



# **AGENDA**

## ***Finance and Administration Committee Meeting***

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### **Committee Members**

Andrew Do, Chairman  
Richard Murphy, Vice Chairman  
Michael Hennessey  
Steve Jones  
Todd Spitzer  
Michelle Steel

Orange County Transportation Authority  
Headquarters  
550 South Main Street  
Board Room – Conf. Room 07  
Orange, California

**Wednesday, July 25, 2018 at 10:30 a.m.**

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

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.

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.

### **Call to Order**

### **Pledge of Allegiance**

Director Jones

### **1. Public Comments**

### **Special Calendar**

### **2. Taxable Sales Forecast - Chapman University - Raymond Sfeir, PhD, Professor of Economics** Sam Kaur/Andrew Oftelie

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 2018. Raymond Sfeir, PhD, from Chapman University will provide an update on the annual forecast and economic outlook for Orange County to the Finance and Administration Committee.



## **Consent Calendar (Items 3 through 11)**

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.

### **3. Approval of Minutes**

Approval of the minutes of the Finance and Administration Committee meeting of July 11, 2018.

### **4. Fiscal Year 2017-18 Internal Audit Plan, Fourth Quarter Update** Janet Sutter

#### **Overview**

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2017-18 Internal Audit Plan on August 14, 2017. This update is for the fourth quarter of the fiscal year.

#### **Recommendation**

Receive and file the fourth quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2017-18 Internal Audit Plan as an information item.

### **5. Local Agency Investment Fund - June 2018** Rodney Johnson/Andrew Oftelie

#### **Overview**

The Orange County Transportation Authority invests a portion of its liquid portfolio in the State of California Local Agency Investment Fund. Each month, the State Treasurer's office publishes a report detailing the composition of the pool. The attached summary statements from the report are for the month ending June 30, 2018. The report has been reviewed and is consistent with the investment practices of the State Treasurer's Office.

#### **Recommendation**

Receive and file as an information item.



**6. Orange County Treasurer's Management Report - June 2018**  
Rodney Johnson/Andrew Oftelie

**Overview**

The Orange County Transportation Authority invests a portion of its liquid portfolio in the Orange County Investment Pool. Each month, the Orange County Treasurer publishes a comprehensive report detailing the composition of the pool and the prevailing economic and market conditions. The attached Treasurer's Management Report for the Orange County Investment Pool is for the month ending June 30, 2018. The report has been reviewed and is consistent with the investment practices of the Orange County Treasurer.

**Recommendation**

Receive and file as an information item.

**7. Orange County Transportation Authority Investment and Debt Programs Report - June 2018**  
Rodney Johnson/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 June 30, 2018. The report has been reviewed and is consistent with the investment practices contained in the Investment Policy. During the month of June 2018, Moody's downgraded the rating for Union Pacific Corp. to Baa1 from A3 in the Logan Circle portfolio, which fell below the minimum credit requirement. After review by the Treasurer, the security was liquidated from the portfolio.

**Recommendation**

Receive and file as an information item.



**8. Fourth Quarter Fiscal Year 2017-18 Procurement Status Report**  
Virginia Abadessa/Andrew Oftelie

**Overview**

The fourth quarter procurement status report summarizes the procurement activities for information purposes to the Orange County Transportation Authority Board of Directors. This report focuses on procurement activities from April 1 through June 30, 2018, that were approved by the Board of Directors during this period. The fourth quarter procurement status report also projects future procurement activities for the first quarter as identified in the fiscal year 2018-19 budget.

**Recommendation**

Receive and file as an information item.

**9. OC Flex Update and Proposed Fare**  
Sam Kaur/Andrew Oftelie

**Overview**

Orange County Transportation Authority plans to implement a pilot micro-transit service branded as OC Flex in two areas within Orange County. This report provides an implementation update, as well as information on the proposed fares for the service.

**Recommendation**

Approve the OC Flex fare of \$5.00 for onboard cash paying customers or \$4.50 for customers that use prepaid fare media.

**10. Fiscal Year 2018-19 Budget Amendment**  
Victor Velasquez/Andrew Oftelie

**Overview**

The budget authority for the purchase of the OC Streetcar vehicles was included in last year's budget. However, negotiations on this contract were finalized shortly after the start of the new fiscal year. Staff proposes to amend the Orange County Transportation Authority Fiscal Year 2018-19 Budget in order to properly align the actuals and budget authority in the same fiscal year.



**10. (Continued)**

**Recommendation**

Amend the Orange County Transportation Authority's Fiscal Year 2018-19 Budget by \$51,527,520, to accommodate Agreement No. C-6-1445, for the purchase of eight streetcar vehicles, spare parts, and special tooling for the OC Streetcar project.

**11. New York Meetings Update - June 2018**

Jennifer Matano/Andrew Oftelie

**Overview**

Since the early 1990s, the Orange County Transportation Authority has maintained an active investor relations program. As part of this program, each year the Orange County Transportation Authority conducts a series of meetings with the rating agencies and financial institutions in New York, New York. This year, the meetings took place on Thursday and Friday, June 21- 22, 2018.

**Recommendation**

Receive and file as an information item.

**Regular Calendar**

**12. Interstate 405 Improvement Project: Project Management Contracts, Internal Audit Report No. 18-505**

Serena Ng/Janet Sutter

**Overview**

The Internal Audit Department has completed an audit of oversight controls and contract compliance related to the project management contracts for the Interstate 405 Improvement Project. Based on the audit, billed labor rates complied with the contracts; however, there is excessive use of labor classifications and a lack of controls over labor rate increases for personnel billed within these classifications. There were also concerns related to oversight of consultant staff time.



**12. (Continued)**

Consultants were procured in compliance with policy and contract amendments were approved as required; however, amendments have been back-dated outside the limits outlined in procedures. Finally, while cost estimates are submitted to support amendments to increase the contract maximum obligation, management does not validate all of the listed labor rates to payroll registers.

**Recommendation**

Direct staff to implement four recommendations provided in Interstate 405 Improvement Project: Project Management Contracts, Internal Audit Report No. 18-505.

**Discussion Items**

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

**14. Committee Members' Reports**

**15. Closed Session**

There are no Closed Session items scheduled.

**16. Adjournment**

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, August 22, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.