



Orange County Transportation Authority

Board Agenda

Monday, October 28, 2024 at 9:00 a.m.

550 South Main Street, Orange, California

Board Members

Tam T. Nguyen, Chair
Doug Chaffee, Vice Chair
Valerie Amezcua
Jon Dumitru
Jamey Federico
Katrina Foley
Patrick Harper
Michael Hennessey
Fred Jung
Farrah N. Khan
Stephanie Klopfenstein
Vicente Sarmiento
John Stephens
Mark Tetteimer
Donald P. Wagner
Lan Zhou, 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 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

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BOARD MEETING AGENDA

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 Klopfenstein

Pledge of Allegiance

Director Harper

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. Encore Cowan, LLC., et al, OCSC Case No. 30-2021-01202351.
- B. Pursuant to Government Code Section 54956.9(d)(1) - Conference with General Counsel - Existing Litigation - Jane Doe v. Orange County Transportation Authority, OCS Case No. 30-2021-01218637.

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 to Lee Diep, Coach Operator; Rafael Luna, Maintenance; and Kriss Garbowski, Administration, Nos. 2024-085, 2024-086, and 2024-087 as Employees of the Month for October 2024.

BOARD MEETING AGENDA

Consent Calendar (Items 3 through 19)

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(s)

Approve the minutes of the October 14, 2024 Orange County Transportation Authority and affiliated agencies' regular meeting.

Attachments:

[Minutes](#)

4. Fiscal Year 2024-25 Internal Audit Plan, First Quarter Update

Janet Sutter

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan on July 22, 2024. This report provides an update of activities for the first quarter of the fiscal year.

Recommendation(s)

Receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan as an information item.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

5. Investment Manager Contracts, Internal Audit Report No. 25-504

Gabriel Tang/Janet Sutter

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of investment manager contracts. Based on the audit, oversight, contract compliance, and invoice review controls are generally adequate; however, two recommendations have been made to improve compliance with contract terms related to replacing key personnel and to improve the timeliness of invoice processing.

Recommendation(s)

Direct staff to implement two recommendations provided in Investment Manager Contracts, Internal Audit Report No. 25-504.

BOARD MEETING AGENDA

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

6. Fiscal Year 2023-24 Fourth Quarter Budget Status Report

Victor Velasquez/Andrew Oftelie

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2023-24 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the fourth quarter of fiscal year 2023-24.

Recommendation(s)

Receive and file as an information item.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

7. Orange County Transportation Authority Investment and Debt Programs Report - August 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 August 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:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

BOARD MEETING AGENDA

8. SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Claims for Fiscal Year 2024-25

Sam Kaur/Andrew Oftelie

Overview

The Orange County Transportation Authority is eligible to receive funding from the SB 1 State of Good Repair Program that is funded by the Transportation Improvement Fee on vehicle registrations. Funding recommendations for fiscal year 2024-25 were approved by the Board of Directors on August 12, 2024. Upon approval of the statewide list of fiscal year 2024-25 projects by the California Department of Transportation, the Orange County Transportation Authority must file claims on a quarterly basis to receive the funding.

Recommendation(s)

Authorize the filing of SB 1 State of Good Repair claims, in the amount of \$7.084 million, or up to the actual allocation published by the State Controller's Office, to fund capital projects approved by the Orange County Transportation Authority Board of Directors.

Attachments:

[Transmittal](#)

[Staff Report](#)

9. State Transit Assistance Fund Claims for Fiscal Year 2024-25

Sam Kaur/Andrew Oftelie

Overview

The Orange County Transit District is eligible to receive funding from the State Transit Assistance Fund for providing public transportation services throughout Orange County. To receive these funds, the Orange County Transit District, as the public transit and community transit services operator, must file claims with the Orange County Transportation Authority, the transportation planning agency for Orange County.

Recommendation(s)

Adopt Resolution No. 2024-080 to authorize the filing of State Transit Assistance Fund claims, in the amount of \$50,464,493, or up to the actual allocation published by the State Controller's Office, to support public transportation.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

BOARD MEETING AGENDA

10. Performance Evaluation of State Legislative Advocate, Topp Strategies

Kristin Jacinto

Overview

The firm Topp Strategies provides state legislative advocacy services for the Orange County Transportation Authority. A staff evaluation of the services provided during this legislative session is presented to the Board of Directors for consideration and further comment.

Recommendation(s)

Receive and file the staff evaluation of the state advocacy services of Topp Strategies as an information item and provide any additional comments.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

11. Performance Evaluation of Federal Legislative Advocate, Potomac Partners, DC

Kristin Jacinto

Overview

The firm Potomac Partners, DC provides federal legislative advocacy services for the Orange County Transportation Authority in Washington, D.C. A staff evaluation of the services provided this session is presented to the Board of Directors for consideration and further comment.

Recommendation(s)

Receive and file the staff evaluation of the federal advocacy services of Potomac Partners, DC as an information item and provide any additional comments.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

BOARD MEETING AGENDA

12. Draft 2025-26 State and Federal Legislative Platforms

Alexis Carter/Kristin Jacinto

Overview

Every two years, staff conducts a comprehensive review of the Orange County Transportation Authority's Legislative Platforms to ensure updates are provided on relevant issues that are anticipated to be of discussion for the upcoming legislative sessions. Following extensive stakeholder outreach, initial draft revisions to the Orange County Transportation Authority's 2025-26 State and Federal Legislative Platforms have been prepared for consideration by the Orange County Transportation Authority Board of Directors. Before a final draft is considered for adoption, these drafts will be revised as a result of feedback from the Orange County Transportation Authority Board of Directors and stakeholder input.

Recommendation(s)

Direct staff to move forward with the recommended revisions to the draft 2025-26 Orange County Transportation Authority State and Federal Legislative Platforms and incorporate any feedback from the Orange County Transportation Authority Board of Directors, returning to the Board of Directors for final adoption at a later date.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

[Attachment D](#)

13. Agreement for 2026 Long-Range Transportation Plan Public Outreach Consultant Services

Marissa Espino/Maggie McJilton

Overview

On June 20, 2024, the Orange County Transportation Authority released a request for proposals for public outreach services to support the upcoming 2026 Long-Range Transportation Plan. Proposals were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Directors' approval is requested to execute an agreement for these services.

Recommendation(s)

- A. Approve the selection of Arellano Associates, LLC, as the firm to provide public outreach services for the 2026 Long-Range Transportation Plan.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2295 between the Orange County Transportation Authority and Arellano Associates, LLC, in the amount of \$350,000, for a two-year initial term with one, one-year option term, to provide public outreach services for the 2026 Long-Range

BOARD MEETING AGENDA

Transportation Plan.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

14. Excess Liability Insurance Renewal

Greg Bych/Maggie McJilton

Overview

The Orange County Transportation Authority procured excess liability insurance continuously from 1991 through 2020. Beginning in December 2020, the Orange County Transportation Authority became fully self-insured and has maintained that self-insurance since then.

Recommendation(s)

- A. Authorize the Chief Executive Officer to establish a \$10 million self-insured retention for excess liability claims.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A59005, in the amount not to exceed \$960,000, to Marsh Risk and Insurance Services, Inc., to purchase a \$5 million excess liability insurance policy on behalf of the Orange County Transportation Authority for the policy period of November 1, 2024 to October 31, 2025.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Presentation](#)

15. Diversity Outreach Update

Ted P. Nguyen/Maggie McJilton

Overview

The Orange County Transportation Authority continues to broaden its outreach efforts to engage Orange County's diverse populations through multilingual communications and targeted outreach. These efforts help position the agency as a trusted and responsive institution in Orange County. This report offers an annual update on the progress of outreach activities designed to serve the needs of diverse and hard-to-reach communities.

Recommendation

Receive and file as an information item.

Attachments:

BOARD MEETING AGENDA

[Transmittal](#)

[Staff Report](#)

[Presentation](#)

Orange County Transit District Consent Calendar Matters

16. Federal Transit Administration Drug and Alcohol Compliance Audit

Janet Sutter

Overview

The Federal Transit Administration has completed a Drug and Alcohol Compliance audit of the Orange County Transportation Authority and contractors Transdev, Keolis Transit America, and Cabco Yellow, Incorporated. Management has addressed all deficiencies, and the audit is now closed.

Recommendation(s)

Receive and file the Federal Transit Administration Drug and Alcohol Compliance Audit as an information item.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

17. Amendment to the Agreement for OC ACCESS Paratransit and OC Flex Microtransit Service

Melissa Mungia/Johnny Dunning, Jr.

Overview

On September 13, 2021, the Orange County Transportation Authority Board of Directors approved an agreement with First Transit, Inc., for the management, operation, and maintenance of the OC ACCESS paratransit and OC Flex microtransit service. An amendment is necessary to address service-related elements including reimbursement for no-show passengers, cancel-at-the-door trips, and non-revenue support services.

Recommendation(s)

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-0-2150 between the Orange County Transportation Authority and First Transit, Inc., to allow reimbursement for no-shows, cancel-at-the-door trips, and specific non-revenue support services estimated to be \$3,864,084.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

BOARD MEETING AGENDA

Orange County Local Transportation Authority Consent Calendar Matters

18. **Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501**
Serena Ng/Janet Sutter

Overview

The Internal Audit Department has completed an audit of the design and construction management contracts for the Oso Parkway to Alicia Parkway segment of the Interstate 5 Improvement Project. Based on the audit, oversight controls are in place and operating effectively and contract compliance and invoice review controls are generally adequate; however, one recommendation was made to enforce the pre-approval requirement for other direct costs not included in the contract schedule.

Recommendation(s)

Direct staff to implement the recommendation provided in Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

19. **Contract Change Order for Construction of the OC Streetcar Project**
Jeff Mills/James G. Beil

Overview

On September 24, 2018, the Orange County Transportation Authority Board of Directors authorized Agreement No. C-7-1904 with Walsh Construction Company II, LLC, for construction of the OC Streetcar project. A contract change order is required to modify pumps in the wheel truing and service and inspection pit at the maintenance and storage facility.

Recommendation(s)

Authorize the Chief Executive Officer to negotiate and execute Contract Change Order No. 250 to Agreement No. C-7-1904 with Walsh Construction Company II, LLC, in the amount of \$325,000, to modify pumps in the wheel truing and service and inspection pit at the maintenance and storage facility.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

BOARD MEETING AGENDA

Regular Calendar

Orange County Local Transportation Authority Regular Calendar Matters

20. OC Streetcar Project Quarterly Update

Jeff Mills/James G. Beil

Overview

The Orange County Transportation Authority is implementing the OC Streetcar project, and updates are provided to the Board of Directors on a quarterly basis. This report covers OC Streetcar project activities from July 2024 through September 2024.

Recommendation(s)

Receive and file as an information item.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Presentation](#)

21. Measure M2 Next 10 Delivery Plan: Market Conditions Key Indicators Analysis and Forecast

Francesca Ching/Kia Mortazavi

Overview

At the direction of the Board of Directors, the Orange County Transportation Authority monitors construction market conditions. Annually, a report on Market Conditions Key Indicators Analysis and Forecast is presented to the Board of Directors to provide insight into potential project delivery cost drivers that could affect the Measure M2 Next 10 Delivery Plan. The last effort was presented to the Board of Directors on October 9, 2023. An updated forecast has been prepared and a presentation on the results of this effort is provided.

Recommendation(s)

Continue to monitor market conditions, key indicators and provide updates to the Board of Directors as appropriate.

Attachments:

[Transmittal](#)

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Presentation](#)

BOARD MEETING AGENDA

Discussion Items

22. Public Comments

23. Chief Executive Officer's Report

24. Directors' Reports

25. Adjournment

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

9:00 a.m., on TUESDAY, November 12, 2024

OCTA Headquarters

Board Room

550 South Main Street

Orange, California



Call to Order

The October 14, 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
Valerie Amezcua
Jon Dumitru
Jamey Federico
Katrina Foley
Patrick Harper
Michael Hennessey
Fred Jung
Farrah N. Khan
Stephanie Klopfenstein
Vicente Sarmiento
Mark Tetteimer
Donald P. Wagner
Lan Zhou, Ex-Officio, Caltrans, District 12

Directors Absent: John Stephens

Staff Present: Darrell E. Johnson, Chief Executive Officer
Jennifer L. Bergener, Deputy Chief Executive Officer
Gina Ramirez, Assistant Clerk of the Board
Sahara Meisenheimer, Clerk of the Board Specialist
Andrea West, Clerk of the Board

Consent Calendar (Items 1 through 20)

1. Approval of Minutes

A motion was made by Director Sarmiento, seconded by Director Foley, and declared passed by those present to approve the minutes of the September 23, 2024, Orange County Transportation Authority and affiliated agencies' regular meeting.

Director Khan was not present to vote on this item.



2. Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2024, Internal Audit Report No. 25-502

A motion was made by Director Sarmiento, seconded by Director Foley, and declared passed by those present to direct staff to implement two recommendations provided in Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2024, Internal Audit Report No. 25-502.

Director Khan was not present to vote on this item.

3. Agreement No. C-4-1816 with Woodruff & Smart for Legal Services, Internal Audit Report No. 25-503

A motion was made by Director Sarmiento, seconded by Director Foley, and declared passed by those present to direct staff to implement one recommendation provided in Agreement No. C-4-1816 with Woodruff & Smart for Legal Services, Internal Audit Report No. 25-503.

Director Khan was not present to vote on this item.

4. Agreement for Security System Service and Maintenance

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

- A. Approve the selection of Convergent Technologies LLC as the firm to provide service and maintenance of the Orange County Transportation Authority's security system.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2293 between the Orange County Transportation Authority and Convergent Technologies LLC, in the amount of \$480,454, for a three-year initial term with two, one-year option terms, to provide service and maintenance of the Orange County Transportation Authority's security system.

Director Khan was not present to vote on this item.

5. OC Streetcar Passenger Safety and Security

This item was pulled for public comment from Roland Andrade, Commander at the Santa Ana Police Department.

Director Amezcua also pulled this item to explain the City of Santa Ana's protocols.



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

- A. Direct staff to return with a request for proposals to implement security trained ambassadors for the OC Streetcar.
- B. Direct staff to return with an amendment to the contract with the Orange County Sherriff's Department to provide Transit Police Services on the OC Streetcar system.

Director Dumitru voted in opposition.

6. Fiscal Year 2023-24 Fourth Quarter Grant Reimbursement Status Report

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

Director Khan was not present to vote on this item.

7. Orange County Transportation Authority Investment and Debt Programs Report July 2024

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

Director Khan was not present to vote on this item.

8. Santa Ana River Crossings and 19th Street Reclassification Review and Status Update

Director Foley pulled this item and requested an overview of the item.

Kia Mortazavi, Executive Director of Planning, provided an update.

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

9. Federal Transit Administration Program of Projects for Federal Fiscal Year 2023-24

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

- A. Approve the federal fiscal year 2023-24 Federal Transit Administration Section 5307 Urbanized Area Formula, Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities, Section 5337 State of Good Repair, and Section 5339 Bus and Bus Facilities Program of Projects, including federal and local funds, and the use of match credit for projects included in this report.



- B. Approve changes to funding for Preventive Maintenance and Capital Cost of Contracting in prior federal fiscal years for Federal Transit Administration, Section 5307 Urbanized Area Formula Program of Projects, including federal and local funds, and the use of match credit for projects to comply with guidelines for use of the funding.
- C. Approve the five-year programming plan for Federal Transit Administration Section 5307 Urbanized Area Formula, Federal Transit Administration Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities, Federal Transit Administration Section 5337 State of Good Repair, and Federal Transit Administration Section 5339 Bus and Bus Facilities.
- D. Authorize staff to adjust individual project funding consistent with final apportionments and eligibility determinations through the Infrastructure Investment and Jobs Act, and direct staff to include updated numbers in grant and programming status reports.
- E. Authorize the Chief Executive Officer, or his designee, to submit the Federal Transit Administration grant applications that are required for the recommendations above to the Federal Transit Administration.
- F. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program and execute or amend all necessary agreements to facilitate the above actions.

Director Khan was not present to vote on this item.

10. Annual New York Credit Update - July 2024

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

Director Khan was not present to vote on this item.

11. 91 Express Lanes Update for the Period Ending - June 30, 2024

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

Director Khan was not present to vote on this item.



12. Amendments to the Cooperative User Fee Processing Agreement for Interoperable Toll Processing and Revenue Collection

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

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Cooperative Agreement No. C-6-1532 between the Orange County Transportation Authority and Bay Area Toll Authority to incorporate the 405 Express Lanes into the cooperative agreement.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 7 to Cooperative Agreement No. C-4-1113 between the Orange County Transportation Authority and San Diego Association of Governments to incorporate the 405 Express Lanes into the cooperative agreement.

Director Khan was not present to vote on this item.

13. Amendment to Agreement for Bus Stop Maintenance

A motion was made by Director Sarmiento, seconded by Director Foley, and declared passed by those present to authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement No. C-1-3408 between the Orange County Transportation Authority and ShelterClean Services, Inc., in the amount of \$1,306,231, to exercise the first two-year option term of the agreement effective December 1, 2024 through November 30, 2026 for continued bus stop maintenance. This will increase the maximum obligation of the agreement to a total contract value of \$3,200,331.

Director Khan was not present to vote on this item.

14. Amendment to Cooperative Agreement with the California Department of Transportation for the Interstate 5 Improvement Project Between Alicia Parkway and El Toro Road

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

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Cooperative Agreement No. C-9-1600 between the Orange County Transportation Authority and the California Department of Transportation, in the amount of \$18,980,000, for additional construction capital for the Interstate 5 Improvement Project between Alicia Parkway and El Toro Road. This will increase the maximum cumulative obligation of the cooperative agreement to a total contract value of \$181,065,000.



- B. Authorize the use of up to \$18,980,000 in Measure M2 funds for the construction phase of the Interstate 5 Improvement Project between Alicia Parkway and El Toro Road.
- C. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program and execute or amend all necessary agreements to facilitate the above actions.

Director Khan was not present to vote on this item.

15. Amendment to Cooperative Agreement with the California Department of Transportation for the Interstate 605/Katella Avenue Interchange Project

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

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement No. C-3-2384 between the Orange County Transportation Authority and the California Department of Transportation, in an amount of \$3,340,000, for additional construction capital and construction management support, for the Interstate 605/Katella Avenue Interchange Project. This will increase the maximum cumulative obligation of the cooperative agreement to a total contract value of \$30,460,000.
- B. Authorize the use of an additional \$3,340,000 in Measure M2 funds for additional construction capital and construction management support for the Interstate 605/Katella Avenue Interchange Project.
- C. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program and execute or amend all necessary agreements to facilitate the above actions.

Director Khan was not present to vote on this item.

16. 2024 Measure M2 Sales Tax Forecast

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

Director Khan was not present to vote on this item.



17. Environmental Mitigation Program Endowment Fund Investment Report for June 30, 2024

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

Director Khan was not present to vote on this item.

18. Potential Refunding of the Measure M2 Sales Tax Revenue Bonds, Series 2010A (Taxable Build America Bonds)

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

- A. Direct staff to pursue the issuance and sale of bonds to refund the Measure M2 Sales Tax Revenue Bonds, Series 2010A (Taxable Build America Bonds).
- B. Authorize an exception to the three percent savings requirement, in accordance with the debt policy, and direct staff to proceed with the refunding if the savings are at least net neutral or greater.
- C. Direct staff to return to the Board of Directors for approval of the draft financing documents required to issue and close the transaction.

Director Khan was not present to vote on this item.

19. Approval to Release Request for Proposals for Public Outreach Services for the Interstate 5 Improvement Project from Interstate 405 to State Route 55

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

- A. Approve the proposed evaluation criteria and weightings for Request for Proposals 4-2488 to select a firm to provide public outreach consultant services for the Interstate 5 Improvement Project from Interstate 405 to State Route 55.
- B. Approve the release of Request for Proposals 4-2488 for public outreach consultant services for the Interstate 5 Improvement Project from Interstate 405 to State Route 55.

Director Khan was not present to vote on this item.



20. Comprehensive Transportation Funding Programs - Project X Tier 1 and Tier 2 2024 Calls for Projects Programming Recommendations

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

- A. Approve the award of \$3,712,423 in Tier 1 Environmental Cleanup Program funding for 11 projects.
- B. Approve the award of \$6,967,250 in Tier 2 Environmental Cleanup Program funding for four projects.

Director Khan was not present to vote on this item.

Regular Calendar

21. 405 Express Lanes Expenditure Plan Requirement

Darrell E. Johnson, Chief Executive Officer (CEO), provided opening comments and introduced Kirk Avila, General Manager, Express Lanes, who presented this item.

A motion was made by Director Amezcua, seconded by Director Harper, and declared passed by those present to direct staff to develop principles to guide the establishment of a 405 Express Lanes Excess Toll Revenue Policy and Expenditure Plan and return to the Board of Directors for consideration and approval.

Director Jung was not present to vote on this item.

22. Measure M2 Ten-Year Review Framework

Mr. Johnson, CEO, provided opening comments and introduced Francesca Ching, Section Manager III, who provided a presentation on this item.

A motion was made by Director Sarmiento, seconded by Director Tettemer, and declared passed by those present to direct staff to proceed with the Measure M2 ten-year review framework as presented.

Vice Chair Chaffee and Director Jung were not present to vote on this item.



Discussion Items

23. Public Comments

Written public comments were received via email from Kim Godin, Thomas Moore, Amy Culligan, Lauren Yerkes, and Karen Nolta. The comments were emailed to the Board of Directors on October 13th at 6:59 p.m. and will be retained as part of the record for the meeting.

In-person comments were received from Karen Nolta, Ben Wong, and Suzie Whitelaw.

24. Chief Executive Officer's Report

Mr. Johnson, CEO, announced that the Orange County Transportation Authority's, 405 Improvement Project won the Best Highway/Bridge category in the Engineering News Record's California 2024 Regional Best Projects competition.

25. Directors' Reports

Director Foley stated that most of today's public comments are related to the Montecito/Seal Beach issue, and hopefully, the trash will get cleaned up. She also noted that trash on the shoulder of the Interstate 55 freeway in Costa Mesa needs to be cleaned up.

Regarding the Sand Replenishment project, she reported that the California State Lands Commission and Orange County Parks team are ready to help get the necessary permits for inland types of sand since the Army Corps is a three-year process.

26. Adjournment

The meeting adjourned at 10:16 a.m.

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

9:00 a.m., on Monday, October 28, 2024

OCTA Headquarters

Board Room

550 South Main Street

Orange, California

ATTEST:

Gina Ramirez
Assistant Clerk of the Board



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Fiscal Year 2024-25 Internal Audit Plan, First Quarter Update

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen,
and Sarmieno
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan as an information item.



October 23, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Fiscal Year 2024-25 Internal Audit Plan, First Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan on July 22, 2024. This report provides an update of activities for the first quarter of the fiscal year.

Recommendation

Receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan as an information item.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management in the discharge of its duties and responsibilities.

Internal Audit performs a wide range of auditing services that include overseeing the annual financial and compliance audits, conducting operational and contract compliance reviews, investigations, pre-award price reviews, and Buy America reviews. In addition, audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The OCTA Internal Audit Department Fiscal Year (FY) 2024-25 Internal Audit Plan (Plan) (Attachment A) reflects the status of each project.

During the first quarter of the FY, Internal Audit issued results of an audit of OC ACCESS services provided by First Transit, Inc. Based on the audit, oversight, contract compliance, and invoice review controls are generally adequate; however, four recommendations were made to correct contract and policy language, improve enforcement of contract provisions, enhance review of accident logs, and improve regularity of inspections. Management agreed to implement all of the recommendations.

Also, during the quarter, an audit of revenue agreement identification, tracking, and reporting was finalized and found that controls are adequate and functioning.

An audit of Agreement No. C-4-1816 with Woodruff & Smart (WS), for legal services, concluded that WS complies with the terms of the agreement and invoice review controls are generally adequate but should be enhanced to include verification that pre-approval of legal subcontractors is obtained as required by the contract. Management agreed to revise invoice review procedures to include this verification prior to payment.

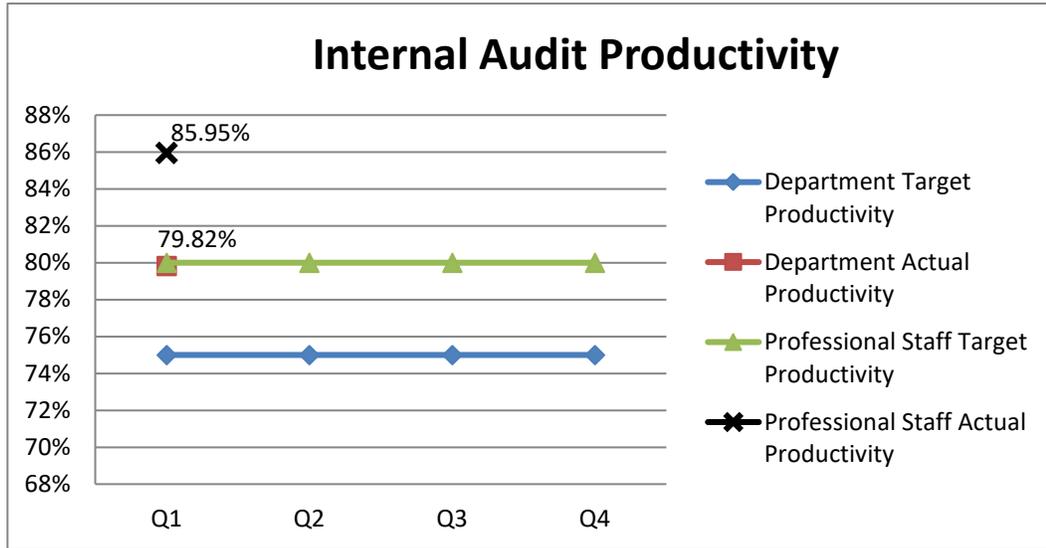
Finally, the semi-annual audit of investments for the period January 1 through June 30, 2024, was completed and found that OCTA complied with its debt, investment, and reporting policies and procedures; however, two recommendations were made to periodically update revenue estimates and to update the Treasury Department manual to reflect current practices. Management agreed and will implement these recommendations.

The primary focus of Internal Audit in the ensuing months will be to provide coordination of the annual financial audits and agreed-upon procedures reviews conducted by OCTA's independent auditor, Crowe LLP.

Internal Audit Productivity

Internal Audit measures the productivity of the department by calculating a productivity ratio. The ratio, used broadly throughout the audit industry, measures the amount of time auditors spend on audit projects versus time spent on administrative duties. Productivity goals are established for both the professional staff and for the department as a whole. Because the executive director regularly participates in non-audit management activities such as planning and committee meetings, the department-wide target is set at 75 percent. The target for internal audit professional staff, not including the executive director, is 80 percent.

For the first quarter ended September 30, 2024, Internal Audit achieved productivity of 80 percent, and the professional staff achieved productivity of 86 percent.



Price Reviews

At the request of the Contracts Administration and Materials Management (CAMM) Department, and consistent with OCTA’s procurement policy, Internal Audit applies agreed-upon procedures (AUP) to single-bid procurements to ensure that CAMM handled the procurement in a fair and competitive manner. Internal Audit also applies AUP’s to prices proposed by architectural and engineering firms, as well as sole source contractors, to ensure that the prices are fair and reasonable. During the first quarter, Internal Audit issued results of eight price reviews.

Buy America Reviews

At the request of CAMM, Internal Audit applies pre-award and post-delivery AUPs to revenue vehicle purchases to ensure compliance with Buy America regulations. During the first quarter, Internal Audit issued results of two Buy America reviews.

Fraud Hotline

During the quarter ended September 30, 2024, Internal Audit received three reports through OCTA’s Fraud Hotline, www.ethicspoint.com. Two complaints were referred to customer relations for follow-up and were resolved. Another complaint involved criminal allegations unrelated to OCTA and the reporter was

advised to contact the local police department. As part of the administration of the hotline, Internal Audit maintains documentation of each complaint and its disposition.

Internal Audit is committed to responding to all hotline complaints within eight business days. During the quarter ended September 30, 2024, Internal Audit made initial contact within two business days.

Findings and Recommendations Tracking

At the request of the Finance and Administration Committee, unresolved audit recommendations are included with the quarterly updates to the Plan (Attachment B). Internal Audit includes the findings and recommendations generated internally, as well as those provided by regulatory auditors and OCTA's independent financial statement auditors.

During the quarter ended September 30, 2024, Internal Audit completed follow-up reviews of 23 outstanding recommendations and closed 15. Four recommendations from the audit of cybersecurity, one from the audit of physical access security, two from the audit of transit police services, and one from the audit of agreements with the Regional Center of Orange County and My Day Counts, had not been fully implemented and will be reviewed again in six months. Follow-up reviews of another four recommendations were in progress as of the quarter-end. Seven recommendations were added to the listing as a result of audits issued during the first quarter, as summarized above.

Summary

Internal Audit will continue to implement the Plan, report on performance metrics, follow up on outstanding audit recommendations, and report progress on a quarterly basis.

Attachments

- A. Orange County Transportation Authority Internal Audit Department
Fiscal Year 2024-25 Internal Audit Plan, First Quarter Update
- B. Outstanding Audit Recommendations, Audit Reports Issued Through
September 30, 2024
- C. Audit Recommendations Closed During First Quarter, Fiscal Year 2024-25

Approved by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2024-25 Internal Audit Plan
First Quarter Update**

ATTACHMENT A

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Mandatory External Independent Audits							
Annual Financial Audits and Agreed-Upon Procedures (AUP) Reviews	FY25-001 through FY25-005	Coordinate and report on annual financial and compliance audits and AUP reviews for FY 2023-24.	Financial	425	73	352	
External Regulatory Audits	FY25-006	Coordinate and report on audits by regulatory or funding agencies.	Compliance	40	1	39	
State Triennial Review	FY24-007	Procure independent audit firm and coordinate and report on results of the required State Triennial Performance audits of the Orange County Transportation Authority (OCTA), Orange County Transit District, and Laguna Beach Municipal Transit Lines.	Compliance	220	48	172	
Internal Audit Department Projects							
Risk Assessment and Annual Audit Plan	FY25-100	Preparation of the annual audit plan, quarterly updates to the audit plan, and periodic assessment of risk throughout the year, including monitoring the audit results of related entities.	Audit Plan and Updates	180	14	166	
Quality Assurance and Self-Assessment	FY25-101	Update of Internal Audit Policies & Procedures to reflect Generally Accepted Government Auditing Standards (GAGAS). Annual self assessment of the Internal Audit Department's (Internal Audit) compliance with GAGAS.	Quality Assurance	160	53	107	
Fraud Hotline Activities	FY25-102	Administrative duties related to maintenance of the OCTA Fraud Hotline and work related to investigations of reports of fraud, waste, or abuse.	Fraud Hotline	120	5	115	
Peer Review	FY25-103	Participate in peer reviews of other internal audit agencies in exchange for reciprocal credit towards required peer review of OCTA's Internal Audit Department for calendar years 2022, 2023, and 2024. Report results of peer review to the Finance and Administration Committee and the Board of Directors (Board).	Peer Review	160	1	159	
Automated Workpaper Solution	FY25-104	System updates/training related to automated workpaper solution.	Workpaper System	40	1	39	
Internal Audits							
Organization-Wide							
Legal Services	FY25-503	Assess and test contract compliance and invoice review controls related to the contract with Woodruff and Smart for legal services.	Compliance	200	140	60	Issued 9-9-24
Express Lanes Program							
Operations and Management	FY24-508	Assess and test selected oversight, contract compliance, and/or invoice review controls related to the provision of services by Cofiroute USA, LLP.	Operational/ Compliance	200	92	108	In Process

**Orange County Transportation Authority
Internal Audit Department
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First Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Toll Integrator System	FY25-5XX	Assess and test oversight, contract compliance, and invoice review controls related to the contract with Kapsch Trafficom USA, Inc., for the design, implementation, installation, operation, and maintenance of a toll collection system for the existing 91 Express Lanes and 405 Express Lanes.	Internal Control/ Compliance	220		220	
People and Community Engagement							
Compensation	FY25-507	Assess and test policies, procedures, and controls over employee compensation actions.	Operational	320	40	280	In Process
Public Outreach - OC Streetcar	FY25-5XX	Assess and test oversight controls, contract compliance, and invoice review controls related to the agreement for public outreach for the OC Streetcar project.	Internal Control/ Compliance	180		180	
Capital Programs							
Interstate 5 (I-5) Improvement Project: Oso Parkway to Alicia Parkway	FY25-501	Assess and test oversight controls, contract compliance, and invoice review controls related to the I-5 Improvement Project: Segment 2 - Oso Parkway to Alicia Parkway.	Internal Control / Compliance	320	266	54	In Process
Project Controls	FY25-5XX	Assess and test operating controls of the project controls function within the Capital Programs Division.	Operational	240		240	
Real Estate Administration	FY25-506	Assess and test real estate administration and controls, including management of contracts.	Operational	240	10	230	In Process
Operations							
OC ACCESS Service	FY24-512	Assess adequacy of oversight controls and test oversight, contract compliance, and invoice review controls related to the agreement with First Transit/TransDev for OC ACCESS transportation services.	Operational / Compliance	24	15	9	Issued 8-1-24
OC Streetcar Vehicles	FY25-5XX	Assess and test procurement, oversight, contract, and/or invoice review controls related to the contract with Siemens for OC Streetcar vehicles.	Operational / Compliance	280		280	
Contracted Fixed Route	FY25-5XX	Assess adequacy of oversight controls and compliance with key provisions of the agreement with Keolis North America, performance standards measurement and reporting, and invoice review controls.	Operational / Compliance	320		320	
Field Supervision	FY25-5XX	Evaluate and test field supervision activities for compliance with policies and procedures.	Operational	240		240	

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2024-25 Internal Audit Plan
First Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Finance and Administration							
Treasury	FY25-502	Semi-annual review of investments: compliance, controls, and reporting.	Compliance	250	190	60	1 Report Issued
Budget Development and Monitoring	FY25-5XX	Assess and test controls over budget development, monitoring and reporting.	Operational	240		240	
Revenue Agreements	FY24-513	Assess and test controls over identification, tracking, and reporting of external revenue agreements.	Operational	60	61	(1)	Issued 7-24-24
Investment Management Contracts	FY25-504	Assess and test oversight, contract compliance, and invoice review controls related to short-term investment management services provided by Chandler Asset Management, MetLife, Payden & Rygel, and PFM Asset Management, LLC.	Operational / Compliance	180	100	81	In Process
Purchasing Cards	FY25-505	Assess and test controls over purchasing card activities.	Operational / Compliance	240	117	123	In Process
Price Reviews	PR25-XXX	As requested by the Contracts Administration and Materials Management (CAMM) Department, apply AUP to sole source, single bid, and architectural and engineering firm proposals.	Price Review	700	93	607	
Buy America	FY25-5XX	As requested by the CAMM Department, apply AUP to determine compliance with Buy America requirements.	Buy America	320	150	170	2 Reports Issued

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2024-25 Internal Audit Plan
First Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Unscheduled Reviews and Special Requests							
Unscheduled Reviews and Special Requests	FY25-800	Time allowed for unplanned audits and requests from the Board or management.	Varies	180		180	
Monitoring Activities							
Measure M2 Taxpayer Oversight Committee (TOC)	FY25-601	Coordination of audit activities on behalf of the Audit Subcommittee of the TOC.	Administrative Support	50	5	45	
Metrolink Audit Activities	FY25-602	Review/monitor audit results of Metrolink activities.	Non-Audit Service	8		8	
Capital Asset Inventory Observation	FY24-604	At the request of the Finance and Administration Division, observe and apply limited procedures related to the bi-annual capital asset inventory counts.	Non-Audit Service	20	15	5	
Follow-Up Reviews							
Follow-Up Reviews and Reporting	FY25-700	Follow-up on the status of management's implementation of audit recommendations.	Follow-Up	320	198	122	
Total Audit Project Planned Hours (A)				6,697	1688	5,010	

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2024-25 Internal Audit Plan
First Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Internal Audit Administration							
Board and Committee Meetings				180	34	147	
Executive Steering and Agenda Setting Meetings				170	31	139	
Internal Audit Staff Meetings				150	66	85	
Other Administration				1,500	308	1,192	
Total Hours (B)				8,697	2,126		
Department Target Efficiency (A/B)				75%	79.82%		
Target Efficiency - Professional Staff				80%	85.95%		

Contingency Audits: Internal

Warranty Administration	FY25-5XX	Assess the adequacy and effectiveness of internal controls in place for identifying, tracking, and recording of warranty repairs and credits.					
Right-of-Way (ROW) Maintenance	FY25-5XX	Assess and test the adequacy and effectiveness of controls related to maintenance of the railroad ROW and the contract with Joshua Grading and Excavating Incorporated.					

**Outstanding Audit Recommendations
Audit Reports Issued Through
September 30, 2024**

ATTACHMENT B

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
1/26/22	21-511	Executive Office	Physical Access Security	Internal Audit recommends management develop and implement written policies, procedures, and protocols that address the timely issuance, termination, and use of badges. These procedures should be referenced in contracts with Contracted Transportation Services (CTS) providers and be communicated to Orange County Transportation Authority (OCTA) staff. Management should also ensure secondary controls are operating as intended.	Jan-25	Management is reviewing the issuance and termination of access badges in order to document processes. Management will work with other departments, including CTS, to advise of procedures for issuing and terminating access badges and encourage those departments to include procedures in their contracts, as appropriate. Additionally, management is currently reviewing and documenting procedures to ensure secondary controls are being utilized. Review and updating of procedures will conclude with the creation of a new Physical Access Policy to be completed by June 30, 2022.	<u>Update August 2022</u> : Management has not yet developed policies, procedures, and protocols to address timely issuance, termination, and use of access badges. An Access Control Policy (Policy) was originally expected to be completed by June 30, 2022, but has taken longer than expected. <u>Update March 2023</u> : Management expects an updated Policy to be completed soon, and updates to agreements with CTS providers are in process. <u>September 2023</u> : Significant progress has been made; however, monitoring controls outlined in the newly-developed Policy have not yet been implemented. <u>Update March 2024</u> : Monitoring controls related to access control have been implemented; however, further improvement is needed. <u>Update August 2024</u> : Management is updating distribution lists for the System Validation Report to ensure the appropriate managers receive the report and can validate access rights. Management expects improvements to be completed by October 2024.
2/9/22	21-507	Operations Division (Operations)	Facilities Maintenance (FM) Operations	Internal Audit recommends management implement a perpetual inventory system to track purchasing activity and maintain inventory of all parts and supplies. Purchasing, storage, issuance, and disposal activities should be centralized and include controls to ensure proper authorization for purchases, physical security of inventory items, and proper assignment of costs to work orders.	Aug-24	FM contracts for parts and supplies will be transferred to the Contracts Administration and Materials Management (CAMM) Department by July 2022. By February 2023, FM parts and supplies stored outside of CAMM's control will be brought into the inventory system for proper storage and issuance.	<u>Update September 2022</u> : Management has completed transferring contracts to CAMM and a process to bring FM parts inventory into CAMM for proper storage and issuance has been established and is on track to be completed by February 2023. <u>Update March 2023</u> : Management is still in the process of implementing a centralized inventory system and expects that physical transfer of all inventory may take up to two years. <u>Updated August 2023</u> : Management is still in the process of transferring parts inventory to centralized CAMM control. <u>Update March 2024</u> : FM inventory for three bases has been transferred to centralized inventory. Transfer of inventory from the remaining two bases is expected to take six months to a year. <u>Update September 2024</u> : Follow-up in process.

**Outstanding Audit Recommendations
Audit Reports Issued Through
September 30, 2024**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
2/9/22	21-507	Operations and Finance and Administration Division (F&A)	FM Operations	Management should enhance its invoice review process to ensure compliance with OCTA's Vendor Payment Policy and contract payment terms. Vendor mark-ups should be discontinued from time-and-expense contracts. For contracts related to the purchase of parts and materials only, any items not listed on the price summary sheet should include supporting cost documentation. If mark-ups are to be allowed on parts-and-materials contracts, the proposed mark-ups should be incorporated into the evaluation of costs during the vendor selection process.	Aug-24	Management will immediately begin working on enhancing the current invoice cover page to include a checklist that will require acknowledgement of review for sufficient detail as to quantity and rates of costs and justification. To address the issue of providing sufficient detail and complying with contract terms, the checklist being developed will improve oversight. In terms of discontinuing vendor mark-ups in time-and-expense contracts, management will work with CMM to develop a solution that will address the issue of vendor mark-ups as well as incorporating an evaluation of cost, if mark-ups are allowed, during the vendor selection process.	<u>Update September 2022</u> : Management has enhanced the invoice checklist to include review for sufficient detail as to quantity and rates. CMM has implemented an evaluation methodology to assign a percentage of the cost score for items not listed on the price summary sheet. Management and CMM continue to explore options including discounts from price sheets and using fair market values to justify and validate price mark-ups. <u>Update March 2023</u> : FM has enhanced its invoice review; however, CMM staff needs to enhance its review of invoices for contracts that have been transferred to their control. <u>Update August 2023</u> : CMM staff has implemented an invoice review checklist; however, Internal Audit identified some payments that do not comply with contract terms and some vendors that do not have published list prices, required in order to validate discounts. <u>Update March 2024</u> : CMM has hired a contract analyst to manage and review invoices and implement enhancements to invoice review. <u>Update September 2024</u> : Follow-up in process.
5/31/23	22-513	F&A	OCTA's Cybersecurity Program	Management should adopt and implement a policy that governs asset management and associated activities.	Jan-25	Management agreed to develop and implement a policy.	<u>Update February 2024</u> : Management has drafted requirements of an asset management system and plans to utilize a module of the FreshService system (system). Once implemented, an Asset Management Policy will be developed and implemented by October 2025. <u>Update August 2024</u> : Management has launched the system and is in the process of collecting data for all computing assets. Management expects full implementation, including a finalized policy, to be complete by October 31, 2025.

**Outstanding Audit Recommendations
Audit Reports Issued Through
September 30, 2024**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
5/31/23	23-509	F&A	OCTA's Cybersecurity Program	Management should implement a comprehensive vulnerability management program that includes identifying, assessing, prioritizing, remediating, and/or documenting vulnerabilities as "accepted risks" in a timely manner.	Jan-25	Management agreed and indicated that the current Vulnerability Policy will be enhanced and all issues will be remediated or documented as "accepted risks" in a timely manner going forward.	<u>Update February 2024</u> : Management is working to build dashboards to identify vulnerabilities and a reporting system to monitor remediation efforts. Management estimates full implementation of this recommendation by June 2024. <u>Update August 2024</u> : The estimated completion date has been extended due to delays in procuring a consultant to conduct health check services. Dashboards to assist in prioritizing vulnerabilities will then be developed. The revised expected completion date is October 31, 2024.
5/31/23	23-509	F&A	OCTA's Cybersecurity Program	Management should update OCTA's Business Impact Analysis with direct input from the Cybersecurity Office and use results to inform the development, implementation, and maintenance of an updated Continuity of Operations Plan (COOP) and Disaster Recovery Plan (DRP), and test the DRP annually.	Jan-25	Management responded they are currently working with the SEP Department to review and update the COOP. Management plans to create playbooks to further improve the business continuity and disaster recovery processes to ensure business requirements are met.	<u>Update February 2024</u> : Management indicated that an initial portion of the disaster recovery runbook of core infrastructure applications has been completed and that a tabletop exercise of the incident response plan is planned for June 2024. Management will obtain an updated COOP and update its disaster systems recovery plans accordingly and implement annual testing of data and critical systems recovery by July 2024. <u>Update August 2024</u> : An updated COOP was delivered in May 2024 and management is updating the recovery runbook to restore applications. A tabletop exercise was completed in June 2024. Full implementation is expected by September 30, 2024.
5/31/23	23-509	F&A	OCTA's Cybersecurity Program	Management should strengthen the data protection and privacy program by adopting a comprehensive policy, designating an individual to define and communicate data and privacy requirements, and perform user access reviews at least every 90 days for all internal employees and third party contractors that have OCTA user accounts and/or access to internal resources.	Jan-25	Management committed to implementing a comprehensive data protection and privacy program for all protected data and to designate the cybersecurity manager as the individual responsible to define and communicate data and privacy requirements. In addition, management agreed to implement user access reviews at least every 90 days.	<u>Update February 2024</u> : Management indicated they have begun to meet with departments that handle protected data to identify where the data is stored and who has access. Once completed, management plans to develop policies and processes to properly secure such data. In addition, management is working with Microsoft to implement a governance platform to control user access during the entire employment life cycle. Management estimates full implementation by April 30, 2025. <u>Update August 2024</u> : Management continues to work on identifying protected data and the users that should have access to the data. Work on implementing a governance platform is in progress and full implementation is expected by April 2025.

Outstanding Audit Recommendations
Audit Reports Issued Through
September 30, 2024

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
11/14/23	24-502	Operations and F&A	Cooperative Agreements with Regional Center of Orange County (RCOC) and My Day Counts (MDC)	Management should implement procedures to investigate and take action to address RCOC disputed trips and ensure timely submission and receipt of payments and related credit memos. Accounts Receivable (AR) staff should communicate with RCOC to obtain sufficient information to ensure payments are accurately recorded, remaining errors are corrected, and input a due date on invoices. AR staff should also establish a process to monitor and collect overdue balances.	Nov-24	RCOC billing procedures have been improved and disputed trips are now investigated and reconciled. The new process includes a tracking log to ensure timely submission of invoice requests. The new process should eliminate the need for credit memos. AR staff will communicate directly with RCOC to correct remaining errors and ensure due dates are included on all future invoices. Staff has also established a process for monitoring overdue balances and notifying project managers accordingly.	<u>Update July 2024:</u> Management has improved billing procedures and invoice balances have been substantially cleared. Under a newly implemented process there will be no need for credits. Management implemented new procedures for collection; however, the procedures require improvement to include aging categories and outline, and communicate responsibilities of project managers for follow-up. As such, Internal Audit will follow-up again in six months.
12/5/23	24-503	Executive Office	Transit Police Services (TPS)	Management should implement a process to evaluate, estimate, and document the methodology of assigning TPS costs on an annual basis. Management should also consider implementing a process to accumulate and report all costs of providing transit security.	Dec-24	Management will collaborate with the Orange County Sheriffs-Coroner Department to estimate and document contract costs on an annual basis. In addition, management will work with the Financial Planning and Analysis (FP&A) Department to ensure the ability for each department responsible for an aspect of providing or supporting TPS, to accumulate and consolidate transit security costs for a better understanding of the overall cost of transit security. Management will work with Financial Planning and Analysis to consolidate TPS associated costs and reporting by July 2024.	<u>Update August 2024:</u> Management is coordinating with FP&A to implement a process to periodically review contract cost allocations for reasonableness and make adjustments as necessary. Management is also working with FP&A and Maintenance Resource Management to implement a process to accumulate all costs of providing transit security.
12/5/23	24-503	Executive Office	TPS	Management should implement procedures to document agreements for enhanced services, including the type, time, and place of services, and obtain a cost estimate for services. Management should reconcile invoices for special services to these documents and obtain support, or include in the contract, the rates to be charged prior to authorizing payment.	Dec-24	Management will establish procedures to better document the estimates, agreed cost, and occurrence of special services performed. Management will also seek rates for services to be documented in annual contract amendments moving forward with the 2024-2025 TPS contract amendment. Work should conclude by May 2024.	<u>Update August 2024:</u> Management has obtained annual cost estimate memos from TPS that document each type of enhanced service, the overtime billing rates by position, and the estimate of hours and positions required for each service; however, the contract requires documentation of the type, time, and place for each of these services, as scheduled, along with a cost estimate. Management should obtain a memo with all of the required information for each of the scheduled services.

**Outstanding Audit Recommendations
Audit Reports Issued Through
September 30, 2024**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
3/11/24	24-506	People and Community Engagement Division (PACE)	College Pass Program	Agreements should be amended to accurately reflect all responsibilities and requirements for program operation, and management should enforce agreement requirements. Management should also develop, document, and implement procedures for administration of the program, including procedures for verifying the reasonableness of enrollment data provided by colleges for invoicing purposes and timely preparation of invoices. Management should implement procedures developed in December 2023, to monitor and collect outstanding receivables.	Sep-24	Management agrees that the agreements need to be more specific to each college, and procedures need to be formalized to administer the program beyond the pilot phase. Management will review and enhance agreement language by August 31, 2024. In addition, management will ensure the documentation and implementation of specific procedures for each aspect of program administration and will outline specific responsibility area(s) for program implementation and oversight by September 30, 2024.	<u>Update September 2024</u> : Follow-up in process.
3/11/24	24-506	PACE	College Pass Program	Internal Audit recommends management update agreements to include requirements for security, inventory, distribution, and reporting of paper passes and implement monitoring controls to ensure colleges are complying with the requirements. Management should also strengthen controls to ensure all college bus passes are properly coded in the system.	Sep-24	Management will develop improved controls and a formal procedure for paper pass distribution to ensure proper security, accurate coding, reporting, and reconciliation, and amend agreements to include the procedures.	<u>Update September 2024</u> : Follow-up in process.
4/9/24	24-507	Capital Programs Division	Interstate 405 Improvement Project: Design-Build Contract	Internal Audit recommends that management file stop payment and release notices, daily extra work reports, and supporting tickets, and other supporting documentation with the invoice payment records. Also, management should ensure meeting minutes with sign-in sheets are consistently filed in the project files.	Oct-24	Management agrees and will work with F&A to include relevant supporting documents with invoice records going forward. Management will also ensure minutes and sign-in sheets are consistently filed with the project files.	
5/29/24	24-511	PACE	Flexible Spending Account Program	Management should implement a process for regular tracking of custodial account contributions, distributions, and running account balance and ensure the balance is updated for purposes of financial reporting.	Nov-24	Management will create a process to ensure the balance is updated and reported to accounting at the end of each fiscal year. In addition, a process will be established to regularly track account balance and activities.	

**Outstanding Audit Recommendations
Audit Reports Issued Through
September 30, 2024**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Internal Audit Status
8/1/24	24-512	Operations	OC ACCESS Service	Management should revise the performance standards exhibit in the contract to reflect the correct 5,000-mile Preventative Maintenance Interval (PMI) and adjust the miles in the penalty column accordingly. Management should also enforce prior approval requirements for repair or replacement of major mechanical components.	Feb-25	Management will amend the contract as recommended and will reiterate the prior approval requirements with First Transit.	
8/1/24	24-512	Operations	OC ACCESS Service	Management should implement a secondary review of the accident log to ensure all accidents are correctly classified.	Feb-25	Management will create and implement a formal review report and confirm the receipt and classification of each incident.	
8/1/24	24-512	Operations	OC ACCESS Service	Management should perform inspections in accordance with the established frequency schedule.	Feb-25	Management will perform inspections in accordance with the established frequency schedule and will implement a review to confirm that inspections have taken place.	
8/1/24	24-512	F&A	OC ACCESS Service	Management should enforce the requirement to include "Approval to Pay Invoice" in the email subject line when forwarding an invoice for payment, or should revise the policy to remove this requirement.	Feb-25	Management will remove this requirement from the policy.	
9/9/24	25-503	F&A, PACE, and Executive Office	Agreement No. C-4-1816 with Woodruff & Smart for Legal Services	Management should enhance invoice review controls to include verification that pre-approval of legal subcontractors was obtained as required.	Mar-25	Management will update invoice review procedures to include the recommended verification.	
9/13/24	25-502	F&A	Investments: Compliance, Controls, and Reporting January 1 through June 30, 2024	Management should implement a process to periodically update revenue estimates.	Mar-25	Management will update the estimates based on the adopted budget each year.	
9/13/24	25-502	F&A	Investments: Compliance, Controls, and Reporting January 1 through June 30, 2024	Management should update the Treasury manual to reflect current practices.	Mar-25	Management will update the manual as recommended.	

**Audit Recommendations Closed During
First Quarter, Fiscal Year 2024-25**

ATTACHMENT C

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Internal Audit Status Comments
1/26/22	21-511	Executive Office	Physical Access Security	The Internal Audit Department (Internal Audit) recommends the Security and Emergency Preparedness (SEP) Department management develop, maintain, and test a comprehensive, appropriate, and up-to-date set of physical security plans, policies, and procedures. A written Access Control Policy and related procedures should be developed and published, and management should address requirements included in the Physical Security Policy for implementing gate controls at all facilities. Finally, management should implement a regular training program to inform employees as to security policies, procedures, and protocols.	<u>Update August 2022</u> : Updates to security plans, policies, and procedures have not yet been prepared and are expected to be completed between August and December 2022. <u>Update March 2023</u> : Certain policy updates are in process. Development of an updated Master Security Plan (MSP) has been delayed and is now expected to be complete by the end of 2023. <u>Update September 2023</u> : Significant progress has been made; however, development of a MSP and a physical security training program are not yet complete. The contractor has experienced delays in producing these deliverables. <u>Update March 2024</u> : A final draft of the MSP was delivered in November 2023 but has not been finalized, and signed/accepted by the Chief Executive Officer. A training program has been implemented starting in the first quarter of 2024. <u>Update August 2024</u> : The MSP was finalized and accepted by the Chief Executive Officer on July 27, 2024.
5/8/23	23-508	Planning Division (Planning)	Measure M2 Comprehensive Transportation Funding Programs (CTFP) Project Audits	Management should enforce timely use of funds requirements or obtain Board of Directors' (Board) approval for exceptions to CTFP guidelines.	<u>Update February 2024</u> : Management's response indicated that staff is currently conducting an off-cycle review to update timely use of funds requirements and contract award verbiage, and that presentation of the revisions to the Board has been delayed to spring 2024. <u>Update July 2024</u> : Management updated CTFP guidelines to revise timely use of funds requirements, allowing for encumbrance dates to be reset at each phase of a project. Board approval of the revised guidelines was obtained in May 2024.
5/8/23	23-508	Planning	Measure M2 CTFP Project Audits	Management should perform follow-up with the County of Orange (County) and the cities of Costa Mesa, Laguna Beach, and San Clemente on actions taken to address recommendations, including repayment of overcharges and duplicate charges by the City of Laguna Beach.	<u>Update February 2024</u> : Management response indicated staff was in communication with the City of Laguna Beach to recover amounts due related to overcharges and indirect cost charges and to recalculate indirect costs; however, no evidence of communication was provided and city staff indicated no communications have occurred. Follow-up with the County and other cities has been performed. <u>Update July 2024</u> : Management provided evidence of follow-up with cities and has obtained repayment of overcharges and duplicate charges from Laguna Beach.
5/31/23	23-509	Finance and Administration Division (F&A)	Orange County Transportation Authority (OCTA) Cybersecurity Program	Management should strengthen third-party security management by requiring third-party consultants working with OCTA data to be subject to the same training as OCTA employees and be required to acknowledge OCTA information technology and cybersecurity policies. In addition, access reviews of these third-party consultants should be conducted.	<u>Update February 2024</u> : Management has compiled a list of third-party vendors, along with contact information for each, and has developed a questionnaire for distribution to vendors. The Information Systems (IS) cybersecurity team will review responses and follow-up accordingly. This process will be repeated annually. In addition, IS has implemented a process to ensure all consultants/vendors receive and acknowledge cybersecurity training prior to being granted credentials in OCTA. Management estimates 75 percent progress to-date and full completion by March 2024. <u>Update August 2024</u> : Management provided evidence of communications with vendors and receipt and review of vendor responses.
8/7/23	23-505	People and Community Engagement Division (PACE)	Life Insurance Benefits	Management should develop procedures to ensure that benefit entries into the payroll system are reviewed for accuracy and the monthly invoice process be enhanced to include reconciliation of premiums collected versus premiums paid.	<u>Update February 2024</u> : Management responded that enhanced procedures have been implemented; however, since VOYA has not provided invoices for January and February 2024, Internal Audit was unable to confirm new procedures are being performed. <u>Update August 2024</u> : Management has implemented the new procedures for validating premium invoice payments and is reviewing system entries as recommended.

**Audit Recommendations Closed During
First Quarter, Fiscal Year 2024-25**

8/7/23	23-505	PACE	Life Insurance Benefits	Management should implement controls to properly coordinate the timing of annual premium updates and calculation and processing of invoices to ensure accuracy. Additionally, management should reconcile the employee payroll deductions for supplemental life insurance with the payroll system data detailing premiums paid to VOYA and investigate any variances	<u>Update February 2024:</u> Management responded that controls to ensure timely system updates have been implemented and will reconcile premiums to payroll deductions; however, since VOYA has not provided invoices for January and February 2024, Internal Audit was unable to confirm new control procedures are being performed. <u>Update August 2024:</u> Management has updated its invoice process to include a three-way reconciliation between the invoice template-calculated premiums, the Human Resources Information System-calculated premiums, and the Lawson system Paycheck Deduction Report.
8/31/23	23-516	PACE	Bus Advertising Revenue Program	Management should implement controls to verify accurate and complete reporting of revenues, enforce reporting requirements, monitor free advertisements, and require the contractor to certify statements and the project manager to document reviews.	<u>Update March 2024:</u> The project manager now verifies that remittances include required certification language and details as to bonuses. Also, management has documented procedures for a semi-annual verification of a sample of underlying advertising contracts. However, since these procedures have not yet been implemented, Internal Audit will follow-up again in six months to confirm procedures. <u>Update September 2024:</u> Management is enforcing requirements for contractor certification on invoices and reporting of bonuses. Management has also implemented a semi-annual verification process for advertising contracts to review advertising sales, insertion date, and quantity.
11/14/23	24-502	Operations Division (Operations)	Cooperative Agreements with Regional Center of Orange County (RCOC) and My Day Counts (MDC)	Management should reconsider the current arrangement with MDC and, if continued, should amend contracts with RCOC and MDC to obligate RCOC to pay OCTA for pass-through amounts and to ensure disputed amounts are charged to MDC. Evaluation of per-trip subsidy amounts should include consideration of the pass-through payments going forward. Also, pass-through payment arrangements should be approved by the Board going forward. Management should also consider recovering from MDC amounts paid by OCTA for which RCOC reimbursement was not obtained.	<u>Update September 2024:</u> The pass-through arrangement with MDC has been discontinued.
11/14/23	24-502	Operations and F&A	Cooperative Agreements with RCOC and MDC	Accounts Payable (AP) staff should ensure that invoices are properly authorized and verify that invoices are applied to the current agreement, and Accounts Receivable staff should ensure invoices are created against the current agreement. Operations should review invoices from MDC and reconcile trips before submitting invoices for payment.	<u>Update September 2024:</u> Refresher training on correct signature authority has been provided to AP staff, and a system control has been implemented to issue a warning when an invoice is posted to an expired agreement. In addition, Operations implemented new billing procedures to perform data reconciliation in advance of payment to MDC.
12/5/23	24-503	Executive Office	Transit Police Services (TPS)	Management should ensure annual work plans are developed and documented as required by the contract.	<u>Update August 2024:</u> An annual work plan for 2024 was developed and documented as outlined in the contract.
12/5/23	24-503	Executive Office	TPS	Management should strengthen controls over canine-related expense tracking and ensure all eligible costs are identified and submitted for grant reimbursement. Management should also review fiscal year (FY) 2022-23 eligible expenses that were not submitted and request reimbursement.	<u>Update August 2024:</u> Management claimed and received \$11,889.05, in grant reimbursement for costs not previously claimed. The recommendation to improve tracking of grant-reimbursable expenses is no longer applicable, as the Transportation Security Administration Canine Program was defunded by Congress as of April 30, 2024.

**Audit Recommendations Closed During
First Quarter, Fiscal Year 2024-25**

1/15/24	23-504	F&A	AP Operations	Management should separate the ability to create or edit vendors from the ability to process payments, require a Computer Access Request form for all user access requests, enhance the annual accounting system access review, and restrict the number of users granted administrative rights in the accounting system.	<u>Update August 2024:</u> Management has developed a policy to ensure access requests are reviewed by Accounting Department management for approval. The number of system administrators has been reduced and segregation of duties is now being enforced as recommended.
1/15/24	23-504	F&A	AP Operations	Management should review and update the Payment Request (PR) Policy, as necessary, and consider updating the PR form to include a checklist and details as to the types of allowable payments. Project managers should also be reminded of the proper use of PR's and staff should not process exceptions without approval.	<u>Update August 2024:</u> Management updated the PR Policy and the PR Form (PRF) to increase the PR threshold amount to \$5,000, and additional clarity was provided to the exception category descriptions. Further, the PRF has been enhanced to include a checklist for payment type and a drop-down box for exception categories when the payment request amount is over \$5,000. The PR Policy was distributed to all project managers.
3/13/24	24-509	F&A	Investments: Compliance, Controls, and Reporting: July 1 through December 31, 2023	Internal Audit recommends management utilize month-end bank statements when preparing monthly reports.	<u>Update August 2024:</u> Management is now reconciling the report amounts to the bank statements.
3/13/24	24-509	F&A	Investments: Compliance, Controls, and Reporting: July 1 through December 31, 2023	Internal Audit recommends OCTA discontinue paying fees associated with accounts whose portfolio values are not automatically updated in the Clearwater system.	<u>Update August 2024:</u> Beginning in March 2024, Clearwater excluded the portfolio values of these accounts from its calculation of fees.



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors

From: Andrea West, Clerk of the Board 

Subject: Investment Manager Contracts, Internal Audit Report No. 25-504

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen,
and Sarmiento

Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Direct staff to implement two recommendations provided in Investment Manager Contracts, Internal Audit Report No. 25-504.



October 23, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Investment Manager Contracts, Internal Audit Report No. 25-504

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of investment manager contracts. Based on the audit, oversight, contract compliance, and invoice review controls are generally adequate; however, two recommendations have been made to improve compliance with contract terms related to replacing key personnel and to improve the timeliness of invoice processing.

Recommendation

Direct staff to implement two recommendations provided in Investment Manager Contracts, Internal Audit Report No. 25-504.

Background

The Treasury/Public Finance Department (Treasury) is responsible for overall management of the Orange County Transportation Authority's (OCTA) investment portfolio. On June 30, 2024, OCTA's portfolio book value was approximately \$2.5 billion, of which approximately \$2.0 billion is in a short-term portfolio managed by four investment firms.

Treasury maintains contracts with external investment managers Chandler Asset Management, Inc. (CAM), MetLife Investment Advisors, LLC (MetLife), Payden & Rygel (P&R), and PFM Asset Management, LLC (PFM) under Agreement Nos. C-7-1813, C-7-2062, C-7-2063, and C-7-2064 (contracts), respectively. The firms are responsible for investing funds in compliance with the OCTA Investment Policy and the California Government Code. The firms serve as a general resource for OCTA staff for economic insight, investment advice,

and education regarding fixed-income securities and investments. Per the contracts, investment managers are required to provide monthly reports of investments, earnings, and the value of the portfolio. Invoices are submitted quarterly, and fees are calculated based on the value of assets under management. Treasury is responsible for oversight and contract compliance, as well as review and approval of invoices in accordance with the contract terms and OCTA policy.

Discussion

Changes to investment manager key personnel are not identified and approved timely. The agreement requires the resume and qualifications of proposed replacement key personnel be submitted to OCTA for approval seven calendar days prior to the departure of the incumbent, and that OCTA respond to these requests within seven calendar days. Internal Audit identified six instances in which an investment management firm replaced key personnel without notifying OCTA, and two instances in which the notification was not made within seven calendar days and the response from OCTA was not made within seven calendar days. Internal Audit recommended management remind investment managers of contract requirements for replacement of key personnel and implement a procedure to periodically validate key personnel. Management agreed and indicated that staff will remind investment managers of the contract requirement, will request that investment managers limit the designations of key personnel, and will implement a process to periodically validate key personnel.

Internal Audit identified delays in invoice review and processing. The agreement requires payment within 30 calendar days of receipt of an invoice. Internal Audit identified four invoices that were paid beyond 30 calendar days of receipt, with delays ranging from 44 to 101 days. Internal Audit recommended management improve the timeliness of invoice review, approval, and processing. Management agreed and indicated additional controls will be implemented to ensure timely payment.

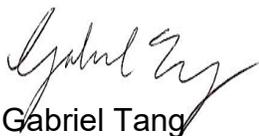
Summary

Internal Audit has completed an audit of investment manager contracts, and has offered two recommendations, which management has agreed to implement.

Attachment

- A. Investment Manager Contracts, Internal Audit Report No. 25-504

Prepared by:



Gabriel Tang
Principal Internal Auditor
714-560-5746

Approved by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Investment Manager Contracts

Internal Audit Report No. 25-504

October 11, 2024



Audit Team:

Gabriel Tang, CPA, Principal Internal Auditor
Janet Sutter, CIA, Executive Director

Distributed to:

Andrew Oftelie, Chief Financial Officer, Finance and Administration
Sean Murdock, Robert Davis, Changsu Lee, Pia Veasapen

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investment Manager Contracts
October 11, 2024**

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investment Manager Contracts
October 11, 2024**

Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of investment manager contracts. Based on the audit, oversight, contract compliance, and invoice review controls are generally adequate; however, two recommendations have been made to improve compliance with contract terms related to replacing key personnel and to improve the timeliness of invoice processing.

Background

The Treasury/Public Finance Department (Treasury) is responsible for overall management of OCTA's investment portfolio. On June 30, 2024, OCTA's portfolio book value was approximately \$2.5 billion, of which approximately \$2.0 billion is in a short-term portfolio managed by four investment firms.

Treasury maintains contracts with external investment managers Chandler Asset Management, Inc. (CAM), MetLife Investment Advisors, LLC (MetLife), Payden & Rygel (P&R), and PFM Asset Management, LLC (PFM), under Agreement Nos. C-7-1813, C-7-2062, C-7-2063, and C-7-2064 (contracts), respectively. The contracts' initial term ran from April 2, 2018 to March 30, 2023, and the first option-term, extending the contracts through March 31, 2025, was approved by the Board of Directors on February 22, 2023. The firms are responsible for investing funds in compliance with the OCTA Investment Policy and the California Government Code. The firms serve as a general resource for OCTA staff for economic insight, investment advice, and education regarding fixed-income securities and investments. Per the contracts, investment managers are required to provide monthly reports of investments, earnings, and the value of the portfolio. Invoices are submitted quarterly, and fees are calculated based on the value of assets under management. Treasury is responsible for oversight and contract compliance, as well as review and approval of invoices in accordance with the contract terms and OCTA policy.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investment Manager Contracts
October 11, 2024**

Objectives, Scope, and Methodology

The objectives were to assess and test oversight, contract compliance, and invoice review controls related to short-term investment management services provided by CAM, MetLife, P&R, and PFM.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information, communication, and monitoring.¹ The components and principles that were evaluated as part of this audit are:

- Control Environment
 - OCTA demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Control Activities
 - OCTA deploys control activities through policies that establish what is expected and procedures that put policies into action.

The scope was limited to Agreement Nos. C-7-1813, C-7-2062, C-7-2063, and C-7-2064, and the scope period is from July 1, 2022 through June 30, 2024.

The methodology consisted of testing evidence of compliance with key contract terms, including insurance requirements, pre-approval for use of subcontractors, and pre-approval for changes to key personnel. The methodology also included testing a judgmental sample of invoices paid for compliance with contract terms, and evidence of timely review, authorization, and payment, as well as a judgmental sample of investment manager monthly reports for accuracy and compliance with contract reporting requirements. The judgmental samples were selected to provide coverage throughout the scope period.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investment Manager Contracts
October 11, 2024**

Audit Comments, Recommendations, and Management Responses

Investment Manager Key Personnel Changes

Changes to investment manager key personnel are not identified and approved timely.

Per the contracts, “Should the services of any key person become no longer available to consultant, the resume and qualifications of the proposed replacement shall be submitted to OCTA for approval as soon as possible, but in no event later than seven (7) calendar days prior to the departure of the incumbent key person, unless consultant is not provided with such notice by the departing employee. OCTA shall respond to consultant within seven (7) calendar days following receipt of these qualifications concerning acceptance of the candidate for replacement.”

Internal Audit identified six instances in which an investment management firm replaced key personnel without notifying Treasury. In addition, Internal Audit identified two instances whereby investment managers notified Treasury of key personnel changes; however, the requests to replace key personnel were not made in accordance with agreement terms (within seven days prior to departure of incumbent staff) and review and approval of key personnel replacements was not provided in accordance with agreement terms (within seven days of the request).

Recommendation 1:

Internal Audit recommends management remind investment managers of contract requirements for replacement of key personnel and implement a procedure to periodically validate key personnel.

Management Response:

Management agrees with the recommendation. Staff will continue to remind investment managers of the contract requirements regarding the replacement of key personnel. Additionally, staff has requested that investment managers limit the designation of key personnel to those employees who directly work with OCTA staff. Furthermore, staff will implement a process to periodically validate key personnel.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investment Manager Contracts
October 11, 2024**

Delays in Invoice Processing

Internal Audit identified delays in invoice review and processing.

Per the contract, "OCTA shall remit payment within thirty (30) calendar days of the receipt and approval of each invoice."

Internal Audit noted four out of 16 invoices were paid beyond 30 calendar days of receipt. Delays in payment ranged from 44 to 101 days after invoice receipt.

Recommendation 2:

Internal Audit recommends management improve timeliness of invoice review, approval and processing.

Management Response:

Management agrees with the recommendation. Staff has implemented additional checks in the review process to ensure the timeliness of payments is carefully monitored.



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Fiscal Year 2023-24 Fourth Quarter Budget Status Report

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen,
and Sarmiento
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Receive and file as an information item.



October 23, 2024

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Fiscal Year 2023-24 Fourth Quarter Budget Status Report

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line and extends into the "Subject:" line.

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2023-24 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the fourth quarter of fiscal year 2023-24.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2023-24 Budget on June 12, 2023. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and projects.

The balanced budget as approved by the Board in June was \$1.69 billion. Sources of funds were comprised of \$1.304 billion in current FY revenues and \$395 million in use of prior year designations. Uses of funds were comprised of \$1.651 billion of current FY expenditures and \$48 million of designations.

The Board has approved two amendments through the fourth quarter, increasing the expense budget by \$23.5 million. This increased the budget to \$1.722 billion as summarized in Table 1 on the following page.

Table 1 - Working Budget

Date	Description	Amount*
7/1/2023	Adopted Budget	\$ 1,698,470
10/9/2023	Independent Financial Audits of OCTA	965
11/27/2023	San Juan Creek Bridge Replacement Project	22,578
	<i>Subtotal Amendments</i>	23,543
	Total Working Budget	\$ 1,722,013

*in thousands

Discussion

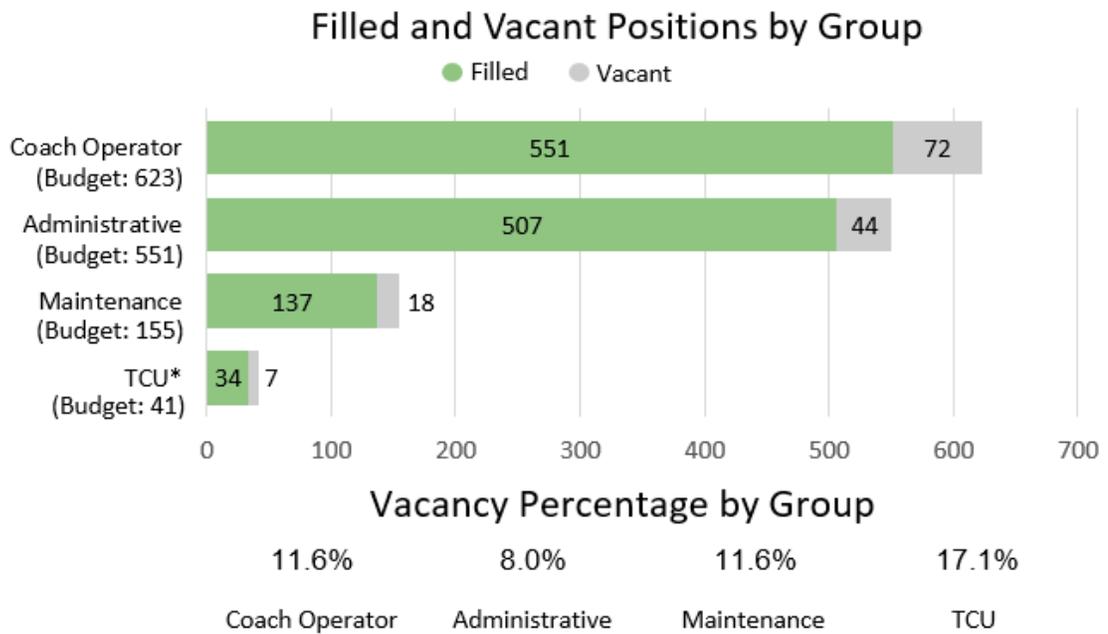
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget to actual variances within each pertinent OCTA program. The OCTA programs include Bus, Regional Rail, Express Lanes, Motorist Services, and Measure M2 (M2). A visual dashboard summary of this report is provided in Attachment A.

Unless indicated on an individual chart, the general color pattern used is outlined below:

- Gray – Budget
- Green – Within budget
- Yellow – Within five percent variance of budget
- Red – Over five percent variance of budget

Staffing

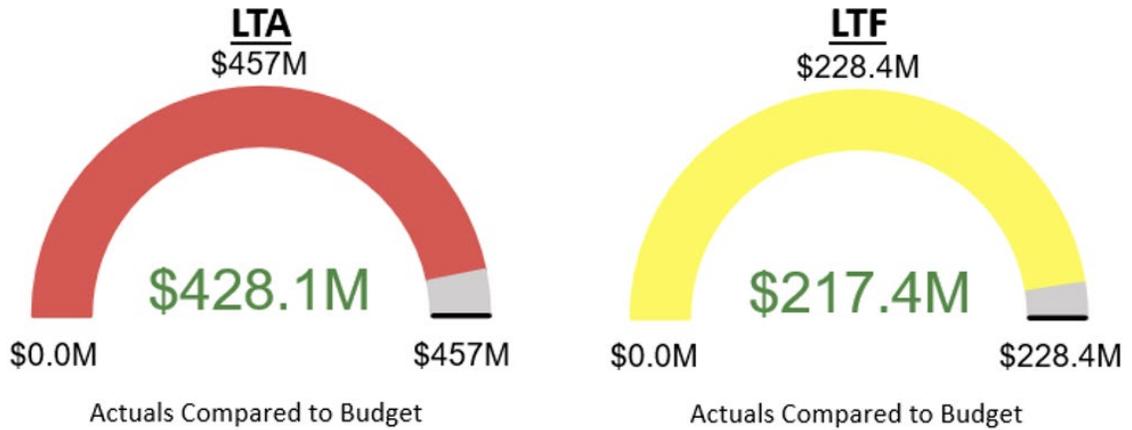
Total salaries and benefits were \$29.2 million under the budget of \$212.6 million. This is primarily due to staffing vacancies agency-wide and a one-time deferred compensation reconciliation payment, in the amount of \$8 million, that was budgeted for in FY 2023-24 but was expensed in FY 2022-23.



*TCU - Transportation Communications International Union

Sales Tax Receipts

The charts below provide a FY snapshot for both the Local Transportation Authority (LTA) M2 Program and Local Transportation Fund (LTF) Bus Program sales tax revenues against the budget. Sales tax receipts underperformed the budget through the fourth quarter. LTA sales tax receipts of \$428.1 million were \$28.9 million lower than the budget and LTF sales tax receipts of \$217.4 million were \$11 million lower than the budget.



Major Programs

Bus Program



Bus Program operating revenue of \$407.1 million was \$13.8 million above budget. This was primarily due to prior year revenues received in the current year for federal operating assistance and state assistance, in addition to OCTA receiving larger than anticipated interest income. However, that was offset by sales tax coming in lower than anticipated. Bus Program operating expenses of \$345.8 million were \$47.5 million under the budget. Staffing vacancies in the coach operator and administrative groups as well as the deferred compensation reconciliation payment contributed \$21.9 million to the underrun. In addition, there was an underrun of \$23.1 million primarily due to lower than anticipated expenditures on contracted services as well as recurring as-needed services and supplies, such as fuel, maintenance parts, and marketing efforts, which can vary based on need.



Bus Program capital revenue of \$156 million was \$74.4 million lower than budget. This is due to capital revenues associated to capital expenses which

came in lower than anticipated due to the timing of bus procurements and the Transit Security and Operations Center (TSOC) expenses, which have both been rebudgeted in FY 2024-25. Bus Program capital expenses were \$166.9 million lower than the budget of \$230.4 million primarily due to the timing of the procurement of fixed-route and paratransit vehicles, in the amount of \$79.9 million, which have been postponed until FY 2024-25. In addition, the TSOC project, budgeted for \$53.9 million, is in the process of procurement with expenditures anticipated to begin in FY 2024-25. Additionally, building improvements such as the metered electric switch gear, battery charging system, and others in the amount of \$14.6 million have been rebudgeted for the next FY.

Rail Program

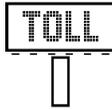


Rail Program operating revenue of \$80.7 million was \$8.6 million higher than the budget. This was primarily due to higher than anticipated interest earnings. Rail operating expenses came in \$18.5 million lower than budgeted. This was primarily due to costs for the Placentia Metrolink Station that did not occur due to ongoing negotiations with BNSF Railway. The remaining variance was due to a reduction in the Metrolink operating subsidy, due to the availability of federal operating revenues directly drawn by Metrolink.



Rail Program capital revenue of \$0.8 million was \$4.4 million lower than budgeted. This was primarily due to less than anticipated revenue reimbursements based on lower capital expenses through the fourth quarter. Rail capital expenses came in \$4.4 million lower than budgeted. This was primarily due to Metrolink drawing down additional external funds which lowered the contribution amount needed from OCTA to complete the design phase of the slope and drainage improvements for the Mission Viejo/Laguna Niguel project.

91 Express Lanes Program

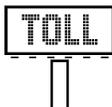


The 91 Express Lanes Program operating revenue of \$88.9 million exceeded the budget by \$22.3 million, primarily due to higher trip volumes than anticipated during budget development. Operating expenses of \$49.5 million were \$17.1 million lower than the budget of \$66.6 million, primarily due to the lower than anticipated expenses due to the timing and utilization of professional services.



The 91 Express Lanes Program capital revenue and expenses of \$27.2 million was \$3.1 million under budget. This was primarily due to the Electronic Toll and Traffic Management system, system maintenance and support, and the back-office system work not occurring at the time originally anticipated. These items have been rebudgeted in FY 2024-25.

405 Express Lanes Program



The 405 Express Lanes Program operating revenue of \$36.5 million under the budget by \$3.4 million, primarily due to lower than anticipated toll revenue due to a later start date than budgeted. Similarly, operating expenses of \$9.4 million were \$30.5 million lower than the budget of \$39.9 million, primarily due to the refinancing of the Transportation Infrastructure Finance and Innovation Act loan and Express Lanes service beginning later than budgeted.

Motorist Services Program

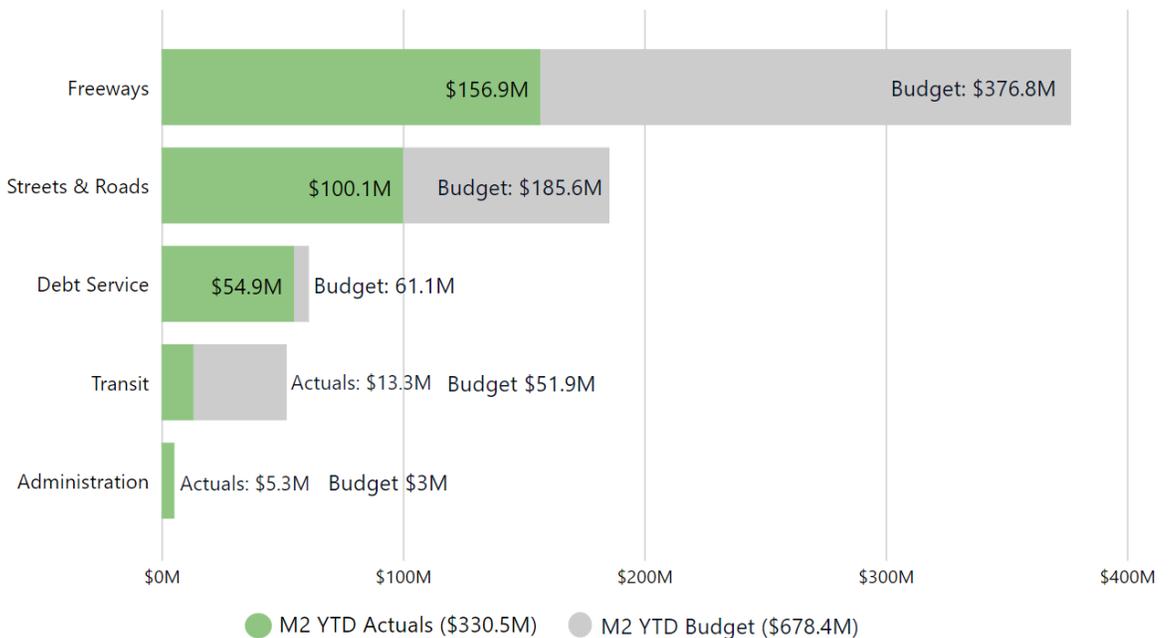


Motorist services operating revenue of \$13.4 million was \$1.2 million over budget. This was primarily due to OCTA receiving prior year SB 1 (Chapter 5, Statutes of 2017) revenues in the current FY. Operating expenses were \$0.6 million under the budget of \$12.2 million. This was primarily due to lower than budgeted contracted tow service costs for Freeway Service Patrol.

M2 Program



M2 Program Budget and Actuals by Mode



Total actual expenses of \$330.5 million for the M2 Program were \$347.9 million lower than the budget, primarily due to the timing of construction and right-of-way (ROW) payments for freeway projects including the State Route 55 (SR-55) freeway improvements (\$127.9 million), Interstate 405 (I-405) freeway project (\$49.5 million), and Interstate 5 (I-5) to El Toro freeway project (\$37.9 million). Additionally, the San Juan Creek Bridge replacement also contributed to the underrun (\$26.6 million) due to Metrolink awarding the contract later than anticipated. Lastly, lower than anticipated contributions to the county and cities for the Regional Capacity Program (\$47.7 million), Regional Traffic Signal Synchronization (\$33.3 million), and Community-Based Transit Circulators (\$8.6 million) contributed to the underrun.

Summary

Overall, revenue of \$1,660.6 million was \$61.4 million under budget. This was primarily due to lowered than anticipated sales tax receipts and capital revenue being tied to capital expenses which came in lower than anticipated for the timing of the procurement of fixed-route and paratransit vehicles, as well as the design and construction of the TSOC, which have been rebudgeted in FY 2024-25.

Operating expenses of \$509.2 million were \$305.2 million under budget, primarily due to the timing of expenses for freeway services, contributions to the county, cities, and local agencies for the Regional Capacity Program, San Juan Creek Bridge, and Regional Traffic Signal Synchronization. Additionally, contracted services, as-needed services and supplies, and paratransit services contributed to the underrun.

Capital expenses of \$252.2 million were \$442.8 million under budget, primarily due to the timing of construction and ROW expenses for the SR-55 Improvements, I-5 Santa Ana Project, and I-405 to El Toro Road improvements. In addition, the timing of procurement of revenue vehicles and the design and construction of the TSOC also contributed to the underrun.

Salaries and benefits of \$183.4 million underran the budget by \$29.2 million. This was primarily due to staffing vacancies in the coach operator and administrative groups as well as a one-time deferred compensation reconciliation payment, in the amount of \$8 million, that was budgeted in FY 2023-24 but was expensed in FY 2022-23.

Attachment

- A. FY 2023-24 Fourth Quarter Budget Status Summary

Prepared by:



Victor Velasquez
Department Manager,
Financial Planning and Analysis
(714) 560-5592

Approved by:



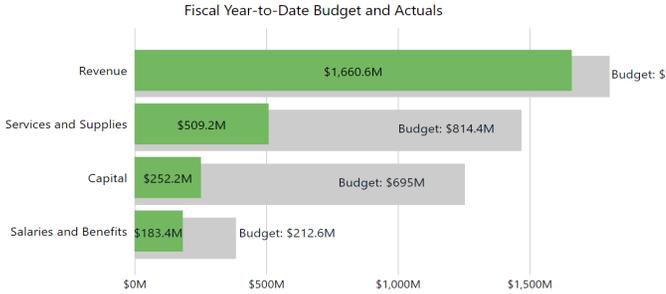
Andrew Oftelie
Chief Financial Officer,
Finance and Administration
(714) 560-5649



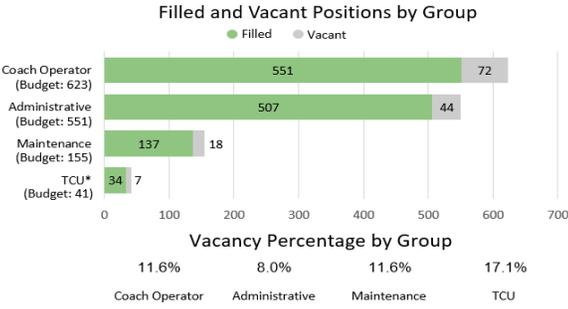
FY 2023-24 Fourth Quarter Budget Status Summary

● Budget ● Within Budget ● Within 5% Variance ● Over 5% Variance

Total Authority

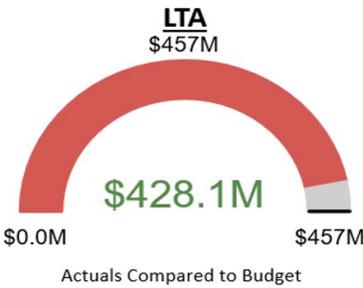


Staffing

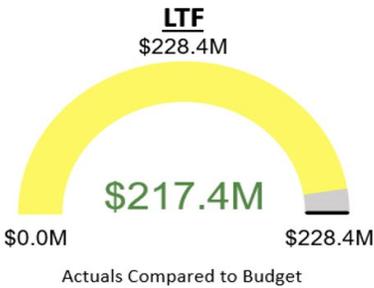


Sales Tax Receipts

Local Transportation Authority (LTA)



Local Transportation Fund (LTF)



Major Operating Programs

Year-to-Date (YTD)

Bus Program



Rail Program



91 Express Lanes Program



405 Express Lanes Program



Motorist Services Program





COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Orange County Transportation Authority Investment and Debt Programs Report – August 2024

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen, and Sarmiento
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Receive and file as an information item.



October 23, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report – August 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 August 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 August 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 4.3 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 \$7,033,549, with an average monthly effective yield of 4.58 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 \$785,754. For the month of July, the monthly gross yield for the OCIP was 4.36 percent. The yield for the month of August will be received in September 2024. 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 August, no security held within OCTA's investment portfolio was 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 the 2021 Transportation Infrastructure Finance and Innovation Act Loan. The debt program currently has an outstanding principal balance of \$1.2 billion as of August 31, 2024. Approximately 46 percent of the outstanding balance is comprised of M2 debt, three percent is associated with the 91 Express Lanes Program, and 51 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 August 31, 2024.

Attachments

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

INVESTMENT PROGRAM

OCTA Investment Dashboard

8/31/2024

Safety of Principal

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

N/A

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

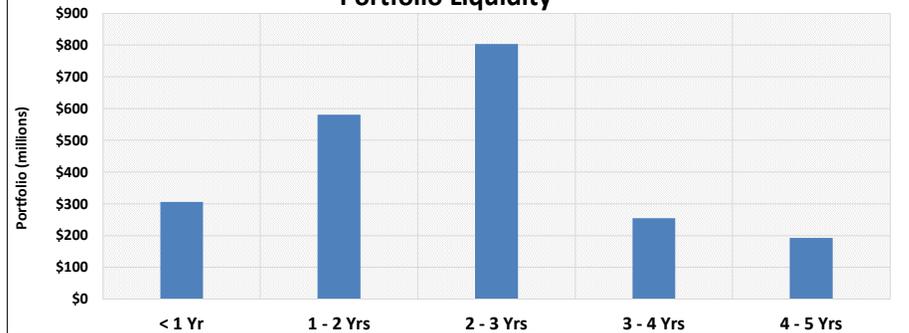
Two Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023

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

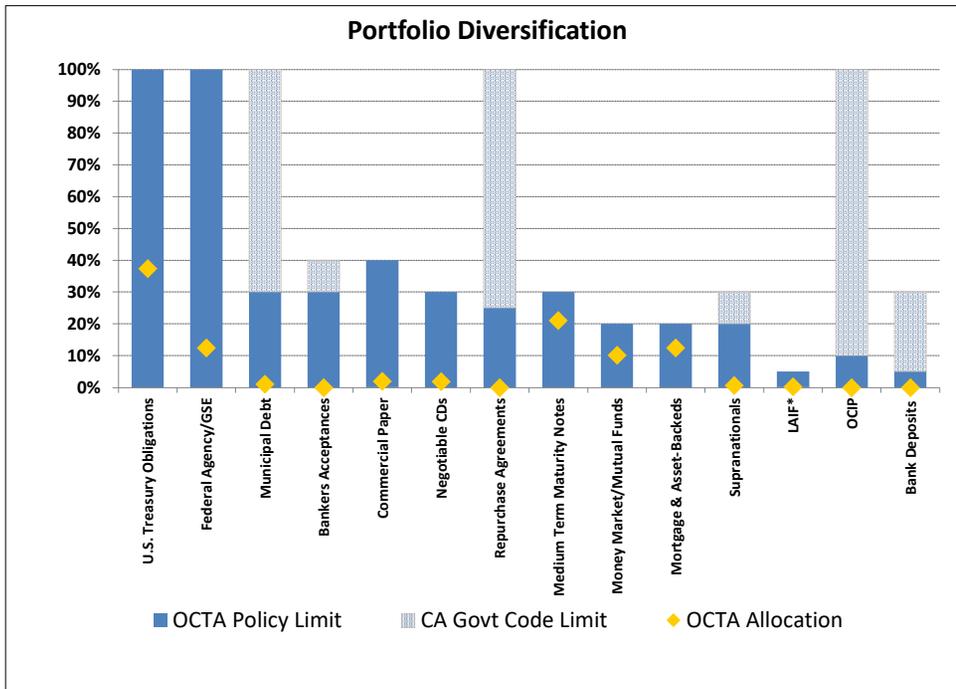
N/A

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

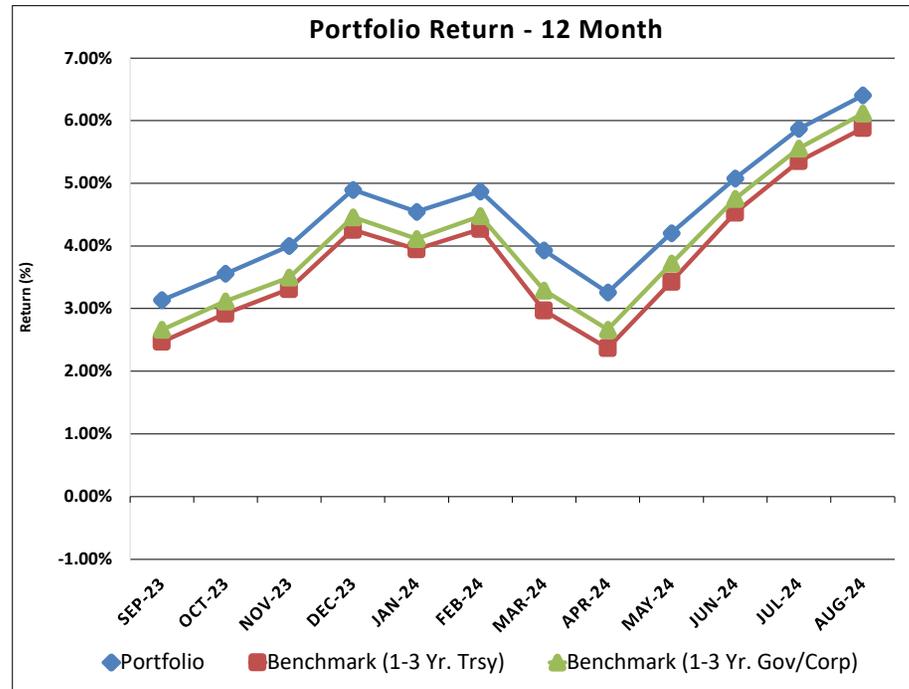
Portfolio Liquidity



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 August 31, 2024, 6.4% of the portfolio was invested in variable & floating rate securities.

Investment Compliance

8/31/2024

Portfolio Subject to Investment Policy			
Short-Term/Liquid Portfolio ¹	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Max. Percentages
U.S. Treasury Obligations	\$ 897,509,635	37.5%	100%
Federal Agency/GSE	298,949,603	12.5%	100%
Municipal Debt	\$ 27,097,996	1.1%	30%
Commercial Paper	48,959,979	2.0%	40%
Negotiable Certificates of Deposit	\$ 45,250,000	1.9%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	\$ 505,115,662	21.1%	30%
Money Market/Mutual Funds	244,866,440	10.2%	20%
Mortgage & Asset-Backed	\$ 300,960,877	12.6%	20%
Supranationals	16,773,390	0.7%	20%
Local Agency Investment Fund	\$ 7,033,549	0.3%	\$ 75 Million
Orange County Investment Pool	785,754	0.0%	10%
Bank Deposits	\$ 250,000	0.0%	5%
Total Short-Term/Liquid Portfolio²	\$ 2,393,552,886		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$157,075,079 (6.6% of total Short-Term/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

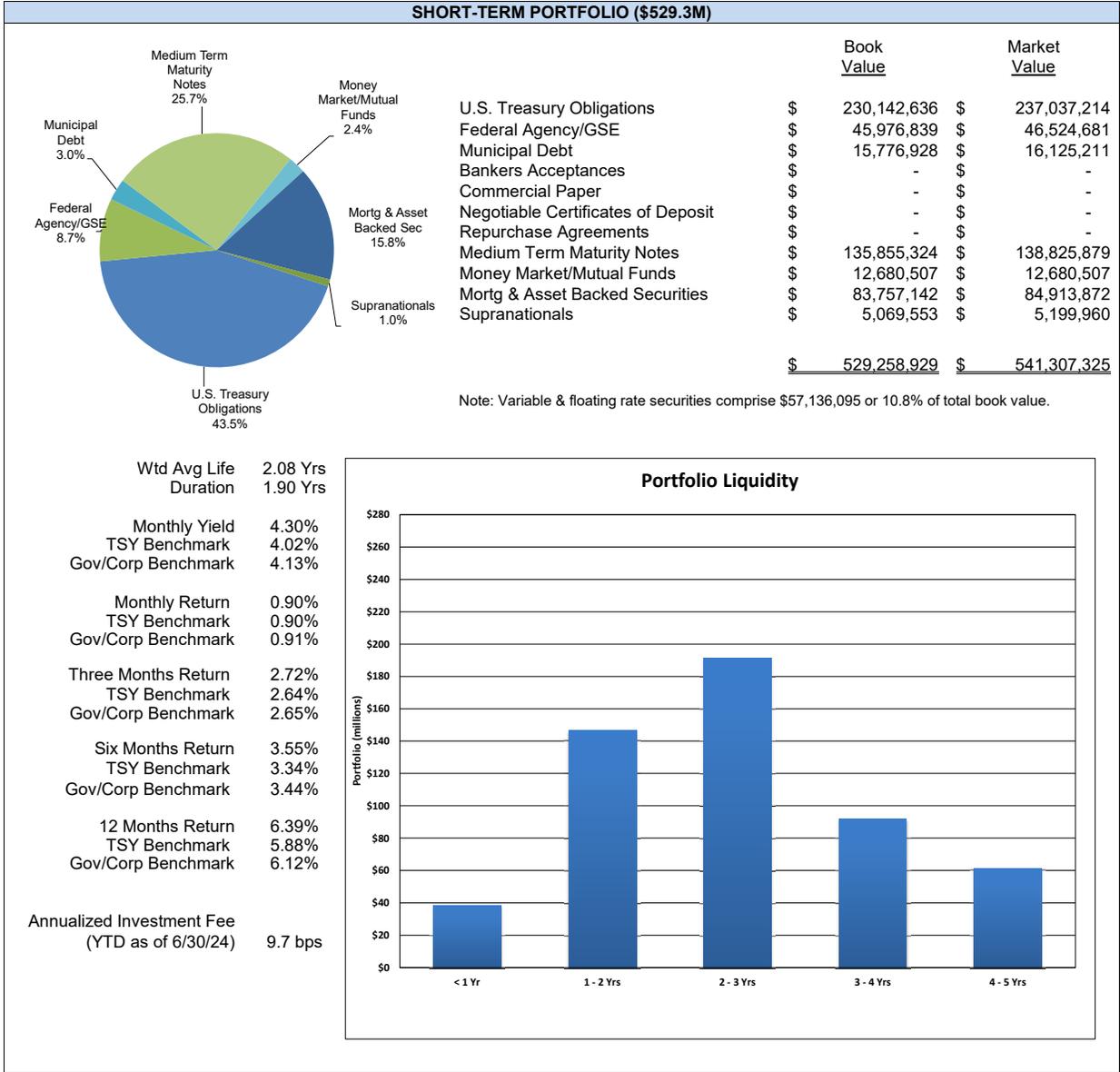
Portfolio Subject to Indenture					
Portfolio	Dollar Amount Invested	OCTA		Indenture Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
Liquid Portfolio*					
Government Obligations MMKT Fund	116,165,202	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	20,822,757	"AAAm"/"Aammf"	N/A	AAA Category	N/A
Total Liquid Portfolio	\$ 136,987,959				
Bond Proceeds Portfolio					
2021 Bond Anticipation Notes (BANs):					
Government Obligations MMKT Fund	55,643	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	"AAAm" or "AAAm-G"	N/A
91 Express Lanes 2023 Bonds:					
Government Obligations MMKT Fund	2,626	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Total Bond Proceeds Portfolio	\$ 58,270				
Reserve Funds Portfolio					
Bank Deposit	\$ 216,567	N/A	N/A	N/A	N/A
Government Obligations MMKT Fund	5,214,659	"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**	9	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Total Reserve Funds Portfolio	\$ 13,431,235				
Total Portfolio Subject to Indenture	\$ 13,489,504				
Portfolio Total	\$ 2,544,030,349				

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

**91 EL Debt Service Fund

Investment Manager Diversification and Maturity Schedules

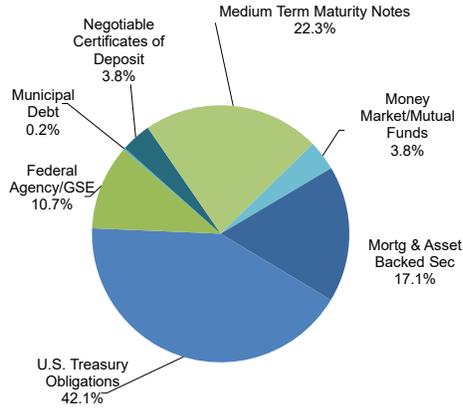
**MetLife Investment Management
8/31/2024**



Investment Manager Diversification and Maturity Schedules

**PFM
8/31/2024**

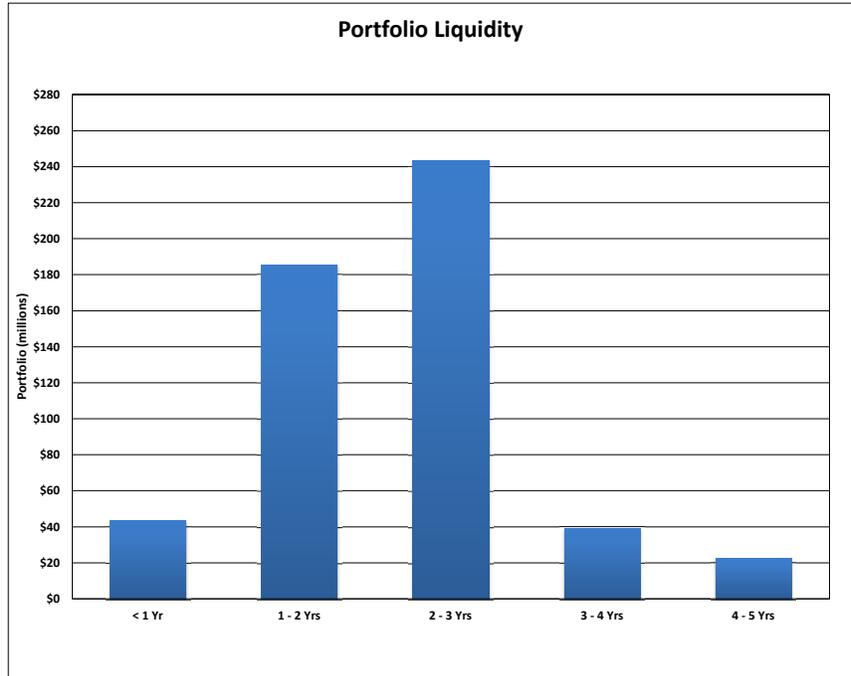
SHORT-TERM PORTFOLIO (\$533.3M)



	<u>Book Value</u>	<u>Market Value</u>
U.S. Treasury Obligations	\$ 224,391,588	\$ 229,257,234
Federal Agency/GSE	\$ 57,283,704	\$ 58,234,955
Municipal Debt	\$ 1,025,000	\$ 998,049
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 20,250,000	\$ 21,220,653
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 118,868,368	\$ 121,522,323
Money Market/Mutual Funds *	\$ 20,150,256	\$ 20,150,256
Mortg & Asset Backed Securities	\$ 91,354,590	\$ 91,706,296
Supranationals	\$ -	\$ -
	<u>\$ 533,323,507</u>	<u>\$ 543,089,767</u>

Note: Variable & floating rate securities comprise \$34,869,089 or 6.5% of total book value.

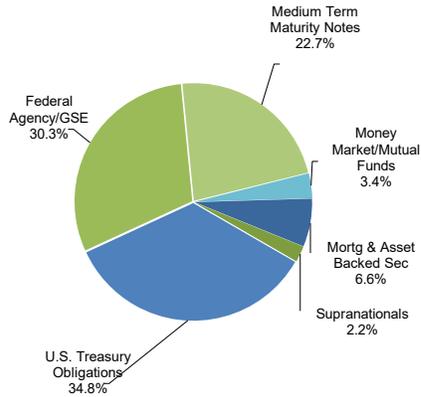
Wtd Avg Life	1.84 Yrs
Duration	1.70 Yrs
Monthly Yield	4.32%
TSY Benchmark	4.02%
Gov/Corp Benchmark	4.13%
Monthly Return	0.89%
TSY Benchmark	0.90%
Gov/Corp Benchmark	0.91%
Three Months Return	2.63%
TSY Benchmark	2.64%
Gov/Corp Benchmark	2.65%
Six Months Return	3.46%
TSY Benchmark	3.34%
Gov/Corp Benchmark	3.44%
12 Months Return	6.40%
TSY Benchmark	5.88%
Gov/Corp Benchmark	6.12%
Annualized Investment Fee (YTD as of 6/30/24)	5.8 bps



Investment Manager Diversification and Maturity Schedules

**Chandler Asset Management
8/31/2024**

SHORT-TERM PORTFOLIO (\$534.0M)

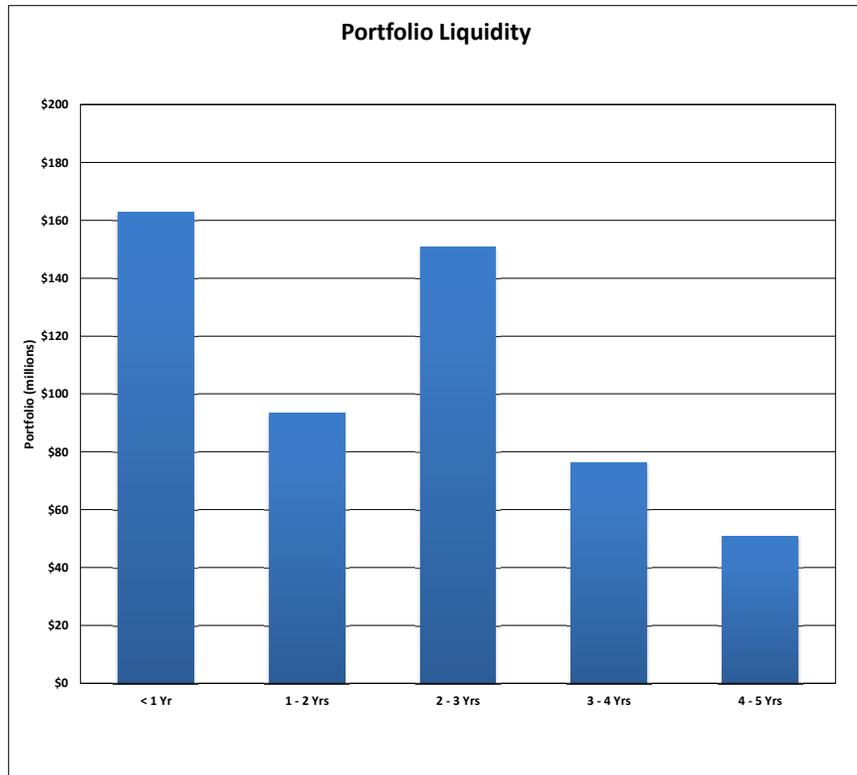


	Book Value	Market Value
U.S. Treasury Obligations	\$ 185,857,708	\$ 187,114,027
Federal Agency/GSE	\$ 161,858,735	\$ 165,081,463
Municipal Debt	\$ -	\$ -
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 120,993,934	\$ 123,097,640
Money Market/Mutual Funds	\$ 18,396,128	\$ 18,396,128
Mortg & Asset Backed Sec	\$ 35,202,148	\$ 35,529,131
Supranationals	\$ 11,703,837	\$ 11,795,946
	<u>\$ 534,012,489</u>	<u>\$ 541,014,335</u>

Note: Variable & floating rate securities comprise \$15,953,663 or 3.0% of total book value.

Wtd Avg Life	1.90 Yrs
Duration	1.76 Yrs
Monthly Yield	4.32%
TSY Benchmark	4.02%
Gov/Corp Benchmark	4.13%
Monthly Return	0.87%
TSY Benchmark	0.90%
Gov/Corp Benchmark	0.91%
Three Months Return	2.62%
TSY Benchmark	2.64%
Gov/Corp Benchmark	2.65%
Six Months Return	3.50%
TSY Benchmark	3.34%
Gov/Corp Benchmark	3.44%
12 Months Return	6.30%
TSY Benchmark	5.88%
Gov/Corp Benchmark	6.12%

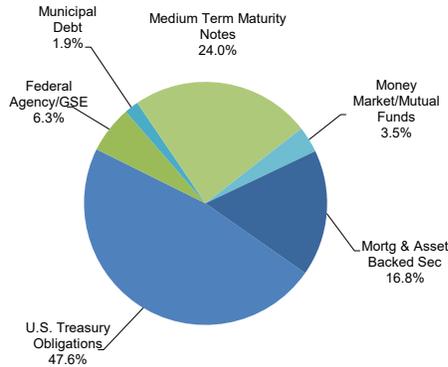
Annualized Investment Fee
(YTD as of 6/30/24) 5.1 bps



Investment Manager Diversification and Maturity Schedules

Payden & Rygel
8/31/2024

SHORT-TERM PORTFOLIO (\$540.1M)

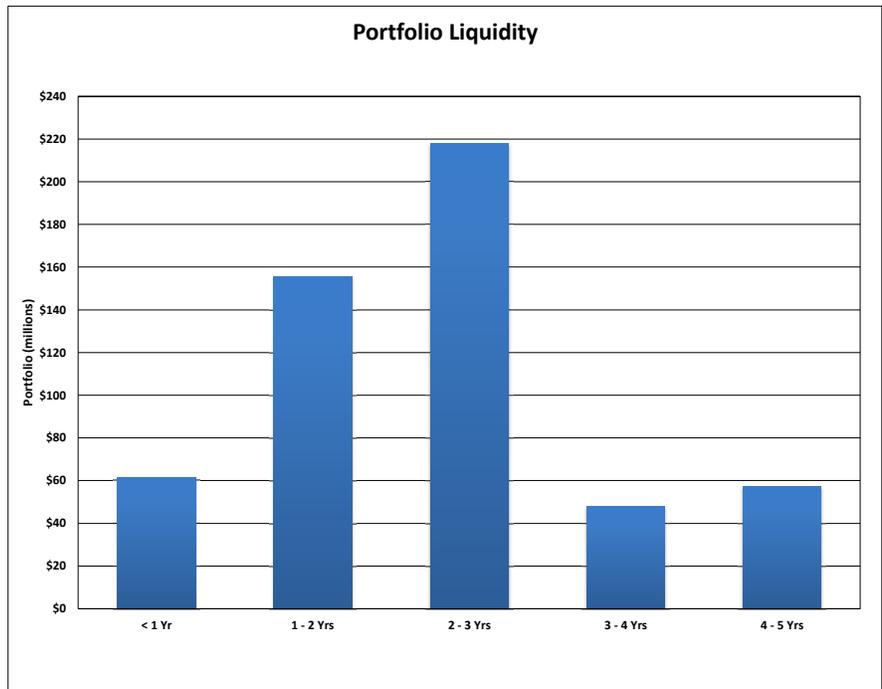


	Book Value	Market Value
U.S. Treasury Obligations	\$ 257,117,703	\$ 258,352,381
Federal Agency/GSE	\$ 33,830,326	\$ 34,326,816
Municipal Debt	\$ 10,296,068	\$ 10,216,103
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 129,398,037	\$ 131,220,221
Money Market/Mutual Funds	\$ 18,793,536	\$ 18,793,536
Mortg & Asset Backed Sec	\$ 90,646,997	\$ 91,585,999
Supranationals	\$ -	\$ -
	<u>\$ 540,082,666</u>	<u>\$ 544,495,055</u>

Note: Variable & floating rate securities comprise \$49,116,231 or 9.1% of total book value.

Wtd Avg Life	1.95 Yrs
Duration	1.76 Yrs
Monthly Yield	4.35%
TSY Benchmark	4.02%
Gov/Corp Benchmark	4.13%
Monthly Return	0.88%
TSY Benchmark	0.90%
Gov/Corp Benchmark	0.91%
Three Months Return	2.66%
TSY Benchmark	2.64%
Gov/Corp Benchmark	2.65%
Six Months Return	3.53%
TSY Benchmark	3.34%
Gov/Corp Benchmark	3.44%
12 Months Return	6.54%
TSY Benchmark	5.88%
Gov/Corp Benchmark	6.12%

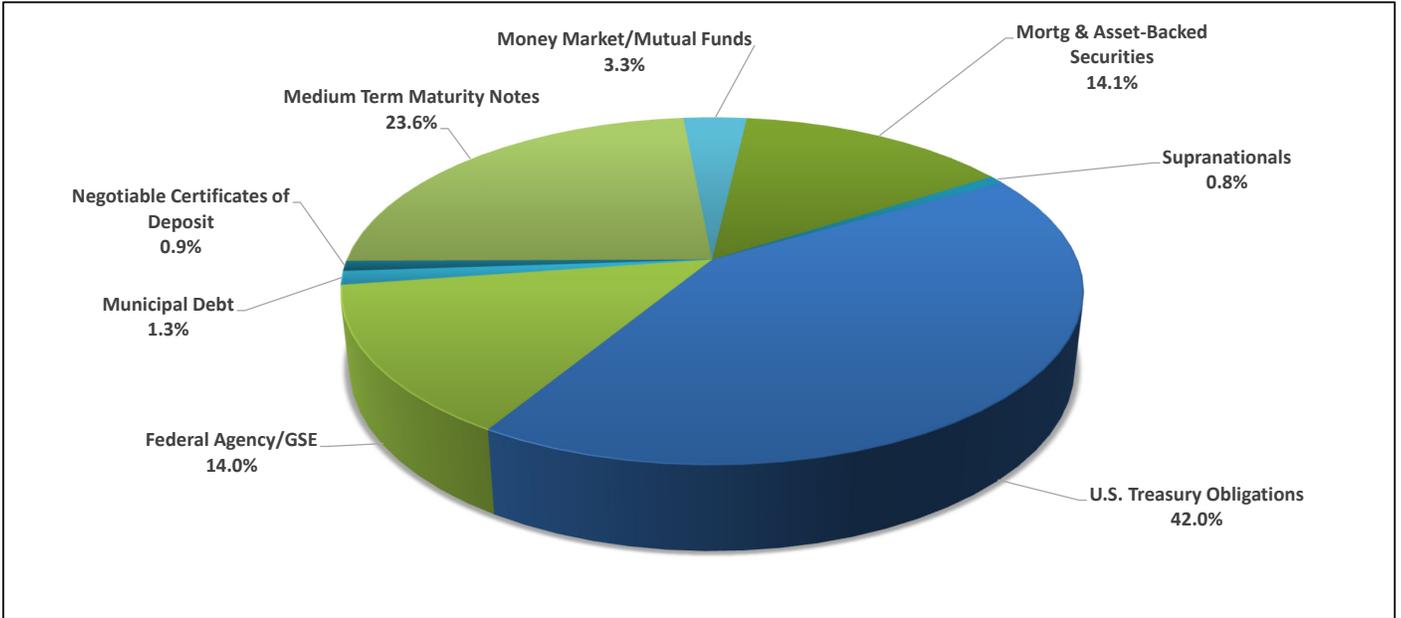
Annualized Investment Fee (YTD as of 6/30/24) 9.8 bps



Short-Term Portfolio

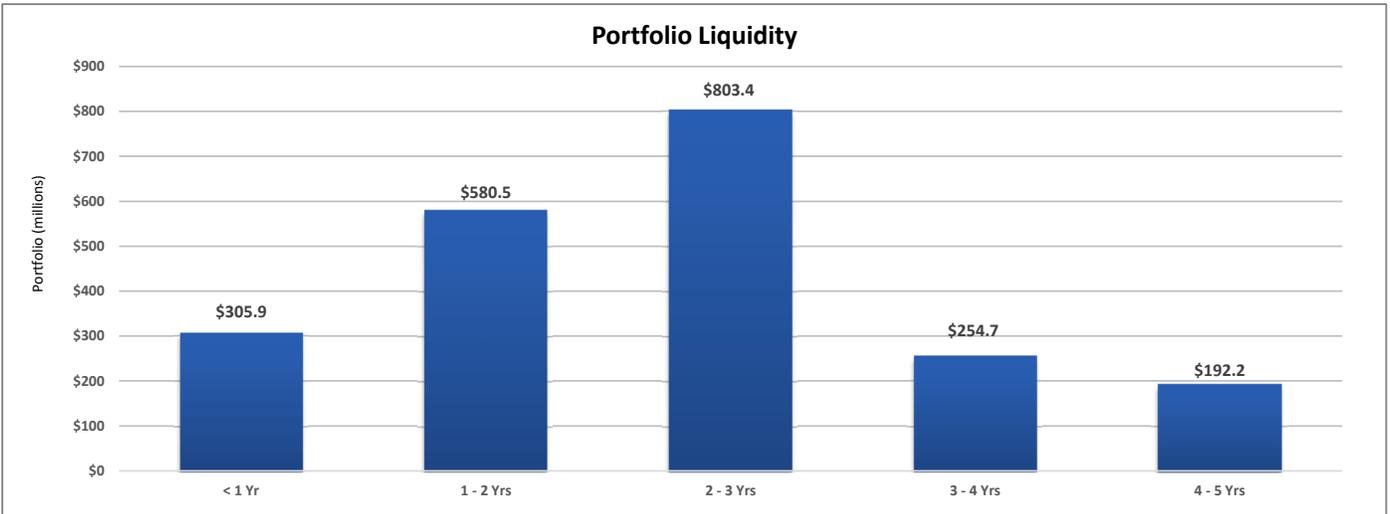
8/31/2024

Portfolio Composition



Note: Variable & floating rate securities comprise 7.4% of total book value.

Portfolio Liquidity



Rating Downgrades & Negative Credit Watch

8/31/2024

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	\$ 1,675,000	08/08/2025 - 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. During June 2024, one of three Keybank securities was matured.

Negative Credit Watch:

N/A

DEBT PROGRAM

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

Outstanding Debt¹

As of 8/31/2024

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 2025:		21,790,000
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 2025:		33,065,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):		AA+/AA+
Final Maturity:		2041

Sub-total M2 Outstanding Debt	\$	569,315,000
--------------------------------------	-----------	--------------------

91 Express Lanes

2023 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	47,545,000
Outstanding:		41,725,000
Debt Service FY 2025:		8,051,750
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

Sub-total 91 Express Lanes Outstanding Debt	\$	41,725,000
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405 Express Lanes

2021 TIFIA Loan

Amount Available	\$	628,930,000
Outstanding:		631,379,860
Capitalized Interest:		17,668,565
Interest Rate:		1.95%
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):		Baa2
Final Maturity:		2058

Sub-total 405 Express Lanes Outstanding Debt	\$	631,379,860
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TOTAL OUTSTANDING DEBT:	\$	1,242,419,860
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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 August 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	47,544,755	47,544,755	5.15
	BMO HARRIS BANK NCD	12/16/2024	25,000,000	25,000,000	5.14
	BARCLAYS COMMERCIAL PAPER	9/10/2024	24,656,917	24,933,250	5.37
	NATIXIS COMMERCIAL PAPER	12/27/2024	24,303,063	24,582,453	5.31
	MONEY MARKET DEMAND ACCOUNT	N/A	512,621	512,621	3.71
	FIDELITY TREASURY OBLIGATIONS FUND	N/A	116,165,202	116,165,202	5.20
	INVESCO MONEY MARKET GOVERNMENT PORTFOLIO	N/A	126,788,637	126,788,637	5.20
	FEDERATED TREASURY OBLIGATIONS FUND	N/A	20,822,757	20,822,757	5.16
	SUB-TOTAL		386,043,951	386,599,675	
	<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>				
		N/A	7,033,549	7,033,549	4.58
	<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>				
		N/A	785,754	785,754	4.36
	LIQUID PORTFOLIO - TOTAL		\$ 393,863,254	\$ 394,418,978	

SHORT-TERM PORTFOLIO					
NOTE	DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
	<u>Money Market Funds</u>				
	FIRST AMER:GVT OBLG Z	8/31/2024	70,020,427	70,020,427	5.18
	SUB-TOTAL		70,020,427	70,020,427	
	<u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u>				
	COOPERATIEVE RABOBANK U.A., NEW YORK BRANCH	7/17/2026	3,450,000	3,532,214	3.77
	CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	2/1/2027	3,750,000	3,771,788	4.38
	NATIXIS, NEW YORK BRANCH	9/18/2026	3,575,000	3,686,218	3.77
	NORDEA ABP - NEW YORK BRANCH	11/3/2025	4,750,000	4,812,178	4.39
	TORONTO-DOMINION BANK - NEW YORK BRANCH	10/27/2025	4,725,000	4,789,969	4.33
	SUB-TOTAL		20,250,000	20,592,366	
	<u>U.S. TREASURY OBLIGATIONS</u>				
	UNITED STATES TREASURY	7/31/2029	2,018,750	2,023,600	3.74
	UNITED STATES TREASURY	6/30/2029	3,190,311	3,201,313	3.76
	UNITED STATES TREASURY	5/31/2029	1,398,852	1,446,214	3.73
	UNITED STATES TREASURY	2/28/2029	936,753	954,794	3.74
	UNITED STATES TREASURY	12/31/2028	11,160,625	11,198,250	3.75
	UNITED STATES TREASURY	11/30/2028	6,415,842	6,549,120	3.76
	UNITED STATES TREASURY	11/15/2028	4,757,617	4,875,200	3.77
	UNITED STATES TREASURY	9/30/2028	17,857,861	18,520,180	3.76
	UNITED STATES TREASURY	8/31/2028	1,555,425	1,590,174	3.76
	UNITED STATES TREASURY	8/15/2028	11,211,953	11,606,760	3.77
	UNITED STATES TREASURY	5/31/2028	4,115,146	4,129,250	3.77
	UNITED STATES TREASURY	4/15/2028	2,667,091	2,680,799	1.81
	UNITED STATES TREASURY	4/15/2028	7,475,009	7,514,616	1.80
	UNITED STATES TREASURY	2/29/2028	2,008,984	2,014,680	3.77
	UNITED STATES TREASURY	11/15/2027	3,778,750	3,815,160	3.79
	UNITED STATES TREASURY	10/31/2027	7,903,178	8,080,172	3.78
	UNITED STATES TREASURY	9/30/2027	6,517,012	6,566,040	3.77
	UNITED STATES TREASURY	8/31/2027	7,737,813	7,849,360	3.79
	UNITED STATES TREASURY	7/31/2027	3,865,469	3,884,080	3.81
	UNITED STATES TREASURY	7/15/2027	37,280,383	37,412,045	3.80
	UNITED STATES TREASURY	6/30/2027	18,162,972	18,454,867	3.80
	UNITED STATES TREASURY	6/15/2027	4,649,665	4,734,931	3.80
	UNITED STATES TREASURY	5/15/2027	45,439,353	46,388,174	3.83
	UNITED STATES TREASURY	4/30/2027	8,049,434	8,271,265	3.82
	UNITED STATES TREASURY	4/15/2027	14,424,970	14,744,623	3.83
	UNITED STATES TREASURY	3/31/2027	14,125,480	14,618,159	3.81
	UNITED STATES TREASURY	3/31/2027	6,941,010	7,090,371	3.81
	UNITED STATES TREASURY	3/15/2027	15,087,814	15,334,229	3.83
	UNITED STATES TREASURY	2/15/2027	46,810,573	47,535,143	3.86
	UNITED STATES TREASURY	1/15/2027	19,033,681	19,102,325	3.87
	UNITED STATES TREASURY	12/31/2026	10,403,754	10,694,435	3.84
	UNITED STATES TREASURY	12/31/2026	30,077,513	30,901,706	3.84
	UNITED STATES TREASURY	12/15/2026	27,992,163	28,059,253	3.88
	UNITED STATES TREASURY	11/15/2026	3,715,469	3,842,040	3.88
	UNITED STATES TREASURY	11/15/2026	24,377,150	24,669,360	3.90
	UNITED STATES TREASURY	10/15/2026	18,428,832	18,789,167	3.92
	UNITED STATES TREASURY	9/15/2026	6,204,346	6,333,750	3.94
	UNITED STATES TREASURY	8/31/2026	13,152,289	13,527,000	3.93
	UNITED STATES TREASURY	8/31/2026	33,552,012	34,479,283	3.92
	UNITED STATES TREASURY	8/15/2026	30,310,746	30,795,928	3.94
	UNITED STATES TREASURY	7/31/2026	36,429,810	36,456,388	3.96
	UNITED STATES TREASURY	7/15/2026	14,357,900	14,518,205	3.98
	UNITED STATES TREASURY	6/15/2026	10,406,719	10,521,735	4.00

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	UNITED STATES TREASURY	5/15/2026	34,792,727	34,966,272	4.03
	UNITED STATES TREASURY	4/15/2026	32,203,719	32,135,977	4.05
	UNITED STATES TREASURY	3/15/2026	7,783,474	7,724,864	4.10
	UNITED STATES TREASURY	2/28/2026	14,271,250	15,167,500	4.11
	UNITED STATES TREASURY	2/28/2026	10,889,492	11,039,083	4.10
	UNITED STATES TREASURY	2/28/2026	1,250,586	1,258,988	4.13
	UNITED STATES TREASURY	2/28/2026	31,820,822	33,836,517	4.09
	UNITED STATES TREASURY	2/15/2026	3,881,545	3,932,014	4.11
	UNITED STATES TREASURY	12/15/2025	2,788,644	2,846,970	4.22
	UNITED STATES TREASURY	12/15/2025	17,794,620	17,730,749	4.22
	UNITED STATES TREASURY	11/15/2025	14,569,102	14,649,000	4.25
	UNITED STATES TREASURY	10/31/2025	8,032,813	7,885,040	4.27
	UNITED STATES TREASURY	9/30/2025	9,515,918	9,367,570	4.33
(1)	UNITED STATES TREASURY	7/31/2025	11,582,531	11,579,569	5.30
	UNITED STATES TREASURY	7/31/2025	14,709,063	14,927,895	4.39
	UNITED STATES TREASURY	6/30/2025	6,811,055	6,762,140	4.44
	UNITED STATES TREASURY	5/31/2025	7,357,324	7,264,950	4.54
	UNITED STATES TREASURY	4/30/2025	7,440,527	7,293,900	4.60
	UNITED STATES TREASURY	3/31/2025	9,852,188	9,763,900	4.64
	UNITED STATES TREASURY	1/31/2025	8,313,750	7,885,280	4.87
	UNITED STATES TREASURY	12/17/2024	2,951,864	2,956,920	4.88
	UNITED STATES TREASURY	12/15/2024	8,000,000	7,913,440	4.74
	UNITED STATES TREASURY	11/15/2024	8,004,375	7,931,440	4.88
	UNITED STATES TREASURY	10/31/2024	7,758,691	7,455,000	5.07
	UNITED STATES TREASURY	9/30/2024	13,359,084	13,392,799	4.75
	UNITED STATES TREASURY	9/15/2024	5,787,992	5,790,662	4.08
	SUB-TOTAL		897,509,635	909,232,580	
	<u>FEDERAL AGENCY/GSE</u>				
	FEDERAL FARM CREDIT BANKS FUNDING CORP	4/30/2029	2,396,400	2,408,040	5.10
	FEDERAL FARM CREDIT BANKS FUNDING CORP	4/10/2029	4,942,000	5,126,150	3.77
	FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2027	4,973,700	5,114,200	3.86
	FEDERAL FARM CREDIT BANKS FUNDING CORP	10/4/2027	4,012,000	4,073,080	3.87
	FEDERAL FARM CREDIT BANKS FUNDING CORP	8/16/2027	4,984,050	4,983,100	3.87
	FEDERAL FARM CREDIT BANKS FUNDING CORP	12/7/2026	7,968,800	8,070,960	3.96
	FEDERAL FARM CREDIT BANKS FUNDING CORP	9/1/2026	3,994,800	4,057,600	4.00
	FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2026	14,828,188	15,040,708	3.90
	FEDERAL FARM CREDIT BANKS FUNDING CORP	7/30/2026	3,995,640	4,071,520	4.02
	FEDERAL FARM CREDIT BANKS FUNDING CORP	7/17/2026	4,003,400	4,042,040	4.04
	FEDERAL FARM CREDIT BANKS FUNDING CORP	6/23/2026	3,995,240	4,030,200	3.94
	FEDERAL FARM CREDIT BANKS FUNDING CORP	5/8/2026	7,957,920	8,085,760	4.08
	FEDERAL FARM CREDIT BANKS FUNDING CORP	2/25/2025	4,956,270	4,926,000	4.87
	FEDERAL HOME LOAN BANKS	9/8/2028	3,979,600	4,085,000	3.80
	FEDERAL HOME LOAN BANKS	6/30/2028	3,965,360	4,029,000	3.79
	FEDERAL HOME LOAN BANKS	6/9/2028	1,996,120	2,016,720	3.76
	FEDERAL HOME LOAN BANKS	3/10/2028	5,108,250	5,105,950	3.85
	FEDERAL HOME LOAN BANKS	12/10/2027	5,105,600	5,055,600	3.88
	FEDERAL HOME LOAN BANKS	4/9/2027	3,989,640	4,089,120	3.84
	FEDERAL HOME LOAN BANKS	3/25/2027	4,830,700	4,983,011	4.09
	FEDERAL HOME LOAN BANKS	11/17/2026	5,056,950	5,068,000	3.98
	FEDERAL HOME LOAN BANKS	9/11/2026	10,908,280	11,161,260	3.87
	FEDERAL HOME LOAN BANKS	8/26/2026	1,783,600	1,878,700	4.11
	FEDERAL HOME LOAN BANKS	6/12/2026	3,992,680	4,047,080	4.06
	FEDERAL HOME LOAN BANKS	12/20/2024	7,643,648	7,557,129	5.02
	FEDERAL HOME LOAN MORTGAGE CORP	1/27/2026	2,380,000	2,378,477	5.34
	FEDERAL HOME LOAN MORTGAGE CORP	10/20/2025	3,149,742	3,319,681	4.42
	FEDERAL HOME LOAN MORTGAGE CORP	9/30/2025	3,260,000	3,256,870	4.84
	FEDERAL HOME LOAN MORTGAGE CORP	8/28/2025	2,940,000	2,983,398	4.78
	FEDERAL HOME LOAN MORTGAGE CORP	7/21/2025	4,785,000	4,756,697	4.73
	FEDERAL HOME LOAN MORTGAGE CORP	1/27/2025	3,550,000	3,546,770	5.33
	FEDERAL HOME LOAN MORTGAGE CORP	1/24/2025	3,920,000	3,920,157	5.10
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/24/2026	5,226,860	5,303,498	4.04
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	8/25/2025	7,771,280	7,696,080	4.35
	FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/30/2025	3,614,768	3,791,350	4.53
	FHMS K-040 A2	9/25/2024	228,493	226,552	5.51
	FHMS K-045 A2	1/25/2025	4,482,838	4,491,692	5.23
	FHMS K-046 A2	3/25/2025	2,656,272	2,645,570	5.11
	FHMS K-047 A2	5/25/2025	3,566,443	3,500,153	4.97
	FHMS K-049 A2	7/25/2025	4,668,560	4,659,097	4.87
	FHMS K-051 A2	9/25/2025	5,891,784	5,787,437	4.73
	FHMS K-053 A2	12/25/2025	3,360,820	3,332,884	4.60
	FHMS K-054 A2	1/25/2026	11,003,391	11,254,969	4.52
	FHMS K-057 A2	7/25/2026	4,025,143	4,143,458	4.38
	FHMS K-057 A2	7/25/2026	411,188	412,192	4.34
	FHMS K-058 A2	8/25/2026	2,290,781	2,325,024	4.27
	FHMS K-059 A2	9/25/2026	3,078,232	3,175,640	4.25
(1)	FHMS K-061 A2	11/25/2026	1,638,588	1,655,902	4.30
	FHMS K-062 A2	12/25/2026	1,178,766	1,178,063	4.19

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	FHMS K-062 A2	12/25/2026	2,396,755	2,445,614	4.19
(1)	FHMS K-063 A2	1/25/2027	10,336,469	10,349,542	4.20
	FHMS K-065 A2	4/25/2027	3,879,088	3,952,800	4.18
	FHMS K-066 A2	6/25/2027	2,576,955	2,601,063	4.16
	FHMS K-067 A2	7/25/2027	3,858,125	3,897,960	4.10
	FHMS K-068 A2	8/25/2027	6,266,750	6,339,320	4.10
(1)	FHMS K-069 A2	9/25/2027	6,369,920	6,508,787	4.11
(1)	FHMS K-070 A2	11/25/2027	1,851,685	1,879,262	4.08
	FHMS K-073 A2	1/25/2028	6,511,410	6,605,219	4.13
(1)	FHMS K-081 A2	8/25/2028	4,803,447	4,906,292	4.13
(1)	FHMS K-733 A2	8/25/2025	1,733,276	1,769,452	4.80
	FHMS K-734 A2	2/25/2026	1,933,125	1,964,040	4.58
	FHMS K-736 A2	7/25/2026	2,458,807	2,557,674	4.39
(1)	FHMS K-748 A2	1/25/2029	1,847,109	1,850,620	4.15
	FHMS K-IR1 A2	3/25/2026	634,528	642,893	4.48
	FHMS K-S07 A2	9/25/2025	489,922	488,465	4.83
	FHMS K-S08 A2	3/25/2027	1,350,764	1,362,340	4.35
	FHR 3778 L	12/15/2025	83,927	82,298	5.25
	FHR 3806 L	2/15/2026	414,343	402,377	5.64
	FN AM8730	7/1/2025	1,596,145	1,463,316	5.42
	FN AN0429	1/1/2025	916,533	838,379	5.55
	FN AN0571	1/1/2026	582,703	587,700	4.94
	FN AN0992	2/1/2026	916,654	905,098	4.75
	FN AN1793	6/1/2026	348,254	353,872	4.76
	FN AN6001	7/1/2027	506,783	519,212	4.72
	FN BL5365	2/1/2027	291,595	302,380	4.22
(1)	FNA 2012-M14 AL	9/25/2027	3,592,581	3,639,308	5.86
(1)	FNA 2015-M15 A2	10/25/2025	1,272,912	1,291,099	5.45
	FNA 2016-M03 A2	2/25/2026	3,108,862	3,152,892	5.12
(1)	FNA 2017-M2 A2	2/25/2027	1,284,770	1,307,398	5.01
(1)	FNA 2018-M1 A2	12/25/2027	653,767	666,764	4.73
	FNGT 2017-T1 A	6/25/2027	3,582,859	3,659,045	4.36
	FNR 2011-74 UY	3/25/2026	51,000	49,955	5.86
		SUB-TOTAL	298,949,603	302,189,973	
	<u>MEDIUM TERM NOTES</u>				
	ABBVIE INC	3/15/2029	352,345	352,438	4.26
	ABBVIE INC	11/21/2026	4,703,375	4,786,706	4.29
	ADOBE INC	4/4/2027	1,544,228	1,570,122	4.16
	AIR PRODUCTS AND CHEMICALS INC	5/15/2027	1,829,260	1,883,680	4.14
	AMAZON.COM INC	8/22/2027	3,819,680	3,902,520	4.03
(1)	AMERICAN EXPRESS CO	7/26/2028	475,000	481,802	5.01
(1)	AMERICAN EXPRESS CO	7/28/2027	2,445,000	2,486,614	4.45
(1)	AMERICAN EXPRESS CO	4/23/2027	595,000	603,806	5.16
(1)	AMERICAN EXPRESS CO	11/4/2026	560,000	560,269	5.96
(1)	AMERICAN EXPRESS CO	10/30/2026	765,000	777,974	4.82
	AMERICAN EXPRESS CO	8/1/2025	2,452,545	2,435,458	4.84
	AMERICAN HONDA FINANCE CORP	7/7/2026	1,243,469	1,263,526	4.40
	AMERICAN HONDA FINANCE CORP	10/3/2025	1,348,745	1,366,632	4.63
	APPLE INC	2/23/2026	3,855,100	3,945,240	4.21
	ASTRAZENECA FINANCE LLC	2/26/2027	1,712,119	1,738,444	4.20
	ATHENE GLOBAL FUNDING	3/25/2027	2,555,000	2,604,644	4.70
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	1/18/2027	2,350,000	2,375,333	4.27
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	3/18/2026	1,750,000	1,764,858	4.43
	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	12/8/2025	2,025,000	2,039,641	4.49
(1)	BANK OF AMERICA CORP	4/24/2028	1,757,601	1,760,128	4.71
(1)	BANK OF AMERICA CORP	1/20/2027	1,425,000	1,431,099	4.75
(1)	BANK OF AMERICA CORP	10/24/2026	5,378,442	5,703,514	4.87
(1)	BANK OF AMERICA CORP	7/22/2026	195,000	194,608	5.05
(1)	BANK OF AMERICA CORP	4/2/2026	550,000	543,983	5.29
(1)	BANK OF AMERICA CORP	12/6/2025	2,930,000	2,899,792	5.43
(1)	BANK OF AMERICA CORP	10/22/2025	2,185,494	2,066,098	5.40
(1)	BANK OF NEW YORK MELLON CORP	7/21/2028	2,050,000	2,072,530	4.48
	BANK OF NEW YORK MELLON CORP	1/26/2027	3,695,080	3,808,040	4.17
(1)	BANK OF NEW YORK MELLON CORP	7/24/2026	3,510,000	3,493,924	4.94
	BANK OF NEW YORK MELLON CORP	4/25/2025	1,229,828	1,216,384	5.09
	BLACKROCK FUNDING INC	7/26/2027	7,240,233	7,338,822	4.06
	BMW US CAPITAL LLC	4/2/2027	964,149	966,480	4.40
	BMW US CAPITAL LLC	4/2/2027	2,447,085	2,481,042	4.38
	BMW US CAPITAL LLC	8/13/2026	3,964,921	3,981,019	4.43
	BMW US CAPITAL LLC	8/13/2026	1,664,184	1,671,247	4.45
	BMW US CAPITAL LLC	4/1/2025	1,068,994	1,059,482	4.97
	BP CAPITAL MARKETS AMERICA INC	11/17/2027	2,700,000	2,758,698	4.27
	BRIGHTHOUSE FINANCIAL GLOBAL FUNDING	1/13/2025	2,172,216	2,145,203	5.52
	BRISTOL-MYERS SQUIBB CO	2/22/2029	353,211	353,753	4.26
	BRISTOL-MYERS SQUIBB CO	2/22/2027	1,178,726	1,198,833	4.19
	BRISTOL-MYERS SQUIBB CO	2/20/2026	1,978,970	1,997,681	4.32
	CAMDEN PROPERTY TRUST	11/3/2026	2,449,927	2,527,028	4.26
	CATERPILLAR FINANCIAL SERVICES CORP	8/16/2029	728,022	733,256	4.27
	CATERPILLAR FINANCIAL SERVICES CORP	10/15/2027	1,319,340	1,327,801	4.20

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	CATERPILLAR FINANCIAL SERVICES CORP	5/14/2027	7,576,829	7,721,369	4.18
	CATERPILLAR FINANCIAL SERVICES CORP	10/16/2026	3,267,449	3,284,126	4.24
	CATERPILLAR FINANCIAL SERVICES CORP	5/15/2026	1,369,356	1,369,795	4.36
	CATERPILLAR FINANCIAL SERVICES CORP	2/27/2026	1,374,684	1,389,671	4.30
	CATERPILLAR FINANCIAL SERVICES CORP	1/6/2026	2,439,390	2,452,493	4.40
	CHUBB INA HOLDINGS LLC	5/3/2026	3,858,936	3,928,640	4.47
	CINTAS NO 2 CORP	5/1/2025	1,184,739	1,172,190	5.11
	CISCO SYSTEMS INC	2/26/2027	9,776,576	9,943,517	4.09
	CISCO SYSTEMS INC	2/26/2027	1,286,599	1,290,828	4.08
	CITIBANK NA	9/29/2028	722,692	724,127	4.44
	CITIBANK NA	12/4/2026	1,440,000	1,472,530	4.39
	CITIBANK NA	8/6/2026	4,310,000	4,346,506	4.45
	CITIBANK NA	8/6/2026	1,095,000	1,104,652	4.43
	CITIBANK NA	4/30/2026	1,370,000	1,389,865	4.48
	CITIBANK NA	9/29/2025	1,680,000	1,701,370	4.55
(1)	CITIGROUP INC	1/25/2026	1,435,000	1,415,326	5.48
(1)	CITIZENS BANK NA	10/24/2025	1,855,000	1,853,850	6.35
	CNO GLOBAL FUNDING	1/6/2025	694,555	685,256	5.72
	COMCAST CORP	11/7/2025	814,780	820,925	4.61
	COMMONWEALTH BANK OF AUSTRALIA (NEW YORK BRANCH)	3/13/2026	2,350,000	2,384,404	4.32
	COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/9/2026	2,399,088	2,410,944	4.50
	COREBRIDGE GLOBAL FUNDING	8/20/2027	1,859,702	1,868,203	4.49
	DTE ELECTRIC CO	12/1/2026	1,411,252	1,414,218	4.20
	DTE ELECTRIC CO	12/1/2026	3,459,446	3,508,302	4.19
	DUKE ENERGY CAROLINAS LLC	11/15/2028	3,653,676	3,766,299	4.25
	ELI LILLY AND CO	8/14/2029	1,137,503	1,142,508	4.15
	ELI LILLY AND CO	2/9/2029	1,516,917	1,510,210	4.24
	ELI LILLY AND CO	2/9/2027	2,468,691	2,492,032	4.10
	ENTERPRISE PRODUCTS OPERATING LLC	1/11/2027	2,562,358	2,585,905	4.22
	EXXON MOBIL CORP	3/1/2026	3,559,696	3,634,140	4.28
(1)	FIFTH THIRD BANK NA	10/27/2025	950,000	949,953	5.77
	FLORIDA POWER & LIGHT CO	5/15/2028	3,935,680	4,023,160	4.22
(1)	GOLDMAN SACHS BANK USA	5/21/2027	1,265,000	1,279,269	4.72
(1)	GOLDMAN SACHS BANK USA	3/18/2027	738,800	740,286	4.79
(1)	GOLDMAN SACHS BANK USA	3/18/2027	7,793,403	7,874,238	4.77
	GOLDMAN SACHS GROUP INC	11/16/2026	1,937,324	2,028,997	4.56
(1)	GOLDMAN SACHS GROUP INC	8/10/2026	2,775,000	2,793,121	5.08
	HOME DEPOT INC	6/25/2029	352,328	352,725	4.22
	HOME DEPOT INC	6/25/2027	5,905,977	6,034,493	4.12
	HOME DEPOT INC	9/30/2026	1,017,766	1,034,790	4.19
	HOME DEPOT INC	6/25/2026	5,219,200	5,307,503	4.24
	HOME DEPOT INC	9/15/2025	1,699,388	1,692,367	4.44
	HONEYWELL INTERNATIONAL INC	8/15/2029	1,865,940	1,869,340	4.17
	HONEYWELL INTERNATIONAL INC	7/30/2027	4,984,850	5,051,101	4.15
	HORMEL FOODS CORP	3/30/2027	2,282,784	2,315,916	4.22
(1)	HUNTINGTON NATIONAL BANK	11/18/2025	2,415,000	2,414,493	5.71
	HYUNDAI CAPITAL AMERICA	1/8/2027	1,402,802	1,406,309	4.72
	HYUNDAI CAPITAL AMERICA	3/30/2026	4,817,909	4,860,841	4.84
	INTERCONTINENTAL EXCHANGE INC	5/23/2025	854,060	844,216	5.43
	INTERNATIONAL BUSINESS MACHINES CORP	7/27/2025	2,600,000	2,584,270	4.68
	JACKSON NATIONAL LIFE GLOBAL FUNDING	4/10/2026	4,276,833	4,323,784	4.93
	JACKSON NATIONAL LIFE GLOBAL FUNDING	1/9/2026	1,601,549	1,615,031	5.01
	JACKSON NATIONAL LIFE GLOBAL FUNDING	1/12/2025	669,886	661,230	5.38
	JOHN DEERE CAPITAL CORP	6/11/2029	2,398,796	2,401,069	4.29
	JOHN DEERE CAPITAL CORP	6/11/2027	2,172,303	2,214,215	4.20
	JOHN DEERE CAPITAL CORP	3/5/2027	1,348,745	1,370,493	4.21
	JOHN DEERE CAPITAL CORP	1/8/2027	6,844,677	6,910,965	4.10
	JOHN DEERE CAPITAL CORP	6/8/2026	1,294,249	1,304,661	4.31
	JOHN DEERE CAPITAL CORP	1/10/2025	774,636	764,313	5.13
(1)	JPMORGAN CHASE & CO	7/22/2028	950,000	962,141	4.50
(1)	JPMORGAN CHASE & CO	4/22/2028	240,000	246,043	4.55
(1)	JPMORGAN CHASE & CO	2/1/2028	2,898,373	2,894,229	4.76
(1)	JPMORGAN CHASE & CO	1/23/2028	5,424,033	5,500,274	4.50
(1)	JPMORGAN CHASE & CO	10/22/2027	1,205,000	1,244,247	4.46
(1)	JPMORGAN CHASE & CO	11/19/2026	2,211,269	2,350,210	4.86
(1)	JPMORGAN CHASE & CO	4/26/2026	1,000,000	993,210	5.14
(1)	JPMORGAN CHASE & CO	2/24/2026	2,570,000	2,537,464	5.28
	JPMORGAN CHASE BANK NA	12/8/2026	3,595,000	3,656,223	4.29
	KEYBANK NA	1/26/2026	354,705	353,498	5.01
	KEYBANK NA	8/8/2025	1,319,630	1,307,552	5.19
	MANUFACTURERS AND TRADERS TRUST CO	1/27/2028	340,111	342,758	4.91
	MANUFACTURERS AND TRADERS TRUST CO	1/27/2026	2,430,763	2,419,976	5.11
	MASSMUTUAL GLOBAL FUNDING II	5/30/2029	1,525,333	1,538,916	4.30
	MASSMUTUAL GLOBAL FUNDING II	4/9/2027	2,614,216	2,672,085	4.21
	MASSMUTUAL GLOBAL FUNDING II	8/26/2025	889,083	885,203	4.71
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	1/11/2027	1,698,266	1,717,085	4.35
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	8/3/2026	1,340,348	1,367,793	4.48
	MERCEDES-BENZ FINANCE NORTH AMERICA LLC	7/31/2026	4,244,193	4,275,989	4.47
	MET TOWER GLOBAL FUNDING	6/13/2025	1,973,065	1,957,028	4.89

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	META PLATFORMS INC	8/15/2029	1,595,750	1,606,380	4.14
	METROPOLITAN LIFE GLOBAL FUNDING I	1/8/2029	701,999	701,868	4.41
	METROPOLITAN LIFE GLOBAL FUNDING I	6/11/2027	1,732,849	1,772,250	4.22
	METROPOLITAN LIFE GLOBAL FUNDING I	1/6/2026	1,750,000	1,760,850	4.52
	METROPOLITAN LIFE GLOBAL FUNDING I	3/21/2025	579,484	572,878	5.06
	METROPOLITAN LIFE GLOBAL FUNDING I	9/27/2024	3,608,104	3,618,239	5.02
(1)	MORGAN STANLEY	2/1/2029	349,595	351,048	4.56
(1)	MORGAN STANLEY	4/13/2028	1,825,680	1,823,015	4.78
(1)	MORGAN STANLEY	4/13/2028	1,530,000	1,570,560	4.57
(1)	MORGAN STANLEY	7/20/2027	4,471,373	4,588,133	4.70
(1)	MORGAN STANLEY	1/28/2027	754,985	759,319	4.62
(1)	MORGAN STANLEY	10/16/2026	1,165,000	1,180,203	4.93
(1)	MORGAN STANLEY	2/18/2026	2,970,000	2,933,825	5.30
(1)	MORGAN STANLEY	10/21/2025	430,000	427,166	5.54
(1)	MORGAN STANLEY BANK NA	7/14/2028	1,060,000	1,073,197	4.50
(1)	MORGAN STANLEY BANK NA	5/26/2028	680,000	696,973	4.52
(1)	MORGAN STANLEY BANK NA	1/14/2028	1,250,000	1,259,675	4.60
	MORGAN STANLEY BANK NA	10/30/2026	2,340,000	2,411,230	4.34
	MORGAN STANLEY BANK NA	4/21/2026	3,470,000	3,483,845	4.49
	NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	6/11/2027	1,335,000	1,363,622	4.26
	NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	1/12/2026	2,960,000	2,979,654	4.46
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	5/6/2027	2,828,245	2,883,544	4.32
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/5/2027	1,070,070	1,069,540	4.39
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/5/2027	2,854,144	2,889,774	4.25
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	11/13/2026	1,734,393	1,775,616	4.43
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	3/13/2026	2,488,648	2,494,127	4.47
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/30/2025	444,404	449,036	4.64
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	6/15/2025	2,734,262	2,704,614	4.89
	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/7/2025	1,754,947	1,730,342	5.16
	NATIONAL SECURITIES CLEARING CORP	5/30/2028	353,035	352,073	4.39
	NESTLE HOLDINGS INC	3/13/2026	819,729	831,759	4.27
	NEVADA POWER CO	5/1/2029	1,579,361	1,584,163	4.44
	NEW YORK LIFE GLOBAL FUNDING	9/18/2026	5,500,671	5,548,809	4.37
	NEW YORK LIFE GLOBAL FUNDING	4/2/2026	1,293,173	1,295,682	4.41
	NEW YORK LIFE GLOBAL FUNDING	1/14/2025	5,948,569	5,874,369	5.15
	NEW YORK LIFE GLOBAL FUNDING	10/29/2024	893,837	888,959	5.04
	NEWMONT CORPORATION	3/15/2026	929,842	938,575	4.67
	NEXTERA ENERGY CAPITAL HOLDINGS INC	1/29/2026	2,608,826	2,621,171	4.63
	NIKE INC	3/27/2025	44,939	44,435	4.63
	NORTHERN TRUST CORP	5/10/2027	3,930,215	3,983,680	4.16
	NORTHWESTERN MUTUAL GLOBAL FUNDING	6/12/2028	1,322,438	1,320,667	4.44
	NORTHWESTERN MUTUAL GLOBAL FUNDING	3/25/2027	1,476,492	1,480,631	4.19
	NORTHWESTERN MUTUAL GLOBAL FUNDING	3/25/2027	1,209,867	1,236,112	4.17
	NORTHWESTERN MUTUAL GLOBAL FUNDING	4/6/2026	2,236,430	2,243,158	4.46
	NORTHWESTERN MUTUAL GLOBAL FUNDING	7/1/2025	5,003,298	4,975,370	4.72
	PACCAR FINANCIAL CORP	8/6/2027	6,486,362	6,549,428	4.14
	PACCAR FINANCIAL CORP	5/13/2027	2,368,175	2,423,064	4.11
	PACCAR FINANCIAL CORP	8/10/2026	3,593,203	3,645,474	4.29
	PACCAR FINANCIAL CORP	4/7/2025	1,889,509	1,866,073	5.00
	PACCAR FINANCIAL CORP	11/8/2024	644,961	639,776	5.22
	PACIFIC LIFE GLOBAL FUNDING II	7/18/2028	1,001,564	1,003,514	4.52
	PACIFIC LIFE GLOBAL FUNDING II	7/18/2028	358,652	357,706	4.46
	PACIFIC LIFE GLOBAL FUNDING II	8/28/2026	794,722	809,763	4.52
	PFIZER INC	3/15/2029	1,969,982	1,970,077	4.23
(1)	PNC FINANCIAL SERVICES GROUP INC	1/21/2028	490,000	498,497	5.15
(1)	PNC FINANCIAL SERVICES GROUP INC	10/20/2027	3,808,843	3,843,170	4.62
(1)	PNC FINANCIAL SERVICES GROUP INC	1/26/2027	1,630,000	1,627,637	4.86
(1)	PNC FINANCIAL SERVICES GROUP INC	10/28/2025	1,570,000	1,570,188	5.49
	PRICOA GLOBAL FUNDING I	8/28/2026	809,182	827,132	4.43
	PRICOA GLOBAL FUNDING I	8/28/2025	354,783	353,232	4.72
	PRICOA GLOBAL FUNDING I	12/6/2024	4,115,756	4,076,122	5.19
	PRINCIPAL LIFE GLOBAL FUNDING II	1/25/2029	352,411	351,862	4.60
	PRINCIPAL LIFE GLOBAL FUNDING II	8/19/2027	789,384	793,784	4.43
	PRINCIPAL LIFE GLOBAL FUNDING II	1/16/2027	474,815	481,261	4.41
	PRINCIPAL LIFE GLOBAL FUNDING II	1/10/2025	922,003.00	912,891.75	5.06
	PUBLIC SERVICE ELECTRIC AND GAS CO	9/1/2028	2,539,641.65	2,570,676.29	4.36
	PUBLIC SERVICE ELECTRIC AND GAS CO	5/1/2028	1,929,761.61	1,983,753.30	4.36
	PUBLIC STORAGE OPERATING CO	11/9/2028	311,866.20	313,132.35	4.39
	ROCHE HOLDINGS INC	11/13/2026	2,775,000.00	2,832,803.25	4.23
	ROYAL BANK OF CANADA	4/14/2025	2,524,065.75	2,499,320.75	5.05
	ROYAL BANK OF CANADA	11/1/2024	4,205,160.00	3,979,120.00	5.32
	SOUTHERN CALIFORNIA EDISON CO	3/1/2026	3,530,000.00	3,572,112.90	4.52
	STATE STREET CORP	3/18/2027	5,775,000.00	5,867,111.25	4.31
	STATE STREET CORP	11/4/2026	685,000.00	692,336.35	4.80
	STATE STREET CORP	8/3/2026	3,235,000.00	3,285,530.70	4.38
	STATE STREET CORP	8/3/2026	1,169,633.85	1,170,132.81	4.52
	STATE STREET CORP	5/18/2026	1,225,000.00	1,226,751.75	4.89
	STATE STREET CORP	3/30/2026	2,045,440.00	1,973,220.00	5.26
	STATE STREET CORP	2/6/2026	3,765,000.00	3,707,207.25	5.36

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	STATE STREET CORP	1/26/2026	345,000.00	344,410.05	5.26
	TEXAS INSTRUMENTS INC	2/8/2027	2,198,592.00	2,223,430.00	4.12
	THERMO FISHER SCIENTIFIC INC	12/5/2026	1,873,706.25	1,905,206.25	4.22
	TORONTO-DOMINION BANK	4/5/2027	4,942,150.00	5,068,250.00	4.42
	TOYOTA MOTOR CREDIT CORP	8/9/2029	2,012,880.00	2,016,820.00	4.36
	TOYOTA MOTOR CREDIT CORP	3/19/2027	724,122.75	738,680.75	4.21
	TOYOTA MOTOR CREDIT CORP	5/18/2026	2,053,808.10	2,057,198.85	4.38
	TOYOTA MOTOR CREDIT CORP	5/15/2026	3,822,513.75	3,878,473.50	4.34
	TRUIST FINANCIAL CORP	10/28/2026	1,650,000.00	1,666,533.00	4.99
	TRUIST FINANCIAL CORP	7/28/2026	3,065,000.00	3,037,323.05	5.28
	UNILEVER CAPITAL CORP	8/12/2027	1,002,316.65	1,008,738.60	4.11
	UNITEDHEALTH GROUP INC	5/15/2029	3,411,485.00	3,463,880.00	4.24
	UNITEDHEALTH GROUP INC	5/15/2027	1,637,058.80	1,637,493.72	4.23
	UNITEDHEALTH GROUP INC	4/15/2027	2,085,363.00	2,124,633.00	4.11
	UNITEDHEALTH GROUP INC	7/15/2026	823,614.00	833,274.75	4.19
	US BANCORP	7/22/2028	1,501,755.40	1,508,334.47	4.59
	USAA CAPITAL CORP	6/1/2027	2,213,584.20	2,276,321.40	4.26
	VERIZON COMMUNICATIONS INC	8/15/2026	2,793,218.55	2,860,573.60	4.43
	VERIZON COMMUNICATIONS INC	3/20/2026	1,701,144.40	1,705,859.26	4.62
	VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/14/2026	1,406,109.95	1,408,485.80	4.77
	VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/14/2026	4,504,763.70	4,514,415.45	4.79
	WALMART INC	4/15/2026	734,676.60	732,986.10	4.17
	WALMART INC	9/9/2025	1,274,107.50	1,268,625.00	4.40
	WASTE MANAGEMENT INC	7/3/2027	2,561,896.35	2,614,914.90	4.20
	WELLS FARGO & CO	4/22/2028	995,000.00	1,021,974.45	4.60
	WELLS FARGO & CO	6/17/2027	1,323,053.55	1,331,048.35	4.65
	WELLS FARGO & CO	8/15/2026	1,360,000.00	1,353,934.40	5.02
(1)	WELLS FARGO & CO	4/25/2026	1,850,000.00	1,834,034.50	5.26
	WELLS FARGO & CO	4/22/2026	2,046,240.00	2,122,843.50	4.53
(1)	WELLS FARGO & CO	10/30/2025	2,182,028.50	2,064,106.25	5.54
	WELLS FARGO BANK NA	12/11/2026	4,100,000.00	4,179,417.00	4.32
	WELLS FARGO BANK NA	8/7/2026	534,957.20	544,870.75	4.40
	WELLS FARGO BANK NA	8/7/2026	946,572.60	944,510.79	4.56
	WISCONSIN ELECTRIC POWER CO	5/15/2029	709,057.80	708,912.90	4.34
	WISCONSIN PUBLIC SERVICE CORP	11/10/2025	504,888.90	508,565.30	4.69
	SUB-TOTAL		505,115,662	509,632,497	
	<u>MORTGAGE AND ASSET-BACK SECURITIES</u>				
	AESOP 212 A	2/20/2028	1,612,535	1,655,507	4.85
	AESOP 221 A	8/21/2028	3,813,055	3,877,970	4.82
	AESOP 221 A	8/21/2028	1,756,125	1,756,141	4.82
	AESOP 232 A	10/20/2027	746,338	755,048	4.88
	AESOP 242 A	10/20/2028	575,611	575,897	4.80
	ALLYA 2022-1 A3	11/16/2026	1,389,855	1,378,642	4.92
	ALLYA 2022-2 A3	5/17/2027	933,934	931,985	5.10
	ALLYA 2023-1 A3	5/15/2028	1,619,724	1,635,908	4.86
	AMCAR 2021-3 A3	8/18/2026	174,666	173,227	5.98
	AMCAR 2023-2 A3	5/18/2028	4,599,241	4,668,402	4.83
	AMCAR 2024-1 A3	1/18/2029	1,199,889	1,215,972	3.83
	AMXCA 2022-2 A	5/17/2027	6,908,472	6,833,023	5.05
	AMXCA 2023-1 A	5/15/2028	5,092,811	5,123,696	4.51
	AMXCA 2023-1 A	5/15/2028	1,007,031	1,006,486	4.52
	AMXCA 2023-3 A	9/15/2028	1,831,131	1,859,474	4.30
	AMXCA 2024-1 A	4/16/2029	5,218,930	5,344,915	4.30
	BAAT 231 A3	2/15/2028	1,079,959	1,091,027	4.87
	BAAT 232 A3	6/15/2028	1,299,976	1,322,126	4.82
	BAAT 241 A3	11/15/2028	549,910	558,960	4.62
	BACCT 2023-1 A	5/15/2028	2,423,816	2,429,170	4.47
	BACCT 2023-2 A	11/15/2028	3,130,400	3,180,120	4.30
	BACCT 2024-1 A	5/15/2029	2,944,717	2,998,628	4.25
	BMWOT 2022-A A3	8/25/2026	1,582,219	1,567,538	5.04
	BMWOT 2023-A A3	2/25/2028	779,862	787,753	4.79
	BMWOT 2024-A A3	2/26/2029	3,864,413	3,930,087	4.48
	CARMX 2021-1 A3	12/15/2025	11,256	11,234	5.25
	CARMX 2021-2 A3	2/17/2026	129,654	128,889	5.34
	CARMX 2021-3 A3	6/15/2026	700,458	688,243	5.46
	CARMX 2022-2 A3	2/16/2027	1,136,728	1,125,498	5.22
	CARMX 2022-3 A3	4/15/2027	2,058,702	2,043,639	5.03
	CARMX 2022-4 A3	8/16/2027	2,878,411	2,888,904	4.98
	CARMX 2023-3 A3	5/15/2028	3,199,963	3,231,328	4.71
	CARMX 2023-4 A3	7/17/2028	599,882	613,158	4.81
	CARMX 2024-1 A3	10/16/2028	8,234,370	8,296,186	4.60
	CARMX 2024-2 A3	1/16/2029	2,367,596	2,413,601	4.63
	CARMX 2024-3 A3	7/16/2029	5,699,743	5,762,244	4.52
	CARMX 2032-2 A3	1/18/2028	6,029,359	6,053,336	4.81
	CARMX 2032-2 A3	1/18/2028	1,606,875	1,606,370	4.80
	CCCIT 2023-A1 A1	12/8/2027	584,927	589,101	4.65
	CHAIT 2023-1 A	9/15/2028	1,627,938	1,625,658	4.38
	CHAIT 2023-1 A	9/15/2028	11,146,566	11,352,014	4.34
	CHAIT 241 A	1/16/2029	3,259,504	3,283,994	4.31
	CITZN 2023-1 A3	1/18/2028	2,299,620	2,326,358	5.06

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	CMXS 2024-A A3	11/15/2028	2,279,966	2,311,966	4.75
	COMET 2022-2 A	5/17/2027	1,454,767	1,439,650	5.06
	COMET 2022-3 A	10/15/2027	795,469	801,944	4.77
	COMET 2022-3 A	10/15/2027	701,641	701,133	4.85
	COMET 2023-1 A	5/15/2028	3,470,195	3,498,495	4.49
	COPAR 2021-1 A3	9/15/2026	455,031	446,708	4.78
	COPAR 2022-1 A3	4/15/2027	1,069,532	1,055,976	4.95
	COPAR 2022-2 A3	5/17/2027	1,321,121	1,308,307	4.89
	CRVNA 23P2 A3	4/10/2028	2,181,939	2,210,318	4.96
	DCENT 2022-2 A	5/17/2027	2,674,783	2,643,569	5.06
	DCENT 2022-3 A	7/15/2027	3,029,624	2,996,973	4.88
	DCENT 2022-4 A	10/15/2027	1,605,000	1,604,915	4.80
	DROCK 2023-1 A	2/15/2029	75,234	74,957	4.80
	FITAT 2023-1 A3	8/15/2028	2,649,836	2,678,276	4.93
	FORDF 2024-1 A1	4/15/2029	2,599,488	2,650,440	4.55
	FORDF 231 B	5/15/2028	568,621	579,152	4.92
	FORDO 2022-A A3	6/15/2026	279,911	275,865	5.06
	FORDO 2022-B A3	9/15/2026	491,502	488,216	5.18
	FORDO 2023-B A3	5/15/2028	1,434,981	1,448,102	4.67
	FORDO 2024-B A3	4/15/2029	3,264,970	3,320,244	4.41
	GALC 2022-1 A3	9/15/2026	3,699,362	3,702,849	5.02
	GALC 241 A3	1/18/2028	2,799,516	2,826,824	4.47
	GFORT 231 A1	6/15/2028	3,275,385	3,344,418	4.60
	GMALT 2024-1 A3	3/22/2027	1,714,786	1,724,724	4.68
	GMCAR 2021-4 A3	9/16/2026	765,761	751,775	4.95
	GMCAR 2022-1 A3	11/16/2026	945,034	929,134	5.03
	GMCAR 2022-2 A3	2/16/2027	785,706	776,244	5.15
	GMCAR 2022-3 A3	4/16/2027	1,303,571	1,292,265	5.05
	GMCAR 2023-2 A3	2/16/2028	664,982	663,111	4.74
	GMCAR 2023-4 A3	8/16/2028	939,807	959,364	4.68
	GMCAR 2024-1 A3	12/18/2028	2,964,404	2,989,017	4.49
	GMCAR 2024-2 A3	3/16/2029	1,269,754	1,287,348	4.51
	GMCAR 243 A3	4/16/2029	1,894,708	1,925,699	4.49
	GTE 2023-1 A3	3/15/2028	2,199,815	2,198,284	4.86
	HALST 24A A3	3/15/2027	1,794,660	1,803,831	4.79
	HALST 24B A3	5/17/2027	1,964,945	1,992,019	4.53
	HAROT 2021-4 A3	1/21/2026	885,326	871,265	5.32
	HAROT 2022-1 A3	5/15/2026	555,215	546,652	5.28
	HAROT 2022-2 A3	7/20/2026	1,231,594	1,221,863	5.18
	HAROT 2023-4 A3	6/21/2028	599,894	611,580	4.62
	HAROT 2024-3 A3	3/21/2029	5,224,179	5,248,774	4.42
	HART 2021-B A3	1/15/2026	349,818	348,128	5.34
	HART 2021-C A3	5/15/2026	270,324	267,142	5.10
	HART 2022-A A3	10/15/2026	1,414,075	1,393,002	5.43
	HART 2022-B A3	11/16/2026	1,143,594	1,133,999	5.27
	HART 2022-C A3	6/15/2027	6,804,967	6,831,880	4.95
	HDMOT 2022-A A3	2/16/2027	1,161,857	1,150,860	5.14
	HDMOT 2023-A A3	12/15/2027	1,639,835	1,642,214	4.97
	HUNT 241 A3	1/16/2029	4,224,843	4,294,332	4.61
	JDOT 2021 A3	9/15/2025	88,951	88,776	3.96
	JDOT 2022 A3	9/15/2026	926,264	913,007	5.36
	JDOT 2022-C A3	6/15/2027	3,712,339	3,716,117	5.03
	JDOT 2024 A3	11/15/2028	1,254,930	1,270,336	4.41
	KCOT 2021-1 A3	8/15/2025	51,998	51,863	5.32
	KCOT 2022-1 A3	10/15/2026	1,828,005	1,801,592	5.12
	KCOT 2023-1 A3	6/15/2027	6,743,944	6,769,349	4.78
	KCOT 2024-2 A2	4/15/2027	899,898	907,434	4.55
	KCOT 212 A3	11/17/2025	352,087	348,456	5.64
	KCOT 222 A3	12/15/2026	2,166,002	2,151,300	5.18
	KCOT 232 A3	1/18/2028	3,029,235	3,062,300	4.76
	KCOT 241 A3	7/17/2028	4,039,842	4,103,186	4.60
	MBALT 2024-A A3	1/18/2028	1,319,846	1,343,773	4.36
	MBART 2022-1 A3	8/16/2027	3,582,115	3,590,204	5.02
	MBART 2023-1 A3	11/15/2027	729,912	727,744	4.88
	NAROT 2022-B A3	5/17/2027	1,466,743	1,461,031	4.98
	NAROT 2023-A A3	11/15/2027	3,299,417	3,307,260	4.78
	NAROT 2023-B A3	3/15/2028	2,799,432	2,849,280	4.85
	NART-24A-A3	12/15/2028	2,629,754	2,674,552	4.17
	NAVMT 231 A	8/25/2028	3,035,968	3,068,810	5.07
	NAVMT 241 A	4/25/2029	2,514,663	2,545,935	4.86
	NMOTR 24B A	2/15/2029	1,699,887	1,721,284	4.55
	ODART 2021-1 B	7/14/2028	798,188	854,523	4.39
	PFSFC 24B A	2/15/2029	616,797	631,438	4.55
	PILOT 241 A3	11/22/2027	749,918	750,848	4.75
	SBALT 23A A3	4/20/2027	3,309,545	3,363,556	4.91
	SBALT 23A A4	4/20/2028	2,044,375	2,055,960	4.80
	SBAT 24A A3	12/15/2028	4,199,391	4,226,502	4.96
	SDART 2023-3 A3	10/15/2027	1,399,842	1,403,178	5.33
	TAOT 2021-D A3	4/15/2026	417,181	410,803	5.25
	TAOT 2022-B A3	9/15/2026	835,452	825,203	5.25

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

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	TAOT 2022-C A3	4/15/2027	2,813,414	2,850,580	4.91
	TAOT 2022-D A3	9/15/2027	4,799,526	4,827,216	4.78
	TAOT 2023-A A3	9/15/2027	775,000	773,814	4.83
	TAOT 2023-B A3	2/15/2028	1,894,894	1,895,246	4.75
	TAOT 2023-D A3	8/15/2028	2,385,301	2,428,290	4.52
	TEVT 2023-1 A3	6/20/2028	1,005,625	1,011,970	4.80
	TEVT 2023-1 A3	6/20/2028	671,650	672,283	4.86
	TLOT 2024-A A3	4/20/2027	999,958	1,009,440	4.53
	USAOT 24A A3	3/15/2029	814,847	824,438	4.97
	VALET 2021-1 A3	6/22/2026	390,507	385,277	5.53
	VWALT 2022-A A3	7/21/2025	69,538	69,433	6.40
	VWALT 2024-A A3	6/21/2027	4,799,598	4,863,072	4.42
	VZMT 2024-4 B	6/20/2029	779,875	788,291	4.83
	WFCIT 2024-1 A	2/15/2029	2,680,915	2,683,490	4.39
	WFCIT 2024-1 A	2/15/2029	6,946,823	7,071,290	4.29
	WFLOOR 241 A1	2/15/2028	999,872	1,009,040	5.26
	WLAKE 2023-1 A3	1/18/2028	1,599,921	1,598,432	5.46
	WLAKE 2023-2 A3	2/16/2027	3,799,858	3,810,640	5.34
	WLAKE 223 A3	7/15/2026	2,287,524	2,287,231	5.65
	WOART 2021-D A3	10/15/2026	506,882	498,657	5.21
	WOLS 2024-A A3	10/15/2027	799,932	812,360	4.41
	SUB-TOTAL		300,960,877	303,127,348	
	<u>Municipal Debt</u>				
	ALABAMA FED AID HWY FIN AUTH SPL OBLIG REV	9/1/2027	1,349,172	1,401,366	4.00
	BURBANK GLENDALE PASADENA ARPT AUTH CALIF ARPT REV	7/1/2028	1,500,000	1,540,935	4.34
	CALIFORNIA ST PUB WKS BRD LEASE REV	4/1/2027	1,510,000	1,527,788	4.43
	CALIFORNIA ST PUB WKS BRD LEASE REV	11/1/2026	1,600,000	1,634,704	4.48
	CALIFORNIA ST PUB WKS BRD LEASE REV	4/1/2026	1,135,000	1,140,562	4.67
	FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	1,025,000	995,900	4.76
	GOLDEN ST TOB SECURITIZATION CORP CALIF TOB SETTLE	6/1/2025	2,120,000	2,066,131	4.88
	LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2026	2,170,000	2,193,718	4.38
	LOS ANGELES CALIF MUN IMPT CORP LEASE REV	1/1/2025	1,600,000	1,532,480	4.70
	MASSACHUSETTS (COMMONWEALTH OF)	7/15/2027	764,544	788,091	4.00
	MASSACHUSETTS (COMMONWEALTH OF)	11/1/2026	431,068	454,353	4.06
	REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	5/1/2026	1,495,000	1,415,571	4.67
	RIVERSIDE CNTY CALIF INFRASTRUCTURE FING AUTH LEAS	11/1/2024	1,810,000	1,798,253	4.72
	SAN FRANCISCO (CITY & COUNTY) PUBLIC UTILITIES COM	10/1/2027	4,230,000	4,269,551	4.32
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2027	2,276,950	2,267,029	4.20
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2027	841,263	839,826	4.10
	WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/1/2026	1,240,000	1,241,116	4.30
	SUB-TOTAL		27,097,996	27,107,373	
	<u>Supranationals</u>				
	INTER-AMERICAN DEVELOPMENT BANK	5/15/2026	5,069,553	5,132,385	4.11
	INTER-AMERICAN DEVELOPMENT BANK	9/23/2024	6,764,990	6,751,856	4.70
	INTERNATIONAL FINANCE CORP	1/15/2027	4,938,847	5,001,527	3.96
	SUB-TOTAL		16,773,390	16,885,769	
	SHORT-TERM PORTFOLIO - TOTAL		\$ 2,136,677,591	\$ 2,158,788,332	
BOND PROCEEDS PORTFOLIO					
<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	<u>2021 Bond Anticipation Notes (BANs) - US Bank</u>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	55,643	55,643	4.91
	<u>91 EXPRESS LANES 2023 BONDS (US Bank COI)</u>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	2,626	2,626	4.91
	BOND PROCEEDS PORTFOLIO-TOTAL		\$ 58,270	\$ 58,270	
DEBT SERVICE RESERVE FUNDS					
<u>NOTE</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
	<u>91 EXPRESS LANES 2023 BONDS (US Bank DSF/DSRF)</u>				
	FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	5,214,668	5,214,668	4.91
	<u>91 EXPRESS LANES 2023 BONDS - OPERATING & MAINTENANCE RESERVES</u>				
	BANK DEPOSITS	N/A	216,567	216,567	0.00
	BMO HARRIS BANK NCD	4/4/2025	5,000,000	5,000,000	5.26
	BMO HARRIS BANK NCD	10/8/2024	3,000,000	3,000,000	5.16
	DEBT SERVICE RESERVE FUNDS - TOTAL		\$ 13,431,235	\$ 13,431,235	
TOTAL PORTFOLIO			Book Value	Market Value	
			\$ 2,544,030,349	\$ 2,566,696,815	

NOTE: 1. Variable or floating rate securities.



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Claims for Fiscal Year 2024-25

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen, and Sarmiento
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Authorize the filing of SB 1 State of Good Repair claims, in the amount of \$7.084 million, or up to the actual allocation published by the State Controller's Office, to fund capital projects approved by the Orange County Transportation Authority Board of Directors.



October 23, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Claims for Fiscal Year 2024-25

Overview

The Orange County Transportation Authority is eligible to receive funding from the SB 1 State of Good Repair Program that is funded by the Transportation Improvement Fee on vehicle registrations. Funding recommendations for fiscal year 2024-25 were approved by the Board of Directors on August 12, 2024. Upon approval of the statewide list of fiscal year 2024-25 projects by the California Department of Transportation, the Orange County Transportation Authority must file claims on a quarterly basis to receive the funding.

Recommendation

Authorize the filing of SB 1 State of Good Repair claims, in the amount of \$7.084 million, or up to the actual allocation published by the State Controller's Office, to fund capital projects approved by the Orange County Transportation Authority Board of Directors.

Background

The State of Good Repair (SGR) Program is funded by a portion of the Transportation Improvement Fee on vehicle registrations. The State Controller's Office (SCO) annually publishes estimates of SGR funding levels in January, with revised estimates provided in August of each year. SGR funds are expected to be allocated quarterly beginning November 2024, upon receipt of the approved recipients from the California Department of Transportation and filing of claims by the Orange County Transportation Authority (OCTA).

Discussion

In January 2024, the SCO estimated that OCTA would receive \$7.084 million of SGR funds for fiscal year (FY) 2024-25. On August 12, 2024, the OCTA Board

of Directors (Board) approved the FY 2024-25 SB 1 SGR Program recommendations, directing the funds for the following projects:

Project	Estimated SB 1 SGR (in millions)
San Juan Creek Bridge Replacement Mile Post 197.9	\$5.578
Security gates at Anaheim, Garden Grove, and Santa Ana bases	\$1.00
Heating, ventilation, and air conditioning, exhaust fan, and vacuum unit replacement at the Santa Ana Bus Base	\$0.506
Total	\$7.084

In August 2024, the SCO published a revised FY 2024-25 SGR estimate for OCTA in the amount of \$7.550 million. The SCO anticipates releasing FY 2024-25 funds to transit agencies beginning November 2024. OCTA will then be able to submit claims to receive these funds on a quarterly basis.

Summary

The SGR Program provides funding for transit capital projects or services to maintain or repair a transit operator’s existing transit vehicle fleet or transit facilities that improve existing transit services. Staff recommends the Board authorize filing of claims to receive the SGR funds.

Attachment

None.

Prepared by:



Sam Kaur
Department Manager,
Revenue Administration
(714) 560-5889

Approved by:



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



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: State Transit Assistance Fund Claims for Fiscal Year 2024-25

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen,
and Sarmiento
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Adopt Resolution No. 2024-080 to authorize the filing of State Transit Assistance Fund claims, in the amount of \$50,464,493, or up to the actual allocation published by the State Controller's Office, to support public transportation.



October 23, 2024

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: State Transit Assistance Fund Claims for Fiscal Year 2024-25

Overview

The Orange County Transit District is eligible to receive funding from the State Transit Assistance Fund for providing public transportation services throughout Orange County. To receive these funds, the Orange County Transit District, as the public transit and community transit services operator, must file claims with the Orange County Transportation Authority, the transportation planning agency for Orange County.

Recommendation

Adopt Resolution No. 2024-080 to authorize the filing of State Transit Assistance Fund claims, in the amount of \$50,464,493, or up to the actual allocation published by the State Controller's Office, to support public transportation.

Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to transportation projects. The funding source consists of two parts: the Local Transportation Fund, which is derived from a quarter cent of the general sales tax collected statewide, and the State Transit Assistance Fund (STAF), which is generated from the statewide sales tax on diesel fuel.

STAF revenues are distributed by the State Controller's Office (SCO) on a quarterly basis based on the amount of the appropriation approved in the state budget. Estimates are typically provided in January, with revised estimates provided in August of each year. In Orange County, the STAF funds are administered by the Orange County Auditor-Controller.

Discussion

The Orange County Transit District (OCTD) is required to file a claim with the Orange County Transportation Authority (OCTA) to receive its STAF allocation for providing public transportation services. OCTD must meet the required finding as per California Code of Regulations 6754 to be eligible for STAF funding. AB 90 (Chapter 17, Statutes of 2019) amended the TDA, providing transit operators temporary exemption from meeting efficiency standards for fiscal year (FY) 2020-21 and FY 2021-22. AB 149 (Chapter 81, Statutes of 2021) extended the exemption of meeting the STA efficiency standard through FY 2022-23. SB 125 (Chapter 54, Statutes of 2023) extended this exemption through FY 2025-26.

In August 2024, the SCO estimated that OCTA would receive \$50,464,493 of STAF for FY 2024-25. OCTD will utilize the entire STAF revenues to fund ongoing capital requirements. These amounts may change based on actuals reported by the SCO.

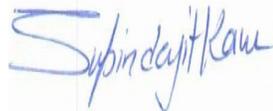
Summary

The STAF provides funding to the OCTD for public transit services. To receive these funds, the OCTD must file the appropriate STAF claims with OCTA. Staff recommends the Board of Directors adopt Resolution No. 2024-080 to file these claims.

Attachment

- A. Resolution 2024-080 of the Orange County Transit District, Authorizing the Filing of State Transit Assistance Fund Claims

Prepared by:



Sam Kaur
Department Manager,
Revenue Administration
(714) 560-5889

Approved by:



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

**RESOLUTION 2024-080 OF THE
ORANGE COUNTY TRANSIT DISTRICT**

**AUTHORIZING THE FILING OF
STATE TRANSIT ASSISTANCE FUND CLAIMS**

WHEREAS, the Orange County Transportation Fund was created by the Transportation Development Act to aid in meeting the public transportation and community transit needs that exist in Orange County; and

WHEREAS, the Orange County Transit District is submitting transportation claims for funds from the Orange County Transportation Fund; and

WHEREAS, the Orange County Transportation Authority has the authority to review claims and allocate such funds in accordance with the California Code of Regulations and the California Transportation Development Act.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Orange County Transit District hereby requests the Orange County Transportation Authority, in connection to all findings in California Code of Regulations 6754, allocate funds to the Orange County Transit District for the purpose of providing the support of a public transportation system as described under Article 6.5 of the California Transportation Development Act.

BE IT FURTHER RESOLVED that the Orange County Transit District agrees to provide the Orange County Transportation Authority with such information as may be necessary to support these transportation claims.

ADOPTED, SIGNED AND APPROVED this 28th day of October 2024.

AYES:

NOES:

ABSENT:

ATTEST:

Andrea West
Clerk of the Board

Tam T. Nguyen, Chair
Orange County Transit District



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Performance Evaluation of State Legislative Advocate, Topp Strategies

Legislative and Communications Committee Meeting of October 17, 2024

Present: Directors Foley, Dumitru, Nguyen, and Tettemer
Absent: Directors Jung and Wagner

Committee Vote

The item was passed by the Members present.

Committee Recommendation(s)

Receive and file the staff evaluation of the state advocacy services of Topp Strategies as an information item and provide any additional comments.



October 17, 2024

To: Legislative and Communications Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Performance Evaluation of State Legislative Advocate, Topp Strategies

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the "From:" line of the memo.

Overview

The firm Topp Strategies provides state legislative advocacy services for the Orange County Transportation Authority. A staff evaluation of the services provided during this legislative session is presented to the Board of Directors for consideration and further comment.

Recommendation

Receive and file the staff evaluation of the state advocacy services of Topp Strategies as an information item and provide any additional comments.

Background

Since 2007, Moira Topp has served as the Orange County Transportation Authority's (OCTA) primary state legislative advocate through her former employment with Sloat Higgins Jensen and Associates, and then as a subcontractor on OCTA's prior contract with Platinum Advisors, LLC. On October 26, 2020, the OCTA Board of Directors (Board) awarded a new contract for state legislative advocacy services to Topp Strategies, with Platinum as a subcontractor. Under the new contract, Moira Topp continues in her role as lead state legislative advocate for OCTA. The new agreement took effect on January 1, 2021, for a two-year term, with two, two-year option terms. On July 25, 2022, the Board exercised the first two-year option term, and on June 24, 2024, exercised the final two-year option term. This most recent term will expire on December 31, 2026.

Discussion

Annually, OCTA staff evaluates the services provided by the state legislative advocate with respect to major issues addressed and general services provided. Staff's evaluation of the services provided by Topp Strategies is included in Attachment A. The major issues and general services provided by Topp Strategies have been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

Staff has rated Topp Strategies' efforts overall as "excellent" based on responsiveness, advancing OCTA's positions and policies, and assisting in building cooperative relationships with legislators and members of various state departments, boards, and commissions. Staff has rated Topp Strategies' outcomes overall as "excellent" based on the outcomes of the issues discussed.

Next year, the expected focus of Topp Strategies' advocacy for OCTA will include continued efforts related to protect previously committed state funding for transit capital and operations purposes, seeking methods to streamline project delivery and obtain funding for solutions on the Los Angeles-San Diego-San Luis Obispo Rail Corridor, engaging in discussions related to the future of the cap-and-trade system and informing attempts to reprioritize transportation funding. In addition, priorities for Topp Strategies will include advancement of OCTA's positions on legislation and policy goals contained in the Board-adopted 2025-26 OCTA State Legislative Platform.

To assist the Board in fully evaluating Topp Strategies, the legislative advocate's current scope of work is included as Attachment B.

Summary

An evaluation of state legislative advocacy services performed by Topp Strategies is presented to the Board of Directors for information and further comment.

Attachments

- A. Staff Evaluation of Services Provided by Topp Strategies for 2024
- B. Sacramento Legislative Advocacy and Consulting Services Scope of Work

Prepared by:



Kristin Jacinto
Executive Director,
Government Relations
(714) 560-5754

**Staff Evaluation of Services Provided by
Topp Strategies for 2024**

The following narrative provides specific information with respect to major issues addressed by Topp Strategies, with Moira Topp as the Orange County Transportation Authority's (OCTA) primary state legislative advocate in 2024, and general services provided. Each issue has been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

State Budget Provisions for Transportation Purposes

Effort: Excellent; Outcome: Excellent

In previous budget cycles, when the State was operating in a budget surplus, the Legislature approved \$4 billion in formula funding for the Transit Intercity Rail Capital Program to be used for transit operating and capital purposes. With the State facing a significant funding shortfall this year, the Department of Finance froze various accounts in order to determine how to address ongoing funding needs. This included freezing transit funding that was set to be allocated to transit agencies in fiscal year (FY) 2023-24. OCTA was estimated to receive about \$183 million, which included funding for Metrolink operations and zero-emission bus purchases.

Topp Strategies, working in coordination with the California Transit Association and transit agencies across the State, developed an advocacy strategy to make the case to protect these funds and ensure quick allocation. Because transit funding represented the largest funding source that could potentially be shifted to address the budget deficit, work was necessary to showcase the importance of transit, the economic benefits from the use of these funds, and other co-benefits, including environmental. In the end, all funding for transit purposes was preserved, while adjusting some timelines for disbursement. This allowed OCTA to remain on schedule with the use of these funds and maintain promised transit service levels. Further, Topp Strategies was also successful in helping OCTA preserve funding for other transportation programs including active transportation and planning.

Bills of Interest

Effort: Very Good; Outcome: Very Good

AB 7 (Friedman, D-Glendale): This is one of several bills OCTA opposed that Topp Strategies was successful in stopping last year AB 7 would have reprioritized various transportation funding programs in a manner inconsistent with their original intent, potentially jeopardizing OCTA's ability to deliver various transportation services and projects. Towards the end of the year, there was an attempt to again amend this bill to allow it to move forward. Even with the proposed amendments, significant concerns remained about the impacts this bill would have on transportation funding. Topp Strategies worked within the coalition they helped form last year to stop the bill from moving forward. This required coordinated advocacy with members of key committees, including the Senate Transportation Committee where the majority of members are from Orange County. Ultimately, the author pulled the bill from consideration.

Staff Evaluation of Services Provided by Topp Strategies for 2024

AB 2535 (Bonta, D-Oakland): Another bill OCTA opposed this session, which sought to reprioritize transportation funding under the Trade Corridor Enhancement Program, diminishing the ability for OCTA to qualify to use the funds to benefit goods movement in the region. Again, similar to the advocacy strategy used for AB 7, Topp Strategies coordinated with a coalition of stakeholders that included labor and transportation agencies, to convey the significant impacts this bill would have on programs and projects, and the potential to undermine voter intent in protecting funding provided under SB 1 (Chapter 5, Statutes of 2017). Despite last minute attempts by the author to amend the bill to appease opposition, she ultimately pulled the bill from consideration without the necessary votes to pass out of policy committee.

SB 768 (Caballero, D-Fresno): OCTA supported this bill, which would have created a report to provide more transparency about mitigation costs for transportation projects to address vehicle miles traveled increases. With the costs of mitigation increasing exponentially, and sometimes being more expensive than the actual project, this bill would have required more analysis about different approaches that could be taken and the associated costs and benefits. Sponsored by the Building Industry Association, the bill was ultimately amended at the end of session to focus solely on mitigation associated with housing projects. Without a nexus to OCTA projects, the support position for the bill was dropped. However, in supporting the bill, Topp Strategies had started conversations with legislative staff about the need in future sessions to have a more robust conversation about this issue.

SB 1098 (Blakespear, D-Laguna Hills): While OCTA did not have a position on this bill, part of the author's intent in introducing this legislation was to seek to create more transparency and accountability for the State in ensuring the protection of the Los Angeles – San Diego – San Luis Obispo Rail Corridor through various reporting requirements. The author's office consistently worked with OCTA staff and Topp Strategies to inform amendments to mitigate any unintended consequences. While much of the bill is contingent on future appropriations, it is expected that some of the work will begin next year on developing a working group to inform the initial work required of the final bill.

General Services

Effort: Excellent; Outcome: Excellent

Topp Strategies regularly scheduled meetings with legislators, committee consultants, Administration staff, and staff of various state departments, boards, and commissions to discuss issues of importance to OCTA. Topp Strategies has been responsive to requests by OCTA staff, provided timely information, advice and reports, and provided testimony in legislative committees that accurately reflected Board positions on legislation and policy issues. Topp Strategies also worked on a number of other issues on behalf of OCTA that were not necessarily contained in legislation.

Staff Evaluation of Services Provided by Topp Strategies for 2024

Specifically, this year, Topp Strategies provided critical meetings with new and existing Orange County delegation members to discuss OCTA's top priorities including support for the rail corridor, transit operations funding, managed lanes and zero-emission buses. This included securing meetings with every Orange County delegation member at the beginning of the year. In addition, Topp Strategies secured meetings with several different administrative agencies, including the California State Transportation Agency, California Coastal Commission, California Department of Transportation, and the California Transportation Commission. Topp Strategies also strategized to start hosting OCTA Brown Bag lunches with Orange County delegation staff and staff from relevant policy committees. This provided further education about OCTA priorities.

Further work will be needed next year to advance connections with other relevant state agencies, including the California Air Resources Board, as the next stage of the Innovative Clean Transit regulation takes place.

Effort: Excellent; Outcome: Excellent

Topp Strategies efforts overall are rated as excellent based on responsiveness, time dedicated to advocating for and advancing of OCTA's positions and policies, timeliness of information, assisting in building cooperative relationships with legislators and members of various state departments, boards, and commissions, and availability. Topp Strategies outcomes overall are rated as excellent based on the outcomes of the issues discussed.

**Sacramento Legislative Advocacy and Consulting Services
Scope of Work**

Reporting Relationship

The Manager of State and Federal Relations and/or his/her designee will be the key contact and will coordinate the work of the CONSULTANT. The Orange County Transportation Authority (OCTA), at its sole discretion, may enter into more than one contract with additional firms with a Reporting Relationship of:



Role of the CONSULTANT

Under the coordination of the Manager of State and Federal Relations and/or his/her designee, the CONSULTANT shall be responsible for implementing the objectives described below.

Objectives

Objective 1: Maintain regular contact with the Governor's office; members of the Legislature and committee staff; and state departments, agencies, boards, commissions, committees, and staff to determine impending changes in laws, regulations, and funding priorities that relate to the OCTA.

- Meet with members of the Governor's office and Legislature to discuss policy issues affecting OCTA,
- Meet with members and staff of state agencies on issues that could impact the programming, delivery and funding of OCTA projects and services, including the California Transportation Commission; California State Transportation Agency; California Department of Transportation; California Air Resources Board,
- Track and attend meetings and actions by state agencies directly impacting transportation, including those associated with the Department of Finance; California Department of Tax and Fee Administration; Office of Planning and Research; California State Transportation Agency, Department of Transportation; California High-Speed Rail Authority; California Highway Patrol; California Department of Motor Vehicles; California Public Utilities Commission; California Environmental Protection Agency; and California Air Resources Board.

Objective 1 Deliverable:

- Electronic reports of issues that could affect OCTA projects or funding.

Objective 2: Notify OCTA of anticipated, newly introduced or amended state legislation and proposed regulations, which could impact OCTA.

- Provide bill number and brief summary of introduced or amended state legislation via e-mail,
- Provide information relative to legislative hearings,
- Provide information on bills' sponsors, supporters, and opponents,
- Advise OCTA of proposed transportation, environmental, employment, and safety related legislation and regulations which could impact OCTA and provide copies as requested.

Objective 2 Deliverables:

- Copies of legislation, committee analyses, and proposed regulations as requested,
- Electronic notification of introduced bills and amendments, with summaries,
- Notification of legislative hearings.

Objective 3: Advocate OCTA's legislative program and positions on legislation, proposed regulations, and funding and transportation programming priorities as adopted by the Board.

- Participate in the preparation of OCTA's legislative program by informing staff of upcoming legislative proposals, budget forecasts, and potential policy issues,
- Assist in securing authors and drafting language for sponsor bills,
- Assist in drafting amendments to legislation and regulations,
- Build coalitions to support OCTA's positions on significant legislation,
- Testify on behalf of OCTA on Board-adopted positions on legislation at committee and floor hearings, as appropriate,
- Provide copies of all written correspondence, testimony, and position papers given on behalf of OCTA,
- Schedule meetings with legislators, Governor's office, and state departments for OCTA Directors and staff to advocate legislative and funding priorities,
- Participate in transit and transportation lobbying coalitions,
- Analyze and prepare advice on the proposed state budget as it relates to transportation, including, but not limited to, identifying decreases/increases in existing programs, new funding sources, and strategies to enhance transportation funding for OCTA.

Objective 3 Deliverables:

- Copies of all written correspondence, testimony, and position papers given on behalf of OCTA,
- Schedule of meetings with legislators, Governor, and administration,
- Budget analyses.

Objective 4: Provide written and oral reports.

- While the Legislature is in session, highlight significant transportation and related issues in Sacramento of importance to OCTA as needed,
- Submit a monthly written report of advocacy activities and accomplishments,
- As needed, present an in-person report to the Board or the Legislative and Communications Committee during a regular meeting. At least one in-person meeting should occur to develop legislative strategy,
- Once per month, participate via telephone in the Legislative and Communications Committee meeting or other designated committee of the Board,
- Maintain close contact with the Manager of State and Federal Relations on issues of importance,
- Provide electronic updates via e-mail to designated recipients on meetings of the Legislature, transportation issues of importance, press releases, and other issues of importance to OCTA.

Objective 4 Deliverables:

- Written reports highlighting significant transportation and related developments in Sacramento, as needed,
- Monthly written report of advocacy activities and accomplishments,
- As needed, oral presentations to the Board or Legislative and Communications Committee,
- As needed, an in-person legislative strategy session with Members of the Board of Directors,
- Monthly conference calls with the Legislative and Communications Committee or other designated committee,
- Electronic updates on issues of importance.

Objective 5: Maintain Sacramento office.

- Maintain an office in Sacramento, convenient to the State Capitol,
- Provide briefings at office prior to meetings at the Capitol,
- Have available an office for use by Board Members and staff while performing OCTA business in Sacramento.

Objective 5 Deliverable:

- Office in Sacramento.

Objective 6: Provide monthly invoices of services,

- Provide a written summary of meetings attended on behalf of OCTA,
- Provide a list of issues advocated during the month and status.

Objective 6 Deliverable:

- Monthly invoice that includes a written summary of meetings attended on behalf of OCTA and a list and status of the issues advocated for OCTA during the month.



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Performance Evaluation of Federal Legislative Advocate,
Potomac Partners, DC

Legislative and Communications Committee Meeting of October 17, 2024

Present: Directors Foley, Dumitru, Nguyen, and Tettemer
Absent: Directors Jung and Wagner

Committee Vote

The item was passed by the Members present.

Committee Recommendation(s)

Receive and file the staff evaluation of the federal advocacy services of Potomac Partners, DC as an information item and provide any additional comments.



October 17, 2024

To: Legislative and Communications Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Performance Evaluation of Federal Legislative Advocate, Potomac Partners, DC

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the "To:" and "From:" lines of the memo.

Overview

The firm Potomac Partners, DC provides federal legislative advocacy services for the Orange County Transportation Authority in Washington, D.C. A staff evaluation of the services provided this session is presented to the Board of Directors for consideration and further comment.

Recommendation

Receive and file the staff evaluation of the federal advocacy services of Potomac Partners, DC as an information item and provide any additional comments.

Background

Since 2003, the Orange County Transportation Authority (OCTA) has contracted with Potomac Partners, DC (PPDC) for federal legislative advocacy services. On October 22, 2018, the OCTA Board of Directors (Board) approved a contract with PPDC to provide federal advocacy and consulting services for an initial term of two years through December 31, 2020, with two, two-year option terms. On June 22, 2020, the Board exercised the first two-year option term, which expired on December 31, 2022. Most recently, on July 25, 2022, the Board exercised the second two-year option which took effect on January 1, 2023, and will expire on December 31, 2024. The federal legislative advocacy and consulting services provided by PPDC are led by Richard Alcalde, Daniel Feliz, and Adam Cross.

Discussion

The evaluation of federal legislative advocacy services covers major issues addressed and general services provided by PPDC, mirroring the process also used to evaluate the state legislative advocacy services. Staff's evaluation of

the services provided by PPDC is included in Attachment A. The major issues and general services provided by PPDC have been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

Staff has rated PPDC's efforts overall as "very good" based on responsiveness, advancing OCTA's positions and policies, and assisting in building cooperative bipartisan relationships with members of Congress and the Administration. Staff has rated PPDC's outcomes overall as "very good" based on the outcomes of the issues discussed.

To assist the Board in fully evaluating PPDC, the federal legislative advocate's current scope of work is included as Attachment B.

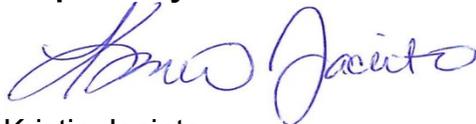
Summary

An evaluation of federal legislative advocacy services performed by Potomac Partners, DC is presented to the Board of Directors for information and further comment.

Attachments

- A. Staff Evaluation of Services Provided by Potomac Partners, DC for 2024
- B. Scope of Work Federal Legislative Advocates

Prepared by:



Kristin Jacinto
Executive Director,
Government Relations
(714) 560-5754

**Staff Evaluation of Services Provided by
Potomac Partners, DC for 2024**

The following narrative provides specific information with respect to major issues addressed by Potomac Partners, DC (PPDC) as the Orange County Transportation Authority's (OCTA) primary federal legislative advocate for 2024. Each issue has been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

Appropriations and Grant Funding Opportunities

Effort: Excellent; Outcome: Good

Both the House and Senate continued to entertain requests for earmarks this year, rebranded as “community project funding” (CPF) requests in the House and “congressionally directed spending” (CDS) requests in the Senate. Subject to added transparency requirements and limitations on overall amounts a member could request, PPDC ensured OCTA projects and programs were included. In the final fiscal year (FY) 2024 appropriations bill, OCTA received almost \$11 million in earmarks for projects including the Orange County (OC) Loop, the State Route 91 Project and the Coastal Rail Corridor Relocation Study. For FY 2025, PPDC worked equally diligently to submit several OCTA proposals, and successfully ensured these proposals were included in draft FY 2025 appropriations bills. This includes funding for the Interstate 5 Improvement Project and the Katella bridge. While an appropriations bill has yet to be passed, the fact that PPDC was able to get these projects included in the draft omnibus bill demonstrates a high potential for successful inclusion in the final FY 2025 appropriations bill.

Related to discretionary grants, PPDC again led efforts to secure support from delegation members for projects pursued by OCTA. This included projects for several programs authorized by the Infrastructure Investment and Jobs Act, including the National Infrastructure Project Assistance Program and the National Significant Multimodal Freight and Highway Projects program. The bulk of the applications submitted this year were to address immediate risks along the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor.

PPDC also worked to garner support for a joint application between OCTA and the Los Angeles Metropolitan County Transportation Authority for funding under the Environmental Protection Agency (EPA) Climate Pollution Reduction Grant. Ultimately, this request was not funded, with EPA instead selecting a \$500 million application submitted by the South Coast Air Quality Management District (SCAQMD). It is currently unclear if OCTA will be a beneficiary of those funds, with it expected that SCAQMD will distribute the funding regionally via a competitive process. OCTA will coordinate with regional partners to inform this process.

OCTA Policy Engagement

Effort: Very Good; Outcome: Very Good

One of the most significant risks to transportation funding this year was pending action by the EPA to disapprove air quality plans for the SCAQMD area. This disapproval had the potential to lead to significant sanctions, including the withholding of transportation funding for agencies in the region. PPDC was consistently at the table during these conversations, providing key information to those leading negotiations on this topic, including Senator Alex Padilla (D-CA) and Representative Pete Aguilar (D-San Bernardino). Ultimately, agreement was reached between EPA, SCAQMD and others which prevented sanctions. However, going forward, if the conditions of this agreement are unable to be fulfilled or if a new Administration changes policies, the threat to transportation funding could again be present.

PPDC also helped inform efforts by OCTA to streamline protections for the LOSSAN Rail Corridor, including obtaining letters from both Representative Mike Levin (D-Oceanside) and Representative Katie Porter (D-Irvine) seeking an expediting permitting process by the United States Army Corps of Engineers. While this process is still being discussed, these efforts led to greater attention to this issue and heightened scrutiny to processes that could be used to expedite permits.

A variety of other issues were informed by PPDC this year including funding and regulatory reform efforts to prepare for the 2028 Olympics in Los Angeles, insight into the future of Buy America Bond subsidies, and the continuation of the Alternative Fuel Tax Credit for transit agencies. It is expected these policy issues will continue into the next session of Congress.

General Services

Effort: Very Good; Outcome: Very Good

IN 2024, PPDC was again successful in securing necessary meetings requested by OCTA to advance policy priorities. This included meetings with Orange County delegation offices to discuss project submittals for CPF and CDS requests. These meetings allowed OCTA to discuss upcoming projects and align each delegation member's priorities with funding requests. This also helped lay the foundation for any requests that may be submitted in 2025.

Further, as work continued to advance project delivery to protect the LOSSAN Corridor, PPDC not only secured meetings with relevant delegation offices to discuss strategies for advancing funding and construction, but also assisted in securing support letters, briefed congressional leadership on project and funding status, and helped navigate regulatory challenges.

PPDC continued work to keep relevant offices and staff in DC apprised of OCTA projects and priorities, including the Interstate 405 Improvement Project, OC Streetcar and the Innovative Clean Transit Regulation. Coordinated messaging with Metrolink

was also made via PPDC to advance policies related to the In-Use Locomotive regulation and need for sustainable rail operating funds.

PPDC also worked on several other issues on behalf of OCTA including promptly responding to questions from federal delegation members and advising on new policy proposals. This included participating in meetings requested by Orange County delegation staff and in tracking policy proposals by transportation advocacy groups.

Overall Rating

Effort: Very Good; Outcome: Very Good

PPDC's efforts overall are rated as very good based on responsiveness, time dedicated to advocating for and advancing of OCTA's positions and policies, timeliness of information, assisting in building cooperative relationships with Congress and members of the Administration, and availability. PPDC's outcomes overall are rated as very good based on the outcomes of the issues discussed.

**SCOPE OF WORK
FEDERAL LEGISLATIVE ADVOCATES**

I. General

The Orange County Transportation Authority (OCTA) is seeking a federal legislative advocate team (Consultant) to address a series of issues described in and will be organized around the federal goals and objectives of the OCTA Legislative Platform. The primary issues and objectives are summarized as follows:

1. Secure a stable and reliable long-term transportation reauthorization bill, and annual appropriations bills in accordance with current Legislative Platform and Board of Directors (Board)-approved project requests.
2. Advocate at the Congressional and Executive Branch levels for federal funding for OCTA capital projects, including fixed-guideway projects.
3. Advocate on behalf of OCTA's position on Goods Movement.
4. Seek to maximize funding for all OCTA modal programs, but especially restoration of a well-funded bus discretionary program, in the next transportation reauthorization bill.
5. Seek to streamline and accelerate the delivery of federally funded projects with minimal federal requirements.
6. Advocate for funding of compliance costs for any new federally mandated requirements.
7. Advocate for federal intercity passenger rail funding in the San Luis Obispo - Los Angeles - San Diego Rail Corridor.

II. Coalition Activities

The Consultant shall build and sustain a strong federal coalition in support of OCTA.

1. OCTA Legislative Platform
 - 1.1 Provide input to and implement OCTA-developed funding strategies for transportation projects described in the Information and Issues discussion and Legislative Platform, including bus, highway, intelligent transportation systems projects, and any other projects which may be appropriate to achieve OCTA legislative goals.

1.2 Recommend appropriate activities for OCTA Board Members and local elected officials at various stages of the legislative process.

1.3 Provide general political and advocacy advice to OCTA.

2. Legislation, Regulations, and Policy

2.1 Notify OCTA of anticipated, newly introduced, or amended federal legislation, regulations, and administrative policy actions which could impact OCTA and provide a legislative analysis on how such action(s) may affect the interest of OCTA.

2.2 Work with OCTA to develop positions and tactics which implement OCTA's strategy objectives regarding the upcoming reauthorization of the transportation program.

2.3 Provide information and advice regarding upcoming legislative hearings which may impact policies and programs of OCTA.

2.4 Attend hearings and other public sessions of interest to OCTA.

2.5 Assist in the preparation of testimony before congressional committees and represent OCTA before such committees, including, but not limited to, the House and Senate Committees on Appropriations, the House Committee on Transportation and Infrastructure, the Senate Committee on Banking and Urban Affairs, the Senate Commerce Committee, and the Senate Committee on Environment and Public Works.

2.6 Assist in drafting legislative language and other written materials deemed to be of interest to OCTA to ensure that the goals and objectives of OCTA are fulfilled.

2.7 Assist in drafting responses to Federal Register notices and other federal public comment announcements.

2.8 Assist in the preparation of appropriate written materials supporting OCTA legislative goals, including letters, talking points, bill summaries, and position papers.

3. Liaison and Advocacy Activities

3.1 Orange County Congressional Delegation

3.1.1 Maintain frequent formal and informal contact with the Orange County delegation members and staff to represent and advocate OCTA policies and positions.

3.1.2 Recommend when OCTA Board Members should be in direct contact with members of the Orange County delegation or their key legislative staff.

3.2 House and Senate

3.2.1 Maintain direct and frequent contact with key members and staff of appropriate Senate and House Committees to represent and advocate OCTA policies and positions.

3.2.2 Arrange meetings between key legislation members and OCTA personnel as appropriate in Washington, D.C. or Orange County. Provide logistical support for Washington, D.C. visits.

3.2.3 Recommend timing and nature of contacts with the Orange County delegation and other legislation members in Washington, D.C.

3.3 Executive Branch

3.3.1 Meet with and arrange meetings with appropriate White House officials and staff, as necessary, to represent and advocate OCTA policies and positions.

3.3.2 Meet with and arrange meetings with appropriate Department of Transportation officials and staff, and other federal agencies, as necessary, to represent and advocate OCTA policies and positions.

III. **Administrative Coordination**

The Consultant shall continuously coordinate with OCTA Board, Chief Executive Officer and staff.

1. Coordination

1.1 Coordinate all activities with the OCTA State and Federal Relations Manager and Executive Director, Government Relations as appropriate.

1.2 Coordinate with members of the OCTA Board, as appropriate.

1.3 Coordinate with other OCTA consultants, as appropriate.

2. Other Activities

- 2.1 Preparation of materials, conference calls, oral reports, written reports, and additional assignments.
- 2.2 Participate via teleconference with the Manager of Grants and Federal Relations, other OCTA staff, and other consultants as necessary.
- 2.3 Provide on-site and in-person oral reports to the Board and meet with appropriate OCTA staff at the OCTA headquarters in Orange, California, as needed. The number of on-site reports is not expected to exceed four per year.
- 2.4 Submit a written monthly activity and status report, including key advocacy activities undertaken on behalf of OCTA during each month.
- 2.5 Undertake additional assignments that have been mutually agreed upon by both parties and are necessary to accomplish OCTA's objectives in Washington, D.C.



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Draft 2025-26 State and Federal Legislative Platforms

Legislative and Communications Committee Meeting of October 17, 2024

Present: Directors Foley, Dumitru, Nguyen, and Tettemer
Absent: Directors Jung and Wagner

Committee Vote

The item was passed by the Members present.

Committee Recommendation(s) (reflects a change from staff's recommendation)
Recommendations B and C were added

- A. Direct staff to move forward with the recommended revisions to the draft 2025-26 Orange County Transportation Authority State and Federal Legislative Platforms and incorporate any feedback from the Orange County Transportation Authority Board of Directors, returning to the Board of Directors for final adoption at a later date.
- B. Under the Federal Legislative Platform, include a principle to support for regulations to allow for joint procurement processes for federally funded projects.
- C. Under the State Legislative Platform, add language related to supporting separate and distinct sand nourishment permits.



October 17, 2024

To: Legislative and Communications Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Draft 2025-26 State and Federal Legislative Platforms

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "To:" and "From:" lines of the header.

Overview

Every two years, staff conducts a comprehensive review of the Orange County Transportation Authority's Legislative Platforms to ensure updates are provided on relevant issues that are anticipated to be of discussion for the upcoming legislative sessions. Following extensive stakeholder outreach, initial draft revisions to the Orange County Transportation Authority's 2025-26 State and Federal Legislative Platforms have been prepared for consideration by the Orange County Transportation Authority Board of Directors. Before a final draft is considered for adoption, these drafts will be revised as a result of feedback from the Orange County Transportation Authority Board of Directors and stakeholder input.

Recommendation

Direct staff to move forward with the recommended revisions to the draft 2025-26 Orange County Transportation Authority State and Federal Legislative Platforms and incorporate any feedback from the Orange County Transportation Authority Board of Directors, returning to the Board of Directors for final adoption at a later date.

Background

At the beginning of each legislative session, the Orange County Transportation Authority (OCTA) adopts State and Federal Legislative Platforms to guide the agency's advocacy activities for the upcoming legislative sessions in Sacramento and Washington, D.C., respectively. The most recent versions of the 2023-24 State and Federal Legislative Platforms were approved by the OCTA Board of Directors (Board) on November 27, 2023. Staff has prepared initial drafts of the 2025-26 State and Federal Legislative Platforms for the Board's consideration. In preparing these drafts, staff solicited feedback and suggestions from the following groups:

- OCTA advisory groups
- OCTA division directors, department managers, and staff
- Orange County legislative delegation
- Cities, chambers of commerce, and the County of Orange
- Orange County community-based organizations and associations
- Private business and industry groups

Staff will continue to consider any additional input received by all stakeholders prior to bringing final drafts back to the Board later this year.

Draft 2025-26 State Legislative Platform

The initial draft of the 2025-26 State Legislative Platform is outlined below and further detailed in the attachments. Attachment A is a clean version of the initial draft, and Attachment B reflects staff's recommended changes as a strikethrough version, reflected in underlining and strikethrough text. In a few instances, some principles were moved and revised. Those revisions are represented in bold lettering. Language was edited, amended, or removed as necessary to ensure accuracy and grammatical and stylistic integrity.

In order to allow the State Legislative Platform to be a better organized, more readable document, many minor edits were made to move provisions in the platform to more appropriate sections and update wording to better reflect current policy. None of these changes are intended to alter OCTA's advocacy goals. Sections were also rearranged to make more sense in terms of flow of the overall platform. An overview of the recommended changes is outlined below, with all textual references to the strikethrough draft in Attachment B.

Key Policy Issues

The Key Policy Issues section represents significant transportation issues that are expected to be discussed in the upcoming legislative session and reflect where OCTA's primary focus will be in terms of its advocacy. OCTA will continue to support transportation funding investments and policy flexibility that allow OCTA to make necessary multimodal capital improvements while providing critical transportation services, including transit, managed lanes, and motorist assistance. Another key foundation of advocacy in the coming session will continue to be related to preserving the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor in south Orange County. OCTA will be seeking support from the State in various areas to help work to prevent future service disruptions.

Several principles were moved from other sections to the Key Policy Issues section as OCTA staff notes these will become more prevalent in this next legislative cycle. Specifically, as the date for the Olympics in the City of

Los Angeles nears, staff anticipates discussions will take place on how best to support moving people throughout Southern California during the Olympics. As part of these discussions, it is crucial that Orange County be involved, given the significant impact that rising travel demand will have on its transportation infrastructure. Beyond funding, there may be opportunities related to incentives, project delivery tools, and regulatory relief that may assist in preparing for the Olympics.

Additionally, the State's cap-and-trade program expires in 2030. This program provides funding for transportation projects for which OCTA is a beneficiary. Next year, it is expected that there will be a concerted effort to extend the program to continue this funding source. OCTA staff will be engaged to monitor these efforts, ensuring that funding for regional transportation projects and programs are not impacted.

And finally, OCTA is transitioning its fleet to zero emission to comply with the Innovative Clean Transit Regulation as required by the California Air Resources Board (CARB). Recently, the costs to transition have increased significantly. OCTA will continue to work with the Legislature on ways to support efforts to mitigate costs associated with zero-emission transit buses and infrastructure, which could include alternative electricity rate structures, tax incentives, and other forms of financial assistance. It is important to note that challenges with the transition to zero-emission go beyond funding; reliability and availability of these vehicles has also been a hurdle in ensuring a smooth transition due to the lack of manufacturers in the marketplace and a constrained supply chain. OCTA is also supportive of workforce development efforts related to training for zero-emission vehicles as the technical expertise is vastly different from the traditional vehicle technology.

Other Legislative Suggestions

- Subsection (a) of the Section entitled, "Implementation of Environmental Policies" is recommended to be revised to better incorporate all forms of project mitigation requirements as it pertains to reducing greenhouse gas emissions. Vehicle miles traveled reduction has been used as one metric but does not necessarily equate to a reduction in greenhouse gas emissions. Therefore, it makes more sense to broaden this principle to include all types of project mitigation that could occur.
- Subsection (a) of the Section entitled, "Roads & Highways," is recommended to be removed. Several years ago, a proposed conservancy was impacting transportation planning in Orange County. This issue has since been resolved.

- Subsection (h) of the Section entitled, “Roads & Highways,” is recommended to be removed. Fines related to high-occupancy vehicles violations have been in place now for several years and staff do not anticipate legislative discussions about increasing these fines.
- Subsection (a) of the Section entitled, “Tolled & Managed Lanes,” is recommended to be revised. The intention of revising this principle is to ensure that revenues from toll facilities are only directed by the responsible governing board.
- Subsection (b) of the Section entitled, “Rail Programs,” is recommended to be removed. This principle related to consolidation of rail oversight is outdated with no current identified need to pursue this policy.
- Subsection (e) of the Section entitled, “Active Transportation,” is recommended to be removed. OCTA staff have identified that this issue related to lease agreements between project sponsors of active transportation projects has been resolved, and the California Public Utilities Commission has made improvements to simplify the process.
- Subsection (g) of the Section entitled, “Administration/General” is recommended to be added. Often times legislative bills are duplicative of existing efforts occurring outside of statute. This can create a dynamic where duplicative reporting requirements are created, which can cause an additional burden on agencies with limited resources. OCTA will continue to encourage examining what work is already being done and oppose efforts that duplicate work and unnecessarily strain agency resources.

Other suggestions that were submitted to staff for consideration as part of the solicitation for comments included: supporting funding for rail grade separation projects, assisting agencies related to cost recovery of legal claims, supporting dedicated funding for senior mobility, and general changes to environmental and goods movement principles. In reviewing these suggestions, it was determined that these suggestions were already included under existing platform principles that are retained in the Draft 2025-26 State Legislative Platform. One suggestion was included from the South Coast Air Quality Management District (SCAQMD), to revise subsection (c) of the “Implementation of Environmental Policies” Section. This revision includes collaborating with other stakeholders when working on air quality determinations and ensuring funding is not constrained. Another suggestion included substantive changes to subsection (g) of the “Goods Movement” Section was rejected by staff related to funding for a potential container fee program. Specifically, this suggestion would have changed the funding to only support zero-emission technologies for freight movement. OCTA

believes that any funding from such potential programs should be used toward projects that mitigate the impact port activity may have on local communities, informed by input from local and regional agencies.

In the final draft of the State Legislative Platform, staff may propose additional changes that are identified as staff works with the Board, stakeholders, and internal departments. In addition, OCTA often encounters specific legislative issues requiring sponsor legislation, prompting OCTA to take the lead in developing legislative language and securing an author. Staff is currently exploring the need for potential sponsor opportunities and will provide an update to the Board for consideration on such possibilities.

Draft 2025-26 Federal Legislative Platform

The initial draft of the 2025-26 Federal Legislative Platform is outlined below and detailed in the attachments. Attachment C is a clean version of the initial draft, and Attachment D reflects staff's recommended changes as a strikethrough version, reflected in underlining and strikethrough text. In a few instances, some principles were moved and revised. Those revisions are represented in bold lettering. Language was edited, amended, or removed as necessary to ensure accuracy and grammatical and stylistic integrity.

Since the previous update to the Federal Legislative Platforms, OCTA has been working with its partners on implementing the Infrastructure Investments and Jobs Act (IIJA). With that well underway, next session, staff anticipates discussion will begin related to the next surface transportation reauthorization as the IIJA expires in 2026. Given that dynamic, the Federal Legislative Platform needed to be reorganized to reflect the transition to dually prioritize implementing the IIJA while looking toward the future of the next iteration of surface transportation. Therefore, to be better organized, many minor edits were made to move provisions in the platform to more appropriate sections, update wording to better reflect current policy, and to eliminate duplicative principles. Additionally, a new section was added entitled, "Transit Programs." Historically, there had not been a transit specific section because many of the transit principles overlay with other sections. However, because of the federal government's further involvement with transit, it is appropriate to add its own section.

An overview of the recommended changes is outlined below, with all textual references to the strikethrough draft in Attachment D.

Key Policy Issues

The Key Policy Issues Section for the Federal Legislative Platform maintains consistent areas of focus as the State Platform, including an emphasis on funding for a multimodal transportation system, advocating for assistance with the LOSSAN Rail Corridor, and finding solutions to prepare the Southern California region for the Olympics in 2028. As it pertains specifically to the Federal Platform and with a new Administration and Congress being installed next year, OCTA staff have recommended emphasizing its focus on ensuring the funding OCTA receives through the IIJA and the Inflation Reduction Act is maintained and that recissions or other cuts to transportation programs are avoided. OCTA staff also recommends adding a principle to the Key Policy Issues Section related to funding for air quality standards. Specifically, it is important to ensure that Orange County is eligible for such funding included for the South Coast Air Basin. This past year, OCTA and other transportation stakeholders worked with SCAQMD on resolution of a pending decision by the Environmental Protection Agency (EPA) that would have restricted funding for certain highway projects after it determined air quality standards were not met. OCTA will continue to work to ensure that those determinations do not impact the use of transportation funding.

Other Legislative Suggestions

- Subsection (m) of the Section entitled “Surface Transportation Reauthorization” is recommended to be added. Specifically, this principle ties into discussions related to the next surface transportation reauthorization where OCTA proposes to advocate for funding to address the current climate-related vulnerabilities on the LOSSAN Rail Corridor. This funding would be targeted at preventing future service disruptions.
- Subsection (c) of the Section entitled, “Transportation & Planning,” related to expedited project delivery, is proposed to be removed. OCTA identified this principle as duplicative and was represented in subsection (e) of the “Environmental & Energy” Section.
- Subsection (g) of the Section entitled, “Transportation & Planning,” related to regional transportation plan amendments, is proposed to be removed. Staff had identified that this principle was necessary when the EPA had a backlog when OCTA was trying to process a Transportation Control Measures replacement. At this time, the issue does not impact OCTA.
- Subsection (e) of the Section entitled, “Fiscal Reforms & Issues” is recommended to be removed. This principle has to do with collection and distribution of sales tax revenue from out of state, online retailers. With

the passage of state legislation, this issue has been implemented and is largely handled at the state level at this time.

- Subsection (e) of the Section entitled, “Rail Programs” is proposed to be added. CARB has approved the In-Use Locomotive Regulation which requires locomotives operating in the State of California to transition to zero emission. In order to implement this rule, CARB must seek approval of a waiver from the EPA due to the impacts this would have on interstate commerce. There have been several hearings and legislative efforts related to this waiver. Staff proposes to monitor this process as it continues.
- Subsection (e) of the Section entitled, “Transit Programs” is proposed to be added. OCTA is required to transition its fleet to zero-emission transit vehicles by 2040. The cost of these vehicles continues to increase. There are also very limited manufacturers, which not only drives up costs further but slows down procurements. It also has an impact on the supply chain of specialized parts. With limited manufacturers, it can take months to a year to get the part necessary to fix a zero-emission transit bus, keeping that bus inoperable in the interim. This principle will support efforts to create a more competitive marketplace for zero-emission transit buses to assist in costs and supply chain constraints.
- Subsection (a) of the Section entitled, “Transportation Security & Emergency Preparedness” is proposed to be revised. These revisions modernize the existing principle and ensure that security efforts support all modes of transportation. This is especially important considering the OC Streetcar when it becomes operational.

In the final draft of the Federal Legislative Platform, staff may propose additional changes that are identified as staff works with the Board, stakeholders, and internal departments. In addition, OCTA staff anticipates further discussions with the Board on further priorities for surface reauthorization legislation and will be bringing principles next year for consideration.

Summary

Initial drafts of the 2025-26 State and Federal Legislative Platforms are detailed for the Board's consideration. Upon approval, staff will incorporate any outstanding feedback from the Board and will return later this year for final consideration and adoption.

Attachments

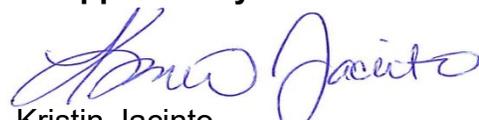
- A. Draft Orange County Transportation Authority 2025-26 State Legislative Platform (clean copy)
- B. Draft Orange County Transportation Authority 2025-26 State Legislative Platform (strikethrough version)
- C. Draft Orange County Transportation Authority 2025-26 Federal Legislative Platform (clean copy)
- D. Draft Orange County Transportation Authority 2025-26 Federal Legislative Platform (strikethrough version)

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**Draft Orange County Transportation Authority 2025-26
State Legislative Platform**

With over three million residents, Orange County is the third most populous county in California and the sixth most populous county in the nation. Orange County is one of the most densely populated areas in the country and is served by one of the nation’s busiest transit systems. The Orange County Transportation Authority (OCTA) serves as the primary agency responsible for transportation planning in Orange County. OCTA manages a multimodal transportation system, overseeing a range of services including buses, Metrolink commuter rail, paratransit, and freeway improvements, as well as bicycle and pedestrian infrastructure, ensuring diverse mobility options for residents and visitors.

The 2025-26 State Legislative Platform serves as a framework document to guide OCTA’s legislative, regulatory, and administrative activities in the coming legislative session. The Key Policy Issues section offers guidance on the policy issues that will likely be the focus of the upcoming legislative session. The later sections present guiding policy statements for other major issue areas that may arise during the session. Positions on individual items not directly in this document will be brought to the OCTA Board of Directors for formal action.

Key Policy Issues in 2025-26

A number of significant transportation issues are expected to be discussed in the 2025-26 legislative session. OCTA will focus its advocacy efforts on the following principles.

- a) Support transportation funding investments and policy flexibilities that allow OCTA to provide essential, multimodal mobility improvements and services in order to meet the mobility needs of Orange County;
- b) Seek support for adaptation and resiliency efforts related to the environment for critical transportation infrastructure;
- c) Seek funding and other administrative solutions, such as permit streamlining, to support adaptation and resiliency efforts throughout the rail corridor;
- d) Seek support, funding, and streamlining to manage and address sea level rise, beach erosion, landslides, and other environmental impacts along the rail corridor;
- e) Encourage State leadership, in conjunction with local collaboration, in developing long-term studies related to potential track relocation in the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor;
- f) Support efforts to maximize OCTA’s share of transportation and transit funding, especially through distribution formulas and more equitable competitive funding processes;

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- g) Oppose linking, reprioritizing, or aligning local and state transportation funding with policies that could significantly hinder a local agency's ability to deliver transportation programs and projects;
- h) Support efforts to maintain the promises self-help counties have made to taxpayers in the implementation of local sales tax measures and oppose mandating specific uses of future sales tax revenues;
- i) Support workforce development and training policies that allow OCTA to hire and retain personnel ready to implement the next generation of mobility, including training the workforce for zero-emission vehicles;
- j) Oppose policies that would circumvent existing transit operator funding eligibility requirements;
- k) Support efforts to ensure local control is maintained in policy decisions made by local transportation agency boards in delivering, funding, and operating transportation programs and projects;
- l) Inform the State's Transit Transformation Task Force, created pursuant to SB 125 (Chapter 54, Statutes of 2023), in order to seek improvements to the Transportation Development Act and make recommendations related to transit funding, cost drivers, strategies for workforce retention, and ridership;
- m) Protect existing transit operations and capital funding while monitoring the implementation of the accountability provisions associated with the funding and inform clarifying legislation as needed;
- n) Oppose policies that change existing formula funding structures to redistribute funds in a way that would inhibit a local agency from delivering critical transportation projects and programs;
- o) Seek to ensure OCTA's projects and programs related to the 2028 Olympic and Paralympic Games are eligible for any related funding assistance, incentives, project delivery tools, and/or regulatory relief;
- p) Monitor efforts related to extending the State's cap-and-trade program while ensuring that funding for regional transportation projects and programs are maintained;
- q) Support efforts to mitigate costs associated with the development, testing, purchase, and operation of zero-emission transit buses, including an alternative electricity rate structure, tax incentives, and other forms of financial assistance.

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I. IMPLEMENTATION OF ENVIRONMENTAL POLICIES

In order to ensure that the State’s environmental regulations and cap-and-trade program are implemented in an equitable manner, which will both help to reduce emissions and encourage the development of necessary infrastructure to serve California’s growing population, OCTA will:

- a) Support efforts to ensure local flexibility in meeting the State’s greenhouse gas emission reduction goals, including project mitigation requirements;
- b) Support streamlined environmental review and permitting processes for transportation projects and programs to avoid potentially duplicative and unnecessary analysis, while still maintaining traditional environmental protections;
- c) Work with air agencies and other stakeholders to ensure that air quality determinations and policies do not constrain funding availability or otherwise undermine OCTA’s ability to deliver transportation improvements;
- d) Monitor the State’s transition to zero-emission vehicle technology to ensure that any corresponding policies adequately address the impact to long-term transportation funding stability;
- e) Oppose lengthening the California Environmental Quality Act process in a manner that would delay mobility improvements;
- f) Oppose efforts to restrict road and highway construction by superseding existing broad-based environmental review and mitigation processes;
- g) Oppose policies that would limit lead agency discretion in the management and oversight of lands set aside for environmental mitigation purposes while promoting advance mitigation planning programs;
- h) Monitor efforts to create a statewide model related to vehicle miles traveled in order to ensure that local modeling is taken into account;

II. TRANSPORTATION FUNDING

OCTA will monitor the status of transportation funding in California, promoting the continued stability of existing programs and efforts to address future funding deficiencies to meet transportation infrastructure needs. Given that the State is anticipated to experience a continued deficit, OCTA will work to protect funding dedicated for transportation purposes, including appropriations made in the fiscal year 2024-25 Budget Act for transit operations and capital projects.

Furthermore, executive orders continue to impact OCTA’s programs and services. Staff closely monitors these efforts to ensure that transportation funds are used for their

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intended purposes. For example, Executive Order N-19-19 directed the California State Transportation Agency to review requirements for discretionary transportation investments to ensure consistency with state emission reduction goals. As a result, the State developed the Climate Action Plan for Transportation Infrastructure (CAPTI) which detailed recommendations for administering state funds related to transportation in a way that helps the State reach its goals related to climate change. It is anticipated that CAPTI recommendations will be updated in the coming year. Key actions to continue to inform the State's goals include:

- a) Oppose unfunded mandates for transportation agencies, transit providers, and local governments in providing transportation improvements and services;
- b) Oppose cost shifts or changes in responsibility for projects funded by the State to local transportation entities;
- c) Support efforts to treat the property tax of single-county transit districts the same as multi-county districts and correct other Educational Revenue Augmentation Fund inequities between like agencies;
- d) Support the constitutional protection of all transportation funding resources;
- e) Support protecting or expanding local decision-making in programming transportation funds;
- f) Oppose efforts to reduce local prerogative over regional program funds;
- g) Support efforts to involve county transportation commissions in the development and prioritization of State Highway Operation and Protection Program projects;
- h) Oppose redirecting or reclassifying transportation revenue sources, including earned interest, for anything other than their intended purposes;
- i) Support the implementation of federal transportation programs in an equitable manner that promotes traditional funding levels, programming roles, and local discretion in allocation decisions;
- j) Oppose policies that significantly increase costs, threatening OCTA's ability to deliver projects and provide transit service;
- k) Support removing the barriers for funding transportation projects, including allowing local agencies to advance projects with local funds when state funds are unavailable due to budgetary reasons, and allowing regions to pool federal, state, and local funds in order to limit lengthy amendment processes and streamline project delivery time;

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- l) Support flexibility in the application of “disadvantaged” and “low-income” communities to ensure that transportation funding flows to each region’s most impacted areas, allowing OCTA to best meet the needs of its local communities;
- m) Support dedicated funding for transit operations, preferably through an ongoing formulaic approach.

III. FISCAL REFORMS & ISSUES

In recent years, the Legislature and Governor have worked collaboratively during the budget process to pass funding bills in a timely manner. Given that the State continues to report lower revenues than projected, uncertainties over future funding levels remain. Therefore, OCTA will:

- a) Monitor the study and development of alternative transportation funding proposals, including the State’s road charge pilot program and ensure that efforts are made to address concerns related to equity, privacy, and public support of such proposals;
- b) Oppose levying new and/or increase in gasoline taxes or user fees, including revenue increases on fuel consumption categorized as charges, fees, revenue enhancements, or similar classifications. Consideration of such efforts shall occur when a direct nexus is determined to exist between revenues and transportation projects, and additional revenues are to be controlled by the county transportation commission;
- c) Oppose efforts to decrease the voter threshold requirement for local tax measures for transportation purposes;
- d) Oppose increases to administrative fees charged by the California Department of Tax and Fee Administration on the collection of local sales tax measures;
- e) Support policies that ensure all users of the State’s transportation system pay their “fair share” to maintain and improve the system;
- f) Support efforts to restore equitable generation and disbursement of sales tax revenues that support the Local Transportation Fund;
- g) Support the retention of existing and future local revenue sources;
- h) Support an extension of the state sales tax exemption for the purchase of zero-emission buses.

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IV. STATE TRANSPORTATION IMPROVEMENT PROGRAM

The State Transportation Improvement Program (STIP), substantially amended by SB 45 (Chapter 622, Statutes of 1997), is a programming document that establishes the funding priorities and project commitments for transportation capital improvements in California. SB 45 placed decision-making authority with the regions by providing project selection for 75 percent of the funding in the Regional Transportation Improvement Program (RTIP). This funding is distributed to counties based on an allocation formula. The remaining 25 percent of the funds are programmed by the California Department of Transportation (Caltrans) in the Interregional Transportation Improvement Program (ITIP). OCTA will seek to ensure that the regional focus of the program is preserved. Key provisions to be sought by OCTA include:

- a) Support maintaining the current STIP formula, which provides 75 percent of STIP funding to the locally-nominated RTIP and 25 percent to the ITIP;
- b) Support equitable allocations of transportation funding, such as the north/south formula distribution of county shares and ITIP allocations;
- c) Support efforts to clarify that programming of current period county shares has priority over advancement of future county shares;
- d) Support a formula-based guaranteed disbursement of the ITIP;
- e) Support efforts to allow a mode-neutral STIP;
- f) Support increased flexibility for the use of STIP funds to support alternative projects, including, but not limited to, transit and goods movement improvement projects.

V. TRANSIT PROGRAMS

OCTA will continue with its focus on providing safe, reliable, and efficient transit services in Orange County. While state transit funding has recently become more stable, future demand increases due to environmental regulations and increased capital and operations costs will put further strain on existing resources. OCTA will make every effort to minimize additional state obligations to transit operations which lack a sufficient and secure revenue source. To that end, OCTA will focus on the following:

- a) Advocate for a continued strong state role in providing funding for transit operations rather than shifting responsibility to local transportation entities. No additional requirements should be created for operation levels beyond existing capacity, unless agreed to by that entity or otherwise appropriately funded;

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- b) Seek additional funding for paratransit operations and transit accessibility capital improvements that support persons with disabilities and senior citizens;
- c) Support efforts to encourage and incentivize the interoperability of transit and rail systems within California;
- d) Support limiting the liability of transit districts for the location of bus stops (*Bonanno v. Central Contra Costa Transit Authority*);
- e) Support incentives for transit-oriented development projects (i.e., authorize extra credit toward housing element requirements for these developments), including incentives for development;
- f) Support funding and incentives to develop free- or reduced-fare transit programs without impacting existing programs or creating unfunded mandates;
- g) Monitor and inform the creation of the Zero-Emission Roadmap, which will work to identify actions needed to meet California's zero-emission transit goals with minimal displacement of existing workers.
- h) Encourage policies and guidance that incentivize public transit ridership;

VI. RAIL PROGRAMS

Metrolink is Southern California's commuter rail system that links residential communities to employment and activity centers. Orange County is served by three Metrolink lines: the Orange County Line, the Inland Empire-Orange County Line, and the 91/Perris Valley Line. In support of these routes, OCTA owns 48 miles of rail right-of-way in Orange County on which Metrolink operates. OCTA's rail capital budget supports improvements to the regional commuter rail system in Orange County, and under existing policy, OCTA is the primary construction lead on major capital improvements to the regional commuter rail system on its right-of-way.

In addition to Metrolink services, Orange County is also served by the state-supported Pacific Surfliner intercity passenger rail service traveling between San Luis Obispo and San Diego. The Pacific Surfliner is operated by Amtrak and managed by the LOSSAN Agency. OCTA has served as the managing agency for the LOSSAN Agency since 2013, providing administrative and management support.

Other rail systems could also travel through Orange County at some point in the future, including additional intercity rail service. While the status and future of these programs is uncertain, OCTA will be watchful to ensure that funding for these rail systems does not impact other transportation funding sources. Key advocacy efforts will emphasize the following:

- a) Support policies that encourage commercial, commuter-based development around passenger rail corridors that includes permanent job creation;

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- b) Monitor and evaluate plans and progress of high-speed rail and its funding;
- c) Support efforts to provide resources for safety improvements on the rail network in Southern California, including for the implementation, operation, and maintenance of Positive Train Control safety technology;
- d) Support studying the policies, funding options, and need for rail/highway grade separations, including any impact on existing state highway and transit funding sources;
- e) Support policies that facilitate the development and construction of needed infrastructure projects that support modernization, connectivity, and general system-wide improvements to California's rail network;
- f) Monitor the implementation of the In-Use Locomotive Regulation to ensure the transition to zero-emission locomotives is technically feasible and provides adequate funding.

VII. ROADS & HIGHWAYS

OCTA's commitment to continuously improve mobility in Orange County is reflected through a dynamic involvement in such innovative highway endeavors as the ownership of the 91 Express Lanes and the use of design-build authority on the State Route 22 project and Interstate 405 Improvement Project. OCTA will continue to seek new and innovative ways to deliver road and highway projects to the residents of Orange County and, to that end, OCTA will focus on the following:

- a) Support new and existing alternative project delivery methods, such as design-build, public-private partnership authority, construction manager/general contractor authority, and progressive design build, through expanding mode and funding eligibility while also allowing the appropriate balance of partnership between the State and local agencies;
- b) Support authorizing local agencies to advertise, award, and administer contracts for state highway projects;
- c) Oppose duplicative reporting mandates and efforts to impose additional requirements, beyond what is required in statute, on lead agencies awarding contracts using alternative project delivery mechanisms;
- d) Support streamlining of the Caltrans review process for projects without compromising environmental safeguards;

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- e) Support policies that improve signal synchronization programs in order to facilitate street signal coordination, prioritization, and preemption, as well as encouraging the use of intelligent transportation system measures;
- f) Support management and integration of express lanes to promote consistent and seamless user experience;
- g) Support the equitable enforcement of regulations governing transportation network companies;
- h) Support studying the development and safe operation of autonomous vehicles and related technologies;
- i) Support preserving local discretion and flexibility in the development of the congestion management program.

VIII. TOLLED & MANAGED LANES

OCTA's commitment to continuously improve mobility in Orange County is reflected through a dynamic involvement in such innovative highway endeavors, including both the ownership of the 91 Express Lanes, a ten-mile toll facility on State Route 91, extending from State Route 55 to the Orange/Riverside County line, and the 405 Express Lanes, which operates two lanes in each direction from State Route 73 to the Interstate 605.

Because many agencies are discussing the increased use of managed lane facilities, there remains a need to advocate for local flexibility and input. To ensure the continued success of the 91 Express Lanes, the 405 Express lanes, and for toll policy moving forward, OCTA will:

- a) Oppose efforts to divert revenues from toll facilities for purposes not directed by the responsible governing board;
- b) Support policies that allow OCTA, and its partners, to efficiently operate and maintain the 91 Express Lanes and the 405 Express Lanes;
- c) Support efforts to preserve local flexibility in the administration of toll lanes and encourage the State to work with OCTA on operating policies to ensure seamless system operation;
- d) Oppose the construction or operation of toll facilities that are inconsistent with local long range transportation plans;
- e) Oppose the construction or operation of toll facilities that fail to respect existing local transportation projects and funding programs;

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- f) Support customer privacy rights while maintaining OCTA's ability to effectively communicate with customers and operate the 91 and 405 Express Lanes;
- g) Support the use of innovative means to enhance toll agency enforcement efforts, including ways to address toll violations due to protected plates;
- h) Support collaborative solutions to address the degradation of HOV lanes that respect local transportation funding sources and programs, have the support of the relevant regional transportation planning agency, do not redirect existing local transportation funding sources, and analyze the effect of single-occupant, low-emission vehicles, including associated federal requirements triggered by their access allowance;
- i) Support efforts to improve the interoperability of the different toll systems across the State in order to ensure fair and efficient toll operations while affirming user privacy protections;
- j) Inform discussions related to revising toll evasion penalties, toll exemptions, and other changes to enforcement strategies and mechanisms in order to maintain local control, opposing efforts that will hinder the ability to meet congestion management and financing requirements;
- k) Support policies that protect the process prescribed in AB 194 (Chapter 687, Statutes of 2015), which authorizes regional transportation agencies to develop and operate toll facilities, and ensure it is maintained in its application on future toll facilities.

IX. GOODS MOVEMENT

The twin Ports of Los Angeles and Long Beach are considered two of the nation's busiest ports, are vital to California's economy and the surrounding region because goods are shipped to and through the surrounding counties. While the State's goods movement system is the most robust in the nation, it is continually challenged by competing goods movement systems in other states. In order to continue to compete and engage in the global marketplace, California must continue to enhance its goods movement system, while at the same time be cognizant of taking the necessary actions to mitigate any negative impacts to local communities. Key positions include:

- a) Support improvements to facilitate the movement of intrastate, interstate, and international trade beneficial to the State and Orange County's economy;
- b) Support policies that will aid in the development, approval, and construction of projects to expand goods movement capacity and reduce congestion;
- c) Ensure that control of goods movement infrastructure projects and funding is retained at the local level;

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- d) Seek mitigation for the impacts of goods movement on local communities;
- e) Pursue ongoing, stable sources of funding for goods movement infrastructure;
- f) Support additional funding and policy reforms to aid in expediting transportation projects to address supply chain concerns;
- g) Ensure any effort to establish a container fee program dedicates funding to projects that mitigate the impact port activity may have on local communities, informed by input from local and regional agencies.

X. ACTIVE TRANSPORTATION

Active transportation projects and programs, which encourage greater mobility through walking and bicycling, have grown in popularity due to the environmental, health, and cost savings benefits. OCTA continues to study, plan, and fund active transportation projects and programs as part of its mission to provide Orange County with an efficient and multi-modal transportation system. Key positions include:

- a) Support policies to increase the visibility and safety of users engaged in active transportation;
- b) Support creative use of paths, roads, flood channels, and abandoned rail lines using existing established rights-of-way to promote bicycles trails and pedestrian paths, in coordination with any local agency with jurisdiction over those properties;
- c) Support funding and programs or policies that encourage the safe operation of an integrated multimodal system, which includes the interaction between roadways, rail lines, bikeways, and pedestrian ways, and the users of those facilities;
- d) Support streamlined active transportation funding programs;
- e) Seek funding and support policies and projects to increase safety requirements related to the utilization of electric bicycles.

XI. ROLES & RESPONSIBILITIES

In recent years, there have been many efforts to reorganize or restructure transportation programs and local agency responsibilities. OCTA will continue to monitor policies that would significantly affect the way in which it operates, with a focus on maintaining local control and continued partnerships in order to advocate for the following principles:

- a) Support preserving the role of county transportation commissions, as consistent with existing law, in the administration of transportation programs;

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- b) Oppose proposals that reduce the rights and responsibilities of county transportation commissions in planning, funding, and delivering transportation programs;
- c) Oppose policies that unnecessarily subject projects to additional reviews and project selection approvals that could adversely affect delivery timelines and processes;
- d) Support partnerships with alternative mobility providers that allow for adequate information sharing while also respecting the planning efforts of local agencies;
- e) Support efforts to increase the flexibility of funds used for motorist service programs.

XII. EMPLOYMENT ISSUES

As a public agency and one of the largest employers in Orange County, OCTA balances its responsibility to the community and the taxpayers to provide safe, reliable, cost-effective service with its responsibility of being a reasonable, responsive employer. Key advocacy positions include:

- a) Oppose efforts to impose state labor laws on currently exempt public agencies;
- b) Oppose policies that circumvent the collective bargaining process;
- c) Oppose policies adversely affecting OCTA's ability to efficiently and effectively deal with labor relations, employee rights, benefits, including pension benefits, the California Family Rights Act, and working conditions, including health, safety, and ergonomic standards for the workplace;
- d) Support efforts to reform and resolve inconsistencies in the workers' compensation and unemployment insurance systems, and labor law requirements that maintain protection for employees and allow businesses to operate efficiently;
- e) Support workforce development policies that facilitate a more efficient talent acquisition process;
- f) Support policies that encourage ridesharing, teleworking, vanpool, and related congestion relief programs for Orange County commuters.

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XIII. TRANSPORTATION SECURITY & EMERGENCY PREPAREDNESS

As natural and man-made disasters continue to threaten transportation systems around the world, significant improvements have been, and continue to be, carried out to enhance the safety, security, and resilience of transportation infrastructure in the United States. As Orange County's bus provider and a Metrolink partner, OCTA understands the importance of ensuring the safety and security of our transportation network and protecting our customers. OCTA maintains a partnership with the Orange County Sheriff's Department to provide OCTA Transit Police Services for the bus and train systems in Orange County and continues to be actively involved in a variety of state and regional preparedness exercises in support of first responders. The development of a new Transit Security and Operations Center is also underway to enhance security efforts and further the resiliency of the Orange County transit system.

Additional safety and security measures require additional financial resources. Consequently, OCTA's advocacy positions will highlight:

- a) Support state homeland security and emergency preparedness funding and grant programs to local transportation agencies to alleviate financial burden placed on local entities;
- b) Support policies that balance retention mandates of video surveillance records to reflect current reasonable technological and fiscal capabilities;
- c) Support technological advances in order to increase the safety of public transportation passengers and operators;
- d) Support policies that aim to enhance transit services and the overall safety and security of transit riders, public transit employees, and on-road vehicles while avoiding undue burden on transportation agencies to implement unfunded safety measures.

XIV. ADMINISTRATION/GENERAL

General administrative issues arise every session that could impact OCTA's ability to operate efficiently. Key positions include:

- a) Oppose policies adversely affecting OCTA's ability to efficiently and effectively contract for goods and services, conduct business of the agency, and limit or transfer the risk of liability;
- b) Support efforts to provide greater protection of OCTA's computer and information security systems;
- c) Support establishing reasonable liability for non-economic damages in any action for personal injury, property damage, or wrongful death brought against a public entity based on principles of comparative fault;

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- d) Support consistent campaign contribution limits as applied to both elected and appointed bodies;
- e) Monitor proposed changes related to the Ralph M. Brown Act, and other statutes governing public meetings, including the expanded use of technology;
- f) Support equitable policies to ensure that the inclusive public engagement, planning, and delivery of mobility improvements best serve all residents of Orange County;
- g) Oppose policies that create undue burden on transportation procurement practices or restrict ability to maintain local governing board award authority;
- h) Oppose efforts that create duplicative reporting requirements.

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With over three million residents, Orange County is the third most populous county in California and the sixth most populous county in the nation. Orange County is one of the most densely populated areas in the country and is served by one of the nation's busiest transit systems. The Orange County Transportation Authority (OCTA) serves as the primary agency responsible for transportation planning in Orange County. OCTA manages a multimodal transportation system, overseeing a range of services including buses, Metrolink commuter rail, paratransit, and freeway improvements, as well as bicycle and pedestrian infrastructure, ensuring diverse mobility options for residents and visitors. ~~In addition, Orange County provides highway and rail corridors that facilitate the increasing level of international trade entering the Southern California ports.~~

The 2025~~3~~-26~~4~~ State Legislative Platform serves as a framework document to guide the ~~Orange County Transportation Authority's (OCTA's)~~ legislative, regulatory, and administrative activities in the coming legislative session. The Key Policy Issues section offers guidance on the policy issues that will likely be the focus of the upcoming legislative session. The later sections present guiding policy statements for other major issue areas that may arise during the session. Positions on individual items not directly in this document will be brought to the OCTA Board of Directors for formal action.

Key Policy Issues in 2025~~3~~-26~~4~~

A number of significant transportation issues are expected to be discussed in the 2025~~3~~-26~~4~~ legislative session. OCTA will focus its advocacy efforts on the following principles.

- a) Support transportation funding investments and policy flexibilities that allow OCTA to provide essential, multimodal mobility improvements and services in order to meet the mobility needs of Orange County;
- ~~b) Encourage policies and guidance that incentivize public transit ridership; (Moved to Section V)~~
- b) Seek support for adaptation and resiliency efforts related to the environment for critical transportation infrastructure;
- c) Seek funding and other administrative solutions, such as permit streamlining, to support adaptation and resiliency efforts throughout the rail corridor;
- d) Seek support, funding, and streamlining to manage and address sea level rise, beach erosion, landslides, and other environmental impacts along the rail corridor;
- e) Encourage State leadership, in conjunction with local collaboration, in developing long-term studies related to potential track relocation in the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail eCorridor;

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- f) Support efforts to maximize OCTA's share of transportation and transit funding, especially through distribution formulas and more equitable competitive funding processes;
- g) Oppose linking, reprioritizing, or aligning local and state transportation funding with policies that could significantly hinder a local agency's ability to deliver transportation programs and projects;
- h) Support efforts to maintain the promises self-help counties have made to taxpayers in the implementation of local sales tax measures and oppose mandating specific uses of future sales tax revenues;
- i) Support workforce development and training policies that allow OCTA to hire and retain personnel ready to implement the next generation of mobility, including training the workforce for zero-emission vehicles;
- ~~j) Oppose policies that would circumvent existing transit operator funding eligibility requirements;~~
- ~~k) Support dedicated funding for transit operations, preferably through an ongoing formulaic approach; (Moved to Section II)~~
- k) Support efforts to ensure local control is maintained in policy decisions made by local transportation agency boards in delivering, funding, and operating transportation programs and projects;
- l) Inform the State's Transit Transformation Task Force, created pursuant to SB 125 (Chapter 54, Statutes of 2023), in order to seek improvements to the Transportation Development Act and make recommendations related to transit funding, cost drivers, strategies for workforce retention, and ridership;
- m) Protect existing transit operations and capital funding while monitoring the implementation of the accountability provisions associated with the funding and inform clarifying legislation as needed;
- n) Oppose policies that change existing formula funding structures to redistribute funds in a way that would inhibit a local agency from delivering critical transportation projects and programs;
- o) Seek to ensure OCTA's projects and programs related to the 2028 Olympic and Paralympic Games are eligible for any related funding assistance, incentives, and project delivery tools, and/or regulatory relief;

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- p) Monitor efforts related to extending the State's cap-and-trade program while ensuring that funding for regional transportation projects and programs are maintained;
- q) Support efforts to mitigate costs associated with the development, testing, purchase, and operation of zero-emission transit buses, including an alternative electricity rate structure, tax incentives, and other forms of financial assistance. *(Moved from Section V).*

I. IMPLEMENTATION OF ENVIRONMENTAL POLICIES

In order to ensure that the State's environmental regulations and cap-and-trade program are implemented in an equitable manner, which will both help to reduce emissions and encourage the development of necessary infrastructure to serve California's growing population, OCTA will:

- a) Support efforts to ensure local flexibility in meeting ~~the goals of the State's greenhouse gas emission reduction goals, including project mitigation requirements and vehicle miles traveled initiatives;~~
- ~~b) Support formula-based cap and trade programs, including maintaining the prioritization of cap and trade funding for transportation projects; *[Incorporated into subsection (p) of the Key Policy Issues Section]*~~
- b) Support streamlined environmental review and permitting processes for transportation projects and programs to avoid potentially duplicative and unnecessary analysis, while still maintaining traditional environmental protections;
- c) Work with air agencies and other stakeholders to Ensure that air quality determinations and policies do not constrain funding availability or otherwise undermine OCTA's ability to deliver transportation improvements;
- d) Monitor the State's transition to zero-emission vehicle technology to ensure that any corresponding policies adequately address the impact to long-term transportation funding stability;
- e) Oppose lengthening the California Environmental Quality Act process in a manner that would delay mobility improvements;
- f) Oppose efforts to restrict road and highway construction by superseding existing broad-based environmental review and mitigation processes;
- g) Oppose policies that would limit lead agency discretion in the management and oversight of lands set aside for environmental mitigation purposes while promoting advance mitigation planning programs;

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- h) Monitor efforts to create a statewide model related to vehicle miles traveled in order to ensure that local modeling is taken into account.

II. TRANSPORTATION FUNDING

OCTA will monitor the status of transportation funding in California, promoting the continued stability of existing programs and efforts to address future funding deficiencies to meet transportation infrastructure needs. Given that ~~future revenues remain unpredictable~~ the State is anticipated to experience a continued deficit, OCTA will also work to protect funding dedicated for transportation purposes, including appropriations made in the fiscal year 2024~~3~~-254 Budget Act for transit operations and capital projects.

Furthermore, ~~there have been two executive orders~~ continue to that will impact OCTA's programs and services, ~~which will be~~ Staff closely monitored these efforts to ensure that transportation funds are used for their intended purposes. For example, First, Executive Order ~~N-79-20~~ requires all passenger vehicles and light trucks sold in California to be zero-emission by 2035, and the same for medium and heavy duty trucks by 2045. And secondly, Executive Order N-19-19, directed the California State Transportation Agency to review requirements for discretionary transportation investments to ensure consistency with state emission reduction goals. As a result, the State developed the Climate Action Plan for Transportation Infrastructure (CAPTI) which detailed recommendations for administering state funds related to transportation in a way that helps the State reach its goals related to climate change. It is anticipated that CAPTI recommendations will be updated in the coming year. Key actions to continue to inform the State's goals include:

- a) Oppose unfunded mandates for transportation agencies, transit providers, and local governments in providing transportation improvements and services;
- b) Oppose cost shifts or changes in responsibility for projects funded by the State to local transportation entities;
- c) Support efforts to treat the property tax of single-county transit districts the same as multi-county districts and correct other Educational Revenue Augmentation Fund inequities between like agencies;
- d) Support the constitutional protection of all transportation funding resources;
- e) Support protecting or expanding local decision-making in programming transportation funds;
- f) Oppose efforts to reduce local prerogative over regional program funds;
- g) Support efforts to involve county transportation commissions in the development and prioritization of State Highway Operation and Protection Program projects;

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- h) Oppose redirecting or reclassifying transportation revenue sources, including earned interest, for anything other than their intended purposes;
- i) Support the implementation of federal transportation programs in an equitable manner that promotes traditional funding levels, programming roles, and local discretion in allocation decisions;
- j) Oppose policies that significantly increase costs, threatening OCTA's ability to deliver projects and provide transit service;
- k) Support removing the barriers for funding transportation projects, including allowing local agencies to advance projects with local funds when state funds are unavailable due to budgetary reasons, and allowing regions to pool federal, state, and local funds in order to limit lengthy amendment processes and streamline project delivery time;
- ~~l) Seek to ensure OCTA's projects and programs related to the 2028 Olympic and Paralympic Games in Los Angeles are eligible for any related funding incentives and project delivery tools; (Moved to the Key Policy Issues Section and revised)~~
- l) Support flexibility in the application of "disadvantaged" and "low-income" communities to ensure that transportation funding flows to each region's most impacted areas, allowing OCTA to best meet the needs of its local communities;
- m) Support dedicated funding for transit operations, preferably through an ongoing formulaic approach. (Moved from the Key Policy Issues Section)

III. FISCAL REFORMS AND ISSUES

In recent years, the Legislature and Governor have worked collaboratively during the budget process to pass funding bills in a timely manner. Given that the State continues to report lower revenues than projected, uncertainties over future funding levels remain. Therefore, OCTA will:

- a) Monitor the study and development of alternative transportation funding proposals, including the State's road charge pilot program and ensure that efforts are made to address concerns related to equity, privacy, and public support of such proposals;
- b) Oppose levying new and/or increase in gasoline taxes or user fees, including revenue increases on fuel consumption categorized as charges, fees, revenue enhancements, or similar classifications. Consideration of such efforts shall occur when a direct nexus is determined to exist between revenues and transportation projects, and additional revenues are to be controlled by the county transportation commission;

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- c) Oppose efforts to decrease the voter threshold requirement for local tax measures for transportation purposes;
- d) Oppose increases to administrative fees charged by the California Department of Tax and Fee Administration on the collection of local sales tax measures;
- e) Support policies that ensure all users of the State's transportation system pay their "fair share" to maintain and improve the system;
- f) Support efforts to restore equitable ~~with regards to the~~ generation and disbursement of sales tax revenues that support the Local Transportation Fund;
- g) Support the retention of existing and future local revenue sources;
- h) Support an extension of the state sales tax exemption for the purchase of zero-emission buses.

IV. STATE TRANSPORTATION IMPROVEMENT PROGRAM

The State Transportation Improvement Program (STIP), substantially amended by SB 45 (Chapter 622, Statutes of 1997), is a programming document that establishes the funding priorities and project commitments for transportation capital improvements in California. SB 45 placed decision-making authority with the regions closest to the problem by providing project selection for 75 percent of the funding in the Regional Transportation Improvement Program (RTIP). This funding is distributed to counties based on an allocation formula. The remaining 25 percent of the funds are programmed by the California Department of Transportation (Caltrans) in the Interregional Transportation Improvement Program (ITIP). OCTA will seek to ensure that the regional focus of the program is preserved. Key provisions to be sought by OCTA include:

- a) Support maintaining the current STIP formula, which provides 75 percent of STIP funding to the locally-nominated RTIP and 25 percent to the ITIP;
- b) Support equitable allocations of transportation funding, such as the north/south formula distribution of county shares and ITIP allocations;
- c) Support efforts to clarify that programming of current period county shares has priority over advancement of future county shares;
- d) Support a formula-based guaranteed disbursement of the ITIP;
- e) Support efforts to allow a mode-neutral STIP;

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- f) Support increased flexibility for the use of STIP funds to support alternative projects, including, but not limited to, transit and goods movement improvement projects.

V. TRANSIT PROGRAMS

OCTA will continue with its focus on providing safe, reliable, and efficient transit services in Orange County. While state transit funding has recently become more stable, future demand increases due to environmental regulations and increased capital and operations costs ~~fuel prices may~~ will put further strain on existing resources. OCTA will make every effort to minimize additional state obligations to transit operations which lack a sufficient and secure revenue source. To that end, OCTA will focus on the following:

- a) Advocate for a continued strong state role in providing funding for transit operations rather than shifting responsibility to local transportation entities. No additional requirements should be created for operation levels beyond existing capacity, unless agreed to by that entity or otherwise appropriately funded;
- ~~b) Support efforts to mitigate costs associated with the development, testing, purchase, and operation of zero-emission transit buses, including an alternative electricity rate structure, tax incentives, and other forms of financial assistance; (Moved to the Key Policy Issues Section)~~
- b) Seek additional funding for paratransit operations and transit accessibility capital improvements that support persons with disabilities and senior citizens;
- c) Support efforts to encourage and incentivize the interoperability of transit and rail systems within California;
- d) Support limiting the liability of transit districts for the location of bus stops (*Bonanno v. Central Contra Costa Transit Authority*);
- e) Support ~~the citing of~~ incentives for transit-oriented development projects (i.e., authorize extra credit towards housing element requirements for these developments), including incentives for development;
- f) Support funding and incentives to develop free- or reduced-fare transit programs without impacting existing programs or creating unfunded mandates;
- g) Monitor and inform the creation of the Zero-Emission Roadmap, which will work to identify actions needed to meet California's zero-emission transit goals with minimal displacement of existing workers;
- ~~h) Encourage policies and guidance that incentivize public transit ridership. (Moved from the Key Policy Issues Section)~~

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VII. ROADS AND HIGHWAYS

OCTA's commitment to continuously improve mobility in Orange County is reflected through a dynamic involvement in such innovative highway endeavors as the ownership of the 91 Express Lanes and the use of design-build authority on the State Route 22 project and Interstate 405 Improvement Project. OCTA will continue to seek new and innovative ways to deliver road and highway projects to the residents of Orange County and, to that end, OCTA will focus on the following:

- ~~a) Oppose the creation of a conservancy that would inhibit the delivery of transportation projects under study or being implemented in the region;~~
- a) Support new and existing alternative project delivery methods, such as design-build, public-private partnership authority, construction manager/general contractor authority, and progressive design build, through expanding mode and funding eligibility while also allowing the appropriate balance of partnership between the State and local agencies;
- b) Support authorizing local agencies to advertise, award, and administer contracts for state highway projects;
- c) Oppose duplicative reporting mandates and efforts to impose additional requirements, beyond what is required in statute, on lead agencies awarding contracts using alternative project delivery mechanisms;
- d) Support streamlining of the Caltrans review process for projects, ~~simplification of processes, and reduction of red tape,~~ without compromising environmental safeguards;
- f) Support policies that improve signal synchronization programs in order to facilitate street signal coordination, prioritization, and preemption, as well as encouraging the use of intelligent transportation system measures;
- g) Support management and integration of express lanes to promote consistent and seamless user experience;
- ~~h) Monitor efforts to increase fines for high occupancy vehicle (HOV) lane violations and, if implemented, ensure fines are dedicated to enforcement purposes;~~
- h) Support the equitable enforcement of regulations governing transportation network companies;
- i) Support studying the development and safe operation of autonomous vehicles and related technologies;
- j) Support preserving local discretion and flexibility in the development of the congestion management program.

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XIVII. ROLES AND RESPONSIBILITIES

In recent years, there have been many efforts to reorganize or restructure transportation programs and local agency responsibilities. OCTA will continue to monitor policies that would significantly affect the way in which it operates, with a focus on maintaining local control and continued partnerships in order to advocate for the following principles:

- a) Support preserving the role of county transportation commissions, as consistent with existing law, in the administration of transportation programs;
- b) Oppose proposals that reduce the rights and responsibilities of county transportation commissions in planning, funding, and delivering transportation programs;
- c) Oppose policies that unnecessarily subject projects to additional reviews and project selection approvals that could adversely affect delivery timelines and processes;
- d) Support partnerships with alternative mobility providers that allow for adequate information sharing while also respecting the planning efforts of local agencies;
- e) Support efforts to increase the flexibility of funds used for motorist service programs.

VIII. TOLLED & MANAGED LANES

OCTA's commitment to continuously improve mobility in Orange County is reflected through a dynamic involvement in such innovative highway endeavors, including both the ownership of the 91 Express Lanes, a ten-mile toll facility on State Route 91, extending from State Route 55 to the Orange/Riverside County line, and the 405 Express Lanes, which will operate two lanes in each direction from State Route 73 to the Interstate 605.

~~As transportation demands continue to increase, innovative tools must be available to ensure transportation infrastructure projects continue to be built in a reliable, prompt, and efficient manner. OCTA took advantage of one such tool by securing a \$629 million federal loan to supplement state and local funds on the I-405 Improvement Project. The loan, obtained through the Transportation Infrastructure Finance and Innovation Act (TIFIA), will save taxpayers approximately \$300 million in the decades to come.~~

~~As the TIFIA loan and purchase of the 91 Express Lanes in 2003 illustrate, OCTA's leadership in improving mobility for Orange County residents through the use of innovative tools and approaches allow transportation agencies to stretch their dollars further than ever before. Because many agencies are discussing the increased use of managed lane facilities, there remains a need to advocate for local flexibility and input. To ensure the continued success of the 91 Express Lanes, the 405 Express lanes, and for toll policy moving forward, OCTA will:~~

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- a) ~~Ensure that revenues from toll facilities remain within the corridor from which they are generated, Opposing efforts to divert revenues from toll facilities for state purposes not directed by the responsible governing board;~~
- b) Support policies that allow OCTA, and its partners, to efficiently operate and maintain the 91 Express Lanes and the 405 Express Lanes;
- c) Support efforts to preserve local flexibility in the administration of toll lanes and encourage the State to work with OCTA on operating policies to ensure seamless system operation;
- d) Oppose the construction or operation of toll facilities that are inconsistent with local long range transportation plans;
- e) Oppose the construction or operation of toll facilities that fail to respect existing local transportation projects and funding programs;
- f) Support customer privacy rights while maintaining OCTA's ability to effectively communicate with customers and operate the 91 and 405 Express Lanes;
- g) Support the use of innovative means to enhance toll agency enforcement efforts, including ways to address toll violations due to protected plates;
- h) Support collaborative solutions to address the degradation of HOV lanes that respect local transportation funding sources and programs, have the support of the relevant regional transportation planning agency, do not redirect existing local transportation funding sources, and analyze the effect of single-occupant, low-emission vehicles, including associated federal requirements triggered by their access allowance;
- i) Support efforts to improve the interoperability of the different toll systems across the State in order to ensure fair and efficient toll operations while affirming user privacy protections;
- j) Inform discussions related to revising toll evasion penalties, toll exemptions, and other changes to enforcement strategies and mechanisms in order to maintain local control, opposing efforts that will hinder the ability to meet congestion management and financing requirements;
- k) Support policies that protect the process prescribed in AB 194 (Chapter 687, Statutes of 2015), which authorizes regional transportation agencies to develop and operate toll facilities, and ensure it is maintained in its application on future toll facilities;
- ~~l) Oppose policies that interfere with local determination of project impacts on the functionality of the Express Lanes operated and maintained by OCTA. *[Covered by subsection (e) of this Section]*~~

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VIIX. RAIL PROGRAMS

Metrolink is Southern California's commuter rail system that links residential communities to employment and activity centers. Orange County is served by three Metrolink lines: the Orange County Line, the Inland Empire-Orange County Line, and the 91/Perris Valley Line. In support of these routes, OCTA owns 48 miles of rail right-of-way in Orange County on which Metrolink operates. OCTA's rail capital budget supports improvements to the regional commuter rail system in Orange County, and under existing policy, OCTA is the primary construction lead on major capital improvements to the regional commuter rail system on its right-of-way.

In addition to Metrolink services, Orange County is also served by the state-supported Pacific Surfliner intercity passenger rail service traveling between San Luis Obispo and San Diego. The Pacific Surfliner is operated by Amtrak and managed by the ~~Los Angeles San Diego San Luis Obispo Rail Corridor Agency (LOSSAN Agency)~~. OCTA has served as the managing agency for the LOSSAN Agency since 2013, ~~and assumed full providing administrative and management support responsibility for the Pacific Surfliner service in June 2015 via an interagency transfer agreement with the State. OCTA continues to serve in this capacity, providing all necessary administrative support to the LOSSAN Agency.~~

Other rail systems could also travel through Orange County at some point in the future, including additional intercity rail service. While the status and future of these programs is uncertain, OCTA will be watchful to ensure that funding for these rail systems does not impact other transportation funding sources. Key advocacy efforts will emphasize the following:

- a) Support policies that encourage commercial, commuter-based development around passenger rail corridors that includes permanent job creation;
- ~~b) Support efforts to create additional efficiency in rail program oversight, including consideration of possible program consolidation;~~
- b) Monitor and evaluate plans and progress of high-speed rail and its funding;
- c) Support efforts to provide resources for safety improvements on the rail network in Southern California, including for the implementation, operation, and maintenance of Positive Train Control safety technology;
- d) Support studying the policies, funding options, and need for rail/highway grade separations, including any impact on existing state highway and transit funding sources;
- e) Support policies that facilitate the development and construction of needed infrastructure projects that support modernization, connectivity, and general system-wide improvements to California's rail network;

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- f) Monitor the implementation of the In-Use Locomotive Regulation to ensure the transition to zero-emission locomotives is technically feasible and provides adequate funding.

IX. GOODS MOVEMENT

The twin Ports of Los Angeles and Long Beach are considered, ~~the nation's two~~ of the nation's busiest ports, are vital to California's economy and the surrounding region because goods are shipped to and through the surrounding counties. While the State's goods movement system is the most robust in the nation, it is continually challenged by competing goods movement systems in other states. In order to continue to compete and engage in the global marketplace, California must continue to enhance its goods movement system, while at the same time be cognizant of taking the necessary actions to mitigate any negative impacts to local communities. Key positions include:

- a) Support improvements ~~in major trade gateways in California~~ to facilitate the movement of intrastate, interstate, and international trade beneficial to the State's and Orange County's economy;
- b) Support policies that will aid in the development, approval, and construction of projects to expand goods movement capacity and reduce congestion;
- c) Ensure that control of goods movement infrastructure projects and funding is retained at the local level;
- d) Seek mitigation for the impacts of goods movement on local communities;
- e) Pursue ongoing, stable sources of funding for goods movement infrastructure;
- f) Support additional funding and policy reforms to aid in expediting transportation projects to address supply chain concerns;
- g) Ensure any effort to establish a container fee program dedicates funding to projects that mitigate the impact port activity may have on local communities, informed by input from local and regional agencies.

XI. ACTIVE TRANSPORTATION

Active transportation projects and programs, which encourage greater mobility through walking and bicycling, have grown in popularity due to the environmental, health, and cost savings benefits. ~~Through local planning efforts such as Orange County's Regional Bikeways Planning Collaborative, the Pacific Coast Highway Corridor Study, and the development of OCTA's Commuter Bikeways Strategic Plan,~~ OCTA continues to study, plan, and fund active transportation projects and programs as part of its mission to provide

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Orange County with an efficient and multi-modal transportation system. Key positions include:

- a) Support policies to increase the visibility and safety of users engaged in active transportation;
- b) Support creative use of paths, roads, flood channels, and abandoned rail lines using existing established rights-of-way to promote bicycles trails and pedestrian paths, in coordination with any local agency with jurisdiction over those properties;
- c) Support funding and programs or policies that encourage the safe operation of an integrated multimodal system, which includes the interaction between roadways, rail lines, bikeways, and pedestrian ways, and the users of those facilities;
- d) Support streamlined active transportation funding programs;
- ~~e) Support efforts to streamline and simplify the review and approval by the California Public Utilities Commission of lease agreements between sponsors of active transportation projects and public utility companies;~~
- e) Seek funding and support policies and projects to increase safety requirements related to the utilization of electric bicycles.

XIV. ADMINISTRATION/GENERAL

General administrative issues arise every session that could impact OCTA's ability to operate efficiently. Key positions include:

- a) Oppose policies adversely affecting OCTA's ability to efficiently and effectively contract for goods and services, conduct business of the agency, and limit or transfer the risk of liability;
- b) Support efforts to provide greater protection of OCTA's computer and information security systems;
- c) Support establishing reasonable liability for non-economic damages in any action for personal injury, property damage, or wrongful death brought against a public entity based on principles of comparative fault;
- d) Support consistent campaign contribution limits as applied to both elected and appointed bodies;
- e) Monitor proposed changes related to the Ralph M. Brown Act, and other statutes governing public meetings, including the expanded use of technology;

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- f) Support equitable policies to ensure that the inclusive public engagement, planning, and delivery of mobility improvements best serve all residents of Orange County;
- g) Oppose policies that create undue burden on transportation procurement practices or restrict ability to maintain local governing board award authority;
- h) Oppose efforts that create duplicative reporting requirements.

XIII. EMPLOYMENT ISSUES

As a public agency and one of the largest employers in Orange County, OCTA balances its responsibility to the community and the taxpayers to provide safe, reliable, cost-effective service with its responsibility of being a reasonable, responsive employer. Key advocacy positions include:

- a) Oppose efforts to impose state labor laws on currently exempt public agencies;
- b) Oppose policies that circumvent the collective bargaining process;
- c) Oppose policies adversely affecting OCTA's ability to efficiently and effectively deal with labor relations, employee rights, benefits including pension benefits, the California Family Rights Act, and working conditions, including health, safety, and ergonomic standards for the workplace;
- d) Support efforts to reform and resolve inconsistencies in the workers' compensation and unemployment insurance systems, and labor law requirements that maintain protection for employees and allow businesses to operate efficiently;
- e) Support workforce development policies that facilitate a more efficient talent acquisition process;
- f) Support policies that encourage ridesharing, teleworking, vanpool, and related congestion relief programs for Orange County commuters.

XIIIV. TRANSPORTATION SECURITY AND & EMERGENCY PREPAREDNESS

As natural and man-made disasters continue to threaten transportation systems around the world, significant improvements have been, and continue to be, carried out to enhance the safety, security, and resilience of transportation infrastructure in the United States. As Orange County's bus provider and a Metrolink partner, OCTA ~~comprehends~~ understands the importance of ensuring the safety and security of our transportation network and protecting our customers. ~~Presently~~, OCTA maintains a partnership with the Orange County Sheriff's Department to provide OCTA Transit Police Services for the bus and train systems in Orange County and continues to be actively involved in a variety of state and regional preparedness exercises in support of first responders. ~~OCTA is also~~

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~~currently working with its community partners on an effort to install video surveillance systems at Metrolink stations and on its fleet of buses and throughout its bus facilities. The development of a new Transit Security and Operations Center is also underway to enhance security efforts and further the resiliency of the Orange County transit system.~~

~~Additional safety and security measures require additional financial resources. Heightened security awareness, an active public safety campaign, and greater surveillance efforts, all require additional financial resources.~~ Consequently, OCTA's advocacy positions will highlight:

- a) Support state homeland security and emergency preparedness funding and grant programs to local transportation agencies to alleviate financial burden placed on local entities;
- b) Support policies that balance retention mandates of video surveillance records to reflect current reasonable technological and fiscal capabilities;
- c) Support ~~the use of new technology~~ technological advances in order to increase the safety of public transportation passengers and operators;
- d) Support policies that aim to enhance transit services and the overall safety and security of transit riders, public transit employees, and on-road vehicles while avoiding undue burden on transportation agencies to implement unfunded safety measures.

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With over three million residents, Orange County is the third most populous county in California and the sixth most populous county in the nation. Orange County is one of the most densely populated areas in the country and is served by one of the nation's busiest transit systems. The Orange County Transportation Authority (OCTA) serves as the primary agency responsible for transportation planning in Orange County. OCTA manages a multimodal transportation system, overseeing a range of services including buses, Metrolink commuter rail, paratransit, and freeway improvements, as well as bicycle and pedestrian infrastructure, ensuring diverse mobility options for residents and visitors.

The 2025-26 Federal Legislative Platform serves as a framework document to guide OCTA's statutory, regulatory, and administrative goals and objectives in Washington, D.C. The Key Policy Issues section offers guidance on the policy issues that will likely be the focus of the 119th Congress, and the later sections present guiding policy statements for the other major issues that may arise. Positions on individual items not directly addressed in this document will be brought to the OCTA Board of Directors for formal action.

Key Policy Issues in the 119th Congress

A number of significant transportation issues will be discussed in the 119th Congress. OCTA will focus its advocacy efforts on the following principles:

- a) Support transportation funding investments and policy flexibilities that allow OCTA to provide essential, multimodal mobility improvements, and services in order to meet the mobility needs of Orange County;
- b) Request annual appropriations at least consistent with authorized funding levels and advanced appropriations provided in the Infrastructure Investment and Jobs Act (IIJA) are maintained in order to meet our county's critical infrastructure needs;
- c) Oppose efforts to redirect, reduce, or eliminate existing transportation funding programs, ensuring funding OCTA receives from IIJA and the Inflation Reduction Act is maintained;
- d) Oppose rescissions or other arbitrary funding cuts to transportation programs;
- e) Advocate for full funding of transportation programs without placing new limitations or conditions on the distribution of funds that would impede the delivery of infrastructure projects;
- f) Ensure that Highway Trust Fund (HTF) revenues continue to be used for transit expenditures for capital and operations;

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- g) Ensure that air quality determinations and policies do not constrain funding availability or otherwise undermine OCTA's ability to deliver transportation improvements;
- h) Ensure that Orange County is eligible for funding provided to meet air quality standards for the South Coast Air Basin and oppose efforts that would impact the use of transportation funding;
- i) Seek support for adaptation and resiliency efforts related to environment for critical transportation infrastructure;
- j) Seek funding and other solutions, such as permit streamlining, to support adaptation and resiliency efforts throughout the rail corridor;
- k) Seek support, funding, and project streamlining to manage and address sea level rise, beach erosion, landslides, and other environmental impacts along the rail corridor;
- l) Encourage federal leadership, in conjunction with state and local collaboration, in developing long-term studies related to potential track relocation in the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor;
- m) Support the authority to secure direct funding for Orange County projects;
- n) Support efforts to preserve local flexibility in the administration of toll lanes and use of toll revenues;
- o) Support efforts to ensure local control is maintained in policy decisions made by local transportation agency boards in delivering, funding, and operating transportation programs and projects;
- p) Seek to ensure OCTA's projects and programs related to the 2028 Olympic and Paralympic Games in Los Angeles are eligible for any related funding assistance or incentives, project delivery tools and/or regulatory relief.

I. TRANSPORTATION FUNDING

Current federal law does not require the appropriation of authorized HTF dollars. Therefore, the annual appropriations process will continue to play an important role in funding OCTA's programs and projects. OCTA will continue to advocate for the largest possible amount and share of appropriations funding to ensure adequate resources to meet the infrastructure needs of Orange County.

OCTA will continue to aggressively pursue discretionary funding for transportation projects within the statutory and regulatory requirements of funding programs and the

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current funding status of OCTA's capital program. Other funding priorities for OCTA include:

- a) Support sustainable transportation funding levels that allow OCTA to continue to improve mobility in and around Orange County;
- b) Support funding for the Capital Investment Grants program to allow for an expansion of bus and rail transit projects;
- c) Ensure that federal funding is available for capital purposes to the extent not needed for direct operating costs;
- d) Support funding, with increased flexibility, for safety and security grant programs in order to protect Orange County's transportation system, including highways, transit operations and facilities, rail lines, and related software systems;
- e) Support funding for commuter and intercity passenger rail corridors in Orange County;
- f) Support funding to develop training information programs to instruct on the use of new technology and address workforce needs at transit and transportation agencies;
- g) Advocate for transit and transportation agencies to be eligible for transportation funding programs under the Inflation Reduction Act
- h) Seek responsible revenue solutions to fund future transportation projects without adversely affecting an agency's ability to provide services.

II. SURFACE TRANSPORTATION REAUTHORIZATION

The IIJA (Pub. L. No. 1147-58) authorized over \$567 billion over five years for programs. With the IIJA as law, OCTA has focused much of its advocacy efforts on implementation efforts that allow state and local government agencies to move forward with a federal partner on critical transportation projects. Now with the IIJA set to expire on September 30, 2026, OCTA will dually prioritize implementation while also advocating for its priorities related to enacting long-term reauthorization legislation. As such, OCTA will advocate for the following policies:

- a) Support the greatest possible share of funding for California and OCTA, focusing on increasing formula funds;
- b) Support increased flexibility in transportation funding programs to promote greater local decision-making in the planning process;

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- c) Ensure a long-term partnership with the federal government that helps OCTA address transit capital and operating revenue needs;
- d) Oppose unfunded federal mandates that further reduce the resources of state and local transportation agencies;
- e) Oppose policies that undermine or limit local control over land use decisions;
- f) Ensure fair suballocations of funding to account for additional costs, increased administrative responsibilities, and the potential for increased liabilities to which the agency may be subject;
- g) Oppose limitations or other arbitrary conditions on discretionary transportation grant programs that prevent an equitable distribution of transportation resources;
- h) Support policies that encourage ridesharing, teleworking, vanpool and related congestion relief programs for Orange County commuters;
- i) Oppose any effort to further reduce transportation funding for OCTA or California, advocating for a fair and equitable share;
- k) Support efforts to reinstate the state suballocation process regarding the distribution of federal formula funding;
- l) Support funding to address the current climate-related vulnerabilities on the LOSSAN Rail Corridor to prevent future service disruptions;

III. TRANSPORTATION PLANNING & PROGRAMMING

In the 119th Congress, OCTA will continue to support the implementation of the IIJA while finding ways to complement the programs and provisions authorized under federal law. During this time, OCTA will advocate for the following issues:

- a) Pursue continued eligibility of Congestion Mitigation Air Quality program funding for operating expenses associated with any fixed-guideway or eligible bus projects;
- b) Support expanded use of alternative delivery methods for federally-funded transportation projects;
- c) Support expedited review and payments to local agencies and their contractors for project development, right-of-way acquisition, and construction activities;
- d) Support efforts to authorize, fund, and streamline the delivery of bicycle and pedestrian projects in Orange County;

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- e) Advocate for policies to encourage, when possible, a “complete streets” approach to multimodal project planning in order to expedite project delivery;
- f) Support flexibility and increased local decision-making authority regarding the operation of high-occupancy vehicle (HOV) lanes in order to reduce or eliminate the unintended consequences resulting from Section 166 of the Federal Highway Act or any similar policy regulating degradation of HOV lanes;
- g) Encourage cooperation between local, state, and federal partners to mitigate or eliminate any policy that places burdensome requirements on operators related to degradation of facilities and performance;
- h) Support streamlining and greater flexibility of Federal Buy America requirements including increased clarification on market availability and technical feasibility of the Build America, Buy America Act requirements created in the IIJA to prevent any unintended disruption to projects and programs;
- i) Support efforts to clarify roles and responsibilities related to toll enforcement policies to allow for interoperability between toll facilities while affirming user privacy;
- j) Encourage policies on the planning, delivery, and operation of tolling projects that are aligned with the flexibility provided in California State law;
- k) Support equitable policies to ensure that inclusive public engagement, planning, and delivery of mobility improvements best serves all the residents of Orange County;
- l) Support a collaborative approach to understanding the capital infrastructure and operational needs of local and state transportation agencies, as well as private sector partners, in the testing, development, demonstration, deployment, and operation of autonomous and connected vehicle technologies, while encouraging policies that ensure their safe implementation.

IV. FISCAL REFORMS & ISSUES

Transportation infrastructure projects are critical drivers in job creation and business development. Legislative and regulatory proposals can impact the ability of transportation agencies to deliver these infrastructure projects. Expediting project delivery serves as a key tool for driving economic growth and stimulating activity. Regarding these developments, OCTA will:

- a) Oppose policies that would divert revenues generated by locally-approved sales taxes to programs and projects that are not included in the sales tax ordinance;

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- b) Support removing barriers to the release of transportation funding, including allowing local agencies to advance projects with local funds in order to limit lengthy processes that delay project delivery;
- c) Support expansion, streamlining, and further development of innovative project finance methods, including the Transportation Infrastructure Finance and Innovation Act loan program;
- d) Support fiscally-sound proposals to adequately address the HTF's structural deficit, including initiatives to address the impact of low- and zero-emission vehicles on transportation funding;
- e) Support tax policies that reduce costs or provide additional flexibility in OCTA's financial and operational activities;
- f) Support a stable source of proposed future revenues that provides adequate resources for future transportation needs;
- g) Oppose subjecting public transportation providers to gas tax liability or other fees that increase operating costs;
- h) Support efforts to ensure that all users of the national transportation system pay their "fair share" to maintain and improve the system;
- i) Support additional funding and regulatory flexibility to facilitate the use of alternative mobility providers.

V. RAIL PROGRAMS

Metrolink is Southern California's commuter rail system that links residential communities to employment and activity centers. Orange County is served by three Metrolink lines: the Orange County Line, the Inland Empire-Orange County Line, and the 91/Perris Valley Line. OCTA owns 48 miles of rail right-of-way in Orange County on which Metrolink operates. OCTA's rail capital budget supports improvements to the regional commuter rail system in Orange County, and under existing policy, OCTA is the primary construction lead on major capital improvements to the regional commuter rail system on its right-of-way.

In addition to Metrolink services, Orange County is also served by the state-supported Pacific Surfliner intercity passenger rail service traveling between San Luis Obispo and San Diego. The Pacific Surfliner is operated by Amtrak. OCTA serves as the managing agency for this service, providing all necessary administrative support to the LOSSAN Agency.

Other rail systems could also travel through Orange County at some point in the future, including additional intercity rail service. OCTA will continue to monitor the

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development of additional service to ensure that it does not adversely affect other transportation funding sources. Other rail policy priorities include the following:

- a) Support funding for rail safety programs, including funding for operation and maintenance of Positive Train Control (PTC) safety technology and other safety enhancements;
- b) Support efforts to ensure that any alternative safety technology is interoperable with, and contains the same safety benefits as, the PTC system implemented on passenger rail corridors in Southern California;
- c) Support the availability of technical resources, such as wireless spectrum, to fully implement rail safety technology;
- d) Oppose increasing the current rail passenger liability cap and work with regional partners to ensure that any changes to the cap take into account the limited resources of passenger rail providers;
- e) Monitor the ongoing waiver process in relation to implementing the California Air Resources Board's In-Use Locomotive Regulation.

VI. TRANSIT PROGRAMS

OCTA will continue with its focus on providing safe, reliable, and efficient transit services in Orange County. Federal transit funding is provided on both a formula and competitive basis. Discretionary funding under the IIJA has been highly competitive for transit programs. As future demand for transit funding increases due to environmental regulations and increased capital and operations costs put further strain on existing resources, creating more opportunities for predictable transit funding will continue to be a priority for OCTA. Specifically, OCTA will focus on the following:

- a) Encourage policies and guidance that incentivize public transit ridership;
- b) Support funding and incentives to develop free- or reduced-fare transit programs without impacting existing programs or creating unfunded mandates;
- c) Monitor policies regarding zero-emission transit fuels to ensure they remain technology neutral;
- d) Support the continuation and expansion of tax incentives for using compressed natural gas, hydrogen, and other zero-emission transit fuels;
- e) Support efforts to create a more competitive marketplace for zero-emission transit buses to help drive down costs and create a better supply chain.

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VII. GOODS MOVEMENT

The twin Ports of Los Angeles and Long Beach are considered two of the nation's busiest ports. The maintenance, improvement, and modernization of our region's goods movement infrastructure must continue to be a national priority if our region is to remain competitive with the rest of the world and responsive to the consumer needs of Southern California. Even though the IJA continued to provide funding for goods movement projects and programs, revenue streams remain insufficient to fund the projects needed to offset the costs of moving these goods considering the many years of underinvestment. OCTA's advocacy efforts regarding goods movement will continue to emphasize the following:

- a) Pursue new, stable, dedicated, and secure sources of funding for goods movement infrastructure;
- b) Ensure that the benefits of newly-funded projects also take into account mitigation factors to impacted communities;
- c) Support a collaborative approach, including engaging with private sector partners, in developing and implementing the needed sustainable goods movement infrastructure programs and projects;
- d) Support regionally significant grade separation projects that improve the flow of goods and people throughout Southern California;
- e) Support local control of goods movement infrastructure and freight mobility projects;
- f) Support additional funding and policy reforms to aid in expediting transportation projects to address supply chain concerns;
- g) Ensure eligibility for funding and programs is available to all transportation modes that benefit regional goods movement.

VIII. TRANSPORTATION SECURITY AND EMERGENCY PREPAREDNESS

OCTA continues cooperative efforts with neighboring transit agencies, Urban Area Security Initiative partners, state and federal Homeland Security and Emergency Preparedness grant partners, and local jurisdictions to enhance the security and resiliency of Orange County's transportation system. OCTA will pursue the following priorities to ensure that the agency's safety, security, and emergency preparedness needs are met:

- a) Support increased funding for training, increased security, and emergency preparedness improvements with adequate flexibility to ensure that local

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agencies can effectively use the resources to also support all modes of transportation;

- b) Support a funding distribution that considers all risk threats, including natural disasters, acts of terrorism, and other man-made disasters, as estimated by the Department of Homeland Security, in cooperation with state and local officials;
- c) Support programs that facilitate cooperation with security and emergency preparedness officials to refine and improve information exchange protocols, emergency preparedness systems, and regional data coordination;
- d) Support efforts to provide funding incentives and policy flexibility to facilitate programs to provide safe working conditions for coach operators and transit personnel;
- e) Support efforts to provide sufficient funding for transit agencies to implement physical security, mandated employee screenings, and cybersecurity directives while also incorporating transit agency technical expertise in developing regulatory guidelines and procedures.

IX. ENVIRONMENTAL & ENERGY ISSUES

Federal environmental policies affecting OCTA include the National Environmental Protection Act, the Clean Air Act, the Clean Water Act, and the Endangered Species Act. Therefore, policies to further develop environmental and energy-efficient goals will likely have an impact on OCTA's operations. With such proposals in mind, OCTA will:

- a) Seek funding to meet state and local environmental quality requirements, including requirements for zero-emission buses, alternative fueling stations, and future greenhouse gas reduction requirements;
- b) Support expedited review for project development, right-of-way acquisition, and construction activities without impairing substantive environmental requirements;
- c) Ensure adequate funding and flexibility in the application of resiliency, natural infrastructure, or other climate-related policies to the delivery of mobility improvements, as opposed to mandates that would constrain transportation resources.

IX. REGULATORY REQUIREMENTS

OCTA must also monitor several other administrative requirements, including new and expanded regulatory definitions that may affect the agency's operations. As such, OCTA will:

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- a) Support expedited and improved federal reporting and monitoring requirements to ensure efficiency and usefulness of data while also eliminating redundant state and federal requirements;
- b) Oppose regulatory proposals that unreasonably subject OCTA to burdensome bureaucratic requirements or increased operational costs, making it harder to deliver projects and improve mobility in Orange County;
- c) Oppose policies adversely affecting the agency's ability to effectively address labor relations, employee rights, benefits, and working conditions, such as health, safety, and ergonomic standards;
- d) Oppose policies that limit state or local pension benefit reforms.

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With over three million residents, Orange County is the third most populous county in California and the sixth most populous county in the nation. Orange County is one of the most densely populated areas in the country and is served by one of the nation's busiest transit systems. The Orange County Transportation Authority (OCTA) serves as the primary agency responsible for transportation planning in Orange County. OCTA manages a multimodal transportation system, overseeing a range of services including buses, Metrolink commuter rail, paratransit, and freeway improvements, as well as bicycle and pedestrian infrastructure, ensuring diverse mobility options for residents and visitors. In addition, Orange County provides highway and rail corridors that facilitate the increasing level of international trade entering the Southern California ports.

The 20253-246 Federal Legislative Platform serves as a framework document to guide ~~the Orange County Transportation Authority's (OCTA's)~~ statutory, regulatory, and administrative goals and objectives in Washington, D.C. The Key Policy Issues section offers guidance on the policy issues that will likely be the focus of the 1198th Congress, and the later sections present guiding policy statements for the other major issues that may arise. Positions on individual items not directly addressed in this document will be brought to the OCTA Board of Directors for formal action.

Key Policy Issues in the 1198th Congress

A number of significant transportation issues will be discussed in the 1198th Congress. OCTA will focus its advocacy efforts on the following principles:

- a) Support transportation funding investments and policy flexibilities that allow OCTA to provide essential, multimodal mobility improvements, and services in order to meet the mobility needs of Orange County;
- b) Request annual appropriations at least consistent with authorized funding levels and advanced appropriations provided in the Infrastructure Investment and Jobs Act (IIJA) are maintained in order to meet our county's critical infrastructure needs;
- c) Oppose efforts to redirect, reduce, or eliminate existing transportation funding programs, ensuring funding OCTA receives from IIJA and the Inflation Reduction Act is maintained; *(Moved from Section I and revised)*
- d) Oppose rescissions or other arbitrary funding cuts to transportation programs; *(Moved from Section II)*
- e) ~~Encourage policies and guidance that incentivize public transit ridership;~~ *(Moved to Section VI)*

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- ~~d) Support equitable policies to ensure that the inclusive public engagement, planning, and delivery of mobility improvements best serves all the residents of Orange County; (Moved to Section III)~~
- ~~e) Seek responsible revenue solutions to fund future transportation projects without adversely affecting an agency's ability to provide services; (Moved to Section I)~~
- e) Advocate for full funding of transportation programs without placing new limitations or conditions on the distribution of funds that would impede the delivery of infrastructure projects;
- ~~f) Advocate for transit and transportation agencies to be eligible for transportation funding programs under the Inflation Reduction Act; (Moved to Section I)~~
- f) Ensure that Highway Trust Fund (HTF) revenues continue to be used for transit expenditures for capital and operations;
- g) Ensure that air quality determinations and policies do not constrain funding availability or otherwise undermine OCTA's ability to deliver transportation improvements;
- ~~h) Ensure that Orange County is eligible for funding provided to meet air quality standards for the South Coast Air Basin and oppose efforts that would impact the use of transportation funding;~~
- i) Seek support for adaptation and resiliency efforts related to environment for critical transportation infrastructure;
- j) Seek funding and other solutions, such as permit streamlining, to support adaptation and resiliency efforts throughout the rail corridor;
- k) Seek support, funding, and project streamlining to manage and address sea level rise, beach erosion, landslides, and other environmental impacts along the rail corridor;
- l) Encourage federal leadership, in conjunction with state and local collaboration, in developing long-term studies related to potential track relocation in the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor;
- m) Support the authority to secure direct funding for Orange County projects;
- n) Support efforts to preserve local flexibility in the administration of toll lanes and use of toll revenues;
- o) Support efforts to ensure local control is maintained in policy decisions made by local transportation agency boards in delivering, funding, and operating transportation programs and projects.;

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- p) Seek to ensure OCTA's projects and programs related to the 2028 Olympic and Paralympic Games in Los Angeles are eligible for any related funding assistance or incentives, and project delivery tools and/or regulatory relief.

I. TRANSPORTATION FUNDING

Current federal law does not require the appropriation of authorized HTF dollars. Therefore, the annual appropriations process will continue to play an important role in funding OCTA's programs and projects. OCTA will continue to advocate for the largest possible amount and share of appropriations funding to ensure adequate resources to meet the infrastructure needs of Orange County.

OCTA will continue to aggressively pursue discretionary funding for transportation projects within the statutory and regulatory requirements of funding programs and the current funding status of OCTA's capital program. Other funding priorities for OCTA include:

- a) Support sustainable transportation funding levels that allow OCTA to continue to improve mobility in and around Orange County;
- ~~b) Oppose efforts to redirect, reduce, or eliminate existing transportation funding programs; (Moved to Key Policy Issues Section)~~
- b) Support funding for the Capital Investment Grants program to allow for an expansion of bus and rail transit projects;
- c) Ensure that federal funding is available for capital purposes to the extent not needed for direct operating costs;
- d) Support funding, with increased flexibility, for safety and security grant programs in order to protect Orange County's transportation system, including highways, transit operations and facilities, rail lines, and related software systems;
- e) Support funding for regional commuter and intercity passenger rail corridors in Orange County California;
- f) Support funding to develop training information programs to instruct on the use of new technology and address workforce needs at transit and transportation agencies;
- ~~g) Seek to ensure OCTA's projects and programs related to the 2028 Olympic and Paralympic Games in Los Angeles are eligible for any related funding incentives and project delivery tools; (Moved to Key Policy Issues Section and revised)~~

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- ~~i) Support efforts to reinstate the state suballocation process regarding the distribution of federal formula funding; (Moved to Section II)~~
- ~~j) Support funding and incentives to develop free or reduced fare transit programs without impacting existing programs or creating unfunded mandates. (Moved to Section VI)~~
- g) Advocate for transit and transportation agencies to be eligible for transportation funding programs under the Inflation Reduction Act; (Moved from the Key Policy Issues Section)
- h) Seek responsible revenue solutions to fund future transportation projects without adversely affecting an agency's ability to provide services. (Moved from the Key Policy Issues Section)

**II. ~~IIJA~~ IMPLEMENTATION SURFACE TRANSPORTATION
REAUTHORIZATION**

The IIJA (Pub. L. No. 1147-58) authorized over \$567 billion over five years for programs. With the IIJA as law, OCTA ~~will~~ has focused much of its advocacy efforts ~~in the 118th Congress~~ on implementation efforts that allow state and local government agencies to move forward with a federal partner on critical transportation projects. Now with the IIJA set to expire on September 30, 2026, OCTA will dually prioritize implementation while also advocating for its priorities related to enacting long-term reauthorization legislation. As such, OCTA will advocate for the following policies:

- a) Support the greatest possible share of funding for California and OCTA, focusing on increasing formula funds;
- b) Support increased flexibility in transportation funding programs to promote greater local decision-making in the planning process;
- c) Ensure a long-term partnership with the federal government that helps OCTA address transit capital and operating revenue ~~shortfalls~~ needs;
- d) Oppose unfunded federal mandates that further reduce the resources of state and local transportation agencies;
- e) Oppose policies that undermine or limit local control over land use decisions;
- f) Ensure fair suballocations of funding to account for additional costs, increased administrative responsibilities, and the potential for increased liabilities to which the agency may be subject;

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- g) Oppose limitations or other arbitrary conditions on discretionary transportation grant programs that prevent an equitable distribution of transportation resources;
- ~~h) Support policies to encourage the safe development, demonstration, deployment, and operation of connected and automated vehicle technologies; [Moved to Section III and combined with subsection (e) from Section IX]~~
- ~~i) Oppose rescissions or other arbitrary funding cuts to transportation programs; (Moved to the Key Policy Issues Section)~~
- h) Support policies that encourage ridesharing, teleworking, vanpool and related congestion relief programs for Orange County commuters;
- i) Oppose any effort to further reduce transportation funding for OCTA or California, advocating for a fair and equitable share;
- j) Support efforts to reinstate the state suballocation process regarding the distribution of federal formula funding; (Moved from Section I)
- k) Support funding to address the current climate-related vulnerabilities on the LOSSAN Rail Corridor to prevent future service disruptions.

III. TRANSPORTATION PLANNING AND PROGRAMMING

In the 119th Congress, OCTA will continue to support the implementation of the IIJA while finding ways to complement the programs and provisions authorized under federal law. During this time, OCTA will advocate for the following issues:

- a) Pursue continued eligibility of Congestion Mitigation Air Quality program funding for ~~three to five years~~ of operating expenses associated with any fixed-guideway or eligible bus projects;
- b) Support expanded use of alternative delivery methods for federally-funded transportation projects;
- ~~c) Support environmental process improvements and stewardship efforts by the relevant federal agencies to expedite project delivery and accelerate the creation of jobs;~~
- c) Support expedited review and payments to local agencies and their contractors for project development, right-of-way acquisition, and construction activities;
- d) Support efforts to authorize, fund, and streamline the delivery of bicycle and pedestrian projects in Orange County;

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- e) Advocate for policies to encourage, when possible, a “complete streets” approach to multimodal project planning in order to expedite project delivery;
- ~~g) Support shifting the approval of Regional Transportation Plan amendments involving Transportation Control Measures from the Environmental Protection Agency back to the Federal Highway Administration while allowing for an adequate consultation process;~~
- f) Support flexibility and increased local decision-making authority regarding the operation of high-occupancy vehicle (HOV) lanes in order to reduce or eliminate the unintended consequences resulting from Section 166 of the Federal Highway Act or any similar policy regulating degradation of HOV lanes;
- g) Encourage cooperation between local, state, and federal partners to mitigate or eliminate any policy that places burdensome requirements on operators related to degradation of facilities and performance;
- h) Support streamlining and greater flexibility of Federal Buy America requirements including increased clarification on market availability and technical feasibility of the Build America, Buy America Act requirements created in the IIJA to prevent any unintended disruption to projects and programs;
- i) Support efforts to clarify roles and responsibilities related to toll enforcement policies to allow for interoperability between toll facilities while affirming user privacy;
- j) Encourage policies on the planning, delivery, and operation of tolling projects that are aligned with the flexibility provided in California State law;
- ~~k) Support equitable policies to ensure that inclusive public engagement, planning, and delivery of mobility improvements best serves all the residents of Orange County; (Moved from the Key Policy Issues Section)~~
- ~~l) Support a collaborative approach to understanding the capital infrastructure and operational needs of local and state transportation agencies, as well as private sector partners, in the testing, development, demonstration, deployment, and operation of autonomous and connected vehicle technologies, while encouraging policies that ensure their safe implementation. [Moved from Section IX and combined with subsection (h) in Section II]~~

IV. FISCAL REFORMS & AND ISSUES

Transportation infrastructure projects are critical drivers in job creation and business development. Several Legislative and regulatory proposals can impact the ability of transportation agencies would have economic impacts, both positive and negative, affecting the delivery of transportation to deliver these infrastructure projects that

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~~create jobs and spur further business development in Orange County. Expediting project delivery serves as a key tool for driving economic growth and stimulating activity.~~ Regarding these developments, OCTA will:

- a) Oppose policies that would divert revenues generated by locally-approved sales taxes to programs and projects that are not included in the sales tax ordinance;
- b) Support removing barriers to the release of transportation funding, including allowing local agencies to advance projects with local funds in order to limit lengthy ~~amendment~~ processes that delay project delivery;
- c) Support expansion, streamlining, and further development of innovative project finance methods, including the Transportation Infrastructure Finance and Innovation Act loan program;
- d) Support fiscally-sound proposals to adequately address the HTF's structural deficit, including initiatives to address the impact of low- and zero-emission vehicles on transportation funding;
- ~~e) Support the equitable collection and distribution of sales tax revenue from out-of-state, online retailers (*South Dakota v. Wayfair, Inc.*);~~
- e) Support tax policies that reduce costs or provide additional flexibility in OCTA's financial and operational activities;
- ~~f) Support policies that expedite the delivery of transportation improvements or the development of business opportunities in order to create jobs and economic activity in Southern California; (*Incorporated into overview paragraph of this Section*)~~
- f) Support a stable source of proposed future revenues that provides adequate resources for future transportation needs;
- g) Oppose subjecting public transportation providers to gas tax liability or other fees that increase operating costs;
- h) Support efforts to ensure that all users of the national transportation system pay their "fair share" to maintain and improve the system;
- i) Support additional funding and regulatory flexibility to facilitate the use of alternative mobility providers.

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V. RAIL PROGRAMS

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In addition to Metrolink services, Orange County is also served by the state-supported Pacific Surfliner intercity passenger rail service traveling between San Luis Obispo and San Diego. The Pacific Surfliner is operated by Amtrak, ~~and managed by the Los Angeles San Diego San Luis Obispo Rail Corridor Agency (LOSSAN Agency). OCTA has served as the managing agency for the LOSSAN Agency since 2013 and assumed full administrative and management responsibility for Pacific Surfliner service in June 2015 via an interagency transfer agreement with the State of California.~~ OCTA serves as the managing agency for this service, continues to serve in this capacity, providing all necessary administrative support to the LOSSAN Agency.

Other rail systems could also travel through Orange County at some point in the future, including additional intercity rail service. OCTA will continue to monitor the development of additional service to ensure that it does not adversely affect other transportation funding sources. Other rail policy priorities include the following:

- a) Support funding for rail safety programs, including funding for operation and maintenance of Positive Train Control (PTC) safety technology and other safety enhancements;
- b) Support efforts to ensure that any alternative safety technology is interoperable with, and contains the same safety benefits as, the PTC system implemented on passenger rail corridors in Southern California;
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- a) Encourage policies and guidance that incentivize public transit ridership; (Moved from the Key Policy Issues Section)
- b) Support funding and incentives to develop free- or reduced-fare transit programs without impacting existing programs or creating unfunded mandates; (Moved from the Key Policy Issues Section)
- c) Monitor policies regarding zero-emission transit fuels to ensure they remain technology neutral; (Moved from Section IX)
- d) Support the continuation and expansion of tax incentives for using compressed natural gas, hydrogen, and other zero-emission transit fuels; (Moved from Section IX)
- e) Support efforts to create a more competitive marketplace for zero-emission transit buses to help drive down costs and create a better supply chain.

VII. GOODS MOVEMENT

The twin Ports of Los Angeles and Long Beach are considered two of “America’s Gateway” and the nation’s busiest ports. The maintenance, improvement, and modernization of our region’s goods movement infrastructure must continue to be a national priority if our region is to remain competitive with the rest of the world and responsive to the consumer needs of Southern California. ~~The need for the Southern California region to remain competitive is further underscored by the expansion and modernization efforts of foreign competitors.~~ Even though the IIJA continued to provide funding for goods movement projects and programs, revenue streams remain insufficient to fund the projects needed to offset the costs of moving these goods considering the many years of underinvestment. OCTA’s advocacy efforts regarding goods movement will continue to emphasize the following:

- a) Pursue new, stable, dedicated, and secure sources of funding for goods movement infrastructure;
- b) Ensure that the benefits of newly-funded projects also take into account mitigation factors to impacted communities;

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- c) Support a collaborative approach, including engaging with private sector partners, in developing and implementing the needed sustainable goods movement infrastructure programs and projects;
- d) Support regionally-significant grade separation projects that improve the flow of goods and people throughout Southern California;
- e) Support local control of goods movement infrastructure and freight mobility projects;
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- a) Support increased funding for training, increased ~~surveillance~~security, and emergency preparedness improvements with adequate flexibility to ensure that local agencies can effectively use the resources to ~~also ensure a more resilient transportation system~~ support all modes of transportation;
- b) Support a funding distribution that considers all risk threats, including natural disasters, acts of terrorism, and other man-made disasters, as estimated by the Department of Homeland Security, in cooperation with state and local officials;
- c) Support programs that facilitate cooperation with security and emergency preparedness officials to refine and improve information exchange protocols, emergency preparedness systems, and regional data coordination;
- d) Support efforts to provide funding incentives and policy flexibility to facilitate programs to provide safe working conditions for coach operators and transit personnel;
- e) Support efforts to provide sufficient funding for transit agencies to implement physical security, mandated employee screenings, and cybersecurity directives while also incorporating transit agency technical expertise in developing regulatory guidelines and procedures.

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Federal environmental policies affecting OCTA include the National Environmental Protection Act, the Clean Air Act, the Clean Water Act, and the Endangered Species Act. Therefore, policies to further develop environmental and energy-efficient goals will likely have an impact on OCTA's operations. With such proposals in mind, OCTA will:

- ~~a) Seek opportunities to expedite and improve the efficiency of the environmental process without impairing substantive environmental requirements; *[Incorporated into subsection (e) of this section]*~~
- a) Seek funding to meet state and local environmental quality requirements, including requirements for zero-emission buses, alternative fueling stations, and future greenhouse gas reduction requirements;
- ~~c) Support the continuation and expansion of tax incentives for using compressed natural gas, hydrogen, and other zero-emission transit fuels; *(Moved to Section VI)*~~
- ~~d) Monitor proposals to address the environmental impacts of greenhouse gases to ensure that any new environmental requirements are accompanied by additional funding necessary to implement those requirements; *(Moved to Section VI)*~~
- b) Support expedited review for project development, right-of-way acquisition, and construction activities, without impairing substantive environmental requirements;
- c) Ensure adequate funding and flexibility in the application of resiliency, natural infrastructure, or other climate-related policies to the delivery of mobility improvements, as opposed to mandates that would constrain transportation resources;.
- ~~g) Monitor policies regarding zero-emission transit fuels to ensure they remain technology neutral. *(Moved to Section VI)*~~

IX. REGULATORY REQUIREMENTS

OCTA must also monitor several other administrative requirements, including new and expanded regulatory definitions that may affect the agency's operations. As such, OCTA will:

- a) Support expedited and improved federal reporting and monitoring requirements to ensure efficiency and usefulness of data while also eliminating redundant state and federal requirements;

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- b) Oppose regulatory proposals that unreasonably subject OCTA to burdensome bureaucratic requirements or increased operational costs, making it harder to deliver projects and improve mobility in Orange County;
- c) Oppose policies adversely affecting the agency's ability to effectively address labor relations, employee rights, benefits, and working conditions, such as health, safety, and ergonomic standards;
- d) Oppose policies that limit state or local pension benefit reforms;
- e) ~~Support a collaborative approach to understanding the capital infrastructure and operational needs of local and state transportation agencies, as well as those of private sector partners, in the testing and deployment of autonomous vehicles and related technologies. (Moved to Section III)~~



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Agreement for 2026 Long-Range Transportation Plan Public Outreach Consultant Services

Legislative and Communications Committee Meeting of October 17, 2024

Present: Directors Foley, Dumitru, Nguyen, and Tettemer
Absent: Directors Jung and Wagner

Committee Vote

The item was passed by the Members present.

Director Dumitru voted in opposition.

Committee Recommendation(s)

- A. Approve the selection of Arellano Associates, LLC, as the firm to provide public outreach services for the 2026 Long-Range Transportation Plan.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2295 between the Orange County Transportation Authority and Arellano Associates, LLC, in the amount of \$350,000, for a two-year initial term with one, one-year option term, to provide public outreach services for the 2026 Long-Range Transportation Plan.



October 17, 2024

To: Legislative and Communications Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Agreement for 2026 Long-Range Transportation Plan Public Outreach Consultant Services

Overview

On June 20, 2024, the Orange County Transportation Authority released a request for proposals for public outreach services to support the upcoming 2026 Long-Range Transportation Plan. Proposals were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Directors' approval is requested to execute an agreement for these services.

Recommendations

- A. Approve the selection of Arellano Associates, LLC, as the firm to provide public outreach services for the 2026 Long-Range Transportation Plan.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2295 between the Orange County Transportation Authority and Arellano Associates, LLC, in the amount of \$350,000, for a two-year initial term with one, one-year option term, to provide public outreach services for the 2026 Long-Range Transportation Plan.

Discussion

The Orange County Transportation Authority (OCTA) works with federal, state, regional, and local officials, community groups, diverse communities, businesses, and other transportation agencies to provide the public with transportation improvements and solutions. OCTA's mission is to coordinate efforts among these various parties to identify, design, fund, and implement transportation improvements and solutions, and to improve air quality.

OCTA updates the Long-Range Transportation Plan (LRTP) every four years as local input for the Southern California Association of Governments' Regional

Transportation Plan and Sustainable Communities Strategy. The LRTP reflects OCTA's current policies and commitments, and incorporates input from local jurisdictions, business leaders, community leaders, county residents, and transportation planning professionals to address future transportation needs. The general goal of the LRTP is to define a vision for Orange County's transportation system and analyze how well that vision addresses future mobility needs. This vision must consider a 20-plus year forecast of available revenues, changing demographics, and any other significant trends.

OCTA's Public Outreach Department is responsible for public engagement and creating awareness for the LRTP. Public outreach activities include, but are not limited to, the development of handouts, fact sheets, infographics, e-newsletters, social media and web content, and execution of online surveys and mailings. The consultant will also assist with planning and implementing in-person and virtual stakeholder meetings, elected official roundtables, pop-up events, open houses, special events, and various other activities to ensure feedback is received from a broad spectrum of constituents. In an effort to reach diverse communities and encourage meaningful involvement of all people regardless of race, color, national origin, or income, disadvantaged and hard-to-reach communities will be identified, and engagement materials and surveys will be provided in multiple languages.

Procurement Approach

The procurement was handled in accordance with OCTA Board of Directors (Board)-approved procedures for professional and technical services. Various factors are considered in the award for professional and technical services. Award is recommended to the firm offering the most comprehensive overall proposal considering such factors as prior experience with similar projects, staffing and project organization, work plan, as well as cost and price.

On June 20, 2024, Request for Proposals (RFP) 4-2295 was issued electronically on CAMM NET. The project was advertised in a newspaper of general circulation on June 20 and June 26, 2024. A pre-proposal conference was held on June 27, 2024, with eight attendees representing five firms. Four addenda were issued to make available the pre-proposal conference registration sheet and presentation, handle administrative issues related to the RFP, as well as provide responses to written questions.

On July 22, 2024, five proposals were received. An evaluation committee consisting of OCTA staff from Contracts Administration and Materials Management, People and Community Engagement, as well as Planning and Analysis departments, met to review all the proposals received.

The proposals were evaluated based on the following evaluation criteria and weightings:

- Qualifications of the Firm 25 percent
- Staffing and Project Organization 30 percent
- Work Plan 20 percent
- Cost and Price 25 percent

Several factors were considered in developing the evaluation criteria weightings. Qualifications of the firm was weighted at 25 percent as the firm had to demonstrate experience developing and implementing a public outreach program. Staffing and project organization was weighted the highest at 30 percent as the project team had to demonstrate extensive expertise in providing public outreach-related services. Work plan was weighted at 20 percent to ensure the firm demonstrated an understanding of OCTA's requirements based on the scope of work. Cost and price was weighted at 25 percent to ensure OCTA receives value for the services provided.

The evaluation committee utilized a best-value selection process for this RFP. The best-value determination is based on a 100-point scale with 75 points based on the evaluation of the technical proposal and the remaining 25 points based on the evaluation of the price proposal. The RFP required proposing firms to submit a separate price proposal in a sealed package. In order to focus on the technical aspects of the proposals, the evaluation committee first evaluated the written proposals on technical merit based on the weighted criteria for qualifications of the firm, staffing and project organization, and work plan. After the interviews and the technical scores of the short-listed firms were finalized, the sealed price proposals of only the short-listed firms were then opened and shared with the evaluation committee and the cost and price score was factored into the overall proposal score for a maximum of 100 points.

On August 6, 2024, the evaluation committee reviewed the five proposals received based on the evaluation criteria and short-listed the two most qualified firms listed below in alphabetical order:

Firm and Location

Arellano Associates, LLC (Arellano)
Headquarters: Chino Hills, California
Project Office: Chino Hills, California

Barrios & Associates, LLC, doing business as Communications LAB
Headquarters: Orange, California
Project Office: Orange, California

On August 20, 2024, the evaluation committee conducted interviews with the short-listed firms. The interviews consisted of a presentation by each firm to demonstrate their understanding of OCTA's requirements. The firms' project managers and key team members had an opportunity to present each team's qualifications and respond to the evaluation committee's questions. Questions were related to each firm's approach to producing the key deliverables specified in the scope of work, including the roles and contributions of core team members, anticipated challenges and how they plan to address them, their experience working with community-based organizations in Orange County, as well as specific clarification questions related to each firm's proposal.

After considering responses to questions asked during the interviews, the evaluation committee reviewed the preliminary ranking and made adjustments to individual scores. However, Arellano remained the higher-ranked firm with the higher overall score.

Based on the evaluation of the written technical proposals and the information obtained from the interviews, as well as cost and price, the evaluation committee recommends Arellano for consideration of contract award. The following is a brief summary of the proposal evaluation results.

Qualifications of the Firm

Arellano, founded in 1994 and headquartered in Chino Hills, California, has over 70 employees. The firm has demonstrated extensive expertise in public outreach for various transportation planning initiatives, including the Los Angeles County Metropolitan Transportation Authority's (LA Metro) Long Beach-East Los Angeles Corridor Mobility Investment Plan and the Los Angeles County Bicycle Master Plan Update for the Los Angeles County Department of Public Works. Additionally, Arellano has been the lead outreach consultant for several OCTA projects, including the 2022 LRTP, Mobility Hub Study, Orange County (OC) Connect, Interstate 5 (I-5) Environmental Outreach, and the Transportation Demand Management (TDM) Plan. The firm is currently managing outreach for OCTA's on-call planning studies and oversees multilingual business outreach for the OC Streetcar project. To support their outreach efforts, Arellano has partnered with ArrowGTP, which will assist with multicultural engagement, public outreach, media relations, and translation services. The firm received positive feedback from its references.

Communications LAB, established in 2013 and based in Orange, California, has 16 full-time employees and demonstrated strong experience providing public outreach services for transportation and infrastructure projects. The firm has worked on relevant projects including the I-5 South County Improvement Project, the Interstate 405 (I-405) Design-Build Project, and outreach efforts for LA Metro. The firm has also worked with clients such as the County of Orange, Port of Long Beach, and Metrolink. Communications LAB has experience in utilizing both traditional and digital outreach strategies and proposed a subcontractor, J Wallin Opinion Research, to assist in conducting scientific surveys and public polling. Additionally, to ensure inclusive outreach, the firm proposed multilingual outreach through its collaboration with Ko & Martin, focusing on Vietnamese, Korean, and Chinese communities. Communications LAB received positive feedback from its references.

Staffing and Project Organization

Arellano proposed a highly experienced project team specializing in public outreach and transportation planning studies. The team includes individuals who are currently supporting OCTA projects such as the OC Coastal Rail Resiliency Study, OC Mobility Hubs Study, and the TDM Plan. The proposed project manager has over 14 years of experience in community relations, program management, and diversity outreach, and has worked on key regional projects like the Interstate 710 South Corridor Task Force for LA Metro and the Valley Boulevard Multi-Modal Transportation Improvements Project for the City of Los Angeles. Additionally, Arellano's subcontractor, ArrowGTP, is proposed to assist with outreach to diverse communities. The proposed community liaison has eight years of experience in targeted stakeholder outreach, engagement, event planning, coordination, and program development. During the interview, the project team clearly outlined their availability, roles, and technical approach, demonstrating a strong understanding of both OCTA's outreach requirements and broader transportation initiatives.

Communications LAB proposed a team with relevant public outreach experience across multiple transportation projects. The proposed project manager has 15 years of experience in community outreach and project management, with experience working on the I-5 South County Improvement Project and the I-405 Design-Build Project. The proposed lead community liaison has five years of experience working on public outreach initiatives, particularly in multilingual campaigns targeting diverse communities. The team also includes key staff who have worked on past OCTA projects, such as the I-5 South County Improvement Project, showcasing familiarity with OCTA's outreach methods. During the interview, the project team discussed their understanding of public outreach

challenges, including reaching disadvantaged communities and addressing transportation equity concerns.

Work Plan

Arellano presented a comprehensive work plan that covered all elements of the scope of work. The firm detailed its approach to project management, including quality assurance, schedule management, and outreach strategies. Arellano proposed various outreach methods, such as public workshops, social media campaigns, geofencing, canvassing, virtual engagement tools, and online surveys. The firm also highlighted its in-house innovations team, which focuses on implementing new technologies, such as visual design software, virtual story mapping, and online comment forums to improve stakeholder engagement. Their work plan reflected a thorough understanding of OCTA's challenges, such as managing outreach fatigue and handling multiple projects simultaneously. During the interview, Arellano provided detailed responses on addressing these challenges, including plans for close collaboration with community-based organizations to ensure effective outreach to diverse and underserved communities, particularly targeting Vietnamese and Spanish-speaking groups.

Communications LAB submitted a work plan that outlined its approach to project management, digital and social media content, and outreach tactics. The firm emphasized its experience with utilizing virtual meeting rooms and online engagement tools, which were successfully used in recent projects with the Riverside Transit Agency. Communications LAB's proposal highlighted the use of experienced subcontractors, which enhances their capacity to deliver high-quality outreach and engagement. However, concerns were raised about whether the proposed survey strategy would sufficiently meet OCTA's requirement for effectively reaching and engaging a diverse range of communities. During the interview, the firm provided general responses and did not offer additional insight beyond the information already included in their proposal.

Cost and Price

Pricing scores were based on a formula which assigned the higher score to the firm with the lower weighted average hourly rate and scored the other proposal's weighted average hourly rate based on its relation to the lower weighted average hourly rate. Arellano proposed the lower weighted average hourly rate. Therefore, Arellano's proposed hourly rates are deemed fair and reasonable.

Procurement Summary

Based on the evaluation of written proposals, the firms' qualifications, the information obtained from the interviews, as well as cost and price, the evaluation committee recommends the selection of Arellano as the top-ranked firm to provide public outreach consulting services for the 2026 LRTP. Arellano delivered a thorough and comprehensive proposal and an interview that was responsive to all the requirements of the RFP.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2024-25 Budget, People and Community Engagement Division, Account No. 0017-7519-A4461-118, and is funded through local funds.

Summary

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2295 between the Orange County Transportation Authority and Arellano Associates, LLC, in the amount of \$350,000, for a two-year initial term with one, one-year option term to provide public outreach consulting services for the 2026 Long-Range Transportation Plan.

Attachments

- A. Review of Proposals, RFP 4-2295 2026 Long-Range Transportation Plan Public Outreach Consultant Services
- B. Proposal Evaluation Criteria Matrix (Short-Listed Firms), RFP 4-2295 2026 Long-Range Transportation Plan Public Outreach Consultant Services
- C. Contract History for the Past Two Years, RFP 4-2295 2026 Long-Range Transportation Plan Public Outreach Consultant Services

Prepared by:



Marissa Espino
Section Manager II, Public Outreach
714-560-5607

Approved by:



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



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

Review of Proposals
RFP 4-2295 2026 Long-Range Transportation Plan Public Outreach Consultant Services
 Presented to Legislative and Communications Committee - October 17, 2024
5 proposals were received, 2 firms were interviewed, 1 firm is being recommended.

Overall Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Total Weighted Average Hourly Rate
1	87	Arellano Associates, LLC Chino Hills, California	ArrowGTP	Managed outreach for the Orange County Transportation Authority's (OCTA) on-call studies and LA Metro's Long Beach-East LA Corridor Plan. Relevant public outreach experience. Highlighted experience with diverse communities, ensuring inclusive outreach efforts. Demonstrated a strong understanding of community needs and engagement strategies. Adequate key personnel availability. Team includes individuals currently supporting OCTA projects. Project manager has over 14 years in community relations and diversity outreach. Public outreach strategies incorporate traditional and innovative methods. Detailed approach for each scope element provided. Received positive responses from references. Proposed lower hourly rates.	\$137
2	84	Barrios & Associates, LLC, doing business as Communications LAB Orange, California	AJ Design J Wallin Opinion Research Ko & Martin	Managed outreach for OCTA's Interstate 5 South Improvement Project and LA Metro's transportation initiatives. Relevant public outreach experience. Team has significant public outreach experience across various projects. Project manager has 15 years in community outreach and project management. Adequate key personnel availability confirmed. Key staff has past OCTA project experience. Demonstrated knowledge of public outreach requirements. Provided a work plan outlining project management, digital content, and outreach tactics. Concerns about whether the survey strategy will meet OCTA's preference for broader community reach. Received positive responses from references. Proposed higher hourly rates.	\$144

Evaluation Panel:
 Contracts Administration and Materials Management (1)
 Public Outreach (2)
 External Affairs (1)
 Planning & Analysis (1)

Proposal Criteria
 Qualifications of the Firm
 Staffing and Project Organization
 Work Plan
 Cost and Price

Weight Factors
 25%
 30%
 20%
 25%

PROPOSAL EVALUATION CRITERIA MATRIX (SHORT-LISTED FIRMS)
RFP 4-2295 2026 Long-Range Transportation Plan Public Outreach Consultant Services

Arellano Associates, LLC						Weights	Overall Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	4.5	4.0	4.5	4.5	4.5	5	22.0
Staffing/Project Organization	4.0	4.0	4.0	4.0	4.0	6	24.0
Work Plan	4.0	4.0	4.0	4.0	4.0	4	16.0
Cost and Price	5.0	5.0	5.0	5.0	5.0	5	25.0
Overall Score	87.5	85.0	87.5	87.5	87.5		87
Barrios & Associates, LLC, dba Communications LAB						Weights	Overall Score
Evaluator Number	1	2	3	4	5		
Qualifications of Firm	4.0	4.0	4.0	4.5	4.5	5	21.0
Staffing/Project Organization	4.0	4.0	4.0	4.0	4.0	6	24.0
Work Plan	4.0	3.5	4.0	4.0	3.5	4	15.2
Cost and Price	4.8	4.8	4.8	4.8	4.8	5	24.0
Overall Score	84.0	82.0	84.0	86.5	84.5		84

Range of scores of non-short-listed firms was 31 to 54.

CONTRACT HISTORY FOR THE PAST TWO YEARS
RFP 4-2995 2026 Long-Range Transportation Plan Public Outreach Consultant Services

Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
Arellano Associates, LLC						
Contract Type: Time-and-Expense	C-0-2622	On-Call Planning Studies Public Outreach Consultant Services (Long-Range Transportation Plan, Express Lanes Project, Freeway Chokepoint Analysis, Orange County Mobility Hub Study)	March 17, 2021	February 29, 2024		\$ 316,000
<i>Subconsultants:</i>						
<i>None</i>						
Contract Type: Time-and-Expense	C-2-3053	On-Call Planning Studies Public Outreach Consultant Services (Countywide Transportation Demand Management Strategic Plan, Orange County Transit Vision Master Plan, Electric Vehicle Charging Stations Strategic Plan)	June 1, 2023	April 30, 2026		\$ 300,000
<i>Subconsultants:</i>						
<i>Arrow GTP</i>						
Contract Type: Time-and-Expense	C-3-2817	Public Outreach Services for South Coast Rail Infrastructure Feasibility Study	October 27, 2023	October 31, 2025		\$ 201,250
<i>Subconsultants:</i>						
<i>None</i>						
Contract Type: Time-and-Expense	C-4-2076	On-Call Planning Studies Public Outreach Consultant Services (Mobility Hubs Concept of Operations Study, Bikeways Connectivity Study, Transit Signal Priority Study, Reconnecting Communities through Complete Streets Study)	August 3, 2024	May 31, 2027		\$ 700,000
<i>Subconsultants:</i>						
<i>Arrow GTP</i>						
Contract Type: Time-and-Expense	C-9-1510	Marketing Outreach Support Services	October 16, 2019	June 30, 2024		\$ 120,000
<i>Subconsultants:</i>						
<i>None</i>						
Total						\$ 1,637,250
Barros and Associates, LLC, dba Communications LAB						
Contract Type:	C-2-2891	Public Outreach Consultant Services for Interstate 5 El Toro Road Interchange Project	May 1, 2023	April 30, 2026		\$ 349,850
<i>Subconsultants:</i>						
<i>None</i>						
Total						\$ 349,850



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors

From: Andrea West, Clerk of the Board 

Subject: Excess Liability Insurance Renewal

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen, and Sarmiento

Absent: None

Committee Vote

This item, with a modified recommendation, was passed by the Members present.

Committee Recommendation(s) (reflects a change from staff's recommendation)

Direct staff to bring this item back to the Finance and Administration Committee with additional information.



October 23, 2024

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Excess Liability Insurance Renewal

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the header.

Overview

The Orange County Transportation Authority procured excess liability insurance continuously from 1991 through 2020. Beginning in December 2020, the Orange County Transportation Authority became fully self-insured and has maintained that self-insurance since then.

Recommendations

- A. Authorize the Chief Executive Officer to establish a \$10 million self-insured retention for excess liability claims.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A59005, in the amount not to exceed \$960,000, to Marsh Risk and Insurance Services, Inc., to purchase a \$5 million excess liability insurance policy on behalf of the Orange County Transportation Authority for the policy period of November 1, 2024 to October 31, 2025.

Background

The Orange County Transportation Authority (OCTA) has been primarily self-insured for general liability claims since 1977 and had historically (1991 to 2020) purchased excess liability insurance above its self-insured retention (SIR) to provide financial protection against claim losses in excess of the SIR. Excess liability insurance protects against claim losses in excess of the primary layer of insurance coverage. In OCTA's case, the primary layer is OCTA's SIR, which has varied between \$4 and \$5 million between 2001 to 2019 and was \$7 million in 2020.

On November 23, 2020, when OCTA's excess liability policy came up for renewal, the Board of Directors (Board) declined to renew the policy due to the excess liability market conditions significantly increasing premium costs. OCTA

has been fully self-insured for liability since that date. Staff was directed to continue monitoring the excess liability insurance market to reconsider obtaining excess liability insurance at a future date. Due to continued unfavorable market conditions, the Board approved OCTA maintaining its self-insured status on November 21, 2021, and again on November 14, 2022.

Discussion

Staff has continued to monitor the excess liability market. In the fall 2023, OCTA staff requested its broker, Marsh, to initiate conversations with the excess liability market to gauge interest in providing OCTA excess liability insurance. The initial market response was very limited. As a result, OCTA and Marsh developed a strategic promotional effort to explain OCTA's operational model, risk profile, and loss history to distinguish OCTA from other public entity liability risks, including transit agencies. This effort lasted throughout the spring and summer of 2024 with OCTA receiving coverage and pricing proposals in September 2024.

While the excess liability market has not declined, it has stabilized, and OCTA faces greater operational risk with the post-pandemic combination of expanded services and increased ridership. To more effectively manage these risks, staff is recommending a two-layer approach to OCTA's liability insurance that includes both a self-insured retention component and a purchased insurance policy.

OCTA has an admirable safety record with only one loss in excess of \$4.5 million in the past ten years. However, with significant post-pandemic increases to both services and ridership, OCTA's risk profile has increased and one loss with circumstances adverse to OCTA could easily deplete OCTA's liability reserves. Staff is recommending that OCTA establish a \$10 million SIR. Retaining this level of SIR for day-to-day exposures with an excess insurance layer enables OCTA to reasonably protect itself from a catastrophic event while not putting its reserves at risk. Staff is also recommending OCTA purchase a \$5 million excess liability insurance policy.

The excess liability market has stabilized over recent years and while premiums have not returned to pre-2019 levels, market conditions, in combination with OCTA's high SIR and favorable loss record, make this an opportune time for OCTA to re-enter the excess liability market.

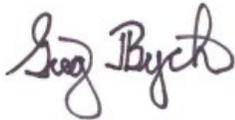
Summary

Staff has reassessed the excess liability market conditions, OCTA's retention, reserves, and risk profile and recommends OCTA establish a \$10 million self-insured retention and purchase a \$5 million excess liability insurance policy layer. The annual premium for this coverage is not to exceed \$960,000.

Attachment

None.

Prepared by:



Greg Bych
Risk Manager
714-560-5817

Approved by:



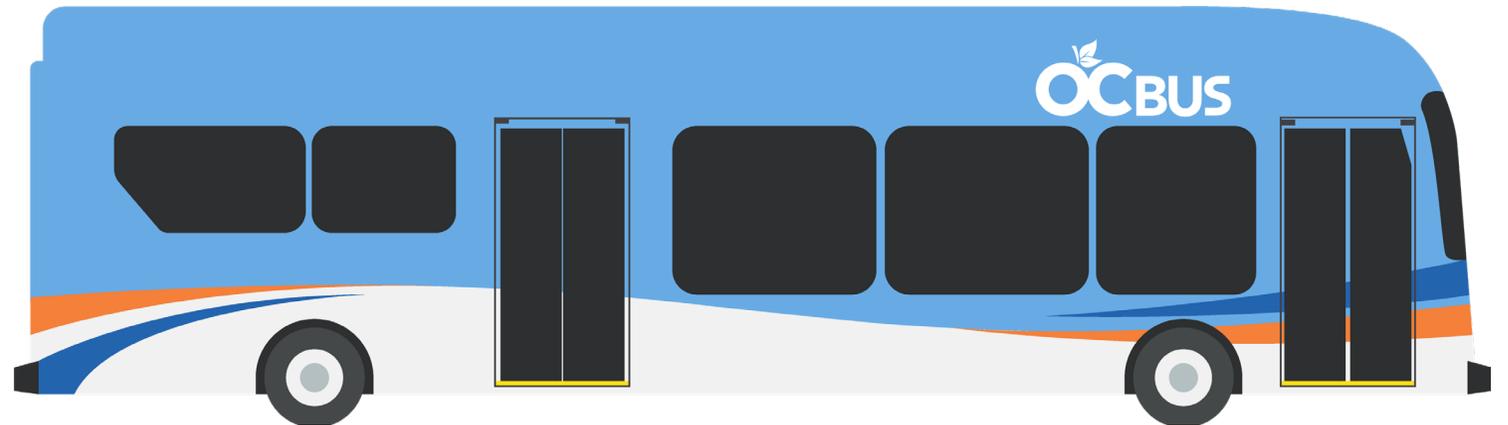
Maggie McJilton
Executive Director, People and
Community Engagement
714-560-5824



Pia Veesapen
Director Contracts Administration and
Materials Management
714-560-5619

Orange County Transportation Authority

Excess Liability Insurance Renewal





The Orange County Transportation Authority (OCTA) has historically purchased excess liability insurance above its self-insured retention (SIR) to provide financial protection against severe losses.



In November 2020, excess liability coverage was dropped due to high premium costs. Since then, OCTA has been fully self-insured for all general liability.



OCTA has a favorable loss history and has established fiscal policies to ensure funding of liability claims based on historical losses. Post-pandemic increases to services and ridership in conjunction with a litigious environment pose an increased risk to OCTA's ability to fund a catastrophic loss.

Proposed Excess Liability Structure



Establish a high SIR. Establishing a high SIR enables OCTA to effectively budget for and financially manage day-to-day operational exposures based on historical losses.



Procure an excess layer of liability insurance. Procuring an excess layer of insurance above the SIR reduces financial risk exposure to OCTA by protecting OCTA reserves in the event of a catastrophic event.



The excess liability insurance market has stabilized. With a high SIR and positive loss history, it's an opportune time for OCTA to re-enter the market.



Move away from a fully self-insured model for coverage of general liability exposures.



Establish a \$10 million self-insured retention for general liability.



Procure a \$5 million excess liability insurance policy to protect OCTA assets / reserves in the event of a catastrophic loss.



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors

From: Andrea West, Clerk of the Board 

Subject: Diversity Outreach Update

Legislative and Communications Committee Meeting of October 17, 2024

Present: Directors Foley, Dumitru, Nguyen, and Tettemer

Absent: Directors Jung and Wagner

Committee Vote

No action was taken on this item.

Staff Recommendation(s)

Receive and file as an information item.



October 17, 2024

To: Legislative and Communications Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Diversity Outreach Update

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the header.

Overview

The Orange County Transportation Authority continues to broaden its outreach efforts to engage Orange County's diverse populations through multilingual communications and targeted outreach. These efforts help position the agency as a trusted and responsive institution in Orange County. This report offers an annual update on the progress of outreach activities designed to serve the needs of diverse and hard-to-reach communities.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA) collaborates with community members, groups, and organizations that serve Orange County's diverse population, including hard-to-reach, underrepresented, and disadvantaged communities. OCTA's diversity outreach team continues to adapt its strategies to connect and engage with diverse audiences during presentations, community meetings, cultural celebrations, business organization meetings and conferences, and other activities.

Discussion

During the past fiscal year, OCTA has significantly increased the frequency of outreach activities by participating in more cultural festivals, resource fairs, and business events. OCTA has also extended outreach to senior centers, mental wellness organizations, and other groups that serve diverse communities. The focus of in-person outreach is to engage the public and increase awareness and understanding of OCTA and its programs, projects, and planning studies. The

engagement is helping enhance relationships with civic, social, business, and faith communities because they see OCTA's involvement and interest in providing transportation solutions to their respective members and constituents. Participation and support from diverse stakeholders is critical to the success of transportation programs, capital projects, and planning studies.

Small-Business Outreach

OCTA has expanded its engagement with diverse business organizations by building stronger partnerships and sharing procurement information and transportation initiatives, such as transit marketing programs, capital improvement projects, and planning studies.

The Diversity Outreach team has worked closely with OCTA's Contracts Administration and Materials Management (CAMM) Department to engage with disadvantaged and minority-owned businesses. During the past fiscal year, OCTA attended 63 conferences, workshops, mixers, and other events to share procurement opportunities and CAMM NET resources, reaching more than 15,000 diverse business owners.

OCTA hosted a "Meet the Primes" business event at the OCTA administrative building on February 27, 2024. Small business owners expressed appreciation for the opportunity to engage one-on-one with prime contractors during the event. OCTA also hosted the OCTA Small Business and DBE Summit in the City of Garden Grove on October 8, 2024, attended by hundreds of small business owners interested in working on transportation projects and learning about DBE certification.

Diversity Outreach

In fiscal year 2023-24, OCTA participated in 125 community events, cultural festivals, and other activities to inform diverse and underserved populations about OCTA and OC Bus. Major events with high engagement included multiple Tet festival celebrations, Black History Month, Día de los Muertos, Cinco de Mayo, OC Pride, and Mid-Autumn Festival, collectively reaching more than 87,000 participants — a 38 percent increase over the previous fiscal year.

An electronic newsletter with multilingual (Spanish-English and Vietnamese-English) content was distributed to more than 5,600 contacts. Additionally, a multicultural postcard campaign was initiated to engage various cultural and non-English-speaking groups, raise awareness about OCTA's services, and encourage feedback and participation in planning studies. In May and June, two bilingual (Spanish-English and Vietnamese-English) postcards were mailed to

approximately 212,000 households, including approximately 153,000 Spanish-speaking and 59,000 Vietnamese-speaking households.

Diversity Outreach Results: Fiscal Year Growth

Fiscal Year	2021-22	2022-23	2023-24
Number of events attended	40	89	125
Number of participants reached	43,656	53,254	102,837
Number of booth visitors	10,692	16,556	39,713
Total surveys completed	5,546	5,994	14,490

Earned and Paid Media

The diversity outreach team leveraged strong relationships with the Vietnamese American community — including news media, cultural influencers, and community leaders — to effectively engage and disseminate information.

On December 1, 2023, 80 diverse community and business leaders attended the Interstate 405 (I-405) Improvement Project Dedication Ceremony. The diversity outreach team was able to secure media coverage from news outlets such as Telemundo, Univision, Little Saigon Television, SBN-TV, Viet Hon, Viet Bao Daily News, Nguoi Viet Daily News, and other media.

The diversity outreach team also provided media support for a mental health awareness event in the City of Santa Ana in collaboration with the Norooz Clinic Foundation, Moving Forward Together, Groundswell, Asian American Senior Citizens Service Center, and other diversity leaders. The event received coverage from Telemundo, Little Saigon Television, and NBC Channel 4, as well as an in-studio interview in the City of Garden Grove for the OC Connect Study with VNA-TV. This combination of earned and paid media not only amplifies OCTA's messages but also strengthens the organization's presence within these communities.

Diverse Community Leaders Group

OCTA's Diverse Community Leaders Group comprises business, cultural, and faith leaders from various communities within Orange County. This group meets quarterly to discuss OCTA's programs, services, and initiatives, providing valuable feedback and conveying concerns from their respective communities.

The group has been instrumental in generating public input for studies and projects. Members of this group, along with other community leaders, participated in multiple informal focus groups that staff facilitated for these studies, including Transit Hubs Study, OC Connect, and Transportation Demand

Management Study, as well as the OC Streetcar safety message campaign. The group also offered suggestions to enhance messaging for transit marketing programs, assisted OCTA in reaching diverse audiences with construction updates for the I-405 and other projects, supported active transportation initiatives, and provided feedback on many other programs and projects.

Summary

OCTA is continually creating new avenues for meaningful outreach and dialogue with historically disenfranchised diverse community members. The next steps in outreach include further developing the foundation of the trust-building campaign by pursuing more partnerships. This will include outreach to mental health organizations, faith-based communities, and other emerging groups to help reach the goal of enhancing public engagement.

Attachment

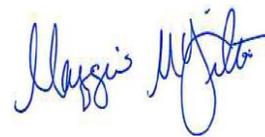
None.

Prepared by:



Ted P. Nguyen
Senior Section Manager,
Diversity Outreach
714-560-5334

Approved by:



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



CONNECTING WITH PURPOSE COMMUNITY & BUSINESS ENGAGEMENT



62 COMMUNITY
EVENTS

87,716 PEOPLE
REACHED*

63 BUSINESS
EVENTS

15,121 PEOPLE
REACHED*

*OUT OF TOTAL ATTENDEES

SUPPORTING SMALL BUSINESS & DBEs

MEET THE PRIMES

Join us for this FREE opportunity to network with prime contractors and learn firsthand about contracting opportunities and available resources.

9 a.m. to 1 p.m.
Tuesday, Feb. 27
500 S. Main St., Orange

REFRESHMENTS & LUNCH PROVIDED

- Network with OCTA's leadership, including new Chair Tam T. Nguyen
- Participate in one-on-one matchmaking with prime contractors, including Auster Advisory, WSP and more than 15 others
- Gain key insights during valuable partnering opportunities
- Obtain DBE, small business resources and other helpful info

TAM NGUYEN
Chair, OCTA

DIANEA RODRIGUEZ
Senior Project Manager
Auster Advisory
a part of Accenture

LUC PORRELLI
Senior Vice President
WSP

VACOC
VALLEY AREA CONTRACTORS ORGANIZATION

To register, scan here



HARVESTING *Business* SUCCESS

2024 SMALL BUSINESS & DBE SUMMIT



VIỆT BẢO
FOUNDATION



TELEMUNDO

Y TẾ CÔNG ĐỒNG



UNIVISION

NGƯỜI VIỆT

I-405

Spanish & Vietnamese
News Outlets



Spanish & Vietnamese ADVERTISING

for



RADIO ADS

PRINT ADS



TV ADS



DIVERSITY OUTREACH



173
SURVEYS

Mother's Day events
at Senior Centers
Santa Ana on May 10



160
SURVEYS

O.C. Heritage Council's
Juneteenth Celebration
Anaheim on June 15



915
SURVEYS

Cinco de Mayo Fiesta
Anaheim on May 4 & May 5



202
SURVEYS

Philippines Independence Day
Irvine on June 22



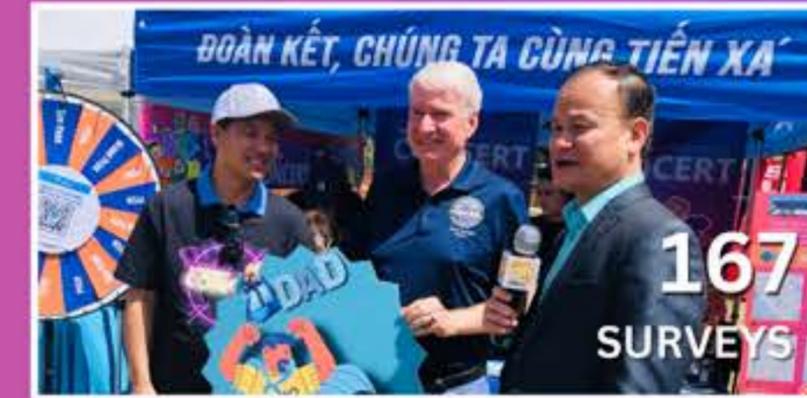
137
SURVEYS

Father's Day event
at Southwest Senior Center
Santa Ana on June 12



206
SURVEYS

SBDN Resource Conference
Irvine on June 25



167
SURVEYS

Summerfest Father's Day event
Fountain Valley on June 16



702
SURVEYS

Other in-person activities

2,662

**TOTAL SURVEYS
COLLECTED**

EMAIL BLASTS & COMMUNITY MAILERS

5,658

EMAIL SUBSCRIBERS

1,629 VIETNAMESE SPEAKERS

1,952 SPANISH SPEAKERS

2,077 MULTILINGUAL SPEAKERS



212,139

MAILERS DISTRIBUTED

59,020 VIETNAMESE-LANGUAGE HOUSEHOLDS

153,119 SPANISH-LANGUAGE HOUSEHOLDS



FISCAL YEAR
2023 *to* 2024

PUBLIC ENGAGEMENT

Over the Past 3 Fiscal Years



125
EVENTS

87,716
EVENT PARTICIPANTS

FISCAL YEAR
2022 *to* 2023

89
EVENTS

53,254
EVENT PARTICIPANTS

16,556
BOOTH VISITORS

5,994 COMPLETED SURVEYS

FISCAL YEAR
2021 *to* 2022

40
EVENTS

43,656
EVENT PARTICIPANTS

10,692
BOOTH VISITORS

5,546 COMPLETED SURVEYS

39,713
BOOTH VISITORS

14,490
COMPLETED SURVEYS



MOST RECENT & UPCOMING ACTIVITIES



VIET FILM FEST



SMALL BUSINESS EVENTS



DIA DE LOS MUERTOS

KEY EVENT	DATE
O.C. LGBTQ Pride Festival at OC Fair & Event Center	Saturday, Oct. 5
Santa Ana Mid-Autumn Festival at Centennial Park	Saturday, Oct. 5
OCTA's Small Business & DBE Summit at Delta Hotels in Garden Grove	Tuesday, Oct. 8
Viet Film Festival at The Frida Cinema in Santa Ana	Friday, Oct. 11 to Sunday, Oct. 13
Fiesta del Mariachi at Eddie West Stadium in Santa Ana	Sunday, Oct. 13
Quarterly Diverse Community Leaders Group meeting at OCTA	Wednesday, Oct. 16
San Bernardino County Transportation Authority Business 2 Business Expo	Wednesday, Oct. 16
Vietnamese Business Forum at Bowers Museum	Wednesday, Oct. 23
Sunkist Elementary Resource Festival in Anaheim	Wednesday, Oct. 30
Filipino American Chamber's Filipino History Month event at Duck Club	Thursday, Oct. 31
Dia de los Muertos Festival on Fourth Street in Santa Ana	Saturday, Nov. 2 & Sunday, Nov. 3
Asian Business Association of O.C.'s Gala at Disney's Grand America	Friday, Nov. 15

QUESTIONS?





COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board A handwritten circled letter 'A' is placed to the right of the 'From:' line.
Subject: Federal Transit Administration Drug and Alcohol Compliance Audit

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen, and Sarmiento
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Receive and file the Federal Transit Administration Drug and Alcohol Compliance Audit as an information item.



October 23, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Federal Transit Administration Drug and Alcohol Compliance Audit

Overview

The Federal Transit Administration has completed a Drug and Alcohol Compliance audit of the Orange County Transportation Authority and contractors Transdev, Keolis Transit America, and Cabco Yellow, Inc. Management has addressed all deficiencies, and the audit is now closed.

Recommendation

Receive and file the Federal Transit Administration Drug and Alcohol Compliance Audit as an information item.

Background

In 1991, the Omnibus Transportation Employee Testing Act (Act) directed the Federal Transit Administration (FTA) to issue drug and alcohol testing regulations. These regulations are applicable to recipients of Sections 5309, 5307, and 5311 funds. The Act provides statutory authority for the FTA to require drug and alcohol testing of its grantees' safety-sensitive employees as a condition of FTA funding.

In order to assess compliance with these requirements, the FTA conducted a site visit from April 29, 2024 through May 2, 2024, of the Orange County Transportation Authority (OCTA) and contractors Transdev, Keolis Transit America (Keolis), and Cabco Yellow, Inc. (Cabco).

Discussion

Results of the FTA audit were discussed with management on May 3, 2024 (Attachment A). Responses to the 54 deficiencies identified, along with evidence of corrective actions, were submitted by OCTA staff by the due date of August 1, 2024. The FTA issued a compliance letter closing the audit on October 8, 2024, and finding OCTA fully compliant (Attachment B).

Summary

The FTA has completed a Drug and Alcohol Compliance audit of OCTA and contractors Transdev, Keolis, and Cabco. All deficiencies identified during the audit have been adequately addressed.

Attachments

- A. Final Audit Report FTA Drug and Alcohol Compliance Auditing Program
- B. Letter from Lyon Rosario, Sr. Drug and Alcohol Program Manager, Federal Transit Administration, to Darrell E. Johnson, Chief Executive Officer, Orange County Transportation Authority, re: FTA Drug and Alcohol Compliance Auditing Program, Dated October 8, 2024

Authorized by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591



Federal Transit
Administration

FINAL AUDIT REPORT

FTA Drug and Alcohol Compliance Auditing Program

FTA Grantee
Orange County Transportation Authority

Contractors
Keolis Transit America
Transdev
Cabco Yellow, Inc.



IYON ROSARIO
SR. DRUG AND ALCOHOL PROGRAM MANAGER
OFFICE OF TRANSIT SAFETY AND OVERSIGHT



U.S. Department
of Transportation

Federal Transit
Administration

Headquarters

1200 New Jersey Ave., S.E.
Washington, D.C. 20590

5/3/2024

Provided Personally
& Electronically

Darrell E. Johnson
Chief Executive Officer
Orange County Transportation Authority
550 S Main St,
Orange, CA 92868

RE: FTA Drug and Alcohol Compliance Auditing Program

Dear Mr. Johnson,

As you know, during the period 4/29/2024 to 5/2/2024, the Federal Transit Administration (FTA) conducted an audit of the FTA-mandated drug and alcohol testing programs of the Orange County Transportation Authority (OCTA). Several items associated with OCTA's program were found that require attention. The attached Final Audit Report summarizes the findings of the audit team.

A 90-day period for corrective action commences as of the date of this letter. Therefore, the completion date for responses needed to bring your program into compliance is Thursday, August 1, 2024. Your staff has been provided access to FTA's secure Data Management System. Within this secure environment, you will find a download link for the software program you must use to respond to each audit finding, as well as a user manual for that software. When necessary, provide all supporting documentation that confirms the corrective actions taken.

For receipt on **8/1/2024**, please submit to FTA's secure Data Management System an electronic copy of the completed audit response, a copy of the electronic response file created by the software, and all supplemental materials.

Failure to fully resolve audit findings within 90 days may result in a formal finding of non-compliance by the FTA. Continued failure to fully implement FTA's drug and alcohol testing regulations may jeopardize OCTA's future funding from the FTA.

If you require assistance to resolve any of the deficiencies, please do not hesitate to contact Ms. Lori DeCoste or Mr. Sebastian Knott. If you have more general questions about the FTA's Drug and Alcohol Compliance Auditing Program or regulatory questions, please contact me, Lyon Rosario, FTA Senior Drug and Alcohol Program Manager, at (202) 366-2010, or via e-mail at iyon.rosario@dot.gov, or the FTA's Drug and Alcohol Program Hotline at (617) 494-6336 or email fta.damis@dot.gov.



U.S. Department
of Transportation

Federal Transit
Administration

Headquarters

1200 New Jersey Ave., S.E.
Washington, D.C. 20590

Audit Program Coordinator	Audit Team Leader
<p>Ms. Lori DeCoste Operations Research Analyst</p> <p>USDOT/Volpe Center Cambridge, MA 02142 (617) 494-2379 lori.decoste@dot.gov</p>	<p>Mr. Sebastian Knott Audit Team Leader</p> <p>Cahill Swift, LLC Boston, MA 02116 (617) 314-9208 sknott@cahillswift.com</p>

FTA's tools and publications may be useful to you and your staff as you prepare your audit response, and in the ongoing maintenance of your testing programs. Resources are available at the FTA Drug and Alcohol Program website at <https://www.transit.dot.gov/drug-alcohol-program>.

We understand that our audit has placed an additional management effort that entailed a great deal of time and planning on your part. We greatly appreciate your cooperation, patience and hospitality during this review. Because of your efforts, we believe that the goal of improved safety for patrons and employees of OCTA will be more easily achieved.

Once again, thank you for your assistance. We look forward to working with you in the future.

Sincerely,

Lyon Rosario
Sr. Drug and Alcohol Program Manager
FTA Office of Transit Safety and Oversight

Electronic cc:
Steve Elkins, OCTA
Janet Sutter, OCTA
Matthew DesRosier, OCTA
Tinu Vu, OCTA
Ray Tellis, FTA Region IX Administrator
Charlene Lee Lorenzo, FTA Region IX
Loretta Bomgardner, FTA Office of Transit Safety & Oversight
Melonie Barrington, FTA Office of Transit Safety & Oversight
Mike Redington, USDOT/Volpe Center
Lori DeCoste, USDOT/Volpe Center
John Spelman, Cahill Swift, LLC

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Orange County Transportation Authority

Policy Manual Review Interview

Orange County Transportation Authority

Interview Date: 4/15/2024

Orange County Transportation Authority - Policy Manual Review Interview

Item	Action Date:	8/1/2024	Question #:	13
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1

Question: PROHIBITED BEHAVIOR: Does the policy indicate that covered employees are prohibited from using the following at all times: (1) Marijuana; (2) Cocaine; (3) Opioids; (4) Amphetamines; and (5) Phencyclidine?

Answer: No.

Supplemental Answer: In response to this and the following policy findings, submit to FTA a new or revised policy that is compliant with the listed FTA regulatory requirements. Note that FTA has a free policy builder that may be useful in this effort. The policy builder can be found at: transit-safety.fta.dot.gov/DrugAndAlcohol/Tools/PolicyBuilder/CreatePolicy.aspx

For this finding, ensure the revised policy states that use of these substances is prohibited at all times, as required by section 655.21(c).

FTA Rule Requirement: Section 655.15(c) states that the policy statement must include: "specific information concerning the behavior and conduct prohibited by this part."

Sections 655.21(b) and (c) state: "(b) When administering a drug test, an employer shall ensure that the following drugs are tested for: (1) Marijuana; (2) Cocaine; (3) Opioids; (4) Amphetamines; and (5) Phencyclidine. (c) Consumption of these products is prohibited at all times."

Orange County Transportation Authority - Policy Manual Review Interview

Item	Action Date:	8/1/2024	Question #:	14
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2

Question: PROHIBITED BEHAVIOR: Does the policy indicate that a covered employee may be tested for prohibited drugs any time while on duty?

Answer: No.

Supplemental Answer: Include this provision in the revised policy.

FTA Rule Requirement: Section 655.15(d) states that the policy statement must include: "the specific circumstances under which a covered employee will be tested for prohibited drugs or alcohol misuse under this part."

Section 655.45(i) states: "A covered employee may be randomly tested for prohibited drug use anytime while on duty."

Orange County Transportation Authority - Policy Manual Review Interview

Item	Action Date:	8/1/2024	Question #:	15
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3

Question: PROHIBITED BEHAVIOR: Does the policy indicate that covered employees are prohibited from performing safety-sensitive functions while having an alcohol

Orange County Transportation Authority

concentration of 0.04 or greater?

Answer: The policy lists this prohibition at 0.02 or greater, rather than at 0.04.

Supplemental Answer: The current policy lists this prohibition at the 0.02 alcohol concentration, rather than at 0.04. While the employer may set a lower prohibition, it must clearly do so under its own authority, while still stating the federal prohibition (0.04). Revise the policy accordingly.

FTA Rule Requirement: Section 655.15(c) states that the policy statement must include: "specific information concerning the behavior and conduct prohibited by this part."

Section 655.31(b) states: "Each employer shall prohibit a covered employee, while having an alcohol concentration of 0.04 or greater, from performing or continuing to perform a safety-sensitive function."

Orange County Transportation Authority - Policy Manual Review Interview

Item **Action Date:** 8/1/2024 **Question #:** 16

4

Question: PROHIBITED BEHAVIOR: Does the policy indicate that covered employees are prohibited from using alcohol within four hours prior to performing a safety-sensitive function, while on-call to perform a safety-sensitive function, and while performing a safety-sensitive function?

Answer: One or more elements is missing or incorrect.

Supplemental Answer: The policy states that, under OCTA's independent authority, safety-sensitive employees are prohibited from using alcohol for eight hours prior to the performance of a safety-sensitive function.

While policy may include this local provision, it must also state FTA's four-hour prohibition, as required by section 655.33(a). Revise the policy accordingly.

FTA Rule Requirement: Section 655.15(c) states that the policy statement must include: "specific information concerning the behavior and conduct prohibited by this part."

Section 655.32 states: "Each employer shall prohibit a covered employee from using alcohol while performing safety-sensitive functions. No employer having actual knowledge that a covered employee is using alcohol while performing safety-sensitive functions shall permit the employee to perform or continue to perform safety-sensitive functions."

Section 655.33 states: "(a) Each employer shall prohibit a covered employee from using alcohol within 4 hours prior to performing safety-sensitive functions. No employer having actual knowledge that a covered employee has used alcohol within four hours of performing a safety-sensitive function shall permit the employee to perform or continue to perform safety-sensitive functions. (b) An employer shall prohibit the consumption of alcohol for the specified on-call hours of each covered employee who is on-call. The procedure shall include: (1) The opportunity for the covered employee to acknowledge the use of alcohol at the time he or she is called to report to duty and the inability to perform his or her safety-sensitive function. (2) The requirement that the covered employee take an alcohol test, if the covered employee has acknowledged the use of alcohol, but claims ability to perform his or her safety-sensitive function."

Orange County Transportation Authority - Policy Manual Review Interview

Item **Action Date:** 8/1/2024 **Question #:** 18

5

Question: ALCOHOL TESTING: Does the policy indicate that random, reasonable suspicion, and follow-up alcohol testing are only permissible just before, during, and just after the

Orange County Transportation Authority

performance of a safety-sensitive function?

Answer: Other. This provision is only included for reasonable suspicion testing.

Supplemental Answer: Revise the policy to state that random and follow-up alcohol testing may only be conducted just before, during, and just after the performance of a safety-sensitive function.

FTA Rule Requirement: Section 655.15(d) states that the policy statement must include: "the specific circumstances under which a covered employee will be tested for prohibited drugs or alcohol misuse under this part."

Section 655.43(c) states: "An employer may direct a covered employee to undergo reasonable suspicion testing for alcohol only while the employee is performing safety-sensitive functions; just before the employee is to perform safety-sensitive functions; or just after the employee has ceased performing such functions."

Section 655.45(i) states: "A covered employee shall only be randomly tested for alcohol misuse while the employee is performing safety-sensitive functions; just before the employee is to perform safety-sensitive functions; or just after the employee has ceased performing such functions."

Orange County Transportation Authority - Policy Manual Review Interview

Item **Action Date:** 8/1/2024 **Question #:** 20

6

Question: PRE-EMPLOYMENT DRUG TESTING: Does the procedure for an applicant or transferee who has previously failed or refused a DOT test include requiring evidence that the individual has successfully completed a referral, evaluation and treatment plan meeting DOT requirements?

Answer: Other. The policy only discusses this requirement for individuals who previously failed a pre-employment test at OCTA.

Supplemental Answer: Revise the policy to state that any covered employee or applicant who previously failed or refused a DOT pre-employment for any employer must successfully complete the DOT return-to-duty process as required by section 655.41(a)(2).

FTA Rule Requirement: Section 655.41(a)(2) states: "When a covered employee or applicant has previously failed or refused a pre-employment drug test administered under this part, the employee must provide the employer proof of having successfully completed a referral, evaluation and treatment plan as described in 655.62."

Section 40.25(b) states: "You must request the information listed in this paragraph (b) from DOT-regulated employers who have employed the employee during any period during the two years before the date of the employee's application or transfer: (5) With respect to any employee who violated a DOT drug and alcohol regulation, documentation of the employee's successful completion of DOT return-to-duty requirements (including follow-up tests). If the previous employer does not have information about the return-do-duty process (e.g., an employer who did not hire an employee who tested positive on a pre-employment test), you must seek to obtain this information from the employee."

Orange County Transportation Authority - Policy Manual Review Interview

Item **Action Date:** 8/1/2024 **Question #:** 24

7

Question: PRE-EMPLOYMENT ALCOHOL TESTING: If the employer chooses to conduct

"Reasonable time means that employees are required to proceed to the clinic test site immediately upon notice of selection for a drug and/or alcohol test." Revise the policy to indicate that this is a federal requirement.

2. On page 52, the policy defines "Under the Influence" as: "When an employee is affected to any extent by alcohol or a drug, or metabolites of such, or the combination of alcohol and a drug, or has alcohol or a drug, or metabolites, of such, in the employees body in any detectable amount." This definition does not reflect any federal regulation. Revise the policy to clearly indicate that this definition is included under the employer's independent authority.

FTA Rule Requirement: Section 655.15(j) states: "The employer shall inform each covered employee if it implements elements of an anti-drug use or alcohol misuse program that are not required by this part. An employer may not impose requirements that are inconsistent with, contrary to, or frustrate the provisions of this part."

Orange County Transportation Authority - Policy Manual Review Interview

Item Action Date: 8/1/2024 Question #: 54

10

Question: PROVISIONS CONTRARY TO FTA or DOT REGULATIONS: Does the policy contain any provisions that are inconsistent with, contrary to, or that frustrate the requirements of Part 655 or Part 40?

Answer: Yes, the following items are not compliant with FTA and DOT regulations.

Supplemental Answer: 1. On page 9, the policy states: "The OCTA Drug and Alcohol Policy Manual has in some areas broadened the FTA and DOT requirements by including non-safety sensitive positions, as well as safety-sensitive positions, in some areas of testing." While this statement is bolded to indicate the employer's independent authority, it incorrectly suggests that the employer can broaden the scope of FTA and DOT requirements. Remove or revise this statement accordingly.

2. On page 21, the policy uses the term "opiates." For consistency with Part 40, change "opiates" to read "opioids."

3. On page 28, the policy states: "...a confirmation test is performed for each identified drug using state-of-the-art gas chromatography/mass spectrometry (GC/MS) analysis." Since all laboratories do not use GC/MS testing procedures, either remove this statement or verify the processes used by your primary laboratory and any laboratories that may be used to perform split specimen testing and ensure that your policy accurately reflect these processes.

4. On page 27, the policy states: "Any employee... who provides false information in connection with a test... will be considered to have a positive test and shall be subject to discharge proceedings." Providing false information with a test is not a DOT violation. Remove this statement from the revised policy.

5. On page 51, the definition for Substance Abuse Professional is missing "marriage counselor" as a qualification. Remove this definition or revise the policy to include this qualification.

6. The policy states or implies that urine specimen testing is the only type of drug testing permitted by DOT. For example, on page 5: "49 CFR Part 40 and Part 655 which regulates standards for the collection and mandated testing of breath and urine specimens". Revise these sections for compliance with the authorization of oral fluid drug testing in the currently adopted version of Part 40.

FTA Rule Requirement: Section 655.15(j) states: "The employer shall inform each covered employee if it implements elements of an anti-drug use or alcohol misuse program that are not required by this part. An employer may not impose requirements that are inconsistent with, contrary to, or frustrate the provisions of this part."

Drug and Alcohol Program Manager Interview

Orange County Transportation Authority

Interview Date: 4/29/2024

Orange County Transportation Authority - Drug and Alcohol Program Manager Interview

Item	Action Date:	8/1/2024	Question #:	25
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1

Question: Do you request information about prior DOT drug and alcohol test records from all DOT employers who employed an applicant within the previous two years?

Answer: No, we do not request this information.

Supplemental Answer: OCTA has not implemented a compliant procedure to request previous employer DOT drug and alcohol test records. In addition, OCTA currently uses the FMCSA Clearinghouse in an attempt to meet 40.25 regulatory requirements. However, use of the FMCSA Clearinghouse is allowed only for employers regulated by FMCSA. FTA regulated employers, who are also not regulated by FMCSA, are prohibited from using the FMCSA Clearinghouse to meet 40.25 requirements.

In response to this finding, submit to FTA a statement affirming you have reviewed and understand the requirements of sections 40.25(a) and 40.25(b). Should OCTA implement the use of any forms or other tools to assist in maintaining compliance with this requirement, submit samples of that material as well. In addition, provide to FTA a copy of any completed previous employer requests sent to any prior employers within the 90-day response period.

FTA Rule Requirement:

Sections 40.25(a) and (b) state: "(a) As an employer, you must, after obtaining an employee's written consent, request the information about the employee listed in paragraph (b) of this section. This requirement applies only to employees seeking to begin performing safety-sensitive duties for you for the first time (i.e., a new hire, an employee transfers into a safety-sensitive position). If the employee refuses to provide this written consent, you must not permit the employee to perform safety-sensitive functions. (b) You must request the information listed in this paragraph (b) from DOT-regulated employers who have employed the employee during any period during the two years before the date of the employee's application or transfer: (1) Alcohol tests with a result of 0.04 or higher alcohol concentration; (2) Verified positive drug tests; (3) Refusals to be tested (including verified adulterated or substituted drug test results); (4) Other violations of DOT agency drug and alcohol testing regulations; and (5) With respect to any employee who violated a DOT drug and alcohol regulation, documentation of the employee's successful completion of DOT return-to-duty requirements (including follow-up tests). If the previous employer does not have information about the return-to-duty process (e.g., an employer who did not hire an employee who tested positive on a pre-employment test), you must seek to obtain this information from the employee."

40.25(a)(3) states "If you are an employer regulated by FMCSA, with a prospective employee subject to drug and alcohol testing with a DOT agency other than FMCSA, you must continue to request the information about the employee listed in paragraphs (b)-(j) of this section.

Orange County Transportation Authority - Drug and Alcohol Program Manager Interview

Item	Action Date:	8/1/2024	Question #:	26
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2

Question: Do you ask an applicant whether or not they have failed or refused a DOT pre-employment test in the previous two years?

Answer: We do not ask this question.

Supplemental Answer: In response to this finding, submit to FTA a signed statement affirming an understanding of section 40.25(j) and describe the procedures implemented. If the procedures include

Orange County Transportation Authority

the use or revision of a form, include a copy of the form in your response.

FTA Rule Requirement: Section 40.25(j) states: "As the employer, you must also ask the employee whether he or she has tested positive, or refused to test, on any pre-employment drug or alcohol test administered by an employer to which the employee applied for, but did not obtain, safety-sensitive transportation work covered by DOT agency drug and alcohol testing rules during the past two years. If the employee admits that he or she had a positive test or a refusal to test, you must not use the employee to perform safety-sensitive functions for you, until and unless the employee documents successful completion of the return-to-duty process (see paragraphs (b)(5) and (e) of this section)."

Orange County Transportation Authority - Drug and Alcohol Program Manager Interview

Item	Action Date:	8/1/2024	Question #:	29
3	Question:	When a safety-sensitive employee is to be on extended leave (90 or more consecutive days) and will not be performing safety-sensitive functions, how do you handle their placement in the random pool? Do you conduct any testing upon their return and prior to their performance of safety-sensitive functions?		
	Answer:	Employees are maintained in the random pool and pre-employment testing is conducted upon their return.		

Supplemental Answer: In response to this finding, submit to FTA a signed statement affirming that the relevant staff has reviewed and understands section 655.41(d). In addition provide a detailed description of the process implemented to ensure employees maintained in the random pool are not pre-employment tested upon return.

FTA Rule Requirement: Section 655.41(d) states: "When a covered employee or applicant has not performed a safety-sensitive function for 90 consecutive calendar days regardless of the reason, and the employee has not been in the employer's random selection pool during that time, the employer shall ensure that the employee takes a pre-employment drug test with a verified negative result."

Orange County Transportation Authority - Drug and Alcohol Program Manager Interview

Item	Action Date:	8/1/2024	Question #:	35
4	Question:	Do you have a method to document the post-accident decision-making process?		
	Answer:	Other. OCTA uses multiple forms to document information related to post-accident decision-making and testing.		

Supplemental Answer: OCTA uses a testing authorization form and an accident report. In five of the twelve post-accident cases reviewed, times and/or dates differed between the two forms. In two cases, the requirement to document a delay in testing for a post-accident alcohol was called into question as the requirement differed depending on which form was used to make the determination.

In response to this finding, describe the process implemented to ensure consistency in reporting.

FTA Rule Requirement: Section 655.44(d) states: "The decision not to administer a drug and/or alcohol test under this section shall be based on the employer's determination, using the best available information at the time of the determination that the employee's performance could not have contributed to the accident. Such a decision must be documented in detail, including the decision-making process used to reach the decision not to test."

Orange County Transportation Authority

Section 655.71(c) states: "The following specific records must be maintained: (1) Records related to the collection process: (iv) Documents generated in connection with decisions on post-accident drug and alcohol testing."

Records Management Interview

Orange County Transportation Authority

Interview Date: 4/29/2024

Orange County Transportation Authority - Records Management Interview

Item	Action Date:	8/1/2024	Question #:	32
1	Question:	If a post-accident alcohol test is not administered within two hours following the accident, does the employer maintain a record stating the reason the alcohol test was not promptly administered?		
	Answer:	No.		
Supplemental Answer:	In four of the twelve post-accident cases reviewed, the post-accident alcohol tests were performed more than two hours after the accident without documentation explaining the reason for the delay.			
	In response to this finding, submit a statement affirming an understanding of the documentation requirements of section 655.44. Also, submit legible copies of all documentation related to any post-accident testing that may occur during the 90-day audit response period, to include accident reports, decision-making forms, ATFs, CCFs, and MRO-verified results.			
FTA Rule Requirement:	Section 655.44(a)(2)(ii) states: "If an alcohol test required by this section is not administered within two hours following the accident, the employer shall prepare and maintain on file a record stating the reasons the alcohol test was not promptly administered."			

Orange County Transportation Authority - Records Management Interview

Item	Action Date:	8/1/2024	Question #:	51
2	Question:	Does the employer ensure that, before an employee returns to safety-sensitive duties following a DOT drug and/or alcohol violation, the employee receives an evaluation by a qualified SAP and successfully complies with the SAP's recommendations?		
	Answer:	Other. Four employees without a DOT violation were incorrectly referred to a SAP.		
Supplemental Answer:	On four occasions, employees underwent DOT alcohol testing with results of 0.02 to less than 0.04. These tests occurred on 6/1/2022 (confirmed result of 0.038), 7/5/2022 (confirmed result of 0.021), 1/24/2023 (confirmed result of 0.030), and 9/6/2023 (confirmed result of 0.028). While none of these tests had a DOT violation, all four employees were incorrectly referred to a Substance Abuse Professional (SAP).			
	In response to this finding, submit a statement signed by all relevant OCTA staff affirming that SAP referrals will only be made after legitimate DOT testing violations (e.g., verified positive drug tests, confirmed alcohol results of 0.04 or greater, and refusals to test).			
FTA Rule Requirement:	Section 40.289 states: "(a) As an employer, you are not required to provide a SAP evaluation or any subsequent recommended education or treatment for an employee who has violated a DOT drug and alcohol regulation. (b) However, if you offer that employee an opportunity to return to a DOT safety-sensitive duty following a violation, you must, before the employee again performs that duty, ensure that the employee receives an evaluation by a SAP meeting the requirements of 40.281 and that the employee successfully complies with the SAP's evaluation recommendations."			

Orange County Transportation Authority - Records Management Interview

Item	Action Date:	8/1/2024	Question #:	52
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Orange County Transportation Authority

Date:

3

Question: Does the SAP's written report of the initial evaluation meet the requirements of Part 40?

Answer: No.

Supplemental Answer: In one case reviewed, an OCTA employee refused to test because they failed to provide a sufficient amount of urine without an adequate medical explanation. This employee was referred to a SAP and was eventually returned to the performance of safety-sensitive functions.

The SAP's written report (dated 4/18/2022) documenting their initial evaluation with this employee did not include the name and address of the employer (OCTA) where the violation occurred. This information is required to be included by section 40.311(c)(2).

In response to this finding, the SAP must revise their report to include the missing information and provide a copy of the updated report to OCTA. This corrected report must be submitted to FTA.

FTA Rule Requirement: Section 40.311(c) states: "The SAP's written report, following an initial evaluation that determines what level of assistance is needed to address the employee's drug and/or alcohol problems, must be on the SAP's own letterhead (and not the letterhead of another service agent) signed and dated by the SAP, and must contain the following delineated items: (1) Employee's name and SSN; (2) Employer's name and address; (3) Reason for the assessment (specific violation of DOT regulations and violation date); (4) Date(s) of the assessment; (5) SAP's education and/or treatment recommendation; and (6) SAP's telephone number."

Orange County Transportation Authority - Records Management Interview

Item Action Date: Question #: 53

4

Question: Does the SAP's written report of the follow-up evaluation meet the requirements of Part 40?

Answer: No.

Supplemental Answer: A SAP's written report (dated 4/22/2022) documenting their follow-up evaluation with an employee did not include the name and address of the employer (OCTA) where the violation occurred. This information is required to be included by section 40.311(d)(2).

In response to this finding, the SAP must revise their report to include the missing information and provide a copy of the updated report to OCTA. This corrected report must be submitted to FTA.

FTA Rule Requirement: Section 40.311(d) states: "The SAP's written report concerning a follow-up evaluation that determines the employee has demonstrated successful compliance must be on the SAP's own letterhead (and not the letterhead of another service agent), signed by the SAP and dated, and must contain the following items: (1) Employee's name and SSN; (2) Employer's name and address; (3) Reason for the initial assessment (specific violation of DOT regulations and violation date); (4) Date(s) of the initial assessment and synopsis of the treatment plan; (5) Name of practice(s) or service(s) providing the recommended education and/or treatment; (6) Inclusive dates of employee's program participation; (7) Clinical characterization of employee's program participation; (8) SAP's clinical determination as to whether the employee has demonstrated successful compliance; (9) Follow-up testing plan; (10) Employee's continuing care needs with specific treatment, aftercare, and/or support group services recommendations; and (11) SAP's telephone number."

Breath Alcohol Technician Interview

Akeso Occupational Health

Interview Date: 4/29/2024

Orange County Transportation Authority - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	44
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1

Question: Fatal or correctable flaw: The printer fails to print the confirmation test result?

Answer: That is a correctable flaw.

Supplemental Answer: In response to this finding, submit to FTA a statement signed by all DOT breath alcohol technicians (BATs) certifying an understanding that this is a fatal flaw, per section 40.267(c)(4), provided below.

FTA Rule Requirement: Section 40.267 states: "As an employer, a BAT, or an STT, you must cancel an alcohol test if any of the following problems occur. These are "fatal flaws." You must inform the DER that the test was cancelled and must be treated as if the test never occurred. These problems are: (c) In the case of a confirmation test: (4) The EBT does not print the result (see 40.253(f))."

Urine Collections Interview

Akeso Occupational Health

Interview Date: 4/29/2024

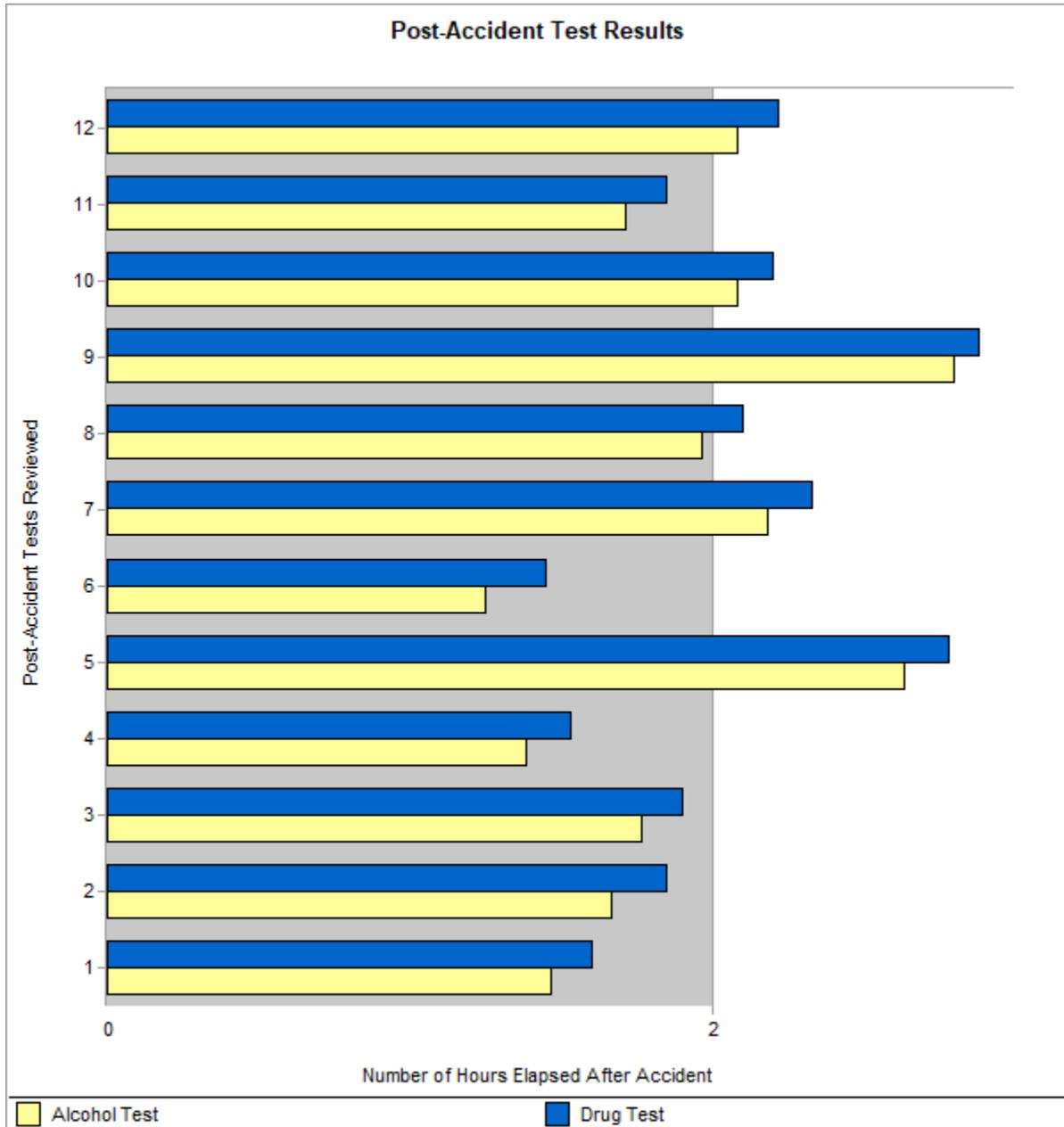
Orange County Transportation Authority - Urine Collections Interview

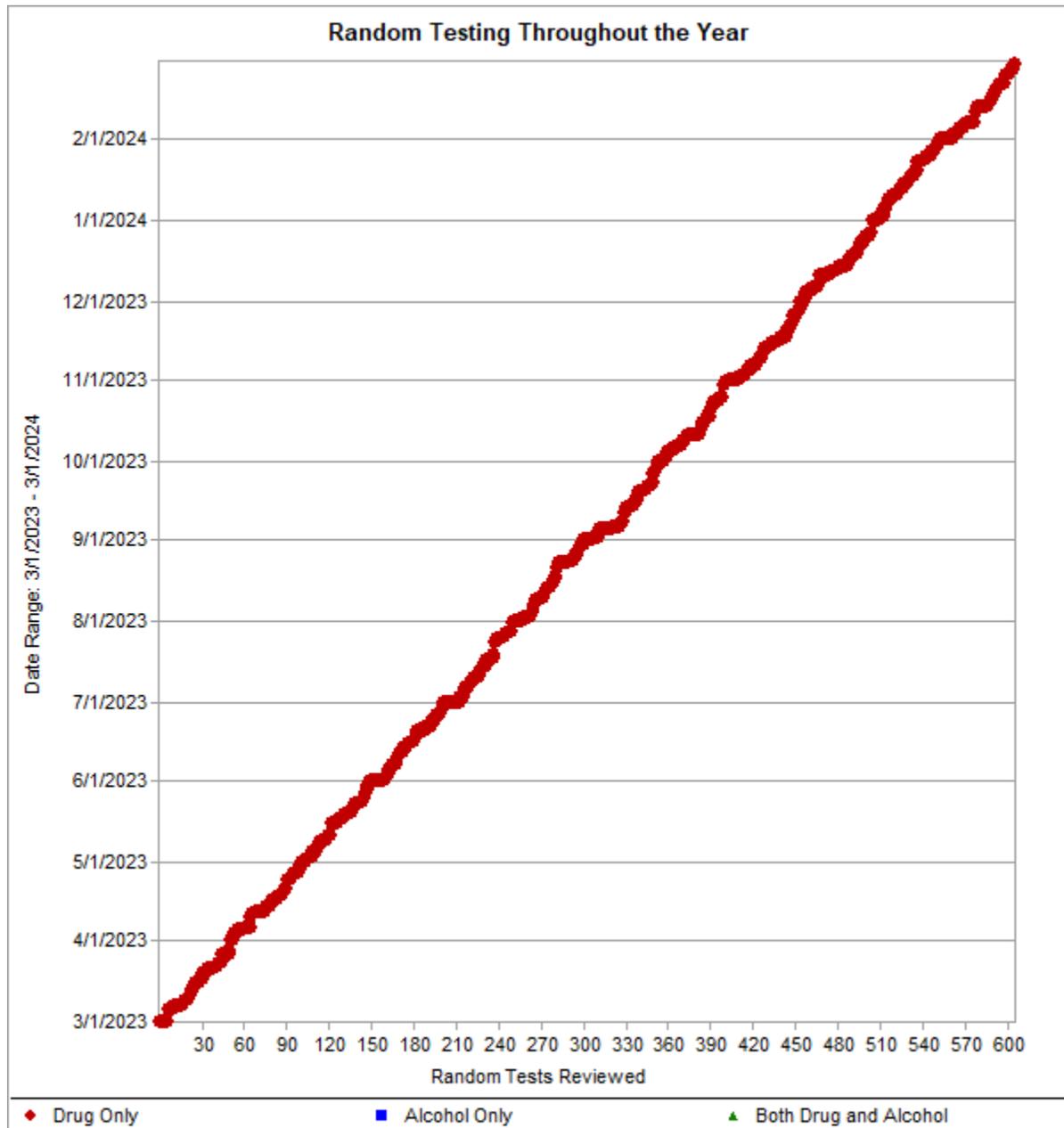
Item	Action Date:	8/1/2024	Question #:	64
1	Question:	What would you do if the employee admits to adulterating or substituting their specimen?		
	Answer:	Conduct a directly observed collection.		

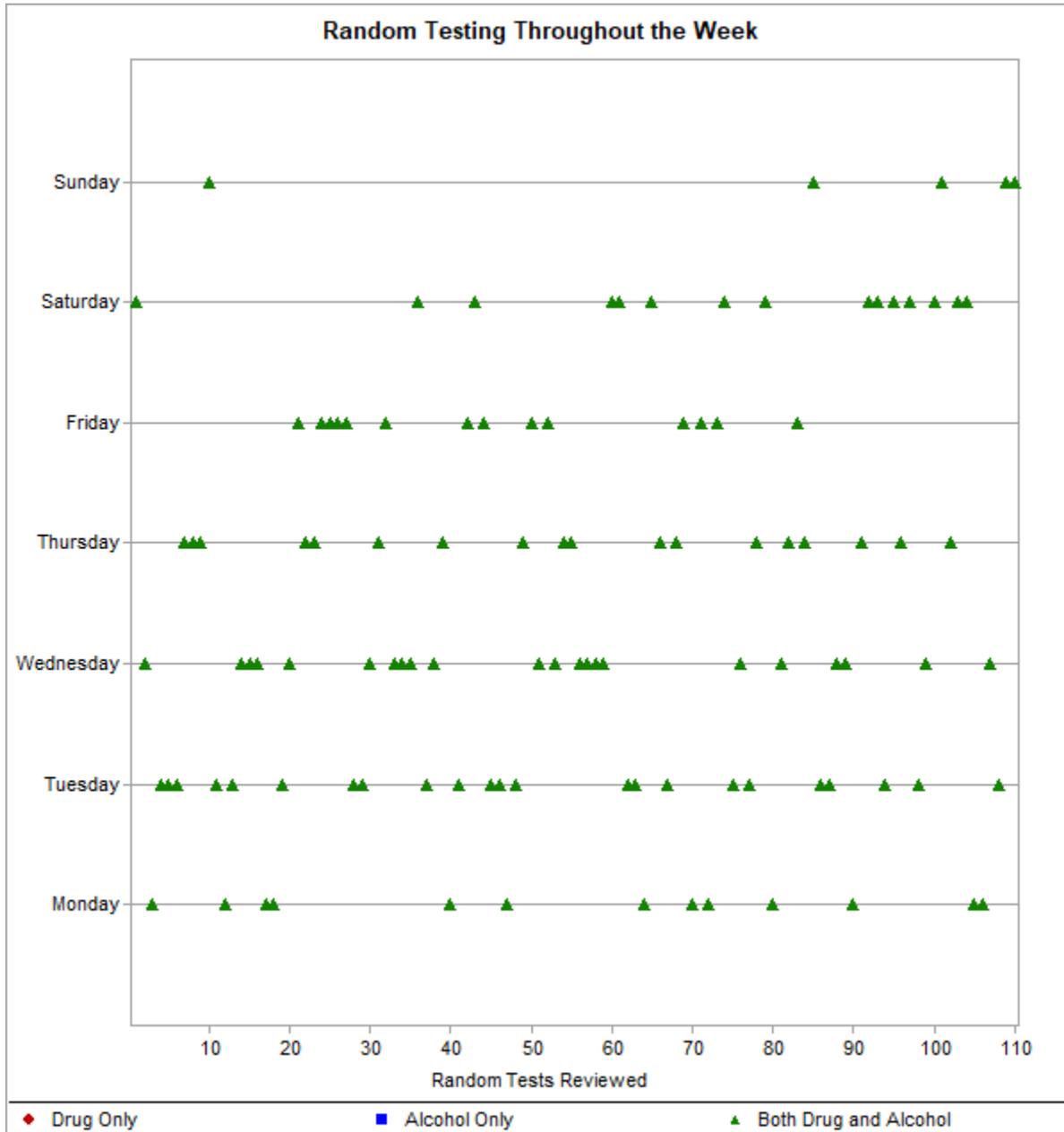
Supplemental Answer: In response to this finding, submit to FTA a statement signed by all DOT collectors certifying they have reviewed and will comply with the requirement to note this as a refusal in the "Remarks" line of the CCF (and then contact the DER), per section 40.191(d)(1).

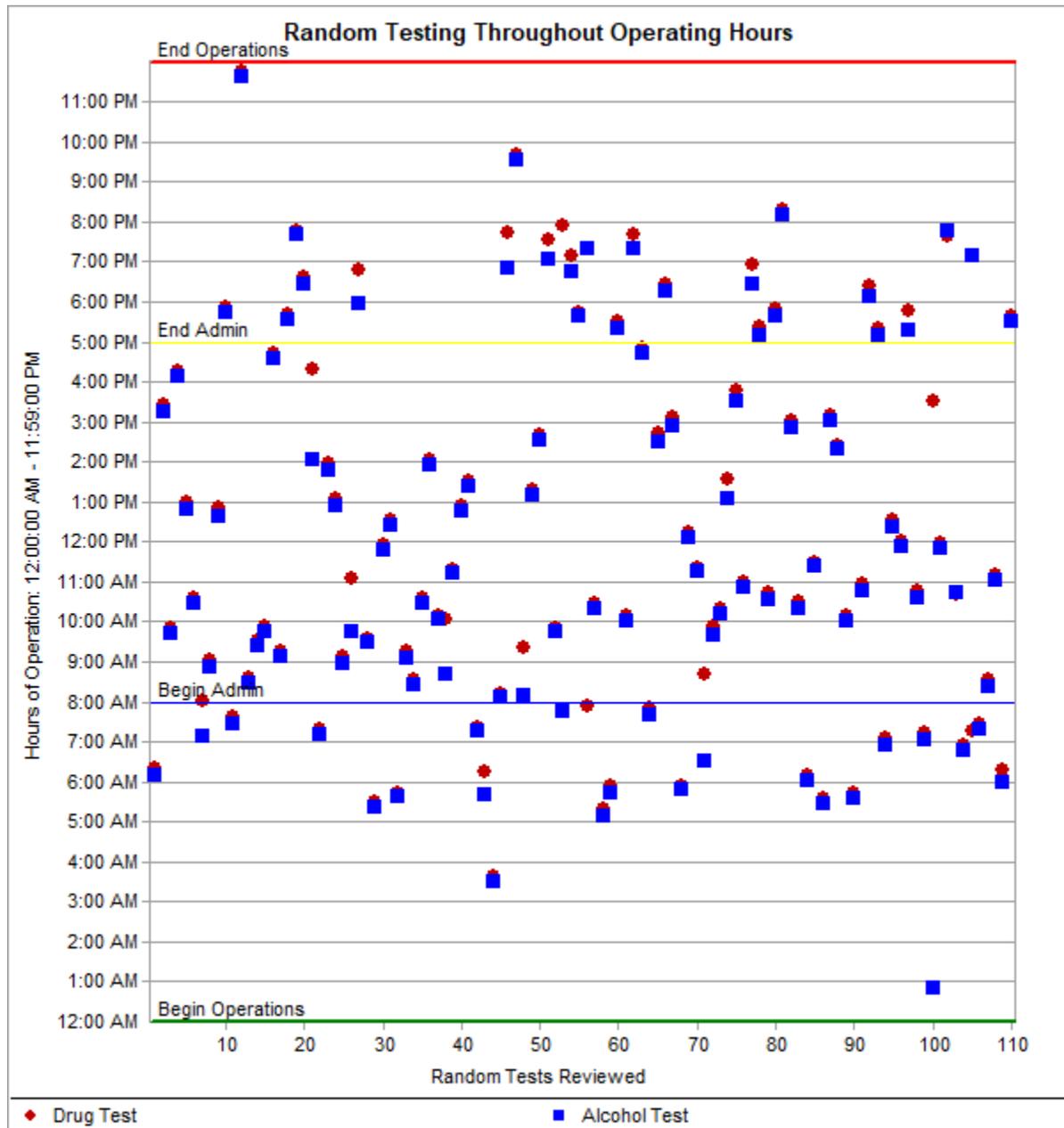
FTA Rule Requirement: Section 40.191(a) states: "As an employee, you have refused to take a drug test if you: (11) Admit to the collector or MRO that you adulterated or substituted the specimen."

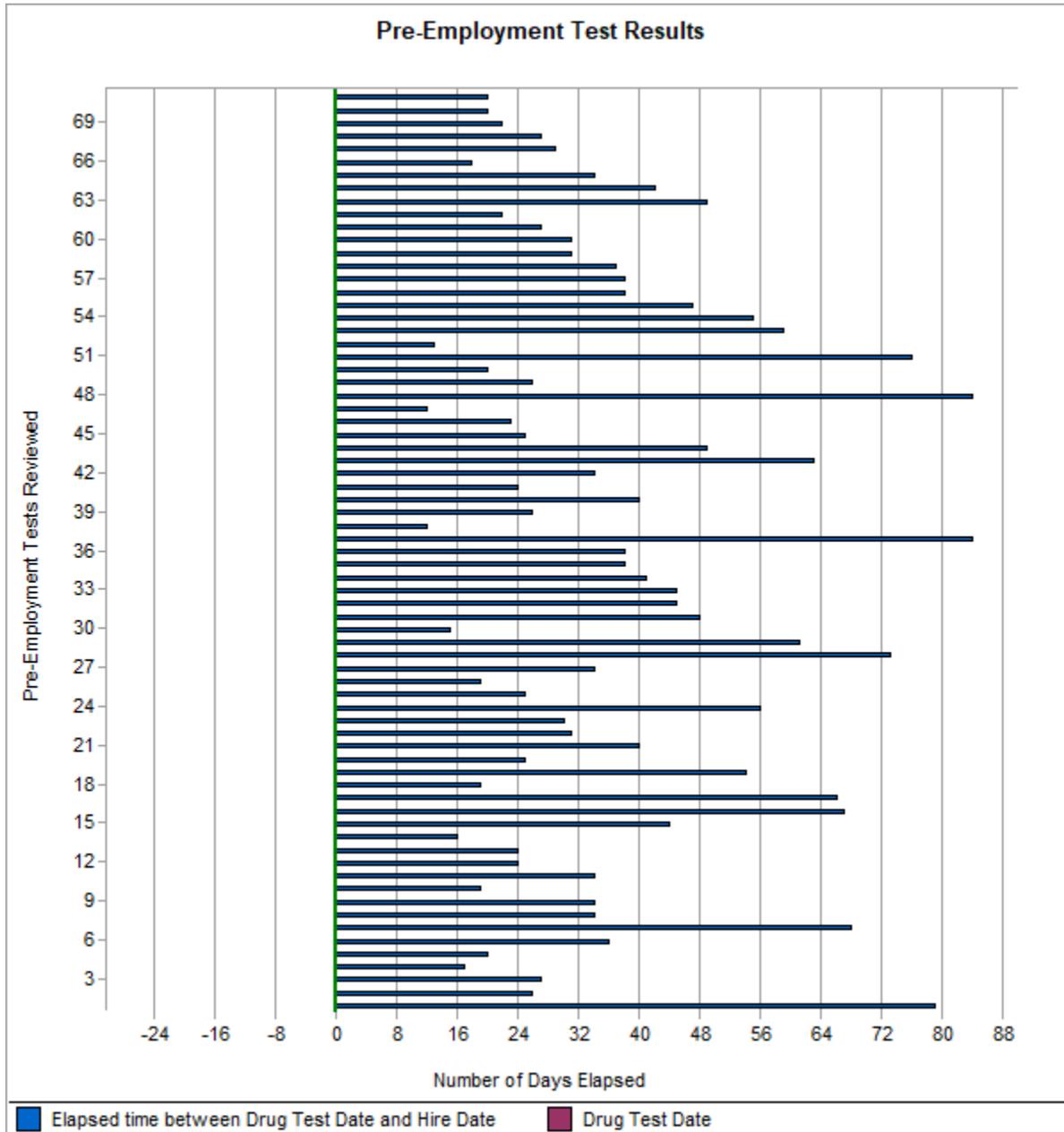
Section 40.191(d)(1) states: "As the collector, you must note the refusal in the "Remarks" line (Step 2), and sign and date the CCF."











Cabco Yellow, Inc.

Policy Manual Review Interview

Cabco Yellow, Inc.

Interview Date: 4/15/2024

Cabco Yellow, Inc. - Policy Manual Review Interview

Item	Action Date:	8/1/2024	Question #:	15
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1

Question: PROHIBITED BEHAVIOR: Does the policy indicate that covered employees are prohibited from performing safety-sensitive functions while having an alcohol concentration of 0.04 or greater?

Answer: The policy lists this prohibition at 0.02 or greater, rather than at 0.04.

Supplemental Answer: The current policy lists this prohibition at the 0.02 alcohol concentration, rather than at 0.04. While the employer may set a lower prohibition, it must clearly do so under its own authority, while still stating the federal prohibition (0.04).

In response to this policy finding, submit a revised policy to FTA.

FTA Rule Requirement: Section 655.15(c) states that the policy statement must include: "specific information concerning the behavior and conduct prohibited by this part."

Section 655.31(b) states: "Each employer shall prohibit a covered employee, while having an alcohol concentration of 0.04 or greater, from performing or continuing to perform a safety-sensitive function."

Drug and Alcohol Program Manager Interview

Cabco Yellow, Inc.

Interview Date: 05/02/2024

Finding: Not deficient with FTA requirements.

Breath Alcohol Technician Interview

Edinger Urgent Care

Interview Date: 5/2/2024

Cabco Yellow, Inc. - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	24
1	Question:	What do you do if the employee does not follow your instructions concerning the waiting period?		
	Answer:	Other. Give the employee an additional 15 minutes.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT breath alcohol technicians (BATs) affirming they understand and will comply with the requirements of sections 40.251(a)(2)(iv) and 40.251(a)(3).		
	FTA Rule Requirement:	Section 40.251(a)(2)(iv) states that the BAT must tell the employee: "That the confirmation test will be conducted at the end of the waiting period, even if the instructions have not been followed." Section 40.251(a)(3) states: "If you become aware that the employee has not followed the instructions, you must note this on the "Remarks" line of the ATF."		

Cabco Yellow, Inc. - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	40
2	Question:	Fatal or correctable flaw: You use a non-DOT ATF for a DOT test?		
	Answer:	That is a fatal flaw.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT BATs affirming they understand and will comply with the requirements of section 40.269(c).		
	FTA Rule Requirement:	Section 40.269 states: "As a BAT or STT, or employer, you must cancel an alcohol test if any of the following problems occur, unless they are corrected. These are "correctable flaws." These problems are: (c) The BAT or STT uses a non-DOT form for the test (see 40.225(a))."		

Cabco Yellow, Inc. - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	44
3	Question:	Fatal or correctable flaw: The printer fails to print the confirmation test result?		
	Answer:	I don't know.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT breath alcohol technicians (BATs) affirming they understand and will comply with the requirements of section 40.267(c)(4).		
	FTA Rule Requirement:	Section 40.267 states: "As an employer, a BAT, or an STT, you must cancel an alcohol test if any of the following problems occur. These are "fatal flaws." You must inform the DER that the test was cancelled and must be treated as if the test never occurred. These problems are: (c) In the case of a confirmation test: (4) The EBT does not print the result (see 40.253(f))."		

Urine Collections Interview

Edinger Urgent Care

Interview Date: 5/2/2024

Cabco Yellow, Inc. - Urine Collections Interview

Item Action Date: 8/1/2024 Question #: 53

1

Question: Can you explain your "shy bladder" procedures?

Answer: While the collector knows the requirements, there is no method in place to consistently and accurately provide 40 ounces of fluid to each donor requiring that amount.

Supplemental Answer: In response to this finding, describe the procedure implemented to consistently and accurately provide 40 ounces of fluid to each donor requiring that amount.

FTA Rule Requirement: Section 40.193(b)(2) states the collector must: "Urge the employee to drink up to 40 ounces of fluid, distributed reasonably through a period of up to three hours, or until the individual has provided a sufficient urine specimen, whichever occurs first. It is not a refusal to test if the employee declines to drink. Document on the Remarks line of the CCF (Step 2), and inform the employee of, the time at which the three-hour period begins and ends."

Cabco Yellow, Inc. - Urine Collections Interview

Item Action Date: 8/1/2024 Question #: 68

2

Question: If an initial specimen is out of the acceptable temperature range or appears to be tampered with, and the employee refuses to allow a second specimen to be collected under direct observation, what is done with the initial sample?

Answer: The initial specimen is sent to the laboratory.

Supplemental Answer: In response to this finding, submit to FTA a statement signed by all DOT collectors certifying they have reviewed and will comply with the requirements of section 40.65(b)(7).

FTA Rule Requirement: Section 40.65(b)(7) states: "In a case where the employee refuses to provide another specimen (see 40.191(a)(3)) or refuses to provide another specimen under direct observation (see 40.191(a)(4)), you must notify the DER. As soon as you have notified the DER, you must discard any specimen the employee has provided previously during the collection procedure."

Cabco Yellow, Inc. - Urine Collections Interview

Item Action Date: 8/1/2024 Question #: 74

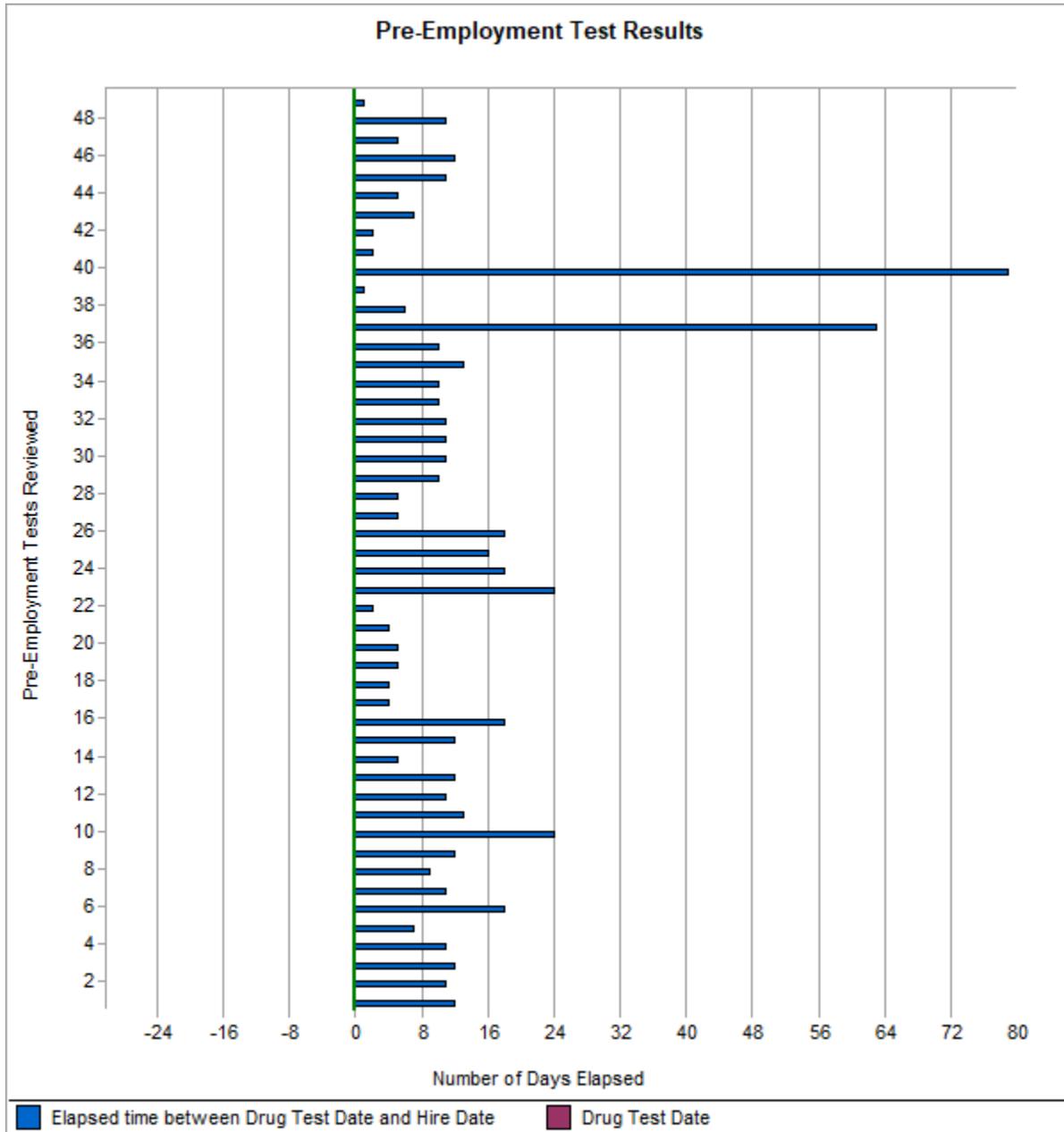
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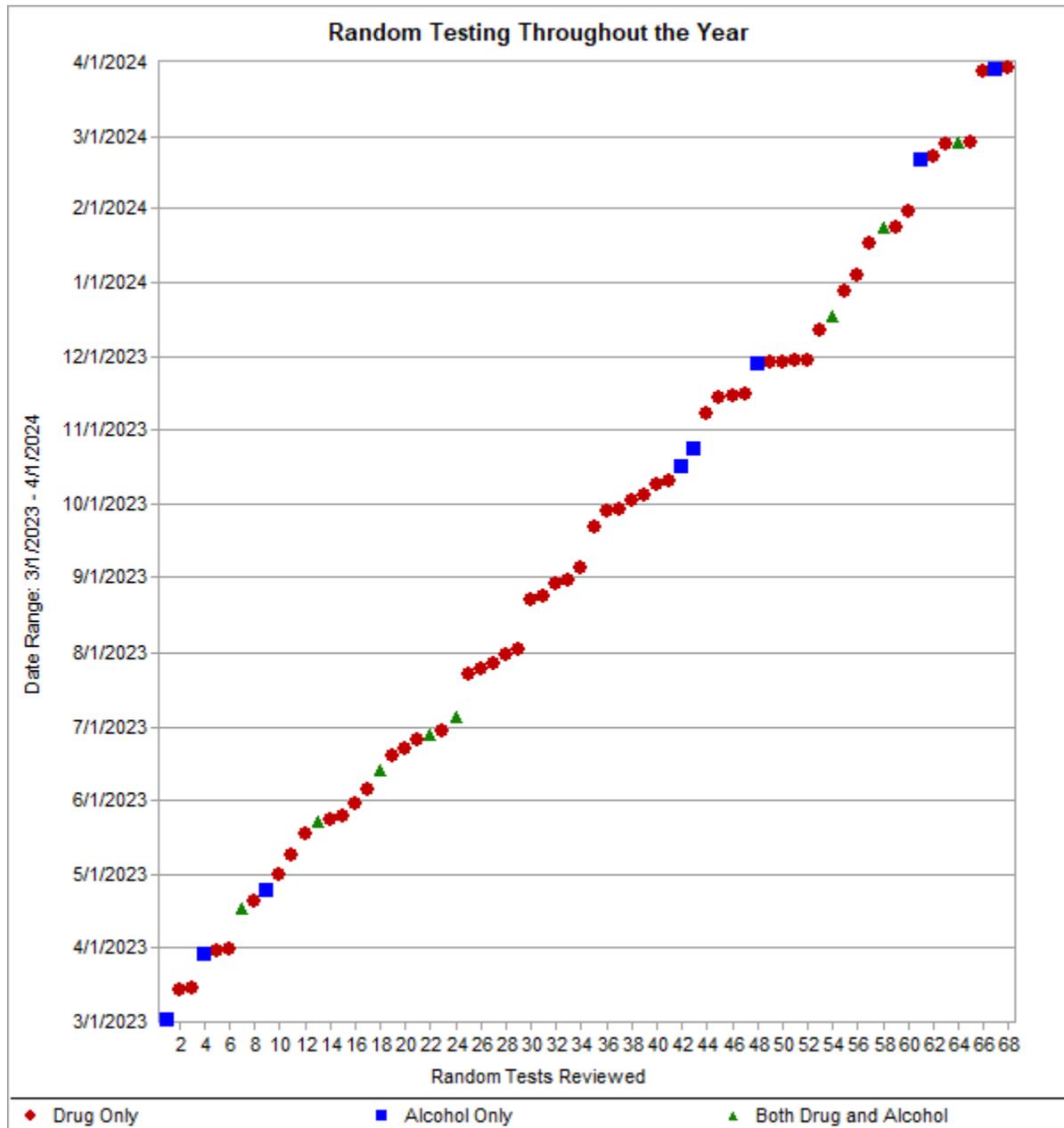
Question: Fatal flaw or correctable flaw: You do not sign AND print your name in Step 4 on the CCF?

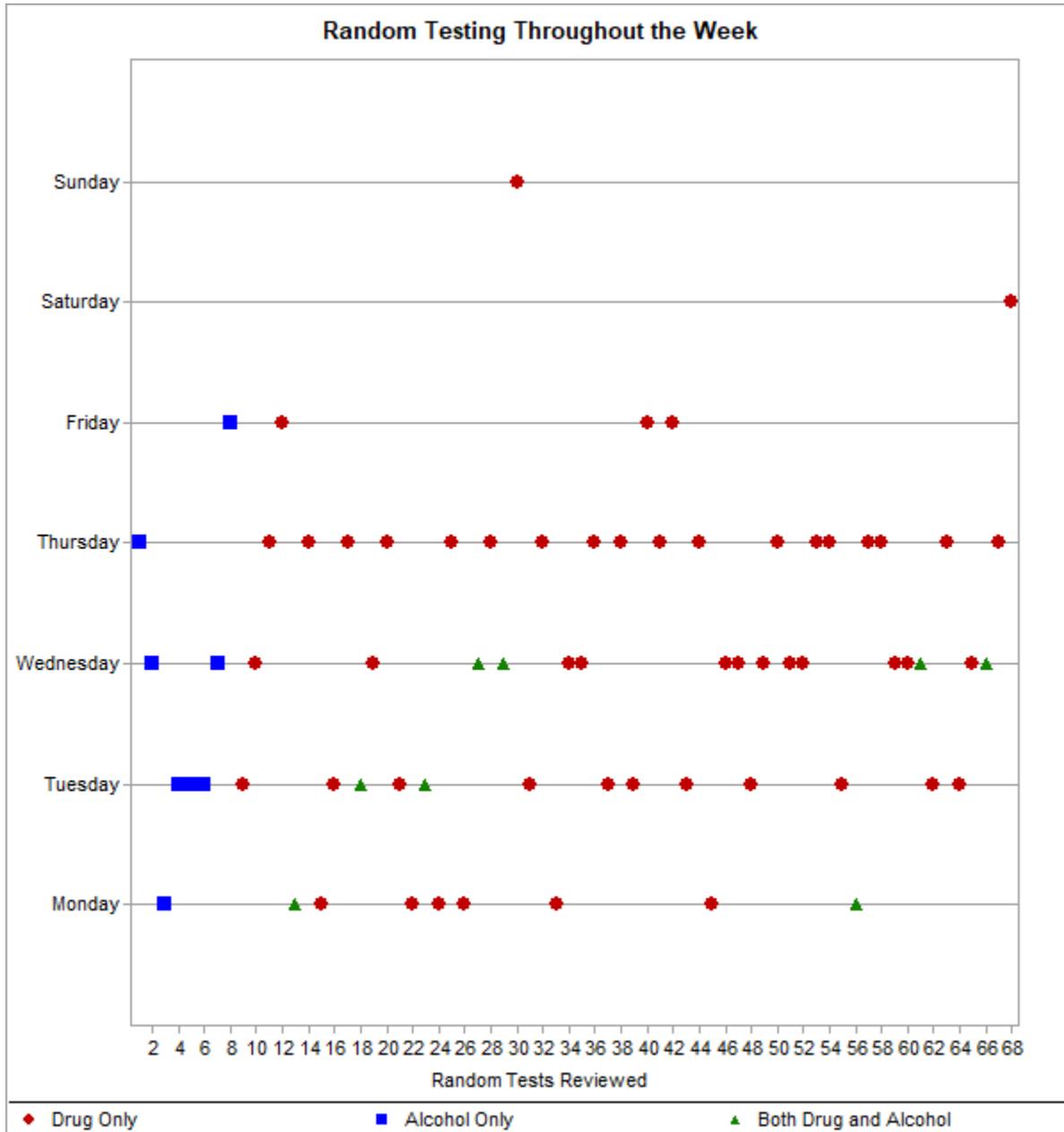
Answer: That is a correctable flaw.

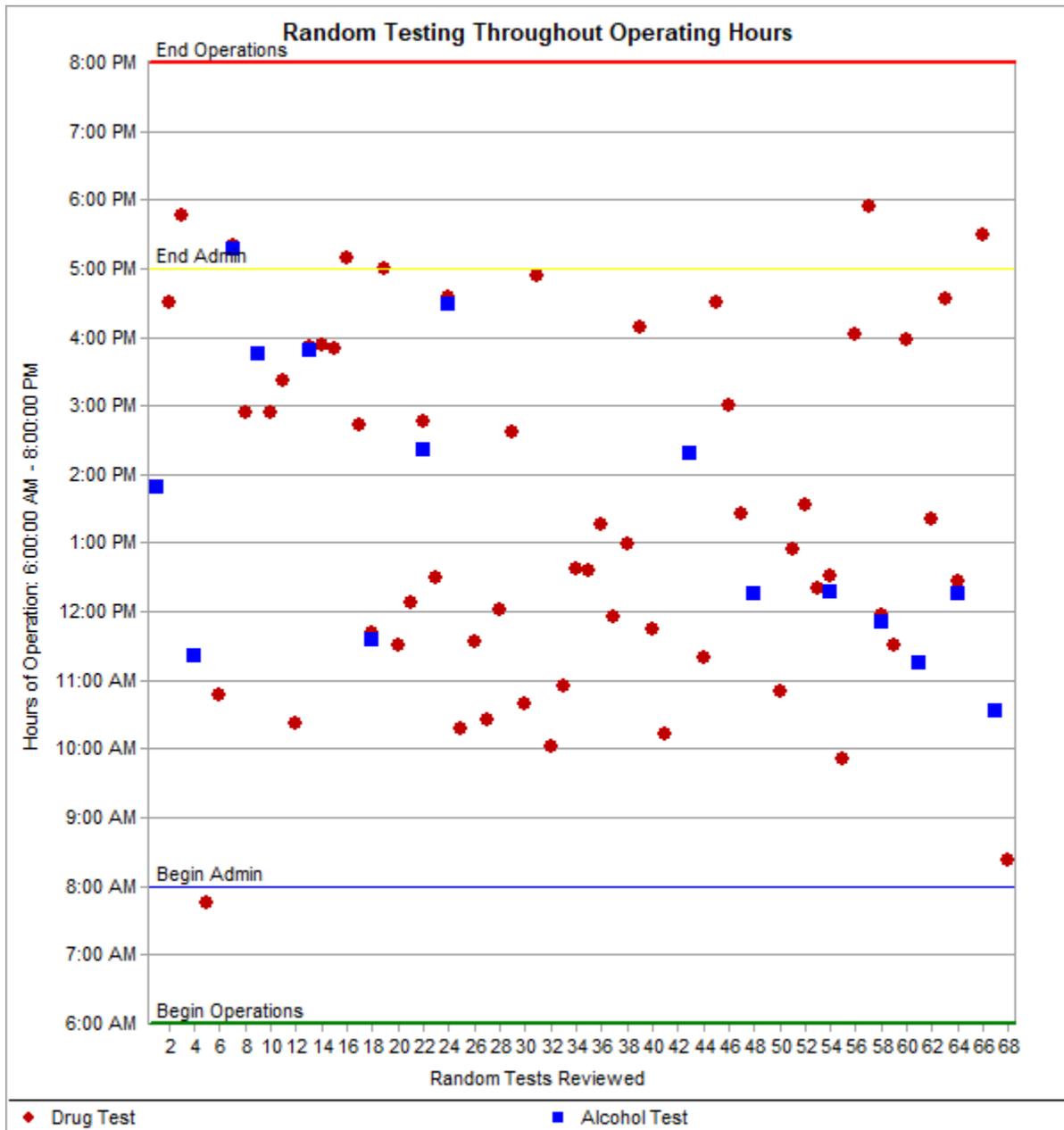
Supplemental Answer: In response to this finding, submit to FTA a statement signed by all DOT collectors certifying they have reviewed and will comply with the requirements of section 40.199(b).

FTA Rule Requirement: Section 40.199(b) states: "The following are "fatal flaws": (3) There is no printed collector's name and no collector's signature."









Keolis Transit America

Policy Manual Review Interview

Keolis Transit America
Interview Date: 4/15/2024

Keolis Transit America - Policy Manual Review Interview

Item	Action Date:	8/1/2024	Question #:	54
1	Question:	PROVISIONS CONTRARY TO FTA or DOT REGULATIONS: Does the policy contain any provisions that are inconsistent with, contrary to, or that frustrate the requirements of Part 655 or Part 40?		
	Answer:	Yes, the following items are not compliant with FTA and DOT regulations.		
	Supplemental Answer:	<p>The policy states or implies that urine specimen testing is the only type of drug testing permitted by DOT. For example, on page 5, the policy states: "...Part 655, "Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations" mandates urine drug testing and breath alcohol testing."</p> <p>In response to this policy finding, revise these sections for compliance with the authorization of oral fluid drug testing in the currently adopted version of Part 40 and submit a revised policy to FTA.</p>		
	FTA Rule Requirement:	Section 655.15(j) states: "The employer shall inform each covered employee if it implements elements of an anti-drug use or alcohol misuse program that are not required by this part. An employer may not impose requirements that are inconsistent with, contrary to, or frustrate the provisions of this part."		

Orange County Transportation Authority

Answer: Other. The DAPM / DER assists in making post-accident determination but did not have an understanding of 'disabling damage'.

Supplemental Answer: The DAPM was not aware that the 'exclusions' listed below must be accounted for post-accident determinations.

In response to this finding, submit a statement, signed by the DAPM and all supervisors who make post-accident testing determinations, affirming an understanding of the FTA post-accident testing thresholds set forth in section 655.4. and specifically of the definition of 'Disabling damage'. Also submit a statement affirming that FTA post-accident tests will only be conducted following events meeting an FTA accident threshold.

655.4 defines 'Disabling Damage' as follows:

Disabling damage means damage that precludes departure of a motor vehicle from the scene of the accident in its usual manner in daylight after simple repairs.

(1) Inclusion. Damage to a motor vehicle, where the vehicle could have been driven, but would have been further damaged if so driven.

(2) Exclusions. (i) Damage that can be remedied temporarily at the scene of the accident without special tools or parts. (ii) Tire disablement without other damage even if no spare tire is available. (iii) Headlamp or tail light damage. (iv) Damage to turn signals, horn, or windshield wipers, which makes the vehicle inoperable.

FTA Rule Requirement: Section 655.4 defines an "accident" as "an occurrence associated with the operation of a vehicle, if as a result: (1) An individual dies; or (2) An individual suffers bodily injury and immediately receives medical treatment away from the scene of the accident; or (3) With respect to an occurrence in which the public transportation vehicle involved is a bus, electric bus, van, or automobile, one or more vehicles (including non-FTA funded vehicles) incurs disabling damage as the result of the occurrence and such vehicle or vehicles are transported away from the scene by a tow truck or other vehicle; or (4) With respect to an occurrence in which the public transportation vehicle involved is a rail car, trolley car, trolley bus, or vessel, the public transportation vehicle is removed from operation."

Keolis Transit America - Drug and Alcohol Program Manager Interview

Item **Action Date:** 8/1/2024 **Question #:** 48

4

Question: How do you ensure that an employee is only subject to random alcohol testing just before, during, or just after the performance of safety-sensitive functions?

Answer: I don't know.

Supplemental Answer: In response to this finding, submit to FTA a description of the procedure that has been implemented to ensure compliance with section 655.45(i).

FTA Rule Requirement: Section 655.45(i) states: "A covered employee shall only be randomly tested for alcohol misuse while the employee is performing safety-sensitive functions; just before the employee is to perform safety sensitive functions; or just after the employee has ceased performing such functions. A covered employee may be randomly tested for prohibited drug use anytime while on duty."

Keolis Transit America - Drug and Alcohol Program Manager Interview

Item **Action Date:** 8/1/2024 **Question #:** 82

5

Question: Do you ensure the MIS report submitted to FTA only includes testing information for FTA-covered employees?

Orange County Transportation Authority

Answer: Other. The covered employees categorized as 'CDL/Non-Revenue' have been mis-categorized and misreported.

Supplemental Answer: Keolis revenue vehicle maintenance employees who hold a CDL and may test drive or move revenue vehicles have been reported on the 2023 Annual MIS in the incorrect category. These employees and their DOT test results must be reported in the Revenue Vehicle Maintenance employee category.

In response to this finding, revise the 2023 MIS submission at <https://damis.dot.gov>, ensuring the correct number of employees is reported for each employee category. Additionally, submit a statement to FTA affirming that you have done so.

FTA Rule Requirement: Section 655.72(e) states: "To calculate the total number of covered employees eligible for random testing throughout the year, as an employer, you must add the total number of covered employees eligible for testing during each random testing period for the year and divide that total by the number of random testing periods. Covered employees, and only covered employees, are to be in an employer's random testing pool, and all covered employees must be in the random pool."

Records Management Interview

Keolis Transit America

Interview Date: 4/30/2024

Keolis Transit America - Records Management Interview

Item	Action Date:	8/1/2024	Question #:	9
1	Question:	Do the records indicate that the employer requests information about an applicant's prior DOT drug and alcohol testing records in accordance with the requirements of section 40.25?		
	Answer:	No.		

Supplemental Answer: While Keolis uses a fully compliant form for this purpose, auditors noted that the forms frequently were not filled out completely and did not include an address for the previous employer. This hinders Keolis' ability to request records from previous employers, and fails to meet the "good faith effort" requirement of section 40.25(d).

In response to this finding, submit to FTA a description of the procedure implemented to maintain compliance with the requirements of section 40.25, specifically section 40.25(d).

FTA Rule Requirement: Section 40.25(a) states: "As an employer, you must, after obtaining an employee's written consent, request the information about the employee listed in paragraph (b) of this section. This requirement applies only to employees seeking to begin performing safety-sensitive duties for you for the first time (i.e., a new hire, an employee transfers into a safety-sensitive position). If the employee refuses to provide this written consent, you must not permit the employee to perform safety-sensitive functions."

Section 40.25(d) states: "If feasible, you must obtain and review this information before the employee first performs safety-sensitive functions. If this is not feasible, you must obtain and review the information as soon as possible. However, you must not permit the employee to perform safety-sensitive functions after 30 days from the date on which the employee first performed safety-sensitive functions, unless you have obtained or made and documented a good faith effort to obtain this information."

Keolis Transit America - Records Management Interview

Item	Action Date:	8/1/2024	Question #:	32
2	Question:	If a post-accident alcohol test is not administered within two hours following the accident, does the employer maintain a record stating the reason the alcohol test was not promptly administered?		
	Answer:	Other. In three cases reviewed, the alcohol test was not administered within two hours, but no record was maintained stating the reason for the delay.		

Supplemental Answer: In response to this finding, describe the procedure that has been implemented to ensure compliance with section 655.44(a)(2)(ii).

FTA Rule Requirement: Section 655.44(a)(2)(ii) states: "If an alcohol test required by this section is not administered within two hours following the accident, the employer shall prepare and maintain on file a record stating the reasons the alcohol test was not promptly administered."

Keolis Transit America - Records Management Interview

Item	Action Date:	5/10/2024	Question #:	66
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Date:

3

Question: After the MRO required an immediate observed collection, did the employer immediately direct the employee to submit to recollection under direct observation?

Answer: No.

Supplemental Answer: In one case reviewed, the MRO required an employee to submit to recollection under direct observation (see the MRO result from 6/5/2023 related to specimen ID 2082781520). This employee was retested, but the second test was not directly observed.

In response to this finding, the employee must immediately be sent for the required directly observed test. Submit copies of the CCF and MRO result for this retest to FTA by 5/10/2024.

FTA Rule Requirement: Section 40.67(a) states: "As an employer, you must direct an immediate collection under direct observation with no advance notice to the employee, if: (1) The laboratory reported to the MRO that a specimen is invalid, and the MRO reported to you that there was not an adequate medical explanation for the result; (2) The MRO reported to you that the original positive, adulterated, or substituted result had to be cancelled because the test of the split specimen could not be performed; or (3) The laboratory reported to the MRO that the specimen was negative-dilute with a creatinine concentration greater than or equal to 2 mg/dL but less than or equal to 5 mg/dL, and the MRO reported the specimen to you as negative-dilute and that a second collection must take place under direct observation (see 40.197(b)(1))."

Breath Alcohol Technician Interview

Concentra Anaheim

Interview Date: 4/30/2024

Keolis Transit America - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	14
1	Question:	After a screening test result less than 0.02, does the BAT complete Step 3 of the ATF by signing and dating the certification?		
	Answer:	Other. The technician marked the "15-minute Wait" box when no confirmation testing was required.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT breath alcohol technicians (BATs) affirming their understanding to mark Yes/No in this section only when a confirmation test is conducted which would require the observation of the 15-minute waiting period.		
	FTA Rule Requirement:	Section 40.247(a) states: "If the test result is an alcohol concentration of less than 0.02, as the BAT or STT, you must do the following: (1) Sign and date Step 3 of the ATF; and (2) Transmit the result to the DER in a confidential manner, as provided in 40.255."		

Keolis Transit America - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	40
2	Question:	Fatal or correctable flaw: You use a non-DOT ATF for a DOT test?		
	Answer:	That is a fatal flaw.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT BATs certifying they have reviewed and will comply with the requirements of section 40.269(c).		
	FTA Rule Requirement:	Section 40.269 states: "As a BAT or STT, or employer, you must cancel an alcohol test if any of the following problems occur, unless they are corrected. These are "correctable flaws." These problems are: (c) The BAT or STT uses a non-DOT form for the test (see 40.225(a))."		

Keolis Transit America - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	44
3	Question:	Fatal or correctable flaw: The printer fails to print the confirmation test result?		
	Answer:	That is a correctable flaw.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT BATs certifying they have reviewed and will comply with the requirements of section 40.267(c)(4).		
	FTA Rule Requirement:	Section 40.267 states: "As an employer, a BAT, or an STT, you must cancel an alcohol test if any of the following problems occur. These are "fatal flaws." You must inform the		

Urine Collections Interview

Concentra Anaheim

Interview Date: 4/30/2024

Keolis Transit America - Urine Collections Interview

Item **Action Date:** **8/1/2024** **Question #:** **4**

1

Question: Did the collector use the Federal Drug Testing Custody and Control Form?

Answer: Other. The collector used an expired Federal CCF.

Supplemental Answer: In response to this finding, submit a statement affirming that all expired Federal CCFs have been discarded.

FTA Rule Requirement: Section 40.45(a) states: "The Federal Drug Testing Custody and Control Form (CCF) must be used to document every urine collection required by the DOT drug testing program."

Keolis Transit America - Urine Collections Interview

Item **Action Date:** **8/1/2024** **Question #:** **64**

2

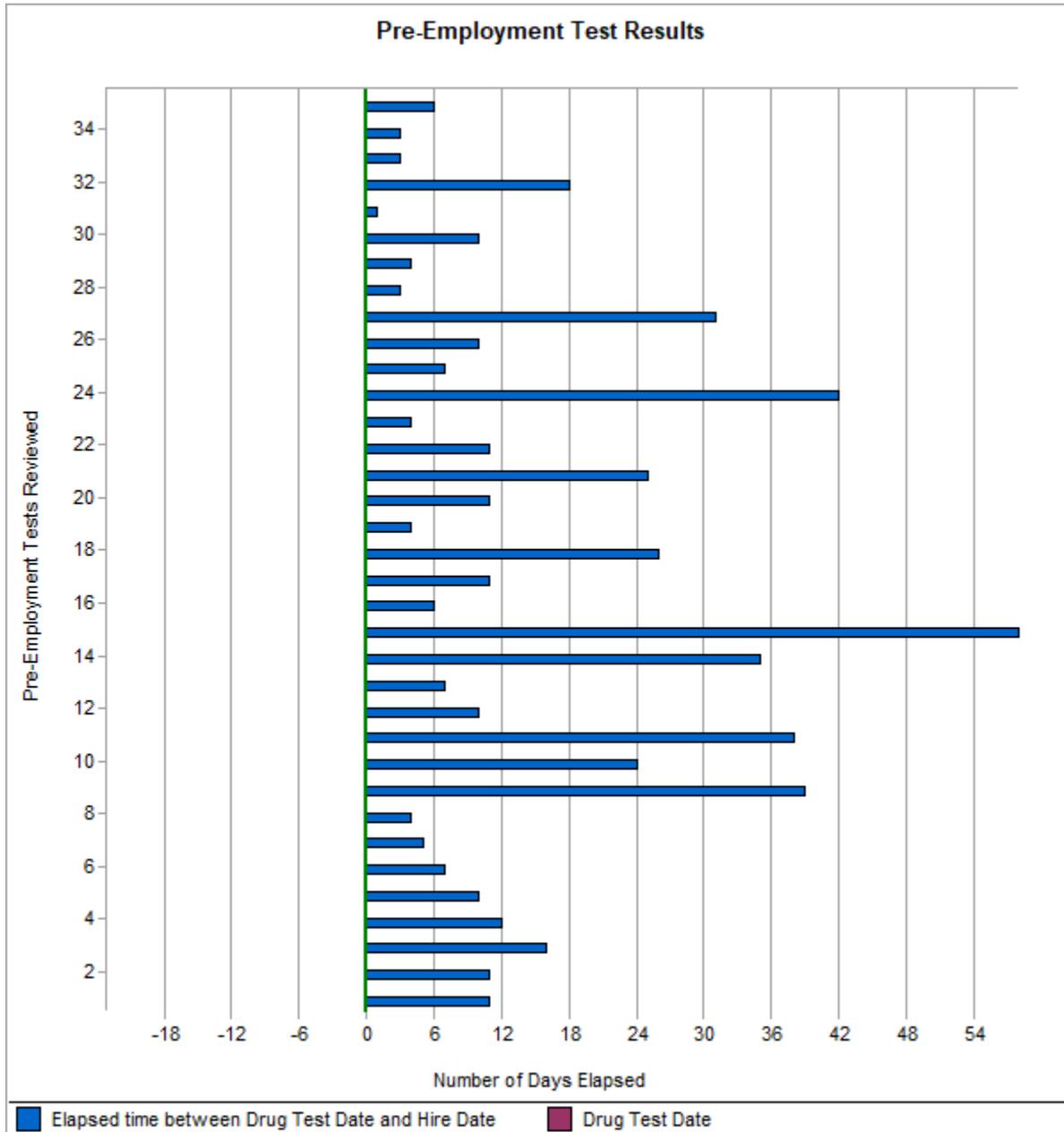
Question: What would you do if the employee admits to adulterating or substituting their specimen?

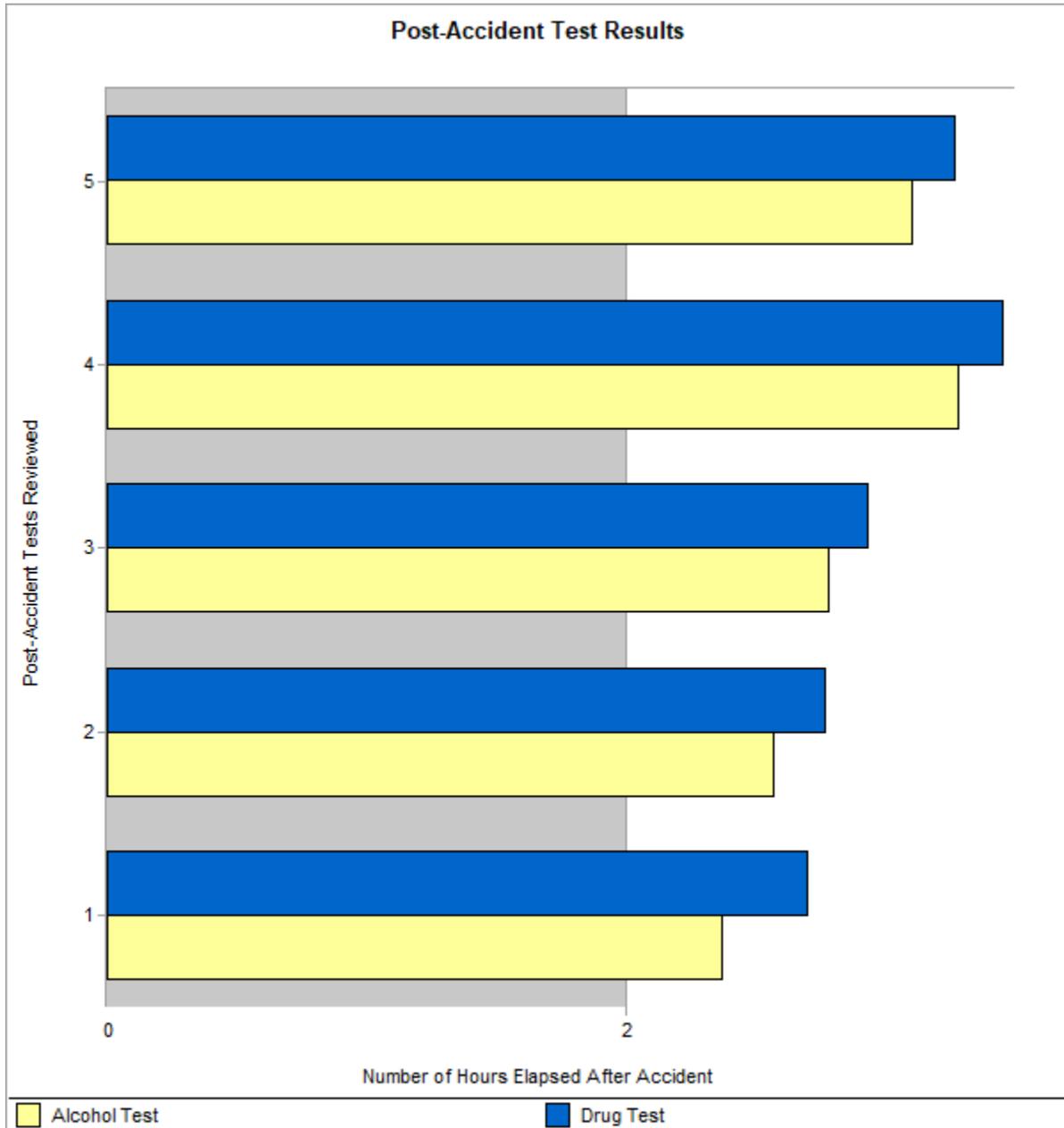
Answer: Conduct a directly observed collection.

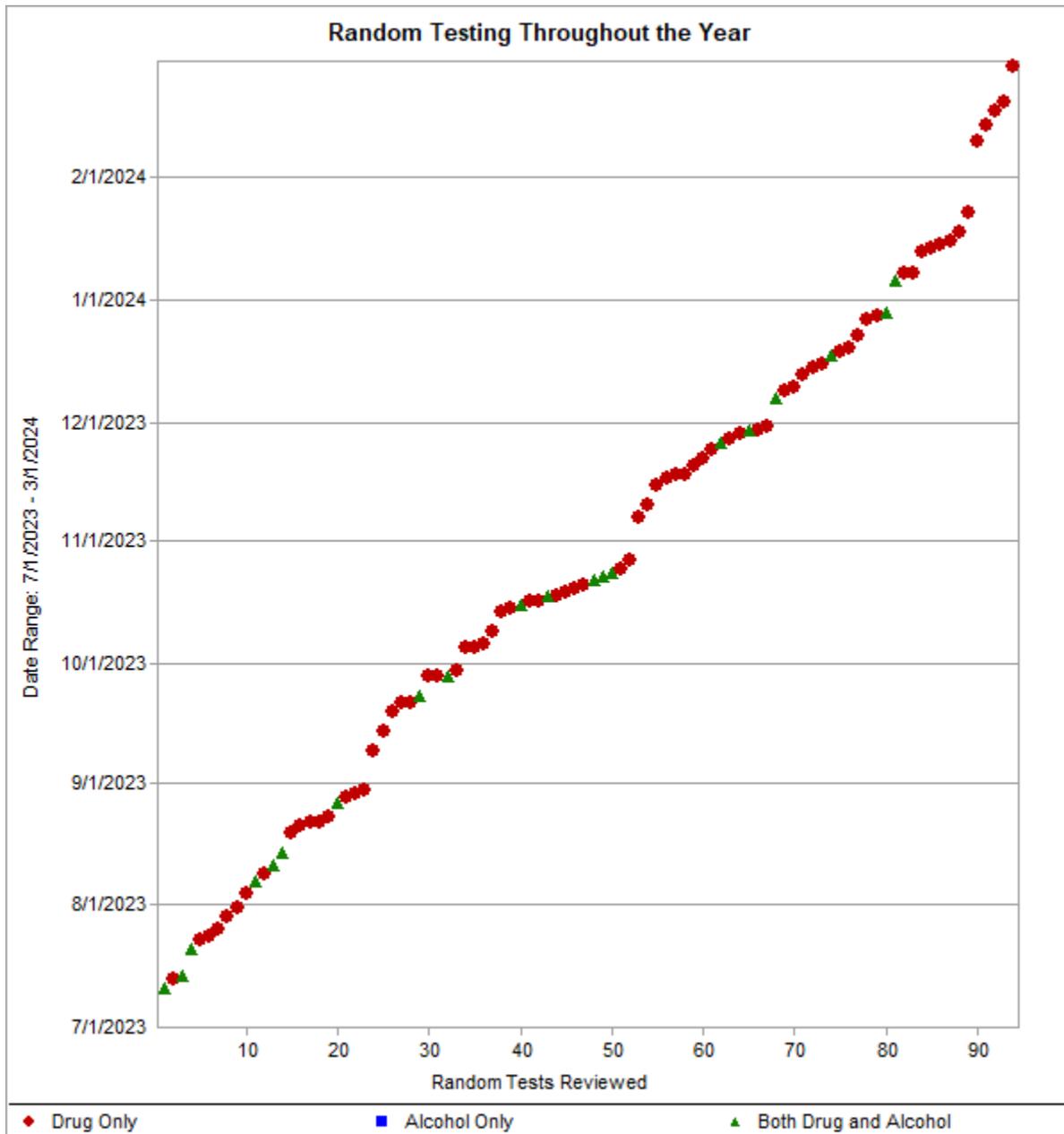
Supplemental Answer: In response to this finding, submit to FTA a statement signed by all DOT collectors certifying they have reviewed and will comply with the requirements of sections 40.191(a)(11) and 40.191(d)(1).

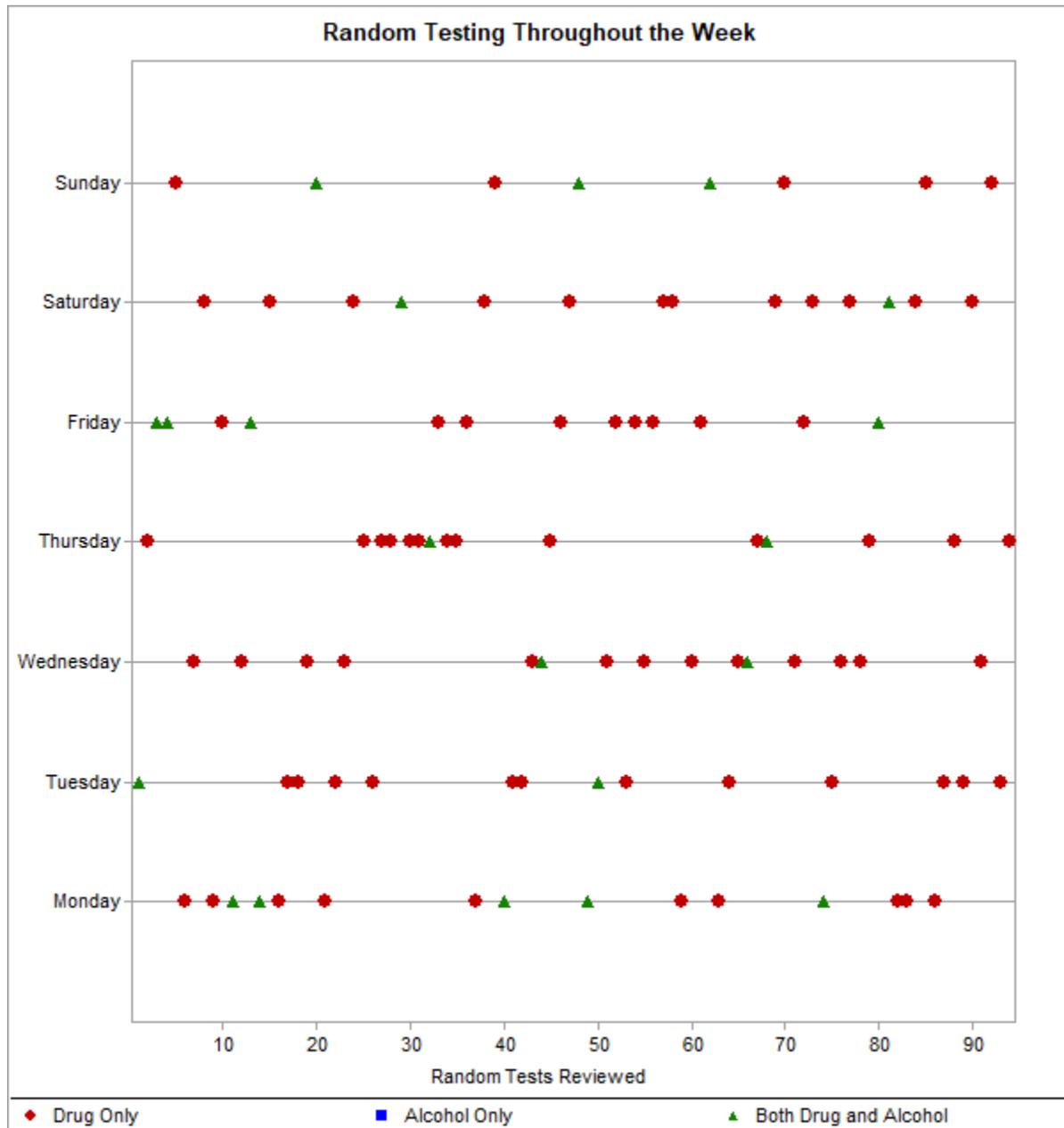
FTA Rule Requirement: Section 40.191(a) states: "As an employee, you have refused to take a drug test if you: (11) Admit to the collector or MRO that you adulterated or substituted the specimen."

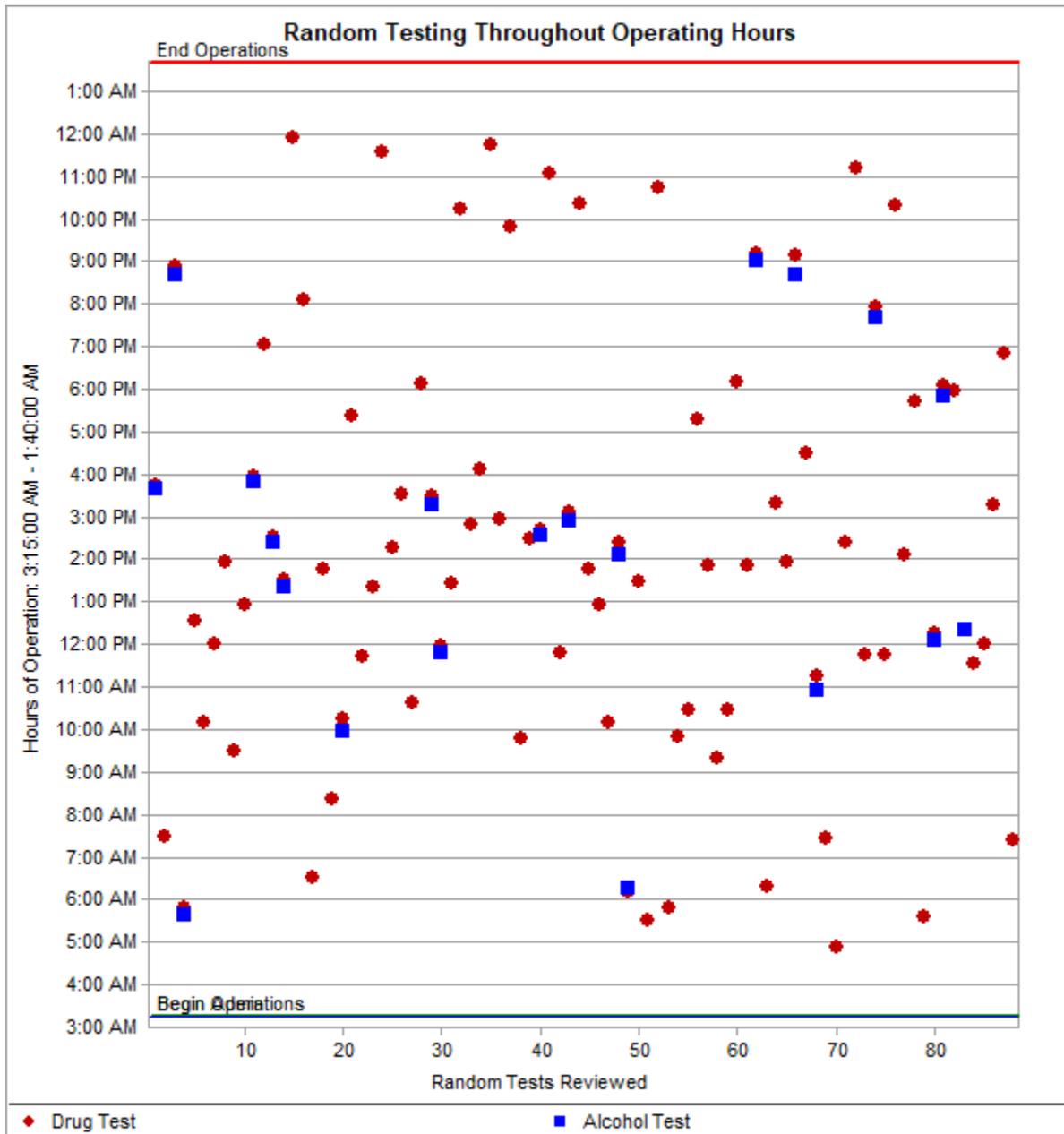
Section 40.191(d)(1) states: "As the collector, you must note the refusal in the "Remarks" line (Step 2), and sign and date the CCF."











Transdev

Policy Manual Review Interview

Transdev

Interview Date: 04/15/2024

Finding: Not deficient with FTA requirements.

Drug and Alcohol Program Manager Interview

Transdev

Interview Date: 5/1/2024

Transdev - Drug and Alcohol Program Manager Interview

Item	Action Date:	8/1/2024	Question #:	29
1	Question:	When a safety-sensitive employee is to be on extended leave (90 or more consecutive days) and will not be performing safety-sensitive functions, how do you handle their placement in the random pool? Do you conduct any testing upon their return and prior to their performance of safety-sensitive functions?		
	Answer:	Other. In eight records reviewed, employees were tested after being out of the random pool for less than 90 days.		
	Supplemental Answer:	Pre-employment testing is not authorized unless the employee has been removed from the random pool for a minimum of 90 days.		
		In response to this finding, submit to FTA a signed statement affirming that you have reviewed and understand section 655.41(d). Additionally, describe the procedure implemented to be in compliance with section 655.41(d).		
	FTA Rule Requirement:	Section 655.41(d) states: "When a covered employee or applicant has not performed a safety-sensitive function for 90 consecutive calendar days regardless of the reason, and the employee has not been in the employer's random selection pool during that time, the employer shall ensure that the employee takes a pre-employment drug test with a verified negative result."		

Transdev - Drug and Alcohol Program Manager Interview

Item	Action Date:	8/1/2024	Question #:	64
2	Question:	What is the consequence when an employee has an alcohol test result greater than or equal to 0.02, but less than 0.04?		
	Answer:	Other. The DAPM was aware there are consequences but did not know the specifics of the consequences.		
	Supplemental Answer:	The DAPM stated the employee must be removed from safety-sensitive duties for 32 hours. Section 655.35(a) mandates removal for at least eight hours.		
		In response to this finding, provide a statement affirming that the DAPM has reviewed and now fully understands the requirement to remove an employee from safety-sensitive functions for a minimum of eight hours following an alcohol confirmation test result of 0.02 or greater but less than 0.04.		
	FTA Rule Requirement:	Section 655.35(a) states: "No employer shall permit a covered employee tested under the provisions of subpart E of this part who is found to have an alcohol concentration of 0.02 or greater but less than 0.04 to perform or continue to perform safety-sensitive functions, until: (1) The employee's alcohol concentration measures less than 0.02; or (2) The start of the employee's next regularly scheduled duty period, but not less than eight hours following administration of the test."		
		Section 655.62 states: "If a covered employee has a verified positive drug test result, or has a confirmed alcohol test of 0.04 or greater, or refuses to submit to a drug or alcohol test required by this part, the employer shall advise the employee of the resources available for evaluating and resolving problems associated with prohibited drug use and alcohol misuse, including the names, addresses, and telephone numbers of substance abuse professionals (SAPs) and counseling and treatment programs."		

Records Management Interview

Transdev

Interview Date: 5/1/2024

Transdev - Records Management Interview

Item	Action Date:	5/10/2024	Question #:	15
1	Question:	Do the records indicate that no more than 90 days elapse between the receipt of the negative pre-employment test result and the date the employee first performs a safety-sensitive function and is placed into the random testing pool?		
	Answer:	Other. In one case reviewed, 91 days elapsed between the receipt of the negative pre-employment test result and the employee's first performance of a safety-sensitive function.		
	Supplemental Answer:	In response to this finding, immediately send the employee for a pre-employment drug test. Submit to FTA a copy of the CCF and MRO-verified result for this test by 5/10/2024.		
	FTA Rule Requirement:	Section 655.41(d) states: "When a covered employee or applicant has not performed a safety-sensitive function for 90 consecutive calendar days regardless of the reason, and the employee has not been in the employer's random selection pool during that time, the employer shall ensure that the employee takes a pre-employment drug test with a verified negative result."		

Transdev - Records Management Interview

Item	Action Date:	8/1/2024	Question #:	41
2	Question:	Is random testing conducted at all times of the day when safety-sensitive functions are performed?		
	Answer:	Other. During the records-review period, no random testing was performed after 10 p.m. or before 6 a.m.		
	Supplemental Answer:	In response to this finding, submit to FTA documentation (notification form, ATF/CCF, MRO verification) of one random test during the response period where the notification takes place between 11 p.m. and 5 a.m. If no employees selected are scheduled for work during these hours, provide evidence in support of that circumstance.		
	FTA Rule Requirement:	Section 655.45(g) states: "Random testing must be conducted at all times of day when safety-sensitive functions are performed."		

Transdev - Records Management Interview

Item	Action Date:	8/1/2024	Question #:	42
3	Question:	Do the records indicate that employees proceed immediately to the collection site upon notification for random testing?		
	Answer:	Other. The notification form includes an expected time of arrival at the collection site.		
	Supplemental Answer:	This procedure negates the immediacy requirement of random testing. In response to this finding, submit to FTA a statement signed by all pertinent staff (those who inform employees of random testing) affirming an understanding that, once notified of random selection, employees are to proceed immediately as required by section 655.45(h). Furthermore, submit to FTA a new or updated notification form.		
	FTA Rule	Section 655.45(h) states: "Each employer shall require that each covered employee who		

Breath Alcohol Technician Interview

Pacific Medical Clinic

Interview Date: 5/1/2024

Transdev - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	24
1	Question:	What do you do if the employee does not follow your instructions concerning the waiting period?		
	Answer:	Discontinue the test.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT BATs certifying they have reviewed and will comply with the requirements of sections 40.251(a)(2)(iv) and 40.251(a)(3).		
	FTA Rule Requirement:	Section 40.251(a)(2)(iv) states that the BAT must tell the employee: "That the confirmation test will be conducted at the end of the waiting period, even if the instructions have not been followed." Section 40.251(a)(3) states: "If you become aware that the employee has not followed the instructions, you must note this on the "Remarks" line of the ATF."		

Transdev - Breath Alcohol Technician Interview

Item	Action Date:	8/1/2024	Question #:	40
2	Question:	Fatal or correctable flaw: You use a non-DOT ATF for a DOT test?		
	Answer:	That is a fatal flaw.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT BATs certifying they have reviewed and will comply with the requirements of section 40.269(c).		
	FTA Rule Requirement:	Section 40.269 states: "As a BAT or STT, or employer, you must cancel an alcohol test if any of the following problems occur, unless they are corrected. These are "correctable flaws." These problems are: (c) The BAT or STT uses a non-DOT form for the test (see 40.225(a))."		

Transdev - Breath Alcohol Technician Interview

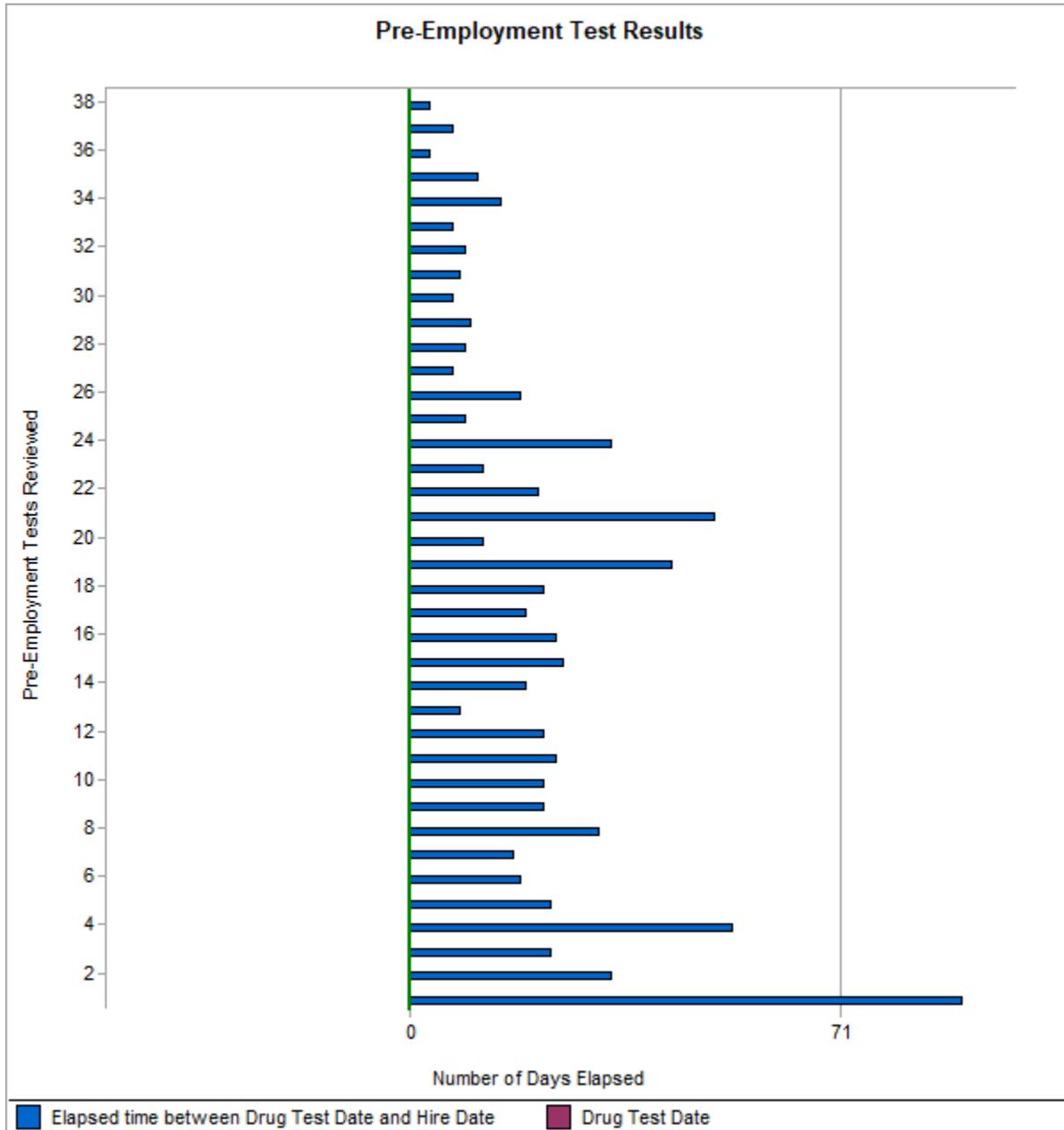
Item	Action Date:	8/1/2024	Question #:	41
3	Question:	Fatal or correctable flaw: You do not sign the ATF?		
	Answer:	That is a fatal flaw.		
	Supplemental Answer:	In response to this finding, submit to FTA a statement signed by all DOT BATs certifying they have reviewed and will comply with the requirements of section 40.269(a).		
	FTA Rule Requirement:	Section 40.269 states: "As a BAT or STT, or employer, you must cancel an alcohol test if any of the following problems occur, unless they are corrected. These are "correctable flaws." These problems are: (a) The BAT or STT does not sign the ATF (see 40.247(a)(1) and 40.255(a)(1))."		

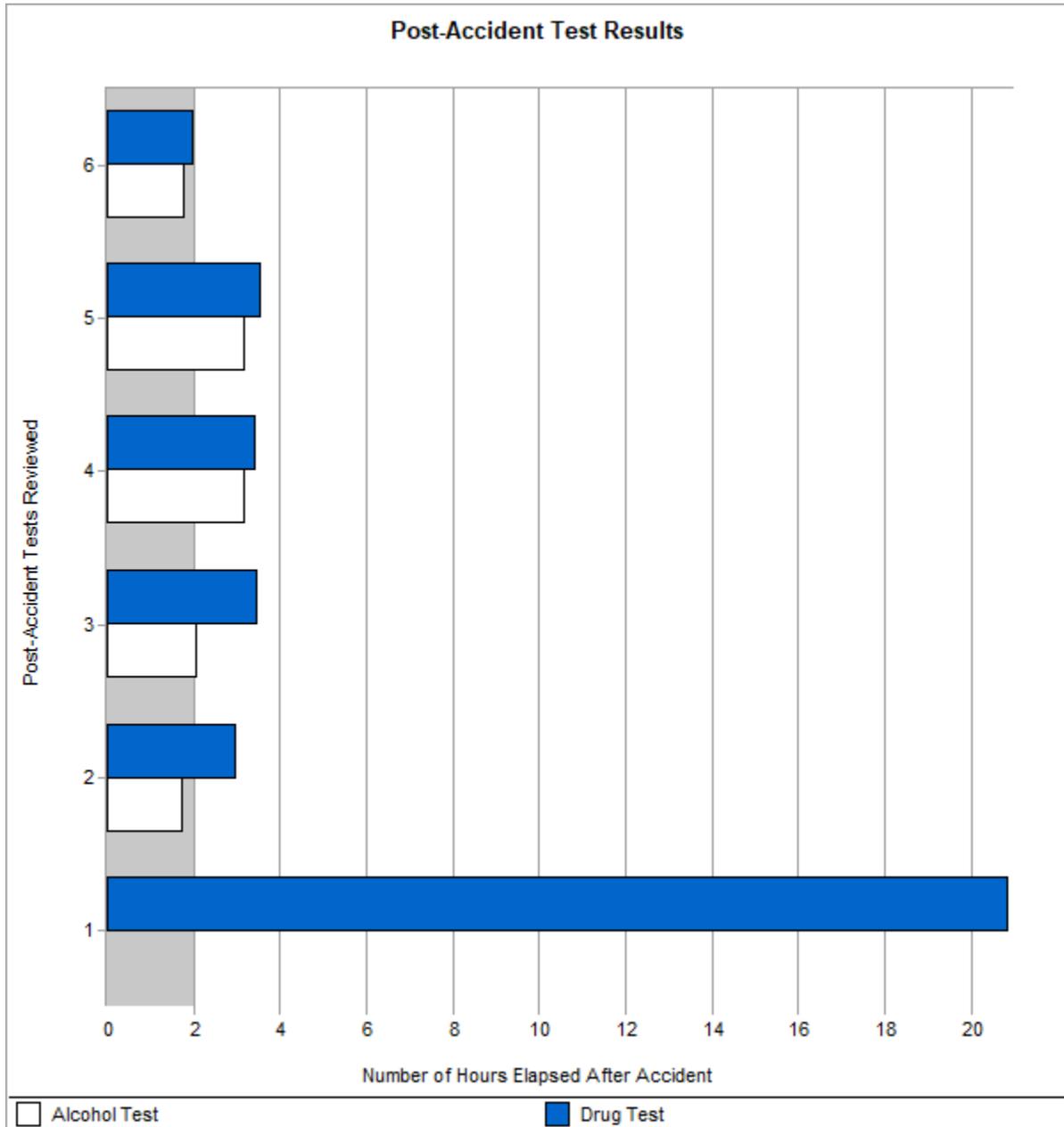
Urine Collections Interview

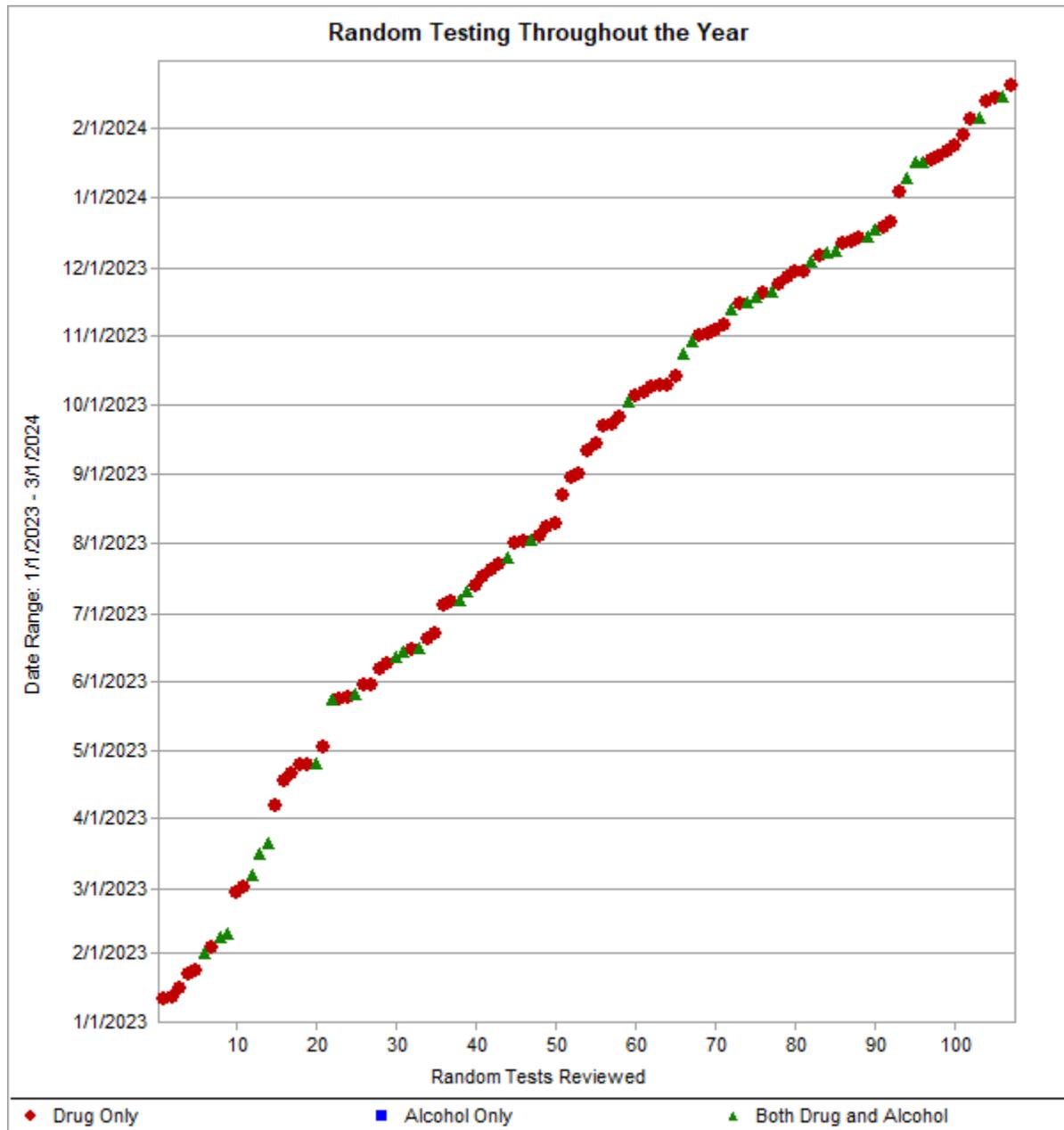
Pacific Medical Clinic

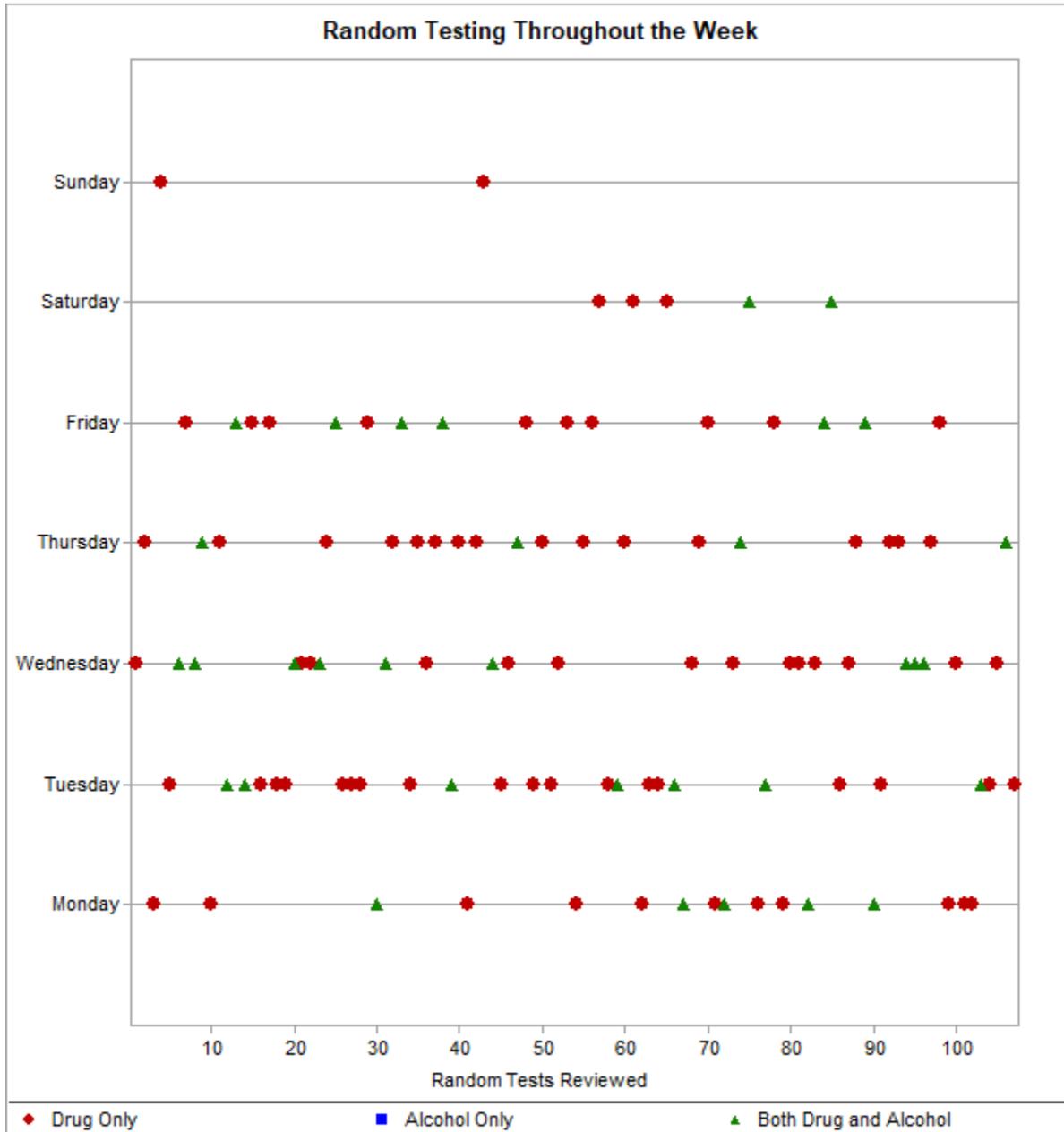
Interview Date: 05/01/2024

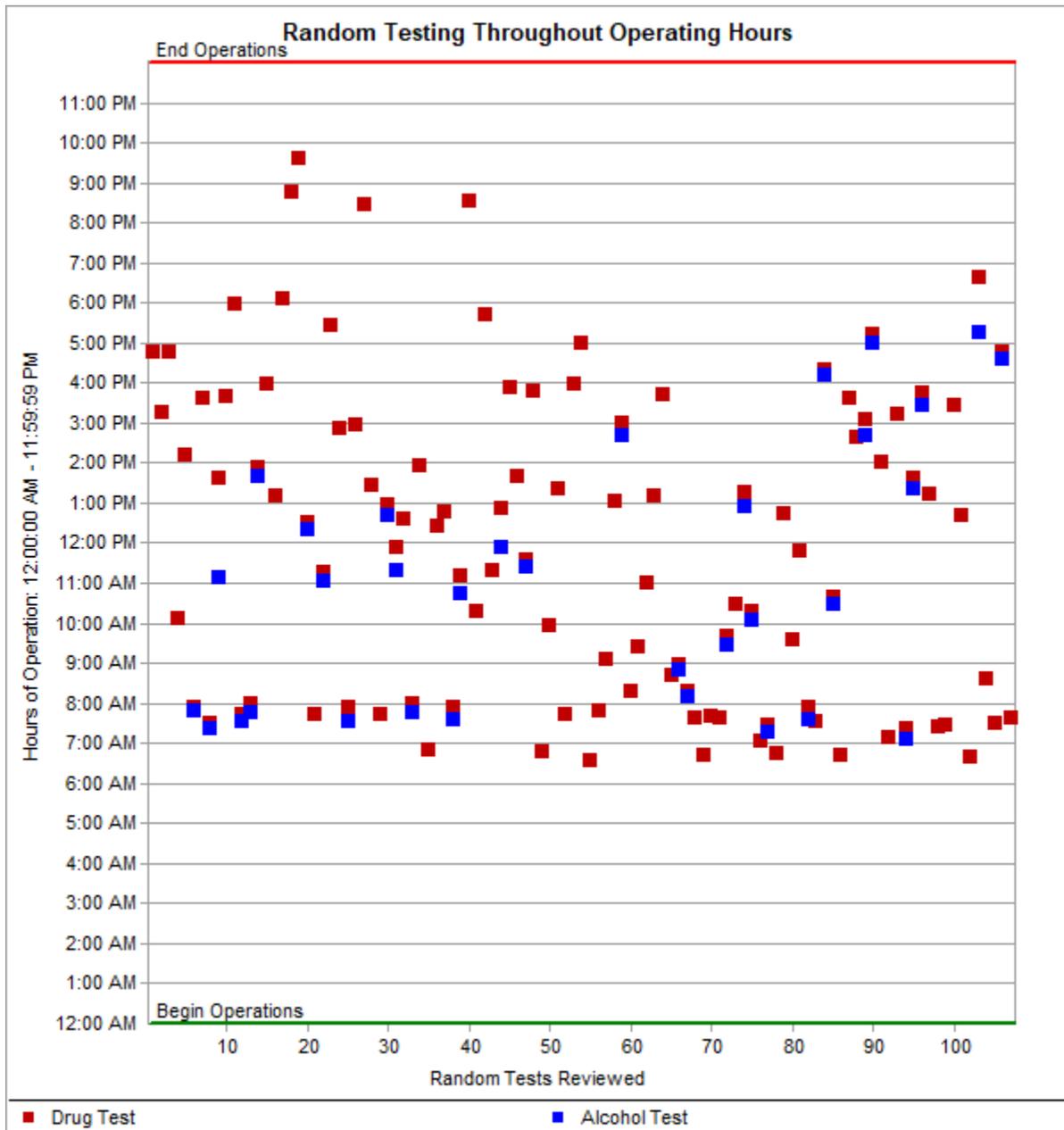
Finding: Not deficient with FTA requirements.













U.S. Department
of Transportation

Federal Transit
Administration

Headquarters

1200 New Jersey Ave., S.E.
Washington, D.C. 20590

10/8/2024

Presented Electronically

Darrell E. Johnson
Chief Executive Officer
Orange County Transportation Authority
550 S Main St
Orange, CA 92868

RE: FTA Drug and Alcohol Compliance Auditing Program

Dear Mr. Johnson,

The Federal Transit Administration has reviewed the responses of the Orange County Transportation Authority (OCTA) to the formally-submitted findings of the Drug and Alcohol Compliance Audit Team. Provided that all policies and procedures implemented in response to the audit are fully adopted, the Federal Transit Administration finds OCTA to currently be in compliance with the federally-mandated Drug and Alcohol Testing Program.

It is important for you and your organization to diligently maintain all aspects of the drug and alcohol testing program so all will remain in compliance in the future.

Thank you for your cooperation and for being prompt in your response. Please let me know at any time if I can be of further service to you.

Sincerely,

A handwritten signature in black ink that reads "Lyon Rosario".

Lyon Rosario
Sr. Drug and Alcohol Program Manager
FTA Office of Transit Safety and Oversight

Electronic cc:

Steve Elkins, Orange County Transportation Authority
Janet Sutter, Orange County Transportation Authority
Matthew DesRosier, Orange County Transportation Authority
Tinu Vu, Orange County Transportation Authority
Ray Tellis, FTA Region IX Administrator
Charlene Lee Lorenzo, FTA Region IX
Casey Goldin, FTA Office of Transit Safety & Oversight
Melonie Barrington, FTA Office of Transit Safety & Oversight
Mike Redington, USDOT/Volpe Center
Lori DeCoste, USDOT/Volpe Center
John Spelman, Cahill Swift, LLC



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board *Andrea West*
Subject: Amendment to the Agreement for OC ACCESS Paratransit and OC Flex Microtransit Service

Transit Committee Meeting of October 10, 2024

Present: Directors Harper and Jung
Absent: Directors Amezcua, Klopfenstein, and Sarmiento

Committee Vote

No action was taken on this item due to lack of quorum present.

Staff Recommendation(s)

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-0-2150 between the Orange County Transportation Authority and First Transit, Inc., to allow reimbursement for no-shows, cancel-at-the-door trips, and specific non-revenue support services estimated to be \$3,864,084.



October 10, 2024

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Amendment to the Agreement for OC ACCESS Paratransit and OC Flex Microtransit Service

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is positioned to the right of the "From:" field.

Overview

On September 13, 2021, the Orange County Transportation Authority Board of Directors approved an agreement with First Transit, Inc., for the management, operation, and maintenance of the OC ACCESS paratransit and OC Flex microtransit service. An amendment is necessary to address service-related elements including reimbursement for no-show passengers, cancel-at-the-door trips, and non-revenue support services.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-0-2150 between the Orange County Transportation Authority and First Transit, Inc., to allow reimbursement for no-shows, cancel-at-the-door trips, and specific non-revenue support services estimated to be \$3,864,084.

Discussion

The Americans with Disabilities Act (ADA) requires agencies that operate fixed-route bus service to provide complementary paratransit service for individuals with disabilities who are unable to use the fixed-route system. To comply with the ADA, the Orange County Transportation Authority (OCTA) implemented OC ACCESS service in 1993. OC ACCESS service is different from traditional fixed-route service, requiring passengers to complete an in-person assessment to become eligible to ride, and requiring an advance reservation.

On September 13, 2021, the OCTA Board of Directors (Board) approved an agreement with First Transit, Inc. (First Transit) for the management, operation, and maintenance of the OC ACCESS paratransit and OC Flex microtransit services. In February 2022, service-related elements that were not specifically

addressed in the agreement, including no-show passengers, passengers that cancel service at the door, and non-revenue support services including emergency assistance, response have been identified and an amendment to the agreement is necessary.

The current agreement includes compensation of both a fixed-monthly rate and a variable per-passenger trip rate structure for OC ACCESS service. On January 1, 2022, First Transit assumed responsibility for the administration, operation, and maintenance of the OC ACCESS paratransit service and OC Flex microtransit service. On February 9, 2023, First Transit formally notified OCTA that they were not being reimbursed for no-show and cancel-at-the-door-trips under the per-passenger trip rate structure. No-show and cancel-at-the-door trips are situations where a vehicle is dispatched and arrives to the pick-up location, but the rider does not board the vehicle or complete the trip. First Transit submitted per-trip pricing in their proposal with the understanding that the variable rate per-trip structure was inclusive of completed trips as well as no-show and cancel-at-the-door trips.

While the agreement defines a “passenger trip” as “each time an OC ACCESS-eligible rider completes a trip,” OCTA recognizes that First Transit is incurring non-reimbursed costs for attempting to provide these trips that are cancelled due to no fault of First Transit. OCTA and First Transit have been in active discussion concerning costs for no-show and cancel-at-the-door trips since receipt of the notice from First Transit in February 2022. OCTA and First Transit have identified a mutually agreeable resolution that OCTA will reimburse First Transit for no-show and cancel-at-the-door trips at the full per-trip rate for all such trips between the date First Transit assumed responsibility for the service (January 1, 2022) to June 30, 2024 (the date of resolution), and at 40 percent of the per-trip-rate for all such trips thereafter.

The current agreement does not include non-revenue support services such as emergency assistance response or voluntary support services. Emergency assistance response services refer to situations where the OC ACCESS contractor provides staff to assist with regional emergency requests that require paratransit resources, such as evacuations in emergency situations. Voluntary support services involve the OC ACCESS contractor supplying staff and vehicles to assist OCTA with volunteer activities or training efforts that require paratransit resources. OCTA is a partner in the County Emergency Operations for transportation-related services. It may become necessary to have the flexibility to utilize both fixed route and paratransit services in response to emergency situations and an amendment to the current agreement is necessary to include these services.

Staff is requesting Board approval to amend the agreement between OCTA and First Transit in the amount of \$3,864,084 to allow reimbursement for the incurred and expected additional costs for no-show and cancel-at-the-door trips, as well as emergency assistance response and voluntary support services. The negotiated rates and breakdown of the reimbursement amount are shown in Attachment B.

Procurement Approach

The original procurement was handled in accordance with Board-approved policies and procedures for professional and technical services. On September 13, 2021, the Board approved the award of Agreement No. C-0-2150 with First Transit for a four-year initial term with two, two-year option terms, in the amount of \$242,579,221 to provide the management, operation, and maintenance of the OC ACCESS paratransit and OC Flex microtransit service. The original agreement was awarded on a competitive basis and was previously amended, as described in Attachment A.

The proposed Amendment No. 6 to Agreement No. C-0-2150, in the amount of \$3,864,084, can be absorbed in the contract balance requiring no increase to the maximum contract payment obligation. OCTA staff found First Transit's price proposal, with respect to the variable rate for no-show and cancel-at-the-door trips, and non-revenue support services, to be fair and reasonable based on the independent cost estimate prepared by the OCTA project manager. This amendment will allow for the reimbursement of costs for services performed to date and services expected to be performed through the initial term of the agreement. These costs will be defined separately from the per-passenger trip rate in the Price Summary Sheet.

Fiscal Impact

Funding for Amendment No. 6 to Agreement No. C-0-2150 is included in the OCTA Fiscal Year 2024-25 Budget, Operations Division, Specialized Transit Services Department, account nos. 2136-7311-D1208-8LA, 2136-7311-D1208-8LB, 2136-7312-D1208-AVH, 2136-7613-D1208-0GP, 2136-7831-A3227-RKK, 2135-7613-D2132-0GQ, 2149-7317-D2161-N97, and 2149-7317-A2362-N97, and will be funded through the Local Transportation Fund and federal funds.

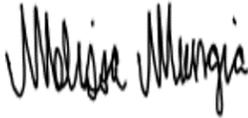
Summary

Staff requests Board of Directors' approval to authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-0-2150 between the Orange County Transportation Authority and First Transit, Inc., in the amount of \$3,864,084 for reimbursement of no-show and cancel-at-the-door trips and specific non-revenue support services.

Attachments

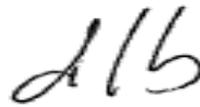
- A. First Transit, Inc., Agreement No. C-0-2150 Fact Sheet
- B. First Transit, Inc., Agreement No. C-0-2150, Amendment No. 6 Costs

Prepared by:



Melissa Mungia
Section Manager,
Specialized Transit Services
(714) 560-5581

Approved by:



Damon Blythe
Director of Bus Operations
Operations Division
(714) 560-5964



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



Johnny Dunning, Jr.
Chief Operating Officer
Operations Division
(714) 560-5964

**First Transit, Inc.
Agreement No. C-0-2150 Fact Sheet**

1. September 13, 2021, Agreement No. C-0-2150, \$242,579,221, approved by the Board of Directors (Board).
 - Agreement to provide turnkey management and operation of the OC ACCESS paratransit and OC Flex microtransit service for a four-year initial term effective January 1, 2022 through December 31, 2025, with two, two-year option terms.
2. January 10, 2022, Amendment No. 1 to Agreement No. C-0-2150, \$0.00, approved by the Contracts Administration and Materials Management Department (CAMM).
 - Added Cabco Yellow, Inc. as a subcontractor.
3. February 3, 2022, Amendment No. 2 to Agreement No. C-0-2150, \$0.00, approved by CAMM.
 - Added two firms as subcontractors and replaced key personnel.
4. July 18, 2022, Amendment No. 3 to Agreement No. C-0-2150, \$0.00, approved by CAMM.
 - Incorporated Federal Transit Administration requirements.
5. May 18, 2023, Amendment No. 4 to Agreement No. C-0-2150, \$0.00, approved by CAMM.
 - Revised the key personnel and scope of work related to security.
6. August 28, 2023, Amendment No. 5 to Agreement No. C-0-2150, \$0.00, approved by CAMM.
 - Revised the scope of work, updated key personnel, replaced the Contractor's point of contact, and added a subcontractor.
7. October 14, 2024, Amendment No. 6 to Agreement No. C-0-2150, \$0.00, pending approval by the Board.
 - To revise contract terms to include reimbursement for no-show and cancel-at-the-door trips, as well as specific non-revenue support services. This amendment is estimated at \$3,864,084 with no increase to maximum cumulative payment obligation of the agreement.

Total committed to First Transit, Agreement No. C-0-2150: \$246,443,305.

First Transit, Inc.
Agreement No. C-0-2150
Amendment No. 6 Costs

Fiscal Year (FY)	FY22	FY23	FY24	FY25	FY26	Total
Incurring Costs	\$608,289.48	\$1,159,921.18	\$1,050,487.17	-	-	\$2,818,697.83
Estimated Costs	-	-	-	\$691,397.48	\$353,988.33	\$1,045,385.81
						\$3,864,083.64



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board 
Subject: Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501

Finance and Administration Committee Meeting of October 23, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, Nguyen, and Sarmiento
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Direct staff to implement the recommendation provided in Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501.



October 23, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit

Subject: Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501

Overview

The Internal Audit Department has completed an audit of the design and construction management contracts for the Oso Parkway to Alicia Parkway segment of the Interstate 5 Improvement Project. Based on the audit, oversight controls are in place and operating effectively and contract compliance and invoice review controls are generally adequate; however, one recommendation was made to enforce the pre-approval requirement for other direct costs not included in the contract schedule.

Recommendation

Direct staff to implement the recommendation provided in Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation, is implementing the Interstate 5 (I-5) Improvement Project between State Route 73 and El Toro Road. The I-5 Improvement Project will add one general purpose lane in each direction on I-5 between Avery Parkway and Alicia Parkway, extend the second high-occupancy vehicle lane from El Toro Road to Alicia Parkway, re-establish auxiliary lanes, and construct new auxiliary lanes at various locations. In addition, the I-5 Improvement Project will reconstruct the Avery Parkway and La Paz Road interchanges, improve several existing on- and off-ramps, and

convert existing and proposed carpool lanes for continuous access. Construction is underway in three segments, with Segment 2 extending from south of Oso Parkway to south of Alicia Parkway. The budget for the Oso Parkway to Alicia Parkway segment (project) is \$196,167,000, and the current forecast at completion is \$230,346,000. The project is in the construction phase, with current forecast estimating completion in October 2024.

OCTA entered into Agreement No. C-8-1418 with HDR Construction Control Corporation, effective March 1, 2019, for construction management (CM) support services for the project. The agreement is a time and expense contract with a maximum cumulative payment obligation of \$15,786,082. Effective November 7, 2014, OCTA entered into Agreement No. C-3-2091 with TranSystems Corporation for the preparation of plans, specifications, and estimates for the project. The agreement is a firm-fixed price contract for \$13,167,744.

Discussion

The CM contract requires consultants to obtain prior approval from the program manager for other direct costs that are not included in the contract schedule; however, program manager approval was consistently obtained after the cost had been incurred. Internal Audit recommended that management enforce the pre-approval requirement for other direct costs not included in the contract schedule. Management indicated that it would remind the consultant about the pre-approval requirement and make every effort to ensure inclusion of all potential other direct costs in the contract schedule.

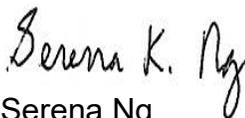
Summary

Internal Audit has completed an audit of the design and construction management of the Oso Parkway to Alicia Parkway segment of the Interstate 5 Improvement Project and offered one recommendation for improvement.

Attachment

- A. Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501

Prepared by:



Serena Ng
Senior Manager, Internal Audit
714-560-5938

Approved by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591

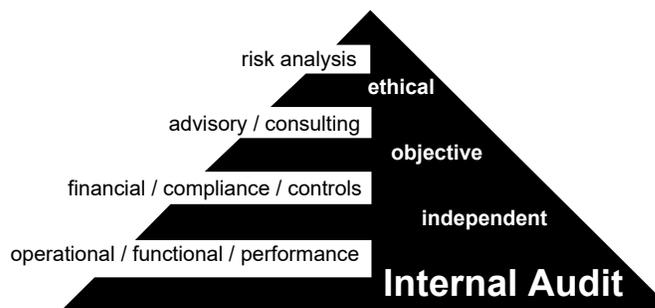
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management

Internal Audit Report No. 25-501

October 10, 2024



Audit Team: Serena Ng, CPA, Senior Manager
Janet Sutter, CIA, Executive Director

Distributed to: Jim Beil, Executive Director, Capital Programs
Andrew Oftelie, Chief Financial Officer
Jeff Mills, Niall Barrett, Neepa Shah, Pia Veesapen, Sean Murdock,
Rima Tan

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway
Design and Construction Management
October 10, 2024**

Table of Contents

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ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway
Design and Construction Management
October 10, 2024

Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of the design and construction management contracts for the Oso Parkway to Alicia Parkway segment of the Interstate 5 Improvement Project. Based on the audit, oversight controls are in place and operating effectively and contract compliance and invoice review controls are generally adequate; however, one recommendation was made to enforce the pre-approval requirement for other direct costs not included in the contract schedule.

Background

Interstate 5 Improvement Project between State Route 73 and El Toro Road

OCTA, in cooperation with the California Department of Transportation (Caltrans), is implementing the Interstate 5 Improvement Project between State Route 73 and El Toro Road. The Interstate 5 Improvement Project will add one general purpose lane in each direction on Interstate 5 between Avery Parkway and Alicia Parkway, extend the second high-occupancy vehicle lane from El Toro Road to Alicia Parkway, re-establish auxiliary lanes, and construct new auxiliary lanes at various locations. In addition, the Interstate 5 Improvement Project will reconstruct the Avery Parkway and La Paz Road interchanges, improve several existing on- and off-ramps, and convert existing and proposed carpool lanes to continuous access. Construction is underway in three segments, with segment 2 extending from south of Oso Parkway to south of Alicia Parkway.

The budget for segment 2, the Oso Parkway to Alicia Parkway segment (project), is \$196,167,000, and the current forecast at completion is \$230,346,000. The project is in the construction phase, with the baseline plan estimating construction completion in November 2023 and the current forecast estimating completion in October 2024.

Contracts

OCTA entered into Agreement No. C-8-1418 with HDR Construction Control Corporation (HDR), effective March 1, 2019, for construction management (CM) support services for the project. The agreement is a time and expense contract with a maximum cumulative payment obligation of \$12,168,767, retention of ten percent, and term continuing through February 29, 2024. Subcontractors named are Jacobs Project Management Company, Coast Surveying, Inc., Ghiradelli Associates, Inc., and S2 Engineering, Inc. Eight amendments, including five letter amendments, have been executed to revise key personnel and the Schedule I - Hourly Rate Schedule, extend the term through December 31, 2024, and increase the maximum cumulative payment obligation to \$16,786,082.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway
Design and Construction Management
October 10, 2024**

Effective November 7, 2014, OCTA entered into Agreement No. C-3-2091 with TranSystems Corporation (TranSystems) for the preparation of plans, specifications, and estimates (design) for the project. The agreement is a firm-fixed price contract for \$11,140,370, continuing through March 31, 2023. Subcontractors named are ACT Consulting Engineers, Inc., Earth Mechanics, Inc., Engineering Solutions Services, Kleinfelder, LSA Associates, Inc., and RBF Consulting. Key personnel were modified, subcontractors were updated, and services were added to the scope of work through 11 amendments, increasing the firm-fixed price payment to \$13,167,744. Letter Amendment No. 12 extended the term through March 31, 2024, and Letter Amendment No. 13 extended the term through March 31, 2025.

Project Status and Invoice Review Controls

During the construction phase, weekly construction meetings are held with representatives from OCTA, HDR, Caltrans, and the construction contractor. Monthly meetings are held with Caltrans to discuss all projects in construction.

Project Controls prepares internal monthly status reports reflecting budget and schedule information for all capital projects. Capital Programs prepares quarterly reports to the Board of Directors (Board) communicating the status of all capital projects. Such reporting includes the status of the project.

Project Controls reviews invoices based on a standard invoice review checklist. The project manager reviews the invoice for level of effort and for the nature of the work being performed. If invoices are over the project manager's signing authority, he routes the invoice for signature by management with sufficient signing authority. Accounts Payable reviews the invoices for proper approval prior to processing payment.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway
Design and Construction Management
October 10, 2024

Objectives, Scope, and Methodology

The objectives were to assess and test oversight, contract compliance, and invoice review controls related to design and construction management of the project.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring.¹ The components and principles that were evaluated as part of this audit are:

- Control Environment
 - OCTA demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Risk Assessment
 - OCTA identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- Control Activities
 - OCTA selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Information and Communication
 - OCTA obtains or generates and uses relevant, quality information to support the functioning of internal control.
- Monitoring
 - OCTA evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate.

The methodology consisted of confirming if a risk register was prepared for the project, confirming that weekly construction meetings were held through review of a judgmental sample of meeting minutes, assessing invoice review procedures and testing a judgmental sample of invoices for compliance with policies and contract provisions, testing a judgmental sample of monthly status reports, and testing a judgmental sample of the quarterly capital project reports to the Board. The judgmental samples were selected to provide coverage of more recent activity during the construction phase. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

¹ See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
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The scope is limited to the Oso Parkway to Alicia Parkway segment of the Interstate 5 Improvement Project between State Route 73 and El Toro Road and included the CM and design contracts, all amendments to the CM contracts executed through July 2024, and amendments to the design contract executed from beginning of construction in April 2019 through July 2024. The scope included all invoices paid on the CM contract from contract inception through July 2024, and invoices paid on the design contract from beginning of construction in April 2019 through July 2024. The scope also included two years of weekly construction meetings and status reporting.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
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Audit Comment, Recommendation, and Management Response

Other Direct Costs Not Included the Contract Schedule

Two CM sub-consultants did not obtain OCTA prior approval for other direct costs not included in the contract schedule.

The contract requires consultants to obtain prior approval from the program manager for other direct costs that are billed but are not included in the contract schedule; however, program manager approval was consistently obtained after the cost had been incurred.

Recommendation 1:

Internal Audit recommends management enforce the contract requirement for prior approval of other direct costs not included in the contract schedule.

Management Response (Capital Programs):

Management agrees with the recommendation. OCTA's Project Manager will make every effort to ensure that all potential Other Direct Costs (ODC) that may potentially be used on a project are included in the contract, prior to executing the contract. In addition, OCTA's Project Manager will remind the consultant that all ODCs not listed in the contract require prior approval by OCTA's Project Manager prior to work being performed or costs incurred.

Schedule II of HDR contract C-8-1418, Other Direct Costs Schedule, includes the language "All other direct expenses, not listed above, will be paid at cost, with prior approval of the Program Manager..." This language will be revised to state: "All other direct expenses, not listed above, will be paid at cost, with prior approval of the Authority Project Manager..." to clarify whom provides the prior approval, and remove the reference to Program Manager approval in the contract.



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors
From: Andrea West, Clerk of the Board *Andrea West*
Subject: Contract Change Order for Construction of the OC Streetcar Project

Transit Committee Meeting of October 10, 2024

Present: Directors Harper and Jung
Absent: Directors Amezcua, Klopfenstein, and Sarmiento

Committee Vote

No action was taken on this item due to lack of quorum present.

Staff Recommendation(s)

Authorize the Chief Executive Officer to negotiate and execute Contract Change Order No. 250 to Agreement No. C-7-1904 with Walsh Construction Company II, LLC, in the amount of \$325,000, to modify pumps in the wheel truing and service and inspection pit at the maintenance and storage facility.



October 10, 2024

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Contract Change Order for Construction of the OC Streetcar Project

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the memo.

Overview

On September 24, 2018, the Orange County Transportation Authority Board of Directors authorized Agreement No. C-7-1904 with Walsh Construction Company II, LLC, for construction of the OC Streetcar project. A contract change order is required to modify pumps in the wheel truing and service and inspection pit at the maintenance and storage facility.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Contract Change Order No. 250 to Agreement No. C-7-1904 with Walsh Construction Company II, LLC, in the amount of \$325,000, to modify pumps in the wheel truing and service and inspection pit at the maintenance and storage facility.

Discussion

On September 24, 2018, the Orange County Transportation Authority (OCTA) Board of Directors (Board) awarded the contract to construct the OC Streetcar project (Project) to Walsh Construction Company II, LLC (Walsh). The Notice to Proceed with construction was issued to Walsh on March 4, 2019. Since then, the Project has progressed with several construction activities continuing to advance in all segments. The construction of the Project is nearing 90 percent complete. The project alignment is referenced in Attachment A.

Staff is requesting Board authorization of the following contract change order (CCO) which would benefit the Project and mitigate potential delays.

The streetcar wheel truing system located in the service and inspection pit at the maintenance and storage facility (MSF) requires a network of pumps to operate. The original design called for the use of electric pumps. During review of the contractor's parts submittals, it was determined that the electric pumps were not Buy America compliant as required by the Federal Transit Administration (FTA).

It was determined that equivalent electric pumps that would meet Buy America requirements were not available. To mitigate potential delays to construction, the design was modified from electric to pneumatic pumps, as there were Buy America compliant options that would have the appropriate capacity to perform at the original specification. Proposed CCO No. 250, in the amount of \$325,000, will modify the contract with the appropriate pneumatic pumps that are FTA Buy America compliant.

The cost of the work associated with this CCO will be funded from the project budget as previously approved by the Board on April 24, 2023.

Procurement Approach

The initial procurement was handled in accordance with OCTA's Board-approved procedures for public works projects. These procedures, which conform to both federal and state requirements, require that contracts are awarded to the lowest responsive, responsible bidder after a sealed bidding process. On September 24, 2018, the Board authorized Agreement No. C-7-1904 with Walsh, in the amount of \$220,538,649, for construction of the Project.

Proposed CCO No. 250, in the amount of \$325,000, will increase the cumulative value of the contract to \$304,657,672, as shown in Attachment B. Board approval is required for CCO No. 250 pursuant to the State of California Public Contracting Code Section 20142. The CCO will be issued with a reservation of rights to advance the Project pending resolution of disputes between OCTA and Walsh. The statements in this report are made in the context of, and subject to, OCTA's reservation of rights.

Fiscal Impact

The additional work for this Project is included in OCTA's Fiscal Year 2024-25 Budget, Capital Programs Division, Account No. 0051-TS010-9017-Z32, and is funded with FTA Section 5309 New Starts grant funds and local Measure M2 funds.

Summary

Staff recommends the Board authorize the Chief Executive Officer to negotiate and execute CCO No. 250, in the amount of \$325,000, to modify pumps in the wheel truing and service and inspection pit at the MSF, to Agreement No. C-7-1904 between OCTA and Walsh for the construction of the Project.

Attachments

- A. Project Alignment – Status of Track Installation
- B. Walsh Construction Company II, LLC, Agreement No. C-7-1904, Contract Change Order (CCO) Log

Prepared by:



Jeff Mills, P.E.
Director, Capital Project Delivery
(714) 560-5925

Approved by:

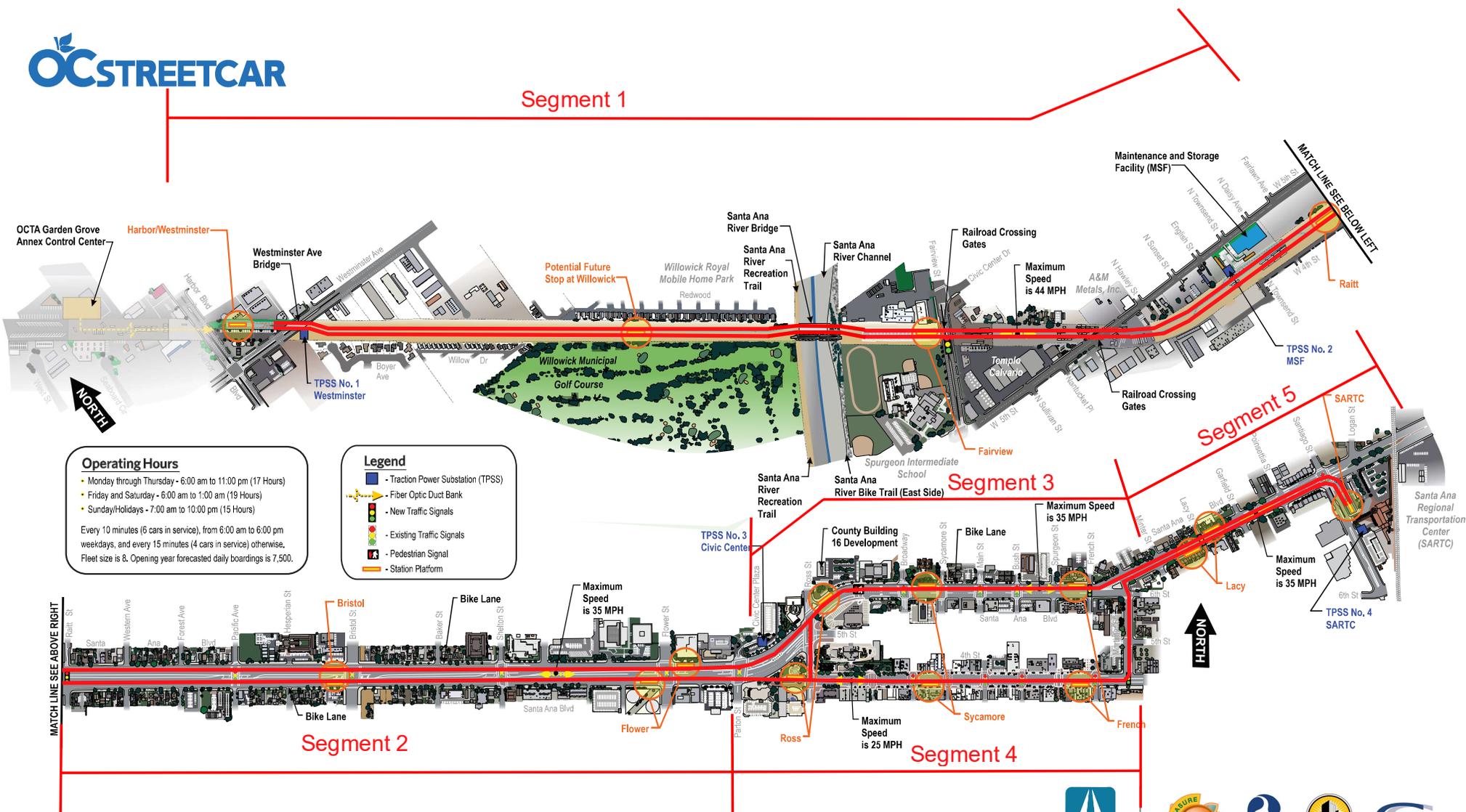


James G. Beil, P.E.
Executive Director, Capital Programs
(714) 560-5646



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

Project Alignment - Status of Track Installation



Operating Hours

- Monday through Thursday - 6:00 am to 11:00 pm (17 Hours)
- Friday and Saturday - 6:00 am to 1:00 am (19 Hours)
- Sunday/Holidays - 7:00 am to 10:00 pm (15 Hours)

Every 10 minutes (6 cars in service), from 6:00 am to 6:00 pm weekdays, and every 15 minutes (4 cars in service) otherwise. Fleet size is 8. Opening year forecasted daily boardings is 7,500.

Legend

- Traction Power Substation (TPSS)
- Fiber Optic Duct Bank
- 🚦 New Traffic Signals
- 🚦 Existing Traffic Signals
- 🚶 Pedestrian Signal
- 🚏 Station Platform

Track Installed as of December 31, 2023



**Walsh Construction Company II, LLC
Agreement No. C-7-1904
Contract Change Order (CCO) Log**

CCO No.	Title	Status	Date Executed	Cost
1	Maintenance and Storage Facility (MSF) Removals	Approved	6/20/2019	\$199,749.00
1.1	MSF Removals Additional Funding	Approved	6/25/2019	\$113,884.77
1.2	Time Impact Evaluation (TIE) 01 - Schedule Impacts Associated with Change Directive (CD)-001 and CD-003	Approved	6/17/2020	\$0.00
1.3	Schedule Impacts Associated with TIE 01	Approved	10/17/2022	\$2,100,000.00
2	MSF Removal of Additional Hazardous Materials	Approved	6/25/2019	\$200,000.00
2.1	MSF Removal of Additional Hazardous Materials Additional Funding	Approved	8/15/2019	\$160,000.00
3	Removal and Disposal of Contaminated Materials within the Orange County Transit District (OCTD)-Owned Pacific Electric Right-of-Way (PEROW)	Approved	9/12/2019	\$1,600,000.00
3.1	Removal and Disposal of Contaminated Materials Additional Funding	Approved	2/25/2020	\$7,278,795.00
3.2	Removal and Disposal of Contaminated Materials Additional Funding	Approved	10/18/2021	\$1,100,000.00
3.3	Removal and Disposal of Contaminated Materials Additional Funding	Approved	4/18/2023	\$1,500,000.00
4	Work Related to Existing Utility Conflicts	Approved	8/27/2019	\$200,000.00
4.1	Work Related to Existing Utility Conflicts Additional Funding	Approved	2/25/2020	\$833,300.00
4.2	Work Related to Existing Utility Conflicts Additional Funding	Approved	6/9/2020	\$2,426,000.00
4.3	Work Related to Existing Utility Conflicts Additional Funding	Approved	6/21/2021	\$2,000,000.00
4.4	Work Related to Existing Utility Conflicts Additional Funding	Approved	11/19/2021	\$3,500,000.00
5	Tree Trimming and Removal	Approved	6/9/2020	\$129,215.52
5.1	Tree Trimming and Removal Additional Funding	Approved	12/29/2023	\$300,000.00
7	Orange County Sanitation District Specifications Revisions	Approved	6/9/2020	\$82,445.00
8	Orange County Flood Control District Maintenance Path Profile Revisions	Approved	6/9/2020	\$6,055.00
9	MSF Vapor Barrier	Approved	12/22/2020	\$395,717.00
10	112 Tram Rail Ultrasonic Testing	Approved	6/10/2020	\$0.00
11	GPS Priority Control System	Approved	6/9/2020	\$40,120.00
12	Santa Ana River Bridge (SARB) Precast Girders	Approved	8/27/2020	\$88,877.00
13	Retaining Wall 544 Reinforcing Steel	Approved	9/3/2020	\$2,321.30
14	Retaining Wall 508	Approved	12/14/2020	\$125,341.00
15	Utility Relocations for Overhead Contact System (OCS) Pole Foundations and Traffic Signal Pole Foundations	Approved	6/17/2020	\$195,723.00
16	OCS and Traffic Signal Pole Foundations Hand Excavation and Survey	Approved	6/23/2020	\$198,808.00
16.1	OCS, Traffic Signal, and Streetlight Foundation Hand Excavation, Layout and Survey Additional Funding	Approved	6/26/2020	\$1,400,000.00
16.2	OCS, Traffic Signal, and Streetlight Foundation Hand Excavation, Layout and Survey Additional Funding	Approved	4/15/2021	\$1,400,000.00
16.3	OCS, Traffic Signal, and Streetlight Foundation Hand Excavation, Layout and Survey Additional Funding	Approved	5/1/2023	\$250,000.00
17	Westminster Bridge OCS Diaphragm	Approved	10/30/2020	\$1,682.00
18	Remove Buried Man-Made Objects	Approved	11/23/2020	\$300,000.00
18.1	Remove Buried Man-Made Objects Additional Funding	Approved	10/25/2021	\$300,000.00
18.2	Remove Buried Man-Made Objects Additional Funding	Approved	5/1/2023	\$600,000.00
19	Removal of Boulders	Approved	11/17/2020	\$160,000.00
20	Removal of Chain Link Fence	Approved	3/9/2021	\$7,316.90
21	Changes to Turnout Geometry	Approved	10/5/2020	\$0.00
22	Railroad Crossing Gate Bells	Approved	10/5/2020	\$0.00
23	SARB, OCS Pole, and OCS Down Guy Diaphragms	Approved	1/19/2021	\$7,419.00
24	OCS Sectionalization – Siemens Portion	Approved	10/5/2020	\$158,941.01
24.1	OCS Sectionalization Additional Funding	Approved	4/27/2021	\$722,253.92
26	Revisions to Station Color Schedule, Glass, and Pylon	Approved	4/19/2021	\$176,419.84
27	Street Lighting	Approved	11/19/2020	\$12,347.91
28	Schedule Impacts Associated with TIE 04 and 07	Approved	12/8/2020	\$0.00
28.1	Schedule Impacts Associated with TIE 07	Approved	10/17/2022	\$1,300,000.00
28.2	Schedule Impacts Associated with TIE 07	Approved	1/17/2024	\$0.00
28.3	Schedule Impacts Associated with TIE 07	Approved	6/4/2024	\$1,425,000.00
29	Revision to MSF, Traction Power Substation (TPSS), and OCS Siemens Portion	Approved	11/19/2020	\$34,216.80
29.1	Revision to MSF, TPSS, and OCS Siemens Portion	Approved	6/22/2023	\$175,730.75
30	SARB Pile, Westminster Bridge, and Demonstration Section Electrical Continuity Testing	Approved	2/1/2021	\$23,928.10
30.1	Electrical Continuity Testing Additional Funding	Approved	3/16/2021	\$320,164.40
31	MSF Building and Southern California Edison (SCE) Design Revisions	Approved	1/17/2022	\$207,367.00
32	Asbestos Survey	Approved	2/1/2021	\$25,000.00
34	OCS Spanwire Modifications	Approved	5/8/2024	\$10,901.00
35	No Sunshade for Variable Message Sign	Approved	12/22/2020	\$0.00
37	Station Platform Power	Approved	5/18/2021	\$58,414.15
38	Modify OCS Foundation Schedule	Approved	6/15/2021	\$32,733.04
39	OCS Revisions Based on Field Walks	Approved	6/17/2021	\$28,088.32
39.1	Additional Revisions to OCS Hardware	Approved	6/26/2023	\$180,709.28
40	MSF Remote Yard Gates	Approved	11/3/2021	\$32,307.66
40.1	MSF Remote Yard Gates	Approved	5/29/2024	\$67,819.03
41	Auxiliary Feeder Pullbox Sizes- Segment 3A	Approved	11/23/2021	\$61,041.24

CCO No.	Title	Status	Date Executed	Cost
42	Department Acceptance Testing for Gamma-Gamma Logging of Cast-In-Drilled-Hole (CIDH) Piles	Approved	10/22/2021	\$35,138.00
43	End of Life Communication Equipment	Approved	5/3/2021	\$372,136.38
44	Design of Temporary Traffic Signals Segment 2A - Stages 1 and 2	Approved	4/26/2021	\$41,967.00
44.1	Design of Temporary Traffic Signals Segment 3A	Approved	11/24/2021	\$50,813.00
44.2	Design of Temporary Traffic Signals and Video Detections	Approved	10/4/2022	\$907,220.00
45	Thickened Asphalt Concrete (AC) Pavement	Approved	1/19/2021	\$60,000.00
46	MSF Video Servers from Garden Grove Bus Annex to MSF	Approved	10/13/2021	\$40,267.30
47	Archaeological Security and Data Recovery at MSF	Approved	1/19/2021	\$110,000.00
47.1	Archaeological Security and Data Recovery at MSF Additional Funding	Approved	5/8/2023	\$98,000.00
48	Thickened AC Pavement	Approved	4/27/2021	\$1,177,362.00
49	Retaining Wall 501 Encroachment	Approved	6/17/2021	\$181,802.77
50	MSF Street and Yard Utility Conflicts	Approved	5/25/2021	\$200,000.00
51	MSF Yard Light Connection Details	Approved	2/17/2023	\$193,803.00
52	Over Excavation of Unsuitable Soils	Approved	6/21/2021	\$209,500.00
52.1	Over Excavation of Unsuitable Soils Additional Funding	Approved	6/21/2021	\$540,000.00
53	SARB Bridge Decking	Approved	6/17/2021	\$9,002.94
54	Revisions to the Traction and Power Substation Site Plan	Approved	5/18/2022	\$1,200,000.00
55	Bid Item 24 - Earthwork Credit	Approved	5/3/2022	(\$659,666.73)
56	Exploratory Potholing Allowance	Approved	4/26/2001	\$200,000.00
56.1	Exploratory Potholing Allowance	Approved	9/8/2021	\$1,100,000.00
56.2	Exploratory Potholing Allowance	Approved	5/8/2023	\$500,000.00
58	Vehicle Platform Tolerances	Approved	12/6/2021	\$0.00
59	Direct Fixation Fasteners	Approved	6/7/2021	\$0.00
60	Base Contract Utility Credits	Approved	5/25/2021	(\$1,842,680.00)
61	Loop Relocation and Block Out	Approved	10/25/2021	\$80,000.00
62	Backfill of OCS Foundations	Approved	11/8/2021	\$200,000.00
63	Graffiti Removal	Approved	5/18/2021	\$100,000.00
64	SCE Meter Switchgear Engineering and Submittal Costs	Approved	5/18/2021	\$17,618.00
64.1	SCE Meter Switchgear Additional Funding	Approved	10/13/2021	\$191,950.00
64.2	SCE Meter Switchgear Additional Funding	Approved	1/19/2022	\$669,573.00
65	Additional Environmental Soil Investigation on West Santa Ana Boulevard/ Bristol Street Station Stop (Stage 1)	Approved	5/18/2021	\$9,840.60
66	Ground Penetrating Radar Investigation	Approved	9/1/2021	\$208,000.00
67	City of Garden Grove Driveway Standard Update	Approved	11/24/2021	\$20,637.83
68	Ross Intersection Traffic Signal Conduit Installation	Approved	6/7/2021	\$18,000.00
69	Optical Backbone Network System Redundancy	Approved	2/25/2022	\$520,582.00
71	Traffic Signal Interconnect	Approved	4/12/2022	\$208,000.00
71.1	Traffic Signal Interconnect Additional Funding	Approved	5/31/2022	\$500,000.00
71.2	Traffic Signal Interconnect Additional Funding	Pending		\$200,000.00
72	Cathodic Protection at MSF and Car Wash	Approved	11/30/2023	\$292,745.56
77	Pavement Modification at Street Intersections	Approved	12/28/2021	\$208,000.00
77.1	Pavement Modifications Along Embedded Tracks and Grade Crossings	Approved	5/3/2022	\$400,000.00
77.2	Pavement Modifications Along Embedded Tracks and Grade Crossings	Approved	9/22/2023	\$480,000.00
77.3	Pavement Modifications and Restoration Along Embedded Tracks and Grade Crossings	Approved	6/7/2023	\$1,300,000.00
79	MSF Permit Drawings and Revisions	Approved	6/24/2022	\$3,000,000.00
80	Contract Language Modifications Escrow Documents	Approved	4/12/2022	\$0.00
82	Third-Party Utility Work - Southern California Gas: Expose Abandoned Gas Lines	Approved	6/9/2022	\$100,000.00
82.1	Third-Party Utility Work - AT&T	Approved	6/21/2022	\$108,000.00
83	Additional Storage of Four TPSS Units at Factory	Approved	6/21/2022	\$208,000.00
86	OCS Pole Grounding Conduit Routing at PEROW	Approved	5/24/2022	\$200,000.00
86.1	OCS and Platform Grounding Conduit Additional Funding	Approved	4/18/2023	\$300,000.00
88	Traction Power Sub-Station Grounding Revisions	Approved	6/6/2022	\$209,839.49
89	Equipment and Security Upgrades	Approved	6/22/2022	\$2,200,000.00
89.1	Additional Security Modifications	Pending		\$750,000.00
90	Contract Language Modifications - Electronic Compliance Auditing Tool Disadvantaged Business Enterprise Reporting	Approved	11/17/2022	\$0.00
91	Customer Information Center Enclosure and Component Modifications	Approved	6/20/2022	\$1,650,000.00
91.1	Additional Customer Information Center Enclosure and Component Modifications	Pending		\$1,000,000.00
92	Changes to Platform SCE Meter Pedestals	Approved	6/28/2023	\$208,613.05
93	Wheel Turing Pit Modifications	Approved	2/2/2024	\$318,486.42
94	Traffic Signal Pole Modifications	Approved	6/22/2022	\$800,000.00
96	Relocate Bumping Posts and Train Signal Cabinet at Harbor Station	Approved	6/22/2022	\$400,000.00
105	Modifications to the Track Slab Detail to Clear Utility Conflicts	Approved	5/18/2023	\$3,500,000.00
108	Traffic Signal and Pedestrian Crossing Equipment Modifications	Pending		\$300,000.00
110	Malcom and Spectrum Utility Concurrent Impacts (Claim 09)	Approved	12/30/2021	\$123,714.20
117	Manual Train Control Override	Approved	4/29/2022	\$208,000.00
117.1	Manual Train Control Override Additional Funding	Approved	6/9/2022	\$700,000.00
118	Added Pedestrian Crossing and Updated City Standard Signage	Approved	6/6/2024	\$64,411.79
130	Drainage and Traction Power Underground Conflicts	Approved	10/11/2023	\$138,724.00
133	MSF Western Concrete Masonry Unit Wall Modifications	Approved	1/27/2023	\$208,000.00
139	Soundwall #2 CIDH Foundation Adjustments	Approved	7/24/2023	\$29,570.95

CCO No.	Title	Status	Date Executed	Cost
140	TPSS Additional Rear Doors	Approved	9/28/2023	\$64,275.10
145	Structural Steel Quality Control Inspection and Testing	Approved	5/31/2022	\$350,000.00
146	Train Signal Modifications	Approved	6/14/2022	\$850,000.00
148	Emergency Communication Devices	Approved	2/17/2023	\$195,000.00
150	Fourth Street Extended Work Hours and Public Safety	Approved	9/28/2022	\$500,000.00
150.1	Fourth Street Extended Work Hours and Public Safety Additional Funding	Approved	12/15/2022	\$800,000.00
150.2	Fourth Street Extended Work Hours Additional Funding	Approved	6/18/2024	\$250,000.00
157	Traffic Control Allowance Extension (Bid Item 33)	Approved	2/6/2023	\$208,000.00
157.1	Traffic Control Allowance Extension (Bid Item 33)	Approved	9/21/2023	\$300,000.00
158	Station Canopy Glass Price Escalation	Approved	10/17/2022	\$72,607.09
161	Contract Language Modification - Article 9 - Notices	Approved	11/17/2022	\$0.00
164	Station Platform, Parking Lot, and Sasser Park Lights	Approved	5/18/2023	\$300,000.00
170	Station Spare Parts	Pending		\$525,000.00
173	Buried OCS Pole Grounding	Approved	8/22/2024	\$209,500.00
173.1	Buried OCS Pole Grounding	Approved	8/27/2024	\$123,643.00
177	Traffic Signal Plan Revisions: Utilizing Different Anchor Bolt Patterns	Approved	1/27/2023	\$208,000.00
182	Homeless Security and Cleanup	Approved	2/16/2023	\$208,000.00
183	Track Switch Indication Lights	Approved	2/28/2023	\$480,000.00
184	Santa Ana Boulevard Extended Hours	Approved	12/14/2022	\$208,000.00
185	Additional Builder Risk Insurance	Approved	2/8/2023	\$550,000.00
186	MSF Catenary Interlock System	Approved	2/17/2023	\$208,000.00
186.1	MSF Interlock System Additional Funding	Pending		\$900,000.00
187	Schedule Impacts Associated with TIE 08	Approved	10/24/2022	\$0.00
187.1	Schedule Impacts Associated with TIE 08	Approved	6/22/2023	\$2,847,000.00
188	Relocation of the Traction Power Track Connection Boxes in Segment 4	Approved	5/23/2024	(\$102,757.22)
190	Track Bumping Post Modifications	Approved	6/13/2024	\$206,920.32
191	Four-Fold and Coiling Doors at the MSF	Approved	6/20/2023	\$300,902.44
193	Embedded Track Transition to Paved Ballasted Track	Approved	2/20/2024	\$182,498.67
194	Malcom's Differing Site Condition Impacts for CIDH Pile Installation (Claim 10)	Approved	3/16/2023	\$209,999.00
195	Schedule Impacts Associated with TIE 12	Approved	3/27/2023	\$0.00
195.1	Schedule Impacts Associated with TIE 12	Approved	6/20/2023	\$1,249,403.38
195.2	Schedule Impacts Associated with TIE 12	Approved	5/3/2024	\$245,501.00
195.3	Schedule Impacts Associated with TIE 12	Approved	5/6/2024	\$940,580.78
196	Shore Power at the MSF	Approved	8/13/2024	\$363,651.56
197	OCS Pole and Foundation Revisions	Approved	6/19/2023	\$128,706.34
198	Fourth Street Planter Lighting, Irrigation Wiring, and Power Modifications	Pending		\$85,247.00
199	Improvements at Civic Center Plaza	Approved	3/16/2023	\$208,000.00
200	Infrastructure for Electric Vehicle Charger at Santa Ana Regional Transportation Center	Approved	8/21/2023	\$25,000.00
201	Intumescent Fireproof Coating on Structural Steel at the MSF	Approved	12/29/2023	\$450,000.00
201.1	Intumescent Fireproof Coating on Structural Steel at the MSF	Approved	5/29/2024	\$123,039.00
203	Sidewalk Paver Material and Labor Escalation	Approved	6/19/2023	\$209,730.72
204	MSF Pedestal Track Spacing M1-M2	Approved	12/28/2023	\$20,325.88
206	Track Isolation at end of Embedded Track	Approved	6/6/2024	\$119,790.41
207	Sewer Ejector Changes at MSF	Approved	2/1/2024	\$208,221.98
208	Ultrasonic Cleaner Model Changes	Approved	6/7/2024	\$44,401.70
210	MSF Extended Work Hours	Approved	1/3/2024	\$209,500.00
211	OCS Pole Re-Raking and Adjustment	Approved	6/4/2024	\$208,000.00
212	Restraining Rail Conflicts at M1, M2, M3 and Y1 Tracks	Approved	5/8/2024	\$35,426.59
213	Various Sidewalk and Brick Restoration Work	Approved	8/12/2024	\$209,500.00
214	SCE Switchgear Breaker Setting and Commissioning	Approved	4/30/2024	\$143,986.69
215	Emergency Walkway Track Crossing at Raitt and Fairview Platform	Approved	12/28/2023	\$113,812.10
217	Improvements at Sasser Park	Approved	5/8/2024	\$209,298.00
220	Ross Street Intersection Modifications	Approved	8/30/2024	\$140,421.07
221	Electrical Modifications at Sasser Park	Approved	8/30/2024	\$128,045.06
222	SCE Electrical and Service Connections at Various Intersections	Pending		\$1,500,000.00
225	Train Control Battery Backup	Pending		\$350,000.00
226	Traffic Signal Pole and Mast Arm Adjustments at Santiago, Shelton and Bristol	Pending		\$52,702.00
227	Traffic Signal and Striping Modifications Due to the City of Santa Ana Bike Lane Project	Approved	8/30/2024	\$45,088.00
228	OCS Feeder Cable Theft Protection	Pending		\$260,000.00
230	Traffic Signal Cabinet Relocation Sycamore Street and Santa Ana Boulevard	Pending		\$93,878.89
231	Bid Item 61 (Utility Service Fee) Extension	Approved	6/7/2024	\$185,000.00
233	MSF Information Technology Room and Data Port and Communication Device Changes	Pending		\$2,500,000.00
234	Schedule Impacts Associated with TIE 18	Approved	5/8/2024	\$0.00
235	Diesel Particulate Filter	Pending		\$77,050.69
241	Modifications to the East and West Gates at MSF	Pending		\$425,000.00
250	Modify Pumps in the Wheel Truing and Service and Inspection Pit	Pending		\$325,000.00

Subtotal Executed CCOs	\$74,775,144.15
Subtotal Pending CCOs	\$9,343,878.58
TOTAL CCOs	\$84,119,022.73
ORIGINAL VALUE	\$220,538,649.00
PROPOSED REVISED VALUE	\$304,657,671.73



COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors

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

Subject: OC Streetcar Project Quarterly Update

Transit Committee Meeting of October 10, 2024

Present: Directors Harper and Jung

Absent: Directors Amezcua, Klopfenstein, and Sarmiento

Committee Vote

No action was taken on this item due to lack of quorum present.

Staff Recommendation(s)

Receive and file as an information item.



October 10, 2024

To: Transit Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: OC Streetcar Project Quarterly Update

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the "From:" line and extends into the "Subject:" line.

Overview

The Orange County Transportation Authority is implementing the OC Streetcar project, and updates are provided to the Board of Directors on a quarterly basis. This report covers OC Streetcar project activities from July 2024 through September 2024.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the cities of Santa Ana and Garden Grove, is implementing a modern streetcar running between the Santa Ana Regional Transportation Center (SARTC) in the City of Santa Ana (City) and the intersection of Harbor Boulevard and Westminster Avenue in the City of Garden Grove. The OC Streetcar project (Project) will improve transit connectivity and accessibility, increase transit options, relieve congestion, and provide benefits to the community and traveling public. The Project is being implemented as part of Measure M2 Project S – Transit Extensions to Metrolink, approved by Orange County voters in November 2006.

Construction of the 4.15-mile alignment involves complex and specialized work, including the installation of embedded track in existing streets, an overhead contact system (OCS) to supply power to the vehicles, new traffic signals and transit signal priority at intersections, stops with canopies, bridges, and a maintenance and storage facility (MSF).

The Project includes ten streetcar stops in each direction (four shared center platforms and six side platforms in each direction, for a total of 16 platforms). Each stop includes a canopy, benches, leaning rails, trash cans, lighting,

variable message signs, video cameras, a public address system, and ticket vending machines. Platforms will be 14-inches high to enable level boarding to streetcar vehicles.

The MSF can accommodate up to 15 modern streetcar vehicles, as well as all necessary administration, operations, vehicle maintenance, parts storage, and maintenance-of-way needs for the Project. The MSF will also include secured exterior vehicle storage, a wye track for turning vehicles end-for-end, a free-standing vehicle wash, employee parking, and fire department/delivery access.

On March 26, 2018, the OCTA Board of Directors (Board) awarded a contract to Siemens Industries, Inc. (Siemens) for the manufacturing and delivery of eight modern streetcar vehicles, spare parts, and special tools. On September 24, 2018, the Board awarded the construction contract for the Project to Walsh Construction Company II, LLC (Walsh). On November 30, 2018, the Federal Transit Administration (FTA) executed the Full Funding Grant Agreement (FFGA), securing \$149 million in federal New Starts discretionary funding for the Project. In February 2019, the FFGA was funded through the FTA Transit Award Management System, which was the last step necessary to begin the drawdown of federal funding. As of August 2024, \$136.6 million has been drawn from the FFGA. On May 22, 2020, the Board awarded a contract to Herzog Transit Services, Inc. (Herzog) to provide operations and maintenance services for the initial start-up and pre-revenue period, and a five-year revenue term.

Discussion

The following is the status of milestones completed and ongoing project activities related to construction, vehicle manufacturing, operations, and public outreach.

Construction

- Construction is nearing 90 percent complete overall
- The bridges over the Santa Ana River and Westminster Avenue are complete
- Installation of all tracks and OCS poles are complete
- Reinterment of cultural resources at the MSF is complete
- Traction power substation (TPSS) 1, 2, and 3 are energized
- TPSS 4 will be energized in the coming months
- Canopies, lighting, and customer information center cabinets/hardware are installed at all station platforms

The status of key construction activities that are complete or ongoing this quarter include:

Pacific Electric Right-of-Way

- Overhead wire installation on OCS poles
- Train warning and gate systems installation at the Fairview Street, Fifth Street, and Raitt Street at-grade crossings

MSF

- Installation of underground water lines, doors, sidewalk along Fifth Street, heating, ventilation, and air conditioning, drywall, plumbing, and electrical work
- Asphalt concrete placed at the yard track area
- Continued coordination with contractor to ensure significant completion of the MSF for vehicle acceptance

City Streets

- Reconstruction of sidewalks, driveways, curbs, and gutters are mostly complete throughout the Project
- Landscaping is mostly complete from Fairview Street through Santiago Street
- Pavers and landscaping done in Sasscer Park
- Installation of signals, signage, and the electrical systems at multiple locations

Vehicles

The status of key vehicle activities that are complete or ongoing this quarter include:

- Final inspection for Car 8 was held on June 13, 2024
- All eight vehicles are complete and in storage at Siemens facility
- Spare parts and special tools are in storage at the Siemens facility
- OCTA is in ongoing negotiations with Siemens regarding long-term storage estimates for the vehicles, vehicle warranty extension, and vehicle maintenance during storage; staff anticipates returning to the Board in late 2024 for contract amendments required for Siemens as a result of these discussions

Operations

The status of key operations activities that are complete or ongoing this quarter include:

- The System Integration Test (SIT) committee developed comprehensive SIT plans, including support and personnel matrix, test procedures for the mainline and MSF, timeline, and schedule. The SIT documents outline the process, timing, and personnel support needed to perform testing of the interface between the vehicle, mainline, and MSF.
- Herzog conducted field reconnaissance and hazard identification along the alignment to assess operating conditions in preparation for start-up and testing.
- Staff participated in the successful factory acceptance test (FAT) of key systems, including the Passenger Information System, the Visual Display System, and the closed-circuit television station cameras. The FAT, a prerequisite to SIT testing, ensured that each component met the required specifications and performance standards before deployment.
- The California Public Utilities Commission (CPUC) continues to be actively engaged on the Project and participates in monthly Safety Certification, Rail Activation Committee, SIT, and Fire Life Safety meetings.
- On August 13, 2024, staff joined the CPUC for a site visit review of Segment 1 to identify any potential compliance or safety concerns. This visit included reviewing the bridges over the Santa Ana River and Westminster Avenue, and the at-grade crossings at Fairview Street and Fifth Street. An activities report was received in September 2024 from the CPUC with their comments.
- Ongoing negotiations with City of Garden Grove for the operations and maintenance agreement.

Public Outreach

The status of key public outreach activities that are complete or ongoing this quarter include:

- Monthly construction activity email
- Distribution of bilingual notifications for targeted activities:
 - Traffic detour at northbound Mortimer Street between Fourth and Fifth Streets
 - Reduced lane at Ross Street between Santa Ana Boulevard and Fourth Street

- Reviewed and provided comments to OCTA's consultant team for a safety education and public awareness campaign video
- OCTA staffed an information table at the City's Fiestas Patrias celebration and provided parade banners to downtown business representatives
- Outreach staff hosted information tables and distributed safety education and public awareness materials at back-to-school events at Woodbury Elementary, Santiago High School, Romero Cruz Academy and Middle School, and Garfield Elementary; more than 200 attendees stopped by to take informational flyers and talk with staff

Cost and Schedule

In April 2023, the Board approved a revised project budget of \$579,160,000. As previously reported to the Board, OCTA continues to report to the FTA the risk-adjusted revenue service date of August 2025. While staff continues to actively manage Walsh to advance the Project, construction and legal challenges continue to present risks. As such, staff, in coordination with FTA, have continued to assess the remaining schedule and cost risks, and staff anticipates updating the Board regarding this effort later this year.

Next Steps

OCTA will continue to work closely with Walsh to complete the MSF for vehicle delivery and testing activities. Construction activities include the installation of hardware and overhead wires, station platforms infrastructure, continued paving work, and service connections for the remaining traction power substation and other electrical services. Negotiations will continue with Siemens regarding the long-term storage of the completed eight vehicles. The outreach team will continue to provide oversight of traffic control measures, new signal installation, and system electrification, as well as ongoing project education and safety messaging at community events.

Summary

An OC Streetcar project update covering July 2024 through September 2024 is provided for the Orange County Transportation Authority Board of Directors' review.

Attachment

None.

Prepared by:

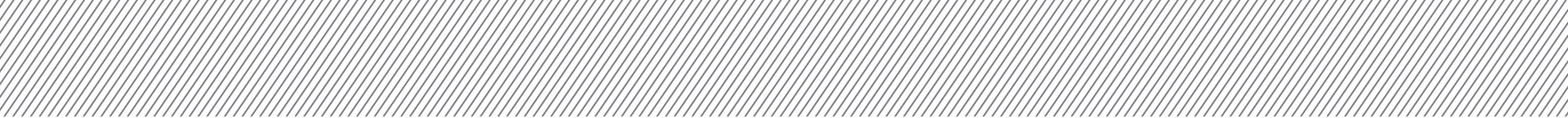


Jeff Mills, P.E.
Director, Capital Project Delivery
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Approved by:



James G. Beil, P.E.
Executive Director, Capital Programs
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OC Streetcar Project Quarterly Update

Construction – Segment 1



Segment 1 Progress



Traction power substation No. 1



Overhead contact system (OCS) wire installation

Maintenance and Storage Facility (MSF)



MSF Progress (Cont.)



Yard track paving



Sidewalk along Fifth Street

MSF Progress (Cont.)



Car wash



Paving behind car wash

MSF Progress (Cont.)

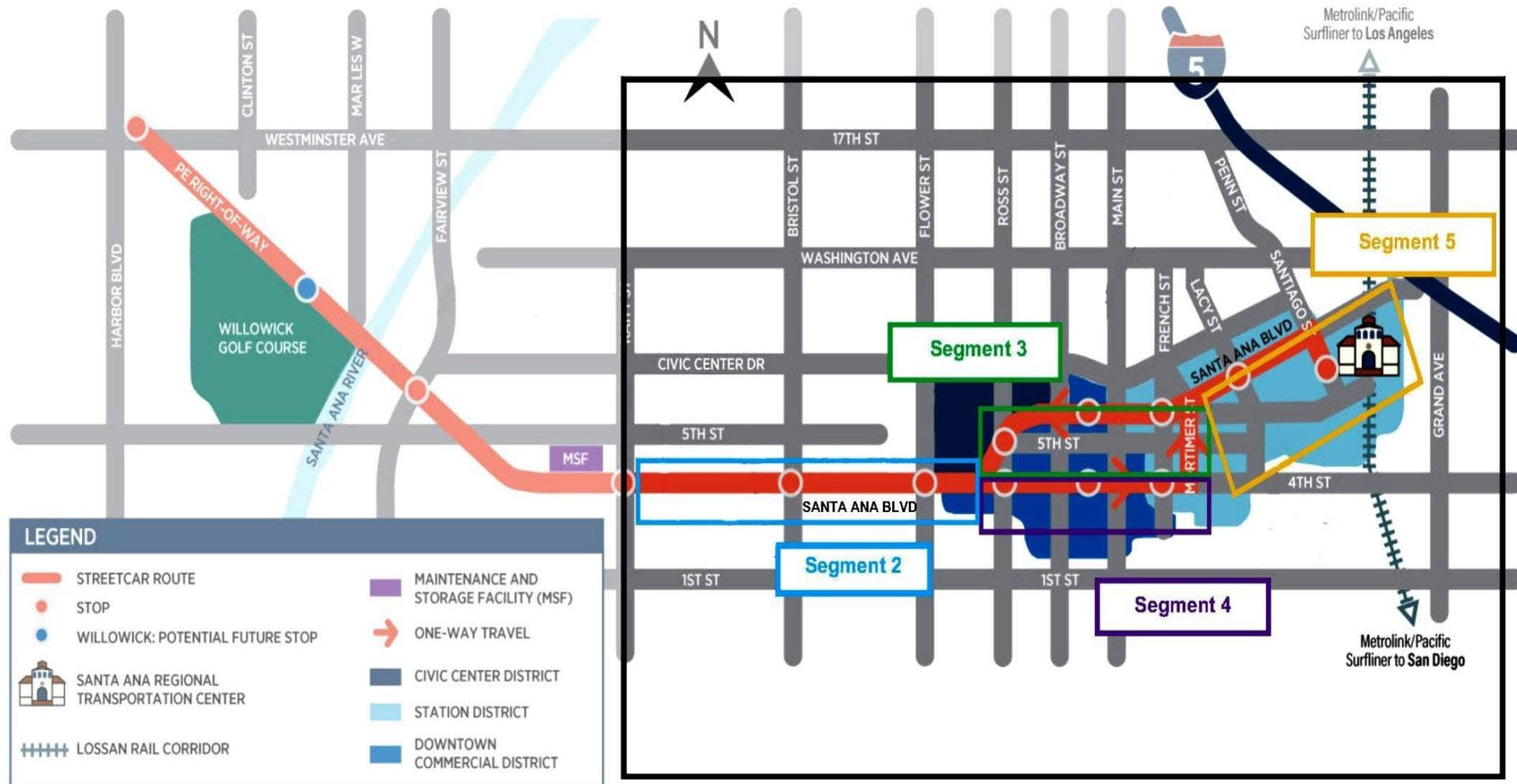


Maintenance Bay No. 1



Elevator installation

Construction – Segments 2 through 5



Segments 2 through 5 Progress



Sasscer Park

Segments 2 through 5 Progress (Cont.)



Median landscaping on Santa Ana Boulevard

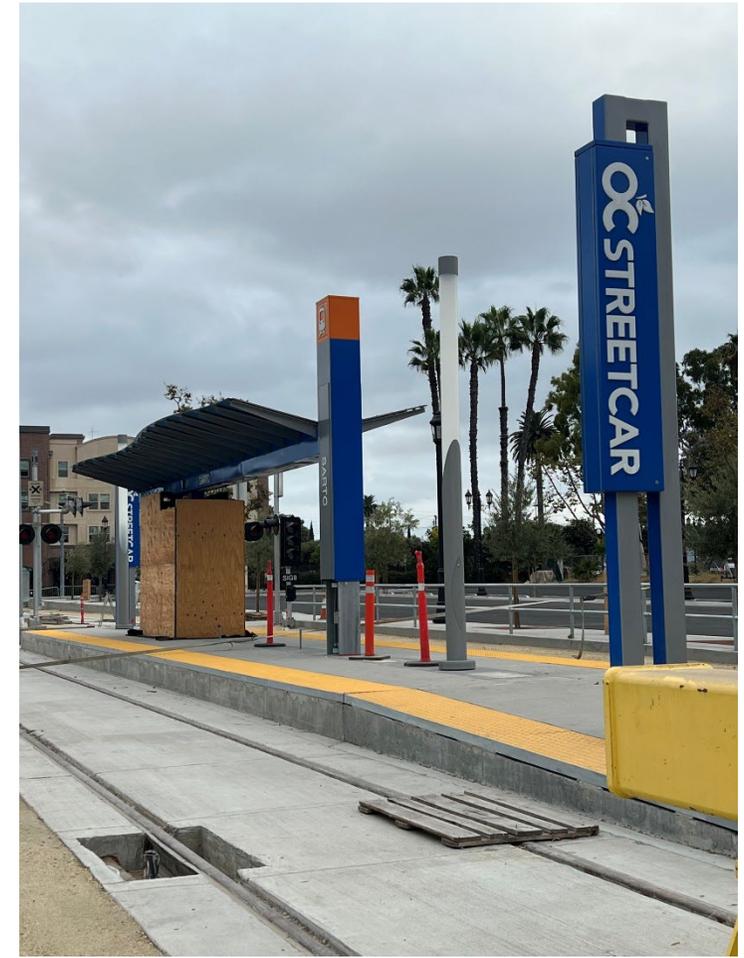


Santa Ana Regional Transportation Center (SARTC) parking lot and landscaping

Segments 2 through 5 Progress (Cont.)



SARTC station cabinet configuration



SARTC station

Vehicles

- Final inspection for Car 8 was held on June 13, 2024
- All eight vehicles are complete and in storage at Siemens Industries, Inc. (Siemens) facility
- Spare parts and special tools are in storage at the Siemens facility
- Negotiations with Siemens regarding long-term storage rates for the vehicles, vehicle warranty extension, and vehicle maintenance during storage are underway



Pre-Revenue Operations

- The Orange County Transportation Authority and Herzog Transit Services, Inc., the operations and maintenance contractor, have participated in witnessing two Factory Acceptance Test of the Passenger Information System, Visual Display System, and closed-circuit television station cameras.
- On August 13, 2024, the California Public Utilities Commission Rail Transit Safety Branch consisting of nine representatives from various disciplines (OCS, track, signals, mechanical, and operations) conducted a field inspection of Segment 1.



Public Outreach

- Monthly newsletters
- Bilingual door-to-door and social media construction notifications
- Field meetings
- Fourth Street merchant meetings
- Information table at Fiestas Patrias and Back-to-School events
- Parking structure banners
- Safety messaging
- Tours





COMMITTEE TRANSMITTAL

October 28, 2024

To: Members of the Board of Directors

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

Subject: Measure M2 Next 10 Delivery Plan: Market Conditions Key Indicators Analysis and Forecast

Executive Committee Meeting of October 7, 2024

Present: Chair Nguyen, Vice Chair Chaffee, Directors Jung, and Wagner

Absent: Director Hennessey

Committee Vote

This item was passed by the Members present.

Committee Recommendation(s)

Continue to monitor market conditions, key indicators and provide updates to the Board of Directors as appropriate.



October 7, 2024

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Measure M2 Next 10 Delivery Plan: Market Conditions Key Indicators Analysis and Forecast

Overview

At the direction of the Board of Directors, the Orange County Transportation Authority monitors construction market conditions. Annually, a report on Market Conditions Key Indicators Analysis and Forecast is presented to the Board of Directors to provide insight into potential project delivery cost drivers that could affect the Measure M2 Next 10 Delivery Plan. The last effort was presented to the Board of Directors on October 9, 2023. An updated forecast has been prepared and a presentation on the results of this effort is provided.

Recommendation

Continue to monitor market conditions, key indicators and provide updates to the Board of Directors as appropriate.

Background

On November 7, 2006, Orange County voters approved the Renewed Measure M (M2) Transportation Investment Plan (Plan) for a one-half-cent sales tax for transportation improvements for a period of 30 years through 2041. The Orange County Transportation Authority (OCTA) Board of Directors (Board) continues to advance the implementation of M2 commitments through the adoption of delivery plans. The delivery plans are designed to validate OCTA's ability to deliver the M2 Plan consistent with commitments to voters, outline a near-term work plan to promote effectiveness and efficiency, establish a common understanding among M2 stakeholders, set a baseline upon which future changes are measured, and provide the basis for the preparation of OCTA's annual budgets for capital projects.

In 2016, the Board directed staff to acquire better insight into the construction market outlook. The intent was to provide an analysis of trends for near-term construction market conditions in tandem with the annual sales tax revenue update to assist with prudent project delivery decisions.

OCTA retained the Orange County Business Council (OCBC), led by Dr. Wallace Walrod, Chief Economic Advisor to OCBC, and Dr. Marlon Boarnet, Professor and Director of the METRANS Transportation Consortium at the University of Southern California to provide this analysis.

The results of the initial analysis were presented to the Board in September 2017. The report identified several near-term cost indicators that could impact the construction market and, by extension, M2 project delivery. These included the pace of transportation construction programs in the neighboring counties (resulting in the strained supply of materials and construction labor), construction wage pressures, sustained low statewide unemployment, and residential construction demand. Overall, OCBC's analysis identified a strong potential that OCTA could experience an increasing cost environment in the near term.

Following this presentation, the Board directed staff to continue to work with OCBC to monitor and track the indicators and provide the Board with updates to cost risk factors for project delivery. In response, OCBC spent early 2018 analyzing trends and creating an Infrastructure Construction Cost Pressure Index (ICCPi) model. On September 10, 2018, OCBC presented the ICCPI model, and forecasts for 2018, 2019, and 2020 cost fluctuation ranges, to the Board.

Discussion

OCBC continues to monitor trends in material costs, labor costs, and general economic conditions through a contract with OCTA. Relevant data for each model component is analyzed to determine a range of potential cost impacts to update the forecast biannually. The fall 2024 update provides a three-year forecast through 2027. Attachment A summarizes the fall 2024 forecast and includes prior forecasts for reference. The full report on the ICCPI model update is included in Attachment B.

The ICCPI model is a forecasting tool, with scores indicating a forecast of fluctuations in public construction costs expressed in ranges. Index scores of two and three indicate somewhat low to normal inflationary environments in the range of one to six percent. Conversely, a score of four is a high inflation environment in the range of six to 11 percent. Extreme index values of zero and five correspond to the unusual conditions observed in Orange County immediately before and during the Great Recession and the high-cost inflation environment that occurred in the building boom years of the early 2000s and most recently in 2021 and 2022.

Using the ICCPI model, OCBC forecasts a score of three in 2025, which represents a potential cost fluctuation range of two to six percent. The forecast for 2026 and 2027 drops to a score of two, which represents a potential cost fluctuation of one to two percent.

OCBC Orange County Transportation ICCPI Score, 2025-2027		
Year	Index Score	Range of Cost Fluctuation
2025	3	2% - 6%
2026	2	1% - 2%
2027	2	1% - 2%

The fall update anticipates a continued decline of inflationary pressures from the market conditions forecasted in spring 2024. The recent pattern for three key components of the construction cost pressure reflects decline of building permits, a slight increase in California unemployment rates, and an increase in construction wages. As for material costs, Portland Cement Concrete structure decreased significantly, while Portland Cement Concrete pavement, structural steel, and aggregate base saw large increases. Increases in material costs and labor wages combined with rising statewide unemployment and declining building permits indicate that the macroeconomy is showing signs of softening.

As in prior forecasts, OCBC indicates that OCTA will also need to be aware and ready to respond to cost pressures that cannot be modeled. Examples of such risks include:

- Large downward revisions to labor market data may impact Federal Reserve policy decisions,
- High consumer debt despite the rise in wages which could impact future spending, and
- General political and economic uncertainty both domestically and internationally.

Overall, OCBC’s analysis identifies a tempering of inflationary pressures from 2025 through 2027. OCTA’s Project Controls department monitors and adjusts project cost escalation assumptions according to market trends. Project Controls’ cost estimating process uses historical information, as well as current trends in the market, and follows a consistent and defined process. Looking back at the last 20 years, OCTA’s cost estimates have included a three percent escalation, which, on average during this timeframe, provided the appropriate escalation to deliver projects successfully. Currently, using 3.5 to five percent for construction escalation, as well as incorporating contingency based on the project phase and complexity, is staff’s preferred approach to cost estimating. Given the continued market fluctuations in recent years, staff recommends continuing this effort to monitor key indicators to inform OCTA’s delivery plans.

Summary

OCBC has prepared an update on construction market conditions to help OCTA with M2 project delivery planning. The update considers fluctuations in material costs, labor costs, and general economic conditions and trends. The Market Conditions Key Indicators Analysis and Forecast conclude that OCTA may experience a tempering of economic conditions from 2025 through 2027.

Attachments

- A. Orange County Business Council, Orange County Transportation ICCPI Score, Fall 2018 through Fall 2024 Forecasts
- B. Orange County Business Council, Orange County Transportation Infrastructure Construction Cost Pressure Index, Fall 2024, Prepared for the Orange County Transportation Authority

Prepared by:



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Section Manager,
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Approved by:



Kia Mortazavi
Executive Director, Planning
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**Orange County Business Council
Orange County Transportation ICCPI Score
Fall 2018 through Fall 2024 Forecasts**

Orange County Business Council Orange County Transportation ICCPI Score													
Year	Fall 2018	Spring 2019	Fall 2019	Spring 2020	Fall 2020	Spring 2021	Fall 2021	Spring 2022	Fall 2022	Spring 2023	Fall 2023	Spring 2024	Fall 2024
2018	4												
2019	3	4											
2020	3	3	3	3	0								
2021		3	3	2	1	1	5						
2022			3	2	1	2	4	5	5				
2023					3	4	4	4	4	4	3		
2024							4	4	4	4	3	2	2
2025									2	3	2	3	3
2026											2	2	2
2027													2

Range of Cost Fluctuations by Index Score			
Index Score	Low	Midpoint	High
0	-17%	-9.5%	-2%
1	-2%	-0.5%	1%
2	1%	1.5%	2%
3	2%	4%	6%
4	6%	8.5%	11%
5	11%	25.5%	40%

ICCPI – Infrastructure Construction Cost Pressure Index

**Orange County Business Council
Orange County Transportation Infrastructure Construction
Cost Pressure Index
Fall 2024
Prepared for the Orange County Transportation Authority**

OCBC Research Team

Dr. Wallace Walrod – Chief Economic Advisor, Orange County Business Council
Dr. Marlon Boarnet – Professor and Director of the METRANS Transportation Consortium, University of Southern California

Background and Purpose

As a supplementary examination to the Next 10 Delivery Plan: Market Conditions Forecast and Risk Analysis study delivered by Orange County Business Council (OCBC) in September 2017, the Orange County Transportation Authority (OCTA) Board of Directors (Board) requested further study and exploration of potential cost fluctuations beyond existing cost analysis from the California Department of Transportation's (Caltrans) Construction Cost Index (CCI) and internal OCTA analysis. The OCTA Board requested an ongoing analysis of construction cost factors, with periodic updates. In response, the OCBC team developed the Orange County Transportation Infrastructure Construction Cost Pressure Index (ICCPI), which is updated every six months.

To develop the cost pressure index, the OCBC team analyzed annual trends in material costs, labor costs and general economic conditions to determine a range of potential cost increases with a time horizon that is typically three years into the future. The index updates begin by collecting relevant market data and indicators and then performing data analytics on to assess current cost pressure and forecast future cost pressure. In doing so, and providing these findings to OCTA's Board, more accurate budgets can be determined reducing the potential risk of cost pressure and project delivery slowdowns due to financial constraints. This September 2024 memo updates the March 2024 forecast of the Orange County Transportation ICCPI and provides annual cost pressure index forecasts for the remainder of 2024 and for 2025, 2026, and 2027.

Findings and Discussion

The most recent available input data were gathered to update the index. That includes second quarter 2024 data for the following index components: California's unemployment rate, California building permits, Caltrans index data on infrastructure construction materials costs as well as fourth quarter 2023 data on Orange County and Southern California construction industry wages. 2024 values for building permits and unemployment rates were estimated from changes from second quarter 2023 to second quarter 2024 and construction wages for 2023 from fourth quarter 2022 to fourth quarter 2023.

Orange County Business Council
Orange County Transportation Infrastructure Construction
Cost Pressure Index
Fall 2024
Prepared for the Orange County Transportation Authority

Following the July 30-31 meeting of the Federal Reserve where rates were left unchanged, markets fully expect a September rate cut as the rate of inflation continues to show a decline and labor markets have continued to soften. Labor market concerns have been climbing especially with the recent revision to Bureau of Labor Statistics data which showed 818,000 fewer jobs added between March 2023 and March 2024 than previously estimated. In California, according to the California Employment Development Department as of July 2024, the non-seasonally adjusted unemployment rate has climbed to 5.8 percent well above the national rate of 4.5 percent and up from 4.8 percent in July 2023 as well as up from 5.3 percent measured in June 2024.¹ Despite the recent increase in wages, household debt continues to hit new highs, with credit card debt increasing 5.8 percent or by \$27 billion over the past year to \$1.14 trillion indicating consumer spending may begin to slow.² While economic and political uncertainty remain domestically, continued instability abroad from the Russia-Ukraine conflict and widening conflicts in the Middle East could further hamper economic growth and progress.

In the March 2024 update, the OCTA Construction Cost Pressure Index measured a reading of 2 for 2024 (annualized cost changes between 1 and 2 percent), followed by an index of 3 in 2025 (annualized cost changes between 2 and 6 percent) and then falling back to an index of 2 in 2026. Six months prior to that, the year-ago September 2023 Construction Cost Pressure Index predicted a construction cost change environment in 2023 of 3 (2 to 6 percent annualized increase) remaining steady at 3 in 2024 before declining to a 2 in 2025 (1 to 2 percent annual rate of change) and staying at a 2 through 2026.

The new estimate for September 2024 sees the index for 2024 dropping to a value of 2 for the remainder of the year, before climbing to 3 in 2025, and dropping to an index of 2 in 2026 and remaining steady at an index of 2 for 2027. At this point, the input components for the index show cross-currents. The macroeconomic conditions in California show signs of softening, with slowing building permits and a rising unemployment rate. At the same time, the most recent data on construction materials costs and wages show increases.

Comparisons of the 5 most recent Orange County Transportation ICCPI estimates are reflected in Table 1. The index values correspond to ranges of forecast annual infrastructure construction cost increases, as shown in Table 2.

¹ [https://labormarketinfo.edd.ca.gov/file/lfmonth/oran\\$pds.pdf](https://labormarketinfo.edd.ca.gov/file/lfmonth/oran$pds.pdf)

² <https://www.newyorkfed.org/microeconomics/hhdc>

Orange County Business Council
Orange County Transportation Infrastructure Construction
Cost Pressure Index
Fall 2024
Prepared for the Orange County Transportation Authority

Table 1: September 2024 Update to Three-Year Orange County Transportation ICCPI, with comparison to March 2024, September 2023, March 2023, and September 2022 Index Estimates

Year	Index (September 2024) with Annual Cost Increase Range	Index (March 2024) with Annual Cost Increase Range	Index (September 2023) with Annual Cost Increase Range	Index (March 2023) with Annual Cost Increase Range	Index (September 2022) with Annual Cost Increase Range
2022	Not Estimated	Not Estimated	Not Estimated	Not Estimated	5 (11% to 40%)
2023	Not Estimated	Not Estimated	3 (2% to 6%)	4 (6% to 11%)	4 (6% to 11%)
2024	2 (1% to 2%)	2 (1% to 2%)	3 (2% to 6%)	4 (6% to 11%)	4 (6% to 11%)
2025	3 (2% to 6%)	3 (2% to 6%)	2 (1% to 2%)	3 (2% to 6%)	2 (1% to 2%)
2026	2 (1% to 2%)	2 (1% to 2%)	2 (1% to 2%)	Not Estimated	Not Estimated
2027	2 (1% to 2%)	Not Estimated	Not Estimated	Not Estimated	Not Estimated

Forecasting Method

OCBC used a series of regression analyses and forward-looking projections to create the ICCPI. The ICCPI provides a ranking from 0 to 5, with each rank corresponding to a range of percent changes in overall construction costs. These ranges are built to be forecasting tools, with scores indicating public construction forecast cost increase. Values of 2 and 3 indicate somewhat normal inflationary environments. A value of 4 is a high inflation environment. A value of 1 is a low inflation/deflationary environment. Values of 0 and 5 correspond to the most extreme conditions observed in Orange County over the past three decades, and hence the ranges for those values are wide due to the unusual nature of the highly deflationary environment that occurred immediately prior to and during the Great Recession and the high-cost inflation environment that occurred in the building boom years of the early 2000s and most recently in 2021 and 2022.

Table 2 highlights each ICCPI ranking and the proposed range of cost fluctuations which have been provided on a low, midpoint, and high scale.

**Orange County Business Council
 Orange County Transportation Infrastructure Construction
 Cost Pressure Index
 Fall 2024
 Prepared for the Orange County Transportation Authority**

Table 2: OCBC Orange County ICCPI Index Values and Corresponding Forecast Annual Cost Increase Range

Index Value	Projected Annual Cost Increase, Low	Projected Annual Cost Increase, Midpoint	Projected Annual Cost Increase, High
0	-17%	-9.5%	-2%
1	-2%	-0.5%	1%
2	1%	1.5%	2%
3	2%	4%	6%
4	6%	8.5%	11%
5	11%	25.5%	40%

Methodology

To determine the Transportation ICCPI, the OCBC team started by aggregating several datasets, measures, and indicators on an annual basis as far back as 1972.

The index was built with the following key data inputs:

- California’s unemployment rate
- Building permits in California
- Selected construction materials costs for California, from Caltrans
- Orange County Construction Labor Costs

The OCBC team examined how the various measures and indicators of construction costs varied with changes and recent past trends in construction inflation. Using statistical analyses, the research team has built a forecasting model that projects forward cost increases and predicted cost increases are grouped into the categorical ranges shown in Table 2.

Orange County Business Council
Orange County Transportation Infrastructure Construction
Cost Pressure Index
Fall 2024
Prepared for the Orange County Transportation Authority

Recent Data Trends

Table 3 shows the recent pattern for three key components of the construction cost pressure index. While building permits in California declined from 2018 to 2020, they jumped by 12.6 percent in 2021, and by 0.2 percent in 2022 before falling 7.1 percent to 111,221 in 2023. Using estimates based on the change in permits from 2nd quarter 2023 to 2nd quarter 2024, building permits are expected to fall by 15.6 percent to 93,888 in 2024. This forecasted decline can be attributed to the high interest rate environment which has served to cut housing demand due to affordability concerns. Based on the change in average unemployment rates from the 2nd quarter of 2023 to 2nd quarter of 2024, California’s unemployment rate is expected to total 5.3 percent in 2024, 0.5 percentage points higher than in 2023. Construction salaries in Orange County, estimated from 4th quarter 2022 to 4th quarter 2023, are expected to register a 6.5 percent increase, totaling \$94,003.

Table 3: Infrastructure Cost Correlates, Annual Percentage Changes, 2016-2024

Year	California Building Permits	% Change Year-on-Year	California Unemployment Rate	% Change Year-on-Year	OC Construction Labor Costs (Average Annual Wage)	% Change Year-on-Year
2016	102,350	4.2%	5.5%	-11.6%	\$67,179	3.8%
2017	114,780	12.1%	4.8%	-12.9%	\$71,474	6.4%
2018	113,502	-1.1%	4.2%	-12.0%	\$74,669	4.5%
2019	110,197	-2.9%	4.1%	-3.4%	\$77,288	3.5%
2020	106,075	-3.7%	10.3%	153%	\$81,460	5.4%
2021	119,436	12.6%	7.3%	-28.9%	\$84,170	3.3%
2022	119,667	0.2%	4.2%	-42.4%	\$88,265	4.9%
2023	111,221	-7.1%	4.8%	13.4%	\$94,003**	6.5%
2024*	93,888	-15.6%	5.3%	11.4%		

* Estimated from second quarter change, 2023 to 2024, converted to annualized estimate

**Estimated from fourth quarter change, 2022 to 2023, converted to annualized estimate

**Orange County Business Council
Orange County Transportation Infrastructure Construction
Cost Pressure Index
Fall 2024
Prepared for the Orange County Transportation Authority**

The appendix shows annual changes in materials costs in recent years. The 2024 values are estimated using the percent change from Q2 2023 to Q2 2024, and hence represent an estimate that will be revised in the next 6-month update when additional data for later in 2024 becomes available. As of Q2 2024, some material costs have seen a sharp rise, with rates converted to an annual basis: PCC Pavement increased by 182.1 percent, Structural Steel by 99.3 percent, and Aggregate Base 97.6 percent. As of Q2 2024 (annualized) PCC Structure costs down 54.8 percent and Steel Bar is down 4.5 percent. With the cost of materials and labor showing recent increases combined with rising statewide unemployment and declining building permits, the macroeconomy is showing signs of softening.

Appendix: Changes in Infrastructure Materials Costs 2016-2024 (all values are percent year-on-year changes, 2024 values forecast from second quarter changes, 2023 to 2024)

Year	Aggregate	PCC Pavement	PCC Structure	Steel Structure	Steel Bar
2016	9.4%	8.6%	7.7%	26.3%	35.0%
2017	24.2%	106.8%	26.8%	-50.1%	-20.1%
2018	18.9%	25.9%	17.2%	-58.8%	9.4%
2019	4.6%	-11.1%	-4.2%	0.8%	53.4%
2020	14.9%	-20.5%	10.0%	-9.3%	-36.2%
2021	-27.5%	-19.8%	23.5%	5.0%	6.6%
2022	47.6%	60.5%	-3.1%	37.9%	28.8%
2023	8.4%	7.4%	52.3%	22.9%	-5.9%
2024*	97.6%	182.1%	-54.8%	99.3%	-4.5%

*The annual 2024 change in value represents the change between second quarter 2023 and second quarter 2024.

Orange County Transportation Infrastructure Construction Cost Pressure Index, Fall 2024

Orange County Business Council

September 2024

Orange County Transportation Infrastructure Construction Cost Pressure Index Model Components

- Economic Trends – State-level building permits and unemployment rate (Census and California Employment Development Department (EDD));
- Material Costs – Construction Aggregate, PCC Pavement, PCC Structural Concrete, Structural Steel and Bar Steel (Caltrans).
- Labor Costs – Localized construction wages of NAICS defined sectors provided by Bureau of Labor Statistics (BLS).
- Economic Conditions – Tight economy in 2002-2005 and slack economy in 2007-2011.

Forecast and Range of Orange County Transportation Infrastructure Cost Increases by Index Value

- 2024 - Forecasted Index Value: 2
- 2025 - Forecasted Index Value: 3
- 2026 - Forecasted Index Value: 2
- 2027 - Forecasted Index Value: 2

Range of Cost Fluctuations by Index Score			
Index	Low	Medium	High
0	-17%	-9.5%	-2%
1	-2%	-0.5%	1%
2	1%	1.5%	2%
3	2%	4%	6%
4	6%	8.5%	11%
5	11%	25.5%	40%

Cautious Optimism in the Face of Uncertainty

- Cost inputs (labor, materials) are rising while the macroeconomy is showing signs of softening;
- Going forward, labor costs may soften as national and state labor markets continue to weaken;
- Expected September rate cut to provide boost to housing demand;
- CCI rebounds from Q4 2023 drop, up 9.5 percent over last 12 months;
- Cost of Aggregate Base, PCC Pavement, and Structural Steel rise in 2024, PCC Structure and Bar Steel declines.

Year-over-Year Changes in California Building Permits, California Unemployment Rate and Orange County Construction Labor Costs, 2017-2024

Year	California Building Permits	% change year-on-year	California Unemployment Rate	% change year-on-year	OC Construction Labor Costs (avg. annual wage)	% change year-on-year
2017	114,780	12.1%	4.8%	-12.9%	\$71,474	6.4%
2018	113,502	-1.1%	4.2%	-12.0%	\$74,669	4.5%
2019	110,197	-2.9%	4.1%	-3.4%	\$77,289	3.5%
2020	106,075	-3.7%	10.3%	153%	\$81,460	5.4%
2021	119,436	12.6%	7.3%	-28.9%	\$84,170	3.3%
2022	119,667	0.2%	4.2%	-42.4%	\$88,265	4.9%
2023	111,221	-7.1%	4.8%	13.3%	\$94,003	6.5%
2024*	93,888	-15.6%	5.3%	11.4%		

*2024 values projected from year-on-year changes in quarterly data, 2nd quarter 2023 to 2nd quarter 2024.

** 2023 values projected from year-on-year changes in quarterly data, 4th quarter 2022 to 4th quarter 2023.

OCBC Infrastructure Construction Cost Forecast

- Systematic Risks – Russia-Ukraine War, Israel-Gaza Conflict, AI, Real Estate, Consumer Debt
 - Russia-Ukraine War continues; Israel-Gaza conflict potentially spreading in Middle-East.
 - Some office properties continue to see large price cuts; select housing markets showing weakness.

OCBC OC Transportation Infrastructure Construction Cost Index Score, 2024-2027

Year	Index Score	Range of Cost Fluctuation
2024	2	1% to 2%
2025	3	2% to 6%
2026	2	1% to 2%
2027	2	1% to 2%

- Idiosyncratic Risks – not predictable and therefore not in model
 - Additional large downward revisions to labor market data may impact Fed policy decisions.
 - Despite rise in wages, consumer debt reaches new highs potentially impacting future spending.
 - Domestic and international instability due to political and economic uncertainty.

Questions