

Date: **Monday, April 23, 2007**

Time: **9:00 a.m.**

Where: **Orange County Transportation Authority Headquarters
600 South Main Street, First Floor - Conference Room 154
Orange, California 92868**



BOARD AGENDA

Orange County Transportation Authority Board Meeting
OCTA Headquarters
First Floor - Room 154, 600 South Main Street
Orange, California
Monday, April 23, 2007, at 9:00 a.m.

ACTIONS

REVISED

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 (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Invocation

Director Bates

Pledge of Allegiance

Director Mansoor

Agenda Descriptions

The agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Board of Directors may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Public Comments on Agenda Items

Members of the public wishing to address the Board of Directors regarding any item appearing on the agenda may do so by completing a Speaker's Card and submitting it to the Clerk of the Board. Speakers will be recognized by the Chairman at the time the agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes.



BOARD AGENDA

ACTIONS

Special Matters

1. Presentation of Resolutions of Appreciation for Employees of the Month for April 2007

Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2007-20, 2007-21, 2007-22 to Anthony Aidukas, Coach Operator; Billy Pham, Maintenance; and Shila Woodson, Administration, as Employees of the Month for April 2007.

2. Presentation of Resolution of Appreciation to Orange County Sheriff's Department Employee of the Quarter

Present Orange County Transportation Authority Resolution of Appreciation No. 2007-19 to Orange County Sheriff's Deputy Dan Bowdish.

3. Public Hearing for the Proposed Bus Service Improvements
Gordon Robinson/Beth McCormick

Overview

The purpose of the April 23, 2007, public hearing is to receive public comment and input regarding the proposed service changes to increase and improve the Orange County Transportation Authority's bus services. The proposed bus service improvements include the implementation of one new route from Santa Ana to the Orange County Fairgrounds as well as the continued operation of last year's three routes between Fullerton, Huntington Beach, San Juan Capistrano and the Orange County Fairgrounds for four weekends between July 14, 2007, and August 5, 2007. The proposed new route will operate between The Depot at Santa Ana and the Orange County Fairgrounds. If implemented, the proposed new route will consume about 224 total revenue vehicle hours at a cost of approximately \$18,500.

Recommendation

Approve staff's proposals for the Orange County Fair Flyer service operated to the Orange County Fair via new Route 662 (The Depot at Santa Ana to the Orange County Fair), and existing routes 633 (Fullerton Park and Ride to Orange County Fair), 670 (Goldenwest Transportation Center to Orange County Fair), 691 (Junipero Serra Park and Ride to Orange County Fair) for four weekends between July 14, 2007 and August 5, 2007.



BOARD AGENDA

ACTIONS

Consent Calendar (Items 4 through 16)

All matters on the Consent Calendar are to be approved in one motion unless a Board Member or a member of the public requests separate action on a specific item.

Orange County Transportation Authority Consent Calendar Matters

4. Approval of Minutes

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of April 9, 2007.

5. Approval of Resolutions of Appreciation for Employees of the Month for April 2007

Adopt Orange County Transportation Authority Resolutions of Appreciation Nos. 2007-20, 2007-21, and 2007-22 to Anthony Aidukas, Coach Operator; Billy Pham, Maintenance; and Shila Woodson, Administration, as Employees of the Month for April 2007.

6. Approval of Resolution of Appreciation to Orange County Sheriff's Department Employee of the Quarter

Adopt Orange County Transportation Authority Resolution of Appreciation No. 2007-19 for Orange County Sheriff's Deputy Dan Bowdish.

7. State Legislative Status Report

Wendy Villa/P. Sue Zuhlke

Overview

A bill related to abandoned vehicle abatement programs has recently been amended to address concerns with the program and a support position is recommended. Legislation related to toll road authority in Riverside County has been drafted to address concerns and a support position is recommended. Lastly, a bill related to port container fees is being brought back to the committee with additional information and a support position is recommended.

BOARD AGENDA

ACTIONS

7. (Continued)

Committee Recommendations

A. Adopt the following recommended positions on legislation:

Oppose position on AB 468 (Ruskin, D-Los Altos), unless amended to restrict fees specifically for the vehicle abatement program.

Neutral position on SB 974 (Lowenthal, D-Long Beach) with instructions to monitor the bill as it moves through the legislature.

B. Support draft legislative language authorizing the Riverside County Transportation Commission to operate a toll road on State Route 91 in Riverside County.

8. **Federal Legislative Status Report**

Richard J. Bacigalupo

Overview

This Federal Legislative Status Report provides a draft schedule for the reprocurement of federal legislative consulting services and includes current information on other legislative consulting contracts nationwide and recent monthly reports from the Orange County Transportation Authority's present consultants.

Recommendation

Approve the draft reprocurement schedule for federal legislative consulting services and provide input to staff regarding the reprocurement process.

BOARD AGENDA

ACTIONS

9. **Amendment to Cooperative Agreement with the City of Irvine for Construction of Parking Structure at Irvine Transportation Center**
Anh-Tuan Le/Kia Mortazavi

Overview

On August 11, 2003, the Orange County Transportation Authority Board of Directors approved a cooperative agreement with the City of Irvine to fund the design of a new parking structure at the Irvine Transportation Center. An amendment is requested to provide supplemental funding for construction of the parking structure.

Recommendations

- A. Authorize the Chief Executive Officer to execute Amendment No. 4 to Cooperative Agreement C-3-0628 between the Orange County Transportation Authority and the City of Irvine, reducing the current funding obligation of \$24,900,000, to reflect direct reimbursement by the California Transportation Commission to the City of Irvine of \$20,000,000, in State Transportation Improvement Program funds.
 - B. Authorize supplemental funding, in the amount of \$950,000, from the Commuter and Urban Rail Endowment.
 - C. Authorize extension of the term of Cooperative Agreement C-3-0628 from December 31, 2007 to December 31, 2008.
10. **Selection of a Consultant for the Costa Mesa Freeway (State Route 55) Access Study**
Kurt Brotcke/Kia Mortazavi

Overview

The Orange County Transportation Authority and the City of Costa Mesa share an interest in addressing congestion associated with the current terminus of the Costa Mesa Freeway (State Route 55) at 19th Street in the City of Costa Mesa. Proposals for firms to conduct a study to develop concepts for improving access to and from the Costa Mesa Freeway (State Route 55) were solicited in accordance with the Orange County Transportation Authority's procurement procedures for the retention of consultants to perform professional and technical services.

BOARD AGENDA

ACTIONS

10. (Continued)

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Agreement C-7-0217 with LSA Associates, Inc., in an amount not to exceed \$275,000, to conduct a study to develop concepts for improving access to and from the Costa Mesa Freeway (State Route 55).

11. First Quarter 2007 Debt and Investment Report

Kirk Avila/James S. Kenan

Overview

Under the California Government Code, the governing body of a local agency has the authorization to appoint, for a period of one year, a Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds. Additionally, the California Government Code authorizes the Orange County Transportation Authority Treasurer to submit a quarterly investment report detailing the investment activity for the period. This investment report covers the first quarter of 2007, January through March, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendations

- A. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2007-08.
- B. Receive and file the Quarterly Investment Report prepared by the Treasurer as an information item.



BOARD AGENDA

Orange County Local Transportation Authority Consent Calendar Matters

ACTIONS

12. **Rail Infrastructure Improvements for the Metrolink Service Expansion and Cooperative Agreement with the Southern California Regional Rail Authority**

Dinah Minter/Kia Mortazavi

Overview

This report provides an update on rail infrastructure improvement projects required for the implementation of the Metrolink Service Expansion between the Fullerton Transportation Center and the Laguna Niguel/Mission Viejo station in Orange County, and seeks authorization to negotiate and execute a cooperative agreement with Southern California Regional Rail Authority for the design and construction of the projects.

Committee Recommendations

- A. Approve the updated project list of required rail infrastructure improvements for implementation of the Metrolink Service Expansion.
- B. Approve use of \$ 42,533,230 in Measure M funds for the required rail infrastructure improvements.
- C. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement C-6-0820 between the Orange County Transportation Authority and the Southern California Regional Rail Authority, in an amount not to exceed \$87,873,000, for management, design, and construction of rail infrastructure improvements.



BOARD AGENDA

ACTIONS

Orange County Transit District Consent Calendar Matters

13. **ACCESS Service Update**
Erin Rogers/Beth McCormick

Overview

At the March 26, 2007, Board of Directors' meeting, staff was directed to provide monthly presentations on ACCESS service at the Transit Planning and Operations Committee meeting and monthly written updates to the Board of Directors. The quality of ACCESS service has stabilized and is continuing to show improvement. The following report details the presentation made at the April 12, 2007, Transit Planning and Operations Committee meeting.

Recommendation

Receive and file as an information item.

14. **Amendment to Agreement for Radio Frequency Engineering Consulting Services**
Lloyd Banta/Beth McCormick

Overview

On June 26, 2006, the Board of Directors approved an agreement with Yoh Services LLC, in the amount of \$75,000, to provide radio frequency engineering consulting services. Yoh Services LLC was retained in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-6-0223 between the Orange County Transportation Authority and Yoh Services LLC, in an amount not to exceed \$75,000, for radio frequency engineering consulting services.



BOARD AGENDA

ACTIONS

15. Amendment to Agreement for Graphic Design Services for Bus Public Information

Stella Lin/Ellen S. Burton

Overview

On September 13, 2004, the Board of Directors approved an agreement in the amount of \$300,000 with three option terms, to provide graphic design services for bus customer public information. This report is a request to exercise the third option term of the agreement.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement C-4-0521 between the Orange County Transportation Authority and Digital Graphics Centre, in an amount not to exceed \$195,000, for graphic design services.

16. Agreement to Provide Printing, Packaging and Delivery of the Bus Book

Stella Lin/Ellen S. Burton

Overview

The Orange County Transportation Authority produces and distributes a bus book providing schedule and route information for all bus services, Metrolink, Amtrak and adjacent counties' connecting transit services. Board approval is requested to execute an agreement for printing, packaging and delivery of the bus book. The resources to support this agreement are proposed in the pending 2007/08 Budget, and expenditures for the contract are contingent upon Board of Directors approval of the budget in June.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0434 between the Orange County Transportation Authority and Clearwater Graphics for bus book printing services in an amount not to exceed \$340,000 for printing services.

BOARD AGENDA**ACTIONS****Regular Calendar****Orange County Transportation Authority Regular Calendar Matters****17. Metrolink Weekends Ridership**
Marcelo Sandoval/Ellen S. Burton***Overview***

In October 2005, the Orange County Transportation Authority Board of Directors approved an expansion plan for Orange County Metrolink service. As part of that plan, weekend service was launched in June 2006 on the Orange County Line and July 2006 on the Inland Empire-Orange County Line. A marketing plan was implemented to create awareness and trial usage of the new service; this report provides an update on ridership.

Recommendations

- A. Continue to provide marketing support for Metrolink Weekends service to create awareness, stimulate trial use and encourage ridership.
- B. Return to the Board of Directors with findings from the upcoming Metrolink Market Segmentation Study.

18. Procurement Procedures Review
Virginia Abadessa/James S. Kenan***Overview***

The Orange County Transportation Authority has adopted procurement policies and procedures that guide all procurement activity. A procurement workshop was held on March 27, 2006, for the Board of Directors to discuss and comment on possible changes to the procurement process. Recommendations from the workshop were reviewed by the Finance and Administration, Executive, and Regional Planning and Highways Board Committees.

BOARD AGENDA

ACTIONS

18. (Continued)

Recommendation

Adopt the changes to the Orange County Transportation Authority's Procurement Policies and Procedures and direct staff to implement them.

Other Matters

19. Chief Executive Officer's Report

20. Directors' Reports

21. Public Comments

At this time, members of the public may address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors, but no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per speaker, unless different time limits are set by the Chairman subject to the approval of the Board of Directors.

22. Closed Session

- A. Pursuant to Government Code Section 54956.8 to discuss the purchase of real property located at 550 South Main Street, Orange, California 92868, owned by UBS Partners. The OCTA negotiator is Ken Phipps and the negotiator for UBS Partners is Jon W. McClintock.
- B. Pursuant to Government Code Section 54957.6 to meet with Orange County Transportation Authority designated representative Sherry Bolander regarding collective bargaining agreement negotiations with the Teamsters Local 952 representing the coach operators.
- C. Pursuant to Government Code Section 54956.9(c).



BOARD AGENDA

23. Adjournment

The next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSAAV Board will be held at **9:00 a.m. on May 14, 2007**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.

ACTIONS



April 23, 2007

To: Members of the Board of Directors
From: Arthur T. Leahy, Chief Executive Officer
Subject: Public Hearing for the Proposed Bus Service Improvements

Overview

The purpose of the April 23, 2007, public hearing is to receive public comment and input regarding the proposed service changes to increase and improve the Orange County Transportation Authority's bus services. The proposed bus service improvements include the implementation of one new route from Santa Ana to the Orange County Fairgrounds as well as the continued operation of last year's three routes between Fullerton, Huntington Beach, San Juan Capistrano, and the Orange County Fairgrounds for four weekends between July 14, 2007 and August 5, 2007. The proposed new route will operate between The Depot at Santa Ana and the Orange County Fairgrounds. If implemented, the proposed new route will consume about 224 total revenue vehicle hours at a cost of approximately \$18,500.

Recommendation

Approve staff's proposals for the Orange County Fair Flyer service operated to the Orange County Fair via new Route 662 (The Depot at Santa Ana to the Orange County Fair), and existing routes 633 (Fullerton Park and Ride to Orange County Fair), 670 (Goldenwest Transportation Center to Orange County Fair), and 691 (Junipero Serra Park and Ride to Orange County Fair), for four weekends between July 14, 2007 and August 5, 2007.

Background

In addition to the continued operation of last year's three Orange County (OC) Fair Flyer routes between Fullerton, Huntington Beach, San Juan Capistrano, and the Orange County Fairgrounds, staff proposes the implementation of one new route designed to provide service between Santa Ana (The Depot at Santa Ana) and the fairgrounds, for four weekends. The 2007 OC Fair will operate from July 14, 2007 through August 5, 2007.

Attachment A is a map of the proposed new route, Route 662. Attachment B is a map of the proposed new route with the existing three routes operated during last year's OC Fair Flyer service. Within the City of Santa Ana, including the surrounding local and regional communities, the public will benefit with an alternative mode of transportation to the OC Fair promoting transit as an efficient and cost effective option. Due to heavy traffic congestion near the fairgrounds, parking limitations and fees, and the high cost of gasoline, this service may prove to be an attractive transportation option for both the discretionary and non-discretionary rider.

To recap, the first weekend (July 8th and 9th) we recorded 294 rides; the second weekend (July 15th and 16th) improved to 430; and the third weekend (July 22nd and 23rd) dipped to 306 (extreme heat may have played a role here). Combined with the July 29th & 30th's 549, we recorded 1,579 rides for the OC Fair Service.

Route 633 (Fullerton Park and Ride (PNR) to Fair) recorded the most boardings, then Route 691 (Goldenwest Transportation Center to Fair), then Route 670 (Junipero Serra PNR).

Discussion

The proposed new service is based on the desire to provide additional bus service to the OC Fair from an area in Orange County that is densely populated, and centrally located, with local and regional connections by bus and train. Riders traveling on the new route can either begin the trip in Santa Ana by car or bus, or transfer from a train, specifically Metrolink or Amtrak/Greyhound weekend service. The Depot at Santa Ana is located in central Orange County and is served by both the Orange County-Los Angeles and Orange County-Inland Empire Metrolink trains.

The proposed new route would operate from 10:00 a.m. to 12:30 a.m. on a 30-minute frequency, the same as the other three routes operated last year. It is estimated that the new service would cost approximately \$18,500 and generate between 255 and 1,065 boardings per day. Because this is a new service, ridership projections assume an average load per trip from a low of 12 percent to a high of 50 percent. Resources for the proposed new and existing services are included in the fiscal year 2006-07 operating budget. The proposal has been reviewed by the Citizen's Advisory Committee, Special Needs in Transit Committee, System Improvement Team, and the Service Review Committee.

A public hearing is required as the proposed bus service is considered significant per the Federal Transportation Administration (FTA) (Attachment C). The proposed recommendation includes the following new route described below:

ROUTE	SERVICE TO/FROM	SUMMARY OF RECOMMENDATIONS
662	The Depot at Santa Ana to the Orange County Fairgrounds	For four weekends during July and August 2007, and during future fair seasons, implement a new route between The Depot at Santa Ana and the Orange County Fairgrounds. Regular fares would apply and appropriate Metrolink fare media honored.

Implementation dates for the proposed new and existing service described above will begin on July 14, 2007, operating for four consecutive weekends throughout the OC Fair season, ending on August 5, 2007. It is proposed that the Orange County Transportation Authority's (Authority) regular fares apply to this service, with Metrolink fare media honored.

As with last year's OC Fair Flyer service, the passenger drop off and pick up location will be in front of the Yellow Gate entrance/exit accessed through Gate 8. On-site monitoring will be provided by field supervisors to handle capacity issues and address passenger needs should they arise.

The Authority's Marketing staff has developed a marketing plan to promote this proposed new service from Santa Ana, as well as last year's continued operation of three routes between Fullerton, Huntington Beach, San Juan Capistrano and the Orange County Fairgrounds. The goals of the marketing plan are:

- Developing high awareness of the new bus service
- Stimulating trial use from both new and current bus riders
- Cross-promoting the Metrolink weekend service connection to the OC Fair

To help achieve these goals, the following elements will be implemented beginning May 15, 2007:

- Special service graphics identity on the exterior of the 10 buses used for the service
- OC Fair Flyer service route map and schedule distributed on board bus and Metrolink trains and through the OC Fair
- Print ads in community newspapers in origination cities
- Door hanger in origination cities

-
- Bus interior and exterior ads
 - Free ads in the Orange County Register, Los Angeles Times and radio through partnership with the OC Fair
 - Web site promotion at www.octa.net, www.metrolinktrains.com, and www.ocfair.com
 - Working with Los Angeles County/Metro and Riverside County Transportation Commission (RCTC) to cross promote this service to Metrolink service.

A Notice of the Public Hearing (Attachment D) was advertised in the Orange County Register and Excelsior newspapers beginning on March 23, 2007. Letters regarding the Notice of Public Hearing were sent to public officials, colleges and universities on March 23 as well. Information regarding the public hearing was distributed on-board Authority buses and available on the Authority's web site.

Next Steps

If approved, Authority staff will begin the marketing outreach program, followed by implementation of the proposed new and existing services beginning on July 14, 2007. Upon the conclusion of the 2007 OC Fair season, staff will return to the Board with performance statistics. At this time, the Board will be asked to consider continued operation of the proposed new and existing services in the future during the fair season.

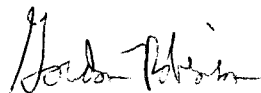
Summary

In addition to last year's continued operation of three routes between Fullerton, Huntington Beach, San Juan Capistrano and the Orange County Fairgrounds, the proposed new service between the City of Santa Ana and the fairgrounds would require approximately 224 total revenue vehicle hours at a cost of approximately \$18,500. The Board is requested to approve the implementation of the proposed new and existing weekend bus service beginning July 14, 2007, for the duration of four consecutive weekends ending on August 5, 2007.

Attachments


- A. Map of Proposed New Orange County Fair Flyer Route 662
- B. Map of the Proposed and Existing Orange County Fair Flyer Routes
- C. Public Hearing Requirements
- D. Notice of Public Hearing

Prepared by:

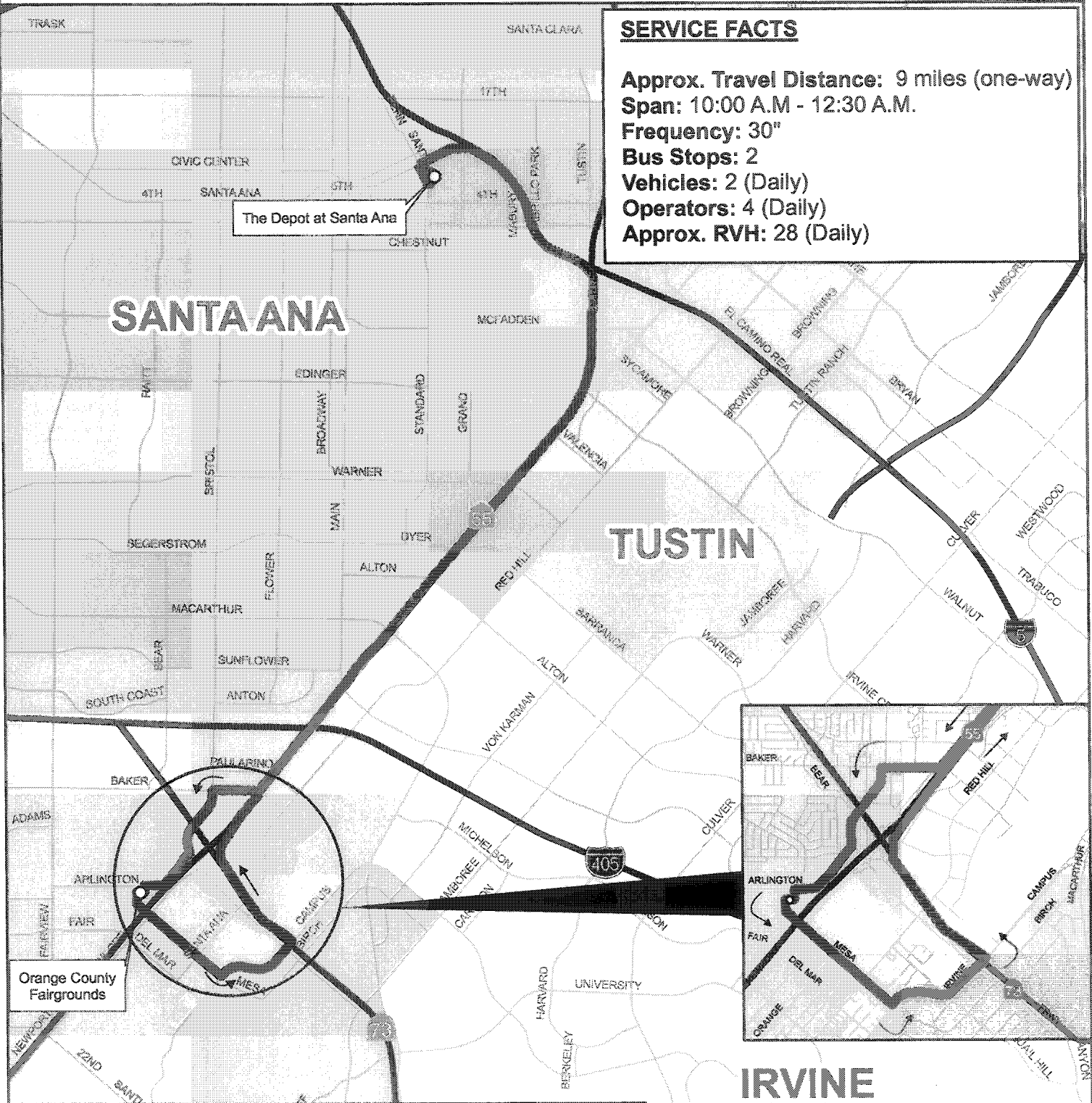


Gordon Robinson
Senior Transportation Analyst,
Service Planning and Customer
Advocacy
(714) 560-5715

Approved by:

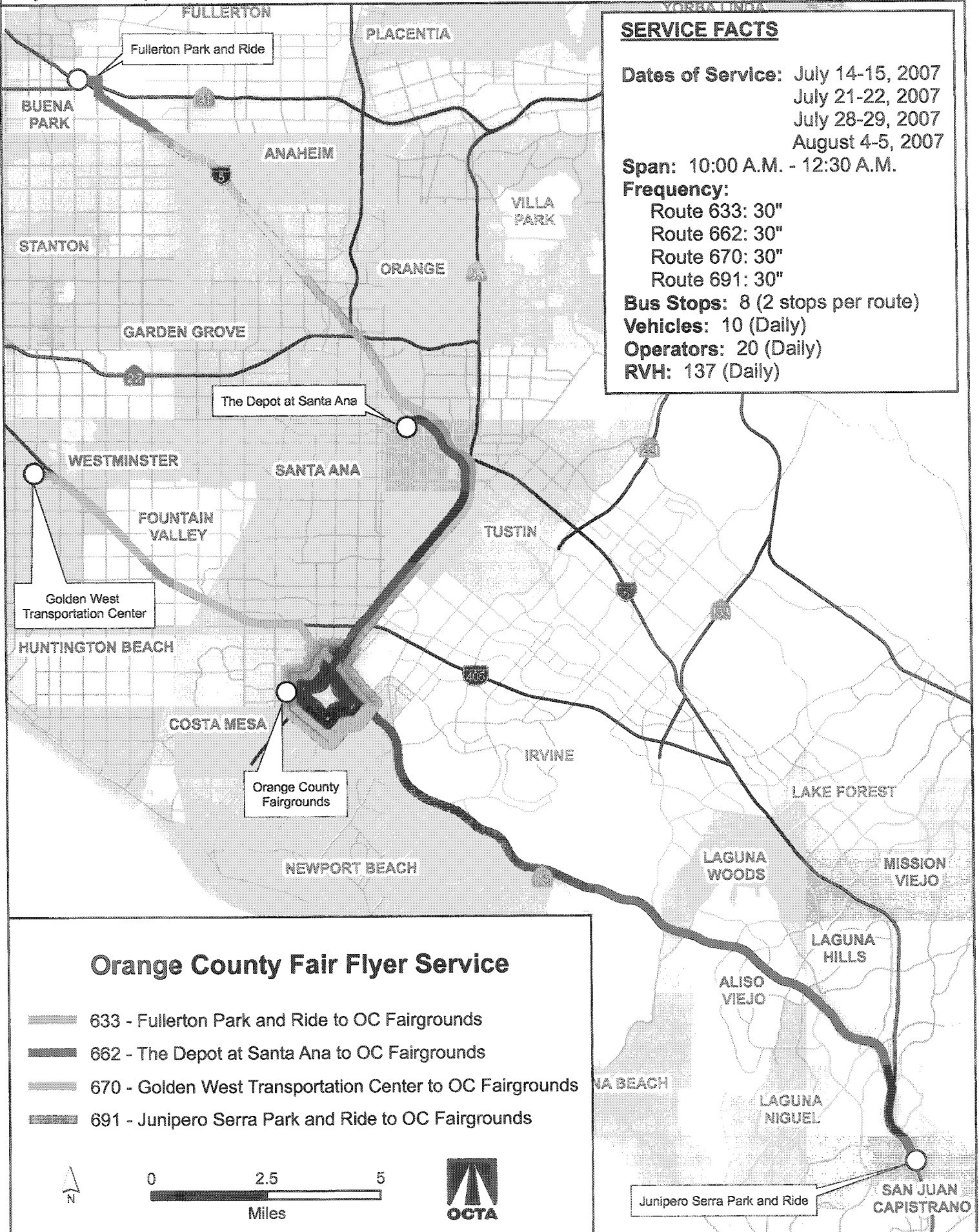


Beth McCormick
Acting General Manager, Transit
(714) 560-5964



Map of the Proposed and Existing Orange County Fair Flyer Routes

ATTACHMENT B



Public Hearing Requirements

The Authority's public hearing policy is derived from Section 5(i)(3) of the former Urban Mass Transportation Act of 1964 (Federal Transit Act, as amended).

- This policy requires the Authority to conduct a public hearing when there is a proposed new transit route established, or when proposed modifications to the fare structure are planned, or when proposed transit route changes affect 25 percent or more of a route's length, service mileage, or ridership.
- A public hearing is recommended since the proposed bus service improvements meet this criteria. The notification of the upcoming public hearing on April 23, 2007, has been made by the Clerk of the Board.
- A copy of the Notice of Public Hearing is provided for Board review (Attachment D). Letters announcing the public hearing date will be sent to principal elected city and county officials as well as colleges in the county.
- In addition, a Notice of Intent to hold a Public Hearing will be published and placed on all Authority transit coaches to comply with the intent of the Authority's Notification to Patrons procedure.



Notice of Public Hearing

**Re: Orange County Transportation Authority
Proposed Bus Service Improvements
April 23, 2007**

NOTICE IS HEREBY GIVEN that the Orange County Transportation Authority (OCTA) Board of Directors will hold a public hearing at 9:00 a.m. on Monday, April 23, 2007, at the Orange County Transportation Authority, 600 South Main St., Orange, California. The public hearing shall be for the purpose of considering improvements to the County's bus system.

Description of Service Changes: The proposed bus service improvements focus on the implementation of one new route designed to provide weekend only service to the Orange County Fair, operating between The Depot at Santa Ana and the fairgrounds. This recommendation falls under Section 5(i)(3) of the Urban Mass Transportation Act of 1964 (Federal Transit Act, as amended) and thus requires a public hearing.

Description of Service Area: The service area affected by the proposed improvements can be described as contiguous within the Orange County boundaries.

Relocation: No persons, families or businesses will be displaced by the proposed service changes.

Environment: In accordance with the California Environmental Quality Act (CEQA) of 1970, OCTA has determined that the project will have no significant effect on the environment and meets the criteria of an exemption under CEQA Reg. 15061(b)(3). OCTA will file a Notice of Exemption for the proposed bus service improvements.

Comprehensive Planning: The proposed changes conform with comprehensive land use and transportation planning in the area. The necessity for the service

improvements is the result of an evaluation of the transit needs of Orange County conducted by the OCTA.

Elderly and Persons with Disabilities: The proposed service improvements will not adversely affect public transit availability for the elderly and persons with disabilities.

Public Participation: Interested persons may submit, orally or in writing, recommendations and evidence with respect to the proposed bus system improvements. A description of the proposed service improvements will be available for public inspection between March 23, 2007 and April 23, 2007. Please contact the Clerk of the Board, Wendy Knowles, at the OCTA Administrative Offices, 550 South Main Street, P.O. Box 14184, Orange, California, 92863-1584, Telephone (714) 560-5676.

At the Public Hearing, the OCTA Board of Directors will afford interested persons or agencies an opportunity to submit, either orally or in writing, evidence and recommendations with respect to the effects of the proposed bus system improvements.

ALL INTERESTED PARTIES are invited to submit, orally or in writing, evidence and recommendations with respect to the proposed bus system improvements. Written comments may be addressed to the Clerk of the Board:

Wendy Knowles
Clerk of the Board
Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
Telephone (714) 560-5676

POWERPOINT PRESENTATION

Public Hearing for the Proposed Bus Service Improvements



Board of Directors Meeting
April 23, 2007

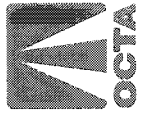
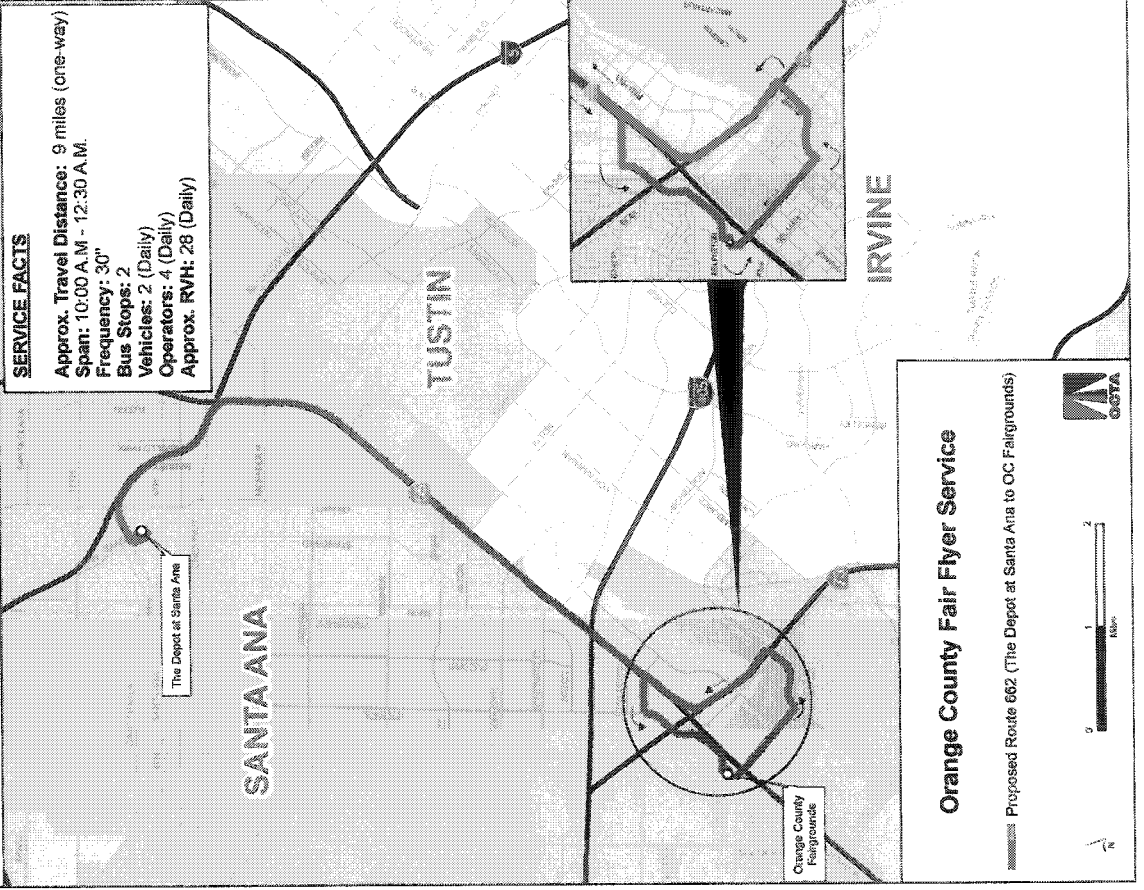
Proposed New Route 662

Map of the Proposed New Orange County Fair Flyer Route 662

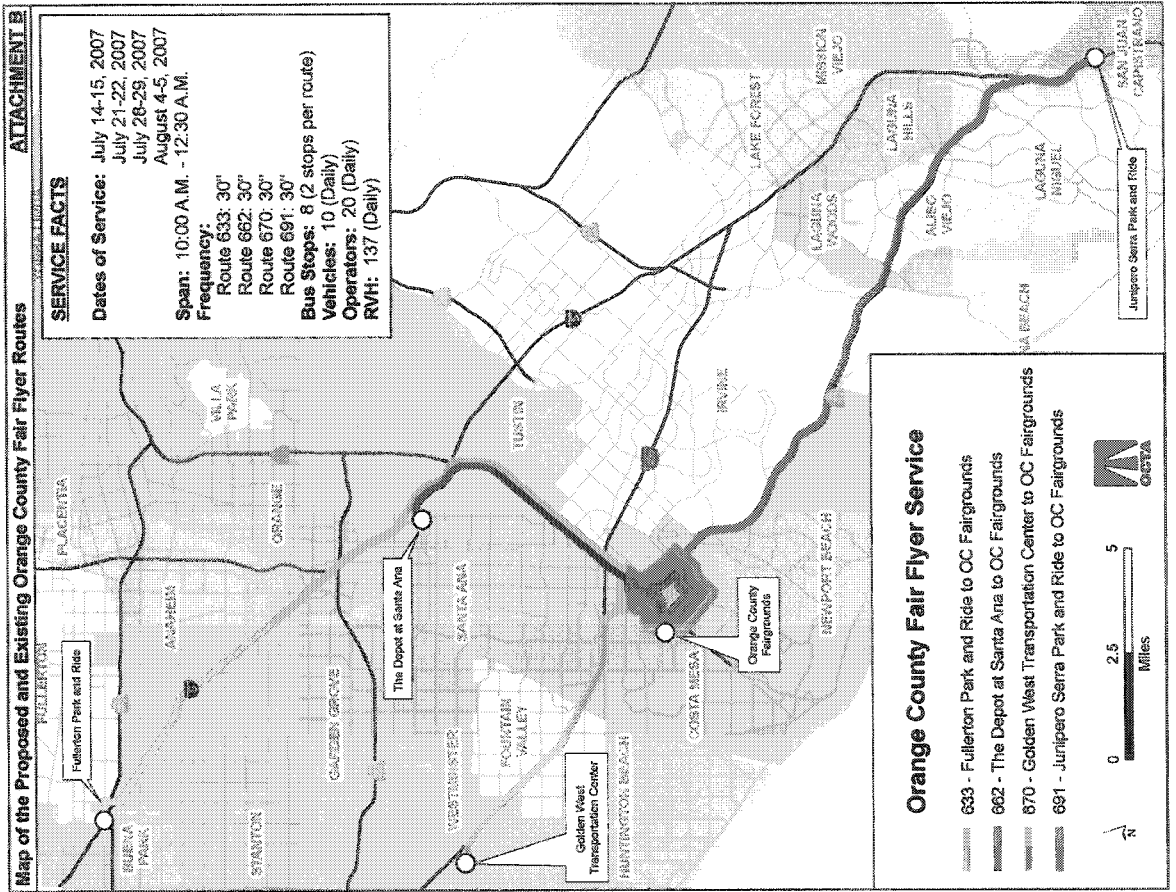
ATTACHMENT A

SERVICE FACTS

Approx. Travel Distance: 9 miles (one-way)
 Span: 10:00 A.M. - 12:30 A.M.
 Frequency: 30"
 Bus Stops: 2
 Vehicles: 2 (Daily)
 Operators: 4 (Daily)
 Approx. RVH: 28 (Daily)



OC Fair Flyer Service



Minutes of the Meeting of the
Orange County Transportation Authority
Orange County Service Authority for Freeway Emergencies
Orange County Local Transportation Authority
Orange County Transit District
Board of Directors
April 9, 2007

Call to Order

The April 9, 2007, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Vice Chairman Norby at 9:04 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Directors Present: Chris Norby, Vice Chair
Jerry Amante
Arthur C. Brown
Bill Campbell
Richard Dixon
Paul Glaab
Cathy Green
Allan Mansoor
Curt Pringle
Miguel Pulido
Gregory T. Winterbottom
Jim Beil, Caltrans Deputy Director
(Attending for Cindy Quon, Governor's Ex-Officio Member)

Also Present: Arthur T. Leahy, Chief Executive Officer
Paul E. Taylor, Deputy Chief Executive Officer
Wendy Knowles, Clerk of the Board
Laurena Weinert, Assistant Clerk of the Board
Kennard R. Smart, Jr., General Counsel
Members of the Press and the General Public

Directors Absent: Carolyn Cavecche, Chairman
Patricia Bates
Peter Buffa
John Moorlach
Mark Rosen
Cindy Quon

Invocation

Director Norby gave the invocation.

Pledge of Allegiance

Director Pulido led the Board and audience in the Pledge of Allegiance to the Flag of the United States of America.

Public Comments on Agenda Items

Vice Chairman Norby announced that members of the public who wished to address the Board of Directors regarding any item appearing on the agenda would be allowed to do so by completing a Speaker's Card and submitting it to the Clerk of the Board.

Special Matters

1. Administration of the Oath of Office to Supervisor Janet Nguyen to the OCTA Board of Directors

General Counsel, Kennard R. Smart, Jr., administered the Oath of Office to First District Supervisor Janet Nguyen as OCTA's newest Board Member.

Consent Calendar (Items 2 through 18)

Vice Chairman Norby stated that all matters on the Consent Calendar would be approved in one motion unless a Board Member or a member of the public requested separate action on a specific item.

Director Campbell pulled item 2, and Director Nguyen abstained on that item. Director Pringle pulled item 4; Director Mansoor pulled items 8 and 15; General Counsel, Kennard R. Smart, Jr., pulled item 12.

Orange County Transportation Authority Consent Calendar Matters

2. Approval of Minutes

Director Campbell pulled this item for correction and stated that his motion on Page 13, item 32 (ACCESS Service Update) of the minutes should be corrected to include a report to the Board on the Consent Calendar on a monthly basis.

A motion was made by Director Campbell, seconded by Director Brown, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of March 26, 2007, with the correction noted. Director Nguyen abstained from voting on this item, having not been present at that meeting.

3. Identification Badges and Access Cards, Operational Audit

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to receive and file the Identification Badges and Access Cards, Operational Audit, Close-out Memo and Internal Audit Report No. 07-008.

4. State Legislative Status Report

Director Glaab stated that the Legislative and Government Affairs Committee voted to adopt the recommended positions on legislation, although requested that a vote on SB 974 be continued to a future date to allow time for the Orange County Tax Association (OCTAX) to provide information as to whether the container fees would be a tax or a user fee.

Director Pringle stated that he supports SB 974, and would like to know what the plan would be for bringing it back to the Board.

Director Mansoor stated that he will oppose this bill until there is a review by OCTAX regarding the tax/fee issue. He stated he believes there is funding in Proposition 1B as mitigation for goods movement, and would like to get the input before the Board votes on this matter.

Discussion followed and a motion was made by Director Glaab, seconded by Director Pringle, and declared passed by those present, to:

- a) Adopt the following recommended positions on legislation:

- Oppose AB 1337 (Nava, D-Santa Barbara)
 - Support SB 124 (Ducheny, D-San Diego)
 - Support SB 872 (Ackerman, R-Irvine)
 - Support AJR 14 (Jeffries, R-Murrieta)

- b) Defer a vote on Support SB 974 (Lowenthal, D-Long Beach) for this matter to come back through the Legislative and Government Affairs Committee, then return to the full Board.

5. Federal Legislative Status Report

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to authorize the Chief Executive Officer to file grant applications and other necessary documentation with the Federal Transit Administration to seek discretionary funding for the Inter-County Express Bus project and the Anaheim Regional Transportation Intermodal Center project.

6. Amendment to the Master Plan of Arterial Highways

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to:

- A. Receive and file status report as an information item.
- B. Approve amendment of the Master Plan of Arterial Highways to delete the proposed Old Laguna Canyon Road between Laguna Canyon Road and the proposed extension of Lake Forest Drive, and to delete the proposed extension of Lake Forest Drive between the proposed Old Laguna Canyon Road and the existing Laguna Canyon Road.

7. Annual Investment Policy Update

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to:

- A. Adopt the 2007 Annual Investment Policy with the following changes:

Page 3 – Section VII. Responsibilities, first paragraph – delete "pursuant to Section 53646(2) of the Code" at the end of the second sentence. Also, the current "shall" near the beginning of the current policy is to remain and not be changed to "may".

Page 7 – Section X (8) – add "unless used as a permitted investment in the Local Agency Investment Fund" to the following sentence:

"Reverse repurchase agreements are not permitted unless used as a permitted investment in the Local Agency Investment Fund"

Page 12 – Section X (Diversification Guidelines) – Under the Instrument of OCIP add "per entity" after the \$40 mm to match the restrictions used in the Local Agency Investment Fund:

	<u>Instruments</u>	<u>Maximum % Portfolio</u>
14)	OCIP	\$40 mm per entity

8. Local Transportation Fund Claims for Fiscal Year 2007-08

Director Mansoor pulled this item and requested clarification of the names of the agencies listed (OCTD/OCTA). Chief Executive Officer (CEO), Arthur T. Leahy, and General Counsel, Kennard R. Smart, Jr., provided historical information to the Board regarding the name of the transit entities prior to the 1991 consolidation, then its name after consolidation, and the legal entities as they exist today.

A motion was made by Director Mansoor, seconded by Director Campbell, and declared passed by those present, to adopt Orange County Transportation Authority Resolution No. 2007-14 authorizing the filing of Local Transportation Fund claims, in the amounts of \$105,611,382 to support public transportation, and \$5,619,280, for community transit services, including operation of the Senior Mobility Program.

9. Agreement for Business Systems Support Specialist Services

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-6-0870 between the Orange County Transportation Authority and Advanced Information Technologies Inc., in an amount not to exceed \$700,000, for services to provide software application support for the Authority's two scheduling software systems over a five-year period consisting of an initial one-year term and four one-year options.

10. Amendment to Agreement for Temporary Staffing Services Contracts

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 2 to on-call agreements C-5-0938 with Corestaff Services, C-5-2439 with Focus on Temps, Inc. and C-5-2438 with Select/Remedy Staffing, and the Orange County Transportation Authority, in an amount of \$755,000, to add \$130,000 to the current term, and exercise the second option year, in an amount not to exceed \$625,000, for a total commitment of \$1,495,000.

Orange County Service Authority for Freeway Emergencies Consent Calendar Matters

11. Freeway Service Patrol Operational Audit

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to direct staff to implement the recommendations made in the Freeway Service Patrol Operational Audit.

Orange County Local Transportation Authority Consent Calendar Matters

12. Opening Lanes Along Metropolitan Drive in the City of Orange on the Garden Grove Freeway (State Route 22)

General Counsel, Kennard R. Smart, Jr., pulled this item to clarify the language on the recommendation, highlighting that this recommendation only deals with the realigned portion of Metropolitan Drive.

A motion was made by Director Brown, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to send a letter to Granite-Myers-Rados excluding the realigned portion of Metropolitan Drive from Substantial Completion No. 2 and require opening all of the realigned Metropolitan Drive lanes by the Project Completion milestone of July 29, 2007.

Orange County Transit District Consent Calendar Matters

13. Agreement to Purchase 31 Mid-Size Compressed Natural Gas Buses

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to:

- A. Authorize the Chief Executive Officer to execute Agreement C-6-0526 to Creative Bus Sales, Inc., in an amount not to exceed \$12,409,788 for the purchase of 31 compressed natural gas mid-size buses.
- B. Amend the current Fiscal Year 2006-07 Budget by \$2,959,788 to accommodate Agreement C-6-0526, resulting in a total budget for the project in the amount of \$12,409,788.

14. Agreement for 58 Paratransit Gasoline Cutaway Buses

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to

Authorize the Chief Executive Officer to execute Agreement C-6-0550 to Creative Bus Sales, Inc., in an amount not to exceed \$4,897,631, for the base year purchase of 58 gasoline powered paratransit vehicles. Future Board requests for approval of budget and contract will be applicable to exercising the optional deliveries.

15. Amendment to Cooperative Agreement with Riverside Transit Agency to Jointly Fund Intercounty Route 794

Director Mansoor pulled this item for clarification of the numbers referenced in the staff report.

Beth McCormick, Acting General Manager of Transit, responded that the total population available to use the service is the 22,465 employees in the area, although the ridership is approximately 265 riders per day, and that is where the larger number comes from.

Director Pringle requested information be provided on how OCTA plans to grow the bus service in the future, how routes are determined, and how Metrolink service ties into planning.

A motion was made by Director Mansoor, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-6-0589 between the Orange County Transportation Authority and Riverside Transit Agency to add \$26,000 to the initial term, and exercise the first option year, in an amount not to exceed \$151,000, for a total amendment of \$177,000.

16. Amendment to Agreement for Threaded Products and Fasteners

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement C-5-2643 between the Orange County Transportation Authority and Golden State Fastener and Supply Company, in an amount not to exceed \$60,000.

17. Amendment to Agreement for Provision of Senior Transportation to Congregate Meal Sites

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to:

- A. Authorize the Chief Executive Officer to execute Amendment No. 4 to Agreement C-4-0348 between the Orange County Transportation Authority and the Orange County Office on Aging for their share of the program expense for the provision of senior transportation to congregate meal sites, in an amount not to exceed \$409,499, through June 30, 2008.

17. (Continued)

- B. Authorize the Chief Executive Officer to execute amendments to agreements with ten participating cities for their share of the program expense through June 30, 2008, based on the Orange County Office on Aging allocation, for a total amount not to exceed \$120,000.

18. Amendment to Agreement for Special Agency Transportation Service

A motion was made by Director Green, seconded by Director Pulido, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement C-3-1284 between the Orange County Transportation Authority and Cabco Yellow, Inc., doing business as California Yellow Cab, in an amount not to exceed \$475,761, for the provision of Special Agency Transportation service through June 30, 2008.

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

19. High-Occupancy Vehicle Lane Operational Changes

CEO, Arthur T. Leahy, provided opening comments and introduced Kia Mortazavi, Executive Director of Development, who provided a verbal report on this item to the Board.

A motion was made by Director Winterbottom, seconded by Director Amante, and declared passed by those present, to:

- A. Request the California Department of Transportation to initiate development work to convert all Orange County high-occupancy vehicle lanes to continuous access in parallel with the demonstration project on the Garden Grove Freeway (State Route 22).
- B. Authorize staff to initiate implementation with a first set of freeway segments on the San Diego Freeway (Interstate 405), the Riverside Freeway (State Route 91), and the Orange Freeway (State Route 57) while developing detailed plans for the other, more challenging freeway segments.
- C. Direct staff to develop a funding strategy to fit with the phasing of projects.
- D. Direct staff to develop an agreement with the California Department of Transportation to define responsibilities, funding sources, and timetables to implement the projects.
- E. Direct staff to work with the responsible regulatory agencies to attain approval of part-time operations on high-occupancy vehicle lanes concurrent with the above activities.

20. Passenger Rail Service Integration in the Los Angeles to San Diego Corridor

CEO, Arthur T. Leahy, provided opening comments and introduced Darrell Johnson, Director of Project Delivery, who provided information on this item to the Board.

A motion was made by Director Brown, seconded by Director Green, and declared passed by those present, to direct staff to pursue opportunities with the California Department of Transportation, Southern California Regional Rail Authority, Los Angeles County Metropolitan Transportation Authority, the National Railroad Passenger Corporation, North County Transit District, and the San Diego Association of Governments to integrate and consolidate passenger rail service in the rail corridor between San Diego, Orange County, and Los Angeles.

Orange County Local Transportation Authority Regular Calendar Matters

21. Rail-Highway Grade Crossing Program

Darrell Johnson, Director of Project Delivery, who provided a verbal report, accompanied by a PowerPoint, to the Board.

Director Pringle suggested letters be written to the cities to hear back from them in regard to where they would seek a Quiet Zone within their city.

Directors Pulido requested staff look at how the process for the grade crossing enhancement program can be implemented quicker, and Director Green requested staff address any liability issues.

A motion was made by Director Amante, seconded by Director Winterbottom, and declared passed by those present, to:

- A. Direct staff to provide updated cost estimates of the Rail-Highway Grade Crossing Enhancement Program to the cities for review and approval.
- B. Continue with the current implementation strategy limited to grade crossing enhancements.
- C. Authorize staff to work with affected cities in the development of consistent policies and procedures for the establishment of quiet zones by cities, which include the indemnification of the Orange County Transportation Authority and the Southern California Regional Rail Authority and which adhere to a higher standard of safety in the design of grade crossings that make grade crossings safer than they were before.

21. (Continued)

- D. Direct staff to develop a process for the funding and implementation priorities of a Rail-Highway Grade Separation Program in Orange County, beginning with identifying potential candidate projects to compete for funding under the Trade Corridor Investment Fund made available with the passage of Proposition 1B.

Other Matters

22. Chief Executive Officer's Report

CEO, Arthur T. Leahy, reported that:

- √ The Measure M Annual Report was provided to the Directors today and stakeholders in Orange County will receive copies, as well as it being available on OCTA's website, and announced in an advertisement in the Register newspaper and certain other papers, including the Business Journal.
- √ There would be a meeting in Sacramento on Friday, April 13, regarding the \$2 billion goods movement program, and that he would be attending.

23. Directors' Reports

Director Mansoor inquired if drop-ramps are being studied through the Interstate 405 Major Investment Study (MIS) and asked if the Bear Street drop-ramp not part of this MIS.

Kia Mortazavi, Executive Director of Development, responded that the limits of the MIS go as far as that area, and while the focus of the lane widening is basically north of Euclid, the interchanges and facilities will be looked at it as part of the project development study. Therefore, the drop-ramps will be looked at, as will the drop-ramp at Bear Street.

Director Mansoor inquired as to the funding source of the design and construction, and Mr. Mortazavi responded that staff is considering (for Board recommendation) using Congestion Mitigation and Air Quality funds, due to it involving carpool and bus rapid transit.

24. Public Comments

At this time, Vice Chairman Norby stated that members of the public may address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors, but no action would be taken on off-agenda items unless authorized by law.

Public comments were heard from:

David Herzberg, Trabuco Canyon resident, who requested consideration be given to providing late-night Metrolink service from Los Angeles to Orange County.

Director Pringle stated he would like to have more information on any plans to provide this service.

Rob Lammers, representing the Multiple Sclerosis Society, who commented that Veolia is very well in providing ACCESS service.

Frank Austin, representing the Multiple Sclerosis Society, stated that Veolia is improving and service is getting better.

25. Closed Session

Public comment was heard from:

Patrick Kelly, Secretary/Treasurer of Teamsters Local 952, commended OCTA staff and highlighted the excessive cost of living in Orange County and surrounding areas. Mr. Kelly encouraged the Board to consider this while addressing the Coach Operators' contract which is under negotiation.

Donna Metcalfe, representing Teamsters Local 952, complimented the bargaining team working on the contract negotiations, and requested a decent wage increase for Coach Operators.

Andrew Smith, OCTA Coach Operator, stated that costs are increasing for food, fuel, housing, and asked that be considered during contract negotiations.

Amy Wilkerson, OCTA Coach Operator, who expressed to the Board that she encourages contract negotiations be addressed fairly.

Stan Brown, OCTA Coach Operator, who emphasized the increasing cost of living and inflation.

25. (Continued)

A Closed Session was held:

- A. Pursuant to Government Code Section 54956.8 to discuss the purchase of real property located at 550 South Main Street, Orange, California 92868, owned by UBS Partners. The OCTA negotiator is James S. Kenan and the negotiator for UBS Partners is Jon W. McClintock.
- B. Pursuant to Government Code Section 54957.6 to meet with Orange County Transportation Authority designated representative Sherry Bolander regarding collective bargaining agreement negotiations with the Teamsters Local 952 representing the coach operators.

There was no report out from this Closed Session.

26. Adjournment

The meeting adjourned at 11:40 a.m. Vice Chairman Norby announced that the next regularly scheduled meeting of the OCTA/OCTD/OCLTA/ OCSAFE/OCSSAV Board will be held at **9:00 a.m. on April 23, 2007**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.

ATTEST

Wendy Knowles
Clerk of the Board

Chris Norby
OCTA Vice Chairman



ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

ANTHONY AIDUKAS

WHEREAS, the Orange County Transportation Authority recognizes and commends Anthony Aidukas; and

WHEREAS, be it known that Anthony Aidukas has earned a 29 years of Safe Driving Award, and has been with the Authority since September 13, 1976. He has distinguished himself by maintaining an outstanding record for safety, attendance, and customer relations; and

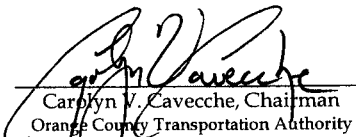
WHEREAS, Anthony's dedication to his duties and desire to excel are duly noted, and he is recognized as an outstanding Authority employee who has consistently demonstrated a level of professionalism that is the embodiment of the Authority's core values; and

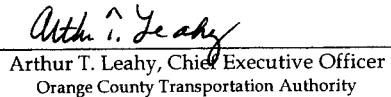
WHEREAS, be it known that Anthony Aidukas takes great pride in his driving skills and demonstrates true professionalism in his overall performance as an OCTA Coach Operator.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Anthony Aidukas as the Orange County Transportation Authority Coach Operator Employee of the Month for April 2007; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Anthony Aidukas' valued service to the Authority.

Dated: April 23, 2007


Carolyn V. Cavecche, Chairman
Orange County Transportation Authority


Arthur T. Leahy, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2007-20





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

BILLY PHAM

WHEREAS, the Orange County Transportation Authority recognizes and commends Billy Pham; and

WHEREAS, be it known that Billy Pham is a valued member of the Maintenance Department. Through his diligent, conscientious efforts in performing all tasks, Billy has consistently demonstrated a high level of achievement in meeting base mission goals by providing safe, clean, ready for service vehicles at the Santa Ana Base; and

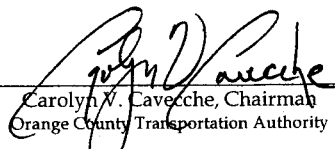
WHEREAS, Billy's expertise in the maintenance shop is exceptional, his skills and superb "can do attitude" in performing all facets of vehicle servicing have earned him the respect of all who work with him; and

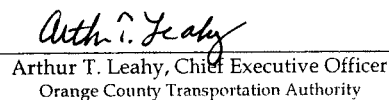
WHEREAS, his dedication to his duties and desire to excel are duly noted and he is recognized as an outstanding Authority employee.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Billy Pham as the Orange County Transportation Authority Maintenance Employee of the Month for April 2007; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Billy Pham's valued service to the Authority.

Dated: April 23, 2007


Carolyn V. Cavecche, Chairman
Orange County Transportation Authority


Arthur T. Leahy, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2007-21





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

SHILA WOODSON

WHEREAS, the Orange County Transportation Authority recognizes and commends Shila Woodson; and

WHEREAS, be it known that Shila Woodson is a valued member of the Transit Department and the Santa Ana Bus Operations Base who has performed her duties in an outstanding manner, demonstrating the highest level of integrity and professionalism in all her dealings with Authority staff; and

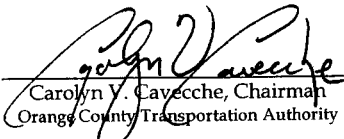
WHEREAS, Shila has put in unbelievable efforts with regards to the successful completion of the annual Bus Operations General System Shake-up. Shila was the primary person responsible for assuring accurate manpower distribution among all bases. She was responsible for managing all administrative and union staffing during the process; and

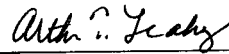
WHEREAS, Shila's knowledge and understanding of OCTA manpower analysis, coupled with her ability and professionalism to communicate with coach operators, staff, and the union assured the achievement of a successful March Service Change.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Shila Woodson as the Orange County Transportation Authority Administrative Employee of the Month for April 2007; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Shila Woodson's valued service to the Authority.

Dated: April 23, 2007


Carolyn V. Cavecche, Chairman
Orange County Transportation Authority


Arthur T. Leahy, Chief Executive Officer
Orange County Transportation Authority

OCTA Resolution No. 2007-22





ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

DEPUTY DAN BOWDISH

WHEREAS, the Orange County Transportation Authority recognizes and commends Deputy Dan Bowdish; and

WHEREAS, Deputy Bowdish has been assigned to Transit Police Services since October 2004, handling the responsibilities involved with working at Transit Police Services with enthusiasm and a strong desire to provide the best service possible to OCTA, its employees and the patrons who utilize the transportation system; and

WHEREAS, Deputy Bowdish has made or assisted in over 250 arrests in the past year for such violations as drug possession, possession of stolen property, possession of dangerous weapons, trespassing, assault on a coach operator, theft, fare evasion, and vandalism; and

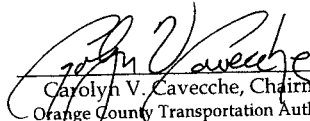
WHEREAS, Deputy Bowdish has been responsive to the needs of OCTA in participating in such major enforcement actions such as Operation Lifesaver, Orange Shield 2006, Zero Tolerance Graffiti enforcement, Ride and Read Program, OCTAP Enforcement Day; and

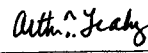
WHEREAS, Deputy Bowdish's primary duties are to reduce trespassing and enforce all applicable laws on OCTA's railroad right of ways. He works in an undercover capacity and is tasked with patrolling the bus routes, bus stops, and transit centers. Deputy Bowdish always strives to perform his duties within the guidelines of OCTA and Transit Police Services.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Deputy Dan Bowdish as the Orange County Transportation Authority Transit Police Services Employee of the Quarter for March 2007; and

BE IT FURTHER RESOLVED that the Orange County Transportation Authority Board of Directors recognizes Deputy Dan Bowdish's valued service to the Authority.

Dated: March 26, 2007


Carolyn V. Cavecche, Chairman
Orange County Transportation Authority


Arthur T. Leahy, Chief Executive Officer
Orange County Transportation Authority





MEMO

April 17, 2007

To: Members of the Board of Directors
From: ^{WL}Wendy Knowles, Clerk of the Board
Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



April 19, 2007

To: Legislative and Government Affairs/Public Communications Committee

From: Arthur T. Leahy, Chief Executive Officer *ATL by JES*

Subject: State Legislative Status Report

Overview

A bill related to abandoned vehicle abatement programs has recently been amended to address concerns with the program and a support position is recommended. Legislation related to toll road authority in Riverside County has been drafted to address concerns and a support position is recommended. Lastly, a bill related to port container fees is being brought back to the committee with additional information and a support position is recommended.

Recommendations

A. Adopt the following recommended positions on legislation:

Support AB 468 (Ruskin, D-Los Altos)
Support SB 974 (Lowenthal, D-Long Beach)

B. Support draft legislative language authorizing the Riverside County Transportation Commission to operate a toll road on State Route 91 in Riverside County.

Discussion

Newly Analyzed Legislation

AB 468 would amend the California Vehicle Code (CVC) by clarifying the terms "abandoned vehicle" and "abandoned vehicle abatement" for the purpose of the distribution of revenues received by the state. It would also authorize the area service authority to use remaining abandoned vehicle revenues for other motorist aide services so that funding collected in a region can remain in the region for use and not be reverted to the state.

The Orange County Service Authority for Abandoned Vehicles (OCSAAV) was created pursuant to state legislation in 1990 and is administered by the Orange County Transportation Authority (OCTA). Membership is comprised of the County of Orange and all cities within Orange County and the program is funded through a \$1 per vehicle annual registration fee collected by the Department of Motor Vehicles (DMV).

CVC Section 22710 gives the California Highway Patrol (CHP) the responsibility of establishing guidelines for abandoned vehicle authority (AVA) programs and requires local vehicle abatement programs to be consistent with those guidelines. A recent interpretation of eligible expenses by the CHP could result in a loss of funding for abandoned vehicle programs in Orange County. A presentation was made to the Legislative and Government Affairs/Public Communications Committee on February 1, 2007. At the February 12, 2007 Board of Directors meeting, the Board requested staff seek legislation to address these issues.

Assembly Member Ruskin (D-Los Altos) has recently accepted amendments to AB 468, a bill sponsored by San Mateo County, which reflects the concerns expressed by the Board of Directors regarding the current guidelines for the AVA program and the possible loss of funding for local governments.

An analysis of the bill is attached (Attachment A). Staff recommends: SUPPORT.

AB 1295 (Spitzer, R-Orange) has been introduced as a vehicle for the Riverside County Transportation Commission (RCTC) to seek legislative authority to operate toll lanes on State Route 91 (SR-91) and Interstate 15 (I-15). Currently, the legislation references only I-15 toll authority until an agreement can be reached related to SR-91. Additionally, Assembly Member Spitzer, in a letter dated March 22, 2007, assures both boards that legislation will not be moved to the Assembly floor for a vote without concurrence from both boards.

A sub-committee, consisting of board members from both OCTA and RCTC, was created to work out details for legislation related to a Riverside County SR-91 toll facility. Membership of the sub-committee consists of Directors Bill Campbell and Curt Pringle from OCTA and Commissioners John Tavaglione and Jeff Miller from RCTC. OCTA Chairman Carolyn Cavecche and RCTC Commissioner Bob Magee serve as alternates.

The following list is an overview of the items raised by OCTA as needing to be addressed in any legislation RCTC puts forward related to SR-91:

- Currently OCTA owns the franchise rights on SR-91 from State Route 55 to I-15. Legislation must require approval of the OCTA Board of Directors to amend the existing franchise agreement in order to allow RCTC to build a toll road in Riverside County within the existing boundaries covered under the franchise.
- Draft legislation proposed by RCTC authorizes high-occupancy toll (HOT) lanes in addition to general purpose toll lanes, lanes or facilities where the tolls may vary during the course of the day or week or according to levels of congestion anticipated or experience, any combination of HOT and tolled lanes, and non-tolled facilities related to or desirable for the operation of any of the above. This should be limited to a facility that mirrors the existing 91 Express Lanes.
- Although the draft legislation proposed by RCTC deleted the existing prohibition to use excess toll revenue on other roads, the language should be broadened to allow excess revenue to be used on any highway, street, or road, to effectuate the movement of goods and people, related to the SR-91 corridor.
- Draft legislation proposed by RCTC provides for a non-compete provision such that RCTC would be compensated for adverse effects on toll revenue due to the development, operation, or lease of supplemental, adjacent or nearby transportation projects or facilities. This type of non-compete language should be prohibited. Absent language prohibiting a non-compete provision, such language could be added to the franchise agreement as was done with the 91 Express Lanes.
- Existing OCTA statutory authority should be amended to authorize the OCTA to extend the franchise agreement, impose tolls, and issue debt for up to 50 years after the completion of the toll road in Riverside County. (Assuming completion of the toll road in Riverside County in 2015, this could extend the total years from 35 to 70.)
- Not addressed in the draft legislation proposed by RCTC is a mechanism to ensure interoperability (management, maintenance, and toll policies) of the 91 Express Lanes with the toll road in Riverside County. This could be addressed contractually rather than legislatively.

- Draft legislation proposed by RCTC also includes language that would authorize RCTC to utilize design-build. This will be opposed by the Professional Engineers in California Government (PECG).
- An alternative to new authority for RCTC would be to amend OCTA's existing authority to permit OCTA to assign our franchise agreement to RCTC for only that portion of the SR-91 from the Orange/Riverside county line east to the I-15. Such amendment would need to extend the toll and debt authority for up to 50 years and amend the section that addresses where excess toll revenue could be spent. RCTC would also need statutory authority to collect tolls. This would not address RCTC's desire to extend the toll lanes to the I-215.

An initial review of the bill by staff indicates that the language supplied by RCTC complies with the items noted above. At the time of the writing of this report, the subcommittee had not had the opportunity to finish reviewing the proposed text, which is attached (Attachment B). Staff recommends: SUPPORT.

SB 974 (Lowenthal, D-Long Beach) would impose a \$30 fee per container on goods coming through the Ports of Long Beach, Los Angeles, and Oakland to address congestion and air quality impacts related to goods movement, beginning on January 1, 2009.

This item was first discussed at the April 5, 2007, Orange County Transportation Authority (OCTA) Legislative and Government Affairs/Public Communications (LGA) Committee meeting and at the April 9, 2007, Board of Directors meeting. Additional information was requested to help facilitate discussion on this item for the April 19, 2007, LGA Committee meeting.

SB 974 was amended on April 9, 2007, an updated bill analysis and bill text is provided in Attachment C. The amendments essentially state that the California Air Resources Board (CARB) shall also require that mitigation projects funded by the fee must not only be consistent with the state's Emission Reduction Plan (ERP) and be designed to meet federal air quality attainment standards, but also must meet the goals for the Air Quality Management Plan as prepared by the South Coast Air Quality Management District and the San Pedro Bay Clean Air Action Plan.

Estimated revenues from SB 974 were requested and that information is shown in the table below. As shown, estimated revenues from such a proposal would range from \$495 million (based on 2005 volumes) for the Ports of Los Angeles/Long Beach and Oakland to \$1.26 billion by 2020.

Year	Port	Projected Volume (twenty-foot equivalent units – TEU's)	Container Fee Proposed	Projected Revenue
2005	Los Angeles/Long Beach	14.2 million	\$30	\$426 million
	Oakland	2.3 million	\$30	\$69 million
	COMBINED	16.5 million	\$30	\$495 million
2010	Los Angeles/Long Beach	19.7 million	\$30	\$591 million
	Oakland	4.5 million	\$30	\$135 million
	COMBINED	24.2 million	\$30	\$726 million
2020	Los Angeles/Long Beach	36 million	\$30	\$1.08 billion
	Oakland	6 million	\$30	\$180 million
	COMBINED	42 million	\$30	\$1.26 billion

A copy of the veto message was also requested for a similar bill by Senator Lowenthal from the 2006 legislative session. The Governor's veto letter (Attachment D) cites a lack of accountability for the funds, a failure to coordinate with other public and private financing sources to leverage additional funding, and the limited focus on Southern California ports as the reasons for the veto. Senator Lowenthal believes that the Governor's concerns have been addressed in SB 974 due the addition of the open project list development process, the need for a matching fund source for the Proposition 1B funds, and the inclusion of the Port of Oakland.

The Committee also requested that OCTA contact the organization OCTax to provide input as to whether the proposal by Senator Lowenthal would be considered a "tax" or a "fee." OCTax has determined that the proposed put forth in SB 974 is considered a "fee" and their analysis is shown in Attachment E. OCTax may be considering a support position in the future but may also seek amendments related to section governing the air quality mitigation fee to ensure that these funds are spent on projects that reduce pollution rather than on the creation of new regulations.

With respect to a question related to the impact of such a fee on port activity, there is a considerable amount of debate over the economic impact of any fees and a variety of studies from a variety of sources offer differing such accounts of impacts. The Regional Planning & Highways Committee of the OCTA Board of Directors will be addressing the issue with a well-respected economist at their meeting on April 16, 2007.


A description of various container fees already paid by shippers is included as Attachment F and was provided by the California Association of Port Authorities.

Summary

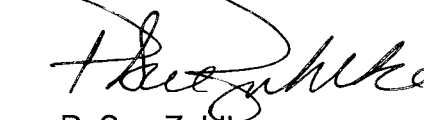
AB 468 (Ruskin, D-Los Altos) has recently been amended to address concerns with the program and a support position is recommended. Amendments are proposed for AB 1295 (Spitzer, R-Orange) to address concerns and a support position is recommended. Lastly, SB 974 (Lowenthal, D-Long Beach) is being brought back to the committee with additional information and a support position is recommended.

Attachments

- A. Analysis of AB 468 (Ruskin, D-Los Altos)
- B. Proposed Amendments to AB 1295 (Spitzer, R-Orange)
- C. SB 974 (Lowenthal, D-Long Beach) as Amended in the Senate on April 9, 2007
- D. SB 927 (Lowenthal, D-Long Beach) Veto Message
- E. OCTax Memo regarding SB 974 (Lowenthal, D-Long Beach)
- F. A Sampling of Fees and Taxes Paid by International Shippers and Cargo Owners
- G. Orange County Transportation Authority Legislative Matrix

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BILL: AB 468 (Ruskin, D-Los Altos)
Amended March 29, 2007

SUBJECT: Addresses guidelines in existing law related to the definition of an abandoned vehicle for the purposes of abatement of abandoned vehicles

STATUS: Referred to the Assembly Appropriations Committee

SUMMARY AS OF APRIL 12, 2007:

AB 468 would amend the California Vehicle Code (CVC) by clarifying the terms “abandoned vehicle” and “abandoned vehicle abatement” for the purpose of the distribution of revenues received by the state. It would also authorize the area service authority to use remaining abandoned vehicle revenues for other motorist aide services so that funding collected in a region can remain in the region for use and not be reverted to the state.

The definition for an “abandoned vehicle” would be further clarified as a motor vehicle that is either inoperable, unclean, leaking of fluids, has an expired registration tag of more than six months, or has been left on a street or highway for a period of three days or more in violation of a local ordinance.

For abatement purposes, the definition for “abandoned vehicle abatement” would mean the voluntary or involuntary removal of an abandoned vehicle from public or private property after a service authority has marked it abandoned. It specifies the vehicle does not need to be scrapped or otherwise made inoperable after it has been removed.

Current law does not allow excess revenue to be used for other purposes in the county and requires that revenues received in excess of one year’s program funds are to be reverted to the state and additional funds may no longer be collected. AB 468 would further authorize the service authority to use funds remaining after abandoned vehicle revenues have been appropriately distributed to member agencies for other motorist aide services so that funds remain in the county in which they are collected.

EFFECTS ON ORANGE COUNTY:

The Orange County Service Authority for Abandoned Vehicles (OCSAAV) was created pursuant to state legislation in 1990 and is administered by the Orange County Transportation Authority (OCTA). Membership is comprised of the County of Orange and all cities within Orange County and the program is funded through a \$1 per vehicle annual registration fee collected by the Department of Motor Vehicles (DMV). Funding received for the program in Orange County is approximately \$2.4 million per year.

CVC 22710 gives the CHP the responsibility of establishing guidelines for abandoned vehicle authority (AVA) programs and requires local vehicle abatement programs to be consistent with those guidelines.

A recent interpretation of eligible expenses by the CHP could result in a loss of funding for abandoned vehicle programs in Orange County. This new interpretation of the guidelines requires that a vehicle must be made inoperable through disposal by a scrap yard or an automobile dismantler to be considered eligible for reimbursement under the abandoned vehicle program. Prior definitions permitted reimbursement so long as the vehicle was removed in some manner, either voluntarily or involuntarily, and did not require ultimate destruction of the vehicle. A 2006 OCSAAV audit found that member agencies submitted non-qualifying abatements resulting from an overall lack of clarity and difficulty in interpreting applicable CVC provisions.

In fiscal year (FY) 2005-2006, there were approximately 8,200 vehicle abatements reported. For FY 2006-2007, due to the new interpretation described above, the number of eligible claims is anticipated to drop to 100 to 500 vehicles. By statute, one-half of the approximately \$2.4 million in OCSAAV fee revenue must be allocated to member agencies based on their population while the other half must be allocated based on each member agency's number of abatements.

The CVC also requires that the amount paid per abatement must be "reasonable." The average payment per vehicle for FY 2005-2006 was approximately \$146. Using the new interpretation, if the funds were fully expended on a per-vehicle basis, the average payment per vehicle would range from \$2,400 to \$12,000. Generally, a reasonable cost to abate a vehicle would be in the range of \$200 to \$400.

If OCSAAV paid a reasonable \$400 per abatement, it would leave approximately \$1.16 million to \$1.2 million in AVA revenue unexpended. Any unexpended monies can be retained as reserves, but if the reserves exceed the amount expended in the previous fiscal year, excess revenues are reverted to the State Controller who is then required to suspend the fee for a year. OCSAAV's current level of reserves is approximately \$750,000. If the program is not substantially changed by AB 468, the reserves in FY 2006-2007 will exceed the previous year's expenditures, therefore requiring the State Controller to suspend the fee beginning FY 2008-2009.

Current law does not allow excess revenue to be used for other purposes, but the passage of AB 468 would expand the allowable use of revenues to include motorist aid programs and capital purchases for the abatement program to ensure that funds collected in Orange County remain in Orange County.

OCTA POSITION:

Staff recommends: SUPPORT

AMENDED IN ASSEMBLY MARCH 29, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 468

Introduced by Assembly Member Ruskin

February 20, 2007

An act to amend Section 22710 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 468, as amended, Ruskin. Vehicles: abatement of abandoned vehicles.

Existing law authorizes a county satisfying specified conditions to establish a service authority for the abatement of abandoned vehicles and to impose a \$1 vehicle registration fee for the abatement of abandoned vehicles. The fees imposed and the moneys received by the service authority from the Abandoned Vehicle Trust Fund, a continuously appropriated fund, can only be used for the abatement, removal, and disposal of abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.

This bill would *define the term "abandoned vehicle" and would authorize the service authority to use the fees imposed, as well as the moneys received from the Abandoned Vehicle Trust Fund for the abatement and removal, or the disposal of the above vehicles. The service authority would be prohibited from recovering the costs of administering and of the abatement and removal, or disposal of an abandoned vehicle if those costs are reimbursed by other programs related to vehicles. The service authority would be required to adopt an ordinance establishing procedures to ensure that costs of vehicles abated and removed, or disposed of are not reimbursed by other*

programs. The service authority would be required to submit annually to the Department of California Highway Patrol information showing that the average cost per abandoned vehicle is reasonable within the service authority's jurisdiction. The service authority would be prohibited from carrying out an abandoned vehicle abatement unless a 10-day notice has been issued for the abandoned vehicle and that period has expired. This 10-day notice requirement would not apply under specified circumstances. The service authority would be authorized to expend for specified purposes moneys received for the abatement of abandoned vehicles that are unexpended in a fiscal year in the following fiscal year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 22710 of the Vehicle Code is amended
2 to read:
3 22710. (a) A service authority for the abatement of abandoned
4 vehicles may be established, and a one dollar (\$1) vehicle
5 registration fee imposed, in a county if the board of supervisors
6 of the county, by a two-thirds vote, and a majority of the cities
7 having a majority of the incorporated population within the county
8 have adopted resolutions providing for the establishment of the
9 authority and imposition of the fee. The membership of the
10 authority shall be determined by concurrence of the board of
11 supervisors and a majority vote of the majority of the cities within
12 the county having a majority of the incorporated population.
13 (b) The authority may contract and may undertake any act
14 convenient or necessary to carry out any law relating to the
15 authority. The authority shall be staffed by existing personnel of
16 the city, county, or county transportation commission.
17 (c) (1) (A) Notwithstanding any other provision of law, a
18 service authority may adopt an ordinance establishing procedures
19 for the abatement and removal, or the disposal, as a public
20 nuisance, of any abandoned, wrecked, dismantled, or inoperative
21 vehicle or part thereof from private or public property; and for the
22 recovery, pursuant to Section 25845 or 38773.5 of the Government
23 Code, or assumption by the service authority, of costs of
24 administration and ~~that~~ *of the costs of the voluntary and involuntary*

1 removal and disposal. The actual *involuntary* removal and disposal
2 of a vehicle shall be undertaken by an entity that may be a county
3 or city or the department, pursuant to contract with the service
4 authority as provided in this section. *The disposal of an abandoned*
5 *vehicle may be performed by the service authority or other*
6 *authorized dismantler.*

7 (B) *The service authority shall not recover, pursuant to Section*
8 *25845 or 38773.5 of the Government Code, the costs of*
9 *administration and of the abatement and removal, or disposal, of*
10 *an abandoned vehicle if those costs are reimbursed by other*
11 *programs related to vehicles, such as parking violations or stolen*
12 *vehicles. The service authority shall adopt an ordinance*
13 *establishing procedures to ensure that costs of a vehicle abated*
14 *and removed, or disposed of pursuant to this section, are not*
15 *reimbursed by other programs.*

16 (2) ~~The~~ (A) *Except as provided in subparagraph (B), the money*
17 *received by an a service authority pursuant to Section 9250.7 and*
18 *this section shall be used only for the abatement and removal, or*
19 *the disposal as a public nuisance of any an abandoned, wrecked,*
20 *dismantled, or inoperative vehicle or part thereof of the vehicle*
21 *from private or public property.*

22 (B) *Moneys received by a service authority pursuant to Section*
23 *9250.7 and this section that are unexpended in a fiscal year may*
24 *be used by the service authority in the following fiscal year for the*
25 *following purposes:*

26 (i) *Motorist aid programs that include, but are not limited to,*
27 *signal timing improvement and commute service message boards*
28 *for the service authority's jurisdiction.*

29 (ii) *Capital purchases for the implementation of the abandoned*
30 *vehicle abatement program by the service authority.*

31 (C) *The service authority shall establish guidelines to ensure*
32 *that money expended pursuant to subparagraph (B) is related to*
33 *traffic improvement and abatement of abandoned vehicles.*

34 (d) (1) *Except as provided in paragraph (2), a service authority*
35 *shall not carry out an abandoned vehicle abatement unless a*
36 *10-day notice has been issued for the abandoned vehicle and that*
37 *notice has expired.*

38 (2) *A service authority may carry out abandoned vehicle*
39 *abatement without issuing a 10-day notice if either of the following*
40 *applies:*

- 1 (A) *The service authority obtains a signed written release from*
2 *either of the following:*
- 3 (i) *The vehicle owner authorizing the removal of, and waiving*
4 *interest in, the vehicle that is located on public property.*
- 5 (ii) *The owner of private property where a vehicle is located*
6 *authorizing the removal of the vehicle.*
- 7 (B) *The fair market value of the abandoned vehicle is two*
8 *hundred dollars (\$200) or less and the abandoned vehicle lacks*
9 *a motor, transmission, or wheels, and is incapable of being towed.*
- 10 ~~(d)~~
- 11 (e) (1) An abandoned vehicle abatement program and plan of
12 a service authority shall be implemented only with the approval
13 of the county and a majority of the cities having a majority of the
14 incorporated population.
- 15 (2) The department shall provide guidelines for an abandoned
16 vehicle abatement program. An authority's abandoned vehicle
17 abatement plan and program shall be consistent with those
18 guidelines, and shall provide for, but not be limited to, an estimate
19 of the number of abandoned vehicles, a disposal and enforcement
20 strategy including contractual agreements, and appropriate fiscal
21 controls.
- 22 The department's guidelines provided pursuant to this paragraph
23 shall include, but not be limited to, requiring each service authority
24 receiving funds from the Abandoned Vehicle Trust Fund to report
25 to the Controller on an annual basis pursuant to subdivision (c) of
26 Section 9250.7, in a manner prescribed by the department, and
27 pursuant to an approved abandoned vehicle abatement program.
- 28 (3) After a plan has been approved pursuant to paragraph (1),
29 the service authority shall, not later than August 1 of the year in
30 which the plan was approved, submit it to the department for
31 review, and the department shall, not later than October 1 of that
32 same year, either approve the plan as submitted or make
33 recommendations for revision. After the plan has received the
34 department's approval as being consistent with the department's
35 guidelines, the service authority shall submit it to the Controller.
- 36 (4) Except as provided in subdivision (e), the Controller shall
37 not make any allocations for a fiscal year, commencing on July 1
38 following the Controller's determination to suspend a service
39 authority when a service authority has failed to comply with the
40 provisions set forth in Section 9250.7.

1 (5) A governmental agency shall not receive any funds from a
2 service authority for the abatement of abandoned vehicles pursuant
3 to an approved abandoned vehicle abatement program unless the
4 governmental agency has submitted an annual report to the service
5 authority stating the manner in which the funds were expended,
6 and the number of vehicles abated. The governmental agency shall
7 receive that percentage of the total funds collected by the service
8 authority that is equal to its share of the formula calculated pursuant
9 to paragraph (6).

10 (6) Each service authority shall calculate a formula for
11 apportioning funds to each governmental agency that receives
12 funds from the service authority and submit that formula to the
13 Controller with the annual report required pursuant to paragraph
14 (2). The formula shall apportion 50 percent of the funds received
15 by the service authority to a governmental agency based on the
16 percentage of vehicles abated by that governmental agency of the
17 total number of abandoned vehicles abated by all member agencies,
18 and 50 percent based on population and geographic area, as
19 determined by the service authority. When the formula is first
20 submitted to the Controller, and each time the formula is revised
21 thereafter, the service authority shall include a detailed explanation
22 of how the service authority determined the apportionment between
23 per capita abatements and service area.

24 (7) Notwithstanding any other provision of this subdivision, the
25 Controller may allocate to the service authority in the County of
26 Humboldt the net amount of the abandoned vehicle abatement
27 funds received from the fee imposed by that authority, as described
28 in subdivision (b) of Section 9250.7, for calendar years 2000 and
29 2001.

30 (8) *The service authority shall submit annually to the department*
31 *information showing that the average cost per vehicle abated is*
32 *reasonable in the areas within the service authority's jurisdiction.*

33 (e)

34 (f) A plan that has been submitted to the Controller pursuant to
35 subdivision (d) may be revised pursuant to the procedure prescribed
36 in that subdivision, including compliance with any dates described
37 therein for submission to the department and the Controller,
38 respectively, in the year in which the revisions are proposed by
39 the service authority. Compliance with that procedure shall only
40 be required if the revisions are substantial.

- 1 ~~(f) For purposes of this section, “abandoned vehicle abatement”~~
2 ~~means the removal of a vehicle from public or private property by~~
3 ~~towing or any other means after the vehicle has been marked as~~
4 ~~abandoned by an official of a governmental agency that is a~~
5 ~~member of the service authority.~~
- 6 (g) *As used in this section:*
- 7 (1) *“Abandoned vehicle” means a motor vehicle that meets any*
8 ~~of the following conditions:~~
- 9 (A) *Missing the engine or another part necessary for operation*
10 ~~of the vehicle.~~
- 11 (B) *A flat tire.*
- 12 (C) *Trash in or around the vehicle.*
- 13 (D) *Debris in or around the vehicle.*
- 14 (E) *Leaking automotive fluids.*
- 15 (F) *Cobwebs around the tires.*
- 16 (G) *A registration tag that has expired for more than six months.*
- 17 (H) *Been left on a street or highway for a period of 72 hours*
18 ~~or more in violation of a local ordinance.~~
- 19 (2) *“Abandoned vehicle abatement” means the voluntary or*
20 ~~involuntary removal of an abandoned vehicle from public or~~
21 ~~private property by towing or any other means after the vehicle~~
22 ~~has been marked as abandoned by an official of a governmental~~
23 ~~agency that is a member of a service authority. The vehicle does~~
24 ~~not need to be made inoperable or scrapped after it has been~~
25 ~~removed.~~
- 26 (3) *“Involuntary removal” means the removal of an abandoned*
27 ~~vehicle by towing or other means by an enforcement officer of a~~
28 ~~service authority.~~
- 29 (4) *“Voluntary removal” means the removal of an abandoned*
30 ~~vehicle by the owner of the vehicle.~~
- 31 ~~(g)~~
- 32 (h) *A service authority shall cease to exist on the date that all*
33 ~~revenues received by the authority pursuant to this section and~~
34 ~~Section 9250.7 have been expended.~~

Proposed Amendments to AB 1295 (Spitzer, R-Orange)

SECTION 1. Section 130240 of the Public Utilities Code is hereby amended as follows:

130240. (a) "Transit" means as defined in Section 40005.

(b) (1) The Orange County Transportation Authority may acquire, construct, develop, lease, jointly develop, own, operate, maintain, control, use, jointly use, or dispose of rights-of-way, rail lines, monorails, guideways, buslines, stations, platforms, switches, yards, terminals, parking lots, air rights, land rights, development rights, entrances and exits, and any and all other facilities for, incidental to, necessary for, or convenient for transit service, including, but not limited to, facilities and structures physically or functionally related to transit service, within or partly without the county, underground, upon, or above the ground and under, upon or over public streets, highways, bridges, or other public ways or waterways, together with all physical structures necessary for, incidental to, or convenient for the access of persons and vehicles thereto, and may acquire, lease, sell, or otherwise contract with respect to any interest in or rights to the use or joint use of any or all of the foregoing. However, installations on state freeways are subject to the approval of the Department of Transportation and installations in other state highways are subject to Article 2 (commencing with Section 670) of Chapter 3 of Division 1 of the Streets and Highways Code.

(2) With respect to the segment of State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55 only, the Orange County Transportation Authority may exercise all of the powers contained in paragraph (1) that apply to streets, highways, bridges, and connector roads.

(3) The exercise of the powers provided to the Orange County Transportation Authority in paragraph (2) is subject to approval by the Board of Supervisors of Riverside County and the Riverside County Transportation Commission and in consultation with the advisory committee described in paragraph (1) of subdivision (h) as it relates to the use of those powers in Riverside County under the terms of the franchise agreement described in subdivision (c).

(c) If the Orange County Transportation Authority requests, the department shall approve the assignment to the Orange County Transportation Authority of the Amended and Restated Development Franchise Agreement, as amended, between the department and the California Private Transportation Company, L.P. (CPTC) for the State Highway Route 91 median improvements as authorized by Section 143 of the Streets and Highways Code, subject to the requirement that subdivisions (a) to (f), inclusive, of Section 2 of Article 3 of the restated franchise agreement be deleted in their entirety in the event that CPTC and the authority agree to the assignment of all of CPTC's interests in the franchise agreement to the authority.

(d) The Orange County Transportation Authority shall have the authority to impose tolls for use of the State Highway Route 91 facilities as authorized by the franchise agreement. ~~After the bonds issued pursuant to subdivision (f) are paid in their entirety or on December 31, 2030, whichever occurs earlier, the Orange County Transportation Authority shall have no further authority to impose or~~

Proposed Amendments to AB 1295 (Spitzer, R-Orange)

~~to collect a toll for the use of the segment of State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55.~~

(e) Toll revenues from the use of State Highway Route 91 facilities ~~between Interstate Highway Route 15 and State Highway Route 55~~ shall only be used by the Orange County Transportation Authority for capital and operating expenses, including payment of purchase costs, debt service, and satisfaction of other covenants and obligations relating to indebtedness, and for transportation related to purposes related to, necessary for, incidental to, or convenient for transportation in the State Highway Route 91 Corridor, which shall mean the area within five miles of State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55, excluding other toll roads. ~~Prior to July 1, 2003, the 55. The~~ Orange County Transportation Authority, in consultation with the department and the Riverside County Transportation Commission, shall issue a plan and a proposed completion schedule for the transportation improvements ~~on in the State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55. Corridor.~~ The Orange County Transportation Authority shall update the plan on an annual basis ~~until all improvements described in the plan have been completed.~~

(f) The Orange County Transportation Authority may incur indebtedness and obligations, and may issue bonds, refund bonds, and assume existing bonds for purposes authorized by this section ~~for a period not to extend beyond the year 2030.~~ Indebtedness and bonds issued under this section do not constitute a debt or liability of the state or any other public agency, other than the authority, or a pledge of the faith and credit of the state or any other public agency, other than the authority. Bonds issued under this section shall not be deemed to constitute a debt or liability of the state or any political subdivision thereof, other than the bank and the authority, or a pledge of the faith and credit of the state or of any political subdivision, but shall be payable solely from the revenues and assets pledged to the repayment of the bonds. All bonds issued under this section shall contain on the face of the bond a statement to the same effect.

(g) Notwithstanding Section 143 of the Streets and Highways Code, the State Highway Route 91 facility constructed and operated under the authority of a franchise agreement approved pursuant to that section shall revert to the state at the expiration of the lease or termination of the franchise agreement at no cost to the state.

~~(h) (1) An advisory committee shall be created to review issues and make recommendations to the Orange County Transportation Authority regarding the transportation facilities acquired from CPTC, including tolls imposed, operations, maintenance, and use of toll revenues, and improvements in the area of State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55, including the identification and siting of alternative highways. The committee shall consist of 10 voting members and three nonvoting members, as follows:~~

~~(A) Five members of the board of directors of the Orange County Transportation Authority appointed by that board.~~

Proposed Amendments to AB 1295 (Spitzer, R-Orange)

~~—(B) Five members of the Riverside County Transportation Commission appointed by that commission.~~

~~—(C) One member of the San Bernardino Associated Governments appointed by that body and the district directors of Districts 8 and 12 of the Department of Transportation, all of whom shall be nonvoting members.~~

~~—(2) When reviewing the initial toll structure proposed by the Orange County Transportation Authority or any changes to the toll structure, the advisory committee shall place an information item on a regularly scheduled agenda for due public comment and consideration of the advisory committee.~~

~~—(3) The Orange County Transportation Authority shall conduct an audit on an annual basis of the toll revenues collected and expenditures made during the term of franchise agreement. The audit shall review revenues and expenditures for consistency with the provisions of this section and shall be provided to the advisory committee.~~

~~—(4) The Orange County Transportation Authority shall pay all costs associated with the requirements of this subdivision.~~

(l-h) The Orange County Transportation Authority shall not impose tolls for the use of nor construct and operate State Highway Route 91 facilities in the County of Riverside without prior approval by the Board of Supervisors of the County of Riverside, the Riverside County Transportation Commission, and the advisory committee.

(j-i) The Orange County Transportation Authority shall not sell or assign its interest in the franchise agreement without approval by the Legislature by enactment of a statute provided that approval shall not be required in connection with granting rights and remedies to lenders under Article 16 of the restated franchise agreement.

~~—(k) After the bonds issued pursuant to this section are paid off in their entirety, or on December 31, 2030, whichever occurs earlier, that segment of State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55 shall revert to the department.~~

(j) Upon expiration of the franchise agreement, that segment of State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55 shall revert to the department.

(l-k) In the event that the Orange County Transportation Authority decides to sell or assign its interest in the franchise agreement, the Orange County Transportation Authority shall provide written notice at least 90 days in advance of the date they submit their request for approval by the department pursuant to this subdivision. The written notice shall be provided to the advisory committee outlined in Section 130245 and the Riverside County Transportation Commission.

(l) The Orange County Transportation Authority is authorized to eliminate its rights, interests and obligations applicable to State Highway Route 91 in Riverside County, either by partial assignment to the Riverside County Transportation Commission, or by amendment to the restated franchise agreement, as amended. In the event of such a partial assignment or amendment, the department shall consent and the term of the restated franchise agreement, as amended by such a partial assignment or amendment, shall be

Proposed Amendments to AB 1295 (Spitzer, R-Orange)

extended to a date determined by the Orange County Transportation Authority, which date shall be no later than December 31, 2065.

(m) In the event the Riverside County Transportation Commission constructs and operates toll facilities on State Highway Route 91 between the Orange County border and Interstate Highway Route 15, then it is the intent of the Legislature that the Riverside County Transportation Commission and the Orange County Transportation Authority will enter into an agreement providing for the coordination of the respective toll facilities operated by each entity on State Highway Route 91.

SECTION 2. Section 130244 of the Public Utilities Code is hereby added as follows:

130244 (a) For purposes of this Section 130244, the following terms shall have the following meanings:

- (1) "Authority" means the Orange County Transportation Authority.
- (2) "Bonds" means bonds, notes, or other evidences of indebtedness authorized to be issued in Section (b)(2).
- (3) "Commission" means the Riverside County Transportation Commission.
- (4) "Department" means the California Department of Transportation.
- (5) "Franchise Agreement" means that certain franchise agreement assigned to the authority pursuant to Section 130240(c) of the Public Utilities Code.
- (6) "SR 91 corridor" means the area within five miles of State Highway Route 91 between Interstate Highway Route 15 and State Highway Route 55.
- (7) "Transportation Facilities" means one or more of (i) general purpose toll lanes, (ii) lanes or facilities where the tolls may be levied during the course of the day or week and may vary according to levels of congestion anticipated or experience or according to the occupancy of the vehicle; (iii) facilities or lanes utilizing such combinations of, or variations on, the foregoing, or other strategies the Commission may determine appropriate on a facility-by-facility basis; and (iv) non-tolled facilities, structures, onramps, connector roads, bridges and roadways that are incidental, related to or desirable for the design, construction, operation, maintenance or financing of any of the items in clauses (i)-(iii).
- (8) "Transportation Project" means the planning, design, development, financing, construction, reconstruction, rehabilitation, improvement, acquisition, lease, operation or maintenance, or any combination of the foregoing, of Transportation Facilities within the SR 91 corridor between the border of Orange County and Riverside County to the west and Interstate 215 to the east.

(b) Pursuant to Sections 130240 (m) the Authority may amend, assign or terminate the Riverside County portion of the franchise agreement in the interest of advancing the Transportation Project defined in Section 130244 (a)(8). The department, upon Authority's request, shall approve an amendment to the franchise agreement to eliminate any portion of the SR 91 corridor within Riverside County from the franchise agreement.

Proposed Amendments to AB 1295 (Spitzer, R-Orange)

(c)(1) The commission shall have the authority to set, levy and collect tolls, user fees or other similar charges payable in consideration of the use of the Transportation Project, and any other charges or fees incidental or related thereto in such amounts to (i) pay capital costs (including, without limitation, design, construction, right of way acquisition and utility adjustment costs), operation and maintenance costs (including, without limitation, toll collection, operation and administration costs), rehabilitation, repair, expansion and upgrade costs; (ii) repay indebtedness incurred as a result of or relating to the Transportation Project and financing costs related thereto, including, without limitation, indebtedness authorized pursuant to Section (c)(2), (iii) establish reserves, (iv) pay for the commission's administration of the Transportation Project, including the toll system and toll enforcement costs; and (v)) pay for any other transportation purposes the Commission is otherwise authorized to pay for or contribute funds to within the SR 91 corridor.

(2) The commission or a nonprofit public benefit corporation formed on behalf of the commission is authorized to issue Bonds to finance the costs of a Transportation Project, including the costs of issuing the Bonds, paying credit enhancement and other fees relating to the Bonds, payable from the tolls authorized in Section (c)(1), sales tax revenues, development impact fees, State and federal grant funds or any other source of revenues legally available therefor. The Bonds may be sold on such terms and provisions as provided for in a resolution of the governing board of the commission.

(3) The department is authorized to enter into any lease, license, easement, permit or other agreement with the commission necessary to accomplish the purposes of this Section.

(4) The commission shall have the authority to impose tolls for use of the Transportation Project for 50 years following the completion and opening of the Transportation Project for public use and commencement of tolling, after which the commission shall have no further authority to impose or to collect a toll under for the Transportation Project, unless approved by the department. If requested by the commission, the Transportation Project may revert to the department after the bonds issued pursuant to this section are paid off in their entirety.

(d)(1) The commission is authorized to enter into contracts for a Transportation Project. These contracts may be entered into separately or may be combined to include any or all tasks necessary for completion of the Transportation Project and subsequent operations and maintenance. Notwithstanding Public utilities Code section 130232 or any other applicable state law, all contracts approved and awarded by the Commission shall be awarded based on criteria established by the Commission, which may include price, qualifications, technical merit or competitive negotiation, or any combination thereof.

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(2) Transportation Projects developed hereunder shall be considered a public work project for purposes of Section 3109 of the Civil Code. Notwithstanding anything to the contrary in Section 3247(a) of the Civil Code, the payment bond required under said Section 3247(a) may be obtained from the entity with primary responsibility for construction, even though such entity may not have a direct contract with the Commission, and, if the Executive Director of the Commission determines that it is impracticable to obtain a 100% bond, the payment bond amount may be reduced to an amount determined sufficient by the Executive Director of the Commission to protect the interests of the Commission and the persons identified in Section 3247(b) of the Civil Code.

(e) This section shall be supplemental and in addition to any other authority for the commission to undertake a Transportation Project as set forth herein. The commission may procure services, award and enter into agreements and administer tolls, user fees and revenues as authorized in this section notwithstanding any requirements of other state law or rule or county ordinance or rule relating to public bidding or other procurement procedures or other provisions otherwise applicable to public works, services or utilities.

(f) This section shall not prevent the department or any local agency from constructing facilities within the route 91 corridor which compete with the transportation project, and in no event shall the commission be entitled compensation for the adverse effects on toll revenue due to such facilities.

(g) If any one or more of the provisions of this section shall be contrary to any other law of the State or the constitution of the State, then such provision or provisions of this section shall be null and void and shall be deemed separable from the remaining provisions hereof.

(h) The provisions of this Section 130244 shall not apply to State Highway Route 91 between the Orange County border and Interstate Highway Route 15 unless the Authority amends or partially assigns the restated franchise agreement, as amended, between the department and the Authority to exclude that portion of State Highway Route 91 from the restated franchise agreement, as amended.

SECTION 3

Section 130244.5 of the Public Utilities Code is hereby added as follows:

130244.5 (a) For purposes of this section, the following terms shall have the following meanings:

(1) "Bonds" means bonds, notes, or other evidences of indebtedness authorized to be issued in Section (b) (2).

(2) "Commission" means the Riverside County Transportation Commission.

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(3) "Department" means the California Department of Transportation.

(4) "Transportation Facilities" means one or more of (i) general purpose toll lanes, (iii) lanes or facilities where the tolls may be levied and may vary during the course of the day or week or according to levels of congestion anticipated or experience or according to the occupancy of the vehicle; (iv) facilities or lanes utilizing such combinations of, or variations on, the foregoing, or other strategies the Commission may determine appropriate on a facility-by-facility basis; and (v) non-tolled facilities, structures, onramps, connector roads, bridges and roadways that are incidental, related to or desirable for the design, construction, operation, maintenance or financing of any of the items in clauses (i)-(v).

(5) "Transportation Project" means the planning, design, development, financing, construction, reconstruction, rehabilitation, improvement, acquisition, lease, operation or maintenance, or any combination of the foregoing, of Transportation Facilities within the Interstate 15 corridor between the border of San Bernardino County and Riverside County to the north and San Diego County and Riverside County to the south.

(6) "Interstate Route 15 Corridor" means the area within five miles of Interstate 15 in Riverside County between San Bernardino and San Diego Counties.

(b)(1) The Commission shall have the authority to set, levy and collect tolls, user fees or other similar charges payable in consideration of the use of Transportation Project, and any other charges or fees incidental or related thereto, in such amount as required to (i) pay capital costs (including, without limitation, design, construction, right of way acquisition and utility adjustment costs), operation and maintenance costs (including, without limitation, toll collection, operation and administration costs), rehabilitation, repair, expansion and upgrade costs; (ii) repay indebtedness incurred as a result of or relating to the Transportation Project and financing costs related thereto, including, without limitation, indebtedness authorized pursuant to Section (b)(2), (iii) establish reserves, (iv) pay for the Commission's administration of the Transportation Project, including the toll system and toll enforcement costs; and (v) Toll revenues from the use of Interstate Route 15 Corridor facilities between State Route 74 and the San Bernardino County Line shall only be used by the Riverside County Transportation Commission for capital and operating expenses, including payment of purchase costs, debt service, and satisfaction of other covenants and obligations relating to indebtedness, and for purposes related to, necessary for, incidental to, or convenient for transportation in the Interstate 15 Corridor, which shall mean the area within five miles of Interstate Route 15 between San Bernardino and San Diego Counties.

(2) The Commission or a nonprofit public benefit corporation formed on behalf of the Commission is authorized to issue Bonds to finance the costs of a Transportation Project, including the costs of issuing the Bonds, paying credit enhancement and other fees relating to the Bonds, payable from the tolls authorized in Section (b) (1), sales tax revenues, development impact fees, State

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and federal grant funds or any other source of revenues legally available therefor. The Bonds may be sold on such terms and provisions as provided for in a resolution of the governing board of the commission.

(3) The Department is authorized to enter into any lease, license, easement, permit or other agreement with the Commission necessary to accomplish the purposes of this Section.

(4) The commission shall have the authority to impose tolls for use of the Transportation Project for 50 years following the completion and opening of the Transportation Project for public use and commencement of tolling, after which the commission shall have no further authority to impose or to collect a toll under for the Transportation Project, unless approved by the department. If requested by the commission, the Transportation Project may revert to the department after the bonds issued pursuant to this section are paid off in their entirety.

c)(1) The Commission is authorized to contract for the Transportation Project. These contracts may be entered into separately or may be combined to include any or all tasks necessary for completion of the Transportation Project and subsequent operations and maintenance. Notwithstanding section 130232 or any other applicable state law, all contracts approved and awarded by the Commission shall be awarded based on criteria established by the Commission, which may include price, qualifications, technical merit or competitive negotiation, or any combination thereof.

(2) Transportation Projects developed hereunder shall be considered a public work project for purposes of Section 3109 of the Civil Code. Notwithstanding anything to the contrary in Section 3247(a) of the Civil Code, the payment bond required under said Section 3247(a) may be obtained from the entity with primary responsibility for construction, even though such entity may not have a direct contract with the Commission, and, if the Executive Director of the Commission determines that it is impracticable to obtain a 100% bond, the payment bond amount may be reduced to an amount determined sufficient by the Executive Director of the Commission to protect the interests of the Commission and the persons identified in Section 3247(b) of the Civil Code.

(d) This section shall be supplemental and in addition to any other authority for the commission to undertake a Transportation Project as set forth herein. The commission may procure services, award and enter into agreements and administer tolls, user fees and revenues as authorized in this section notwithstanding any requirements of other state law or rule or county ordinance or rule relating to public bidding or other procurement procedures or other provisions otherwise applicable to public works, services or utilities.

(e) This section shall not prevent the department or any local agency from contracting facilities within the I-15 corridor which compete with the transportation

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project, and in no event shall the commission be entitled to compensation for the adverse effects on toll revenues due to such facilities.

(f) If any one or more of the provisions of this chapter shall be contrary to any other law of the State or the constitution of the State, then such provision or provisions of this chapter shall be null and void and shall be deemed separable from the remaining provisions hereof.

Section 4

Section 130245 of the Public Utilities Code is hereby added as follows:

130245 (a) An advisory committee shall be created to review issues and make recommendations to the Orange County Transportation Authority and the Riverside County Transportation Commission regarding the facilities authorized pursuant to Sections 130240 and 130244 including tolls imposed, operations, maintenance, interoperability, and use of toll revenues, and improvements in SR 91 corridor as defined in section 130244 (a) including the identification and siting of alternative highways. The committee shall consist of 10 voting members and three nonvoting members, as follows:

(1) Five members of the board of directors of the Orange County Transportation Authority appointed by that board.

(2) Five members of the Riverside County Transportation Commission appointed by that commission.

(3) One member of the San Bernardino Associated Governments appointed by that body and the district directors of Districts 8 and 12 of the Department of Transportation, all of whom shall be nonvoting members.

(b) The advisory committee shall establish rules for the conduct of committee meetings, which shall be approved by both the Riverside County Transportation Commission and the Orange County Transportation Authority. The Riverside County Transportation Commission and the Orange County Transportation Authority may appoint alternates to the advisory committee.

(c) When reviewing the initial toll structure proposed by the Orange County Transportation Authority and the Riverside County Transportation Commission or any changes to the toll structure, the advisory committee shall place an information item on a regularly scheduled agenda for public comment and consideration of the advisory committee.

(d) The Orange County Transportation Authority shall conduct an audit on an annual basis of the toll revenues collected and expenditures made during its operation of the facilities authorized in Section 130240. The audit shall review revenues and expenditures related to such facilities for consistency with the provisions of this section and shall be provided to the advisory committee.

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(e) The Riverside County Transportation Commission shall conduct an audit on an annual basis of the toll revenues collected and expenditures made during its operation of the facilities authorized by Section 130244. The audit shall review revenues and expenditures related to such facilities for consistency with the provisions of this section and shall be provided to the advisory committee

(4) The Orange County Transportation Authority and the Riverside County Transportation Commission shall share equally all costs associated with the requirements of this section.

BILL: SB 974 (Lowenthal, D-Long Beach)
Amended April 9, 2007

SUBJECT: Imposes a \$30 per container fee at the Ports of Los Angeles, Long Beach, and Oakland to address congestion and air quality impacts related to goods movement

STATUS: Set for hearing before the Senate Transportation and Housing Committee on April 17, 2006.

SUMMARY AS OF APRIL 12, 2007:

SB 974 imposes a \$30 fee per container on goods coming through the Ports of Long Beach, Los Angeles, and Oakland to address congestion and air quality impacts related to goods movement, beginning on January 1, 2009. The funds would be distributed with 50 percent going to congestion relief and the other 50 percent going to mitigation. Separate accounts would be established and maintained for Northern and Southern California based on funds collected at the respective ports in the region.

The bill allocates funding authority to the California Transportation Commission (CTC) for the congestion relief projects and to the California Air Resources Board (CARB) for the mitigation projects. The bill contains a prohibition against the transfer or loan of these funds to the state General Fund.

It also contains guidance for the CTC to consider projects along the entire Southern California corridor serving Los Angeles and Long Beach ports. Projects such as grade crossings in Los Angeles, Orange, Riverside, and San Bernardino counties, expanded rail capacity, on-dock rail improvements, and areas such as the Colton Crossing are specifically identified as eligible projects. The list of projects must be adopted by the CTC by September 1, 2008 and once the projects are completed, the container fee can no longer be collected.

SB 974 also contains provisions that prohibit the use of the congestion relief funds to construct, maintain or improve highways except where necessary to create grade crossings or otherwise separate container traffic from general motor vehicle traffic. This provision would prohibit the funds being used for improvements to freeways such as Interstate 710.

With respect to the air quality funds, SB 974 specifies that by September 1, 2008, CARB must adopt a list of projects consistent with the Emission Reduction Plan, be designed to meet federal air quality attainment standards, meet the goals for the Air Quality Management Plan as prepared by the South Coast Air Quality Management District, and meet the goals of the San Pedro Bay Clean Air Action Plan. Once the emission reduction goals are met, the container fee will no longer be assessed.

A similar bill by Senator Lowenthal was introduced last year but was vetoed by the Governor. The veto message cited his reasons as being a lack of accountability for the funds and that the legislation only targeted Southern California ports. Senator Lowenthal believes these issues have been addressed in SB 974

EFFECTS ON ORANGE COUNTY:

The Southern California counties of Ventura, Los Angeles, Orange, Riverside, San Bernardino, Imperial, and San Diego serve as a major gateway for our nation's trade. Thirty-three percent of all international container cargo imported into the United States passes through our region's ports. According to ports' statistics, the San Pedro Bay ports of Los Angeles and Long Beach moved 14.2 million 20-foot equivalent units (TEUs – a standard measure of shipping units one sees on rail cars and trucks) in 2005, an 8 percent increase over 2004 when the two ports handled 13.1 million. Freight volumes at the ports are expected to double within 20 years.

Orange County has a significant level of goods movement traffic because it serves as a bridge between Los Angeles County and the Inland Empire. Currently, the Burlington Northern Santa Fe (BNSF) Railway mainline between Los Angeles and San Bernardino counties carries an estimated 70 daily freight trains through northern Orange County through parts of the cities of Yorba Linda, Anaheim, Buena Park, Fullerton, and Placentia. By 2025, this line will carry an estimated 150 daily freight trains, and over \$910 million in grade separation projects have been identified countywide to address freight train volume.

Given the County's well-developed freeway system, goods movement-related truck volumes will also continue to grow. The Santa Ana Freeway (Interstate 5), Riverside Freeway (State Route 91), Orange Freeway (State Route 57), and Costa Mesa Freeway (State Route 55) currently can achieve average daily volumes between 15,000 and 22,000 trucks.

While transportation and elected officials see the need for an expansion of our trade infrastructure in order to maintain our region's economic growth and competitiveness, the mitigation of the noise traffic and health effects on communities along and in the proximity to freight movement corridors has also become an essential issue as part of goods movement policy discussions.

Although Proposition 1B was approved and included a \$3.1 billion fund that was established for a California Ports Infrastructure, Security, and Air Quality Improvement Account, the needs in the region are far greater than the bond can address and additional revenue sources may need to be reviewed. Additionally, the bond funds require a one-to-one match and a container fee would be eligible as such a match, allowing more communities to utilize the Proposition 1B funds.

OCTA POSITION:

Staff recommends: SUPPORT

AMENDED IN SENATE APRIL 9, 2007

SENATE BILL

No. 974

Introduced by Senator Lowenthal

(Principal coauthor: Assembly Member De La Torre)

(Coauthors: Assembly Members Carter and Karnette)

February 23, 2007

An to add Article 10 (commencing with Section 63049.70) to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to amend and renumber Section 1760 of, to add a heading to Chapter 1 (commencing with Section 1720) of, and to add Chapter 2 (commencing with Section 1740) to, Part 2 of Division 6 of, the Harbors and Navigation Code, relating to ports, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 974, as amended, Lowenthal. Ports: congestion relief: environmental mitigation: regulatory fee.

(1) Existing law regulates the operation of ports and harbors.

This bill would require the Ports of Los Angeles, Long Beach, and Oakland to collect a user fee on the owner of container cargo moving through the Port of Los Angeles, the Port of Long Beach, or the Port of Oakland at a rate of \$30 per twenty-foot equivalent unit (TEU).

The bill would require the Ports of Los Angeles and Long Beach to transmit $\frac{1}{2}$ of the funds derived from imposition of the fee to the Southern California Port Congestion Relief Trust Fund, which the bill would establish in the State Treasury, and $\frac{1}{2}$ to the Southern California Port Mitigation Relief Trust Fund, which the bill would establish in the State Treasury. The bill would require the Port of Oakland to transmit $\frac{1}{2}$ of the funds derived from imposition of the fee to the Northern California Port Congestion Relief Trust Fund, which the bill would

establish in the State Treasury, and $\frac{1}{2}$ to the Northern California Port Mitigation Relief Trust Fund, which the bill would establish in the State Treasury.

The bill would require the moneys transmitted to the Southern California Port Congestion Relief Trust Fund and the Northern California Port Congestion Relief Trust Fund to be available, upon appropriation, for expenditure by the California Transportation Commission exclusively for the purposes of funding projects that improve the flow and efficiency of container cargo to and from those ports, and funding the administrative costs of this program. The bill would prohibit moneys deposited in those funds from being loaned or transferred to, or allocated or appropriated in any other way to, the General Fund. The bill would prohibit the commission from using the funds to construct, maintain, or improve highways, with certain exceptions.

The bill would require the moneys transmitted to the Southern California Port Mitigation Relief Trust Fund and the Northern California Port Mitigation Relief Trust Fund to be available, upon appropriation, for expenditure by the State Air Resources Board to develop a list of projects to mitigate environmental pollution caused by the movement of cargo to and from those ports, and for the administration of this program. The bill would prohibit moneys deposited in those funds from being loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

The bill would establish a state-mandated local program by imposing these additional duties upon the ports.

(2) Existing law sets forth the duties of the Infrastructure and Economic Development Bank and its board of directors generally in performing various financing transactions, including the issuance of bonds.

This bill would authorize the bank to enter into financing agreements with participating parties to finance or refinance Southern California and Northern California port congestion relief projects and Southern California and Northern California port mitigation relief projects. The bank would be authorized to issue revenue bonds. User fees on container ships from the Southern and Northern California Port Congestion Relief Trust Funds and the Southern and Northern California Mitigation Relief Trust Funds would be continuously appropriated to the bank to secure any revenue bonds.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 10 (commencing with Section 63049.70)
2 is added to Chapter 2 of Division 1 of Title 6.7 of the Government
3 Code, to read:

4

5 Article 10. Financing of Port Congestion Relief and Port
6 Mitigation Relief

7

8 63049.70. The definitions contained in this section are in
9 addition to the definitions contained in Section 63010 and together
10 with the definitions contained in that section shall govern the
11 construction of this article, unless the context requires otherwise:

12 (a) "Credit facility" means all obligations, including principal,
13 interest, fees, costs, indemnities, and all other amounts incurred
14 by the bank under or in connection with any credit enhancement
15 or liquidity agreement, including a letter of credit, standby purchase
16 agreement, reimbursement agreement, liquidity facility, or other
17 similar arrangement entered into by the bank.

18 (b) "Northern California port congestion relief container fee
19 revenue" means all of the following:

20 (1) Income and receipts derived by the bank from Northern
21 California port congestion relief container fees.

22 (2) Interest and other income from investment of money in any
23 fund or account established pursuant to an indenture for Northern
24 California Port Congestion Relief Container Fee Revenue Bonds,
25 other than any fund established to rebate investment earnings to
26 the federal government.

27 (A) Amounts on deposit in these funds and accounts, other than
28 any fund or account established to rebate investment earnings to
29 the federal government and any fund or account established to

1 hold the proceeds of a drawing on any liquidity or credit support
2 facility for these bonds.

3 (B) Net income and net receipts derived by the bank on account
4 of interest rate swaps with respect to these bonds.

5 (c) “Northern California Port Congestion Relief Container Fee
6 Revenue Bonds” means revenue bonds issued pursuant to this
7 article that are payable from Northern California port congestion
8 relief container fee revenue.

9 (d) “Northern California port congestion relief container fees”
10 means all user fees that are imposed pursuant to Section 1747 of
11 the Harbors and Navigation Code and remitted to the Northern
12 California Port Congestion Relief Trust Fund in the State Treasury.

13 (e) “Northern California port congestion relief project” means
14 each project for public development facilities and economic
15 development facilities for which the expenditure of funds has been
16 approved by the California Transportation Commission pursuant
17 to Section 1751 of the Harbors and Navigation Code.

18 (f) “Northern California port mitigation relief container fee
19 revenue” means all of the following:

20 (1) Income and receipts derived by the bank from Northern
21 California port mitigation relief container fees.

22 (2) Interest and other income from investment of money in any
23 fund or account established pursuant to an indenture for Northern
24 California Port Mitigation Relief Container Fee Revenue Bonds,
25 other than any fund established to rebate investment earnings to
26 the federal government.

27 (A) Amounts on deposit in these funds and accounts, other than
28 any fund or account established to rebate investment earnings to
29 the federal government and any fund or account established to
30 hold the proceeds of a drawing on any liquidity or credit support
31 facility for these bonds.

32 (B) Net income and net receipts derived by the bank on account
33 of interest rate swaps with respect to these bonds.

34 (g) “Northern California Port Mitigation Relief Container Fee
35 Revenue Bonds” means revenue bonds issued pursuant to this
36 article that are payable from Northern California port mitigation
37 relief container fee revenue.

38 (h) “Northern California port mitigation relief container fees”
39 means all user fees that are imposed pursuant to Section 1747 of

1 the Harbors and Navigation Code and remitted to the Northern
2 California Port Mitigation Relief Trust Fund in the State Treasury.

3 (i) “Northern California port mitigation relief project” means
4 each project for public development facilities and economic
5 development facilities for which the expenditure of funds has been
6 approved by the State Air Resources Board pursuant to Section
7 1753 Harbors and Navigation Code.

8 (j) “Southern California port congestion relief container fee
9 revenue” means all of the following:

10 (1) Income and receipts derived by the bank from Southern
11 California port congestion relief container fees.

12 (2) Interest and other income from investment of money in any
13 fund or account established pursuant to an indenture for Southern
14 California Port Congestion Relief Container Fee Revenue Bonds,
15 other than any fund established to rebate investment earnings to
16 the federal government.

17 (A) Amounts on deposit in these funds and accounts, other than
18 any fund or account established to rebate investment earnings to
19 the federal government and any fund or account established to
20 hold the proceeds of a drawing on any liquidity or credit support
21 facility for these bonds.

22 (B) Net income and net receipts derived by the bank on account
23 of interest rate swaps with respect to these bonds.

24 (k) “Southern California Port Congestion Relief Container Fee
25 Revenue Bonds” means revenue bonds issued pursuant to this
26 article that are payable from Southern California port congestion
27 relief container fee revenue.

28 (l) “Southern California port congestion relief container fees”
29 means all user fees that are imposed pursuant to Sections 1745
30 and 1746 of the Harbors and Navigation Code and remitted to the
31 Southern California Port Congestion Relief Trust Fund in the State
32 Treasury.

33 (m) “Southern California port congestion relief project” means
34 each project for public development facilities and economic
35 development facilities for which the expenditure of funds has been
36 approved by the California Transportation Commission pursuant
37 to Section 1750 of the Harbors and Navigation Code.

38 (n) “Southern California port mitigation relief container fee
39 revenue” means all of the following:

1 (1) Income and receipts derived by the bank from Southern
2 California port mitigation relief container fees.

3 (2) Interest and other income from investment of money in any
4 fund or account established pursuant to an indenture for Southern
5 California Port Mitigation Relief Container Fee Revenue Bonds,
6 other than any fund established to rebate investment earnings to
7 the federal government.

8 (3) Amounts on deposit in these funds and accounts, other than
9 any fund or account established to rebate investment earnings to
10 the federal government and any fund or account established to
11 hold the proceeds of a drawing on any liquidity or credit support
12 facility for these bonds.

13 (4) Net income and net receipts derived by the bank on account
14 of interest rate swaps with respect to these bonds.

15 (o) “Southern California Port Mitigation Relief Container Fee
16 Revenue Bonds” means revenue bonds issued pursuant to this
17 article that are payable from Southern California port mitigation
18 relief container fee revenue.

19 (p) “Southern California port mitigation relief container fees”
20 means all user fees that are imposed pursuant to Sections 1745
21 and 1746 of the Harbors and Navigation Code and remitted to the
22 Southern California Port Mitigation Relief Trust Fund in the State
23 Treasury.

24 (q) “Southern California port mitigation project” means each
25 project for public development facilities and economic
26 development facilities for which the expenditure of funds has been
27 approved by the State Air Resources Board pursuant to Section
28 1752 of the Harbors and Navigation Code.

29 63049.71. (a) The bank may enter into financing agreements
30 with participating parties for the purpose of financing or
31 refinancing Southern California port congestion relief projects and
32 Southern California port mitigation relief projects.

33 (b) The bank may issue bonds pursuant to this chapter as
34 Southern California Port Congestion Relief Container Fee Revenue
35 Bonds to finance or refinance Southern California port congestion
36 relief projects and as Southern California Port Mitigation Relief
37 Container Fee Revenue Bonds to finance or refinance Southern
38 California port mitigation relief projects. The aggregate principal
39 amount of the bonds that may be issued is unlimited, but the
40 aggregate principal amount of the bonds that may be outstanding

1 at any one time is five billion dollars (\$5,000,000,000). The
2 revenue bonds may also be issued to finance necessary reserves,
3 capitalized interest, credit enhancement costs, and costs of issuance
4 of the revenue bonds. The last date for payment of principal of
5 any revenue bond may not be more than 30 years after the date of
6 issuance of the revenue bond.

7 (c) Principal of and interest and redemption premiums on
8 Southern California Port Congestion Relief Container Fee Revenue
9 Bonds and Southern California ~~port mitigation relief container fee~~
10 ~~revenue bonds~~ *Port Mitigation Relief Container Fee Revenue*
11 *Bonds* shall be payable from, and secured by, Southern California
12 port congestion relief container fee revenue and Southern California
13 port mitigation relief container fee revenue, respectively, as and
14 to the extent provided in the constituent instruments defining the
15 rights of the holders of the bonds.

16 63049.72. (a) The bank may enter into financing agreements
17 with participating parties for the purpose of financing or
18 refinancing Northern California port congestion relief projects and
19 Northern California port mitigation relief projects.

20 (b) The bank may issue bonds pursuant to this chapter as
21 Northern California Port Congestion Relief Container Fee Revenue
22 Bonds to finance or refinance Northern California port congestion
23 relief projects and as Northern California Port Mitigation Relief
24 Container Fee Revenue Bonds to finance or refinance Northern
25 California ~~Port Mitigation~~ *port mitigation* relief projects. The
26 aggregate principal amount of the bonds that may be issued is
27 unlimited, but the aggregate principal amount of the bonds that
28 may be outstanding at any one time is five billion dollars
29 (\$5,000,000,000). The revenue bonds may also be issued to finance
30 necessary reserves, capitalized interest, credit enhancement costs,
31 and costs of issuance of the revenue bonds. The last date for
32 payment of principal of any revenue bond may not be more than
33 30 years after the date of issuance of the revenue bond.

34 (c) Principal of and interest and redemption premiums on
35 Northern California Port Congestion Relief Container Fee Revenue
36 Bonds and Northern California ~~port mitigation relief container fee~~
37 ~~revenue bonds~~ *Port Mitigation Relief Container Fee Revenue*
38 *Bonds* shall be payable from, and secured by, Northern California
39 port congestion relief container fee revenue and Northern California
40 port mitigation relief container fee revenue, respectively, all as

1 and to the extent provided in the constituent instruments defining
2 the rights of the holders of the bonds.

3 63049.73. (a) The bank may pledge all or any portion of the
4 Southern California port congestion relief container fees to secure
5 Southern California Port Congestion Relief Container Fee Revenue
6 Bonds, and credit facilities for these bonds, and all or any portion
7 of the Southern California port mitigation relief container fees to
8 secure Southern California ~~port mitigation relief container fee~~
9 ~~revenue bonds~~ *Port Mitigation Relief Container Fee Revenue*
10 *Bonds*, and credit facilities for these bonds. All Southern California
11 port congestion relief container fees and Southern California port
12 mitigation relief container fees so pledged are hereby continuously
13 appropriated, notwithstanding Section 13340, without regard to
14 fiscal years, to the bank, and, if the bank so directs, shall be paid
15 to the indenture trustee for these bonds each month, from the
16 Southern California Port Congestion Relief Trust Fund and the
17 Southern California Port Mitigation Relief Trust Fund for so long
18 as any of the bonds are outstanding. Any Southern California port
19 congestion relief container fees and Southern California port
20 mitigation relief container fees that are not required to be retained
21 by the indenture trustee pursuant to the constituent instruments
22 defining the rights of the holders of the bonds shall be remitted by
23 the indenture trustee to the Southern California Port Congestion
24 Relief Trust Fund and the Southern California Port Mitigation
25 Relief Trust Fund and shall be disbursed at the request and
26 direction of the California Transportation Commission and the
27 State Air Resources Board, respectively, for Southern California
28 *port* congestion relief projects and Southern California port
29 mitigation projects that are not being financed with revenue bonds
30 issued by the bank, and these funds are hereby continuously
31 appropriated, notwithstanding Section 13340, without regard to
32 fiscal years, for that purpose.

33 (b) The state hereby pledges to and agrees with the holders of
34 revenue bonds issued pursuant to this article, and each provider
35 of a letter of credit, standby purchase agreement, reimbursement
36 agreement, liquidity facility, or other similar arrangement for the
37 benefit of the revenue bonds, that the state will not limit, alter, or
38 restrict each pledge of Southern California port congestion relief
39 container fees and Southern California port mitigation relief
40 container fees permitted hereby and any other terms of any

1 agreement made with or for the benefit of the holders of the
2 revenue bonds or the providers or in any way impair the rights or
3 remedies of the holders of the bonds or the providers or reduce or
4 terminate the fees while any the bonds remain outstanding.

5 63049.74 (a) The bank may pledge all or any portion of the
6 Northern California port congestion relief container fees to secure
7 Northern California Port Congestion Relief Container Fee Revenue
8 Bonds, and credit facilities for these bonds, and all or any portion
9 of the Northern California port mitigation relief container fees to
10 secure Northern California Port Mitigation Relief Container Fee
11 Revenue Bonds, and credit facilities for these bonds. All Northern
12 California port Congestion relief container fees and Northern
13 California port mitigation relief container fees so pledged are
14 hereby continuously appropriated, notwithstanding Section 13340,
15 without regard to fiscal years, to the bank, and, if the bank so
16 directs, shall be paid to the indenture trustee for the bonds each
17 month, from the Northern California Port Congestion Relief Trust
18 Fund and the Northern California Port Mitigation Relief Trust
19 Fund for so long as any of the bonds are outstanding. Any Northern
20 California port congestion relief container fees and Northern
21 California port mitigation relief container fees that are not required
22 to be retained by the indenture trustee pursuant to the constituent
23 instruments defining the rights of the holders of the bonds shall
24 be remitted by the indenture trustee to the Northern California Port
25 Congestion Relief Trust Fund and the Northern California Port
26 Mitigation Relief Trust Fund and shall be disbursed at the request
27 and direction of the California Transportation Commission and
28 the State Air Resources Board, respectively, for Northern California
29 port congestion relief projects and Northern California port
30 mitigation relief projects that are not being financed with revenue
31 bonds issued by the bank, and these funds are hereby continuously
32 appropriated, notwithstanding Section 13340, without regard to
33 fiscal years, for that purpose.

34 (b) The state hereby pledges to and agrees with the holders of
35 revenue bonds issued pursuant to this article, and each provider
36 of a letter of credit, standby purchase agreement, reimbursement
37 agreement, liquidity facility, or other similar arrangement for the
38 benefit of the revenue bonds, that the state will not limit, alter, or
39 restrict each pledge of Northern California port congestion relief
40 container fees and Northern California port mitigation relief

1 container fees permitted hereby and any other terms of any
2 agreement made with or for the benefit of the holders of the
3 revenue bonds or the providers or in any way impair the rights or
4 remedies of the holders of the bonds or the providers or reduce or
5 terminate the fees while any the bonds remain outstanding.

6 63049.75 Notwithstanding any other provision of law, Article
7 3 (commencing with Section 63040), Article 4 (commencing with
8 Section 63042), and Article 5 (commencing with Section 63043)
9 of this chapter do not apply to any financing provided by the bank
10 pursuant to this article, and the principal amount of revenue bonds
11 issued pursuant to this article and Chapter 5 (commencing with
12 Section 63070) shall not count against the limit stated in the first
13 sentence of subdivision (b) of Section 63071.

14 SEC. 2. The heading of Chapter 1 (commencing with Section
15 1720) is added to Part 2 of Division 6 of the Harbors and
16 Navigation Code, immediately preceding Section 1720, to read:

17
18 CHAPTER 1. PORT FACILITY CONSTRUCTION
19

20 SEC. 3. Chapter 2 (commencing with Section 1740) is added
21 to Part 2 of Division 6 of the Harbors and Navigation Code, to
22 read:

23
24 CHAPTER 2. PORT CONGESTION RELIEF AND PORT MITIGATION
25 RELIEF
26

27 Article 1. General Provisions
28

29 1740. The Legislature hereby finds and declares all of the
30 following:

31 (a) There is a need to mitigate the enormous burden imposed
32 on the highway transportation system serving the Ports of Los
33 Angeles, Long Beach, and Oakland by the overland movement of
34 cargo shipped from and to those ports.

35 (b) The operation of the ports causes environmental pollution
36 that requires mitigation.

37 (c) The improvement of goods movement infrastructure would
38 benefit the owners of container cargo moving through the ports
39 by allowing the owners of the cargo to move container cargo more
40 efficiently and to move more cargo through those ports.

1 (d) The reduction of goods movement pollution would benefit
2 the owners of container cargo moving through the ports by meeting
3 federal air quality standards, which will allow for continued federal
4 funding of goods movement infrastructure projects.

5 (e) Accordingly, it is the intent of the Legislature to alleviate
6 these burdens by imposing a fee on shipping containers processed
7 through those ports and using the funds derived from that fee to
8 do both of the following:

9 (1) Improve the rail system that serves as an alternative to
10 shipping on the highway by commercial vehicle, including, but
11 not limited to, the ondock rail facilities at those ports.

12 (2) Mitigate the environmental pollution caused by port
13 operations.

14 1741. (a) There is hereby established in the State Treasury the
15 Southern California Port Congestion Relief Trust Fund.

16 ~~(b) There is hereby established in the State Treasury the~~
17 ~~Northern California Port Congestion Relief Trust Fund.~~

18 ~~(c) There is hereby established in the State Treasury the Southern~~
19 ~~California Port Mitigation Relief Trust Fund.~~

20 ~~(b) There is hereby established in the State Treasury the~~
21 ~~Southern California Port Mitigation Relief Trust Fund.~~

22 ~~(c) There is hereby established in the State Treasury the~~
23 ~~Northern California Port Congestion Relief Trust Fund.~~

24 (d) There is hereby established in the State Treasury the
25 Northern California Port Mitigation Relief Trust Fund.

26 1743. For purposes of this chapter, the following definitions
27 apply:

28 (a) "Board" means the State Air Resources Board.

29 (b) "Commission" means the California Transportation
30 Commission.

31 (c) "Northern California Congestion Fund" means the Northern
32 California Port Congestion Relief Trust Fund.

33 (d) "Northern California Mitigation Fund" means the Northern
34 California Port Mitigation Relief Trust Fund.

35 (e) "Port" means the Port of Los Angeles, Port of Long Beach,
36 or Port of Oakland, as appropriate.

37 (f) "Southern California Congestion Fund" means the Southern
38 California Port Congestion Relief Trust Fund.

39 (g) "Southern California Mitigation Fund" means the Southern
40 California Port Mitigation Relief Trust Fund.

Article 2. User Fee

1745. (a) Beginning January 1, 2008, the Port of Los Angeles shall develop a process for notifying the owner of, and collecting a user fee from the owner of, container cargo moving through the port.

(b) No later than June 1, 2008, the port shall notify the owner of cargo moving through the port that it will be assessed a user fee not to exceed thirty dollars (\$30) per twenty-foot equivalent unit (TEU). The notice shall include, but not be limited to, the process for payment of the user fee, the frequency for payment of the user fee, and that the user fee is being assessed to improve the goods movement infrastructure serving the port, to reduce pollution from all forms of equipment, vehicles, locomotives, and ships that operate at the port and bring containers to and from the port.

(c) Beginning January 1, 2009, the port shall assess a user fee on the owner of container cargo moving through the port not to exceed thirty dollars (\$30) per TEU. The port shall collect the fee at least twice a year.

(1) The port shall remit one-half of the user fee to the Southern California Congestion Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the commission exclusively for the purposes of funding projects that improve the flow and efficiency of container cargo to and from the Port of Los Angeles, and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(2) The port shall remit one-half of the user fee to the Southern California Mitigation Fund. Upon appropriation, moneys deposited in that fund shall be available for expenditure by the board to mitigate environmental pollution caused by the movement of cargo to and from the Port of Los Angeles by commercial motor vehicles, oceangoing vessels, and rail, and to fund the administrative costs of this program. Moneys deposited in that fund shall not be loaned or transferred to, or allocated or appropriated in any other way to, the General Fund.

(d) The port may contract with PierPass for the collection of the user fee authorized pursuant to this section.

1 1746. (a) Beginning January 1, 2008, the Port of Long Beach
2 shall develop a process for notifying the owner of, and collecting
3 a user fee from the owner of, container cargo moving through the
4 port.

5 (b) No later than June 1, 2008, the port shall notify the owner
6 of cargo moving through the port that it will be assessed a user fee
7 not to exceed thirty dollars (\$30) per twenty-foot equivalent unit
8 (TEU). The notice shall include, but not be limited to, the process
9 for payment of the user fee, the frequency for payment of the user
10 fee, and that the user fee is being assessed to improve the goods
11 movement infrastructure serving the port, to reduce pollution from
12 all forms of equipment, vehicles, locomotives, and ships that
13 operate at the port and bring containers to and from the port.

14 (c) Beginning January 1, 2009, the port shall assess a user fee
15 on the owner of container cargo moving through the port not to
16 exceed thirty dollars (\$30) per TEU. The port shall collect the fee
17 at least twice a year.

18 (1) The port shall remit one-half of the user fee to the Southern
19 California Congestion Fund. Upon appropriation, moneys deposited
20 in that fund shall be available for expenditure by the commission
21 exclusively for the purposes of funding projects that improve the
22 flow and efficiency of container cargo to and from the Port of and
23 Long Beach, and to fund the administrative costs of this program.
24 Moneys deposited in that fund shall not be loaned or transferred
25 to, or allocated or appropriated in any other way to, the General
26 Fund.

27 (2) The port shall remit one-half of the user fee to the Southern
28 California Mitigation Fund. Upon appropriation, moneys deposited
29 in that fund shall be available for expenditure by the board to
30 mitigate environmental pollution caused by the movement of cargo
31 to and from the Port of Long Beach by commercial motor vehicles,
32 oceangoing vessels, and rail, and to fund the administrative costs
33 of this program. Moneys deposited in that fund shall not be loaned
34 or transferred to, or allocated or appropriated in any other way to,
35 the General Fund.

36 (d) The port may contract with PierPass for the collection of
37 the user fee authorized pursuant to this section.

38 1747. (a) Beginning January 1, 2008, the Port of Oakland shall
39 develop a process for notifying the owner of, and collecting a user
40 fee from the owner of, container cargo moving through the port.

1 (b) No later than June 1, 2008, the port shall notify the owner
2 of cargo moving through the port that it will be assessed a user fee
3 not to exceed thirty dollars (\$30) per twenty-foot equivalent unit
4 (TEU). The notice shall include, but not be limited to, the process
5 for payment of the user fee, the frequency for payment of the user
6 fee, and that the user fee is being assessed to improve the goods
7 movement infrastructure serving the port, to reduce pollution from
8 all forms of equipment, vehicles, locomotives, and ships that
9 operate at the port and bring containers to and from the port.

10 (c) Beginning January 1, 2009, the port shall assess a user fee
11 on the owner of container cargo moving through the port not to
12 exceed thirty dollars (\$30) per TEU. The port shall collect the fee
13 at least twice a year.

14 (1) The port shall remit one-half of the user fee to the Northern
15 California Congestion Fund. Upon appropriation, moneys deposited
16 in that fund shall be available for expenditure by the commission
17 exclusively for the purposes of funding projects that improve the
18 flow and efficiency of container cargo to and from the Port of
19 Oakland and to fund the administrative costs of this program.
20 Moneys deposited in that fund shall not be loaned or transferred
21 to, or allocated or appropriated in any other way to, the General
22 Fund.

23 (2) The port shall remit one-half of the user fee to the Northern
24 California Mitigation Fund. Upon appropriation, moneys deposited
25 in that fund shall be available for expenditure by the board to
26 mitigate environmental pollution caused by the movement of cargo
27 to and from the port by commercial motor vehicles, oceangoing
28 vessels, and rail, and to fund the administrative costs of this
29 program. Moneys deposited in that fund shall not be loaned or
30 transferred to, or allocated or appropriated in any other way to,
31 the General Fund.

32 (d) The port may contract with PierPass for the collection of
33 the user fee authorized pursuant to this section.

34

35 Article 3. Congestion Relief and Mitigation Relief Projects

36

37 1750. (a) Beginning January 1, 2008, the commission shall
38 develop a list of projects that would improve the overall efficiency
39 of container cargo movement to and from the Ports of Los Angeles
40 and Long Beach by improving the rail system and container

1 transportation systems that transport container cargo from and to
2 those ports and the ondock rail facilities at those ports. In the
3 process for selecting projects, the commission shall consult with
4 the transportation commissions for the Counties of Los Angeles,
5 Orange, Riverside, San Bernardino, and Ventura, the Port of Los
6 Angeles, the City of Los Angeles, the Port of Long Beach, the City
7 of Long Beach, and the Southern California Association of
8 Governments. The commission shall hold public hearings to seek
9 further input on developing these projects, *with at least one hearing*
10 *at or near the Port of Los Angeles and the Port of Long Beach.*

11 (b) No later than September 1, 2008, the commission, at a public
12 hearing, shall finalize a list of projects that would improve the
13 overall efficiency of container cargo movement to and from the
14 Ports of Los Angeles and Long Beach by improving the rail system
15 and container transportation systems that transport container cargo
16 from and to those ports and the ondock rail facilities at those ports.
17 This will be the final list, of infrastructure projects at the Ports of
18 Los Angeles and Long Beach, eligible to be funded by the user
19 fee authorized pursuant to this chapter.

20 (c) Projects eligible to be on the final list shall not be used to
21 construct, maintain, or improve highways, unless the highway or
22 road improvement is part of a rail grade separation, or the highway
23 improvement is done to separate container cargo from motor
24 vehicle traffic by creating on-ramps or off-ramps for port container
25 truck traffic.

26 (d) In awarding funds pursuant to this section, the commission
27 shall give priority to those projects that have been designed to
28 measurably reduce air pollution and environmental impacts to
29 local communities, *and* to assist in attaining state and federal air
30 quality goals and enhance environmental performance, while
31 addressing the overall efficiency of container cargo movement.

32 (e) *On January 1, 2009, and annually thereafter, the Ports of*
33 *Long Beach and Los Angeles shall report to the commission on*
34 *the implementation of the Final 2006 San Pedro Bay Clean Air*
35 *Action Plan. Each port shall report to the commission on whether*
36 *the emission reduction goals for the source specific categories*
37 *have been achieved as follows:*

38 (1) *Heavy-duty vehicles by 2011.*

39 (2) *Cargo handling equipment, 2010, 2012, and 2014.*

40 (3) *Harbor craft, 2008 and 2011.*

1 (4) *Locomotives, 2008, 2011, and 2014.*

2 *If any of the source specific emission reduction goals have not*
3 *been met, the commission shall not award funding to any project,*
4 *and the commission shall not fund any further projects until the*
5 *source specific emission reduction goals are achieved, other than*
6 *projects that have been awarded funding prior to this finding.*

7 (e)

8 (f) For all construction projects funded pursuant to this section,
9 a contractor shall ensure that all mobile nonroad equipment used
10 on the project will be equipped with a California Air Resources
11 Board (CARB) verified diesel particulate filter that obtains at least
12 an 85-percent reduction in emissions, unless any of the following
13 circumstances exists, and the contractor is able to provide proof
14 that any of these circumstances exists:

15 (1) A piece of specialized equipment is unavailable in a
16 controlled form within the state, including through a leasing
17 arrangement.

18 (2) A contractor has applied for incentive funds to put controls
19 on a piece of uncontrolled equipment planned for use on the
20 project, but the application is not yet approved, or the application
21 has been approved, but funds are not yet available.

22 (3) A contractor has ordered a control device for a piece of
23 equipment planned for use on the project, or has ordered a new
24 piece of controlled equipment to replace the uncontrolled
25 equipment, but that order has not been completed by the
26 manufacturer or dealer, and the contractor has attempted to lease
27 controlled equipment, but no dealer within 200 miles of the project
28 has the controlled equipment available for lease.

29 (f)

30 (g) Projects eligible to be considered by the commission include,
31 but are not limited to, all of the following:

32 (1) A project to separate at-grade crossings to reduce conflicts
33 between trains and motor vehicles in Los Angeles, Orange,
34 Riverside, and San Bernardino Counties, also known as the
35 Alameda Corridor East Project.

36 (2) A project to improve rail capacity by adding additional tracks
37 to existing rail lines in Los Angeles, Orange, Riverside, and San
38 Bernardino Counties.

39 (3) A project to separate at-grade rail crossings in San
40 Bernardino County, also known as the Colton crossing.

1 (4) A project to improve ondock rail infrastructure at the Ports
2 of Los Angeles and Long Beach.

3 ~~(g)~~

4 (h) In determining which projects to select, the commission
5 shall also take into account the entire rail and trade corridor
6 servicing the Ports of Los Angeles and Long Beach.

7 ~~(h)~~

8 (i) The commission shall only use the funds received from the
9 Southern California Congestion Fund to fund projects authorized
10 pursuant to this section.

11 ~~(i)~~

12 (j) Once the projects on the final list are completed and fully
13 funded, the commission shall notify the Ports of Los Angeles and
14 Long Beach that the infrastructure projects are completed and to
15 no longer collect the one-half of the user fee for infrastructure
16 projects. The commission may also make a finding that a project
17 on the final list has either been funded by another source or is no
18 longer worthy of funding.

19 1751. (a) Beginning January 1, 2008, the commission shall
20 develop a list of projects that would improve the overall efficiency
21 of container cargo movement to and from the Port of Oakland by
22 improving the rail and container transportation systems that
23 transport container cargo from and to that port and the ondock rail
24 facilities at that port. In the process for selecting projects, the
25 commission shall consult with the transportation commissions for
26 the Counties of Alameda and Contra Costa, the Port of Oakland,
27 the City of Oakland, and the Bay Area Association of
28 Governments. The commission shall hold public hearings to seek
29 further input on developing these projects, including at least one
30 hearing in the City of Oakland.

31 (b) No later than September 1, 2008, the commission, at a public
32 hearing, shall finalize a list of projects that would improve the
33 overall efficiency of container cargo movement to and from the
34 Port of Oakland by improving the rail and container transportation
35 systems that transport container cargo from and to that port and
36 the ondock rail facilities at that port. This will be the final list, of
37 infrastructure projects at the Port of Oakland, eligible to be funded
38 by the user fee authorized pursuant to this chapter.

39 (c) Projects eligible to be on the final list shall not be used to
40 construct, maintain, or improve highways, unless the highway or

1 road improvement is part of a rail grade separation, or the highway
2 improvement is done to separate container cargo from motor
3 vehicle traffic by creating on-ramps or off-ramps for port container
4 truck traffic.

5 (d) In awarding funds pursuant to this section, the commission
6 shall give priority to those projects that have been designed to
7 measurably reduce air pollution and environmental impacts to
8 local communities, *and* to assist in attaining state and federal air
9 quality goals and enhance environmental performance, while
10 addressing the overall efficiency of container cargo movement.

11 (e) For all construction projects funded pursuant to this section,
12 a contractor shall ensure that all mobile nonroad equipment used
13 on the project will be equipped with a California Air Resources
14 Board (CARB) verified diesel particulate filter that obtains at least
15 an 85 percent reduction in emissions, unless any of the following
16 circumstances exists, and the contractor is able to provide proof
17 that any of these circumstances exists:

18 (1) A piece of specialized equipment is unavailable in a
19 controlled form within the state, including through a leasing
20 arrangement.

21 (2) A contractor has applied for incentive funds to put controls
22 on a piece of uncontrolled equipment planned for use on the
23 project, but the application is not yet approved, or the application
24 has been approved, but funds are not yet available.

25 (3) A contractor has ordered a control device for a piece of
26 equipment planned for use on the project, or has ordered a new
27 piece of controlled equipment to replace the uncontrolled
28 equipment, but that order has not been completed by the
29 manufacturer or dealer, and the contractor has attempted to lease
30 controlled equipment, but no dealer within 200 miles of the project
31 has the controlled equipment available for lease.

32 (f) Projects eligible to be considered by the commission include,
33 but are not limited to, projects to separate at-grade crossings to
34 reduce conflicts between trains and motor vehicles and ondock
35 rail improvements at the Port of Oakland.

36 (g) In determining which projects to select, the commission
37 shall also take into account the entire rail and trade corridor
38 servicing the Port of Oakland.

1 (h) The commission shall only use the funds received from the
2 Northern California Congestion Fund to fund projects authorized
3 pursuant to this section.

4 (i) Once the projects on the final list are completed and fully
5 funded, the commission shall notify the Port of Oakland, that the
6 infrastructure projects are completed and to no longer collect the
7 one-half of the user fee for infrastructure projects. The commission
8 may also make a finding that a project on the final list has either
9 been funded by another source or is no longer worthy of funding.

10 1752. (a) Beginning January 1, 2008, the board shall develop
11 a list of projects that reduce air pollution caused by the movement
12 of container cargo to and from the Ports of Los Angeles and Long
13 Beach. The projects on the list shall be consistent with the Emission
14 Reduction Plan (ERP) adopted April 2006, and shall be designed
15 to reduce air pollution at those ports in order to reach federal air
16 quality attainment standards and to meet the ERP's goals for 2010,
17 2015, and 2020, *as well as the goals for the Air Quality*
18 *Management Plan prepared by the South Coast Air Quality*
19 *Management District, and the San Pedro Bay Clean Air Action*
20 *Plan.* In developing the list, the board shall consult with the South
21 Coast Air Quality Management District, the Gateway Council of
22 Governments, and the Ports of Los Angeles and Long Beach. *The*
23 *board shall hold public hearings before developing the list of*
24 *projects, with at least one hearing being held at or near the Ports*
25 *of Los Angeles and Long Beach.*

26 (b) The board shall work with the South Coast Air Quality
27 Management District, the Port of ~~Long Beach~~ *Los Angeles*, and
28 the Port of ~~Los Angeles~~ *Long Beach* in order to ensure that projects
29 within the *Air Quality Management Plan prepared by the South*
30 *Coast Air Quality Management District and within the San Pedro*
31 *Bay Clean Air Action Plan* are completed or implemented. The
32 board ~~may provide funding to the district or the ports in order to~~
33 ~~achieve the goals of the plan.~~ *may provide funding to the district*
34 *in order to implement the Air Quality Management Plan prepared*
35 *by the district, and to the ports in order to implement the San Pedro*
36 *Bay Clean Air Action Plan.*

37 (c) No later than September 1, 2008, the board, at a public
38 hearing, shall finalize a list of projects that meet the ERP's goals
39 for 2010, 2015, and 2020, in order to meet federal air quality
40 attainment standards.

(d) The board may determine, at a public hearing, that the emission reduction goals for 2020 have been met or exceeded and that federal air quality standards have been met in the South Coast Air Basin, ~~and once including full implementation of the Air Quality Management Plan prepared by the South Coast Air Quality Management District.~~ Once the determination is made, and ensuring that all approved projects have been funded, the board shall notify the Port of Los Angeles of this determination, and the Port of Los Angeles shall no longer collect the one-half of the user fee for air quality projects meant to reach these goals and federal air quality attainment standards.

(e) The board may determine, at a public hearing, that the emission reduction goals for 2020 have been met or exceeded and that federal air quality standards have been met in the South Coast Air Basin, ~~and once including full implementation of the Air Quality Management Plan prepared by the South Coast Air Quality Management District.~~ Once the determination is made, and ensuring that all approved projects have been funded, the board shall notify the Port of Long Beach of this determination, and the Port of Long Beach shall no longer collect the one-half of the user fee for air quality projects meant to reach these goals and federal air quality attainment standards.

(f) The board shall only use the funds received from the Southern California Mitigation Fund to fund projects authorized pursuant to this section.

1753. (a) Beginning January 1, 2008, the board shall develop a list of projects that reduce air pollution caused by the movement of container cargo to and from the Port of Oakland. The projects on the list shall be consistent with the Emission Reduction Plan (ERP) adopted April 2006, and shall be designed to reduce air pollution at the port in order to reach federal air quality attainment standards and to meet the ERP's goals for 2010, 2015, and 2020. In developing the list, the board shall consult with the Bay Area Air Quality Management District and the Port of Oakland.

(b) If the Bay Area Air Quality Management District and the Port of Oakland develop a plan to reduce emissions from the Port of Oakland, then the board shall work with the district and the ~~Port of Oakland~~ port in order to ensure that projects within the plan are completed or implemented. The board may provide funding to the district or the port in order to achieve the goals of the plan.

1 (c) No later than September 1, 2008, the board, at a public
2 hearing, shall finalize a list of projects that meet the ERP's goals
3 for 2010, 2015, and 2020, in order to meet federal air quality
4 attainment standards.

5 (d) The board may determine, at a public hearing, that the
6 emission reduction goals for 2020 have been met or exceeded and
7 that federal air quality standards have been met within the Bay
8 Area Air Quality Management District, and once the determination
9 is made, and ensuring that all approved projects have been funded,
10 the board shall notify the Port of Oakland of this determination,
11 and the Port of Oakland shall no longer collect the one-half of the
12 user fee for air quality projects meant to reach these goals and
13 federal air quality attainment standards.

14 (e) The board shall only use the funds received from the
15 Northern California Mitigation Fund to fund projects authorized
16 pursuant to this section.

17 SEC. 4. Section 1760 of the Harbors and Navigation Code is
18 amended and renumbered to read:

19 1730. (a) For purposes of this section, "council" means the
20 California Marine and Intermodal Transportation System Advisory
21 Council, a regional subunit of the Marine Transportation System
22 National Advisory Council chartered by the federal Secretary of
23 Transportation under the Federal Advisory Council Act (P.L.
24 92-463).

25 (b) The council is requested to do all of the following:

26 (1) Meet, hold public hearings, and compile data on issues that
27 include, but need not be limited to, all of the following:

28 (A) The projected growth of each maritime port in the state.

29 (B) The costs and benefits of developing a coordinated state
30 program to obtain federal funding for maritime port growth,
31 security, and congestion relief.

32 (C) Impacts of maritime port growth on the state's transportation
33 system.

34 (D) Air pollution caused by movement of goods through the
35 state's maritime ports, and proposed methods of mitigating or
36 alleviating that pollution.

37 (E) Maritime port security, including, but not limited to, training,
38 readiness, certification of port personnel, exercise planning and
39 conduct, and critical marine transportation system infrastructure
40 protection.

1 (F) A statewide plan for continuing operation of maritime ports
2 in cooperation with the United States Coast Guard, the federal
3 Department of Homeland Security, the Office of Emergency
4 Services, the state Office of Homeland Security, and the California
5 National Guard, consistent with the state's emergency management
6 system and the national emergency management system, in the
7 event of a major incident or disruption of port operations in one
8 or more of the state's maritime ports.

9 (G) State marine transportation policy, legislation, and planning;
10 regional infrastructure project funding; competitiveness;
11 environmental impacts; port safety and security; and any other
12 matters affecting the marine transportation system of the United
13 States within, or affecting, the state.

14 (2) Identify all state agencies that are involved with the
15 development, planning, or coordination of maritime ports in the
16 state.

17 (3) Identify other states that have a statewide port master plan
18 and determine whether that plan has assisted those states in
19 improving their maritime ports.

20 (4) Compile all information obtained pursuant to paragraphs
21 (1) to (3), inclusive, and submit its findings in a report to the
22 Legislature not later than January 1, 2006. The report should
23 include, but need not be limited to, recommendations on methods
24 to better manage the growth of maritime ports and address the
25 environmental impacts of moving goods through those ports.

26 (c) The activities of the council pursuant to this section shall
27 not be funded with appropriations from the General Fund.

28 SEC. 5. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 a local agency or school district has the authority to levy service
31 charges, fees, or assessments sufficient to pay for the program or
32 level of service mandated by this act, within the meaning of Section
33 17556 of the Government Code.

BILL NUMBER: SB 927
VETOED DATE: 09/22/2006

To the Members of the California State Senate:

I am returning Senate Bill 927 without my signature.

Improving the quality of life for all Californians through congestion relief and environmental improvement has been one of my top priorities as evidenced by the introduction of my Strategic Growth Plan resulting in the enactment of Senate Bill 1266 (Chapter 25, 2006).

Senate Bill 1266 (Chapter 25, 2006) is the largest transportation and air quality bond in the history of the United States. It provides \$1 billion in new funding to improve air quality in California which will directly benefit the communities in and around the Los Angeles and Long Beach Ports. Senate Bill 1266 also provides \$1 billion to address port mitigation issues, \$2.1 billion for trade infrastructure and \$100 million in port security funding. This is in addition to the \$140 million annually for air quality mitigation contained in Assembly Bill 923 (Chapter 707, 2004) which I sponsored and signed.

Although the policy objectives of Senate Bill 927, to develop more secure ports, congestion relief and environmental mitigation, are laudable, this measure is flawed in its construction, application, lack of accountability and failure to coordinate with other public and private financing sources ignoring opportunities to leverage additional funding.

Senate Bill 927 provides no mechanism for the usage of the fees collected to favorably leverage the billions of dollars in available funding to develop public private partnerships. Although SB 927 does generate funds, if done in a more coordinated fashion with the public and private sector, funding for additional congestion relief and mitigation could be increased geometrically. Additionally, this measure is drafted to include only two ports and applies only to goods shipped in containers, ignoring all other forms of shipping and ports of entry.

Public safety is and has been my top priority which includes increasing the security at all California ports. My Office of Homeland Security and Emergency Services has aggressively worked with the U.S. Office of Homeland Security and all our local counties and cities to support them as they develop their local plans for port security and identify their needs. Over 127 million dollars has been awarded and allocated on a competitive basis to California ports for security. These grants are being used for port security training, communications equipment, cameras, lighting underwater surveillance and protective equipment for port first responders. We have an additional 100 million dollars included in the strategic growth plan specifically for port security. Additionally, we are working with the U.S. Department of Homeland Security on their just announced award investing over 1 billion dollars on radiological and nuclear detection capabilities.

As Governor, I have traveled to both China and Japan working to

improve our trading relationships with these nations trade that includes both imports and exports. It is very important that any measure that increases fees that impact exporters not have the unintended consequence of negatively impacting the sale and delivery of goods grown and manufactured in California. SB 927, unfortunately could negatively impact these exports as well.

Finally, my goods movement task force is developing a comprehensive report that will provide more thorough and strategic direction and insight on what the best options are to address goods movement and port related challenges. This report will be available by the end of this year.

Sincerely,

Arnold Schwarzenegger



Orange County
Taxpayers Association

30205 Hillside Terrace, San Juan Capistrano CA 92675-1542
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To: Ms. Sue Zuhlke, Chief of Staff, Orange County Transportation Authority
From: Reed Royalty, President, OCTax
Date: April 10, 2007
Subject: SB 974 (Lowenthal): Ports: Congestion Relief, Environmental Mitigation

Thank you for asking OCTax's opinion on whether "fees" that would be imposed by SB 974 (Lowenthal) on container cargo shipped through California ports are truly fees rather than taxes.

Here's how OCTax distinguishes a tax from a fee.

<u>Tax</u>	<u>Fee</u>
1. Pays for any government service. Nexus between payer and service not required.	Pays for a specific service, or to regulate payer. Nexus required.
2. General public gets the primary benefit.	Payer gets the primary benefit.
3. Payment is mandatory.	Payment is contingent on use of service, or choice to engage in regulated activity.
4. May be levied in any amount.	Covers only the cost of service: construction, maintenance, regulation, permitting, inspecting.
5. Levied equally on all similar payers.	Levied in proportion to impact or extent of activity.

SB 974's fees meet four of the five criteria. They're generally fees rather than taxes, although they fail criterion #2 because the general public, not the shippers, benefits by cleaner air. (In reality, SB 974 would "tax" consumers for cleaner air, and consumers would pay "fees" for port improvements, because the cost of SB 974 would be passed along as higher prices for goods.)

OCTax certainly likes fees better than taxes, but SB 974 presents some negatives. We supported Proposition 1B's \$19.925 billion in transportation bonds, of which \$3.1 billion is for freight operations at ports and corridors. Fattening that package with new fees may be a breach of faith with voters and taxpayers, especially when only half the fee proceeds would be used to build and improve facilities. (The other half would empower the California Air Resources Board to write and enforce new regulations.) According to OCTA, the ports would have earned \$495 million in 2005 if the fees had been in place. By 2020, the figure would be \$1.28 billion per year. SB 974 may exceed the entire Proposition 1B in cost to consumers. And Proposition 1B sunsets in 30 years; SB 974 would live forever, because its mitigation goals probably never would be met.

A Sampling of Fees and Taxes Paid by International Shippers and Cargo Owners

Not every international shipper or cargo owner will pay every fee listed below. The list is offered as an example of how costs get passed along to the shipper/cargo owner, and how cargo owners do pay for the port and transportation facilities they use.

Direct Commercial Fees:

Not every shipper pays these fees. Sometimes these fees are included in the base rate a shipper pays. Often they are separately stated as surcharges. All of these fees are subject to rate negotiation between the carrier and the shipper.

- **“Peak Season” Charges:** Ocean carriers as part of the *Trans-Pacific Stabilization Agreement (TSA)* often charge fees of as much as \$400 per FEU on west-bound containers terminating at West Coast ports.
- **Fuel Price Surcharges:**
 - **Bunker Adjustment Factor (BAF):** Compensates for wide fluctuations in marine bunker fuel and diesel oil at key load ports. Such surcharges, added onto base freight rates, help offset rising marine bunker fuel and diesel oil prices. The formula managed by TSA tracks world bunker fuel prices and then applies a weighted average formula to recover the cost impact of price fluctuations on carrier operations. The formula reflects fuel consumption patterns across the TSA membership (where fuel is purchased and loaded, vessel size, route configurations, sailing speed and transit time, linehaul and feeder ship fuel costs, cargo mix, etc.). The charge is allowed to float with fuel prices, and is adjusted on a monthly basis.
 - **Other Fuel Surcharges:** Intermodal rail shippers will also sometimes be charged a fuel adjustment factor that is separate from the base freight rate. Similarly, trucking companies also sometimes impose fuel surcharges.
- **Terminal Use Fees:** Longstanding business practices allow carriers to pass along terminal operating expenses to shippers through terminal use fees. These fees for the use of the terminal are sometimes separately stated from the ocean carriage rate. In addition to these charges, other fees may be charged:
 - **Demurrage Charges** are assessed on containers that fail to move off terminal within a specific period of time—usually three or four days. The purpose behind these charges is to ensure that port facilities are not used as warehouses for cargo owners and shippers. The shipper has a significant incentive to move containers quickly to avoid these penalties.
 - **Detention Charges** are fees imposed on intermodal equipment such as chassis. If a shipper keeps a chassis or a container for longer than a specific period of time, fees accrue. The fees are there to encourage shippers to return equipment quickly. After the 2002 labor dispute that closed West Coast ports for more than a week, a critical shortage of chassis developed further impeding the flow of commerce.

- **Security-related charges:** As of 2003, many carriers include security related surcharges to their freight rates in order to offset higher regulatory costs associated with port and carrier security mandates included in several federal laws.
 - Port Security Fees: Ports have raised their tariffs to cover the cost of compliance with the Marine Transportation Security Act of 2002 and the imposition of international standards on ports developed by the International Maritime Organization and enforced by the U.S. Coast Guard. The ports of California increased their tariffs by 5% in 2005 to cover the cost of added security infrastructure. Carriers may pass along a portion of this cost for this infrastructure to shippers in the form of per-container security surcharges, or directly in the shipping rate.
 - Manifest Fees: Many carriers have imposed a new Advanced Manifest Fee, which is assessed on a Bill of Lading basis to pay the cost of compliance with the provisions of the Trade Act of 2002 and the U.S. Customs requirement to provide manifest information 24-hour in advanced of lading.
 - Inspection fees: Importers have to pay the government for the expense of inspecting their cargo, if the container is pulled aside for an intensive exam.
 - C-TPAT Expenses: Although not a charge, *per se*, shippers who participate in the Customs-Trade Partnership Against Terrorism incur a number of business expenses related to ensuring the security of the supply chain. These expenses include on-site monitoring of overseas factories, overseas scanning, and managing compliance audits. Congress has recently considered asking shippers to pay a separate fee for compliance assessments conducted by third-parties.
- **Alameda Corridor Fee:** Containers moving on the Alameda Corridor pay fees of \$18/TEU, \$36/FEU, and \$40/ 45-foot container for the use of the infrastructure. Some containers drayed from the ports of Los Angeles and Long Beach to other rail facilities in Southern California will also pay the corridor fee, even though they merely bypassed the corridor. The fee is paid by the railroads and passed along to carriers who usually charge the shipper either in the rate or as a separate charge.
- **PierPass Traffic Mitigation Fee:** Containers drayed from the Los Angeles and Long Beach ports during daylight hours are subject to a privately-imposed traffic mitigation fee of \$100 per FEU. Intermodal rail containers do not pay this fee. The fee is collected directly from the shipper.

Direct U.S. Government Compliance Fees:

- Harbor Maintenance Fee, collected by the Department of Homeland Security, Customs and Border Protection (CBP), is charged only on importers and is a percentage of the value of the merchandise. The fee is used to support dredging of ports nationwide. The Port of Oakland recently benefited from these fees as part of its channel deepening efforts.
- Merchandise Processing Fee, collected by CBP, is assessed up to a certain amount on the value of the merchandise imported. The fee collects \$1 billion in revenues each year and is supposed to be used to offset the cost of customs processing. However, until recently, the fee was not “fire-walled” and went directly into the general treasury.

- Import Duties, collected by CBP, are assessed ad valorem on the value of imported merchandise. However, there are some imports that are not required to pay no import duties, either because the duty rate is set at zero, or the import qualifies under one of the U.S. Free Trade Agreements. Other imports, such as footwear and apparel, pay very high duties. Duties are imposed to “protect” domestic industry from foreign competition, and thus fall quite unevenly across industry segments, and not at all on exporters. Duties raise approximately \$21 billion each year that goes into the general revenues of the United States. Almost half of this revenue is collected as duties on imports of footwear and wearing apparel—a hidden, regressive tax that harms working American families. The Bush Administration has called for the elimination of all tariffs on industrial goods as part of the agenda for the Doha Round of Trade Talks. For this reason import duties are not a good candidate as a source of federal revenue for trade-related infrastructure.

Other Indirect Compliance Fees:

- **ISPIS Surcharges:** The International Ship and Port Facility Security Code (ISPS) went into effect in 2005. This IMO standard is enforced in the United States by the U.S. Coast Guard. All ports in the U.S. must meet these security standards or they will be shut down. Cargo coming from non-ISPS compliant ports can be denied entry into the United States. Many foreign governments have imposed fees, taxes and charges on ocean carriers to raise the resources necessary to meet this world-wide standard. Shippers may have to pay these fees as surcharges from ocean carriers.

Orange County Transportation Authority Legislative Matrix

(► Denotes changes from the last report)

OCTA Sponsored Legislation

- AB 256 **AUTHOR:** Huff (R)
TITLE: State Highway Operation and Protection Programs
INTRODUCED: 2/05/2007
LOCATION: Assembly Transportation Committee
HEARING: 4/23/2007 1:30 pm
COMMENTARY:
Relates to the state highway operation and protection program. Appropriates to the department, from funds in the State Highway Account the amount identified for traffic safety projects.
STATUS:
3/12/2007 In ASSEMBLY Committee on TRANSPORTATION: Not heard.
Position: Sponsor
- AB 387 **AUTHOR:** Duvall (R)
TITLE: Design-Build: Transit Contracts
LAST AMEND 4/09/2007
LOCATION: Assembly Business and Profession Committee
HEARING: 4/24/2007 1:30 pm
COMMENTARY:
Amends law that authorizes transit operators to enter into design-build contract according to specified procedures. Provides that the prequalification process is optional for technology or surveillance procurements designed to enhance safety, disaster preparedness, and homeland security efforts.
STATUS:
4/09/2007 From ASSEMBLY Committees on TRANSPORTATION: Do pass as amended to Committee on BUSINESS AND PROFESSION.
Position: Sponsor
- AB 1228 **AUTHOR:** Solorio (D)
TITLE: High-Speed Passenger Train Bond Act
INTRODUCED: 2/23/2007
LOCATION: Assembly Transportation Committee
HEARING: 4/23/2007 1:30 pm
COMMENTARY:
Relates to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. Provides that Anaheim is to be the Southern terminus of the initial segment of the high-speed train system. Provides that for the Anaheim-Irvine segment, no general obligation bond funds shall be available for construction, but that those funds shall be available only for eligible planning, environmental, and engineering costs.
STATUS:
3/22/2007 To ASSEMBLY Committee on TRANSPORTATION.
Position: Co-Sponsor

► AB 1306

AUTHOR: Huff (R)
TITLE: Sales Tax on Gasoline
INTRODUCED: 2/23/2007
LOCATION: Assembly Transportation Committee
HEARING: 4/23/2007 1:30 pm
COMMENTARY:

Reduces the portion of gasoline sales tax revenues that are deposited in the Public Transportation Account by eliminating what is commonly known as the spillover formula. Increase revenues from the sales tax on gasoline that are deposited in the General Fund. Requires those revenues to be transferred to the Transportation Investment Fund.

STATUS:
4/09/2007 *Withdrawn from ASSEMBLY Committee on REVENUE AND TAXATION.*

4/09/2007 *Re-referred to the ASSEMBLY Committee on TRANSPORTATION.*

Position: Sponsor

► SB 184

AUTHOR: Alquist (D) and Correa (D)
TITLE: Transportation Projects
INTRODUCED: 2/06/2007
LOCATION: Senate Transportation and Housing Committee
COMMENTARY:

Limits provisions of existing law that authorizes a regional or local entity that is the sponsor of, or is eligible to receive funding for, a project contained in the state transportation improvement program to expend its own funds for any component of a project within its jurisdiction that is included in an adopted state transportation improvement program, and for which the California Transportation Commission has not made an allocation to projects advanced for expenditure by an eligible entity.

STATUS:
3/27/2007 *In SENATE Committee on TRANSPORTATION AND HOUSING: Not heard..*

Position: Co-Sponsor

► SB 442

AUTHOR: Ackerman(R)
TITLE: Public Contracts: Transit Projects: Design-Build
LAST AMEND: 4/09/2007
LOCATION: Senate Transportation and Housing Committee
HEARING: 4/24/2007 1:30 pm
COMMENTARY:

Amends existing law that authorizes transit operators to enter into design-build contracts. Specifies that such provisions apply only to transit projects, and that transit projects do not include highway construction or local street and road projects. Specifies that project include, but are not limited to, high-occupancy vehicle lane connecting the Garden Grove Freeway (State Route 22) to the San Diego (Interstate 405) and the San Gabriel (Interstate 605) freeways.

STATUS:
4/09/2007 *From SENATE Committee on TRANSPORTATION AND HOUSING with author's amendments.*

4/09/2007 *In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION AND HOUSING.*

Position: Sponsor

Bills with Official Positions

- AB 1337
- AUTHOR:** Nava (D)
TITLE: State Highway System: Construction Management
LAST AMEND: 4/11/2007
LOCATION: Assembly Transportation Committee
HEARING: 4/16/2007 1:30 pm
COMMENTARY:
Requires employees of a specified department to perform the construction management and engineering for all projects on the state highway system, including inspection, quality control inspection, surveying, materials testing, and resident engineer functions.
STATUS:
4/11/2007 *From ASSEMBLY Committee on TRANSPORTATION with author's amendments.*
4/11/2007 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on TRANSPORTATION.*
Position: *Oppose*
- AB 1457
- AUTHOR:** Huffman (D)
TITLE: Parks and Recreation: State Parks: Roads
INTRODUCED: 2/23/2007
LOCATION: Assembly Water, Parks and Wildlife Committee
HEARING: 4/18/2007 10:00 am
COMMENTARY:
Prohibits a state or local agency from making an improvement or extension to an existing road, that will physically encroach upon, traverse, bisect or impair the recreational value of a state park property.
STATUS:
3/29/2007 *To ASSEMBLY Committee on WATER, PARKS AND WILDLIFE.*
Position: *Oppose*
- AJR 14
- AUTHOR:** Jeffries (R)
TITLE: Customs Duties and Importation Revenues
INTRODUCED: 2/23/2007
LOCATION: Assembly Jobs, Economic Development and The Economy
HEARING: 4/17/2007 9:00 am
COMMENTARY:
Memorializes the President and Congress to enact legislation that will ensure that a substantial increment of new revenues derived from customs duties and importation fees be dedicated to mitigating the economic, mobility, security, and environmental impacts of trade in this state and in other trade-affected states.
STATUS:
3/08/2007 *To ASSEMBLY Commission on JOBS, ECONOMIC DEVELOPMENT AND THE ECONOMY.*
Position: *Support*

► SB 124

AUTHOR: Ducheny (D)
TITLE: Evasion of Tolls: Registered Owner
LAST AMEND: 4/09/2007
HEARING: 4/16/2007 11 am
LOCATION: Senate Second Reading File
COMMENTARY:

Defines registered owner, for purposes of liability for a toll evasion violation, to include a person registered as the owner of the vehicle by the appropriate agency or authority of another state, the District of Columbia, or a territory or possession of the United States.

STATUS:
4/09/2007 *In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.*
Position: *Support*

► SB 872

AUTHOR: Ackerman (R)
TITLE: State-Local Partnership Program
INTRODUCED: 2/23/2007
LOCATION: Senate Transportation and Housing Committee
HEARING: 4/17/2007 1:30 pm
COMMENTARY:

Creates the State-Local Partnership Program and appropriates a specified amount per year for 5 years beginning in the 2010-11 fiscal year. Provides for allocation of state funds to eligible highway and mass transit guideway projects nominated by local agencies are to be funded with at least 50% of local funds derived from a locally imposed transportation sales tax.

STATUS:
3/15/2007 To SENATE Committee on TRANSPORTATION AND HOUSING.
Position: *Support*

Bills Being Monitored

- AB 6 **AUTHOR:** Houston (R)
TITLE: Greenhouse Gases: Market-Based Compliance Mechanisms
INTRODUCED: 12/04/2006
LOCATION: Assembly Natural Resources Committee
COMMENTARY:
Requires the State Air Resources Board to adopt market-based compliance mechanisms to reduce emissions of greenhouse gases.
STATUS:
2/01/2007 To ASSEMBLY Committee on NATURAL RESOURCES.
- AB 38 **AUTHOR:** Nava (D)
TITLE: Department of Emergency Services and Homeland Security
LAST AMEND: 3/08/2007
LOCATION: Assembly Governmental Organization Committee
COMMENTARY:
Merges the Office of Homeland Security and the Office of Emergency Services to establish the Department of Emergency Services and Homeland Security..
STATUS:
3/08/2007 From ASSEMBLY Committee on GOVERNMENTAL ORGANIZATION with author's amendments.
3/08/2007 In ASSEMBLY. Read second time and amended. Re-referred to Committee on GOVERNMENTAL ORGANIZATION.
- AB 57 **AUTHOR:** Soto (D)
TITLE: Highways: Safe Routes to School Construction Program
LAST AMEND: 3/28/2007
LOCATION: Assembly Appropriations Committee
COMMENTARY:
Deletes the January 1, 2008, repeal date of the Safe Routes to School construction program, thereby extending the provisions indefinitely. Deletes the January 1, 2008, repeal date of provisions authorizing state and local entities to secure and expend federal funds for programs related to bicycles and pedestrian safety and traffic-calming measures in high-hazard locations.
STATUS:
3/28/2007 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.
- AB 169 **AUTHOR:** Levine (D)
TITLE: Joint Powers Authorities: Indian Tribes
INTRODUCED: 1/23/2007
LOCATION: Assembly Local Government Committee
HEARING: 5/02/2007 1:30 pm
COMMENTARY:
Provides that 16 federally recognized Indian tribes may participate in the Southern California Association of Governments, a joint powers authority, for specified purposes and subject to specified conditions in the 6-county region of the Southern California Association of Governments.
STATUS:
3/12/2007 To ASSEMBLY Committee on LOCAL GOVERNMENT.

► AB 242

AUTHOR: Blakeslee ®
TITLE: Emissions of Greenhouse Gases: Reduction
LAST AMEND: 3/29/2007
LOCATION: Assembly Natural Resources Committee
HEARING: 4/16/2007 1:30 pm

COMMENTARY:

Requires that an entity that has voluntarily reduced its emissions of greenhouse gases through cost-effective investments receive credit from the state Air Resources Board for early action. Authorizes an entity that has received credit for early action to further minimize its carbon footprint through the purchase of offsets for the emission of greenhouse gases as authorized by the board.

STATUS:

3/29/2007 To ASSEMBLY Committee on NATURAL RESOURCES.
3/29/2007 From ASSEMBLY Committee on NATURAL RESOURCES with
author's amendments.
3/29/2007 In ASSEMBLY. Read second time and amended. Re-referred
to Committee on NATURAL RESOURCES.

► AB 901

AUTHOR: Nunez (D)
TITLE: Transportation: Highway Safety Traffic Reduction
LAST AMEND: 4/10/2007
LOCATION: Assembly Transportation Committee

COMMENTARY:

Amends existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Provides for allocation to public transit operators and transportation planning agencies by formula. Requires information on eligible projects and a sponsoring entity..

STATUS:

4/10/2007 From ASSEMBLY Committee on TRANSPORTATION with
author's amendments.
4/10/2007 In ASSEMBLY. Read second time and amended. Re-referred
to Committee on TRANSPORTATION.

► AB 945

AUTHOR: Carter (D)
TITLE: Transportation Needs Assessment
INTRODUCED: 2/22/2007
LOCATION: Assembly Transportation Committee
HEARING: 4/23/2007 1:30 pm

COMMENTARY:

Requires the Transportation Commission to develop an assessment of the unfunded costs of programmed state projects and federally earmarked projects in the state, as well as an assessment of available funding for transportation purposes and unmet transportation needs on a statewide basis.

STATUS:

3/12/2007 To ASSEMBLY Committee on TRANSPORTATION.

► AB 1003 **AUTHOR:** Jeffries ®
TITLE: Department of Transportation: *Engineering Services*
LAST AMEND: 4/09/2007
LOCATION: Assembly Transportation Committee
HEARING: 4/16/2007 1:30 pm
COMMENTARY:
Authorizes transportation agencies and cities within counties that have in place a voter-approved transportation sales tax program to contract with the Department of Transportation for specified dedicated engineering and consulting services.
STATUS:
4/09/2007 *From ASSEMBLY Committee on TRANSPORTATION with author's amendments.*
4/09/2007 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on TRANSPORTATION.*

► AB 1351 **AUTHOR:** Levine (D)
TITLE: Transportation: *State-Local Partnerships*
LAST AMEND: 4/10/2007
LOCATION: Assembly Transportation Committee
COMMENTARY:
Amends the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. States the intent of the Legislature to appropriate a specified amount of funds for the State-Local Partnership Program for funding transportation projects for a specified period. Defines local funds under the program relating to a local match as revenues from any locally imposed transportation related sales tax. Requires certain related reports.
STATUS:
4/10/2007 *From ASSEMBLY Committee on TRANSPORTATION with author's amendments.*
4/10/2007 *In ASSEMBLY. Read second time and amended. Re-referred to Committee on TRANSPORTATION.*

ACA 1 **AUTHOR:** Dymally (D)
TITLE: Elections: *Redistricting*
INTRODUCED: 12/04/2006
LOCATION: ASSEMBLY
COMMENTARY:
Proposes an amendment to the Constitution to require the appointment of the Independent Redistricting Commission that would be charged with establishing, by February 28 of each year ending in the number one, congressional, Assembly, Senate, and State Board of Equalization districts of equal population in compliance with the United States Constitution, pursuant to a mapping process for each district in accordance with specified goals.
STATUS:
12/04/2006 INTRODUCED.

ACA 2

AUTHOR: Walters (R)
TITLE: Eminent Domain
INTRODUCED: 12/04/2006
LOCATION: ASSEMBLY
COMMENTARY:

Proposes an amendment to the Constitution of the State to permit private property to be taken or damaged only for a stated public use and only when just compensation has been paid to, or into court for, the owner of the property. Prohibits, with respect to both new and pending eminent domain projects that involve the exercise of the power of eminent domain, a community redevelopment agency, commission, or joint powers agency that has the power of eminent domain from exercising such power unjustly.

STATUS:
12/04/2006 INTRODUCED.

ACA 3

AUTHOR: Gaines (R)
TITLE: Expenditure Limits
INTRODUCED: 12/04/2006
LOCATION: ASSEMBLY
COMMENTARY:

Limits total state General Fund and special fund expenditures to an annual increase of no more than the increase in the cost of living, multiplied by the percentage increase in state population. Requires excess revenues to be allocated in prescribed amounts to a reserve account, to the State School Fund, and to personal income taxpayers.

STATUS:
12/04/2006 INTRODUCED.

ACA 4

AUTHOR: Villines (R)
TITLE: Reapportionment
INTRODUCED: 12/04/2006
LOCATION: ASSEMBLY
COMMENTARY:

Requires the Independent Citizens' Commission on Redistricting, on or before February 1 of the year following the year in which the national census is taken, to adjust the boundary lines of the Senate, Assembly, congressional, and State Board of Equalization districts in conformance with certain standards, prioritized in a certain order consistent with specified federal law.

STATUS:
12/04/2006 INTRODUCED.

► SB 9

AUTHOR: Lowenthal (D)
TITLE: Trade Corridor Improvement: Transportation Project
LAST AMEND: 4/10/2007
LOCATION: Senate Rules Committee

COMMENTARY:

Amends existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act. *Requires for funding emphasis to be on consideration of specified emissions associated with the construction and operation of the project and the project's potential to reduce emissions associated with trade activity. Requires inclusion of a plan to mitigate emissions associated with their projects. Provides funding for projects that support movement of freight with zero emissions.*

STATUS:

4/10/2007 From SENATE Committee on RULES with author's amendments.
4/10/2007 In SENATE. Read second time and amended. Re-referred to Committee on RULES.

► SB 19

AUTHOR: Lowenthal (D)
TITLE: Trade Corridor: Projects to Reduce Emissions: Funding
LAST AMEND: 4/10/2007
LOCATION: Senate Rules Committee

COMMENTARY:

Relates to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Specifies a list of projects eligible for this funding. Requires that the Air Resources Board ensure that these funds are supplemented and matched with funds from federal, state, local, and private sources to the maximum extent feasible. Requires applicants for this funding to include with their application for funding a plan to reduce emissions associated with goods movement activity.

STATUS:

4/10/2007 From SENATE Committee on RULES with author's amendments.
4/10/2007 In SENATE. Read second time and amended. Re-referred to Committee on RULES.

► SB 33

AUTHOR: Simitian (D)
TITLE: Vehicles: Wireless Telephones and Mobile Service
INTRODUCED: 12/04/2006
LAST AMEND: 3/19/2007
LOCATION: Senate Appropriations Committee
HEARING: 4/16/2007 1:30 pm

COMMENTARY:

Prohibits a person under the age of 18 years from driving a motor vehicle using a wireless telephone equipped with a hands-free device or while using a mobile service device. Provides that the prohibition would not apply to a person using a wireless telephone or mobile service device for emergency purposes.

STATUS:

3/27/2007 From SENATE Committee on TRANSPORTATION AND HOUSING: Do pass to Committee on APPROPRIATIONS.

► SB 45

AUTHOR: Perata (D)
TITLE: Transportation Funds for Capital Projects
LAST AMEND: 4/10/2007
LOCATION: Senate Rules Committee

COMMENTARY:

States the intent of the Legislature to enact legislation that would establish the application process for allocations from the Transit System Safety, Security, and Disaster Response Account.

STATUS:

4/10/2007

From SENATE Committee on RULES with author's amendments.

4/10/2007

In SENATE. Read second time and amended. Re-referred to Committee on RULES.

SB 47

AUTHOR: Perata (D)
TITLE: Transportation Bonds
INTRODUCED: 12/22/2006
LOCATION: Senate Rules Committee

COMMENTARY:

States the intent of the Legislature to enact provisions governing project eligibility, matching fund requirements, and the application process relative to allocation of bond proceeds of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to the State-Local Partnership Program.

STATUS:

1/18/2007

To SENATE Committee on RULES.

SB 56

AUTHOR: Runner G (R)
TITLE: Highway Construction Contracts
INTRODUCED: 1/10/2007
LOCATION: Senate Transportation and Housing Committee

COMMENTARY:

Declares the intent of the Legislation to authorize a demonstration program that would allow a careful examination of the benefits and challenges of using a design-build method of procurement for transportation projects. Authorizes certain state and local transportation entities to use a design-build process for contracting on transportation projects. Requires a transportation entity to implement a labor compliance program for design-build projects. Establishes a procedure for submitting bids.

STATUS:

1/25/2007

To SENATE Committees on TRANSPORTATION AND HOUSING and RULES.

SB 61

AUTHOR: Runner G (R)
TITLE: Transportation: Public Private-Partnerships
INTRODUCED: 1/16/2007
LOCATION: Senate Transportation and Housing Committee

COMMENTARY:

Authorizes the Department of Transportation or regional transportation agency nominating a project to pay a stipend to proposers of a project under certain conditions. Authorizes the department or regional transportation agencies to enter into agreement under which a private entity constructs a transportation project that is operated without the charging of a toll or user fee, but where the private entity receives compensation in the form of a shadow toll or other type of payment.

STATUS:

1/25/2007

To SENATE Committee on TRANSPORTATION AND HOUSING.

SB 113

AUTHOR: Calderon R (D)
TITLE: Presidential Primary Election
INTRODUCED: 1/22/2007
ENACTED: 3/15/2007
LOCATION: Chaptered

COMMENTARY:

Requires that the presidential primary election be held on the first Tuesday in February in any year evenly divisible by the number 4.

STATUS:

3/15/2007 Signed by GOVERNOR.
3/15/2007 Chaptered by Secretary of State. Chapter No. 2

► SB 204

AUTHOR: Dutton (R)
TITLE: Transportation Funds
INTRODUCED: 2/08/2007
LOCATION: Senate Transportation and Housing Committee
COMMENTARY:

Requires revenues from taxes imposed by the state on motor vehicle fuels and from the sale of excess real property originally acquired by the state for highways to be paid into the State Treasury to the credit of the State Highway Account and to be available to the Department of Transportation.

STATUS:

3/27/2007 In SENATE Committee on TRANSPORTATION AND HOUSING: Not heard.

► SB 286

AUTHOR: Dutton (R)
TITLE: Transportation Bonds: Implementation
LAST AMEND: 4/09/2007
LOCATION: Senate Transportation and Housing Committee
COMMENTARY:

Requires Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act funds for local street and road purposes to be allocated in cycles. Requires the Controller to use the population figures from the Department of Finance in making allocations to cities. Requires an applicant for these funds to submit a list of projects expected to be funded with bond funds to the Department of Finance and to report various information to the Department of Finance.

STATUS:

4/09/2007 From SENATE Committee on TRANSPORTATION AND HOUSING with author's amendments.
4/09/2007 In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION AND HOUSING.

► SB 445

AUTHOR: Torlakson (D)
TITLE: Road User Task Force
LAST AMEND: 3/26/2007
LOCATION: Senate Second Reading File
COMMENTARY:

Creates the Road User Task Force to hold public hearings around the state and to report on alternatives to the current system of taxing road users through per-gallon fuel taxes.

STATUS:

4/10/2007 From SENATE Committee on TRANSPORTATION AND HOUSING: Do pass as amended to Committee on Appropriations.

► SB 717

AUTHOR: Perata (D)
TITLE: Transportation Investment Fund
INTRODUCED: 2/23/2007
LOCATION: Senate Revenue and Taxation Committee
HEARING: 4/25/2007 1:30 pm
COMMENTARY:

Continues the Transportation Investment Fund in existence and specifies the use of revenues deposited in that fund from gasoline sales tax revenues subject to Article XIX B beginning in the 2008-09 fiscal year.

STATUS:
4/10/2007 From SENATE Committees on TRANSPORTATION AND HOUSING: Do pass to Committee on REVENUE AND TAXATION.

► SB 947

AUTHOR: Hollingsworth (R)
TITLE: California Environmental Quality Act: Rights Of Way
INTRODUCED: 2/23/2007
LOCATION: Senate Environmental Quality Committee
COMMENTARY:

Relates to Caltrans. Exempts from certain California Environmental Quality Act requirements the expansion of an existing overpass, on-ramp, or off-ramp that is built on an easement or right-of-way under the control of a state or local transportation agency, or city, county, or city and county.

STATUS:
3/15/2007 To SENATE Committee on ENVIRONMENTAL QUALITY.

► SB 974

AUTHOR: Lowenthal (D)
TITLE: Ports: Congestion Relief: Environmental Mitigation
LAST AMEND: 4/09/2007
LOCATION: Senate Transportation and Housing Committee
HEARING: 4/17/2007 1:30 pm
COMMENTARY:

Requires the Ports of Los Angeles and Long Beach to transmit 1/2 of the funds derived from imposition of the fee to the Southern California Port Congestion Relief Trust Fund. Requires the Port of Oakland to transmit 1/2 of the funds derived from imposition of the fee to the Northern California Port Congestion Relief Trust Fund and 1/2 to the Northern California Port Mitigation Relief Trust Fund.

STATUS:
4/09/2007 From SENATE Committees on TRANSPORTATION AND HOUSING with author's amendments.
4/09/2007 In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION AND HOUSING.

SCA 1

AUTHOR: McClintock (R)
TITLE: Eminent Domain: Condemnation Proceedings
INTRODUCED: 12/04/2006
LAST AMEND: 2/05/2007
LOCATION: Senate Judiciary Committee

COMMENTARY:

Proposes an amendment to the Constitution to provide that private property may be taken or damaged only for a stated public purpose and not without the consent of the owner for purposes of economic development, increasing tax revenue, or any other private use, nor for maintaining the present use by a different owner. Provides that if the property ceases to be used for the public use, the former owner would have right to require the property at its fair market value. Provides reevaluation procedures.

STATUS:

2/05/2007 From SENATE Committee on JUDICIARY with author's amendments.
2/05/2007 In SENATE. Read second time and amended. Re-referred to Committee on JUDICIARY.

► SCA 5

AUTHOR: McClintock (R)
TITLE: State and Local Government Finance: Taxes
INTRODUCED: 1/30/2007
LAST AMEND: 3/21/2007
LOCATION: Senate Revenue and Taxation Committee
HEARING: 4/25/2007 1:30 pm

COMMENTARY:

Proposes an amendment to the Constitution to establish a constitutional definition of a tax as any monetary exaction imposed by a governmental entity. Recasts the definition of a special tax. Conditions the imposition by the state or local government of a new tax, or a change in a tax, that increases the amount of any tax levied upon the approval of 2/3 membership of the governing body and voter approval. Prohibits new tax without voter approval. Provides exceptions.

STATUS:

3/21/2007 From SENATE Committee on REVENUE AND TAXATION with author's amendments.
3/21/2007 In SENATE. Read second time and amended. Re-referred to Committee on REVENUE AND TAXATION.



MEMO

April 17, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



April 19, 2007

To: Legislative and Government Affairs/Public Communications Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Federal Legislative Status Report

Overview

This Federal Legislative Status Report provides a draft schedule for the reprocurement of federal legislative consulting services and includes current information on other legislative consulting contracts nationwide and recent monthly reports from the Orange County Transportation Authority's present consultants.

Recommendation

Approve the draft reprocurement schedule for federal legislative consulting services and provide input to staff regarding the reprocurement process.

Background

In 2002, the Board last entered into a procurement for legislative consulting services. A Request For Proposals (RFP) was issued in accordance with the Orange County Transportation Authority's (Authority) procedures for professional and technical services. In addition to cost, other factors were considered as a part of the RFP.

A pre-proposal conference was held in Washington, D.C. which was attended by representatives of 23 firms. Of these, 19 firms submitted proposals. A Board approved evaluation committee of internal Authority staff and representatives from outside of the Authority reviewed the proposals and prepared a short list of six firms. These six firms were interviewed by the Legislative and Government Affairs Committee (Committee). The Committee recommended four firms for award by the Board of Directors. Award was recommended to firms offering the most effective overall proposals considering such factors as staffing, prior experience, approach to the scope of work, and expertise in the field of advocacy.

On December 9, 2002, the Board awarded contracts to the four recommended consulting firms. In March 2003, an additional consultant was added to the team by the Board. At the end of 2003, the Board terminated the contract of one of the firms initially chosen. Thereafter, the remaining four consultants have continued to provide legislative consulting services. Most recently, in December 2006, the Board authorized the extension of their contracts until December 2007.

Discussion

The Authority's federal legislative consultants represent the agency's positions on legislation, policy issues, and funding priorities before Congress and the appropriate modal administrations of the U.S. Department of Transportation. They also assist in the preparation of the Authority's legislative platform, notify staff of relevant proposed legislation and regulations affecting the Authority and provide timely updates and strategy for transportation related events occurring in Washington.

Presently, the Authority's legislative consulting services are provided by Peter Peyser and the firm of Blank Rome at \$10,000 per month, Rick Alcalde and the firm of Potomac Partners at \$7,500 per month, James McConnell at \$7,500 per month, and Scott Baugh at \$5,000 per month.

Staff proposes to conduct the reprocurement of federal legislative consulting services following the same process as was undertaken in 2002. The proposed procurement schedule is provided as Attachment A. Under this schedule, the RFP would be issued on June 15, following review and input from the Committee and the Board. A preproposal conference would be scheduled for the end of June in Washington, D.C. Committee interviews would take place during the last week in September with Board approval at the first Board meeting in October.

This proposed schedule provides additional time for Board input into the content and process of the procurement. An award in early October coincides with the end of the federal fiscal year and provides an opportunity for any new consultant to become familiar with the Authority's projects and issues as part of the development of next year's legislative platform and before Congress reconvenes in January.

In accordance with an earlier request by the Committee, Attachment B provides information regarding the current legislative consulting contracts of eight other transportation agencies across the nation. Finally, Attachments C,

D, and E provide the most recent monthly reports from the Authority's current legislative consultants, as requested by the Committee.

Summary

Staff is seeking the approval of the Committee and Board of a proposed schedule for the reprocurement of federal legislative consulting services.

Attachments

- A. Federal Lobbyist Procurement Schedule
- B. Federal Lobbyist: Peer Review
- C. Potomac Partners DC, Lobbyist Activity Report for March 2007
- D. James F. McConnell, Orange County Transportation Authority Washington Report for March 2007
- E. Blank Rome Government Relations LLC, Summary of Washington Activities of Interest to OCTA for February 2007

Prepared by:



Richard Bacigalupe
Federal Relations Manager
(714) 560-5901

FEDERAL LOBBYIST PROCUREMENT SCHEDULE

RFP/IFB NUMBER: TBD		
ACTIVITY	DATE(S)	COMMENTS
Submit proposed procurement schedule to LGA committee for review and comment	4/19/2007	
Submit proposed procurement schedule to Board	4/23/2007	
Complete Draft RFP	4/24/07	
Review by Project Manager	4/25/07	
Submit draft RFP to LGA for review and comments	5/3/07	
LGA to provide their comments on the RFP and name evaluation committee members	5/17/07	
Board approves comments on the RFP and evaluation committee members	5/29/07	
Issue RFP	6/15/07	
Advertise dates	6/15/07 & 6/22/07	
Pre-proposal Conference	6/28/07	LGA committee to advise location of pre-proposal conference
Questions due	7/6/07	
Answers posted	7/16/07	
Proposal submittal date	8/3/07	
Evaluation Committee Meeting	8/24/07	
Short list presented to LGA	9/6/07	
Interviews	9/24/07 and/or 9/27/07	Interview(s) takes place during special LGA committee meeting (1:00 or 1:30 pm)
Interviews (if necessary to have a second meeting) and determine recommendation of firm(s)	10/4/07	
Board Approval Date	10/5/07	
Write Agreement(s)	10/5/07 to 10/31/07	
Sign Agreement by	10/31/07	
Contract term begins	1/1/08	Current contracts expire 12/31/07

Last Updated: 04/11/07

Federal Lobbyist: Peer Review

Agency	Lobbying Firm(s)	Contract Value(s)	Contract Period	Amount of Federal Appropriations Received Last Year?	Amount of Federal Appropriations Received Year Before That?
Riverside County Transportation Commission (RCTC)	Cliff Madison Government Relations, Inc.	\$72,000/yr.	January 1, 2007 - December 31, 2008 (option for an additional 2 yrs. at a negotiated rate)	FY 06 Approp: \$7,888,000; SAFETEA-LU (passed in 05 for FY 06-09): \$57,393,000	FY 05 Funding: \$3M
San Bernardino Association of Governments (SANBAG)	Van Scoyoc Associates	\$99,000/yr.	January 1, 2007 - December 31, 2010	FY 06 Approp: \$17,050,000	FY 05 Funding: \$13.6M
Los Angeles County Metropolitan Transportation Agency (LACMTA)	Van Scoyoc Associates, Cliff Madison, and C2 Group	\$545,000/yr.	Annual renewal; Initial contract approx. 3 yrs. / Madison on an annual basis.	FY 06 Approp: \$80M	FY 05 Funding: \$63M
Southern California Association of Governments (SCAG)	C2 Group	\$200,000/yr.	Current contract to expire on 06/30/07. (Contract year to year with a 3-4 yr. max / Will rebid this year.)	Traditionally does not get direct appropriations.	n/a
Regional Transportation District (Denver)	Patton Boggs	\$260,000/yr.	Annual renewal	FY 06 Approp: Approx. \$80M	FY 05 Funding: Approx. \$80M

Agency	Lobbying Firm(s)	Contract Value(s)	Contract Period	Amount of Federal Appropriations Received Last Year?	Amount of Federal Appropriations Received Year Before That?
San Diego Association of Governments (SANDAG)	Blank Rome Government Relations	In agreement with MTS and NCTD; \$144,000/yr. to be adjusted by CPI in out years	November 1, 2005 - October 31, 2010; Subject to one-year annual task orders.	FY 06 Approp: \$12.71M (10 projects total) plus \$19.91M for completion of two Full Funding Grant Agreements (FFGA).	FY 05 Funding: \$17.75M
Dallas Area Rapid Transit (DART)	Van Scoyoc Associates	3 years @ \$320,000/yr. with 2 one-year options at same rate	October 30, 2006 - October 31, 2009 with 2 / 1 yr. options.	FY 06 Approp: \$700M Full Funding Grant Agreement (FFGA)	n/a
Orange County Transportation Authority (OCTA)	Blank Rome, Potomac Partners, James McConnell, Scott Baugh	\$360,000/yr.	Dec. 31, 2006 - Dec. 31, 2007	\$2.25M in earmarks for FY 07	FY 06 Funding: \$4.1M FY 05 Funding: \$7.25M

Potomac Partners DC
210 D Street, SE
Washington, DC 20003
(202) 544-4848
Fax: (202) 544-4229

Lobbyist Activity Report

March, 2007

Summary of activities on behalf of OCTA and legislative report:

- Participated in regularly scheduled conference calls to brief members on status of current federal legislative efforts and specifically status of SAFETEA Technical Corrections bill.
- Continued to coordinate with OCTA staff and with Washington DC lobbying team on FY 2008 appropriation requests.
- Met with Art Leahy and Director Peter Buffa in Washington DC to discuss legislative plan and strategy for the lobbying effort.
- Continued to work with Congressman Gary Miller's office to insert legislative language in the SAFETEA LU Technical Corrections bill on behalf of OCTA before and after the bill was moved out of committee and to the floor. Also worked with Congressman Young's office to communicate his support to the committee and facilitate calls between members on behalf of OCTA and Maglev project. Followed up with House Transportation and Infrastructure Committee on the potential strategies for including OCTA language on the Technical Correction bill. Communicated status of the bill and language on a regular basis to Rich Bacigalupo and other OCTA team members.
- We are now working to develop both a conference and Senate strategy to have language included in SAFETEA LU Technical Corrections bill for both Maglev and California State Route 91 Projects authorization. Congressman Young, Congressman Mica, Congressman Duncan, and Congressman Miller all have spoken to Chairman Oberstar, who has committed to include the additional language no later than when the bill reaches joint conference with the Senate version.
- Met with Orange County Business Council and facilitated activities on and off the hill for them.

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
Washington Report
March 2007**

March was the month that Members had to submit their own Fiscal Year 2008 appropriations requests to the Appropriations Committee. As with the requests from OCTA to the Members, the Members in turn had to prepare request forms for submission to the committee. The deadline for the forms was initially set for March 16. I worked with both Members and staff of the Orange County congressional delegation in anticipation of this deadline.

As part of congressional ethics reform, Members are now required to submit disclaimers of financial interest in any projects for which they are seeking appropriations earmarks. During the first two weeks of the month, I met twice with Representative John Campbell and three additional times with his staff to discuss OCTA's appropriations requests. Finally, on March 15, he said that he would submit no FY 08 transportation requests because of uncertainties concerning his personal financial interests and their proximity to transportation projects proposed by OCTA and other local jurisdictions.

It was not until the end of March that the House Ethics Committee released its definition of both "earmark" and "financial interest." It was fairly narrowly drawn, defining an earmark as a "specific amount of discretionary budget authority, credit authority or other spending authority for a contract, loan, loan guarantee, grant, loan authority, or other expenditure" for a specific locality or congressional district. The committee said a personal financial interest would exist "when it would be reasonable to conclude that the provision would have a direct and foreseeable effect on the pecuniary interests of the Member or the Member's spouse."

As a result of this delayed definition, the deadline for submission of requests by Members to the Appropriations Committee was extended to April 27. However, the new rules also make it more difficult to submit delegation letters in support of county-wide appropriations requests. The committee said that all signers to a delegation letter would have to submit the financial disclaimer form for each project endorsed in the letter.

During these first two weeks of March, I worked with Congressman Gary Miller's staff on a transportation delegation letter similar to the ones the delegation has sent in previous years. The contents of the letter were acceptable to the entire delegation. However, the new rules on financial disclaimer ultimately made it impossible to submit such a letter for FY 08.

Meanwhile, after Congressman Campbell's decision on transportation appropriations, I worked to find sponsors for the projects OCTA had asked him to submit. Representatives Dana Rohrabacher and Ken Calvert agreed to submit the I-405 (San Diego Freeway) widening and I-5/Ortega Highway Interchange projects, respectively. Working with their staffs, the requisite paperwork for these projects was submitted before the original March 16 deadline.

On March 12, I met in Washington with City of Anaheim staff, as well as Rick Bacigalupo, to discuss efforts on behalf of ARTIC's appropriations request. I followed up with County congressional staff and the projects were submitted by three Members of the delegation: Loretta Sanchez, Ed Royce, and Gary Miller. A meeting with Director Miguel Pulido on March 13 in Washington was postponed, but I worked with Representative Sanchez's staff to ensure that their request on behalf of the Bristol Street project was submitted on time.

Director Curt Pringle and CEO Art Leahy were in Washington the week of March 26 as part of the Orange County Business Council (OCBC) Federal lobbying trip. I worked with Congresswoman Sanchez to arrange for a meeting with the House Transportation Appropriations Subcommittee Chief Clerk, Kate Hallahan, to discuss ARTIC. The Congresswoman's staff attended the meeting with us. Subsequently, the OCBC held a dinner attended by three Members of the delegation—Representatives Calvert, Royce, and Sanchez.

Work also progressed during March on a SAFETEA-LU technical corrections bill. As a Member of the House Transportation and Infrastructure (T&I) Committee, Congressman Miller sought to address oversights from last year's legislation, including language regarding the LOSSAN Corridor, authorization for a package of SR-91 (Riverside Freeway) projects, and inclusion of the designation of Anaheim-Prim in the Maglev technology demonstration project. The committee agreed to the LOSSAN provision, and at the end of the month restated its support for the Maglev phase one as Las Vegas to Prim. The committee left open the possibility of a future designation of the Prim to Anaheim Maglev segment. As for the SR-91 provision, the committee has resisted adding that authorization to the corrections bill. I discussed this issue with Representative Sanchez and she indicated a willingness to meet with Chairman James Oberstar (D-MN) if that would be helpful.

At the end of March, Congress adjourned for a two week spring recess.

**BLANK ROME GOVERNMENT RELATIONS LLC
SUMMARY OF WASHINGTON ACTIVITIES OF INTEREST TO OCTA
FEBRUARY 2007**

- DRAFT LETTER TO FEDERAL TRANSIT ADMINISTRATION
- PREPARE AND SEND TO CLIENT THE WEEKLY OCTA UPDATES
- WROTE THANK YOU NOTE FOR A. LEAHY MEETING WITH L. SAROFF
- TELEPHONE CONVERSATION WITH J. O'KEEFE AT SENATE EPW COMMITTEE
- E-MAIL EXCHANGES WITH C. THOMPSON; R. BACIGALUPO REGARDING FEINSTEIN QUESTIONS
- READ PRESS CLIPS
- TELEPHONE CALL WITH R. BACIGALUPO AND FOLLOW-UP E-MAILS
- CONFERENCE CALL WITH R. BACIGALUPO
- MEETING WITH E. STEIN AND H. SHAHMORADI FROM SENATE APPROPRIATIONS COMMITTEE
- RESPOND TO CLIENT QUESTIONS
- ATTEND BIWEEKLY NEW STARTS WORKING GROUP MEETINGS; PREPARE SUMMARY NOTES TO CLIENT
- TELECONFERENCE WITH R. BACIGALUPO ON APPROPRIATIONS STRATEGY

WEEK OF FEBRUARY 1, 2007

Fiscal 2007 Appropriations Update

On Wednesday, the House passed the year-long joint funding resolution to provide funds for the rest of the 2007 fiscal year by a vote of 286-140. The bill (H J Res 20), which the Senate plans to take up next week, restores nearly \$4 billion to highway and transit programs. Remaining consistent with the authorization levels in SAFETEA-LU, federal highway programs are funded at \$39.1 billion, which is a \$3.4 billion increase from fiscal 2006, and transit programs are funded at \$8.8 billion, a \$474 million increase from fiscal 2006.

The joint resolution provides all federal funding for the remainder of fiscal 2007, except for the Departments of Defense and Homeland Security, which were the two appropriations bills that Congress was successful in passing last fall. While most departments are funded at fiscal 2006 levels, a few other areas received increases like the transportation programs. The joint resolution provides additional money for Democratic priorities such as the Department of Veterans Affairs and military health care, health research, education, law enforcement, low-income housing and global health initiatives.

As promised, the joint resolution is free of earmarks. The resolution states, "Any language specifying an earmark in a committee report or statement of managers accompanying an appropriations Act for fiscal year 2006 shall have no legal effect with respect to funds appropriated by this division." The fiscal 2006 transportation appropriations package included about \$2.9 billion in earmarked projects, while the proposed fiscal 2007 House appropriations package contained about \$3.4 billion in earmarks. It remains unclear what type of programs agencies will set up to distribute the dollars. The House and Senate Appropriations Chairmen have said that fiscal 2007 earmarks will be considered in the fiscal 2008 budget under a reformed earmark process.

OMB Earmark Guidelines

The White House Office of Management and Budget (OMB) released a memorandum to federal agencies and departments on January 25 laying out a definition of a congressional earmark and how OMB plans to begin tracking them. The aim is to provide a baseline for determining when President Bush's goal of reducing the number and cost of earmarks by at least half has been met. Under the new policy, federal agencies will be required to identify and submit to OMB information on earmarks in all appropriations bills and certain authorization bills, including report language. According to the memorandum, authorization bills likely to be included in this review are the Department of Defense fiscal 2007 Authorization Act and the Farm Security Investment Act of 2002.

The definition of an earmark in the memorandum is:

Earmarks are funds provided by the Congress for projects or programs where the congressional direction (in bill or report language) circumvents the merit-based or competitive allocation process, or specifies the location or recipient, or otherwise curtails the ability of the Administration to control critical aspects of the funds allocation process.

The memorandum also lays out a timeline for data collection, stating that OMB will post the information collected to a public database on March 12, 2007.

Department of Transportation

Maria Cino, Deputy Secretary of Transportation, is stepping down from her post effective March 2, 2007.

Rail Security

House Homeland Security Chairman Bennie Thompson (D-MS) and House Homeland Security Appropriations Subcommittee Chairman David Price (D-NC) both said this week that they plan to put a new focus on rail and mass transit security in the Homeland Security Department's fiscal year 2008 budget. Neither man wanted to give details of their plans until after the President's budget is released next week. President Bush will be releasing his fiscal 2008 budget on Monday, February 5.

WEEK OF FEBRUARY 8, 2007

Fiscal 2007 Appropriations Update

Despite a Republican filibuster threat from fiscal conservative Senator Tom Coburn (R-OK), the Senate began work on the pending fiscal 2007 year-long continuing resolution (CR) on Wednesday. The current CR expires on February 15 and the Senate is expected to vote on the omnibus joint resolution sometime early next week. Republicans are not expected to be allowed to offer any amendments, which is one of the reasons Coburn is upset. However, there appears to be a general consensus that Republicans will allow the bill to move forward without slowing it down.

Fiscal 2008 Budget Release

President Bush's fiscal 2008 budget request, released on February 5, took hits from both Republicans and Democrats this week. Bush's budget request totaled \$2.9 trillion, with \$929.8 billion in discretionary spending, up \$57 billion or 6.5 percent. However, nearly all of the increase goes towards security spending. The president's budget assumes a \$244 billion deficit in

fiscal 2007, down from \$248 billion in fiscal 2006. It also projects that we will reach a \$61 billion surplus in fiscal 2012.

Aid to states and local governments is cut nearly \$3.6 billion from current-year spending in President Bush's fiscal 2008 budget request. The funding level represents a nearly 1 percent reduction before inflation and factors in mandatory spending programs that automatically grow each year. Federal Funds Information for the States, a group which tracks the impact of federal policy decisions on state budgets, estimates total aid to states and local government since fiscal 2006 would decline \$12.7 billion, or 5.1 percent, in inflation-adjusted dollars under Bush's plan.

Discretionary programs that impact states and localities in Bush's fiscal 2008 budget would be cut \$8.25 billion from the House-passed fiscal 2007 spending bill. That is a 4.6 percent cut, even without inflation. While overall mandatory spending on entitlement programs would rise, the combined impact produces an overall spending cut for programs of importance to states and localities. The COPS program within the Justice Department, assistance for dislocated workers from the Department of Labor, and the Low Income Home Energy Assistance Program are just a few examples of programs that get cut in Bush's request. Homeland Security programs also face cuts of nearly 33 percent from fiscal 2007 levels. State grants for training, buying equipment and conducting exercises would be cut 64 percent, while first-responder grants and grants to "high-threat, high-density" urban areas would be cut more than 20 percent.

In regards to the Department of Transportation (DOT), President Bush requests \$67 billion overall, with a \$39.6 billion request for highways — the amount included in the 2005 reauthorization law, SAFETEA-LU. However, in a move already taking criticism, the White House recommends against providing states with an additional \$631 million that they are slated to receive because of higher-than-expected gas tax revenue. The 2008 budget instead proposes putting the money towards the Highway Trust Fund. The extra money is available under the 2005 law because of a mechanism called Revenue Aligned Budget Authority (RABA). RABA dictates that highway funding levels can exceed amounts specified in the law if gas tax revenue exceeds projections. The states can receive the \$631 million RABA adjustment in fiscal 2008 because of the RABA calculation done in fiscal 2007.

The budget requests \$9.422 billion for the Federal Transit Administration, which is \$309 million below the \$9.731 billion authorized SAFETEA-LU. The president requested \$8.87 billion in FY 2007 and the expected funding for FY 2007 is \$8.97 billion, based on the CR approved by the House and pending in the Senate. The budget proposes a \$300 million cut from New Starts, with \$100 million of that being cut from the Small Starts program created in SAFETEA-LU. Small Starts would be funded at \$1.4 billion. Both Transportation and Infrastructure Chairman James Oberster (D-MN) and Ranking Member John Mica (R-FL) expressed concern that the budget request fails to meet the transit funding guarantees from the 2005 highway reauthorization.

DOT Secretary Mary Peters is scheduled to testify today before the Senate Transportation Appropriations Subcommittee in the morning and the House Transportation and Infrastructure Committee in the afternoon to discuss DOT's budget request.

WEEK OF FEBRUARY 15, 2007

Fiscal 2007 Appropriations Update

In the \$463.5 billion fiscal 2007 full-year funding bill President Bush signed into law last Thursday, Democrats removed about 9,300 earmarks, most simply listed in committee reports accompanying the regular fiscal 2007 spending bills. The continuing resolution (CR) also contained a provision stipulating that earmarks contained in fiscal 2006 reports “shall have no legal effect.” Office of Management and Budget (OMB) Director Rob Portman followed-up with federal agencies by sending a letter last week instructing them to ignore any earmarks in fiscal 2007 that are not written into law. Portman’s memo says that only earmarks contained in statute should be honored and also makes clear that agencies should not fund earmarks based solely on lobbying from lawmakers or other interested parties. “For agencies funded by the CR, this means that unless a project or activity is specifically identified in statutory text, agencies should not obligate funds on the basis of earmarks contained in congressional reports or other written documents,” Portman’s memo states. “While the administration welcomes input to help make informed decisions, no oral or written communication shall supersede statutory criteria, competitive awards, or merit-based decision-making” based on authorizing language, funding formulas and existing policy governing contracts, grants and awards.

Federalspending.gov

On February 15, the Office of Management and Budget (OMB) announced the launch of an interim Web site containing data on federal contracts and grants as part of its effort to implement last year’s Federal Funding Accountability and Transparency Act. The measure sets a January 1, 2008, deadline for OMB to set up a Web accessible, searchable database of federal contracts and grants worth more than \$25,000. The database is to include the name of the entity getting the award, the amount of the award, the type of award, the program that provided for the award, the purpose of the funding, and the location and congressional district in which performance of the award will occur. Data is to be posted within 30 days of the award being given. Subcontracts will not be included in the database until January 2009.

In addition to providing a vehicle for gathering feedback on how visitors would like to search transaction data, the interim site just launched also includes:

- a copy of the Federal Funding Accountability and Transparency Act;
- the Federal Funding Accountability and Transparency Act task force’s implementation plan;
- answers to frequently asked questions about the new law; and
- links to currently available information about Federal spending.

The site can be found at www.federalspending.gov.

Homeland Security

Prior to breaking for the Presidents Day recess, the Senate Homeland Security and Governmental Affairs Committee approved a bill to change the way homeland security grants are distributed. Under current law, each state gets 0.75 percent of available funding. While all senators want to reduce guaranteed state minimums to allow more money to be distributed based on risk and threat assessments, as recommended by the 9/11 Commission, there is a dispute as to how low that minimum should be. The bill approved by the committee would guarantee that each state receives 0.45 percent of total funding under the state homeland security grant program. The remaining money would be allocated based on risk. Another bipartisan group led by Sens. Dianne Feinstein (D-CA) and John Cornyn (R-TX), introduced another bill the same week that would give each state only 0.25 percent of state homeland security grants. The formula mirrors the funding formula in the 9/11 Commission bill passed by the House last month and supported by the Bush administration.

Fiscal 2007 Appropriations Update

Despite a Republican filibuster threat from fiscal conservative Senator Tom Coburn (R-OK), the Senate began work on the pending fiscal 2007 year-long continuing resolution (CR) on Wednesday. The current CR expires on February 15 and the Senate is expected to vote on the omnibus joint resolution sometime early next week. Republicans are not expected to be allowed to offer any amendments, which is one of the reasons Coburn is upset. However, there appears to be a general consensus that Republicans will allow the bill to move forward without slowing it down.

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combined impact produces an overall spending cut for programs of importance to states and localities. The COPS program within the Justice Department, assistance for dislocated workers from the Department of Labor, and the Low Income Home Energy Assistance Program are just a few examples of programs that get cut in Bush's request. Homeland Security programs also face cuts of nearly 33 percent from fiscal 2007 levels. State grants for training, buying equipment and conducting exercises would be cut 64 percent, while first-responder grants and grants to "high-threat, high-density" urban areas would be cut more than 20 percent.

In regards to the Department of Transportation (DOT), President Bush requests \$67 billion overall, with a \$39.6 billion request for highways — the amount included in the 2005 reauthorization law, SAFETEA-LU. However, in a move already taking criticism, the White House recommends against providing states with an additional \$631 million that they are slated to receive because of higher-than-expected gas tax revenue. The 2008 budget instead proposes putting the money towards the Highway Trust Fund. The extra money is available under the 2005 law because of a mechanism called Revenue Aligned Budget Authority (RABA). RABA dictates that highway funding levels can exceed amounts specified in the law if gas tax revenue exceeds projections. The states can receive the \$631 million RABA adjustment in fiscal 2008 because of the RABA calculation done in fiscal 2007.

The budget requests \$9.422 billion for the Federal Transit Administration, which is \$309 million below the \$9.731 billion authorized SAFETEA-LU. The president requested \$8.87 billion in FY 2007 and the expected funding for FY 2007 is \$8.97 billion, based on the CR approved by the House and pending in the Senate. The budget proposes a \$300 million cut from New Starts, with \$100 million of that being cut from the Small Starts program created in SAFETEA-LU. Small Starts would be funded at \$1.4 billion. Both Transportation and Infrastructure Chairman James Oberster (D-MN) and Ranking Member John Mica (R-FL) expressed concern that the budget request fails to meet the transit funding guarantees from the 2005 highway reauthorization.

DOT Secretary Mary Peters is scheduled to testify today before the Senate Transportation Appropriations Subcommittee in the morning and the House Transportation and Infrastructure Committee in the afternoon to discuss DOT's budget request.

WEEK OF FEBRUARY 22, 2007

Fiscal 2007 Appropriations Update

In the \$463.5 billion fiscal 2007 full-year funding bill President Bush signed into law last Thursday, Democrats removed about 9,300 earmarks, most simply listed in committee reports accompanying the regular fiscal 2007 spending bills. The continuing resolution (CR) also contained a provision stipulating that earmarks contained in fiscal 2006 reports "shall have no legal effect." Office of Management and Budget (OMB) Director Rob Portman followed-up with federal agencies by sending a letter last week instructing them to ignore any earmarks in

fiscal 2007 that are not written into law. Portman's memo says that only earmarks contained in statute should be honored and also makes clear that agencies should not fund earmarks based solely on lobbying from lawmakers or other interested parties. "For agencies funded by the CR, this means that unless a project or activity is specifically identified in statutory text, agencies should not obligate funds on the basis of earmarks contained in congressional reports or other written documents," Portman's memo states. "While the administration welcomes input to help make informed decisions, no oral or written communication shall supersede statutory criteria, competitive awards, or merit-based decision-making" based on authorizing language, funding formulas and existing policy governing contracts, grants and awards.

Federalspending.gov

On February 15, the Office of Management and Budget (OMB) announced the launch of an interim Web site containing data on federal contracts and grants as part of its effort to implement last year's Federal Funding Accountability and Transparency Act. The measure sets a January 1, 2008, deadline for OMB to set up a Web accessible, searchable database of federal contracts and grants worth more than \$25,000. The database is to include the name of the entity getting the award, the amount of the award, the type of award, the program that provided for the award, the purpose of the funding, and the location and congressional district in which performance of the award will occur. Data is to be posted within 30 days of the award being given. Subcontracts will not be included in the database until January 2009.

In addition to providing a vehicle for gathering feedback on how visitors would like to search transaction data, the interim site just launched also includes:

- a copy of the Federal Funding Accountability and Transparency Act;
- the Federal Funding Accountability and Transparency Act task force's implementation plan;
- answers to frequently asked questions about the new law; and
- links to currently available information about Federal spending.

The site can be found at www.federalspending.gov.

Homeland Security

Prior to breaking for the Presidents Day recess, the Senate Homeland Security and Governmental Affairs Committee approved a bill to change the way homeland security grants are distributed. Under current law, each state gets 0.75 percent of available funding. While all senators want to reduce guaranteed state minimums to allow more money to be distributed based on risk and threat assessments, as recommended by the 9/11 Commission, there is a dispute as to how low that minimum should be. The bill approved by the committee would guarantee that each state receives 0.45 percent of total funding under the state homeland security grant program. The remaining money would be allocated based on risk. Another bipartisan group led by Sens. Dianne Feinstein (D-CA) and John Cornyn (R-TX), introduced another bill the same week that would give each state only 0.25 percent of state homeland security grants. The formula mirrors

the funding formula in the 9/11 Commission bill passed by the House last month and supported by the Bush administration.

Fiscal 2007 Appropriations Update

Despite a Republican filibuster threat from fiscal conservative Senator Tom Coburn (R-OK), the Senate began work on the pending fiscal 2007 year-long continuing resolution (CR) on Wednesday. The current CR expires on February 15 and the Senate is expected to vote on the omnibus joint resolution sometime early next week. Republicans are not expected to be allowed to offer any amendments, which is one of the reasons Coburn is upset. However, there appears to be a general consensus that Republicans will allow the bill to move forward without slowing it down.

Fiscal 2008 Budget Release

President Bush's fiscal 2008 budget request, released on February 5, took hits from both Republicans and Democrats this week. Bush's budget request totaled \$2.9 trillion, with \$929.8 billion in discretionary spending, up \$57 billion or 6.5 percent. However, nearly all of the increase goes towards security spending. The president's budget assumes a \$244 billion deficit in fiscal 2007, down from \$248 billion in fiscal 2006. It also projects that we will reach a \$61 billion surplus in fiscal 2012.

Aid to states and local governments is cut nearly \$3.6 billion from current-year spending in President Bush's fiscal 2008 budget request. The funding level represents a nearly 1 percent reduction before inflation and factors in mandatory spending programs that automatically grow each year. Federal Funds Information for the States, a group which tracks the impact of federal policy decisions on state budgets, estimates total aid to states and local government since fiscal 2006 would decline \$12.7 billion, or 5.1 percent, in inflation-adjusted dollars under Bush's plan.

Discretionary programs that impact states and localities in Bush's fiscal 2008 budget would be cut \$8.25 billion from the House-passed fiscal 2007 spending bill. That is a 4.6 percent cut, even without inflation. While overall mandatory spending on entitlement programs would rise, the combined impact produces an overall spending cut for programs of importance to states and localities. The COPS program within the Justice Department, assistance for dislocated workers from the Department of Labor, and the Low Income Home Energy Assistance Program are just a few examples of programs that get cut in Bush's request. Homeland Security programs also face cuts of nearly 33 percent from fiscal 2007 levels. State grants for training, buying equipment and conducting exercises would be cut 64 percent, while first-responder grants and grants to "high-threat, high-density" urban areas would be cut more than 20 percent.

In regards to the Department of Transportation (DOT), President Bush requests \$67 billion overall, with a \$39.6 billion request for highways — the amount included in the 2005 reauthorization law, SAFETEA-LU. However, in a move already taking criticism, the White House recommends against providing states with an additional \$631 million that they are slated to receive because of higher-than-expected gas tax revenue. The 2008 budget instead proposes

putting the money towards the Highway Trust Fund. The extra money is available under the 2005 law because of a mechanism called Revenue Aligned Budget Authority (RABA). RABA dictates that highway funding levels can exceed amounts specified in the law if gas tax revenue exceeds projections. The states can receive the \$631 million RABA adjustment in fiscal 2008 because of the RABA calculation done in fiscal 2007.

The budget requests \$9.422 billion for the Federal Transit Administration, which is \$309 million below the \$9.731 billion authorized SAFETEA-LU. The president requested \$8.87 billion in FY 2007 and the expected funding for FY 2007 is \$8.97 billion, based on the CR approved by the House and pending in the Senate. The budget proposes a \$300 million cut from New Starts, with \$100 million of that being cut from the Small Starts program created in SAFETEA-LU. Small Starts would be funded at \$1.4 billion. Both Transportation and Infrastructure Chairman James Oberster (D-MN) and Ranking Member John Mica (R-FL) expressed concern that the budget request fails to meet the transit funding guarantees from the 2005 highway reauthorization.

DOT Secretary Mary Peters is scheduled to testify today before the Senate Transportation Appropriations Subcommittee in the morning and the House Transportation and Infrastructure Committee in the afternoon to discuss DOT's budget request.



BOARD COMMITTEE TRANSMITTAL

April 23, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Amendment to Cooperative Agreement with the City of Irvine for Construction of Parking Structure at Irvine Transportation Center

Transit Planning and Operations Committee

April 12, 2007

Present: Directors Brown, Dixon, Green, and Winterbottom
Absent: Directors Moorlach, Norby, and Pulido

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Authorize the Chief Executive Officer to execute Amendment No. 4 to Cooperative Agreement C-3-0628 between the Orange County Transportation Authority and the City of Irvine, reducing the current funding obligation of \$24,900,000, to reflect direct reimbursement by the California Transportation Commission to the City of Irvine of \$20,000,000, in State Transportation Improvement Program funds.
- B. Authorize supplemental funding, in the amount of \$950,000, from the Commuter and Urban Rail Endowment.
- C. Authorize extension of the term of Cooperative Agreement C-3-0628 from December 31, 2007 to December 31, 2008.



April 12, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, ^{IV}Chief Executive Officer
Subject: Amendment to Cooperative Agreement with the City of Irvine for Construction of a Parking Structure at the Irvine Transportation Center

Overview

On August 11, 2003, the Orange County Transportation Authority Board of Directors approved a cooperative agreement with the City of Irvine to fund the design of a new parking structure at the Irvine Transportation Center. An amendment is requested to provide supplemental funding for construction of the parking structure.

Recommendations

- A. Authorize the Chief Executive Officer to execute Amendment No. 4 to Cooperative Agreement C-3-0628 between the Orange County Transportation Authority and the City of Irvine, reducing the current funding obligation of \$24,900,000, to reflect direct reimbursement by the California Transportation Commission to the City of Irvine of \$20,000,000, in State Transportation Improvement Program funds.
- B. Authorize supplemental funding, in the amount of \$950,000, from the Commuter and Urban Rail Endowment.
- C. Authorize extension of the term of Cooperative Agreement C-3-0628 from December 31, 2007 to December 31, 2008.

Background

On August 11, 2003, the Orange County Transportation Authority (Authority) approved Cooperative Agreement C-3-0628 with the City of Irvine (City) to fund up to \$450,000, for the design of a new parking structure with an initial 500-stall capacity. In the summer of 2005, the Authority's Board of Directors (Board) approved the Metrolink Service Expansion plan,

which includes parking expansion at the Irvine Transportation Center. Funding for full build-out of a 1,500-stall facility, as depicted in the City's master plan, was consequently incorporated into the Comprehensive Funding Strategy and Policy Direction adopted by the Board in November 2005. This budget amendment will allocate supplemental funds to enable the City to authorize award of the parking structure construction contract to the lowest bidder.

Discussion

On April 27, 2006, the Board approved Amendment No. 3 to the Cooperative Agreement C-3-0628, in the amount of \$ 24,900,000, to fund the design and construction of the parking structure and an interim parking lot (Attachments A and B). With Authority staff assistance, in September 2006, the City applied to the California Transportation Commission (CTC) for direct reimbursement of the \$20 million State Transportation Improvement Program (STIP) grant that the Authority previously programmed for the project. The City's application was approved in November 2006, enabling bid solicitation in December 2006, for the Interim Parking Lot and the Parking Structure projects, with reimbursement conditioned on the City's award of the parking structure contract by May 9, 2007.

The City opened bids on February 20, 2007. For the Interim Parking Lot project, the lowest of 15 bidders was R.J. Noble at \$819,000 (engineer's estimate was \$890,000). For the Parking Structure project, the lowest of five bidders was Bomel Construction at \$21,306,000 (engineer's estimate was \$21.7 million). The City awarded the interim parking lot contract in March 2007, with completion anticipated in June 2007. The City will award the parking structure contract when the proposed supplemental funding is approved. If awarded by May 9, 2007, the main parking structure will be completed in May 2008.

The need for supplemental funding of \$950,000 stems from a number of factors. First, the interim parking lot, necessary to mitigate the reduction in parking capacity due to the parking structure construction, was not previously programmed to be funded. Second, the City has had to engage outside construction management services to augment its in-house resources, given the timing, and increased complexity of the parking structure project. And third, there has been a schedule lag of about six months in design and issuance for bid, with attendant cost escalation, due to protracted negotiations with The Irvine Company and other review and permitting entities.

Also, staff is negotiating with City counterparts a number of design options that the City is considering to improve transit center operations and reduce maintenance costs. When negotiations are completed, staff will inform the Board on cost impacts.

Fiscal Impact

The supplemental funding described in Amendment No. 4 to Cooperative Agreement C-3-0628 can be accommodated in the Authority's Fiscal Year 2006-07 Budget, Development Division, Account 1751-7831-A4455-3TL, and a funding combination of the Commuter and Urban Rail Endowment (CURE), the Congestion Mitigation and Air Quality Improvement Program, and the Federal Transit Administration.

Summary

Staff recommends approval of Amendment No. 4 to Cooperative Agreement C-3-0628 between the Authority and the City to reflect direct reimbursement of STIP funds from the CTC to the City, and provide supplemental funding, in the amount of \$950,000, in CURE funds.

Attachments

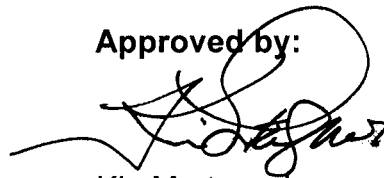
- A. City of Irvine Cooperative Agreement C-3-0628 Fact Sheet
- B. Irvine Transportation Center Parking Structure Approved Project Budget

Prepared by:



Anh-Tuan Le, P.E.
Senior Civil Engineer
(714) 560-5492

Approved by:



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

ATTACHMENT A

City of Irvine Cooperative Agreement C-3-0628 Fact Sheet

1. August 11, 2003, Cooperative Agreement C-3-0628, \$450,000, approved by Board of Directors.
 - City of Irvine to prepare plans, specifications, and cost estimates for a new 500-stall parking structure.
2. August 24, 2004, Amendment No. 1 to Cooperative Agreement C-3-0628, executed by the Contracts Administration and Materials Management Department.
 - Extends the expiration date of the agreement from September 30, 2004 to September 30, 2005.
3. May 4, 2006, Amendment No. 2 to Cooperative Agreement C-3-0628, executed by the Contracts Administration and Materials Management Department.
 - Extends the expiration date of the agreement from September 30, 2005 to September 30, 2006.
4. May 8, 2006, Amendment No. 3 to Cooperative Agreement C-3-0628, approved by Board of Directors.
 - Extends the expiration date of the agreement from September 30, 2006 to December 31, 2007.
 - Increases funding from \$450,000 to \$24,900,000 to provide funding for completion of detail design and construction of a 1500-stall parking structure.
5. April 23, 2007, Amendment No. 4 to Cooperative Agreement C-3-0628, pending approval by Board of Directors.
 - Extends the expiration date of the agreement from December 31, 2007 to December 31, 2008.
 - Authorizes supplemental funding, in the amount of \$950,000, from the Commuter and Urban Rail Endowment (CURE).
 - Reduces the Orange County Transportation Authority's financial obligation from a not-to-exceed amount of \$24,900,000, to a not-to-exceed amount of \$5,850,000, to reflect direct reimbursement by the California Transportation Commission to the City of Irvine of \$20,000,000, in State Transportation Improvement Program funds and above mentioned supplemental CURE funding of \$950,000.

Total committed to the City of Irvine, Cooperative Agreement C-3-0628, a not-to-exceed amount of \$5,850,000.

ATTACHMENT B

Irvine Transportation Center Parking Structure

APPROVED PROJECT BUDGET

Funding Source	Amount
Congestion Mitigation and Air Quality Improvement Program -- for Design & Construction	\$2,400,000
Federal Transit Administration -- for Construction Only	\$2,500,000
Commuter and Urban Rail Endowment Funds	\$950,000
Total OCTA reimbursement to the City of Irvine (City)	\$5,850,000
State Transportation Improvement Program (STIP) -- for Construction Only - Direct Reimbursement from the California Transportation Commission to the City	\$20,000,000
Total	\$25,850,000

Costs	Amount
Design Services and Project Management (Design Phase, ending March 31, 2007)	\$1,524,000
Interim Parking Lot Construction Cost (Lowest Bid)	\$819,000
Parking Structure Construction Cost (Lowest Bid)	\$21,306,000
Construction Contingency (5 Percent)	\$1,100,000
Construction Administration and Construction Management	\$1,101,000
Total	\$25,850,000



BOARD COMMITTEE TRANSMITTAL

April 23, 2007

To: Members of the Board of Directors
From: ^{WV} Wendy Knowles, Clerk of the Board
Subject: Selection of a Consultant for the Costa Mesa Freeway
(State Route 55) Access Study

Regional Planning and Highways Committee

April 16, 2007

Present: Directors Amante, Cavecche, Dixon, Green, Mansoor, Norby, Pringle,
and Rosen
Absent: Director Glaab

Committee Vote

This item was passed by all Committee Members present.

Director Rosen announced that although he received a campaign contribution for more than \$250.00 from a party involved with one of the bidders, he had returned the \$250.00 to the contributor and voted on this matter.

Director Cavecche abstained pursuant to Government Code 84308.

Committee Recommendation

Authorize the Chief Executive Officer to negotiate and execute Agreement C-7-0217 with LSA Associates, Inc., in an amount not to exceed \$275,000, to conduct a study to develop concepts for improving access to and from the Costa Mesa Freeway (State Route 55).



April 16, 2007

To: Regional Planning and Highways Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Selection of a Consultant for the Costa Mesa Freeway (State Route 55) Access Study

Overview

The Orange County Transportation Authority and the City of Costa Mesa share an interest in addressing congestion associated with the current terminus of the Costa Mesa Freeway (State Route 55) at 19th Street in the City of Costa Mesa. Proposals for firms to conduct a study to develop concepts for improving access to and from the Costa Mesa Freeway (State Route 55) were solicited in accordance with the Orange County Transportation Authority's procurement procedures for the retention of consultants to perform professional and technical services.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Agreement C-7-0217 with LSA Associates, Inc., in an amount not to exceed \$275,000, to conduct a study to develop concepts for improving access to and from the Costa Mesa Freeway (State Route 55).

Background

State plans for the Costa Mesa Freeway (State Route 55) include an extension of the facility from the existing terminus at 19th Street in the City of Costa Mesa to the vicinity of Industrial Way near the Newport Beach city limits. Due to the impacts of the proposed extension and the congestion associated with the current terminus of the freeway, the City of Costa Mesa and the Orange County Transportation Authority (OCTA), in cooperation with the other agencies, propose to conduct a study to develop alternatives to the freeway extension and for improved access to the existing freeway. Consultant services are requested to conduct this study.

Discussion

This procurement was handled in accordance with OCTA's procedures for professional and technical services. Proposals are evaluated based on qualifications of the lead firm, qualifications of the technical team, effectiveness of the work plan, and costs. Award is recommended to the firm offering the most effective overall proposal considering factors such as staffing, prior experience with similar projects, approach to the project requirements, costs, and technical expertise in the field.

The project was advertised on February 12 and February 18, 2007, in the *Orange County Register*. The notice for this project and a Request for Proposals (RFP) was sent on February 12, 2007, to 674 firms registered on CAMMNET. A pre-proposal meeting was held on February 19, 2007, and was attended by 12 firms.

On March 7, 2007, four proposals were received. An evaluation committee consisting of staff from the OCTA's Planning and Analysis and Contracts Administration and Materials Management departments, the California Department of Transportation, and the City of Costa Mesa met to review the proposals. The evaluation committee reviewed all proposals and found all four firms qualified for the work. The committee interviewed each of the qualified firms. The four qualified firms are:

Firm and Location

Katz, Okitsu & Associates
Monterey Park, California

Kimley-Horn and Associates, Inc.
Orange, California

LSA Associates, Inc.
Irvine, California

URS Corporation
Santa Ana, California

Based on the material provided by the firms, the committee recommends the selection of LSA Associates, Inc., as the most qualified firm to conduct the State Route 55 (SR-55) Access Study. The firm demonstrated an excellent understanding of transportation issues in the study area, committed the

resources of an outstanding project manager with the ability to deliver the study on time and within budget, and submitted a work plan that effectively responds to the RFP.

Fiscal Impact

This project was approved in OCTA's Fiscal Year 2006-07 Budget, Development Division, Planning and Analysis Department, Account 1536-7519-A1012-C1E, and is funded with \$275,000 of state funds.

Summary

The evaluation committee recommends the selection of LSA Associates, Inc., as the most qualified firm to conduct the SR-55 Access Study. With approval, staff will negotiate and execute Agreement C-7-0217, in an amount not to exceed \$275,000.

Attachment

None.

Prepared by:



Kurt Brotcke
Director, Strategic Planning
(714) 560-5742

Approved by:



Kia Mortazavi
Executive Director, Development
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April 23, 2007

To: Members of the Board of Directors
From: Arthur T. Leahy, Chief Executive Officer
Subject: First Quarter 2007 Debt and Investment Report

Overview

Under the California Government Code, the governing body of a local agency has the authorization to appoint, for a period of one year, a Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds. Additionally, the California Government Code authorizes the Orange County Transportation Authority Treasurer to submit a quarterly investment report detailing the investment activity for the period. This investment report covers the first quarter of 2007, January through March, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendations

- A. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2007-08.
- B. Receive and file the Quarterly Investment Report prepared by the Treasurer as an information item.

Background

The Treasurer is currently managing the Orange County Transportation Authority's (Authority) investment portfolio totaling \$964.2 million as of March 31, 2007. The portfolio is divided into two managed portfolios: the Liquid Portfolio for immediate cash needs, and the Short-term Portfolio for future budgeted expenditures. In addition to these portfolios, the Authority has funds invested in debt service reserve funds for the various outstanding debt obligations.

The Authority's debt portfolio had an outstanding principal balance of \$521.7 million as of March 31, 2007. Approximately 59 percent of the

outstanding balance is comprised of Measure M fixed rate debt, 6 percent is comprised of Measure M variable rate debt, 34 percent is associated with the 91 Express Lanes, and 1 percent was issued as fixed rate debt for the Orange County Transit District.

Discussion

Economic Summary: The Federal Open Market Committee (Fed) left short term interest rates unchanged during the first quarter of 2007, the sixth straight meeting without a move. The Fed has taken a more neutral position and has stated that it will consider "future policy adjustments" depending on upcoming economic data. Revised fourth quarter Gross Domestic Product numbers showing signs of a slowing economy likely contributed to the more moderate position. Stronger national economic growth is being held back by a comparatively weaker residential construction market, although non-residential construction remains robust. Housing starts are down nearly 30 percent from their highs while the sub prime credit squeeze is adding an extra layer of uncertainty to the already cloudy outlook for housing.

The impact of housing to the local economy is uncertain but with major employers laying off like New Century and Ameriquest, some households will certainly be affected. The unemployment rate in Orange County was 3.5 percent in February 2007, down from 3.6 percent in January 2007, and below the year-ago estimate of 3.6 percent provided by the Employment Development Department. This compares with an unadjusted unemployment rate of 5.2 percent for California and 4.9 percent for the nation during the same period.

Debt Portfolio Activity: On February 15, 2007, the Authority remitted a debt service payment to Measure M investors in the amount of \$78 million. Of this amount, \$67 million was used to retire Measure M principal. The Measure M program currently has \$337 million in outstanding debt.

On February 15, 2007, the Authority also remitted a debt service payment for the 91 Express Lanes. The Authority paid \$4 million in interest on the Tax-Exempt Refinancing Bonds. Currently, there remains \$184 million outstanding on the Bonds. In addition to the amounts due on the Bonds, the Authority has subordinated debt outstanding related to the acquisition of the 91 Express Lanes. The remaining outstanding principal balance (which will be repaid with 91 Express Lanes net revenues) totals approximately \$46 million. The outstanding balances for each of the Authority's debt securities are presented in Attachment A.

During the refinancing of the 91 Express Lanes Bonds, the Authority entered into an interest rate swap agreement with two counterparties to synthetically fix the variable portion of the outstanding bonds. The swap agreement outlines the monthly payments the Authority will receive from the counterparties to offset the variable portion of the Authority's debt. Through December 31, 2006, the Authority has received approximately \$157,736, more from the counterparties than the Authority has paid as part of the variable rate bonds. This is referred to as "positive basis." The Authority will accumulate these funds, whenever there is positive basis, in a trust account to offset those periods when there is negative basis.

Investment Portfolio Compliance: As of March 31, 2007, the Authority's portfolio is in compliance with its Investment Policy. The Authority continues its policy of reviewing the contents of the investment portfolio on a daily basis to ensure compliance. Attachment B provides a comparison of the portfolio holdings as of March 31, 2007, to the diversification guidelines of the Investment Policy.

Investment Portfolio Activity: The Authority periodically transfers funds from the Short-term Investment Portfolio to the Liquid Portfolio to meet increased cash flow demands related to the improvements along Garden Grove Freeway (State Route 22). Transfers for the quarter totaled \$20 million. The Treasury/Public Finance Department works closely with the Authority's Development division staff members to ensure adequate liquidity to meet the cash flow demands of the State Route 22 improvement project.

Investment Portfolio Performance Versus Selected Benchmarks: The Authority's investment managers provide the Authority and its financial advisor, Sperry Capital, with monthly performance reports. The investment managers' performance reports calculate monthly total rates of return based upon the market value of the portfolios they manage at the beginning of the month versus the market value at the end of the month. The market value of the portfolio at the end of the month includes the actual value of the portfolio based upon prevailing market conditions as well as the interest income accrued during the month.

The Authority has calculated the total returns for each of the investment managers for short-term operating moneys and compared the returns to specific benchmarks as shown in Attachment C. Attachment D contains a trailing two-year total return performance comparison by investment manager. Attachment E provides a two-year yield comparison between the short-term portfolio managers, the Orange County Investment Pool and the Local Agency Investment Fund.

The returns for the Authority's short-term operating monies are compared to the Merrill Lynch 1-3 year Treasury Index benchmark. The Merrill Lynch 1-3 year Treasury Index is one of the most commonly used short-term fixed income benchmarks. Each of the four managers invests in a combination of securities that all conform to the Authority's 2006 Annual Investment Policy. For the quarter ending March 31, 2007, the weighted average total return for the Authority's Short-term Portfolio was 1.47 percent, 7 basis points higher than the benchmark return of 1.40 percent. For the 12-month period ending March 31, 2007, the portfolio's return totaled 5.37 percent, 35 basis points above the benchmark return of 5.02 percent for the same period.

The Authority's Short-term Portfolio continues to perform well as interest rates have stabilized. The portfolio weighted average maturity is slightly short relative to the benchmark capitalizing on movement at the short end of the curve. The investment managers have also taken advantage of higher yielding securities to add value. The treasury curve is beginning to show signs of a more natural slope with short term yields beginning to drop. The ten-year treasury is out-yielding the two-year treasury for the first time since June of 2006. Treasury securities have performed well across all maturities due in part to the classic flight to quality created by concerns in the lending markets. The Authority's portfolio is comprised of approximately 40 percent treasuries and is well positioned to benefit from changes in the fixed income market.

Investment Portfolios: A summary of each investment manager's investment diversification, performance, and maturity schedule is provided in Attachment F. These summaries provide a tool for analyzing the different returns for each manager.

A complete listing of all securities is provided in Attachment G. Each portfolio contains a description of the security, maturity date, book value, market value, and current yield provided by the custodial bank.

Cash Availability for the Next Six Months: The Authority has reviewed the cash requirements for the next six months. It has been determined that the Liquid and the Short-term Portfolios can fund all projected expenditures during the next six months.

Summary

As required under the California Government Code, the Orange County Transportation Authority is submitting its quarterly investment report to the Board of Directors. The investment report summarizes the Orange County Transportation Authority's Treasury activities for the period January 2007 through March 2007. Further, the Orange County Transportation Authority

through March 2007. Further, the Orange County Transportation Authority requests approval by the Board of Directors, authorizing the Treasurer, for a period of one year, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2007-08.

Attachments

- A. Orange County Transportation Authority Outstanding Debt March 31, 2007.
- B. Orange County Transportation Authority Investment Policy Compliance March 31, 2007.
- C. Orange County Transportation Authority Short-term Portfolio Performance Review Quarter Ending March 31, 2007.
- D. Orange County Transportation Authority Total Return Performance by Manager March 31, 2007.
- E. Orange County Transportation Authority Comparative Yield Performance March 31, 2007.
- F. Investment Manager Diversification and Maturity Schedules March 31, 2007.
- G. Orange County Transportation Authority Portfolio Listing as of March 31, 2007.

Prepared by:

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Approved by:

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Executive Director, Finance,
Administration and Human Resources
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**Orange County Transportation Authority
Outstanding Debt
March 31, 2007**

ATTACHMENT A

Orange County Local Transportation Authority (OCLTA)

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2001 Second Senior Sales Tax Revenue Bonds	\$ 48,430,000	\$ 48,430,000	2011
1998 Second Senior Sales Tax Revenue Bonds	213,985,000	86,190,000	2011
1997 Second Senior Sales Tax Revenue Refunding Bonds	57,730,000	57,315,000	2011
1995 Tax-Exempt Commercial Paper	74,200,000	29,100,000	2011
1994 Second Senior Sales Tax Revenue Bonds	200,000,000	14,585,000	2011
1992 First Senior Sales Tax Revenue Bonds	350,000,000	101,325,000	2011
Sub-total	\$ 944,345,000	\$ 336,945,000	

Orange County Transportation District (OCTD)

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
1993 Certificates of Participation	21,100,000	1,235,000	2007
Sub-total	\$ 21,100,000	\$ 1,235,000	

91 Express Lanes *

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2003 Toll Road Revenue Refunding Bonds	\$ 195,265,000	\$ 183,510,000	2030

* Not reflected is the intra-agency borrowing (subordinated debt) for the purchase of the 91 Express Lanes in the amount of \$46,396,537.

TOTAL ISSUED	\$ 1,160,710,000
TOTAL OUTSTANDING BALANCE	\$ 521,690,000

ORANGE COUNTY TRANSPORTATION AUTHORITY

Investment Policy Compliance

March 31, 2007

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	\$388,464,181	40.3%	100%
Federal Agencies & U.S. Government Sponsored	215,288,881	22.3%	100%
State of California & Local Agencies *	0	0.0%	25%
Money Market Funds & Mutual Funds	65,241,201	6.8%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	13,762,751	1.4%	30%
Commercial Paper	0	0.0%	25%
Medium Term Maturity Corporate Securities	83,049,295	8.6%	30%
Mortgage and Asset-backed Securities	77,792,857	8.1%	20%
Repurchase Agreements	17,228,491	1.8%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund	25,980,935	2.7%	\$ 40 Million
Orange County Investment Pool	12,725,141	1.3%	Legal Mandate
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	0	0.0%	30%
Debt Service Reserve Funds - Investment Agreements	64,667,334	6.7%	Not Applicable
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	<u>\$964,201,069</u>	100.0%	

* Balance does not include intra-agency borrowing for the purchase of the 91 Express Lanes in the amount of \$46,396,537.

**Orange County Transportation Authority
Short-term Portfolio Performance Review*
Quarter Ending March 31, 2007**

Month Ending	Merrill Lynch Treasury 1-3 Year Index Benchmark		Bear Stearns		Payden & Rygel		Western Asset Mgmt		State Street Global Advisors	
	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration
1/31/2007	0.22%	1.69 years	0.21%	1.75 years	0.18%	1.93 years	0.21%	1.81 years	0.21%	1.78 years
2/28/2007	0.80%	1.77 years	0.84%	1.46 years	0.86%	1.85 years	0.92%	1.61 years	0.84%	1.79 years
3/31/2007	0.38%	1.73 years	0.41%	1.41 years	0.41%	1.79 years	0.39%	1.61 years	0.36%	1.76 years
Jan 07 - Mar 07 Total Return	1.40%		1.47%		1.46%		1.53%		1.42%	

HISTORICAL QUARTERLY RETURNS

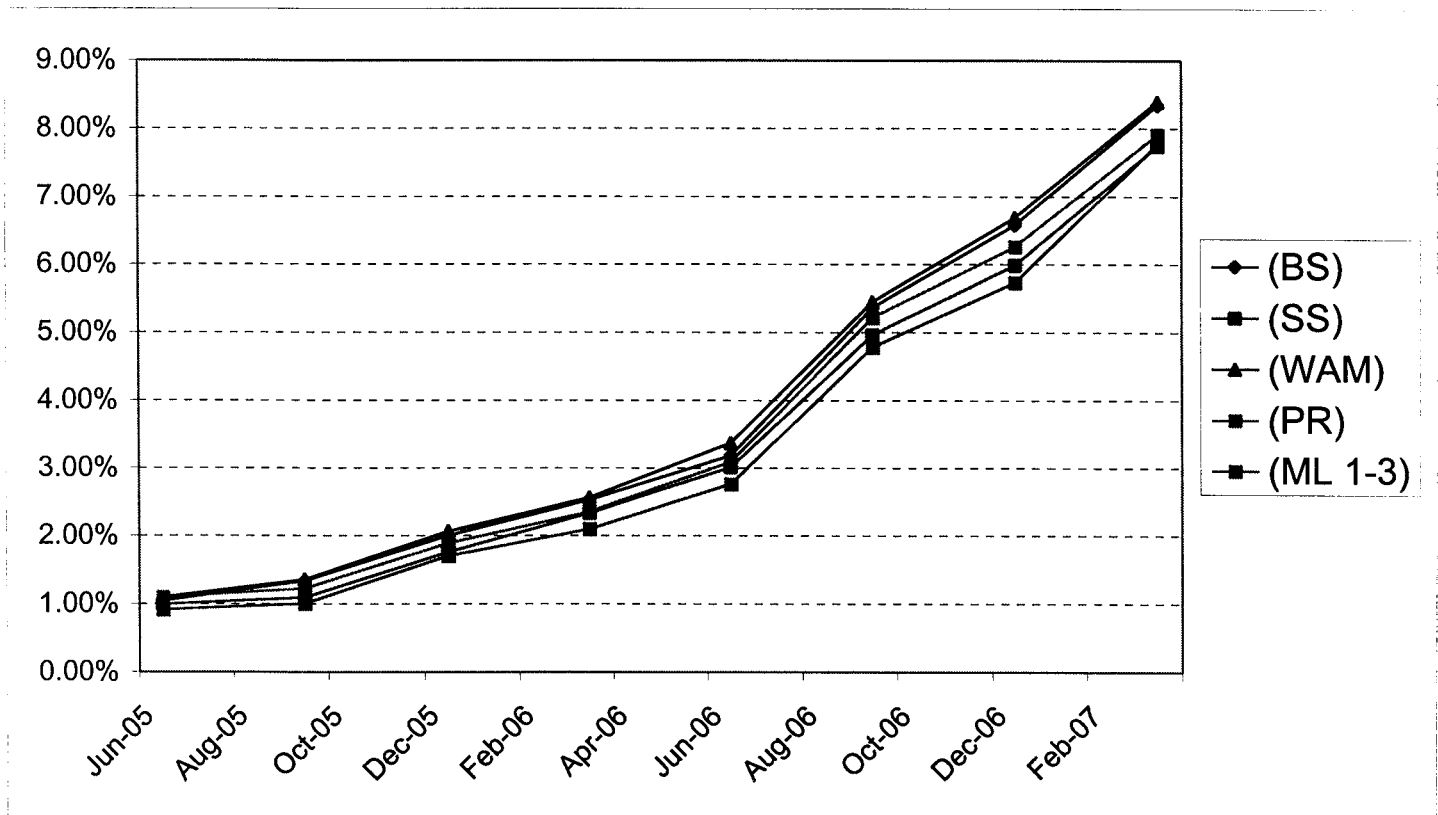
Apr 06 - Jun 06 Total Return	0.65%	0.64%	0.72%	0.79%	0.66%
Jul 06 - Sep 06 Total Return	1.97%	2.11%	2.06%	2.01%	1.91%
Oct 06 - Dec 06 Total Return	0.91%	1.15%	0.99%	1.17%	0.97%
Jan 07 - Mar 07 Total Return	1.40%	1.47%	1.46%	1.53%	1.42%
12-Month Total Return	5.02%	5.48%	5.33%	5.62%	5.05%

* - Month End Rates of Return are Gross of Fees

Total Return Performance by Manager

As of 3/31/07

Trailing 2-Year Cumulative Total Return
Vs. The Merrill Lynch 1-3 Treasury Benchmark

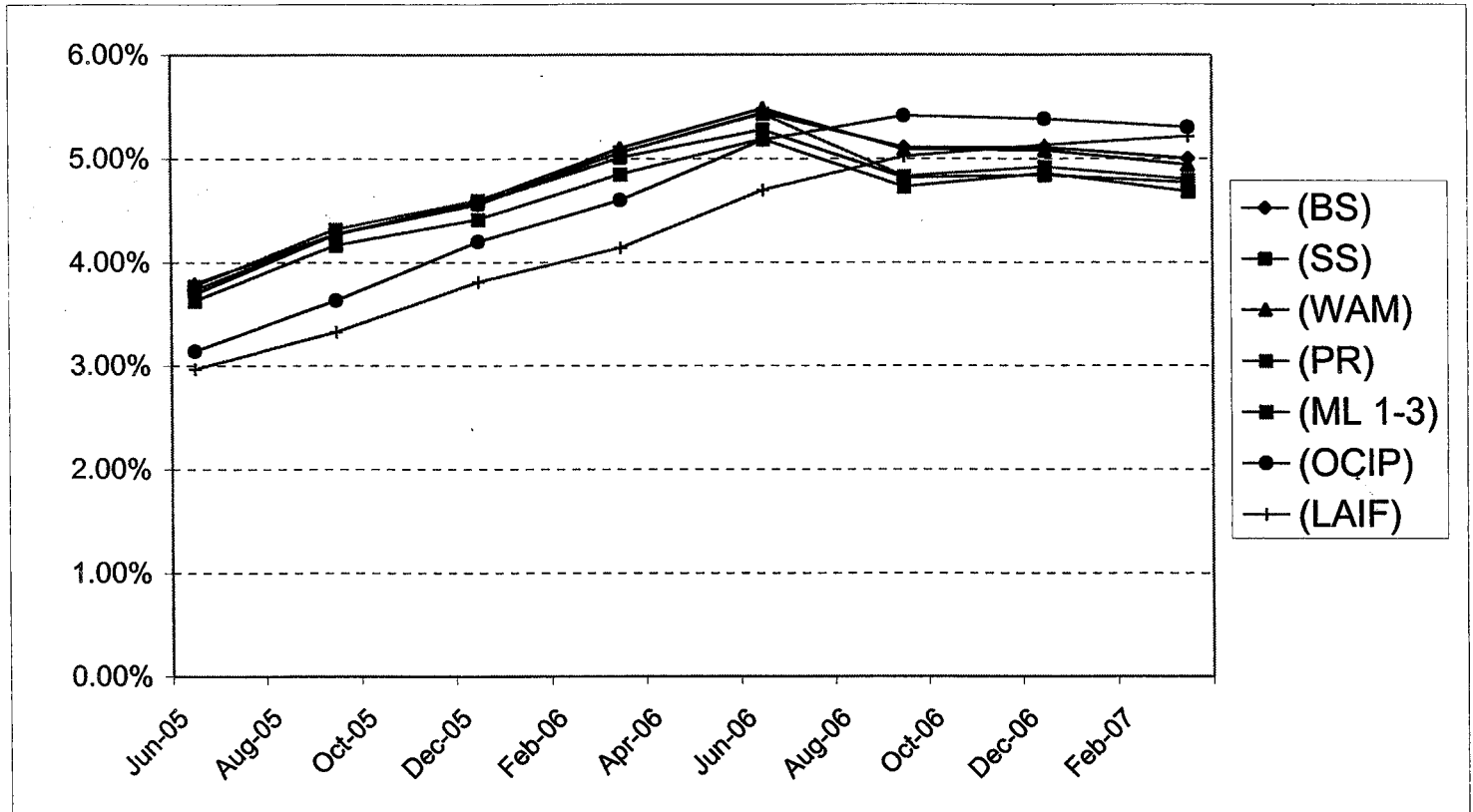


	Bear Stearns (BS)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	Merrill Lynch 1-3 Yr (ML 1-3)
Jun-05	1.04%	0.99%	1.09%	1.09%	0.91%
Sep-05	1.33%	1.09%	1.35%	1.22%	1.00%
Dec-05	2.00%	1.76%	2.06%	1.89%	1.70%
Mar-06	2.52%	2.33%	2.56%	2.35%	2.09%
Jun-06	3.18%	3.01%	3.37%	3.09%	2.76%
Sep-06	5.36%	4.97%	5.45%	5.22%	4.78%
Dec-06	6.58%	5.99%	6.69%	6.26%	5.73%
Mar-07	8.34%	7.73%	8.39%	7.90%	7.76%

Comparative Yield Performance

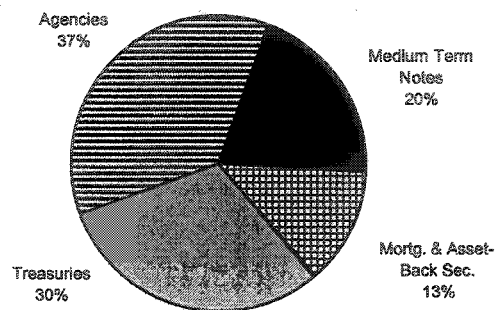
As of 3/31/07

Historical Yields
Vs. The Merrill Lynch 1-3 Treasury Benchmark



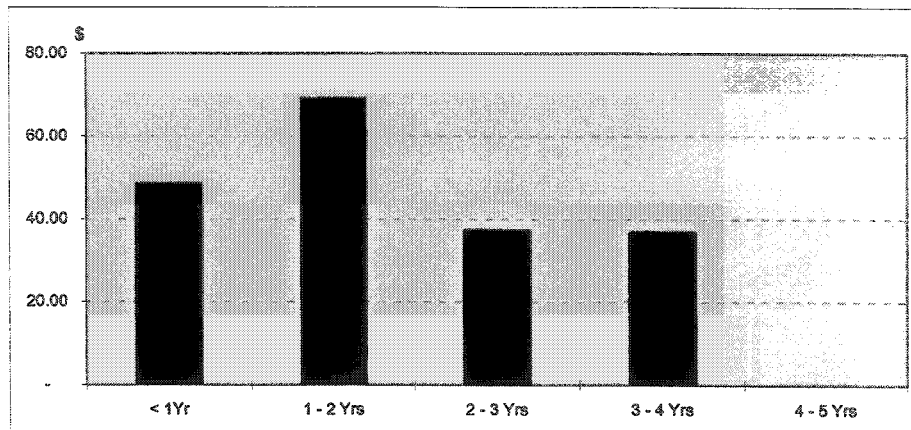
	Bear Stearns (BS)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	Merrill Lynch 1-3 Yr (ML 1-3)	(OCIP)	(LAIF)
Jun-05	3.69%	3.73%	3.79%	3.77%	3.63%	3.14%	2.97%
Sep-05	4.27%	4.27%	4.27%	4.32%	4.17%	3.63%	3.32%
Dec-05	4.56%	4.57%	4.59%	4.60%	4.41%	4.20%	3.81%
Mar-06	5.06%	5.01%	5.10%	5.06%	4.85%	4.60%	4.14%
Jun-06	5.44%	5.28%	5.48%	5.43%	5.19%	5.18%	4.70%
Sep-06	5.11%	4.82%	5.09%	4.83%	4.73%	5.41%	5.02%
Dec-06	5.11%	4.84%	5.08%	4.92%	4.86%	5.38%	5.13%
Mar-07	5.00%	4.77%	4.94%	4.80%	4.68%	5.30%	5.21%

Orange County Transportation Authority

Bear Stearns**March 31, 2007****SHORT-TERM PORTFOLIO (\$191.7 M)**

	Book Value	Market Value
Treasuries	\$58,408,496	\$58,017,315
Agencies	69,370,994	69,567,536
Medium Term Notes	38,936,053	38,908,183
Mortg. & Asset-Back Sec.	24,349,668	24,300,862
Money Market Funds	684,046	684,046
	<u>\$191,749,257</u>	<u>\$191,477,941</u>

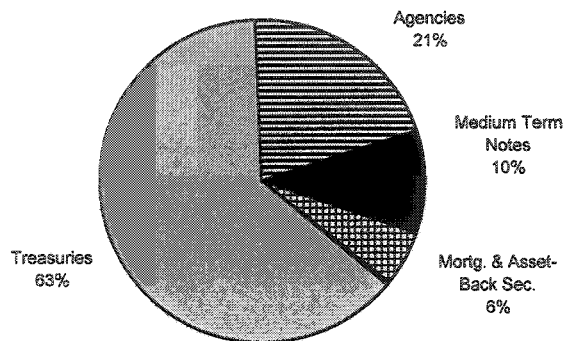
Wtd Avg Maturity	1.83 Yrs
Duration	1.41 Yrs
Quarter-end Yield	5.00%
Benchmark Comparison	4.68%
Quarter Return	1.47%
Benchmark Comparison	1.40%
12 Month Return	5.48%
Benchmark Comparison	5.02%



Payden & Rygel

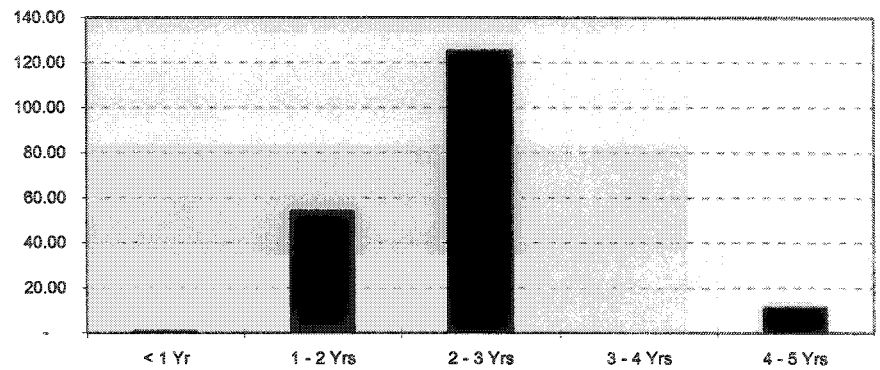
March 31, 2007

SHORT-TERM PORTFOLIO (\$190.7 M)



	Book Value	Market Value
Treasuries	\$120,573,628	\$120,832,164
Agencies	39,296,215	39,245,106
Medium Term Notes	19,450,784	19,642,239
Mortg. & Asset-Back Sec.	11,000,405	10,996,471
Money Market Funds	373,070	373,070
	<u>\$190,694,102</u>	<u>\$191,089,050</u>

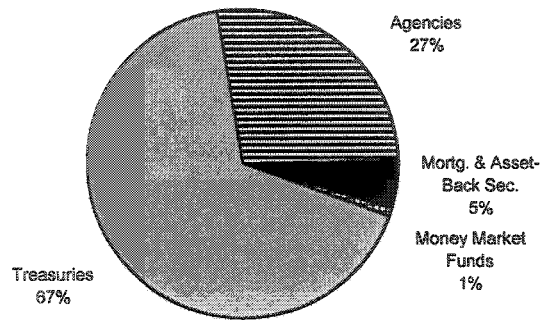
Wtd Avg Maturity	2.28 Yrs
Duration	1.79 Yrs
Quarter-end Yield	4.80%
Benchmark Comparison	4.68%
Quarter Return	1.46%
Benchmark Comparison	1.40%
12 Month Return	5.33%
Benchmark Comparison	5.02%



State Street

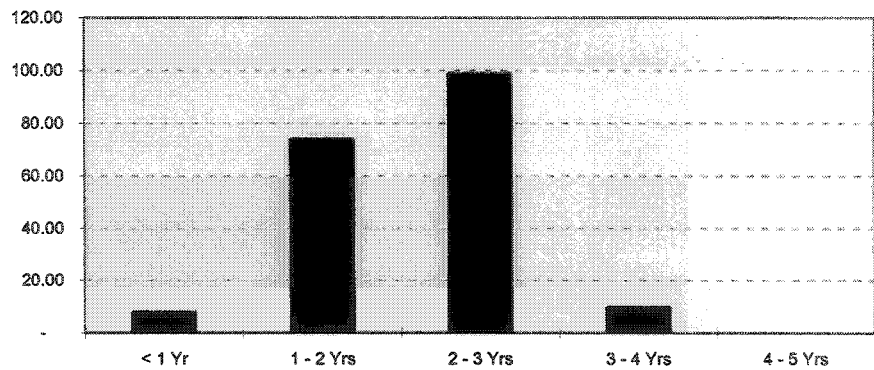
March 31, 2007

SHORT-TERM PORTFOLIO (\$190.5 M)



	Book Value	Market Value
Treasuries	\$127,724,258	\$128,129,247
Agencies	51,436,574	51,436,094
Mortg. & Asset-Back Sec.	9,843,945	9,913,377
Money Market Funds	<u>1,464,161</u>	<u>1,464,161</u>
	<u>\$190,468,938</u>	<u>\$190,942,879</u>

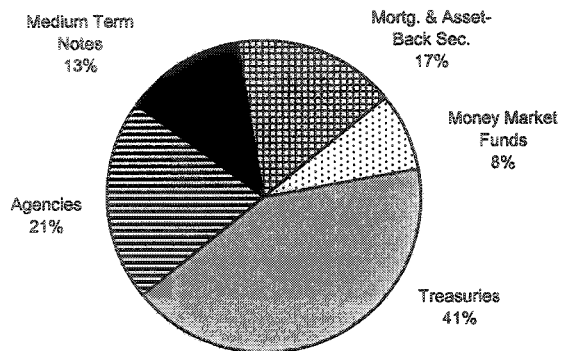
Wtd Avg Maturity	2.02 Yrs
Duration	1.76 Yrs
Quarter-end Yield	4.77%
Benchmark Comparison	4.68%
Quarter Return	1.42%
Benchmark Comparison	1.40%
12 Month Return	5.05%
Benchmark Comparison	5.02%



Western Asset Management

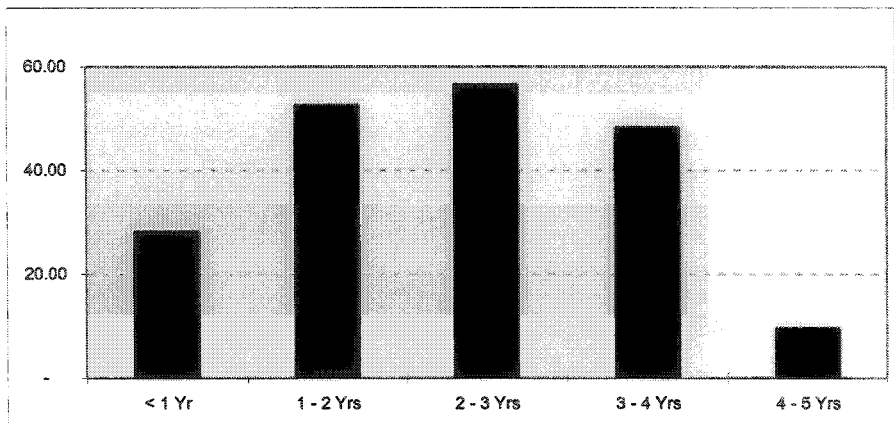
March 31, 2007

SHORT-TERM PORTFOLIO (\$195.3 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$81,757,800	\$82,020,388
Agencies	40,715,504	40,042,620
Medium Term Notes	24,662,458	23,928,307
Mortg. & Asset-Back Sec.	32,598,839	32,472,971
Money Market Funds	15,598,718	15,598,718
	<u>\$195,333,319</u>	<u>\$194,063,004</u>

Wtd Avg Maturity	2.10 Yrs
Duration	1.61 Yrs
Quarter-end Yield	4.94%
Benchmark Comparison	4.68%
Quarter Return	1.53%
Benchmark Comparison	1.40%
12 Month Return	5.62%
Benchmark Comparison	5.02%



**Orange County Transportation Authority
Portfolio Listing
As of March 31, 2007**

LIQUID PORTFOLIO

<u>Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield</u>
<u>Cash Equivalents</u>				
Bank of the West CD	4/5/2007	6,400,000.00	6,408,320.00	5.20%
FNMA Discount Note	8/15/2007	2,835,063.26	2,839,743.99	5.07%
FNMA STRIPS	2/15/2008	11,634,530.45	11,654,415.37	5.12%
Repurchase Agreement	4/2/2007	3,228,490.70	3,229,768.64	4.75%
Repurchase Agreement	4/3/2007	14,000,000.00	14,005,950.00	5.10%
Fidelity Funds Treasury II	N/A	3,406,134.31	3,406,134.31	5.08%
First American Treasury Obligations	N/A	153,786.61	153,786.61	4.85%
Milestone Funds Treasury Obligations	N/A	26,414,132.44	26,414,132.44	5.07%
<i>Sub-total</i>		68,072,137.77	68,112,251.36	
<u>Local Agency Investment Fund (LAIF)</u>	N/A	25,980,935.08	25,980,935.08	5.21%
<u>Orange County Investment Pool (OCIP)</u>	N/A	12,725,141.03	12,725,141.03	5.30%
Liquid Portfolio - Total		\$ 106,778,213.88	\$ 106,818,327.47	

SHORT-TERM PORTFOLIO

<u>Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield</u>
<u>Cash Equivalents</u>				
FFCB Discount Note	4/2/2007	10,995,416.66	10,996,944.44	5.00%
FHLB Discount Note	4/2/2007	10,995,416.66	10,996,944.44	5.00%
FHLMC Discount Note	4/17/2007	4,117,055.24	4,281,807.15	5.17%
Milestone Funds Treasury Obligations	N/A	18,119,995.43	18,119,995.43	5.21%
<i>Sub-total</i>		44,227,883.99	44,395,691.46	
<u>U.S. Government & Agency Obligations</u>				
FHLB	9/14/2007	2,491,290.00	2,478,906.25	3.40%
FHLB	5/15/2008	3,673,552.50	3,707,812.50	4.04%
FHLB	6/13/2008	4,250,000.00	4,206,171.88	4.14%
FHLB	10/3/2008	5,974,200.00	5,951,250.00	4.41%
FHLB	3/13/2009	9,888,000.00	9,975,000.00	4.76%
FHLB	9/18/2009	10,316,037.10	10,341,843.75	4.97%
FHLB	11/20/2009	5,900,000.00	5,898,156.25	5.37%
FHLB	9/10/2010	5,524,145.00	5,553,281.25	5.07%
FHLMC	5/23/2008	5,508,580.00	5,454,570.00	4.28%
FHLMC	8/4/2008	4,492,395.00	4,474,260.00	4.52%
FHLMC	2/27/2009	5,702,850.00	5,696,865.00	5.30%
FHLMC	11/3/2009	6,163,661.80	6,186,437.50	4.76%
FHLMC	11/20/2009	6,000,000.00	5,992,140.00	5.25%
FHLMC	1/11/2010	4,994,500.00	4,990,625.00	5.25%
FHLMC	2/8/2010	5,500,000.00	5,496,810.00	5.37%
FHLMC	11/1/2010	4,910,750.00	4,978,000.00	5.02%
FHLMC	2/24/2011	2,987,550.00	3,006,780.00	5.23%
FNMA	5/15/2008	12,706,474.90	12,026,437.50	5.93%
FNMA	7/28/2008	4,998,750.00	4,960,937.50	4.43%
FNMA	12/29/2008	4,999,500.00	5,001,562.50	5.49%

Orange County Transportation Authority
Portfolio Listing
As of March 31, 2007

FNMA	8/15/2009	5,055,585.00	5,056,250.00	5.31%
FNMA	12/15/2009	27,387,190.00	27,362,500.00	4.64%
FNMA	12/18/2009	5,726,770.00	5,735,625.00	5.13%
FNMA	8/15/2010	4,909,510.00	4,914,062.50	4.32%
FNMA	11/15/2010	6,503,814.00	6,356,250.00	6.25%
FNMA	2/15/2011	1,970,106.00	1,978,750.00	4.54%
FNMA	2/22/2011	6,176,187.50	6,234,375.00	5.31%
US Treasury Note	5/31/2007	4,244,521.48	4,239,375.00	3.50%
US Treasury Note	8/15/2007	8,399,915.49	8,427,580.00	2.77%
US Treasury Note	1/15/2008	6,331,588.90	6,336,674.14	3.58%
US Treasury Note	2/15/2008	4,901,367.18	4,933,400.00	3.42%
US Treasury Note	4/30/2008	22,065,468.75	22,097,348.00	4.87%
US Treasury Note	5/15/2008	17,824,964.90	17,884,429.00	3.79%
US Treasury Note	7/31/2008	17,602,539.15	17,546,484.38	4.98%
US Treasury Note	8/15/2008	13,222,742.93	13,138,203.13	4.16%
US Treasury Note	9/15/2008	3,913,906.25	3,909,200.00	3.19%
US Treasury Note	11/15/2008	22,649,084.21	22,680,756.00	4.39%
US Treasury Note	12/15/2008	25,736,523.43	25,208,735.00	3.44%
US Treasury Note	2/15/2009	17,117,453.12	17,254,046.88	4.51%
US Treasury Note	5/15/2009	26,874,714.22	27,145,530.00	4.84%
US Treasury Note	8/15/2009	111,324,176.06	111,558,243.20	4.84%
US Treasury Note	9/15/2009	19,370,690.11	19,447,600.00	3.47%
US Treasury Note	10/15/2009	23,598,868.22	23,809,100.00	3.47%
US Treasury Note	11/15/2009	9,758,847.03	9,802,877.76	4.61%
US Treasury Note	2/15/2010	5,591,774.84	5,614,166.25	3.60%
US Treasury Note	4/15/2010	22,721,019.34	22,746,281.25	4.06%
US Treasury Note	8/31/2011	5,214,015.61	5,219,084.00	4.60%
<i>Sub-total</i>		<u>563,175,580.02</u>	<u>563,014,773.37</u>	

Medium Term Notes

3M Company	11/6/2009	1,999,120.00	2,013,460.00	5.09%
Allstate Life Global	7/30/2007	2,240,460.00	2,236,725.00	3.52%
Allstate Life Global	9/10/2008	982,660.00	986,380.00	4.30%
ASIF Global Financial XVIII	11/26/2007	1,960,300.00	1,980,760.00	3.80%
Atlantic Richfield Company	4/15/2009	1,977,562.75	1,855,733.00	5.80%
Bank America Corp	2/17/2009	3,228,780.80	3,295,390.70	3.47%
Bank Boston NA	4/15/2008	2,202,315.00	2,072,078.50	6.30%
Bank New York Inc	1/15/2009	1,957,952.25	1,976,805.00	3.71%
Bank One Corp	6/30/2008	2,009,448.00	2,036,412.00	2.70%
Banque Paribas	3/1/2009	2,134,576.50	2,041,162.50	6.65%
Berkshire Hathaway Financial Corp	10/15/2008	2,225,452.50	2,190,285.00	3.46%
Berkshire Hathaway Financial Corp	1/15/2010	3,067,940.00	3,034,001.00	4.21%
Citigroup Inc	2/1/2008	1,945,840.00	1,972,640.00	3.54%
Citigroup Inc	2/9/2009	2,748,405.50	2,791,131.20	3.71%
Credit Suisse First Boston USA	1/15/2009	1,940,500.00	1,960,680.00	3.95%
General Electric Capital Corp	9/1/2009	3,023,780.00	3,041,565.00	4.20%
Gillette Company	9/15/2009	1,937,000.00	1,947,880.00	3.90%
Goldman Sachs Group	1/15/2008	493,055.00	495,810.00	4.15%
Goldman Sachs Group	1/15/2009	1,462,545.00	1,470,195.00	3.95%
Home Depot Inc	9/15/2009	1,078,378.08	1,083,342.00	3.86%
Household Financial Corp	5/15/2009	1,961,780.00	1,982,800.00	4.79%
International Lease Finance Corp	9/15/2008	2,926,020.00	2,966,340.00	4.39%
JP Morgan Chase & Co	5/1/2008	1,739,502.90	1,740,777.30	3.68%
LASMO USA Inc	12/15/2007	2,096,482.50	2,046,465.00	6.67%
Merrill Lynch & Co Inc	10/27/2008	3,092,002.00	3,082,950.00	4.85%
Metropolitan Life Global	6/19/2008	1,344,602.00	1,357,006.00	2.68%

Orange County Transportation Authority
Portfolio Listing
As of March 31, 2007

Morgan Stanley Co	4/1/2008	2,908,020.00	2,952,210.00	3.68%
National City Bank	8/24/2009	1,405,188.02	1,384,954.79	2.79%
Pepsi Bottling	2/17/2009	2,021,940.00	2,017,460.00	5.57%
Principal Life Income Fundings	4/1/2009	2,145,825.00	2,170,012.50	3.31%
Protective Life	11/24/2008	3,790,585.00	3,758,100.50	3.79%
Sunamerica Inc.	10/1/2007	2,209,234.50	2,038,081.50	6.70%
Suntrust Bank Atlanta	5/25/2009	2,123,250.00	2,102,666.25	4.59%
US Bancorp	8/23/2007	2,813,517.50	2,710,230.50	3.97%
Wal Mart Stores	8/10/2009	2,137,505.78	2,008,898.40	6.60%
Wells Fargo	4/4/2008	1,729,675.20	1,730,097.60	3.56%
Wells Fargo	8/15/2008	1,953,000.00	1,966,860.00	4.06%
Wells Fargo	8/9/2010	2,064,493.50	2,027,122.00	4.67%
World Savings Bank	12/15/2009	1,970,600.00	1,953,260.00	4.22%
<i>Sub-total</i>		<u>83,049,295.28</u>	<u>82,478,728.24</u>	

Mortgage And Asset-Back Securities

American Honda Auto Lease Trust	7/15/2009	2,854,391.66	2,843,972.36	4.62%
Americredit Auto Receivable Trust	10/6/2010	1,999,868.40	1,996,416.20	5.11%
ARG FDG Corporate Trust	4/20/2009	4,999,569.00	4,945,183.00	4.06%
ARMAX Auto Trust	11/15/2010	1,217,151.46	1,236,485.55	3.44%
Bank One Issuance Trust	5/17/2010	4,902,148.44	4,960,184.50	3.61%
Caterpillar Financial Trust	5/25/2010	3,299,694.06	3,321,214.05	5.53%
CIT Equipment Collateral Trust	3/20/2008	107,875.11	97,113.59	2.20%
CNH Equipment Trust	8/16/2010	4,499,783.55	4,506,335.10	5.19%
FHLB Mortgage Pool	7/25/2008	1,201,886.08	1,202,901.62	3.20%
FHLB Mortgage Pool	11/25/2009	3,539,945.92	3,571,174.63	3.94%
FHLB Mortgage Pool	10/25/2010	2,082,354.45	2,073,123.16	4.80%
FHLMC Mortgage Pool	9/1/2007	347,944.79	336,692.99	5.02%
FHLMC Mortgage Pool	11/15/2008	1,167,194.97	1,153,825.52	6.00%
FHLMC Mortgage Pool	2/1/2009	1,639,888.96	1,614,313.49	4.54%
FHLMC Mortgage Pool	3/1/2009	820,096.13	803,463.09	4.54%
FHLMC Mortgage Pool	4/1/2009	4,183,859.00	4,116,340.85	4.06%
FHLMC Mortgage Pool	1/1/2010	2,037,299.00	2,047,328.69	4.09%
FHLMC Mortgage Pool	12/1/2010	1,841,063.17	1,832,723.81	4.56%
FHLMC Mortgage Pool	12/1/2010	1,714,313.49	1,703,059.92	5.01%
FHLMC Mortgage Pool	3/15/2011	4,314,237.60	4,316,542.45	4.53%
FHLMC Mortgage Pool	4/1/2011	2,237,393.77	2,245,243.46	5.47%
FHLMC Mortgage Pool	8/15/2011	5,516,036.15	5,515,157.27	5.26%
FHLMC Mortgage Pool	9/15/2011	4,313,376.37	4,311,816.78	5.38%
FNMA Mortgage Pool	1/1/2009	129,283.81	123,564.50	5.51%
FNMA Mortgage Pool	1/1/2009	52,626.38	50,298.26	5.51%
FNMA Mortgage Pool	6/25/2009	2,006,265.77	1,957,584.52	5.98%
FNMA Mortgage Pool	5/1/2010	2,220,353.85	2,248,700.05	4.57%
Franklin Auto Trust	3/16/2009	120,818.49	121,815.27	3.57%
GS Auto Loan Trust	5/17/2010	5,484,368.72	5,481,313.65	4.47%
MBNA Credit Card Master Trust	9/15/2010	4,941,796.88	4,953,192.50	4.23%
World Omni Auto Trust	10/15/2010	1,999,972.00	1,996,600.20	5.01%
<i>Sub-total</i>		<u>77,792,857.43</u>	<u>77,683,681.03</u>	

Short-Term Portfolio - Total

\$ 768,245,616.72 **\$ 767,572,874.10**

**Orange County Transportation Authority
Portfolio Listing
As of March 31, 2007**

DEBT SERVICE RESERVE FUNDS

<u>Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Required Amount</u>	<u>Yield</u>
<u>1993 Bus COPs -</u>	2007		\$ 2,082,096.00	
Milestone Funds Treasury Obligations	N/A	\$ 2,173,045.81		5.07%
<u>91 Express Lanes 2003 Refunding Bonds</u>	2030		18,634,792.30	
AIG GIC - Supplemental Reserve Fund	8/15/2015	6,000,000.00		4.51%
First American Treasury Obligations	N/A	2,471,137.15		4.85%
MBIA GIC - Debt Service Reserve Fund	12/15/2030	12,634,792.30		5.13%
<u>91 Express Lanes 2003 Refunding Bonds - Operating & Maintenance Reserves</u>			7,362,750.89	
Operating Reserve - Bank of the West CD		3,003,960.84		5.24%
Maintenance Reserve - Bank of the West CD		4,358,790.05		5.24%
<u>Measure M Second Senior Sales Tax Bonds</u>			56,910,357.63	
<u>1992 Sales Tax Bonds -</u>	2011			
AIG GIC	2/15/2011	5,466,511.66		5.75%
FSA GIC	2/15/2011	8,998,875.61		3.88%
Fidelity Funds Treasury II	N/A	180,850.27		5.08%
<u>1994 Sales Tax Bonds -</u>	2011			
CSFP Agmt - Various Treasury Securities		6,991,334.58		5.98%
Fidelity Funds Treasury II	N/A	4,949,781.50		5.08%
<u>1997 Sales Tax Bonds -</u>	2011			
AIG GIC	2/15/2011	759,054.88		5.75%
FSA GIC	2/15/2011	1,249,542.82		3.88%
Fidelity Funds Treasury II	N/A	207,284.09		5.08%
<u>1998 Sales Tax Bonds -</u>	2011			
AIG GIC	2/15/2011	22,567,222.63		5.79%
Fidelity Funds Treasury II		667,502.89		5.08%
<u>2001 Sales Tax Bonds -</u>	2011			
Fidelity Funds Treasury II	2/15/2011	6,497,550.98		5.08%
Debt Service Reserve Funds - Total		\$ 89,177,238.06		

	<u>Book Value</u>	<u>Market Value</u>
TOTAL PORTFOLIO	\$ 964,201,068.66	\$ 963,568,439.63

FFCB - Federal Farm Credit Banks
FHLB - Federal Home Loan Banks
FHLMC - Federal Home Loan Mortgage Corporation
FNMA - Federal National Mortgage Association
SLMA - Student Loan Marketing Association



BOARD COMMITTEE TRANSMITTAL

April 23, 2007

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board *Wk*
Subject: Rail Infrastructure Improvements for the Metrolink Service Expansion and Cooperative Agreement with the Southern California Regional Rail Authority

Transit Planning and Operations Committee

April 12, 2007

Present: Directors Brown, Dixon, Green, and Winterbottom
Absent: Director Moorlach, Norby, and Pulido

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (reflects change from staff recommendations)

- A. Approve the updated project list of required rail infrastructure improvements for implementation of the Metrolink Service Expansion.
- B. Approve use of \$42,533,230 in Measure M funds for the required rail infrastructure improvements.
- C. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement C-6-0820 between the Orange County Transportation Authority and the Southern California Regional Rail Authority, in an amount not to exceed \$87,873,000, for management, design, and construction of rail infrastructure improvements.



April 12, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Rail Infrastructure Improvements for the Metrolink Service Expansion and Cooperative Agreement with the Southern California Regional Rail Authority

Overview

This report provides an update on rail infrastructure improvement projects required for the implementation of the Metrolink Service Expansion between the Fullerton Transportation Center and the Laguna Niguel/Mission Viejo station in Orange County, and seeks authorization to negotiate and execute a cooperative agreement with Southern California Regional Rail Authority for the design and construction of the projects.

Recommendations

- A. Approve the updated project list of required rail infrastructure improvements for implementation of the Metrolink Service Expansion.
- B. Approve use of \$42,533,196 in Measure M funds for the required rail infrastructure improvements.
- C. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement C-6-0820 between the Orange County Transportation Authority and the Southern California Regional Rail Authority, in an amount not to exceed \$87,873,000, for management, design, and construction of rail infrastructure improvements.

Background

On November 14, 2005, the Orange County Transportation Authority (Authority) Board of Directors (Board) adopted the Metrolink Service Expansion, which authorized staff to begin the implementation of 30-minute rail service between the Fullerton Transportation Center and the Laguna Niguel/Mission Viejo station in Orange County. The adopted strategy included a list of rail infrastructure improvements necessary to support the service and was reaffirmed as part of

the Comprehensive Funding Strategy and Policy Direction (CFSPD) adopted by the Board on November 28, 2005.

On August 31, 2006, the project management consultant (PMC), Parsons Brinkerhoff Quade & Douglas, Inc., now known as PB Americas, Inc., was retained to begin work as extension of staff for the Metrolink Service Expansion Program. A master schedule was developed, which identified critical path items necessary to support the development of expanded service by 2009. The PMC initiated an operations analysis in order to verify and better define the rail infrastructure improvements previously identified as part of the preliminary work performed in 2004. The operations analysis considered current and projected rail service levels on the corridor between Los Angeles and San Diego in order to identify potential impacts or conflicts. The PMC has defined the projects sufficiently to proceed into the design and construction process.

Discussion

Results from the operations analysis support the need for rail infrastructure improvements previously identified. Projects are now better defined and offer a greater level of detail, including location and right-of-way requirements. Authority staff continues to meet with staff from affected cities to review the project definitions and address issues or concerns. Descriptions of the updated project definitions and associated justification for changes are presented below. The associated cost estimates have also been revised and are presented in Attachment A. A map showing the location of the required improvements is included as Attachment B.

The total program costs have increased significantly since the conceptual plan was first developed. The increased costs can be primarily attributed to new projects not included in the original planning phase. Specifically, the requirement for the Alton-Bake layover facility and the associated replacement of the El Toro siding account for approximately \$30 million, which represents 70 percent of the cost increase. Systemwide improvements necessary to maintain service reliability were also added to the program based upon consultations with the Southern California Regional Rail Authority (SCRRA) operations staff and the operations analysis. These improvements include the re-spacing and/or addition of intermediate signals, as well as the construction of new crossovers. The cost estimate for the new systemwide improvements is \$11,820,000. It should be noted that these costs represent design, construction, and construction management costs. At this time, the costs do not

include right-of-way acquisition costs. Right-of-way costs will be developed during the summer. Separate Board authorization and funding will be sought at that time.

Fullerton Turnback Facility

The project list originally included a turnback facility and an additional track siding in the City of Fullerton, extending to La Palma Avenue. While both projects are still needed, they have been combined into one project because the siding extends from the turnback facility to Orangethorpe Avenue. This combined project is now referred to as the Fullerton turnback facility.

The project is anticipated to require right-of-way acquisition near Lawrence Avenue. Tracks would be added to an abandoned railroad bridge across Lemon Street, once owned by the Union Pacific Railroad. The loss of parking on Walnut Avenue will be offset by the Fullerton parking structure planned to be constructed at Harbor Boulevard and Santa Fe Avenue. The structure will provide approximately 1,000 new parking spaces to support the rail service expansion.

Crossovers Near State College Boulevard and Lincoln Avenue

Crossovers allow trains to move from one main track to the other main track in double-track corridors. Two new crossovers are required for the Metrolink Service Expansion, near State College Boulevard in Anaheim and near the intersection of 17th Street and Lincoln Avenue in Santa Ana.

North Relief Siding

The operations analysis has identified a need for an additional siding on the northern portion of the corridor to allow for more reliable train operations once 30-minute service has been implemented. To be most effective, this siding should be located as far north as possible between the Olive junction in Orange and Sand Canyon Avenue in Irvine with the specific location to be determined. This siding is necessary to support increased Metrolink services along with existing freight trains moving on and off the Olive subdivision.

Alton-Bake Layover Facility/El Toro Replacement Siding

The proposed location of the layover facility is south of the Irvine Transportation Center (ITC), extending from approximately Bake Parkway to Alton Parkway. This requires the relocation of the existing El Toro freight siding to a new location between Alton Parkway and the San Diego Freeway (Interstate 5).

This layover facility is intended for standard overnight inspection and maintenance of locomotives and cars, not for heavy maintenance of equipment. All major inspections and repairs, as well as significant equipment overhauls, will continue to be conducted at the existing central maintenance facility in Los Angeles. The purpose of the El Toro replacement siding, is to replace the ability of Burlington Northern Santa Fe (BNSF) to place freight trains off the main line tracks during peak commute times. The Authority has a contractual obligation to maintain a freight relief siding for this purpose. The existing siding used by the BNSF will become the access to and from the proposed layover facility and therefore cannot be blocked by the freight trains.

The layout for the proposed Alton-Bake layover facility will utilize existing land available within the right-of-way, north of the main tracks, between the overcrossings of Alton Parkway and Bake Parkway in the City of Irvine. This siding will include two tracks capable of storing up to six, eight-car train sets. Vehicle access to this facility could be addressed via an easement agreement or other negotiated agreement, allowing access through the properties to the north of the facility, nearest Alton Parkway. Additional right-of-way is required on an existing commercial property and would need to be secured through a lease agreement with the existing owner. The siding replacement facility will be constructed on existing right-of-way.

This layover project was not originally identified in the project list approved in November 2005. Instead, preliminary work for the development of a maintenance facility was addressed in the earlier report. The facility proposed in 2005 would address the need for a maintenance and storage location, but is unlikely to be approved, developed, and constructed in time for the Metrolink Service Expansion. In order to minimize risk associated with the need for a layover facility, this alternate site was identified. The estimated cost of the proposed layover facility is \$30 million, which includes the relocation/extension of the El Toro freight siding.

Laguna Niguel Turnback Facility

The layout for the proposed Laguna Niguel turnback facility will utilize existing Authority-owned railroad right-of-way for the track infrastructure improvements. This project will extend the eastern most track an additional 1,500 feet further south, allowing for up to two, eight-car Metrolink trains to be stored for short periods of time. This track extension will connect back into the primary track through crossovers and turnouts to allow for the greatest amount of operating flexibility. Train operating crew support may be required and if so, will be located in the parking lot.

Right-of-way acquisition is anticipated to be minimal and includes a small 5-foot strip along the east side of the right-of-way, along Camino Capistrano, for the purposes of a security barrier and landscaping. This land is already part of the City of Laguna Niguel's improvement plan for Camino Capistrano. Portions of this acquired right-of-way will be needed for access to the storage track for inspection and servicing.

Systemwide Improvements

Authority staff, Metrolink staff, and the PMC have identified a need to upgrade train control and station communications through the installation of fiber optic lines in existing conduit in Authority-owned right-of-way, providing the coverage and reliability necessary to support the 30-minute service. The re-spacing and/or addition of intermediate signals will be required to accommodate the reduced headways that will be associated with the addition of the 30-minute service. These systemwide improvements will improve overall reliability of the service.

Cooperative Agreement with SCRRA

The SCRRA is a five-county joint powers authority responsible for Metrolink rail service development, operations and maintenance, as well as construction and maintenance of rail infrastructure improvements and equipment. A cooperative agreement is needed between SCRRA and the Authority, which authorizes SCRRA to proceed with development, design, and construction of rail infrastructure improvements necessary for the Metrolink Service Expansion.

Under the cooperative agreement, the Authority proposes to reimburse SCRRA for work efforts directly associated with the Orange County rail service expansion projects. This includes design services, construction, and construction management of rail infrastructure improvements awarded through SCRRA's competitive procurement process and SCRRA administrative time. The projects must be completed by 2009 in order to meet a service start-up date of December 2009. The agreement extends to 2011 to allow for project close-out activities once construction is completed.

Upon execution of the cooperative agreement, SCRRA will initiate design tasks for these projects. At that time, cost estimates will be refined based on actual design estimates, rather than the current conceptual plan estimates.

As a partner in the program, the Authority will provide funding, environmental review and approval, and right-of-way services, including utility relocations required for the projects. Other program elements such as parking expansion at various stations will be addressed under separate agreements with the affected cities. The Authority and/or cities will be the lead agency in the development and construction of parking projects.

Funding

The program now requires an additional \$42,533,196, based upon the updated project list and cost estimates. Staff proposes to fund this amount with savings realized from the Metrolink locomotive and rail cars purchase. The Authority budgeted \$160 million of Measure M funds for the rolling stock required for the Metrolink Service Expansion. Actual Measure M funds required for the rolling stock is estimated at \$115,600,000. The savings of \$44,400,000 is proposed to fund the additional rail infrastructure improvements required for the Metrolink Service Expansion.

Fiscal Impact

The cooperative agreement was not included in the Authority's Fiscal Year 2006-07 Budget. Funds have been transferred from Account 0093-7831-D4815-L5W, Contributions to Other Agencies, to Account 0010-7831, Contributions to Other Agencies, under multiple T54XX job keys. It is anticipated that \$800,000 will be incurred in the fiscal year 2006-07 period.

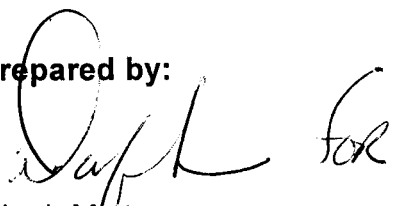
Summary

This report provides an update on the rail infrastructure improvement projects necessary to support 30-minute rail service in Orange County. Staff seeks authorization to enter into a cooperative agreement with SCRRA for the development, design, and construction of the projects.

Attachments

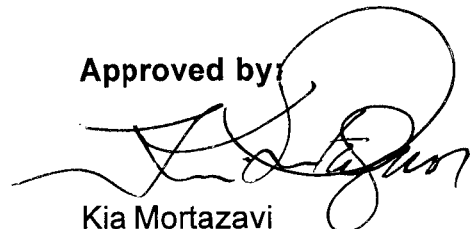
- A. Metrolink Service Expansion Program, Infrastructure Projects –
Conceptual Estimated Capital Costs
- B. Metrolink Service Expansion Projects

Prepared by:



Dinah Munteer
Manager, Metrolink Expansion Program
714-560-5740

Approved by:



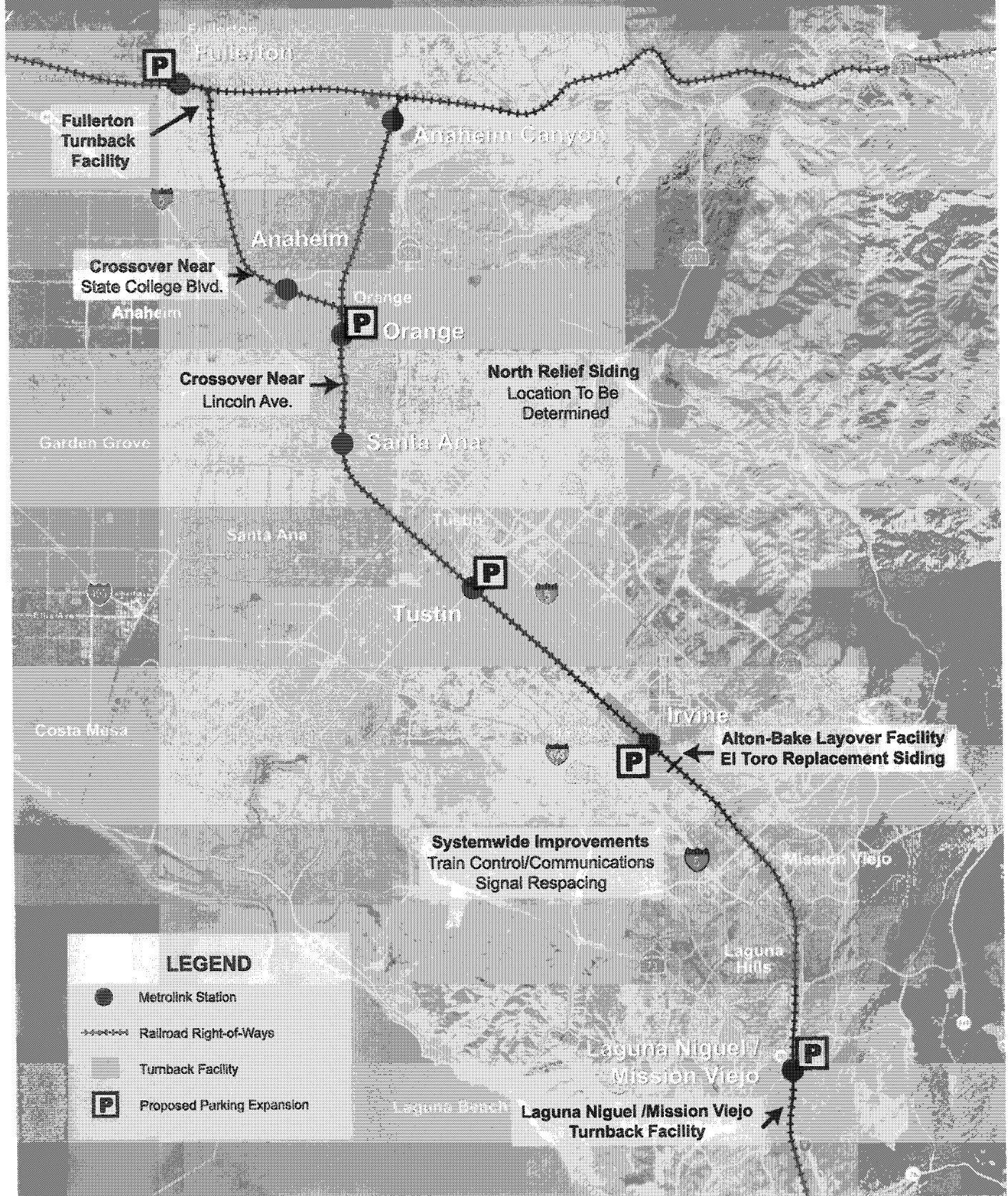
Kia Mortazavi
Executive Director, Development
714-560-5741

Metrolink Service Expansion Program
Infrastructure Projects - Conceptual Estimated Capital Costs

		Commuter Rail Implementation Plan (2005)	Updated Conceptual Estimates (2007)*	Proposed Funding for SCRRA C- 60820	Variance (2005 vs. 2007)
Redefined & Updated Projects					
	Fullerton Turnback & Tracks	30,773,850	29,200,000	29,200,000	(1,573,850)
	Turnback Facility at Laguna Niguel/Mission Viejo Station	9,335,900	12,298,000	12,298,000	2,962,100
	North Relief Sidings	5,230,020	4,640,000	4,640,000	(590,020)
	REDEFINED PROJECT COSTS	45,339,770	46,138,000	46,138,000	798,230
New Projects					
	Alton Bake Layover Fac./El Toro Replacement Siding	0	29,915,000	29,915,000	29,915,000
	Systemwide Improvements: New & Respaced Signals	0	4,320,000	4,320,000	4,320,000
	Crossovers (near Lincoln Ave; near State College Blvd)	0	7,500,000	7,500,000	7,500,000
	NEW PROJECT COSTS	0	41,735,000	41,735,000	41,735,000
	GRAND TOTAL	45,339,770	87,873,000	87,873,000	42,533,230

* All cost estimates are exclusive of right-of-way and OCTA implementation costs

Metrolink Service Expansion Projects





April 23, 2007

To: Members of the Board of Directors
From: Arthur T. Leahy, Chief Executive Officer
Subject: ACCESS Service Update

Overview

At the March 26, 2007, Board of Directors meeting, staff was directed to provide monthly presentations on ACCESS service at the Transit Planning and Operations Committee meeting and monthly written updates to the Board of Directors. The quality of ACCESS service has stabilized and is continuing to show improvement. The following report details the presentation made at the April 12, 2007, Transit Planning and Operations Committee meeting.

Recommendation

Receive and file as an information item.

Background

The quality of ACCESS service declined after the contract was transitioned to Veolia Transportation Services (Veolia) in July, 2006. As a result of service deficiencies, the Board of Directors put Veolia under a 90-day evaluation period. The 90-day evaluation period ended mid-March. At the March 26, 2007, Board of Directors meeting the evaluation period was extended 60 days, until May 31, 2007. At that time, staff was directed to continue to provide weekly written updates, and monthly presentations to the Transit Planning and Operations Committee, and a monthly consent calendar item to the Board of Directors.

Discussion

Veolia and the Orange County Transportation Authority (Authority) staff have continued to work closely to monitor ACCESS service quality. The contractual performance standards that are monitored on a daily basis include on-time performance, service delivery failure, and customer comments. All three indicators are showing positive trends. On-time performance reached the

contractual performance standard of 94 percent during the week of March 25, 2007. (Attachment A) There is a closed session scheduled for April 23, 2007, to discuss the Veolia contract.

Summary

Veolia has continued to stabilize and improve the quality of ACCESS service during the past 60 days. Staff will continue to provide updates to both the Transit Planning and Operations Committee and the Board of Directors.

Attachment

A. ACCESS Service Overview and Update

Prepared by:

Erin Rogers
Department Manager
Community Transportation Services
714-560-5367

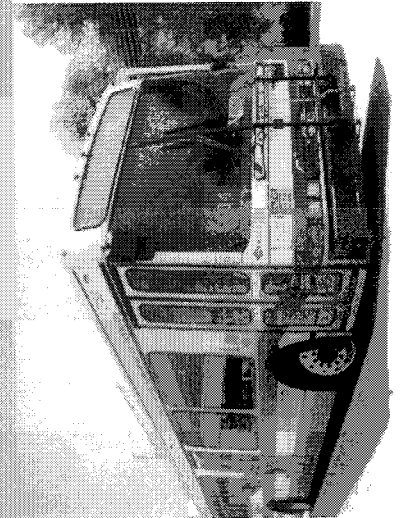
Approved by:

Beth McCormick
Acting General Manager, Transit
714-560-5964

Item 5

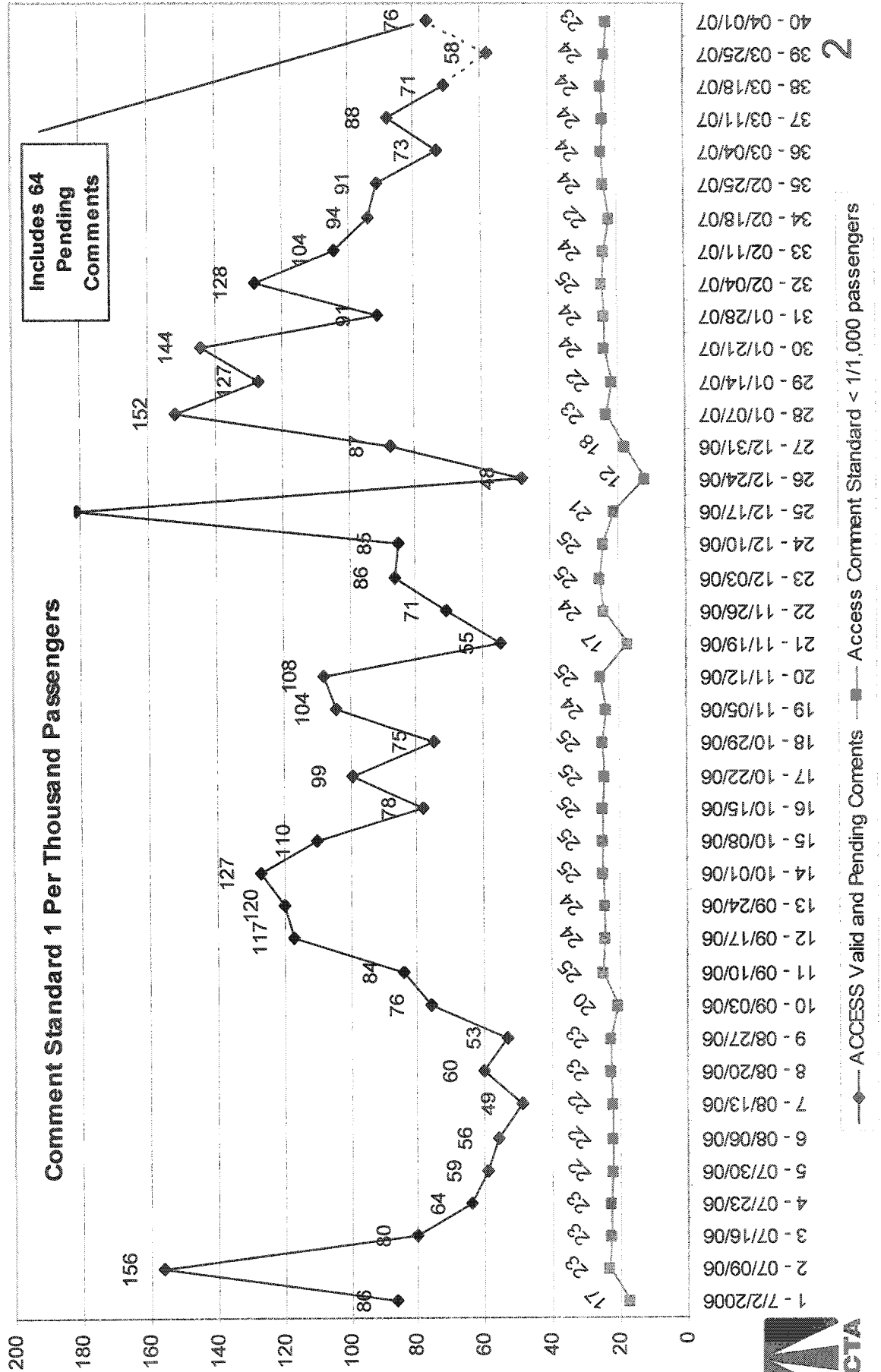


ACCESS Service Overview and Update



Transit Planning and Operations Committee
April 12, 2007

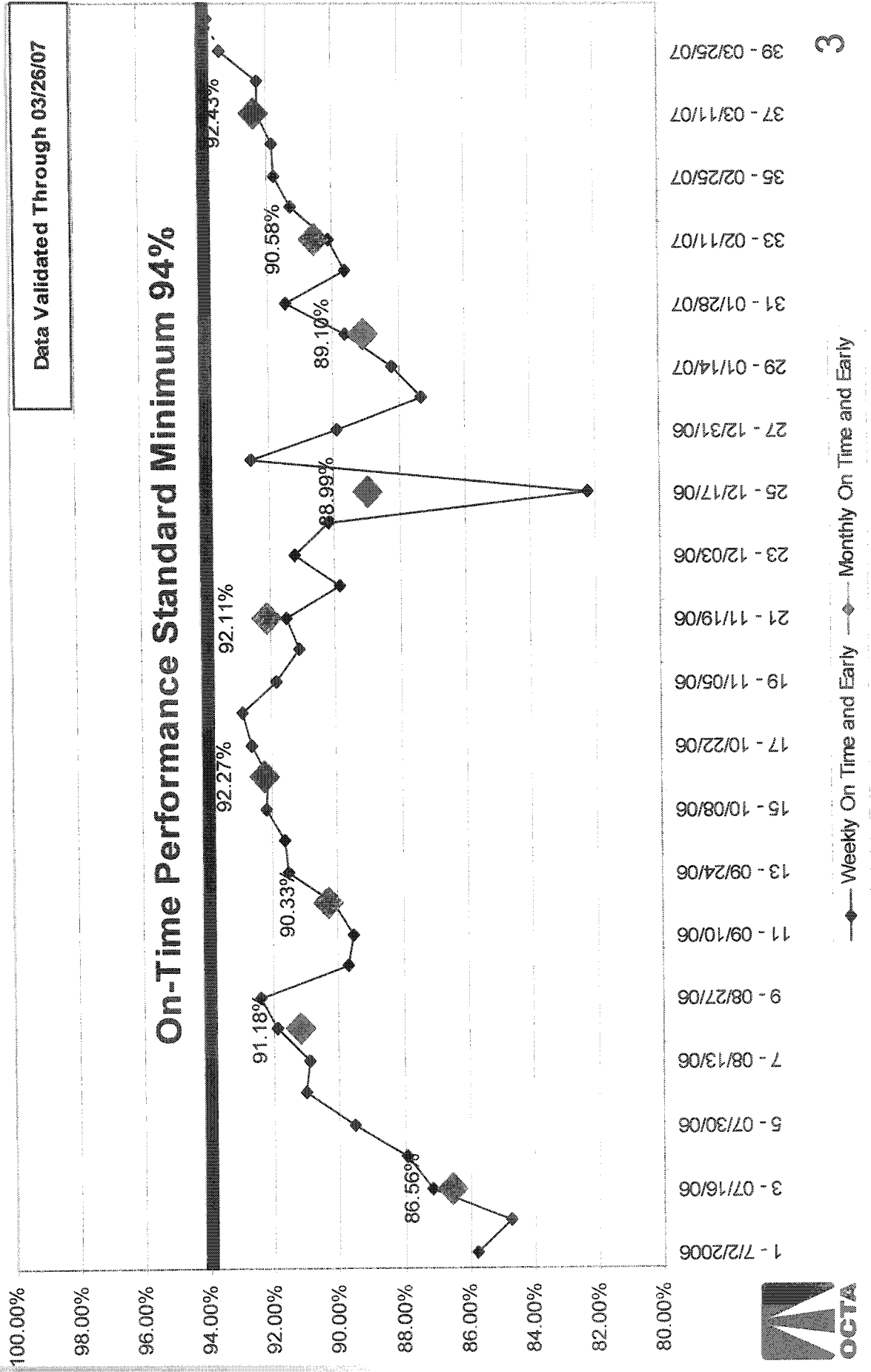
Weekly Comments



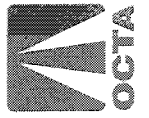
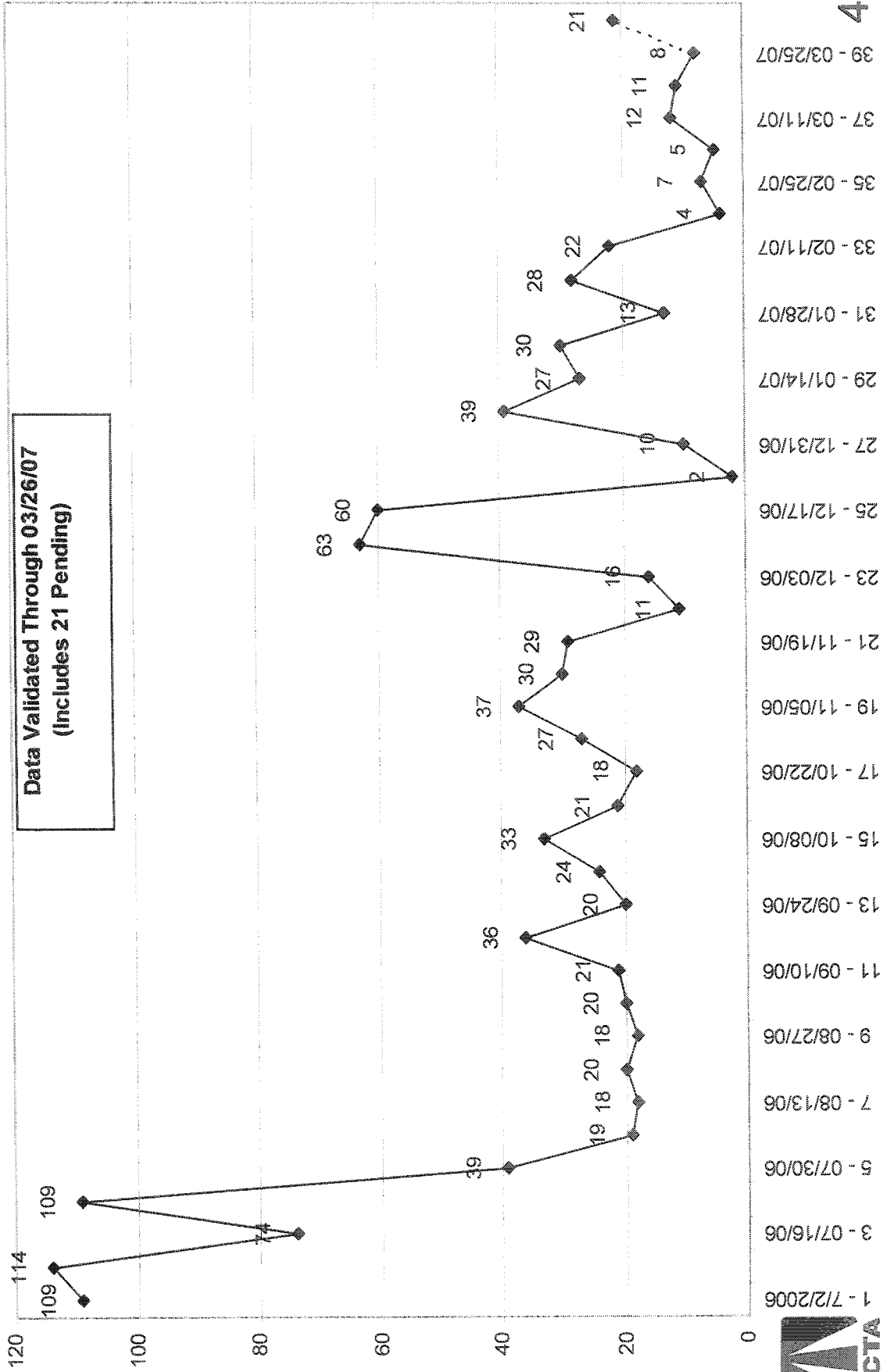
On-Time Performance

Data Validated Through 03/26/07

On-Time Performance Standard Minimum 94%



Service Delivery Failure



Contract Status Update

- Board of Directors approved an additional 60 day evaluation period
- Presentations will be made monthly to the Transit Planning and Operations Committee
- Written updates will be provided in CEO weekly update and monthly as consent item to Board of Directors



BOARD COMMITTEE TRANSMITTAL

April 23, 2007

To: Members of the Board of Directors
From: Wendy Knowles^{WK}, Clerk of the Board
Subject: Amendment to Agreement for Radio Frequency Engineering Consulting Services

Transit Planning and Operations Committee

April 12, 2007

Present: Directors Brown, Dixon, Green, and Winterbottom
Absent: Directors Moorlach, Norby, and Pulido

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-6-0223 between the Orange County Transportation Authority and Yoh Services LLC, in an amount not to exceed \$75,000, for radio frequency engineering consulting services.



April 12, 2007

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Amendment to Agreement for Radio Frequency Engineering Consulting Services

Overview

On June 26, 2006, the Board of Directors approved an agreement with Yoh Services LLC, in the amount of \$75,000, to provide radio frequency engineering consulting services. Yoh Services LLC was retained in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 1 to Agreement C-6-0223 between the Orange County Transportation Authority and Yoh Services LLC, in an amount not to exceed \$75,000, for radio frequency engineering consulting services.

Background

The Orange County Transportation Authority's (OCTA) revenue fleet rely on radio communication between the dispatch locations and the operators of the vehicles. The OCTA radio systems are maintained by an in-house team consisting of personnel from both the Maintenance and Information Systems (IS) departments. They are assisted in this effort by outside consultants and contractors in various roles. This consultant acts as our expert in areas of radio frequency engineering and as our liaison with the County of Orange and the Federal Communications Commission (FCC) for licensing issues. This amendment is necessary to exercise the first option year of the contract.

Discussion

This procurement was originally handled in accordance with the Orange County Transportation Authority's procedures for professional and technical services. The original agreement was awarded on a competitive basis. It has become necessary to amend the agreement to exercise the first option year.

Staff requested a price proposal from Yoh Services LLC to perform this additional work. The proposal was reviewed by the Internal Auditor and the cost was found to be fair and reasonable for the work to be performed.

Fiscal Impact

The additional work described in Amendment No. 1 to Agreement C-6-0223 was approved in the Authority's Fiscal Year 2007-08 Budget, Transit/Maintenance, Account 2185-7519-D1111-CUA, and is funded through Local Transportation Funds.


Summary

Staff recommends approval of Amendment No. 1 in the amount of \$75,000, to Agreement C-6-0223 with Yoh Services LLC.

Attachment

- A. Yoh Services LLC Agreement C-6-0223 Fact Sheet

Prepared by:


Lloyd Banta
Interim Manager, Maintenance
(714) 560-5975

Approved by:


Beth McCormick
Acting General Manager, Transit
(714) 560-5964

**Yoh Services LLC
Agreement C-6-0223 Fact Sheet**

1. June 28, 2006, Agreement C-6-0223, \$75,000, approved by Board of Directors
 - Agreement to provide engineering consulting services for the Authority's radio communications, with two one-year options.
2. Amendment No. 1 to Agreement C-6-0223, \$75,000, pending approval by Board of Directors,
 - Amend Agreement C-6-0223 to exercise the first option term from July 1, 2007, to June 30, 2008, in the amount not to exceed \$75,000.

Total committed to Yoh Services LLC, Agreement C-6-0223: \$150,000.



MEMO

April 17, 2007

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board
Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



April 19, 2007

To: Legislative and Government Affairs/Public Communications Committee

From: Arthur T. Leahy, ^KChief Executive Officer

Subject: Amendment to Agreement for Graphic Design Services for Bus Public Information

Overview

On September 13, 2004, the Board of Directors approved an agreement in the amount of \$300,000 with three option terms, to provide graphic design services for bus customer public information. This report is a request to exercise the third option term of the agreement.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement C-4-0521 between the Orange County Transportation Authority and Digital Graphics Centre, in an amount not to exceed \$195,000, for graphic design services.

Background

The Orange County Transportation Authority (OCTA) operates 81 fixed bus routes and has approximately 6,500 countywide bus stops. Noted as one of the fastest growing bus systems in the country, weekday boardings typically exceed 220,000. A basic element of the OCTA's marketing program is to provide current public information about the bus system. Examples include bus books, individual route schedules, bus system maps, transportation signage, and information posted at bus stops. OCTA contracts with graphic design and print shops to produce these materials and Digital Graphics Centre provides the graphic design service.

Discussion

This procurement was originally handled in accordance with OCTA's procedures for professional and technical services. On September 13, 2004,

the agreement for \$300,000 was awarded on a competitive basis to Interactive Publications and Graphics. On May 22, 2006, the second option term was exercised. A novation agreement was executed on June 30, 2006, assigning the contract to Digital Graphics Centre. This was due to the illness of Interactive Publications and Graphics Chief Executive Officer who transferred his business assets and employees to Digital Graphics Centre. This assignment was in accordance with Article 15 of the contract.

This action would exercise the third option term. The total maximum cumulative obligation after approval of Amendment No. 3 will be \$810,000 (Attachment A).

Fiscal Impact

Funding for work described in Amendment No. 3 to Agreement C-4-0521 is being requested in OCTA's Fiscal Year 2007/08 Budget, External Affairs/Marketing, Account 1837-7629-A3311-1E2, and is funded through the Orange County Transit District Fund 30. Expenditures against this contract are contingent on the Board of Directors' approval of the budget, and would occur after July 1, 2007.

Summary

It is recommended the Board of Directors approve Amendment No. 3, in the amount of \$195,000, to Agreement C-4-0521 with Digital Graphics Centre for graphic design services for bus public information.

Attachment

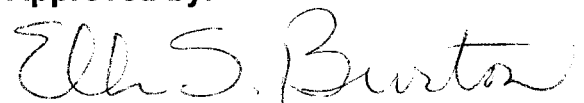
- A. Digital Graphics Centre Agreement C-4-0521 Fact Sheet

Prepared by:



Stella Lin
Marketing Manager
(714) 560-5342

Approved by:



Ellen S. Burton
Executive Director, External Affairs
(714) 560-5923

ATTACHMENT A

**Digital Graphics Centre
Agreement C-4-0521 Fact Sheet**

1. September 13, 2004, Agreement C-4-0521, \$300,000, was approved by the Board of Directors
 - To provide graphic design services for bus public information.
2. April 25, 2005, Amendment No. 1 to Agreement C-4-0521, \$150,000, was approved by the Board of Directors
 - To exercise the First Option Year for continued graphic design services for bus public information.
3. April 24, 2006, Amendment No. 2 to Agreement C-4-0521, \$165,000, was approved by the Board of Directors
 - To exercise the Second Option Year for continued graphic design services for bus public information.
4. April 23, 2007, Amendment No. 3 to Agreement C-4-0521, \$195,000 pending approval by the Board of Directors
 - To exercise the Third Option Year for continued graphic design services for bus public information.

Total cumulative obligation for Agreement C-4-0521 after approval of Amendment No. 3 is: \$810,000.



MEMO

April 17, 2007

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



April 19, 2007

To: Legislative and Government Affairs/Public Communications Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Agreement to Provide Printing, Packaging, and Delivery of the Bus Book

Overview

The Orange County Transportation Authority produces and distributes a bus book providing schedule and route information for all bus services, Metrolink, Amtrak, and adjacent counties' connecting transit services. Board approval is requested to execute an agreement for printing, packaging, and delivery of the bus book. The resources to support this agreement are proposed in the pending 2007-08 budget, and expenditures for the contract are contingent upon Board of Directors' approval of the budget in June.

Recommendation

Authorize the Chief Executive Officer to execute Agreement C-7-0434 between the Orange County Transportation Authority and Clearwater Graphics for bus book printing services in an amount not to exceed \$340,000 for printing services.

Background

The Orange County Transportation Authority (OCTA) operates 81 fixed bus routes and has approximately 6,500 countywide bus stops. Noted as one of the fastest growing bus systems in the country, weekday boardings exceed 220,000. One of the major bus service information materials is the bus book. The bus book contains all schedule and route information for OCTA's 81 bus routes, Metrolink, Amtrak, and other counties' connecting services. OCTA contracts with graphic design and print shops to produce bus books.

Discussion

The procurement was held in accordance with OCTA competitive procurement guidelines. Evaluation criteria included qualifications of the firm, staffing/project

organization, work plan, and the cost and price. Each of these four criteria was given a 25 percent weight factor. The project was advertised on February 14, 2007, and February 18, 2007, in a newspaper of general circulation. Requests for Proposals were e-mailed to 528 consultants on February 14, 2007. A pre-proposal meeting was held on February 21, 2007, and there were four attendees.

On March 9, 2007, proposals were received from four firms: A-1 Printing, Clearwater Graphics, Handbill Printers, and The PM Group. An evaluation committee composed of staff from OCTA's Marketing Department, Contracts Administration and Materials Management Department, Transit Operations Department, Public Communications Department, and Geographical Information System Department was established to review all offers submitted and to conduct site visits. The firms were evaluated on the basis of their proposal and interview criteria. Two firms, A-1 Printing and Clearwater Graphics, were short-listed and a request for best and final offer was made. Clearwater Graphics provided the lowest bid of the short-listed firms. Based on the criteria, the evaluation committee recommends Clearwater Graphics for award of the contract.

Firm and Location

Clearwater Graphics
Rancho Cucamonga, CA

Fiscal Impact

Resources for the bus book printing are being included in OCTA's proposed Fiscal Year 2007-08 Budget, External Affairs/Marketing, Account 7661 and are funded through Fund 30 in the Orange County Transit District budget. Expenditures against this contract are contingent on the Board of Directors approval of the budget.

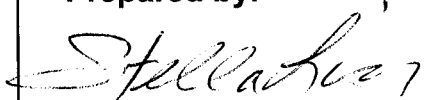
Summary

It is recommended the Board of Directors approve the selection of Clearwater Graphics to provide printing, packaging, and delivery services of the bus book and authorize the Chief Executive Officer to execute Agreement C-7-0434.

Attachment

None.

Prepared by:



Stella Lin
Marketing Manager
(714) 560-5342

Approved by:



Ellen S. Burton
Executive Director, External Affairs
(714) 560-5923



MEMO

April 17, 2007

To: Members of the Board of Directors
From: ^{WK}Wendy Knowles, Clerk of the Board
Subject: **Board Committee Transmittal for Agenda Item**

The following item is being discussed at a Committee meeting which takes place subsequent to distribution of the Board agenda. Therefore, you will be provided a transmittal following that Committee meeting (and prior to the Board meeting) informing you of Committee action taken.

Thank you.



April 19, 2007

To: Legislative and Government Affairs/Public Communications Committee

From: Arthur T. Leahy, Chief Executive Officer *ATL*

Subject: Metrolink Weekends Ridership

Overview

In October 2005, the Orange County Transportation Authority Board of Directors approved an expansion plan for Orange County Metrolink service. As part of that plan, weekend service was launched in June 2006 on the Orange County Line and July 2006 on the Inland Empire-Orange County Line. A marketing plan was implemented to create awareness and trial usage of the new service; this report provides an update on ridership.

Recommendations

- A. Continue to provide marketing support for Metrolink Weekends service to create awareness, stimulate trial use, and encourage ridership.
- B. Return to the Board of Directors with findings from the upcoming Metrolink Market Segmentation Study.

Background

The Orange County Transportation Authority (OCTA) is part of the Southern California Regional Rail Authority (SCRRA)—a joint powers authority of five member agencies representing the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura—which operates Metrolink commuter rail service in Orange County. Service in Orange County began operating in 1994. Today, Metrolink operates three lines in Orange County, with 44 weekday trips averaging 14,400 boardings a day.

In June 2006, Metrolink Weekends service was launched in Orange County as part of a five-year expansion plan. Weekend service is comprised of two lines operating three round trips on Saturdays and Sundays on the Orange County (OC) Line, and three round trips on Saturdays and two round trips on Sundays

on the Inland Empire-Orange County (IEOC) Line, for a total of eleven round trips per weekend. Service operates through Orange County connecting to Los Angeles, Riverside, San Bernardino, and Oceanside. For the first year of service, daily average boardings were projected to be 100 per train on the OC Line and 125 per train on the IEOC Line. Observations during this initial period of service include the following:

- Overall ridership is building toward first-year projections (Attachment A).
- The OC Line Saturday service averages 535 daily boardings or 89 boardings per train (Attachment B).
- The OC Line Sunday service averages 430 daily boardings or 72 boardings per train (Attachment C).
- The IEOC Line Saturday service averages 610 daily boardings or 102 boardings per train (Attachment D).
- The IEOC Line Sunday service averages 372 daily boardings or 93 boardings per train (Attachment E).
- Ridership dipped in the winter months. In particular, the IEOC line is more utilized in the summer as Riverside residents travel to beach communities in south Orange County.
- Most popular morning trips have been the 8:45 a.m. to Los Angeles on the OC Line and the 8:55 a.m. out of Riverside on the IEOC line.
- Most popular afternoon trips have been the 1:30 p.m. from Los Angeles on the OC Line and the 2:50 p.m. trip to Riverside on the IEOC Line (Attachment F).

Discussion

To create awareness and trial usage of the new service, multiple marketing strategies were implemented. These included branding, a kick-off campaign, "Free Station" promotions, destination and discount incentives, and special event partnerships (Attachment G).

Kick-Off

Metrolink Weekends service began on Saturday, June 3, 2006, with three round trips on the OC Line. To promote the launch, print and online advertisements, community outreach, and opening day special events were implemented. First day service reached 577 boardings, approaching the 100 average per train projection. Sunday service on the OC Line began a month later. With full weekend service available on the OC Line, additional print advertisements ran to create awareness.

The Metrolink Weekends service was fully implemented July 15, 2006, with the start of full weekend service on the IEOC Line, adding five more round trips per weekend. A joint marketing campaign with Riverside County Transportation Commission (RCTC) was implemented.

Free Station Promotions

At the suggestion of Director Bill Campbell, free "Station of the Month" promotions were held to continue building awareness and encourage trial use. From June 2006 through March 2007, nine promotions were held and nearly 5,000 people sampled Metrolink Weekends service, averaging 553 passengers per event.

Cooperative Marketing Partnerships

To provide Metrolink Weekends riders value for their money, discounts and other incentives were offered by local businesses near Metrolink stations. A *Metrolink Weekends Fun Guide* with details was published; 10,000 fun guides were distributed (Attachment H). To promote activities in and around Metrolink Weekends station cities, cooperative marketing partnerships were developed. With support from Lennar Homes, a *Metrolink Weekends 2007 Calendar* highlighting events and activities in station cities was created. Nearly 10,000 calendars have been distributed.

In addition, on February 24, 2007, a special event was held at the Irvine Transportation Center (ITC) to celebrate the Lunar New Year. An estimated 500 people attended the event to take advantage of 300 free rides offered by Lennar Homes and/or free food courtesy of Lee's Sandwiches. In addition to the 300 free tickets, 200 tickets were purchased by Metrolink riders. From ITC, attendees rode the train to Los Angeles Union Station to enjoy the Chinese New Year parade and celebrations held in Chinatown. Overall, total ridership for the day (on the OC and IEOC lines) was 1,806.

Ridership Patterns

Overall, the first year ridership on Orange County's Metrolink Weekends service is comparable to that experienced in other markets such as on the San Bernardino and Antelope Valley lines. Those services began in 1995 with ridership of approximately 100 per train on the San Bernardino Line and slightly higher ridership for the Antelope Valley Line. The San Bernardino Line presently carries approximately 232 passengers per train, and the Antelope Valley Line carries approximately 281 passengers per train.

Orange County Metrolink Weekends ridership is building in a similar fashion. Ridership is nearing first year projections with the OC Line Saturday at 89 percent of projections, the OC Line Sunday at 72 percent, the IEOC Line Saturday at 81 percent, and the IEOC Line Sunday at 74 percent. Analyzing individual trips, four trips out of 11 are meeting or exceeding the daily average per train projection. Ridership has been strongest on the morning trains out of Orange and Riverside counties and on the first return trips in the early afternoon (Attachment F).

The weekend service is comprised of two distinct markets. The OC Line operates in a corridor that has had regular Amtrak rail service for many years, creating a base of train-experienced users. Of the two lines, the OC Line has had the steadiest ridership growth over the year. By contrast, the IEOC Line has had a summer-only beach train for ten years. Ridership on the line has been reflective of that pattern, with ridership declining sharply after the summer.

Market Segmentation Study

A market segmentation study is being conducted in the coming months to assess public awareness and attitudes towards the weekend service and determine the motivating factors for use. The results of the study will provide insight on current and potential customer demographics as well as information to improve the service and staff will return to the Board of Directors upon completion with key findings.

Summary

With the newly launched Metrolink Weekends, a marketing program has been implemented to create awareness and trial usage on the new service. With the first year of service almost complete, ridership is nearing first year daily average boardings per train.

Attachments

- A. Metrolink Weekends Ridership Chart (Total Weekend for OC and IEOC lines)
- B. Metrolink Weekends Ridership Chart (OC Line Saturdays)
- C. Metrolink Weekends Ridership Chart (OC Line Sundays)
- D. Metrolink Weekends Ridership Chart (IEOC Line Saturdays)
- E. Metrolink Weekends Ridership Chart (IEOC Line Sundays)
- F. Ridership Per Trip
- G. Metrolink Weekends Kick-Off Campaign Materials
- H. Metrolink Weekends Fun Guide

Prepared by:



Marcelo Sandoval
Marketing Program Administrator
(714) 560-5612

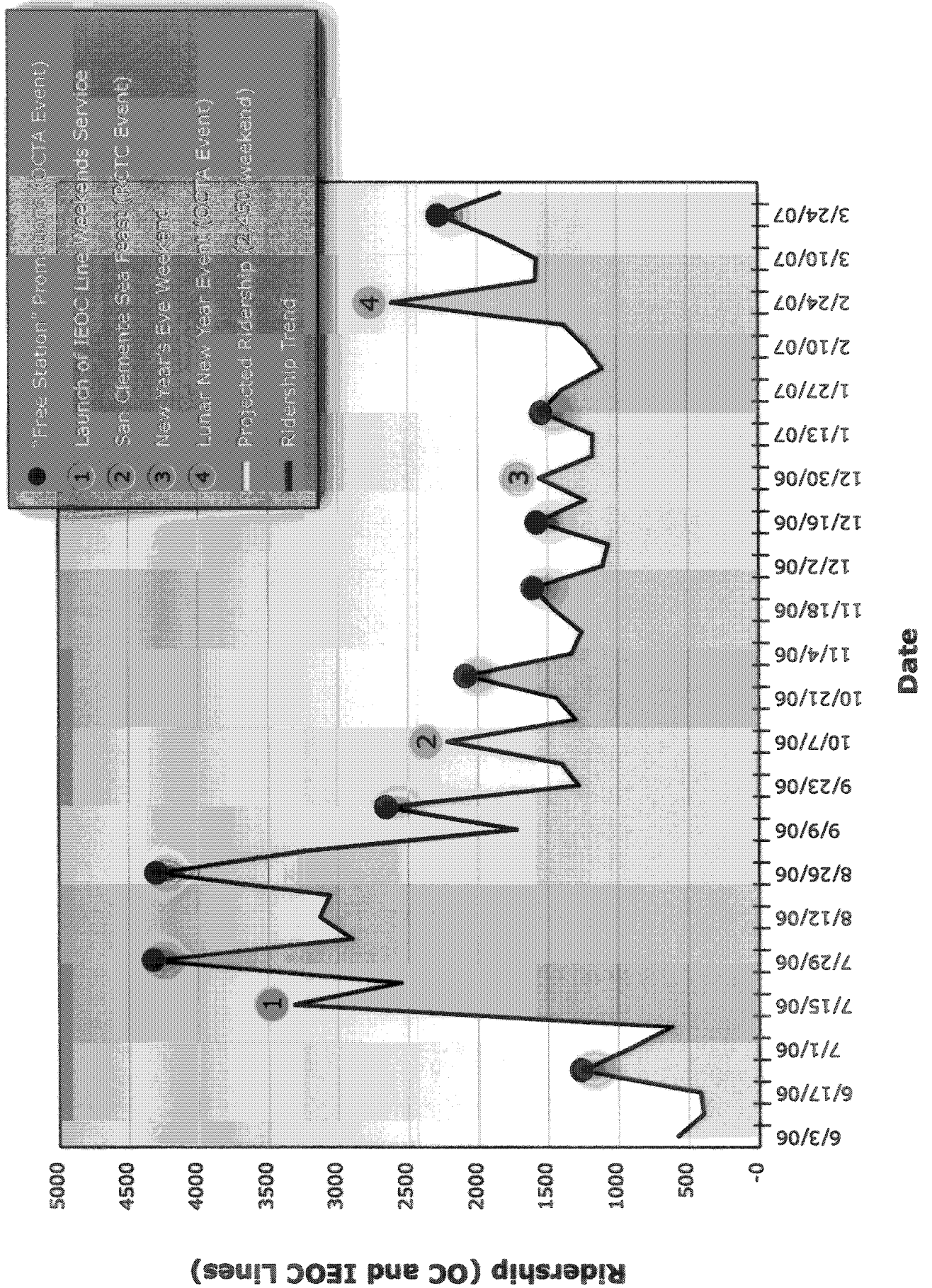
Approved by:



Ellen S. Burton
Executive Director, External Affairs
(714) 560-5923

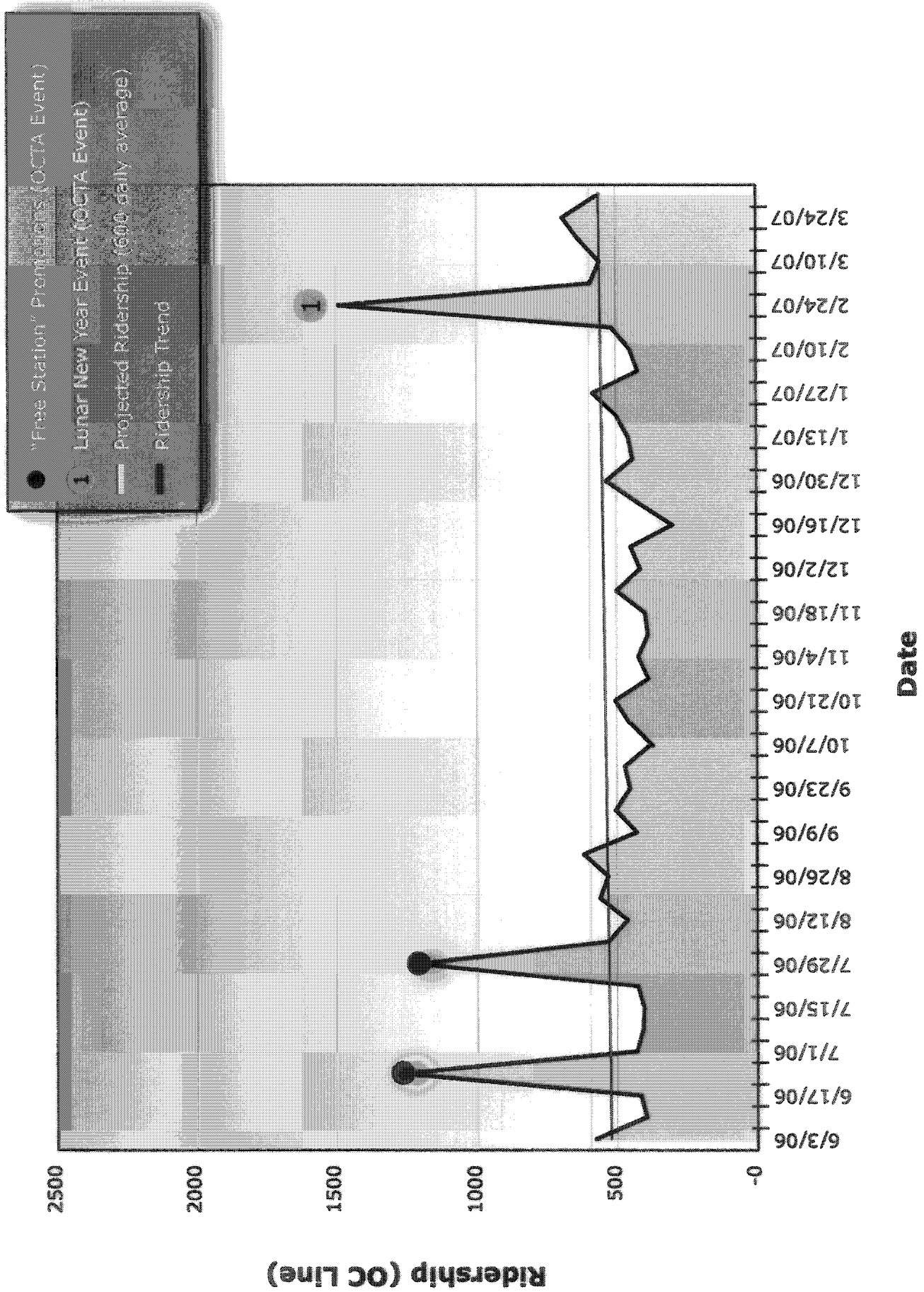
Metrolink Weekends Ridership

Totals per weekend



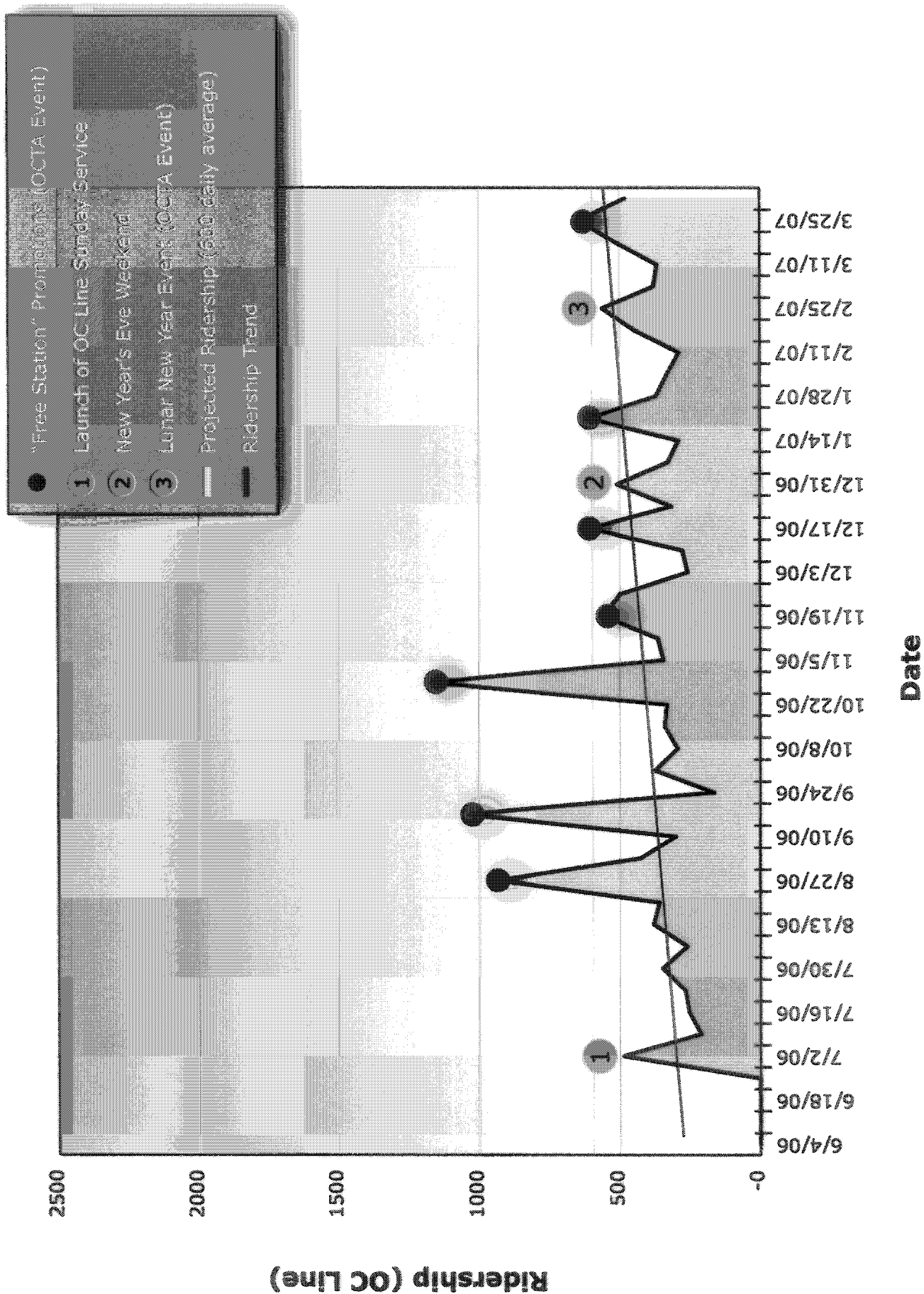
Metrolink Weekends Ridership

Saturdays



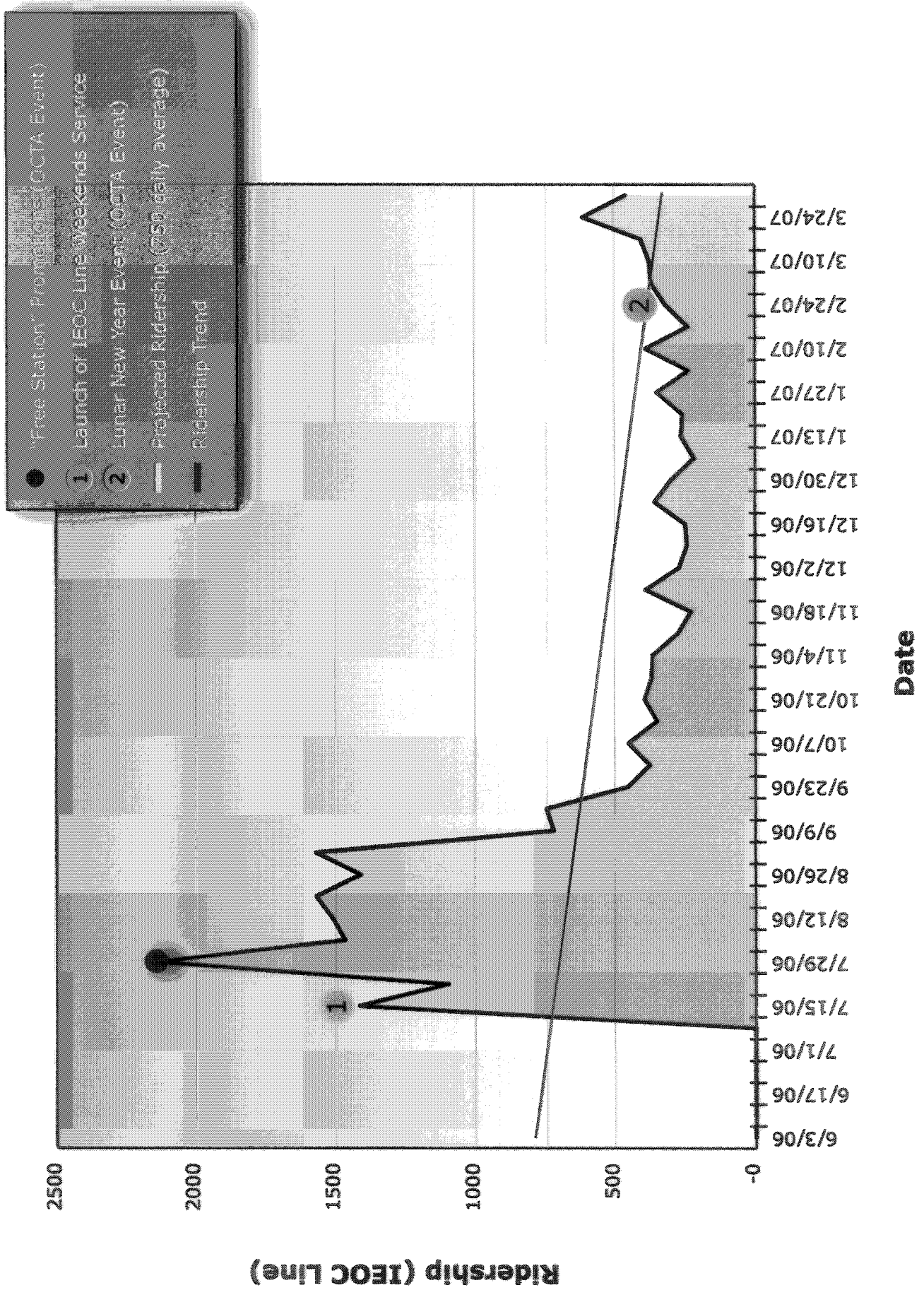
Metrolink Weekends Ridership

Sundays



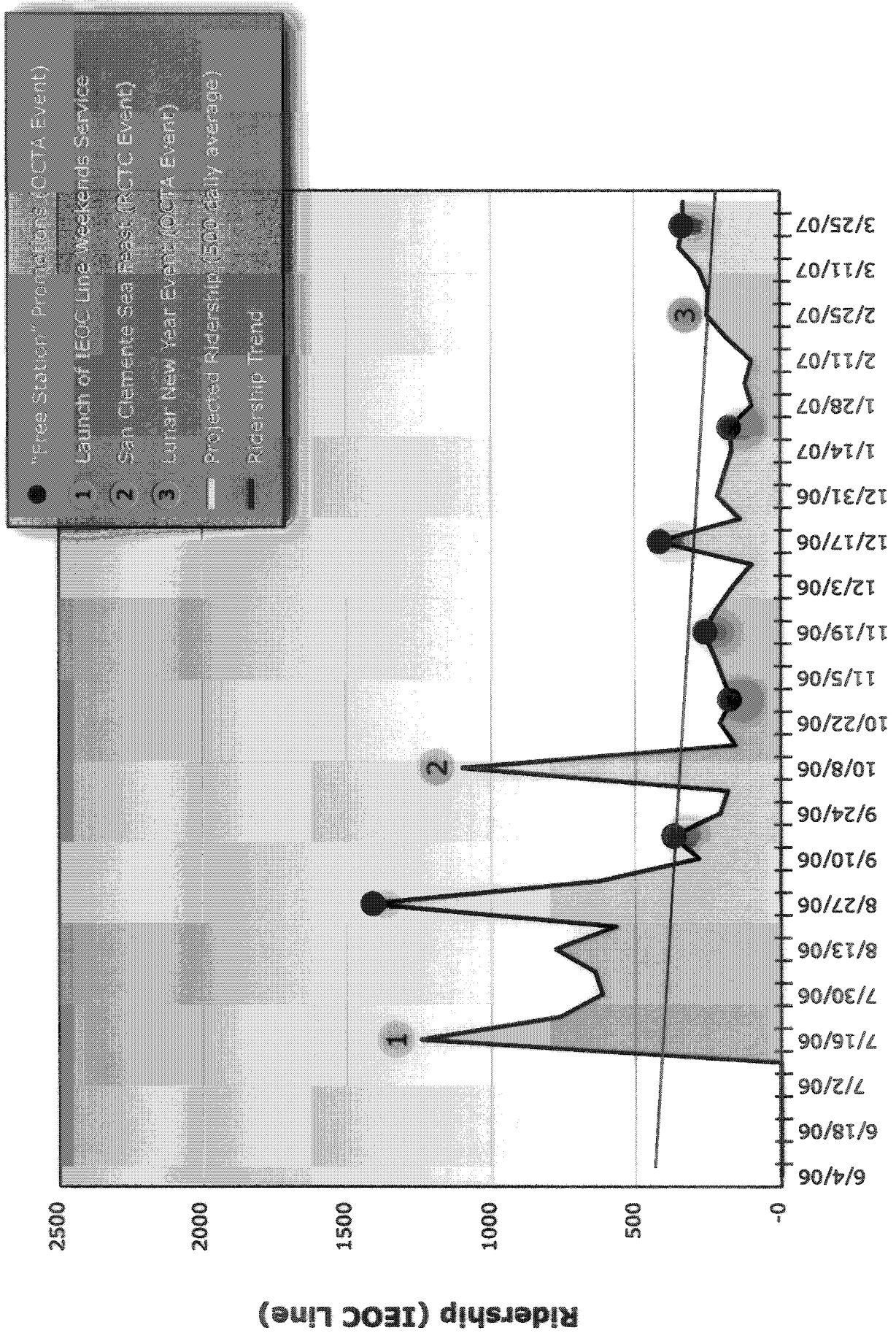
Metrolink Weekends Ridership

Saturdays



Metrolink Weekends Ridership

Sundays



Ridership Per Trip

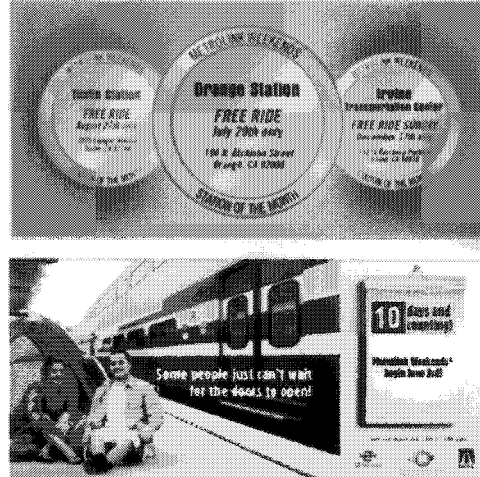
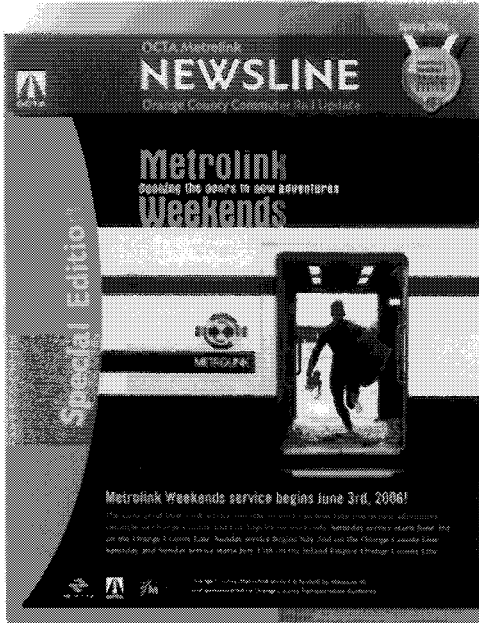
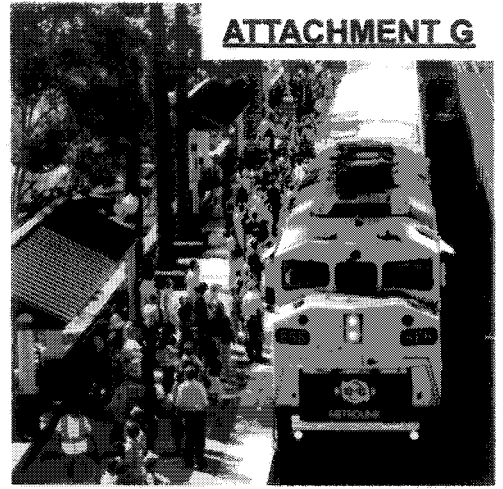
		Orange County (OC) Line				Inland Empire-Orange County (IEOC) Line							
DIRECTION		OUTBOUND				INBOUND				OUTBOUND			
TRAIN NUMBER		655	657	659	656	658	660	857	859	861	856	858	860
TIME		8:45a	2:20p	6:10p	1:30p	4:30p	8:45p	7:30a	8:55a	6:05p	7:45a	2:50p	4:30p
PROJECTED First Year Daily Average Per Train		100				125							
ACTUAL First Year Daily Average Per Train		127	79	42	105	82	51	89	146	26	24	123	107

**Metrolink Weekends Kick-Off Campaign
Materials (samples of printed materials)**



Metrolink

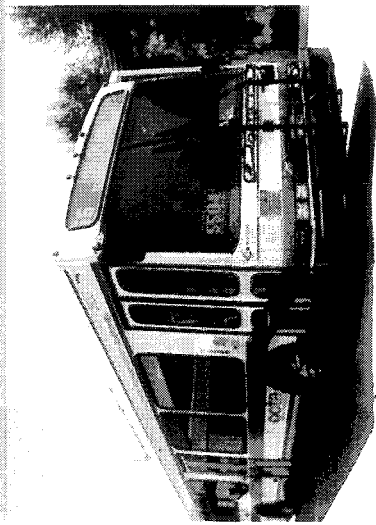
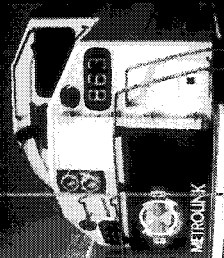
ATTACHMENT G



POWERPOINT PRESENTATION



Metrolink Weekends Ridership

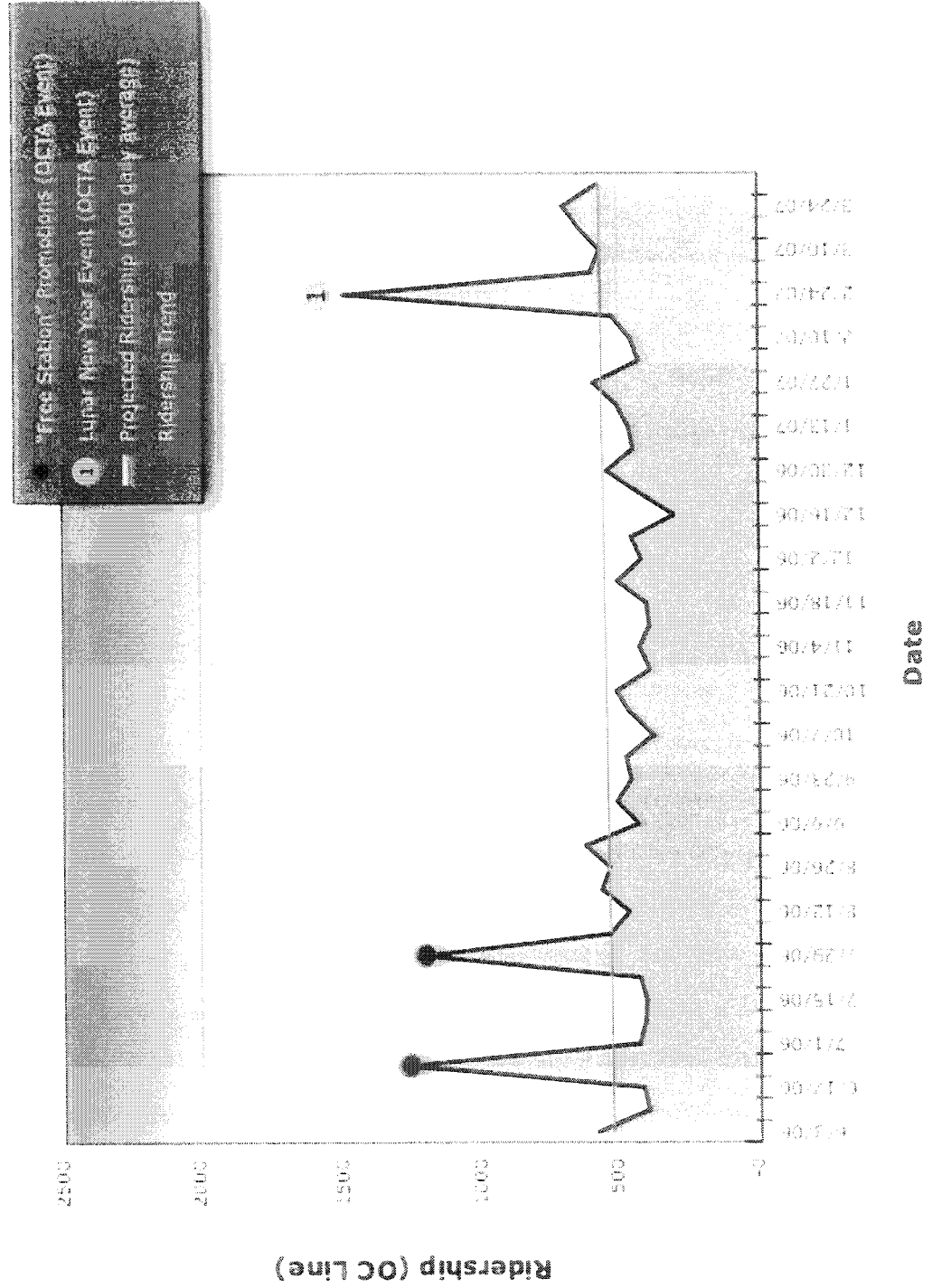


San Diego	1,234,567
San Jose	987,654
San Francisco	765,432
San Francisco Bay Area	543,210
San Francisco Peninsula	321,098
San Francisco East Bay	109,876
San Francisco North Bay	87,654
San Francisco South Bay	65,432
San Francisco Central Valley	43,210
San Francisco Central Valley	21,098
San Francisco Central Valley	9,876
San Francisco Central Valley	7,654
San Francisco Central Valley	5,432
San Francisco Central Valley	3,210
San Francisco Central Valley	1,098
San Francisco Central Valley	876
San Francisco Central Valley	654
San Francisco Central Valley	432
San Francisco Central Valley	210
San Francisco Central Valley	98
San Francisco Central Valley	76
San Francisco Central Valley	54
San Francisco Central Valley	32
San Francisco Central Valley	10
San Francisco Central Valley	8
San Francisco Central Valley	6
San Francisco Central Valley	4
San Francisco Central Valley	2
San Francisco Central Valley	1

Ridership Trends

Metrolink Weekends Ridership

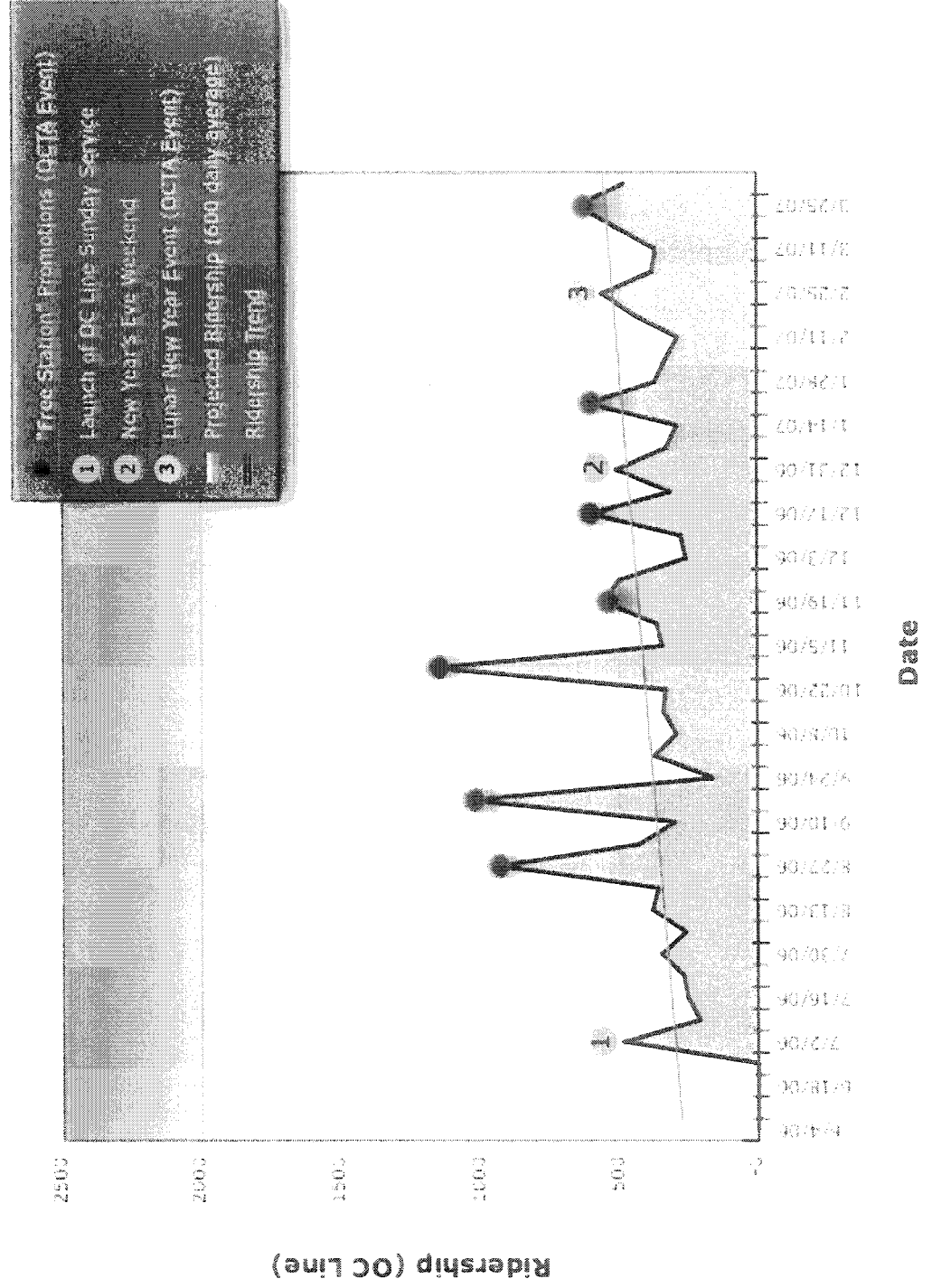
Saturdays



Ridership Trends

Metrolink Weekends Ridership

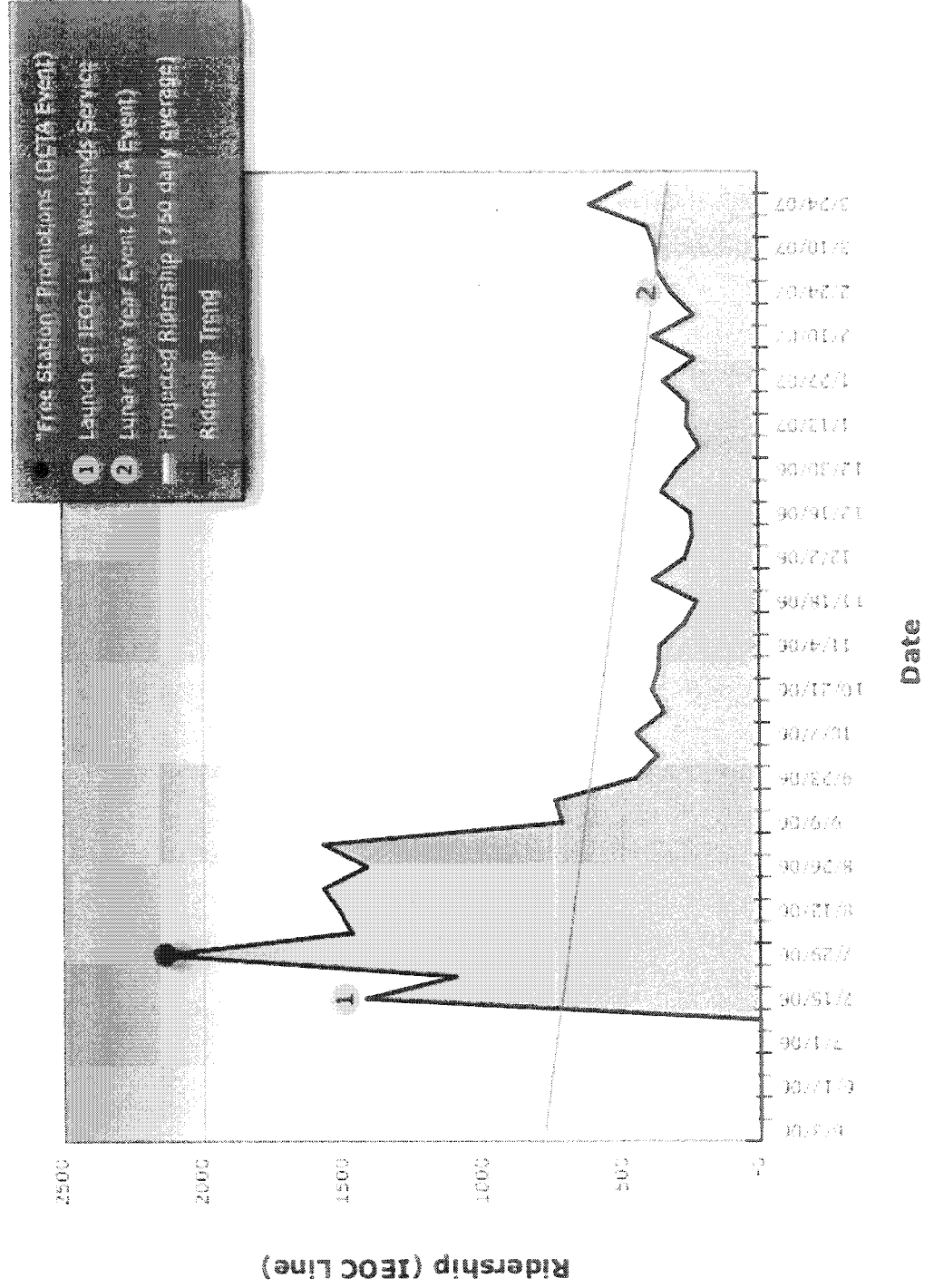
Sundays



Ridership Trends

Metrolink Weekends Ridership

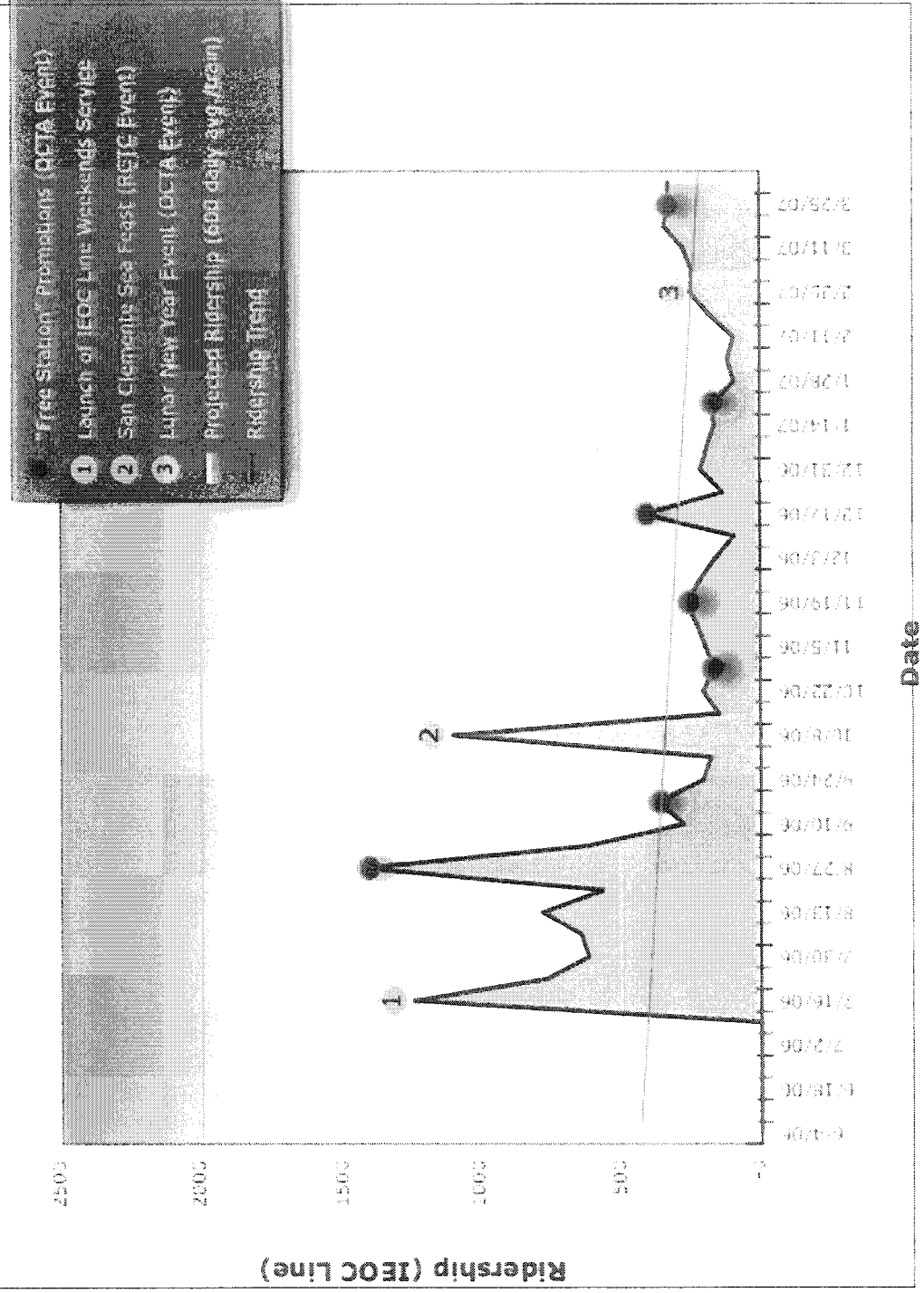
Saturdays



Ridership Trends

Metrolink Weekends Ridership

Sundays



Summary of Trends

Some individual trips are performing very well

DIRECTION	Orange County (OC) Line				Inland Empire-Orange County (IEOC) Line			
	OUTBOUND		INBOUND		INBOUND		OUTBOUND	
TRIP NUMBER	655	657	659	656	658	660	857	858
TIME	8:45a	2:20p	6:10p	1:30p	4:30p	8:45p	7:30a	2:50p
PREDICTED First Year Daily/Average Per Trip	100				125			
ACTUAL First Year Daily/Average Per Trip	127	79	42	105	82	51	89	123
								107

Next Steps

Continue to market weekend service

Complete Metrolink Weekends Market
Segmentation Study

Return to the Board with updated ridership
and survey findings



April 23, 2007

To: Members of the Board of Directors
From: Arthur T. Leahy, Chief Executive Officer
Subject: Procurement Procedures Review

Overview

The Orange County Transportation Authority has adopted procurement policies and procedures that guide all procurement activity. A procurement workshop was held on March 27, 2006, for the Board of Directors to discuss and comment on possible changes to the procurement process. Recommendations from the workshop were reviewed by the Finance and Administration, Executive, and Regional Planning and Highways Board Committees.

Recommendation

Adopt the changes to the Orange County Transportation Authority's Procurement Policies and Procedures and direct staff to implement them.

Background

Periodically, the Board of Directors (Board) reviews and adopts changes to the Procurement Policies and Procedures. The last changes occurred in July 2004 when the Board adopted extensive revisions to the approval thresholds, delegation of authority, and the proposal evaluation process. Since that time, several questions have been raised by Board Members regarding the process used to evaluate offers submitted for professional services. A workshop was held on March 27, 2006, to review the current practices and to solicit feedback and direction from the Board. The recommendations resulting from the workshop have been reviewed by the Finance & Administration Committee on August 11, 2006, and the Executive, and Regional Planning and Highways Committees on March 5, 2007.

Discussion

Over the past year, the Board has examined various aspects of the consultant selection process. Staff has compiled the comments and suggestions made at the workshop and various Board Committee meetings and is presenting these recommendations for adoption (Attachment A).

Question #1 – Should Request for Proposals (RFP) for services be approved by the Board prior to release?

The current practice is that projects are identified in the annual budget. The Board, in approving the budget, gives authorization to staff to issue the appropriate procurement documents. Projects that are not included in the annual budget must be presented to the Board for approval prior to the release of a solicitation.

In discussing question #1, the Board focused on two issues, reviewing procurements over a certain dollar amount prior to the RFP release and posting draft RFPs on the internet. To give some perspective to the discussion, procurement statistics for calendar years 2005 and 2006 are presented. In calendar year 2005, 416 contracts were awarded totaling \$240,512,612. Of this number:

- 19 contracts awarded greater than \$1,000,000, totaling \$206,669,093 (85.9 percent).
- 13 contracts awarded between \$500,001 and \$1,000,000, totaling \$9,688,765 (4.0 percent)
- 20 contracts awarded between \$250,001 and \$500,000, totaling \$7,382,452 (3.1 percent)
- 59 contracts awarded between \$100,000 and \$250,000, totaling \$7,662,873 (3.2 percent)
- 305 contracts awarded for less than \$100,000, totaling \$9,109,429 (3.8 percent)

In calendar year 2006, 369 contracts were awarded totaling \$227,158,069. Of this number:

- 18 contracts awarded greater than \$1,000,000, totaling \$190,290,771 (83.8 percent)
- 22 contracts awarded between \$500,001 and \$1,000,000, totaling \$14,524,966 (6.4 percent)
- 23 contracts awarded between \$250,001 and \$500,000, totaling \$7,217,945 (3.2 percent)

- 19 contracts awarded between \$100,000 and \$250,000, totaling \$3,199,803 (1.4 percent)
- 287 contracts awarded for less than \$100,000, totaling \$11,924,584 (5.2 percent)

The Board recommendation is for all RFP and Invitations For Bid (IFB) over \$1,000,000, be reviewed and approved by the Board prior to issuing the RFP or IFB. The recommendation also included Board approval for all smaller dollar project procurements whereby the total for all such procurements may exceed \$1 million over a two-year period. The review would include a discussion of the scope of work, projected schedule, evaluation criteria, and weighting. The Board also requested a quarterly report of upcoming procurements be developed.

Regarding the posting of draft RFPs and IFBs on the Internet, the Board recommendation was to include the draft RFP or IFB document in the Board agenda package. When the agenda package is issued, the RFP or IFB would become a public document available to all interested vendors to review and submit comments or questions.

Question #2 – How are the Evaluation Criteria determined?

The procedure for determining evaluation criteria starts with the procurement staff developing a draft RFP. The procurement administrator meets with the project manager to discuss and agree upon the procurement schedule, evaluation criteria and weights, and evaluation committee members.

In reviewing this item, the Board Members had no objections to this practice. The recommendation is to retain the procedure currently in place along with the Board reviewing and approving the criteria and weights for procurements over \$1,000,000 as well as all smaller dollar procurements that are issued as precursors to larger multi-million dollar procurement over a two-year period.

Question #3 – Should the Evaluation Criteria be standardized?

Periodically, questions arise as to the rationale staff used in establishing proposal evaluation criteria weightings. Generally, there are four major evaluation criteria categories regularly utilized in RFPs. They are Qualifications of the Firm, Staffing and Project Management, Technical Work Plan, and Cost and Price (except for RFPs for architectural and engineering services). The evaluation criteria weights differ with each project.

A sample of 51 RFPs issued between June 2004 and January 2006 were examined. The sample revealed that these four criteria were almost always

used and that the weights assigned to these criteria varied slightly. In almost every RFP reviewed, the range for the criteria weights fell within a given percentage spread: Qualification of the Firm varied from 20 percent to 40 percent; Staffing and Project Management from 15 percent to 40 percent; Technical Work Plan from 20 percent to 40 percent and Cost and Price from 15 percent to 35 percent.

The staff also surveyed local public agencies to inquire if they use a standardized set of evaluation weights. The peer comparison revealed that almost all agencies use the same four major criteria categories and that the weights given to each criterion vary with the particular needs of the procurement. Southern California Regional Rail Authority was the only agency contacted that uses pre-established weights for technical and cost criteria.

Board Members were concerned about how the criteria are applied to the firms' proposals during the evaluation process and how points are assigned by the committee members. Board Members felt that a firm could be eliminated from the short-list if it had little or no previous work experience with the Orange County Transportation Authority (OCTA) because they could be penalized for this lack of experience under Qualifications of the Firm and again under Staffing. This practice could prevent new firms, especially small businesses, from obtaining contracts with OCTA.

The Board recommendations are: to continue using the four major criteria categories; however, to allow additional or different criteria when the procurement requires the change, provided that documentation is prepared explaining why the change is needed, also to adopt as a norm, the standard weight of 25 percent for each of the criterion, provided that changes to the weighting be permitted when appropriate and that written justification be prepared explaining the need for the change. The Board also agreed to direct staff to develop stricter definitions for each of the evaluation criteria and guidelines for scoring and to establish a pre-evaluation committee meeting prior to receiving the proposals to review the criteria definitions and guidelines.

Question #4 – How is a Firm Evaluated for its Qualifications and Past Performance?

Currently in evaluating a firm's qualifications, the evaluators look at several areas: the business profile of the firm, their experience performing similar work, their financial ability to perform the work required, any conditions such as a bankruptcy, planned merger, or planned office closure, which may impede the firm's ability to perform the work, and an assessment provided by client references.

In 2005, a procurement was cancelled due to information that was learned about the firm recommended for contract award. The information involved another local transit agency and centered on allegations of wrongdoing. This information was never revealed to OCTA in the firm's proposal. Because of this situation, staff developed a form called "Status of Past and Present Contracts," which was included in the RFP that was re-issued for the same services. The form required the proposers to provide information on all contracts they have entered into as a prime or subcontractor for the past five years.

The Board understood the need to obtain this information but felt that asking a firm to provide all contractual information over a five-year period was excessive. Their recommendation is to request information on only those contracts where a dispute or termination occurred and having the form signed by a corporate officer. This recommendation would reduce greatly the volume of paperwork requested of the proposers and enable staff to obtain the desired information.

It was also recommended by the Board to include language in the RFP documents that provides for equal weighting to firms for past experience working with OCTA or elsewhere. This would allow firms who have similar experience in providing the requested services but have not worked for OCTA to be recognized for that experience and not be penalized.

Lastly, the Board recommended that staff review the federal Request for Qualification process to determine if there is anything from the federal process that can be incorporated into OCTA's process.

Question #5 – Should a firm be placed on a debarred list or be disqualified from future work if in a dispute with OCTA?

Currently, OCTA does not have a policy or procedure in place to debar or restrict a firm from submitting proposals regardless of how the firm has performed in the past.

The Board raised concerns over this question stating that adopting such a policy could be viewed as punitive and heavy handed. They felt this policy could possibly work against a vendor who had a legitimate dispute with OCTA.

The recommendation is not to adopt a formal policy or procedure for placing a firm on a debarment list or disqualifying a firm from future work if in a dispute with OCTA. Any firms that are in a dispute or lawsuit with OCTA will be handled on a case-by-case basis with the information being presented in a staff report for the Board to make the final decision. The Board also recommended

that language be added to the RFP and IFB documents that inform vendors that OCTA does not have a formal policy for debarring or disqualifying vendors who are in dispute with OCTA.

Question #6 – How should consultant selection information be presented to the Board?

The current practice is that the proposal evaluation committee makes a recommendation to the Chief Executive Officer (CEO) on the firm that has received the highest score. The CEO reviews the recommendation and either forwards it to the Board Committee, or makes a different recommendation. The appropriate Board Committee reviews the recommendation from the CEO and can either forward the recommendation on to the full Board, change the recommendation or return the item back to staff for further analysis. The full Board of Directors reviews the recommendation from the Board Committee and can formally make the selection based on the Board Committee's recommendation, make a different recommendation and approve it, or return the item back to staff for further analysis.

The Board workshop in March 2006 and the presentation made to the Finance and Administration Committee in August 2006 did not include this question. It was discussed at the Executive and Regional Planning and Highways Committees on March 5, 2007. Two options were presented to the Committee members. Option #1 is the current practice described above. Option #2 makes a slight adjustment. In option #2, the proposal evaluation committee would recommend to the CEO a short-list of firms qualified to perform the work. The CEO, upon review, would forward the short-list to the appropriate Board Committee. The Board Committee would make a selection from the short-list and forward that recommendation to the entire Board of Directors to make the formal selection.

The Board Members at both Committees discussed the two options and in both cases, recommended that we continue following the procedure outlined in option #1.

Ad Hoc Procurement Committee

As a result of a procurement in 2006 in which only one offer was received for engineering services, the then chair of the Regional Planning and Highways Committee formed an Ad Hoc Committee to look into the reasons for the single offer. The Ad Hoc Committee requested several documents from staff showing all contracts awarded over the last five years. Additionally, the Ad Hoc Committee surveyed consultants who had submitted offers on OCTA's projects. The survey list was obtained from the membership of the trade

association, Consulting Engineers and Land Surveyors of California (CELSOC).

The information gathered did not show any major problems with the procurement process or how contracts are awarded. The Ad Hoc Committee issued a report that stated, "Ultimately procurement is a policy consideration for the Board, and the Board has had numerous opportunities to address it and will continue to have those opportunities" (see Attachment B). The report ended with two questions for the Board to consider:

- 1) Does the Board make a deliberate attempt to spread contracts among bidders, thereby encouraging more companies to bid, but deliberately not awarding contracts to bidders who may have more experience?
- 2) Does the Board favor companies who have already worked on phases of a project, on the basis that the company can provide a better and cheaper product on the second phase?

Future Procurement Activity

In the time since the Board's procurement workshop and the development of these recommendations, the external environment has continued to evolve. In November 2006, voters passed Proposition 1B and Renewed Measure M, setting the stage for billions of dollars in new transportation infrastructure investments in Orange County and California.

The OCTA is entering a period in which there is likely to be increasing competition within the state and the Southern California region for the talent and resources needed to deliver transportation improvements approved by the voters. Transportation agencies in surrounding counties of Los Angeles, San Diego, Riverside, and San Bernardino have similar ambitious local infrastructure programs as Orange County and will concurrently be seeking the same planning, environmental, engineering, project management and construction management services. As a result, staff expects to have further ongoing dialog with the Board of Directors and to consider additional changes, as needed, to the OCTA's procurement procedures to remain competitive and provide the best value for Orange County residents and taxpayers.

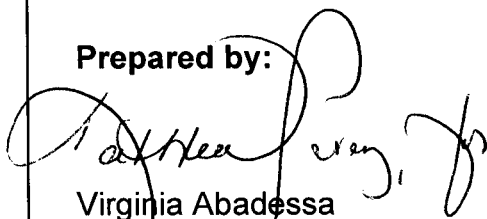
Summary

A procurement workshop was held for the Board to discuss and comment on possible changes to the procurement process. Recommendations from the workshop were reviewed by the Finance and Administration, Executive and Regional Planning and Highways Board Committees. The Board is requested to approve the recommendations to change OCTA's Procurement Policies and Procedures and direct staff to implement them.

Attachments

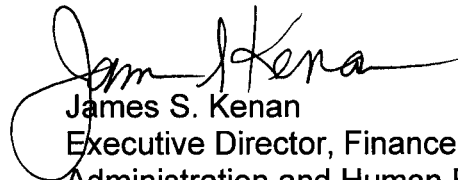
- A. Procurement Procedures Review-Questions and Recommendations
- B. Report of the Ad Hoc Procurement Committee of the Regional Planning and Highway Committee Dated – April 2, 2007

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Procurement Procedures Review Questions and Recommendations

Question 1- Should RFPs be approved by the Board prior to release?

Current Practice	Workshop Recommendation	F&A Recommendation	Executive & RPH Committees Recommendation
Projects identified in annual budget require no further approval prior to release.	Require Board approval for all service procurements over \$1 million prior to release of RFP. Post these Board approved draft RFPs on Internet.	Require Board approval for all RFPs & IFBs over \$1 million including all project procurements in which total of these procurements may exceed \$1 million over a 2 year period. Provide quarterly report on upcoming RFPs/IFBs and identify if part of an overall project. Post Board approved draft RFPs/IFBs on Internet.	Concurred with F&A Committee Recommendations except in lieu of posting draft RFP/IFBs on Internet include them in Board agenda packages which would serve as the public notice to interested vendors to review and offer comments and feedback on the projects.

Question 2- How are the evaluation committee criteria and weights determined?

Current Practice	Workshop Recommendation	F&A Recommendation	Executive & RPH Committees Recommendation
Procurement staff & project manager discuss and agree on criteria and weights.	Continue current practice For projects over \$1million or that are part of larger project, Board to review & approve prior to release.	Concurred with Workshop's recommendation	Concurred with F&A Committee Recommendations

Question 3- Should evaluation criteria be standardized for every project?

Current Practice	Workshop Recommendation	F&A Recommendation	Executive & RPH Committees Recommendation
Standard criteria- Qualifications of Firm Staffing/Proj. Mgmt. Technical Approach Cost & Price	Continue to use existing criteria - allow for change with written justification Adopt as a standard 25% for each criteria - allow for variation in weight with written justification Develop tighter definitions for criteria & weighting guidelines. Establish pre-evaluation meeting to review process.	Concurred with Workshop's recommendations	Concurred with F&A Committee Recommendations except: establish as a norm the 25% for each criteria - allow for variations in weighting with written justifications.

Question 4- How is a firm evaluated for its qualifications and past performance?

Current Practice	Workshop Recommendation	F&A Recommendation	Executive & RPH Committees Recommendation
Under Qualifications category, staff looks at experience performing similar work, strength & stability of firm and client references	Use Status of Past & Present Contract Form in all RFPs but only for contracts with disputes or terminations. Use various search engines to learn about firm.	Concurred with Workshop's recommendations but modified to add language in solicitation that provides for equal weighting to firms for past experience working for OCTA and elsewhere. Review federal Request For Qualification process to determine if their approach can be incorporated into OCTA's process.	Concurred with F&A Committee

Question 5-Should a firm be placed on a debarred list or disqualified from future work if in a dispute with OCTA?

Current Practice	Workshop Recommendation	F&A Recommendation	Executive & RPH Committees Recommendation
No existing policy or procedure to handle these situations	Do not adopt a formal process for dealing with firms involved in a dispute or legal matter with OCTA. Board to handle on case-by-case basis	Concurred with Workshop's recommendation but added: Include solicitation language informing vendors that OCTA does not have a policy for debarring or disqualifying vendors who are in a dispute with OCTA and who submit proposals on future work. The Board will review and act on such situations on an individual basis.	Concurred with F&A Committee

Question 6 - How Should Consultant Selection Information Be Presented to the Board?

Current Practice	Workshop Recommendation	F&A Recommendation	Executive & RPH Committees Recommendation
Proposal evaluation committee makes recommendation to CEO; CEO forwards recommendation to Board Committee; Board Committee reviews recommendation & forwards to full Board for final action.	Question was not presented at the workshop for discussion.	Question was not presented at the F&A Committee for discussion.	Both committees agreed to retain the current practice.

REPORT OF THE AD HOC PROCUREMENT COMMITTEE OF THE REGIONAL
PLANNING AND HIGHWAYS COMMITTEE

Date: April 2, 2007

Introduction

The Ad Hoc Procurement Committee (AHPC) arose out of concern about the fact that only one company, Parsons Transportation Group, bid for the preparation of a Project Study Report/Project Development Support for the corridor improvement project on the San Diego Freeway. The Regional Planning and Highways (RPH) committee recommendation for the June 26, 2006, OCTA board meeting was to approve Parsons and to “form an ad hoc committee which would include Directors Correa and Norby and OCTA staff to review this procurement process and lessons for the future...”.

The committee was appointed through the Regional Planning and Highways (RPH) by former RPH chair Lou Correa. The successor RPH chair, Mark Rosen, maintained the committee. Other members are directors Chris Norby and Richard Dixon. The committee met once under chair Correa on August 21, 2006, and once under chair Rosen on March 19, 2007.

The AHPC examined whether certain contractors were unduly favored in the award of contracts falling under RPH jurisdiction and whether favoritism led to a lack of bidders. OCTA staff provided the committee, through Director Norby’s office, with statistics and lists for all procurement contracts awarded over the last five years. In addition, Director Norby’s office conducted a survey of contractors who had bid on projects at OCTA. The list was compiled from CELSOC membership lists. Members of the committee also had discussions with individual contractors and other persons who work with OCTA.

Discussion

The AHPC has examined the information provided by OCTA staff in detail. The survey results compiled by Director Norby’s office do not show a consistent complaint about certain firms being favored. There are individual comments that there is favoritism, but these could be isolated complaints. Many contractors have expressed a concern that there is an inherent advantage when one firm receives an initial contract to study a project, because that firm then possesses more information than other firms that can be applied to the later stages of a project. For example, Parsons had performed the initial analysis on the 405. When the procurement referenced above came forward, the project was sent to 597 firms registered on CAMMNET (Contracts Administration and Materials Management NET). Only one proposal was received. OCTA re-advertised on April 24 and May 1, 2006. Still only one proposal was received.

An analysis of the statistics provided shows that some firms receive more work than

others. One analysis concluded that the total amount contracted over the past five years was \$158,133,781. This amount may have included \$29,500,000 for amounts contracted but not spent, leaving \$128,633,781. The analysis then subtracted three Centerline projects (Carter Burgess, Jones & Stokes, PBQD), leaving \$75,431,476. It appears that Parsons Transportation Group received \$33,788,057 for six contracts, and URS received \$15,950,156 for seven contracts. These two firms therefore theoretically received 66% of the total amount contracted and paid, not including CenterLine. This does not include instances where one firm was a subcontractor for another firm.

These figures can be misleading. Most of Parsons' work was as project manager for the 22 freeway. Of the URS totals, \$12,000,000 was for one project, the design services for the I-5 Far North (Gateway) project. In other words, it is likely that the disparate size of projects may suggest that whoever gets certain large projects will appear to be favored.

For our purposes, we note that procurement procedures have been undergoing a steady examination. OCTA staff has done extensive analysis of the procurement process. Virginia Abadessa conducted a procurement workshop on March 27, 2006. She offered to present the same workshop this year, but the Board chose not to have another workshop.

In discussions with Chair Cavecche, it was determined that the resources that would be needed to determine whether *past* procurements were determined by favoritism could be spent better elsewhere.

Ultimately procurement is a policy consideration for the Board, and the Board has had numerous opportunities to address it and will continue to have those opportunities. The questions are:

1. Does the Board make a deliberate attempt to spread contracts among bidders, thereby encouraging more companies to bid, but deliberately not awarding contracts to bidders who may have more experience? The concept of outsourcing depends on competitive bids that result in a competitive environment and in a process that discourages lower costs, favorable scheduling, and a minimum of change orders.

2. Does the Board favor companies who have already worked on phases of a project, on the basis that the company can provide a better and cheaper product on the second phase? Does the board consciously favor firms who have an existing track record with OCTA? The converse question has also been repeatedly raised - should firms whose experience with OCTA has been controversial be penalized?

These are issues that all board members should consider with each contract that comes before them.