

Date: Monday, October 23, 2006

Time: 9:00 a.m.

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



AGENDA

Orange County Transportation Authority Board Meeting
OCTA Headquarters
First Floor - Room 154,
600 South Main Street, Orange, California
Monday, October 23, 2006, at 9:00 a.m.

ACTIONS

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 Monahan

Pledge of Allegiance

Director Norby

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.



AGENDA

ACTIONS

Special Matters

1. **Presentation of Resolutions of Appreciation for Employees of the Month for October 2006**

Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2006-119, 2006-120, 2006-121 to Kimilla Reece, Coach Operator; Minh Quach, Maintenance; and Paul Burciaga, Administration, as Employees of the Month for October 2006.

2. **Recognition of 'Poetry on the Move' Contest Winners**

Consent Calendar (Items 3 through 13)

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

3. **Approval of Minutes**

Of the Orange County Transportation Authority and affiliated agencies' regular meeting of October 6, 2006.

4. **Approval of Resolutions of Appreciation for Employees of the Month for October 2006**

Adopt Orange County Transportation Authority Resolutions of Appreciation Nos. 2006-119, 2006-120, and 2006-121 to Kimilla Reece, Coach Operator; Minh Quach, Maintenance; and Paul Burciaga, Administration, as Employees of the Month for October 2006.



AGENDA

ACTIONS

5. **Agreement for Triennial Performance Audit**
Kathleen M. O'Connell

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2006-07 Budget, the Board approved the Triennial Performance Audit of the Orange County Transportation Authority and Orange County transit operators. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-6-0545 between the Orange County Transportation Authority and LMS Consulting, in an amount not to exceed \$198,500, for the Triennial Performance Audit of the Orange County Transportation Authority, the Orange County Transit District and the Laguna Beach Transit Lines.

6. **Cofiroute Contract Compliance and Operational Audit**
Kathleen M. O'Connell

Overview

A contract compliance and operational audit was performed on Agreement C-5-2726 and Agreement C-5-0300 between the Orange County Transportation Authority and Cofiroute USA, L.L.C. The audit found that weaknesses exist over Orange County Transportation Authority's management of the contract and that controls over contract compliance can be improved.

Recommendation

Direct staff to implement the recommendations made in the Cofiroute Contract Compliance and Operational Audit.



AGENDA

ACTIONS

7. **State Legislative Status Report**

Wendy Villa/P. Sue Zuhlke

Overview

By the close of the 2006 legislative session, 1,301 bills were submitted to the Governor for consideration with 80 percent of those bills signed into law. A report containing a brief analysis of legislation of interest to the Orange County Transportation Authority is submitted.

Recommendation

Receive and file as an information item.

8. **Funding for Fullerton Transportation Center Parking Structure**

Darrell E. Johnson/Paul C. Taylor

Overview

The Orange County Transportation Authority Board of Directors and the California Department of Transportation have approved State Transportation Improvement Program funding for the construction of a parking structure at the Fullerton Transportation Center. The Fullerton Redevelopment Agency has identified a parcel for the project. The Fullerton Redevelopment Agency and the City of Fullerton are seeking assistance from the Orange County Transportation Authority to acquire this parcel in advance of the timetable required to fulfill State Transportation Improvement Program requirements

Recommendation

Direct staff to work with the Fullerton Redevelopment Agency to acquire the identified property in a manner that retains State Transportation Improvement Program interregional funds for use in Orange County.



AGENDA

ACTIONS

9. Purchase Order for Excess Liability Insurance Policy
Al Gorski/James S. Kenan

Overview

The Orange County Transportation Authority has excess liability insurance policies with Clarendon National Insurance Company (a subsidiary of the American International Group) and ARCH Insurance Group. These policies are scheduled to expire on October 31, 2006.

Committee Recommendations

- A. Authorize the Chief Executive Officer to issue Purchase Order C-6-0673, in the amount not to exceed \$340,000, for the purchase of \$10 million coverage in primary excess liability insurance.
- B. Authorize the Chief Executive Officer to issue Purchase Order C-6-0674, in the amount not to exceed \$160,000, for the purchase of \$10 million coverage in secondary excess liability insurance.
- C. Request staff to provide materials on the current practices for insurance renewals for Directors Campbell and Duvall to review and bring back to the November Finance and Administration meeting.

10. Third Quarter 2006 Debt and Investment Report
Kirk Avila/James S. Kenan

Overview

The California Government Code requires that the Orange County Transportation Authority Treasurer submit a quarterly investment report detailing the Orange County Transportation Authority's investment activity for the period. This investment report covers the third quarter of 2006, July through September, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.



AGENDA

ACTIONS

11. Fourth Quarter Fiscal Year 2005-06 Bus Operations Monthly Performance Measurements Report

James L. Cook, Jr./James S. Kenan

Overview

The Orange County Transportation Authority recognizes the need for improved accountability and operational performance. With this in mind, the Bus Operations Monthly Performance Measurements Report was developed in accordance with Executive Management direction. The Bus Operations Monthly Performance Measurements Report serves as a tool to survey operational performance and as the nexus for process improvements.

Recommendation

Receive and file as an information item.

Orange County Transit District Consent Calendar Matters

12. Fixed Asset Inventory Observation Compliance Review

Kathleen M. O'Connell

Overview

The Internal Audit Department has completed an observation of the physical inventory of fixed assets conducted by the General Services Department in May 2006. Internal Audit has found that the inventory was conducted properly and was generally adequate to ensure the existence and accurate accounting of the Orange County Transportation Authority's fixed assets. However, Internal Audit has made recommendations to enhance internal controls and accountability over fixed assets.

Recommendation

Direct staff to implement recommendations made in the Fixed Asset Inventory Observation Compliance Review, Internal Audit Report No. 06-024.



AGENDA

ACTIONS

13. **Amendment to Agreement for Plan Check and Construction Management Services for the Santa Ana Bus Base**
James J. Kramer/Paul C. Taylor

Overview

On March 25, 2002, the Board of Directors approved an agreement with MARRS Services, in the not-to-exceed amount of \$1,399,962, to provide plan check and construction management services for construction of the Santa Ana Bus Base. MARRS Services was retained in accordance with the Orange County Transportation Authority's procurement procedures for architectural and engineering services.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 11 to Agreement C-1-2282 between the Orange County Transportation Authority and MARRS Services, in an amount not to exceed \$140,000, for additional analysis services of construction claims to assist during settlement discussions with contractor for the Santa Ana Bus Base and to extend the contract period to April 30, 2007.

Regular Calendar

There are no Regular Calendar matters.

Other Matters

14. **Radio Frequency Communications Quarterly Update**
Al Pierce/John D. Byrd
15. **Video Security System Project Update**
Brian Champion/John D. Byrd
16. **Garden Grove Freeway (State Route 22) Project Update**
Rick Grebner/Paul C. Taylor
17. **Veolia Performance Update**
Erin Rogers/John D. Byrd



AGENDA

ACTIONS

- 18. **Chief Executive Officer's Report**
- 19. **Directors' Reports**
- 20. **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.

- 21. **Closed Session**

Pursuant to Government Code Section 54957, to review the performance of the Chief Executive Officer.

- 22. **Adjournment**

The next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSAAV Board will be held at **9:00 a.m. on November 13, 2006**, at OCTA Headquarters at 600 South Main Street First Floor - Room 154, Orange, California.

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
October 6, 2006

Call to Order

The October 6, 2006, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Chairman Brown at 9:03 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Directors Present: Arthur C. Brown, Chairman
Carolyn Cavecche, Vice Chair
Peter Buffa
Bill Campbell
Lou Correa
Michael Duvall
Cathy Green
Gary Monahan
Chris Norby
Curt Pringle
Mark Rosen
Gregory T. Winterbottom
Cindy Quon, Governor's Ex-Officio Member

Also Present: Arthur T. Leahy, 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: Richard Dixon
Miguel Pulido
Susan Ritschel
James W. Silva
Thomas W. Wilson

Invocation

Director Rosen gave the invocation.

Pledge of Allegiance

Vice Chair Cavecche led the Board and audience in the Pledge of Allegiance to the Flag of the United States of America.

Public Comments on Agenda Items

Chairman Brown 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. Sacramento Advocate Presentation

This item was pulled from the agenda because Kevin Sloat, OCTA's Sacramento advocate, was unable to attend today's meeting having been called to an event by the Governor.

Consent Calendar (Items 2 through 6)

Chairman Brown announced 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.

No items were pulled for discussion.

Orange County Transportation Authority Consent Calendar Matters

2. Approval of Minutes

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to approve the minutes of the Orange County Transportation Authority and affiliated agencies' regular meeting of September 25, 2006.

3. Consultant Selection for Euclid Street Signal Synchronization Demonstration Project

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Agreement C-6-0555 between the Orange County Transportation Authority and the top-ranked firm, Albert Grover & Associates, in an amount not to exceed \$455,083, for consultant services to conduct the Euclid Street Signal Synchronization Demonstration Project.

4. Public Hearing Scheduling Policy

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to directly schedule legally noticed public hearings on the agenda of the Orange County Transportation Authority Board of Directors.

Orange County Service Authority For Freeway Emergencies Consent Calendar Matters

5. Amendment to Agreement to Exercise Second Option Year for Motorist Services Management Support

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement C-4-0793 between the Orange County Transportation Authority and Darrel Cohoon & Associates, in an amount not to exceed \$100,000, to provide consulting services and management support for the Motorist Services Department.

County Transit District Consent Calendar Matters

6. Amendment to Agreement for Bus System Schedule Checking

A motion was made by Director Buffa, seconded by Director Campbell, and declared passed by those present, to authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement C-4-0896 between the Orange County Transportation Authority and Southland Communications and Data, Inc., and increase the maximum payment obligation by \$212,101 to \$703,978 to fund schedule-checking services for calendar year 2007.

Regular Calendar

7. Santa Ana Freeway (Interstate 5) Gateway Project Update

Charlie Guess, Project Manager, for the Santa Ana Freeway (Interstate 5) Gateway Project, provided a PowerPoint and verbal presentation to the Board on the progress and status of this project.

Chairman Brown extended his appreciation for the excellent outreach effort OCTA provided in advance of closing portions of Beach Boulevard and Western Avenue for work being done.

No action was taken on this item; it was received for file as an information item.

Other Matters

8. Veolia Performance Update

Erin Rogers provided a PowerPoint and verbal update of Veolia's performance on ongoing ACCESS issues. Ms. Rogers gave detail for complaints received, quality indicators for on-time performance, service delivery, and next steps. She also provided a summary of the process used to validate complaints received from ACCESS clients.

Ms. Rogers indicated that the use of taxi subcontractors has been increased by Veolia to meet service demands. This use of taxis has helped relieve the shortage of drivers needed to accommodate the 350-400 rides provided daily.

Director Duvall asked that no complaints be de-valued, and ensure that each complaint be validated if possible. Ms. Rogers stated that most complaints are indeed validated, and only those which cannot be validated would be dismissed. Examples offered of these types of complaints were: those where the client may be unhappy with the service, though the service was delivered according to OCTA standards, clients stating the bus did not show, yet there is evidence to the contrary, etc. She emphasized that each complaint is received and treated fairly.

In response to Director Campbell's question as to why the performance in the week of September 17 was so poor, Sharon Crenchaw, Veolia Project Director, stated that the company had a large turn-over that week and lost several drivers.

Director Campbell also mentioned that he has received comments that dispatchers are not friendly with clients and often provide misinformation. Ms. Crenchaw stated that she is providing one-on-one supervision and observation of the dispatch activities and notifies dispatchers immediately when their service is not acceptable. She also indicated she is compiling scripts for the dispatchers to assist in their dialog with clients.

8. (Continued)

Vice Chair Cavecche and Director Pringle observed that Veolia is being held to a higher performance standard than Laidlaw had been, although staff pointed out that it is the contracted standard of performance. Director Campbell stated that the percentages are close to where they were at the close of the Laidlaw contract.

Regarding the on-time performance indicators, Director Rosen requested that he be provided with the measurements (which staff indicated are available in 30-minute increments) showing how late the rides have been for clients.

Director Rosen also stated that if any different policies are adopted, he would want to be advised. General Counsel, Kennard R. Smart, Jr., assured Director Rosen he would be advised.

Public comment was heard from Arnie Pike, ACCESS user, who stated he was picked up late to attend the Board meeting and commented that he feels ACCESS should be in touch with the client when they are late. He further commented on eligibility required for out of town guests.

Chairman Brown encouraged Members who receive complaints to forward them to Erin Rogers so they can be validated and addressed.

9. Chief Executive Officer's Goals

Chief Executive Officer (CEO), Arthur T. Leahy, summarized his 2006 goals which were developed with the Chairman and Vice Chair at the beginning of the year. He stated the goals are on-track for on-time completion at this time.

10. Chief Executive Officer's Report

CEO, Arthur T. Leahy, highlighted the following:

- OC Express service began several weeks ago and ridership has continued to go up, and another trip was added;
- At the City Managers' Association meeting last Wednesday, taxi service was a topic of discussion for all;
- There will be a "Hands in Concrete" event prior to the October 23 Board meeting; Members will be able to put their hands in cement which will be put into a sidewalk area along the Garden Grove (State Route 22) Freeway Project upon completion;
- On October 13, Equal Employment Opportunity training material is due to the Federal Transit Administration;
- A meeting is scheduled with the Teamsters for October 17 to prepare for contract negotiations which are coming up soon.

11. Directors' Reports

Director Campbell inquired when the presentation he requested from Caltrans regarding litter and maintenance on the local freeways would be coming forward, and he was advised that this will be dovetailed with related items and comes to the Board in the near future, as soon as the materials are finalized.

Chairman Brown commented that the Small Business Fair (which OCTA hosted over the past two days) was an outstanding event, and appreciated the good work by staff.

12. Public Comments

Chairman Brown announced 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. Comments would be limited to three (3) minutes per speaker, unless different time limits were set by the Chairman subject to the approval of the Board of Directors.

Public comment was heard from Arnie Pike, ACCESS user, who stated that ACCESS service cannot be denied due to bus service not provided in that same area.

13. Closed Session

A Closed Session was not conducted at this meeting.

14. Adjournment

Chairman Brown announced that the next regularly scheduled meeting of the OCTA/OCTD/OCLTA/OCSAFE/OCSAAV Board would be held at **9:00 a.m. on October 23, 2006**, at OCTA Headquarters at 600 South Main Street, First Floor - Room 154, Orange, California.

ATTEST

Wendy Knowles
Clerk of the Board

Arthur C. Brown
OCTA Chairman



ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

KIMILLA A. REECE

WHEREAS, the Orange County Transportation Authority recognizes and commends Kimilla Reece; and

WHEREAS, be it known that Kimilla Reece has been a principal player at the OCTA and has performed her responsibilities as a Coach Operator in a professional, safe, courteous, and reliable manner; and

WHEREAS, Kimilla Reece has demonstrated her integrity by maintaining an excellent attendance record, and her dedication exemplifies the high standards set forth for Orange County Transportation Authority employees; and

WHEREAS, Kimilla Reece has demonstrated that safety is paramount by achieving thirty (30) years of safe driving; and

WHEREAS, Kimilla Reece has proven that "Putting Customers First" is the only way to conduct yourself as a professional coach operator at OCTA and Kimilla's attention to detail and concern for her customers have help OCTA ridership grow.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Kimilla Reece as the Orange County Transportation Authority Coach Operator Employee of the Month for October 2006; and

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

Dated: October 23, 2006

Arthur C. Brown, Chairman
Orange County Transportation Authority

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



ORANGE COUNTY
TRANSPORTATION AUTHORITY

Resolution

MINH QUACH

WHEREAS, the Orange County Transportation Authority recognizes and commends Minh Quach; and

WHEREAS, be it known that Minh Quach has been a principal player in our Maintenance Department with his innovative contributions, service and commitment; and

WHEREAS, be it known that Minh Quach provides outstanding work performance on a daily basis and is an excellent trainer of our new serviceworkers; and

WHEREAS, be it known that Minh Quach has provided assistance to the Anaheim Body Shop in the removal of graffiti from our fleet; 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 Minh Quach as the Orange County Transportation Authority Maintenance Employee of the Month for October 2006; and

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

Dated: October 23, 2006

Arthur C. Brown, Chairman
Orange County Transportation Authority

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



ORANGE COUNTY
TRANSPORTATION AUTHORITY

RESOLUTION

PAUL BURCIAGA

WHEREAS, the Orange County Transportation Authority recognizes and commends Paul Burciaga; and

WHEREAS, be it known that Paul has performed his duties as Senior Warranty Coordinator for the Contracts Administration and Materials Management Department in an outstanding manner, demonstrating the highest level of integrity and professionalism in all his dealings with Authority staff and the public; and

WHEREAS, Paul is a stellar example of the Authority's Core Values. He has earned the trust and respect of his internal and external customers because they know that they can count on him to deliver as promised. His is known to be a man of his word; and

WHEREAS, Paul's technical knowledge, understanding of our systems and appreciation for the valuable work performed by all involved in materials management coupled with his dedication and compassion for maintenance have assisted in the excellent return through the warranty program; and

WHEREAS, Paul's leadership, positive attitude and eagerness to provide assistance to all epitomize the goals of the Orange County Transportation Authority's "Putting Customers First" philosophy.

NOW, THEREFORE, BE IT RESOLVED that the Authority does hereby declare Paul Burciaga as the Orange County Transportation Authority Administrative Employee of the Month for October 2006; and

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

Dated: October 23, 2006


Arthur C. Brown, Chairman
Orange County Transportation Authority


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





BOARD COMMITTEE TRANSMITTAL

October 23, 2006

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Agreement for Triennial Performance Audit

Finance and Administration Committee

October 11, 2006

Present: Directors Cavecche, Campbell, Correa, Duvall, and Pringle
Absent: Director Wilson

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-6-0545 between the Orange County Transportation Authority and LMS Consulting, in an amount not to exceed \$198,500, for the Triennial Performance Audit of the Orange County Transportation Authority, the Orange County Transit District and the Laguna Beach Transit Lines.



October 11, 2006

To: Finance and Administration Committee
From: *RB for ATL*
Arthur T. Leahy, Chief Executive Officer
Subject: Agreement for Triennial Performance Audit

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2006-07 Budget, the Board approved the Triennial Performance Audit of the Orange County Transportation Authority and Orange County transit operators. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-6-0545 between the Orange County Transportation Authority and LMS Consulting, in an amount not to exceed \$198,500, for the Triennial Performance Audit of the Orange County Transportation Authority, the Orange County Transit District, and the Laguna Beach Transit Lines.

Background

The Orange County Transportation Authority (Authority) is required by State Statute (Sections 99246 and 99247 of the Public Utilities Code) to designate an entity to conduct a performance audit of transit operators in Orange County receiving Local Transportation Funds. The only two entities to receive these funds in Orange County are the Orange County Transit District and the Laguna Beach Transit Lines. The Authority is also required to designate an entity to conduct a performance audit of the Authority, in its capacity as the regional transportation planning entity. The audit will cover fiscal years 2003-04, 2004-05, and 2005-06.

The performance audit will evaluate and make recommendations to improve the efficiency, effectiveness, and economy of the Orange County transit operators and the Authority. The audit will be conducted in accordance with relevant sections of the Transportation Development Act, in a manner

consistent with the "Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities". The audit will also be conducted in accordance with the efficiency, economy and program results portions of the Comptroller General's "Standards for Audits of Governmental Organizations, Programs, Activities and Functions".

The estimated cost for this audit is \$198,500, which is within the fiscal year 2006-07 budgeted amount to conduct the performance audit.

Discussion

This procurement was handled in accordance with the Authority's procedures for professional and technical services. In addition to cost, many other factors are considered in an award for professional and technical services. Therefore, the requirement was handled as a competitive negotiated procurement. Award is recommended to the firm offering the most effective overall proposal considering such factors as staffing, prior experience with similar projects, approach to the requirements, and technical expertise in the field.

The project was advertised on July 27, 2006, and August 3, 2006, in a newspaper of general circulation and on CAMMNET. A pre-proposal meeting was held on August 8, 2006, and was attended by representatives from five firms.

On September 1, 2006, seven offers were received. An evaluation committee composed of staff from Contracts Administration and Materials Management, Internal Audit, Financial Planning & Analysis, Bus Operations and the Laguna Beach Finance Department was established to review all offers submitted. The offers were evaluated on the basis of qualifications, staffing and project organization, work plan, and price.

The evaluation committee short-listed three of the firms qualified for the work and interviewed each firm on September 20, 2006. Based on their findings, the evaluation committee recommends the following firm to the Finance and Administration Committee for consideration of an award to perform the Triennial Performance Audit:

Firm and Location

LMS Consulting
Trabuco Canyon, California

The firm has extensive experience in audit and consulting services, particularly in transit operations and performance audits. The firm provided a detailed and thorough work plan that demonstrated their understanding of the scope of

work, and provided competitive pricing as well. Additionally, the firm provided a well prepared presentation with key personnel participating in providing insightful responses to questions. In short, the evaluation committee found that LMS Consulting has a high probability of completing this project successfully.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2006-07 Budget, Internal Audit Department, Account 1610-7512, and is funded through the General Fund.

Summary

The evaluation committee reviewed the information provided in the proposals, conducted the interviews, and based on this information, recommends award of Agreement No. C-6-0545 to LMS Consulting, in an amount not to exceed \$198,500, to conduct the Triennial Performance Audit of the Authority and the transit operators of Orange County.

Attachment

None.

Prepared by:



Kathleen M. O'Connell
Manager, Internal Audit
(714) 560-5669



BOARD COMMITTEE TRANSMITTAL

October 23, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Cofiroute Contract Compliance and Operational Audit

Finance and Administration Committee

October 11, 2006

Present: Directors Cavecche, Campbell, Correa, Duvall, and Pringle
Absent: Director Wilson

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Direct staff to implement the recommendations made in the Cofiroute Contract Compliance and Operational Audit.



October 11, 2006

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer *MLL*
Subject: Cofiroute Contract Compliance and Operational Audit

Overview

A contract compliance and operational audit was performed on Agreement C-5-2726 and Agreement C-5-0300 between the Orange County Transportation Authority and Cofiroute USA, L.L.C. The audit found that weaknesses exist over Orange County Transportation Authority's management of the contract and that controls over contract compliance can be improved.

Recommendation

Direct staff to implement the recommendations made in the Cofiroute Contract Compliance and Operational Audit.

Background

In January 2003, the Orange County Transportation Authority (OCTA) purchased the 91 Express Lanes from the California Private Transportation Company, L.P. The 91 Express Lanes is a four-lane, 10-mile toll road built in the median of California's Riverside Freeway (State Route 91) between the Orange/Riverside County line and the Costa Mesa Freeway (State Route 55). OCTA and Cofiroute USA, L.L.C. (Cofiroute) entered into Agreement C-5-2726 commencing January 3, 2003 through January 2, 2006, for Cofiroute to provide management and operational services for the 91 Express Lanes. The agreement provided for an initial annual fee of \$4,994,000 and an index adjuster for each subsequent contract year.

Request for Proposals (RFP) 5-0300 was issued on February 23, 2005, to procure a new contract for the management and operational services. Cofiroute was the selected bidder, and Agreement C-5-0300 was entered into with a period of January 3, 2006 through January 2, 2011. The agreement provides for a bi-monthly payment of \$227,032 and an index adjuster, with a maximum

obligation of \$30,800,854. Management and operational services include the following:

- Program Management / Administration / Information Systems Technology / Telecommunications
- Customer Service / Violations Enforcement / Processing
- Toll Plaza / In-Lane and Traffic Operations Center

Discussion

The contract compliance audit focused on the key contract requirements, including propriety of billings. The operational audit reviewed opportunities to improve operations, including OCTA's management of the contract. As part of the audit, other contracts and purchase orders related to operation of the 91 Express Lanes were also reviewed. The period covered by the audit generally included transactions taking place between January 2005 and May 2006, and policies and procedures currently in place.

Internal Audit made recommendations to formally document and communicate the process for toll rate increases, to develop guidelines for 91 Express Lanes purchases and use of payment requests, and to comply with contract stipulations regarding contractor employees. Recommendations were also made to include in the contract with Cofiroute an order of precedence clause and a detailed listing of expenses with assigned responsibility. Recommendations were made to increase oversight of payments made on contracts related to 91 Express Lanes operations with updates to those contracts that are outdated, to increase oversight of TollPro user access, and to improve the timeliness oversight of critical asset replacement and upgrade.

Summary

Based on the review, Internal Audit made 15 recommendations, which management indicated would be implemented.

Attachments

- A. Cofiroute Contract Compliance and Operational Audit, Internal Audit Report No. 06-021
- B. Cofiroute Contract Compliance and Operational Audit, Internal Audit Report No. 06-021, Audit Close-out Memo

Prepared by:

A handwritten signature in black ink, appearing to read 'Kathleen O'Connell', written in a cursive style.

Kathleen O'Connell
Manager, Internal Audit
(714) 560-5669



INTEROFFICE MEMO

August 2, 2006

To: Jim Kenan, Executive Director
Finance, Administration & Human Resources

Paul Taylor, Executive Director
Development

From: Lisa Monteiro, Acting Manager *LM*
Internal Audit

Subject: **Cofiroute Contract Compliance and Operational Audit,
Internal Audit Report No. 06-021**

A contract compliance and operational audit of the contract between the Orange County Transportation Authority and Cofiroute U.S.A., L.L.C. has been completed. Recommendations are included in the report to address areas needing improvements. The results of the audit are detailed in the attached Internal Audit Report.

This report requires a formal management response to the recommendations by August 16, 2006. Please provide the response using the Management Response Forms, which have been sent to you electronically. Once you provide your response, Internal Audit will provide a close-out memo indicating agreement or disagreement.

If you have any questions, please feel free to contact me at extension 5591.

Attachment: Cofiroute Contract Compliance and Operational Audit, Internal Audit Report No. 06-021

c: Kirk Avila
Daryl Watkins
Tom Wulf
Virginia Abadessa
Jan Mittermeier – Cofiroute

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
2005-06 AUDIT PLAN**



**Cofiroute Contract Compliance and
Operational Audit**

INTERNAL AUDIT REPORT NO. 06-021

Report Date: August 2, 2006



**Audit Performed by:
Internal Audit Project Manager:**

OCTA Internal Audit Department
Lisa Monteiro, CPA
Acting Manager, Internal Audit

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Cofiroute Contract Compliance and
Operational Audit
August 2, 2006**

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CONCLUSION

A contract compliance and operational audit was performed on Agreement C-5-2726 and Agreement C-5-0300 between the Orange County Transportation Authority (OCTA) and Cofiroute USA, L.L.C. (Cofiroute). The audit found that weaknesses exist over OCTA's management of the contract and that controls over contract compliance can be improved. Recommendations are being made to mitigate these weaknesses and increase operational efficiency.

BACKGROUND

In January 2003, OCTA purchased the 91 Express Lanes from the California Private Transportation Company, L.P. (CPTC). The 91 Express Lanes is a four-lane, 10-mile toll road built in the median of California's Riverside Freeway (State Route 91) between the Orange/Riverside County line and the Costa Mesa Freeway (State Route 55). OCTA and Cofiroute entered into Agreement C-5-2726 commencing January 3, 2003, through January 2, 2006, for Cofiroute to provide management and operational services for the 91 Express Lanes. The agreement provided for an initial annual fee of \$4,994,000 and an index adjuster for each subsequent contract year.

Request for Proposals (RFP) 5-0300 was issued on February 23, 2005, to procure a new contract for the management and operational services. Cofiroute was the selected bidder, and Agreement C-5-0300 was entered into with a period of January 3, 2006, through January 2, 2011. The agreement provides for a bi-monthly payment of \$227,032 and an index adjuster, with a maximum obligation of \$30,800,854. Management and operational services include the following:

- Program Management / Administration / Information Systems Technology / Telecommunications
- Customer Service / Violations Enforcement / Processing
- Toll Plaza / In-Lane and Traffic Operations Center

PURPOSE AND SCOPE

The Internal Audit Plan for Fiscal Year 2005-06 included a contract compliance and operational audit of the contracts between OCTA and Cofiroute for the operation of the 91 Express Lanes. The contract compliance audit focused on the key contract requirements, including propriety of billings. The operational audit reviewed opportunities to improve operations, including OCTA's management of the contract.

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As part of the audit, the following contracts and purchase orders that are related to operations of the 91 Express Lanes were also reviewed:

- California Highway Patrol – 91 Express Lanes patrolling
- California Department of Transportation (Caltrans) – highway and delineator maintenance services
- Sirit Technologies – ETTM system integration and support, transponders, and other services
- Law Enforcement Systems – violations collection
- Vollmer Associates – traffic and revenue forecasting and analysis
- Northern Lakes Data Corporation – TollPro system integration and support and other services

The period covered under the audit generally included activities and transactions taking place between January 2005 and May 2006, and procedures currently in place.

GENERAL DISCUSSION

Agreement C-5-2726 expired on January 2, 2006. The new agreement that commenced on January 3, 2006, (Agreement C-5-0300) provides a much more detailed scope of work and incorporates improvements that have been made in the management and operations since the original contract commenced. Except for the items described under Audit Comments and Recommendations, there are no outstanding issues from the previous agreement or transition to the new agreement that need to be addressed.

At the time the 91 Express Lanes was purchased in January 2003, a General Manager of the 91 Express Lanes was appointed. The manager was in place until January 2005, and an interim manager was appointed between January 2005 and May 2005. The current 91 Express Lanes Manager has been in the position since May 2005. On July 1, 2006, the 91 Express Lanes Manager began reporting directly to the Executive Director of Finance, Administration and Human Resources.

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SCHEDULE OF TOLL INCREASES

The 91 Express Lanes Toll Policy (Toll Policy) was adopted on July 14, 2003; see Appendix A for an excerpt from the policy. Toll increases have been implemented in the past during the following dates:

Date of Toll Increase Implementation	Days between Implementations
August 1, 2003	n/a
November 21, 2003	112
January 7, 2004	47
April 8, 2004	92
July 1, 2004	84
October 25, 2004	116
January 31, 2005	98
May 23, 2005	112
July 5, 2005	43
August 29, 2005	55
February 27, 2006	182
July 1, 2006	124

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AUDIT COMMENTS AND RECOMMENDATIONS

Toll Adjustment Schedule

In early 2004, a 91 Express Lanes Weekly Report (which was provided to the Board of Directors) indicated that toll increases would be implemented on a quarterly basis. However, the Toll Policy does not include language allowing such a grouping of toll increases.

Recommendation 1: Management should formally document OCTA's process for the frequency of toll rate increases. The Chief Executive Officer should provide final approval of the process.

Toll Increases

We noted during our review of traffic volumes between July 2005 to May 2006, that there were no toll increases between August 29, 2005 and February 27, 2006; please refer to the Schedule of Toll Increases on the previous page. There were two hours that qualified for a \$0.75 toll increase by the end of October 2005, three other hours that qualified for a \$0.75 toll increase by the end of November 2005, and two other hours that qualified for a \$0.75 toll increase prior to February 27, 2006.

Recommendation 2: Tolls should be increased in accordance with OCTA's Toll Policy. If OCTA's process requires that toll increases be implemented every quarter, then that schedule should be adhered to consistently. Decisions not to implement toll increases should be communicated to the Board of Directors for approval.

Six-Month Freeze on Toll Increases

Under the Toll Policy, increased toll rates are held constant for six months. Six months after a toll increase, the most recent 12 consecutive weeks (excluding weeks with a Holiday or a major traffic anomaly caused by an accident or incident) shall be reviewed for the hour, day, and direction that the toll was increased. For the nine toll increases effective February 27, 2006, four of the hours were under a six-month freeze beginning August 29, 2005 through February 28, 2006; however, the toll increases for the hours were determined and communicated to the Board of Directors by February 15, 2006.

Recommendation 3: Based on the current Toll Policy, determination of toll adjustments should be done after the 6-month freeze instead of prior to the freeze lift. If

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the timing of the 6-month freeze affects the timing of the toll rate increases, then management can revise their toll increase process to address this issue as needed.

Purchasing Procedures

We identified some purchases for the 91 Express Lanes that are paid by OCTA that did not follow OCTA procurement policies and procedures. Additionally, OCTA does not have a formal documented policy on limits for use of OCTA payment request forms. Specifically, the following was noted:

- For recent leasehold improvements made at the Anaheim office which were budgeted in OCTA's fiscal year 2004-05 budget, the capitalized amount consisted mainly of payments to two companies:
 - Payments to one of the companies was applied to a consulting agreement with OCTA. After the maximum obligation for the agreement was reached, two additional payments totaling \$90,796.42 were made to the contractor using OCTA payment request forms and invoices with signed approvals. On one of the signed invoices for \$30,668.42, the contract number appeared to have been covered with white-out and "N/A" was handwritten in its place.
 - The other major payment for the Anaheim leasehold improvements was a \$106,223.57 payment to the lessor for construction expenses that exceeded the lease allowance. The payment was approved using an OCTA payment request form. The construction company's detailed proposal was approved by the Chief Executive Officer of OCTA. OCTA procurement policies and procedures require the approval of the Board of Directors for all budgeted capital acquisitions exceeding \$100,000.
- The purchase of transponders is being administered under a purchase order by Cofiroute on behalf of OCTA.
- For some smaller purchases, Cofiroute uses preferred vendors, which is no longer allowable under OCTA's procurement policies.

Recommendation 4: Management should formally develop and document purchasing guidelines and procedures for 91 Express Lanes purchases that comply with legal requirements and relevant best practices. Once the procedures have been developed and documented, they should be incorporated into the contract with Cofiroute.

Recommendation 5: Formal guidelines on use of payment requests, including dollar limits, should be incorporated into existing OCTA policies and procedures.

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Contractor Employees

OCTA reimbursed Cofiroute for the salary of an administrative employee of Cofiroute, who had worked for OCTA immediately preceding employment with Cofiroute. OCTA's 91 Express Lanes Manager entered into a written agreement with Cofiroute to reimburse Cofiroute for the salary, benefits, and markup for costs associated with administering the arrangement since the employee was not covered in the scope of work for the contract. Additionally, the employee was permanently assigned to OCTA's administrative building and was under the direction and control of OCTA management. Through the use of OCTA payment requests, Cofiroute was reimbursed for \$5,801.56 in services provided by the employee.

- Article 11 of Agreement C-5-0300 entitled "INDEPENDENT CONTRACTOR" states "CONTRACTOR's personnel performing work under this Agreement shall at all times be under CONTRACTOR's exclusive direction and control and shall be employees of CONTRACTOR and not employees of AUTHORITY. CONTRACTOR shall pay all wages, salaries and other amounts due its employees in connection with this agreement..."

Recommendation 6: Management should not utilize the contract with Cofiroute nor enter into any new contract with Cofiroute for the purpose of staffing employees that would be under the control and supervision of OCTA management.

Law Enforcement Services Contract

CPTC's contract with Law Enforcement Services (LES) for collection services was assigned to OCTA when the 91 Express Lanes were purchased. The contract provided for automatic contract renewals unless written notification is given for termination. At December 31, 2003, the first automatic renewal was available, and no written notice was given for termination of contract. However, LES and Cofiroute entered into a contract for collection services on December 31, 2003, and have been commencing business as if the contract between LES and OCTA was not in effect. The initial term of the contract between LES and Cofiroute was for December 31, 2003, through December 31, 2004, and provides for automatic renewals through December 31, 2007.

The scope of work in the Cofiroute contract refers to LES as an OCTA contractor, but Cofiroute's Best and Final Offer (BAFO) refers to LES as a Cofiroute contractor. Based on a legal interpretation received from Woodruff, Spradlin & Smart, the contract between LES and OCTA may still be in effect but it is unenforceable.

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Recommendation 7: Cofiroute's contract scope of work should be revised to state the current relationship with LES as a Cofiroute contractor.

Recommendation 8: OCTA management should periodically verify the accuracy of payments from LES by reviewing detailed support.

California Highway Patrol Contract

At the time that OCTA purchased the 91 Express Lanes, CPTC assigned their contract with the California Highway Patrol (CHP) for police services on the 91 Express Lanes to OCTA. The original contract was entered into as of June 30, 1993, and expires 35 years after expiration of the "Construction Lease Term", which refers to the construction of the actual 91 Express Lanes.

Cofiroute reviews CHP invoices for work rendered, signs off on the invoices, and then submits the invoices to OCTA for payment. However, we identified invoices where the billing rates exceeded the rates under the original contract, which has not been updated since contract inception.

Recommendation 9: The contract with CHP should be updated to reflect current billing rates, level of service, responsibilities of each party, and other factors as necessary.

Recommendation 10: In addition to Cofiroute's review of CHP invoices for accuracy, the invoices should be reviewed by OCTA staff for propriety with contract terms.

Overpayment on Vollmer Associates, L.L.P. Invoices

For two paid Vollmer Associates, L.L.P. (Vollmer) invoices, the rates for two Vollmer personnel under the Project Manager/Coordinator function exceeded the contract rate by \$20.00 per hour. This resulted in overpayment to Vollmer of \$870.00. After management was notified of the error, the overpayment was netted against the July 2006 payment to Vollmer.

Recommendation 11: Billing rates on all invoices should be reviewed against the contract prior to payment.

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Responsibility for Expenses Outside of Fixed Fee

OCTA 91 Express Lanes management and Cofiroute did not agree on the responsibility for expenses incurred outside of the fixed fee under the new contract. Any questioned expenses involved OCTA and Cofiroute personnel and took time to resolve.

Recommendation 12: OCTA and Cofiroute management should agree on a detailed, comprehensive listing of expenses with assigned responsibility and add the listing to the agreement as an amendment.

Order of Precedence Contract Clause

The contract does not include a clause stipulating the order of precedence.

Recommendation 13: The contract should be revised to include an order of precedence clause.

TollPro Access User List

At the time of our review, a terminated OCTA employee was on the access list of TollPro users.

Recommendation 14: OCTA should promptly notify Cofiroute of any terminated employee that had TollPro access. On a periodic basis, OCTA should review and update the listing of current users.

Critical Asset Replacement and Upgrade

The replacement and upgrade of certain critical assets has not been initiated and managed on a timely basis. Specifically, the TOC / TMS Upgrade Project was presented to OCTA's Technology Review Committee on October 21, 2004, with indication of intent to begin the project in July 2005. The budget authorization for the project was obtained for fiscal year 2005-06; however, the RFP for the project was not issued until June 2006. On May 1, 2006, the sign controller for the 91 Express Lanes failed, and emergency work had to be done to fix the controller.

Recommendation 15: The replacement and upgrade of critical assets should be initiated on a timely basis, with management monitoring the project progress.

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**APPENDIX A – 91 EXPRESS LANES TOLL POLICY
(EXCERPT)**



91 Express Lanes Toll Policy

Adopted July 14, 2003

Goals

The goals for the 91 Express Lanes toll policy are to:

- Provide a safe, reliable, predictable commute for 91 Express Lanes customers.
- Optimize vehicle throughput at free flow speeds.
- Pay debt service and maintain debt service coverage.
- Increase average vehicle occupancy.
- Balance capacity and demand to serve customers who pay tolls as well as carpoolers with three or more persons who are offered discounted tolls.
- Generate sufficient revenue to sustain the financial viability of the 91 Express Lanes.
- Ensure all bond covenants are met.
- Repay the Orange County Transportation Authority's (OCTA) internal borrowing and provide net revenues for Riverside Freeway/State Route 91 corridor improvements.¹

Definitions

Exhibit I, "Definitions", clarifies terms used in this 91 Express Lanes Toll Policy.

Super Peak Hours

The toll adjustment goals are to: a) reduce the likelihood of congestion by diverting traffic to other hours with available capacity; b) maintain free flow travel speed in the 91 Express Lanes; c) maintain travel time savings; d) accommodate projected growth in travel demand and; e) ensure that the toll road generates sufficient revenue to effectively operate the toll lanes and maintain a strong debt service position.

The toll for use of the 91 Express Lanes during a Super Peak hour shall be determined as follows:

1. Hourly, day, and directional traffic volumes will be continually monitored on a rolling 12 consecutive week period basis.
2. Hourly, day, and directional traffic volumes of 3,128 or more will be flagged for further review.
3. If the hourly, day, and directional traffic volume is Consistently at a level of Super Peak then the toll rate for that hour, day and direction may be increased.
4. The toll for that hour, day, and direction shall be increased, based on the average vehicle volume of the flagged hour, day, and direction identified per Section 2 above, as follows:

¹ As allowable under Assembly Bill 1010.

- (a) if the average flagged vehicle volume is 3,300 or more then the toll shall be increased by \$1.00.
- (b) if the average flagged vehicle volume is between 3,200 and 3,299 then, the toll shall be increased by \$0.75.
- (c) if the average flagged vehicle volume is less than 3,200 then the toll shall not be changed.

Six months after a toll increase, the most recent 12 consecutive weeks (excluding weeks with a Holiday or a major traffic anomaly caused by an accident or incident) shall be reviewed for the hour, day and direction that the toll was increased. If the traffic volume is less than 2720 vehicles per hour, day, and direction in six or more of the weeks then the traffic volumes for that hour, day and direction for the 12 consecutive weeks shall be averaged. If the average traffic volume is less than 2720 then the toll shall be reduced by \$0.50 to stimulate demand and encourage 91 Express Lanes use.

OCTA's Board of Directors and customers will be informed of a toll adjustment 10 or more days prior to that toll adjustment becoming effective.

Non-Super Peak Hours

All Non-Super Peak tolls shall remain fixed at November 2001 levels except for an annual adjustment for inflation (see Exhibit IV). The Inflation Factor shall be identified and applied beginning July 1, 2004 and at the beginning of each fiscal year thereafter to all Non-Super Peak and Super Peak hours that were not adjusted in the previous 12 months. All tolls shall be rounded up or down to the nearest 5-cent increment.

Discounts

Vehicles with three or more persons (HOV3+), zero emission vehicles (ZEVs), motorcycles, disabled plates and disabled veterans are permitted to ride free in the 91 Express Lanes during most hours. The exception is Monday through Friday 4:00 p.m. to 6:00 p.m. in the eastbound direction when these users pay 50 percent of the toll. The exception that these users pay 50 percent remains in effect until such time as the Debt Service Coverage Ratio – Inclusive of senior and subordinated debt – is projected to be 1.2 or greater for a six month period. At that time, HOV3+ users will ride free all day, every day.

Financing Requirements

OCTA shall charge and collect tolls that generate enough revenue to maintain the Debt Service Coverage Ratio to be at least 1.30 to 1.00. OCTA recognizes that it must maintain a strong debt service position in order to satisfy the existing taxable bond covenants as well as the bond covenants in the proposed tax-exempt refinancing documents.

Holiday Toll Schedules

All existing holiday toll schedules shall apply. Existing holiday toll schedules are identified on Exhibit V and shall be adjusted by the inflation factor at the beginning of each fiscal year beginning July 1, 2004 in a similar fashion as with Non-Super Peak Hours.

Exhibit I
Definitions

Cash Available for Debt Service – for any Period, the excess, if any, computed on a cash basis, of:

- (1) the amount of 91 Express Lanes cash receipts during such Period from whatever source, including, without limitation, toll receipts, transponder revenues, amounts paid to OCTA under the Facility Agreements, and investment earnings, *excluding*:
 - proceeds of insurance,
 - proceeds of the debt service letter of credit or other amounts held in or disbursed from the payment account, the debt service reserve account, the coverage account and the major maintenance reserve account, and
 - the proceeds of any Additional Senior Bonds or Subordinated Bonds, *over*
- (2) All Operating and Maintenance Costs incurred during such Period and not deducted in the computation of Cash Available for Debt Service in a prior Period. In computing Operating and Maintenance Costs for any Period, an appropriate prorating will be made for expenditures such as insurance premiums and taxes that would be prorated if the computation were to be made in accordance with GAAP.

Consistently – Any six weeks of twelve consecutive weeks, excluding any week that includes a Holiday or major traffic pattern anomaly caused by an accident or incident.

Debt Service – for any Period, all payments of principal, interest, premiums (if any), fees and other amounts made (including by way of prepayment) or required to be made by OCTA during such Period under the Bond Documents (debt service payments related to OCTA's internal subordinated debt borrowings are to be excluded from these calculations). In computing Debt Service for any Period prior to the issuance of the new bonds, OCTA will give pro forma effect to the transactions contemplated by the Bond Documents and the use of proceeds of the new bonds. In computing Debt Service for any prospective Period, OCTA will estimate in good faith such payments on the basis of reasonable assumptions. Such assumptions will include the absence of any waivers of or amendments to any agreements and the absence of any optional or extraordinary mandatory redemption of the bonds.

Debt Service Coverage Ratio – for any Period, the ratio of Cash Available for Debt Service for such Period to Debt Service for such Period.

Fiscal Year – July 1 to June 30

Holiday – Any of the following holidays that occur or are recognized any day between Monday through Friday: New Year's Day, Memorial Day, 4th of July, Labor Day, Thanksgiving and Christmas.

Inflation Factor² (Included in the present 91 Express Lanes Operating Agreement and subject to change with any new contractor agreement):

- (1) 0.75 times the product of (A) the hourly toll for the immediately preceding fiscal year, times (B) a fraction, the numerator of which shall be the Labor Index Adjuster for June of the prior fiscal year and the denominator of which shall be the Labor Index Adjuster for June of the year immediately preceding such fiscal year, plus
- (2) 0.25 times the product of (A) the hourly toll for the immediately preceding fiscal year, times (B) a fraction, the numerator of which shall be the CPI Index Adjuster for June of the prior fiscal year and

² The inflation factor shall be the same as in the OCTA – Cofiroute Global Mobility 91 Express Lanes Operating Agreement dated November 15, 2002 and effective January 3, 2003 or as in successor operating agreements.

the denominator of which shall be the CPI Index Adjuster for June of the year immediately preceding such fiscal year.

Maximum Optimal Capacity – 3,400 vehicles per hour, per day, per direction in the 91 Express Lanes facility

Non-Super Peak – Hourly period that is not Super Peak.

Operating and Maintenance Costs – all reasonable and necessary expenses of administering, managing, maintaining and operating the 91 Express Lanes and in accordance with the Bond Documents and the Facility Agreements.

Period – the most recent twelve complete months.

Super Peak – Hourly period, per day, and per direction with traffic volume use which meets or exceeds the Trigger Point.

Trigger Point – 92 percent or more of Maximum Optimal Capacity (3,128+ vehicles per hour, per day, and per direction).

Week – 12:00 a.m. Sunday to 11:59 p.m. the following Saturday.

Some of the financial definitions will be modified to reflect the bond covenants in the tax-exempt refinancing documents.

Exhibit II
Toll Policy Decision Process
Congestion Management Pricing in Super Peak

Definitions / Detail

Monitor hourly (day or week and directional) traffic for last 12 consecutive weeks (excluding days/hours with holidays, major incidents, and accidents)

Flag hours when traffic volume is 3,125 or more vehicles per hour, per day, per direction. Determine if this occurs six or more times in the 12 week period

Average the traffic volume for the flagged hours

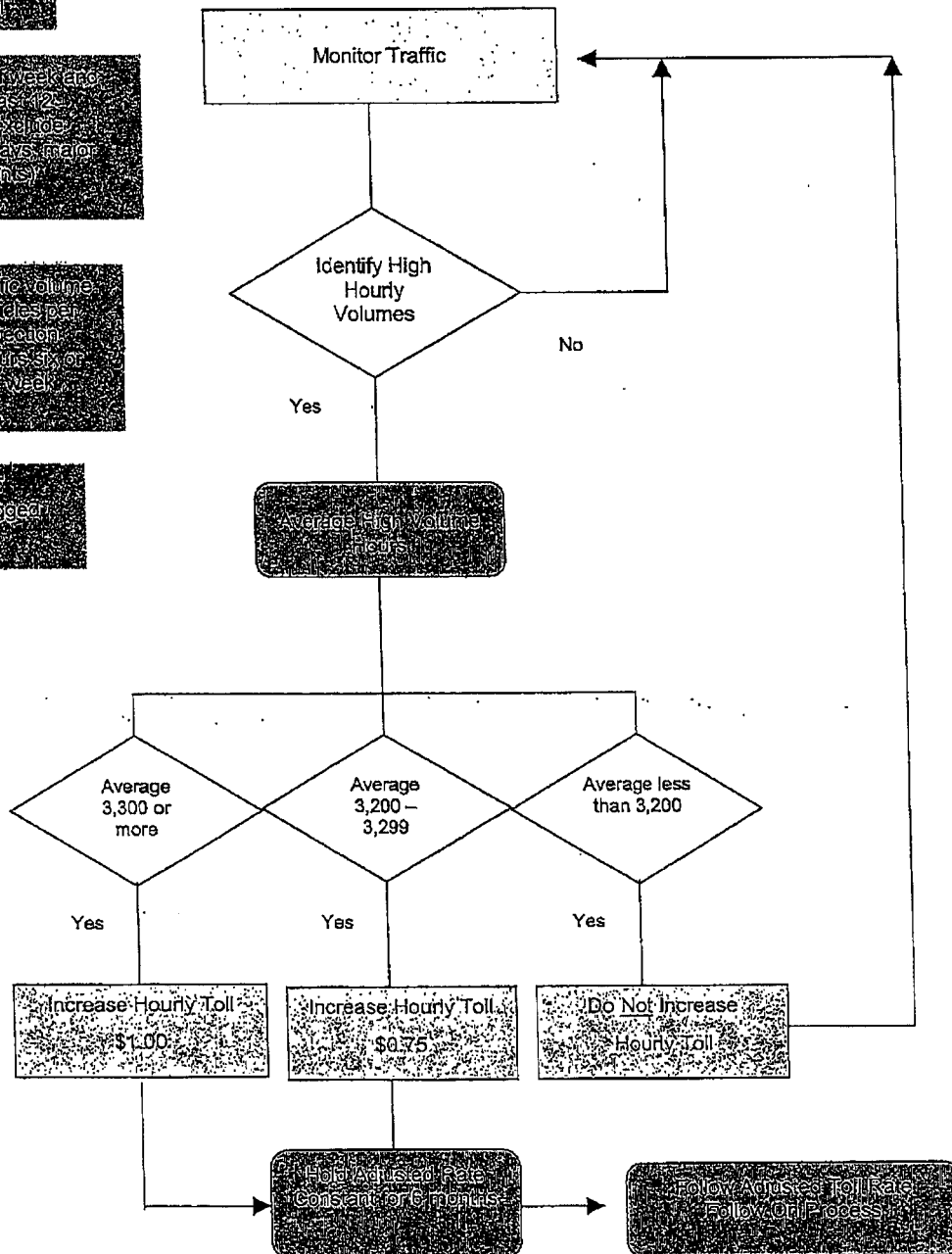


Exhibit III Adjusted Toll Rate Follow On Process (Super Peak Adjusted Rates Only)

Designation: Detail

Monitor adjusted hourly, > directional traffic for last 12 consecutive weeks (excluding days/hours with holidays, major incidents, accidents)

Log individual adjusted hours when traffic volume is 2,720 vehicles or less per hour, per day, per direction. Determine if this occurs six or more times in the 12 week period.

Average the traffic volume for the hour, day and direction for the 12 week period (excluding holidays, accidents, major incidents)

Adjusted Rates Program for 6 Months Per Super Peak Congestion Management Pricing Policy

Monitor Traffic in Adjusted Super Peak Periods

Identify Patterns of Low Volumes for Adjusted Rates

Yes

Average Hourly Traffic Volume

Average less than or equal to 2,720

Reduce Hourly Toll Rate by \$0.50

Average greater than 2,720

Keep Price Same or Determine If Congestion Management Pricing in Super Peak Applies



INTEROFFICE MEMO

September 11, 2006

To: Jim Kenan, Executive Director
Finance, Administration & Human Resources

Paul Taylor, Executive Director
Development

From: Lisa Monteiro, Principal Internal Auditor *fm*
Internal Audit

Subject: **Cofiroute Contract Compliance and Operational Audit, Internal
Audit Report No. 06-021, Audit Close-out Memo**

Internal Audit has received and concurs with management's responses to the recommendations issued in Internal Audit Report No. 06-021, Cofiroute Contract Compliance and Operational Audit. Management has agreed to implement some recommendations, and is in the process of implementing the other recommendations. We will conduct a follow-up review on the status of management's planned corrective actions in six months.

Attachment: Management Response to Cofiroute Contract Compliance and
Operational Audit, Internal Audit Report No. 06-021

c: Kirk Avila
Daryl Watkins
Tom Wulf
Virginia Abadessa
Jan Mittermeier – Cofiroute



INTEROFFICE MEMO

August 16, 2006

To: Lisa Monteiro, Acting Manager
Internal Audit

From: Jim Kenan, Executive Director KA
Finance, Administration & Human Resources

Paul Taylor, Executive Director
Development JCS

Subject: **Management Response to Cofiroute Contract Compliance
and Operational Audit, Internal Audit Report No. 06-021**

Please find attached the management response to the Cofiroute Contract Compliance and Operational Audit. If you have questions regarding the response, please contact Daryl Watkins, General Manager for the 91 Express Lanes at x5406.

Attachment: Management Response Form, Internal Audit Report No. 06-021

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

MANAGEMENT RESPONSE FORM

Cofiroute Contract Compliance and Operational Audit

Internal Audit Report No. 06-021
Report Date: August 2, 2006
Management Response Due Date: August 16, 2006

Number	Recommendation	Management Response	Responsibility (person/dept)	Target Date
1	Management should formally document OCTA's process for the frequency of toll rate increases. The Chief Executive Officer should provide final approval of the process.	We concur. We already have formally documented processes for toll rate adjustments. We will submit this documentation to the Chief Executive Officer for review and approval.	Daryl Watkins / Toll Road	October 2006
2	Tolls should be increased in accordance with the Authority's Toll Policy. If the Authority's process requires that toll increases be implemented every quarter, then that schedule should be adhered to consistently. Decisions not to implement toll increases should be communicated to the Board of Directors for approval.	We concur. The departmental toll rate adjustment process includes a schedule for quarterly toll increases in July, October, January, and April.	Daryl Watkins / Toll Road	Complete
3	Based on the current Toll Policy, determination of toll adjustments should be done after the 6-month freeze instead of prior to the freeze lift. If the timing of the 6-month freeze affects the timing of the toll rate increases, then management can revise their toll increase process to address this issue as needed.	We recommend that the departmental toll rate adjustment process be included in the next quarterly report to the Board of Directors after approval from the Chief Executive Officer. The departmental toll rate adjustment process is based on a quarterly frequency of toll increases. Included in this adjustment process	Daryl Watkins / Toll Road	November 2006

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MANAGEMENT RESPONSE FORM

Cofiroute Contract Compliance and Operational Audit

Internal Audit Report No. 06-021
Report Date: August 2, 2006
Management Response Due Date: August 16, 2006

Number	Recommendation	Management Response	Responsibility (person/dept)	Target Date
		and toll policy is the requirement to implement COLA increases on July 1. Because the toll policy requires notification to customers, the OCTA Board of Directors, and the SR-91 Advisory Committee at least 10 days in advance of any toll increase; it would be impossible to keep a set quarterly schedule of toll increases in January, April, July, and October without basing the determination of the next toll increase during the freeze period. It takes about two weeks from the determination of a toll increase until the toll increase goes into effect. This allows time for preparing the notifications, changing the rates within the back office systems, and printing the toll rate cards for the Customer Service Center. If management waited until the end of each toll freeze, it would be necessary to add approximately two weeks onto the freeze period. Also, by including the July 1st COLA adjustments, tolls would be increased five times during each		

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MANAGEMENT RESPONSE FORM

Cofiroute Contract Compliance and Operational Audit

Internal Audit Report No. 06-021
Report Date: August 2, 2006
Management Response Due Date: August 16, 2006

Number	Recommendation	Management Response	Responsibility (person/dept)	Target Date
		fiscal year rather than the preferred quarterly cycle.		
4	Management should formally develop and document purchasing guidelines and procedures for 91 Express Lanes purchases that comply with legal requirements and relevant best practices. Once the procedures have been developed and documented, they should be incorporated into the contract with Cofiroute.	We will develop basic procurement guidelines that Cofiroute can use to develop their own more detailed procurement processes. Cofiroute is responsible for handling and managing their contracts according to their procurement process not OCTA's.	Virginia Abadessa / CAMM	October 2006
5	Formal guidelines on use of payment requests, including dollar limits, should be incorporated into existing OCTA policies and procedures.	We concur that formal voucher payment practices should be documented with dollar limits stated where applicable. A draft policy has been written and is currently being circulated for feedback. The applicability of this policy to 91 Express Lane disbursements is currently under review.	Tom Wulf/Accounting	December 2006
6	Management should not utilize the contract with Cofiroute nor enter into any new contract with Cofiroute for the purpose of staffing employees that would	We concur. We will not utilize the contract with Cofiroute nor enter into any new contract with Cofiroute for the purpose of staffing employees	Daryl Watkins / Toll Road	Complete

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

MANAGEMENT RESPONSE FORM
Cofiroute Contract Compliance and Operational Audit

Internal Audit Report No. 06-021
Report Date: August 2, 2006
Management Response Due Date: August 16, 2006

Number	Recommendation	Management Response	Responsibility (person/dept)	Target Date
	be under the control and supervision of OCTA management.	that would be under the control and supervision of OCTA management.		
7	Cofiroute's contract scope of work should be revised to state the current relationship with LES as a Cofiroute contractor.	We concur. CAMM will send a letter to LES canceling OCTA's contract with them.	Virginia Abadessa / CAMM	September 2006
8	OCTA management should periodically verify the accuracy of payments from LES by reviewing detailed support.	We concur. We have asked Cofiroute to include key figures in their monthly reports. Additionally, we will establish a quarterly cycle to review supporting documents	Steven Schupak / Toll Road	Immediate
9	The contract with CHP should be updated to reflect current billing rates, level of service, responsibilities of each party, and other factors as necessary.	We concur. CAMM will meet with the CHP to obtain current rates, level of service, responsibilities of each party and incorporate those items into a new contract.	Virginia Abadessa / CAMM	November 2006
10	In addition to Cofiroute's review of CHP invoices for accuracy, the invoices should be reviewed by OCTA staff for propriety with contract terms.	We concur. We will review all CHP invoices for propriety with contract terms.	Steven Schupak / Toll Road	Immediate
11	Billing rates on all invoices should be reviewed against the contract prior to	We concur. We will include a review of billing rates against contracts in	Steven Schupak / Toll	Immediate

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	payment.	our invoice review procedures.	Road	
12	OCTA and Cofiroute management should agree on a detailed, comprehensive listing of expenses with assigned responsibility and add the listing to the agreement as an amendment.	We have already agreed on a detailed, comprehensive listing of expenses that Cofiroute will be responsible for. This process has worked well since we have come to that agreement and we will include the list in a contract amendment.	Daryl Watkins / Toll Road	Complete
13	The contract should be revised to include an order of precedence clause.	We concur. CAMM will amend the contract with Cofiroute to incorporate this clause.	Virginia Abadessa CAMM	September 2006
14	OCTA should promptly notify Cofiroute of any terminated employee that had TollPro access. On a periodic basis, OCTA should review and update the listing of current users.	We concur. The Information Systems department has added TollPro Access into their departure procedures for each employee.	Joe Tiernan / IS	Complete

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15	The replacement and upgrade of critical assets should be initiated on a timely basis, with management monitoring the project progress.	We concur. However, we believe that the timing of the current Traffic Operations Center is appropriate for the circumstances. The Traffic Operations Center upgrades represent a significant planning effort for OCTA and for the operating and management contractor. We do not feel that it would have been appropriate to begin planning the Traffic Operation Center upgrade during the timing of the Operator selection. As soon as Cofiroute was awarded the contract, we immediately began planning the upgrade project.	Daryl Watkins / Toll Road	Complete



BOARD COMMITTEE TRANSMITTAL

October 17, 2006

To: Members of the Board of Directors
From: ^{WV}Wendy Knowles, Clerk of the Board
Subject: State Legislative Status Report

This item will be considered by the Legislative and Government Affairs/Public Communications Committee on October 19, 2006. Following Committee consideration of this matter, staff will provide you with a summary of the discussion and action taken by the Committee.

Please call me if you have any comments or questions concerning this correspondence. I can be reached at (714) 560-5676.



October 19, 2006

To: Legislative and Government Affairs/Public Communications Committee

From: *VB for ATL*
Arthur T. Leahy, Chief Executive Officer

Subject: State Legislative Status Report

Overview

By the close of the 2006 legislative session, 1,301 bills were submitted to the Governor for consideration with 80 percent of those bills signed into law. A report containing a brief analysis of legislation of interest to the Orange County Transportation Authority is submitted.

Recommendation

Receive and file as an information item.

Discussion

2006 Legislative Session Adjourns

Following the Legislature's adjournment on August 31, 2006, the Governor had until September 30, 2006, to either sign or veto legislation on his desk. Of the 1,301 bills that were sent to the Governor during the year, 1,036 were signed into law, while 265 were vetoed. The Governor's signing percentage of 80 percent is up from the 76 percent he signed in 2005 and 68 percent signed in 2004.

The 2006 legislative session saw many historic actions including the first on-time state budget since 2000, an agreement on a \$37 billion infrastructure bond package, and an expansion of the options for transportation delivery in California. However, many issues such as design-build and goods movement have not yet been adequately addressed and will continue into next year.

For 2006, noteworthy legislation signed into law include:

- AB 372 (Nation, D-San Rafael) extends transit agencies' current design-build authority for transit-related construction projects, not including state highways or local streets and roads, until January 2011.
- AB 521 (Runner, R-Lancaster) provides that lease agreements for public-private partnership transportation projects are to be deemed approved unless the Legislature passes a concurrent resolution rejecting them within 60 days.
- SB 1726 (Lowenthal, D-Long Beach) authorizes buses, operated by a publicly owned transit system on regularly scheduled service, to be equipped with certain illuminated signs.

Conversely, the Governor also vetoed such notable legislation as:

- AB 1699 (Frommer, D-Glendale) would have required the University of California, Berkeley to study passenger safety on commuter rail in California, particularly with respect to the push/pull configuration. Originally this legislation banned the "push-pull" configuration for commuter rail.
- SB 927 (Lowenthal, D-Long Beach) would have required the ports of Los Angeles and Long Beach to develop a user fee for moving cargo through the ports for security improvements, congestion relief, and environmental mitigation.
- SB 1703 (Lowenthal, D-Long Beach) would have expanded the membership of the California Transportation Commission (CTC) to 13 members, granting the appointment of one additional voting member each to the Speaker of the Assembly and the Senate Rules Committee.

Although the Orange County Transportation Authority (OCTA) did not take a position on all of the bills contained in the attached report, it is important OCTA be aware of statutory changes impacting other agencies and local government. Attachment A is a brief report of relevant legislation enacted this year that may be of interest to OCTA.


Summary

A report on legislation enacted into law in 2006 that is of interest to OCTA is provided.

Attachments

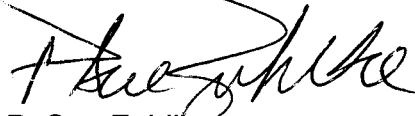
- A. Legislation Enacted in 2006
- B. Legislative Matrix

Prepared by:



Wendy Villa
Principal Government Relations
Representative
(714) 560-5595

Approved by:



P. Sue Zuhlke
Manager, State Relations
(714) 560-5574

LEGISLATION ENACTED IN 2006

Agency Organization

AB 2137 (Niello, R-Fair Oaks) Sacramento Regional Transit District (Chapter 272, Statutes of 2006)

AB 2137 revises the membership of the board of directors of the Sacramento Regional Transit District to provide for a weighted voting system based on financial contributions to the district by those entities. Establishes standards to determine the amount of financial contributions made from various funding sources. Increases the compensation of directors from \$50 to \$100 per meeting.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

AB 2351 (Maze, R-Visalia) Retirement: Elected Public Officers: Service Credit (Chapter 355, Statutes of 2006)

AB 2351 prohibits the governing body of a city, county, or a city and county from granting or paying for credit for service to an elected officer or member of the board of supervisors for service that the elected officer or supervisor has not performed. It does not preclude an elected officer or supervisor from purchasing additional service credit at his or her own expense.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

SB 1196 (Senate Local Government Committee) Local Government Omnibus Act of 2006 (Chapter 643, Statutes of 2006)

AB 1234 (Chapter 700, Statutes of 2005) requires that all local agency officials in service as of January 1, 2006 are required to receive specified ethics training, except those whose term of office ends before January 1, 2007. This bill adjusts the date of leaving office from January 1, 2007 to January 9, 2007.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. This bill more appropriately accommodates local elected official terms of office that more typically change in the first week of the year.

SB 1687 (Murray, D-Los Angeles) Los Angeles County Metropolitan Transportation Authority: San Francisco Bay Area Rapid Transit District (Chapter 814, Statutes of 2006)

SB 1687 amends existing law governing the purchase of all supplies, equipment, and materials of the Los Angeles County Metropolitan Transportation Authority and the

San Francisco Bay Area Rapid Transit District. Specifically it increases from \$40,000 to \$100,000, adjusted annually as provided under federal law, the amount to be awarded to either the lowest bidder or responsible bidder. It further provides for annual adjustments, as permitted under federal law, to the amounts that can be expended for procurements only requiring quotations.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

Alternative Fuels and Technology

AB 1407 (Lieber, D-Mountain View) State Owned Bay Area Toll Bridges: HOV Lanes (Chapter 606, Statutes of 2006)

AB 1407 is related to AB 2600 (Chapter 614, Statutes of 2006) and requires residents of the nine-county Bay Area with hybrid vehicles to obtain and maintain an active FasTrak account in order to apply for an identifier and before they may travel in any high occupancy vehicle (HOV) lane without the requisite number of passengers.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only. This bill extends state law governing the use of HOV vanes by hybrid vehicles to the Bay Area Toll Bridges.

AB 2600 (Lieu, D-Torrance) Vehicles: High Occupancy Lanes (Chapter 614, Statutes of 2006)

AB 2600 extends, until 2011, current law allowing single occupant low-emission and hybrid vehicles to operate in HOV Lanes and increases the number of described distinctive decals, labels, and other identifiers from 75,000 to 85,000 that are required to be issued by the Department of Transportation.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only.

SB 1505 (Lowenthal, D-Long Beach) Fuel: Hydrogen Alternative Fuel (Chapter 877, Statutes of 2006)

SB 1505 requires the State Air Resources Board to adopt regulations that will ensure that state funding for the production and use of hydrogen fuel contributes to the reduction of greenhouse gas, criteria air pollutant and toxic air contaminant emissions, and to meet certain requirements.

OCTA Position - Monitor

Impact on OCTA: OCTA is required by current regulation to begin purchasing zero emission buses (hydrogen fuel cell) in 2010, possible amended regulations extend that date

to 2011. OCTA will have to monitor how this bill will affect the availability of that technology during that time.

Audits, Records, Reports and Litigation

AB 361 (Runner, R-Lancaster) Notaries Public (Chapter 295, Statutes of 2005)

AB 361 makes it a misdemeanor for a notary public to willfully fail to perform the required duties of a notary public or to willfully fail to keep the seal of the notary under his or her direct and exclusive control, and requires a court to revoke the commission of a notary public upon conviction of any offense related to his or her duties, or of any felony.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

AB 1302 (Horton, D-Inglewood) Office of Administrative Law: Regulations (Chapter 713, Statutes of 2006)

AB 1302 requires an agency adopting an emergency regulation to send a notice of a proposed emergency action (at least 5 working days prior to submission of an emergency regulation) to every person who has filed a request for notice of regulatory action with the agency unless delaying action to allow public comment would be against the public interest.

OCTA Position - Monitor

Impact on OCTA: This bill changes notification requirements related to emergency actions taken by the Board of Directors and could inhibit the ability to pass emergency regulations in certain circumstances.

SB 1452 (Speier, D-San Mateo) State Audits (Chapter 452, Statutes of 2006)

SB 1452 requires state and local internal auditors to conduct their work under the general and specified standards prescribed by the Institute of Internal Auditors or the Government Auditing Standards issued by the Comptroller General of the United States. Requires the State Auditor to request that any state or local, or other publicly created agency that is subject to an audit to provide updates on its progress in implementing any recommendations. Requires the establishment of audit committees.

OCTA Position - Monitor

Impact on OCTA: OCTA's current audit procedures may need to be updated accordingly.

Eminent Domain

SB 53 (Kehoe, D-San Diego) Redevelopment (Chapter 591, Statutes of 2006)

SB 53 requires redevelopment plans contain a description of the redevelopment agency's program to acquire real property by eminent domain, including prohibitions, and a time limit for the commencement of eminent domain proceedings. SB 53 requires redevelopment agencies to find that significant blight remains in the project area and cannot be eliminated without the use of eminent domain before amending a redevelopment plan to extend the time limitation for commencement of proceedings.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. SB 53 tightens the parameters on how a redevelopment agency can use eminent domain, requiring redevelopment plans to specify when, where, and how redevelopment officials can use eminent domain.

SB 1210 (Torlakson, D-Antioch) Eminent Domain (Chapter 594, Statutes of 2006)

SB 1210 changes certain processes that relate to the taking of property by eminent domain. It prevents issuance of a pre-judgment order of possession without prior notice and an opportunity to respond for the property owner or occupants. It requires an entity seeking to take property by eminent domain to offer to pay the property owner's reasonable costs in ordering an independent appraisal of the property. This bill also defines litigation expenses to include reasonable attorney's fees and reasonable expert witness and appraiser fees.

OCTA Position: Monitor

Impact on OCTA: The additional protections accorded to property owners in SB 1210 could possibly lead to additional legal costs to OCTA, including paying for some appraisals. Under SB 1210, public entities seeking to take a property by eminent domain are required to offer to pay the property owner's reasonable costs for an independent appraisal, not to exceed \$5,000.

SB 1650 (Kehoe, D-San Diego) Eminent Domain (Chapter 602, Statutes of 2006)

SB 1650 prohibits a public entity from using a property for any use other than the public use stated in its resolution of necessity, unless the entity first adopts a new resolution that finds the public interest and necessity of using the property for a new stated public use. SB 1650 also requires a public entity to adopt a new resolution finding the continued public interest and necessity of using a property for its original stated public use, if the property was not put to use within ten years of adoption of the applicable resolution of necessity. Upon an entity's failure to adopt a new resolution as required, this bill requires the public entity to offer a right of first refusal for the original owner or owners of the property to repurchase the property, under specified conditions.

OCTA Position: Monitor

Impact on OCTA: SB 1650 establishes additional procedures for public entities, such as OCTA, to abide by if eminent domain is utilized on property acquired after January 1, 2007.

Employment Terms and Conditions

AB 538 (Harman, R-Huntington Beach) County Employees' Retirement: Rate Adjustments (Chapter 63, Statutes of 2005)

AB 538 would require governing bodies of local public agencies that contract for retirement benefits with counties participating in the County Employees Retirement Act (CERA) to adjust their contributions rates based on recommendations from the county board of retirement, as specified.

OCTA Position: Monitor

Impact on OCTA: Prior to passage of AB 538, the Orange County Board of Supervisors had the authority to implement changes in contribution rates within the County Employees Retirement System (CERS) for the county and all districts for which it is the governing body, including OCTA. Since Orange County's Employees' Retirement System performs separate valuations for some of its larger districts, such as OCTA, AB 538 removes the ability of a non-governing (Orange County Board of Supervisors) body from making recommendations or implementing rates for such agencies as OCTA.

AB 699 (Chan, D-Alameda) Vaccines: Influenza (Chapter 589, Statutes of 2006)

AB 699 requires any manufacturer or distributor of the influenza vaccine, or nonprofit health care service plan to report certain information regarding the supply of the influenza vaccine. It specifically requires each county or city health jurisdiction that has possession of the vaccine or employers conducting influenza clinics to cooperate with the local health officer to determine local inventories of influenza vaccine, including providing copies of invoices and distribution lists.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. Over the last three to five years, there have been periodic shortages or delays in the supply of the flu vaccines. Currently there is no statewide system to monitor California's supply and demand or to take preventative action so that those most at risk receive the vaccine during a shortage. AB 699 allows for greater monitoring of flu vaccine supplies and its availability. OCTA typically offers flu shots to its employees at no cost and minimal cost to employee dependents. The vendor currently providing this service to OCTA already abides by the guidelines in AB 699.

AB 2068 (Nava, D-Santa Barbara) Workers' Compensation: Designation of Physician (Chapter 819, Statutes of 2006)

AB 2068 amends provisions of the Workers' Compensation Law that provides an employee with the right to be treated by his or her personal physician, if the physician agrees to be pre-designated. Provides that a personal physician includes a medical group meeting specified requirements. Limits the maximum percentage of employees that may be pre-designated.

OCTA Position - Monitor

Impact on OCTA: AB 2068 is a direct response to Workers Compensation reform passed a few years ago that reduced the ability of an employee to pre-designate a personal physician and is set to expire in April 2007. It is uncertain whether providing an employee the choice of pre-designating will lead to increase workers compensation costs for OCTA.

AB 2087 (Benoit, R-Palm Desert) Workers' Compensation: Claimant Information (Chapter 115, Statutes of 2006)

AB 2087 requires the Administrative Director of the Division of Workers' Compensation to prepare an aggregated summary of all self-insured employers' liability to pay compensation reported on the self-insured employers' annual reports, including a separate summary for public and private employer self-insurers. Requires that summaries be made available to the public on the Department of Industrial Relation's Internet Web site.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

AB 2095 (Niello, R-Fair Oaks) Employment Practices (Chapter 737, Statutes of 2006)

AB 2095 is "follow up" legislation to existing law that was passed a couple of years ago requiring employers having 50 or more employees to provide at least two hours of classroom training and education regarding sexual harassment to all supervisory employees. AB 2095 would instead limit the training requirement to supervisory employees within California. AB 2095 also provides that in the event where an employer is compensating for overtime worked in a pay period, they are in compliance with the law if that overtime is itemized as a correction on the pay stub for the next pay period. These corrections must also identify the dates of the pay period for which the correction is being made.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. OCTA may have to adjust how compensation appears on pay stubs to accommodate the requirements of AB 2095.

AB 2292 (Montanez, D-San Fernando) Workers' Compensation: Death Benefits (Chapter 119, Statutes of 2006)

AB 2292 clarifies existing law with respect to death benefits paid under workers' compensation laws. In a case where an employee does not leave a surviving dependent, but does leave heirs, the death benefits shall be paid to the surviving heirs rather than reverting to the State Department of Industrial Relations.

OCTA Position - Monitor

Impact on OCTA: This bill clarifies existing law with respect to the distribution of death benefits to surviving family members of an employee under workers' compensation laws.

AB 2440 (Klehs, D-San Leandro) Child Support Obligations: Liability (Chapter 820, Statutes of 2006)

AB 2440 imposes liability upon any person or business entity that knowingly assists a child support obligor who has an unpaid child support obligation to escape, evade, or avoid current payment of those unpaid child support obligations.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

AB 2520 (Assembly Transportation Committee) Transportation (Chapter 574, Statutes of 2006)

AB 2520 is a transportation omnibus bill making a number of technical changes. In particular, it requires the immediate suspension of the commercial driver's license of a driver when he or she has a .04 percent or more, by weight, blood alcohol level.

OCTA Position - Monitor

Impact on OCTA: This bill changes current law and now requires the immediate suspension of a driver's license rather than waiting for a court hearing to do so.

AB 2863 (Karnette, D-Long Beach) Public Employees: Retirement (Chapter 846, Statutes of 2006)

AB 2863 amends existing law regarding the establishment of trust funds in counties for the purpose of prefunding post-employment benefits for retirees.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. OCTA has some benefits for retirees that could be handled through a trust fund.

**SB 1441 (Kuehl, D-Santa Monica) Discrimination: State Programs and Activities
(Chapter 182, Statutes of 2006)**

SB 1441 adds sexual orientation to existing laws which prohibit discrimination against any person in any program or activity conducted, operated, or administered by the state or any state agency, funded by the state, or that receives financial assistance from the state.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

Environment

**AB 32 (Nunez, D-Los Angeles) Greenhouse Gases: Global Warming Solutions Act
(Chapter 488, Statutes of 2006)**

AB 32 requires the State Air Resources Board (ARB) to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with this requirement, to adopt a statewide greenhouse gas emissions limit equivalent to the statewide levels in 1990 to be achieved by 2020, to adopt rules and regulations in an open public process to achieve maximum technologically feasible and cost-effective emissions reduction, and to adopt a source of emission fee schedule.

OCTA Position - Monitor

Impact on OCTA: This bill would add a number of new requirements designed to reduce the emissions of greenhouse gases. While much of the specific impacts will be determined by the regulatory process that will follow in the next few years, this will heavily affect future transportation projects by requiring additional studies and impact statements through the environmental process.

**AB 463 (Tran, R-Garden Grove) Subsurface Installations: Excavation
(Chapter 263, Statutes of 2006)**

AB 463 permits the use of power-driven, power-operated, or vacuum excavation or boring equipment only if underground installation operators receive documented notice of excavators' plans to use such equipment and the use of that equipment is "mutually agreeable" with installation operators and excavators.

OCTA Position: Monitor

Impact on OCTA: For informational purposes only. Reestablishes the "mutually agreeable" standard governing the use of power equipment near subsurface installations before determining the installation's exact location. This standard allows excavators to resume work on vital projects by eliminating the uncertainty and administrative gridlock that resulted from requiring written agreements. Streamlining such processes can prove beneficial to OCTA and assist in delivering efficient projects and avoid added delays during excavation on highway construction projects or other projects.

**AB 1387 (Jones, D-Sacramento) CEQA Residential Infill Projects
(Chapter 715, Statutes of 2006)**

AB 1387 authorizes a lead agency to approve a residential project on an urban infill site under the California Environmental Quality Act (CEQA), without having to mitigate or make a finding of overriding consideration for significant impacts on traffic in an environmental impact report (EIR) if specified criteria are met.

OCTA Position: Monitor

Impact on OCTA: For Informational Purposes Only

**AB 2641 (Coto, D-San Jose) Native American Human Remains
(Chapter 863, Statutes of 2006)**

AB 2641 provides additional procedures to follow after the discovery of Native American human remains on privately-owned land. Increases the time frame from 24 hours to 48 hours by which the descendents make recommendations about disposition of the remains after gaining access to the site by the landowner. Provides that under certain circumstances the landowner is required to protect the remains. Authorize the landowner, where multiple human remains are found during land development, to agree to conferral with the descendents.

OCTA Position: Monitor

Impact on OCTA: For informational purposes only. This bill is additional clarifying language to SB 18 (Burton), Chapter 905, Statutes of 2004, which requires that prior to the adoption or amendment of a city or county's general plan, the city or county must conduct consultations with California Native American tribes for the purpose of preserving specified places, features, and objects that are located within the city or county's jurisdiction. As with SB 18, there is concern that AB 2641 could possibly produce serious consequences and obstacles to future development and transportation projects in California.

AB 2746 (Blakeslee, R-San Luis Obispo) Natural Resources: Mitigation for Adverse Impacts (Chapter 577, Statutes of 2006)

AB 2746 clarifies that local and state public agencies may allow nonprofit organizations to accept and hold real property interests required by the agency to mitigate adverse impacts of a permitted project or facility. It also requires that the title instrument require reversion to the governmental entity if it determines that the property is not being held or managed for the intended conservation purposes.

OCTA Position: Monitor

Impact on OCTA: For informational purposes only.

**SB 225 (Soto, D-Pomona) Carl Moyer Program
(Chapter 627, Statutes of 2006)**

SB 225 allows the State Air Resources Board to determine a higher cost effectiveness threshold (in \$/ton of oxides of nitrogen) for the purpose of making grants under the Carl Moyer Air Quality Program, based on consumer price index adjustments.

OCTA Position: Monitor

Impact on OCTA: For informational purposes only. OCTA is dedicated to reducing pollution in Orange County and has participated in emission reduction grant programs through the South Coast Air Quality Management District. Such participation includes the installation of improved technology and mitigation devices to reduce emissions from our bus fleet. OCTA will continue to strive to improve air quality in Orange County.

**SB 1359 (Torlakson, D-Antioch) Subsurface Installations: Excavations
(Chapter 651, Statutes of 2006)**

SB 1359 requires the operator, if the excavation is within ten feet of a high-priority subsurface installation, to notify the excavator of the installation and to hold an onsite meeting with the operator to verify the location of the installation. Allows only a qualified person to perform subsurface installation locating activities. Requires certain persons to use specified locating activities and devices.

OCTA Position: Monitor

Impact on OCTA: For informational purposes only. Similar to AB 463 (Tran), (Chapter 263 of the Statutes of 2006), this bill intends to improve safety during excavation around high-priority subsurface installations and prevent accidents. OCTA would benefit from increased safety standards, which would assist in the prevention of injuries to workers and members of the public.

**SB 1368 (Perata, D-Oakland) Electricity: Emissions of Greenhouse Gases
(Chapter 598, Statutes of 2006)**

SB 1368 requires the State Energy Conservation and Development Commission to set emission standards for those entities providing electricity in the state. The bill requires the Public Utilities Commission to prohibit electricity providers and corporations from entering into long-term contracts, which do not meet the State Energy Conservation and Development Commission's standards.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only.

**SJR 31 (Lowenthal, D-Long Beach) Clean Ports
(Chapter 99, Statutes of 2006)**

SJR 31 urges the United States Environmental Protection Agency (EPA) to adopt federal regulations limiting emissions from marine vessels, locomotives, and aircraft in order to

achieve healthful air quality in the state. Encourages the EPA to pursue more protective regulations and incentive programs to substantially reduce the emissions from these sources.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

Finance and Investments

AB 1794 (DeVore, R-Orange County) Local Government: Investments (Chapter 164, Statutes of 2006)

AB 1794 extends the repeal date from January 1, 2007 to January 1, 2011 for a county or city to invest its funds in short-term unsecured promissory notes issued by corporations for maturities of 270 days or less and eliminates its ten percent cap. This bill also changes the ten percent cap in commercial paper per agency for agencies that pool their investments to ten percent of the total assets of investment in the pool.

OCTA Position - Monitor

Impact on OCTA: OCTA's investment policies may need to be amended accordingly.

AB 2011 (Vargas, D-San Diego) Local Agency Investments (Chapter 459, Statutes of 2006)

AB 2011 authorizes investments of up to 30 percent of surplus funds in certificates of deposit at a commercial bank, savings bank, or credit union that uses a private sector entity assisting in the placement of certificates of deposit under specified conditions.

OCTA Position - Monitor

Impact on OCTA: OCTA's investment policies may need to be amended accordingly.

Freeways

ACR 23 (Garcia, R-Cathedral City) Intrastate Trucking: Traffic Congestion (Chapter 90, Statutes of 2006)

ACR 23 urges the regional transportation agencies to examine the flow of traffic to develop commercial trucking routes that would provide for the most direct movement through a city and a county in order to reduce the time that trucks are in city limits and county areas, along with the level of pollution that is created. Urges city and counties to incorporate this process as part of the revisions to their general and specific plans.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only. It is uncertain how this resolution will be executed, but as a regional transportation planning agency, OCTA would consult and

work with the cities and the County, as well as with Caltrans, to examine the flow of traffic, possibly including the study of commercial truck routes.

Funding

AB 1801 (Laird, D-Santa Cruz) Budget Act of 2006 (Chapter 47, Statutes of 2006)

Makes appropriations for support of state government for the 2006-2007 fiscal year.

OCTA Position: Monitor

Impact on OCTA: For informational purposes only. This bill was used as a vehicle for necessary statutory changes relative to the 2006-2007 Budget Act.

AB 2538 (Wolk, D-Davis) Transportation Funds (Chapter 821, Statutes of 2006)

AB 2538 authorizes each transportation planning agency or county transportation commission to request and receive up to five percent of federal metropolitan planning funds for the purposes of project planning, programming, and monitoring. Changes references to regional improvement funds to refer instead to county share.

OCTA Position – Support with Amendment

Impact on OCTA: This bill originally would have provided a baseline funding level to allocate existing funds for planning purposes to reduce fluctuations in funding over time. It was amended in the Assembly to remove this section and now is a bill only impacting Bay Area transit agencies.

AB 2882 (De La Torre, D-South Gate) Infrastructure Financing Districts (Chapter 197, Statutes of 2006)

AB 2882 allows a city that is a member of the Orangeline Development Authority (Authority) and that establishes an infrastructure financing district to provide funding to the Authority for public transit facilities, including magnetic levitation related facilities.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. The Orangeline Development Authority is a joint powers agency (JPA) made up of 14 cities in Los Angeles and Orange counties. The Authority wants to build a high-speed magnetic levitation train line from Palmdale to Irvine. The passage of this bill serves as a tool to form Infrastructure Financing Districts (IFDs) and divert property tax increment revenues and finance proposed construction costs. It is important to note that once local officials approve a potential plan, the city or county must obtain a two-thirds voter approval to form the IFD and issue bonds.

**SB 1132 (Senate Budget & Fiscal Review Committee) Transportation
(Chapter 56, Statutes of 2006)**

SB 1132 serves as the omnibus transportation trailer bill to make the statutory changes necessary to implement the Budget Act of 2006. SB 1132 provides the repayment of \$920 million of the 2004-2005 Proposition 42 suspension. Keeps all gas tax "spillover" funds in transportation and allocates approximately \$248 million for local transit agencies, and \$62 million for the STIP and other PTA needs. Other budget act allocations include \$20 million for farm worker transportation and \$13 million for the High Speed Rail Authority.

OCTA Position: Monitor

Impact on OCTA: Orange County cities and counties will not receive their normal distribution of funds from Proposition 42 under SB 1132. However, the early repayment of Proposition 42 loans will provide these cities and the County with approximately \$20 million for local streets and roads. Due to full funding for Proposition 42, OCTA will not have to deprogram projects currently in the State Transportation Improvement Program (STIP) and will also receive approximately \$4.25 million from the Public Transportation Account (PTA) for transit operations. Non-spillover PTA revenues will provide \$11.4 million for OCTA transit operations.

SB 1135 (Senate Budget & Fiscal Review Committee) Agricultural Worker Transportation Program (Chapter 516, Statutes of 2006)

SB 1135 establishes the Agricultural Worker Transportation Program to be administered by the Department of Transportation. Allocates funding to public agencies for agricultural workers transportation services and associated capital expenditures.

OCTA Position - Monitor

Impact on OCTA: The fiscal year (FY) 2006-2007 budget agreement reallocated \$20 million from the PTA for this purpose, resulting in slightly reduced funding for OCTA.

**SB 1282 (Ducheny, D-San Diego) Federal Funds: Border Infrastructure
(Chapter 451, Statutes of 2006)**

SB 1282 requires federal funds apportioned to the state under the coordinated border infrastructure program of the Safe, Accountable Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU) to be programmed, allocated, and expended in the same manner as other federal transportation capital funds in the state transportation improvement program. Authorizes use of funds for projects in Mexico.

OCTA Position – Monitor

Impact on OCTA: This bill conforms state law to federal law, thereby allowing funds allocated to California for this purpose to be spent as intended. Portions of Orange County fall within the area designated in SAFETEA-LU and could be eligible for funding.

**SCA 7 (Torlakson, D-Antioch) Transportation Investment Fund
(Chapter 49, Statutes of 2006)**

SCA 7 will appear on the ballot as Proposition 1A in November 2006. Known as the Proposition 42 fix, it is similarly structured to the local government fix passed in 2004. The bill allows for a suspension of Proposition 42 funds, in whole or in part, under certain circumstances, but prohibits a suspension from occurring more than twice during a ten year period. Requires repayment with interest within three years and a second loan cannot be taken until prior loans are repaid.

OCTA Position – Support

Impact on OCTA: Ensures higher and more reliable funding for ongoing transportation needs in Orange County by preventing state diversions of funding intended for transportation. In both FY 2002-2003 and FY 2004-2005, the state fully or partially diverted these funds. However, full funding has been provided in FY 2005-2006 and FY 2006-2007.

Homeland Security

AB 450 (Yee, D-San Francisco) Standardized Emergency Management System: Animals (Chapter 604, Statutes of 2006)

AB 450 requires that the Office of Emergency Services approve, adopt, and incorporate the California Animal Response Emergency System (CARES) Program into the standardized emergency management system. Requires the office and other entities to enter into a memorandum of understanding regarding the CARES program.

OCTA Position - Monitor

Impact on OCTA: This bill could require an update to OCTA's emergency response plan to include animal response and care in an emergency.

AB 1848 (Bermudez, D-Norwalk) Homeland Security: Interoperable Public Safety Network (Chapter 728, Statutes of 2006)

AB 1848 designates the annual report of the Public Safety Radio Strategic Planning Committee as the state strategic plan for establishing a statewide integrated interoperable public safety communications network. Requires the report to include implementation strategies and timelines.

OCTA Position - Monitor

Impact on OCTA: This could require OCTA to update communications equipment to comply with interoperability standards in the plan.

**AB 1889 (Nava, D-Santa Barbara) State Emergency Council
(Chapter 502, Statutes of 2006)**

AB 1889 adjusts the membership of the State Emergency Council to include a representative of a local public health agency. It also establishes two advisory committees

to the Council and further encourages community, business, and school preparedness efforts. In addition to requiring the publication of a biennial report on emergency preparedness, it also requires that the Office of Emergency Services notify the Council with regard to any state of emergency.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. This bill will not provide OCTA or industry representatives with additional representation on the council, rather it simply adjusts other areas of membership and reporting.

**AB 2041 (Nava, D-Santa Barbara) Public Safety: Communications
(Chapter 855, Statutes of 2006)**

AB 2041 adjusts the membership of the Public Safety Radio Strategic Planning Committee to include the Military Department, Department of Health Services, and the Department of Finance, and remove the Department of Youth Authority. Further requires that a representative from the Office of Emergency Services serve as chairperson and mandates that establishing interoperability amongst first response agencies is a high priority.

OCTA Position - Monitor

Impact on OCTA: This bill will not provide OCTA or industry representatives with additional representation, but does adjust committee membership. It could also require OCTA to update communications equipment to comply with the plan.

**AB 2116 (Cohn, D-Saratoga) Emergency Services: Disaster Assistance: Equipment
(Chapter 903, Statutes of 2006)**

AB 2116 requires that equipment recommended by the Public Safety Radio Strategic Planning Committee and purchased by the state conforms to governmental standards for interoperability.

OCTA Position - Monitor

Impact on OCTA: This bill could require OCTA to update communications equipment to comply with interoperability standards in the plan.

**AB 2237 (Karnette, D-Long Beach) Harbors and Ports: Security
(Chapter 503, Statutes of 2006)**

AB 2237 requires the annual report of the Director of Homeland Security to include specified information on policies, projects, and funding necessary to protect the state's harbor facilities, port facilities, and the commercial marine transportation sector from terrorist attack.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. However, safety projects and funding could extend into Orange County from the Ports of Los Angeles and Long Beach.

SB 1451 (Kehoe, D-San Diego) Emergency Preparedness: Disabled Community (Chapter 600, Statutes of 2006)

SB 1451 requires the Governor's Office of Emergency Services to ensure representation of the disabled community on all pertinent Standardized Emergency Management System Specialist Committees and requires the State Fire Marshal to seek research funds for development of new technologies to assist in the evacuation of disabled persons.

OCTA Position - Monitor

Impact on OCTA: Funds may be available from this program to assist Orange County with disabled evacuation efforts in an emergency.

Infrastructure Bonds

AB 521 (Runner, R-Lancaster) Transportation Facilities: Public-Private Partnerships (Chapter 542, Statutes of 2006)

AB 521 further clarifies AB 1467 (Chapter 32, Statutes of 2006) stating that development lease agreements will be deemed approved if the Legislature fails to reject them within 60 days.

OCTA Position - Monitor

Impact on OCTA: This bill would allow OCTA and other agencies to develop future public-private partnerships to provide for a greater number of transportation improvements in the state.

AB 1039 (Nunez, D-Los Angeles) Government: Environment: Bonds: Transportation (Chapter 31, Statutes of 2006)

AB 1039 exempts specified levee, highway, and bridge retrofit projects from the California Environmental Quality Act (CEQA). Also provides for a master environmental impact report for Highway 99 projects funded by SB 1266 (Chapter 25, Statutes of 2006). The bill also conforms state law to federal law permitting state approval of National Environmental Policy Act (NEPA) documents under certain circumstances.

OCTA Position - Monitor

Impact on OCTA: The delegation of NEPA approval authority to the State could save valuable time and money in project development and environmental study phases for OCTA projects. California is one of five states authorized to conduct this pilot project through SAFETEA-LU.

AB 1467 (Nunez, D-Los Angeles) Transportation Projects: Facilities: Partnerships (Chapter 32, Statutes of 2006)

AB 1467 authorizes the Department of Transportation and regional transportation agencies to enter into eight comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements. No lease agreements may be entered into under this authority on or after January 1, 2012. This bill is further clarified by AB 521 (Chapter 542, Statutes of 2006).

OCTA Position – Support

Impact on OCTA: This bill would allow OCTA and other agencies to develop future public-private partnerships to provide for a greater number of transportation improvements in the state. It is important to note, that original public-private partnership legislation in California, as contained in AB 680 (Chapter 107, Statutes of 1989), allowed for four demonstration projects in the state. One of those projects included the construction of the 91 Express Lanes in Orange County.

SB 1266 (Perata, D-Oakland) Highway, Safety, Traffic Reduction, Air Quality Bond Act of 2006 (Chapter 25, Statutes of 2006)

SB 1266 authorizes \$19.925 billion in general obligation bonds for transportation corridor improvements, trade infrastructure and port security projects, school bus retrofit, transportation improvements, transit and rail improvements, state-local transportation projects, transit security, local bridge retrofit, highway-railroad grade and crossing projects, highway rehabilitation, local street and road improvements. This will appear on the November 2007 ballot as Proposition 1B.

OCTA Position – Monitor

Impact on OCTA: If approved by the voters, the bond could provide over \$500 million for local transportation projects in Orange County.

Planning

SB 1587 (Lowenthal, D-Long Beach) Transportation Planning: Federal Funds (Chapter 673, Statutes of 2006)

SB 1587 requires a transportation planning agency to submit an updated regional transportation plan every four years, except that specified agencies without an urbanized area or not in a air quality management district may submit its plan every five years.

OCTA Position - Monitor

Impact on OCTA: This bill creates uniformity between state and federal transportation plan timelines reducing the time spent on updating plans on different schedules.

Public Works

AB 372 (Nation, D-San Rafael) Public Contracts: Transit Design-Build Contracts (Chapter 262, Statutes of 2006)

AB 372 extends existing law that allows transit operators to enter into design-build contracts for specified projects until 2011.

OCTA Position - Support

Impact on OCTA: OCTA is using the best value method of design-build authority to construct transit ways on the Garden Grove Freeway (State Route 22), which has cut three to five years off of construction time. Although this authority can no longer be used on state highways, this bill would extend the availability of design-build transit authority for other transit projects.

AB 573 (Wolk, D-Davis) Design Professionals: Indemnity (Chapter 455, Statutes of 2006)

AB 573 alters indemnity laws related to public agency construction contracts, stating that the contractor can only be held liable for circumstances in which they themselves are negligent or caused harm, and not for circumstances deemed out of their control.

OCTA Position - Monitor

Impact on OCTA: This could leave OCTA and other local agencies vulnerable to conditions not within their control and therefore must assume additional liability for projects performed by contractors, potentially increasing contract costs.

SB 369 (Simitian, D-Palo Alto) Solid Waste: Tire Recycling: Rubberized Asphalt (Chapter 300, Statutes of 2006)

SB 369 revises the eligibility factors for rubberized asphalt concrete and tire-derived aggregate tire recycling grants. It also revises and increases the types of activities eligible for funding for activities that reduce or are designed to reduce or promote the reduction of landfill disposal of used whole tires.

OCTA Position - Monitor

Impact on OCTA: This bill could provide additional grant funding for rubberized asphalt projects in Orange County by distributing greater amounts for wider purposes.

SB 535 (Runner, R-Antelope Valley) Design-Build Contracts: City of Victorville (Chapter 244, Statutes of 2006)

SB 535 allows the City of Victorville to use the design-build contracting method for the construction of buildings until January 1, 2011. If used, the city will have to make a specified report to the Legislative Analyst's Office regarding the effectiveness of the method.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. Instead of addressing the design-build issue in a comprehensive, statewide manner, piecemeal legislation continues to work its way through. Currently there are various cities, counties, and special districts that have this authority, but such authority has been granted through individual legislation. Although legislation was introduced this year, specifically SB 1431 (Cox, R-Fair Oaks), which would have granted all cities, counties, and special districts in California the right to use design-build contracting, it was held under submission by the Senate Appropriations Committee.

SB 1026 (Kuehl, D-Santa Monica) Highway Construction Contracts: Design-Build Projects (Chapter 1, Statutes of 2006)

SB 1026 authorizes the Los Angeles County Metropolitan Transportation Authority to use design-build for the construction of a high-occupancy vehicle lane on the Interstate 405 freeway.

OCTA Position - Oppose

Impact on OCTA: The Professional Engineers in California Government (PECG) agreed to allow this bill to move forward on the condition that no other system-wide design-build authority would be authorized in the 2006 legislative session. AB 143 (Núñez, D-Los Angeles), which would have provided broader, statewide design-build authority was adamantly opposed by PECG, and never made it out of the Legislature. Instead of addressing the design-build issue in a comprehensive, statewide manner, this bill is again a prime example of piecemeal design-build legislation serving as a tool for specific projects, rather than as a statewide project alternative.

SB 1605 (Margett, R-Arcadia) Public Contracts: Public Works (Chapter 183, Statutes of 2006)

SB 1605 specifies that in public works contracts that involve digging trenches deeper than four feet below the surface, the contractor must notify the public entity in writing of any physical conditions that differ from conditions indicated by information about the site made available to bidders prior to the deadline for submitting bids.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. This bill would provide for additional notification regarding subsurface conditions.

Railroads

AB 158 (Bermudez, D-Norwalk) Railroads: Safety Study (Chapter 697, Statutes of 2006)

AB 158 creates the Special Railroad Safety Task Force to study certain railroad safety issues and to make recommendations for improving railroad safety measures. Requires the Public Utilities Commission to include the findings and recommendations of the task force in

a specified report to the Legislature on sites on railroad lines that are found to be hazardous.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only. OCTA will monitor the group's efforts and findings to ensure that maximum safety is achieved without compromising operational efficiency.

**AB 713 (Torrico, D-Newark) High-Speed Passenger Train Bond Act
(Chapter 44, Statutes of 2006)**

AB 713 postpones the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the November 4, 2008, general election.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only. If it had appeared on the November 2006 ballot as originally intended, it may have placed too many competing demands on the same ballot, so it will be postponed until 2008.

**AB 1935 (Bermudez, D-Norwalk) Railroads: Maintenance and Safety
(Chapter 885, Statutes of 2006)**

AB 1935 requires that the inspection of railroad locomotives, equipment, and facilities occur not less frequently than every 120 days, and requires focused inspections of railroad yards and track. It also conforms state law to current federal quiet zone regulations.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. Current inspections are already provided by Metrolink at or exceeding the standards set above. OCTA is also complying with federal regulations regarding quiet zones.

**AB 2630 (Benoit, R-Palm Desert) Grade Separation Project Funding
(Chapter 420, Statutes of 2006)**

AB 2630 provides greater flexibility in the allocation of Public Utilities Commission (PUC) funds related to railroad-highway grade separation projects. Specifically it allows an agency that has already received an allocation to be eligible for another allocation for another project within ten years, if the Department of Transportation determines that funds are available.

OCTA Position - Monitor

Impact on OCTA: This bill could allow OCTA to receive additional allocations of funds from the PUC for grade separations without time limitations in between allocations.

**AB 3023 (Nunez, D-Los Angeles) Railroads: Safety
(Chapter 867, Statutes of 2006)**

AB 3023 requires railroad operators to conduct a risk assessment of their facilities and implement an infrastructure protection program. It also requires a railroad corporation to notify the Public Utilities Commission and the collective bargaining representative of any affected employee of any utilization of remote control locomotives.

OCTA Position - Monitor

Impact on OCTA: This bill requires rail operators to develop and implement measures to protect rail lines from security breaches.

**ACR 151 (Matthews, D-Tracy) Grade Separation Projects
(Chapter 133, Statutes of 2006)**

ACR 151 requests the Public Utilities Commission to revise the prioritization formula used to establish the priority list for grade separation projects to include emergency vehicle delays.

OCTA Position - Monitor

Impact on OCTA: Changing the prioritization formula for grade separations could cause a reordering of some projects within Orange County and across the state. However, emergency vehicle delays are a significant factor for determining priority order and should be taken into consideration.

**SJR 13 (Escutia, D-Whittier) Railroad Safety
(Chapter 112, Statutes of 2006)**

SJR 13 urges the President and Congress to amend the Federal Railroad Safety Act to allow state and local regulation, so long as the state or local regulation does not conflict with federal law, nor impose an unreasonable burden on interstate commerce.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. It is unlikely federal regulatory law with respect to railroads will change to accommodate this request in the near future.

Transit Operations

**AB 768 (Nation, D-San Rafael) Touch-Screen Devices
(Chapter 546, Statutes of 2006)**

AB 768 requires a manufacturer or distributor of touch-screen technology used for the purpose of self-service check-in at a hotel or a facility providing passenger transportation services to offer for availability touch-screen self-service check-in devices that enable a person with a visual impairment to enter any personal information and to use the device independently and without the assistance of others in the same manner afforded to those without visual impairments.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. Should OCTA decide to implement this type of technology on the Bus Rapid Transit (BRT) lines, this regulation would apply. Otherwise, OCTA does not operate any touch-screen check-in services and Metrolink ticket purchase machines are not currently touch-screen technology.

SB 1726 (Lowenthal, D-Long Beach) Vehicles: Publicly Owned Transit System Buses: Signs (Chapter 881, Statutes of 2006)

SB 1726 authorizes buses, operated by a publicly owned transit system on regularly scheduled service, to be equipped with certain illuminated signs. Requires the signs adhere to certain specifications. Revises definition of lighting equipment to include these illuminated signs.

OCTA Position - Co-Sponsor

Impact on OCTA: Addresses concerns noted in the 2006 OCTA State Legislative Platform, Section IV.G, regarding the need to update the California Vehicle Code (CVC) with the respect to technological advances in bus destination signs. SB 1726 allows the vehicle code to catch-up with technology without sacrificing public safety.

SB 1749 (Midgen, D-San Francisco) Transit Fare Evasion (Chapter 258, Statutes of 2006)

SB 1749 authorizes the city and county of San Francisco and the Los Angeles County Metropolitan Transportation Authority (LAMTA) to adopt and enforce an ordinance to impose and enforce civil administrative penalties for transit fare evasion or passenger misconduct on or in a transit facility or vehicle, in lieu of criminal penalties. Specifies the administrative adjudication procedures for the imposition and enforcement of the administrative penalties.

OCTA Position - Monitor

Impact on OCTA: San Francisco and LAMTA sought this legislation for a pilot program to reduce costs associated with litigating offenses by allowing for administrative processing of certain activities.

Other Legislation

AB 1835 (Lieber, D-Mountain View) Minimum Wage (Chapter 230, Statutes of 2006)

AB 1835 increases the minimum wage to \$7.50 per hour, effective on January 1, 2007, and to \$8.00 per hour, effective on January 1, 2008.

OCTA Position - Monitor

Impact on OCTA: This law will make California the top paying state by January 2008 assuming no other states pass additional wage increases by that time. OCTA is not immediately impacted as all wages paid by OCTA are already above the new minimum wage.

**AB 2154 (Goldberg, D-Los Angeles) Parking: Car Share Vehicle
(Chapter 189, Statutes of 2006)**

AB 2154 allows a city or county, by ordinance or resolution, to designate certain streets or portions of streets for the exclusive parking privilege of motor vehicles participating in a car share vehicle program or ridesharing program with a valid permit.

OCTA Position - Monitor

Impact on OCTA: This bill would provide an economical and easy incentive to increase carpooling efforts to reduce congestion on local roads and freeways.

**AB 2210 (Goldberg, D-Los Angeles) Tow Trucks: Towing from private property
(Chapter 609, Statutes of 2006)**

AB 2210 provides protections to motorists from unfair vehicle towing practices and unauthorized vehicle towing from private property. Requires a property owner or lessee to include the name and telephone number of each towing company party to a written towing authorization with that person, and that the tow truck operator is to notify the registered owner of removal of a vehicle, grounds for the removal, and the place where the vehicle has been removed to. Requires immediate release of a vehicle not yet removed.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only. The intent of this bill is to protect consumers and support legitimate towing operators by enabling law enforcement to effectively combat illegal behavior by some predatory towing companies.

**AB 2542 (Daucher, R-Brea) Driver Assessment
(Chapter 282, Statutes of 2006)**

AB 2542 requires the Department of Motor Vehicles to conduct a pilot study on a three-tier assessment system to determine its effectiveness in identifying functional impairments, reducing crashes, and prolonging safe driving years of all drivers regardless of age.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

**AB 2923 (Calderon, D-Montebello) Crimes: Graffiti and Vandalism: Driver's License
(Chapter 434, Statutes of 2006)**

AB 2923 amends existing law that requires a court to suspend or delay the driving privilege for two years of a person convicted of committing specified acts of graffiti or vandalism. Requires a court to suspend that driving privilege for more than two years. In the case

where the person convicted does not yet have the privilege to drive, the court is required to delay that driving privilege for not less than one year nor more than three years.

OCTA Position - Monitor

Impact on OCTA: Graffiti places a large cost and legal burden on OCTA and increasing penalties for the infraction could discourage some participation in that activity.

**SB 145 (Murray, D-Los Angeles) Political Reform Act of 1974: Contributions
(Chapter 624, Statutes of 2006)**

SB 145 authorizes an elected state officer to accept contributions after the date of the election to the office presently held for the purpose of paying expenses associated with holding office, subject to certain limitations. Sets limits on the amount of contributions that may be made to an elected state officer in a calendar year, however, those contributions are would now be adjusted in odd numbered years to reflect changes in the Consumer Price Index (CPI).

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

**SB 463 (Ducheny, D-San Diego) Toll Roads: State Highway Route 125
(Chapter 446, Statutes of 2006)**

SB 463 allows tolls to be collected for a State Route 125 (SR-125) project for a period of up to 45 years, rather than 35 years, under specified terms and conditions. Authorizes the San Diego Association of Governments to continue the collection of tolls thereafter subject to a 2/3's vote of the association board, with excess toll revenues to be used for various projects that improve the operation of the SR-125 corridor.

OCTA Position – Monitor

Impact on OCTA: For Informational Purposes Only

**SB 1308 (Battin, R-Palm Desert) Bribery
(Chapter 435, Statutes of 2006)**

SB 1308 subjects a person who offers to give a bribe to any member of the legislative body of a city, county, or city and county, school district, or other special district, or a person on a members' behalf, or who attempts to influence the vote of such member, to imprisonment in the state prison. Subjects a member of such legislative body convicted of a crime involving bribery to forfeit his or her office and disqualifies him or her from ever holding office again and to the reimbursement of certain costs.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only.

**SB 1610 (Simitian, D-Palo Alto) Vehicles: Emergency Vehicles
(Chapter 375, Statutes of 2006)**

SB 1610 prohibits a person from driving in an unsafe manner within an emergency incident zone. It also prohibits a tow truck driver from using flashing amber warning lights on the freeway except when an unusual or extreme traffic hazard exists.

OCTA Position – Monitor

Impact on OCTA: For informational purposes only. Current law allows tow trucks to display the amber lights at any time they are servicing a vehicle.

**SB 1613 (Simitian, D-Palo Alto) Vehicles: Wireless Telephones
(Chapter 290, Statutes of 2006)**

SB 1613 makes it an infraction to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking and is used in that manner while driving. Exempts a person driving a bus, using a cellular telephone to contact a law enforcement agency or public safety entity for emergency purposes or a person using two-way radio while driving a truck, farm vehicle, or tow truck. Prohibits the assignment of a violation point for a violation.

OCTA Position - Monitor

Impact on OCTA: For informational purposes only.

Orange County Transportation Authority Legislative Matrix

(► Denotes changes from the last report)

OCTA Sponsor Legislation

AB 267

AUTHOR: Daucher [R]
TITLE: Transportation Projects
LAST AMEND: 08/15/2005
LOCATION: Senate Appropriations Committee
STATUS:
08/25/2005 In SENATE Committee on APPROPRIATIONS: Not heard.
NOTES: LP Sec. III (a) Repayment of local funds
COMMENTARY:
Sponsor bill clarifying Legislature's intent to fully reimburse, without time limits, local agencies that use local funds to advance projects in the STIP. Relevance to OCTA: Ensures reimbursement of local funds expended on STIP projects.
Position: Sponsor

Bills with Official Positions

- AB 372 **AUTHOR:** Nation [D]
TITLE: Public Contracts: Transit Design-Build Contracts
ENACTED: 09/14/2006
LOCATION: Chaptered
STATUS:
09/14/2006 Signed by GOVERNOR.
09/14/2006 Chaptered by Secretary of State. Chapter No. 262
COMMENTARY:
Authorizes Transit Operators to enter into a design-build contracts.
Position: Support
- AB 1699 **AUTHOR:** Frommer [D]
TITLE: Commuter and Intercity Passenger Trains
VETOED: 09/29/2006
LOCATION: Vetoed
STATUS:
09/29/2006 Vetoed by GOVERNOR.
COMMENTARY:
Requires the Department of Transportation to contract with the Institute of Transportation Studies to conduct a study of the safety of push-pull commuter rail and intercity rail passenger operations, and would require the study to be submitted to the Legislature by June 1, 2008.
Position: Watch
- AB 2361 **AUTHOR:** Huff [R]
TITLE: Transportation: Federal Funds: Border Infrastructure
LAST AMEND: 03/28/2006
LOCATION: Assembly Appropriations Committee
STATUS:
04/17/2006 From ASSEMBLY Committee on TRANSPORTATION: Do pass to Committee on APPROPRIATIONS.
COMMENTARY:
Exempts federal funds derived from apportionments made to the state under the coordinated border infrastructure program from being subject to the funding distribution and fair share formulas. Requires these funds to be programmed by the Transportation Commission through a competitive grant program separate from the state transportation improvement program in a manner consistent with federal law. Author has decided to support SB 1282 in lieu of this bill.
Position: Support
- AB 2538 **AUTHOR:** Wolk [D]
TITLE: Transportation Funds
ENACTED: 09/30/2006
LOCATION: Chaptered
STATUS:
09/30/2006 Signed by GOVERNOR.
09/30/2006 Chaptered by Secretary of State. Chapter No. 821
COMMENTARY:
Authorizes each transportation planning agency or county transportation commission to request and receive up to 5% of federal metropolitan planning funds for the purposes of project planning, programming, and monitoring.
Position: Support with Amendment

ACA 4 **AUTHOR:** Plescia [R]
TITLE: Transportation Investment Fund
LAST AMEND: 05/09/2005
LOCATION: Assembly Appropriations Committee
STATUS:
01/09/2006 From ASSEMBLY Committee on TRANSPORTATION: Be adopted to Committee on APPROPRIATIONS.
NOTES: LP Proposition 42
COMMENTARY:
Deletes Proposition 42 suspension provisions. Relevance to OCTA: Ensures that OCTA, Orange County, and cities receive their share of Proposition 42 annually allowing for better project planning and delivery.
Position: Support

ACA 11 **AUTHOR:** Oropeza [D]
TITLE: Transportation Funds: Loans
INTRODUCED: 02/16/2005
LOCATION: Assembly Appropriations Committee
STATUS:
01/09/2006 From ASSEMBLY Committee on TRANSPORTATION: Do pass to Committee on APPROPRIATIONS.
COMMENTARY:
Deletes Proposition 42 suspension provisions. Permits up to 2 loans of Proposition 42 funds to the General Fund or to any other state fund or account in a 10 year period provided the first loan is repaid in full prior to permitting a second loan. Relevance to OCTA: Provides better protection of Proposition 42 allowing for better project planning and delivery.
Position: Watch

► SB 1726 **AUTHOR:** Lowenthal [D]
TITLE: Vehicles: Commercial and Common Carriers: Signs
ENACTED: 09/30/2006
LOCATION: Chaptered
STATUS:
09/30/2006 Signed by GOVERNOR.
09/30/2006 Chaptered by Secretary of State. Chapter No. 881
COMMENTARY:
Authorizes buses, operated by a publicly owned transit system on regularly scheduled service, to be equipped with certain illuminated signs, as specified. Requires that the signs adhere to certain specifications.
Position: Support

SB 1812 **AUTHOR:** Runner G [R]
TITLE: Department of Transportation: Surface Transportation
LAST AMEND: 05/02/2006
LOCATION: Senate Appropriations Committee
STATUS:
05/25/2006 In SENATE Committee on APPROPRIATIONS: Not heard.
COMMENTARY:
Authorizes the Director of Transportation to consent to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of the responsibilities assumed pursuant to the surface transportation project delivery pilot program. Requires the department to submit a specified report relating to the program. This language was included in AB 1039 as part of the infrastructure bond package.
Position: Support

SCA 7

AUTHOR: Torlakson [D]
TITLE: Loans of Transportation Revenues and Funds
ADOPTED: 05/06/2006
LOCATION: Chaptered
STATUS:
05/09/2006 Chaptered by Secretary of State.
05/09/2006 Chapter No. 49

COMMENTARY:

This will be "Proposition 1A" on the November 2006 ballot. This bill protects Proposition 42 from further state diversions by limiting loans to the General Fund to twice in a 10-year period. In addition, loans must be repaid with interest within 3 years.

Position: Support

Bills being Monitored

► AB 32	<p>AUTHOR: Nunez [D] TITLE: Greenhouse Gases: Global Warming Solutions Act ENACTED: 09/27/2006 LOCATION: Chaptered STATUS: 09/27/2006 Signed by GOVERNOR. 09/27/2006 Chaptered by Secretary of State. Chapter No. 488 COMMENTARY: Requires the State Air Resources Board to adopt regulations establishing a program to require the reporting and verification of statewide green house gas emissions. Requires the board to adopt a statewide greenhouse gas emissions limit equivalent to statewide greenhouse gas emissions levels in 1990, to become effective in 2020. Requires establishment of enforceable interim emissions limits that progressively reduce emissions levels toward meeting the 2020 limit.. Position: Monitor</p>
AB 143	<p>AUTHOR: Assembly Budget Committee TITLE: Highway Construction: Design-Build Program LAST AMEND: 05/04/2006 LOCATION: Assembly Unfinished Business – Concurrence in Senate Amendments STATUS: 08/30/2006 In ASSEMBLY. Reconsideration granted. COMMENTARY: Authorizes certain state and local transportation entities to use a design-build process for contracting transportation projects. Authorizes transportation projects, to be selected by the state Transportation Commission. Establishes a procedure for submitting bids that include a requirement that design builders provide a statement of qualifications submitted to the transportation entity that is verified under oath. This bill was intended to be part of the infrastructure bond package. Position: Monitor</p>
AB 713	<p>AUTHOR: Torrico [D] TITLE: High-Speed Passenger Train Bond Act LAST AMEND: 06/27/2006 LOCATION: Chaptered STATUS: 06/27/2006 ****To GOVERNOR. 06/27/2006 Signed by Governor. 06/27/2006 Chaptered by Secretary of State. Chapter No. 44 COMMENTARY: Puts the \$9.95 billion High Speed Rail Bond Act on the Nov. 8, 2008 ballot. Position: Monitor</p>

AB 1039 **AUTHOR:** Nunez [D]
TITLE: Government: Environment: Bonds: Transportation
ADOPTED: 05/19/2006
LOCATION: Chaptered
STATUS:
05/19/2006 Signed by GOVERNOR.
05/19/2006 Chaptered by Secretary of State. Chapter No. 31
COMMENTARY:
Exempts specified levee, highway and bridge retrofit projects from the California Environmental Quality Act. Provides for a master environmental impact report for a plan adopted by the Department of Transportation for improvements to segments of Highway 99 funded by specified bond funds. Consents the jurisdiction of federal courts to the surface transportation project delivery pilot program. Provides for a consolidated permit or approval for urgent levee repairs funded by specified bond funds. Part of the infrastructure bond package.
Position: Monitor

AB 1157 **AUTHOR:** Frommer [D]
TITLE: Rail Safety and Traffic Mitigation Bond Act of 2006
LAST AMEND: 02/08/2006
LOCATION: Senate Transportation and Housing Committee
STATUS:
02/08/2006 From SENATE Committee on TRANSPORTATION AND HOUSING with author's amendments.
02/08/2006 In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION AND HOUSING.
COMMENTARY:
States the intent of the Legislature to enact legislation providing for a general obligation bond act to be submitted to the voters for approval in order to provide funding for a program to eliminate the most dangerous railroad-highway grade crossings in the state, as identified by the Public Utilities Commission, with funds to be allocated by the Transportation Commission.
Position: Monitor

AB 1467 **AUTHOR:** Nunez [D]
TITLE: Transportation Projects: Facilities: Partnerships
ADOPTED: 05/19/2006
LOCATION: Chaptered
STATUS:
05/19/2006 Signed by GOVERNOR.
05/19/2006 Chaptered by Secretary of State. Chapter No. 32
COMMENTARY:
Authorizes the Department of Transportation and regional transportation agencies to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements. Authorizes regional transportation agencies to apply to develop and operate high-occupancy toll lanes. Limits the number of such projects. Part of the infrastructure bond package.
Position: Monitor

AB 1783	<p>AUTHOR: Nunez [D] TITLE: Infrastructure Financing INTRODUCED: 01/04/2006 LOCATION: ASSEMBLY STATUS: 01/04/2006 INTRODUCED COMMENTARY: This bill would provide for the financing of state and local government infrastructure through various funding sources. This is Assembly Democrats Infrastructure Bond Proposal. Position: Monitor</p>
AB 1838	<p>AUTHOR: Oropeza [D] TITLE: Transportation Bond Acts of 2006, 2008, and 2012 INTRODUCED: 01/10/2006 LOCATION: ASSEMBLY STATUS: 01/10/2006 INTRODUCED COMMENTARY: This bill would authorize general obligation bonds for various transportation purposes, pledges a percentage of existing fuel excise taxes and truck weight fees to offset the cost of the bond debt service, and authorizes transportation entities to use a design-build process for contracting on transportation projects. This is the Administrations Infrastructure Bond Proposal. Identical to SB 1165. Position: Monitor</p>
AB 1974	<p>AUTHOR: Walters [R] TITLE: High Occupancy Vehicle Lanes INTRODUCED: 02/09/2006 LOCATION: Assembly Transportation Committee STATUS: 04/24/2006 In ASSEMBLY Committee on TRANSPORTATION: Not heard. COMMENTARY: Authorizes any county board of supervisors to authorize the use of high occupancy vehicle lanes on the state highway system within the county by any highway vehicle, providing that this use is consistent with federal law. Position: Monitor</p>
AB 1990	<p>AUTHOR: Walters [R] TITLE: Eminent Domain LAST AMEND: 04/03/2006 LOCATION: ASSEMBLY STATUS: 06/08/2006 From ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT without further action pursuant to JR 62(a). COMMENTARY: Prohibits a city, county, special district, school district, community redevelopment agency, or community development commission or joint powers agency from exercising the power of eminent domain to acquire any real property if ownership of the property will be transferred to a private party or private entity. Provides exceptions. Position: Monitor</p>

AB 2025	<p>AUTHOR: Niello [R] TITLE: Design Build Contracts INTRODUCED: 02/14/2006 LOCATION: Assembly Transportation Committee STATUS: 04/17/2006 In ASSEMBLY Committee on TRANSPORTATION: Heard, remains in Committee.</p> <p>COMMENTARY: Authorizes the Department of Transportation to contract using the design-build process for the design and construction of transportation projects. Requires the director of the department to establish a prequalification and selection process.</p> <p>Position: Monitor</p>
AB 2028	<p>AUTHOR: Huff [R] TITLE: Transportation Funding INTRODUCED: 02/14/2006 LOCATION: ASSEMBLY STATUS: 02/14/2006 INTRODUCED</p> <p>COMMENTARY: States the intent of the Legislature to provide an appropriation in the Budget Act of 2007 or in related legislation during the 2007-08 fiscal year to repay fully all funds that would have been transferred to the Transportation Investment Fund in previous fiscal years, but for the enactment of statutes providing for the suspension of those transfers.</p> <p>Position: Monitor</p>
AB 2128	<p>AUTHOR: Torrico [D] TITLE: Tax: Credits: Commuter Benefits LAST AMEND: 05/03/2006 LOCATION: ASSEMBLY STATUS: 06/08/2006 From ASSEMBLY Committee on REVENUE AND TAXATION without further action pursuant to JR 62(a).</p> <p>COMMENTARY: Relates to the Personal Income Tax and Corporation Tax laws. Authorizes a credit against those taxes for the costs incurred by a qualified taxpayer to provide commuter benefits to its employees.</p> <p>Position: Monitor</p>
► AB 2210	<p>AUTHOR: Goldberg [D] TITLE: Tow Trucks: Regulating ENACTED: 09/29/2006 LOCATION: Chaptered STATUS: 09/29/2006 Signed by GOVERNOR. 09/29/2006 Chaptered by Secretary of State. Chapter No. 609</p> <p>COMMENTARY: Revises procedures governing the removal of a vehicle parked on private property, requires that the written authorization from the property owner or lessee contain specific information and that a specified good faith attempt has been made to notify the vehicle owner. Requires the display, at a storage facility, of notice stating certain information. Requires notification of law enforcement. Provide civil penalty for violation.</p> <p>Position: Monitor</p>

AB 2290 **AUTHOR:** DeVore [R]
TITLE: State Highway Facilities Designated for Trucks: Fees
LAST AMEND: 04/04/2006
LOCATION: ASSEMBLY
STATUS:
05/17/2006 From ASSEMBLY Committee on TRANSPORTATION
without further action pursuant to JR 62 (a).
COMMENTARY:
Authorizes the Department of Transportation or regional transportation agencies to enter into comprehensive development franchise agreements with public and private entities for the construction of transportation projects on state highways designated for exclusive use of commercial trucks. Authorizes user fees to be collected during the franchise agreement period, and authorizes the Transportation Commission to approve continuation of those fees after termination of the agreement.
Position: Monitor

► AB 2295 **AUTHOR:** Arambula [D]
TITLE: Transportation Capital Improvement Projects
VETOED: 09/28/2006
LOCATION: Vetoed
STATUS:
09/28/2006 Vetoed by GOVERNOR.
COMMENTARY:
States that local road rehabilitation projects are eligible for funds allocated for transportation capital improvement funds.
Position: Monitor

AB 2495 **AUTHOR:** Frommer [D]
TITLE: Transportation Facilities: Public-Private Partnerships
LAST AMEND: 08/28/2006
LOCATION: Senate Rules Committee
STATUS:
08/28/2006 In SENATE. Read third time and amended. Senate Rule
29.3 suspended. To third reading.
08/28/2006 Re-referred to SENATE Committee on RULES
COMMENTARY:
Modifies existing law concerning development lease agreements with public or private entities for certain transportation projects that may charge tolls or user fees. Provides that the Legislature has 90 days to act to reject a lease is submitted for review, otherwise it is considered approved.
Position: Monitor

► AB 2600 **AUTHOR:** Lieu [D]
TITLE: Vehicles: HOV Lanes
ENACTED: 09/29/2006
LOCATION: Chaptered
STATUS:
09/29/2006 Signed by GOVERNOR.
09/29/2006 Chaptered by Secretary of State. Chapter No. 614
COMMENTARY:
Extends certain provisions of law related to allowing low-emission and hybrid vehicles to operate in HOV Lanes. Increases the number of described distinctive decals , labels, and other identifiers that are required to be issued by the Department of Transportation.
Position: Monitor

AB 3047	<p>AUTHOR: Canciamilla [D] TITLE: Toll Facilities LAST AMEND: 05/30/2006 LOCATION: Senate Transportation and Housing Committee STATUS: 06/15/2006 To SENATE Committee on TRANSPORTATION AND HOUSING</p> <p>COMMENTARY: Authorize the Department of Transportation or regional transportation agency to construct high-occupancy vehicle and other preferential lanes on the state highway system. Authorizes a regional transportation agency to construct and operate those lanes as toll facilities subject to specified requirements. Position: Monitor</p>
ACA X1 4	<p>AUTHOR: Keene [R] TITLE: State Finances LAST AMEND: 04/11/2005 LOCATION: Assembly Budget Process Committee STATUS: 04/11/2005 From ASSEMBLY Committee on BUDGET PROCESS with author's amendments. 04/11/2005 In ASSEMBLY. Read second time and amended. Re-referred to ASSEMBLY Committee on BUDGET PROCESS.</p> <p>COMMENTARY: Administration's budget report proposal which includes Proposition 98 reform and Proposition 42 protections. Position: Monitor</p>
ACA 5	<p>AUTHOR: Richman [R] TITLE: Public Retirement Systems INTRODUCED: 12/06/2004 LOCATION: Assembly Public Employees, Retirement and Social Security Committee</p> <p>STATUS: 04/14/2005 To ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT, AND SOCIAL SECURITY.</p> <p>COMMENTARY: Proposes a constitutional amendment that would prohibit new employees, hired after July 1, 2007, from participating in a defined benefit plan. These employees would be limited to a defined contribution plan or retirement system. Position: Monitor</p>
ACA 7	<p>AUTHOR: Nation [D] TITLE: Local Governmental Taxation LOCATION: Assembly Appropriations Committee STATUS: 05/25/2005 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.</p> <p>COMMENTARY: Lowers voter threshold to 55% for special tax measures. Position: Monitor</p>

ACA 9	AUTHOR: Bogh [R] TITLE: Motor Vehicle Fuel Sales Tax Revenue LOCATION: Assembly Appropriations Committee STATUS: 01/09/2006 From ASSEMBLY Committees on TRANSPORTATION: Be adopted to the Committee on APPROPRIATIONS. COMMENTARY: Would amend Prop 42 to require 4/5ths of the legislature to suspend transfer instead of the current 2/3rds. Position: Monitor
ACA 22	AUTHOR: La Malfa [R] TITLE: Eminent Domain: Condemnation Proceedings LAST AMEND: 01/26/2006 LOCATION: ASSEMBLY STATUS: 06/12/2006 From ASSEMBLY Committees on HOUSING AND COMMUNITY DEVELOPMENT without further action pursuant to JR 62(a). COMMENTARY: Amends existing eminent domain law to only allow for private property to be taken when it is for a stated public use. Position: Monitor
ACA 27	AUTHOR: McCarthy [R] TITLE: State Budget: Capital Outlay LOCATION: ASSEMBLY STATUS: 01/25/2006 INTRODUCED COMMENTARY: Requires that the budget submitted to the Legislature by the Governor allocate, and that the Budget Bill as passed by the Legislature and as signed by the Governor appropriate, General Fund revenues to fund capital outlay projects of statewide significance and interest in an annual amount determined pursuant to a specified schedule. Position: Monitor
► SB 53	AUTHOR: Kehoe [D] TITLE: Redevelopment ENACTED: 09/29/2006 LOCATION: Chaptered STATUS: 09/29/2006 Signed by GOVERNOR. 09/29/2006 Chaptered by Secretary of State. Chapter No. 591 COMMENTARY: Requires redevelopment plans to contain a description of the agency's program to acquire real property by eminent domain, including prohibitions, if any, on the use of eminent domain, and a time limit for the commencement of eminent domain proceedings. Position: Monitor

SB 153 **AUTHOR:** Chesbro [D]
TITLE: Parks and Recreation
LAST AMEND: 08/24/2006
LOCATION: Assembly Water, Parks and Wildlife Committee
STATUS:
08/30/2006 In ASSEMBLY. Action rescinded whereby bill was re-referred to ASSEMBLY Committee on APPROPRIATIONS.

COMMENTARY:
Provides for the distribution of bond funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 for local assistance grants for neighborhood, community, and regional parks, and recreational lands and facilities. Creates the Challenged Rural Communities Program. Provides for the distribution of bond funds from the Housing and Emergency Shelter Trust Fund Act of 2006 for park creation, to encourage specified infill development.

Position: Monitor

SB 172 **AUTHOR:** Torlakson [D]
TITLE: Bay Area State-Owned Toll Bridge: Financing
LAST AMEND: 05/27/2005
LOCATION: Assembly Transportation Committee
STATUS:
06/13/2005 To ASSEMBLY Committee on TRANSPORTATION.

COMMENTARY:
Gives the Bay Area Toll Authority more control over Caltrans construction of toll bridge seismic retrofits in the Bay Area. Requires quarterly reports by Caltrans the projects.

Position: Monitor

SB 208 **AUTHOR:** Alquist [D]
TITLE: Transportation: Traffic Congestion Relief Program
LAST AMEND: 06/12/2006
LOCATION: Assembly Appropriations Committee
STATUS:
08/17/2006 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.

COMMENTARY:
Authorizes the Transportation Commission to enter into a full funding grant agreement with a regional or local transportation agency that is the lead applicant for a project and that has a specified unallocated balance of Traffic Congestion Relief Program funding.

Position: Watch

SB 371 **AUTHOR:** Torlakson [D]
TITLE: Public Contracts: Design-Build: Transportation
LAST AMEND: 01/23/2006
LOCATION: ASSEMBLY
STATUS:
01/30/2006 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.

COMMENTARY:
Declares the intent of the Legislature to enact legislation that would develop an alternative and optional procedure for bidding on highway, bridge, tunnel, or public transit construction projects in the jurisdiction of any county, local transportation authority or local or regional transportation entity. Authorizes the Department of Transportation to develop an alternative bidding procedure for highway, bridge, or tunnel projects on the state highway system.

Position: Monitor

SB 427 **AUTHOR:** Hollingsworth [R]
TITLE: Environmental Quality Act: Scoping Meetings
LAST AMEND: 01/04/2006
LOCATION: Assembly Natural Resources Committee
STATUS:
02/16/2006 To ASSEMBLY Committee on NATURAL RESOURCES.
COMMENTARY:
Requires at least one scoping meeting for a project and requires the lead agency to consult with transportation planning agencies that could be affected by a project. Requires notice of at least one scoping meeting be provided to those agencies required to be consulted concerning the project and to require, in the consultation, the project's effect on overpasses, on-ramps, and off-ramps.
Position: Monitor

SB 459 **AUTHOR:** Romero [D]
TITLE: Air Pollution: South Coast District: Locomotives
LAST AMEND: 08/21/2006
LOCATION: Assembly Inactive File
STATUS:
08/31/2006 In ASSEMBLY. Reconsideration granted.
08/31/2006 In ASSEMBLY. To Inactive File.
COMMENTARY:
Authorizes SCAQMD to collect a fee associated with locomotive air pollution and to expend it for specified mitigation purposes including railroad grade crossings.
Position: Monitor

SB 760 **AUTHOR:** Lowenthal [D]
TITLE: Ports: Congestion Relief: Security Enhancement
LAST AMEND: 05/27/2005
LOCATION: Assembly Appropriations Committee
STATUS:
08/17/2006 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.
COMMENTARY:
Authorizes the Ports of Los Angeles and Long Beach to impose a \$30 fee on each Twenty foot Equivalent Unit (TEU). The Port would retain \$10 for improvements and would forward \$10 to AQMD for air quality mitigation, and \$10 to the CTC to use on railroad improvement projects in Orange and other counties.
Position: Monitor

► SB 927 **AUTHOR:** Lowenthal [D]
TITLE: Ports: Congestion Relief: Security: Environment
VETOED: 09/22/2006
LOCATION: Vetoed
STATUS:
09/22/2006 Vetoed by GOVERNOR.
COMMENTARY:
Requires the ports of Los Angeles and Long Beach to develop a user fee on the owner of container cargo moving through the port and to retain a portion for projects to improve security. Requires the remainder of the fee to be transmitted to the Port Congestion Relief Trust Fund for rail project to improve moving port container cargo and the Port Mitigation Relief Trust Fund to develop project to mitigate environmental pollution caused by the movement of cargo in the ports.
Position: Monitor

SB 1024 **AUTHOR:** Perata [D]
TITLE: Public Works and Improvements: Bond Measure
LAST AMEND: 01/26/2006
LOCATION: ASSEMBLY
STATUS:
01/30/2006 In SENATE. Read third time. Passed SENATE. *****To
ASSEMBLY.

COMMENTARY:
Enacts the Essential Facilities Seismic Retrofit Bond Act of 2005 to place a \$10.3 billion general obligation bond before voters to funds seismic retrofit of essential facilities, including the Bay Bridge, repay Proposition 42 loans, and to facilitate goods movement.

Position: Monitor

SB 1161 **AUTHOR:** Alarcon [D]
TITLE: State Highways: Design-Sequencing Contracts
LAST AMEND: 06/21/2006
LOCATION: Assembly Appropriations Committee
STATUS:
08/17/2006 In ASSEMBLY Committee on APPROPRIATIONS: Heard,
remains in Committee.

COMMENTARY:
Relates to existing law authorizing the Department of Transportation, to conduct a pilot project to award design-sequencing contracts for the design and construction of not more than 12 transportation projects. Authorizes the department to award contracts for projects using the design-sequencing contract method, certain requirements are met.

Position: Monitor

SB 1165 **AUTHOR:** Dutton [R]
TITLE: Transportation Bond Acts of 2006, 2008, and 2012
INTRODUCED: 01/10/2006
LOCATION: Senate Transportation and Housing Committee
STATUS:
01/19/2006 To SENATE Committees on TRANSPORTATION AND
HOUSING and ENVIRONMENTAL QUALITY.

COMMENTARY:
This bill would authorize general obligation bonds for various transportation purposes, pledges a percentage of existing fuel excise taxes and truck weight fees to offset the cost of the bond debt service, and authorizes transportation entities to use a design-build process for contracting on transportation projects. This is the Administrations Infrastructure Bond Proposal. Identical to AB 1838.

Position: Monitor

SB 1266 **AUTHOR:** Perata [D]
TITLE: Highway Safety, Traffic Reduction, Air Quality
ADOPTED: 05/16/2006
LOCATION: Chaptered
STATUS:
05/16/2006 Signed by GOVERNOR.
05/16/2006 Chaptered by Secretary of State. Chapter No. 25
COMMENTARY:
Enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Authorizes a specified amount of general obligation bonds for transportation corridor improvements, trade infrastructure and port security projects, transit security, local bridge retrofit, highway-railroad grade and crossing projects, highway rehabilitation, local street and road improvements. Part of the infrastructure bond package.
Position: Monitor

► SB 1282 **AUTHOR:** Ducheny [D]
TITLE: Transportation: Federal Funds: Border Infrastructure
ENACTED: 09/25/2006
LOCATION: Chaptered
STATUS:
09/25/2006 Signed by GOVERNOR.
09/25/2006 Chaptered by Secretary of State. Chapter No. 451
COMMENTARY:
Requires federal funds apportioned to the state under the coordinated border infrastructure program of the Safe, Accountable Flexible, Efficient Transportation Equity act: a Legacy for Users (SAFETEA-LU) to be programmed, allocated and expended in the same manner as other federal transportation capital funds in the state transportation improvement program. Authorizes use of funds for projects in Mexico.
Position: Monitor

SB 1431 **AUTHOR:** Cox [R]
TITLE: Public Contracts: Design-Build Contracting: Cities
LAST AMEND: 04/18/2006
LOCATION: Senate Appropriations Committee
STATUS:
05/25/2006 In SENATE Committee on APPROPRIATIONS: Not heard.
COMMENTARY:
Permits any city with the approval of the city council, county boards of supervisors, and special districts to enter into specified design-build contracts in accordance with specified provisions. Requires that contracts costing more than a specified amount by those cities, counties or districts to be awarded to the lowest responsible bidder. Requires the Legislative Analyst's Office to report to the Legislature regarding the effectiveness of the design-build program.
Position: Monitor

SB 1593	AUTHOR: Runner G [R] TITLE: Vehicles: Removal: Storage LAST AMEND: 05/22/2006 LOCATION: Assembly Transportation Committee STATUS: 06/15/2006 To ASSEMBLY Committee on TRANSPORTATION. COMMENTARY: Requires the owner or person in lawful possession of private property to verify that the towing company that will be used to remove a vehicle from private property has a valid motor vehicle carrier permit before causing the removal of the vehicle from the property. Position: Monitor
▶ SB 1613	AUTHOR: Simitian [D] TITLE: Vehicles: wireless telephones ENACTED: 09/15/2006 LOCATION: Chaptered STATUS: 09/15/2006 Signed by GOVERNOR. 09/15/2006 Chaptered by Secretary of State. Chapter No. 290 COMMENTARY: Makes it an infraction to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving. Provides that this prohibition does not apply to a person who is using a cellular telephone to contact a law enforcement agency or public safety entity for emergency purposes. Prohibits the assignment of a violation point for a violation. Position: Monitor
▶ SB 1703	AUTHOR: Lowenthal [D] TITLE: State Transportation Commission VETOED: 09/29/2006 LOCATION: Vetoed STATUS: 09/29/2006 Vetoed by GOVERNOR. COMMENTARY: Expand the membership of the California Transportation Commission to 13 members, with one additional voting member each appointed by the Speaker of the Assembly and the Senate Committee on Rules, not subject to Senate confirmation. Position: Monitor
SCA 15	AUTHOR: McClintock [R] TITLE: Eminent Domain: Condemnation Proceedings LAST AMEND: 08/23/2005 LOCATION: Senate Judiciary Committee STATUS: 08/30/2005 In SENATE Committee on JUDICIARY: Failed passage. 08/30/2005 In SENATE Committee on JUDICIARY: Reconsideration granted. COMMENTARY: Amends existing eminent domain law to only allow for private property to be taken when it is for a stated public use. Position: Monitor

SCA 20	AUTHOR: McClintock [R] TITLE: Eminent Domain: Condemnation Proceedings INTRODUCED: 01/11/2006 LOCATION: Senate Judiciary Committee STATUS: 04/25/2006 In SENATE Committee on JUDICIARY: Failed passage. 04/25/2006 In SENATE Committee on JUDICIARY: Reconsideration granted. COMMENTARY: Amends existing eminent domain law to only allow for private property to be taken when it is for a stated public use. Position: Monitor
SCA 21	AUTHOR: Runner G [R] TITLE: State Budget INTRODUCED: 01/11/2006 LOCATION: Senate Budget and Fiscal Review Committee STATUS: 03/02/2006 In SENATE Committee on BUDGET AND FISCAL REVIEW: Heard, remains in Committee. COMMENTARY: Administration's General Fund GO Bond 6% Debt Cap Proposal Position: Monitor



BOARD COMMITTEE TRANSMITTAL

October 23, 2006

To: Members of the Board of Directors
From: ^{WK}Wendy Knowles, Clerk of the Board
Subject: Funding for Fullerton Transportation Center Parking Structure

Transit Planning and Operations Committee

October 12, 2006

Present: Directors Brown, Duvall, Green, Norby, and Winterbottom
Absent: Directors Pulido and Silva

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Direct staff to work with the Fullerton Redevelopment Agency to acquire the identified property in a manner that retains State Transportation Improvement Program interregional funds for use in Orange County.



October 12, 2006

To: Transit Planning and Operations Committee
From: Arthur T. Leahy, ^{ATL}Chief Executive Officer
Subject: Funding for Fullerton Transportation Center Parking Structure

Overview

The Orange County Transportation Authority Board of Directors and the California Department of Transportation have approved State Transportation Improvement Program funding for the construction of a parking structure at the Fullerton Transportation Center. The Fullerton Redevelopment Agency has identified a parcel for the project. The Fullerton Redevelopment Agency and the City of Fullerton are seeking assistance from the Orange County Transportation Authority to acquire this parcel in advance of the timetable required to fulfill State Transportation Improvement Program requirements.

Recommendation

Direct staff to work with the Fullerton Redevelopment Agency to acquire the identified property in a manner that retains State Transportation Improvement Program interregional funds for use in Orange County.

Background

State Transportation Improvement Program (STIP) funding was originally programmed to the Fullerton Transportation Center Parking Structure project as part of the 2002 STIP (April 2002). The original STIP funding of \$3 million was made available by the California Department of Transportation (Caltrans) Division of Rail as part of the Interregional Transportation Improvement Program (ITIP) to accommodate growth in the state-supported Amtrak Pacific Surfliner rail service. As part of the 2002 STIP, the Orange County Transportation Authority (OCTA) worked with Caltrans to transfer \$5 million of state funding, originally reserved for a previously planned Yorba Linda train station, to the Fullerton Transportation Center Parking Structure project.

In November 2005, the OCTA Board of Directors (Board) adopted the Metrolink Expansion Plan and the Comprehensive Funding Strategy, which approved the programming of \$15.7 million in additional STIP funds for the Fullerton Transportation Center parking structure. OCTA staff worked with Fullerton Redevelopment Agency (RDA) staff in late 2005 and early 2006 to re-scope the project to add more parking spaces and to identify a larger site than previously envisioned by the RDA. The re-scoped project and additional funding was approved by the California Transportation Commission (CTC) as part of the 2006 STIP (April 2006). Also, at this time, OCTA assisted the RDA to obtain approval from the CTC and Caltrans to delay the start of the plans, specifications, and estimates (PS&E) phase so that the City of Fullerton (City) could complete the environmental clearance phase. Total STIP funding for the project is now \$23.7 million, of which \$8 million is under Caltrans direction and \$15.7 million is under OCTA direction. The City has committed \$1.5 million. Total project funding of \$25.2 million is summarized in the table below.

Current Approved Funding		
OCTA STIP	\$	15.70
Caltrans ITIP	\$	8.00
City	\$	1.50
Total	\$	25.20

Discussion

The STIP guidelines require adherence to a rigid project development process in which planning, environmental approval, and PS&E must be completed before right-of-way (ROW) can be acquired using STIP funds. The Fullerton RDA has identified a parcel of land that is currently available on the open market. The RDA would like to acquire the parcel in advance of environmental approval and completion of PS&E so that the ROW can be protected for development of the parking structure. The Caltrans ROW acquisition procedures do allow advance acquisition under certain conditions and it appears this situation may warrant advance acquisition; however, the approval process does take some time. Staff estimates that approval of advance acquisition may not occur until the first quarter of 2007. While this is significantly ahead of the CTC-approved schedule, the RDA has stated that the timeline may be too late.

The RDA would like to make an offer on the subject parcel in November 2006 and close escrow before the end of the year. The RDA is seeking OCTA Board support for advance acquisition of the ROW and seeks OCTA support to fully fund the project in the event that the acquisition process deviates from STIP guidelines and causes a loss of state funding to the project (see discussion below).

The current CTC-approved schedule calls for the RDA to fully complete state and federal environmental clearance and initiate PS&E by December 2006. Based upon the current schedule verbally provided by the RDA, they will not be able to initiate the PS&E phase by December 2006. The CTC and Caltrans would have to approve any time extension or amendment to the project. Current CTC policy allows only one extension under justifiably unforeseen circumstances. As the project has already received one time extension, (June 2006 deadline extended to December 2006) the STIP guidelines do not allow for any additional extensions.

The PS&E phase is funded with \$1 million in ITIP funds. If the PS&E is not initiated, the \$1 million will lapse from the project and be returned to the state ITIP fund. Once the funds lapse, there is no requirement or guarantee that the ITIP funds will be re-programmed to an Orange County project. They are eligible for programming anywhere in the state. There are significant demands for ITIP funds around the state, and there is a high likelihood that the \$1 million in ITIP funds would be programmed to another project.

If the \$1 million in ITIP funds were to lapse, this action would force a re-assessment of the project by the CTC and Caltrans, including a review of the overall project schedule and funding plan. Staff believes that lapse of funds, coupled with the desire of the RDA to acquire ROW prior to completion of the environmental phase and completion of PS&E, will likely result in Caltrans reconsidering participation in the funding of this project.

The remaining \$7 million in ITIP funds are programmed to the ROW and construction phases of the project. In an effort to retain ITIP funds on the project, staff proposes to work with Caltrans Division of Rail and CTC staff to re-program the remaining ITIP funds to the construction phase of the project in future years. The decision to re-program is discretionary on part of the CTC and Caltrans. There are significant demands for ITIP funds around the state. There is a high likelihood that the remaining \$7 million in ITIP funds could be lost to the Fullerton Parking Structure project and Orange County.

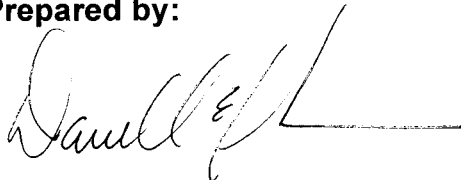
Summary

The RDA desires to acquire ROW in advance of environmental clearance and completion of PS&E, which does not adhere to STIP project development guidelines. This action may cause the loss of up to \$8 million in STIP interregional funds to the Fullerton Transportation Center Parking structure and Orange County. The RDA is seeking OCTA Board support for advance acquisition of the ROW and seeks OCTA support to fully fund the project in the event that the acquisition process deviates from STIP guidelines and causes a loss of state funding to the project.

Attachment

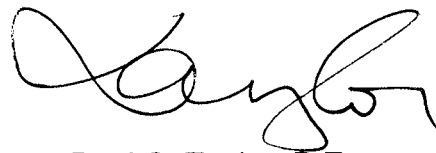
None.

Prepared by:



Darrell E. Johnson
Department Manager, Programming,
Project Development & Commuter Rail
(714) 560-5343

Approved by:



Paul C. Taylor, P.E.
Executive Director, Development
(714) 560-5431



BOARD COMMITTEE TRANSMITTAL

October 23, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Purchase Order for Excess Liability Insurance Policy

Finance and Administration Committee

October 11, 2006

Present: Directors Cavecche, Campbell, Correa, Duvall, and Pringle
Absent: Director Wilson

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations (reflects change from staff recommendation)

- A. Authorize the Chief Executive Officer to issue Purchase Order C-6-0673, in the amount not to exceed \$340,000, for the purchase of \$10 million coverage in primary excess liability insurance.
- B. Authorize the Chief Executive Officer to issue Purchase Order C-6-0674, in the amount not to exceed \$160,000, for the purchase of \$10 million coverage in secondary excess liability insurance.
- C. Request staff to provide materials on the current practices for insurance renewals for Directors Campbell and Duvall to review and bring back to the November Finance and Administration meeting.



October 11, 2006

To: Finance and Administration Committee
ATL/ES
From: Arthur T. Leahy, Chief Executive Officer
Subject: Purchase Order for Excess Liability Insurance Policy

Overview

The Orange County Transportation Authority has excess liability insurance policies with Clarendon National Insurance Company (a subsidiary of the American International Group) and ARCH Insurance Group. These policies are scheduled to expire on October 31, 2006.

Recommendations

- A. Authorize the Chief Executive Officer to issue Purchase Order C-6-0673, in the amount not to exceed \$340,000, for the purchase of \$5 million coverage in primary excess liability insurance.
- B. Authorize the Chief Executive Officer to issue Purchase Order C-6-0674, in the amount not to exceed \$160,000, for the purchase of \$5 million coverage in secondary excess liability insurance.

Background

The Orange County Transportation Authority (OCTA) is self-insured for liability claims. However, OCTA purchases excess liability insurance to provide financial protection against potential high exposure liability losses. The OCTA currently has a primary excess liability policy with Clarendon National Insurance Company. This policy provides coverage of \$5 million in excess of OCTA's self-insured retention (SIR). In addition, OCTA has secondary excess liability insurance through ARCH Insurance Group. This policy provides an additional \$5 million in coverage to OCTA beyond the Clarendon National Insurance policy. Purchasing both policies provides OCTA with \$10 million of liability insurance in excess of OCTA's \$5 million SIR.

OCTA as well as other public transit organizations are currently experiencing a less favorable insurance market due to fewer insurance companies willing to write transportation risks. Factors like annual mileage, gross receipts, payroll and the number of vehicles and passengers are analyzed by insurance companies to determine insurability and premiums.

Discussion

The OCTA currently has a primary excess liability policy with Clarendon National Insurance Company for a premium of \$259,380, as well as secondary excess liability insurance through ARCH Insurance Group for a premium of \$122,000. These policies are scheduled to expire on October 31, 2006.

The OCTA's Broker of Record, Marsh Risk and Insurance Services (Marsh), is surveying the market to competitively obtain the lowest possible quotes. Marsh does not receive any contingent or other commissions on this coverage.

Marsh is currently communicating with several insurance companies for quotes and has advised that Discover Reinsurance Company and RLI Insurance Company have declined to quote this coverage. Other companies are expected to provide quotes, including the incumbent carrier Clarendon National Insurance Company. However, as a result of a loss experienced in 2005 that required Clarendon National Insurance Company to contribute toward an OCTA Board approved claim settlement, OCTA may encounter higher premium quotes for this renewal. In the event that the insurance market provides more favorable quotes, OCTA will explore opportunities to increase coverage at amounts within the Board's authorization.

Fiscal Impact

Funds, in the amount of \$333,333, are available in the fiscal year 2006-07 budget and \$166,667 will be requested in the fiscal year 2007-08 budget.

Summary

Marsh Risk and Insurance Services, Broker of Record under Agreement C-4-0275 for marketing, placement, and administration of property and liability, will obtain competitive quotes from the insurance market and award to the insurance firm providing best pricing and excess liability coverage to The Orange County Transportation Authority. Staff recommends the approval of purchase orders with Marsh Risk and Insurance Services to compete and purchase primary excess liability insurance with a not-to-exceed

**Purchase Order for Excess Liability Insurance
Policy**

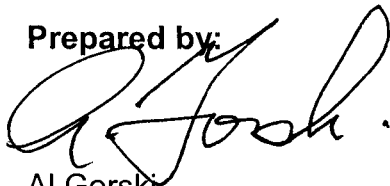
Page 3

amount of \$340,000, and secondary excess liability insurance with a not-to-exceed amount of \$160,000, for a coverage period of November 1, 2006 through October 31, 2007.

Attachment

None.

Prepared by:



Al Gorski
Manager
Risk Management
(714) 560- 5817

Approved by:



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



BOARD COMMITTEE TRANSMITTAL

October 23, 2006

To: Members of the Board of Directors
From: ^{WV}Wendy Knowles, Clerk of the Board
Subject: Third Quarter 2006 Debt and Investment Report

Finance and Administration Committee

October 11, 2006

Present: Directors Cavecche, Campbell, Correa, Duvall, and Pringle
Absent: Director Wilson

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.



October 11, 2006

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer
for ATLC

Subject: Third Quarter 2006 Debt and Investment Report

Overview

The California Government Code requires that the Orange County Transportation Authority Treasurer submit a quarterly investment report detailing the Orange County Transportation Authority's investment activity for the period. This investment report covers the third quarter of 2006, July through September, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendation

Receive and file the Quarterly Debt and 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 \$1 billion as of September 30, 2006. 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 \$589 million as of September 30, 2006. Approximately 63 percent of the outstanding balance is comprised of Measure M fixed rate debt, 5 percent is comprised of Measure M variable rate debt, 31 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: In June of 2003, the Federal Open Market Committee (Fed) reduced the Fed Funds rate to a low of 1 percent, where it remained unchanged for a full year. Beginning June 30, 2004, under the guidance of then Fed Chairman Alan Greenspan, the Fed began a series of systematic rate increases that ended earlier this year in June. The current overnight rate has remained at 5.25 percent for one full quarter. While the Fed has hinted at the possibility of a fourth quarter rate increase, it should be noted that they have never paused during an interest rate tightening cycle for more than three months and resumed rate increases. During the last four years, the Fed has experienced a leadership change and successfully redirected a national economy that weathered both domestic and foreign influences.

More recently, the third quarter of 2006 began to show signs that the current economic expansion is losing momentum. The first quarter of 2006 experienced annualized Gross Domestic Product growth of 5.6 percent, followed by 2.6 percent during the second quarter. Early estimates for the third quarter suggest the growth rate to be near the 2 percent level. The slowing housing market and the leveling off of home equity extraction are expected to reduce personal spending. However, the Fed remains sensitive to pricing pressures that may signal rising inflation. Retail sales rebounded strongly during the quarter as energy prices retreated freeing up disposable income for many households.

Debt Portfolio Activity: On July 3, 2006, the Authority remitted a debt service payment to Series 1993 Certificates of Participation (COP) investors in the amount of \$1.3 million. Of this amount, \$1.2 million was used to retire COP principal.

On August 15, 2006, the Authority remitted a debt service payment to Measure M investors in the amount of \$10.5 million. The total amount remitted represented interest on the Measure M debt. Principal payments for the Measure M program are paid in February of each year. The Authority also retired \$5.4 million in principal from the Tax-Exempt Commercial Paper (TECP) program during the month of August.

Also occurring on August 15, 2006, was the Authority's debt service payment for the 91 Express Lanes in the amount of \$8.2 million. Of this amount, \$4.1 million was used to retire principal. Currently, there remains \$183.5 million outstanding on the 91 Express Lanes tax-exempt 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 \$46.4 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 September 30, 2006, the Authority has received approximately \$86,763, 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 September 30, 2006, 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 September 30, 2006, 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 returns for each of the investment managers for short-term operating monies and compared the returns to specific benchmarks as shown in Attachment C.

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 Investment Policy. For the quarter ending September 30, 2006, the weighted average total return for the Authority's Short-term Portfolio was 2.02 percent, 5 basis points higher than the benchmark return of 1.97 percent. For the 12-month period ending September 2006, the portfolio's return totaled 3.95 percent, 21 basis points above the benchmark return of 3.74 percent for the same period.

Demand for intermediate term fixed income securities rose dramatically during the third quarter resulting in strong market price gains for the Authority's portfolio. The price of the two-year treasury rose by 47 basis points for the quarter and the price of the five-year escalated by 52 basis points. Investors began purchasing securities of intermediate and longer terms due to the Fed showing signs of ending their historic campaign against inflation. The investment managers continue to add value by implementing unique and varied strategies within the parameters of the Authority's Investment Policy. By employing four investment managers, the Authority's portfolio continues to be well diversified and poised to weather changes in the fixed income security market.

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

A complete listing of all securities is provided in Attachment E. 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 July 2006 through September 2006.

Attachments

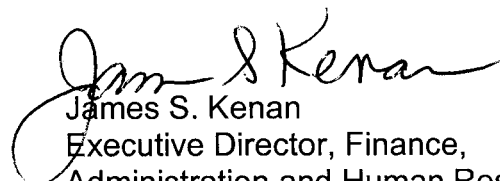
- A. Orange County Transportation Authority Outstanding Debt
September 30, 2006
- B. Orange County Transportation Authority Investment Policy Compliance
September 30, 2006
- C. Orange County Transportation Authority Short-term Portfolio
Performance Review Quarter Ending September 30, 2006
- D. Investment Manager Diversification and Maturity Schedules
September 30, 2006
- E. Orange County Transportation Authority Portfolio Listing as of
September 30, 2006

Prepared by:



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

Approved by:



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

**Orange County Transportation Authority
Outstanding Debt
September 30, 2006**

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	105,050,000	2011
1997 Second Senior Sales Tax Revenue Refunding Bonds	57,730,000	57,400,000	2011
1995 Tax-Exempt Commercial Paper	74,200,000	29,100,000	2011
1994 Second Senior Sales Tax Revenue Bonds	200,000,000	28,490,000	2011
1992 Second Senior Sales Tax Revenue Bonds	190,000,000	12,185,000	2011
1992 First Senior Sales Tax Revenue Bonds	350,000,000	123,615,000	2011
Sub-total	\$ 1,134,345,000	\$ 404,270,000	

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 TO DATE	\$ 1,350,710,000
TOTAL OUTSTANDING BALANCE	\$ 589,015,000

ORANGE COUNTY TRANSPORTATION AUTHORITY
Investment Policy Compliance
September 30, 2006

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	\$380,248,403	37.9%	100%
Federal Agencies & U.S. Government Sponsored	268,858,007	26.8%	100%
State of California & Local Agencies *	0	0.0%	25%
Money Market Funds & Mutual Funds	73,623,995	7.3%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	14,891,550	1.5%	30%
Commercial Paper	0	0.0%	25%
Medium Term Maturity Corporate Securities	77,322,697	7.7%	30%
Mortgage and Asset-backed Securities	76,057,193	7.6%	20%
Repurchase Agreements	6,824,997	0.7%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund	25,337,128	2.5%	\$ 40 Million
Orange County Investment Pool	13,909,528	1.4%	Legal Mandate
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	0	0.0%	30%
Debt Service Reserve Funds - Investment Agreements	64,913,763	6.5%	Not Applicable
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	<u>\$1,001,987,261</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 September 30, 2006**

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
7/31/2006	0.73%	1.70 years	0.81%	1.63 years	0.74%	1.56 years	0.69%	1.51 years	0.72%	1.68 years
8/31/2006	0.70%	1.79 years	0.74%	1.53 years	0.73%	1.81 years	0.75%	1.53 years	0.70%	1.79 years
9/30/2006	0.52%	1.76 years	0.55%	1.41 years	0.58%	2.05 years	0.56%	1.39 years	0.48%	1.70 years
Jul 06 - Sep 06 Total Return	1.97%		2.11%		2.06%		2.01%		1.91%	

HISTORICAL QUARTERLY RETURNS

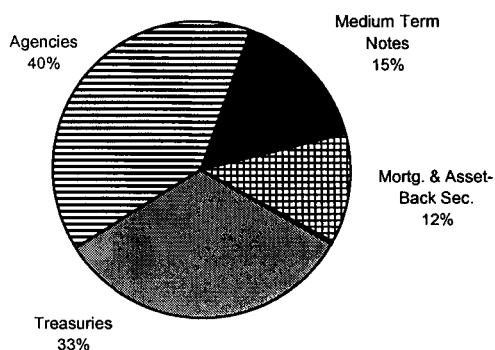
Oct 05 - Dec 05 Total Return	0.69%	0.66%	0.66%	0.70%	0.66%
Jan 06 - Mar 06 Total Return	0.39%	0.51%	0.45%	0.48%	0.56%
Apr 06 - Jun 06 Total Return	0.65%	0.64%	0.72%	0.79%	0.66%
Jul 06 - Sep 06 Total Return	1.97%	2.11%	2.06%	2.01%	1.91%
12-Month Total Return	3.74%	3.98%	3.95%	4.04%	3.81%

* - Month End Rates of Return are Gross of Fees

Bear Stearns

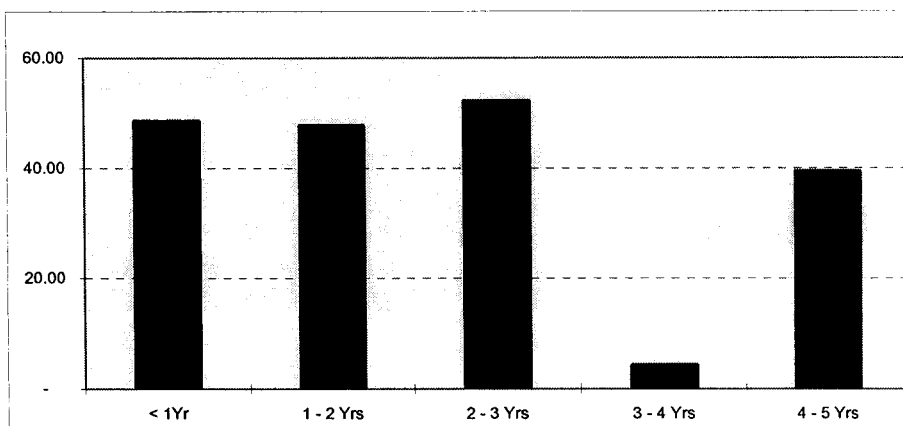
September 30, 2006

SHORT-TERM PORTFOLIO (\$192.8 M)



	Book Value	Market Value
Treasuries	\$63,112,556	\$62,353,932
Agencies	76,387,254	76,103,695
Medium Term Notes	29,655,615	28,909,166
Mortg. & Asset-Back Sec.	23,343,237	23,168,859
Money Market Funds	<u>316,789</u>	<u>316,789</u>
	<u>\$192,815,451</u>	<u>\$190,852,441</u>

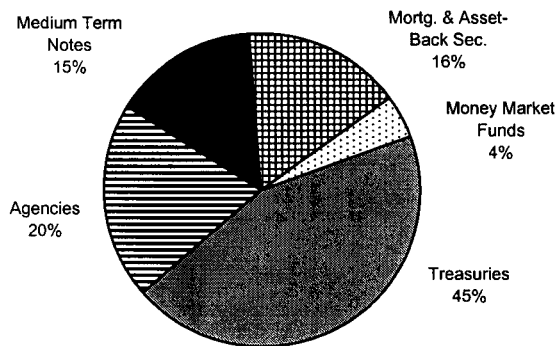
Wtd Avg Maturity	1.63 Yrs
Duration	1.41 Yrs
Quarter-end Yield	5.11%
Benchmark Comparison	4.85%
Quarter Return	2.11%
Benchmark Comparison	1.97%
12 Month Return	3.98%
Benchmark Comparison	3.74%



Western Asset Management

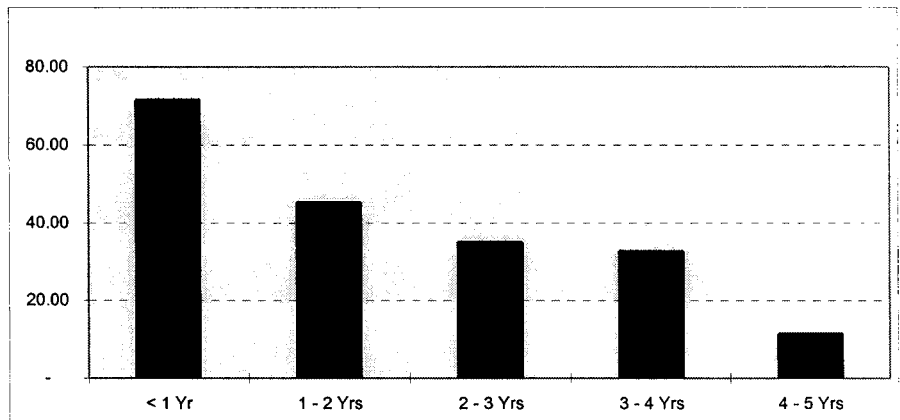
September 30, 2006

SHORT-TERM PORTFOLIO (\$196.0 M)



	Book Value	Market Value
Treasuries	\$86,682,362	\$86,738,639
Agencies	39,725,817	39,023,830
Medium Term Notes	29,293,949	28,125,853
Mortg. & Asset-Back Sec.	31,731,174	31,488,368
Money Market Funds	<u>8,572,937</u>	<u>8,572,937</u>
	<u>\$196,006,240</u>	<u>\$193,949,627</u>

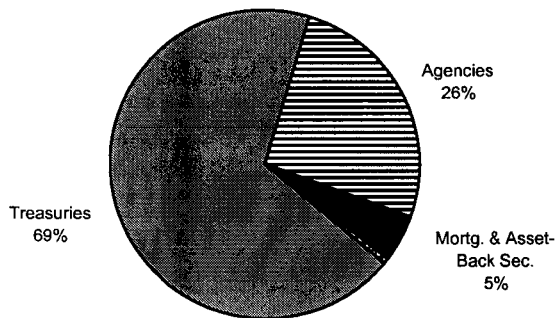
Wtd Avg Maturity	1.82 Yrs
Duration	1.39 Yrs
Quarter-end Yield	5.09%
Benchmark Comparison	4.85%
Quarter Return	2.01%
Benchmark Comparison	1.97%
12 Month Return	4.04%
Benchmark Comparison	3.74%



State Street

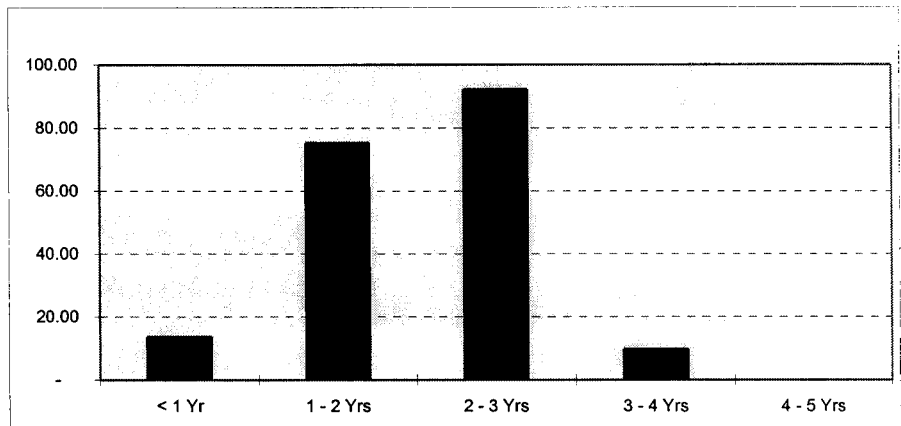
September 30, 2006

SHORT-TERM PORTFOLIO (\$190.9 M)



	Book Value	Market Value
Treasuries	\$131,022,873	\$131,320,394
Agencies	49,165,905	49,049,063
Mortg. & Asset-Back Sec.	9,843,945	9,857,577
Money Market Funds	<u>822,591</u>	<u>822,591</u>
	<u>\$190,855,314</u>	<u>\$191,049,624</u>

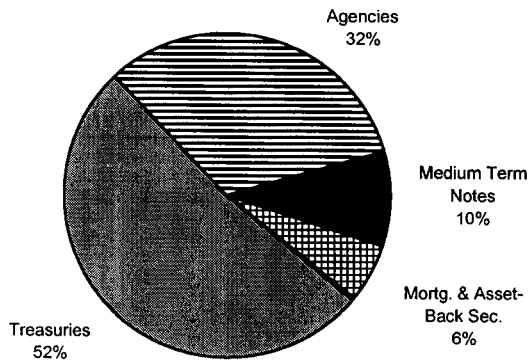
Wtd Avg Maturity	2.04 Yrs
Duration	1.70 Yrs
Quarter-end Yield	4.82%
Benchmark Comparison	4.85%
Quarter Return	1.91%
Benchmark Comparison	1.97%
12 Month Return	3.84%
Benchmark Comparison	3.74%



Payden & Rygel

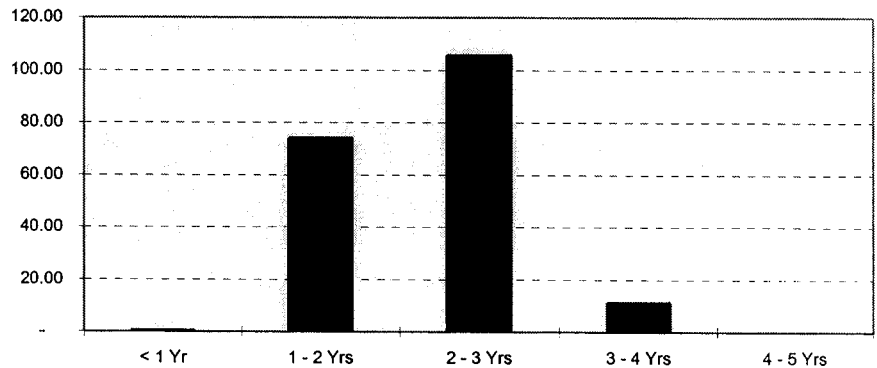
September 30, 2006

SHORT-TERM PORTFOLIO (\$191.2 M)



	Book Value	Market Value
Treasuries	\$99,430,612	\$99,554,070
Agencies	61,856,719	61,771,559
Medium Term Notes	18,373,133	18,449,690
Mortg. & Asset-Back Sec.	11,138,836	11,150,965
Money Market Funds	380,444	380,444
	<u>\$191,179,744</u>	<u>\$191,306,727</u>

Wtd Avg Maturity	2.36 Yrs
Duration	2.05 Yrs
Quarter-end Yield	4.83%
Benchmark Comparison	4.85%
Quarter Return	2.06%
Benchmark Comparison	1.97%
12 Month Return	3.95%
Benchmark Comparison	3.74%



Orange County Transportation Authority
Portfolio Listing
As of September 30, 2006

LIQUID PORTFOLIO

<u>Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield</u>
<u>Cash Equivalents</u>				
FHLMC Discount Note	2/14/2007	39,808,100.28	39,808,100.28	5.25%
FNMA Discount Note	2/15/2007	1,914,211.26	1,914,211.26	5.25%
Bank of the West CD	10/5/2006	8,500,000.00	8,500,000.00	5.20%
Repurchase Agreement	10/2/2006	6,824,996.76	6,824,996.76	4.75%
Fidelity Funds Treasury II	N/A	8,245,701.59	8,245,701.59	5.04%
First American Treasury Obligations	N/A	76,256.09	76,256.09	4.82%
Milestone Funds Treasury Obligations	N/A	40,700,249.20	40,700,249.20	5.03%
<i>Sub-total</i>		<u>106,069,515.18</u>	<u>106,069,515.18</u>	
<u>Local Agency Investment Fund (LAIF)</u>	N/A	25,337,128.41	25,337,128.41	4.84%
<u>Orange County Investment Pool (OCIP)</u>	N/A	13,909,527.74	13,909,527.74	5.09%
Liquid Portfolio - Total		<u>\$ 145,316,171.33</u>	<u>\$ 145,316,171.33</u>	

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>				
FHLB Discount Note	10/2/2006	7,497,031.25	7,498,020.83	4.75%
FHLMC Discount Note	4/17/2007	8,066,275.80	8,083,642.77	5.17%
Milestone Funds Treasury Obligations	N/A	10,092,760.16	10,092,760.16	5.03%
<i>Sub-total</i>		<u>25,656,067.21</u>	<u>25,674,423.76</u>	
<u>U.S. Government & Agency Obligations</u>				
FHLB	2/15/2007	10,336,026.00	9,984,375.00	4.88%
FHLB	9/14/2007	2,491,290.00	2,460,937.50	3.42%
FHLB	1/17/2008	4,000,000.00	4,006,250.00	5.74%
FHLB	4/7/2008	9,988,500.00	9,915,625.00	4.46%
FHLB	5/15/2008	3,673,552.50	3,690,234.38	4.06%
FHLB	6/13/2008	4,250,000.00	4,187,578.13	4.16%
FHLB	10/3/2008	5,974,200.00	5,923,125.00	4.43%
FHLB	3/13/2009	7,902,480.00	7,960,000.00	4.77%
FHLB	11/1/2010	7,454,850.00	7,497,656.25	5.12%
FHLMC	10/15/2006	3,991,124.00	3,996,250.00	2.75%
FHLMC	12/27/2007	9,996,000.00	9,985,000.00	5.00%
FHLMC	3/14/2008	6,235,187.50	6,240,750.00	5.10%
FHLMC	5/22/2008	5,991,900.00	6,003,600.00	5.37%
FHLMC	5/23/2008	5,508,580.00	5,435,980.00	4.30%
FHLMC	6/15/2008	5,827,591.33	5,793,062.50	3.94%
FHLMC	8/4/2008	4,492,395.00	4,461,750.00	4.53%
FHLMC	11/3/2008	5,984,100.00	5,971,980.00	4.92%
FHLMC	12/8/2008	4,987,200.00	4,992,600.00	5.05%
FHLMC	11/1/2010	4,910,750.00	4,951,000.00	5.04%
FNMA	1/18/2008	5,000,000.00	4,984,375.00	5.14%
FNMA	5/15/2008	22,833,544.90	22,235,343.75	5.90%
FNMA	7/28/2008	4,998,750.00	4,943,750.00	4.45%
FNMA	8/25/2008	5,997,180.00	5,973,750.00	4.77%

Orange County Transportation Authority
Portfolio Listing
As of September 30, 2006

FNMA	2/27/2009	5,992,800.00	5,996,250.00	5.28%
FNMA	4/13/2009	5,494,885.00	5,500,000.00	5.40%
FNMA	8/15/2009	22,461,807.68	22,559,635.00	5.31%
FNMA	8/15/2010	4,909,510.00	4,885,937.50	4.34%
FNMA	11/8/2010	7,208,182.50	7,220,546.88	5.22%
FNMA	11/15/2010	6,503,814.00	6,380,625.00	6.22%
FNMA	2/22/2011	6,176,187.50	6,228,515.63	5.31%
US Treasury Inflation Index Note	1/15/2007	12,803,299.41	12,636,061.48	3.42%
US Treasury Note	12/31/2006	29,567,578.13	29,846,400.00	3.01%
US Treasury Note	5/31/2007	18,975,507.81	18,815,937.50	3.53%
US Treasury Note	8/15/2007	11,858,704.23	11,775,000.00	2.80%
US Treasury Note	11/15/2007	15,714,593.76	15,699,492.19	3.06%
US Treasury Note	2/15/2008	5,144,568.73	5,174,337.00	3.07%
US Treasury Note	2/15/2008	9,802,734.37	9,811,300.00	3.43%
US Treasury Note	4/30/2008	22,065,468.75	22,132,045.00	4.86%
US Treasury Note	5/15/2008	30,491,669.68	30,415,315.77	3.80%
US Treasury Note	5/31/2008	10,465,136.72	10,519,687.50	4.86%
US Treasury Note	8/15/2008	21,306,080.13	21,151,445.00	4.16%
US Treasury Note	9/15/2008	3,913,906.25	3,884,375.00	3.21%
US Treasury Note	11/15/2008	25,132,536.43	25,142,887.00	4.40%
US Treasury Note	12/15/2008	25,736,523.43	25,068,140.00	3.46%
US Treasury Note	2/15/2009	17,117,453.12	17,238,585.00	4.51%
US Treasury Note	5/15/2009	26,874,714.22	27,156,093.75	4.84%
US Treasury Note	8/15/2009	81,118,026.72	81,440,052.00	4.84%
US Treasury Note	10/15/2009	6,292,812.50	6,273,515.63	3.49%
US Treasury Note	4/15/2010	5,867,089.59	5,786,366.00	4.07%
<i>Sub-total</i>		<u>591,820,791.89</u>	<u>590,333,518.34</u>	

Medium Term Notes

Abbott Labs	5/15/2009	728,175.00	736,278.00	5.32%
Allstate Life Global	7/30/2007	2,240,460.00	2,218,072.50	3.55%
ASIF Global Financial XVIII	11/26/2007	1,960,300.00	1,968,680.00	3.91%
Atlantic Richfield Company	4/15/2009	1,977,562.75	1,860,861.25	5.78%
Bank America Corp	2/1/2007	2,968,917.50	2,748,157.50	5.25%
Bank America Corp	2/17/2009	3,228,780.80	3,266,499.25	3.50%
Bank Boston NA	4/15/2008	2,202,315.00	2,085,424.00	6.26%
Bank One Corp	3/26/2007	2,220,015.00	2,100,861.00	5.49%
Banque Paribas	3/1/2009	2,134,576.50	2,048,904.50	6.62%
Berkshire Hathaway Financial Corp	10/15/2008	2,225,452.50	2,173,410.00	3.49%
Berkshire Hathaway Financial Corp	1/15/2010	1,999,400.00	1,943,060.00	4.24%
Citigroup Inc	2/1/2008	1,945,840.00	1,957,260.00	3.57%
Citigroup Inc	2/9/2009	2,020,958.00	2,042,036.90	3.74%
First Union National Bank Newark	10/15/2006	2,255,987.50	2,000,937.50	7.12%
General Electric Capital Corp	3/15/2007	2,054,858.50	2,050,861.00	5.37%
General Electric Capital Corp	9/1/2009	1,953,260.00	1,950,860.00	4.22%
Gillette Company	9/15/2009	1,937,000.00	1,938,300.00	3.92%
Goldman Sachs Group	10/27/2006	1,499,190.00	1,497,510.00	2.85%
Goldman Sachs Group	1/15/2008	493,055.00	493,635.00	4.17%
Household Financial Corp	5/15/2009	1,961,780.00	1,981,875.00	4.79%
International Lease Finance Corp	9/15/2008	2,926,020.00	2,950,650.00	4.42%
JP Morgan Chase & Co	5/1/2008	1,739,502.90	1,728,015.60	3.71%
LASMO USA Inc	12/15/2007	2,096,482.50	2,059,141.50	6.63%
Merrill Lynch & Co Inc	10/27/2008	3,092,002.00	3,077,525.00	4.86%
Morgan Stanley Co	4/1/2008	2,908,020.00	2,930,520.00	3.71%
National City Receivables Trust	8/24/2009	1,639,386.02	1,337,217.97	2.89%
Protective Life	11/24/2008	3,790,585.00	3,736,463.50	3.81%

Orange County Transportation Authority
Portfolio Listing
As of September 30, 2006

Sunamerica Inc.	10/1/2007	2,209,234.50	2,052,438.75	6.65%
Suntrust Bank Atlanta	5/25/2009	2,123,250.00	2,092,105.00	4.62%
US Bancorp	8/23/2007	2,813,517.50	2,693,144.75	3.99%
US Bank National Association	2/1/2007	2,121,538.75	2,106,427.50	2.89%
Wal Mart Stores	8/10/2009	2,137,505.78	2,021,153.90	6.56%
Wells Fargo	4/4/2008	1,729,675.20	1,718,164.80	3.58%
Wells Fargo	8/15/2008	1,953,000.00	1,958,420.00	4.08%
Wells Fargo	8/9/2010	2,064,493.50	2,017,876.50	4.69%
World Savings Bank	12/15/2009	1,970,600.00	1,941,960.00	4.24%
<i>Sub-total</i>		<u>77,322,697.70</u>	<u>75,484,708.17</u>	
<u><i>Mortgage And Asset-Back Securities</i></u>				
American Honda Auto Lease Trust	7/15/2009	2,999,540.10	2,981,451.60	4.63%
Americredit Auto Receivable Trust	10/6/2010	1,999,868.40	1,996,863.60	5.11%
ARG FDG Corporate Trust	4/20/2009	4,999,569.00	4,916,756.00	4.08%
ARMAX Auto Trust	11/15/2010	1,388,039.06	1,400,747.07	3.46%
Bank One Issuance Trust	5/17/2010	4,902,148.44	4,921,253.50	3.64%
Caterpillar Financial Trust	5/25/2010	3,299,694.06	3,327,158.34	5.52%
CIT Equipment Collateral Trust	3/20/2008	433,471.67	405,406.33	2.21%
Citibank Credit Crd Issuance Trust	8/16/2010	5,468,671.91	5,501,415.52	3.60%
CNH Equipment Trust	8/16/2010	4,499,783.55	4,508,557.65	5.19%
DaimlerChrysler Auto Trust	12/8/2007	158,449.29	158,318.80	2.00%
FHLB Mortgage Pool	7/25/2008	1,283,463.92	1,288,105.16	3.19%
FHLB Mortgage Pool	11/25/2009	3,832,537.18	3,839,090.26	3.97%
FHLB Mortgage Pool	10/25/2010	2,222,404.88	2,209,754.68	4.81%
FHLMC Mortgage Pool	9/1/2007	416,771.04	402,580.30	5.03%
FHLMC Mortgage Pool	11/15/2008	1,754,532.97	1,737,431.13	5.99%
FHLMC Mortgage Pool	2/1/2009	882,926.60	848,959.06	4.55%
FHLMC Mortgage Pool	3/1/2009	925,065.44	903,302.97	4.55%
FHLMC Mortgage Pool	4/1/2009	3,272,995.07	3,183,364.85	4.07%
FHLMC Mortgage Pool	12/1/2010	1,856,173.03	1,831,249.27	4.60%
FHLMC Mortgage Pool	12/1/2010	1,909,858.34	1,883,555.84	5.05%
FHLMC Mortgage Pool	4/1/2011	2,404,244.19	2,390,049.68	5.52%
FHLMC Mortgage Pool	9/15/2011	4,991,406.25	4,989,175.00	6.50%
FNMA Mortgage Pool	11/25/2008	293,727.21	262,320.14	6.01%
FNMA Mortgage Pool	1/1/2009	185,822.06	177,774.43	5.51%
FNMA Mortgage Pool	1/1/2009	75,804.15	72,521.18	5.51%
FNMA Mortgage Pool	6/25/2009	2,783,876.70	2,719,521.71	5.98%
FNMA Mortgage Pool	5/1/2010	2,440,217.42	2,463,146.84	4.59%
Franklin Auto Trust	3/16/2009	1,078,573.99	1,083,188.63	3.58%
GS Auto Loan Trust	5/17/2010	5,670,164.06	5,649,549.30	4.48%
MBNA Credit Card Master Trust	9/15/2010	4,941,796.88	4,936,323.50	4.25%
National City Auto Receivables Trust	7/15/2008	383,842.42	379,642.12	2.11%
USAA Auto Owner Trust	4/15/2008	301,781.42	300,629.35	2.06%
World Omni Auto Trust	10/15/2010	1,999,972.00	1,996,605.00	5.01%
<i>Sub-total</i>		<u>76,057,192.70</u>	<u>75,665,768.81</u>	
Short-Term Portfolio - Total		<u>\$ 770,856,749.50</u>	<u>\$ 767,158,419.08</u>	

**Orange County Transportation Authority
Portfolio Listing
As of September 30, 2006**

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	\$ 2,189,862.79		5.03%
<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	1,687,768.49		4.82%
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>			6,391,550.00	
Operating Reserve - Bank of the West CD		2,928,855.00		4.45%
Maintenance Reserve - Bank of the West CD		3,462,695.00		4.45%
<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	10.00		5.04%
<u>1994 Sales Tax Bonds -</u>	2011			
CSFP Agmt - Various Treasury Securities		7,237,763.10		5.98%
Fidelity Funds Treasury II	N/A	4,297,685.98		5.04%
<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	0.00		5.04%
<u>1998 Sales Tax Bonds -</u>	2011			
AIG GIC	2/15/2011	22,567,222.63		5.79%
Fidelity Funds Treasury II		0.00		5.04%
<u>2001 Sales Tax Bonds -</u>	2011			
Fidelity Funds Treasury II	2/15/2011	6,333,700.92		5.04%
Debt Service Reserve Funds - Total		\$ 85,814,341.18		

	<u>Book Value</u>	<u>Market Value</u>
TOTAL PORTFOLIO	\$ 1,001,987,262.01	\$ 998,288,931.59

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

October 23, 2006

To: Members of the Board of Directors
From: ^{WK}Wendy Knowles, Clerk of the Board
Subject: Fourth Quarter Fiscal Year 2005-06 Bus Operations Monthly Performance Measurements Report

Transit Planning and Operations Committee

October 12, 2006

Present: Directors Brown, Duvall, Green, Norby, and Winterbottom
Absent: Directors Pulido and Silva

Committee Vote

No action was taken on this receive and file informational item.

Committee Recommendation

Receive and file as an information item.



October 12, 2006

To: Transit Planning and Operations Committee
From: ^{ATL/EZ} Arthur T. Leahy, Chief Executive Officer
Subject: Fourth Quarter Fiscal Year 2005-06 Bus Operations Monthly Performance Measurements Report

Overview

The Orange County Transportation Authority recognizes the need for improved accountability and operational performance. With this in mind, the Bus Operations Monthly Performance Measurements Report was developed in accordance with Executive Management direction. The Bus Operations Monthly Performance Measurements Report serves as a tool to survey operational performance and as the nexus for process improvements.

Recommendation

Receive and file as an information item.

Background

In an effort to improve the operation of Orange County Transportation Authority's (OCTA) Bus Operations, staff has developed the Bus Operations Monthly Performance Measurements Report. This report is designed to allow management to monitor and evaluate how their respective business units are performing against budgeted targets.

The Fiscal Year (FY) 2005-06 Bus Operations Monthly Performance Measurements report has been designed to allow management to focus on several key areas within Bus Operations and Community Transportation Services (CTS) with an emphasis on safety, reliability, efficiency, and compliance with the Americans with Disabilities Act (ADA). This performance measurement report reverberates the Chief Executive Officer's message of continuous improvement, which has been communicated to all levels of management through recognition of key objectives and is aligned with the annual budget. The key objectives are linked to a broader set of performance measures that will be monitored for both Bus Operations and CTS.

By utilizing these measurements, management will have the ability to analyze trends, and to assess the effectiveness and efficiency of the overall Bus Operations program. Through this process, management can implement change to improve Bus Operations performance and deliver a more cost effective system.

The following pages will detail the seven key objectives for Bus Operations, five key objectives for CTS, and other significant measurements.

Discussion

For FY 2005-06, executive management has emphasized the following key objectives for Bus Operations:

Bus Operations Key Objectives

Objective I - Reduce Accidents

To provide safe and reliable service it is necessary to continue to minimize the number of accidents involving OCTA's buses and passengers. For FY 2005-06 reportable accidents were 1,608, slightly lower than the prior year total of 1,610. Bus Operations is focusing on reducing passenger falls and buses struck while in the loading zone – two types of accidents contributing to nearly half of all reportable accidents. The rate of vehicular accidents per 100,000 miles has decreased slightly (0.4 percent) over last year's mark.

Objective II - Increase On-time Performance

OCTA's passengers rightfully expect that our buses will arrive on time at locations specified in the published timetable. This is OCTA's contract with the public. Greater on-time performance will occur from more effective schedule-writing and improved operator training. This measure is produced from a sampling of schedule checks and supervisor checks. For FY 2005-06, on-time performance was 87 percent, above last year's mark of 85 percent.

Objective III - Reduce Customer Complaints

Coach operators are the ambassadors of OCTA and as such recognize the importance of putting customers first. For FY 2005-06, the total number of complaints was 2,922, which is 15.5 percent below the prior year total of 3,457.

Objective IV – 100 Percent Compliance on Calling out Stops

The ADA mandates that operators announce stops and major connection points in buses not equipped with enunciators. Non-compliance is a work rule violation and subject to progressive discipline. Through a sampling methodology of several types of checks, the FY 2005-06 compliance has been at 95.4 percent, which is 1.4 percent above last year's mark.

Objective V - Increase Miles Between Road Calls

Miles between road calls is a direct measurement of the mechanical reliability of the OCTA bus fleet. The target for this measure was increased this year from 10,000 miles to 11,000 miles between road calls. The Maintenance Department has put tremendous effort into several bus campaigns to increase the miles between road calls. For FY 2005-06 miles between road calls was 11,577, which exceeds the target and surpasses last year's mark by 1.8 percent.

Objective VI - Improve Operator Pay-Hour to Vehicle Hour Ratio

Operator pay-hours to vehicle hour ratio is an efficiency measurement of how well OCTA utilizes the coach operator workforce. The goal of this measurement is to trend downward. For FY 2005-06, the ratio was 1.14 to 1, which is less than last year's mark of 1.15 by 0.9 percent.

Objective VII - Improve Maintenance Pay-Hour to Vehicle Hour Ratio

The maintenance pay-hour to vehicle hour ratio is an efficiency measure of the cost to maintain the revenue fleet. The goal of this measurement is to trend downward. For FY 2005-06, the ratio is 0.50 to 1 which is 2 percent lower than last year's mark of 0.51 to 1.

Community Transportation Services Key Objectives

Objective I - Increase On-Time Performance

Mobile Data Terminals (MDT) are now installed in the small bus fleet and the information needed to monitor on-time performance is available for the third and fourth quarters. On-time performance remained at 63 percent during this period.

Objective II - Reduce Customer Complaints

Coach operators are the face of OCTA to most of our customers and as such recognize the importance of Putting Customers First. This emphasis extends to operators providing contracted services as well. For FY 2005-06, the total number of complaints was 2,679, which is 10.6 percent below last year's total of 2,995.

Objective III - Increase Miles Between Road Calls

The CTS goal for miles between road calls has been increased from 15,000 to 25,000 for FY 2005-06. For FY 2005-06, the miles between road calls have been 12,817. The small bus fleet has experienced unanticipated maintenance issues, which has kept the miles between road calls significantly lower than the target. Ninety-six of the newest cutaway vehicles have been subject to engine, cooling system, and air conditioning problems that have required frequent servicing. These vehicles were averaging 7,500 miles between road calls through the first quarter of this year, but have improved to 9,685 miles between road calls during the fourth quarter. The remaining fleet of cutaway vehicles average 16,350 miles between road calls. A reasonable target for FY 2006-07 is being developed.

Objective IV - Increase Boardings per Vehicle Revenue Hour – ACCESS

ACCESS boardings per vehicle revenue hour (VRH) for FY 2005-06 have increased 3.8 percent to 2.01 passengers from the prior year level of 1.94 passengers. This increase indicates improving productivity for this service.

Objective V - Increase Boardings per Vehicle Revenue Hour – Special Agency

The Special Agency program provides senior nutrition transportation to centers selected by the Office on Aging. For FY 2005-06 Special Agency boardings per VRH have increased 5.8 percent to 4.6 passengers, which exceeds the prior year level of 4.3 passengers. This increase indicates improving productivity for this service.

Bus Operations: Other Measures of Interest

With the fare change in January 2005, there was an anticipated dip in boardings growth, but through FY 2005-06 boarding's have increased by 1.1 percent or 706,426 riders as compared to the prior year. Boardings per

VRH (38.1) have decreased by 0.2 percent as compared to the prior year (38.22).

System revenues have risen to \$52.2 million, a 9.7 percent increase over the prior year. This increase in revenue has helped to offset an increase in operating costs. Year-end operating cost of \$109.95 per VRH is 12.4 percent higher than the prior year cost of \$97.80. The increase in operating costs through year end is primarily attributable to three causes. The first cause is higher diesel fuel costs at \$2.14 per gallon versus the budgeted price of \$1.50. The second cause is the increase in the cost of liquefied natural gas (LNG) from \$0.53 to \$1.30 per gallon. The third cause is an increased liability expense absorbed by the Orange County Transit District.

As a ratio of revenues versus expenses, the farebox recovery reflects the changes in revenue and operating costs. The farebox recovery ratio has increased to 25.2 percent in FY 2005-06, compared to the prior year of 24.55 percent.

Paratransit: Other Measures of Interest

OCTA's paratransit service is comprised of both ACCESS and Special Agency Transportation. ACCESS represents the bulk of the two services and is mandated by the ADA. For FY 2005-06, boardings have shown a slight increase of 0.6 percent compared to the prior year. This very small growth in boardings can be attributed to the growth management strategies implemented in July 2005.

VRH have decreased by 3.1 percent or 18,851 in FY 2005-06 as compared to the prior year which has resulted in a savings of \$1.66 million over last year.

The farebox recovery ratio has increased to 12.7 percent as compared to prior year of 11.2 percent.

In an effort to maintain ADA compliance, staff has been successful in achieving zero denials in FY 2005-06.

Summary

The performance measurements report through fiscal year 2005-06 represents a variety of areas that are moving in a positive direction - revenues, farebox recovery, and customer complaints. Increased effort has been focused on controlling the growth of operating costs and reducing accidents. For

fiscal year 2005-06 paratransit has experienced a very small increase in demand for service, but improvements in productivity have kept the costs lower than the prior year. These key areas will continue to provide focus into the Orange County Transportation Authority bus business.

Attachment

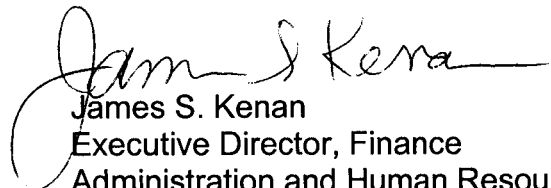
- A. Orange County Transportation Authority Monthly Performance Measurements Bus Operations June 2006.

Prepared by:



James L. Cook Jr.
Financial Analyst
Financial Planning & Analysis
(714) 560-5681

Approved by:



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



BOARD COMMITTEE TRANSMITTAL

October 23, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Fixed Asset Inventory Observation Compliance Review

Finance and Administration Committee

October 11, 2006

Present: Directors Cavecche, Campbell, Correa, Duvall, and Pringle
Absent: Director Wilson

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendation

Direct staff to implement recommendations made in the Fixed Asset Inventory Observation Compliance Review, Internal Audit Report No. 06-024.



October 11, 2006

To: Finance and Administration Committee
From: ^{ATL/SLZ} Arthur T. Leahy, Chief Executive Officer
Subject: Fixed Asset Inventory Observation Compliance Review

Overview

The Internal Audit Department has completed an observation of the physical inventory of fixed assets conducted by the General Services Department in May 2006. Internal Audit has found that the inventory was conducted properly and was generally adequate to ensure the existence and accurate accounting of the Orange County Transportation Authority's fixed assets. However, Internal Audit has made recommendations to enhance internal controls and accountability over fixed assets.

Recommendation

Direct staff to implement recommendations made in the Fixed Asset Inventory Observation Compliance Review, Internal Audit Report No. 06-024.

Background

In compliance with Orange County Transportation Authority (OCTA) and Federal Transit Administration policy, a physical inventory of all fixed assets is conducted every other fiscal year or more frequently if necessary. Internal Audit observes the physical inventory process to ensure that it is properly conducted and generally adequate to ensure the existence and accurate accounting of OCTA fixed assets. The observation includes accompanying fixed asset custodians during their inventory counts, sample testing their counts and reviewing the overall results of the inventory.

Discussion

The Internal Audit Department conducted an observation of the physical inventory conducted in May 2006. Internal Audit observed the counting of 819 items with an aggregate value of \$90,015,134 from the total population of 1,509 inventory items with a value of \$225,374,584. During the course of this

observation, Internal Audit identified opportunities for enhanced internal controls including spot checks of asset tags and monitoring the receipt of Asset Custodian's Statements of Accountability and Responsibility. Internal Audit also recommended that, due to improvements in controls since the July 2004 observation, a biennial inventory cycle be implemented rather than the current annual cycle.

Summary

Based on the review, Internal Audit has concluded that the fixed asset inventory was conducted properly and was generally adequate to ensure the existence and accurate accounting of OCTA fixed assets. However, Internal Audit has made recommendations to enhance internal controls and accountability over fixed assets which management indicated would be implemented

Attachments

- A. Fixed Asset Inventory Observation Compliance Review, Internal Audit Report No. 06-024
- B. Fixed Asset Inventory Observation Compliance Review, Close-out Memo

Prepared by:



Kathleen M. O'Connell
Manager, Internal Audit
(714) 560-5669



INTEROFFICE MEMO

July 31, 2006

To: Jim Kenan, Executive Director
Finance, Administration & Human Resources

From: Joseph Dudley, Senior Internal Auditor
Internal Audit

Subject: **Fixed Asset Inventory Observation Compliance Review,
Internal Audit Report No. 06-024**

A compliance review of the Year 2006 Fixed Asset Inventory has been completed. Recommendations are included in the report to address areas needing improvements. The results of the audit are detailed in the attached Internal Audit Report.

This report requires a formal management response to the recommendations by August 14, 2006. Please provide the response using the Management Response Forms, which have been sent to you electronically. Once you provide your response, Internal Audit will provide a close-out memo indicating agreement or disagreement.

If you have any questions, please feel free to contact me at extension 5384.

Attachment: Fixed Asset Inventory Observation Compliance Review,
Internal Audit Report No. 06-024

c: Tom Wulf
Vicki Austin
Jason Jewell
Rich Smith
Bonnie Mazaheri
Lisa Monteiro

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
2005-06 AUDIT PLAN**



**Fixed Asset Inventory Observation
Compliance Review**

INTERNAL AUDIT REPORT NO. 06-024

Report Date: July 31, 2006



**Audit Performed by:
Internal Audit Project Manager:**

OCTA Internal Audit Department
Joseph Dudley, CPA
Senior Internal Auditor, Internal Audit

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Fixed Asset Inventory Observation
Compliance Review
July 31, 2006**

CONCLUSION

Based on the results of Internal Audit's observation, the physical inventory of fixed assets performed in May 2006 was properly conducted and generally adequate to ensure the existence and accurate accounting of Orange County Transportation Authority (OCTA) fixed assets. However, as a result of the review, Internal Audit is making recommendations to enhance the control and accountability over fixed assets.

BACKGROUND

In compliance with OCTA and Federal Transit Administration (FTA) policy, a physical inventory of all fixed assets is taken every other fiscal year or more frequently if necessary. The inventory process is coordinated by the Asset Management Administrator and conducted by the various Asset Custodians assigned throughout OCTA. Each Asset Custodian is responsible for ensuring that all assets under their control are accounted for and appropriately tagged. Asset tags are issued by the Fixed Asset Accountant and the assigned number, description, and location of fixed assets is input into the Truly Relational Integrated Application Developer (TRIAD), a subsystem of the Integrated Financial and Administrative Solution (IFAS) system.

A pre-inventory meeting was held on May 16, 2006, and each Asset Custodian received a "Fixed Asset Inventory Procedures" booklet as a guideline for conducting the inventory. At the completion of the inventory, the Fixed Asset Accountant updates TRIAD for any necessary changes. If needed, that information is subsequently updated in IFAS to reflect the recorded value of fixed assets for OCTA.

PURPOSE AND SCOPE

The purpose of the review was to verify adherence to OCTA and FTA fixed asset inventory policy and procedures and to identify any opportunities for improvement. Internal Audit accomplished this by accompanying, on a sample basis, some of the Asset Custodians during the performance of the physical inventory and reviewing the overall results of the inventory. Internal Audit observed the counting of 819 items with an aggregate value of \$90,015,134 from the total population of 1509 inventory items with a combined value of \$225,374,584. The dates for the physical inventory were May 21, 2006, through May 27, 2006.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Fixed Asset Inventory Observation
Compliance Review
July 31, 2006**

AUDIT COMMENTS AND RECOMMENDATIONS

Verification of "Tagging" for Fixed Assets

Under current asset tagging procedures, the Fixed Asset Accountant assigns a tag number to each new asset and forwards the tag, along with a "Fixed Asset Tag" form, to the respective Asset Custodian. Although an asset tag form was on file with the Fixed Asset Accountant, certain fixed assets did not have a tag affixed. Had the tag been affixed and subsequently fallen off, it would be the responsibility of the custodian to request a replacement tag. Additionally, we noted that the Asset Custodian has access to assets and is also responsible for affixing the asset tag. Effective systems of internal control rely on segregating incompatible functions. Such segregation of duties is intended to prevent one person from having both (1) access to assets and (2) responsibility for maintaining the accountability for such assets.

We noted that a recommendation from our fiscal year 2003 report, Fixed Asset Inventory Review (Report No. 03-026), has not been implemented. The recommendation, which was concurred with by management, called for the "spot checking" of fixed asset tags by a designated staff member of the General Services Section to verify the tagging of fixed assets. Incorporation of this would benefit OCTA's ability to adequately safeguard fixed assets by increasing the likelihood, and providing greater assurance, that fixed assets are properly identified and appropriately tagged.

Recommendation No. 1: Management should incorporate the "spot checking" of asset tags by the General Services Section as previously recommended by Internal Audit.

Asset Custodian Statement

A fixed asset management manual was published by the Asset Management Section in May 2006. Included in the manual is an "Asset Custodian Statement of Accountability/Responsibility" form. This form serves as an "oath of office" for Asset Custodians and delineates the responsibilities of the function. However, at the time of the review, not all custodians had signed and returned the form. Signature of this form certifies a custodian's understanding and acceptance of the attendant responsibility.

Recommendation No. 2: We recommend that the Asset Management Administrator follow-up on the collection of the recently published "Asset Custodian Statement of Accountability" form and ensure each is signed by the Asset Custodian and Department Manager.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Fixed Asset Inventory Observation
Compliance Review
July 31, 2006**

Biennial Fixed Asset Inventory

In our fiscal year 2003 report, Internal Audit recommended that the "fixed asset inventory be performed annually until the fixed assets maintenance and inventory process is improved." Since that recommendation was made, significant improvements have been made in the inventory process¹. Furthermore, FTA circular 5010.1B only requires a physical inventory of equipment be taken a least once every two years. A biennial inventory cycle provides a cost effective control over OCTA fixed assets.

Recommendation No. 3: We recommend that management update the OCTA fixed asset inventory policy to reflect a biennial inventory cycle.

¹ Internal Audit Report No. 04-074, *Fixed Asset Inventory Observation*, dated July 28, 2004, stated "the process for verifying the existence of OCTA fixed assets and making needed adjustments to the records is, in general, adequate."



INTEROFFICE MEMO

September 13, 2006

To: Jim Kenan, Executive Director
Finance, Administration & Human Resources

From: Kathleen M. O'Connell, Manager *VO*
Internal Audit

Subject: **Fixed Asset Inventory Observation Compliance Review,
Close-out Memo**

Internal Audit has received and concurs with management's responses to the recommendations issued in the Fixed Asset Inventory Observation Compliance Review, Internal Audit Report No. 06-024. Management plans to implement the recommendations and/or other processes to address the audit observations. Internal Audit appreciates the responses and the cooperation received during the review. A follow-up review on the status of management's planned corrective actions will be conducted in six months.

Attachment: Management Response Memo

c: Tom Wulf
Vicki Austin
Jason Jewell
Rich Smith
Bonnie Mazaheri
Lisa Monteiro



INTEROFFICE MEMO

August 9, 2006

To: Joseph Dudley, Senior Internal Auditor
Internal Audit

From: Jim Kenan, Executive Director *KP*
Finance, Administration & Human Resources

Subject: **Management Response to Fixed Asset Inventory
Observation Compliance Review, Internal Audit
Report No. 06-024**

Attachment: Management Response Form, Internal Audit Report No. 06-024

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT

MANAGEMENT RESPONSE FORM
Fixed Asset Inventory Observation
Compliance Review

Internal Audit Report No. 06-024
Report Date: July 31, 2006
Management Response Due Date: August 14, 2006

Number	Recommendation	Management Response	Responsibility (person/dept)	Target Date
1	Management should incorporate the "spot checking" of asset tags by the General Services Section as previously recommended by Internal Audit.	We concur that management shall incorporate the "spot checking" of asset tags by the General Services Section, to ensure fixed assets are properly identified and tagged. General Services agrees to spot check 10% of the total amount of tagable fixed assets twice a year; paying special attention to the department where fixed assets tags were found to be missing, as identified during the 2006 fixed asset inventory.	Bonnie Mazaheri, General Services	Ongoing
2	We recommend that the Asset Management Administrator follow-up on the collection of the recently published "Asset Custodian Statement of Accountability" form and ensure each is signed by the Asset Custodian and Department Manager.	We agree that each Asset Custodian sign the Asset Custodian Statement of Accountability" form and return this form to the Asset Management Administrator. Currently 98% of the forms have been received.	Bonnie Mazaheri, General Services	8/31/06
3	We recommend that management update the OCTA fixed asset inventory policy to reflect a biennial inventory cycle.	We concur. The OCTA capitalization policy and the Fixed Asset Management Manual currently reflect a biennial inventory cycle.	Jason Jewell, Accounting	N/A



BOARD COMMITTEE TRANSMITTAL

October 23, 2006

To: Members of the Board of Directors
From: ^{WK} Wendy Knowles, Clerk of the Board
Subject: Amendment to Agreement for Plan Check and Construction Management Services for the Santa Ana Bus Base

Transit Planning and Operations Committee

October 12, 2006

Present: Directors Brown, Duvall, Green, Norby, and Winterbottom
Absent: Directors Pulido and Silva

Committee Vote

This item was passed by all Committee Members present.

Director Norby was not present to vote on this item.

Committee Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 11 to Agreement C-1-2282 between the Orange County Transportation Authority and MARRS Services, in an amount not to exceed \$140,000, for additional analysis services of construction claims during settlement discussions with contractor for the Santa Ana Bus Base and to extend the contract period to April 30, 2007.



October 12, 2006

To: Transit Planning and Operations Committee
From: *RB for ATL*
Arthur T. Leahy, Chief Executive Officer
Subject: Amendment to Agreement for Plan Check and Construction Management Services for the Santa Ana Bus Base

Overview

On March 25, 2002, the Board of Directors approved an agreement with MARRS Services, in the not-to-exceed amount of \$1,399,962, to provide plan check and construction management services for construction of the Santa Ana Bus Base. MARRS Services was retained in accordance with the Orange County Transportation Authority's procurement procedures for architectural and engineering services.

Recommendation

Authorize the Chief Executive Officer to execute Amendment No. 11 to Agreement C-1-2282 between the Orange County Transportation Authority and MARRS Services, in an amount not to exceed \$140,000, for additional analysis services of construction claims during settlement discussions with contractor for the Santa Ana Bus Base and to extend the contract period to April 30, 2007.

Background

On March 25, 2002, the Orange County Transportation Authority (Authority) Board of Directors (Board) selected MARRS Services to provide independent third-party plan checking services and construction management of the Santa Ana Bus Base. The original MARRS Services agreement was for \$1,399,962.

On April 28, 2003, the Board awarded the construction contract for the Santa Ana Bus Base to Swinerton Builders, in the amount of \$35,653,000. The construction agreement specified that the construction work be to be completed within 550 calendar days from the Notice to Proceed, which equated to November 26, 2004. The Santa Ana Bus Base was substantially completed

on April 29, 2005, and the offsite construction work was completed on December 20, 2005.

Discussion

This procurement was originally handled in accordance with the Authority's procedures for architectural and engineering services. The original agreement was awarded on a competitive basis. It has become necessary to amend the agreement to review and analyze the complex construction claim submitted by Swinerton Builders in June 2006 and to assist the Authority during the settlement discussions prior to project closeout.

The original agreement, awarded on March 25, 2002, was in the amount of \$1,399,962. This agreement has been amended previously (Attachment A). The total amount after approval of Amendment No. 11 will be \$1,899,962. The contract period will also be extended from December 2006 to April 30, 2007.

Fiscal Impact

Funding for Amendment No. 11 was approved in the Authority's Fiscal Year 2006-07 Budget, Development, Account 1722-9011-D3126-2CB, and is funded through the Orange County Transit District.

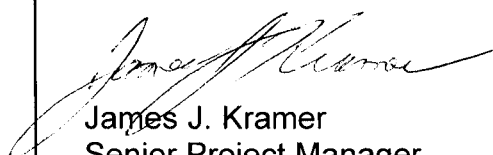
Summary

Based on the material provided, staff recommends approval of Amendment No. 11, in the amount of \$140,000, to Agreement C-1-2282 with MARRS Services.

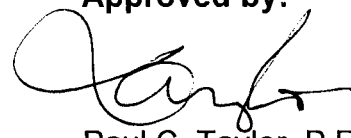
Attachment

- A. MARRS Services Agreement C-1-2282 Fact Sheet

Prepared by:


James J. Kramer
Senior Project Manager
(714) 560-5866

Approved by:


Paul C. Taylor, P.E.
Executive Director, Development
(714) 560-5431

**MARRS Services
Agreement C-1-2282 Fact Sheet**

1. March 25, 2002, Agreement C-1-2282, \$1,399,962, approved by Board of Directors.
 - Plan check and construction management services for the Santa Ana Base.
2. September 16, 2003, Amendment No. 1 to Agreement C-1-2282, \$0, approved by procurement administrator.
 - Administrative change only. No changes made to term or dollar amount.
3. October 13, 2003, Amendment No. 2 to Agreement C-1-2282, \$0, approved by procurement administrator.
 - Administrative change only. No changes made to term or dollar amount.
4. August 4, 2004, Amendment No. 3 to Agreement C-1-2282, \$0, approved by procurement administrator.
 - Administrative change only. No changes made to term or dollar amount.
5. November 29, 2004, Amendment No. 4 to Agreement C-1-2282, \$0, approved by procurement administrator.
 - Administrative change only. No changes made to term or dollar amount.
6. December 29, 2004, Amendment No. 5 to Agreement C-1-2282, \$0, approved by procurement administrator.
 - Extend term of agreement to April 30, 2005.
7. May 2, 2005, Amendment No. 6 to Agreement C-1-2282, \$100,000, approved by procurement administrator.
 - Extend term of agreement to September 30, 2005, and increase maximum obligation to \$1,499,962.
8. September 22, 2005, Amendment No. 7 to Agreement C-1-2282, \$0, approved by procurement administrator.
 - Extend term of agreement to December 31, 2005.
9. October 25, 2005, Amendment No. 8 to Agreement C-1-2282, \$125,000, approved by Board of Directors.
 - Extend term of agreement to June 30, 2006, and increase maximum obligation to \$1,624,962.

10. March 27, 2006, Amendment No. 9 to Agreement C-1-2282, \$135,000, approved by Board of Directors.
 - Extend term of agreement to December 31, 2006, and increase maximum obligation to \$1,759,962.
11. August 4, 2006, Amendment No. 10 to Agreement C-1-2282, \$0, approved by procurement administrator.
 - Administrative change only. No changes made to term or dollar amount.
12. October 23, 2006, Amendment No. 11 to Agreement C-1-2282, \$140,000, pending approval by Board of Directors.
 - Extend term of agreement to April 30, 2007, and increase maximum obligation to \$1,899,962.

Total committed to MARRS Services, Agreement C-1-2282: \$1,899,962.

Radio Frequency Communications Quarterly Report

Board of Directors Meeting
October 23, 2006



Agenda

- Status of Integrated Transportation Communications System (ITCS)
- Recent accomplishments
- Radio consultant study
- State of 500 MHz Community Transportation Services (CTS) Voice System
- What's next

ITCS

- Catalina site progress
- M/A-COM service agreement
- Agreement with County of Orange
- Mobile radio performance

ITCS Accomplishments

- Minimize “cell” site interference
- Mobile communications vehicle
- Staff/Technician training
- Preventive maintenance
- Scheduled systems tests

Radio Study, Eiger

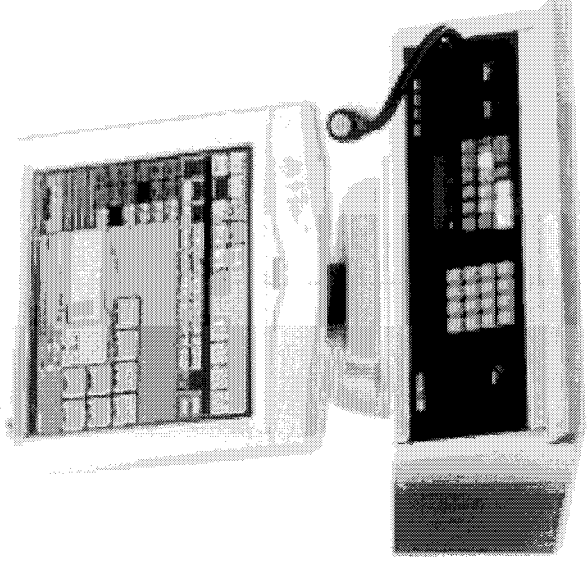
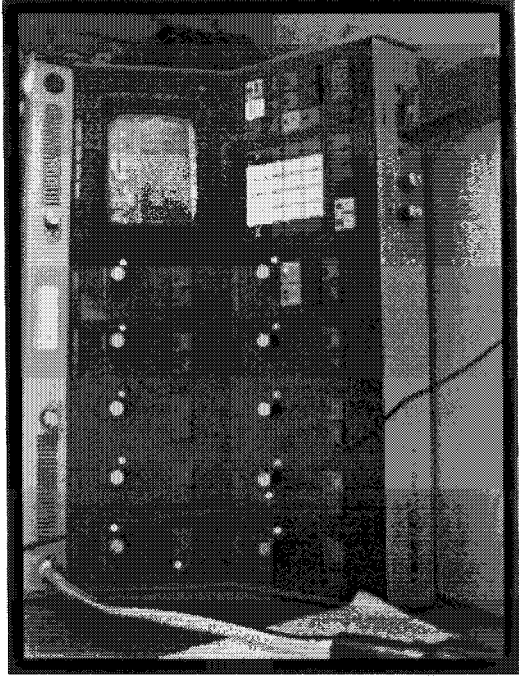
- Completed tasks
 - User needs assessment
 - Define future Requirements
- Proceeding with tasks
 - Investigate/rate options
 - Develop implementation plan
 - Define emergency communications provisions

CTS 500 MHz Voice System

- First phase of radio study
- Interim upgrade of dispatch console
- State of radio frequency (RF) infrastructure
- State of mobile equipment

Dispatch Console

- Comparison of existing and newer dispatch consoles



ITCS Computing Projects

- Mobile Intermediary System (MIS) Replacement
 - First phase deliverable in test
 - Provides system protection in short-term
 - Provides improved support capability in long-term
 - Second phase deliverable in development
 - Long-term MIS solution
 - First project of several to refresh the computing platforms in the ITCS

What's Next

- Complete radio study
- Proceed with remedy for CTS
- Request approval to execute
 - M/A-COM service agreement
 - Upgrade CTS dispatch console
 - Catalina as an additional RF site
 - Execute procurements for additional computing infrastructure upgrade projects

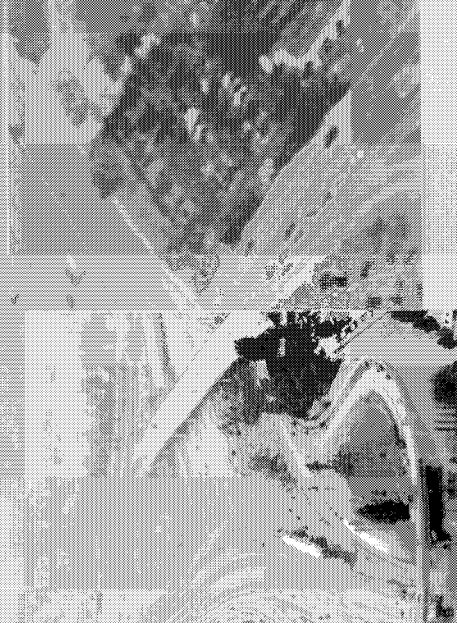
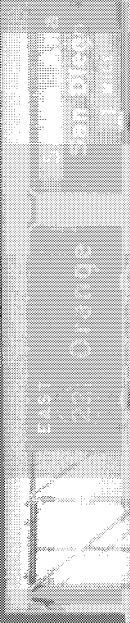
OCTA Board of Directors

Item 16

SR-22 Improvement Project

October 23, 2006

Team 22



Let the Work Continue

Measure M widening the 22 freeway

Your half



Team 22

ON SCHEDULE !!

Measure M widening the 22 freeway

Your half



Today is Day 762
38 Days Left !!

Team 22

Completion Milestones

November 30, 2006

Contract Substantial Completion

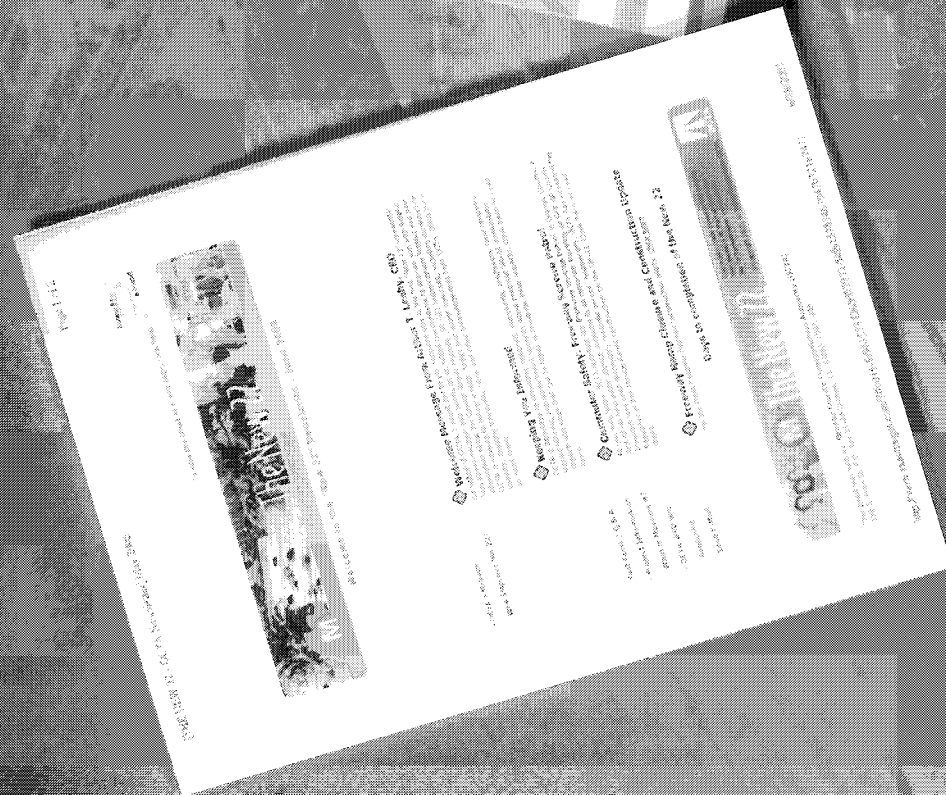
March 2007

Magnolia Street Bridge Completion

Summer 2007

Project Acceptance / Landscape Completion

Public Outreach / Information



Team 22

Easterly Limits



Team 22

Glassell / Santiago Creek



Team 22

“Horseshoe” Connector



Team 22

The “Orange Crush”

connector 2
(Conn 2)

connector 4
(Conn 4)

Team 22

Laveta / Bristol / City Drive

New City Drive
Off Ramp



Team 22

City Drive

BEFORE

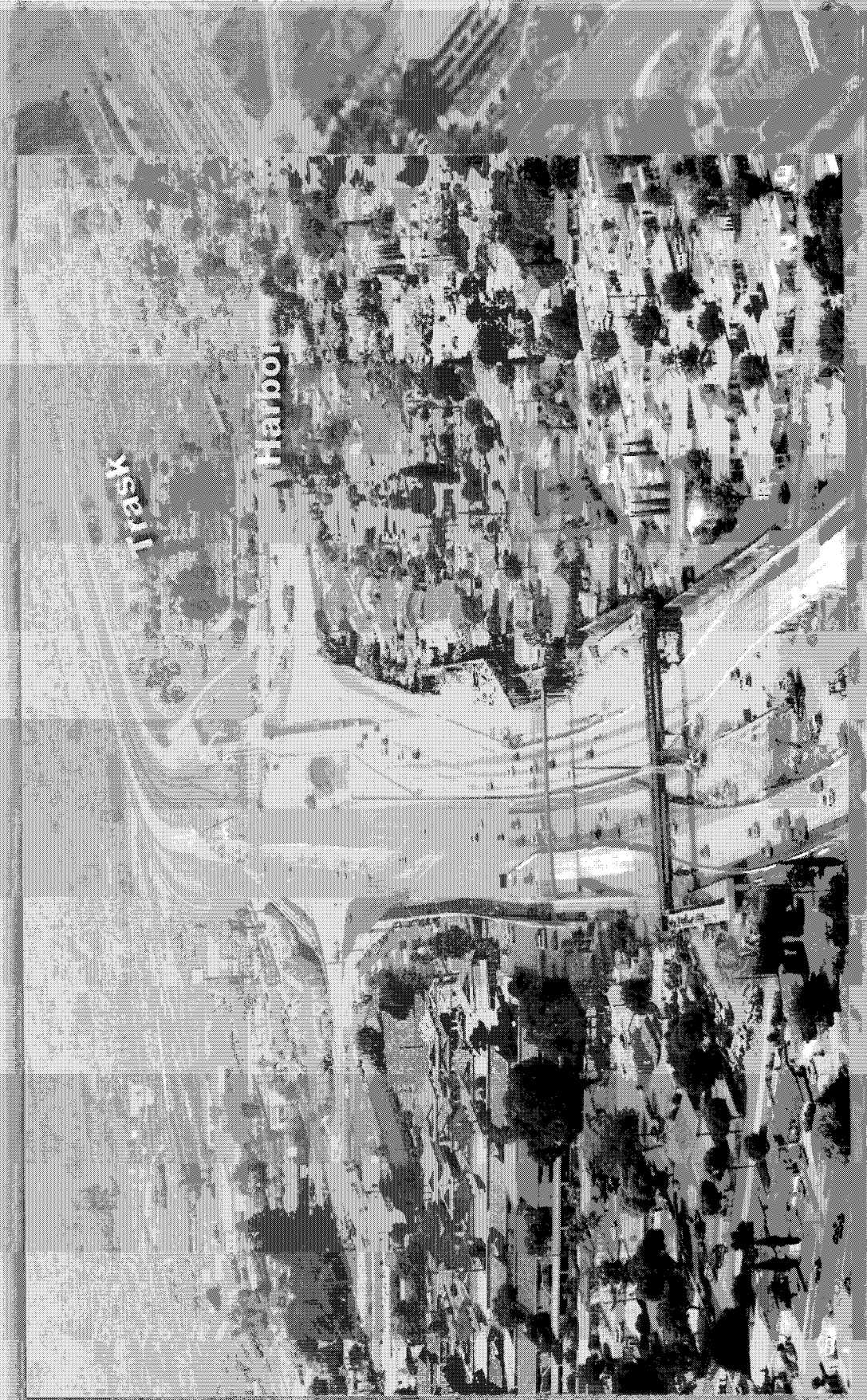


City Drive

AFTER

12

Harbor Blvd / Trask Ave



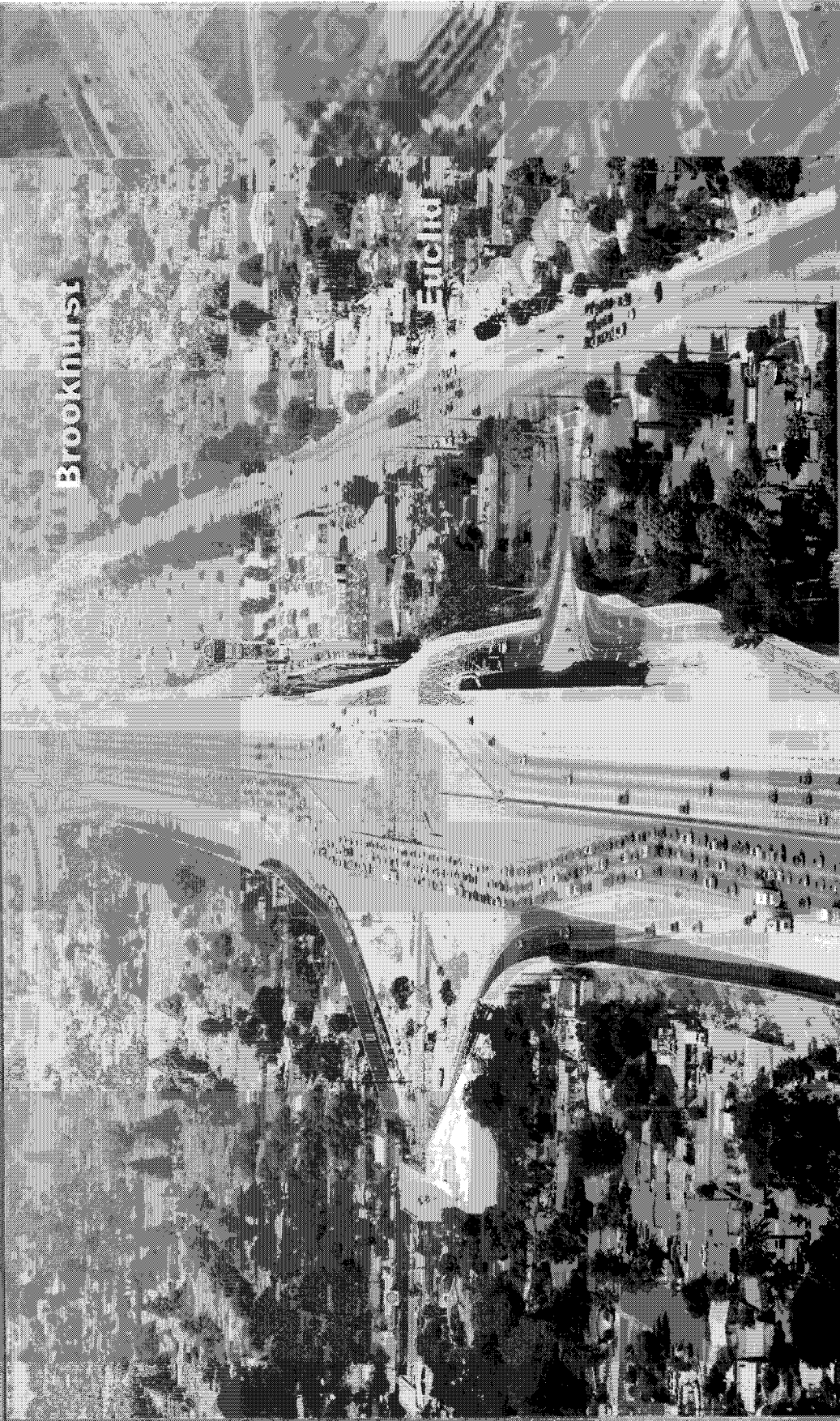
Team 22

Harbor Blvd / Trask Ave



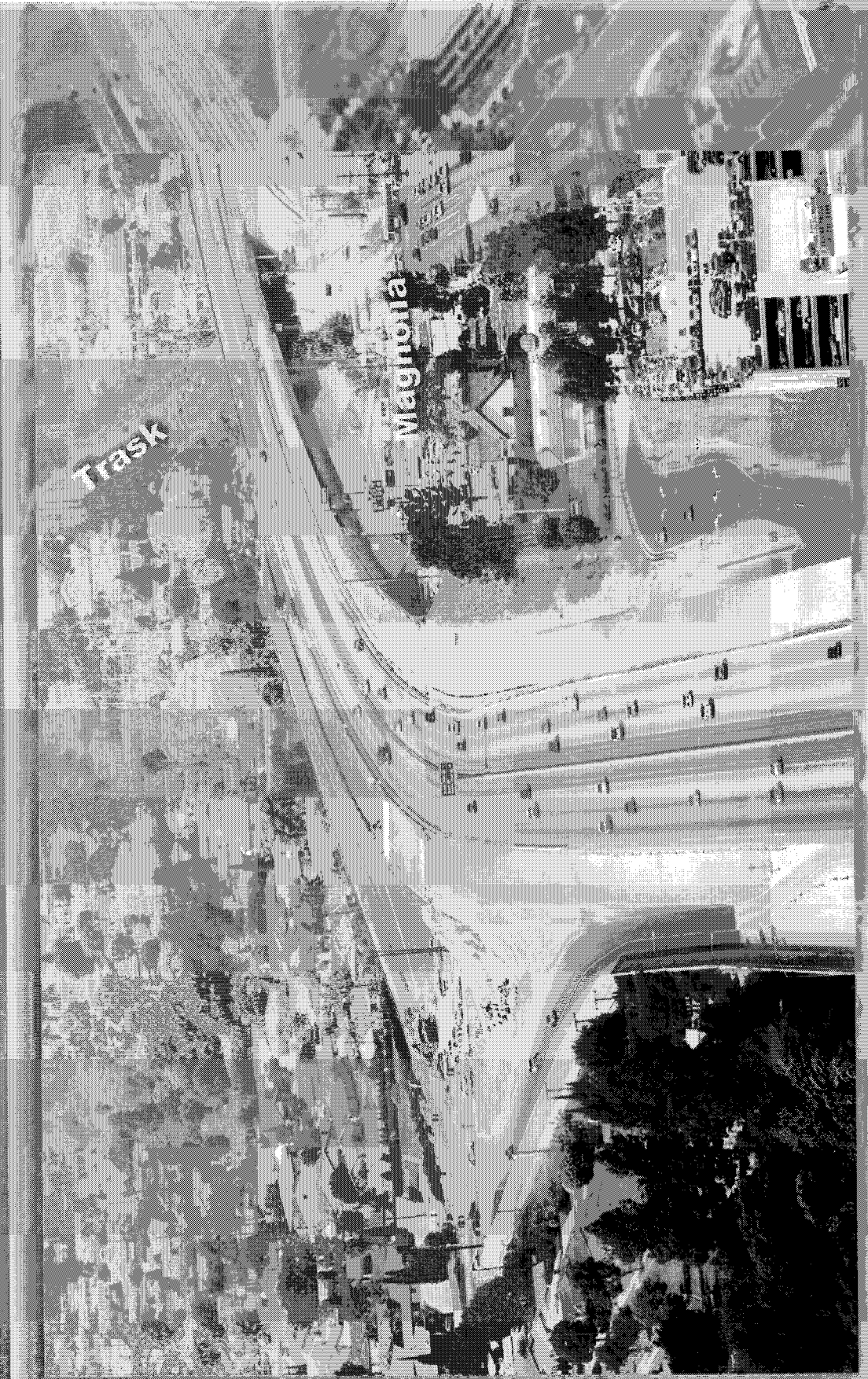
Team 22

“Football” Bridges



Team 22

Magnolia Street



Magnolia Impact



Team 22

Beach Boulevard



Team 22

Beach Boulevard

BEFORE

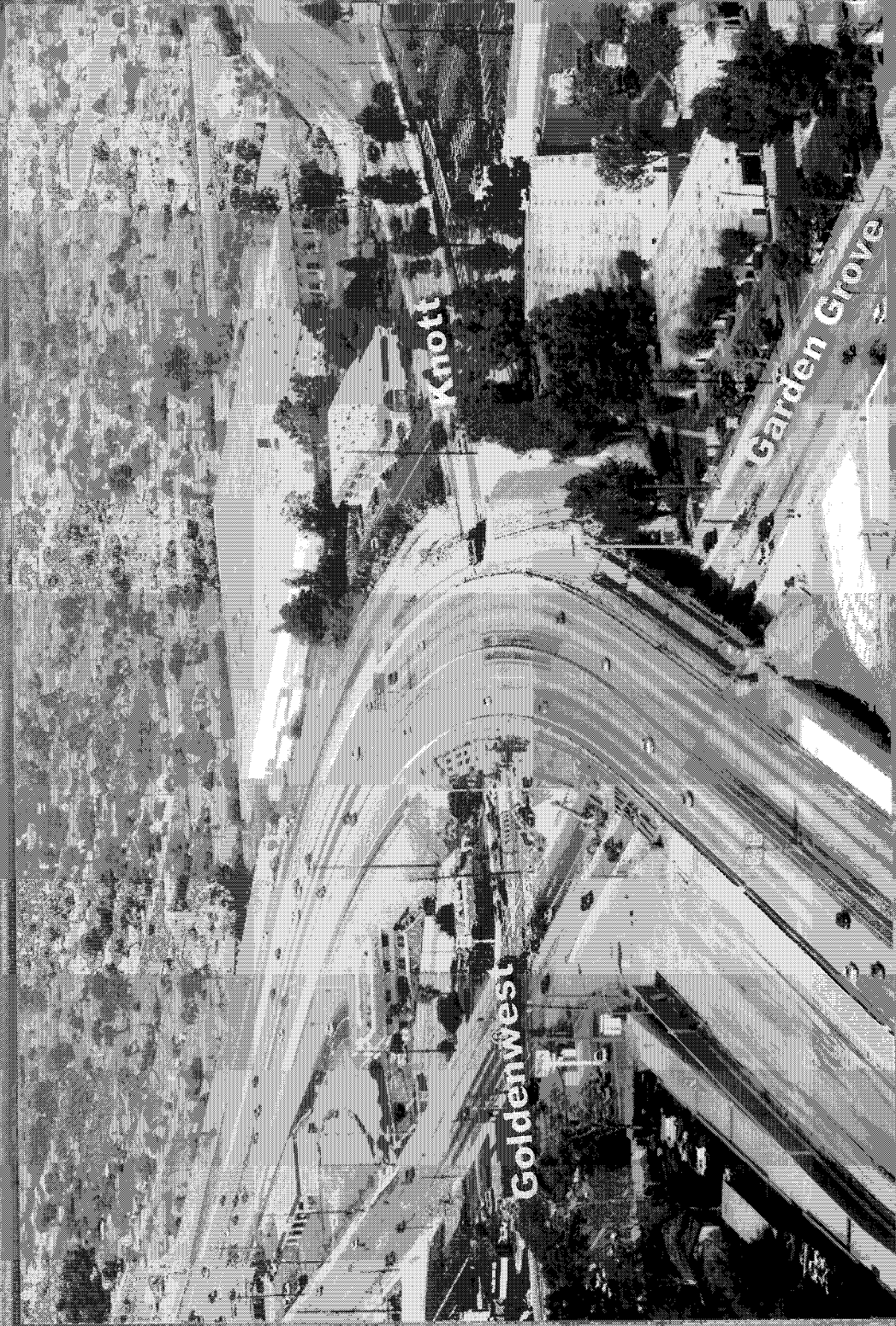


Beach Boulevard



BEFORE
AFTER

Last Magnolia Impact



Team 22

Project Terminus

Now What?

Team 22

22

SR-22 / I-405 Connector

I-405

Bolsa Chica

SR-22

Valley View

Direct HOV 3
Connector

SR-22 / I-605 Connector

I-605

Direct HOV
Connector

I-405/SR-22

SR-22 / 7th Street

SR-22 / I-605 Connector

Direct HOV
Connector

7th Street Bridge

I-405

Veolia Performance Update

Board of Directors Meeting
October 23, 2006



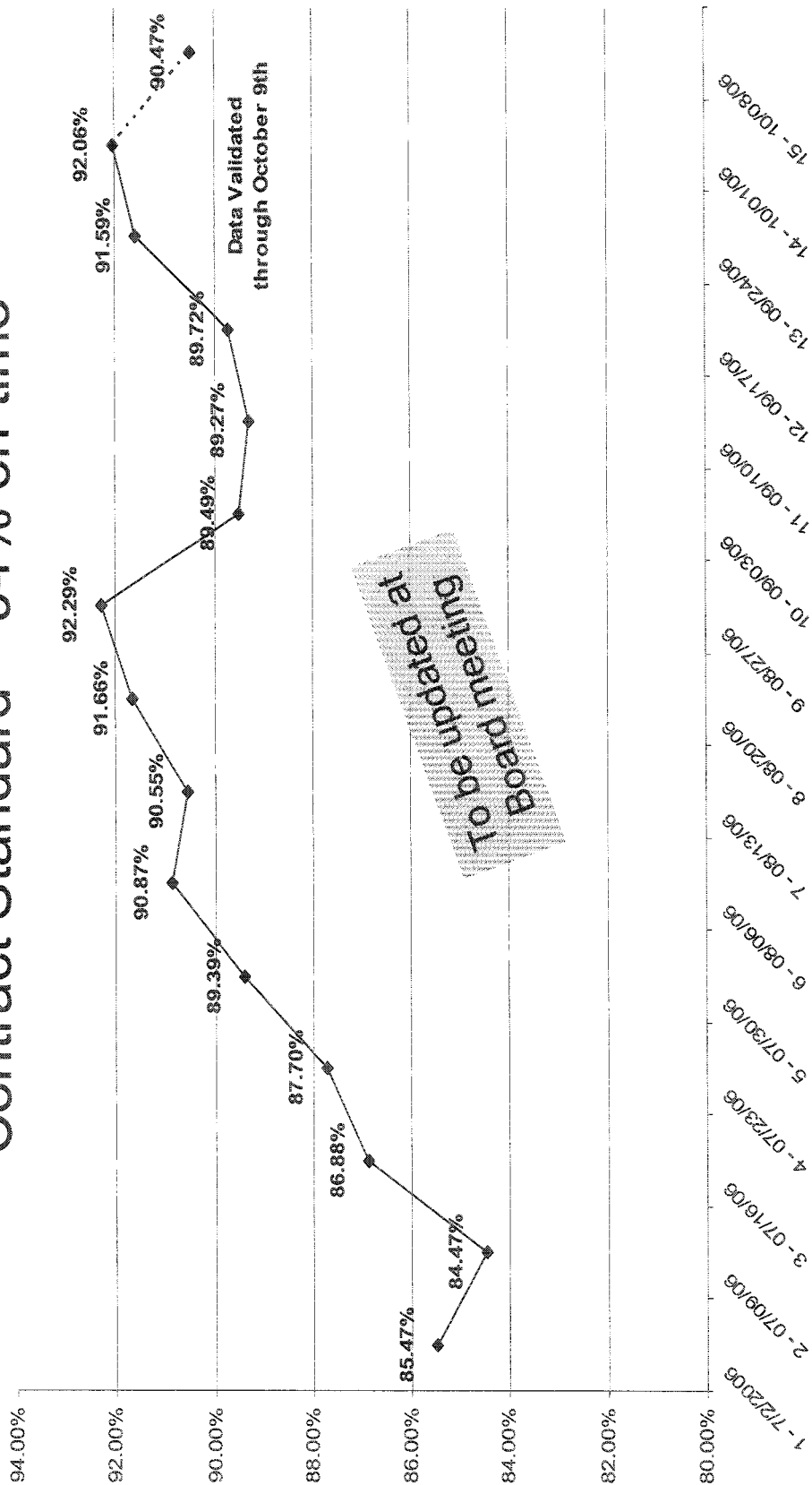
Background

- Contract transitioned to Veolia July 1, 2006
- Customer complaints regarding ACCESS service quality have increased since transition
- Veolia project management team replaced
- Veolia has submitted 30- and 60-day plan to address service quality issues
- Incremental improvements being made
- Transit Planning and Operations Committee and Board of Directors given updates weekly

Service Quality Indicator

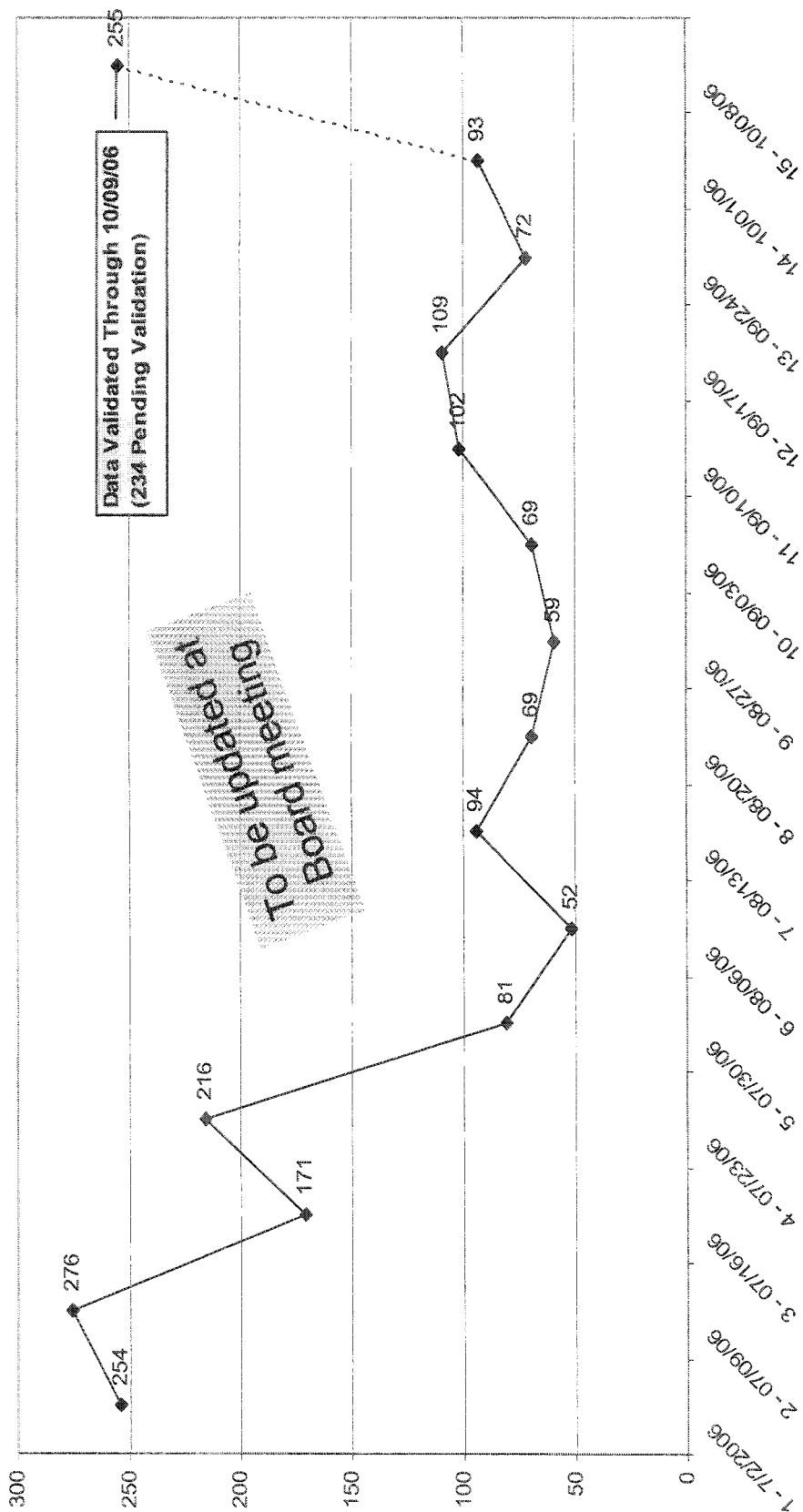
On-Time Performance

Contract Standard – 94% on-time



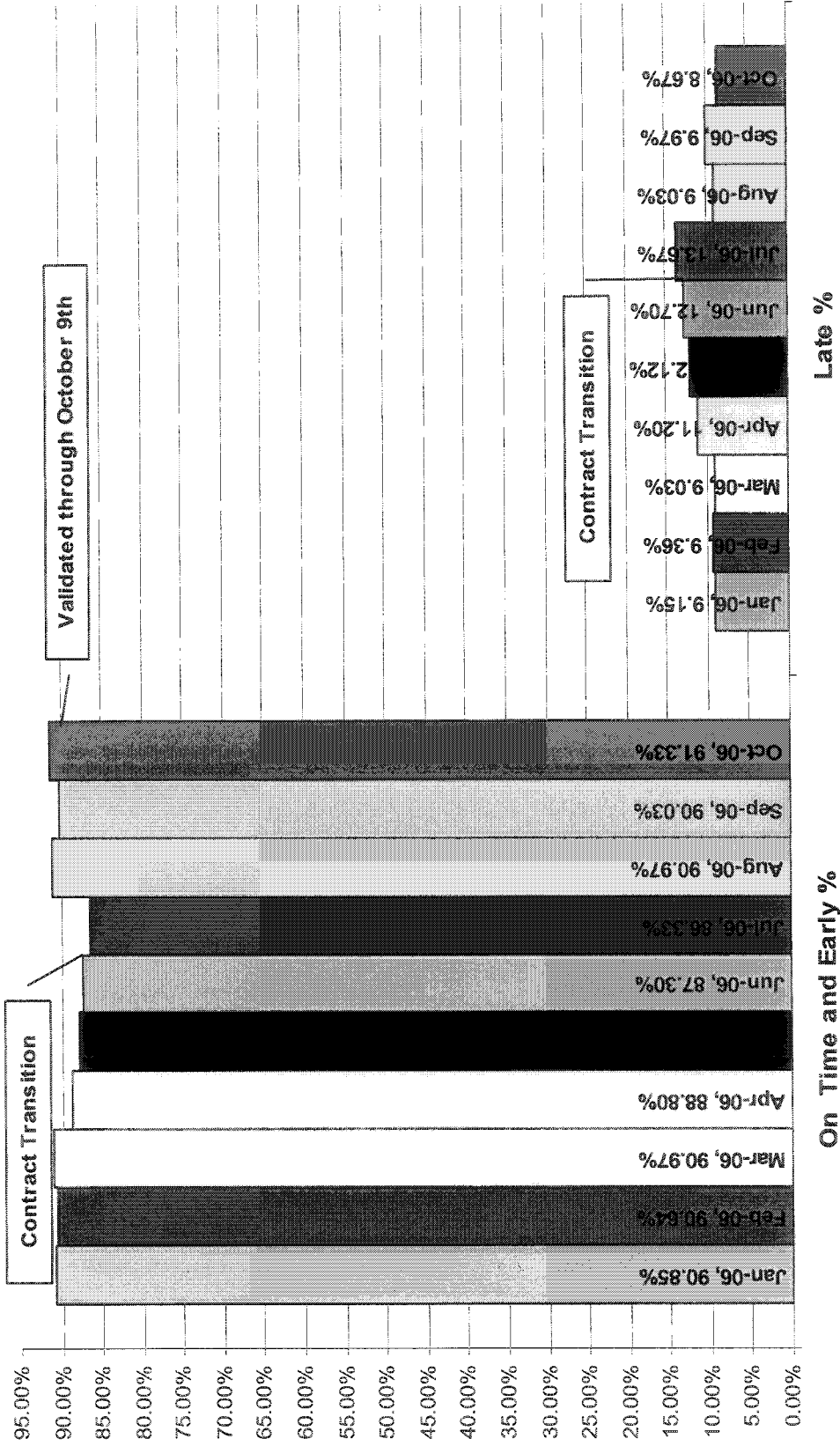
Service Delivery Failure

SDF Weekly



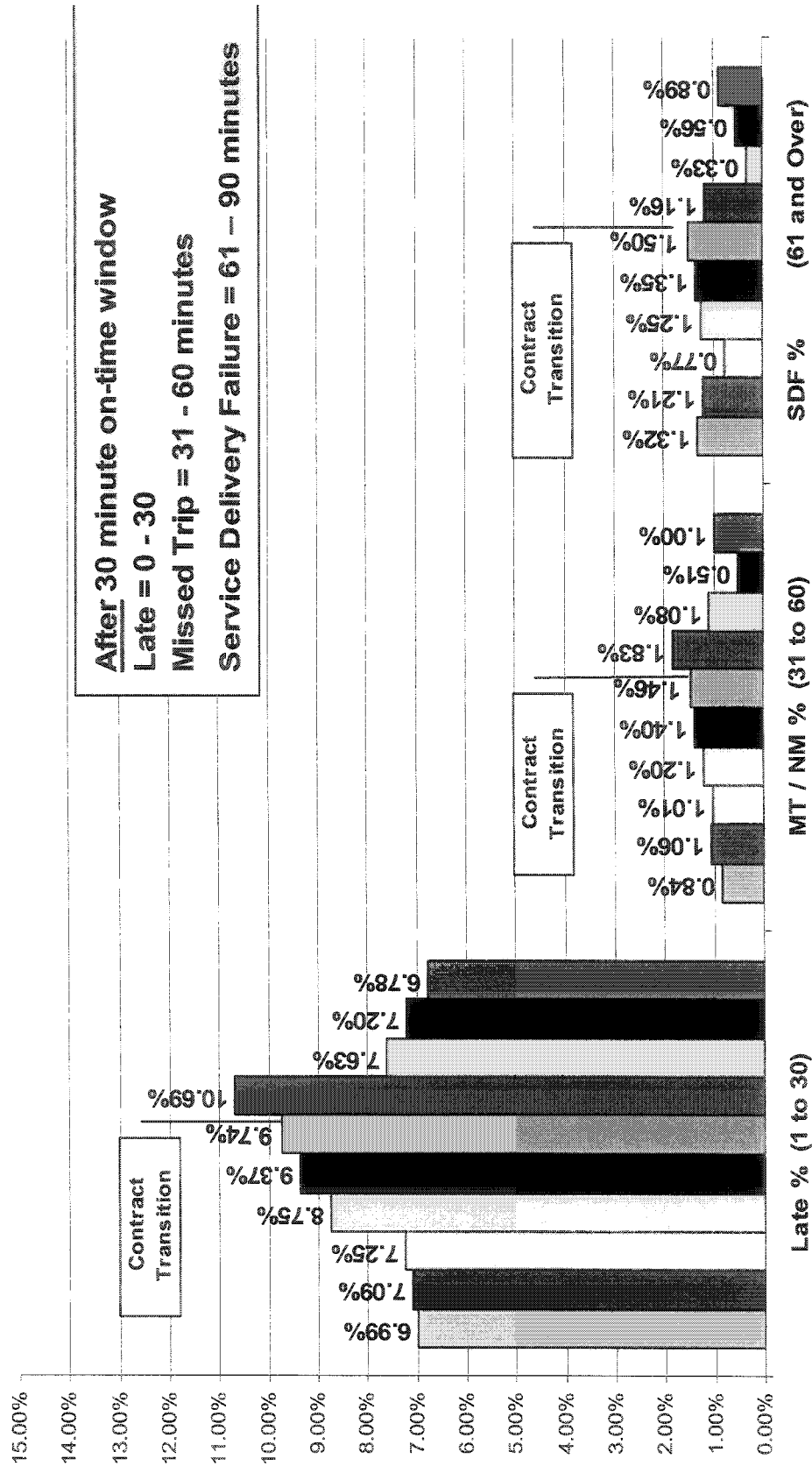
On Time Performance

January 2006 - Present



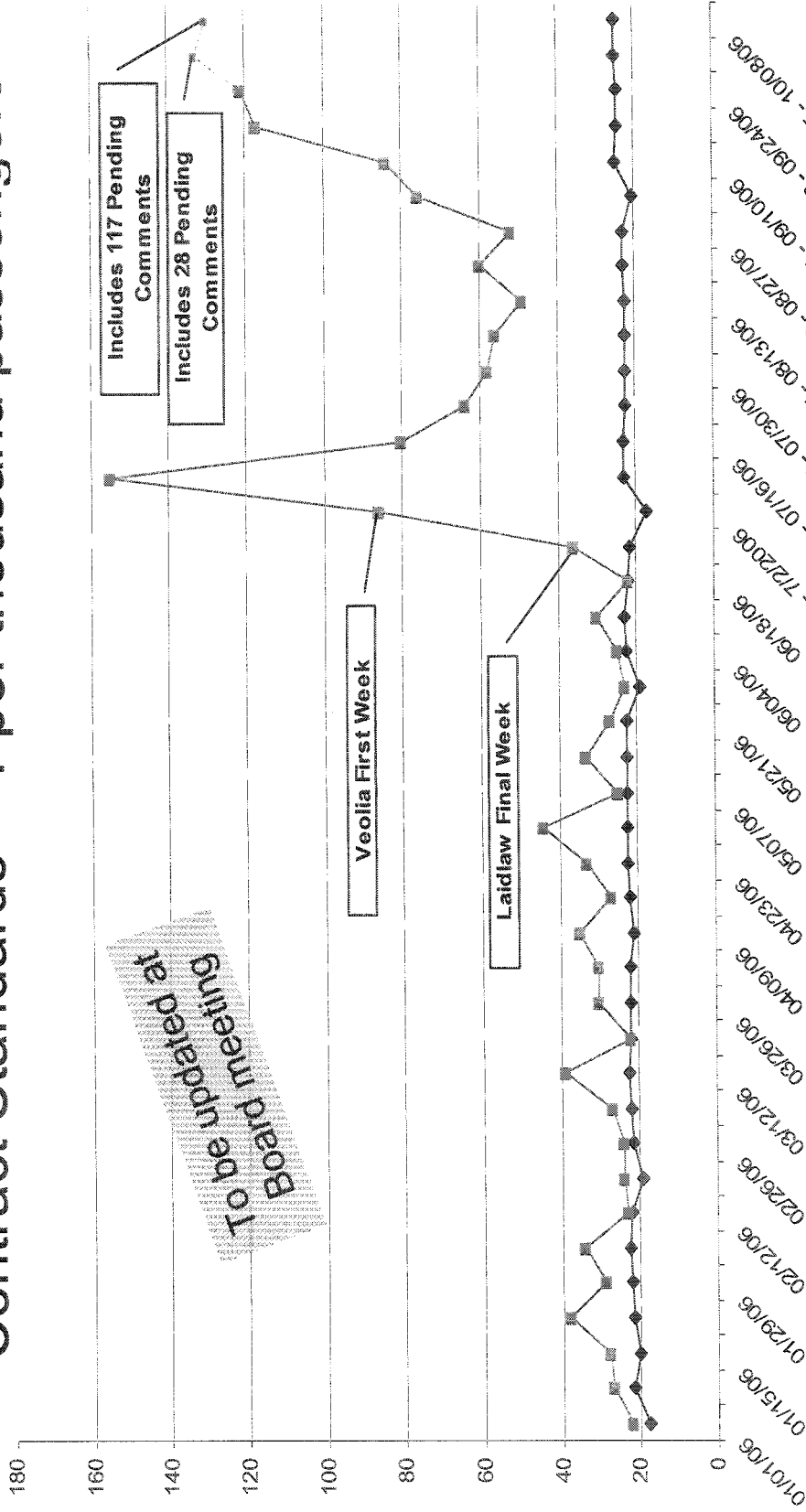
Jan-06 ■ Feb-06 □ Mar-06 □ Apr-06 ■ May-06 ■ Jun-06 ■ Jul-06 □ Aug-06 □ Sep-06 ■ Oct-06

Summary of Late Trips January 2006 - Present



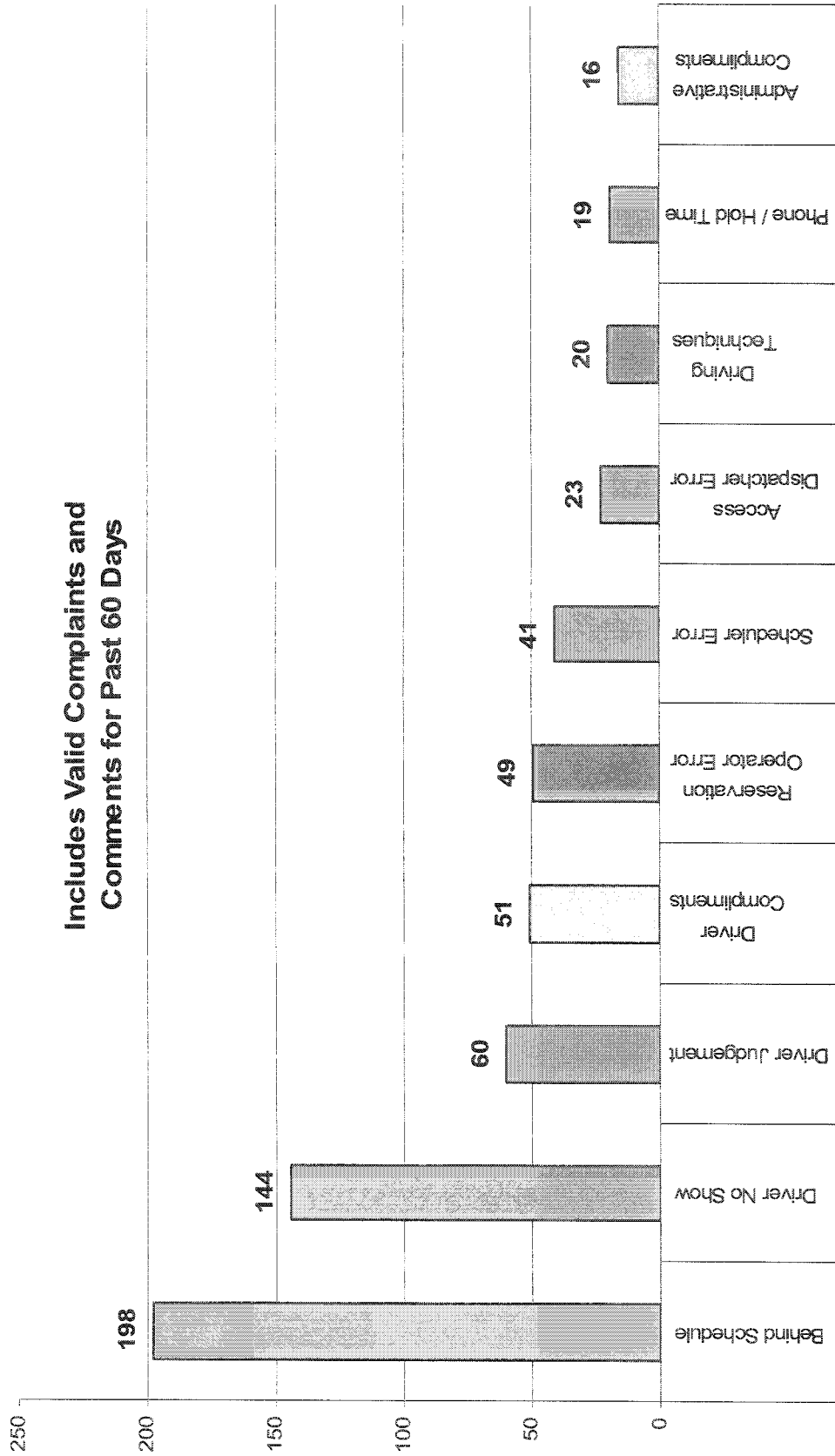
Customer Complaints

Contract Standards – 1 per thousand passengers



Service Quality Indicator

Customer Comments (Validated)



Actions Taken

- Veolia has submitted a 30- and 60-day plan to improve service quality
- Corporate support from Veolia in the areas of scheduling, dispatching, driver recruiting, hiring and training
- OCTA staff conducting technical review of scheduling and dispatching processes and procedures
- Increased use of taxi subcontractors to meet service demand; increased monitoring of taxi service quality
- Veolia Project Director met with service providers week of October 16

Next Steps

- Continue to monitor performance indicators daily
- Monitor progress against 30- and 60-day plan
- Continue to proactively address customer service issues
- Provide updates to Transit Planning and Operations Committee and Board of Directors