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## **BOARD AGENDA**

Orange County Transportation Authority Board Meeting  
Orange County Transportation Authority Headquarters  
Board Room - Conference Room 07-08  
550 South Main Street  
Orange, California  
**Monday, July 9, 2018 at 9:00 a.m.**

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.

### **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 may address the Board of Directors regarding any item. Please complete a speaker's card and submit it to the Clerk of the Board or notify the Clerk of the Board the item number on which you wish to speak. Speakers will be recognized by the Chairwoman at the time the agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes.

### **Public Availability of Agenda Materials**

All documents relative to the items referenced in this agenda are available for public inspection at [www.octa.net](http://www.octa.net) or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

### **Call to Order**

### **Invocation**

Director Davies

### **Pledge of Allegiance**

Director Spitzer



## **BOARD AGENDA**

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### **Special Calendar**

There are no Special Calendar Matters.

### **Consent Calendar (Items 1 and 2)**

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**

#### **1. Approval of Minutes**

Approval of the Orange County Transportation Authority and affiliated agencies' regular meeting minutes of June 25, 2018.

#### **2. Amendment to the 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement** Kirk Avila/Kenneth Phipps

##### **Overview**

The 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement prescribes the funding transfers between the two agencies for costs incurred for the rent and any shared operational expenses in relation to the 91 Express Lanes. An amendment is needed to account for the reimbursement of shared operating costs incurred by the Riverside County Transportation Commission for the period July 1, 2018 through June 30, 2019.

##### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3828 between the Orange County Transportation Authority and Riverside County Transportation Commission, in the amount of \$2,078,750, for the reimbursement of shared operational expenses through June 30, 2019.



## **BOARD AGENDA**

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### **Regular Calendar**

### **Orange County Local Transportation Authority Regular Calendar Matters**

#### **3. OC Streetcar Project Revised Funding Plan**

Mary Shavaliar/James G. Beil

##### **Overview**

Since the approval of the OC Streetcar project funding plan in May 2017, the OC Streetcar project has experienced schedule delays that, along with construction bid prices, have impacted the OC Streetcar project's cost estimate. In support of the OC Streetcar project's pursuit of a Full Funding Grant Agreement with the Federal Transit Administration, staff is seeking Board of Directors' approval of a revised OC Streetcar project funding plan.

##### **Recommendations**

- A. Approve the revised OC Streetcar project funding plan.
- B. Authorize the use of up to \$108.41 million in additional Measure M2 Transit Extensions to Metrolink (Project S) program funding, contingent on construction contract award.
- C. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program, submit revised project readiness documents to the Federal Transit Administration as required, and execute any required agreements or amendments to facilitate the recommendation above.



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**BOARD AGENDA**

## **Orange County Transportation Authority Regular Calendar Matters**

### **4. 91 Express Lanes Account Plan Changes**

Kirk Avila/Kenneth Phipps

#### **Overview**

Commencing January 1, 2019, all California tolling agencies will be required to read a new transponder protocol, 6C. This new protocol will lower the cost of transponders for the 91 Express Lanes. As a result, staff from the Orange County Transportation Authority and Riverside County Transportation Commission have developed a deployment plan for the distribution of new transponders, and have revised account plans and fees for the 91 Express Lanes.

#### **Recommendation**

Adopt changes to the 91 Express Lanes' account plans and policies.

## **Discussion Items**

### **5. 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 Chairwoman subject to the approval of the Board of Directors.

### **6. Chief Executive Officer's Report**

### **7. Directors' Reports**

### **8. Closed Session**

A Closed Session is scheduled as follows:

Pursuant to Government Code Section 54956.9(d)(1) – Existing Litigation. SK Tops Auto Body, Inc. v. Orange County Transportation Authority, OCSC Case No. 30-2015-00786726 and related matter OCTA v. I&M Pinsky, LLC, et al., OCSC Case No. 30-2013-00631145.



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## BOARD AGENDA

### 9. Adjournment

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, July 23, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07-08, Orange, California.

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

## **Call to Order**

The June 25, 2018 regular meeting of the Orange County Transportation Authority (OCTA) and affiliated agencies was called to order by Chairwoman Bartlett at 9:08 a.m. at the OCTA Headquarters, 550 South Main Street, Board Room – Conference Room 07-08, Orange, California.

## **Roll Call**

Following the Invocation and Pledge of Allegiance, the Clerk of the Board noted a quorum was present, with the following Directors in attendance:

Directors Present:     Lisa A. Bartlett, Chairwoman  
                               Tim Shaw, Vice Chairman  
                               Laurie Davies  
                               Barbara Delgleize  
                               Andrew Do  
                               Lori Donchak  
                               Michael Hennessey  
                               Mark A. Murphy  
                               Richard Murphy  
                               Al Murray  
                               Shawn Nelson  
                               Miguel Pulido  
                               Todd Spitzer  
                               Tom Tait  
                               Gregory T. Winterbottom  
                               Adnan Maiah, Acting District Director  
                                     California Department of Transportation District 12

Directors Absent:     Steve Jones  
                               Michelle Steel

Also Present:     Darrell E. Johnson, Chief Executive Officer  
                           Ken Phipps, Deputy Chief Executive Officer  
                           Laurena Weinert, Clerk of the Board  
                           Olga Prado, Assistant Clerk of the Board  
                           James Donich, General Counsel

## **Special Calendar**

### **Orange County Transportation Authority Special Calendar Matters**

**1. Presentation of Resolutions of Appreciation for Employees of the Month for June 2018**

Darrell E. Johnson, Chief Executive Officer (CEO), presented the OCTA Resolutions of Appreciation Nos. 2018-101, 2018-102, and 2018-107 to Scott Parra, Coach Operator, Andrew Nguyen, Maintenance, and John Garbowski, Administration, as Employees of the Month for June 2018.

**2. Presentation of Resolutions of Appreciation for Orange County Transportation Authority's Teen Council Members**

Chris Boucly/Lance M. Larson

Darrell E. Johnson, CEO, presented OCTA Resolutions of Appreciation Nos. 2018-077 through 2018-098 to the members of OCTA's Teen Council in attendance whose terms expire in July 2018.

Chairwoman Bartlett congratulated and thanked the Teen Council for its efforts.

### **Orange County Local Transportation Authority Special Calendar Matters**

**3. Adopt Resolutions of Necessity for the Interstate 405 Improvement Project Between State Route 73 and Interstate 605**

James Donich, General Counsel, opened with comments, and noted for the record that 12 affirmative votes are needed to pass the proposed Resolutions of Necessity (RON).

Chairwoman Bartlett opened the public hearing, and Jeff Mills, Program Manager, Interstate 405 (I-405) Improvement Project, provided a PowerPoint presentation for this item as follows:

- I-405 Improvement Project RON Locations;
- RON No. 2018-061 – BRE/LQ Properties, LLC;
- RON No. 2018-066 – G.B. Enterprises, a partnership; and
- Four Requirements to be Considered to Adopt Resolutions.

A discussion ensued regarding:

- RON No. 2018-061 – There is a mitigation plan for the La Quinta Inn hotel customers to access the check-in and room locations.

**3. (Continued)**

Chairwoman Bartlett opened the floor for public comments, and there were no public comments.

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to close the hearing.

A discussion ensued regarding the primary issues to obtain an agreement with this item's RONS as follows:

- RON No. 2018-061 – La Quinta Inn hotel has been somewhat non-responsive.
- RON No. 2018-066 – The outdoor advertising sign discussions have been going well; however, due to time constraints, the construction schedule needs to move forward.

A motion was made by Director Hennessey, seconded by Director Winterbottom, and declared passed by those present, to adopt Resolutions of Necessity Nos. 2018-061 and 2018-066, and authorize and direct General Counsel to prepare, commence, and prosecute a proceeding in eminent domain for the purpose of acquiring necessary right-of-way and real property interests for the Interstate 405 Improvement Project between State Route 73 and Interstate 605.

Director Spitzer voted in opposition.

**Consent Calendar (Items 4 through 19)**

**Orange County Transportation Authority Consent Calendar Matters**

**4. Approval of Minutes**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to approve the Orange County Transportation Authority and affiliated agencies' regular meeting minutes of June 11, 2018.

Director Davies abstained due to not being present at the June 11, 2018 Board of Directors (Board) meeting.



**5. Amendment to Cooperative Agreement with the County of Orange, Orange County Sheriff's Department**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 5 to Cooperative Agreement No. C-5-3342 between the Orange County Transportation Authority and County of Orange, Orange County Sheriff's Department, in the amount of \$8,640,895, for Transit Police Services, effective July 1, 2018 through June 30, 2019. This will increase the maximum obligation of the agreement to a total contract value of \$30,173,391.

Due to a potential conflict of interests, Director Tait did not participate or vote on this item.

**6. Proposed Schedule for the Orange County Transportation Authority's 2019-20 State and Federal Legislative Platforms**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to approve the preparation plan and timeline for the Orange County Transportation Authority State and Federal Legislative Platforms.

**7. State Legislative Status Report**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to receive and file as an information item.

**8. Federal Legislative Status Report**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to receive and file as an information item.

**9. Amendment to Agreement with Platinum Advisors, LLC, for State Legislative Advocacy and Consulting Services**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-4-1412 between the Orange County Transportation Authority and Platinum Advisors, LLC, to exercise the second option term of the agreement, in the amount of \$420,000, for state legislative advocacy and consulting services. This will increase the maximum obligation of the agreement to a total contract value of \$1,347,500.

**10. Approval to Release Request for Proposals for Federal Legislative Advocacy and Consulting Services**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to:

- A. Approve the proposed evaluation criteria and weightings for Request for Proposals 8-1750 for selection of a firm to provide federal legislative advocacy and consulting services.
- B. Approve the release of Request for Proposals 8-1750 to select a firm to provide federal legislative advocacy and consulting services for a two-year initial term with two, two-year option terms.
- C. Approve the evaluation committee and proposed schedule for the procurement.

**11. Agreement for Data Center Colocation Services**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to:

- A. Approve the selection of Switch Ltd., as the firm to provide data center colocation services for the hosting of the Orange County Transportation Authority's business application computing infrastructure.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-8-1507 between the Orange County Transportation Authority and Switch Ltd., in the amount of \$623,820, for a five-year initial term, with one, three-year option term to provide data center colocation services.

**12. Fiscal Year 2017-18 Third Quarter Budget Status Report**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to receive and file as an information item.

**13. Sole Source Agreement for Upgraded ID Card System**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-8-1670 between the Orange County Transportation Authority and Productive Solutions, Inc., in the amount of \$120,000 for the purchase of software and services to upgrade to the Ultrabadge Automated Fare Management software version.

**14. Amendment to Agreement for the Development, Hosting, License, and Maintenance of a Mobile Ticketing Application**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 5 to Agreement No. C-5-3244 between the Orange County Transportation Authority and moovel North America, LLC, in the amount of \$160,000, to add functionality to the current mobile ticketing platform to administer and distribute employer and university program bus passes. This will increase the maximum obligation of the agreement to a total contract value of \$783,209.

**15. Central Harbor Boulevard Transit Corridor Study**

Director Spitzer pulled this item and asked about the lack of consensus from the corridor cities and the meaning for the purposes of connectivity for this item's study.

Mr. Johnson, CEO, responded that the lack of consensus is in regards to a long-term strategy for this item's corridor study, and referenced Attachment A of the Staff Report. Mr. Johnson stated that the corridor cities support speed and amenity improvements to the existing bus service on Harbor Boulevard, and the next transit corridor study will be for Bristol Street.

A discussion ensued regarding:

- There will be a John Wayne Airport connection study.
- OC Streetcar Project:
  - Is a stand-alone project that connects to Metrolink, Amtrak (Pacific Surfliner), and 18 of OCTA's busiest bus routes.
  - Potential long-term connections to the John Wayne Airport or other points of interests.
  - The route goes to the Santa Ana Civic Center and Hall of Administration.
- Director Tait thanked staff for listening to the cities of Anaheim and Fullerton's concerns in regards to this item's study.
- The corridor studies are an incremental review of data.
- Suggestion that General Counsel review the multi-party agreements, as there are concerns about starting over a study whenever there is opposition.

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

- A. Conclude the Central Harbor Boulevard Transit Corridor Study.
- B. Focus future Central Harbor Boulevard efforts on service speed and amenity improvements for existing bus service.

## **Orange County Transit District Consent Calendar Matters**

### **16. Cooperative Agreement with the Regional Center of Orange County**

A motion was made by Director Murray seconded by Director Donchak, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-8-1735 between the Orange County Transportation Authority and the Regional Center of Orange County, in the amount of \$7,435,155, for a term of two years, effective July 1, 2018 through June 30, 2020, with two, two-year option terms, to share in the cost of paratransit services provided to Regional Center of Orange County consumers.

### **17. Amendment to Agreement with First Transit, Inc., for the Provision of Contracted Fixed-Route Service**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-4-1737 between the Orange County Transportation Authority and First Transit, Inc., in the amount of \$383,744, for an increase in service to accommodate the expansion of the iShuttle service. This will increase the maximum obligation of the agreement to a total contract value of \$148,900,252.

Due to a potential conflict of interest, Director Tait did not participate or vote on this item.

### **18. Transit Division Performance Measurements Report for the Third Quarter of Fiscal Year 2017-18**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to receive and file as an information item.

## **Orange County Local Transportation Authority Consent Calendar Matters**

### **19. Consultant Selection to Design, Furnish, and Install a Video Surveillance System at the Laguna Niguel/Mission Viejo Metrolink Station**

A motion was made by Director Murray, seconded by Director Donchak, and declared passed by those present, to:

- A. Approve the selection of Convergent Technologies, LLC, as the firm to design, furnish, and install a video surveillance system at the Laguna Niguel/Mission Viejo Metrolink Station.

**19. (Continued)**

- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-2150 between the Orange County Transportation Authority and Convergent Technologies, LLC, in the amount of \$384,488, to design, furnish, and install a video surveillance system at the Laguna Niguel/Mission Viejo Metrolink Station.

**Regular Calendar**

**Orange County Local Transportation Authority Regular Calendar Matters**

**20. 2018 Measure M2 Community-Based Transit Circulators (Project V) Call for Projects Programming Recommendations**

Darrell E. Johnson, CEO, provided opening comments and introduced Joe Alcock, Measure M2 Local Programs Section Manager, who provided a PowerPoint presentation as follows:

- Project V Overview;
- Timeline;
- Project V Recommendations;
- Project V Services Starting in 2018; and
- Next Steps.

A discussion ensued regarding:

- Concerns about accountability and not obtaining performance and verifiable information from Lyft for the Project V service in the City of San Clemente.
- OCTA contracted with the City of San Clemente, and San Clemente contracted Lyft to provide the Project V service. Thus far, there have been no payments to Lyft and San Clemente.
- San Clemente had issues with Lyft not delivering a software program as promised and providing data per the agreement.
- Lyft considers the pickup and drop off points as a privacy issue.
- San Clemente is comfortable with the August 2018 deadline and substituting the service to the OC Flex Program, if needed.
- A private sector partner that can provide on-demand service at the right point of time is positive for OCTA.
- OCTA, Lyft, and San Clemente are working on changing the “norm.”
- The Transit Committee had a good discussion on this item.
- Director Davies requested that staff setup a meeting with the city managers (Laguna Niguel and Mission Viejo) to discuss the Laguna Niguel Trolley service.

**20. (Continued)**

A motion was made by Director Murray, seconded by Director Davies, and declared passed by those present, to:

- A. Approve programming recommendations for Project V funding, in an amount not to exceed \$5,153,664, plus inflationary adjustments, for five local agency projects submitted under capital and operating reserve categories.
- B. Approve programming recommendations for Project V funding, in an amount not to exceed \$1,649,700, plus inflationary adjustments, for the City of San Clemente's Rideshare Beta Test Expansion Program, contingent upon receipt of ridership and usage documentation. If this documentation is not provided by August 2018, and it is not consistent with the Orange County Transportation Authority's minimum performance requirements, direct staff to return with an update and revised programming recommendation.
- C. Direct staff to work with the City of Laguna Niguel on route and operational refinements and return at a later date with a final recommendation on the City of Laguna Niguel's proposed Project V service, if appropriate.
- D. Authorize staff to execute cooperative funding agreements with appropriate local agencies.

Due to a potential conflict interest, Director Tait left the dais/room and did not participate or vote on this item.

**21. OC Streetcar Project Update**

Darrell E. Johnson, CEO, provided comments about last Tuesday's meeting with Jane Williams, Acting Administrator, Federal Transit Administration (FTA), and introduced Jim Beil, Executive Director of Capital Programs, who reported on the following:

- Approximately one year ago, the Board authorized to execute a Full Funding Grant Agreement (FFGA) with the FTA for \$149 million Capital Investment Grant to cover 50 percent of the project costs.
- Streetcar Vehicle Status:
  - In March 2018, the Board awarded the vehicle manufacturing contract to Siemens Industries, Inc.
  - OCTA intends to move forward with execution of the vehicle contract before July 18<sup>th</sup>.

**21. (Continued)**

- Construction Contract Status:
  - In December 2017, the Board approved releasing the construction Invitation For Bid.
  - The reason for the two bid opening extensions were highlighted.
  - On Tuesday, June 19<sup>th</sup>, the bids were opened, and pricing is valid for 180 days after the bid opening.
  - Pending Board approval of a revised funding plan and FTA's processing of the FFGA, on August 13<sup>th</sup>, the Board will consider a construction award contract to the lowest responsive and responsible bidder.
  - Delays to the August 13<sup>th</sup> contract award could push the Notice to Proceed past October 1<sup>st</sup> which will incur over \$400,000 per month in soft costs for extended timeframes to complete the project and "day-for-day" delays in the planned September 1, 2021 revenue service.
  - Requires the contract to be executed and Limited Notice to Proceed to be issued by December 16<sup>th</sup>.
  - The latest to award the contract, to meet the December 16<sup>th</sup> expiration date, is on October 22<sup>nd</sup>.
- Assessment of Pricing and Funding:
  - OCTA is working on a responsiveness review and analyzing bid prices to the overall project.
  - Bringing forward the assessment to the Board for consideration on July 9<sup>th</sup>.
  - To date, approximately \$33 million has been expended on the project.
- Maintenance and Storage Facility (MSF):
  - The City of Santa Ana and OCTA are finalizing purchase of the last property needed for the MSF.
  - In July, the Board will consider an award for a small demolition and clearing contract for one of the MSF parcels.

This agenda item was received and filed as an information item.

**Discussion Items**

**22. Public Comments**

There were no public comments.

**23. Chief Executive Officer's Report**

Darrell E. Johnson, CEO, reported on the following:

- Last week, he traveled to Washington, D.C. and New York. In New York, he was joined by Chairwoman Bartlett, Vice Chairman Shaw, and Finance and Administration Committee Chairman Do for OCTA's annual meetings with the rating agencies and financial institutions.
- A full report of the New York rating agencies meetings will be presented at a future Finance and Administration Committee meeting.
- Dump the Pump Update:
  - Last Thursday, OCTA participated in the National Dump the Pump Day.
  - OCTA offered free bus rides through the OC Bus mobile app.
  - OCTA had a 47 percent increase of new user downloads through the OC Bus mobile app and recorded 1,347 boardings. The new user downloads is a 60 percent increase over last year.
  - OCTA also partnered with Waze Carpool for a total of 18,551 carpooled miles with a 29 percent increase over the prior week.
- On Saturday, June 30<sup>th</sup> at 8:30 a.m., OCTA will host an equestrian ride at the Trabuco Rose Preserve in Trabuco Canyon to give the horse riding community an opportunity to explore the property.

**24. Directors' Reports**

Vice Chairman Shaw thanked staff, as well as Chairwoman Bartlett and Director Do for last week's successful meetings with the New York rating agencies.

Director Nelson reported that last week he traveled on behalf of the County of Orange to Washington, D.C. He also attended several OCTA meetings with Congressmen Graves and Denham, Transportation and Infrastructure Committee Members, as well as met with Congressmen Rohrabacher and Correa about the full funding grant for the OC Streetcar Project.

Chairwoman Bartlett reported that last week she attended the annual New York rating agencies meetings, and thanked staff for their time and efforts to prepare for the meetings.

**25. Closed Session**

There were no Closed Session items scheduled.



**26. Adjournment**

The meeting adjourned at 10:13 a.m.

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, July 9, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07-08, Orange, California.

ATTEST:

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Laurena Weinert  
Clerk of the Board

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Lisa A. Bartlett  
OCTA Chairwoman



## COMMITTEE TRANSMITTAL

**July 9, 2018**

**To:** Members of the Board of Directors

**From:** Laurena Weinert, Clerk of the Board

**Subject:** Amendment to the 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement

### Finance and Administration Committee Meeting of June 27, 2018

**Present:** Directors Do, Hennessey, Murphy, and Steel  
**Absent:** Directors Jones and Spitzer

### **Committee Vote**

This item was passed by the Members present.

### **Committee Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3828 between the Orange County Transportation Authority and Riverside County Transportation Commission, in the amount of \$2,078,750, for the reimbursement of shared operational expenses through June 30, 2019.



**June 27, 2018**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Amendment to the 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement

### **Overview**

The 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement prescribes the funding transfers between the two agencies for costs incurred for the rent and any shared operational expenses in relation to the 91 Express Lanes. An amendment is needed to account for the reimbursement of shared operating costs incurred by the Riverside County Transportation Commission for the period July 1, 2018 through June 30, 2019.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3828 between the Orange County Transportation Authority and Riverside County Transportation Commission, in the amount of \$2,078,750, for the reimbursement of shared operational expenses through June 30, 2019.

### **Discussion**

In order to facilitate the exchange of funds between the two agencies, the 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement (ROFA) was executed in November 2015. This agreement prescribes the funding transfers between the two agencies for costs incurred for the rent and any shared operational expenses in relation to the 91 Express Lanes. Under the terms of ROFA, both agencies are to establish an annual fiscal year amount for the funding and payment of joint operating costs each year. Staff has identified the shared operational expenses and has assigned responsibility for the administration and payment of these expenses. An amendment to the ROFA is required, in the amount of \$2,078,750,

to reimburse the Riverside County Transportation Commission (RCTC) for joint operating costs incurred through June 30, 2019 by RCTC. Some of these operating costs include credit card processing fees, systems and equipment maintenance services, transponder purchases, and services relating to the transition to the new transponder protocol.

Funding for Amendment No. 3 to Agreement No. C-5-3828 is included in Orange County Transportation Authority's Fiscal Year 2018-19 Budget, 91 Express Lanes Account.

***Summary***

Staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3828 between the Orange County Transportation Authority and Riverside County Transportation Commission, in the amount of \$2,078,750, for the reimbursement of shared operational expenses through June 30, 2019.

***Attachments***

- A. Amendment No.3 to 91 Express Lanes RCTC-OCTA Facility Agreement ("ROFA")
- B. Riverside County Transportation Commission – Orange County Transportation Authority Facility Agreement No. C-5-3828 Fact Sheet

***Prepared by:***



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Kirk Avila  
General Manager  
Express Lanes Programs  
(714) 560-5674

***Approved by:***



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Ken Phipps  
Deputy, Chief Executive Officer  
Executive Office  
(714) 560-5637



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Virginia Abadessa  
Director, Contracts Administration and  
Materials Management  
(714) 560-5623

**AMENDMENT NO. 3  
TO 91 EXPRESS LANES  
RCTC- OCTA FACILITY AGREEMENT  
("ROFA")**

This Amendment No. 3 to 91 Express Lanes RCTC-OCTA Facility Agreement (Identified as RCTC Agreement No. 16-31-025-00 and OCTA Agreement No. C-5-3828) ("Amendment No. 3") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2018 by and between the Riverside County Transportation Commission ("RCTC") and the Orange County Transportation Authority ("OCTA"). RCTC and OCTA are sometimes referred to herein individually as "Party", and collectively as the "Parties".

**Recitals**

A. The Parties previously entered into that certain Cooperative Agreement for State Route 91 Express Lanes and Corridor Improvements, dated December 16, 2011 ("Cooperative Agreement"), which, among other things, anticipated the sharing of certain joint operating costs incurred in conjunction with the coordinated operation of the OCTA 91 Express Lanes and the RCTC 91 Express Lanes.

B. The Parties previously entered into that certain RCTC-OCTA Facility Agreement ("ROFA"), dated November 4, 2015, for implementation of certain portions of the Cooperative Agreement pertaining to the lease, expansion, and joint use of the Toll Related Facilities. The ROFA sets forth the rights and obligations of the Parties related to the lease, expansion, and joint use of the Toll Operations Center, as that term is defined in the ROFA. Section 5 of the ROFA addresses the payment of rent and other costs for the Toll Operations Center. Section 8 of the ROFA contemplated that the Parties would enter into subsequent amendments to the ROFA address the terms for implementation of the Cooperative Agreement with respect to expansion, lease and joint use of the Customer Service Center and payment for Third Party Vendor Agreements, as those terms are defined in the ROFA.

C. Pursuant to Section 8, the Parties previously entered into that Amendment No. 1 to the ROFA, dated October 26, 2016, which added Exhibit "B" entitled "ROFA Addendum for CSC Build-Out" to address the build-out of the Customer Service Center and CSC lease payments. Section 4 of Exhibit "B" addresses payment of Rent for the Customer Service Center.

D. Pursuant to Section 8, the Parties previously entered into that Amendment No. 2 to the ROFA, dated April 11, 2017, which added Addendum 1 entitled "ROFA Addendum for Funding and Payment of Certain Joint Operating Costs" (i) to identify certain third party vendor agreements entered into by OCTA or RCTC, respectively, related to operation of the 91 Express Lanes ("Third Party Vendor Agreements"), (ii) to identify certain purchases administered by one Party and to be jointly funded by the other Party, (iii) to provide for the allocation of funding by each Party to reimburse the other Party for its share of costs incurred under such Third Party Vendor Agreements and for such purchases, and (iv) for OCTA to allocate funding to reimburse RCTC for payment of certain future costs related to third party contracts and purchases

administered by Cofiroute, USA LLC ("Cofiroute") and not funded under that certain three party operating agreement entered into by OCTA, RCTC and Cofiroute, dated as of May 24, 2013, as amended ("ORCOA"). Addendum No. 1 as added by Amendment No. 2 to the ROFA only addresses the funding and payment of joint operating costs and third party contract costs incurred through June 30, 2018.

E. The Parties now desire to enter into this Amendment No. 3 in order to update Addendum No. 1 to set forth terms pertaining to the allocation of funding and payment by each Party for costs incurred by the other Party under Third Party Vendor Agreements and for Rent associated with the Toll Operations Center and Customer Service Center, and for certain costs incurred by RCTC for third party contracts and purchases administered by Cofiroute for operation of the 91 Express Lanes, and not funded under the ORCOA, for the period from July 1, 2018 through June 30, 2019.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, it is mutually understood and agreed as follows:

1. **Amendment.** Effective July 1, 2018, ROFA Addendum 1 entitled "ROFA Addendum for Funding and Payment of Certain Joint Operating Costs" is hereby replaced in its entirety with the Addendum No. 1 attached hereto, which is incorporated herein by reference, setting forth terms pertaining to the allocation of funding and payment by each Party for costs incurred by the other Party under Third Party Vendor Agreements and for Rent associated with the Toll Operations Center and Customer Service Center, and for certain costs incurred by RCTC for third party contracts and purchases administered by Cofiroute for operation of the 91 Express Lanes, and not funded under the ORCOA, for the period from July 1, 2018 through June 30, 2019.

2. **Continuing Effect of Agreement.** Except as amended by this Amendment No. 3, all provisions of the ROFA, as previously amended, shall remain unchanged and in full force and effect. Except as otherwise expressly stated, the incorporation of costs pertaining to Rent pertaining to the Toll Operations Center and the Customer Service Center into Addendum No. 1 is not intended to amend or supersede other applicable provisions of the ROFA, as previously amended, pertaining to the rights and obligations of the Parties with respect to payment of such costs.

3. **Counterparts.** This Amendment No. 3 may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

## Addendum 1

### ROFA Addendum for Funding and Payment of Certain Joint Operating Costs

This ROFA Addendum for Funding and Payment of Certain Joint Operating Costs (hereafter "Addendum") sets forth the respective rights and obligations of RCTC and OCTA, respectively, pertaining to the payment and reimbursement of certain costs incurred by the other Party under the identified Third Party Vendor Agreements and of certain purchases made by one Party to be jointly funded by the other Party, and to the allocation of funding by OCTA to reimburse RCTC for payment of certain third party contract costs and purchases administered by Cofiroute and not funded under the ORCOA. For budgeting and funding allocation purposes only, this Addendum No. 1 also incorporates the estimated costs for Rent under the TOC Lease and the CSC Lease to be shared by the Parties pursuant to Section 5 of the ROFA and Section 4 of Exhibit "B" to the ROFA, respectively.

1. **Defined Terms.** Capitalized terms used in this Addendum, including in the recitals to Amendment No. 3, and not otherwise defined herein shall have the meanings set forth in the Cooperative Agreement.

2. **Funding and Payment for Certain Joint Operating Costs.**

The Parties agree that there are certain joint operating costs for the Toll Related Facilities, as identified in Section 2.8.5 of the Cooperative Agreement, that will be incurred by one Party on behalf of the other Party, and by Cofiroute for the benefit of both Parties. Each Party agrees to reimburse the other Party for its share of the joint operating costs incurred from July 1, 2018 through June 30, 2019 (the "Current Fiscal Year") according to the Percentage Cost Split as follows:

A. **RCTC Payments to OCTA for Third Party Vendor Agreements or Purchases and for Leases Administered by OCTA.** RCTC hereby allocates \$1,861,250 for its share of joint operating costs incurred by OCTA during the Current Fiscal Year. The initial list of Third Party Vendor Agreements or purchases to be administered by OCTA, and jointly funded by RCTC, for the Current Fiscal Year is included in Exhibit "A" attached to this Addendum and incorporated herein by reference. OCTA agrees to obtain RCTC approval of any new or additional Third Party Vendor Agreements or purchases not listed in Exhibit "A", and subject to cost sharing as set forth herein. Additions and changes to Exhibit "A" may be approved in writing by RCTC's Executive Director, or designee, without an amendment to this Addendum provided that the total costs to be shared by RCTC do not exceed the amount set forth in this paragraph. OCTA shall invoice RCTC monthly for the joint operating costs identified in Exhibit "A", and RCTC shall reimburse all approved costs within 30 days of receipt of an invoice from OCTA. For budgeting and funding allocation purposes only, Exhibit "A" includes RCTC's estimated proportionate share of costs for Rent for the Current Fiscal Year under the TOC Lease and the CSC Lease. The Parties acknowledge and agree that this estimate is subject to change based on extensions of the CSC Lease, changes in the amount of estimated CAM Expenses, and other unforeseen expenses, and that RCTC's



obligations for payment of its proportionate share of Rent and related late fees under the TOC Lease and the CSC Lease shall remain subject to Section 5 of the ROFA and Section 4 of Exhibit "B" to the ROFA, respectively.

**B. OCTA Payments to RCTC for Third Party Vendor Agreements or Purchases Administered by RCTC.** OCTA hereby allocates \$907,750 for its share of joint operating costs incurred by RCTC during the Current Fiscal Year. The initial list of Third Party Vendor Agreements or purchases to be administered by RCTC, and jointly funded by OCTA, for the Current Fiscal Year is included in Exhibit "B" attached to this Addendum and incorporated herein by reference. RCTC agrees to obtain OCTA approval of any new or additional Third Party Vendor Agreements or purchases not listed in Exhibit "B", and subject to cost sharing as set forth herein. Additions and changes to Exhibit "B" may be approved in writing by OCTA's Chief Executive Officer, or designee, without an amendment to this Addendum provided that the total costs to be shared by OCTA do not exceed the amount set forth in this paragraph. RCTC shall invoice OCTA monthly for the joint operating costs identified in Exhibit "B", and OCTA shall reimburse all approved costs within 30 days of receipt of an invoice from RCTC.

**C. OCTA Reimbursement to RCTC for Third Party Contracts and Purchases Up to \$50,000 Initiated by Cofiroute in the name of the 91 Express Lanes and Initially Paid by RCTC.** OCTA hereby allocates \$1,171,000 for its share of costs for third party contracts and purchases up to \$50,000 made in the name of the 91 Express Lanes, initiated by Cofiroute and not funded under the ORCOA, for the Current Fiscal Year. The initial list of such third party contracts and purchases to be initiated by Cofiroute in the name of the 91 Express Lanes and jointly funded by the Parties for the Current Fiscal Year is included in Exhibit "C" attached to this Addendum and incorporated herein by reference. RCTC and OCTA shall each approve, in advance, any procurements to be made by Cofiroute and jointly funded in accordance with this paragraph. Additions and changes to Exhibit "C" may be approved in writing by RCTC's Executive Director and OCTA's Chief Executive Officer, or their designees, without an amendment to this Addendum. RCTC shall pay the full invoiced amount directly to the third party contractor or vendor for approved jointly funded procurements as described herein, and shall invoice OCTA monthly for OCTA's share of such costs, which share shall be based on the Percentage Cost Split. OCTA shall reimburse RCTC for all approved costs within 30 days of receipt of an invoice.

- 2. Annual Cost Allocation.** The Parties agree to establish the annual fiscal year amounts for the funding and payment of joint operating costs as described herein by January 15 of each year.
- 3. Processing of Funding and Payment of Joint Operating Costs.** The Parties agree to work together to establish administrative procedures for the processing of joint operating costs as described in this Addendum.

[Signatures on following page]

**SIGNATURES TO  
AMENDMENT NO. 3 TO  
91 EXPRESS LANES RCTC-OCTA FACILITY AGREEMENT ("ROFA")  
BETWEEN RIVERSIDE COUNTY TRANSPORTATION COMMISSION  
AND  
ORANGE COUNTY TRANSPORTATION AUTHORITY**

**RIVERSIDE COUNTY  
TRANSPORTATION COMMISSION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ORANGE COUNTY  
TRANSPORTATION  
AUTHORITY**

By: \_\_\_\_\_

Its: \_\_\_\_\_

APPROVED AS TO FORM:  
BEST BEST & KRIEGER LLP

By: \_\_\_\_\_  
Counsel to the Riverside  
County Transportation Commission

APPROVED AS TO FORM:  
WOODRUFF, SPRADLIN & SMART,  
APC

By: \_\_\_\_\_  
General Counsel to Orange  
County Transportation  
Authority

# EXHIBIT A

## CONTRACTS/PURCHASES ADMINISTERED BY OCTA

### OCTA Administered Costs July 1, 2018 to June 30, 2019

Description	Total Shared Costs	Shared Amount (RCTC Share)
Trademark Counsel	6,000	3,000
Customer Newsletter and Annual Report	30,000	15,000
Credit Card Processing Fee	1,500,000	750,000
Toll Road Property Insurance	250,000	125,000
Armor Car Services	10,000	5,000
91 Express Lanes Telecommunications Expense	50,000	25,000
Printing of Customer Notification Materials	50,000	25,000
Bank Service Charge	25,000	12,500
Transponders	130,000	65,000
Telephone Software/Hardware Maintenance	32,500	16,250
Other Miscellaneous Expenses	5,000	2,500
Marketing	200,000	100,000
SR-91 Implementation Plan	70,000	35,000
Lease <sup>1</sup>	530,000	265,000
Toll Operations Consulting Services	620,000	310,000
PC Workstations/Hardware	100,000	50,000
Roadway Closures	30,000	30,000
Collection Services	54,000	27,000
<b>Total</b>	<b>3,692,500</b>	<b>1,861,250</b>

<sup>1</sup> Represents estimated Rent under TOC Lease through June 30, 2019 and estimated Rent under the CSC Lease through March 31, 2019. This estimate is subject to change based on extension of the CSC Lease, changes in the amount of estimated CAM Expenses, and other unforeseen expenses. Section 5 of the ROFA governs RCTC's obligations for payment of its proportionate share of Rent and related late fees under the TOC Lease. Section 4 of Exhibit "B" to the ROFA governs RCTC's obligations for payment of its proportionate share of Rent and related late fees under the CSC Lease.

# EXHIBIT B

## CONTRACTS/PURCHASES ADMINISTERED BY RCTC

### RCTC Administered Costs July 1, 2018 to June 30, 2019

Description	Total Shared Costs	Shared Amount (OCTA Share)
Traffic Operations Center System Maintenance	120,000	60,000
Variable Message Signs Support and Maintenance	34,000	17,000
Toll Operations Consulting Services	545,000	272,500
Transponders	840,000	420,000
Software	200,000	100,000
Utilities	10,000	5,000
Equipment Maintenance	6,500	3,250
Roadway Closures	30,000	30,000
<b>Total</b>	<b>1,785,500</b>	<b>907,750</b>

# EXHIBIT C

## CONTRACTS/PURCHASES ADMINISTERED BY COFIROUTE

### Cofiroute Administered Costs July 1, 2018 to June 30, 2019

Description	Total Shared Costs	Shared Amount
Roadway Repair Materials	5,000	2,500
Utilities	24,000	12,000
Office Supplies and Equipment	30,000	15,000
Postage Fees	10,000	5,000
PC Workstations/Hardware	65,000	32,500
Software	40,000	20,000
Business Expenses	6,000	3,000
Other Miscellaneous Expenses	5,000	2,500
Network Evaluation/PCI (Payment Card Industry) Compliance	35,000	17,500
91 Express Lanes Telecommunications Expense	7,000	3,500
Printing of Customer Notification Materials	18,000	9,000
Credit Card Processing Fees	150,000	75,000
System Maintenance and Support	150,000	75,000
Equipment Maintenance Services	150,000	75,000
Computer Hardware/Software	170,000	85,000
Collection Services	52,000	26,000
Tools and Equipment	20,000	10,000
6C Transition	1,405,000	702,500
<b>Total</b>	<b>2,342,000</b>	<b>1,171,000</b>

**Riverside County Transportation Commission –  
Orange County Transportation Authority Facility  
Agreement No. C-5-3828 Fact Sheet**

1. September 28, 2015, \$515,793, approved by Board of Directors (Board).
  - Authorized payment to the Riverside County Transportation Commission (RCTC) for reimbursement of tenant improvements for the 91 Express Lanes Anaheim Office.
  - Authorized Facility Agreement with RCTC pertaining to funding exchanges for rent, leasehold improvements, and any shared improvements implemented by the Orange County Transportation Authority and RCTC.
2. November 4, 2015, Agreement No. C-5-3828, approved by Contracts Administration and Materials Management Department (CMM).
  - Facility Agreement pertaining to funding exchanges for rent, leasehold improvements, and any shared improvements implemented by the Orange County Transportation Authority and RCTC.
3. October 26, 2016, Amendment No. 1 to Agreement No. C-5-3828, \$0.00, approved by CMM.
  - Amendment set forth terms pertaining to the construction of tenant improvements to, and the payment of rent for, the Customer Service Center in conjunction with operation of the RCTC 91 Express Lanes.
4. March 27, 2017, Amendment No. 2 to Agreement No. C-5-3828, \$431,308, approved by the Board.
  - Amendment for the reimbursement of shared operational expenses for the 91 Express Lanes through June 30, 2018.
5. June 25, 2018, Amendment No. 3 to Agreement No. C-5-3828, \$2,078,750, pending Board approval.
  - Amendment for the reimbursement of shared operational expenses for the 91 Express Lanes through June 30, 2019.

Total committed to Agreement No. C-5-3828: \$3,025,851.



**July 9, 2018**

**To:** Members of the Board of Directors  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** OC Streetcar Project Revised Funding Plan

### **Overview**

Since the approval of the OC Streetcar project funding plan in May 2017, the OC Streetcar project has experienced schedule delays that, along with construction bid prices, have impacted the OC Streetcar project's cost estimate. In support of the OC Streetcar project's pursuit of a Full Funding Grant Agreement with the Federal Transit Administration, staff is seeking Board of Directors' approval of a revised OC Streetcar project funding plan.

### **Recommendations**

- A. Approve the revised OC Streetcar project funding plan.
- B. Authorize the use of up to \$108.41 million in additional Measure M2 Transit Extensions to Metrolink (Project S) program funding, contingent on construction contract award.
- C. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program, submit revised project readiness documents to the Federal Transit Administration as required, and execute any required agreements or amendments to facilitate the recommendation above.

### **Background**

On May 17, 2017, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved a funding plan for the OC Streetcar project (Project) for purposes of pursuing a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) as follows:

<b>Funding Sources May 2017</b>	<b>Amount (millions)</b>	<b>Percent (%) of Project Funding</b>
Federal 5309 New Starts	\$148.96	
Federal Congestion Mitigation and Air Quality Improvement (CMAQ)	\$54.46	
Federal FTA 5307	\$13.26	
<b>Subtotal Federal</b>	<b>\$216.68</b>	<b>72%</b>
State Cap-and-Trade	\$25.52	9%
Measure M2 (M2) - Project S	\$57.15	19%
<b>TOTAL</b>	<b>\$299.34</b>	<b>100%</b>

*Slight variance due to rounding*

The CMAQ, 5307, and state cap-and-trade funds have all been committed, and the existing M2 Project S funds have been approved by the Board. The remaining funding source to be secured is the Federal 5309 New Starts, which is pending execution of the FFGA with the FTA.

### **Discussion**

Since Board approval of the Project's funding plan in May 2017, several circumstances have occurred that have impacted the Project's cost estimate. A description of each of these factors is described below, as well as a recommended revised funding plan to accommodate the revised Project cost.

#### **Factors Effecting Schedule**

In May 2017, the Board authorized the Chief Executive Officer to request and enter into an FFGA with the FTA to secure a federal Capital Investment Grant (CIG) New Starts Program contribution of \$148.96 million. At that time, the date in the Project schedule for FFGA execution was November 2017. Key project activities and procurement schedules were based upon the federal funding commitment being secured by the end of 2017. This assumption was reasonable at the time given the program and Project history, and was made in concurrence with FTA staff and leadership. The Project has met every technical readiness requirement needed to secure the FFGA.

On March 23, 2018, the President signed the Federal Fiscal Year 2018 appropriations bill, which provided \$1.5 billion for New Starts projects within the CIG Program, and additional reporting language directing the Administration to continue to administer the CIG program in accordance with statute. Since the signing of the appropriations bill, OCTA has coordinated with FTA and Congress to address any remaining questions prior to the processing of the FFGA. Within



this time, the Project schedule has changed. The lack of an FFGA created uncertainty in the date of the required possession of the two parcels being acquired for the maintenance and storage facility (MSF), which impacted business relocation negotiations.

While the FTA allows for construction bid opening and awarding a contract prior to the executed FFGA, OCTA cannot execute the construction contract or incur construction contract expenses prior to FFGA execution in order to remain eligible for federal construction reimbursement. Bid prices expire 180 days from bid opening, and the bid opening was delayed twice principally because the FFGA was not progressing as originally planned. With the construction bid opening on June 19, 2018, OCTA is required to award and execute the construction contract before expiration of bids on December 16, 2018. OCTA is anticipating an executed FFGA by October 2018. This is an approximate 11-month delay from when the FFGA was originally anticipated.

In addition to extending the bid opening from March 5, 2018 to June 19, 2018 to accommodate the delay in FFGA execution, it was also extended based upon feedback from the construction industry for additional time to prepare responsive bids given both the complexity of the Project, as well as limited availability of contractor estimating and bidding resources to respond to the invitation for bids (IFB). The construction duration milestones were also slightly extended to accommodate the industry's request for additional time to complete a section of track for vehicle testing, the MSF, and the limitations on the number of on-street segments that can be under construction at one time.

Given the delays associated with the FFGA execution, construction bid opening, and extended construction duration milestones, the revenue service date was extended from December 2020 to the end of August 2021. This eight-month schedule delay also has significant cost implications that impact the professional services supporting the Project, the vehicle pricing, and the construction pricing.

#### Professional Services

The delay has also resulted in a required increase in professional services that support the Project. This includes OCTA staff resources, as well as the consultant contracts related to project management, design, construction management, and quality.

Design costs have increased to account for support over a longer bidding period, as well as additional work not anticipated in the original scope of the Project. This includes redesigning the Orange County Sanitation District (OCSD) sewer protections, additional design of City of Santa Ana (City) traffic signals needed to accommodate the Project, additional safety enhancement systems required

by the California Public Utilities Commission (CPUC), and ongoing third-party utility relocation support. Board approval of the modifications to the design consultant contract will be presented pending completion of negotiations with the designer. The estimated overall increase in all professional services costs is approximately \$6.01 million.

#### Vehicles

At the time of the vehicle contract award, the vehicle cost was within the planned budget based upon availability of Project contingency. Given the Project delays and related cost increases, contingency has been globally reassessed and is being applied to other Project budget line items, resulting in a required re-budgeting of the vehicle contract value. Any savings anticipated to be achieved from negotiations with the vehicle manufacturer were not realized as the manufacturer requested additional costs due to a seven-month delay in vehicle delivery. There was also a new high-rail tow vehicle added based upon a re-examination of operational needs. The estimated increase in vehicle costs is approximately \$2.43 million.

#### Construction Bid

Construction costs have been impacted by the schedule delays, design changes made by addendum, and external market conditions as reflected in the pricing of construction bids received on June 19, 2018.

A significant level of uncertainty in the construction market due to shortages in skilled labor and materials, and rapidly increasing material costs for steel, aggregate, lumber products, and diesel fuel have significantly impacted bid prices. These market factors were evident in all bids received, and particularly in the bid items for mobilization and the MSF. OCTA is not alone in experiencing higher bid prices over engineers' estimates. The Los Angeles County Metropolitan Transportation Authority conducted a construction market analysis focused on Southern California (May 2018) and concluded that construction costs are rising as a result of labor shortage, low unemployment, concurrent large infrastructure projects in the area, and inflation. The report mentions that, "A perfect storm of conditions is occurring in the construction industry with a construction labor shortage, low unemployment, and large amount of ongoing and planned work in the region." This is coupled with rising material pricing with subcontractors and suppliers not guaranteeing pricing beyond a few months resulting in contractors including large contingencies to cover material price risk.

Design changes that were made during the bid process via addendum and reflected in the construction bid include additional safety signal systems to meet requirements of the CPUC, addition of revised OCSD sewer protection and

relocation work, revisions to traction power substation site design in response to requirements from the City and Southern California Edison (SCE), addition of civil and traffic elements to coordinate the Project with the County of Orange Block 16 development, and civil modifications and landscape additions to improve compatibility within Sasser Park.

Construction bids are currently being analyzed for responsiveness to the IFB requirements. The apparent responsive low construction bid is approximately \$78.89 million higher than the original construction estimate. A bid protest from one bidder was received on June 27, 2018, and is currently under review. The funding plan update is assuming the apparent responsive low bid in the revised cost estimate for the revised funding plan needs.

The results of the bid analysis and the Project construction award recommendation is planned for Board action in August 2018. This may be impacted by the final processing and execution timeline for the FFGA.

#### Utility Costs

Utility costs in the Project estimate reflect an increase due primarily to recent direction from the FTA to include the full cost for the relocation of SCE and Southern California Gas (SCG) utilities in the Project cost estimate. OCTA has advanced \$12.44 million to keep SCE and SCG relocation work progressing, and OCTA intends on fully recovering these costs at a later date. Previously, only a small portion of these costs were being recognized as part of the Project contingency because the full cost can be recovered based upon franchise rights in place between the City and the utility companies. The FTA is now requiring that the full relocation costs for both SCE and SCG be accounted for in the base Project cost. These funds would be credited to the M2 program (Project S) when costs are recovered.

Similar to the SCE and SCG relocation costs, the Project cost estimate now includes the full cost of the OCSD relocation and protection work, which is reflected in the construction bid cost. OCSD labor costs for design review and construction inspection have also been added to the Project cost.

#### ROW

ROW acquisition and relocation costs have increased to accommodate the terms of the proposed settlement agreements with the MSF property owners based upon updated property appraisals and relocation cost. The estimated increase in these right-of-way (ROW) costs is approximately \$1.08 million. The FTA does not recognize nor participate in ROW goodwill costs as a Project cost.

Final goodwill costs are still being negotiated and will be handled separately from the official FTA approved Project cost.

#### Revised Cost Estimate

Based upon these increases, the Project cost estimate increased by approximately 36.22 percent from the May 2017 estimate submitted as part of the FFGA application to \$407.76 million. A 10.19 percent (\$37.84 million) contingency is included in the cost estimate. This contingency level is recommended by the FTA at construction award and is supported by an updated analysis of Project risks.

Attachment A reflects the revised Project cost estimate in the FTA Standard Cost Categories (SCC) format. The cost increases discussed above are distributed amongst the cost categories as required by the FTA. As identified in the SCC workbook, the Project continues to meet the FTA cost effectiveness thresholds for New Starts funding.

#### Revised Funding Plan

The FTA sets the maximum amount of Section 5309 funding when the Project is approved for entry into the New Starts Engineering phase. For the Project, this amount is the \$148.96 million included in the funding plan approved by the Board in May 2017.

To remain successful in OCTA's pursuit of an FFGA with the FTA, staff is seeking Board approval for the use of an additional \$108.41 million of M2 Transit Extensions to Metrolink (Project S) program funds to accommodate the funding plan increase. This amount of funds is available within the M2 Transit Extensions to Metrolink program and, based upon discussions with the FTA, OCTA believes that using local funds to cover the Project cost increases is a more favorable approach to the FTA. This is supported by the June 29, 2018, letter from the FTA (Attachment B). FTA states that strong local financial commitment and stable, reliable, and dependable non-federal funding sources are necessary for projects to do well in the CIG program. FTA will not sign the agreement committing CIG funding until after the project sponsor has demonstrated that its project is ready, including assurance that the project's development and design have progressed to the point where its scope, costs, benefits, and impacts are considered firm and final; the project sponsor has obtained all non-CIG funding commitments; and the project sponsor has completed all critical third-party agreements. The Project has satisfied these requirements upon Board approval of the financial commitment and revised funding plan.

The funding sources would remain unchanged. Only the total amount of Measure M2 Project S funding will increase. The following table reflects the May 2017 FFGA funding plan and the proposed revised funding plan.

<b>Funding Sources (millions)</b>	<b>May 22, 2017 Plan</b>	<b>July 9, 2018 Plan</b>	<b>Difference</b>	<b>% of Project Funding</b>
Federal 5309 New Starts	\$148.96	\$148.96		
Federal CMAQ	\$54.46	\$54.46		
Federal FTA 5307	\$13.26	\$13.26		
<b>Subtotal Federal</b>	\$216.68	\$216.68		53%
State Cap-and-Trade	\$25.52	\$25.52		6%
M2 - Project S	\$57.15	\$165.56	\$108.41	41%
<b>TOTAL</b>	\$299.34	\$407.76	\$108.41	100%

*Slight variance due to rounding*

To continue to support the processing of the FFGA with OCTA, the FTA is requesting a commitment from OCTA on the use of the additional M2 Transit Extensions to Metrolink program funds for the revised funding plan.

#### Next Steps

Upon Board approval, staff will submit the revised funding plan to the FTA for inclusion in the FFGA documentation. Based upon ongoing and consistent communication with the FTA on the status of the FFGA, OCTA anticipates executing the FFGA in October 2018.

Staff will also be returning to the Board in August 2018 for approval of the construction contract award. Construction NTP is anticipated in October 2018, with revenue service starting in September 2021. The specific timing of the construction contract award and NTP may be impacted by the FFGA execution timeline.

#### Summary

Staff is seeking Board approval of a revised OC Streetcar funding plan.

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**Attachments**

- A. OC Streetcar Project – Main Worksheet – Build Alternative
- B. Letter from K. Jane Williams, Acting Administrator, U.S. Department of Transportation, to Colleague, Orange County Transportation Authority, Dated June 29, 2018

**Prepared by:**



Kelly Hart  
Project Manager  
(714) 560-5725

**Approved by:**



James G. Beil, P.E.  
Executive Director, Capital Programs  
(714) 560-5646

<b>OC STREETCAR PROJECT -MAIN WORKSHEET-BUILD ALTERNATIVE</b> (Rev.19, June, 2017)								
OCTA				Today's Date		7/3/18		
OC Streetcar Project				Yr of Base Year \$		2018		
				Yr of Revenue Ops		2021		
	Quantity	Base Year Dollars w/o Contingency (X000)	Base Year Dollars Allocated Contingency (X000)	Base Year Dollars TOTAL (X000)	Base Year Dollars Unit Cost (X000)	Base Year Dollars Percentage of Construction Cost	Base Year Dollars Percentage of Total Project Cost	YOE Dollars Total (X000)
<b>10 GUIDEWAY &amp; TRACK ELEMENTS (route miles)</b>	<b>4.14</b>	38,711	2,168	<b>40,879</b>	<b>\$9,874</b>	<b>17%</b>	<b>10%</b>	<b>42,510</b>
10.01 Guideway: At-grade exclusive right-of-way	1.36			0	\$0			0
10.02 Guideway: At-grade semi-exclusive (allows cross-traffic)	0.05			0	\$0			0
10.03 Guideway: At-grade in mixed traffic	2.24			0	\$0			0
10.04 Guideway: Aerial structure	0.11	10,713	600	11,313	\$102,842			11,764
10.05 Guideway: Built-up fill				0				0
10.06 Guideway: Underground cut & cover				0				0
10.07 Guideway: Underground tunnel				0				0
10.08 Guideway: Retained cut or fill	0.38			0	\$0			0
10.09 Track: Direct fixation		2,157	121	2,278				2,369
10.10 Track: Embedded		14,737	825	15,562				16,183
10.11 Track: Ballasted		5,373	301	5,674				5,901
10.12 Track: Special (switches, turnouts)		5,731	321	6,052				6,294
10.13 Track: Vibration and noise dampening				0				0
<b>20 STATIONS, STOPS, TERMINALS, INTERMODAL (number)</b>	<b>10</b>	8,368	423	<b>8,792</b>	<b>\$879</b>	<b>4%</b>	<b>2%</b>	<b>9,350</b>
20.01 At-grade station, stop, shelter, mall, terminal, platform	10	8,368	423	8,792	\$879			9,350
20.02 Aerial station, stop, shelter, mall, terminal, platform				0				0
20.03 Underground station, stop, shelter, mall, terminal, platform				0				0
20.04 Other stations, landings, terminals: Intermodal, ferry, trolley, etc.				0				0
20.05 Joint development				0				0
20.06 Automobile parking multi-story structure				0				0
20.07 Elevators, escalators				0				0
<b>30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS</b>	<b>4.14</b>	38,085	2,958	<b>41,043</b>	<b>\$9,914</b>	<b>17%</b>	<b>10%</b>	<b>43,107</b>
30.01 Administration Building: Office, sales, storage, revenue counting				0				0
30.02 Light Maintenance Facility		33,087	2,570	35,657				37,449
30.03 Heavy Maintenance Facility				0				0
30.04 Storage or Maintenance of Way Building				0				0
30.05 Yard and Yard Track		4,999	388	5,387				5,658
<b>40 SITEWORK &amp; SPECIAL CONDITIONS</b>	<b>4.14</b>	81,902	5,120	<b>87,022</b>	<b>\$21,020</b>	<b>37%</b>	<b>22%</b>	<b>90,626</b>
40.01 Demolition, Clearing, Earthwork		5,835	457	6,292				6,553
40.02 Site Utilities, Utility Relocation		28,702	1,592	30,294				31,548
40.03 Haz. mat'l, contam'd soil removal/mitigation, ground water treatments		285	22	307				320
40.04 Environmental mitigation, e.g. wetlands, historic/archeologic, parks				0				0
40.05 Site structures including retaining walls, sound walls		5,679	445	6,124				6,378
40.06 Pedestrian / bike access and accommodation, landscaping		1,901	149	2,050				2,135
40.07 Automobile, bus, van accessways including roads, parking lots		9,424	738	10,161				10,582
40.08 Temporary Facilities and other indirect costs during construction		30,075	1,718	31,794				33,110
<b>50 SYSTEMS</b>	<b>4.14</b>	56,769	3,648	<b>60,417</b>	<b>\$14,593</b>	<b>25%</b>	<b>15%</b>	<b>63,699</b>
50.01 Train control and signals		6,734	433	7,167				7,556
50.02 Traffic signals and crossing protection		8,536	549	9,085				9,578
50.03 Traction power supply: substations		9,769	628	10,397				10,962
50.04 Traction power distribution: catenary and third rail		18,021	1,158	19,179				20,221
50.05 Communications		12,567	808	13,375				14,101
50.06 Fare collection system and equipment		1,141	73	1,214				1,280
50.07 Central Control				0				0
<b>Construction Subtotal (10 - 50)</b>	<b>4.14</b>	223,835	14,318	<b>238,153</b>	<b>\$57,525</b>	<b>100%</b>	<b>61%</b>	<b>249,292</b>
<b>60 ROW, LAND, EXISTING IMPROVEMENTS</b>	<b>4.14</b>	8,215	386	<b>8,601</b>	<b>\$2,078</b>		<b>2%</b>	<b>8,602</b>
60.01 Purchase or lease of real estate		7,888	382	8,270				8,270
60.02 Relocation of existing households and businesses		327	5	331				331
<b>70 VEHICLES (number)</b>	<b>8</b>	54,799	2,496	<b>57,295</b>	<b>\$7,162</b>		<b>15%</b>	<b>57,694</b>
70.01 Light Rail	8	50,240	2,131	52,371	\$6,546			52,735
70.02 Heavy Rail				0				0
70.03 Commuter Rail				0				0
70.04 Bus				0				0
70.05 Other				0				0
70.06 Non-revenue vehicles		787	63	850				856
70.07 Spare parts		3,772	302	4,074				4,102
<b>80 PROFESSIONAL SERVICES (applies to Cats. 10-50)</b>	<b>4.14</b>	69,587	2,139	<b>71,725</b>	<b>\$17,325</b>	<b>30%</b>	<b>18%</b>	<b>74,401</b>
80.01 Project Development		16,524	0	16,524				17,140
80.02 Engineering		9,246	55	9,302				9,649
80.03 Project Management for Design and Construction		18,957	1,439	20,396				21,157
80.04 Construction Administration & Management		19,945	458	20,403				21,164
80.05 Professional Liability and other Non-Construction Insurance				0				0
80.06 Legal; Permits; Review Fees by other agencies, cities, etc.		1,298	14	1,312				1,361
80.07 Surveys, Testing, Investigation, Inspection		1,421	134	1,555				1,613
80.08 Start up		2,196	38	2,235				2,318
<b>Subtotal (10 - 80)</b>	<b>4.14</b>	356,436	19,339	<b>375,775</b>	<b>\$90,767</b>		<b>96%</b>	<b>389,989</b>
<b>90 UNALLOCATED CONTINGENCY</b>				<b>16,966</b>			<b>4%</b>	<b>17,771</b>
<b>Subtotal (10 - 90)</b>	<b>4.14</b>			<b>392,741</b>	<b>\$94,865</b>		<b>100%</b>	<b>407,760</b>
<b>100 FINANCE CHARGES</b>							<b>0%</b>	<b>0</b>
<b>Total Project Cost (10 - 100)</b>	<b>4.14</b>			<b>392,741</b>	<b>\$94,865</b>		<b>100%</b>	<b>407,760</b>
Allocated Contingency as % of Base Yr Dollars w/o Contingency				5.43%				
Unallocated Contingency as % of Base Yr Dollars w/o Contingency				4.76%				
Total Contingency as % of Base Yr Dollars w/o Contingency				10.19%				
Unallocated Contingency as % of Subtotal (10 - 80)				4.51%				
YOE Construction Cost per Mile (X000)								\$60,216
YOE Total Project Cost per Mile Not Including Vehicles (X000)								\$84,557
YOE Total Project Cost per Mile (X000)								\$98,493



U.S. Department  
of Transportation

**Federal Transit  
Administration**

Administrator

1200 New Jersey Avenue, SE  
Washington, DC 20590

June 29, 2018

Dear Colleague:

This letter highlights elements of existing policy regarding the Federal Transit Administration's (FTA) advancement of projects through the Capital Investment Grants (CIG) program. The CIG program is a discretionary grant program whereby projects are selected for funding based on eligibility and merit. The FTA reviews, assesses, and evaluates the quality of the projects seeking funding to inform its decision-making. While 49 U.S.C. 5309 (Section 5309) provides for a phased process through which projects must advance before being eligible for funding, and identifies evaluation criteria to be used by FTA, advancing a project (including the decision whether to enter into a construction grant agreement at the end of the process) is ultimately a discretionary one.

The FTA bases its discretionary funding allocation decisions for the CIG program on a variety of factors including the extent of the local financial commitment, project readiness, and geographic diversity. The FTA also considers the extent value capture, private contributions, and other innovative approaches to project development and delivery are used, including public-private partnerships.

Before advancing a project, Section 5309 requires FTA to evaluate all projects seeking CIG funding on local financial commitment. Given the competitive nature of this discretionary program, the statute specifically urges FTA to consider the extent to which the project has a local financial commitment that exceeds the required non-government share of the cost of the project. To this end, FTA considers U.S. Department of Transportation loans in the context of all Federal funding sources requested by the project sponsor when completing the CIG evaluation process, and not separate from the Federal funding sources. Strong local financial commitment and stable, reliable, and dependable non-funding sources are necessary for projects to do well in the CIG program. The FTA strongly encourages project sponsors to consider innovative financing and funding approaches, including value capture and private contributions.

If FTA decides to proceed with a construction grant agreement, FTA does not sign the agreement committing CIG funding until after the project sponsor has demonstrated that its project is ready for such an agreement. This includes assurance that the project's development and design have progressed to the point where its scope, costs, benefits, and impacts are considered firm and final; the project sponsor has obtained all non-CIG funding commitments; and the project sponsor has completed all critical third-party agreements.

Lastly, as required by statute, FTA intends to publish revised CIG Policy Guidance later this year for notice and comment. If you have questions about the CIG program, please contact Elizabeth



S. Riklin, Acting Associate Administrator for Planning and Environment at 202-366-4033 or  
Sherry.Riklin@dot.gov.

Sincerely,

A handwritten signature in blue ink that reads "K. Jane Williams" followed by a horizontal line.

K. Jane Williams  
Acting Administrator

# OC Streetcar Project Revised Funding Plan

# Recommendations

- A. Approve the revised OC Streetcar project funding plan.
- B. Authorize the use of up to \$108.41 million in additional Measure M2 (M2) Transit Extensions to Metrolink (Project S) program funding, contingent on construction contract award.
- C. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program, submit revised project readiness documents to the Federal Transit Administration (FTA) as required, and execute any required agreements or amendments to facilitate the recommendation above.

# May 2017 Funding Plan

Sources	Amount (millions)	% of Project Funding
Federal 5309 New Starts	\$148.96	
Federal Congestion Mitigation and Air Quality Improvement (CMAQ)	\$54.46	
FTA 5307	\$13.26	
<b>Subtotal Federal</b>	<b>\$216.68</b>	<b>72%</b>
State Cap-and-Trade	\$25.52	9%
M2 - Project S	\$57.15	19%
<b>TOTAL</b>	<b>\$299.34</b>	<b>100%</b>

*Slight variance due to rounding*

# Factors Effecting Schedule

- Executed Full Funding Grant Agreement (FFGA)
  - Target by October 2018, 11 months later than planned
- Construction bid opening
  - June 19, 2018, three months later than planned
- Construction duration
  - Added six months to construction time
- Revised Revenue Service Date is September 2021

# Cost Increases

Cost Category	Description	Cost Increase (millions)
Vehicles	<ul style="list-style-type: none"><li>Schedule delay</li><li>High-rail tow vehicle</li></ul>	\$2.43
Professional Services	<ul style="list-style-type: none"><li>Primarily to account for schedule delay</li><li>Added minor scope to design contract</li></ul>	\$6.01
Construction Bid	<ul style="list-style-type: none"><li>Second low bid</li></ul>	\$78.89 *
Utilities	<ul style="list-style-type: none"><li>Requirement from FTA to include Southern California Edison and Southern California Gas relocation costs in project cost</li></ul>	\$12.44 *
Right-of-Way (ROW)	<ul style="list-style-type: none"><li>Maintenance and Storage Facility ROW acquisition settlements</li></ul>	\$1.08

\* Cost does not include allocated contingency

# Project Cost Estimate

	May 2017 (millions)	July 2018 Revised Cost Estimate (millions)
Project Cost	\$ 299.34	\$407.76
Project Contingency	20.47%	10.19%

# Revised Funding Plan

Sources	May 2017 (millions)	July 9, 2018 (millions)	Difference	% of Funding
Federal New Starts	\$148.96	\$148.96		
Federal CMAQ	\$54.46	\$54.46		
Federal FTA 5307	\$13.26	\$13.26		
<b>Subtotal Federal</b>	<b>\$216.68</b>	<b>\$216.68</b>		<b>53%</b>
State Cap-and-Trade	\$25.52	\$25.52		6%
M2 - Project S	\$57.15	\$165.56	\$108.41	41%
<b>TOTAL</b>	<b>\$299.34</b>	<b>\$407.76</b>	<b>\$108.41</b>	<b>100%</b>

*Slight variance due to rounding*



# Next Steps

- Submit revised funding plan to FTA
- Continue coordination with FTA to process the FFGA
- Return to Board of Directors in August 2018 with construction contract award recommendation
  - Issue notice to proceed with construction October 1, 2018
  - System testing and certification early 2021
  - Revenue service operations September 2021



## COMMITTEE TRANSMITTAL

**July 9, 2018**

**To:** Members of the Board of Directors  
**From:** Laurena Weinert, Clerk of the Board  
**Subject:** 91 Express Lanes Account Plan Changes

Finance and Administration Committee Meeting of June 27, 2018

**Present:** Directors Do, Hennessey, Murphy, and Steel  
**Absent:** Directors Jones and Spitzer

**Committee Vote**

This item was passed by the Members present.

**Committee Recommendation**

Adopt changes to the 91 Express Lanes' account plans and policies.



**June 27, 2018**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** 91 Express Lanes Account Plan Changes

### **Overview**

Commencing January 1, 2019, all California tolling agencies will be required to read a new transponder protocol, 6C. This new protocol will lower the cost of transponders for the 91 Express Lanes. As a result, staff from the Orange County Transportation Authority and Riverside County Transportation Commission have developed a deployment plan for the distribution of new transponders, and have revised account plans and fees for the 91 Express Lanes.

### **Recommendation**

Adopt changes to the 91 Express Lanes' account plans and policies.

### **Background**

For a toll facility to operate in the State of California, the equipment used in the lanes, as well as the transponders mounted on the vehicles, must conform to the specifications for Automatic Vehicle Identification systems. These specifications are under Chapter 16, Division 2, Title 21 of the California Code of Regulations (Title 21). The California Department of Transportation (Caltrans) provides oversight of Title 21.

The requirement ensures interoperability amongst the toll agencies operating in California and makes it more convenient for patrons so they do not need to establish multiple accounts with the different toll facilities for traveling on their roads. Instead, a transponder issued from one facility can be used on any other facility in California, including the Bay Area bridges in Northern California, the toll roads operated by the Transportation Corridor Agencies (TCAs), and the toll facilities in Los Angeles and San Diego counties.

The current Title 21 protocol was developed over 20 years ago. Title 21 protocol transponders are available only in hard-case forms and require batteries to

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power the circuitry. Through the years, new technologies and protocols have emerged, offering multiple advantages over the Title 21 protocol. One of these protocols, ISO 18000-63, also known as 6C, was being used in several tolling facilities in the United States and was identified by the California Toll Operators Committee (CTOC) as the protocol to replace the Title 21 protocol. CTOC, comprised of California toll facility operators/owners, was formed to facilitate electronic tolling interoperability within California.

The 6C protocol is an open, non-proprietary communication standard developed by the International Organization of Standards for passive radio frequency identification transponders and readers. Since it does not require a battery to operate, 6C transponders are available in a variety of forms, such as hard-case for 2-position, and 3-position switchables and sticker types. Sticker transponders can either be interior mounted or exterior mounted. The cost of an internal 6C sticker transponder is less than \$1.00, which is substantially lower than a standard Title 21 transponder, which costs around \$13.00. The 6C switchable transponders cost less than \$11, as compared to the Title 21 switchable transponders at \$15. The 6C protocol also has an established 6C programming standard and certification process used by multiple agencies and vendors to ensure transponder and reader equipment conform to the tolling 6C protocol. The 6C protocol is used by toll operators in Colorado, Utah, and Washington, which can potentially facilitate regional interoperability.

In order to modify the Title 21 regulations to replace the current protocol to the new 6C protocol, CTOC tasked Caltrans to begin the administrative rulemaking process through the California Office of Administrative Law (OAL) and to determine when the Title 21 protocol should sunset. A joint effort from all CTOC agencies and Caltrans was undertaken to draft language to amend Title 21. In November 2017, Caltrans informed the CTOC agencies that OAL has approved the regulatory changes to move to the 6C protocol. The updated regulation establishes 6C as the state's electronic toll collection protocol, which requires all CTOC toll facilities to read and process the 6C protocol transactions on January 1, 2019, and requires the phase out of the existing Title 21 protocol by January 1, 2024.

Over the past eight months, CTOC members have been collaboratively working together to discuss the implementation process. Each agency is evaluating their own account plans and systems to ensure they are ready for the change to 6C. In the Southern California region, the TCAs have received Board of Directors approval to their account plan changes, while Los Angeles Metro and San Diego Association of Governments are still evaluating whether changes will be made to their account plans.

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***Discussion***

The Riverside County Transportation Commission (RCTC) has been jointly operating the 91 Express Lanes with the Orange County Transportation Authority (OCTA) since the Riverside County portion commenced operations in March 2017. During the past several months, staff from each agency have met to discuss the advancement of the transition to 6C, which includes changes to account plans and policies, modifications to both the in-lane and back-office systems, procurement of 6C transponders, and development of public outreach and marketing activities.

**Account Plans/Policy Changes**

The change to the new 6C protocol provides an opportunity to reevaluate the current account plans, which have been in place since the toll facility was operated by the California Private Transportation Company, the original owner of the 91 Express Lanes. Given that 6C transponders costs are lower than the Title 21 transponders, the goals are to pass along the cost savings to the customers, increase transponder market penetration, offer simplified and competitive account plans, and to minimize the financial impacts to the 91 Express Lanes. Currently there are four 91 Express Lanes account plans: Standard, Convenience, Express Club, and Special Access. With the exception of the Special Access Plan, there is a fee per transponder charge associated with the plans. It is the intent of both agencies to issue a 6C sticker transponder to every vehicle listed on the customer accounts, thereby increasing the number of transponders per account. As of May 31, 2018, there are 140,666 accounts with 443,902 vehicles tied to those accounts. To avoid penalizing customers because of this change in technology, staff recommends changing from a per transponder fee structure to a per account fee structure. Staff is proposing changes to the Convenience, Express Club, and Standard Plans. At this time, there are no changes to the Special Access Plans.

**Convenience Plan (52,400 Customers ~ 37.3 percent)**

The current Convenience Plan requires customers to pay a one-time fee of \$75 per transponder, with no recurring monthly fees. This plan is geared towards the occasional user. Staff is recommending to change the one-time fee to \$100 per account, with no recurring monthly fees, regardless of the number of transponders. The current Convenience Plan customers will be grandfathered into the new plan without incurring any additional costs and removing the requirement to pay \$75 for any additional transponders.

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**Express Club (1,648 Customers ~ 1.2 percent)**

The current Express Club Plan requires customers to pay a \$20 monthly fee per transponder in order to receive a \$1 discount per tolled trip on the 91 Express Lanes. This account plan has the smallest customer base with less than 1,700 customers. Staff is recommending to eliminate this plan, which reduces the number of account types offered. The current Express Club Plan customers will be asked to select between the new Convenience Plan, as previously mentioned, or the new Standard Plan, which closely resembles the Express Club Plan.

**Standard Plan (75,520 Customers ~ 53.7 percent)**

For the current Standard Plan, customers must use at least \$7 in tolls per transponder per month on the 91 Express Lanes. If the customer does not use the \$7 monthly minimum requirement per transponder, the customer will be charged for the difference between the \$7 and the toll usage amount. Staff is proposing to change to a \$2 monthly account fee, regardless of the number of transponders on the account. In addition, staff is proposing to modify the Standard Plan with a concept similar to the Express Club, whereby customers will receive a \$1 per trip discount for all tolled trips on the 91 Express Lanes after 30 trips, with a maximum discount capped at \$50 per account. (Travel on both the OCTA and RCTC segments of the 91 Express Lanes is counted as two trips.) The discount provides an incentive for customers to use the toll lanes more often. Current Standard Plan customers who have not had to pay any monthly minimum fees during the past six months, will be transitioned to the new Convenience Plan at no cost to the customer.

In addition to making the account plan changes, staff is recommending modification to certain account policies. Currently, when a customer opens an account with cash, they are required to deposit \$35 for the internal Title 21 transponder or \$50 for the externally mounted Title 21 transponder. If the customer damages or loses the transponder, the customer forfeits the \$35/\$50 deposit if they have a cash account, or is charged the amount if it is a credit card account. This model was established when transponder costs ranged from \$25 to \$35 each. With the new 6C technology, this model is no longer required. Staff is recommending that 6C sticker transponders be issued to every vehicle listed on the customers' account, at no cost to the customer during the transition period, and recommends a phased approach for those customers who have switchable transponders, whereby the customers will be able to keep their existing transponders until they are no longer operable. At that time, they can exchange their Title 21 switchable transponder for a 6C switchable transponder at no cost. Customers requesting additional transponders and new customers will be required to purchase the transponders. Proposed pricing for the 6C sticker transponder and switchable

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transponder are \$5 and \$15, respectively. This is to recoup the cost of the transponder, in addition to the associated packaging and mailing costs required. It is envisioned that the issuance of the 6C transponders will begin in early 2019.

#### Financial Impact

A model was developed in order to determine the financial impact of the proposed account plans and policy changes. The model took into consideration the reduction of revenues due to the change to a per account fee structure and elimination of the Express Club plan, the offering of the \$1 discount to a wider account base, the offset of savings realized from the lower cost of the 6C transponders, as well as the revenues earned from the sale of transponders

OCTA currently generates \$2.43 million per year in account revenue fees. This amount will be reduced to approximately \$1.17 million with the proposed changes to the account structures. This loss in revenues will be partially offset by the reduction in costs for the new 6C transponders (OCTA will save approximately \$390,000 per year). Overall, it is estimated that OCTA will generate approximately \$870,000 less in net revenues associated with the account fee changes during the first year. In addition, the dollar discount program associated with the Standard Plan is estimated to cost approximately \$450,000.

Within 15 years, the net loss in account revenues to OCTA will be fully offset with the growth of new accounts and the revenue generated by the selling of new transponders. Although the anticipated changes in account fees will generate less net revenues to OCTA, these amounts are still within the projected amounts for future revenues contained in the cash flows for the program. These account fee changes will not significantly impact debt service coverage ratios or the financial integrity of the 91 Express Lanes.

#### 6C Transponder Procurement

RCTC, in coordination with OCTA, is leading the 6C transponder procurement effort for both agencies. Transponder purchases are operational expenses shared between the two agencies. Reimbursement to RCTC for the transponder purchases will be facilitated through the 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement.

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**Public Outreach and Marketing**

Public outreach will be key to making a smooth transition from the Title 21 protocol to 6C protocol transponders, especially with regards to the new mounting instructions for sticker transponders, instructions for proper disposal of the Title 21 transponders and elimination of the transponder beep. OCTA and RCTC will need to develop new marketing collateral and instructions to the customers, in addition to making changes to the external website. In late 2018, a marketing campaign will be launched to inform customers of the upcoming transponder replacement program and to encourage customers to update their account information to ensure they received the proper number of new transponders.

**In-Lane and Back-Office Systems Modification**

Modification to both the in-lane and back-office systems will be required in order to read and process the new 6C protocol. Staff from both RCTC and OCTA have provided inputs to the functional requirements, with development to commence shortly. The identification and processing of 6C transponders in both the in-lane and back-office systems are to be implemented alongside the existing requirements of identifying and processing Title 21 protocol transponders until the protocol sunsets in 2024.



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***Summary***

In November 2017, the Title 21 regulation was updated to replace the Title 21 protocol with the 6C protocol as the state's electronic toll collection protocol effective January 1, 2019, and requires the phase out of the existing Title 21 protocol by January 1, 2024. During the past several months, staff from RCTC and OCTA have met to discuss the advancement of the transition to 6C, which includes changes to account plans and policies, modifications to both the in-lane and back-office systems, procurement of 6C transponders, and development of public outreach and marketing activities. The change to the new 6C protocol provides an opportunity to reevaluate the current account plans. Staff is recommending changes to some of the 91 Express Lanes account plans and account policies.

***Attachments***

*None.*

***Prepared by:***

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Kirk Avila  
General Manager  
Express Lanes Programs  
(714) 560-5674

***Approved by:***

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Ken Phipps  
Deputy, Chief Executive Officer  
Executive Office  
(714) 560-5637

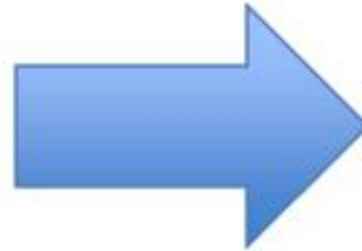
# 91 Express Lanes Account Plan Changes

# Background

- No changes have been made to 91 Express Lanes account plans and fees in over 20 years
- Any changes to account plans and fees need to be concurrently approved by Riverside County Transportation Commission Board of Directors
- Establishment of 6C as state's electronic toll collection protocol is driving the proposed changes in account plans and fees
- 6C transition required by January 1, 2019
- Phase-out of existing protocol transponders by January 1, 2024

# 6C Transponders

Title 21 Transponders



6C Sticker Transponders



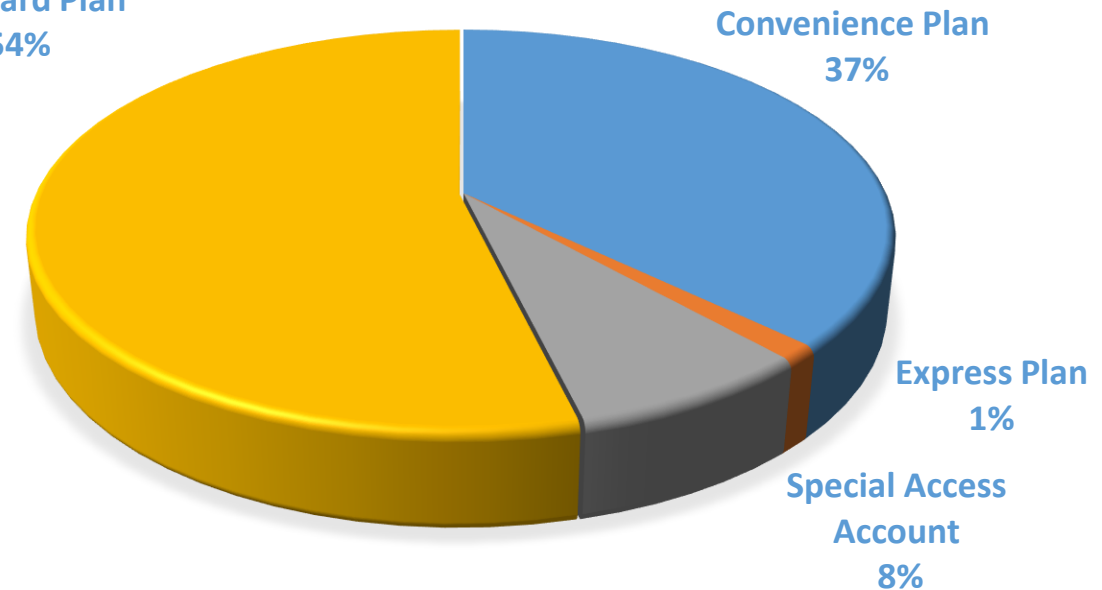
6C Switchable Transponders (Prototypes)



# Current 91 Express Lanes Account Plans

Plan Name	Description and Fees
Convenience (52,400 Customers)	\$75 per transponder, no future fees
Standard (75,520 Customers)	\$7 monthly minimum toll usage on the 91 Express Lanes, offset by toll usage
Express Club (1,648 Customers)	\$20 per transponder per month, \$1 per trip discount for all tolled trips on the 91 Express Lanes
Special Access (11,098 Customers)	No fees; Discounts for HOV3+, motorcycles, pure zero-emission vehicles, disabled veteran or disabled person license plate holders

Standard Plan  
54%



# Proposed Changes to Convenience Plan

Current Plan / Fees	Proposed Plan / Fees
\$75 per <u>transponder</u> , no future fees	\$100 per <u>account</u> , no future fees

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## Example of Fees Paid

Customer	Current Fees Paid	Transition For Existing Customers Under Proposed Plan	New Customers Under Proposed Plan
A Has 1 transponder	\$75	Keep in existing plan / no additional fees	\$100 per account
B Has 2 transponders	\$150	Keep in existing plan / no additional fees	\$100 per account
C Has 3 transponders	\$225	Keep in existing plan / no additional fees	\$100 per account

# Proposed Changes to Standard Plan

Current Plan / Fees	Proposed Plan / Fees
\$7 monthly minimum toll usage per <u>transponder</u> on the 91 EL offset by toll usage	\$2 per <u>account</u> per month; \$1 per trip discount for all tolled trips on the 91 EL, after 30 trips with maximum discount capped at \$50 per account

## Example of Fees Paid

Customer	Current Fees Paid	Transition For Existing Customers Under Proposed Plan	New Customers Under Proposed Plan
D Has 1 transponder	\$7 per month	\$2 per month or converted to Convenience Plan depending on usage	\$2 per month per account
E Has 2 transponders	\$14 per month	\$2 per month or converted to Convenience Plan depending on usage	\$2 per month per account
F Has 3 transponders	\$21 per month	\$2 per month or converted to Convenience Plan depending on usage	\$2 per month per account

# Proposed Changes to Express Club Plan

Current Plan / Fees	Proposed Plan / Fees
\$20 per <u>transponder</u> per month, \$1 per trip discount for all tolled trips on the 91 EL	Eliminated

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## Example of Fees Paid

Customer	Current Fees Paid	Transition For Existing Customers Under Proposed Plan	New Customers Under Proposed Plan
G Has 1 transponder	\$20 per month	\$2 per month and converted to Standard Plan	N/A
H Has 2 transponders	\$40 per month	\$2 per month and converted to Standard Plan	N/A
I Has 3 transponders	\$60 per month	\$2 per month and converted to Standard Plan	N/A



# Proposed Changes to Special Access Plan

Current Plan / Fees	Proposed Plan / Fees
No fees; Discounts for HOV+, motorcycles, pure zero emission vehicles, disabled veteran or disabled person license plate holders	No Changes

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## Example of Fees Paid

Customer	Current Fees Paid	Transition For Existing Customers Under Proposed Plan	New Customers Under Proposed Plan
J Has 1 transponder	\$0 per month	\$0 per month	\$0 per month
K Has 2 transponders	\$0 per month	\$0 per month	\$0 per month
L Has 3 transponders	\$0 per month	\$0 per month	\$0 per month

# Transponder Policy Changes

	Current	Transition	Proposed
<b>Standard Transponder</b>	Transponder Deposit, Lost/Damaged Fee \$35/\$50	Not Applicable	Not Applicable
<b>6C Sticker Transponder</b>	Not Applicable	Free to existing customers	Sell for \$5 per transponder
<b>Switchable Transponder</b>	Transponder Deposit, Lost/Damaged Fee \$35	Free to existing customers with switchable transponder	Sell for \$15 per transponder

# Transition Goals

- Offer simplified and competitive account plans
- Increase transponder market penetration
- Pass along transponder cost savings to customers
- Minimize financial impacts to OCTA
  - Account revenue fees are projected to decrease by \$1.27 million in first year
  - Transponder costs are projected to decrease by \$400,000 in first year
  - Net projected impact totals \$870,000 plus \$450,000 in Standard Plan discounts

# Recommendations and Next Steps

- Seek concurrence from Orange County Transportation Authority and Riverside County Transportation Commission Boards for adoption of the changes to the 91 Express Lanes account plans and policies
- Finalize transponder replacement program
- Development of public outreach and marketing activities
- Modify existing systems
  - In-Lane
  - Back-Office
- Implement changes