# Orange County Transportation Authority

## Board Agenda
## Monday, November 27, 2023 at 9:00 a.m.

550 South Main Street, Orange, California

**Board Members**

Gene Hernandez, Chairman
Tam Nguyen, Vice Chairman
Doug Chaffee
Jose Diaz
Andrew Do
Jon Dumitru
Jamey Federico
Katrina Foley
Brian Goodell
Patrick Harper
Michael Hennessey
Steve Jones
Fred Jung
Farrah N. Khan
Jessie Lopez
Vicente Sarmiento
Donald P. Wagner
Vacant, Ex-Officio

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

**Agenda Descriptions**

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

**Public Availability of Agenda Materials**

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

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

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

#### In-Person Comment

Members of the public may attend in-person and address the Board regarding any item. Please complete a speaker's card and submit it to the Clerk of the Board (or notify the Clerk of the Board the item number on which you wish to speak). Speakers will be recognized by the Chairman at the time the agenda item is to be considered. Comments shall be limited to three minutes.

#### 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 Jones

## Pledge of Allegiance

Director Harper

## Special Calendar

## Orange County Transportation Authority Special Calendar Matters

**1. Closed Session**

***Overview***
A Closed Session will be held as follows:

Pursuant to Government Code Section 54957.6 to discuss negotiations with Teamsters Local 952 regarding the coach operators. The lead negotiator for the Orange County Transportation Authority is Maggie McJilton, Executive Director of People and Community Engagement and Teamsters Local 952 representative.

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

***Overview***
Present Orange County Transportation Authority Resolutions of Appreciation Nos. 2023-066, 2023-067, and 2023-068 to Khai Tran, Coach Operator; Mister Davidson, Maintenance; Richard Teano, Administration, as Employees of the Month for November 2023.

**3. Proposed 2024 Board of Directors Meetings Calendar**
Andrea West/Jennifer L. Bergener

***Overview***
Presented for consideration and approval are the proposed 2024 Board of Directors and Committee meetings calendars, depicting the dates of the Board of Directors and Committee meetings and holidays for the year.

***Recommendation***
Approve the Orange County Transportation Authority and affiliated agencies 2024 Board of Directors meetings calendar.

***Attachments:***

Transmittal

Staff Report

Attachment A

Attachment B

Attachment C

## Consent Calendar (Items 4 through 16)

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

**4. Approval of Minutes**

***Recommendation***
Approve the minutes of the November 13, 2023 Orange County Transportation Authority and affiliated agencies' regular meeting.

***Attachments:***

Minutes

**5. OCTA Store Operations, Internal Audit Report No. 24-504**
Jonathan Thompson/Janet Sutter

***Overview***
The Internal Audit Department of the Orange County Transportation Authority has completed an audit of OCTA Store Operations. Based on the audit, controls are adequate and operating. Management has implemented standard operating procedures that ensure proper safeguarding of cash, transponders, and pass fare media and exercises appropriate security over the premises.

***Recommendation***
Receive and file OCTA Store Operations, Internal Audit Report No. 24-504, as an information item.

***Attachments:***

[Transmittal]

[Staff Report]

[Attachment A]

**6. Orange County Employees Retirement System Early Payment for Fiscal Year 2024-25**

Robert Davis/Andrew Oftelie

***Overview***

The Orange County Employees Retirement System has offered an early payment discount to member agencies of seven percent if they elect to prepay their contributions for fiscal year 2024-25. Advance payments must be received by January 11, 2024. The estimated savings for the Orange County Transportation Authority over the next year and a half under this payment option will total approximately $345,000. Board of Directors' authorization is requested for the early payment option.

***Recommendation***

Authorize the early payment of approximately $34.8 million by January 11, 2024, to the Orange County Employees Retirement System, for employer contributions for fiscal year 2024-25.

***Attachments:***

[Transmittal]

[Staff Report]

**7. Fiscal Year 2022-23 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting**

Rima Tan/Andrew Oftelie

***Overview***

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and schedules. Crowe LLP, an independent accounting firm, has completed its annual audit of the Orange County Transportation Authority for fiscal year 2022-23. In addition, a report has been issued on the results of additional analysis performed by Crowe LLP, to assist management in determining compliance with certain state requirements.

***Recommendations***

A. Receive and file the fiscal year 2022-23 audited financial statements and independent auditor's report on internal control over financial reporting as information items.

B. Direct staff to implement auditor recommendations related to findings over internal controls.

***Attachments:***

[Transmittal]
[Staff Report]
[Attachment A]
[Attachment B]
[Attachment C]
[Attachment D]
[Attachment E]
[Attachment F]

**8. Update on the Loan Agreements with the Cities of Anaheim, Placentia, and the West Orange County Water Board**

Sam Kaur/Andrew Oftelie

***Overview***

The Orange County Transportation Authority Board of Directors authorized loan agreements with the cities of Anaheim, Placentia, and the West Orange County Water Board. This report provides the annual update on the status of each of these agreements as requested by the Board of Directors.

***Recommendation***

Receive and file as an information item.

***Attachments:***

[Transmittal]
[Staff Report]
[Attachment A]

**9. Fiscal Year 2023-24 First Quarter Grant Reimbursement Status Report**

Sam Kaur/Andrew Oftelie

***Overview***

The Quarterly Grant Reimbursement Status Report summarizes grant activities for the Orange County Transportation Authority Board of Directors. This report focuses on activity for the first quarter of fiscal year 2022-23, covering July through September 2023.

***Recommendation***

Receive and file as an information item.

***Attachments:***

[Transmittal]
[Staff Report]
[Attachment A]
[Attachment B]
[Attachment C]
[Attachment D]
[Attachment E]

10. **Status Report of State Legislation Enacted in 2023**
Clara Brotcke/Lance M. Larson

***Overview***
At the conclusion of the 2023 state legislative session, 890 bills were signed into law by Governor Newsom and chaptered by the Secretary of State, while 156 bills were vetoed. A report containing an analysis of legislation relevant to the Orange County Transportation Authority is provided.

***Recommendation***
Receive and file as an information item.

***Attachments:***

Transmittal
Staff Report
Attachment A

11. **Performance Evaluation of State Legislative Advocate, Topp Strategies**
Alexis Leicht/Lance M. Larson

***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.

***Attachments:***

Transmittal
Staff Report
Attachment A
Attachment B

12. **Performance Evaluation of Federal Legislative Advocate, Potomac Partners, DC**
Lance M. Larson

***Overview***
The firm Potomac Partners, DC provides federal legislative advocacy services for the Orange County Transportation Authority in Washington, DC. A staff evaluation of the services provided this legislative 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.

***Attachments:***

Transmittal

Staff Report

Attachment A

Attachment B

**13. Orange County Transportation Authority's 2023-24 State and Federal Legislative Platforms**
Alexis Leicht/Lance M. Larson

***Overview***
Halfway through each legislative session, staff conducts a refresh to the Orange County Transportation Authority's State and Federal Legislative Platforms to ensure updates are provided on relevant issues that are anticipated to be of discussion for the upcoming year. The final drafts of the revised 2023-24 Orange County Transportation Authority State and Federal Legislative Platforms are submitted for consideration and adoption by the Orange County Transportation Authority Board of Directors.

***Recommendations***
A. Adopt the revised final draft of the 2023-24 State and Federal Legislative Platforms.

B. Direct staff to distribute the adopted platforms to elected officials, advisory committees, local governments, affected agencies, the business community, and other interested parties.

***Attachments:***

Transmittal

Staff Report

Attachment A

Attachment B

## Orange County Transit District Consent Calendar Matters

**14. Approval to Release Invitation for Bids for Driver Protection System**
Cliff Thorne/Johnny Dunning, Jr.

***Overview***
The Orange County Transportation has developed an invitation for bids to initiate a competitive procurement process to purchase driver protection systems for use in the OC Bus fixed-route service. Board of Directors' approval to release an invitation for bids for the procurement of up to 204 driver protection systems to be installed as a retrofit in the fixed-route operated buses is requested.

***Recommendation***
Approve the release of Invitation for Bids 3-2843 to procure driver protection systems to be installed as a retrofit in up to 204, 40-foot and 60-foot OC Bus fixed-route buses.

***Attachments:***

[Staff Report]
[Attachment A]

**15. Amendment to Agreement for Hydrogen Station Operation, Maintenance, and Fuel Delivery**
Dayle Withers/Johnny Dunning, Jr.

***Overview***
On November 13, 2017, the Orange County Transportation Authority Board of Directors approved an agreement with Trillium USA Company LLC to install a fully operational hydrogen fueling station at the Santa Ana Bus Base to provide operation and maintenance service and deliver hydrogen fuel. An amendment is required to exercise the second option term for station operation and maintenance, and hydrogen fuel delivery.

***Recommendation***
Authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Agreement No. C-7-1577 between the Orange County Transportation Authority and Trillium USA Company LLC, in the amount of $625,049, to exercise the second option term of the agreement from January 1, 2024 through December 31, 2024, for continued hydrogen station operation, maintenance, and hydrogen fuel delivery. This will increase the maximum obligation of the agreement to a total contract value of $8,651,734.

***Attachments:***

[Transmittal]
[Staff Report]
[Attachment A]

## Orange County Local Transportation Authority Consent Calendar Matters

**16. Approval to Release Request for Proposals for Harbor Boulevard Pilot Innovative Transit Signal Priority Study**
Alicia Yang/Kia Mortazavi

***Overview***
Harbor Boulevard is a vital central Orange County multimodal corridor that serves over 10,000 daily passengers and 50,000 daily vehicles. The Orange County Transportation Authority has developed a request for proposals to initiate a competitive procurement process to retain consultant services for the preparation of a study that will focus on planning and testing transit signal priority solutions to enhance bus operations and reliability and improve the customer experience. Board of Directors' approval is requested for the evaluation criteria and release the request for proposals.

***Recommendations***
A. Approve the proposed evaluation criteria and weightings for Request for Proposals 3-2944 for the selection of a consultant to perform the Harbor Boulevard Pilot Innovative Transit Signal Priority Study.

B. Approve the release of Request for Proposals 3-2944 for consultant services to deliver the Harbor Boulevard Pilot Innovative Transit Signal Priority Study.

***Attachments:***

Staff Report

Attachment A

## Regular Calendar

## Orange County Transportation Authority Regular Calendar Matters

**17. Proposed Revisions to Orange County Transportation Authority's Procurement Policies and Procedures**

Pia Veesapen/Andrew Oftelie

***Overview***

The Orange County Transportation Authority Board of Directors has adopted policies and procedures that guide all procurement activities. The Board of Directors periodically reviews these policies and procedures and may make changes as necessary in an effort to conform to changing business needs while continuing to ensure procurements are conducted in a fair, transparent, and equitable manner for all vendors and provide for the best value and use of taxpayer dollars.

***Recommendation***

Adopt the proposed revisions to the Orange County Transportation Authority's Procurement Policies and Procedures and authorize staff to implement the recommended changes.

***Attachments:***

Transmittal

Staff Report

Attachment A

Attachment B

Presentation

## Orange County Local Transportation Authority Regular Calendar Matters

**18. Amendment to Cooperative Agreement with the Southern California Regional Rail Authority for the San Juan Creek Bridge Replacement Project**

Jason Lee/James G. Beil

***Overview***

On April 14, 2020, the Orange County Transportation Authority entered into a cooperative agreement with the Southern California Regional Rail Authority for construction capital and construction support services for the San Juan Creek Bridge Replacement Project. Board of Directors' approval is requested to amend the cooperative agreement for additional funding for construction capital and construction support services.

***Recommendations***

A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Cooperative Agreement No. C-0-2540 between the Orange County Transportation Authority and the Southern California Regional Rail Authority, in the amount of $22,578,258, for additional construction capital and construction support services for the San Juan Creek Bridge Replacement Project. This will increase the maximum cumulative obligation of the cooperative agreement to a total contract value of $59,481,903.

B. Authorize the use of up to $17 million in SB 125 (Chapter 54, Statutes of 2023) Transit and Intercity Rail Capital Program funds and $5,578,258 in SB 1 (Chapter 5, Statutes of 2017) State of Good Repair funds from fiscal year 2024-25 for the construction phase of the San Juan Creek Bridge Replacement 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.

D. Amend the Orange County Transportation Authority's Fiscal Year 2023-24 Budget by $22,578,258 to accommodate the additional budget needed for the San Juan Creek Bridge Replacement Project.

***Attachments:***

Staff Report

Attachment A

Attachment B

Attachment C

**19. Interstate 405 Improvement Project Update**

Jeff Mills/James G. Beil

***Overview***

The Orange County Transportation Authority is currently underway with the implementation of the Interstate 405 Improvement Project. This report provides a project update.

***Recommendation***

Receive and file as an information item.

***Attachments:***

Transmittal

Staff Report

Presentation

## Discussion Items

**20. Draft Connect SoCal 2024 Overview**

Gregory Nord/Kia Mortazavi

***Overview***

Kome Ajise, Executive Director at the Southern California Association of Governments will present an overview of the draft Regional Transportation Plan and Sustainable Communities Strategy, Connect SoCal 2024.

***Attachments:***

Presentation

**21. Public Comments**

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

**23. Directors' Reports**

**24. Adjournment**

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

**9:00 a.m., on Monday, December 11, 2023**

OCTA Headquarters
Board Room
550 South Main Street
Orange, California

OCTA

COMMITTEE TRANSMITTAL

**November 27, 2023**

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

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

**Subject:** Proposed 2024 Board of Directors Meetings Calendar

Executive Committee Meeting of November 6, 2023

Present: Directors Do, Goodell, Hernandez, Jones, and Nguyen
Absent: Director Hennessey

**Committee Vote**

This item was declared passed by the Members present.

**Committee Recommendation**

Approve the Orange County Transportation Authority and affiliated agencies' 2024 Board of Directors meetings calendar.

*November 6, 2023*

*To:* Executive Committee

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

*Subject:* Proposed 2024 Board of Directors Meetings Calendar

### *Overview*

Presented for consideration and approval are the proposed 2024 Board of Directors and committee meeting calendars, depicting the dates of the Board of Directors and committee meetings and holidays for the year.

### *Recommendation*

Approve the Orange County Transportation Authority and affiliated agencies 2024 Board of Directors meetings calendar.

### *Discussion*

The 2024 meetings calendar for the Orange County Transportation Authority's Board of Directors (Board) and affiliated agencies has been prepared by the Clerk of the Board and is presented for approval and adoption.

In order to mitigate scheduling conflicts for Board Members, the proposed calendar takes into consideration the scheduled meetings of the:

- Orange County Board of Supervisors
- Southern California Regional Rail Authority
- Southern California Association of Governments - Regional Council
- Local Agency Formation Commission
- Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency
- Air Quality Management District – Mobile Source Air Pollution Reduction Review Committee
- Transportation Corridor Agencies
- Conferences and events regularly attended by members of the Board

The proposed 2024 calendar reflects 23 regular Board meetings occurring on the second and fourth Mondays of the month, consistent with well-established past scheduling practices (Attachment A). Only one Board meeting is scheduled for December due to holidays.

The Chairman retains the right to call a Special Meeting at any time should unforeseen circumstances arise which need to be addressed.

For planning purposes, a draft committee calendar has been provided. Once the committee chairs have been assigned and committee members appointed by the Board on January 22, 2024, changes to the proposed 2024 committee meeting schedules may occur.

Each committee will approve their respective meeting schedules in February 2024 (Attachment B), and exceptions to the standard monthly meeting schedule are noted (Attachment C).

***Summary***

Approval is requested for the proposed Board meetings calendar, which sets dates for the regular Board meetings in 2024.

***Attachments***

A. Orange County Transportation Authority 2024 Board Meetings and Holidays - Draft 11.6.23
B. Orange County Transportation Authority 2024 Board and Committee Calendar – Draft 11.6.23
C. 2024 Board and Committee Calendar – Proposed Exceptions

**Prepared by:**

Andrea West
Clerk of the Board
(714) 560-5676

**Approved by:**

Jennifer L. Bergener
Deputy Chief Executive Officer
(714) 560-5462

ATTACHMENT A

# 2024 OCTA BOARD MEETINGS CALENDAR

OCTA

## JANUARY

| SUN | MON | TUE | WED | THU | FRI | SAT |
|---|---|---|---|---|---|---|
| | **1** | 2 | 3 | 4 | 5 | 6 |
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| 21 | **22** | 23 | 24 | 25 | 26 | 27 |
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## FEBRUARY

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## MARCH

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## APRIL

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## MAY

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## JUNE

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## AUGUST

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## SEPTEMBER

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## OCTOBER

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## NOVEMBER

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## DECEMBER

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**OCTA, OCTD, OCLTA, and OCSAFE regular Board meeting**
9:00 a.m., OCTA Headquarters
550 South Main Street, Board Room - Conf. Room 07-08, Orange CA

**Holidays**

ATTACHMENT B

# 2024 OCTA BOARD AND COMMITTEE CALENDAR

OCTA

## JANUARY

| SUN | MON | TUE | WED | THU | FRI | SAT |
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## FEBRUARY

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## MARCH

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## APRIL

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## MAY

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## JUNE

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## JULY

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## AUGUST

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## SEPTEMBER

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## OCTOBER

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## NOVEMBER

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## DECEMBER

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| 29 | 30 | 31 | | | | |

**OCTA, OCTD, OCLTA, and OCSAFE regular Board meeting**
9:00 a.m., OCTA Headquarters
550 South Main Street, Board Room - Conf. Room 07-08, Orange CA

**Holidays**

EXEC
9:00 a.m.

RTP
10:30 a.m.

L & C
9:00 a.m.

Transit
9:00 a.m.

F & A
10:30 a.m.

# 2024 Board and Committee Calendar - Proposed Exeptions

## Standard monthly meeting dates and times are as follows:

Board meetings – 2nd and 4th Monday at 9 a.m.
Executive Committee – 1st Monday at 9 a.m.
Regional Transportation Planning (RTP) Committee – 1st Monday at 10:30 a.m.
Finance and Administration Committee (F&A) – 2nd and 4th Wednesday at 10:30 a.m.
Transit Committee – 2nd Thursday at 9 a.m.
Legislative and Communications (L&C) Committee – 3rd Thursday at 9 a.m.

| Month | Proposed Exceptions to the Standard Meeting Dates |
|---|---|
| January | Adjust Executive and RTP Committees to Tuesday, January 2, due to New Year's holiday. |
| February | No change |
| March | No change |
| April | No change |
| May | F&A Committee meets once.<br><br>Adjust May 27 Board meeting to Tuesday, May 28 to accommodate Memorial Day holiday. |
| June | No change |
| July | No change |
| August | Adjust the September Executive and RTP Committees to Thursday, August 29, due to the Labor Day holiday. |
| September | F&A Committee meets once<br><br>See the month of August for adjustments to the Executive and RTP Committees. |
| October | No change |
| November | F&A Committee meets once.<br><br>Note: November 11 Board meeting occurs on Veteran's Day |
| December | F&A Committee meets once on the 1st Wednesday.<br><br>Board meets once. |

*Committee meeting calendars are pending approval by each committee in February 2024*

## Call to Order

The November 13, 2023, regular meeting of the Orange County Transportation Authority (OCTA) Board of Directors and affiliated agencies was called to order by Chairman Hernandez at 9:00 a.m. at the OCTA Headquarters, 550 South Main Street, Orange, California.

**Directors Present:**
Gene Hernandez, Chairman
Tam Nguyen, Vice Chairman
Doug Chaffee
Jose Diaz
Andrew Do
Jon Dumitru
Jamey Federico
Katrina Foley
Brian Goodell
Patrick Harper
Steve Jones
Fred Jung (via teleconference)
Farrah N. Khan
Jessie Lopez
Vicente Sarmiento
Donald P. Wagner

**Directors Absent:**
Michael Hennessey

**Staff Present:**
Darrell E. Johnson, Chief Executive Officer
Gina Ramirez, Clerk of the Board Specialist, Principal
Allison Cheshire, Clerk of the Board Specialist, Senior
James Donich, General Counsel

## Special Calendar

### 1. Closed Session

A Closed Session was held pursuant to Government Code Section 54956.9(d) - Conference with General Counsel - Potential Litigation - One Matter.

Director Kahn was not present for this item.

There was no report out on this item.

**2. Public Hearing for the 2023 Orange County Congestion Management Program Report**

Angel Garfio, Associate Transportation Analyst, provided a report on this item.

A motion was made by Director Sarmiento, seconded by Director Foley, and following a roll call vote, declared passed 16-0, to:

A. Consider public hearing comments received on the 2023 Orange County Congestion Management Program Report.

B. Adopt the 2023 Orange County Congestion Management Program Report.

C. Direct staff to forward the 2023 Orange County Congestion Management Program Report to the Southern California Association of Governments for a finding of regional consistency.

## Consent Calendar (Items 3 through 23)

**3. Approval of Minutes**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to approve the minutes of the October 23, 2023, Orange County Transportation Authority and affiliated agencies' regular meeting.

**4. Fiscal Year 2023 Triennial Review**

A motion was made by Director Do, seconded by Vice Chairman Nguyen,and following a roll call vote, declared passed 16-0, to receive and file the Fiscal Year 2023 Triennial Review as an information item.

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

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2023-24 Internal Audit Plan as an information item.

**6. Adopt Resolution Authorizing the Executive Director of Capital Programs or Designee to Execute Right-of-Way Certifications**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to adopt Resolution No. 2023-061 authorizing the Executive Director of Capital Programs or designee to execute right-of-way certifications.

**7. Fiscal Year 2022-23 Fourth Quarter Budget Status Report**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to receive and file as an information item.

**8. Orange County Transportation Authority Investment and Debt Programs Report -August 2023**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to receive and file as an information item.

**9. Orange County Transportation Authority Investment and Debt Programs Report - September 2023**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to receive and file as an information item.

**10. Property Insurance Policy Renewal**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A55552, in an amount not to exceed $495,000, to Marsh Risk and Insurance Services, Inc., to purchase property insurance on behalf of the Orange County Transportation Authority for the renewal of the coverage for the period of December 1, 2023, to June 30, 2024.

**11. 2023 Board of Directors and Chief Executive Officer Initiatives and Action Plan - Third Quarter Progress Report**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to receive and file as an information item.

**12. Approval to Release Request for Proposals for the Next Safe Travels Education Program Project**

This item was pulled by Director Foley to inquire about the program and the site selection.

Peter Sotherland, Section Manager III, Planning and Analysis, provided a report on this item.

A motion was made by Director Foley, seconded by Director Sarmiento, and following a roll call vote, declared passed 16-0, to receive and file as an information item.

A. Approve the proposed evaluation criteria and weightings for Request for Proposals 3-2896 for selection of a consultant to deliver the Next Safe Travels Education Program project.

B. Approve the release of Request for Proposals 3-2896 for consultant services to deliver the Next Safe Travels Education Program project.

**13. Bus Operations Performance Measurements Report for the Fourth Quarter of Fiscal Year 2022-23**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to receive and file as an information item.

**14. Cooperative Agreements with the California Department of Transportation for the Interstate 5 Improvement Project Between State Route 73 and El Toro Road for Right-of-Way Capital and Support Services**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to:

A. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-3-2902, between the Orange County Transportation Authority and the California Department of Transportation, in the amount of $53,693,000, for right-of-way support services, right-of-way acquisition, and utility relocation costs for the Interstate 5 Improvement Project between State Route 73 and Oso Parkway. This increases the right-of-way funding for this project segment by $16,021,000.

B. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-3-2950 between the Orange County Transportation Authority and the California Department of Transportation, in the amount of $11,305,400, for right-of-way support services, right-of-way acquisition, and utility relocation costs for the Interstate 5 Improvement Project between Oso Parkway and Alicia Parkway. This decreases the right-of-way funding for this project segment by $1,679,600.

C. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-3-2951 between the Orange County Transportation Authority and the California Department of Transportation, in the amount of $28,788,000, for right-of-way support services, right-of-way acquisition, and utility relocation costs for the Interstate 5 Improvement Project between Alicia Parkway and El Toro Road. This increases the right-of-way funding for this project segment by $1,746,000.

D. Authorize the use of up to $16,087,400 in additional Measure M2 funds for the right-of-way phase of the Interstate 5 Improvement Project between State Route 73 and El Toro Road.

E. 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.

**15. Amendment to Agreement for Additional Design Services for State Route 91 Improvement Project Between Acacia Street and La Palma Avenue**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-0-2073 between the Orange County Transportation Authority and T.Y. Lin International, in the amount of $968,914, for additional design services for the State Route 91 Improvement Project between Acacia Street and La Palma Avenue. This will increase the maximum cumulative obligation of the agreement to a total contract value of $11,713,168.

**16. First Quarter Fiscal Year 2023-24 Capital Action Plan Performance Metrics**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to receive and file as an information item.

**17. Amendment to Agreement for Additional Design Services for State Route 91 Improvement Project Between La Palma Avenue and State Route 55**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-9-1557 between the Orange County Transportation Authority and WKE, Inc., in the amount of $1,180,336, for additional design services for the State Route 91 Improvement Project between La Palma Avenue and State Route 55. This will increase the maximum cumulative obligation of the agreement to a total contract value of $16,488,884.

**18. Amendment to Agreement for Manufacturing and Delivery of Vehicles for the OC Streetcar Project**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 15-1, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 7 to Agreement No. C-6-1445 between the Orange County Transportation Authority and Siemens Mobility, Inc., in the amount of $1,725,750, to purchase additional spare parts, special tools and test equipment. This will increase the maximum cumulative obligation of the agreement to a total contract value of $54,558,983.

Director Wagner voted in opposition on this item.

**19. Agreement with Grand Jurors Association of Orange County for Recruitment Services for Measure M2 Taxpayer Oversight Committee**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-3-2908 between the Orange County Transportation Authority and the Grand Jurors Association of Orange County, in the amount of $50,000, for managing the annual Taxpayer Oversight Committee recruitment process through June 30, 2028.

**20. Agreement for Biological Preserve Monitoring Services**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to:

A. Approve the selection of Glenn Lukos Associates, Inc., to provide biological preserve monitoring services.

B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-3-2700 between the Orange County Transportation Authority and Glenn Lukos Associates, Inc., in the amount of $500,000, to provide biological preserve monitoring services for a four-year term.

**21. Agreements for Comprehensive Transportation Funding Programs Review Services**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to:

A. Approve the selection of Transportation Engineering and Planning, Inc., and W.G. Zimmerman Engineering, Inc., as the firms to provide comprehensive transportation funding programs review services.

B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-3-2707 between the Orange County Transportation Authority and Transportation Engineering and Planning, Inc., in the amount of $474,000, for a three-year initial term with two, one-year option terms, to provide comprehensive transportation funding programs review services.

C. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-3-2854 between the Orange County Transportation Authority and W.G. Zimmerman Engineering, Inc., in the amount of $474,000, for a three-year initial term with two, one-year option terms, to provide comprehensive transportation funding programs review services.

**22. 2024 Project V Community-Based Transit/Circulators Program Guidelines and Call for Projects**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to:

A. Approve proposed revisions to the Comprehensive Transportation Funding Programs guidelines for the Project V Community-Based Transit Circulators Program.

B. Authorize staff to issue the 2024 Measure M2 Community-Based Transit Circulators Program call for projects.

**23. Amendment No. 9 to Cooperative Agreement No. C-0-1892 with the City of Irvine for Proposition 116 Replacement Funds**

A motion was made by Director Do, seconded by Vice Chairman Nguyen, and following a roll call vote, declared passed 16-0, to authorize the Chief Executive Officer or his designee to negotiate and execute Amendment No. 9 to Cooperative Agreement No. C-0-1892, which allows both the City of Irvine and the Orange County Transportation Authority to use Proposition 116 payback funds to support ongoing transit services in and the transfer of vehicles to the City of Irvine.

## Regular Calendar

**24. Measure M2 2023 Update: Next 10 Delivery Plan**

Francesca Ching, Section Manager, Measure M2 Program Management Office, provided a presentation on this item.

A motion was made by Director Foley, seconded by Director Sarmiento, and following a roll call vote declared passed 16-0, to:

A. Adopt the 2023 Measure M2 Next 10 Delivery Plan.

B. Direct staff to continue to work with Metrolink to develop a financially sustainable service plan.

C. Direct staff to continue to monitor revenue and project cost shifts that could affect the delivery plan and return to the Board of Directors with changes if necessary.

**25. Proposed Amendment to the Orange County Local Transportation Authority**

Andy Oftelie, Chief Financial Officer, provided a report on this item.

A motion was made by Director Dumitru, seconded by Director Do, and following a roll call vote declared passed 12-3, to:

A. Direct staff to set a date of January 8, 2024, for a public hearing and Board of Directors action to consider adoption of the amendment to the Orange County Local Transportation Authority Measure M2 Ordinance No. 3 to address inconsistencies and interpretations of the individual responsibility of the Chair of the Taxpayer Oversight Committee as it relates to the annual certification that revenues have been spent in compliance with the Renewed Measure M Transportation Investment Plan.

B. Direct staff to initiate the process to amend the Orange County Local Transportation Authority Measure M2 Ordinance No. 3 to clarify the functions and responsibilities of the Taxpayer Oversight Committee and the Chair of the Taxpayer Oversight Committee in providing annual certification that revenues have been spent in compliance with the Renewed Measure M Transportation Investment Plan.

Directors Foley, Khan, and Lopez voted in opposition to this item.

Director Jung was not present to vote on this item.

Public comment was heard from Toni Nelson of CapoCares.

## Discussion Items

**26. Public Comments**

Public comments were heard from Laurie Girand and Toni Nelson of CapoCares.

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

Mr. Johnson, CEO reported on the following:

- Veterans Appreciation Event
- 405 Improvement Project
- OC Transit Vision
- OC Connect

**28. Directors' Reports**

Director Foley invited the public to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Resiliency Informational hearing on Monday, December 11, 2023, at the City of San Clemente Council Chambers.

**29. Adjournment**

The meeting adjourned at 10: 37 a.m.

The next regularly scheduled meeting of this Board will be held:
**9:00 a.m., on Monday, November 27, 2023**
OCTA Headquarters
Board Room
550 South Main Street
Orange, California

ATTEST:

______________________________
Gina Ramirez
Assistant Clerk of the Board

OCTA

COMMITTEE TRANSMITTAL

***November 27, 2023***

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

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

**Subject:** OCTA Store Operations, Internal Audit Report No. 24-504

Finance and Administration Committee Meeting of November 15, 2023

Present: Directors Federico, Goodell, Harper, and Jones
Absent: Directors Do, Hennessey, and Sarmiento

## Committee Vote

This item was passed by the Members present.

## Committee Recommendation

Receive and file OCTA Store Operations, Internal Audit Report No. 24-504, as an information item.

*November 15, 2023*

| | |
|---|---|
| ***To:*** | Finance and Administration Committee |
| ***From:*** | Darrell Johnson, Chief Executive Officer |
| | Janet Sutter, Executive Director<br>Internal Audit |
| ***Subject:*** | OCTA Store Operations, Internal Audit Report 24-504 |

### *Overview*

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of OCTA Store Operations. Based on the audit, controls are adequate and operating. Management has implemented standard operating procedures that ensure proper safeguarding of cash, transponders, and pass fare media and exercises appropriate security over the premises.

### *Recommendation*

Receive and file OCTA Store Operations, Internal Audit Report No. 24-504, as an information item.

### *Background*

The OCTA Store (store) provides transit customers with the opportunity to purchase pass fare media and perform 91 Express Lanes account enrollment and maintenance transactions. The General Services Department under the Finance and Administration Division is responsible for store operations.

Store associates are assigned safes and workstations to which they have individual access. Access to the store area, as well as the point-of-sale system used for recording transactions, is limited and the area includes camera surveillance. The store accepts multiple forms of payment including cash, checks, and credit cards. During fiscal year 2022-23, the store sold close to 170,000 passes and 1,292 transponders.

### *Discussion*

Management has developed, documented, and implemented standard operating procedures to ensure the proper safeguarding of cash, transponders, and pass fare media, and has implemented strong security controls. The section manager is well organized and has good record-keeping practices. Together, this demonstrates OCTA values of integrity, customer focus, and communication.

### *Summary*

Internal Audit has completed an audit of OCTA Store Operations.

### *Attachment*

A. OCTA Store Operations, Internal Audit Report No. 24-504

**Prepared by:**

Jonathan Thompson
Internal Auditor
(714) 560-5930

**Approved by:**

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

**ATTACHMENT A**

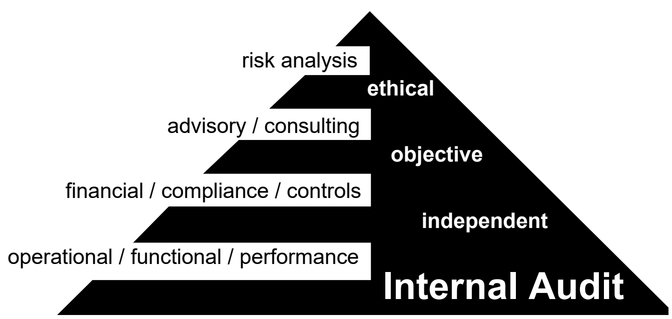
# ORANGE COUNTY TRANSPORTATION AUTHORITY
# INTERNAL AUDIT DEPARTMENT

OCTA

## OCTA Store Operations

## Internal Audit Report No. 24-504

**October 26, 2023**




**Audit Team:** Jonathan Thompson, Internal Auditor JT
Janet Sutter, CIA, Executive Director

**Distributed to:** Andrew Oftelie, Chief Financial Officer, Finance and Administration
Sean Murdock, Director, Finance and Administration
Sara Belovsky, Jessica Lopez

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**INTERNAL AUDIT DEPARTMENT**
**OCTA Store Operations**
**October 26, 2023**

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**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**INTERNAL AUDIT DEPARTMENT**
**OCTA Store Operations**
**October 26, 2023**

## Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of OCTA Store Operations. Based on the audit, controls are adequate and operating. Management has implemented standard operating procedures that ensure proper safeguarding of cash, transponders, and pass fare media and exercises appropriate security over the premises.

## Background

The OCTA Store (store) provides transit customers with the opportunity to purchase pass fare media and perform 91 Express Lanes account enrollment and maintenance transactions. In addition, the store performs employee recreation association movie ticket sales. The store is located at 600 S. Main Street, in the City of Orange, and is open every weekday from 8 a.m. until 5 p.m. The General Services Department under the Finance and Administration Division is responsible for store operations. The store is staffed with two full-time and one part-time associate who are supervised by a section manager.

Store associates are assigned safes and workstations to which they have individual access. Access to the store area, as well as the point-of-sale system used for recording transactions, is limited and the area includes camera surveillance. The store accepts multiple forms of payment including cash, checks, and credit cards. During fiscal year 2022-23, the store sold close to 170,000 passes and 1,292 transponders. At the end of each day, store associates prepare a reconciliation package and deliver a deposit to the Accounting Department for deposit to OCTA's account and recording in the general ledger system.

## Objectives, Scope, and Methodology

The objectives were to assess and test controls in place over store operations.

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 integrity and ethical values.
- Control Activities
  - OCTA selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

The methodology consisted of reviewing records of individuals with physical access to the store and user access to the Counterpoint point-of-sale system for appropriateness, confirming that security cameras located in the store are operable, observation and testing evidence of a haphazard sample of two unannounced quarterly reviews, observed and made inquiries as to cash and inventory security, tested a haphazard sample of daily reconciliation packages and tied deposits to the general ledger, tested a haphazard sample of transponder inventory counts and pass fare replenishment requests for compliance with procedures. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

The scope period was from September 1, 2022, through August 31, 2023, and October 3, 2023, for observations. The scope was limited to store operations and did not include testing of compliance with Payment Card Industry-Data Security Standards or wholesale pass sales.

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.

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[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.

## Noteworthy Accomplishments

Management has developed, documented, and implemented standard operating procedures to ensure the proper safeguarding of cash, transponders, and pass fare media, and has implemented strong security controls. The section manager is well organized and has good record-keeping practices. Together, this demonstrates OCTA values of integrity, customer focus, and communication.

OCTA

COMMITTEE TRANSMITTAL

***November 27, 2023***

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

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

**Subject:** Orange County Employees Retirement System Early Payment for Fiscal Year 2024-25

Finance and Administration Committee Meeting of November 15, 2023

Present: Directors Federico, Goodell, Harper, and Jones
Absent: Director Do, Hennessey, and Sarmiento

**Committee Vote**

This item was passed by the Members present.

**Committee Recommendation**

Authorize the early payment of approximately $34.8 million by January 11, 2024, to the Orange County Employees Retirement System, for employer contributions for fiscal year 2024-25.

*Orange County Transportation Authority*
*550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)*

***November 15, 2023***

***To:*** Finance and Administration Committee

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

***Subject:*** Orange County Employees Retirement System Early Payment for Fiscal Year 2024-25

### *Overview*

The Orange County Employees Retirement System has offered an early payment discount to member agencies of seven percent if they elect to prepay their contributions for fiscal year 2024-25. Advance payments must be received by January 11, 2024. The estimated savings for the Orange County Transportation Authority over the next year and a half under this payment option will total approximately $345,000. Board of Directors' authorization is requested for the early payment option.

### *Recommendation*

Authorize the early payment of approximately $34.8 million by January 11, 2024, to the Orange County Employees Retirement System, for employer contributions for fiscal year 2024-25.

### *Background*

The Orange County Employees Retirement System (OCERS) provides retirement benefits to Orange County Transportation Authority (OCTA) employees. The majority of OCTA employees and retirees are covered by the OCERS plan. OCERS is a defined benefit plan with benefits determined by a formula based on years of service, age at retirement, and highest average salary over a consecutive three-year period. OCERS is administered by a ten-member Board of Retirement. The OCERS Board of Retirement serves as fiduciary and has administrative authority over investments and benefits. As of June 30, 2023, the plan had approximately $21.4 billion in assets. OCERS operates under the state statutory requirements of the County Employees Retirement Act of 1937, a section of the California Government Code.

Employer contributions to OCERS are calculated each pay period by OCTA and paid electronically every two weeks. During fiscal year (FY) 2024-25, based on preliminary estimates, OCTA will contribute approximately $37.2 million to OCERS, based upon wages of approximately $123 million. OCTA's employer rate is 30.43 percent, and the Public Employees' Pension Reform Act (PEPRA) contribution rate is 30 percent during this time period.

***Discussion***

On July 17, 2023, the OCERS Board of Retirement voted to offer an early payment discount on employer contribution payments made by January 11, 2024, for the succeeding FY. OCERS is offering to discount the contributions for FY 2024-25 by seven percent. If the early payment option is exercised, OCERS will reconcile the projected payroll wages for the FY and collect appropriate additions or provide credits against future payments from OCTA for FY 2023-24.

The OCTA Board of Directors approved a similar action in previous years where the early payment option was exercised. By using available cash now, OCTA will reduce the overall cost of future budgeted expenditures.

For FY 2024-25, OCERS increased OCTA's employer rates to 30.43 percent from the FY 2023-24 rate of 28.91 percent. The PEPRA contribution rate increased to 30 percent for FY 2024-25 from the 28.36 percent rate in FY 2023-24. OCTA's estimated wages for FY 2024-25 are $123 million. Applying the FY 2024-25 rates to the estimated wages for the year translates into an approximate contribution value of $37.2 million for FY 2024-25.

Under the early payment option, OCTA has the choice of paying OCERS $34.8 million ($37.2 million discounted by seven percent) by January 11, 2024, or OCTA would make the regular biweekly payments of approximately $1,430,955 for the employer contribution, (for a total of $37.2 million) during FY 2024-25. Given these assumptions, OCTA has calculated the savings to equal approximately $345,000 (which is the net between the $2.4 million in guaranteed savings from the OCERS prepayment and $2.1 million estimated interest earnings by OCTA).

Given the unprecedented rise in yields (United States Treasury yields have risen substantially in less than two years), and therefore higher estimated interest earnings for OCTA, the estimated savings of approximately $345,000 is relatively low compared to the historical average; however, the estimated interest earnings by OCTA are speculative while the discount rate of seven percent offered by OCERs is guaranteed.

Based upon this analysis, it is financially prudent and advantageous for OCTA to exercise this early payment option. If this option were to be exercised, these funds would be deposited into OCERS on behalf of OCTA and be credited to OCTA's account. The funds will be paid from the General Fund (37 percent), and the Orange County Transit District Fund (63 percent).

***Summary***

The Orange County Employees Retirement System has offered an early payment of contributions to member agencies for the upcoming fiscal year. Under this early payment option, a discount of seven percent will be applied to the amounts due for employer contributions. Orange County Transportation Authority has calculated the savings to equal approximately $345,000. Staff recommends exercising this early payment option.

***Attachment***

None.

**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

COMMITTEE TRANSMITTAL

***November 27, 2023***

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

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

**Subject:** Fiscal Year 2022-23 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting

<u>Finance and Administration Committee Meeting of November 15, 2023</u>

Present: Directors Federico, Goodell, Harper, and Jones
Absent: Directors Do, Hennessey, and Sarmiento

**Committee Vote**

This item was passed by the Members present.

**Committee Recommendations**

A. Receive and file the fiscal year 2022-23 audited financial statements and independent auditor's report on internal control over financial reporting as information items.

B. Direct staff to implement auditor recommendations related to findings over internal controls.

*November 15, 2023*

***To:*** Finance and Administration Committee

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

***Subject:*** Fiscal Year 2022-23 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting

### *Overview*

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and schedules. Crowe LLP, an independent accounting firm, has completed its annual audit of the Orange County Transportation Authority for fiscal year 2022-23. In addition, a report has been issued on the results of additional analysis performed by Crowe LLP, to assist management in determining compliance with certain state requirements.

In connection with the annual audit of the Orange County Transportation Authority, Crowe LLP, has issued an auditor's report on internal control over financial reporting with one finding.

### *Recommendations*

A. Receive and file the fiscal year 2022-23 audited financial statements and independent auditor's report on internal control over financial reporting as information items.

B. Direct staff to implement auditor recommendations related to findings over internal controls.

### *Background*

Pursuant to Section 28770 of the Public Utilities Code, the Orange County Transportation Authority (OCTA) prepares a set of annual financial statements presenting its results of operations and financial position at fiscal year (FY)-end. These financial statements are included in OCTA's Annual Comprehensive Financial Report (ACFR). OCTA staff also prepares stand-alone financial statements for various funds. In connection with the audit of these financial statements, Crowe LLP (Crowe) provided opinions on financial reports of OCTA and various stand-alone funds, and conducted additional analysis to assist management in determining compliance with certain state requirements.

The audits were performed under generally accepted auditing standards, the standards set forth for financial audits in the Government Accountability Office's Government Auditing Standards and State of California Transportation Development Act.

***Discussion***

Crowe has completed its annual audit of OCTA's financial records and systems and has issued its opinion on OCTA's financial statements for the FY ended June 30, 2023. The auditors have issued an unmodified (also known as "clean") opinion on the financial statements, indicating that the statements present fairly, in all material respects, the financial position of OCTA at June 30, 2023, and the results of its operations and cash flows of the proprietary funds for the FY then ended (Attachment A). Fund financial statements for the Orange County Local Transportation Authority as a component unit of OCTA (Attachment B), the 91 Express Lanes (91 EL) (Attachment C), the Local Transportation Fund (Attachment D), and the State Transit Assistance Fund (Attachment E) were also prepared and an unmodified opinion on each fund's financial statements was issued.

The ACFR will be submitted to the Government Finance Officers Association (GFOA) for consideration of the Certificate for Excellence in Financial Reporting for FY 2022-23. The GFOA awards certificates only to those governments whose annual financial reports are deemed in conformance with the highest standards of public financial reporting. OCTA has been awarded the GFOA certificate for each year of its existence, commencing with the FY ended June 30, 1992. Such recognition has a positive effect on OCTA's ability to borrow at favorable interest rates. The ACFR is a useful tool in business dealings with outside organizations. The 91 EL Fund financial statements will be forwarded to rating agencies, investors, and insurance companies.

In connection with the audit of these financial statements, Crowe has issued an auditor's report on internal control over financial reporting identifying one deficiency as defined by the American Institute of Certified Public Accountants, Statement on Auditing Standards Number 115. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Management has responded to this recommendation.

Crowe reported a deficiency related to Deferred Compensation Contribution Calculation. Management noted that contributions for the OCTA 401(a) and 457(b) deferred compensation plans were being incorrectly calculated due to an issue with the initial set up of the Lawson Human Resource/Payroll system in 2004. The errors were related to proper identification of eligible or included earnings in the calculation of employees' 457(b) plan contributions and/or with the employer match contributions in the 401(a) plans. Other errors identified were related to the occasional resetting of plan dates and miscalculated contributions on final paychecks. Management made a payment in FY 2023-24 to correct the approximate $7.4 million in missed contributions and related interest. Crowe found that management did not have effective controls in place over deferred compensation plan contribution calculation inputs or outputs.

Their recommendation is to formalize a periodic review of contribution calculations and plan documents to ensure plan changes (if any) are appropriately reflected within the calculation. Management agrees with the recommendation and has implemented several management controls to identify errors in a timely manner.

The auditor's report on internal control over financial reporting for FY 2022-23 is included herewith as Attachment F.

***Summary***

Staff has prepared OCTA's ACFR and various stand-alone Fund Financial Statements for the FY ended June 30, 2023. Crowe has audited these financial statements and schedules and has issued unmodified opinions as to fair presentation of the financial statements and schedules.

In connection with the annual audit of OCTA's financial statements for FY 2022-23, Crowe has issued independent auditor's report on internal control over financial reporting, which identified one deficiency along with a recommendation for improvement to internal controls. Management has responded that this deficiency will be addressed.

***Attachments***

A. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023
B. Orange County Local Transportation Authority (A Component Unit of the Orange County Transportation Authority) Annual Financial and Compliance Report Year Ended June 30, 2023
C. 91 Express Lanes Fund (An Enterprise Fund of the Orange County Transportation Authority) Financial Statements for the Year Ended June 30, 2023
D. Orange County Transportation Authority Local Transportation Fund Financial Statements Year ended June 30, 2023
E. Orange County Transportation Authority State Transit Assistance Fund Financial Statements Year ended June 30, 2023
F. Crowe LLP's Independent Auditor's Report

**Prepared by:**

Rima Tan
Department Manager,
Accounting and Financial Reporting
714-560-5371

**Approved by:**

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

ATTACHMENT A

# 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For fiscal year ended June 30, 2023


OCTA

Orange County Transportation Authority
Orange County, California

# 2023

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For fiscal year ended June 30, 2023

Submitted by:
**Darrell E. Johnson**
Chief Executive Officer

Finance and Administration Division
**Andrew Oftelie**
Chief Financial Officer

Orange County Transportation Authority
Orange County, California

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Annual Comprehensive Financial Report**
**For the Fiscal Year Ended June 30, 2023**

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FINANCIAL SECTION (Continued)



**STATISTICAL SECTION (Unaudited)**

# FREEWAYS




# STREETS AND ROADS

OCTA

OCTA

AFFILIATED AGENCIES

Orange County Transit District

Local Transportation Authority

Service Authority for Freeway Emergencies

Consolidated Transportation Service Agency

Congestion Management Agency

November 27, 2023

Members of the Board of Directors
Orange County Transportation Authority
550 South Main Street
Orange, CA 92863

We are pleased to present the Annual Comprehensive Financial Report of the Orange County Transportation Authority (OCTA) for the fiscal year (FY) ended June 30, 2023. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Responsibility for the complete and fair presentation of financial information, including all disclosures, rests with OCTA's management. A comprehensive framework of internal controls has been designed and implemented to ensure that the assets of OCTA are protected from loss, theft, or misuse, and to ensure that financial information is accurate and complete. Because the cost of internal controls should not outweigh the benefits, OCTA's system of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Crowe, LLP has audited OCTA's financial statements and issued an unmodified ("clean") opinion thereon for the FY ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of OCTA was also designed to meet the broader, federally mandated single audit of federal grantee agencies. A separately issued single audit report of OCTA provides the results of compliance with these federal requirements.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.



Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

## Profile of OCTA

OCTA was established by state law and began serving the public on June 20, 1991. An 18-member Board of Directors (Board) governs OCTA and consists of five members of the Orange County Board of Supervisors, ten city representatives selected by all of the cities within the County, two public members selected by these 15 Board Members, and a representative appointed by the Governor of California serving in a non-voting capacity. A Chief Executive Officer manages OCTA and acts in accordance with the directions, goals, and policies approved by the Board.

OCTA serves Orange County residents and commuters by providing countywide bus and paratransit service, Southern California Regional Rail Authority (Metrolink) commuter rail service, freeway improvements, streets and roads improvements, Express Lanes, and motorist aid services. In addition, OCTA is the managing agency for the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency.

Annually, OCTA develops a balanced budget for the upcoming FY. The budget details the expected sources and uses of funds. The Board adopts the budget before the beginning of each FY. On June 12, 2023, the Board approved the FY 2023-24 budget. During the FY, all major budget revisions are presented to the Board for consideration and adoption. On a quarterly basis, financial results are provided to the Board, including all significant variances between actual performance and budget in the areas of revenue, staffing, operating expenditures, and capital expenditures.

## Orange County Economy

### Unemployment Rates

The unemployment rate in Orange County increased from June 2022 and was less than the statewide rate as of June 2023. The unemployment rate in Orange County was 3.7 percent in June 2023, compared to 3.2 percent in June 2022. Statewide unemployment was 4.6 percent and national unemployment was 3.6 percent as of June 2023.

Between June 2022 and June 2023, the total non-farm employment increased by 40,200 jobs, or 2.4 percent. The sector with the most significant increase in employment was private education and health services, which saw a rise of 11,600 jobs. This growth was primarily attributed to the expansion of jobs in health care and social assistance, accounting for 9,600 jobs, while private educational services contributed an additional 2,000 jobs throughout the year. There were eight other industry sectors that experienced more modest gains, each adding fewer than 10,000 payroll jobs. However, when combined, these sectors still accounted for a substantial 72 percent of the year-over-year employment expansion, amounting to 29,100 new jobs. On the other hand, the financial activities sector saw a decline of 500 jobs during the same period, being the only sector to experience a year-over-year decrease in employment. Meanwhile, the mining and logging sector saw no changes in its payroll employment levels over the course of the year.

Residential Sector

According to the Census Bureau, the number of building permits in Orange County decreased from 6,794 units in FY 2021-22 to 6,278 units in FY 2022-23, a decrease of -7.6 percent. Permits for multi-family units increased from 50 percent of total permits to 59 percent of the total. The median single family home price decreased by a minor -0.1 percent in FY 2022-23 compared to FY 2021-22. In the second half of the FY, the median price was down by -3.9 percent compared to the second half of the previous year. In June 2023, the price stood at $1,260,000, practically the same as $1,265,000 in June 2022. The peak price of $1,325,000 was recorded in April 2022. Home listings continue to be extremely low as high mortgage rates make it uneconomical to sell a housing unit and purchase another at a much higher mortgage rate. Sales of existing homes are expected to be very low well into 2024.

Sales Tax

Based on the forecast provided by MuniServices, LLC., sales tax revenue is estimated to increase by 2.4 percent for M2 and 1.4 percent for Local Transportation Fund in FY 2023-24. Other major revenue sources are expected to increase as well, such as farebox, State Transit Assistance Funds (STAF), and Express Lanes revenues.

## Long-Term Financial Planning

In an effort to ensure long-term sustainability of transportation programs and services, OCTA updates the Comprehensive Business Plan (CBP) annually and seeks Board approval every two years. The FY 2022-23 CBP was approved by the Board at the February 27, 2023, meeting. The CBP is a financially constrained business planning tool providing a 20-year cash flow for each of OCTA’s transportation programs and serves as the baseline for developing the annual budget. The CBP details a comprehensive, multimodal approach ensuring the financial viability of each of OCTA’s major programs and is developed consistent with the goals of OCTA’s Strategic Plan, Long-Range Transportation Plan, and Next 10 Delivery Plan (Next 10 Plan).

## Relevant Financial Policies

OCTA utilizes several financial policies in guiding day-to-day operations and ensuring long-term financial sustainability. While there are overriding agency-wide financial policies, some financial policies are program-specific.

A brief description of the major financial policies follows below:

Budget Policy

OCTA's Budget Policy articulates that an annual budget will be prepared in accordance with the CBP, will be subject to a public hearing, and expenses will be controlled at the "Major Object" level. The three Major Objects for expenses at OCTA are: 1) salaries and benefits; 2) services and supplies; and 3) capital expenditures.

Position Control Policy

OCTA's Position Control Policy includes the control, maintenance, and reporting of OCTA's annual allocation of full-time equivalent (FTE) positions as approved by the Board. The Position Control Policy ensures that OCTA does not actively employ more FTEs than approved by the Board.

Reserve Policy

OCTA has a Board-adopted Reserve Policy that formalizes OCTA's reserve policies and practices with the goal of keeping programs and projects funded in times of economic uncertainty. This policy was updated in March 2022 to add a long-term operating reserve for the bus program.

*Bus Program*

Short-Term Operating Reserve (STOR) Policy

OCTA maintains a 60-day STOR for bus operations. This reserve is in place to accommodate normal fluctuations in revenues and expenditures, and protects against significant changes in funding or major expense items.

Long-Term Operating Reserve (LTOR) Policy

The LTOR is to be funded after both the short-term operating reserve and Capital Replacement Fund are fully funded. There is no target for the LTOR, and the funds are to be drawn solely to support bus operations unless needed to fully fund the STOR or Capital Replacement Fund (CRF).

CRF Reserve Policy

OCTA also maintains a CRF for the Bus Program, which is used to fund the rehabilitation and replacement of its capital assets without the need for debt financing. The CRF allows OCTA to avoid debt service expenditures and instead maximize the amount of revenue available for service. Funding for the CRF is determined through OCTA's CBP and executed through the annual budget and ensures OCTD's future capital expenditures are fully funded.

*91 Express Lanes*

The 91 EL has five reserve accounts which include two reserve accounts internal to OCTA and three reserve accounts required as part of the 91 EL outstanding debt. The two reserve accounts internal to OCTA include a 91 EL CRF and a 91 EL Excess Revenue Fund (ERF). The 91 EL CRF is fully funded and used to fund the rehabilitation and replacement of the 91 EL capital assets without the need for additional debt financing. Similar to the Bus Program, funding for the 91 EL CRF is determined through OCTA's CBP on an annual basis. The 91 EL ERF is to be used to fund future State Route 91 (SR-91) corridor improvements. The 91 EL excess revenues are to be allocated 80 percent for freeway projects and 20 percent for transit projects.

Three reserve accounts are required as part of the 91 EL outstanding debt to protect bondholders. The three reserve accounts are held in trust for the benefit of the repayment of the bonds and include a debt service reserve fund, an operating reserve, and a capital reserve. Each of the reserve accounts is fully funded and will remain so until the debt is retired.

**Major Initiatives**

Orange County voters originally endorsed Measure M (M1), a one-half cent sales tax for transportation improvements, in 1990 with a sunset in 2011. On November 7, 2006, by a margin of 69.7 percent, voters approved the renewal of Measure M2 (M2). With the approval of M2, local tax dollars will continue to be invested in Orange County's transportation infrastructure for another 30 years until 2041.

The OCTA Board has continued to advance implementation of M2 through the adoption of a series of delivery plans. These delivery plans are designed to ensure the delivery of projects and programs through 2041 as promised to the voters, bring transportation improvements earlier to residents and commuters of Orange County, and, as appropriate, address slower growth in sales tax revenue projections through strategic financing, and by successfully capturing and augmenting the program with external revenues. To date, there have been three delivery plans. The most recent is the Next 10 Plan approved by the Board on November 14, 2022, which spans the timeframe FY 2022-23 through FY 2031-32.

In FY 2022-23, OCTA continued to move Orange County forward with M2 projects and other notable accomplishments, including:

- In November 2022, the Board approved the 2022 Next 10 Plan, which incorporated the 2022 M2 sales tax revenue forecast of $15 billion, updated programmed external revenues, revised bonding assumptions, and refined project schedules and costs. The 2022 update confirmed that the Next 10 Plan and the overall 30-year M2 Program remains deliverable.

- The M2 Taxpayer Oversight Committee determined that OCTA is delivering M2 projects and programs as promised to Orange County voters for the 32nd consecutive year.

- Design efforts for both segments of the Interstate 5 (I-5) [Interstate 405 (I-405) to State Route 55 (SR-55)] Improvement Project continued and are anticipated to be complete by 2024.

- Construction on all three segments of the I-5 (State Route 73 to El Toro Road) South County Improvement Project continued and is anticipated to be completed by late 2024.

- The environmental phase for the I-5 El Toro Road Interchange Project was restarted in January 2023 with the addition of two new alternatives. The environmental document and project report is anticipated to be completed in 2026.

- Construction on the SR-55 (I-405 to I-5) Improvement Project broke ground in August 2022 and is anticipated to be complete in 2027.

- Design efforts for the SR-55 (I-5 to SR-91) Improvement Project began in August 2022 and are anticipated to be complete in 2025.

- Design for State Route 57 (SR-57) (Northbound, Orangewood Avenue to Katella Avenue) Improvement Project is underway and is anticipated to be complete in 2024.

- Design efforts for all three segments of the SR-91 (SR-57 to SR-55) Improvement Project continued. The easterly segment between SR-55 and Lakeview Avenue was completed in March 2023, with the remaining two segments anticipated to be complete in 2024.

- Construction on the $2.16 billion I-405 Improvement Project continued with the replacement and widening of all 18 bridges being completed. Construction is anticipated to be complete in late 2023.

- The 2023 Regional Capacity Program call for projects approved funding for seven projects totaling $33.48 million via a competitive grant program. Since 2011, OCTA has awarded 180 projects totaling nearly $387 million, including $24 million in leveraged external funding.

- The 2023 Regional Traffic Signal Synchronization Program call approved funding for three projects totaling $3.66 million. To date, OCTA and local agencies have synchronized more than 2,000 intersections (exceeding the M2 target) along more than 903 miles of streets through 101 corridors totaling $162.3 million, including $25.5 million in leveraged external funding.

- In September 2022, M2 Streets and Roads program surpassed $1 billion in funding allocations and distributions to help improve streets and roads network in addition to local transportation priorities.

- The Anaheim Canyon Metrolink Station Improvement Project was completed and opened to the public in January 2023. Improvements included new and extended platforms, new passenger amenities, and a second main track to allow more than one train in the station at a time.

- Construction on the OC Streetcar project continued in the cities of Garden Grove and Santa Ana with rail track being laid on the streets and construction of the maintenance and storage facility. Vehicle manufacturing is underway by Siemens Mobility, Inc.

- In FY 2022-23, OCTA allocated nearly $14.7 million in M2 funds to expand mobility choices for seniors and persons with disabilities under Project U.

- In August 2023, the Board allocated $3.4 million for the Environmental Cleanup Program to fund ten projects focused on removing visible pollutants, such as litter and debris, from roads before they reach waterways and the ocean. Since 2011, OCTA has awarded 222 projects totaling more than $36 million. It is estimated that over 60 million gallons of trash have been captured as a result of the installation of Tier 1 devices.

- OCTA’s Project V has successfully emerged from the pandemic as ridership and service levels have increased in comparison to the same period from the previous year. As a result, the Dana Point Summer Trolley has restored operations and Laguna Summer Breeze is scheduled to provide additional weekend service.

- Continued evaluation of Battery Electric Bus and Fuel Cell Electric Bus programs.

- Completed emergency work to stabilize the train tracks between the Mission Viejo/Laguna Niguel and Oceanside stations which occurred due to erosion.

**Awards and Acknowledgments**

For the 13th consecutive year, the National Procurement Institute awarded OCTA the Achievement of Excellence in Procurement® award based on outstanding innovation, professionalism, productivity, e-procurement, and leadership attributes.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCTA for its Annual Comprehensive Financial Report for the FY ended June 30, 2022. This was the 40th consecutive year OCTA or its predecessor agency received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe the Annual Comprehensive Financial Report for the FY ended June 30, 2023, continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA, expecting it to be eligible for another certificate.

Respectfully submitted,

Darrell E. Johnson
Chief Executive Officer

Andrew Oftelie
Chief Financial Officer

## ORANGE COUNTY TRANSPORTATION AUTHORITY

## ORGANIZATION CHART

**Board of Directors**

**Chief Executive Officer**
Darrell E. Johnson

**Deputy CEO**
Jennifer Bergener

**Internal Audit**
Janet Sutter
*Executive Director*

**Clerk of the Board**
Andrea West
*Manager*

**Public Information Office**
Joel Zlotnik
*Program Manager Sr*

**Express Lanes Programs**
Kirk Avila
*General Manager*

**Functions:**
- Express Lanes Programs
- Motorist Services Programs

**Security & Emergency Prep**
Matt Ankley
*Manager*

**Operations**
Johnny Dunning
*Chief Operating Officer*

**Functions:**
- Bus Operations
- Maintenance
- Scheduling & Bus Operations Support
- Community Transportation Services
- Contracted Services
- LOSSAN
- OC Streetcar
- Rail Operations

**Finance and Administration**
Andrew Oftelie
*Chief Financial Officer*

**Functions:**
- Accounting & Financial Reporting
- Contracts Administration & Materials Management
- Financial Planning & Analysis
- General Services
- Information Systems
- Revenue & Grant Administration
- Treasury / Public Finance

**Planning**
Kia Mortazavi
*Executive Director*

**Functions:**
- Measure M2
- Strategic Planning
  - Capital Programming
  - Geographical Information Systems
  - Regional Modeling and Traffic Operations
  - Transportation Planning

**Government Relations**
Lance Larson
*Executive Director*

**Functions:**
- Federal and State Relations
- Grants Compliance & Program Controls
- Regional & Local Government Relations

**Capital Programs**
Jim Beil
*Executive Director*

**Functions:**
- Facilities
- Highway Programs
- Project Controls
- Rail Programs & Facilities Engineering
- Real Property

**People & Community Engagement**
Maggie McJilton
*Executive Director*

**Functions:**
- External Affairs
  - Diversity Outreach
  - Marketing & Customer Engagement
  - Public Outreach
- Health, Safety and Environmental Compliance
- Human Resources
- Learning & Development
- Risk Management

# 2023 BOARD OF DIRECTORS

**Gene Hernandez**
**Chairman**
City Member, 3rd District

**Tam Nguyen**
**Vice Chairman**
Public Member

**Doug Chaffee**
**Director**
Supervisor, 4th District

**Jose Diaz**
**Director**
City Member, 4th District

**Andrew Do**
**Director**
Supervisor, 1st District

**Jon Dumitru**
**Director**
City Member, 2nd District

**Jamey Federico**
**Director**
City Member, 5th District

**Katrina Foley**
**Director**
Supervisor, 5th District

**Brian Goodell**
**Director**
City Member, 5th District

**Patrick Harper**
**Director**
City Member, 1st District

**Michael Hennessey**
**Director**
Public Member

**Steve Jones**
**Director**
City Member, 1st District

**Fred Jung**
**Director**
City Member, 4th District

**Farrah N. Khan**
**Director**
City Member, 3rd District

**Jessie Lopez**
**Director**
City Member, 2nd District

**Vicente Sarmiento**
**Director**
Supervisor, 2nd District

**Donald P. Wagner**
**Director**
Supervisor, 3rd District

**Ryan Chamberlain**
**Governor's Ex-Officio Member**
Caltrans District 12
District Director

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**MANAGEMENT STAFF**

| | |
|---|---|
| Darrell E. Johnson | Chief Executive Officer |
| Jennifer Bergener | Deputy Chief Executive Officer |
| Andrea West | Clerk of the Board |
| Janet Sutter | Executive Director, Internal Audit |
| James Donich | General Counsel |

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| | |
|---|---|
| Kirk Avila | General Manager, Express Lanes Programs |
| Jim Beil | Executive Director, Capital Programs |
| Johnny Dunning | Chief Operating Officer, Operations |
| Matt Ankley | Manager, Security & Emergency Preparedness |
| Lance Larson | Executive Director, Government Relations |
| Maggie McJilton | Executive Director, People & Community Engagement |
| Kia Mortazavi | Executive Director, Planning |
| Andrew Oftelie | Chief Financial Officer, Finance and Administration |
| Joel Zlotnik | Program Manager Sr, Public Information Office |

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| | |
|---|---|
| Sara Belovsky | Section Manager, General Services |
| Robert Davis | Manager, Treasury and Public Finance |
| Meena Katakia | Manager, Contracts Administration and Material Management |
| Sam Kaur | Manager, Revenue Administration |
| Georgia Martinez | Manager, Contracts Administration and Material Management |
| Sean Murdock | Director, Finance and Administration |
| Vacant | Manager, Information Systems Technical Services |
| Barry Reynolds | Manager, Cyber Security |
| Lloyd Sullivan | Director, Information Systems Administration |
| Rima Tan | Manager, Accounting and Financial Reporting |
| Pia Veesapen | Director, Contracts Administration and Materials Management |
| Victor Velasquez | Manager, Financial Planning and Analysis |
| Eden Wang | Manager, Enterprise Business Solutions |

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Orange County Transportation Authority**

**California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

**June 30, 2022**

Christopher P. Morrill

Executive Director/CE0


642 ORANGE
OCBUS
5706


2
OCBUS
HYDROGEN FUEL CELL ELECTRIC
ZERO EMISSION
1111


543 FULLERTON TRANSP CENTER
BRAVO!
5814
7900



# BUS

OCTA



# RAIL

OCTA

Crowe LLP
Independent Member Crowe Global

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of OCTA, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OCTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Local Transportation Authority Special Revenue Fund, and Local Transportation Special Revenue Fund, and supplemental pension plan trend data and other postemployment benefit data, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCTA's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023 on our consideration of OCTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCTA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

As management of the Orange County Transportation Authority (OCTA), we offer readers of OCTA's financial statements this narrative overview and analysis of OCTA's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages iii-x and OCTA's financial statements that begin on page 16. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- As of June 30, 2023, OCTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $2,334,295 (net position). Of this amount, $884,584 or 38% represents net investment in capital assets; $802,341 or 34% is restricted for specific purposes; and the remaining portion represents unrestricted net position of $647,370 or 28%.

- OCTA's total net position increased $260,333 during fiscal year 2022-23. The increase in net position from governmental activities of $106,968 was primarily due to increased sales tax revenue and investment earnings exceeding the overall expenses resulting from Measure M program. The net position from business-type activities increased by $153,365 primarily due to increased contributions received from Local Transportation Fund (LTF) for planing, paratransit, and for operating expenses.

- OCTA's governmental funds reported combined ending fund balances of $1,442,532, an increase of $16,251 or 1% compared to fiscal year 2021-22. Approximately 67% of the governmental fund balances represent Local Transportation Authority (LTA) amounts available for the Measure M program, including debt service. The increase of governmental fund balances was primarily attributable to increased sales tax revenue due to the economic recovery and investment earnings exceeding the overall expenses for LTA and nonmajor governmental funds.

- Long-term debt decreased by $69,661, compared to the prior fiscal year. The decrease is primarily attributable to the defeasance of 2021 BANs of $662,820 as a short-term financing vehicle during the construction of the I-405 Express Lanes Improvement Project offset by TIFIA Loan drawdown for $628,930 in the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to OCTA's basic financial statements. The basic financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains required supplementary information and other supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of OCTA's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of OCTA's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether OCTA's financial position is improving or deteriorating.

The statement of activities presents information showing how OCTA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements distinguish functions of OCTA that are principally supported by taxes and intergovernmental revenues, or governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, or business-type activities. The governmental activities of OCTA include general government, the Measure M program, motorist services and commuter rail. The business-type activities of OCTA include fixed route transit services, paratransit services, toll road operations and the OC Streetcar project.

The government-wide financial statements include only OCTA and its blended component units and can be found on pages 16-17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of OCTA's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and related statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OCTA maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the related statement of revenues, expenditures and changes in fund balances for OCTA's major governmental funds comprised of the General fund; LTA and LTF, which are special revenue funds; LTA Debt Service fund; and General Capital Project fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in the other supplementary information section of this report.

OCTA adopts an annual budget for all funds. Budgetary comparison schedules have been provided for the General fund and the LTA and LTF special revenue funds as required supplementary information to demonstrate compliance with the annual appropriated budgets. The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds consist of enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. OCTA uses enterprise funds to account for its transit, toll road, and streetcar operations. Internal service funds are an accounting mechanism used to accumulate and allocate costs internally to the departments benefiting from OCTA's risk management activities, which include general liability and workers' compensation. Since these risk management activities predominantly benefit business-type rather than governmental functions, they have been included within business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Orange County Transit District (OCTD), the 91 Express Lanes, and the I-405 Express Lanes which are considered as major enterprise funds of OCTA. Data from the other nonmajor enterprise funds such as OC Streetcar are presented separate. Additionally, data from the General Liability and Workers' Compensation internal service funds are combined into a single, aggregated presentation.

The proprietary fund financial statements can be found on pages 22-28 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-71 of this report.

Other information is in addition to the basic financial statements and accompanying notes. This report also presents certain required supplementary information concerning OCTA's budgetary results for the General fund and major special revenue funds with appropriated budgets. Additionally, trend data for OCTA's pension plans and other postemployment benefits are included. Required supplementary information can be found on pages 72-77 of this report.

The combining statements of nonmajor governmental funds, nonmajor enterprise fund and internal service funds are presented immediately following the required supplementary information. In addition, budgetary results for the LTA Debt Service Fund and nonmajor governmental funds are located in this section. This other supplementary information can be found on pages 78-94 of this report.

**Government-wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2023, OCTA's assets and deferred outflows exceeded liabilities and deferred inflows by $2,334,295.

Our analysis on the following pages focuses on net position (Table 1) and changes in net position (Table 2) of OCTA's governmental and business-type activities.

OCTA's net investment in capital assets was $884,584, compared to $808,045 in fiscal year 2021-22. OCTA's net position reflects its investment in capital assets (i.e., construction in progress; land; buildings and improvements; machinery, equipment and furniture; transit vehicles; intangible assets; and transponders), less any outstanding debt used to acquire these assets. OCTA uses these capital assets to provide transit services to the residents and business community of Orange County. The increase of $76,539 was primarily due to progress of I-405 Express Lanes construction project.

Restricted net position, representing resources subjected to external restrictions on how they may be used, were 34% and 37% of the total net position at June 30, 2023 and 2022, respectively. In fiscal year 2022-23, the restricted net position increased by $37,310 primarily due to the combination of the increase in the restricted net position from governmental activities of $38,129 and the decrease of $819 for business-type activities. The increase for governmental activities was contributed by the increased in funds restricted to Transportation program. The decrease for business-type activities was primarily related to the funds restricted for the State of Good Repair program.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. At the end of fiscal year 2022-23, OCTA's unrestricted net position was $647,370, a increase of $146,484 from the prior fiscal year. The increase was mainly due to business-type activities related to I-405 Express Lanes construction.

**Table 1**
**Orange County Transportation Authority**
**Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Current and other assets | $ 1,069,453 | $1,063,317 | $1,071,954 | $1,088,229 | $2,141,407 | $2,151,546 |
| Restricted assets | 542,357 | 536,686 | 39,230 | 60,031 | 581,587 | 596,717 |
| Prepaid retirement | 12,097 | 12,744 | 21,449 | 22,357 | 33,546 | 35,101 |
| Assets held for resale | 15,965 | 15,965 | — | — | 15,965 | 15,965 |
| Capital assets, net | 607,668 | 529,536 | 863,279 | 741,928 | 1,470,947 | 1,271,464 |
| **Total assets** | **2,247,540** | **2,158,248** | **1,995,912** | **1,912,545** | **4,243,452** | **4,070,793** |
| Deferred outflows of resources | 27,115 | 11,784 | 49,214 | 23,390 | 76,329 | 35,174 |
| Current liabilities | 157,431 | 145,316 | 132,352 | 110,729 | 289,783 | 256,045 |
| Long-term liabilities | 742,599 | 719,566 | 886,928 | 920,885 | 1,629,527 | 1,640,451 |
| **Total liabilities** | **900,030** | **864,882** | **1,019,280** | **1,031,614** | **1,919,310** | **1,896,496** |
| Deferred inflows of resources | 12,706 | 50,199 | 53,470 | 85,310 | 66,176 | 135,509 |
| **Net position:** | | | | | | |
| Net investment in capital assets | 582,156 | 501,053 | 302,428 | 306,992 | 884,584 | 808,045 |
| Restricted | 773,909 | 735,780 | 28,432 | 29,251 | 802,341 | 765,031 |
| Unrestricted | 5,854 | 18,118 | 641,516 | 482,768 | 647,370 | 500,886 |
| **Total net position** | **$ 1,361,919** | **$1,254,951** | **$ 972,376** | **$ 819,011** | **$2,334,295** | **$2,073,962** |

OCTA's total revenues increased by 2%, while the total costs of all programs decreased by 2%. Major contributing factors for the increase of $25,390 in total revenues are increase of $112,519 in unrestricted investment income resulting from favorable investment performance, increase of $56,329 in capital grants and contributions, increase of $40,132 in sales tax revenue, and offset by decrease of $183,320 in operating grants and contributions

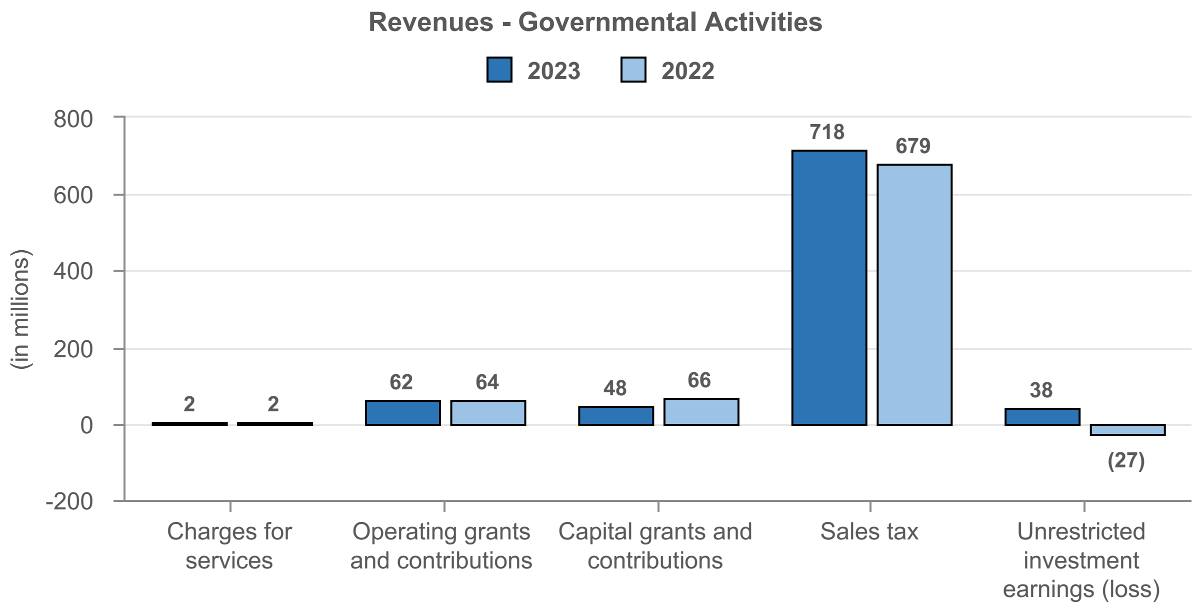
During fiscal year 2022-23, OCTA's total expenses decreased $18,981, which resulted mainly from costs related to freeway projects including the I-405 Express Lanes Improvement project under Measure M program, and offset by increase of fixed route and paratransit expenses. Approximately 41% of the costs of OCTA's programs were paid by those who directly benefited from the programs or by other governments that subsidized certain programs with grants and contributions. Sales tax and investment earnings financed a significant portion of the programs' net costs. The analysis in Table 2 separately considers the operations of governmental and business-type activities.

**Table 2**
**Orange County Transportation Authority**
**Changes in Net Position**

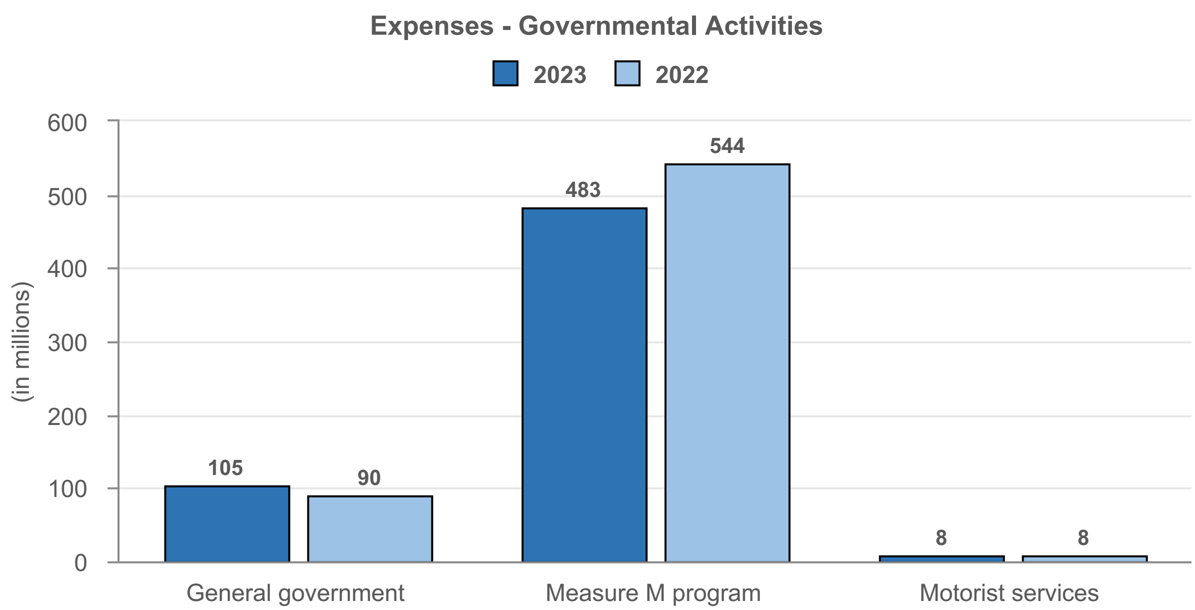
| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| **Revenues:** | | | | | | |
| **Program revenues:** | | | | | | |
| Charges for services | $ 2,193 | $ 2,467 | $ 106,139 | $ 107,319 | $ 108,332 | $ 109,786 |
| Operating grants and contributions | 61,774 | 63,978 | 77,750 | 258,866 | 139,524 | 322,844 |
| Capital grants and contributions | 47,923 | 65,949 | 84,923 | 10,568 | 132,846 | 76,517 |
| **General revenues:** | | | | | | |
| Sales tax | 718,022 | 679,399 | 21,155 | 19,646 | 739,177 | 699,045 |
| Unrestricted investment earnings (loss) | 38,383 | (27,383) | 14,586 | (32,167) | 52,969 | (59,550) |
| Other miscellaneous revenue | 826 | 1,360 | 8,292 | 6,574 | 9,118 | 7,934 |
| **Total revenues** | **869,121** | **785,770** | **312,845** | **370,806** | **1,181,966** | **1,156,576** |
| **Expenses:** | | | | | | |
| General government | 104,701 | 89,924 | — | — | 104,701 | 89,924 |
| Measure M program | 482,865 | 543,991 | — | — | 482,865 | 543,991 |
| Motorist services | 8,206 | 8,284 | — | — | 8,206 | 8,284 |
| Commuter rail | 15 | 194 | — | — | 15 | 194 |
| Fixed route | — | — | 210,789 | 179,877 | 210,789 | 179,877 |
| Paratransit | — | — | 99,541 | 88,131 | 99,541 | 88,131 |
| Toll road | — | — | 15,409 | 30,162 | 15,409 | 30,162 |
| Fixed guideway | — | — | 107 | 51 | 107 | 51 |
| **Total expenses** | **595,787** | **642,393** | **325,846** | **298,221** | **921,633** | **940,614** |
| Indirect expense allocation | (55,455) | (52,347) | 55,455 | 52,347 | — | — |
| Increase (decrease) in net position before transfers | 328,789 | 195,724 | (68,456) | 20,238 | 260,333 | 215,962 |
| Transfers | (221,821) | 104,009 | 221,821 | (104,009) | — | — |
| **Change in net position** | **106,968** | **299,733** | **153,365** | **(83,771)** | **260,333** | **215,962** |
| Net position—beginning of year | 1,254,951 | 955,218 | 819,011 | 902,782 | 2,073,962 | 1,858,000 |
| **Net position—end of year** | **$1,361,919** | **$1,254,951** | **$ 972,376** | **$ 819,011** | **$2,334,295** | **$2,073,962** |

**Governmental Activities**

Total revenues for OCTA's governmental activities increased $83,351 primarily due to an increase in sales tax revenue of $38,623 resulting from the economic recovery from the slowdown triggered by COVID-19 pandemic, and increase of $65,766 in unrestricted investment earnings.

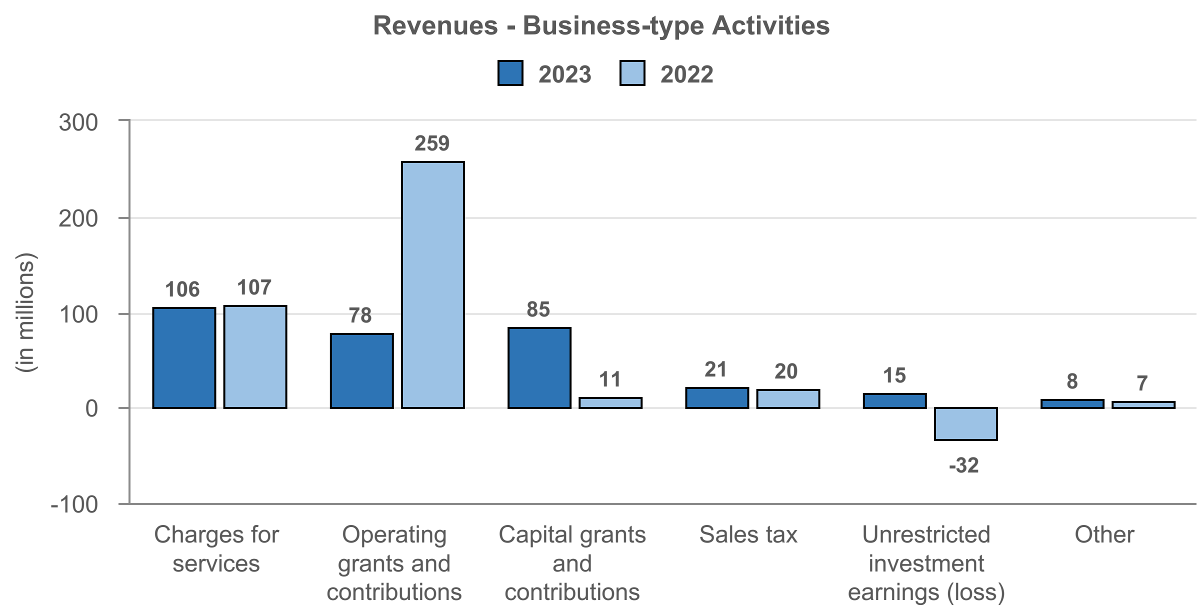



Total expenses for OCTA's governmental activities decreased $46,606 primarily due to a decrease of $61,126 in Measure M program costs related to freeway projects including the I-405 Express Lanes Improvement project.

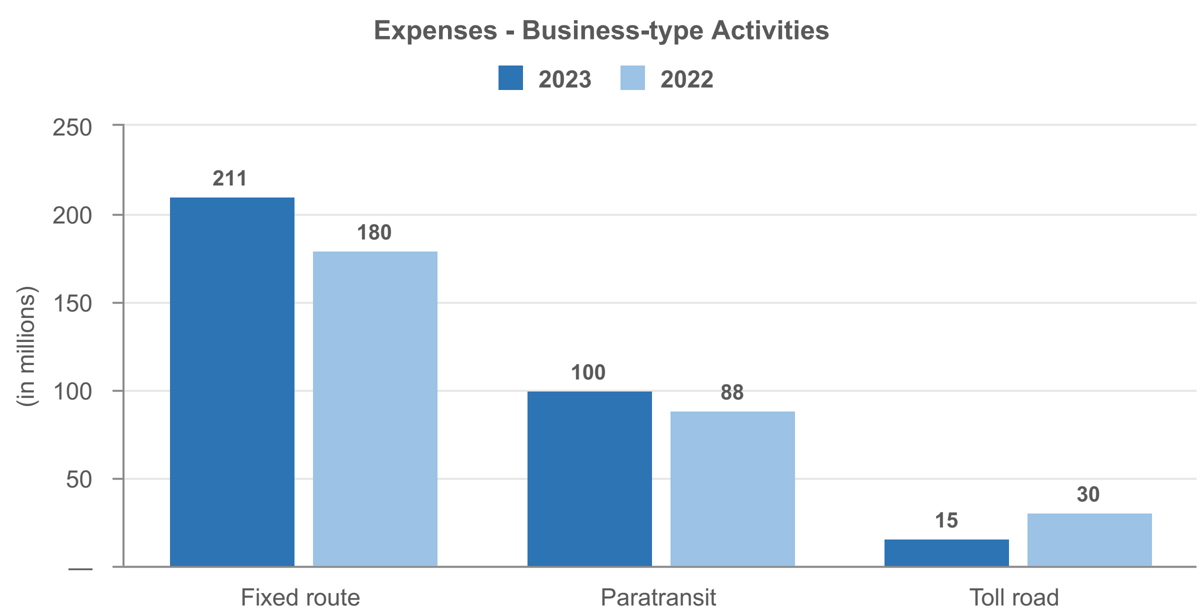


**Business-type Activities**

Revenues of OCTA's business-type activities decreased $57,961 primarily due to a decrease of $181,116 in operating grants and contributions relating to transit operations, which is offset by an increase of $74,355 in capital grants and contributions, and increase of $46,753 in investment earnings due to the favorable investment performance.




Total expenses related to business-type activities increased $27,625 or 9%, which resulted from an increase in operating expenses related to bus programs including fixed route and paratransit services.



**Financial Analysis of OCTA's Funds**

As noted earlier, OCTA uses fund accounting to ensure and demonstrate compliance with financial and legal requirements.

Governmental funds

The focus of OCTA's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing OCTA's financing requirements.

As of June 30, 2023, OCTA's governmental funds reported combined ending fund balances of $1,442,532, an increase of $16,251 compared to the prior fiscal year. Approximately 96% or $1,385,796 of this amount is restricted, the majority of which relates to the Measure M program. $38,689 represents the portion of fund balance that is not in a spendable form, such as note receivable, prepaid retirement and advances for projects. $28,218 is assigned for rail operations. The remainder of fund balance of $(10,171) is unassigned.

Significant changes in the fund balances of OCTA's major governmental funds are as follows:

- The General fund increased by $3,094, primarily due to the other financing sources related to the land sale of Anaheim Regional Transportation Intermodal Center (ARTIC) project and the contributed resources from LTF fund to support transit operations, and offset by exceeding expenditures over revenues for general government.

- The LTA fund decreased by $50,753 or 5%. The decrease is a result of contributions to the LTA Debt Service Fund for debt service payments and the Capital Project fund to support the OC Streetcar project, which were offset by increased sales tax revenue from the post-pandemic economic recovery and favorable investment earnings.

- The LTF fund increased by $33,465, primarily resulting from the combination of increased sales tax revenue and investment earnings, offset by decreased contribution to OCTD fund for planning, paratransit and operating expenses per provisions of the Transportation Development Act (TDA).

- The LTA Debt Service fund increased by $7,141, which is mainly due to favorable investment earnings and LTA fund received in excess of debt service payments.

Proprietary funds

OCTA's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the enterprise funds totaled $938,944 at June 30, 2023 compared to $789,224 at June 30, 2022. Following are the significant changes in net position of OCTA's major proprietary funds:

- The OCTD fund net position at June 30, 2023 was $851,993. During fiscal year 2022-23, the total net position increased $115,553, primarily resulting from an increase in Transportation Development Act (TDA) transfers to be used in operating or capital activities related to transit operations, along with an increase in user fees and charge for services resulting from economic recovery.

- The 91 Express Lanes fund net position for fiscal year 2022-23 increased $29,925 or 10%. The increase is primarily due to operating revenues in excess of operating expenses and favorable investment earnings.

## General Fund Budgetary Highlights

Revenues

The primary sources of revenues for the general fund are from federal, state, and local sources. Actual revenues were $2,981 more than the final budget of $15,394. This is primarily due to OCTA receiving $2,290 less in contributions from other agencies resulting from lower than anticipated State operating assistance, and offset by receiving $2,325 higher than the final budget in allocated interest and investment earnings. In addition, capital assistance grants were $3,000 more than the final budget. Most of the grant revenues are associated with active transportation projects such as bikeway and pedestrian facilities projects.

Expenditures

Actual expenditures were $4,729 lower than the final budget of $37,463. This is primarily due to a lower than anticipated general fund cost allocation and offset by the other expenditure categories being lower than budgeted. Salaries and benefits expenses were $2,596 less than the final budget, primarily due to vacancies. Capital outlay underrun by $7,287, which resulted mainly from capital project costs relating to Enterprise Asset Management System Replacement project. Primarily due to timing, the majority of this budget has been carried over in fiscal year 2023-24.

## Capital Assets

As of June 30, 2023, OCTA had $1,470,947, net of accumulated depreciation, invested in a broad range of capital assets including: land, buildings, transit vehicles, toll facility franchise, construction in progress, and machinery, equipment and furniture (Table 3).

During fiscal year 2022-23, OCTA's capital assets increased by $199,483. Capital assets related to governmental activities increased by $78,132. This increase is due primarily to the on-going construction activities on the OC Streetcar project. Capital assets related to business-type activities increased by $121,351, which resulted mainly from construction in progress related to the I-405 Express Lanes Improvement project.

**Table 3**
**Orange County Transportation Authority**
**Capital Assets, net of depreciation**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Land | $ 172,236 | $ 172,236 | $ 57,106 | $ 57,106 | $ 229,342 | $ 229,342 |
| Right-of-way improvements | 7,300 | 7,300 | — | — | 7,300 | 7,300 |
| Buildings and improvements | 616 | 694 | 55,777 | 57,889 | 56,393 | 58,583 |
| Transit vehicles | — | — | 130,273 | 104,047 | 130,273 | 104,047 |
| Machinery, equipment and furniture | 2,647 | 2,779 | 20,406 | 18,914 | 23,053 | 21,693 |
| Intangible right-to-use (building) | 23,564 | 27,785 | 8,742 | 3,318 | 32,306 | 31,103 |
| Intangible right-to-use (equipment) | 20 | 103 | — | — | 20 | 103 |
| Intangible right-to-use (Subscription Based IT Arrangements - SBITA) | 1,347 | — | 568 | — | 1,915 | — |
| Toll Facility Franchise | — | — | 109,934 | 112,522 | 109,934 | 112,522 |
| Construction in progress | 399,938 | 318,639 | 480,473 | 388,132 | 880,411 | 706,771 |
| **Total** | **$ 607,668** | **$ 529,536** | **$ 863,279** | **$ 741,928** | **$1,470,947** | **$1,271,464** |

Major capital asset additions during the fiscal year included:

- $74,039 for the I-405 Express Lanes Improvement Project
- $79,098 for the OC Streetcar Project

Major capital asset deletions during the fiscal year included:

- $31,617 for Revenue vehicles retirement
- $744 for Other vehicles retirement

OCTA has outstanding capital expenditure commitments, the most significant of which are: $222,497 for the I-405 Express Lanes Improvement project, $88,008 for the OC Streetcar project, $169,538 for the I-5 freeway widening construction project, $13,590 for SR91 and I-405 express lane toll collection project, and $14,647 for the SR-55 Widening project. As of June 30, 2023, OCTA has an intangible right-to-use subscription asset (SBITA) balance of $1,915 as a result of implementation of GASB Statement No. 96 this year.

More detailed information about OCTA's capital assets is presented in note 7 to the financial statements.

**Long-term Debt Administration**

As of June 30, 2023, OCTA had $1,281,844 in long-term debt outstanding compared to $1,351,505 on June 30, 2022, as presented in Table 4. The decrease of $69,661 is primarily attributable to the defeasance of 2021 BANs of $662,820 as a short-term financing vehicle during the construction of the I-405 Express Lanes Improvement Project, offset by net TIFIA Loan drawdown and principal payment for $620,189 in the current fiscal year.

**Table 4**
**Orange County Transportation Authority**
**Outstanding Debt**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Sales tax revenue bonds | $ 590,235 | $ 610,170 | $ — | $ — | $ 590,235 | $ 610,170 |
| Toll road revenue refunding bonds | — | — | 71,420 | 78,515 | 71,420 | 78,515 |
| TIFIA loan | — | — | 620,189 | — | 620,189 | — |
| BAN 2021 Series | — | — | — | 662,820 | — | 662,820 |
| **Total** | **$ 590,235** | **$ 610,170** | **$ 691,609** | **$ 741,335** | **$ 1,281,844** | **$1,351,505** |

OCTA's long-term debt is rated by Standard & Poor's, Moody's, and Fitch. As of June 30, 2023, the ratings are as follows:

| | Standard & Poor's | Moody's | Fitch |
|---|---|---|---|
| Sales tax revenue bonds | AA+ | Aa2 | AA+ |
| Toll road revenue refunding bonds | AA- | Aa3 | AA- |
| TIFIA loan | n/a | Baa2 | n/a |

Additional information on OCTA's long-term debt can be found in note 11 to the financial statements.

**Economic and Other Factors**

The Board of Directors (Board) adopted the fiscal year 2023-24 budget on June 13, 2023. The $1.7 billion budget was developed in accordance with the goals of the Board and the Chief Executive Officer. This balanced budget is a result of OCTA's ongoing effort to deliver innovative, equitable, and sustainable transportation solutions to Orange County residents and visitors.

OCTA anticipates growth for both local and state sales taxes in the coming year. In fiscal year 2023-24, the growth rate for the Measure M2 (M2) sales tax is forecasted to be 2.6 percent. The growth rate for the Transportation Development Act sales tax, which supports bus operations, is forecasted to be 1.9 percent.

Under the voter-approved M2 Program, improvements to freeways, streets and roads, and transit programs will continue. Included in the M2 Program budget is $367 million to fund freeway improvement projects and $185 million is budgeted to improve streets and roads. The budget also includes $120 million for M2 Transit programs with $49 million for ongoing construction of the OC Streetcar and $45 million to support regional rail.

In fiscal year 2023-24, the budget to support the Bus Program is $625 million.The budget has the capacity to support bus service levels of up to 1.47 million service hours and includes a capital budget of $212 million. A portion of the capital budget includes the purchase of 60 zero-emission vehicles which furthers OCTA's efforts to test zero-emission technology. The budget includes continued support for regional rail service and provides the funding necessary to return to 90 percent of pre-pandemic levels of Metrolink service. Usage of the 91 Express Lanes is expected to dip slightly in fiscal year 2023-24 because of an anticipated decrease in trips due to a softening in the economy, high inflation, and high gas prices.

Construction will advance on the OC Streetcar project in the coming year, and the budget also anticipates completion of the I-405 Express Lanes Improvement Project and operations beginning on the 405 Express Lanes in December 2023.

The fiscal year 2023-24 budget delivers on the Board's Strategic Initiatives and demonstrates OCTA's responsibility to the community in providing a balanced and sustainable multimodal transportation network, which keeps the residents of Orange County moving safely.

**Contacting OCTA's Management**

This financial report is designed to provide a general overview of OCTA's finances for all those with an interest in the government's finances and to demonstrate OCTA's accountability for the money it receives. Questions related to any of the information provided in this report or requests for additional information should be addressed to the Finance and Administration Division at the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Net Position
## June 30, 2023

| *(amounts expressed in thousands)* | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments | $ 837,123 | $ 994,965 | $ 1,832,088 |
| Receivables: | | | |
| Interest | 8,864 | 6,858 | 15,722 |
| Operating grants | 13,942 | 3,020 | 16,962 |
| Capital grants | 7,511 | 37,516 | 45,027 |
| Other | 971 | 12,479 | 13,450 |
| Internal balances | 585 | (585) | — |
| Due from other governments | 164,118 | 9,944 | 174,062 |
| Condemnation deposits | 16,065 | 444 | 16,509 |
| Lease receivables | 260 | 162 | 422 |
| Note receivable | 6,575 | — | 6,575 |
| Inventory | — | 5,217 | 5,217 |
| Restricted cash and investments: | | | |
| Cash equivalents | — | 39,230 | 39,230 |
| Investments | 542,357 | — | 542,357 |
| Prepaid retirement | 12,097 | 21,449 | 33,546 |
| Other assets | 13,439 | 1,934 | 15,373 |
| Assets held for resale | 15,965 | — | 15,965 |
| Capital assets, net: | | | |
| Nondepreciable | 579,474 | 537,579 | 1,117,053 |
| Depreciable and amortizable | 28,194 | 325,700 | 353,894 |
| **Total assets** | **2,247,540** | **1,995,912** | **4,243,452** |
| **Deferred Outflows of Resources** | | | |
| Deferred charge on refunding | 1,222 | 4,994 | 6,216 |
| Deferred outflows - pensions | 25,717 | 44,260 | 69,977 |
| Deferred outflows - OPEB | 176 | (40) | 136 |
| **Total deferred outflows of resources** | **27,115** | **49,214** | **76,329** |
| **Liabilities** | | | |
| Accounts payable | 108,658 | 90,913 | 199,571 |
| Accrued payroll and related items | 2,764 | 7,038 | 9,802 |
| Accrued interest payable | 12,699 | 1,328 | 14,027 |
| Due to other governments | 32,540 | 3,269 | 35,809 |
| Unearned revenue | 705 | 29,779 | 30,484 |
| Other liabilities | 65 | 25 | 90 |
| Noncurrent liabilities: | | | |
| Due within one year | 25,379 | 19,055 | 44,434 |
| Due in more than one year | 659,191 | 716,253 | 1,375,444 |
| Total OPEB liability | 794 | 1,722 | 2,516 |
| Net pension liability | 57,235 | 149,898 | 207,133 |
| **Total liabilities** | **900,030** | **1,019,280** | **1,919,310** |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows on refunding | — | 31,661 | 31,661 |
| Deferred inflows - pensions | 12,355 | 21,435 | 33,790 |
| Deferred inflows - OPEB | 96 | 231 | 327 |
| Deferred inflows - leases | 255 | 143 | 398 |
| **Total deferred inflows of resources** | **12,706** | **53,470** | **66,176** |
| **Net Position** | | | |
| Net investment in capital assets | 582,156 | 302,428 | 884,584 |
| Restricted for: | | | |
| Measure M program | 277,099 | — | 277,099 |
| Measure M - Environmental Mitigation Program | 23,688 | — | 23,688 |
| Debt service | 31,303 | 341 | 31,644 |
| Transportation program | 423,150 | — | 423,150 |
| Pension benefits | 18,669 | — | 18,669 |
| Capital | — | 5,000 | 5,000 |
| Operating reserve | — | 3,312 | 3,312 |
| State of Good Repair Program | — | 19,779 | 19,779 |
| Unrestricted | 5,854 | 641,516 | 647,370 |
| **Total net position** | **$ 1,361,919** | **$ 972,376** | **$ 2,334,295** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Activities
## For the Year Ended June 30, 2023

| | | | Program Revenues | | | Net Revenues (Expenses) and Changes in Net Position | | |
|---|---|---|---|---|---|---|---|---|
| *(amounts expressed in thousands)* | **Expenses** | **Indirect Expense Allocation** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** | **Governmental Activities** | **Business-type Activities** | **Total** |
| **Functions/Programs** | | | | | | | | |
| **Primary government** | | | | | | | | |
| **Governmental activities:** | | | | | | | | |
| General government | $ 104,701 | $ (82,841) | $ 935 | $ 5,722 | $ 47,923 | $ 32,720 | $ — | $ 32,720 |
| Measure M program | 482,865 | 26,262 | 1,257 | 47,637 | — | (460,233) | — | (460,233) |
| Motorist services | 8,206 | 1,094 | — | 8,222 | — | (1,078) | — | (1,078) |
| Commuter rail | 15 | 30 | 1 | 193 | — | 149 | — | 149 |
| Total governmental activities | 595,787 | (55,455) | 2,193 | 61,774 | 47,923 | (428,442) | — | (428,442) |
| **Business-type activities:** | | | | | | | | |
| Fixed route | 210,789 | 49,297 | 38,580 | 77,279 | 84,923 | — | (59,304) | (59,304) |
| Paratransit | 99,541 | — | 6,183 | — | — | — | (93,358) | (93,358) |
| Tollroad | 15,409 | 5,518 | 61,376 | 471 | — | — | 40,920 | 40,920 |
| Fixed guideway | 107 | 640 | — | — | — | — | (747) | (747) |
| Total business-type activities | 325,846 | 55,455 | 106,139 | 77,750 | 84,923 | — | (112,489) | (112,489) |
| **Total primary government** | **$ 921,633** | **$ —** | **$ 108,332** | **$ 139,524** | **$ 132,846** | **(428,442)** | **(112,489)** | **(540,931)** |

| | **Governmental Activities** | **Business-type Activities** | **Total** |
|---|---|---|---|
| **General Revenues:** | | | |
| Property taxes | — | 21,155 | 21,155 |
| Sales taxes | 718,022 | — | 718,022 |
| Unrestricted investment earnings | 38,383 | 14,586 | 52,969 |
| Other miscellaneous revenues | 826 | 8,292 | 9,118 |
| Transfers | (221,821) | 221,821 | — |
| Total general revenues and transfers | 535,410 | 265,854 | 801,264 |
| **Change in net position** | **106,968** | **153,365** | **260,333** |
| Net position - beginning | 1,254,951 | 819,011 | 2,073,962 |
| **Net position - ending** | **$ 1,361,919** | **$ 972,376** | **$ 2,334,295** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Balance Sheet - Governmental Funds
## June 30, 2023

| *(amounts expressed in thousands)* | General | LTA | Local Transportation | LTA Debt Service | General Capital Project | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and investments | $ 59,115 | $ 401,558 | $ 299,423 | $ 26,062 | $ — | $ 50,967 | $ 837,125 |
| Receivables: | | | | | | | |
| Interest | 27 | 4,774 | 3,517 | 90 | 2 | 454 | 8,864 |
| Operating grants | 889 | 13,054 | — | — | — | — | 13,943 |
| Capital grants | — | — | — | — | 7,511 | — | 7,511 |
| Other | 30 | 920 | — | — | — | 20 | 970 |
| Due from other funds | 691 | 16,359 | — | — | 8,103 | — | 25,153 |
| Due from other governments | 2,603 | 100,451 | 38,781 | 5,151 | — | 17,132 | 164,118 |
| Condemnation deposits | — | 16,065 | — | — | — | — | 16,065 |
| Note receivable | 3,452 | 1,979 | — | — | — | 1,144 | 6,575 |
| Restricted cash and investments: | | | | | | | |
| Investments | 18,669 | 523,688 | — | — | — | — | 542,357 |
| Prepaid retirement | 12,097 | — | — | — | — | — | 12,097 |
| Other assets | 391 | 711 | — | — | 9,111 | — | 10,213 |
| **Total Assets** | **97,964** | **1,079,559** | **341,721** | **31,303** | **24,727** | **69,717** | **1,644,991** |
| **Liabilities and Fund Balances** | | | | | | | |
| **Liabilities** | | | | | | | |
| Accounts payable | 7,339 | 84,724 | 58 | — | 15,809 | 729 | 108,659 |
| Accrued payroll and related items | 2,764 | — | — | — | — | — | 2,764 |
| Compensated absences | 48 | — | — | — | — | — | 48 |
| Due to other funds | — | 8,757 | 377 | — | 7,658 | 9,314 | 26,106 |
| Due to other governments | 21 | 31,970 | 236 | — | 266 | 47 | 32,540 |
| Unearned revenue - other | 567 | 137 | — | — | — | — | 704 |
| Other liabilities | 48 | 17 | — | — | — | — | 65 |
| **Total Liabilities** | **10,787** | **125,605** | **671** | **—** | **23,733** | **10,090** | **170,886** |
| **Deferred Inflows of Resources** | | | | | | | |
| Unavailable revenue - grant reimbursements | 1,025 | 21,082 | — | — | 2,054 | 852 | 25,013 |
| Unavailable revenue - reimbursements from others and other misc | — | 3,422 | — | — | — | — | 3,422 |
| Unavailable revenue - ARTIC | 3,138 | — | — | — | — | — | 3,138 |
| **Total Deferred Inflows of Resources** | **4,163** | **24,504** | **—** | **—** | **2,054** | **852** | **31,573** |
| **Fund Balances** | | | | | | | |
| Nonspendable: | | | | | | | |
| Note receivable | 314 | — | — | — | — | — | 314 |
| Prepaid retirement | 12,097 | — | — | — | — | — | 12,097 |
| Other assets - deposits, inventory, prepaid amounts | 391 | 16,776 | — | — | 9,111 | — | 26,278 |
| Restricted for: | | | | | | | |
| Transportation programs | 23,325 | 912,674 | 341,050 | — | — | 57,400 | 1,334,449 |
| Motorist services | — | — | — | — | — | 1,375 | 1,375 |
| Debt service | — | — | — | 31,303 | — | — | 31,303 |
| Pension benefits | 18,669 | — | — | — | — | — | 18,669 |
| Assigned to: | | | | | | | |
| Metrolink/rail operations | 28,218 | — | — | — | — | — | 28,218 |
| Unassigned | — | — | — | — | (10,171) | — | (10,171) |
| **Total Fund Balances** | **83,014** | **929,450** | **341,050** | **31,303** | **(1,060)** | **58,775** | **1,442,532** |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances** | **$ 97,964** | **$1,079,559** | **$ 341,721** | **$ 31,303** | **$ 24,727** | **$ 69,717** | **$ 1,644,991** |

See accompanying notes to the financial statements.

## ORANGE COUNTY TRANSPORTATION AUTHORITY
## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
## June 30, 2023

*(amounts expressed in thousands)*

Amounts reported for governmental activities in the Statement of Net Position (page 16) are different because:

| | | |
|---|---|---|
| **Total fund balances (page 18)** | **$** | **1,442,532** |
| Lease receivables related to leases are not financial resources and, therefore, are not reported in the funds. | | 260 |
| Prepaid SBITA assets are not current financial resources and and, therefore, are not reported in the funds. | | 3,224 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 582,156 |
| Assets held for resale are not current financial resources and, therefore, are not reported in the funds, unless a sales contract is executed prior to the issuance of the financial statements. | | 15,965 |
| Revenue that was earned but not collected within the availability period has not been recognized in the governmental funds. | | 31,573 |
| Deferred outflows of resources related to deferred charge on refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | 1,222 |
| Deferred outflows of resources related to pensions are not available to pay for current period expenditures and, therefore, are not reported in the funds. | | 25,717 |
| Deferred outflows of resources related to OPEB are not available to pay for current period expenditures and, therefore, are not reported in the funds. | | 176 |
| The effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund. | | 1,538 |
| Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds. | | (12,699) |
| Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds. | | (794) |
| Long-term liabilities related to pensions are not due and payable in the current period and, therefore, are not reported in the funds. | | (57,235) |
| Deferred inflows of resources related to pensions and OPEB are not due and payable in the current period and, therefore, are not reported in the funds. | | (12,451) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | (659,265) |
| **Net position of governmental activities (page 16)** | **$** | **1,361,919** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Revenues, Expenditures and Changes in Fund Balances
## Governmental Funds
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | General | LTA | Local Transportation | LTA Debt Service | General Capital Project | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Sales tax | $ — | $ 439,123 | $ 222,452 | $ — | $ — | $ 56,447 | $ 718,022 |
| Transportation improvement fee | — | — | — | — | — | 6,619 | 6,619 |
| Vehicle registration fees | — | — | — | — | — | 2,952 | 2,952 |
| Fines | 163 | — | — | — | — | — | 163 |
| Contributions from other agencies | 8,382 | 65,058 | — | — | — | 4,418 | 77,858 |
| Interest and investment earnings | 6,770 | 17,974 | 7,204 | 8,698 | — | 883 | 41,529 |
| Capital assistance grants | 2,306 | — | — | — | 40,078 | — | 42,384 |
| Miscellaneous | 819 | 1,711 | — | — | — | 25 | 2,555 |
| **Total revenues** | **18,440** | **523,866** | **229,656** | **8,698** | **40,078** | **71,344** | **892,082** |
| **Expenditures** | | | | | | | |
| Current: | | | | | | | |
| General government | 14,834 | 93,273 | 2,133 | — | 3,050 | 9,352 | 122,642 |
| Transportation: | | | | | | | |
| Contributions to other local agencies | 105 | 102,306 | 3,115 | — | — | — | 105,526 |
| Capital outlay | 6,886 | 282,054 | — | — | 83,354 | 14 | 372,308 |
| Debt service: | | | | | | | |
| Principal | — | — | — | 19,935 | — | — | 19,935 |
| Interest | — | — | — | 34,949 | — | — | 34,949 |
| **Total expenditures** | **21,825** | **477,633** | **5,248** | **54,884** | **86,404** | **9,366** | **655,360** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(3,385)** | **46,233** | **224,408** | **(46,186)** | **(46,326)** | **61,978** | **236,722** |
| **Other financing sources (uses)** | | | | | | | |
| Transfers in | 5,130 | 15,430 | — | 56,290 | 45,266 | — | 122,116 |
| Transfers out | — | (112,416) | (190,943) | (2,963) | — | (37,614) | (343,936) |
| Proceeds from sale of capital assets | 1,349 | — | — | — | — | — | 1,349 |
| **Total other financing sources (uses)** | **6,479** | **(96,986)** | **(190,943)** | **53,327** | **45,266** | **(37,614)** | **(220,471)** |
| **Net change in fund balances** | **3,094** | **(50,753)** | **33,465** | **7,141** | **(1,060)** | **24,364** | **16,251** |
| Fund balances - beginning | 79,920 | 980,203 | 307,585 | 24,162 | — | 34,411 | 1,426,281 |
| **Fund balances - ending** | **$ 83,014** | **$ 929,450** | **$ 341,050** | **$ 31,303** | **$ (1,060)** | **$ 58,775** | **$ 1,442,532** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
## For the Year Ended June 30, 2023

*(amounts expressed in thousands)*

Amounts reported for governmental activities in the Statement of Activities (page 17) are different because:

| | |
|---|---|
| **Net change in fund balances - total governmental funds (page 20)** | **$ 16,251** |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 80,497 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, and donations) is to increase net position. | 4,632 |
| Donations and/or sales related to land held for resale are not reported as revenues in governmental funds, unless a sales contract is executed prior to the issuance of the financial statements. However, they are included in the Statement of Activities. | (1,349) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds, but are reported as deferred inflows of resources. | (22,828) |
| The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 22,498 |
| The rent holiday related to the administrative headquarters building does not require the use of current financial resources, and therefore, is not reported as an expenditure in governmental funds. | 4,085 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | 2,798 |
| The effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund. | 384 |
| **Change in net position of governmental activities (page 17)** | **$ 106,968** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Net Position
## Proprietary Funds
## June 30, 2023

| *(amounts expressed in thousands)* | OCTD | 91 Express Lanes | I-405 Express Lanes | Nonmajor-OC Streetcar | Total Enterprise Funds | Internal Service Funds |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | $ 673,815 | $ 266,837 | $ 50 | $ — | $ 940,702 | $ 54,261 |
| Receivables: | | | | | | |
| Interest | 4,521 | 1,875 | — | — | 6,396 | 462 |
| Operating grants | 3,020 | — | — | — | 3,020 | — |
| Capital grants | 37,516 | — | — | — | 37,516 | — |
| Violations, net | — | 1,925 | — | — | 1,925 | — |
| Farebox | 225 | — | — | — | 225 | — |
| Other | 2,707 | 1,538 | — | — | 4,245 | 524 |
| Due from other funds | 9,819 | — | — | 9 | 9,828 | — |
| Due from other governments | 9,606 | 338 | — | — | 9,944 | — |
| Condemnation deposits | — | — | 444 | — | 444 | — |
| Lease receivables | 150 | — | — | — | 150 | — |
| Inventory | 5,217 | — | — | — | 5,217 | — |
| Prepaid retirement | 21,449 | — | — | — | 21,449 | — |
| Other assets | 111 | 467 | — | — | 578 | 1,356 |
| Total current assets | 768,156 | 272,980 | 494 | 9 | 1,041,639 | 56,603 |
| Noncurrent assets: | | | | | | |
| Restricted cash and investments: | | | | | | |
| Cash equivalents | 19,779 | 19,451 | — | — | 39,230 | — |
| Long-term violation receivables, net | — | 5,559 | — | — | 5,559 | — |
| Lease receivables | 13 | — | — | — | 13 | — |
| Capital assets, net: | | | | | | |
| Nondepreciable | 96,677 | 3,672 | 437,230 | — | 537,579 | — |
| Depreciable and amortizable | 198,505 | 119,827 | 7,368 | — | 325,700 | — |
| Total noncurrent assets | 314,974 | 148,509 | 444,598 | — | 908,081 | — |
| **Total assets** | **1,083,130** | **421,489** | **445,092** | **9** | **1,949,720** | **56,603** |
| **Deferred Outflows of Resources** | | | | | | |
| Deferred charge on refunding | — | 4,994 | — | — | 4,994 | — |
| Deferred outflows - pensions | 44,260 | — | — | — | 44,260 | — |
| Deferred outflows - OPEB | (40) | — | — | — | (40) | — |
| **Total deferred outflows of resources** | **44,220** | **4,994** | **—** | **—** | **49,214** | **—** |

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Net Position
## Proprietary Funds, Continued
## June 30, 2023

| *(amounts expressed in thousands)* | OCTD | 91 Express Lanes | I-405 Express Lanes | Nonmajor- OC Streetcar | Total Enterprise Funds | Internal Service Funds |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| **Current liabilities:** | | | | | | |
| Accounts payable | $ 64,425 | $ 11,427 | $ 14,245 | $ 9 | $ 90,106 | $ 803 |
| Accrued payroll and related items | 7,038 | — | — | — | 7,038 | — |
| Accrued interest | 1 | 1,327 | 31 | — | 1,359 | — |
| Due to other funds | 174 | 3,889 | 4,812 | — | 8,875 | — |
| Claims payable | — | — | — | — | — | 3,870 |
| Due to other governments | 1,631 | 1,057 | 581 | — | 3,269 | — |
| Unearned revenue | 19,532 | 10,247 | — | — | 29,779 | — |
| Other liabilities | 2 | 21 | — | — | 23 | — |
| Current portion of long-term liabilities | 7,725 | 7,460 | — | — | 15,185 | — |
| Lease liabilities | — | 369 | 53 | | 422 | — |
| Subscription liabilities | 34 | — | — | — | 34 | — |
| Total current liabilities | 100,562 | 35,797 | 19,722 | 9 | 156,090 | 4,673 |
| Noncurrent liabilities: | | | | | | |
| Claims payable | — | — | — | — | — | 16,957 |
| Total OPEB liability | 1,722 | — | — | — | 1,722 | — |
| Net pension liability | 149,898 | — | — | — | 149,898 | — |
| Other long-term liabilities | 1,124 | 68,763 | 620,189 | — | 690,076 | — |
| Lease liabilities | — | 2,675 | 5,817 | | 8,492 | — |
| Subscription liabilities | 242 | — | — | — | 242 | — |
| Total noncurrent liabilities | 152,986 | 71,438 | 626,006 | — | 850,430 | 16,957 |
| **Total liabilities** | **253,548** | **107,235** | **645,728** | **9** | **1,006,520** | **21,630** |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred inflows - pensions | 21,435 | — | — | — | 21,435 | — |
| Deferred inflows - OPEB | 231 | — | — | — | 231 | — |
| Deferred inflows on refunding | — | — | 31,661 | | 31,661 | — |
| Deferred inflows - leases | 143 | — | — | — | 143 | — |
| **Total deferred inflows of resources** | **21,809** | **—** | **31,661** | **—** | **53,470** | **—** |
| **Net Position** | | | | | | |
| Net investment in capital assets | 272,516 | 60,025 | (30,113) | — | 302,428 | — |
| Restricted for: | | | | | | |
| Debt service | — | 341 | — | — | 341 | — |
| Capital | — | 5,000 | — | — | 5,000 | — |
| Operating reserves | — | 3,312 | — | — | 3,312 | — |
| State of Good Repair Program | 19,779 | — | — | — | 19,779 | — |
| Unrestricted | 559,698 | 250,570 | (202,184) | — | 608,084 | 34,973 |
| **Total net position** | **$ 851,993** | **$ 319,248** | **$ (232,297)** | **$ —** | **$ 938,944** | **$ 34,973** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of Net Position
## June 30. 2023

*(amounts expressed in thousands)*

Amounts reported for business-type activities in the Statement of Net Position (page 16) are different because:

| | | |
|---|---|---|
| **Total net position (page 23)** | **$** | **938,944** |
| Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the general liability and workers' compensation internal service funds are included in Business-type activities. Additionally, the effect of the elimination entries between the Governmental and the Business-type activities and the Governmental activities share of the allocation of the profit and loss of the Workers Compensation Internal Service Fund is included in this difference. | | 33,432 |
| **Net position of business-type activities (page 16)** | **$** | **972,376** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Revenues, Expenses and Changes in Net Position
## Proprietary Funds
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | OCTD | 91 Express Lanes | I-405 Express Lanes | Nonmajor-OC Streetcar | Total Enterprise Funds | Internal Service Funds |
|---|---|---|---|---|---|---|
| **Operating revenues:** | | | | | | |
| User fees and charges | $ 29,834 | $ 63,075 | $ — | $ — | $ 92,909 | $ — |
| Charges for services | 3 | — | — | — | 3 | 13,501 |
| **Total operating revenues** | **29,837** | **63,075** | **—** | **—** | **92,912** | **13,501** |
| **Operating expenses:** | | | | | | |
| Wages, salaries and benefits | 124,396 | — | — | — | 124,396 | — |
| Maintenance, parts and fuel | 26,949 | — | — | — | 26,949 | — |
| Purchased services | 86,319 | 5,774 | — | — | 92,093 | — |
| Administrative services | 48,999 | 3,784 | 1,734 | 640 | 55,157 | 298 |
| Other | 9,958 | 454 | 9 | — | 10,421 | 246 |
| Insurance claims and premiums | — | 543 | — | — | 543 | 8,408 |
| Professional services | 22,042 | 5,813 | 683 | 107 | 28,645 | 1,447 |
| General and administrative | 4,866 | 111 | 12 | — | 4,989 | — |
| Depreciation and amortization | 29,218 | 5,868 | 122 | — | 35,208 | — |
| **Total operating expenses** | **352,747** | **22,347** | **2,560** | **747** | **378,401** | **10,399** |
| **Operating income (loss)** | **(322,910)** | **40,728** | **(2,560)** | **(747)** | **(285,489)** | **3,102** |
| **Nonoperating revenues (expenses):** | | | | | | |
| State transit assistance | 8,447 | — | — | — | 8,447 | — |
| Federal operating assistance grants | 68,814 | — | — | — | 68,814 | — |
| Property taxes allocated by the County of Orange | 21,155 | — | — | — | 21,155 | — |
| Investment earnings | 8,585 | 4,410 | 852 | — | 13,847 | 739 |
| Interest income (expense) | (5) | (3,666) | 5,950 | — | 2,279 | — |
| Other | 13,438 | 467 | — | — | 13,905 | 188 |
| **Total nonoperating revenues** | **120,434** | **1,211** | **6,802** | **—** | **128,447** | **927** |
| **Income (loss) before contributions and transfers** | **(202,476)** | **41,939** | **4,242** | **(747)** | **(157,042)** | **4,029** |
| Capital contributions | 84,941 | — | — | — | 84,941 | — |
| Transfers in | 234,484 | — | — | 747 | 235,231 | — |
| Transfers out | (1,396) | (12,014) | — | — | (13,410) | — |
| **Change in net position** | **115,553** | **29,925** | **4,242** | **—** | **149,720** | **4,029** |
| Total net position - beginning | 736,440 | 289,323 | (236,539) | — | 789,224 | 30,944 |
| **Total net position - ending** | **$ 851,993** | **$ 319,248** | **$ (232,297)** | **$ —** | **$ 938,944** | **$ 34,973** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position of Proprietary Funds to the Statement of Activities
## For the Year Ended June 30, 2023

*(amounts expressed in thousands)*

Amounts reported for business-type activities in the Statement of Activities (page 17) are different because:

| | | |
|---|---|---|
| **Net change in fund net position - total enterprise funds (page 25)** | **$** | **149,720** |
| Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue of the general liability and workers' compensation internal service funds are included in business-type activities in the Statement of Net Position. Additionally, the effect of allocating the workers' compensation Internal Service Fund loss to the governmental activities is included in this difference. | | 3,645 |
| **Change in net position of business-type activities (page 17)** | **$** | **153,365** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Cash Flows
## Proprietary Funds
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | OCTD | 91 Express Lanes | I-405 Express Lanes | Nonmajor-OC Streetcar | Total | Internal Service Funds |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | | |
| Receipts from customers and users | $ 29,804 | $ 67,389 | $ — | $ — | $ 97,193 | $ — |
| Receipts from interfund services provided | — | — | — | — | — | 13,455 |
| Payments to suppliers | (130,309) | (10,532) | (709) | (107) | (141,657) | (1,680) |
| Payments to claimants | — | — | — | — | — | (7,238) |
| Payments to employees | (128,213) | — | — | — | (128,213) | — |
| Payments for interfund services used | (54,823) | (3,784) | (1,734) | (640) | (60,981) | (298) |
| Advertising revenue received | 2,794 | — | — | — | 2,794 | — |
| Miscellaneous revenue received | 6,122 | 468 | — | — | 6,590 | 188 |
| **Net cash provided by (used for) operating activities** | **(274,625)** | **53,541** | **(2,443)** | **(747)** | **(224,274)** | **4,427** |
| **Cash flows from noncapital financing activities:** | | | | | | |
| Operating assistance grants received | 168,000 | — | — | — | 168,000 | — |
| Property taxes received | 21,111 | — | — | — | 21,111 | — |
| Reimbursement from other governments | — | 438 | — | — | 438 | — |
| State transit assistance funds received | 6,763 | — | — | — | 6,763 | — |
| Transfers from other funds | 237,195 | — | 4,812 | 747 | 242,754 | — |
| Transfers to other funds | (1,355) | (10,163) | (156) | — | (11,674) | — |
| **Net cash provided by (used for) noncapital financing activities** | **431,714** | **(9,725)** | **4,656** | **747** | **427,392** | **—** |
| **Cash flows from capital and related financing activities:** | | | | | | |
| Capital grants for acquisition and construction of capital assets | 46,858 | — | — | — | 46,858 | — |
| Proceeds from issuance of long term debt | — | — | — | — | — | — |
| Principal payment on long-term debt | — | (7,095) | (15,250) | — | (22,345) | — |
| Interest paid on long-term debt | — | (3,767) | (65,195) | — | (68,962) | — |
| Acquisition and construction of capital assets | (73,439) | (2,238) | (72,868) | — | (148,545) | — |
| **Net cash used for capital and related financing activities** | **(26,581)** | **(13,100)** | **(153,313)** | **—** | **(192,994)** | **—** |
| **Cash flows from investing activities:** | | | | | | |
| Investment earnings | 5,944 | 2,928 | 853 | — | 9,725 | 453 |
| **Net cash provided by investing activities** | **5,944** | **2,928** | **853** | **—** | **9,725** | **453** |
| **Net increase (decrease) in cash and cash equivalents** | **136,452** | **33,644** | **(150,247)** | **—** | **19,849** | **4,880** |
| Cash and cash equivalents at beginning of year | 557,142 | 252,644 | 150,297 | — | 960,083 | 49,381 |
| **Cash and cash equivalents at end of year** | **$693,594** | **$286,288** | **$ 50** | **$ —** | **$979,932** | **$54,261** |

See accompanying notes to the financial statements.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Statement of Cash Flows
## Proprietary Funds, Continued
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | **OCTD** | **91 Express Lanes** | **I-405 Express Lanes** | **Nonmajor- OC Streetcar** | **Total** | **Internal Service Funds** |
|---|---|---|---|---|---|---|
| **Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:** | | | | | | |
| Operating income (loss) | $(322,910) | $ 40,728 | $ (2,560) | $ (747) | $(285,489) | $ 3,102 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Depreciation expense | 29,218 | 3,281 | 122 | — | 32,621 | — |
| Amortization of franchise agreement | — | 2,587 | — | — | 2,587 | — |
| Advertising revenue | 3,333 | — | — | — | 3,333 | — |
| Miscellaneous | 10,101 | 466 | — | — | 10,567 | — |
| Insurance recoveries | — | — | — | — | — | 188 |
| Change in assets and liabilities: | | | | | | |
| Receivables | (458) | 1,368 | — | — | 910 | (54) |
| Due from other governments | (4,022) | — | — | — | (4,022) | — |
| Inventory | (661) | — | — | — | (661) | — |
| Prepaid retirement | 908 | — | — | — | 908 | — |
| Other assets | (56) | (130) | — | — | (186) | (46) |
| Deferred outflows of resources - pensions | (26,597) | — | — | — | (26,597) | — |
| Deferred outflows of resources - OPEB | 104 | — | — | — | 104 | — |
| Accounts payable | 14,309 | 2,231 | — | — | 16,540 | (233) |
| Accrued payroll and related items | 606 | — | — | — | 606 | — |
| Compensated absences | 151 | — | — | — | 151 | — |
| Claims payable | — | — | — | — | — | 1,470 |
| Due to other governments | 329 | 63 | — | — | 392 | — |
| Unearned revenue | — | 2,979 | (5) | — | 2,974 | — |
| Other liabilities | — | (32) | — | — | (32) | — |
| Total OPEB liability | 5 | — | — | — | 5 | — |
| Net pension liability | 84,384 | — | — | — | 84,384 | — |
| Deferred inflows of resources - pensions | (63,320) | — | — | — | (63,320) | — |
| Deferred inflows of resources - OPEB | (49) | — | — | — | (49) | — |
| Total adjustments | 48,285 | 12,813 | 117 | — | 61,215 | 1,325 |
| **Net cash provided by (used for) operating activities** | **(274,625)** | **53,541** | **(2,443)** | **(747)** | **(224,274)** | **4,427** |
| **Reconciliation of cash and cash equivalents to statement of net position:** | | | | | | |
| Cash and investments | 673,815 | 266,837 | 50 | — | 940,702 | 54,261 |
| Restricted cash and cash equivalents | 19,779 | 19,451 | — | — | 39,230 | — |
| **Total cash and cash equivalents** | **$ 693,594** | **$286,288** | **$ 50** | **$ —** | **$ 979,932** | **$ 54,261** |
| **Noncash capital, financing and investing activities:** | | | | | | |
| Unrealized investment earnings | $ 2,513 | $ 1,425 | $ — | $ — | $ 3,938 | $ 274 |
| Amortization of bond premium | — | (644) | — | — | (644) | — |
| Amortization of deferred amount on refunding | — | 670 | — | — | 670 | — |
| Proceeds from issuance of long term debt (TIFIA loan) | — | — | 628,930 | — | 628,930 | — |
| Interest accretion on TIFIA loan | — | — | 6,478 | — | 6,478 | — |
| Principal payment on long-term debt (2021 BAN) | — | — | (662,820) | — | (662,820) | — |
| Capital assets accrued in accounts payable | 20,990 | — | 232 | — | 21,222 | — |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

On June 20, 1991, under the authority of Senate Bill 838, the Orange County Transportation Authority (OCTA) was formed as a special district by merging the following agencies and funds:

Orange County Transportation Commission (OCTC)
Orange County Transit District (OCTD)
Orange County Local Transportation Fund (LTF)
Orange County Unified Transportation Trust (OCUTT)
Transit Development Reserve
Orange County Local Transportation Authority (LTA)
State Transit Assistance Fund (STAF)
Orange County Service Authority for Freeway Emergencies (SAFE)
Orange County Consolidated Transportation Services Agency (CTSA)
Orange County Congestion Management Agency

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a franchise agreement for a toll facility (see note 7).

The OCTA Board of Directors (Board) consists of 18 members. Five members are the Orange County Board of Supervisors, 10 members are city representatives (one per supervisorial district selected by population-weighted voting, and one per supervisorial district selected on a one-city, one-vote method), two public members (neither of whom can be an elected official or have been an elected official during the previous four years), and one is a non-voting ex-officio member appointed by the governor (Caltrans District Director).

The accompanying financial statements present the government and its component units, entities for which OCTA is considered accountable. Blended component units are, in substance, part of the government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The Orange County Local Transportation Authority (LTA), a blended component unit of OCTA, was created pursuant to the provisions of the Local Transportation Authority and Improvement Act commencing with Section 180000 of the California Public Utilities Code and pursuant to Ordinance No. 2, adopted by the Board of Directors of the LTA on August 2, 1989. The Board also serves as the Board of Directors for the LTA. Management of OCTA is responsible for the operations of LTA. Separate financial statements for the LTA are prepared and available from the OCTA Finance and Administration Division.

The Orange County Service Authority for Freeway Emergencies (SAFE), a blended component unit of OCTA, was created by Senate Bill 1199 which authorized the County Board of Supervisors, upon approval from a majority of the cities with a majority of the population, to establish SAFE. In 1986, SAFE began the implementation and operation of a freeway system of call boxes to help with motorist emergencies. SAFE is funded by a $1.00 (absolute dollars) fee paid at the time of vehicle registration. The Board also serves as the Board of Directors for SAFE. Management of OCTA is responsible for the operations of SAFE. Separate financial statements are not issued for SAFE.

The Orange County Transit District (OCTD), a blended component unit of OCTA, was created by an act of the California State Legislature in 1965 and approved by the voters of Orange County in

November 1970. OCTD commenced operating a public transportation system in Orange County in August 1972. OCTD is primarily funded by the Local Transportation Fund (LTF), which is derived from a one-quarter cent of the general sales tax collected statewide. The Board also serves as the Board of Directors for OCTD. Management of OCTA is responsible for the operations of OCTD. Separate financial statements are not issued for OCTD.

There are many other governmental agencies, including the County of Orange (County), providing service within the area served by OCTA. These other governmental agencies have independently elected governing boards and are, therefore, not under the direction of OCTA. Financial information for these agencies is not included in the accompanying financial statements.

OCTA is funded primarily by sales tax, farebox collections, tolls, property taxes, gasoline sales tax and various federal and state grant programs. OCTA oversees most Orange County bus and rail transit and the 91 Express Lanes operations, administers the Measure M program (one-half percent sales tax revenues), coordinates freeway and regional road projects, and serves as the local advocate and facilitator of state and federal transportation funding programs.

**Basis of Presentation**

OCTA's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements that provide a more detailed level of financial information.

**Government-wide Statements:** The statement of net position and the statement of activities report information for all of the nonfiduciary activities of OCTA. The effect of interfund activity, except for internal service fund activity provided and used, has been eliminated from these statements. Internal service fund activity predominately serves the OCTD Enterprise Fund and, therefore, the net balances are included in the business-type activities. Indirect costs have been allocated to the functions/programs on the statement of activities in a separate column entitled "Indirect Expense Allocation." Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges and fees for support.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Interest expense related to the sales tax revenue bonds and commercial paper, the taxable bonds, and advances from OCTA funds is reported as a direct expense of the Measure M program, fixed route, and toll road functions, respectively, as it would be misleading to exclude the interest from direct expenses and the borrowings are considered essential to the creation or continuing existence of these programs. For the year ended June 30, 2023, interest expense (income) of $31,950 and $(2,279), was included in Measure M and toll road program costs, respectively. Program revenues include: charges to customers or applicants who purchase, use, directly benefit from services or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Sales tax and other revenues are not reported as program revenues and instead, are reported as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about OCTA's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

OCTA reports the following major governmental funds:

- ***General Fund*** – This fund is the general operating fund of OCTA. It is used to account for the financial resources of the general government as well as the transit operations of OCTA, except for those required to be accounted for in another fund. Due to the implementation of GASB Statement No. 84, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund are reported as part of the General Fund effective in fiscal year 2020-21. These two funds were previously reported as fiduciary funds.

- ***Local Transportation Authority (LTA) Fund*** – This special revenue fund accounts for revenues received and expenditures made and is restricted for the implementation of the Orange County Traffic Improvement and Growth Management Plan (Measure M). Funding is provided by a one-half percent sales and use tax assessed for twenty years pursuant to Measure M, which became effective April 1, 1991, and more recently was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance, as approved in an election by the voters of Orange County, requires that sales tax revenues only be expended on projects included in the ordinance.

- ***Local Transportation Fund (LTF)*** – This special revenue fund accounts for revenues received and expenditures made and is restricted for use on certain transit projects within Orange County. Funding is generated from a one-quarter percent state sales and use tax pursuant to the California Transportation Development Act (TDA). Expenditures of these monies must be made in accordance with TDA provisions.

- ***LTA Debt Service Fund*** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the LTA.

- ***General Capital Project Fund*** – This fund is used to account for transportation capital projects.

OCTA reports the following major enterprise funds:

- ***Orange County Transit District (OCTD) Fund*** – This fund accounts for the transit operations of OCTA. The primary sources of funding for transit operations are the TDA one-quarter percent sales tax, farebox collections and federal/state grants.

- ***91 Express Lanes Fund*** – This fund accounts for the operations of the 91 Express Lanes. The primary source of funding for the operations is toll revenues and related fees.

- ***I-405 Express Lanes Fund*** – This fund accounts for the construction of the I-405 Express Lanes. The primary sources of funding during the construction phase are the TIFIA Loan and BAN 2021 Series (refunded). After construction, this fund will account for the operations of the I-405 Express Lanes and the primary source of funding for the operations will be toll revenues and related fees.

Additionally, OCTA reports the following fund types:

- ***Internal Service Funds*** – These funds account for the risk management activities of OCTA, which are managed through a combination of purchased insurance and self-insurance. OCTA’s internal services funds are the General Liability fund and the Worker’s Compensation fund.

**Measurement Focus and Basis of Accounting**

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tolls are collected from customers on a prepaid basis, and unearned tolls are reported as unearned revenue. Toll revenues are recognized when customers utilize the toll road facility. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, OCTA considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt and compensated absences of governmental funds are recorded only when payment is due.

Revenues susceptible to accrual are sales and gas taxes collected and held by the state at year-end on behalf of OCTA, intergovernmental revenues, interest revenue, charges for services, and fines and fees. In applying the susceptible to accrual concept to intergovernmental revenues, there are two types of revenues. For one, monies must be expended for the specific purpose or project before any amounts will be paid to OCTA; therefore, revenues are recognized when the relevant expenditures incurred and availability criteria met. In the other, monies are unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of OCTA's proprietary funds are charges to customers for services. Operating revenues relating to the 91 Express Lanes are presented net of discounts and allowances. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Investments**

OCTA maintains cash and investments in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended on July 1, 2022. The Policy complies with, or is more restrictive than, the California Government Code (Code). The majority of OCTA's investments are managed by four private sector investment managers. At June 30, 2023, the investment portfolios were held by U.S. Bank as custodial bank. Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Cash from other OCTA revenue sources is commingled for investment purposes, with investment earnings allocated to the different accounts based on average daily account balances.

OCTA holds investments that are measured at fair value on a recurring basis. OCTA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs. Most of OCTA's leveled investments are measured using Level 2 inputs.

Investments in U.S. government and U.S. agency securities, medium-term notes, variable and floating rate securities, mortgage and asset-backed securities and corporate notes are carried at fair value based on quoted prices of similar assets, except for money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date, which are carried at amortized cost which approximates fair value. The Orange County Investment Pool (OCIP) is carried at fair value based on the value of each participating dollar as provided by the OCIP. The state managed Local Agency Investment Fund (LAIF) is carried at amortized cost.

The Policy requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal agencies, municipal debt, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term notes, money market mutual funds, mortgage or asset-backed securities, supranationals, LAIF, OCIP, investment pools, variable and floating rate securities, bank deposits and derivatives.

Investment of debt proceeds held by trustees are governed by provisions of the indentures for each obligation, rather than the general provisions of the California Government Code or OCTA's investment policy. The investment of these debt proceeds is in accordance with the Permitted Investments section and applicable account restrictions outlined in the indenture of each debt obligation. Under certain indentures, guaranteed investment contracts are allowed.

LAIF is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. Investments in OCIP are limited to those funds legally required to be deposited in the County Treasury. Oversight of the OCIP is conducted by the County Treasury Oversight Committee.

All investments are subject to a maximum maturity of five years, unless specific direction to exceed the limit is given by the Board as permitted by the Code. OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of the Policy. Outside portfolio managers must review, on an ongoing basis, the portfolio they manage (including bond proceeds portfolios) to ensure compliance with OCTA's diversification guidelines.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, OCTA considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, certificates of deposit, commercial paper, money market funds, and the proprietary funds' share of OCTA's commingled investment pool represent cash and cash equivalents for cash flow purposes.

**Receivables**

Receivables include an estimate for outstanding unpaid violations of the 91 Express Lanes that OCTA anticipates to collect. For violations less than 90 days old, the receivable is based on a 12-month average of violations collected during that time and is recorded net of an allowance for uncollectible accounts of $2,948. For those violations in excess of 90 days, the receivable is estimated using a three-year average of violations collected and is recorded net, as the majority is not considered probable of collection. Additionally, the 91 Express Lanes records a receivable for amounts owed from customers, net of an allowance of $283. Approximately $5,559 of the 91 Express Lanes violations and customer receivables are not expected to be collected within one year.

**Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered. There are also numerous transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Outstanding interfund balances, including internal financing balances, are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

As a centralized transportation planning and administration agency, OCTA allocates costs related to administrative services from certain funds to benefiting funds. For the 2022-23 fiscal year, $85,652 of administrative services were charged to other OCTA funds from the general fund. These charges for services are reported as general government expenditures in governmental fund types and as administrative services expenses in the proprietary fund types.

Internal service funds are utilized by OCTA to account for risk management activities in the areas of general liability and workers’ compensation. Charges for risk management services are reported as general government expenditures in the governmental funds receiving the services and as wages, salaries and benefits or other operating expenses in the proprietary funds. The risk management internal service funds charged $13,501 to OCTA’s operating funds.

**Inventory**

All inventory is valued at cost using the average cost method, which approximates market.

**Prepaid Retirement**

Orange County Employee Retirement System (OCERS) provides a 5.80% discount to employers for early payment of employer contributions. OCTA elected to prepay employer contributions for fiscal year 2023-24 in order to benefit from this discount. Since OCERS records the prepaid retirement as a liability (unearned contributions) and recognizes them over the periods of the related payroll, the prepaid retirement is reported by OCTA as a prepaid asset in the governmental fund financial statements (modified accrual).

**Restricted Cash and Investments**

Certain proceeds of OCTA’s long-term debt, as well as certain resources set aside for their repayment or capital maintenance, are classified as restricted investments, because they are maintained in separate investment accounts and their use is limited by applicable debt covenants.

In addition, OCTA has restricted investments held by the California Community foundation (CCF). The amount invested in the CCF investment pool is a restricted asset as approved for funding by the OCTA Board of Directors in October of 2014. The CCF is headquartered in Los Angeles, California. CCF is a community foundation and holds a 501(c)3 status, which meets California State Government Code requirements for community foundations. Legislation providing for OCTA to use a qualified organization to hold and manage the endowment is provided in Government Code §§65965-65968.

An investment committee is responsible for oversight of the foundation's investment pools. The Endowment Pool is a diversified pool invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps the pace with inflation over time. The pool includes a mix of asset classes including equities, fixed income, hedge funds, real assets and venture capital. The target asset allocation is approximately 50% public equity, 20% fixed income, 15% hedge funds, 10% real assets and 5% private equity & venture capital.

The purpose of the agreement between CCF and OCTA is to provide for the establishment of a fund within the CCF to receive and hold M2 Environmental Mitigation Program contributions made by OCTA during the endowment funding period for use in establishing the permanent endowment pursuant to the conservation plan. OCTA is the beneficiary of the fund and, therefore, has reported a restricted asset in the financial statements.

The CCF shall hold, administer, invest, and reinvest the fund in accordance with the CCF's proposal and the objectives set forth in the Scope of Work of the Request for Proposal, each of which is incorporated into the agreement by reference, and in compliance with all applicable state and federal laws, including, but not limited to, Sections 65965, 65966, 69667, and 65968 of the California Government Code and the Uniform Prudent Management of Institutional Funds Act, California Probate Code Section 18501 et seq. The agreement shall remain in place in full force and effect through December 31, 2029.

In addition, with the implementation of GASB Statement No. 84, Fiduciary Activities, the assets related to Additional Retiree Benefit Account (ARBA) supplemental pension plan through OCERS, previously reported in fiduciary fund, are reported in General Fund starting fiscal year 2020-21. The assets are held in a revocable trust and are classified as restricted investments.

**Assets Held for Resale**

OCTA holds title to property in connection with the purchase of rights-of-way for infrastructure not held by OCTA. These assets are reported as assets held for resale in the governmental activities column in the government-wide financial statements except in cases in which OCTA has entered into a sales contract prior to the issuance of the financial statements. In these cases, the assets held for resale are reported in the governmental funds financial statements. Proceeds received will be reimbursed to the fund in which the initial expenditure was recorded.

**Capital Assets**

Capital assets include land, construction in progress, buildings and improvements, machinery, equipment and furniture, transit vehicles, toll facility franchise, transponders, intangible right-to-use lease assets, and intangible right-to-use subscription-based information technology arrangements (SBITA) assets, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by OCTA as assets with an initial, individual cost of more than $5 and a useful life exceeding one year. OCTA also capitalizes non-sticker transponder purchases, as they are considered a significant class of assets even though individually their cost is less than $5.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the donation date. OCTA also records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, Leases. The right-to-use intangible asset is amortized each year over the shorter of lease term or useful life of the asset. In addition, OCTA records the value of intangible right-to-use

SBITA assets in accordance with GASB Statement No. 96, SBITAs. The subscription asset is amortized year over the shorter of the subscription term or the useful life of the underlying IT assets.

Freeway construction and certain purchases of right-of-way property, for which title vests with Caltrans, are included in capital outlay. Infrastructure consisting primarily of freeway construction and right-of-way acquisition is not recorded as a capital asset in those instances where OCTA does not intend to maintain or operate the property when complete.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset’s life are not capitalized.

Buildings, machinery, equipment and furniture, vehicles, transponders, and intangible right-to-use assets are depreciated using the straight line method over the following estimated useful lives:

| Asset Type | Useful Life |
|---|---|
| Buildings and improvements | 10-30 years |
| Machinery, equipment and furniture | 3-10 years |
| Transit vehicles | 3-18 years |
| Transponders | 5-7 years |
| Intangible right-to-use (building) | 30 years |
| Intangible right-to-use (equipment) | 3 years |
| Intangible right-to-use (SBITA) | 3 years |

The toll facility franchise is amortized over the remaining life of the franchise agreement through December 2065.

**Leases**

Lessee: OCTA is a lessee for a noncancellable lease of buildings and equipment. OCTA recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. OCTA recognizes lease liabilities with an initial, individual value of $5 or more.

At the commencement of a lease, OCTA initially measures the lease liabilities at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reduced by the principal portion of the lease payments made. The lease assets are initially measured as the initial amount of the lease liabilities, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease assets are amortized on a straight-line basis over the shorter of its useful life or the lease term.

Key estimates and judgements related to lease include how OCTA determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. OCTA uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, OCTA generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liabilities are composed of fixed payments and purchase option price that OCTA is reasonably certain to exercise.

OCTA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: OCTA is a lessor for a noncancellable lease of land. OCTA recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, OCTA initially measures the lease receivables at the present value of payments expected to be received during the lease term. Subsequently, the lease receivables are reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivables, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how OCTA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. OCTA uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivables is composed of fixed payments from the lessee.

OCTA monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

**Subscription-Based Information Technology Arrangements (SBITAs)**

OCTA recognizes a subscription asset (intangible asset) and a corresponding subscription liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges OCTA, when available, or estimated incremental borrowing rate as the discount rate for SBITAs. OCTA recognizes amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods.

The subscription asset is initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. OCTA recognizes amortization of the subscription asset as an outflow of resources over the subscription term.

**Compensated Absences**

Vacation hours accumulated and not taken are accrued at fiscal year-end, and a liability is reported in the government-wide and proprietary fund financial statements.

Sick leave is recorded as an expenditure or expense when taken by the employee. Annually, all administrative, maintenance, and Transportation Communication International Union employees may elect to be paid for sick leave accumulated in excess of 120 hours. Coach operators, on the other hand, may elect to be paid for sick leave accumulated in excess of 80 hours each year in December.

Upon termination, an employee with over 10 years of service is paid any earned but unused sick leave up to a ceiling determined by the employee’s applicable union agreement or the personnel and salary resolution. Sick leave is accrued at year-end using the vesting method, and a liability is reported in the government-wide and proprietary fund financial statements.

A liability for vacation and sick leave is reported in the governmental funds as a result of employee terminations.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the financial statements include a separate section for deferred outflows of resources. This separate financial statement element; deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. OCTA has three items that qualify for reporting in this category, which are reported in the government-wide statement of net position. The first item is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow related to pensions, which represents OCTA's pension contributions made subsequent to the measurement date, change of assumptions, difference between expected and actual experience, and the net difference between projected and actual earnings on plan investments. The third item is the deferred outflow related to other postemployment benefits (OPEB), which represents the change of assumptions and difference between expected and actual experience.

In addition to liabilities, the financial statements include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. On the modified accrual basis of accounting, OCTA has one type of deferred inflow, unavailable revenue. The governmental funds report unavailable revenue from multiple sources for grant reimbursements and a note receivable with the City of Anaheim for ARTIC. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, OCTA has four deferred inflow of resources reported in the government-wide statement of net position. These items are the deferred inflows related to leases, which represent value of the lease receivables plus any payments received at or before the commencement of the lease term that relate to future periods; deferred inflows related to refunding; and pensions and OPEB, which represent the change of assumptions, difference between expected and actual experience, or the net difference between projected and actual earnings on plan investments. Refer to note 8 for information related to amortization of deferred inflows of resources related to leases, note 14 for information related to amortization of the deferred outflows/inflows of resources related to pensions and note 15 for the amortization of the deferred outflows/inflows related to OPEB.

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the OCTA's Orange County Employees Retirement System (OCERS) pension plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as it is reported by OCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits (OPEB)**

OPEB expense, deferred outflows/inflows of resources related to OPEB, and an implied subsidy payment were used to measure the total OPEB liability. OCTA does not provide any cash subsidy towards the benefit, and there are no assets accumulated in a trust for the plan.

**Long-Term Debt**

In the government-wide financial statements and proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Risk Management**

OCTA accounts for its risk management activities in internal service funds. Separate internal service funds are used for general liability and workers' compensation. Charges by internal service funds to the general fund, certain special revenue funds, and OCTD enterprise fund are based on historical cost information and are adjusted over time, so that internal service fund revenues and expenses are approximately equal. Expenses for the actual or estimated loss from claims are recorded when it is probable that a loss will be incurred and the amount can reasonably be determined. OCTA's risk management activities are a combination of purchased insurance coverage and self-insured risk retention. OCTA's real and personal property, including revenue and non-revenue vehicles, are covered under a commercial property insurance policy. The 91 Express Lanes enterprise fund has purchased commercial property insurance, including business interruption, earthquake and flood coverage related to the toll facility.

**Property Taxes**

Property taxes are allocated to OCTA from the County based upon a percentage of real property taxes levied by the County. Following is the property tax calendar:

| | |
|---|---|
| Lien Date | January 1 |
| Levy Date | 4th Monday in September |
| Due Dates | November 1 and February 1 |
| Collection Dates | December 10 and April 10 |

**Contributions to Other Agencies**

Contributions to other agencies primarily represent sales tax revenues received by LTA and disbursed to cities for competitive projects, the local fair share, the senior mobility program, and to other outside agencies for projects which are in accordance with the Measure M ordinance. Additionally, contributions are made to Southern California Regional Rail Authority (SCRRA) by LTA.

## Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and is classified into three categories.

- ***Net investment in capital assets*** – This balance reflects the net position of OCTA that is invested in capital assets, net of related debt. This net position is generally not accessible for other purposes.
- ***Restricted Net Position*** – This balance represents net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties. The government-wide statement of net position reports $802,341 of net position restricted by enabling legislation for Measure M program, debt service, transportation programs, pension benefits, capital, operating reserve, and State of Good Repair Program.
- ***Unrestricted Net Position*** – This balance represents net position that is available for general use.

## Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which OCTA is bound to honor constraints on the specific purposes for which amounts can be spent.

The classifications used in the governmental fund financial statements are as follows:

- ***Nonspendable*** – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- ***Committed*** – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board, as the highest level of decision making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or modifies the use through the adoption of a subsequent resolution.
- ***Assigned*** – amounts that are constrained by OCTA's intent to be used for specific purposes and that do not meet the criteria to be classified as restricted or committed. This classification also includes residual amounts in governmental funds, other than the General Fund. The Board establishes and modifies assignments of fund balances through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balances.
- ***Unassigned*** – this classification includes the residual fund balances for the General Fund. It also includes the negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

When both restricted and unrestricted resources are available for use, it is OCTA's policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, OCTA's Board approved policy is to use committed amounts first, followed by assigned and then unassigned.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

**Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position**

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government- wide statement of net position.

One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds." The details of this $582,156 difference are as follows:

| | | |
|---|---|---|
| Capital assets | $ | 625,979 |
| Less accumulated depreciation | | (18,311) |
| Less lease & subscription liabilities | | (25,257) |
| Less deferred inflows - leases | | (255) |
| **Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities** | **$** | **582,156** |

Another element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds." The details of this $(659,265) difference are as follows:

| | | |
|---|---|---|
| Bonds payable | $ | (590,235) |
| Plus unamortized bond issuance premium (to be amortized to interest expense) | | (55,664) |
| Administrative headquarters' rent holiday | | (4,311) |
| Compensated absences | | (9,055) |
| **Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities** | **$** | **(659,265)** |

**Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities**

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense, or allocated to the appropriate functional expense when the cost does not meet the capitalization criteria based on the ownership of the assets." The details of this $80,497 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 86,096 |
| Depreciation expense | | (5,599) |
| **Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities** | **$** | **80,497** |

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities." The details of this $22,498 difference are as follows:

| | | |
|---|---|---|
| Principal repayments | $ | 19,935 |
| Change in accrued interest | | 334 |
| Amortization of premium/deferred charge on refunding | | 2,229 |
| **Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position – governmental activities** | **$** | **22,498** |

## 3. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2023:

| | | |
|---|---|---|
| **Cash:** | | |
| Deposits | $ | 69,249 |
| Petty Cash | | 7 |
| **Total Cash** | | **69,256** |
| **Investments:** | | |
| Orange County Treasurer | | 17,207 |
| LAIF | | 21,189 |
| Trustee | | 358,510 |
| Custodian | | 1,923,825 |
| CA Community Foundation (CCF) | | 23,688 |
| **Total Investments** | | **2,344,419** |
| **Total Cash and Investments** | **$** | **2,413,675** |

Total cash and investments are reported in the following funds:

| | | |
|---|---|---|
| **Unrestricted Cash and Investments:** | | |
| Governmental Funds | $ | 837,125 |
| Proprietary Funds: | | |
| Enterprise Funds | | 940,702 |
| Internal Service Funds | | 54,261 |
| **Restricted Cash and Investments:** | | |
| Governmental Funds | | 542,357 |
| Proprietary Funds: | | |
| Enterprise Funds | | 39,230 |
| **Total Cash and Investments** | **$** | **2,413,675** |

Restricted investments represent reserves for debt service, capital and operations.

As of June 30, 2023, OCTA had the following investments along with weighted average maturity (WAM) information:

| Investment | Fair Value | Interest Rate Range (Rounded) | Maturity Range | WAM (Years) |
|---|---|---|---|---|
| Orange County Investment Pool* | $ 17,207 | 0.523% - 2.500% | 1 day - 3 years | 0.616 |
| Local Agency Investment Fund* | 21,189 | 0.861% - 3.167% | 260 - 311 days | 0.712 |
| U. S. Treasuries | 829,334 | 0.125% - 4.625% | 10/31/23 – 11/15/27 | 2.157 |
| U. S. Agency Notes | 309,773 | 0.200% - 5.625% | 07/10/23 - 06/09/28 | 1.850 |
| Medium Term Notes | 310,368 | 0.350% - 5.500% | 07/07/23 - 05/10/27 | 1.685 |
| Variable Rate Notes | 153,760 | 0.563% - 6.138% | 07/25/23 - 12/25/27 | 2.433 |
| Mortgage & Asset Backed Securities | 233,385 | 0.260% - 5.840% | 04/09/24 - 06/15/28 | 3.358 |
| Money Market Funds * | 337,360 | 4.690%-5.000% | 7/01/2023 | 0.003 |
| Municipal Debt | 46,350 | 0.414% - 5.393% | 07/01/23 - 09/01/27 | 1.435 |
| Commercial Paper * | 10,799 | 4.960% | 07/03/2023 | 0.008 |
| Negotiable CD* | 32,971 | 4.100% - 5.670% | 12/05/23 - 11/03/25 | 1.056 |
| CCF Investment Fund | 23,688 | N/A | N/A | N/A |
| Supranational | 18,235 | 0.250% - 2.500% | 11/24/23 - 09/23/24 | 0.961 |
| **Total Investments** | **$ 2,344,419** | | | |
| Portfolio Weighted | | | | 1.786 |

* Money market funds, commercial paper, negotiable CD, OCIP, and LAIF are measured at amortized cost which approximates fair value.

OCTA holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

As of June 30, 2023, most of OCTA's investments, categorized within the fair value hierarchy, are classified as Level 2. These investments are valued using the market valuation approach based on quoted prices for similar assets with exception of the investment in the CA Community Foundation Investment Fund (CCF) which is valued by the CCF using significant unobservable inputs and, therefore, classified as Level 3. Unobservable inputs used by CCF include the foundations own assumptions, market comparable rates, capitalization and occupancy rates.

| | | Fair Value Measurement using: | | |
|---|---|---|---|---|
| Investments by Fair Value Level | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Treasuries | $ 829,334 | $ — | $ 829,334 | $ — |
| U.S. Agency Notes | 309,773 | — | 309,773 | — |
| Medium Term Notes | 310,368 | — | 310,368 | — |
| Mortgage & Asset Backed Securities | 233,385 | — | 233,385 | — |
| Variable Rate Notes | 153,760 | — | 153,760 | — |
| Municipal Debt | 46,350 | — | 46,350 | — |
| CCF Investment Fund | 23,688 | — | — | 23,688 |
| Supranationals | 18,235 | — | 18,235 | — |
| **Total Leveled Investments** | **$ 1,924,893** | **$ —** | **$ 1,901,205** | **$ 23,688** |

| Investments Not Subject to the Fair Value Hierarchy | |
|---|---|
| Money Market Funds | $ 337,360 |
| Orange County Investment Pool | 17,207 |
| Local Agency Investment Fund | 21,189 |
| Commercial Paper | 10,799 |
| Negotiable Certificate of Deposit | 32,971 |
| **Total Investments Not Subject to the Fair Value Hierarchy** | **419,526** |
| **Total Investments** | **$ 2,344,419** |

**Interest Rate Risk**

OCTA manages exposure to declines in fair value from increasing interest rates by having an investment policy that limits maturities to five years while also staggering maturities across the portfolio. OCTA maintains a low duration strategy, targeting an estimated average portfolio duration of two to three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile, therefore, less sensitive to interest rate changes. In accordance with the Policy, amounts restricted for debt service reserves are invested in accordance with the maturity provision of their specific indenture, which may extend beyond five years.

As of June 30, 2023, mortgage and asset-backed securities totaled $233,385. The underlying assets are consumer receivables that include credit cards, auto and home loans. The securities have a fixed interest rate and are rated AA or higher by a nationally recognized statistical rating organizations (NRSROs).

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk in terms of investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Policy requires that a third- party bank custody department hold all securities owned by OCTA. All trades are settled on a delivery versus payment basis through OCTA's safekeeping agent. At June 30, 2023, OCTA did not have any deposits or securities exposed to custodial credit risk and there was no securities lending.

**Credit Risk**

The Policy sets minimum acceptable credit ratings for investments from any of the three NRSROs: Standard & Poor's (S&P), Moody's Investor Service (Moody's), and Fitch Rating's (Fitch).

For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A" by an NSRSO.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2023 (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U.S. government):

| Investments | S&P | Moody's | % of Portfolio |
|---|---|---|---|
| CA Community Foundation Fund | NR | NR | 1.01% |
| Orange County Investment Pool | NR | NR | 0.73% |
| Local Agency Investment Fund | NR | NR | 0.90% |
| U.S. Treasuries | NR | NR | 35.37% |
| U.S. Agency Notes | AA | Aaa | 13.21% |
| Medium Term Notes | | | |
| Corporate Notes | AA | Aaa | 1.48% |
| Corporate Notes | AA | Aa | 2.27% |
| Corporate Notes | AA | A | 0.37% |
| Corporate Notes | A | A | 8.23% |
| Elevance Health Inc | A | Baa | 0.04% |
| Corporate Notes | A | NR | 0.30% |
| Corporate Notes | BBB | A | 0.55% |
| Mortgage and Asset-Backed Securities | | | |
| Securities | AAA | Aaa | 2.36% |
| Securities | AAA | NR | 5.07% |
| Securities | NR | Aaa | 2.45% |
| Ford | NR | Aa | 0.07% |

| Investments | S&P | Moody's | % of Portfolio |
|---|---|---|---|
| Variable Rate Notes | | | |
| FHMS | AAA | Aaa | 0.16% |
| Bank of New York | AA | Aa | 0.21% |
| Notes | AA | Aaa | 1.03% |
| Notes | A | A | 3.47% |
| Citizens Bank | A | Baa | 0.10% |
| Notes | BBB | A | 1.41% |
| Notes | BBB | Baa | 0.14% |
| Morgan Stanley | NA | A | 0.05% |
| Money Market Funds | AAA | Aaa | 14.39% |
| Municipal Bonds | | | |
| Various Agencies | AAA | Aa | 0.15% |
| Various Agencies | AA | Aa | 0.55% |
| New Jersey State Authority | AA | A | 0.03% |
| Various Agencies | AA | NR | 0.45% |
| Golden State Securitization Corp. | A | Aa | 0.08% |
| Hawaii State | A | A | 0.03% |
| Various Agencies | NR | Aa | 0.46% |
| Various Agencies | NR | NR | 0.23% |
| Commercial Paper | | | |
| Natixis | A-1 | P-1 | 0.46% |
| Certificate of Deposit | | | |
| Various | AA | Aa | 0.41% |
| Credit Agricole | A | Aa | 0.15% |
| BMO | A-1 | P-1 | 0.85% |
| Supranational | | | |
| Various | AAA | Aaa | 0.78% |
| **Total** | | | **100%** |

**Concentration of Credit Risk**

At June 30, 2023, OCTA did not exceed the Policy maximum concentrations as stated below:
Issuer/Counter-Party Diversification Guidelines for All Securities Except U.S. Treasuries and U.S. Government Agency Securities:

- Any one corporation, bank, local agency, special purpose vehicle or other corporate issuer name for one or more series of securities shall not exceed 5% of the portfolio.

Issuer/Counter-Party Diversification Guidelines for OCTA's Debt:

- OCTA can purchase all or a portion of the OCTA's debt, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate, providing the purchase does not exceed 25% of the Maximum Portfolio and when authorized by the Internal Revenue Service.

The following is a summary of the concentration of credit risk by issuer as a percentage of the OCTA's investment portfolio at June 30, 2023:

| Issuer | Amount | % of OCTA's Portfolio |
|---|---|---|
| Federal Home Loan Mortgage Corporation | $ 193,749 | 8.26 % |

**Investment in State Investment Pool**

OCTA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code. The Investment Advisory Board provides oversight for LAIF, consisting of five members as designated by statute, which includes the Treasurer of the State of California. The value of OCTA's investment in this pool is reported on an amortized cost basis in the accompanying financial statements, based upon OCTA's pro-rata share of the entire LAIF portfolio.

The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Deposits and withdrawals are made on the basis of $1.00 (absolute dollars) and not fair value.

**Investment in Orange County Investment Pool**

The TDA guidelines require the California Department of Tax and Fee Administration (CDTFA) to deposit State Transit Assistance and Local Transportation funds with the OCIP until claimed by OCTA. OCIP is monitored by the Treasury Oversight Committee (TOC) established by the County of Orange Board of Supervisors on December 19, 1995 by Resolution No. 95-946. The TOC reviews and monitors the annual investment policy prepared by the Treasurer in accordance with Government Code §27133. The value of OCTA's investment in this pool is reported on an amortized cost basis in the accompanying financial statements, based upon OCTA's pro-rata share of the entire OCIP portfolio, which is adjusted by the application of a fair value factor provided by OCIP. Deposits and withdrawals are made on the basis of $1.00 (absolute dollars) and not fair value.

**Investment in CA Community Foundation Investment Pool**

The fair value of OCTA's investment in this pool is reported in the accompanying financial statements at amounts based upon OCTA's pro-rata share of the fair value provided by CCF for the entire CCF portfolio (in relation to the amortized cost of that portfolio).

## 4. GRANTS AND STATE ASSISTANCE

**Operating Assistance Grants**

Under provisions of the Federal Transit Administration (FTA), funds are available to OCTA for Americans with Disabilities Act (ADA) paratransit operating assistance, preventive maintenance, capital cost of contracting, demonstration projects, transportation planning, and related services. The appropriations for fiscal year 2022-23 total $107,994. A receivable of $16,962 is outstanding as of June 30, 2023.

**Capital Grants**

Under the provisions of FTA, appropriations are available for the development and capital investments for a public transportation system including the acquisition and construction of facilities, transit vehicles and related support equipment. The appropriations for fiscal year 2022-23 related to capital investments total $5,951. A receivable of $45,027 is outstanding as of June 30, 2023.

**Local Transportation Fund**

In fiscal year 2022-23, LTF received revenues from a one-quarter percent state sales and use tax through provisions of the TDA, as amended. Under TDA, revenues are to be made available to OCTD for planning, paratransit, and for operating expenses. In fiscal year 2022-23, OCTA became entitled to $5,130 in LTF revenues. The remaining revenues received by LTF were contributed to other claimants for administration, planning, and operations.

**State Transit Assistance Program**

State Transit Assistance (STA) revenue is generated by the state sales tax on diesel fuel as specified under the gas tax swap enacted in March 2010. The Road Repair and Accountability Act of 2017, signed into law April 2017, provided additional funding under the State of Good Repair (SGR) Program. This program is funded from a portion of new Transportation Improvement Fee on vehicle registrations and provides transit operators in California funding for eligible transit maintenance, rehabilitation, and capital projects. OCTA received $56,447 and $6,619 in STA and SGR respectively, in fiscal year 2022-23.

## 5. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2023 in the fund financial statements are as follows:

| | Governmental Funds | | | | | Enterprise Funds | | |
|---|---|---|---|---|---|---|---|---|
| **Receivables:** | **General** | **LTA** | **LTF** | **LTA Debt Service** | **Nonmajor Funds** | **OCTD** | **91 EL** | **Total** |
| Sales taxes | $ — | $ 73,407 | $ 38,781 | $ — | $ 15,788 | $ — | $ — | $ 127,976 |
| Projects | 787 | 27,028 | — | 5,151 | — | 5,533 | — | 38,499 |
| Other | 1,816 | 16 | — | — | 1,344 | 4,073 | 338 | 7,587 |
| **Total** | **$ 2,603** | **$ 100,451** | **$ 38,781** | **$ 5,151** | **$ 17,132** | **$ 9,606** | **$ 338** | **$ 174,062** |

Amounts due to other governments as of June 30, 2023 are as follows:

| | Governmental Funds | | | | | | Enterprise Funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Payables:** | **General** | **LTA** | **LTF** | **LTA Debt Service** | **General Capital Project** | **Nonmajor Funds** | **OCTD** | **91 EL** | **I-405 EL** | **Total** |
| Projects | $ — | $31,714 | $ 236 | $ — | $ 265 | $ — | $ 853 | $ 16 | $ 581 | $33,665 |
| Use taxes | 1 | — | — | — | 1 | — | 6 | — | — | 8 |
| Other | 20 | 256 | — | — | — | 47 | 772 | 1,041 | — | 2,136 |
| **Total** | **$ 21** | **$31,970** | **$ 236** | **$ —** | **$ 266** | **$ 47** | **$ 1,631** | **$ 1,057** | **$ 581** | **$35,809** |

## 6. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The composition of interfund balances at June 30, 2023 is as follows:

**Due to/from other funds:**

| | Receivable Funds | | | | | |
|---|---|---|---|---|---|---|
| **Payable Funds** | **General** | **LTA** | **General Capital Project** | **OCTD** | **Nonmajor Enterprise** | **Total** |
| LTA | $ 314 | $ — | $ 7,930 | $ 504 | $ 9 | $ 8,757 |
| LTF | 377 | — | — | — | — | 377 |
| General Capital Project | — | 7,658 | — | — | — | 7,658 |
| Nonmajor Governmental | — | — | — | 9,314 | — | 9,314 |
| OCTD | — | — | 173 | 1 | — | 174 |
| 91 EL | — | 3,889 | — | — | — | 3,889 |
| I-405 EL | — | 4,812 | — | — | — | 4,812 |
| **Total** | **$ 691** | **$ 16,359** | **$ 8,103** | **$ 9,819** | **$ 9** | **$ 34,981** |

The due to/from other funds arise due to short-term funding for certain projects, operations, and temporary cash deficit. These projects include ARTIC Station & Placentia Station, OC Streetcar project, OCTD capital and operating cost, OCTD & CTSA operations, SR-91 Improvement Project, and I-405 Improvement Project.

**Interfund transfers:**

| | Transfers In | | | | | | |
|---|---|---|---|---|---|---|---|
| **Transfers Out** | **General** | **LTA** | **LTA Debt Service** | **General Capital Project** | **OCTD** | **Nonmajor Enterprise** | **Total** |
| LTA | — | — | 56,290 | 44,322 | 11,057 | 747 | 112,416 |
| LTF | 5,130 | — | — | — | 185,813 | — | 190,943 |
| LTA Debt Service | — | 2,963 | — | — | — | — | 2,963 |
| Nonmajor Governmental | — | — | — | — | 37,614 | — | 37,614 |
| OCTD | — | 453 | — | 944 | — | — | 1,397 |
| 91 EL | — | 12,014 | — | — | — | — | 12,014 |
| I-405 EL | — | — | — | — | — | — | — |
| **Total** | **$ 5,130** | **$ 15,430** | **$ 56,290** | **$ 45,266** | **$ 234,484** | **$ 747** | **$ 357,347** |

Interfund transfers reflect a flow of assets between funds and blended component units of the primary governments without an equivalent flow of assets in return. The purpose of these transfers were primarily to: 1) relay cash from LTA fund to LTA Debt Service fund for the retirement of long-term obligations, 2) provide resources to fund various project costs such as SR-91 improvement project, Transportation Security Operations Center (TSOC) construction project, OC Streetcar project, OCTD capital and operating costs 3) contribute resources to finance operating costs for OCTA’s bus program, 4) transfer Measure M sales tax revenues to support various services/programs such as fare stabilization program, stationlink services rail feeder, and i-shuttle Project V services.

## 7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

| | Beginning Balance | Increases | Decreases | Transfer | Ending Balance |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 172,236 | $ — | $ — | $ — | $ 172,236 |
| Right-of-way improvements | 7,300 | — | — | — | 7,300 |
| Construction in progress | 318,639 | 84,077 | (2,643) | (135) | 399,938 |
| Total capital assets, not being depreciated | 498,175 | 84,077 | (2,643) | (135) | 579,474 |
| Capital assets, being depreciated: | | | | | |
| Building and improvements | 2,003 | — | — | — | 2,003 |
| Machinery, equipment and furniture | 10,400 | 715 | (712) | 135 | 10,538 |
| Intangible right-to-use (building) | 32,006 | — | — | — | 32,006 |
| Intangible right-to-use (equipment) | 186 | — | — | — | 186 |
| Intangible right-to-use (SBITA)* | 468 | 1,304 | — | — | 1,772 |
| Total capital assets, being depreciated | 45,063 | 2,019 | (712) | 135 | 46,505 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (1,309) | (78) | — | — | (1,387) |
| Machinery, equipment and furniture | (7,621) | (792) | 522 | — | (7,891) |
| Intangible right-to-use (building) | (4,221) | (4,221) | — | — | (8,442) |
| Intangible right-to-use (equipment) | (83) | (83) | — | — | (166) |
| Intangible right-to-use (SBITA) | — | (425) | — | — | (425) |
| Total accumulated depreciation | (13,234) | (5,599) | 522 | — | (18,311) |
| Total capital assets, being depreciated, net | 31,829 | (3,580) | (190) | 135 | 28,194 |
| **Governmental activities capital assets, net** | **530,004** | **80,497** | **(2,833)** | **—** | **607,668** |
| **Business-type activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | 57,106 | — | — | — | 57,106 |
| Construction in progress | 388,132 | 137,761 | (299) | (45,121) | 480,473 |
| Total capital assets, not being depreciated | 445,238 | 137,761 | (299) | (45,121) | 537,579 |
| Capital assets, being depreciated and amortized: | | | | | |
| Building and improvements | 157,713 | 263 | (3) | 2,916 | 160,889 |
| Transit vehicles | 353,691 | 10,610 | (31,617) | 34,897 | 367,581 |
| Machinery, equipment and furniture | 80,501 | 1,646 | (804) | 7,308 | 88,651 |
| Intangible right-to-use (building) | 3,733 | 5,913 | — | — | 9,646 |
| Intangible right-to-use (SBITA)* | 92 | 588 | — | — | 680 |
| Toll facility franchise | 205,264 | — | — | — | 205,264 |
| Total capital assets, being depreciated and amortized | 800,994 | 19,020 | (32,424) | 45,121 | 832,711 |
| Less accumulated depreciation and amortization for: | | | | | |
| Buildings and improvements | (99,824) | (5,288) | — | — | (105,112) |
| Transit vehicles | (249,644) | (19,273) | 31,609 | — | (237,308) |
| Machinery, equipment and furniture | (61,587) | (7,459) | 801 | — | (68,245) |
| Intangible right-to-use (building) | (415) | (489) | — | — | (904) |
| Intangible right-to-use (SBITA) | — | (112) | — | — | (112) |
| Toll facility franchise | (92,743) | (2,587) | — | — | (95,330) |
| Total accumulated depreciation and amortization | (504,213) | (35,208) | 32,410 | — | (507,011) |
| Total capital assets, being depreciated and amortized, net | 296,781 | (16,188) | (14) | 45,121 | 325,700 |
| **Business-type activities capital assets, net** | **$ 742,019** | **$ 121,573** | **$ (313)** | **$ —** | **$ 863,279** |

* Beginning balance of $468 and $92 are due to the adoption of the provisions of GASB Statement No. 96, SBITAs.

Depreciation and amortization expense was charged to functions/programs as follows:

| | | |
|---|---|---|
| **Governmental activities:** | | |
| General Government | $ | 5,585 |
| Motorist services | | 14 |
| **Total** | **$** | **5,599** |
| | | |
| **Business-type activities:** | | |
| Fixed route | $ | 24,968 |
| Paratransit | | 4,249 |
| Toll road | | 5,991 |
| **Total** | **$** | **35,208** |

## Toll Facility Franchise

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a franchise agreement for a toll facility on a 10-mile segment of the Riverside Freeway/ State Route (SR) 91 between the Orange/Riverside County line and the Costa Mesa Freeway/SR-55. The purchase was enabled by State Assembly Bill (AB) 1010 (Correa), passed by the California legislature and signed by the governor in September 2002. The legislation provided the authority for OCTA to collect tolls and pay related financing costs until 2030, and eliminated noncompete provisions in the franchise agreement for needed improvements on SR-91. The franchise agreement with the State of California's Department of Transportation (Caltrans) had granted CPTC the right to develop and construct the toll facility and to operate it for 35 years under a lease arrangement. Caltrans retains legal title to the real property components of the toll facility. There are no franchise fees or installment payments payable to Caltrans.

In September 2008, the Governor of California approved Senate Bill (SB) 1316 (Correa) as an update to the provisions of AB 1010. SB 1316 authorized OCTA to assign its franchise rights, interests and obligations in the Riverside County portion to the Riverside County Transportation Commission (RCTC), thereby allowing RCTC to add two toll lanes and a regular lane in each direction on the SR-91 from the Orange County line to Interstate 15. In addition, the bill authorized the terms of the franchise to expire no later than December 31, 2065. SB 1316 also required OCTA and RCTC to enter into an agreement providing for the coordination of their respective tolling facilities if RCTC was to construct and operate the toll facilities on the Riverside County portion of the SR-91 franchise.

In December 2011, the Board approved the assignment of OCTA's franchise rights, interests and obligations in the Riverside County portion of the SR-91 franchise to RCTC. The Board also approved the extension of the expiration date to 2065 and a cooperative agreement between OCTA and RCTC that details the joint operation for the 91 Express Lanes extension.

In fiscal year 2023, OCTA assessed GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements and determined that 91 Express Lanes agreement was not applicable to this standard, wherein exchange or exchange-like transactions does not exist between OCTA and Caltrans pertaining to this arrangement.

## 8. LEASES

OCTA adopted GASB Statement No. 87, Leases, for the fiscal year ended June 30, 2022. Under this Statement, OCTA, as a lessee, is required to recognize a lease liability and an intangible right-to-use lease asset, and as a lessor, OCTA is required to recognize a lease receivable and a deferred inflow of resources.

### Lease receivables

In fiscal year 2022-23, OCTA has lease receivables comprised of four agreements, which OCTA is the lessor related to land. OCTA has recognized $348 in lease revenue and $18 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, OCTA has lease receivable in the amount of $422. Also, OCTA has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources is $398. The following is a schedule of future minimum lease receivable as of June 30, 2023:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 218 | $ 6 | $ 224 |
| 2025 | 83 | 4 | 87 |
| 2026 | 71 | 3 | 74 |
| 2027 | 37 | — | 37 |
| 2028 | 1 | — | 1 |
| 2029-2033 | 5 | — | 5 |
| 2034-2038 | 5 | — | 5 |
| 2039-2040 | 2 | — | 2 |
| **Total** | **$ 422** | **$ 13** | **$ 435** |

### Lease payables

In fiscal year 2022-23, OCTA has a lease payable comprised of five agreements, which OCTA is a lessee for the use of buildings and equipment. As of June 30, 2023, OCTA has a lease liability in the amount of $33,548. The value of the right-to-use assets as of the end of the current fiscal year is $41,838 and has accumulated amortization of $9,512. The following is a schedule of future minimum lease liabilities as of June 30, 2023:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 4,397 | $ 786 | $ 5,183 |
| 2025 | 4,587 | 711 | 5,298 |
| 2026 | 4,837 | 632 | 5,469 |
| 2027 | 5,078 | 548 | 5,626 |
| 2028 | 5,331 | 459 | 5,790 |
| 2029-2033 | 4,803 | 1,623 | 6,426 |
| 2034-2038 | 1,761 | 1,170 | 2,931 |
| 2039-2043 | 2,754 | 447 | 3,201 |
| **Total** | **$ 33,548** | **$ 6,376** | **$ 39,924** |

## 9. SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITAs)

OCTA adopted GASB Statement No. 96, SBITAs, for the fiscal year ended June 30, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

On the implementation date of July 1, 2022, OCTA recorded $89 subscription liabilities and $560 corresponding right-to-use assets. The implementation had no impact to the beginning net position.

In fiscal year 2022-23, OCTA recorded subscription payable comprised of four agreements, which OCTA is a lessee for the use of IT arrangements. As of June 30, 2023, OCTA has a subscription liability in the amount of $899. The value of the right-to-use assets as of the end of the current fiscal year is $2,452 with accumulated amortization of $537.

The following is a schedule of future minimum subscription liabilities as of June 30, 2023:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 470 | $ 25 | $ 495 |
| 2025 | 221 | 16 | 237 |
| 2026 | 76 | 7 | 83 |
| 2027 | 82 | 4 | 86 |
| 2028 | 50 | 1 | 51 |
| **Total** | **$ 899** | **$ 53** | **$ 952** |

## 10. RISK MANAGEMENT – CLAIMS LIABILITY

OCTA is self-insured for workers' compensation and general liability claims. Workers' compensation claims are self-insured with a maximum amount of $750,000 per claim with statutory limits. For fiscal year 2021-22 and fiscal year 2022-23, general liability claims are fully self-insured with an adequate funding reserve as required by the OCTA Board of Directors. Actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards. The process used in computing claims liability may not result in an exact amount but are actuarially determined on a yearly basis. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. There are no claims or settlements exceeded insurance coverage for each of the past three fiscal years. Management is of the opinion that the recorded liabilities for OCTA's self-insured claims are adequate.

OCTA's liability for claims where it has retained the risk of loss, as recorded in the appropriate internal service funds, is as follows:

| | 2023 | 2022 |
|---|---|---|
| **General Liability** | | |
| **Unpaid claims as of July 1** | **$ 3,030** | **$ 2,577** |
| Incurred claims (including claims incurred but not reported as of 6/30) | 773 | 854 |
| Payments | (794) | (4,635) |
| Increase (decrease) in provision for prior years' events | 3,093 | 4,234 |
| **Unpaid claims at June 30** | **6,102** | **3,030** |
| **Workers' Compensation** | | |
| **Unpaid claims as of July 1** | **16,327** | **16,011** |
| Incurred claims (including claims incurred but not reported as of 6/30) | 582 | 1,811 |
| Payments | (4,836) | (3,993) |
| Increase in provision for prior years' events | 2,652 | 2,498 |
| **Unpaid claims at June 30** | **14,725** | **16,327** |
| **Total unpaid claims at June 30** | **20,827** | **19,357** |
| Less current portion of unpaid claims | (3,870) | (3,575) |
| **Total long-term portion of unpaid claims** | **$ 16,957** | **$ 15,782** |

## 11. LONG-TERM DEBT

### Sales Tax Revenue Bonds

On December 9, 2010, LTA issued $293,540 in M2 Sales Tax Revenue Bonds, 2010 Series A (Taxable Build America Bonds) and $59,030 in 2010 Series B (Tax-Exempt Bonds), to finance and refinance the costs of certain transportation projects located in Orange County, to restructure the Tax Exempt Commercial Paper (TECP) Program, and to fund capitalized interest and costs of issuance related to the 2010 Series Bonds. A reserve fund is not required in connection with the 2010 Series Bonds per the bond indenture. The transaction closed on December 23, 2010. A total of $75,000 was used to refund outstanding TECP.

On February 12, 2019, LTA issued $376,690 in M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019 (the "Series 2019 Bonds"), i) to finance the costs of certain transportation projects located in Orange County, consisting of the general purpose lanes of I-405 Improvement Project; ii) to refund and defease $43,540 of the 2010 Series A Bonds, which resulted in gross cumulative cash flow savings of approximately $2,867 and net present value cumulative savings of approximately $2,584; and iii) to fund costs of issuance related to the Series 2019 Bonds. A reserve fund is not required in connection with the Series 2019 Bonds per the bond indenture. The transaction closed on February 26, 2019.

The OCTA's outstanding debt obligations related to M2 Sales Tax Revenue Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the Authority to cure the event of default, which may result in finance related consequences.

A summary of the bonds outstanding is as follows:

| | 2010 Series A (Taxable Build America Bonds) | 2019 Series (Tax-Exempt Bonds) |
|---|---|---|
| Issuance date | 12/09/10 | 2/12/19 |
| Original issue amount | $ 293,540 | $ 376,690 |
| Original issue premium | — | 69,342 |
| **Net Bond Proceeds** | **$ 293,540** | **$ 446,032** |
| Issuance costs | $ 1,905 | $ 970 |
| Interest rates | 5.56%-6.91% | 3.00%-5.00% |
| Maturity range | 2021-2041 | 2021-2041 |
| Final maturity | 2041 | 2041 |
| Bonds outstanding | $ 250,000 | $ 340,235 |
| Plus unamortized premium | — | 55,664 |
| **Total** | **$ 250,000** | **$ 395,899** |

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2023, are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2024 | $ 20,920 | $ 33,952 |
| 2025 | 21,950 | 32,906 |
| 2026 | 23,630 | 31,722 |
| 2027 | 24,755 | 30,334 |
| 2028 | 25,935 | 28,881 |
| 2029-2033 | 149,455 | 120,084 |
| 2034-2038 | 188,445 | 72,175 |
| 2039-2041 | 135,145 | 16,049 |
| **Total** | **$ 590,235** | **$ 366,103** |

## Toll Road Revenue Refunding Bonds

On July 30, 2013, OCTA issued $124,415 in Senior Lien Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003 B-1 and Series 2003 B-2. OCTA refunded the outstanding Series 2003-A Bonds to reduce its total debt service payments over the life of the bonds and refunded the Series 2003 B-1 and Series 2003 B-2 Bonds to address the mandatory tender date of August 15, 2013 for the existing private placement with the OCIP. The Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

The OCTA's outstanding debt obligations related to Toll Road Revenue Refunding Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the Authority to cure the event of default, which may result in finance related consequences.

A summary of the terms of the Toll Road Revenue Refunding Bonds is as follows:

| | 2013 Series (Toll Road Revenue Bonds) |
|---|---|
| Issuance date | 07/30/2013 |
| Closing date | 08/08/2013 |
| **Original issue amount** | **$ 124,415** |
| Cash reserve requirements | $ 20,852 |
| Cash reserve balance | $ 19,451 |
| Interest rate range | 2%-5% |
| Maturity | December 2030 |
| Principal payment date | August 15 |
| **Current balance** | **$ 71,420** |
| Unamortized premium | $ 4,803 |
| Deferred amount on refunding | $ (4,994) |

*Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the following three reserve funds are required to be maintained: Senior Lien Reserve Fund $7,852, Major Maintenance Reserve Fund $10,000, and Operating Reserve Fund $3,000. At June 30, 2023, all reserve requirements have been satisfied with $6,047,989 reserved in current cash and investment account for Senior Lien Toll Road Revenue Refunding Bonds, Series 2023, issued on July 6, 2023.

Annual debt service requirements on the tax-exempt bonds as of June 30, 2023, are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2024 | $ 7,460 | $ 3,336 |
| 2025 | 7,845 | 2,953 |
| 2026 | 8,245 | 2,551 |
| 2027 | 8,670 | 2,128 |
| 2028 | 9,115 | 1,683 |
| 2029-2031 | 30,085 | 2,303 |
| **Total** | **$ 71,420** | **$ 14,955** |

## TIFIA Loan

On September 9, 2021, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a TIFIA loan for $628,930 (2021 TIFIA Loan), replacing the original TIFIA Loan that closed on July 26, 2017 for $628,930 (2017 TIFIA Loan), with an interest rate of 1.95% as a direct borrowing for eligible project costs for the I-405 Improvement Project.

Prior to the close of the 2017 TIFIA Loan, the Bureau had required OCTA to secure committed M2 funds. To meet this requirement under the 2021 TIFIA Loan, OCTA maintains approximately $500,000 of M2 funds in restricted accounts established under its Custody Account Agreement.

On September 29, 2021, in connection with the 2021 TIFIA Loan, OCTA issued $662,820 of tax-exempt Bond Anticipation Notes (2021 BANs). The 2021 BANs mature on October 15, 2024, with an interest rate of 0.30%. The 2021 BANs serve as a short-term financing mechanism during the construction of the I-405 Improvement Project, allowing OCTA to capitalize on lower short-term interest rates over the subsequent next three years, rather than immediately drawing on its 2021 TIFIA Loan.

On December 15, 2022, given significant shifts in the U.S. Treasury yield curve, OCTA requested a disbursement from the Bureau, which was used to legally defease the 2021 BANs, by funding a defeasance escrow using U.S. Treasury securities (State and Local Government Securities [SLGS]).

During the construction of the I-405 Project, and for a period of up to five years following the substantial completion, interest on the 2021 TIFIA Loan is capitalized/accreted to principal. The loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent that additional funds are available. Annual debt service payment will commence on June 1, 2028 through June 1, 2058. In fiscal year 2022-23, the entire TIFIA loan of $628,930 was drawn and unused balance is $0. In addition, OCTA prepaid $15,219 of principal on the TIFIA Loan Agreement this fiscal year. The outstanding balance of $620,189 includes interest accretion of $6,478 through June 30, 2023.

The TIFIA loan is secured solely by toll revenues of the I-405 Express Lanes, which are anticipated to open for public use in December 2023. The loan is non-recourse debt and is issued on a senior lien basis. The credit rating on the TIFIA loan is Baa2 (Moody’s). The legal documents for the TIFIA loan contain provisions with finance related consequences, that if an event of default occurs and continues, the trust estate shall be under the control of the trustee. Also, under the TIFIA Loan Agreement interest increases to the Default Rate, and the US Department of Transportation has the option of holding up loan disbursements. The OCTA's legal documents also contain acceleration clauses, whereas the OCTA's obligations shall automatically become due and payable.

**Changes in Long-Term Debt**

Long-term debt activity for the year ended June 30, 2023, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within one year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Sales tax revenue bonds | $ 610,170 | $ — | $ (19,935) | $ 590,235 | $ 20,920 |
| Unamortized premium | 58,815 | — | (3,151) | 55,664 | — |
| **Total governmental activities** | **668,985** | **—** | **(23,086)** | **645,899** | **20,920** |
| **Business-type activities:** | | | | | |
| Tax-exempt bonds | $ 78,515 | $ — | $ (7,095) | $ 71,420 | $ 7,460 |
| Unamortized premium | 5,447 | — | (644) | 4,803 | — |
| **Subtotal for Tax-exempt bonds** | **83,962** | **—** | **(7,739)** | **76,223** | **7,460** |
| Direct Borrowing-TIFIA loan | — | 635,408 | (15,219) | 620,189 | — |
| 2021 Series BAN | 662,820 | — | (662,820) | — | — |
| **Total business-type activities** | **$ 746,782** | **$ 635,408** | **$ (685,778)** | **$ 696,412** | **$ 7,460** |

**Arbitrage Rebate**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. In general, arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Failure to follow the arbitrage regulations could result in the interest paid to bondholders being retroactively rendered taxable.

In accordance with the arbitrage regulations, if excess earnings were calculated, 90% of the amount calculated would be due to the Internal Revenue Service (IRS) at the end of each five-year period. The remaining 10% would be recorded as a liability and paid after all bonds had been redeemed. During the current year, no excess earnings were calculated, therefore, no payments were made.

**Pledged Revenue**

OCTA has a number of debt issuances outstanding that are repaid and secured by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the summary of bonds outstanding tables. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions.

Debt service payments as a ratio of the pledged gross revenue, less certain expenditures/expenses as required by the debt agreement, for the year ended June 30, 2023, are indicated in the following table and OCTA is in compliance with the ratio per the debt agreement:

| Description of Pledged Revenue | Annual Amount of Net Pledged Revenue | Annual Debt Service Payments | Pledged Revenue Coverage |
|---|---|---|---|
| Measure M2 Net Sales Tax Revenue | $ 349,480 | $ 54,884 | 6.37 |
| 91 EL Net Toll Road Revenue | 50,489 | 10,795 | 4.68 |

## 12. PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS (PPP)

In March 2017, OCTA entered into an agreement with the State of California, Department of Transportation (Caltrans), under which OCTA will design and build the I-405 Improvement Project, and be responsible for the operation of I-405 Toll Facility for 40 years commencing as of the first day on which the Toll Facility opens for public use and toll operations. OCTA will set, collect, and retain tolls during this period. At the end of the term of this agreement, all property owned by OCTA and which is related to the Toll Facility, shall automatically become the property of Caltrans.

With the implementation of GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, OCTA has identified this arrangement as a PPP. OCTA has recognized an asset for construction-in-progress related to the I-405 Improvement Projects in the amount of $437,230 as of June 30, 2023.

## 13. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2023, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within one year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Compensated absences | $ 8,742 | $ 8,285 | $ (7,923) | $ 9,104 | $ 48 |
| Rent holiday | 4,655 | 3,741 | (4,085) | 4,311 | — |
| Lease liabilities | 28,483 | — | (3,849) | 24,634 | 3,974 |
| Subscription liabilities* | 89 | 776 | (242) | 623 | 436 |
| **Total governmental activities** | **$ 41,819** | **$ 12,088** | **$ (15,858)** | **$ 45,747** | **$ 4,023** |
| **Business-type activities:** | | | | | |
| Claims payable | 19,357 | 7,100 | (5,630) | 20,827 | 3,870 |
| Compensated absences | 8,697 | 11,243 | (11,091) | 8,849 | 7,725 |
| Lease liabilities | 3,687 | 5,577 | (350) | 8,914 | 422 |
| Subscription liabilities | — | 286 | (10) | 276 | 34 |
| **Total business-type activities** | **$ 31,741** | **$ 24,206** | **$ (17,081)** | **$ 38,866** | **$ 12,051** |

* Beginning balance of $89 is due to the adoption of the provisions of GASB Statement No. 96, SBITAs.

Compensated absences will be paid from the general fund for governmental activities and from the OCTD enterprise fund for business-type activities.

## 14. PENSION PLAN

OCTA participates in the Orange County Employees Retirement System (OCERS) and also contributes to 401(a) plan which are subject to GASB Statement No. 68.

A summary of pension amounts for OCTA's plan at June 30, 2023 is presented below:

| | OCERS |
|---|---|
| Deferred outflows of resources – pension | $ 69,977 |
| Net pension liability | 207,133 |
| Deferred inflows of resources – pension | 33,790 |
| Pension expense | 22,990 |

### Orange County Employees Retirement System

Plan Description: OCTA participates in OCERS Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by OCERS. The County Employees Retirement Law of 1937 and other applicable statutes grant the authority to establish and amend the benefit terms to the OCERS. OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans administered by OCERS. This report is issued for each year ending December 31 and can be obtained online at www.ocers.org, or from its executive office: 2223 Wellington Avenue, Santa Ana, CA 92701.

Benefits Provided: OCERS provides for service retirement, death, disability, survivor benefits and annual cost-of-living benefits to plan members, who must be public employees and beneficiaries. Service retirement benefits are based on Plan Type, years of service, age at retirement and final average salary. The benefit formulas are an annual annuity equal to 2% of the employee's one-year final average salary for each year of service rendered at age 57 for Plan A members who were hired prior to September 21, 1979 and 1.67% of the employee's three year final average salary for each year of service rendered at age 57.5 for Plan B members who were hired after September 21, 1979.

Contributions: Per Government Code sections 31453.5 and 31454, participating employers are required to contribute a percentage of covered salary to the Plan. The contribution requirements of participating active members and employers are established and may be amended by the OCERS' Board of Retirement. Employee contributions are established by the OCERS' Board of Retirement and guided by state statute (Government Code sections 31621, 31621.5, 31621.8, 31639.25 and 31639.5) and vary based upon employee age at the time of entering OCERS membership. Participating employers may pay a portion of the participating active employees' contributions through negotiations and bargaining agreements.

Funding contributions for the OCERS plan are determined annually on an actuarial basis by OCERS. The contribution requirement for the year ended June 30, 2023 was 33.41% of total covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. OCTA's contributions to OCERS were $33,081 for the year ended June 30, 2023.

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2023, OCTA reported a liability of $207,133 for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2023, and determined by rolling forward the total pension liability (TPL) as of December 31, 2022 actuarial valuation date. OCTA's proportionate share of the TPL has been determined by OCERS' actuary based upon employer contributions within each rate group. While OCERS is comprised of many rate groups, and certain rate groups may have multiple employer participants, OCTA is the only employer within its own individual rate group. Legally required employer contributions for each year less any amounts of those legally required contributions that are paid by the employees are used as the basis for determining each participating employer's proportion of total contributions. Contributions made by the employer on behalf of employees under Government Code Section 31581.2 are considered employee contributions and are not included in the proportionate share calculation.

At December 31, 2022, OCTA's proportion was 4.38%, which was an increase of 0.18% from its proportion measured as of December 31, 2022. For the year ended June 30, 2023, OCTA recognized pension expense of $22,990.

At June 30, 2023, OCTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 16,344 | $ — |
| Net difference between projected and actual earnings on plan investments | 50,080 | — |
| Difference between expected and actual experience | 1,823 | 33,790 |
| Changes of assumptions | 1,730 | — |
| **Total** | **$ 69,977** | **$ 33,790** |

Deferred outflows of resources related to contributions subsequent to the measurement date but before reporting period of $16,344 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows/outflows of resources related to changes of assumptions and difference between expected and actual experience will be recognized as pension expense over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS which is 5.41 years determined as of December 31, 2022. In addition, the net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis beginning with the year in which they occur.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended June 30: | Increase (Decrease) in Pension Expense |
|---|---|
| 2024 | $ (13,568) |
| 2025 | (685) |
| 2026 | 8,182 |
| 2027 | 27,469 |
| 2028 | (1,555) |
| **Total** | **$ 19,843** |

### Actuarial Assumptions

Following are the key methods and assumptions used for the TPL as of December 31, 2022:

| | |
|---|---|
| Actuarial Experience Study | Three year period ending December 31, 2019 |
| Actuarial Cost Method | Entry age normal cost |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.00% net of plan investment expenses, including inflation |
| Discount Rate | 7.00% |
| Inflation Rate | 2.50% |
| Cost of Living Adjustment | 2.75% of retirement income |
| Projected Salary Increases | 4.00% to 11.00%; vary by service, including inflation |

Mortality Assumptions: The underlying mortality assumptions used in the TPL at December 31, 2022 were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019 using the Pub-2010 General Health Employee Amount-Weighted Above-

Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2019, with age adjustments, and adjusted separately for healthy and disabled. The underlying mortality assumptions used in the TPL at December 31, 2019 were based on the results of the actuarial experience study for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table as a starting point, projected generationally using the two-dimensional Scale MP-2016, with age adjustments, and adjusted separately for healthy and disabled. In general, using a generational mortality table anticipates increases in the cost of the Plan over time as participants' life expectancies are projected to increase. This is in contrast to updating a static mortality assumption with each experience study as proposed in prior experience studies.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return |
|---|---|---|
| Large Cap Equity | 23.10% | 5.43% |
| Small Cap Equity | 1.90% | 6.21% |
| International Developed Equity | 13.00% | 6.67% |
| Emerging Markets Equity | 9.00% | 8.58% |
| Core Bonds | 9.00% | 1.10% |
| High Yield Bonds | 1.50% | 2.91% |
| TIPS | 2.00% | 0.65% |
| Emerging Market Debt | 2.00% | 3.25% |
| Corporate Credit | 1.00% | 0.53% |
| Long Duration Fixed Income | 2.50% | 1.44% |
| Real Estate | 3.01% | 4.42% |
| Private Equity | 13.00% | 9.41% |
| Value Added Real Estate | 3.01% | 7.42% |
| Opportunistic Real Estate | 0.98% | 10.18% |
| Energy | 2.00% | 9.68% |
| Infrastructure (Core Private) | 1.50% | 5.08% |
| Infrastructure (Non-Core Private) | 1.50% | 8.92% |
| CTA - Trend Following | 2.50% | 2.38% |
| Global Macro | 2.50% | 2.13% |
| Private Credit | 2.50% | 5.47% |
| Alternative Risk Premia | 2.50% | 2.50% |
| **Total** | **100.00%** | |

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2022.

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate: The following table represents the net pension liability of calculated using the discount rate of 7.00%, as well as what the NPL would be if it was calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| OCTA's Proportionate Share of the NPL | $ 362,149 | $ 207,133 | $ 80,691 |

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OCERS financial report.

**OCTA 401(a) Defined Contribution Plan**

OCTA contributes to the 401(a) Plan, a defined contribution pension plan, 1) for its full-time administrative employees, 2) for employees represented by the Transportation Communications International Union/International Association of Machinists and Aerospace Workers (TCU/IAM-AW), and 3) for coach operators represented by Teamsters Local 952. The 401(a) Plan is administered by Nationwide Retirement Solutions.

Per provision of Personnel and Salary Resolution adopted by the Board, OCTA provides 401(a) matching contributions to Administrative employees who meet the following criteria:

- 1% of base pay for employees from 0 but less than 3 years of service
- 2% of base pay for employees with 3 but less than 5 years of service
- 3% of base pay for employees with 5 or more years of service

In addition, certain administrative employees are eligible, upon hire or promotion, to receive an additional matching contribution of up to 2% of base salary to their 401(a) account, provided employees are making contributions of at least that amount to the OCTA 457(b) plan.

According to provision of Agreement with TCU/IAM-AW, OCTA provides employer-paid contributions to represented employees who meet the following criteria:

- 1% of base pay for employees with 5 to 14 years service
- 2% of base pay for employees with 15 to 19 years service
- 3% of base pay for employees with 20 years or more of service

Per provision of Coach Operator Agreement, OCTA provides employer-paid contributions to coach operators who meet the following criteria:

- 1% of base pay for employees with 5 years to 9 years of service
- 2% of base pay for employees with 10 years or more of service
- 2% plus matching up to 1% of base pay for employees with 15 to 19 years or more of service
- 2% plus matching up to 3% of base pay for employees with 20 years or more of service

The 401(a) Plan is entirely funded by employer contributions. For the year ended June 30, 2023, OCTA contributed $9,970 to the 401(a) Plan.

## 15. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: OCTA sponsors and administers a single-employer defined-benefit postemployment healthcare plan (Plan) to provide medical insurance benefits to eligible retired employees. Benefit provisions are established and may be amended by the Board of Directors of OCTA. OCTA reports the financial activity of the Plan in its basic financial statements. No separate benefit plan report is issued.

Effective July 1, 2018, Coach Operators became eligible to participate in the Other Postemployment Benefits (OPEB) plan sponsored and administered by OCTA. Previously, only Unrepresented Administrative Employees and Transportation Communications International Union Employees were eligible to continue participating in the group healthcare insurance program after retirement until age 65 for retirees who retire directly from OCTA. Unrepresented Administrative Employees and Transportation Communications International Union Employees in OCERS Plan A and B must be at a minimum of age 50 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 52 with at least five years of OCTA service to meet eligibility requirements. Coach Operators in OCERS Plan A and B must be at a minimum of age 55 with at least ten years of OCTA service and OCERS Plan U members must be at a minimum of age 55 with at least five years of OCTA service for eligibility. The retiree pays the full premium for retiree, spouse and dependents. OCTA does not provide any cash subsidy towards retiree medical benefits.

Funding Policy: Because of the nature of the implied subsidy, OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

OCTA allows retirees to participate in the same medical plan as active employees at the same premium rates. Because the rate is a “blended rate”, payments for the active employees include an implied subsidy of what would normally be a higher rate for retirees if the retirees were in a stand-alone health plan.

For fiscal year ended June 30, 2023, the implied subsidy was determined as part of the June 30, 2023 actuarial valuation. The estimated implied subsidy at June 30, 2023 was $181.

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit.

Employees covered by benefit terms: As of January 1, 2022, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 30 |
| Inactive employees entitled to but not yet receiving benefit | — |
| Active employees | 1,126 |
| **Total participants covered by OPEB Plan** | **1,156** |

**Total OPEB liability**

OCTA's total OPEB liability (TOL) of $2,516 was measured as of June 30, 2023 and was determined by an actuarial valuation as of January 1, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions and other inputs: The TOL of $2,516 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Discount Rate | 3.86 % |
| Healthcare Cost Trend Rates: | |
| 2022 – 2023 Current Year Trend | 5.50 % |
| 2023 – 2024 Trend | 5.20 % |
| Decrement | 0.10 % |
| Ultimate Trend | 4.00 % |
| Year Ultimate Trend is Reached | 2029 |
| Salary Increases | 3.25 % |
| Inflation Rate | 2.75 % |

Actuarial assumptions used in the January 1, 2022 valuation were based on a review of plan experience during the period January 1, 2020 to December 31, 2021.

The discount rate was based on the index provided by Fidelity General Obligation AA 20 Years Municipal Index based on the 20 year AA municipal bond rate as of June 30, 2023, an increase from the discount rate used for fiscal year ended June 30, 2022 of 3.69%.

Mortality rates were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale.

Changes in the total OPEB liability:

| | Total OPEB Liability |
|---|---|
| **Balance at 6/30/2022** | **$ 2,508** |
| Changes for the current year: | |
| Service cost | 189 |
| Interest | 94 |
| Changes in assumptions | (94) |
| Differences between expected and actual experience | — |
| Benefit payments | (181) |
| **Net changes** | **8** |
| **Balance at 6/30/2023** | **$ 2,516** |

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the TOL of OCTA, calculated using the discount rate of 3.86%, as well as what OCTA's TOL would be if it was calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate:

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| OCTA's total OPEB liability | $ 2,663 | $ 2,516 | $ 2,371 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the TOL of OCTA, calculated using an initial trend rate of 5.50%, as well as what OCTA's TOL would be if it was calculated using a trend rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| OCTA's total OPEB liability | $ 2,245 | $ 2,516 | $ 2,832 |

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, OCTA recognized OPEB expense of $273. At June 30, 2023, OCTA reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 31 | $ (307) |
| Changes of assumptions | 105 | (19) |
| **Total** | **$ 136** | **$ (327)** |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | | Increase (Decrease) in OPEB Expense |
|---|---|---|
| 2024 | $ | (88) |
| 2025 | | (84) |
| 2026 | | (4) |
| 2027 | | (10) |
| 2028 | | (5) |
| 2029 | | — |
| **Total** | **$** | **(191)** |

## 16. PURCHASE COMMITMENTS

OCTA has various long-term outstanding contracts that extend over several years and rely on future years' revenues.

Total commitments at June 30, 2023 are as follows:

| | | Total Purchase Commitments | | Reserve for Encumbrances | | Unencumbered Purchase Commitments |
|---|---|---|---|---|---|---|
| **Governmental Funds:** | | | | | | |
| General | $ | 128,378 | $ | 13,775 | $ | 114,603 |
| LTA | | 819,719 | | 117,641 | | 702,078 |
| LTF | | 96 | | — | | 96 |
| Nonmajor governmental funds | | 158,389 | | 84,844 | | 73,545 |
| **Total Governmental Funds** | | **1,106,582** | | **216,260** | | **890,322** |
| **Proprietary Funds:** | | | | | | |
| OCTD | | 735,613 | | 89,650 | | 645,963 |
| 91 Express Lanes | | 64,022 | | 822 | | 63,200 |
| I-405 Express Lanes | | 274,992 | | 5,986 | | 269,006 |
| Nonmajor-OC Streetcar | | 47,303 | | 473 | | 46,830 |
| Internal Service Funds | | 1,531 | | 1,178 | | 354 |
| **Total Proprietary Funds** | | **1,123,461** | | **98,109** | | **1,025,352** |
| **Total** | **$** | **2,230,043** | **$** | **314,369** | **$** | **1,915,674** |

The majority of the contracts relate to the expansion of Orange County's freeways and road systems, grade separation projects, OC Streetcar project, paratransit bus services, and services for the operation of the contracted fixed route, stationlink and express buses.

## 17. OTHER COMMITMENTS AND CONTINGENCIES

### Litigation

In March 2022, Walsh Construction Company (plaintiff) filed a case arising out of the construction of the OC Streetcar Project. The plaintiff has alleged that due to unforeseen soil conditions, unforeseen utility conflicts, inadequate design and other actions taken by OCTA and its consultants, the plaintiff has suffered construction delays and other damages. The exposure is estimated at $30,000, and trial has been set for February 2024.

### Federal Grants

OCTA receives federal grants for capital projects and other reimbursable activities which are subject to audit by the grantor agency. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on OCTA's financial position or results of operations.

## 18. JOINT VENTURE

OCTA is one of five members of the Southern California Regional Rail Authority (SCRRA), a joint powers authority (JPA) created in 1992. The SCRRA's board consists of one member from the Ventura County Transit Commission (VCTC); two each from OCTA, the San Bernardino County Transportation Authority (SBCTA) and the Riverside County Transportation Commission (RCTC); and four members from the Los Angeles County Metropolitan Transportation Authority (LACMTA). SCRRA is responsible for maintaining and operating a regional commuter rail system (Metrolink) in five southern California counties. As a member of the agency, OCTA makes annual capital and operating contributions for its pro rata share of rail lines serving Orange County. OCTA did not make any contributions during fiscal year 2022-23 for its share of Metrolink capital and operating costs since SCRRA received awards directly from the FTA for OCTA's share. Separate financial statements are prepared by, and available from, SCRRA, which is located at 900 Wilshire Blvd., Ste. 1500, Los Angeles, CA 90017.

OCTA is one of 11 members of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency, a JPA created in 1989 and amended in 2013. The purpose of the JPA is to oversee passenger rail service and improvements in the rail corridor between San Diego, Los Angeles and San Luis Obispo. The LOSSAN's board consists of two members appointed by the LACMTA; two members appointed by OCTA; one member appointed by RCTC; one member appointed by VCTC; one member appointed by the Santa Barbara County Association of Governments; one member appointed by the San Luis Obispo Council of Governments and the following three agencies receive one member appointment but only two votes – the San Diego Metropolitan Transit System, the North County Transit District, and the San Diego Association of Governments. OCTA was selected as the managing agency for LOSSAN and is responsible for the ongoing coordination and service integration efforts. Administrative support is funded by the member agencies. OCTA charged $4,686 to LOSSAN for administrative support during fiscal year 2022-23. Separate financial statements are prepared by, and available from, LOSSAN at the Orange County Transportation Authority located at 550 South Main Street, Orange, CA 92868.

## 19. FUND DEFICIT

The I-405 Express Lanes (I-405 EL) fund, an enterprise fund, has a net position deficit of $232,297 as of June 30, 2023. The deficit is mainly due to transfers to the LTA fund for the I-405 improvement project pertaining to general purpose lanes which were funded by the debt held by I-405 EL fund. In addition, the fund is still at construction phase and has not generated operating revenues as of June 30, 2023.

The net investment in capital assets of $(30,113) is a portion of net position related to I-405 Express Lanes' capital assets, and those liabilities and deferred resource flows arising from construction, acquisition, or improvements. The unrestricted net position of $(202,184) is the remaining of net position not classified as net investment in capital assets, which pertaining to non-capital related assets and liabilities.

The I-405 Express Lanes and two new general purpose lanes are expected to be open for public use in December 2023.

## 20. EFFECT OF NEW PRONOUNCEMENTS

### GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was effective for OCTA's fiscal year ending June 30, 2022, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of this Statement did not have a material effect on the financial statements.

### GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement is effective for OCTA's fiscal year ending June 30, 2023. See note 12 for further information on the impact of the adoption of GASB Statement No. 94.

### GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). OCTA implemented this statement for fiscal year ending June 30, 2023. See note 9 for further information on the impact of the adoption of GASB Statement No. 96.

**GASB Statement No. 99**

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 100**

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

**GASB Statement No. 101**

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

## 21. SUBSEQUENT EVENT

On July 6, 2023, OCTA issued $47,545 in Senior Lien Toll Road Revenue Refunding Bonds, Series 2023 (“91EL 2023 Bonds”). The All-In True Interest Cost (TIC) is 2.80%. With the proceeds of the 91EL 2023 Bonds, OCTA refunded and defeased the outstanding the Series 2013 Bonds, which resulted in net present value cumulative savings of $5,521.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Required Supplementary Information**
**Budgetary Comparison Schedule**

**General Fund (Budgetary Basis)**
**For the Year Ended June 30, 2023**

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Fines | $ 183 | $ 183 | $ 162 | $ (21) |
| Contributions from other agencies | 10,621 | 10,621 | 8,331 | (2,290) |
| Interest and investment earnings | 907 | 907 | 3,232 | 2,325 |
| Capital assistance grants | 3,525 | 3,525 | 6,525 | 3,000 |
| Miscellaneous | 158 | 158 | 125 | (33) |
| **Total revenues** | **15,394** | **15,394** | **18,375** | **2,981** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Salaries and benefits | 72,148 | 72,164 | 69,568 | 2,596 |
| Supplies and services | 41,979 | 46,335 | 40,869 | 5,466 |
| Interfund reimbursements | (97,787) | (97,787) | (85,652) | (12,135) |
| Transportation: | | | | |
| Contributions to other local agencies | 1,239 | 1,239 | 159 | 1,080 |
| Capital outlay | 15,512 | 15,512 | 8,225 | 7,287 |
| Debt service: | | | | |
| Interest | — | — | (435) | 435 |
| **Total expenditures** | **33,091** | **37,463** | **32,734** | **4,729** |
| **Deficiency of revenues under expenditures** | **(17,697)** | **(22,069)** | **(14,359)** | **7,710** |
| **Other financing sources** | | | | |
| Transfers in | 5,693 | 5,693 | 5,130 | (563) |
| Proceeds from sale of capital assets | — | — | 15 | 15 |
| **Total other financing sources** | **5,693** | **5,693** | **5,145** | **(548)** |
| **Net change in fund balances** | **$ (12,004)** | **$ (16,376)** | **$ (9,214)** | **$ 7,162** |

**Reconciliation to GAAP:**

| | |
|---|---|
| Net change in fund balance (budgetary basis) | $ (9,214) |
| Net change in fund balance - from CURE fund | 1,976 |
| Net change in fund balance - from ARBA trust fund | 1,316 |
| Net change in fund balance - from Scholarship fund | — |
| Less: Estimated revenues for encumbrances outstanding at June 30 | 4,361 |
| Add: Current year encumbrances outstanding at June 30 - from CURE fund | 450 |
| Add: Current year encumbrances outstanding at June 30 | 12,927 |
| Net change in fund balance (GAAP basis) | $ 3,094 |

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Required Supplementary Information
## Budgetary Comparison Schedule
## Local Transportation Authority Special Revenue Fund (Budgetary Basis)
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Sales tax revenue | $ 417,196 | $ 417,196 | $ 439,123 | $ 21,927 |
| Contributions from other agencies | 139,851 | 139,851 | 86,000 | (53,851) |
| Interest and investment earnings | 10,766 | 10,766 | 17,974 | 7,208 |
| Miscellaneous | 1,052 | 3,052 | 1,711 | (1,341) |
| **Total revenues** | **568,865** | **570,865** | **544,808** | **(26,057)** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | 199,429 | 199,364 | 148,859 | 50,505 |
| Transportation: | | | | |
| Contributions to other local agencies | 167,940 | 163,944 | 102,315 | 61,629 |
| Capital outlay | 528,678 | 528,678 | 345,237 | 183,441 |
| **Total expenditures** | **896,047** | **891,986** | **596,411** | **295,575** |
| **Deficiency of revenues under expenditures** | **(327,182)** | **(321,121)** | **(51,603)** | **269,518** |
| **Other financing sources (uses)** | | | | |
| Transfers in | 41,719 | 41,719 | 15,430 | (26,289) |
| Transfers out | (106,778) | (106,778) | (112,416) | (5,638) |
| Proceeds from sale of capital assets | 2,000 | — | — | — |
| **Total other financing uses** | **(63,059)** | **(65,059)** | **(96,986)** | **(31,927)** |
| **Net change in fund balances** | **$ (390,241)** | **$ (386,180)** | **$ (148,589)** | **$ 237,591** |

**Reconciliation to GAAP:**

| | |
|---|---|
| Net change in fund balance (budgetary basis) | $ (148,589) |
| Less: Estimated revenues for encumbrances outstanding at June 30 | 20,942 |
| Add: Current year encumbrances outstanding at June 30 | 118,778 |
| Net change in fund balance (GAAP basis) | $ (50,753) |

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Required Supplementary Information**
**Budgetary Comparison Schedule**

**Local Transportation Fund (Budgetary Basis)**
**For the Year Ended June 30, 2023**

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Sales tax revenue | $ 212,568 | $ 212,568 | $ 222,452 | $ 9,884 |
| Interest and investment earnings | 45 | 45 | 7,204 | 7,159 |
| **Total revenues** | **212,613** | **212,613** | **229,656** | **17,043** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | 2,105 | 2,105 | 2,133 | (28) |
| Transportation: | | | | |
| Contributions to other local agencies | 2,967 | 2,967 | 3,115 | (148) |
| **Total expenditures** | **5,072** | **5,072** | **5,248** | **(176)** |
| **Excess of revenues over expenditures** | **207,541** | **207,541** | **224,408** | **16,867** |
| **Other financing uses** | | | | |
| Transfers out | (207,542) | (207,542) | (190,943) | 16,599 |
| **Total other financing uses** | **(207,542)** | **(207,542)** | **(190,943)** | **16,599** |
| **Net change in fund balances** | **$ (1)** | **$ (1)** | **$ 33,465** | **$ 33,466** |

## ORANGE COUNTY TRANSPORTATION AUTHORITY
## Required Supplementary Information
## Supplemental Pension Plan and OPEB Plan Trend Data
June 30, 2023

*(amounts expressed in thousands)*

### Schedule of OCTA's Proportionate Share of the Net Pension Liability
### Orange County Employees Retirement System Pension Plan
### Last 10 Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| OCTA's Proportion of the NPL | 3.842 % | 3.581 % | 4.415 % | 4.419 % | 4.353 % | 4.283 % | 4.436 % | 4.377 % | 4.006 % | 4.112 % |
| OCTA's proportionate share of the NPL | $207,133 | $73,424 | $186,024 | $ 224,285 | $ 230,261 | $ 230,261 | $ 230,261 | $ 250,193 | $ 203,592 | $ 217,569 |
| OCTA's covered payroll | $105,542 | $97,538 | $102,500 | $ 101,980 | $ 97,230 | $ 94,528 | $ 94,507 | $ 93,110 | $ 95,061 | $ 92,200 |
| OCTA's proportionate share of the NPL as a percentage of its covered payroll | 196.26 % | 75.28 % | 181.49 % | 219.93 % | 277.48 % | 224.40 % | 243.64 % | 268.71 % | 214.17 % | 235.98 % |
| Plan fiduciary net position as a percentage of the total pension liability | 81.45 % | 91.45 % | 81.69 % | 76.67 % | 70.03 % | 74.93 % | 71.16 % | 67.10 % | 69.42 % | 67.16 % |

Note: The amounts presented for each fiscal year were determined as of December 31.

### Schedule of OCTA's Contributions
### Orange County Employees Retirement System Pension Plan
### Last 10 Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 33,932 | $ 31,794 | $ 29,175 | $ 27,801 | $ 24,690 | $ 24,811 | $ 23,900 | $ 26,347 | $ 24,722 | $ 22,244 |
| Contributions in relation to the actuarially determined contributions | 33,932 | 31,794 | 29,175 | 27,801 | 24,690 | 24,811 | 23,900 | 26,347 | 24,722 | 22,244 |
| Contribution excess (deficiency) | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Covered payroll | $ 98,906 | $ 95,163 | $ 92,887 | $ 92,496 | $ 87,887 | $ 86,117 | $ 86,925 | $ 97,616 | $ 92,878 | $ 94,244 |
| Contributions as a percentage of covered payroll | 34.31% | 33.41% | 31.41% | 30.06% | 28.09% | 28.81% | 27.50% | 26.99% | 26.62% | 23.60% |

* OCTA will be presenting information for those years for which information is available until a full 10-year trend is compiled.

### Changes of assumptions

For fiscal year 2022-23, the inflation rate remained unchanged at 2.50% (retiree cost-of-living assumption maintained at 2.75%). Projected salary remained stable at 4.00% to 11.00%. Mortality assumptions were based on the Pub-2010 General Health Employee Amount-Weighted Above-Median Mortality Table.

*(amounts expressed in thousands)*

### Schedule of the Changes in OCTA's Total OPEB Liability and Related Ratios
### Other Post Employment Benefit Plan
### Last 10 Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| **Total OPEB liability - beginning** | $ 2,508 | $ 2,414 | $ 2,301 | $ 2,927 | $ 1,432 | $ 745 |
| Changes for the year: | | | | | | |
| Service cost | 189 | 192 | 185 | 152 | 112 | 40 |
| Interest | 94 | 48 | 58 | 104 | 48 | 28 |
| Changes in assumption | (94) | 35 | 60 | 172 | (4) | 40 |
| Difference between actual and expected experience | — | — | — | (869) | 12 | 651 |
| Plan change | | | — | — | 1,419 | — |
| Benefit payments | (181) | (181) | (190) | (185) | (92) | (72) |
| **Total OPEB liability - ending** | $ 2,516 | $ 2,508 | $ 2,414 | $ 2,301 | $ 2,927 | $ 1,432 |
| **Covered employee payroll** | $94,180 | $85,148 | $82,937 | $82,050 | $70,204 | $42,366 |
| **Total OPEB liability as a percentage of covered employee payroll** | 2.67 % | 2.95 % | 2.91 % | 2.80 % | 4.17 % | 3.38 % |

* OCTA will be presenting information for those years for which information is available until a full 10-year trend is compiled.

**Notes to the schedule for OPEB Plan**

Funding policy: OCTA funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

The amounts presented for fiscal year 2018 were measured as of December 31, 2017, and the amounts for fiscal year 2019 and thereafter were measured as of June 30 of the preceding year.

Plan Change: Effective July 1, 2018 for fiscal year ended June 30, 2019, Coach Operators became eligible to participate in the OPEB plan. Previously, only Unrepresented Administrative and Transportation Communications International Union employees were eligible for OPEB benefits.

Change of assumptions: For fiscal year 2022-23, the discount rate used to measure the TOL was 3.86%, an increase from the discount rate of 3.69% for fiscal year 2021-22.

For fiscal year 2021-2022, the discount rate used to measure the TOL was 3.69%, an increase from the discount rate of 1.92% for fiscal year 2020-21. For fiscal year 2021-22, mortality assumptions were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP 2019, rather than the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables as starting point, projected generationally with the two-dimensional MP-2016 projection scale, which was used to determine amounts reported in fiscal year 2020-21.

## 1. BUDGETARY DATA

OCTA establishes accounting control through formal adoption of an annual budget for all governmental funds. The budget is prepared in a basis consistent with accounting principles generally accepted in the United States (GAAP) except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget can be amended by the Board to increase both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as Salaries and Benefits, Supplies and Services, and Capital Outlay. Supplies and Services includes Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, for budgeted funds, is at the major object level for the budgeted governmental funds. A Fourth Quarter Budget Status Report, June 2023 is available from the OCTA Finance and Administration Division. With the exception of accounts which have been encumbered, appropriations lapse at year end.

### EXCESS EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations for fiscal year 2022-23 for the General fund and the major special revenue funds, except for the Local Transportation fund. In the Local Transportation fund, expenditures exceeded appropriations for supplies and services in the amount of $28 and contributions to other local agencies in the amount of $148. This was a result of investment expenses and OCTA receiving more sales tax revenue over the 12-month apportionment period than anticipated and contributed other other agencies based on monthly sales tax receipts, respectively.

Beginning fiscal year 2014-15, the CURE fund was consolidated with the General fund as it no longer met the definition of a special revenue fund. A separate budgetary schedule for the CURE fund is located in other supplementary information. A reconciliation is included on the General fund budgetary schedule for the consolidation.

Beginning fiscal year 2020-21, the Additional Retiree Benefit Account (ARBA) fund and the Scholarship fund were consolidated with the General fund, as they no longer met the definition of a fiduciary fund upon implementation of GASB Statement No. 84, Fiduciary Activities. A reconciliation is included on the General fund budgetary schedule for the consolidation.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

**Orange County Unified Transportation Trust (OCUTT)** – This fund is used to account for the revenues received and expenditures made for disbursements to OCTA, California Department of Transportation and cities within Orange County for various transportation projects. The source of revenue is the interest earned by the general capital project fund. Expenditures of monies in this fund must be made in accordance with provisions of the California Transportation Development Act (TDA).

**Service Authority for Freeway Emergencies (SAFE**) – This fund is used to account for revenues received and expenditures made for the implementation and maintenance of the motorist emergency aid system. Funding is provided from a one dollar per vehicle registration fee on vehicles registered in Orange County. Expenditure of monies in this fund must be made in accordance with the provisions of Chapter 14 of the California Streets and Highways Code.

**State Transit Assistance Fund (STAF)** – This fund is used to account for revenues received and expenditures made for OCTD transit operations and fare assistance for seniors and disabled persons. Funding is provided by sales taxes on gasoline and use taxes on diesel fuel. Expenditure of these funds is governed by the provisions of the TDA.

## ORANGE COUNTY TRANSPORTATION AUTHORITY
## Combining Balance Sheet - Nonmajor Governmental Funds
## June 30, 2023

| *(amounts expressed in thousands)* | Special Revenue OCUTT | Special Revenue SAFE | Special Revenue STAF | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and investments | $ 13,713 | $ 1,600 | $ 35,654 | $ 50,967 |
| Receivables: | | | | |
| Interest | 111 | 32 | 311 | 454 |
| Operating Grants | — | — | — | — |
| Capital Grants | — | — | — | — |
| Other | — | 20 | — | 20 |
| Due from other governments | — | 1,344 | 15,788 | 17,132 |
| Note receivable | 1,144 | — | — | 1,144 |
| Advances to other funds | — | — | — | — |
| **Total assets** | **14,968** | **2,996** | **51,753** | **69,717** |
| **Liabilities and Fund Balances** | | | | |
| **Liabilities** | | | | |
| Accounts payable | 2 | 722 | 5 | 729 |
| Due to other funds | — | — | 9,314 | 9,314 |
| Due to other governments | — | 47 | — | 47 |
| **Total liabilities** | **2** | **769** | **9,319** | **10,090** |
| **Deferred Inflows of Resources** | | | | |
| Unavailable revenue - reimbursements from grants | — | 852 | — | 852 |
| **Total deferred inflows of resources** | **—** | **852** | **—** | **852** |
| **Fund Balances** | | | | |
| Restricted for: | | | | |
| Transportation programs | 14,966 | — | 42,434 | 57,400 |
| Motorist services | — | 1,375 | — | 1,375 |
| **Total fund balances** | **14,966** | **1,375** | **42,434** | **58,775** |
| **Total liabilities, deferred inflows of resources, and fund balances** | **$ 14,968** | **$ 2,996** | **$ 51,753** | **$ 69,717** |

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**Nonmajor Governmental Funds**
**For the Year Ended June 30, 2023**

| | Special Revenue | | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| *(amounts expressed in thousands)* | **OCUTT** | **SAFE** | **STAF** | |
| **Revenues** | | | | |
| Sales tax revenue | $ — | $ — | $ 56,447 | $ 56,447 |
| Transportation improvement fee | — | — | 6,619 | 6,619 |
| Vehicle registration fees | — | 2,952 | — | 2,952 |
| Contributions from other agencies | — | 4,418 | — | 4,418 |
| Interest and investment earnings | 204 | 23 | 656 | 883 |
| Miscellaneous | — | 25 | — | 25 |
| **Total revenues** | **204** | **7,418** | **63,722** | **71,344** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | 7 | 9,322 | 23 | 9,352 |
| Capital outlay | — | 14 | — | 14 |
| **Total expenditures** | **7** | **9,336** | **23** | **9,366** |
| **Excess (deficiency) of revenues over (under) expenditures** | **197** | **(1,918)** | **63,699** | **61,978** |
| **Other financing uses** | | | | |
| Transfers out | — | — | (37,614) | (37,614) |
| **Total other financing uses** | **—** | **—** | **(37,614)** | **(37,614)** |
| **Net change in fund balances** | **197** | **(1,918)** | **26,085** | **24,364** |
| Fund balances - beginning | 14,769 | 3,293 | 16,349 | 34,411 |
| **Fund balances - ending** | **$ 14,966** | **$ 1,375** | **$ 42,434** | **$ 58,775** |

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Budgetary Comparison Schedule**
**Commuter and Urban Rail Endowment Fund (Budgetary Basis)**
**For the Year Ended June 30, 2023**

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Fines | $ — | $ — | $ 1 | $ 1 |
| Contributions from other agencies | — | — | 193 | 193 |
| Interest and investment earnings | — | — | 944 | 944 |
| **Total revenues** | **—** | **—** | **1,138** | **1,138** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | 233 | 233 | 232 | 1 |
| Capital outlay | 263 | 263 | 263 | — |
| **Total expenditures** | **496** | **496** | **495** | **1** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(496)** | **(496)** | **643** | **1,139** |
| **Other financing sources** | | | | |
| Proceeds from sale of capital assets | — | — | 1,333 | 1,333 |
| **Total other financing sources** | — | — | 1,333 | 1,333 |
| **Net change in fund balances** | **$ (496)** | **$ (496)** | **$ 1,976** | **$ 2,472** |

**Reconciliation to GAAP:**

| | |
|---|---|
| Net change in fund balance (budgetary basis) | $ 1,976 |
| Less: Estimated revenues for encumbrances outstanding at June 30 | — |
| Add: Current year encumbrances outstanding at June 30 | 450 |
| Net change in fund balance (GAAP basis) | $ 2,426 |

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Budgetary Comparison Schedule**
**Local Transportation Authority Debt Service Fund (Budgetary Basis)**
**For the Year Ended June 30, 2023**

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Interest and investment earnings | $ 5,857 | $ 5,857 | $ 8,698 | $ 2,841 |
| **Total revenues** | **5,857** | **5,857** | **8,698** | **2,841** |
| **Expenditures** | | | | |
| Debt service: | | | | |
| Principal payments on long-term debt | 19,935 | 19,935 | 19,935 | — |
| Interest on long-term debt | 34,949 | 34,949 | 34,949 | — |
| **Total expenditures** | **54,884** | **54,884** | **54,884** | **—** |
| **Deficiency of revenues under expenditures** | **(49,027)** | **(49,027)** | **(46,186)** | **2,841** |
| **Other financing sources (uses)** | | | | |
| Transfers in | 54,884 | 54,884 | 56,290 | 1,406 |
| Transfers out | (5,857) | (5,857) | (2,963) | 2,894 |
| **Total other financing sources** | **49,027** | **49,027** | **53,327** | **4,300** |
| **Net change in fund balances** | **$ —** | **$ —** | **$ 7,141** | **$ 7,141** |

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Budgetary Comparison Schedule
## Orange County Unified Transportation Trust Special Revenue Fund (Budgetary Basis)
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Interest and investment earnings | $ 106 | $ 106 | $ 204 | $ 98 |
| **Total revenues** | **106** | **106** | **204** | **98** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | 110 | 110 | 7 | 103 |
| **Total expenditures** | **110** | **110** | **7** | **103** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(4)** | **(4)** | **197** | **201** |
| **Net change in fund balances** | **$ (4)** | **$ (4)** | **$ 197** | **$ 201** |

## ORANGE COUNTY TRANSPORTATION AUTHORITY
## Budgetary Comparison Schedule
## Service Authority for Freeway Emergencies Special Revenue Fund (Budgetary Basis)
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Vehicle registration fees | $ 2,600 | $ 2,600 | $ 2,952 | $ 352 |
| Contributions from other agencies | 6,297 | 6,297 | 4,418 | (1,879) |
| Interest and investment earnings | 10 | 10 | 23 | 13 |
| Miscellaneous | 5 | 5 | 25 | 20 |
| **Total revenues** | **8,912** | **8,912** | **7,418** | **(1,494)** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | 10,687 | 10,687 | 9,369 | 1,318 |
| Capital outlay | 50 | 50 | 50 | — |
| **Total expenditures** | **10,737** | **10,737** | **9,419** | **1,318** |
| **Deficiency of revenues under expenditures** | **(1,825)** | **(1,825)** | **(2,001)** | **(176)** |
| **Other financing sources** | | | | |
| Transfers in | 4,006 | 4,006 | — | (4,006) |
| **Total other financing sources** | **4,006** | **4,006** | **—** | **(4,006)** |
| **Net change in fund balances** | **$ 2,181** | **$ 2,181** | **$ (2,001)** | **$ (4,182)** |

**Reconciliation to GAAP:**

| | |
|---|---|
| Net change in fund balance (budgetary basis) | $ (2,001) |
| Less: Estimated revenues for encumbrances outstanding at June 30 | — |
| Add: Current year encumbrances outstanding at June 30 | 83 |
| Net change in fund balance (GAAP basis) | $ (1,918) |

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Budgetary Comparison Schedule**
**State Transit Assistance Special Revenue Fund (Budgetary Basis)**
**For the Year Ended June 30, 2023**

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Sales tax revenue | $ 39,983 | $ 39,983 | $ 56,447 | $ 16,464 |
| Transportation improvement fee | 6,585 | 6,585 | 6,619 | 34 |
| Interest and investment earnings | 21 | 21 | 656 | 635 |
| **Total revenues** | **46,589** | **46,589** | **63,722** | **17,133** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | — | — | 23 | (23) |
| **Total expenditures** | **—** | **—** | **23** | **(23)** |
| **Excess of revenues over expenditures** | **46,589** | **46,589** | **63,699** | **17,110** |
| **Other financing uses** | | | | |
| Transfers out | (46,589) | (46,589) | (37,614) | 8,975 |
| **Total other financing uses** | **(46,589)** | **(46,589)** | **(37,614)** | **8,975** |
| **Net change in fund balances** | **$ —** | **$ —** | **$ 26,085** | **$ 26,085** |

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Budgetary Comparison Schedule**
**General Capital Project Fund (Budgetary Basis)**
**For the Year Ended June 30, 2023**

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Capital assistance grants | $ 31,010 | $ 31,010 | $ 78,909 | $ 47,899 |
| Miscellaneous | — | — | — | — |
| **Total revenues** | **31,010** | **31,010** | **78,909** | **47,899** |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| Supplies and services | 24,002 | 24,002 | 8,679 | 15,323 |
| Transportation: | | | | |
| Contributions to other local agencies | 1,798 | 1,798 | 63 | 1,735 |
| Capital outlay | 174,909 | 174,909 | 162,540 | 12,369 |
| **Total expenditures** | **200,709** | **200,709** | **171,282** | **29,427** |
| **Deficiency of revenues under expenditures** | **(169,699)** | **(169,699)** | **(92,373)** | **77,326** |
| **Other financing sources** | | | | |
| Transfers in | 37,282 | 37,282 | 45,266 | 7,984 |
| **Total other financing sources** | **37,282** | **37,282** | **45,266** | **7,984** |
| **Net change in fund balances** | **$ (132,417)** | **$ (132,417)** | **$ (47,107)** | **$ 85,310** |

**Reconciliation to GAAP:**

| | |
|---|---|
| Net change in fund balance (budgetary basis) | $ (47,107) |
| Less: Estimated revenues for encumbrances outstanding at June 30 | 38,831 |
| Add: Current year encumbrances outstanding at June 30 | 84,878 |
| Net change in fund balance (GAAP basis) | $ (1,060) |

## NONMAJOR ENTERPRISE FUND

**OC Streetcar Fund –** This fund is established to account for the operations of the OC Streetcar which is planned to be operative in fiscal year 2024-25. The funding sources for the operation will be Measure M program, Congestion Mitigation and Air Quality (CMAQ) program, fare collections, and local city match.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**Combining Statement of Net Position**
**Nonmajor Enterprise Fund**
**June 30, 2023**

| *(amounts expressed in thousands)* | **OC Streetcar** | **Total Nonmajor Enterprise Fund** |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Due from other funds | $ 9 | $ 9 |
| Total current assets | 9 | 9 |
| **Total assets** | **9** | **9** |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable | 9 | 9 |
| Total current liabilities | 9 | 9 |
| **Total liabilities** | **9** | **9** |
| **Net Position** | | |
| Unrestricted | — | — |
| **Total net position** | **$ —** | **$ —** |

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Combining Statement of Revenues, Expenses and Charges in Net Position
## Nonmajor Enterprise Fund
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | OC Streetcar | Total Nonmajor Enterprise Fund |
|---|---|---|
| **Operating revenues:** | | |
| Permit fees | $ — | $ — |
| **Total operating revenues** | **—** | **—** |
| **Operating expenses:** | | |
| Wages, salaries and benefits | — | — |
| Administrative services | 640 | 640 |
| Professional services | 107 | 107 |
| **Total operating expenses** | **747** | **747** |
| **Operating loss** | **(747)** | **(747)** |
| **Nonoperating revenues:** | | |
| Federal operating assistance grants | — | — |
| Investment earnings | — | — |
| **Total nonoperating revenues** | **—** | **—** |
| **Loss before contributions and transfers** | (747) | (747) |
| Transfers in | 747 | 747 |
| **Change in net position** | **—** | **—** |
| Total net position - beginning | — | — |
| **Total net position - ending** | **$ —** | **$ —** |

## ORANGE COUNTY TRANSPORTATION AUTHORITY
## Combining Statement of Cash Flows
## Nonmajor Enterprise Fund
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | OC Streetcar | Total Nonmajor Enterprise Fund |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers and users | $ — | $ — |
| Payments to suppliers | (107) | (107) |
| Payments to employees | — | — |
| Payments for interfund services used | (640) | (640) |
| **Net cash used for operating activities** | **(747)** | **(747)** |
| **Cash flows from noncapital financing activities:** | | |
| Operating assistance grants received | — | — |
| Transfers from other funds | 747 | 747 |
| **Net cash provided by noncapital financing activities** | 747 | 747 |
| **Cash flows from investing activities:** | | |
| Investment earnings | — | — |
| **Net cash provided by investing activities** | — | — |
| **Net increase in cash and cash equivalents** | — | — |
| Cash and cash equivalents at beginning of year | — | — |
| **Cash and cash equivalents at end of year** | **$ —** | **$ —** |
| **Reconciliation of operating loss to net cash provided by (used for) operating activities:** | | |
| Operating loss | $ (747) | $ (747) |
| Change in assets and liabilities: | | |
| Prepaid retirement | — | — |
| Deferred outflows of resources related to pensions | — | — |
| Deferred outflows of resources related to OPEB | — | — |
| Accounts payable | — | — |
| Accrued payroll and related items | — | — |
| Compensated absences | — | — |
| Unearned revenue | — | — |
| Total OPEB liability | — | — |
| Net pension liability | — | — |
| Deferred inflows of resources related to pensions | — | — |
| Deferred inflows of resources related to OPEB | — | — |
| **Total adjustments** | — | — |
| **Net cash used for operating activities** | **$ (747)** | **$ (747)** |

## INTERNAL SERVICE FUNDS

**General liability -** This fund is used to account for OCTA's risk management activities related to public liability, property damage and automobile liability.

**Workers' compensation** - This fund is used to account for OCTA's risk management activities related to workers' compensation.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Combining Statement of Net Position
## Internal Service Funds
## June 30, 2023

| *(amounts expressed in thousands)* | General Liability | Workers' Compensation | Total Internal Service Funds |
|---|---|---|---|
| **Assets** | | | |
| Current assets: | | | |
| Cash and investments | $ 19,709 | $ 34,552 | $ 54,261 |
| Receivables: | | | |
| Interest | 168 | 294 | 462 |
| Other | 211 | 313 | 524 |
| Other assets | 392 | 964 | 1,356 |
| Total current assets | 20,480 | 36,123 | 56,603 |
| **Total assets** | **20,480** | **36,123** | **56,603** |
| **Liabilities** | | | |
| Current liabilities: | | | |
| Accounts payable | 312 | 491 | 803 |
| Claims payable | 1,220 | 2,650 | 3,870 |
| Total current liabilities | 1,532 | 3,141 | 4,673 |
| Noncurrent liabilities: | | | |
| Claims payable | 4,882 | 12,075 | 16,957 |
| **Total liabilities** | **6,414** | **15,216** | **21,630** |
| **Net Position** | | | |
| Unrestricted | 14,066 | 20,907 | 34,973 |
| **Total net position** | **$ 14,066** | **$ 20,907** | **$ 34,973** |

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Combining Statement of Revenues, Expenses and Changes in Net Position
## Internal Service Funds
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | General Liability | Workers' Compensation | Total Internal Service Funds |
|---|---|---|---|
| **Operating revenues:** | | | |
| Charges for services | $ 5,824 | $ 7,677 | $ 13,501 |
| **Total operating revenues** | **5,824** | **7,677** | **13,501** |
| **Operating expenses:** | | | |
| Administrative services | 189 | 109 | 298 |
| Other | 40 | 206 | 246 |
| Insurance claims and premiums | 4,670 | 3,738 | 8,408 |
| Professional services | 937 | 510 | 1,447 |
| **Total operating expenses** | **5,836** | **4,563** | **10,399** |
| **Operating income (loss)** | **(12)** | **3,114** | **3,102** |
| **Nonoperating revenues (expenses):** | | | |
| Investment earnings | 239 | 500 | 739 |
| Other | 177 | 11 | 188 |
| **Total nonoperating revenues** | **416** | **511** | **927** |
| **Change in net position** | **404** | **3,625** | **4,029** |
| Total net position - beginning | 13,662 | 17,282 | 30,944 |
| **Total net position - ending** | **$ 14,066** | **$ 20,907** | **$ 34,973** |

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Combining Statement of Cash Flows
## Internal Service Funds
## For the Year Ended June 30, 2023

| *(amounts expressed in thousands)* | General Liability | Workers' Compensation | Total Internal Service Funds |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Receipts from interfund services provided | $ 5,792 | $ 7,663 | $ 13,455 |
| Payments to suppliers | (1,130) | (550) | (1,680) |
| Payments to claimants | (1,680) | (5,558) | (7,238) |
| Payments for interfund services used | (189) | (109) | (298) |
| Miscellaneous revenue received | 177 | 11 | 188 |
| **Net cash provided by operating activities** | **2,970** | **1,457** | **4,427** |
| **Cash flows from investing activities:** | | | |
| Investment earnings | 150 | 303 | 453 |
| **Net cash provided by investing activities** | **150** | **303** | **453** |
| **Net increase in cash and cash equivalents** | **3,120** | **1,760** | **4,880** |
| Cash and cash equivalents at beginning of year | 16,589 | 32,792 | 49,381 |
| **Cash and cash equivalents at end of year** | **$ 19,709** | **$ 34,552** | **$ 54,261** |
| **Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:** | | | |
| Operating income (loss) | $ (12) | $ 3,114 | $ 3,102 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Insurance recoveries | 177 | 11 | 188 |
| Change in assets and liabilities: | | | |
| Other receivables | (42) | (12) | (54) |
| Other assets | (32) | (14) | (46) |
| Accounts payable | (193) | (40) | (233) |
| Claims payable | 3,072 | (1,602) | 1,470 |
| Total adjustments | 2,982 | (1,657) | 1,325 |
| **Net cash provided by operating activities** | **$ 2,970** | **$ 1,457** | **$ 4,427** |
| **Noncash capital, financing and investing activities:** | | | |
| Investment earnings | $ 85 | $ 189 | $ 274 |



# 91 EXPRESS LANES

OCTA

STATISTICAL SECTION

# VANPOOL

OCTA

This part of OCTA's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about OCTA's overall financial health.

**Contents** **Page**

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 1
## Net Position by Component, Last Ten Fiscal Years (Unaudited)

*(accrual basis of accounting - thousands)*

| | As of June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | $ 159,427 | $ 177,195 | $ 185,209 | $ 202,587 | $ 211,433 | $ 262,985 | $ 340,129 | $ 433,782 | $ 501,053 | $ 582,156 |
| Restricted | 352,878 | 421,285 | 545,220 | 621,580 | 565,653 | 677,934 | 626,302 | 545,091 | 735,780 | 773,909 |
| Unrestricted | 181,216 | 94,641 | 67,517 | 29,578 | 37,947 | (14,857) | (49,044) | (23,655) | 18,118 | 5,854 |
| Total governmental activities net position | $ 693,521 | $ 693,121 | $ 797,946 | $ 853,745 | $ 815,033 | $ 926,062 | $ 917,387 | $ 955,218 | $ 1,254,951 | $ 1,361,919 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | $ 265,584 | $ 279,153 | $ 300,737 | $ 389,791 | $ 339,677 | $ 320,212 | $ 303,484 | $ 287,575 | $ 306,992 | $ 302,428 |
| Restricted | 13,015 | 13,032 | 13,075 | 13,199 | 16,776 | 18,229 | 25,156 | 31,268 | 29,252 | 28,432 |
| Unrestricted | 376,340 | 275,052 | 305,689 | 323,682 | 439,737 | 487,407 | 547,164 | 583,939 | 482,767 | 641,516 |
| Total business-type activities net position | $ 654,939 | $ 567,237 | $ 619,501 | $ 726,672 | $ 796,190 | $ 825,848 | $ 875,804 | $ 902,782 | $ 819,011 | $ 972,376 |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | $ 425,011 | $ 456,348 | $ 485,946 | $ 592,378 | $ 551,110 | $ 583,197 | $ 643,613 | $ 721,357 | $ 808,045 | $ 884,584 |
| Restricted | 365,893 | 434,317 | 558,295 | 634,779 | 582,429 | 696,163 | 651,458 | 576,359 | 765,032 | 802,341 |
| Unrestricted | 557,556 | 369,693 | 373,206 | 353,260 | 477,684 | 472,550 | 498,120 | 560,284 | 500,885 | 647,370 |
| Total primary government net position | $ 1,348,460 | $1,260,358 | $1,417,447 | $1,580,417 | $1,611,223 | $1,751,910 | $1,793,191 | $ 1,858,000 | $ 2,073,962 | $ 2,334,295 |

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2014-15, OCTA implemented GASB 68.

In fiscal year 2016-17, the increase in the business-type activities net position is mainly due to a major revenue vehicle purchase.

In fiscal year 2018-19, the increase in the government-type activities net position is mainly due to the Measure M program and the construction of the OC Streetcar project.

In fiscal year 2019-20, the increase in the business-type activities net position is mainly due to a reduction in net pension liabilities.

In fiscal year 2020-21, the increase in the governmental-type activities net position is mainly due to capital grants and contributions and taxes. The increase in business-type activities net position is mainly due to operating grants and contributions.

In fiscal year 2021-22, the increase in the governmental-type activities net position is mainly due to sales tax revenues. The decrease in business-type activities net position is mainly due to the construction of  I-405 improvement project.

In fiscal year 2022-23, the increase in the business-type activities net position is mainly due to reclassification of the I-405 improvement project (long-term debt TIFIA loan and construction in progress) from unrestricted to net investment in capital assets.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 2
## Changes in Net Position, Last Ten Fiscal Years (Unaudited)

*(accrual basis of accounting - thousands)*

| | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| **Expenses** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 68,262 | $ 74,852 | $ 95,155 | $ 94,929 | $ 80,877 | $ 88,394 | $ 89,868 | $ 87,346 | $ 89,924 | $ 104,701 |
| Measure M program | 372,137 | 301,329 | 272,627 | 280,154 | 439,279 | 390,253 | 453,965 | 534,584 | 543,991 | 482,865 |
| Motorist services | 5,187 | 5,281 | 6,355 | 5,826 | 5,725 | 6,359 | 7,724 | 7,092 | 8,284 | 8,206 |
| Commuter rail | 23,556 | 29,347 | 34,004 | 39,736 | 414 | 117 | 454 | 47 | 194 | 15 |
| Total governmental activities expenses | 469,142 | 410,809 | 408,141 | 420,645 | 526,295 | 485,123 | 552,011 | 629,069 | 642,393 | 595,787 |
| Business-type activities: | | | | | | | | | | |
| Fixed route | 212,170 | 201,630 | 208,851 | 204,969 | 208,167 | 230,256 | 201,819 | 174,441 | 179,877 | 210,789 |
| Paratransit | 51,735 | 51,392 | 63,071 | 64,594 | 67,883 | 71,104 | 88,086 | 75,431 | 88,131 | 99,541 |
| Tollroad | 22,996 | 22,980 | 25,120 | 38,455 | 25,672 | 26,491 | 29,239 | 30,137 | 30,162 | 15,409 |
| Taxicab administration | 506 | 584 | 567 | 524 | 385 | 348 | 160 | 86 | — | — |
| Fixed guideway | — | — | — | — | — | 6 | 7 | 28 | 51 | 107 |
| Total business-type activities expenses | 287,407 | 276,586 | 297,609 | 308,542 | 302,107 | 328,205 | 319,311 | 280,123 | 298,221 | 325,846 |
| Total primary government expenses | $ 756,549 | $ 687,395 | $ 705,750 | $ 729,187 | $ 828,402 | $ 813,328 | $ 871,322 | $ 909,192 | $ 940,614 | $ 921,633 |
| **Program Revenues** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | $ 155 | $ 181 | $ 1,180 | $ 730 | $ 842 | $ 855 | $ 872 | $ 1,113 | $ 1,094 | $ 935 |
| Other activities | 1,350 | 1,644 | 1,087 | 1,104 | 1,544 | 968 | 1,197 | 1,149 | 1,373 | 1,258 |
| Operating grants and contributions | 146,863 | 122,282 | 125,220 | 92,486 | 98,233 | 83,458 | 78,703 | 74,365 | 63,978 | 61,774 |
| Capital grants and contributions | 2,222 | 586 | 3,897 | 17,602 | 7,679 | 19,994 | 37,921 | 65,919 | 65,949 | 47,923 |
| Total governmental activities program revenues | 150,590 | 124,693 | 131,384 | 111,922 | 108,298 | 105,275 | 118,693 | 142,546 | 132,394 | 111,890 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Fixed route | 56,784 | 51,265 | 50,197 | 42,753 | 40,821 | 41,067 | 39,747 | 22,380 | 37,647 | 38,580 |
| Tollroad | 42,610 | 46,132 | 52,240 | 56,005 | 57,615 | 57,417 | 43,944 | 45,353 | 64,848 | 61,376 |
| Other activities | 8,579 | 8,695 | 8,650 | 8,656 | 8,280 | 8,727 | 7,654 | 2,193 | 4,824 | 6,183 |
| Operating grants and contributions | 63,099 | 67,356 | 65,226 | 74,966 | 74,236 | 87,667 | 64,917 | 164,819 | 258,866 | 77,750 |
| Capital grants and contributions | 23,717 | 14,139 | 35,848 | 89,740 | 17,849 | 11,172 | 4,747 | 7,154 | 10,568 | 84,923 |
| Total business-type activities program revenues | 194,789 | 187,587 | 212,161 | 272,120 | 198,801 | 206,050 | 161,009 | 241,899 | 376,753 | 268,812 |
| Total primary government program revenues | $ 345,379 | $ 312,280 | $ 343,545 | $ 384,042 | $ 307,099 | $ 311,325 | $ 279,702 | $ 384,445 | $ 509,147 | $ 380,702 |

*(Continued)*

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 2
## Changes in Net Position, Last Ten Fiscal Years, *continued*

| *(accrual basis of accounting - thousands)* | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Indirect expenses allocation: | | | | | | | | | | |
| Governmental activities | $ (34,089) | $ (35,996) | $ (37,748) | $ (41,045) | $ (43,163) | $ (44,411) | $ (46,890) | $ (48,485) | $ (52,347) | $ (55,455) |
| Business-type activities | 34,089 | 35,996 | 37,748 | 41,045 | 43,163 | 44,411 | 46,890 | 48,485 | 52,347 | 55,455 |
| Net (expense) revenue | | | | | | | | | | |
| Governmental activities | (284,463) | (250,120) | (239,009) | (267,678) | (374,834) | (335,437) | (386,428) | (438,038) | (457,652) | (428,442) |
| Business-type activities | (126,707) | (124,995) | (123,196) | (77,467) | (146,469) | (166,566) | (205,192) | (86,709) | 26,185 | (112,489) |
| Total primary government net expense | $ (411,170) | $ (375,115) | $ (362,205) | $ (345,145) | $ (521,303) | $ (502,003) | $ (591,620) | $ (524,747) | $ (431,467) | $ (540,931) |
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Sales taxes | $ 451,153 | $ 466,127 | $ 476,368 | $ 475,863 | $ 515,475 | $ 546,912 | $ 518,933 | $ 554,785 | $ 679,399 | $ 718,022 |
| Unrestricted investment earnings | 13,776 | 13,301 | 19,447 | 9,807 | 12,609 | 48,527 | 55,593 | 21,334 | (27,383) | 38,383 |
| Other miscellaneous revenue | 288 | 168 | 918 | 99 | 133 | 233 | 159 | 2,028 | 1,360 | 826 |
| Transfers | (169,278) | (169,199) | (152,899) | (162,292) | (191,734) | (149,206) | (196,930) | (117,292) | 104,009 | (221,821) |
| Total governmental activities | 295,939 | 310,397 | 343,834 | 323,477 | 336,483 | 446,466 | 377,755 | 460,855 | 757,385 | 535,410 |
| Business-type activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 12,366 | 13,293 | 14,098 | 14,943 | 15,995 | 16,971 | 17,829 | 18,648 | 19,646 | 21,155 |
| Unrestricted investment earnings | 4,765 | 4,531 | 7,672 | 2,332 | 2,892 | 24,654 | 29,285 | 4,859 | (32,167) | 14,586 |
| Other miscellaneous revenue | 413 | 1,218 | 791 | 5,071 | 5,604 | 5,393 | 11,104 | 7,685 | 6,574 | 8,292 |
| Transfers | 169,278 | 169,199 | 152,899 | 162,292 | 191,734 | 149,206 | 196,930 | 117,292 | (104,009) | 221,821 |
| Total business-type activities | 186,822 | 188,241 | 175,460 | 184,638 | 216,225 | 196,224 | 255,148 | 148,484 | (109,956) | 265,854 |
| Total primary government | $ 482,761 | $ 498,638 | $ 519,294 | $ 508,115 | $ 552,708 | $ 642,690 | $ 632,903 | $ 609,339 | $ 647,429 | $ 801,264 |
| **Change in Net Position** | | | | | | | | | | |
| Governmental activities | $ 11,476 | $ 60,277 | $ 104,825 | $ 55,799 | $ (38,351) | $ 111,029 | $ (8,673) | $ 22,817 | $ 299,733 | $ 106,968 |
| Business-type activities | 60,115 | 63,246 | 52,264 | 107,171 | 69,756 | 29,658 | 49,956 | 61,775 | (83,771) | 153,365 |
| Total primary government | $ 71,591 | $ 123,523 | $ 157,089 | $ 162,970 | $ 31,405 | $ 140,687 | $ 41,283 | $ 84,592 | $ 215,962 | $ 260,333 |

Source: Accounting and Financial Reporting Department

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 3
## Fund Balances, Governmental Funds, Last Ten Fiscal Years (Unaudited)

| *(modified accrual basis of accounting - thousands)* | **As of June 30,** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Fund | | | | | | | | | | |
| Reserved | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Unreserved | — | — | — | — | — | — | — | — | — | — |
| Nonspendable | 7,473 | 11,038 | 11,862 | 20,672 | 11,699 | 13,717 | 12,746 | 13,763 | 13,282 | 12,802 |
| Restricted | — | 24,732 | 23,548 | 22,992 | 23,189 | 23,101 | 23,517 | 44,642 | 40,881 | 41,994 |
| Assigned | — | 25,173 | 14,453 | — | 2,413 | 8,740 | 11,562 | 14,735 | 25,759 | 28,218 |
| Unassigned | (210) | 22,115 | — | (17,135) | — | (2,217) | — | — | (2) | — |
| Total general fund | $ 7,263 | $ 83,058 | $ 49,863 | $ 26,529 | $ 37,301 | $ 43,341 | $ 47,825 | $ 73,140 | $ 79,920 | $ 83,014 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | — | — | — | — | — | — | — | — | — | — |
| Capital projects funds | — | — | — | — | — | — | — | — | — | — |
| Nonspendable | 56,991 | 20,575 | 12,519 | 7,177 | 12,144 | 15,772 | 12,230 | 17,507 | 39,222 | 25,887 |
| Restricted | 707,365 | 753,071 | 862,565 | 953,569 | 892,703 | 1,337,025 | 1,252,083 | 1,155,000 | 1,314,797 | 1,343,802 |
| Committed | — | — | — | | | | | | | |
| Assigned, reported in: | | | | | | | | | | |
| Special revenue funds | 41,273 | — | — | — | — | — | — | — | — | — |
| Transportation capital projects | 9,495 | 9,469 | 8,682 | 1,158 | — | 2,521 | — | — | — | — |
| Unassigned | — | — | — | — | (6,917) | (883) | (2,024) | (3,562) | (7,658) | (10,171) |
| Total all other governmental funds | $ 815,124 | $ 783,115 | $ 883,766 | $ 961,904 | $ 897,930 | $1,354,435 | $1,262,289 | $1,168,945 | $1,346,361 | $1,359,518 |

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2014-15, the increase in restricted fund balance of General Fund is due to transfers from LTA as a result of finalizing Measure M1 projects. Additionally, the CURE Fund was consolidated with the General Fund as it no longer met the definition of a special revenue fund, which resulted in an increase of assigned and unassigned fund balance for the General Fund.

In fiscal year 2018-19, the increase in restricted fund balance of All Other Governmental Funds is due to the issuance of sales tax revenue bonds for the Measure M2 program.

In fiscal year 2019-23, the changes in restricted fund balance of All Other Governmental funds is due to the fluctuations of sales tax revenue for Measure M2 program.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 4
## Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years (Unaudited)

| *(modified accrual basis of accounting - thousands)* | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| **Revenues** | | | | | | | | | | |
| Sales taxes | $451,153 | $466,127 | $465,830 | $486,401 | $507,584 | $554,804 | $518,933 | $554,785 | $679,399 | $718,022 |
| Gasoline taxes | — | — | — | — | — | — | — | — | — | — |
| Transportation improvement fee | — | — | — | — | 5,673 | 5,603 | 5,823 | 6,230 | 7,581 | 6,619 |
| Vehicle registration fees | 2,669 | 2,351 | 3,401 | 2,960 | 2,941 | 2,978 | 2,773 | 3,099 | 2,896 | 2,952 |
| Fines | 176 | 197 | 220 | 205 | 201 | 200 | 245 | 125 | 182 | 163 |
| Contributions from other agencies | 146,216 | 121,341 | 103,532 | 87,870 | 92,239 | 67,550 | 96,817 | 84,483 | 51,603 | 77,858 |
| Interest and investment income | 13,144 | 12,732 | 18,917 | 11,894 | 12,253 | 48,528 | 53,209 | 23,840 | (29,596) | 41,529 |
| Capital assistance grants | 11,075 | 768 | 3,220 | 14,552 | 7,541 | 14,171 | 29,102 | 45,999 | 46,975 | 42,384 |
| Miscellaneous | 3,899 | 4,221 | 5,090 | 8,060 | 6,361 | 3,649 | 1,425 | 3,250 | 2,365 | 2,555 |
| Total revenues | 628,332 | 607,737 | 600,210 | 611,942 | 634,793 | 697,483 | 708,327 | 721,811 | 761,405 | 892,082 |
| **Expenditures** | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 83,294 | 105,995 | 126,370 | 116,183 | 110,973 | 110,537 | 106,911 | 114,120 | 101,883 | 122,642 |
| Transportation: | | | | | | | | | | |
| Contributions to other local agencies | 191,698 | 133,286 | 124,230 | 146,199 | 109,767 | 114,543 | 97,116 | 103,286 | 104,090 | 105,526 |
| Capital outlay | 135,747 | 129,312 | 103,441 | 106,921 | 250,292 | 235,559 | 354,492 | 430,188 | 435,542 | 372,308 |
| Debt service: | | | | | | | | | | |
| Principal payments on long-term debt | 6,600 | 6,865 | 7,210 | 7,475 | 7,775 | 8,165 | 8,530 | 8,065 | 8,455 | 19,935 |
| Interest | 22,264 | 21,961 | 21,614 | 21,343 | 21,059 | 20,677 | 35,615 | 35,777 | 35,808 | 34,949 |
| Bond issuance costs | — | — | — | — | — | 826 | — | — | — | — |
| Total expenditures | 439,603 | 397,419 | 382,865 | 398,121 | 499,866 | 490,307 | 602,664 | 691,436 | 685,778 | 655,360 |
| Excess of revenues over expenditures | 188,729 | 210,318 | 217,345 | 213,821 | 134,927 | 207,176 | 105,663 | 30,375 | 75,627 | 236,722 |
| **Other financing sources (uses):** | | | | | | | | | | |
| Transfers in | 48,196 | 65,411 | 56,722 | 74,074 | 46,148 | 155,033 | 137,216 | 99,830 | 217,996 | 122,116 |
| Transfers out | (217,474) | (234,610) | (209,621) | (236,366) | (237,882) | (304,239) | (334,146) | (217,122) | (113,987) | (343,936) |
| Proceeds from sale of capital assets | 2,167 | 2,667 | 3,010 | 3,275 | 3,605 | 3,605 | 3,605 | 3,866 | 4,560 | 1,349 |
| Bond issuance | — | — | — | — | — | 376,690 | — | — | — | — |
| Bond premium | — | — | — | — | — | 69,342 | — | — | — | — |
| Payment to refunded bond escrow agent | — | — | — | — | — | (45,062) | — | — | — | — |
| Total other financing sources (uses) | (167,111) | (166,532) | (149,889) | (159,017) | (188,129) | 255,369 | (193,325) | (113,426) | 108,569 | (220,471) |
| Net changes in fund balances | $ 21,618 | $ 43,786 | $ 67,456 | $ 54,804 | $ (53,202) | $462,545 | $ (87,662) | $ (83,051) | $184,196 | $ 16,251 |
| Debt service as a percentage of noncapital expenditures | 6.6 % | 7.6 % | 7.7 % | 7.6 % | 5.9 % | 6.6 % | 8.4 % | 7.2 % | 6.8 % | 9.6 % |

Source: Accounting and Financial Reporting Department

Notes:

In fiscal years 2019-21, the increases in capital outlay is due to the I-405 Improvement project under Measure M program.
In fiscal years 2021-22, the increases in fund balances is due to the increase of sales tax revenue for Measure M2 program.
In fiscal years 2022-23, the increase in revenues is due to the increase of investment income due to favorable investment performance.

## ORANGE COUNTY TRANSPORTATION AUTHORITY

### Schedule 5

### Program Revenues by Function/Program, Last Ten Fiscal Years (Unaudited)

*(accrual basis of accounting - thousands)*

| **Program Revenues** | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| **Function/Program** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 5,280 | $ 4,101 | $ 8,963 | $ 22,323 | $ 18,830 | $ 27,932 | $ 46,179 | $ 76,165 | $ 77,831 | $ 54,580 |
| Measure M program | 136,929 | 112,056 | 111,050 | 76,881 | 81,902 | 67,979 | 63,996 | 59,115 | 48,550 | 48,894 |
| Motorist services | 5,274 | 5,521 | 5,648 | 5,575 | 5,492 | 8,755 | 8,516 | 7,251 | 5,968 | 8,222 |
| Commuter rail | 3,107 | 3,015 | 5,723 | 7,143 | 2,074 | 609 | 2 | 15 | 45 | 194 |
| Total governmental activities | 150,590 | 124,693 | 131,384 | 111,922 | 108,298 | 105,275 | 118,693 | 142,546 | 132,394 | 111,890 |
| Business-type activities: | | | | | | | | | | |
| Fixed route | 123,244 | 112,721 | 123,504 | 173,107 | 105,539 | 108,244 | 107,503 | 193,353 | 306,103 | 200,782 |
| Paratransit | 28,130 | 28,059 | 28,080 | 40,777 | 33,882 | 38,859 | 7,496 | 2,192 | 4,824 | 6,183 |
| Tollroad | 42,610 | 46,132 | 60,059 | 57,816 | 59,069 | 58,576 | 45,835 | 46,342 | 65,826 | 61,847 |
| Taxicab administration | 805 | 675 | 518 | 420 | 311 | 371 | 175 | 12 | — | — |
| Total business-type activities | 194,789 | 187,587 | 212,161 | 272,120 | 198,801 | 206,050 | 161,009 | 241,899 | 376,753 | 268,812 |
| Total primary government | $ 345,379 | $ 312,280 | $ 343,545 | $ 384,042 | $ 307,099 | $ 311,325 | $ 279,702 | $ 384,445 | $ 509,147 | $ 380,702 |

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2014-15, the decrease in Measure M program is primarily due to finalizing Measure M1 projects.
In fiscal year 2016-17, the decrease in Measure M program is primarily due to decreased funding of RSTP and Proposition 1B as well as closing phase of the grade separation projects.
In fiscal year 2017-18, the decrease in Fixed route is primarily due to capital grants received in the prior year related to the CNG bus purchase project.
In fiscal year 2019-20, the decrease in General government, fixed route,  paratransit, and tollroad revenues is primarily due to the COVID-19 pandemic.
In fiscal year 2020-22, the increase in Fixed route is primarily due to increased operating grants and contributions.
In fiscal year 2022-23, the decrease in Fixed route is primarily due to decreased operating grants and contributions relating to transit operations.

## ORANGE COUNTY TRANSPORTATION AUTHORITY

### Schedule 6

### Tax Revenues by Source, Governmental Activities, Last Ten Fiscal Years (Unaudited)

*(accrual basis of accounting - thousands)*

| For the Year Ended June 30, | Sales & Use | Total |
|---|---|---|
| 2014 | $ 451,153 | $ 451,153 |
| 2015 | 466,127 | 466,127 |
| 2016 | 476,368 | 476,368 |
| 2017 | 475,863 | 475,863 |
| 2018 | 515,475 | 515,475 |
| 2019 | 546,912 | 546,912 |
| 2020 | 518,933 | 518,933 |
| 2021 | 554,785 | 554,785 |
| 2022 | 679,399 | 679,399 |
| 2023 | 718,022 | 718,022 |
| Change | | |
| 2014 - 2023 | 59.2 % | 59.2 % |

Source: Accounting and Financial Reporting Department

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 7
## Taxable Sales by Category, Last Ten Calendar Years (Unaudited)

| *(amounts expressed in thousands)* | Calendar Year 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 (a) |
|---|---|---|---|---|---|---|---|---|---|---|
| Clothing and Clothing Accessories Stores | $3,942,629 | $4,062,185 | $4,173,147 | $4,179,348 | $4,420,905 | $4,501,642 | $3,445,233 | $5,265,145 | $5,645,156 | $2,535,128 |
| General Merchandise Stores | 5,206,936 | 5,331,919 | 5,266,498 | 5,314,636 | 5,424,321 | 5,561,761 | 5,214,858 | 6,114,659 | 6,661,626 | 2,893,044 |
| Specialty Stores | 1,625,444 | — | — | — | — | — | — | — | — | — |
| Food and Beverage Stores | 2,177,054 | 2,249,980 | 2,315,300 | 2,399,937 | 2,460,590 | 2,483,191 | 2,630,703 | 2,705,682 | 2,843,138 | 1,293,788 |
| Food Services and Drink Places | 6,637,321 | 7,174,652 | 7,561,709 | 7,953,351 | 8,195,164 | 8,559,216 | 6,232,835 | 8,795,493 | 10,252,167 | 5,253,420 |
| Home Furnishings and Appliance Stores | 3,340,006 | 2,995,975 | 3,082,463 | 3,074,257 | 3,037,974 | 2,907,710 | 2,578,348 | 3,104,704 | 3,116,190 | 1,413,353 |
| Building Material & Garden Equipment & Supplies Dealers | 2,662,657 | 2,870,940 | 2,961,129 | 3,106,396 | 3,184,381 | 3,174,208 | 3,539,541 | 3,817,836 | 4,006,427 | 1,958,442 |
| Motor Vehicle and Parts Dealers | 12,440,522 | 8,352,815 | 8,648,763 | 8,927,827 | 9,408,045 | 9,646,527 | 9,482,960 | 11,324,257 | 11,775,654 | 5,581,929 |
| Gasoline Stations | — | 3,979,166 | 3,489,276 | 3,745,819 | 4,203,824 | 4,142,023 | 2,670,300 | 4,110,466 | 5,137,709 | 2,132,443 |
| Other Retail Group | 1,219,968 | 5,130,425 | 5,318,826 | 5,562,771 | 5,742,982 | 6,158,835 | 8,462,565 | 8,412,348 | 8,661,056 | 4,410,947 |
| Business and Personal Services | 2,035,999 | — | — | — | — | — | — | — | — | — |
| All other outlets | 18,808,591 | 19,768,161 | 20,241,650 | 20,883,715 | 21,390,429 | 22,553,862 | 19,576,172 | 24,603,345 | 29,927,949 | 14,462,486 |
| Total | $60,097,127 | $61,916,218 | $63,058,761 | $65,148,057 | $67,468,615 | $69,688,975 | $63,833,515 | $78,253,935 | $88,027,072 | $41,934,980 |
| Measure M Ordinance direct sales tax rate | 0.50 % | 0.50 % | 0.50 % | 0.50 % | 0.50 % | 0.50 % | 0.50 % | 0.50 % | 0.50 % | 0.50 % |

Sources: California State Board of Equalization for data prior to 2015; California Department of Tax and Fee Administration for data starting 2015

Note:
Starting 2015, the category was modified by BOE. Data for Gasoline Stations was reported within Automotive category in prior years.
Also, Specialty Stores and Business and Personal Services are recategorized in the Other Retail Group category.
(a) Taxable Sales reported for year 2023 includes first & second quarter data.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 8
## Direct and Overlapping Sales Tax Rates, Last Ten Calendar Years
## (Unaudited)

| Calendar Year | Measure M Direct rate | County of Orange | |
|---|---|---|---|
| **2014** | 0.50% | 7.50% | (a) |
| **2015** | 0.50% | 7.50% | |
| **2016** | 0.50% | 7.50% | |
| **2017** | 0.50% | 7.50% | |
| **2018** | 0.50% | 7.25% | (b) |
| **2019** | 0.50% | 7.25% | |
| **2020** | 0.50% | 7.25% | |
| **2021** | 0.50% | 7.25% | |
| **2022** | 0.50% | 7.25% | |
| **2023** | 0.50% | 7.25% | |

Sources: County of Orange information provided by the California Department of Tax and Fee Administration

Notes: Measure M information provided by the Measure M Ordinance

(a) Effective April 1, 2013 the state sales and use tax rate increased by .25%
(b) Effective January 1, 2017 the state sales and use tax rate decreased by .25%.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 9
## Principal Taxable Sales Generation by City, Current Year and Nine Years Ago
*(amounts express in thousands)*

| City | Calendar Year 2022 Taxable Sales | Calendar Year 2022 Rank | Calendar Year 2022 Percentage of Total | Calendar Year 2013 Taxable Sales | Calendar Year 2013 Rank | Calendar Year 2013 Percentage of Total |
|---|---|---|---|---|---|---|
| Aliso Viejo | $ 523,799 | 28 | 0.71 % | $ 424,016 | 27 | 0.83 % |
| Anaheim | 9,062,567 | 1 | 12.36 % | 5,806,581 | 1 | 11.40 % |
| Brea | 2,262,980 | 12 | 3.09 % | 1,706,627 | 12 | 3.35 % |
| Buena Park | 2,852,017 | 9 | 3.89 % | 2,375,355 | 8 | 4.66 % |
| Costa Mesa | 6,656,445 | 3 | 9.08 % | 4,291,314 | 3 | 8.43 % |
| Cypress | 1,132,992 | 19 | 1.55 % | 1,017,925 | 16 | 2.00 % |
| Dana Point | 598,039 | 26 | 0.82 % | 442,273 | 26 | 0.87 % |
| Fountain Valley | 1,360,767 | 16 | 1.86 % | 985,852 | 18 | 1.94 % |
| Fullerton | 2,548,828 | 11 | 3.48 % | 1,725,316 | 11 | 3.39 % |
| Garden Grove | 2,588,479 | 10 | 3.53 % | 1,782,344 | 10 | 3.50 % |
| Huntington Beach | 4,228,372 | 6 | 5.77 % | 2,969,480 | 6 | 5.83 % |
| Irvine | 7,527,093 | 2 | 10.27 % | 4,851,941 | 2 | 9.53 % |
| La Habra | 1,238,512 | 18 | 1.69 % | 828,764 | 19 | 1.63 % |
| La Palma | 186,821 | 32 | 0.25 % | 294,289 | 31 | 0.58 % |
| Laguna Beach | 612,102 | 25 | 0.83 % | 409,964 | 29 | 0.80 % |
| Laguna Hills | 589,013 | 27 | 0.80 % | 494,819 | 24 | 0.97 % |
| Laguna Niguel | 1,301,669 | 17 | 1.78 % | 991,919 | 17 | 1.95 % |
| Laguna Woods | 99,253 | 33 | 0.14 % | 81,420 | 33 | 0.16 % |
| Lake Forest | 1,671,059 | 14 | 2.28 % | 1,200,061 | 15 | 2.36 % |
| Los Alamitos | 327,441 | 31 | 0.45 % | 246,468 | 32 | 0.48 % |
| Mission Viejo | 1,754,002 | 13 | 2.39 % | 1,467,087 | 13 | 2.88 % |
| Newport Beach | 4,007,949 | 7 | 5.47 % | 2,695,874 | 7 | 5.29 % |
| Orange | 5,245,955 | 5 | 7.16 % | 3,270,219 | 5 | 6.42 % |
| Placentia | 687,112 | 24 | 0.94 % | 490,040 | 25 | 0.96 % |
| Rancho Santa Margarita | 725,817 | 23 | 0.99 % | 536,028 | 22 | 1.05 % |
| San Clemente | 1,047,866 | 20 | 1.43 % | 640,490 | 21 | 1.26 % |
| San Juan Capistrano | 1,006,957 | 21 | 1.37 % | 684,759 | 20 | 1.34 % |
| Santa Ana | 5,263,451 | 4 | 7.18 % | 3,655,025 | 4 | 7.18 % |
| Seal Beach | 410,175 | 30 | 0.56 % | 421,891 | 28 | 0.83 % |
| Stanton | 456,679 | 29 | 0.62 % | 338,677 | 30 | 0.66 % |
| Tustin | 2,968,921 | 8 | 4.05 % | 1,934,777 | 9 | 3.80 % |
| Villa Park | 27,534 | 34 | 0.04 % | 15,562 | 34 | 0.03 % |
| Westminster | 1,591,431 | 15 | 2.17 % | 1,336,609 | 14 | 2.62 % |
| Yorba Linda | 755,778 | 22 | 1.03 % | 517,884 | 23 | 1.02 % |
| Total | 73,317,875 | | 100 % | 50,931,650 | | 100 % |
| Unincorporated Cities | 14,709,196 | | | 6,659,567 | | |
| Total Orange County | $88,027,071 | | | $57,591,217 | | |

Source: California Department of Tax and Fee Administration, www.cdtfa.ca.gov

Note: The most current data available is for 2022.

## ORANGE COUNTY TRANSPORTATION AUTHORITY
### Schedule 10
### Ratios of Outstanding Debt by Type, Last Ten Fiscal Years (Unaudited)
*(amounts expressed in thousands except per capita)*

| | Governmental Activities | | Business-Type Activities | | | | | |
|---|---|---|---|---|---|---|---|---|
| As of June 30, | Sales Tax Revenue Bonds | Commercial Paper Notes | Toll Road Revenue Bonds | TIFIA Loan | Capital Leases | Government | Percentage of Personal Income | Per Capita |
| 2014 | $ 343,174 | $ 25,000 | $ 135,013 | $ — | $ — | $ 503,187 | 0.29 % | 160.35 |
| 2015 | 335,707 | — | 129,444 | — | — | 465,151 | 0.24 % | 147.08 |
| 2016 | 327,894 | — | 123,725 | — | — | 451,619 | 0.23 % | 142.06 |
| 2017 | 319,817 | — | 117,796 | — | — | 437,613 | 0.21 % | 136.72 |
| 2018 | 311,440 | — | 111,627 | 165,988 | — | 589,055 | 0.28 % | 182.87 |
| 2019 | 704,094 | — | 105,173 | 294,762 | — | 1,104,029 | 0.49 % | 342.60 |
| 2020 | 691,810 | — | 98,419 | 303,421 | — | 1,093,650 | 0.45 % | 342.37 |
| 2021 | 680,592 | — | 91,356 | 312,329 | — | 1,084,277 | 0.42 % | 343.80 |
| 2022 | 668,985 | — | 83,962 | — | — | 752,947 | n/a | 238.11 |
| 2023 | 645,899 | — | 76,223 | 620,189 | — | 1,342,311 | n/a | 427.87 |

Source: Accounting and Financial Reporting Department

Notes:

In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.
In fiscal year 2017-18, OCTA and DOT Bureau executed the TIFIA loan.
In fiscal year 2018-19, the increase in sales tax revenue bonds of governmental activities is due to issuance of sales tax revenue bonds.
In fiscal year 2021-22, OCTA prepaid the TIFIA loan and secured bridge loan (BAN 2021).
In fiscal year 2022-23, OCTA and DOT Bureau executed the TIFIA loan, and paid off the BAN 2021.

See schedule 13 for personal income and population data.
n/a - data not available

## ORANGE COUNTY TRANSPORTATION AUTHORITY

### Schedule 11

### Legal Debt Margin Information, Last Ten Fiscal Years (Unaudited)

*(amounts expressed in thousands)*

Measure M Ordinance No. 3 (Measure M2)

| Legal Debt Margin Calculation for Fiscal Year 2023 | |
|---|---|
| Debt service | $ 54,884 |
| Debt coverage (130 % of debt service) | 71,349 |
| Sales tax revenue | 442,081 |
| Less: local fair share & other expenses | (92,601) |
| Net sales tax revenues | 349,480 |
| Legal debt margin | $ 278,131 |

Toll Road Revenue Bonds

| Legal Debt Margin Calculation for Fiscal Year 2023 | |
|---|---|
| Debt service | $ 10,795 |
| Debt coverage (130 % of debt service) | 14,034 |
| Toll revenues | 64,827 |
| Less: operating expenses | (13,388) |
| Net toll revenues | 51,439 |
| Legal debt margin | $ 37,406 |

| For Year Ended June 30, | Debt limit | Total net debt applicable to limit | Legal debt margin | Total net debt applicable to limit as a percentage of debt limit | Debt limit | Total net debt applicable to limit | Legal debt margin | Total net debt applicable to limit as a percentage of debt limit |
|---|---|---|---|---|---|---|---|---|
| 2014 | $ 212,707 | $ 22,386 | $ 190,321 | 10.5 % | 25,478 | 10,742 | 14,736 | 42.2 % |
| 2015 | 227,936 | 29,039 | 198,897 | 12.7 % | 30,825 | 14,035 | 16,790 | 45.5 % |
| 2016 | 237,151 | 29,021 | 208,130 | 12.2 % | 35,576 | 14,035 | 21,541 | 39.5 % |
| 2017 | 239,727 | 29,244 | 210,483 | 12.2 % | 25,002 | 14,039 | 10,963 | 56.2 % |
| 2018 | 249,427 | 29,080 | 220,347 | 11.7 % | 42,211 | 14,034 | 28,177 | 33.2 % |
| 2019 | 258,085 | 37,434 | 220,651 | 14.5 % | 49,624 | 14,035 | 35,589 | 28.3 % |
| 2020 | 252,570 | 57,360 | 195,210 | 22.7 % | 37,268 | 14,037 | 23,231 | 37.7 % |
| 2021 | 262,280 | 56,992 | 205,288 | 21.7 % | 31,734 | 14,034 | 17,701 | 44.2 % |
| 2022 | 330,050 | 56,974 | 273,076 | 17.3 % | 37,145 | 14,122 | 23,023 | 38.0 % |
| 2023 | 349,480 | 71,349 | 278,131 | 20.4 % | 51,439 | 14,034 | 37,406 | 27.3 % |

Source: Treasury and Accounting and Financial Reporting Departments

Notes:
In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.

## ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 12
## Pledged-Revenue Coverage, Last Ten Fiscal Years (Unaudited)
*(amounts expressed in thousands)*

| | Measure M2 Sales Tax Revenue Bonds | | | | | Toll Road Revenue Bonds | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Debt Service | | | | | Debt Service | | |
| For the Year Ended June 30, | Sales Tax Revenue | Less: Fair Share & Other Expenses | Principal | Interest | Coverage | Toll Road Revenue | Less: Operating Expenses | Principal | Interest | Coverage |
| 2014 | $ 277,939 | $ (58,516) | $ 6,600 | $ 15,786 | 9.80 | $ 43,857 | $ (15,156) | $ 5,525 | $ 5,218 | 2.67 |
| 2015 | 289,359 | (61,423) | 6,865 | 15,473 | 10.20 | 47,351 | (16,526) | 4,925 | 5,871 | 2.86 |
| 2016 | 300,602 | (63,451) | 7,210 | 15,114 | 10.62 | 54,267 | (18,691) | 5,075 | 5,721 | 3.30 |
| 2017 | 305,057 | (65,330) | 7,475 | 15,020 | 10.66 | 56,835 | (31,833) | 5,285 | 5,514 | 2.32 |
| 2018 | 316,093 | (66,666) | 7,775 | 14,594 | 11.15 | 58,613 | (16,403) | 5,525 | 5,270 | 3.91 |
| 2019 | 328,892 | (70,807) | 8,165 | 20,629 | 8.96 | 64,932 | (15,308) | 5,810 | 4,986 | 4.60 |
| 2020 | 322,448 | (69,878) | 8,530 | 35,592 | 5.72 | 52,313 | (15,045) | 6,110 | 4,688 | 3.45 |
| 2021 | 332,888 | (70,608) | 8,065 | 35,774 | 5.98 | 46,463 | (14,729) | 6,420 | 4,375 | 2.94 |
| 2022 | 419,531 | (89,481) | 8,455 | 35,371 | 7.53 | 57,626 | (20,481) | 6,750 | 4,046 | 3.44 |
| 2023 | 442,081 | (92,601) | 19,935 | 34,949 | 6.37 | 64,827 | (13,388) | 7,095 | 3,700 | 4.77 |

Source: Accounting and Financial Reporting Department

Notes:
In fiscal year 2013-14, OCTA issued Senior Lien Toll Road Revenue Refunding Bonds (Series 2013) to refund the outstanding Series 2003 Bonds.
In fiscal year 2018-19, Measure M2 sales tax revenue bonds were issued.
In fiscal year 2019-20, Measure M2 sales tax revenue decreased due to COVID-19 pandemic and state order to refrain from non-essential travel.
In fiscal year 2019-20, decrease in toll road revenue is primarily due to a decrease in trips due to COVID-19 pandemic and state orders to refrain from non-essential travel.
In fiscal year 2022-23, increase in toll road revenue and sales tax revenues were primarily due to in increase in average trips cost and economic recovery from COVID-19 pandemic.

# ORANGE COUNTY TRANSPORTATION AUTHORITY

## Schedule 13

## Demographic and Economic Statistics, Last Ten Calendar Years (Unaudited)

| Calendar Year | Population (a) | Personal Income (millions) (b) | Per Capita Personal Income (c) | Median Age (d) | School Enrollment (e) | Unemployment Rate (f) |
|---|---|---|---|---|---|---|
| 2014 | 3,138,057 | $ 176,537 | $ 56,344 | 36.70 | 500,487 | 5.2 % |
| 2015 | 3,162,622 | 190,154 | 60,228 | 37.10 | 497,116 | 4.3 % |
| 2016 | 3,179,122 | 197,232 | 62,135 | 37.30 | 493,030 | 4.4 % |
| 2017 | 3,200,748 | 204,912 | 64,321 | 37.50 | 490,430 | 3.8 % |
| 2018 | 3,221,103 | 212,807 | 66,735 | 37.80 | 485,835 | 3.2 % |
| 2019 | 3,222,498 | 224,716 | 70,539 | 38.10 | 478,823 | 3.0 % |
| 2020 | 3,194,332 | 241,153 | 75,737 | 38.30 | 473,612 | 13.6 % |
| 2021 | 3,153,764 | 256,700 | 81,034 | 38.50 | 456,572 | 6.5 % |
| 2022 | 3,162,245 | n/a | n/a | 39.50 | 448,729 | 2.9 % |
| 2023 | 3,137,164 | n/a | n/a | n/a | 441,249 | 3.7 % |

Notes:

n/a - data not available
Estimates for personal income and per capita personal income for 2013-2019 were revised for new estimates.

Sources:

(a) July 1 estimates for 2013-2017 and January 1 estimate for 2018-2022 from California Department of Finance, http://www.dof.ca.gov/
(b) U.S. Department of Commerce, Bureau of Economic Analysis, http://www.bea.gov/
(c) U.S. Department of Commerce, Bureau of Economic Analysis, http://www.bea.gov/
(d) U.S. Census Bureau, https://data.census.gov/table
(e) California Department of Education, http://www.cde.ca.gov/
(f) CA Employment Development Department, http://www.labormarketinfo.edd.ca.gov/

## ORANGE COUNTY TRANSPORTATION AUTHORITY
### Schedule 14
### Principal Employers, Current Year and Nine Years Ago (Unaudited)

| Employer | Calendar Year 2023 Employees (a) | Rank | Percentage of Total County Employment (b) | Calendar Year 2014 Employees (a) | Rank | Percentage of Total County Employment (b) |
|---|---|---|---|---|---|---|
| Walt Disney Co. | 34,000 | 1 | 2.21 % | 25,000 | 1 | 1.60 % |
| University of California, Irvine | 24,867 | 2 | 1.62 % | 22,253 | 2 | 1.42 % |
| County of Orange | 18,000 | 3 | 1.17 % | 18,035 | 3 | 1.15 % |
| Providence | 13,037 | 4 | 0.85 % | | | |
| Kaiser Permanente | 9,592 | 5 | 0.62 % | 6,040 | 6 | 0.39 % |
| Hoag Memorial Hospital Presbyterian | 7,888 | 6 | 0.51 % | | | |
| Albertsons Southern CA Division | 7,633 | 7 | 0.50 % | | | |
| Target Corp. | 6,000 | 8 | 0.39 % | 5,400 | 10 | 0.34 % |
| Allied Universal | 5,929 | 9 | 0.39 % | | | |
| Walmart Inc. | 5,900 | 10 | 0.38 % | 6,000 | 8 | 0.38 % |
| St. Joseph Health System | | | | 12,062 | 4 | 0.77 % |
| Boeing Co. | | | | 6,890 | 5 | 0.44 % |
| Bank of America Corp. | | | | 6,000 | 7 | 0.38 % |
| Memorial Care Health System | | | | 5,635 | 9 | 0.36 % |
| Total County Employment | 1,538,100 | | | 1,565,400 | | |

Sources: (a) Orange County Business Journal Book of Lists - County of Orange
(b) Total County Employment information obtained from California Employment Development Department http://www.labormarketinfo.edd.ca.gov

## ORANGE COUNTY TRANSPORTATION AUTHORITY
### Schedule 15
### Full-Time Equivalent Government Employees by Function/Program for Ten Years (Unaudited)

| | Full-Time Equivalent Employees as of June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General government | 226.0 | 224.0 | 238.0 | 239.0 | 240.5 | 247.5 | 243.0 | 246.0 | 250.5 | 260.5 |
| Measure M program | 40.0 | 40.0 | 39.5 | 39.0 | 39.0 | 40.5 | 41.5 | 39.5 | 38.0 | 38.0 |
| Motorist services | 3.0 | 3.0 | 4.0 | 4.0 | 5.0 | 5.0 | 5.0 | 5.0 | 3.0 | 3.0 |
| Commuter rail | 10.0 | 9.0 | 10.5 | 11.0 | 8.0 | 7.0 | 6.0 | 7.0 | 6.0 | 6.0 |
| Fixed route | 1,152.0 | 1,078.0 | 1,020.0 | 981.0 | 906.5 | 964.0 | 990.5 | 972.5 | 886.0 | 888.0 |
| Paratransit | 12.0 | 12.0 | 5.0 | 7.5 | 7.5 | 6.5 | 8.5 | 7.5 | 7.5 | 8.0 |
| Tollroad | 3.0 | 3.0 | 3.0 | 3.0 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 6.0 |
| Taxicab | 4.0 | 4.0 | 4.0 | 3.0 | 2.0 | 2.0 | 1.0 | — | — | — |
| LOSSAN | — | — | 6.0 | 7.0 | 8.0 | 11.0 | 14.0 | 14.0 | 15.0 | 15.0 |
| Total | 1,450.0 | 1,373.0 | 1,330.0 | 1,294.5 | 1,220.0 | 1,287.0 | 1,313.0 | 1,295.0 | 1,209.5 | 1,224.5 |

Source: Financial Planning & Analysis Department

Notes:
In fiscal year 2013-14, the number of full-time equivalent positions for General government and Fixed route reported for fiscal year 2012-13 were restated.
In fiscal year 2015-16, the LOSSAN Division was created. The number of full-time equivalent positions for General government were increased due to new hires. There were decreases in the full-time equivalent positions in Fixed Route and Paratransit due to service reductions.
In fiscal year 2016-18, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.
In fiscal year 2018-19, the increase of full-time equivalent positions is primarily due to new hires in Fixed Route.
In fiscal year 2020-22, the decrease of full-time equivalent positions in Fixed Route is due to service reductions.
In fiscal year 2022-23, the increase of full-time equivalent positions in Tollroad is due to hiring 405 Express Lanes staff and the increase in General government is due to new hires.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
## Schedule 16
## Operating Indicators by Function/Program (Unaudited)

| | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program** | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Measure M1 program (thousands) | | | | | | | | | | |
| Freeways | $ 11,318 | $ 30,434 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Regional streets and roads | 17,697 | 25,371 | — | — | — | — | — | — | — | — |
| Local streets and roads | 14,614 | 14,796 | — | — | — | — | — | — | — | — |
| Transit | 14,392 | 128,110 | — | — | — | — | — | — | — | — |
| Total program expenses | $ 58,021 | $ 198,711 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Measure M2 program (thousands) | | | | | | | | | | |
| Freeways | $ 32,387 | $ 58,775 | $ 68,486 | $ 100,729 | $ 251,130 | $ 204,726 | $ 295,020 | $ 355,936 | $ 399,043 | $ 310,105 |
| Streets and roads | 199,311 | 161,622 | 163,699 | 138,273 | 106,691 | 110,412 | 105,555 | 92,472 | 60,180 | 94,112 |
| Transit | 82,721 | 47,876 | 22,464 | 16,516 | 20,419 | 173,782 | 74,815 | 68,617 | 143,009 | 68,792 |
| Environmental cleanup | 2,398 | 2,220 | 9,578 | 10,189 | 6,409 | 7,117 | 2,656 | 1,499 | 1,938 | 1,347 |
| Total program expenses | $ 316,817 | $ 270,493 | $ 264,227 | $ 265,707 | $ 384,649 | $ 496,037 | $ 478,046 | $ 518,524 | $ 604,170 | $ 474,356 |
| Motorist services | | | | | | | | | | |
| Calls made from call boxes | 4,949 | 2,011 | 1,717 | 1,363 | 1,246 | 1,049 | 845 | 922 | 953 | 1,332 |
| Vehicles removed | 357 | — | — | — | — | — | — | — | — | — |
| Vehicles assisted by FSP | 59,014 | 69,045 | 68,678 | 62,527 | 54,136 | 52,673 | 56,374 | 60,062 | 67,224 | 59,129 |
| 511 Motorist Assistance Calls | — | 2,886 | 4,023 | 4,120 | 3,888 | 4,298 | 3,838 | 3,774 | 4,815 | 6,015 |
| Commuter rail | | | | | | | | | | |
| Weekday trips | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 41 | 45 | 45 |
| Annual boardings | 4,437,991 | 4,579,000 | 4,198,189 | 4,477,735 | 5,069,929 | 5,073,474 | 3,874,618 | 797,715 | 1,592,803 | 1,983,306 |
| Fixed route | | | | | | | | | | |
| Annual boardings | 48,963,660 | 47,021,445 | 43,202,265 | 39,903,682 | 39,272,747 | 37,846,066 | 30,800,075 | 19,880,122 | 26,680,576 | 31,191,444 |
| Vehicle revenue hours | 1,603,969 | 1,613,276 | 1,618,070 | 1,629,802 | 1,602,192 | 1,626,394 | 1,443,821 | 1,210,496 | 1,378,707 | 1,534,698 |
| Miles of fixed route | 2,045 | 2,047 | 2,045 | 1,820 | 1,801 | 1,762 | 1,792 | 1,562 | 1,587 | 1,546 |
| Paratransit | | | | | | | | | | |
| Annual boardings | 1,654,081 | 1,714,550 | 1,779,530 | 1,864,312 | 1,647,378 | 1,667,292 | 1,268,429 | 485,746 | 837,644 | 1,031,899 |
| Vehicle revenue hours | 718,150 | 741,291 | 754,004 | 780,798 | 744,746 | 756,391 | 603,477 | 312,776 | 461,261 | 559,776 |
| Eligible riders | 31,576 | 31,602 | 32,173 | 32,871 | 32,735 | 32,744 | 31,812 | 28,851 | 28,248 | 27,710 |
| Tollroad | | | | | | | | | | |
| Annual drivers trips | 12,326,874 | 13,106,882 | 13,772,971 | 14,384,133 | 16,719,371 | 17,546,304 | 14,990,602 | 15,359,785 | 19,810,256 | 19,736,624 |
| Taxicab | | | | | | | | | | |
| Permits Issued | 3,066 | 2,513 | 1,855 | 1,521 | 1,214 | 971 | 437 | — | — | — |

Source: Various departments within OCTA
Notes: In fiscal year 2022-23, the increase in 511 motorist assistance calls is partly due to an increased awareness of the program through outreach. The increase in commuter rail annual boarding is due to Metrolink implementing pass discounts and promoting the service to encourage ridership. The increase in Fixed route annual boarding is due to recovery from the COVID-19 pandemic.The increase in Paratransit annual boarding and vehicle revenue hours is due to programs and facilities impacted by COVID restrictions having been lifted are seeing their pre-pandemic demand return.

## ORANGE COUNTY TRANSPORTATION AUTHORITY

### Schedule 17

### Capital Asset Statistics by Function/Program (Unaudited)

| | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Fixed route | | | | | | | | | | |
| Bus bases | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Large revenue vehicles | 537 | 537 | 537 | 517 | 492 | 498 | 505 | 495 | 508 | 416 |
| Small revenue vehicles | 19 | 19 | 18 | 11 | 35 | 43 | 24 | 38 | 36 | 19 |
| Paratransit | | | | | | | | | | |
| Paratransit vehicles | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 245 | 245 | 254 |
| Tollroad | | | | | | | | | | |
| Transponders in use | 171,304 | 176,790 | 182,522 | 196,997 | 213,993 | 225,621 | 208,656 | 163,235 | 145,393 | 128,715 |

Source: Various departments within the Orange County Transportation Authority

Note:

In fiscal year 2017-18, the decreases in Fixed route large vehicles is due to the change in service levels.
In fiscal year 2017-18, the increase in Fixed route small vehicles resulted from operations of Irvine I-Shuttle.
In fiscal year 2018-19, the increase in Fixed route small vehicles was a result of increase in I-Shuttle service.
In fiscal year 2019-20, the decrease in Fixed route small revenue vehicles is related to a decrease in service levels due to COVID-19 pandemic.
In fiscal year 2019-20, the balance was adjusted to reflect only transponders that are considered capital asset, the newly assigned 6C transponders are considered to be inventory.
In fiscal year 2020-22, the decrease in tollroad transponders is due to the newly assigned 6C transponders.
In fiscal year 2022-23, the decrease in Fixed route large & small revenue vehicles is related to a decrease in service levels due to COVID-19 pandemic impact.

# 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

www.octa.net

OCTA

Orange County Transportation Authority
550 S. Main Street • P.O. Box 14184
Orange, CA 92863-1584

**ATTACHMENT B**

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

**(A Component Unit of the**
**Orange County Transportation Authority)**

## ANNUAL FINANCIAL
## AND
## COMPLIANCE REPORT

**Year Ended June 30, 2023**

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**
**(A Component Unit of the Orange County Transportation Authority)**

**Audited Financial Statements**
**Year Ended June 30, 2023**

## Table of Contents

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Local Transportation Authority
Orange, California

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of OCLTA as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCLTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OCLTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OCLTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCLTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the Local Transportation Authority Special Revenue Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCLTA's basic financial statements. The budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023 on our consideration of the OCLTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the OCLTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the OCLTA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

As management of the Orange County Local Transportation Authority (OCLTA), we offer readers of the OCLTA's financial statements this narrative overview and analysis of the OCLTA's Measure M financial activities for the fiscal year (FY) ended June 30, 2023. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- Total net position of the OCLTA was $351,775 as of June 30, 2023. The net position of the OCLTA is restricted for transportation projects, debt service, and Environmental Mitigation Program.

- Net position decreased by $39,426 during FY 2022-23. This decrease is primarily due to general and program expenses exceeding program revenues due to decrease in grants and contributions. In FY 2022-23, Measure M program expenses decreased by $29,575 mainly related to decrease in I-405 Improvement Project expense. Sales tax revenue increased by $14,226 compared to FY 2021-22 due to the economic recovery. In FY 2022-23, unrestricted investment earnings increased by $47,915 or 205.2 percent resulting from favorable investment performance.

- OCLTA's governmental funds reported combined ending fund balances of $960,753 reflecting a decrease of $43,612 from the prior year. The decrease is primarily due to the decrease in grants and contributions offset by decrease in capital expenditures related to the I-405 Improvement project in the current year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the OCLTA's basic financial statements, which are comprised of three components including government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements. Because the OCLTA is a governmental activity of the Orange County Transportation Authority (OCTA), governmental funds are used to account for its Measure M program activities. The basic financial statements include only the activities of the OCLTA.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the OCLTA's finances using the accrual basis of accounting, in a manner similar to a private-sector business.

The statement of net position presents information on all of the OCLTA's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the OCLTA is improving or deteriorating.

The statement of activities presents information showing how the OCLTA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on pages 10-11 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with Measure M finance-related legal requirements. The OCLTA uses governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental funds financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the OCLTA's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the OCLTA's near-term financing decisions. Both the governmental funds balance sheet and related statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The OCLTA maintains two individual governmental funds which are considered to be major funds. Information is presented separately in the governmental funds balance sheet and in the related statement of revenues, expenditures and changes in fund balances for the OCLTA's major governmental funds.

The governmental funds financial statements and related reconciliations to governmental activities can be found on pages 12-15 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-29 of this report.

The OCLTA adopts an annual budget for its two funds. A budgetary comparison schedule has been provided for the LTA special revenue fund as required supplementary information on page 30 and the LTA debt service fund as other supplementary information on page 32 to demonstrate compliance with the annual appropriated budget.

## Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the OCLTA's financial position. At June 30, 2023, the OCLTA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $351,775, a $39,426 decrease from June 30, 2022. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the OCLTA's governmental activities.

**Table 1**
**Orange County Local Transportation Authority**
**Net Position**

| | Governmental Activities | |
|---|---|---|
| | **2023** | **2022** |
| Current and other assets | $ 1,103,465 | $ 1,159,627 |
| Assets held for resale | 15,965 | 15,965 |
| Capital Assets, net | 7,300 | 7,300 |
| **Total assets** | **1,126,730** | **1,182,892** |
| **Deferred outflows of resources** | | |
| Deferred charge on refunding | 1,222 | 1,291 |
| Current liabilities | 130,023 | 123,526 |
| Long-term liabilities | 645,899 | 668,985 |
| **Total liabilities** | **775,922** | **792,511** |
| **Deferred Inflows of Resources** | | |
| Deferred inflows - leases | 255 | 471 |
| **Total net position** | **$ 351,775** | **$ 391,201** |

Total assets decreased by $56,162, or 4.7 percent, from June 30, 2022. This decrease is primarily due to a decrease in receivable related to operating grants and condemnation deposits, also a decrease in cash and investments as a result of principal payments.

Total liabilities decreased by $16,589, or 2.1 percent, from June 30, 2022. This decrease is primarily due to decreased long-term liabilities resulting from principal payments during the fiscal year.

Total net position from governmental activities decreased by $39,426 or 10.1 percent. This decrease results from Measure M general and program expense exceeding program revenue, mainly due to decrease in grants and contributions.

**Table 2**
**Orange County Local Transportation Authority**
**Changes in Net Position**

| | Governmental Activities | |
|---|---|---|
| | **2023** | **2022** |
| **Revenues:** | | |
| **Program revenues:** | | |
| Charges for services | $ 1,257 | $ 1,370 |
| Operating grants and contributions | 60,105 | 193,741 |
| **General revenues:** | | |
| Sales tax | 439,123 | 424,897 |
| Unrestricted investment earnings (loss) | 24,564 | (23,351) |
| Other miscellaneous revenues (expenses) | (12) | 548 |
| **Total revenues** | **525,037** | **597,205** |
| Measure M program expenses | 564,463 | 594,038 |
| **Change in net position** | **(39,426)** | **3,167** |
| Net position – beginning | 391,201 | 388,034 |
| **Net position – end of year** | **$ 351,775** | **$ 391,201** |

OCLTA expenses shown on the statement of activities consist of:

| | Governmental Activities | |
|---|---|---|
| | **2023** | **2022** |
| Supplies and services | $ 93,273 | $ 80,323 |
| Contributions to other local agencies | 102,306 | 96,816 |
| Infrastructure | 281,263 | 359,991 |
| Interest expense | 31,495 | 32,130 |
| Contributions to other OCTA funds | 56,126 | 24,778 |
| **Total expenses** | **$ 564,463** | **$ 594,038** |

Total revenues decreased by $72,168, or 12.1 percent, from FY 2021-22. In FY 2022-23, the unrestricted investment earnings increased by $47,915 or 205.2 percent resulting from favorable investment performance and sales tax revenues increased by $14,226. This is, however, offset by the decrease in grants and contributions, which ultimately finance a significant portion of the OCLTA's net costs, by 133,636 or 69.0% percent from the prior year.

Program expenses decreased by $29,575 primarily due to decrease in expenses related to the I-405 Improvement Project.

**Financial Analysis of the OCLTA's Funds**

As of June 30, 2023, the OCLTA's governmental funds reported combined ending fund balances of $960,753, a decrease of $43,612 compared to FY 2021-22. The majority of fund balances, 92.5 percent, are restricted for transportation projects funded by the Measure M Program. The remaining fund balances are restricted for the Environmental Mitigation Program and for debt service on M2 sales tax revenue bonds issued to accelerate funding for transportation projects.

OCLTA's major governmental funds include the following significant changes:

- The LTA fund balance decreased by $50,753 primarily due to excess of expenses and transfers to LTA Debt Service fund over the sales tax and contributions from other funds.

- The LTA Debt Service fund balance increased by $7,141, due to the excess of investment earnings and transfers in from LTA fund over the required debt service payments.

**Capital Asset and Debt Administration**

***Capital Assets***

As of June 30, 2023, the OCLTA has $7,300 net of accumulated depreciation invested in capital assets, including right-of-way improvements and machinery.

A summary of the OCLTA's capital assets, net of depreciation is as follows:

| | Governmental Activities | |
|---|---|---|
| | **2023** | **2022** |
| Right-of-way improvements | $ 7,300 | $ 7,300 |
| Machinery and equipment | 21 | 21 |
| **Total capital assets** | **7,321** | **7,321** |
| Less accumulated depreciation | (21) | (21) |
| **Total capital assets, net** | **$ 7,300** | **7,300** |

More detailed information about the OCLTA's capital assets is presented in note 5 to the financial statements.

OCLTA has outstanding capital expenditure commitments; the most significant of which are $193,162 for the I-5 Freeway Widening Construction Project, $178,899 for the Regional Capacity Program, and $134,093 for the I-405 Improvement Project.

***Debt Administration***

As of June 30, 2023, the OCLTA has $590,235 in sales tax revenue bonds compared to $610,170 as of the prior fiscal year.

The OCLTA maintains an "AA+" rating from Standard & Poor's Corporation (S&P), an "AA+" rating from Fitch Ratings (Fitch) and an "Aa2" rating from Moody's Investors Services (Moody's) for its 2010 M2 Sales

Tax Revenue Bonds. The 2019 M2 Sales Tax Revenue Bonds have an "AA+" rating from S&P and an "AA+" from Fitch.

Additional information on the OCLTA's long-term debt can be found in note 6 to the financial statements.

## Economic and Other Factors

The OCLTA is responsible for administering Measure M, the half-cent transportation sales tax, which originally passed in 1990 and was delivered as promised to the residents of Orange County, with over $4 billion invested in improvements to freeways, streets and roads and transit services. Measure M1 (M1) ended in March 2011, and collection of sales tax under Measure M2 (M2) began in April 2011. M2 was overwhelmingly approved by the voters of Orange County in 2006 because of the tangible results that were realized through M1. The passage of M2 has allowed for the continuation of transportation improvements through March 31, 2041. Allocation of M2 funds remains the same as the original M1 with 43 percent slated for freeway improvements, 32 percent for streets and roads, and 25 percent for transit projects and programs.

Although revenue collection for M2 projects did not begin until April 2011, OCTA began delivering projects early based on the five-year M2 Early Action Plan (EAP) adopted in 2007 and subsequent M2020 Plan adopted in 2012. Both delivery plans were developed to accelerate M2 freeway, streets and roads, transit, and environmental projects. In response to lower actual sales tax revenue, a new forecasting methodology was adopted in March 2016. This prompted the need to revisit the assumptions built into the M2020 plan. A new program/project delivery framework covering FY 2016-17 through FY 2025-26, called the Next 10 Plan, was adopted by the Board of Directors on November 14, 2016. The updated version of the Next 10 Plan was adopted by the Board of Directors in November 2022 and covers FY 2023 - FY 2032.

OCLTA anticipates that sales tax revenues for M2 will increase in FY 2023-24. Based on the forecast provided by MuniServices, LLC., sales tax revenue is estimated to increase by 2.6 percent for M2 in FY 2023-24. Sales tax for the M2 Program is estimated to be $14.8 billion over the life of the measure.

The OCLTA adopted its FY 2023-24 annual budget on June 12, 2023. Approximately $823.5 million in M2 funds are budgeted to improve transportation within Orange County. These funds will provide improvements to freeways and streets and roads throughout Orange County, as well as support rail and bus transit programs. These funds include $376.8 million to make freeway improvements along State Route 55, Interstate 5, Interstate 405, State Route 91, and State Route 57. Approximately $185 million is budgeted to improve streets and roads, including $81.2 million to fund the Local Fair Share Program, $56.4 million for the Regional Capacity Program, and $47.2 million for Regional Traffic Signal Synchronization. In addition, the M2 transit budget consists of $120 million in bus and rail projects, including $49 million to continue the construction of the OC Streetcar project and $45 million to support regional rail.

## Contacting the OCLTA's Management

This financial report is designed to provide a general overview of the OCLTA's finances for all those with an interest in the OCLTA's finances and to demonstrate OCLTA accountability for the money it receives. Questions related to any of the information provided in this report or requests for additional information should be addressed to the Finance and Administration Division of the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**
**(A Component Unit of the Orange County Transportation Authority)**
**Statement of Net Position**
**June 30, 2023**

| *(amounts expressed in thousands)* | | Governmental Activities |
|---|---|---|
| **Assets** | | |
| Cash and investments | $ | 427,620 |
| Receivables: | | |
| Interest | | 4,864 |
| Operating grants | | 13,054 |
| Other | | 921 |
| Due from other OCTA funds | | 8,701 |
| Due from other governments | | 105,602 |
| Condemnation deposits | | 16,065 |
| Lease receivable | | 260 |
| Note receivable | | 1,979 |
| Restricted investments | | 523,688 |
| Other assets | | 711 |
| Assets held for resale | | 15,965 |
| Capital assets, net: | | |
| Depreciable | | 7,300 |
| **Total Assets** | | **1,126,730** |
| **Deferred Outflows of Resources** | | |
| Deferred charge on refunding | | 1,222 |
| **Total Deferred Outflows of Resources** | | **1,222** |
| **Liabilities** | | |
| Accounts payable | | 84,723 |
| Accrued interest payable | | 12,662 |
| Due to other OCTA funds | | 514 |
| Due to other governments | | 31,970 |
| Unearned revenue | | 137 |
| Other liabilities | | 17 |
| Noncurrent liabilities: | | |
| Due within one year | | 20,920 |
| Due in more than one year | | 624,979 |
| **Total Liabilities** | | **775,922** |
| **Deferred Inflows of Resources** | | |
| Deferred inflows - leases | | 255 |
| **Total Deferred Inflows of Resources** | | **255** |
| **Net Position** | | |
| Investment in capital assets | | 7,300 |
| Restricted for: | | |
| Transportation projects | | 289,484 |
| Debt service | | 31,303 |
| Environmental Mitigation Program | | 23,688 |
| **Total Net Position** | **$** | **351,775** |

See accompanying notes to the financial statements.

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
## (A Component Unit of the Orange County Transportation Authority)
## Statement of Activities
## Year Ended June 30, 2023

| *(amounts expressed in thousands)* | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net Revenues (Expenses) and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|
| Program revenues: | | | | |
| Governmental activities | | | | |
| Measure M program | $ 564,463 | $ 1,257 | $ 60,105 | $ (503,101) |
| General revenues: | | | | |
| Sales tax | | | | 439,123 |
| Unrestricted investment earnings | | | | 24,564 |
| Other miscellaneous expenses | | | | (12) |
| Total general revenues | | | | 463,675 |
| Change in net position | | | | (39,426) |
| Net position - beginning | | | | 391,201 |
| **Net position - ending** | | | | **$ 351,775** |

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**
**(A Component Unit of the Orange County Transportation Authority)**
**Balance Sheet - Governmental Funds**
**June 30, 2023**

| *(amounts expressed in thousands)* | LTA | LTA Debt Service | Total OCLTA |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments | $ 401,558 | $ 26,062 | $ 427,620 |
| Receivables: | | | |
| Interest | 4,774 | 90 | 4,864 |
| Operating grants | 13,054 | — | 13,054 |
| Other | 921 | — | 921 |
| Due from other OCTA funds | 16,359 | — | 16,359 |
| Due from other governments | 100,451 | 5,151 | 105,602 |
| Condemnation deposits | 16,065 | — | 16,065 |
| Note receivable | 1,979 | — | 1,979 |
| Restricted investments | 523,688 | — | 523,688 |
| Other assets | 711 | — | 711 |
| **Total Assets** | **1,079,560** | **31,303** | **1,110,863** |
| **Liabilities** | | | |
| Accounts payable | 84,724 | — | 84,724 |
| Due to other OCTA funds | 8,757 | — | 8,757 |
| Due to other governments | 31,970 | — | 31,970 |
| Unearned revenue | 138 | — | 138 |
| Other liabilities | 17 | — | 17 |
| **Total Liabilities** | **125,606** | **—** | **125,606** |
| **Deferred Inflows of Resources** | | | |
| Unavailable revenue - grant reimbursements | 21,082 | — | 21,082 |
| Unavailable revenue - reimbursements from others | 3,422 | — | 3,422 |
| **Total Deferred Inflows of Resources** | **24,504** | **—** | **24,504** |
| **Fund Balances** | | | |
| Nonspendable: | | | |
| Condemnation deposits | 16,065 | — | 16,065 |
| Other assets - prepaids | 711 | — | 711 |
| Restricted for: | | | |
| Transportation projects | 888,986 | — | 888,986 |
| Debt service | — | 31,303 | 31,303 |
| Environmental Mitigation Program | 23,688 | — | 23,688 |
| **Total Fund Balances** | **929,450** | **31,303** | **960,753** |
| **Total Liabilities, Deferred Inflows of Resources and Fund Balances** | **$ 1,079,560** | **$ 31,303** | **$ 1,110,863** |

See accompanying notes to the financial statements.

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
## (A Component Unit of the Orange County Transportation Authority)
## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
## June 30, 2023

*(amounts expressed in thousands)*

Amounts reported for governmental activities in the Statement of Net Position (page 10) are different because:

| | | |
|---|---|---|
| **Total fund balances (page 12)** | | **$ 960,753** |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 7,300 |
| Lease receivables are not financial resources and, therefore, are not reported in the funds. | | 260 |
| Assets held for resale are not financial resources and, therefore, are not reported in the funds. | | 15,965 |
| Earned but unavailable revenue is not available to liquidate current liabilities and, therefore, is reported as a deferred inflow of resources in the funds. | | 24,504 |
| Interest payable on bonds outstanding is not due and payable in the current period and, therefore, is not reported in the funds. | | (12,662) |
| Deferred outflows of resources related to deferred charge on refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | 1,222 |
| Deferred inflows of resources related to leases are not due and payable in the current period and, therefore, are not reported in the funds. | | (255) |
| The effect of elimination entries of internal balances, and therefore, are not reported in the funds. | | 587 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds payable | $ (590,235) | |
| Plus unamortized bond issuance premium | (55,664) | (645,899) |
| **Net position of governmental activities (page 10)** | | **$ 351,775** |

See accompanying notes to the financial statements.

## ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
## (A Component Unit of the Orange County Transportation Authority)
## Statement of Revenues, Expenditures and Changes in Fund Balances
## Governmental Funds
## Year Ended June 30, 2023

| *(amounts expressed in thousands)* | LTA | LTA Debt Service | Total OCLTA |
|---|---|---|---|
| **Revenues** | | | |
| Sales tax | $ 439,123 | $ — | $ 439,123 |
| Contributions from other agencies | 65,058 | — | 65,058 |
| Contributions from other OCTA funds | 12,467 | — | 12,467 |
| Investment earnings | 17,974 | 8,698 | 26,672 |
| Miscellaneous | 1,711 | — | 1,711 |
| **Total revenues** | **536,333** | **8,698** | **545,031** |
| **Expenditures** | | | |
| Current: | | | |
| General government: | | | |
| Supplies and services | 93,273 | — | 93,273 |
| Transportation: | | | |
| Contributions to other local agencies | 102,306 | — | 102,306 |
| Contributions to other OCTA funds | 56,126 | — | 56,126 |
| Capital outlay | 282,054 | — | 282,054 |
| Debt service: | | | |
| Principal payments on long-term debt | — | 19,935 | 19,935 |
| Interest | — | 34,949 | 34,949 |
| **Total expenditures** | **533,759** | **54,884** | **588,643** |
| **Excess (deficiency) of revenues over (under) expenditures** | **2,574** | **(46,186)** | **(43,612)** |
| **Other financing sources (uses)** | | | |
| Transfers in | 2,963 | 56,290 | 59,253 |
| Transfers out | (56,290) | (2,963) | (59,253) |
| **Total other financing sources (uses)** | **(53,327)** | **53,327** | **—** |
| **Net change in fund balances** | **(50,753)** | **7,141** | **(43,612)** |
| Fund balances - beginning | 980,203 | 24,162 | 1,004,365 |
| **Fund balances - ending** | **$ 929,450** | **$ 31,303** | **$ 960,753** |

See accompanying notes to the financial statements.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**
**(A Component Unit of the Orange County Transportation Authority)**
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**
**Year Ended June 30, 2023**

*(amounts expressed in thousands)*

Amounts reported for governmental activities in the Statement of Activities (page 11) are different because:

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds (page 14)** | | **$ (43,612)** |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (19,203) |
| The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Principal repayments | $ 19,935 | |
| Change in accrued interest | 372 | |
| Amortization of premium and deferred charge on refunding | 3,082 | 23,389 |
| **Change in net position of governmental activities (page 11)** | | **$ (39,426)** |

See accompanying notes to the financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

In November 1990, Orange County voters approved the Revised Traffic Improvement and Growth Management Ordinance, known as Measure M. This implemented a one-half of one percent retail transaction and use tax to fund a specific program of transportation improvements in Orange County. The Orange County Local Transportation Authority (OCLTA) is responsible for administering the proceeds of the Measure M sales tax program. The original Measure M Program (M1) commenced on April 1, 1991 for a period of 20 years.

On November 7, 2006, Orange County voters approved the renewal of Measure M for a period of 30 more years from April 1, 2011 to March 31, 2041. Renewed Measure M (M2) allocates funds to freeway, street and road, transit, and environmental improvements.

On June 20, 1991, under the authority of Senate Bill 838, the Orange County Transportation Authority (OCTA) was formed as a special district by merging several agencies and funds, including the OCLTA, a component unit of the OCTA. Accordingly, the OCLTA's financial activities are included with the financial activities of the OCTA for financial reporting purposes.

The OCTA governing board (Board) consists of 17 voting members and one non-voting member and also serves as the OCLTA governing board. Measure M requires that an 11-member Taxpayer's Oversight Committee (TOC) monitor the use of Measure M funds and ensure that all revenues collected from Measure M are spent on voter-approved transportation projects.

These financial statements include only the activities of the OCLTA, a component unit of the OCTA. These financial statements are not intended to present the activities of the OCTA.

### Basis of Presentation

The OCLTA's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

*Government-wide Statements:* The statement of net position and the statement of activities report information of the OCLTA. The effect of significant interfund activity has been removed from these statements. The OCLTA provides only governmental activities which are supported principally by sales tax.

The statement of activities demonstrates the degree to which the OCLTA Measure M program expenses are offset by program revenues. Program expenses include direct and indirect expenses, which are identifiable with Measure M. Interest expense related to the sales tax revenue bonds is reported as a direct expense of the Measure M program. The borrowings are considered essential to the creation or continuing existence of the Measure M program. For the fiscal year ended June 30, 2023, interest expense of $31,494 was included in Measure M program costs. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by Measure M; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the Measure M program. Taxes, investment earnings, and other items are not reported as program revenues and instead are reported as general revenues.

*Fund Financial Statements*: The fund financial statements provide information about the OCLTA's governmental funds. The OCLTA considers all of its Measure M funds as major governmental funds, comprised of the following:

- *Local Transportation Authority (LTA) Fund -* This special revenue fund accounts for revenues received and expenditures made for the implementation of the Orange County Traffic Improvement and Growth Management Plan. Financing is provided by a one-half percent sales and use tax assessed for 20 years pursuant to Measure M, which became effective April 1, 1991, and was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance requires that sales tax revenues only be expended on projects included in the ordinance. A decision to use the revenues for any other purpose must be put to the voters in another election.
- *LTA Debt Service Fund* - This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the OCLTA.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the OCLTA considers revenues to be available if they are collected within 90 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt of governmental funds are recorded only when payment is due.

Those revenues susceptible to accrual are sales tax collected and held by the state at year-end on behalf of the OCLTA, intergovernmental revenues and interest revenue. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the OCLTA; therefore, revenues are recognized based upon the expenditures incurred and availability criteria met. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

**Cash and Investments**

The OCLTA maintains cash and investments in a pool with other OCTA cash and investments and in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended July 1, 2022. The Policy complies with, or is more restrictive than, the California Government Code (Code). Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Pooled cash and investment earnings are allocated based on average daily dollar account balances.

OCTA holds investments that are measured at fair value on a recurring basis. OCTA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs.

OCLTA participates in the OCTA comingled investment pool which invests in U.S. government and U.S. agency securities, medium term notes, repurchase agreements, variable and floating rate securities, mortgage and asset-backed securities, and corporate notes which are carried at fair value based on quoted prices of similar assets. In addition, OCLTA invests in money market and mutual funds and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date, which are carried at amortized cost which approximates fair value.

The Policy requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal agencies, municipal debt, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term notes, money market and mutual funds, mortgage or asset-backed securities, supranationals, Local Agency Investment Fund (LAIF), Orange County Investment Pool (OCIP), investment pools, variable and floating rate securities, bank deposits and derivatives.

Investment of debt proceeds held by trustees are governed by provisions of the indentures for each obligation, rather than the general provisions of the California Government Code or OCTA's investment policy. The investment of these debt proceeds is in accordance with the Permitted Investments section and applicable account restrictions outlined in the indenture of each debt obligation. Under certain indentures, guaranteed investment contracts are allowed.

In addition, OCTA has restricted investments held by the California Community foundation (CCF). The amount invested in the CCF investment pool is a restricted asset as approved for funding by the OCTA Board of Directors in October of 2014. The CCF is headquartered in Los Angeles, California. CCF is a community foundation and holds a 501(c) 3 status, which meets California State Government Code requirements for community foundations. Legislation providing for OCTA to use a qualified organization to hold and manage the endowment is provided in Government Code §§65965-65968. An investment committee is responsible for oversight of the foundation's investment pools. The Endowment Pool is a diversified pool invested for long- term growth and appreciation while providing a relatively predictable stream of distributions that keeps the pace with inflation over time. The pool includes a mix of asset classes including equities, fixed income, hedge funds and real assets. The target asset allocation is approximately 50% equities, 22% fixed income, 14% hedge funds and 14% real assets.

The purpose of the agreement between CCF and OCTA is to provide for the establishment of a fund within the CCF to receive and hold M2 Environmental Mitigation Program contributions made by OCTA during the endowment funding period for use in establishing the permanent endowment pursuant to the conservation plan. OCTA is the beneficiary of the fund and, therefore, has reported a restricted asset in the financial statements.

The CCF shall hold, administer, invest, and reinvest the fund in accordance with the CCF's proposal and the objectives set forth in the Scope of Work of the Request for Proposal, each of which is incorporated into the agreement by reference, and in compliance with all applicable state and federal laws, including, but not limited to, Sections 65965, 65966, 69667, and 65968 of the California Government Code and the Uniform Prudent Management of Institutional Funds Act, California Probate Code Section 18501 et seq. The agreement shall remain in place in full force and effect through December 31, 2029.

The fair value of OCTA's investment in this pool is reported in the accompanying financial statements at amounts based upon OCTA's pro-rata share of the fair value provided by the CCF for the entire CCF portfolio (in relation to the amortized cost of that portfolio).

**Due To/From Other OCTA Funds**

During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered and transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Outstanding interfund balances are reported as due to/from other funds. Any residual balances outstanding between the Measure M Program governmental activities and other OCTA funds are reported in the government-wide financial statements as due to/from other OCTA funds.

**Contributions To/From Other OCTA Funds**

Transfers between OCLTA and other OCTA funds are reported as program expenses and revenues in the statement of activities and as revenues and expenditures in the statement of revenues, expenditures and changes in fund balances.

**Administrative Services Costs**

OCTA allocates indirect costs related to administrative services from certain funds to benefiting funds. For fiscal year 2022-23, $26,262 of administrative services were charged to the OCLTA and are reported as general government expenditures in the statement of revenues, expenditures and changes in fund balances and as program expenses in the statement of activities.

**Leases**

OCLTA adopted GASB Statement No. 87, Leases, for the fiscal year ended June 30, 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. OCLTA is a lessor for a noncancellable lease of land. OCLTA recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements.

At the commencement of a lease, OCLTA initially measures the lease receivables at the present value of payments expected to be received during the lease term. Subsequently, the lease receivables are reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivables, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how OCLTA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. OCLTA uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivables is composed of fixed payments from the lessee.

OCLTA monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

(in thousands)

For the year ended June 30, 2023, the lease receivable and deferred inflow of resources associated with these leases were $260 and $255, respectively. OCLTA recognized lease revenue of $216 during the fiscal year.

Remaining receivables associated with these leases are as follows:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 69 | $ 4 | $ 73 |
| 2025 | 70 | 3 | 73 |
| 2026 | 71 | 2 | 73 |
| 2027 | 37 | — | 37 |
| 2028 | 1 | — | 1 |
| 2029-2033 | 4 | 1 | 5 |
| 2034-2038 | 6 | 1 | 7 |
| 2039-2040 | 3 | — | 3 |
| **Total** | **$ 260** | **$ 12** | **$ 272** |

**Assets Held for Resale**

OCLTA holds title to property in connection with the purchase of rights-of-way for infrastructure not held by OCLTA. These assets are reported as assets held for resale in the governmental activities column in the government-wide financial statements except in cases in which OCLTA has entered into a sales contract prior to the issuance of the financial statements. In these cases, the assets held for resale are reported in the governmental funds financial statements. Proceeds received will be reimbursed to the fund in which the initial expenditure was recorded.

**Capital Assets**

Capital assets including right-of-way improvements, and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the OCLTA as assets with an initial, individual cost of more than $5 and a useful life exceeding one year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Freeway construction and certain purchases of right-of-way property, for which title vests with the California Department of Transportation (Caltrans), are included in capital outlay. Infrastructure consisting primarily of freeway construction and right-of-way acquisition is not recorded as a capital asset in those instances where the OCLTA does not intend to maintain or operate the property when complete.

Right-of-way improvements, which consists of a parcel where the OCLTA is the ground lease holder, is not being depreciated. Machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

| Asset Type | Useful Life |
|---|---|
| Machinery and equipment | 3-10 years |

**Deferred Outflows/Inflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element; deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

OCLTA has one item reported as deferred outflow of resources. This item is the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This item is reported in the government-wide statement of net position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. OCLTA has one type of deferred inflow, unavailable revenue which occurs only under a modified accrual basis of accounting. Accordingly, the item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for grant reimbursements and reimbursements from others. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Long-Term Debt**

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts in the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Contributions to Other Local Agencies**

Contributions to other local agencies primarily represent sales tax revenues received by the OCLTA and disbursed to cities for competitive projects, the local fair share program, and the senior mobility program, and to other agencies for projects which are in accordance with the Measure M ordinance.

**Net Position**

In the government-wide financial statements, net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and is classified into three categories:

- *Net investment in capital assets* - This balance reflects the net position of the OCLTA that is invested in capital assets, net of related debt. This net position is generally not accessible for other purposes.

- *Restricted net position* - This balance represents net position that is not accessible for general use because use is subject to restrictions enforceable by third parties. The OCLTA government-wide statement of net position reports net position restricted for transportation projects funded by the Measure M Program, debt service, and Environmental Mitigation Program.

- *Unrestricted net position* – This balance represents the net position that is available for general use.

**Fund Balances**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the OCLTA is bound to honor constraints on the specific purposes for which amounts can be spent.

The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2023, OCLTA reported nonspendable balance for condemnation deposits and other assets - prepaids.

- *Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. As of June 30, 2023, OCLTA reported restricted fund balance for transportation projects, debt service, and Environmental Mitigation Program.

- *Committed* – amounts that can be spent only for specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board, as the highest level of decision-making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or modifies the use through the adoption of a subsequent resolution.

- *Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This classification also includes residual amounts assigned for specific projects. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balance.

When both restricted and unrestricted resources are available for use, it is the OCLTA’s policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, the OCLTA applies the default established by GASB 54, whereby the committed amounts would be reduced first followed by the assigned amounts.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

(in thousands)

## 2. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2023:

| | | |
|---|---|---|
| Investments: | | |
| With OCTA Commingled Investment Pool | $ | 600,307 |
| With Trustee | | 327,313 |
| With CA Community Foundation | | 23,688 |
| **Total Cash and Investments** | **$** | **951,308** |

Total deposits and investments are reported in the financial statements as:

| | | |
|---|---|---|
| Unrestricted Cash and Investments | $ | 427,620 |
| Restricted Cash and Investments | | 523,688 |
| **Total Cash and Investments** | **$** | **951,308** |

As of June 30, 2023, OCLTA had the following investments:

| Investment | Fair Value | Interest Rate | Maturity Range | Weighted Average Maturity (Years) |
|---|---|---|---|---|
| OCTA Commingled Investment Pool | $ 600,307 | * | * | * |
| Money Market Funds ** | 327,313 | 4.94% - 5.00% | 7/1/23 | .003 |
| CA Community Foundation Investment Fund | 23,688 | N/A | N/A | N/A |
| **Total Investments** | **$ 951,308** | | | |

* Refer to the OCTA Annual Comprehensive Financial Report for information related to the OCTA Commingled Investment Pool.

** Money market funds and commercial paper are measured at amortized cost which approximates fair value.

The Portfolio Weighted Average Maturity is 1.826 years.

As of June 30, 2023, OCLTA had $600,307 invested in the OCTA's Commingled Investment Pool (CIP). Refer to the OCTA's Annual Comprehensive Financial Report for details on valuation techniques and fair value hierarchy, interest rate risk, variable rate notes and custodial credit risk. Deposits and withdrawals in OCTA's CIP are made on the basis of $1.00 (absolute dollars) and not fair value. Accordingly, the OCLTA's investment in OCTA's CIP at June 30, 2023 is uncategorized, not defined as Level 1, Level 2, or Level 3 input.

As of June 30, 2023, OCLTA had $23,688 invested in the CA Community Foundation (CCF) investment fund. The amount invested is valued using significant unobservable inputs and, therefore, classified as Level 3. Unobservable inputs used by CCF include the foundations own assumptions, market comparable rates, capitalization and occupancy rates.

### Credit Risk

The Policy sets minimum acceptable credit ratings for investments from any of the three NRSROs: Standard & Poor's (S&P), Moody's Investor Service (Moody's), and Fitch Rating's (Fitch).

(in thousands)

For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A" by an NSRSO.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2023 (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

| Investment | S&P | Moody's | % of Portfolio |
|---|---|---|---|
| OCTA Commingled Investment Pool | NR | NR | 63.11 % |
| Money Market Funds | AAA | Aaa | 34.40 % |
| CA Community Foundation Investment Fund | NR | NR | 2.49 % |
| | | | **100.00 %** |

## 3. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2023 in the fund financial statements are $105,602 which comprised of $100,451 of sales taxes and project reimbursements, and $5,151 representing the interest receivable on Build America Bonds.

Amounts due to other governments as of June 30, 2023 are $31,970 for transportation projects.

## 4. RELATED PARTY AND INTERFUND TRANSFERS

### Related party transactions

As of June 30, 2023, OCLTA has $16,359 receivable from other OCTA funds which is related to OC Streetcar, SR-91 Improvement Project, and I-405 Improvement Project.

As of June 30, 2023, OCLTA owes $8,757 to other OCTA funds as follows:

| | Amount | Description |
|---|---|---|
| General Fund | $ 314 | Placentia Rail Station and ARTIC |
| General Capital Project | 7,930 | OC Streetcar project |
| OCTD | 504 | M2 fare stabilization and Stationlink Svcs - Rail Feeder |
| OC Streetcar | 9 | OC Streetcar project |
| **Total** | **$ 8,757** | |

### Contributions from Other OCTA Funds

During fiscal year 2022-23, OCLTA received $12,467 which is comprised of $453 from OCTD and $12,014 from the 91 Express Lanes Fund for freeway improvements.

(in thousands)

### Contributions to Other OCTA Funds

During fiscal year 2022-23, OCLTA made contributions to the following funds:

- $44,322 to the General Capital Projects Fund for the OC Streetcar Project
- $747 to the OC Streetcar Fund for the OC Streetcar Project
- $11,057 to the OCTD Fund for La Habra service, iShuttle, Commuter Rail, Fare Stabilization and Senior Mobility Program

### Interfund Transfers

During fiscal year 2022-23, the LTA Fund transferred $56,290 to the LTA Debt Service Fund for debt service payments. Additionally, the LTA Debt Service Fund transferred $2,963 in excess interest earnings to the LTA Fund.

## 5. CAPITAL ASSETS

Capital assets activity for the OCLTA governmental activities for the year ended June 30, 2023 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Capital assets, not being depreciated:** | | | | |
| Right-of-way improvements | $ 7,300 | $ — | $ — | $ 7,300 |
| **Total capital assets, not being depreciated** | **7,300** | **—** | **—** | **7,300** |
| **Capital assets, being depreciated:** | | | | |
| Machinery and equipment | 21 | — | — | 21 |
| **Total capital assets, being depreciated** | **21** | **—** | **—** | **21** |
| **Less accumulated depreciation for:** | | | | |
| Machinery and equipment | (21) | — | — | (21) |
| **Total accumulated depreciation** | **(21)** | **—** | **—** | **(21)** |
| Total capital assets, being depreciated, net | — | — | — | — |
| **Total governmental activities capital assets, net** | **$ 7,300** | **$ —** | **$ —** | **$ 7,300** |

## 6. LONG-TERM DEBT

### Sales Tax Revenue Bonds

On December 9, 2010, OCLTA issued $293,540 in M2 Sales Tax Revenue Bonds, 2010 Series A (Taxable Build America Bonds) and $59,030 in 2010 Series B (Tax-Exempt Bonds), to finance and refinance the costs of certain transportation projects located in Orange County, to restructure the Tax Exempt Commercial Paper (TECP) Program, and to fund capitalized interest and costs of issuance related to the 2010 Series Bonds. Pursuant to the bond indenture for the 2010 Series Bonds, a reserve fund is not required. The transaction closed on December 23, 2010. A total of $75,000 was used to refund outstanding TECP.

(in thousands)

On February 12, 2019, OCLTA issued $376,690 in M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019 (the "Series 2019 Bonds"), i) to finance the costs of certain transportation projects located in Orange County, consisting of the general purpose lanes of I-405 Improvement Project; ii) to refund and defease $43,540 of the 2010 Series A Bonds, which resulted in gross cumulative cash flow savings of approximately $2,867 and net present value cumulative savings of approximately $2,584; and iii) to fund costs of issuance related to the Series 2019 Bonds. Pursuant to the bond indenture for the Series 2019 Bonds, a reserve fund is not required. The transaction closed on February 26, 2019.

The OCLTA's outstanding debt obligations related to M2 Sales Tax Revenue Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force the OCLTA to cure the event of default, which may result in finance related consequences.

A summary of the bonds outstanding is as follows:

| | 2010 Series A (Taxable Build America Bonds) | 2019 Series B (Tax-Exempt Bonds) | Total |
|---|---|---|---|
| Issuance date | 12/9/10 | 2/12/19 | |
| Original issue amount | $ 293,540 | $ 376,690 | $ 670,230 |
| Original issue premium | — | 69,342 | 69,342 |
| **Net Bond Proceeds** | **$ 293,540** | **$ 446,032** | **$ 739,572** |
| Issuance costs | $ 1,905 | $ 970 | $ 2,875 |
| Interest rates | 5.56%-6.91% | 3.00%-5.00% | |
| Maturity range | 2021-2041 | 2021-2041 | |
| Final maturity | 2041 | 2041 | |
| Bonds outstanding | $ 250,000 | $ 340,235 | $ 590,235 |
| Plus unamortized premium | — | 55,664 | 55,664 |
| **Total** | **$ 250,000** | **$ 395,899** | **$ 645,899** |

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2023, are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2024 | $ 20,920 | $ 33,952 |
| 2025 | 21,950 | 32,906 |
| 2026 | 23,630 | 31,722 |
| 2027 | 24,755 | 30,334 |
| 2028 | 25,935 | 28,881 |
| 2029-2033 | 149,455 | 120,084 |
| 2034-2038 | 188,445 | 72,175 |
| 2039-2041 | 135,145 | 16,049 |
| **Total** | **$ 590,235** | **$ 366,103** |

(in thousands)

### Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2023, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within one year |
|---|---|---|---|---|---|
| Measure M program activities: | | | | | |
| Sales tax revenue bonds | $ 610,170 | $ — | $ (19,935) | $ 590,235 | $ 20,920 |
| Unamortized premium | 58,815 | — | (3,151) | 55,664 | — |
| **Total Measure M program activities long-term liabilities** | **$ 668,985** | **$ —** | **$ (23,086)** | **$ 645,899** | **$ 20,920** |

### Pledged Revenue

OCLTA has debt issuances outstanding that are repaid and secured by the pledging of certain revenues. For the year ended June 30, 2023, debt service payments in relation to the pledged gross revenue net of the local fair share program and other expenses as required by the debt agreement, are indicated in the following table:

| Description of Pledged Revenue | Annual Amount of Net Pledged Revenue | Annual Debt Service Payments | Pledged Revenue Coverage |
|---|---|---|---|
| Measure M2 Net Sales Tax Revenue | $ 349,480 | $ 54,884 | 6.37 |

### Line of Credit (Direct Borrowing)

On July 26, 2017, OCTA and the Department of Transportation Build America Bureau Credit Programs Office (Bureau) executed a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan of up to $628,930 for eligible project costs for the I-405 Improvement Project. The Bureau required OCTA to secure a $900,000 line of credit secured by future M2 debt issuances to be committed at the time of closing on the TIFIA loan. The OCTA Board of Directors selected Bank of America N.A. (BANA) to provide a $900,000 line of credit to meet the Bureau's requirement.

The line of credit was structured in two commitment tranches, the 2019 Credit Agreement, in an amount of $400,000 and the 2021 Credit Agreement, in an amount of $500,000. The 2019 Credit Agreement terminated in 2019. The 2021 Credit Agreement was amended, effective June 29, 2020, changing the expiration to June 28, 2021, and reducing the commitment fee from 36 basis points to 34 basis points. In lieu of maintaining the line of Credit, OCTA established and funded accounts under OCTA's Custody Account Agreement with approximately $500,000 therefore eliminating the requirement to maintain the 2021 Credit Agreement.

In connection with the rate reset of OCTA's 2017 TIFIA Loan (2021 TIFIA Loan), which occurred on September 9, 2021, OCTA prepaid the amount of funds drawn to date on the 2017 TIFIA Loan, plus accrued interest, totaling $314,000 (Prepayment), to the United States Department of Transportation to close the transaction. OCTA secured a $315,000 bridge loan from BANA to fund the Prepayment. The bridge loan was secured by executing the First Amendment to the Amended and Restated 2021 Credit Agreement (Agreement). The bridge loan was repaid on September 30, 2021, utilizing proceeds from the $662,820 Bonds Anticipation Notes (BAN 2021 Series) issued on September 29, 2021. OCTA issued the BAN 2021 Series as a short-term financing vehicle during the construction of the I-405 Improvement Project to create flexibility by cost-effectively delaying draws on and repayment of the 2021 TIFIA Loan until one year beyond substantial completion. The refunding did not result in a difference between the reacquisition price and the net carrying amount of the old debt. The transaction resulted in a reduction of debt service payments of $274,577 over three fiscal years and an economic gain (difference between the present values of the debt service payments of the 2021 TIFIA Loan and BAN 2021 Series) of $240,265.

On December 15, 2022, given significant shifts in the U.S. Treasury yield curve, OCTA requested a disbursement from the Bureau, which was used to legally defease the 2021 BANs, by funding a defeasance escrow using U.S. Treasury securities. No amount is outstanding under the BAN 2021 Series at June 30, 2023.

## 7. COMMITMENTS AND CONTINGENCIES

### Purchase Commitments

The OCLTA has various long-term outstanding contracts that extend over several years and rely on future years' revenues. Total commitments at June 30, 2023 were $819,719, the majority of which relate to the expansion of Orange County's freeways and road systems.

### Federal Grants

The OCLTA receives federal grants for transportation projects and other reimbursable activities which are subject to audit by the grantor agency. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on the OCLTA's financial position or changes in financial position.

## 8. EFFECT OF NEW PRONOUNCEMENTS

### GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was effective for OCTA's fiscal year ending June 30, 2022, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of this Statement did not have a material effect on the financial statements.

### GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement is effective for OCTA's fiscal year ending June 30, 2023. The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 96**

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 99**

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 100**

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. OCLTA has not determined the effect of this Statement.

**GASB Statement No. 101**

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. OCLTA has not determined the effect of this Statement.

## ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
## (A Component Unit of the Orange County Transportation Authority)
## Required Supplementary Information
## Budgetary Comparison Schedule - LTA Fund (Budgetary Basis)
## Year Ended June 30, 2023

| *(amounts expressed in thousands)* | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales tax | $ 417,196 | $ 417,196 | $ 439,123 | $ 21,927 |
| Contributions from other agencies | 139,851 | 139,851 | 86,000 | (53,851) |
| Contributions from other OCTA funds | 35,862 | 35,862 | 12,467 | (23,395) |
| Investment earnings (loss) | 10,766 | 10,766 | 17,974 | 7,208 |
| Miscellaneous | 1,052 | 1,052 | 1,711 | 659 |
| **Total revenues** | **604,727** | **604,727** | **557,275** | **(47,452)** |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government - supplies and services | 199,429 | 199,364 | 148,859 | 50,505 |
| Transportation: | | | | |
| Contributions to other local agencies | 167,940 | 163,944 | 102,315 | 61,629 |
| Contributions to other OCTA funds | 51,894 | 51,894 | 56,126 | (4,232) |
| Capital outlay | 528,678 | 528,678 | 345,237 | 183,441 |
| **Total expenditures** | **947,941** | **943,880** | **652,537** | **291,343** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(343,214)** | **(339,153)** | **(95,262)** | **243,891** |
| **Other financing sources (uses):** | | | | |
| Transfers in | 5,857 | 5,857 | 2,963 | (2,894) |
| Transfers out | (54,884) | (54,884) | (56,290) | (1,406) |
| Proceeds from sale of capital assets | 2,000 | 2,000 | — | (2,000) |
| **Total other financing sources (uses)** | **(47,027)** | **(47,027)** | **(53,327)** | **(6,300)** |
| **Net change in fund balance** | **$ (390,241)** | **$ (386,180)** | **$ (148,589)** | **$ 237,591** |

**Reconciliation to GAAP:**

| | |
|---|---|
| Net change in fund balance (budgetary basis) | $ (148,589) |
| Less: Estimated revenues for encumbrances outstanding at June 30 | 20,942 |
| Add: Current year encumbrances outstanding at June 30 | 118,778 |
| Net change in fund balance (GAAP basis) | $ (50,753) |

See accompanying notes to the required supplementary information.

## 1. Budgetary Data

The OCLTA establishes accounting control through formal adoption of an annual operating budget for the LTA and the debt service governmental funds. The budget is prepared in conformity with accounting principles generally accepted in the United States (GAAP) except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget can be amended by the Board to increase both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as Salaries and Benefits, Supplies and Services and Capital Outlay. Supplies and Services includes Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, for budgeted funds, is at the major object level for the budgeted governmental funds. A Fourth Quarter Budget Status Report, June 2023 is available from the OCTA Finance and Administration Division. With the exception of accounts which have been encumbered, appropriations lapse at year end.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**
**(A Component Unit of the Orange County Transportation Authority)**
**Other Supplementary Information**
**Budgetary Comparison Schedule - LTA Debt Service Fund (Budgetary Basis)**
**Year Ended June 30, 2023**

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| *(amounts expressed in thousands)* | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget** |
| **Revenues:** | | | | |
| Investment earnings | $ 5,857 | $ 5,857 | $ 8,698 | $ 2,841 |
| **Total revenues** | **5,857** | **5,857** | **8,698** | **2,841** |
| **Expenditures:** | | | | |
| Debt service: | | | | |
| Principal payments on long-term debt | 19,935 | 19,935 | 19,935 | — |
| Interest on long-term debt | 34,949 | 34,949 | 34,949 | — |
| **Total expenditures** | **54,884** | **54,884** | **54,884** | **—** |
| **Deficiency of revenues under expenditures** | **(49,027)** | **(49,027)** | **(46,186)** | **2,841** |
| **Other financing sources:** | | | | |
| Transfers in | 54,884 | 54,884 | 56,290 | 1,406 |
| Transfers out | (5,857) | (5,857) | (2,963) | 2,894 |
| **Total other financing sources** | 49,027 | 49,027 | 53,327 | 4,300 |
| **Net change in fund balance** | **$ —** | **$ —** | **$ 7,141** | **$ 7,141** |

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements, and have issued our report thereon dated November 2, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OCLTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCLTA's internal control. Accordingly, we do not express an opinion on the effectiveness of OCLTA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether OCLTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

# 91 EXPRESS LANES FUND

## (An Enterprise Fund of the Orange County Transportation Authority)

## FINANCIAL STATEMENTS

## For the Year Ended June 30, 2023

**91 Express Lanes Fund**
**(An Enterprise Fund of the Orange County Transportation Authority)**

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

**Table of Contents**

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of the 91 Express Lanes Fund (91 EL), a major enterprise fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 91 EL's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the 91 EL, a major enterprise fund of OCTA, as of June 30, 2023, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matters*

As discussed in Note 1, the financial statements present only the 91 EL and do not purport to, and do not, present fairly the financial position of OCTA as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OCTA's internal control, as it relates to the 91 EL. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 91 EL's financial statements. The management's discussion and analysis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated November 2, 2023 on our consideration of OCTA's internal control over financial reporting, as it relates to the 91 EL, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCTA's internal control over financial reporting or on compliance, as it relates to the 91 EL. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCTA's internal control over financial reporting and compliance, as it relates to the 91 EL.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

Crowe LLP
Independent Member Crowe Global

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Orange County Transportation Authority
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 91 Express Lanes Fund (91 EL), a major enterprise fund of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 91 EL's basic financial statements, and have issued our report thereon dated November 2, 2023. As discussed in Note 1, the financial statements present only the 91 EL and do not purport to, and do not, present fairly the financial position of OCTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OCTA's internal control over financial reporting and compliance (internal control), as it relates to the 91 EL, as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control, as it relates to the 91 EL. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control, as it relates to the 91 EL.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 91 EL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

# 91 Express Lanes Fund
# Management's Discussion and Analysis (unaudited)
# For the Year Ended June 30, 2023

As management of the 91 Express Lanes Fund (91 EL), an enterprise fund of the Orange County Transportation Authority, we offer readers of the 91 EL financial statements this narrative overview and analysis of the 91 EL's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 11.

**Financial Highlights**

a. At the end of fiscal year 2022-23, the total net position of the 91 EL was $319,248,768 and consisted of net investment in capital assets of $60,024,445; restricted net position of $8,652,893; and unrestricted net position of $250,571,430. Net position increased $29,926,402 during fiscal year 2022-23, which represents an increase of 10.3% from the fiscal year 2021-22 ending net position. The increase is primarily due to operating revenues in excess of operating expenses and favorable investment earnings.

b. In fiscal year 2022-23, total operating revenues increased by $1,939,773, which represents a 3.2% increase from the fiscal year 2021-22. The increase in operating revenue is primarily due to increase in average gross revenue per trip in fiscal year 2022-23.

c. Total operating expenses increased by $1,939,891, which represents a 9.5% increase from fiscal year 2021-22, primarily due to increase in depreciation expense related to 91 EL Back Office system and toll collection site that were placed into service in fiscal year 2022-23.

d. At the end of fiscal year 2022-23, investment earnings increased by $11,604,202, which represents a 161.3% increase compared to fiscal year 2021-22. The increase in investment earnings is primarily due to favorable investment performance.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the 91 EL's financial statements. The financial statements are comprised of the fund financial statements and notes to the financial statements.

The statement of net position presents information on all of the 91 EL's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 91 EL is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the 91 EL's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The 91 EL fund financial statements can be found on pages 11-14 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15-28 of this report.

### 91 Express Lanes Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the 91 EL's financial position. At June 30, 2023, the 91 EL's net position was $319,248,768, an increase of $29,926,402 or 10.3% from June 30, 2022. Our analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the 91 EL's financial activities.

**Table 1**
**91 Express Lanes Fund**
**Net Position**

| | 2023 | 2022 |
|---|---|---|
| Current and other assets | $ 272,979,841 | $ 232,293,388 |
| Restricted assets | 19,451,418 | 25,341,605 |
| Noncurrent receivables, net | 5,558,650 | 6,902,814 |
| Capital assets, net | 123,498,812 | 127,201,946 |
| **Total assets** | **421,488,721** | **391,739,753** |
| **Total deferred outflows of resources** | **4,993,814** | **5,663,376** |
| Current liabilities | 35,796,415 | 28,170,123 |
| Long-term liabilities | 71,437,352 | 79,910,640 |
| **Total liabilities** | **107,233,767** | **108,080,763** |
| **Net position:** | | |
| Net investment in capital assets | 60,024,445 | 56,308,098 |
| Restricted | 8,652,893 | 14,543,080 |
| Unrestricted | 250,571,430 | 218,471,188 |
| **Total net position** | **$ 319,248,768** | **$ 289,322,366** |

In fiscal year 2022-23, total assets increased by $29,748,968 which represents an increase of 7.6% from fiscal year 2021-22, primarily due to an increase of $33,645,190 in cash and investments offset by a decrease of $3,703,134 in capital assets. Total liabilities decreased by $846,996 or 0.8% primarily due to bond principal payments during the fiscal year.

The 91 EL's net investment in capital assets was $60,024,445 in fiscal year 2022-23 compared to $56,308,098 in fiscal year 2021-22. The 91 EL's net position reflects its investment in capital assets (i.e., intangible assets; improvements; communications equipment; computer hardware and software; equipment, furniture and fixtures; and transponders), less any related outstanding debt used to acquire these assets. The 91 EL uses these capital assets to provide improved mobility for 91 EL customers and commuters along the SR-91 corridor. The increase of $3,716,347 in net investment in capital assets was primarily due to a reduction in related outstanding debt used to acquire capital assets.

Restricted net position, representing resources subject to external restrictions on how they may be used, represented 2.7% of the total net position at June 30, 2023. The $5,890,187 decrease in restricted net position is related to investment activity in bond reserve accounts.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position changed from $218,471,188 at June 30, 2022 to $250,571,430 at June 30, 2023. This increase of $32,100,242 was primarily due to operating revenues in excess of operating expenses and favorable investment earnings.

**Table 2**
**91 Express Lanes Fund**
**Changes in Net Position**

| | 2023 | 2022 |
|---|---|---|
| **Revenues:** | | |
| **Operating revenues:** | | |
| Tolls, fees, and fines | $ 63,075,127 | $ 61,135,354 |
| **Operating expenses:** | | |
| Management and operational services | 5,773,860 | 6,149,459 |
| Administrative overhead | 3,784,342 | 3,002,641 |
| Other operating expenses | 453,900 | 50,911 |
| Insurance claims and premiums | 542,938 | 469,970 |
| Professional services | 5,812,583 | 6,807,099 |
| General and administrative | 111,028 | 287,917 |
| Depreciation and amortization | 5,868,269 | 3,639,032 |
| **Total operating expenses** | **22,346,920** | **20,407,029** |
| **Operating income** | **40,728,207** | **40,728,325** |
| **Nonoperating revenues (expenses):** | | |
| Investment earnings (loss) | 4,410,320 | (7,193,882) |
| Interest expense | (3,666,110) | (4,011,977) |
| Other | 468,181 | 985,529 |
| **Total nonoperating revenues (expenses)** | **1,212,391** | **(10,220,330)** |
| Income before transfers | 41,940,598 | 30,507,995 |
| Transfers to other OCTA funds | (12,014,196) | (14,101,436) |
| **Changes in net position** | **29,926,402** | **16,406,559** |
| Total net position—beginning | 289,322,366 | 272,915,807 |
| **Total net position—ending** | **$ 319,248,768** | **$ 289,322,366** |

The 91 EL's total operating revenues increased by 3.2%, while total operating expenses increased by 9.5%. The increase in operating revenues is due to toll revenues and the newly implemented DMV collections effort, and offset by a projected decrease in toll violation revenue reflected in the AR analysis done at the end of the fiscal year. Total traffic volume on the 91 EL during fiscal year 2022-23 was 19,736,624 trips reflecting a decrease of 0.4% in comparison to fiscal year 2021-22. Investment earnings increased by $11,604,202 which represents a 161.3% increase compared to fiscal year 2021-22 resulting from favorable investment performance.

### Capital Assets

As of June 30, 2023, the 91 EL had $123,498,812 net of accumulated depreciation and amortization, invested in a broad range of capital assets including: the toll facility franchise, construction in progress, improvements, communication equipment, computer hardware and software, transponders, intangible right-to-use asset, and equipment, furniture and fixtures (Table 3). The total decrease in the 91 EL's capital assets for fiscal year 2022-23 was $3,703,134.

**Table 3**
**91 Express Lanes Fund**
**Capital Assets, net of Depreciation and Amortization**

| | 2023 | 2022 |
|---|---|---|
| Toll facility franchise | $ 109,934,440 | $ 112,521,133 |
| Construction in progress | 3,671,559 | 9,441,400 |
| Improvements | 619,854 | 737,655 |
| Communication equipment | 287,722 | 468,302 |
| Computer hardware and software | 5,647,182 | 19,091 |
| Transponders | 425,151 | 679,259 |
| Intangible right-to-use asset (building) | 2,903,405 | 3,318,207 |
| Equipment, furniture, and fixtures | 9,499 | 16,899 |
| **Total capital assets, net** | **$ 123,498,812** | **$ 127,201,946** |

The 91 EL has outstanding capital expense commitments, the most significant of which are $1,887,000 and $3,779,622 for the electronic toll and traffic management (ETTM) and back-office system, respectively. Major capital asset additions during fiscal year 2022-23 included $835,718 and $1,332,812 primarily due to the ETTM system and back-office system, respectively. The ETTM system is still in the construction in progress stage. Net capital assets decreased by $3,703,134 due to amortization of toll facility franchise and intangible right-to-use asset (building). Total construction in progress decreased by $5,769,841 as a result of the Toll Collection Site and back office system placed into service in current fiscal year. More detailed information about the 91 EL's capital assets is presented in note 5 to the financial statements.

### Debt Administration

As of June 30, 2023, the 91 EL had $71,420,000 in tax-exempt bonds outstanding compared to $78,515,000 at June 30, 2022. The reduction is due to principal payments in fiscal year 2022-23 in the amount of $7,095,000. Additional information on long-term debt can be found in note 7 to the financial statements.

## Economic and Other Factors

The 91 EL makes up $60,895,575 or 3.69% of OCTA's fiscal year 2023-24 adopted revenue budget. In fiscal year 2023-24, budgeted toll revenue is forecasted to decrease by 3.2% from the fiscal year 2022-23 budgeted value. This decrease is due to a forecasted decrease in revenue and traffic volumes, estimating the start of a recession in FY 2024. The budgeted average long term rate of growth for toll road revenue beyond fiscal year 2023-24 is 3.3%.

The majority of expenses related to the 91 EL within the fiscal year 2023-24 budget are on-going general costs related to day to day operations of the toll facility. Since the 91 EL is a fully electronic toll facility, motorists pay tolls through the convenient use of windshield mounted FasTrak® transponders that automatically deduct toll charges from a prepaid account. At the end of fiscal year 2022-23, there were 170,177 active customer accounts, with 667,290 transponders assigned to those accounts, which represents an increase of 8,022 and 26,180, respectively from fiscal year 2021-22.

OCTA, in concert with Caltrans and RCTC, issued an annual SR-91 Implementation Plan to establish a program of projects eligible for funding by potential excess 91 EL toll revenue and other funds. The projects are presented in the following groups: Orange County Projects, Riverside County Projects, and Bi-County Projects. The Orange County Projects have a total cost of approximately $495 million. The projects include improvements to the SR-91 between SR-57 and SR-55, Placentia Metrolink rail station, and Metrolink Improvements. The Riverside County projects have a total cost of approximately $417 million. The improvements include the I-15/91 Express Lanes Connector, 91 Eastbound Express Lane Extension, the SR-71/SR-91 interchange improvements, and the SR-91 improvements east of I-15. The Bi-County projects benefit both Orange and Riverside Counties, with total projects exceeding $380 million.

## Contacting 91 EL's Management

This financial report is designed to provide a general overview of the 91 EL's finances for all those with an interest in the government's finances and to demonstrate the 91 EL's accountability for the money it receives. Questions related to any of the information provided in this report or requests for additional information should be addressed to the Finance and Administration Division at the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

**91 Express Lanes Fund**
**(An Enterprise Fund of the Orange County Transportation Authority)**
**Statement of Net Position**
**June 30, 2023**

| | |
|---|---|
| **Assets** | |
| Current Assets: | |
| Cash and investments | $ 266,836,972 |
| Receivables: | |
| Interest | 1,875,204 |
| Violations, net | 1,924,601 |
| Other, net | 1,538,349 |
| Due from other governments | 337,753 |
| Other assets | 466,962 |
| **Total current assets** | **272,979,841** |
| Noncurrent Assets: | |
| Restricted cash and investments: | |
| Cash equivalents | 19,451,418 |
| Receivable violations, net | 5,558,650 |
| Capital assets, net: | |
| Nondepreciable | 3,671,559 |
| Depreciable and amortizable | 119,827,253 |
| **Total noncurrent assets** | **148,508,880** |
| **Total Assets** | **421,488,721** |
| | |
| **Deferred Outflows of Resources** | |
| Deferred charge on refunding | 4,993,814 |
| **Total Deferred Outflows of Resources** | **4,993,814** |
| | |
| **Liabilities** | |
| Current Liabilities: | |
| Accounts payable | 11,426,736 |
| Accrued interest payable | 1,327,045 |
| Due to other funds | 3,888,917 |
| Due to other governments | 1,056,819 |
| Unearned revenue | 10,246,773 |
| Other liabilities | 20,771 |
| Lease liabilities - due within one year | 369,354 |
| Bonds payable - due within one year | 7,460,000 |
| **Total current liabilities** | **35,796,415** |
| Noncurrent Liabilities: | |
| Lease liabilities - due in more than one year | 2,674,654 |
| Bonds payable - due in more than one year | 68,762,698 |
| **Total noncurrent liabilities** | **71,437,352** |
| **Total Liabilities** | **107,233,767** |
| | |
| **Net Position** | |
| Net investment in capital assets | 60,024,445 |
| Restricted for: | |
| Debt service | 341,029 |
| Capital | 5,000,000 |
| Operating reserves | 3,311,864 |
| Unrestricted | 250,571,430 |
| **Total Net Position** | **$ 319,248,768** |

See accompanying notes to the financial statements.

## 91 Express Lanes Fund
## (An Enterprise Fund of the Orange County Transportation Authority)
## Statement of Revenues, Expenses and Changes in Net Position
## For the Year Ended June 30, 2023

| | | |
|---|---|---|
| **Operating revenues:** | | |
| Tolls, fees, and fines | $ | 63,075,127 |
| **Operating expenses:** | | |
| Management and operational services | | 5,773,860 |
| Administrative overhead | | 3,784,342 |
| Other operating expenses | | 453,900 |
| Insurance claims and premiums | | 542,938 |
| Professional services | | 5,812,583 |
| General and administrative | | 111,028 |
| Depreciation and amortization | | 5,868,269 |
| **Total operating expenses** | | **22,346,920** |
| **Operating income** | | **40,728,207** |
| **Nonoperating revenues (expenses):** | | |
| Investment earnings | | 4,410,320 |
| Interest expense | | (3,666,110) |
| Other | | 468,181 |
| **Total nonoperating revenues** | | **1,212,391** |
| **Income before transfers** | | **41,940,598** |
| Transfers to other OCTA funds | | (12,014,196) |
| **Change in net position** | | **29,926,402** |
| Total net position - beginning | | 289,322,366 |
| **Total net position - ending** | **$** | **319,248,768** |

See accompanying notes to the financial statements.

**91 Express Lanes Fund**
**(An Enterprise Fund of the Orange County Transportation Authority)**
**Statement of Cash Flows**
**For the Year Ended June 30, 2023**

| | |
|---|---|
| **Cash flows from operating activities:** | |
| Receipts from customers and users | $ 67,389,444 |
| Payments to suppliers | (10,531,540) |
| Payments for OCTA interfund services used | (3,784,342) |
| Other revenues received | 468,181 |
| **Net cash provided by operating activities** | **53,541,743** |
| **Cash flows from noncapital financing activities:** | |
| Reimbursement from other governments | 437,601 |
| Transfers to other OCTA funds | (10,162,570) |
| **Net cash used for noncapital financing activities** | **(9,724,969)** |
| **Cash flows from capital and related financing activities:** | |
| Principal payment on long-term debt | (7,095,000) |
| Interest paid on long-term debt | (3,767,344) |
| Acquisition and construction of capital assets | (2,237,821) |
| **Net cash used for capital and related financing activities** | **(13,100,165)** |
| **Cash flows from investing activities:** | |
| Investment earnings | 2,928,581 |
| **Net cash provided by investing activities** | **2,928,581** |
| **Net increase in cash and cash equivalents** | 33,645,190 |
| Cash and cash equivalents at beginning of year | 252,643,200 |
| **Cash and cash equivalents at end of year** | **$ 286,288,390** |
| **Reconciliation of cash and cash equivalents to statement of net position:** | |
| Cash and investments | $ 266,836,972 |
| Restricted cash and investments | 19,451,418 |
| **Total cash and cash equivalents** | **$ 286,288,390** |

See accompanying notes to the financial statements.

**91 Express Lanes Fund**
**(An Enterprise Fund of the Orange County Transportation Authority)**
**Statement of Cash Flows**
**For the Year Ended June 30, 2023**

| | | |
|---|---|---|
| **Reconciliation of operating income to net cash provided by operating activities:** | | |
| Operating income | $ | 40,728,207 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation & amortization expense | | 3,281,576 |
| Amortization of toll road franchise agreement | | 2,586,693 |
| Nonoperating revenues | | 468,181 |
| Change in assets and liabilities: | | |
| Violations receivables, net | | 1,387,003 |
| Other receivables, net | | (19,300) |
| Other assets | | (673,414) |
| Amortization of prepaid insurance | | 542,938 |
| Accounts payable | | 2,230,590 |
| Due to other governments | | 62,654 |
| Unearned revenue | | 2,978,700 |
| Other liabilities | | (32,085) |
| **Total adjustments** | | **12,813,536** |
| **Net cash provided by operating activities** | **$** | **53,541,743** |
| | | |
| **Noncash capital, financing and investing activities:** | | |
| Amortization of bond premium | $ | (643,937) |
| Amortization of bond deferred charges | | 669,562 |
| Change in fair value of investments | | 1,425,372 |

See accompanying notes to the financial statements.

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

## 1. REPORTING ENTITY

On January 3, 2003, the Orange County Transportation Authority (OCTA) purchased from the California Private Transportation Company (CPTC) its interest in a Franchise Agreement for the 91 Express Lanes. See note 5 for further information on this transaction.

These financial statements include only the activities of the 91 Express Lanes (91 EL) Fund, an enterprise fund of OCTA. These financial statements are not intended to present the activities of OCTA.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 91 Express Lanes Fund are in conformity with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

### Basis of Accounting

The financial statements of the 91 Express Lanes Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, consisting substantially of tolls and fees, are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Toll amounts are collected from customers on a prepaid basis, and unearned tolls are reported as unearned revenue. Toll revenue is recognized when the customers utilize the toll road facility.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the 91 Express Lanes Fund are charges to customers for use of the toll facility and are presented net of discounts and allowances. Operating expenses for the 91 Express Lanes Fund include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the 91 Express Lanes Fund's policy to use restricted resources first and then unrestricted resources as they are needed.

### Cash and Investments

The 91 Express Lanes Fund participates in OCTA's Commingled Investment Pool. OCTA maintains cash and investments in accordance with an Investment Policy (Policy) adopted initially by OCTA's Board of Directors (Board) on May 8, 1995, and most recently amended on July 1, 2023. The Policy complies with, or is more restrictive than, the California Government Code (Code). At June 30, 2023 the investment portfolios were maintained at U.S. Bank, N.A. as custodial bank. OCTA's Commingled Investment Pool is managed by four private sector investment managers. Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Cash from other OCTA revenue sources is commingled for investment purposes in the OCTA Commingled Investment Pool, with investment earnings allocated to the different accounts based on average daily account balances.

OCTA holds investments that are measured at fair value on a recurring basis. OCTA categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs-other than quoted prices included in Level 1-that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs. Refer to the OCTA Annual Comprehensive Financial Report (ACFR) for details on valuation techniques and fair value hierarchy.

Investments in U.S. government and U.S. agency securities, medium-term notes, repurchase agreements, variable and floating rate securities, mortgage and asset-backed securities and corporate notes are carried at fair value based on quoted prices of similar assets, except for money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date, which are carried at amortized cost which approximates fair value.

The Policy requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal agencies, municipal debt, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term notes, money market and mutual funds, mortgage or asset-backed securities, supranationals, Local Agency Investment Fund (LAIF), Orange County Investment Pool (OCIP), investment pools, variable and floating rate securities, bank deposits and derivatives.

All investments are subject to a maximum maturity of five years, unless specific direction to exceed the limit is given by the Board and as permitted by the Code. OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of the Policy.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, OCTA considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, commercial paper, money market funds, certificates of deposit, and the 91 Express Lanes Fund's share of the OCTA Commingled Investment Pool represent cash and cash equivalents for cash flow purposes.

**Restricted Cash and Investments**

Investments set aside in the Senior Lien Reserve Fund, Major Maintenance Reserve Fund, and Operating Reserve Fund are pursuant to the terms of the 2013 Indenture for the $124,415,000 Toll Road Revenue Refunding Bonds and their use is limited by applicable debt covenants.

Permitted investments per the debt covenants include: government obligations, State of California and local agency obligations, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, money market funds, other mutual funds, investment agreements, and variable and floating rate securities.

**Receivables**

Violations receivables include an estimate for outstanding unpaid violations that the 91 Express Lanes Fund anticipates to collect. For violations less than or equal to 90 days old, the receivable is based on a 12-month average of violations collected, and is recorded net of an allowance for uncollectible accounts of $2,948,189 at June 30, 2023. For unpaid violations in excess of 90 days, the receivable is estimated using a three-year average of violations collected and is recorded net of uncollectible accounts as the majority is not considered probable of collection.

Other receivables include amounts due from other California toll road agencies related to their customers' use of the 91 Express Lanes, as well as amounts owed from customers, net of an allowance for uncollectible accounts of $283,240 at June 30, 2023.

An estimated $5,558,650 of violation and customer receivables are not expected to be collected within one year. The 91 Express Lanes utilizes an outside collection agency to assist in the recovery of unpaid customer balances and violations exceeding 90 days.

**Due from other Governments**

Due from other governments include receivables due from other government agencies.

**Other Assets**

Other assets include prepaid expenses and refundable deposits.

**Capital Assets**

Capital assets are tangible and intangible assets, which include toll facility franchise, construction in progress, improvements, equipment, computer hardware, software, furniture and fixtures, intangible right-to-use assets, and transponders. Capital assets are defined by the 91 Express Lanes Fund as assets with an initial, individual cost of more than $5,000 and a useful life in excess of one year. It is also the 91 Express Lanes Fund's policy to capitalize non-sticker transponder purchases, as they are considered a significant class of assets even though individually under $5,000. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. The 91 Express Lanes also records the value of intangible right to use assets based on the underlying leased asset in accordance with GASB Statement No. 87, Leases. The intangible right to use intangible asset is amortized each year for the shorter of lease term or useful life of of asset.

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

| Capital Asset Type | Useful Life |
|---|---|
| Improvements | 10-30 years |
| Equipment, furniture and fixtures | 3-10 years |
| Computer hardware and software | 3-5 years |
| Transponders | 5-7 years |
| Intangible right-to-use assets | 7-10 years |

OCTA purchased the interest in the Franchise Agreement for the toll facility from CPTC on January 3, 2003. The toll facility franchise is amortized over the remaining life of the Franchise Agreement through December 2065. GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements is not applicable to 91 Express Lanes Fund, as there are no exchange or exchange-like transactions between OCTA and Caltrans, and there are no franchise fees or installment payments payable to Caltrans.

### Leases

OCTA adopted GASB Statement No. 87 Leases for the fiscal year ended June 30, 2022. The 91 Express Lanes Fund recorded lease liabilities and lease assets at the commencement of the lease term. The lease liabilities are measured at the present value of payments expected to be made during the lease term less any lease incentives. The lease assets are measured at the amount of the initial measurement of the lease liabilities, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

### Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. As of June 30, 2023, the 91 Express Lanes Fund only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### Due to other Governments

Due to other governments include payables due to other government agencies.

### Risk Management

The 91 Express Lanes Fund purchases commercial property insurance including fire, flood and earthquake coverage, which also covers business interruption related to the operation of the toll facility. Additionally, the 91 Express Lanes Fund participates in OCTA's self-insurance general liability program. Liability claims are resolved by OCTA and are an expense of the 91 Express Lanes Fund.

### Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three categories:

- *Net investment in capital assets* - Reflects net position of the 91 Express Lanes Fund invested in capital assets and the intangible asset net of related debt. This net position is not accessible for other purposes.

- *Restricted net position* - Represents net position not accessible for general use, with the use subject to restrictions enforceable by third parties. The net position has been restricted by the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust for debt service, capital, and operating expenses.

- *Unrestricted net position* - Represents net position available for general use.

### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

**Administrative Services Costs**

OCTA allocates indirect costs related to administrative services from certain funds to benefiting funds. For fiscal year 2022-23, $3,784,342 of administrative services were charged to the 91 EL and are reported as operating expenses in the statement of revenues, expenditures and changes in net position.

### 3. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2023:

| | | |
|---|---|---|
| **Cash:** | | |
| Petty cash | $ | 550 |
| Deposits | | 20,323,308 |
| **Total cash** | | **20,323,858** |
| **Investments:** | | |
| With OCTA Commingled Investment Pool | | 254,819,741 |
| With trustee | | 11,144,791 |
| **Total investments** | | **265,964,532** |
| **Total cash and investments** | **$** | **286,288,390** |

Total deposits and investments are reported in the financial statements as:

| | | |
|---|---|---|
| Unrestricted cash and investments | $ | 266,836,972 |
| Restricted cash and investments: | | |
| Cash equivalents | | 19,451,418 |
| **Total cash and investments** | **$** | **286,288,390** |

As of June 30, 2023, the 91 Express Lanes Fund had the following investments:

| Investment | Fair Value | Yield | Interest Rate | Maturity | Weighted Average Maturity (Years) |
|---|---|---|---|---|---|
| OCTA Commingled Investment Pool | $ 254,819,741 | Refer to the OCTA Annual Comprehensive Financial Report for information related to the OCTA Commingled Investment Pool.* | | | |
| Held by trustee: | | | | | |
| *Money Market Funds | 345,452 | 4.710% | 4.69%-4.70% | 7/01/2023 | 0.003 |
| *Commercial Paper | 10,799,339 | 4.960% | 0.000% | 7/03/2023 | 0.008 |
| **Total investments** | **$ 265,964,532** | | | | |
| Portfolio Weighted Average | | | | | 2.146 |

*Money market funds and commercial paper are measured at amortized cost which approximates fair value.

As of June 30, 2023, the 91 Express Lanes Fund had $254,819,741 invested in the OCTA's Commingled Investment Pool (CIP). OCTA's CIP investments are carried at fair value except for money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date carried at amortized cost which approximates fair value.

Deposits and withdrawals in the OCTA's CIP are made on the basis of $1.00 (cost basis) and not fair value. Accordingly, the 91 Express Lanes Fund's investment in the OCTA's CIP at June 30, 2023 is uncategorized, not defined as a Level 1, Level 2, or Level 3 input.

Refer to the OCTA Annual Comprehensive Financial Report for fiscal year 2022-23 for details on valuation techniques, fair value hierarchy, interest rate risk, variable rate notes and custodial credit risk related to the OCTA's CIP underlying investments.

**Credit Risk**

The Policy sets minimum acceptable credit ratings for investments from any of the three nationally recognized rating services: Standard & Poor's Corporation (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F1 (Fitch), while an issuer of long-term debt must be rated no less than an "A" by two of the three rating services. OCTA's CIP is not rated.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of fair value of the 91 Express Lanes Fund's portfolio at June 30, 2023 (NR means Not Rated):

| Investments | S&P | Moody's | % of 91 Express Lanes Fund |
|---|---|---|---|
| OCTA Commingled Investment Pool | NR | NR | 95.808 % |
| Held by trustee: | | | |
| Money Market Funds | AAA | Aaa | 0.130 % |
| Commercial Paper: | | | |
| Natixis | A-1 | P-1 | 4.062 % |
| **Total** | | | **100.000 %** |

**Concentration of Credit Risk**

At June 30, 2023, OCTA did not exceed the Policy maximum concentrations as stated below.

Issuer/Counter-Party Diversification Guidelines for All Securities Except U.S. Treasuries and U.S. Government Agency Securities:

- Any one corporation, bank, local agency, special purpose vehicle or other corporate issuer name for one or more series of securities shall not exceed 5% of the portfolio.

Issuer/Counter-Party Diversification Guidelines for OCTA's Debt:

- OCTA can purchase all or a portion of the Orange County Transportation Authority's debt, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate, providing the purchase does not exceed 25% of the Maximum Portfolio and when authorized by the Internal Revenue Service.

There is no issuer exceeding 5% of the fair value of the 91 Express Lanes Fund's portfolio at June 30, 2023.

### 4. INTERFUND ACTIVITIES

**Due To Other Funds:**

As of June 30, 2023, the 91 EL owes $3,888,917 to the Orange County Local Transportation Authority (OCLTA) for SR-91 Improvement Project.

**Interfund Transfers:**

During fiscal year 2022-23, the 91 EL transferred $12,014,196 to the OCLTA for SR-91 Improvement Project.

### 5. CAPITAL ASSETS

Capital asset activity for the 91 Express Lanes Fund for the year ended June 30, 2023 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Capital assets, not being depreciated:** | | | | |
| Construction in progress | $ 9,441,400 | $1,133,057 | $ (6,902,898) | $ 3,671,559 |
| **Capital assets, being depreciated:** | | | | |
| Improvements | 2,469,220 | — | — | 2,469,220 |
| Communications equipment | 2,861,175 | — | — | 2,861,175 |
| Computer hardware and software | 350,760 | 7,938,372 | (14,600) | 8,274,532 |
| Transponders | 3,715,676 | — | (16,047) | 3,699,629 |
| Intangible right-to-use (building) | 3,733,011 | — | (1) | 3,733,010 |
| Equipment, furniture and fixtures | 63,867 | — | (16,977) | 46,890 |
| Toll facility franchise | 205,263,668 | — | — | 205,263,668 |
| **Total capital assets, being depreciated and amortized** | **218,457,377** | **7,938,372** | **(47,625)** | **226,348,124** |
| **Less accumulated depreciation and amortization for:** | | | | |
| Improvements | (1,731,565) | (117,801) | — | (1,849,366) |
| Communications equipment | (2,392,873) | (180,580) | — | (2,573,453) |
| Computer hardware and software | (331,669) | (2,310,281) | 14,600 | (2,627,350) |
| Transponders | (3,036,417) | (254,108) | 16,047 | (3,274,478) |
| Intangible right-to-use (building) | (414,804) | (414,801) | — | (829,605) |
| Equipment, furniture and fixtures | (46,968) | (4,005) | 13,582 | (37,391) |
| Toll facility franchise | (92,742,535) | (2,586,693) | — | (95,329,228) |
| **Total accumulated depreciation and amortization** | **(100,696,831)** | **(5,868,269)** | **44,229** | **(106,520,871)** |
| **Total capital assets, being depreciated and amortized, net** | **117,760,546** | **2,070,103** | **(3,396)** | **119,827,253** |
| **Total capital assets, net** | **$ 127,201,946** | **$3,203,160** | **$ (6,906,294)** | **$ 123,498,812** |

On January 3, 2003, OCTA purchased from the California Private Transportation Company (CPTC) its interest in a Franchise Agreement for a toll facility on a 10-mile segment of the Riverside Freeway/State Route (SR) 91 between the Orange/Riverside County line and the Costa Mesa Freeway/SR-55. The purchase was enabled by State Assembly Bill (AB) 1010 (Correa), passed by the California legislature and signed by the governor in September 2002. The legislation provided the authority for OCTA to collect tolls and pay related financing costs until 2030, and eliminated non-compete provisions in the Franchise Agreement for needed improvements on the SR-91. The Franchise Agreement with the State of California's Department of Transportation (Caltrans) had granted CPTC the right to develop and construct the toll facility and to operate it for 35 years under a lease arrangement. Caltrans retains legal title to the real property components of the toll facility. There are no franchise fees or installment payments payable to Caltrans.

In September 2008, the Governor of California approved Senate Bill (SB) 1316 (Correa) as an update to the provisions of AB 1010. SB 1316 authorized OCTA to assign its franchise rights, interests and obligations in the Riverside County portion to the Riverside County Transportation Commission (RCTC), thereby allowing RCTC to add two toll lanes and a regular lane in each direction on the SR-91 from the Orange County line to Interstate 15. In addition, the bill authorized the terms of the franchise to expire no later than December 31, 2065. SB 1316 also required OCTA and RCTC to enter into an agreement providing for the coordination of their respective tolling facilities if RCTC was to construct and operate the toll facilities on the Riverside County portion of the SR-91 franchise.

In December 2011, the Board approved the assignment of OCTA's franchise rights, interests and obligations in the Riverside County portion of the SR-91 franchise to RCTC. The Board also approved the extension of the expiration date to 2065 and a cooperative agreement between OCTA and RCTC that details the joint operation for the 91 Express Lanes extension.

In fiscal year 2023, OCTA assessed GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements and determined that 91 Express Lanes agreement was not applicable to this standard, wherein exchange or exchange-like transactions does not exist between OCTA and Caltrans.

## 6. LEASES

OCTA adopted GASB Statement No. 87, Leases, effective fiscal year ended June 30, 2022. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The 91 express lanes has several leasing arrangements, summarized below:

**Lessee:**

The 91 Express Lanes entered into a lease agreement for the use of 91 Express Lanes Anaheim office space for 180-months, beginning September 2015. The lease terminates August 2030. At June 30, 2023, the balance of intangible right to use asset and lease liabilities were $2,621,941 and $2,753,120, respectively. During fiscal year 2023, the 91 Express Lanes recorded $365,852 in amortization expense and $61,905 in interest expense for the right to use the office space. The 91 Express Lanes used an incremental discount rate of 2.12%, based on an estimated incremental borrowing rate.

The 91 Express Lanes entered into a lease agreement for the use of 91 Express Lanes (91 EL) RCTC office space for 120-months, beginning April 2019. The lease terminates March 2029. At June 30, 2023, the balance of intangible right to use asset and lease liabilities were $281,464 and $290,888, respectively. During fiscal year 2023, the 91 Express Lanes recorded $48,950 in amortization expense and $5,737 in interest expense for the intangible right-to-use the office space. The 91 Express Lanes used an incremental discount rate of 1.80%, based on an estimated increment borrowing rate.

Remaining obligations associated with these leases are as follows:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 369,354 | $ 60,181 | $ 429,535 |
| 2025 | 389,800 | 52,306 | 442,106 |
| 2026 | 411,015 | 43,997 | 455,012 |
| 2027 | 432,877 | 35,237 | 468,114 |
| 2028 | 455,267 | 26,016 | 481,283 |
| 2029-2031 | 985,695 | 23,267 | 1,008,962 |
| **Total** | **$ 3,044,008** | **$ 241,004** | **$ 3,285,012** |

The amortized right-to-use assets activity for the year ended June 30, 2023, is as follows:

| Lessee activities | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Intangible right-to-use assets: | | | | |
| Office space | $ 3,318,207 | $ (414,802) | $ — | $ 2,903,405 |
| **Total** | **$ 3,318,207** | **$ (414,802)** | **$ —** | **$ 2,903,405** |

Lease liability activities associated with these leases are as follows:

| Lease Liabilities | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Buildings: | | | | | |
| 91 EL RCTC Office | $ 335,192 | $ — | $ 44,303 | $ 290,888 | $ 45,862 |
| 91 EL Anaheim Office | 3,058,925 | — | 305,805 | 2,753,120 | 323,493 |
| **Total lease liabilities** | **$ 3,394,117** | **$ —** | **$ 350,108** | **$ 3,044,008** | **$ 369,354** |

## 7. BONDS PAYABLE

### Taxable Senior Secured Bonds

On January 3, 2003, as part of the purchase agreement, the 91 Express Lanes Fund assumed $135,000,000 of taxable 7.63% Senior Secured Bonds. On November 12, 2003, the taxable bonds were refunded as noted below. As required by the tax-exempt bond indenture, OCTA paid a $26,428,197 Yield Maintenance Premium in connection with the defeasance of the Senior Secured Bonds, which is amortized over the life of the Series 2003 tax-exempt bonds on the straight line basis.

### Toll Road Revenue Refunding Bonds

On November 12, 2003, OCTA issued $195,265,000 in Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003-B-1 and Series 2003-B-2 to refund the $135,000,000 taxable 7.63% Senior Secured Bonds and to reimburse OCTA for a portion of its payment of the costs of acquiring the Toll Road and certain other property and interests associated with the Toll Road. The

$95,265,000 Series 2003-A Bonds were issued as fixed rate bonds. The $75,000,000 Series 2003-B-1 Bonds and the $25,000,000 Series 2003-B-2 Bonds (collectively the "Series 2003-B Bonds") were issued as adjustable rate bonds.

On November 24, 2008, OCTA remarketed the $100,000,000 Series 2003-B Bonds, which were purchased by the Orange County Investment Pool (OCIP). In connection with the mandatory tender of the Series 2003-B Bonds required by the Indenture, the interest rate was converted to a Long Term Interest Rate equal to the OCIP Rate. On December 20, 2010, OCTA entered into a new transaction with OCIP for the Series 2003-B Bonds at a 1.55% rate. The Series 2003-B Bonds had a mandatory tender date of August 15, 2013.

On July 30, 2013, OCTA issued $124,415,000 in Senior Lien Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2013 to refund the outstanding Toll Road Revenue Refunding Bonds (91 Express Lanes) Series 2003-A, Series 2003-B-1 and Series 2003-B-2. OCTA refunded the outstanding Series 2003-A Bonds to reduce its total debt service payments over the life of the bonds and refunded the Series 2003-B-1 and Series 2003-B-2 Bonds to address the mandatory tender date of August 15, 2013 for the existing private placement with the OCIP. The Series 2013 Bonds were issued as fixed rate bonds. The transaction closed on August 8, 2013.

The OCTA's outstanding debt obligations related to Toll Road Revenue Refunding Bonds contain a provision that in an event of default, bondholders have the right to sue in order to force OCTA to cure the event of default, which may result in finance related consequences.

A summary of the terms of the Toll Road Revenue Refunding Bonds is as follows:

| | | | |
|---|---|---|---|
| Issuance date | | 07/30/2013 | |
| Closing date | | 08/08/2013 | |
| Original issue amount | $ | 124,415,000 | |
| Cash reserve requirements | $ | 20,851,500 | * |
| Cash reserve balance | $ | 19,451,418 | ** |
| Interest rate | | 2%-5% | |
| Maturity | | December 2030 | |
| Principal payment date | | August 15 | |
| Balance as of 06/30/23 | $ | 71,420,000 | |
| Unamortized premium | $ | 4,802,698 | |
| Deferred amount on refunding | $ | (4,993,814) | |

* Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, three reserve funds are maintained with required balances as follows: Senior Lien Reserve Fund $7,851,500; Major Maintenance Reserve Fund $10,000,000; and Operating Reserve Fund $3,000,000.

** At June 30, 2023, all reserve requirements have been satisfied, with $6,047,989 reserved in current cash and investment account for Senior Lien Toll Road Revenue Refunding Bonds, Series 2023, issued on July 6, 2023.

The Toll Road Revenue Refunding Bonds have ratings of "Aa3" by Moody's, "AA-" from Fitch, and "AA-" by Standard & Poor's.

Annual debt service requirements on the tax-exempt bonds to maturity are as follows:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 7,460,000 | $ 3,335,825 | $ 10,795,825 |
| 2025 | 7,845,000 | 2,953,200 | 10,798,200 |
| 2026 | 8,245,000 | 2,550,950 | 10,795,950 |
| 2027 | 8,670,000 | 2,128,075 | 10,798,075 |
| 2028 | 9,115,000 | 1,683,450 | 10,798,450 |
| 2029-2031 | 30,085,000 | 2,303,213 | 32,388,213 |
| **Total** | **$ 71,420,000** | **$ 14,954,713** | **$ 86,374,713** |

**Changes in Long-Term Obligations**

Long-term liabilities activity for the year ended June 30, 2023, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Tax-exempt bonds | $ 78,515,000 | $ — | $ (7,095,000) | $ 71,420,000 | $ 7,460,000 |
| Unamortized premium | 5,446,635 | — | (643,937) | 4,802,698 | - |
| **Total long-term debt** | **$ 83,961,635** | **$ —** | **$ (7,738,937)** | **$ 76,222,698** | **$ 7,460,000** |

**Pledged Revenue**

The 91 Express Lanes debt issuance outstanding is repaid and secured by the pledging of certain revenues, as defined in the debt agreement. The amount and term of the remainder of this commitment is indicated in the debt service to maturity table. The purpose for which the proceeds of the debt issuance were utilized is disclosed in the debt description. Pursuant to the 2013 Toll Road Revenue Refunding Bonds Master Indenture of Trust, the 91 Express Lanes Fund will covenant to fix and prescribe toll rates for each type of vehicle and each time of day sufficient to produce adjusted net toll revenues for each fiscal year at least equal to 1.3 times annual debt service on Senior Lien Bonds and Parity Obligations and at least equal to 1.0 times annual debt service on all bonds. Adjusted net toll revenues includes tolls and investment earnings on specified reserve accounts minus operating expenses, excluding interest expense, depreciation, and amortization of the toll facility franchise.

Pledged revenue for the year ended June 30, 2023, is as follows:

| Pledged Revenue | Annual Amount of Net Pledged Revenue | Annual Debt Service Payments | Pledged Revenue Coverage | Required Debt Coverage |
|---|---|---|---|---|
| 91 Express Lanes Net Toll Road Revenue | $50,489,362 | $10,794,700 | 4.68 | 1.30 |

## 8. COMMITMENTS AND CONTIGENCIES

### Operator Agreement

In connection with the purchase of the toll facility interest, OCTA entered into an operating agreement with Cofiroute Global Mobility, subsequently Cofiroute USA, LLC (Cofiroute), to provide operating services in the annual amount of $4,994,000 plus inflation for three initial years with two one-year extension options, subject to Board of Directors approval. The agreement was in effect from January 3, 2003 through January 2, 2006. On January 6, 2006, OCTA entered into a second operating agreement with Cofiroute, effective January 3, 2006 through January 2, 2011. The annual amount of the base contract is $5,448,768 plus inflation adjustments after the first year. The agreement carried two two-year extension options through January 2, 2015. On June 27, 2011, the OCTA Board of Directors approved a subsequent amendment to the operating agreement with Cofiroute, which authorized the addition of two five-year extension options beginning July 1, 2011 through June 30, 2016 for the first extension term and beginning July 1, 2016 through June 30, 2021 as the second extension term. The second extension term was approved on May 9, 2016. Cofiroute is responsible for the day-to-day operations of the toll facility.

On May 24, 2013 OCTA completed a three-party agreement expiring on June 30, 2021, with Riverside County Transportation Commission (RCTC) and Cofiroute for operations of the 91 Express Lanes. This helps in ensuring a streamlined consistent inter-county travel for motorists on the original 10-mile span of the 91 Express Lanes and the eight miles extension into Riverside County. In fiscal year 2018-19, OCTA and RCTC began procurement for a new operating agreement, which includes the development of a new back-office system for both segments of the 91 Express Lanes. The OCTA Board of Directors and RCTC Commission subsequently approved the re-selection of Cofiroute as the operator with the agreement executing in January 2020. The new agreement expires on January 31, 2027, and carries two three-year extension options.

### Purchase Commitments

The 91 Express Lanes has various outstanding contracts. Total purchase commitments at June 30, 2023 were $64,022,395, the most significant are with Cofiroute and RCTC for the operations of the 91 Express Lanes, Kapsch TrafficCom for toll lanes integrator services, and California Highway Patrol (CHP) for patrol services.

## 9. EFFECT OF NEW PRONOUNCEMENTS

### GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was effective for OCTA's fiscal year ending June 30, 2022, but was postponed by one year per GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 94**

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement is effective for OCTA's fiscal year ending June 30, 2023. The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 96**

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). OCTA implemented this statement for fiscal year ending June 30, 2023. The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 99**

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The implementation of this Statement did not have a material effect on the financial statements.

**GASB Statement No. 100**

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

**GASB Statement No. 101**

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. OCTA has not determined the effect of this Statement.

## 10. SUBSEQUENT EVENT

On July 6, 2023, OCTA issued $47,545,000 in Senior Lien Toll Road Revenue Refunding Bonds, Series 2023 (“91EL 2023 Bonds”). The All-In True Interest Cost (TIC) is 2.80%. With the proceeds of the 91EL 2023 Bonds, OCTA refunded and defeased the outstanding the Series 2013 Bonds, which resulted in net present value cumulative savings of $5,521,000.

# ORANGE COUNTY TRANSPORTATION AUTHORITY LOCAL TRANSPORTATION FUND

## FINANCIAL STATEMENTS

Year ended June 30, 2023

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND

FINANCIAL STATEMENTS
JUNE 30, 2023

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# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the Local Transportation Fund (LTF), a special revenue fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the LTF, of OCTA, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the LTF and do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2023, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OCTA's internal control, as it relates to the LTF. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the LTF's basic financial statements. The Schedule of Allocations for Disbursement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Allocations for Disbursement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated November 2, 2023 on our consideration of OCTA's internal control over financial reporting, as it relates to LTF and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LTF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCTA's internal control over financial reporting and compliance, as it relates to LTF.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
BALANCE SHEET
June 30, 2023

| | |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 299,423,359 |
| Interest receivable | 3,517,190 |
| Due from other governments (Note 3) | 38,781,345 |
| Total assets | $ 341,721,894 |
| **LIABILITIES** | |
| Accounts payable | $ 57,957 |
| Due to other governments (Note 4) | 235,965 |
| Due to other OCTA funds (Note 5) | 377,267 |
| Total liabilities | 671,189 |
| **FUND BALANCE** | |
| Restricted for transportation programs | 341,050,705 |
| Total liabilities and fund balance | $ 341,721,894 |

See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
For the year ended June 30, 2023

| | |
|---|---|
| **REVENUES** | |
| Local transportation sales tax allocations | $ 222,451,501 |
| Investment income | 7,205,298 |
| Total revenues | 229,656,799 |
| **EXPENDITURES** | |
| Current: | |
| Supplies and services | 2,132,869 |
| Contributions to other agencies | 3,115,249 |
| Total expenditures | 5,248,118 |
| Excess of revenues over expenditures | 224,408,681 |
| **OTHER FINANCING USES** | |
| Transfers to other OCTA funds (Note 6) | (190,943,358) |
| Net change in fund balance | 33,465,323 |
| Fund balance, beginning of year | 307,585,382 |
| **Fund balance, end of year** | $ 341,050,705 |

See accompanying notes to financial statements.

## NOTE 1 – REPORTING ENTITY

The Local Transportation Fund (LTF) is a special revenue fund of the Orange County Transportation Authority (OCTA). The LTF financial statements do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2023, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. This fund is used to account for revenues received and expenditures made for certain transit projects within Orange County.

The LTF was created by the Transportation Development Act (TDA) for specific transportation purposes. Revenues to the LTF are derived from a ¼ cent state sales and use tax. The ¼ cent is returned by the California Department of Tax and Fee Administration (CDTFA) to each county according to the amount of tax collected in that county.

The Orange County Transit District (OCTD) of OCTA is a transit operator and OCTA is the regional Transportation Planning Agency (TPA) for the County of Orange, California (County). Annually, the TPA determines each area's apportionment of LTF revenues. Generally, County LTF revenues are apportioned by population. Where there is a transit operator, separate apportionments are made to areas within and outside the district. Once funds are apportioned, they are only available for allocation to claimants in that area. Payments from the LTF are made by the County Auditor-Controller in accordance with allocation instructions issued by OCTA.

Article 3 of the TDA stipulates that, based on the County's population of more than 500,000, OCTA is eligible to receive LTF revenues solely for claims for the following, which are allocated in specific priority order: administration, planning and programming; Section 99234 of Article 3, which are claims for pedestrian and bicycle facilities; Article 4, which are for general transit operations and services; and Article 4.5, which are claims for community transit services.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the LTF are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles for governmental units.

Fund Accounting: The LTF activities and transactions are recorded and accounted for in a special revenue fund of OCTA. Special revenue funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds. The LTF accounts for revenues received and expenditures made for certain transit projects within Orange County. Financing is generated from a ¼ cent state sales and use tax pursuant to the TDA. Expenditures of these monies must be made in accordance with TDA provisions. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

(Continued)

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: The LTF financial statements have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means that amounts can be estimated or otherwise determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Revenues are considered available if they are collected within 90 days of year end. Amounts not collected within the availability period are classified as deferred inflows of resources – unavailable revenue. Expenditures are recorded when the liability is incurred. Liabilities are considered current when they are expected to be liquidated with available financial resources.

Cash and Investments: The LTF maintains its deposits in the Orange County Investment Pool (OCIP), as required by State statute. Oversight of the OCIP is performed by the Orange County Treasury Oversight Committee. The fair value of the LTF's investment in this pool is reported in the accompanying financial statements at amounts based upon the LTF's pro-rata share of the fair value provided by OCIP for the entire OCIP portfolio (in relation to the amortized cost of that portfolio). Deposits and withdrawals are made on the basis of $1.00 (absolute dollars) and not fair value. Investment income earned by the pooled cash and investments in the OCIP is allocated based on average cash and investment balance. The OCIP is not rated.

For information on cash and investment disclosures relating to LTF's deposits in the OCIP, please see OCTA's Annual Comprehensive Financial Report.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fund Balance*:* The LTF classifies fund balance based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Fund balance for the year ended June 30, 2023 consists of the following:

> *Restricted* – Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation. For the LTF, amounts are restricted pursuant to the TDA.

When funds of different classifications are available for the same purpose, the spending priority is to spend restricted resources before unrestricted resources, and within the unrestricted category, committed followed by assigned fund balance.

## NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from other governments of $38,781,345 represents a TDA receivable due from the State of California.

## NOTE 4 – DUE TO OTHER GOVERNMENTS

Due to other governments of $235,965 represents amounts due to other agencies for use in transit projects.

(Continued)

**NOTE 5 – DUE TO OTHER OCTA FUNDS**

Due to other OCTA funds as of June 30, 2023 consisted of the following:

| | |
|---|---|
| OCTA for planning and administration | $ 377,267 |

**NOTE 6 – TRANSFERS**

Transfers to other OCTA funds during the fiscal year ended June 30, 2023 consisted of the following:

| | |
|---|---|
| OCTA for planning and administration | $ 190,943,358 |

# REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY TRANSPORTATION AUTHORITY
LOCAL TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS)
For the year ended June 30, 2023

| | Original | Final | Amounts | Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Local transportation sales tax allocations | $ 212,568,231 | $ 212,568,231 | $ 222,451,501 | $ 9,883,270 |
| Investment income | 45,535 | 45,535 | 7,205,298 | 7,159,763 |
| Total revenues | 212,613,766 | 212,613,766 | 229,656,799 | 17,043,033 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Supplies and services | 2,104,636 | 2,104,636 | 2,132,869 | (28,233) |
| Contributions to other local agencies | 2,966,864 | 2,966,864 | 3,115,249 | (148,385) |
| Total expenditures | 5,071,500 | 5,071,500 | 5,248,118 | (176,618) |
| Excess of revenues over expenditures | 207,542,266 | 207,542,266 | 224,408,681 | 16,866,415 |
| **OTHER FINANCING USES** | | | | |
| Transfers to other OCTA funds | (207,542,266) | (207,542,266) | (190,943,358) | 16,598,908 |
| Net change in fund balance | - | - | 33,465,323 | 33,465,323 |
| Fund balance, beginning of year | 307,585,382 | 307,585,382 | 307,585,382 | - |
| **Fund balance, end of year** | $ 307,585,382 | $ 307,585,382 | $ 341,050,705 | $ 33,465,323 |

**NOTE 1 – BUDGETARY DATA**

The LTF maintains accounting control through formal adoption of an annual operating budget. The operating budget is prepared in conformity with accounting principles generally accepted in the United States, except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget may be amended by the OCTA Board of Directors (Board) to increase appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations, adjusted for supplemental appropriations, during the year. OCTA division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as: Salaries and Benefits, Supplies and Services, and Capital Outlay. Supplies and Services include Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, is at the major object level. With the exception of amounts that have been encumbered, appropriations lapse at year end.

Expenditures exceeded appropriations for supplies and services in the amount of $28,233 and contributions to other local agencies in the amount of $148,385. This was a result of investment expenses and OCTA receiving more sales tax revenue over the 12-month apportionment period than anticipated and contributed to other agencies based on monthly sales tax receipts, respectively.

# ORANGE COUNTY TRANSPORTATION AUTHORITY
# LOCAL TRANSPORTATION FUND
# SCHEDULE OF ALLOCATIONS FOR DISBURSEMENT
# For the year ended June 30, 2023

| Claimant | Article 3 Administration | Article 3 Planning | Article 4 Operating and Capital | Article 4.5 Paratransit Operating and Capital | Total Allocations | Total Disbursements |
|---|---|---|---|---|---|---|
| City of Laguna Beach | $ - | $ - | $ 1,451,536 | $ - | $ 1,451,536 | $ 1,451,536 |
| County of Orange | 6,155 | - | - | - | 6,155 | 6,155 |
| Orange County Transit District | - | - | 202,051,645 | 10,710,694 | 212,762,339 | 185,813,286 |
| Orange County Transportation Authority | 157,400 | 4,972,672 | - | - | 5,130,072 | 5,130,072 |
| Southern California Association of Governments | - | 1,657,558 | - | - | 1,657,558 | 1,657,558 |
| Total disbursements | $ 163,555 | $ 6,630,230 | $ 203,503,181 | $ 10,710,694 | $ 221,007,660 | $ 194,058,607 |

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Orange County Transportation Authority
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Local Transportation Fund (LTF), a special revenue fund of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the LTF's basic financial statements, and have issued our report thereon dated November 2, 2023. As discussed in Note 1, the financial statements present only the LTF and do not purport to, and do not, present fairly the financial position of OCTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OCTA's internal control over financial reporting (internal control), as it relates to the LTF, as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control, as it relates to LTF. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control, as it relates to LTF.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LTFs financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

**ATTACHMENT E**

# ORANGE COUNTY
# TRANSPORTATION AUTHORITY
# STATE TRANSIT ASSISTANCE FUND

## FINANCIAL STATEMENTS

Year ended June 30, 2023

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND

FINANCIAL STATEMENTS
JUNE 30, 2023

CONTENTS

**Crowe LLP**
Independent Member Crowe Global

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the State Transit Assistance Fund (STAF), a special revenue fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the STAF, of OCTA, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the STAF and do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2023, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control, as it relates to the STAF. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated November 2, 2023 on our consideration of OCTA's internal control over financial reporting, as it relates to STAF and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the STAF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCTA's internal control over financial reporting and compliance, as it relates to STAF.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
BALANCE SHEET
June 30, 2023

| | |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 35,654,043 |
| Interest receivable | 311,022 |
| Due from other governments (Note 3) | 15,787,779 |
| Total assets | $ 51,752,844 |
| **LIABILITIES** | |
| Accounts payable | $ 5,003 |
| Due to other OCTA funds (Note 4) | 9,314,172 |
| Total liabilities | 9,319,175 |
| **FUND BALANCE** | |
| Restricted for transportation programs | 42,433,669 |
| Total liabilities and fund balance | $ 51,752,844 |

See accompanying notes to financial statements.

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
For the year ended June 30, 2023

| | |
|---|---|
| **REVENUES** | |
| State transit assistance sales tax allocations | $ 56,447,206 |
| Transportation improvement fee | 6,618,267 |
| Interest and investment income | 656,227 |
| Total revenues | 63,721,700 |
| **EXPENDITURES** | |
| Supplies and services | 22,735 |
| Excess of revenues over expenditures | 63,698,965 |
| **OTHER FINANCING USES** | |
| Transfers to other OCTA funds (Note 5) | (37,613,918) |
| Net change in fund balance | 26,085,047 |
| Fund balance, beginning of year | 16,348,622 |
| **Fund balance, end of year** | $ 42,433,669 |

See accompanying notes to financial statements.

**NOTE 1 – REPORTING ENTITY**

The State Transit Assistance Fund (STAF) is a special revenue fund of the Orange County Transportation Authority (OCTA). The STAF financial statements do not purport to, and do not, present fairly the financial position of OCTA, as of June 30, 2023, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. This fund is used to account for State Transit Assistance (STA) funds transferred to the Orange County Transit District (OCTD) for operations and fare assistance for seniors and disabled persons.

The STA funds provide a second source of Transportation Development Act (TDA) funding for transportation planning and mass transportation purposes as specified by the State of California Legislature. Funds for the program are derived from sales taxes on gasoline and use taxes on diesel fuel. The Road Repair and Accountability Act of 2017 signed into law April 2017, provided additional funding to existing programs as well as created new programs. STA revenues are then distributed based on several demographic factors.

The STA funds are allocated through an appropriation to the State Controller by the Legislature for allocation by formula to each Transportation Planning Agency (TPA). OCTA serves as the regional TPA for the County of Orange, California (County). The formula allocates 50 percent of the funds according to population and the remaining 50 percent according to operator revenues from the prior fiscal year. The allocations are based on the operator's share of revenues compared to all of the other operators in the State. The STA allocations are deposited in the OCTA's STAF, which is maintained by the Auditor-Controller of the County. The allocation to OCTA's STA funds must be made in a resolution adopted by OCTA's governing board. Payments from the STAF are made by the County Auditor-Controller in accordance with the allocation instructions in the allocation resolution.

The STA funds may not be allocated to fund administration or streets and roads projects. Operators receiving the STA funds must meet qualifying criteria based on the subsidy per revenue vehicle hour received in the previous year, taking into consideration the change in the Consumer Price Index within the operator's region.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the STAF are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles for governmental units.

Fund Accounting: The STAF activities and transactions are recorded and accounted for in a special revenue fund of the OCTA. This fund is used to account for funds transferred to OCTD transit for operations and fare assistance for senior and disabled persons. Funding is provided by sales taxes on gasoline and use taxes on diesel fuel. Expenditure of these funds is governed by the provisions of the TDA. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

(Continued)

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: The STAF financial statements have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are accrued when they become both measurable and available. Measurable means that amounts can be estimated or otherwise determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Revenues are considered available if they are collected by the County Auditor-Controller within 90 days of year end. Amounts not collected within the availability period are classified as deferred inflows of resources – unavailable revenue. Expenditures are recorded when the liability is incurred. Liabilities are considered current when they are expected to be liquidated with available financial resources.

Cash and Investments: The STAF maintains its deposits in the Orange County Investment Pool (OCIP), as required by State statute. Oversight of the OCIP is performed by the Orange County Treasury Oversight Committee. The fair value of the STAF's investment in this pool is reported in the accompanying financial statements at amounts based upon the STAF's pro-rata share of the fair value provided by OCIP for the entire OCIP portfolio (in relation to the amortized cost of that portfolio). Deposits and withdrawals are made on the basis of $1.00 (absolute dollars) and not fair value. Investment income earned by the pooled cash and investments in the OCIP is allocated based on average cash and investment balance. The OCIP is not rated.

For information on cash and investment disclosures relating to STAF's deposits in the OCIP, please see OCTA's Annual Comprehensive Financial Report.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fund Balance: The STAF classifies fund balance based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Fund balance for the year ended June 30, 2023 consists of the following:

> *Restricted* – Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation. For the STAF, amounts are restricted pursuant to the TDA.

When funds of different classifications are available for the same purpose, the spending priority is to spend restricted resources before unrestricted resources, and within the unrestricted category, committed followed by assigned fund balance.

## NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from other governments of $15,787,779 represents a TDA receivable due from the State of California.

## NOTE 4 – DUE TO OTHER OCTA FUNDS

Due to other OCTA funds of $9,314,172 represents a TDA payable due to OCTD.

(Continued)

## NOTE 5 – TRANSFERS TO OTHER OCTA FUNDS

Transfers to OCTD of $37,613,918 for the year ended June 30, 2023 were for the purpose of funding transit operations.

## SUPPLEMENTARY INFORMATION

ORANGE COUNTY TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS)
For the year ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance With |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| **REVENUES** | | | | |
| State transit assistance sales tax allocations | $ 39,982,552 | $ 39,982,552 | $ 56,447,206 | $ 16,464,654 |
| Transportation improvement fee | 6,585,423 | 6,585,423 | 6,618,267 | 32,844 |
| Interest and investment income | 20,558 | 20,558 | 656,227 | 635,669 |
| Total revenues | 46,588,533 | 46,588,533 | 63,721,700 | 17,133,167 |
| **EXPENDITURES** | | | | |
| Supplies and services | - | - | 22,735 | (22,735) |
| Excess of revenues over expenditures | 46,588,533 | 46,588,533 | 63,698,965 | 17,110,432 |
| **OTHER FINANCING USES** | | | | |
| Transfers to other OCTA funds | (46,588,533) | (46,588,533) | (37,613,918) | 8,974,615 |
| Net change in fund balance | - | - | 26,085,047 | 26,085,047 |
| Fund balance, beginning of year | 110,509 | 110,509 | 16,348,622 | 16,238,113 |
| **Fund balance, end of year** | $ 110,509 | $ 110,509 | $ 42,433,669 | $ 42,323,160 |

## NOTE 1 – BUDGETARY DATA

The STAF maintains accounting control through formal adoption of an annual operating budget. The operating budget is prepared in conformity with accounting principles generally accepted in the United States, except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget may be amended by the OCTA Board of Directors (Board) to increase appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations, adjusted for supplemental appropriations, during the year. OCTA division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as: Salaries and Benefits, Supplies and Services, and Capital Outlay. Supplies and Services include Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, is at the major object level. With the exception of amounts that have been encumbered, appropriations lapse at year end.

Expenditures exceeded appropriations for Supplies and Services in the amount of $22,735. This was a result of investment services.

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Orange County Transportation Authority
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Transit Assistance Fund (STAF), a special revenue fund of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the STAF's basic financial statements, and have issued our report thereon dated November 2, 2023. As discussed in Note 1, the financial statements present only the STAF and do not purport to, and do not, present fairly the financial position of OCTA, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OCTA's internal control over financial reporting (internal control), as it relates to the STAF, as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control, as it relates to STAF. Accordingly, we do not express an opinion on the effectiveness of OCTA's internal control, as it relates to STAF.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether STAFs financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

ATTACHMENT F

Crowe LLP
Independent Member Crowe Global

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise OCTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of OCTA, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OCTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Local Transportation Authority Special Revenue Fund, and Local Transportation Special Revenue Fund, and supplemental pension plan trend data and other postemployment benefit data, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCTA's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023 on our consideration of OCTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCTA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 2, 2023

OCTA

COMMITTEE TRANSMITTAL

***November 27, 2023***

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

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

**Subject:** Update on Loan Agreements with the Cities of Anaheim, Placentia, and the West Orange County Water Board

<u>Finance and Administration Committee Meeting of November 15, 2023</u>

Present: Directors Federico, Goodell, Harper, and Jones
Absent: Directors Do, Hennessey, and Sarmiento

**Committee Vote**

This item was passed by the Members present.

**Committee Recommendation**

Receive and file as an information item.

**OCTA**

***November 15, 2023***

***To:*** Finance and Administration Committee

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

***Subject:*** Update on the Loan Agreements with the Cities of Anaheim, Placentia, and the West Orange County Water Board

## *Overview*

The Orange County Transportation Authority Board of Directors authorized loan agreements with the cities of Anaheim, Placentia, and the West Orange County Water Board. This report provides the annual update on the status of each of these agreements as requested by the Board of Directors.

## *Recommendation*

Receive and file as an information item.

## *Background*

City of Anaheim (Anaheim)

In July 2012, the Orange County Transportation Authority (OCTA) entered into a purchase and sale agreement with Anaheim selling real property valued at $32.5 million to enable the construction of the Anaheim Regional Transportation Intermodal Center. Anaheim provided $1 million as a down payment into escrow, with the remaining $31.5 million to be paid over a 13-year period. The interest rate on the loan is set at a fixed-interest rate of two percent, with the interest portion of the loan to be paid in the final two years of the loan period. Anaheim uses its Measure M2 (M2) Local Fair Share (LFS) funds to repay the loan, and the funds have been automatically deducted from Anaheim's bimonthly LFS payments since July 2012.

Anaheim has fully repaid their principal balance and is currently making payments towards the accrued interest for the remainder of the loan term. The remaining interest balance is $3.1 million as of September 30, 2023. The loan repayments will continue to be deducted from bimonthly M2 LFS payments until the loan balance reaches zero in fiscal year (FY) 2024-25. Should Anaheim become ineligible to receive LFS, or if the LFS funds are insufficient to meet the scheduled payment, California Highway Users Tax Account funds would be utilized to make the payments.

City of Placentia (Placentia)

In February 2010, OCTA entered into a loan agreement with Placentia for $4.1 million so Placentia could repay the California Department of Transportation for ineligible expenditures on rail grade separation projects. The loan amount of $4.1 million is to be repaid over a 19-year period that began July 1, 2011 and continues through May 1, 2030. The remaining balance is $1.07 million as of September 30, 2023, and is estimated to be paid by May 2026. The loan is anticipated to be paid in full ahead of schedule due to actual interest rates being lower than the rate assumed at the time the loan agreement was executed in February 2010. The initial assumption was that the interest rate for the life of the loan would be four percent. However, the actual interest rate on the loan is based on OCTA's actual short-term investment portfolio earnings rate for the prior 12-month period, and resets annually. Actual interest rates since the inception of the loan have been averaging below two percent except for the current interest rate at 5.25 percent.

Placentia uses its M2 LFS funds to repay the loan, and the funds are automatically deducted from Placentia's bimonthly LFS payments. The agreement allows OCTA to withhold 30 percent of Placentia's LFS funds beginning in FY 2011-12. Placentia's contribution increases by one percentage point each FY thereafter until the advance is fully repaid. Placentia's current contribution is 42 percent of their LFS payments. Should Placentia become ineligible to receive LFS, Placentia would be required to pledge other appropriate funding to repay the full amount of the advance and interest thereon.

West Orange County Water Board (WOCWB)

In October 2017, OCTA entered into a reimbursement agreement with the WOCWB for up to $4.7 million for the relocation of a pipeline facility necessary to facilitate the Interstate 405 Widening Project. An amendment to the agreement was approved by the OCTA Board of Directors (Board) on November 27, 2017, to increase the loan amount by $1.3 million to accommodate the final project cost received by the WOCWB.

Per the terms identified in the agreement, the WOCWB will make quarterly payments with the interest rate being equal to the State of California Surplus Money Investment Fund (SMIF). The SMIF interest rate on the September 2023 payment was 2.911 percent. The term of the loan has been structured to not exceed ten years. OCTA began receiving quarterly payments from the WOCWB in June 2018. In April 2020, the WOCWB returned unused principal of $198,741 as required in the loan agreement upon project completion. The remaining balance is $1.87 million as of September 30, 2023. The WOCWB will continue making quarterly payments until the loan has been fully repaid in March 2028.

***Discussion***

OCTA continues to withhold payments from M2 LFS funds to repay the loans established with the cities of Anaheim and Placentia, and the WOCWB continues to make quarterly payments as required per the agreement. OCTA will continue to follow the terms identified in all loan agreements by withholding payments and invoicing responsible parties as applicable. The beginning balance, amount collected, and outstanding balance for each loan as of September 30, 2023, can be found on Attachment A.

***Summary***

The Orange County Transportation Authority Board of Directors authorized loan agreements with the cities of Anaheim, Placentia, and the West Orange County Water Board. Each entity has been making payments per their respective agreements.

***Attachment***

A. Status of Loan Agreements as of September 30, 2023

**Prepared By:**

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

**Approved By:**

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

**ATTACHMENT A**

**Status of Loan Agreements**
as of September 30, 2023

| Borrower | Type of Agreement | Loan Period Begin Date | Interest Rate % Prior Payment[1] | Beginning Principal Balance | Principal Paid | Interest Accrued | Interest Paid | Outstanding Balance as of 9/30/23 | Loan Maturity |
|---|---|---|---|---|---|---|---|---|---|
| City of Anaheim[2] | Purchase and Sale Agreement | July 2012 | 2% | $32,500,000 | $32,500,000 | $3,765,406 | $627,566 | $3,137,840 | May 20, 2025 |
| City of Placentia | Loan Agreement | February 2010 | 5.25% | $4,100,000 | $3,153,274 | $617,831 | $490,246 | $1,074,311 | May 1, 2030 |
| West Orange County Water Board[3] | Reimbursement Agreement for Utility Relocation | October 2017 | 2.911% | $5,995,394 | $4,124,576 | $244,865 | $244,865 | $1,870,818 | March 1, 2028 |

1. Interest rates vary for the City of Placentia and the West Orange County Water Board. Interest rates listed represent rates for the prior payment.
2. Interest for the City of Anaheim loan is scheduled to be paid in the final two years of the loan and is fixed at two percent.
3. The West Orange County Water Board made an additional principal payment of $1.5 million in September 2018 and returned unused principal of $198,741.28 in April 2020.

COMMITTEE TRANSMITTAL

***November 27, 2023***

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

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

**Subject:** Fiscal Year 2023-24 First Quarter Grant Reimbursement Status Report

Finance and Administration Committee Meeting of November 15, 2023

Present: Directors Federico, Goodell, Harper, and Jones
Absent: Directors Do, Hennessey, and Sarmiento

**Committee Vote**

This item was passed by the Members present.

**Committee Recommendation**

Receive and file as an information item.

***November 15, 2023***

***To:*** Finance and Administration Committee

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

***Subject:*** Fiscal Year 2023-24 First Quarter Grant Reimbursement Status Report

### *Overview*

The Quarterly Grant Reimbursement Status Report summarizes grant activities for the Orange County Transportation Authority Board of Directors. This report focuses on activity for the first quarter of fiscal year 2022-23, covering July through September 2023.

### *Recommendation*

Receive and file as an information item.

### *Discussion*

The Orange County Transportation Authority (OCTA) has secured grant funding from federal and state grant agencies to deliver programs, projects, and services to improve mobility in Orange County. The use of these funds is consistent with the capital programming policies approved by the Board of Directors (Board). The Quarterly Grant Reimbursement Status Report summarizes current and closed grant agreements.

New Grant Agreements:

During the quarter there were 11 grant agreements executed. These grant agreements are summarized in Attachment A.

Current Grant Agreements:

OCTA has 14 Federal Transit Administration (FTA) formula grant agreements and three FTA discretionary grant agreements.

The 14 FTA formula grant agreements have a total federal amount of $381.9 million. A total of $259.5 million has been reimbursed, leaving a balance of approximately $122.4 million. The balance of these FTA formula grant agreements will primarily fund bus operations, the OC Streetcar project, and rail rehabilitation projects.

The three FTA discretionary grant agreements have a total federal amount of $151.1 million. This includes the full funding grant agreement award of $148.9 million. A total of $130.9 million has been reimbursed, leaving a balance of $20.2 million. The balance of these FTA discretionary grant agreements will primarily fund the OC Streetcar project and slope stabilization improvements on the railroad right-of-way from the City of Laguna Niguel to the City of Lake Forest.

The total FTA formula and discretionary grant agreements amount to $533 million. The total amount reimbursed through the first quarter under these grant agreements is $390.4 million, leaving a balance of $142.6 million. These grant agreements are summarized in Attachment B.

OCTA has 31 active State and Federal Highway Administration formula grant agreements that total $260.9 million. The total amount reimbursed through the first quarter under these agreements is $42.3 million, leaving a balance of $218.6 million. These grant agreements are summarized in Attachment C.

In addition, OCTA has 19 active state discretionary grant agreements totaling approximately $63.1 million. The total amount reimbursed through the first quarter under these other agreements is $24.4 million, leaving a balance of $38.7 million. These grant agreements are summarized in Attachment D.

This report activity is as of September 30, 2023, and any grants with a deadline between the quarter end and the date this report is published, will be reimbursed and closed out. This activity will be reflected in next quarter's report. Additionally, for these grants, staff anticipates each of the remaining balances to be fully reimbursed prior to the grant agreement expiration date.

Closed Grant Agreements:

There were four grant agreements totaling $5.2 million that were closed out in the first quarter of FY 2023-24. The remaining balance on the grants is due to project savings.

These grant agreements are summarized in Attachment E.

***Summary***

This report provides an update of the grant agreement-funded activities for the first quarter of FY 2023-24, July through September 2023. Staff recommends this report be received and filed as an information item.

***Attachments***

A. Fiscal Year 2023-24 Quarter 1 – Executed Grants
B. First Quarter Grant Reimbursement Status Report, July through September 2023, Federal Transit Administration (FTA) Formula and Discretionary Grant Agreements
C. First Quarter Grant Reimbursement Status Report, July through September 2023, State and Federal Highway Administration Formula Grant Agreements
D. First Quarter Grant Reimbursement Status Report, July through September 2023, State Discretionary Grant Agreements
E. First Quarter Grant Reimbursement Status Report, July through September 2023, Closed Grant Agreements

**Prepared by:**

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

**Approved by:**

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

## Fiscal Year 2023-24 Quarter 1 – Executed Grants

| Funding Source | Project Details | Amount |
|---|---|---|
| Federal Highway Administration (FHWA) | Countywide Signal Synchronization project. | $15,000,000 |
| FHWA National Highway Performance Program | Right-of-Way Engineering and Acquisition phases of the Interstate 5 Improvement from Interstate 405 to Yale Avenue Segment 1 Project. | $5,400,000 |
| Federal Transit Administration (FTA) Surface Transportation Block Grant Flex Formula Grant Program | Planning costs for the Coastal Rail Protection Study. | $1,800,000 |
| FTA Coronavirus Response and Relief Supplemental Appropriations Act Highway Infrastructure Programs Emergency Relief Flex Formula Grant Program | Construction of the Transit Security and Operations Center. | $3,700,000 |
| FTA Section 5310 Enhanced Mobility for Seniors and Disabled | Capital cost of contracting for OC ACCESS services. | $3,300,000 |
| FTA Section 5339 Formula Grant Program | Support the purchase of replacement vehicles, up to 41 replacement gasoline paratransit vehicles will be replaced. This grant will also provide funding to Anaheim Transportation Network for replacement bus lifts and ladders. | $6,000,000 |
| FTA Section 5337 Formula Grant Program | Provide capital and operating assistance for preventative maintenance expenses, capital cost of contracting, and non-fixed-route operating assistance for Orange County Transportation Authority as well as preventive maintenance costs for Anaheim Transportation Network. | $48,500,000 |

| | | |
|---|---|---|
| Low Carbon Transit Operations Program | Build a new hydrogen fueling station at Garden Grove Maintenance Facility that would support 50 hydrogen powered buses. | $9,700,000 |
| SB 1 (Chapter 5, Statutes of 2017) Local Partnership Program Formula | Right-of-way engineering and acquisition phases of the Interstate 5 Improvement from Interstate 405 to Yale Avenue Segment 1 Project. | $3,900,000 |
| Strengthening Mobility and Revolutionizing Transportation Discretionary Grant Program | Harbor Boulevard Pilot Innovative Cloud-Based Transit Signal Priority System. | $1,600,000 |
| Transit and Intercity Rail Capital Program | Environmental work for the Irvine Station Improvements project. | $2,800,000 |

**First Quarter Grant Reimbursement Status Report**

**July through September 2023**

**ATTACHMENT B**

| Federal Transit Administration (FTA) Formula and Discretionary Grant Agreements | | | | | | |
|---|---|---|---|---|---|---|
| | FEDERAL FISCAL YEAR | GRANT NUMBER | FEDERAL AMOUNT | FEDERAL AMOUNT REIMBURSED | REMAINING BALANCE | ANTICIPATED CLOSE-OUT |
| **Formula Grants** | | | | | | |
| **FTA Section 5307 - Federal Transit Administration Urbanized Area Formula Grant Program** | | | | | | |
| 1 | 2021 | CA-2021-187 | $ 60,143,314 | $ 57,600,085 | $ 2,543,229 | January 2024 |
| 2 | 2022 | CA-2023-109 | 48,505,333 | 31,978,861 | 16,526,472 | October 2026 |
| **FTA Section 5307 Grant Subtotal** | | | **$ 108,648,647** | **$ 89,578,946** | **$ 19,069,701** | |
| **FTA Section 5307 - Federal Funds flexed from the Federal Highway Administration (FHWA)** | | | | | | |
| 3 | 0 | CA-2020-050 | $ 76,843,769 | $ 76,262,086 | $ 581,683 | June 2026 |
| 4 | 2017 | CA-2017-072 | 31,567,405 | 30,940,047 | 627,358 | January 2024 |
| 5 | 2020 | CA-2021-010 | 42,599,378 | 24,967,763 | 17,631,615 | January 2024 |
| 6 | 2020 | CA-2022-076 | 1,016,000 | 1,013,262 | 2,738 | January 2024 |
| 7 | 2020 | CA-2022-082 | 34,515,000 | 10,486,079 | 24,028,921 | June 2025 |
| 8 | 2021 | CA-2022-170 | 62,585,945 | 21,440,267 | 41,145,678 | August 2026 |
| 9 | 2021 | CA-2023-211 | 3,660,000 | 0 | 3,660,000 | June 2024 |
| 10 | 2022 | CA-2023-196 | 1,770,000 | 0 | 1,770,000 | November 2025 |
| **FTA Section 5307 Flexed Grant Subtotal** | | | **$ 254,557,497** | **$ 165,109,504** | **$ 89,447,993** | |
| **FTA Section 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities Grant Program** | | | | | | |
| 11 | 2022 | CA-2023-092 | $ 3,308,661 | $ 0 | $ 3,308,661 | May 2026 |
| **FTA Section 5310 Grant Subtotal** | | | **$ 3,308,661** | **$ 0** | **$ 3,308,661** | |
| **FTA Section 5337 - State of Good Repair Grant Program** | | | | | | |
| 12 | 2021 | CA-2021-227 | $ 3,274,762 | $ 3,106,043 | $ 168,719 | January 2024 |
| **FTA Section 5337 Grant Subtotal** | | | **$ 3,274,762** | **$ 3,106,043** | **$ 168,719** | |
| **FTA Section 5339 - Buses and Bus Facilities Grant Program** | | | | | | |
| 13 | 2021 | CA-2022-137 | $ 6,200,560 | $ 1,725,102 | $ 4,475,458 | June 2024 |
| 14 | 2022 | CA-2023-123 | 5,951,471 | 0 | 5,951,471 | August 2025 |
| **FTA Section 5339 Grant Subtotal** | | | **$ 12,152,031** | **$ 1,725,102** | **$ 10,426,929** | |
| **Federal Transit Administration Formula Grants Total** | | | **$ 381,941,598** | **$ 259,519,595** | **$ 122,422,003** | |

First Quarter Grant Reimbursement Status Report

July through September 2023

| Federal Transit Administration (FTA) Formula and Discretionary Grant Agreements | | | | | | |
|---|---|---|---|---|---|---|
| | FEDERAL FISCAL YEAR | GRANT NUMBER | FEDERAL AMOUNT | FEDERAL AMOUNT REIMBURSED | REMAINING BALANCE | ANTICIPATED CLOSE-OUT |
| **Discretionary Grants** | | | | | | |
| **FTA Section 5309 - Discretionary Capital Grant Program** | | | | | | |
| 15 | 2018 | CA-2020-281 | $ 913,115 | $ 152,936 | $ 760,179 | September 2025 |
| **FTA Section 5309 Grant Subtotal** | | | **$ 913,115** | **$ 152,936** | **$ 760,179** | |
| **FTA Section 5309 - Capital Investment Grants - Full Funding Grant Agreement (FFGA)** | | | | | | |
| 16 | 2019 | CA-2019-018 | $ 148,955,409 | $ 129,870,358 | $ 19,085,051 | January 2024 |
| **FTA Section 5309 FFGA Grant Subtotal** | | | **$ 148,955,409** | **$ 129,870,358** | **$ 19,085,051** | |
| **FTA Section 5339b - Bus and Bus Facilities** | | | | | | |
| 17 | 2017 | CA-2021-052 | $ 1,206,518 | $ 865,759 | $ 340,759 | January 2024 |
| **FTA 5339b Grant Subtotal** | | | **$ 1,206,518** | **$ 865,759** | **$ 340,759** | |
| **Federal Transit Administration Discretionary Grants Total** | | | **$ 151,075,042** | **$ 130,889,053** | **$ 20,185,989** | |
| **Total Federal Transit Administration Formula and Discretionary Grant Agreements** | | | **$ 533,016,640** | **$ 390,408,648** | **$ 142,607,992** | |

**Funding Source Notes**

FTA Section 5307 - Federal Transit Administration Urbanized Area Formula Grant Program: Funds are used to fund preventive maintenance, capital cost of contracting, and to purchase revenue vehicles, facility modifications, and bus-related equipment.

FTA Section 5307 - Federal Funds flexed from the Federal Highway Administration (FHWA): Funds are used to fund preventive maintenance, capital cost of contracting, and to purchase revenue vehicles, facility modifications, and bus-related equipment.

FTA Section 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities Grant Program: Formula funding to states for the purpose of assisting nonprofit groups in meeting the transportation needs of the elderly and persons with disabilities.

FTA Section 5337 - State of Good Repair Grant Program: A formula-based State of Good Repair program dedicated to repairing and upgrading the nation's rail transit systems along with high-intensity motor bus systems that use high-occupancy lanes.

FTA Section 5339 - Buses and Bus Facilities Grant Program: A formula-based program dedicated to support capital projects such as the replacement, rehabilitation, and purchase of buses, vans, and related equipment.

FTA Section 5309 - Discretionary Capital Grant Program: Grants provide for projects that improve efficiency and coordination of transportation systems.

FTA Section 5309 - Capital Investment Grants - Full Funding Grant Agreement (FFGA): Grants provide for projects that improve efficiency and coordination of transportation systems.

FTA Section 5339b - Bus and Bus Facilities: Grants provide support for capital projects such as the replacement, rehabilitation, and purchase of buses, vans, and related equipment.

**First Quarter Grant Reimbursement Status Report**

**July through September 2023**

**ATTACHMENT C**

| | | | | | | |
|---|---|---|---|---|---|---|
| **State and Federal Highway Administration Formula Grant Agreements** | | | | | | |
| | **FISCAL YEAR (FY)** | **PROJECT** | **GRANT AMOUNT** | **AMOUNT REIMBURSED** | **REMAINING BALANCE** | **ANTICIPATED CLOSE-OUT** |
| **CMAQ - Federal Highway Administration Congestion Mitigation & Air Quality Grant Program** | | | | | | |
| 1 | 23 | Countywide Signal Synchronization | $ 15,000,000 | $ 0 | $ 15,000,000 | June 2028 |
| **CMAQ Subtotal** | | | **$ 15,000,000** | **$ 0** | **$ 15,000,000** | |
| **STBG - Federal Highway Administration Grant Program - State Transportation Block Grant** | | | | | | |
| 2 | 2016 | Interstate-405, State Route-73 to Interstate-605 (CON) | $ 1,000 | $ 0 | $ 1,000 | January 2024 |
| 3 | 2019 | Interstate-5, Orange/San Diego County Line to Avenida Pico (PA/ED) | 5,500,000 | 4,045,290 | 1,454,710 | June 2025 |
| 4 | 2019 | State Route-55, Interstate-405 to Interstate-5 (ROW) | 49,387,088 | 5,113,011 | 44,274,077 | June 2026 |
| 5 | 2020 | Interstate-5 Segment 1, State Route-73 to Oso Pkwy (CON) | 3,984,000 | 3,846,011 | 137,989 | June 2025 |
| 6 | 2020 | Interstate-5, Yale to SR-55 (PS&E) | 10,900,000 | 7,497,870 | 3,402,130 | June 2025 |
| 7 | 2022 | State Route-55, Interstate-405 to Interstate-5 (ROW Utility Relocation) | 28,833,069 | 2,786,674 | 26,046,395 | June 2026 |
| 8 | 2022 | State Route-55, Interstate-405 to Interstate-5 (ROW) | 60,859,718 | 2,945,634 | 57,914,084 | June 2026 |
| 9 | 2022 | State Route-55, Interstate-5 to State Route-91 (PS&E) | 2,140,755 | 267,473 | 1,873,282 | June 2027 |
| 10 | 2023 | Interstate-5, Yale to SR-55 (ROW) | 14,646,368 | 0 | 14,646,368 | June 2025 |
| 11 | 2023 | State Route-55, Interstate-405 to Interstate-5 (CON) | 3,830,000 | 3,078,832 | 751,168 | June 2026 |
| **STBG Subtotal** | | | **$ 180,081,998** | **$ 29,580,793** | **$ 150,501,205** | |
| **Low Carbon Transit Operations Program (LCTOP) - California Department of Transportation (CALTRANS)** | | | | | | |
| 12 | 2020 | Battery Electric Buses, Bus Depot Upgrade & Charging Infrastructure | $ 7,537,886 | $ 4,269,552 | $ 3,268,334 | January 2024 |
| 13 | 2020 | Bravo! Route 529 Start-up & Operations | 3,068,078 | 2,769,587 | 298,491 | January 2024 |
| 14 | 2020 | College Fare Program - Irvine Valley, Saddleback, Cypress and Coastline | 749,243 | 76,122 | 673,121 | January 2024 |
| 15 | 2021 | College Fare Program for Orange Coast College | 716,152 | 134,597 | 581,555 | August 2024 |
| 16 | 2021 | Welcome Back Fare Reduction Program | 3,538,747 | 558,571 | 2,980,176 | August 2024 |
| 17 | 2022 | Bravo! 553 Rapid Bus Service Operating Subsidy | 1,553,772 | 754,755 | 799,017 | August 2025 |
| 18 | 2022 | Youth Ride Free Program | 8,027,983 | 1,515,253 | 6,512,730 | August 2024 |
| 19 | 2024 | Garden Grove Hydrogen Fueling Station (CON) | 9,664,388 | 0 | 9,664,388 | February 2027 |
| **LCTOP Subtotal** | | | **$ 34,856,249** | **$ 10,078,436** | **$ 24,777,813** | |
| **Highway Infrastructure Program (HIP)** | | | | | | |
| 20 | 2022 | State Route-55, Interstate-5 to State Route-91 (PS&E) | $ 3,359,000 | $ 419,684 | $ 2,939,316 | June 2027 |
| 21 | 2022 | State Route-57, Orangewood to Katella Ave (PS&E) | 2,790,000 | 1,240,340 | 1,549,660 | June 2025 |
| **HIP Subtotal** | | | **$ 6,149,000** | **$ 1,660,024** | **$ 4,488,976** | |
| **State Transportation Improvement Plan (STIP) Programming, Planning & Monitoring (PPM)** | | | | | | |
| 22 | 2022 | PPM Program | $ 1,437,000 | $ 114,458 | $ 1,322,542 | December 2024 |
| 23 | 2023 | PPM Program | 1,848,000 | 0 | 1,848,000 | December 2025 |
| **STIP PPM Subtotal** | | | **$ 3,285,000** | **$ 114,458** | **$ 3,170,542** | |

## First Quarter Grant Reimbursement Status Report

## July through September 2023

| State and Federal Highway Administration Formula Grant Agreements | | | | | | |
|---|---|---|---|---|---|---|
| | FISCAL YEAR (FY) | PROJECT | GRANT AMOUNT | AMOUNT REIMBURSED | REMAINING BALANCE | ANTICIPATED CLOSE-OUT |
| **Senate Bill 1: State of Good Repair (SB1 SGR)** | | | | | | |
| 24 | 2020 | Transit Security Operation Center (CON) | $ 2,560,021 | $ 0 | $ 2,560,021 | January 2028 |
| 25 | 2021 | Electrical Service for Hydrogen Fueling Station at Santa Ana Bus Base | 465,095 | 373,791 | 91,304 | July 2024 |
| 26 | 2021 | Fire Alarm Control Panel Replacement at Santa Ana Base | 496,299 | 371,554 | 124,745 | November 2024 |
| 27 | 2021 | Security Gates | 2,966,000 | 114,142 | 2,851,858 | January 2026 |
| 28 | 2021 | Transit Security Operation Center (CON) | 2,011,278 | 0 | 2,011,278 | January 2028 |
| 29 | 2022 | Transit Security Operation Center (CON) | 6,416,264 | 0 | 6,416,264 | January 2028 |
| 30 | 2023 | Heating-Ventilation Unit Replacements at Santa Ana Bus Base (CON) | 1,150,000 | 0 | 1,150,000 | December 2026 |
| 31 | 2023 | Transit Security Operation Center (CON) | 5,435,423 | 0 | 5,435,423 | January 2028 |
| **SB1 SGR Subtotal** | | | **$ 21,500,381** | **$ 859,487** | **$ 20,640,893** | |
| **Total State and Federal Highway Administration Formula Grant Agreements** | | | **$ 260,872,628** | **$ 42,293,198** | **$ 218,579,430** | |

**Project Phases:**

CON- Construction, Construction Management, Construction Engineering or Force Account expenses.

PA/ED- Project Approval and Environmental Design.

PS&E- Agency Preliminary Engineering.

PSR- Development Support and Project Study Report.

ROW- Right-of-Way Services, Engineering, Administration, Acquisition, Utility Relocation or Relocation Assistance.

**ATTACHMENT D**

**First Quarter Grant Reimbursement Status Report**

**July through September 2023**

| State Discretionary Grant Agreements | | | | | | |
|---|---|---|---|---|---|---|
| | **FISCAL YEAR** | **PROJECT** | **GRANT AMOUNT** | **AMOUNT REIMBURSED** | **REMAINING BALANCE** | **ANTICIPATED CLOSE-OUT** |
| **Active Transportation Program (ATP)** | | | | | | |
| 1 | 2020 | Safe Travels Education Program (STEP) Campaign | $ 500,000 | $ 276,061 | $ 223,939 | January 2024 |
| **ATP Subtotal** | | | **$ 500,000** | **$ 276,061** | **$ 223,939** | |
| **Air Quality Management District (AQMD) Grant Program and Mobile Source Air Pollution Reduction Review Committee (MSRC)** | | | | | | |
| 2 | 2019 | La Habra Union Pacific Rail Bikeway | $ 91,760 | $ 0 | $ 91,760 | November 2024 |
| **MSRC Subtotal** | | | **$ 91,760** | **$ 0** | **$ 91,760** | |
| **Transit and Intercity Rail Capital Program (TIRCP)** | | | | | | |
| 3 | 2020 | Orange County Maintenance Facility (PA/ED) | $ 4,829,000 | $ 3,953,934 | $ 875,066 | January 2024 |
| 4 | 2021 | Irvine Station (PA/ED) | 2,839,000 | 0 | 2,839,000 | June 2024 |
| **TIRCP Subtotal** | | | **$ 7,668,000** | **$ 3,953,934** | **$ 3,714,066** | |
| **Transit Security Grant Program (TSGP) - State Office of Homeland Security** | | | | | | |
| 5 | 2023 | Visible Intermodal Prevention & Response and Counter Terrorism Team Operations | $ 36,635 | $ 0 | $ 36,635 | December 2025 |
| **TSGP Subtotal** | | | **$ 36,635** | **$ 0** | **$ 36,635** | |
| **Transit Security Administration (TSA) National Explosives Detection Canine Team Program (NEDCTP) - Department of Homeland Security** | | | | | | |
| 6 | 2023 | Transportation Security Administration Canine | $ 151,500 | $ 59,266 | $ 92,234 | January 2024 |
| **TSA Canine Subtotal** | | | **$ 151,500** | **$ 59,266** | **$ 92,234** | |
| **Senate Bill 1: Local Partnership Program (SB1 LPP)** | | | | | | |
| 7 | 2018 | Garden Grove Boulevard Signal Synchronization (CON) | $ 1,353,000 | $ 1,136,517 | $ 216,483 | January 2024 |
| 8 | 2018 | Katella Avenue Signal Synchronization (CON) | 2,449,000 | 1,895,467 | 553,533 | January 2024 |
| 9 | 2018 | Los Alisos Boulevard Signal Synchronization (CON) | 1,117,000 | 968,626 | 148,374 | January 2024 |
| 10 | 2018 | Main Street Signal Synchronization (CON) | 1,926,000 | 1,721,665 | 204,335 | January 2024 |
| 11 | 2023 | Interstate-5, Segment 1, Interstate-405 to Yale Ave (PS&E) | 7,395,000 | 1,953,226 | 5,441,774 | June 2025 |
| 12 | 2023 | Interstate-5, Segment 1, Interstate-405 to Yale Ave (ROW) | 3,979,000 | 0 | 3,979,000 | June 2025 |
| **SB1 LPP Subtotal** | | | **$ 18,219,000** | **$ 7,675,501** | **$ 10,543,499** | |
| **Senate Bill 1: Solutions for Congested Corridors Program (SB1 SCCP)** | | | | | | |
| 13 | 2019 | Edinger Avenue Signal Synchronization (CON) | $ 4,957,000 | $ 1,395,084 | $ 3,561,916 | June 2024 |
| 14 | 2020 | MacArthur Signal Synchronization (CON) | 2,951,200 | 809,556 | 2,141,644 | June 2024 |
| 15 | 2020 | Warner Avenue Signal Synchronization (CON) | 4,092,000 | 1,464,125 | 2,627,875 | June 2024 |
| **SB1 SCCP Subtotal** | | | **$ 12,000,200** | **$ 3,668,765** | **$ 8,331,435** | |
| **Senate Bill 1: Planning Grants (SB1 PL)** | | | | | | |
| 16 | 2023 | Transportation Demand Management Plan | $ 150,000 | $ 6,169 | $ 143,831 | April 2025 |

**First Quarter Grant Reimbursement Status Report**

**July through September 2023**

| State Discretionary Grant Agreements | | | | | | |
|---|---|---|---|---|---|---|
| | **FISCAL YEAR** | **PROJECT** | **GRANT AMOUNT** | **AMOUNT REIMBURSED** | **REMAINING BALANCE** | **ANTICIPATED CLOSE-OUT** |
| **SB1 PL Subtotal** | | | **$ 150,000** | **$ 6,169** | **$ 143,831** | |
| **Strengthening Mobility and Revolutionizing Transportation (SMART)** | | | | | | |
| 17 | 2023 | Harbor Blvd Pilot Traffic Signal Prioritization | $ 1,600,000 | $ 0 | $ 1,600,000 | March 2025 |
| **SMART Subtotal** | | | **$ 1,600,000** | **$ 0** | **$ 1,600,000** | |
| **State Highway Operation and Protection Program (SHOPP)** | | | | | | |
| 18 | 2018 | State Route-55, Interstate-405 to Interstate-5 (ROW Utility Relocation) | $ 6,304,461 | $ 997,441 | $ 5,307,020 | June 2025 |
| 19 | 2018 | State Route-55, Interstate-405 to Interstate-5 (ROW) | 16,395,539 | 7,751,035 | 8,644,504 | June 2025 |
| **SHOPP Subtotal** | | | **$ 22,700,000** | **$ 8,748,476** | **$ 13,951,524** | |
| **Total State Discretionary Grant Agreements** | | | **$ 63,117,095** | **$ 24,388,172** | **$ 38,728,923** | |

**Project Phases:**

CON- Construction, Construction Management, Construction Engineering or Force Account expenses.

PA/ED- Project Approval and Environmental Design.

PS&E- Agency Preliminary Engineering.

PSR- Development Support and Project Study Report.

ROW- Right-of-Way Services, Engineering, Administration, Acquisition, Utility Relocation or Relocation Assistance.

**ATTACHMENT E**

**First Quarter Grant Reimbursement Status Report**

**July through September 2023**

| Closed Grant Agreements | | | | | | |
|---|---|---|---|---|---|---|
| | **FISCAL YEAR (FY)** | **FUNDING SOURCE** | **PROJECT** | **GRANT AMOUNT** | **AMOUNT REIMBURSED** | **REMAINING BALANCE** |
| 1 | 2022 | FTA Section 5337 | FTA CA-2023-114 | $ 3,906,000 | $ 3,906,000 | $ 0 |
| 2 | 2021 | SB1 PL | Orange County Bike Connectors Gap Closure Feasibility Study | 160,000 | 159,936 | 64 |
| 3 | 2021 | STIP PPM | PPM Program | 1,000,000 | 1,000,000 | 0 |
| 4 | 2023 | TSA Canine | Transportation Security Administration Canine | 151,500 | 126,747 | 24,753 |
| **Total Closed Grants** | | | | **$ 5,217,500** | **$ 5,192,683** | **$ 24,817** |

**Funding Source Notes**

Federal Transit Administration (FTA)

Senate Bill 1: Planning Grants (SB1 PL): Grant remaining balance is due to project savings.

State Transportation Improvement Plan (STIP) Programming, Planning & Monitoring (PPM)

Transit Security Administration (TSA) National Explosives Detection Canine Team Program (NEDCTP) - Department of Homeland Security: Grant remaining balance is from project savings.

COMMITTEE TRANSMITTAL

**November 27, 2023**

| | |
|---|---|
| **To:** | Members of the Board of Directors |
| **From:** | Andrea West, Interim Clerk of the Board |
| **Subject:** | Status Report of State Legislation Enacted in 2023 |

Legislative and Communications Committee Meeting of November 16, 2023

Present: Directors Diaz, Dumitru, Foley, Goodell, and Wagner
Absent: Directors Hernandez and Jung

## Committee Vote

This item was passed by the Members present.

## Committee Recommendation

Receive and file as an information item.

OCTA

*November 16, 2023*

**To:** Legislative and Communications Committee

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

***Subject:*** Status Report of State Legislation Enacted in 2023

### *Overview*

At the conclusion of the 2023 state legislative session, 890 bills were signed into law by Governor Newsom and chaptered by the Secretary of State, while 156 bills were vetoed. A report containing an analysis of legislation relevant to the Orange County Transportation Authority is provided.

### *Recommendation*

Receive and file as an information item.

### *Discussion*

2023 Legislative Session Adjourns

Following the State Legislature's adjournment, the Governor had until October 14, 2023, to either sign or veto all legislation submitted to his office. Of the 1046 bills sent to the Governor this year, 156 bills were vetoed, or 14.9 percent of the total number of bills passed by the Legislature. The Governor acted on 120 less bills this year than last year.

The Orange County Transportation Authority (OCTA) Board of Directors, legislative staff, stakeholders, and advocates were successful in advancing many of OCTA's interests in 2023. A detailed summary of legislation relevant to OCTA is included as Attachment A.

Status of Legislation Considered in 2023 – Notable Bills Signed

AB 96 (Kalra, D-San Jose): Public Employment: Local Public Transit Agencies: Autonomous Transit Vehicle Technology
Position: Neutral (Previously "Oppose Unless Amended")

AB 96 requires public transit employers to provide certain information to union representatives when the employer is beginning the process of procuring autonomous transit vehicle technology. Specifically, AB 96 requires a public transit employer to notify, in writing, the union representative at least ten months before beginning a procurement process to acquire or deploy any autonomous transit vehicle technology for public transit services that would eliminate job functions or jobs of the workforce. Following a written request by the union, the public transit employer must commence collective bargaining within 30 days of the union receiving the notification or within ten days of the public transit employer receiving the written request, whichever occurs later. The bargaining can only be on the following subjects: developing the new autonomous transit vehicle technology, implementing the new autonomous transit vehicle technology, creating a transition plan for affected workers, and creating plans to train and prepare the affected workforce to fill new positions created by a new autonomous transit vehicle technology. OCTA originally took an "Oppose Unless Amended" position, citing the redundancy of transit agencies already being engaged in collective bargaining procedures with employees, in addition to inadequate time for agencies to provide information to employee representatives that would encompass a comprehensive analysis for the effects associated with the new autonomous transit vehicle technology. OCTA successfully secured amendments to address these concerns resulting with an updated "Neutral" position.

SB 381 (Min, D-Irvine): Electric Bicycles: Study
Position: Support

SB 381 requires the Mineta Transportation Institute at San Jose State University to conduct a study by January 1, 2026, on electric bicycles. This study would inform efforts for improving the safety of riders and pedestrians with a report of the findings being submitted to the Legislature. The report would examine, identify, and analyze available information, including data on injuries, factors that are correlated with the crashes, best practices to promote safe use, laws in other states pertaining to electric bicycles, data on safety accessories, data on manufacturing of electric bicycles, review of policies in other counties, and recommendations for state policy to support expanded use of electric bicycles that protects the safety of riders. OCTA has been working with cities throughout the County on providing information to improve the safe operation of electric bicycles, including attending community events, hosting city roundtable discussions, and distributing materials. OCTA will monitor the development of this report to help inform OCTA's efforts to promote the safe operation of electric bicycles.

SB 617 (Newman, D-Fullerton): State Government
Position: Support

SB 617 authorizes a local agency to utilize progressive design-build authority for ten public works projects over $5 million so long as they follow certain requirements. Additionally, SB 617 specifies that a local agency would include that a transit district, municipal operator, consolidated agency, joint powers authority, regional transportation agency, or local or regional agency are all authorized to use the progressive design-build procurement method. Furthermore, the legislation requires that one of the following circumstances be met: a lead agency enters into a project labor agreement that will bind contractors and subcontractors to use a skilled and trained workforce, the project or contract is being performed under the extension or renewal of a project labor agreement that was entered into before January 1, 2023, or the project labor agreement will bind the entity and all its subcontractors at every tier of performing the project or contract to use a skilled and trained workforce. No later than January 1, 2028, a local agency that uses this authorization must submit a report to the Legislature on the use of the progressive design-build process, including a description of the project, contract award amounts, any written protests, description of the prequalification process, number of specialty contractors, and more. The authority is available until January 1, 2029.

SB 617 was a part of the Governor's infrastructure streamlining package for this year, aiming to spur economic activity. OCTA will consider utilizing this authority on relevant transit projects. By using this authority, a lead agency procures a design-builder much earlier in the project development process than under traditional design-build authority. This ensures the design-build entity is involved in some of the earliest design decisions. Through this increased collaboration, risks can be identified earlier and mitigated. Progressive design-build project delivery also requires cost estimates to be developed and agreed to earlier, placing more responsibility on the design-builder to remain within budget, thus affording more price certainty.

SB 677 (Blakespear, D-Encinitas): Intercity Rail: Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor
Position: Support

The LOSSAN Rail Corridor Agency develops an annual business plan for submittal to the California State Transportation Agency (CalSTA). The business plan includes a report on recent and historical performance of the corridor service, overall operating plan to increase ridership and provide for increased traveler demands in the corridor, short- and long-term capital improvement programs, funding requirements for the upcoming fiscal year, and an action plan with performance goals and objectives. SB 677 requires future iterations of the business plan to include a description of how to adapt to climate changes impacts on the LOSSAN Corridor, an identification of the projects planned to increase climate resiliency on the corridor, and possible funding options for the projects identified, including but not limited to, federal and state funding. This bill provides that these additions be included in the upcoming business plan with a due date of April 1, 2024, and every plan annually thereafter. SB 677 provides an opportunity to identify potential future environmental challenges to the corridor.

<u>SB 706 (Caballero, D-Salinas): Public Contracts: Progressive Design-Build: Local Agencies</u>
Position: Support

SB 706 authorizes a city, county, or special district to utilize progressive design-build authority for ten public works projects over $5 million for each project so long as they follow certain requirements, including those related to labor and reporting. The authority would be available until January 1, 2030. Prior to this law, this authority was only authorized in limited situations under state statute, specifically for certain water projects and projects undertaken by the Department of General Services. The legislation requires that one of the following circumstances be met: a lead agency enters into a project labor agreement that will bind contractors and subcontractors to use a skilled and trained workforce, the project or contract is being performed under the extension or renewal of a project labor agreement that was entered into before January 1, 2023, or the project labor agreement will bind the entity and all its subcontractors at every tier of performing the project or contract to use a skilled and trained workforce. By December 31, 2028, a local agency that uses this authorization must submit a report to the Legislature on the use of the progressive design-build process, including a description of the project, contract award amounts, any written protests, description of the prequalification process, number of specialty contractors, and more.

SB 706 was a part of the Governor’s infrastructure streamlining package for this year, aiming to spur economic activity. OCTA will consider utilizing this authority on relevant projects. By using this authority, a lead agency procures a design-builder much earlier in the project development process than under traditional design-build authority. This ensures the design-build entity is involved in some of the earliest design decisions. Through this increased collaboration, risks can be identified earlier and mitigated. Progressive design-build project delivery also requires cost estimates to be developed and agreed to earlier, placing more responsibility on the design-builder to remain within budget, thus affording more price certainty.

Additional Bills of Interest – Vetoed

AB 719 (Boerner, D-Carlsbad): Medi-Cal: Nonmedical and Nonemergency Medical Transportation
Position: Support

Following the enactment of AB 2394 (Chapter 615, Statutes of 2016), transportation providers are responsible for acquiring reimbursement from the Medi-Cal Managed Care Plans (MCP) on their own. MCPs can receive both state and federal funds to offer Medi-Cal related transportation services, but they are not required to reimburse transportation providers. As a result, MCPs are placed under little to no pressure to partner with transportation providers on conducting such reimbursements. AB 719 would have required the California State Department of Health Care Services (DHCS) to require MCP to contract with public transit operators to establish reimbursement rates for nonmedical and nonemergency medical transportation trips based on the fee-for-service rates determined by DHCS for nonmedical and nonemergency medical transportation service. This legislation would have affected OCTA's OC ACCESS service, which is a shared-ride service that is available to qualified applicants whose physical or cognitive limitations prevent them from utilizing the regular OC Bus fixed-route service. Public transportation operators are federally mandated to provide transportation for medically necessary Medi-Cal-related services, such as traveling to a doctor's appointment and picking up prescriptions. In these instances, public transportation is the only affordable option to access such care. AB 719 would have provided a more robust line of communication between the MCPs and public transportation operators, taking the burden off the transportation provider to make reimbursement requests on their own. AB 719 would have created an opportunity for a more equitable reimbursement system to occur and ultimately, save transit operators money.

In his veto message, the Governor indicated he supports efforts to encourage more public paratransit service operators to enroll as nonmedical transportation providers in Medi-Cal and that it would be beneficial to have more options for nonmedical transportation in the Medi-Cal system. However, AB 719 would have required DHCS to pursue a series of federal approvals that are currently not allowable under federal guidance.

AB 819 (Bryan, D-Culver City): Crimes: Public Transportation: Fare Evasion
Position: Monitor

AB 819 would have no longer categorized public transportation fare evasion, misuse of a transfer, pass, ticket, or token as a misdemeanor following a third or subsequent violation. Instead, it would have made a third or subsequent violation punishable by only a fine of up to $400. With safety being a top concern for transit operators, this bill could have negatively impacted efforts toward creating a safer transit system. In his veto message, the Governor indicated that fare evasion continues to be an issue for transit operators across the state, costing them millions of dollars each year. The veto message went on to say that many of the crimes committed on certain transit systems are committed by people who have not paid a fare. The Governor vetoed this bill because taking an action to reduce penalties could contribute to an increase in crime on transit.

Additional Bills of Interest with OCTA Position – Two-Year Bills

AB 6 (Friedman, D-Burbank): Transportation Planning: Regional Transportation Plans: Solutions for Congested Corridors Program (SCCP): Reduction of Greenhouse Gas Emissions
Position: Oppose

AB 6 revises the SB 375 (Chapter 728, Statutes of 2008) greenhouse gas (GHG) emission reduction target setting process to require regions to not only meet targets for 2020 and 2035, but also for 2045. As part of the process of complying with SB 375, AB 6 would set forward specific deadlines a metropolitan planning organization (MPO) must meet as they develop their sustainable communities strategy (SCS):

- At least 60 days before the start of the public participation process related to the SCS, the MPO must submit a description of the technical methodology it intends to use to estimate GHG emission reductions. AB 6 would require this methodology to be subject to the California Air Resources Board's (CARB) approval. AB 6 also requires, rather than encourages, the MPO to work with CARB until CARB concludes the technical methodology is accurate and approves its use.

- Within 120 business days after adoption of the SCS (or alternative planning strategy), the MPO is to submit it to CARB for review. AB 6 would also now require CARB to approve the SCS (or alternative planning strategy). CARB is to complete its review within 180 days.

In addition to the revisions to the process of developing an SCS under SB 375, AB 6 would also revise the criteria for the SB 1 (Chapter 5, Statutes of 2017) SCCP to require a project application submitted for funding to demonstrate how the project would contribute to achieving the state's GHG emission reduction targets.

AB 6 would add significant, additional oversight from CARB in how a region meets its GHG emission reduction targets. Already, CARB must review a region's technical methodology for measuring GHG emission reductions, and a region's final SCS (or alternative planning strategy). However, under existing law, this is only subject to feedback and not explicit approval. Further, nothing requires an MPO to continue to work with CARB until an agreement is reached that the technical methodology is accurate. These new requirements would allow CARB to not only potentially delay the start of the public input process, but also would provide CARB the ability to reject a region's strategies for meeting the GHG emission reduction targets, even when the technical methodology is accurate. This changes the original intent of SB 375 in affording a bottoms-up approach to these strategies and gives CARB direct oversight over a region's models and strategies.

AB 6 is likely to be taken up by the Legislature again next year in a potentially revised format following negotiations during the interim.

<u>AB 7 (Friedman, D-Burbank): Transportation: Planning: Project Selection Processes</u>
Position: Oppose

AB 7 seeks to add new requirements for the California Transportation Plan (CTP) and lists priorities which CalSTA, the California Department of Transportation (Caltrans), and the California Transportation Commission (CTC) are to incorporate into their processes for transportation project development, selection, and implementation, to the extent applicable, feasible, and cost effective.

The CTP is a long-range transportation plan developed by Caltrans every five years, pursuant to state statute, to demonstrate how the State will meet its GHG emission reduction goals. AB 7 would require the CTP to include a financial element that summarizes the full cost of the CTP, available revenues through the planning period, and what is feasible within the plan if constrained by actual revenues. Further, this element is to evaluate the feasibility of any policy assumptions or scenarios included in the CTP and may discuss tradeoffs within the plan considering fiscal constraints. AB 7 also requires the CTP to include an analysis, to the extent applicable and feasible, of how CalSTA, Caltrans, and the CTC are achieving principles outlined in the Climate Action Plan for Transportation Infrastructure (CAPTI), the Infrastructure Investment and Jobs Act, and the federal Justice40 initiative, which is from a federal Executive Order that created the goal of having 40 percent of certain federal investments flow to disadvantaged communities.

AB 7 also requires CalSTA, Caltrans, and the CTC to incorporate goals to CAPTI into program funding guidelines and planning processes. Overall, the language in AB 7 is ambiguous and could jeopardize transportation funding and planning programs. For example, as currently drafted, AB 7 would apply to any funding program administered by the specified agencies, including formula programs OCTA receives directly like State Transportation Improvement Program and Low Carbon Transit Operations Program. It would also apply to various competitive grant programs including the Transit and Intercity Rail Capital Program and SB 1 programs. The bill's reference to project development and implementation also infers that these principles are to apply beyond the funding programs, including potentially in approval processes and permitting.

Of the priorities listed in AB 7, some do not align with the intent of existing funding programs, and they do not encompass all of the priorities of the federal funding programs cited. This could create discrepancies between how state agencies prioritize transportation programs and what is required under federal law. Further, complete discretion is given to CalSTA, Caltrans, and the CTC to determine which priorities are applicable, feasible, and cost-effective for each area, regardless of what statute already requires. This could provide an opportunity to add significant new requirements to SB 1 programs and other transportation funds, rewriting the original intent of those programs. It could also provide authorization to add new requirements to how a project is planned and implemented. This creates significant uncertainty for future transportation funding and planning efforts, impacting projects by OCTA. It is expected that the author may address any concerns. This bill is likely to again be taken up by the Legislature, perhaps in a revised format, next year.

***Summary***

A report containing an analysis of legislation enacted in 2023 affecting OCTA is provided.

***Attachment***

A. Orange County Transportation Authority 2023 End of Year Legislative Report

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ATTACHMENT A

# ORANGE COUNTY TRANSPORTATION AUTHORITY 2023 END OF YEAR LEGISLATIVE REPORT

## LEGISLATION ENACTED

## I. Active Transportation

**AB 410 (Jones-Sawyer, D-Los Angeles): Shared mobility devices.**
**(Chapter 36, Statutes of 2023)**
To inform visually impaired individuals how to identify and contact a shared mobility service provider, current law requires a shared mobility service provider to affix to each shared mobility device a tactile sign containing raised characters and accompanying braille and specified information about the service provider. AB 410 enhances braille protections for visually impaired individuals by adding a certain height and color contrast to the characters. These added requirements become operative on January 1, 2024, with the bill taking effect immediately to ensure changes are made before the operative date.

*Urgency Bill – Effective Immediately*

Orange County Transportation Authority (OCTA) Position – Monitor

Impact on OCTA: *For informational purposes.*

**AB 458 (Jones-Sawyer, D-Los Angeles): Shared mobility devices: insurance.**
**(Chapter 440, Statutes of 2023)**
Current law requires that a shared mobility service provider enters into an agreement with a city or county and that the agreement asserts a specified amount of commercial general liability insurance. Current law also requires that the shared mobility service provider offer the user of a shared mobility device insurance coverage for bodily injury or death suffered by a pedestrian when negligent conduct of the shared mobility device is involved. AB 458 asserts that the insurance offered is not a group insurance policy and provides that the insurance coverage on the device for bodily injury or death suffered by a pedestrian does not prohibit an aggregated cap on that insurance coverage. In short, this bill clarifies language from previous legislation, AB 371 (Chapter 740, Statutes of 2022), to explicitly state an aggregate limit for insurers not less than $5 million.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**SB 381 (Min, D-Irvine): Electric bicycles: study.**
**(Chapter 869, Statutes of 2023)**
SB 381 requires the Mineta Transportation Institute at San Jose State University (Mineta Institute) to conduct a study on electric bicycles by January 1, 2026. This study would

inform efforts for improving the safety of riders and pedestrians with a report of the findings being submitted to the Legislature. The report would examine, identify, and analyze available information, including data on injuries, factors that are correlated with the crashes, best practices to promote safe use, laws in other states about electric bicycles, data on safety accessories, data on manufacturing of electric bicycles, review of policies in different counties, and recommendations for state policy to support expanded use of electric bicycles that protects the safety of riders.

OCTA Position – Support

Impact on OCTA: *OCTA has been working with cities throughout the County on providing information to improve the safe operation of electric bicycles, including attending community events, hosting city roundtable discussions, and distributing materials. OCTA will monitor the development of this report to help inform OCTA's efforts to promote the safe operation of electric bicycles.*

**SB 538 (Portantino, D-Glendale): Department of Transportation: Chief Advisor on Bicycling and Active Transportation.**
**(Chapter 617, Statutes of 2023)**
The California Department of Transportation (Caltrans) currently includes the Bicycle Facilities Unit, which coordinates all of Caltrans' bicycle programs, promotes bicycle facility design, and pursues the funding and regulations that make the facilities possible. SB 538 requires the Director of Caltrans to appoint a Chief Advisor on Bicycling and Active Transportation, who will serve as Caltrans' chief advisor on everything related to bicycle transportation. The Chief Advisor on Bicycling and Active Transportation will serve as a point of contact for local officials, stakeholders, and the public to provide suggestions related to bicycle transportation, safety, and infrastructure, in addition to ensuring that bicycle avenues are up to date with regulations. The Chief Advisor on Bicycling and Active Transportation will also coordinate with directors at Caltrans on issues such as legislative and public affairs, sustainability, and active transportation.

OCTA Position – Monitor

Impact on OCTA: *The Chief Advisor on Bicycling and Active Transportation will have the expertise to seek improvements related to bicycle and pedestrian safety across California. This will provide guidance for active transportation projects at OCTA as the advisor will be tasked with implementing safe bicycle and pedestrian policies that may be implemented state-wide or locally.*

# II. Audits, Records, Reports, and Litigation

**AB 251 (Ward, D-San Diego): California Transportation Commission: vehicle weight safety study.**
**(Chapter 320, Statutes of 2023)**
AB 251 requires the California Transportation Commission (CTC) to convene a task force to study the relationship between vehicle weight and road user injuries and fatalities,

degradation of road infrastructure, and appropriate responses, including the potential costs and benefits of imposing a passenger vehicle weight fee to factor in passenger vehicle weight to offset unreasonable impacts. Task force members will include the Office of Traffic Safety, the Department of Motor Vehicles, local transportation agencies, safety advocates, and representatives from the automobile industry. A report must be submitted to the Legislature by January 1, 2026. This report will include information on topics such as an analysis of the relationship between passenger vehicle weight and vulnerable road user injuries, an analysis of passenger vehicle weight and degradation of road infrastructure, a discussion of how a passenger vehicle weight fee may change driver behavior, a discussion of how any revenues generated by the imposition of that fee could enhance road infrastructure, and an equity analysis. They must all consider the differential weights of comparable zero-emission and internal combustion engine vehicles and the existing incentives and environmental goals to promote zero-emission vehicle (ZEV) adoption.

OCTA Position – Monitor

Impact on OCTA: *OCTA may wish to inform this process as a task force member or otherwise. Regarding the discussion about a passenger vehicle weight fee, OCTA will work to ensure that any fee is fair and that the funding is reinvested in transportation infrastructure.*

**AB 302 (Ward, D-San Diego): Department of Technology: high-risk automated decision systems: inventory.**
**(Chapter 800, Statutes of 2023)**
AB 302 requires the California Department of Technology to conduct a comprehensive inventory of all high-risk automated decision systems proposed for use or currently used by any state agency. The inventory must include information such as the intended benefits of the system, the results of any research assessing the efficacy of such, categories of data and personal information being used to make these decisions, and any measures in place to mitigate risk. The California Department of Technology must report on this inventory beginning January 1, 2025, and then every year after to the Assembly Committee on Privacy and Consumer Protection and the Senate Committee on Governmental Organization.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This bill does not directly apply to OCTA. However, if there are systems OCTA uses that are similar to these technologies, staff may wish to monitor the inventory and assess any impacts it could have on future technologies being utilized.*

**AB 594 (Maienschein, D-San Diego): Labor Code: alternative enforcement.**
**(Chapter 659, Statutes of 2023)**
Due to California's high population and thus populated workforce, the Division of Labor Standards Enforcement and local agencies are unable to keep up with the number of

labor law violations. As a result, AB 594 authorizes a public prosecutor to prosecute a civil or criminal action for a violation of the Labor Code or to enforce provisions of the code independently. This is different from current practice as AB 594 may cause agencies to be more vulnerable to prosecution since a public prosecutor would be authorized to prosecute a civil or criminal action for violation of the Labor Code without specific direction from the Division of Labor Standards Enforcement or the Division of Workers' Compensation. Regarding the prosecution of an action, an agreement between an employee and their employer mandating private arbitration would have no effect on the proceedings or on the authority of the public prosecutor to enforce the Labor Code. Any employer who attempts to compel a local prosecutor to arbitrate a claim would be deemed frivolous. The Labor Commissioner would also be authorized to issue citations to employers who willfully misclassified their workers. This bill requires money recovered by public prosecutors under the Labor Code to apply firstly to payments due to affected workers. It also requires that all civil penalties recovered pursuant to the provisions be paid to the State's General Fund until January 1, 2029.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**AB 1404 (Carrillo, W., D-Los Angeles): Disability access: internet website-related accessibility claims.**
**(Chapter 842, Statutes of 2023)**
AB 1404 requires that when a civil complaint alleging a website accessibility violation is served on a business, the business also receives a notice detailing important legal rights relating to the accessibility of internet websites. This could include that the business may not be liable for any damages if its website complies with the standards. The Judicial Council must adopt a written advisory notice by January 1, 2026.

OCTA Position – Monitor

Impact on OCTA: *If a complaint is filed against OCTA related to a website accessibility violation, OCTA will additionally receive this notice. The purpose of the bill is to help businesses get into compliance and avoid litigation.*

**SB 69 (Cortese, D-Campbell): California Environmental Quality Act: local agencies: filing of notices of determination or exemption.**
**(Chapter 860, Statutes of 2023)**
SB 69 requires local agencies in charge of California Environmental Quality Act (CEQA) projects to provide additional public notices about the project on certain timelines. Specifically, the notice is to be posted both in the office and on the internet website of the county clerk and by the Office of Planning and Research (OPR) on the State Clearinghouse internet website within 24 hours of receipt. A notice shall remain posted for a period of 30 days.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. Prior to this legislation, only state agencies were required to post CEQA notices. SB 69 adds further CEQA filing processes for local agencies, including OCTA. OCTA will now be required to file CEQA notices with the Governor's Office of Planning and Research, which will then be posted publicly for 30 days.*

**SB 259 (Seyarto, R-Murrieta): Reports submitted to legislative committees. (Chapter 148, Statutes of 2023)**
SB 259 requires a state agency to post on its website any report required or requested by law that the agency submits to a committee of the Legislature or to members of either house of the Legislature. It will also require the Legislative Counsel to make a list of state and local agency reports submitted to the Legislature made available to the public via a link. This bill allows the public to be able to view and read the same materials that legislators have available when making decisions on legislation.

OCTA Position – Monitor

Impact on OCTA: *This bill creates a process for the public to view and read materials that go before legislators when they make decisions in the legislative process. This bill does not directly impact OCTA legislative matters but could afford the opportunity to access state and local agency reports.*

**SB 681 (Allen, D-El Segundo): Political Reform Act of 1974: amendments. (Chapter 499, Statutes of 2023)**
SB 681 reduces the time that bills amending the Political Reform Act of 1974 (PRA) be in final form before passage in each house from 12 to eight days if the previous form of a bill did not amend the PRA. This bill also requires Legislative Counsel to make notification available for the public to sign-up to be notified when the following occurs:

- A new bill amending the PRA is introduced.
- An existing bill amending the PRA is amended, referred to the floor or committee, voted on, or other action triggering notification.
- An existing bill that would not amend the PRA is amended to include provisions that would amend the PRA.

This bill outlines that public notification alerts be sent as soon as feasible, but no later than 9 a.m. the calendar day after the legislative action, and that all alerts regarding the PRA must include "Political Reform Act Bill" in the email subject line.

OCTA Position – Monitor

Impact on OCTA: *OCTA staff monitors PRA legislation because of the impact that the bills have on reporting requirements, which affects OCTA's lobbying efforts. This will afford OCTA with extended time to review these bills.*

**SB 695 (Gonzalez, D-Long Beach): Department of Transportation: internet website: state highway system data and information.**
**(Chapter 629, Statutes of 2023)**
SB 695 requires Caltrans to prepare and make available data and information about projects on the state highway system covering projects between July 1, 2018, and June 30, 2023. This information must be provided no later than January 1, 2025. This data must include, but is not limited to, all of the following:

- The number of total lane miles in the state highway system.
- The number of new total lane miles added to the state highway system.
- Of the lane miles added to the state highway system, a breakdown of the number of miles added by type, including, but not limited to, general purpose lanes, auxiliary lanes, managed lanes, including high-occupancy vehicle lanes, and interchanges, as well as information on improvements to interchanges.
- A project description of each project that added lane miles to the state highway system.
- The number of miles of the state highway system that were relinquished.
- The number of miles of the state highway system that were converted from a general purpose lane to a managed lane, including a high-occupancy vehicle lane, and a high-occupancy vehicle lane to a high-occupancy toll lane or other type of lane.
- The number of homes and businesses that were relocated due to the acquisition of rights-of-way for the new lane miles on the state highway system.
- The number of new bike lane miles added to state highways, broken down by Class I, Class II, Class III, and Class IV.
- The number of new sidewalk miles added to state highways and the number of existing sidewalks that were reconstructed to improve accessibility and the safety of pedestrians.

SB 695 additionally requires Caltrans to prepare and make available data and information on planned, pending projects on the state highway system no later than January 1, 2025. This must include, but is not limited to, all of the following:

- A description of each project, including the location. Location information shall allow the public to clearly understand where the project is being undertaken and may include, to the extent available, specific highway routes, project boundaries, and geolocation data.
- The date each project initiation document was completed.
- The status of each project, including the current phase of development, designated as environmental, design, right-of-way, or construction.
- A determination of the primary purpose and need of each project, if available.

Finally, SB 695 also requires Caltrans to prepare and make available on an annual basis data and information about projects on the state highway system covering the prior fiscal year (FY). This information must be made available no later than January 1, 2026, and then every January 1 each following year. The data must include, but is not limited to, the following:

- All of the data and information included in the historical report.
- A quantification of an increase or decrease in greenhouse gas emissions associated with the lane miles added to the state highway system, if available.
- A quantification of an increase or decrease in vehicle miles traveled on the state highway system associated with the lane miles added to the state highway system.
- A quantification of the mitigation required by Section 21099 of the Public Resources Code as part of the projects that resulted in additional lane miles on the state highway system.
- The number of connections made with locally owned bicycle and pedestrian facilities.

OCTA Position – Monitor

Impact on OCTA: *OCTA will likely receive requests from Caltrans to help inform this data report. It will be of OCTA's interest to monitor the publication of such data to ensure accuracy. The intent of the legislation is to create more transparency in the projects on the state highway system, which could inform future policy and funding decisions.*

**SB 790 (Padilla, D-El Centro): Public records: contracts for goods and services. (Chapter 77, Statutes of 2023)**

The California Public Records Act requires public records to be open to inspection at all times during the office hours of the state or local agency that retains those records and provides that every person has a right to inspect any public record. The act requires state and local agencies to make public records available upon receipt of a request for a copy that reasonably describes an identifiable record not otherwise exempt from disclosure and upon payment of fees to cover costs.

SB 790 requires that any executed contract for the purchase of goods or services by a state or local agency, including terms of payment, is a public record subject to disclosure under the California Public Records Act. The bill provides that any provision in a written agreement that claims to exclude a contract from disclosure by agreeing to consider it a confidential or proprietary record of the vendor is void and unenforceable.

OCTA Position – Monitor

Impact on OCTA: *Currently, OCTA is subject to public records requests, which can be found on OCTA's website. Any member of the public may go to the OCTA Public Records Request Center and submit a records request, find answers to frequently asked questions, or look in the public records archive. A member of the public may choose the type of record they are requesting, such as employee compensation, project reports, media requests, and more. SB 790 adds a new option under the types of records that a member of the public may request to include goods and services contracts. OCTA staff* *will have to update the Public Records Request Center to comply with the new requirements.*

# III. Employment Terms and Workforce Development

**AB 96 (Kalra, D-San Jose): Public employment: local public transit agencies: autonomous transit vehicle technology.**
**(Chapter 419, Statutes of 2023)**
AB 96 requires public transit employers to provide certain information to union representatives when the employer is beginning the process of procuring autonomous transit vehicle technology. Specifically, AB 96 requires a public transit employer to notify, in writing, the union representative at least ten months before beginning a procurement process to acquire or deploy any autonomous transit vehicle technology for public transit services that would eliminate job functions or jobs of the workforce. Following a written request by the union, the public transit employer must commence collective bargaining within 30 days of the union receiving the notification or within ten days of the public transit employer receiving the written request, whichever occurs later. The bargaining can only be on the following subjects: developing the new autonomous transit vehicle technology, implementing the new autonomous transit vehicle technology, creating a transition plan for affected workers, and creating plans to train and prepare the affected workforce to fill new positions created by a new autonomous transit vehicle technology.

OCTA Position – Neutral

Impact on OCTA: *If OCTA intends to procure autonomous transit vehicle technology, it must ensure that it complies with these notification requirements, which could result in a collective bargaining agreement with the union.*

**AB 1020 (Grayson, D-Concord): County Employees Retirement Law of 1937: disability retirement: medical conditions: employment-related presumption.**
**(Chapter 554, Statutes of 2023)**
AB 1020 amends the County Employees Retirement Law of 1937 (CERL) to expand the scope of medical conditions and employment-related presumptions for disability retirement for members of public safety or law enforcement who have completed five or more years of service and that the condition arises out of and in the course of employment. This bill establishes consistency between the California Public Employees' Retirement System and CERL, ensuring that public safety employees do not have inconsistencies with the presumptions that govern workers' compensation disability retirement.

OCTA Position – Monitor

Impact on OCTA: *Orange County is one of 20 California counties that operates separate retirement systems under the CERL. The Orange County Employees Retirement System (OCERS) covers the County of Orange employees and OCTA. As such, OCERS is subject to the provisions of CERL and, thus, subject to the provisions of this bill.*

**AB 1484 (Zbur, D-Los Angeles): Temporary public employees.**
**(Chapter 691, Statutes of 2023)**
AB 1484 requires that temporary employees of a public employer be automatically included in the same bargaining unit as the permanent employees upon the request of the recognized employee organization. The public employer must provide each temporary employee with their job description, wage rates, eligibility for benefits, anticipated length of employment, and procedures on how to apply for open permanent positions upon the temporary employee's hiring.

This bill adds the following to be a matter within the scope of representation in the bargaining units:

- Whether a temporary employee who subsequently obtains permanent employment receives seniority or other credit or benefit for their time spent in temporary employment.
- Whether a temporary employee receives a hiring preference over external candidates for permanent positions.

If a recognized employee organization requests, the public employer must promptly engage in collective bargaining to establish wages, hours, and terms and conditions of employment for the newly added temporary employees if the parties' current memorandum of understanding does not address them. This legislation, however, does not require public employers to retain temporary employees whose services are no longer needed, to require pre-termination hearings before the dismissal of temporary employees, or to prevent a public employer from replacing temporary employees with employees hired for permanent positions.

OCTA Position – Monitor

Impact on OCTA: *This bill directly affects OCTA employees classified as temporary employees, specifically extra-help, limited-term, casual, and seasonal employees. Temporary employees employed through a temporary services employer are not included in the new requirements from the bill. The interns that OCTA employs also fall under the defined temporary employee in the bill. As a result, the bill captures employees retained for intermittent and seasonal needs. The bill also assumes local processes for determining bargaining units and could disrupt the timeline for utilizing a negotiated grievance procedure. AB 1484 mandates that OCTA's bargaining team will need to work with employee organizations to include temporary employees in the same bargaining unit.*

**SB 150 (Durazo, D-Los Angeles): Construction: workforce development: public contracts.**
**(Chapter 61, Statutes of 2023)**
SB 150 requires Caltrans to partner with the California Workforce Development Board to support California's high-road construction jobs careers program, reserving $50 million from the Infrastructure Investment and Jobs Act for this purpose. After

January 1, 2026, would authorize a state agency only to enter into a project labor agreement for a project over $35 million when that agreement also includes provisions addressing community benefits. Community benefits may include partnerships with high-road construction careers programs, local hire goals, coordination with programs that assist veterans in transitioning to civilian employment, job fairs for construction apprenticeship or pre-apprenticeship programs, or other methods agreed upon by the parties to promote employment and training opportunities for veterans and individuals who reside in economically disadvantaged areas. Finally, SB 150 would require CalSTA, the California Workforce Development Agency, and the Government Operations Agency to convene relevant stakeholders to provide recommendations to establish terms to be included as a material part of a contract, including provisions to maximize benefits to marginalized and disadvantaged communities. These recommendations are to be reported to the Legislature and Governor by March 30, 2024.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *This legislation is a part of the Governor's infrastructure streamlining package. OCTA will be aware of these requirements related to project labor agreements. Additionally, staff should be prepared to engage and inform any stakeholder meeting related to developing recommendations to establish terms to be included in a contract.*

**SB 428 (Blakespear, D-Encinitas): Temporary restraining orders and protective orders: employee harassment.**
**(Chapter 286, Statutes of 2023)**
SB 428, which is operative on January 1, 2025, provides employers or collective bargaining representatives with the ability to seek a temporary restraining order on behalf of an employee who is being harassed at work. In the bill, any course of conduct that alarms, annoys, or harasses a person that serves no legitimate purpose is considered harassment. SB 428 defines harassment to expand on the grounds for which an employer can seek a civil restraining order on behalf of an employee. The court cannot grant a civil restraining order that prohibits speech or other activities protected by federal laws governing labor organizing or state laws that regulate communication between public employees and their unions. An employer seeking a temporary restraining order will have to provide the employee the opportunity to decline to be named in the order before the filing of the petition. SB 428 provides employers with a legal tool to stop harassment of employees.

OCTA Position – Monitor
Impact on OCTA: *This bill provides OCTA with the means to stop harassment of employees. Specifically, across the country, there has been an increase in the harassment of employees in general, and especially coach operators working for transportation agencies. OCTA will need to ensure that it has reasonable proof that an employee has suffered harassment to file a civil restraining order on behalf of the employee. As a result, staff will likely need to be trained in what constitutes sufficient*

*evidence of harassment, when to file a civil restraining order, and how to file a civil restraining order. This bill provides OCTA with an opportunity to defend its coach operators or any other employee from harassment.*

**SB 553 (Cortese, D-Campbell): Occupational safety: workplace violence: restraining orders and workplace violence prevention plan.**
**(Chapter 289, Statutes of 2023)**
SB 553 requires an employer to include a workplace violence prevention plan as a part of its injury prevention program. The plan must be in writing and easily accessible to employees. It must include the following information:

- Names or job titles of the persons responsible for implementing the plan.
- Effective procedures to obtain the active involvement of employees and authorized employee representatives in developing and implementing the plan.
- Methods the employer will use to coordinate the implementation of the plan with other employers, when applicable, to ensure that those employers and employees understand their respective roles, as provided in the plan.
- Effective procedures for the employer to accept and respond to reports of workplace violence and to prohibit retaliation against an employee who makes such a report.
- Effective procedures to ensure that supervisory and nonsupervisory employees comply with the plan.
- Effective procedures to communicate with employees regarding workplace violence matters.
- Effective procedures to respond to actual or potential workplace violence emergencies.
- Procedures to develop and provide training.
- Procedures to identify and evaluate workplace violence hazards.
- Procedures to correct workplace violence hazards.
- Procedures for post-incident response and investigation.
- Procedures to review the effectiveness of the plan and revise the plan as needed.
- Procedures or other information required by Cal/OSHA as being necessary and appropriate to protect the health and safety of employees.

Additionally, the employer must record information in a violent incident log for every workplace violence incident, as specified. These must be maintained for five years. SB 553 also requires the employer to provide effective training to employees on the plan and how to report workplace violence incidents. Cal/OSHA must adopt standards regarding the plan required by December 31, 2026, with an initial proposal by December 31, 2025. Beginning January 1, 2025, SB 553 allows for an employer or a collective bargaining representative of an employee who has suffered unlawful violence or a credible threat to seek a temporary restraining order. An opportunity must be provided to the employee who experienced the incident to decline to be named in the temporary restraining order.

OCTA Position – Monitor

Impact on OCTA: *OCTA will engage with Cal/OSHA as they adopt the standards for the workplace violence prevention plan. Following its adoption, OCTA will need to ensure it is compliant with the plan and the new provisions related to temporary restraining orders. Additional training for employees will likely need to be provided.*

**SB 616 (Gonzalez, D-Long Beach): Sick days: paid sick days accrual and use. (Chapter 309, Statutes of 2023)**
SB 616 increases, from three days to five days, the number of paid sick days available to employees. Specifically, beginning January 1, 2024, this bill provides employees with no less than five days of paid sick leave within a specified period of time: either annually, in each 12-month period, or by the 200th calendar day of employment. Workers can use the leave for personal or family illnesses, seeking medical care, or to care for a designated person. This bill also extends certain procedural provisions regarding paid sick days to employees subject to collective bargaining agreements, such as:

- Prohibiting retaliation for using paid sick days.
- Prohibiting the imposition of placing responsibility on the employee to find a replacement worker when using paid sick days.
- Requiring the use of paid sick days for specified health care and situations.

"Employee" does not include an employee covered by a valid collective bargaining agreement if the agreement expressly provides for the wages, hours of work, and working conditions of employees and expressly provides for paid sick days that permit the use of sick days for those employees.

OCTA Position – Monitor

Impact on OCTA: *OCTA largely follows the requirements outlined in the bill. As a result, this bill does not have a significant impact on OCTA aside from ensuring that the provisions outlined are included in OCTA's collective bargaining agreements; however, OCTA will need to ensure compliance.*

**SB 700 (Bradford, D-Inglewood): Employment discrimination: cannabis use. (Chapter 408, Statutes of 2023)**
SB 700 expands on current law prohibiting an employer from discriminating against a person in hiring, termination, or any condition of employment if it is based on the person's use of cannabis off the job and away from the workplace. This bill would make it unlawful for an employer to request information from an applicant relating to their prior use of cannabis. Information about a person's prior cannabis use obtained from the person's criminal history would also be exempt from the described law only if the employer is permitted to inquire about that information under the California Fair Employment and Housing Act or other state or federal law. Certain federal regulations require that applicants or employees be tested for controlled substances; applicants or employees hired for positions that require a federal government background investigation or security clearance will still receive inquiries into their cannabis use.

OCTA Position – Monitor

Impact on OCTA: *OCTA will need to ensure that it complies with these provisions for individuals that do not need federal security clearances. However, this law does not override laws prohibiting the operation of a vehicle while impaired by a controlled substance. Since it is considered professional malpractice to operate a vehicle while impaired by a controlled substance, OCTA may continue to inquire into the use of cannabis for employees such as coach operators or maintenance workers.*

**SB 723 (Durazo, D-Los Angeles): Employment: rehiring and retention: displaced workers.**
**(Chapter 719, Statutes of 2023)**
SB 723 extends a coronavirus (COVID-19)-related measure pertaining to displaced workers. As a result of the COVID-19 pandemic, a law was enacted that requires an employer to offer its laid-off employees information about new and open job positions at the company that the laid-off employee may be qualified for; the employer must offer positions to laid-off employees based on a preference system. This law also prohibits an employer from taking any adverse action against a laid-off employee. The law was set to be repealed on December 31, 2024.

This bill extends that repeal date to December 31, 2025, and redefines laid-off employee to include any employee that was employed for six months or more by the employer in the 12 months following January 1, 2020; the separation from the employer was due to a reason related to the COVID-19 pandemic, including a government shutdown, public health directive, reduction in force, or any other economic non-disciplinary reason related to COVID-19. The bill assumes that employee separation due to lack of business or economic non-disciplinary reasons is because of the COVID-19 pandemic unless the employer demonstrates evidence proving otherwise.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. If OCTA has any COVID-19-related layoffs, it will need to ensure compliance with this legislation.*

**SB 848 (Rubio, D-West Covina): Employment: leave for reproductive loss. (Chapter 724, Statutes of 2023)**
It is currently unlawful for an employer to refuse to grant a request from an employee to take up to five days of bereavement leave upon the loss of a family member. SB 848 expands current law, asserting that it is unlawful for an employer to refuse to grant a request by an employee to take up to five days of reproductive loss leave following a reproductive loss event. This bill requires that the leave be taken within three months of the reproductive loss, pursuant to the employer's existing leave policy, and that if an employee experiences more than one reproductive loss within 12 months, the employer is not required to grant a total amount of reproductive loss leave time in excess of 20 days within a 12-month period.

If there is no existing policy, the reproductive loss leave may be unpaid, but the employee may use certain other leave balances available to them, including accrued and available sick leave. An employer may not retaliate against an individual because of the individual's right to reproductive loss leave, and the employer must maintain employee confidentiality relating to reproductive loss leave. Reproductive loss leave applies only to the parent carrying a child to term.

OCTA Position – Monitor

Impact on OCTA: *To be compliant with the new requirements for reproductive loss leave, OCTA staff will need to evaluate existing policy to ensure that they maintain employee confidentiality associated with reproductive loss leave. OCTA staff must also evaluate existing policies to ensure that employees are eligible to take reproductive loss leave, including unpaid time off or another form of leave balance available.*

# IV. Environment

**AB 1159 (Aguiar-Curry, D-Davis): California Global Warming Solutions Act of 2006: natural and working lands: market-based compliance mechanisms. (Chapter 358, Statutes of 2023)**
The California Global Warming Solutions Act of 2006 established the California Air Resources Board (CARB) as the state agency responsible for regulating sources emitting greenhouse gas emissions. The act declared the state’s policy to achieve net zero greenhouse gas emissions no later than 2045 and maintain negative greenhouse gas emissions thereafter. It requires CARB to create a scoping plan for achieving the state’s goals and to update the plan at least once every five years.

AB 1159 instead requires CARB to ensure that all greenhouse gas (GHG) emissions reductions and removals used for any market-based compliance mechanism are in addition to any reductions and removals that would otherwise occur. This clarifies provisions outlined in AB 1757 (Chapter 341, Statutes of 2022) to make sure that projects that rely on state funds, such as returning ancestral lands to tribes, are not halted.

OCTA Position – Monitor

Impact on OCTA: *This bill requires that CARB ensure all emissions reductions from projects and actions developed to achieve the state's targets are accounted for in a way that does not result in double counting of emissions reductions. It also requires that CARB ensure that all GHG reductions and removals used for any market-based compliance mechanism are in addition to any reductions and removals that would otherwise occur. This could impact the information OCTA submits as it pertains to reporting GHG reductions.*

**SB 91 (Umberg, D-Santa Ana): California Environmental Quality Act: supportive and transitional housing: motel conversion: environmental leadership transition projects.**
**(Chapter 732, Statutes of 2023)**
SB 91 removes the sunset date related to a CEQA exemption for certain projects that convert a motel, hotel, residential hotel, or hostel to supportive or transitional housing. Additionally, this legislation extends CEQA streamlining provisions for "environmental leadership transit projects" (ELTP) located within the County of Los Angeles. An ELTP is a project that constructs a fixed guideway and related fixed facilities that meet certain conditions like operating at zero emissions, reducing emissions, reducing vehicle miles traveled, and being consistent with the applicable sustainable communities strategy and regional transportation plan.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. OCTA may wish to monitor the benefits of using such exemptions on ELTP projects.*

**SB 145 (Newman, D-Fullerton): Environmental mitigation: Department of Transportation.**
**(Chapter 57, Statutes of 2023)**
SB 145 makes several changes related to Caltrans' responsibilities as it pertains to environmental mitigation and wildlife crossings. Specifically, until January 1, 2034, SB 145 authorizes Caltrans to acquire environmental mitigation property for the State Highway System to be preserved, restored, and maintained as natural habitat to offset environmental impacts caused by the system or for advance mitigation purposes and to transfer or purchase the property. Caltrans must submit a report as specified.

In January 2023, a three-way agreement was reached between Brightline West High-Speed Rail project, Caltrans, and the Department of Fish and Wildlife (CDFW) to work together to provide three wildlife crossings over a proposed rail line between southern California and Nevada. There is consensus that constructing the wildlife overcrossing at the same time as the rail line is being built is likely to be the most efficient and cost-effective approach. SB 145 specifies that if an intercity passenger rail project is constructed within the Interstate 15 right-of-way at the segment described in Recital B of the "Agreement to Implement Wildlife Overcrossings Over Interstate 15" executed on January 11, 2023, by and among DesertXpress Enterprises, LLC, Caltrans, and the CDFW, Caltrans must ensure three wildlife crossings are constructed at three priority locations. Caltrans can use an authorized agreement with a rail entity (defined in such a way that would only include Brightline) to comply with such. Caltrans must report on the progress of such to the Legislature.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *This legislation was a part of the infrastructure streamlining package proposed by the Governor. OCTA staff is aware of the changes this legislation makes related to the agreements Caltrans is now authorized to make related to acquiring environmental mitigation property on the State Highway System.*

**SB 147 (Ashby, D-Sacramento): Fully protected species: California Endangered Species Act: authorized take.**
**(Chapter 37, Statutes of 2023)**
The California Endangered Species Act (CESA) requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species and to add or remove species from either list if it finds that the action is warranted. The act prohibits the taking of an endangered or threatened species through the issuance of a permit, commonly known as an incidental take permit.

This bill provides a temporary permitting process lasting until December 31, 2033, for the take of species associated with a number of activities, including a transportation project undertaken by a state, regional, or local agency that does not increase highway or street capacity for automobile or truck travel. In addition, an applicant for the new permit must develop and implement a monitoring program to mitigate the impacts of the authorized take. Lastly, the bill removes the American peregrine falcon, brown pelican, and thicktail chub from the fully protected species list.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *SB 147 combines the rules of CESA and the fully protected species list (FPSL), creating specific categories of projects while maintaining both CESA and FPSL statutes. In short, it outlines the categories that will now allow projects to be eligible for incidental take permits. Examples include projects critical to regional or local water agency infrastructure or transportation projects not associated with increasing highway or street capacity for vehicle travel. SB 147 impacts OCTA's projects, such as rail or active transportation projects, as those types of transportation projects do not increase automobile capacity.*

**SB 149 (Cabarello, D-Fresno): California Environmental Quality Act: administrative and judicial procedures: record of proceedings: judicial streamlining. (Chapter 60, Statutes of 2023)**

SB 149 makes changes to CEQA in relation to Environmental Leadership Development Projects (ELDP) and judicial streamlining. ELDP was defined in SB 7 (Chapter 19, Statutes of 2021) as any residential, retail, commercial, sports, cultural, entertainment, or recreational use project that is certified as Leadership in Energy and Environmental Design gold or better by the United States Green Building Council and, where applicable, that achieves a 15 percent greater standard for transportation efficiency than for comparable projects. SB 149 expands on that definition of ELDP to now include an energy infrastructure project, a semiconductor or microelectronic project, a water-related project, or a transportation-related project that advances one or more of the goals related to the Climate Action Plan for Transportation Infrastructure (CAPTI) adopted by CalSTA. This bill extends the date from January 1, 2024, to January 1, 2032, for the certification of ELDP by the Governor. It also extends the date that a certified project is to be approved by the lead agency from January 1, 2025, to January 1, 2034.

An applicant for ELDP must minimize environmental impacts and mitigate any environmental impacts to a disadvantaged community. An applicant must also enter into an agreement to comply with the application requirements prior to certification of the environmental impact report for the project. SB 149 requires that the certified projects cannot result in any net additional emission of GHG and that the lead agency on the project must provide public notice of the certification within ten days of being certified.

SB 149 also shortens the record required for the CEQA report by removing internal communications on non-substantive materials and adds that if there is a complaint, the court must schedule a case management conference within 30 days of the complaint. A public agency on the project may deny a request by a plaintiff to prepare the record; however, if the agency denies the request, then the agency must bear the costs of the preparation of the record by the plaintiff.

OCTA Position – Monitor

Impact on OCTA: *SB 149 applies to any OCTA project that may be classified under ELDP. Specifically, the Governor may certify up to 20 transportation-related projects, including up to ten California Department of Transportation projects, and up to ten local or regional projects. Since any transportation-related project that advances CAPTI goals is eligible to be certified as an ELDP, OCTA has the opportunity to apply for certification under the criteria. OCTA will also be required to follow the requirements for application under CEQA, including any mitigation efforts and record of proceedings that must be lodged with the court.*

# V. Funding

**AB 126 (Reyes, D-San Bernardino): Vehicular air pollution: Clean Transportation Program: vehicle registration and identification plate service fees: smog abatement fee: extension.**
**(Chapter 319, Statutes of 2023)**
AB 126 requires no less than 15 percent of the money appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund to be allocated to the Clean Transportation Program for the purposes of funding hydrogen fueling stations to support hydrogen vehicles until there is a sufficient network of hydrogen fueling stations in California to support existing and expected hydrogen vehicles. Of that allocation, 50 percent must be used to fund hydrogen-fueling stations that directly benefit or service residents of low-income communities and disadvantaged communities, as defined by CalEnviroScreen. This funding will be provided through a competitive grant fund. These provisions sunset on July 1, 2035.

AB 126 also amends the goals of the Clean Transportation Program to advance the state's clean transportation, equity, air quality, and climate emission policies. It also creates new priorities for the program to include the deployment of infrastructure that advances or supports the deployment of medium- and heavy-duty vehicles and the deployment of light-duty vehicle infrastructure technology to fill gaps and advance the goals identified in the Governor's Executive Order N-79-20. AB 126 requires the State Energy Resources Conservation and Development Commission (CEC) to use at least 50 percent of the funding appropriated for the Clean Transportation Program on programs that directly benefit or serve residents of disadvantaged and low-income communities and low-income Californians beginning January 1, 2025. Eligible programs could include infrastructure for public transportation, the deployment of clean medium- and heavy-duty vehicles and programs that create high-quality jobs related to supporting new clean technologies. Preference will be given to hydrogen applicants with the least carbon-intensive proposed fuel, measured well-to-gate.

By January 1, 2026, the CEC must propose to the Legislature alternative funding methodologies or fee structures for funding ZEV infrastructure and must include an assessment of the economic equity of the alternatives. AB 126 extends vehicle registration, identification plate, and smog abatement fees until July 1, 2035.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *This legislation makes significant changes to the Clean Transportation Program. OCTA staff will monitor the new guidelines created to adhere to these provisions and identify opportunities to pursue funding for zero-emission transit vehicles and infrastructure.*

**AB 1052 (McCarty, D-Sacramento): Sacramento Regional Transit District : taxes. (Chapter 674, Statutes of 2023)**

AB 1052 allows the Sacramento Regional Transit District (SacRT) to impose a district tax that applies in a portion of the incorporated and unincorporated territory so long as it meets certain conditions. Essentially, this allows SacRT to impose a tax in some places but not others. AB 1052 requires the SacRT Board to state the nature of the tax and the purposes of the revenue. It also limits the use of the tax revenues to public transit purposes serving the area of the jurisdiction of the district. Finally, it allows SacRT to impose special taxes.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. Their argument is that it makes sense to only have a certain population pay for services that only benefit them, instead of the entire county. OCTA will monitor the result of such endeavors and evaluate if that could be beneficial in a possible future sales tax measure.*

**AB 1385 (Garcia, D-Coachella): Riverside County Transportation Commission: transaction and use tax.**

**(Chapter 578, Statutes of 2023)**

Under current law, the Riverside County Transportation Commission (RCTC) may impose a transaction and use tax for transportation purposes subject to approval by the voters at a rate that cannot exceed one percent. AB 1385 raises that maximum tax rate to one and a half percent.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. The projects RCTC uses as justification include the Coachella Valley Rail Project, the Mid-County Parkway, Coachella Valley Sync Phase II, extending Metrolink service from Perris to Hemet and San Jacinto, the Santa Ana River Trail, the Interstate 10 bypass, smart freeways, grade separation, rapid/commuter bus service expansion, and zero-emission bus fleet replacement.*

**AB 1377 (Friedman, D-Glendale): Homeless Housing, Assistance, and Prevention (HHAP) Program.**

**(Chapter 728, Statutes of 2023)**

Under current law, the HHAP program provides funding to support regional coordination and expand or develop local capacity to address their immediate homelessness needs. Beginning on or after July 1, 2024, applicants must include data and a narrative summary of specific and quantifiable steps that the applicant has taken to improve the delivery of housing and services to people experiencing homelessness or at risk of homelessness on transit facilities owned and operated by a transit agency.

OCTA Position – Monitor

Impact on OCTA: *This legislation was sponsored by* the Los Angeles County Metropolitan Transportation Authority (LA Metro) *and supported by the California Transit Association. OCTA is aware that applicants in the Orange County area may be reaching out to OCTA to take steps to address homelessness in transit facilities. OCTA could also proactively work with these applicants to make requests for the use of the funding, as appropriate.*

**AB 1679 (Santiago, D-Los Angeles): Transactions and use taxes: County of Los Angeles: homelessness.**
**(Chapter 731, Statutes of 2023)**
AB 1679 allows the County of Los Angeles to impose a transaction and use tax at a rate of no more than half a percent so long as certain requirements are met. These requirements include that it is approved by the voters and that all of the revenue must be dedicated to services for people experiencing homelessness or to provide affordable housing. If this is approved, Measure H will be repealed. This must be done by December 31, 2028.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. There is a large effort to put more resources toward addressing homelessness in transit systems in Los Angeles. It may be of interest to monitor the success of such measures and if any funding can be used for transit.*

**SB 335 (Cortese, D-Campbell): Transactions and use taxes: County of Santa Clara.**
**(Chapter 391, Statutes of 2023)**
Under current law, the County of Santa Clara cannot impose a tax that exceeds two percent. SB 862 would allow the Santa Cruz Metropolitan Transit District to impose a district tax above the cap of two percent so long as certain conditions are met. This includes the Board adopting an ordinance to submit to the electorate, the rate of the additional tax cannot exceed 0.65 percent, and the voters approve the tax. These provisions would be repealed by December 31, 2028. Additionally, SB 335 shifts the current authority to impose a countywide district tax for transportation programs in Ventura County from the Ventura County Transportation Commission (VCTC) to the County of Ventura.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. It should be noted that the shift from VCTC to Ventura County is being done because their current authority to impose a tax that exceeds the two percent cap is limited solely to measures VCTC places on the ballot and does not apply to one imposed by voter initiatives due to their procedure for elections.*

**SB 825 (Limon, D-Santa Barbara): Local government: public broadband services.**
**(Chapter 186, Statutes of 2023)**
Current law defines various terms, including defining “local agency” to mean any agency of local government authorized by any other law to provide broadband internet access service, and lists specified categories of local government agencies included in that

definition of “local agency.” SB 825 would add metropolitan planning organizations (MPO) and regional transportation planning authorities (RTPA) to that list of local government agencies included in the definition of “local agency.” Adding MPOs and RTPAs to the list of local government agencies allows those agencies to be eligible to apply for Local Agency Technical Assistance (LATA) grants to expand broadband services.

OCTA Position – Monitor

Impact on OCTA: *SB 825 allows OCTA to now be included in the definition of “local agency” relating to public broadband services. Since OCTA is now included in the definition, OCTA is eligible to apply for LATA grants, which help expand broadband service to unserved/underserved areas. OCTA will be able to apply for grants to expand broadband to unserved areas, such as areas along highways where broadband service is lacking for residents living in that area.*

**SB 862 (Laird, D-Monterey): Santa Cruz Metropolitan Transit District: transaction and use tax rates.**
**(Chapter 296, Statutes of 2023)**
Under current law, the Santa Cruz Metropolitan Transit District cannot impose a tax that exceeds two percent. SB 862 would allow the Santa Cruz Metropolitan Transit District to impose a district tax above the cap of two percent so long as certain conditions are met. This includes the Board adopting an ordinance approving the tax before January 1, 2035, and the rate of the additional tax cannot exceed half of a percent.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. The justification provided by the sponsor includes that they will soon face a fiscal cliff, and this will allow them to generate additional revenue.*

**ACA 1 (Aguiar-Curry, D-Davis): Local government financing: affordable housing and public infrastructure: voter approval.**
**(Chapter 173, Statutes of 2023)**
ACA 1 is a constitutional amendment to allow a city, county, or special district to incur bonded indebtedness or impose specified special taxes to fund projects for affordable housing, permanent supportive housing, or public infrastructure with 55 percent voter approval rather than two-thirds. Certain requirements must be met in order to qualify under these provisions, including that funds cannot be used for salaries or other operating expenses, an evaluation of alternative funding sources is completed, an annual performance audit is conducted, an audit of the proceeds from the sale of bonds is conducted, a citizens’ oversight committee is appointed, proceeds from the sale of the bonds only can be spent on projects and programs within the jurisdiction, and an entity owned or controlled by a local official that votes on whether the proposition is put on the ballot is prohibited. ACA 1 also specifies that a city, county, city and county, or special district can levy a 55 percent vote ad valorem tax, with the same requirements. This

legislation also allows the Legislature to create laws to establish additional accountability measures with a two-thirds vote and they can enact laws for the downpayment assistance programs by a majority vote. Special districts cannot exceed their statutorily prescribed tax rate limit. ACA 1 will appear on the next ballot and is subject to voter approval since it is amending the State's Constitution.

OCTA Position – Monitor

Impact on OCTA: *OCTA has successfully secured over a two-thirds vote for its Measure M2 Program, which was voted on in 2006. If ACA 1 is approved by the voters, OCTA would have a lower threshold to meet if it were to pursue a third measure after the current one expires.*

# VI. Planning

**AB 350 (Aguiar-Curry, D-Davis): Regional transportation plans: Sacramento Area Council of Governments.**
**(Chapter 648, Statutes of 2023)**
AB 350 extends the Sacramento Area Council of Governments' (SACOG) regional transportation plan (RTP), sustainable communities strategy, and environmental impact report adopted on November 18, 2019, by two years, submitting it to Caltrans and the CTC by December 31, 2025. The update must include a development and pilot implementation of equity-centered, community-cocreated infrastructure development and funding prioritization process in disadvantaged communities, as identified in SACOG's implementation of a grant they were awarded through the Rebuilding American Infrastructure with Sustainability and Equity. It must also include a description of how the updates further equity through engagement efforts and data on the update's performance outcomes in disadvantaged communities. Until December 31, 2025, if SACOG nominates a project for the Solutions for Congested Corridors Program, it must also meet the eligibility requirements of Transit Intercity Rail Capital Program (TIRCP), the Low Carbon Transit Operations Program, and the Active Transportation Program. The next RTP update must be adopted by November 15, 2027, and submit subsequent updates to its RTP every four years. SACOG is required to provide an online report by July 1, 2026, regarding its implementation with information including a comparison between the land use and housing development assumptions, a discussion of the comparison's results, and the status of approvals for, funding for, construction of, and projected dates of operation for transportation projects in the region.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. SACOG sponsored this legislation to align its RTP submission date with the RTP due dates of the other members of the Northern California Megaregion.*

**AB 413 (Lee, D-Milpitas): Vehicles: stopping, standing, and parking.**

**(Chapter 652, Statutes of 2023)**
AB 413 prohibits vehicles from being stopped, left, or parked within 20 feet of any unmarked or marked crosswalk. This measure allows pedestrians to better see oncoming traffic, in addition to an increased visual field for drivers pulling up to an intersection. Furthermore, a person cannot stop, park, or leave standing a vehicle within 15 feet of any crosswalk where a curb extension is present. A local authority may establish a distance other than 15 feet if they establish that distance by ordinance to demonstrate traffic safety standards justify the new distance, and they have marked the different distance at the intersection using a sign or paint. Prior to January 1, 2025, jurisdictions may only issue a warning for a violation, and cannot issue a citation for a violation unless the violation occurs in an area marked with paint or sign.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This will primarily affect cities' implementation of the safety measure. This bill seeks to address concerns that impact pedestrian and vehicle safety.*

**AB 645 (Friedman, D-Glendale): Vehicles: speed safety system pilot program.**
**(Chapter 808, Statutes of 2023)**
AB 645 establishes a five-year pilot program to give local transportation authorities in the cities of Glendale, Long Beach, Oakland, San Jose, and the City and County of San Francisco the authority to install speed safety systems. This can be done in certain areas, including a street meeting the standards of a safety corridor, on a street the local authority determines has had a high number of incidents, and school zones. For a jurisdiction with a population of over three million, no more than 125 systems can be operating, and it goes down from there in increments. These speed safety systems must be placed in locations that are geographically and socioeconomically diverse. The program must meet certain requirements such as identification, regular inspection, and the systems provide real-time notification to the driver. A speed safety program cannot be operating on any California state route.

Prior to enforcing speed laws using a speed safety system, the jurisdiction must administer a public information campaign and issue warning notices for the first 60 calendar days of enforcement. A governing body of the jurisdiction must adopt a Speed Safety System Use Policy before entering into an agreement regarding a speed safety system, purchasing or leasing equipment for a program, or implementing a program. Additionally, they must approve a Speed Safety System Impact Report prior to implementing a program, detailed with specified information. Uniform guidelines must be developed pertaining to the screening and issuing of notices of violation as well as the processing and storage of confidential information. AB 645 also creates requirements related to the photographic evidence. A speed safety system at a specific location must only be operated for no more than 18 months following the installation of a system. AB 645 does not authorize the suspension or revocation of a driver's license for this violation and instead institutes an escalating penalty structure. Revenues from the program must first be used to recover program costs and jurisdictions must maintain their existing commitment of local funds for traffic calming measures in order to remain authorized to participate in the pilot program.

OCTA Position – Monitor

Impact on OCTA: *No cities within Orange County are authorized under this pilot program. However, it may behoove staff to monitor the implementation of such and determine, in coordination with the cities, if a speed safety program may be beneficial to reduce traffic incidents.*

**AB 744 (Carrillo, J., D-Palmdale): California Transportation Commission: data, modeling, and analytic software tools procurement.**
**(Chapter 541, Statutes of 2023)**
AB 744 requires the CTC to convene relevant state agencies to assess the procurement and implementation of data, modeling, and analytic software tools to support the state's sustainable transportation, congestion management, affordable housing, efficient land use, air quality, economic, and climate change strategies and goals. On or before July 1, 2025, the CTC must develop a proposal to procure data, modeling, and analytic software tools and a process by which the CTC allows access to state and local agencies to the data it procures directly. As a part of the proposal, the CTC may establish best practices for the use of the data in transportation planning. To receive access to this data, modeling, and analytic software tool, a local agency must submit a report no later than August 1, 2027, about how they will use the tool to meet the aforementioned goals. CTC must report to the Legislature by June 1, 2028, based on the report received regarding the tools' use.

OCTA Position – Monitor

Impact on OCTA: *OCTA understands that the author may introduce clean-up legislation to ensure local agencies are at the table when assessing the procurement and implementation of these tools. OCTA will remain engaged in the development, especially concerning the best practices that may be drafted. Additionally, OCTA will be ready to submit a report if it wishes to have access to these tools.*

**AB 894 (Friedman, D-Burbank): Parking requirements: shared parking.**
**(Chapter 749, Statutes of 2023)**
AB 894 requires public agencies with underutilized parking to share parking with a private entity, the public, other public agencies, or other users. It requires a public agency to allow shared parking arrangements to be counted toward meeting the automobile parking requirements for an existing or new development. AB 894 requires that shared parking strategies be considered when public funds are used for new development or new parking lots.

Additionally, this bill requires a local agency to approve the shared parking agreement if it includes a parking analysis conducted by a professional planning association. If the shared parking agreement does not include a parking analysis conducted by a professional planning association, then a local agency is required to approve or deny the shared parking agreement and determine how many parking spaces can be feasibly shared between uses to fulfill parking requirements.

Furthermore, if there is no parking analysis and the local agency must approve or deny an agreement for specified developments, the agency is also required to notify all property owners within 300 feet of the shared parking spaces about the proposed agreement. The agency must hold a public meeting if there is a request to do so, so long as the request is made within 14 days of notifying property owners. The notification and public meeting requirements do not affect local agencies that enact an ordinance for shared parking agreements.

OCTA Position – Monitor

Impact on OCTA: *Currently, this bill does not directly affect OCTA as parking at OCTA headquarters is owned and operated by the property manager. OCTA currently shares parking with the other businesses and agencies owned by the property management company. This bill has the potential to impact OCTA if OCTA builds any new development using state dollars.*

**AB 1308 (Quirk-Silva, D-La Palma): Planning and Zoning Law: single-family residences: parking requirements.**
**(Chapter 756, Statutes of 2023)**
AB 1308 prohibits a local agency from increasing the minimum parking requirement that applies to a single-family residence as a condition of approving a project to remodel, renovate, or add to the residence so long as the project does not cause the residence to exceed any maximum size limit by the applicable zoning regulations. This does not prohibit property owners from building parking but rather gives property owners flexibility to decide how much parking to build based on the need and affordability, not requiring them to comply with a blanket mandate.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This bill primarily affects local governments, such as cities that implement minimum parking requirements. However, the definition of a public agency under this section extends to a special district. Therefore, if OCTA were ever in this situation, it would need to comply.*

## VII. Public Meetings

**AB 557 (Hart, D-Santa Barbara): Open meetings: local agencies: teleconferences. (Chapter 534, Statutes of 2023)**
Since the COVID-19 pandemic, the Legislature has enacted several pieces of legislation to modify the Ralph M. Brown Act to allow for flexibility in utilizing teleconferencing. One of those bills was AB 361 (Chapter 165, Statutes of 2021), which allowed a local agency to use teleconferencing if they were holding a meeting during a proclaimed state of emergency. In order to do this, legislative bodies are required to make certain findings to make that determination every 30 days. AB 557 would extend those requirements to every 45 days and extend the sunset of these provisions until January 1, 2026. Another bill from last year expanded the requirements to allow for teleconferencing outside a state of emergency, so long as certain requirements were met, including that the member experienced an emergency circumstance or had just cause to participate remotely. AB 557 also adds that a member may participate remotely if they have an immunocompromised child, parent, grandparent, grandchild, sibling, spouse, or domestic partner.

OCTA Position – Monitor

Impact on OCTA: *OCTA no longer holds its meetings virtually. However, if there were to be another state of emergency proclaimed, the resolution to make findings for needing to participate remotely would only need to occur every 45 days.*

**SB 143 (Senate Budget & Fiscal Review): State government. (Chapter 196, Statutes of 2023)**
SB 143 is a general government trailer bill. Of particular interest in this trailer bill is the provision that extends teleconferencing for state entities until December 31, 2023, so long as it meets certain requirements. These requirements include accommodating modification requests consistent with the Americans with Disabilities Act and advertising the procedure each time notice is given for the public to observe the meeting.

Urgency Bill – Effectively Immediately

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. OCTA is not governed by the Bagley-Keene Open Meeting Act.*

**SB 411 (Portantino, D-Glendale): Open meetings: teleconferences: neighborhood councils. (Chapter 605, Statutes of 2023)**
SB 411 expands flexible teleconferencing requirements to a neighborhood council, which is an advisory body that is established pursuant to the charter of a city with a population of more than three million people. In order to utilize this flexibility, the city council of the neighborhood council must adopt a resolution to authorize it by a two-thirds vote. The

neighborhood council must provide notice that it will be holding its meeting by teleconference, as specified. If the meeting is disrupted, the proceedings must cease until that is resolved.  At least a quorum of the members must participate from locations within the boundaries of the city in which they are established.  At least once a year, a quorum of members must participate in person from a singular physical location.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This legislation does not apply to the OCTA.*

**SB 544 (Laird, D-Monterey): Bagley-Keene Open Meeting Act: teleconferencing. (Chapter 216, Statutes of 2023)**
SB 544 allows state agencies governed by the Bagley-Keene Open Meeting Act to hold a meeting by teleconference so long as certain requirements are met.  The state agency must designate the primary physical meeting location in the notice of the meeting where members of the public may physically attend the meeting and participate.  Additionally, the agency must provide a means by which the public may remotely hear audio of the meeting, remotely observe the meeting, remotely address the body, or attend the meeting by providing the information on the agenda, website, or physical address for a teleconference location.  Furthermore, state agencies must accommodate modification requests consistent with the Americans with Disabilities Act and advertise the procedure each time notice is given for the public to observe the meeting.  At least one member of the state body needs to be physically present at each teleconference location, with a majority of members being physically present at the same teleconference location.  Once that is met, the rest of the members can participate remotely and do not need to disclose the remote location if they have a need related to a physical or mental disability, or they let the state body know as early as possible of their need to participate remotely.  All votes done remotely must be taken by rollcall, and if remote access is ever disrupted, the meeting proceedings must cease until it is resolved.  SB 544 also allows the following state agency entities: advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body. These provisions will be in effect until January 1, 2026.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. OCTA is not governed by the Bagley-Keene Open Meeting Act. However, the requirements to hold teleconference meetings are similar under this Act as well as the Ralph M. Brown Act.*

## VIII. Public Works and Procurement

**AB 334 (Rubio, D-West Covina): Public contracts: conflicts of interest. (Chapter 263, Statutes of 2023)**
AB 334 is a direct response to California Government Code Section 1090, which provides that public “officers” and public employees are prohibited from being financially interested

in any contract made by them in their official capacity. More recently, the application of California Government Code Section 1090 has expanded to include independent contractors when their actions are level with being an agent of a public agency. As such, public agencies are limited in awarding work to any independent contractor because of potential conflict. As a result, qualified professionals are unable to participate in certain phases of work. AB 334 establishes that if a public entity has entered into a contract with an independent contractor to perform one phase of a project and seeks to enter into a subsequent contract with that independent contractor for a later phase of the same project, the independent contractor is not an “officer” if the independent contractor’s duties and services related to the initial contract did not include engaging in or advising on public contracting on behalf of the public entity. This means that they did not prepare or assist the public entity with any portion of the preparation of requests for proposals, requests for qualifications, or any other solicitation regarding a subsequent contract with the public entity.

OCTA Position – Monitor

Impact on OCTA: *This bill directly affects OCTA’s procurement process. Local governments and agencies can experience contracting issues because of Government Code Section 1090 when searching to partner with an independent contractor on projects. Specifically, consultants who have been hired by OCTA for one part of a project may have been found to have a conflict that prohibits them from working on a future phase of that same project. This bill changes that prohibition and would allow an independent contractor who performs one phase of a project to enter into a subsequent contract for a future phase of the same project if certain criteria are met.*

**AB 338 (Aguiar-Curry, D-Davis): Fuel reduction work.**
**(Chapter 428, Statutes of 2023)**
AB 338 creates standards for fuel reduction work contracts. These standards include that all workers be paid a prevailing rate of per diem wages, all contractors and subcontractors maintain payroll records that are made available for inspection, and a contractor must be registered to be qualified to be on, be awarded contracts for, or engage in the performance of, any work related to these provisions. Fuel reduction work is described as residential chipping, rural road fuel breaks, and firebreaks. These provisions do not apply to work done on Indian lands, prescribed fire or grazing work, work performed on private land, nonprofit organizations, any workers who are currently exempt from public works requirements, or any work performed by an inmate. This legislation has a delayed implementation date of July 1, 2026.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. OCTA, at times, will engage in fuel reduction work. OCTA staff should ensure compliance with these provisions if it does not qualify under the exemptions.*

**AB 400 (Rubio, D-West Covina): Local agency design-build projects: authorization. (Chapter 201, Statutes of 2023)**
Current law allows for local agencies to use the design-build procurement process for projects that meet specific requirements, such as transit capital projects, development projects related to transit facilities, or certain projects selected by Caltrans. This authority for a design-build procurement process is set to be repealed on January 1, 2025. AB 400 extends the repeal date to January 1, 2031. Additionally, this legislation expands the definition of a local agency to include any joint powers authority (JPA) responsible for constructing transit projects. Previously, this authority only included a JPA that was formed to provide transit service.

OCTA Position – Monitor

Impact on OCTA: *This bill directly impacts OCTA project development by extending the repeal date of design-build projects. Design-build allows for the design and construction of a project to be procured from a single source. The method streamlines project delivery by allowing local governments to enter into a single contract with a design and construction team that will design and build the project, creating more efficient and timely project delivery. The Interstate 405 Improvement Project is an example of a design-build project where the completion of construction was expedited because of the design-build process.*

**AB 427 (Alvarez, D-Chula Vista): Otay Mesa East Toll Facility Act: alternative project delivery method.**
**(Chapter 163, Statutes of 2023)**
AB 427 allows the San Diego Association of Governments (SANDAG) to use the Construction Manager/General Contractor (CMGC) method for the State Route 11/ Otay Mesa East Port of Entry Project. The CMGC method allows for SANDAG to streamline the construction project, having the construction manager be involved in the project's design phase. SANDAG may enter into an alternative project delivery method after comparing the traditional design, bid, and build process of construction with the proposed alternative project delivery method in a public meeting. If SANDAG's governing board finds that the use of an alternative project delivery method on the project will accomplish reducing comparable project costs, expediting project completion, or providing features not achievable through the traditional design-bid-build method, then then may enter into an alternative project delivery method contract such as the CMGC method. This bill will allow SANDAG to select a contractor earlier in the process to enable further collaboration on project schedule, cost, and risk mitigation.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. The CMGC method could be helpful in future OCTA construction projects if such authorization was granted.*

**AB 521 (Bauer-Kahan, D-San Ramon): Occupational safety and health standards: construction job sites: toilet facilities.**
**(Chapter 529, Statutes of 2023)**
AB 521 requires the California Occupational Safety and Health Standards Board (Cal/OSHA) in the California Department of Industrial Relations to draft a proposed rulemaking to revise a regulation on construction job site toilet facilities before December 1, 2025. The rulemaking proposal will include requiring at least one single-user toilet facility to be present on construction job sites, specifically designated for users who may self-identify as female or nonbinary. A construction job site is not subject to the requirements in the Health and Safety Code that require all single-user toilet facilities to be identified as all-gender toilet facilities by signage. This bill requires Cal/OSHA to consider adopting the proposal on or before December 31, 2025.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. If Cal/OSHA adopts the rulemaking proposal, then this bill will affect toilet facilities present on OCTA construction project sites.*

**AB 587 (Rivas, D-Salinas): Public works: payroll records.**
**(Chapter 806, Statutes of 2023)**
Contractors and subcontractors are legally obligated to maintain accurate payroll records on public works projects. They are required to have any copy of records available for inspection as copies and furnished upon request to the public or any public agency to be marked to prevent disclosure of an individual's information. AB 587 requires that any copy of records requested by a multiemployer Taft-Hartley trust fund or joint labor-management committee be made on forms provided by the Division of Labor Standards Enforcement. This bill further specifies that copies of electronically certified payroll records do not satisfy the payroll records requests.

OCTA Position – Monitor

Impact on OCTA: *Contractors and subcontractors on public works projects must keep accurate payroll records, including detailed employee information and hours. These records must be available for inspection by authorized labor representatives and the Division of Labor Standards Enforcement. Electronic submission of these records has become more commonplace, showing more inconsistencies. This has caused labor representatives to request traditional paper records to confirm information. This bill aligns the reporting criteria in both the physical and electronic copies of certified payroll records so that there is further success in ensuring labor compliance on public works projects. This will impact contractors and subcontractors working on OCTA public works projects.*

**AB 752 (Rubio, D-West Covina): State highways: worker safety.**
**(Chapter 813, Statutes of 2023)**
AB 752 expands on the use of Caltrans' "Guidelines on the Use of Positive Work Zone Protection (PWP) & Mitigation Measures." Caltrans uses PWP measures on most state highways in California. Caltrans was required to update this guidance in 2021 and then required to submit a report to the Legislature by January 1, 2024, with certain findings and declarations. After the report is submitted, Caltrans is now required to prescribe standards to align with the report related to the appropriate use of positive protection on all covered activities, such as utility work and repair activities on the state highway system. Caltrans may adopt regulations as necessary to carry out the purpose of the safety requirements.

OCTA Position – Monitor

Impact on OCTA: *OCTA partners with Caltrans on highway improvement projects within Orange County. Caltrans has seen a substantial increase in highway construction work zone fatalities over the past ten years. Updating these guidelines may help increase safety in highway work zones. OCTA will inform and monitor the report and ensure compliance with the updated guidance.*

**AB 965 (Carrillo, D-Hesperia): Local government: broadband permit applications.**
**(Chapter 553, Statutes of 2023)**
AB 965 requires local agencies to undertake batch broadband permit processing, which is the simultaneous processing of two or more broadband permit applications for similar broadband project sites under a single permit. The broadband project sites can include any fiber optic connections, wireless facilities, or other supporting equipment. According to the bill, local agencies may set reasonable limits on the number of broadband project sites included in a single permit. This bill identifies that local agencies may lack the resources to process large volumes of applications, so it allows for local agencies to work with the applicant to resolve any resource limitations. Furthermore, a local agency may only remove a broadband project site from grouping under a single permit if there is a mutual agreement with the applicant or to expedite the approval of other similar broadband project sites. If a local agency denies the permit application, the agency is required to notify the applicant in writing of the reasons for denial.

OCTA Position – Monitor

Impact on OCTA: *In this bill, "local agency" is defined as a city, county, city and county, charter city, special district, or publicly owned utility. Most of the broadband permit applications are submitted to the Orange County Department of Public Works or individual cities. However, since OCTA is a special district, there is a possibility that the broadband permit processing system may affect OCTA projects. Batch broadband permit processing is meant to expedite permit applications, so if OCTA needs to apply for this permit under a project, the application will be streamlined.*

**AB 1121 (Haney, D-San Francisco): Public works: ineligibility list.**
**(Chapter 465, Statutes of 2023)**
AB 1121 requires awarding authorities to annually submit a list of contractors that are ineligible to be a subcontractor, bid on, or be awarded a public works project pursuant to local suspension processes to the Department of Industrial Relations electronic registration database. This bill requires the list of contractors submitted to the Department of Industrial Relations to include the name of the contractor, the Contractors State License Board license number, the jurisdiction where the suspension applies, and the effective period of suspension of the contractor.

OCTA Position – Monitor

Impact on OCTA: *OCTA is an awarding authority and is thus required to adhere to the new guidelines outlined in this bill, which would require contractors to submit appropriate information.*

**AB 1175 (Quirk-Silva, D-La Palma): Outdoor advertising displays: redevelopment agency project areas.**
**(Chapter 361, Statutes of 2023)**
Current law authorizes Caltrans to enforce standards and regulations for outdoor advertising displays. Local governments generally regulate “on-premises” advertising displays, which include those advertising the sale of the property for which it is located. Before redevelopment agencies were eliminated, the Outdoor Advertising Act, as enforced by Caltrans, allowed for advertising signs that are located within the boundaries of a redevelopment project area to be considered on-premises sign. The dissolution of redevelopment agencies raised questions about how existing signs would be treated by Caltrans because the agency no longer existed to negotiate with Caltrans and indicated it needed further legislative direction. SB 684 (Chapter 544, Statutes of 2013) allowed for the continuation of this on-premises redevelopment agency exemption until January 1, 2023. AB 1775 would extend this exemption until January 1, 2026, for those advertising displays that were in operation as of December 31, 2022.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**AB 1204 (Holden, D-Pasadena): Contractors: contracts: restrictions.**
**(Chapter 568, Statutes of 2023)**
AB 1204 prohibits a specialty contractor from entering into a contract for the performance of work on the same single project with more than one subcontractor in the same license classification unless either of the following requirements are satisfied:

- The subcontractor employs persons who are classified as employees to perform work in that license classification on a single project.

- The specialty contractor is a signatory to a bona fide collective bargaining agreement that covers the type of work being performed on the single project and addresses the issue of subcontracting.

This bill adds that any violation of the above provisions is a cause for disciplinary action.

OCTA Position – Monitor

Impact on OCTA: *AB 1204 will require OCTA to ensure the proper classification of employees in contracts. Specifically, licensed specialty contractors that OCTA may use for certain projects may not be properly utilizing employees, and instead, subcontracting with other specialty contractors. This creates an issue where specialty contractors avoid having employees, and thus, avoid certain workers' compensation insurance requirements. AB 1204 changes this by prohibiting a licensed specialty contractor from subcontracting with two or more contractors in the same classification on the same job site, which consolidates payroll records and ensures that contractors abide by labor laws and provide proper employee benefits. This ensures OCTA's contractors and subcontractors follow labor laws.*

**AB 1649 (Kalra, D-San Jose): Local Agency Public Construction Act: change orders: County of Santa Clara.**
**(Chapter 281, Statutes of 2023)**
The Local Agency Public Construction Act regulates contracting by local agencies, which includes special districts and counties. The act includes provisions for contracting by counties and contracting for county highways. Those provisions include change order authorization for construction contracts and the imposition of caps on the extra cost of any change order.

AB 1649 would authorize the County of Santa Clara to be subject to a change order of $400,000 for contracts whose original cost exceeds $25,000,000 and of $750,000 for contracts whose original cost exceeds $50,000,000, adjusted annually to reflect the percentage change in the California Consumer Price Index. These change order caps would apply to construction contracting by the county and contracting for county highways. The bill would require the County of Santa Clara to modify no more than seven contracts pursuant to these provisions and would require the County of Santa Clara to provide a review report to the Assembly Committee on Local Government and the Senate Committee on Governance and Finance no later than July 1, 2026.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. The Local Agency Public Construction Act provides change order authorization to the County of Los Angeles under existing law and now the County of Santa Clara. It is possible that more counties will follow suit.*

**AB 1673 (Pacheco, D-Downey): Outdoor Advertising Act: local governmental entities: relocation.**
**(Chapter 590, Statutes of 2023)**
AB 1673 makes changes to the Outdoor Advertising Act as it pertains to relocation. Specifically, it clarifies that nothing prohibits local governments from designating zones where advertising displays may be placed or relocated. Additionally, it provides that any government entity may enter into a relocation agreement for an advertising display. Relocated or existing advertising displays may be converted to a message center per the agreement. Finally, AB 1673 clarifies that nothing prevents a relocation agreement from being referred to as a "development agreement" by a local governmental entity so long as the requirements of the agreement are satisfied.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**SB 146 (Gonzalez, D-Long Beach): Public resources: infrastructure: contracting.**
**(Chapter 58, Statutes of 2023)**
SB 146 removes the sunset date for existing National Environmental Policy Act (NEPA) delegation authority for transit and rail projects and clarifies that CalSTA can also assume such authority for local projects requested by a local or regional agency, including but not limited to cities, counties, special districts, and joint powers authorities. This would require agreement from the federal agencies. In addition, until December 31, 2033, this bill would authorize the use of progressive design-build authority for Caltrans and Department of Water Resources projects. This could only apply to eight projects, and those projects would have to be over $25 million. Finally, SB 146 would grant job order contracting procurement authority to Caltrans until December 31, 2033, for the following types of projects: (1) highway maintenance or safety projects; (2) traffic management and detection system installation, replacement and repair; (3) tree removal; (4) clearing and grubbing; (5) culvert installation and repair; (6) Americans with Disability Act-related facilities; (7) facility repairs, including building maintenance; (8) installation of stormwater pollution control devices; and (9) safety barriers.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *This legislation was a part of the infrastructure streamlining package proposed by the Governor. OCTA staff will consider that the NEPA delegation authority now would pertain to local projects, if requested. Staff will be aware of the new project streamlining tools Caltrans can utilize for projects, as specified.*

**SB 617 (Newman, D-Fullerton): Public contracts: progressive design-build: local and regional agencies: transit.**
**(Chapter 196, Statutes of 2023)**
SB 617 authorizes a local agency to utilize progressive design-build authority for ten public works projects over $5 million so long as they follow certain requirements. Additionally, SB 617 specifies that a local agency would include a transit district, municipal operator, consolidated agency, joint powers authority, regional transportation agency, or local or regional agency is authorized to use the progressive design-build procurement method. Furthermore, the legislation requires that one of the following circumstances be met: a lead agency enters into a project labor agreement that will bind contractors and subcontractors to use a skilled and trained workforce, the project or contract is being performed under the extension or renewal of a project labor agreement that was entered into before January 1, 2023, or the project labor agreement will bind the entity and all its subcontractors at every tier of performing the project or contract to use a skilled and trained workforce. No later than January 1, 2028, a local agency that uses this authorization must submit a report to the Legislature on the use of the progressive design-build process, including a description of the project, contract award amounts, any written protests, a description of the prequalification process, the number of specialty contractors, and more. The authority would be available until January 1, 2029.

OCTA Position – Support

Impact on OCTA: *OCTA could consider utilizing this authority on relevant transit projects. By using this authority, a lead agency procures a design-builder much earlier in the project development process than under traditional design-build authority. This ensures the design-build entity is involved in some of the earliest design decisions. Through this increased collaboration, risks can be identified earlier and mitigated. Progressive design-build project delivery also requires cost estimates to be developed and agreed to earlier, placing more responsibility on the design-builder to remain within budget, thus affording more price certainty.*

**SB 706 (Caballero, D-Salinas): Public contracts: progressive design-build: local agencies.**
**(Chapter 500, Statutes of 2023)**
SB 706 authorizes a city, county, or special district to utilize progressive design-build authority for ten public works projects over $5 million for each project so long as they follow certain requirements, including those related to labor and reporting. The authority would be available until January 1, 2030. Prior to this law, this authority was only authorized in limited situations under state statute, specifically for certain water projects and projects undertaken by the Department of General Services. Furthermore, the legislation requires that one of the following circumstances be met: a lead agency enters into a project labor agreement that will bind contractors and subcontractors to use a skilled and trained workforce, the project or contract is being performed under the extension or renewal of a project labor agreement that was entered into before January 1, 2023, or the project labor agreement will bind the entity and all its subcontractors at every tier of performing the project or contract to use a skilled and trained workforce. By

December 31, 2028, a local agency that uses this authorization must submit a report to the Legislature on the use of the progressive design-build process, including a description of the project, contract award amounts, any written protests, description of the prequalification process, number of specialty contractors, and more.

OCTA Position – Support

Impact on OCTA: *OCTA could consider utilizing this authority on relevant projects. By using this authority, a lead agency procures a design-builder much earlier in the project development process than under traditional design-build authority. This ensures the design-build entity is involved in some of the earliest design decisions. Through this increased collaboration, risks can be identified earlier and mitigated. Progressive design-build project delivery also requires cost estimates to be developed and agreed to earlier, placing more responsibility on the design-builder to remain within budget, thus affording more price certainty.*

# IX. Transit

**AB 971 (Lee, D-Milpitas): Vehicles: Transit-only traffic lanes.**
**(Chapter 672, Statutes of 2023)**
AB 971 makes clarifying changes to ensure local authorities can allow other vehicles designated by a local authority or Caltrans to utilize a transit-only lane. The transit agency must work with the agency that has jurisdiction over that section of the highway when placing and maintaining signs, as well as other traffic control devices.

OCTA Position – Monitor

Impact on OCTA: *Should OCTA need to instruct other vehicles to operate in transit-only lanes, such as bus supervisor vehicles, this legislation ensures that OCTA has the authority to make such a determination.*

**SB 506 (Laird, D-Monterey): California Public Utilities Commission: railroads: colored pavements marking project.**
**(Chapter 288, Statutes of 2023)**
SB 506 requires the California Public Utilities Commission (CPUC) to develop and implement a pilot or limited demonstration and research project for colored pavement markings at one or more at-grade highway-railroad crossings prior to January 1, 2026. The purpose of this bill is to measure and evaluate the effectiveness of the colored pavements marking project to reduce incidents. The CPUC is required to report its findings on the project to the Legislature up to one year after project completion. These provisions sunset on January 1, 2030.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. If the CPUC finds colored markings are effective in reducing safety incidents in their report to the Legislature, this legislation could* *result in agencies implementing colored markings at railroad crossings in the future, which may create costs for local agencies once the pilot project is complete. For now, OCTA will monitor this pilot project.*

**SB 677 (Blakespear, D-Encinitas): Intercity rail: The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor.**
**(Chapter 407, Statutes of 2023)**
The LOSSAN Rail Corridor Agency (LOSSAN Agency) develops an annual business plan for submittal to the California State Transportation Agency. The business plan includes a report on the recent and historical performance of the corridor service, an overall operating plan to increase ridership and provide for increased traveler demands in the corridor, short- and long-term capital improvement programs, funding requirements for the upcoming FY, and an action plan with performance goals and objectives.

This bill requires future iterations of the business plan to include a description of how to adapt to climate change impacts on the LOSSAN corridor, an identification of the projects planned to increase climate resiliency on the corridor, and possible funding options for the projects identified, including but not limited to, federal and state funding. This bill provides that these additions be included in the upcoming business plan with a due date of April 1, 2024, and every plan annually thereafter.

OCTA Position – Support

Impact on OCTA: *SB 677 impacts the LOSSAN Agency by requiring new climate-related inclusions in the LOSSAN annual business plan. Since the LOSSAN Agency will be required to identify projects planned to increase climate resiliency in the corridor and possible funding options for those projects, this bill may increase the opportunity for state and federal funding on LOSSAN projects. It also increases the opportunity for state and federal funding for member agency projects in conjunction with the LOSSAN Rail Corridor. The SB 677 bill provides an opportunity to identify potential future environmental challenges to the corridor. The bill also will help in identifying potential funding sources to address problems occurring in Orange, San Diego, and Santa Barbara counties.*

**SB 757 (Archuleta, D-Norwalk): Railroads: contract crew transportation vehicles.**
**(Chapter 411, Statutes of 2023)**
SB 757 defines a “contract crew transportation vehicle” as a motor vehicle mainly used by third parties under contract with a railroad corporation to transport rail crews. This bill prohibits the operation of a contract crew transportation vehicle without a valid permit, overseen by the CPUC. SB 757 also specifies insurance requirements for operating a contract crew transportation vehicle, such as crew transportation operators being required to carry at least $5 million in liability coverage and at least $1 million in underinsured and uninsured motorist coverage. This bill also would exempt carpools, regardless of whether all persons work for a railroad corporation or not, and motor vehicles operated by railroad employees from the bill’s provisions.

OCTA Position – Monitor

Impact on OCTA: *Although charter-party carriers and taxis are regulated for insurance purposes, contract crew transportation operators have not been defined in law until this legislation. The new regulations for contract crew transportation operators impact OCTA and LOSSAN Agency subcontractors who may be working on certain rail projects. For example, subcontractors who may be working on a portion of the LOSSAN corridor will be subject to the permitting and insurance requirements outlined in this bill if they fall under the definition of a contract crew transportation operator or motor vehicle.*

# X. Safety and Security

**AB 1638 (Fong, M., D-Alhambra): Local government: emergency response services: use of languages other than English.**
**(Chapter 587, Statutes of 2023)**
Beginning on January 1, 2025, AB 1638 requires, in the event of an emergency within the jurisdiction of a local agency that provides emergency response services and that serves a population within which five percent or more of the people speak English less than "very well" and jointly speak a language other than English, the local agency to provide information related to the emergency in English and in all languages spoken jointly by the five percent or more of the population that speaks English less than "very well." The data can be used from the American Community Survey. A local agency must reassess the data every five years. The quality of the information must be as comprehensive, actionable, and timely as the information provided to English speakers. And they must endeavor to use community members to help effectively communicate. Starting January 1, 2027, the Office of Planning and Research must survey a sample of local agencies every three years to determine the level of compliance. A local agency means a city, county, city, and county, or a department of a city or county.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This does not directly apply to OCTA per the definition of local agency.*

**AB 1735 (Low, D-Cupertino): Transit districts: prohibition orders.**
**(Chapter 69 Statutes of 2023)**
AB 1735 provides the Santa Clara Valley Transportation Authority the authority currently provided to the SacRT, the Los Angeles County Metropolitan Transportation Authority, the Fresno Area Express, and the San Francisco Bay Area Rapid Transit to issue prohibition orders to any person cited for committing a specified act. This authority would include the ability to issue a prohibition order to any person who, on at least three separate occasions within a period of 90 consecutive days, is cited for an infraction committed in or on a vehicle, bus stop, or train or light rail station of the transit district, or a property, facility, or vehicle upon which the agency owes policing responsibilities, as specified. The types of infractions include:

- Interfering with the operator or operation of a transit vehicle or impeding the safe boarding or alighting of passengers;
- Extending any portion of the body through a window opening of a transit vehicle in a manner that may cause harm or injury;
- Throwing an object from a transit vehicle;
- Committing an act or engaging in any behavior that may, with reasonable foreseeability, cause harm or injury to any person or property;
- Willfully disturbing others on or in a transit facility or vehicle by engaging in boisterous or unruly behavior;
- Carrying an explosive, acid, or flammable liquid in a public transit facility or vehicle;
- Urinating or defecating in a transit facility or vehicle, except in a lavatory;
- Willfully blocking the free movement of another person in a transit facility or vehicle;
- Defacing with graffiti the interior or exterior of the facilities or vehicles of a public transportation system.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. OCTA may wish to further understand the benefits of having this authorization to increase safety and security.*

**SB 434 (Min, D-Irvine): Transit operators: street harassment survey.**
**(Chapter 396, Statutes of 2023)**
SB 434 requires the ten largest transit agencies in the state to conduct outreach and survey passengers about incidents of street harassment while using the agency's respective transit system on or before December 31, 2024. SB 434 would build on SB 1161 (Chapter 318, Statutes of 2022), which requires the Mineta Institute to create a survey, in coordination with the ten largest transit agencies, that could be used to gather data about street harassment on their systems. The Mineta Institute is currently developing this sample survey; however, nothing requires a transit agency to use this survey once completed. This legislation would require on or before July 1, 2024, the California Department of Transportation to enter into a funding agreement with the ten largest transit agencies to use the survey developed by the Mineta Transportation Institute, or a similar survey, to collect data on street harassment and conduct outreach activities with subpopulations of riders who are underrepresented in surveys and impacted by street harassment. This latter requirement could include focus groups, workshops, or other methods. Subpopulations of riders may include, but are not limited to, non-English speaking riders, riders with disabilities, LGBTQ+ riders, and women riders. The survey can be done in multiple languages, as determined by ridership on the system. After the data is collected, the transit agency is to publish the findings on its website and notify the Governor and Legislature of the publication of the survey data. If a transit agency has collected such data in the previous five years, it shall be deemed to have met the requirements of this bill.

OCTA Position – Support

Impact on OCTA: *OCTA is considered one of the ten largest transit agencies in the State and would be subject to the provisions of this bill. SB 434 requires OCTA to survey its riders about specific incidents of street harassment on its system, the commonality of such incidents, and ways to mitigate the issue if needed. This could inform future safety and security measures on OC Bus, preventing this issue from increasing. It is not required to utilize the survey created by the Mineta Transportation Institute.*

# XI. State Budget

**AB 100 (Ting, D-San Francisco): Budget Acts of 2021 and 2022.**
**(Chapter 3, Statutes of 2023)**
AB 100 amends both the 2022 and 2021 Budget Acts to make mostly technical changes associated with the FY 2022-23 mid-year budget package. Specifically, this legislation includes funding for the McKinney Fire and allows the State to extend the waiver of family fees for early care and education programs.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**AB 102 (Ting, D-San Francisco): Budget Act of 2023.**
**(Chapter 38, Statutes of 2023)**
AB 102 is a subsequent budget bill detailing further agreements between the Legislature and the Administration for the FY 2023-24 state budget. Specifically of note, this budget bill makes the appropriation of $2 billion to CalSTA for the population-based TIRCP ($4 billion total through 2024-25) and appropriates $410 million to CalSTA for Zero Emission Transit Capital Program (ZETCP) ($1.1 billion total through 2026-27). AB 102 makes additional investments, including:

- Restoring $25 million to the OPR for purposes of regional climate resilience.
- Appropriating $2.3 million General Fund to OPR for the Zero Emissions Job Roadmap, which shall identify the actions needed to meet California's zero-emission goals, with minimal displacement of existing workers.
- Appropriating $550 million Greenhouse Gas Reduction Fund (GGRF) for the Zero Emission Vehicle Package, which includes:

    - $80 million GGRF to CARB for Clean Cars 4 All
    - $100million GGRF to CEC for Equitable At-Home Charging
    - $80 million GGRF to CARB for Drayage Trucks and Infrastructure
    - $85 million GGRF to CEC for Drayage Trucks and Infrastructure
    - $145 million GGRF to CEC for Clean Trucks, Buses, and Off-Road Equipment
    - $60 million GGRF to CARB/CalSTA for Community-Based Plans, Projects, and Support/Sustainable Community Strategies

*Urgency Bill – Effective Immediately*
OCTA Position – Monitor

Impact on OCTA: *OCTA staff were heavily engaged in conversations to maintain the funding provided in last year's budget of $4 billion in additional formulaic TIRCP funding. This budget bill makes the actual appropriations for the originally proposed amount. AB 102 also makes the appropriation for the ZECTP program that provides additional resources for OCTA to purchase zero-emission buses or associated infrastructure or flex the funding for operations purposes. This budget bill additionally outlines the agreement created for the zero-emission programs.*

**AB 127 (Committee on Budget): State government.**
**(Chapter 45, Statutes of 2023)**
AB 127 is the State Government trailer bill, making various statutory changes to implement the general state government provisions in the budget act. Some details worth noting include establishing the Racial Equity Commission in the Office of Planning and Research, which will be charged with developing resources, best practices, and tools for advancing racial equity by, among other things, developing a statewide Racial Equity Framework that includes methodologies and tools. AB 127 also establishes the State Middle Mile Broadband Enterprise Fund at the California Department of Technology. Under the ZEV Market Development Office, AB 127 updates the equity action plan to include recommendations on actionable steps and metrics to measure and improve access to ZEVs, public and private charging infrastructure, and ZEV transportation options in low-income, disadvantaged, and historically underserved communities and, then requires the assessment of progress toward the equity action plan to include metrics tracking state and federal subsidies for ZEVs and different ownership structures for ZEVs.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *OCTA will monitor the development of resources produced by the Racial Equity Commission and utilize the tools produced as appropriate. OCTA will consider reviewing the information published by the California Department of Technology related to state middle mile system; specifically, the map of the middle mile project segments following the execution of a lease, build, or joint-built contract for the project segment.*

**SB 101 (Skinner, D-Oakland): Budget Act of 2023.**
**(Chapter 12, Statutes of 2023)**
The state budget provides $227 billion in total General Fund expenditures for FY 2023-24. For FY 2023-24, the state budget assumes General Fund revenues of approximately $235.5 billion. The Legislature's budget still expects that the State is facing a total $31.5 billion shortfall. As of this budget deal, the full budget picture was not yet clear since Californians had until October 1, 2023, to file their taxes.

Of significance in the budget package is the $4 billion provided for transit capital and operations. Even with the State experiencing significant budgetary shortfalls, the Legislature's budget rejected the Governor's proposed $2 billion reduction to the formula-based TIRCP, which was agreed to as a part of the budget last year. This agreement was key in approving Proposition 1A funding for the California High-Speed Rail Authority. The funding will be restored as it was originally enacted to a total of $4 billion, with $2 billion to be made available in 2023-24, and $2 billion for 2024-25. This funding will be distributed via a population-based formula where it is anticipated that OCTA will receive slightly over $380 million over the next two years from this funding.

The Legislature's budget also contains several provisions related to transitioning transit to zero emission, with $1.1 billion being provided through various sources, including the GGRF, to CalSTA across FYs 2023-24, 2024-25 and 2025-26 to create the ZETCP. $300 million of this amount is to come from yet-to-be-identified funding sources in future years. The $1.1 billion for zero-emission vehicles and related infrastructure is expected to be delivered on a formula basis and to also be available to be flexed for operations purposes.

Other transportation provisions worth noting include the following:

- Last year, the budget included $1.049 billion for the Active Transportation Program (ATP). In the Governor's proposed budget, a reduction of ATP by $200 million while shifting $300 million from the State Highway Account (SHA) for ATP was included. In this final budget agreement, the following actions were taken:
    - Approved shifting $300 million from SHA for ATP. It is currently unclear which programs, if any, will be impacted by the shift in SHA funding. This could potentially impact funds traditionally used for highway, multimodal, and local streets and road projects.
    - Rejected the proposed reduction to ATP of $200 million.
- Approves the proposed fund shift of $200 million to the Climate Adaptation Program from the SHA.
- Approves $350 million in TIRCP funding for grade separations to be delayed from FY 2023-24 to FY 2025-26.
- Approves the delay of the $600 million for the Port and Freight Infrastructure Program scheduled for FY 2023-24 and the May Revision proposal to reduce a portion of the General Fund scheduled to be provided to the Port and Freight Infrastructure Program in FY 2023-24 by $150 million and to backfill the decrease with an equal amount from the SHA. Again, it is unclear what kind of impact this will have on the SHA.
- Appropriates $500,000 to the OPR to create a zero-emission roadmap for the State, which will identify the actions needed to meet California's zero-emission goals, including those related to workforce development. A workgroup consisting of transit agencies, other relevant public agencies, educational institutions, and relevant community organizations, will help inform this effort. OPR will also develop model solicitation and contract language to be utilized in procurement for

zero-emission buses, for the training of public service employees on the servicing of the zero-emission buses being purchased.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *OCTA benefits significantly from the supplemental funding provided by this budget. Therefore, OCTA is engaged in the development of the guidelines for the funding provided by TIRCP and ZETCP, as outlined in SB 125. Staff will be prepared that this is likely a one-time augmentation in the budget and be ready to draw down these funds, as appropriate.*

**SB 104 (Skinner, D-Oakland): Budget Acts of 2022 and 2023.**
**(Chapter 189, Statutes of 2023)**
SB 104 is a subsequent budget bill to make changes in order to implement the budget agreement. Among other items, this bill appropriates $2.3 million to the OPR. It further dictates that OPR will work with the California Labor Workforce Development Agency to convene a working group made up of transit agencies, other relevant public agencies, educational institutions, relevant community organizations, and other to create a zero-emission roadmap for the state. The roadmap is intended to identify the actions needed to meet California's zero-emission goals, with minimal displacement of existing workers. This could include the following:

- An estimate of the number of public operations and maintenance jobs provided by existing buses, rolling stock, vehicles, or related equipment that would require significant upskilling to adapt to the transition to zero emission.
- Identification of gaps in skills needed to operate and maintain the new electric-powered buses, rolling stock, vehicles, or related equipment.
- Development of model solicitation and contract language to be utilized in procurement for zero-emission buses, for the training of public service employees on the servicing of the zero-emission buses being purchased.
- Development of a comprehensive plan to transition, train, or retrain public transportation system employees impacted by transition goals, including an estimated budget for implementing this plan and the identification of funding streams to fund this transition.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *OCTA is on track to meet the zero-emission transition goals set out by the Innovative Clean Transit regulation. Recruiting and maintaining OCTA's workforce has continued to be a top priority. With this transition to newer technologies, OCTA has been engaged with other stakeholders on how best to retrain existing workers. It would* *behoove the agency to be engaged with the development of this roadmap to inform OCTA's experience.*

**SB 105 (Skinner, D-Oakland): Budget Acts of 2022 and 2023.**
**(Chapter 862, Statutes of 2023)**
SB 105 is a subsequent budget act to reflect changes necessary to update the 2023 budget agreement. This budget bill includes several minor adjustments, such as funding authority for the federal American Rescue Plan Act funding for afterschool and summer programs, removing $3 million that was provided to the Department of Industrial Relations to resume the operations of the Industrial Welfare Commission, and provides the CEC with spending authority for approximately $102.8 million in additional federal grant funds.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**SB 125 (Skinner, D-Oakland): Transportation budget trailer bill.**
**(Chapter 54, Statutes of 2023)**
SB 125 is the transportation trailer bill for this year. The primary component of this bill is the accountability provisions related to the supplemental funding provided for transit capital and operations. Specifically, $4 billion was included for the TIRCP, with $2 billion to be made available in FY 2023-24 and $2 billion for FY 2024-25. This funding will be distributed via a population-based formula where it is anticipated that OCTA will receive slightly over $300 million over the next two years from this funding.

Beyond the $4 billion in TIRCP funding, the budget agreement also includes $1.1 billion for a new ZETCP, to be administered by CalSTA. The funding will be distributed on a formula basis to the regions, using the formula that governs the State Transit Assistance (STA) program, over the next four FYs. The bulk of the program is funded by the Greenhouse Gas Emission Reduction Fund, otherwise known as the Cap-and-Trade Program, with a small amount also provided via the Public Transportation Account. It is estimated that OCTA would receive about $60 million of these funds over the four-year period, assuming future budgets include the specified amounts.

In order for a region to receive funding from either the formula-based TIRCP or the new ZETCP, the region and its transit operators are subject to significant, new accountability provisions governed under a budget trailer bill. Flexibility is provided to use the funding from either program for operational purposes. Guidelines are developed by CalSTA on the use of the funds. In order to be eligible to receive funding from these programs in FY 2023-24, each RTPA, defined to be OCTA in Orange County, would have to submit a short-term financial plan to CalSTA for approval. This short-term financial plan would cover all transit operators in the region and would include the following elements:

- A demonstration of how the region will address any operational deficit, using all available funds through FY 2025-26, based on a 2022 service baseline.
- Justification for how the region's funding is proposed to be allocated to capital and operational expenses.
- A detailed breakdown and justification for how the funding is proposed to be distributed between transit operators and among projects.
- A demonstration of how the plan will mitigate service cuts, fare increases, or layoffs relative to a 2022 service baseline to achieve short-term financial sustainability.
- A summary of how the plan will support ridership improvement strategies that focus on riders, such as coordinating schedules and ease of payment and improving cleanliness and safety to improve the ridership experience.

The RTPA is not required to submit a short-term financial plan in FY 2023-24 if they can attest that the region does not have an operational need between the 2023-24 and 2026-27 FYs for any transit operator in the region. "Transit operator" is undefined in the bill. Regardless of whether an RTPA submits a short-term financial plan in FY 2023-24, starting in FY 2024-25, they would be required to do so, regardless of operational need.

By December 31, 2023, the bill requires RTPAs to compile regionally representative transit operator data for submittal to CalSTA per the guidelines they developed earlier this year. The Legislature provides that these guidelines must include:

- Existing fleet and asset management plans by transit operators.
- Revenue collection methods and annual costs involved in collecting revenue for each transit operator and RTPA in the region.
- A statement of the existing service plan and planned service changes.
- Expenditures on security and safety measures.
- Opportunities for service restructuring, eliminating service redundancies and improving coordination amongst transit operators, including, but not limited to, consolidation of agencies or reevaluation of network management and governance structure.
- Schedule data in General Transit Feed Specification format to enable full visibility of service and service changes when feasible.

If an RTPA is unable to meet the above criteria, CalSTA is to provide the RTPA an opportunity to remedy its plan by April 30, 2024, for the 2023-24 FY and by April 30, 2025, for the 2024-25 FY.

Starting in FY 2026-27, in order for an RTPA to be eligible to receive any future TIRCP funding, including through the competitive program, they would be required to have CalSTA approve a long-term financial plan by June 26, 2026. This plan would be to demonstrate how the region plans to sustain its transit operations absent any additional discretionary or non-formula state funding. The plan would be required to include the following:

- A demonstration of the implementation of ridership retention and recovery strategies, including, but not limited to, policies that prioritize safety and cleanliness and streamlined coordination between transit operators, such as schedule coordination, operational management, and site sharing, to improve rider experience; and
- A five-year forecast of operating funding requirements with details on all sources of funding proposed for operations, including any new local and regional funding sources being pursued and the progress and improvements implemented since the last submitted regional short-term financial plan.

The RTPA is also required to post on its website a summary of monthly ridership data for the transit operators in its region, consistent with the data submitted to the National Transit Database.

Specifically for the ZETCP, the RTPA is required to submit a report to CalSTA on the use of those funds during the previous FY. The report is required to include:

- How much funding was used for operating costs.
- The number, type, date, and location of zero-emission buses, trains, or other vehicles purchased.
- The number, type, date, and location of electric charging stations or hydrogen fueling stations installed.
- The nameplate capacity of installed equipment in kilowatts for electric charging stations and kilograms per day for hydrogen fueling stations.
- The total costs and the source of funding for vehicles and equipment purchased using these funds.

Beyond the accountability reform measures included related to the increased transit funding made available in the state budget, the following transportation-related provisions were also included:

- An extension of transit relief measures previously granted through FY 2025-26, including exemptions from farebox recovery requirements STA efficiency criteria, continued use of 2019 revenue data for STA formula allocations, and flexibility to use SB 1 (Chapter 5, Statutes of 2017) State of Good Repair formula funds for operations purposes.
- A requirement that the CalSTA Secretary, by January 1, 2024, establish and convene a Transit Transformation Task Force to include representatives from transit agencies, MPOs, Caltrans, transportation advocacy organizations with expertise in public transit, labor organizations, academic institutions, legislative committee staff, and other stakeholders. The task force is to develop policy recommendations to grow transit ridership and improve the transit experience for all users, including identification of the appropriate state agency to have oversight over transit in the State, potential reforms to existing metrics governing transit agencies, and identification of revenue sources to sustain transit. These

recommendations are to be included in a report that is to be submitted to the Legislature by October 31, 2025.

- Removes the sunset date on provisions limiting Caltrans from charging self-help counties with countywide sales tax measures dedicated to transportation improvements more than ten percent for administration indirect cost recovery.
- Appropriates $5.8 million to Caltrans from the General Fund to support statewide efforts addressing homelessness within the state highway system. Caltrans would be required to submit a report to the Legislature by January 1, 2026, detailing implementation, including the number and location of sites identified and addressed, how Caltrans coordinated with local partners, and a summary of alternative solutions Caltrans is implementing to reduce the likelihood of an encampment moving from the state highway system to a local jurisdiction's right-of-way.

*Urgency Bill – Effective Immediately*

OCTA Position – Monitor

Impact on OCTA: *As this bill is already in effect, OCTA has been heavily engaged to inform the development of the SB 125 guidelines. OCTA was primarily focused on ensuring that "transit operator" was defined, among other needed clarifications. There may be an opportunity to work with the California Transit Association next year on further clean-up legislation to ensure a more seamless implementation process. An internal task force has been created to ensure that OCTA is ready to draw down this funding for projects and operations and is prepared to submit the necessary reports.*

*Regarding the extension of the various relief measures being provided, OCTA will be prepared that this will likely be the final extension of such. To that end, OCTA has submitted its name for the Transit Transportation Task Force and will be informing the recommendations that result, which could include those related to the Transportation Development Act.*

## XII. Surplus Land

**AB 480 (Ting, D-San Francisco): Surplus land.**
**(Chapter 788, Statutes of 2023)**
AB 480 makes several changes to the Surplus Land Act (SLA). Specifically, it adds a definition of "dispose" to mean the sale of surplus land or the lease of surplus land for longer than 15 years, inclusive of any extension or renewal options included in the initial lease, entered into on or after January 1, 2024. Additionally, it modifies the definition of "exempt surplus land." Specifically, AB 480 adds that, for local agencies whose primary mission is to supply the public with a transportation system, agency's use may include commercial or industrial activities. AB 480 clarifies that "participating in negotiations" does not include issuing a request for proposals or request for qualifications, negotiating a lease, exclusive negotiating agreement, or option agreement, or negotiating with a developer to determine if the local agency can satisfy disposal exemption requirements. It also clarifies that SLA must not prevent a local agency from obtaining fair market value for the disposition of surplus land.

OCTA Position – Monitor

Impact on OCTA: *Previous legislation had made it difficult for transportation agencies to lease surplus land. The California Transit Association worked with the author to help mitigate these issues and identify other difficulties with the SLA. At this time, OCTA does not have that same challenge, but OCTA's legal counsel remains engaged in the development of SLA guidelines to ensure fairness and, ultimately, compliance.*

**SB 34 (Umberg, D-Santa Ana): Surplus land disposal: violations: County of Orange.**
**(Chapter 772, Statutes of 2023)**
This bill requires any city located within, or the County of Orange, to correct any violation of surplus land disposal within 60 days of notification by the California Department of Housing and Community Development (HCD). Any County of Orange jurisdiction that has not corrected any violation is prohibited from disposing of the parcel until HCD finds that it has complied with existing law or deems the violation to not be a violation. It also requires a local agency that receives a notice of violation from HCD to provide HCD with a statement on the actions taken to correct the violation within 60 days of receiving the notice. If HCD receives the statement, it must make determinations and notify the local agency of those determinations within 30 days of receiving the local agency's statement. SB 34 remains in effect until January 1, 2030.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. SB 34 applies to the County of Orange and cities within the County of Orange. There is no specification that this bill applies to special districts. This legislation is in response to the recent Anaheim Stadium transaction.*

**SB 229 (Umberg, D-Santa Ana): Surplus land: disposal of property: violations: public meeting.**
**(Chapter 774, Statutes of 2023)**
If a local agency is in violation of the SLA and receives a notification from HCD of such violation, SB 229 would require the agency to hold an open and public meeting to review and consider the substance of the notice of violation. The local agency must provide adequate notification of this meeting and cannot take final action to ratify or approve the proposed disposal of surplus land until a public meeting is held. An agency would be exempt if it ceases to dispose of the surplus land after receiving the violation notice.

OCTA Position – Monitor

Impact on OCTA: *OCTA could be in a situation where it may wish to dispose of surplus land. In such case, if there is a violation notice, OCTA would need to hold a public meeting or drop to disposal in order to be compliant.*

**SB 747 (Caballero, D-Fresno): Land use: surplus land.**
**(Chapter 786, Statutes of 2023)**
SB 747 makes several changes to the SLA. Specifically, it defines "dispose" to mean the sale of surplus land or the entering of a lease for surplus land for longer than 15 years into or after January 1, 2024. It provides that disposal does not mean entering into a lease for surplus land, which is for a term of 15 years or less, or the entering of a lease for surplus land on which no development or demolition will occur. Additionally, SB 747 revises the definition of valid legal restrictions by revising the exemption related to making housing prohibited on the site and providing a non-exhaustive list of examples. It also establishes categories of exempt surplus land, one of which includes land disposed for commercial or other revenue-generating activities for transit agencies so long as they meet certain requirements. SB 747 modifies the penalties for the land disposed of in violation of the SLA and repeals the California Housing and Community Development Department's exemption from the Administrative Procedures Act when adopting the guidelines to implement the SLA.

OCTA Position – Monitor

Impact on OCTA: *Previous legislation had made it difficult for transportation agencies to lease surplus land. The California Transit Association worked with the author to help mitigate these issues and identify other difficulties with the SLA. At this time, OCTA does not have that same challenge, but OCTA's legal counsel remains engaged in the development of SLA guidelines to ensure fairness and, ultimately, compliance.*

## XIII. Transportation Electrification/Energy

**AB 579 (Ting, D-San Francisco): School buses: zero-emission vehicles.**
**(Chapter 445, Statutes of 2023)**
SB 579 requires, beginning January 1, 2035, that 100 percent of all newly purchased school buses by a charter school, county office of education, or school district be zero

emission. To comply with this requirement, the bill also authorizes local educational agencies to request an up to five-year, one-time extension if the agencies find that purchasing a zero-emission school bus is not feasible due to certain constraints. The local educational agency must demonstrate that a daily planned bus route for transporting students to and from school cannot be serviced by zero-emission technology in 2035. This bill also asserts that beginning January 1, 2040, frontier local agencies are able to apply for an annual extension through January 1, 2045, to the requirement; the frontier local agency must determine that the purchase or contracting of a zero-emission school bus is not feasible due to both terrain and route constraints.

If a contract for using zero-emission school buses to transport students to and from school is made, it must be made for a term that does not exceed 15 years. The contract is renewable at the option of the local educational agency and the party contracting to provide transportation services at the end of the term of the contract. The renewed contract must include all of the terms and conditions of the previous contract. If the original contract provides that the local educational agency may exercise an option to either purchase the buses or cancel the lease at the end of each annual period during the duration of the contract, then the contract may be made for a term of up to 20 years.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**AB 585 (Rivas, R., D-Salinas): Climate change: infrastructure and clean energy projects: assessments.**
**(Chapter 336, Statutes of 2023)**
AB 585 requires the Governor’s Office of Business and Economic Development (Go-Biz) to work with CARB, the CEC, and the CPUC to prepare an assessment of the barriers, challenges, and impediments limiting the deployment of clean energy projects. This must be submitted to the Legislature by January 1, 2026. This assessment must include at least three clean energy project types, specific challenges at different stages of project development, different methods for developing and deploying these projects, and recommended approaches, models, or strategies. This work will be incorporated into what is being done by the Infrastructure Strike Team established by Executive Order N-8-23. Additionally, every three years, the California Council on Science and Technology is requested to assess the infrastructure project types, scale, and pace necessary to achieve the state’s energy, climate, and air quality goals.

OCTA Position – Monitor

Impact on OCTA: *OCTA may wish to monitor the development of this assessment as it pertains to the ongoing transition to zero-emission transit vehicles. It will also be important as local governments are working to install appropriate infrastructure throughout the County.*

**AB 844 (Gipson, D-Gardena): Zero-emission trucks: insurance.**
**(Chapter 347, Statutes of 2023)**
AB 844 directs the California Department of Insurance to gather data, such as surveys and calls, on the availability and affordability of insurance for heavy-duty trucks and truck fleets, with the first data collection beginning February 1, 2024, and requires responses by May 1, 2024. AB 844 creates credible data for insurance companies to use in adequately pricing and selling insurance for zero-emission truck fleets. The data the Department of Insurance gathers as a result of this bill will create a “one-stop shop” for truck fleets to smoothly find insurance options. The Department of Insurance, in consultation with CARB, will provide an assessment of the availability and affordability of insurance for existing and new advanced technologies deployed for heavy-duty vehicles, in addition to the role of insurance markets in meeting the greenhouse gas reduction and climate pollutant reduction goals of the state.

OCTA Position – Monitor

Impact on OCTA: *OCTA can monitor the development of the data collected by the California Department of Insurance, in addition to the assessment that will be provided outlining the availability and affordability of insurance for zero-emission heavy-duty vehicles. This will help OCTA further understand the insurance available for clean truck fleets, should OCTA ever have to contract or procure such vehicles.*

**AB 1594 (Garcia, D-Coachella): Medium- and heavy-duty zero-emission vehicles: public agency utilities.**
**(Chapter 585, Statutes of 2023)**
AB 1594 dictates that any state regulation seeking to require the procurement of medium- and heavy-duty zero-emission vehicles must allow public agency utilities to purchase replacements, without regard to the model year of the vehicle being replaced, in order to maintain reliable service and respond to major foreseeable events, such as severe weather, wildfires, natural disasters, and physical attacks. This bill defines a public agency utility to include a local publicly owned electric utility, community water system, water district, and wastewater treatment provider.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. OCTA is not classified as a public agency utility under this bill.*

**SB 49 (Becker, D-Menlo Park): Renewable energy: Department of Transportation: evaluation.**
**(Chapter 379, Statutes of 2023)**
SB 49, on or before December 31, 2025, requires Caltrans, coordinating with the CEC, and the CPUC, to evaluate the leasing and licensing of Caltrans rights-of-way to public utilities and other entities for the purpose of building and operating renewable energy and energy storage facilities.

The evaluation must consist of the following:

- Considering various ownership for the energy facilities.
- Identifying the issues and policies related to the development of energy and electrical facilities on Caltrans right-of-way that could be made available.
- Identifying the amount of renewable energy generation and storage that could be developed.
- Evaluating the suitability of the different types of Caltrans right-of-way for the development of electrical transmission and distribution facilities.
- Establishing a process for entities interested in operating and building electric facilities on the right-of-way to apply to Caltrans for agreements.

OCTA Position – Monitor

Impact on OCTA: *This evaluation will impact decisions related to building renewable energy, energy storage, electrical transmission, and distribution facilities on Caltrans right-of-way property. If it is decided that entities may apply to build energy facilities on Caltrans right-of-way, this may impact OCTA and Caltrans transportation projects that use Caltrans right-of-way property. SB 49 may also lead to further legislation over other agencies' use of right-of-way property.*

**SB 746 (Eggman, D-Stockton): Energy conservation contracts: alternate energy equipment: green hydrogen: Tri-Valley-San Joaquin Valley Regional Rail Authority. (Chapter 410, Statutes of 2023)**
SB 746 authorizes the Tri-Valley-San Joaquin Regional Rail Authority to enter into energy service contracts, facility financing contracts and contracts for the sale of energy sources relating to green electric hydrogen for use by the authority for financing the construction and operation of passenger rail service through the Altamont Pass Corridor. The Altamont Pass Corridor connects the San Joaquin Valley to the Bay Area, and this bill authorizes the Tri-Valley San Joaquin Valley Regional Rail Authority to enter into contracts related to green electric hydrogen for supporting rail service through the corridor.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**SBX1 2 (Skinner, D-Oakland): Energy: transportation fuels: supply and pricing: maximum gross gasoline refining margin.**
**(Chapter 1, Statutes of 2023)**
SBX1 2 authorizes the CEC to establish a maximum gross gasoline refining margin, requiring the CEC to create a penalty for exceeding the refining margin. This bill also authorizes the CEC to enforce an administrative civil penalty on any refiner found exceeding the refining margin; however, the CEC must consider a refiner's request for exemption from the maximum gross gasoline refining margin. A refiner seeking an exemption must file a statement under the penalty of perjury, setting the basis of their request for exemption.

In addition, major oil producers, marketers, refiners, and transporters must annually submit information to the CEC pertaining to the supply chain of the oil. Refiners must submit information regarding the volume, price, and type for each of their refineries, including the origin of petroleum receipts, imports of petroleum products, exports of petroleum products, and the entity receiving any exports of the products. Oil marketers are required to report on volume, price, and type of petroleum product receipts and must demonstrate the source of their receipts, inventories of petroleum, distribution systems, and exports from the state. The CEC will publish a publicly available report quarterly based on the data they gather from the oil producers, marketers, and refiners. The California State Auditor must evaluate the efficacy of the maximum gross gasoline refining margin and penalty for submittal of a report to the Legislature and CEC outlining if the intended goal is being achieved.

Furthermore, in addition to the CEC's report, the Division of Petroleum Market Oversight (DPMO) is established through this bill, which will act as an authority to provide analysis and oversight of the transportation fuels market and give guidance to the CEC on reports and data it will conduct and gather as a result of this bill. The bill also establishes the Independent Consumer Fuels Advisory Committee within the CEC, which will be composed of six members appointed by the Governor for the purpose of advising the CEC and the DPMO. The CEC will release an assessment to the Legislature and to the Governor every three years that identifies methods to ensure a reliable supply of transportation fuels in the state. The California Department of Tax and Fee Administration will also submit a report to the Legislature prior to March 1st of each year, beginning March 1, 2024, that reviews the price of gasoline in California and the impact of gasoline prices on state revenues for the previous calendar year. In short, this bill creates a dedicated penalty and numerous safeguards to hold the oil industry accountable for any price gouging that may occur in the state of California.

OCTA Position – Monitor

Impact on OCTA: *In addition to this bill creating a penalty for any price gouging of oil that may occur in the state, it also creates a way for the state to gather data on the oil supply chain. The data that will be collected because of this bill may be helpful to OCTA in understanding where oil is being sourced from. It also demonstrates the state's transition away from petroleum fuels.*

**SCR 21 (Archuleta, D-Norwalk): Clean energy: hydrogen.**
**(Chapter 136, Statutes of 2023.**

SCR 21 urges the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) to prioritize clean and renewable hydrogen for California. ARCHES is a public-private partnership that was formed by the Go-Biz in conjunction with the University of California. ARCHES is a consortium to create a statewide clean hydrogen hub for the acceleration of the development and deployment of clean hydrogen projects and infrastructure. ARCHES has been applying for IIJA funding to generate the state's clean hydrogen system; the Legislature urges ARCHES to focus its efforts on communities with the largest pollution burden for a swift and just environmental transition, investing in energy systems and distribution infrastructure through a multisector approach, and prioritize sectors that are hard to abate.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This bill may impact investment into clean and renewable hydrogen systems and infrastructure, also relating to transportation. OCTA is currently working with ARCHES to develop clean hydrogen projects and infrastructure.*

# XIV. Other Legislation

**AB 34 (Valencia, D-Anaheim): Elections: County of Orange Citizens Redistricting Commission.**
**(Chapter 315, Statutes of 2023)**
AB 34 establishes the Citizens Redistricting Commission in the County of Orange, which would be responsible for adjusting district lines of the Board of Supervisors in Orange County, following specific criteria. The commission will be made up of 14 voting members and two non-voting alternate members, requiring them to attend all meetings and hearings of the commission. The commission members must meet certain qualifications, including being a resident of Orange County, having voted in at least one of the last three statewide elections, and being a voter who has been continually registered in Orange County who has not changed their party preference for five or more years immediately preceding the date of their appointment to the commission.

County officials must select 60 of the most qualified applicants, whose names will be made publicly available and then grouped into five sub-pools for each of the five supervisorial districts in Orange County. A random drawing will be conducted to select one commissioner from each of the five sub-pools, and after those five drawings, another random drawing will be conducted from all of the remaining applicants without respect to the sub-pools to select three additional commissioners. Those eight commissioners selected will review the remaining names in sub-pools and appoint eight additional commissioners, including two nonvoting appointees, to the commission.

Before the commission draws a map, they must hold at least seven public hearings to take place over a period of no less than 30 days, with at least one hearing in each of the five supervisorial districts. The mapping process must comply with federal law, and each district must have a reasonably equal population with other districts. The districts must also be geographically contiguous and respect communities of interest, which are populations that share common social and economic interests who should be included in the same district for the purpose of fair representation. The draft map must be posted publicly so that it is available for public comment.

The commission must also take steps to ensure public engagement, such as providing information through media announcements, coordinating with community organizations, and posting information on the County of Orange website explaining the redistricting process with the inclusion of the notices of each public hearing. All outreach materials must also be translated into all applicable languages. Lastly, the commission has the ability to create a course of action where it may remove a member for not fulfilling the duties of the role, and the commission must be created no later than December 31, 2030.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. The County of Orange Citizens Redistricting Commission, when it is created, will have the ability to affect the makeup of the Board of Supervisors and, thus, affect the makeup of the OCTA Board of Directors (Board).*

**AB 354 (Nguyen, D-Elk Grove): Sacramento Regional Transit District: Board of Directors: membership.**
**(Chapter 35, Statutes of 2023)**
This bill authorizes the City of Elk Grove to appoint two members to the SacRT Board instead of one member due to population increase in the City of Elk Grove so long as the City of Elk Grove remained annexed into SacRT.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**AB 764 (Bryan, D-Culver City): Local redistricting.**
**(Chapter 343, Statutes of 2023)**
Previous bills have created the Fair and Inclusive Redistricting for Municipalities and Political Subdivisions (FAIR MAPS Act). The FAIR MAPS Act proscribes partisan gerrymandering and institutes fair redistricting criteria for cities and counties in California. The first redistricting done under the FAIR MAPS Act was in 2021 and 2022. This bill strengthens the redistricting criteria under the FAIR MAPS Act, prohibiting incumbency protection and clarifying the prioritization of criteria, ensuring compliance with the federal Voting Rights Act.

Specifically, AB 764 establishes ranked criteria that prioritize keeping whole neighborhoods and communities of interest together, which is outlined to facilitate constituent representation and prohibit gerrymandering. It also establishes requirements to ensure minimum standards of transparency and accessibility in the local governments' redistricting process so that the public can provide information to assist local governments in adopting fair redistricting maps. In maintaining that standard, this bill also requires local jurisdictions to hold at least one public workshop and at least five public hearings prior to adopting new district boundaries; jurisdictions must have outreach and education plans for redistricting.

OCTA Position – Monitor

Impact on OCTA: *Local redistricting affects the Board at OCTA. As such, this bill strengthens redistricting criteria, which may affect the districts of the Board and other elected officials who have a stake in OCTA and Orange County functions.*

**AB 1519 (Bains, D-Bakersfield): Vehicles: catalytic converters.**
**(Chapter 847, Statutes of 2023)**
AB 1519 stipulates that any person who removes, alters, or obfuscates any vehicle identification number (VIN) that has been added to a catalytic converter would be guilty of a misdemeanor. It also provides that a person who knowingly possesses three or more catalytic converters with VIN numbers that have been removed, altered, or obfuscated would also be guilty of a misdemeanor. Certain exceptions are allowed.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This bill acts as a companion bill to SB 55 (Chapter 858, Statutes of 2023), which OCTA has supported that essentially requires VIN to be installed on new or used vehicles being sold by a retailer.*

**AB 1637 (Irwin, D-Thousand Oaks): Local government: internet websites and email addresses.**
**(Chapter 586, Statutes of 2023)**
AB 1637 requires a local agency to ensure that its website and public email addresses for its employees utilize a ".gov" or ".ca.gov" domain name by January 1, 2029. A local agency means a city, county, or city and county. The intended purpose of the legislation is to increase security.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes. This legislation does not apply to OCTA. However, OCTA will consider whether it may be prudent to transfer its domain name to a ".gov" as this could be something that comes back to apply to special districts.*

**SB 55 (Umberg, D-Santa Ana): Vehicles: catalytic converters.**
**(Chapter 858, Statutes of 2023)**
SB 55 prohibits a motor vehicle dealer or retailer from selling a new or used vehicle that does not have a catalytic converter that has been permanently marked with the VIN corresponding to the vehicle to which it is attached. SB 55 includes several exemptions from this, including a collector motor vehicle, vehicles sold under certain conditions, and motorcycles. This will have a delayed implementation date of January 1, 2025.

OCTA Position – Support

Impact on OCTA: *While OCTA has not experienced theft of its agency-owned vehicles, there have been instances of catalytic converters being stolen from school buses and paratransit buses. For instance, in October 2022, Solano County Transit reported thieves* *sawed off and stole the devices from three of their paratransit vehicles, costing the agency over $10,000 to replace the converters and make appropriate repairs.*

**SB 710 (Durazo, D-Los Angeles): Sale of excess state highway property: State Highway Route 710 Terminus.**
**(Chapter 501, Statutes of 2023)**
SB 710 requires Caltrans to establish and administer a Terminus Regional Planning Task Force, with representatives from the City of Alhambra, the City of Los Angeles, the County of Los Angeles, the California State University, Los Angeles, LA Metro, a business or workforce entity, and a community-based organization. This task force will meet quarterly to discuss the issues of traffic, and potential land uses as it relates to the State Route 710 Terminus. By December 1, 2025, they will complete and submit a report to the Legislature on projects and land use in the State Route Terminus adjacent areas addressing issues such as affordable housing, student housing, workforce development space, public university expansion, parks, open space, and alternative transportation. The report will also include a summary and status of the Alhambra 710 Arterial Project.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

**SB 891 (Committee on Transportation): Transportation: omnibus bill.**
**(Chapter 219, Statutes of 2023)**
Each year, the transportation committee authors a bill to clean up outdated code sections or make other minor changes. SB 891 repeals the process for the San Diego Metropolitan Transit Development Board since it is now the sole operator of transit within its jurisdiction. Additionally, the San Diego County Association of Governments is required to submit an annual report on the region's transit needs annually. SB 891 would change the submission date from July 1st every year to December 31st so it can reflect the most recent FY in the report. SB 891 also allows the Alameda County Transportation Commission to independently manage an express lane in their jurisdiction to eliminate duplicative requirements for administrative hearings. Lastly, SB 891 amends the vehicle code to comply with federal regulations on nonpneumatic tires so that the California Highway Patrol can continue receiving grant funding.

OCTA Position – Monitor

Impact on OCTA: *For informational purposes.*

COMMITTEE TRANSMITTAL

**November 27, 2023**

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

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

**Subject:** Performance Evaluation of State Legislative Advocate, Topp Strategies

Legislative and Communications Committee Meeting of November 16, 2023

Present: Directors Diaz, Dumitru, Foley, Goodell, and Wagner
Absent: Directors Hernandez and Jung

**Committee Vote**

This item was passed by the members present.

**Committee Recommendation**

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

OCTA

*November 16, 2023*

***To:*** Legislative and Communications Committee

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

***Subject:*** Performance Evaluation of State Legislative Advocate, Topp Strategies

### *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, which will last until December 31, 2024.

### *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 seeking funding, project delivery and planning assistance to address climate change impacts to the Los Angeles - San Diego – San Luis Obispo Rail Corridor within Orange County; protecting taxpayer intent in the passage of local sales tax measures, ensuing projects and programs can be delivered, and; engaging in the Transit Transformation Task Force. In addition, priorities for Topp Strategies will include advancement of OCTA's positions on legislation and policy goals contained in the Board-adopted 2023-24 OCTA State Legislative Platform, and continued policy discussions about strategies for the State to meet greenhouse gas emission reduction goals; methods to address safety for both coach operators and passengers when using transit; interoperability for toll operators; and protecting state budget allocations for transportation purposes.

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

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### *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 2023
B. Sacramento Legislative Advocacy and Consulting Services Scope of Work

**Prepared by:**

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**Approved by:**

Lance M. Larson

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Executive Director,
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## Staff Evaluation of Services Provided by Topp Strategies for 2023

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 2023, 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: Very Good*

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 (TIRCP). This funding was originally intended for transit capital projects. This year, being faced with a budget deficit, the Governor's budget proposed to reduce that funding by $2 billion. Topp Strategies was successful in advocating, in coordination with the California Transit Association (CTA), for the reinstatement of the full $4 billion for TIRCP, with an additional $1.1 billion for the newly established Zero-Emission Transit Capital Program, which could be used for zero-emission bus purposes. Topp strategies was also successful in ensuring that the funding from both of those programs is flexible, allowing transit agencies to utilize the funding for transit operations. Over the next five years, OCTA is expected to receive approximately $380 million from both the TIRCP and ZECTP. Alongside the funding, the Legislature required the California State Transportation Agency (CalSTA) to craft accountability guidelines for transit agencies to comply with in order to receive their portion of the funding. Of the $4 billion for TIRCP, only $2 billion has been officially allocated; therefore, Topp Strategies will need to work next year to ensure the Legislature provides the remaining $2 billion for the formula TIRCP program.

While there have been significant proposed investments for the Active Transportation Program, the Legislature did reduce the program by $200 million from the original $1 billion proposed. This program is vastly oversubscribed, so this reduction will be reflected in how many Orange County projects are successful in competing for the funding. There were additional delays in the funding for grade separations and for the Port and Freight Infrastructure Program. Through each of these discussions, Topp Strategies sought to ensure that OCTA would be eligible for funding, and to advocate for formula-based funding programs. In order to ensure OCTA maximizes its funding opportunities within the programs ultimately approved, Topp Strategies will have to continue to work next year to help position OCTA to be successful within the competitive programs.

Also included in the budget was a provision that prohibits the California Department of Transportation (Caltrans) from charging any self-help counties more than ten percent for the administration of their indirect cost recovery. This will result in cost savings for OCTA and was a key priority for the Self-Help Counties Coalition (SHCC).

## Staff Evaluation of Services Provided by Topp Strategies for 2023

### Senate Transportation Subcommittee on LOSSAN Rail Corridor Resiliency

*Effort: Excellent; Outcome: Excellent*

This year, Senator Catherine Blakespear (D-Encinitas) formed the Senate Transportation Subcommittee on the Los Angeles – San Diego – San Luis Obispo Rail Corridor Resiliency. Topp Strategies was instrumental in helping OCTA successfully participate in this subcommittee at two separate hearings. This effort has helped OCTA promote its message of needing to perform a short-term study to protect the rail corridor in the intermediary, while also endeavoring on a long-term study. Topp Strategies has also been helpful in setting up meetings with state officials to discuss the State's role in long-term planning for the entire corridor. The subcommittee was commissioned for two years; therefore, it is anticipated that OCTA will continue to be involved in future hearings next year.

### Bills Signed or Vetoed

*Effort: Excellent; Outcome: Very Good*

AB 96 (Chapter 419, Statutes of 2023): This legislation was highly influenced by previous proposals related to new technology, including AB 2441, legislation that was vetoed by the Governor last year. AB 96 requires public transit employers to provide certain information to union representatives when the employer is beginning the process of procuring autonomous transit vehicle technology. Working with CTA, after OCTA adopted an oppose unless amended position, Topp Strategies sought amendments to ensure the bill did not create undue hardships on transit agencies. Amendments included simplifying the notification of procurement process, lengthening the timeframe for which agencies would need to develop a comprehensive analysis of worker impacts, and limiting the requirements pertaining to collective bargaining to better align with existing law. The author agreed to address each of these points. Following those amendments, OCTA was able to remove its oppose unless amended position.

AB 719 (Boerner, D-Encinitas): AB 719 would have required Medi-Cal Managed Care Plans to reimburse public transit operators for nonmedical transportation and nonemergency medical transportation services. Historically, Medi-Cal could directly reimburse transportation providers, through an agreement, for nonmedical and nonemergency medical transportation for individuals that were covered by Medi-Cal so long as they were utilizing the transportation services to gain access to services that were also covered by Medi-Cal. However, this is no longer the case. Therefore, AB 719 would have created an opportunity for a more equitable reimbursement system to occur and ultimately, save the transit operators money. Working in conjunction with CTA, who was the sponsor of the bill, Topp Strategies sought to maximize the benefits from this bill to allow OCTA to achieve cost savings. Ultimately, the bill was vetoed by the Governor, citing concerns with the Department of Health Care Services needing to pursue a series of federal approvals that are currently not allowed under federal guidance.

**Staff Evaluation of Services Provided by**
**Topp Strategies for 2023**

SB 434 (Chapter 396, Statutes of 2023): SB 434 requires the ten largest transit agencies in the state to conduct outreach and survey passengers about incidents of street harassment while using the agency's respective transit system on or before December 31, 2024. Working with CTA, Topp Strategies was successful in ensuring that such requirements would not impose an unfunded mandate on transit agencies. Additionally, flexibility was granted on what kind of survey can be used by agencies, since in the previous year there was legislation that directed the Mineta Transportation Institute to create a survey to gather data about street harassment. This results in OCTA creating a tailored survey that serves our customers more effectively.

SB 617 (Chapter 196, Statutes of 2023) & SB 706 (Chapter 500, Statues of 2023): Both of these pieces of legislation expand progressive design-build authority. Alongside CTA and SHCC, Topp Strategies was able to secure these proposals as a part of the Governor's streamlining package. OCTA is expected to use this authority on its transit projects, as appropriate, to help expedite project delivery and create cost savings.

**Other Bills of Interest**
*Effort: Excellent; Outcome: Excellent*

AB 6 (Friedman, D-Glendale): This is one of two bills introduced by Assembly Member Friedman that OCTA opposed. Specifically, AB 6 would have revised the SB 375 (Chapter 728, Statutes of 2008) greenhouse gas emission reduction target setting process to require regions to not only meet targets for 2020 and 2035, but also for 2045. Topp Strategies, recognizing the need for a strong coalition, took leadership in organizing traditional stakeholder coalition members to oppose the bill. Given the sensitivity of having the Chair of the Assembly Transportation Committee as the author, Topp Strategies also reached out to committee staff to engage early and often, in addition to several meetings with key members of the Legislature. Throughout the process, Topp Strategies worked to both try to defeat the bill, but also improve the bill in the scenario that it was signed. Ultimately, the bill was held as a two-year bill to allow for further negotiations. It can be expected conversations will resume next year.

AB 7 (Friedman, D-Glendale): This is the second piece of legislation OCTA opposed by Assembly Member Friedman. AB 7 would add new requirements for the California Transportation Plan and lists priorities which CalSTA, Caltrans, and the California Transportation Commission would incorporate into their existing funding guidelines and planning processes, to the extent applicable and cost effective. Assembly Member Friedman organized a working group to discuss and provide input on this legislation. While OCTA was not directly invited to participate in this working group, Topp Strategies was a leader in creating a coalition to oppose this legislation and was also successful in getting most of the Orange County delegation members to not vote in support of AB 7. This legislation faced a series of amendments in an attempt to reach consensus, which was ultimately never achieved despite several conversations with the committee staff. Ultimately, the bill was held as a two-year bill to allow for further negotiations. It can be expected conversations will resume next year.

**Staff Evaluation of Services Provided by**
**Topp Strategies for 2023**

**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. 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, and concerns with proposal that could alter funding programs in such a way that hinders the ability for transportation agencies to deliver their projects and programs. Additionally, in-person meetings were also held with key members of the Orange County delegation to discuss the suspension of rail service in southern Orange County. These conversations have allowed OCTA to communicate its message on the investments OCTA has made into the corridor and the plans OCTA has charted for the future, long-term viability of the rail system.

While the construction activities at the State Capitol continued to present challenges for arranging in-person meetings, Topp Strategies has always remained in contact with key staff and afforded OCTA the ability to be at the table for critical conversations. Topp Strategies successfully arranged meetings with key members of the Legislature and Administration to communicate positions on legislation and policies. This included in-person meetings with the Orange County Delegation members, Secretary of CalSTA, the Director of Caltrans, and committee staff from both the Assembly Transportation Committee and Senate Transportation Committee.

*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.

ATTACHMENT B

**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:

**OCTA Board of Directors**

**OCTA**
**Legislative and Communications Committee**

**OCTA**
**Executive Management and Staff**

Principal Sacramento Representative
(Lead Firm)

Specialized Sacramento Representative
(if needed)
Administration, Agencies, Majority or Minority Leadership, California Transportation Commission, Caltrans, Public Utilities Commission, Air Resources Board, Coastal Commission, etc.

**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

**November 27, 2023**

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

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

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

Legislative and Communications Committee Meeting of November 16, 2023

Present: Directors Diaz, Dumitru, Foley, Goodell, and Wagner
Absent: Directors Hernandez and Jung

**Committee Vote**

This item was passed by the Members present.

**Committee 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.

*November 16, 2023*

***To:*** Legislative and Communications Committee

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

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

### *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 legislative 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.

Priorities for PPDC for the upcoming Second Session of the 118th Congress will continue to focus on implementation of the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, ensuring that programs are funded at least at the levels authorized, eligibility for transportation and transit agencies is considered for relevant programs, and statutory intent is honored in implementation. As part of this effort, if Congress continues to authorize community project funding and congressionally directed spending requests in future appropriations bills, PPDC will also be focused on seeking opportunities to fund specific OCTA projects, consistent with Board priorities and direction. Next year, there will also be the opportunity to begin coordinating on developing priorities for the next surface transportation reauthorization bill. Additionally, PPDC will seek to advance OCTA's policy positions outlined in the 2023-24 OCTA Federal Legislative Platform, including seeking funding, project delivery, and planning assistance to address environmental impacts occurring throughout the Los Angeles – San Diego – San Luis Obispo Rail Corridor within Orange County and informing any proposals that may impact formula funding or which may delay OCTA federal grants.

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 2023
B. Scope of Work Federal Legislative Advocates

**Prepared by:**

Lance M. Larson
Executive Director,
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(714) 560-5908

**ATTACHMENT A**

**Staff Evaluation of Services Provided by Potomac Partners, DC for 2023**

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 2023. 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: Very Good*

Both the House and Senate continued to entertain requests for earmarks this year, rebranded as "community project funding" requests in the House and "congressionally directed spending" 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) 2023 appropriations bill, OCTA received almost $13 million in earmarks for projects including the Orange County (OC) Loop, Santa Ana-Garden Grove Rails to Trails, State Route 74 Improvements, and the State Route 91 Project from Lakeview to State Route 55. For FY 2024, PPDC worked equally diligently to submit several OCTA proposals, and successfully ensured these proposals were included in draft FY 2024 appropriations bills. This includes funding for the State Route 91 Improvement Project, the Coastal Rail Corridor Relocation Study, and the OC Loop. 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 2024 appropriations bill.

In order to be successful in these project submittals, PPDC had to invest significant time to ensure project submittals met all updated guidelines for submittal, which differs by member, the pot of funding being earmarked, and whether it's a member of the Senate or House that is seeking the funding. This required PPDC to answer several questions about each project prior to submittal, working with OCTA staff to get the details necessary. In addition, PPDC assisted OCTA staff in securing support letters and other documents necessary to meet the requirements.

Related to discretionary grants, PPDC again led efforts to secure support from delegation members for projects pursued by OCTA. This included projects for several new programs authorized by the Infrastructure Investment and Jobs Act (IIJA), including the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) program. OCTA is beginning preparations to undertake a study for the Coastal Rail Infrastructure Resiliency Project, which will evaluate strategies to ensure uninterrupted rail operations in southern Orange County in the short- and medium-term. The funding being requested through the PROTECT program would allow OCTA to move identified strategies to the next phase of project approval and environmental documentation. The political support for the grant application PPDC was able to obtain was critical to ensuring a comprehensive application. Continued work will need to be done moving forward to better position OCTA for other grant opportunities.

**IIJA Implementation**

*Effort: Very Good; Outcome: Good*

Most all transportation policy discussions this year at the federal level revolved around the implementation of the IIJA. Entering 2023 without an annual appropriations bill approved stalled some of the most immediate implementation activities as the funding levels provided via continuing resolution were aligned with previous authorizations. PPDC remained engaged throughout the appropriations process to ensure funding levels in the final appropriations bill matched at least what was provided by the IIJA. Programs such as the Buses and Bus Facilities Discretionary Grant Program and the Capital Investment Grant Program ultimately received even more funding than authorized, demonstrating the emphasis Congress had on investments in transit capital projects. Additionally, Congress had to act this year to suspend the debt ceiling, since the United States Treasury Department was not going to be able to meet its financial commitments. This resulted in the passage of the Fiscal Responsibility Act of 2023. This legislation established budgetary caps on both defense and nondefense spending for FYs 2024 and 2025. In FY 2024, total nondefense spending, which includes transportation funding, is $703.7 billion, which is a $40.2 billion (5.4 percent) decrease compared to FY 2023 funding levels. During the appropriations discussions for FY 24, which remain ongoing, PPDC continued to communicate the importance of maintaining authorized levels for transportation funding. The House has proposed significant cuts to transportation programs in their draft appropriations bill; however, this has yet to be fully negotiated with the Senate.

Beyond appropriations discussions, much of the IIJA implementation activities were correlated with required rulemaking and guidance documents from the Administration. A continued concern this year was a rulemaking related to Buy America required by the IIJA to expand applicability to construction materials, and a memo from the Federal Highway Administration (FHWA) deprioritizing highway investments in federal grant programs in favor of multimodal projects. Since the work done last year, the Government Accountability Office issued a decision that the memo meets the definition of a rule and therefore, the FHWA would need to have submitted a Congressional Review Act report on the memo to enforce such action, for which was not done. For the Buy America conversations, OCTA worked with PPDC to submit comments on this rulemaking, urging continued waiver of enforcement until more information about the feasibility of meeting these requirements, and not adversely impacting transportation projects, could be put together. Waivers have been granted to include some flexibility, but it is expected that conversations related to Buy America will continue next year.

**General Services**
*Effort: Very Good; Outcome: Very Good*

PPDC was highly successful in securing key meetings for OCTA on trips to Washington, DC this year. This included meetings with Orange County delegation members as well as key members of committee leadership, including Chair of the House Transportation & Infrastructure Committee Sam Graves (R-MO), Ranking Member of the House Transportation & Infrastructure Committee Rick Larsen (D-WA), and Chair of the Subcommittee on Railroads, Pipelines, and Hazardous Materials Troy Nehls (R-TX). These meetings provided OCTA the opportunity to advocate for policy and funding priorities, including maintaining mode neutrality on federal grant programs, securing community project funding for OCTA projects, and ensuring transportation agencies remain eligible for federal funding programs, including those included in the Inflation Reduction Act. PPDC was also able to timely secure a meeting with the Federal Railroad Administration, which allowed for a key opportunity to discuss the environmental impacts happening on the Los Angeles – San Diego – San Luis Obispo Rail Corridor.

While many of these issues did not lead to ultimate resolution this year, the groundwork was laid for next session to move forward in several areas. Plans have already been formed as a result of these meetings to have a more corridor-wide discussion about the coastal rail lines in the State, and what potential funding and permitting needs may be required to preserve rail operation in the long-term.

While the majority of PPDC's work for OCTA surrounded informing federal policy discussions, 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

**November 27, 2023**

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

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

**Subject:** Orange County Transportation Authority's 2023-24 State and Federal Legislative Platforms

<u>Legislative and Communications Committee Meeting of November 16, 2023</u>

Present: Directors Hernandez, Murphy, and Wagner
Absent: Director Bartlett, Delgleize, and Hennessey

## Committee Vote

This item was passed by the Members present.

## Committee Recommendations

A. Adopt the revised final draft of the 2023-24 State and Federal Legislative Platforms.

B. Direct staff to distribute the adopted platforms to elected officials, advisory committees, local governments, affected agencies, the business community, and other interested parties.

OCTA

*November 16, 2023*

*To:* Legislative and Communications Committee

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

*Subject:* Orange County Transportation Authority's 2023-24 State and Federal Legislative Platforms

### *Overview*

Halfway through each legislative session, staff conducts a refresh to the Orange County Transportation Authority's State and Federal Legislative Platforms to ensure updates are provided on relevant issues that are anticipated to be of discussion for the upcoming year. The final drafts of the revised 2023-24 Orange County Transportation Authority State and Federal Legislative Platforms are submitted for consideration and adoption by the Orange County Transportation Authority Board of Directors.

### *Recommendations*

A. Adopt the revised final draft of the 2023-24 State and Federal Legislative Platforms.

B. Direct staff to distribute the adopted platforms to elected officials, advisory committees, local governments, affected agencies, the business community, and other interested parties.

### *Background*

At the beginning of each legislative session, the Orange County Transportation Authority (OCTA) adopts updated legislative platforms to guide OCTA's state and federal advocacy activities for the duration of the upcoming session. With each session covering a two-year period, revisions to the legislative platforms are presented to the Board of Directors (Board) midway through the sessions to reflect any significant changes since adoption by the Board. Official OCTA legislative positions not directly addressed by the legislative platforms will be brought to the Board for separate action during the legislative sessions.

The initial drafts of the 2023-24 State and Federal Legislative Platforms were reviewed and approved for further circulation by the Legislative and

Communications Committee (Committee) on October 19, 2023, and by the Board on October 23, 2023. After receiving additional feedback, the State and Federal Legislative Platforms have been refined further and are included as Attachments A and B. The recommended revisions are designated by underline and strikethrough text.

When developing the 2024-25 State and Federal Legislative Platforms next year, a more widespread input solicitation process will occur, with outreach to interested groups, stakeholders, and individuals to allow for a more comprehensive update for the next legislative session.

2023-24 OCTA State Legislative Platform

The final proposed revisions to the 2023-24 OCTA State Legislative Platform are summarized below. Language was edited, amended, or removed as necessary to ensure grammatical and stylistic integrity.

- Revisions are proposed to Subsection (c) under the section entitled, "Key Policy Issues in 2023-24" per direction from Director Foley with Committee concurrence. This is one of several principles created to expand on the importance of engaging with the state on issues pertaining to adaptation and resiliency. Specifically, this principle broadens the approach to support all efforts seeking to combat the environmental impacts occurring on transportation infrastructure throughout the County.

- Per direction from Director Foley with Committee concurrence, Subsection (d) is proposed to be added under the section entitled, "Key Policy Issues in 2023-24." This principle underscores OCTA's advocacy efforts specifically as it pertains to the pursuit of funding and need for administrative solutions, as necessary, to address environmental impacts along the rail corridor. For example, in the last year, OCTA had successfully advocated that the California Transportation Commission (CTC) should delegate authority to the Executive Director of the CTC to approve fund allocations for emergencies impacting publicly owned rail facilities. This aids in streamlining various approval processes and quickly allows local agencies to quickly draw down funding to respond to emergencies. With this principle, OCTA will be positioned to advocate for funding and any administrative solution deemed appropriate to support adaptation and resiliency efforts throughout the entire rail corridor.

- Per direction from Director Foley with Committee concurrence, Subsection (e) is proposed to be added under the section entitled, "Key Policy Issues in 2023-24." The intention for this new principle is for OCTA to engage in potential activities regarding the management of sea level rise and other environmental impacts occurring throughout the rail corridor with the possibility of pursuing funding for such activities.

- Subsection (f) under the section entitled, "Key Policy Issues in 2023-24" is proposed to be added. OCTA, alongside other member agencies of the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency, submitted a letter to the Secretary of the California State Transportation Agency to urge the State's support in developing a long-term study related to potential track relocation. This issue is much greater than any one agency and requires significant state coordination. While local agencies will still be key stakeholders in informing such study, OCTA should continue to advocate for a strong state role in this effort.

- Revisions to Subsection (o) under the section entitled, "Key Policy Issues in 2023-24" are recommended. Last year's budget provided $4 billion for transit operations and capital projects, with $2 billion being allocated in this budget and the remaining $2 billion to be allocated in next year's budget. There were also several accountability and responsibility measures associated with the funding. These proposed revisions reflect the need to protect these funds as they have been outlined in this year's budget and that the remainder of the funding is provided in fiscal year 2024-25.

- Subsection (h) under the section entitled, "Transit Programs" is proposed to be added. Included in the State's budget this year was the creation of and an appropriation for the Zero-Emission Roadmap. The roadmap is intended to identify the actions needed to meet California's zero-emission goals, with minimal displacement of existing workers, specifically as it pertains to the transit sector. This will include gathering information related to jobs provided by existing buses, determining the skills gap that exists to operate and maintain the new zero-emission equipment, and developing a plan to aid in this transition. OCTA should be engaged to help inform this discussion to ensure a seamless and effective transition.

- Revisions to Subsection (f) under the section entitled, "Active Transportation" are included per direction from Director Foley. This principle adds that the pursuit of funding may be appropriate for OCTA to advocate for as it pertains to projects that could help increase safety of electric bicycle operation.

- A minor revision to Subsection (c) under the section entitled, "Employment Issues" is recommended to strike Family Medical Leave Act and replace it with the California Family Rights Act. This more accurately aligns with California state law. The previous reference was to federal law.

- Revisions to Subsection (d) under the section entitled, "Transportation Security and Emergency Preparedness" are included. The California Transit Association is exploring an opportunity to expand current provisions that assesses a $10,000 fine as it relates to committing assault or battery against a coach operator or ticket agent. Transit agencies are always looking at ways to increase the safety and security of their employees and passengers. Expanding this penalty to include all public transit employees could help in this effort by creating a deterrent of this behavior.

Sponsor Bills

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 any potential sponsor bills that may be useful for the remainder of the session. Staff is recommending that should any need arise for a sponsor bill, it be considered by the Board through Committee at a later date.

<u>2023-24 OCTA Federal Legislative Platform</u>

The final proposed revisions to the 2023-24 OCTA Federal Legislative Platform are summarized below. Language was edited, amended, or removed as necessary to ensure grammatical and stylistic integrity.

- Revisions are proposed to Subsection (j) under the section entitled, "Key Policy Issues in 118th Congress" per direction with Committee concurrence to align with the State Legislative Platform. This is one of several principles created to expand on the importance of engaging with OCTA's federal partners on issues pertaining to adaptation and resiliency. Specifically, this principle broadens the approach to support all efforts seeking to combat the environmental impacts occurring on transportation infrastructure throughout the County.

- Per direction and Committee concurrence to align with the State Legislative Platform, Subsection (k) is proposed to be added under the Section entitled, "Key Policy Issues in 118th Congress." This principle underscores OCTA's advocacy efforts specifically as it pertains to the pursuit of funding and need for administrative solutions, as necessary, to address environmental impacts along the rail corridor. For example, in the last year, OCTA had successfully advocated that the CTC should delegate authority to the Executive Director of the CTC to approve fund allocations for emergencies impacting publicly owned rail facilities. This aids in streamlining various approval processes and quickly allows local agencies to quickly draw down funding to respond to emergencies. With this principle, OCTA will be positioned to advocate for funding and any administrative solution deemed appropriate to support adaptation and resiliency efforts throughout the entire rail corridor.

- Per direction and Committee concurrence to align with the State Legislative Platform, Subsection (l) is proposed to be added under the section entitled, "Key Policy Issues in 118th Congress." The intention for this new principle is for OCTA to engage in potential activities regarding the management of sea level rise and other environmental impacts occurring throughout the rail corridor with the possibility of pursuing funding for such activities.

- Subsection (m) under the section entitled, "Key Policy Issues in 118th Congress" is proposed to be added. OCTA, alongside other member agencies of the LOSSAN Rail Corridor Agency submitted a letter to the Secretary of the California State Transportation Agency to urge the State's support in developing a long-term study related to potential track relocation. This issue is much greater than any one agency and requires significant federal and state coordination. While local agencies will still be key stakeholders in informing such study, OCTA should continue to advocate for a strong federal role in this effort.

- Revisions to Subsection (i) under the section entitled, "Transportation Funding" are recommended. Recent federal guidance has required some changes to the suballocation process as it pertains to certain federal funding programs. OCTA maintains its concerns with altering longstanding formula distribution practices within the State. However, OCTA staff continues to work diligently to ensure it receives its current formula share of federal funding and supports the reinstatement of the previous suballocation practice.

### *Summary*

The 2023-24 OCTA State and Federal Legislative Platforms are presented for consideration and adoption.

### *Attachments*

A. Final Draft Orange County Transportation Authority 2023-24 State Legislative Platform
B. Final Draft Orange County Transportation Authority 2023-24 Federal Legislative Platform

**Prepared by:**

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(714) 560-5475

**Approved by:**

Lance M. Larson
Executive Director,
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**Final Draft Orange County Transportation Authority 2023-24**
**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. In addition, Orange County provides highway and rail corridors that facilitate the increasing level of international trade entering the Southern California ports.

The 2023-24 State Legislative Platform serves as a framework document to guide the Orange County Transportation Authority's (OCTA) 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 2023-24

A number of significant transportation issues are expected to be discussed in the 2023-24 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;

c) Seek support for adaptation and resiliency efforts related to ~~throughout the coastal rail corridor to address the evolving and imminent impacts of~~ the environment ~~on~~ for critical transportation infrastructure;

d) Seek funding and other administrative solutions, such as permit streamlining, to support adaptation and resiliency efforts throughout the rail corridor;

e) Seek support, funding, and streamlining to manage and address sea level rise, beach erosion, landslides, and other environmental impacts along the rail corridor;

f) 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 corridor;

g) Support efforts to maximize OCTA's share of transportation and transit funding, especially through distribution formulas and more equitable competitive funding processes;

h) 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;

i) 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;

j) Support workforce development and training policies that allow OCTA to hire and retain personnel ready to implement the next generation of mobility;

k) Oppose policies that would circumvent existing transit operator funding eligibility requirements;

l) Support dedicated funding for transit operations, preferably through an ongoing formulaic approach;

m) 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;

n) 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;

o) Protect existing transit operations and capital funding while monitoring the implementation of the accountability provisions associated with the funding ~~provided for transit capital projects and operations~~ and inform clarifying legislation as needed;

p) 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.

## 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 reduction 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;

c) 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;

d) Ensure that air quality determinations and policies do not constrain funding availability or otherwise undermine OCTA's ability to deliver transportation improvements;

e) 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;

f) Oppose lengthening the California Environmental Quality Act process in a manner that would delay mobility improvements;

g) Oppose efforts to restrict road and highway construction by superseding existing broad-based environmental review and mitigation processes;

h) 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;

i) 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, OCTA will also work to protect funding dedicated for transportation purposes, including appropriations made in the fiscal year 2023-24 Budget Act for transit operations and capital projects.

Furthermore, there have been two Executive Orders that will impact OCTA's programs and services, which will be closely monitored to ensure that transportation funds are used for their intended purposes. 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 which detailed recommendations for administering state funds related to transportation in a way that helps the State reach its goals related to climate change. 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;

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;

m) 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.

## 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;

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 equity 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 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;

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 fuel prices may 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;

c) Seek additional funding for paratransit operations and transit accessibility capital improvements that support persons with disabilities and senior citizens;

d) Support efforts to encourage and incentivize the interoperability of transit and rail systems within California;

e) Support limiting the liability of transit districts for the location of bus stops *(Bonanno v. Central Contra Costa Transit Authority)*;

f) Support the citing of transit-oriented development projects (i.e., authorize extra credit towards housing element requirements for these developments), including incentives for development;

g) Support funding and incentives to develop free- or reduced-fare transit programs without impacting existing programs or creating unfunded mandates~~.~~;

h) 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.

## VI. 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 (I-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;

b) 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;

c) Support authorizing local agencies to advertise, award, and administer contracts for state highway projects;

d) 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;

e) 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;

i) Support the equitable enforcement of regulations governing transportation network companies;

j) Support studying the development and safe operation of autonomous vehicles and related technologies;

k) Support preserving local discretion and flexibility in the development of the congestion management program.

## VII. 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:

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;

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.

## IX. 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 administrative and management 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;

c) Monitor and evaluate plans and progress of high-speed rail and its funding;

d) 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;

e) Support studying the policies, funding options, and need for rail/highway grade separations, including any impact on existing state highway and transit funding sources;

f) 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;

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

## X. GOODS MOVEMENT

The Ports of Los Angeles and Long Beach, the nation's two 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 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 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 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.

f) Seek funding and support policies and projects ~~that seek~~ to increase safety requirements related to the utilization of electric bicycles.

## XII. 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;

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.

## 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,

~~Family Medical Leave Act~~ 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.

## XIV. 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 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 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.

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 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 ~~coach operators~~, and on-road vehicles while avoiding undue burden on transportation agencies to implement unfunded safety measures.

**Final Draft Orange County Transportation Authority 2023-24**
**Federal 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. In addition, Orange County provides highway and rail corridors that facilitate the increasing level of international trade entering the Southern California ports.

The 2023-24 Federal Legislative Platform serves as a framework document to guide the Orange County Transportation Authority's (OCTA) 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 118th 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 118th Congress

A number of significant transportation issues will be discussed in the 118th 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) Encourage policies and guidance that incentivize public transit ridership;

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;

e) Seek responsible revenue solutions to fund future transportation projects without adversely affecting an agency's ability to provide services;

f) 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;

g) Advocate for transit and transportation agencies to be eligible for transportation funding programs under the Inflation Reduction Act;

h) Ensure that Highway Trust Fund (HTF) revenues continue to be used for transit expenditures;

i) Ensure that air quality determinations and policies do not constrain funding availability or otherwise undermine OCTA's ability to deliver transportation improvements;

j) Seek support for adaptation and resiliency efforts related to ~~throughout the coastal rail corridor to address the evolving and imminent impacts of~~ the environment ~~on~~ for critical transportation infrastructure;

k) Seek funding and other solutions, such as permit streamlining, to support adaptation and resiliency efforts throughout the rail corridor;

l) Seek support, funding, and project streamlining to manage and address sea level rise, beach erosion, landslides, and other environmental impacts along the rail corridor;

m) 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 rail corridor;

n) Support the authority to secure direct funding for Orange County projects;

o) Support efforts to preserve local flexibility in the administration of toll lanes and use of toll revenues;

p) 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.

## 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;

c) Support funding for the Capital Investment Grants program to allow for an expansion of bus and rail transit projects;

d) Ensure that federal funding is available for capital purposes to the extent not needed for direct operating costs;

e) 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;

f) Support funding for regional and intercity passenger rail corridors in California;

g) Support funding to develop training information programs to instruct on the use of new technology and address workforce needs at transit and transportation agencies;

h) 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;

i) ~~Monitor~~ Support efforts to reinstate the state suballocation process regarding the distribution of federal formula funding~~ in order to ensure that existing state suballocation processes are utilized~~;

j) Support funding and incentives to develop free- or reduced-fare transit programs without impacting existing programs or creating unfunded mandates.

## II. IIJA IMPLEMENTATION

The IIJA (Pub. L. No. 1147-58) authorized over $567 billion over five years for programs. With the IIJA as law, OCTA will focus 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. 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 capital and operating revenue shortfalls;

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 to encourage the safe development, demonstration, deployment, and operation of connected and automated vehicle technologies;

i) Oppose rescissions or other arbitrary funding cuts to transportation programs;

j) Support policies that encourage ridesharing, teleworking, vanpool and related congestion relief programs for Orange County commuters;

k) Oppose any effort to further reduce transportation funding for OCTA or California, advocating for a fair and equitable share.

## III. TRANSPORTATION PLANNING AND PROGRAMMING

In the 118th 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;

d) Support expedited review and payments to local agencies and their contractors for project development, right-of-way acquisition, and construction activities;

e) Support efforts to authorize, fund, and streamline the delivery of bicycle and pedestrian projects in Orange County;

f) 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;

h) 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;

i) 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;

j) 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;

k) Support efforts to clarify roles and responsibilities related to toll enforcement policies to allow for interoperability between toll facilities while affirming user privacy;

l) Encourage policies on the planning, delivery, and operation of tolling projects that are aligned with the flexibility provided in California State law.

## IV. FISCAL REFORMS AND ISSUES

Several legislative and regulatory proposals would have economic impacts, both positive and negative, affecting the delivery of transportation infrastructure projects that create jobs and spur further business development in Orange County. 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.)*;

f) Support tax policies that reduce costs or provide additional flexibility in OCTA's financial and operational activities;

g) 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;

h) Support a stable source of proposed future revenues that provides adequate resources for future transportation needs;

i) Oppose subjecting public transportation providers to gas tax liability or other fees that increase operating costs;

j) Support efforts to ensure that all users of the national transportation system pay their "fair share" to maintain and improve the system;

k) Support additional funding 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 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 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;

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.

## VI. GOODS MOVEMENT

The twin Ports of Los Angeles and Long Beach are considered “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;

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.

## VII. 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 surveillance, and emergency preparedness improvements with adequate flexibility to ensure that local agencies can effectively use the resources to ensure a more resilient transportation system;

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.

## VIII. ENVIRONMENTAL AND 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 opportunities to expedite and improve the efficiency of the environmental process without impairing substantive environmental requirements;

b) 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;

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;

e) Support expedited review for project development, right-of-way acquisition, and construction activities;

f) Ensure adequate 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.

## 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;

b) Oppose regulatory proposals that unreasonably subject OCTA to burdensome bureaucratic requirements or increase 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.

*November 27, 2023*

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

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

***Subject:*** Approval to Release Invitation for Bids for Driver Protection System

### *Overview*

The Orange County Transportation Authority has developed an invitation for bids to initiate a competitive procurement process to purchase driver protection systems for use in the OC Bus fixed-route service. Board of Directors' approval to release an invitation for bids for the procurement of up to 204 driver protection systems to be installed as a retrofit in the fixed-route operated buses is requested.

### *Recommendation*

Approve the release of Invitation for Bids 3-2843 to procure driver protection systems to be installed as a retrofit in up to 204, 40-foot and 60-foot OC Bus fixed-route buses.

### *Discussion*

On June 12, 2023, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved funding to purchase up to 204 driver protection systems, also referred to as driver barriers to retrofit 40-foot and 60-foot fixed-route buses. OCTA's specifications for new bus purchases include driver barriers, which will now be considered standard equipment on the OCTA fixed-route bus fleet. The most recent procurement for 165 buses included driver barriers and the 36 additional option buses will also be equipped with driver barriers. The remaining 40-foot and 60-foot buses in the OC Bus fleet are not equipped with driver barriers and require retrofitting.

On October 29, 2019, OCTA's Change Control Committee approved the configuration change to equip the OC Bus fixed-route fleet with driver barriers. Prior to the configuration change, a pilot demonstration of the driver barriers was initiated to allow coach operators to test and provide feedback. As a result of the pilot, the coach operators overwhelmingly stated they felt more safe and secure with these barriers. Fixed-route buses that were procured prior to 2019 are not equipped with driver barriers and will require the purchase and installation of equipment. Installation and equipment training of the driver barriers is included in the solicitation to allow them to be installed by OCTA maintenance personnel.

***Procurement Approach***

OCTA's procurement policies and procedures require the Board approve all invitations for bids (IFB) over $1,000,000. Staff is requesting approval from the Board to release IFB 3-2843 for the purchase of up to 204 driver protection systems intended to be used for 40-foot and 60-foot buses (Attachment A).

The IFB will be released upon Board approval. The budget for this effort is $2,090,000 for a one-year term. The award will be made to the lowest responsive and responsible bidder in accordance with state law.

Fiscal Impact

Funding is included in OCTA's approved Fiscal Year 2023-24 Budget, Operations Division, Account No. 2114-9026-D2108-N9U, and is locally funded.

***Summary***

Board of Directors' approval is requested to release Invitation for Bids 3-2843 for the purchase of up to 204, driver protection systems to be used for 40-foot and 60-foot buses.

***Attachment***

A. Draft Invitation for Bids (IFB) 3-2843, Driver Protection System for 40-foot and 60-foot Buses

**Prepared by:**

Bill Habibe
Sr. Section Manger, Maintenance
Transit Technical Services
714-668-4574

**Approved by:**

Dayle Withers
Acting Director, Maintenance
714-560-5538

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

Johnny Dunning, Jr.
Chief Operating Officer, Operations
714-560-5710

**DRAFT INVITATION FOR BIDS (IFB) 3-2843**

# DRIVER PROTECTION SYSTEM FOR 40-FOOT AND 60-FOOT BUSES

OCTA

**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**550 South Main Street**
**P.O. Box 14184**
**Orange, CA 92863-1584**
**(714) 560-6282**

**Key IFB Dates**

| | |
|---|---|
| **Issue Date:** | **November 27, 2023** |
| **Site Visit Date:** | **December 13, 2023** |
| **Question Submittal Date:** | **December 15, 2023** |
| **Bid Submittal Date:** | **January 9, 2024** |

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OCTA

November 27, 2023

**SUBJECT: NOTICE OF INVITATION FOR BIDS (IFB)**
**IFB 3-2843: "DRIVER PROTECTION SYSTEM FOR 40-FOOT AND 60-FOOT BUSES"**

**TO: ALL BIDDERS**

**FROM: ORANGE COUNTY TRANSPORTATION AUTHORITY**

The Orange County Transportation Authority (Authority) invites bids from qualified contractors for Driver Protection System for 40-foot and 60-foot Buses. The budget for this effort is $2,090,000 for a one (1)-year term.

**Please note that by submitting a Bid, Bidder certifies that it is not subject to any Ukraine/Russia-related economic sanctions imposed by the State of California or the United States Government including, but not limited to, Presidential Executive Order Nos. 13660, 13661, 13662, 13685, and 14065. Any individual or entity that is the subject of any Ukraine/Russia-related economic sanction is not eligible to submit a Bid. In submitting a Bid, all Bidders agree to comply with all economic sanctions imposed by the State or U.S. Government.**

**Bids must be received in the Authority's office at or before 11:00 a.m. on January 9, 2024.**

Bids delivered in person or by a means other than the U.S. Postal Service shall be submitted to the following:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management**
**600 South Main Street, (Lobby Receptionist)**
**Orange, California 92868**
**Attention: Monique Touch, Senior Contracts Administrator**

Bids delivered using the U.S. Postal Service shall be addressed as follows:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management**
**P.O. Box 14184**
**Orange, California 92863-1584**
**Attention: Monique Touch, Senior Contracts Administrator**

Bids and amendments received after the date and time specified above will be returned to the bidders unopened.

Bidders interested in obtaining a copy of this IFB may do so by downloading the IFB from CAMM NET at https://cammnet.octa.net.

All bidders interested in doing business with the Authority are required to register their business on-line at CAMM NET. The website can be found at https://cammnet.octa.net. From the site menu, click on CAMM NET to register.

To receive all further information regarding this IFB, bidders and sub-contractors must be registered on CAMM NET with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

| Category: | Commodity: |
| --- | --- |
| Buses; Parts, Components, Vehicles | Surplus - Bus & Auto Parts |
| | Bus Manufacturers |
| | Bus Parts - Body - Interior |
| | Bus Parts - Seating |

Site Visit will be held at 10:00 a.m. on December 13, 2023 at the Authority's Santa Ana Maintenance and Operations Base located at 4301 MacArthur Boulevard, Santa Ana, CA 92704. All prospective bidders are strongly encouraged to attend the Site Vist.

Bidders are encouraged to subcontract with small businesses to the maximum extent possible.

All bidders will be required to comply with all applicable equal opportunity laws and regulations.

The award of this contract is subject to receipt of federal, state and/or local funds adequate to carry out the provisions of the agreement including the project specifications.

# SECTION I: INSTRUCTIONS TO BIDDERS

# SECTION I. INSTRUCTIONS TO BIDDERS

## A. SITE VISIT

Site Visit will be held at 10:00 a.m. on December 13, 2023, at the Authority's Santa Ana Maintenance and Operations Base located at 4301 MacArthur Boulevard, Santa Ana, CA 92704. Prospective bidders are strongly encouraged to attend the Site Visit.

Participants are limited to two (2) attendees per bidder. Please arrive on time. The Site Visit will begin promptly at 10:00 a.m. All attendees must bring and wear a reflective safety vest. Attendees not wearing a reflective safety vest will not be permitted to attend the Site Visit. The authority will not provide reflective safety vests during the Site Visit.

Attendees should allocate approximately one (1) hour for the Site Visit. Upon arrival at the Santa Ana Maintenance and Operations Base, attendees shall make an immediate right after entering off of MacArthur and park at the visitor parking area. The Operations building is located directly in front of the parking lot, please wait in front of this building.

For your safety, please note:

- Reflective safety vests are required at all Authority bases.
- No cell phone use while walking in transit/parking areas.
- No driving in excess of 10mph on Authority property.

## B. EXAMINATION OF BID DOCUMENTS

By submitting a bid, bidder represents that it has thoroughly examined and become familiar with the work required under this IFB and that it is capable of performing quality work to achieve the Authority's objectives.

## C. ADDENDA

Any Authority changes to the requirements will be made by written addendum to this IFB. Any written addenda issued pertaining to this IFB shall be incorporated into the terms and conditions of any resulting Agreement. The Authority will not be bound to any modifications to or deviations from the requirements set forth in this IFB as the result of oral instructions. Bidders shall acknowledge receipt of addenda in their bids. Failure to acknowledge receipt of Addenda may cause the bid to be deemed non-responsive to this IFB and be rejected.

## D. AUTHORITY CONTACT

All questions and/or contacts with Authority staff regarding this IFB are to be directed to the following Contract Administrator:

Monique Touch, Senior Contracts Administrator
Contracts Administration and Materials Management Department
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
Phone: 714.560.5083, Fax: 888.404.6282
Email: mtouch@octa.net

Commencing on the date of the issuance of this IFB and continuing until award of the contract or cancellation of this IFB, no bidder, subcontractor, lobbyist or agent hired by the proposer shall have any contact or communications regarding this IFB with any Authority's staff; member of the evaluation committee for this IFB; or any contractor or consultant involved with the procurement, other than the Contract Administrator named above or unless expressly permitted by this IFB. Contact includes face-to-face, telephone, electronic mail (e-mail) or formal written communication. Any bidder, subcontractor, lobbyist or agent hired by the bidder that engages in such prohibited communications may result in disqualification of the proposer at the sole discretion of the Authority.

## E. CLARIFICATIONS OF SPECIFICATIONS AND APPROVED EQUALS

### 1. Examination of Documents

Should a bidder require clarifications of this IFB, the bidder shall notify the Authority in writing in accordance with Section D. Should it be found that the point in question is not clearly and fully set forth, the Authority will issue a written addendum clarifying the matter which will be sent to all firms registered on CAMM NET under the commodity codes specified in this IFB.

### 2. Preference for Materials

In accordance with the California Public Contract Code Section 3400, reference to any equipment, material, article or patented process, by trade name, make, or catalog number, shall not be construed as limiting competition. In those cases where the specifications call for a designated material, product, or service by specific brand or trade name and there is only one brand or trade name listed, the item involves a unique or novel product application required to be used in the public interest or is the only brand or trade name known to the Authority.

Where the specifications or drawings identify any material, product or service by one or more brand names, whether or not "or equal" is added, and the bidder wishes to propose the use of another item as being equal, approval shall be requested as set forth below.

**3. Submitting Requests**

a. All questions, clarifications, requests for approved equals, or comments, including questions that could not be specifically answered at the pre-bid conference must be put in writing and must be received by the Authority no later than 5:00 p.m., on December 15, 2023.

b. Requests for approved equals clarifications, questions and comments must be clearly labeled, "IFB 3-2843: Written Questions". The Authority is not responsible for failure to respond to a request that has not been labeled as such.

c. Any request for an approved equal must be fully supported with technical data, test results, or other pertinent information as evidence that the substitute offered is equal to or better than the specification requirements. The burden of proof as to the equality, substitutability, and compatibility of proposed alternates or equals shall be upon the bidder, who shall furnish all necessary information at no cost to the Authority. The Authority shall be the sole judge as to the equality, substitutability, and compatibility of proposed alternates or equals.

d. Any of the following methods of delivering written questions are acceptable as long as the questions are received no later than the date and time specified above:

(1) Email: mtouch@octa.net

**4. Authority Responses**

Responses from the Authority will be posted on CAMM NET, no later than five (5) calendar days before the scheduled date of bid opening. Bidders may download responses from CAMM NET at *https://cammnet.octa.net*, or request responses be sent via U.S. Mail by emailing or faxing the request to Monique Touch, Senior Contracts Administrator.

To receive email notification of Authority responses when they are posted on CAMM NET, bidders and their subcontractors must be registered on CAMM NET with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

| <u>Category:</u> | <u>Commodity:</u> |
|---|---|
| Buses; Parts, Components, Vehicles | Surplus - Bus & Auto Parts<br>Bus Manufacturers<br>Bus Parts - Body - Interior<br>Bus Parts - Seating |

Inquiries received after 5:00 p.m. on, December 15, 2023, will not be responded to.

## F. BRAND NAMES

It should be understood that specifying a brand name, components, and/or equipment in this IFB shall not relieve the bidder from their responsibility to produce the product in accordance with the performance warranty and contractual requirements. The bidder is responsible for notifying the Authority of any inappropriate brand name, component, and/or equipment substitute for consideration by the Authority.

Brand names and model number, when used, are for the purpose of identifying a standard of requirement and are not to be construed as restricting the procurement to those brand names and model numbers called out. Refer to above Paragraph.

## G. SUBMISSION OF BIDS

### 1. Date and Time

**Bids must be received in the Authority's office at or before 11:00 a.m. on January 9, 2024.**

Bids received after the above-specified date and time will be returned to bidders unopened.

Bids will be publicly opened in the Authority's Administration and Contracts office located at 600 South Main Street, Orange, California 92863, at the submission time indicated above.

### 2. Address

Bids delivered in person or by a means other than the U.S. Postal Service shall be submitted to the following:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management (CAMM)**
**600 South Main Street, (Lobby Receptionist)**
**Orange, California 92868**
**Attention: Monique Touch, Senior Contracts Administrator**

Or bids delivered using the U.S. Postal Services shall be addressed as follows:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management (CAMM)**

**P.O. Box 14184**
**Orange, California 92863-1584**
**Attention: Monique Touch, Senior Contracts Administrator**

**3. Identification of Bids**

Bidder shall submit its bid in a sealed package, addressed as shown above, bearing the bidder's name and address and clearly marked as follows:

**"IFB No. 3-2843: Driver Protection System for 40-foot and 60-foot Buses"**

Bidder shall be entirely responsible for any consequences, including disqualification of the bid, resulting from any inadvertent opening of unsealed or improperly identified packages. It is the bidder's sole responsibility to see that its bid is received as required.

**4. Acceptance of Bids**

a. The Authority reserves the right to postpone bid openings for its own convenience.

b. Bids received and opened by Authority are public information and must be made available to any person upon request.

c. Submitted bids are not to be copyrighted.

## H. PRE-CONTRACTUAL EXPENSES

The Authority shall not, in any event, be liable for any pre-contractual expenses incurred by bidder in the preparation of its bid. Bidder shall not include any such expenses as part of its bid.

Pre-contractual expenses are defined as expenses incurred by bidder in:

1. Preparing a bid in response to this IFB;
2. Submitting that bid to the Authority;
3. Negotiating with the Authority any matter related to this bid; or
4. Any other expenses incurred by bidder prior to date of award, if any, of the Agreement.

## I. JOINT BIDS

Where two or more firms desire to submit a single bid in response to this IFB, they should do so on a prime-subcontractor basis rather than as a joint venture. The Authority intends to contract with a single firm and not with multiple firms doing business as a joint venture.

## J. TAXES

Bids are subject to State and Local sales taxes. However, the Authority is exempt from the payment of Federal Excise and Transportation Taxes. Contractor is responsible for payment of all taxes for any goods, services, processes, and operations incidental to or involved in the contract.

## K. PROTEST PROCEDURES

The Authority has on file a set of written protest procedures applicable to this solicitation that may be obtained by contacting the Contract Administrator responsible for this procurement. Any protests filed by a bidder in connection with this IFB must be submitted in accordance with the Authority's written procedures.

## L. DELIVERY

The items described herein are to be delivered to the following facilities:

11790 Cardinal Circle, Garden Grove, CA 92843
1717 East Via Burton, Anaheim, CA 92806
4301 W. MacArthur Blvd, Santa Ana, CA 92704
14736 Sand Canyon Road, Irvine, CA-92618

## M. CASH DISCOUNTS

Cash/payment discounts will not be considered in the evaluation of bids.

## N. APPENDICES

Information considered by bidder to be pertinent to this project and which has not been specifically solicited in any of the aforementioned sections may be placed in a separate appendix section. Bidders are cautioned, however, that this does not constitute an invitation to submit large amounts of extraneous materials; appendices should be relevant and brief.

## O. HAZARDOUS SUBSTANCES

### 1. CAL-OSHA Requirements

All flammable, corrosive, toxic, or reactive materials being bid must have a complete CAL-OSHA Safety Data Sheet (SDS) accompanying the submitted bid.

### 2. South Coast Air Quality Management District (SCAQMD)

All materials (paints, coatings, inks, solvents, and adhesives) shall comply with the volatile organic compounds (VOC) content requirements of the applicable SCAQMD rules.

### 3. Notice of Hazardous Substances

Title 8, California Code of Regulations, Section 5194 (e) (c), states that the employer must inform any contractor employers with employees working in the employer's workplace of the hazardous substances to which their employees may be exposed while performing their work. In compliance with this requirement, the Authority hereby gives notice to all bidders that the following general categories of hazardous substances are present on the Authority's premises:

- Adhesives, sealant, patching, and coating products
- Antifreezes, coolants
- Cleaners, detergents
- Paints, thinners, solvents
- Pesticides, Petroleum products (diesel and unleaded fuel, oil products)
- Printing, photocopying materials
- Propane Welding materials/compressed gases (e.g., acetylene, oxygen, nitrogen)

More specific information may be obtained from the Authority's Safety and Benefits office at (714) 560-5854, and from Safety Data Sheets (SDS) for individual products.

### 4. Hazardous Waste Labels

Containers containing hazardous substances must be labeled with the following information:

- Identity of hazardous substance-chemical name, not manufacturer or trade name;
- Appropriate health warning relative to health and physical hazard; and
- Name and address of manufacturer or other responsible party. All containers containing hazardous substances may be rejected unless containers are properly labeled. Containers of 55 gallons or larger must have either weather resistant labels or the information should be painted directly on the containers.

## P. CONTRACT AWARD

Any contract awarded as a result of this IFB, will be awarded to the lowest responsive and responsible bidder and shall be on a lump sum basis, in accordance with the requirements in this IFB. However, Authority reserves the right to award its total requirements to one bidder, or to apportion those requirements among several bidders, as the Authority may deem to be in its best interests.

## Q. AUTHORITY'S RIGHTS

**1.** The Authority reserves the right to accept or reject any and all bids, or any item or part thereof, or to waive any informalities or irregularities in bids.

**2.** The Authority reserves the right to withdraw or cancel this IFB at any time without prior notice. The Authority makes no representations that any contract will be awarded to any bidder responding to this IFB.

**3.** The Authority reserves the right to issue a new IFB for the project.

**4.** The Authority reserves the right to postpone the bid opening for its own convenience.

**5.** Each bid will be received with the understanding that acceptance by the Authority of the bid to provide the goods and services described herein shall constitute a contract between the bidder and Authority which shall bind the bidder on its part to furnish and deliver at the prices given and in accordance with conditions of said accepted bid and specifications.

**6.** The Authority reserves the right to investigate the qualifications of any bidder, and/or require additional evidence of qualifications to perform the work.

**7.** Submitted IFBs are not to be copyrighted.

## R. PUBLIC RECORDS AND INFORMATION

Bids received by Authority are considered public information and will be made available to the public if requested to do so.

## S. FORMS

### 1. Status of Past and Present Contracts Form

Bidder is required to complete and sign the form entitled "Status of Past and Present Contracts" provided in this IFB as Exhibit E and submit as part of the bid. Bidder shall identify the status of past and present contracts where the firm has either provided services as a prime vendor or a subcontractor during the past five (5) years in which the contract has been the subject of or may be involved in litigation with the contracting authority. This includes, but is not limited to, claims, settlement agreements, arbitrations, administrative proceedings, and investigations arising out of the contract. Bidder shall have an ongoing obligation to update the Authority with any changes to the identified contracts and any new litigation, claims, settlement agreements, arbitrations, administrative proceedings, or investigations that arise subsequent to the submission of the bid.

A separate form must be completed for each identified contract. Each form must be signed by the Bidder confirming that the information provided is true and accurate. Bidder is required to submit one copy of the completed form(s) as part of its bid.

**2. List of Subcontractors Form**

Bidder shall complete Exhibit F, which lists all subcontractors performing work or rendering services in excess of one half of one percent (1/2 of 1%) of the total bid amount per the instructions set forth in Section I "Instructions to Bidders".

**3. Bid Opening Sign-in Sheet**

Bidders are advised that an optional teleconference is available for the bid opening scheduled for January 9, 2024, at 11:00 a.m. Prospective bidders can join or call-in using the following credentials:

- <Join MS TEAMS>
- OR Call-in Number: 916-550-9867
- Conference ID: 196 604 231#

**The bid opening will begin promptly at 11:00 a.m. Callers are requested to dial in and mute the call.** Attendees are advised to complete the bid opening sign-in sheet in Exhibit G to this IFB and email it to the Senior Contracts Administrator at mtouch@octa.net no later than 10:00 a.m. of bid opening date January 9, 2024.

# SECTION II:  KEY CONTRACTUAL TERMS

# SECTION II. KEY CONTRACTUAL TERMS

The following terms and conditions are highlighted to make bidders aware of the contractual parameters of this procurement.

## A. ACCEPTANCE OF ORDER

Bidder will be required to accept a written Agreement or Purchase Order in accordance with and including as a part thereof the published notice of Invitation For Bids, the requirements, conditions and specifications, with no exceptions other than those specifically listed in the written Agreement or Purchase Order.

## B. CHANGES

By written notice or order, Authority may, from time to time, make changes including but not limited to drawings, designs, specifications, delivery schedules, property and services furnished by Authority. If any such change causes an increase or decrease in price of this Agreement or Purchase Order or in the time required for its performance, the bidder shall promptly notify Authority thereof and assert its claim for adjustment within thirty (30) days after the change is ordered, and an equitable adjustment shall be negotiated. However, nothing in this clause shall excuse the bidder from proceeding immediately with the Agreement or Purchase Order as changed.

## C. INVOICE AND PAYMENT

A separate invoice shall be issued for each shipment. Unless otherwise specified in the Agreement or Purchase Order, no invoice shall be issued prior to shipment of goods. Payment due dates, including discount period, will be computed from date of receipt of goods or of correct invoice (whichever is later) to date Authority check is mailed. Any discount taken will be taken on full amount of invoice, unless other charges are itemized and discount thereon is specifically disallowed.

## D. WARRANTIES

1. Bidder warrants to Authority that, for a period of one (1) year following Authority's inspection and acceptance of each item delivered hereunder, each item shall conform to the requirements hereof and will be free from defects. In addition to other remedies, which may be available, the Authority may, at its option, return any nonconforming or defective items to bidder and/or require correction or replacement of said item at the location of the item when the defect is discovered, all at bidder's risk and expense. If Authority does not require correction or replacement of nonconforming or defective items, bidder shall repay such portion of the payment specified herein or such additional amount as is equitable under the circumstances. Authority's rights hereunder are in addition to, but not limited by, bidder's standard warranties. Inspection and acceptance of items by Authority, or

payment therefore, shall not relieve bidder of its obligations hereunder.

2. Any supplies or parts thereof corrected or furnished in replacement pursuant to this clause shall also be subject to all the provisions of this clause to the same extent as supplies initially delivered.

**E. EXCESS REPROCUREMENT LIABILITY**

Bidder shall be liable to Authority for all expenses incurred by Authority in reprocuring elsewhere the same or similar items or services offered by bidder hereunder, should bidder fail to perform or be disqualified for failure to meet the terms and conditions set forth herein.

**F. PACKING AND SHIPPING**

All items shall be prepared for shipment and packed to prevent damage or deterioration and shipped at the lowest transportation rates in compliance with carrier tariffs. All shipments to be forwarded on one day, via one route, shall be consolidated. Each container shall be consecutively numbered, and marked with the herein Agreement or Purchase Order and part numbers. Container and Agreement or Purchase Order numbers shall be indicated on bill of lading. Two copies of packing slips, showing Agreement or Purchase Order number, shall be attached to No. 1 container of each shipment. Items sold F.O.B. origin shall be shipped prepaid. No charges will be paid by Authority for preparation, packing, crating, cartage or freight.

**G. TITLE AND RISK OF LOSS**

Unless otherwise provided in the Agreement or Purchase Order, bidder shall have title to and bear the risk of any loss of or damage to the items purchased hereunder until they are delivered in conformity with this Agreement or Purchase Order at the F.O.B. point specified herein, and upon such delivery title shall pass from bidder and bidder’s responsibility for loss or damage shall cease, except for loss or damage resulting from bidder’s negligence. Passing of title upon such delivery shall not constitute acceptance of the item by Authority.

**H. NEW MATERIALS**

Except as to any supplies and components which this Agreement or Purchase Order specifically provides need not be new, the bidder represents that the supplies and components to be provided under this Agreement or Purchase Order are new and of recent manufacture (not used or reconditioned or recycled, and not of such age or so deteriorated as to impair their usefulness or safety). If at any time during the performance of this Agreement or Purchase Order, the bidder believes that the furnishing of supplies or components which are not new is necessary or desirable, bidder shall notify the Authority immediately, in writing, including the reasons therefore and proposing any consideration which will flow to the Authority if authorization to use such supplies is granted.

## I. INSPECTION AND ACCEPTANCE

All items are subject to final inspection and acceptance by Authority at destination. Final inspection will be made within a reasonable time after receipt of items hereunder.

Payment will be made within a reasonable time after inspection and formal acceptance of the equipment by the Authority.

## J. INSURANCE

A. CONTRACTOR shall procure and maintain insurance coverage during the entire term of this Agreement. Coverage shall be full coverage and not subject to self-insurance provisions. CONTRACTOR shall provide the following insurance coverage:

1. Commercial General Liability, to include Products/Completed Operations, Independent Contractors', Contractual Liability, Personal Injury Liability, and Property Damage with a minimum limit of $1,000,000.00 per occurrence and $2,000,000.00 general aggregate;

2. Automobile Liability Insurance to include owned, hired and non-owned autos with a combined single limit of $1,000,000.00 each accident;

3. Workers' Compensation with limits as required by the State of California including a waiver of subrogation in favor of AUTHORITY, its officers, directors, employees or agents; Employers' Liability with minimum limits of $1,000,000.00;

B. Proof of such coverage, in the form of a certificate of insurance, with the AUTHORITY, its officers, directors, and employees, designated as additional insureds, on general liability and automobile liability, as required by contract. In addition, provide an insurance policy blanket additional insured endorsement. Both documents must be received by AUTHORITY prior to commencement of any work. Proof of insurance coverage must be received by AUTHORITY within ten (10) calendar days from the effective date of this Agreement. Such insurance shall be primary and non-contributive to any insurance or self-insurance maintained by the AUTHORITY. Furthermore, AUTHORITY reserves the right to request certified copies of all related insurance policies, in response to a related loss.

C. CONTRACTOR shall include on the face of the certificate of insurance the Blanket Purchase Order Number C32843; and, the Contract Administrator's Name, Monique Touch.

## K. INDEMNIFICATION

Bidder shall indemnify, defend and hold harmless Authority, its officers, directors, employees and agents from and against any and all claims (including attorneys' fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by bidder, its officers, directors, employees, agents, subcontractors or suppliers in connection with or arising out of the performance of this Agreement or Purchase Order.

## L. INFRINGEMENT INDEMNITY

In lieu of any other warranty by Authority or bidder against infringement, statutory or otherwise, it is agreed that bidder shall defend at its expense any suit against Authority based on a claim that any item furnished under this Agreement or Purchase Order or the normal use or sale thereof infringes any United States Letters Patent or copyright, and shall pay costs and damages finally awarded in any such suit, provided that bidder is notified in writing of the suit and given authority, information and assistance at bidder's expense for the defense of the suit. Bidder, at no expense to Authority, shall obtain for Authority the right to use and sell said item, or shall substitute an equivalent item acceptable to Authority and extend this patent indemnity thereto.

## M. SUBCONTRACTORS AND ASSIGNMENTS

Neither this Agreement nor Purchase Order, nor any interest herein, nor any claim hereunder, may be assigned by the bidder either voluntarily or by operation of law, nor may all or substantially all of this Agreement or Purchase Order be further subcontracted by the bidder without the prior written consent of the Authority. No consent shall be deemed to relieve the bidder of its obligations to comply fully with the requirements hereof.

## N. DISPUTES

This Agreement or Purchase Order shall be construed and all disputes hereunder shall be settled in accordance with the laws of the State of California. Pending final resolution of a dispute hereunder, bidder shall proceed diligently with the performance of this Agreement or Purchase Order.

## O. NOTICE OF LABOR DISPUTE

Whenever bidder has knowledge that any actual or potential labor dispute may delay this Agreement or Purchase Order, bidder shall immediately notify and submit all relevant information to Authority. Bidder shall insert the substance of this entire clause in any subcontract hereunder, as to which a labor dispute may delay this Agreement or Purchase Order.

## P. AUDIT AND INSPECTION OF RECORDS

Bidder and/or subcontractors shall provide Authority, or other agents of Authority, such access to bidder's and/or subcontractor's accounting books, records, payroll documents and facilities as Authority deems necessary to examine, audit, and inspect all books, records, work data, documents and activities directly related hereto. Bidder shall maintain books, records, data and documents according to generally accepted accounting principles and shall clearly identify and make such items readily accessible to such parties during bidder's performance hereunder and for a period of four (4) years from the date of final payment by Authority hereunder.

## Q. PROHIBITED INTEREST

The bidder covenants that, for the term of this agreement, no member, director, officer or employee of the Authority during his/her tenure in office or for one year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.

## R. RIGHTS IN DATA

Bidder agrees that all data including, but not limited to, drawings, tapes, software, photo prints and other graphic information required to be furnished under this Agreement or Purchase Order, together with any other information presented orally, shall be furnished with unlimited rights and as such, shall be free from proprietary restriction except as elsewhere authorized in this Agreement or Purchase Order. Bidder further agrees that all such data are owned by Authority and that bidder shall have no interest or claim thereto, and that said data is subject to the provisions of the Freedom of Information Act, 5 USC 552.

## S. FEDERAL, STATE AND LOCAL LAWS

Bidder warrants that in the performance of this Agreement or Purchase Order it shall comply with all applicable federal, state, and local laws and ordinances and all lawful orders, rules and regulations.

## T. EQUAL EMPLOYMENT OPPORTUNITY

If awarded an Agreement or Purchase Order resulting from this IFB, bidder shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. The bidder shall take affirmative action to ensure that applicants are employed, and that employees are treated, during their employment, without regard to their race, religion, color, sex, age or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

## U. TERMINATION

Authority may terminate this Agreement for its convenience at any time, in whole or part, by giving successful bidder written notice thereof. Upon termination, the Authority may pay the successful bidder allowable costs incurred to date of termination, and those costs deemed reasonably necessary by the Authority to effect such termination. In addition, the Authority may pay the successful bidder a percentage of profit, which relates to Agreement work, accomplished to date of termination, which shall be the date of notice of termination.

The Authority may terminate the Agreement if a federal or state proceeding for the relief of debtors is undertaken by or against the successful bidder or if the successful bidder makes an assignment for the benefit of creditors, or in the event the successful bidder breaches the terms or violates the conditions of the Agreement, and does not within ten (10) days thereafter, cure such breach or violation, the Authority may immediately terminate the Agreement for default. The successful bidder shall be liable for any and all costs incurred by the Authority as a result of such default, including but not limited to reprocurement costs of the same or similar services defaulted by the successful bidder under this Agreement.

## V. CONFLICT OF INTEREST

All bidders responding to this IFB must avoid organizational conflicts of interest, which would restrict full and open competition in this procurement. An organizational conflict of interest means that due to other activities, relationships or contracts, a bidder is unable, or potentially unable to render impartial assistance or advice to the Authority; a bidder's objectivity in performing the work identified in the Project Specifications is or might be otherwise impaired; or a bidder has an unfair competitive advantage. Conflict of Interest issues must be fully disclosed in the bidder's bid.

## W. CODE OF CONDUCT

All bidders agree to comply with the Authority's Code of Conduct as it relates to Third-Party contracts, which is hereby referenced and by this reference is incorporated herein. All bidders agree to include these requirements in all of its subcontracts.

# SECTION III: SCOPE OF WORK

# Scope of Work
## Driver Protection Systems for 40-Foot and 60-Foot Buses

## A. General Requirements:

The Orange County Transportation Authority (OCTA) intends to purchase up to two hundred four (204) AROWGuard Slide Stow Driver Protection Systems (driver barrier) for 40-Foot and 60-Foot Buses made to the specifications provided in this document.

The specifications are designed and intended for the driver's workstation area on OCTA buses of various models and years.

OCTA requires the following driver barrier door system:

| Driver Barrier | Model # | Quantity |
|---|---|---|
| AROWGlobal | AROWGuard Slide Stow Driver Protection System | 204 |

## B. Contractor Requirements:

1. Contractor shall be required to furnish up to two hundred and four (204) AROWGuard Slide Stow model Driver Protection System. The pricing shall include all necessary parts, mounting hardware, warranties, shipping, taxes, and training sessions covering the installation of driver barriers on OCTA's fleet.
2. Contractor shall provide up to six (6) First Article (FA) driver barriers. Contractor shall be responsible for successfully demonstrating the installation of up to ten (10) driver barriers on each Sales Release (SR) bus series as shown in the Table 1 below. however, if the Contractor determines that the SR series are the same or too similar, then there shall be no need to repeat the installations.

**Table 1**

| Bus Type | Model Year | SR # | Qty |
|---|---|---|---|
| New Flyer Xcelsior 60ft. articulated buses | 2013 | SR1725 | 20 |
| New Flyer Xcelsior 40ft. CNG bus | 2015 | SR1917 | 1 |
| New Flyer Xcelsior 40ft. CNG bus | 2016 | SR1960, 1985 | 151 |
| New Flyer Xcelsior 60ft. articulated buses | 2016 | SR 1928 | 16 |
| New Flyer Xcelsior 40ft. CNG bus | 2018 | SR 2244 | 6 |
| New Flyer Xcelsior 40ft. Hydrogen Fuel Cell buses | 2018 | SR 2179 | 10 |

3. The Contractor shall provide the longest shield practical and suitable for the different SRs intended to provide maximum protection for the driver. During the evaluation and acceptance of the pilot units, OCTA and Contractor will jointly evaluate different shield lengths and shapes, intended to provide maximum protection for the driver and maximum driver's visibility to the curb-side mounted exterior rear view-mirror. Additionally, during the pilot's evaluation, OCTA shall indicate the final selection of the "number and placement (spacing) of notches" on the slider, intended to define the (FWD/RWD) detent positions of the driver shield in relationship to the seated driver.
4. Contractor shall ensure that all production units are exactly the same as the approved FA.
5. OCTA, upon successful verification and acceptance of all FA's installations, shall provide Contractor with the Notice to Proceed (NTP). NTP(s) may be issued as individual SR series or a single NTP to cover all listed SR's and shall be at the discretion of OCTA. Once final design is approved, Contractor shall retrofit all FAs with final approved design.
6. OCTA requires each driver barrier to be a complete all-inclusive system, with all components included, so that it only requires to be installed onto the OCTA bus and adjusted to be fully operational.
7. Contractor shall arrange delivery of the driver barrier and provide installation, operation, and maintenance training at each required base.
8. Contractor shall ensure that driver barriers will fit in OCTA's 40 ft. and 60 ft. New Flyer Xcelsior buses of year models 2013, 2015, 2016, and 2018 built under New Flyer SR numbers 1725, 1917, 1960, 1985, 1928, 2244, and 2179.
9. Contractor shall supply ten (10) maintenance and parts manuals for all supplied Driver Protection Systems.
10. Contractor shall follow all OCTA's safety rules and policies while on OCTA facilities. Proper personal protective equipment shall be worn while working on OCTA's property. Failure to follow OCTA's rules and policies may lead to the Contractor being expelled from OCTA property.
11. With advance notice, OCTA can provide access to the buses included in the various SR's to allow the contractor to inspect the various bus models and to take pictures and/or measurements needed to produce the mounting hardware for the various buses that will have the barrier doors installed in them.

**C. Installation:**

Contractor shall install new driver barriers and remove and properly dispose of existing driver shields as specified below:

1. Due to potential dimensional discrepancies found in each bus associated with manufacturing tolerances, stanchion poles, placement of driver's controls, onboard communication equipment, fareboxes and others, it shall be Contractor's responsibility to build all necessary "kits" intended for each one of the SR series' buses including the driver barriers, clamps, brackets, fasteners, hinges, covers, and any others required to complete the installation.
2. Contractor shall be responsible for completing the installation of all needed FA's and present them to OCTA's personnel to be approved or rejected. OCTA shall have up to ten (10) working days to evaluate the FA's and if approved, to provide the NTP with the rest of the installations. If rejected, the OCTA shall indicate the reasons for the rejections and Contractor shall have ten (10) working days to correct the discrepancies and to present again their proposed finished product.
3. During the evaluation and acceptance of the FA's and production units, OCTA's findings and noted discrepancies shall be considered final and as such, Contractor shall be responsible for correcting all noted discrepancies to OCTA's satisfaction.
4. Contractor shall make any, and all necessary adjustment, corrections, needed to eliminate the driver's visual interaction through the newly installed driver barrier. Special attention shall be provided to reflections, glare, distortions, and others coming, or generated by the barrier and/or by any other sources from the exterior as well as the interior of the bus. This includes, amongst others, sun reflections, shadows, vibrations, glare, transparency of barrier-glass, clarity, visual distortions, and other Barrier glass found exhibiting distortions of any kind shall not be accepted; OCTA's decisions are final.
5. Padding provisions shall be required to be installed in all potential striking points associated with the driver's circulation in and out of the driver's workstation and any other potential interferences noted by OCTA.
6. Driver barrier's locking/striking latching-pole shall be mounted and secured to the floor of each bus, hidden behind the farebox, and shall be "boxed" starting at a driver's platform floor level and throughout its vertical run to minimize potential footing missteps into the existing space between the farebox and the driver's platform, and/or the potential accumulation of debris. Samples of this configuration will be made available for viewing during the Pre-Bid Conference and during the Pre-Production meeting(s).
7. Attention will need to be paid to the hinge/pivot shaft area of the barrier installation to avoid having areas where pinch points can exist during opening and closing the barrier door.
8. Training OCTA Personnel on the installation of barriers.
    a. Upon completion and acceptance of the FA's, as applicable, the contractor shall be responsible for providing training for the installation of ten (10) driver barriers to Authorities' Personnel. As

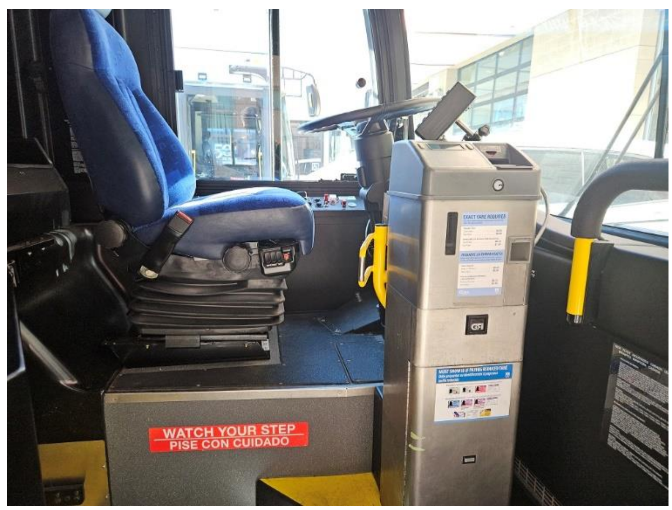
applicable, the Training session shall include at least one of each of the applicable New Flyer SR's

b. Upon successful completion of the installation training, OCTA personnel shall be responsible for the installation of the barriers in the remainder of the OCTA's fleet.

9. After removal of the existing driver's shields, the Contractor shall be responsible for proper disposal and recycling of the removed shields. However, the OCTA reserves the right to take possession of any, or all items removed from the buses.

## D. Driver Barrier Technical Specifications:

1. The driver barrier shall feature an easy to slide window which offers the driver quick protection in the event of an emergency. The glass shall feature a rocker latch to prevent the window from moving during acceleration and braking.
2. The driver barrier must be designed to attach securely to the vehicle chassis and prevent sudden intrusion into the bus operator's area.


3. Driver barrier must include a means of emergency latch release in case of normal latch release mechanism failure.
4. Attention should be given to avoid having pinch points in and around the barrier door hinge/pivot shaft area. Glass exhibiting distortion shall not be accepted.
5. The pole/stanchion used to latch the barrier door in the closed position shall be designed to minimize interference with driver entry and exit from the driver's compartment.

6. Driver barrier must be compliant with Americans with Disabilities Act (ADA) requirements.

7. Glass shall meet American Standard 2 (AS-2) compliance and shall be designed to reduce interior and exterior light reflectance to less than two percent (2%). Glass geometry shall allow for clear unobstructed view of surroundings, including rearward facing and curb side rear view mirrors. Glass design shall not have anything that creates any distorted image on curb side mirror while coach operator is looking through the glass.

8. Contractor shall be required to make needed repairs and service calls during the warranty period.

## E. Deliverables:

1. Manuals: Ten (10) sets of Operation Manuals, service manuals, parts manuals, drawings, schematics, etc. shall be provided upon completion of FA's installation.

2. Training: Contractor shall provide a technician or instructor to conduct onsite training for OCTA personnel. Training shall include proper set-up, installation, operation and maintenance of equipment for all bus types specified in Section B, Table 1. Training shall be included in the cost of barrier kits

## F. OCTA Requirements:

OCTA shall provide access to site(s) for delivery and training. Necessary power requirements will also be provided for the purpose of onsite setup and/or training, however, Contractor is responsible for providing any materials required for their training. A project manager or Supervisor shall be onsite at the time of delivery, setup, and training.

## G. Warranty:

Contractor shall warrant the components for a period of one (1) year against all defects, materials, workmanship, or damage during shipment. The warranty shall cover any issues with the glass design/cutting including, but not limited to glass creating distorted view. The warranty period for each barrier door will commence upon completion of installation, setup, and release of the bus for revenue service.

Contractor shall be responsible for providing warranty support and repairs within forty-eight (48) hours of receipt of OCTA's notification requesting such service. Field service shall be provided within the specified twenty-four (24) hour period, five (5) days per week, not including weekends or holidays.

## H. Regulatory Requirements

Contractor shall comply with all applicable federal, state, local regulations and accepted industry practices typical for Scope of Work requested.

## I. Material/Workmanship

All materials shall be new and not refurbished. The condition of the materials shall be equivalent to acceptable standards practiced within the automotive industry.

## J. Delivery Schedule

Up to six (6) FA driver's barriers shall be built to the OCTA's specifications and shall be delivered to OCTA within ninety (90) days after securing NTP with FAs.

The FA driver barriers shall be delivered to OCTA for inspection, installation, and training. OCTA may take up to (10) days to evaluate the fit and function of the FA.

Upon completion of successful verification/validation of FA, OCTA will give a second NTP for the remaining one hundred ninety-eight (198) driver barrier. All one hundred ninety-eight (198) driver barrier shall be delivered to OCTA within ninety (90) days of getting second NTP.

OCTA reserves the right to approve, modify or reject in its entirety the Contractor's supplied driver barrier if Contractor cannot successfully demonstrate FA installations and ten (10) OCTA's installation training.

Contractor shall deliver driver barrier to all or any OCTA locations listed below:

1. OCTA-Santa Ana Base
   Shipping and Receiving
   4301 W. MacArthur Blvd.
   Santa Ana, CA-92704

2. Garden Grove Base
   11790 Cardinal Circle
   Garden Grove, CA-92843

3. Anaheim Base
   1717 E. Via Burton
   Anaheim, CA-92806

4. Irvine Base Maintenance.
   14736 Sand Canyon Road
   Irvine, CA-92618

# SECTION IV: BID PACKAGE

# SECTION IV. BID PACKAGE

The bidder must complete all the forms identified below. The bid may not contain exceptions to or deviations from the terms or requirements of this IFB.

## EXHIBIT A. BID FORM

The bidder must complete the Bid Form. In addition to providing the lump sum bid, the bidder affirms that the Bid Form statements are true and correct.

## EXHIBIT B. PRICE SUMMARY

## EXHIBIT C. INFORMATION REQUIRED OF BIDDER

Bidder must provide all the information requested in this form.

## EXHIBIT E. STATUS OF PAST AND PRESENT CONTRACTS FORM

Bidder shall complete and submit Exhibit E, per the instructions set forth in Section I "Instructions to Bidders".

## EXHIBIT F. LIST OF SUBCONTRACTORS FORM

Bidder shall complete and submit Exhibit F, per the instructions set forth in Section I "Instructions to Bidders".

## EXHIBIT G. BID OPENING SIGN-IN SHEET

Bidder shall complete and submit Exhibit G, per the instructions set forth in Section I "Instructions to Bidders".

# EXHIBIT A:  BID FORM

# BID FORM

| | |
|---|---|
| INVITATION FOR BIDS NUMBER: | 3-2843 |
| DESCRIPTION: | DRIVER PROTECTION SYSTEM FOR 40-FOOT AND 60-FOOT BUSES |
| BIDDER'S NAME AND ADDRESS | ______________________________ |
| | ______________________________ |
| | ______________________________ |
| | ______________________________ |
| NAME OF AUTHORIZED REPRESENTATIVE | ______________________________ |
| TELEPHONE NUMBER | ______________________________ |
| FAX NUMBER | ______________________________ |
| EMAIL ADDRESS | ______________________________ |
| I acknowledge receipt of IFB and Addenda Numbers: | ___________________________ |
| AUTHORIZED SIGNATURE TO BIND BID: | ______________________________ |
| PRINT SIGNER'S NAME AND TITLE: | ______________________________ |
| | ______________________________ |
| DATE SIGNED: | ______________________________ |

Effective through March 31, 2025 for driver protection system for 40-foot and 60-foot buses as specified in Section III, entitled "Scope of Work."

Quantities listed on the Price Summary Sheet are for evaluation purposes only and do not imply any guaranteed minimum or maximum usage by the Authority. Prices quoted shall remain firm for the term of the Blanket Purchase Order.

All freight costs to be included in the bidder's price as the terms shall be F.O.B. destination.

Deliveries will be made to the following addresses:
- 11790 Cardinal Circle, Garden Grove, CA 92843
- 1717 E. Via Burton, Anaheim, CA 92806
- 4301 W. MacArthur Blvd. Santa Ana, CA 92704
- 14736 Sand Canyon Road, Irvine, CA 96618

Are there any additional and/or incidental costs necessary in order to fully comply with the procurement of parts? Yes/No

If "yes", please provide a complete and comprehensive listing of all such costs:

________________________________________________________

________________________________________________________

This bid shall be in effect for 120 days after the bid close date.

# EXHIBIT B:  PRICE SUMMARY SHEET

## PRICE SUMMARY SHEET

Enter below the firm-fixed prices for driver barriers. Prices shall include labor, materials and all costs incurred to deliver driver barriers, installations, training, and driver barrier kits as described in Section III, Scope of Work. Pricing shall be firm for the term of the Blanket Purchase Order.

### April 1, 2024 through March 30, 2025

| Item No. | Description | UoM | Qty | Unit Cost | Extended Cost |
|---|---|---|---|---|---|
| 1 | Complete Pilot Driver Barriers and Installation. | Each | 6 | $ | $ |
| 2 | Complete Driver Barrier, Installation and OCTA's Installation Training | Each | 10 | $ | $ |
| 3 | Complete Driver Barriers Kits, without Installation, for bus type and models listed below. | Each | 188 | $ | $ |
| | | | Subtotal | $ | $ |
| | | | OC Sales Tax (7.75%)* | $ | $ |
| | | | Freight | | |
| | | | Total Lump Sum | $ | $ |

*For evaluation purposes, all bidders shall use the sales tax rate of 7.75%. Actual sales tax rate shall be based on the delivery location at the time of order.

### Bus Type and Models

| Bus Type | Model Year | Qty | SR # |
|---|---|---|---|
| New Flyer Xcelsior 60ft. articulated buses | 2013 | 20 | SR1725 |
| New Flyer Xcelsior 40ft. CNG bus | 2015 | 1 | SR1917 |
| New Flyer Xcelsior 40ft. CNG bus | 2016 | 151 | SR1960, 1985 |
| New Flyer Xcelsior 60ft. articulated buses | 2016 | 16 | SR 1928 |
| New Flyer Xcelsior 40ft. CNG bus | 2018 | 6 | SR 2244 |
| New Flyer Xcelsior 40ft. Hydrogen Fuel Cell buses | 2018 | 10 | SR 2179 |

## EXHIBIT C:  INFORMATION REQUIRED OF BIDDER

# INFORMATION REQUIRED OF BIDDER

The bidder is required to supply the following information. Additional sheets may be attached if necessary.

1. Name of Bidder: ______________________________________________

2. Business Address: ______________________________________________

3. Telephone ( )________________ Fax ( )_____________E-Mail: __________________

4. Type of Firm - Individual, Partnership or Corporation: __________________________

5. Corporation organized under the laws of state of: ______________________________

6. Contractor's License No.: _________ Class______________Years of Experience: __

7. Expiration Date of License: ________________________________________________

8. Is your firm a certified small business in California? Yes____ No____

9. List the names and addresses of all owners of the firm or names and titles of all officers of the corporation:

10. List at least three project references for services rendered in the last two years:

| Type of Service/Product | Date Completed | Name and Address of Owner | Contact Name and Phone Number | Total Cost |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

# EXHIBIT D: HEALTH, SAFETY AND ENVIRONMENTAL SPECIFICATIONS

# LEVEL 2 STANDARD HEALTH, SAFETY AND ENVIRONMENTAL SPECIFICATIONS

## PART I – GENERAL

### 1.1 GENERAL HEALTH, SAFETY & ENVIRONMENTAL REQUIREMENTS

A. The Contractor, its subcontractors, suppliers, and employees have the obligation to comply with all Authority health, safety and environmental compliance department (HSEC), requirements of this safety specification, project site requirements, and bus yard safety rules as well as all federal, state, and local regulations pertaining to scope of work or agreements with the Authority. Additionally, manufacturer requirements are considered incorporated by reference as applicable to this scope of work.

B. Observance of repeated unsafe acts or conditions, serious violation of safety standards, non-conformance of Authority health, safety and environmental compliance department (HSEC) requirements, or disregard for the intent of these safety specifications to protect people and property, by Contractor or its subcontractors may be reason for termination of scope or agreements with the Authority, at the sole discretion of the Authority.

C. INJURY AND ILLNESS PREVENTION PROGRAM

The Contractor shall comply with CCR Title 8, Section with California Code of Regulations (CCR) Title 8, Section 3203. The intent and elements of the IIPP shall be implemented and enforced by the Contractor and its sub-tier contractors, suppliers, and vendors. The program shall be provided to the Authority's Project Manager, upon request, within 72 hours.

D. SUBSTANCE ABUSE PREVENTION PROGRAM

Contractor shall comply with the Policy or Program of the Company's Substance Abuse Prevention Policy that complies with the most recent Drug Free Workplace Act. The program shall be provided to the Authority's Project Manager, upon request, within 72 hours.

E. HAZARD COMMUNICATION PROGRAM

1. Contractor shall comply with CCR Title 8, Section 5194 Hazard Communication Standard. Prior to use on Authority property and/or project work areas Contractor shall provide the Authority Project Manager copies of SDS for all applicable products used, if any. The program shall be provided to the Authority's Project Manager, upon request, within 72 hours.

2. All chemicals including paint, solvents, detergents and similar substances shall comply with South Coast Air Quality Management District (SCAQMD) rules 103, 1113, and 1171.

F. STORM WATER POLLUTION PREVENTION PLAN

1. The Contractor shall protect property and water resources from fuels and similar products throughout the duration of the contract. Contractor shall comply with Storm Water Pollution Prevention Plan (SWPPP) requirements. The program or plan if required by scope shall be provided to the Authority's Project Manager, upon request, within 72 hours.

G. DESIGNATED HEALTH, SAFETY, ENVIRONMENTAL (HSE) REPRESENTATIVE

1. Upon contract award, the contractor within 10 business days shall designate a health and safety representative and provide a resume and qualifications to the Authority project manager, upon request, within 72 hours.

2. This person shall be a Competent or Qualified Individual as defined by the Occupational, Safety, and Health Administration (OSHA), familiar with applicable CCR Title 8 Standards, and has the authority to affect changes in work procedures that may have associated cost, schedule and budget impacts.

3. The Contractor's HSE Representative is subject to acceptance by the Authority Project Manager, and the HSEC Department. All contact information of the HSE Representative (name, phone, and fax and pager/cell phone number) shall be provided to the Authority Project Manager, upon request, within 72 hours.

4. The Contractor's HSE Representative shall hold a current certification from the Board of Certified Safety Professionals (BCSP) and have five years of demonstrated construction/scope experience enforcing HSE compliance on construction, industrial or similar project scopes. The designated HSE Representative shall participate in any required HSE related submittals. The Authority reserves the right to allow for an exception and to modify these minimum qualification requirements for unforeseen circumstances, at the sole discretion of the Authority Project Manager and HSEC Department Manager.

5. A Job Hazard Analysis (JHA) shall be prepared for the field activities scheduled and signed/dated by the Contractor's project manager and the Contractor's HSE Representative and all employees of the work crew prior to beginning scheduled task.

6. Competent Individual means an individual who is capable of identifying existing and predictable hazards in the surroundings or working conditions which are unsanitary, hazardous, or dangerous to employees and/or property, and who has authorization to take prompt corrective measures to eliminate them.

7. Qualified Individual means an individual who by possession of a recognized degree, certificate, certification or professional standing, or who by extensive knowledge, training, and experience, has successfully

demonstrated his/her ability to solve or resolve problems relating to the subject matter, the work, or the Project.

H. SCOPE PLANNING

Prior to any scope work activity or task, the Contractor shall evaluate the hazards of the scope of work and the work environment to ensure proper control measures are identified for employee public and property protection measures to prevent incidents. This evaluation shall be implemented by developing a written site specific Job Hazard Analysis (JHA) or similar tool designed for planning the work to prevent incidents. The plan shall be provided to the Authority's Project Manager, upon request, within 72 hours.

I. ORIENTATION

1. The Contractor shall conduct and document a project site safety orientation for all Contractor personnel, subcontractors, suppliers, vendors, and new employees assigned to the project prior to performing any work on Authority projects. The safety orientation at a minimum shall include, as applicable, Personal Protection Equipment (PPE) requirements, eye protection, ANSI class 2 or 3 reflective vests, designated smoking, eating, and parking areas, traffic speed limit and routing, cell phone policy, and barricade requirements. When required by scope, additional orientation shall include fall protection, energy isolation/lock-out/tag-out (LOTO), confined space, hot work permit, security requirements, and similar project safety requirements.

2. Copies of orientation documents shall be provided to the Authority Project Manager within 72 hours upon request.

J. TRAFFIC & PARKING

The Contractor shall ensure that all Contractor vehicles, including those of their subcontractors, suppliers, vendors and employees are parked in designated parking areas, personal vehicles shall be parked in the employee parking lot, work vehicles required in the maintenance area of a bus base shall be identified by company name and/or logo, covered by the company insurance, and comply with traffic routes, and posted traffic signs in areas other than the employee parking lots. Vehicles without appropriate company name and logo are considered personal vehicles and not allowed in the maintenance area of the bus base.

K. GENERAL PROVISIONS

1. The Contractor shall provide all necessary tools, equipment, and related safety protective devices to execute the scope of work in compliance with Authority's HSEC requirements, CCR Title 8 Standards, and recognized safe work practices.

2. The Contractor shall immediately notify the Authority's Project Manager whenever local, state or federal regulatory agency personnel are identified as being onsite.

3. The Authority HSEC requirements, and references contained within this scope of work shall not be considered all-inclusive as to the hazards that might be encountered. Safe work practices shall be pre-planned and performed, and safe conditions shall be maintained during the course of this work scope.

4. The Contractor shall specifically acknowledge that it has primary responsibility to prevent and correct all health, safety and environmental hazards for which it and its employees, or its subcontractors (and their employees) are responsible. The Contractor shall further acknowledge their expertise in recognition and prevention of hazards in the operations for which they are responsible, that the Authority may not have such expertise, and is relying upon the Contractor for such expertise. The Authority retains the right to notify the Contractor of potential hazards and request the Contractor to evaluate and, as necessary, to eliminate those hazards.

5. The Contractor shall instruct all its employees, and all associated sub-contractors under contract with the Contractor who work on Authority property in the recognition, identification, and avoidance of unsafe acts and/or conditions applicable to its work.

6. California Code of Regulations (CCR) Title 8 Standards are minimum requirements, and each Contractor is encouraged to exceed minimum requirements. When the Contractor safety requirements exceed statutory standards, the more stringent requirements shall be achieved for the safeguard of the public and workers.

1.2 ENVIROMENTAL REQUIREMENTS

A. The Contractor shall comply with Federal, State, county, municipal, and other local laws and regulations pertaining to the environment, including noise, aesthetics, air quality, water quality, contaminated soils, hazardous waste, storm water, and resources of archaeological significance. Expense of compliance with these laws and regulations is considered included in the agreement. Contractor shall provide water used for dust control, or for pre-wetting areas to be paved, as required; no payment will be made by OCTA for this water.

B. The Contractor shall prevent pollution of storm drains, rivers, streams, irrigation ditches, and reservoirs with sediment or other harmful materials. Fuels, oils, bitumen, calcium chloride, cement, or other contaminants that would contribute to water pollution shall not be dumped into or placed where they will leach into storm drains, rivers, streams, irrigation ditches, or reservoirs. If operating equipment in streambeds or in and around open waters, protect the quality of ground water, wetlands, and surface waters.

C. The Contractor shall protect adjacent properties and water resources from erosion and sediment damage throughout the duration of the contract. Contractor shall comply with applicable NPDES permits and Storm Water Pollution Prevention Plan (SWPPP) requirements.

D. Contractor shall comply with all applicable EPA, Cal EPA, Cal Recycle, DTSC, SCAQMD, local, state, county and city standards, rules and regulations for hazardous and special waste handling, recycling and/ disposal. At a minimum, Contractor shall ensure compliance where applicable with SCAQMD Rule 1166, CCR Title 8, Section 5192, 29 CFR Subpart 1910.120, 49 CFR Part 172, Subpart H, 40 CFR Subpart 265.16 and CCR Title 22 Section 6625.16. Contractor shall provide OCTA a schedule of all hazardous waste and special or industrial waste disposal dates in advance of transport date. Only authorized OCTA personnel shall sign manifests for OCTA generated wastes. Contractor shall ensure that only current registered transporters are used for disposal of hazardous waste and industrial wastes. The Contractor shall obtain approval from OCTA for the disposal site locations in advance of scheduled transport date.

1.3 INCIDENT NOTIFICATION AND INVESTIGATION

A. The Authority shall be promptly notified of any of the following types of incidents including but not limited to:

1. Damage incidents of property (incidents involving third party, contractor or Authority property damage);

2. Reportable and/or Recordable injuries (as defined by the U. S. Occupational Safety and Health Administration), a minor injury, and near miss incidents;

3. Incidents impacting the environment, i.e. spills or releases on Authority property.

B. Notifications shall be made to Authority representatives, employees and/or agents. This includes incidents occurring to contractors, vendors, visitors, or members of the public that arise from the performance of Authority contract work. An immediate verbal notice followed by a written incident investigation report shall be submitted to Authority's Project Manager within 24 hours of the incident.

C. A final written incident investigative report shall be submitted within seven (7) calendar days and include the following information. The Current Status of anyone injured, photos of the incident area, detailed description of what happened, Investigative photos of the existing conditions and area around the injury/incident scene, the contributing factors that lead to the incident occurrence, a copy of the company policy or procedure associated with the incident and evaluation of effectiveness, copy of task planning documentation, copy of the Physician's first report of injury, copy of Cal/OSHA 300 log of work related injuries and illnesses, the Cal/OSHA 301 Injury Illness Incident Report, and corrective actions initiated to prevent recurrence. This information shall be considered the minimum elements required for a comprehensive incident report provided to OCTA.

D. A Serious Injury, Serious Incident, OSHA Recordable Injury/Illness, or a Significant Near Miss shall require a formal incident review at the discretion of the Authority's Project Manager. The incident review shall be conducted within seven (7) calendar days of the incident. This review shall require a company senior executive, company program or project manager from the Contractors' organization to participate and present the incident review as determined by the OCTA Project Manager. The serious incident presentation shall include action taken for the welfare of the injured, a status report of the injured, causation factors that lead to the incident, a root cause analysis (using 5 whys and fishbone methods), and a detailed recovery plan that identifies corrective actions to prevent a similar incident, and actions to enhance safety awareness.

1. <u>Serious Injury:</u> includes an injury or illness to one or more employees, occurring in a place of employment or in connection with any employment, which requires inpatient hospitalization for a period in excess of twenty-four hours for other than medical observation, or in which an employee suffers the loss of any member of the body, or suffers any serious degree of physical disfigurement. A serious injury also includes a lost workday or reassignment or restricted injury case as determined by the Physician's first report of injury or Cal/OSHA definitions.

2. <u>Serious Incident:</u> includes but not limited to property damage of $500.00 or more, an incident requiring emergency services (local fire, paramedics and ambulance response), news media or OCTA media relations response, and/or incidents involving other agencies (Cal/OSHA, EPA, AQMD, DTSC, Metrolink, FTA, FRA etc.) notification or representation.

3. <u>OSHA Recordable Injury / Illness:</u> includes and injury / illness resulting in medical treatment beyond First Aid, an injury / illness which requires restricted duty, or an injury / illness resulting in days away from work.

4. <u>Significant Near Miss Incident;</u> includes incidents where no property was damaged and no personal injury sustained, but where, given a slight shift in time or position, damage and/or injury easily could have occurred.

1.4 PERSONAL PROTECTIVE EQUIPMENT

Contractors, and all associated subcontractors, vendors and suppliers are required to provide their own personal protective equipment (PPE), including eye, head, foot, and hand protection, respirators, reflective safety vests, and all other PPE required to perform their work safely on Authority projects.

1.5 LANGUAGE REQUIREMENTS

The Contractor for safety reasons shall ensure employees that do not read, or understand English, shall have a bilingual supervisor or foreman when on the Authority property or projects.

1.6 WARNING SIGNS AND DEVICES

The Contractor shall provide signs, signals, and/or warning devices to be visible when and where a hazard exists. Signs, signals, and/or warning devices shall be removed when the hazard no longer exists.

1.7 REFERENCES

A. CCR Title 8 Standards (Cal/OSHA)
B. FCR Including 1910 and 1926 Standards
C. NFPA, NEC, ANSI, NIOSH Standards
D. Construction Industry Institute (CII)
E. Board of Certified Safety Professionals (BCSP)
F. OCTA Yard Safety Rules

END OF SECTION

# EXHIBIT E: STATUS OF PAST AND PRESENT CONTRACTS FORM

## STATUS OF PAST AND PRESENT CONTRACTS FORM

On the form provided below, Offeror/Bidder shall list the status of past and present contracts where the firm has either provided services as a prime vendor or a subcontractor during the past five (5) years in which the contract has been the subject of or may be involved in litigation with the contracting authority. This includes, but is not limited to, claims, settlement agreements, arbitrations, administrative proceedings, and investigations arising out of the contract.

A separate form must be completed for each contract. Offeror/Bidder shall provide an accurate contact name and telephone number for each contract and indicate the term of the contract and the original contract value. Offeror/Bidder shall also provide a brief summary and the current status of the litigation, claims, settlement agreements, arbitrations, administrative proceedings, or investigations. If the contract was terminated, list the reason for termination.

Offeror/Bidder shall have an ongoing obligation to update the Authority with any changes to the identified contracts and any new litigation, claims, settlement agreements, arbitrations, administrative proceedings, or investigations that arise subsequent to the submission of the bid. Each form must be signed by an officer of the Offeror/Bidder confirming that the information provided is true and accurate.

| | |
|---|---|
| **Project city/agency/other:** | |
| | |
| **Contact Name:** | **Phone:** |
| | |
| **Project Award Date:** | **Original Contract Value:** |
| | |
| **Term of Contract:** | |
| | |
| **(1) Litigation, claims, settlements, arbitrations, or investigations associated with contract:** | |
| | |
| | |
| | |
| **(2) Summary and Status of contract:** | |
| | |
| | |
| **(3) Summary and Status of action identified in (1):** | |
| | |
| | |
| | |
| **(4) Reason for termination, if applicable:** | |
| | |
| | |

By signing this Form entitled "Status of Past and Present Contracts," I am affirming that all of the information provided is true and accurate.

_______________________________ _______________________________
Name Signature

_______________________________ _______________________________
Title Date

Revised. 03/16/2018

# EXHIBIT F: LIST OF SUBCONTRACTORS FORM

## LIST OF SUBCONTRACTORS

List only the subcontractors which will perform work or labor or render services to the Bidder in excess of one-half of one percent of the Bidder's total bid amount. Do not use alternative subcontractors for the same work. (Use additional sheets if necessary.)

| Name & Address Under Which Subcontractor is Licensed | License Number | Specific Description of Work to be Rendered | Type | Dollar Amount |
|---|---|---|---|---|
| | | | | $ |
| | | | | $ |
| | | | | $ |
| | | | | $ |
| | | | | $ |
| | | | | $ |
| | | | | $ |

| | |
|---|---|
| **TOTAL VALUE OF SUBCONTRACTED WORK** | $ |

Bidder's Name: ____________________________________________

# EXHIBIT G: BID OPENING SIGN-IN SHEET

# EXHIBIT G

## BID OPENING SIGN-IN SHEET

**IFB Number: IFB 3-2843**

**IFB Title: “DRIVER PROTECTION SYSTEM FOR 40-FOOT AND 60-FOOT BUSES”**

**Bid Opening Date and Time: January 9, 2024, 11:00 a.m.**

**Name of Attendee: ______________________________________________**

**Firm Name: ____________________________________________________**

OCTA

COMMITTEE TRANSMITTAL

**November 27, 2023**

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

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

**Subject:** Amendment to Agreement for Hydrogen Station Operation, Maintenance, and Fuel Delivery

Transit Committee Meeting of November 9, 2023

Present: Directors Jones, Jung, Lopez, Nguyen, and Sarmiento
Absent: Director Do

**Committee Vote**

This item was passed by the Members present.

Director Lopez was not present to vote on this item.

**Committee Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Agreement No. C-7-1577 between the Orange County Transportation Authority and Trillium USA Company LLC, in the amount of $625,049, to exercise the second option term of the agreement from January 1, 2024 through December 31, 2024, for continued hydrogen station operation, maintenance, and hydrogen fuel delivery. This will increase the maximum obligation of the agreement to a total contract value of $8,651,734.

*November 9, 2023*

***To:*** Transit Committee

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

***Subject:*** Amendment to Agreement for Hydrogen Station Operation, Maintenance, and Fuel Delivery

### *Overview*

On November 13, 2017, the Orange County Transportation Authority Board of Directors approved an agreement with Trillium USA Company LLC to install a fully operational hydrogen fueling station at the Santa Ana Bus Base to provide operation and maintenance service and deliver hydrogen fuel. An amendment is required to exercise the second option term for station operation and maintenance, and hydrogen fuel delivery.

### *Recommendation*

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Agreement No. C-7-1577 between the Orange County Transportation Authority and Trillium USA Company LLC, in the amount of $625,049, to exercise the second option term of the agreement from January 1, 2024 through December 31, 2024, for continued hydrogen station operation, maintenance, and hydrogen fuel delivery. This will increase the maximum obligation of the agreement to a total contract value of $8,651,734.

### *Discussion*

In December 2018, the California Air Resources Board (CARB) enacted the Innovative Clean Transit Regulation, which set staged rules requiring transit agencies to transition to zero emissions buses by 2040. Currently, CARB recognizes two technologies in compliance with this regulation, Battery Electric Bus (BEB) and Fuel Cell Electric Bus (FCEB). BEBs use batteries to power electric motors to propel the bus, and the batteries are charged either at the bus depot or by in-route charging. FCEBs are configured in much the same way, using batteries and electric motors. The difference is that the FCEB batteries are smaller and are charged by an on-board hydrogen fuel cell while the bus is in route eliminating the need for independent charging.

The Orange County Transportation Authority (OCTA) is conducting a pilot program to compare these two technologies, using 10 BEBs and 10 FCEBs of the same make and model. This will allow OCTA to properly evaluate the actual operating range of each type, along with operation, maintenance, and reliability. The ten FCEBs have now been in service for nearly four years.

To support fueling of the FCEBs, a hydrogen fueling station was installed at OCTA's Santa Ana Bus Base. The fueling station relies on deliveries of liquid hydrogen, which is stored in an 18,000-gallon cryogenic tank. The fuel is compressed, evaporated, chilled, and then dispensed under high pressure into the fuel tanks on board the buses. As currently configured, the station can fuel up to 50 FCEBs.

OCTA currently contracts with Trillium USA Company LLC for the operations and maintenance of the hydrogen fueling station. The first option term of the agreement for hydrogen station operation, maintenance, and fuel delivery will expire on December 31, 2023. An amendment is required to exercise the second and final option term to continue services.

***Procurement Approach***

This procurement was originally handled in accordance with OCTA's Board of Directors (Board)-approved policies and procedures for professional and technical services. On November 13, 2017, the Board approved the award of the agreement with Trillium USA Company LLC (Trillium) to install a fully operational hydrogen fueling station, provide operation and maintenance service, and deliver hydrogen fuel. The original agreement was awarded on a competitive basis and has been previously amended as shown on Attachment A.

The proposed Amendment No. 8 is to exercise the second option term of the agreement through December 31, 2024. Amending this agreement will increase the maximum cumulative payment obligation by $625,049, bringing the total contract value to $8,651,734 to continue services. Fuel charges, annual equipment lease fees, operations and maintenance, as well as other charges for the second option term will remain the same as negotiated in the original agreement. During the term of this agreement, Trillium has provided service in compliance with the performance standards set forth in the agreement.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2023-24 Budget, Operations Division/Maintenance Department, Account No. 2168-7720-D2108-F30 and is funded through the Local Transportation Fund.

***Summary***

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Agreement C-7-1577 with Trillium, in the amount of $625,049, to exercise the second option term of the agreement from January 1, 2024, through December 31, 2024, for continued hydrogen station operation, maintenance, and hydrogen fuel delivery.

***Attachment***

A. Trillium USA Company LLC, Agreement C-7-1577 Fact Sheet

**Prepared by:**

Dayle Withers
Department Manager, Maintenance
(714) 560-5338

**Approved by:**

Cliff Thorne
Director, Maintenance Administration
(714) 560-5975

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

Johnny Dunning, Jr.
Chief Operating Officer, Operations
(714) 560-5710

**ATTACHMENT A**

Trillium USA Company, LLC
Agreement No. C-7-1577 Fact Sheet

1. November 13, 2017, Agreement No. C-7-1577, $6,472,127 (hydrogen fueling station), approved by the Board of Directors (Board).

    - Agreement to install a fully operational hydrogen fueling station at Santa Ana bus base, provide operation and maintenance (O&M) service, and deliver hydrogen fuel effective January 4, 2018 through November 15, 2018 for the construction of hydrogen fueling station and November 15, 2018 through November 14, 2022 with two, one-year option terms for O&M and hydrogen fuel deliveries.

2. February 27, 2018, Contract Change Order No. 1 to Agreement No. C-7-1577, $442,305, approved by the Board.

    - Contract change order for installation of additional equipment to increase fueling capacity of the hydrogen fueling station and extend the completion date for the hydrogen fueling station to December 28, 2018.

3. October 15, 2018, Contract Change Order No. 2 to Agreement No. C-7-1577, $200,000, approved by the Contracts Administration and Materials Management (CAMM) Department.

    - Contract change order for extra work at force account to furnish 12-kilovolt switch gear.

4. November 12, 2018, Contract Change Order No. 3 to Agreement No. C-7-1577, $400,000, approved by the Board.

    - Contract change order for labor, materials, and equipment to furnish and install new private electrical transformer, primary switch, and all other related work.

5. December 13, 2018, Contract Change Order No. 4 to Agreement No. C-7-1577, $0, approved by CAMM.

    - Contract change order to extend the contract completion date of hydrogen fueling station through June 30, 2019.

6. January 14, 2019, Amendment No. 1 to Agreement No. C-7-1577, $0, approved by CAMM.

    - Amendment to extend the hydrogen fueling station commissioning through June 30, 2019 and for O&M and hydrogen fuel delivery services, effective April 1, 2019 through March 31, 2022.

7. April 1, 2019, Amendment No. 2 to Agreement No. C-7-1577, $0, approved by CAMM.

   - Amendment to revise the term of the agreement for O&M and hydrogen fuel delivery services, effective May 1, 2019 through April 30, 2022.

8. May 1, 2019, Amendment No. 3 to Agreement No. C-7-1577, $0, approved by CAMM.

   - Amendment to revise the term of the agreement for O&M and hydrogen fuel delivery services, effective June 1, 2019 through May 31, 2022.

9. June 3, 2019, Contract Change Order No. 5 to Agreement No. C-7-1577, $0, approved by CAMM.

   - Contract change order to extend the contract completion date of hydrogen fueling station through December 31, 2019.

10. July 1, 2019, Amendment No. 4 to Agreement No. C-7-1577, $0, approved by CAMM.

    - Amendment to extend the term of agreement for the construction of hydrogen fueling station completion date through December 31, 2019 and for O&M and hydrogen fuel delivery services through September 30, 2022.

11. January 13, 2020, Contract Change Order No. 6 to Agreement No. C-7-1577, $0, approved by CAMM.

    - Contract change order to extend the contract completion date of hydrogen fueling station through February 28, 2020.

12. February 24, 2020, Contract Change Order No. 7 to Agreement No. C-7-1577, $101,760, approved by CAMM.

    - Contract change order for dispenser host location modification and other related changes.

13. October 21, 2021, Amendment No. 5 to Agreement No. C-7-1577, $0, approved by CAMM.

    - Amendment to extend the hydrogen fueling station commissioning through February 28, 2020. The O&M shall commence on January 1, 2020 through December 31, 2022 and hydrogen fuel delivery services shall commence December 4, 2019 through December 31, 2022.

14. October 24, 2022, Amendment No. 6 to Agreement No. C-7-1577, $351,720, approved by the Board.

    - Amendment to exercise the first option term of the agreement from January 1, 2023 through December 31, 2023, for continued hydrogen station O&M and fuel delivery.

15. June 7, 2023, Amendment No. 7 to Agreement No. C-7-1577, $58,773, approved by CAMM.

    - Amendment to upgrade non-Telemetry fueling on one dispenser.

16. November 27, 2023, Amendment No. 8 to Agreement No. C-7-1577, $625,049, pending approval by the Board.

    - Amendment to exercise the second option term of the agreement from January 1, 2024 through December 31, 2024, for continued hydrogen station O&M and fuel delivery.

Total committed to Trillium USA Company LLC, Agreement No. C-7-1577: $8,651,734.

***November 27, 2023***

| | |
|---|---|
| ***To:*** | Members of the Board of Directors |
| ***From:*** | Darrell E. Johnson, Chief Executive Officer |
| ***Subject:*** | Approval to Release Request for Proposals for Harbor Boulevard Pilot Innovative Transit Signal Priority Study |

***Overview***

Harbor Boulevard is a vital central Orange County multimodal corridor that serves over 10,000 daily passengers and 50,000 daily vehicles. The Orange County Transportation Authority has developed a request for proposals to initiate a competitive procurement process to retain consultant services for the preparation of a study that will focus on planning and testing transit signal priority solutions to enhance bus operations and reliability and improve the customer experience. Board of Directors' approval is requested for the evaluation criteria and release the request for proposals.

***Recommendations***

A. Approve the proposed evaluation criteria and weightings for Request for Proposals 3-2944 for the selection of a consultant to perform the Harbor Boulevard Pilot Innovative Transit Signal Priority Study.

B. Approve the release of Request for Proposals 3-2944 for consultant services to deliver the Harbor Boulevard Pilot Innovative Transit Signal Priority Study.

***Discussion***

Harbor Boulevard is a multimodal corridor in central Orange County spanning the cities of Anaheim, Fountain Valley, Fullerton, Garden Grove, and Santa Ana. The 12-mile Harbor Boulevard Bravo! 543 and 43 bus routes have a combined average of more than 10,000 daily boardings. Eight percent of all Orange County Transportation Authority (OCTA) bus ridership and over 50,000 vehicles travel this route each day. Harbor Boulevard connects key destinations including medical facilities, California State University, Fullerton, Disneyland, Santa Ana College, places of worship, and shopping.

The proposed project aims to enhance bus operations along Harbor Boulevard through a comprehensive study and sample implementation of innovative transit signal priority (TSP) and advanced detection solutions at nine intersections, with plans for wider deployment. The study will include data collection, field reviews, prototype deployment, technology assessment, and conceptual planning for future improvements. Improved bus reliability and predictability will allow commuters to reach their jobs, medical appointments, schools, and homes in a safe and timely manner. Additionally, expected users of transit will benefit from enhanced technology at signalized intersections focused on a safe system approach. Lastly, the project could allow OCTA to use buses more efficiently and improve the driving experience for OCTA coach operators.

Local jurisdictions or Cities, using local funds like OCTA’s Measure M2, have invested in signal infrastructure and intelligent transportation systems (ITS). This, along with available OCTA real-time bus location information, enables the integration of systems for TSP operations and shared travel insights. Enhancements in safety and access for transit riders, who are pedestrians or bicyclists, will further improve their travel experience.

On November 18, 2022, OCTA applied for Strengthening Mobility and Revolutionizing Transportation (SMART) grants program for Stage 1 funds to pilot transit signal priority along Harbor Boulevard. On May 9, 2023, OCTA applied for matching funds from the Regional Early Action Planning Grants of 2021 (REAP 2.0) administered by the Southern California Association of Governments. On July 24, 2023, the OCTA Board of Directors (Board) approved the acceptance of grants funds to cover the $1.8 million budget, for the pilot as an innovative TSP solution study.

***Procurement Approach***

OCTA’s Board-approved procurement policies and procedures require that the Board approve all RFPs over $1,000,000, as well as approve the evaluation criteria and weightings, which will be used to evaluate proposals received in response to the RFP.

The proposed evaluation criteria and weightings are as follows:

- Qualifications of the firm 20 percent
- Staffing and project organization 25 percent
- Work plan 30 percent
- Cost and price 25 percent

Several factors were considered in developing the evaluation criteria weightings. The qualifications of the firm criterion is weighted at 20 percent as the firm must demonstrate experience with TSP, ITS detection technology, and performance measures of a similar scope and scale. Staffing and project organization is weighted at 25 percent as the firm must demonstrate the level of expertise, resource availability, and involvement for the roles of the proposed project team. The work plan is weighted at 30 percent as the firm's proposed technology solution must be able to meet the functional and technical requirements and challenges for a pilot implementation with plans to scale up on a corridor with multiple stakeholders. Cost and price is weighted at 25 percent to ensure that OCTA receives value for the services provided.

The budget for this project is $1,800,000 for a two-year term.

This RFP will be released upon Board approval of these recommendations.

Fiscal Impact

This project was approved in OCTA's Fiscal Year 2023-2024 Budget, Planning Division, Account No. 0017-7519-SPT01-0Q7, and will be funded using the SMART and REAP 2.0 program funds.

***Summary***

Board of Directors' approval is requested to release RFP 3-2944 for consultant services to perform the Harbor Boulevard Pilot Innovative TSP Study, as well as approval of the proposed evaluation criteria and weightings.

***Attachment***

A. Draft Request for Proposals (RFP) 3-2944, Harbor Boulevard Pilot Innovative Transit Signal Priority Study

**Prepared by:**

Alicia Yang

Alicia Yang
Project Manager III, Planning
(714) 560-5362

**Approved by:**

Kia Mortazavi

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

Pia Veesapen

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

**<u>ATTACHMENT A</u>**

## DRAFT REQUEST FOR PROPOSALS (RFP) 3-2944

# HARBOR BOULEVARD PILOT INNOVATIVE TRANSIT SIGNAL PRIORITY STUDY



**ORANGE COUNTY TRANSPORTATION AUTHORITY**
**550 South Main Street**
**P.O. Box 14184**
**Orange, CA 92863-1584**
**(714) 560-6282**

**<u>Key RFP Dates</u>**

| | |
|---|---|
| **Issue Date:** | **November 27, 2023** |
| **Pre-Proposal Conference Date:** | **December 6, 2023** |
| **Question Submittal Date:** | **December 8, 2023** |
| **Proposal Submittal Date:** | **December 20, 2023** |
| **Interview Date:** | **January 18, 2024** |

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OCTA

November 13, 2023

**NOTICE OF REQUEST FOR PROPOSALS**

**(RFP): 3-2944: "HARBOR BOULEVARD PILOT INNOVATIVE TRANSIT SIGNAL PRIORITY STUDY"**

**TO: ALL OFFERORS**

**FROM: ORANGE COUNTY TRANSPORTATION AUTHORITY**

The Orange County Transportation Authority (Authority) invites proposals from qualified firms to evaluate and assess innovative solutions to improve bus travel times and reliability using transit signal priority and detection of roadway users at signalized intersections as part of the Harbor Boulevard Pilot Innovative Transit Signal Priority Study. The budget for this effort is $1,800,000 for a two-year term.

**Please note that by submitting a Proposal, Offeror certifies that it is not subject to any Ukraine/Russia-related economic sanctions imposed by the State of California or the United States Government including, but not limited to, Presidential Executive Order Nos. 13660, 13661, 13662, 13685, and 14065. Any individual or entity that is the subject of any Ukraine/Russia-related economic sanction is not eligible to submit a Proposal. In submitting a Proposal, all Offerors agree to comply with all economic sanctions imposed by the State or U.S. Government.**

Offerors are advised that by signing their proposal, they are certifying that they and their subconsultants are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency.

Offerors are advised that this Project is funded by the Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program for Stage 1 funds and Regional Early Action Planning Grants of 2021 (REAP 2.0) administered by the Southern California Association of Governments (SCAG) REAP 2.0. Consultant proposals and supporting documents for the project contract may be subject to audit or review by the California Department of Transportation (Caltrans), the Department of Transportation (DOT), or SCAG.

Proposals delivered in person or by a means other than the U.S. Postal Service shall be submitted to the following:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management**
**600 South Main Street, (Lobby Receptionist)**
**Orange, California 92868**
**Attention: Megan Bornman, Senior Contract Administrator**

Proposals delivered using the U.S. Postal Service shall be addressed as follows:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management**
**P.O. Box 14184**
**Orange, California 92863-1584**
**Attention: Megan Bornman, Senior Contract Administrator**

Proposals and amendments to proposals received after the date and time specified above will be returned to the Offerors unopened.

Note: The Authority utilizes a third-party delivery service therefore, Offerors should anticipate a 48-hour delay in delivery of proposals mailed to the P.O. Box listed above. Proposals are considered received once time-stamped at the Authority's physical address.

Firms interested in obtaining a copy of this Request for Proposals (RFP) may do so by downloading the RFP from CAMM NET at https://cammnet.octa.net.

All firms interested in doing business with the Authority are required to register their business on-line at CAMM NET. The website can be found at https://cammnet.octa.net. From the site menu click on CAMM NET to register.

To receive all further information regarding this RFP 3-2944, firms and subconsultants must be registered on CAMM NET with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

| Category: | Commodity: |
|---|---|
| Professional Consulting | Consultant Services - General<br>Consultant Services - Transit Planning<br>Consultant Services - Transportation Planning<br>Consultant Services – Intelligent Transportation Systems (ITS)<br>Traffic Planning Consulting |

An on-site/in-person pre-proposal conference will be held on December 6, 2023, at 8:30 a.m., at the Authority's Administrative Office, 550 South Main Street, Orange, CA 92868, in Conference Room 08.

Participation via teleconference will also be available. Prospective Offerors may join or call-in using the following credentials:

- Microsoft Teams Link
- OR Call-in Number: 916-550-9867
- Conference ID: 690 007 942 #

A copy of the presentation slides and pre-proposal conference registration sheet(s) will be issued via addendum prior to the date of the pre-proposal conference.

All prospective Offerors are encouraged to attend the pre-proposal conference.

The Authority has established **January 18, 2024**, as the date to conduct interviews. All prospective Offerors will be asked to keep this date available.

Offerors are encouraged to subcontract with small businesses to the maximum extent possible.

All Offerors will be required to comply with all applicable equal opportunity laws and regulations.

The award of this contract is subject to receipt of federal, state and/or local funds adequate to carry out the provisions of the proposed agreement including the identified Scope of Work.

## SECTION I:  INSTRUCTIONS TO OFFERORS

## SECTION I. INSTRUCTIONS TO OFFERORS

### A. PRE-PROPOSAL CONFERENCE

An on-site/in-person pre-proposal conference will be held on December 6, 2023, at 8:30 a.m., at the Authority's Administrative Office, 550 South Main Street, Orange, CA 92868, in Conference Room 08.

Participation via teleconference will also be available. Prospective Offerors may join or call-in using the following credentials:

- Microsoft Teams Link
- OR Call-in Number: 916-550-9867
- Conference ID: 690 007 942 #

A copy of the presentation slides and pre-proposal conference registration sheet(s) will be issued via addendum prior to the date of the pre-proposal conference.

All prospective Offerors are encouraged to attend the pre-proposal conference.

### B. EXAMINATION OF PROPOSAL DOCUMENTS

By submitting a proposal, Offeror represents that it has thoroughly examined and become familiar with the work required under this RFP and that it is capable of performing quality work to achieve the Authority's objectives.

### C. ADDENDA

The Authority reserves the right to revise the RFP documents. Any Authority changes to the requirements will be made by written addendum to this RFP. Any written addenda issued pertaining to this RFP shall be incorporated into the terms and conditions of any resulting Agreement. The Authority will not be bound to any modifications to or deviations from the requirements set forth in this RFP as the result of oral instructions. Offerors shall acknowledge receipt of addenda in their proposals. Failure to acknowledge receipt of Addenda may cause the proposal to be deemed non-responsive to this RFP and be rejected.

## D. AUTHORITY CONTACT

All communication and/or contacts with Authority staff regarding this RFP are to be directed to the following Contract Administrator:

Megan Bornman, Senior Contract Administrator
Contracts Administration and Materials Management Department
600 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
Phone: 714.560. 5064, Fax: 888.404.6282
Email: mbornman@octa.net

Commencing on the date of the issuance of this RFP and continuing until award of the contract or cancellation of this RFP, no Offeror, subcontractor, lobbyist or agent hired by the Offeror shall have any contact or communications regarding this RFP with any Authority's staff; member of the evaluation committee for this RFP; or any contractor or consultant involved with the procurement, other than the Contract Administrator named above or unless expressly permitted by this RFP. Contact includes face-to-face, telephone, electronic mail (e-mail) or formal written communication. Any Offeror, subcontractor, lobbyist or agent hired by the Offeror that engages in such prohibited communications may result in disqualification of the Offeror at the sole discretion of the Authority.

## E. CLARIFICATIONS

### 1. Examination of Documents

Should an Offeror require clarifications of this RFP, the Offeror shall notify the Authority in writing in accordance with Section D.2. below. Should it be found that the point in question is not clearly and fully set forth, the Authority will issue a written addendum clarifying the matter which will be sent to all firms registered on CAMM NET under the commodity codes specified in this RFP.

### 2. Submitting Requests

a. All questions, including questions that could not be specifically answered at the pre-proposal conference must be put in writing and received via e-mail at mbornman@octa.net no later than 5:00 p.m., on December 8, 2023.

b. Requests for clarifications, questions and comments must be clearly labeled, "Written Questions RFP 3-2944" in the subject line of the e-mail. The Authority is not responsible for failure to respond to a request that has not been labeled as such.

### 3. Authority Responses

Responses from the Authority will be posted on CAMM NET, no later than December 11, 2023. Offerors may download responses from CAMM NET at *https://cammnet.octa.net*, or request responses be sent via email.

To receive email notification of Authority responses when they are posted on CAMM NET, firms and subconsultants must be registered on CAMM NET with at least one of the following commodity codes for this solicitation selected as part of the vendor's on-line registration profile:

| Category: | Commodity: |
|---|---|
| Professional Consulting | Consultant Services - General<br>Consultant Services - Transit Planning<br>Consultant Services - Transportation Planning<br>Consultant Services – Intelligent Transportation Systems (ITS)<br>Traffic Planning Consulting |

Inquiries received after 5:00 p.m. on December 8, 2023, will not be responded to.

## F. SUBMISSION OF PROPOSALS

### 1. Date and Time

Proposals must be received in the Authority's office at or before 2:00 p.m. on December 20, 2023.

Proposals received after the above-specified date and time will be returned to Offerors unopened.

### 2. Address

Proposals delivered in person or by a means other than the U.S. Postal Service shall be submitted to the following:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management (CAMM)**
**600 South Main Street, (Lobby Receptionist)**
**Orange, California 92868**
**Attention: Megan Bornman, Senior Contract Administrator**

Or proposals delivered using the U.S. Postal Services shall be addressed as follows:

**Orange County Transportation Authority**
**Contracts Administration and Materials Management (CAMM)**
**P.O. Box 14184**
**Orange, California 92863-1584**
**Attention: Megan Bornman, Contract Administrator**

Note: The Authority utilizes a third-party delivery service therefore, Offerors should anticipate a 48-hour delay in delivery of proposals mailed to the P.O. Box listed above. Proposals are considered received once time-stamped at the Authority's physical address.

**3. Identification of Proposals**

Offeror shall submit one (1) original hard copy of its proposal in a sealed package, addressed as shown above in F.2. The outer envelope must show the Offeror's name and address and clearly marked as follows:

(**RFP 3-2944 and Harbor Boulevard Pilot Innovative Transit Signal Priority Study**).

In addition to the above, Offerors shall also include one (1) electronic copy of their entire RFP submittal package in "PDF" format, on a CD, DVD, or flash drive.

**4. Acceptance of Proposals**

a. The Authority reserves the right to accept or reject any and all proposals, or any item or part thereof, or to waive any informalities or irregularities in proposals.

b. The Authority reserves the right to withdraw or cancel this RFP at any time without prior notice and the Authority makes no representations that any contract will be awarded to any Offeror responding to this RFP.

c. The Authority reserves the right to issue a new RFP for the project.

d. The Authority reserves the right to postpone proposal openings for its own convenience.

e. Each proposal will be received with the understanding that acceptance by the Authority of the proposal to provide the services described herein shall constitute a contract between the Offeror and Authority which shall bind the Offeror on its part to furnish and deliver at the prices given and in accordance with conditions of said accepted proposal and specifications.

f. The Authority reserves the right to investigate the qualifications of any Offeror, and/or require additional evidence of qualifications to perform the work.

g. Submitted proposals are not to be copyrighted.

## G. PRE-CONTRACTUAL EXPENSES

The Authority shall not, in any event, be liable for any pre-contractual expenses incurred by Offeror in the preparation of its proposal. Offeror shall not include any such expenses as part of its proposal.

Pre-contractual expenses are defined as expenses incurred by Offeror in:

1. Preparing its proposal in response to this RFP;
2. Submitting that proposal to the Authority;
3. Negotiating with the Authority any matter related to this proposal; or
4. Any other expenses incurred by Offeror prior to date of award, if any, of the Agreement.

## H. JOINT OFFERS

Where two or more firms desire to submit a single proposal in response to this RFP, they should do so on a prime-subcontractor basis rather than as a joint venture. The Authority intends to contract with a single firm and not with multiple firms doing business as a joint venture.

## I. TAXES

Offerors' proposals are subject to State and Local sales taxes. However, the Authority is exempt from the payment of Federal Excise and Transportation Taxes. Offeror is responsible for payment of all taxes for any goods, services, processes and operations incidental to or involved in the contract.

## J. PROTEST PROCEDURES

The Authority has on file a set of written protest procedures applicable to this solicitation that may be obtained by contacting the Contract Administrator responsible for this procurement. Any protests filed by an Offeror in connection with this RFP must be submitted in accordance with the Authority's written procedures.

## K. CONTRACT TYPE

It is anticipated that the Agreement resulting from this solicitation, if awarded, will be a firm-fixed price contract specifying firm-fixed prices for individual tasks specified in the Scope of Work, included in this RFP as Exhibit A.

## L. CONFLICT OF INTEREST

All Offerors responding to this RFP must avoid organizational conflicts of interest which would restrict full and open competition in this procurement. An organizational conflict of interest means that due to other activities, relationships or contracts, an Offeror is unable, or potentially unable to render impartial assistance or advice to the Authority; an Offeror's objectivity in performing the work identified in the Scope of Work is or might be otherwise impaired; or an Offeror has an unfair competitive advantage. Conflict of Interest issues must be fully disclosed in the Offeror's proposal.

All Offerors must disclose in their proposal and immediately throughout the course of the evaluation process if they have hired or retained an advocate to lobby Authority staff or the Board of Directors on their behalf.

Offerors hired to perform services for the Authority are prohibited from concurrently acting as an advocate for another firm who is competing for a contract with the Authority, either as a prime or subcontractor.

## M. PREVAILING WAGES

Certain labor categories under this project are subject to prevailing wages as identified in the State of California Labor Code commencing in Section 1770 et.seq., and all applicable Federal requirements respecting prevailing wages.

It is required that all mechanics and laborers employed or working at the site be paid not less than the basic hourly rates of pay and fringe benefits as shown in the current minimum wage schedules. The Offeror to whom a contract for the work is awarded by the Authority shall comply with the provision of the California Labor Code, including, without limitation, the obligation to pay the general prevailing rates of wages in the locality in which the work is to be performed in accordance with, without limitation, Sections 1773.1, 1774, 1775 and 1776 of the California Labor Code governing employment of apprentices.

Copies of the prevailing rates of per diem wages are on file at the Authority's principal office at 550 S. Main Street, Orange, CA 92868 and are available to any interested party on request.

## N. CODE OF CONDUCT

All Offerors agree to comply with the Authority's Code of Conduct as it relates to Third-Party contracts which is hereby referenced and by this reference is incorporated herein. All Offerors agree to include these requirements in all of its subcontracts.

## O. PRIME AND LOWER TIER DEBARMENT

Offerors are advised that by signing their proposal, they are certifying that they and their subconsultants are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency.

## P. OWNERSHIP OF RECORDS/PUBLIC RECORDS ACT

All proposals and documents submitted in response to this RFP shall become the property of the Authority and a matter of public record pursuant to the California Public Records Act, Government Code sections 7922.000 et seq. (the "Act"). Offerors should familiarize themselves with the provisions of the Act requiring disclosure of public information. Offerors are discouraged from marking their proposal documents as "confidential" or "proprietary."

If a Proposal does include "confidential" or "proprietary" markings and the Authority receives a request pursuant to the Act, the Authority will endeavor (but cannot guarantee) to notify the Offeror of such a request. In order to protect any information submitted within a Proposal, the Offeror must pursue, at its sole cost and expense, any and all appropriate legal action necessary to maintain the confidentiality of such information. The Authority generally does not consider pricing information, subcontractor lists, or key personnel, including resumes, as being exempt from disclosure under the Act. In no event shall the Authority or any of its officers, directors, employees, agents, representatives, or consultants be liable to a Offeror for the disclosure of any materials or information submitted in response to the RFP or by failing to notify a Offeror of a request seeking its Proposal. The Authority reserves the right to make an independent decision to disclose records and material.

Notwithstanding the above, all information regarding proposal responses will be held as confidential until such time as the evaluation has been completed; an award has been made by the Board of Directors or Authority Staff, as appropriate; and the contract has been fully negotiated.

## Q. STATEMENT OF ECONOMIC INTERESTS

The awarded Offeror (including designated employees and subconsultants) may be required to file Statements of Economic Interests (Form 700) in accordance with the Political Reform Act (Government Code section 81000 et seq.). This applies to individuals who make, participate in making, or act in a staff capacity for making governmental decisions. The AUTHORITY determines which individuals are required to file a Form 700, and if such determination is made, the individuals must file Form 700s with the AUTHORITY's Clerk of the Board no later than 30 days after the execution of the Agreement, annually thereafter for the duration of the Agreement, and within 30 days of termination of the Agreement.

## R. BUY AMERICAN ACT

This Project is federally funded and subject to the Buy American Act requirements set forth at 41 U.S.C. Section 8301 et seq., which generally require that only unmanufactured articles, materials, and supplies that have been mined or produced in the United States, and only manufactured articles, materials, and supplies that have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States, shall be acquired for public use unless the Federal Government determines their acquisition to be inconsistent with the public interest, their cost to be unreasonable, or that the articles, materials, or supplies of the class or kind to be used, or the articles, materials, or supplies from which they are manufactured, are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality. The awarded Offeror shall comply with the Buy American Act in the performance of the contract.

As required by the Buy American Act, Offeror shall include with its Proposal Exhibit I "Prohibition on Conducting Restricted Business Operations in Sudan – Certification" and Exhibit J "Prohibition on Contracting with Entities Engaging in Certain Activities or Transactions Relating to Iran – Representation and Certification."

## SECTION II: PROPOSAL CONTENT

## SECTION II. PROPOSAL CONTENT

### A. PROPOSAL FORMAT AND CONTENT

#### 1. Format

Proposals should be typed with a standard 12-point font, double-spaced and submitted on 8 1/2” x 11” size paper, using a single method of fastening. Charts and schedules may be included in 11”x17” format. Proposals should not include any unnecessarily elaborate or promotional materials. Proposals should not exceed fifty (50) pages in length, excluding any appendices, cover letters, resumes, or forms.

#### 2. Letter of Transmittal

The Letter of Transmittal shall be addressed to Megan Bornman, Senior Contract Administrator and must, at a minimum, contain the following:

a. Identification of Offeror that will have contractual responsibility with the Authority. Identification shall include legal name of company, corporate address, telephone and fax number, and email address. Include name, title, address, email address, and telephone number of the contact person identified during period of proposal evaluation.

b. Identification of all proposed subcontractors including legal name of company, contact person’s name and address, phone number and fax number, and email address; relationship between Offeror and subcontractors, if applicable.

c. Acknowledgement of receipt of all RFP addenda, if any.

d. A statement to the effect that the proposal shall remain valid for a period of not less than 180 days from the date of submittal.

e. Signature of a person authorized to bind Offeror to the terms of the proposal.

f. Signed statement attesting that all information submitted with the proposal is true and correct.

## 3. Technical Proposal

### a. Qualifications, Related Experience and References of Offeror

This section of the proposal should establish the ability of Offeror to satisfactorily perform the required work by reasons of: experience in performing work of a similar nature; demonstrated competence in the services to be provided; strength and stability of the firm; staffing capability; work load; record of meeting schedules on similar projects; and supportive client references.

Offeror to:

(1) Provide a brief profile of the firm, including the types of services offered; the year founded; form of the organization (corporation, partnership, sole proprietorship); number, size and location of offices; and number of employees.

(2) Provide a general description of the firm's financial condition and identify any conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that may impede Offeror's ability to complete the project.

(3) Describe the firm's experience in performing work of a similar nature to that solicited in this RFP, and highlight the participation in such work by the key personnel proposed for assignment to this project.

(4) Identify subcontractors by company name, address, contact person, telephone number, email, and project function. Describe Offeror's experience working with each subcontractor.

(5) Identify all firms hired or retained to provide lobbying or advocating services on behalf of the Offeror by company name, address, contact person, telephone number and email address. This information is required to be provided by the Offeror immediately during the evaluation process, if a lobbyist or advocate is hired or retained.

(6) Provide as a minimum three (3) references for the projects cited as related experience, and furnish the name, title, address, telephone number, and email address of the person(s) at the client organization who is most knowledgeable about the work performed. Offeror may also supply references from other work not cited in this section as related experience.

### b. Proposed Staffing and Project Organization

This section of the proposal should establish the method, which will be used by the Offeror to manage the project as well as identify key personnel assigned.

Offeror to:

(1) Identify key personnel proposed to perform the work in the specified tasks and include major areas of subcontract work. Include the person's name, current location, proposed position for this project, current assignment, level of commitment to that assignment, availability for this assignment and how long each person has been with the firm.

(2) Furnish brief resumes (not more than two [2] pages each) for the proposed Project Manager and other key personnel that includes education, experience, and applicable professional credentials.

(3) Indicate adequacy of labor resources utilizing a table projecting the resource-allocation to the project by individual task.

(4) Include a project organization chart, which clearly delineates communication/reporting relationships among the project staff.

(5) Include a statement that key personnel will be available to the extent proposed for the duration of the project acknowledging that no person designated as "key" to the project shall be removed or replaced without the prior written concurrence of the Authority.

### c. Work Plan

Offeror should provide a narrative, which addresses the Scope of Work, and shows Offeror's understanding of Authority's needs and requirements.

Offeror to:

(1) Describe the approach to completing the tasks specified in the Scope of Work. The approach to the work plan shall be of such detail to demonstrate the Offeror's ability to accomplish the project objectives and overall schedule.

(2) Outline sequentially the activities that would be undertaken in completing the tasks and specify who would perform them.

(3) Furnish a project schedule for completing the tasks in terms of elapsed weeks.

(4) Identify methods that Offeror will use to ensure quality control as well as budget and schedule control for the project.

(5) Identify any special issues or problems that are likely to be encountered in this project and how the Offeror would propose to address them.

(6) Offeror is encouraged to propose enhancements or procedural or technical innovations to the Scope of Work that do not materially deviate from the objectives or required content of the project.

**d. Exceptions/Deviations**

State any technical and/or contractual exceptions and/or deviations from the requirements of this RFP, including the Authority's technical requirements and contractual terms and conditions set forth in the Scope of Work (Exhibit A) and Proposed Agreement (Exhibit B), using the form entitled "Proposal Exceptions and/or Deviations" included in this RFP. This Proposal Exceptions and/or Deviations form must be included in the original proposal submitted by the Offeror. If no technical or contractual exceptions and/or deviations are submitted as part of the original proposal, Offerors are deemed to have accepted the Authority's technical requirements and contractual terms and conditions set forth in the Scope of Work (Exhibit A) and Proposed Agreement (Exhibit B). Offerors will not be allowed to submit the Proposal Exceptions and/or Deviations form or any technical and/or contractual exceptions after the proposal submittal date identified in the RFP. Exceptions and/or deviations submitted after the proposal submittal date will not be reviewed by Authority.

All exceptions and/or deviations will be reviewed by the Authority and will be assigned a "pass" or "fail" status. Exceptions and deviations that "pass" do not mean that the Authority has accepted the change but that it is a potential negotiable issue. Exceptions and deviations that receive a "fail" status means that the requested change is not something that the Authority would consider a potential negotiable issue. Offerors that receive a "fail" status on their exceptions and/or deviations will be notified by the Authority and will be allowed to retract the exception and/or deviation and continue in the evaluation process. Any exceptions and/or deviation that receive a "fail" status and the Offeror cannot or does not retract the requested change may result in the firm being eliminated from further evaluation.

### 4. Cost and Price Proposal

As part of the cost and price proposal, the Offeror shall submit proposed pricing to provide the services for each work task described in Exhibit A, Scope of Work.

The Offeror shall complete the "Price Summary Sheet" form included with this RFP (Exhibit B), and furnish any narrative required to explain the prices quoted in the schedules. It is anticipated that the Authority will issue a firm-fixed price contract specifying firm-fixed prices for individual tasks.

### 5. Appendices

Information considered by Offeror to be pertinent to this project and which has not been specifically solicited in any of the aforementioned sections may be placed in a separate appendix section. Offerors are cautioned, however, that this does not constitute an invitation to submit large amounts of extraneous materials. Appendices should be relevant and brief.

## B. FORMS

### 1. Campaign Contribution Disclosure Form

In conformance with the statutory requirements of the State of California Government Code Section 84308, part of the Political Reform Act and Title 2, California Code of Regulations 18438 through 18438.8, regarding campaign contributions to members of appointed Board of Directors, Offeror is required to complete and sign the Campaign Contribution Disclosure Form provided in this RFP and submit as part of the proposal.

This form **must** be completed regardless of whether a campaign contribution has been made or not and regardless of the amount of the contribution.

The prime contractor, subconsultants, lobbyists and agents are required to report all campaign contributions made from the proposal submittal date up to and until the Board of Directors makes a selection.

Offeror is required to submit only **one** copy of the completed form(s) as part of its proposal and it must be included in only the **original** proposal.

Offeror is required to report any campaign contributions made by the prime contractor, subconsultants, lobbyists and agents after the proposal submittal date, and up to the anticipated Board of Directors selection. The offeror shall use the campaign contribution form for any additional reporting. The forms must be submitted at least 15 calendar days prior to the Board Committee date on and sent via e-mail to the Contract Administrator.

## 2. Status of Past and Present Contracts Form

Offeror shall complete and sign the form entitled “Status of Past and Present Contracts” provided in this RFP and submit as part of its proposal. Offeror shall identify the status of past and present contracts where the firm has either provided services as a prime vendor or a subcontractor during the past five (5) years in which the contract has been the subject of or may be involved in litigation with the contracting authority. This includes, but is not limited to, claims, settlement agreements, arbitrations, administrative proceedings, and investigations arising out of the contract. Offeror shall have an ongoing obligation to update the Authority with any changes to the identified contracts and any new litigation, claims, settlement agreements, arbitrations, administrative proceedings, or investigations that arise subsequent to the submission of Offeror's proposal.

A separate form must be completed for each identified contract. Each form must be signed by the Offeror confirming that the information provided is true and accurate. Offeror is required to submit one copy of the completed form(s) as part of its proposals and it should be included in only the original proposal.

## 3. Certification of Restrictions on Lobbying

This form requires the Offeror to certify compliance with the lobbying requirements of 31 U.S.C. Section 1352 and the applicable regulations under 49 CFR part 19 and 20. (Required if the bid is equal or greater than $100,000). The offeror is required to submit the Certification of Restrictions on Lobbying Form” and “Disclosure of Lobbing Activities Form”, in order for the offeror’s proposal to be responsive and to be considered for evaluation.

## 4. Disclosure of Lobbying Activities

This form requires the Offeror to disclose lobbying activities pursuant to the requirements of 31 U.S.C. Section 1352. If Offeror does not have any reportable activities to disclose, they shall check the box entitled “No Reportable Activities” on the attached Standard Form-LLL “Disclosure of Lobbying Activities” and complete Section 16 of the form in order for the offeror’s proposal to be responsive and to be considered for evaluation. The certifying official shall sign and date the form, print his/her name, title and telephone number.

## 5. Safety Specifications

Offerors shall comply with Safety Specifications Level 1 as included in this RFP as Exhibit G, during the term of the awarded Agreement.

## 6. Proposal Exceptions and/or Deviations Form

Offerors shall complete the form entitled “Proposal Exceptions and/or Deviations” provided in this RFP and submit it as part of the original proposal. For each exception and/or deviation, a new form should be used, identifying the exception and/or deviation and the rationale for requesting the change. Exceptions and/or deviations submitted after the proposal submittal date will not be reviewed nor considered by the Authority.

## 7. Prohibition on Conducting Restricted Business Operations in Sudan – Certification

Offerors shall complete the form entitled “Prohibition on Conducting Restricted Business Operations in Sudan – Certification” provided in this RFP and submit it as part of the original proposal.

## 8. Prohibition on Contracting with Entities Engaging in Certain Activities or Transactions Relating to Iran – Representation and Certification

Offerors shall complete the form entitled “Prohibition on Contracting with Entities Engaging in Certain Activities or Transactions Relating to Iran – Representation and Certification” provided in this RFP and submit it as part of the original proposal.

## 9. Iran Contracting Act Certification

This form requires the Offeror to certify that the Offeror is not engaged in specified investment activities in the energy sector of Iran. (Required if the proposal is equal to or greater than $1,000,000).

# SECTION III: EVALUATION AND AWARD

# SECTION III. EVALUATION AND AWARD

## A. EVALUATION CRITERIA

The Authority will evaluate the offers received based on the following criteria:

### 1. Qualifications of the Firm 20%

Technical experience in performing work of a closely similar nature; strength and stability of the firm; strength, stability, experience and technical competence of subcontractors; assessment by client references.

### 2. Staffing and Project Organization 25%

Qualifications of project staff, particularly key personnel and especially the Project Manager; key personnel's level of involvement in performing related work cited in "Qualifications of the Firm" section; logic of project organization; adequacy of labor commitment; concurrence in the restrictions on changes in key personnel.

### 3. Work Plan 30%

Depth of Offeror's understanding of Authority's requirements and overall quality of work plan; logic, clarity and specificity of work plan; appropriateness of resource allocation among the tasks; reasonableness of proposed schedule; utility of suggested technical or procedural innovations.

### 4. Cost and Price 25%

Reasonableness of the total price, as well as the individual tasks; competitiveness with other offers received; adequacy of data in support of figures quoted.

## B. EVALUATION PROCEDURE

An evaluation committee will be appointed to review all proposals received for this RFP. The committee is comprised of Authority staff and may include outside personnel. The committee members will evaluate the written proposals using criteria identified in Section III A. A list of top ranked proposals, firms within a competitive range, will be developed based upon the totals of each committee members' score for each proposal.

During the evaluation period, the Authority may interview some or all of the proposing firms. The Authority has established **January 18, 2024,** as the date to conduct interviews. All prospective Offerors are asked to keep this date available. No other interview dates will be provided, therefore, if an Offeror is unable to attend the interview on this date, its proposal may be eliminated from further discussion. The interview may consist of a short presentation by the Offeror after which the evaluation committee will ask questions related to the firm's proposal and qualifications.

At the conclusion of the proposal evaluations, the evaluation committee will score the proposals to develop a competitive range. Offerors remaining within the competitive range may be asked to submit a Best and Final Offer (BAFO). In the BAFO request, the firms may be asked to provide additional information, confirm or clarify issues and submit a final cost/price offer. A deadline for submission will be stipulated.

At the conclusion of the evaluation process, the evaluation committee will recommend to the Regional Transportation Planning Committee, the Offeror with the highest final ranking or a short list of top ranked firms within the competitive range whose proposal(s) is most advantageous to the Authority. The Board Committee will review the evaluation committee's recommendation and forward its recommendation to the Board of Directors for final action.

## C. AWARD

The Authority's Board of Directors will consider the selection of the firm(s) recommended by the Board Committee.

The Authority may also negotiate contract terms with the selected Offeror prior to award, and expressly reserves the right to negotiate with several Offerors simultaneously and, thereafter, to award a contract to the Offeror offering the most favorable terms to the Authority.

Offeror acknowledges that the Authority's Board of Directors reserves the right to award this contract in its sole and absolute discretion to any Offeror to this RFP regardless of the evaluation committee's recommendation or recommendation of a Board Committee.

The Authority reserves the right to award its total requirements to one Offeror or to apportion those requirements among several Offerors as the Authority may deem to be in its best interest. In addition, negotiations may or may not be conducted with Offerors; therefore, the proposal submitted should contain Offeror's most favorable terms and conditions, since the selection and award may be made without discussion with any Offeror.

The selected Offeror will be required to submit to the Authority's Accounting department a current IRS W-9 form prior to commencing work.

## D. NOTIFICATION OF AWARD AND DEBRIEFING

Offerors who submit a proposal in response to this RFP shall be notified via CAMM NET of the contract award. Such notification shall be made within three (3) business days of the date the contract is awarded.

Offerors who were not awarded the contract may obtain a debriefing concerning the strengths and weaknesses of their proposal. Unsuccessful Offerors, who wish to be debriefed, must request the debriefing in writing or electronic mail and the Authority must receive it within three (3) business days of notification of the contract award.

# EXHIBIT A: SCOPE OF WORK

# SCOPE OF WORK
## Harbor Boulevard Pilot Innovative Transit Signal Priority Study

This Scope of Work (SOW) describes work elements necessary for the various tasks related to the Harbor Boulevard Pilot Innovative Transit Signal Priority Study (hereinafter referred to as the "Project"). The desired services shall be provided by what is herein referred to as the "CONSULTANT." In the course of this consulting relationship, CONSULTANT shall work directly for the Orange County Transportation Authority (OCTA) which is serving as the lead agency for the study of innovative solutions to transit signal priority (TSP) and detection of roadway users at signalized intersections owned and operated by the cities of Fullerton, Anaheim, Garden Grove, Fountain Valley, and Santa Ana (collectively referred to as "corridor agencies"). The major project components of this SOW include the following elements to be completed in close coordination with corridor agencies:

**Assessment of Existing Conditions**

- Comprehensive data collection and field reviews
- Coordinate and verify data and field reviews with corridor agencies
- Develop key performance indicators to baseline existing conditions
- Identification of existing transit bottlenecks, delays, and traffic signal limitations for multimodal operations
- Determine benefits of the detection and TSP solution on Project corridor

**Proof-of-Concept Deployment and Analysis**

- Implement the various detection solutions in the prototype area
- Implement an innovative centralized TSP solution in the prototype area
- Evaluate and assess the technology solutions implemented
- Conduct ongoing data analysis and stakeholder engagement
- Compare performance measure to the existing baseline conditions

**Conceptual Planning**

- Develop proposed strategy to implement recommended solutions for the full corridor
- Prepare cost estimate for TSP concept, including operations and maintenance
- Identify non-TSP improvements to improve bus speeds and reliability for the corridor
- Develop Implementation Plan for the full Harbor Boulevard corridor, including potential funding and revenue sources

CONSULTANT shall utilize the documents identified below. It is not OCTA's intent to provide a comprehensive list of resources; therefore, CONSULTANT shall make sure of additional reference material as appropriate. CONSULTANT shall also be responsible for ensuring the use of the most recent version of the reference materials, including any addenda and errata.

- State of California Division of Occupational Safety and Health Safety Orders (Cal OSHA)
- Manual of Uniform Traffic Control Devices (MUTCD)
- California Manual of Uniform Traffic Control Devices
- MUTCD California Supplement
- Applicable Local Codes and Manuals
- Americans with Disabilities Act (ADA)

All electronic data procured and supporting the Project shall be provided on digital media in formats consistent with OCTA.

**LIMITATION ON GOVERNMENTAL DECISIONS**

Nothing contained in this scope of work permits CONSULTANT's personnel to authorize or direct any actions, votes, appoint any person, obligate, or commit OCTA to any course of action or enter into any contractual agreement on behalf of OCTA. In addition, CONSULTANT's personnel shall not provide information, an opinion, or a recommendation for the purpose of affecting a decision without significant intervening substantive review by OCTA personnel, counsel, and management.

**Project Background**

Harbor Boulevard is a multi-modal corridor traversing five cities in central Orange County, each with numerous historically disadvantaged communities. The 12-mile Harbor Boulevard Bravo! 543 and 43 bus routes have a combined average of more than 10,000 daily boardings. Eight percent of all OCTA bus ridership takes place on this corridor which has 50,000 daily vehicles that also commute along this route. Harbor Boulevard connects to key destinations including medical facilities, California State University, Fullerton, Santa Ana College, Disneyland, memorial park, places of worship, and shopping.

If public transit is not improved, bus service reliability and predictability will continue to worsen preventing commuters from reaching their jobs, medical appointments, schools, and homes in a safe and timely manner particularly given the additional vehicles expected in the coming years due to the projected population and job growth. Additionally, 50 bicyclists and 75 pedestrians were struck by motorists along Harbor Boulevard in the Project area in the past five years California Statewide Integrated Traffic Records System.

The Harbor Boulevard Corridor was identified as needing high-quality transit and is consistent with the Southern California Association of Governments' (SCAG) regional long-range transportation plan. Although the implementation of TSP using older technologies was previously considered, it did not progress due to the substantial capital improvements required. In contrast, the proposed Project requires less equipment and implements innovative solutions, while leveraging recent improvements local agencies have implemented using local funds. Therefore, a solid foundation is now in place to ensure successful TSP deployment with support from all five local agencies resulting in a more unified and streamlined approach to delivering this cross-jurisdiction improvement.

**Project Study Area and Special Considerations**

The Project study area includes approximately 60 signalized intersections along the OCTA Harbor Boulevard Bravo! 543 Route from the OCTA Santa Ana Base at MacArthur Boulevard and Hyland Avenue in the City of Santa Ana to the Fullerton Transit Center (FTC) at Commonwealth Avenue and Pomona Avenue in the City of Fullerton, as shown in Attachment A. The proof-of-concept deployment will only occur at the nine (9) signalized intersections in the City of Fullerton; however, the recommended solutions and analysis should consider the entire corridor.

Orange County agencies have made significant investments in their signal infrastructure to improve the communication between the signalized intersections to their respective Traffic Management Centers. For example, the City of Fullerton plans to upgrade its 9 signalized intersections in the Project prototype area in early 2024 with upgraded signal equipment, summarized in the table below, which will be communicating through new fiber optic cables to their Q-Free's Kinetic Advanced Traffic Management System (ATMS) located in the City's Traffic

Management Center (TMC).

| INTERSECTION | CONTROLLER | DETECTION |
|---|---|---|
| Commonwealth Avenue at Pomona Avenue | Q-Free MAXTIME | Loops* |
| Harbor Boulevard at Commonwealth Avenue | Q-Free MAXTIME | Video/Radar System |
| Harbor Boulevard at Santa Fe Avenue | Q-Free MAXTIME | Video/Radar System |
| Harbor Boulevard at Valencia Drive | Q-Free MAXTIME | Loops* |
| Harbor Boulevard at Southgate Avenue/Costco Way | Q-Free MAXTIME | Loops* |
| Harbor Boulevard at Orangethorpe Avenue | Q-Free MAXTIME | Video/Radar System |
| Harbor Boulevard at Orangefair Mall | Q-Free MAXTIME | Loops* |
| Harbor Boulevard at Orangefair | Q-Free MAXTIME | Video/Radar System |
| Harbor Boulevard at Houston Avenue | Q-Free MAXTIME | Loops* |

*No detection upgrades planned, so existing loop detection will be used at this location

OCTA buses host a suite of equipment that allows for comprehensive data collection, remote network communications, and location tracking that exchange information between the bus operator and the OCTA Traffic Operation Center (TOC). Each bus is equipped with a Cradlepoint router (IBR1100 or IBR1700) with cellular connection to the OCTA's Conduent OrbCAD Computer-Aided Dispatch/Automatic Vehicle Location (CAD/AVL) system. Bus locations are polled by the OrbCAD system and uploads the General Transit Feed Specification (GTFS) package to the Swiftly data engine roughly every six (6) seconds. This level of location tracking and schedule status is often sufficient to support priority service systems, like centralized and/or cloud-based TSP systems, that ingest this information to make informed priority requests to other traffic systems.

The focus of this Project is to study the TSP and multimodal detection opportunities available, as a successful study could lead to deployments of similar solutions on other OCTA routes throughout the county. The Project is funded by the U.S. Department of Transportation's Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program for Stage 1 projects and by the Regional Early Action Planning (REAP) Grants of 2021 (or REAP 2.0) administered by the Southern California Association of Governments (SCAG). The CONSULTANT shall provide an understanding of the funding requirements throughout the delivery of the Project.

## TASK 1 – PROJECT MANAGEMENT

This task focuses on the management of the Project to ensure that the Project meets funding expenditure, milestone, and reporting deadlines.

### 1.1 Administration and Project Management

This sub-task includes the requirements for schedules, cost control, progress reports, invoicing, and administration of all CONSULTANT work.

Project Management Plan: The CONSULTANT shall provide a comprehensive plan for project management to communicate the SOW, constraints, and technical requirements to all Project participants. The plan shall include coordination strategies with appropriate agencies to ensure timely completion of countywide retiming. The plan shall also include an organization chart with description of participant responsibilities, a baseline schedule prepared using the Critical Path Method, and work breakdown structure that identifies the duration and completion of key Project activities milestones. The budgeted hours and resource allocation for each task and subtask shall also be defined. The CONSULTANT shall submit a copy of the Project Management Plan (PMP) for this Project within twenty (20) calendar days of contract execution. Elements of the PMP shall include:

- Project description and map indicating Project area and/or sub-sections
- Project schedule for Project tasks and technical studies including Project milestones and delivery and review of intermediate Project deliverables
- Project organization with names of key staff/sub-consultants and their responsibilities
- Key staff directory
- Project controls including schedule and budget
- Document management procedures including electronic document filing index
- Applicable standards
- Applicable computer software
- Communications procedures
- Quality management procedures (reference Quality Management Plan)
- Risk Management procedures including a risk register

The draft PMP shall be provided to the OCTA Project Manager for review and input. At the discretion of the OCTA Project Manager, it may be distributed to Project participants at the start of the Project. If distributed to Project participants, a kick-off meeting shall be held to review the plan requirements within thirty (30) calendar days of contract execution.

Quality Management Plan: The CONSULTANT shall submit to OCTA for review and acceptance a Quality Management Plan (QMP) for this Project within thirty (30) calendar days of receipt of contract execution. All CONSULTANT team members shall receive training and acknowledge receipt of the QMP. In addition to OCTA staff and participants from the local agencies, consultants, and affected third parties may be requested to review deliverables submitted by the CONSULTANT during the course of the Project.

Project Safety Plan: The CONSULTANT shall submit a Project specific safety plan a minimum of 30 calendar days prior to any field visits or site survey/investigation work. The plan shall be developed in accordance with OCTA's established safety management practices and in particular, shall describe how the CONSULTANT will manage safety of its staff during the field work and site visits.

Permit Applications: The CONSULTANT shall prepare and submit encroachment permit applications for field data collection and surveys. All permit applications will be submitted to OCTA for review and approval prior to being submitted to the applicable regulatory entity.

Monthly Progress Status Reports and Schedule Updates: The CONSULTANT shall prepare and submit an initial Project Master Schedule twenty (20) days following contract execution. Upon approval by OCTA, the schedule will become the Project Baseline Schedule. The following elements must be included by CONSULTANT in the Baseline Schedule:

- Work items and deliverables identified in accordance with a Work Breakdown Structure (WBS) reflecting the requirements of this SOW developed by CONSULTANT and approved by OCTA

- Work items of agencies and third parties that may affect or be affected by CONSULTANT's activities and develop proposed solutions
- The Project Master Schedule shall include all data necessary to represent the total Project and the critical path shall be clearly identified
- The order, sequence and interdependence of significant work items shall be reflected in the Project Master Schedule

The CONSULTANT shall prepare and submit monthly progress reports to the OCTA Project Manager including updates on key milestones, Project schedule, and percent complete detail for each task, particularly worked done during the reporting period. The Project progress and schedule updates shall be reported as Earned Value (percent complete) against the Baseline Schedule. The report will also describe anticipated activities to be undertaken in the next reporting period, and any new or changed, challenges or risks that may affect schedule, scope, and budget. This report shall be received no later than the tenth (10th) calendar day of the month following the month being reported.

During the course of work, should the CONSULTANT fall behind in overall performance in accordance with the current schedule, a project management meeting will be called to determine the cause. If the cause is found to be due to CONSULTANT performance, payment to CONSULTANT may be withheld pending the submittal of an action/recovery plan outlining the steps which will be taken to correct the identified delay(s).

**1.2 Project Development Team Meetings**

A Project Kick-Off Meeting shall be scheduled with OCTA immediately following the contract execution. The meeting will include administrative items, such as progress reports and invoicing requirements, and Project critical path. The CONSULTANT shall prepare the agenda and notes following the meeting.

The Project Development Team (PDT) members will include OCTA Project Manager and key project stakeholders that will help guide the direction of the study. The CONSULTANT shall schedule, coordinate, and attend monthly PDT meetings. The CONSULTANT shall prepare meeting materials on Project related issues discussed, including agendas, power point presentations, handouts, progress plans, meeting notes and notations for specific or directed follow-up action items.

**1.3 Agency Project Oversight**

In addition to regular monthly PDT meetings, the CONSULTANT shall schedule and attend project-specific coordination meetings, as necessary (estimate minimum of 10 meetings), in this Project. Coordination meetings/technical workshops with stakeholders shall be held to discuss issues pertinent to the analysis, configuration, and effects of the Project. During these meetings, OCTA, corridor agencies, and other key stakeholders may provide directions for the Project. The CONSULTANT shall prepare meeting materials on technical issues for discussion, including agendas, power point presentations, handouts, progress plans, meeting minutes and notations for specific or directed follow-up action items. The printed format of meeting materials shall be appropriate to the purpose of the meeting and could include scaled black and with and/or color roll plots, 11" x 17" and/or 8.5" x 11" handouts and/or presentation boards.

Any timing modifications for TSP operations shall be developed in coordination with the corridor agencies. Adherence to local standards will be required as applicable. Communications with OCTA and corridor agencies staff regarding timing requirements and/or interpretation of standards shall be documented and submitted to OCTA and applicable jurisdiction(s) for written concurrence.

### 1.4 Grant Plans and Outcomes

This sub-task includes the development of plan and reporting documents required to adhere to the two grant funding guidelines (SMART and REAP 2.0) for the Project.

SMART Grant Plans and Reports: The CONSULTANT shall assist OCTA staff with the milestone Project deliverables required for the SMART grant program, such as the Draft and Final Implementation Reports per the SMART grant program.

REAP Goals and Outcomes: The CONSULTANT shall work with OCTA staff to develop a methodology to report on how the Project works towards REAP 2.0 goals. This methodology shall be presented to SCAG for approval. Once approved, the CONSULTANT shall assist OCTA in monitoring the Project through each Task to ensure it continues to meet the goals and assist OCTA staff in addressing any reporting questions and concerns.

***Task 1 – Deliverables*** *(One hard copy and an electronic version of each):*

- Resource Loaded Project Master Schedule
- Monthly Progress Reports with Project Earned Value vs. Baseline Schedule updates
- Project Management Plan
- Quality Management Plan
- Project Safety Plan
- Monthly Progress Reports
- Kick-Off Meeting agenda and notes
- PDT meeting materials, agendas, and notes
- Coordination meeting/technical workshop materials, agendas, and notes
- SMART Grant reports and plans
- REAP Outcomes

## TASK 2 – EXISTING ANALYSIS AND ASSESSMENT

This task includes the data collection effort necessary to develop a thorough understanding of all the Project corridor needs and challenges.

### 2.1 Existing Conditions Survey

This sub-task includes the data collection and field survey for the Project corridor to capture existing signal and transit operations.

Agency Data Collection: The CONSULTANT shall coordinate with local jurisdictions to collect the following data necessary to thoroughly understand existing traffic conditions for the Project corridors and be able to develop transit supportive timing, as applicable.

1) Existing timing charts/sheets that include current coordination plans, traffic as-built drawings, aerial photos, maps, traffic collision data as available, and special intersection signal operations. CONSULTANT shall also collect any as-built or related construction plans impacting signal operations relevant to this Project. CONSULTANT,

if requested by the involved agency, will provide their own staff to review available records/plans and request copies of needed records/plans with a minimum of disruption to the involved agency.

2) Signal timing and signal priority preferences, including, but not limited to, those related to pedestrian and bicycle timing, phase sequence modifications and preferences, and special operations such as conditional service, coordination preferred phase re-service, and ring-barrier logic, as well as the timing optimization software preference.

3) Historically counts, including average daily traffic (ADT) and turning movement counts (vehicle, bicycle, and/or pedestrian), along the Project corridor for weekday and weekend periods.

<u>OCTA Existing System</u>: The CONSULTANT shall coordinate with OCTA to survey and evaluate all existing transit equipment and operations that would be relevant to a centralized TSP implementation. This coordination should include cybersecurity discussions with the OCTA Information Services team to ensure the proposed solution is viable within the existing environment. The CONSULTANT shall also coordinate with the OCTA Transit Planning and Bus Operations staff to collect bus operations, such as ridership, dwell time, and on-time performance for both bus lines (43 and 543) along the Project corridor.

<u>Field Survey</u>: The CONSULTANT shall review the geometric layout, transit bus stop locations, at-grade rail crossings, verify and/or inventory existing traffic signal control and intelligent transportation systems (ITS) equipment, and identify any operational deficiencies for each intersection or road segment along the Project corridor. The review shall include an assessment of the existing intersection lane geometry (opportunity for queue jumps), link lane geometries (add-drop), traffic conditions, and traffic signal or ITS/telemetry control equipment along the corridor and at each intersection. Techniques utilized shall include but not be limited to visual inspection, available as-built plans, agency consultation, and agency provided aerial photos. Upon permission from the controlling local agency, CONSULTANT will inspect and inventory the interior of each traffic controller assembly and ITS telematics cabinets, identify and report deficiencies to the agency and OCTA respective operations staff, and make recommendations for equipment upgrades that would make significant impacts to signal and/or transit operations.

CONSULTANT shall investigate and document factors that are expected to affect signal and transit progression including, but not limited to: intersections with high pedestrian or bicyclist volumes; over- saturated intersections; uneven lane distribution; high volumes of trucks and buses; high-volume un-signalized intersections, including interchanges; parking maneuvers; presence and location of bus stops; differing signal timing patterns among local agencies; etc.

<u>Existing Conditions Survey Memorandum</u>: Following the collection of all data and field surveys, the CONSULTANT shall prepare a memorandum summarizing the corridor’s existing condition. The CONSULTANT shall also include an identification of all planned and programmed improvements (widening projects, intersection improvements, transit improvements, etc.) on the Project corridor. The identification of these projects shall at least include a list, summarizing all improvements.

A photo document of each cabinet visited should be included in the Existing Conditions Survey Memorandum. The Existing Conditions Survey Memorandum shall also include a figure summarizing the existing corridor network's ITS and TSP elements. This figure should provide enough information as a standalone image to use for meetings and discussions with corridor agencies and other Project stakeholders.

### 2.2 Project Benefit Analysis

This sub-task will build off the Evaluation and Data Management Plan and generate existing metrics to measure Project effectiveness. The existing travel and safety conditions will be fully baselined and evaluated using high-resolution vehicle probe, high-resolution origin-destination (O-D), and stakeholder datasets.

<u>Performance Metric Data Collection</u>: The CONSULTANT shall pull data from the traffic signal controllers, OCTA Swiftly platform (e.g. On-Time Performance, Speed Maps, Run Times), on-board bus videos, and/or CONSULTANT proposed high-resolution probe (vehicle speed and O-D) to measure the Project corridor's baseline performance. The CONSULTANT shall coordinate with Project stakeholders to identify key performance indicators that will baseline the existing travel and safety conditions along the Project corridor and surrounding area, which may include, but is not limited to:

- Average Travel Time, Delay, and Speeds
- Bottlenecks in vehicular traffic
- Delay in bus speeds that can be related to travel time (traffic delay), dwell time (boarding/alighting), signal delay, or turnout delay (waiting to re-enter traffic from a bus turnout)

All data collected shall be accessible by OCTA and all corridor agencies.

<u>Project Benefit Memorandum</u>: The Consultant shall prepare a memorandum summarizing all datasets, methodology, and provide a comprehensive picture of the corridor and surrounding area and compare it against other OCTA transit corridors. A graphical summary of the metrics to use at meetings and stakeholder discussions shall also be prepared. The CONSULTANT shall also identify additional metrics that could be available once the new detection and TSP solutions are implemented.

***Task 2 – Deliverables*** *(One hard copy and an electronic version of each):*
- Existing Conditions Survey Memorandum
- Project Benefit Memorandum

## TASK 3 – PROJECT DEVELOPMENT

This task will focus on the prototype area and leverage the Task 2 detailed surveys to implement and evaluate the TSP and detection solutions. This prototype area will serve as a live lab to educate and provide outreach to Project stakeholders and community leaders. It will also allow OCTA and corridor agencies to specify innovative ITS solutions that may have the potential to assist safe travelling for all modes when scaled up to the full route.

### 3.1 Proof-of-Concept Detector Technology Deployment

As transit riders are either pedestrians or bicyclists prior to boarding and after exiting the bus, enhancing the safety and access to transit will additionally impact the experience of their travel via transit. This sub-task will include the implementation and assessment of all potential detection solutions to enhance safety at a signalized intersection.

Recommended Detection Solutions: The CONSULTANT shall demonstrate knowledge of the various detection systems that can be quickly implemented at any signalized intersection. The following non-intrusive detection options along with its recommended deployment shall be presented to OCTA and the City of Fullerton for approval with a focus on improving safety for both vehicles and vulnerable road users:

- Traditional video detection system
- Radar sensors
- Light detection and ranging (LiDAR) system
- Fisheye single camera
- Infrared pedestrian detection

The recommended detection solution along with its recommended signalized intersection location(s) in the prototype area shall be presented shortly after the field surveys to minimize delays due to equipment procurement lead times. The CONSULTANT shall leverage the City's existing upgrade plans in the prototype area to identify solutions that may potentially include more than one system for comparison.

In addition to each detection system, the CONSULTANT shall also implement artificial intelligence (AI) solutions that can ingest the feeds from these detection solutions to trigger or predict safety issues. These can be built into the units themselves or be an external unit that can process the data for staff to review and evaluate remotely.

The CONSULTANT proposal shall include the total cost for all recommended solutions to be implemented for this Project as part of this Task. The exact location of each detection solution may change upon field evaluation. The CONSULTANT shall address the interoperability capabilities of each solution to ensure that, if successful, the solutions can be expanded to all agencies on the Project and the County.

Detection Solution Implementation: Upon OCTA and the City of Fullerton's approval, the CONSULTANT shall procure and coordinate the implementation of the various detection systems. If necessary, existing traffic signal plans shall be redlined to indicate the recommended installation location, such as designated pole in which the unit will be mounted. The CONSULTANT shall document the field implementation, including photos.

Detection Alternatives Technical Memorandum: The CONSULTANT shall prepare a memorandum detailing the detection alternatives, including the logic for implementing each in the recommended location in the prototype area. The memorandum shall also include any challenges regarding the procurement and implementation that can be addressed for future implementations. The CONSULTANT shall share the draft of this memorandum with all stakeholders to provide their input for additional consideration outside of the prototype area.

### 3.2 Proof-of-Concept Transit Signal Priority Technology Deployment

Orange County does not currently have TSP implemented; however, the cities and OCTA have made investments in the signal infrastructure and buses that can be leveraged to implement a solution with minimal to no additional construction required in the field. This sub-task will include the procurement, implementation, and configuration of an innovative centralized TSP solution.

Recommended TSP Solution: When recommending a TSP solution for the prototype area, the CONSULTANT shall demonstrate knowledge of interoperability needs with the complete corridor systems. It is important that the recommended centralized TSP solution show understanding of the needs of this Project; thus, the solution shall discuss potential challenges and approach to the following constraints:

- Implementation of recommended TSP solution with signal controllers and ATMS planned for the prototype area
- Implementation of recommended TSP solution with multiple signal controller and/or ATMS vendors, including but not limited to Econolite, Swarco, and Yunex
- Implementation in collaboration with Swiftly vs direct connection to OCTA's CAD/AVL for bus location data
- Communication drops that may impact bus locations on a corridor
- Firewalls and cybersecurity requirements by agencies of similar size to the Project

The final recommended TSP solution along with the necessary equipment (e.g. server in the City's TMC) and/or configuration needs in the prototype area shall be finalized shortly after the field surveys to minimize delays due to internal agency coordination, especially with the City's IT staff. The CONSULTANT's recommendation shall be based on the City's existing upgrade plans in the prototype area, as it will upgrade the ATMS and signal traffic controllers. The CONSULTANT shall also detail the reporting capabilities of the TSP solution to support Sub-Task 2.2 and Sub-Task 3.5.

TSP Implementation and Configuration: Upon OCTA and the City of Fullerton's approval of the recommended TSP solution, the CONSULTANT shall coordinate and schedule the implementation and configuration of the system. The CONSULTANT will be responsible for all configuration and integration required to connect and activate the system.

The CONSULTANT will also be responsible for any timing modifications necessary for the operation of the TSP in the prototype area. Timing modifications shall include, but is not limited to basic timing, coordination timing, and transit parameters available in the City's system. Close coordination with the City of Fullerton staff will be necessary to ensure modifications are made per City standards and preference.

Transit Signal Priority Implementation Technical Memorandum: The CONSULTANT shall prepare a memorandum detailing the TSP solution, including the logic for implementing the recommended solution and timing in the prototype area and how it can be scaled to the corridor and County. The memorandum shall also include any challenges regarding the procurement, configuration, and implementation that can be addressed for future implementations. The CONSULTANT shall share the draft of this memorandum with all stakeholders to provide their input for additional consideration outside of the prototype area.

### 3.3 Proof of Technology Evaluation and Assessment

This sub-task will continue to monitor, evaluate, assess, and modify the solutions to ensure it meets the expectations and proof of technology of the Project.

Proof of Technology: Immediately following the implementation of the Project solutions and for a minimum period of six (6) months, the CONSULTANT shall evaluate and assess the solutions based on the metrics identified in Sub-Task 2.2. During this period, the CONSULTANT shall make the necessary adjustments to equipment configuration, timing, and technology based on field visits, agency comments, and the system reporting.

Technology Evaluation and Assessment Technical Memorandum: The CONSULTANT shall prepare a memorandum summarizing the proof of technology evaluation and assessment completed as part of this sub-task. This memorandum shall include the CONSULTANT's recommendation for scaling up from the prototype area, including any infrastructure improvements to achieve the performance desired by each stakeholder in their jurisdiction.

### 3.4 Stakeholder Engagement

This sub-task ensures that the appropriate stakeholders are kept informed and engaged through each milestone of the Project.

Project Stakeholders: The Project stakeholders will include OCTA and all agencies owning and operating the signalized intersections along Bravo! route 543. This sub-task shall run concurrently with Tasks 2 to 4 to encourage input from all operators throughout the core of the study. Additional stakeholders, such as community and university leaders, may be included where appropriate.

Stakeholder Engagement Memorandum: The CONSULTANT shall prepare a draft Stakeholder Engagement Memorandum that will detail specific milestones where stakeholders will be engaged and the type of information that will be shared and/or collected, including online surveys to gather public feedback related to the Project. These engagements will be in addition to the monthly PDT meetings that will include discussions about the technical and operational concerns of the Project stakeholders. The CONSULTANT shall finalize the memorandum based on comments received from the PDT and other involved agencies.

Stakeholder Engagement: Based on the approved Stakeholder Engagement Memorandum, the CONSULTANT shall prepare the necessary agendas, materials, and notes for each meeting and/or event. The CONSULTANT shall also prepare a brief memorandum and present to the Traffic Forum, Committee (Regional Transportation Planning Committee, Technical Steering Committee, Technical Advisory Committee), and Board, as requested by OCTA, outlining the findings of the study.

### 3.5 Performance Measure Comparison

Concurrently with and following Sub-Task 3.3, the CONSULTANT shall collect the same performance metrics determined in Sub-Task 2.2. OCTA reserves the right to validate the performance data's accuracy. Should OCTA determine that the data is not meeting the minimum requirements for data accuracy, OCTA will require the CONSULTANT to determine how long and how much of the data is inaccurate and provide a written plan of how the CONSULTANT plans to remedy the data inaccuracy.

The CONSULTANT shall prepare a Performance Measure Comparison Memorandum to summarize all qualitative and quantitative improvements identified and potential improvements to expect with a full implementation of the solutions on the entire corridor.

***Task 3 – Deliverables*** *(One hard copy and an electronic version of each):*
- Detection Alternatives Technical Memorandum
- Transit Signal Priority Implementation Technical Memorandum
- Technology Evaluation and Assessment Technical Memorandum
- Stakeholder Engagement Memorandum
- Stakeholder Engagement meeting agenda, notes, and materials
- Performance Measure Comparison Memorandum

## TASK 4 – CONCEPTUAL PLANNING

Following the successful deployment and assessment of the proof-of-concept TSP and detection solutions, the CONSULTANT will develop a conceptual plan to expand the implementation of centralized TSP and identify bus improvements that improve speed and reliability.

### 4.1 Transit Signal Priority Concept Development

The CONSULTANT shall present to and receive consensus from OCTA and corridor agencies on the approach for enhancing transit signal priority based on the results of the TSP and detection solutions analysis. This proposed strategy shall implement detection solutions, centralized TSP, and other necessary ITS improvements along the stretch of Harbor Boulevard that encompasses the OCTA bus lines 543 and 43 (FTC to MacArthur Boulevard). The approach will include key stakeholder input and shall consider institutional constraints on reasonability. Additionally, the TSP concept will include impact avoidance and minimization strategies as well as benefits and risks among disadvantaged communities and geographical areas along the corridor.

### 4.2 Transit Signal Priority Draft Plan Cost Estimates

The CONSULTANT shall prepare detailed cost estimates for implementing the proposed TSP and ITS enhancements. The cost estimates shall include efforts for preparing plans, specification, and estimate (PS&E) bid packages, Right of Way acquisition, additional resources costs, construction, construction management, and maintenance.

### 4.3 Bus Speed and Reliability Opportunities

The CONSULTANT will conceptualize non-TSP enhancements to boost bus speeds and reliability along Harbor Boulevard. While the primary focus will be on OCTA bus lines 543 and 43 (FTC to McArthur Boulevard), the improvements are not confined to these lines. Potential enhancements may encompass bus queue jump lanes, dedicated lanes, off-board fare collection, elevated platforms, enhanced stations, and more.

The CONSULTANT will pinpoint these improvements, their specific locations, potential benefits, and provide detailed cost estimates on the corridor. The benefits will be evaluated for various stakeholders including the OCTA bus system, bus users, pedestrians, bicyclists, and car users. Cost estimates will cover PS&E, Right of Way acquisition, additional resources costs, construction, construction management, and maintenance.

The approach will incorporate key stakeholder input and consider institutional constraints on feasibility. Furthermore, strategies for impact avoidance and minimization will be considered alongside an assessment of benefits and risks for disadvantaged communities and geographical areas along the corridor.

### 4.4 Funding Opportunities

Upon completion of the conceptual planning phase, the CONSULTANT will explore and identify potential funding avenues for the implementation of the proposed enhancements in Sub-Task 4.1 and 4.3.

### 4.5 Risk Register

The CONSULTANT shall develop a risk register that identifies potential risks associated with implementing the proposed TSP enhancements, bus improvements, ITS upgrades, and strategies for mitigating these risks.

### 4.6 Develop an Implementation Plan

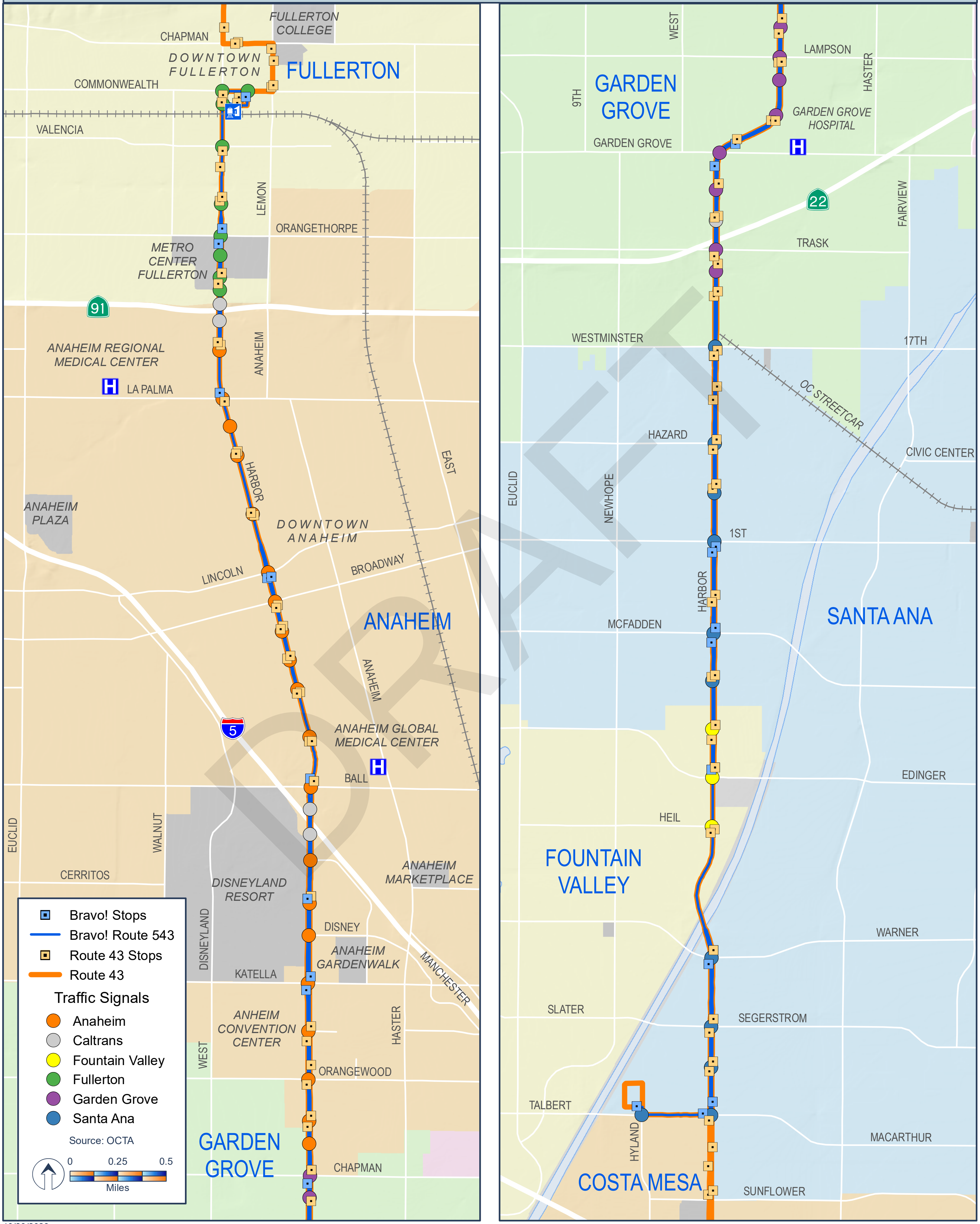
Upon stakeholders' approval of the conceptual plan, the CONSULTANT will develop a detailed Implementation Plan Report for enhancing TSP, ITS, and improving bus speeds and reliability on the Harbor Boulevard Corridor. The Implementation Plan will be used as a springboard for upcoming projects.

***Task 4 – Deliverables*** *(One hard copy and an electronic version of each):*

- Transit Signal Priority Conceptual Plan Memorandum
- Project Cost Estimates Memorandum
- Bus Speed and Reliability Memorandum
- Funding Opportunities Memorandum
- Master Project Risk Register
- Implementation Plan Report

# Harbor Boulevard Innovative TSP Study

RFP 3-2328
Exhibit A
Attachment A




10/23/2023

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# EXHIBIT B: COST AND PRICE FORM

## REQUEST FOR PROPOSALS (RFP) 3-2944

Enter below the proposed price for each of the work phases described in the Scope of Work, Exhibit A. Prices shall include direct costs, indirect costs, and profits. The Authority's intention is to award a firm-fixed price contract.

| **Description** | **Firm-Fixed Price** |
|---|---|
| Task 1: Project Management | $______________ |
| Task 2: Analysis and Assessment of Existing Conditions | $______________ |
| Task 3: Project Development | $______________ |
| Task 4: Conceptual Planning | $______________ |
| **Total Firm-Fixed Price** | **$**______________ |

1. I acknowledge receipt of RFP 3-2944 and Addenda No.(s) ______
2. This offer shall remain firm for _____________ days from the date of proposal (Minimum 120)

COMPANY NAME ____________________________________

ADDRESS ____________________________________

____________________________________

TELEPHONE ____________________________________

FACSIMILE # ____________________________________

EMAIL ADDRESS ____________________________________

SIGNATURE OF PERSON AUTHORIZED TO BIND OFFEROR ____________________________________

NAME AND TITLE OF PERSON AUTHORIZED TO BIND OFFEROR ____________________________________

____________________________________

DATE SIGNED ____________________________________

# EXHIBIT C: PROPOSED AGREEMENT

**PROPOSED AGREEMENT NO. C-3-2944**

**BETWEEN**

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**AND**

____________________

**THIS AGREEMENT** is effective this ______ day of __________________, 20__ ("Effective Date"), by and between the Orange County Transportation Authority, 550 South Main Street, PO Box 14184, Orange, CA 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), and , , , (hereinafter referred to as "CONSULTANT").

**WITNESSETH:**

**WHEREAS,** AUTHORITY requires assistance from CONSULTANT to perform the Harbor Boulevard pilot innovative transit signal priority study; and

**WHEREAS**, said work cannot be performed by the regular employees of AUTHORITY; and

**WHEREAS**, CONSULTANT has represented that it has the requisite personnel and experience, and is capable of performing such services; and

**WHEREAS**, CONSULTANT wishes to perform these services; and

**WHEREAS**, the AUTHORITY's Board of Directors authorized this Agreement on ______;

**NOW, THEREFORE**, it is mutually understood and agreed by AUTHORITY and CONSULTANT as follows:

**ARTICLE 1. COMPLETE AGREEMENT**

A. This Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the terms and conditions of the agreement between AUTHORITY and CONSULTANT and it supersedes all prior representations, understandings and communications. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other terms or conditions.

/

B. AUTHORITY's failure to insist in any one or more instances upon CONSULTANT's performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such terms or conditions and CONSULTANT's obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon AUTHORITY except when specifically confirmed in writing by an authorized representative of the AUTHORITY by way of a written amendment to this Agreement and issue in accordance with the provisions of this Agreement CONSULTANT shall only commence work covered by an amendment after the amendment is executed and notification to proceed has been provided by AUTHORITY.

C. This Article shall survive termination or expiration of the Agreement.

**<u>ARTICLE 2.</u>** **<u>AUTHORITY DESIGNEE</u>**

The Chief Executive Officer of AUTHORITY, or designee, shall have the authority to act for and exercise any of the rights of AUTHORITY, as set forth in this Agreement.

**<u>ARTICLE 3.</u>** **<u>SCOPE OF WORK</u>**

A. CONSULTANT shall perform the work necessary to complete in a manner satisfactory to AUTHORITY, the services set forth in Exhibit A, entitled "Scope of Work," which is attached to, and by this reference, incorporated in and made a part of this Agreement. All services shall be provided at the times and places designated by AUTHORITY.

B. CONSULTANT shall provide the personnel listed below to perform the above-specified services, which persons are hereby designated as key personnel under this Agreement.

| **Names** | **Functions** |
|---|---|
| | |

C. No person named in paragraph B of this Article, or his/her successor approved by AUTHORITY, shall be removed or replaced by CONSULTANT, nor shall his/her agreed-upon function or level of commitment hereunder be changed, without the prior written consent of AUTHORITY's Contract Administrator.

D. 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 AUTHORITY 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. AUTHORITY shall respond to CONSULTANT within seven (7) calendar days following receipt of these qualifications concerning acceptance of the candidate for replacement.

**ARTICLE 4. TERM OF AGREEMENT**

A. This Agreement shall go into effect on ____________, contingent upon approval by AUTHORITY, and CONSULTANT shall commence after notification to proceed by AUTHORITY's Contract Administrator. This Agreement shall end on __________, unless extended by amendment to the Agreement, or terminated as provided hereunder.

B. CONSULTANT is advised that any recommendation for contract award is not binding on AUTHORITY until the Agreement is fully executed and approved by AUTHORITY.

**ARTICLE 5. ALLOWABLE COSTS AND PAYMENT**

A. For CONSULTANT's full and complete performance of its obligations under this Agreement and subject to the maximum cumulative payment obligation provision set forth in Article 7 "Maximum Obligation" AUTHORITY shall pay CONSULTANT on a firm fixed price (lump sum) basis in accordance with the following provisions.

B. The following schedule shall establish the firm fixed payment to CONSULTANT by AUTHORITY for each task set forth in the Scope of Work.

| Task | Description | Firm Fixed Price |
|---|---|---|
| 1 | Project Management | $___.00 |
| 2 | Analysis and Assessment of Existing Conditions | $___.00 |
| 3 | Project Development | $___.00 |
| 4 | Conceptual Planning | $___.00 |
| **TOTAL FIRM FIXED PRICE (LUMP SUM) PAYMENT** | | **$___.00** |

C. The method of payment for this Agreement is based on lump sum. The total lump sum price paid CONSULTANT will include compensation for all work and deliverables, including travel and equipment described in Exhibit A entitled "Scope of Work" to this agreement. No additional compensation will be paid to CONSULTANT unless there is a change in the Scope of Work or the scope of the project. In the instance of a change in the scope of work or scope of the project, adjustment to the total lump sum compensation will be negotiated between CONSULTANT and AUTHORITY. Adjustment in the total lump sum compensation will not be effective until authorized by amendment to this Agreement that is approved by AUTHORITY. The total firm fixed price (lump sum) as specified in Paragraph B of this Article shall not be exceeded, unless authorized by an amendment to this Agreement.

D. The overhead rate established for this Agreement is extended through the term of this specific Agreement. In no event, will CONSULTANT be reimbursed for overhead costs at a rate that exceeds AUTHORITY's approved overhead rate set forth in this Agreement.

E. Reimbursement for transportation and subsistence costs shall not exceed the rates specified in the approved Cost Proposal.

F. Progress payments will be made monthly in arrears based on the percentage of work completed by the CONSULTANT. If CONSULTANT fails to submit the required deliverable items according to the schedule set forth in the Scope of Work, AUTHORITY shall have the right to delay payment or terminate this Agreement in accordance with the provisions of Article 14 entitled "Termination."

G. CONSULTANT shall not commence performance of work or services until this Agreement has been approved by AUTHORITY and notification to proceed has been issued by AUTHORITY. No payment will be made prior to approval of any work, or for any work performed prior to approval of this Agreement.

H. For personnel subject to prevailing wage rates as described in the California Labor Code, all salary increases, which are the direct result of changes in the prevailing wage rates are reimbursable.

I. CONSULTANT will be reimbursed, less any retention amount withheld, as promptly as fiscal procedures will permit upon receipt by the AUTHORITY's Accounts Payable office of itemized invoices in duplicate. Invoices shall be submitted no later than thirty (30) calendar days after the performance of the work for which the CONSULTANT is billing. Invoices shall detail the work performed on each task/milestone, on each project as applicable. Invoices shall follow the format stipulated for the approved Cost Proposal and shall reference this Agreement number and project title. Final invoice must contain the final cost and all credits due the AUTHORITY that include any equipment purchased under the provisions of Article 47 entitled "Equipment Purchase" of this Agreement. The final invoice should be submitted to AUTHORITY within sixty (60) calendar days after completion of CONSULTANT's work.

J. CONSULTANT shall invoice AUTHORITY on a monthly basis for payments corresponding to the work actually completed by CONSULTANT. Percentage of work completed shall be documented in a monthly progress report prepared by CONSULTANT, which shall accompany each invoice submitted by CONSULTANT. The report should be sufficiently detailed for the AUTHORITY to determine, if CONSULTANT is performing to expectations, or is on schedule; or to provide communication of interim findings, and to sufficiently address any difficulties or special problems encountered, so remedies can be developed. CONSULTANT shall also furnish such other information as may be requested by AUTHORITY to substantiate the validity of an invoice. At its sole discretion, AUTHORITY may decline to make full payment for any task listed in Paragraph B of this Article until such time as CONSULTANT has documented to AUTHORITY's satisfaction, that CONSULTANT has fully completed all work required under the task. AUTHORITY's payment in full for any task completed shall not constitute AUTHORITY's final acceptance of CONSULTANT's work under such task.

K. As partial security against CONSULTANT's failure to satisfactorily fulfill all its obligations under this Agreement, AUTHORITY shall retain ten percent (10%) of the amount of each invoice submitted for payment by CONSULTANT, and shall make prompt and regular incremental acceptances of portions/milestones/tasks, as determined by AUTHORITY, of the Agreement work, and pay retainage to CONSULTANT based on these acceptances. The CONSULTANT, or subconsultant, shall return all monies withheld in retention from a subconsultant within thirty (30) calendar days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions/milestones/tasks of the Agreement work by the AUTHORITY. CONSULTANT shall invoice AUTHORITY for the release of the retention in accordance with this Article.

L. The prime consultant, or subconsultant, shall return all monies withheld in retention from a subconsultant within seven (7) days for construction contracts and fifteen (15) days for consultant contracts after receiving payment for work satisfactorily completed and accepted. Any subcontract entered into as a result of this Agreement shall contain all of the provisions of this section. These requirements shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the prime consultant or subconsultant in the event of a dispute involving late payment or nonpayment by the prime consultant, deficient subconsultant performance, or noncompliance by a subconsultant.

M. All retained funds shall be released by AUTHORITY and shall be paid to CONSULTANT within sixty (60) calendar days of payment of final invoice, unless AUTHORITY elects to audit CONSULTANT's records in accordance with Article 17 entitled "Audit and Inspection of Records", of this Agreement. If AUTHORITY elects to audit, retained funds shall be paid to CONSULTANT within thirty (30) calendar days of completion of such audit in an amount reflecting any adjustment required by such audit. During the term of the Agreement, at its sole discretion, AUTHORITY reserves the right to release all or a portion of the retained amount based on CONSULTANT's satisfactory completion of certain portions/milestones/tasks. CONSULTANT shall invoice AUTHORITY for the release of the retention in accordance with this Article.

N. Invoices shall be submitted by CONSULTANT on a monthly basis and shall be submitted in duplicate to AUTHORITY's Accounts Payable office or may be emailed to VendorInvoices@octa.net. Each invoice shall be accompanied by the monthly progress report specified in paragraph G of this Article. Invoices shall be submitted no later than 30-calendar days after the performance of work for which CONSULTANT is billing. AUTHORITY shall remit payment within thirty (30) calendar days of the receipt and approval of each invoice. Each invoice shall include the following information:

1. Agreement No. 3-2944;
2. Specific task number for which payment is being requested;
3. The time period covered by the invoice;
4. Total monthly invoice by task (including project to-date cumulative invoice amount); and retention amount;
5. Monthly Progress Report;
6. Weekly certified payroll for personnel subject to prevailing wage requirements;
7. Certificate signed by the CONSULTANT or his/her designated alternate that a) The invoice is a true, complete and correct statement of reimbursable costs and progress; b) The backup information included with the invoice is true, complete and correct in all material respects; c) All payments due and owing to subcontractors and suppliers have been made; d) Timely payments will be made to subcontractors and suppliers from the proceeds of the payments covered by the certification and; e) The invoice does not include any amount which CONSULTANT intends to withhold or retain from a subcontractor or supplier unless so identified on the invoice.
8. Any other information as agreed or otherwise requested by AUTHORITY to substantiate the validity of an invoice.

O. Invoices shall follow the format stipulated for the Cost Proposal and shall reference this Agreement number and project title.

P. CONSULTANT shall not commence performance of work or services until this Agreement has been approved by the AUTHORITY. No payment will be made prior to approval of any work, or for any work performed prior to approval of this Agreement.

**<u>ARTICLE 6.</u>** **<u>PROMPT PAYMENT CLAUSE</u>**

A. AUTHORITY has adopted a prompt payment provision to facilitate timely payment to all subcontractors in accordance with regulatory mandates as modified to meet the requirements of the federal grant funding:

B. CONSULTANT or subconsultant agrees to pay each subconsultant under this Agreement for satisfactory performance of its Agreement no later than seven (7) days for construction contracts and ten (10) days for consultant contracts from the receipt of each progress payment CONSULTANT receives from AUTHORITY on account of the work performed by the subconsultant. CONSULTANT agrees further to return retainage payments to each subconsultant within seven (7) days for construction contracts and ten (10) days for consultant contracts after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the Agreement work by AUTHORITY. Any delay or postponement of payment from the above referenced time frame may take place only for good cause and with AUTHORITY's prior written approval. CONSULTANT agrees further to return retainage payments on construction-related contracts to each subcontractor within seven (7) days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the Agreement work by AUTHORITY. CONSULTANT shall incorporate this clause verbatim, set forth above, in all subcontract, broker, dealer, vendor, supplier, purchase order or other source agreements issued to non-DBE firms. In the event that there is a dispute over all or any portion of the amount due on a progress payment from CONSULTANT or subconsultant to a subconsultant, CONSULTANT or subconsultant may withhold no more than 150 percent of the disputed amount.

C. This requirement shall not be construed to limit or impair any contractual, administrative or judicial remedies otherwise available to CONSULTANT or subconsultant in the event of a dispute involving late payment or nonpayment by CONSULTANT; deficient subcontract performance or noncompliance by a subconsultant.

D. Failure to comply with these provisions without prior written approval from AUTHORITY will constitute noncompliance, which shall result in the application of appropriate administrative sanctions to the licensee, including, but not limited to, a penalty payable to the subconsultant, of two percent (2%) of the invoice amount due per month, for every month that full payment is not made.

E. CONSULTANT agrees to include these requirements in all of its subcontracts.

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**ARTICLE 7. MAXIMUM OBLIGATION**

Notwithstanding any provisions of this Agreement to the contrary, AUTHORITY and CONSULTANT mutually agree that AUTHORITY's maximum cumulative payment obligation (including obligation for CONSULTANT's profit) shall be ____________ Dollars ($_____ ) which shall include all amounts payable to CONSULTANT for its subcontracts, leases, materials and costs arising from, or due to termination of, this Agreement.

**ARTICLE 8. NOTICES**

All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of said notices in person or by depositing said notices in the U.S. mail, registered or certified mail, returned receipt requested, postage prepaid and addressed as follows:

| TO CONSULTANT: | TO AUTHORITY: |
|---|---|
| | Orange County Transportation Authority |
| | 550 SOUTH MAIN STREET |
| | P.O. BOX 14184 |
| , | ORANGE, CA 92863-1584 |
| ATTENTION: | ATTENTION: Megan Bornman |
| Title: | Title: Senior Contract Administrator |
| Phone: | Phone: (714) 560 - 5064 |
| Email: | Email: mbornman@octa.net |
| | Cc: Alicia Yang, Project Manager |
| | Phone: (714) 560 – 5362 |
| | Email: ayang@octa.net |

**ARTICLE 9. INDEPENDENT CONTRACTOR**

A. CONSULTANT's relationship to AUTHORITY and the Southern California Association of Governments in the performance of this Agreement is that of an independent contractor. CONSULTANT's personnel performing services under this Agreement shall at all times be under CONSULTANT's exclusive direction and control and shall be employees of CONSULTANT and not employees of AUTHORITY. CONSULTANT shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

B. Should CONSULTANT's personnel or a state or federal agency allege claims against AUTHORITY involving the status of AUTHORITY as employer, joint or otherwise, of said personnel, or allegations involving any other independent contractor misclassification issues, CONSULTANT shall defend and indemnify AUTHORITY in relation to any allegations made.

C. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 10. INSURANCE**

A. CONSULTANT shall procure and maintain insurance coverage in full force and effect during the entire term of the Agreement. Coverage shall be full coverage and not subject to self-insurance provisions. CONSULTANT shall provide the following insurance coverage:

1. Commercial General Liability, to include Products/Completed Operations, Independent Contractors', Contractual Liability, Advertising (if applicable to Scope of Work) and Personal Injury Liability, and Property Damage with a minimum limit of $1,000,000 per occurrence, $2,000,000 general aggregate and $2,000,000 Products/Completed Operations aggregate;

2. Automobile Liability Insurance to include owned, hired and non-owned autos with a combined single limit of $1,000,000 for each accident;

3. Workers' Compensation with limits as required by the State of California including a Waiver of Subrogation in favor of AUTHORITY, its officers, directors and employees; and

4. Employers' Liability with minimum limits of $1,000,000 per accident, $1,000,000 policy limit-disease, and $1,000,000 policy limit employee-disease.

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5. Professional Liability with minimum limits of $1,000,000 only if the CONSULTANT is required by contract or law to be licensed or specially certified and AUTHORITY is relying on performance based on that specialty license or certification.

B. Proof of such coverage, in the form of a certificate of insurance and an insurance policy blanket additional insured endorsement, designating the AUTHORITY, the Southern California Council of Governments, and their respective officers, directors, employees, and volunteers as additional insureds on general liability and automobile liability, as required by Agreement. Proof of insurance coverage must be received by AUTHORITY within ten (10) calendar days from the effective date of the Agreement and prior to commencement of any work. Such insurance shall be primary and non-contributive to any insurance or self-insurance maintained by the AUTHORITY. Furthermore, AUTHORITY reserves the right to request certified copies or review all related insurance policies, in response to a related loss.

C. CONSULTANT shall include on the face of the certificate of insurance the Agreement Number C-3-2944 and, the Contract Administrator's Name, Megan Bornman.

D. CONSULTANT shall also include in each subcontract, the stipulation that subconsultants shall maintain insurance coverage in the amounts required of CONSULTANT as provided in the Agreement. Subconsultants will be required to include AUTHORITY as additional insureds on the Commercial General Liability, and Auto Liability insurance policies.

E. Insurer must provide AUTHORITY with at least thirty (30) days' prior notice of cancellation or material modification of coverage, and ten (10) days' prior notice for non-payment of premium.

F. This Article shall survive termination or expiration of the Agreement.

G. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 11. ORDER OF PRECEDENCE**

To the extent there are any conflicts or inconsistency arising between any provisions or documents incorporated in this Agreement, the order of precedence for conflict resolution in descending order shall be as follows: (1) the provisions of this Agreement, including all exhibits; (2) the provisions of RFP 3-2944; (3) CONSULTANT's technical proposal dated _______, CONSULTANT's cost proposal dated _____ and final cost proposal dated ______, and (4) all other documents, if any, cited herein or incorporated by reference.

**<u>ARTICLE 12.</u> <u>CHANGES</u>**

A. By written notice or order, AUTHORITY may, from time to time, order work suspension and/or make changes in the general scope of this Agreement, including, but not limited to, the services furnished to AUTHORITY by CONSULTANT as described in the Scope of Work. If any such work suspension or change causes an increase or decrease in the price of this Agreement or in the time required for its performance, CONSULTANT shall promptly notify AUTHORITY thereof and assert its claim for adjustment within ten (10) days after the change or work suspension is ordered, and an equitable adjustment shall be negotiated. However, nothing in this clause shall excuse CONSULTANT from proceeding immediately with the Agreement as changed.

B. This Agreement may be amended or modified only by mutual written agreement of the parties.

C. CONSULTANT shall only commence work covered by an amendment after the amendment is executed and notification to proceed has been provided by AUTHORITY's Contract Administrator.

**<u>ARTICLE 13.</u> <u>DISPUTES</u>**

A. Except as otherwise provided in this Agreement, when a dispute arises between CONSULTANT and AUTHORITY, the project managers shall meet to resolve the issue. If project managers do not reach a resolution, the dispute will be decided by AUTHORITY's Director of Contracts Administration and Materials Management (CAMM), who shall reduce the decision to writing and mail or otherwise furnish a copy thereof to CONSULTANT. The decision of the Director, CAMM, shall be the final and conclusive administrative decision.

B. Pending final decision of a dispute hereunder, CONSULTANT shall proceed diligently with the performance of this Agreement and in accordance with the decision of AUTHORITY's Director, CAMM. Nothing in this Agreement, however, shall be construed as making final the decision of any AUTHORITY official or representative on a question of law, which questions shall be settled in accordance with the laws of the State of California.

C. If AUTHORITY is required to arbitrate a dispute with the Southern California Association of Governments related to this Agreement in any way, CONSULTANT may be subject to and shall participate in said arbitration as directed by AUTHORITY. A judgment upon the award rendered by arbitration may be entered into any court having jurisdiction thereof. The arbitration panel shall have the authority to grant any remedy or relief that would have been available to the parties had the matter been heard in a court of law. Following arbitration, the arbitration panel shall prepare a written decision containing the essential findings and conclusions on which the award is based so as to ensure meaningful judicial review of the decision. All expenses and fees for the arbitrator and expenses for hearing facilities and other expenses of arbitration shall be borne equally by the parties unless they agree otherwise or unless the arbitrator in the award assesses such expenses against one of the parties or allocates such expenses other than equally between the parties. Either party may bring an action in court to enforce an arbitration award. CONSULTANT agrees to include this provision in all of its subcontracts.

D. This Article shall survive termination or expiration of the Agreement.

**ARTICLE 14. TERMINATION**

A. AUTHORITY reserves the right to terminate this Agreement upon thirty (30) calendar days written notice to CONSULTANT of intent to terminate, with effective date of termination and the reasons for termination stated in the notice, in accordance with the provisions of the FAR referenced above and Article 8 "Notices", herein. Upon receipt of said notification, CONSULTANT agrees to comply with all applicable provisions of the FAR pertaining to termination for convenience.

B. Upon termination, AUTHORITY shall be entitled to all work, including but not limited to, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not.

C. AUTHORITY may temporarily suspend this Agreement, at no additional cost to AUTHORITY, provided that CONSULTANT is given written notice of temporary suspension. If AUTHORITY gives such notice of temporary suspension, CONSULTANT shall immediately suspend its activities under this Agreement. A temporary suspension may be issued concurrent with the notice of termination.

D. AUTHORITY may terminate this Agreement with CONSULTANT should CONSULTANT fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination, AUTHORITY may proceed with the work in any manner deemed proper by AUTHORITY. If AUTHORITY terminates this Agreement with CONSULTANT, AUTHORITY shall pay CONSULTANT the sum due to CONSULTANT under this Agreement prior to termination, unless the cost of completion to AUTHORITY exceeds the funds remaining in the Agreement, in which case the overage shall be deducted from any sum due CONSULTANT under this Agreement and the balance, if any, shall be paid to CONSULTANT upon demand. Said termination shall be construed in accordance with the provisions of the Code of Federal Regulations (CFR), Title 48, Chapter 1, Part 49, of the Federal Acquisition Regulation (FAR) and specific subparts and other provisions thereof applicable to termination for convenience.

E. AUTHORITY may terminate this Agreement for CONSULTANT's default if a federal or state proceeding for the relief of debtors is undertaken by or against CONSULTANT, or if CONSULTANT makes an assignment for the benefit of creditors, or for cause if CONSULTANT fails to perform in accordance with the scope of work or breaches any term(s) or violates any provision(s) of this Agreement and does not cure such breach or violation within ten (10) calendar days after written notice thereof by AUTHORITY. CONSULTANT shall be liable for any and all reasonable costs incurred by AUTHORITY as a result of such default or breach including, but not limited to, reprocurement costs of the same or similar services defaulted by CONSULTANT under this Agreement. Such termination shall comply with CFR Title 48, Chapter 1, Part 49, of the FAR.

**ARTICLE 15. INDEMNIFICATION**

A. CONSULTANT shall indemnify, defend and hold harmless AUTHORITY, the Southern California Association of Governments, and their officers, directors, employees and agents (indemnities) from and against any and all claims (including attorneys' fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by CONSULTANT, its officers, directors, employees, agents, subconsultants or suppliers in connection with or arising out of the performance of this Agreement.

B. This Article shall survive termination or expiration of the Agreement.

C. CONSULTANT shall include these requirements in all of its subcontracts.

**ARTICLE 16. ASSIGNMENTS AND SUBCONTRACTS**

A. Nothing contained in this Agreement or otherwise, shall create any contractual relation between AUTHORITY and any subconsultant(s), and no subcontract shall relieve CONSULTANT of its responsibilities and obligations hereunder. CONSULTANT agrees to be as fully responsible to AUTHORITY for the acts and omissions of its subconsultant(s) and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by CONSULTANT. CONSULTANT's obligation to pay its subconsultant(s) is an independent obligation from AUTHORITY's obligation to make payments to the CONSULTANT.

B. Neither this Agreement nor any interest herein nor claim hereunder may be assigned by CONSULTANT either voluntarily or by operation of law, nor may all or any part of this Agreement be subcontracted by CONSULTANT, without the prior written consent of AUTHORITY. Consent by AUTHORITY shall not be deemed to relieve CONSULTANT of its obligations to comply fully with all terms and conditions of this Agreement.

C. The CONSULTANT shall perform the work contemplated with resources available within its own organization; and no portion of the work pertinent to this Agreement shall be subcontracted without written authorization by AUTHORITY's Contract Administrator, except that, which is expressly identified in the approved Cost Proposal.

D. CONSULTANT shall pay its subconsultants within seven (7) calendar days from receipt of each payment made to CONSULTANT by AUTHORITY.

E. All subcontracts entered into as a result of this Agreement, shall contain all of the provisions stipulated in this entire Agreement to be applicable to subconsultants unless otherwise noted.

F. Any substitution or addition of subconsultant(s) must be approved in writing by the AUTHORITY's Contract Administrator, in advance of assigning work to a substitute subconsultant(s).

G. AUTHORITY hereby consents to CONSULTANT's subcontracting of portions of the Scope of Work to the parties identified below for the functions described below. CONSULTANT shall include in the subcontract agreement the stipulation that CONSULTANT, not AUTHORITY, is solely responsible for payment to the subcontractor for the amounts owing and that the subcontractor shall have no claim, and shall take no action, against AUTHORITY, its officers, directors, employees or sureties for nonpayment by CONSULTANT.

| **Subcontractor Name/Address** | **Subcontractor Amounts** |
| --- | --- |
| | |
| | |

**ARTICLE 17. AUDIT AND INSPECTION OF RECORDS**

A. CONSULTANT and any subconsultant shall permit AUTHORITY, the State, the Southern California Association of Governments, the California Department of Housing and Community Development, the California Department of General Services, the California Bureau of State Audits, the U.S. Department of Transportation, or their designated representatives, to review and inspect the project activities and files at all reasonable times during the performance period of this Agreement.

B. For the purpose of determining compliance with the Public Contract Code 10115, et seq. and Title 21, California Code of Regulations, Chapter 21, Section 2500 et seq., when applicable and other matters connected with the performance of the contract pursuant to Government Code 8546.7; CONSULTANT, subconsultants, and AUTHORITY shall maintain and make available for inspection all books, documents, papers, accounting records, Independent certified public accountant (CPA) Audited Cost Rate workpapers, and other evidence pertaining to the performance of the Agreement, including but not limited to, the costs of administering the Agreement. All parties, including the CONSULTANT and Independent CPA, shall make such workpapers and materials available at their respective offices at all reasonable times during the Agreement period and for five (5) years after December 31, 2026. If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of the required record retention period, all records shall be retained by CONSULTANT and any subonsultant(s) for five (5) years after: (a) the conclusion or resolution of the matter; (b) the date an audit resolution is achieved for each annual SCAG Overall Work Plan; or (c) December 31, 2026, whichever is later. AUTHORITY, or other agents of AUTHORITY, or any duly authorized representative of the Federal government having jurisdiction under Federal laws or regulations (including the basis of Federal funding in whole or in part) shall have access to any books, records, payroll documents, facilities and documents of CONSULTANT, subconsultants, and the CONSULTANT's Independent (CPA), that are pertinent to the Agreement for audits, examinations, workpaper review, excerpts, and transactions, and copies thereof shall be furnished if requested without limitation.

C. CONSULTANT shall maintain such books, records, data and documents in accordance with generally accepted accounting principles and the CFR, Title 48, Chapter 1, Part 31 of the Federal Acquisition Regulation System (FAR) and shall clearly identify and make such items readily accessible to such parties during CONSULTANT's performance hereunder.

D. AUTHORITY's right to audit books and records directly related to this Agreement shall also extend to all first-tier subcontractors performing work identified in Article 16 "Assignments and Subcontracts" of this Agreement, and such language must be included in CONSULTANT's agreements with its subcontractors.

E. This Article shall survive termination or expiration of the Agreement.

F. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 18. AUDIT REVIEW PROCEDURES**

A. Any dispute concerning a question of fact arising under an interim or post audit of this Agreement that is not disposed of by agreement, shall be reviewed by AUTHORITY's Internal Audit.

B. Not later than 30 days after issuance of the final audit report, CONSULTANT may request a review by AUTHORITY's Internal Audit of unresolved audit issues. The request for review will be submitted in writing.

C. Neither the pendency of a dispute nor its consideration by AUTHORITY will excuse CONSULTANT from full and timely performance, in accordance with the terms of this Agreement.

**ARTICLE 19. COST PRINCIPLES AND ADMINISTRATIVE REQUIREMENTS**

A. CONSULANT agrees that the CFR, Title 48, Chapter 1, Part 31, Contract Cost Principles and Procedures, shall be used to determine the cost allowability of individual terms of costs.

B. CONSULTANT also agrees to comply with Federal procedures in accordance with CFR, Title 2, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

C. Any costs for which payment has been made to CONSULTANT that are determined by subsequent audit to be unallowable under CFR Title 48, Part 31; CFR Title 2, Part 200; or by the Southern California Association of Governments, the California Department of Housing and Community Development, or other state or federal authorities are subject to repayment by CONSULTANT to AUTHORITY.

D. When a CONSULTANT or Subconsultant is a Non-Profit Organization or an Institution of Higher Education, the Cost Principles for Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards shall apply.

E. Any travel expenses and per diem rates are not to exceed the rates specified by the State of California Department of Human Resources for similar employees (i.e., non-represented employees) unless written verification is supplied that government hotel rates were not then commercially available to CONSULTANT at the time and location required as specified in the California Department of Transportation's Travel Guide Exception Process, which can be found at the following link: http://www.dot.ca.gov/hq/asc/travel/ap_b/bu1.htm. Also see the link for a summary of travel reimbursement rules.

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F. CONSULTANT agrees to submit all invoices to AUTHORITY for services rendered through June 30th no later than _____ during the term of this Agreement. AUTHORITY shall not be obligated to pay CONSULTANT for any invoice received after such date.

G. CONSULTANT agrees to include these requirements in all of its subcontracts.

**<u>ARTICLE 20.</u>  <u>FEDERAL, STATE AND LOCAL LAWS</u>**

CONSULTANT warrants that in the performance of this Agreement, it shall comply with all applicable federal, state and local laws, statutes and ordinances and all lawful orders, rules and regulations promulgated thereunder. This Article shall survive termination or expiration of the Agreement. CONSULTANT agrees to include these requirements in all of its subcontracts.

**<u>ARTICLE 21.</u>  <u>EQUAL EMPLOYMENT OPPORTUNITY</u>**

In connection with its performance under this Agreement, CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. CONSULTANT shall take affirmative action to ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

**<u>ARTICLE 22.</u>  <u>PROHIBITED INTERESTS</u>**

A. CONSULTANT covenants that, for the term of this Agreement, no director, member, officer or employee of AUTHORITY during his/her tenure in office/employment or for one (1) year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.

B. No member of or delegate to the Congress of the United States shall have any interest, direct or indirect, in this Agreement or to the benefits thereof.

**<u>ARTICLE 23.</u>  <u>OWNERSHIP OF REPORTS AND DOCUMENTS</u>**

A. The originals of all letters, documents, reports and other products and data produced under this Agreement shall be delivered to, and become the property of AUTHORITY, and CONSULTANT shall have no property right therein whatsoever. Copies may be made for CONSULTANT's records but shall not be furnished to others without written authorization from AUTHORITY. Immediately upon termination, AUTHORITY shall be entitled to, and CONSULTANT shall deliver to AUTHORITY, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not, and other such materials as may have been prepared or accumulated to date by CONSULTANT in performing this Agreement which is not CONSULTANT's privileged information, as defined by law, or CONSULTANT's personnel information, along with all other property belonging exclusively to City which is in CONSULTANT's possession. Publication of the information derived from work performed or data obtained in connection with services rendered under this Agreement must be approved in writing by AUTHORITY.

B. Additionally, it is agreed that such deliverables shall be deemed works made for hire. CONSULTANT acknowledges and agrees that the work (and all rights therein, including without limitation, copyright) belongs to and shall be the sole and exclusive property of AUTHORITY without restriction or limitation upon its use or dissemination by AUTHORITY.

C. All ideas, memoranda, specifications, plans, manufacturing, procedures, drawings, descriptions, and all other written information submitted to CONSULTANT in connection with the performance of this Agreement shall not, without prior written approval of AUTHORITY, be used for any purposes other than the performance for this project, nor be disclosed to an entity not connected with the performance of the project. CONSULTANT shall comply with AUTHORITY's policies regarding such material. Nothing furnished to CONSULTANT, which is otherwise known to CONSULTANT or becomes generally known to the related industry shall be deemed confidential. CONSULTANT shall not use AUTHORITY's name, photographs of the project, or any other publicity pertaining to the project in any professional publication, magazine, trade paper, newspaper, seminar or other medium without the express written consent of AUTHORITY.

D. No copies, sketches, computer graphics or graphs, including graphic art work, are to be released by CONSULTANT to any other person or agency except after prior written approval by

AUTHORITY, except as necessary for the performance of services under this Agreement. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be handled only by AUTHORITY unless otherwise agreed to by CONSULTANT and AUTHORITY.

E. This Article shall survive termination or expiration of the Agreement.

F. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 24. PATENT AND COPYRIGHT INFRINGEMENT**

A. In lieu of any other warranty by CONSULTANT against patent or copyright infringement, statutory or otherwise, it is agreed that CONSULTANT shall defend, at its expense, any claim or suit against AUTHORITY on account of any allegation that any item furnished under this Agreement or the normal use or sale thereof arising out of the performance of this Agreement, infringes upon any presently existing U.S. letters patent or copyright and CONSULTANT shall pay all costs and damages finally awarded in any such suit or claim, provided that CONSULTANT is promptly notified in writing of the suit or claim and given authority, information and assistance at CONSULTANT's expense for the defense of same. However, CONSULTANT will not indemnify AUTHORITY if the suit or claim results from: (1) AUTHORITY's alteration of a deliverable, such that said deliverable in its altered form infringes upon any presently existing U.S. letters patent or copyright; or (2) the use of a deliverable in combination with other material not provided by CONSULTANT when such use in combination infringes upon an existing U.S. letters patent or copyright.

B. CONSULTANT shall have sole control of the defense of any such claim or suit and all negotiations for settlement thereof. CONSULTANT shall not be obligated to indemnify AUTHORITY under any settlement made without CONSULTANT's consent or in the event AUTHORITY fails to cooperate fully in the defense of any suit or claim, provided, however, that said defense shall be at CONSULTANT's expense. If the use or sale of said item is enjoined as a result of such suit or claim, CONSULTANT, at no expense to AUTHORITY, shall obtain for AUTHORITY the right to use and sell said item, or shall substitute an equivalent item acceptable to AUTHORITY and extend this patent and copyright indemnity thereto.

**ARTICLE 25. DESIGN WITHIN FUNDING LIMITATIONS**

A. In order to ensure the accuracy of the construction budget for the benefit of the public works bidders and AUTHORITY's budget process, CONSULTANT shall accomplish the design services required under this Agreement so as to permit the award of a contract, for the construction of the facilities designed at a price that does not exceed the estimated construction contract price as set forth by AUTHORITY. When bids or proposals for the construction contract are received that exceed the estimated price, CONSULTANT shall perform such redesign and other services as are necessary to permit contract award within the funding limitation. These additional services shall be performed at no increase in the price for which the services were specified. However, CONSULTANT shall not be required to perform such additional services at no cost to AUTHORITY if the unfavorable bids or proposals are the result of conditions beyond its reasonable control.

B. CONSULTANT will promptly advise AUTHORITY if it finds that the project being designed will exceed or is likely to exceed the funding limitations and it is unable to design a usable facility within these limitations. Upon receipt of such information, AUTHORITY will review CONSULTANT's revised estimate of construction cost. AUTHORITY may, if it determines that the estimated construction contract price is so low that award of a construction contract not in excess of such estimate is improbable, authorize a change in scope or materials as required to reduce the estimated construction cost to an amount within the estimated construction contract price set forth by AUTHORITY, or AUTHORITY may adjust such estimated construction contract price. When bids or proposals are not solicited or are unreasonably delayed, AUTHORITY shall prepare an estimate of constructing the design submitted and such estimate shall be used in lieu of bids or proposals to determine compliance within the funding limitation.

**ARTICLE 26. REQUIREMENTS FOR REGISTRATION OF DESIGNERS**

All design and engineering work furnished by CONSULTANT shall be performed by or under the supervision of persons licensed to practice architecture, engineering or surveying (as applicable) in the State of California, by personnel who are careful, skilled, experienced and competent in their respective trades or professions, who are professionally qualified to perform the work in accordance with the

Agreement documents and who shall assume professional responsibility for the accuracy and completeness of the design documents and construction documents prepared or checked by them.

**ARTICLE 27. FINISHED AND PRELIMINARY DATA**

A. Upon completion of all work under this Agreement, ownership and title to all reports, documents, plans, specifications, and estimates, including, but not limited to, illustrations, photographs, tapes, software, software design documents, including without limitation source code, binary code, all media, technical documentation and user documentation, photoprints and other graphic information required to be furnished under this Agreement, will automatically be vested in AUTHORITY and no further agreement will be necessary to transfer ownership to AUTHORITY.

B. It is understood and agreed that all calculations, drawings and specifications, whether in hard copy or machine-readable form, are intended for one-time use in the construction of the project for which this Agreement has been entered into.

C. CONSULTANT is not liable for claims, liabilities, or losses arising out of, or connected with the modification, or misuse by AUTHORITY of the machine-readable information and data provided by CONSULTANT under this Agreement. Further, CONSULTANT is not liable for claims, liabilities, or losses arising out of, or connected with any use by AUTHORITY of the project documentation on other projects, or for the completion of this project by others, except only as such use as may be authorized in writing by CONSULTANT.

D. It is expressly understood that any title to preliminary technical data is not passed to AUTHORITY, but is retained by CONSULTANT. Preliminary data includes roughs, visualizations, software design documents, layouts and comprehensives prepared by CONSULTANT solely for the purpose of demonstrating an idea or message for AUTHORITY's acceptance before approval is given for preparation of finished artwork. Preliminary data title and right thereto shall be made available to AUTHORITY, if CONSULTANT causes AUTHORITY to exercise Article 14 "Termination", and a price shall be negotiated for all preliminary data.

E. This Article shall survive termination or expiration of the Agreement.

F. All subcontracts entered into as a result of this Agreement shall contain all of the provisions of this Article.

**ARTICLE 28. STATE PREVAILING WAGE RATES**

A. CONSULTANT shall comply with the State of California's General Prevailing Wage Rate requirements in accordance with California Labor Code, Section 1770, and all Federal, State, and local laws and ordinances applicable to the work.

B. When prevailing wages apply to the services described in the scope of work, transportation and subsistence costs shall be reimbursed at the minimum rates set by the Department of Industrial Relations (DIR) as outlined in the applicable Prevailing Wage Determination. See http://www.dir.ca.gov.

C. CONSULTANT warrants that all mechanics, laborers, journeypersons, workpersons, craftspersons or apprentices employed by CONSULTANT or subconsultant at any tier for any work hereunder, shall be paid unconditionally and not less often than once a week and without any subsequent deduction or rebate on any account (except such payroll deductions as are permitted or required by federal, state or local law, regulation or ordinance), the full amounts due at the time of payment, computed at a wage rate and per diem rate not less than the aggregate of the highest of the two basic hourly rates and rates of payments, contributions or costs for any fringe benefits contained in the current general prevailing wage rate(s) and per diem rate(s), established by the Director of the Department of Industrial Relations of the State of California, (as set forth in the Labor Code, commencing at Section 1770 et. seq.), or as established by the Secretary of Labor (as set forth in the Davis-Bacon Act, 40 U.S.C. 267a, et. seq.), regardless of any contractual relationship which may be alleged to exist between CONSULTANT or subconsultant and their respective mechanics, laborers, journeypersons, workpersons, craftspersons or apprentices. Copies of the current General Prevailing Wage Determinations and Per Diem Rates are on file at AUTHORITY's offices and will be made available to CONSULTANT upon request. CONSULTANT shall post a copy thereof at each job site at which work hereunder is performed.

D. In addition to the foregoing, CONSULTANT agrees to comply with all other provisions of the California Labor Code, which is incorporated herein by reference, pertaining to workers performing work hereunder including, but not limited to, those provisions for work hours, payroll records and apprenticeship employment and regulation program.

E. Any subcontract entered into as a result of this Agreement, if for more than $25,000 for public works construction or more than $15,000 for the alteration, demolition, repair, or maintenance of public works, shall contain all of the provisions of this Article. CONSULTANT agrees to insert or cause to be inserted the preceding clause in all subcontracts which provide for workers to perform work hereunder regardless of the subcontractor tier.

**ARTICLE 29. NON-DISCRIMINATION CLAUSE AND STATEMENT OF COMPLIANCE**

During the performance of this Agreement, CONSULTANT, for itself, its assignees and successors in interest agree as follows:

A. CONSULTANT's signature affixed herein, and dated, shall constitute a certification under penalty of perjury under the laws of the State of California that CONSULTANT has, unless exempt, complied with, the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Code of Regulations, Section 8103.

B. During the performance of this Agreement, CONSULTANT and its subconsultants shall not deny the Agreement's benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. CONSULTANT and subconsultants shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

C. CONSULTANT and subconsultants shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 et seq.), the applicable regulations promulgated there under (Title 2 of the California Code of Regulations (CCR) Section 11000 et seq.), the provisions of Government Code Sections 11135-11139.5, and the regulations or standards adopted by AUTHORITY to implement such article. The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in 2 CCR Section 8100-8504, are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

D. CONSULTANT shall permit access by representatives of the Department of Fair Employment and Housing (Department) and the AUTHORITY upon reasonable notice at any time during the normal business hours, but in no case less than twenty-four (24) hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or AUTHORITY shall require to ascertain compliance with this clause.

E. CONSULTANT and its subconsultants shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

F. CONSULTANT shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

G. CONSULTANT, with regard to the work performed under this Agreement, shall act in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. Section 2000d et seq.). Title VI provides that the recipients of federal assistance will implement and maintain a policy of nondiscrimination in which no person in the United States shall, on the basis of race, color, national origin, religion, sex, age, disability, be excluded from participation in, denied benefits of or subject to discrimination under any program or activity by the recipients of federal assistance or their assignees and successors in interest.

H. CONSULTANT shall comply with regulations relative to nondiscrimination in federally-assisted programs of the U.S. Department of Transportation (49 CFR Part 21 – Effectuation of Title VI of the 1964 Civil Rights Act). Specifically, CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by 49 CFR Section 21.5, including employment practices and the selection and retention of subconsultants.

I. CONSULTANT, subrecipient, or subconsultant will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR Part 26 on the basis of race, color, sex, or national origin. In administering the AUTHORITY components of the DBE Program Plan, CONSULTANT, subrecipient, or subconsultant will not, directly, or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing the accomplishment of the objectives of the DBE Program Plan with respect to individuals of a particular race, color, sex, or national origin.

J. CONSULTANT shall adopt and implement affirmative processes and procedures that provide information, outreach and promotion of opportunities in this Agreement to encourage participation of all persons regardless of race, color, national origin, sex, religion, familial status, or disability. This includes, but is not limited to, a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, as required by 24 CFR § 92.351.

K. This Article shall survive termination or expiration of the Agreement.

L. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 30. PRIVACY ACT**

A. CONSULTANT shall comply with, and assures the compliance of its employees with, the information restrictions and other applicable requirements of the Privacy Act of 1974, 5 U.S.C. §552a. Among other things, CONSULTANT agrees to obtain the express consent of the Federal Government before the CONSULTANT or its employees operate a system of records on behalf of the Federal Government. CONSULTANT understands that the requirements of the Privacy Act, including the civil and criminal penalties for violation of that Act, apply to those individuals involved, and that failure to comply with the terms of the Privacy Act may result in termination of the underlying Agreement.

B. CONSULTANT agrees to include this requirement in all its subcontracts at any tier.

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**ARTICLE 31. CONFLICT OF INTEREST**

A. CONSULTANT agrees to avoid organizational conflicts of interest. An organizational conflict of interest means that due to other activities, relationships or contracts, the CONSULTANT is unable, or potentially unable to render impartial assistance or advice to AUTHORITY; CONSULTANT's objectivity in performing the work identified in the Scope of Work is or might be otherwise impaired; or CONSULTANT has an unfair competitive advantage. CONSULTANT is obligated to fully disclose to AUTHORITY in writing Conflict of Interest issues as soon as they are known to CONSULTANT. All disclosures must be submitted in writing to AUTHORITY pursuant to the Notice provision herein. This disclosure requirement is for the entire term of this Agreement.

B. If the AUTHORITY determines that CONSULTANT, its employees, or subconsultants are subject to disclosure requirements under the Political Reform Act (Government Code section 81000 et seq.), CONSULTANT and its required employees and subconsultants shall complete and file Statements of Economic Interest (Form 700) with the AUTHORITY's Clerk of the Board disclosing all required financial interests.

C. This Article shall survive termination or expiration of the Agreement.

D. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 32. CODE OF CONDUCT**

A. CONSULTANT agrees to comply with the AUTHORITY's Code of Conduct as it relates to Third-Party contracts which is hereby referenced and by this reference is incorporated herein.

B. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 33. PROHIBITION ON PROVIDING ADVOCACY SERVICES**

CONSULTANT and all subconsultants performing work under this Agreement, shall be prohibited from concurrently representing or lobbying for any other party competing for a contract with AUTHORITY, either as a prime consultant or subconsultant. Failure to refrain from such representation may result in termination of this Agreement.

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**ARTICLE 34. INCORPORATION OF FEDERAL TERMS**

All contractual provisions required by United States Department of Transportation (USDOT)whether or not expressly set forth in this document, are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all federally mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. CONSULTANT shall not perform any act, fail to perform any act, or refuse to comply with any requests, which would cause AUTHORITY to be in violation of the USDOT or FHWA terms and conditions.

**ARTICLE 35. FEDERAL CHANGES**

CONSULTANT shall at all times comply with all applicable USDOT regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the agreement between the AUTHORITY and USDOT, as they may be amended or promulgated from time to time during this Agreement. CONSULTANT's failure to comply shall constitute a material breach of Agreement.

**ARTICLE 36. NO FEDERAL GOVERNMENT OBLIGATION TO THIRD PARTIES**

A. AUTHORITY and CONSULTANT acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying Agreement, absent the express written consent by the Federal Government, the Federal Government is not a party to this Agreement and shall not be subject to any obligations or liabilities to the AUTHORITY, CONSULTANT, or any other party (whether or not a party to this Agreement) pertaining to any matter resulting from the underlying Agreement.

B. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 37. PROGRAM FRAUD AND FALSE OR FRAUDULENT STATEMENTS AND RELATED ACTS**

A. CONSULTANT acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. §§3801 et seq., and USDOT regulations, "Program Fraud Civil Remedies," CFR, Title 49, Part 31, apply to its actions pertaining to this project. Accordingly, by signing this Agreement, CONSULTANT certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or may cause to be made, pertaining to the underlying Agreement or the FTA assisted project for which this Agreement's work is being performed. CONSULTANT also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose penalties set forth in the Program Fraud Civil Remedies Act of 1986 against the CONSULTANT to the extent the Federal Government deems appropriate.

B. CONSULTANT also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under an agreement connected with a project that is financed in whole or part with Federal assistance awarded by FTA, under the authority of 49 U.S.C. §5307 et seq., the Government reserves the right to impose the penalties of 18 U.S.C. §1001 and 49 U.S.C. §5307(n) (1) et seq. against the CONSULTANT, to the extent the Federal Government deems appropriate.

C. CONSULTANT agrees to include this requirement in all of its subcontracts.

**ARTICLE 38. RECYCLED PRODUCTS**

A. CONSULTANT shall comply with all the requirements of Section 6002 of the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. 6962), including but not limited to the regulatory provisions of CFR, Title 40, Part 247, and Executive Order 12873, as they apply to the procurement of the items designated in subpart B of CFR, Title 40, Part 247.

B. CONSULTANT agrees to include this requirement in all of its subcontracts.

**ARTICLE 39. ENERGY CONSERVATION REQUIREMENTS**

If the maximum cumulative payment obligation of this Agreement exceeds $150,000, CONSULTANT shall comply with mandatory standards and policies relating to energy efficiency, which are contained in the state energy conservation plan issued in compliance with the Energy Policy Conservation Act.

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**<u>ARTICLE 40.</u> <u>CLEAN AIR</u>**

A. CONSULTANT shall comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq. CONSULTANT shall report each violation to AUTHORITY, who will in turn, report each violation as required to assure notification to USDOT and the appropriate Environmental Protection Agency (EPA) Regional Office.

B. CONSULTANT agrees to include this requirement in each subcontract exceeding $150,000.

**<u>ARTICLE 41.</u> <u>CLEAN WATER REQUIREMENTS</u>**

A. If the maximum cumulative payment obligation of this Agreement exceeds $150,000, CONSULTANT shall comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq. CONSULTANT shall report any violations of use of prohibited facilities to the USDOT and US EPA.

B. CONSULTANT agrees to include this requirement in each subcontract exceeding $150,000.

**<u>ARTICLE 42.</u> <u>FLY AMERICA REQUIREMENT</u>**

CONSULTANT agrees to comply with 49 U.S.C. 40118 (the "Fly America" Act) in accordance with the General Services Administration's regulations at 41 CFR Part 301-10, which provide that recipients and sub recipients of Federal funds and their contractors are required to use U.S. Flag air carriers for the U.S. Government-financed international air travel and transportation of their personal effects or property, to the extent such service is available, unless travel by foreign air carrier is a matter of necessity, as defined by the Fly America Act. CONSULTANT shall submit, if a foreign air carrier was used, an appropriate certification or memorandum adequately explaining why service by a U.S. carrier was not available or why it was necessary to use a foreign air carrier and shall, in any event, provide a certificate of compliance with the Fly America requirements. CONSULTANT agrees to include the requirements of this section in all subcontracts that may involve international air transportation.

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**ARTICLE 43. CONTINGENT FEE**

CONSULTANT warrants, by execution of this Agreement that no person or selling agency has been employed, or retained, to solicit or secure this Agreement upon an agreement or understanding, for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees, or bona fide established commercial or selling agencies maintained by CONSULTANT for the purpose of securing business. For breach or violation of this warranty, AUTHORITY has the right to annul this Agreement without liability; pay only for the value of the work actually performed, or in its discretion to deduct from the contract price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

**ARTICLE 44. DEBARMENT AND SUSPENSION CERTIFICATION**

A. CONSULTANT's signature affixed herein, shall constitute a certification under penalty of perjury under the laws of the State of California, that CONSULTANT or any person associated therewith in the capacity of owner, partner, director, officer or manager:

1. Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency;

2. Has not been suspended, debarred, voluntarily excluded, or determined ineligible by any federal agency within the past three (3) years;

3. Does not have a proposed debarment pending; and

4. Has not been indicted, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three (3) years.

B. Any exceptions to this certification must be disclosed in writing to the AUTHORITY. Exceptions will not necessarily result in denial of recommendation for award, but will be considered in determining CONSULTANT responsibility. Disclosures must indicate to whom exceptions apply, initiating agency, and the dates of agency action.

C. Exceptions to the Federal Government Excluded Parties List System maintained by the General Services Administration are to be determined by the Federal Highway Administration.

**ARTICLE 45. PROHIBITION OF EXPENDING LOCAL AGENCY STATE OR FEDERAL FUNDS FOR LOBBYING**

A. CONSULTANT certifies to the best of his or her knowledge and belief that:

1. No state, federal or local agency appropriated funds have been paid, or will be paid by-or-on behalf of CONSULTANT to any person for influencing or attempting to influence an officer or employee of any local, State or Federal agency; a Member of the State Legislature or United States Congress; an officer or employee of the Legislature or Congress; or any employee of a Member of the Legislature or Congress, in connection with the awarding or making of this Agreement, or with the extension, continuation, renewal, amendment, or modification of this Agreement.

2. If any funds other than Federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Agreement, CONSULTANT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

B. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by U.S. Code Title 31 Section 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than ten thousand ($10,000) dollars and not more than one hundred thousand ($100,000) Dollars for each such failure.

C. CONSULTANT also agrees by signing this document that he or she shall require that the language of this certification be included in all lower-tier subcontracts, which exceed one hundred thousand ($100,000) dollars, and that all such sub recipients shall certify and disclose accordingly.

**ARTICLE 46. FUNDING REQUIREMENTS**

A. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of funds or appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays that would occur if the Agreement were executed after that determination was made.

B. This Agreement is valid and enforceable only if sufficient funds are made available to AUTHORITY for the purpose of this Agreement. In addition, this Agreement is subject to any additional restrictions, limitations, conditions, or any statute enacted by the Congress, State Legislature, or AUTHORITY governing board that may affect the provisions, terms, or funding of this Agreement in any manner.

C. It is mutually agreed that if sufficient funds are not appropriated, this Agreement may be amended to reflect any reduction in funds.

D. AUTHORITY has the option to terminate the Agreement pursuant to Article 14 Termination, or by mutual agreement to amend the Agreement to reflect any reduction of funds.

**ARTICLE 47. EQUIPMENT PURCHASE**

A. Prior authorization, in writing, by AUTHORITY's Project Manager shall be required before CONSULTANT enters into any unbudgeted purchase order, or subcontract exceeding five thousand ($5,000.00) Dollars for supplies, equipment or CONSULTANT services. CONSULTANT shall provide an evaluation of the necessity or desirability of incurring such costs.

B. For purchase of any item, service or consulting work not covered in CONSULTANT's Cost Proposal and exceeding five thousand ($5,000.00) Dollars prior authorization by AUTHORITY's Project Manager; three (3) competitive quotations must be submitted with the request, or the absence of bidding must be adequately justified.

C. Any equipment purchased as a result of this Agreement is subject to the following:

1. "CONSULTANT shall maintain an inventory of all nonexpendable property. Nonexpendable property is defined as having a useful life of at least two years and an acquisition cost of $5,000.00 or more. If the purchased equipment needs replacement and is sold or traded in, AUTHORITY shall receive a proper refund or credit at the conclusion of this Agreement, or if the Agreement is terminated, CONSULTANT may either keep the equipment and credit AUTHORITY in an amount equal to the its fair market value, or sell such equipment at the best price obtainable at a

public or private sale, in accordance with established AUTHORITY procedures; and credit AUTHORITY in an amount equal to the sales price. If CONSULTANT elects to keep the equipment, fair market value shall be determined at CONSULTANT's expense, on the basis of a competent independent appraisal of such equipment. Appraisals shall be obtained from an appraiser agreeable to both AUTHORITY and CONSULTANT. If it is determined to sell the equipment, the terms and conditions of such sale must be approved in advance by AUTHORITY.

2. Regulation CFR, Title 2, Part 200 requires a credit to Federal funds when participating equipment with a fair market value greater than five thousand ($5,000.00) Dollars is credited to the project.

**ARTICLE 48. HEALTH AND SAFETY REQUIREMENTS**

A. CONSULTANT shall comply with all the requirements set forth in Exhibit B, Level 1 Safety Specifications. As used therein, “Contractor” shall mean “Consultant” and Subcontractor” shall mean “Sub-consultant.”

B. CONSULTANT agrees to include this requirement in all of its subcontracts.

**ARTICLE 49. CONFIDENTIALITY OF DATA**

A. All financial, statistical, personal, technical, or other data and information relative to the AUTHORITY’s operations, which are designated confidential by the AUTHORITY and made available to the CONSULTANT in order to carry out this Agreement, shall be protected by the CONSULTANT from unauthorized use and disclosure.

B. Permission to disclose information on one occasion, or public meeting held by the AUTHORITY relating to the Agreement, shall not authorize the CONSULTANT to further disclose such information or disseminate the same on any other occasion.

C. CONSULTANT shall not comment publicly to the press or any other media regarding the Agreement or AUTHORITY’s actions on the same, except to AUTHORITY’s staff, CONSULTANT’s own personnel involved in the performance of this Agreement, at public hearings, or in response to questions from a Legislative committee.

D. CONSULTANT shall not issue any news release or public relations item of any nature, whatsoever, regarding work performed or to be performed under this Agreement without prior review of the contents thereof by the AUTHORITY, and receipt of the AUTHORITY's written permission.

E. This Article shall survive termination or expiration of the Agreement.

F. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 50. REBATES, KICKBACKS OR OTHER UNLAWFUL CONSIDERATION**

CONSULTANT warrants that this Agreement was not obtained or secured through rebates, kickbacks or other unlawful consideration, either promised or paid to any AUTHORITY employee. For breach or violation of this warranty, AUTHORITY shall have the right in its discretion, to terminate the Agreement without liability, to pay only for the value of the work actually performed, or to deduct from the Agreement price, or otherwise recover the full amount of such rebate, kickback or other unlawful consideration.

**ARTICLE 51. NATIONAL LABOR RELATIONS BOARD CERTIFICATION**

In accordance with Public Contract Code Section 10296, CONSULTANT hereby states under penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against CONSULTANT within the immediately preceding two-year period because of CONSULTANT's failure to comply with an order of a federal court that orders CONSULTANT to comply with an order of the National Labor Relations Board.

**ARTICLE 52. EVALUATION OF CONSULTANT**

CONSULTANT's performance will be evaluated by AUTHORITY. A copy of the evaluation will be sent to CONSULTANT for comments. The evaluation together with any comments shall be retained as part of the Agreement record.

**ARTICLE 53. PROHIBITION ON CONTRACTING FOR CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT**

A. Pursuant to Subsections 889(a)(l)(A)-(B) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232), Federal funds may not be used to procure or obtain, or to enter into a contract or extend or renew a contract with an entity that uses, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, as defined. CONTRACTOR is prohibited from providing to AUTHORITY or the Federal Government any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, unless an exception applies or the covered telecommunication equipment or services are covered by a waiver described in FAR §4.2104. As described in Section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

1. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

2. Telecommunications or video surveillance services provided by such entities or using such equipment.

3. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

**<u>ARTICLE 54. LIMITATION ON GOVERNMENTAL DECISIONS</u>**

CONSULTANT shall not make, participate in making, or use its position to influence any governmental decisions as defined by the Political Reform Act, Government Code section 8100 et seq., and the implementing regulations in Title 2 of the California Code of Regulations section 18110 et seq. CONSULTANT's personnel performing services under this Agreement shall not authorize or direct any actions, votes, appoint any person, obligate, or commit AUTHORITY to any course of action or enter into any contractual agreement on behalf of AUTHORITY. In addition, CONSULTANT's personnel shall not provide information, an opinion, or a recommendation for the purpose of affecting a decision without significant intervening substantive review by AUTHORITY personnel, counsel, and management.

## ARTICLE 55. CIVIL RIGHTS ASSURANCE

During the performance of this Agreement, CONSULTANT, for itself, its assignees and successors in interest agree as follows:

A. Compliance with Regulations: CONSULTANT shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this Agreement.

B. Nondiscrimination: CONSULTANT, with regard to the work performed by it during the Agreement, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the Agreement covers a program set forth in Appendix B of the Regulations.

C. Solicitations for Subcontracts, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the CONSULTANT for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the CONSULTANT of the CONSULTANT's obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.

D. Information and Reports: CONSULTANT shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the AUTHORITY to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of a CONSULTANT is in the exclusive possession of another who fails or refuses to furnish this information the CONSULTANT shall so certify to the AUTHORITY as appropriate, and shall set forth what efforts it has made to obtain the information.

E. Sanctions for Noncompliance: In the event of the CONSULTANT's noncompliance with nondiscrimination provisions of this Agreement, the AUTHORITY shall impose Agreement sanctions as it may determine to be appropriate, including, but not limited to:

1. Withholding of payments to the CONSULTANT under the Agreement until the CONSULTANT complies; and/or

2. Cancellation, termination, or suspension of the Agreement, in whole or in part.

F. Title VI of the Civil Rights Act: In determining the types of property or services to acquire, no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity receiving Federal financial assistance in violation of Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. Sections 2000d et seq. and DOT regulations, "Nondiscrimination in Federally Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964," 49 CFR Part 21. In addition, FTA Circular 4702.1, "Title VI and Title VI-Dependent Guidelines for FTA Recipients," 05-13-07, provides FTA guidance and instructions for implementing DOT's Title VI regulations.

G. The Americans with Disabilities Act of 1990, as amended (ADA), 42 U.S.C. Sections 12101 et seq., prohibits discrimination against qualified individuals with disabilities in all programs, activities, and services of public entities, as well as imposes specific requirements on public and private providers of transportation.

H. Incorporation of Provisions: CONSULTANT shall include the provisions of paragraphs (A) through (H) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The CONSULTANT shall take such action with respect to any subcontract or procurement as the AUTHORITY may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event a CONSULTANT becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the CONSULTANT may request the AUTHORITY to enter into such litigation to protect the interests of the AUTHORITY, and, in addition, the CONSULTANT may request the United States to enter into such litigation to protect the interests of the United States.

**ARTICLE 56. BUY AMERICAN ACT**

This Agreement is subject to the Buy American Act set forth at 41 U.S.C. Section 8301 et seq., which generally requires that only unmanufactured articles, materials, and supplies that have been mined or produced in the United States, and only manufactured articles, materials, and supplies that have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States, shall be acquired for public use unless the Federal Government determines their acquisition to be inconsistent with the public interest, their cost to be unreasonable, or that the articles, materials, or supplies of the class or kind to be used, or the articles, materials, or supplies from which they are manufactured, are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality. CONSULTANT agrees to comply with the Buy American requirements in the performance of this Agreement, including the implementing regulations in Part 25 of the Federal Acquisition Regulations.

**ARTICLE 57. RECYCLING CERTIFICATION**

A. CONSULTANT shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post-consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to AUTHORITY or the Southern California Council of Governments regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub.

Contract Code § 12205).

B. This Article shall survive termination or expiration of the Agreement.

C. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 58. ANTITRUST CLAIMS**

A. CONSULTANT agrees to comply with Government Code Sections 4550-4554.

B. This Article shall survive termination or expiration of the Agreement.

C. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 59. CHILD SUPPORT COMPLIANCE ACT**

A. If the Maximum Payment Obligation exceeds $100,000, CONSULTANT acknowledges in accordance with Public Contract Code 7110, that:

1. CONSULTANT recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code; and

2. CONSULTANT, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

B. This Article shall survive termination or expiration of the Agreement.

C. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 60. PRIORITY HIRING CONSIDERATIONS**

A. If Maximum Payment Obligation includes services in excess of $200,000, CONSULTANT shall give priority consideration in filling vacancies in positions funded by the Agreement to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Public Contract Code Section 10353.

B. This Article shall survive termination or expiration of the Agreement.

C. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 61. LOSS LEADER**

A. If this Agreement involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (Public Contract Code § 10344(e).)

B. This Article shall survive termination or expiration of the Agreement.

C. CONSULTANT agrees to include these requirements in all of its subcontracts.

**ARTICLE 62. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of California. Unless otherwise required by the funding source, venue for any action arising from this Agreement shall be Orange County, California. This Article shall survive termination or expiration of the Agreement.

**ARTICLE 63. FORCE MAJEURE**

Either party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other party; when satisfactory evidence of such cause is presented to the other party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the party not performing.

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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement No. C-3-2944 to be executed as of the date of the last signature below.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

By: ________________________________

By: ________________________________
Darrell E. Johnson
Chief Executive Officer

**APPROVED AS TO FORM:**

By: ________________________________
James M. Donich
General Counsel

**APPROVED:**

By: ________________________________
Kia Mortazavi
Executive Director, Planning

# EXHIBIT D: CAMPAIGN CONTRIBUTION DISCLOSURE FORM

# CAMPAIGN CONTRIBUTION DISCLOSURE FORM

## Information Sheet

## ORANGE COUNTY TRANSPORTATION AUTHORITY

The attached Campaign Contribution Disclosure Form must be completed by applicants for, or persons who are the subject of, any proceeding involving a license, permit, or other entitlement for use pending before the Board of Directors of the OCTA or any of its affiliated agencies. (Please see next page for definitions of these terms.)

## IMPORTANT NOTICE

Basic Provisions of Government Code Section 84308

A. If you are an applicant for, or the subject of, any proceeding involving a license, permit, or other entitlement for use, you are prohibited from making a campaign contribution of more than $250 to any board member or his or her alternate. This prohibition begins on the date your application is filed or the proceeding is otherwise initiated, and the prohibition ends three months after a final decision is rendered by the Board of Directors. In addition, no board member or alternate may solicit or accept a campaign contribution of more than $250 from you during this period.

B. These prohibitions also apply to your agents, and, if you are a closely held corporation, to your majority shareholder as well. These prohibitions also apply to your subcontractor(s), joint venturer(s), and partner(s) in this proceeding. Also included are parent companies and subsidiary companies directed and controlled by you, and political action committees directed and controlled by you.

C. You must file the attached disclosure form and disclose whether you or your agent(s) have in the aggregate contributed more than $250 to any board member or his or her alternate during the 12-month period preceding the filing of the application or the initiation of the proceeding.

D. If you or your agent have in the aggregate contributed more than $250 to any individual board member or his/or her alternate during the 12 months preceding the decision on the application or proceeding, that board member or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the board member or alternate returns the campaign contribution within 30 days from the time the director knows, or should have known, about both the contribution and the fact that you are a party in the proceeding. The Campaign Contribution Disclosure Form should be completed and filed with your proposal, or with the first written document you file or submit after the proceeding commences.

1. A proceeding involving "a license, permit, or other entitlement for use" includes all business, professional, trade and land use licenses and permits, and all other entitlements for use, including all entitlements for land use, all contracts (other than competitively bid, labor or personal employment contracts), and all franchises.

2. Your "agent" is someone who represents you in connection with a proceeding involving a license, permit or other entitlement for use. If an individual acting as an agent is also acting in his or her capacity as an employee or member of a law, architectural, engineering, consulting firm, or similar business entity, both the business entity and the individual are "agents."

3. To determine whether a campaign contribution of more than $250 has been made by you, campaign contributions made by you within the preceding 12 months must be aggregated with those made by your agent within the preceding 12 months or the period of the agency, whichever is shorter. Contributions made by your majority shareholder (if a closely held corporation), your subcontractor(s), your joint venturer(s), and your partner(s) in this proceeding must also be included as part of the aggregation. Campaign contributions made to different directors or their alternates are not aggregated.

4. A list of the members and alternates of the Board of Directors is attached.

This notice summarizes the major requirements of Government Code Section 84308 of the Political Reform Act and California Code of Regulations, Title 2 Sections 18438-18438.8.

ORANGE COUNTY TRANSPORTATION AUTHORITY
CAMPAIGN CONTRIBUTION DISCLOSURE FORM

RFP Number: ____________________ RFP Title: ______________________________

Was a campaign contribution made to any OCTA Board Member within the preceding 12 months, regardless of dollar amount of the contribution by either the proposing firm, proposed subconsultants and/or agent/lobbyist? Yes ____ No_____

**If no**, please sign and date below.

**If yes,** please provide the following information:

Prime Contractor Firm Name: ______________________________________________

Contributor or Contributor Firm's Name: ____________________________________

Contributor or Contributor Firm's Address: __________________________________

______________________________________________________________________

Is Contributor:

- The Prime Contractor Yes___ No ___
- Subconsultant Yes___ No ___
- Agent/Lobbyist hired by Prime to represent the Prime in this RFP Yes___ No ___

Note: Under the State of California Government Code section 84308 and California Code of Regulations, Title 2, Section 18438, campaign contributions made by the Prime Contractor and the Prime Contractor's agent/lobbyist who is representing the Prime Contractor in this RFP must be aggregated together to determine the total campaign contribution made by the Prime Contractor.

______________________________________________________________________

Identify the Board Member(s) to whom you, your subconsultants, and/or agent/lobbyist made campaign contributions, the name of the contributor, the dates of contribution(s) in the preceding 12 months and dollar amount of the contribution. Each date must include the exact month, day, and year of the contribution.

Name of Board Member: ______________________________________

Name of Contributor: ________________________________________

Date(s) of Contribution(s): ___________________________________

Amount(s): _______________________________________________

Name of Board Member: ______________________________________

Name of Contributor: ________________________________________

Date(s) of Contribution(s): ___________________________________

Amount(s): _______________________________________________

Date: ____________________________ ____________________________
Signature of Contributor

____________________________ ____________________________
Print Firm Name Print Name of Contributor

# ORANGE COUNTY TRANSPORTATION AUTHORITY AND AFFILIATED AGENCIES

## Board of Directors

**Gene Hernandez, Chairman**

**Tam Nguyen, Vice Chairman**

**Doug Chaffee, Director**

**Jose Diaz, Director**

**Andrew Do, Director**

**Jon Dumitru, Director**

**Jamey Federico, Director**

**Katrina Foley, Director**

**Brian Goodell, Director**

**Patrick Harper, Director**

**Michael Hennessey, Director**

**Steve Jones, Director**

**Fred Jung, Director**

**Farrah N. Khan, Director**

**Jessie Lopez, Director**

**Vicente Sarmiento, Director**

**Donald P. Wagner, Director**

# EXHIBIT E: STATUS OF PAST AND PRESENT CONTRACTS

## STATUS OF PAST AND PRESENT CONTRACTS FORM

On the form provided below, Offeror/Bidder shall list the status of past and present contracts where the firm has either provided services as a prime vendor or a subcontractor during the past five (5) years in which the contract has been the subject of or may be involved in litigation with the contracting authority. This includes, but is not limited to, claims, settlement agreements, arbitrations, administrative proceedings, and investigations arising out of the contract.

A separate form must be completed for each contract. Offeror/Bidder shall provide an accurate contact name and telephone number for each contract and indicate the term of the contract and the original contract value. Offeror/Bidder shall also provide a brief summary and the current status of the litigation, claims, settlement agreements, arbitrations, administrative proceedings, or investigations. If the contract was terminated, list the reason for termination.

Offeror/Bidder shall have an ongoing obligation to update the Authority with any changes to the identified contracts and any new litigation, claims, settlement agreements, arbitrations, administrative proceedings, or investigations that arise subsequent to the submission of the bid. Each form must be signed by an officer of the Offeror/Bidder confirming that the information provided is true and accurate.

| | |
|---|---|
| **Project city/agency/other:** | |
| | |
| **Contact Name:** | **Phone:** |
| | |
| **Project Award Date:** | **Original Contract Value:** |
| | |
| **Term of Contract:** | |
| | |
| **(1) Litigation, claims, settlements, arbitrations, or investigations associated with contract:** | |
| | |
| | |
| | |
| **(2) Summary and Status of contract:** | |
| | |
| | |
| **(3) Summary and Status of action identified in (1):** | |
| | |
| | |
| | |
| **(4) Reason for termination, if applicable:** | |
| | |
| | |

By signing this Form entitled "Status of Past and Present Contracts," I am affirming that all of the information provided is true and accurate.

______________________________ ______________________________
Name Signature

______________________________ ______________________________
Title Date

Revised. 03/16/2018

## EXHIBIT F: RESTRICTIONS ON LOBBYING

**<u>CERTIFICATION</u>**
**<u>LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS</u>**

A. DEFINITIONS

1. Authority, as used in this clause, means the Orange County Transportation Authority, acting on behalf of the Orange County Transit District.

2. Covered Federal action, as used in this clause, means any of the following Federal actions:

   a. The awarding of any Federal contract.

   b. The making of any Federal grant.

   c. The making of any Federal loan.

   d. The entering into of any cooperative agreement.

   e. The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

3. Indian tribe and tribal organization, as used in this clause, have the meaning provided in Section 450b of the Indian self-determination and Education Assistance Act (25 U.S.C. 450) and include Alaskan Natives.

4. Influencing or attempting to influence, as used in this clause, means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

5. Local government, as used in this clause, means a unit of government in a State and, if chartered, established, or other were recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

6. Officer or employee of an agency, as used in this clause, includes the following individuals who are employed by an agency:

   a. An individual who is appointed to a position in the Government under title 5, United States code, including a position under a temporary appointment.

   b. A member of the uniformed services, as defined in the subsection

101(3), Title 37, United States Code.

c. A special Government employee, as defined in Section 202, Title 18, United States Code.

d. An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, Title 5, United States Code, Appendix section 3.

7. Person, as used in this clause, means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

8. Reasonable compensation, as used in this clause, means with respect to a regularly employed officer of employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.

9. Reasonable payment, as used in this clause means, with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.

10. Recipient, as used in this clause, includes the CONSULTANT and all subcontractors. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

11. Regularly employed, as used in this clause, means, with respect to an officer or employee of a person requesting or receiving by such person for at least 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

12. State, as used in this clause, means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and a multi-State regional or interstate entity having governmental duties and powers.

B. PROHIBITIONS

1. Section 1352 of Title 31, United States Code, among other things, prohibits a recipient of a Federal contract, grant, loan or cooperative agreement from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the making of any Federal loan; the entering into of any cooperative agreement; or, the modification of any Federal contract, grant, loan, or cooperative agreement.

2. The Act also requires consultant to furnish a disclosure if any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a Federal contract, grant, loan or cooperative agreement.

3. The prohibitions of the Act do not apply under the following conditions:

   a. Agency and legislative liaison by own employees.

      (1) The prohibition on the use of appropriated funds, in subparagraph C.1. of this clause, does not apply in the case of payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action if the payment is for agency and legislative liaison activities not directly related to a covered Federal action.

      (2) For purposes of paragraph C.3.a.(1) of this clause, providing any information specifically requested by an agency or Congress is permitted at any time.

      (3) The following agency and legislative liaison activities are permitted any time where they are not related to a specific solicitation for any covered Federal action:

      Discussing with an agency (including individual demonstrations) the qualities and characteristics of the person's products or services, conditions or terms of sale, and service capabilities.

      Technical discussions and other activities regarding the application of adaptation of the person's products or services for an agency's use.

(4) The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered Federal action:

Providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered Federal action;

Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and,

Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Public Law 95-507, and subsequent amendments.

(5) Only those services expressly authorized by paragraph C.3.a.(1) of this clause are permitted under this clause.

b. Professional and technical services

(1) The prohibition on the use of appropriated funds, in subparagraph C.1. of this clause, does not apply in the case of:

A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of covered Federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as condition for receiving that Federal action.

Any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action if the payment is for professional or technical services rendered directly in the preparation, submission or negotiation of any bid, proposal, or application or that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action. Persons other than officers or employees of a person requesting or receiving a covered Federal action include contractors and trade associations.

(2) For purposes of paragraph C.3.a.(1) of this clause, professional and technical services shall be limited to advise and analysis directly applying any professional or technical discipline. For

example, drafting of a legal document accompanying a bid or proposal is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission, or negotiation of a covered Federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission, or negotiation of a covered Federal action.

(3) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation and any other requirements in the actual award documents.

(4) Only those services expressly authorized by paragraph C.3.a.(1) and (2) of this clause are permitted under this clause.

(5) The reporting requirements of FAR 3.803(a) shall not apply with respect to payments of reasonable compensation made to regularly employed officers or employees of a person.

c. Disclosure

(1) The consultant who requests or receives from an agency a Federal contract shall file with that agency a disclosure form OMB standard form LLL, Disclosure of Lobbying Activities, (Attachment to the bid package) if such person has made or had agreed to made any payment using non appropriated funds (to include profits from any covered Federal action), which would be prohibited under subparagraph B.1. of this clause, if paid for with appropriated funds.

(2) The consultant shall file a disclosure form at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under subparagraph II.A. of this clause. An event that materially affects the accuracy of the information reported includes:

A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or

A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or

A change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.

(3) The consultant shall require the submittal of a certification, and if required, a disclosure form by any person who requests or receives any subcontract exceeding $100,000 under the Federal contract.

(4) All subcontractor disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the prime consultant. The prime consultant shall submit all disclosures to the District at the end of the calendar quarter in which the disclosure form is submitted by the subcontractor. Each subcontractor certification shall be retained in the subcontract file of the awarding consultant.

d. Agreement

The consultant agrees not to make any payment prohibited by this clause.

e. Penalties

(1) Any person who makes an expenditure prohibited under paragraph a) of this clause or who fails to file or amend the disclosure form to be filed or amended by paragraph d) of this clause shall be subject to civil penalties as provided for by 31 U.S.C. 1352. An imposition of a civil penalty does not prevent the Government from seeking any other remedy that may be applicable.

(2) Consultants may relay without liability on the representation made by their subcontractors in the certification and disclosure

forms.

f. Cost Allowability:

Nothing in this clause is to be interpreted to make allowable or reasonable any costs, which will otherwise be unallowable or unreasonable. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any other provisions.

# CERTIFICATION OF RESTRICTIONS ON LOBBYING

I, ______________________________ , hereby certify on behalf (name of bidder/offeror) of

______________________________________________________________ that:
(Firm name)

1. No Federal appropriated funds have been paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer of employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds, other than Federal appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence making lobbying contracts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit the attached Standard Form-LLL, "Disclosure of Lobbying Activities", in accordance with its instructions.

3. If bidder/offeror does not have any reportable activities to disclose, they shall check the box entitled “No Reportable Activities” on the attached Standard Form-LLL “Disclosure of Lobbying Activities” and complete Section 16 of the form. The certifying official shall sign and date the form, print his/her name, title and telephone number.

4. The undersigned shall require that the language of this certification be included in all subcontracts, and that all subcontractors shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance is placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

The bidder/offeror, ____________________, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the bidder/offeror understands and agrees that the provisions of 31 U.S.C. 3801, et seq. apply to this certification and disclosure, if any.

Executed this ____________day of ____________,202___

By ________________________________________
(Signature of authorized official)

________________________________________
(Title of authorized official)

☐ **NO REPORTABLE ACTIVITIES** *(Bidder/Offeror required to complete Section 16 below.)*

# DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

Approved by OMB 003480045

**1. Type of Federal Action:**
☐ a. contract
b. grant
c. cooperative agreement
d. loan
e. loan guarantee
f. loan insurance

**2. Status of Federal Action:**
☐ a. bid/offer application
b. initial award
c. post-award

**3. Report Type:**
☐ a. initial filing
b. material changes

For Material Change Only:
year _____ quarter _____________
date of last report _______________

**4. Name and Address of Reporting Entity:**
☐ Prime ☐ Subawardee
Tier ______, *if known*:

Congressional District, *if known*:

**5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime:**

Congressional District, *if known*:

**6. Federal Department/Agency:**

**7. Federal Program Name/Description:**

CFDA number, *if applicable*: __________________

**8. Federal Action Number, *if known*:**

**9. Award Amount, *if known*:**

$

**10. a. Name and Address of Lobbying Entity (if individual, last name, first name, MI)**

**b. Individuals Performing Services (including address if different from No 10a) (last name, first name, MI):**

(attach Continuation Sheet(s) SF - LLL - A if necessary)

**11. Amount of Payment (check all that apply):**

$____________________ ☐ actual ☐ planned

**12. Forum of Payment (check all that apply):**
☐ a. cash
☐ b. in-kind; specify nature: ______________
value: ______________

**13. Type of Payment (check all that apply):**
☐ a. retainer
☐ b. one-time fee
☐ c. commission
☐ d. contingent fee
☐ e. deferred
☐ f. other specify: _______________________

**14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s) or Member(s) contracted for Payment indicated in Item, 11:**

(attach Continuation Sheet(s) SF-LLL-A if necessary)

**15. Continuation Sheet(s) SF-LLL-A attached:** ☐ Yes ☐ No

**16.** Information requested through this form is authorized by Code 31 U.S.C. Section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000.00 and not more than $100,000.00 for each such failure.

Signature: ______________________________________________

Print name: ______________________________________________

Title: ______________________________________________

Telephone No: ______________________ Date: ____________

| Federal Use Only | Authorized for Local Reproduction<br>Standard Form - LLL |
|---|---|

Approved by OMB 003480045

# INSTRUCTIONS FOR COMPLETION OF SF-LLL DISCLOSURE OF LOBBYING ACTIVITIES

This DISCLOSURE FORMS SHALL BE COMPLETED BY the reporting entity, whether Subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

2. Identify the status of the covered Federal action.

3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.

4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be a prime or subaward recipient. Identify the tier of the subawardee e.g., the first subawardee of the prime is the first tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.

5. If the organization filing the report in item 4 checks "Subawardee" then enter the full name, address city, state, and zip code of the prime Federal recipient. Include Congressional District.

6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency, name if known. For example, Department of Transportation, United State Coast Guard.

7. Enter the Federal program name for description of the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g. Request for Proposal (RFP) number, Invitation for Bid (IFB) number, grant announcement number, the contract, grant, or loan award number, the application/ proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP DE-90-001."

9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.

10. (a) Enter the full name, address, city, state, and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a.). Enter Last Name, First Name, and Middle Initial (MI).

11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.

12. Check the appropriate box (es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.

13. Check the appropriate box (es). Check all boxes that apply. If other, specify nature.

14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.

15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.

16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection for information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Office of Management and Budget Paperwork Reduction Project (0348-0446), Washington, D.C. 20503.

Approved by OMB 003480045

# DISCLOSURE OF LOBBYING ACTIVITIES CONTINUATION SHEET

**Reporting Entity:**____________________ **Page** _________ **of** ___________

# EXHIBIT G: SAFETY SPECIFICATIONS

**Harbor Boulevard Pilot Innovative Transit Signal Priority Study**

# LEVEL 1 HEALTH, SAFETY AND ENVIRONMENTAL SPECIFICATIONS

## PART I – GENERAL

### 1.1 GENERAL HEALTH, SAFETY & ENVIRONMENTAL REQUIREMENTS

A. The Contractor, its subcontractors, suppliers, and employees have the obligation to comply with all Authority health, safety and environmental compliance department (HSEC) requirements of this safety specification, project site requirements, bus yard safety rules, as well as all federal, state, and local regulations pertaining to scope of work, contracts or agreements with the Authority. Additionally, manufacturer requirements are considered incorporated by reference as applicable to this scope of work.

B. Observance of repeated unsafe acts or conditions, serious violation of safety standards, non-conformance of Authority health, safety and environmental compliance department (HSEC) requirements, or disregard for the intent of these safety specifications to protect people and property, by Contractor or its subcontractors may be cause for termination of scope or agreements with the Authority, at the sole discretion of the Authority.

C. The health, safety, and environmental requirements, and references contained within this scope of work shall not be considered all-inclusive as to the hazards that might be encountered. Safe work practices shall be planned and performed, and safe conditions shall be maintained during this work scope.

D. The Authority Project Manager shall be responsible to ensure a safety orientation is conducted of known potential hazards and emergency procedures for all Contractor personnel, subcontractors, suppliers, vendors, and new employees assigned to the project prior to commencement of the project.

E. The Contractor shall ensure that all Contractor vehicles, including those of its subcontractors, suppliers, vendors and employees are parked in designated parking areas, and comply with traffic routes, and posted traffic signs in areas other than the employee parking lots.

F. California Code of Regulations (CCR) Title 8 Standards are minimum requirements; each Contractor is encouraged to exceed minimum requirements. When the Contractor's safety requirements exceed statutory standards, the more stringent requirements shall be applied for the safeguard of public and employees.

### 1.2 REGULATORY

A. Injury/Illness Prevention Program
The Contractor shall comply with CCR Title 8, Section with California Code of Regulations (CCR) Title 8, Section 3203. The intent and elements of the IIPP shall be implemented and enforced by the Contractor and its sub-tier contractors, suppliers, and vendors. The program shall be provided to the Authority’s Project Manager, upon request, within 72 hours.

**Harbor Boulevard Pilot Innovative Transit Signal Priority Study**

B. Substance Abuse Prevention Program
Contractor shall comply with the Policy or Program of the Company's Substance Abuse Prevention Policy that complies with the most recent Drug Free Workplace Act. The program shall be provided to the Authority's Project Manager, upon request, within 72 hours.

C. Heat Illness Prevention Program
Contractor shall comply with CCR Title 8, Section, Section 3395, Heat Illness Prevention. The program shall be provided to the Authority's Project Manager, upon request, within 72 hours.

D. Hazard Communication Program
Contractor shall comply with CCR Title 8, Section 5194 Hazard Communication Standard. Prior to use on Authority property and/or project work areas Contractor shall provide the Authority Project Manager copies of SDS for all applicable chemical products used, if any. The program shall be provided to the Authority's Project Manager, upon request, within 72 hours.

a. All chemicals including paint, solvents, detergents and similar substances shall comply with South Coast Air Quality Management District (SCAQMD) rules 103, 1113, and 1171.

E. Storm Water Pollution Prevention Plan
The Contractor shall protect property and water resources from fuels and similar products throughout the duration of the contract. Contractor shall comply with Storm Water Pollution Prevention Plan (SWPPP) requirements. The program or plan if required by scope shall be provided to the Authority's Project Manager, upon request, within 72 hours.

1.3 INCIDENT NOTIFICATION AND INVESTIGATION

A. The Authority shall be promptly notified of any of the following types of incidents including but not limited to:

1. Damage incidents of property (incidents involving third party, contractor or Authority property damage);

2. Reportable and/or Recordable injuries (as defined by the U. S. Occupational Safety and Health Administration), a minor injury, and near miss incidents;
3. Incidents impacting the environment, i.e. spills or releases on Authority projects or property.

4. Outside Agency Inspections; agencies such as Cal/OSHA, DTSC, SCAQMD, State Water Resources Control Board, FTA, CPUC, EPA, USACE and similar agencies.

B. Notifications shall be made to Authority representatives, employees and/or agents. This includes incidents occurring to contractors, vendors, visitors, or members of the public that arise from the performance of Authority contract work. An immediate verbal notice followed by an initial written incident investigation report shall be submitted to the Authority's Project Manager within 24 hours of the incident.

C. A final written incident investigative report shall be submitted within seven (7) calendar days and include the following information. The Current Status of anyone injured, photos of the incident area, detailed description of what happened, Photos of the existing conditions and area of the injury/incident, the contributing factors that lead to the incident occurrence, a copy of the company policy or procedure associated with the incident and evaluation of effectiveness, copy of task planning documentation, copy of the Physician's first report of injury, copy of Cal/OSHA 300 log of work related injuries and illnesses, the Cal/OSHA 301 Injury Illness Incident Report, and corrective actions initiated to prevent recurrence. This information shall be considered the minimum elements required for a comprehensive incident report provided to OCTA.

D. A Serious Injury, Serious Incident, OSHA Recordable Injury/Illness, or a Significant Near Miss shall require a formal incident review at the discretion of the Authority's Project Manager. The incident review shall be conducted within seven (7) calendar days of the incident. This review shall require a company senior executive, company program or project manager from the Contractors' organization to participate and present the incident review as determined by the OCTA Project Manager. The serious incident presentation shall include action taken for the welfare of the injured, a status report of the injured, causation factors that lead to the incident, a root cause analysis (using 5 whys and fishbone methods), and a detailed recovery plan that identifies corrective actions to prevent a similar incident, and actions to enhance safety awareness.

   1. <u>Serious Injury:</u> includes an injury or illness to one or more employees, occurring in a place of employment or in connection with any employment, which requires inpatient hospitalization for a period in excess of twenty-four hours for other than medical observation, or in which an employee suffers the loss of any member of the body, or suffers any serious degree of physical disfigurement. A serious injury also includes a lost workday or reassignment or restricted injury case as determined by the Physician's first report of injury or Cal/OSHA definitions.

   2. <u>Serious Incident:</u> includes but not limited to property damage of $500.00 or more, an incident requiring emergency services (local fire, paramedics and ambulance response), news media or OCTA media relations response, and/or incidents involving other agencies (Cal/OSHA, EPA, AQMD, DTSC, Metrolink, FTA, FRA etc.) notification or representation.

   3. <u>OSHA Recordable Injury / Illness:</u> includes and injury / illness resulting in medical treatment beyond First Aid, an injury / illness which requires restricted duty, or an injury / illness resulting in days away from work.

   4. <u>Significant Near Miss Incident;</u> includes incidents where no property was damaged and no personal injury sustained, but where, given a slight shift in time or position, damage and/or injury easily could have occurred.

## 1.4 DESIGNATED HEALTH AND SAFETY REPRESENTATIVE

A. Upon contract award, the contractor within 10 business days shall designate a health and safety representative and provide a resume and qualifications to the Authority project manager, upon request, within 72 hours.

B. This person shall be a competent or qualified individual as defined by the Occupational, Safety, and Health Administration (OSHA), familiar with applicable CCR Title 8 Standards (Cal/OSHA) and has the authority to affect changes in work procedures that may have associated cost, schedule and budget impacts.

1.5 PERSONAL PROTECTIVE EQUIPMENT

A. The Contractor, its subcontractors, suppliers, and employees are required to comply with applicable personal protective equipment (PPE) requirements while performing work at any Authority project or property. Generally minimum PPE requirements include eye protection; hearing protection, head protection, class 2 or 3 safety reflective vests, and appropriate footwear.

B. The Contractor, its subcontractors, suppliers, and employees are required to provide their own PPE, including eye, head, foot, and hand protection, safety vests, or other PPE required to perform their work safely on Authority projects or property. The Authority requires eye protection on construction projects and work areas that meet ANSI Z-87.1 Standards.

1.6 REFERENCES

A. CCR Title 8 Standards (Cal/OSHA)
B. FCR Including 1910 and 1926 Standards
C. NFPA, NEC, ANSI, NIOSH Standards
D. Construction Industry Institute (CII)
E. OCTA Yard Safety Rules

END OF SECTION

## EXHIBIT H: PROPOSAL EXCEPTIONS AND/OR DEVIATIONS

## PROPOSAL EXCEPTIONS AND/OR DEVIATIONS

The following form shall be completed for each technical and/or contractual exception or deviation that is submitted by Offeror for review and consideration by Authority. The exception and/or deviation must be clearly stated along with the rationale for requesting the exception and/or deviation. If no technical or contractual exceptions or deviations are submitted as part of the original proposal, Offerors are deemed to have accepted Authority's technical requirements and contractual terms and conditions set forth in the Scope of Work (Exhibit A) and Proposed Agreement (Exhibit C). Offerors will not be allowed to submit this form or any contractual exceptions and/or deviation after the proposal submittal date identified in the RFP. Exceptions and/or deviations submitted after the proposal submittal date will not be reviewed by Authority.

Offeror:______________________________________________________________

RFP No.:________________ RFP Title: ___________________________________________

Deviation or Exception No. : ________

*Check one:*

- Scope of Work (Technical) ________
- Proposed Agreement (Contractual) ________

Reference Section/Exhibit: ________________ Page/Article No.__________

Complete Description of Deviation or Exception:

______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________

Rationale for Requesting Deviation or Exception:

______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________

**Area Below Reserved for Authority Use Only:**

______________________________________________________________
______________________________________________________________

## EXHIBIT I: PROHIBITION ON CONDUCTING RESTRICTED BUSINESS OPERATIONS IN SUDAN – CERTIFICATION

## PROHIBITION ON CONDUCTING RESTRICTED BUSINESS OPERATIONS IN SUDAN – CERTIFICATION

(a) *Definitions*. As used in this provision-

*Business operations* means engaging in commerce in any form, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

*Marginalized populations of Sudan* means-

> (1) Adversely affected groups in regions authorized to receive assistance under section 8(c) of the Darfur Peace and Accountability Act (Pub. L. 109-344) (50 U.S.C. 1701 note); and
>
> (2) Marginalized areas in Northern Sudan described in section 4(9) of such Act.

*Restricted business operations* means business operations in Sudan that include power production activities, mineral extraction activities, oil-related activities, or the production of military equipment, as those terms are defined in the Sudan Accountability and Divestment Act of 2007 (Pub. L. 110-174). Restricted business operations do not include business operations that the person (as that term is defined in Section 2 of the Sudan Accountability and Divestment Act of 2007) conducting the business can demonstrate-

> (1) Are conducted under contract directly and exclusively with the regional government of southern Sudan;
> (2) Are conducted pursuant to specific authorization from the Office of Foreign Assets Control in the Department of the Treasury, or are expressly exempted under Federal law from the requirement to be conducted under such authorization;
> (3) Consist of providing goods or services to marginalized populations of Sudan;
> (4) Consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;
> (5) Consist of providing goods or services that are used only to promote health or education; or
> (6) Have been voluntarily suspended.

(b) *Certification*. By submission of its offer, the Offeror certifies that the Offeror does not conduct any restricted business operations in Sudan.

Signature: ________________________________________________

Name and Title: ___________________________________________

Date: ____________________________________________________

**<u>EXHIBIT J – PROHIBITION ON CONTRACTING WITH ENTITIES ENGAGING IN CERTAIN ACTIVITIES OR TRANSACTIONS RELATING TO IRAN – REPRESENTATION AND CERTIFICATION</u>**

**PROHIBITION ON CONTRACTING WITH ENTITIES ENGAGING IN CERTAIN ACTIVITIES OR TRANSACTIONS RELATING TO IRAN—REPRESENTATION AND CERTIFICATIONS (JUN 2020)**

(a) *Definitions*. As used in this provision-

*Person*—

(1) Means–

(i) A natural person;

(ii) A corporation, business association, partnership, society, trust, financial institution, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and

(iii) Any successor to any entity described in paragraph (1)(ii) of this definition; and

(2) Does not include a government or governmental entity that is not operating as a business enterprise.

*Sensitive technology*-

(1) Means hardware, software, telecommunications equipment, or any other technology that is to be used specifically-

(i) To restrict the free flow of unbiased information in Iran; or

(ii) To disrupt, monitor, or otherwise restrict speech of the people of Iran; and

(2) Does not include information or informational materials the export of which the President does not have the authority to regulate or prohibit pursuant to section 203(b)(3) of the International Emergency Economic Powers Act ( 50 U.S.C. 1702(b)(3)).

(b) The Offeror shall e-mail questions concerning sensitive technology to the Department of State at CISADA106@state.gov.

(c) Except as provided in paragraph (d) of this provision or if a waiver has been granted in accordance with Federal Acquisition Regulation (FAR) 25.703-4, by submission of its offer, the Offeror—

(1) Represents, to the best of its knowledge and belief, that the Offeror does not export any sensitive technology to the government of Iran or any entities or individuals owned or controlled by, or acting on behalf or at the direction of, the government of Iran;

(2) Certifies that the Offeror, or any person owned or controlled by the Offeror, does not engage in any activities for which sanctions may be imposed under section 5 of the Iran Sanctions Act. These sanctioned activities are in the areas of development of the petroleum resources of Iran,

production of refined petroleum products in Iran, sale and provision of refined petroleum products to Iran, and contributing to Iran's ability to acquire or develop certain weapons or technologies; and

(3) Certifies that the Offeror, and any person owned or controlled by the Offeror, does not knowingly engage in any transaction that exceeds the threshold at FAR 25.703-2(a)(2) with Iran's Revolutionary Guard Corps or any of its officials, agents, or affiliates, the property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (see OFAC's Specially Designated Nationals and Blocked Persons List at https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx).

(d) *Exception for trade agreements*. The representation requirement of paragraph (c)(1) and the certification requirements of paragraphs (c)(2) and (c)(3) of this provision do not apply if-

(1) This solicitation includes a trade agreements notice or certification (*e.g.*, 52.225-4, 52.225-6, 52.225-12, 52.225-24, or comparable agency provision); and

(2) The Offeror has certified that all the offered products to be supplied are designated country end products or designated country construction material.

Signature: ______________________________________________

Name and Title: __________________________________________

Date: _________________________________________________

# EXHIBIT K – IRAN CONTRACTING ACT CERTIFICATION

## IRAN CONTRACTING ACT CERTIFICATION

(California Public Contract Code Sections 2200, *et seq.*)

The Iran Contracting Act of 2010 (PCC Sections 2200-2208), prohibits bidders who are engaged in investment activities in the energy sector of Iran from bidding on, submitting proposals for, or entering into or renewing contracts with public entities for goods or services of one million dollars ($1,000,000) or more. At the time of submitting a bid, each bidder must certify that the bidder is not identified on the Department of General Services list of ineligible persons pursuant to PCC Section 2203(b). Each bidder is also required to certify that the bidder is not engaged in investment activities in violation of the Iran Contracting Act of 2010.

A bidder who is engaged in investment activities in the energy sector of Iran is defined as:

1. A person providing goods or services of twenty million dollars ($20,000,000) or more in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; or
2. A person that is a financial institution that extends twenty million dollars ($20,000,000) or more in credit to another person, for 45 days or more, if that person will use the credit to provide goods or services in the energy sector in Iran and is identified on a list created pursuant to PCC Section 2203(b).

A bidder is not required to certify that it is engaged in investment activities in the energy sector of Iran if the bidder is exempt from the certification under PCC Section 2203(c) or (d). If the bidder is exempt from the certification requirement, the bidder will be required to provide documentation demonstrating the exemption.

To comply with the Iran Contracting Act of 2010, the bidder shall complete **one** of the options below. Please note: under PCC Section 2205, false certification of this form may result in civil penalties of $250,000 or twice the amount of the contract for which false certification was made, termination of the contract, and/or ineligibility to bid on contracts for a period of three years.

**Option No. 1: Certification**

I, the official named below, certify I am duly authorized to execute this certification on behalf of the vendor/financial institution identified below, and the vendor/financial institution identified below, and any subcontractor who will perform work or labor or render services to the vendor identified below, is not on the current Department of General Services list identifying persons engaged in investment activities in the energy sector of Iran, and is not a financial institution extending twenty million dollars ($20,000,000) or more in credit to another person/vendor, for 45 days or more, if that other person/vendor will use the credit to provide goods or services in the energy sector in Iran and is identified on the current Department of General Services list identifying persons engaged in investment activities in the energy sector of Iran.

Vendor/Financial Institution: ______________________________

Signature: ______________________________

Name and Title: ______________________________

Date: ______________________________

**Option No. 2: Exemption**

Pursuant to PCC Section 2203(c) and (d), a public entity may permit a bidder or financial institution engaged in investment activities in Iran, on a case-by-case basis, to be eligible for, or to bid on, submit proposals for, or enter into or renew a contract with a public entity for goods or services of one million dollars ($1,000,000) or more. If the bidder, financial institution, or any subcontractor who will perform work or labor or render services to the bidder has obtained an exemption from the certification requirement, please complete and sign below and attach the documentation demonstrating the exemption approval.

Vendor/Financial Institution: ______________________________

Signature: ______________________________

Name and Title: ______________________________

Date: ______________________________

**Option No. 3: Non-Applicability**

Pursuant to PCC Section 2203(b), a bidder or financial institution engaged in investment activities in Iran may not be eligible for, or to bid on, submit proposals for, or enter into or renew a contract with a public entity for goods or services of one million dollars ($1,000,000) or more. If the contract is not for goods or services of one million dollars ($1,000,000) or more, please sign below indicating that the contract is not for goods or services of one million dollars ($1,000,000) or more and thus bidder is not required to certify and does not meet the exemption.

Vendor/Financial Institution: ______________________________

Signature: ______________________________

Name and Title: ______________________________

Date: ______________________________

COMMITTEE TRANSMITTAL

**November 27, 2023**

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

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

**Subject:** Proposed Revisions to Orange County Transportation Authority's Procurement Policies and Procedures

Executive Committee Meeting of November 6, 2023

Present: Directors Do, Goodell, Hernandez, Jones, and Nguyen
Absent: Director Hennessey

**Committee Vote**

This item was declared passed by the Members present.

**Committee Recommendation**

Adopt the proposed revisions to the Orange County Transportation Authority's Procurement Policies and Procedures and authorize staff to implement the recommended changes.

OCTA

***November 6, 2023***

***To:*** Executive Committee

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

***Subject:*** Proposed Revisions to Orange County Transportation Authority's Procurement Policies and Procedures

### *Overview*

The Orange County Transportation Authority Board of Directors has adopted policies and procedures that guide all procurement activities. The Board of Directors periodically reviews these policies and procedures and may make changes as necessary in an effort to conform to changing business needs while continuing to ensure procurements are conducted in a fair, transparent, and equitable manner for all vendors and provide for the best value and use of taxpayer dollars.

### *Recommendation*

Adopt the proposed revisions to the Orange County Transportation Authority's Procurement Policies and Procedures and authorize staff to implement the recommended changes.

### *Discussion*

In March 2023, following a request from the Board of Directors (Board), staff conducted a Board workshop to provide information on the current procurement process. During the workshop, various aspects of the procurement process and procedures related to the Disadvantaged Business Enterprise (DBE) requirements were discussed. In August 2023, staff presented an overview of the federally required DBE program, outreach efforts, as well as tools and resources available to the business community. Following these efforts, the Board further directed staff to reach out to various interest groups to discuss potential changes to the procurement process.

Industry Review

Before finalizing any recommended changes to the OCTA's Procurement Policies and Procedures, staff met with the business community to discuss potential changes. Representatives from the American Council of Engineering Companies, the Society for Marketing Professional Services in Orange County, Construction Management Association of America, and Orange County Public Affairs Association met with staff to learn about the potential changes and to provide their perspectives on the proposals. Comments received from these meetings helped staff in shaping the recommendations presented in this staff report.

Changes to the procurement policies and procedures are implemented only after thorough review and consideration for the need and impact. OCTA has a track record of receiving the highest praise from Federal Transit Administration (FTA) reviews, has consistently received the Award of Excellence from the National Procurement Institute, and received numerous positive comments from the vendor community for OCTA's steadfast commitment to transparency and consistency. As a result of the efforts noted above, the recommendations contained in this staff report relate only to adjusting Board approval thresholds. While other policy and procedure changes have been explored, those potential changes need further evaluation and review before staff is prepared to recommend any changes.

Based on Board direction, staff has explored various procurement processes and developed recommended changes with respect to streamlining the procurement process by adjusting Board approval thresholds. To achieve better efficiencies in delivering projects in a more timely manner, staff examined the possibility of raising the approval thresholds in several areas as listed below:

- Increase the Board-approval threshold for all request for proposals (RFP)/cooperative agreements to $500,000 from $250,000. Research determined that peer transportation agencies managing similar large projects have higher Board-approval thresholds as follows:

| | |
|---|---|
| Riverside County Transportation Commission | $100,000 |
| San Bernardino County Transportation Authority | $100,000 |
| Dallas Area Rapid Transit | $250,000 |
| Santa Clara Valley Transportation Agency | $300,000 |
| Los Angeles County Metropolitan Transportation Authority | $500,000 |
| Metrolink | $500,000 |
| North County Transit District | $500,000 |
| San Diego Association of Governments | $5,000,000 |
| Sound Transit | $10,000,000 |

Staff also reviewed the number of contracts that the Board has approved over the past three fiscal years and the contract dollar amounts. The review found that raising the approval threshold to $500,000 would still result in the Board approving over 95 percent of all contract dollars procured (Attachment B). Based on this and the approval thresholds for similar agencies, staff recommends increasing the Board-approval threshold to $500,000.

Along with the recommendation to raise the contract threshold, staff proposes that the threshold on Board-approved amendments also be raised to $500,000 to be consistent with the contract award limits.

- Increase the Board approval threshold for all non-construction invitation for bids (IFB) from $250,000 to $500,000. State law requires an award to the lowest responsive, responsible bidder. While the Board does not have discretion to pick any vendor other than the lowest responsive, responsible bidder, the Board always has discretion to decide whether or not to continue with a project. This recommendation would delegate the responsibility of determining whether IFBs $500,000 or under should proceed or not to the Chief Executive Officer.

- Increase the Board-approval threshold for sole source procurements from $25,000 to $100,000. Making this change would not eliminate the requirement for Internal Audit to perform price reviews, which is currently required for any sole source procurements over $50,000. Sole source procurements may be used only under specific circumstances, such as (1) when the item is available only from a single source; (2) the public exigency or emergency for the requirement exists which will not permit a delay resulting from competitive solicitation; (3) after solicitation of a number of sources, competition is determined to be inadequate; and (4) FTA expressly authorizes noncompetitive proposals. In fiscal year (FY) 2022-23, 39 sole source procurements were completed. Raising the approval threshold to $100,000 would still ensure that the Board approves about 84 percent of all contract dollars procured through sole source procurements.

To keep the Board informed of all OCTA's high-dollar value procurements, staff proposes adding a list of procurements valued above $250,000 to $500,000 to the quarterly procurement report. This report will provide the Board with an opportunity to review the procurement activity that occurred over the past three months, as well as give the Board a preview of what procurements and solicitations are being planned for the next quarter.

Other small-dollar non-Board threshold increases are also being recommended as shown on Attachment A. These recommended thresholds are lower than the thresholds set by the Federal Acquisition Regulation.

All four industry groups unanimously supported the above recommendations, which are in line with the objective of improving the efficiency and responsiveness of the procurement process and expediting project delivery.

While staff has compiled a set of additional proposed adjustments to the Procurement Policies and Procedures, these changes are currently in the process of being evaluated. Changes related to implementing a piggybacking policy, the post-award protest policy, option-term approvals, maximum contract terms, blackout periods, small or local business preferences, and the threshold for staff presentations at Board committees have all been discussed with the vendor community. Staff will continue to research the practices of peer agencies before making any recommended changes to these policy items. Staff will present these additional recommended changes, if any, to the Board for future consideration after further evaluation.

***Summary***

A procurement workshop was held for the Board to discuss and comment on possible changes to the procurement process. The issues raised from the workshop and potential solutions were reviewed with four professional industry organizations. The Board is requested to approve these proposed revisions to OCTA's Procurement Policies and Procedures and direct staff to implement the changes.

***Attachments***

A. Recommended Changes to the Orange County Transportation Authority's Procurement Policies and Procedures
B. Contracts by Dollar Amounts for Past Three Fiscal Years

| **Prepared by:** | **Approved by:** |
| --- | --- |
| Pia Veesapen | Andrew Oftelie |
| Director, Contracts Administration and Materials Management | Chief Financial Officer, Finance and Administration |
| 714-560-5619 | 714-560-5649 |

**ATTACHMENT A**

**Recommended Changes to the Orange County Transportation Authority's Procurement Policies and Procedures**

The following are the recommendations for changes to the Orange County Transportation Authority's (OCTA) Procurement Policies and Procedures. Once the Board of Directors (Board) takes final action on these recommendations, OCTA's Procurement Policy and Procedures Manual will be updated.

1. Increase the Board-approval threshold for all request for proposals (RFP)/cooperative agreements from over $250,000 to over $500,000.

2. Increase the Board-approval threshold for all non-construction invitation for bids (IFB) from over $250,000 to over $500,000 (please note current law requires any change orders over $210,000 be approved by the Board).

3. Increase the Board-approval threshold for sole source procurements from over $25,000 to over $100,000. This does not eliminate the need for Internal Audit requirements.

4. Increase the Board-approval threshold for amendments, other than for construction/public works services, from over 15 percent of the original contract value or over $250,000, whichever is less to over 15 percent of the original contract value or over $500,000, whichever is less.

5. Increase Micro-purchase threshold from $2,500 to $5,000.

6. Increase Informal Procurement threshold from $50,000 to $100,000 or less.

7. Increase Formal Procurement threshold from over $50,000 to over $100,000.

8. Increase Purchasing Card threshold from a limit of $5,000 to $10,000 per month.

**ATTACHMENT B**

## Contracts by Dollar Amounts for Past Three Fiscal Years

**FY 20/21:** Awarded Contracts - Effective 07/01/2020 to 06/30/2021

| | Total Amounts | Number of Contracts | Percentage of Total Amount |
|---|---|---|---|
| Greater Than $500,000 | $ 406,171,467 | 72 | 95.25% |
| $250,001 to $500,000 | $ 7,162,019 | 20 | 1.68% |
| $250,000 or Less | $ 13,084,801 | 195 | 3.07% |
| | | | |
| Total Amount: | $ 426,418,287 | 287 | 100.00% |

**FY 21/22:** Awarded Contracts - Effective 07/01/2021 to 06/30/2022

| | Total Amounts | Number of Contracts | Percentage of Total Amount |
|---|---|---|---|
| Greater Than $500,000 | $ 646,630,816 | 63 | 95.42% |
| $250,001 to $500,000 | $ 12,596,206 | 34 | 1.86% |
| $250,000 or Less | $ 18,441,406 | 230 | 2.72% |
| | | | |
| Total Amount: | $ 677,668,428 | 327 | 100.00% |

**FY 22/23:** Awarded Contracts - Effective 07/01/2022 to 06/30/2023

| | Total Amounts | Number of Contracts | Percentage of Total Amount |
|---|---|---|---|
| Greater Than $500,000 | $ 591,578,617 | 43 | 95.96% |
| $250,001 to $500,000 | $ 8,560,862 | 25 | 1.39% |
| $250,000 or Less | $ 16,318,421 | 181 | 2.65% |
| | | | |
| Total Amount: | $ 616,457,900 | 249 | 100.00% |

# Proposed Revisions to Orange County Transportation Authority’s Procurement Policies and Procedures

# Background

- Procurement Policy adopted by the Board of Directors (Board)
- Board has made changes to various policies and procedures
- Most recent changes in 2015 and in 2009 before that
- Procurement Workshop conducted in March 2023
- Disadvantaged Business Enterprise (DBE) Program overview conducted in August 2023
- Per Board direction, review and provide recommendations to maintain fair process while streamlining procurements
- Conducted industry outreach to obtain feedback on the recommendations

# Goals

- Encourage open and fair competition
- Maintain transparency
- Ensure accountability
- Streamline process to increases efficiencies
- Provide consistency for vendors

# Board Approval Threshold – Peer Agencies

| | |
|---|---|
| Riverside County Transportation Commission | $100,000 |
| San Bernardino County Transportation Authority | $100,000 |
| Dallas Area Rapid Transit | $250,000 |
| OCTA | $250,000 |
| Santa Clara Valley Transportation Agency | $300,000 |
| Los Angeles County Metropolitan Transportation Authority | $500,000 |
| Metrolink | $500,000 |
| North County Transit District | $500,000 |
| San Diego Association of Governments | $5,000,000 |
| Sound Transit | $10,000,000 |

# Board Approval Threshold

**Current policy:**

- Board approval is required for all request for proposals (RFP)/cooperative agreements over $250,000.
- Board approval is required for all non-public works invitation for bids (IFB) over $250,000.
- Board approval is required for any amendment over 15 percent of the original contract value or $250,000, whichever is less

**Recommendations:**

- Increase the Board approval threshold for all RFPs/cooperative agreements to over $500,000.
- Increase the Board approval threshold for all non-public works IFBs to over $500,000.
- Increase the Board approval threshold for any amendment over 15 percent of the original contract value or $500,000, whichever is less

# Board Approval Threshold

**Current policy:**

- The Board approval threshold for all sole source procurements is over $25,000.

**Recommendation:**

- Increase the Board approval threshold for sole source procurements to over $100,000.
  - This does not eliminate the requirement for Internal Audit to perform price reviews for any sole source over $50,000

# Thresholds for Small Dollar Items

Increase Formal Procurement threshold from over $50,000 to over $100,000

Increase micro-purchase threshold from $2,500 to $5,000

Increase Purchasing Card threshold from $5,000 to $10,000 per month

# Items for Future Consideration

- Implementing piggybacking policy and procedures
- Revising the Post-award Protest Policy for Board procurements
- Option-term approval requirements
- Revising Contract Term Policy
- Blackout period application
- Small business/local preference
- Threshold for staff presentation at Board committee

# Next Steps

- If approved, staff will revise the OCTA Procurement Policies and Procedures Manual
- Return to Board with additional recommendations following further evaluation

OCTA

*November 27, 2023*

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

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

***Subject:*** Amendment to Cooperative Agreement with the Southern California Regional Rail Authority for the San Juan Creek Bridge Replacement Project

***Overview***

On April 14, 2020, the Orange County Transportation Authority entered into a cooperative agreement with the Southern California Regional Rail Authority for construction capital and construction support services for the San Juan Creek Bridge Replacement Project. Board of Directors' approval is requested to amend the cooperative agreement for additional funding for construction capital and construction support services.

***Recommendations***

A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Cooperative Agreement No. C-0-2540 between the Orange County Transportation Authority and the Southern California Regional Rail Authority, in the amount of $22,578,258, for additional construction capital and construction support services for the San Juan Creek Bridge Replacement Project. This will increase the maximum cumulative obligation of the cooperative agreement to a total contract value of $59,481,903.

B. Authorize the use of up to $17 million in SB 125 (Chapter 54, Statutes of 2023) Transit and Intercity Rail Capital Program funds and $5,578,258 in SB 1 (Chapter 5, Statutes of 2017) State of Good Repair funds from fiscal year 2024-25 for the construction phase of the San Juan Creek Bridge Replacement 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.

D. Amend the Orange County Transportation Authority's Fiscal Year 2023-24 Budget by $22,578,258 to accommodate the additional budget needed for the San Juan Creek Bridge Replacement Project.

***Discussion***

The Orange County Transportation Authority (OCTA), in coordination with the Southern California Regional Rail Authority (SCRRA), proposes to replace the 100-year-old bridge over San Juan Creek, located in the City of San Juan Capistrano, near the Interstate 5 Camino Capistrano off-ramp (Attachment A). This railroad bridge, built in 1917, is used by Metrolink, the Pacific Surfliner, and freight trains and has reached the end of its useful life. The bridge rests on wood foundation piles that are subject to scouring caused by rapid water flows that remove soil around the piles in the creek bed. Scouring compromises the integrity of the foundation supporting the bridge. The bridge also has a steel structural member that has cracked and requires frequent maintenance. Most recently this year, SCRRA had to temporarily support the bridge with hydraulic jacks until steel beams were fabricated to provide temporary support. The temporary foundation support mitigation requires frequent monitoring and will be sufficient until the bridge is replaced. The San Juan Creek Bridge Replacement Project (Project) will construct a new bridge over San Juan Creek adjacent to the existing bridge. The Project is required to keep the railroad infrastructure in a safe operating condition, maintain a state of good repair, reduce maintenance needs, and meet current design standards and rail weight load requirements.

The coastal rail corridor to the south of San Juan Capistrano experienced passenger rail interruptions in the past few years due to coastal erosion and landslides. OCTA began work on a coastal resiliency study to explore near-term (up to 10 years) and mid-term (10 to 30 years) concepts to protect the railroad infrastructure and maintain rail service in the current alignment. The study will also identify high risk problem areas within the first 90 days, along with potential solutions to address any high-risk concerns. A separate study will commence in the near future to assess coastal rail corridor options, including potential alignment changes, that will provide resiliency beyond the 20-30 year horizon.

On March 26, 2020, SCRRA completed the Project environmental clearance requirements in compliance with the California Environmental Quality Act and National Environmental Policy Act. On April 14, 2020, OCTA entered into Cooperative Agreement No. C-0-2540 with SCRRA to define roles and responsibilities and to provide construction capital and construction support services funding of $36,903,645 for the Project. SCRRA is the lead in the design and construction phases of the Project, and OCTA provides support to obtain the necessary property rights and leads the public outreach efforts for the Project. Funding for Cooperative Agreement No. C-0-2540 was provided through $35,724,000 in Federal Transit Administration (FTA) Section 5337 funds from Urbanized Area (UZA) 2 and UZA 68 for fiscal years (FY) 2017-18 and 2018-19 and UZA 2 for FY 2021 to be administered by SCRRA and $1,179,645 in surplus FTA Section 5337 funds in SCRRA grant CA-54-0043. Funding for the environmental and design phases of the Project was provided through the approved SCRRA FY 2015-16 annual rehabilitation budget.

The design for the Project was completed in June 2020 with an engineer’s estimate (EE) of $23 million for construction, and the property rights were obtained in January 2023. On July 24, 2023, SCRRA released the invitation for bids for construction of the Project. On September 15, 2023, SCRRA received three bids ranging from $39.37 million to $41.98 million, which is a fairly tight spread on pricing. The lowest and the second lowest bidders were deemed non-responsive due to not meeting disadvantaged business enterprise requirements and not providing the required subcontractor listing and safety submittals. The lowest responsive and responsible bidder is $41.98 million. SCRRA staff reviewed the bid and deemed it fair and reasonable.

There is a significant construction cost increase, and the construction market has a strong backlog which reduces competitive pricing coupled with high interest rates that the contractor would have to carry the cost of money that would be reflected in the bid pricing. The materials and labor costs have also increased over the last two years. Additionally, the Project also has limited access for the contractor to stage and work while keeping the passenger and freight rail safely in service during construction. A similar transit project in Los Angeles has seen overall project costs increase by nearly 30 percent over the last two years. As an example, LA Metro’s East San Fernando Valley Transit Corridor Project costs increased by 29.3 percent in March 2023. Similarly, for highway projects, the California Department of Transportation locally is seeing bids come in this year at 35.5 percent over the EE in March 2023 for a pavement rehabilitation project on Interstate 405 and 52.9 percent over the EE in April 2023 on a pavement preservation and transportation management systems on State Route 1 in Orange County. The National Highway Construction Cost Index showed the cost index increased by 0.9 between first quarter of 2020 and first quarter of 2023, which further highlights the increasing trend in construction costs.

OCTA and SCRRA reviewed the budget necessary to fully fund the Project and an additional $22.58 million is needed to provide construction capital and construction support services including construction contingency. SCRRA's project budget estimate was $40.41 million and based on the construction bid received, signal construction cost estimate and contingencies updates, and other actuals for design and construction support services, the new project estimate is $60.90 million.

This amendment will increase the total cooperative agreement value from $36,903,645 to $59,481,903 (Attachment B). The Capital Funding Program Report (Attachment C) provides summary funding information for all the rail projects, including the programming actions that are recommended in this report. This amendment will allow SCRRA to award the construction contract and target the contractor for foundation work in the creek when the dry season begins in April 2024.

Staff is recommending the use of $17 million in SB 125 Transit and Intercity Rail Capital Program (TIRCP) funds, which are funds that are distributed by the California State Transportation Agency (CalSTA) to regional transportation planning agencies, like OCTA, on a population-based formula. OCTA is expected to receive over $320 million in SB 125 TIRCP funds in FY 2023-24 and FY 2024-25. Staff will return to the Board of Directors (Board) to seek approval for programming of the remaining funds. The funds are flexible and are meant to support transit capital projects that increase ridership and reduce greenhouse gas emissions as well as support transit operations to avoid service cuts and increase ridership. The use of SB 125 TIRCP funds is consistent with the Board-approved Capital Programming Policy (CPP) regarding maximizing the use of external funds. Staff is also recommending the use of SB 1 State of Good Repair funds which are also formula program funds that are provided to transit agencies to keep equipment and infrastructure like the San Juan Creek Bridge in a state of good repair. The use of SB 1 State of Good Repair funds is consistent with the Board-approved CPP for maintenance, rehabilitation, and replacement of existing OCTA transit assets.

Fiscal Impact

An amendment to the OCTA Fiscal Year 2023-24 Budget, Capital Programs Division, Account No. 0017-7831-TR022-0DM, in the amount of $22,578,258, is being requested to accommodate Amendment No. 1 to Cooperative Agreement No. C-0-2540.

## *Summary*

Board approval is requested to authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Cooperative Agreement No. C-0-2540 between OCTA and SCRRA, in the amount of $22,578,258, for additional construction capital and construction support services for the Project. This will increase the maximum obligation of the cooperative agreement to a total contract value of $59,481,903. Additionally, staff is requesting authorization for the use of $17 million in SB 125 TIRCP funds and $5,578,258 in SB 1 State of Good Repair funds from FY 2024-25 for the Project and to amend the FY budget to accommodate funding for the Project.

## *Attachments*

A. San Juan Creek Bridge Replacement Project Location Map
B. Southern California Regional Rail Authority, Cooperative Agreement No. C-0-2540 Fact Sheet
C. Capital Funding Program Report

**Prepared by:**

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Program Manager
(714) 560-5833

**Approved by:**

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

# San Juan Creek Bridge Replacement Project Location Map

**ATTACHMENT A**


11/2/2023

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**ATTACHMENT B**

**Southern California Regional Rail Authority**
**Cooperative Agreement No. C-0-2540 Fact Sheet**

1. April 14, 2020, Cooperative Agreement No. C-0-2540, $36,903,645, approved by the Contracts Administration and Materials Management (CAMM) Department.

    - To replace the existing San Juan Creek Bridge located in the City of San Juan Capistrano near the Camino Capistrano exit of the Interstate 5 (1-5) freeway at Mile Post (MP) 197.9 on the Orange Subdivision.

    - Identify Board of Directors (Board) authorized funds to be used for this project, including $35,724,000 in Federal Transit Administration (FTA) Section 5337 funds from Urbanized Area (UZA) 2 and UZA 68 for fiscal years (FY) 2017-18 and 2018-19 and UZA 2 for FY 2020-21 to be administered by the Southern California Regional Rail Authority (SCRRA) and $1,179,645 in surplus FTA Section 5337 funds in SCRRA grant CA-54-0043.

2. November 27, 2023, Amendment No. 1 to Cooperative Agreement No. C-0-2540, $22,578,258, pending Board approval.

    - To increase funding utilizing $17 million in SB 125 (Chapter 54, Statutes of 2023) Transit and Intercity Rail Capital Program funds and $5,578,258 in SB 1 (Chapter 5, Statutes of 2017) State of Good Repair funds from FY 2024-25 for the construction phase.

Total committed to SCRRA after approval of Amendment No. 1 to Cooperative Agreement No. C-0-2540: $59,481,903, including the funds drawn directly from FTA.

ATTACHMENT C

# Capital Funding Program Report

**Pending Approval by OCTA Board of Directors (Board) - November 27, 2023**

## Rail Project

| | | | Federal Funds | | | State Funds | | | Local Funds | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Project Title | M Code | Total Funding | STBG/CMAQ | FTA | Other Fed. | STIP | SB1 | Other State | M1 | M2 | Other Local |
| OC Streetcar (New Starts) | M1/S | $579,157 | $108,132 | $171,961 | | | | $175,427 | | $123,637 | |
| OC Streetcar (non-New Starts) | M1/S | $16,702 | | $342 | | | | | $6,904 | $9,313 | $143 |
| OC Streetcar (operations and potential future capital needs) | M1/S | $22,000 | $22,000 | | | | | | | | |
| Anaheim Canyon Station | R | $34,200 | $30,432 | | | | | | | $2,000 | $1,768 |
| Cyprus Shore Initial Track Stabilization Projects (MP 206.8) | R | $8,000 | | | | | | | | $7,000 | $1,000 |
| Cyprus Shore Track Stabilization Projects (MP 206.8) | R | $13,710 | $6,000 | | $1,010 | $6,000 | | | | | $700 |
| Fullerton Transportation Center stair rehabilitation | R | $1,065 | | $1,030 | | | | | | | $35 |
| Future VSS | R | $217 | | $174 | | | | | | | $43 |
| Laguna Niguel to San Juan Capistrano passing siding | R | $35,956 | $24,652 | $1,015 | | $3,000 | | $6,734 | | | $555 |
| Metrolink new capital | R | $5,384 | $2,121 | $3,263 | | | | | | | |
| Metrolink rehabilitation/renovation - FY 2021-22 to FY 2025-26 | R | $162,108 | | $162,108 | | | | | | | |
| Metrolink station and track improvements, and rehabilitation | R | $3,063 | | $2,617 | | | | | | | $446 |
| Orange Olive Wye connection | R | $16,000 | | | | $16,000 | | | | | |
| Placentia Commuter Rail Station | R | $34,825 | $50 | | | $2,500 | | $400 | | $8,000 | $23,875 |
| Preventive maintenance (SCRRA - Metrolink) | R | $72,353 | | $72,353 | | | | | | | |
| San Juan Creek Bridge replacement [1] | R | $65,670 | $908 | $39,833 | $913 | | $5,578 | $17,059 | | $1,379 | |
| SCRRA operating subsidy assistance | R | $2,510 | | | | | | | | $2,510 | |
| Slope and culvert improvements | R | $300 | | $300 | | | | | | | |
| Slope stabilization Laguna Niguel-Lake Forest | R | $5,168 | | $4,834 | | | | | | $334 | |
| State College grade separation (LOSSAN) | R | $79,284 | | | | | | $46,000 | | $33,284 | |
| Tactile tile project | R | $1,569 | | $1,538 | | | | | | $31 | |
| VSS at commuter rail stations | R | $4,409 | | $3,594 | | | | $56 | | | $759 |
| M2 Project S Transit extensions to Metrolink (Rubber Tire) | S | $733 | | | | | | | | $733 | |
| OC Streetcar operations | S | $19,500 | $19,500 | | | | | | | | |
| Irvine Station Improvement Project | | $6,330 | | | | | | $6,330 | | | |
| OC Maintenance Facility | | $91,428 | | $198 | | $20,000 | | $71,230 | | | |
| San Clemente Track Protection (MP 204.6) | | $5,500 | | | | $3,000 | $2,500 | | | | |
| **Rail Project Totals** | | **$1,287,141** | **$213,795** | **$465,160** | **$1,923** | **$50,500** | **$8,078** | **$323,236** | **$6,904** | **$188,221** | **$29,324** |

| | |
|---|---|
| **Federal Funding Total** | **$680,878** |
| **State Funding Total** | **$381,814** |
| **Local Funding Total** | **$224,449** |
| **Total Funding (000's)** | **$1,287,141** |

## Rail Project Completed

| | | | Federal Funds | | | State Funds | | | Local Funds | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Project Title | M Code | Total Funding | STBG/CMAQ | FTA | Other Fed. | STIP | SB1 | Other State | M1 | M2 | Other Local |

# Capital Funding Program Report

**Pending Approval by OCTA Board of Directors (Board) - November 27, 2023**

## Rail Project Completed

| | | | Federal Funds | | | State Funds | | | Local Funds | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Project Title | M Code | Total Funding | STBG/CMAQ | FTA | Other Fed. | STIP | SB1 | Other State | M1 | M2 | Other Local |
| Fullerton Transportation Center parking expansion | M1/R | $33,667 | | | | $11,250 | | $11,035 | $9,718 | | $1,664 |
| Laguna Niguel-Mission Viejo Station parking improvements and expansion (ADA ramps) | M1/R | $5,581 | $3,204 | $732 | | | | | $1,645 | | |
| Metrolink Grade Crossing safety improvements (OCX) | M1/R | $80,618 | | | | | | $18,250 | $7,600 | $30,710 | $24,058 |
| Metrolink rolling stock | M1/R | $158,009 | $42,230 | $35,390 | | | | $36,300 | $44,089 | | |
| Metrolink service track expansion | M1/R | $119,957 | | | | | | $51,399 | $68,558 | | |
| Orange Transportation Center parking structure | M1/R | $31,003 | $2,555 | $2,644 | | $13,762 | | | $1,850 | $420 | $9,772 |
| Sand Canyon Avenue grade separation | M1/R | $62,050 | $10,536 | | | | | $28,192 | $3,116 | $5,352 | $14,854 |
| M2 Project S Fixed-Guideway Anaheim Rapid connection | M1/S | $9,924 | | $1,516 | | | | | $6,000 | $1,286 | $1,122 |
| Anaheim Regional Intermodal Transportation Center (ARTIC) construction | M1/T | $184,164 | $33,250 | $37,253 | $3,501 | $29,219 | | | $43,900 | $35,291 | $1,750 |
| Fullerton Transportation Station expansion planning, environmental PSR | M1/T | $0 | $0 | | | | | | $0 | | |
| Santa Ana grade separation planning and environmental PSR | M1/T | $1,333 | $1,180 | | | | | | $153 | | |
| Santa Ana Transportation Station planning and environmental PSR | M1/T | $1,003 | $888 | | | | | | $115 | | |
| 17th Street grade separation environmental | R | $2,476 | | | | | | | | $2,476 | |
| Control Point at 4th Street | R | $2,985 | | $2,985 | | | | | | | |
| Control Point Stadium crossover | R | $6,490 | | $3,245 | | | | $3,245 | | | |
| LOSSAN Corridor grade separations PSR in Anaheim, Orange, and Santa Ana | R | $2,699 | | | | | | | | $2,699 | |
| Metrolink grade crossing safety improvements ROW | R | $3,025 | | | | | | | | $3,025 | |
| North Beach crossings safety enhancements | R | $348 | | | | | | $166 | | $182 | |
| Positive Train Control (Metrolink) | R | $39,916 | | $4,492 | $1,234 | | | $34,190 | | | |
| Rail Crossing signal lights and pedestrian gates | R | $252 | | | | | | $252 | | | |
| Rail station platform safety improvements (Fullerton, Irvine, and Tustin) | R | $553 | | | | | | $553 | | | |
| Safety repairs for San Clemente Pier Station | R | $122 | | | | | | $122 | | | |
| San Clemente Beach Trail crossings safety enhancements | R | $4,999 | | | | | | $2,170 | | $2,251 | $578 |
| Ticket vending machines | R | $6,857 | | | | | | | | | $6,857 |
| Transit Rail Security (monitors, fencing, video surveillance) | R | $163 | | | | | | $163 | | | |
| Go Local | S | $7,730 | | | | | | | $7,730 | | |
| ARTIC environmental, ROW, program management support, site plan | M1 | $41,369 | | | | | | | $8,869 | | $32,500 |
| Fiber Optics installation (Metrolink) | M1 | $23,183 | | $10,903 | | | | $10,479 | $1,801 | | |
| Laguna Niguel-Mission Viejo Station parking expansion (south lot) | M1 | $4,135 | | | | | | $695 | $3,440 | | |
| Tustin Rail Station parking expansion | M1 | $15,390 | | | | $1,100 | | $7,181 | $7,109 | | |
| **Rail Project Completed Totals** | | **$850,001** | **$93,843** | **$99,160** | **$4,735** | **$55,331** | | **$204,392** | **$215,693** | **$83,692** | **$93,155** |

| | |
|---|---|
| **Federal Funding Total** | **$197,738** |
| **State Funding Total** | **$259,723** |
| **Local Funding Total** | **$392,540** |
| **Total Funding (000's)** | **$850,001** |

# Capital Funding Program Report

**Pending Approval by OCTA Board of Directors (Board) - November 27, 2023**

Board Action:

1. Authorize the use of up to $17 million in SB 125 (Chapter 54, Statutes of 2023) Transit and Intercity Rail Capital Program funds and $5,578,258 in SB 1 (Chapter 5, Statutes of 2017) State of Good Repair funds from fiscal year 2024-25 for the construction phase of the San Juan Creek Bridge Replacement Project.

## Acronyms:

ADA - Americans with Disabilities Act
CMAQ - Congestion Mitigation Air Quality Improvement Program
FFY - Federal Fiscal Year
FTA - Federal Transit Administration
FY - Fiscal Year
LOSSAN - Los Angeles-San Diego-San Luis Obispo Rail Corridor
M Code - Project Codes in Measure M1 and M2
M1 - Measure M1
M2 - Measure M2
MP - Mile Post
OC - Orange County
OCTA - Orange County Transportation Authority
OCX - Rail-Highway Grade Crossing/Safety Enhancement Project
PSR - Project Study Report
ROW - Right-of-Way
SB 1 - Senate Bill 1 (Chapter 5, Statutes of 2017)
SCRRA - Southern California Regional Rail Authority/Metrolink
STBG - Surface Transportation Block Grant
STIP - State Transportation Improvement Program
VSS - Video Surveillance System

OCTA

COMMITTEE TRANSMITTAL

**November 27, 2023**

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

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

**Subject:** Interstate 405 Improvement Project Update

Regional Transportation Planning Committee Meeting of November 6, 2023

Present: Directors Chaffee, Do, Dumitru, Federico, Foley, and Harper
Absent: Director Khan

**Committee Vote**

No action was taken on this item.

**Staff Recommendation**

Receive and file as an information item.

OCTA

*November 6, 2023*

*To:* Regional Transportation Planning Committee

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

*Subject:* Interstate 405 Improvement Project Update

### *Overview*

The Orange County Transportation Authority is currently underway with the implementation of the Interstate 405 Improvement Project. This report provides a project update.

### *Recommendation*

Receive and file as an information item.

### *Background*

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation (Caltrans) and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, is implementing the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) (Project). The Project will add one general purpose lane in each direction from Euclid Street to I-605, consistent with Measure M2 Project K, and will add an additional lane in each direction that will combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes.

On November 14, 2016, the OCTA Board of Directors (Board) awarded the design-build (DB) contract to OC 405 Partners (OC405), a joint venture. OCTA executed the DB contract with OC405 and issued Notice to Proceed (NTP) No. 1 on January 31, 2017. NTP No. 1 was a limited NTP for mobilization, design, and administrative activities. On July 27, 2017, OCTA issued NTP No. 2 to OC405. NTP No. 2 was a full NTP for all activities, including construction. The overall project cost is approximately $2.16 billion.

***Discussion***

Current Status

The Project is over 95 percent complete from a DB perspective. A number of activities are ongoing as construction work continues to advance towards completion. The following provides a more detailed status of project activities.

DB Contract

The status of OC405's construction activities that are complete or ongoing include:

- All bridges are complete and open to traffic. This includes the 18 bridge replacements and the new and improved bridges.
- All ramps are complete and open to traffic.
- All walls and paving are complete.
- All improvements to Orange County Flood Control District facilities are complete.
- The remaining physical work primarily consists of landscaping, additional bridge lighting, cultural resources restoration, and punch list activities.
- Remaining work also includes quality documentation and project close-out activities.

From a DB standpoint, the primary risks remaining include a force majeure event or OCTA-directed changes in the scope of work.

Tolling Elements

Kapsch TrafficCom USA, Inc., (Kapsch) serves as the provider of the electronic toll and traffic management (ETTM) system on the 405 Express Lanes and is responsible for staffing the Traffic Operations Center (TOC). WSP USA Services, Inc., (WSP) is responsible for the back-office system and customer service center operations.

The status of 405 Express Lanes activities that are complete or ongoing include:

- Toll policy approved by the Board and initial toll rate schedule developed.
- Freeway Service Patrol contracts executed, and service will begin on opening day.
- Tenant improvements completed at the customer service center in Costa Mesa.
- Tenant improvements completed at the TOC.
- First shipment of transponders received.

- Completed installation of ETTM equipment and Kapsch is performing on-site installation testing.
- System integration testing for the WSP systems has been completed and user acceptance testing has commenced.
- WSP has begun staffing the customer service center.
- An enforcement services agreement with the California Highway Patrol has been approved by the Board and is awaiting execution by all parties.
- A maintenance agreement with Caltrans is being finalized and will be submitted to the Board for approval.
- Development of the logo and branding as well as several awareness elements, including multi-lingual brochures, social media advertising, and website development are ongoing.

From a tolling standpoint, the primary risks include coordination between OC405 and Kapsch, and the timely testing of the tolling equipment by Kapsch. Similarly, WSP's successful development and testing of the tolling back-office system, in addition to the interaction with the Kapsch data, is also key to remaining on schedule for the opening of the 405 Express Lanes in early December 2023.

Next Steps

OCTA staff, OC405, Kapsch, and WSP continue to work closely together to accomplish the opening of all lanes, including the 405 Express Lanes, later this year. Activities will include final completion of the 405 Express Lanes striping and channelizers, final testing of the tolling systems, as well as the hiring and training of employees by Kapsch and WSP for the TOC and customer service center, respectively.

Next steps also include the following project milestones:

- Early December 2023 – Anticipated opening of all lanes. This includes the new general purpose lanes, the 405 Express Lanes, and all ramp and local street lanes.
- February 2024 – DB project completion. Between late 2023 and February 2024, miscellaneous construction activities will be ongoing, including landscaping, installation of remaining bridge lighting, cultural resources restoration, and punch-list items.
- June 2024 – DB final acceptance. Between February and June 2024, final punch-list items will be addressed, and OCTA will be working with stakeholders to accept the project improvements, including Caltrans, the cities, and the County.
- June 2027 – DB contract acceptance. Between June 2024 and June 2027, the design-builder is required to maintain the landscaping as part of a three-year plant establishment period.

***Summary***

Construction continues to advance in order to achieve the opening of all lanes in early December 2023. Construction, final utility relocations, implementation of tolling elements, public outreach, and preliminary close-out activities are in process to complete the construction phase of the Project.

***Attachment***

None.

**Prepared by:**

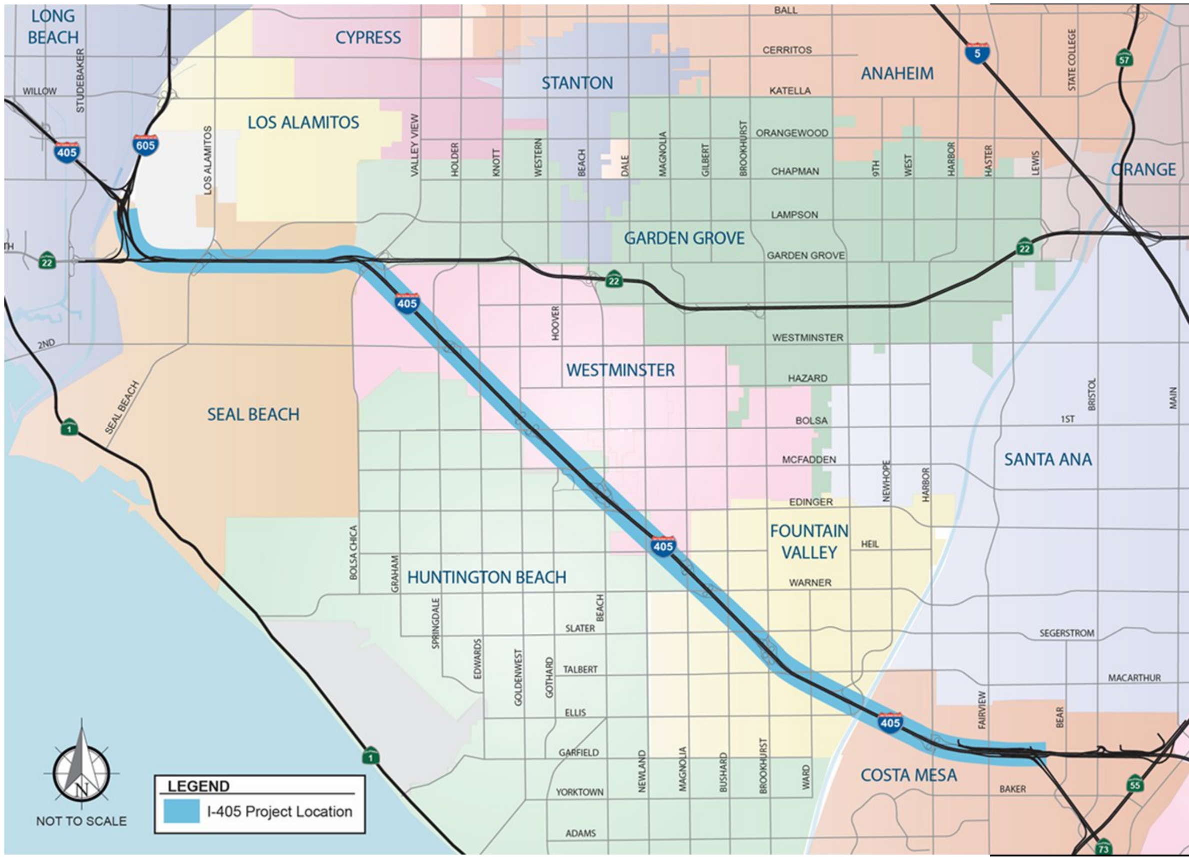
Jeff Mills, P.E.
Senior Program Manager
(714) 560-5925

**Approved by:**

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

# Interstate 405 Improvement Project Update

# Project Location and Key Features




# Background

| Milestone | Completion Date |
|---|---|
| Environmental clearance | May 2015 |
| Orange County Transportation Authority (OCTA) Board of Directors awards design-build (DB) contract to OC 405 Partners (OC405) | November 2016 |
| Notice to Proceed (NTP) No. 1 issued | January 2017 |
| TIFIA* loan executed | July 2017 |
| NTP No. 2 issued | July 2017 |
| Construction began | March 2018 |
| Anticipated opening of all lanes | Early December 2023 |

* Transportation Infrastructure Finance and Innovation Act

# Design-Build Project Update

**General**

- Over 95 percent complete with Interstate 405 (I-405) Improvement Project
- Remaining work consists of landscaping, additional bridge lighting, cultural resources restoration, and punch-list activities

**Construction**

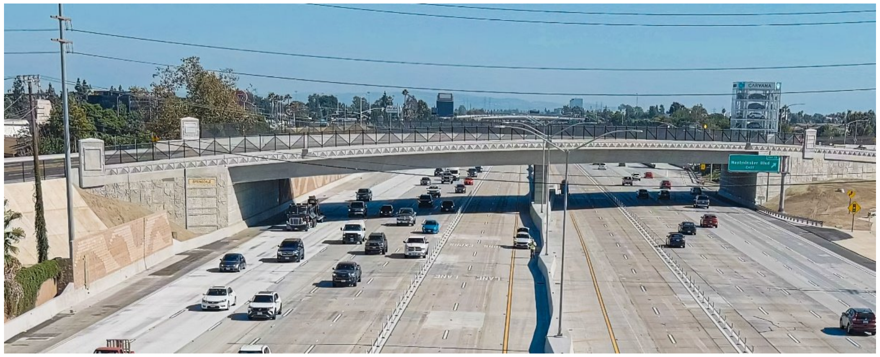
- All bridges complete
- All ramps complete
- All walls and paving complete

# Construction Update

I-405/State Route 73 (SR-73) median connector

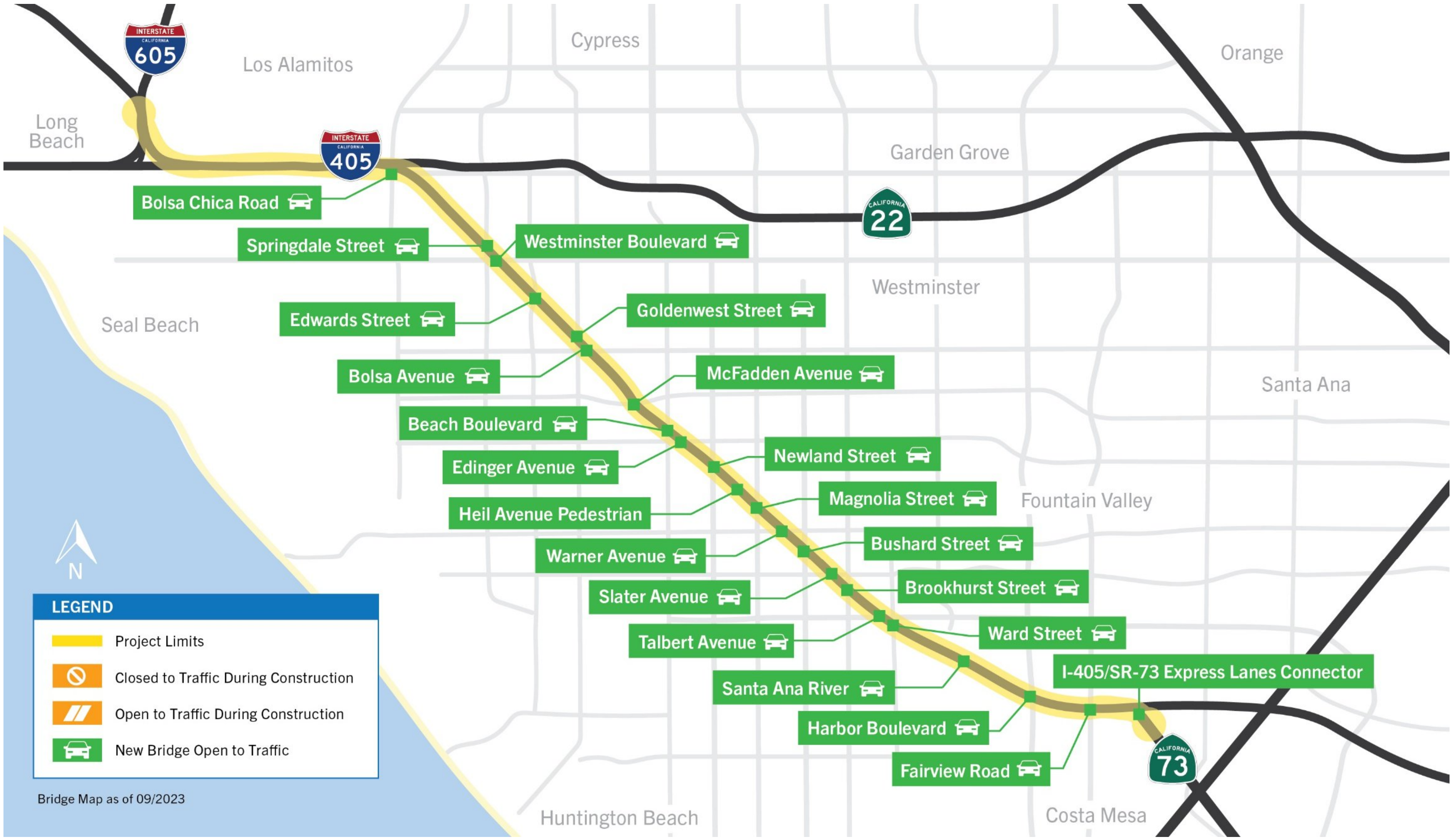
Ward Street bridge

Newland Street bridge



Springdale Street bridge

# Bridge Construction Map



# Major Risks Remaining

DB risks:

- Force majeure event
- Changes in scope of work

Tolling risks:

- Toll lanes system integrator coordination, equipment installation, and testing
- Tolling vendor delivery of back-office system services

# Express Lanes Update

| | |
|---|---|
| General | • Enforcement services agreement with the California Highway Patrol approved<br>• First shipment of transponders received |
| Back-Office System/Customer Service Center Services | • Selected WSP USA Services, Inc., (WSP) in 2021<br>• System development continues<br>• System integration testing is complete and user acceptance testing is ongoing |
| Toll Lane System | • Selected Kapsch TrafficCom USA, Inc., (Kapsch) in 2018<br>• Installation complete and system testing continues |

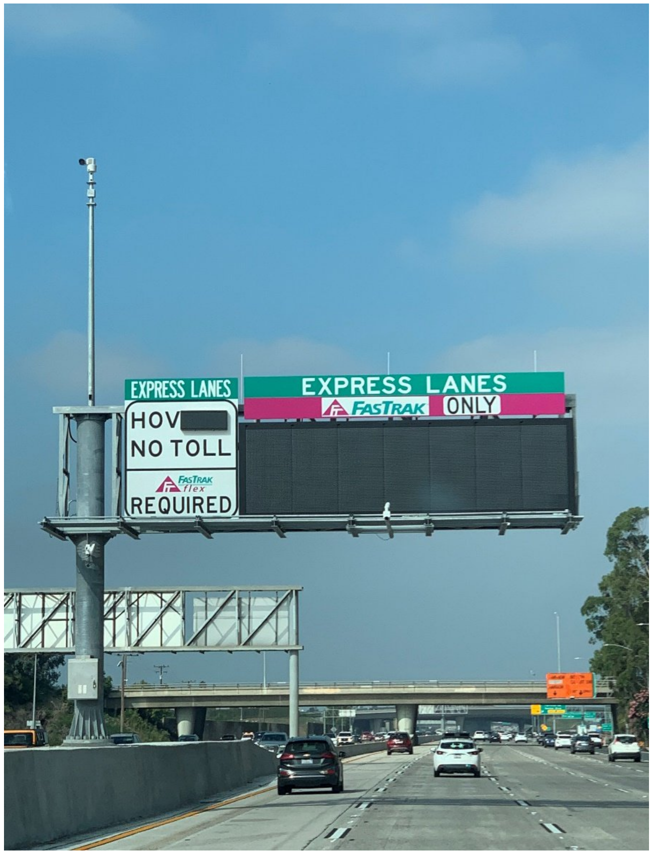
# Express Lanes Update (Cont.)

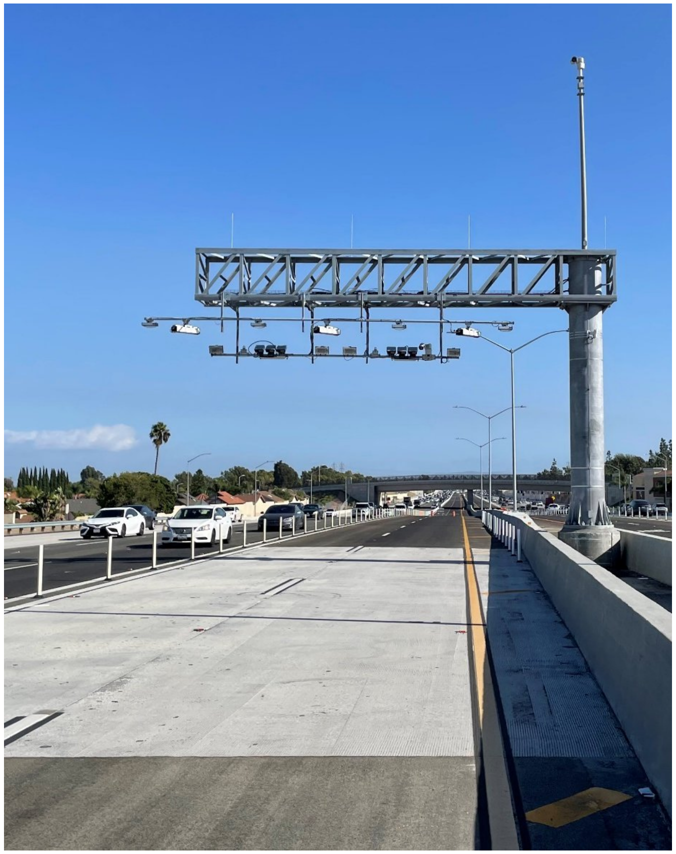
| | |
|---|---|
| Traffic Operations Center | • Tenant improvements completed<br>• Hiring of staff has commenced (provided by Kapsch) |
| Customer Service Center | • Tenant improvements completed<br>• Hiring of staff continues (being provided by WSP) |
| Upcoming Agreements | • Maintenance agreement with the California Department of Transportation (Caltrans) |

# Tolling Elements

405 Express Lanes striping and channelizers

# Tolling Elements (Cont.)



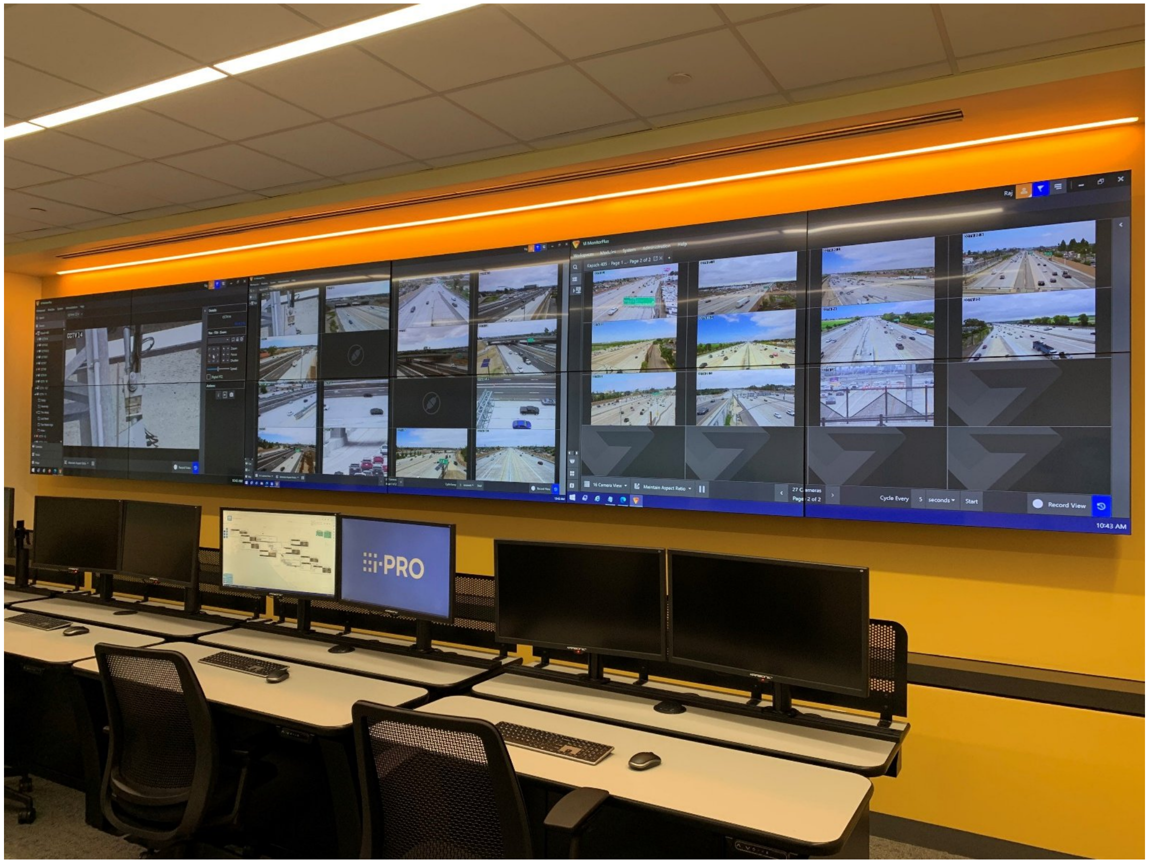



405 Express Lanes tolling elements

# Tolling Elements (Cont.)

405 Express Lanes Customer Service Operations Center

# Tolling Elements (Cont.)




405 Express Lanes Traffic Operations Center

# Next Steps

| Milestone | Completion Date |
|---|---|
| Anticipated opening of all lanes | Early December 2023 |
| DB project completion (landscaping, installation of remaining bridge lighting, cultural resources restoration, and punch-list activities will be ongoing until project completion) | February 2024 |
| DB final acceptance (final punch-list activities will be addressed and acceptance of project improvements by stakeholders, including Caltrans and the cities) | June 2024 |
| DB contract acceptance (end of a three-year plant establishment period) | 2027 |

# Project Contact Information

405project@octa.net

888-400-8994 (English/Español)
888-662-6589 (Tiếng Việt)

octa.net/405improvement

/405improvement

@405improvement

@405_Improvement

# Connect SoCal 2024

Draft Plan for Review and Comment


SCAG™

The Southern California Association of Governments' 2024–2050 Regional Transportation Plan/ Sustainable Communities Strategy

# The SCAG Region

**6**
COUNTIES

**16**
TRIBAL GOVERNMENTS

**191**
CITIES

**18.7M**
RESIDENTS


**38,618**
SQUARE MILES

**$1.6T**
REGIONAL GDP

**16TH**
LARGEST ECONOMY WORLDWIDE

**47.6%**
OF STATE POPULATION

# Our Role in the Region

SCAG

## Vision and Goals

**SCAG leads the region by defining where we want to go and outlining strategies to get us there.**

### Leadership

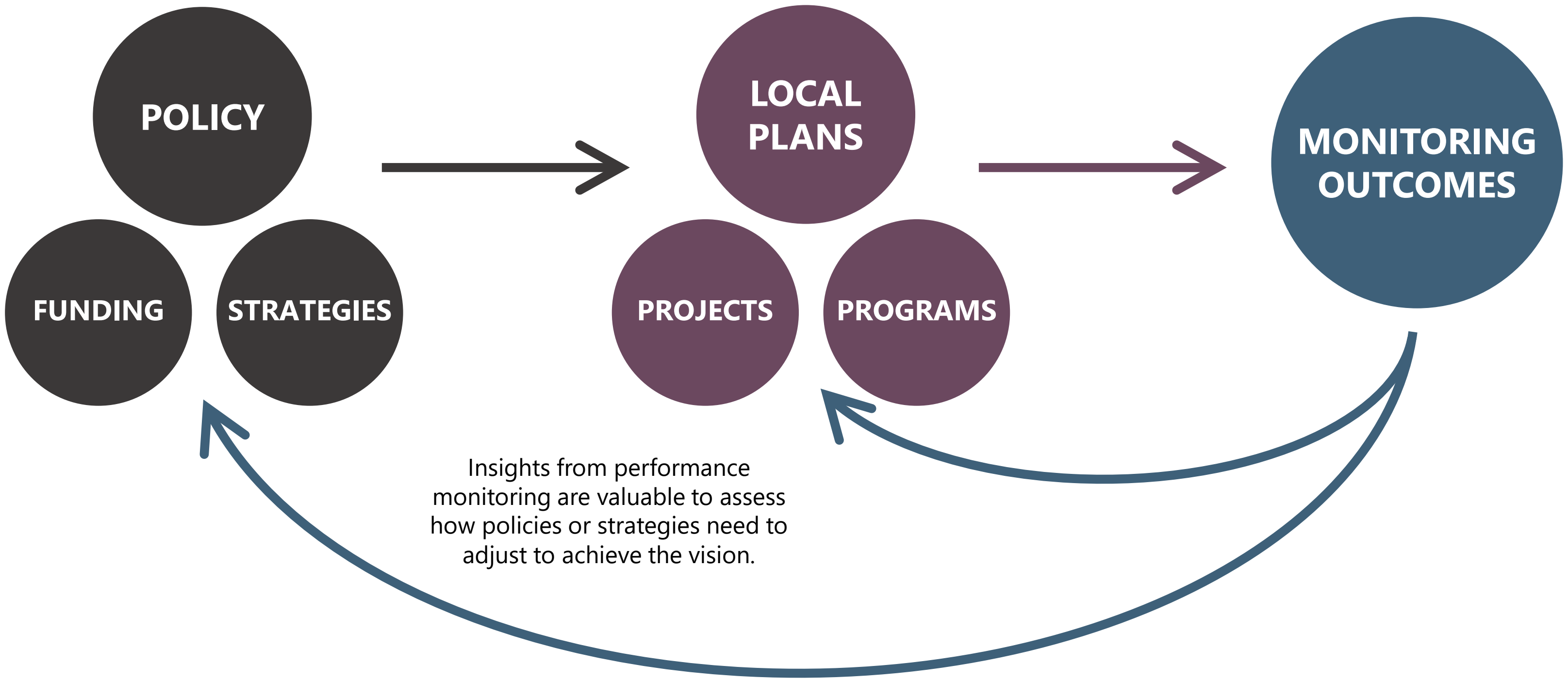
SCAG works with local jurisdictions, transportation commissions, state and federal agencies and various stakeholder groups to identify how we will work together to achieve the regional vision.

### Implementation

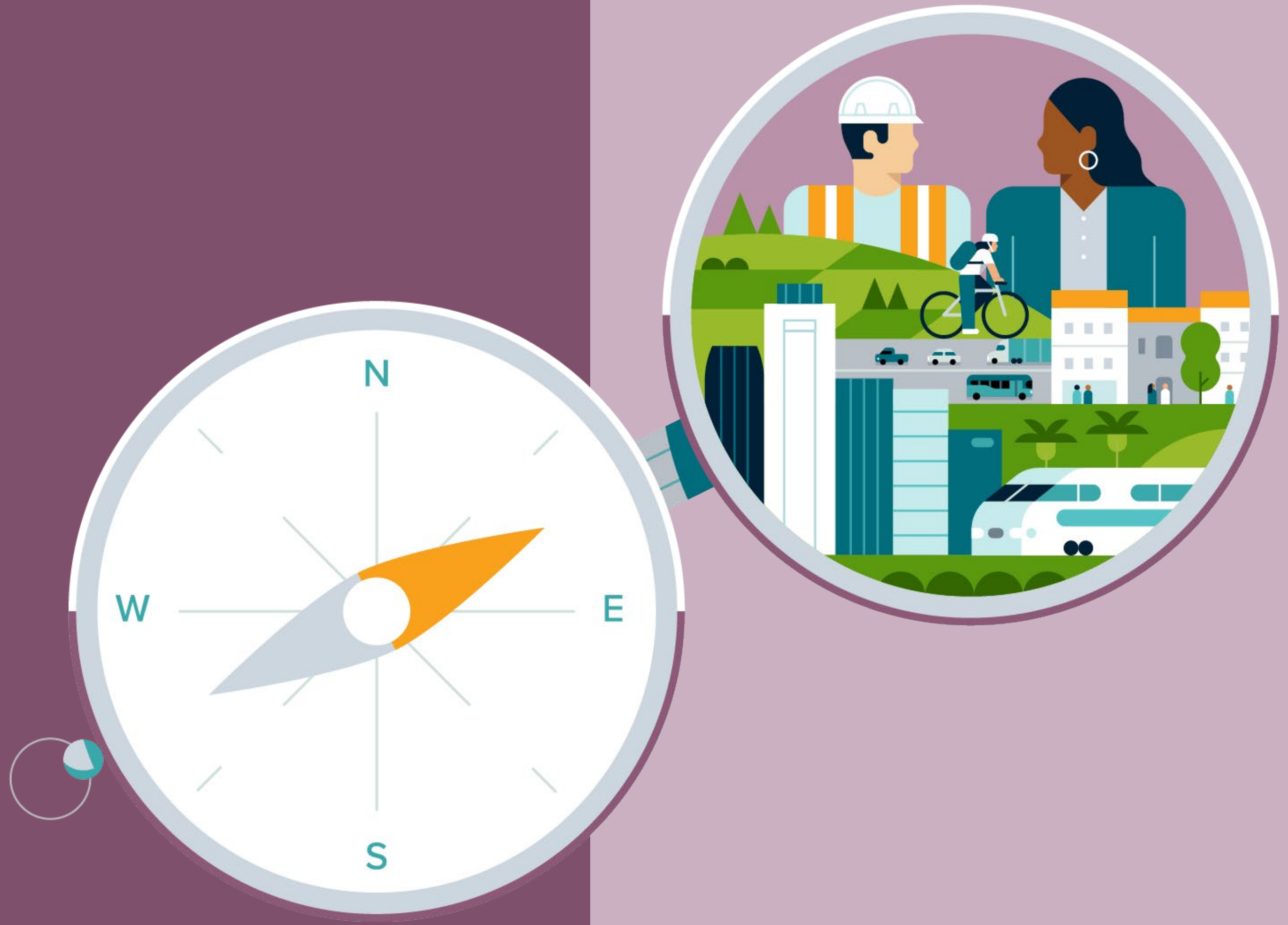
Jurisdictions take action at the local level to implement work that moves toward achieving this regional vision.

### Evaluation

Measurement of implementation work and outcomes acts as a benchmark on progress toward achieving the vision.



# WHAT IS
# Connect SoCal?



# Connect SoCal is:

A Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS)

A plan to meet federal and state requirements, which is critical for projects in the region to receive transportation funding or approval

A 20+ year plan with $750 billion in transportation investments, a regional development pattern and many supportive programs and strategies

# Plan Elements

SCAG

**Regional Planning Policies**
*Provide guidance for integrating land use and transportation*

**Project List**
*Details plan investments*

**Forecasted Regional Development Pattern**
*Demonstrates where the region can sustainably accommodate jobs and needed housing*

**Regional Strategic Investments**
*Address the gap between local plans and regional performance targets and goals*

**Implementation Strategies**
*Guide where SCAG will lead, partner or support plan implementation*

# HOW DO WE DEVELOP THE PLAN?

# A "Continuing, Cooperative and Comprehensive" Approach

| 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|
| FOUNDATIONS AND FRAMEWORKS | DATA COLLECTION AND POLICY DEVELOPMENT | OUTREACH AND ANALYSIS | DRAFT PLAN AND ADOPTION |

**Plan development included many steps including:**

- 90+ Working Group and Technical Advisory Committee meetings
- 3,600+ public outreach survey responses
- Input solicited from County Transportation Commissions for Plan **Project List**
- Input solicited from local jurisdictions for **Forecasted Regional Development Pattern**
- 100+ Staff Reports to SCAG's Policy Committees and Regional Council

# WHO ARE WE PLANNING FOR?

# Equity and Resilience as a Lens

## MOBILITY

- System Preservation and Resilience
- Complete Streets
- Transit and Multimodal Integration
- Transportation Demand Management
- Transportation System Management
- Technology Integration*
- Safety
- Funding the System/User Fees

## COMMUNITIES

- Priority Development Areas
- Housing the Region*
- 15 Minute Communities*
- Equitable Engagement and Decision-Making*

## ENVIRONMENT

- Sustainable Development
- Air Quality
- Clean Transportation
- Natural & Agricultural Lands Preservation
- Climate Resilience*

## ECONOMY

- Goods Movement
- Broadband*
- Universal Basic Mobility*
- Workforce Development*
- Tourism

**New policy area for Connect SoCal 2024*

# The Region in 2050

## Demographic Forecast

**2M** New People

**1.6M** New Households

**1.3M** New Jobs

## More Efficient Development Pattern

61% of Households + 65% of Jobs → planned for Priority Development Areas by 2050

## $750.1 Billion in Investments through 2050

- 60% Operations & Maintenance
- 37% Capital Projects
- 3% Debt Service

## Less Congestion

Daily Minutes of Person Delay

2019: **8.9** MINUTES

2050: **6.2** MINUTES

## Reduced GHG Emissions from Passenger Vehicles

**19%** GHG Reduction Target

Connect SoCal meets + surpasses its GHG emission reduction target by the year 2035

## More Travel Options

**869** New Lane Miles of Regional Express Lane Network

**4,000** New Miles of Bike Lanes

**181,200** New Miles of Transit Revenue Service

+ more than **2,000 PROJECTS**

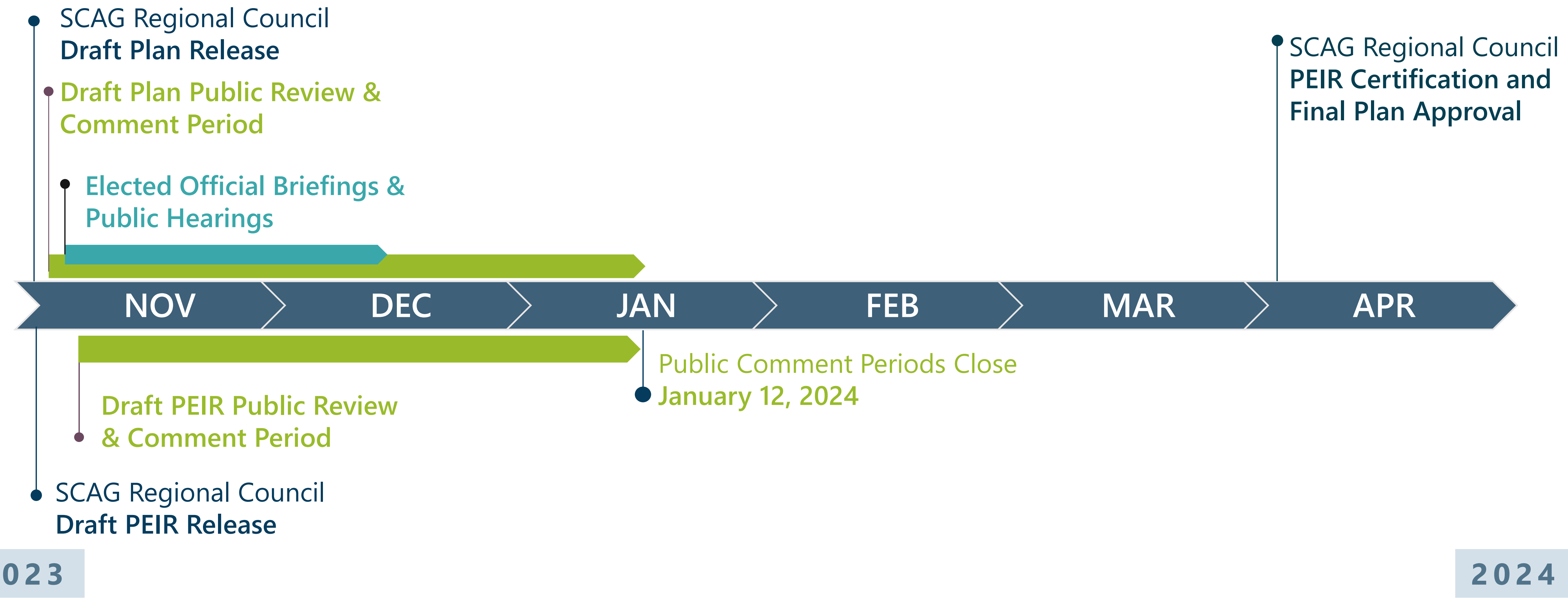
## Direct Economic Impacts

$2.00 in benefits for each $1.00 invested and 480,100 annual new jobs from transportation investments and increased competitiveness.

$1.00 INVESTED → $2.00 BENEFITS + 480,100 NEW JOBS

# WHAT COMES NEXT?

# Draft and Final Plan Timeline



# Give Your Comments

## Visit

ConnectSoCal.org to read the draft Connect SoCal 2024

## Submit

Comments online or by mail by January 12, 2024

## Contact

Legislative Affairs Manager:

Kevin Gilhooley
gilhooley@scag.ca.gov
(213) 236-1878

# THANK YOU!

For more information, please visit:

**www.scag.ca.gov**

The Southern California Association of Governments' 2024–2050 Regional Transportation Plan/ Sustainable Communities Strategy