FOUNTAIN VALLEY	08-FVLY-GMA-3040	GMA	ITS Project	C	FY 09/10	N/A	N/A	\$ 50,000	PROJECT CONSOLIDATION	\$ 500,000	
					Total GMA Adjustment(s) (2)			\$ 500,000		\$ 500,000	
					Misc. Adjustment(s) - Total CTFP (2)			\$ 500,000		\$ 500,000	
	Cancellations										
BREA	03-BREA-GMA-1029	GMA	Rose Dr Widening	E	FY 09/10	N/A	N/A	\$ 30,000	CANCEL	\$ 30,000	APPROVED BY GMA #1 ELECTED OFFICIALS. CITY WILL CANCEL PROJECT AND REQUEST NEW ALLOCATION TO SUPPLEMENT 07-BREA-SSP-2834.
BREA	08-BREA-GMA-3053	GMA	Rose Dr Widening	E	FY 09/10	N/A	N/A	\$ 300,000	CANCEL	\$ 300,000	APPROVED BY GMA #1 ELECTED OFFICIALS. CITY WILL CANCEL PROJECT AND REQUEST NEW ALLOCATION TO SUPPLEMENT 07-BREA-SSP-2834.
BUENA PARK	05-BPRK-GMA-2750	GMA	Bus Bay on Beach Blvd (I-5 to Rosecrans)	C	FY 09/10	N/A	N/A	\$ 58,000	CANCEL	\$ 58,000	APPROVED BY GMA #1.
MISSION VIEJO	09-MVJO-GMA-1181	GMA	Oso Pkwy Widening	R	FY 09/10	N/A	N/A	\$ -	CANCEL	\$ -	CITY WILL CANCEL PROJECT 09-MVJO-GMA-1181 AND TRANSFER \$77,000 FRM 09-MVJO-GMA-1181 ROW TO 08-MVJO-GMA-3057 CONSTRUCTION. ELECTED OFFICIALS APPROVED JUNE 2009.
PLACENTIA	05-PLAC-GMA-2548	GMA	Richfield Rd Widening	C	FY 05/06	N/A	N/A	\$ -	CANCEL	\$ -	APPROVED BY GMA #1 ELECTED OFFICIALS.
Sub-Total GMA Program Cancellations(s) (5)										\$ 388,000	
LA HABRA	03-LHAB-IIP-1141	IIP	Euclid/Lambert	E	FY 09/10	N/A	N/A	\$ 10,266	CANCEL	\$ 10,266	
LA HABRA	03-LHAB-IIP-1141	IIP	Euclid/Lambert	C	FY 09/10	N/A	N/A	\$ 126,396	CANCEL	\$ 126,396	
LA HABRA	05-LHAB-IIP-2416	IIP	Whittier/Idaho IIP	E	FY 09/10	N/A	N/A	\$ 33,899	CANCEL	\$ 33,899	
LA HABRA	05-LHAB-IIP-2416	IIP	Whittier/Idaho IIP	R	FY 09/10	N/A	N/A	\$ 32,212	CANCEL	\$ 32,212	
LA HABRA	05-LHAB-IIP-2416	IIP	Whittier/Idaho IIP	C	FY 09/10	N/A	N/A	\$ 329,110	CANCEL	\$ 329,110	
LA HABRA	05-LHAB-IIP-2568	IIP	Lambert Rd Widening	R	FY 09/10	N/A	N/A	\$ 1,295,301	CANCEL	\$ 1,295,301	
LA HABRA	05-LHAB-IIP-2568	IIP	Lambert Rd Widening	C	FY 09/10	N/A	N/A	\$ 351,103	CANCEL	\$ 351,103	
LA HABRA	05-LHAB-IIP-2597	IIP	Harbor/Lambert	C	FY 09/10	N/A	N/A	\$ 477,094	CANCEL	\$ 477,094	ROW WILL REQUIRE TWO YEARS TO COMPLETE. CITY WILL REQUEST M2 FUNDING FOR CONSTRUCTION.
LA HABRA	08-LHAB-IIP-3044	IIP	Whittier/Harbor	E	FY 09/10	N/A	N/A	\$ 409,204	CANCEL	\$ 409,204	LACK OF LOCAL AGENCY MATCHING FUNDS
LA HABRA	08-LHAB-IIP-3044	IIP	Whittier/Harbor	R	FY 09/10	N/A	N/A	\$ 501,060	CANCEL	\$ 501,060	LACK OF LOCAL AGENCY MATCHING FUNDS
LA HABRA	08-LHAB-IIP-3044	IIP	Whittier/Harbor	C	FY 10/11	N/A	N/A	\$ 1,419,760	CANCEL	\$ 1,419,760	LACK OF LOCAL AGENCY MATCHING FUNDS
Sub-Total IIP Program Cancellations(s) (11)										\$ 4,985,405	
STANTON	05-STAN-MPH-1221	MPAH	Garden Grove Blvd Street Improvements	C	FY 09/10	N/A	N/A	\$ 310,200	CANCEL	\$ 310,200	CANCEL DUE TO LACK OF CITY FUNDING. CITY MATCH MORE THAN \$1M.
LOS ALAMITOS	01-MPH-1176	MPAH	Los Alamitos Blvd	C	FY 08/09	12	N/A	\$ 287,432	CANCEL	\$ 287,432	CITY REQUESTED 3RD DELAY TO FY 09/10. CANNOT DEMONSTRATE OBLIGATION BY FY 09/10. TAC RECOMMENDED CANCELLATION

**Combined Transpo. 1 Funding Program
September 2009 Semi-Annual Review Adjustment Requests**

Agency	Project #	Program	Project Title	Phase	Current FY	Months	Proposed FY	Original Amount	Action Request	Proposed Amount	Reason
LA PALMA	03-LPMA-MPH-1148	MPAH	Walker/Marquardt at Coyote Creek	E	FY 08/09	24	N/A	\$ 89,285	CANCEL	\$ 89,285	
LA PALMA	03-LPMA-MPH-1148	MPAH	Walker/Marquardt at Coyote Creek	C	FY 08/09	24	N/A	\$ 469,486	CANCEL	\$ 469,486	
Sub-Total MPAH Program Cancellation(s) (1)										\$ 1,156,403	
Cancellation(s) - Total CTFP (17)										\$ 6,529,808	

**Combined Transportation Funding Program
September 2009 Semi-Annual Review Adjustment Requests
Glossary of Acronyms**

Acronym	Description
C	Project Construction Phase
CIP	Capital Improvement Program
CTFP	Combined Transportation Funding Program
Caltrans	California Department of Transportation
E	Project Engineering Phase
GMA	Growth Management Areas Program
IIP	Intersection Improvement Program
IMP	Improvement
ITS	Intelligent Transportation Systems
M2	Measure M2
MPAH	Master Plan of Arterial Highways
OCTA	Orange County Transportation Authority
PS&E	Certification of Plans, Specifications, and Estimate
R	Right-of-Way Phase
RIP	Regional Interchange Program
ROW	Right-of-Way
RSTP	Regional Surface Transportation Program
SIP	Signal Improvement Program
SSP	Smart Street Program
TAC	Technical Advisory Committee



BOARD COMMITTEE TRANSMITTAL

March 22, 2010

To: Members of the Board of Directors
From: Wendy Knowles, ^{WJK} Clerk of the Board
Subject: Measure M2 Comprehensive Transportation Funding Program Guidelines

Transportation 2020 Committee Meeting of March 15, 2010

Present: Directors Amante, Campbell, Cavecche, Dixon, and Pringle
Absent: Directors Brown and Buffa

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (Reflects change from Staff Recommendations)

- A. Approve the guidelines for the Comprehensive Transportation Funding Program.
- B. Direct staff to develop detailed revenue estimates and return for authorization to issue the first Measure M2 Regional Capacity Program annual call for projects.
- C. Approve the grant payment distribution split of 75/25 percent (for the initial/final payment), with the final payment retention not to exceed \$500,000, but not less than 10 percent of the grant allocation.

(See attached)



Note:

The following was added to Attachment A –“Renewed Measure M – Comprehensive Transportation Funding Program – Procedures Manual – Fiscal Year 2010-11”:

1. Section IV: Precepts, Page ix, Number 21, and
2. Chapter 10, Procedures for Receiving Funds, Page 10-1, Paragraph 3.

“The final report retention shall be capped at \$500,000 per project phase, but shall in no case be less than 10 percent of the allocation. Should the 75/25 payment distribution ratio result in a final payment retention that exceeds \$500,000, the payment percentages will be adjusted to meet the \$500,000 cap until the 10 percent threshold is reached. At no time will the final payment retention be less than 10 percent.”

(Replacement pages are attached.)

Comprehensive Transportation Funding Programs



evaluation unless pledged as a match. The criteria for ranking project applications is included in this manual as part of each program component chapter.

18. Projects that receive competitive CTFP funds shall not use other competitive funds as a match source. Lead agencies may request project consolidation. The TAC and OCTA Board of Directors must approve consolidation requests. OCTA shall use the average match rate of the consolidated project's individual segments.
19. OCTA shall conduct a semi-annual review of all active CTFP projects. All agencies shall participate in these sessions through a process established by OCTA. Currently, OCTA administers program through OCFundtracker. OCTA shall: 1) verify project schedule, 2) confirm project's continued viability, 3) discuss project changes to ensure successful and timely implementation, and 4) request sufficient information from agencies to administer the CTFP.
20. Agencies shall submit payment requests to OCTA in a timely fashion. Agencies may request an initial payment for M2 (up to 75 percent of programmed amount rounded down to the nearest thousand as described in Chapter 10) once a contract has been awarded or once an agency initiates right-of-way activities. The final 25 percent of the available programmed balance will be released upon the submission of an approved final report.
21. The final report retention shall be capped at \$500,000 per project phase, but shall in no case be less than 10 percent of the allocation. Should the 75/25 payment distribution ratio result in a final payment retention that exceeds \$500,000, the payment percentages will be adjusted to meet the \$500,000 cap until the 10 percent threshold is reached. At no time will the final payment retention be less than 10 percent.
22. An agency shall provide final accounting in an approved final report format (see Chapter 10 of this manual) within 180 days of phase completion. Delinquent final reports will be handled per the guidelines in Chapter 10. Failure to provide a final accounting shall result in repayment of applicable M2 funds received for the project phase in a manner consistent with the Master Funding Agreement.
23. In circumstances where a jurisdiction cannot file a final report within the 180 day time frame due to project close-out issues that are beyond the jurisdictions control, an extension may be requested through the TAC. Once the extension is approved through the TAC, the jurisdiction may request an additional 15 percent payment with the submission of a partial final report. The remaining 10 percent

Comprehensive Transportation Funding Programs



will be issued when the outstanding project close-out items are resolved and a complete final report is submitted.

24. The payment distribution ratio referenced in Precept no. 20 may be modified to a reimbursement process, at the discretion of the OCTA Board of Directors, in the event that financing or bonding is required to meet OCTA's cash flow needs.
25. When a project phase is complete, an agency shall notify OCTA within 30 days of completion.
26. OCTA shall escalate project allocations for years two and three. Escalation will not affect a project match rate (percentage). OCTA will base escalation rates on the Engineering News Record (ENR) Construction Cost Index (CCI) 20-city average.
27. The OCTA Board of Directors may grant time extensions for special circumstances that are beyond the control of the implementing agency. An agency shall make a formal request for a time extension to OCTA as early as possible, preferably during a semi-annual review, but no later than June 30 of the fiscal year in which OCTA programs the allocation.
28. Implementing agencies may request a one-time delay of up to 24 months per project. Agencies shall justify this request, receive City Council/Board of Supervisor concurrence, and seek approval of OCTA staff, the TSC, and the TAC as part of the semi-annual review process.
29. Agencies may appeal to the TAC on issues that the agency and OCTA staff cannot resolve. An agency may file an appeal by submitting a brief written statement of the facts and circumstances to OCTA staff. The appellant agency must submit a written statement which proposes an action for TAC consideration. The TSC shall recommend specific action for an appeal to the TAC. The OCTA Board of Directors shall have final approval on appeals.

Applications

In order for OCTA to consider a project for funding, agencies shall submit applications for a call for projects by a deadline established by OCTA. The agency shall submit application and documentation via OCFundtracker as well as one hard copy of each complete application package as outlined in Chapter 9. Each program chapter includes evaluation criteria for the CTFP.

Chapter 10 – Reimbursements and Reporting



Procedures for Receiving Funds

An implementing agency must obligate funds OCTA allocates to a project phase within the fiscal year of the phase allocation. An agency obligates funds by awarding a contract, completing the appraisal for one parcel of right-of-way, or by providing expense reports to prove an agency's workforce costs, provided that the agency intends to complete the phase with agency staff. OCTA shall consider the primary contract or the contract with the largest dollar amount, associated with the phase's tasks, when an agency uses a contract to show obligation of CTFP funds. Once an agency obligates CTFP funds for a phase, it can begin the process for receiving payment of the funds.²

OCTA will release funds through two payments. The initial payment will constitute 75 percent of the contract award or programmed amount, whichever is less, rounded down to the nearest thousand. OCTA will disburse the final payment, approximately 25 percent of eligible funds, after it approves the final report.

The final report retention shall be capped at \$500,000 per project phase, but shall in no case be less than 10 percent of the allocation for that phase. Should the 75/25 payment distribution ratio result in a final payment retention that exceeds \$500,000, the payment percentages will be adjusted to meet the \$500,000 cap until the 10 percent threshold is reached. At no time will the final payment retention be less than 10 percent.

Agencies shall submit payment requests to OCTA in a timely fashion. If, due to project close-out issues that are beyond the jurisdiction's control, a jurisdiction cannot file a final report within the 180 day time frame mandated by the M2 Ordinance, an extension may be requested through the TAC. Once the extension is approved through the TAC, the jurisdiction may request an additional 15 percent payment with the submission of a partial final report. The remaining 10 percent will be issued when the outstanding project close-out items are resolved and a complete final report is submitted.

Agencies must submit payment requests through OCTA's online database, OCFundtracker: <http://ocfundtracker.octa.net>. Detailed instructions for OCFundtracker are available online. Staff is also available to assist agencies with this process. Agencies must upload appropriate backup documentation to the database. OCTA may request hardcopy payment requests.

² Funds from state and federal sources will undertake a separate process. Local agencies must contact Caltrans local assistance for reimbursement.



Chapter 10 – Reimbursements and Reporting

Availability of Funds

The funds allocated by OCTA for each phase will be available on July 1, the first day of the fiscal year. After bids are opened and a contractor is selected, the final allocation will be the lesser amount of the original allocation or the revised project cost estimate.

Cancellation of Project

If a local agency decides to cancel a project, for whatever reason, the agency shall notify OCTA as soon as possible. Projects deemed infeasible during the planning phase shall bring that phase to a logical conclusion, file a final report, and cancel remaining phases so that remaining funds can be reprogrammed without penalty. ROW funding received for property acquisition prior to cancellation shall be repaid upon cancellation. Construction funding received prior to cancellation shall be repaid upon cancellation.



March 15, 2010

To: Transportation 2020 Committee
From: Will Kempton, Chief Executive Officer *Will Kempton*
Subject: Measure M2 Comprehensive Transportation Funding Program Guidelines

Overview

Measure M2 allocates net revenues for the development of various competitive programs which will provide funding for local streets and roads projects including the countywide Regional Capacity Program. Measure M2 also includes competitive transit programs such as Transit Extensions to Metrolink, Metrolink Gateways, and Community-Based Circulators. Staff has worked with the members of the Technical Advisory Committee to develop a comprehensive set of guidelines for the local streets and roads competitive programs. The Measure M2 Comprehensive Transportation Funding Program guidelines are being presented for Board of Directors' review and approval.

Recommendations

- A. Approve the guidelines for the Comprehensive Transportation Funding Program.
- B. Direct staff to develop detailed revenue estimates and return for authorization to issue the first Measure M2 Regional Capacity Program annual call for projects.

Background

Measure M2 (M2) includes a number of competitive programs that provide funding for transit as well as local streets and roads projects. The framework and guidelines for the competitive transit programs will be developed under the guidance of the Transportation 2020 Committee (Committee). The focus of the Technical Advisory Committee (TAC) has been M2 Project O – the Regional Capacity Program (RCP). The RCP, in combination with matching funds, provides a significant funding source for improvements to the Orange County Master Plan of Arterial Highways (MPAH). The program also provides

for intersection improvements and other projects to help improve street operations and reduce congestion. The program allocates funds through a competitive process and targets projects that improve traffic by considering factors such as degree of congestion relief, cost effectiveness, project readiness, and other measures of effectiveness. The Comprehensive Transportation Funding Program (CTFP) will provide the procedures the Orange County Transportation Authority (OCTA) uses to administer the RCP as well as other competitive programs, giving guidelines on scoring and selection criteria, requirements for the receipt of funds, and procedures for project reporting.

On January 18, 2010, staff presented the draft CTFP procedures manual to the Committee for review and comment. Included in the Committee discussions at that time were local agency concerns about the proposed 75/25 initial/final payment distribution ratio. Local agencies felt this could present cash flow issues resulting from the larger amount reserved for payment upon submission of a final project report. Based on discussions with the TAC, local agencies preferred the current 90/10 payment distribution ratio. However, the Committee expressed concern over this large initial payment being provided at contract award, prior to any significant project expenditures. The Committee directed staff to discuss these issues with the TAC and return with recommendations along with the final draft of the CTFP procedures manual (Attachment A) for Committee review and approval.

Discussion

The CTFP procedures manual is meant to provide guidelines and procedures necessary for Orange County agencies to apply for transportation funding for any of the M2 competitive programs. Each program has a specific objective, funding source, and set of project selection criteria detailed in separate chapters contained within the manual. Non-Measure M programs may be added, modified, or deleted over time to reflect legislative action and funding availability. The CTFP procedures manual contains guidelines governing the programs below.

Local Streets and Roads Programs

The RCP replaces a number of current Measure M (M1) local and regional streets and roads competitive programs and will provide a more flexible mechanism for improvements to the MPAH network throughout Orange County. The RCP is made up of three individual program categories:

- The Arterial Capacity Enhancement improvement category provides funding for MPAH widening projects. This component closely resembles the MPAH program from M1. The primary objective of this improvement category is to complete the MPAH network through gap closures and the construction of missing segments, and to relieve congestion by adding capacity where needed.
- The Intersection Capacity Enhancement improvement category provides funding for operational and capacity improvements at intersecting MPAH roadways. This component closely resembles the Intersection Improvement Program from M1. This category helps to improve MPAH capacity and throughput by providing additional turn and through lanes at major intersections.
- The Freeway Arterial/Streets Transition improvement category focuses upon street to freeway interchanges. This component is similar to Regional Interchange Program from M1.

The Rail Grade Separation Program (RGSP) is under the umbrella of the RCP, but is not included as one of the competitive categories addressed above. Seven rail crossing projects along the MPAH network were identified by the California Transportation Commission to receive Trade Corridors Improvement Funds (TCIF). These TCIF allocations required an additional local funding commitment. To meet this need, the Board of Directors (Board) approved the commitment of approximately \$155 million in RCP funds. The RGSP captures these prior funding commitments. Calls for projects for grade separations are not anticipated in the future.

With the RCP, local agencies will be subject to similar requirements that preceded in M1 and must abide by additional policies established in accordance with the M2 Ordinance. Significant differences to note include:

- Local agencies must provide a dollar-for-dollar match (50 percent) to qualify for funding, but can earn lower match requirements if priority is given to other key objectives such as better road maintenance and regional signal synchronization. The minimum match is now 25 percent for local agencies that meet the criteria specified in the M2 Ordinance.
- Implementing agencies are limited to a one-time delay of up to 24 months per project. Agencies shall justify this request, receive city council (or in the case of the County of Orange, the Board of

Supervisors) concurrence, and seek approval of OCTA, the Technical Steering Committee (TSC), and the TAC as part of the semi-annual review process, with final approval provided by the OCTA Board. Delay requests have been identified as a significant issue in the current program. The M2 Ordinance mandate of a one-time delay, as well as the additional guideline requirements of seeking the various approvals for delays, will promote more timely delivery of projects.

- OCTA will now issue an annual call for projects (call) and will program projects for a three-year period based upon a current estimate of available funds. Previous practice was to issue a call every two to three years with a five-year programming cycle. However, it became evident over the course of the current program that the majority of project delays and delivery issues came from allocations programmed in years four and five. With an annual call and a shorter programming cycle, agencies will be in a position to apply for project funding as needed, and potentially avoid the issues that often came with projects programmed into years four and five.
- OCTA will now use a sequential funding approach. This creates a two-step process for an agency to receive complete project funding. Step One, also known as the planning phase, includes funding requests for planning/environmental, engineering, and right-of-way (ROW) engineering activities. Step Two, also known as the implementation phase, includes ROW acquisition and construction activities. Projects must complete the planning phase before an agency requests implementation phase funding during a call. A "fast track" option will be available for agencies that can demonstrate full funding is necessary for the timely implementation of the project; however, if an agency uses this option, no delay requests will be granted for the project.

This method will also help improve the timely delivery of projects. As an agency progresses from the early planning stages through to final design, costs estimates and implementation schedules can be updated based on the most accurate project information available. This will reduce agency funding shortfalls that have occurred in the past as a result of construction allocations being based on preliminary estimates.
- There is no established funding cap for the specific improvement categories. Funding availability by category will be reviewed during each call as project applications are reviewed and ranked. This will

allow the projects that are submitted to determine the distribution of available funding. This ensures project funding will go where it is needed most.

- A lead agency may request to transfer 100 percent of savings between the phases within a project with approval from the TAC and Board. However, agencies may only use savings as an aid for unanticipated cost overruns.

Payment Distribution Ratio

When the draft CTFP procedures manual was presented to the Committee on January 18, 2010, considerable discussion took place regarding the proposed 75/25 payment distribution ratio. Under this proposal, the initial payment would constitute 75 percent of the contract award or programmed amount, whichever is less. OCTA would release the remaining balance, approximately 25 percent of CTFP funds, when the project is complete and OCTA accepts the final report. The TAC had requested staff to convey the local agency desire that the initial/final payment distribution remain at the current ratio of 90 percent for initial payments and 10 percent for final payments.

During the Committee discussions regarding the payment options, concern was expressed that the larger final payment withholding could present potential cashflow issues for the local agencies. However, the Committee also expressed concern over the large initial payment being provided under the 90/10 payment ratio, as the 90 percent payment takes place at contract award, prior to any significant project expenditures. In addition, the Committee expressed concern regarding the risk that OCTA may bear in financing to meet its cash flow needs. The Committee directed staff to work with the TAC to develop options that would address both concerns.

The concerns raised by the local agencies in regard to the 25 percent final payment dealt primarily with situations where a final report could not be submitted due to outstanding project issues that are out of the local agency's control. In such situations, the local agency would have to carry the final 25 percent of the project cost until these issues were settled. Given the reduced funding available for local agencies, staff acknowledged this was an issue that needed to be addressed.

After the January 18, 2010, Committee meeting, staff discussed the various payment ratio issues with local agencies. The revised payment distribution ratio

(discussed below) was developed through discussions with OCTA staff and local agency representatives. Two changes are recommended to the 75/25 payment ratio that would include the ability to release more than 25 percent of the final payment for special conditions, as well as a dollar cap on the final payment amount.

The first recommended change involves a modification to the 75/25 payment ratio where a local agency cannot submit its complete final report within the six months (as required by the M2 Ordinance) due to circumstances beyond the agency's control. In such cases, an additional 15 percent payment could be requested for a partial submittal of the final report. This payment would be allowed with a TAC-approved extension of the final report submission deadline. A final payment of 10 percent would then be issued upon receipt of the completed final report.

The second recommended change addresses more complex projects that are of a larger dollar value. These projects would be multi-million dollar projects where the 25 percent final payment could impede the ability of a local agency to finance the local match plus the final payment amount. To address this issue, staff recommends that the final payment be capped at \$500,000 even if the final payment percentage falls below 10 percent (Attachment B). This ensures that no local agency is required to carry more than \$500,000 on top of their local match amount on any project.

Other CTFP Programs

Regional Traffic Signal Synchronization Program - this program includes competitive capital funding for the coordination of traffic signals across jurisdictional boundaries in addition to operational and maintenance funding. Program funding guidelines and project selection criteria are currently being developed with the Committee and Board. This program is included in the CTFP guidelines as a placeholder until the program framework and selection criteria are complete. At that time, the Board-approved program guidelines will be incorporated in the CTFP manual and a call will be scheduled.

Transit Extensions to Metrolink - this program establishes a competitive process to enable local jurisdictions to enhance regional transit capabilities through creation of new connections to the existing Metrolink system. Program funding guidelines and project selection criteria are currently being developed with the T2020 and Board. This program is included in the CTFP guidelines as a placeholder until the program framework and selection criteria are complete.

At that time, the Board-approved program guidelines will be incorporated in the CTFP manual.

Metrolink Gateways - this program establishes a competitive process for local jurisdictions to convert existing Metrolink stations into regional gateways for enhanced operations related to high-speed rail service. The selection criteria and program guidelines were approved by the Board in January 2009. A call was issued and the Board approved funding allocations in March 2009. The program guidelines are being included in the CTFP manual should any future calls be issued.

Community-Based Circulators - this program establishes a competitive process for local jurisdictions to develop bus transit services such as community based circulators, shuttles, and bus trolleys that complement regional bus and rail services, and to meet needs in areas not adequately served by regional transit. Program funding guidelines and project selection criteria are currently being developed with the Committee and Board. This program is included in the CTFP guidelines as a placeholder until the program framework and selection criteria are complete. At that time, the Board-approved program guidelines will be incorporated in the CTFP manual.

Next Steps

Staff is presenting the draft CTFP procedures manual for approval. Following the approval of the procedures manual, staff will prepare detailed revenue estimates for the first three-year programming cycle and will return for authorization to issue the first annual M2 RCP call.

Summary

M2 provides for intersection and arterial improvements to enhance transit and street operations and to reduce congestion. The CTFP will serve as the mechanism OCTA uses to administer the transit as well as the local streets and roads funding programs. The CTFP guidelines are being presented for Board approval.

Attachments

- A. Renewed Measure M – Comprehensive Transportation Funding Program - Procedures Manual - Fiscal Year 2010-11
- B. Initial/Final M2 Payments Based on \$500,000 Final Payment Cap

Prepared by:



Roger Lopez
Manager, Local Measure M Programs
(714) 560-5438

Approved by:



Kia Mortazavi
Executive Director, Development
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THE COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM –

PROCEDURES MANUAL FISCAL YEAR 2010-11

IS AVAILABLE ON ONLINE AT THE OCTA WEBSITE

WWW.OCTA.NET:

Initial/Final M2 Payments Based on \$500,000 Final Payment Cap

Project Cost	Local Share (25%)	M2 Share (75%)	Initial M2 Payment (>= 75%)	Final M2 Payment (<= 25%)	Payment %
\$ 500,000	\$ 125,000	\$ 375,000	\$ 281,250	\$ 93,750	25.0%
\$ 1,000,000	\$ 250,000	\$ 750,000	\$ 562,500	\$ 187,500	25.0%
\$ 1,500,000	\$ 375,000	\$ 1,125,000	\$ 843,750	\$ 281,250	25.0%
\$ 2,000,000	\$ 500,000	\$ 1,500,000	\$ 1,125,000	\$ 375,000	25.0%
\$ 2,500,000	\$ 625,000	\$ 1,875,000	\$ 1,406,250	\$ 468,750	25.0%
\$ 2,666,667	\$ 666,667	\$ 2,000,000	\$ 1,500,000	\$ 500,000	25.0%
\$ 3,000,000	\$ 750,000	\$ 2,250,000	\$ 1,750,000	\$ 500,000	22.2%
\$ 3,500,000	\$ 875,000	\$ 2,625,000	\$ 2,125,000	\$ 500,000	19.0%
\$ 4,000,000	\$ 1,000,000	\$ 3,000,000	\$ 2,500,000	\$ 500,000	16.7%

1. As an example, under M1, the average MPAH project allocation is approximately \$1.5 million.



BOARD COMMITTEE TRANSMITTAL

February 8, 2010

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Report on Traffic and Revenue Analysis for the San Diego Freeway (Interstate 405) Improvement Project and Contract Amendment

Highways Committee Meeting of February 1, 2010

Present: Directors Bates, Cavecche, Dixon, Glaab, Hansen, and Mansoor
Absent: Director Pringle

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Authorize staff to continue the analysis of four build alternatives for the San Diego Freeway (Interstate 405) Improvement Project through the environmental phase.
- B. Authorize the Chief Executive Officer to negotiate and execute an amendment to Agreement No. C-8-0693 with Parsons Transportation Group, in an amount not to exceed \$4.5 million, for additional services to perform preliminary engineering and environmental studies for the two additional alternatives through the environmental phase, bringing the total contract value to \$14,105,417.



February 1, 2010

To: Highways Committee

From: Will Kempton, Chief Executive Officer

Subject: Report on Traffic and Revenue Analysis for the San Diego Freeway (Interstate 405) Improvement Project and Contract Amendment

Overview

Staff is presenting information from the traffic and revenue analysis conducted to determine the financial viability of an express-lane facility on the San Diego Freeway (Interstate 405). The express lanes alternative is one of four alternatives under consideration in the environmental phase of the Measure M2 improvement project. Based on the preliminary traffic and revenue analysis which indicates the express lanes can be a financially viable alternative, staff recommends that this alternative be developed further through the environmental phase. Board of Directors' approval is requested to authorize the Chief Executive Officer to negotiate and execute an amendment to the agreement with Parsons Transportation Group for additional services to perform preliminary engineering and environmental studies for two additional alternatives for the San Diego Freeway (Interstate 405) Improvement Project.

Recommendations

- A. Authorize staff to continue the analysis of four build alternatives for the San Diego Freeway (Interstate 405) Improvement Project through the environmental phase.
- B. Authorize the Chief Executive Officer to negotiate and execute an amendment to Agreement No. C-8-0693 with Parsons Transportation Group, in an amount not to exceed \$4.5 million, for additional services to perform preliminary engineering and environmental studies for the two additional alternatives through the environmental phase, bringing the total contract value to \$14,105,417.

Background

The Measure M2 (M2) San Diego Freeway (Interstate 405) Improvement Project proposes to add new lanes to Interstate 405 from the Costa Mesa Freeway (State Route 55) to the San Gabriel River Freeway (Interstate 605), generally within the existing right-of-way (ROW).

On January 26, 2009, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved staff's recommendation to consider four alternatives. Alternative 1 proposes to add one general purpose lane in each direction, and Alternative 2 proposes to add two general purpose lanes in each direction. Alternative 3, the express lanes alternative, would add one general purpose lane and one express lane in each direction; the new express lane and existing high-occupancy vehicle (HOV) lane would be operated as a two-lane express facility in each direction. Alternative 4 would identify improvements related to adding one general purpose lane in each direction that match the currently available funding through the M2 Program.

Alternatives 3 and 4 were included to address the significant funding gap between the available funding for the project and the estimated cost to add one or two general purpose lanes.

OCTA staff and the consultant team have evaluated the viability of the four build alternatives. The outcome of identifying what improvements could be built for the currently available funding (Alternative 4) and analyzing and minimizing the ROW impacts associated with the two-lane alternatives (Alternatives 2 and 3) was presented to the OCTA Board on August 24, 2009. Information on the financial viability of the express lanes alternative is provided below.

Discussion

The analysis to date shows that the cost of Alternative 1, one lane in each direction, is approximately \$1.7 billion, while the alternative of adding two lanes in each direction is \$1.9 billion. These figures represent year-of-expenditure dollars, assuming construction begins in year 2016. Given that the M2 revenues for this project are currently estimated to be \$600 million over the life of the M2 Program, an option is to seek alternative or innovative funding to construct the project. Therefore, the concept of express lanes is being considered.

A traffic and revenue analysis has been prepared to evaluate the potential of an express facility on Interstate 405 to generate revenue. The traffic and revenue analysis considered two access scenarios and two HOV operating scenarios. The analysis assumed direct access to the express lanes facility on Interstate 405 from the San Joaquin Transportation Corridor (State Route 73) at the south end and from the Garden Grove Freeway (State Route 22) and Interstate 605 at the north end. For the scenarios that include intermediate access to the express lanes, two access points were assumed, one at Brookhurst Street/Talbert Avenue and one at Goldenwest Street/Bolsa Avenue. Four scenarios were evaluated for traffic volumes and the potential to generate revenue: HOVs with 2+ free (carpools with 2 or more occupants would not pay a toll to use the express lanes) with no intermediate access between State Route 73 and Interstate 605, HOVs with 2+ free with two intermediate access points, HOVs with 3+ free (carpools with 3 or more occupants would not pay a toll to use the express lanes) with no intermediate access, and HOVs with 3+ free with two intermediate access points.

The results show there is only a slight difference between the annual revenue projected for the scenarios where no intermediate access is provided versus those where intermediate access is provided; however, the scenarios that include intermediate access show a potential for generating more revenue. There is a significant difference in potential annual revenues between the HOV 2+ free scenarios and the HOV 3+ free scenarios. The scenario where HOV 2+ vehicles would use the express lanes for free and intermediate access is provided could generate \$45 million annually. In this case, 81 percent of the express lanes users are carpools, leaving 19 percent of the express facility capacity available for toll payers. The scenario where HOV 3+ vehicles would be free and intermediate access is provided could generate nearly \$200 million annually because only 21 percent of the express lanes users are carpools, leaving 79 percent of the express facility capacity available for those who choose to pay a toll.

The bonding capacity of the HOV 2+ free scenarios could support construction costs ranging from \$300 million to \$500 million. The bonding capacity of the HOV 3+ free intermediate access scenario could support construction costs in the range of \$1.4 billion to \$1.8 billion. The estimated cost of the express lanes alternative is \$2.2 billion, making the funding gap \$1.6 billion. This indicates that an HOV 2+ free operation leaves a \$1.2 billion funding gap, while an HOV 3+ free operation can fund the project.

As shown in slide six of the PowerPoint presentation included with this report, M2 provides some traffic congestion relief with the addition of one general purpose

lane in Alternative 1, but the HOV lane is expected to have the same travel speed as the general purpose lanes. HOV lanes are currently congested during peak periods, and with the projected increase in traffic, will not continue to provide travel time and air quality benefits in the future with the current vehicle occupancy requirement. Alternatives 2 and 3 will provide better mobility and more throughput because two lanes of capacity would be added in each direction. The overall mobility in the corridor is improved with the express lanes alternative because the added general purpose lane with Alternative 3 will have better mobility than the added general purpose lane with Alternative 1. In addition, there will be two uncongested express lanes at free flow speeds with Alternative 3. The express lanes facility could significantly alleviate congestion on Interstate 405 by providing additional capacity and additional choices to commuters for increased mobility and trip reliability, as well as the means to fund those improvements and thereby deliver the travel benefits to the public earlier. The express lanes alternative will also be a benefit to the 2-passenger carpools that choose to use the general purpose lanes because these lanes will have better speeds than the general purpose lanes in Alternative 1. The express lanes alternative includes the addition of one general purpose lane in each direction to fulfill our M2 commitment.

On August 24, 2009, staff reported to the Board that all four of the build alternatives, including the two lane options, minimize potential ROW impacts and are therefore viable from a ROW standpoint. Staff now has information that supports the financial viability of the express lanes alternative. Four public scoping meetings were held in the cities of Fountain Valley, Huntington Beach, Rossmore, and Westminster in late September/early October 2009. At these well-attended scoping meetings (over 400 attended in total), staff presented information about the project and the four alternatives and collected written input to be considered as the environmental technical studies are performed on all four build alternatives.

The current contract with Parsons Transportation Group (PTG) includes engineering and environmental work to be performed only for Alternatives 1 and 2 through the final project report and environmental document. The contract also includes a preliminary analysis of the ROW and financial viability of the express lanes alternative (Alternative 3) and a preliminary assessment of the improvements that could be delivered for the currently available funding (Alternative 4). Now that the traffic and revenue analysis has been completed, indicating that the express lanes are financially viable, further evaluation should be considered. The contract with PTG will need to be amended to include additional engineering and environmental work to carry the two additional alternatives, including the express lanes alternative, through the final project

report and environmental document. This work will also include a more detailed traffic and revenue analysis.

The total contract amendment is estimated at \$4.5 million to complete preliminary engineering and all of the required environmental technical studies for Alternatives 3 and 4. The existing contract is for \$9.6 million. This contract was structured to perform preliminary analysis of four alternatives and detailed analysis of only two alternatives. All four alternatives continue to be viable and staff's recommendation is to carry the alternatives through more detailed analysis. If Alternative 4 can be later folded into one of the other build alternatives and eliminated as a standalone alternative, the contract amendment could be reduced by approximately \$1 million. Further reductions in scope of work and cost may occur if engineering and/or environmental work is curtailed for any of the other build alternatives after some initial environmental studies are completed. Staff therefore requests Board approval to negotiate and execute a contract amendment, in a not-to-exceed amount of \$4.5 million.

Staff will return to the Board with future reports on the project. The next report will provide information for the Board's consideration in determining operational and tolling policies related to a potential express lanes facility on Interstate 405. A subsequent report will provide information on options to implement the project, including the use of design-build and the potential for public-private partnership.

Procurement Approach

This procurement was handled in accordance with OCTA's procedures for professional architectural and engineering services. The original Agreement No. C-8-0693 was awarded on March 17, 2009, in the amount of \$9,605,417.

Agreement No. C-8-0693 is based on PTG providing project report and environmental document preparation consulting services for two alternatives related to the widening of Interstate 405. Supplemental services are now required to conduct similar studies on two additional alternatives. These additional services require an amendment to Agreement No. C-8-0693, in an amount not to exceed \$4.5 million.

**Report on Traffic and Revenue Analysis for the
San Diego Freeway (Interstate 405) Improvement
Project and Contract Amendment**

Page 6

Fiscal Impact

The additional work described in Amendment No. 1 of Agreement No. C-8-0693 was partially included in OCTA's Fiscal Year 2009-10 Budget, Development Division, Account 0017-7519-FK101-N2Y (\$1,500,000), and the remaining amount transferred from Account 0017-7831-TR001-N37 (\$3,000,000), funded through M2.

Summary

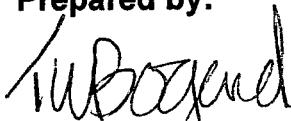
Board approval is requested to authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement No. C-8-0693 with PTG, in an amount not to exceed \$4.5 million, for additional services to perform preliminary engineering and environmental studies for two additional alternatives for the Interstate 405 Improvement Project.

Staff is also providing information from the traffic and revenue analysis performed for the Interstate 405 Improvement Project to be received and filed.

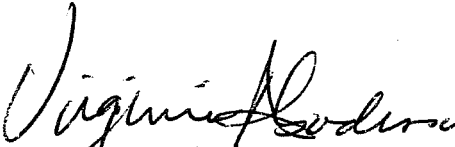
Attachments

- A. Agreement No. C-8-0693 Fact Sheet
- B. Amendment No. 1, Scope-of-Work, Project Report and Environmental Services for Proposed Improvements to San Diego Freeway (Interstate 405), Executive Summary

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