



Revision to ASR and/or Attachments

Date: August 18, 2021
To: Clerk of the Board of Supervisors
CC: County Executive Office
From: Frank Kim, County Executive Officer
Re: ASR Control #: 21-000590, Meeting Date 8/24/21, Item No. # 31
Subject: "\$28 Billion for a \$2.8 Billion Road" Grand Jury Response

Frank Kim

Digitally signed by Frank Kim
DN: cn=Frank Kim, o=County
of Orange, ou=CEO,
email=frank.kim@ocgov.com,
c=US,
Date: 2021.08.18 10:43:52
+0700

CLERK OF THE BOARD
ORANGE COUNTY
BOARD OF SUPERVISORS

2021 AUG 18 AM 11:00

RECEIVED

Explanation:

Replace Attachment B with updated version and update contact person.

☐ Revised Recommended Action(s)

☒ Make modifications to the:

☐ Subject ☐ Background Information ☐ Summary ☐ Financial Impact

Department Contact Person(s):

~~Kevin Onuma (714) 647-3939~~ Nicole Walsh (714) 834-6257

☒ Revised Attachments (attach revised attachment(s) and redlined copy(s))

Attachment B – Draft Response

Attachment B – Draft Response (redline)



DRAFT Responses to Findings and Recommendations
2020-21 Grand Jury Report:

“\$28 Billion for a \$2.8 Billion Road”

SUMMARY RESPONSE STATEMENT:

On June 14, 2021, the Grand Jury released a report entitled “\$28 Billion for a \$2.8 Billion Road.” This report directed responses to findings and recommendations to the Orange County Board of Supervisors. While the Board of Supervisors was directed to respond to the Grand Jury Report, the Board of Supervisors is not the governing Board of the Transportation Corridor Agencies (TCA) and while certain members of the Board of Supervisors sit as representatives on the Board of Directors of the TCA, the three Board of Supervisors’ members of the TCA Board of Directors sit with 28 other Directors, and thus, do not comprise even a simple majority membership of the TCA Board of Directors. Members of the Board of Supervisors who serve on the TCA Board of Directors voted on TCA’s official response to this Grand Jury Report on August 12, 2021. The views and opinions, if any, of the three Board of Supervisors members who also sit on the TCA Board of Directors, were expressed at that meeting, and through TCA’s official approved response to this Grand Jury Report. .

The Board of Supervisors has no direct governance or supervision over the TCA or its staff. In addition, the Board of Supervisors, acting collectively, does not have personal knowledge of the issues raised in this report, unless individual members have gained such knowledge through their representation on the Board of Directors of the TCA. The Board of Supervisors cannot remediate the issues raised in this report or issue a directive that TCA must follow. The responses of the Board of Supervisors are below:

FINDINGS AND RESPONSES:

F1. When the TCA completes the 91 Express Connector, its major necessary construction work will be finished.

Response: The Board of Supervisors cannot agree or disagree with this finding, as the Board of Supervisors is not the governing body of the TCA and thus, does not have direct/personal knowledge of the facts that would support this finding.

F2. By focusing on bond payoff, the TCA could retire its debt by 2037.

Response: The Board of Supervisors cannot agree or disagree with this finding, as the Board of Supervisors is not the governing body of the TCA and thus, does not have direct/personal knowledge of the facts that would support this finding.

F3. Based on the TCA's current debt repayment plan, the total cost of the toll roads will amount to \$28 billion by 2053.

Response: The Board of Supervisors cannot agree or disagree with this finding, as the Board of Supervisors is not the governing body of the TCA and thus, does not have direct/personal knowledge of the facts that would support this finding.

F4. The TCA can cover its debt obligations with the use of Development Impact Fees.

Response: The Board of Supervisors cannot agree or disagree with this finding, as the Board of Supervisors is not the governing body of the TCA and thus, does not have direct/personal knowledge of the facts that would support this finding.

F5. Even when the TCA's debt is retired, the roads will likely not become toll-free.

Response: The Board of Supervisors cannot agree or disagree with this finding, as the Board of Supervisors is not the governing body of the TCA and thus, does not have direct/personal knowledge of the facts that would support this finding.

F6. Maintaining two agencies creates cost inefficiencies and extends the amount of time required by SJHTCA to pay off its debt.

Response: The Board of Supervisors cannot agree or disagree with this finding, as the Board of Supervisors is not the governing body of the TCA and thus, does not have direct/personal knowledge of the facts that would support this finding.

RECOMMENDATIONS AND RESPONSES:

R1. The Grand Jury recommends the TCA develop and implement a written plan to pay off all debt by 2040, the original maturity date of the initial debt offering. The written plan should be completed by December 31, 2021 with annual written updates on December 31 of each successive year. This allows for completion of the 90 Express Connector and other projects currently in planning. This will result in debt service savings of approximately \$1 billion. (F1, F2)

Response: **The recommendation will not be implemented because it is not warranted or is not reasonable.** The Board of Supervisors cannot implement recommendations directed to TCA. While three members of the Board of Supervisors sit as Directors on the TCA Board of Directors (which has 31 total voting members), the Board of Supervisors cannot implement or direct TCA to implement this recommendation.

R2. The Grand Jury recommends the TCA eliminate DIFs once the debt is paid off. Until that time, the DIFs should be used exclusively for the payoff of debt. (F4)

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R3. The Grand Jury recommends the TCA research the possibility of merging the two agencies and develop a written plan of action by December 31, 2021. Merging allows for the elimination of any cost redundancies present in the two agencies. It also allows SJHTCA to pay off its debt at the same time as F/ETCA. (F6)

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