



# **Orange County Transportation Authority**

## **Finance and Administration Committee Agenda**

### **Wednesday, May 14, 2025 at 10:30 a.m.**

Board Room, 550 South Main Street, Orange, California

#### **Committee Members**

Michael Hennessey, Chair  
Patrick Harper, Vice Chair  
Jamey M. Federico  
Carlos A. Leon  
Vicente Sarmiento  
Mark Tettemer

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

#### **Agenda Descriptions**

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

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

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

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

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

# FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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## 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

## Pledge of Allegiance

Director Sarmiento

## Closed Session

There are no Closed Session items scheduled.

## Special Calendar

### 1. Taxable Sales Forecast - MuniServices

Sam Kaur/Andrew Oftelie

#### **Overview**

Orange County Transportation Authority contracts with several economic specialists to provide an annual 30-year taxable sales forecast for Measure M2. The latest forecasts were received in Spring 2025. Thomas Adams, from MuniServices, will provide an update on the annual forecast and economic outlook for Orange County to the Finance and Administration Committee.

#### **Attachments:**

[Presentation](#)

## Consent Calendar (Items 2 through 8)

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

### 2. Approval of Minutes

Clerk of the Board

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

Approve the minutes of the April 23, 2025 Finance and Administration Committee meeting.

#### **Attachments:**

[Minutes](#)

## FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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### 3. Real Estate Administration, Internal Audit Report No. 25-506

Gabriel Tang/Janet Sutter

#### **Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of real estate administration. Based on the audit, controls over real estate administration could be improved. Five recommendations have been made to develop procedures for implementing fair market adjustments, improve documentation of approval for negotiated lease rates, document reviews of insurance requirements, develop procedures for periodic inspection of leased properties, and to implement procedures for collection of late payment fees.

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

Direct staff to implement five recommendations provided in Real Estate Administration, Internal Audit Report No. 25-506.

#### **Attachments:**

[Staff Report](#)

[Attachment A](#)

### 4. Transportation Development Act, Triennial Performance Audits

Ricco Bonelli/Janet Sutter

#### **Overview**

Triennial performance audits have been conducted of the Orange County Transportation Authority, the Orange County Transit District, and the Laguna Beach Municipal Transit Lines for fiscal years 2021-22 through 2023-24. These audits are required by the Transportation Development Act. The audits found the Orange County Transportation Authority and the Orange County Transit District in compliance with applicable sections of the California Public Utilities Code.

The Laguna Beach Municipal Transit Lines was found to have met all compliance requirements with respect to applicable sections of the California Public Utilities Code except for filing its fiscal year 2023-24 State Controller's Report within seven months of the end of the fiscal year. The audit offered three recommendations to the City of Laguna Beach to improve implementation of its long-term goals and objectives, strengthen its reporting process, and to ensure timely submissions to the State Controller's Office.

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

- A. Receive and file the Triennial Performance Audit of the OCTA as the Regional Transportation Planning Entity, fiscal year 2021-22 to fiscal year 2023-24, as an information item.
- B. Receive and file the Triennial Performance Audit of the Orange County Transit District, fiscal year 2021-22 to fiscal year 2023-24, as an information item.
- C. Direct staff to monitor implementation of recommendations included in the Triennial Performance Audit of the City of Laguna Beach - Laguna Beach Municipal Transit

## FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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Lines, fiscal year 2021-22 to fiscal year 2023-24.

***Attachments:***

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

**5. Amendment to Agreement for On-Call Commercial Real Estate Brokerage Services**

Joe Gallardo/James G. Beil

***Overview***

On August 24, 2020, the Orange County Transportation Authority Board of Directors approved an agreement with CBRE, Inc. for on-call commercial real estate brokerage services for leasing and disposing of anticipated excess land owned by the Orange County Transportation Authority. An amendment to the existing agreement is requested for continued on-call commercial real estate brokerage services for an additional six months.

***Recommendation(s)***

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-0-2160 between the Orange County Transportation Authority and CBRE, Inc., in the amount of \$268,000, for additional on-call commercial real estate brokerage leasing services and extend the term of the agreement for an additional six months through March 31, 2026. This will increase the maximum cumulative obligation of the agreement to a total contract value of \$318,000 for leasing services.

***Attachments:***

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

**6. Orange County Transportation Authority Investment and Debt Programs Report - March 2025**

Robert Davis/Andrew Oftelie

***Overview***

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending March 31, 2025. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

***Recommendation(s)***

Receive and file as an information item.



## FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

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***Attachments:***

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

**7. Annual Update to Investment Policy**

Robert Davis/Andrew Oftelie

***Overview***

The Treasurer is presenting the Orange County Transportation Authority's Proposed Fiscal Year 2025-26 Investment Policy. The governing body of a local agency is required to annually renew the delegation of authority for the Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds for a period of one year. Additionally, and as recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Proposed Fiscal Year 2025-26 Investment Policy to be reviewed at a public meeting.

***Recommendation(s)***

- A. Adopt the Fiscal Year 2025-26 Investment Policy July 1, 2025.
- B. Authorize the Treasurer, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2025-26.

***Attachments:***

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

**8. Fiscal Year 2024-25 Third 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 third quarter of fiscal year 2024-25, covering January through March 2025.

***Recommendation(s)***

Receive and file as an information item.

***Attachments:***

[Staff Report](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

[Attachment D](#)

## **FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA**

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### **Regular Calendar**

There are no Regular Calendar items scheduled.

### **Discussion Items**

**9. Fiscal Year 2025-26 Budget Workshop Follow-up**

Victor Velasquez/Andrew Oftelie

**Overview**

Budget staff is available for follow-up questions, issues, or concerns that may have arisen at and/or since the budget workshop conducted with the Board of Directors on May 12, 2025.

**10. Public Comments**

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

**12. Committee Members' Reports**

**13. Adjournment**

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

**10:30 a.m. on Wednesday, May 28, 2025**

OCTA Headquarters

Board Room

550 South Main Street

Orange, California

# Orange County Transportation Authority

## **Measure M2 and TDA Forecast Review**

Tom Adams

Director of Sales and Use Tax Audit

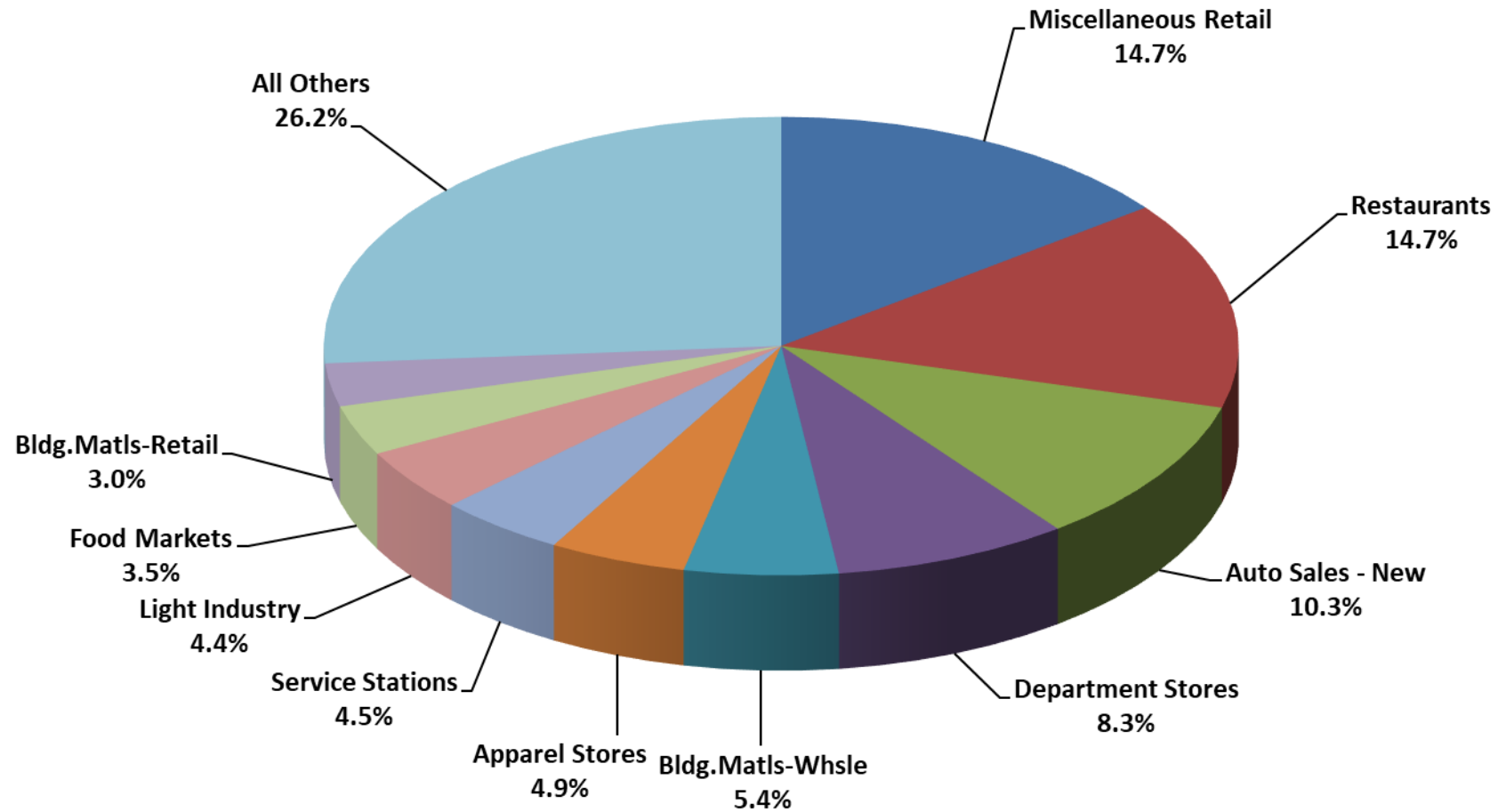
[Thomas.Adams@AvenuInsights.com](mailto:Thomas.Adams@AvenuInsights.com)

May 2025 Update

# Agenda

- Top Segments, Quarterly Performance, & Top 25 Businesses
- Employment Compared to Sales Tax per Capita
- Ten Year Growth Rates & Historic Population Growth
- Recent Economic Issues and Sales Tax Trends
- Focus on Pandemic, Recovery, and Inflation
- Forecast Assumptions and Caveats
- Sales Tax Revenue Projections for M2 and TDA

# Top 10 Segments

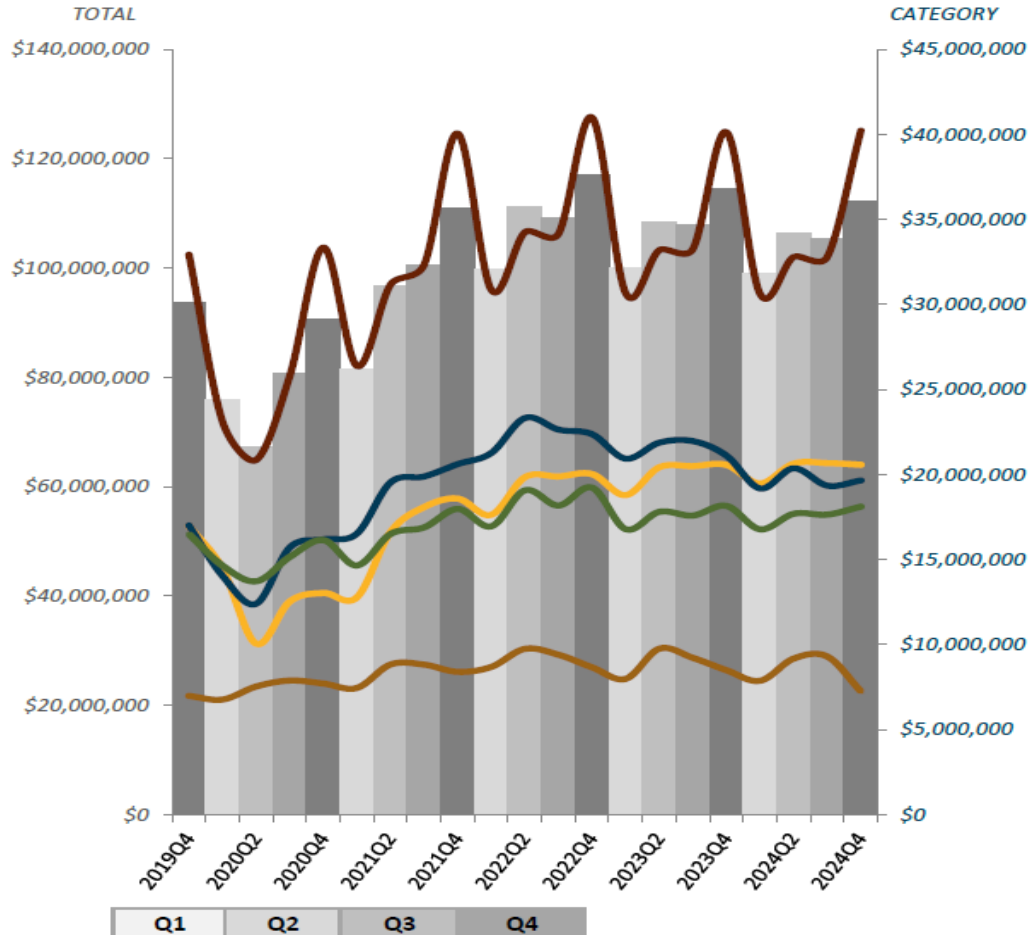


# Quarterly Performance

## TOTAL

Confidential

Economic



## TOTAL Calendar Year Quarters

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$112,253,837	-2.0%	-\$2,345,181	-1.8%	-\$7,711,653

## GENERAL RETAIL

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$40,222,057	0.2%	\$87,417	-0.6%	-\$809,968
% of 2024Q4 Total:		35.8%		

## FOOD PRODUCTS

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$20,577,034	0.1%	\$11,647	1.4%	\$1,098,576
% of Total:		18.3%		

## TRANSPORTATION

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$19,651,886	-6.9%	-\$1,457,397	-8.5%	-\$7,335,375
% of Total:		17.5%		

## CONSTRUCTION

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$7,253,989	-14.6%	-\$1,237,647	-5.2%	-\$1,857,775
% of Total:		6.5%		

## BUSINESS TO BUSINESS

2024Q4	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$18,112,777	-0.2%	-\$42,509	-0.2%	-\$109,743
% of Total:		16.1%		

QoQ = 24Q4 / 23Q4

YoY = YE 24Q4 / YE 23Q4

# Top 25 Sales Tax Generators (generate 25% of sales tax)

**7-Eleven Food Stores**

**Amazon.com**

**Amazon.com (Third Party Sellers/Wayfair)**

**Apple Stores**

**Arco AM/PM Mini Marts**

**Best Buys Stores**

**Chevron Service Stations**

**Costco Wholesale**

**CVS/Pharmacy**

**Dept. of Motors Vehicles (3<sup>rd</sup> party sales)**

**Disneyland**

**EBay**

**Ganahl Lumber Company**

**Home Depot**

**In and Out Burgers**

**McDonald's Restaurants**

**Nordstrom Department Store**

**Ralph's Grocery Company**

**Ross Stores**

**Shell Service Stations**

**Target Stores**

**Tesla**

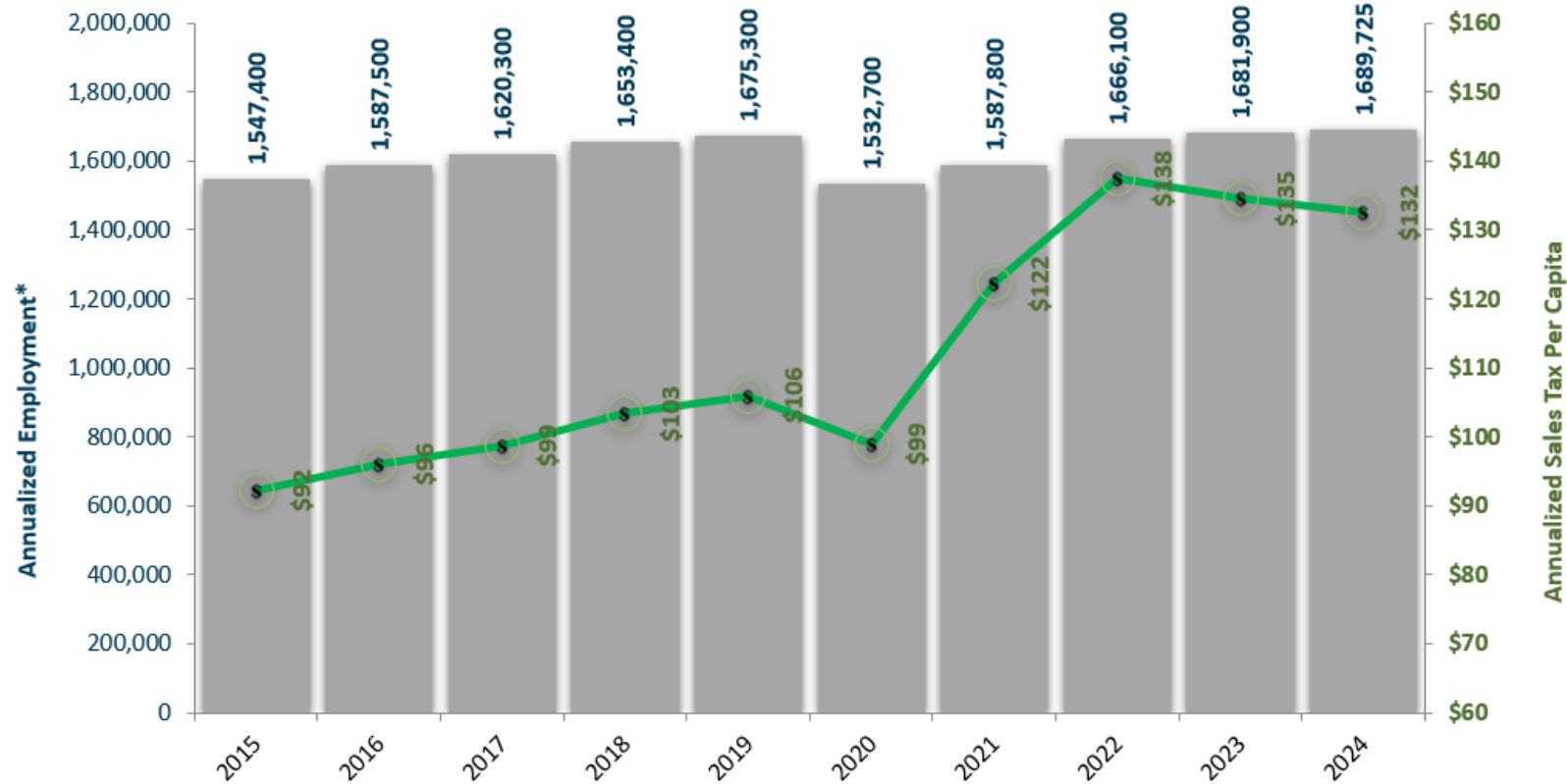
**Uber Eats**

**Union 76 Service Stations**

**Walmart Stores**

# Employment Compared to Sales Tax Per Capita

Estimated Annualized Employment and Gross Sales Tax Per Capita by Benchmark Year



Correlation Coefficient: 0.73

Calendar Years

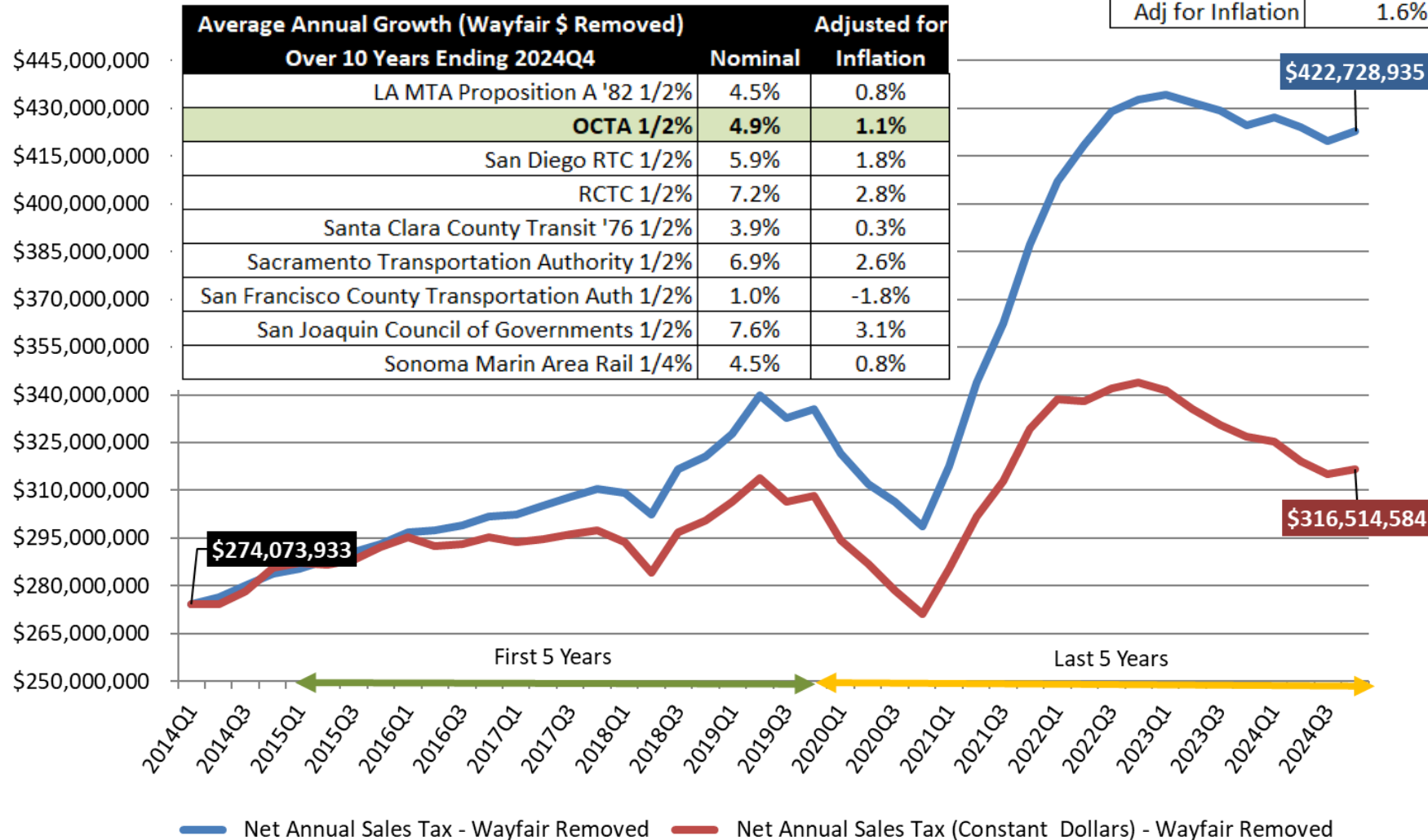
Measure M2 ½ Sales and Use Tax



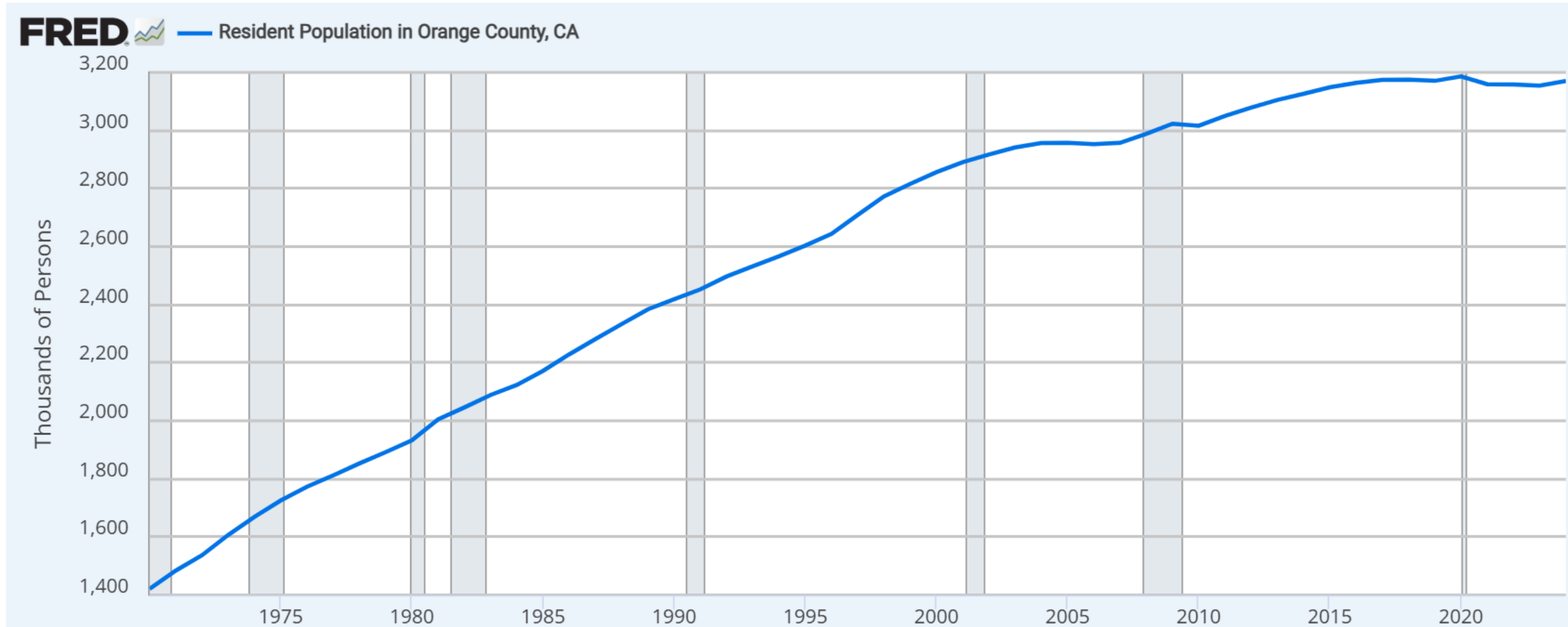
# Ten Year Historic Growth Rates

## NET ANNUAL SALES TAX FOR O.C.T.A. 1/2% Adjusted for Inflation (Wayfair \$ Removed)

OCTA Average Annual Growth (Wayfair \$ Removed)		
	First 5 Years	Last 5 Years
Nominal	3.6%	5.2%
Adj for Inflation	1.6%	0.5%



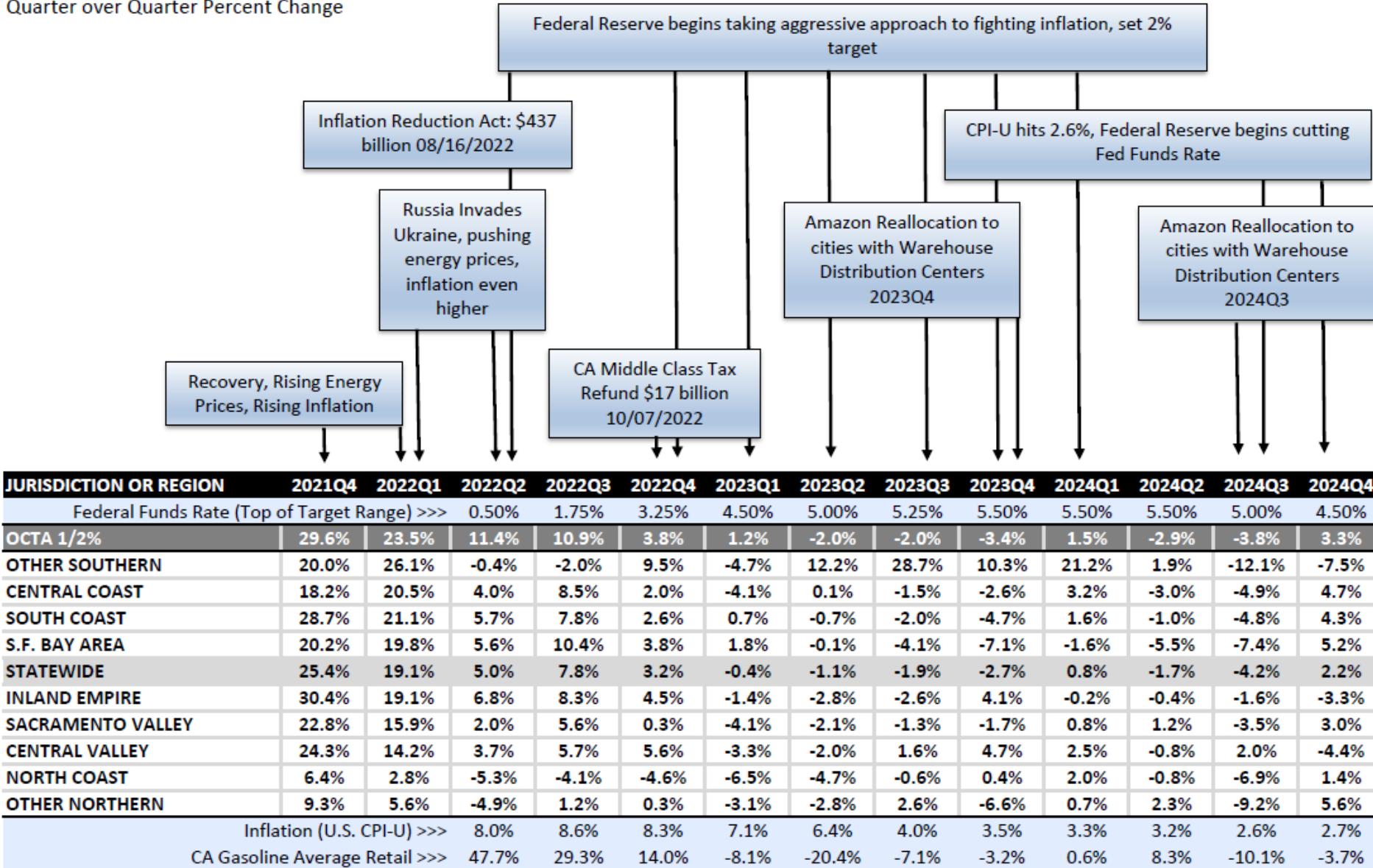
# Historic Population Growth Rates



# Recent Economic Issues & Trends

## California Taxable Sales

Quarter over Quarter Percent Change



# Pre-Pandemic, Pandemic, Recovery, Inflation, Recent Years

	Pre-Pandemic	Pandemic	Recovery	Inflation	Post Inflation	Current
	YE 2019Q4	YE 2020Q4	YE 2021Q4	YE 2022Q4	YE 2023Q4	YE 2024Q4
<b>Total Receipts</b>	<b>\$337,941,252</b>	<b>\$302,329,646</b>	<b>\$391,040,015</b>	<b>\$437,094,054</b>	<b>\$429,417,380</b>	<b>\$427,776,391</b>
<b>General Retail</b>	<b>\$103,927,548</b>	<b>\$103,105,131</b>	<b>\$129,946,187</b>	<b>\$140,254,766</b>	<b>\$137,257,607</b>	<b>\$136,447,640</b>
<b>Food Products</b>	<b>\$65,021,097</b>	<b>\$50,087,016</b>	<b>\$66,066,241</b>	<b>\$77,380,889</b>	<b>\$80,272,187</b>	<b>\$81,370,762</b>
Restaurants	48,077,360	33,279,783	47,433,700	57,059,781	60,162,134	<b>61,241,957</b>
<b>Transportation</b>	<b>\$65,875,266</b>	<b>\$58,337,421</b>	<b>\$76,559,167</b>	<b>\$89,607,661</b>	<b>\$85,882,651</b>	<b>\$78,348,439</b>
Auto Sales - New	32,245,490	31,399,820	41,607,643	<b>48,930,510</b>	48,235,072	43,135,774
Service Stations	19,464,618	13,187,948	18,691,876	<b>23,231,350</b>	20,385,957	18,901,873
<b>Construction</b>	<b>\$28,923,422</b>	<b>\$29,897,911</b>	<b>\$33,500,868</b>	<b>\$36,502,293</b>	<b>\$35,457,728</b>	<b>\$33,599,953</b>
<b>Business To Business</b>	<b>\$62,908,594</b>	<b>\$59,661,447</b>	<b>\$66,028,135</b>	<b>\$73,439,462</b>	<b>\$70,338,520</b>	<b>\$70,228,777</b>
<b>Miscellaneous</b>	<b>\$11,872,630</b>	<b>\$11,756,362</b>	<b>\$14,331,700</b>	<b>\$15,969,409</b>	<b>\$16,384,927</b>	<b>\$15,666,197</b>

# Forecast Assumptions

- Increased likelihood for recession/slowdown in 2025 (from previous forecast).
- Significant pandemic disruptions such as supply chain issues and significant inflation (which had been receding) are again potential issues with an uncertain tariff program.
- Avenu forecast is 'conservative' and assumes a flat 2025 and start of slow growth in 2026.
- Federal Reserve interest rates likely to remain 'higher for longer' but not projected to increase.
- Inflation likely to increase in 2025, but it will be temporary and come back down in 2026

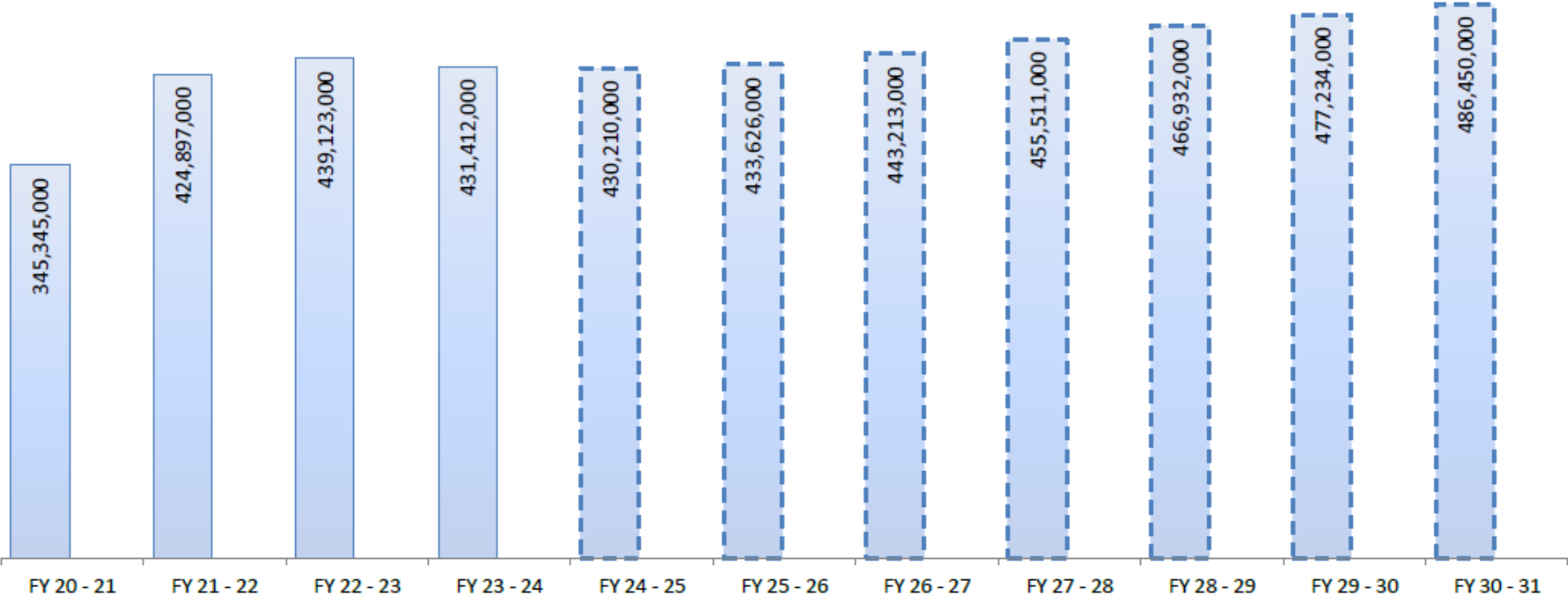
# Forecast Caveats

- Economic conditions continue to have greater than usual levels of uncertainty. Greater uncertainty translates to greater potential variance for the forecast in upcoming years.
- Some of the areas of uncertainty include:
  - What will be the impact of tariffs on consumer behavior?
  - How long will 'trade war' impact economy? What overall impact?
  - How long/how much will inflation impact the economy?
  - How will Fed interest rate adjustments and timing affect economy?
  - How will gas prices adjust over the next several years?
  - How likely is a recession? What trigger? How big? How long?
  - What will be timing & strength of recovery?

# Measure M2 (1½%) Forecast Projections

Gross Cash Projection

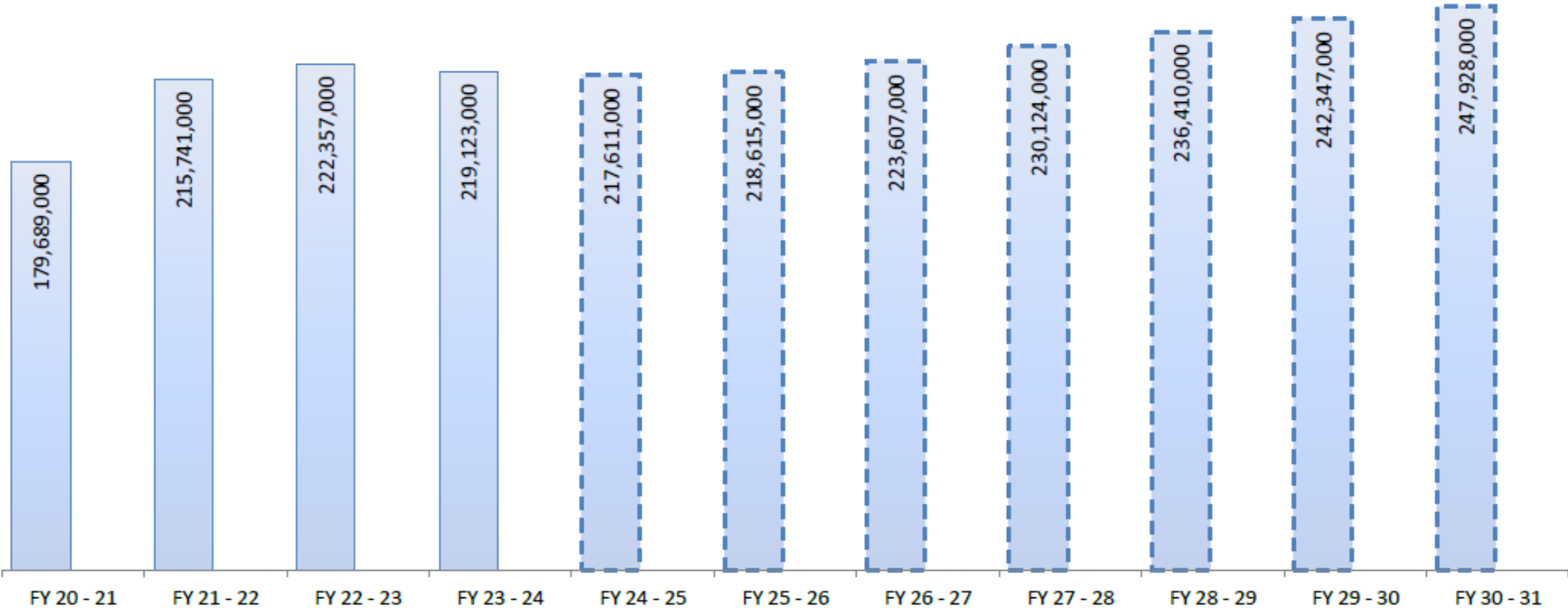
Voter Approved	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30	FY 30 - 31
Cash Projection	431,412,000	430,210,000	433,626,000	443,213,000	455,511,000	466,932,000	477,234,000	486,450,000
Percent Change	-1.8%	-0.3%	0.8%	2.2%	2.8%	2.5%	2.2%	1.9%



# TDA (LTF) 1/4% Forecast Projection

Gross Cash Projection

County Transportation	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30	FY 30 - 31
Cash Projection	219,123,000	217,611,000	218,615,000	223,607,000	230,124,000	236,410,000	242,347,000	247,928,000
Percent Change	-1.5%	-0.7%	0.5%	2.3%	2.9%	2.7%	2.5%	2.3%





# QUESTIONS?

**Committee Members Present**

Michael Hennessey, Chair  
Patrick Harper, Vice Chair  
Jamey M. Federico  
Carlos A. Leon  
Mark Tettemer

**Staff Present**

Darrell E. Johnson, Chief Executive Officer  
Sahara Meisenheimer, Clerk of the Board Specialist  
Gina Ramirez, Assistant Clerk of the Board  
Andrea West, Clerk of the Board  
James Donich, General Counsel  
OCTA Staff

**Committee Members Absent**

Mike Carroll  
Vicente Sarmiento

**Call to Order**

The April 23, 2025 regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chair Hennessey at 10:30 a.m.

**Special Calendar**

**1. Proposed Fiscal Year 2025-26 Southern California Regional Rail Authority Budget**

Darrell E. Johnson, Chief Executive Officer (CEO), provided opening comments and introduced Darren Kettle, CEO of Metrolink, who provided a PowerPoint presentation.

Following a discussion, no action was taken on this item.

**Consent Calendar (Items 2 through 8)**

**2. Approval of Minutes**

A motion was made by Director Tettemer, seconded by Director Federico, and declared passed by those present to approve the minutes of the March 26, 2025 Finance and Administration Committee meeting.

**3. Fiscal Year 2024-25 Internal Audit Plan, Third Quarter Update**

A motion was made by Director Tettemer, seconded by Director Federico, and declared passed by those present to receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2024-25 Internal Audit Plan as an information item.



**4. Independent Accountants' Report on Applying Agreed-Upon Procedures, City of Buena Park**

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

**5. Independent Accountant's Report on Applying Agreed-Upon Procedures, City of Orange**

A motion was made by Director Tettemer, seconded by Director Federico, and declared passed by those present to direct staff to develop recommendations for Board of Directors' action related to the status of the City of Orange's Measure M2 eligibility.

**6. Orange County Transportation Authority Investment and Debt Programs Report - February 2025**

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

**7. Approval of the Fiscal Year 2025-26 Local Transportation Fund Claim for Laguna Beach Public Transportation Services**

A motion was made by Director Tettemer, seconded by Director Federico, and declared passed by those present to:

- A. Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2025-26 Local Transportation Fund Claim for public transportation services in the amount of \$1,495,895.
- B. Authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

**8. Approval of the Fiscal Year 2025-26 Local Transportation Fund Claim for Public Transportation and Community Transit Services**

A motion was made by Director Tettemer, seconded by Director Federico, and declared passed by those present, to:

- A. Approve the Orange County Transit District Fiscal Year 2025-26 Local Transportation Fund Claim for public transportation services in the amount of \$208,460,790, and for community transit services in the amount of \$11,050,352 for a total claim amount of \$219,511,142.



- B. Authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

### **Regular Calendar**

#### **9. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2024**

Janet Sutter, Executive Director of Internal Audit, provided a report on this item.

Public comments were heard from Chau Vu, Director of Public Works, Huntington Beach, and Travis Hopkins, City Manager, Huntington Beach.

A motion was made by Director Federico, seconded by Director Tettemer, and declared passed by those present, to:

- A. Direct staff to monitor implementation of corrective actions by cities.
- B. Direct staff to review with legal counsel the results of agreed-upon procedures applied to the City of Huntington Beach and develop recommendations for Board of Directors' consideration to address the exception related to disallowed Local Fair Share expenditures.
- C. Direct staff to follow up with the City of Mission Viejo to obtain a revised Measure M2 Expenditure Report, evaluate whether administrative costs related to the Senior Mobility Program exceeded the ten percent threshold, and, if applicable, recover the overage.
- D. Direct staff to consult with legal counsel, develop guidelines for allowable uses of Local Fair Share funds for "other transportation purposes" and provide communication to cities.

#### **10. Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024**

Janet Sutter, Executive Director of Internal Audit, provided a report on this item and Joseh Widjaja, Crowe LLP, answered questions.

A motion was made by Committee Vice Chair Harper, seconded by Director Federico, and declared passed by those present, to:

- A. Receive and file as an information item.



- B. Approve a request from the Measure M2 Taxpayer Oversight Committee to conduct Measure M2 compliance audits on an annual basis. If approved, authorize an increase in contract budget of \$400,000 for fiscal years 2024-25 and 2025-26 under Agreement No. C-3-2931 with Crowe LLP, increasing the maximum obligation to \$2,185,500.

### **11. Orange County Transportation Authority Fiscal Year 2025-26 Budget Workshop Preview**

Darrell E. Johnson, CEO, provided opening comments and introduced Victor Velasquez, Department Manager of Financial Planning and Analysis, who provided a PowerPoint presentation.

No action was taken on this item.

### **Discussion Items**

#### **12. Measure M2 Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), Series 2025 Pricing Summary**

Andy Oftelie, Chief Financial Officer, provided a PowerPoint presentation.

No action was taken on this item.

#### **13. Public Comments**

There were no public comments received.

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

Mr. Johnson, CEO, gave an update on the passing of SB 741, a coastal permit exemption for emergency rail repairs.

#### **15. Committee Members' Reports**

There were no Committee Members' Reports.



**16. Adjournment**

The meeting adjourned at 12:03 p.m.

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

**10:30 a.m. on Wednesday, May 14, 2025**

OCTA Headquarters

Board Room

550 South Main Street

Orange, California

ATTEST:

\_\_\_\_\_  
Sahara Meisenheimer  
Clerk of the Board Specialist



**May 14, 2025**

**To:** Finance and Administration Committee

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

Janet Sutter, Executive Director  
Internal Audit

**Subject:** Real Estate Administration, Internal Audit Report 25-506

### **Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of real estate administration. Based on the audit, controls over real estate administration could be improved. Five recommendations have been made to develop procedures for implementing fair market adjustments, improve documentation of approval for negotiated lease rates, document reviews of insurance requirements, develop procedures for periodic inspection of leased properties, and to implement procedures for collection of late payment fees.

### **Recommendation**

Direct staff to implement five recommendations provided in Real Estate Administration, Internal Audit Report No. 25-506.

### **Background**

The Real Property Department (Real Property), within the Capital Programs Division, has management responsibilities for properties acquired and owned by the Orange County Transportation Authority (OCTA). The Real Property Policies and Procedures Manual (Policy) outlines responsibilities including managing leases, licenses, and rights-of-entry, conducting fair market analyses of revenue generating real estate interests, monitoring tenant insurance, periodic inspection of leased properties, and coordination with the Accounting Department for revenue collection.

OCTA permanently owns and manages 695.8 acres of rail right-of-way property and acquires additional properties as part of its responsibilities in delivering

highway and rail projects. As of September 2024, OCTA owned 803.58 acres of capitalized real estate property, including bus bases and transit centers. As of October 2024, Real Property manages 165 revenue-generating leases, licenses, and rights-of-entry, with annual collections of \$1.69 million and \$1.55 million for fiscal years 2022-23 and 2023-24, respectively.

Real Property is staffed with one manager and five real property agents (RPA). Real Property also utilizes two consultant firms, CBRE Group, Inc. (CBRE) under Agreement No. C-0-2160, and Cal Pacific Land Services, Inc. (Cal Pacific) under Agreement No. C-3-2807, to perform various activities including development of initial fair market valuations, assistance with lease negotiations, monitoring of tenant insurance coverage, and development of recommendations for periodic fair market and Consumer Price Index adjustments.

On a monthly basis, Accounts Receivable staff prepares a billing list for the RPAs' review and approval prior to mailing invoices. For any invoices outstanding 90 days or more, Accounts Receivable will send duplicate invoices and notify the RPA of the delinquency. In accordance with California Revenue and Taxation Code, Real Property prepares and files an annual Possessory Interest Report with the County of Orange and notifies the County Assessor's office of revenue-generating agreements, which the leaseholder is responsible for paying taxes on the interest in the property created.

### ***Discussion***

Results of initial fair market valuations performed by consultant firms are accepted through informal means, including email and sticky notes, rather than requiring formal reports describing methodology and support for the rate used to determine value. In addition, management has not developed procedures to ensure that periodic fair market value adjustments are implemented in accordance with agreement terms and the Policy. Internal Audit recommends management develop and implement standards for the conduct and documentation of fair market valuations and assessments and require consultant firms to provide opinions of value in writing, including descriptions of the methodology and support for the rates used. Management should also develop and implement procedures to ensure fair market analyses and related adjustments are conducted and applied in accordance with agreement terms and Policy requirements. Management agreed and indicated that an updated appraisal is underway and will be used as the basis for calculating future fair market valuation increases. Management will also develop a procedure to memorialize steps to determine fair market value calculations and decisions as to imposing such increases.



Rate adjustments not applied, or modified, due to negotiation and/or other considerations are not documented and approved as required by the Policy. Internal Audit recommends management comply with the Policy requiring documentation and approval of lease rate adjustments modified or not applied and implement procedures to ensure lease amendments are processed to reflect negotiated rate adjustments. Management agreed and will document consultant calculations, history of negotiations, and the final negotiated rate in each tenant file, and amend licenses to reflect any negotiated adjustments.

There is no evidence that insurance requirements included in lessee agreements are reviewed by the Risk Management Department (Risk Management) for sufficiency, as required by the Policy. Internal Audit recommends Real Property obtain documentation of Risk Management's review and direction as to insurance requirements. In addition, management should consider reviewing and updating license agreements that do not contain insurance requirements or other standard terms and conditions. Management agreed and will request a memorandum from Risk Management to confirm the minimum requirements for license insurance each January. If a potential licensee is requesting a unique or unusual use, the Risk Manager will be made aware so that they can determine if the insurance requirements are sufficient.

There is currently no documented, systematic process to periodically inspect leased properties to ensure compliance with agreement terms and to prevent unauthorized uses. Internal Audit recommends management develop and implement procedures for periodic inspection of properties to ensure compliance with agreement terms and identify unauthorized uses. Inspections should be documented. Management agreed and will identify tenants that require inspection each January and will perform and document the inspections.

Late payment fees, outlined in lease agreements, are not applied. Internal Audit recommends management develop and implement procedures to ensure late payment provisions are enforced. Management agreed and will calculate and document the value of late fees based on the licensee's individual agreement with OCTA and communicate this rate with the tenant and Accounts Receivable.

### ***Summary***

Internal Audit has completed an audit of real estate administration and has offered five recommendations for improvement.

---

**Attachment**

A. Real Estate Administration, Internal Audit Report No. 25-506

**Prepared by:**

  
Gabriel Tang  
Principal Internal Auditor  
714-560-5746

**Approved by:**

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

# ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



## Real Estate Administration

### Internal Audit Report No. 25-506

Revised - April 28, 2025



**Audit Team:**

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

**Distributed to:**

Jim Beil, Executive Director, Capital Programs  
Andrew Oftelie, Executive Director, Finance and Administration  
Joe Gallardo, Bill Mock, Sean Murdock, Rima Tan, Nicole Sanchez

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## **Conclusion**

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of real estate administration. Based on the audit, controls over real estate administration could be improved. Five recommendations have been made to develop procedures for implementing fair market adjustments, improve documentation of approval for negotiated lease rates, document reviews of insurance requirements, develop procedures for periodic inspection of leased properties, and to implement procedures for collection of late payment fees.

## **Background**

The Real Property Department (Real Property), within the Capital Programs Division, has management responsibilities for properties acquired and owned by OCTA. The Real Property Policies and Procedures Manual (Policy) outlines responsibilities including managing leases, licenses, and rights-of-entry, conducting fair market analyses of revenue generating real estate interests, monitoring tenant insurance, periodic inspection of leased properties, and coordination with the Accounting Department for revenue collection.

OCTA permanently owns and manages 695.8 acres of rail right-of-way (ROW) property and acquires additional properties as part of its responsibilities in delivering highway and rail projects. As of September 2024, OCTA owned 803.58 acres of capitalized real property, including bus bases and transit centers. As of October 2024, Real Property manages 165 revenue-generating leases, licenses, and rights-of-entry, with annual collections of \$1.69 million and \$1.55 million for fiscal years 2023 and 2024, respectively.

Real Property is staffed with one manager and five real property agents (RPA). Real Property also utilizes two consultant firms, CBRE Group, Inc. (CBRE) under Agreement No. C-0-2160, and Cal Pacific Land Services, Inc. (Cal Pacific) under Agreement No. C-3-2807, to perform various activities, including development of initial fair market valuations, assistance with lease negotiations, monitoring of tenant insurance coverage, and development of recommendations for periodic fair market and Consumer Price Index (CPI) adjustments.

Lease, license, and right-of-entry agreements are negotiated by staff and approved by the Executive Director of Capital Programs. The Policy states that insurance requirements should be implemented as determined by OCTA's Risk Management Department (Risk Management). The Policy requires regular review of the terms and conditions of existing agreements and consistent implementation (at least every five years) of fair market adjustments and annual CPI adjustments. Individual agreements also may include terms for the frequency of fair market adjustment, CPI adjustment, and for fees to be assessed for late payments. Recommended lease rate adjustments that are not applied

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due to negotiations or other considerations are required to be documented and approved by the executive director.

On a monthly basis, Accounts Receivable staff prepare a billing list for the RPAs' review and approval prior to mailing invoices. For any invoices outstanding 90 days or more, Accounts Receivable will send duplicate invoices and notify the RPA of the delinquency.

In accordance with California Revenue and Taxation Code, Real Property prepares and files an annual Possessory Interest Report (PIR) with the County of Orange. The PIR notifies the county assessor's office of revenue-generating agreements allowing others to use publicly owned property. The leaseholder is responsible for paying taxes on the interest in the property created by the agreement.

## **Objectives, Scope, and Methodology**

The objectives were to assess and test controls over real estate administration.

The methodology consisted of testing compliance with key Policy and agreement requirements, testing compliance with the Capital Asset Management Manual for recording of real property in the accounting system, testing controls for valuation, approval, and new account set-up, testing controls for monitoring of insurance requirements, testing compliance with the Policy and agreement terms for application of fair market and CPI adjustments, testing of invoice controls and application of late payment fees, and testing compliance with requirements for filing annual PIRs.

The scope period was from July 1, 2022 through September 30, 2024, the Active Customer Account Listing from the accounting system as of October 24, 2024, and PIR filings for 2023 and 2024. Judgmental samples were selected with a bias for different types of agreements and to provide coverage throughout the scope period. Testing for application of market and CPI adjustments included a sample of active agreements over five years old as of October 24, 2024, and invoice testing included two invoices per agreement. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. 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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## **Audit Comments, Recommendations, and Management Responses**

### **Fair Market Valuation**

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Results of initial fair market valuations performed by consultant firms are accepted through informal means, including email and sticky notes, rather than requiring formal reports describing methodology and support for the rate used to determine value. In addition, management has not developed procedures to ensure that periodic fair market value adjustments are implemented in accordance with agreement terms and the Policy.

Consultant-prepared fair market value opinions for four out of five agreements executed since July 2022, were supported only by calculations sent by email or written on sticky notes without support.

In addition, the Policy requires management consistently implement fair market adjustments; specifically, the Policy states that "...at least every five years, through an independent consultant, conduct a fair market analysis of the revenue-generating real estate interest owned by OCTA." Agreements also include language addressing fair market adjustments to be performed not less than every three or five years from the anniversary date. Despite this, there was no evidence of fair market analyses being performed for 11 out of 15 agreements tested, and the last analyses performed on the remaining four agreements were dated between June 2016 through May 2018, beyond the three-to-five-year requirement per agreement terms and the Policy. The fair market analyses on file for these four utilized a rate of \$28 per square foot, without discussion or support as to how the rate was derived.

#### **Recommendation 1:**

Internal Audit recommends management develop and implement standards for the conduct and documentation of fair market valuations and assessments and require consultant firms to provide opinions of value in writing, including descriptions of the methodology and support for the rates used. Management should also develop and implement procedures to ensure fair market analyses and related adjustments are conducted and applied in accordance with agreement terms and Policy requirements.

#### **Management Response:**

Management agrees with the recommendation. OCTA staff are obtaining an updated rail corridor appraisal, which will be used as the basis for calculating future fair market valuation (FMV) increases. The Real Property Manager will use the appraisal and FMV recommendations from staff and consultants to negotiate FMV increases.

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Staff will develop a process requiring a justification memorandum to be sent each January from the Real Property Manager to the Capital Programs Executive Director, recommending either an FMV increase or justifying why an FMV was not imposed on licenses eligible for an increase. The memorandum will document the methodology used to calculate the rate including reference to any source material such as appraisals used.

### **Approval of Rate Adjustments**

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Rate adjustments not applied or modified due to negotiation and/or other considerations are not documented and approved as required by the Policy.

The Policy requires that the decision not to apply a rate adjustment be documented, validated by the Real Property Manager, and approved by the Capital Programs Executive Director.

Testing identified three instances whereby a lease rate was reduced from the FMV derived through analysis without documentation describing the negotiated rate and without evidence of approval by the Capital Programs Executive Director. In addition, the two existing lease agreements were not amended to reflect the negotiated rate.

### **Recommendation 2:**

Internal Audit recommends management comply with the Policy requiring documentation and approval of lease rate adjustments modified or not applied and implement procedures to ensure lease amendments are processed to reflect negotiated rate adjustments.

### **Management Response:**

Management agrees with the recommendation. On a monthly basis, staff and/or consultants will calculate Consumer Price Index (CPI) increases and present them to the Real Property Manager for approval and provide Accounts Receivable the approved CPI increases. Rate adjustments will be documented in a memorandum from the Real Property Manager to the Capital Programs Executive Director recommending the agreed-upon rate is considered prudent and in the best interest of OCTA. Lease rate changes resulting from CPI adjustments will not require license agreement amendments. Negotiated adjustments to lease rates will be included in an amendment to the license agreement.



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### **Insurance Requirements**

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There is no evidence that insurance requirements included in lessee agreements are reviewed by Risk Management for sufficiency, as required by the Policy.

The Policy requires Real Property to implement insurance requirements as determined by Risk Management and consult Risk Management for approval of changes to standard insurance requirements. Discussion with management indicates that Risk Management is consulted; however, this is not documented.

In addition, testing identified two license agreements dated 1957 and 1963, that do not contain any insurance requirements. These licenses were executed by the prior owner of the ROW and have not been updated to include OCTA standard terms and conditions, such as insurance requirements.

#### **Recommendation 3:**

Internal Audit recommends Real Property obtain documentation of Risk Management's review and direction as to insurance requirements. In addition, management should consider reviewing and updating license agreements that do not contain insurance requirements or other standard terms and conditions.

#### **Management Response:**

Management agrees with the recommendation. Real Property will request a memorandum from Risk Management each January to confirm minimum requirements for insurance for above-ground uses and underground utility company facilities on OCTA property. This will include:

- 1) Commercial General Liability
- 2) Automobile Liability
- 3) Umbrella Liability
- 4) Workers Compensation and Employers Liability
- 5) Excess Liability
  - a) 2nd and 3rd Layers

If a potential licensee is requesting a unique or unusual use, the Risk Manager will be consulted so that they can determine if the insurance requirements are sufficient. Insurance requirements for improved properties will be discussed and addressed separately by Risk Management. If the insurance requirements change within the calendar year, the Risk Manager will send an updated memorandum.

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Real Property reviews tenant insurance certificates to ensure compliance with the insurance terms and conditions in their respective agreements. Staff will initiate discussion with licensees on any changes needed for insurance and other terms and conditions of their license and document the discussions in tenant files.

### **Periodic Field Inspections**

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There is currently no documented, systematic process to periodically inspect leased properties to ensure compliance with agreement terms and to prevent unauthorized uses.

The Policy requires Real Property to manage leases, licenses, and rights-of-entry through periodic field inspections to ensure compliance with the terms and conditions of the respective agreements and to manage properties to minimize maintenance and prevent unauthorized uses. Discussion with management confirmed there is currently no systematic process in place; rather, inspections occur when leases are being negotiated or amended, or when inquiries are received.

#### **Recommendation 4:**

Internal Audit recommends management develop and implement procedures for periodic inspection of properties to ensure compliance with agreement terms and identify unauthorized uses. Inspections should be documented.

#### **Management Response:**

Management agrees with the recommendation. OCTA inspects active tenant leases and licenses intermittently and on an 'as needed' basis, as reflected in the Policy and updates approved by the Board of Directors since 2013.

Each January, Real Property will review and identify tenants that would likely require a more recurrent inspection based on the specific site and the tenants' use of the property. Properties requiring more recurrent inspection will be documented in the tenant file and OCTA's Real Property and Rail Maintenance-of-Way staff will log inspections performed. Other 'as needed' or case-by-case inspections will be performed and documented in the tenant file.

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### **Late Fees**

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Late payment fees, outlined in lease agreements, are not applied.

Some lease agreements include late payment provisions; however, Real Property has not developed and implemented procedures to apply these fees. Internal Audit noted that late fees were not collected in accordance with the underlying agreement terms for any of the late payments observed during testing.

#### **Recommendation 5:**

Internal Audit recommends management develop and implement procedures to ensure late payment provisions are enforced.

#### **Management Response:**

Management agrees with the recommendation. Most licenses that incur late fees are from utility companies with facilities transversely crossing OCTA rail and Pacific Electric ROW. Promptly recovering late fees from utility companies has proved challenging.

Real Property will receive a report on all tenants whose payments are 30 days late. Real Property staff will calculate and document the value of late fees based on the license agreement and communicate this rate with the tenant and Accounts Receivable. Staff will ensure that tenants that are 30-day delinquent receive a phone call or e-mail to inform them of late fees and urge prompt payment. At 90 days OCTA will consult with OCTA's Legal Counsel to determine whether to pursue a lease or license violation. This process will be documented in each tenant file that appears on a late fee report.



**May 14, 2025**

**To:** Finance and Administration Committee

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

Janet Sutter, Executive Director  
Internal Audit

**Subject:** Transportation Development Act, Triennial Performance Audits

### **Overview**

Triennial performance audits have been conducted of the Orange County Transportation Authority, the Orange County Transit District, and the Laguna Beach Municipal Transit Lines for fiscal years 2021-22 through 2023-24. These audits are required by the Transportation Development Act. The audits found the Orange County Transportation Authority and the Orange County Transit District in compliance with applicable sections of the California Public Utilities Code.

The Laguna Beach Municipal Transit Lines was found to have met all compliance requirements with respect to applicable sections of the California Public Utilities Code except for filing its fiscal year 2023-24 State Controller's Report within seven months of the end of the fiscal year. The audit offered three recommendations to the City of Laguna Beach to improve implementation of its long-term goals and objectives, strengthen its reporting process, and to ensure timely submissions to the State Controller's Office.

### **Recommendations**

- A. Receive and file the Triennial Performance Audit of the OCTA as the Regional Transportation Planning Entity, fiscal year 2021-22 to fiscal year 2023-24, as an information item.
- B. Receive and file the Triennial Performance Audit of the Orange County Transit District, fiscal year 2021-22 to fiscal year 2023-24, as an information item.

- C. Direct staff to monitor implementation of recommendations included in the Triennial Performance Audit of the City of Laguna Beach – Laguna Beach Municipal Transit Lines, fiscal year 2021-22 to fiscal year 2023-24.

### ***Background***

The California Public Utilities Code (PUC) Section 99246 requires that all transit operators and regional transportation planning entities (RTPE) have a triennial performance audit conducted of their activities.

A performance audit is a systematic process of evaluating an organization's effectiveness, efficiency, and economy of operation under management control. The objectives of the audit are to provide a means for evaluating an organization's performance, and to enhance performance by making recommendations for improvement. The audit measures performance against acceptable criteria and focuses on management's planning and control systems. In addition, the audit evaluates the adequacy of an organization's systems and the degree of compliance with established policies and procedures.

The audit approach consists of an assessment of compliance with PUC requirements, a follow-up review of prior performance audit recommendations, a review of transit operator and RTPE functions, and verification and review of performance indicators and trends.

The audits are conducted in accordance with the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)*, published by the California Department of Transportation, and Generally Accepted Governmental Auditing Standards.

### ***Discussion***

Performance audits of the Orange County Transportation Authority (OCTA) as the RTPE, the Orange County Transit District (OCTD) and Laguna Beach Municipal Transit Lines (LBMTL) as transit operators, were conducted by BCA Watson Rice, LLP (BCA).

#### **OCTA Triennial Performance Audit Results**

The audit found OCTA, as the RTPE, complied with the requirements of the Transportation Development Act (TDA) and have generally operated in an efficient, effective, and economical manner during the triennial audit period. The audit report can be found in Attachment A.

### OCTD Triennial Performance Audit Results

The audit concluded that OCTD was compliant with the requirements of the TDA and have generally functioned in an efficient, effective, and economical manner during the triennial audit period. The audit report can be found in Attachment B.

### LBMTL Triennial Performance Audit Results

The audit concluded that the City of Laguna Beach (Laguna Beach) was compliant with TDA requirements except for failing to submit its State Controller's Report in a timely manner for FY 2024. Laguna Beach successfully addressed five of the six prior audit recommendations. BCA provided three recommendations for improvements to planning and reporting. The recommendations and management responses can be found in Section 7 of the report in Attachment C.

### **Summary**

Triennial performance audits have been conducted of OCTA as the RTPE for the County of Orange, and OCTD and LBMTL as transit operators, for FYs 2021-22 through 2023-24. These triennial performance audits are required by the TDA and California PUC Section 99246.

### **Attachments**

- A. Triennial Performance Audit of OCTA as the Regional Transportation Planning Entity FY 2022 to FY 2024
- B. Triennial Performance Audit of the Orange County Transit District FY 2022 to FY 2024
- C. Triennial Performance Audit of the City of Laguna Beach – Laguna Beach Municipal Transit Lines FY 2022 to FY 2024

#### **Prepared by:**



Ricco Bonelli  
Principal Internal Auditor  
714-560-5384

#### **Approved by:**



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



# **Orange County Transportation Authority**

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## **Triennial Performance Audit of OCTA as the Regional Transportation Planning Entity FY 2022 to FY 2024**

**April 2025**

**FINAL REPORT**

*Submitted by*

**BCA Watson Rice, LLP**  
in association with  
**Altmayer Consulting, Inc.**



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## 1. Executive Summary

The California Public Utilities Code requires all Regional Transportation Planning Entities (RTPE) to conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding. The Orange County Transportation Authority (OCTA) selected BCA Watson Rice LLP to conduct a Triennial Performance Audit of itself as the RTPE and operator, as well as the Laguna Beach Municipal Transit Lines (LBMTL) to which OCTA allocates funding. This Triennial Performance Audit covers a three-year period beginning July 1, 2021 through June 30, 2024.

This Triennial Performance Audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The scope for this Triennial Performance Audit of OCTA as the RTPE included four tasks:

- Project Initiation
- Initial Review
- Detailed Review
- Documentation of Performance Audit Results

This Triennial Performance Audit included the following elements:

- Compliance Requirements
- Follow-up of Prior Recommendations
- Review of OCTA Functions
- Findings and Recommendations

### Compliance Requirements

To determine OCTA's compliance with requirements of the Public Utilities Code, the audit team identified key compliance requirements, discussed compliance requirements with OCTA representatives, and gathered and reviewed evidence of compliance. OCTA was found to be in compliance with all applicable requirements evaluated as part of this Triennial Performance Audit.



## **Follow-Up of Prior Recommendations**

The prior TDA Triennial Performance Audit completed in 2022 did not include any recommendations related to OCTA's function as the RTPE.

## **Review of OCTA Functions**

We reviewed the following OCTA core functions:

- RTPE Administration and Management
- Transportation Planning and Regional Coordination
- Claimant Relationships and Oversight
- Marketing and Transportation Alternatives
- Grant Application and Management

## **Overall Conclusions**

We find OCTA, as the RTPE, to be in compliance with the requirements of the Transportation Development Act and have generally operated in an efficient, effective, and economical manner during the triennial audit period.



## 2. Background

The Orange County Transportation Authority (OCTA) was created in 1991 to consolidate the transportation planning and operating agencies within the County of Orange. OCTA performs two major functions which are subject to Caltrans Triennial Performance Audit requirements: regional transportation planning and the operation of a mass transit system.

This Triennial Performance Audit covers a three-year period beginning July 1, 2022 and ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Entities (RTPE) to conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding. In 2024, OCTA selected BCA Watson Rice LLP to conduct a Triennial Performance Audit of itself as the RTPE and operator, as well as the Laguna Beach Municipal Transit Lines (LBMTL).

This Triennial Performance Audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This Triennial Performance Audit was also conducted in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

### 3. Objectives, Scope and Methodology

The primary objectives of this Triennial Performance Audit were to determine whether OCTA as the RTPE was in compliance with the requirements of the Transportation Development Act and to determine whether OCTA operated in an efficient, effective, and economical manner during the triennial audit period. The scope of the audit covered the three-year period from July 1, 2022, through June 30, 2024.

The methodology for this Triennial Performance Audit of OCTA as the RTPE includes the following tasks:

- Project Initiation
  - Project Kickoff Meeting
- Initial Review
  - Follow-up on Prior Performance Audit Recommendations
  - Determine Compliance with Legal and Regulatory Requirements
  - Initial Review of RTPE Functions
- Detailed Review
  - Review OCTA Functions
  - Review Management Performance
  - Review Internal Administration
- Documentation of Performance Audit Results
  - Discuss Interim Findings
  - Prepare Draft Audit Report
  - Conduct Exit Interview
  - Present Results to OCTA Board and Policy Committees
  - Prepare and Deliver Final Report and Executive Summary

The following OCTA management team members were interviewed as part of the Triennial Performance Audit:

- Jennifer Bergener, Deputy CEO
- James Beil, Executive Director, Capital Programs
- Kirk Avila, General Manager, Express Lanes
- Maggie McJilton, Executive Director, People & Community Engagement
- Kristin Jacinto, Executive Director, Government Relations
- Ryan Armstrong, Marketing Manager
- Matt Ankley, Department Manager, Security and Emergency Preparedness
- Sean Murdock, Director, Finance and Administration



- Greg Bych, Department Manager, Risk Management
- Ric Teano, Section Manager, Grants Development and Compliance
- Kia Mortazavi, Executive Director, Planning
- Charlie Larwood, Department Manager, Planning & Analysis
- Adriann Cardoso, Department Manager, Programming

OCTA Board members were given the opportunity to be interviewed as part of the Triennial Performance Audit. The following Board member was interviewed:

- Katrina Foley, 5<sup>th</sup> District Supervisor



## 4. Audit Results

The following sections provide information on the results of this OCTA Triennial Performance Audit.

### Key Challenges and Accomplishments

Some of the key challenges faced by OCTA during the triennium include:

- Changes in significant trends, including remote work and changes in commutes and commute patterns, policy changes moving away from highway and street expansion to focus on increasing the efficiency of the existing system, and Orange County becoming denser and more urban.
- Metrolink significantly impacted by changes in work and commute patterns, requiring additional efforts to help Metrolink regain lost ground and grow ridership.
- Fluctuations within economy and impact on revenues coupled with increasing inflation and an increase in cost of projects.
- The Los Angeles San Diego San Luis Obispo (LOSSAN) Rail Corridor experienced significant mudslides and erosion with rails being pushed toward the ocean requiring major improvements.
- Orange County experienced significant wildfires over the last few years impacting the transportation system.

It is also important to consider the accomplishments achieved by OCTA during the same three-year period. OCTA's accomplishments include:

- Restored bus service and regained ridership to pre-pandemic levels.
- Completed and opened improvements in the San Diego Freeway (I-405) between State Route 73 (SR-73) and Interstate 605 (I-605) including new express lanes with two lanes in each direction.
- Made progress on the construction of the OC Streetcar which will operate along a 4.15-mile route that connects the Santa Ana Regional Transportation Center (SARTC) and a new transit hub at Harbor Boulevard and Westminster Avenue in Garden Grove.
- Developed the 2024 OC Transit Vision Master Plan (OC Transit Vision), which aims to integrate, enhance, and expand multimodal transportation services in



Orange County and establish a framework for future transit investments to include bus, streetcar, microtransit, first/last mile options, and other mobility services for the County.

- Completed and gained approval for the “Directions 2045” Long-Range Transportation Plan outlining sustainable, equitable, and innovative transportation solutions.
- Completed *Making Better Connections Study* to more effectively align transit services with the new post-pandemic demands.
- Expanded Active Transportation including the Bicycle Gap Closure Feasibility Study providing an updated vision for regional bikeway connectivity and the Safe Travels Education Program (STEP) Campaign which delivered Safe Routes to School (SRTS) education and encouragement activities to 25 schools servicing disadvantaged communities.
- Improved access to the transit system by permanently offering free bus rides to all youth ages 6 to 18 and expanding access to College Pass Programs.
- Completed the Human Services Transportation Coordinated Plan to address the needs of individuals with disabilities, seniors, low-income populations, and other Orange County residents with enhanced mobility needs.
- Entered into a new agreement with the union that represents operators to provide higher compensation levels. Additionally, OCTD collaborated with the union to address scheduling and other issues of concern to operators.
- Installed driver protection barriers in over 200 buses contributing to an approximately 50% reduction in operator assaults.
- Reached an agreement with outside contractors to continue contracted fixed route services for lower density routes and for paratransit services.
- Developed an alert system for paratransit riders to provide text notices about arrival times.



## A. Program Compliance

This section of the report presents the results of the compliance review of OCTA as the RTPE. The following tasks were performed to complete the compliance review.

- **Identified Key Compliance Requirements** for OCTA as defined in the Public Utilities Code, the California Code of Regulations, and other relevant state and federal laws and compliance requirements.
- **Discussed Compliance Requirements with OCTA Representatives** to determine if identified requirements are a direct responsibility of OCTA, and to gain an understanding of compliance systems and procedures.
- **Gathered and Reviewed Evidence of Compliance** to provide objective evidence of compliance.

The exhibit on the following pages shows the key compliance requirements identified, the results of our compliance review, and comments including how compliance was reviewed and determined.

**Conclusion** – OCTA is in compliance with all applicable requirements evaluated as part of this Triennial Performance Audit.





Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
99231	1. All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	In Compliance	<p>OCTA updates its TDA Guidelines for the Administration of the Act &amp; Preparation of Local Transportation Fund (LTF) and State Transit Assistance (STA) Fund Claims (TDA Guidelines) annually. These guidelines are part of the guidelines established in the OCTA Comprehensive Transportation Funding Program (CTFP). The CTFP Guidelines provides guidelines and procedures necessary for Orange County agencies to apply for funding of transportation projects contained within the CTFP through a simplified and consistent process. Each program has a specific objective, funding source and set of selection criteria detailed in separate chapters contained within these guidelines.</p> <p>Guidelines are updated on a periodic basis in coordination with local agencies working through the Technical Steering Committee (TSC) and Technical Advisory Committee (TAC). Modifications to the guidelines are discussed in detail with the local agency representatives during the TSC and TAC meetings held to review and approve the updated guidelines.</p>
99233 and 99234	2. The RTPE has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	In Compliance	<p>OCTA updates its CTFP guidelines annually. Included in the CTFP selection criteria are projects that incorporate features that are approved in an active transportation plan or if very focused, in active transportation focused sections of other types of plans that improve mobility.</p>



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
			These elements can include bike infrastructure and pedestrian elements.
99238 and 99238.5	3. The RTPE has established a social services transportation advisory council (SSTAC). The RTPE must ensure that there is a citizen participation process which includes at least an annual public hearing.	Not Applicable	PUC Section 99232 and PUC 99238 provide that a SSTAC is not required in a county that had a population of 500,000 or more as of 1970. OCTA does maintain an Accessible Transit Advisory Committee that advises OCTA about issues that relate to OCTA's fixed-route and paratransit services for customers with special transportation needs. This function is managed by Public Outreach within OCTA.
99244	4. The RTPE has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPE's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit. <ul style="list-style-type: none"><li>• A committee for the purpose of providing advice on productivity improvements may be formed.</li><li>• The operator has made a reasonable effort to implement improvements recommended by the RTPE, as determined by the RTPE, or else the operator has not received an allocation which exceeds its prior year allocation.</li></ul>	In Compliance	<p>OCTA's TDA Guidelines requires each operator to submit actions taken to address triennial performance audit recommendations as part of their annual TDA claim submittals. In addition, operators must submit performance measures separated by mode of service to evidence key performance trends. This data allows OCTA to conduct a trend analysis to evaluate the efficiency and effectiveness of each operator.</p> <p>In addition, each year within its Comprehensive Business Plan, OCTA provides an evaluation and analysis of fixed-route and paratransit services.</p> <p>OCTA also includes public participation as part of its analytical obligations. OCTA has two committees that focus on transit issues:</p> <p><b>Accessible Transit Advisory Committee</b> – This committee advises on transit issues that relate to</p>



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
			fixed-route and paratransit services for customers with special transportation needs.  <b>Citizens Advisory Committee</b> – This committee participates in helping examine traffic solutions, providing input to transportation studies and communicating with their constituencies.
99245	5. The RTPE has ensured that all claimants to whom it allocates TDA funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	In Compliance	As part of its TDA Guidelines, OCTA requires claimants to submit annual fiscal and compliance audits within 180 days after the end of the fiscal year.
99246 and 99248	6. The RTPE has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennial). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, and to the RTPE within 12 months after the end of the triennium. If the operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.	In Compliance	Previous Triennial Performance Audit by an independent entity of OCTA and the operators was completed and calculated the required performance indicators, and the audit report was transmitted to OCTA within 12 months after the end of the triennium.  Current triennial audit by an independent entity of OCTA and the operators in process and will include calculations of the required performance indicators, and the audit report will be transmitted to OCTA within 12 months after the end of the triennium.
99246(c)	7. The RTPE has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPE has certified in writing to the Director that	In Compliance	Previous triennial audit by an independent entity of OCTA and the operators was completed and reports transmitted to the California Department of Transportation prior to June 30, 2022.



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
	the performance audits of operators located in the area under its jurisdiction have been completed.		Current triennial audit by an independent entity of OCTA and the operators are in process and expected to be completed and submitted to the California Department of Transportation prior to June 30, 2025.
99246(d)	8. The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2.	In Compliance	Previous triennial audit of operators included a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee; and consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours.  Current triennial audit of operators will include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee; and consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours.
99270.1 and 99270.2	9. The RTPE has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	Not Applicable	Requirements related to farebox ratios and revenues were exempted through FY2025-26 by SB125.



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
99275.5	10.The RTPE has adopted criteria, rules and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	In Compliance	In Orange County, OCTA has designated the Orange County Transit District (OCTD) as the public transportation services operator and the Consolidated Transportation Services Agency. Therefore, OCTD is the claimant for Article 4 and 4.5 funds, which are used primarily to fund bus operations. OCTD filed claims with OCTA, with approval by the Board for each of the fiscal years during the triennium.
99310.5 and 99313.3 and Proposition 116	11.State transit assistance funds received by the RTPE are allocated only for transportation planning and mass transportation purposes. (Since the 1990 passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain classes under PUC Section 99313.3.)	In Compliance	<p>OCTA is the sole recipient of State Transit Assistance (STA) funding in the County. OCTD is eligible to receive funding from the STA Fund for providing public transportation services throughout Orange County. In order to receive these funds, OCTD, as the public transit and community transit services operator, files claims with the OCTA.</p> <p>The claim filing process for the STA Fund consists of completing the STA Fund Certification, and preparing a staff report and resolution that must be approved by the OCTA Board of Directors.</p> <p>Previous State legislation granted transit operators temporary exemption from meeting efficiency standards for FY's 2019 through 2023. SB125 extended this exemption through FY2025-26.</p>
99314.3	12.The amount received pursuant to Public Utilities Code, Section 99314.3; by each RTPE for state	In Compliance	OCTD is the only recipient of STA revenue in the County. STA funds are included in the Formula



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
	transit assistance (STA) is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.		Allocation process (FAP) for distribution to OCTD. OCTA and the City of Laguna Beach have agreed that Laguna Beach Municipal Transit Lines will receive local funding assistance in lieu of STA funds.
99401.5	<p>13.If TDA funds are allocated to purposes not directly related to public or specialized transportation services or facilities for exclusive use of pedestrian and bicycles, the transit-planning agency has annually:</p> <ul style="list-style-type: none"><li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to the Public Utilities Code Section 99238;</li><li>• Identified transit needs, including:</li><li>• Groups who are transit-dependent or transit-disadvantaged;</li><li>• Adequacy of existing transit services to meet the needs of groups identified; and</li><li>• Analysis of potential alternatives to provide transportation services.</li><li>• Adopted or re-affirmed definition of "unmet transit needs" and "reasonable to meet".</li><li>• Identified the unmet transit needs or there are no unmet transit needs, or there are unmet transit needs that are reasonable to meet.</li><li>• If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</li></ul>	Not Applicable	PUC Section 99232 and PUC 99238 provide that a SSTAC is not required in a county that had a population of 500,000 or more as of 1970. OCTA does maintain an Accessible Transit Advisory Committee that advises OCTA about issues that relate to OCTA's fixed-route and paratransit services for customers with special transportation needs. This function is managed by Public Outreach within OCTA.



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
California Code of Regulations, Section 6642	14. The RTPE has caused an audit of its account and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPE must transmit the audit report to the State Controller within 12 months of the end of the fiscal year in accordance with the Basic Audit Program and Report Guidelines for the California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPE must maintain fiscal and accounting records and supporting paper's for at least four years following fiscal year close.	In Compliance	Crowe LLP, a firm of licensed Certified Public Accountants, conducted the audit of OCTA's financial statements for FYs 2022, 2023 and 2024. The Comprehensive Annual Financial Report was submitted to the State Controller within 12 months of the end of each fiscal year.  FY 2022: November 16, 2022  FY 2023: November 2, 2023  FY 2024: October 31, 2024  OCTA also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.



## **B. Follow-up of Prior Recommendations**

As part of this Triennial Performance Audit, we reviewed the FY 2016-2019 Triennial Performance Audit Report. The prior Triennial Performance Audit completed in June 2022 did not include any recommendations.





## C. Review of OCTA Functions

The following OCTA functions were included as part of this Triennial Performance Audit:

1. RTPE Administration and Management
2. Transportation Planning and Regional Coordination
3. Claimant Relationships and Oversight
4. Marketing and Transportation Alternatives
5. Grant Application and Management

For each function, the team:

- **Reviewed Key Documents** for each major functional area including organization charts, mission objectives, goals, policy and procedures manuals, operating budgets, any internal or outside reports or studies related to the areas under review, and other pertinent documents related to the organization and operations of the functional area. In addition, the team reviewed Board of Director and applicable committee meeting agendas and minutes, annual budgets, annual reports, Comprehensive Business Plans and other planning documents, and regulatory reporting documents.
- **Identified Organizational Changes** to determine whether any significant changes to OCTA's organizational structure have occurred in the three years under review. If significant changes have occurred, the team assessed the effects and determined the impact on the major functional areas under review during the current audit period.
- **Interviewed Pertinent OCTA Officials** relevant to each major functional area and identify the goals and objectives of each major functional area. These interviews included discussing accomplishments made over the past three years towards achieving stated goals and objectives, identifying opportunities for improved economy and efficiency in operations, status of prior audit findings and recommendations and other compliance information as appropriate to the interviewee.

The following sections provide the results for each of the functional review areas.



## 1. RTPE Administration and Management

This section presents the results of the review of OCTA's administration and management functions.

### Budget Formulation

Budget formulation is the process of determining the resources necessary for OCTA to carry out its programs, perform its mission and achieve its strategic objectives and goals. The process is more than the preparation of a legal document that appropriates funds for a series of line items, it also has political, managerial, planning, communication, and financial dimensions. A good budget process:

- Incorporates a long-term perspective.
- Establishes linkages to the authority's mission and its organizational goals.
- Focuses budget decisions on results and outcomes and aids in operational planning.
- Involves input from the Board, management, key stakeholder, and the public and communicates the priorities of the authority.

These key characteristics of good budgeting make clear that the budget process is not simply an exercise in balancing revenues and expenditures one year at a time but is strategic in nature. The budget process should encompass a multi-year financial and operating plan that allocates resources based on identified goals. A good budget process moves beyond the traditional concept of line-item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

The following sections provide an overview of OCTA's budget development process relative to each of the elements identified as part of a good budget process.

#### ***Long-Term Perspective***

Long-term financial planning is accomplished in three stages at OCTA: (1) the Long-Range Transportation Plan (LRTP), (2) the Comprehensive Business Plan (CBP) and (3) a near term financial outlook.

OCTA's LRTP is updated every four years. The most recent LRTP, titled Directions 2045, was adopted in May 2023. This plan looks out to the year 2045 to identify strategies that it can begin developing today to meet Orange County's transportation challenges



anticipated for tomorrow. These strategies chart the path that will improve mobility, protect transportation resources, and enhance the quality of life for all Orange County travelers.

The CBP is a financially constrained business-planning tool designed to assist OCTA in implementing its strategic goals and objectives. The CBP encapsulates OCTA's major programs and outlines goals and objectives over the next 20 years, as articulated by the Board. This is accomplished within the framework of sound business practices to provide an effective and efficient multimodal transportation network to the residents of Orange County. Through the use of financial modeling and divisional input and review, a comprehensive study of economic influences and programmatic needs and objectives are incorporated into a business-planning document.

OCTA's financial outlook includes analysis of the economic and financial condition of Orange County, including the employment and real estate outlook, as well as expected sales tax revenues. Detailed economic outlook and sales tax revenue forecasts are obtained from California State University at Fullerton, the University of California at Los Angeles and Chapman University. Detailed revenue forecasts for the Measure M2 and for TDA are also prepared for OCTA by MuniServices/ Avenulnsights. Based on this information, as well as past revenues and trends, the amount of funds from various sources, including local, federal and state sources; as well as farebox and express lane revenue and interest are estimated.

The OCTA Board of Directors (Board) is comprised of 18 individuals that represent Orange County and is responsible for directing and overseeing OCTA. The Board approves the budget by June 30 of each fiscal year. The annual budget establishes the legal level of appropriation for OCTA and includes operating, capital, regional funding, and other components necessary to implement the policy directions contained in previously Board adopted long-term plans such as the LRTP.

### ***Linkages to Organizational Goals***

At the beginning of its budget, OCTA sets forth its strategic planning framework that provides a detailed approach to address the needs of the County's transportation system. This framework provides the structure used for the development of the annual budget. These documents include the Long-Range Transportation Plan, the Comprehensive Business Plan, and the Transit Master Plan. Additionally, at the beginning of the calendar year, the Board and CEO develop a list of key initiatives that prioritize what the Authority will focus on in the coming fiscal year.

### ***Focus on Results and Outcomes***

Service and program policies and plans translate broad goals into strategies for achieving goals. These policies and plans provide the basis for designing specific programs and services. The FY2024 budget included a focus on the following key results for its programs:

- Measure M2 Transit Program
  - Allocate funds to support Metrolink service in Orange County.
  - Continue the construction of the OC Streetcar Project including a new maintenance and storage facility.
  - Allocate M2 funds and facilitate successful community transit/circulators to offer expanded service in local communities of Orange County.
  - Expand Mobility Choices for Seniors and Persons with Disabilities Program (Project U).
- Transit
  - Implement bus improvements from the Making Better Connections plan.
  - Evaluate non-ADA Transit Network Company pilot program for OC ACCESS eligible customers.
  - Install new hydrogen fueling station at the Garden Grove bus base.
  - Purchase 40, 40-foot FCEB and 10, 40-foot BEB fixed-route buses as well as 112, 20-foot vans, 13, 22-foot cutaway, and 10, 22-foot BEB paratransit vehicles as the current respective fleets reach their useful life.
- Metrolink Rail Program
  - Complete phase 1 Southern California Optimized Rail Expansion (SCORE) projects including the Burbank Junction Speed Improvement, Chatsworth Station Improvements, Marengo Siding Extension, and Rancho Cucamonga Siding Extension projects. These projects will help to upgrade the Metrolink system before the Los Angeles 2028 Summer Olympic and Paralympic Games.
  - Continue commitment to Metrolink's long term Climate Action Plan that addresses climate change, air quality, and other pressing sustainability issues to help advance our aggressive goal for zero emissions by FY 2027-28.
  - Meet Metrolink's Disadvantaged Business Enterprise (DBE) Program overall goal of 14% of contracted business to create a level playing field on which disadvantaged businesses can compete fairly.

- Local Rail Program / OC Streetcar
  - Continue construction of the remaining track, along with installation of street pavements, curbs, gutters and traffic signal poles, Santa Ana Regional Transportation Center tracks, platform station, and station canopies.
  - Finalize equipping, dynamic testing, and inspection for eight vehicles.
  - Continue to evaluate and modify the Eat Shop Play program to expand its impact and increase awareness from the local community through a reallocation of resources.
- Express Lanes
  - Install new Electronic Toll and Traffic Management system equipment onto the new gantries.
  - Maintain customer safety through keeping assistance patrols at current levels to provide the safety support our travelers rely on and expect.
  - Maintain financial stability by continuing OCTA's history of conservative investments, proactive management, and forward-thinking improvements that will allow the 91 Express Lanes to continue offering the dependable, predictable, safe travel alternative that customers have relied on since 2003.
  - Begin the construction phase of the State Route 91 – State Route 55 to Lakeview Ave (Segment 1) project.
- Motorist Services
  - Transition FSP service for four FSP Service Areas to new contracts and contractors.
  - Start new FSP services on the 405 Express Lanes.
  - Migrate the FSP radio system from its current low-band system to OCTA's more reliable cellular-based Open Sky radio system.
  - Issue an RFP or exercise an option term for Call Box and 511 Call Center Services.
  - Continue to work with OCTA's Public section to develop 511 outreach materials and increase 511 outreach through joint public outreach efforts.

### ***Communication with Stakeholders***

OCTA's annual budget development process includes opportunities for public input at various stages. Initial opportunities for public comment occur early in the process when the proposed budget is presented to Executive Management and a Board Workshop presentation and draft documents are prepared in April. In May, the proposed budget is

distributed to Board Committee Members and members of the press and public and staff conducts a Budget Workshop with the Board where public feedback and comment are again sought and the budget is further refined. In June the Board conducts a Public Hearing related to the proposed budget. After public comments have occurred, the public hearing is closed and the budget is presented for final approval by the Board.

## Internal Controls

Internal controls are processes and structures instituted by an agency to safeguard an organization and minimize risk to its objectives. Internal controls attempt to minimize and mitigate risks and protect assets, ensure accuracy of financial and operational records, promote organizational efficiency, and encourage compliance with policies, rules, regulations, and laws. The internal control environment of an organization is established by top management and includes factors such as management's commitment to structure, accountability, ethical values, and well-documented policies and procedures. The internal control environment is the foundation for all other components of internal control, and it provides discipline and structure for an organization.

Effective programs of internal controls provide reasonable assurance that these objectives are met consistently. Internal controls play an important role in preventing and detecting fraud and protecting the organization's resources. Instituting and applying an effective internal control environment is a sign of proper governance and proactive management.

OCTA utilizes an Internal Audit Department to help ensure the success of operations at the Authority. The Internal Audit Department is responsible for examining and evaluating the Authority's financial, administrative, and operational activities. To ensure independence, the Internal Audit Department reports directly to the Board of Directors but also works with the Chief Executive Officer on administrative matters. The Internal Audit Department develops an annual audit plan and provides quarterly updates on the plan to the Board of Directors. The plan includes a wide variety of auditing services including annual financial and compliance audit oversight, operational reviews, compliance reviews, internal control assessments, investigations, pre-award and post-delivery Buy America reviews, and price reviews.

The Internal Audit Department also works with the Financial and Administration Committee of the Board (Committee). This Committee reviews the annual audit plan and quarterly reports of audit activity, reviews the effectiveness of the internal audit function,

reviews all audit reports, and ensures there are not unjustified restrictions or limitations placed on the Internal Audit Department.

During the triennium the Internal Audit Department completed an external quality assurance, or peer review completed by the Association of Local Government Auditors. The peer review found that the Internal Audit Department's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Generally Accepted Government Auditing Standards. The peer review team also identified areas in which the Internal Audit Department excels. These include:

- The internal annual quality control monitoring to evaluate compliance with professional standards is comprehensive and well executed.
- The department is staffed with highly qualified professionals holding a variety of certifications and have a clear commitment to providing continuous professional training and staff development.
- The policies and procedures, templates, engagement programs and workpapers were well organized and designed to help demonstrate compliance with the applicable professional standards.

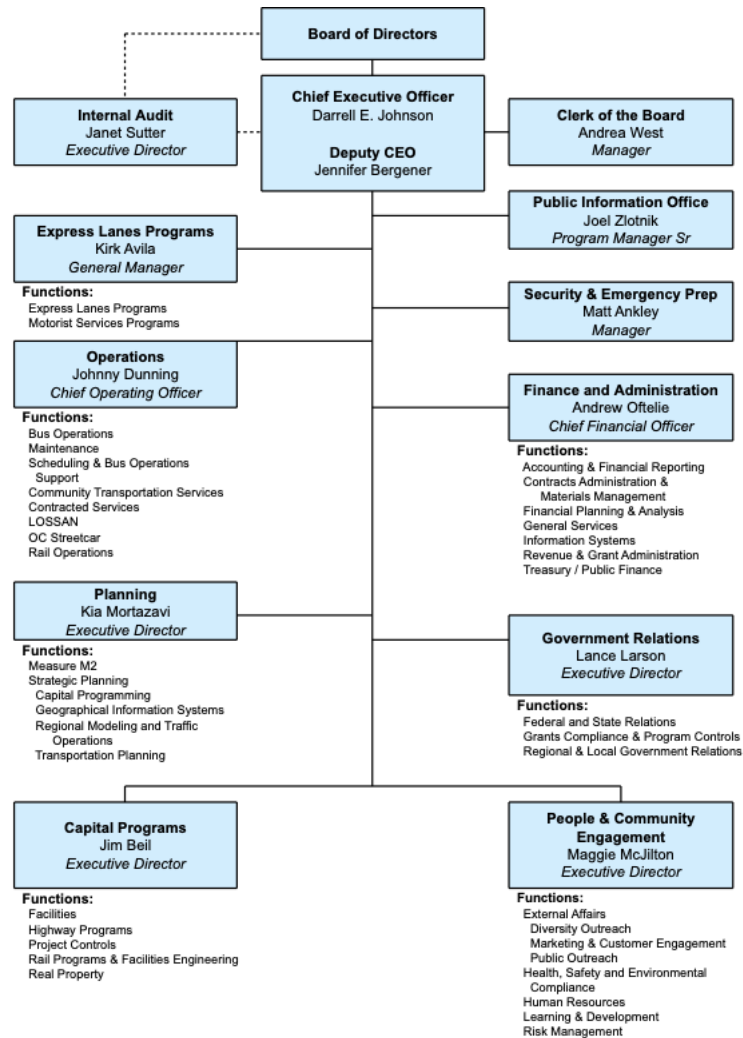
## Organization and Reporting Structure

An organization's structure should be aligned to focus on its core functions and strive to reduce organizational inefficiencies. The structure should reflect the priorities of the organization, facilitate effective service delivery, promote proactive problem solving, ensure consistency of direction and management control, minimize obstacles and barriers to performance, and stimulate a culture of shared accomplishment and teamwork.

OCTA is a multi-dimensional organization responsible for serving the transportation and transit needs for the entire County. The legislation creating OCTA gives it the authority to establish the organizational structure but requires OCTA to have a transit construction unit for public mass transit guideway projects (construction role), an operating unit responsible for the operation of bus and public mass transit guideway routes (operations role), and a transportation planning and programming unit (RTPE role). The following exhibit shows OCTA's organization structure for FY 2024.



## Exhibit 2: FY 2024 OCTA Organization Chart



Source: OCTA Comprehensive Annual Financial Report FY2024

Organizational stability is important for OCTA to maintain the appropriate focus on achieving its mission and key goals. Major reorganizations can be disruptive and detract from this focus as energy and effort and, in general, should occur infrequently and be supported by very clear analysis and rational for the changes. Over the course of the triennium, OCTA did not have any major changes to its structure.



## Management Controls over the Expenditure of Funds

It is critical for management to implement controls over the expenditure of funds to provide reasonable assurance that the objectives of the Authority will be achieved. Effective controls can include ensuring the budgets are linked to short- and long-term planning goals, and diligent budget monitoring.

OCTA has developed a series of planning tools to ensure its objectives are clearly defined. Through the LRTP, the CBP, and the Board and CEO Initiatives and Action Plan (more fully described below), the Authority sets forth short and long-term objectives that are connected to key funding sources. These tools allow for the development of a budget that is linked directly to the Authority's goals.

Once the budget is developed and approved, OCTA utilizes a series of internal tools to ensure that monies allocated to specific programs and departments is spent accordingly:

- On a monthly basis, the Finance and Administration Department (F&A) conducts a budget-to-actuals analysis for departmental and major project expenses. The goal is to identify unexpected levels of spending. Where the potential for overspending is identified, F&A works with the applicable project manager to evaluate the cause and if any corrective action is required.
- F&A also provides contract oversight of any operator contracts more than \$1 million to ensure that burn rates and overall contract expenditures are within the expected level of expenses over the life of the contract.
- On a quarterly basis, both the Finance and Administration Committee and the Board is presented with a budget-to-actuals report. The intent is to provide transparency and accountability for budgetary expenditures with a focus on ensuring major projects and categories of expenses are being spent according to budget. If necessary, the Authority will present to the Board for approval a mid-year budget adjustment to allocate additional monies to a project, allowing the Board and the public an opportunity to provide input.

The foregoing structure is well designed to ensure that the expenditure of funds is used consistent with the goals and long-term objectives of the Authority as well as the restrictions set forth in various types of funds (e.g., State Transit Assistance Program, Orange County Unified Transportation Trust, and Measure M).

**Conclusion:** OCTA's administrative and management structure and processes provide an effective framework for the Authority to achieve its organization's goals.

## Transportation Planning and Regional Coordination

The planning and programming needs related to transportation in the County are unique and diverse. The County's transportation system includes a vast freeway network, high occupancy vehicle and toll/express lanes, a Master Plan of Arterial Highways, extensive fixed-route and demand response bus services, commuter rail, and active transportation including bicycle and pedestrian facilities. OCTA is responsible for the planning and coordination of the County transportation system as well as linkages with other regional systems.

Successfully planning and programming transportation funds requires several key elements including accurately forecasting available funds, developing criteria for evaluating funding options, evaluating capital funding requests, and balancing revenue and expenditures. To facilitate these efforts, OCTA develops both short and long-range planning tools including the following:

### Long-Range Transportation Plan (LRTP)

OCTA's LRTP is updated every four years. The most recent LRTP, titled Directions 2045, was adopted in May 2023. This plan looks out to the year 2045 to identify strategies that it can begin developing today to meet Orange County's transportation challenges anticipated for tomorrow. These strategies chart the path that will improve mobility, protect transportation resources, and enhance the quality of life for all Orange County travelers.

The Directions 2045 LRTP identified five key factors that would impact transportation in Orange County and influenced the development of the Plan. These are:

- ***Growing Travel Demand and a Built-Out Roadway System*** – As population, housing and employment grow, so do daily trips and congestion. Road and freeway widening opportunities are limited by land availability and potential community impacts.
- ***Evolving Travel Trends*** – Long-term implications of COVID-19 on travel patterns will take time to understand. Transit ridership has declined nationwide since the Great Recession. Emerging technologies and services are changing travel behaviors. With years of jobs outpacing housing availability, more people are commuting into Orange County.
- ***Increasing Climate-Related Risks*** – Orange County residents and infrastructure are impacted by high heat, wildfires, drought, coastal flooding, and inland flooding.

State and regional plans and policies include strategies to meet ambitious greenhouse gas emissions reduction goals.

- ***Changing Funding Outlook*** – Orange County’s local transportation sales tax is set to end in 2041. The state is leveraging its more than \$5 billion transportation budget to reduce greenhouse gas emissions and address inequities in transportation.
- ***Diversity, Equity, and Inclusion*** – Nationwide, disadvantaged populations have historically been disproportionately burdened by transportation inequities that have limited access to opportunities. Policies and practices need to be considered to make transportation options more equitable for all.

The Directions 2045 LRTP also outlined four ongoing goals. These are:

***Goal 1: Deliver on Commitments*** - Prioritize the voter-approved OC Go programs and fulfill OCTA’s responsibility for providing safe and reliable transit service.

***Goal 2: Improve System Performance*** - Improve overall travel conditions with conventional and innovative solutions that respond to Orange County’s growing travel demand.

***Goal 3: Expand System Choices*** - Provide travelers with convenient and equitable travel options and reduce the number of single occupant vehicle (SOV) trips.

***Goal 4: Support Sustainability*** - Include adaptation and resiliency strategies that reduce climate-related risks, while also supporting Orange County’s economy, infrastructure maintenance, and environmental health.

While the LRTP has a 20-year outlook, the plan also includes a Short-Term Action Plan focused on Orange County Planning Activities (e.g. coordination with local partner agencies, South Orange County mobility, corridor studies and improvements, etc.), Regional Planning Activities (e.g. trade corridors/goods movement, countywide Express Lanes Strategic Plan, etc.), Emerging Issues (e.g. monitor new technology, connected infrastructure needs assessment, etc.) and Transportation Outreach and Education (e.g. active transportation safety, transit use and trip planning, etc.).

## **Comprehensive Business Plan (CBP)**

The CBP is a financially constrained business-planning tool designed to assist OCTA in implementing its strategic goals and objectives. The CBP encapsulates OCTA’s major programs and outlines goals and objectives over the next 20 years, as articulated by the

Board. This is accomplished within the framework of sound business practices to provide an effective and efficient multimodal transportation network to the residents of Orange County. Through the use of financial modeling and divisional input and review, a comprehensive study of economic influences and programmatic needs and objectives are incorporated into a business-planning document.

## Board and CEO Initiatives and Action Plan

At the beginning of each year, the OCTA Board of Directors, working with the CEO's Office, develops the key initiatives and actions for the following fiscal year. The document prioritizes the Authority's strategic direction to allow for a budget that is aligned with the Authority's near-term goals and objectives. The following exhibit shows the Board and CEO initiatives for 2024.



## Detailed Plans and Studies

In addition to the LRTP, the CPB and Board and CEO Initiatives, OCTA routinely develops more detailed plans and studies related to individual issues within the County. These more specific plans and studies set forth the next steps in a series of key operational and capital plans.

The following are some of the plans and studies completed or underway during the triennium.

### Completed Studies and Plans

- ***SR-91 Comprehensive Multimodal Corridor Plan Study*** - Studied a 23-mile stretch of SR-91, located in the County of Orange from the Los Angeles to Riverside county lines.
- ***Mobility Hubs Study*** - Studied mobility hubs as a potential strategy for bringing together various mobility services, amenities, and technologies all in one place to connect travelers more conveniently to their destinations.
- ***South County Multimodal Transportation Study*** - Over the next 25 years, the population in south Orange County is anticipated to grow by 16 percent (about 170,000 residents), and employment is expected to grow by 18 percent (about 130,000 jobs). This study addressed south Orange County's mobility needs through the year 2045.
- ***Beach Boulevard Corridor Study*** - Completed a study to analyze and develop options to improve Beach Boulevard mobility options from Pacific Coast Highway in Huntington Beach to Whittier Boulevard in La Habra; and to evaluate possible improvements necessary to support local land use visions.
- ***Rail Infrastructure Plan*** - Conducting a study about how climate change effects the Orange County rail corridor. The study will identify opportunities and challenges to improve service, operation, and infrastructure to better withstand severe weather conditions.
- ***Hazard Mitigation Plan*** - Developing a hazard mitigation plan designed to support current OCTA emergency and crisis management plans and to strengthen the organization's preparedness to natural hazards. Examples of natural hazards include flooding, earthquakes, and wildfires.

- **Connect OC-LA Transit Study** - Studying existing and future transit connections between Orange and Los Angeles Counties. The Connect OC-LA Transit Study will identify both short and long-term improvements to the transit infrastructure and services between the two counties.
- **Bus Rapid Transit on Freeways Study** - Studying the development of two Freeway Bus Rapid Transit (BRT) routes on Interstate 5 (I-5) and State Route 55 (SR-55). The Freeway Bus Rapid Transit Concept Study will identify improvements to infrastructure and transportation solutions for potential Bus Rapid Transit (BRT) routes and identify stops along each corridor.
- **Bristol Street Transit Corridor Study** - Initiated a study to analyze and develop options to improve Bristol Street mobility options from West 17th Street to Sunflower Avenue; and to evaluate possible transit connections between this corridor and the John Wayne Airport.
- **PCH Corridor Study** - Pacific Coast Highway (PCH) is a major corridor that links Orange County's six coastal cities—Seal Beach, Huntington Beach, Newport Beach, Laguna Beach, Dana Point, and San Clemente. The goal of the study was to identify, evaluate, and recommend long-term multimodal improvement recommendations both on a corridor-wide and subarea-wide basis.
- **Central Harbor Boulevard Transit Corridor Study** - Study to analyze and develop options to improve Harbor Boulevard's transit systems from Westminster Boulevard in Santa Ana to Chapman Avenue in Fullerton.
- **Irvine-Corona Expressway** - SR-91 is a transportation corridor with strategic value and local, regional and national significance. Every day, the SR-91 connects hundreds of thousands of commuters living in Riverside County with employment centers in Orange County, and vice-versa.
- **South County Major Investment Study** - The ability to efficiently move people, goods and services is critical for the sustained economic growth and quality of life in Orange County. Due to rapid growth in both residential development and employment, south Orange County residents are finding it increasingly difficult to avoid traffic congestion. I-5 is the main transportation corridor in the South County area. It is an eight-lane highway with traffic volumes as high as 350,000 vehicle trips per day.



- ***Pacific Electric Right of Way Study*** - Follow up to the Orange and Los Angeles Intercounty Transportation Study that was completed in July 2008, the Southern California Association of Governments (SCAG), in coordination with OCTA and Los Angeles County Metropolitan Transportation Authority (METRO), is conducting a study to assess the feasibility of transit service along the Pacific Electric Right of Way connecting Orange and Los Angeles counties.
- ***LOSSAN Grade Separations*** - OCTA owns over 40 miles of operating railroad right-of-way in Orange County along the LOSSAN rail corridor. In 2005, OCTA completed the Orange/Olive Grade Crossing Study, which presented a ranking of 51 at-grade rail-highway crossings (grade crossings) along the LOSSAN rail corridor, including both the Orange and Olive subdivisions.
- ***55 Newport Blvd Study*** - The City of Costa Mesa identified congestion on SR-55/Newport Boulevard as a significant quality of life issue for adjacent residential and business communities. As a result, the City of Costa Mesa requested that OCTA partner with the City of Newport Beach to study alternative improvements to the extension of SR-55 in the City of Costa Mesa.

#### **Plans and Studies Initiated and Underway**

- ***Bus Stop Safety and Accessibility Plan*** - A collaborative study to identify safety and access improvements near some of the highest ridership bus stops in Orange County. The Bus Stop Safety and Accessibility Plan will leverage community engagement with comprehensive technical analysis to recommend safety enhancements and access improvements for pedestrians accessing OC Bus transit stops.
- ***Orangethorpe Transit Village Study*** - In partnership with the City of Fullerton, the study will explore the potential for transit-supportive development at the Fullerton Park and Ride Facility.
- ***Harbor Boulevard Transit Signal Priority Study*** – A study to enhance bus travel times and reliability by implementing technology that would prioritize buses at signalized intersections.
- ***Bikeways Connectivity Study*** - To identify streets on the Master Plan of Arterial Highways (MPAH) that are forecasted to have excess roadway capacity and can potentially accommodate Class IV bikeways.



- ***Transit Optimization Study*** - Identifying where transit operating speeds are slower than expected, often referred to as 'chokepoints' and developing strategies to improve transit travel times.
- ***Orange County Coastal Rail Resiliency Study*** - Studying rail challenges in south Orange County to assess existing and future environmental risks and issues with operations and maintenance along the LOSSAN Rail Corridor.
- ***OC Connect*** - Studying the development of a biking and walking trail connection along the former Pacific Electric Right-of-Way (PE ROW) corridor in Santa Ana and Garden Grove.
- ***A Transit Master Plan for Orange County*** - A 30-year plan for enhancing and expanding public transit service in Orange County.
- ***Orange County Transportation Demand Management Plan*** - Will provide recommendations that shift trips away from those driving alone and expand access to alternative travel options.
- ***Bike Gap Closure Study*** - To create seamless connections for people to bike, walk, and connect to some of California's most scenic beaches and inland reaches.
- ***Making Better Connections Study*** - Will examine ways to redesign the bus service to increase focus on the evolving needs of customers.
- ***OC Active Report*** - First countywide Active Transportation Plan for Orange County that addresses both bicycle and pedestrian networks. OCTA has developed this plan to provide a framework for bikeway and pedestrian planning across the county, and to be compliant with the Caltrans Active Transportation Program guidelines.
- ***Congestion Management Program*** - Proposition 111 made additional funding available for transportation projects through a nine cent increase in the state gas tax and mandated that each county with 50,000 or more residents develop a Congestion Management Program.
- ***Human Services Transportation Coordinated Plan 2024*** - Transportation plays a critical role in providing access to employment, medical and health care, education and other community services and amenities.



- **State Route 91 Implementation Plan** - Annually prepares a long-range plan for improvement along the SR-91 corridor between SR-57 in Orange County and I-15 in Riverside County.

**Conclusion:** OCTA has planned and programmed transportation funds and addressed the challenges faced methodically, effectively, and efficiently over the triennial audit period.

## 2. Claimant Relationships and Oversight

As the RTPE, OCTA is responsible for programming local, federal, and state-sourced funds towards projects that will improve transportation in Orange County. These include:

- **Measure M Funding Programs** - Cities and the County of Orange are eligible to receive local sales tax net revenues for projects through competitive calls for projects.
- **Federal Funding** - Federal dollars are available for projects meeting certain criteria, through various calls for projects.
- **State Funding** - State dollars are available for projects meeting certain criteria, through various calls for projects.
- **Call for Projects** - OCTA's calls for projects allocate available local, federal, and state funds through a competitive process to improve all modes of surface transportation.

Each of Orange County's 34 cities, as well as the County of Orange, are eligible to receive transportation funds. To allocate funds, OCTA develops specific eligibility requirements, holds workshops to explain the requirements and the allocation process, develops guidelines for specific elements of various funding programs, develops forms and templates for submitting claims and reporting expenditures, and manages and tracks payments to each eligible agency.

### Fund Allocation Input, Advice and Technical Assistance

OCTA has established a series of committees to provide input, advice and technical assistance into issues affecting transportation within the County and the allocation of transportation funding. These include:



### **Technical Advisory Committee (TAC)**

The TAC provides OCTA staff with technical advice on issues primarily related to M2 competitive grant programs that serve to improve capacity on local streets and roads. The TAC is comprised of 35 representatives, one from each Orange County city as well as the County of Orange. Each local agency is responsible for nominating a member that will represent their community's interests in these discussions. In addition to the 35 voting members, the California Department of Transportation, and the Transportation Corridor Agencies have non-voting members who also attend and provide input.

### **Technical Steering Committee (TSC)**

The TAC uses a TSC to review programming recommendations and provide policy direction on major technical issues prior to submittal to the full TAC. The TSC consists of nine voting members nominated by the TAC and ultimately approved by the OCTA Board of Directors. Additionally, there is one Caltrans ex-officio member appointed by the Caltrans District Director. The nine voting member positions are comprised of one position for each of Orange County's five supervisorial districts, two at-large positions, and the TAC chairman and vice-chairman.

### **Citizen Advisory Committee (CAC)**

The CAC actively participates in helping examine traffic solutions, providing input to OCTA's transportation studies and communicating with their constituencies. During the year, committee members are asked to participate in roundtable discussions and hear special presentations on various transportation projects, programs and services. The CAC has 34 members and meets quarterly. The CAC also has a Bicycle and Pedestrian Active Transportation subcommittee as a permanent subcommittee which provides input and advice on projects, studies and outreach regarding bicyclists and pedestrians. Major responsibilities include:

- Identifying opportunities for community input.
- Recommending mechanisms and methodologies for obtaining public opinion on specific transportation issues.
- Serving as a liaison between the public and OCTA.
- Commenting on significant transportation issues and suggesting possible solutions.



### **Accessible Transit Advisory Committee (ATAC)**

ATAC advises OCTA about issues that relate to OCTA fixed-route transit and paratransit services for customers with special transportation needs. The ATAC was originally formed in 1992 in response to the Americans with Disabilities Act and formalized the predecessor “504 Committee.” The ATAC is composed of 34 members representing a broad base of individuals with disabilities and senior citizens in the county. The ATAC meets quarterly, and major responsibilities include:

- Advising OCTA about issues that relate to OCTA transit and paratransit services.
- Recommending the appropriate mechanism for obtaining disabled and senior service users’ input on issues, i.e., focus groups, surveys, public meetings, et cetera.
- Communicating with care providers and agency clients regarding service-related information.
- Assisting with special needs service evaluations.

### **Taxpayer Oversight Committee (TOC)**

The TOC is an independent committee formed after the passage of Measure M in 1990. The committee upholds the integrity of the measure by monitoring the use of OC Go (formerly Measure M) funds and ensuring that all revenue collected from OC Go is spent on voter-approved transportation projects. The TOC meets quarterly. Responsibilities of the 11-member committee include:

- Ensure all transportation revenue collected from Measure M2 (also known as OC Go) is spent on the projects approved by the voters as part of the Transportation Investment Plan (TIP).
- Participate in ensuring that all jurisdictions in Orange County conform with the eligibility requirements of Measure M2 prior to receiving sales tax monies.
- Review yearly independent audits and hold annual public meetings to determine annually whether the Authority is proceeding in accordance with the TIP.
- Receive and review triennial performance assessments of the Orange County Local Transportation Authority regarding the performance of the Authority in carrying out the purposes of the Measure M2 Ordinance.



- Approve by a 2/3 vote any amendment to the Plan proposed by the Authority which changes funding categories, programs or projects identified in the TIP.
- In addition, any proposed change in allocations among the four funding categories of the TIP must be approved by a 2/3 vote of the TOC as well as the OCTA Board of Directors and approved by a simple majority vote of the electors.

The TOC has two subcommittees, the Audit Subcommittee and the Annual Eligibility Review Subcommittee. The Audit Subcommittee reviews the OC Go (formerly Measure M) Revenue and Expenditure Quarterly Report to track the financial progress of OCTA in the implementation of OC Go. It also reviews the results of the annual LTA audit and uses the results of both tools to determine if the Authority is proceeding in accordance with the OC Go Ordinance on an annual basis. The Annual Eligibility Review Subcommittee reviews each local jurisdiction's documents submitted for the Congestion Management Program, Mitigation Fee Program, jurisdiction expenditure reports, Local Traffic Signal Synchronization Plan and Pavement Management Plan.

## Transportation Funding Oversight

OCTA is responsible for ensuring that each of the County's operators submit annual audited financial statements and monthly operating statistics. OCTA reviews the productivity of its operators monthly. Additionally, OCTA is responsible for ensuring that both OCTD and LBMTL participate in the TDA Triennial Performance Audit every three years.

## TDA Claims Processing

In the County, OCTA is responsible for administering TDA funds which includes LTF and State Transit Assistance Fund (STAF) revenues. This includes the authorization to instruct the County's Auditor-Controller to disburse funds for claims approved by OCTA. OCTA's Board of Directors has directed the use of LTF revenues for operating expenditures and STAF revenues for capital and operations expenditures. OCTA has developed processes for the submission of TDA claims to ensure the efficient and timely distribution of funds to claimants monthly.

**Conclusion:** OCTA has effectively carried out its responsibilities for claimant relationships and oversight during the triennial audit period.



### 3. Marketing and Public Relations

OCTA is responsible for promoting public transportation and transportation alternatives within the County. OCTA has two functions focused on marketing and public relations – Marketing and Customer Engagement and Public Outreach.

Marketing and Customer Engagement is OCTA's promotions and customer relations group. It is responsible for providing customer feedback for OCTA bus, local rail, and ACCESS paratransit services. This includes gathering customer feedback through customer roundtables and the Accessible Transit Advisory Committee. Staff also provide technical expertise and tools to support communication and marketing goals as well as produce public information materials in support of OCTA's internal and service communication programs. This group also administers OCTA's rideshare and vanpool programs, promote usage including bus, local rail, and 91 Express Lanes and oversees the operation of the customer information center, assisting customers with trip planning and general information to transit riders.

Public Outreach focuses on public communications in support of all phases of capital project development, planning, and construction for OCTA's projects, programs, and services. This includes implementing public outreach and involvement programs to inform any affected parties and advance the development of transportation projects. Working with stakeholders, Public Outreach ensures that the planning and environmental review process reflects a diverse range of positions, opinions, and concerns. In addition, outreach staff inform the public about upcoming construction activities and help to mitigate construction impacts. Public Outreach also assists other OCTA departments and divisions to communicate effectively to the diverse stakeholder audiences and customers of OCTA's projects, programs, and services.

During the triennium OCTA has also completed a number of surveys to gauge the public's perception of key OCTA programs as well as key trends that could impact its services. These include the M2 Comprehensive Review Quantitative Survey, the 2022 Employment and Travel Survey, and the 2024 Rider Safety Perception Study.

The M2 Comprehensive Review Quantitative Survey was designed to provide OCTA with an objective, statistically reliable assessment of Orange County voters' awareness, perceptions, opinions, and priorities as they pertain to OCTA and the many projects, programs, and services provided by the Authority under the M2 Investment Plan. More specifically, the study was designed to measure and track perceptions of OCTA and the agency's role in implementing safe, equitable, and efficient transportation solutions,

explore how the public prioritizes among key transportation projects, programs, and capital investments that are part of the M2 Investment Plan, and gather feedback on important issues and policy decisions that OCTA faces in an environment characterized by declining revenues, increasing costs, shifting demand, and emerging technologies. The 2024 survey also presents an opportunity to identify the extent to which Orange County residents' views on transportation issues and priorities may have shifted since the first M2 Comprehensive Review was completed in 2015. Key conclusions from the survey results include:

- There is clear evidence that voters support nearly all of the projects and services that are funded by Measure M—as well as those that could receive funding in the future. Moreover, the relative priority they assign to specific projects and improvements has remained quite stable over the past decade.
- Voters gave highest overall quality and condition ratings to the 405 Express Lanes (54% excellent or good), followed by ACCESS paratransit service (51%), the overall quality and condition of freeways (47%), overall quality and condition of the 91 Express Lanes toll road (46%), and the overall quality and condition of city streets (43%). All of the remaining items were rated similarly, with a combined excellent or good rating between 36% and 40%.
- Among those with an opinion of OCTA, views were generally positive. Those with favorable opinions of OCTA in 2024 (59%) outnumbered those with unfavorable opinions (20%) by nearly 3 to 1. The percentage of respondents with a favorable opinion of OCTA has steadily increased over time, from 42% in 2011 to 59% in 2024.

The 2022 Employment and Travel Survey was completed to measure how the coronavirus (COVID-19) pandemic altered public attitudes, working arrangements, travel behaviors, mode choice, rideshare, and trips in short-term (three months into the pandemic). It was also intended to identify the degree to which changes have endured since the pandemic, profile pros/cons of remote work from employees' perspectives and explore employees' expectations regarding future work arrangements and commutes.

Key conclusions from the survey results include:

- The COVID-19 pandemic has had dramatic impacts on employment, working arrangements, and travel behavior in Orange County in early months.

- Orange County appears to have reached a new normal for remote work, double pre-pandemic levels.
- Travel and activity patterns stabilized between August 2021 and August 2022, except for commute driving.

The 2024 Rider Safety Perception Survey focuses on passengers' perception of personal safety on the bus, without experiencing harassment. The survey was completed by sampling passengers from the entire system by different routes and times. The survey was available in English, Spanish, Vietnamese, Mandarin, and Korean. Five Focus Groups sessions were also held, including women only, LGBTQIA+, Spanish language speakers, Vietnamese language speakers and Persons with Disabilities. Key findings from the survey include:

- More than three-quarters of OC Bus riders frequently or always felt safe using OC Bus during the past year.
- Roughly half of OC Bus riders have seen and/or experienced some form of harassment on OC Bus but rarely report it.
- Demographic characteristics play a role in the perception of safety on OC Bus.
- Most riders feel safe and do not take any additional safety precautions when using OC Bus (60%), but some riders reported not traveling at night (26%).

Through this research, OCTA is both using market research and voter and rider surveys to communicate more effectively with the public and evaluate transportation needs moving forward.

**Conclusion:** OCTA has adequately promoted public transportation and transportation alternatives within the County over the triennial audit period.

#### 4. Grant Applications and Management

As the RTPE, OCTA is responsible for programming local, state, and federal source funds towards projects that will improve transportation in the County. Through various calls for projects, OCTA makes state, federal, and local funding available to the 34 incorporated cities and the County of Orange. Depending on eligibility, local agencies and organizations are also welcomed to apply but must go through one of the 34 incorporated cities or county. The different calls for programs include:



- Comprehensive Transportation Funding Program (OCGo / Measure M2)
- Enhanced Mobility for Seniors and Disabled Grant Program
- Bicycle Corridor Improvement Program
- Pavement Management Relief Funding Program
- 2023 Orange County Complete Streets Program
- Surface Transportation Block Grant / Congestion Mitigation and Air Quality Program

OCTA has established guidelines which detail the competitive process for each of the calls for projects (CFP) programs and manages each CFP individually. Information is provided to potential applicants through OCTA's website and includes:

- Purpose and authority for the program
- Eligible applicants
- Implementation timeline
- State-Local Partnership Program Formula Grant Details
- Measure M2 fair share match requirements
- Compliance monitoring unit requirements
- State-local partnership program formula grant program eligible projects
- Minimum information for nomination of projects
- Eligible expenditures
- Provisions of use
- Timely use of funds requirements
- OCTA contacts to obtain additional information

A grant application workshop is held to assist applicants in the development of their applications and a workshop on how to manage the grant process for applicants awarded grants. A detailed schedule that includes when the applications open, the application deadline and approval of projects is also provided.

**Conclusion:** OCTA has adequately carried out its responsibilities for programming local, state, and federal source funds towards programs and projects that will improve transportation in the County over the triennial audit period.





## D. Overall Conclusions

We find OCTA, as the RTPE, to be in compliance with the requirements of the Transportation Development Act and have generally operated in an efficient, effective, and economical manner during the triennial audit period.



# **Orange County Transportation Authority**

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**Triennial Performance Audit  
of the Orange County  
Transit District**

**FY 2022 to FY 2024**

**April 2025**

**FINAL REPORT**

*Submitted by*

**BCA Watson Rice, LLP**  
in association with  
**Altmayer Consulting, Inc.**



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## Summary of Exhibits

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## 1. Executive Summary

This report presents the results of the triennial performance audit of the Orange County Transportation Authority's (OCTA) public transit program operated by the Orange County Transit District (OCTD). The purpose of the audit is to provide a tool for OCTA, OCTD management, and the California State Department of Transportation (Caltrans) to review performance trends, evaluate compliance with California's Transportation Development Act (TDA), and obtain a high-level review of key functional achievements and challenges during the audit period. This triennial performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and in accordance with the processes established in the Caltrans TDA Performance Audit Guidebook under California Public Utilities Code (PUC) Section 99246.

The three-year period audited encompasses the period from July 1, 2022 through June 30, 2024. The performance audit included the following work scope:

- **Compliance with PUC** – ensuring compliance with applicable PUC requirements.
- **Data Collection and Reporting** – verification of TDA data collection and reporting procedures.
- **Prior Audit Recommendations** – reporting on implementation of the prior triennial performance audit recommendations.
- **Performance Trends** – summaries of performance indicators for the audit period.
- **Functional Review** – high-level review of key functional areas to identify operational and management improvements.

### COMPLIANCE WITH PUC

OCTD met all compliance requirements with respect to the PUC Section 99246.



## DATA COLLECTION AND REPORTING

OCTA effectively collects data to monitor OCTD's system's key performance indicators to minimize service inefficiencies and reallocate services where it is most needed.

OCTD was mostly consistent with its reporting of key financial and operating statistics between the various agencies. Noted discrepancies among the reporting included non-financial data consistency between the State Controller's and National Transit Database (NTD) reports related to FTEs.

## PRIOR AUDIT RECOMMENDATIONS

OCTD sufficiently addressed the prior performance audit recommendations related to non-financial related data reporting.

## PERFORMANCE TRENDS

OCTA's *Comprehensive Business Plan* establishes OCTD's overall system of goals and objectives and connects long range service plans to a fiscally responsible financial planning process. OCTD transit operations adjusted its services to improve productivity and attract new riders.

## FUNCTIONAL REVIEW

OCTD has made significant progress on its Board-directed initiatives, including its vehicle electrification program by approving the purchase of 50 new zero emission buses towards achieving its goal of being 100% zero emissions by 2040. It also became the first large transit agency in the region to permanently offer free bus rides to all youth ages 6 to 18. It also expanded access by extending partnerships to renew College Pass Programs. Finally, in 2022, OCTA approved a Long-Range Transportation Plan.



## Findings and Conclusion

We find that OCTD is in compliance with the requirements of the Transportation Development Act. In addition, OCTD generally functioned in an efficient, effective, and economical manner during the triennial audit period.

## 2. Performance Audit Approach and Methodology

The State mandates that all recipients of TDA funding undergo a performance audit every three years to remain eligible for future TDA funding. In FY 2024, OCTA retained BCA Watson Rice LLP to conduct a Triennial Performance Audit of the OCTD.

The Triennial Performance Audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires 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 review objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This performance audit was also conducted in accordance with the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008, Third Edition* (Guidebook) produced by the California Department of Transportation, which outlines the processes for evaluating a transit organization's effectiveness and efficiency, pursuant to State requirements.

The Guidebook provides general information regarding performance audit requirements, and suggested approaches and methodologies. More specific information necessary to understand and define the scope of these audits is included in the *Transportation Development Act, Statutes and California Code of Regulations, July 2018* (TDA Code). Various sections of these regulations are periodically updated through legislative action. However, the annual booklet of the TDA Code has not been updated during this triennium. An overview of recent legislation was conducted to examine its potential impact on the



FY 2022 - 2024 Triennial Performance Audit of Orange County Operators to ensure that this audit addressed legislative changes enacted in the past three years.

## Legislative Issues Affecting the Triennial Performance Audit

In 2023, the legislature passed Senate Bill 125 (SB 125). SB 125 exempts operators from having to meet the fare box recovery ratio of 20%. Its language reads:

"Existing law provides for the allocation of various revenues under the Transportation Development Act, to transit operators that meet specified requirements, including, as applicable, requirements related to operating costs, fare box ratios, and revenues, as specified. Existing law exempts those entities, for the 2019–20 to 2022–23 fiscal years, inclusive, as provided, from penalties or other provisions that would reduce the amount of revenues allocated as a result of failing to meet those requirements. This bill would extend those entities' exemptions through the 2025–26 fiscal year, as specified."

Given this legislation, our report will not include any findings of non-compliance related to farebox recovery ratios (PUC 99268.2 and 99268.3).

## Triennial Performance Audit Key Tasks

This Triennial Performance Audit included a review of the following:

- **Compliance with PUC Section 99246** – evaluating the efficiency, effectiveness and economy of the operation of the entity being reviewed, including, but not limited to, a verification of the following performance indicators defined in PUC Section 99247:
  - Operating cost per passenger
  - Operating cost per vehicle hour
  - Passengers per vehicle service hour
  - Passengers per vehicle service mile; and
  - Vehicle service hours per employee





- **Data Consistency** – verification of TDA data collection and reporting procedures as well as consistency of data reporting between federal National Transit Database (NTD) and State Controller’s Transit Operators Financial Transactions Report.
- **Prior Audit Recommendations** – reporting on implementation of prior triennial performance audit recommendations.
- **Performance Trends** – summaries of performance indicators for the audit period related specifically to operational performance, efficiency and effectiveness. This audit acknowledges the lingering impacts of the COVID-19 pandemic on transit ridership and will analyze performance to the extent possible to examine performance from a post-pandemic perspective.
- **Functional Review** - high-level review of key functional areas which were surveyed as part of the audit process. Areas of review included departments within the purview of the OCTA Operations Division, which included general management, scheduling and operations support, operations administration, maintenance administration, and contracted transportation services.

The Guidebook details an approach to conducting the performance audit which consists of a review of key financial, administrative and operational documents and interviews with key management staff.

## DOCUMENTS REVIEWED

The following documents were reviewed to ascertain completion and timely submission to the appropriate reporting agency:

- National Transit Database (NTD) reports for FY 2022 through FY 2024
- State Controller Transit Operations Financial Transactions reports for FY 2022 through FY 2024
- Prior Triennial Performance Audit and written responses to the recommendations



- California Highway Patrol Inspection Reports for FY 2022 through FY 2024
- Annual Comprehensive Financial Reports for FY 2022 through FY 2024
- TDA Guidelines, February 2021, Revised
- OCTA Approved Comprehensive Business Plans for FY2023 and FY2025 containing:
  - Organizational charts
  - Vision, Mission and Goals Statements
  - Planned service and capital improvement plans
  - Operating and capital cash flow statements
- OCTA Transit - Supportive Design Guidelines, June 30, 2021
- OCTA Accomplishments Report 2023 and 2024
- OC Bus Book, February 2024
- OCTA Bus Mobile App

## **INTERVIEWS WITH KEY MANAGEMENT**

The following OCTA/OCTD management team members were interviewed as part of the Triennial Performance Audit:

- Johnny Dunning, Chief Operating Officer
- Jack Garate, Department Manager, Contracted Transportation Services
- Damon Blythe, Director, Bus Operations
- Cliff Thorne, Director, Maintenance
- Cleve Cleveland, Department Manager, OC Streetcar Operations
- Jason Jewell, Managing Director, LOSSAN
- Sean Murdock, Director, Finance & Administration



### 3. Background, Challenges, and Accomplishments

The OCTD was established by state legislation in 1972 and began with the operation of eight local fixed routes. It became a part of the OCTA when the regional planning agency was created in 1991. OCTA is governed by an 18–member Board of Directors.

#### OCTD GOALS and OBJECTIVES

OCTD is one of the OCTA’s core business units which contains all transit operations, including fixed route, paratransit, and vanpool operations. The organization is guided by the following goals established by the OCTA Board of Directors:

- **Mobility** – Deliver programs, projects and services to improve the movement of people and goods throughout Orange County and the region.
- **Public Service** – Enhance customer satisfaction by understanding, connecting with and serving our diverse communities and partners.
- **Fiscal Stewardship** – Ensure fiscal health through prudent financial management and by protecting and leveraging available revenue sources.
- **Stewardship** – Embrace responsible policies and practices designed to promote environmental sustainability and enhance the safety and quality of life in Orange County.
- **Organizational Excellence** – Continue the tradition of being a high-performing organization through employee development and efficient business practices.

Every two years, the OCTA Board of Directors approves a *Comprehensive Business Plan*, which includes a summary of OCTD’s service, staffing, fleet and cash flow plans over a 20 – year horizon. OCTD reports progress on its plan objectives through OCTA’s annual *OCTA Accomplishments Report*.

This report primarily focuses on the Operations Division, although consistent with TDA compliance requirements there will be inherent overlaps with other OCTA divisions



responsible for reporting requirements related to transit operations and performance activities.

## SYSTEM PROFILE

The OCTD service area is 436 square miles, serving approximately 3 million residents in 34 cities and unincorporated areas of Orange County and adjacent Riverside and Los Angeles Counties. The majority of fixed route service is concentrated in the cities of Anaheim, Costa Mesa, Fountain Valley, Fullerton, Garden Grove, La Habra, Orange, Placentia, Santa Ana, Stanton, Tustin and Westminster. The service includes the following modes of transportation:

- *OC Bus* – OCTD operates 43 local (with 7 routes being designated as community routes). These routes operate within a grid system that connects at major transfer areas in the cities of Orange, Fullerton, Santa Ana, Laguna Hills, and major trip generators including University of California at Irvine, John Wayne Airport and South Coast Plaza Mall.
- *Rail Feeder (Stationlink)* – Stationlink buses have four routes with stops between Metrolink train stations and key employment locations. These routes operate on weekdays during the morning and evening commutes.
- *Rapid Service (OC Bus Rapid)* – OCTD operates limited-stop services to provide more frequent service and shortened travel times along key corridors: Route 529 – Fullerton to Huntington Beach; Route 543 – Fullerton to Costa Mesa; Route 553 – Anaheim to Costa Mesa; Route 560 – Santa Ana to Long Beach.
- *OCTA Vanpool* – OCTD operates a vanpool comprising of riders with common schedules and similar work and home destinations.
- *OC Flex* – OCTD implemented this microtransit service in FY 2019 serving the communities of Aliso Viejo, Laguna Niguel and Mission Viejo. OC Flex provides riders the ability to purchase day pass for unlimited rides within its established zone using cash or a mobile app.



- **OC ACCESS** – OC Access is a shared ride public transportation service providing within a ¾ mile radius of OCTD’s fixed-route service. OC Access is available to persons people with disabilities who, because of their disability, are unable to independently ride fixed route bus or train services all or some of the time. One personal care attendant may ride for free when accompanying an OC ACCESS customer.

## FARES

OCTD offers a variety of fare options. Fares may be paid using exact change when boarding. Passengers may also purchase One Day Passes when boarding or in advance from over 100 local retailers or in real time using the OC Bus Mobile App. Using the OC Bus Mobile App, customers can purchase any fare type accepted on the system. Youths ages 6 to 18 can ride OC Bus for free by obtaining a Youth Ride Free pass. These youth passes are available online and at most Orange County K-12 schools. The following Exhibit 1 is a summary of OCTD’s fare structure (based on OCTA’s 2024 Bus Book):

Exhibit 1: Summary of Transit Fares					
Fare Type	Cash	One Day Pass	Transfer Upgrade	Prepaid	
				Day Pass	30-Day Pass
LOCAL					
Adult	\$2.00	\$5.00	N/A	\$4.50	\$69.00
Senior and Disabled	\$0.75	\$1.50	N/A	\$1.35	\$22.25
Youth Ages 6 to 18	Free				
OC FLEX					
Adult	\$4.50	\$5.00	N/A	N/A	N/A
OC ACCESS					
Eligible Riders	\$3.60	N/A	N/A	Subscription Service May Be Available	



## KEY SYSTEMATIC CHALLENGES DURING THE AUDIT PERIOD

Addressing the challenges in a post-pandemic environment was a top priority for most transit operators during the triennial audit period. The following is a summary of key post-pandemic challenges faced by transit agencies: <sup>1</sup>

- *Reduced Ridership* – As transit agencies emerged out of the pandemic, they were faced with changes in ridership and commuting patterns. A growing percentage of the population now has the option of working from home for at least a portion of the time, which has altered the numbers of people riding transit. According to the FTA, overall ridership in September 2023 was only 74% of pre-pandemic levels. While overall ridership has declined, many front-line workers, especially from historically disadvantaged communities, continue to rely on transit to travel to work and other destinations. People were also more likely to ride transit if they did not have access to a personal vehicle, were disabled, or lived in households that lost income during the pandemic.
- *Workforce Shortages* – Transit agencies experienced workforce shortages during the pandemic and many of those shortages continue today, especially among bus operator positions. In a July 2022 APTA survey of agencies and workers, the primary obstacles to recruiting and retaining workers included difficult work schedules and on-the-job harassment or assaults. To address these concerns, agencies are being forced to revisit recruiting strategies, improve hiring processes, enhance training programs, incentivize undesirable shifts, improve the safety and security of workers, and increase compensation.
- *Fiscal Challenges* – As ridership declined nationwide, farebox revenues similarly declined. According to the FTA Report, national farebox recovery ratios were 31.7% of operating costs in 2019, but only 16.7% in 2022. Despite reductions in service levels, operating costs tended to remain relatively static since most transit

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<sup>1</sup> For more detail on these issues, see Federal Transit Administration Report No. 0268, *Effects of the COVID-19 Pandemic on Transit Ridership and Accessibility* (August 2024) (“FTA Report”).

systems are capital-intensive and have high fixed costs. A spike in inflation following the pandemic also impacted on both personnel and supply costs resulting in further economic hardship to the agencies.

- *Supply Chain Shortages* – Transit agencies have been facing supply chain shortages that have limited their ability to procure vehicles and have increased vehicle maintenance costs. These supply chain issues have impacted on the ability of some transit agencies from maintaining consistent service.

As a result of these challenges, many transit agencies have reduced service levels. Much of the reduced service has come at the expense of the frequency of service rather than a reduction in the number or the scope of routes, but the reduced service changes have still impacted riders. According to an APTA survey, transit agencies cited several causes that forced a reduction in service including diminished ridership (78%), economic losses (36%), and staff shortages (34%), which were the most common factors.

## KEY OCTD CHALLENGES DURING THE AUDIT PERIOD

The following is a summary of other key challenges addressed specifically by OCTD during the audit period:

- Declining ridership early in the audit period due to COVID-19 and changes in commuting patterns.
- Staffing challenges, particularly for coach operators and mechanics, due to increased competition from private sector labor markets.
- Supply chain delays, impacting vehicle maintenance.
- Integration of new electric vehicles into the fleet has caused adjustments to these vehicles' programming to ensure their availability and provide necessary training to staff.
- Increased safety and security issues on the bus system including assaults on bus operators.



## KEY OCTD ACCOMPLISHMENTS DURING THE AUDIT PERIOD

The following is a summary of some of the key accomplishments achieved by OCTD during the audit period:

- Completed *Making Better Connections Study* to more effectively align transit services with the new post-pandemic demands.
- First large transit agency in the region to permanently offer free bus rides to all youth ages 6 to 18.
- Expanded access to College Pass Programs.
- Approval of the 2022 Long-Range Transportation Plan.
- Approval of the purchase of 50 new zero-emission buses as part of its goal of being a 100% zero-emissions fleet by 2040.
- Upgrades to maintenance facilities to adapt to new electric vehicles.
- Provided added training programs for maintenance staff (approximately 200 hours per mechanic) and hiring an additional trainer.
- Entered into new agreement with the union that represents operators to provide higher compensation levels. Additionally, OCTD collaborated with the union to address scheduling and other issues of concern to operators.
- Installed driver protection barriers in over 200 buses. The barriers contributed to an approximately 50% reduction in operator assaults.
- Agreement with outside contractors to continue contracted fixed route services for lower density routes and for paratransit services.
- Developed an alert system for paratransit riders to provide them text notices about arrival times.





## 4. Compliance Review

The objective of this section is to detail compliance with the State's requirements for transit operations and regional planning, implementation of the recommendations in the prior triennial performance audit and maintaining a consistent reporting of performance statistics to local, state and federal agencies.

### COMPLIANCE WITH THE STATE PUC REQUIREMENT

Transit systems must comply with TDA requirements that are specified in PUC Regulations and the California Code of Regulations as noted in Exhibit 2. The compliance matrix below provides the degree to which funds allocated to the claimant pursuant to TDA requirements were expended in conformance with applicable laws, rules and regulations. OCTD was found to be compliant with all applicable PUC requirements.

It should be noted that OCTD assigns its allocated regional funds in accordance with the SB 508 definition of *local subsidy*, as documented by its definition of "Qualifying Revenues" in OCTA's February 2021 TDA Guidelines.

Exhibit 2: OCTD Compliance with PUC Requirements		
Code Reference	Operator Compliance Requirements	Compliance Finding
PUC Section 99243	Submit annual reports to the State Controller, based on the Uniform System of Accounts and Records established by the State Controller, within seven months after the end of the fiscal year.	In Compliance
PUC Section 99245	Submit annual fiscal and compliance reviews to RTPE and State Controller within 180 days of the end of the fiscal year or receive 90-day extension.	In Compliance
PUC Section 99251	CHP has certified operator's compliance with Vehicle Code 1808.1 within 13 months prior to TDA claim submittal.	In Compliance



<b>Exhibit 2: OCTD Compliance with PUC Requirements</b>		
<b>Code Reference</b>	<b>Operator Compliance Requirements</b>	<b>Compliance Finding</b>
<b>PUC Section 99261</b>	Claims for TDA funds are submitted in compliance with RTPE's rules and regulations.	In Compliance
<b>PUC Section 99264</b>	Public transportation vehicles designed to be operated by one person are not routinely staffed with two or more persons.	In Compliance
<b>PUC Section 99266</b>	Operating budget has not increased by more than 15% over preceding year unless reasonable justification has been provided.	In Compliance
<b>PUC Section 99267</b>	The operator's definitions of performance measures are consistent with the PUC.	In Compliance
<b>PUC Section 99268.2 99268.3</b>	Operator has maintained a ratio of fare revenues to operating costs at least equal to or exceeding 20% for the general public service in urban areas.	Exempt from Compliance per SB 125
<b>PUC Section 99271</b>	The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing an RTPE-approved plan to fully fund the retirement system within 40 years.	In Compliance
<b>CA Code of Regs</b>	Available federal funds are used prior to claiming STA funds.	In Compliance

## CONSISTENCY OF DATA REPORTING

Operators are expected to consistently report performance statistics to local, state and federal agencies. Exhibit 3 provides a summary of key statistics provided to the following agencies:



- **National Transit Database (NTD)** - The Federal Transit Administration (FTA) requires that transit agencies which receive FTA grants annually submit financial and operating data in uniform categories.
- **State Controller's Office** - The State Controller's Office requires that all agencies submit an annual summary of financial statistics.

Orange County Transit District				
Exhibit 3: Compliance Data Consistency				
	Base Year	Review Period		
Source	FY21	FY22	FY23	FY24
<b>Operating Costs</b>				
FTA National Transit Database	\$255,226,861	\$295,255,829	\$322,256,416	\$ 337,157,077
State Controller's Report	\$256,776,899	\$275,612,128	\$323,530,869	\$ 335,916,491
<b>Farebox Revenues</b>				
FTA National Transit Database	\$ 16,511,249	\$ 27,311,335	\$ 31,858,078	\$ 36,010,314
State Controller's Report	\$ 14,573,917	\$ 27,670,083	\$ 29,843,690	\$ 33,415,205
<b>Local Subsidies and Auxiliary Revenues</b>				
FTA National Transit Database	\$ 10,324,350	\$ 3,241,472	\$ 3,343,281	\$ 3,054,118
State Controller's Report	\$ 27,654,118	\$ 3,241,472	\$ 3,336,236	\$ 3,054,118
<b>Unlinked Passengers</b>				
FTA National Transit Database	20,607,369	27,753,507	32,674,688	36,466,597
State Controller's Report	20,607,369	27,753,507	33,174,688	36,466,603
<b>Vehicle Service Hours</b>				
FTA National Transit Database	1,579,914	1,897,023	2,076,993	2,171,630
State Controller's Report	1,579,970	1,897,023	2,076,903	2,171,630
<b>Vehicle Service Miles</b>				
FTA National Transit Database	21,394,468	25,817,380	28,032,043	29,498,677
State Controller's Report	21,403,019	26,017,380	28,032,043	29,498,677
<b>Employee Full-Time Equivalents</b>				
FTA National Transit Database	899	891	907	916
State Controller's Report	867	1,023	1,117	1,180
<b>Peak Vehicles</b>				
FTA National Transit Database	678	739	808	887
State Controller's Report	628	724	787	857
<b>Active Vehicles</b>				
FTA National Transit Database	1,003	1,080	1,145	1,160
State Controller's Report	1,000	1,079	1,145	1,160

OCTA was largely consistent with its reporting of key financial and operating statistics between the federal and state reporting agencies. Some inconsistencies are due to categorical and definitional differences between NTD and State Controller Report



categories. In 2023, OCTD modified its internal procedures for demand response contracted services data collection to include additional monthly monitoring of source documentation and conducting an end of the year reconciliation. As can be seen above, inconsistencies were improved by the end of the triennial audit period. Discrepancies related to FTEs are largely due to the different calculations for SCO and NTD reports (2,000 hours v. 2080 hours per FTE).

## PRIOR AUDIT RECOMMENDATIONS AND FINDINGS

TDA audit guidelines require follow-up on implementation of recommendations from the prior audit period. Recommendations for improvement from the prior triennial performance audit are detailed in Exhibit 4 below.

Exhibit 4: Prior Audit Recommendations and Implementation Progress		
#	Prior Audit Recommendation	Implementation Progress
1	The data collection process for demand response services should be reevaluated and monitored, specifically related to non-financial data compiled for State Controller's and NTD reports to ensure consistency in reporting.	In 2023, OCTD modified its internal procedures for demand response contracted services data collection to include additional monthly monitoring of source documentation and conducting and end of the year reconciliation.



## 5. Operational Performance Trends

### OVERVIEW

In this section we present the results of our analysis of performance statistics for the three-year audit period for services operated by OCTD. California PUC Section 99246 mandates that a triennial performance audit analyzes an operator's performance of five key performance indicators:

1. Operating cost per vehicle service hour
2. Operating cost per passenger
3. Passengers per vehicle service hour
4. Passengers per vehicle service mile
5. Vehicle service hours per employee

Analysis of these indicators were compiled using data from NTD reports prepared by OCTD. The performance trends cover the period from FY2022 through FY2024, with FY2021 used as a base year to provide a point of reference for the analyses. We have also included performance data from the first full year prior to the pandemic (FY 2019) to provide further context.

While designed to assess efficiency and effectiveness trends system-wide over the audit period, the results of the analysis have been affected by the lingering impacts of the pandemic. These impacts include changes in commuting patterns associated with the greater ability to work from home. Post-pandemic factors are still impacting ridership across the country. Despite declining ridership, transit operators are still expected to provide a level of service to meet the needs of those not able to work from home or who don't have non-transit alternatives.

OCTA's collection and reporting of OCTD performance data is an effective means to monitor the system's performance to minimize service inefficiencies and reallocate service where it is most needed, particularly given the unprecedented shift in the



operating environment during this audit period. Performance reports also provide effective and efficient benchmarks for its operations, vehicle maintenance and customer service functions, by monitoring:

- Preventable accidents
- Miles between road calls
- Customer complaints
- On-time performance
- Ridership and productivity, both system-wide and route-level

## PERFORMANCE INDICATOR TABLES – SYSTEM-WIDE

A summary of high-level trends within key operational indicators is shown in Exhibit 5, which provides detailed reporting by fiscal year. The reflected percent change uses the base year of FY 2021. Also included in the chart is data from the pre-COVID year of FY 2019 as an additional reference. System-wide indicators reflect all modes reported to the federal National Transit Database, including Motor Bus, Commuter Bus, Demand Response, Shared Ride Taxi and Vanpool.

Looking at FY 2024's performance, OCTD's key base indicators reflect a significant increase in ridership (32.1%) and farebox revenues (118.1%). These positive trends are consistent over all measures. Despite these encouraging increases in performance during the audit period, ridership and farebox revenues are down from FY 2019 (9.6% and 34.2% respectively). These trends are consistent with nationwide transit trends as reported by the FTA.

- **Operating Cost Per Vehicle Service Hour** – OCTD experienced a 3.89% decrease in cost per hour. A positive trend, especially in a period of higher-than-normal inflation.
- **Operating Cost Per Passenger** – Cost per passenger decreased by 25.35%, largely because of the overall increase in ridership.



- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour rose by 28.74%.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased by 28.34%
- **Vehicle Service Hours Per Employee** – Vehicle service hour per employee rose by 0.99%.

Exhibit 5: OC Bus System-Wide Performance						
	Pre-Covid	Base Year	Review Period			Percent Change
Performance Measure	FY19	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures						
Operating Costs	\$ 288,993,915	\$ 255,226,861	\$ 295,255,829	\$ 322,256,416	\$ 337,157,077	32.10%
Fare Revenue	\$ 54,749,719	\$ 16,511,249	\$ 27,311,335	\$ 31,858,078	\$ 36,010,314	118.10%
Auxiliary + Local Revenues	\$ 53,898,608	\$ 10,324,350	\$ 3,241,472	\$ 3,343,281	\$ 3,054,118	-70.42%
Vehicle Service Hours	2,638,126	1,579,914	1,897,023	2,076,993	2,171,630	37.45%
Vehicle Service Miles	40,333,507	21,394,468	25,817,380	28,032,043	29,498,677	37.88%
Unlinked Passengers	40,743,654	20,607,369	27,753,507	32,674,688	36,466,597	76.96%
Full Time Equivalents	1,191	867	1,023	1,117	1,180	36.10%
Efficiency Measures						
Cost per VSH	\$109.55	\$ 161.54	\$ 155.64	\$ 155.16	\$ 155.26	-3.89%
Cost per Passenger	\$7.09	\$ 12.39	\$ 10.64	\$ 9.86	\$ 9.25	-25.35%
Fare per Passenger	1.34	\$ 0.80	\$ 0.98	\$ 0.98	\$ 0.99	23.25%
Passengers per VSH	15.80%	13.04	14.63	15.73	16.79	28.74%
Passengers per VSM	1.01	0.96	1.07	1.17	1.24	28.34%
VSH per FTE*	1,325	1,822.28	1,854.37	1,859.44	1,840.36	0.99%
CPI – All Index		2.30%	7.40%	3.90%	3.10%	15.00%

All data taken from NTD reports except for FTE's, which were derived from the State Controller's reports.

As can be seen from Exhibit 5, OCTD made significant progress during the audit period in bringing riders back on to the system post-pandemic. While ridership is still down from pre-pandemic levels, these percentages are consistent with nationwide statistics cited in the FTA Report (referenced above). Exhibit 5 further reflects OCTD's efforts to adjust service costs to respond to decreases in ridership, and also to make the system more efficient. This can be seen by a decrease of almost 4% in cost per vehicle service hour at a time when the inflation was approximately 15%.



## PERFORMANCE INDICATOR TABLES – DIRECTLY OPERATED FIXED ROUTE

Using FY 2021 as the base year, ridership grew 65.7% and fare revenues grew by 99.1% through FY 2024. While this represents significant progress, ridership numbers are still marginally below pre-pandemic levels. From FY 2019 to FY 2024, ridership is down 6.7%. This represents significant progress in bringing back riders to fixed route service.

Below is a summary of efficiency trends within key operational indicators followed by Exhibit 6, which provides detailed reporting by fiscal year:

- **Operating Cost Per Vehicle Service Hour** – Operating cost per vehicle service hour increased by 14.2% compare to a rise in the CPI of 15.0%.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased substantially (31.1%) due the increase in overall ridership.
- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 42.4% and exceed the pre-pandemic numbers from FY 2019.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased similarly by 45.2%, again exceeding pre-pandemic numbers.
- **Vehicle Service Hours Per Employee** – Vehicle service hours per FTE grew by 29.9%.





Exhibit 6: OC Bus Fixed Route Performance (Directly Operated)						
Performance Measure	Pre-Covid FY19	Base Year FY21	FY22	Review Period FY23	FY24	Percent Change FY21 - 24
<b>Key Base Measures</b>						
Operating Costs	\$137,413,850	\$143,293,645	\$154,520,772	\$165,818,953	\$163,566,385	14.15%
Fare Revenue	\$29,598,436	\$10,358,824	\$16,704,734	\$19,045,769	\$20,620,913	99.07%
Vehicle Service Hours	981,577	776,409	872,456	937,944	903,237	16.34%
Vehicle Service Miles	11,336,954	8,886,949	9,886,451	10,462,390	10,144,329	14.15%
Unlinked Passengers	26,189,972	14,746,224	19,351,262	22,637,653	24,433,432	65.69%
Full Time Equivalents*	927	899	750	791	805	-10.46%
<b>Efficiency Measures</b>						
Cost per VSH	\$139.99	\$184.56	\$177.11	\$176.79	\$181.09	-1.88%
Cost per Passenger	\$5.25	\$9.72	\$7.99	\$7.32	\$6.69	-31.11%
Passengers per VSH	26.68	18.99	22.18	24.14	27.05	42.43%
Passengers per VSM	2.31	1.66	1.96	2.16	2.41	45.16%
VSH per FTE*	1,059	864	1,163	1,186	1,122	29.92%
Fare per Passenger	\$1.13	\$0.70	\$0.86	\$0.84	\$0.84	20.14%
CPI -- All Index		2.30%	7.40%	3.90%	3.10%	15.00%

## PERFORMANCE INDICATOR TABLES – CONTRACTED FIXED ROUTE

As shown from Exhibit 7 below, OCTD's purchased fixed route transportation rebounded significantly during the audit period. While ridership is still not at FY 2019 levels (10.1% less in FY 2024), the overall increases are similar to what OCTD experienced with it's directly operated fixed route services. Notably, these servcies were able to increase their riders per VSH and VSM compared to FY 2019:

- **Operating Cost Per Vehicle Service Hour** – Operating cost per hour increased by 40.8% over the audit period. Some of this increase can be attributed to a new operating agreement during this time that increased contractor costs.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased by 31.3% over the audit period, bolstered by the increase in ridership.
- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 60.8%. The passengers per vehicle service hour were higher in FY 2024 (19.05) than in FY 2019 (18.08).



- **Passengers per Vehicle Service Mile** – Passengers per vehicle service mile increased by 67.6% from FY 2021 to FY 2024. Similarly, passengers per vehicle mile were higher in FY 2024 (1.59) than in FY 2019 (1.47).

Exhibit 7: OC Bus Fixed Route Performance (Purchased Transportation)						
Performance Measure	Pre-Covid	Base Year	Review Period			Percent Change
	FY19	FY21	FY22	FY23	FY24	FY21 - 24
<b>Key Base Measures</b>						
Operating Costs	\$ 66,055,228	\$ 63,009,548	\$ 73,960,580	\$ 82,347,124	\$ 88,706,937	40.78%
Fare Revenue	\$ 11,379,121	\$ 2,713,841	\$ 5,009,355	\$ 5,733,858	\$ 6,497,080	139.41%
Vehicle Service Hours	644,817	433,359	506,250	514,757	552,606	27.52%
Vehicle Service Miles	7,921,529	5,398,546	6,108,497	6,075,867	6,605,599	22.36%
Unlinked Passengers	11,656,094	5,133,898	7,329,314	8,725,807	10,526,616	105.04%
<b>Efficiency Measures</b>						
Cost per VSH	\$ 102.44	\$ 145.40	\$ 146.09	\$ 159.97	\$ 160.52	10.40%
Cost per Passenger	\$ 5.67	\$ 12.27	\$ 10.09	\$ 9.44	\$ 8.43	-31.34%
Passengers per VSH	18.08	11.85	14.48	16.95	19.05	60.80%
Passengers per VSM	1.47	0.95	1.20	1.44	1.59	67.57%
Fare per Passenger	0.98	0.53	0.68	0.66	0.62	16.76%
CPI – All Index		2.30%	7.40%	3.90%	3.10%	15.00%

## PERFORMANCE INDICATOR TABLES – DEMAND RESPONSE

OCTD's demand response service performance was markedly improved over the audit period, although ridership numbers still lag behind FY 2019 as indicated by a 33.2% decrease compared to pre-pandemic ridership. Nationwide, demand response ridership has not rebounded as quickly as fixed route. Interviews with operators suggest that seniors in particular may still be wary of retuning to shared transit ride resulting in a slower recovery to normal service levels combined with the rise of ride-sharing services such as Lyft and Uber.

Below is a summary of high-level trends of key operational indicators followed by Exhibit 8 which provides a more detailed listing of indicators by fiscal year:

- **Operating Cost Per Vehicle Service Hour** – Operating cost per vehicle service hour decreased by 14.8% during the audit period.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased by 28.6%, but remain higher than pre-pandemic numbers.



- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 19.3%.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased by 18.7%, but are still below pre-pandemic numbers.
- **Vehicle Service Hours Per Employee** – Vehicle service hours per FTE increased by 7.6%.

Exhibit 8: OCTD Demand Response Performance (Including Taxi)						
Performance Measure	Pre-Covid	Base Year	Review Period			Percent Change
	FY19	FY21	FY22	FY23	FY24	FY21 - 24
<b>Key Base Measures</b>						
Operating Costs	\$ 79,703,823	\$ 47,101,521	\$ 65,001,804	\$ 72,154,281	\$ 82,536,684	75.23%
Fare Revenue	\$ 7,719,206	\$ 1,876,522	\$ 3,962,473	\$ 5,187,833	\$ 6,421,787	242.22%
Vehicle Service Hours	756,391	312,776	459,703	559,867	643,324	105.68%
Vehicle Service Miles	12,155,912	4,857,369	7,696,199	9,108,077	10,043,905	106.78%
Unlinked Passengers	1,667,292	485,746	835,824	1,031,899	1,192,236	145.44%
Full Time Equivalents*	492	192	265	318	367	91.15%
<b>Efficiency Measures</b>						
Cost per VSH	\$ 105.37	\$ 150.59	\$ 141.40	\$ 128.88	\$ 128.30	-14.80%
Cost per Passenger	\$ 47.80	\$ 96.97	\$ 77.77	\$ 69.92	\$ 69.23	-28.61%
Passengers per VSH	2.20	1.55	1.82	1.84	1.85	19.33%
Passengers per VSM	0.14	0.10	0.11	0.11	0.12	18.70%
VSH per FTE*	1,537.00	1,629	1,735	1,761	1,753	7.60%
Fare per Passenger	\$ 4.63	3.86	4.74	5.03	5.39	39.43%
CPI – All Index		2.30%	7.40%	3.90%	3.10%	15.00%

## PERFORMANCE INDICATOR TABLES – VANPOOL

As discussed above, the pandemic resulted in significant shifts in commuting patterns due to the increase in work from home policies. According to the U.S. Bureau of Labor Statistics, in 2023 approximately 35% of employed people did some or all of their work from home as opposed to 24% pre-pandemic. This shift has disproportionately impacted commuter transit services such as OCTD's vanpool program. OCTD has reduced vanpool services significantly since FY 2019 to accommodate these shifts. Despite these changes, costs per passenger in FY 2024 are significantly higher than in FY 2019 (44.9% increase).

Below is a summary of high-level trends within key operational indicators followed by Exhibit 9 with a more detailed list of indicators by fiscal year:



- **Operating Cost Per Vehicle Service Hour** – Operating cost per vehicle service hour rose slightly during the audit period (1.9%), but well below the rate of inflation during the same period.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased by 1% during the period, but is still significantly higher than pre-pandemic numbers.
- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 3%, but are still 10.5% below pre-pandemic levels.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased by 8.3%.
- **Vehicle Service Hours Per Employee** – Vehicle service hours per FTE increased by 26.3% during the audit period.

Exhibit 9: OCTD Vanpool Performance						
Performance Measure	Pre-Covid	Base Year	Review Period			Percent Change
	FY19	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures						
Operating Costs	\$ 5,821,014	\$ 1,822,147	\$ 1,772,673	\$ 1,936,058	\$ 2,347,071	28.81%
Fare Revenue	\$ 6,052,956	\$ 1,562,062	\$ 1,634,773	\$ 1,890,618	\$ 2,470,534	58.16%
Vehicle Service Hours	255,341	57,370	58,614	64,425	72,463	26.31%
Vehicle Service Miles	8,919,112	2,251,604	2,126,233	2,385,709	2,704,844	20.13%
Unlinked Passengers	1,230,296	241,501	237,107	279,329	314,313	30.15%
Full Time Equivalents*	6	8	8	8	8	0.00%
Efficiency Measures						
Cost per VSH	\$ 22.80	\$ 31.76	\$ 30.24	\$ 30.05	\$ 32.39	1.98%
Cost per Passenger	\$ 4.73	\$ 7.55	\$ 7.48	\$ 6.93	\$ 7.47	-1.03%
Passengers per VSH	4.82	4.21	4.05	4.34	4.34	3.04%
Passengers per VSM	0.14	0.11	0.11	0.12	0.12	8.34%
VSH per FTE*	42557	7,171	7,327	8,053	9,058	26.31%
Fare per Passenger	\$ 4.92	6.47	6.89	6.77	7.86	21.52%
CPI -- All Index		2.30%	7.40%	3.90%	3.10%	15.00%

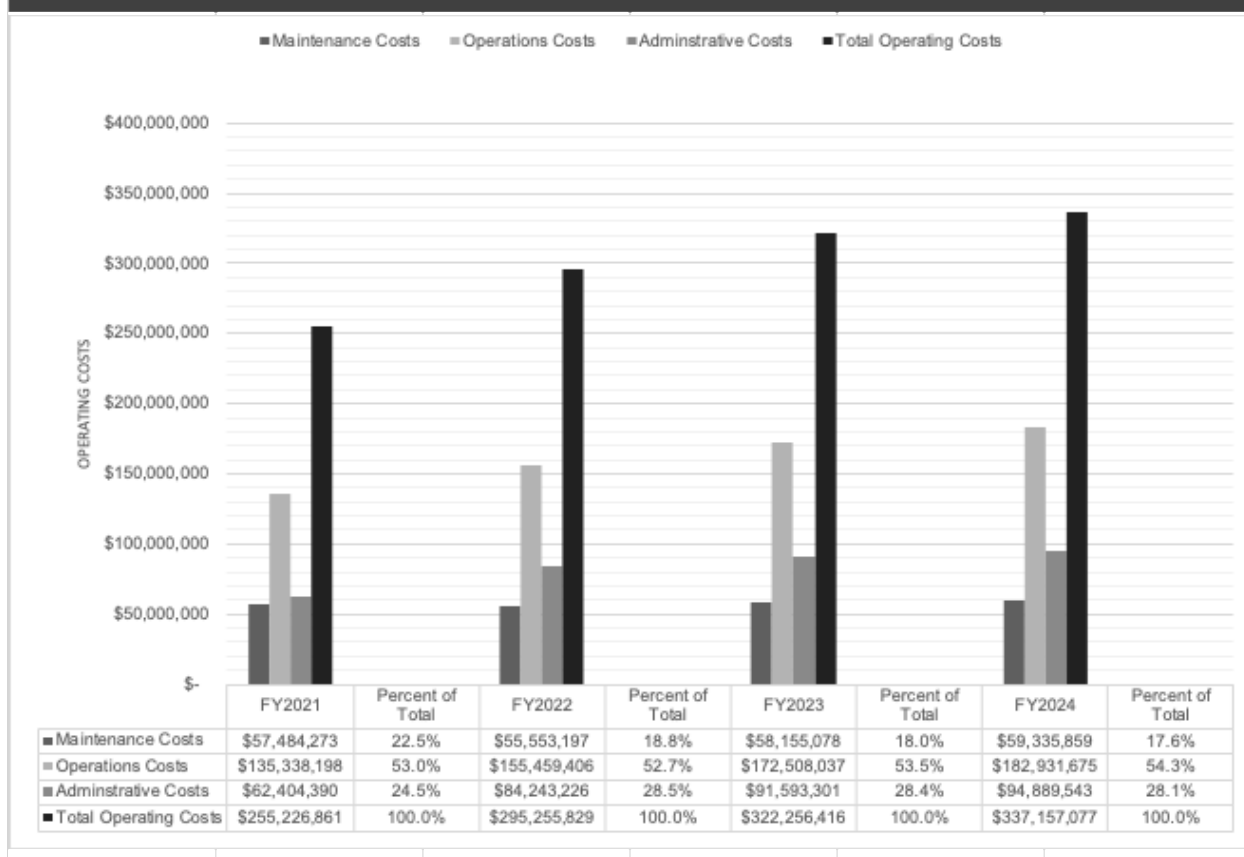


## 6. Functional Review

Interviews with the leadership of key functional areas were conducted as part of the review process. Areas of review included departments within the purview of the OCTA Operations Division, which included general management, scheduling and operations support, operations administration, maintenance administration, and contracted transportation services. The functional area interviews provided an opportunity to summarize key accomplishments, challenges emerging from the pandemic, and challenges to rebuild ridership in the region amidst changing commuting patterns and other factors impacting transit including safety and security issues.

In addition to these interviews, a review of operating costs by Division provided insights on performance trends aggregated by core operations, maintenance and administrative functional areas, taken from NTD reports. Exhibit 10 is a representation of OCTD operating costs aggregated to each of its core functions.

Exhibit 10: Operating Costs by Function



## OPERATIONS

OCTD services are delivered through a combination of directly operated and contracted services. It provides multimodal transportation services including fixed route, advanced reservation demand response, on-demand taxi, Dial-A-Ride and subsidized vanpool services. Although the post-pandemic environment created new and different changes associated with new commuting patterns, OCTD undertook efforts to address these new needs including:

- Completed *Making Better Connections Study* to more effectively align transit services with the new post-pandemic demands.
- First large transit agency in the region to permanently offer free bus rides to all youth ages 6 to 18.



- Expanded access to College Pass Programs.
- Approval of the purchase of 50 new zero-emission buses as part of its goal of being a 100% zero-emissions fleet by 2040.
- OCTD collaborated with the union to address scheduling and other issues of concern to operators.
- Installed driver protection barriers in over 200 buses. The barriers contributed to an approximately 50% reduction in operator assaults.
- Agreement with outside contractors to continue contracted fixed route services for lower density routes and for paratransit services.
- Developed an alert system for paratransit riders to providing them text notices about arrival times.

Exhibit 10 on the previous page shows the distribution of total operating costs across vehicle operations, maintenance, including facilities maintenance, and general administrative functions. This exhibit illustrates that the agency exercised fiscal restraint in the reallocation of these resources while maintaining its level of commitment to operations resources and to supporting employee and customer service and safety needs.

Exhibit 11 below presents specific performance metrics associated with system-wide operations. Operations costs in FY 2024 were 35.2% higher than FY 2021, but this increase was offset by an increase in vehicle service hours (37.5%). As a result, OCTD's overall key efficiency measure of operating costs per vehicle service hours was down 1.67%. This is especially notable given that the consumer price index rose by 15% during this period.



Exhibit 11: OCTD Operations Performance					
Performance Measure	Base Year	Review Period			Percent Change
	FY21	FY22	FY23	FY24	FY21 - 24
<b>Key Base Measures</b>					
Operations Costs	\$ 135,338,198	\$ 155,459,406	\$ 172,508,037	\$ 182,931,675	35.17%
Vehicle Service Hours	1,579,914	1,897,023	2,076,903	2,171,630	37.45%
Unlinked Passengers	20,607,369	27,753,507	32,674,688	36,466,597	76.96%
Revenue	\$ 16,511,249	\$ 27,311,335	\$ 31,858,078	\$ 36,010,314	118.10%
<b>Efficiency Measures</b>					
Operations Cost per VSH	\$ 85.66	\$ 81.95	\$ 83.06	\$ 84.24	-1.66%
Passengers per VSH	13.04	14.63	15.73	16.79	28.74%
Fare per Passenger	\$ 0.80	\$ 0.98	\$ 0.98	\$ 0.99	23.25%
CPI -- All Index	2.30%	7.40%	3.90%	3.10%	15.00%

## MAINTENANCE

OCTD maintenance costs remained stable throughout the audit period, despite increased demands for cleaning and implementation of onboard vehicle safety measures.

Significant maintenance activities during the audit period include:

- Upgrades to maintenance facilities to adapt to new electric vehicles.
- Providing added training programs for maintenance staff (approximately 200 hours per mechanic) and hiring an additional trainer.
- Minimizing increases in overall maintenance cost to below the rate of inflation despite significant increases in vehicle service miles.

Exhibit 12 provides detailed reporting of maintenance performance indicators by fiscal year during the audit period:





Exhibit 12: Maintenance Performance					
Performance Measure	Base Year	Review Period			Percent Change
	FY21	FY22	FY23	FY24	FY21 - 24
<b>Key Base Measures</b>					
Maintenance Costs	\$ 57,484,273	\$ 55,553,197	\$ 58,155,078	\$ 59,335,859	3.22%
Vehicle Service Miles	21,394,468	25,817,380	28,032,043	29,498,677	37.88%
Peak Vehicles	678	739	808	887	30.83%
Road Calls	2,056	2,272	2,725	2,527	22.91%
Active Vehicles	1,003	948	1035	998	-0.50%
<b>Efficiency Measures</b>					
Maintenance Cost per VSM	\$ 2.69	\$ 2.15	\$ 2.07	\$ 2.01	-25.14%
Total Miles Between Road Calls	10,406	11,363	10,287	11,673	12.18%
Spare Ratio	32.40%	33.68%	24.53%	11.01%	-66.01%
CPI -- All Index	2.30%	7.40%	3.90%	3.10%	15.00%

## ADMINISTRATION

The OCTD administrative function addressed the following issues during the audit period:

- Improved coach operator safety programs including installing barriers to protect operators and deter unsafe behaviors.
- Entered into new agreement union that represents operators to provide higher compensation levels.
- Approval of the 2022 Long-Range Transportation Plan.

Exhibit 13 below provides a detailed listing of administrative performance indicators by fiscal year during the audit period:

Exhibit 13: OCTD Administrative Performance					
Performance Measure	Base Year	Review Period			Percent Change
	FY21	FY22	FY23	FY24	FY21 - 24
<b>Key Base Measures</b>					
Administrative Costs	\$ 62,404,390	\$ 84,243,226	\$ 91,593,301	\$ 94,889,543	52.06%
Vehicle Service Hours	1,579,914	1,897,023	2,076,993	2,171,630	37.45%
Vehicle Service Miles	21,394,468	25,817,380	28,032,043	29,498,677	37.88%
Peak Vehicles	678	739	808	887	30.83%
<b>Efficiency Measures</b>					
Admin. Cost per VSH	\$ 39.50	\$ 44.41	\$ 44.10	\$ 43.70	10.62%
Admin. Cost per VSM	\$ 2.92	\$ 3.26	\$ 3.27	\$ 3.22	10.28%
Admin. Cost per Peak Vehicle	\$ 92,042	\$ 113,996	\$ 113,358	\$ 106,978	16.23%
CPI -- All Index	2.30%	7.40%	3.90%	3.10%	15.00%



## 7. Conclusion

Despite the challenges in a post-pandemic environment, OCTD remains fully compliant with TDA requirements. OCTD has made efforts to both build back its ridership and make the system more efficient.

OCTA continues to monitor its system's key performance indicators to minimize service inefficiencies and reallocate service where it was most needed and monitor the effectiveness of its vehicle maintenance program. OCTD also continued to make progress on its capital program, including its Transit Asset Management program, technology upgrades that improved customer experience, and employee safety.

OCTD's marketing during the audit period has strengthened its overall ridership. In addition, they developed an alert system for paratransit riders to provide them text notices about arrival times which provides riders of this system with greater ability to adjust to changes in arrival time.

OCTA's *Comprehensive Business Plan* (completed in 2023) establishes OCTD's overall system of goals and objectives and connects long range service plans to a fiscally responsible financial planning process. Progress toward achieving its Board – directed initiatives is reported in OCTA's annual report on accomplishments.

Based on our interviews with OCTD staff and our review of fiscal, operational and administrative documentation, there are no functional review recommendations.

# **Orange County Transportation Authority**

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## **Triennial Performance Audit of the City of Laguna Beach – Laguna Beach Municipal Transit Lines**

**FY 2022 to FY 2024**

**April 2025**

**FINAL REPORT**

*Submitted by*  
**BCA Watson Rice, LLP**  
in association with  
**Altmayer Consulting, Inc.**



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## **Summary of Exhibits**

- Exhibit 1: Compliance with PUC Requirements**
- Exhibit 2: Compliance Data Consistency**
- Exhibit 3: Prior Audit Recommendations and Findings**
- Exhibit 4: System-Wide Performance**
- Exhibit 5: Trolley Service Performance**
- Exhibit 6: Demand Response Service Performance**
- Exhibit 7: Organizational Chart**



## 1. Executive Summary

This report presents the results of the triennial performance audit of the City of Laguna Beach's public transit program known as Laguna Beach Municipal Transit Lines (LBMTL). The purpose of the audit is to provide a tool for the City of Laguna Beach (City) management and the California State Department of Transportation (Caltrans) to audit performance trends, evaluate compliance with California's Transportation Development Act (TDA) and obtain a high-level review of key functional achievements and challenges during the audit period. This triennial performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the Caltrans TDA Performance Audit Guidebook under California Public Utilities Code (PUC) Section 99246.

The period reviewed encompasses the three-year period from July 1, 2021, through June 30, 2024. The performance audit included a review of the following:

- **Compliance with PUC** – ensuring compliance with applicable PUC requirements.
- **Data Collection and Reporting** – verification of TDA data collection and reporting procedures.
- **Prior Audit Recommendations** – reporting on implementation of the prior triennial performance audit recommendations.
- **Performance Trends** – summaries of performance indicators for the audit period.
- **Functional Review** – high-level review of key functional areas surveyed as part of the process of conducting the audit, resulting in suggestions for operational and management improvements.



Our findings and recommendations include the following:

## **COMPLIANCE WITH PUC**

LBMTL met all compliance requirements with respect to the PUC Section 99246 except for filing its FY 2024 State Controller's Report within seven months of the end of the fiscal year.

## **DATA COLLECTION AND REPORTING**

LBMTL was not consistent with its reporting of key financial and operating statistics between the various agencies. Clarification in reporting operating costs, passenger revenues, and unlinked passenger trips should be implemented to ensure that performance data is being reported more consistently by service type on performance measurements reports.

## **PRIOR AUDIT RECOMMENDATIONS**

LBMTL has made reasonable progress toward each of the six prior audit recommendations.

## **PERFORMANCE TRENDS**

LBMTL system performance was significantly impacted by the coronavirus pandemic and its management decided to temporarily suspend transit operations from March 20, 2020, to June 24, 2021. In resuming service, LBMTL has seen its ridership on the system increase by 27.4% over the audit period, 17.1% for the Trolley service and 385% for the demand response. The large increase in the demand response service was a result of a significant expansion of services that were introduced in FY 2023. With the resumption and expansion of these services, LBMTL did see an increase in operating costs (16.7%) but these increases were consistent with the consumer price index during that period (15.0%) resulting in an increase in overall system efficiency.



## FUNCTIONAL REVIEW

LBMTL is performing in a mostly efficient and effective manner. The City funded a short-range transit plan to be completed by LBMTL. LBMTL has also made efforts to address financial reporting issues relating to its methodology for calculating transit operator costs. In addition, the City moved from an in-house to contracted model for its drivers and dispatchers during the audit period. Finally, LBMTL has altered its demand response program to provide greater opportunity for residents and visitors to use the system across the City.

## RECOMMENDATIONS

We recommend that LBMTL consider:

- 1) LBMTL should develop a consolidated service program which incorporates goals, objectives, proposed service and related financial plans, supported by market research and public input, to facilitate cooperative, performance and funding arrangements, for review by OCTA. It is notable that LBMTL has indicated that it will complete a short-range transit plan in the coming audit period.
- 2) LBMTL's financial and operational reporting should be reviewed to improve internal controls and resolve issues that may relate to timing differences, data classification and allocation by service type. Strengthened internal controls can provide reasonable assurance that operating and financial data is being recorded to provide consistency across regional, state and federal reporting requirements.
- 3) LBMTL should develop practices to ensure that it timely completes and files its financial reporting to the State Controller pursuant to PUC Section 99243.

More details of our findings and recommendations and management's responses are included in the body of this report.





## 2. Performance Audit Approach and Methodology

### PERFORMANCE AUDIT APPROACH

The State mandates that all recipients of TDA funding undergo a performance audit every three years in order to remain eligible for future TDA funding. In FY 2024, the Orange County Transportation Authority (OCTA) retained BCA Watson Rice LLP (BCA) to conduct a Triennial Performance Audit of the LBMTL system.

The Triennial Performance Audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires 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 review objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This performance audit was also conducted in accordance with the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September, 2008, Third Edition* (Guidebook) produced by the California Department of Transportation, which outlines the processes for evaluating a transit organization's effectiveness and efficiency, pursuant to State requirements.

While the Guidebook provides general information regarding performance audit requirements, suggested approaches and methodologies, more specific information necessary in understanding and defining the scope of these audits is included in the *Transportation Development Act, Statutes and California Code of Regulations, July, 2018* (TDA Code). While various sections of these regulations are periodically updated through legislative action, the annual booklet of TDA Code has not been updated during this triennium. To ensure that this audit addresses legislative changes enacted in the past three years, an overview of recent legislation was conducted to examine its potential impact on the FY 2022 – 2024 Triennial Performance Audit of Orange County operators.



## Legislative Issues Affecting the Triennial Performance Audit

In 2023, the legislature passed Senate Bill 125 (SB 125). SB 125 exempts operators from having to meet the fare box recovery ratio of 20%. Its language reads:

"Existing law provides for the allocation of various revenues under the Transportation Development Act, to transit operators that meet specified requirements, including, as applicable, requirements related to operating costs, fare box ratios, and revenues, as specified. Existing law exempts those entities, for the 2019–20 to 2022–23 fiscal years, inclusive, as provided, from penalties or other provisions that would reduce the amount of revenues allocated as a result of failing to meet those requirements. This bill would extend those entities' exemptions through the 2025–26 fiscal year, as specified."

Given this legislation, our report will not include any findings of non-compliance related to farebox recovery ratios (PUC 99268.2 and 99268.3).

Additionally, the Federal Transit Administration (FTA) is making changes to NTD reporting requirements. These changes are anticipated to occur over multiple report years. One change that impacts LBMTL is that the FTA has issued revised filing forms for "reduced reporters." Reduced reporters are typically transit agencies that operate 30 or fewer vehicles in peak maximum service and do not operate fixed guideway systems. Their reporting requirements are less extensive than those of larger agencies and do not include a breakdown of maintenance and administrative expenses (usually identified in NTD reports within form F-30). As a result, the report below only includes performance data for the overall system and a breakdown of costs by mode.

## Triennial Performance Audit Key Tasks

The performance audit was designed to include a review of the following:

- **Compliance with PUC Section 99246** – evaluating the efficiency, effectiveness and economy of the operation of the entity being audited, including, but not limited to, a verification of the performance indicators defined in PUC Section 99247:



- Operating cost per passenger
- Operating cost per vehicle hour
- Passengers per vehicle service hour
- Passengers per vehicle service mile; and
- Vehicle service hours per employee
- **Data Collection and Reporting** – verification of TDA data collection and reporting procedures as well as consistency of data reporting between the following reports: LBMTL’s Performance Measurements reports, federal National Transit Database (NTD) and State Controller’s Transit Operators Financial Transactions Report.
- **Prior Audit Recommendations** – reporting on implementation of prior triennial performance audit recommendations.
- **Performance Trends** – summaries of performance indicators for the audit period related specifically to operational performance, efficiency and effectiveness are typically a significant element of the triennial audit process; however, as LBMTL’s service was only resumed in late June 2021 after a yearlong shutdown during the COVID-19 pandemic, a meaningful analysis of performance trends is not possible.
- **Functional Review** - high-level review of key functional areas which were surveyed as part of the audit process. Areas of review included general management, finance, administration, service planning, scheduling, dispatch, operations, maintenance and marketing.

The Guidebook details an approach to conducting the performance audit which consists of an audit of key financial, administrative and operational documents and interviews with key management staff.

## DOCUMENTS REVIEWED

The following compliance documents were reviewed to ascertain completion and timely submission to the appropriate reporting agency:

- National Transit Database (NTD) reports for FY 2022 through FY 2024



- State Controller Transit Operations Financial Transactions reports for FY 2022 through FY 2023
- Orange County Transportation Authority TDA Guidelines
- Prior Triennial Performance Audits and written responses to the recommendations
- California Highway Patrol Inspection Reports for FY 2022 through FY 2024
- Laguna Beach Trolley Tracker App
- Laguna Beach Trolley Schedule
- TransLoc App
- Zero-Emission Bus Rollout Plan, June 2023

## **INTERVIEWS WITH KEY MANAGEMENT**

The following management team members were interviewed as part of the Triennial Performance Audit:

- Michael Litschi, City of Laguna Beach, Director of Transit and Community Services
- Shannon Espinoza, City of Laguna Beach, Finance Manager



### 3. Background, Challenges and Accomplishments

The City has operated transit service since 1970. Over the triennial audit period, LBMTL re-evaluated and re-designed its demand response service to promote ridership, particularly among its residents. The following system profile describes LBMTL service from July 1, 2021 through June 30, 2024.

#### SYSTEM PROFILE

LBMTL serves a population of 22,332 residents within a nine square mile service area. The area is most known for its annual Summer Festival Season which is a major regional attraction for Orange County. LBMTL provides transit service to these seasonal events as well as year-round community-based transit options for residents and visitors as follows:

- *Fixed-Route Trolley Service* – LBMTL operates a free fixed-route trolley service along two routes:
  - The Coastal Route operates along Coast Highway between North Laguna/Heisler Park, downtown, South Laguna/Mission Hospital, and the Ritz Carlton in Dana Point. This route runs seven days a week, year-round. Weekday routes start at 7:30 a.m. and end between 6:00 p.m. (Monday through Thursday) and 10:00 p.m. (Friday). Weekend service begins at 9:00 a.m. and ends at 10:00 p.m. on Saturday and 7:00 p.m. on Sunday. Frequency is 20 to 30 minutes. During the summer season, service is extended from 9:00 a.m. to 11:30 p.m., seven days a week.
  - The Canyon Route operates on Laguna Canyon Road linking a peripheral parking lot to downtown Laguna Beach on Saturdays and Sundays in the non-summer season (9:00 a.m. to 7:00 p.m.). During the summer season, service is extended from 8:30 a.m. to 11:30 p.m., seven days a week. Frequency of service is between 20 and 40 minutes.
- *Summer Breeze Service* – Between June and Labor Day, the Summer Breeze provides service approximately every 30 minutes linking a free,



parking lot in the City of Irvine with downtown Laguna Beach and the summer art festival venues. This service operates from Friday to Sunday from 10:00 a.m. to 11:30 p.m. Frequency of service is approximately 30 minutes.

- *Laguna Beach Local* – LBMTL offers a free, on-demand, shared-ride transit services that operates between residential neighborhoods and the City’s major activity centers. Using hybrid-electric vehicles, the Laguna Beach Local can accommodate up to 5 riders at time. Rides can be booked using the TransLoc app, by phone or through the LBMTL website. The average wait time is approximately 15 to 20 minutes. The Laguna Beach Local is wheelchair accessible.

## FARES

LBMTL has offered a free fare system for both its fixed route and demand response systems since December 2019.

## KEY CHALLENGES DURING THE AUDIT PERIOD

Addressing the challenges in a post-pandemic environment was a top priority for most transit operators during the triennial audit period. The following is a summary of key post-pandemic challenges faced by transit agencies:<sup>1</sup>

- *Reduced Ridership* -- As transit agencies emerged out of the pandemic, they were faced with changes in ridership and commuting patterns. A growing percentage of the population now has the option of working from home at least a portion of the time which has altered the numbers of people riding transit. According to the FTA, overall ridership in September of 2023 was only 74% of pre-pandemic levels. While overall ridership has declined, many front-line workers, especially from historically

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<sup>1</sup> For more detail on these issues, see Federal Transit Administration Report No. 0268, *Effects of the COVID-19 Pandemic on Transit Ridership and Accessibility* (August 2024) (“FTA Report”).



disadvantaged communities, continue to rely on transit to travel to work and other destinations. People were also more likely to ride transit if they did not have access to a personal vehicle, were disabled, or lived in households that lost income during the pandemic.

- *Workforce Shortages* -- Transit agencies experienced workforce shortages during the pandemic and many of those shortages continue today, especially among bus operator positions. In a July 2022 APTA survey of agencies and workers, the primary obstacles to recruiting and retaining workers included difficult work schedules and on-the-job harassment or assaults. To address these concerns, agencies are being forced to revisit recruiting strategies, improve hiring processes, enhance training programs, incentivize undesirable shifts, improve the safety and security of workers, and increase compensation.
- *Fiscal Challenges* -- As ridership declined nationwide, farebox revenues similarly declined. According to the FTA Report, national farebox recovery ratios were 31.7% in 2019, but only 16.7% in 2022. Despite reductions in service levels, operating costs tended to remain relatively static since most transit systems are capital intensive and have high fixed costs. A spike in inflation following the pandemic also impacted both personnel and supply costs resulting in further economic hardship to the agencies.
- *Supply Chain Shortages* – Transit agencies have been facing supply chain shortages that have limited their ability to procure vehicles and have increased vehicle maintenance costs. These supply chain issues have impacted the ability of some transit agencies from maintaining consistent service.

As a result of these challenges, many transit agencies have reduced service levels. Much of the reduced service has come at the expense of the frequency of service rather than a reduction in the number or the scope of routes, but the effects have still impacted riders. According to an APTA survey, transit agencies cited several causes that forced a reduction in service including diminished ridership (78%), economic losses (36%), and staff shortages (34%) being the most common factors.



## KEY LBMTL CHALLENGES DURING THE AUDIT PERIOD

The following is a summary of other key challenges addressed specifically by LBMTL during the audit period:

- Recruiting and retaining operators for the Trolley service has been challenging. LBMTL worked with the contract operator to increase hourly rates to help recruit drivers, especially during the summer season.
- Hotels and tourism did not begin to fully recover until 2023 and, as a result, ridership took longer to come back than on other systems less dependent on tourism. This delay in returning ridership impacted both the Trolley system as well as Laguna Beach Local.
- LBMTL continues to use manual tracking to measure ridership but are transitioning to automated system in the next audit period.
- Expansion of the demand response service area is complicated by topography, dead-end streets and gated communities. LBMTL adapted to these conditions by creating zones of pick-up and drop-off points. For most residents, pick-up and drop-off points will be within a few blocks of their residence.

## KEY LBMTL ACCOMPLISHMENTS DURING THE AUDIT PERIOD

The following is a summary of key accomplishments achieved by LBMTL during the audit period:

Transition to contracted services for all transit within the City has been seamless. LBMTL developed a system for contract management that includes weekly calls with onsite managers to address high-level issues and any upcoming events that may impact service. Transit supervisors also meet weekly with staff to review operational issues such as staffing and maintenance concerns.

- Added additional Trolley service on holidays and weekends to address growing ridership.





- Developed new art-inspired signage for the Trolley service to highlight the culture of Laguna Beach.
- Placed QR codes on signage to provide riders real time Trolley information including arrival time and maps.
- Expanded the service area for the Laguna Beach local to include major intersections and former Trolley stops resulting in approximately 150 virtual stops across the City. This service is available to all residents and visitors 13 years of age and older.
- Eliminated the reservation system for demand response and replaced it with an on-demand system. The average wait time of the on-demand service is approximately 15 to 20 minutes.
- Completion of the Zero Emission Bus (ZEB) Rollout Plan to ensure the agency has a strategy to fully transition its bus fleet to zero emission by 2040.
- Worked with contracted operator to implement the Samsara video-based safety system, including inward and outward facing cameras, in all trolley and on-demand vehicles, which has helped with training and accident investigation.

## **4. Compliance Review**

### **AREAS OF REQUIRED COMPLIANCE**

The objective of this section is to detail compliance with the State's requirements for transit operations and regional planning, the recommendations set forth in the prior triennial performance audit and maintaining a consistent reporting of performance statistics to local, state and federal agencies.

### **COMPLIANCE WITH THE STATE PUC REQUIREMENT**

Transit systems must comply with TDA requirements that are specified in PUC Regulations and the California Code of Regulations as noted in Exhibit 1. The compliance matrix provides the degree to which funds allocated to the claimant pursuant to TDA requirements were expended in conformance with applicable laws and rules and



regulations. LBMTL was found to be compliant with all applicable PUC requirements except for one instance of not filing its State Controller annual report within 7 months of the end of the fiscal year.

<b>Exhibit 1: Laguna Beach Transit's Compliance with PUC Requirements</b>		
<b>Code Reference</b>	<b>Operator Compliance Requirements</b>	<b>Compliance Finding</b>
<b>PUC Section 99243</b>	Submit annual reports to the State Controller, based on the Uniform System of Accounts and Records established by the State Controller, within seven months after the end of the fiscal year.	Partial Compliance; FY24 report not filed by March 1, 2025. Reports for FY22 and FY23 were submitted timely.
<b>PUC Section 99245</b>	Submit annual fiscal and compliance reviews to RTPE and State Controller within 180 days of the end of the fiscal year or receive 90-day extension.	In Compliance
<b>PUC Section 99251</b>	CHP has certified operator's compliance with Vehicle Code 1808.1 within 13 months prior to TDA claim submittal.	In Compliance
<b>PUC Section 99261</b>	Claims for TDA funds are submitted in compliance with RTPE's rules and regulations.	In Compliance
<b>PUC Section 99264</b>	Public transportation vehicles designed to be operated by one person are not routinely staffed with two or more persons.	In Compliance
<b>PUC Section 99266</b>	Operating budget has not increased by more than 15% over preceding year unless reasonable justification has been provided.	In Compliance
<b>PUC Section 99267</b>	The operator's definitions of performance measures are consistent with the PUC.	In Compliance
<b>PUC Section 99268.2 99268.3</b>	Operator has maintained a ratio of fare revenues to operating costs at least equal to or exceeding 20% for the general public service in urban areas.	In Compliance <sup>1</sup>
<b>PUC Section 99271</b>	The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing an RTPE-approved plan to fully fund the retirement system within 40 years.	In Compliance
<b>CA Code of Regs</b>	Available federal funds are used prior to claiming STA funds.	In Compliance
<sup>1</sup> LBMTL is exempt pursuant to SB 125 as referenced above.		



## CONSISTENCY OF DATA REPORTING

Operators are expected to consistently report performance statistics to local, state and federal agencies. Exhibit 2 provides a summary of key statistics provided to the following agencies:

- **State Controller's Office** - The State Controller's office requires that all agencies submit an annual summary of financial statistics.
- **National Transit Database (NTD)** - The Federal Transit Administration (FTA) requires that transit agencies which receive FTA grants annually submit financial and operating data in uniform categories.

Exhibit 2: System-Wide Performance Measures				
Source	Base Year	Review Period		
	FY21	FY22	FY23	FY24
<b>Operating Costs</b>				
FTA National Transit Database	\$ 1,351,764	\$ 4,229,458	\$ 4,658,162	\$ 4,934,669
State Controller's Report	\$ 1,015,749	\$ 3,506,538	\$ 4,320,288	n/a
<b>Farebox Revenues</b>				
FTA National Transit Database	\$ 1,626	\$ -	\$ -	\$ -
State Controller's Report	\$ 1,626	\$ -	\$ -	n/a
<b>Local Subsidies and Auxiliary Revenues*</b>				
FTA National Transit Database	\$ 687,856	\$ -	\$ -	\$ -
State Controller's Report	\$ 109,759	\$ -	\$ -	n/a
<b>Unlinked Passengers</b>				
FTA National Transit Database	12,921	553,392	668,909	705,237
State Controller's Report	12,921	557,192	675,023	n/a
<b>Vehicle Service Hours</b>				
FTA National Transit Database	1,093	33,468	44,814	47,976
State Controller's Report	1,093	33,763	45,076	n/a
<b>Vehicle Service Miles</b>				
FTA National Transit Database	8,091	320,652	430,277	470,655
State Controller's Report	8,091	321,825	431,932	n/a
<b>Employee Full-Time Equivalents</b>				
FTA National Transit Database	Not Reported	Not Reported	Not Reported	Not Reported
State Controller's Report	77	21	28	n/a
<b>Peak Vehicles</b>				
FTA National Transit Database	18	22	24	24
State Controller's Report	18	19	21	n/a
<b>Active Vehicles</b>				
FTA National Transit Database	25	29	31	32
State Controller's Report	25	29	31	n/a



LBMTL was marginally consistent in reporting key financial and non-financial operating statistics for NTD and State Controller's reporting. Some of these inconsistencies may be related to different calculation methodologies for the different reports. For example, the NTD does not include charter costs and charter ridings within required calculations, but those numbers are included for the State Controller reporting.

While operating cost numbers may differ based on the foregoing, differing methodologies do not appear to explain difference for items such as peak vehicles, vehicle service miles and vehicles service hours.

## **PRIOR AUDIT RECOMMENDATIONS**

TDA audit guidelines require a follow-up as to whether recommendations from the prior period's audit have been implemented. LBMTL has completed or made reasonable progress on all the prior year's performance audit recommendations, as shown in Exhibit 3 below:



Exhibit 3: Prior Audit Recommendations	
Prior Audit Recommendation	Implementation Progress
LBMTL should develop a consolidated service program which incorporates goals, objectives, proposed service and related financial plans, supported by market research and public input, to facilitate cooperative, performance and funding arrangements, for review by OCTA.	Partial Implementation: LBMTL prepared an annual Parking Management Plan and continued to prepare quarterly performance reports for its Trolley services. During the audit period, staff also completed other reports regarding the performance of the system resulting in modifications to service. It is anticipated that in the next audit period, the City will complete a short-range transit plan which will more fully develop comprehensive goals and objectives to the system.
LBMTL should develop a methodology for allocating operating costs across LBMTL service types, so that when aggregated, total operating costs reflect operating costs reported in other compliance reports.	Implemented: The City retains detailed backup on its methodology for calculating transit operating costs. Staff worked with the City's Finance Department to review and update the cost allocation methodology. LBMTL now uses vehicle service miles as the cost driver to allocate costs between the different operating modes.
LBMTL charter fees should be structured to eliminate public subsidy of charter operations.	Implemented: Charter fees have been revised and no longer include any public subsidy for private operations.
LBMTL should consider the assignment of auxiliary and local subsidy to facilitate the calculation of farebox recovery ratios in accordance with SB 508.	Implemented: City implemented this recommendation as part of the FY 2023-24 TDA claim submittal.
LBMTL should obtain accurate information on FTE employees provided by its contractor and include that in its reporting to OCTA.	Implemented: City completed this recommendation as part of the FY 2023-24 TDA claim submittal.
TDA performance reports should clearly identify and distinguish between audited and estimated data.	Implemented: City implemented this recommendation as part of the FY 2023-24 TDA claim submittal.



## 5. Operational Performance Trends

### OVERVIEW

In this section we present the results of our analyses of performance statistics for the three-year audit period for services operated by LBMTL. California PUC Section 99246 mandates that a triennial performance audit analyze an operator's performance of the following five key performance indicators:

1. Operating cost per vehicle service hour
2. Operating cost per passenger
3. Passengers per vehicle service hour
4. Passengers per vehicle service mile
5. Vehicle service hours per employee

Data for the analysis of these indicators were compiled using data from the NTD and the State Controller's reports prepared by LBMTL. The performance trends cover the period from FY 2022 through FY 2024.

### PERFORMANCE INDICATOR TABLES – SYSTEM-WIDE

Operating costs increases were consistent with the consumer price index (CPI) over the audit period with a 16.7% rise over the five-year period compared to a 15.0% CPI inflation rate. At the same time there has been a significant increase in vehicle service hours (43.4%), vehicle service miles (46.8%) and ridership (27.4%). As a result of constrained cost increases from FY 2022 to FY 2024, the agency's efficiency measures for the system have been largely positive with cost per vehicle service hour dropping 18.6% and cost per passenger dropping 8.5%.



Exhibit 4 below provides detailed reporting by each fiscal year of the period:

Exhibit 4: Laguna Beach Transit				
System-Wide Performance				
				% Change
Performance Measure	FY22	FY23	FY24	FY21 to FY24
Key Base Measures				
Operating Costs	\$ 4,229,458	\$ 4,658,162	\$ 4,934,669	16.67%
Vehicle Service Hours	33,468	44,814	47,976	43.35%
Vehicle Service Miles	320,652	430,277	470,655	46.78%
Unlinked Passengers	553,392	668,909	705,237	27.44%
Full Time Equivalents**	21	28	n/a	n/a
Efficiency Measures				
Cost per VSH	\$ 126.37	\$ 103.94	\$ 102.86	-18.61%
Cost per Passenger	\$ 7.64	\$ 6.96	\$ 7.00	-8.45%
Passengers per VSH	16.53	14.93	14.70	-11.10%
Passengers per VSM	1.73	1.55	1.50	-13.18%
CPI – All Index	7.40%	3.90%	3.10%	15.00%

\*\*FTE data taken from SCO reports; all other data from NTD reports. At the time of this report, LBMTL had not yet filed their SCO report for FY 2024.

## PERFORMANCE INDICATOR TABLES – TROLLEY SERVICE

LBMTL's trends for its Trolley service are relatively positive for the audit period. Operating costs increased only 6.2% (compared to 15.0% CPI). Moreover, the agency was able to increase its ridership by over 17.2% with significant growth from FY 2022 to FY2023 as the City began to recover from losses in tourism due to the pandemic. As a result, efficiency measures were mostly positive with cost per vehicle service hour only increasing 11.1% and the cost per passenger dropping 9.4%. Passengers per vehicle service mile and vehicle service hour also rose significantly.



Exhibit 5: Laguna Beach Transit Motor Bus Service Performance (Trolley)				
Performance Measure	FY22	FY23	FY24	Percent Change from FY22 to FY24
Key Base Measures				
Operating Costs	\$ 3,312,880	\$ 3,659,016	\$ 3,519,397	6.23%
Vehicle Service Hours	28,955	29,759	27,697	-4.34%
Vehicle Service Miles	280,395	302,869	285,843	1.94%
Unlinked Passengers	537,999	620,151	630,488	17.19%
Full Time Equivalents*	18	20	n/a	-100.00%
Efficiency Measures				
Cost per VSH	\$ 114.41	\$ 122.95	\$ 127.07	11.06%
Cost per Passenger	\$ 6.16	\$ 5.90	\$ 5.58	-9.35%
Passengers per VSH	18.58	20.84	22.76	22.51%
Passengers per VSM	1.92	2.05	2.21	14.96%
CPI -- All Index	7.40%	3.90%	3.10%	15.00%

\*FTE data taken from SCO reports; all other data from NTD reports At the time of this report, LBMTL had not yet filed their SCO report for FY 2024

## PERFORMANCE INDICATOR TABLES – DEMAND RESPONSE

Following the pandemic and beginning in FY 2022, LBMTL expanded its demand response system. LBMTL redesigned the service area to include all major intersections and former Trolley stops resulting in approximately 150 virtual stops. They also made this service available to all residents and visitors 13 years of age and older. These changes make it difficult to make a meaningful analysis of trends. It is important to note, however, that LBMTL's demand response service has increased its ridership from 15,393 in FY 2022 to 74,749 in FY 2024. While some of this increase is attributable to recovering tourism beginning in FY 2023, it is also attributable to the success of its expanded service. Below in Exhibit 6 are the detailed demand response data for the audit period.





Exhibit 6: Laguna Beach Transit Demand Response Service Performance				
Performance Measure	FY22	FY23	FY24	% Change from FY22 to FY24
Key Base Measures				
Operating Costs	\$ 916,578	\$ 999,146	\$ 1,415,272	54.41%
Vehicle Service Hours	4,513	15,055	20,279	349.35%
Vehicle Service Miles	40,257	127,408	184,812	359.08%
Unlinked Passengers	15,393	48,758	74,749	385.60%
Efficiency Measures				
Cost per VSH	\$ 203.10	\$ 66.37	\$ 69.79	-65.64%
Cost per Passenger	\$ 59.55	\$ 20.49	\$ 18.93	-68.20%
Passengers per VSH	3.41	3.24	3.69	8.07%
Passengers per VSM	0.38	0.38	0.40	5.78%
CPI -- All Index	7.40%	3.90%	3.10%	15.00%

\*FTE data taken from SCO reports; all other data from NTD reports. At the time of this report, LBMTL had not yet filed their SCO report for FY 2024.

## 6. Functional Review

Because LBMTL now reports its NTD data as a “reduced reporter”, there is no data listed in those reports segregating out operations, maintenance and administrative costs. As a result, this section focuses on a high-level review of key functions and how they further the goal of being an efficient and effective operator.

### Operations and Planning

LBMTL made significant changes during the audit period to address the post-pandemic environment. In FY 2023, and in response to the needs of its residents, LBMTL expanded its demand response system to provide greater coverage throughout the City. The success of this expansion can be seen in a vastly improved ridership.

While the agency has been nimble and innovative with its demand response system, as noted in the prior audit, the agency does not have a consolidated service program which incorporates goals, objectives, proposed service and related financial plans, supported by market research and public input, to facilitate cooperative, performance and funding arrangements. Several documents contain annual goals and objectives for LBMTL services including the annual Summer Parking Management Plan. This report addresses immediate transit service efficiencies and improvements only and does not provide a



higher-level evaluation of the system's strategic goals. This type of evaluation could be accomplished by the completion of a short-range transit plan which the agency reports it will be undertaking during the next audit period.

### **Financial and Operational Reporting**

The level of data inconsistency in LBMTL's compliance reporting should be evaluated in order to improve internal controls and resolve issues that may relate to timing differences, data classification and allocation by service type. Strengthened internal controls can provide reasonable assurance that operating and financial data is being recorded to provide consistency across regional, state and federal reporting requirements. LBMTL has strengthened this reporting during the audit period by developing a new system of allocating costs between modes.

### **Vehicle Maintenance and Safety**

LBMTL maintains an active fleet of 25 accessible transit vehicles (approximately 18 are used regularly) on its Trolley system and 7 vehicles for its demand response system. The City's Public Works Department does the maintenance on the trolley fleet, while the contract operator (LAZ Parking) owns and maintains the on-demand fleet. As required by the PUC, the LBMTL transit fleet undergoes annual compliance inspections by the California Highway Patrol.

During the audit period, LBMTL developed a plan that identifies strategies for moving towards a zero emissions fleet. According to the Zero Emission Bus (ZEB) Rollout Plan developed in 2023, LBMTL's fleet will be fully served by ZEBs by 2031, 9 years ahead of the 2040 requirement. The last non-ZEB (propane) trolleys were leased in 2019. LBMTL will now purchase only zero-emission trolleys beginning in 2025 and continuing through 2031 to transition to a zero-emission fleet. The bus replacement schedule has been designed to allow each bus to serve its useful life. Because of the limited ranges of the existing battery electric trolleys, high daily mileage during peak season, and constrained time available for depot charging, LBMTL may need to enlarge its fleet beyond the 18 currently used on a regular basis to maintain existing levels of service.



## **Marketing and Public Relations**

LBMTL maintains a well-designed website that contains information about the services it provides. It also maintains its bus stops and wayfinding signage at key parking and other boarding locations to assist passengers in accessing the transit service. It has also implemented real-time bus arrival information which is available to customers which can be accessed using QR codes on LBMTL signage.

## **LBMTL Organizational Structure**

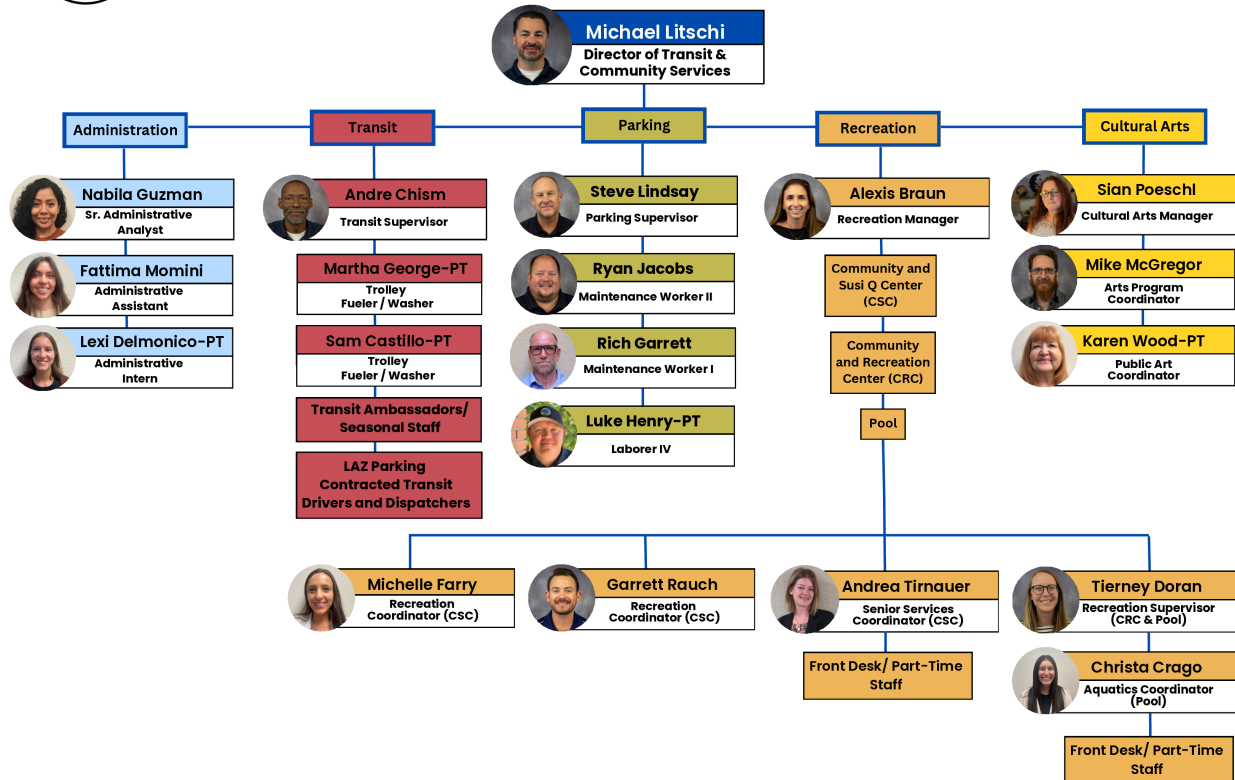
LBMTL operates as a function of the City of Laguna Beach Department of Transit and Community Services. LBMTL contracts out the operation of its service with LAZ Parking which provides the operators for the system. LBMTL continues to provide maintenance in-house. The organizational structure is shown in the following exhibit:



Exhibit 7



Transit & Community Services Organization Chart





## 7. Conclusions, Recommendations and Management Responses

LBMTL mostly met its compliance requirements with respect to PUC 99246. The only noted non-compliance related to a failure by LBMTL to submit its State Controller's report in a timely manner for FY 2024. In addition, the agency was somewhat inconsistent in its reporting of key financial and operating statistics to regional, state and federal compliance agencies. While some of these issues may be a result of definitional categories between the NTD and State Controller reports, LBMTL should continue to strengthen its reporting processes to address these inconsistencies. Finally, LBMTL made meaningful progress toward or successfully addressed most of the prior audit recommendations. We do, however, recommend the continuation of one prior recommendation related to the development of a consolidated service program to more fully detail the agency's long-term goals and objectives and plan for their implementation.

The following are our findings and recommendations:

**Finding #1:** LBMTL does not have a cohesive set of strategic goals for the transit system.

**Recommendation #1:** LBMTL should develop a consolidated service program which incorporates goals, objectives, and proposed service and related financial plans. It should be supported by market research and public input to facilitate cooperative performance and funding arrangements for review by OCTA. It is notable that LBMTL has indicated that it will complete a short-range transit plan in the coming audit period.

### Management's Response:

During the audit period, the City contracted with transportation consulting firm Fehr & Peers to complete a comprehensive Parking and Transportation Demand Management (TDM) Report. This report, adopted by City Council in June 2023 and updated in June 2024, assessed the City's public parking and transit needs. It includes recommended short- and long-term strategies to enhance the City's TDM programs, including enhancements to the City's transit services. The TDM report was developed after a significant public participation process, including multiple community meetings. It takes a



strategic view at how to best integrate parking and transit improvements in Laguna Beach, including capital projects, operational improvements and changes to the City's parking code. The City Council prioritized completing the TDM report first, given the unique needs of Laguna Beach and the challenge of planning for 7 million annual visitors. Effective parking management is closely linked with transit service options. As a follow-up to the TDM report, staff plans to complete a short-range transit study during the next audit period that will take a more focused look at the City's fixed-route and on-demand transit services, including developing a cohesive set of goals and financial plan based on community needs.

In addition, the City prepares an annual Parking Management Plan (PMP) update, which is submitted to the City Council for review and approval each spring. The PMP provides an update on the performance of the City's parking and transit programs for the previous summer season, as well as recommended strategies for the upcoming year. The City's most recent PMP update was prepared in March 2025 and is scheduled for adoption by City Council on April 8, 2025.

**Finding #2:** LBMTL has strengthened its financial and operating reporting during the audit period by developing a new system of allocating costs between modes. However, LBMTL continues to have inconsistencies in its financial reporting between NTD and State Controller reports.

**Recommendation #2:** LBMTL's financial and operational reporting should be reviewed to improve internal controls and resolve issues that may relate to timing differences, data classification, and allocation by service type. Strengthened internal controls can provide reasonable assurance that operating and financial data is being recorded to provide consistency across regional, state and federal reporting requirements.

**Management's Response:**

The City retains detailed backup documentation on its methodology for calculating transit operating costs, revenue, ridership, and other metrics, which are reported as part of the required annual NTD, State Controller and TDA reports. This documentation is used to



justify any variances in reported amounts due to inconsistencies in reporting guidelines for each agency. Staff worked with City's Finance Department to review and update cost allocation methodology for transit services.

For example, the NTD report excludes any charter boardings in the total annual passenger count, while the State Controller Report (SCO) includes charter boardings, resulting in different passenger totals. Additionally, the NTD report also excludes charter trip details such as revenue hours and revenue miles, whereas the SCO report includes them. As a result, the SCO data does not align with the NTD operational data and financial expenses because it excludes charter trips and expenses. Discrepancies in the financial and operational data during this audit period are primarily due to the differing reporting guidelines for each report.

**Finding #3:** LBMTL did not file its FY 2024 State Controller Report within 7 months from the close of the fiscal year.

**Recommendation #3:** LBMTL should develop practices to ensure that it timely completes and files its financial reporting to the State Controller pursuant to PUC Section 99243.

### **Management's Response:**

The City issued a Request for Proposal (RFP) for new audit services for the FY 23-24 audit year. In addition to the timeline for the RFP, the City is required to have the City's Audit & Investment AD Hoc Committee participate in the interview process of the audit firm candidates. Once this step was completed, the Audit Committee then had to present their recommendation to the City Council for approval of the new auditors. This recommendation was presented to the Council on August 13, 2024. The current auditor contract with LSL, LLP was signed in September 2024.

Since the new auditors had prior engagements with other clients, and the City was a new, late client, LSL tentatively scheduled the City of Laguna Beach audit to be completed by March 31, 2025. As a result, the SCO FTR and Transit Operators report was not reported to the SCO by the March 1, 2025, deadline. The City's auditors advised the City to notify



the SCO's office of the delayed submission, as the reports would be prepared by the LSL under the current contract. The Finance Department has already contacted the SCO's office to inform them of the late submission.





**May 14, 2025**

**To:** Finance and Administration Committee

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

**Subject:** Amendment to Agreement for On-Call Commercial Real Estate Brokerage Services

### **Overview**

On August 24, 2020, the Orange County Transportation Authority Board of Directors approved an agreement with CBRE, Inc. for on-call commercial real estate brokerage services for leasing and disposing of anticipated excess land owned by the Orange County Transportation Authority. An amendment to the existing agreement is requested for continued on-call commercial real estate brokerage services for an additional six months.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-0-2160 between the Orange County Transportation Authority and CBRE, Inc., in the amount of \$268,000, for additional on-call commercial real estate brokerage leasing services and extend the term of the agreement for an additional six months through March 31, 2026. This will increase the maximum cumulative obligation of the agreement to a total contract value of \$318,000 for leasing services.

### **Discussion**

The Orange County Transportation Authority (OCTA) owns various parcels of improved and vacant land in its existing property inventory or acquired as part of capital improvement projects. OCTA utilizes a commercial real estate brokerage consultant to provide real estate brokerage services to lease and/or dispose of the surplus land, to investigate real estate market conditions in the event OCTA needs to acquire real property on a voluntary basis only, and to service various parcels that include commercial, retail, industrial, and office facilities that may require marketing and leasing services. The current contract for these services is set to expire on September 30, 2025, and needs to be extended to provide for current ongoing needs as described below.

Commercial real estate brokerage services include, but are not limited to, conducting market analysis, the leasing and sale of excess land and facilities, and conducting negotiations on behalf of OCTA with potential renters and buyers. Compensation for real estate brokerage services is based upon a commission rate applied to the gross sales price achieved for each separate lease agreement or parcel sale.

CBRE, Inc.'s (CBRE) services are paid through escrow accounts linked to individual sales of excess land in an amount not to exceed \$1.75 million. Additionally, CBRE is paid a commission for leasing service based on the revenue generated by each lease agreement. The agreement also allows OCTA to pay CBRE, in an amount not to exceed \$50,000, for leasing services.

In August 2020, as part of eminent domain proceedings related to the Interstate 405 Improvement Project, OCTA acquired the California Department of Transportation airspace lease located at 16595 Magnolia Street (Magnolia) in the City of Westminster. The airspace lease includes an approximately 23,000 square-foot retail building which could not be accessed during construction. CBRE is responsible for marketing and leasing the site to retail businesses to generate income to offset the acquisition cost of the airspace lease. The leasing effort required for this property is now estimated to increase by \$268,000.

Between April 2019 and June 2022, OCTA also acquired three parcels as part of the Interstate 5 (I-5) Improvement Project between El Toro Road and State Route 73 (SR-73). The project is nearing completion, and the remnants of these vacant properties are no longer needed. In June 2025, OCTA staff will seek the Board of Directors' (Board) approval to declare the remnant parcels as surplus land and to dispose of the parcels in accordance with the Surplus Land Act. The disposal of surplus land historically takes about nine months to complete once the Board approves the process.

The current CBRE agreement option term expires on September 30, 2025. The agreement is recommended to be extended through March 31, 2026, to allow CBRE to continue to provide real estate brokerage services related specifically to the Magnolia property and to also allow for the marketing, sale negotiations, and escrow process to be completed for the disposal of surplus land related to the I-5 Improvement Project between El Toro Road and SR-73. Staff is also developing a new request for proposals to solicit a new on-call commercial real estate brokerage services agreement to be in place before the end of March 2026. The planned new agreement scope of work will include other potential future surplus land sales, leasing services for the Magnolia air space lease building, and potential real estate brokerage services for the new OCTA headquarters building located at 2651 and 2677 N. Main Street, Santa Ana.

***Procurement Approach***

The original procurement was handled in accordance with the OCTA Board-approved procedures for professional and technical services. On August 24, 2020, the Board approved an agreement with CBRE for an initial three-year term, with a two-year option term with funding through the proceeds received from the lease and sales revenue and \$50,000 for work done, as needed, on a time and expense basis. This agreement has been previously amended as shown in Attachment A.

CBRE's commission is based on a tiered structure that determines the reimbursement amount from proceeds of negotiated leases or proceeds generated from the sale of surplus property (Attachment B). The same commission schedule will continue to be in effect under the proposed amendment.

Proposed Amendment No. 2 to Agreement No. C-0-2160, in the amount of \$268,000, will bring the total contract value for leasing services to \$318,000, and extend the term of agreement by six months through March 31, 2026, allowing for continued on-call commercial real estate brokerage services.

**Fiscal Impact**

Funding for the leasing services in this contract extension is not included in OCTA's Proposed Fiscal Year 2025-26 Budget, Capital Programs Division. The funds for payment for this procurement will be deducted from the proceeds received from the lease revenue and sales revenue of the specific program related to each OCTA-owned parcel and/or facility.

***Summary***

Staff requests Board of Directors' authorization for the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-0-2160 between the Orange County Transportation Authority and CBRE, Inc., in the amount of \$268,000, for additional on-call commercial real estate brokerage services and extend the term of the agreement for an additional six months through March 31, 2026.

***Attachments***

- A. CBRE, Inc. Agreement No. C-0-2160 Fact Sheet
- B. Commission Rate Schedule

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**CBRE, Inc.  
Agreement No. C-0-2160 Fact Sheet**

1. August 24, 2020, Agreement No. C-0-2160, in the amount of \$50,000, approved by the Board of Directors (Board).
  - The agreement was executed on October 1, 2020, to provide on-call commercial real estate brokerage services for a three-year initial term with a two-year option term at a specified commission structure.
2. July 24, 2023, Amendment No. 1 to Agreement No. C-0-2160, \$0, approved by the Contracts Administration and Materials Management Department.
  - Exercise the two-year option term to extend the agreement through September 30, 2025, at a specified commission structure to provide continued on-call real estate brokerage services.
3. May 27, 2025, Amendment No. 2 to Agreement No. C-0-2160, \$268,000, pending approval by the Board.
  - Increase the maximum obligation for continued on-call real estate brokerage services in the amount of \$268,000 and extend the term of the agreement for six months through March 31, 2026.

Total funds committed to CBRE, Inc. after approval of Amendment No. 2 to Agreement No. C-0-2160: \$318,000

## **Commission Rate Schedule**

As per Agreement No. C-0-2160, Consultant will be reimbursed using the following fee structure. Commissions will be deducted from the total gross sales price or lease of the property. Consultant will be paid by and through escrow on sale transactions.

### **Commission For Sale of Property(ies)**

Consultant's commission on individual properties or single transactions involving multiple properties shall be calculated on the total sales price of the property(ies) as follows when the buyer is represented by a broker who is not Key Personnel as set forth in the Agreement:

- First, \$3 million @ 6%
- Next, \$2 million @ 5%
- Any amount over \$5 million @ 5%

On individual properties or single transactions involving multiple properties, when the buyer is either not represented by any broker, or is represented by Key Personnel, Consultant's commission shall be calculated on the total sales price of the property(ies) as follows:

- First, \$3 million @ 4%
- Next, \$2 million @ 3%
- Any amount over \$5 million @ 3%

### **Commission For Leased Property(ies)**

#### **Consultant's commission on a Gross Lease shall be:**

- 6% of the total base rent actually paid by tenant during the first 60 months;
- 2.5% of the total base rent actually paid by tenant for the next 60 months;
- 1.5% of the total base rent actually paid by tenant for any period after 120 months.

#### **Consultant's commission on a Net Lease shall be:**

- 6% of the total base rent actually paid by tenant during the first 60 months;
- 3.5% of the total base rent actually paid by tenant for the next 60 months;
- 2.5% of the total base rent actually paid by tenant for any period after 120 months.

### Fee For Marketing Services

If Consultant is asked to provide various marketing services to OCTA for properties that are not yet available for sale or lease, Consultant shall invoice OCTA at the fully burdened rate of \$300.00 per hour. If at some point the Consultant is asked to sell or lease said property, those fees charged for prior marketing services which are related to such sold or leased property, will be deducted from Consultant's commission fee. Consultant's invoices shall be submitted in a manner which clearly evidence to which property marketing services are attributable.



**May 14, 2025**

**To:** Finance and Administration Committee

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

**Subject:** Orange County Transportation Authority Investment and Debt Programs Report – March 2025

### **Overview**

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending March 31, 2025. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

### **Recommendation**

Receive and file as an information item.

### **Discussion**

As of March 31, 2025, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.9 billion. The portfolio is divided into two portfolios: the liquid portfolio for immediate cash needs and the managed portfolio for future budgeted expenditures. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

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



The weighted average book yield for OCTA's managed portfolio is 4.35 percent. The book yield measures the exact income, or interest, on a bond without regard to market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's month-end balance in the Local Agency Investment Fund (LAIF), a pooled investment fund for California local agencies, was \$7,199,732, with an average monthly effective yield of 4.31 percent. The LAIF offers local agencies an opportunity to invest funds in a diversified portfolio of high-quality, short-term securities managed by the State Treasurer's Office. OCTA's month-end balance in the Orange County Investment Pool (OCIP), a collective investment fund for local government entities in Orange County was \$40,094. For the month of March, the monthly gross yield for the OCIP was 4.12 percent. The OCIP allows local government entities to invest funds in a diversified portfolio managed by the Orange County Treasurer-Tax Collector's Office, aiming for competitive returns while prioritizing safety and liquidity. Mandated by the Transportation Development Act (TDA), OCTA is obliged to participate in the OCIP. It serves as a temporary holding account for TDA funds until claimed by OCTA and then processed by the County of Orange. This framework ensures effective fund management and adherence to regulatory compliance.

During the month of March, one security held within OCTA's investment portfolio was downgraded by Moody's Investors Services. As of March 31, 2025, the security still meets the minimum rating requirements set forth by OCTA's Investment Policy. Please refer to A-4 (Rating Downgrades and Negative Credit Watch) of Attachment A for further details.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and the 2021 Transportation Infrastructure Finance and Innovation Act Loan. The debt program currently has an outstanding principal balance of \$1.2 billion as of March 31, 2025. Approximately 44 percent of the outstanding balance is comprised of M2 debt, three percent is associated with the 91 Express Lanes Program, and 53 percent is associated with the 405 Express Lanes.

On March 26, 2025, OCTA issued \$228 million of M2 Revenue Refunding Bonds, Series 2025, at an all-in true interest cost of 3.04 percent. Proceeds were used to refund M2 Build America Bonds, Series 2010A bonds, generating \$10.5 million in net present value savings (4.3 percent).

***Summary***

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending March 31, 2025.

***Attachments***

- A. Orange County Transportation Authority Investment and Debt Programs – For the Period Ending March 31, 2025
- B. Orange County Transportation Authority Portfolio Listing as of March 31, 2025

**Prepared by:**



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

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



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
March 31, 2025**

# INVESTMENT PROGRAM

# OCTA Investment Dashboard

3/31/2025

## Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of March 2025:  
N/A

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

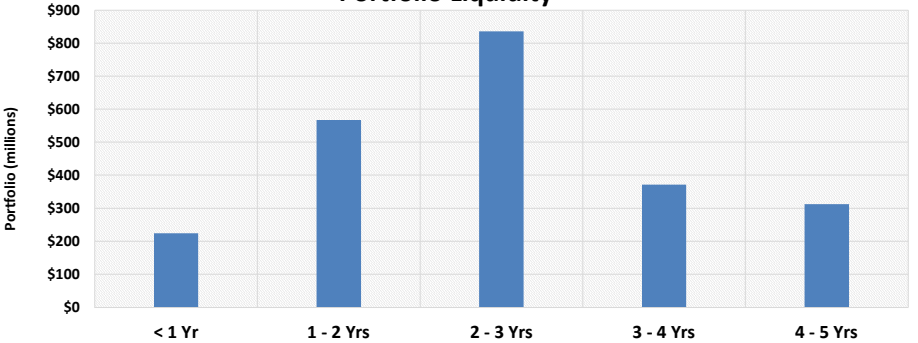
Two Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023

Securities downgraded or placed on Negative Credit Watch during the month of March 2025, but remain in compliance with OCTA's Investment Policy:

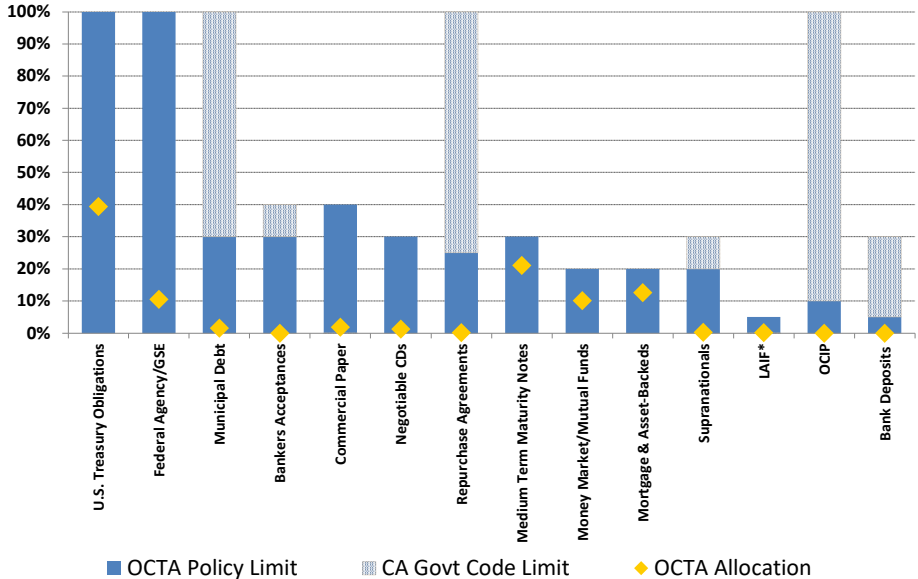
One security held within OCTA's investment portfolio was either downgraded or placed on Negative Credit Watch during the month.

For further details please refer to A-4 of this report.

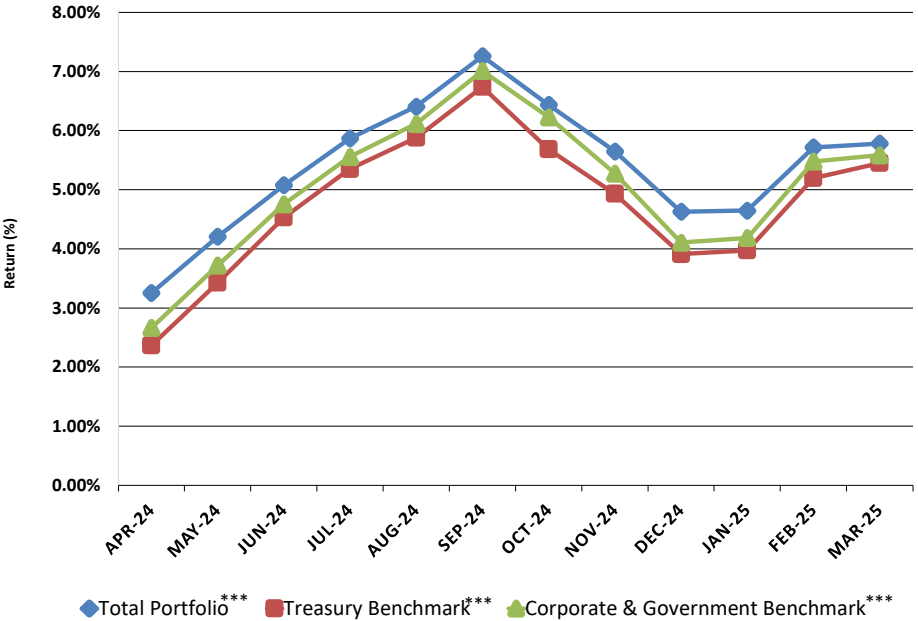
## Portfolio Liquidity<sup>(1)</sup>



## Portfolio Diversification \*\*



## Total Return - 12 Month<sup>(1)</sup>



1. Reflects Managed Portfolio.

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

\*\* Per OCTA's Investment Policy the limit is 30% for variable and floating rate securities. As of March 31, 2025, 7.3% of the portfolio was invested in variable & floating rate securities.

\*\*\* Actual portfolio returns represent the aggregate performance of the managed portfolio.

The Treasury Benchmark is the 1-3 Year Treasury Index through September 2024 and transitions to a market value-weighted blend of the 1-3 Year and 1-5 Year Treasury Indices starting October 2024.

The Corporate & Government Benchmark is the 1-3 Year AAA-A U.S. Corporate & Government Index through September 2024 and shifts to a market value-weighted blend of the 1-3 Year and 1-5 Year AAA-A U.S. Corporate & Government Indices beginning October 2024.

# Investment Compliance

3/31/2025

Portfolio Subject to Investment Policy			
Managed Portfolio <sup>1</sup>	Dollar Amount Invested	Percent Of Portfolio	Maximum Percentages
U.S. Treasury Obligations	\$ 1,031,797,833	39.4%	100%
Federal Agency/GSE	277,800,590	10.6%	100%
Municipal Debt	\$ 43,196,157	1.7%	30%
Commercial Paper	51,426,916	2.0%	40%
Negotiable Certificates of Deposit	\$ 35,775,000	1.4%	30%
Repurchase Agreements	6,000,000	0.2%	25%
Medium Term Maturity Notes/Corporates	\$ 554,897,386	21.2%	30%
Money Market/Mutual Funds	267,970,662	10.2%	20%
Mortgage & Asset-Backed	\$ 331,306,019	12.7%	20%
Supranationals	8,423,771	0.3%	20%
Local Agency Investment Fund	\$ 7,199,732	0.3%	\$ 75 Million
Orange County Investment Pool	40,094	0.0%	10%
Bank Deposits	\$ 771,078	0.0%	5%
<b>Total Managed Portfolio<sup>2</sup></b>	<b>\$ 2,616,605,238</b>		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$191,239,826 (7.3% of total Managed/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

Portfolio Subject to Indenture/Grant Funding Agreement					
Portfolio	Dollar Amount Invested	OCTA		Indenture/Funding Agreement Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
<b>Liquid Portfolio*</b>					
Government Obligations MMKT Fund	152,268,521	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	7,974,468	"AAAm"/"Aammf"	N/A	AAA Category	N/A
Government Obligations MMKT Fund **	81,741,114	"AAAm"/"Aaa-mf"	N/A	N/A	N/A
Government Obligations MMKT Fund **	25,000,000	"AAAm"/"Aaa-mf"	N/A	N/A	N/A
Government Obligations MMKT Fund **	20,806,362	"AAAm"/"Aaa-mf"	N/A	N/A	N/A
Bank Deposits **	-	N/A	N/A	N/A	N/A
<b>Total Liquid Portfolio</b>	<b>\$ 287,790,466</b>				
<b>Reserve Funds Portfolio</b>					
Government Obligations MMKT Fund	\$ 5,349,219	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Negotiable Certificates of Deposit	5,000,000	"A-1"/"P-1"/"F1+"	267 days	"A-1"/"P-1"/"F1"	270 days
Negotiable Certificates of Deposit	3,000,000	"A-1"/"P-1"/"F1+"	270 days	"A-1"/"P-1"/"F1"	270 days
Government Obligations MMKT Fund ***	956	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Reserve Funds Portfolio</b>	<b>\$ 13,350,175</b>				
<b>Total Portfolio Subject to Indenture</b>	<b>\$ 13,350,175</b>				
<b>Portfolio Total</b>	<b>\$ 2,917,745,879</b>				

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

\*\* Senate Bill (SB) 125 Grant Funding

\*\*\* 91 EL Debt Service Fund

**Managed Portfolio**  
**Sector Allocation and Performance Overview**  
**3/31/2025**

Book/Market Value	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
<b>Total Portfolio:</b>					
Book Value	\$ 574,213,557	\$ 573,765,493	\$ 578,051,212	\$ 584,129,739	\$ 2,310,160,001
Market Value	\$ 584,652,038	\$ 585,516,886	\$ 586,811,800	\$ 591,824,628	\$ 2,348,805,352
<b>1-3 Year Portfolio:</b>					
Book Value	\$ 378,348,171	\$ 382,082,092	\$ 407,855,205	\$ 388,065,753	\$ 1,556,351,222
Market Value	\$ 385,413,050	\$ 390,956,198	\$ 414,671,985	\$ 394,414,043	\$ 1,585,455,276
<b>1-5 Year Portfolio:</b>					
Book Value	\$ 195,865,385	\$ 191,683,402	\$ 170,196,006	\$ 196,063,986	\$ 753,808,779
Market Value	\$ 199,238,988	\$ 194,560,689	\$ 172,139,815	\$ 197,410,584	\$ 763,350,076

Sector Allocation	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
<b>Total Portfolio:</b>					
U.S. Treasury Obligations	39.0%	41.4%	45.3%	52.8%	44.7%
Federal Agency/GSE	25.8%	5.6%	13.3%	3.5%	12.0%
Municipal Debt	0.3%	5.4%	0.2%	1.6%	1.9%
Negotiable Certificates of Deposit	0.0%	0.0%	1.9%	0.0%	0.5%
Medium Term Maturity Notes	22.6%	28.5%	21.1%	24.0%	24.0%
Money Market/Mutual Funds	3.3%	1.2%	1.4%	2.1%	2.0%
Mortg & Asset Backed Sec	7.6%	16.8%	16.9%	16.0%	14.3%
Supranationals	1.5%	0.0%	0.0%	0.0%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>1-3 Year Portfolio:</b>					
U.S. Treasury Obligations	37.9%	40.8%	45.8%	51.0%	44.0%
Federal Agency/GSE	21.3%	5.1%	11.6%	3.9%	10.4%
Municipal Debt	0.0%	5.5%	0.2%	1.7%	1.8%
Negotiable Certificates of Deposit	0.0%	0.0%	1.9%	0.0%	0.5%
Medium Term Maturity Notes	27.5%	28.3%	20.8%	24.5%	25.2%
Money Market/Mutual Funds	2.3%	0.6%	1.7%	2.3%	1.7%
Mortg & Asset Backed Sec	9.7%	18.1%	18.0%	16.7%	15.7%
Supranationals	1.3%	0.0%	0.0%	0.0%	0.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>1-5 Year Portfolio:</b>					
U.S. Treasury Obligations	41.1%	42.7%	43.9%	56.4%	46.1%
Federal Agency/GSE	34.4%	6.6%	17.4%	2.7%	15.3%
Municipal Debt	0.9%	5.3%	0.2%	1.4%	2.0%
Negotiable Certificates of Deposit	0.0%	0.0%	1.7%	0.0%	0.4%
Medium Term Maturity Notes	13.0%	28.8%	21.8%	23.1%	21.6%
Money Market/Mutual Funds	5.1%	2.4%	0.7%	1.8%	2.6%
Mortg & Asset Backed Sec	3.7%	14.3%	14.2%	14.5%	11.6%
Supranationals	1.8%	0.0%	0.0%	0.0%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Portfolio Characteristics	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark
<b>Total Portfolio:</b>							
Weighted Average Life	2.24	2.06	2.12	2.26	2.17	n/a	n/a
Duration	2.06	1.90	1.95	2.07	1.99	1.99	1.98
Monthly Yield (Annualized)	4.15%	4.22%	4.16%	4.19%	4.18%	3.94%	4.13%
<b>1-3 Year Portfolio:</b>							
Weighted Average Life	1.99	1.78	1.88	1.99	1.91	n/a	n/a
Duration	1.86	1.64	1.73	1.82	1.76	1.75	1.74
Monthly Yield (Annualized)	4.17%	4.23%	4.15%	4.20%	4.19%	3.94%	4.12%
<b>1-5 Year Portfolio:</b>							
Weighted Average Life	2.71	2.62	2.69	2.79	2.70	n/a	n/a
Duration	2.47	2.39	2.46	2.56	2.47	2.48	2.48
Monthly Yield (Annualized)	4.12%	4.19%	4.16%	4.17%	4.16%	3.93%	4.15%

Portfolio Performance (Total Rate of Return)	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark
<b>Total Portfolio:</b>							
Monthly Return ***	0.47%	0.45%	0.45%	0.47%	0.46%	0.49%	0.47%
Three Months Return ***	1.82%	1.75%	1.72%	1.79%	1.77%	1.72%	1.74%
<b>1-3 Year Portfolio:</b>							
Monthly Return ***	0.47%	0.44%	0.44%	0.46%	0.45%	0.47%	0.46%
Three Months Return ***	1.75%	1.64%	1.61%	1.69%	1.67%	1.59%	1.61%
<b>1-5 Year Portfolio:</b>							
Monthly Return ***	0.47%	0.48%	0.49%	0.48%	0.48%	0.53%	0.51%
Three Months Return ***	1.97%	2.00%	2.00%	2.02%	2.00%	2.00%	2.01%

\* Represents the ICE/BAML 1-3 Year U.S. Treasury Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year U.S. Treasury Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio.

\*\* Represents the ICE/BAML 1-3 Year AAA-A U.S. Corporate & Government Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year AAA-A U.S. Corporate & Government Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio.

\*\*\* Reflects monthly return and three months only, as the 1-5 year portfolio was launched on October 1, 2024. Additional performance metrics will be reported once sufficient data becomes available.

## Rating Downgrades & Negative Credit Watch

3/31/2025

<u>Investment Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
<b>Rating Downgrades:</b>					
<b>MetLife</b>					
VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	\$ 6,275,000	8/14/2026	BBB+	Baa1	A-
<p>On March 17, 2025, Volkswagen's unsecured debt and that of its subsidiaries were downgraded by Moody's from A3 to Baa1 with a stable outlook. The downgrade reflects concerns about Volkswagen's ability to navigate significant industry headwinds over the next 12–18 months, including pricing pressure, EV transition challenges, and fierce competition in China. These pressures, combined with declining margins and cash flow, come as the company undertakes a major cost-cutting program to restore profitability. Despite this change, the security remains compliant with the Investment Policy. The investment manager recommends holding the securities, maintaining a positive outlook on credit profile and robust liquidity.</p>					
<b>- Rating below minimum requirements:</b>					
KEYBANK NATIONAL ASSOCIATION	\$ 1,675,000	08/08/2025 - 01/26/2026	BBB+	Baa1	BBB+
<p>During October 2023, Moody's and Fitch downgraded Keybank by one notch. The downgrade reflects the agencies' view that a higher-for-longer rate environment is likely to constrain profitability at Keybank more than for other banks of similar size. In addition, Keybank has a lower-than-average capital ratio on a proforma basis when adjusted for unrealized losses on available-for-sale securities. Due to the downgrade by both agencies, the three Keybank securities held within the portfolio fell below the minimum credit quality requirements of the Investment Policy. The Treasurer reviewed the position and recommended the securities be held for the short-term. The Treasurer presented his recommendation to the Chief Executive Officer who concurred. During June 2024, one of three Keybank securities was matured.</p>					
<b>Negative Credit Watch:</b>					
N/A					



# **DEBT PROGRAM**

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

# Outstanding Debt<sup>1</sup>

## As of 3/31/2025

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

#### 2025 M2 Sales Tax Revenue Bonds

Issued:	\$	227,565,000
Outstanding:		227,565,000
Debt Service FY 2025:		-
All in True Interest Cost:		3.04%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AAA
Final Maturity:		2041

#### 2019 M2 Sales Tax Revenue Bonds

Issued:	\$	376,690,000
Outstanding:		301,885,000
Debt Service FY 2025:		33,065,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):		AA+/AAA
Final Maturity:		2041

<b>Sub-total M2 Outstanding Debt</b>	<b>\$</b>	<b>529,450,000</b>
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### 91 Express Lanes

#### 2023 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	47,545,000
Outstanding:		41,725,000
Debt Service FY 2025:		8,051,750
All in True Interest Cost:		2.80%
Pledged Revenue Source:	91 Toll Road Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA-/Aa3/AA-
Final Maturity:		2030

<b>Sub-total 91 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>41,725,000</b>
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### 405 Express Lanes

#### 2021 TIFIA Loan

Amount Available	\$	628,930,000
Outstanding:		637,535,814
Capitalized Interest:		23,824,519
Interest Rate:		1.95%
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):		Baa2
Final Maturity:		2058

<b>Sub-total 405 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>637,535,814</b>
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<b>TOTAL OUTSTANDING DEBT:</b>	<b>\$</b>	<b>1,208,710,814</b>
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1. Comprises OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 TIFIA Loan) currently outstanding and irrespective of OCTA's investment program.

Orange County Transportation Authority  
Portfolio Listing  
As of March 31, 2025

LIQUID PORTFOLIO					
DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<b><u>CASH EQUIVALENTS</u></b>					
BANK DEPOSITS	N/A	N/A	771,078	771,078	0.00
FEDERATED MONEY MARKET GOVERNMENT PORTFOLIO	N/A	N/A	92,620,254	92,620,254	4.20
BMO HARRIS BANK NCD	3/21/2025	10/20/2025	25,000,000	25,000,000	4.39
BARCLAYS COMMERCIAL PAPER	3/19/2025	8/22/2025	25,414,030	25,410,887	4.33
BARCLAYS COMMERCIAL PAPER	1/7/2025	7/7/2025	26,012,886	26,221,775	4.39
MONEY MARKET DEMAND ACCOUNT	N/A	N/A	416	416	3.06
FIDELITY TREASURY OBLIGATIONS FUND	N/A	N/A	152,268,521	152,268,521	4.24
FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	N/A	40,000,000	40,000,000	4.25
DREYFUS MONEY MARKET GOVERNMENT PORTFOLIO	N/A	N/A	65,859,284	65,859,284	4.22
INVESCO MONEY MARKET GOVERNMENT PORTFOLIO	N/A	N/A	48,527,463	48,527,463	4.27
RBC US MONEY MARKET GOVERNMENT PORTFOLIO	N/A	N/A	81,741,114	81,741,114	4.26
FIDELITY TREASURY OBLIGATIONS FUND	N/A	N/A	20,806,362	20,806,362	4.22
FEDERATED TREASURY OBLIGATIONS FUND	N/A	N/A	7,974,468	7,974,468	4.22
<b>SUB-TOTAL</b>			<b>586,995,878</b>	<b>587,201,624</b>	
<b><u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u></b>	N/A	N/A	<b>7,199,732</b>	<b>7,199,732</b>	4.31
<b><u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u></b>	N/A	N/A	<b>40,094</b>	<b>40,094</b>	4.12
<b>LIQUID PORTFOLIO - TOTAL</b>			<b>\$ 594,235,704</b>	<b>\$ 594,441,449</b>	
MANAGED PORTFOLIO					
DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<b><u>MONEY MARKET FUNDS</u></b>					
FIRST AMER:GVT OBLG Z	3/30/2025	3/31/2025	45,963,245	45,963,245	4.23
<b>SUB-TOTAL</b>			<b>45,963,245</b>	<b>45,963,245</b>	
<b><u>REPURCHASE AGREEMENT</u></b>					
METLIFE CREDIT AG REPO	3/31/2025	4/1/2025	6,000,000	6,000,000	4.34
<b>SUB-TOTAL</b>			<b>6,000,000</b>	<b>6,000,000</b>	
<b><u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u></b>					
COOPERATIVE RABOBANK U.A., NEW YORK BRANCH	7/20/2023	7/17/2026	3,450,000	3,506,822	3.78
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	2/5/2024	2/1/2027	3,750,000	3,771,525	4.42
NATIXIS, NEW YORK BRANCH	9/20/2023	9/18/2026	3,575,000	3,648,002	3.81
<b>SUB-TOTAL</b>			<b>10,775,000</b>	<b>10,926,348</b>	
<b><u>U.S. TREASURY OBLIGATIONS</u></b>					
UNITED STATES TREASURY	8/11/2021	4/30/2025	7,440,527	7,476,450	4.17
UNITED STATES TREASURY	10/15/2021	5/31/2025	7,357,324	7,449,825	4.27
UNITED STATES TREASURY	11/22/2021	6/30/2025	6,811,055	6,930,210	4.26
UNITED STATES TREASURY	1/6/2022	7/31/2025	7,729,375	7,892,720	4.29
UNITED STATES TREASURY	3/23/2022	7/31/2025	6,979,688	7,399,425	4.29
UNITED STATES TREASURY	4/29/2022	9/30/2025	2,161,338	2,137,165	4.22
UNITED STATES TREASURY	5/6/2022	9/30/2025	7,002,734	6,958,210	4.22
UNITED STATES TREASURY	6/3/2022	10/31/2025	8,032,813	7,945,280	4.20
UNITED STATES TREASURY	6/10/2022	11/15/2025	6,818,164	6,919,360	4.14
UNITED STATES TREASURY	8/19/2022	11/15/2025	7,750,938	7,907,840	4.14
UNITED STATES TREASURY	9/19/2022	6/30/2027	294,035	295,968	3.88
UNITED STATES TREASURY	10/6/2022	6/30/2027	4,354,629	4,439,520	3.88
UNITED STATES TREASURY	10/24/2022	3/31/2027	4,150,547	4,380,480	3.89
UNITED STATES TREASURY	12/1/2022	4/30/2027	8,049,434	8,305,775	3.90
UNITED STATES TREASURY	12/21/2022	6/30/2027	2,925,820	2,959,680	3.88
UNITED STATES TREASURY	1/10/2023	2/28/2026	223,301	241,980	4.11
UNITED STATES TREASURY	1/12/2023	2/15/2027	8,006,270	8,245,340	3.92
UNITED STATES TREASURY	2/10/2023	8/31/2027	7,737,813	7,858,160	3.90
UNITED STATES TREASURY	2/10/2023	2/28/2026	4,758,199	5,129,976	4.11
UNITED STATES TREASURY	5/17/2023	11/15/2027	3,778,750	3,837,200	3.90
UNITED STATES TREASURY	5/17/2023	7/31/2027	3,865,469	3,898,600	3.89
UNITED STATES TREASURY	6/9/2023	9/30/2027	6,517,012	6,537,830	3.88
UNITED STATES TREASURY	7/5/2023	12/31/2026	7,083,689	7,526,030	3.93
UNITED STATES TREASURY	8/1/2023	7/15/2026	1,334,009	1,343,037	4.02
UNITED STATES TREASURY	8/4/2023	7/15/2026	823,066	830,189	3.99
UNITED STATES TREASURY	9/1/2023	8/15/2026	9,853,594	9,951,480	3.98
UNITED STATES TREASURY	9/6/2023	8/31/2028	220,060	223,223	3.91
UNITED STATES TREASURY	9/11/2023	8/15/2026	1,980,625	2,010,400	3.98
UNITED STATES TREASURY	9/12/2023	8/15/2026	6,441,855	6,533,800	3.98
UNITED STATES TREASURY	9/15/2023	8/15/2026	5,448,223	5,528,600	3.98
UNITED STATES TREASURY	9/19/2023	12/31/2026	4,933,887	5,252,940	3.93
UNITED STATES TREASURY	9/22/2023	8/15/2026	543,641	552,860	3.98
UNITED STATES TREASURY	9/22/2023	2/28/2026	9,425,801	10,163,160	4.11
UNITED STATES TREASURY	10/2/2023	9/30/2028	6,785,827	6,937,838	3.91
UNITED STATES TREASURY	10/5/2023	9/15/2026	4,467,129	4,542,210	3.96
UNITED STATES TREASURY	10/17/2023	9/30/2028	1,444,279	1,483,756	3.91
UNITED STATES TREASURY	11/1/2023	9/30/2028	6,762,269	6,978,770	3.91
UNITED STATES TREASURY	11/1/2023	10/15/2026	4,367,688	4,443,648	3.95
UNITED STATES TREASURY	11/10/2023	10/15/2026	3,988,750	4,039,680	3.95
UNITED STATES TREASURY	11/14/2023	10/15/2026	4,974,609	5,049,600	3.95
UNITED STATES TREASURY	11/15/2023	11/15/2026	4,969,531	5,051,950	3.96
UNITED STATES TREASURY	12/1/2023	11/30/2028	6,415,842	6,494,442	3.91
UNITED STATES TREASURY	12/11/2023	11/15/2026	8,039,174	8,057,860	3.96
UNITED STATES TREASURY	12/12/2023	11/15/2026	2,808,859	2,829,092	3.96
UNITED STATES TREASURY	12/15/2023	11/15/2026	4,775,420	4,799,353	3.96
UNITED STATES TREASURY	1/2/2024	12/15/2026	10,465,219	10,432,831	3.94

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2025**

<b>DESCRIPTION</b>	<b>SETTLE DATE</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
UNITED STATES TREASURY	1/5/2024	12/15/2026	9,561,602	9,566,785	3.94
UNITED STATES TREASURY	1/9/2024	12/15/2026	5,036,328	5,035,150	3.94
UNITED STATES TREASURY	1/11/2024	6/30/2027	6,514,965	6,609,952	3.88
UNITED STATES TREASURY	1/19/2024	1/15/2027	2,863,657	2,878,048	3.94
UNITED STATES TREASURY	1/22/2024	12/31/2026	8,739,629	9,073,260	3.93
UNITED STATES TREASURY	1/22/2024	12/31/2026	2,617,289	2,716,975	3.93
UNITED STATES TREASURY	2/1/2024	1/15/2027	10,395,058	10,406,019	3.94
UNITED STATES TREASURY	2/8/2024	8/31/2026	15,161,405	15,828,070	3.97
UNITED STATES TREASURY	2/15/2024	8/31/2026	13,678,711	14,341,350	3.97
UNITED STATES TREASURY	2/16/2024	2/15/2027	3,219,785	3,261,668	3.92
UNITED STATES TREASURY	2/20/2024	2/15/2027	1,877,679	1,901,803	3.92
UNITED STATES TREASURY	3/1/2024	2/15/2027	16,567,753	16,769,989	3.92
UNITED STATES TREASURY	3/12/2024	2/15/2027	7,964,063	8,028,720	3.92
UNITED STATES TREASURY	3/15/2024	11/15/2028	4,757,617	4,867,950	3.91
UNITED STATES TREASURY	3/15/2024	12/31/2026	7,786,465	8,117,500	3.93
UNITED STATES TREASURY	4/1/2024	2/28/2029	936,753	945,958	3.92
UNITED STATES TREASURY	4/1/2024	3/15/2027	761,773	769,812	3.91
UNITED STATES TREASURY	4/5/2024	3/15/2027	4,889,986	4,955,978	3.91
UNITED STATES TREASURY	4/8/2024	3/15/2027	4,219,287	4,276,733	3.91
UNITED STATES TREASURY	4/15/2024	4/15/2027	4,096,797	4,147,232	3.91
UNITED STATES TREASURY	4/19/2024	8/15/2028	9,283,594	9,677,300	3.90
UNITED STATES TREASURY	5/1/2024	4/15/2027	618,604	632,200	3.91
UNITED STATES TREASURY	5/13/2024	4/15/2027	4,106,953	4,172,520	3.91
UNITED STATES TREASURY	5/20/2024	6/30/2027	4,073,523	4,172,498	3.89
UNITED STATES TREASURY	5/20/2024	8/31/2026	1,130,218	1,180,583	3.98
UNITED STATES TREASURY	5/28/2024	5/15/2027	1,739,609	1,770,790	3.91
UNITED STATES TREASURY	6/3/2024	5/31/2029	999,180	1,021,680	3.93
UNITED STATES TREASURY	6/3/2024	5/15/2027	13,039,841	13,265,747	3.91
UNITED STATES TREASURY	6/11/2024	5/15/2027	6,942,813	7,032,566	3.91
UNITED STATES TREASURY	6/12/2024	5/15/2027	1,993,047	2,023,760	3.91
UNITED STATES TREASURY	6/17/2024	5/15/2027	4,437,311	4,502,866	3.91
UNITED STATES TREASURY	7/1/2024	6/15/2027	3,756,849	3,802,486	3.89
UNITED STATES TREASURY	7/2/2024	10/31/2027	5,342,742	5,594,844	3.90
UNITED STATES TREASURY	7/3/2024	3/31/2027	7,438,488	7,641,504	3.89
UNITED STATES TREASURY	7/3/2024	3/31/2027	6,467,221	6,642,645	3.90
UNITED STATES TREASURY	7/5/2024	5/15/2027	10,468,418	10,624,740	3.91
UNITED STATES TREASURY	8/1/2024	7/15/2027	15,348,419	15,377,527	3.90
UNITED STATES TREASURY	8/5/2024	7/15/2027	4,981,561	4,975,974	3.90
UNITED STATES TREASURY	8/5/2024	7/31/2026	5,674,719	5,678,250	3.98
UNITED STATES TREASURY	8/12/2024	7/15/2027	7,336,722	7,314,934	3.90
UNITED STATES TREASURY	8/16/2024	7/31/2029	2,018,750	2,005,240	3.93
UNITED STATES TREASURY	8/16/2024	6/30/2029	3,190,311	3,188,008	3.93
UNITED STATES TREASURY	8/16/2024	12/31/2028	11,160,625	11,135,250	3.92
UNITED STATES TREASURY	8/16/2024	8/15/2028	1,928,359	1,935,460	3.90
UNITED STATES TREASURY	8/16/2024	5/31/2028	4,115,146	4,115,633	3.90
UNITED STATES TREASURY	8/16/2024	2/29/2028	2,008,984	2,005,860	3.89
UNITED STATES TREASURY	8/16/2024	10/31/2027	2,560,436	2,613,984	3.90
UNITED STATES TREASURY	8/21/2024	12/31/2026	9,320,309	9,455,292	3.93
UNITED STATES TREASURY	8/21/2024	7/31/2026	2,263,184	2,261,250	3.98
UNITED STATES TREASURY	9/3/2024	4/30/2029	2,893,008	2,882,220	3.93
UNITED STATES TREASURY	9/3/2024	5/31/2028	2,989,102	2,975,400	3.90
UNITED STATES TREASURY	9/3/2024	8/15/2027	8,781,178	8,755,834	3.90
UNITED STATES TREASURY	9/10/2024	8/15/2027	11,546,270	11,461,820	3.90
UNITED STATES TREASURY	9/12/2024	8/31/2026	3,878,466	3,858,197	3.97
UNITED STATES TREASURY	9/26/2024	5/31/2029	4,828,516	4,775,600	3.93
UNITED STATES TREASURY	9/27/2024	6/30/2029	3,771,809	3,723,408	3.93
UNITED STATES TREASURY	9/27/2024	11/15/2027	4,817,578	4,796,500	3.90
UNITED STATES TREASURY	9/27/2024	9/15/2027	1,421,382	1,408,085	3.89
UNITED STATES TREASURY	9/30/2024	9/30/2029	6,637,271	6,529,236	3.94
UNITED STATES TREASURY	9/30/2024	2/15/2028	7,320,703	7,270,350	3.88
UNITED STATES TREASURY	9/30/2024	9/15/2027	3,087,285	3,063,203	3.89
UNITED STATES TREASURY	10/1/2024	9/30/2029	34,159,484	33,657,475	3.94
UNITED STATES TREASURY	10/1/2024	9/15/2027	23,411,266	23,260,580	3.89
UNITED STATES TREASURY	10/3/2024	12/31/2028	2,316,262	2,286,703	3.92
UNITED STATES TREASURY	10/3/2024	10/31/2027	3,645,000	3,668,750	3.90
UNITED STATES TREASURY	10/3/2024	3/31/2027	18,519,805	18,495,360	3.89
UNITED STATES TREASURY	10/4/2024	1/31/2029	3,298,750	3,258,873	3.92
UNITED STATES TREASURY	10/4/2024	11/15/2028	2,065,219	2,044,539	3.91
UNITED STATES TREASURY	10/4/2024	9/15/2027	14,431,348	14,327,885	3.89
UNITED STATES TREASURY	10/7/2024	5/31/2029	2,862,422	2,865,360	3.93
UNITED STATES TREASURY	10/7/2024	3/31/2027	5,125,170	5,149,498	3.89
UNITED STATES TREASURY	10/8/2024	10/31/2027	902,305	917,188	3.90
UNITED STATES TREASURY	10/8/2024	6/30/2027	6,635,830	6,659,280	3.88
UNITED STATES TREASURY	10/8/2024	6/30/2027	3,932,344	3,945,625	3.89
UNITED STATES TREASURY	10/9/2024	8/31/2028	1,883,025	1,877,103	3.91
UNITED STATES TREASURY	10/9/2024	3/31/2027	4,836,914	4,866,406	3.90
UNITED STATES TREASURY	10/22/2024	11/15/2028	2,333,063	2,336,616	3.91
UNITED STATES TREASURY	10/25/2024	7/31/2028	3,513,809	3,524,745	3.90
UNITED STATES TREASURY	10/29/2024	1/31/2029	2,238,750	2,256,143	3.92
UNITED STATES TREASURY	10/29/2024	10/15/2027	1,987,813	1,998,980	3.90
UNITED STATES TREASURY	10/31/2024	7/31/2029	8,956,406	9,023,580	3.93
UNITED STATES TREASURY	11/1/2024	10/15/2027	28,308,905	28,485,465	3.90
UNITED STATES TREASURY	11/4/2024	2/15/2029	1,878,281	1,907,820	3.92
UNITED STATES TREASURY	11/4/2024	10/15/2027	3,820,674	3,848,037	3.90
UNITED STATES TREASURY	11/5/2024	6/30/2027	1,887,637	1,904,061	3.88
UNITED STATES TREASURY	11/7/2024	10/31/2027	3,673,023	3,761,258	3.89
UNITED STATES TREASURY	11/7/2024	10/31/2027	1,612,547	1,650,938	3.90

**Orange County Transportation Authority  
Portfolio Listing  
As of March 31, 2025**

<b>DESCRIPTION</b>	<b>SETTLE DATE</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
UNITED STATES TREASURY	11/7/2024	10/15/2027	1,982,500	1,998,980	3.90
UNITED STATES TREASURY	11/12/2024	10/31/2029	2,493,262	2,518,350	3.95
UNITED STATES TREASURY	11/12/2024	12/31/2027	3,963,125	3,999,080	3.88
UNITED STATES TREASURY	11/15/2024	1/31/2028	7,317,480	7,421,475	3.89
UNITED STATES TREASURY	11/22/2024	10/31/2026	3,844,168	3,869,650	3.96
UNITED STATES TREASURY	11/26/2024	11/15/2027	696,227	704,018	3.89
UNITED STATES TREASURY	11/26/2024	10/31/2026	696,746	701,750	3.96
UNITED STATES TREASURY	11/27/2024	1/31/2029	7,929,375	8,021,840	3.92
UNITED STATES TREASURY	11/27/2024	7/31/2028	3,983,750	4,028,280	3.90
UNITED STATES TREASURY	12/2/2024	11/30/2029	10,892,504	10,954,025	3.94
UNITED STATES TREASURY	12/2/2024	11/15/2027	6,205,491	6,240,617	3.89
UNITED STATES TREASURY	12/6/2024	11/15/2027	3,820,368	3,846,956	3.89
UNITED STATES TREASURY	12/9/2024	11/30/2029	1,946,593	1,954,996	3.94
UNITED STATES TREASURY	12/10/2024	11/30/2029	4,009,844	4,030,920	3.94
UNITED STATES TREASURY	12/10/2024	11/15/2027	3,827,689	3,846,956	3.89
UNITED STATES TREASURY	12/16/2024	2/28/2029	7,999,063	8,093,760	3.92
UNITED STATES TREASURY	12/16/2024	11/15/2027	3,825,149	3,846,956	3.89
UNITED STATES TREASURY	12/17/2024	12/15/2027	2,981,016	3,008,790	3.88
UNITED STATES TREASURY	12/18/2024	11/30/2027	3,839,429	3,873,334	3.89
UNITED STATES TREASURY	12/20/2024	6/30/2028	7,409,473	7,525,200	3.89
UNITED STATES TREASURY	12/24/2024	10/31/2027	6,102,734	6,238,184	3.89
UNITED STATES TREASURY	12/24/2024	6/30/2027	7,308,398	7,399,200	3.88
UNITED STATES TREASURY	1/2/2025	12/31/2029	5,486,569	5,589,698	3.95
UNITED STATES TREASURY	1/2/2025	12/15/2027	15,366,534	15,530,371	3.88
UNITED STATES TREASURY	1/9/2025	12/31/2029	995,586	1,018,160	3.95
UNITED STATES TREASURY	1/13/2025	12/31/2029	2,483,594	2,545,400	3.95
UNITED STATES TREASURY	1/13/2025	6/30/2029	2,182,754	2,238,906	3.93
UNITED STATES TREASURY	1/13/2025	5/31/2028	7,629,050	7,765,794	3.90
UNITED STATES TREASURY	1/15/2025	1/15/2028	3,840,525	3,886,113	3.89
UNITED STATES TREASURY	2/3/2025	1/15/2028	7,258,298	7,328,099	3.89
UNITED STATES TREASURY	2/6/2025	2/28/2029	996,641	1,011,720	3.92
UNITED STATES TREASURY	2/6/2025	1/15/2028	3,848,346	3,886,113	3.89
UNITED STATES TREASURY	2/10/2025	2/28/2029	997,031	1,011,720	3.92
UNITED STATES TREASURY	2/10/2025	1/15/2028	1,747,881	1,766,415	3.89
UNITED STATES TREASURY	2/10/2025	10/15/2027	677,775	684,651	3.90
UNITED STATES TREASURY	2/10/2025	6/15/2027	1,914,473	1,929,165	3.89
UNITED STATES TREASURY	2/13/2025	6/30/2029	1,927,395	1,971,211	3.93
UNITED STATES TREASURY	2/13/2025	10/31/2027	4,621,126	4,701,573	3.89
UNITED STATES TREASURY	2/13/2025	10/15/2027	7,403,613	7,496,175	3.90
UNITED STATES TREASURY	2/18/2025	1/31/2027	1,845,736	1,856,290	3.93
UNITED STATES TREASURY	2/18/2025	6/15/2026	723,811	725,906	4.01
UNITED STATES TREASURY	3/31/2025	3/31/2027	8,977,852	8,996,850	3.89
UNITED STATES TREASURY	3/27/2025	2/28/2030	996,172	1,002,270	3.95
UNITED STATES TREASURY	3/27/2025	12/31/2028	2,472,860	2,485,547	3.92
UNITED STATES TREASURY	3/27/2025	5/31/2028	3,951,576	3,967,200	3.90
UNITED STATES TREASURY	3/27/2025	5/31/2028	790,378	793,375	3.90
UNITED STATES TREASURY	3/27/2025	3/15/2028	2,989,453	2,999,520	3.88
UNITED STATES TREASURY	3/27/2025	2/29/2028	3,997,656	4,011,720	3.89
UNITED STATES TREASURY	3/26/2025	3/15/2028	20,439,141	20,496,720	3.88
UNITED STATES TREASURY	3/26/2025	10/31/2027	2,698,453	2,705,703	3.90
UNITED STATES TREASURY	3/26/2025	6/30/2027	1,575,193	1,578,250	3.89
UNITED STATES TREASURY	3/26/2025	3/31/2027	2,137,359	2,141,219	3.90
UNITED STATES TREASURY	3/26/2025	2/28/2027	3,937,676	3,944,895	3.92
UNITED STATES TREASURY	3/26/2025	12/31/2026	2,001,816	2,005,500	3.93
UNITED STATES TREASURY	3/26/2025	8/31/2026	286,349	286,781	3.98
UNITED STATES TREASURY	3/12/2025	2/28/2030	1,494,668	1,503,405	3.95
UNITED STATES TREASURY	3/7/2025	7/31/2028	7,519,629	7,553,025	3.90
UNITED STATES TREASURY	3/25/2025	2/28/2030	746,953	751,703	3.95
UNITED STATES TREASURY	3/25/2025	3/15/2028	2,988,047	2,999,520	3.88
UNITED STATES TREASURY	3/3/2025	2/28/2030	3,532,238	3,543,024	3.95
UNITED STATES TREASURY	3/3/2025	2/15/2028	5,703,334	5,715,694	3.88
UNITED STATES TREASURY	3/6/2025	2/15/2028	840,480	843,216	3.88
<b>SUB-TOTAL</b>			<b>1,031,797,833</b>	<b>1,043,394,133</b>	
<b><u>FEDERAL AGENCY/GSE</u></b>					
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	8/14/2026	8,767,160	8,858,520	3.99
FEDERAL FARM CREDIT BANKS FUNDING CORP	9/11/2023	9/1/2026	3,994,800	4,039,960	4.02
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/1/2023	7/30/2026	3,995,640	4,050,560	4.01
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2023	11/15/2027	4,973,700	5,081,900	3.96
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/11/2023	10/4/2027	4,012,000	4,051,360	3.96
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/13/2023	12/7/2026	7,968,800	8,048,320	4.00
FEDERAL FARM CREDIT BANKS FUNDING CORP	4/15/2024	4/10/2029	4,942,000	5,077,500	3.95
FEDERAL FARM CREDIT BANKS FUNDING CORP	4/30/2024	4/30/2029	2,396,400	2,398,848	5.64
FEDERAL FARM CREDIT BANKS FUNDING CORP	5/30/2024	5/8/2026	7,957,920	8,058,320	4.06
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/23/2024	8/16/2027	4,984,050	4,976,800	3.96
FEDERAL FARM CREDIT BANKS FUNDING CORP	9/19/2024	9/10/2029	3,110,585	3,045,629	4.05
FEDERAL HOME LOAN BANKS	2/1/2023	12/10/2027	5,105,600	5,042,950	3.91
FEDERAL HOME LOAN BANKS	3/24/2023	3/10/2028	5,108,250	5,081,000	3.91
FEDERAL HOME LOAN BANKS	6/15/2023	3/25/2027	4,830,700	5,024,278	4.04
FEDERAL HOME LOAN BANKS	6/26/2023	8/26/2026	1,783,600	1,913,856	4.09
FEDERAL HOME LOAN BANKS	6/30/2023	6/9/2028	1,996,120	2,005,000	3.91
FEDERAL HOME LOAN BANKS	7/21/2023	6/30/2028	3,965,360	4,007,480	3.94
FEDERAL HOME LOAN BANKS	9/8/2023	9/8/2028	3,979,600	4,059,360	3.91
FEDERAL HOME LOAN BANKS	10/2/2023	9/11/2026	6,931,120	7,061,390	3.99
FEDERAL HOME LOAN BANKS	1/23/2024	11/17/2026	5,056,950	5,049,050	3.99
FEDERAL HOME LOAN BANKS	3/27/2025	3/10/2028	4,050,320	4,064,800	3.91

**Orange County Transportation Authority**  
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<b>DESCRIPTION</b>	<b>SETTLE DATE</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
FEDERAL NATIONAL MORTGAGE ASSOCIATION	12/6/2021	8/25/2025	7,771,280	7,877,040	4.28
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/27/2023	7/24/2026	5,226,860	5,301,166	4.12
FHMS K-051 A2	5/19/2022	9/25/2025	3,801,092	3,746,954	4.38
FHMS K-051 A2	8/10/2022	9/25/2025	1,895,586	1,896,896	4.38
FHMS K-053 A2	8/9/2022	12/25/2025	3,200,068	3,203,284	4.38
FHMS K-054 A2	2/21/2023	1/25/2026	4,469,944	4,643,454	4.33
FHMS K-054 A2	3/6/2023	1/25/2026	1,440,720	1,509,123	4.33
FHMS K-054 A2	5/15/2023	1/25/2026	4,448,661	4,550,585	4.33
FHMS K-057 A2	3/7/2023	7/25/2026	1,766,852	1,861,639	4.22
FHMS K-057 A2	5/23/2023	7/25/2026	2,258,291	2,327,049	4.22
FHMS K-058 A2	4/17/2023	8/25/2026	2,290,781	2,346,000	4.25
FHMS K-059 A2	11/20/2023	9/25/2026	3,078,232	3,195,888	4.24
FHMS K-061 A2	5/24/2023	11/25/2026	1,615,152	1,638,018	4.37
FHMS K-062 A2	7/28/2022	12/25/2026	492,458	483,645	4.23
FHMS K-062 A2	11/13/2023	12/25/2026	1,904,297	1,970,040	4.23
FHMS K-062 A2	8/30/2024	12/25/2026	1,178,766	1,181,863	4.24
FHMS K-063 A2	7/29/2022	1/25/2027	4,743,179	4,645,690	4.23
FHMS K-063 A2	12/9/2022	1/25/2027	3,872,656	3,941,200	4.23
FHMS K-063 A2	10/20/2023	1/25/2027	1,720,633	1,798,173	4.23
FHMS K-065 A2	5/1/2023	4/25/2027	1,162,125	1,176,636	4.19
FHMS K-065 A2	5/14/2024	4/25/2027	2,716,963	2,794,511	4.19
FHMS K-066 A2	7/29/2022	6/25/2027	521,186	513,051	4.19
FHMS K-066 A2	7/15/2024	6/25/2027	2,055,770	2,101,066	4.19
FHMS K-066 A2	3/27/2025	6/25/2027	1,462,969	1,465,417	4.21
FHMS K-067 A2	4/18/2023	7/25/2027	3,858,125	3,908,360	4.19
FHMS K-068 A2	5/17/2023	8/25/2027	2,912,461	2,935,350	4.15
FHMS K-068 A2	6/21/2024	8/25/2027	2,575,758	2,641,815	4.15
FHMS K-068 A2	8/19/2024	8/25/2027	778,531	782,760	4.15
FHMS K-069 A2	6/14/2023	9/25/2027	3,760,769	3,848,029	4.21
FHMS K-069 A2	6/21/2024	9/25/2027	2,534,358	2,597,419	4.21
FHMS K-069 A2	12/31/2024	9/25/2027	949,670	962,091	4.20
FHMS K-069 A2	3/11/2025	9/25/2027	720,199	721,505	4.21
FHMS K-070 A2	8/1/2024	11/25/2027	1,851,685	1,880,995	4.20
FHMS K-070 A2	12/31/2024	11/25/2027	1,118,131	1,133,038	4.21
FHMS K-072 A2	3/28/2025	12/25/2027	640,263	641,403	4.21
FHMS K-073 A2	5/30/2023	1/25/2028	6,511,410	6,616,126	4.22
FHMS K-073 A2	3/28/2025	1/25/2028	5,604,453	5,615,163	4.22
FHMS K-074 A2	3/4/2025	1/25/2028	1,712,471	1,719,953	4.20
FHMS K-075 A2	3/10/2025	2/25/2028	2,308,967	2,310,121	4.22
FHMS K-076 A2	3/31/2025	4/25/2028	2,219,590	2,226,083	4.22
FHMS K-076 A2	3/7/2025	4/25/2028	1,977,969	1,978,740	4.22
FHMS K-081 A2	3/25/2024	8/25/2028	4,803,447	4,895,490	4.23
FHMS K-084 A2	12/12/2024	10/25/2028	3,916,250	3,933,320	4.25
FHMS K-090 A2	3/31/2025	2/25/2029	2,896,875	2,908,770	4.25
FHMS K-092 A2	9/24/2024	4/25/2029	1,954,531	1,927,760	4.26
FHMS K-093 A2	10/21/2024	5/25/2029	2,858,438	2,857,290	4.28
FHMS K-098 A2	3/31/2025	8/25/2029	1,852,344	1,854,060	4.28
FHMS K-101 A1	12/31/2024	7/25/2029	739,627	749,116	4.47
FHMS K-507 A2	10/15/2024	9/25/2028	1,267,578	1,268,250	4.26
FHMS K-509 A2	10/15/2024	9/25/2028	1,524,492	1,524,060	4.28
FHMS K-513 A2	9/30/2024	12/25/2028	1,645,875	1,619,952	4.29
FHMS K-517 A2	9/30/2024	1/25/2029	1,579,863	1,549,605	4.34
FHMS K-518 A2	9/30/2024	1/25/2029	1,605,301	1,579,183	4.31
FHMS K-520 A2	9/30/2024	3/25/2029	1,405,262	1,383,897	4.31
FHMS K-528 A2	9/12/2024	7/25/2029	566,089	558,213	4.32
FHMS K-529 A2	10/16/2024	9/25/2029	974,088	971,245	4.32
FHMS K-530 A2	11/27/2024	9/25/2029	1,201,222	1,215,446	4.32
FHMS K-531 A2	12/12/2024	10/25/2029	803,634	808,632	4.33
FHMS K-733 A2	3/9/2023	8/25/2025	1,570,551	1,613,579	4.48
FHMS K-734 A2	4/24/2023	2/25/2026	1,908,764	1,956,114	4.35
FHMS K-736 A2	10/11/2023	7/25/2026	2,214,740	2,328,808	4.29
FHMS K-739 A2	11/4/2024	9/25/2027	4,408,481	4,487,259	4.17
FHMS K-739 A2	3/28/2025	9/25/2027	679,914	681,312	4.17
FHMS K-748 A2	8/22/2024	1/25/2029	1,847,109	1,860,520	4.28
FHMS K-750 A2	11/4/2024	9/25/2029	1,881,406	1,902,200	4.29
FHMS K-751 A2	3/28/2025	3/25/2030	2,996,367	3,007,080	4.32
FHMS K-S07 A2	7/28/2022	9/25/2025	489,922	494,490	4.68
FHMS K-S08 A2	9/16/2022	3/25/2027	894,504	904,521	4.38
FHMS K-S08 A2	1/13/2023	3/25/2027	456,260	464,484	4.38
FHR 3778 L	5/11/2022	12/15/2025	37,105	36,599	5.01
FHR 3806 L	4/9/2021	2/15/2026	24,336	22,891	5.13
FHR 3806 L	12/10/2021	2/15/2026	3,245.86	3,114.04	5.13
FHR 3806 L	5/5/2022	2/15/2026	170,105.78	166,884.30	5.13
FN AM8730	5/21/2021	7/1/2025	1,554,191.45	1,443,671.17	4.56
FN AN0571	5/1/2023	1/1/2026	582,703.13	593,010.00	4.59
FN AN1793	5/12/2023	6/1/2026	344,260.29	353,231.99	4.40
FN AN6001	4/24/2023	7/1/2027	501,797.49	516,435.99	4.43
FN BL5365	9/26/2022	2/1/2027	287,388.87	301,334.63	4.20
FNA 2012-M14 AL	4/26/2023	9/25/2027	3,547,225.34	3,614,748.80	5.73
FNA 2016-M03 A2	7/28/2022	2/25/2026	1,279,415.47	1,283,552.95	4.75
FNA 2016-M03 A2	10/12/2022	2/25/2026	1,609,237.60	1,679,415.07	4.75
FNA 2017-M2 A2	4/19/2023	2/25/2027	340,273.27	350,475.02	4.98
FNA 2017-M2 A2	5/1/2023	2/25/2027	812,221.16	830,755.59	4.98
FNA 2018-M1 A2	4/21/2023	12/25/2027	642,360.97	658,205.03	4.81
FNA 2024-M6 A2	12/17/2024	7/25/2027	3,932,375.00	3,968,316.50	4.74

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FNGT 2017-T1 A	2/20/2024	6/25/2027	2,649,189.19	2,727,079.50	4.34
FNGT 2017-T1 A	3/4/2024	6/25/2027	928,806.50	956,870.00	4.34
FRESB 2018-SB52 10F	11/18/2024	6/25/2028	571,412.92	574,733.20	4.66
<b>SUB-TOTAL</b>			<b>277,800,590</b>	<b>281,070,197</b>	
<b><u>MEDIUM TERM NOTES</u></b>					
ABBVIE INC	6/13/2024	11/21/2026	4,703,375	4,820,935	4.30
ABBVIE INC	8/6/2024	3/15/2029	352,345	349,382	4.44
ABBVIE INC	9/19/2024	3/15/2029	1,197,468	1,174,723	4.44
ABBVIE INC	3/27/2025	3/15/2029	287,693	288,617	4.44
ACCENTURE CAPITAL INC	10/4/2024	10/4/2029	544,046	537,305	4.40
ACCENTURE CAPITAL INC	10/4/2024	10/4/2027	569,265	566,255	4.18
ADOBE INC	4/4/2024	4/4/2027	1,544,228	1,565,796	4.12
ADOBE INC	1/17/2025	1/17/2028	2,398,728	2,435,064	4.17
ADVANCED MICRO DEVICES INC	3/24/2025	3/24/2028	2,095,000	2,106,627	4.12
AIR PRODUCTS AND CHEMICALS INC	2/13/2024	5/15/2027	1,829,260	1,904,900	4.22
AIR PRODUCTS AND CHEMICALS INC	9/3/2024	2/8/2029	509,605	504,060	4.36
AMAZON.COM INC	7/15/2024	8/22/2027	3,819,680	3,911,480	4.13
AMERICAN EXPRESS CO	11/4/2021	11/4/2026	560,000	561,288	4.85
AMERICAN EXPRESS CO	8/3/2022	8/1/2025	2,452,545	2,449,231	4.64
AMERICAN EXPRESS CO	7/28/2023	7/28/2027	2,445,000	2,471,064	4.55
AMERICAN EXPRESS CO	10/30/2023	10/30/2026	765,000	772,390	4.63
AMERICAN EXPRESS CO	4/25/2024	4/23/2027	595,000	601,747	4.85
AMERICAN EXPRESS CO	7/26/2024	7/26/2028	475,000	480,980	4.71
AMERICAN HONDA FINANCE CORP	7/7/2023	7/7/2026	1,243,469	1,256,267	4.50
AMERICAN HONDA FINANCE CORP	9/13/2024	9/5/2029	804,152	788,984	4.75
APPLE INC	2/27/2023	2/23/2026	1,916,880	1,982,800	4.24
APPLE INC	3/23/2023	2/23/2026	1,938,220	1,982,800	4.24
ASTRAZENECA FINANCE LLC	2/26/2024	2/26/2027	1,712,119	1,733,162	4.19
ATHENE GLOBAL FUNDING	3/26/2024	3/25/2027	2,555,000	2,597,081	4.64
AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	1/18/2024	1/18/2027	2,350,000	2,368,612	4.28
AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD (NEW Y	3/18/2024	3/18/2026	1,500,000	1,510,260	4.27
BANK OF AMERICA CORP	3/22/2022	4/2/2026	550,000	549,973	5.10
BANK OF AMERICA CORP	7/22/2022	7/22/2026	195,000	195,092	4.63
BANK OF AMERICA CORP	1/20/2023	1/20/2027	1,425,000	1,430,116	4.61
BANK OF AMERICA CORP	8/13/2024	4/24/2028	1,757,601	1,771,178	4.67
BANK OF AMERICA CORP	9/13/2024	3/5/2029	492,925	491,160	4.62
BANK OF AMERICA CORP	11/5/2024	4/24/2028	3,820,040	3,853,517	4.57
BANK OF AMERICA CORP	11/12/2024	7/23/2029	1,965,280	1,975,720	4.67
BANK OF AMERICA CORP	1/24/2025	1/24/2029	9,625,000	9,722,598	4.59
BANK OF AMERICA CORP	3/26/2025	9/15/2029	2,070,900	2,072,640	4.67
BANK OF AMERICA CORP	3/26/2025	4/24/2028	476,188	475,912	4.67
BANK OF NEW YORK MELLON CORP	4/26/2022	4/25/2025	1,229,828	1,228,672	4.90
BANK OF NEW YORK MELLON CORP	7/26/2022	7/24/2026	3,510,000	3,507,192	4.64
BANK OF NEW YORK MELLON CORP	8/31/2022	1/26/2027	3,695,080	3,848,360	4.24
BANK OF NEW YORK MELLON CORP	7/22/2024	7/21/2028	2,050,000	2,069,352	4.75
BANK OF NEW YORK MELLON CORP	9/13/2024	4/28/2028	746,340	741,885	4.23
BLACKROCK INC	7/26/2024	7/26/2027	7,240,233	7,291,939	4.23
BMW US CAPITAL LLC	4/1/2022	4/1/2025	194,817	195,000	0.00
BMW US CAPITAL LLC	4/2/2024	4/2/2027	2,447,085	2,467,591	4.52
BMW US CAPITAL LLC	8/13/2024	4/2/2027	964,149	960,579	4.59
BMW US CAPITAL LLC	8/13/2024	8/13/2026	3,964,921	3,971,859	4.51
BMW US CAPITAL LLC	3/27/2025	4/2/2027	246,465	246,431	4.59
BMW US CAPITAL LLC	3/21/2025	3/21/2030	284,926	286,499	4.93
BMW US CAPITAL LLC	3/21/2025	3/21/2028	354,823	355,831	4.66
BP CAPITAL MARKETS AMERICA INC	5/17/2024	11/17/2027	2,700,000	2,743,875	4.34
BRISTOL-MYERS SQUIBB CO	2/22/2024	2/22/2027	1,178,726	1,194,797	4.17
BRISTOL-MYERS SQUIBB CO	8/6/2024	2/22/2029	353,211	350,996	4.40
CADENCE DESIGN SYSTEMS INC	9/10/2024	9/10/2027	1,539,738	1,535,565	4.33
CAMDEN PROPERTY TRUST	11/3/2023	11/3/2026	2,449,927	2,500,764	4.41
CATERPILLAR FINANCIAL SERVICES CORP	5/14/2024	5/14/2027	2,562,179	2,605,732	4.21
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	5/14/2027	5,014,650	5,079,400	4.21
CATERPILLAR FINANCIAL SERVICES CORP	8/16/2024	8/16/2029	728,022	728,620	4.42
CATERPILLAR FINANCIAL SERVICES CORP	8/16/2024	10/15/2027	1,319,340	1,324,976	4.24
CATERPILLAR FINANCIAL SERVICES CORP	8/16/2024	10/16/2026	3,267,449	3,283,636	4.17
CATERPILLAR FINANCIAL SERVICES CORP	11/15/2024	11/15/2029	549,104	555,632	4.45
CATERPILLAR FINANCIAL SERVICES CORP	11/15/2024	11/15/2027	1,248,925	1,259,050	4.30
CATERPILLAR FINANCIAL SERVICES CORP	1/8/2025	1/8/2030	1,542,018	1,566,645	4.47
CATERPILLAR FINANCIAL SERVICES CORP	1/8/2025	1/7/2027	999,550	1,004,470	4.23
CENCORA INC	12/9/2024	12/15/2027	419,223	421,327	4.49
CHEVRON USA INC	2/26/2025	2/26/2028	7,960,000	8,016,038	4.21
CHEVRON USA INC	2/26/2025	2/26/2027	1,885,000	1,896,408	4.07
CHEVRON USA INC	3/27/2025	2/26/2027	482,309	482,905	4.07
CHUBB INA HOLDINGS LLC	8/28/2023	5/3/2026	1,651,406	1,711,351	4.37
CHUBB INA HOLDINGS LLC	12/29/2023	5/3/2026	2,207,530	2,245,529	4.37
CINTAS NO 2 CORP	5/3/2022	5/1/2025	414,909	414,519	4.78
CISCO SYSTEMS INC	2/26/2024	2/26/2027	5,802,447	5,879,894	4.11
CISCO SYSTEMS INC	3/4/2024	2/26/2027	2,336,261	2,363,090	4.11
CISCO SYSTEMS INC	8/19/2024	2/26/2027	1,286,599	1,284,434	4.15
CISCO SYSTEMS INC	2/24/2025	2/24/2030	124,906	126,996	4.38
CISCO SYSTEMS INC	3/27/2025	2/26/2027	328,335	328,694	4.15
CISCO SYSTEMS INC	3/12/2025	2/24/2030	2,016,520	2,031,940	4.38
CITIBANK NA	12/4/2023	12/4/2026	1,440,000	1,464,293	4.38
CITIBANK NA	4/30/2024	4/30/2026	1,005,000	1,015,824	4.33
CITIBANK NA	8/6/2024	9/29/2028	722,692	718,614	4.48
CITIBANK NA	8/6/2024	8/6/2026	4,310,000	4,338,317	4.39
CITIBANK NA	11/19/2024	11/19/2027	1,925,000	1,934,163	4.57

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CITIGROUP INC	3/4/2025	3/4/2029	2,805,000	2,811,115	4.70
COMCAST CORP	9/13/2024	6/1/2029	624,444	613,890	4.47
COMCAST CORP	11/5/2024	4/1/2027	3,812,544	3,840,693	4.30
COMMONWEALTH BANK OF AUSTRALIA (NEW YORK BRANCH)	3/13/2023	3/13/2026	1,725,000	1,741,439	4.28
COMMONWEALTH BANK OF AUSTRALIA (NEW YORK BRANCH)	3/14/2025	3/14/2028	1,580,000	1,586,999	4.26
COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/9/2024	1/9/2026	749,715	752,468	4.40
COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	9/3/2024	1/9/2029	510,175	506,420	4.43
COREBRIDGE GLOBAL FUNDING	8/22/2024	8/20/2027	1,859,702	1,866,138	4.50
COREBRIDGE GLOBAL FUNDING	1/9/2025	1/7/2028	590,000	595,505	4.54
DTE ELECTRIC CO	2/29/2024	12/1/2026	3,459,446	3,494,704	4.22
DTE ELECTRIC CO	8/16/2024	12/1/2026	1,411,252	1,408,547	4.24
DTE ELECTRIC CO	3/27/2025	12/1/2026	343,050	343,302	4.24
DUKE ENERGY CAROLINAS LLC	12/12/2023	11/15/2028	3,653,676	3,755,212	4.38
DUKE ENERGY CAROLINAS LLC	2/28/2025	2/1/2030	1,804,900	1,818,940	4.56
ELI LILLY AND CO	2/9/2024	2/9/2027	2,468,691	2,486,253	4.11
ELI LILLY AND CO	8/14/2024	8/14/2029	1,137,503	1,133,354	4.35
ELI LILLY AND CO	8/16/2024	2/9/2029	1,516,917	1,506,108	4.28
ELI LILLY AND CO	2/12/2025	2/12/2030	324,815	329,979	4.39
ELI LILLY AND CO	2/12/2025	2/12/2028	664,574	671,570	4.17
ELI LILLY AND CO	3/27/2025	2/9/2029	386,944	387,861	4.28
ENTERPRISE PRODUCTS OPERATING LLC	1/11/2024	1/11/2027	2,562,358	2,578,877	4.26
EQUITABLE FINANCIAL LIFE GLOBAL FUNDING	3/27/2025	3/27/2030	434,108	436,849	4.90
FIFTH THIRD BANK NA	1/28/2025	1/28/2028	1,015,000	1,020,765	4.64
FLORIDA POWER & LIGHT CO	7/24/2023	5/15/2028	3,935,680	4,004,520	4.36
FLORIDA POWER & LIGHT CO	9/19/2024	5/15/2028	862,019	849,939	4.40
FLORIDA POWER & LIGHT CO	3/27/2025	5/15/2028	229,646	229,983	4.40
GEORGIA POWER CO	11/6/2024	9/15/2029	1,762,476	1,777,520	4.63
GEORGIA POWER CO	3/27/2025	9/15/2029	446,234	446,683	4.63
GOLDMAN SACHS BANK USA	3/18/2024	3/18/2027	2,220,000	2,234,186	4.60
GOLDMAN SACHS BANK USA	5/21/2024	5/21/2027	1,265,000	1,276,980	4.55
GOLDMAN SACHS GROUP INC	8/10/2023	8/10/2026	2,775,000	2,786,267	4.61
GOLDMAN SACHS GROUP INC	11/14/2023	11/16/2026	1,937,324	2,042,796	4.50
GOLDMAN SACHS GROUP INC	10/10/2024	3/15/2028	1,606,688	1,613,975	4.63
GOLDMAN SACHS GROUP INC	3/26/2025	3/15/2028	401,997	402,267	4.63
GUARDIAN LIFE GLOBAL FUNDING	9/26/2024	9/26/2029	595,000	585,807	4.56
HERSHEY CO	2/24/2025	2/24/2030	628,891	637,491	4.47
HERSHEY CO	2/24/2025	2/24/2028	779,462	787,301	4.19
HOME DEPOT INC	9/19/2022	9/15/2025	1,699,388	1,696,651	4.43
HOME DEPOT INC	12/4/2023	9/30/2026	1,017,766	1,030,659	4.19
HOME DEPOT INC	6/25/2024	6/25/2027	5,905,977	6,003,235	4.18
HOME DEPOT INC	6/25/2024	6/25/2026	5,219,200	5,282,423	4.22
HONEYWELL INTERNATIONAL INC	8/20/2024	8/15/2029	1,865,940	1,864,580	4.42
HORMEL FOODS CORP	3/8/2024	3/30/2027	2,282,784	2,306,045	4.30
HUNTINGTON NATIONAL BANK	2/26/2025	4/12/2028	1,265,000	1,270,047	4.66
HYUNDAI CAPITAL AMERICA	2/26/2024	3/30/2026	3,421,486	3,446,814	4.63
HYUNDAI CAPITAL AMERICA	8/13/2024	1/8/2027	1,402,802	1,400,086	4.81
HYUNDAI CAPITAL AMERICA	3/27/2025	1/8/2027	347,470	347,503	4.81
INTERCONTINENTAL EXCHANGE INC	5/23/2022	5/23/2025	854,060	852,944	5.26
JACKSON NATIONAL LIFE GLOBAL FUNDING	1/9/2023	1/9/2026	1,601,549	1,613,731	4.76
JACKSON NATIONAL LIFE GLOBAL FUNDING	4/12/2024	4/10/2026	1,488,897	1,503,887	4.66
JOHN DEERE CAPITAL CORP	6/8/2023	6/8/2026	554,678	558,263	4.23
JOHN DEERE CAPITAL CORP	1/8/2024	1/8/2027	998,890	1,005,840	4.15
JOHN DEERE CAPITAL CORP	11/17/2024	1/8/2027	3,997,840	4,023,360	4.15
JOHN DEERE CAPITAL CORP	3/7/2024	3/5/2027	1,348,745	1,366,497	4.18
JOHN DEERE CAPITAL CORP	6/11/2024	6/11/2027	2,172,303	2,205,059	4.23
JOHN DEERE CAPITAL CORP	8/20/2024	6/11/2029	2,044,940	2,032,440	4.42
JOHN DEERE CAPITAL CORP	9/6/2024	7/15/2027	1,734,757	1,736,215	4.17
JOHNSON & JOHNSON	2/20/2025	3/1/2028	1,044,394	1,056,495	4.13
JPMORGAN CHASE & CO	4/26/2022	4/26/2026	1,000,000	999,230	5.10
JPMORGAN CHASE & CO	10/18/2023	11/19/2026	2,211,269	2,406,347	4.58
JPMORGAN CHASE & CO	10/23/2023	10/22/2027	1,205,000	1,233,450	4.48
JPMORGAN CHASE & CO	1/23/2024	1/23/2028	1,490,000	1,502,933	4.53
JPMORGAN CHASE & CO	4/22/2024	4/22/2028	240,000	244,798	4.54
JPMORGAN CHASE & CO	6/13/2024	1/23/2028	3,934,033	3,979,243	4.53
JPMORGAN CHASE & CO	7/22/2024	7/22/2028	950,000	958,474	4.56
JPMORGAN CHASE & CO	8/13/2024	2/1/2028	2,898,373	2,922,908	4.50
JPMORGAN CHASE & CO	9/13/2024	6/1/2029	553,518	555,522	4.61
JPMORGAN CHASE & CO	10/22/2024	10/22/2028	1,090,098	1,088,899	4.55
JPMORGAN CHASE & CO	1/24/2025	1/24/2029	2,485,000	2,508,632	4.55
JPMORGAN CHASE & CO	3/27/2025	12/5/2029	2,476,000	2,482,625	4.66
JPMORGAN CHASE & CO	3/26/2025	2/1/2028	768,955	770,226	4.50
JPMORGAN CHASE BANK NA	12/8/2023	12/8/2026	2,965,000	3,003,812	4.26
KEYBANK NA	8/8/2022	8/8/2025	1,319,630	1,316,410	4.90
KEYBANK NA	1/26/2023	1/26/2026	354,705	354,681	4.81
LINCOLN FINANCIAL GLOBAL FUNDING	1/13/2025	1/13/2030	164,921	167,790	4.90
LOCKHEED MARTIN CORP	11/6/2024	2/15/2029	1,590,789	1,599,307	4.42
LOCKHEED MARTIN CORP	3/27/2025	2/15/2029	404,692	406,094	4.42
M&T BANK CORP	12/17/2024	1/16/2029	870,000	870,409	5.03
MANUFACTURERS AND TRADERS TRUST CO	1/27/2023	1/27/2026	2,430,763	2,434,026	4.69
MANUFACTURERS AND TRADERS TRUST CO	8/6/2024	1/27/2028	340,111	345,507	4.64
MARS INC	3/27/2025	3/1/2027	425,094	425,751	4.35
MARS INC	3/12/2025	3/1/2030	739,201	744,233	4.67
MARS INC	3/12/2025	3/1/2028	2,059,979	2,068,281	4.45
MARS INC	3/12/2025	3/1/2027	3,796,580	3,807,524	4.34
MARS INC	3/12/2025	3/1/2027	1,593,565	1,597,817	4.35
MARSH & MCLENNAN COMPANIES INC	11/8/2024	11/8/2027	3,366,613	3,385,906	4.35
MARSH & MCLENNAN COMPANIES INC	11/8/2024	11/8/2027	1,029,019	1,034,644	4.36



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MASSMUTUAL GLOBAL FUNDING II	8/26/2022	8/26/2025	889,083	888,567	4.54
MASSMUTUAL GLOBAL FUNDING II	4/9/2024	4/9/2027	2,614,216	2,655,036	4.30
MASSMUTUAL GLOBAL FUNDING II	8/16/2024	5/30/2029	1,525,333	1,516,427	4.59
MASSMUTUAL GLOBAL FUNDING II	1/10/2025	1/10/2030	1,599,232	1,612,736	4.76
MASSMUTUAL GLOBAL FUNDING II	3/27/2025	3/27/2028	3,670,627	3,683,012	4.37
MASSMUTUAL GLOBAL FUNDING II	3/26/2025	5/30/2029	387,767	388,042	4.59
MASTERCARD INC	9/5/2024	1/15/2028	1,199,340	1,197,672	4.17
MASTERCARD INC	2/27/2025	3/15/2028	1,224,069	1,233,992	4.27
MERCEDES-BENZ FINANCE NORTH AMERICA LLC	8/23/2023	8/3/2026	1,340,348	1,362,488	4.48
MERCEDES-BENZ FINANCE NORTH AMERICA LLC	1/11/2024	1/11/2027	1,698,266	1,706,188	4.58
MERCEDES-BENZ FINANCE NORTH AMERICA LLC	8/1/2024	7/31/2026	4,244,193	4,264,187	4.52
MERCEDES-BENZ FINANCE NORTH AMERICA LLC	9/3/2024	8/3/2028	358,474	354,053	4.72
MET TOWER GLOBAL FUNDING	6/13/2022	6/13/2025	1,973,065	1,971,682	4.50
MET TOWER GLOBAL FUNDING	10/1/2024	10/1/2027	494,708	489,481	4.48
META PLATFORMS INC	8/16/2024	8/15/2029	1,595,750	1,595,027	4.30
META PLATFORMS INC	3/27/2025	8/15/2029	403,315	405,007	4.30
METROPOLITAN LIFE GLOBAL FUNDING I	1/6/2023	1/6/2026	1,750,000	1,758,085	4.37
METROPOLITAN LIFE GLOBAL FUNDING I	6/11/2024	6/11/2027	1,732,849	1,758,665	4.39
METROPOLITAN LIFE GLOBAL FUNDING I	8/6/2024	1/8/2029	701,999	696,362	4.58
METROPOLITAN LIFE GLOBAL FUNDING I	1/9/2025	1/9/2030	1,317,280.80	1,331,193.60	4.70
MORGAN STANLEY	10/18/2022	10/16/2026	1,165,000.00	1,174,087.00	4.66
MORGAN STANLEY	1/19/2023	1/28/2027	754,984.90	757,642.50	4.61
MORGAN STANLEY	4/19/2024	4/13/2028	1,530,000.00	1,561,671.00	4.57
MORGAN STANLEY	5/16/2024	7/20/2027	4,471,372.85	4,676,529.90	4.61
MORGAN STANLEY	8/6/2024	2/1/2029	349,595.40	349,726.50	4.60
MORGAN STANLEY	8/13/2024	4/13/2028	1,825,680.15	1,820,514.36	4.62
MORGAN STANLEY	3/26/2025	4/13/2028	530,233.60	530,345.92	4.62
MORGAN STANLEY BANK NA	4/21/2023	4/21/2026	2,895,000.00	2,904,119.25	4.42
MORGAN STANLEY BANK NA	11/1/2023	10/30/2026	2,340,000.00	2,391,737.40	4.34
MORGAN STANLEY BANK NA	1/18/2024	1/14/2028	1,250,000.00	1,257,812.50	4.58
MORGAN STANLEY BANK NA	5/30/2024	5/26/2028	680,000.00	692,552.80	4.59
MORGAN STANLEY BANK NA	7/19/2024	7/14/2028	1,060,000.00	1,069,211.40	4.56
MORGAN STANLEY BANK NA	10/18/2024	10/15/2027	2,325,000.00	2,322,070.50	4.53
MORGAN STANLEY BANK NA	1/21/2025	1/12/2029	1,315,000.00	1,330,780.00	4.55
MUTUAL OF OMAHA COMPANIES GLOBAL FUNDING	11/21/2024	10/15/2029	1,596,574.80	1,613,746.80	4.85
MUTUAL OF OMAHA COMPANIES GLOBAL FUNDING	3/26/2025	10/15/2029	452,051.60	453,243.70	4.85
NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	1/12/2023	1/12/2026	675,000.00	677,706.75	4.43
NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	6/11/2024	6/11/2027	1,335,000.00	1,357,080.90	4.29
NATIONAL AUSTRALIA BANK LTD (NEW YORK BRANCH)	11/26/2024	10/26/2027	967,177.30	974,966.40	4.29
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	5/4/2022	6/15/2025	2,414,347.95	2,408,576.10	4.71
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/31/2022	10/30/2025	114,845.90	115,648.60	4.45
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/9/2023	3/13/2026	2,223,835.90	2,230,624.40	4.42
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	11/2/2023	11/13/2026	1,734,392.75	1,767,097.50	4.34
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/5/2024	2/5/2027	2,854,143.50	2,881,494.40	4.25
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	5/10/2024	5/6/2027	2,828,245.40	2,870,695.40	4.35
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	8/16/2024	2/5/2027	1,070,070.00	1,069,012.12	4.29
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	9/16/2024	6/15/2029	223,329.10	219,517.15	4.58
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	10/2/2024	6/15/2029	832,816.00	816,808.00	4.58
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/7/2025	2/7/2028	864,619.40	873,563.50	4.37
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	3/27/2025	2/7/2030	2,014,320.00	2,026,280.00	4.64
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	3/27/2025	2/5/2027	287,299.95	287,423.07	4.29
NATIONAL SECURITIES CLEARING CORP	8/6/2024	5/30/2028	353,035.05	349,750.65	4.52
NESTLE HOLDINGS INC	3/14/2023	3/13/2026	579,808.60	585,597.00	4.20
NEVADA POWER CO	8/16/2024	5/1/2029	1,579,360.95	1,587,764.85	4.48
NEVADA POWER CO	3/27/2025	5/1/2029	401,230.30	403,010.65	4.48
NEW YORK LIFE GLOBAL FUNDING	9/19/2023	9/18/2026	1,384,736.85	1,408,157.20	4.26
NEW YORK LIFE GLOBAL FUNDING	2/8/2024	9/18/2026	4,115,934.00	4,117,716.00	4.26
NEW YORK LIFE GLOBAL FUNDING	10/1/2024	10/1/2027	2,739,397.20	2,713,504.20	4.31
NEW YORK LIFE GLOBAL FUNDING	12/5/2024	12/5/2029	2,128,785.90	2,138,243.10	4.51
NEXTERA ENERGY CAPITAL HOLDINGS INC	1/31/2024	1/29/2026	2,608,825.50	2,618,430.30	4.54
NEXTERA ENERGY CAPITAL HOLDINGS INC	2/4/2025	2/4/2028	1,364,959.05	1,381,052.40	4.40
NEXTERA ENERGY CAPITAL HOLDINGS INC	2/4/2025	2/4/2028	2,325,000.00	2,335,555.50	4.99
NORTHERN TRUST CORP	11/30/2022	5/10/2027	2,442,500.00	2,488,650.00	4.23
NORTHERN TRUST CORP	1/13/2023	5/10/2027	1,487,715.00	1,493,190.00	4.23
NORTHWESTERN MUTUAL GLOBAL FUNDING	7/1/2022	7/1/2025	5,003,298.30	4,998,093.10	4.51
NORTHWESTERN MUTUAL GLOBAL FUNDING	4/20/2023	4/6/2026	2,236,430.40	2,243,336.55	4.32
NORTHWESTERN MUTUAL GLOBAL FUNDING	3/25/2024	3/25/2027	1,209,866.90	1,225,838.90	4.37
NORTHWESTERN MUTUAL GLOBAL FUNDING	8/13/2024	3/25/2027	737,404.75	734,490.97	4.37
NORTHWESTERN MUTUAL GLOBAL FUNDING	8/19/2024	6/12/2028	1,322,438.00	1,316,996.20	4.46
NORTHWESTERN MUTUAL GLOBAL FUNDING	8/19/2024	3/25/2027	739,086.75	734,490.97	4.37
NORTHWESTERN MUTUAL GLOBAL FUNDING	9/12/2024	9/12/2027	819,975.40	814,325.60	4.41
NORTHWESTERN MUTUAL GLOBAL FUNDING	1/13/2025	1/13/2030	1,594,936.20	1,617,441.65	4.63
NORTHWESTERN MUTUAL GLOBAL FUNDING	3/26/2025	6/12/2028	354,350.50	354,575.90	4.46
NOVARTIS CAPITAL CORP	9/18/2024	9/18/2029	927,740.10	910,702.50	4.32
NUVEEN LLC	10/2/2024	11/1/2028	796,880.00	785,960.00	4.54
ONCOR ELECTRIC DELIVERY COMPANY LLC	11/13/2024	11/1/2029	404,226.45	405,400.95	4.63
PACCAR FINANCIAL CORP	4/7/2022	4/7/2025	1,889,508.60	1,889,470.80	4.47
PACCAR FINANCIAL CORP	8/10/2023	8/10/2026	3,593,202.50	3,633,466.50	4.23
PACCAR FINANCIAL CORP	5/13/2024	5/13/2027	2,368,175.10	2,406,118.80	4.24
PACCAR FINANCIAL CORP	8/6/2024	8/6/2027	6,486,361.65	6,534,229.80	4.18
PACCAR FINANCIAL CORP	9/26/2024	9/26/2029	254,474.70	250,953.15	4.39
PACCAR FINANCIAL CORP	11/25/2024	11/25/2026	2,343,006.75	2,358,765.15	4.13
PACCAR FINANCIAL CORP	3/3/2025	3/3/2028	1,224,252.75	1,234,322.25	4.27
PACIFIC LIFE GLOBAL FUNDING II	8/30/2023	8/28/2026	794,721.75	807,513.30	4.33
PACIFIC LIFE GLOBAL FUNDING II	8/6/2024	7/18/2028	358,651.65	355,722.60	4.47
PACIFIC LIFE GLOBAL FUNDING II	8/16/2024	7/18/2028	1,001,563.80	1,001,415.39	4.43
PACIFIC LIFE GLOBAL FUNDING II	2/10/2025	2/10/2030	824,711.25	830,502.75	4.69

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PACIFIC LIFE GLOBAL FUNDING II	3/26/2025	7/18/2028	262,586.25	263,258.68	4.43
PEPSICO INC	9/3/2024	7/17/2029	511,250.00	504,690.00	4.25
PEPSICO INC	2/7/2025	2/7/2030	364,386.80	368,336.10	4.39
PEPSICO INC	2/7/2025	2/7/2028	2,848,803.00	2,868,382.50	4.20
PFIZER INC	8/16/2024	3/15/2029	1,969,981.75	1,970,148.62	4.34
PFIZER INC	3/27/2025	3/15/2029	501,638.80	503,428.64	4.34
PNC FINANCIAL SERVICES GROUP INC	1/24/2023	1/26/2027	1,630,000.00	1,630,586.80	4.71
PNC FINANCIAL SERVICES GROUP INC	1/22/2024	1/21/2028	490,000.00	496,722.80	4.94
PNC FINANCIAL SERVICES GROUP INC	3/12/2024	10/20/2027	3,808,842.95	3,807,882.25	4.55
PNC FINANCIAL SERVICES GROUP INC	3/26/2025	6/12/2029	2,055,340.00	2,056,540.00	4.61
PRICOA GLOBAL FUNDING I	8/31/2022	8/28/2025	354,783.45	354,432.00	4.58
PRICOA GLOBAL FUNDING I	8/28/2023	8/28/2026	809,181.90	823,761.90	4.29
PRINCIPAL LIFE GLOBAL FUNDING II	1/16/2024	1/16/2027	474,814.75	479,488.75	4.44
PRINCIPAL LIFE GLOBAL FUNDING II	8/6/2024	1/25/2029	352,410.60	350,516.55	4.64
PRINCIPAL LIFE GLOBAL FUNDING II	8/19/2024	8/19/2027	789,383.80	791,801.20	4.50
PRINCIPAL LIFE GLOBAL FUNDING II	11/27/2024	11/27/2029	519,979.20	525,808.40	4.68
PRINCIPAL LIFE GLOBAL FUNDING II	1/9/2025	1/9/2028	1,938,506.20	1,956,218.40	4.47
PUBLIC SERVICE ELECTRIC AND GAS CO	7/26/2023	5/1/2028	1,929,761.61	1,990,733.06	4.36
PUBLIC SERVICE ELECTRIC AND GAS CO	1/31/2024	9/1/2028	2,539,641.65	2,582,129.55	4.34
PUBLIC STORAGE OPERATING CO	8/6/2024	11/9/2028	311,866.20	316,485.75	4.46
ROCHE HOLDINGS INC	11/13/2023	11/13/2026	2,775,000.00	2,820,343.50	4.15
ROCHE HOLDINGS INC	9/18/2024	9/9/2029	757,912.50	745,860.00	4.34
ROYAL BANK OF CANADA	4/14/2022	4/14/2025	2,524,065.75	2,523,762.75	4.66
SAMMONS FINANCIAL GROUP GLOBAL FUNDING	1/10/2025	1/10/2028	794,364.00	804,373.05	4.59
SOUTHERN CALIFORNIA GAS CO	10/10/2024	4/15/2027	1,070,258.67	1,073,895.17	4.50
SOUTHERN CALIFORNIA GAS CO	3/27/2025	4/15/2027	266,241.25	266,776.13	4.50
STATE STREET CORP	11/4/2022	11/4/2026	685,000.00	689,548.40	4.59
STATE STREET CORP	5/18/2023	5/18/2026	1,225,000.00	1,225,931.00	4.44
STATE STREET CORP	8/3/2023	8/3/2026	3,235,000.00	3,271,523.15	4.34
STATE STREET CORP	3/18/2024	3/18/2027	5,775,000.00	5,850,363.75	4.26
STATE STREET CORP	2/28/2025	2/28/2028	2,790,000.00	2,803,140.90	4.36
TEXAS INSTRUMENTS INC	2/8/2024	2/8/2027	2,198,592.00	2,218,568.00	4.10
THERMO FISHER SCIENTIFIC INC	12/5/2023	12/5/2026	1,873,706.25	1,893,975.00	4.34
TORONTO-DOMINION BANK	4/12/2024	4/5/2027	4,942,150.00	5,052,700.00	4.43
TOYOTA MOTOR CREDIT CORP	5/18/2023	5/18/2026	1,509,124.20	1,511,117.40	4.38
TOYOTA MOTOR CREDIT CORP	3/21/2024	3/19/2027	724,122.75	734,526.50	4.30
TOYOTA MOTOR CREDIT CORP	5/16/2024	5/15/2026	3,822,513.75	3,859,425.00	4.37
TOYOTA MOTOR CREDIT CORP	8/20/2024	8/9/2029	2,012,880.00	2,000,420.00	4.54
TOYOTA MOTOR CREDIT CORP	10/10/2024	10/8/2027	219,914.20	220,079.20	4.33
TRUIST FINANCIAL CORP	7/28/2022	7/28/2026	3,065,000.00	3,059,391.05	4.80
TRUIST FINANCIAL CORP	10/28/2022	10/28/2026	1,650,000.00	1,660,824.00	4.72
UBS AG (STAMFORD BRANCH)	1/10/2025	1/10/2028	4,605,000.00	4,626,090.90	4.59
UNILEVER CAPITAL CORP	8/12/2024	8/12/2027	1,002,316.65	1,006,668.30	4.17
UNITEDHEALTH GROUP INC	3/21/2024	4/15/2027	2,085,363.00	2,113,881.00	4.25
UNITEDHEALTH GROUP INC	7/25/2024	7/15/2026	603,983.60	609,023.25	4.21
UNITEDHEALTH GROUP INC	7/31/2024	5/15/2029	3,411,485.00	3,439,765.00	4.46
US BANCORP	8/13/2024	7/22/2028	1,501,755.40	1,506,261.24	4.66
US BANCORP	9/3/2024	1/27/2028	3,769,259.00	3,820,004.00	4.54
US BANCORP	3/26/2025	7/22/2028	414,468.80	413,972.46	4.66
US BANK NA	10/22/2024	10/22/2027	1,935,000.00	1,932,658.65	4.58
USAA CAPITAL CORP	6/3/2024	6/1/2027	2,213,584.20	2,266,420.20	4.23
VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/15/2024	8/14/2026	4,504,763.70	4,510,496.10	4.80
VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	8/15/2024	8/14/2026	1,406,109.95	1,405,330.18	4.88
VOLKSWAGEN GROUP OF AMERICA FINANCE LLC	3/27/2025	8/14/2026	365,098.55	365,085.78	4.88
WALMART INC	9/9/2022	9/9/2025	1,274,107.50	1,273,151.25	4.23
WASTE MANAGEMENT INC	7/3/2024	7/3/2027	2,561,896.35	2,604,834.45	4.19
WASTE MANAGEMENT INC	11/4/2024	3/15/2028	3,826,447.95	3,857,894.95	4.28
WASTE MANAGEMENT INC	11/4/2024	3/15/2028	1,606,409.70	1,618,233.54	4.31
WASTE MANAGEMENT INC	3/27/2025	3/15/2028	426,270.75	427,173.45	4.31
WELLS FARGO & CO	4/25/2022	4/25/2026	1,850,000.00	1,848,760.50	5.66
WELLS FARGO & CO	8/15/2022	8/15/2026	1,360,000.00	1,359,374.40	4.64
WELLS FARGO & CO	3/30/2023	4/22/2026	2,046,240.00	2,141,983.50	4.48
WELLS FARGO & CO	4/22/2024	4/22/2028	995,000.00	1,016,750.70	4.58
WELLS FARGO & CO	1/24/2025	1/24/2028	6,275,000.00	6,310,391.00	4.57
WELLS FARGO BANK NA	8/9/2023	8/7/2026	534,957.20	542,361.60	4.32
WELLS FARGO BANK NA	12/11/2023	12/11/2026	4,100,000.00	4,158,179.00	4.33
WELLS FARGO BANK NA	8/13/2024	8/7/2026	946,572.60	942,625.68	4.34
WELLS FARGO BANK NA	3/26/2025	8/7/2026	253,235.00	253,394.00	4.34
<b>SUB-TOTAL</b>			<b>554,897,386</b>	<b>559,733,954</b>	
<b><u>MORTGAGE AND ASSET-BACK SECURITIES</u></b>					
AESOP 212 A	1/22/2024	2/20/2028	702,027	737,777	4.68
AESOP 212 A	3/15/2024	2/20/2028	910,508	951,970	4.68
AESOP 221 A	5/16/2024	8/21/2028	1,906,563	1,967,260	4.66
AESOP 221 A	7/17/2024	8/21/2028	1,906,492	1,942,669	4.66
AESOP 221 A	8/15/2024	8/21/2028	1,756,125	1,769,177	4.70
AESOP 232 A	6/7/2024	10/20/2027	746,338	755,348	4.69
AESOP 242 A	8/20/2024	10/20/2028	575,611	577,177	4.60
AESOP 242 A	9/27/2024	10/20/2028	727,736	724,003	4.60
ALLYA 2022-1 A3	5/18/2022	11/16/2026	575,865	574,168	4.49
ALLYA 2022-2 A3	10/12/2022	5/17/2027	521,093	521,407	4.66
ALLYA 2023-1 A3	7/19/2023	5/15/2028	1,619,724	1,632,620	4.67
ALLYA 2024-2 A3	9/27/2024	7/16/2029	974,899	970,154	4.46
AMCAR 2023-2 A3	9/20/2023	5/18/2028	4,599,241	4,656,488	4.56
AMCAR 2024-1 A3	5/29/2024	1/18/2029	1,199,889	1,213,572	2.55
AMXCA 2022-2 A	5/24/2022	5/17/2027	6,908,472	6,899,151	4.62
AMXCA 2023-1 A	6/14/2023	5/15/2028	1,339,881	1,347,437	4.39
AMXCA 2023-1 A	7/31/2024	5/15/2028	3,752,930	3,770,813	4.39

**Orange County Transportation Authority**  
**Portfolio Listing**  
**As of March 31, 2025**

<b>DESCRIPTION</b>	<b>SETTLE DATE</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
AMXCA 2023-1 A	8/30/2024	5/15/2028	1,007,031	1,005,470	4.40
AMXCA 2023-3 A	7/5/2024	9/15/2028	1,831,131	1,847,283	4.39
AMXCA 2024-1 A	4/23/2024	4/16/2029	5,218,930	5,316,674	4.31
AMXCA 2024-1 A	12/26/2024	4/16/2029	1,671,656	1,681,348	4.29
AMXCA 2024-3 A	10/11/2024	7/16/2029	1,614,500	1,610,766	4.37
AMXCA 2024-3 A	3/26/2025	7/16/2029	598,579	599,003	4.37
AMXCA 2025-1 A	2/11/2025	12/17/2029	949,789	957,258	4.29
BAAT 2024-1 A3	5/22/2024	11/15/2028	549,910	556,292	4.62
BAAT 231 A3	7/31/2023	2/15/2028	1,036,078	1,043,515	4.74
BAAT 232 A3	11/21/2023	6/15/2028	1,299,976	1,316,952	4.65
BACCT 2023-1 A	6/16/2023	5/15/2028	914,793	919,127	4.41
BACCT 2023-2 A	12/14/2023	11/15/2028	1,334,821	1,348,884	4.35
BACCT 2023-2 A	7/5/2024	11/15/2028	1,795,579	1,816,699	4.35
BACCT 2024-1 A	6/13/2024	5/15/2029	2,544,857	2,578,314	4.32
BACCT 2024-1 A	7/5/2024	5/15/2029	399,859	405,236	4.32
BACCT 2024-1 A	3/27/2025	5/15/2029	3,035,156	3,040,422	4.30
BMWLT 2024-2 A3	10/7/2024	10/25/2027	3,349,690	3,340,386	4.43
BMWOT 2022-A A3	5/18/2022	8/25/2026	611,821	609,895	4.42
BMWOT 2023-A A3	7/18/2023	2/25/2028	736,142	741,124	4.69
BMWOT 2024-A A3	6/11/2024	2/26/2029	3,864,413	3,912,849	4.48
BMWOT 2025-A A3	2/12/2025	9/25/2029	864,915	869,048	4.39
CARMX 2021-3 A3	7/28/2021	6/15/2026	131,397	131,022	4.27
CARMX 2022-2 A3	4/28/2022	2/16/2027	565,055	563,135	4.54
CARMX 2022-3 A3	7/20/2022	4/15/2027	1,183,048	1,180,000	4.53
CARMX 2022-4 A3	10/31/2022	8/16/2027	1,802,828	1,810,771	4.65
CARMX 2023-2 A3	4/26/2023	1/18/2028	2,663,210	2,672,549	4.65
CARMX 2023-3 A3	7/26/2023	5/15/2028	3,199,963	3,224,224	4.58
CARMX 2023-4 A3	10/18/2023	7/17/2028	599,882	610,266	4.63
CARMX 2024-1 A3	1/24/2024	10/16/2028	8,234,370	8,290,175	4.50
CARMX 2024-2 A3	4/24/2024	1/16/2029	1,999,930	2,033,080	4.55
CARMX 2024-2 A3	5/20/2024	1/16/2029	367,666	371,037	4.55
CARMX 2024-3 A3	7/30/2024	7/16/2029	5,699,743	5,755,404	4.45
CARMX 2024-4 A3	11/5/2024	10/15/2029	1,099,794	1,104,389	4.46
CCCIT 2023-A1 A1	12/11/2023	12/8/2027	584,927	587,627	4.53
CHAIT 2023-1 A	9/15/2023	9/15/2028	6,538,187	6,614,098	4.39
CHAIT 2023-1 A	9/22/2023	9/15/2028	4,608,379	4,677,401	4.39
CHAIT 2023-1 A	8/28/2024	9/15/2028	1,627,938	1,617,721	4.40
CHAIT 241 A	1/31/2024	1/16/2029	3,259,504	3,278,517	4.30
CHAOT 245 A3	9/24/2024	8/27/2029	944,901	939,821	4.43
CMXS 2024-A A3	6/26/2024	11/15/2028	2,279,966	2,303,644	4.74
COMET 2023-1 A	12/20/2023	5/15/2028	3,470,195	3,501,365	4.41
COMET 2024-1 A	9/24/2024	9/17/2029	2,498,242	2,481,434	4.27
COMET 2024-1 A	9/24/2024	9/17/2029	4,693,576	4,665,328	4.22
COPAR 2021-1 A3	10/27/2021	9/15/2026	132,398	131,668	4.04
COPAR 2022-1 A3	5/4/2022	4/15/2027	590,660	587,126	4.46
COPAR 2022-2 A3	8/10/2022	5/17/2027	777,465	773,882	4.50
CRVNA 23P2 A3	5/31/2023	4/10/2028	1,734,957	1,756,962	4.90
DLLAA 251 A3	1/22/2025	10/20/2029	1,319,876	1,336,262	4.45
DLLAA 251 A3	1/22/2025	10/20/2029	549,948	556,341	4.48
EFF 244 A3	10/16/2024	11/20/2028	7,829,054	7,849,653	4.41
FITAT 2023-1 A3	8/23/2023	8/15/2028	2,649,836	2,673,320	4.74
FORDF 2024-1 A1	5/10/2024	4/15/2029	2,599,488	2,644,928	4.44
FORDF 2024-1 A1	1/30/2025	4/15/2029	1,268,164	1,271,600	4.44
FORDF 231 B	8/14/2023	5/15/2028	568,621	578,640	4.76
FORDF 243 A1	10/8/2024	9/17/2029	5,849,468	5,836,136	4.44
FORDO 2022-A A3	1/24/2022	6/15/2026	70,980	70,752	4.10
FORDO 2022-B A3	6/27/2022	9/15/2026	187,154	186,866	4.44
FORDO 2023-B A3	6/26/2023	5/15/2028	1,434,981	1,446,035	4.46
FORDO 2024-B A3	6/24/2024	4/15/2029	3,264,970	3,305,878	4.44
FORDO 2024-C A3	9/20/2024	7/15/2029	1,524,990	1,517,939	4.33
FORDO 2025-A A3	3/25/2025	10/15/2029	2,929,715	2,938,058	4.37
GALC 2022-1 A3	10/12/2022	9/15/2026	2,480,305	2,485,148	4.65
GALC 241 A3	1/31/2024	1/18/2028	2,799,516	2,819,432	4.47
GALC 251 A3	3/12/2025	4/16/2029	1,699,832	1,700,629	4.44
GFORT 231 A1	6/28/2023	6/15/2028	1,299,682	1,312,805	4.53
GFORT 231 A1	10/24/2023	6/15/2028	1,975,703	2,019,700	4.53
GMALT 2024-1 A3	2/15/2024	3/22/2027	1,714,786	1,722,597	4.51
GMALT 2024-3 A3	10/2/2024	10/20/2027	439,948	438,966	4.43
GMCAR 2021-4 A3	10/21/2021	9/16/2026	216,031	214,902	4.32
GMCAR 2022-1 A3	1/19/2022	11/16/2026	312,851	311,233	4.27
GMCAR 2022-2 A3	4/13/2022	2/16/2027	397,591	395,630	4.55
GMCAR 2022-3 A3	7/13/2022	4/16/2027	664,897	662,781	4.48
GMCAR 2023-2 A3	4/12/2023	2/16/2028	596,499	596,217	4.56
GMCAR 2023-4 A3	10/11/2023	8/16/2028	939,807	952,239	4.75
GMCAR 2024-1 A3	1/17/2024	12/18/2028	764,846	769,353	4.48
GMCAR 2024-2 A3	4/10/2024	3/16/2029	1,269,754	1,282,725	4.49
GMCAR 2024-3 A3	7/10/2024	4/16/2029	1,894,708	1,916,603	4.53
GMCAR 2024-4 A3	10/16/2024	8/16/2029	2,639,492	2,643,406	4.37
GMCAR 2025-1 A3	1/15/2025	12/17/2029	2,964,780	2,983,087	4.39
HALST 2024-B A3	5/22/2024	5/17/2027	1,964,945	1,982,410	4.51
HALST 24A A3	1/24/2024	3/15/2027	1,794,660	1,801,516	4.59
HALST 25A A3	1/22/2025	1/18/2028	809,939	815,297	4.48
HAROT 2021-4 A3	11/24/2021	1/21/2026	144,540	144,079	4.70
HAROT 2022-1 A3	2/23/2022	5/15/2026	199,234	198,192	4.60
HAROT 2022-2 A3	8/24/2022	7/20/2026	567,472	565,979	4.58
HAROT 2023-4 A3	11/8/2023	6/21/2028	599,894	607,230	4.71
HAROT 2024-3 A3	8/21/2024	3/21/2029	5,224,179	5,246,788	4.37

**Orange County Transportation Authority**  
**Portfolio Listing**  
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DESCRIPTION	SETTLE DATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
HART 2022-B A3	7/20/2022	11/16/2026	516,906	515,655	4.53
HART 2022-C A3	11/9/2022	6/15/2027	4,146,379	4,161,658	4.72
HART 2024-C A3	10/16/2024	5/15/2029	1,794,869	1,797,405	4.38
HART 2025-A A3	3/12/2025	10/15/2029	4,439,345	4,434,761	4.41
HDMOT 2022-A A3	4/20/2022	2/16/2027	471,176	469,516	4.79
HDMOT 2023-A A3	2/23/2023	12/15/2027	1,254,986	1,258,602	4.64
HUNT 241 A3	2/22/2024	1/16/2029	4,224,843	4,266,574	4.65
JDOT 2022 A3	3/16/2022	9/15/2026	383,336	381,420	4.30
JDOT 2024 A3	3/19/2024	11/15/2028	1,254,930	1,267,550	4.32
JDOT 2025 A3	3/11/2025	9/17/2029	2,644,834	2,642,910	4.30
KCOT 2022-1 A3	3/23/2022	10/15/2026	937,406	931,352	4.65
KCOT 2023-1 A3	3/31/2023	6/15/2027	6,627,006	6,654,092	4.49
KCOT 2024-2 A2	6/25/2024	4/15/2027	899,898	904,554	4.27
KCOT 222 A3	7/21/2022	12/15/2026	1,207,270	1,204,810	4.65
KCOT 232 A3	7/26/2023	1/18/2028	3,029,235	3,057,937	4.53
KCOT 241 A3	2/21/2024	7/17/2028	4,039,842	4,086,298	4.67
KCOT 251 A2	2/19/2025	12/15/2027	899,888	901,980	4.38
LADAR 243 A3	10/29/2024	3/15/2029	624,973	625,388	4.51
MBALT 2024-A A3	5/23/2024	1/18/2028	1,319,846	1,335,761	4.41
MBALT 2024-B A3	9/25/2024	2/15/2028	2,149,638	2,146,302	4.40
MBART 2022-1 A3	11/22/2022	8/16/2027	2,125,833	2,132,463	4.76
MBART 2023-1 A3	1/25/2023	11/15/2027	474,627	474,565	4.57
MBART 2025-1 A3	1/23/2025	12/17/2029	2,659,434	2,683,913	4.45
NALT 2025-A B	1/22/2025	2/15/2029	1,104,975	1,113,520	4.73
NALT 2025-A B	1/22/2025	2/15/2029	464,990	469,263	4.66
NAROT 2022-B A3	9/28/2022	5/17/2027	898,566	898,195	4.58
NAROT 2023-B A3	10/25/2023	3/15/2028	2,799,432	2,830,968	4.86
NAROT 2024-A A3	5/22/2024	12/15/2028	2,629,754	2,661,849	4.24
NAVMT 231 A	9/20/2023	8/25/2028	1,199,829	1,205,004	5.14
NAVMT 241 A	5/23/2024	4/25/2029	2,514,663	2,541,156	4.62
NFMOT 241 A2	9/19/2024	3/15/2029	1,429,094	1,419,923	4.39
NFMOT 242 A2	10/10/2024	9/17/2029	1,954,518	1,958,167	4.39
NFMOT 242 A2	11/27/2024	9/17/2029	1,159,900	1,171,895	4.39
NMOTR 24B A	3/20/2024	2/15/2029	1,699,887	1,713,855	4.63
NMOTR 24B A	10/25/2024	2/15/2029	1,593,211	1,591,268	4.51
ODART 2021-1 B	10/31/2023	7/14/2028	798,188	877,644	3.47
PFSFC 24B A	4/15/2024	2/15/2029	616,797	629,375	4.60
PFSFC 24B A	9/20/2024	2/15/2029	1,526,602	1,510,397	4.60
PILOT 241 A3	8/21/2024	11/22/2027	749,918	752,520	4.83
SBAT 24A A3	3/28/2024	12/15/2028	4,199,391	4,216,002	4.86
SDART 2023-3 A3	7/26/2023	10/15/2027	799,285	800,958	4.83
SYNIT 2024-1 A	3/27/2025	3/15/2030	581,491	582,694	4.36
SYNIT 2024-1 A	3/27/2025	3/15/2030	2,423,049	2,431,972	4.27
TAOT 2021-D A3	11/15/2021	4/15/2026	72,567	72,358	4.70
TAOT 2022-B A3	4/13/2022	9/15/2026	380,499	378,841	4.49
TAOT 2022-C A3	8/16/2022	4/15/2027	472,787	470,876	4.63
TAOT 2022-D A3	11/8/2022	9/15/2027	3,697,900	3,714,722	4.65
TAOT 2023-A A3	1/30/2023	9/15/2027	611,000	611,306	4.58
TAOT 2023-B A3	5/23/2023	2/15/2028	1,894,894	1,897,009	4.61
TAOT 2023-D A3	11/14/2023	8/15/2028	1,959,789	1,989,518	4.46
TAOT 2023-D A3	3/13/2024	8/15/2028	425,513	426,325	4.46
TAOT 25A A3	1/29/2025	8/15/2029	4,774,809	4,812,579	4.33
TLOT 2024-B A3	9/17/2024	9/20/2027	1,059,876	1,055,866	4.54
TLOT 2025-A A3	2/26/2025	2/22/2028	2,099,972	2,112,789	4.43
TLOT 2025-A A4	2/26/2025	6/20/2029	1,199,960	1,208,940	4.49
TMUST 2024-2 A	10/9/2024	5/21/2029	5,338,980	5,323,766	4.44
USAOT 2024-A A3	7/30/2024	3/15/2029	814,847	821,699	4.59
VALET 2021-1 A3	12/13/2021	6/22/2026	17,928	17,896	4.14
VALET 2024-1 A3	11/26/2024	7/20/2029	569,946	573,477	4.39
VALET 2025-1 A3	3/25/2025	8/20/2029	2,429,917	2,437,290	4.41
VERIZON MASTER TRUST, SERIES 2025-3	3/31/2025	3/20/2030	3,584,846	3,585,000	4.51
VWALT 2024-A A3	3/27/2024	6/21/2027	4,799,598	4,846,560	4.35
VZMT 2024-4 B	6/28/2024	6/20/2029	779,875	787,223	4.65
WFCIT 2024-1 A	5/20/2024	2/15/2029	4,490,859	4,554,225	4.30
WFCIT 2024-1 A	6/27/2024	2/15/2029	2,455,964	2,489,643	4.30
WFCIT 2024-1 A	8/16/2024	2/15/2029	2,680,915	2,674,416	4.40
WFCIT 2024-2 A	10/24/2024	10/15/2029	1,534,772	1,533,228	4.37
WFCIT 2024-2 A	10/24/2024	10/15/2029	5,744,146	5,743,736	4.33
WFLOOR 241 A1	2/29/2024	2/15/2028	999,872	1,006,880	4.97
WLAKE 2023-1 A3	1/20/2023	1/18/2028	568,982	569,284	4.68
WOART 2021-D A3	11/3/2021	10/15/2026	110,700	110,339	4.07
WOLS 2024-A A3	4/17/2024	10/15/2027	799,932	807,368	4.52
<b>SUB-TOTAL</b>			<b>331,306,019</b>	<b>333,336,979</b>	
<b><u>Municipal Debt</u></b>					
ALABAMA FED AID HWY FIN AUTH SPL OBLIG REV	9/6/2022	9/1/2027	98,611	103,369	4.20
BURBANK GLENDALE PASADENA ARPT AUTH CALIF ARPT REV	5/30/2024	7/1/2028	1,500,000	1,535,625	4.33
CALIFORNIA ST	11/5/2024	8/1/2029	1,713,985	1,721,385	4.25
CALIFORNIA ST PUB WKS BRD LEASE REV	11/8/2023	11/1/2026	1,600,000	1,628,368	4.37
CALIFORNIA ST PUB WKS BRD LEASE REV	4/11/2024	4/1/2027	1,510,000	1,526,474	4.34
CALIFORNIA ST PUB WKS BRD LEASE REV	4/11/2024	4/1/2026	1,135,000	1,141,515	4.40
CORONA	10/3/2024	5/1/2027	1,613,220	1,616,374	4.32
CORONA	10/3/2024	5/1/2027	1,873,417	1,883,554	4.15
FLORIDA ST BRD ADMIN FIN CORP REV	9/16/2020	7/1/2025	1,025,000	1,016,564	4.57
GOLDEN ST TOB SECURITIZATION CORP CALIF TOB SETTLE	10/7/2021	6/1/2025	2,120,000	2,109,421	4.40
KANSAS ST DEV FIN AUTH REV	11/22/2024	4/15/2029	1,318,473	1,330,915	4.37
LOS ANGELES CALIF CMNTY COLLEGE DIST	6/5/2024	8/1/2026	2,170,000	2,190,724	4.23
LOS ANGELES CALIF CMNTY COLLEGE DIST	2/14/2025	8/1/2029	829,336	830,265	5.03

**Orange County Transportation Authority  
Portfolio Listing  
As of March 31, 2025**

<b>DESCRIPTION</b>	<b>SETTLE DATE</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
LOS ANGELES CALIF DEPT ARPTS ARPT REV	9/25/2024	5/15/2029	821,894	823,378	4.18
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	3/4/2021	11/1/2025	1,600,000	1,563,856	4.92
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2024	7/15/2027	764,544	785,667	4.22
MASSACHUSETTS COMMONWEALTH	6/26/2023	11/1/2026	431,068	462,239	4.08
NEW JERSEY ST TRANSN TR FD AUTH	10/24/2024	6/15/2026	2,210,000	2,217,846	4.30
NEW YORK ST DORM AUTH ST PERS INCOME TAX REV	3/31/2025	3/15/2027	1,426,125	1,428,327	4.21
NEW YORK ST URBAN DEV CORP REV	9/25/2024	3/15/2029	525,642	522,934	4.34
PENNSYLVANIA ECONOMIC DEV FING AUTH REV	2/26/2025	6/1/2029	1,500,000.00	1,518,975.00	4.39
PENNSYLVANIA ECONOMIC DEV FING AUTH REV	2/26/2025	6/1/2028	455,000.00	459,254.25	4.32
PENNSYLVANIA ECONOMIC DEV FING AUTH REV	2/26/2025	6/1/2027	540,000.00	543,472.20	4.25
PORT OAKLAND CALIF REV	9/25/2024	5/1/2029	1,284,425.72	1,261,387.14	4.66
REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	7/15/2021	5/1/2026	1,495,000.00	1,448,385.90	4.30
SACRAMENTO CALIF WTR REV	9/20/2024	9/1/2026	144,307.50	145,555.50	4.13
SACRAMENTO CALIF WTR REV	3/31/2025	9/1/2026	241,880.00	242,592.50	4.13
SAN DIEGO CALIF UNI SCH DIST	9/19/2024	7/1/2029	790,000.00	782,194.80	4.22
SAN FRANCISCO (CITY & COUNTY) PUBLIC UTILITIES COM	7/31/2024	10/1/2027	4,230,000.00	4,268,239.20	4.26
SAN FRANCISCO (CITY & COUNTY) PUBLIC UTILITIES COM	10/4/2024	10/1/2027	499,937.20	495,439.00	4.17
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	9/19/2024	5/1/2029	933,320.00	927,940.00	4.29
WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	2/16/2023	5/1/2026	1,240,000.00	1,241,599.60	4.24
WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/17/2023	5/1/2027	841,262.50	837,329.65	4.19
WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	5/17/2023	5/1/2027	2,276,950.00	2,267,435.40	4.16
WISCONSIN ST GEN FD ANNUAL APPROPRIATION REV	3/26/2025	5/1/2029	437,761.10	437,648.40	4.37
<b>SUB-TOTAL</b>			<b>43,196,157</b>	<b>43,316,248</b>	
<b>Supranationals</b>					
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	9/27/2024	9/21/2029	2,003,800	1,965,340	4.05
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	10/16/2024	10/16/2029	1,481,124	1,473,981	4.06
INTERNATIONAL FINANCE CORP	12/6/2023	1/15/2027	4,938,847	4,994,888	3.90
<b>SUB-TOTAL</b>			<b>8,423,771</b>	<b>8,434,209</b>	
<b>MANAGED PORTFOLIO - TOTAL</b>			<b>\$ 2,310,160,001</b>	<b>\$ 2,332,175,312</b>	

**DEBT SERVICE RESERVE FUNDS**

<b>DESCRIPTION</b>	<b>SETTLE DATE</b>	<b>MATURITY DATE</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>	<b>YIELD</b>
<b>91 EXPRESS LANES 2023 BONDS (US Bank DSF/DSRF)</b>					
FIRST AMERICAN GOVERNMENT OBLIGATIONS FUND	N/A	N/A	5,350,175	5,350,175	3.97
<b>91 EXPRESS LANES 2023 BONDS - OPERATING &amp; MAINTENANCE RESERVES</b>					
BMO HARRIS BANK NCD	7/10/2024	4/4/2025	5,000,000	5,000,000	5.26
BMO HARRIS BANK NCD	10/10/2024	7/7/2025	3,000,000	3,000,000	4.45
<b>DEBT SERVICE RESERVE FUNDS - TOTAL</b>			<b>\$ 13,350,175</b>	<b>\$ 13,350,175</b>	

	<b>Book Value</b>	<b>Market Value</b>
<b>TOTAL PORTFOLIO</b>	<b>\$ 2,917,745,879</b>	<b>\$ 2,939,966,936</b>



**May 14, 2025**

**To:** Finance and Administration Committee

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

**Subject:** Annual Update to Investment Policy

### **Overview**

The Treasurer is presenting the Orange County Transportation Authority's Proposed Fiscal Year 2025-26 Investment Policy. The governing body of a local agency is required to annually renew the delegation of authority for the Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds for a period of one year. Additionally, and as recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Proposed Fiscal Year 2025-26 Investment Policy to be reviewed at a public meeting.

### **Recommendations**

- A. Adopt the Fiscal Year 2025-26 Investment Policy July 1, 2025.
- B. Authorize the Treasurer, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2025-26.

### **Background**

The Investment Policy (Policy) sets forth the guidelines for all Orange County Transportation Authority (OCTA) investments that must conform to the California Government Code (Code). The main objectives of the Policy continue to be the preservation of capital, liquidity, diversification, and a market average rate of return through economic cycles.

The Policy is reviewed, updated, and approved by the Board of Directors (Board) at least annually. However, relevant changes to the Code may warrant amendments to the Policy throughout the year.

***Discussion***

The Proposed Fiscal Year 2025-26 Policy is being submitted for review and adoption by the Board. OCTA's four investment managers performed an objective evaluation of the Policy as it relates to effectiveness and risk. There was new legislation enacted resulting in updates to the Policy.

While there was marginal sentiment to reduce credit quality and increase the maximum allocation of funds for certain investments, staff believes that the current structure is a good match for the risk tolerance of OCTA, while providing sufficient latitude to navigate the fixed-income market.

Changes to align definitions and reporting requirements to the Code, and to enhance clarity of the Policy and efficiency in portfolio management, are summarized below:

- Added language to Section 11-6, Commercial Paper, to align definition and reporting requirement with the Code.
- Added language to Section 11-10, Mutual Fund and Money Market Mutual Funds, to align definition and reporting requirement with the Code.

The Proposed Fiscal Year 2025-26 Policy can be found in Attachment A, and as reference, a redlined copy of the Policy (reflecting all proposed changes, including minor adjustments) can be found in Attachment B.

***Next Steps***

If the Board approves the Proposed Fiscal Year 2025-26 Policy, a copy of the final Policy will be provided to each portfolio manager. Each portfolio manager will be required to acknowledge receipt and understanding of the Policy changes.

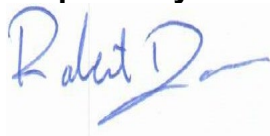
***Summary***

California Government Code Section 53646(a)(2) recommends that local agencies annually review their Investment Policy at a public meeting. The Treasurer is submitting the Orange County Transportation Authority's Proposed Fiscal Year 2025-26 Investment Policy for approval by the Board of Directors. Further, the Orange County Transportation Authority requests approval by the Board of Directors, authorizing the Treasurer, for a period of one year, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2025-26.

***Attachments***

- A. Orange County Transportation Authority Proposed Fiscal Year 2025-26 Investment Policy, July 1, 2025
- B. Redlined Copy of Orange County Transportation Authority Proposed Fiscal Year 2025-26 Investment Policy, July 1, 2025

**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



**Orange County Transportation Authority  
Fiscal Year 2025-26 Investment Policy  
July 1, 2025**

**1. PURPOSE**

This Investment Policy (Policy) sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA). The objective of this Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity, and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Policy. The Policy conforms to the California Government Code (Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Policy and adhered to.

**2. SCOPE**

The Policy applies to the investment of all funds, excluding the investment of employees' retirement funds, separate trusts, Environmental Mitigation Program Endowment Fund, and funds invested separately under Bond Indenture Agreements (Bond Agreements). Bond Funds and Accounts (Bond Funds) shall be invested in the securities permitted by the applicable Bond Agreements. If the Bond Agreements are silent as to the permitted investments, the Bond Funds will be invested in the securities permitted by this Policy. Notwithstanding the other provisions of this Policy, the percentage limitations listed elsewhere in this Policy do not apply to Bond Funds.

**3. INVESTMENT OBJECTIVES**

The primary objectives, in priority order, of investment activities shall be:

- A. **Safety of Principal** -- Safety of principal is the foremost objective of OCTA. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of the securities.
- B. **Liquidity** -- It is important that the portfolio contain investments for which there is an active secondary market, and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
- C. **Total Return** -- OCTA's portfolio shall be designed to attain a market-average rate of return through economic cycles.
- D. **Diversification** -- Finally, OCTA shall diversify its portfolio(s) to avoid incurring unreasonable market risks.

#### **4. PRUDENCE**

OCTA's Board, or persons authorized to make investment decisions on behalf of OCTA, are trustees and fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard as defined in the Code below and shall be applied in the context of managing an overall portfolio. OCTA's investment professionals acting in accordance with the Policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of OCTA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

#### **5. ETHICS AND CONFLICTS OF INTEREST**

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's investment professionals and Treasury/Public Finance Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

#### **6. DELEGATION OF AUTHORITY**

Authority to manage OCTA's investment program is derived from an order of the Board. Management responsibility for the investment program is hereby delegated to OCTA's Treasurer pursuant to Section 53607 of the Code. On an annual basis, the Board is required to renew the authority of OCTA's Treasurer to invest or reinvest OCTA funds. The Treasurer is hereby authorized to delegate his authority as he determines to be appropriate. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate professionals.

The Treasurer shall develop administrative procedures and internal control, consistent with this Policy, for the operation of OCTA's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of OCTA.

## **7. RESPONSIBILITIES**

The Finance and Administration (F&A) Committee of the OCTA Board, subject to the approval of the OCTA Board, is responsible for establishing the Policy and ensuring investments are made in compliance with this Policy. This Policy shall be reviewed annually by the Board at a public meeting.

The Treasurer is responsible for making investments and for compliance with this Policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. Pursuant to Section 53607 of the Code, the Treasurer shall make a monthly report to the Board. OCTA provides a monthly report to the F&A Committee and the Board in accordance with Section 53607 of the Code

The Treasurer is responsible for establishing a procedural manual for OCTA's investment program and for having an annual independent audit performed on OCTA's investments.

## **8. COMPLIANCE**

OCTA has provided each of its portfolio managers with a copy of this Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Policy or the respective Bond Agreements as applicable. When diversification limits are exceeded by a portfolio manager, the Treasurer will document the situation and include a write-up in the monthly Debt and Investment Report to the F&A Committee and the Board.

The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Policy.

If OCTA's Treasurer, in their sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation occurs while the portfolio manager is on probation, the F&A Committee shall review the error and may request that the portfolio manager responsible for the compliance violation meet with the Chairman of the F&A Committee and the Treasurer as soon as practical at which time it will be decided whether the Board will be notified of the violation.

If OCTA's Treasurer finds that the portfolio manager has made a third investment while on probation that does not comply with the provisions of the Policy, the Treasurer shall notify the Board of the compliance violations. OCTA may terminate services for its convenience at any time by providing at least 30 days written notice.

## **9. FINANCIAL BENCHMARKS**

In order to establish a basis for evaluating investment results, OCTA uses four nationally recognized fixed-income security performance benchmarks to evaluate return on investments.

The Intercontinental Exchange (ICE)/Bank of America Merrill Lynch (BAML) 1-3-year Treasury Index, the ICE/BAML 1–3-year AAA-A U.S. Corporate and Government Index, the ICE/BAML 1-5 year Treasury Index, and the ICE/BAML 1-5 year AAA-A United States (U.S.) Corporate and Government Index benchmarks are used for OCTA's short-term portfolios.

## **10. SAFEKEEPING AND CUSTODY**

To protect against potential losses by collapse of individual securities dealers, all deliverable securities owned by OCTA, including collateral on repurchase agreements, shall be held in safekeeping by a third-party bank trust department acting as agent for OCTA under the terms of a custody agreement executed by the bank and by OCTA. All deliverable securities will be received and delivered using standard delivery-versus-payment procedures.

## **11. PERMITTED INVESTMENTS**

### Maturity and Term

All investments, unless otherwise specified, are subject to a maximum stated term of five years. Maturity shall mean the stated final maturity or the mandatory redemption date of the security, or the unconditional put option date if the security contains such a provision. Term or tenure shall mean the remaining time to maturity from the settlement date.

The Board must grant express written authority to make an investment or to establish an investment program of a longer term no less than three months prior to the investment.

### Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Policy. If a security held in OCTA's portfolio is subsequently placed on "Negative Credit Watch" (Credit Watch) by any of the three primary Nationally Recognized Statistical Rating Organizations (NRSROs), S&P Global Ratings, Moody's Investors Service, Inc., or Fitch Ratings, Inc, or if a security on Credit Watch is purchased in accordance with this Policy, it shall be addressed under the provisions outlined in the Credit Rating Actions section. Percentage holding limits and credit quality minimums in this section apply at the time of purchase.

### **11-1. OCTA NOTES AND BONDS**

Notes and bonds issued by OCTA, 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.

## 11-2. U.S. TREASURY OBLIGATIONS

U.S. Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

## 11-3. FEDERAL AGENCY OR U.S. GOVERNMENT SPONSORED ENTERPRISES

Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or the U.S. government sponsored enterprises.

## 11-4. MUNICIPAL DEBT

Such instruments defined as being issued by a local or state agency, including:

- A. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- B. Bonds, notes, warrants, or other evidence of indebtedness of a local agency within this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or local agency or by a department, board, agency, or authority of the local agency.
- C. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- D. Defeased state and local obligations (as defined in A, B, or C above) as long as the obligations have been legally defeased with State and Local Government Series (SLGS), U.S. Treasury, and U.S. Agency securities and such obligations mature or otherwise terminate within five years of the date of purchase.

## 11-5. BANKERS ACCEPTANCES

Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.

## 11-6. COMMERCIAL PAPER

The entity that issues commercial paper shall meet all of the following conditions in paragraph A or B:

- A. Is organized and operating in the U.S. as a general corporation; has total assets in excess of five hundred million dollars (\$500,000,000); has debt other than commercial paper, if any, that is rated in the ratings category of A or its equivalent or higher by two NRSROs.

- B. Is organized within the U.S. as a special purpose corporation, trust, or LLC; has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; has commercial paper that is rated "A-1" or higher, or the equivalent, by two NRSRO's.

#### 11-7. NEGOTIABLE CERTIFICATES OF DEPOSIT

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank.

#### 11-8. REPURCHASE AGREEMENTS

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the Federal Deposit Insurance Corporation (FDIC) provided:

- A. A Securities Industry and Financial Markets Association (SIFMA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

#### 11-9. MEDIUM-TERM NOTES

Medium-term notes are defined as all corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S.

#### 11-10. MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS

Shares of beneficial interest issued by diversified management companies that are mutual funds or money market mutual funds, registered with the Securities and Exchange Commission under the Investment Company Act of 1940, are permitted investments under this Policy, provided that:

- A. The fund has attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.
- B. The purchase price of shares does not include any commission or sales charge.
- C. The total investment in mutual funds and money market mutual funds combined shall not exceed 20 percent of the agency's total portfolio. However, no more than ten percent of the agency's total portfolio may be invested in any one mutual fund. This limitation does not apply to money market mutual funds

#### 11-11. MORTGAGE OR ASSET-BACKED SECURITIES (NON-AGENCY)

Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.

Mortgage and asset-backed securities issued or guaranteed by the U.S., its federal agencies and/or government-sponsored enterprises are exempt when calculating the 20 percent maximum portfolio exposure to mortgage and asset-backed securities.

#### 11-12. SUPRANATIONALS

U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

#### 11-13. STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)

LAIF is a pooled fund managed by the State Treasurer referred to in Section 16429.1 of the Code. All securities are purchased under the authority of the Code Section 16430 and 16480.4.

#### 11-14. ORANGE COUNTY TREASURY INVESTMENT POOL (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635. These pools are based on the investment requirements detailed in Code Sections 53600 et seq. and 53630 et seq.

## 11-15. INVESTMENT POOLS

Shares of beneficial interest issued by a joint powers authority organized pursuant to Code Section 6509.7 that invests in the securities and obligations as authorized under the pools investment policy and that comply with the investment restrictions of Code Sections 53600 through 53610 and Section 53630.

## 11-16. VARIABLE AND FLOATING RATE SECURITIES

Variable and floating rate securities are restricted to investments in securities with a final maturity of not to exceed five years as described above, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or Secured Overnight Financing Rate (SOFR), and must meet all minimum credit requirements previously detailed in the Policy. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

## 11-17. BANK DEPOSITS

Bank deposits in California banks which have a minimum short-term rating of A-1, or its equivalent or higher, by a NRSRO. Bank deposits are required to be collateralized as specified under Code Section 53630. The Treasurer shall draft and execute a contract describing provisions for bank deposits, as specified under Code Section 53649.

## 11-18. DERIVATIVES

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation. Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the F&A Committee prior to entering into such investment.

## **Credit Rating Actions**

Rating criteria will apply at the time of purchase of a security and monitored for changes while retained within OCTA's portfolio. A security whose credit rating is on Credit Watch at the time of purchase, has been placed on Credit Watch, or whose credit rating has been downgraded (including downgrades resulting in the rating falling below the minimum credit rating requirements) subsequent to the time of purchase, is not a violation of OCTA's Policy.

For any security, whose credit rating falls below the minimum required rating as per the California Code and the Policy or placed on Negative Credit Watch for imminent downgrade to below the minimum required ratings, the Treasurer will make the decision whether to continue to retain or sell the security. For all other security rating downgrades, and for securities placed on Negative Credit Watch, the decision to retain or sell the security will be left to the investment manager, and OCTA will be notified immediately of the decision along with rationale regarding



the decision to retain or sell.

OCTA will notify the Board through its monthly reporting practices of all securities on Credit Watch at the time of purchase, placed on Credit Watch or downgraded during the reporting period. Securities whose credit rating falls below the minimum requirements will be noticed in the monthly debt and investment reports until the security is sold or meets the minimum credit rating requirements.

## Diversification and Maturity Restrictions

Diversification and maturity restrictions ensure the portfolio is not unduly concentrated in the securities of one type, industry, entity, or specific maturity thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

Outside portfolio managers must review the portfolios they manage to ensure compliance with OCTA's diversification guidelines on an ongoing basis.

## AUTHORIZED INVESTMENTS, ISSUER CONCENTRATION & MATURITY RESTRICTIONS

Authorized Investments, Issuer Concentration and Maturity Restrictions					
Type of Investment	CA Code Maximum Maturity	CA Code Maximum % of Portfolio	CA Code Minimum Quality Requirements	OCTA Maximum % of Portfolio*	OCTA Code Minimum Quality Requirements
OCTA Notes and Bonds	5 Years	100%	None	25%	Same as CA Code
U.S. Treasury Obligations	5 Years	100%	None	Same as CA Code	Same as CA Code
Federal Agencies or U.S. Government Sponsored Enterprises	5 Years	100%	None	Same as CA Code	Same as CA Code
Municipal Debt	5 Years	100%	None	30% total, no more than 5% by any one issuer	"A" rating category or "A-1" rated, or its equivalent or higher, by an NRSRO
Bankers Acceptances	180 Days	40%, 30% of a single issuer	None	30%, no more than 5% any single issuer	"A-1" rated, or its equivalent or higher, by 2 NRSROs
Commercial Paper	270 Days	40% **	"A-1" rated, or its equivalent or higher by an NRSRO	40%**	"A-1" rated, or its equivalent or higher, by 2 NRSROs
Negotiable Certificates of Deposit	5 Years	30%	None	30%, no more than 5% in any single issuer	"A" rating category or "A-1" rated, or its equivalent or higher, by 2 NRSROs

Repurchase Agreements	1 Year	100%	None	25%	"A" rating category or "A-1" rated, or its equivalent, by 2 NRSROs
Medium-Term Notes**	5 Years	30%**	"A" rating category, or its equivalent or higher, by an NRSRO	30%**	Same as CA Code
Mutual Funds and Money Market Mutual Funds	N/A	20%, 10% of any one mutual fund	"AAA" rated, or its equivalent, by 2 NRSROs	20%, 10% of any one mutual fund	Same as CA Code
Mortgage Pass-Through and Asset-backed Securities (Non-Agency)***	5 Years	20%	"AA" rating category, or its equivalent or higher, by an NRSRO	Same as CA Code	Same as CA Code
Supranationals	5 Years	30%	"AA" rating category, or its equivalent or higher, by an NRSRO	20%, no more than 10% in any single issuer	Same as CA Code
Local Agency Investment Fund (LAIF)****	N/A	\$75 million per account	None	\$75 million per account	Same as CA Code
Orange County Investment Pool (OCIP)	N/A	100%	None	10%	Same as CA Code
Joint Powers Authority (JPA) Investment Pools	N/A	100%	None	10%	Same as CA Code

\* Additional portfolio restrictions include a 5 percent limit on bank deposits and a 30 percent limit on variable and floating rate securities.

\*\* A Combined 10 percent per issuer limit applies to commercial paper and medium-term notes pursuant to the Code. A separate 5 percent per issuer limit applies under this Policy. See the section titled Issuer/Counterparty Diversification Guidelines for all Securities Except U.S. Treasuries and U.S. Government Agency Securities for details.

\*\*\* The credit and holding limits under this section do not apply to mortgage-backed or asset backed securities that are issued or guaranteed by federal agencies or government-sponsored enterprises (GSEs).

\*\*\*\* The current deposit limits for the LAIF regular account are set by the California State Treasurer.

### **Issuer/Counterparty Diversification Guidelines for All Securities Except U.S. Treasuries and U.S. Government Agency Securities**

Unless otherwise specified in this policy, any one corporation, bank, local agency, special purpose vehicle or other corporate issuer name for one or more series of securities shall not exceed five percent of the portfolio.

## **Issuer/Counterparty 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 percent of the maximum portfolio.

## **12. PROHIBITED INVESTMENT VEHICLES AND PRACTICES**

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. Except securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted, under a provision sunseting on January 1, 2026,
- Step-up notes and dual-index notes are prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending, or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited. Agencies that are not Qualified Institutional Buyers (QIB) as defined by the Securities and Exchange Commission are prohibited from purchasing Private Placement Securities. The SEC defines a QIB as having at least \$100,000,000 in securities owned and invested.
- The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

## **13. SECURITIES SAFE KEEPING**

All deliverable security transactions, including collateral for repurchase agreements, entered into by OCTA shall be conducted on a delivery-versus-payment basis. Deliverable securities shall be held by a third-party custodian designated by the Treasurer, evidenced by safekeeping receipts and in compliance with Code Section 53608.

## **14. BROKER DEALERS**

The Treasurer, and investment professionals authorized by the Treasurer, may buy securities from a list of broker dealers and financial institutions that will be periodically reviewed.

Outside portfolio managers must certify, at the outset of their engagement, that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Policy.

## 15. INVESTMENT POLICY REVIEW

This Policy shall be reviewed annually by the F&A Committee of the OCTA Board to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification, and its relevance to current law and economic trends.

## 16. DEFINITION OF TERMS

**ACCRUED INTEREST:** The amount of interest that is earned but unpaid since the last interest payment date.

**AGENCY SECURITIES:** (See U.S. Government Agency Securities)

**ASK PRICE:** (Offer Price) The price at which securities are offered from a seller.

**ASSET BACKED SECURITIES (ABS):** Securities collateralized or backed by receivables such as automobile loans and credit card receivables. The assets are transferred or sold by the company to a Special Purpose Vehicle (SPV) and held in trust. The SPV or trust will issue debt collateralized by the receivables.

**BANKERS ACCEPTANCES (BAs):** Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

**BASIS POINT:** When a yield is expressed as X.YZ percent, the YZ digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

**BID PRICE:** The price at which a buyer offers to buy a security.

**BOOK ENTRY:** The system, maintained by the Federal Reserve, by which most securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains an electronic record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

**BOOK VALUE:** The original cost of the investment.

**CALLABLE BONDS:** A bond issue which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**CAPITAL GAIN/LOSS:** The profit or loss realized from the sale of a security.

**CERTIFICATES OF DEPOSIT (NEGOTIABLE CDs):** A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

**COLLATERAL:** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits in an investment agreement.

**COMMERCIAL PAPER (CP):** Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity.

**COUPON:** The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as "interest rate."

**CURRENT YIELD:** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of assets in the name of the depositor.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVE SECURITY:** Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

**DISCOUNT:** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers' acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION:** An investment principal designed to spread the risk in a portfolio by dividing investments by sector, maturity and quality rating.

**DOLLAR-WEIGHTED AVERAGE MATURITY:** A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size or book-value of that investment.

**DURATION:** A measure of the timing of cash flows, such as the interest payments and principal repayment, to be received from a given fixed-income security.

**FEDERAL FUNDS RATE:** Interest rate at which banks lend federal funds to each other.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** A committee within the Federal Reserve System that determines the direction of monetary policy. The committee decides either to sell securities to reduce the money supply, or to buy government securities to increase the money supply. Decisions made at FOMC meetings will cause interest rates to either rise or fall.

**FEDERAL RESERVE SYSTEM:** A U.S. centralized banking system which has supervisory powers over the two Federal Reserve banks and about 3,000-member banks.

**FITCH Ratings referred to as Fitch:** (See Nationally Recognized Statistical Rating Organizations)

**INTEREST:** The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

**INTEREST RATE RISK:** The risk associated with declines or rises in interest rates, which causes the market price of a fixed-income security to increase or decrease in value.

**LIQUIDITY:** The speed and ease with which an investment can be converted to cash.

**MARK-TO-MARKET:** The process by where the value of a security is adjusted to reflect current market conditions.

**MARKET RISK:** The risk that the value of a security will rise or decline as a result in changes in market conditions.

**MARKET VALUE:** The current market price of a security.

**MATURITY:** The date that the principal or stated value of an investment becomes due and payable. An investment's term or remaining maturity is measured from the settlement date to final maturity.

**MEDIUM TERM MATURITY CORPORATE SECURITIES:** Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

**MONEY MARKET:** The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers' acceptances, etc.) are issued and traded.

**MONEY MARKET MUTUAL FUNDS:** An investment company that pools money from investors and invests in a variety of short-term money market instruments.

**MOODY'S INVESTORS SERVICE, INC. referred to as Moody's:** (See Nationally Recognized Statistical Rating Organizations)

**MORTGAGE-BACKED SECURITY:** A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the individual real estate assets are used to pay interest and principal on the bonds.

**MUNICIPAL DEBT:** Issued by public entities to meet capital needs.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSROs):** Firms designated by the U.S. Securities and Exchange Commission (SEC) to evaluate the

creditworthiness of debt issuers and express their opinions in the form of standardized letter ratings (e.g. AAA, AA, A, BBB, etc.). The three primary NRSROs referenced by OCTA are Standard & Poor's Global Ratings, Moody's Investors Services, Inc., and Fitch Ratings, Inc.

**NEGOTIABLE CD:** (See Certificates of Deposit)

**NET ASSET VALUE (NAV):** The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling the fund's assets, which includes securities, cash, and accrued earnings, then subtracting this from the fund's liabilities and dividing by the total number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

**NON-CALLABLE:** Bond that is exempt from any kind of redemption for a stated time period.

**OCTA BONDS:** Bonds, notes, warrants, or other evidences of indebtedness.

**OFFER PRICE:** An indicated price at which market participants are willing to sell a security.

**PAR VALUE:** The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**PHYSICAL DELIVERY:** The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

**PORTFOLIO:** A group of securities held by an investor.

**PREMIUM:** The amount by which the price paid for a security exceeds the security's par value.

**PRIME RATE:** A preferred interest rate charged by commercial banks to their most creditworthy customers.

**PRINCIPAL:** The face value or par value of an investment.

**PURCHASE DATE:** See (Trade Date)

**REINVESTMENT RISK:** The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

**REPURCHASE AGREEMENTS (REPOS):** A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, with the difference between the purchase price and sales price determining the earnings.

**SAFEKEEPING:** Holding of assets (e.g. securities) by a financial institution.

**SECURITIES & EXCHANGE COMMISSION (SEC):** The federal agency responsible for supervising and regulating the securities industry.

**SETTLEMENT DATE:** The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

**SPECIAL PURPOSE VEHICLE (SPV):** A trust or similar structure created specifically to purchase securities and reprofile cash flows and/or credit risk. Mortgage or Asset-backed securities may be issued out of the SPV and secured by the collateral transferred from the corporation.

**STANDARD & POOR'S GLOBAL RATINGS referred to as Standard and Poor's or S & P:** (See Nationally Recognized Statistical Rating Organizations)

**SUPRANATIONAL:** A supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in member countries.

**THIRD-PARTY CUSTODIAL AGREEMENT:** (See Custodian)

**TOTAL RETURN:** The sum of all investment income plus changes in the capital value of the portfolio.

**TRADE DATE:** The date and time corresponding to an investor's commitment to buy or sell a security.

**U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES:** U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture).

**U.S. TREASURY OBLIGATIONS:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury bills:** non-interest-bearing discount securities of the U.S. Treasury with maturities under one year.

**Treasury notes:** interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

**Treasury bond:** interest-bearing obligations issued by the U.S. Treasury with maturities ranging from 10 to 30 years from the date of issue.

**Treasury STRIPS:** U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

**Treasury TIPS:** U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.



**VARIABLE AND FLOATING RATE SECURITIES:** Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

**VOLATILITY:** The degree of fluctuation in the price and valuation of securities.

**YIELD:** The current rate of return on an investment security generally expressed as a percentage of the securities current price.

**ZERO COUPON SECURITIES:** Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

**Orange County Transportation Authority  
Fiscal Year ~~2024-25~~2025-26 Investment  
Policy July 1, ~~2024~~2025**

**1. PURPOSE**

This Investment Policy (Policy) sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA). The objective of this Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity, and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Policy. The Policy conforms to the California Government Code (Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Investment Policy and adhered to.

**2. SCOPE**

The Policy applies to the investment of all funds, excluding the investment of employees' retirement funds, separate trusts, Environmental Mitigation Program Endowment Fund, and funds invested separately under Bond Indenture Agreements (Bond Agreements). Bond Funds and Accounts (Bond Funds) shall be invested in the securities permitted by the applicable Bond Agreements. If the Bond Agreements are silent as to the permitted investments, the Bond Funds will be invested in the securities permitted by this Policy. Notwithstanding the other provisions of this Policy, the percentage limitations listed elsewhere in this Policy do not apply to Bond Funds.

**3. INVESTMENT OBJECTIVES**

The primary objectives, in priority order, of investment activities shall be:

- A. **Safety of Principal** -- Safety of principal is the foremost objective of OCTA. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of the securities.
- B. **Liquidity** -- It is important that the portfolio contain investments for which there is an active secondary market, and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
- C. **Total Return** -- OCTA's portfolio shall be designed to attain a market-average rate of return through economic cycles.
- D. **Diversification** -- Finally, OCTA shall diversify its portfolio(s) to avoid incurring unreasonable market risks.

#### **4. PRUDENCE**

OCTA's Board, or persons authorized to make investment decisions on behalf of OCTA, are trustees and fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard as defined in the Code below and shall be applied in the context of managing an overall portfolio. OCTA's investment professionals acting in accordance with the Policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of OCTA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

#### **5. ETHICS AND CONFLICTS OF INTEREST**

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's investment professionals and Treasury/Public Finance Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

#### **6. DELEGATION OF AUTHORITY**

Authority to manage OCTA's investment program is derived from an order of the Board. Management responsibility for the investment program is hereby delegated to OCTA's Treasurer pursuant to Section 53607 of the Code. On an annual basis, the Board is required to renew the authority of OCTA's Treasurer to invest or reinvest OCTA funds. The Treasurer is hereby authorized to delegate his authority as he determines to be appropriate. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate professionals.

The Treasurer shall develop administrative procedures and internal control, consistent with this Policy, for the operation of OCTA's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of OCTA.

## **7. RESPONSIBILITIES**

The Finance and Administration (F&A) Committee of the OCTA Board, subject to the approval of the OCTA Board, is responsible for establishing the Policy and ensuring investments are made in compliance with this Policy. This Policy shall be reviewed annually by the Board at a public meeting.

The Treasurer is responsible for making investments and for compliance with this Policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. Pursuant to Section 53607 of the Code, the Treasurer shall make a monthly report to the Board. OCTA provides a monthly report to the F&A Committee and the Board in accordance with Section 53607 of the Code

The Treasurer is responsible for establishing a procedural manual for OCTA's investment program and for having an annual independent audit performed on OCTA's investments.

## **8. COMPLIANCE**

OCTA has provided each of its portfolio managers with a copy of this Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Policy or the respective Bond Agreements as applicable. When diversification limits are exceeded by a portfolio manager, the Treasurer will document the situation and include a write-up in the monthly Debt and Investment Report to the F&A Committee and the Board.

The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Policy.

If OCTA's Treasurer, in their sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation occurs while the portfolio manager is on probation, the F&A Committee shall review the error and may request that the portfolio manager responsible for the compliance violation meet with the Chairman of the F&A Committee and the Treasurer as soon as practical at which time it will be decided whether the Board will be notified of the violation.

If OCTA's Treasurer finds that the portfolio manager has made a third investment while on probation that does not comply with the provisions of the Policy, the Treasurer shall notify the Board of the compliance violations. OCTA may terminate services for its convenience at any time by providing at least 30 days written notice.

## **9. FINANCIAL BENCHMARKS**

In order to establish a basis for evaluating investment results, OCTA uses four nationally recognized fixed-income security performance benchmarks to evaluate return on investments.

The Intercontinental Exchange (ICE)/Bank of America Merrill Lynch (BAML) 1-3-year Treasury Index, the ICE/BAML 1–3-year AAA-A U.S. Corporate and Government Index, the ICE/BAML 1-5 year Treasury Index, and the ICE/BAML 1-5 year AAA-A United States (U.S.) Corporate and Government Index benchmarks are used for OCTA's short-term portfolios.

## 10. SAFEKEEPING AND CUSTODY

To protect against potential losses by collapse of individual securities dealers, all deliverable securities owned by OCTA, including collateral on repurchase agreements, shall be held in safekeeping by a third-party bank trust department acting as agent for OCTA under the terms of a custody agreement executed by the bank and by OCTA. All deliverable securities will be received and delivered using standard delivery-versus-payment procedures.

## 11. PERMITTED INVESTMENTS

### Maturity and Term

All investments, unless otherwise specified, are subject to a maximum stated term of five years. Maturity shall mean the stated final maturity or the mandatory redemption date of the security, or the unconditional put option date if the security contains such a provision. Term or tenure shall mean the remaining time to maturity from the settlement date.

The Board ~~of Directors~~ must grant express written authority to make an investment or to establish an investment program of a longer term no less than three months prior to the investment.

### Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Policy. If an ~~eligible~~ security ~~already contained~~ held in OCTA's portfolio is subsequently placed on "Negative Credit Watch" (Credit Watch) by any of the three primary Nationally Recognized Statistical Rating Organizations (NRSROs), S&P Global Ratings, Moody's Investors Service, Inc., or Fitch Ratings, Inc., or ~~if a purchase is made of a~~ security ~~already~~ on Credit Watch is purchased in accordance with this Policy, by any of the three NRSROs, which is permitted under this Policy, then the security will be handled it shall be addressed under the provisions ~~of outlined in the~~ Credit Rating Actions section. Percentage holding limits and credit quality minimums in this section ~~are applicable~~ apply at the time of purchase.

### 11-1. OCTA NOTES AND BONDS

Notes and bonds issued by OCTA, 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.

## 11-2. U.S. TREASURY OBLIGATIONS

~~U.S. nited States~~ Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

## 11-3. FEDERAL AGENCY OR U.S. GOVERNMENT SPONSORED ENTERPRISES

Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or the U.S. government sponsored enterprises.

## 11-4. MUNICIPAL DEBT

Such instruments defined as being issued by a local or state agency, including:

- A. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- B. Bonds, notes, warrants, or other evidence of indebtedness of a local agency within this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or local agency or by a department, board, agency, or authority of the local agency.
- C. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- D. Defeased state and local obligations (as defined in A, B, or C above) as long as the obligations have been legally defeased with State and Local Government Series (SLGS), U.S. Treasury, and U.S. Agency securities and such obligations mature or otherwise terminate within five years of the date of purchase.

## 11-5. BANKERS ACCEPTANCES

Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.

## 11-6. COMMERCIAL PAPER

The entity that issues commercial paper shall meet all of the following conditions in paragraph A or B:

- A. IsBe organized and operating in the U.S. as a general corporation; has total assets in excess of five hundred million dollars (\$500,000,000); has issued by corporations that have debt other than commercial paper, if any, that is rated in the ratings category of A or its

equivalent or higher by two NRSROs.

~~B. , Is or the issuing corporation must be~~ organized within the U.S. as a special purpose corporation, trust, or LLC; ~~has~~ve program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; ~~has , and have~~ commercial paper that is rated “A-1” or higher, or the equivalent, by two NRSRO’s.

~~A. Be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000).~~

## 11-7. NEGOTIABLE CERTIFICATES OF DEPOSIT

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank~~-or state~~, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state~~-~~licensed branch of a foreign bank.

## 11-8. REPURCHASE AGREEMENTS

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the Federal Deposit Insurance Corporation (FDIC) provided:

- A. A Securities Industry and Financial Markets Association (SIFMA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

## 11-9. MEDIUM-TERM NOTES

Medium-term notes are defined as all corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the U.~~S.~~nited States or any state and operating within the U.~~S.~~nited States.

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#### 11-10. MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS

Shares of beneficial interest issued by diversified management companies that are mutual funds or money market mutual funds, registered with the Securities and Exchange Commission under the Investment Company Act of 1940, are permitted investments under this Policy, provided that:

A. The fund has attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

B. The purchase price of shares does not include any commission or sales charge.

A.C. \_\_\_\_\_. Shares may not represent more than 10 percent of the funds or pool's asset and no more than 10 percent of the total portfolio may be invested in shares of any one money market mutual fund. The total investment in mutual funds and money market mutual funds combined shall not exceed 20 percent of the agency's total portfolio. However, no more than 10 percent of the agency's total portfolio may be invested in any one mutual fund. This limitation does not apply to money market mutual funds

#### 11-11. MORTGAGE OR ASSET-BACKED SECURITIES (NON-AGENCY)

Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.

Mortgage and asset-backed securities issued or guaranteed by the U.S. nited States, its federal agencies and/or government-sponsored enterprises are exempt when calculating the 20% maximum portfolio exposure to mortgage and asset-backed securities.

#### 11-12. SUPRANATIONALS

U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

#### 11-13. STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)

LAIF is a pooled fund managed by the State Treasurer referred to in Section 16429.1 of the Code. All securities are purchased under the authority of the Code Section 16430 and 16480.4.

#### 11-14. ORANGE COUNTY TREASURY INVESTMENT POOL (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635. These pools are based on the

investment requirements detailed in ~~Government~~-Code Sections 53600 et seq. and 53630 et seq.

#### 11-15. INVESTMENT POOLS

Shares of beneficial interest issued by a joint powers authority organized pursuant to ~~Government~~-Code Section 6509.7 that invests in the securities and obligations as authorized under the pools investment policy and that comply with the investment restrictions of ~~Government~~-Code Sections 53600 through 53610 and Section 53630.

#### 11-16. VARIABLE AND FLOATING RATE SECURITIES

Variable and floating rate securities are restricted to investments in securities with a final maturity of not to exceed five years as described above, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or SOFR (Secured Overnight Financing Rate), and must meet all minimum credit requirements previously detailed in the ~~Investment~~ Policy. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

#### 11-17. BANK DEPOSITS

Bank deposits in California banks which have a minimum short-term rating of A-1, or its equivalent or higher, by a NRSRO. Bank deposits are required to be collateralized as specified under ~~Government~~-Code Section 53630. The Treasurer shall draft and execute a contract describing provisions for bank deposits, as specified under Code Section 53649.-

#### 11-18. DERIVATIVES

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation. Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the F&A Committee prior to entering into such investment.

### Credit Rating Actions

Rating criteria will apply at the time of purchase of a security and monitored for changes while retained within OCTA's portfolio. A security whose credit rating is on Credit Watch at the time of purchase, has been placed on Credit Watch, or whose credit rating has been downgraded (including downgrades resulting in the rating falling below the minimum credit rating requirements) subsequent to the time of purchase, is not a violation of OCTA's ~~Investment~~ Policy.

For any security, whose credit rating falls below the minimum required rating as per the California ~~Government~~ Code and the Policy or placed on Negative Credit Watch for imminent downgrade to below the minimum required ratings, the Treasurer will make the decision whether to continue to retain or sell the security. For all other security rating downgrades, and for securities placed on Negative Credit Watch, the decision to retain or sell the security will be left to the investment manager, and OCTA will be notified immediately of the decision along with rationale regarding the decision to retain or sell.

OCTA will notify the Board through its monthly reporting practices of all securities on Credit Watch at the time of purchase, placed on Credit Watch or downgraded during the reporting period. Securities whose credit rating falls below the minimum requirements will be noticed in the monthly debt and investment reports until the security is sold or meets the minimum credit rating requirements.

### Diversification and Maturity Restrictions

Diversification and maturity restrictions ensure the portfolio is not unduly concentrated in the securities of one type, industry, entity, or specific maturity thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

Outside portfolio managers must review the portfolios they manage to ensure compliance with OCTA's diversification guidelines on an ongoing basis.

### AUTHORIZED INVESTMENTS, ISSUER CONCENTRATION & MATURITY RESTRICTIONS

Authorized Investments, Issuer Concentration and Maturity Restrictions					
Type of Investment	CA Code Maximum Maturity	CA Code Maximum % of Portfolio	CA Code Minimum Quality Requirements	OCTA Maximum % of Portfolio*	OCTA Code Minimum Quality Requirements
OCTA Notes and Bonds	5 Years	100%	None	25%	Same as CA Code
U.S. Treasury Obligations	5 Years	100%	None	Same as CA Code	Same as CA Code
Federal Agency <del>ies</del> 's or U.S. Government Sponsored Enterprises	5 Years	100%	None	Same as CA Code	Same as CA Code
Municipal Debt	5 Years	100%	None	30% total, no more than 5% by any one issuer	"A" rating category or "A-1" rated, or its equivalent or higher, by an NRSRO
Bankers Acceptances	180 Days	40%, 30% of a single issuer	None	30%, no more than 5% any single issuer	"A-1" rated, or its equivalent or higher, by 2 NRSROs

Commercial Paper	270 Days	40% **	"A-1" rated, or its equivalent or higher by an NRSRO	40%**	"A-1" rated, or its equivalent or higher, by 2 NRSROs
Negotiable Certificates of Deposit	5 Years	30%	None	30%, no more than 5% in any single issuer	"A" rating category or "A-1" rated, or its equivalent or higher, by 2 NRSROs
Repurchase Agreements	1 Year	100%	None	25%	"A" rating category or "A-1" rated, or its equivalent, by 2 NRSROs
Medium-Term Notes**	5 Years	30%**	"A" rating category, or its equivalent or higher, by an NRSRO	30%**	Same as CA Code
<u>Mutual Funds and Money Market</u> <del>/</del> Mutual Funds	N/A	20%, 10% of any one mutual fund	"AAA" rated, or its equivalent, by 2 NRSROs	20%, <del>10%</del> <del>of fund's assets,</del> 10% of any one mutual fund	Same as CA Code
Mortgage Pass-Through and Asset-backed Securities (Non-Agency)***	5 Years	20%	"AA" rating category, or its equivalent or higher, by an NRSRO	Same as CA Code	Same as CA Code
Supranationals	5 Years	30%	"AA" rating category, or its equivalent or higher, by an NRSRO	20%, no more than 10% in any single issuer	Same as CA Code
Local Agency Investment Fund (LAIF)****	N/A	\$75 million per account	None	\$75 million per account	Same as CA Code
Orange County Investment Pool (OCIP)	N/A	100%	None	10%	Same as CA Code
Joint Powers Authority (JPA) Investment Pools	N/A	100%	None	10%	Same as CA Code

\* Additional portfolio restrictions include a 5 percent limit on bank deposits ~~(5 percent)~~ and a 30 percent limit on variable and floating rate securities. ~~(30 percent)~~

\*\* A Combined 10 percent per issuer limit applies to on commercial paper and medium-term ~~maturity~~ notes pursuant to the Code. A separate Five-5 percent per issuer limit ~~in any one issuer pursuant to~~ applies under this Policy. ~~See the~~ section titled Issuer/Counterparty Diversification Guidelines for all Securities Except U.S. Treasuries and U.S. Government Agency Securities herein for details.

\*\*\* The credit and holding limits under this section do not apply to mortgage-backed or asset backed securities that are issued or guaranteed by by the U.S. Treasury, or by Federal agencies and/or ~~for~~ government-sponsored enterprises.

(GSEs).”

\*\*\*\* ~~The~~ current deposit limits for ~~the~~ LAIF regular account are set by the ~~California~~ State Treasurer.

## **Issuer/Counter~~p~~-Party Diversification Guidelines for All Securities Except U.S. Treasuries and U.S. Government Agency Securities**

Unless otherwise specified in this policy, any one corporation, bank, local agency, special purpose vehicle or other corporate issuer name for one or more series of securities shall not exceed five percent of the portfolio.

## **Issuer/Counter~~p~~-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 percent of the maximum portfolio.

## **12. PROHIBITED INVESTMENT VEHICLES AND PRACTICES**

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with ~~Government~~ Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. Except securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted, under a provision sunseting on January 1, 2026,
- Step-up notes and dual-index notes are prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending, or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited. Agencies that are not Qualified Institutional Buyers (QIB) as defined by the Securities and Exchange Commission are prohibited from purchasing Private Placement Securities. The SEC defines a QIB as having at least \$100,000,000 in securities owned and invested.
- The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

## **13. SECURITIES SAFE KEEPING**

All deliverable security transactions, including collateral for repurchase agreements, entered into by OCTA shall be conducted on a delivery-versus-payment basis. Deliverable securities shall be held by a third-party custodian designated by the Treasurer, evidenced by safekeeping receipts and in compliance with Code Section 53608.

## 14. BROKER DEALERS

The Treasurer, and investment professionals authorized by the Treasurer, may buy securities from a list of broker dealers and financial institutions that will be periodically reviewed.

Outside portfolio managers must certify, at the outset of their engagement, that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Policy.

## 15. INVESTMENT POLICY REVIEW

This Policy shall be reviewed annually by the F&A Committee of the OCTA Board to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification, and its relevance to current law and economic trends.

## 16. DEFINITION OF TERMS

**ACCRUED INTEREST:** The amount of interest that is earned but unpaid since the last interest payment date.

**AGENCY SECURITIES:** (See U.S. Government Agency Securities)

**ASK PRICE:** (Offer Price) The price at which securities are offered from a seller.

**ASSET BACKED SECURITIES (ABS):** Securities collateralized or backed by receivables such as automobile loans and credit card receivables. The assets are transferred or sold by the company to a Special Purpose Vehicle (SPV) and held in trust. The SPV or trust will issue debt collateralized by the receivables.

**BANKERS ACCEPTANCES (BAs):** Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

**BASIS POINT:** When a yield is expressed as X.YZ percent, the YZ digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

**BID PRICE:** The price at which a buyer offers to buy a security.

**BOOK ENTRY:** The system, maintained by the Federal Reserve, by which most securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains an electronic record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

**BOOK VALUE:** The original cost of the investment.

**CALLABLE BONDS:** A bond issue which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**CAPITAL GAIN/LOSS:** The profit or loss realized from the sale of a security.

**CERTIFICATES OF DEPOSIT (NEGOTIABLE CDs):** A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

**COLLATERAL:** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits in an investment agreement.

**COMMERCIAL PAPER (CP):** Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity.

**COUPON:** The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as "interest rate."

**CURRENT YIELD:** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of assets in the name of the depositor.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVE SECURITY:** Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

**DISCOUNT:** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers' acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION:** An investment principal designed to spread the risk in a portfolio by dividing investments by sector, maturity and quality rating.

**DOLLAR-WEIGHTED AVERAGE MATURITY:** A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size or book-value of that investment.

**DURATION:** A measure of the timing of cash flows, such as the interest payments and principal repayment, to be received from a given fixed-income security.

**FEDERAL FUNDS RATE:** Interest rate at which banks lend federal funds to each other.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** A committee within the Federal Reserve System that determines the direction of monetary policy. The committee decides either to sell securities to reduce the money supply, or to buy government securities to increase the money supply. Decisions made at FOMC meetings will cause interest rates to either rise or fall.

**FEDERAL RESERVE SYSTEM:** A U.S. centralized banking system which has supervisory powers over the two Federal Reserve banks and about 3,000-member banks.

**FITCH Ratings referred to as Fitch:** (See Nationally Recognized Statistical Rating Organizations)

**INTEREST:** The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

**INTEREST RATE RISK:** The risk associated with declines or rises in interest rates, which causes the market price of a fixed-income security to increase or decrease in value.

**LIQUIDITY:** The speed and ease with which an investment can be converted to cash.

**MARK-TO-MARKET:** The process by where the value of a security is adjusted to reflect current market conditions.

**MARKET RISK:** The risk that the value of a security will rise or decline as a result in changes in market conditions.

**MARKET VALUE:** The current market price of a security.

**MATURITY:** The date that the principal or stated value of an investment becomes due and payable. An investment's term or remaining maturity is measured from the settlement date to final maturity.

**MEDIUM TERM MATURITY CORPORATE SECURITIES:** Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

**MONEY MARKET:** The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers' acceptances, etc.) are issued and traded.

**MONEY MARKET MUTUAL FUNDS:** An investment company that pools money from investors and invests in a variety of short-term money market instruments.

**MOODY'S INVESTORS SERVICE, INC. referred to as Moody's:** (See Nationally Recognized



Statistical Rating Organizations)

**MORTGAGE-BACKED SECURITY:** A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the individual real estate assets are used to pay interest and principal on the bonds.

**MUNICIPAL DEBT:** Issued by public entities to meet capital needs.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSRO's):** Firms designated by the U.S. Securities and Exchange Commission (SEC) to evaluate that review the creditworthiness of debt ~~the~~ issuers of debt securities, and express their opinions in the form of standardized letter ratings (e.g. AAA, AA, A, BBB, etc.). The three primary NRSRO rating agencies referenced by OCTA are include Standard & Poor's Global Ratings, ; Moody's Investor s Services, Inc., and Fitch Ratings, Inc. and Kroll Bond Rating Agency, Inc.

**NEGOTIABLE CD:** (See Certificates of Deposit)

**NET ASSET VALUE (NAV):** The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling the fund's assets, which includes securities, cash, and accrued earnings, then subtracting this from the fund's liabilities and dividing by the total number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

**NON-CALLABLE:** Bond that is exempt from any kind of redemption for a stated time period.

**OCTA BONDS:** Bonds, notes, warrants, or other evidences of indebtedness.

**OFFER PRICE:** An indicated price at which market participants are willing to sell a security.

**PAR VALUE:** The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**PHYSICAL DELIVERY:** The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

**PORTFOLIO:** A group of securities held by an investor.

**PREMIUM:** The amount by which the price paid for a security exceeds the security's par value.

**PRIME RATE:** A preferred interest rate charged by commercial banks to their most creditworthy customers.

**PRINCIPAL:** The face value or par value of an investment.

**PURCHASE DATE:** See (Trade Date)

**REINVESTMENT RISK:** The risk that coupon payments (or other payments received) cannot

be reinvested at the same rate as the initial investment.

**REPURCHASE AGREEMENTS (REPOS):** A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, with the difference between the purchase price and sales price determining the earnings.

**SAFEKEEPING:** Holding of assets (e.g. securities) by a financial institution.

**SECURITIES & EXCHANGE COMMISSION (SEC):** The federal agency responsible for supervising and regulating the securities industry.

**SETTLEMENT DATE:** The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

**SPECIAL PURPOSE VEHICLE (SPV):** A trust or similar structure created specifically to purchase securities and reprofile cash flows and/or credit risk. Mortgage or Asset-backed securities may be issued out of the SPV and secured by the collateral transferred from the corporation.

**STANDARD & POOR'S GLOBAL RATINGS referred to as Standard and Poor's or S & P:** (See Nationally Recognized Statistical Rating Organizations)

**SUPRANATIONAL:** A supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in member countries.

**THIRD-PARTY CUSTODIAL AGREEMENT:** (See Custodian)

**TOTAL RETURN:** The sum of all investment income plus changes in the capital value of the portfolio.

**TRADE DATE:** The date and time corresponding to an investor's commitment to buy or sell a security.

**U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES:** U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture).

**U.S. TREASURY OBLIGATIONS:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury bills:** non-interest-bearing discount securities of the U.S. Treasury with maturities under one year.

**Treasury notes:** interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

**Treasury bond:** interest-bearing obligations issued by the U.S. Treasury with maturities ranging from 10 to 30 years from the date of issue.

**Treasury STRIPS:** U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

**Treasury TIPS:** U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.

**VARIABLE AND FLOATING RATE SECURITIES:** Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

**VOLATILITY:** The degree of fluctuation in the price and valuation of securities.

**YIELD:** The current rate of return on an investment security generally expressed as a percentage of the securities current price.

**ZERO COUPON SECURITIES:** Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



**May 14, 2025**

**To:** Finance and Administration Committee

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

**Subject:** Fiscal Year 2024-25 Third 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 third quarter of fiscal year 2024-25, covering January through March 2025.

### **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 third quarter, three grant agreements were executed.

California Department of Toxic Substances Control Equitable Community Revitalization Grant (ECRG). OCTA received \$350,000 to evaluate environmental conditions along the former Pacific Electric corridor between the cities of Garden Grove and Santa Ana. The assessment supports efforts to reclaim the corridor for an active transportation trail and identify any environmental impacts from past railroad use.

Fiscal year (FY) 2024 Transit Security Grant Program (TSGP). OCTA executed an agreement to receive \$116,600 in TSGP funds to support the OCTA Transit Police Services Visible Intermodal Prevention and Response.

FY 2025 Road Maintenance and Rehabilitation Account. OCTA executed a grant agreement with the California Department of Transportation to secure \$200,000 in competitive sustainable communities grant funds. These funds will be used to update OCTA's current Zero-Emission Bus Rollout Plan.

**Current Grant Agreements:**

OCTA has 14 Federal Transit Administration (FTA) formula grant agreements and two FTA discretionary grant agreements.

The 14 FTA formula grant agreements have a total federal amount of \$273.1 million. A total of \$223.7 million has been reimbursed, leaving a balance of approximately \$49.4 million. The balance of these FTA formula grant agreements will primarily fund bus operations, the OC Streetcar project, and rail rehabilitation projects.

The two FTA discretionary grant agreements have a total federal amount of \$149.9 million. This includes the full funding grant agreement award of \$148.9 million. A total of \$136.8 million has been reimbursed, leaving a balance of \$13.1 million. The balance of these FTA discretionary grant agreements will primarily fund the OC Streetcar project.

The total FTA formula and discretionary grant agreements amount to \$423 million. The total amount reimbursed through the third quarter under these grant agreements is \$360.6 million, leaving a balance of \$62.4 million. These grant agreements are summarized in Attachment A.

OCTA has 31 active State and Federal Highway Administration formula grant agreements that total \$259.9 million. The total amount reimbursed through the third quarter under these agreements is \$60 million, leaving a balance of \$199.9 million. These grant agreements are summarized in Attachment B.

In addition, OCTA has 24 active state discretionary grant agreements totaling approximately \$74.8 million. The total amount reimbursed through the third quarter under these other agreements is \$34.4 million, leaving a balance of \$40.4 million. These grant agreements are summarized in Attachment C.

This report is as of March 31, 2025. 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 five grant agreements totaling \$221.3 million that were closed out in the third quarter of FY 2024-25.

These grant agreements are summarized in Attachment D.

**Summary**

This report provides an update of the grant agreement-funded activities for the third quarter of FY 2024-25, January through March 2025. Staff recommends this report be received and filed as an information item.

**Attachments**

- A. Third Quarter Grant Reimbursement Status Report, January through March 2025, Federal Transit Administration (FTA) Formula and Discretionary Grant Agreements
- B. Third Quarter Grant Reimbursement Status Report, January through March 2025, State and Federal Highway Administration Formula Grant Agreements
- C. Third Quarter Grant Reimbursement Status Report, January through March 2025, State Discretionary Grant Agreements
- D. Third Quarter Grant Reimbursement Status Report, January through March 2025, Closed Grant Agreements

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## Third Quarter Grant Reimbursement Status Report

## ATTACHMENT A

January through March 2025

Federal Transit Administration (FTA) Formula and Discretionary Grant Agreements						
	FEDERAL FISCAL YEAR	GRANT NUMBER	FEDERAL AMOUNT	FEDERAL AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
<b>Formula Grants</b>						
<b>FTA Section 5307 - FTA Urbanized Area Formula Grant Program</b>						
1	2022	CA-2023-109	\$ 48,505,333	\$ 45,545,723	\$ 2,959,610	October 2026
<b>FTA Section 5307 Grant Subtotal</b>			<b>\$ 48,505,333</b>	<b>\$ 45,545,723</b>	<b>\$ 2,959,610</b>	
<b>FTA Section 5307 - Federal Funds flexed from the Federal Highway Administration (FHWA)</b>						
2	2017	CA-2017-072	\$ 31,567,405	\$ 31,512,058	\$ 55,347	October 2025
3	2020	CA-2021-010	42,599,378	32,618,984	9,980,394	December 2026
4	2020	CA-2022-082	34,515,000	32,953,508	1,561,492	December 2026
5	2021	CA-2022-170	62,585,945	61,731,115	854,830	August 2026
6	2021	CA-2023-211	3,660,000	1,576,463	2,083,537	January 2027
7	2022	CA-2023-196	1,770,000	777,952	992,048	November 2025
8	2022	CA-2023-220	19,493,998	2,000,000	17,493,998	June 2026
9	2023	CA-2024-048	5,721,000	3,669,613	2,051,387	September 2027
<b>FTA Section 5307 Flexed Grant Subtotal</b>			<b>\$ 201,912,726</b>	<b>\$ 166,839,693</b>	<b>\$ 35,073,033</b>	
<b>FTA Section 5310 - Enhanced Mobility of Seniors &amp; Individuals with Disabilities Grant Program</b>						
10	2023	CA-2024-112	\$ 3,366,773	\$ 0	\$ 3,366,773	May 2027
<b>FTA Section 5310 Grant Subtotal</b>			<b>\$ 3,366,773</b>	<b>\$ 0</b>	<b>\$ 3,366,773</b>	
<b>FTA Section 5337 - State of Good Repair Grant Program</b>						
11	2021	CA-2021-227	\$ 3,274,762	\$ 3,269,961	\$ 4,801	December 2025
12	2023	CA-2024-111	3,972,193	2,267,577	1,704,616	July 2026
<b>FTA Section 5337 Grant Subtotal</b>			<b>\$ 7,246,955</b>	<b>\$ 5,537,538</b>	<b>\$ 1,709,417</b>	
<b>FTA Section 5339 - Buses and Bus Facilities Grant Program</b>						
13	2022	CA-2023-123	\$ 5,951,471	\$ 5,826,512	\$ 124,959	September 2025
14	2023	CA-2024-200	6,134,745	0	6,134,745	May 2027
<b>FTA Section 5339 Grant Subtotal</b>			<b>\$ 12,086,216</b>	<b>\$ 5,826,512</b>	<b>\$ 6,259,704</b>	
<b>FTA Formula Grants Total</b>			<b>\$ 273,118,003</b>	<b>\$ 223,749,466</b>	<b>\$ 49,368,537</b>	

### Third Quarter Grant Reimbursement Status Report

January through March 2025

Federal Transit Administration (FTA) Formula and Discretionary Grant Agreements						
	FEDERAL FISCAL YEAR	GRANT NUMBER	FEDERAL AMOUNT	FEDERAL AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
<b>Discretionary Grants</b>						
<b>FTA Section 5309 - Discretionary Capital Grant Program</b>						
15	2018	CA-2020-281	\$ 913,115	\$ 190,562	\$ 722,553	September 2025
<b>FTA Section 5309 Grant Subtotal</b>			<b>\$ 913,115</b>	<b>\$ 190,562</b>	<b>\$ 722,553</b>	
<b>FTA Section 5309 - Capital Investment Grants - Full Funding Grant Agreement (FFGA)</b>						
16	2019	CA-2019-018	\$ 148,955,409	\$ 136,619,666	\$ 12,335,743	December 2026
<b>FTA Section 5309 FFGA Grant Subtotal</b>			<b>\$ 148,955,409</b>	<b>\$ 136,619,666</b>	<b>\$ 12,335,743</b>	
<b>FTA Discretionary Grants Total</b>			<b>\$ 149,868,524</b>	<b>\$ 136,810,228</b>	<b>\$ 13,058,296</b>	
<b>Total FTA Formula and Discretionary Grant Agreements</b>			<b>\$ 422,986,527</b>	<b>\$ 360,559,694</b>	<b>\$ 62,426,833</b>	

#### 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.



## Third Quarter Grant Reimbursement Status Report

## ATTACHMENT B

January through March 2025

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
<b>National Highway Performance Program</b>						
1	2024	Interstate 5, Segment 1, Interstate 405 to Yale Avenue (ROW)	\$ 5,420,508	\$ 13,168	\$ 5,407,340	April 2026
<b>NHPP Subtotal</b>			<b>\$ 5,420,508</b>	<b>\$ 13,168</b>	<b>\$ 5,407,340</b>	
<b>Congestion Mitigation &amp; Air Quality (CMAQ) - Federal Highway Administration CMAQ Grant Program</b>						
2	2023	Countywide Signal Synchronization	\$ 15,000,000	\$ 815,255	\$ 14,184,745	June 2028
<b>CMAQ Subtotal</b>			<b>\$ 15,000,000</b>	<b>\$ 815,255</b>	<b>\$ 14,184,745</b>	
<b>State Transportation Block Grant (STBG) - Federal Highway Administration Grant Program - STBG</b>						
3	2019	Interstate 5, Orange/San Diego County Line to Avenida Pico (PA/ED)	\$ 6,407,000	\$ 4,764,361	\$ 1,642,639	June 2025
4	2019	State Route 55, Interstate 405 to Interstate 5 (ROW)	49,387,088	10,534,931	38,852,157	June 2026
5	2020	Interstate 5 Segment 1, State Route 73 to Oso Parkway (CON)	3,984,000	3,942,500	41,500	June 2025
6	2020	Interstate 5, Yale to State Route 55 (PS&E)	10,900,000	10,476,749	423,251	June 2025
7	2022	State Route 55, Interstate 405 to Interstate 5 (ROW Utility Relocation)	28,833,069	6,337,832	22,495,237	June 2026
8	2022	State Route 55, Interstate 405 to Interstate 5 (ROW)	60,859,718	3,609,749	57,249,969	June 2026
9	2022	State Route 55, Interstate 5 to State Route 91 (PS&E)	2,140,755	1,772,002	368,753	June 2027
10	2023	Interstate 5, Yale to State Route 55 (ROW)	14,646,368	0	14,646,368	June 2025
<b>STBG Subtotal</b>			<b>\$ 177,157,998</b>	<b>\$ 41,438,124</b>	<b>\$ 135,719,874</b>	
<b>Low Carbon Transit Operations Program (LCTOP) - California Department of Transportation (CALTRANS)</b>						
11	2022	Bravo! 553 Operating Assistance	\$ 510,000	\$ 438,587	\$ 71,413	June 2025
12	2022	Youth Ride Free Program	11,882,781	8,570,521	3,312,260	June 2026
13	2023	Garden Grove Hydrogen Fueling Station (CON)	9,664,388	0	9,664,388	February 2027
<b>LCTOP Subtotal</b>			<b>\$ 22,057,169</b>	<b>\$ 9,009,107</b>	<b>\$ 13,048,061</b>	
<b>Highway Infrastructure Program (HIP)</b>						
14	2022	State Route 55, Interstate 5 to State Route 91 (PS&E)	\$ 3,359,000	\$ 2,780,400	\$ 578,600	June 2027
15	2022	State Route 57, Orangewood Avenue to Katella Ave (PS&E)	2,790,000	2,599,953	190,047	June 2025
<b>HIP Subtotal</b>			<b>\$ 6,149,000</b>	<b>\$ 5,380,353</b>	<b>\$ 768,647</b>	
<b>State Transportation Improvement Plan (STIP) Programming, Planning &amp; Monitoring (PPM)</b>						
16	2023	PPM Program	\$ 1,848,000	\$ 333,966	\$ 1,514,034	December 2025
17	2024	PPM Program	515,000	0	515,000	December 2026
<b>STIP PPM Subtotal</b>			<b>\$ 2,363,000</b>	<b>\$ 333,966</b>	<b>\$ 2,029,034</b>	

### Third Quarter Grant Reimbursement Status Report

January through March 2025

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
<b>Senate Bill 1 (SB1): State of Good Repair (SGR)</b>						
18	2020	Transit Security Operation Center (CON)	\$ 2,560,021	\$ 234,234	\$ 2,325,787	April 2027
19	2021	Electrical Service for Hydrogen Fueling Station at Santa Ana Bus Base	535,491	482,155	53,336	August 2025
20	2021	Transit Security Operation Center (CON)	2,011,278	0	2,011,278	April 2027
21	2022	Transit Security Operation Center (CON)	6,416,264	0	6,416,264	April 2027
22	2023	Heating-Ventilation Unit Replacements at Santa Ana Bus Base (CON)	1,150,000	0	1,150,000	June 2027
23	2023	Transit Security Operation Center (CON)	5,435,423	0	5,435,423	April 2027
24	2024	Bus Hoist Replacement at Irvine Sand Canyon Bus Base (CON)	395,000	81,809	313,191	June 2025
25	2024	Heating-Ventilation Unit Replacements at Santa Ana Bus Base (CON)	1,190,000	0	1,190,000	June 2027
26	2024	Installation of battery-electric chargers at Santa Ana Base (CON)	1,500,000	0	1,500,000	July 2026
27	2024	Painting and Coating at Laguna Hills Transportation Center (CON)	535,000	331,669	203,331	December 2025
28	2024	San Clemente Track Protection Mile Post 204.6 (CON)	2,500,000	1,045,189	1,454,811	December 2026
29	2025	Heating-Ventilation Unit Replacements at Santa Ana Bus Base (CON)	505,519	0	505,519	June 2027
30	2025	San Juan Creek Bridge Replacement Mile Post 197.9 (CON)	5,578,000	0	5,578,000	February 2027
31	2025	Security Gates (CON)	1,466,311	862,729	603,582	January 2026
<b>SB1 SGR Subtotal</b>			<b>\$ 31,778,307</b>	<b>\$ 3,037,785</b>	<b>\$ 28,740,523</b>	
<b>Total State and Federal Highway Administration Formula Grant Agreements</b>			<b>\$ 259,925,982</b>	<b>\$ 60,027,758</b>	<b>\$ 199,898,224</b>	

#### 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.

## Third Quarter Grant Reimbursement Status Report

January through March 2025

State Discretionary Grant Agreements						
	FISCAL YEAR	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
<b>Equitable Community Revitalization Grant (ECRG)</b>						
1	2025	OC Connect Garden Grove - Santa Ana Rails to Trails	\$ 350,000	\$ 818	\$ 349,182	September 2026
<b>ECRG Subtotal</b>			<b>\$ 350,000</b>	<b>\$ 818</b>	<b>\$ 349,182</b>	
<b>Active Transportation Program (ATP)</b>						
2	2021	Rails to Trails	\$ 3,000,000	\$ 1,787,248	\$ 1,212,752	June 2026
<b>ATP Subtotal</b>			<b>\$ 3,000,000</b>	<b>\$ 1,787,248</b>	<b>\$ 1,212,752</b>	
<b>Transit and Intercity Rail Capital Program (TIRCP)</b>						
3	2021	Irvine Station (PA/ED)	\$ 5,500,000	\$ 1,013,448	\$ 4,486,552	February 2026
<b>TIRCP Subtotal</b>			<b>\$ 5,500,000</b>	<b>\$ 1,013,448</b>	<b>\$ 4,486,552</b>	
<b>Transit Security Grant Program (TSGP) - State Office of Homeland Security</b>						
4	2025	Visible Intermodal Prevention & Response and Counter Terrorism Team Operations	\$ 116,600	\$ 0	\$ 116,600	August 2027
<b>TSGP Subtotal</b>			<b>\$ 116,600</b>	<b>\$ 0</b>	<b>\$ 116,600</b>	
<b>Senate Bill 1 (SB1): Local Partnership Program (LPP)</b>						
5	2023	Interstate 5, Segment 1, Interstate 405 to Yale Avenue (PS&E)	\$ 7,395,000	\$ 5,435,673	\$ 1,959,327	June 2025
6	2023	Interstate 5, Segment 1, Interstate 405 to Yale Avenue (ROW)	3,979,000	11,022	3,967,978	June 2025
<b>SB1 LPP Subtotal</b>			<b>\$ 11,374,000</b>	<b>\$ 5,446,695</b>	<b>\$ 5,927,305</b>	
<b>SB 1: Solutions for Congested Corridors Program (SCCP)</b>						
7	2019	Edinger Avenue Signal Synchronization (CON)	\$ 4,957,000	\$ 1,463,562	\$ 3,493,438	March 2026
8	2020	Bravo! Main Street Rapid Bus Purchase (CON)	4,331,000	4,330,400	600	June 2025
9	2020	MacArthur Avenue Signal Synchronization (CON)	2,951,200	1,292,397	1,658,803	April 2026
10	2020	Warner Avenue Signal Synchronization (CON)	4,092,000	3,119,901	972,099	July 2026
11	2021	Bus Stop Improvements - Main St. (CON)	230,000	130,628	99,372	December 2026
<b>SB1 SCCP Subtotal</b>			<b>\$ 16,561,200</b>	<b>\$ 10,336,888</b>	<b>\$ 6,224,312</b>	
<b>SB 1: Planning Grants (PL)</b>						
12	2023	Transportation Demand Management Plan	\$ 150,000	\$ 89,670	\$ 60,330	June 2025
13	2025	Zero-Emission Bus Transition Plan	200,000	0	200,000	August 2027
<b>SB1 PL Subtotal</b>			<b>\$ 350,000</b>	<b>\$ 89,670</b>	<b>\$ 260,330</b>	
<b>Regional Early Action Planning (REAP)</b>						
14	2023	Bikeway Connectivity Study (PSR)	\$ 499,622	\$ 42,905	\$ 456,717	November 2025
15	2023	First Street Traffic Signal Prioritization and Bike Study	4,300,000	0	4,300,000	November 2025
16	2023	Fullerton Park and Ride Transit Oriented Development Site Design Concepts (PSR)	474,575	178,609	295,966	November 2025

**Third Quarter Grant Reimbursement Status Report**  
**January through March 2025**

State Discretionary Grant Agreements						
	FISCAL YEAR	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
17	2023	Harbor Boulevard Connected Bus Corridor (Stage II)	2,376,745	0	2,376,745	November 2025
18	2023	Marketing Outreach Support (PSR)	399,058	44,816	354,242	November 2025
19	2023	McFadden Avenue Traffic Signal Prioritization Implementation	3,690,000	0	3,690,000	November 2025
20	2023	Next Safe Travels Education Program (STEP) 2.0	1,250,000	126,000	1,124,000	November 2025
21	2023	Orange County Mobility Hubs Pilot Concept of Operations	300,000	0	300,000	November 2025
<b>REAP Subtotal</b>			<b>\$ 13,290,000</b>	<b>\$ 392,330</b>	<b>\$ 12,897,670</b>	
<b>Strengthening Mobility and Revolutionizing Transportation (SMART)</b>						
22	2022	Harbor Boulevard Pilot Traffic Signal Prioritization	\$ 1,600,000	\$ 281,727	\$ 1,318,273	September 2025
<b>SMART Subtotal</b>			<b>\$ 1,600,000</b>	<b>\$ 281,727</b>	<b>\$ 1,318,273</b>	
<b>State Highway Operation and Protection Program (SHOPP)</b>						
23	2018	State Route 55, Interstate 405 to Interstate 5 (ROW Utility Relocation)	\$ 6,304,461	\$ 1,109,241	\$ 5,195,220	June 2025
24	2018	State Route 55, Interstate 405 to Interstate 5 (ROW)	16,395,539	14,002,034	2,393,505	June 2025
<b>SHOPP Subtotal</b>			<b>\$ 22,700,000</b>	<b>\$ 15,111,275</b>	<b>\$ 7,588,725</b>	
<b>Total State Discretionary Grant Agreements</b>			<b>\$ 74,841,800</b>	<b>\$ 34,460,100</b>	<b>\$ 40,381,700</b>	

**Project Phases:**

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**Third Quarter Grant Reimbursement Status Report**  
**January through March 2025**

**Closed Grant Agreements**

	FISCAL YEAR (FY)	FUNDING SOURCE	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE
1	2023	FTA Section 5307	FTA CA-2024-094	\$ 68,943,055	\$ 68,943,055	\$ 0
2	2021	LCTOP	College Fare Program for Orange Coast College	206,152	206,152	0
3	2021	LCTOP	Welcome Back Fare Reduction Program	1,219,447	1,219,447	0
4	2024	SB1 SGR	Security Gates (CON)	1,061,463	1,061,463	0
5	2023	TIRCP	OC Streetcar (CON)	149,841,000	149,841,000	0
<b>Total Closed Grants</b>				<b>\$ 221,271,117</b>	<b>\$ 221,271,117</b>	<b>\$ 0</b>

**Funding Source Notes**

FTA Section 5307 - Federal Transit Administration Urbanized Area Formula Grant Program  
 Low Carbon Transit Operations Program (LCTOP) - California Department of Transportation  
 (CALTRANS)

Transit and Intercity Rail Capital Program (TIRCP)

Senate Bill 1: State of Good Repair (SB1 SGR)

**Project Phases:**

CON- Construction, Construction Management, Construction  
 Engineering or Force Account expenses.