



# Orange County Transportation Authority

## Board Agenda

**Tuesday, May 28, 2024 at 9:00 a.m.**

550 South Main Street, Orange, California

### **Board Members**

Tam T. Nguyen, Chair  
Doug Chaffee, Vice Chair  
Ashleigh Aitken  
Valerie Amezcua  
Andrew Do  
Jon Dumitru  
Jamey Federico  
Katrina Foley  
Patrick Harper  
Michael Hennessey  
Fred Jung  
Farrah N. Khan  
Stephanie Klopfenstein  
Vicente Sarmiento  
John Stephens  
Mark Tettermer  
Donald P. Wagner  
Vacant, Ex-Officio

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the Orange County Transportation Authority (OCTA) Clerk of the Board's office at (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

### **Agenda Descriptions**

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 Committee 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 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.

### **Meeting Access and Public Comments on Agenda Items**

Members of the public can either attend in-person or listen to audio live streaming of the Board and Committee meetings by clicking this link: <https://octa.legistar.com/Calendar.aspx>

# BOARD MEETING AGENDA

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## **In-Person Comment**

Members of the public may attend in-person and address the Board regarding any item within the subject matter jurisdiction of the Orange County Transportation Authority. Please complete a speaker's card and submit it to the Clerk of the Board and notify the Clerk regarding the agenda item number on which you wish to speak. Speakers will be recognized by the Chair at the time of the agenda item is to be considered by the Board. Comments will be limited to three minutes. The Brown Act prohibits the Board from either discussing or taking action on any non-agendized items.

## **Written Comment**

Written public comments may also be submitted by emailing them to ClerkOffice@octa.net, and must be sent by 5:00 p.m. the day prior to the meeting. If you wish to comment on a specific agenda Item, please identify the Item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

## **Call to Order**

## **Invocation**

Director Amezcua

## **Pledge of Allegiance**

Director Stephens

## **1. Closed Session**

### ***Overview***

A Closed Session will be held as follows:

- A. Pursuant to Government Code Section 54956.9(d)(1) - Conference with General Counsel - Existing Litigation - Orange County Transportation Authority v. Dan R. O'Neil, et al. - OCSC Case No. 30-2020-01175339.
- B. Pursuant to Government Code Section 54956.9(d)(1) - Conference with General Counsel - Existing Litigation - M. Westland, et al. v. State of California, et al. - OCSC Case No.: 30-2019-01104539.
- C. Pursuant to Government Code Section 54956.9(d) - Conference with General Counsel - Potential Litigation - one item.

## **Special Calendar**

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

## **2. Presentation of Resolutions of Appreciation for Employees of the Month**

### ***Overview***

Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2024-050, 2024-051, and 2024-052 to Baljit Sandhu, Coach Operator; Scott Rizuto, Maintenance; Nicole Sanchez, Administration, as Employees of the Month for May 2024.

## BOARD MEETING AGENDA

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### Consent Calendar (Items 3 through 10)

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

### Orange County Transportation Authority Consent Calendar Matters

**3. Approval of Minutes**

Clerk of the Board

***Recommendation***

Approve the minutes of the May 13, 2024 Orange County Transportation Authority and affiliated agencies' regular meeting.

***Attachments:***

[Minutes](#)

**4. Amendment to Agreement for the 405 Express Lanes and 91 Express Lanes Toll Lanes System Integrator Services**

Kirk Avila

***Overview***

On February 26, 2018, the Orange County Transportation Authority Board of Directors approved a contract with Kapsch TrafficCom USA, Inc., to provide toll lanes system integrator services for the 405 Express Lanes and 91 Express Lanes. An amendment to the existing agreement is needed for additional services and equipment for both express lanes facilities.

***Recommendation(s)***

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 11 to Agreement No. C-7-1911 between the Orange County Transportation Authority and Kapsch TrafficCom USA, Inc., in the amount of \$3,965,452 for additional services and equipment for the 405 Express Lanes and 91 Express Lanes facilities. This will increase the maximum cumulative obligation of the agreement to a total contract value of \$46,813,309.

***Attachments:***

[Staff Report](#)

[Attachment A](#)

## BOARD MEETING AGENDA

---

### 5. Orange County Transportation Authority Investment and Debt Programs Report - March 2024

Robert Davis/Andrew Oftelie

#### **Overview**

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending March 31, 2024. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

#### **Recommendation(s)**

Receive and file as an information item.

#### **Attachments:**

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

### 6. 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program and Call for Projects

Denise Sifford/Kia Mortazavi

#### **Overview**

The Orange County Enhanced Mobility for Seniors and Individuals with Disabilities Program offers grant opportunities to non-profit organizations and local public agencies to help meet the transportation needs of seniors and individuals with disabilities. The program augments existing OC Bus fixed-route service, OC ACCESS service, and the Senior Mobility Program in Orange County. Updated program guidelines and request to issue the 2024 call for projects are presented for review and approval.

#### **Recommendation(s)**

A. Approve the guidelines for the 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program.

B. Authorize staff to issue the 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program call for projects.

#### **Attachments:**

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

## BOARD MEETING AGENDA

---

### 7. Annual Insurance Program Renewal

Greg Bych/Maggie McJilton

#### **Overview**

The Orange County Transportation Authority holds an excess workers' compensation insurance policy with Arch Insurance company and a base property insurance policy with Zurich Insurance Company. The policies are scheduled to expire on June 30, 2024, and renewals are necessary to maintain coverage.

#### **Recommendation(s)**

- A. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A57294, in an amount not to exceed \$650,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of July 1, 2024, to June 30, 2025.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A57293, in an amount not to exceed \$850,000, to Marsh Risk and Insurance Services, Inc., to purchase base property insurance on behalf of the Orange County Transportation Authority for the renewal of the coverage for the period of July 1, 2024, to June 30, 2025.

#### **Attachments:**

[Staff Report](#)

### 8. Measure M2 Eligibility for the City of Orange

Adriann Cardoso/Kia Mortazavi

#### **Overview**

The Orange County Transportation Authority's Internal Auditor has released the results of an independent auditor's report of the City of Orange's compliance with the Measure M2 eligibility requirements for fiscal year 2022-23. The independent auditor's report found the City of Orange lacked adequate documentation to support whether it had spent sufficient discretionary funds on streets and road purposes to meet the maintenance of effort requirement prescribed in the Measure M2 Ordinance. Based on this information, recommendations related the City of Orange eligibility and compliance with the Measure M2 Ordinance are presented.

#### **Recommendation(s)**

- A. Find the City of Orange an ineligible jurisdiction to receive or apply for net Measure M2 revenues.
- B. Suspend net Measure M2 revenue payments to the City of Orange until the City of Orange can demonstrate compliance with Measure M2 eligibility requirements and the Board of Directors acts to find the City of Orange an eligible jurisdiction.

## BOARD MEETING AGENDA

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- C. Require the City of Orange to demonstrate supplemental investment of discretionary transportation funds equal to the amount of discretionary investment that was short of the maintenance of effort benchmark in the fiscal year 2022-23 (approximately \$1.12 million) as a condition of accessing suspended funds.
- D. Authorize the Internal Auditor to engage independent auditing services to apply agreed-upon procedures to assess the City of Orange's compliance with maintenance of effort expenditures and authorize staff to deduct audit costs from any future net Measure M2 payments to the City of Orange.
- E. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Orange to correct and remedy the fiscal year 2022-23 audit issues and formalize required actions to become an eligible jurisdiction.

***Attachments:***

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

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

**9. Radio Communications Equipment Replacement for OC Bus and OC ACCESS Vehicles**

Josh Duke/Andrew Oftelie

***Overview***

Board of Directors' authorization is requested for the purchase of hardware and services to complete the radio communications equipment replacement on the OC Bus and OC ACCESS vehicle fleet.

***Recommendation(s)***

Authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-4-2235 between the Orange County Transportation Authority and Conduent Transport Solutions, Inc., in the amount of \$6,627,206, for the purchase of hardware and services necessary to replace 123 Integrated Vehicle Unit 2100s and 257 Integrated Vehicle Unit 3100s with the advanced Integrated Vehicle Unit 4000P/4000 for the Orange County Transportation Authority's paratransit and fixed-route fleets, respectively.

***Attachments:***

[Transmittal](#)

[Staff Report](#)

## BOARD MEETING AGENDA

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### 10. Amendment to Cooperative Agreements with Non-Profit Agencies to Provide Senior Mobility Program Services

Martin Browne/Johnny Dunning, Jr.

#### **Overview**

The Senior Mobility Program is designed to offer transportation alternatives to seniors in addition to local fixed-route and paratransit service. Three non-profit agencies participate in the Senior Mobility Program and receive funding from local sources other than Measure M2. The current funding agreements with these three agencies require amendments to include fiscal year 2024-25 funding in order to continue the service.

#### **Recommendation(s)**

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3259 between the Orange County Transportation Authority and Abrazar, Inc., in the amount of \$93,610, to provide funding through June 30, 2025.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3260 between the Orange County Transportation Authority and Korean American Senior Association of Orange County, in the amount of \$115,087, to provide funding through June 30, 2025.
- C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3261 between the Orange County Transportation Authority and Southland Integrated Services, Inc., in the amount of \$101,193, to provide funding through June 30, 2025.

#### **Attachments:**

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

[Attachment D](#)

# BOARD MEETING AGENDA

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## Regular Calendar

### Orange County Transportation Authority Regular Calendar Matters

#### 11. 2024 OC Transit Vision Master Plan Progress Update

Charles Main/Kia Mortazavi

##### **Overview**

The Orange County Transportation Authority is undertaking an integrated countywide transit plan. The 2024 OC Transit Vision Master Plan analyzes long-term transit needs throughout the County, identifies priorities for future transportation planning studies during the next 30 years, and positions the Orange County Transportation Authority for future local, state, and federal funding programs. Extensive public engagement will help inform the development and evaluation of the final recommendations expected in fall 2024. This report outlines a series of proposed countywide transit strategies that include 12 transit opportunity corridors and multimodal transportation improvements.

##### **Recommendation(s)**

- A. Direct staff to continue with the implementation of phase two of the public outreach plan to gather feedback on the 2024 OC Transit Vision draft transit opportunity corridors and countywide transit strategies.
- B. Return to the Board of Directors in September 2024 with an update on recommendations.

##### **Attachments:**

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

[Presentation](#)

#### 12. Regional Planning Update

Angel Garfio/Kia Mortazavi

##### **Overview**

Regular updates on regional planning matters are provided to highlight current transportation planning issues impacting the Orange County Transportation Authority and the Southern California region.

##### **Recommendation**

Receive and file as an information item.

##### **Attachments:**

## BOARD MEETING AGENDA

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[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

[Attachment D](#)

[Presentation](#)

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

#### **13. Measure M2 Eligibility for the City of Cypress**

Adriann Cardoso/Kia Mortazavi

##### ***Overview***

In 2023, the Orange County Transportation Authority Board of Directors found the City of Cypress ineligible to receive Measure M2 net revenues due to an insufficient investment of discretionary funds in fiscal year 2021-22 for streets and roads purposes to meet the Measure M2 maintenance of effort requirement. A recent accounting of the City of Cypress' Measure M2 maintenance of effort expenditures for fiscal year 2022-23 found that the City of Cypress has met its minimum maintenance of effort expenditure requirement, including the shortfall amount. The Orange County Transportation Authority Board of Directors is being asked to consider reinstating the City of Cypress' Measure M2 eligibility status.

##### ***Recommendation(s)***

- A. Authorize the Chief Executive Officer to negotiate, execute, and amend the settlement agreement with the City of Cypress to reduce the term to deliver the maintenance of effort requirement to one year and remove an audit requirement for fiscal year 2023-24.
- B. Approve the City of Cypress eligible to receive Measure M2 net revenues upon execution of the amended settlement agreement.
- C. Direct staff to reinstate payments to the City of Cypress for Measure M2 net revenues, which were held during its period of ineligibility (less fiscal year 2022-23 audit costs) within ten days of execution of the amended settlement agreement.

##### ***Attachments:***

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

## BOARD MEETING AGENDA

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### 14. Measure M2 Eligibility for the City of Buena Park

Francesca Ching/Kia Mortazavi

#### **Overview**

The Orange County Transportation Authority's Internal Auditor issued results of an independent auditor's report related to the City of Buena Park's compliance with the Measure M2 requirements for fiscal year 2022-23. The independent auditor's report found that the City of Buena Park could not sufficiently support their use of Measure M2 Local Fair Share funds related to indirect labor charges thereby resulting in the use of the funds being disallowed. Based on this information, recommendations to address the independent auditor's report finding are presented.

#### **Recommendation(s)**

- A. Seek reimbursement of \$387,576 from the City of Buena Park and find the City of Buena Park ineligible to receive Measure M2 net revenues for five years pursuant to Section 10.4 of Ordinance No. 3.
- B. Authorize the Internal Auditor to engage independent auditing services to apply agreed-upon procedures to review the City of Buena Park's Measure M2 Local Fair Share program and other expenditures for fiscal year 2023-24, fiscal year 2024-25, fiscal year 2025-26, fiscal year 2026-27, and fiscal year 2027-28 to enable the City of Buena Park to reestablish eligibility and authorize staff to deduct the review costs from any future net Measure M2 payments to the City of Buena Park.
- C. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Buena Park to formalize the required actions to reestablish eligibility and other terms.

#### **Attachments:**

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

### **Discussion Items**

#### 15. Public Comments

#### 16. Chief Executive Officer's Report

#### 17. Directors' Reports

## BOARD MEETING AGENDA

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**18. Adjournment**

The next regularly scheduled meeting of this Board will be held:

**9:00 a.m., on Monday, June 10, 2024**

OCTA Headquarters

Board Room

550 South Main Street

Orange, California



## Call to Order

The May 13, 2024, regular meeting of the Orange County Transportation Authority (OCTA) Board of Directors and affiliated agencies was called to order by Chair Nguyen at 9:00 a.m. at the OCTA Headquarters, 550 South Main Street, Orange, California.

**Directors Present:** Tam T. Nguyen, Chair  
Doug Chaffee, Vice Chair  
Ashleigh Aitken  
Valerie Amezcua  
Jon Dumitru  
Jamey Federico  
Katrina Foley  
Patrick Harper  
Fred Jung  
Stephanie Klopfenstein  
Vicente Sarmiento  
John Stephens  
Mark Tettemer  
Donald P. Wagner

**Directors Absent:** Andrew Do  
Michael Hennessey  
Farrah N. Khan

**Staff Present:** Darrell E. Johnson, Chief Executive Officer  
Jennifer L. Bergener, Deputy Chief Executive Officer  
Andrea West, Clerk of the Board  
Gina Ramirez, Assistant Clerk of the Board  
Allison Cheshire, Clerk of the Board Specialist, Senior  
James Donich, General Counsel

## Special Calendar

### 1. Administration of the Oath of Office to New Orange County Transportation Authority Board of Directors

James Donich, General Counsel, administered the Oath of Office to incoming new Board Member Mark Tettemer.

### 2. Closed Session

A Closed Session was held as follows:

- A. Pursuant to Government Code Section 54957.6 to discuss negotiations with Teamsters Local 952 regarding the coach operators.

- B. Pursuant to Government Code Section 54956.9(d) - Conference with General Counsel - Potential Litigation - one item.

James Donich, General Counsel, reported that the Board met in closed session, as detailed earlier in the meeting, to discuss the negotiations with Teamsters Local 952 regarding the coach operators. Mr. Donich reported that on Director Amezcua's motion, seconded by Director Stephens, the Board unanimously approved a new contract with a 14 percent increase over three years with the Teamsters 952 for the coach operators.

All members were present except Directors Do, Hennessey, and Khan.

**3. Proposed Fiscal Year 2024-25 Southern California Regional Rail Authority Budget**

Darren Kettle, CEO of Metrolink, presented an overview of the draft Southern California Regional Rail Authority Fiscal Year 2024-25 Budget, including the Orange County Transportation Authority's proposed share of operating, rehabilitation, and capital expenses for Metrolink commuter rail service.

Public comment was received from Toni Nelson.

No action was taken on this item.

**Consent Calendar (Items 4 through 20)**

**4. Approval of Minutes**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to approve the minutes of the April 22, 2024 Orange County Transportation Authority and affiliated agencies' regular meeting.

**5. Fiscal Year 2023-24 Internal Audit Plan, Third Quarter Update**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2023-24 Internal Audit Plan as an information item.

**6. 2024 Board of Directors and Chief Executive Officer Initiatives and Action Plan - First Quarter Progress Report**

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

**7. Acceptance of Grant Awards from the California Department of Toxic Substances Control and the California Transportation Commission**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to:

- A. Authorize the Chief Executive Officer, or designee, to accept the award of \$350,000 in Equitable Community Revitalization Grant funding for the OC Connect Garden Grove Santa Ana Rails to Trails Environmental Assessment and to negotiate and execute grant-related agreements and documents with the California Department of Toxic Substances Control.
- B. Adopt Orange County Transportation Authority Resolution No. 2024-025 and authorize the Chief Executive Officer, or designee, to accept the award of \$12 million in Local Transportation Climate Adaptation Program funding for the Coastal Rail Infrastructure Corridor Resiliency Project and to negotiate and execute required grant-related agreements and documents with the California Transportation Commission.
- C. Authorize the use of \$3 million in Measure M2 funds to match the Local Transportation Climate Adaptation Program funding for the Coastal Rail Infrastructure Corridor Resiliency Project.
- D. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program, as well as execute any necessary agreements to facilitate the recommendations above.

**8. Agreement for Fence Installation at the Pacific Electric Right-of-Way in the City of Anaheim**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2095 between the Orange County Transportation Authority and Izurieta Fence Company, Inc., the lowest responsive, responsible bidder, in the amount of \$143,340, for the fence installation at Pacific Electric Right-of-Way in the City of Anaheim.

**9. Agreement for Painting, Coating, and Roof Replacement at the Laguna Hills Transportation Center**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2073 between the Orange County Transportation Authority and Ankor Associates, Inc., the lowest responsive, responsible bidder, in the amount of \$358,000, for painting, coating, and roof replacement at the Laguna Hills Transportation Center.

**10. Agreement for Bus Hoist Replacement at the Irvine Sand Canyon Bus Base**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2092 between the Orange County Transportation Authority and Autolift Services, Inc., the lowest responsive, responsible bidder, in the amount of \$219,757, for bus hoist replacement at the Irvine Sand Canyon Bus Base.

**11. Approval of the Fiscal Year 2024-25 Local Transportation Fund Claim for Public Transportation and Community Transit Services**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to:

- A. Approve the Orange County Transit District Fiscal Year 2024-25 Local Transportation Fund claim for public transportation services in the amount of \$212,667,523.41, and for community transit services in the amount of \$11,273,685.71 for a total claim amount of \$223,941,209.12.
- B. Authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

**12. Approval of the Fiscal Year 2024-25 Local Transportation Fund Claim for Laguna Beach Public Transportation Services**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to:

- A. Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2024-25 Local Transportation Fund claim for public transportation services, in the amount of \$1,532,505.
- B. Authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

**13. Review of Interstate 405 Improvement Project: Design-Build Contract, Internal Audit Report No. 24-507**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to direct staff to implement the recommendation provided in the Review of Interstate 405 Improvement Project: Design-Build Contract, Internal Audit Report No. 24-507.

**14. Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2023**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to receive and file the Independent Auditor's Report on Compliance with the Measure M2 Ordinance and Report on Internal Control over Compliance for the year ended June 30, 2023, as an information item.

**15. Orange County Local Transportation Authority Measure M2 Maintenance of Effort, Agreed-Upon Procedures Report, City of Cypress, Year Ended June 30, 2023**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to

Direct staff to develop recommendation(s) for Board of Directors' action related to the status of the City of Cypress' Measure M2 eligibility.

**16. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2023**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to:

- A. Direct staff to monitor implementation of corrective actions by cities.
- B. Direct staff to review with legal counsel the results of agreed-upon procedures applied to the cities of Buena Park and Orange and develop recommendations for Board of Directors' consideration to address the exceptions related to Local Fair Share expenditures by the City of Buena Park and maintenance of effort expenditures by the City of Orange.
- C. Direct staff to withhold funds from a future payment to the City of Mission Viejo to address the shortfall in match funds in accordance with the Senior Mobility Program Guidelines.

**17. Third Quarter Fiscal Year 2023-24 Capital Action Plan Performance Metrics**

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

**18. Cooperative Agreements with the California Department of Transportation for the State Route 91 Improvement Project Between State Route 57 and State Route 55 for Right-of-Way Capital and Support Services**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to:

- A. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-4-2212, between the Orange County Transportation Authority and the California Department of Transportation, in the amount of \$5,926,000, for right-of-way support services, right-of-way engineering, right-of-way acquisition, and utility relocation costs for the State Route 91 Improvement Project between State Route 55 and Lakeview Avenue.
- B. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-4-2213, between the Orange County Transportation Authority and the California Department of Transportation, in the amount of \$28,166,000, for right-of-way support services, right-of-way engineering, right-of-way acquisition, right-of-way decertification of excess land, and utility relocation costs for the State Route 91 Improvement Project between State Route 55 and La Palma Avenue.
- C. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-4-2214, between the Orange County Transportation Authority and the California Department of Transportation, in the amount of \$5,510,000, for right-of-way support services, right-of-way engineering, right-of-way acquisition, and utility relocation costs for the State Route 91 Improvement Project between La Palma Avenue and Acacia Street.

**19. Measure M2 Comprehensive Transportation Funding Programs – Proposed Off-Cycle Guidelines Revisions**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to approve revisions to the Comprehensive Transportation Funding Programs guidelines.

**20. Comprehensive Transportation Funding Programs - 2024 Call for Projects Programming Recommendations**

A motion was made by Director Foley, seconded by Director Sarmiento, and declared passed by those present to:

- A. Approve the award of \$18.72 million in 2024 Regional Capacity Program (Project O) funds to six local jurisdiction projects.
- B. Approve the award of \$12.89 million in 2024 Regional Traffic Signal Synchronization Program (Project P) funds to five local jurisdiction projects.

## **Regular Calendar**

### **21. Coastal Rail Resiliency Study Updates**

Dan Phu, Program Manager, and Christina Byrne, Department Manager of Public Outreach provided a presentation on this item.

A motion was made by Director Foley, seconded by Director Sarmiento, declared passed, to direct staff to further develop the updated concepts in the Initial Assessment and return to the Board of Directors with a comprehensive plan to integrate both engineering and sand nourishment solutions to help protect the rail corridor in the immediate timeframe.

Public comments were received via email from Suzie Whitelaw and Brian Yanity.

In-person public comments were received from the following:

- Suzie Whitelaw
- Lisa Gant
- Joe Wilson
- Andy Hall
- Amanda Quintanilla
- Gary Walsh
- Toni Nelson

Directors Aitken, Dumitru, and Jung were not present to vote on this item.

## **Discussion Items**

### **22. Public Comments**

Public comment was received from Amanda Quintanilla.

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

Darrell E. Johnson, Chief Executive Officer, reported on the following:

- Golden Hub Award
- OCTA Bike Ride and Rally
- Bike Month
- California Transportation Commission Meeting



**24. Directors' Reports**

Director Amezcua thanked OCTA staff for attending the Mother's Day celebration at the Southwest Senior Center.

Director Stephens thanked Director Federico for his help in directing him and his mayor pro tem at an event location.

Director Klopfenstein thanked OCTA for winning the Golden Hub of Innovation for the Interstate 405 project. In addition, she participated in the hike with staff on April 27<sup>th</sup> and enjoyed the knowledgeable staff on plants, flora, and fauna.

Director Tettemer provided information on his public service background, thanked staff for the warm welcome, and for helping him get up to speed on the agenda.

**25. Orange County Transportation Authority Fiscal Year 2024-25 Budget Workshop**

Andrew Oftelie, Chief Financial Officer, and Sean Murdock, Director of Finance and Administration, presented the proposed fiscal year 2024-25 budget in a workshop setting.

No action was taken on this item.

**26. Adjournment**

The meeting adjourned at 12:37 p.m.

The next regularly scheduled meeting of this Board will be held:

**9:00 a.m., on TUESDAY, May 28, 2024**

OCTA Headquarters  
Board Room  
550 South Main Street  
Orange, California


ATTEST:

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Gina Ramirez  
Assistant Clerk of the Board



**May 28, 2024**

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

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

**Subject:** Amendment to Agreement for the 405 Express Lanes and 91 Express Lanes Toll Lanes System Integrator Services

### **Overview**

On February 26, 2018, the Orange County Transportation Authority Board of Directors approved a contract with Kapsch TrafficCom USA, Inc., to provide toll lanes system integrator services for the 405 Express Lanes and 91 Express Lanes. An amendment to the existing agreement is needed for additional services and equipment for both express lanes facilities.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 11 to Agreement No. C-7-1911 between the Orange County Transportation Authority and Kapsch TrafficCom USA, Inc., in the amount of \$3,965,452 for additional services and equipment for the 405 Express Lanes and 91 Express Lanes facilities. This will increase the maximum cumulative obligation of the agreement to a total contract value of \$46,813,309.

### **Discussion**

Kapsch TrafficCom USA, Inc., (Kapsch) is the toll lanes system integrator services provider for the 405 Express Lanes and 91 Express Lanes. As the toll lanes system integrator services provider, Kapsch is responsible for the design, development, testing, installation, and maintenance of a complete and integrated electronic toll and traffic management (ETTM) system. The ETTM system is comprised of several subsystems that capture and transmit fully formed trips to the back-office/account management system for customer account billing or violation processing. In addition, Kapsch provides and maintains the roadside systems, including the variable message signs for the 405 Express Lanes, as well as the closed-circuit television (CCTV) cameras for both express lanes facilities. Kapsch is also responsible for establishing and operating a traffic

operations center and providing staff to monitor incidents and traffic conditions on the 405 Express Lanes facility.

Additional CCTV cameras and traffic detector sites are required for the 405 Express Lanes to ensure coverage of the entire toll facility. In its original proposal, Kapsch initially included equipment and installation costs for 29 CCTV sites and 51 traffic detector sites. Upon further review of the ready for construction drawings and field verifications, it was later determined that additional CCTV cameras and traffic detectors were required to allow traffic operations center specialists sufficient detection and visibility to monitor the toll facility and dispatch freeway service patrol and/or the California Highway Patrol in case of incidents/accidents. As a result, additional equipment and installation costs are required for a total of 52 CCTV sites and 74 traffic detector sites. Due to the increase in the amount of equipment, additional maintenance services are required until the agreement expires in June 2028.

The current infrastructure supporting the CCTV cameras on the 91 Express Lanes has been in place for over a decade and requires an upgrade to bring the infrastructure up to code and to handle the additional electrical load for the new CCTV cameras that will be installed. New wiring between the service pedestals and the pole-mounted cabinets at the 91 Express Lanes CCTV locations will be upgraded and the receptables and service pedestals will be replaced in multiple locations.

#### Procurement Approach

The original procurement was handled in accordance with the Orange County Transportation Authority's (OCTA) Board of Directors (Board)-approved procedures for professional and technical services, which conform to both state and federal laws. On February 26, 2018, the Board approved an agreement with Kapsch for a term of ten years. The contract was issued with a maximum obligation of \$42,309,259. This agreement has been previously amended as shown in Attachment A.

OCTA staff reviewed and agreed to the level of effort for the additional equipment and services required. Staff found Kapsch's cost proposal, in the amount of \$3,965,452, to be fair and reasonable relative to the negotiated level of effort and the independent cost estimate prepared by the OCTA project management team.

**Fiscal Impact**

Funding for this amendment is included in OCTA's Fiscal Year 2023-24 Budget, 405 Express Lanes account nos. 0037-9028-A9510-GXM and 0037-7612-H0001-GXM and 91 Express Lanes Account No. 0036-9028-B0001-GXM.

***Summary***

Staff requests Board of Directors' approval to authorize the Chief Executive Officer to negotiate and execute Amendment No. 11 to Agreement No. C-7-1911, between the Orange County Transportation Authority and Kapsch TrafficCom USA, Inc., in the amount of \$3,965,452, for additional services and equipment for the 405 Express Lanes and 91 Express Lanes facilities. This will increase the maximum cumulative obligation of the agreement to a total contract value of \$46,813,309.

***Attachment***

- A. Kapsch TrafficCom USA, Inc. Agreement No. C-7-1911 Fact Sheet

***Prepared by:***



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



Pia Veasapen  
Director, Contracts Administration  
and Materials Management  
(714) 560-5619

**Kapsch TrafficCom USA, Inc.  
Agreement No. C-7-1911 Fact Sheet**

1. February 26, 2018, Agreement No. C-7-1911, \$42,309,259, approved by the Board of Directors (Board).
  - Agreement No. C-7-1911 was executed June 14, 2018, with Kapsch TrafficCom USA, Inc., (Prime) to design, implement, install, operate, and maintain toll collection systems for the existing 91 Express Lanes and planned 405 Express Lanes.
2. September 7, 2018, Amendment No. 1 to Agreement No. C-7-1911, \$183,373, approved by the Contracts Administration and Materials Management (CAMM) Department.
  - To purchase additional hardware, develop an interim software solution, and conduct testing and validation of the International Standards Technology 6C protocol.
3. November 19, 2018, Amendment No. 2 to Agreement No. C-7-1911, \$0, approved by the CAMM Department.
  - To revise key personnel for Prime.
4. January 29, 2019, Amendment No. 3 to Agreement No. C-7-1911, \$0, approved by the CAMM Department.
  - To revise key personnel for Prime.
5. May 11, 2020, Amendment No. 4 to Agreement No. C-7-1911, \$0, approved by the CAMM Department.
  - To revise key personnel for Prime.
6. July 27, 2020, Amendment No. 5 to Agreement No. C-7-1911, \$0, approved by the CAMM Department.
  - To add subcontractor WMH Corporation to the agreement as the engineer of record for structural design.


7. March 2, 2021, Amendment No. 6 to Agreement No. C-7-1911, \$145,661, approved by the CAMM Department.
  - To provide three additional toll readers for the 91 Express Lanes and modifications to the changeable message signs for the 405 Express Lanes.
8. April 7, 2021, Amendment No. 7 to Agreement No. C-7-1911, \$0, approved by the CAMM Department.
  - To revise key personnel for Prime.
9. June 1, 2021, Amendment No. 8 to Agreement No. C-7-1911, \$209,564, approved by the CAMM Department.
  - To upgrade the originally proposed propane generators to fuel-cell for the 405 Express Lanes.
10. February 10, 2022, Amendment No. 9 to Agreement No. C-7-1911, \$0, approved by the CAMM Department.
  - To revise key personnel for Prime.
11. April 5, 2022, Amendment No. 10 to Agreement No. C-7-1911, \$0, approved by the CAMM Department.
  - To revise key personnel for Prime.
  - To add subcontractor Global Agility Solutions, LLC, to provide video image processing for the 91 and 405 Express Lanes.
  - To add a subcontractor, Select Electric, Inc., to provide electrical work for the 91 and 405 Express Lanes.
12. May 28, 2024, Amendment No. 11 to Agreement No. C-7-1911, \$3,965,452, pending approval by the Board.
  - To provide additional services and equipment related to the closed-circuit television cameras (CCTV) and traffic detector sites for the 91 and 405 Express Lanes.
  - To upgrade 91 Express Lanes infrastructure to code, and to handle additional electrical load for the new CCTV cameras.

Total funds committed to Kapsch TrafficCom USA, Inc., after approval of Amendment No. 11 to Agreement No. C-7-1911: \$46,813,309.



**May 28, 2024**

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

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

**Subject:** Orange County Transportation Authority Investment and Debt Programs Report – March 2024

### **Overview**

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending March 31, 2024. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

### **Recommendation**

Receive and file as an information item.

### **Discussion**

As of March 31, 2024, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.5 billion. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, the short-term portfolio for future budgeted expenditures, and the bond proceeds portfolio to meet Measure M2 (M2) transportation program needs. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

Portfolio Compliance and Liquidity Requirements for the Next Six Months: The portfolio is in full compliance with OCTA's Investment Policy and the State of California Government Code. Additionally, OCTA has reviewed the liquidity requirements for the next six months and anticipates that OCTA's liquidity will be sufficient to meet projected expenditures during the next six months.

The weighted average book yield for the OCTA portfolio is 3.9 percent. The book yield measures the exact income, or interest, on a bond without regard to market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's month-end balance in the Local Agency Investment Fund (LAIF), a pooled investment fund for California local agencies, was \$6,881,548, with an average monthly effective yield of 4.23 percent. LAIF offers local agencies an opportunity to invest funds in a diversified portfolio of high-quality, short-term securities managed by the State Treasurer's Office. OCTA's month-end balance in the Orange County Investment Pool (OCIP), a collective investment fund for local government entities in Orange County, was \$697,262. For the month of March, the monthly gross yield for the OCIP was 4.32 percent. OCIP allows local government entities to invest funds in a diversified portfolio managed by the Orange County Treasurer-Tax Collector's Office, aiming for competitive returns while prioritizing safety and liquidity. Mandated by the Transportation Development Act (TDA), OCTA is obliged to participate in the OCIP. It serves as a temporary holding account for TDA funds until claimed by OCTA and then processed by the County of Orange. This framework ensures effective fund management and adherence to regulatory compliance.

During the month of March, no securities held within OCTA's investment portfolio were downgraded and placed on negative credit watch. Please refer to A-8 (Rating Downgrades and Negative Credit Watch) of Attachment A for further details.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 Transportation Infrastructure Finance and Innovation Act Loan. The debt program currently has an outstanding principal balance of \$1.2 billion as of March 31, 2024. Approximately 46 percent of the outstanding balance is comprised of M2 debt, four percent is associated with the 91 Express Lanes Program, and 50 percent is associated with the 405 Express Lanes.

### ***Summary***

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending March 31, 2024.

***Attachments***

- A. Orange County Transportation Authority Investment and Debt Programs  
– For the Period Ending March 31, 2024
- B. Orange County Transportation Authority Portfolio Listing as of  
March 31, 2024

**Prepared by:**



Robert Davis  
Department Manager  
Treasury/Public Finance  
(714) 560-5675

**Approved by:**



Andrew Oftelie  
Chief Financial Officer  
Finance and Administration  
(714) 560-5649

**Treasury/Public Finance Department's  
Report On**

**Orange County Transportation Authority  
Investment and Debt Programs**



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
March 31, 2024**

# INVESTMENT PROGRAM

# OCTA Investment Dashboard

3/31/2024

## Safety of Principal

**Securities that fell below OCTA's minimum credit quality requirements during the month of March 2024:**

N/A

**Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:**

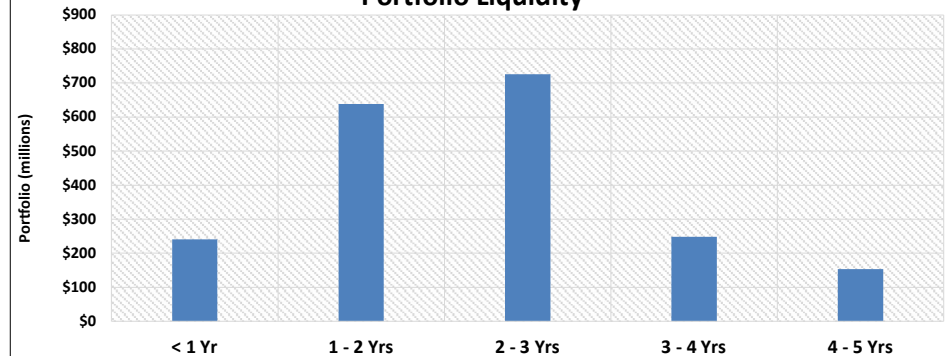
Three Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023.

**Securities downgraded or placed on Negative Credit Watch during the month of March 2024, but remain in compliance with OCTA's Investment Policy:**

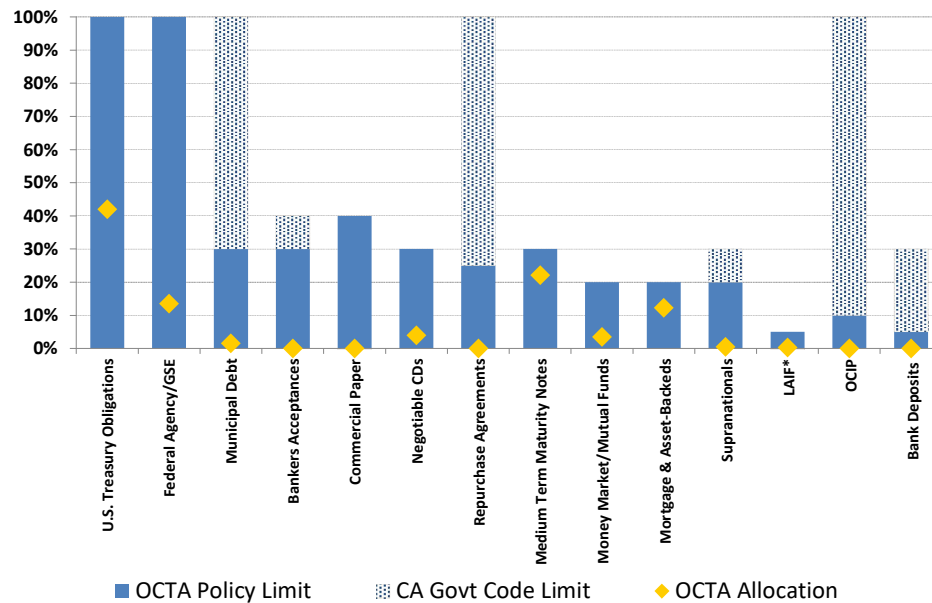
N/A

For further details please refer to A-8 of this report.

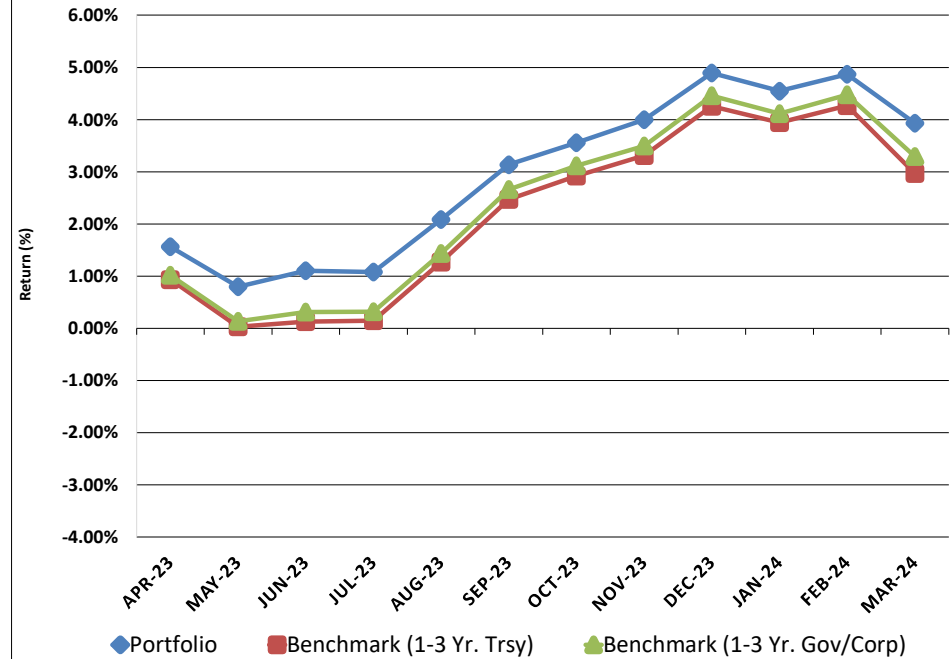
## Portfolio Liquidity



## Portfolio Diversification



## Portfolio Return - 12 Month



\* Per CA Government Code LAIF limit is \$75 million

\*\* Per OCTA's Investment Policy the limit is 30% for variable and floating rate securities. As of March 31, 2024, 7.2% of the portfolio was invested in variable & floating rate securities.

# Investment Compliance

3/31/2024

Portfolio Subject to Investment Policy			
	Dollar Amount	Percent Of	Investment Policy
Short-Term/Liquid Portfolio <sup>1</sup>	Invested	Portfolio	Max. Percentages
U.S. Treasury Obligations	\$ 898,224,336	42.0%	100%
Federal Agency/GSE	289,471,246	13.5%	100%
Municipal Debt	\$ 34,241,204	1.6%	30%
Commercial Paper	-	0.0%	40%
Negotiable Certificates of Deposit	\$ 85,250,000	4.0%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	\$ 473,971,328	22.2%	30%
Money Market/Mutual Funds	75,069,713	3.5%	20%
Mortgage & Asset-Backed	\$ 262,694,335	12.3%	20%
Supranationals	11,703,837	0.5%	20%
Local Agency Investment Fund	\$ 6,881,548	0.3%	\$ 75 Million
Orange County Investment Pool	697,262	0.0%	10%
Bank Deposits	\$ 250,000	0.0%	5%
<b>Total Short-Term/Liquid Portfolio<sup>2</sup></b>	<b>\$ 2,138,454,808</b>		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$153,046,479 (7.2% of total Short-Term/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

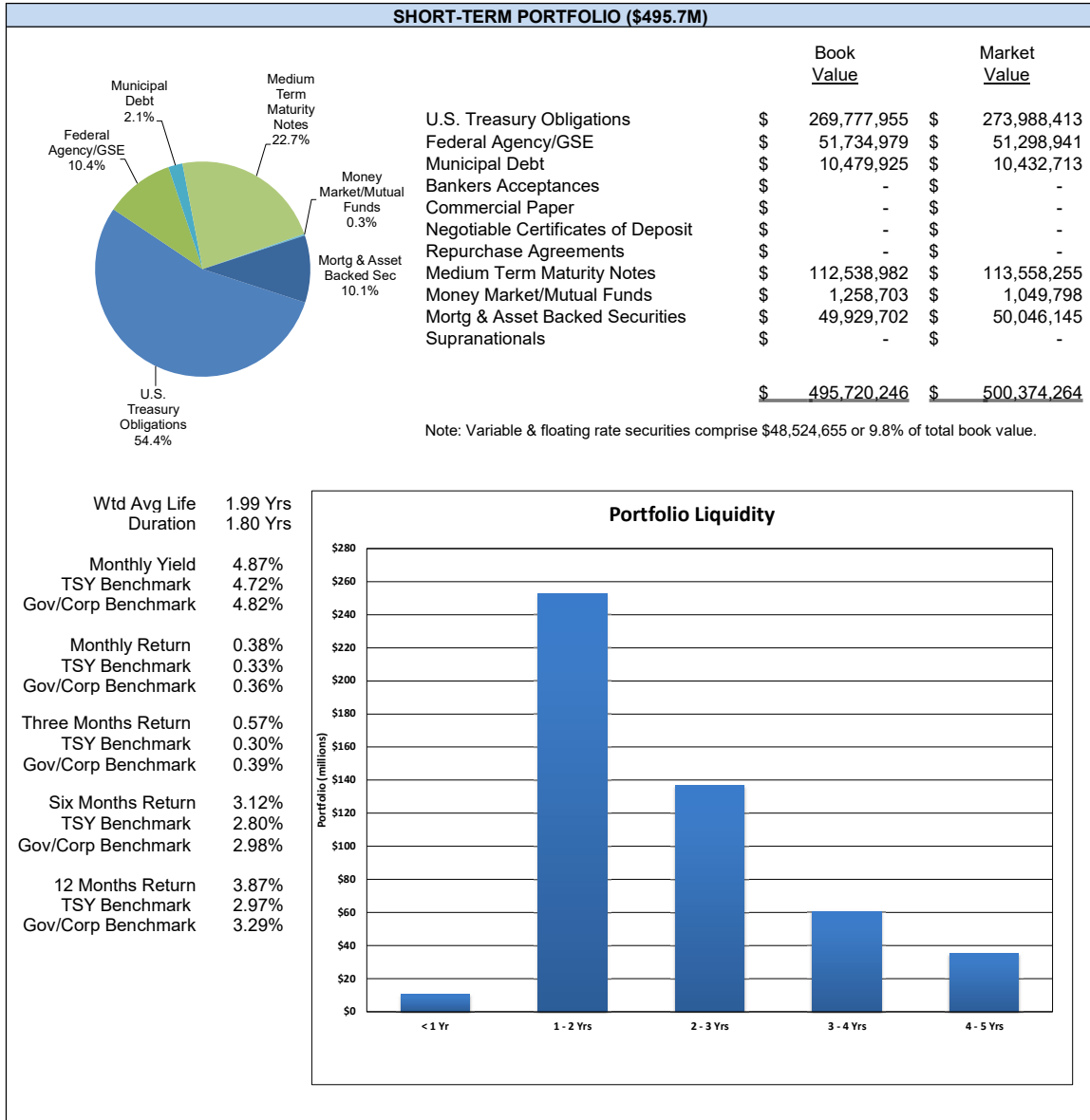
Portfolio Subject to Indenture					
Portfolio	Dollar Amount Invested	OCTA		Indenture Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
<b>Liquid Portfolio*</b>					
Government Obligations MMKT Fund	323,601,151	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	7,734,784	"AAAm"/"Aammf"	N/A	AAA Category	N/A
<b>Total Liquid Portfolio</b>	<b>\$ 331,335,935</b>				
<b>Bond Proceeds Portfolio</b>					
<b>2021 Bond Anticipation Notes (BANs):</b>					
Government Obligations MMKT Fund	54,511	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	"AAAm" or "AAAm-G"	N/A
<b>91 Express Lanes 2023 Bonds:</b>					
Government Obligations MMKT Fund	2,573	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Bond Proceeds Portfolio</b>	<b>\$ 57,083</b>				
<b>Reserve Funds Portfolio</b>					
Bank Deposit	\$ -	N/A	N/A	N/A	N/A
Government Obligations MMKT Fund	5,384,521	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Negotiable Certificates of Deposit	5,000,000	"A-1"/"P-1"/"F1+"	267 days	"A-1"/"P-1"/"F1"	270 days
Negotiable Certificates of Deposit	3,000,000	"A-1"/"P-1"/"F1+"	270 days	"A-1"/"P-1"/"F1"	270 days
Government Obligations MMKT Fund**	1,124	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Reserve Funds Portfolio</b>	<b>\$ 13,385,645</b>				
<b>Total Portfolio Subject to Indenture</b>	<b>\$ 13,442,729</b>				
<b>Portfolio Total</b>	<b>\$ 2,483,233,471</b>				

\*Reflects portion of Liquid Portfolio subject to Indenture (OCTA Sales Tax Revenue)

\*\*91 EL Debt Service Fund

## Investment Manager Diversification and Maturity Schedules

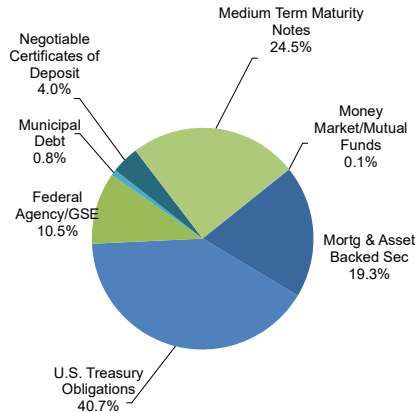
**MetLife Investment Management**  
3/31/2024



## Investment Manager Diversification and Maturity Schedules

**PFM**  
**3/31/2024**

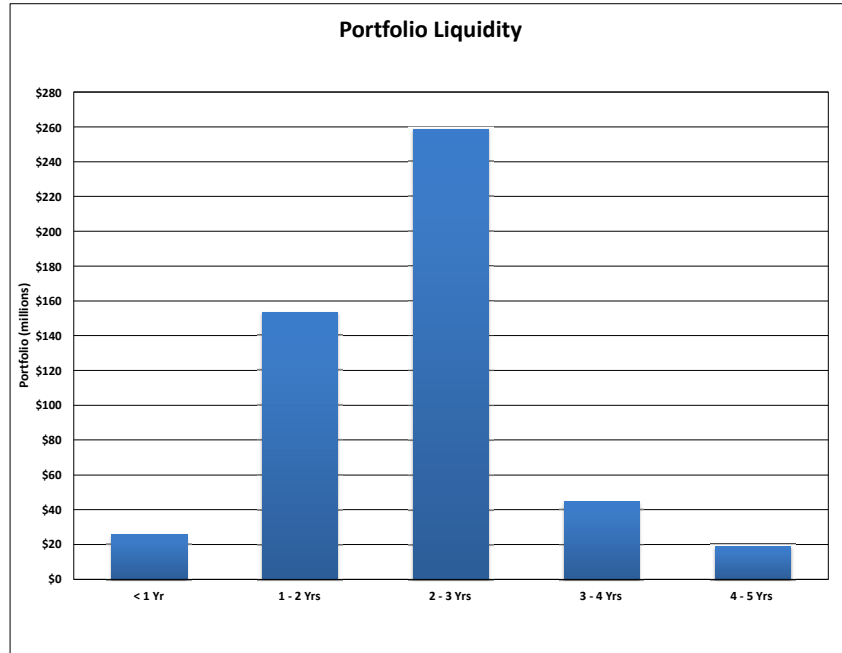
### SHORT-TERM PORTFOLIO (\$500.9M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 203,651,685	\$ 205,204,404
Federal Agency/GSE	\$ 52,431,223	\$ 52,529,455
Municipal Debt	\$ 4,220,000	\$ 4,139,945
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 20,250,000	\$ 20,816,337
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 122,882,303	\$ 123,553,687
Money Market/Mutual Funds *	\$ 600,510	\$ 551,253
Mortg & Asset Backed Securities	\$ 96,907,894	\$ 95,972,194
Supranationals	\$ -	\$ -
	<b>\$ 500,943,615</b>	<b>\$ 502,767,276</b>

Note: Variable & floating rate securities comprise \$30,691,346 or 6.1% of total book value.

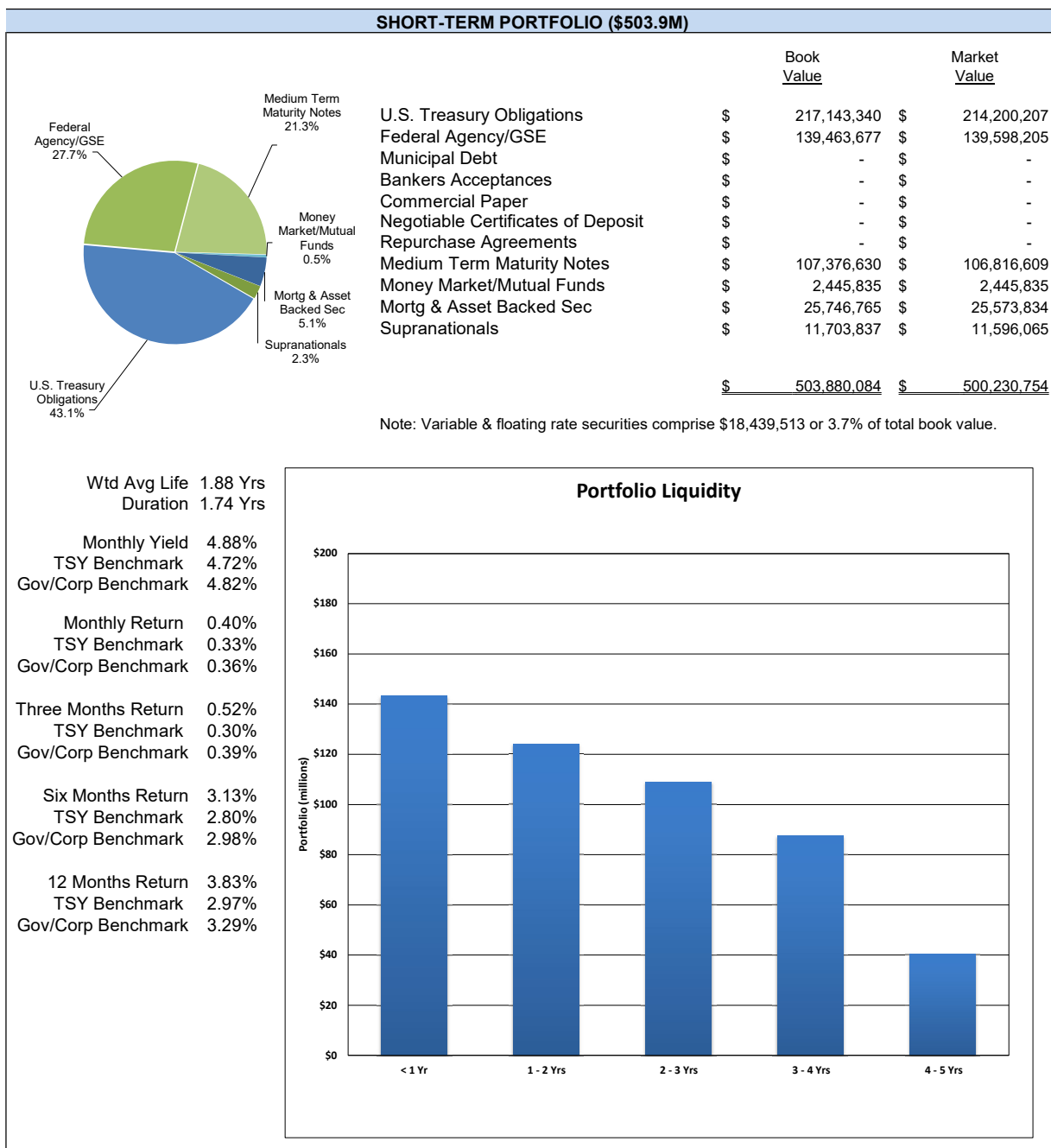
Wtd Avg Life	1.91 Yrs
Duration	1.74 Yrs
Monthly Yield	4.94%
TSY Benchmark	4.72%
Gov/Corp Benchmark	4.82%
Monthly Return	0.37%
TSY Benchmark	0.33%
Gov/Corp Benchmark	0.36%
Three Months Return	0.56%
TSY Benchmark	0.30%
Gov/Corp Benchmark	0.39%
Six Months Return	3.17%
TSY Benchmark	2.80%
Gov/Corp Benchmark	2.98%
12 Months Return	3.98%
TSY Benchmark	2.97%
Gov/Corp Benchmark	3.29%



## Investment Manager Diversification and Maturity Schedules

### Chandler Asset Management

3/31/2024



## Investment Manager Diversification and Maturity Schedules

**Payden & Rygel**

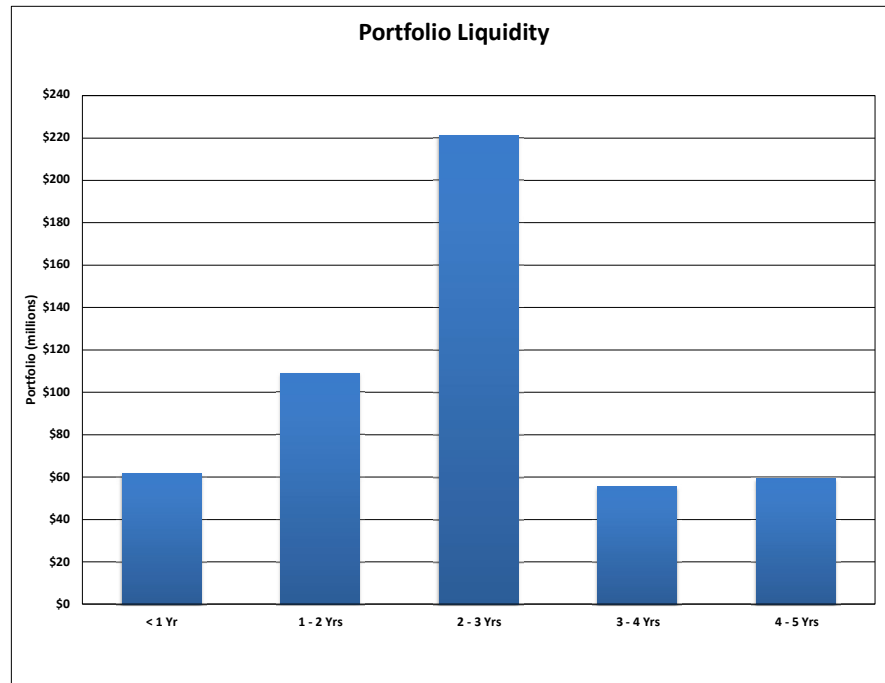
3/31/2024

### SHORT-TERM PORTFOLIO (\$505.9M)



Note: Variable & floating rate securities comprise \$55,390,965 or 10.9% of total book value.

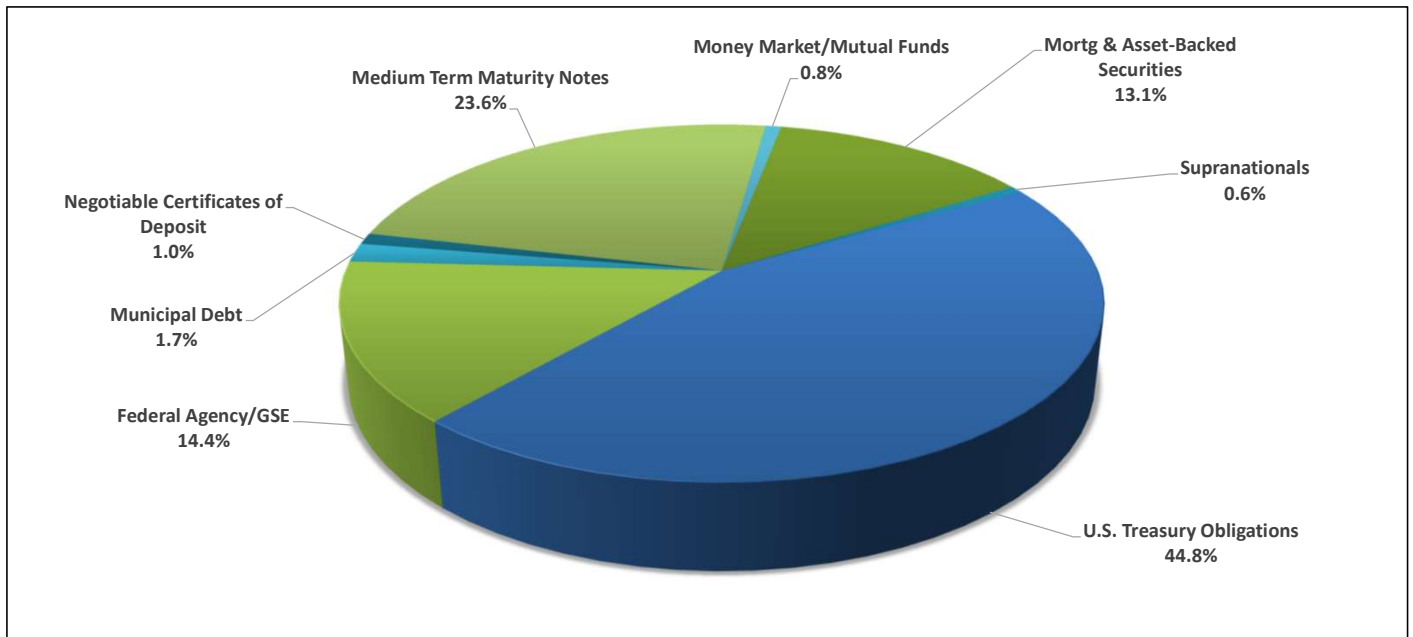
Wtd Avg Life	2.08 Yrs
Duration	1.77 Yrs
Monthly Yield	5.00%
TSY Benchmark	4.72%
Gov/Corp Benchmark	4.82%
Monthly Return	0.41%
TSY Benchmark	0.33%
Gov/Corp Benchmark	0.36%
Three Months Return	0.59%
TSY Benchmark	0.30%
Gov/Corp Benchmark	0.39%
Six Months Return	3.31%
TSY Benchmark	2.80%
Gov/Corp Benchmark	2.98%
12 Months Return	4.02%
TSY Benchmark	2.97%
Gov/Corp Benchmark	3.29%



# Short-Term Portfolio

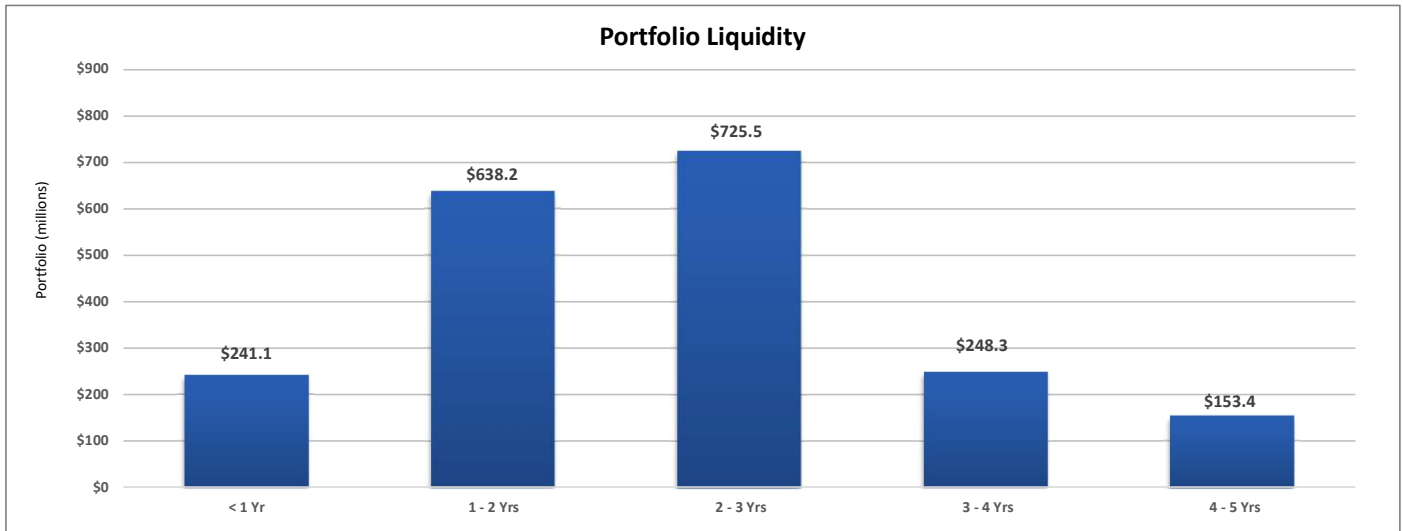
## 3/31/2024

### Portfolio Composition



Note: Variable & floating rate securities comprise 7.6% of total book value.

### Portfolio Liquidity



## Rating Downgrades & Negative Credit Watch

3/31/2024

Investment Manager / Security	Par Amount	Maturity	S&P	Moody's	Fitch Ratings
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**Rating Downgrades:**

- Rating below minimum requirements:

KEYBANK NATIONAL ASSOCIATION

\$	3,720,000	06/14/2024 - 01/26/2026	BBB+	Baa1	BBB+
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*During October 2023, Moody's and Fitch downgraded Keybank by one notch. The downgrade reflects the agencies' view that a higher-for-longer rate environment is likely to constrain profitability at Keybank more than for other banks of similar size. In addition, Keybank has a lower-than-average capital ratio on a proforma basis when adjusted for unrealized losses on available-for-sale securities. Due to the downgrade by both agencies, the three Keybank securities held within the portfolio fell below the minimum credit quality requirements of the Investment Policy. The Treasurer reviewed the position and recommended the securities be held for the short-term. The Treasurer presented his recommendation to the Chief Executive Officer who concurred.*

**Negative Credit Watch:**

N/A

## **DEBT PROGRAM**

(M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, 2021 TIFIA Loan)

# Outstanding Debt<sup>1</sup>

## As of 3/31/2024

### Orange County Local Transportation Authority (OCLTA-M2)

#### 2010 Series A Taxable Build America Bonds - Sales Tax Revenue Bonds

Issued:	\$	293,540,000
Outstanding:		250,000,000
Debt Service FY 2024:		17,270,000
All in True Interest Cost:		4.33%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):	AA+/Aa2/AA+	
Final Maturity:		2041

#### 2019 M2 Sales Tax Revenue Bonds

Issued:	\$	376,690,000
Outstanding:		319,315,000
Debt Service FY 2024:		37,601,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):	AA+/AA+	
Final Maturity:		2041

<b>Sub-total M2 Outstanding Debt</b>	<b>\$</b>	<b>569,315,000</b>
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### 91 Express Lanes

#### 2023 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	47,545,000
Outstanding:		47,545,000
Debt Service FY 2024:		1,446,160
All in True Interest Cost:		2.80%
Pledged Revenue Source:	91 Toll Road Revenues	
Ratings (Fitch/ Moody's/ S&P):	AA-/Aa3/AA-	
Final Maturity:		2030

<b>Sub-total 91 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>47,545,000</b>
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### 405 Express Lanes

#### 2021 TIFIA Loan

Amount Available	\$	628,930,000
Outstanding:		613,711,295
Accrued Interest:		-
Interest Rate:		1.95%
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):	Baa2	
Final Maturity:		2058

<b>Sub-total 405 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>613,711,295</b>
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<b>TOTAL OUTSTANDING DEBT:</b>	<b>\$</b>	<b>1,230,571,295</b>
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1. Comprises OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 TIFIA Loan) currently outstanding and irrespective of OCTA's investment program.

Orange County Transportation Authority  
Portfolio Listing  
As of March 31, 2024

LIQUID PORTFOLIO					
NOTE	DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
	<u>CASH EQUIVALENTS</u>				
	BANK DEPOSITS	N/A	250,000	250,000	0.00
	FEDERATED MONEY MARKET GOVERNMENT PORTFOLIO	N/A	58,698,374	58,698,374	5.16
	BMO HARRIS BANK NCD	6/6/2024	15,000,000	15,000,000	5.62
	BMO HARRIS BANK NCD	7/29/2024	25,000,000	25,000,000	5.90
	BMO HARRIS BANK NCD	5/1/2024	25,000,000	25,000,000	5.89
	MONEY MARKET DEMAND ACCOUNT	N/A	504,744	504,744	3.71
	FIDELITY TREASURY OBLIGATIONS FUND	N/A	323,601,151	323,601,151	5.22
	FEDERATED TREASURY OBLIGATIONS FUND	N/A	7,734,784	7,734,784	5.19
	<b>SUB-TOTAL</b>		<b>455,789,053</b>	<b>455,789,053</b>	
	<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>	N/A	6,881,548	6,881,548	4.23
	<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>	N/A	697,262	697,262	4.32
	<b>LIQUID PORTFOLIO - TOTAL</b>		<b>\$ 463,367,862</b>	<b>\$ 463,367,862</b>	
SHORT-TERM PORTFOLIO					
NOTE	DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
	<u>Money Market Funds</u>				
	FIRST AMER-GVT OBLG Z	3/31/2024	15,866,595	15,866,595	5.20
	<b>SUB-TOTAL</b>		<b>15,866,595</b>	<b>15,866,595</b>	
	<u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u>				
	COÖPERATIVE RABOBANK U.A., NEW YORK BRANCH	7/17/2026	3,450,000	3,495,609	4.47
	Credit Agricole Corporate And Investment Bank, New	2/1/2027	3,750,000	3,721,538	5.03
	Natixis, New York Branch	9/18/2026	3,575,000	3,645,070	4.59
	Nordea ABP - New York Branch	11/3/2025	4,750,000	4,791,230	4.96
	Toronto-Dominion Bank - New York Branch	10/27/2025	4,725,000	4,769,132	4.93
	<b>SUB-TOTAL</b>		<b>20,250,000</b>	<b>20,422,578</b>	
	<u>U.S. TREASURY OBLIGATIONS</u>				
	UNITED STATES TREASURY	11/30/2028	8,522,848	8,539,769	4.25
	UNITED STATES TREASURY	11/15/2028	4,757,617	4,762,300	4.27
	UNITED STATES TREASURY	9/30/2028	18,969,553	19,329,583	4.27
	UNITED STATES TREASURY	8/31/2028	1,955,535	1,963,016	4.27
	UNITED STATES TREASURY	4/15/2028	2,616,536	2,607,326	1.99
	UNITED STATES TREASURY	4/15/2028	7,333,318	7,305,108	1.99
	UNITED STATES TREASURY	11/15/2027	3,778,750	3,720,640	4.35
	UNITED STATES TREASURY	9/30/2027	6,517,012	6,449,495	4.37
	UNITED STATES TREASURY	8/31/2027	7,737,813	7,685,040	4.38
	UNITED STATES TREASURY	7/31/2027	4,423,369	4,330,586	4.38
	UNITED STATES TREASURY	6/30/2027	23,939,852	23,563,080	4.39
	UNITED STATES TREASURY	6/30/2027	923,764	917,492	4.39
	UNITED STATES TREASURY	4/30/2027	8,049,434	8,094,295	4.42
	UNITED STATES TREASURY	3/31/2027	6,686,992	6,864,300	4.41
	UNITED STATES TREASURY	3/15/2027	666,048	666,911	4.42
	UNITED STATES TREASURY	2/15/2027	8,006,270	8,001,985	4.44
	UNITED STATES TREASURY	2/15/2027	38,804,304	38,779,912	4.44
	UNITED STATES TREASURY	1/15/2027	19,033,681	18,817,412	4.46
	UNITED STATES TREASURY	12/31/2026	20,757,205	21,004,984	4.44
	UNITED STATES TREASURY	12/31/2026	10,403,754	10,414,355	4.45
	UNITED STATES TREASURY	12/15/2026	33,785,150	33,412,602	4.47
	UNITED STATES TREASURY	11/15/2026	3,715,469	3,755,000	4.50
	UNITED STATES TREASURY	11/15/2026	24,377,150	24,378,732	4.49
	UNITED STATES TREASURY	10/15/2026	18,944,607	19,099,278	4.50
	UNITED STATES TREASURY	9/15/2026	7,015,462	7,080,472	4.53
	UNITED STATES TREASURY	8/31/2026	33,552,012	33,547,470	4.54
	UNITED STATES TREASURY	8/31/2026	4,559,570	4,570,313	4.54
	UNITED STATES TREASURY	8/15/2026	30,310,746	30,432,994	4.54
	UNITED STATES TREASURY	7/15/2026	15,497,054	15,502,023	4.57
	UNITED STATES TREASURY	6/15/2026	14,637,570	14,624,663	4.60
	UNITED STATES TREASURY	5/15/2026	45,018,283	44,641,387	4.61
	UNITED STATES TREASURY	4/15/2026	37,459,945	36,896,598	4.64
	UNITED STATES TREASURY	3/15/2026	6,268,629	6,124,728	4.67
	UNITED STATES TREASURY	2/28/2026	31,820,822	32,982,218	4.67
	UNITED STATES TREASURY	2/28/2026	28,726,328	29,195,750	4.67
	UNITED STATES TREASURY	2/28/2026	1,250,586	1,248,975	4.67
	UNITED STATES TREASURY	2/15/2026	55,102,804	54,911,423	4.70
	UNITED STATES TREASURY	1/31/2026	1,316,563	1,314,546	4.70
	UNITED STATES TREASURY	1/15/2026	10,113,863	10,004,855	4.71
	UNITED STATES TREASURY	12/15/2025	17,839,549	17,827,195	4.76
	UNITED STATES TREASURY	12/15/2025	26,800,059	26,445,668	4.75
	UNITED STATES TREASURY	11/15/2025	14,569,102	14,408,850	4.79
	UNITED STATES TREASURY	11/15/2025	4,655,012	4,579,346	4.79

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2024**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
	UNITED STATES TREASURY	10/31/2025	8,032,813	7,782,800	4.79
	UNITED STATES TREASURY	9/30/2025	9,515,918	9,252,810	4.81
	UNITED STATES TREASURY	9/30/2025	32,554,458	33,534,719	4.82
	UNITED STATES TREASURY	9/30/2025	18,874,642	19,755,119	4.81
	UNITED STATES TREASURY	8/15/2025	766,009	757,353	4.85
(1)	UNITED STATES TREASURY	7/31/2025	1,299,572	1,300,588	5.47
	UNITED STATES TREASURY	7/31/2025	14,709,063	14,582,090	4.87
	UNITED STATES TREASURY	6/30/2025	6,811,055	6,608,420	4.90
	UNITED STATES TREASURY	5/31/2025	7,357,324	7,103,325	4.95
	UNITED STATES TREASURY	5/15/2025	16,908,293	16,762,078	4.99
	UNITED STATES TREASURY	5/15/2025	6,230,727	6,274,923	4.97
	UNITED STATES TREASURY	4/30/2025	7,440,527	7,138,500	4.98
	UNITED STATES TREASURY	3/31/2025	12,996,199	12,848,697	5.00
	UNITED STATES TREASURY	3/31/2025	2,121,855	2,151,914	5.00
	UNITED STATES TREASURY	1/31/2025	8,313,750	7,757,520	5.10
	UNITED STATES TREASURY	12/15/2024	8,000,000	7,769,760	5.16
	UNITED STATES TREASURY	11/15/2024	8,004,375	7,782,880	5.19
	UNITED STATES TREASURY	10/31/2024	7,758,691	7,339,425	5.24
	UNITED STATES TREASURY	9/15/2024	7,484,473	7,336,950	5.19
	UNITED STATES TREASURY	8/15/2024	3,929,063	3,956,040	5.30
	UNITED STATES TREASURY	8/15/2024	7,914,375	7,854,240	5.24
	UNITED STATES TREASURY	7/15/2024	7,502,051	7,393,875	5.21
	UNITED STATES TREASURY	6/15/2024	10,975,938	10,884,610	5.22
	UNITED STATES TREASURY	5/15/2024	3,489,746	3,478,580	5.02
	UNITED STATES TREASURY	4/15/2024	8,013,438	7,984,800	4.47
	<b>SUB-TOTAL</b>		<b>898,224,336</b>	<b>896,194,691</b>	
	<b>FEDERAL AGENCY/GSE</b>				
	FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2027	4,973,700	5,027,300	4.46
	FEDERAL FARM CREDIT BANKS FUNDING CORP	10/4/2027	4,012,000	4,005,000	4.46
	FEDERAL FARM CREDIT BANKS FUNDING CORP	12/7/2026	7,968,800	7,976,880	4.49
	FEDERAL FARM CREDIT BANKS FUNDING CORP	9/1/2026	3,994,800	4,012,640	4.61
	FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2026	14,828,188	14,865,629	4.53
	FEDERAL FARM CREDIT BANKS FUNDING CORP	7/30/2026	3,995,640	4,034,240	4.61
	FEDERAL FARM CREDIT BANKS FUNDING CORP	7/17/2026	4,003,400	3,993,680	4.70
	FEDERAL FARM CREDIT BANKS FUNDING CORP	6/23/2026	3,995,240	3,977,920	4.64
	FEDERAL FARM CREDIT BANKS FUNDING CORP	2/25/2025	4,956,270	4,854,450	5.08
	FEDERAL HOME LOAN BANKS	9/8/2028	3,979,600	4,016,640	4.27
	FEDERAL HOME LOAN BANKS	6/30/2028	3,965,360	3,969,720	4.20
	FEDERAL HOME LOAN BANKS	6/9/2028	1,996,120	1,975,480	4.32
	FEDERAL HOME LOAN BANKS	3/10/2028	5,108,250	5,021,400	4.38
	FEDERAL HOME LOAN BANKS	12/10/2027	5,105,600	4,973,100	4.41
	FEDERAL HOME LOAN BANKS	3/25/2027	4,830,700	4,883,261	4.63
	FEDERAL HOME LOAN BANKS	11/17/2026	5,056,950	5,012,850	4.52
	FEDERAL HOME LOAN BANKS	9/11/2026	10,908,280	11,018,040	4.55
	FEDERAL HOME LOAN BANKS	8/26/2026	1,783,600	1,830,052	4.67
	FEDERAL HOME LOAN BANKS	6/12/2026	3,992,680	4,011,600	4.61
	FEDERAL HOME LOAN BANKS	12/20/2024	7,643,648	7,423,331	5.22
	FEDERAL HOME LOAN MORTGAGE CORP	5/1/2026	2,800,000	2,798,600	5.52
	FEDERAL HOME LOAN MORTGAGE CORP	2/24/2026	2,268,865	2,268,025	5.45
	FEDERAL HOME LOAN MORTGAGE CORP	1/27/2026	2,380,000	2,377,572	5.36
	FEDERAL HOME LOAN MORTGAGE CORP	10/20/2025	3,149,742	3,243,351	4.91
	FEDERAL HOME LOAN MORTGAGE CORP	9/30/2025	3,260,000	3,242,852	5.12
	FEDERAL HOME LOAN MORTGAGE CORP	8/28/2025	2,940,000	2,964,375	5.08
	FEDERAL HOME LOAN MORTGAGE CORP	8/28/2025	3,060,000	3,027,319	4.99
	FEDERAL HOME LOAN MORTGAGE CORP	8/12/2025	4,095,490	3,865,927	4.96
	FEDERAL HOME LOAN MORTGAGE CORP	7/21/2025	4,785,000	4,724,039	5.06
	FEDERAL HOME LOAN MORTGAGE CORP	2/28/2025	3,030,000	2,999,397	5.14
	FEDERAL HOME LOAN MORTGAGE CORP	1/27/2025	3,550,000	3,544,356	5.31
	FEDERAL HOME LOAN MORTGAGE CORP	1/24/2025	3,920,000	3,915,806	5.28
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/24/2026	5,226,860	5,263,324	4.82
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2/17/2026	2,610,000	2,608,277	5.23
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	8/25/2025	7,771,280	7,514,640	4.89
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/30/2025	3,614,768	3,711,358	4.96
	FHMS K-040 A2	9/25/2024	4,783,225	4,789,858	5.53
	FHMS K-045 A2	1/25/2025	4,524,800	4,490,227	5.35
	FHMS K-046 A2	3/25/2025	2,679,855	2,645,541	5.27
	FHMS K-047 A2	5/25/2025	3,597,902	3,501,212	5.19
	FHMS K-049 A2	7/25/2025	4,707,665	4,649,752	5.14
	FHMS K-051 A2	9/25/2025	6,041,381	5,874,797	5.10
	FHMS K-053 A2	12/25/2025	3,360,820	3,292,390	5.00
	FHMS K-054 A2	1/25/2026	11,003,391	11,099,728	4.95
	FHMS K-057 A2	7/25/2026	4,025,143	4,077,923	4.81
	FHMS K-058 A2	8/25/2026	2,290,781	2,285,016	4.77
	FHMS K-059 A2	9/25/2026	3,078,232	3,125,590	4.77
(1)	FHMS K-061 A2	11/25/2026	1,654,767	1,642,716	4.91

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2024**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
	FHMS K-062 A2	12/25/2026	2,396,755	2,406,530	4.72
(1)	FHMS K-063 A2	1/25/2027	10,336,469	10,187,121	4.72
	FHMS K-065 A2	4/25/2027	1,162,125	1,151,220	4.67
	FHMS K-066 A2	6/25/2027	521,186	501,407	4.65
	FHMS K-067 A2	7/25/2027	3,858,125	3,820,320	4.65
	FHMS K-068 A2	8/25/2027	2,912,461	2,867,880	4.65
(1)	FHMS K-069 A2	9/25/2027	3,812,813	3,815,880	4.64
	FHMS K-073 A2	1/25/2028	6,511,410	6,478,729	4.61
(1)	FHMS K-081 A2	8/25/2028	4,803,447	4,807,192	4.63
	FHMS K-728 A2	8/25/2024	3,992,976	3,947,364	5.53
(1)	FHMS K-733 A2	8/25/2025	1,747,987	1,770,088	5.13
	FHMS K-734 A2	2/25/2026	1,933,125	1,942,400	4.95
	FHMS K-736 A2	7/25/2026	2,458,807	2,513,419	4.85
	FHMS K-BX1 A2	1/25/2026	744,258	730,860	5.20
	FHMS K-IR1 A2	3/25/2026	634,528	632,689	4.99
	FHMS K-S07 A2	9/25/2025	489,922	482,915	5.05
	FHMS K-S08 A2	3/25/2027	1,350,764	1,335,516	4.92
	FHR 3778 L	12/15/2025	130,543	127,230	5.64
	FHR 3806 L	2/15/2026	602,628	581,826	6.14
	FN AM8730	7/1/2025	1,625,272	1,472,257	5.87
	FN AN0429	1/1/2025	926,058	838,621	5.89
	FN AN0439	12/1/2025	869,027	866,781	5.74
	FN AN0571	1/1/2026	582,703	580,092	5.53
	FN AN0992	2/1/2026	926,728	901,160	5.63
	FN AN1793	6/1/2026	350,982	349,834	5.85
	FN AN6001	7/1/2027	510,157	510,790	6.07
	FN BL5365	2/1/2027	294,508	298,136	4.85
	FN BS9129	7/1/2028	975,938	987,810	4.68
(1)	FNA 2012-M14 AL	9/25/2027	3,623,787	3,616,377	6.25
(1)	FNA 2014-M8 A2	6/25/2024	634,858	586,575	5.81
(1)	FNA 2015-M15 A2	10/25/2025	1,288,983	1,291,230	6.03
	FNA 2016-M03 A2	2/25/2026	3,368,585	3,367,197	5.66
(1)	FNA 2017-M2 A2	2/25/2027	1,295,297	1,293,513	5.67
(1)	FNA 2018-M1 A2	12/25/2027	698,663	696,033	5.45
(1)	FNGT 2017-T1 A	6/25/2027	3,586,578	3,592,734	4.93
	FNR 2011-74 UY	3/25/2026	204,003	199,355	6.35
<b>SUB-TOTAL</b>			<b>289,471,246</b>	<b>287,976,261</b>	
<b><u>MEDIUM TERM NOTES</u></b>					
	AIR PRODUCTS AND CHEMICALS INC	5/15/2027	1,829,260	1,836,300	4.69
	AMAZON.COM INC	5/12/2024	3,265,226	3,250,674	5.42
(1)	AMERICAN EXPRESS CO	7/28/2027	2,445,000	2,453,313	5.23
(1)	AMERICAN EXPRESS CO	11/4/2026	860,000	860,903	5.90
(1)	AMERICAN EXPRESS CO	10/30/2026	1,065,000	1,079,058	5.95
	AMERICAN EXPRESS CO	8/1/2025	7,278,816	7,271,018	5.31
	AMERICAN EXPRESS CO	3/4/2025	1,087,483	1,059,371	5.38
	AMERICAN HONDA FINANCE CORP	7/7/2026	1,243,469	1,252,134	4.98
	AMERICAN HONDA FINANCE CORP	10/3/2025	1,348,745	1,361,003	5.23
	APPLE INC	2/23/2026	3,855,100	3,887,960	4.81
	ASTRAZENECA FINANCE LLC	2/26/2027	1,712,119	1,714,263	4.81
	ATHENE GLOBAL FUNDING	3/25/2027	2,555,000	2,557,529	5.48
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	1/18/2027	2,350,000	2,346,381	4.81
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	3/18/2026	1,750,000	1,748,828	5.04
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	12/8/2025	2,025,000	2,025,203	5.08
(1)	BANK OF AMERICA CORP	1/20/2027	1,425,000	1,417,818	5.37
(1)	BANK OF AMERICA CORP	10/24/2026	7,233,077	7,483,080	5.51
(1)	BANK OF AMERICA CORP	7/22/2026	195,000	193,245	5.54
(1)	BANK OF AMERICA CORP	4/2/2026	550,000	537,939	5.65
(1)	BANK OF AMERICA CORP	12/6/2025	2,930,000	2,847,638	5.76
(1)	BANK OF AMERICA CORP	10/22/2025	2,185,494	2,037,712	5.74
(1)	BANK OF AMERICA CORP	4/22/2025	2,595,000	2,587,293	5.62
(1)	BANK OF NEW YORK MELLON	5/22/2026	4,845,000	4,835,407	5.32
	BANK OF NEW YORK MELLON CORP	1/26/2027	3,695,080	3,706,800	4.86
(1)	BANK OF NEW YORK MELLON CORP	7/24/2026	3,510,000	3,467,424	5.37
	BANK OF NEW YORK MELLON CORP	4/25/2025	1,229,828	1,205,216	5.31
	BANK OF NEW YORK MELLON CORP	4/24/2025	1,279,625	1,202,250	5.32
	BMW US CAPITAL LLC	8/11/2025	2,404,856	2,407,934	5.01
	BMW US CAPITAL LLC	4/1/2025	1,068,994	1,048,771	5.30
	BRIGHTHOUSE FINANCIAL GLOBAL FUNDING	1/13/2025	2,172,216	2,102,159	6.16
	BRISTOL-MYERS SQUIBB CO	2/22/2027	1,178,726	1,182,643	4.81
	BRISTOL-MYERS SQUIBB CO	2/20/2026	3,478,190	3,479,304	4.96
	BURLINGTON NORTHERN SANTA FE LLC	4/1/2025	753,641	685,090	5.20
	CAMDEN PROPERTY TRUST	11/3/2026	2,449,927	2,496,501	5.04
	CATERPILLAR FINANCIAL SERVICES CORP	5/15/2026	1,369,356	1,355,067	4.89
	CATERPILLAR FINANCIAL SERVICES CORP	2/27/2026	1,374,684	1,376,994	4.97
	CATERPILLAR FINANCIAL SERVICES CORP	1/6/2026	3,559,110	3,553,450	4.91
	CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	5,193,032	5,166,148	5.36

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2024**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
	CHUBB INA HOLDINGS INC	5/3/2026	3,858,936	3,863,920	5.08
	CINTAS NO 2 CORP	5/1/2025	1,184,739	1,161,454	5.35
	CISCO SYSTEMS INC	2/26/2027	9,776,576	9,800,754	4.74
	CISCO SYSTEMS INC	2/26/2026	4,518,282	4,523,254	4.86
	CITIBANK NA	12/4/2026	1,440,000	1,455,394	5.04
	CITIBANK NA	9/29/2025	8,805,128	8,889,352	5.16
	CITIGROUP GLOBAL MARKETS HOLDINGS INC	6/7/2024	300,000	297,291	5.57
(1)	CITIGROUP INC	1/25/2026	1,435,000	1,391,362	5.85
(1)	CITIGROUP INC	11/3/2025	420,221	408,568	5.93
(1)	CITIGROUP INC	5/1/2025	905,000	901,036	5.91
(1)	CITIGROUP INC	10/30/2024	2,500,000	2,503,000	5.75
(1)	CITIZENS BANK NA	10/24/2025	1,855,000	1,847,561	6.72
(1)	CITIZENS BANK NA	5/23/2025	625,000	622,569	6.64
	CNO GLOBAL FUNDING	1/6/2025	694,555	671,467	6.22
	COMCAST CORP	11/7/2025	1,239,665	1,245,022	4.98
	COMCAST CORP	10/15/2025	4,042,257	3,554,630	5.09
	COMMONWEALTH BANK OF AUSTRALIA (NEW YORK BRANCH)	3/13/2026	2,350,000	2,365,651	4.95
	COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/9/2026	2,399,088	2,394,216	4.99
	COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/10/2025	274,159	266,648	5.40
	DTE ELECTRIC CO	12/1/2026	4,659,254	4,656,924	4.88
	DUKE ENERGY CAROLINAS LLC	11/15/2028	3,653,676	3,683,203	4.76
	ELEVANCE HEALTH INC	2/8/2026	254,732	253,320	5.27
	ELI LILLY AND CO	2/9/2027	2,468,691	2,463,010	4.61
	ENTERGY LOUISIANA LLC	10/1/2024	1,203,193	1,177,695	5.56
	ENTERPRISE PRODUCTS OPERATING LLC	1/11/2027	2,562,358	2,549,379	4.83
	EQUITABLE FINANCIAL LIFE GLOBAL FUNDING	8/12/2024	2,504,775	2,461,313	5.61
	EXXON MOBIL CORP	3/1/2026	3,559,696	3,583,524	4.78
	F&G GLOBAL FUNDING	9/20/2024	1,974,663	1,932,025	6.15
(1)	FIFTH THIRD BANK NA	10/27/2025	950,000	949,240	5.99
	FLORIDA POWER & LIGHT CO	5/15/2028	3,935,680	3,956,800	4.69
	GA GLOBAL FUNDING TRUST	9/13/2024	1,551,563	1,521,381	5.67
(1)	GOLDMAN SACHS BANK USA	3/18/2027	2,220,000	2,218,890	5.31
	GOLDMAN SACHS GROUP INC	11/16/2026	1,937,324	1,990,776	5.17
(1)	GOLDMAN SACHS GROUP INC	8/10/2026	2,775,000	2,783,991	5.54
(1)	GOLDMAN SACHS GROUP INC	2/12/2026	6,058,338	6,322,008	5.89
	HOME DEPOT INC	9/30/2026	1,017,766	1,021,652	4.88
	HOME DEPOT INC	9/15/2025	2,204,206	2,174,637	4.99
	HORMEL FOODS CORP	3/30/2027	2,282,784	2,282,692	4.83
	HSBC USA INC	5/24/2024	1,499,940	1,496,580	5.19
(1)	HUNTINGTON NATIONAL BANK	11/18/2025	2,415,000	2,400,945	6.60
(1)	HUNTINGTON NATIONAL BANK	5/16/2025	3,410,000	3,397,178	6.61
	HYUNDAI CAPITAL AMERICA	3/30/2026	4,817,909	4,820,845	5.41
	INTERCONTINENTAL EXCHANGE INC	5/23/2025	3,351,310	3,289,413	5.42
	INTERNATIONAL BUSINESS MACHINES CORP	7/27/2025	2,600,000	2,559,206	5.23
	JACKSON NATIONAL LIFE GLOBAL FUNDING	1/9/2026	1,601,549	1,597,970	5.76
	JACKSON NATIONAL LIFE GLOBAL FUNDING	1/12/2025	669,886	649,826	5.72
	JOHN DEERE CAPITAL CORP	3/5/2027	1,348,745	1,350,581	4.83
	JOHN DEERE CAPITAL CORP	1/8/2027	7,503,944	7,452,549	4.80
	JOHN DEERE CAPITAL CORP	6/8/2026	1,948,869	1,943,819	4.90
	JOHN DEERE CAPITAL CORP	1/9/2026	1,714,194	1,710,009	4.97
	JOHN DEERE CAPITAL CORP	1/10/2025	774,636	751,301	5.30
(1)	JPMORGAN CHASE & CO	1/23/2028	3,090,000	3,079,340	5.17
(1)	JPMORGAN CHASE & CO	10/22/2027	1,205,000	1,229,498	5.21
(1)	JPMORGAN CHASE & CO	11/19/2026	2,211,269	2,293,679	5.41
(1)	JPMORGAN CHASE & CO	4/26/2026	1,000,000	984,680	5.56
(1)	JPMORGAN CHASE & CO	2/24/2026	2,570,000	2,503,591	5.57
(1)	JPMORGAN CHASE & CO	8/9/2025	1,100,000	1,079,232	5.92
(1)	JPMORGAN CHASE & CO	6/1/2025	5,745,597	5,690,349	5.88
	JPMORGAN CHASE BANK NA	12/8/2026	3,595,000	3,605,318	4.99
	KEYBANK NA	1/26/2026	354,705	346,725	6.06
	KEYBANK NA	8/8/2025	1,319,630	1,283,080	6.33
(1)	KEYBANK NA	6/14/2024	2,045,000	2,043,569	5.80
	LINDE INC	12/5/2025	3,516,198	3,503,702	4.99
	LOCKHEED MARTIN CORP	10/15/2025	782,763	784,082	5.03
	MANUFACTURERS AND TRADERS TRUST CO	1/27/2026	2,430,763	2,381,990	5.92
	MASSMUTUAL GLOBAL FUNDING II	8/26/2025	1,208,754	1,193,629	5.16
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	1/11/2027	1,698,266	1,693,863	4.94
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	8/3/2026	1,340,348	1,353,132	5.09
	MET TOWER GLOBAL FUNDING	6/13/2025	1,973,065	1,938,226	5.31
	METROPOLITAN LIFE GLOBAL FUNDING I	1/6/2026	2,380,000	2,373,907	5.15
	METROPOLITAN LIFE GLOBAL FUNDING I	3/21/2025	579,484	565,680	5.43
	METROPOLITAN LIFE GLOBAL FUNDING I	9/27/2024	5,137,921	5,038,895	5.58
(1)	MORGAN STANLEY	1/28/2027	754,985	752,093	5.27
(1)	MORGAN STANLEY	10/16/2026	1,165,000	1,178,328	5.36
(1)	MORGAN STANLEY	4/28/2026	4,360,979	4,471,616	5.59
(1)	MORGAN STANLEY	2/18/2026	2,970,000	2,890,731	5.76
(1)	MORGAN STANLEY	10/21/2025	615,000	598,057	5.93

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2024**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
(1)	MORGAN STANLEY	1/22/2025	1,732,519	1,746,047	5.71
(1)	MORGAN STANLEY BANK NA	1/14/2028	1,250,000	1,244,850	5.11
	MORGAN STANLEY BANK NA	10/30/2026	2,340,000	2,385,115	5.05
	MORGAN STANLEY BANK NA	4/21/2026	3,720,000	3,695,634	5.09
	NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	1/12/2026	2,960,000	2,956,152	5.04
	NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	6/9/2025	2,280,000	2,237,182	5.14
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/5/2027	3,803,859	3,807,664	4.77
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	11/13/2026	1,734,393	1,757,833	5.04
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	3/13/2026	2,488,648	2,468,154	5.03
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/30/2025	758,982	762,554	5.22
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	6/15/2025	3,164,145	3,097,649	5.28
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/7/2025	2,254,932	2,189,470	5.39
	NESTLE HOLDINGS INC	3/13/2026	819,729	824,420	4.96
	NESTLE HOLDINGS INC	9/12/2025	1,034,658	1,020,262	5.03
	NEW YORK LIFE GLOBAL FUNDING	9/18/2026	6,872,649	6,840,026	5.10
	NEW YORK LIFE GLOBAL FUNDING	1/14/2025	5,948,569	5,780,161	5.28
	NEW YORK LIFE GLOBAL FUNDING	10/29/2024	2,162,186	2,109,208	5.45
	NEW YORK LIFE GLOBAL FUNDING	8/27/2024	2,171,977	2,130,434	5.70
	NEWMONT CORPORATION	3/15/2026	929,842	932,288	5.16
	NEXTERA ENERGY CAPITAL HOLDINGS INC	1/29/2026	2,608,826	2,597,472	5.22
(1)	NEXTERA ENERGY CAPITAL HOLDINGS INC	9/1/2025	1,149,770	1,155,940	5.36
(1)	NEXTERA ENERGY CAPITAL HOLDINGS INC	3/1/2025	2,175,425	2,178,062	5.63
(1)	NEXTERA ENERGY CAPITAL HOLDINGS INC	9/1/2024	300,762	297,999	5.85
	NIKE INC	3/27/2025	44,939	43,796	5.20
	NORTHERN TRUST CORP	5/10/2027	3,930,215	3,896,960	4.90
	NORTHWESTERN MUTUAL GLOBAL FUNDING	3/25/2027	1,634,820	1,641,556	4.92
	NORTHWESTERN MUTUAL GLOBAL FUNDING	4/6/2026	6,038,862	5,974,710	5.23
	NORTHWESTERN MUTUAL GLOBAL FUNDING	7/1/2025	5,003,298	4,937,633	5.12
	PACCAR FINANCIAL CORP	8/10/2026	3,593,203	3,607,798	4.89
	PACCAR FINANCIAL CORP	4/7/2025	8,687,741	8,491,173	5.18
	PACCAR FINANCIAL CORP	11/8/2024	644,961	627,772	5.42
	PACCAR FINANCIAL CORP	8/9/2024	364,803	358,488	5.54
	PACIFIC LIFE GLOBAL FUNDING II	8/28/2026	794,722	801,384	5.14
	PEPSICO INC	2/13/2026	1,579,084	1,572,211	4.83
(1)	PNC FINANCIAL SERVICES GROUP INC	1/21/2028	490,000	490,559	5.65
(1)	PNC FINANCIAL SERVICES GROUP INC	10/20/2027	5,097,355	5,091,174	4.71
(1)	PNC FINANCIAL SERVICES GROUP INC	1/26/2027	1,630,000	1,614,760	5.30
(1)	PNC FINANCIAL SERVICES GROUP INC	10/28/2025	1,570,000	1,569,717	6.20
	PRICOA GLOBAL FUNDING I	8/28/2026	809,182	819,437	5.03
	PRICOA GLOBAL FUNDING I	8/28/2025	504,692	498,203	5.20
	PRICOA GLOBAL FUNDING I	12/6/2024	4,565,293	4,438,018	5.49
	PRINCIPAL LIFE GLOBAL FUNDING II	1/16/2027	474,815	474,934	5.00
	PRINCIPAL LIFE GLOBAL FUNDING II	1/10/2025	922,003	896,732	5.42
	PRINCIPAL LIFE GLOBAL FUNDING II	8/23/2024	1,124,303	1,103,310	5.68
	PUBLIC SERVICE ELECTRIC AND GAS CO	9/1/2028	2,539,642	2,523,306	4.76
	PUBLIC SERVICE ELECTRIC AND GAS CO	5/1/2028	1,929,762	1,948,226	4.78
	ROCHE HOLDINGS INC	11/13/2026	2,775,000	2,800,502	4.88
	ROYAL BANK OF CANADA	4/14/2025	2,524,066	2,475,485	5.33
	ROYAL BANK OF CANADA	11/1/2024	4,205,160	3,924,560	5.55
	SALESFORCE INC	7/15/2024	914,533	902,300	5.41
	SOUTHERN CALIFORNIA EDISON CO	3/1/2026	4,730,000	4,737,473	5.26
	STATE STREET CORP	3/18/2027	5,775,000	5,786,204	4.92
(1)	STATE STREET CORP	11/4/2026	685,000	689,590	5.30
	STATE STREET CORP	8/3/2026	4,335,000	4,358,409	5.02
(1)	STATE STREET CORP	5/18/2026	1,225,000	1,221,080	5.39
(1)	STATE STREET CORP	3/30/2026	2,045,440	1,947,320	5.64
(1)	STATE STREET CORP	2/6/2026	3,765,000	3,639,174	5.79
(1)	STATE STREET CORP	1/26/2026	345,000	342,961	5.59
	TEXAS INSTRUMENTS INC	2/8/2027	2,198,592	2,196,810	4.65
	THERMO FISHER SCIENTIFIC INC	12/5/2026	1,873,706	1,882,744	4.83
	TORONTO-DOMINION BANK	6/12/2024	3,171,900	2,982,600	5.50
	TOYOTA MOTOR CREDIT CORP	3/19/2027	724,123	727,226	4.89
	TOYOTA MOTOR CREDIT CORP	5/18/2026	2,053,808	2,035,272	4.93
	TOYOTA MOTOR CREDIT CORP	6/18/2024	3,086,323	3,056,226	5.53
(1)	TRUIST FINANCIAL CORP	10/28/2026	1,650,000	1,658,184	5.56
(1)	TRUIST FINANCIAL CORP	7/28/2026	3,065,000	3,015,163	5.54
	TRUIST FINANCIAL CORP	8/1/2024	1,659,632	1,582,992	5.67
	UNITEDHEALTH GROUP INC	4/15/2027	2,085,363	2,087,862	4.80
	UNITEDHEALTH GROUP INC	5/15/2024	1,988,520	1,988,220	5.18
	US BANCORP	7/30/2024	2,662,075	2,473,575	5.58
	USAA CAPITAL CORP	5/1/2025	1,903,754	1,873,557	5.20
	VERIZON COMMUNICATIONS INC	8/15/2026	3,737,599	3,752,140	4.99
	WALMART INC	4/15/2026	2,628,842.80	2,595,704.80	4.68
	WALMART INC	9/9/2025	3,122,812.50	3,080,125.00	4.94
(1)	WELLS FARGO & CO	8/15/2026	1,360,000.00	1,342,632.80	5.51
(1)	WELLS FARGO & CO	4/25/2026	1,850,000.00	1,815,701.00	5.71
	WELLS FARGO & CO	4/22/2026	2,046,240.00	2,080,039.50	5.26

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2024**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
(1)	WELLS FARGO & CO	10/30/2025	2,182,028.50	2,035,471.25	5.75
(1)	WELLS FARGO & CO	5/19/2025	455,000.00	451,528.35	5.93
	WELLS FARGO BANK NA	12/11/2026	4,100,000.00	4,115,949.00	5.09
	WELLS FARGO BANK NA	8/7/2026	1,659,867.20	1,671,155.20	5.13
	WELLS FARGO BANK NA	8/1/2025	3,512,469.20	3,531,450.20	5.16
	WISCONSIN PUBLIC SERVICE CORP	11/10/2025	684,849.30	687,287.90	5.12
<b>SUB-TOTAL</b>			<b>473,971,328</b>	<b>470,683,738</b>	
<b><u>MORTGAGE AND ASSET-BACK SECURITIES</u></b>					
	AESOP 212 A	2/20/2028	1,612,535	1,616,936	5.28
	ALLYA 2022-1 A3	11/16/2026	2,086,833	2,058,579	5.32
	ALLYA 2022-2 A3	5/17/2027	1,124,986	1,118,059	5.43
	ALLYA 2023-1 A3	5/15/2028	1,619,724	1,628,618	5.24
	AMCAR 2021-3 A3	8/18/2026	404,683	396,941	6.57
	AMCAR 2023-2 A3	5/18/2028	4,599,241	4,623,690	5.59
	AMXCA 2022-2 A	5/17/2027	11,233,105	11,027,368	5.34
	AMXCA 2023-1 A	5/15/2028	1,339,881	1,337,173	5.03
	BAAT 231 A3	2/15/2028	1,079,959	1,085,119	5.33
	BAAT 232 A3	6/15/2028	1,299,976	1,315,158	5.26
	BACCT 2023-1 A	5/15/2028	914,793	910,745	5.07
	BACCT 2023-2 A	11/15/2028	3,348,649	3,343,004	4.93
	BMWOT 2022-A A3	8/25/2026	2,422,353	2,385,754	5.46
	BMWOT 2023-A A3	2/25/2028	779,862	783,198	5.30
	CARMX 2020-4 A3	8/15/2025	31,995	31,862	5.23
	CARMX 2021-1 A3	12/15/2025	111,859	110,482	5.64
	CARMX 2021-2 A3	2/17/2026	370,994	364,989	5.47
	CARMX 2021-3 A3	6/15/2026	1,170,346	1,138,337	5.60
	CARMX 2022-2 A3	2/16/2027	1,603,586	1,579,035	5.53
	CARMX 2022-3 A3	4/15/2027	2,529,940	2,495,592	5.43
	CARMX 2022-4 A3	8/16/2027	4,154,026	4,157,285	5.35
	CARMX 2023-3 A3	5/15/2028	3,199,963	3,205,760	5.25
	CARMX 2023-4 A3	7/17/2028	599,882	610,092	5.29
	CARMX 2024-1 A3	10/16/2028	8,234,370	8,214,907	5.07
	CARMX 2032-2 A3	1/18/2028	6,029,359	6,011,488	5.28
	CCCIT 2023-A1 A1	12/8/2027	584,927	585,146	5.21
	CHAIT 2023-1 A	9/15/2028	11,146,566	11,221,942	4.99
	CHAIT 241 A	1/16/2029	3,259,504	3,241,646	4.86
	CITZN 2023-1 A3	1/18/2028	2,299,620	2,319,458	5.43
	COMET 2021-3 A	11/16/2026	2,774,618	2,698,466	5.58
	COMET 2022-1 A	3/15/2027	7,399,825	7,277,652	5.40
	COMET 2022-2 A	5/17/2027	5,254,160	5,149,585	5.39
	COMET 2023-1 A	5/15/2028	3,470,195	3,456,145	5.10
	COPAR 2021-1 A3	9/15/2026	727,662	707,148	5.18
	COPAR 2022-1 A3	4/15/2027	1,462,033	1,432,769	5.43
	COPAR 2022-2 A3	5/17/2027	1,459,895	1,432,143	5.33
	CRVNA 23P2 A3	4/10/2028	2,181,939	2,197,888	5.57
	DCENT 2021-1 A	9/15/2026	1,334,714	1,304,922	5.60
	DCENT 2022-2 A	5/17/2027	2,674,783	2,616,418	5.38
	DCENT 2022-3 A	7/15/2027	3,029,624	2,964,188	5.36
	FCAT 2023-3 A3	4/17/2028	799,951	799,944	5.51
	FCAT 231 A3	8/16/2027	1,599,884	1,589,744	5.62
	FITAT 2023-1 A3	8/15/2028	2,649,836	2,667,066	5.28
	FORDF 231 B	5/15/2028	568,621	571,786	5.66
	FORDO 2021-A A3	8/15/2025	253,033	250,988	5.36
	FORDO 2022-A A3	6/15/2026	459,749	448,773	5.55
	FORDO 2022-B A3	9/15/2026	755,447	745,825	5.72
	FORDO 2023-B A3	5/15/2028	1,434,981	1,437,755	5.18
	GALC 221 A3	9/15/2026	3,699,362	3,685,570	5.61
	GALC 241 A3	1/18/2028	2,799,516	2,786,644	5.28
	GFORT 231 A1	6/15/2028	3,275,385	3,316,071	5.16
	GMALT 2022-1 A3	3/20/2025	461,796	460,678	5.62
	GMALT 2023-1 A3	4/20/2026	1,349,777	1,346,882	5.68
	GMALT 2024-1 A3	3/22/2027	1,714,786	1,713,868	5.19
	GMCAR 2020-4 A3	8/18/2025	11,799	11,771	6.05
	GMCAR 2021-1 A3	10/16/2025	39,290	38,986	5.47
	GMCAR 2021-4 A3	9/16/2026	1,223,896	1,188,482	5.32
	GMCAR 2022-1 A3	11/16/2026	1,462,379	1,426,557	5.14
	GMCAR 2022-2 A3	2/16/2027	1,101,143	1,081,637	5.43
	GMCAR 2022-3 A3	4/16/2027	1,549,989	1,525,169	5.43
	GMCAR 2022-4 A3	8/16/2027	1,899,689	1,890,405	5.31
	GMCAR 2023-2 A3	2/16/2028	664,982	657,765	5.18
	GMCAR 2023-4 A3	8/16/2028	939,807	953,809	5.17
	GMCAR 2024-1 A3	12/18/2028	2,964,404	2,956,846	5.02
	GTE 2023-1 A3	3/15/2028	2,199,815	2,182,994	6.47
	HALST 2022-A A3	1/15/2025	195,201	194,840	5.44
	HALST 24A A3	3/15/2027	1,794,660	1,786,312	5.41
	HAROT 2021-4 A3	1/21/2026	1,534,636	1,497,552	5.43
	HAROT 2022-1 A3	5/15/2026	860,893	841,013	5.58

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2024**

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	HAROT 2022-2 A3	7/20/2026	1,614,904	1,592,406	5.53
	HAROT 2023-4 A3	6/21/2028	599,894	607,260	5.16
	HART 2021-A A3	9/15/2025	414,670	411,317	5.35
	HART 2021-B A3	1/15/2026	1,147,542	1,130,212	5.56
	HART 2021-C A3	5/15/2026	508,136	496,911	5.51
	HART 2022-A A3	10/15/2026	2,162,407	2,115,997	5.55
	HART 2022-B A3	11/16/2026	1,549,999	1,529,168	5.48
	HART 2022-C A3	6/15/2027	6,804,967	6,814,459	5.33
	HDMOT 2022-A A3	2/16/2027	1,813,574	1,785,417	5.59
	HDMOT 2023-A A3	12/15/2027	1,639,835	1,634,030	5.37
	HUNT 241 A3	1/16/2029	4,224,843	4,231,929	5.26
	JDOT 2021 A3	9/15/2025	462,130	456,399	5.07
	JDOT 2022 A3	9/15/2026	1,384,921	1,356,138	5.52
	JDOT 2022-C A3	6/15/2027	3,899,697	3,886,233	5.41
	JDOT 2024 A3	11/15/2028	1,254,930	1,254,799	5.02
	KCOT 2021-1 A3	8/15/2025	294,715	290,763	5.82
	KCOT 2022-1 A2	4/15/2025	6,428	6,418	0.00
	KCOT 2022-1 A3	10/15/2026	2,499,643	2,440,375	6.08
	KCOT 2023-1 A3	6/15/2027	6,743,944	6,716,401	5.38
	KCOT 212 A3	11/17/2025	747,360	730,849	6.08
	KCOT 222 A3	12/15/2026	2,374,565	2,341,346	6.00
	KCOT 232 A3	1/18/2028	3,029,235	3,036,272	5.23
	KCOT 241 A3	7/17/2028	4,039,842	4,037,576	4.15
	MBART 2022-1 A3	8/16/2027	3,894,230	3,890,871	5.36
	MBART 2023-1 A3	11/15/2027	729,912	723,043	5.25
	MMAF 22B A2	9/9/2025	297,850	297,856	5.82
	NAROT 2022-B A3	5/17/2027	1,504,689	1,490,447	5.28
	NAROT 2023-A A3	11/15/2027	3,299,417	3,285,084	5.24
	NAROT 2023-B A3	3/15/2028	2,799,432	2,841,972	5.22
	NAVMT 231 A	8/25/2028	2,784,604	2,806,723	5.67
	NISSAN MASTER OWNER TRUST RECEIVABLES, SERIES 2024	2/15/2029	1,699,887	1,700,000	5.05
	ODART 2021-1 B	7/14/2028	798,188	830,259	5.11
	SBALT 23A A3	4/20/2027	3,309,545	3,361,768	5.59
	SBAT 24A A3	12/15/2028	4,199,391	4,200,000	5.32
	SDART 2023-3 A3	10/15/2027	1,399,842	1,403,906	5.41
	SYNIT 2022-1 A	4/17/2028	580,311	582,463	5.51
	TAOT 2021-A A3	5/15/2025	260,768	259,486	5.68
	TAOT 2021-D A3	4/15/2026	706,953	688,870	5.69
	TAOT 2022-B A3	9/15/2026	1,213,848	1,193,677	5.30
	TAOT 2022-C A3	4/15/2027	3,025,132	3,037,748	5.41
	TAOT 2022-D A3	9/15/2027	4,799,526	4,811,328	5.19
	TAOT 2023-A A3	9/15/2027	775,000	768,242	5.30
	TAOT 2023-B A3	2/15/2028	1,894,894	1,881,015	5.18
	TAOT 2023-D A3	8/15/2028	2,385,301	2,405,299	5.13
	TEVT 231 A3	6/20/2028	1,005,625	1,003,780	5.27
	TLOT 2024-A A3	4/20/2027	999,958	1,002,870	5.38
	VALET 2021-1 A3	6/22/2026	711,014	694,453	5.83
	VWALT 2022-A A3	7/21/2025	500,847	497,946	6.13
	VWALT 2024-A A3	6/21/2027	4,799,598	4,800,000	5.27
	WFLOOR 241 A1	2/15/2028	999,872	1,000,970	5.43
	WLAKE 2023-1 A3	1/18/2028	1,599,921	1,594,864	5.62
	WLAKE 2023-2 A3	2/16/2027	3,799,858	3,808,854	5.62
	WLAKE 223 A3	7/15/2026	4,635,042	4,630,415	5.82
	WOART 2021-D A3	10/15/2026	838,035	815,997	5.54
	<b>SUB-TOTAL</b>		<b>262,694,335</b>	<b>261,424,299</b>	
<b><u>Municipal Debt</u></b>					
	ALABAMA FED AID HWY FIN AUTH SPL OBLIG REV	9/1/2027	1,349,172	1,362,793	4.56
	CALIFORNIA ST PUB WKS BRD LEASE REV	11/1/2026	1,600,000	1,625,792	4.87
	CONNECTICUT ST	6/15/2024	1,668,696	1,626,039	5.35
	CORONA	5/1/2024	1,510,000	1,503,975	5.20
	EL CAJON CALIF	4/1/2024	540,000	540,000	0.92
	FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	1,025,000	977,204	5.14
	GOLDEN ST TOB SECURITIZATION CORP CALIF TOB SETTLE	6/1/2025	2,120,000	2,028,034	5.26
	HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2024	715,000	708,536	5.57
	LOS ALTOS CALIF SCH DIST	10/1/2024	1,826,514	1,763,730	5.09
	LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	1,600,000	1,502,416	4.99
	MASSACHUSETTS (COMMONWEALTH OF)	11/1/2026	431,068	441,966	4.66
	MASSACHUSETTS (COMMONWEALTH OF)	1/15/2025	2,345,000	2,316,250	5.25
	MASSACHUSETTS (COMMONWEALTH OF)	7/15/2024	4,240,000	4,218,164	5.38
	NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	850,000	823,242	5.20
	NEW YORK STATE DORMITORY AUTHORITY	3/15/2025	2,690,000	2,582,023	5.22
	REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	5/1/2026	1,495,000	1,384,804	5.08
	RIVERSIDE CNTY CALIF INFRASTRUCTURE FING AUTH LEAS	11/1/2024	1,810,000	1,765,112	5.20
	SAN DIEGO CNTY CALIF WTR AUTH WTR REV	5/1/2024	667,541	702,236	5.01
	SAN DIEGO CNTY CALIF WTR AUTH WTR REV	5/1/2024	1,400,000	1,394,428	5.08
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2027	841,263	829,355	4.57
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2027	2,276,950	2,243,208	4.59
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2026	1,240,000	1,230,812	4.74

Orange County Transportation Authority  
Portfolio Listing  
As of March 31, 2024

NOTE	DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
	<b>SUB-TOTAL</b>		<b>34,241,204</b>	<b>33,570,121</b>	
	<u>Supranationals</u>				
	INTER-AMERICAN DEVELOPMENT BANK	9/23/2024	6,764,990	6,614,764	5.37
	INTERNATIONAL FINANCE CORP	1/15/2027	4,938,847	4,934,784	4.53
	<b>SUB-TOTAL</b>		<b>11,703,837</b>	<b>11,549,548</b>	
	<b>SHORT-TERM PORTFOLIO - TOTAL</b>		<b>\$ 2,006,422,881</b>	<b>\$ 1,997,687,830</b>	

BOND PROCEEDS PORTFOLIO					
NOTE	DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
	<u>2021 Bond Anticipation Notes (BANs) - US Bank</u>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	54,511	54,511	4.93
	<u>91 EXPRESS LANES 2023 BONDS (US Bank COI)</u>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	2,573	2,573	4.93
	<b>BOND PROCEEDS PORTFOLIO-TOTAL</b>		<b>\$ 57,083</b>	<b>\$ 57,083</b>	

DEBT SERVICE RESERVE FUNDS					
NOTE	DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
	<u>91 EXPRESS LANES 2023 BONDS (US Bank DSF/DSRF)</u>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	5,385,645	5,385,645	4.93
	<u>91 EXPRESS LANES 2023 BONDS - OPERATING &amp; MAINTENANCE RESERVES</u>				
	BMO HARRIS BANK NCD	7/5/2024	5,000,000	5,004,400	5.84
	BMO HARRIS BANK NCD	10/8/2024	3,000,000	3,000,000	5.16
	<b>DEBT SERVICE RESERVE FUNDS - TOTAL</b>		<b>\$ 13,385,645</b>	<b>\$ 13,390,045</b>	

			Book Value	Market Value
<b>TOTAL PORTFOLIO</b>			<b>\$ 2,483,233,471</b>	<b>\$ 2,474,502,821</b>

NOTE: 1. Variable or floating rate securities.



## COMMITTEE TRANSMITTAL

**May 28, 2024**

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

**From:** Andrea West, Clerk of the Board *Andrea West*

**Subject:** 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program and Call for Projects

### Transit Committee Meeting of May 9, 2024

**Present:** Directors Aitken, Amezcua, Harper, Jung, Klopfenstein, and Sarmiento

**Absent:** Director Do

### **Committee Vote**

This item was passed by the Members present.

### **Committee Recommendations**

- A. Approve the guidelines for the 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program.
- B. Authorize staff to issue the 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program call for projects.



**May 9, 2024**

**To:** Transit Committee

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

**Subject:** 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program and Call for Projects

### **Overview**

The Orange County Enhanced Mobility for Seniors and Individuals with Disabilities Program offers grant opportunities to non-profit organizations and local public agencies to help meet the transportation needs of seniors and individuals with disabilities. The program augments existing OC Bus fixed-route service, OC ACCESS service, and the Senior Mobility Program in Orange County. Updated program guidelines and request to issue the 2024 call for projects are presented for review and approval.

### **Recommendations**

- A. Approve the guidelines for the 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program.
- B. Authorize staff to issue the 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Program call for projects.

### **Background**

The Federal Transit Administration (FTA) Section 5310 (FTA 5310) Program is intended to improve mobility for seniors and individuals with disabilities by removing barriers to transportation service and expanding transportation mobility options. In prior years, the Orange County Transportation Authority (OCTA) worked with the California Department of Transportation (Caltrans), the California Transportation Commission, and FTA to provide FTA 5310 funding through Caltrans to non-profit organizations and public agencies for the purchase and replacement of paratransit-type vehicles and related equipment to help meet the transportation needs of seniors and individuals with disabilities.

In 2015, through the Fixing America's Surface Transportation Act, FTA 5310 statute was updated, and in 2016, OCTA began receiving the Orange County share of FTA 5310 directly. Consistent with OCTA's State and Federal Programming Guidelines, the FTA 5310 funds were directed to support OCTA's OC ACCESS paratransit services. In addition, starting with the 2018 Enhanced Mobility for Seniors and Individuals with Disabilities (EMSD) call for projects (call), the OCTA Board of Directors (Board) approved the use of local funds in lieu of federal FTA 5310 funds for the EMSD Program to eliminate the need for local public agencies and non-profits that seek these funds to adhere to complex federal requirements during project delivery.

The Orange County EMSD Program was developed to mirror the goals and general structure of the FTA 5310 Program. The EMSD retains valuable components of the FTA 5310 Program such as ensuring that projects are consistent with the current Orange County Human Services Transportation Coordination Plan (Coordinated Plan). This plan is updated every four years, and the most current edition was approved by the Board in November 2020. Consistent with FTA 5310 program requirements, at least 55 percent of the EMSD Program funds are used for capital projects. Once projects are awarded, OCTA provides oversight and monitoring for the projects approved through the EMSD Program. The most recent prior EMSD call took place in 2021 and the Board awarded \$2.7 million to eight non-profit agencies for 14 projects.

### ***Discussion***

The 2024 EMSD Program Guidelines (Guidelines) have been developed with consideration to the needs, goals, and priorities identified in the current Coordinated Plan as well as ongoing feedback from eligible applicants on funding needs. The funding level is determined by the federal apportionment that OCTA receives from FTA 5310. For this cycle, the funding target is \$8.5 million.

To date, staff has presented information on the EMSD to the OCTA Accessible Transit Advisory Committee, has held scheduled discussions with several Coordinated Plan stakeholders, and held a workshop on April 17, 2024 to identify funding needs and collect feedback on the existing EMSD Program.

Generally, the recommended 2024 EMSD call guidelines will continue to support vehicle and equipment acquisition, operating assistance, and mobility management. Guideline revisions are based on stakeholder feedback, and include significantly simplifying the application, clarifying program requirements, and providing flexibility in vehicle acquisition requirements based on the current vehicle market.

Major revisions to the program include:

- Maximum total funding requests for applications from any single applicant has increased from \$600,000 to \$1.5 million, and maximum funding requests for each application type have been increased as detailed in Attachment A.
- Funding priorities have been revised consistent with identified program need:
  1. Capital projects,
  2. Operating projects, including operating assistance for existing services and mobility management projects.
- Allowance for purchasing and leasing used vehicles, as long as they meet certain requirements.
- Implementation of an accountability measure in the evaluation criteria, deducting five points from application scores in the event of past poor project delivery or mismanagement of funded awards.
- Incorporation of state and federal requirements, including agency drug and alcohol program reporting, driver training reporting, and vehicle maintenance reporting.

EMSD program applications will be evaluated based on consistency with the program goals, applicant experience, implementation plans, program performance indicators, and coordination and outreach efforts. The updated and recommended Guidelines are included as Attachment A.

Key milestones for the 2024 EMSD call are as follows:

<b>Milestone</b>	<b>Date</b>
Board consideration of 2024 Guidelines and issuance of call	May 28, 2024
Eligible applicant agencies office hours with OCTA staff	June 3-7, 2024
Applications due by 4:00 p.m.	June 27, 2024
Project eligibility reviews and evaluations	June – August 2024
EMSD funding recommendations presented to the Board	Fall 2024

**Next Steps**

With Board approval, OCTA will issue the 2024 EMSD call and notify eligible agencies. Staff has planned a program information session pending Board approval of the Guidelines and the call and will also be available to meet with eligible applicants. Once the eligible applicants submit project nominations, OCTA staff will evaluate applications, and return to the Board in the fall with funding recommendations.

**Summary**

Staff is recommending Board approval of the Guidelines and authorization to issue the 2024 EMSD call.

**Attachment**

- A. 2024 Enhanced Mobility for Seniors and Individuals with Disabilities (EMSD) Grant Program, Call for Projects Program Guidelines

**Prepared by:**



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**Approved by:**



Kia Mortazavi  
Executive Director, Planning  
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**2024 Enhanced Mobility for Seniors and Individuals with  
Disabilities (EMSD) Grant Program**

**Call for Projects Program Guidelines**

## Table of Contents

Purpose And Authority.....	1
Program Goals.....	1
Background .....	1
2024 Call.....	1
Program Schedule .....	2
Eligible Applicants .....	2
Public Hearing for Public Agencies.....	2
Coordination .....	2
Funding Priorities .....	2
Eligible Project Categories and Availability of Funds .....	2
Capital Projects .....	3
Operating Projects .....	4
Award Limitations and Matching Fund Requirements .....	4
Indirect Costs .....	5
Contingency Costs.....	5
Evaluation Criteria.....	5
Capital Evaluation Criteria .....	5
Operating Evaluation Criteria .....	6
Accountability Evaluation .....	7
Provisions of Use Criteria.....	7
Timely-Use of Funds.....	7
Extension Requests, Scope Changes and Cost Savings .....	8
Cost Increases .....	8
Invoices and Reimbursements.....	8
Reporting.....	9
Insurance Requirements .....	9
Additional Program Requirements .....	10
Required Drug and Alcohol Programs and Related Reporting.....	10
Required Driver Training for Vehicles .....	11
Required Maintenance for Vehicles and Equipment .....	11
Useful Life Requirements for Capital Projects .....	11
Submittal Requirements .....	12
OCTA Contacts .....	12

# 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

## Purpose And Authority

The Orange County Enhanced Mobility for Seniors and Individuals with Disabilities (EMSD) Grant Program call for projects (call) is intended to enhance the mobility of seniors and individuals with disabilities by providing local transportation funding to meet the transportation needs of seniors and individuals with disabilities where public transportation services may not appropriately meet their needs. The EMSD Grant Program offers grant opportunities to non-profit organizations (non-profits) and local public agencies to help meet these needs.

## Program Goals

**The EMSD Program is intended to meet the transportation needs of older adults and people with disabilities when transportation services provided are unavailable, insufficient, or inappropriate to meet these needs. The goals of the Program are to:**

- Improve the mobility for seniors and individuals with disabilities in Orange County.
- Support local agencies and non-profits providing service within their communities.
- Supplement services provided through the OCTA Senior Mobility Program, OC ACCESS, and OC Bus fixed-route service.
- Provide seamless service through improved first- and last-mile connections.
- Incorporate and encourage technology-based solutions to improve mobility options.
- Promote non-profit and public agency outreach to senior and disabled patrons with an emphasis in reaching disadvantaged, underrepresented, and/or diverse communities to ensure services will meet their needs.
- Prioritize funding for agencies that:
  - Collaborate through partnerships to create efficiencies and lower operating costs for service, and/or
  - Increase vehicle revenue hours beyond the minimum ten hours per week.

## Background

Prior to 2014, the Federal Transit Administration Section 5310 (FTA 5310) Program was jointly administered by the Orange County Transportation Authority (OCTA) and the California Department of Transportation (Caltrans). In 2016, OCTA assumed the role of designated recipient for the FTA 5310 Program in Orange County to ensure funds are used effectively, efficiently, and consistently with federal requirements.

Since 2018, the Orange County EMSD Grant Program replaced the FTA 5310 by providing local funding support in lieu of federal funding, which allows grantees to streamline project implementation and reduce the risk of non-compliance with federal requirements. Due to the long-standing success of the Section 5310 grant program, all beneficial elements of that program have been retained.

As the regional transportation planning agency for Orange County, OCTA is responsible for conducting a call for projects and distributing EMSD funds to selected projects consistent with the priority strategies identified in the current Orange County Human Services Transportation Coordination Plan<sup>1</sup> (Coordinated Plan). In addition, OCTA has taken on the responsibility of developing and administering funding agreements and providing oversight monitoring of EMSD grantees throughout the useful life of the grant-funded projects.

## 2024 Call

The 2024 EMSD call will make up to \$8.5 million in local funds available for eligible and high scoring projects. Funding availability is based on the FTA 5310 apportionment to OCTA and is subject to change. All projects proposed and

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<sup>1</sup> 2020 Coordinated Plan is available at: <http://www.octa.net/pdf/HumanServicesTransportation.pdf> - applicable to this call.

2024 Coordinated Plan information landing page is available at: <https://www.orangecountyhstcp.com/> - currently under development.

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

considered for funding are required to be included in the Coordinated Plan. Under FTA guidelines, the Coordinated Plan is required to be updated every four years. This call will award projects consistent with the 2020 Coordinated Plan, as its 2024 update is still under development.

### Program Schedule

EMSD Schedule (Subject to Change)	
April 17, 2024	EMSD Program Workshop (Virtual)
May 28, 2024	Call for Applications Opens
June 3-June 7, 2024	Application Office Hours
June 27, 2024	Application Due Date by 4pm
June – August 2024	Application Reviews and Scoring
September 2024	OCTA Board of Directors (Board) consideration of EMSD funding recommendations
September 2024	Awarded Applicant Office Hours

### Eligible Applicants

Eligible applicants include:

- Private non-profit organizations providing transit services for older adults and people with disabilities, and
- Public agencies where private non-profits are not readily available to provide the proposed service for these individuals (see **Public Hearing for Public Agency** section of these Guidelines).

### Public Hearing for Public Agencies

Public agency applicants will be required to hold a public hearing to establish coordination with non-profits and ensure services are not being duplicated. This will verify that the nominating public agencies' projects are not overlapping in scope and, where applicable, services can be better coordinated. **Nominating public agencies, including Orange County (County) cities and the County, are to schedule public hearings, and notify relevant non-profits as soon as possible to proceed with the application process. Documentation of a public hearing being held will be required as part of the application package.**

### Coordination

Inter-agency coordination is highly recommended. OCTA encourages agencies to work in partnership with other agencies to better offer well-rounded and coordinated services or use of vehicles and/or equipment. The EMSD Program emphasizes the importance of coordinated planning. Priority will be given to nominations that successfully show inter-agency coordination and demonstrate partnership(s).

### Funding Priorities

1. Capital
2. Operating (Existing Services Only and Mobility Management)

### Eligible Project Categories and Availability of Funds

Funds will be available for two categories and distributed to organizations and agencies serving Orange County based on the funding priorities above.

Project Category	Funding availability
Capital	\$4.7 million (minimum) or 55% minimum of awarded funds
Operating (Mobility Management and Operating Assistance)	\$3.8 million (maximum) or no greater than 45% of awarded funds
<b>Total</b>	<b>\$8.5 million</b>

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

Consistent with FTA 5310 requirements, at least **55%** of funds must be used for “traditional” capital projects. That is, those public transportation **Capital** projects planned, designed, and carried out to meet the specific needs of seniors and individuals with disabilities when public transportation is insufficient, unavailable, or inappropriate.

As a result, the **Operating** projects category is limited to a total target of \$3.8 million award maximum, and the funding that goes to operations cannot be greater than **45%** of the total available funding.

### Capital Projects

Project Types	Eligible Activities
Vehicle and Equipment Acquisition:	Vehicle leases or purchases
Small Capital Purchases:	Purchases under \$10,000 for computer hardware and equipment if the hardware and equipment are tied to an operating need and do not meet the minimum requirements of a capital project. Justification for how the hardware and equipment is directly tied into the function of an operation will be required in the applications narrative.

Capital projects will consist of vehicle leases or purchases. This includes buses and vans with the purpose of transporting seniors and individuals with disabilities. Vehicles may be either new or used (in good condition). Vehicles may be replacements for those currently in operation that have met or exceeded their useful life or vehicles to allow expansion of service. For a project to be categorized as replacement vehicles, the vehicles to be replaced must be in active service during the applicant’s normal days and hours of operation. Unless an acceptable justification is provided, the vehicle should have met a minimum useful life or will meet the useful life at the point the replacement vehicle is put into service.

Each vehicle acquired (both purchased and leased) must be Americans with Disabilities Act (ADA) accessible and provide a minimum of 10 hours of service per week, where service is provided by the awarded applicant or in coordination with other agencies. Zero-emission vehicles (ZEV) and zero-emission buses (ZEB) are encouraged; however, the purchase or installation of ZEV charging equipment is not an eligible expense of the EMSD program.

### CalACT Purchasing Cooperative

Agencies may acquire vehicles through the California Association for Coordinated Transportation (CalACT) Purchasing Cooperative; however, this is not a requirement of the EMSD program. Agencies that plan to acquire vehicles through CalACT must notify OCTA of their intent as part of the application.

For more information, please visit <https://calact.org/> or contact Dan Mundy at [dan@calact.org](mailto:dan@calact.org) or 916-920-8018 (Office)

### Vehicle Acquisition Cost-Effectiveness Requirements

The purchase of *used* vehicles will be allowed when the proposed used vehicle is determined to be more cost-effective than the purchase of new vehicles and meets the additional used vehicle provisions noted below. Applicants who opt to request funding for the purchase of used vehicles, must provide a cost-benefit analysis as part of the project application clearly indicating that the purchase of used vehicles is more cost-effective compared to the purchase of new vehicles.

The *leasing* of vehicles will be allowed when it is determined to be more cost-effective than purchasing vehicles. Applicants who opt to request funding for leasing must provide a cost-benefit analysis as part of the project application clearly indicating that leasing is more cost-effective compared to purchasing. A draft lease agreement must be included as part of the application, and a final lease agreement shall be provided to OCTA upon agreement execution.

Cost-effectiveness methodology will be at the discretion of each applicant agency and should be prepared in good faith.

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

### Additional **Used** Vehicle Provisions

Used vehicle purchases will be allowed so long as they meet the following criteria:

- Vehicles are less than three years old (based on model year),
- Vehicles have less than 65,000 miles,
- Vehicles are under warranty,
- Applicants provide proof that multiple vendors were contacted for comparable prices,
- A mechanical inspection must occur prior to purchase, and
- Vehicles must be fully ADA compliant or will be modified to be ADA compliant – including ramps, tie downs, and other safety features.

### Additional **Leased** Vehicle Provisions (under warranty and inspected prior to purchase)

- Vehicles are less than three years old (based on model year),
- Vehicles have less than 65,000 miles,
- Applicants provide proof that multiple vendors were contacted for comparable prices,
- Vehicles must be fully ADA compliant or will be modified to be ADA compliant – including ramps, tie downs, and other safety features.

### Equipment Purchases

The Capital projects category may also include the purchase of service-related equipment such as wheelchair lifts, ramps, and securement devices as well as computer hardware (i.e., computers, keyboards, mice, dispatching devices and software, etc.). ZEV charging equipment is not an eligible equipment purchase.

Applicants must submit at least one equipment quote consistent with the application, detailing key characteristics. Multiple quotes are preferred. These will serve as an Independent Cost Estimate (ICE), and the lowest quote provided will determine the grant amount.

## Operating Projects

Operating projects will consist of mobility management and operating assistance.

Project Types	Eligible Activities
Mobility Management:	Coordinating Transportation Services, Traveler/Client Call Centers, Driver/Travel Training <sup>2</sup> , and/or Coordinating/Dispatching Communications System
Operating Assistance:	Labor (Staffing) Expenses, Materials (Fuel, Office Supplies), Continuation of Services, Contracted Services, and/or First and Last-Mile Trips

## Award Limitations and Matching Fund Requirements

Applicants may submit applications for either one or both categories. However, the total funding request per applicant may not exceed **\$1.5 million** (does not include local match), as noted in the application and project type table below.

For the purposes of the EMSD Program, match refers to any non-EMSD funding contribution committed and provided by the lead agency to support a share of the total project expenses. Projects will be required to provide a cash match consistent with the table below.

Please note that matching requirements were temporarily reduced as part of the 2021 EMSD Program to allow applicants to restore service and support recovery from the coronavirus (COVID-19) pandemic. This reduction is remaining in place as part of the 2024 EMSD Program to allow continued recovery and to address ongoing supply chain issues.

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<sup>2</sup> Travel training is one-on-one individualized training that gives people with seniors and individuals with disabilities the skills required to travel safely on fixed-route public transportation.

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

Application and Project Type <sup>3</sup>	Minimum Grant Request	Maximum Grant Request	Minimum Match Requirement
<b>Capital:</b> Vehicle purchases, leases, and limited supporting equipment	\$100,000	\$1,000,000	10%
<b>Capital:</b> Standalone Capital Equipment Purchases	\$10,000	\$99,000	10%
<b>Operating:</b> Operating Assistance	\$100,000	\$1,000,000	20%
<b>Operating:</b> Mobility Management	\$50,000	\$300,000	10%

### Indirect Costs

The program will allow for no greater than 10% of requested funds to contribute to indirect costs. This will be applicable to the operating category only. Applicants should factor in this limit when structuring their proposed project budgets, demonstrating a clear understanding of how the grant funds will be effectively utilized for both direct and indirect costs.

Examples of indirect costs that could be considered include:

- General administrative and overhead costs.
- Office supplies.
- Development of specifications for vehicles and equipment.
- Staff salaries (for capital applications).
- Technical assistance and planning activities.
- Any other costs deemed necessary for the administration, planning, or technical assistance purposes of the project.

### Contingency Costs

Contingency is allowed for unforeseen circumstances, such as cost increases or project delays, amounting to 5-10% of the total requested funds in proposed project budgets. This allocation ensures adaptability to changing conditions while minimizing disruptions to project implementation.

### Evaluation Criteria

Applications will be considered for funding based on the evaluation criteria and point distribution shown in this section. Capital and Operating projects will be scored differently with the criteria detailed in their respective tables. The criteria align with federal and state goals for the Section 5310 program and are the basis for reviewing and selecting applications.

All projects are required to be included in the 2020 Coordinated Plan.

### Capital Evaluation Criteria

Capital Projects	Maximum Points
<b>A. Goals and Objectives</b> – Project is consistent with overall EMSD Program goals and objectives and meets all program requirements of providing transportation related activities and/or services beyond those required by the ADA.	<b>6</b>
<b>B. Ability of Applicant</b> – Evidence of the applicant's experience providing existing transportation service or social services for elderly or disabled individuals. Scored questions will also include points for agency programs/plans including driver/travel training, dispatching, California Highway Patrol Inspections.	<b>10</b>

<sup>3</sup>See complete examples of eligible operating activities and vehicle types on **Capital Projects**.

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

<b>C. Coordination Planning</b> – Assessment of available services that (1) meet the needs of seniors and disabled individuals and (2) identify gaps in service or equipment needs. Scored questions will ask how the applicant provides strategies, activities, and projects to identify these gaps and achieve efficiencies in service. Discuss the coordination planning your agency conducts with other agencies.	<b>6</b>
<b>D. Outreach and Feedback</b> – Assessment of how the applicant has conducted outreach with senior and disabled clients to ensure their needs are being met and adjustments to service are made accordingly.	<b>5</b>
<b>E. Transportation Service</b> – Evaluation will be based on project type - replacement, expansion vehicles, and/or equipment. Replacement and expansion vehicles will receive ratings based on mileage, service hours per week, and number of people served. Equipment will be scored based on number of vehicles within the fleet which are coordinated and service efficiency enhancement with the new equipment.	<b>18</b>
<b>F. Emergency Planning and Preparedness</b> – Evaluation is based on standards for emergency planning and preparedness, extent to which emergency plans and drill activities are provided, and whether applicant is included in County Office of Emergency Services (OES) response plan.	<b>5</b>
<b>Additional Considerations to Application Scores</b>	
<b>a. Accountability Measure</b> – Consideration of applicants past project delivery performance will be evaluated. 5 points may be deducted.	<b>-5</b>
<b>Total Points</b>	<b>50</b>

### Operating Evaluation Criteria

<b>Operating Projects</b>	<b>Maximum Points</b>
<b>A. Goals and Objectives</b> – Project is consistent with overall EMSD Program goals and objectives and meets all program requirements of providing transportation related activities and/or services beyond those required by the ADA.	<b>10</b>
<b>B. Project Implementation</b> – Extent to which applicant provides a well-defined and detailed operations plan with defined routes, schedules, current/project ridership, key personnel, and marketing strategies with supporting documentation for carrying out the project.	<b>15</b>
<b>C. Program Performance Indicators</b> – Extent to which applicant provides clear, measurable, and outcome-based performance measures and indicators, which show a logical, reasonable, and quantifiable methodology to track the effectiveness of the project.	<b>10</b>
<b>D. Coordination, Outreach, and Sustainability</b> – Extent to which applicant identifies communications and outreach plans and goals to target populations that benefit from EMSD program. Evaluation also based on applicant's efforts and accomplishments in coordination with other transportation and/or social services in the project area and extent to which applicant identifies plans to sustain a new, expansion, or continuation program beyond the two-year funding cycle.	<b>11</b>

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

<b>E. Emergency Planning and Preparedness</b> – Extent to which applicant identifies standards for emergency planning and preparedness and provides emergency plans and drill activities, and whether applicant is included in County Office of Emergency Services (OES) response plan.	<b>4</b>
<b>Additional Considerations to Application Scores</b>	
<b>b. Accountability Measure</b> – Consideration of applicants past project delivery performance will be evaluated. 5 points may be deducted.	<b>-5</b>
<b>Total Points</b>	<b>50</b>

### Accountability Evaluation

The 2024 EMSD call will evaluate applicants on past project delivery performance. Up to five points may be deducted from the overall project score for applicants with a history of poor past project delivery performance including in contract execution, timing of expenditures and invoicing, and overall program understanding. This evaluation will ensure continuation of responsible delivery of EMSD-funded projects.

### Provisions of Use Criteria

- Upon approval by OCTA's Board, awarded applicants will be notified and will be required to enter into an agreement with OCTA to start the project and receive funding. The agreement will remain in effect throughout the project's service period or the equipment's useful life.
- For vehicle request, grantees are responsible for the proper use, operating costs, and maintenance of all vehicles and project equipment, and must be prepared to comply with all applicable regulations and requirements.
- Applicants are responsible for management, oversight, and control over the operations of contracted service and purchased equipment. Appropriate documentation must also be maintained and provided upon request during the project term and through the useful life of the asset or through the service period.
- For non-profit applicants, non-profit status must be documented as "active."
- Public agencies are required to complete a public hearing prior to the application deadline to verify that they would not be nominating overlapping services or providing services where a non-profit could. More information on this can be viewed in the Public Hearing for Public Agency section.

### Timely-Use of Funds

Funding will be made available for FY2024-25, FY2025-26, and FY2026-27. All reimbursable work should be completed within the timeframe outlined in the executed agreement.

For **Capital** projects, applicants will be required to award a contract or execute a purchase order by June 30 of the programmed FY. Applicants would then have 24 months from the award or purchase to receive and/or install the equipment. The contract award or purchase date will serve as the start of the 24-month performance period. The expenditure deadline will also start at the contract award or purchase and all eligible awarded funds must be expended by the end of the 24-month period. **Extensions of up to one additional expenditure year (12 months) will be considered on a case-by-case basis with a formal letter indicating reasons for the extension.**

For **Operating** projects, awarded applicants will be required to show evidence that they have entered into a cooperative or service agreement, as applicable to the funded project, and must start service based on the schedule provided and by June 30 of the programmed FY. For existing operating agreements, applicants may request funds to continue service. The date of the OCTA/Agency cooperative or service agreement or start of the continuation of service using the grant funds will begin the 24-month period of performance.

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

**Funding for projects that have not (1) started within the FY programmed and (2) have not invoiced within 60 days of the end of the FY, may be forfeited and projects will be subject to OCTA approval for any delays. Extensions of up to one additional year (12 months) will be approved on a case-by-case basis. Requests should be made through a letter indicating reasons for the delay and how funds will begin invoicing by June of the extended FY.**

### Extension Requests, Scope Changes and Cost Savings

*Scope changes and extension requests* are considered on a case-by-case basis and requests must be submitted via email to OCTA EMSD email at [OCTAEMSD@octa.net](mailto:OCTAEMSD@octa.net). Typically, to consider a scope change for approval by staff, OCTA expects the project benefits to be the same as what was provided in the original application. If the project does not deliver the same benefits, the project request will either be denied or presented to the OCTA Board for consideration. Applicants must provide an explanation and justification for the change and include documentation for how project benefits will be impacted and how they compare to the benefits proposed in the original application. Please note that project extensions are not guaranteed, and OCTA encourages awarded applicants to initiate and complete projects within the original period of performance of the grant.

OCTA will complete a thorough evaluation of the scope change and/or extension request and the potential impact to the project(s) benefits prior to making a recommendation. Major scope changes which significantly impact the benefits may require approval by the OCTA Board of Directors. If the applicant reduces the scope of an approved project a reduction in EMSD funds must be applied proportionally to maintain the approved local match percentage.

#### *Cost Savings.*

Reduced costs associated with a scope reduction will not be considered cost savings. Savings at project completion will either remain with OCTA or be returned to OCTA, if already paid out to the agency.

### Cost Increases

The EMSD Program will not cover project cost increases for awarded projects. Applicants commit to cover any cost increases beyond awarded funds and match requirements.

### Invoices and Reimbursements

Costs incurred prior to the start of the executed agreement will not be reimbursable unless requested by exception.

The EMSD Program requires that payments to the agency occur on a reimbursement basis, with exceptions for vehicle purchases noted below. Therefore, the lead agency must incur and pay for project costs prior to invoicing OCTA for reimbursement. The lead agency will be required to provide proper documentation with their invoices to validate that the expenditure was properly incurred. For applicants purchasing vehicles, they will be allowed to invoice up to 65% of the purchase order amount covered by OCTA upon receipt of a verifiable purchase order. The remaining 35% will be paid upon delivery and acceptance of the vehicle(s), consistent with the total project cost and considering the required match. Subsequently, the payments will be distributed to the lead agency, which then utilizes these funds to settle project costs, including payments to vendors for vehicle purchases.

Applicants may begin invoicing from the date their contract agreements with OCTA are executed. Reimbursements will be dispersed upon review and approval of a complete expense report, performance report, and consistency with the cooperative agreement requirements and specifications. Invoices for capital must be submitted no later than 21 days after the end of the month in which the expenditure occurred, with the exception for vehicle purchases. For operating projects, invoicing will be required at minimum on a quarterly basis consistent with the quarterly reporting schedule provided.

Applicants are expected to submit a final report form and closeout form within 90 days of project completion.

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

Project Type	Reimbursement Process
<b>Capital:</b> Vehicles and Equipment	Vehicles: OCTA will pay up to 65% of the award amount (OCTA's share) of the cost up front, based on verifiable purchase order less the required match. The remaining 35% will be paid upon applicant's delivery and acceptance of the vehicle.  Any funding not initially paid out from the grant will be disbursed consistent with the total project cost and considering the required match, following confirmation of receipt of the vehicle and/or equipment. Applicants must submit an invoice no later than 21 days after the end of the month following vehicle acceptance.
	Equipment: Applicants incur the expense and request reimbursement from OCTA once the equipment has been delivered and accepted at the agency.
<b>Operating:</b> Operating Assistance, Mobility Management, Driver/Travel Training, and/or first and last-mile connections.	Applicants submit invoices to OCTA <b>on a quarterly basis</b> , less required match. (See quarterly reporting due dates below)

If awarded, successful applicants will enter into a cooperative agreement with OCTA specifying grant requirements.

### Reporting

Awarded applicants will be required to submit a quarterly report to allow OCTA to monitor progress on the project and ensure that the project will be completed within the period of performance of the grant. Quarterly reporting forms will be available on the [EMSD website](#). Awarded applicants should start submitting quarterly reports to OCTA once cooperative agreements are executed. Monthly data, see quarterly report templates, is to be submitted on a quarterly basis, in accordance with the reporting schedule below:

Performance Period	Quarterly Report Due Date
Quarter 1: January-March	April 21 <sup>st</sup>
Quarter 2: April-June	July 21 <sup>st</sup>
Quarter 3: July-September	October 21 <sup>st</sup>
Quarter 4: October-December	January 21 <sup>st</sup>

The final invoice for vehicles must be submitted 21 days following the end of the month in which the expenditure occurred. The final invoice for operating must be submitted 21 days following the end of the quarter in which the expenditure occurred. Once the project is complete; the applicant is expected to submit a final report form and closeout from 90 days following issuance of final payment. Final report and closeout templates will be available on the [EMSD website](#) following the project award.

### Insurance Requirements

The following insurance is required, subject to change at the time of award:

- Commercial general liability (includes products/completed operations, independent contractors, contractual liability, personal injury liability, property damage) minimum limit \$1,000,000 per occurrence, \$2,000,000 general aggregate.
- Automobile liability insurance to include owned, hired, and non-owned autos combined single limit of \$1,000,000.
- Workers' compensation with limits as required by the State of California including a waiver of subrogation in favor of OCTA, its officers, directors, employees, or agents.
- Employers' liability with minimum limits of \$1,000,000.

## **2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines**

Proof of coverage, including certificates and endorsements, will be required as part of the Cooperative Agreements if selected for funding. OCTA will reserve the right to request policy reviews in response to any loss.

### **Additional Program Requirements**

The following State and Federal requirements are required as part of the cooperative agreement and are subject to change at the time of the award. It is important to note that documentation of meeting these requirements could be reviewed, inspected and/or audited, in addition to the required reports that are to be submitted to OCTA by the OCTA Project Implementation contact at the discretion of said contact during their visits to your agency's operating site(s). The following requirements do not need to be included in the reports in their entirety so long as they can be verified in person and the required reporting forms are completed accurately.

### **Required Drug and Alcohol Programs and Related Reporting**

If awarded, applicants will be required to comply with the requirements of the Drug-Free Workplace Act of 1988, the California Drug-Free Workplace Act of 1990, and the U.S. Department of Transportation (USDOT) drug testing regulations. Applicants and their subcontractors performing safety-sensitive tasks are subject to the same regulations. Before finalizing any agreements, selected applicants must establish and enforce a substance abuse program in accordance with state and federal rules, with ongoing revisions to ensure compliance.

OCTA recognizes that some agencies may have existing Drug and Alcohol Programs in place. For example, tests used to comply with Federal Motor Carrier Safety Administration (FMCSA) requirements may also be used to comply with EMSD program requirements provided that they cover the same time period required.

Awarded applicants also agree to periodic reviews of the drug and alcohol testing program by OCTA and/or a designated representative. These reviews will encompass a thorough examination of program-related forms, documents, and procedures employed by the awarded applicant and its service agents, including the Collection Site, Drug Testing Laboratory, Medical Review Officer, Substance Abuse Professional, and Consortium/Third Party Administrator (if applicable). Any identified program deficiencies or findings must be promptly rectified. Corrective actions should be documented for review by authority staff or designated representatives.

Documentation supporting compliance with the aforementioned regulations must be provided to authorized representatives of USDOT or its operating administrations, the State of California oversight agency, or to OCTA and/or their designated representative to inspect the facilities and records associated with the implementation of the drug and alcohol testing program.

The awarded applicant is responsible for submitting an annual Drug and Alcohol Testing Report to OCTA using the current Drug and Alcohol Testing Management Information System (MIS) Data Collection Form published by the FTA. The annual reports are due no later than the 21<sup>st</sup> of the month following the close of each year. Forms can be found here: <https://www.transportation.gov/odapc/Part40/Appendix-J>.

- Close of each year (January – December) – on or by January 21<sup>st</sup> of the following year

Additionally on an annual basis, no later January 21<sup>st</sup> of each year following the close of the previous calendar year for review, applicants are required to:

- Submit to OCTA all required drug and alcohol testing data using the appropriate FTA prescribed forms; and
- Provide certifications for all Service Agents (Includes, but not limited to: The Collection Site for Urine Specimen Collectors, Breath Alcohol Technicians, Screening Test Technicians, Oral Fluid Collectors, Medical Review Officers, and Substance Abuse Professionals)

## 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

It is recommended that the individual(s) responsible for monitoring the applicant agencies Drug and Alcohol Program attend the Transportation Safety Institute's (TSIs) courses on:

1. Substance Abuse Management and Program Compliance (FT00465)
2. Reasonable Suspicion and Post-Accident Testing Determination Seminar (FT00566)

These courses are to be completed within one year or as soon as practical after initiating your program and included as part of the annual report (due January 21<sup>st</sup>). If your agency already has a Program in place and individuals who manage the Program, have previously completed trainings, please include applicable documentation as part of your annual report.

Given the courses are only offered once a year in June for 2024 (see: [https://www.transportation.gov/sites/dot.gov/files/2024-02/TSIFY-24TransitTrainingSchedulev.9\\_012424.pdf](https://www.transportation.gov/sites/dot.gov/files/2024-02/TSIFY-24TransitTrainingSchedulev.9_012424.pdf) for course schedule), course sign-up confirmations for the following year will be accepted as proof of intent to complete the courses at a later date. If your agency chooses to proceed with this option, you must be able to show proof of completion for the following years report. More information on the TSI, their courses, and instructions for how to sign up for and attending courses can be viewed in further detail here: <https://www.transportation.gov/tsi/transit-safety-and-security>.

An awarded applicant's failure to comply with these requirements may result in nonpayment or termination of any entered agreements.

### Required Driver Training for Vehicles

Applicants will ensure that its operators or its contracted vendor's operators, are properly licensed and trained to proficiency to perform duties safely, and in a manner which treats its riders with respect and dignity. Disability awareness and passenger assistance will be included in this training.

It is required that the individual(s) responsible for operating vehicles for the applicant agency complete the Passenger Assistance, Safety and Sensitivity (PASS) Basic Online course offered by the Community Transportation Association of America (CTAA). More information on the course and instructions to complete the industry standard training is available here: <https://ctaa.org/pass/>.

This course is to be completed within one year or as soon as practical after initiating your program and included as part of the annual report (due January 21<sup>st</sup>). If your operators have already completed the training, please include applicable documentation as part of your annual report. If your agency participates in another applicable and industry acceptable driver-related training, include this to satisfy this requirement.

### Required Maintenance for Vehicles and Equipment

Agency will perform, or ensure that a contracted vendor performs maintenance of all awarded vehicles including:

- Daily pre-trip Inspections.
- Scheduled preventative maintenance that meets or exceeds the vehicle manufacturer's standards;
- Maintaining maintenance records for each vehicle for five (5) years; and
- If required, cooperation in annual motor coach carrier terminal inspections conducted by the California Highway Patrol (CHP).

### Useful Life Requirements for Capital Projects

If capital purchases (vehicles, equipment, software, etc.) are purchased with EMSD funds, it is expected that these items will be used for their entire useful life and/or through termination of the service (see timely use of funds). If termination occurs prior to the completion of the capital item's useful life and/or grant term, the applicant shall repay OCTA the same percentage of the sale price [or estimated value of the asset(s)] based on straight line depreciation of the asset(s) consistent with the EMSD percentage of initial purchase. Useful life shall be documented in project agreements.

# 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program Guidelines

## Submittal Requirements

A completed application will contain the following documents:

- Completed capital and/or operating application with corresponding attachments;
  - Application templates are available on the programs webpage, applications must be submitted following these templates or will not be considered;
- Non-profits must provide verification of non-profit status as “active”.
- Local cities or county agencies must submit documentation of public hearing(s);
- Resolution from governing body or similar confirming match commitment and legal authority to submit;
- Benefit-cost analyses for vehicle acquisitions if applicable;
- Any other required documents, such as documentation of reduced service (if applicable), copy of your agencies most recent financial statement or single audit if applicable and have previously received federal funding, vehicle photos, etc. (refer to application for required documents).

Incomplete applications will not be considered for funding, so please ensure that all submittals contain all the required documentation. Important documents regarding the 2024 EMSD Program are available on the [EMSD website](#).

Applicants to the 2024 EMSD Program will not be required to submit hard copy applications to OCTA. Electronic project applications for the 2024 EMSD call must be received by OCTA no later than 5pm **June 27, 2024**, via a SharePoint location, please email Denise Sifford at [dsifford1@octa.net](mailto:dsifford1@octa.net) or Vic Mireles at [vmireles@octa.net](mailto:vmireles@octa.net) for specific SharePoint file access.

Late applications will not be accepted or considered, so please ensure that you have uploaded all required documentation ahead of the application deadline. ***It is recommended to upload documents at least 48 hours ahead of the submittal deadline to allow for time for troubleshooting if needed.***

Information on how to submit electronic project applications will be posted prior to the call on the OCTA [EMSD website](#)<sup>4</sup>. Applicants to the 2024 Enhanced Mobility for Seniors and Individuals with Disabilities Grant Program will not be required to submit hard copy applications to OCTA. Hard copies of applications will not be accepted.

## OCTA Contacts

### EMSD Program Managers

Primary

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Senior Transportation Funding Analyst

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Alternate:

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Programming and Grant Development Manager

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### Project Implementation

Martin Browne

Community Transportation Coordinator

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<sup>4</sup> <https://www.octa.net/programs-projects/programs/funding-programs/call-for-projects/emsd-grant-program/>



**May 28, 2024**

**To:** Members of the Board of Directors  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Annual Insurance Program Renewal

### **Overview**

The Orange County Transportation Authority holds an excess workers' compensation insurance policy with Arch Insurance Company and a base property insurance policy with Zurich Insurance Company. The policies are scheduled to expire on June 30, 2024, and renewals are necessary to maintain coverage.

### **Recommendations**

- A. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A57294, in an amount not to exceed \$650,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of July 1, 2024, to June 30, 2025.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A57293, in an amount not to exceed \$850,000, to Marsh Risk and Insurance Services, Inc., to purchase base property insurance on behalf of the Orange County Transportation Authority for the renewal of the coverage for the period of July 1, 2024, to June 30, 2025.

### **Discussion**

The Orange County Transportation Authority (OCTA) purchases insurance to protect OCTA property, including buildings, contents, buses and the Express Lanes from accidental loss, Excess Workers' Compensation coverage and Accidental Death and Disability to cover employees, and Cyber and Crime policies to protect OCTA against malicious acts.

Historically, OCTA has renewed its insurance policies at various times throughout the year as the policies expired. Beginning in calendar year 2023,

the Board of Directors (Board) approved a new approach to achieve efficiency and consistency. Rather than procure insurance policies at various times throughout the year, all policy renewals were moved to a fiscal year (FY) renewal basis beginning July 1, 2024. There are several advantages to OCTA with this approach:

- Ties insurance premium budgeting to the FY budget planning cycle.
- Enables OCTA to review and procure all policies at one time with a July 1 effective date for the following FY.
- Ties any claims made to the fiscal year in which it occurred.

The current excess workers' compensation and base property insurance policies will expire on June 30, 2024, and Board approval is required to renew them and maintain coverage for FY 2025.

#### Excess Workers' Compensation

Workers' compensation coverage is designed to provide medical, temporary disability, and permanent disability benefits to injured workers. Employer's liability is additional coverage provided as part of the excess workers' compensation insurance policy. Employer's liability insurance covers claim expenses, such as legal defense costs and damages, that fall outside of workers' compensation coverage if an employee were to file a claim asserting other damages. For example, if an injured worker felt that the workers' compensation benefits they received were not adequate, or that the employer's negligence caused their injury, they could sue the employer for punitive damages.

OCTA's current excess workers' compensation insurance policy with Arch Insurance Company (Arch) provides coverage to OCTA for any claim that exceeds OCTA's self-insured retention of \$750,000, meaning OCTA is responsible for the first \$750,000 of every claim and excess insurance will cover all costs over that. Employer's liability limits are \$1,000,000 per occurrence/annual aggregate for a combined premium of \$455,980.

For the coming year's renewal, Marsh Risk and Insurance Services, Inc. (Marsh), OCTA's Broker of Record, reports the excess workers' compensation market continues to be stable due to a profitable, competitive market with high capacity. This is primarily a result of a more predictable post-pandemic work environment, with a safety-focused culture and risk mitigation reducing claim frequency in the workplace. Consequently, OCTA's premium rate increase is not anticipated to exceed five percent. Any year-over-year increase or decrease to OCTA payroll will have a corresponding impact on the premium.

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**Property Insurance – Bus Bases**

OCTA purchases insurance to protect OCTA property, including buildings, contents, and buses from accidental loss. OCTA is currently insured with Zurich Insurance Company (Zurich) with a term premium of \$485,239 (December 2023 to June 2024) net of commission, which is based on property values of \$637,670,242, and includes all OCTA-owned property except the OCTA Express Lanes, which are insured under a separate policy.

Insurance companies determine property insurance quotes based upon current insurance market conditions affecting rates per \$100 in property values. The renewal of this policy is based on updated property values of \$637,670,242, which include real and business personal property, information system equipment, and directly operated revenue and non-revenue vehicles. Due to the large number of buses included in this policy, there is a special insurance condition that OCTA buses are only insured while parked at the bus base. Included in the current policy, OCTA is also insured for active shooter and malicious attack coverage, which covers damage to property and additional post-event expenses not provided for in a traditional property insurance policy.

A \$50,000 per occurrence deductible applies for fire loss or damage to OCTA's bus fleet in this policy. Revenue vehicles are self-insured for property damage while in operation. OCTA's paratransit vehicles are not included in OCTA's insurable values since these vehicles are insured by TransDev as required by Agreement No. C-0-2150, approved by the Board on September 13, 2021. OCTA's fixed-route buses operated and insured by Keolis Transit Services, LLC, as required by Agreement No. C-2-2578, approved by the Board on March 13, 2023, are also not included in OCTA's insurable values.

The property insurance policy limit is currently \$235,000,000, which provides catastrophic protection equivalent to a total loss just above the current insurable values at OCTA's single largest property value location, the Santa Ana Bus Base. This insurance provides protection for real and business personal property, improvements, rolling stock, and extra expense incurred after a loss. Other coverage includes fire, flood, terrorism, civil authority, ingress/egress, leaks to fire sprinkler pipes caused by earthquakes, valuable papers, and boiler and machinery. Policy deductibles for this policy vary by category of coverage. The policy has a \$50,000 deductible that applies to all losses except:

- \$100,000 deductible for flood, except Flood Zone A
- \$500,000 deductible for flood in Flood Zone A

Flood protection is also provided in the policy. Flood is defined in the policy as “surface water, underground water, waves, tides, tidal waves, tsunamis, overflow of any body of water or their spray, all whether driven by wind or not.” As with many properties in Orange County, OCTA has buildings that are in areas susceptible to flooding. Flood zones are identified by the National Flood Insurance Program and classified as a special flood hazard area if the area is within a 100-year flood boundary. A “100-year flood” does not refer to a flood that occurs once every 100 years but to a flood level with a one percent or less chance of being equaled or exceeded in any given year. OCTA has flood protection included in the current policy with a limit of \$10,000,000. “High hazard flood zone areas” with increased risk of flooding has a \$500,000 deductible. OCTA’s Garden Grove Maintenance, Operations, General Services warehouse, and Annex buildings are in “high hazard flood zone area.” Each of OCTA’s other locations have been identified as moderate flood areas.

Earthquake coverage is included in the current property insurance policy. The policy has a \$15,000,000 limit subject to a five percent deductible of the insurable value per location, with a minimum deductible of \$250,000.

Property rates in Marsh’s 2023 Fourth Quarter Market Report, United States portfolio, increased by an average of 10.5 percent year-over-year. Marsh expects rate increases to continue, but at a slower pace and in a more competitive market environment in 2024. Per Marsh’s benchmark information, OCTA’s program has been very stable, and with no claim losses in the last ten years, Marsh expects favorable results and projects a small single-digit rate increase.

OCTA’s broker, Marsh, is paid a flat annual fee of \$110,000 for marketing and placement of all property and casualty insurance policies per Agreement No. C-2-2257, which was approved by the Board on June 13, 2022. This fee is not part of the premium OCTA anticipates paying to the selected insurers for these policy renewals. Per this agreement, Marsh does not earn any additional compensation or commission for its services. The contract further requires that any commissions offered by insurers will offset OCTA’s premiums.

#### **Fiscal Impact**

#### **Excess Workers’ Compensation Insurance**

This expenditure is anticipated to be approved in OCTA’s Proposed FY 2024-25 Budget, People and Community Engagement Division, Risk Management Department. Funding of the \$650,000 was approved budget for Excess Workers’

Compensation, Account No. 0041-7552-A2311-DSG, and is funded through the Workers' Compensation Internal Service Fund.

**Property Insurance – Bus Bases**

This expenditure is anticipated to be approved in OCTA's FY 2024-25 Budget, People and Community Engagement Division, Risk Management Department. Funding of the \$828,000 for the Base Property Insurance, Account No. 0040-7563-A0017-DTS, and is funded through the Internal Service Fund.

**Summary**

Staff recommends that the Board of Directors authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A57294 and Purchase Order No. A57293, in the amount not to exceed \$650,000 and \$850,000 respectively, to Marsh Risk and Insurance Services, Inc., for the purchase of excess workers' compensation and base property insurance renewals on behalf of the Orange County Transportation Authority for the policy period of July 1, 2024 to June 30, 2025.

**Attachment**

None.

**Prepared by:**



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Department Manager,  
Risk Management  
714-560-5817

**Approved by:**



Maggie McJilton  
Executive Director  
People and Community Engagement  
714-560-5824



Pia Veasapen  
Director, Contracts Administration and  
Materials Management  
714-560-5619



## COMMITTEE TRANSMITTAL

**May 28, 2024**

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

**From:** Andrea West, Clerk of the Board *Andrea West*

**Subject:** Measure M2 Eligibility for the City of Orange

### Executive Committee Meeting of May 6, 2024

**Present:** Directors Chaffee, Do, Hennessey, Jung, Nguyen, and Wagner  
**Absent:** None

### **Committee Vote**

No action was taken on this item.


### **Committee Recommendations**

- A. Find the City of Orange an ineligible jurisdiction to receive or apply for net Measure M2 revenues.
- B. Suspend net Measure M2 revenue payments to the City of Orange until the City of Orange can demonstrate compliance with Measure M2 eligibility requirements and the Board of Directors acts to find the City of Orange an eligible jurisdiction.
- C. Require the City of Orange to demonstrate supplemental investment of discretionary transportation funds equal to the amount of discretionary investment that was short of the maintenance of effort benchmark in the fiscal year 2022-23 (approximately \$1.12 million) as a condition of accessing suspended funds.
- D. Authorize the Internal Auditor to engage independent auditing services to apply agreed-upon procedures to assess the City of Orange's compliance with maintenance of effort expenditures and authorize staff to deduct audit costs from any future net Measure M2 payments to the City of Orange.
- E. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Orange to correct and remedy the fiscal year 2022-23 audit issues and formalize required actions to become an eligible jurisdiction.



**May 6, 2024**

**To:** Executive Committee

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

**Subject:** Measure M2 Eligibility for the City of Orange

### **Overview**

The Orange County Transportation Authority's Internal Auditor has released the results of an independent auditor's report of the City of Orange's compliance with the Measure M2 eligibility requirements for fiscal year 2022-23. The independent auditor's report found the City of Orange lacked adequate documentation to support whether it had spent sufficient discretionary funds on streets and road purposes to meet the maintenance of effort requirement prescribed in the Measure M2 Ordinance. Based on this information, recommendations related the City of Orange eligibility and compliance with the Measure M2 Ordinance are presented.

### **Recommendations**

- A. Find the City of Orange an ineligible jurisdiction to receive or apply for net Measure M2 revenues.
- B. Suspend net Measure M2 revenue payments to the City of Orange until the City of Orange can demonstrate compliance with Measure M2 eligibility requirements and the Board of Directors acts to find the City of Orange an eligible jurisdiction.
- C. Require the City of Orange to demonstrate supplemental investment of discretionary transportation funds equal to the amount of discretionary investment that was short of the maintenance of effort benchmark in the fiscal year 2022-23 (approximately \$1.12 million) as a condition of accessing suspended funds.
- D. Authorize the Internal Auditor to engage independent auditing services to apply agreed-upon procedures to assess the City of Orange's compliance with maintenance of effort expenditures and authorize staff to deduct

audit costs from any future net Measure M2 payments to the City of Orange.

- E. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Orange to correct and remedy the fiscal year 2022-23 audit issues and formalize required actions to become an eligible jurisdiction.

### ***Background***

The Measure M2 (M2) Ordinance outlines eligibility requirements that each local jurisdiction must continually satisfy to receive net revenues from the M2 Program, including local fair share, Senior Mobility Program, and awards through competitive programs. One of the requirements is that a local jurisdiction must continue to invest a certain level of discretionary revenues, such as general funds that support street and road activities, to be deemed eligible for any M2 funding. This requirement originates from the California Public Utilities Code (PUC) 180001, which enables local transportation authorities to seek voter approval for sales tax measures. The PUC states the intent of the legislature is that funds generated through a sales tax ordinance “shall supplement existing local revenues used for public transportation purposes and that local governments maintain their existing commitment of local funds for transportation purposes” (PUC 180200).

The local jurisdiction demonstrates its commitment to comply with the required maintenance of effort (MOE) by budgeting the appropriate level of discretionary funding as part of the local jurisdiction budget process. The local jurisdiction must also provide the Orange County Transportation Authority (OCTA) with an annual expenditure report to validate that the local jurisdiction has met the MOE commitment for each fiscal year (FY).

The OCTA Board of Directors (Board) determines eligibility based on the information provided by each jurisdiction and with support from the Taxpayer Oversight Committee (TOC), which is also charged with reviewing certain submittals. Following the annual eligibility cycle, the TOC directs the internal auditor to review local agencies’ compliance with M2 requirements through agreed-upon procedures for MOE. The review is designed to confirm that funds have been spent in accordance with the M2 Ordinance and that the jurisdiction had sufficient expenditures to meet the MOE requirement, which is consistent with OCTA’s established MOE benchmark.

Every year, for the last 13 years, OCTA’s Finance and Administration, Internal Audit, and Planning staff, as well as the TOC, have provided training on the MOE

process and cautioned local agencies that budgeting at or just above the required MOE amount may put the jurisdiction's M2 funds at risk if they end up not meeting the requirement due to disallowed costs.

At the direction of the TOC, the OCTA Internal Auditor utilizes OCTA's independent financial audit firm to conduct agreed-upon procedures reviews of selected cities. Results of reviews for the FY 2022-23 were presented to the Finance and Administration Committee on April 24, 2024, and will be presented to the Board on May 13, 2024. The review of the City of Orange (City) indicated that the City lacked adequate documentation to support whether it had spent sufficient discretionary funds on streets and roads purposes to meet the MOE requirement for the M2 Ordinance. The result of the review impacts the City's eligibility determination and the disbursement of net M2 revenues to the City.

### ***Discussion***

In June 2022, the City provided MOE certification that stated it had budgeted sufficient expenditures for FY 2022-23, consistent with the following requirement:

“The Authority shall not allocate any net revenues to any jurisdiction for any fiscal year until that jurisdiction has certified to the Authority that it has included in its budget for that fiscal year an amount of local discretionary funds for streets and roads purposes, at least equal to the level of its maintenance of effort requirement.”

The City met the initial MOE requirement through the submittal of the self-certification of intent to meet the MOE based on their FY 2022-23 budget. The City's MOE benchmark for FY 2022-23 was \$3,392,885. The next submittal related to MOE was the expenditure report to verify that the City had actually spent sufficient discretionary funding on streets and roads expenditures to meet the MOE benchmark. The city council approved the expenditure report through a resolution on December 12, 2023, and submitted it to OCTA on December 18, 2023. According to the expenditure report that was submitted, the City spent \$3,852,679 in discretionary revenues on streets and roads-related improvements to meet the MOE requirement.

However, an independent review of the City's expenditures identified costs, which were reported as direct costs, should have been classified as indirect costs. In order for OCTA to allow indirect costs to be used to meet the MOE requirement, the local jurisdiction must have a documented, reasonable cost allocation methodology. The City could not provide documentation to confirm that any of the indirect costs allocated to MOE were allocated based on a

reasonable methodology. After the removal of unsupported indirect costs, the City's shortfall from the MOE benchmark is \$1,116,649. The City, in its response to the audit, acknowledges the findings and indicated that it would ensure indirect charges are supported, documented, and based on a reasonable allocation methodology going forward. After deducting these unverifiable expenditures, the City cannot demonstrate that it has met the MOE requirement for FY 2022-23.

This is not the first city to be recommended to be found ineligible for net M2 revenues due to the lack of a reasonable methodology for determining indirect costs for MOE. OCTA continues to provide reminders and guidance through guidelines, eligibility workshops, and annual M2 Finance Director Workshops, stating that indirect costs must have a reasonable basis or methodology for cost allocation. Despite these efforts, there have been past circumstances that have led to ineligibility determinations under similar circumstances.

The formal process for a determination of ineligibility is specified in the M2 Ordinance as follows:

“A determination of non-eligibility of a jurisdiction shall be made only after a hearing has been conducted and a determination has been made by the Authority's Board of Directors that the jurisdiction is not an eligible jurisdiction.”

Staff is recommending that the Board find the City ineligible to receive M2 revenues to be consistent with the requirements of the M2 Ordinance and to comply with the intent of the authorizing state statute. Specific actions include:

- Find the City ineligible to receive or apply for net M2 revenues;
- Suspend payments to the City of net M2 revenues until the City is deemed eligible;
- Require the City to demonstrate supplemental investment of discretionary transportation funds (above the required MOE benchmark), equal to the amount of discretionary investment that was short of the MOE benchmark in FY 2022-23 (approximately \$1.12 million) as an additional condition of accessing suspended funds;
- Deduct future review or audit costs related to verification of MOE and supplemental investment of discretionary funds from any future net M2 payments to the City;
- Authorize the Chief Executive Officer to negotiate and execute an agreement with the City outlining the process to re-establish eligibility and,
- Direct staff to return to the Board and seek further direction if the City has not re-established eligibility within two years.

Based on these recommendations, subject to Board approval, net M2 payments would be suspended until the City can re-establish eligibility. The funds will be held in reserve, consistent with past practice, until such a time that the City has re-established eligibility, as determined through a future MOE-related review. Costs incurred for the review will be paid for by the City through a reduction in M2 revenues. The M2 Ordinance and eligibility guidelines do not include precise time frames and terms related to re-establishing eligibility. Therefore, OCTA will work with the City to enter into an agreement that details specific requirements and time frames for submittals to support timely re-establishment of the City's eligibility.

**Summary**

A recent report conducted by an independent auditing firm indicated that the City of Orange did not meet Measure M2 eligibility requirements. Recommendations are presented to find the City of Orange ineligible to receive net Measure M2 funds, consistent with the Measure M2 Ordinance.

**Attachment**

- A. Crowe, Independent Accountants' Report on Applying Agreed-Upon Procedures, City of Orange

**Prepared by:**

Adriann Cardoso  
Department Manager,  
Capital Programming  
(714) 560-5915

**Approved by:**

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



Crowe LLP  
Independent Member Crowe Global

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
CITY OF ORANGE

Board of Directors  
Orange County Local Transportation Authority and  
the Taxpayers Oversight Committee of the  
Orange County Local Transportation Authority  
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Orange's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department, and object code. The City records its MOE expenditures in its General Fund (100), followed by various department codes and object codes. No exceptions were found as a result of this procedure. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$3,852,679 (see Schedule A) which exceeded the MOE benchmark requirement of \$3,392,885. We agreed the total expenditures of \$3,852,679 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were noted as a result of this procedure.

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(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
  - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
  - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$781,753, which represented approximately 25% of direct MOE expenditures of \$3,069,840 for fiscal year ended June 30, 2023. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Expenditures were properly classified as local street and road expenditures and were allowable per the Ordinance, except for nine charges, totaling \$61,537 which were found to be indirect cost allocations and should have been reported as indirect costs. Upon further inspection, we identified a total of \$793,608 in charges that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedures.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed total indirect expenditures of \$782,835 per the general ledger to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE charges for inspection totaling \$582,141, representing 74% of the total indirect MOE costs reported of \$782,835. During testing of direct costs at Procedure #3, we identified an additional \$793,608 in indirect costs that were reported as direct costs. These expenses included allocations of payroll and benefits, debt service payments, liability insurance costs, data processing allocations, contracted services, monthly print shop/mail/phone charges, monthly office rental and various other charges. For indirect costs, the methodology used to allocate actual costs should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology representing a fair and reasonable allocation of costs. After removing unsupported indirect cost allocations, totaling \$1,576,443, the City no longer meets the MOE benchmark. The shortfall equals \$1,116,649.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$10,549,834 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$5,285,100 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

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(Continued)

Findings: The City tracks its LFS expenditures in its Traffic Improvement Measure M2 Fund (263). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023, was \$2,880,026 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
  - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
  - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected 20 Measure M2 Local Fair Share direct expenditures for inspection totaling \$1,928,551 representing approximately 78% of total Measure M2 direct Local Fair Share expenditures of \$2,479,629 for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$400,397 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$300,014 representing 75% of the total LFS indirect costs. Upon inspection, we determined these charges were labor costs and materials directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$64,383 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California  
March 28, 2024

CITY OF ORANGE, CALIFORNIA  
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES  
Year ended June 30, 2023  
(Unaudited)

**SCHEDULE A**

**Maintenance of Effort (MOE) Expenditures:**

Indirect and/ or Overhead - Schedule 3, line 1 \$ 782,835

**Construction & Right-of-Way**

Street Reconstruction \$ 326,104

Signals, Safety Devices, & Street Lights 734,808

Pedestrian Ways & Bikepaths 46,803

Storm Drains 23,401

**Total Construction** \$ 1,131,116

**Maintenance**

Patching \$ 572,449

Overlay & Sealing 31,446

Street Lights & Traffic Signals 1,240,495

Storm Damage 31,446

Other Street Purpose Maintenance 62,892

**Total Maintenance** \$ 1,938,728

**Total MOE Expenditures** \$ 3,852,679

**Measure M2 Local Fair Share Expenditures (Schedule 4):**

00000 - Contractual Services (Part of Maintenance) \$ 400,397

13115 - Reg Salaries - Misc-Pvmnt Mgt 550

13120 Pavement Management Program 1,611,554

16302 - Minor Traffic Control Devices - Various 51,963

16304 Biennial Traffic Signal Coordination 5,870

16469 - Traffic Signal Equip Painting 9,800

30150 - Local Roadway Safety Plan (LRSP) 7,809

30162 Citywide Bus Stop Enhancements 1,864

30167 - Katella Ave Street Rehabilitation 785,928

30168 - Walnut Ave Infrastructure Improvement 4,291

**Total Measure M2 Local Fair Share Expenditures** \$ 2,880,026

**Total MOE and Measure M2 Local Fair Share Expenditures** \$ 6,732,705



March 28, 2024

Board of Directors,  
Orange County Local Transportation Authority,  
Taxpayers Oversight Committee of the Orange County Local Transportation Authority  
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Orange as of and for the fiscal year ended June 30, 2023.

**Procedure #3**

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$781,753, which represented approximately 25% of direct MOE expenditures of \$3,069,840 for fiscal year ended June 30, 2023. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection of our samples, we determined that there were nine charges totaling \$61,537 that were allocated based on budgeted percentages. Upon further inspection, we noted that there were a total \$793,608 of direct costs that were based on these allocated budgeted percentages. As such, the entirety of these costs allocation reported as direct charges should have been reported as indirect costs. Refer to Procedure#4 for MOE indirect costs removed. No other exceptions were found as a result of this procedure.

City's Response:

City management acknowledges the findings and will implement procedures to ensure the reporting of M.O.E. expenditures and allocations are based on actuals and not budgeted percentages. City management will also implement procedures to ensure proper reporting of direct and indirect expenditures.



#### Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed total indirect expenditures of \$782,835 per the general ledger to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE charges for inspection totaling \$582,141, representing 74% of the total indirect MOE costs reported of \$782,835. During testing of direct costs at Procedure #3, we identified an additional \$793,608 in indirect costs that were reported as direct costs. These expenses included allocations of payroll and benefits, debt service payments, liability insurance costs, data processing allocations, contracted services, monthly print shop/mail/phone charges, monthly office rental and various other charges. For indirect costs, the methodology used to allocate actual costs should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology representing a fair and reasonable allocation of costs. After removing unsupported indirect cost allocations, totaling \$1,576,443, the City no longer meets the MOE benchmark. The shortfall equals \$1,116,649.

#### City's Response:

City management acknowledges the findings. The City has eligible expenditures of approximately \$1.5 million in the Capital Project Fund that were supported by the General Fund but were not reported as M.O.E. eligible expenditures, therefore the exclusion of the unsupported indirect cost allocations caused the City to not meet the M.O.E benchmark. Going forward, City management will ensure indirect costs are supported, documented, and used reasonable allocation methodology. City management will also implement procedures to ensure proper reporting of all eligible expenditures in the future.

#### Procedure #8

Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$400,397 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$300,014 representing 75% of the total LFS indirect costs. Upon inspection, we determined these charges were labor costs and materials directly identifiable as street and road project labor costs. As such, these costs should have been reported as direct costs. No other exceptions were found as a result of this procedure.





## City of Orange

Finance Department  
300 E. Chapman Ave.  
Orange, CA 92866

### City's Response:

City management acknowledges the findings and will implement procedures to ensure proper reporting of direct and indirect expenditures.

Tom Kisela, City Manager

for

Christopher Cash, Public Works Director

Trang Nguyen, Finance Director



(714) 744-2230



[www.cityoforange.org](http://www.cityoforange.org)



## COMMITTEE TRANSMITTAL

**May 28, 2024**

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

**From:** Andrea West, Clerk of the Board *Andrea West*

**Subject:** Radio Communications Equipment Replacement for OC Bus and OC ACCESS Vehicles

### Transit Committee Meeting of May 9, 2024

**Present:** Directors Aitken, Amezcua, Harper, Jung, Klopfenstein, and Sarmiento

**Absent:** Director Do

### **Committee Vote**

This item was passed by the Members present.

### **Committee Recommendation**

Authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-4-2235 between the Orange County Transportation Authority and Conduent Transport Solutions, Inc., in the amount of \$6,627,206, for the purchase of hardware and services necessary to replace 123 Integrated Vehicle Unit 2100s and 257 Integrated Vehicle Unit 3100s with the advanced Integrated Vehicle Unit 4000P/4000 for the Orange County Transportation Authority's paratransit and fixed-route fleets, respectively.



**May 9, 2024**

**To:** Transit Committee

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

**Subject:** Radio Communications Equipment Replacement for OC Bus and OC ACCESS Vehicles

### **Overview**

Board of Directors' authorization is requested for the purchase of hardware and services to complete the radio communications equipment replacement on the OC Bus and OC ACCESS vehicle fleet.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-4-2235 between the Orange County Transportation Authority and Conduent Transport Solutions, Inc., in the amount of \$6,627,206, for the purchase of hardware and services necessary to replace 123 Integrated Vehicle Unit 2100s and 257 Integrated Vehicle Unit 3100s with the advanced Integrated Vehicle Unit 4000P/4000 for the Orange County Transportation Authority's paratransit and fixed-route fleets, respectively.

### **Discussion**

The Orange County Transportation Authority (OCTA) is actively transitioning its transit operations technology from the obsolete Integrated Vehicle Unit (IVU) 2100s and 3100s to the more advanced IVU 4000P/4000 models, addressing the critical need for technological updates as the older models have reached end-of-life and are no longer being produced. The updated IVU 4000P/4000 models are provided by Conduent Transport Solutions, Inc. (Conduent). To date, OCTA has already upgraded to the IVU 4000P/4000 on six of the 254 paratransit buses and 223 of the 530 fixed-route buses, with an additional 125 paratransit buses currently being procured with the IVU 4000P model and 50 fixed-route buses with the IVU 4000 model. This widespread adoption is essential for ensuring compatibility and operational cohesion across the entire fleet, simplifying maintenance, and standardizing training processes for all bus operators who will now use consistent system interfaces.

Given the urgent need to replace the end-of-life IVU 2100s and 3100s, OCTA is transitioning to the IVU 4000P/4000 units to ensure continued operational efficiency and passenger satisfaction. The IVU 4000P/4000 models bring significant technological enhancements that greatly enhance service quality for OCTA riders, while also elevating operational efficiency and passenger satisfaction. These upgrades feature advanced audio systems with exceptional radio sound quality and crystal-clear announcements, ensuring that essential information is readily accessible to both coach operators and riders. Enhanced Global Positioning Systems tracking boosts route adherence, thus promoting punctuality and reliability across services. The intuitive user interfaces of these units simplify operations, providing bus operators with a more streamlined control mechanism that eases their daily tasks. Furthermore, these units are equipped with sophisticated data collection capabilities, facilitating effective real-time decision-making and prompt service adjustments, which are key elements for optimizing day-to-day transit operations. Additionally, the IVU 4000P/4000 models are designed for superior integration with other onboard systems, supporting efficient real-time data transmission and dynamic scheduling, which are vital for effective and responsive transit management.

By upgrading to the IVU 4000P/4000, OCTA is not only adhering to current operational demands but is proactively positioning itself for future technological progress. This necessary upgrade is pivotal in fostering long-term cost efficiencies through a reduction in maintenance and repair frequencies, consequently decreasing operational expenditures. This replacement is vital for maintaining an efficient and dependable fleet, which is essential for addressing the continually evolving needs of public transit. Ultimately, this replacement significantly boosts the overall quality of community service, ensuring that OCTA remains at the forefront of public transportation solutions.

### ***Procurement Approach***

The procurement was handled in accordance with OCTA's Board of Directors-approved policies and procedures for a sole source procurement. Conduent is the exclusive owner of the IVU 4000P/4000 models. The firm has propriety rights to its technology and is the sole entity able to market and sell its proprietary technology, as it does not have agreements that allow resale through other vendors. Therefore, Conduent meets OCTA's criteria for a sole source procurement, and based on its technical ability and financial status, the firm is deemed responsible.

Conduent's proposal was reviewed by staff from the Contracts Administration and Materials Management (CMM) and Information Systems departments to ensure compliance with the contract terms, as well as the technical requirements.

In accordance with OCTA's sole source procurement procedures, a sole source over \$50,000 requires OCTA's Internal Audit Department (Internal Audit) to conduct a price review of the vendor's proposed pricing. As is common with these types of vendors, Conduent did not provide a detailed cost breakdown in a format that would be required in order to perform a price review. Conduent also stated that OCTA is the first property in which it will be retrofitting a sizable bus fleet with the IVU4000P/4000. As a result, Internal Audit was unable to compare Conduent's proposed pricing to comparable contracts or quotes. Therefore, CMM performed a price analysis using the information available, such as past contracts with Conduent, to analyze the reasonableness of the quoted price. Since Conduent would not provide cost documentation to support proposed labor charges and overhead costs sufficient to allow an Internal Audit price review, CMM staff compared the proposed pricing to previous contracts (Agreement Nos. C-9-1120 and C-2-2165) between OCTA and Conduent for similar services and found the price per vehicle for the fixed-route and paratransit pilot programs to be lower as shown below. In addition, the quoted price is lower than the OCTA project manager's independent cost estimate. Therefore, the quoted price is deemed fair and reasonable.

Project	Quoted Pricing	Comparable Contract (C-9-1120)	Comparable Contract (C-2-2165)
Fixed-Route	\$16,099/vehicle	\$81,103/vehicle	-
Paratransit	\$21,552/vehicle	-	\$41,667/vehicle

#### **Fiscal Impact**

The project was approved in OCTA's Fiscal Year 2023-24 Budget, Finance and Administration Division/Information Systems Department, account nos. 1288-9027-D1111-KUR and 1288-9027-D1111-2EM and is funded through local funds.

***Summary***

Staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-4-2235 between the Orange County Transportation Authority and Conduent Transport Solutions, Inc., in the amount of \$6,627,206, for a one-year term, for the purchase of hardware and services necessary to replace the Integrated Vehicle Unit 2100s and 3100s with the advanced Integrated Vehicle Unit 4000P/4000 for Orange County Transportation Authority's paratransit and fixed-route fleets, respectively.

***Attachment***

None.

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## COMMITTEE TRANSMITTAL

**May 28, 2024**

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

**From:** Andrea West, Clerk of the Board *Andrea West*

**Subject:** Amendment to Cooperative Agreements with Non-Profit Agencies to Provide Senior Mobility Program Services

### Transit Committee Meeting of May 9, 2024

**Present:** Directors Aitken, Amezcua, Harper, Jung, Klopfenstein, and Sarmiento

**Absent:** Director Do

### **Committee Vote**

This item was passed by the Members present.

### **Committee Recommendations**

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3259 between the Orange County Transportation Authority and Abrazar, Inc., in the amount of \$93,610, to provide funding through June 30, 2025.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3260 between the Orange County Transportation Authority and Korean American Senior Association of Orange County, in the amount of \$115,087, to provide funding through June 30, 2025.
- C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3261 between the Orange County Transportation Authority and Southland Integrated Services, Inc., in the amount of \$101,193, to provide funding through June 30, 2025.



**May 9, 2024**

**To:** Transit Committee

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

**Subject:** Amendment to Cooperative Agreements with Non-Profit Agencies to Provide Senior Mobility Program Services

### **Overview**

The Senior Mobility Program is designed to offer transportation alternatives to seniors in addition to local fixed-route and paratransit service. Three non-profit agencies participate in the Senior Mobility Program and receive funding from local sources other than Measure M2. The current funding agreements with these three agencies require amendments to include fiscal year 2024-25 funding in order to continue the service.

### **Recommendations**

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3259 between the Orange County Transportation Authority and Abrazar, Inc., in the amount of \$93,610 to provide funding through June 30, 2025.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3260 between the Orange County Transportation Authority and Korean American Senior Association of Orange County, in the amount of \$115,087 to provide funding through June 30, 2025.
- C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-1-3261 between the Orange County Transportation Authority and Southland Integrated Services, Inc., in the amount of \$101,193, to provide funding through June 30, 2025.

***Discussion***

The Orange County Transportation Authority (OCTA) established the Senior Mobility Program (SMP) in 2001 to help expand transportation services for seniors. The SMP was funded with Transportation Development Act funds from 2001 through 2011. On November 7, 2006, Orange County voters approved the Measure M (M2), renewing the one-half cent sales tax for transportation improvements. M2 Project U apportions funding to support specialized transportation programs for seniors and persons with disabilities, including the SMP. One percent of net M2 revenues is allocated to the SMP and distributed via formula to participating Orange County cities. The formula is based upon each city's population of residents age 60 and older.

To date, 32 cities have implemented SMP services. In addition to these city-initiated programs, four local non-profit agencies operated SMP services before M2 became the primary funding source for SMP and have been grandfathered into the program. These agencies provide services to seniors for trips that cross city boundaries, but do not qualify for M2 funding because the programs are run by local non-profit agencies, not local jurisdictions. Because of the significant transportation benefit provided to the community, OCTA has continued to support these SMP programs using other local transit funding. As of December 31, 2018, the Jewish Federation and Family Services, one of the four non-profit agencies, discontinued its SMP.

The three non-profit agencies that remain in the SMP are Abrazar, Inc., Korean American Senior Association of Orange County, and Southland Integrated Services, Inc., formerly doing business as the Vietnamese Community of Orange County. These three non-profit agencies provided 11,818 trips in fiscal year (FY) 2022-23 and received \$292,334 in funding. For FY 2023-24, the allocated funding is \$299,585 and by the third quarter, the number of completed trips provided by these agencies, totaling 8,794, is expected to exceed the budgeted amount. Although ineligible to receive M2 funding, they comply with all SMP guidelines and continue to receive funding from OCTA to provide a key link in the transportation network.

In 2011, a baseline reimbursement was set based on anticipated annual trip volume. Following that, since 2012, funding for each subsequent year has been determined by a formula utilizing the prior year's actual funding received and percentage of the anticipated growth of M2 net sales tax revenue. This growth rate aligns with M2 to uphold the program's guidelines. Consistent with funding provided to participating cities for SMP, OCTA funds 80 percent of the trip cost and the organization must provide at least a 20 percent match. The current

funding agreements with these three non-profit agencies require amendments each year to provide funding for the subsequent FY.

In order to preserve these services and support OCTA's goal under M2 Project U to expand mobility choices for seniors and persons with disabilities, Board of Directors' approval is necessary to execute amendments to provide the funds for these services through June 30, 2025. The total local funding allocation necessary for these services is \$309,890 per year and has been included in OCTA's proposed FY 2024-25 Budget.

#### **Fiscal Impact**

These services are included in OCTA's proposed FY 2024-25 Budget, Operations Division, account nos. 0030-7831-D1502-PDK, 0030-7831-D1502-PDW, and 0030-7831-D1502-PEE using local transportation funds.

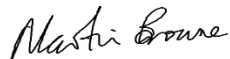
#### **Summary**

Based on the information provided, staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute amendments in the total amount of \$309,890 between Orange County Transportation Authority and Abrazar, Inc., Korean American Senior Association of Orange County, and Southland Integrated Services, Inc., three SMP non-profit agencies, to provide trips to local seniors in Orange County through June 30, 2025.

***Attachments***

- A. Non-Profit Agency Funding Projections, Fiscal Years 2023-24 to 2024-25
- B. Abrazar, Inc., Cooperative Agreement No. C-1-3259 Fact Sheet
- C. Korean American Senior Association of Orange County, Cooperative Agreement No. C-1-3260 Fact Sheet
- D. Southland Integrated Services Inc., Cooperative Agreement No. C-1-3261 Fact Sheet

**Prepared by:**



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**Approved by:**



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**Non-Profit Agency Funding Projections**  
*Fiscal Years 2023-24 to 2024-25*

Community Center	2024 Disbursement	2025 Allocation*	2024-2025 Total Projection*
Abrazar	\$ 90,497	\$ 93,610	\$ 184,107
Korean American Center	111,260	115,087	226,347
Southland Integrated Services	97,828	101,193	199,021
Total	\$ 299,585	\$ 309,890	\$ 609,475

\*Based on current sales tax growth trends. Funding will be determined based on actual receipts.

**Abrazar, Inc.  
Cooperative Agreement No. C-1-3259 Fact Sheet**

1. May 24, 2021, Cooperative Agreement No. C-1-3259, \$82,248, approved by the Board of Directors (Board).
  - Agreement to provide funding for the provision of Senior Mobility Program (SMP) services.
  - Initial term effective through June 30, 2026.
  - Shuttle transportation to congregate meal programs in the cities of Westminster and Midway City. Service is for medical appointments, shopping, and personal appointments. Social/recreational activities to the Orange County Fair, Tet Festival, and Cinco de Mayo celebrations.
2. May 23, 2022, Amendment No. 1 to Cooperative Agreement No. C-1-3259, \$89,387, approved by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2023.
3. May 22, 2023, Amendment No. 2 to Cooperative Agreement No. C-1-3259, \$90,497, approved by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2024.
4. May 28, 2024, Amendment No. 3 to Cooperative Agreement No. C-1-3259, \$93,610, pending approval by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2025

Total committed to Abrazar, Inc., Cooperative Agreement No. C-1-3259: \$355,742.

**Korean American Senior Association of Orange County  
Cooperative Agreement No. C-1-3260 Fact Sheet**

1. May 2, 2021, Cooperative Agreement No. C-1-3260, \$101,116, approved by the Board of Directors (Board).
  - Agreement to provide funding for the provision of Senior Mobility Program (SMP) services.
  - Initial term effective through June 30, 2026.
  - Shuttle transportation to the senior center, medical appointments, shopping, and social/recreational trips to cultural events, libraries, religious institutions, and restaurants.
2. May 23, 2022, Amendment No. 1 to Cooperative Agreement No. C-1-3260, \$109,894, approved by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2023.
3. May 22, 2023, Amendment No. 2 to Cooperative Agreement No, C-1-3260, \$111,260, approved by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2024.
4. May 28, 2024, Amendment No. 3 to Cooperative Agreement No, C-1-3260, \$115,087, pending approval by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2025.

Total committed to Korean American Senior Association of Orange County, Cooperative Agreement No. C-1-3260: \$437,357.

**Southland Integrated Services, Inc.  
Cooperative Agreement No. C-1-3261 Fact Sheet**

1. May 24, 2021, Cooperative Agreement No. C-1-3261, \$88,910, approved by the Board of Directors (Board).
  - Agreement to provide funding for the provision of Senior Mobility Program (SMP) services.
  - Initial term effective through June 30, 2026.
  - Shuttle transportation to senior centers, medical appointments, and personal appointments. Social/recreational trips to local community events, parks, and government offices.
2. May 23, 2022, Amendment No. 1 to Cooperative Agreement No. C-1-3261, \$96,628, approved by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2023.
3. May 22, 2023, Amendment No. 2 to Cooperative Agreement No. C-1-3261, \$97,828, approved by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2024.
4. May 28, 2024, Amendment No. 3 to Cooperative Agreement No. C-1-3261, \$101,193, pending approval by the Board.
  - Amendment to increase funding to support trips provided through June 30, 2025.

Total committed to Southland Integrated Services, Inc., Cooperative Agreement No. C-1-3261: \$384,559.



## COMMITTEE TRANSMITTAL

**May 28, 2024**

**To:** Members of the Board of Directors  
**From:** Andrea West, Clerk of the Board *Andrea West*  
**Subject:** 2024 OC Transit Vision Master Plan Progress Update

### Transit Committee Meeting of May 9, 2024

**Present:** Directors Aitken, Amezcua, Harper, Jung, Klopfenstein, and Sarmiento  
**Absent:** Director Do

### **Committee Vote**

This item was passed by the Members present.


### **Committee Recommendations**

- A. Direct staff to continue with the implementation of phase two of the public outreach plan to gather feedback on the 2024 OC Transit Vision draft transit opportunity corridors and countywide transit strategies.
- B. Return to the Board of Directors in September 2024 with an update on recommendations.



**May 9, 2024**

**To:** Transit Committee

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

**Subject:** 2024 OC Transit Vision Master Plan Progress Update

### **Overview**

The Orange County Transportation Authority is undertaking an integrated countywide transit plan. The 2024 OC Transit Vision Master Plan analyzes long-term transit needs throughout the County, identifies priorities for future transportation planning studies during the next 30 years, and positions the Orange County Transportation Authority for future local, state, and federal funding programs. Extensive public engagement will help inform the development and evaluation of the final recommendations expected in fall 2024. This report outlines a series of proposed countywide transit strategies that include 12 transit opportunity corridors and multimodal transportation improvements.

### **Recommendations**

- A. Direct staff to continue with the implementation of phase two of the public outreach plan to gather feedback on the 2024 OC Transit Vision draft transit opportunity corridors and countywide transit strategies.
- B. Return to the Board of Directors in September 2024 with an update on recommendations.

### **Background**

The Orange County Transportation Authority (OCTA) provides transit services throughout Orange County (OC), with more than 50 OC Bus routes, paratransit service, and one OC Flex zone. Prior to the original OC Transit Vision Master Plan, which was completed in 2018 (2018 Plan), OCTA developed long-range transit plans as part of the Long-Range Transportation Plan. The OC Transit Vision Master Plan provides transit-specific recommendations for short-term, mid-term, and long-term investments. Since the completion of the 2018 Plan, the following studies and projects have been completed:

- OC Flex Pilot Project Launch – 2018
- Beach Boulevard Bravo! Launch – 2019
- Central Harbor Boulevard Corridor Study – 2019
- Bristol Street Corridor Study – 2021
- Freeway Bus Rapid Transit Network Study – 2021
- Making Better Connections Study – 2022
- Main Street Bravo! Launch – 2022

Another project from the 2018 Plan, the OC Streetcar - Bus Interface Plan Update is anticipated to be completed by 2025, prior to the launch of the OC Streetcar.

The 2024 OC Transit Vision Master Plan (2024 Plan) is a 30-year plan that builds upon the 2018 Plan, accounts for changes in travel patterns, and analyzes long-term transit needs throughout OC. Potential long-term transit needs may include transit opportunity corridors (TOC) with investments in infrastructure that reduce transit travel time such as dedicated transit lanes, more frequent service, larger vehicles, and supportive technology such as transit signal priority (TSP). Other countywide transit strategies may include mobility hubs, first-last mile options, and vital connections to local and regional transportation networks. The 2024 Plan recommends priorities for future transportation planning studies during the next 30 years. The 2024 Plan will also help to position OCTA for upcoming funding programs at the state and federal level.

OCTA recently completed a major fixed-route bus restructuring study, known as the Making Better Connections Study, to better address shifts in travel patterns. The 2024 Plan builds upon the service levels that are being implemented as part of the Making Better Connections Study. As part of the 2024 Plan, a supporting effort to analyze local conditions and address long-term impacts of the coronavirus pandemic on transit ridership and travel patterns was developed through the State of OC Transit report.

The goals of the 2024 Plan include the following principles:

- Enhance: Make it more desirable to use transit
- Connect: Connect OC's people and places with effective transit
- Simplify: Make transit easier to use and more convenient
- Collaborate: Make OC a more attractive place to live, work, and visit by providing transit service that supports community priorities
- Sustain: Create a system that is resilient over the long term

---

## ***Discussion***

### **Draft Transit Opportunity Corridors**

Based on an initial analysis of 24 potential TOCs throughout OC, 12 corridors have been identified as candidates for further consideration. The evaluation criteria used to screen the top 12 corridors were based on overall travel demand, existing bus ridership, transit mode share (i.e., split between automobile travel versus transit usage), equity (i.e., provide essential transportation service for the disadvantaged community), transit propensity, and key destinations. OCTA will be underway with public outreach beginning in May 2024 to seek feedback on the 12 potential TOCs which include:

- Beach Boulevard
- Bolsa Avenue and First Street
- Bristol Street and State College Boulevard to South Coast Plaza
- Bristol Street and State College Boulevard to John Wayne Airport
- Edinger Avenue
- Garden Grove Boulevard and Chapman Avenue
- Harbor Boulevard
- Katella Avenue
- La Palma Avenue and Lincoln Avenue
- Main Street
- Warner Avenue
- Westminster Boulevard and 17<sup>th</sup> Street

As part of the Public Involvement Plan, OCTA will solicit input from the public and stakeholders to identify their top five corridors and propose any corridors not included in the draft list. The consultant, in coordination with OCTA, will prepare basic operating plans, model runs, and performance measures for each of the corridors. The top ten TOCs will be ranked based on established goals, objectives, performance measures, and public input received. A map of the draft TOCs is included in Attachment A.

### **Countywide Transit Strategies**

In addition to the TOCs, the 2024 Plan includes transit recommendations that build upon existing countywide transportation plans. The Project Development Team (PDT) is currently evaluating multimodal transportation options with draft recommendations expected by summer 2024. The following existing studies and plans are being reviewed to identify opportunities to improve countywide transit access:

- South Orange County Multimodal Transportation Study
  - Strategies include high-frequency transit, Project V circulators, mobility hubs, microtransit, expanded bicycle network, Transportation Demand Management strategies, which are shown in Attachment B
- Metrolink Southern California Optimized Rail Expansion (SCORE) Program
  - Long-term plan to increase passenger rail frequencies
  - Consider long-term plan to increase OC Bus service to connect with future rail trips
- Transit-Oriented Development Opportunities
  - Fullerton Park-and-Ride, OC Vibe, OC River Walk, Doheny Village
- Mobility Hubs Strategy Study
  - Potential hubs identified to improve connectivity and convenience
- Monitor high-growth areas for potential new or increased OC Bus service
  - Disneyland Forward Plan, City of Irvine, City of Rancho Mission Viejo

### Public Engagement

Community input is a key factor when developing the proposed strategies and options that will help shape the OC Transit Vision. The primary goals are to inform target audiences about transit options, key issues and challenges, and to gather input. In fall 2023, an engagement strategy was executed to increase awareness of the 2024 Plan and encourage active participation in a community webinar and survey, which included questions related to transit travel patterns, frequency, and improvements. In addition, one-on-one stakeholder interviews were conducted to collect feedback about the future of transit in OC.

The following engagement was completed over a six-week period. All materials were created in English, Spanish, and Vietnamese. A complete Phase 1 Public Engagement and Survey Analysis Report is included in Attachment C.

- Collected 1,416 surveys
- Hosted two Community Leaders Roundtables, one webinar, and seven stakeholder interviews
- Presented facilitated discussions at OCTA's Citizens Advisory Committee, Diverse Community Leaders group, Bus Customer Roundtable, and Teen Council
- Engaged more than 1,400 community members across 12 events throughout OC
- Reached more than 88,000 readers through Spanish and Vietnamese newspapers
- Sent five email notices in multiple languages to more than 1,500 interested community stakeholders

- Advertised the webinar and survey 11 times through Facebook, Instagram, and X (formerly known as Twitter) posts

The next phase of community input is scheduled to begin by May 2024 and will seek input on the proposed TOCs. To ensure the study receives input from a broad range of stakeholders and the general public, the engagement program will continue to use the traditional and non-traditional outreach methods that were executed during the first phase of outreach.

OCTA will continue to seek input from the general public and stakeholders, including OCTA's public committees and diverse communities through various tactics that include social media, an online survey, e-blasts, newspaper ads, pop-up events, a webinar, participation in community events, and three roundtables with community-based organizations, local jurisdictions, and elected officials.

#### **Next Steps**

With the Board of Directors' (Board) direction, Phase 2 of the public outreach plan will be fully underway to seek feedback on the draft TOCs and countywide transit strategies. Staff anticipates providing outreach findings and final recommendations to the Transit Committee and Board in early fall 2024. The final 2024 Plan is scheduled to be completed by late 2024.

#### **Summary**

OCTA is conducting the 2024 Plan to direct priorities for future transportation planning studies over the next 30 years and position OCTA for upcoming funding programs at the state and federal level. As part of a series of countywide transit strategies, staff has developed a draft list of 12 transit opportunity corridors based on travel demand, equity, transit propensity, key destinations, and input from the public. Staff will engage the public to gather feedback on the draft corridors and return to the Board in fall 2024 to present all final project recommendations.

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***Attachments***

- A. Draft Transit Opportunity Corridors
- B. South Orange County Multimodal Transportation Study: Strategies
- C. OC Transit Vision Master Plan Public Engagement and Survey Analysis Report Phase 1

**Prepared by:**



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**Approved by:**



Kia Mortazavi  
Executive Director, Planning  
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## Draft Transit Opportunity Corridors



## South Orange County Multimodal Transportation Study: Strategies

Strategy Element	Objective
Roadway Infrastructure & Operations Improvements	Improve the operational efficiency of the South Orange County roadway network
High-Frequency Transit	Provide enhanced bus and rail services on major corridors, enabling more travelers to utilize transit
Local Circulators/Shuttles	Continue the Project V community circulator program, providing tailored local connectivity and first/last mile service
Mobility Hubs	Provide convenient, centralized locations where various transportation services connect
Microtransit/OC Flex	Establish on-demand local transportation zones that address gaps in the OC Bus network and improve access to high-frequency transit
Active Transportation	Improve connectivity and safety for the bicycle and pedestrian network, including connections to transit and mobility hubs
Transportation Demand Management	Enhance system performance by encouraging travel when/where capacity exists, including reducing peak-hour trips and promoting transit and active transportation modes



# OC Transit Vision Master Plan

## *Public Engagement and Survey Analysis Report*

### *Phase 1*

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January 2024

**Prepared for:** Orange County Transportation Authority  
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**Prepared by:** Arellano Associates  
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## Table of Contents

<b>I. EXECUTIVE SUMMARY.....</b>	<b>1</b>
i. Community Engagement Approach .....	1
ii. Equitable Engagement .....	2
iii. Survey Implementation .....	2
iv. Survey Results Analysis .....	3
v. Stakeholder Interviews.....	6
<b>II. OUTREACH AND SURVEY IMPLEMENTATION.....</b>	<b>8</b>
i. Survey Outreach .....	8
ii. Survey Format.....	9
<b>III. ADDITIONAL SURVEY RESULTS .....</b>	<b>10</b>
i. Geographic Distribution .....	10
ii. Demographics Results .....	10
iii. New Contacts.....	12
<b>IV. CONCLUSION .....</b>	<b>12</b>

## Figures

Figure 1: Nightmare on Center St. Pop-up .....	1
Figure 2: Dia de los Muertos Festival Pop-up.....	2
Figure 3: Survey Flyer .....	8
Figure 4: Santa Ana Zoo Pop-Up.....	8
Figure 6: Spanish Survey.....	9
Figure 5: Placentia Heritage Festival .....	9
Figure 7: Home Zip Code Map .....	10
Figure 8: Age Range .....	11
Figure 9: Annual Household Income .....	11
Figure 10: Ethnicity.....	12

## Appendices

<b>Appendix A: Survey Infographic.....</b>	<b>A2</b>
<b>Appendix B: Paper Survey Design (English, Spanish, Vietnamese).....</b>	<b>A5</b>



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## I. EXECUTIVE SUMMARY

The Orange County Transportation Authority (OCTA) is developing the 2024 OC Transit Vision Master Plan (Plan), which aims to integrate, enhance, and expand multimodal transportation services in Orange County. This 18-month study will build upon the previous 2018 plan and other recent studies to establish a framework for future transit investments to include high-capacity transit corridors, first/last mile options, and other mobility services for the County. As part of this effort, a stakeholder and outreach engagement program was implemented to inform and seek feedback from Orange County communities about the Plan. This report documents the outreach efforts and survey results for Phase 1 of the study, which was conducted from October through November 2023.

The survey research was qualitative, which means that results cannot be considered representative of the total population of interest. Informal research methods are useful to explore a group's opinions and views, allowing for the collection of verifiable data. This data can reveal information that may warrant further study and is often a cornerstone for generating new ideas.

### i. Community Engagement Approach

An engagement strategy was crafted and executed to increase awareness of the Transit Vision Master Plan (TVMP) among residents, stakeholders, commuters, and visitors of Orange County. The primary goal was to encourage active participation in the community webinar and to prompt stakeholders to complete the TVMP survey. In addition, one-on-one stakeholder interviews were conducted to collect feedback about the future of transit in Orange County.

To achieve community engagement, a robust notification campaign was launched, utilizing both digital and traditional methods of communication. This included social media posts, website updates, email blasts, local multilingual newspaper advertisements, and public announcements.

Additionally, a suite of promotional graphics and text were prepared for community partners to effectively distribute and communicate the webinar and survey details to their respective audiences. This approach ensured a wider reach and deeper penetration into different community segments.

To further enhance engagement, the outreach team participated in a variety of community events throughout the county, servicing each district. These events provided opportunities for face-to-face interactions, allowing the team to directly engage with individuals, answer questions, and

*Figure 1: Nightmare on Center St. Pop-up*



provide insights about the Plan. This approach was particularly effective in reaching those who might not be as responsive to digital or traditional media, ensuring a more inclusive and comprehensive outreach effort.

## ii. Equitable Engagement

The outreach strategy was specifically designed to engage a wide range of community groups, including those often underrepresented. This approach aimed to ensure broad participation from all population segments, irrespective of ethnic background, language preference, or socioeconomic status. To accommodate the diverse linguistic needs of the county, the survey and project materials, including informational fact sheets, surveys, and e-blasts, were made available in English, Spanish, and Vietnamese. This multilingual approach was vital in making the information accessible to a more significant population segment.

*Figure 2: Dia de los Muertos Festival Pop-up*



The outreach team also proactively identified and engaged with the community at events, including local gatherings and pop-up events across the county. These events were chosen strategically to maximize Plan awareness and encourage survey participation. Special attention was given to cities with significant populations of residents for whom English is a second language. This targeted approach was aimed at achieving a more equitable representation in the feedback and insights gathered, contributing to a more comprehensive understanding of the community's needs and preferences.

## iii. Survey Implementation

The survey opened to the public on October 11, 2023, and closed on November 12, 2023. During that time a total of 1,416 surveys were collected which included 1,317 English, 96 Spanish and 3 Vietnamese. The following is a summary of survey implementation:

- The survey was made available in English, Spanish and Vietnamese languages.
- The survey was made available online and in print form.
- Promotional print flyers were distributed to 12 community centers across the five Orange County supervisorial districts.
- Traditional and digital communication tactics were developed to promote survey participation. This includes use of newspaper advertisements, social media posts, emails, outreach toolkits, and promotion at community events.
- As an incentive for participation, respondents were given the opportunity to enter a sweepstakes, with the chance to win one of four gift cards valued at \$50 each.

#### iv. Survey Results Analysis

The subsequent section presents the results for each question in the survey.

*Table 1. Mode of Travel*

Q1: What is your primary method of travel?	
Car (drive alone)	55%
Bus	25%
Carpool/Vanpool	6%
Train	5%
Bicycle	3%
Rideshare (Uber, Lyft)	2%
Walking	2%
E-bike/ E-scooter	2%
Other	0%

*Table 2. Travel Frequency*

Survey Question	Never	4 to 7 days per week	1 to 3 times per week	1 to 3 times per year	1 to 3 times per month
Q2: How often do you ride on an OC Bus?	34%	22%	17%	15%	12%

*Table 2a. Reasons for Not Riding the Bus: Non-users*

For those who chose "Never" in response to Question 2, a subsequent question was presented to understand their reasons for not using the bus. Table 2a displays the three most common explanations for avoiding bus travel.

Q2a: If selecting never, why do you not ride the bus?	
Takes too long	31%
Can't get where I need to go	17%
Need car for work or errands	13%
Other	9%
Not sure	8%

Makes me feel uncomfortable or unsafe	7%
Hard to understand how to get where I need to go	5%
Doesn't run at the right times	4%
It's not reliable	3%
I bike or walk most places	3%

Participants who stated in Question 2 that they use the bus were asked three additional questions to delve deeper into their bus-riding use.

**Table 3. Bus Rider Frequency**

Survey Question	8 or more years	1 to 4 years	Less than 6 months	6 months to 1 year	5 to 7 years
Q3: How long have you been riding the OC Bus?	31%	25%	15%	15%	14%

**Table 4. Bus Use Reason**

Q4: Why do you ride the bus?	
Avoid traffic congestion	23%
Prefer not to drive	22%
Environmental reasons (I.e., air quality)	15%
Can't afford to purchase/maintain a car	14%
No driver's license/ can't drive	11%
High gas prices	8%
Other	7%

**Table 5. Trip Purpose**

Q5: What is your primary purpose for riding the bus?	
Work	43%
Recreation, social, entertainment	21%
Personal errands	14%
School	9%

<b>Health/ medical appointments</b>	6%
<b>Shopping</b>	5%
<b>Other</b>	2%

All participants were then asked two questions (Table 6 and 7) regarding potential transit improvements.

**Table 6. Transit Service Considerations**

<b>Q6: If you could increase transit in Orange County, what would be the most important to you? (Select your top 3)</b>	
<b>More frequent service on major routes</b>	<b>17%</b>
<b>Faster bus services with fewer stops</b>	<b>14%</b>
<b>Service to more areas, including lower-usage areas</b>	<b>12%</b>
<b>More weekend services</b>	11%
<b>More early-morning and late-night service</b>	11%
<b>More service for commuters during rush hour</b>	11%
<b>More special event service (concerts, fairs, festivals, etc.)</b>	9%
<b>More long-distance service outside of Orange County</b>	8%
<b>Direct service to key activity and employment centers</b>	7%

**Table 7. Transit Improvement Considerations**

<b>Q7: What kind of transit improvements would you like to see more of? (Select your top 3)*</b>	
<b>High-capacity rail (train, light rail, streetcars)</b>	<b>19%</b>
<b>Bus rapid transit (limited stops, dedicated lanes, more frequent service)</b>	<b>16%</b>
<b>Increase OC Bus service (improved frequencies and service coverage)</b>	<b>16%</b>
<b>More long-distance service (freeway express routes, Metrolink, Amtrak)</b>	13%
<b>Dedicated lanes for transit</b>	11%
<b>Improved pedestrian and bicycle access to transit</b>	10%

<b>Traffic signal priority for transit (keeping lights green a few seconds longer to avoid delays)</b>	8%
<b>On demand microtransit service (OC Flex), community shuttles, taxis, and ridesharing services (Uber/Lyft) in areas with lower transit demand</b>	7%

At the conclusion of the survey, respondents were given the option to answer demographic questions to assess the characteristics of survey respondents. Participation in providing this information was optional and did not affect their raffle eligibility.

*Table 8. Key Demographic Findings*

Survey Question	Response Rate	Findings
<b>Q8: What is your age range?</b>	96%	45% of participants were between the ages of 20-35, 27% were between 36-50, and 15% were between 51-65.
<b>Q9. What is your combined annual household income?</b>	95%	19% of respondents shared their annual household income is between \$50,000-\$79,000. Followed by 16% of respondents who shared their annual household income is between \$100,000-\$149,000. 14% of respondents make less than 30% a year
<b>Q10. What ethnic group do you consider yourself a part of or feel closest to?</b>	96%	41% of respondents identified themselves as Caucasian/White, followed by 31% Latino/Hispanic, and 12% Asian.

A detailed breakdown of the demographic findings is located on page 9.

## v. Stakeholder Interviews

As an effort to collect feedback from stakeholders throughout the county, several target audiences were identified and invited to participate in a one-on-one interview to comment about their goals for the OC Transit Vision. The project team posed open-ended questions to gather insight on what works and what could be improved to encourage more people to use transit in Orange County.

More than 80 stakeholders were invited to participate and represented the following industries and groups: healthcare, building, educational institutions, tourism, major employers; business and chamber groups, and countywide city organization. The following groups participated in the interviews.

- Caltrans
- The Irvine Company
- UCI Health
- Rancho Mission Viejo
- Visit Anaheim
- South Coast Metro Alliance
- South Orange County Economic Coalition Advocacy Committee

Each group was asked to describe its vision for the future of Orange County transit. Interviews generally followed a script of about 15 questions geared to the interviewee's background and expertise. Transit-related questions focused on identifying barriers, priorities, and opportunities, as well as what is already working well. Interviewees shared a wide range of ideas, issues, and insights. Recurring themes included the following:

- Mobility hubs in Orange County will be beneficial in integrating various transportation modes, promoting connectivity, and offering convenient, multi-modal options for commuters.
- Investing in improved biking infrastructure will encourage people to choose bicycles over cars and facilitate crucial first and last-mile connections.
- Integrating technology will be essential for optimizing Orange County's transit system, improving efficiency, and enhancing the overall passenger experience.
- Microtransit can offer flexible, on-demand transportation solutions tailored to individual needs.
- Education will be pivotal for the success of Orange County's transit initiatives, fostering public awareness, understanding, and contributing to a more informed and supportive community.
- As housing increases in Orange County, it's essential to carefully plan transportation infrastructure to accommodate growing population, ensuring efficient access to transit options and minimizing congestion while promoting sustainable development patterns.

## II. OUTREACH AND SURVEY IMPLEMENTATION

A comprehensive outreach strategy was implemented to raise awareness and drive engagement in the greater Orange County community regarding the Plan and survey. This strategy comprised of a mix of email campaigns, where regular blasts were sent to contacts in the TVMP database, and strategic notice distribution at key locations throughout the county. Social media platforms such as Facebook, Instagram, and X (Twitter) were also leveraged for targeted posts to stimulate interest and participation. Electronic communication toolkits were also developed, providing an easy way for community leaders and organizations to share information. The outreach was further bolstered by local print newspaper advertisements catering to a diverse audience, including those less engaged digitally.

Figure 3: Survey Flyer



### i. Survey Outreach

Recognizing Orange County's diverse linguistic landscape, notifications and materials were made available in multiple languages, ensuring inclusivity and greater reach, especially among diverse and disadvantaged communities. TVMP and the survey were also promoted during virtual meetings, key stakeholder engagements, and local community events, facilitating direct interaction with residents and encouraging on-site participation. This multifaceted approach was crucial in achieving widespread community awareness and involvement, capturing the diverse perspectives of Orange County residents for the TVMP.

The survey outreach notification and engagement highlights are detailed below:

- Gathered 1,416 responses to the survey from October 12 to November 12, 2023.
- Hosted two Community Leaders Roundtables, one community Webinar, seven Stakeholder Interviews.
- Presented at two Community Advisory Committee (CAC) meetings, one Teen Council meeting, one Diverse Community Leaders meeting, and one Bus Customer Roundtable.
- Engaged with more than 1,400 community members across 12 events in Orange County's five supervisorial districts.

Figure 4: Santa Ana Zoo Pop-up

- Reached over 88,000 readers via Spanish and Vietnamese language newspapers.
- Emailed five multilingual notices to a network of more than 1,500 interested community stakeholders.
- Advertised the survey and community webinar through four Facebook posts, three Instagram stories, and four X (Twitter) posts.
- Created and disseminated toolkits as a convenient communication aid to more than 109 local municipalities, community leaders, and organizations associated with OCTA committees and stakeholders.
- Created and shared materials in English, Spanish, and Vietnamese.

## ii. Survey Format

The survey was hosted on the Typeform platform and featured several multiple-choice questions for respondents. After the second question, "How often do you ride on an OC Bus?" the survey implemented skip logic. This divided the subsequent questions based on whether the respondent had ever used an OC Bus. Those who indicated they had never ridden were asked a follow-up question about their reasons for not using the bus. Conversely, all other respondents were presented with three additional questions regarding the duration of using the OC Bus, their reasons for riding, and the purpose of their trips. Finally, every participant was asked the last two questions focusing on increasing transit service and potential transit improvements, followed by optional demographic questions.

The survey questions were designed to:

- Understand travel use and trip purposes.
- Determine which transit services are the most important to respondents.
- Obtain feedback on possible transit improvements.
- Acquire demographic information from respondents.
- Gather updated contact details for future communication.

The survey comprised of 13 questions in total, which included four optional demographic questions and an



Figure 6: Placentia Heritage Festival



Figure 5: Spanish Survey



option for participants to enter their email address for the gift card raffle. A total of 1,416 surveys were collected, which included 1,317 English, 96 Spanish, and 3 Vietnamese.

### III. ADDITIONAL SURVEY RESULTS

The following are additional survey results related to the survey participants' geographic distribution and demographics.

Figure 7: Home Zip Code Map

#### i. Geographic Distribution

More than 94% of survey respondents shared their home zip code (94.8%; 1,343). Of those that provided zip code information, about 85% of respondents stated they reside within Orange County (85.1%; 1,143). Three cities with the highest percentage of survey responses within Orange County included Santa Ana, (17.3%; 233), Anaheim (14.4%; 194), and Irvine (6.8%; 91). The respondent distribution map identifies the number of surveys collected by city and in total for unincorporated areas in Orange County. It also provides a total respondent count for input received from those residing outside Orange County (23.9%; 273).

#### ii. Demographics Results

The following three figures show the full results from the survey demographic questions.

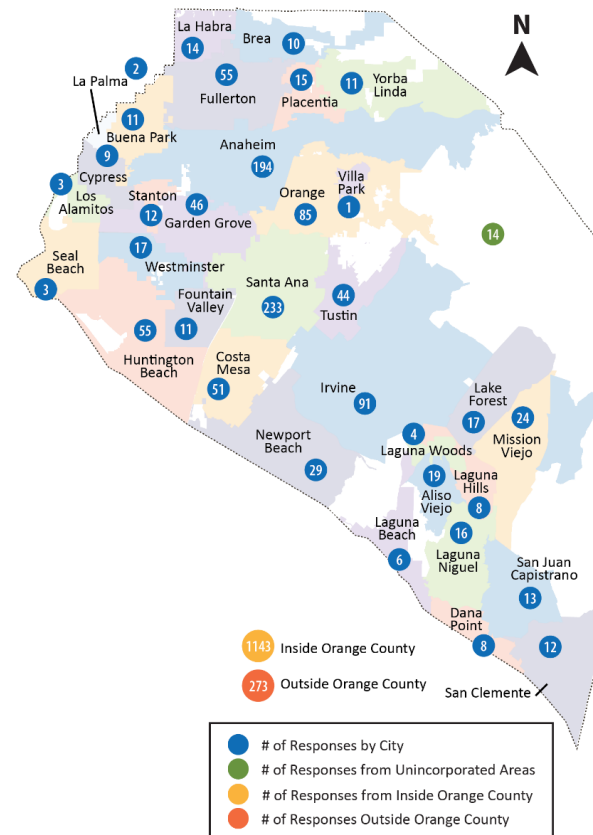


Figure 8: Age Range

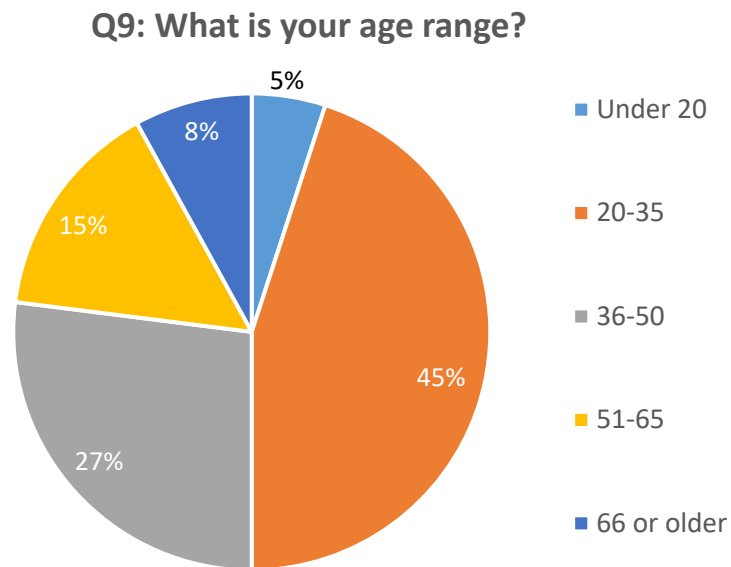


Figure 9: Annual Household Income

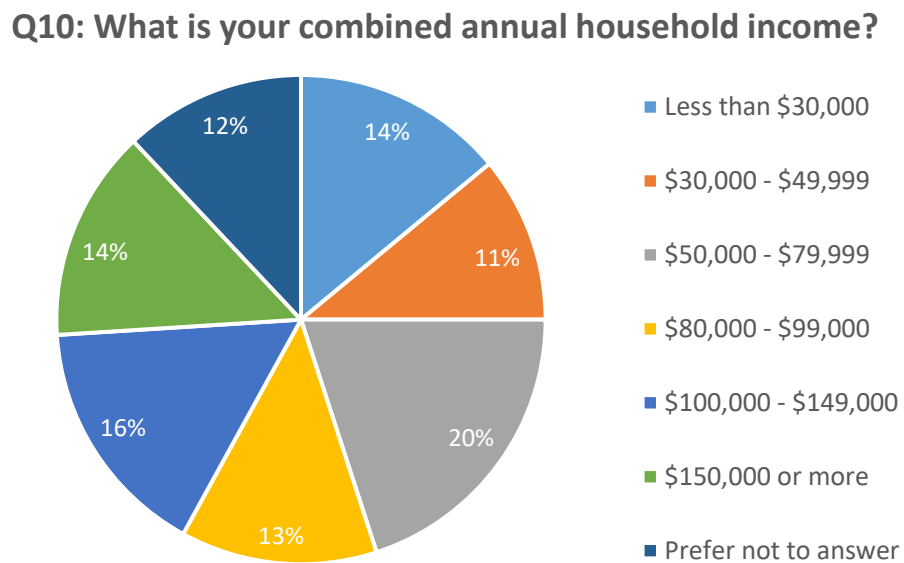
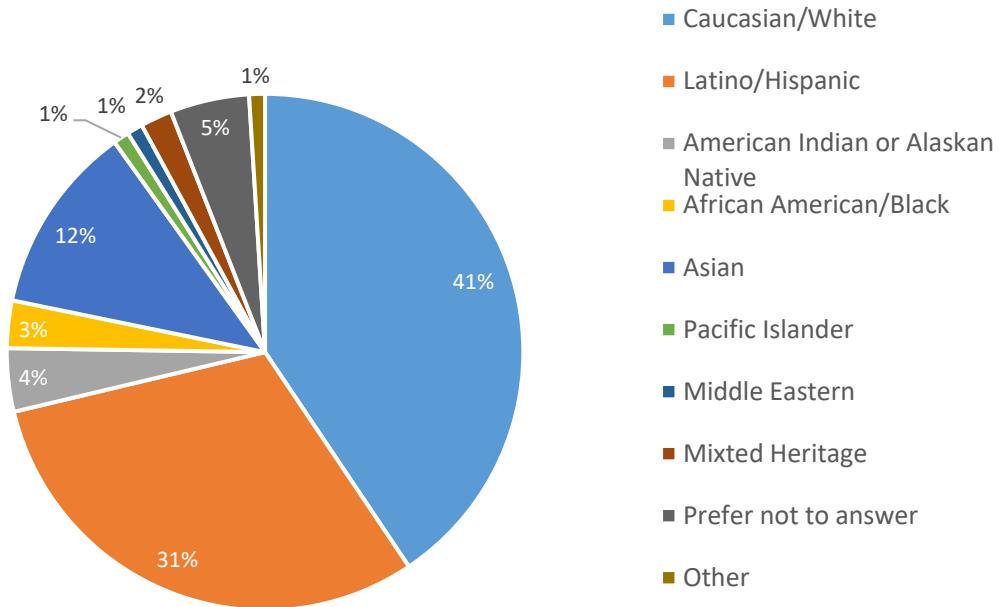


Figure 10: Ethnicity

**Q11: What ethnic group do you consider yourself a part of or feel closest to?**



### iii. New Contacts

Enhancing public engagement is a key priority for OCTA, and a significant part of this involved expanding the study's contact list. During this survey effort, a total of 845 new email addresses were gathered from survey respondents. Emails will be used for future TVMP announcements and notifications.

## IV. CONCLUSION

The technical team will analyze the survey results and public feedback to formulate project recommendations for the TVMP. A final phase of outreach will take place in spring/summer 2024 and will involve seeking public and stakeholder feedback on the Draft Project Recommendations.

# **2024 OC Transit Vision Master Plan Progress Update**

# Project Overview

- OC Transit Vision: 30-year plan to improve transit services in the County
- Identifies corridors for investment in high-quality transit
- Develops transit-related recommendations and policy guidance
- Informs the OCTA Long-Range Transportation Plan

## WHAT ARE OUR GOALS FOR TRANSIT?



### ENHANCE

Make it more desirable to take transit



### CONNECT

Connect Orange County's people and places with effective transit



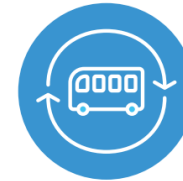
### SIMPLIFY

Make transit easier to use and more convenient



### COLLABORATE

Make Orange County a more attractive place to live, work, and visit by providing transit service that supports community priorities



### SUSTAIN

Create a system that is resilient over the long term

# Transit Opportunity Corridors

- Identified 24 preliminary corridors for potential investments in high-capacity transit
- Screened the top 12 corridors
- Gather public feedback on the preferred five corridors
- Analyze service levels, multimodal connections, ridership and cost estimates for the top 10

## Evaluation Criteria

Overall Travel Demand (all modes)

Existing Bus Ridership

Transit Mode Share

Equity/Transit Propensity

Key Destinations

Right-of-Way Availability\*

\*Will be applied later in the evaluation process

# Potential Transit Opportunity Corridors

- Beach Boulevard
- Bolsa Avenue and First Street
- Bristol Street and State College Boulevard to South Coast Plaza
- Bristol Street and State College Boulevard to John Wayne Airport
- Edinger Avenue
- Garden Grove Boulevard and Chapman Avenue
- Harbor Boulevard
- Katella Avenue
- La Palma Avenue and Lincoln Avenue
- Main Street
- Warner Avenue
- Westminster Boulevard and 17<sup>th</sup> Street



# Countywide Transit Strategies

- South Orange County Multimodal Transportation Study
  - Strategies include high frequency transit, Project V circulators, mobility hubs, microtransit, expanded bicycle network, TDM strategies
- Metrolink SCORE Program
  - Long-term plan to increase passenger rail frequencies
  - Consider increasing OC Bus service to connect with additional rail trips
- Transit-Oriented Development Opportunities
  - Fullerton Park-and-Ride, OC Vibe, OC River Walk, Doheny Village
- Mobility Hubs Strategy
  - Potential hubs identified to improve connectivity and convenience
- Monitor high-growth areas for potential new/increased OC Bus service
  - Disneyland Forward plan, Irvine, Rancho Mission Viejo

# Public Outreach

- Completed Phase I in late 2023
- Phase II will begin in summer 2024
  - Feedback on 12 transit corridors
  - Roundtables: city staff/elected officials/CBOs/stakeholders
  - Interactive survey
  - Webinar
  - Pop-ups



# Project Schedule - Summary

Activity/Task	Completion Date
Goals and Objectives	Fall 2023
Public Outreach (Phase I)	Fall 2023
Transit Opportunity Corridor Recommendations	Early 2024
Other Countywide Transit Strategies	Spring 2024
Transit Supportive Design/Policies Recommendations	Spring 2024
Public Outreach (Phase II)	Summer 2024
Final Report	Fall/Winter 2024



# Next Steps

- Continue work on Phase 2 of the public outreach plan to gather feedback on the 2024 OC Transit Vision Draft transit opportunity corridors and countywide transit strategies.
- Return to the BOD in September 2024 with an update on recommendations.



COMMITTEE TRANSMITTAL

**May 28, 2024**

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

**From:** Andrea West, Clerk of the Board

**Subject:** Regional Planning Update

Regional Transportation Planning Committee Meeting of May 6, 2024

**Present:** Directors Do, Dumitru, Federico, Foley, Harper, and Stephens

**Absent:** Khan

**Committee Vote**

No action was taken on this item.

**Staff Recommendation**

Receive and file as an information item.



**May 6, 2024**

**To:** Regional Transportation Planning Committee

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

**Subject:** Regional Planning Update

### **Overview**

Regular updates on regional planning matters are provided to highlight current transportation planning issues impacting the Orange County Transportation Authority and the Southern California region.

### **Recommendation**

Receive and file as an information item.

### **Background**

The Orange County Transportation Authority (OCTA) regularly coordinates with other planning and regulatory agencies within the Southern California region. This coordination is conducted at many levels, involving the OCTA Board of Directors (Board), executives, and technical staff. Some examples of the regional planning forums in which OCTA participates include:

- Southern California Association of Governments (SCAG) Regional Council, policy committees, and technical working groups
- State Route 91 Advisory Committee
- Regional Chief Executive Officers meetings
- South Coast Air Quality Management District (AQMD) working groups
- Interregional planning coordination meetings (OCTA, SCAG, the San Diego Association of Governments, and the California Department of Transportation districts 7, 11, and 12)

Regional planning updates are prepared twice a year, with the last update to the Board in October 2023. Attachment A includes regional planning activities that are being monitored by staff, including relevant activities highlighted in previous updates.

Since the October 2023 update, planning activities have continued throughout the region, including:

- Advancement on the Southeast Gateway Line project in the City (or County of) Los Angeles
- Rulemaking which will initiate potential for federally imposed highway funding sanctions
- Adoption of the 2024-2050 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS)

A discussion of each is provided below.

### ***Discussion***

#### **Advancement on the Southeast Gateway Line project in Los Angeles County**

The Southeast Gateway Line (formerly known as the West Santa Ana Branch Transit Corridor) is a 14.5-mile light rail transit line being planned by the Los Angeles Metropolitan Transportation Authority (Metro). The proposed service is envisioned to connect the Slauson/A Line station to the intersection of Pioneer Boulevard and the Pacific Electric Right-of-Way in the City of Artesia (Attachment B). This would place the terminus of the proposed service less than two miles from the Orange County Line.

In January 2022, the Metro Board of Directors identified the 14.5-mile locally preferred alternative (LPA) and a maintenance and storage facility (MSF) for the Southeast Gateway Line. In addition, the Metro Board of Directors selected Los Angeles Union Station (LAUS) to be the northern terminus and a separate study is currently underway to plan the additional segment connecting the Slauson/A Line Station and LAUS.

The environmental review phase is now underway for the LPA and MSF. Metro is also developing a First/Last Mile (FLM) Plan, which aims to enhance accessibility and connectivity to the new line. The Environmental Impact Statement/Environmental Impact Report, FLM Plan, and the study findings for the Slauson/A Line Station to LAUS connection are all anticipated to be presented to the Metro BOD in 2024. The groundbreaking is currently anticipated between 2025-2026, with the service expected to open to the public between 2034-2036.

Previously, OCTA supported a less costly project that would extend the Metro C Line 2.8-miles from the eastern terminus in the City of Norwalk (City) to the Norwalk/Santa Fe Springs Metrolink Station. This extension would improve transit connections for Orange County residents traveling to Los Angeles International Airport, the City of Long Beach, and downtown Los Angeles. SCAG initiated a study of this extension in 2016, but it was put on hold at the request

of the City. At the time, this was not a priority for the City, and they had concerns about the potential impacts to their community. While the City has not expressed interest in resuming the study, the project remains in the 2024-2050 RTP/SCS. In addition, the Southeast Gateway Line project will provide more urban redevelopment opportunities compared with the C Line extension, which may be an additional factor in Metro's project prioritization.

#### Potential for Federally Imposed Highway Funding Sanctions

Highway project development and delivery schedules for OCTA projects are potentially at risk due to ongoing disagreements between the United States Environmental Protection Agency (EPA) and air quality agencies in California. EPA published a proposed rule on February 2, 2024, to disapprove a Contingency Measure Plan (CMP) prepared by the AQMD and California Air Resources Board (CARB) for the 1997 ozone National Ambient Air Quality Standard (NAAQS). EPA argues that the CMP does not meet the Clean Air Act (CAA) requirements due to "improper" placement of responsibilities on federal agencies. If the CMP disapproval is finalized, sanctions could go into effect if AQMD and CARB cannot resolve the outstanding issues to EPA's satisfaction. Of primary concern to OCTA is the highway funding sanction that would start 24 months after the disapproval is finalized. The highway funding sanction, if enacted, would restrict federal funding and approvals for highway projects beginning in fiscal year 2026-27. This could result in Orange County, and other affected agencies, not receiving expected fair share returns of federal gas tax funding. OCTA is currently working with partner agencies to develop an amenable resolution prior to implementation of sanctions.

Consistent with the CAA, EPA sets NAAQS to protect public health from harmful air pollutants. In 1997, EPA established a standard for ozone, as it is a key contributor to the formation of smog. The South Coast Air Basin (SCAB), which includes parts of Los Angeles, Riverside and San Bernardino counties, as well as all of Orange County, is currently classified as an "Extreme" nonattainment area for this standard, with an attainment date of June 15, 2024. This means the SCAB area is one of the worst air basins in the nation for ozone levels.

AQMD and CARB are responsible for developing and implementing a State Implementation Plan (SIP) that will achieve the 1997 ozone NAAQS. A SIP was approved by EPA in 2019. However, the SIP included measures that depend on generally described emerging technologies and strategies. These measures are accepted by EPA, but they must be defined in more detail at least three years prior to the attainment date. Therefore, AQMD and CARB subsequently developed a CMP to better define the generalized measures included in the SIP.

The CMP detailed an approach that was dependent on the EPA, CARB, and AQMD each implementing measures needed to attain the 1997 ozone NAAQS. In late 2019, the CMP was submitted to EPA (formally titled "Final Contingency

Measure Plan—Planning for Attainment of the 1997 80 ppb 8-hour Ozone Standard in the South Coast Air Basin”). EPA was required to approve or disapprove the CMP by July 2021; however, no decision was made. In 2023, the AQMD and three environmental organizations (East Yard Communities for Environmental Justice, People’s Collective of Environmental Justice, and Sierra Club) sued EPA in the hopes that EPA would be motivated to approve the CMP and work with CARB and AQMD.

The CMP also emphasized that since the 1997 standard was established, both CARB and AQMD have collectively reduced emissions by 70 percent from regulated sources under their control. Conversely, EPA has only reduced emissions by 15 percent from regulated sources under its control, including aircraft, ships, trains, and out-of-state trucks. The CMP states that the 1997 standard is only achievable if EPA addresses its respective regulated sources since nearly two-thirds of the needed emission reductions fall under federal authority.

In response to the lawsuit, EPA published the proposed rule on February 2, 2024, to disapprove the CMP. A public comment period was initiated when the proposed rule was published. This comment period was scheduled to close on March 4, 2024. However, OCTA, SCAG, and other county transportation commissions submitted a joint comment letter (Attachment C). This successfully extended the comment deadline to April 3, 2024, with a final action by EPA expected by July 1, 2024.

The comment period extension allowed time for further analysis and coordination between OCTA and partner agencies and another joint-agency letter was submitted on April 2, 2024, with formal comments on the proposed rule (Attachment D). The joint comment letter requests that EPA approve the CMP, recognize, and deliver its fair share of emission reductions from federal sources, and pursue meaningful partnerships to achieve acceptable air standards in the region. While there are some indications that EPA may delay the final action, OCTA is continuing to work with partner agencies to find an amenable resolution as soon as possible.

#### **Adoption of the 2024-2050 RTP/SCS**

On April 4, 2024, the SCAG Regional Council approved the final 2024-2050 RTP/SCS, which is required every four years. The 2024-2050 RTP/SCS includes OCTA projects and programs that are consistent with the 2022 Long-Range Transportation Plan. In order to meet air quality conformity requirements, the RTP/SCS must include regional strategic investments that go beyond what is included in OCTA’s Long-Range Transportation Plan. One example of this is the incorporation of the Regional Express Lane Network, which proposes to utilize congestion pricing strategies on state highways and interstates to improve Southern California’s mobility. This is consistent with strategies prepared by

Caltrans, which include the ongoing study to implement express lanes on Interstate 5 from Red Hill Avenue to the Los Angeles County Line. Another example is the switch from paying gas taxes by gallons of fuel consumed to miles traveled to account for the transition of the vehicle fleet from internal combustion engines to electric vehicles.

SCAG is now submitting the final documents to the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) for review and approval. The review consists of a finding by FHWA and FTA that all conformity requirements have been met, including those regarding the acceptability of funding assumptions, emission analyses, and demonstration of timely implementation of transportation control measures. The EPA-related issue discussed above is not anticipated to impact the federal conformity determinations for the 2024-2050 RTP/SCS.

SCAG also submitted the final 2024-2050 RTP/SCS to CARB for technical review of the SCS element. This review focuses on the strategies and assumptions used to demonstrate how the greenhouse gas (GHG) emission reduction target was met for the SCAG region. The target for the SCAG region is currently set at a 19 percent per capita GHG emission reduction from 2005 levels by 2035. The RTP/SCS outlines various land use, transit, active transportation, and pricing/user fee strategies, amongst others to reduce GHG emissions by 19.8 percent by 2035.

The federal and state agency approvals are anticipated by June 5, 2024. Once the approvals are finalized, the projects and programs included in the 2024-2050 RTP/SCS will meet a key eligibility requirement needed to receive state and federal funding and project development approvals.

### ***Summary***

Staff is engaged in ongoing activities regarding planning in Orange County and Southern California. OCTA staff will monitor the progress of the Southeast Gateway Line project and continue to work with partner agencies to avoid federally imposed highway sanctions. As developments of these planning issues progress, staff will review and provide input as needed to protect the interests of OCTA. Staff will continue to keep the Board informed of the status of these ongoing activities.

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**Attachments**

- A. Regional Planning Activities – May 2024
- B. Southeast Gateway Line Map
- C. Letter from Kome Ajise, Executive Director, Southern California Association of Governments, and others, to Ginger Vagenas, U.S. Environmental Protection Agency (EPA), Region IX, dated February 26, 2024, re: Docket ID No. EPA–R09– OAR–2023–0626 Joint Request for a 30-Day Extension of Comment Deadline on EPA Proposed Action to Disapprove South Coast Air Quality Management District Final Contingency Measure State Implementation Plan for the 1997 8-Hour Ozone Standard in the South Coast Air Basin (89 Fed. Reg. 7320)
- D. Letter from Kome Ajise, Executive Director, Southern California Association of Governments, and others, to Ginger Vagenas, U.S. Environmental Protection Agency (EPA) Region IX, dated April 2, 2024, re: SCAG Region Comments on U.S. EPA’s Proposed Disapproval of South Coast Contingency Measure State Implementation Plan for the 1997 Federal Ozone Standard [Docket ID No. EPA–R09– OAR–2023–0626]

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## Regional Planning Activities May 2024

### California Department of Transportation (Caltrans)

Summary	Key Dates	OCTA Interest	OCTA Role
<p><b>Interstate 5 (I-5) High-Occupancy Toll (HOT) Lanes</b></p> <p>Caltrans District 12 (Caltrans) is studying implementation of HOT lanes on I-5 between the Los Angeles County Line and State Route 55.</p> <p>Caltrans finalized a project study report (PSR) and an initial concept of operations (ConOps) in November 2019 and presented a summary to the Orange County Transportation Authority (OCTA) in December 2019. The OCTA Board of Directors (Board) requested that Caltrans include a high-occupancy vehicle (3+ occupancy) alternative as part of the subsequent environmental studies that are currently underway.</p> <p>Caltrans provided subsequent project updates to the OCTA Board in August 2022, and in April 2023.</p>	<p><u>November 2019</u> – Caltrans finalized ConOps and PSR</p> <p><u>May 2022</u> – Caltrans initiated environmental studies for I-5 managed lanes</p> <p><u>Summer 2023</u> – Draft project report and environmental document released for public review</p> <p><u>July 20, 2023</u> – Comments submitted by OCTA</p> <p><u>December 2023</u> – Final project report, environmental document, and ConOps report</p> <p><u>Winter 2023</u> – Kick off plans, specifications and estimates</p> <p><u>2026</u> – Anticipated construction commencement</p>	<p>Prioritize corridor-wide (general purpose and carpool lanes) operational benefits and reliability.</p> <p>Development of toll policies, integration with adjacent toll facilities, equity considerations, support for transit services, and any necessary mitigation for vehicle miles traveled.</p>	<p>Coordinate executive-level meetings.</p> <p>Assist with planning efforts and provide technical support to Caltrans and other partner agencies throughout development of the ConOps, PSR, and subsequent studies.</p>

## Regional Planning Activities May 2024

### California Transportation Commission (CTC)

Summary		Key Dates	OCTA Interest	OCTA Role
<b>2023 California Freight Mobility Plan (CFMP)</b>	Caltrans prepared the 2023 CFMP to provide a long-term vision for the future of freight in California. The CFMP is a comprehensive plan that governs immediate and long-term planning activities and capital investments by the State with respect to freight movement.	<p><u>March 2023</u> – Release draft CFMP for three-week public review</p> <p><u>Early May 2023</u> – OCTA staff submitted comment letter on draft CFMP</p> <p><u>May 2023</u> – Submitted to Federal Highway Administration (FHWA)</p> <p><u>September 2023</u> – FHWA approval of CFMP received</p>	Ensure OCTA's plans are consistent with the CFMP.	Review and comment on technical documents.
<b>2023 California State Rail Plan (Rail Plan)</b>	<p>The Rail Plan is the strategic funding and programming document for rail in California. In compliance with federal and state laws, the Rail Plan proposes a unified statewide network that aligns needs for passenger and freight service and connects passenger rail to other modes.</p> <p>The plan lays out a strategy for investments and needed steps designed to increase California's economic growth, improve quality of life, improve equity of the State's most vulnerable and impacted communities, and advance the State's ambitious climate action goals.</p>	<p><u>March 2023</u> – Release of draft Rail Plan for 60-day public comment period</p> <p><u>April 2023</u> – Caltrans to hold public workshops</p> <p><u>Early May 2023</u> – OCTA staff submitted comment letter on draft CFMP</p> <p><u>May 2023</u> – Public comment period ends</p> <p><u>October 2023</u> – Final approval</p>	Ensure OCTA's rail plans and projects are reflected and consistent with the Rail Plan.	Review and comment on technical documents.

## Regional Planning Activities May 2024

### California Transportation Commission (CTC)

Summary		Key Dates	OCTA Interest	OCTA Role
<b>2024 Regional Transportation Plan (RTP) Guidelines for Metropolitan Planning Organizations (MPO)</b>	Pursuant to California Government Code Section 14522, the CTC must adopt RTP Guidelines for MPOs.	<u>October 2022</u> – Kick-off meeting with stakeholders	Monitor significant changes to the RTP Guidelines that may impact OCTA's alignment of projects and plans with the Southern California Association of Governments (SCAG) Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS).	Monitor work groups and meetings as needed.  Review and comment on draft materials.
	The CTC initiated an update to the RTP Guidelines to better align with recent state and federal policies, such as the state Climate Action Plan for Transportation Infrastructure and the federal Infrastructure Investment and Jobs Act (IIJA).	<u>February 2023</u> – Work groups workshop #1		
		<u>May 2023</u> – Release of first draft and 30-day comment period		
		<u>June 5, 2023</u> – OCTA comments submitted on first draft		
		<u>July 2023</u> – Work groups workshop #2		
		<u>October 2023</u> – Release of second draft and 30-day comment period		
		<u>January 2024</u> – CTC adoption		

## Regional Planning Activities May 2024

### SCAG

Summary		Key Dates	OCTA Interest	OCTA Role
<b>2024 RTP/SCS</b>	<p>The 2024 RTP/SCS is a federally required transportation planning document. The 2024 RTP/SCS addresses needs over a 20-plus year planning horizon and is constrained by a reasonably foreseeable revenue forecast. It must also demonstrate air quality conformity and greenhouse gas emission reductions with budgeted levels set by the United States Environmental Protection Agency and California Air Resources Board.</p> <p>The 2024 RTP/SCS, or Connect SoCal 2024, is an update to the 2020 RTP/SCS, Connect SoCal 2020.</p>	<p><u>2021-2022</u> – Initiate plan development process and establish foundation and frameworks</p> <p><u>Spring 2022 – Fall 2022</u> – Data collection and policy development; OCTA submitted projects consistent with 2022 Long-Range Transportation Plan (LRTP)</p> <p><u>Winter 2023</u> – Outreach and analysis</p> <p><u>Spring 2023</u> – Draft plan policy discussions</p> <p><u>Fall 2023</u> – Draft plan, transportation conformity determination, and environmental document release</p> <p><u>January 2023</u> – OCTA submitted comment letter on the draft 2024 RTP/SCS</p> <p><u>April 2024</u> – Adoption of the final 2024 RTP/SCS by SCAG</p>	<p>Ensure inclusion of projects identified in OCTA's LRTP.</p> <p>Support policies that are consistent with OCTA positions.</p>	<p>Coordinate with SCAG and other partner agencies.</p> <p>Participate in working groups.</p> <p>Monitor SCAG policy committees.</p> <p>Review and comment on related materials.</p>

## Regional Planning Activities May 2024

### SCAG (continued)

Summary		Key Dates	OCTA Interest	OCTA Role
<b>SoCal Greenprint</b>	<p>SCAG is developing the SoCal Greenprint tool, a conservation mapping tool that highlights the benefits of natural lands, waters, and agricultural lands, including access to parks and trails, habitat protection and connectivity, clean water, clean air, food production, and increased resilience to climate change.</p> <p>SCAG has established a Technical Advisory Committee (TAC) to develop data guidelines, parameters, and criteria for the SoCal Greenprint tool. The tool will align with SCAG's Regional Advance Mitigation Program Policy Framework and 2020 RTP/SCS Programmatic Environmental Impact Report (EIR) mitigation measures.</p>	<p><u>June 2023</u> – Formation of TAC</p> <p><u>June 2023</u> – Consultant selection (Arup) for development of SoCal Greenprint tool</p> <p><u>June-October 2023</u> – 3 TAC meetings held – one OCTA staff member sat on TAC</p> <p><u>February 2024</u> – Regional Council adopted draft Data Standards for Greenprint Tool</p> <p><u>Summer 2024</u> – Perform beta testing and complete tool development</p>	Monitor and provide input to ensure OCTA's environmental mitigation programs and policies are considered and not impacted.	Review and comment on related materials.

## Regional Planning Activities May 2024

### Los Angeles County Metropolitan Transportation Authority (Metro)

Summary		Key Dates	OCTA Interest	OCTA Role
<b>2028 Olympics</b>	<p>The Greater Los Angeles Area is preparing for the 2028 Olympics. This will include coordination between OCTA, Metro, and other planning agencies in the area.</p> <p>Metro's refined project list (48 total projects) is comprised of the following:</p> <ul style="list-style-type: none"> <li>• Congestion management (nine projects)</li> <li>• First-last mile and active transportation (seven projects)</li> <li>• Bus (11 projects)</li> <li>• Rail (ten projects)</li> <li>• Systemwide (eight projects)</li> <li>• Regional rail (five projects)</li> </ul>	<p><u>December 2020</u> – Metro Board of Directors approved Mobility Concept Plan</p> <p><u>April 2022</u> – Mobility Concept Plan presented to stakeholders</p> <p><u>December 2023</u> – Mobility Concept Plan and Projects list approved by Metro Board of Directors</p>	<p>Coordinate with Metro and the City of Los Angeles as preparations begin for the 2028 Olympics.</p> <p>Monitor development of financing/ funding strategy and potential implementation of program of projects.</p>	Coordinate with Metro and other partner agencies.
<b>Metro L (Gold) Line Eastside Transit Corridor Phase 2</b>	<p>Environmental process and advanced conceptual engineering for extending the Gold Line further east from its current terminus at Pomona Boulevard and Atlantic Boulevard in East Los Angeles potentially through the cities of Commerce, Montebello, Pico Rivera, Santa Fe Springs, Whittier, and the unincorporated communities of East Los Angeles and West Whittier-Los Nietos.</p>	<p><u>February 2020</u> – Metro Board of Directors approved proceeding with the project's environmental process and withdrawing the State Route 60 and combined alternatives from further consideration in the environmental study</p> <p><u>Winter 2024</u> – Anticipated certification of Final EIR by Metro Board of Directors</p> <p><u>2023- 2028</u> – Final design phase</p> <p><u>2029</u> – Start of construction</p> <p><u>2035</u> – Phase 2 in service</p>	<p>Support alternatives that create potential for future connections into Orange County.</p>	Monitoring.

## Regional Planning Activities May 2024

### Metro (continued)

Summary		Key Dates	OCTA Interest	OCTA Role
<b>West Santa Ana Branch Transit Corridor Project</b>	In January 2022, the Metro Board of Directors approved Los Angeles Union Station as the northern terminus and the 14.5-mile route from Slauson/A (Blue) Line to Pioneer Boulevard in the City of Artesia as the locally preferred alternative for the initial segment between the City of Artesia and downtown Los Angeles. The new light rail transit line will connect downtown Los Angeles to southeastern Los Angeles County, which could provide potential for a future extension into Orange County along the Pacific Electric Right-of-Way.	<p><u>July 2021</u> – Draft environmental document for public comment</p> <p><u>January 2022</u> – Selection of a locally preferred alternative and project terminus</p> <p><u>Spring 2024</u> – Metro Board of Directors anticipated certification of Final EIR</p> <p><u>2041</u> – Anticipate opening service of initial segment</p>	Support alternatives that create potential for future connections into Orange County.	Monitoring.

## Southeast Gateway Line



Source: <https://www.metro.net/projects/southeastgateway/>

LA – Los Angeles

LACMTA – Los Angeles County Metropolitan Transportation Authority



February 26, 2024

**VIA ELECTRONIC SUBMISSION**

Ms. Ginger Vagenas  
U.S. Environmental Protection Agency (EPA), Region IX  
75 Hawthorne Street  
San Francisco, California 94105  
[vagenas.ginger@epa.gov](mailto:vagenas.ginger@epa.gov)  
[www.regulations.gov](http://www.regulations.gov)

**Subject: Docket ID No. EPA–R09– OAR–2023–0626  
Joint Request for a 30-Day Extension of Comment Deadline on EPA Proposed  
Action to Disapprove South Coast Air Quality Management District Final  
Contingency Measure State Implementation Plan for the 1997 8-Hour Ozone  
Standard in the South Coast Air Basin (89 Fed. Reg. 7320)**

Dear Ms. Vagenas:

The Southern California Association of Governments (SCAG), along with the six County Transportation Commissions (CTCs) in our region, including of the Imperial County Transportation Commission (ICTC), Los Angeles County Metropolitan Transportation Authority (Metro), Orange County Transportation Authority (OCTA), Riverside County Transportation Commission (RCTC), San Bernardino County Transportation Authority (SBCTA), and Ventura County Transportation Commission (VCTC), write to request a 30-day extension of the comment deadline on the above-referenced proposal (Docket ID No. EPA–R09– OAR–2023–0626). The proposal was published in the Federal Register (89 Fed. Reg. 7320) on February 2, 2024 with a current comment deadline of March 4, 2024. EPA is taking comments on the proposal and plans to follow with a final action.

SCAG is the nation’s largest metropolitan planning organization and council of governments for the six counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura and 191 cities in the SCAG region, which is home to a population of nearly 19 million people and powering the 16th largest economy in the world. SCAG is responsible for developing long-range, regional transportation plans and short-term, regional transportation improvement programs and providing broad-based representation of Southern California’s cities and counties. The six CTCs in

the SCAG region are responsible for identifying and implementing multi-modal transportation projects in their respective counties within the SCAG region.

If the disapproval is finalized as proposed, it has the potential to set in motion far-reaching consequences on critical aspects of our region's regional transportation planning, programming, project implementation, and the region's economy. The current 31-day comment period is too short to allow for careful analysis and thoughtful comments on the disapproval's implications for the SCAG region and beyond. Therefore, we respectfully request a 30-day extension of the comment deadline to April 3, 2024.

Our agencies fully support and advocate for clean air. This 30-day extension provides us and other stakeholders with a robust and fair opportunity to prepare meaningful comments that could inform EPA's final action or additional pathways besides full disapproval. The significant implications of proposed disapproval warrant fuller consideration and require more time than the currently provided 31 days.

Finally, EPA is bound by a proposed court-ordered deadline to finalize action by July 1, 2024 (89 Fed. Reg. 3396), and that proposed deadline is relevant to EPA's decision of whether to extend the comment deadline for the proposed disapproval. We believe the requested 30-day extension would still allow sufficient time (89 days) for EPA to complete the rulemaking process by July 1, 2024.

We appreciate your consideration of this request and respectfully urge EPA to act quickly to extend the deadline. Please contact Sarah Jepson, Chief Planning Officer, SCAG, at [jepson@scag.ca.gov](mailto:jepson@scag.ca.gov) or (213) 236-1955 if you have questions regarding this request.

Sincerely,



Kome Ajise  
Executive Director  
Southern California Association of  
Governments



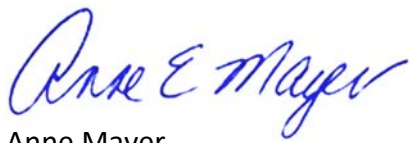
Martin Erickson  
Executive Director  
Ventura County Transportation Commission



David Aguirre  
Executive Director  
Imperial County Transportation Commission



Darrell E. Johnson  
Chief Executive Officer  
Orange County Transportation Authority



Anne Mayer  
Executive Director  
Riverside County Transportation Commission



Stephanie Wiggins  
Chief Executive Officer  
Los Angeles County Metropolitan  
Transportation Authority



Ray Wolfe  
Executive Director  
San Bernardino County Transportation  
Authority

CC: Martha Guzman, EPA Region IX  
Karina O'Connor, EPA Region IX  
Michael Dorante, EPA Region IX  
Nesamani Kalandiyur, California Air Resources Board  
Wayne Nastri, South Coast AQMD  
Sarah Rees, South Coast AQMD  
Ian McMillan, South Coast AQMD



April 2, 2024

**VIA ELECTRONIC SUBMISSION**

Ms. Ginger Vagenas  
U.S. Environmental Protection Agency (EPA), Region IX  
75 Hawthorne Street  
San Francisco, California 94105  
[vagenas.ginger@epa.gov](mailto:vagenas.ginger@epa.gov)  
[www.regulations.gov](http://www.regulations.gov)

**Subject: SCAG Region Comments on U.S. EPA's Proposed Disapproval of South Coast Contingency Measure State Implementation Plan for the 1997 Federal Ozone Standard [Docket ID No. EPA-R09- OAR-2023-0626]**

Dear Ms. Vagenas:

On behalf of the Southern California Association of Governments (SCAG) and Southern California's six County Transportation Commissions (CTCs), we appreciate the opportunity to comment on United States Environmental Protection Agency's (EPA) proposed disapproval of the South Coast Air Basin Contingency Measure State Implementation Plan (SIP, also referred to as "Plan") for the 1997 federal ozone standard (proposed disapproval) (89 Fed. Reg. 7320). We ask EPA to approve the Plan rather than the proposed disapproval. Otherwise, we strongly propose either conditional approval that supports meaningful partnerships, or partial approval that provides realistic and short pathway to resolve the underlying issues. For all these alternative actions, EPA must recognize, take actions, and deliver its fair share of emission reduction from federal sources.

SCAG is the nation's largest metropolitan planning organization and council of governments for the six counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura and 191 cities in them. The region is home to a population of nearly 19 million people and powers the 16th largest economy in the world. SCAG is responsible for developing long-range regional

transportation plans and short-term regional transportation improvement programs, and providing broad-based representation of Southern California's cities and counties. The six CTCs are responsible for identifying and implementing multi-modal transportation projects in their respective counties within the SCAG region.

We strongly support and are fully committed to reducing air pollution and protecting public health. The South Coast Air Quality Management District (AQMD) has been implementing the most stringent regulations in the nation for stationary sources under its authority. The California Air Resources Board (CARB) has adopted and is implementing cutting-edge regulations to reduce mobile and area source emissions. The State and the SCAG region have invested billions of dollars and developed policies to accelerate the development and deployment of clean transportation technology and infrastructure. As part of the essential control measures in the state implementation plans to attain federal air quality standards in the South Coast Air Basin, SCAG has been collaborating with CTCs to implement the most robust and best available transportation control measures. Furthermore, SCAG's long-range Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and the short-range Federal Transportation Improvement Program (FTIP) have been demonstrating transportation conformity to support the attainment of federal health-based air quality standards throughout the SCAG region. Collectively, we have achieved more than the region's share of emission reductions that are under our authority toward federal attainment.

Since the 1997 ozone standard, emissions under the State and regional control have declined by 70 percent, while emissions subject to EPA's authority have only declined by 15 percent. More significantly, over 80 percent of NO<sub>x</sub> emissions are from mobile sources, and about three-quarters of these emissions are from sources for which the EPA is responsible, such as trucks, ships, aircraft, locomotives, and similar heavy-duty engines. Therefore, it is critical that EPA plays a proactive role in taking regulatory actions, providing funding, supporting and providing opportunities for partnerships. A full disapproval of the Plan only distracts from the important work we need to do together. Instead, we encourage EPA to provide a more meaningful opportunity to develop actions that will result in real, cleaner air while avoiding negative impacts by exploring other pathways such as conditional approval.

If the disapproval is finalized as proposed, it has the potential to set in motion far-reaching consequences on critical aspects of regional transportation planning, programming, project delivery, and the regional economy. It could result in not only the loss of tens of billions of federal highway funds and/or federal approval but hundreds of billions in local dollars invested in significant transportation projects and delay of needed renovation, improvement, and repairs. The SCAG region already struggles to achieve a state of good infrastructure repair and the imposition of highway sanctions would likely balloon deferred maintenance. Traffic congestion in the SCAG region already equates to a nearly \$9 billion annual loss in productivity even without highway sanctions. Uncertainty over sanctions can discourage private investment, especially in transportation-related industries, further impacting the regional economy and risking readiness for the 2028 Summer Olympics. Additionally, since sanctions limit the ability to develop future

non-exempt projects, we will lack the opportunity to develop shovel-ready projects putting our region at a competitive disadvantage for funding for years to come.

To this end, it could become more difficult for our regional transportation planning, programming, and project selection process to meet federal transportation performance goals as related to transportation infrastructure condition, freight, and passenger vehicle movement travel time reliability. Many CTC projects are the result of performance-based decisions at the county or Caltrans district level and meet needs and goals that align with and achieve regional goals and performance targets.

The delay of much-needed repairs and investments to our roadways and transportation infrastructure has the potential to exacerbate air quality concerns. Because most areas within the SCAG region are designated as nonattainment or maintenance areas for one or more transportation related criteria pollutants under the federal Clean Air Act, our RTP/SCS must conform to the applicable State Implementation Plan (SIP) in the SCAG region, including this Contingency Measure SIP to address the 1997 National Ambient Air Quality Standard for ozone in the South Coast Air Basin. The transportation investments in the SCAG region are tailored to meeting not only federal transportation conformity requirements, but also California's ambitious goal to achieve carbon neutrality by 2045.

The potential threat of loss or delay of federal funding or approval could also have a negative impact on the traveling public and communities. This comes at a time when we are actively planning regional transportation and housing policies and projects that involve removing, retrofitting, repairing, or mitigating highways or other transportation facilities that create barriers to community connectivity, including mobility, access, or economic opportunities. Even a temporary freeze on new highway construction could prevent our agencies from "obligating" federal highway funds, which could, in turn, result in a loss of those federal dollars. This could also limit localities' ability to better connect disadvantaged communities to jobs, healthcare facilities, healthy food, open spaces, or to better link businesses and provide resources to those disproportionately burdened and vulnerable communities.

In addition to the potential threat of loss or delay of federal funding or approval, there could be serious economic impacts. Highway sanctions could lead to massive layoffs of construction workers and of workers who supply a multitude of materials, equipment, and services to construction because impacted transportation projects would not move forward with implementation. It could also have negative economic impacts on communities that build around these jobs. The highway system allows buses and trucks to perform essential roles that support the efficient movement of people and goods in the region. Investment in the highway network is vital to address congestion, efficiency, and travel time reliability, and meet the needs of businesses and residents. The region is also at a critical juncture regarding the transition to clean transportation and has made substantial progress in planning for zero-emission heavy-duty vehicles and supporting infrastructure. By delaying critically needed projects, highway sanctions could threaten the economic well-being of the region. These regional and community-wide economic impacts would occur at a time (in year 2026) when the Los Angeles area is set to host

the 2026 FIFA World Cup matches and two years before Los Angeles hosts the 2028 Summer Olympics. They could turn into an unprecedented global impact.

These harsh economic impacts are specific to the SCAG region. However, we are not alone in needing greater federal partnership to achieve clean air goals. Many areas across the country are also in high levels of ozone nonattainment. In the future, these areas will find themselves in the same position as us and face sanctions. We hope that EPA will consider the significant implications of the disapproval on the SCAG region and the much broader, nationwide ramifications.

We are also deeply concerned about the challenges in resolving the underlying deficiencies necessary to lift the sanctions once they are imposed. Prolonged imposition of the sanctions would exacerbate the magnitude of all the aforementioned negative impacts.

It is our understanding that the South Coast AQMD has submitted a comment letter with regard to the above-entitled action. We would like to reiterate their concerns and the needed federal actions.

Finally, we urge EPA not to disapprove the Contingency Measure SIP as proposed. If full approval is not possible, we would strongly support either conditional approval that supports meaningful partnerships, or partial approval and partial disapproval that offer a realistic and short pathway to resolve the underlying issues. These are the only actions that can lead to timely attainment of the air quality standards, clean air that the area residents deserve, and avoidance of the serious consequences in the South Coast region.

Again, we appreciate this opportunity to share our comments. We support and are fully committed to partnering with our air regulators and transportation planning partners at all levels to achieve federal and state clean air and climate goals through solution-driven collaboration rather than invoking highway sanction to penalize the region for emissions beyond our control.

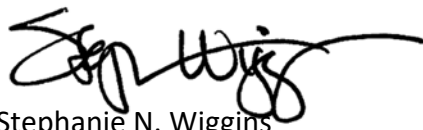
Sincerely,



Kome Ajise  
Executive Director  
Southern California Association of Governments



David Aguirre  
Executive Director  
Imperial County Transportation Commission



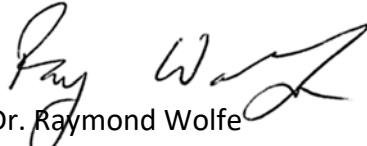
Stephanie N. Wiggins  
Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority



Darrell E. Johnson  
Chief Executive Officer  
Orange County Transportation Authority



Anne Mayer  
Executive Director  
Riverside County Transportation Commission



Dr. Raymond Wolfe  
Executive Director  
San Bernardino County Transportation  
Authority



Martin Erickson  
Executive Director  
Ventura County Transportation Commission

CC: Martha Guzman, EPA Region IX  
Karina O'Connor, EPA Region IX  
Michael Dorante, EPA Region IX  
Nesamani Kalandiyur, California Air Resources Board  
Wayne Nastri, South Coast AQMD  
Sarah Rees, South Coast AQMD  
Ian McMillan, South Coast AQMD

# Regional Planning Update

# Overview

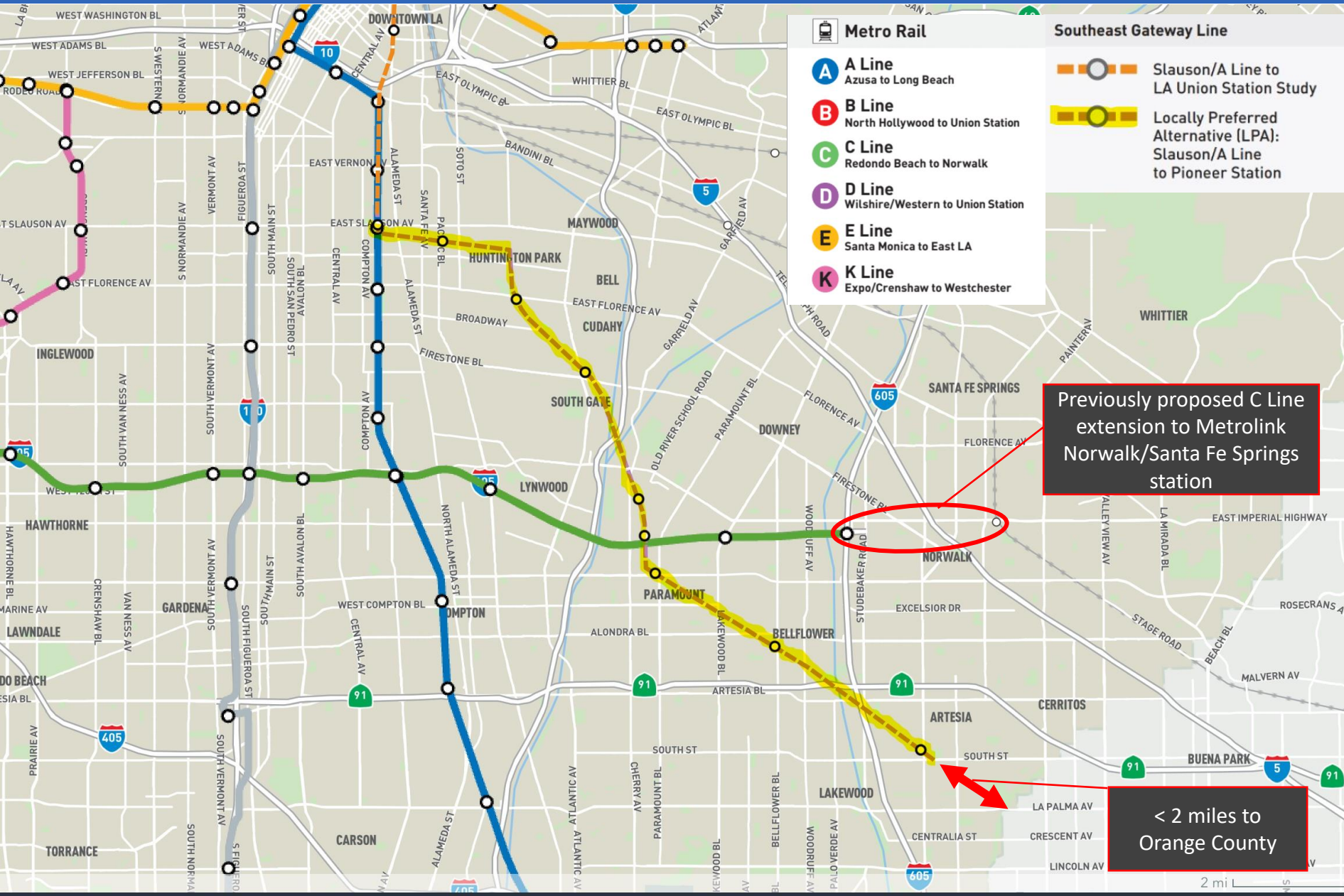
- This update focuses on:

Metro Southeast Gateway Line Project

Potential Federal Highway Funding Sanctions

2024-2050 Regional Transportation Plan/Sustainable Communities Strategy

# Southeast Gateway Line Project



**Summer 2024**  
Environmental phase complete

**Fall 2024**  
Slauson/A Line to Union Station Study complete

**2025-2026**  
Begin construction

**2034-2036**  
Begin service

# Potential Federal Highway Funding Sanctions

1997:

- **Federal Ozone standard established**
  - South Coast Air Basin required to meet by 2023

2019:

- **Contingency Measure Plan submitted**
  - Defines 'black box' emission reduction measures in the 2016 Air Quality Management Plan
  - Nearly 2/3 of needed reductions are under federal authority

July  
2021:

- **Federal action deadline to approve or disapprove**
  - No action taken

April  
2023:

- **South Coast Air Quality Management District files lawsuit**
  - Intended to compel a commitment to emission reductions from federally regulated sources
  - Includes environmental advocate organizations

February  
2024:

- **Proposed action to disapprove filed in Federal Register**
  - Site "no basis" to accept responsibility for emissions from federal sources

July 31,  
2024:

- **Final federal action anticipated**
  - 24-month federal highway funding sanction clock begins if disapproved

*If Sanction come in play...*

## Funding Restrictions

- Prohibit approval of projects or the awarding of grants.

## Project Delays

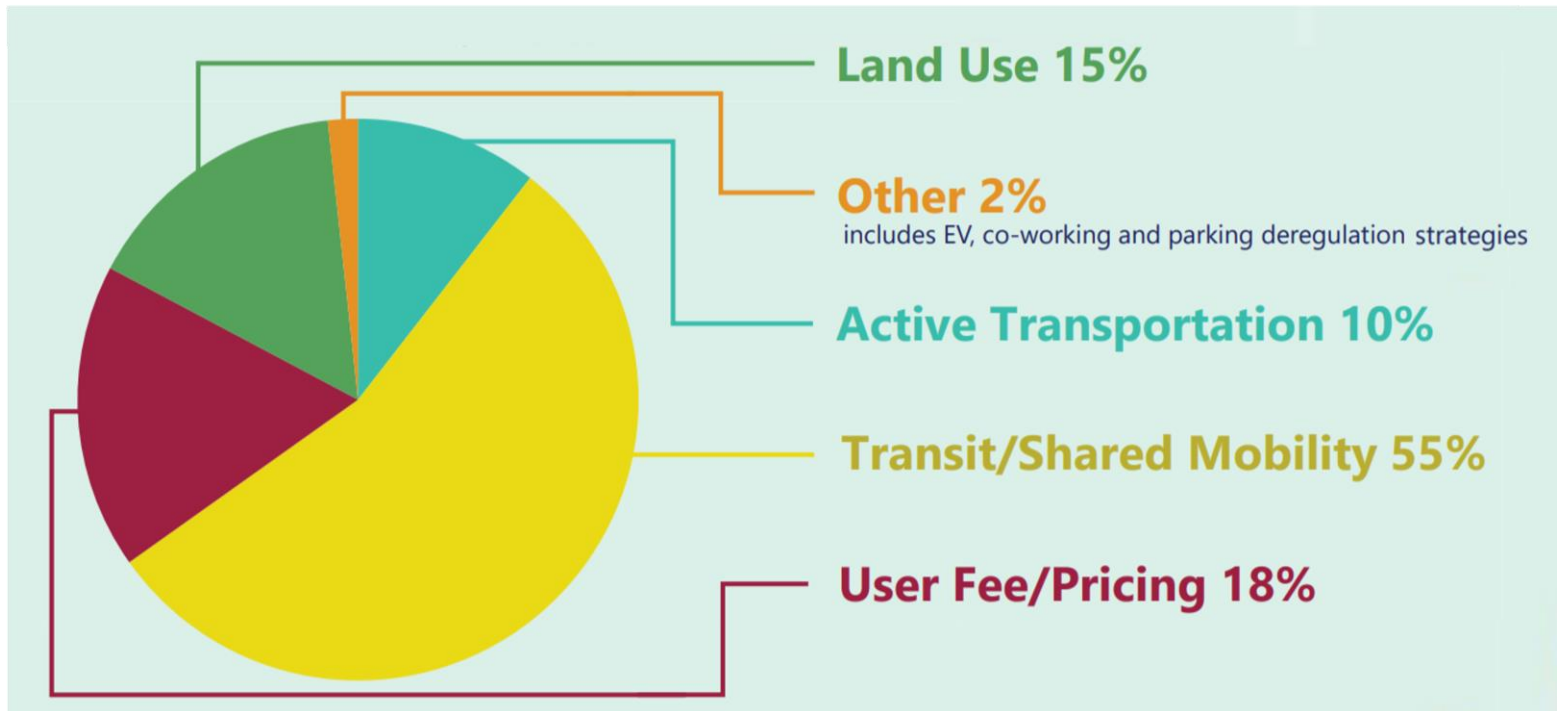
- Delayed or halted projects can affect economic development and transportation efficiency.

## Deferred Maintenance

- While projects related to transit and safety are exempt, the overall reduction in funding can impact the maintenance and operation of the transportation system.

# 2024-2050 RTP/SCS

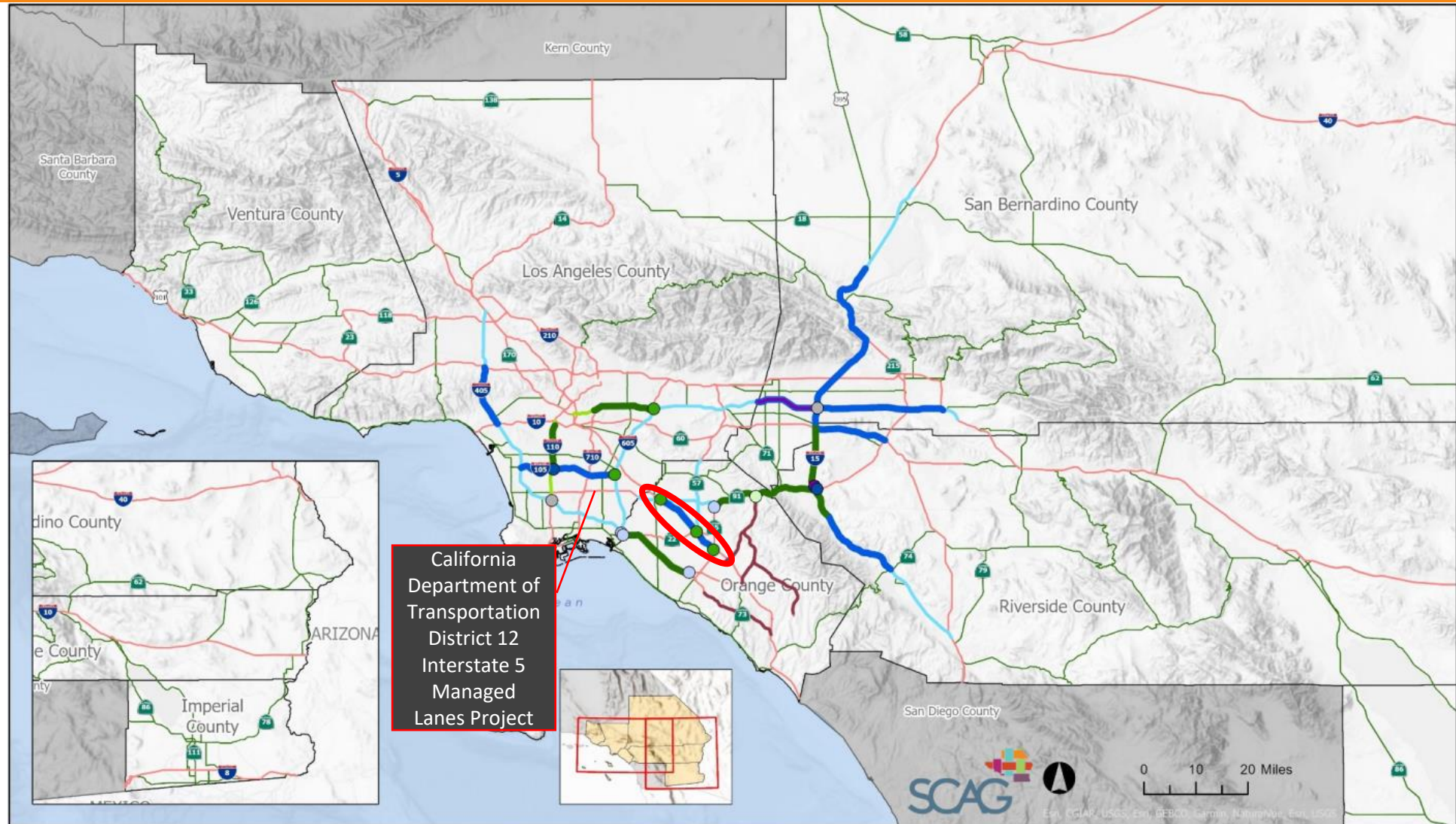
## Achieving the Regional Greenhouse Gas Reduction Target for 2035 (19 percent per capita from 2005 levels)



## Dependent on assumed “Regional Strategic Investments”

- Beyond County Transportation Commission (CTC) project submittals
  - CTCs not responsible for implementing
- Includes pricing assumptions:
  - Priced parking
  - Congestion pricing (Los Angeles only)
  - Mileage-based user fees
  - Tolled express lanes

# RTP/SCS Express Lanes Network



California  
Department of  
Transportation  
District 12  
Interstate 5  
Managed  
Lanes Project

# Next Steps

## Continue monitoring and engaging in:

Partner agency projects that may influence Orange County travel

Strategies to avoid federal highway funding sanctions

State and federal approval processes for the 2024-2050 RTP/SCS

Coordination on tolled express lane planning & implementation



## COMMITTEE TRANSMITTAL

**May 28, 2024**

**To:** Members of the Board of Directors  
**From:** Andrea West, Clerk of the Board *Andrea West*  
**Subject:** Measure M2 Eligibility for the City of Cypress

### Executive Committee Meeting of May 6, 2024

**Present:** Directors Chaffee, Do, Hennessey, Jung, Nguyen, and Wagner  
**Absent:** None

### **Committee Vote**

This item was passed by the Members present.


### **Committee Recommendations**

- A. Authorize the Chief Executive Officer to negotiate, execute, and amend the settlement agreement with the City of Cypress to reduce the term to deliver the maintenance of effort requirement to one year and remove an audit requirement for fiscal year 2023-24.
- B. Approve the City of Cypress eligible to receive Measure M2 net revenues upon execution of the amended settlement agreement.
- C. Direct staff to reinitiate payments to the City of Cypress for Measure M2 net revenues, which were held during its period of ineligibility (less fiscal year 2022-23 audit costs) within ten days of execution of the amended settlement agreement.



**May 6, 2024**

**To:** Executive Committee

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

**Subject:** Measure M2 Eligibility for the City of Cypress

### **Overview**

In 2023, the Orange County Transportation Authority Board of Directors found the City of Cypress ineligible to receive Measure M2 net revenues due to an insufficient investment of discretionary funds in fiscal year 2021-22 for streets and roads purposes to meet the Measure M2 maintenance of effort requirement. A recent accounting of the City of Cypress' Measure M2 maintenance of effort expenditures for fiscal year 2022-23 found that the City of Cypress has met its minimum maintenance of effort expenditure requirement, including the shortfall amount. The Orange County Transportation Authority Board of Directors is being asked to consider reinstating the City of Cypress' Measure M2 eligibility status.

### **Recommendations**

- A. Authorize the Chief Executive Officer to negotiate, execute, and amend the settlement agreement with the City of Cypress to reduce the term to deliver the maintenance of effort requirement to one year and remove an audit requirement for fiscal year 2023-24.
- B. Approve the City of Cypress eligible to receive Measure M2 net revenues upon execution of the amended settlement agreement.
- C. Direct staff to reinitiate payments to the City of Cypress for Measure M2 net revenues, which were held during its period of ineligibility (less fiscal year 2022-23 audit costs) within ten days of execution of the amended settlement agreement.

### **Background**

The Measure M2 (M2) Ordinance outlines eligibility requirements that each local jurisdiction must continually satisfy to receive net revenues from the M2 Program. One of the requirements is that a local jurisdiction must continue to invest a certain level of discretionary revenues, such as general funds that

support street and road activities, to be deemed eligible for any M2 funding. This requirement is rooted in the California Public Utilities Code (PUC) 180001 that enables local transportation authorities to seek voter approval for sales tax measures. The PUC states the intent of the legislature is that funds generated through a sales tax ordinance “shall supplement existing local revenues used for public transportation purposes and that local governments maintain their existing commitment of local funds for transportation purposes” (PUC 180200). This requirement is referred to as maintenance of effort (MOE).

In June 2021, the City of Cypress (City) provided MOE certification to the Orange County Transportation Authority (OCTA) as part of its M2 eligibility verification package submittal. The certification stated that the City had budgeted sufficient expenditures for fiscal year (FY) 2021-22, consistent with the following requirement:

“The Authority shall not allocate any net revenues to any jurisdiction for any fiscal year until that jurisdiction has certified to the Authority that it has included in its budget for that fiscal year an amount of local discretionary funds for streets and roads purposes, at least equal to the level of its maintenance of effort requirement.”

Per M2 MOE requirements, the City was required to spend \$3,607,878 using discretionary revenues toward streets and roads-related costs. According to the expenditure report for FY 2021-22 that was approved by the city council and submitted to OCTA, the City spent \$3,892,903 toward the MOE requirement. However, an independent review of the City’s expenditures, through the annual eligibility process conducted in coordination with the TOC and Internal Audit, identified ineligible direct charges and found that indirect costs allocated to MOE could not be verified based on a reasonable methodology. After the removal of ineligible direct costs and unsupported indirect costs, the City did not meet the MOE requirement for FY 2021-22. Consistent with M2 Ordinance requirements, on May 22, 2023, the OCTA Board of Directors (Board) found the City ineligible to receive M2 net revenues. As part of that action, the OCTA Board specified that the following actions be completed by OCTA staff in conjunction with the finding of ineligibility.

- Suspend payments to the City of net M2 revenues;
- Deduct audit costs related to this eligibility finding from any future net M2 payments to the City;
- Require the City to demonstrate supplemental investment of discretionary transportation funds equal to the amount of discretionary investment that was short of the MOE benchmark in FY 2021-22 (approximately \$1.38 million) as a condition of accessing suspended funds upon being found an eligible jurisdiction, and

- Authorize the Chief Executive Officer to negotiate and execute an agreement with the City outlining the process to re-establish eligibility.

***Discussion***

Throughout fall 2023 and early 2024, OCTA worked with City staff to implement and address the required actions. An independent accounting firm, BCA Watson Rice, LLP (auditors), applied agreed-upon procedures (AUP) to the City's M2 MOE-related expenditures for FY 2022-23 to determine whether the City had met its obligation under the settlement agreement. The auditors reported that, based on the AUP, the City had incurred expenditures sufficient to meet its obligations under the settlement agreement, which included the City's MOE requirement plus the shortfall amount in MOE expenditures identified in FY 2021-22. These findings were presented to the Finance and Administration Committee on April 24, 2024, and will be presented to the Board on May 13, 2024.

**Other Eligibility Requirements**

M2 includes 13 eligibility requirements that all 35 local agencies are required to comply with in order to receive M2 net revenues and agencies must submit required documents by June 30. The City submitted all required M2 eligibility verification documents prior to June 30, 2023.

These documents were received and reviewed by OCTA staff, the Taxpayer Oversight Committee's (TOC) Annual Eligibility Review Subcommittee, and the full TOC. In February 2024, M2 eligibility findings for FY 2023-24 were advanced to the OCTA Regional Transportation Planning Committee and Board for consideration and approval. However, due to the City's ineligibility, the Board elected to only receive and file the City's M2 eligibility verification documents until the resolution of the prior year's MOE shortcomings had been remedied.

Based on the results of the AUP of the City's MOE expenditures for FY 2022-23, the City has met its obligation under the settlement agreement, and it is recommended that the City now be found eligible again to receive M2 net revenues and the suspended M2 funds that were being held in reserve during the period of the City's ineligibility (less the FY 2022-23 AUP costs). These actions, if approved by the Board, would conclude the City's period of M2 ineligibility and would also place the City back on an eligibility review cycle consistent with all other eligible Orange County local agencies.

**Amendment to the Agreement**

At the time the settlement agreement was executed, the City indicated that they may need more than one year to make up for the MOE underrun. The settlement agreement was structured to respond to this possibility and provides the City two years to deliver the MOE underrun. However, the City was able to both make up for the MOE shortfall found for FY 2021-22 and deliver its current year MOE in FY 2022-23. Staff is recommending that the settlement agreement be amended so that the City can move forward and be found eligible without having to wait another year. The proposed amendment would also remove the requirement to conduct another AUP of City MOE expenditures for FY 2023-24 and would put the City back into the regular review cycle.

**Summary**

Auditors have applied AUP to the City's M2 MOE-related expenditures for FY 2022-23 and have reported that the City has made up the FY 2021-22 MOE as well as delivered its current year MOE. Staff is recommending an amendment to the settlement agreement to reduce the term to deliver the FY 2021-22 shortfall to one year and remove the audit requirement for FY 2023-24, reinstate City eligibility upon execution of the amended settlement agreement, and direct staff to reinstate payments to the City that were held during the period of ineligibility (less FY 2022-23 audit costs) within ten days of execution of the amended settlement agreement. If approved by the Board, these actions would conclude the City's period of M2 ineligibility and place the City back on an eligibility cycle consistent with other eligible local agencies.

**Attachment**

- A. City of Cypress Measure M2 Maintenance of Effort Independent Accountant's Report on Applying Agreed-Upon Procedures for the Year Ended June 30, 2023

**Prepared by:**

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Department Manager,  
Capital Programming  
(714) 560-5915

**Approved by:**

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

# **CITY OF CYPRESS**

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## **MEASURE M2 MAINTENANCE OF EFFORT**

### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

**For the Year Ended June 30, 2023**



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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Orange County Local Transportation Authority (OCLTA), related to the City of Cypress' (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Measure M2) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance.

The OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with Measure M2 Maintenance of Effort (MOE) requirements as of and for the fiscal year ended June 30, 2023. We make no representations regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings are as follows:

- 1) Obtain the Settlement Agreement between OCTA and the City and identify the required minimum amount to be spent on MOE expenditures.

**Findings:** Per the Settlement Agreement between OCTA and the City, the required minimum amount to be spent on MOE expenditures is \$4,988,926, which includes the minimum required MOE expenditures for FY 2022/2023 of \$3,607,878 and a shortfall from FY 2021/2022 of \$1,381,048.

- 2) Describe which funds the City used to track all street and road expenditures and inquire how the City identifies MOE expenditures in the general ledger.

**Findings:** MOE expenditures were tracked in the City's general ledger by fund (three digits), programs (five digits), and in some cases, a sub-program (four digits). There are two types of expenditures recorded in the City's general ledger applied against the MOE – right-of-way maintenance operating expenditures and capital project expenditures funded by the general fund.

Expenditures for personnel, supplies, and services in the following maintenance operating program (70212) are applied against the MOE and recorded in the City's General Fund (111).

- Street Maintenance (111-70212-7212)
- Street Cleaning (111-70212-7213)
- Traffic Safety (111-70212-7214)
- Tree Maintenance (111-70212-7216)
- Parkway Maintenance (111-70212-7217)
- Sidewalk Repair (111-70212-7238)

Expenditures for street right-of-way Capital Improvement Program projects paid using the City's General Funds are applied against the MOE and recorded in the City's Capital Projects Fund (415). For FY 2022/2023, the following street projects (80100) and parkway projects (80500) were fully or partially funded with General Fund monies.

- Residential Street Resurfacing (415-80100-8011)
- Arterial Street Rehabilitation (415-80100-8012)
- Sidewalk/Concrete Repair (415-80500-8051)
- Tree Planting (415-80500-8055)

Additionally, a portion of personnel costs charged to storm drain maintenance (261-70281) is applied to the MOE for annual catch basin cleaning and recorded in the Storm Drainage Fund (261).

Furthermore, indirect costs are computed separately, utilizing the indirect cost rates derived from the City's FY 2021/2022 Cost Allocation Plan finalized in October 2023. These rates are applied to the actual FY 2022/2023 direct labor and fringe charges associated with the Right-of-Way Maintenance Operating expenditures and the Storm Drain Maintenance expenditures related to annual catch basin cleaning are included in the MOE for FY 2022/2023.

- 3) Obtain the details of MOE expenditures for the Fiscal Year ended June 30, 2023, and agree the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, Line 18). Explain any differences.

**Findings:** The City's Expenditure Report (Schedule 3, Line 18) recorded total MOE expenditures of \$5,108,162. The details of MOE expenditures for the Fiscal Year ended June 30, 2023, also totaled \$5,108,162. No discrepancies were identified between the City's Expenditure Report and the detailed MOE expenditures breakdown.

- 4) Select a sample of MOE expenditures from the City's general ledger expenditure detail, ensuring adequate coverage. Describe the number and percentage of total expenditures selected for testing. For each item selected, perform the following:
  - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers, timecards, journal vouchers, or other appropriate supporting documentation.
  - b. Verify that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

**Findings:** We selected 50 direct MOE expenditures totaling \$2,552,782, which represents approximately 64.8% of direct MOE expenditures of \$3,936,940 for the fiscal year ended June 30, 2023. No exceptions were found as a result of this procedure.

- 5) Identify whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the City's Expenditure Report (Schedule 3, Line 1). Explain any differences. If applicable, obtain details of the indirect costs charged and select a sample of charges for inspection, ensuring adequate coverage. Inspect supporting documentation for reasonableness and appropriate methodology.

**Findings:** For FY 2022/2023, indirect costs of \$1,171,222 were included within the overall MOE expenditures of \$5,108,162. These indirect costs agreed with the amount reported in the City's Expenditure Report (Schedule 3, line 1).

In FY 2022/2023, the calculation of indirect costs was conducted separately, utilizing the indirect cost rates/percentages determined in the City's FY 2021/2022 Cost Allocation Plan, and the indirect cost rates/percentages were applied to the actual direct labor and fringe costs associated with the Right-of-Way Maintenance Operating expenditures and the Storm Drain Maintenance expenditures related to annual catch basin cleaning.

The City engaged an external contractor, Revenue and Cost Specialist, LLC to develop a cost allocation plan utilizing actual audited amounts from FY 2021/2022. The indirect cost rates/percentages derived from this plan were applied to calculate the indirect costs for FY 2022/2023. This cost allocation process adhered to Office of Management and Budget guidelines and underwent thorough review and certification by the City.

The methodology used to calculate and allocate the \$1,171,222 in indirect cost to MOE expenditures appears to be reasonable, appropriate, and adequately supported.

- 6) The auditor report should include details of any ineligible and/or questioned costs and report the remaining total MOE expenditures after the removal of such items. This should be compared to the amount required to be spent per procedure 1) above.

**Findings:** Based on our procedures performed, no ineligible and/or questioned costs were detected.

We were engaged by OCTA to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with Measure M2 MOE requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management and the board of directors of OCTA and the City and is not intended to be and should not be used by anyone other than those specified parties.

*BCA Watson Rice, LLP*

Torrance, California  
March 18, 2024



## COMMITTEE TRANSMITTAL

**May 28, 2024**

**To:** Members of the Board of Directors  
**From:** Andrea West, Clerk of the Board *Andrea West*  
**Subject:** Measure M2 Eligibility for the City of Buena Park

### Executive Committee Meeting of May 6, 2024

**Present:** Directors Chaffee, Do, Hennessey, Jung, Nguyen, and Wagner  
**Absent:** None

### **Committee Vote**

This item was passed by the Members present.


### **Committee Recommendations**

- A. Seek reimbursement of \$387,576 from the City of Buena Park and find the City of Buena Park ineligible to receive Measure M2 net revenues for five years pursuant to Section 10.4 of Ordinance No. 3.
- B. Authorize the Internal Auditor to engage independent auditing services to apply agreed-upon procedures to review the City of Buena Park's Measure M2 Local Fair Share program and other expenditures for fiscal year 2023-24, fiscal year 2024-25, fiscal year 2025-26, fiscal year 2026-27, and fiscal year 2027-28 to enable the City of Buena Park to reestablish eligibility and authorize staff to deduct the review costs from any future net Measure M2 payments to the City of Buena Park.
- C. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Buena Park to formalize the required actions to reestablish eligibility and other terms.



**May 6, 2024**

**To:** Executive Committee

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

**Subject:** Measure M2 Eligibility for the City of Buena Park

### **Overview**

The Orange County Transportation Authority's Internal Auditor issued results of an independent auditor's report related to the City of Buena Park's compliance with the Measure M2 requirements for fiscal year 2022-23. The independent auditor's report found that the City of Buena Park could not sufficiently support their use of Measure M2 Local Fair Share funds related to indirect labor charges thereby resulting in the use of the funds being disallowed. Based on this information, recommendations to address the independent auditor's report finding are presented.

### **Recommendations**

- A. Seek reimbursement of \$387,576 from the City of Buena Park and find the City of Buena Park ineligible to receive Measure M2 net revenues for five years pursuant to Section 10.4 of Ordinance No. 3.
- B. Authorize the Internal Auditor to engage independent auditing services to apply agreed-upon procedures to review the City of Buena Park's Measure M2 Local Fair Share program and other expenditures for fiscal year 2023-24, fiscal year 2024-25, fiscal year 2025-26, fiscal year 2026-27, and fiscal year 2027-28 to enable the City of Buena Park to reestablish eligibility and authorize staff to deduct the review costs from any future net Measure M2 payments to the City of Buena Park.
- C. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Buena Park to formalize the required actions to reestablish eligibility and other terms.

***Background***

In July 2006, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved and adopted the Renewed Measure M (M2) Ordinance No. 3 (M2 Ordinance). The M2 Ordinance became effective on November 8, 2006, after voters approved the one-half cent sales tax for transportation improvements. OCTA is designated as responsible for administering M2 and ensuring that OCTA's commitment to voters is followed, including numerous specific requirements, safeguards, and transparency provisions.

The M2 Ordinance requires local jurisdictions to annually submit an expenditure report that details all M2 net revenues, interest earned, expenditures, and expenditures of earned interest. Local jurisdictions' expenditure reports are signed by their respective Finance Director, adopted by City Council/Board of Supervisors, and submitted to OCTA within six months of the local jurisdiction's fiscal year (FY) end.

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayer Oversight Committee selects specific local jurisdictions for application of agreed-upon procedures (AUP) by OCTA's independent auditing firm. The AUP includes testing of expenditures for compliance with program requirements, review of indirect costs for adequate support and reasonableness, testing to ensure allocation of interest, and testing of the annual expenditure reports for accuracy. The independent auditing firm's report helps determine local jurisdictions' level of compliance with certain M2 Ordinance provisions.

For FY 2022-23, one of the local jurisdictions selected by the Subcommittee for review of the M2 Local Fair Share (LFS) program funding was the City of Buena Park (City). Crowe, LLP (auditors), OCTA's independent auditing firm, conducted interviews of City finance and program-related staff, and applied the AUP. The results of the effort were presented to the Finance and Administration Committee on April 24, 2024, and will be presented to the Board on May 13, 2024. The auditors reported one notable finding; the City could not provide sufficient support for its indirect LFS expenditures. As a result, the auditors disallowed a total of \$387,576.

This is not the first time that a city has had an AUP report finding noting a lack of reasonable methodology for determining indirect costs. To date, these findings have been related to the M2 eligibility requirement regarding maintenance of effort (MOE) involving local jurisdiction funds not M2 net revenues such as the LFS.

For these instances, the Board acted to:

- Find the local jurisdiction ineligible to receive or apply for net M2 revenues;
- Suspend payments to the local jurisdiction of net M2 revenues;
- Require the local jurisdiction to demonstrate supplemental investment of discretionary local funds for transportation equal to the amount of local discretionary investment that was short of the MOE benchmark identified as a condition of accessing suspended funds upon reinstatement of eligibility;
- Engage an independent auditing firm to apply AUP to verify MOE and supplemental investment of discretionary funds and deduct the costs related to the future review from any future net M2 payments to the local jurisdiction; and
- Authorize the Chief Executive Officer to negotiate and execute an agreement with the local jurisdiction outlining the process to re-establish eligibility.

OCTA continues to provide reminders and guidance through guidelines, eligibility workshops, and annual M2 Finance Director Workshops, stating that indirect costs must have a reasonable basis or methodology for cost allocation. Despite these efforts, there have been ineligibility determinations under similar circumstances.

### ***Discussion***

Continued investment in Orange County's transportation improvements is the cornerstone of M2. However, the specific type of funding, M2 net revenues through the LFS, is the critical distinction with the matter at hand. The difference between previous AUP report findings related to MOE and the City's finding is the specific funding utilized: local discretionary revenues versus M2 net revenues. The M2 MOE requires local jurisdictions to continue to invest a certain level of local revenues, such as general funds that support streets and road activities, to be deemed eligible to receive any M2 net revenues. The M2 LFS program provides 18 percent of M2 net revenues to eligible local jurisdictions for use on allowable transportation planning and implementation activities. OCTA, as the M2 administrator, is accountable to the taxpayers on uses of M2 revenues. This is the first instance where there has been a finding of disallowed expenditures for actual M2 net revenues that have been provided to a local jurisdiction under the M2 LFS program; as such, there is no precedent to address this, and the measures taken to address the MOE issues with other local jurisdictions do not apply.

The auditors' AUP report along with the City's response is included as Attachment A; specifically, the finding pertains to Procedure 8. The City reported indirect expenses for LFS, which are an allowable use. When inspecting these expenditures, the auditors "...requested the City to provide the documented methodology used to support the labor cost allocations..." However, "...the City was unable to provide such documentation. It was noted that allocation percentages for each employee were based on the Public Works managerial assumption of the time being spent on each account and was not based on historical or current data. As such, sufficient information was not available to confirm these costs as fair and reasonable." The auditors found that "...the entirety of these allocations, except for the allocated salary of one Street Maintenance Superintendent... were not deemed allowable per the [M2] Ordinance. The total disallowed was \$387,576."

The M2 Ordinance includes specific language to address safeguards related to the unauthorized use of M2 net revenues. Section 10.4 of the M2 Ordinance (Attachment B) states:

"No Net Revenues shall be used by a jurisdiction for other than transportation purposes authorized by the Ordinance. Any jurisdiction which violates this provision must fully reimburse the Authority for the Net Revenues misspent and shall be deemed ineligible to receive Net Revenues for a period of five (5) years."

The unsupported expenditures identified in the auditor's finding are not authorized by the M2 Ordinance. OCTA staff has carefully reviewed, considered, and consulted with legal counsel on how to address this matter. To ensure OCTA maintains compliance with the M2 Ordinance and continues to uphold public trust, staff recommends the Board adhere to the provisions of Section 10.4 of the M2 Ordinance by:

- Seeking reimbursement from the City for the disallowed indirect expenditures in the amount of \$387,576 (to be paid to OCTA by June 30, 2024) and,
- Finding the City ineligible to receive M2 net revenues for a period of five years, which would also exclude the City from participating in M2 competitive programs.

Since the City is ineligible, OCTA will not be allocating M2 net revenues to the City. For previous M2 ineligibility findings involving other jurisdictions, the Board has suspended payments and held funds in reserve for that local jurisdiction. Although this situation is different, the City is expecting that the estimated amounts, specifically for the LFS and Senior Mobility Program, be withheld within

the source programs and be released to the City once it has reestablished eligibility and demonstrated it was fulfilling M2 eligibility requirements throughout the five-year ineligibility period. This can be verified through future AUP reviews of FY 2023-24, FY 2024-25, FY 2025-26, FY 2026-27, and FY 2027-28 expenditures. Costs incurred for these reviews can be paid for by the City through a reduction in future M2 net revenues.

During the period of ineligibility, M2 net revenues the City has received to date can still be utilized. Further, the City has requested to incur M2-eligible expenditures at risk and be able to apply the expense to future M2 net revenues. Should the City choose to do so, these expenditures must be clearly identified in accounting records and included in annual M2 expenditure report submittals.

Pending Board action on this item, OCTA will work with the City to enter into a settlement agreement that details the specific requirements and time frames for submittals to support the re-establishment of the City's eligibility. OCTA is committed to delivering the M2 promises made to voters and does not take this responsibility lightly. This includes adhering to the safeguards in the M2 Ordinance which ensure transparency and accountability of taxpayer dollars.

### ***Summary***

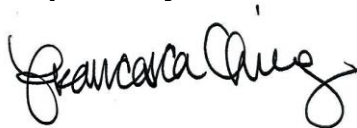
A recent report conducted by an independent auditing firm disallowed the City's FY 2022-23 indirect LFS expenditures due to insufficient support. The M2 Ordinance has specific language related to funds used for unauthorized purposes. Recommendations to address the auditor's report finding are presented.

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***Attachments***

- A. Crowe, Independent Accountants' Report on Applying Agreed-Upon Procedures, City of Buena Park
- B. Orange County Local Transportation Authority Ordinance No. 3, Safeguards of Use of Revenues Excerpt, Pages 5-6

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**Approved by:**



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Crowe LLP  
Independent Member Crowe Global

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
CITY OF BUENA PARK

Board of Directors  
Orange County Local Transportation Authority and  
the Taxpayers Oversight Committee of the  
Orange County Local Transportation Authority  
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Buena Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2023. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2023. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund and activity number. The City recorded its MOE expenditures in its General Fund (101) and expenditures are identified by various 6-digit activity numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2023 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2022/2023. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2023, were \$5,142,741 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,184,754. We agreed the total expenditures of \$5,142,741 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

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(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
  - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
  - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$1,033,865, which represented approximately 29% of direct MOE expenditures of \$3,606,939 for fiscal year ended June 30, 2023. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Crowe determined that the expenditures were properly classified as a local street and road expenditure and is allowable per the ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed the total indirect expenditures of \$1,535,802 to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE costs for inspection totaling \$613,744, representing 41% of the total indirect MOE costs of \$1,535,802. These expenses included payroll and benefits, monthly building and equipment maintenance allocation, office supplies, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. Specifically for the payroll and benefits related expenditures, we requested the City to provide a documented methodology used to support the employee percentage allocations to the MOE accounts and they were unable to provide such documentation that adequately supports the allocation percentages. It was noted that the allocation percentages for each employee were based on a Public Works managerial assumption of the time spent on each account and was not based on historical or current data. As such, we lack information necessary to confirm these costs as fair and reasonable and the entirety of these allocated costs were removed from the MOE, except for the allocated salary of one Street Maintenance Superintendent, who worked exclusively on street and road related projects. The total costs removed were \$998,755. In addition, chargebacks to payroll-related expenditures totaling \$252,192 were removed from the MOE. After the above adjustments, the City's MOE expenditures totaled \$4,396,178, which exceed the City's MOE benchmark of \$4,184,754. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2023 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$5,541,865 for the past three fiscal years ended June 30, 2021, 2022, and 2023. We agreed the fund balance of \$2,384,395 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2023. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

Findings: The City tracks its LFS expenditures in its Measure M2 Fund (25). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2023 was \$2,055,113 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
  - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
  - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected 5 Measure M2 Local Fair Share direct expenditures for inspection totaling \$1,528,585 representing approximately 92% of total Measure M2 direct Local Fair Share expenditures of \$1,639,630 for the fiscal year ended June 30, 2023. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$415,484 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$243,581 representing 59% of the total LFS indirect costs. Upon inspection, we determined these charges were labor cost allocations. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. We requested the City to provide the documented methodology used to support the labor cost allocations and the City was unable to provide such documentation. It was noted that the allocation percentages for each employee were based on the Public Works managerial assumption of the time being spent on each account and was not based on historical or current data. As such, sufficient information was not available to confirm these costs as fair and reasonable, and the entirety of these allocations, except for the allocated salary of one Street Maintenance Superintendent that worked exclusively on street and road related projects, were not deemed allowable per the Ordinance. The total disallowed was \$387,576. No other exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$43,807 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY23) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California  
April 9, 2024

CITY OF BUENA PARK, CALIFORNIA  
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES  
Year ended June 30, 2023  
(Unaudited)

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	<b>SCHEDULE A</b>
<b>Maintenance of Effort (MOE) Expenditures:</b>	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,535,802
<b>Maintenance</b>	
Street Lights & Traffic Signals	1,227,520
Other Street Purpose Maintenance	<u>2,379,418</u>
<b>Total Maintenance</b>	<u>\$ 3,606,938</u>
 <b>Total MOE Expenditures</b>	 <u><u>\$ 5,142,740</u></u>
 <b>Measure M2 Local Fair Share Expenditures (Schedule 4):</b>	
Malvern Avenue Rehabilitation	\$ 1,850,908
Orangethorpe Avenue Pavement Rehabilitation	150,144
Metrolink Improvements	<u>54,061</u>
 <b>Total Measure M2 Local Fair Share Expenditures</b>	 <u>\$ 2,055,113</u>
 <b>Total MOE and Measure M2 Local Fair Share Expenditures</b>	 <u><u>\$ 7,197,853</u></u>

Note: The above amounts were taken directly from the financial records of the City of Buena Park and were not audited.

**Exhibit 1**

April 9, 2024

Board of Directors  
Orange County Local Transportation Authority  
and the Taxpayers Oversight Committee of the  
Orange County Local Transportation Authority  
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Buena Park as of and for the fiscal year ended June 30, 2023.

**Procedure #4**

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed the total indirect expenditures of \$1,535,802 to the amount reported on the City's Expenditure Report (Schedule 3, line 1) with no differences. We selected 25 indirect MOE costs for inspection totaling \$613,744, representing 41% of the total indirect MOE costs of \$1,535,802. These expenses included payroll and benefits, monthly building and equipment maintenance allocation, office supplies, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. Specifically for the payroll and benefits related expenditures, we requested the City to provide a documented methodology used to support the employee percentage allocations to the MOE accounts and they were unable to provide such documentation that adequately supports the allocation percentages. It was noted that the allocation percentages for each employee were based on a Public Works managerial assumption of the time spent on each account and was not based on historical or current data. As such, we lack information necessary to confirm these costs as fair and reasonable and the entirety of these allocated costs were removed from the MOE, except for the allocated salary of one Street Maintenance Superintendent, who worked exclusively on street and road related projects. The total costs removed were \$998,755. In addition, chargebacks to payroll-related expenditures totaling \$252,192 were removed from the MOE. After the above adjustments, the City's MOE expenditures totaled \$4,396,178, which exceed the City's MOE benchmark of \$4,184,754. No other exceptions were found as a result of this procedure.

City's Response:

**See Procedure #8 response.**

**Procedure #8**

Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the Expenditure Report (Schedule 3, line 1), the City reported \$415,484 in indirect costs for LFS for the fiscal year ended June 30, 2023. We selected 25 indirect costs for inspection with a total amount of \$243,581 representing 59% of the total LFS indirect costs. Upon inspection, we determined these

charges were labor cost allocations. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. We requested the City to provide the documented methodology used to support the labor cost allocations and the City was unable to provide such documentation. It was noted that the allocation percentages for each employee were based on the Public Works managerial assumption of the time being spent on each account and was not based on historical or current data. As such, sufficient information was not available to confirm these costs as fair and reasonable, and the entirety of these allocations, except for the allocated salary of one Street Maintenance Superintendent that worked exclusively on street and road related projects, were not deemed allowable per the Ordinance. The total disallowed was \$387,576. No other exceptions were found as a result of this procedure.

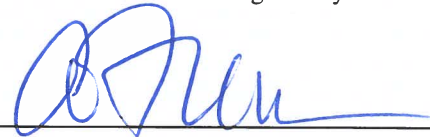
City's Response:

The City acknowledges and accepts that its current indirect cost methodology is no longer accepted by OCTA as a fair and equitable way to allocate costs and will implement corrective action to align with OCTA guidelines. The City maintains that its methodology for allocating labor costs was followed consistently for several years and had been previously audited by OCTA for the fiscal year ending June 30, 2018, with no finding related to its allocation plan. While the issue of overhead cost allocation was discussed at the M2 director's meetings, the City relied on past audits where the methodology was accepted, considering them as prior validation to continue employing the same approach under the assumption that it was acceptable and reasonable for OCTA.

Furthermore, the City believes that the allocated overhead costs could have alternatively been classified as direct labor costs according to the gas tax guidelines. Extensive sample documentation was provided to support that direct staff time was dedicated to readily identifiable street projects. While the auditors and OCTA staff acknowledged that work was performed by City staff, they expressed that they could not accept the supporting documentation citing challenges in quantifying the time worked.

The City holds the view that OCTA guidelines do not necessarily mandate time sheets as the exclusive means to substantiate and quantify labor costs. It contends that the extensive documentation provided, which consists of legal notices, inspection reports, contracts, contractor correspondence, construction documents, agenda reports, and other supportive materials, is reasonable and sufficient to demonstrate the considerable staff resources directly involved with specific street-related projects and the costs reported for these activities are fair and reasonable. The documentation provided, though not in the form of traditional timesheets, offers compelling evidence of the resources dedicated to fulfilling Measure M2 LFS objectives. Disallowing the entirety of these costs not only disregards the substantial efforts invested by City personnel but also implies an unreasonable scenario where no engineering and inspection staff time was allocated to street activities.

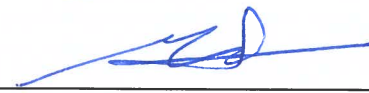
We acknowledge the need to revise our indirect cost methodology to align with OCTA standards and recognize the significance of ensuring fair and reasonable allocation of resources while fulfilling Measure M2 LFS objectives. As a part of this initiative, the City will begin using timecards to track direct costs and implement a cost allocation plan to track indirect costs associated with street projects. We are committed to working closely with OCTA to address concerns and implement necessary changes.



Aaron France, City Manager



Sung Hyun, Director of Finance



Mina Mikhael, Director of Public Works

**Orange County Local Transportation Authority Ordinance No. 3**  
**Safeguards of Use of Revenues Excerpt**  
**Pages 5-6**

**SECTION 10. SAFEGUARDS OF USE OF REVENUES**

The following safeguards are hereby established to ensure strict adherence to the limitations on the use of the Revenues:

1. A transportation special revenue fund (the "Local Transportation Authority Special Revenue Fund") shall be established to maintain all Revenues.
2. The County of Orange Auditor-Controller ("Auditor-Controller"), in the capacity as Chair of the Taxpayer Oversight Committee, shall annually certify whether the Revenues have been spent in compliance with the Ordinance.
3. Receipt, maintenance and expenditure of Net Revenues shall be distinguishable in each jurisdiction's accounting records from other funding sources, and expenditures of Net Revenues shall be distinguishable by program or project. Interest earned on Net Revenues allocated pursuant to the Ordinance shall be expended only for those purposes for which the Net Revenues were allocated.
4. No Net Revenues shall be used by a jurisdiction for other than transportation purposes authorized by the Ordinance. Any jurisdiction which violates this provision must fully reimburse the Authority for the Net Revenues misspent and shall be deemed ineligible to receive Net Revenues for a period of five (5) years.
5. A Taxpayer Oversight Committee ("Committee") shall be established to provide an enhanced level of accountability for expenditure of Revenues under the Ordinance. The Committee will help to ensure that all voter mandates are carried out as required. The roles and responsibilities of the Committee, the selection process for Committee members and related administrative procedures shall be carried out as described in Attachment C.
6. A performance assessment shall be conducted at least once every three years to evaluate the efficiency, effectiveness, economy and program results of the Authority in satisfying the provisions and requirements of the Investment Summary of the Plan, the Plan and the Ordinance. A copy of the performance assessment shall be provided to the Committee.
7. Quarterly status reports regarding the major projects detailed in the Plan shall be brought before the Authority in public meetings.
8. Annually the Authority shall publish a report on how all Revenues have been spent and on progress in implementing projects in the Plan, and shall publicly report on the findings.