



# ***REVISED AGENDA***

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

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### **Committee Members**

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

Orange County Transportation Authority  
Headquarters

550 South Main Street, Board Room –  
Conf. Room 07, Orange, California

**Wednesday, March 8, 2017 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 Hennessey

#### **1. Public Comments**

#### **Special Calendar**

There are no Special Calendar matters.

#### **Consent Calendar (Items 2 through 10)**

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.



# **REVISED AGENDA**

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

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### **2. Approval of Minutes**

Approval of the minutes of the February 8, 2017 Finance and Administration Committee meeting.

### **3. Budget Development, Monitoring, and Reporting, Internal Audit Report No. 16-509**

Serena Ng/Janet Sutter

#### **Overview**

The Internal Audit Department has completed an audit of budget development, monitoring, and reporting. Based on the audit, controls are generally adequate; however, recommendations were made to enhance and expand written procedures, to improve controls over salary grade changes, to adhere to the Position Control Policy, and to improve estimates and explanations included with the Sole Source List.

#### **Recommendation**

Direct staff to implement four recommendations provided in Budget Development, Monitoring, and Reporting, Internal Audit Report No. 16-509.

### **4. Local Agency Investment Fund - January 2017**

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 January 31, 2017. 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.



# **REVISED AGENDA**

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

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**5. Orange County Treasurer's Management Report - January 2017**  
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 January 31, 2017. 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.

**6. Orange County Transportation Authority Investment and Debt Programs - January 2017**  
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 January 31, 2017. 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.



# **REVISED AGENDA**

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

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- 7. Approval of Local Transportation Fund Fiscal Year 2017-18 Apportionment Estimates**  
Rene Vega/Andrew Oftelie

### **Overview**

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2017-18 be determined and prospective claimants be advised of the amounts.

### **Recommendation**

Approve the Local Transportation Fund Fiscal Year 2017-18 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund for the following fiscal year.

- 8. Fiscal Year 2016-17 Second Quarter Grant Reimbursement Status Report**  
Rene Vega/Andrew Oftelie

### **Overview**

The Quarterly Grant Reimbursement Status Report summarizes grant activities for information purposes for the Orange County Transportation Authority Board of Directors. This report focuses on activity for the period of October through December 2016.

### **Recommendation**

Receive and file as an information item.





# **REVISED AGENDA**

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

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### **9. Agreement for Cyber Security Assessment** Mike Bosche/Andrew Oftelie

#### **Overview**

Consultant services are needed to perform a cyber security assessment of the Orange County Transportation Authority's industrial control systems and related networks. Proposals were received and evaluated in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Approval is requested to execute a new agreement for these services.

#### **Recommendations**

- A. Approve the selection of Ankura Consulting Group, LLC, as the firm to provide cyber security assessment services for the Orange County Transportation Authority's industrial control systems and related networks.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-6-1489 between the Orange County Transportation Authority and Ankura Consulting Group, LLC, in the amount of \$300,000, to provide cyber security assessment services for the Orange County Transportation Authority's industrial control systems and related networks for a one-year term.

### **10. Agreement for Treasury Management Software System** Rodney Johnson/Andrew Oftelie

#### **Overview**

Consultant services are needed to provide a treasury management software system to assist in the compliance monitoring, performance measurement, audit, and reporting of the Orange County Transportation Authority's investment portfolio. One proposal was received and evaluated in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Director's approval is requested to execute an agreement for these services.



# **REVISED AGENDA**

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

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### **10. (Continued)**

#### **Recommendations**

- A. Approve the selection of Clearwater Analytics, LLC, as the firm to provide a treasury management software system.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-6-1547 between the Orange County Transportation Authority and Clearwater Analytics, LLC, in the amount of \$588,306, for a five-year term, effective April 1, 2017 through March 31, 2022, to provide a treasury management software system.

### **Regular Calendar**

#### **11. Fiscal Year 2016-17 Second Quarter Budget Status Report** Scott Arbuckle/Andrew Oftelie

##### **Overview**

The Orange County Transportation Authority's staff has implemented the fiscal year 2016-17 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the second quarter of fiscal year 2016-17.

##### **Recommendation**

Receive and file as an information item.



# ***REVISED AGENDA***

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

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### **Discussion Items**

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

**13. Committee Members' Reports**

**14. Closed Session**

There are no Closed Session items scheduled.

**15. Adjournment**

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, March 22, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.



# MINUTES

## *Finance and Administration Committee Meeting*

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### **Committee Members Present**

Steve Jones, Vice Chairman  
Richard Murphy  
Todd Spitzer  
Michelle Steel

### **Staff Present**

Darrell Johnson, Chief Executive Officer  
Ken Phipps, Deputy Chief Executive Officer  
Laurena Weinert, Clerk of the Board  
Gina Claridge, Deputy Clerk of the Board  
James Donich, General Counsel  
Members of the Public

### **Committee Members Absent**

Andrew Do, Chairman  
Michael Hennessey  
Miguel Pulido

## **Call to Order**

The February 8, 2017 regular meeting of the Finance and Administration Committee was called to order by Committee Vice Chairman Jones at 10:30 a.m.

## **Pledge of Allegiance**

Director Murphy led in the Pledge of Allegiance.

### **1. Public Comments**

No public comments were received.

## **Special Calendar**

### **2. Committee Meeting 2017 Schedule**

Darrell Johnson, Chief Executive Officer (CEO), lead a discussion regarding the proposed 2017 committee meeting schedule for Finance and Administration Committee, highlighting three proposed changes in the months of January, August, and December.

A motion was made by Director Spitzer, seconded by Director Murphy, and declared passed by those present, to approve the 2017 Finance and Administration Committee meeting calendar.



# MINUTES

## *Finance and Administration Committee Meeting*

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### **3. Roles and Responsibilities of the Finance and Administration Committee**

Darrell Johnson, CEO, reported that the roles and responsibilities for each committee are reviewed periodically for changes or additions, and there were no recommended changes.

Mr. Johnson, CEO, noted that at the Regional Planning and Highways Committee meeting, Director Spitzer requested language be added to include future managed lanes network studies.

A motion was made by Director Spitzer, seconded by Director Murphy, and declared passed by those present, to approve the roles and responsibilities of the Finance and Administration Committee.

### **Consent Calendar (Items 4 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.

### **4. Approval of Minutes**

A motion was made by Director Spitzer, seconded by Director Murphy, and declared passed by those present, to approve the minutes of the January 11, 2017 meeting.

Director Murphy abstained from voting on this item due to not being in attendance for the meeting.

### **5. Audit Responsibilities of the Finance and Administration Committee**

A motion was made by Director Spitzer, seconded by Committee Vice Chairman Jones, and declared passed by those present, to approve the Audit Responsibilities of the Finance and Administration Committee.



# MINUTES

## *Finance and Administration Committee Meeting*

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### **6. 91 Express Lanes Property Insurance Renewal**

Director Spitzer pulled this item to inquire on the competitive bid process for the property coverage for the 91 Express Lanes.

Al Gorski, Manager of Risk Management, provided an overview of the bid process for property, flood, and earthquake coverage, coverage periods, rebuilding in the event of a flood, and loss of operation costs.

A motion was made by Director Spitzer, seconded by Director Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A36602, in the amount of \$500,000, to Marsh Risk and Insurance Services, Inc., to purchase the 91 Express Lanes' property, flood, and earthquake insurance on behalf of the Orange County Transportation Authority for the policy period of March 1, 2017 to March 1, 2018.

### **7. Orange County Treasurer's Management Report - December 2016**

A motion was made by Director Spitzer, seconded by Committee Vice Chairman Jones, and declared passed by those present, to receive and file as an information item.

### **8. Local Agency Investment Fund - December 2016**

A motion was made by Director Spitzer, seconded by Committee Vice Chairman Jones, and declared passed by those present, to receive and file as an information item.

### **9. Second Quarter Fiscal Year 2016-17 Procurement Status Report**

A motion was made by Director Spitzer, seconded by Committee Vice Chairman Jones, and declared passed by those present, to receive and file as an information item.

### **10. Orange County Transportation Authority Investment and Debt Programs - December 2016**

A motion was made by Director Spitzer, seconded by Committee Vice Chairman Jones, and declared passed by those present, to receive and file as an information item.



# MINUTES

## *Finance and Administration Committee Meeting*

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### **11. Fiscal Year 2016-17 Internal Audit Plan, Second Quarter Update**

A motion was made by Director Spitzer, seconded by Committee Vice Chairman Jones, and declared passed by those present, to receive and file the second quarter update to the Orange County Transportation Authority Fiscal Year 2016-17 Internal Audit Plan as an information item.

### **Regular Calendar**

### **12. Status of Coach Operator Health Insurance Benefits Audit**

Janet Sutter, Executive Director of Internal Audit, provided an overview of Article 40 of the Coach Operator Agreement with Teamsters Local 952 (Teamsters).

Director Spitzer inquired who has the fiduciary obligation to Orange County Transportation Authority (OCTA).

James Donich, General Counsel, stated the contract is with Teamsters, and the contractual agreement sets forth certain standards that Teamsters enter into with the trust. He stated that, OCTA has audit rights under the contract and as part of the audit, to ensure the contributions OCTA is making to the Labor Alliance Managed Trust Fund (Labor Alliance) is for the purpose of providing coach operators and their family health insurance.

Mr. Donich, General Counsel, stated in June and July 2016, the Internal Audit Department (Internal Audit) notified Teamsters, Labor Alliance, and DMC Insurance Administrators (DMC), in writing, of the intent to conduct an audit and requested specific records to be provided. Mr. Donich stated that on September 1, 2016, the DMC representative indicated that detailed account records would not be provided because pricing information is proprietary.

Mr. Donich also reported DMC's response was that, subject to the execution of a Confidentiality Agreement, records would be provided for inspection at their offices in Pleasanton, California. Mr. Donich also provided additional background on discussions with Labor Alliance's legal counsel.

David Gordillo, President of DMC Insurance Administrators, the third party administrator for Labor Alliance, provided background on the trust fund requirements completed annually for the monthly reconciliation.



# MINUTES

## *Finance and Administration Committee Meeting*

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### **12. (Continued)**

A lengthy discussion ensued regarding the independent auditor, Lindquist and Company, Form 500 Series reported to the Department of Labor, language in the collective bargaining agreement, Confidentiality Agreement, and the Health Insurance Portability and Accountability Act.

Staff was directed to return to the Finance and Administration Committee on March 8, 2017, with an update on status of the audit provisions extended to the contracted administrators.

### **13. Interstate 405 Improvement Project Financing Update**

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Kirk Avila, Treasurer and General Manager, the 91 Express Lanes, who provided an update on the Interstate 405 (I-405) Improvement Project financing.

Director Spitzer expressed concerns about Moody's Investors Services downgrading the parent company of one member of the Joint Venture (JV) team, OHL USA, Inc., from B3 to Caa1.

James Donich, General Counsel, responded that in the case of the I-405 Improvement Project, the joint venture team is being asked to perform design-build services to construct the project, not provide any equity or their own long-term debt financing. Mr. Donich stated that as long as the vendor provides an adequate monthly invoice, OCTA will pay that invoice within 30 days so there is no material, long-term cash flow responsibility placed on the JV team.

Director Spitzer inquired on who wrote the OC 405 Partners Update and the relevancy of the information. Mr. Avila responded that staff wanted to ensure the Committee and Board was apprised of all actions with the project.

Mr. Johnson, CEO, stated that as part of the procurement process, the firms were required to notify OCTA of any change in their financial position. Mr. Johnson reported that OHL notified staff in a timely manner with their financial change, and discussed what is being done to monitor the situation.

Following the discussion, no action was taken on this receive and file information item.





# MINUTES

## *Finance and Administration Committee Meeting*

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### **Discussion Items**

#### **14. Bus Program Assumptions**

Mr. Johnson, CEO, provided opening comments and introduced Sean Murdock, Director of Finance and Administration, who provided a PowerPoint presentation on the following:

- Demand for Bus Service;
- Fixed-Route Ridership;
- Potential Options To Address Demand;
- Sales Tax Methodology;
- Plan Going Forward, and;
- Calendar.

Director Spitzer expressed his concerns about declining bus ridership and the urgency to change the model; as well as sustain and grow ridership in the core areas.

Mr. Johnson, CEO, stated staff is working with State Legislator and other jurisdictions regarding how sales tax revenues are calculated within the Transportation Development Act (TDA), and review greater attention and efficiencies to the issue.

A lengthy discussion ensued regarding reduced fixed-route service, infusion of a one-time transfer of funds, review of administrative and capital support costs, new sales tax methodology, exploration of alternative service delivery models for low productivity areas, review of the paratransit program, revision of the capital plan, and how to sustain and grow ridership in core areas.

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

- On Sunday, February 12<sup>th</sup>, the February bus service change will take place, and the newest "Xpress Route 53X" will go into service on Monday, February 13<sup>th</sup>.
- On February 2<sup>nd</sup>, he participated in The California Foundation on the Environment and the Economy conference and presented on the success of the 91 Express Lanes and how OCTA is financing and funding the Interstate 405 Express Lanes.



# MINUTES

## *Finance and Administration Committee Meeting*

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### **16. Committee Members' Reports**

There were no Committee Member's reports.

### **17. Closed Session**

There were no Closed Session items scheduled.

### **18. Adjournment**

The meeting adjourned at 11:53 a.m.

The **Wednesday, February 22, 2017** meeting of this Committee has been cancelled. The next regularly scheduled meeting will be held at **10:30 a.m. on Wednesday, March 8, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

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Gina Claridge  
Deputy Clerk of the Board

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Steve Jones  
Committee Vice Chairman



**March 8, 2017**

**To:** Finance and Administration Committee

**From:** Darrell Johnson, Chief Executive Officer  
Janet Sutter, Executive Director  
Internal Audit Department

**Subject:** Budget Development, Monitoring, and Reporting, Internal Audit Report No. 16-509

### **Overview**

The Internal Audit Department has completed an audit of budget development, monitoring, and reporting. Based on the audit, controls are generally adequate; however, recommendations were made to enhance and expand written procedures, to improve controls over salary grade changes, to adhere to the Position Control Policy, and to improve estimates and explanations included with the Sole Source List.

### **Recommendation**

Direct staff to implement four recommendations provided in Budget Development, Monitoring, and Reporting, Internal Audit Report No. 16-509.

### **Background**

Every year, the Orange County Transportation Authority develops its staffing, operating, and capital plans for the upcoming fiscal year (FY). The product of this effort is an approved FY budget. The Financial Planning and Analysis staff, within the Finance and Administration Division (F&A) is responsible for inputting budget assumptions, providing training and support to the user departments, meeting with project management and executive management, and addressing concerns from committees prior to the public hearing.

Also, as part of the budget, the Human Resources and Organizational Development Division (HROD) submits an annual Personnel and Salary Resolution (P&SR) for Board of Directors (Board) approval. The P&SR outlines general policies regarding employment practices, employee benefits,

compensation, and salary structure for administrative employees. The FY 2016-17 P&SR included changes in salary grades for multiple classifications, along with a statement that the changes resulted from a compensation study conducted by a consultant.

Also, in conjunction with approving the budget, the Board approves an annual Sole Source List developed by the Information Systems Department within F&A. The Sole Source List contains details of software and hardware licensing and maintenance agreements that have been executed with developers on a sole source basis.

Quarterly, F&A staff prepare and submit quarterly budget status reports to the Finance and Administration Committee and the Board.

### ***Discussion***

Budget policies, calendars, and forms are maintained; however, there are no written procedures on the development of salary and benefit budget assumptions and the budget transfer process. In addition, the Internal Audit Department (Internal Audit) identified some salary and benefit budget assumptions that appear to overstate budget expenditures. Finally, written procedures for budget to actual reporting include requirements to investigate variances in individual projects exceeding a set threshold; however, several projects with variances exceeding the threshold were not investigated. Internal Audit recommended that F&A develop certain procedures, including re-evaluating and documenting budget assumptions and requiring specific approvals for special budget transfers. Also, F&A should ensure that project variances are investigated as required by procedures. F&A agreed to re-evaluate and document salary and benefit budget assumptions and to outline approvals for budget transfers requiring explanation for special circumstances. Finally, F&A advised that investigation requirements will be clarified and adhered to.

The Board-approved P&SR included upgrades to job classifications which were attributed to a consultant-prepared compensation study; however, Internal Audit found that the consultant's final report did not include a listing of grade change recommendations. Rather, HROD staff asserted that the recommendations were based on schedules provided by the consultant outside of the final report and considered input from management; however, these schedules did not reconcile to either the final report or the P&SR, nor did documentation of management discussions support all recommendations. Internal Audit recommended that procedures be implemented to ensure that changes to salary grade levels are based on reasonable and consistent methodologies and that documentation is

maintained. Changes should also be communicated to management prior to seeking Board approval. HROD responded that they are in the process of obtaining a compensation and market salary data system, which will be utilized to enhance data collection, consistency, and documentation. HROD agreed to communicate P&SR changes to management prior to seeking Board approval.

The Sole Source List identifies the proposed budget for each software and hardware maintenance agreement; however, these proposed budget amounts exceeded the actual amounts budgeted for most items. In addition, one group's maintenance budget was not based on the estimated value of the agreements but on the prior year budget which was overrun. Finally, emergency malware support, which can be provided by multiple vendors, was included on the Sole Source List. Internal Audit recommended that actual budgeted amounts be reflected on the Sole Source List. For services that can be performed by multiple vendors, Internal Audit recommended that the budget package provide an explanation and justification for using the selected vendors. F&A agreed and will show the actual budgeted amount for software and hardware maintenance when the Sole Source List is presented to the Board for approval. F&A will also develop a budget justification for emergency malware support and include it in the budget package.

The Position Control Policy (Policy) and the annual budget indicate that the Board approves positions at the job family level; however, the Policy also allows positions to be filled outside of the job family, which appears to conflict with the former statement. In addition, the Policy allows positions to be dual-filled by two employees with Chief Executive Officer (CEO) approval; however, Internal Audit found that both instances of dual-filling lacked CEO approval. Further, the requirement to borrow a budgeted vacant position when allowing a dual-fill was eliminated, thereby creating the possibility that the total number of employees could exceed the Board-approved number. Finally, an allowed practice is to over-fill a position by borrowing an under-fill or vacancy of another position, but this practice appears contrary to the policy which states that positions must be filled at or below the budgeted level. Internal Audit recommended that management clarify the Policy with regard to Board-approved positions and develop procedures and controls to ensure compliance with the Policy. HROD responded that the Policy will be revised to clarify the approval process and require Board approval for any additions to Director-level executive headcount. Procedures will be reviewed to ensure the total number of employees does not exceed the Board-approved number. In addition, CEO approval will be obtained for recruitments that will result in a dual-fill.

***Summary***

Based on the audit, controls over the budget development, monitoring, and reporting processes are generally adequate; however, four recommendations were made to enhance and expand written procedures, to adhere to the Policy, and to improve estimates and explanations included with the Sole Source List.

***Attachment***

- A. Budget Development, Monitoring, and Reporting, Internal Audit Report No. 16-509

**Prepared by:**

*Serena K. Ng*

Serena Ng  
Senior Manager  
714-560-5938

**Approved by:**

*Janet Sutter*

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

# ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



## Budget Development, Monitoring, and Reporting

### Internal Audit Report No. 16-509

February 15, 2017 (Revised)



**Performed by:** Serena Ng, CPA, Senior Manager  
Janet Sutter, CIA, Executive Director

**Distributed to:** Andrew Oftelie, Executive Director, Finance and Administration  
Maggie McJilton, Executive Director, Human Resources &  
Organizational Development  
Sean Murdock, Bill Mao, Victor Velasquez, Lloyd Sullivan

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Budget Development, Monitoring, and Reporting  
February 15, 2017**

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**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Budget Development, Monitoring, and Reporting  
February 15, 2017**

## **Conclusion**

The Internal Audit Department (Internal Audit) has completed an audit of budget development, monitoring, and reporting. Based on the audit, controls are generally adequate; however, recommendations were made to enhance and expand written procedures, to improve controls over salary grade changes, to adhere to the Position Control Policy (Policy), and to improve estimates and explanations included with the Licensing and Maintenance Agreements Sole Source List (Sole Source List).

## **Background**

Every year, the Orange County Transportation Authority (OCTA) develops its staffing, operating, and capital plans for the upcoming fiscal year (FY). The product of this effort is an approved FY budget. The budget outlines the expected funding sources and expenditures that represent OCTA's year-long commitment to transportation projects and services. In FY 2016-17, the combination of revenues and planned use of prior year designations produced available funding of \$1,161.5 million, while expenditures and designations yielded use of funds for that same amount.

The budget preparation is a seven month-process. Financial Planning and Analysis (FP&A) staff inputs budget assumptions for sales tax, salaries, and benefits, as well as information on grants and non-project related revenues into the BUDBAR system. FP&A hosts six budget user training classes and provides support to user departments during the budget line item entry process. Analysts review all budget requests and host various meetings with project managers as necessary. FP&A staff meets with the Budget Review Committee (BRC), comprised of the Deputy Chief Executive Officer, Executive Director (ED) of Finance and Administration, and ED of Human Resources and Organizational Development, on approximately 12 different occasions to present the proposed budget. Meetings are conducted with the BRC and ED's of each division as necessary. The BRC's recommendations are presented to the Chief Executive Officer (CEO) and workshops are held with executive management and the Board of Directors (Board). FP&A staff attends all OCTA committee meetings between the time of the Board budget workshop and the public hearing to ensure that all questions and concerns are addressed.

During budget development, the Board approves staff positions at the job family level, such as Accountant, which includes Associate, Senior, and Principal Accountant levels. Positions can be filled at or below the salary grade reflected in the budget, following analysis by Human Resources (HR). In addition, according to the Policy, positions listed in the budget can also be filled outside of the job family as long as the filled position is at or below the salary grade budgeted.

In conjunction with approving the budget, the Board approves the Sole Source List and the Personnel and Salary Resolution (P&SR). The Sole Source List contains software

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
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**Budget Development, Monitoring, and Reporting**  
**February 15, 2017**

and hardware licensing and maintenance agreements that are executed with developers on a sole source basis. The P&SR provides the general policies regarding employment practices, employee benefits, compensation, and salary structure for administrative employees. The FY 2016-17 P&SR included changes in salary grades for multiple classifications, along with a statement that the changes resulted from a compensation study conducted by consultants (Arthur J. Gallagher & Company).

On a quarterly basis, FP&A staff reviews OCTA's budget in order to ensure that the budget is being expensed as dictated by the annual budget. FP&A prepares and submits quarterly budget status reports to the Finance and Administration (F&A) Committee and the Board. The reporting is presented by programs: General Fund; Measure M2; Transit; 91 Express Lanes; and Commuter and Urban Rail Endowment.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**INTERNAL AUDIT DEPARTMENT**  
**Budget Development, Monitoring, and Reporting**  
**February 15, 2017**

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

The objectives were to assess the adequacy and effectiveness of controls over the development, monitoring, and reporting of the annual OCTA budget.

The scope included review of the budget development, transfer, and monitoring functions and position controls. The scope also included review of the Sole Source List and the P&SR presented in the Board budget package for FY 2016-17.

The methodology included review of controls over preparation of the annual budget, with testing of selected key budget assumptions for FY 2016-17. Controls over monitoring and quarterly reporting of the annual budget were also reviewed, with testing to ensure that all quarterly budget status reports were submitted to the Board for FY 2014-15 and FY 2015-16. Internal Audit reviewed budget transfers, including testing of a judgmental sample of 25 budget transfers for proper approval and posting. The sample was selected to ensure even coverage throughout the period with an emphasis toward higher-dollar budget transfers. Controls over position control were also reviewed, with testing of a judgmental sample of ten employees hired from July 1, 2015 through September 30, 2016, with a bias toward employees that were hired under a dual-fill arrangement. Internal Audit also reviewed controls over the preparation of the Sole Source List, including a comparison of Sole Source List amounts to budgeted amounts for FY 2016-17. Finally, controls over the preparation of the P&SR were reviewed, with reconciliation of grade changes in the FY 2016-17 P&SR to the compensation classification study report and supporting schedules. For all judgmental samples, any conclusions are limited to the sample items tested since sampling is non-statistical.

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**INTERNAL AUDIT DEPARTMENT**  
**Budget Development, Monitoring, and Reporting**  
**February 15, 2017**

## **Audit Comments, Recommendations, and Management Responses**

### **Budget Guidelines and Procedures**

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FP&A maintains written budget policies and a budget calendar; however, procedures outlining how salary and benefit budget assumptions are developed have not been documented. In addition, Internal Audit identified some salary and benefit budget assumptions that appear to overstate budget expenditures. For example, the budget assumed a 12 percent increase in health care for administrative and Transportation Communications International Union (TCU) employees in 2017 based on a health care broker's estimate, however, costs actually increased only 2.1 percent in 2017, 6.5 percent in 2016, and 0.1 percent in 2015. Likewise, the 3 percent budgeted vacancy for administrative, maintenance, and TCU employees is lower than the 4.5 to 6.5 percent actually experienced over the last few years. Finally, the budget was not adjusted to reflect actual coach operator salary rates, which were finalized before the budget was presented to the Board for adoption.

In addition, FP&A utilizes a budget transfer form that identifies required approval levels; however, there are no written procedures for budget transfers. Internal Audit identified one transfer approved by an individual below the required authority level, as well as two atypical transfers (e.g. a correction to account coding and the establishment of a new fund) that lacked required approvals.

Finally, written procedures for budget to actual reporting include requirements to investigate variances in individual projects exceeding a set threshold; however, Internal Audit identified several projects where variances exceeded the threshold and there was no evidence of investigation. For a few projects with overall expense underruns, the underrun was not investigated while a few minor off-setting overruns were analyzed. In addition, Internal Audit identified a few errors in the project analysis reports, as well as in the quarterly budget status reports where management summarizes significant variances at the program-level and reports them to the Board.

#### **Recommendation 1:**

Internal Audit recommends that procedures be developed and documented for the budget development and transfer processes. Such procedures should include requirements to re-evaluate and document salary and benefit budget assumptions and establish specific approvals for different budget transfer types. Management should also ensure project variances exceeding the threshold are investigated in accordance with the budget to actual reporting procedures, or alternatively clarify the investigation requirements in such procedures.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**INTERNAL AUDIT DEPARTMENT**  
**Budget Development, Monitoring, and Reporting**  
**February 15, 2017**

**Management Response (Finance and Administration):**

As part of the annual budget development process, management maintains a detailed calendar and re-evaluates and documents all salary and benefit budget assumptions. These assumptions are documented in the budget system, BUDBAR, and summarized at an object level. Management agrees with the recommendation and will re-evaluate and document all salary and benefit budget assumptions at a lower level of detail. The assumptions will continue to be documented within BUDBAR and will be written in a manner that can be easily followed without the need of a budget team member's explanation.

The budget transfer process is handled via a module within the BUDBAR system and provides automated warning messages to obtain manager verification for all proposed budget transfers. The intent of the warning messages is to ensure all proposed budget transfers have the proper authorization. In addition, all budget transfer forms require specific approvals dependent on the type of transfer being requested, i.e. internal to a department within a major object category or cross-divisional/department transfer, etc. These specific approvals are outlined on the bottom of all transfer forms. All budget transfers require the signature of the budget manager and grant manager when grant funds are impacted. Management agrees with the recommendation and has already added an additional approval requiring an explanation for special circumstances as well as the approval of the Director of Finance and Administration. This addition will enhance the already established specific approvals for different budget transfer types.

Budget-to-actual reporting procedures are also reviewed on an annual basis to ensure important programmatic variances are reported to the Board. Management agrees with the recommendation and will ensure project variances exceeding the threshold continue to be investigated in accordance with the budget to actual reporting procedures, and will clarify investigation requirements in such procedures.

### **Inconsistent and Unsupported Salary Grade Changes**

---

As part of the budget package, the Board approved the P&SR for FY 2016-17, which included upgrades to 53 job classifications that were attributed to a consultant-prepared compensation study issued in January 2015. Following concerns expressed by executive management and the CEO, most of the planned actions were suspended pending further review and analysis.

The consultant's final report, referred to with the P&SR changes, did not include a listing of grade change recommendations, as indicated in the Board package. Rather, upon inquiry, HR staff asserted that the recommendations were based on schedules provided by the consultant outside of the final report; however, these schedules did not reconcile to either the final report or the recommendations made in the P&SR. HR staff then

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Budget Development, Monitoring, and Reporting  
February 15, 2017**

indicated that final recommendations also considered input from discussions with management; however, documentation of these discussions also did not support all recommendations.

The lack of supporting documentation justifying final recommendations raises issues of consistency and equity. For example, some surveyed positions that appear below market were not recommended for upgrade, while other positions that did not appear below market, or were not surveyed, were included in the P&SR upgrade recommendations.

**Recommendation 2:**

Internal Audit recommends that HR implement procedures to ensure that changes to salary grade levels are based on reasonable and consistent methodologies and that documentation is maintained. Changes should also be communicated to management prior to seeking Board approval.

**Management Response (Human Resources & Organizational Development):**

HR management will ensure that P&SR changes are communicated to management prior to seeking Board approval. During the budget process, salary grade level changes to the P&SR will be presented to the Executive Steering Committee prior to Board approval.

Current documentation methods for classification salary grade changes will be reviewed to determine the best practice for documenting these actions.

HR is in the process of obtaining a compensation and market salary data system. This system will be utilized to enhance data collection, consistency, and documentation.

**Position Control and Dual Filling of Positions**

---

The Policy, as well as the annual budget document, includes procedures that appear to conflict. The Policy and the budget document indicate that the Board "...approves positions at the job family level..." however, the same Policy allows those positions to be "...filled outside of the job family..." In practice, staff can be promoted prior to the annual budget approval of the promoted position by using a vacant position in another job family with the same grade level. In addition, positions that are no longer needed can be converted, rather than eliminated, and used to add staff in other areas without requiring Board approval. Typically, additional positions and eliminated positions are highlighted in the Board package; however, because the Policy allows positions to be filled outside the Board-approved job family, a converted position would not be reflected.

In addition, under the Policy, a position may be filled by two employees (i.e. dual-filled) under extreme circumstances or to address impending employee retirements, with

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
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**Budget Development, Monitoring, and Reporting**  
**February 15, 2017**

approval of the CEO. In the past, a budgeted vacant position would have to be borrowed; however, this requirement was eliminated in FY 2016-17. The ability to dual-fill a position without borrowing another budgeted position increases the risk that the total number of employees at a certain time can exceed the Board-approved number. Further, Internal Audit noted that both instances of a position being dual-filled lacked evidence of CEO approval, as required.

Internal Audit also identified instances whereby positions were over-filled (i.e. filled above the budgeted salary grade level) by borrowing an under-fill or vacancy of another position; however, this practice appears contrary to the Policy which states that positions must be filled "...at or below the budgeted level."

**Recommendation 3:**

Internal Audit recommends that management clarify the Policy with regard to Board-approved positions, develop procedures to ensure that the total number of employees does not exceed the Board-approved number, and obtain CEO approval for dual-filled positions. Additionally, Internal Audit recommends that management develop controls to ensure compliance with the Policy.

**Management Response (Human Resources & Organizational Development):**

The Policy will be revised to clarify the approval process by the Board, including authorization of the total employee headcount and associated salary and benefit costs. In addition, the Policy will require Board approval for any additions to Director-level executive headcount.

Procedures will be reviewed to ensure the total number of employees does not exceed the Board-approved number. In addition, CEO approval will be obtained for recruitments that will result in a dual-fill.

**Sole Source List**

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As part of the budget package, the Board approves software and hardware licensing and maintenance agreements which are executed on a sole source basis. The budget package includes a Sole Source List that identifies the vendor, software/hardware product, and proposed budget; however, the proposed budget amounts on the Sole Source List exceed the actual amounts budgeted for most items. In addition, Information Systems Technical Services' maintenance budget is not based on the estimated value of the agreements but on the prior year budget that was overrun. Finally, emergency malware support, which can be provided by multiple vendors, is included on the Sole Source List.

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**February 15, 2017**

**Recommendation 4:**

Internal Audit recommends that actual budgeted amounts be shown on the Sole Source List. For services that could be performed by multiple vendors, Internal Audit recommends that the budget package provide an explanation and justification for using the selected vendors.

**Management Response (Finance and Administration):**

Management agrees with Internal Audit's recommendation and will show the actual budgeted amount for software and hardware maintenance when the Sole Source List is presented to the Board for approval. Management will also develop a budget justification for emergency malware support in the budget package.





**March 8, 2017**

**To:** Finance and Administration Committee  
**From:** Darrell Johnson, Chief Executive Officer  
**Subject:** Local Agency Investment Fund - January 2017

**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 January 31, 2017. 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.

**Discussion**

As of January 31, 2017, the fair value including accrued interest of the Pooled Money Investment Account (PMIA) was \$73,854,108,266 with a month-average yield of 0.75 percent and a month-end weighted average maturity of 180 days. The Local Agency Investment Fund (LAIF) is a component of the State of California PMIA. The month-end balance of LAIF was \$22,629,487,754. The Orange County Transportation Authority's month-end balance in LAIF was \$10,234,175.

**Summary**

The Orange County Transportation Authority is submitting a copy of the Local Agency Investment Fund statements and summary reports to the Finance and Administration Committee. The statements are for the month ending January 31, 2017.

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***Attachment***

A. Local Agency Investment Fund – As of January 31, 2017

**Prepared by:**



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Rodney Johnson  
Deputy Treasurer  
Treasury/Toll Roads  
(714) 560-5675

**Approved by:**



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Andrew Oftelie  
Executive Director,  
Finance and Administration  
(714) 560-5649

Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)  
February 15, 2017

ORANGE COUNTY TRANSPORTATION AUTHORITY

MANAGER, TREASURY/PUBLIC FINANCE  
550 SOUTH MAIN STREET  
P.O. BOX 14184  
ORANGE, CA 92613-1584

PMIA Average Monthly Yields

Account Number:  
80-30-001

Tran Type Definitions

January 2017 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
1/13/2017	1/12/2017	QRD	1524494	SYSTEM	17,402.59

Account Summary

Total Deposit:	17,402.59	Beginning Balance:	10,216,771.91
Total Withdrawal:	0.00	Ending Balance:	10,234,174.50



**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
01/09/17	0.75	0.74	185
01/10/17	0.75	0.74	185
01/11/17	0.75	0.74	187
01/12/17	0.75	0.74	186
01/13/17	0.75	0.75	186
01/14/17	0.75	0.75	186
01/15/17	0.75	0.75	186
01/16/17	0.75	0.75	186
01/17/17	0.75	0.75	182
01/18/17	0.75	0.75	181
01/19/17	0.76	0.75	183
01/20/17	0.76	0.75	183
01/21/17	0.76	0.75	183
01/22/17	0.76	0.75	183
01/23/17	0.76	0.75	180
01/24/17	0.76	0.75	181
01/25/17	0.76	0.75	180
01/26/17	0.76	0.75	179
01/27/17	0.76	0.75	184
01/28/17	0.76	0.75	184
01/29/17	0.76	0.75	184
01/30/17	0.76	0.75	181
01/31/17	0.76	0.75	180
02/01/17	0.77	0.75	188
02/02/17	0.77	0.75	193
02/03/17	0.77	0.75	194
02/04/17	0.77	0.75	194
02/05/17	0.77	0.76	194
02/06/17	0.77	0.76	194
02/07/17	0.77	0.76	194
02/08/17	0.77	0.76	194

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

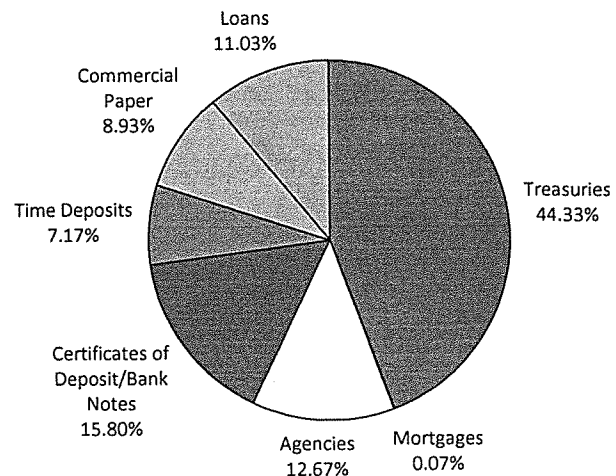
**Quarter Ending 12/31/16**

Apportionment Rate: 0.68%  
 Earnings Ratio: 0.00001851848158529  
 Fair Value Factor: 0.999423823  
 Daily: 0.74%  
 Quarter to Date: 0.68%  
 Average Life: 171

**PMIA Average Monthly  
Effective Yields**

Jan 2017 0.751%  
 Dec 2016 0.719%  
 Nov 2016 0.678%

**Pooled Money Investment Account  
Portfolio Composition  
12/31/16  
\$73.7 billion**





Fair Value Including Accrued Interest	\$ 73,854,108,265.75
---------------------------------------	----------------------

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).



**March 8, 2017**

**To:** Finance and Administration Committee  
**From:** Darrell Johnson, Chief Executive Officer  
**Subject:** Orange County Treasurer's Management Report - January 2017

**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 January 31, 2017. 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.

**Discussion**

As of January 31, 2017, the book value of the Orange County Investment Pool (OCIP) Money Market Fund was \$1,242,747,022 with a monthly gross yield of 0.55 percent and a month-end average days to maturity of 58 days. The OCIP Extended Fund book value was \$5,885,387,416 with a monthly yield of 1.03 percent and a month-end average days to maturity of 496 days. The Orange County Transportation Authority's month-end balance in the OCIP was \$31,324; the combined pool had a monthly yield of 0.87 percent and month-end average days to maturity of 364 days.

There were no changes to the Treasurer's Approved Issuer List. Both the Money Market Fund and the Extended Fund were in compliance at month-end. Pages 27 through 88 containing investment inventory are not included in the attachment. Copies of OCIP's investment inventory reports are available upon request.

***Summary***

The Orange County Transportation Authority is submitting a copy of the Orange County Treasurer's Management Report to the Finance and Administration Committee. The report is for the month ending January 31, 2017.

***Attachment***

A. Treasurer's Monthly Investment Report – January 31, 2017

**Prepared by:**



---

Rodney Johnson  
Deputy Treasurer  
Treasury/Toll Roads  
(714) 560-5675

**Approved by:**



---

Andrew Oftelie  
Executive Director,  
Finance and Administration  
(714) 560-5649

# *Treasurer's Monthly* **INVESTMENT** **JANUARY 2017 REPORT**

From the Office of  
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM  
Orange County Treasurer





COUNTY OF ORANGE

**TREASURER'S INVESTMENT REPORT**  
**For January 31, 2017**

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OFFICE OF THE TREASURER-TAX COLLECTOR  
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM




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**INTERDEPARTMENTAL COMMUNICATION**

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**Date:** February 16, 2017

**To:** Supervisor Lisa Bartlett, Chairwoman  
Supervisor Michelle Steel, Vice-Chair  
Supervisor Andrew Do  
Supervisor Todd Spitzer  
Supervisor Shawn Nelson

**From:** Shari L. Freidenrich, CPA, CCMT, CPFA, ACPFIM 

**Subject:** Treasurer's Investment Report for the Month Ended January 31, 2017

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Attached, please find the Treasurer's Investment Report for the County of Orange for the month ended January 31, 2017. The County Treasurer provides this report in compliance with California Government Code Sections 53607, 53646, and 27134 and the County's Investment Policy Statement (IPS). We have included some charts and other data for your information including charts on fund composition and the top ten pool participants. This report is also publicly available on our website at [ocgov.com/ocinvestments](http://ocgov.com/ocinvestments).

**INVESTMENT POOL COMPOSITION**

The investments contained within this report are as of January 31, 2017. The Investment Pool Statistics summary shows the total investment responsibility of the County Treasurer as delegated by the Board of Supervisors: the Orange County Investment Pool (OCIP) that includes the Voluntary Participants' funds, the Orange County Educational Investment Pool (OCEIP), the John Wayne Airport Investment Fund and various other non-Pooled investment funds. The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The County Treasurer established three Money Market Funds, the Orange County Money Market Fund, the Orange County Educational Money Market Fund, and the John Wayne Airport Investment Fund, which all are invested in cash-equivalent securities and provide liquidity for immediate cash needs. Standard & Poor's, on June 16, 2016, reaffirmed their highest rating of AAAM on the Orange County and the Educational Money Market Funds. The County Treasurer also established the Extended Fund that is invested to meet cash needs between one and five years out. The Orange County Investment Pool is comprised of the Orange County Money Market Fund and portions of the Extended Fund. The Orange County Educational Investment Pool is comprised of the Orange County Educational Money Market Fund and portions of the Extended Fund.

The maximum maturity of investments for the Orange County and Educational Money Market Funds is 13 months, with a maximum weighted average maturity (WAM) of 60 days, and they have a current WAM of 58 and 48 respectively. The maximum maturity of investments for the John Wayne Investment Fund is 15 months, with a maximum WAM of 90 days, and a current WAM of 83. The maximum maturity of the Extended Fund is five years, with duration not to exceed the Merrill Lynch 1-3 Year index +25% (2.34). The duration is currently at 1.35. The investments in all of the funds are marked to market daily to determine the value of the funds. To further maintain safety, adherence to an investment strategy of only purchasing top-rated securities and diversification of instrument types and maturities is required.

## **ECONOMIC UPDATE**

In January, the job market added 227,000 new jobs, and December's job numbers were revised upwards by 1,000 to 157,000. The U.S. unemployment rate for January rose to 4.8%, up from 4.7% in December. U.S. gross domestic product (GDP) rose at a 1.9% annualized rate in the fourth quarter of 2016, a decrease from the previous quarter's rate of 3.5%. The Empire State Manufacturing Index decreased to 6.5 from 9.0 in December, while the Philadelphia Fed Index increased to 23.6 from 21.5 in December. The Federal Reserve uses these indexes as regional economic gauges, and a reading above zero signals economic expansion. With respect to housing, the S&P/CaseShiller Index reported that housing prices continue to show positive momentum as year-over-year prices increased for the fifty-fifth consecutive month in November, up 5.64% from a year ago. The index for pending home sales decreased 2.0% on a year-over-year basis in December. The 10-year Treasury rate remained unchanged in January at 2.45%.

The short-term 90-day T-bill ended the month at 0.52%, up from 0.51% in December. The rate on the 2-year Treasury note was 1.19% at the end of January, down from 1.20% in December.

## **INVESTMENT INTEREST YIELDS AND FORECAST**

The current gross interest yield year-to-date for fiscal year 2016/2017 is 0.79% for the Orange County Investment Pool and 0.78% for the Orange County Educational Investment Pool. The current net yield for fiscal year 2016/2017 is 0.73% and 0.72% respectively. The forecasted net yield for fiscal year 2016/2017 for both OCIP and OCEIP is expected to be 0.77%.

## **APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS**

Each month, the County Treasurer apportions the accrued interest earnings to each pool participant. As of the first business day of the following month accrued, but unpaid, interest earnings are added to pool participants' average balances in determining a participant's relative share of the pool's monthly earnings. The actual cash distribution will generally be paid in the months following. The January 2017 interest apportionment is expected to be paid by February 28, 2017. The investment administrative fee for fiscal year 2016/2017 is estimated at 6.5 basis points.

## **TEMPORARY TRANSFERS**

The County Treasurer, as required by Constitution Article XVI, Section 6, and per the Board of Supervisor's Resolution 15-016, is authorized to make temporary transfers to school districts to address their short-term cash flow needs. The loans are secured by tax receipts to be received by the County Treasurer, as the banker for the school districts. There are no temporary transfers outstanding as of January 31, 2017.

## **PORTFOLIO HOLDINGS OF DEBT ISSUED BY POOL PARTICIPANTS**

Under guidelines outlined in the current IPS, the County Treasurer may invest in A or above rated securities issued by municipalities. Municipal debt issued by the County of Orange is exempt from this credit rating requirement. The Investment Pools may invest no more than 5% of pool assets in any one issuer, with the exception of the County of Orange which has a 10% limit. The Investment Pools have a total market value of \$495.1 million in County of Orange debt, which represents approximately 5.9% of pooled assets. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

## **COMPLIANCE SUMMARY**

The investment portfolios had no compliance exceptions for the month of January 2017.

## **CREDIT UPDATE**

During January, there were no changes to the Treasurer's Approved Issuer List. An ongoing credit analysis of all issuers owned in the Investment Pools is reviewed on a daily, monthly, quarterly, and annual basis.

I certify that this report includes all pooled and non-pooled investments as of January 31, 2017 and is in conformity with all State laws and the IPS approved by the Board of Supervisors on November 22, 2016. The investments herein shown provide adequate liquidity to meet the next six months of projected cash flow requirements. I am available if you have any questions on this Investment Report at (714) 834-7625.

Enclosures

cc: Distribution List

ORANGE COUNTY TREASURER-TAX COLLECTOR

SUMMARY OF INVESTMENT DATA

INVESTMENT TRENDS

	JANUARY 2017	DECEMBER 2016	INCREASE (DECREASE)	NET CHANGE %	JANUARY 2016	INCREASE (DECREASE)	NET CHANGE %
<u>Orange County Investment Pool (OCIP)</u>							
End Of Month Market Value <sup>1,2</sup>	\$ 4,115,913,802	\$ 4,654,995,166	\$ (539,081,364)	-11.58%	\$ 3,700,764,571	\$ 415,149,231	11.22%
End Of Month Book Value <sup>2</sup>	\$ 4,122,022,500	\$ 4,661,792,839	\$ (539,770,339)	-11.58%	\$ 3,699,044,843	\$ 422,977,657	11.43%
Monthly Average Balance <sup>2</sup>	\$ 4,265,192,160	\$ 4,729,129,292	\$ (463,937,132)	-9.81%	\$ 3,862,112,428	\$ 403,079,732	10.44%
Year-To-Date Average Balance	\$ 3,953,615,654	\$ 3,901,686,236	\$ 51,929,418	1.33%	\$ 3,608,226,379	\$ 345,389,275	9.57%
Monthly Accrued Earnings <sup>3</sup>	\$ 3,057,176	\$ 3,052,942	\$ 4,234	0.14%	\$ 2,158,705	\$ 898,471	41.62%
Monthly Net Yield <sup>3</sup>	0.78%	0.65%	0.13%	19.27%	0.59%	0.19%	33.11%
Year-To-Date Net Yield <sup>3</sup>	0.73%	0.72%	0.01%	1.40%	0.51%	0.21%	41.60%
Annual Estimated Gross Yield <sup>4</sup>	0.84%	0.84%	0.00%	0.00%	0.64%	0.20%	30.43%
Weighted Average Maturity (WAM) <sup>5</sup>	364	328	36	10.98%	361	3	0.83%
<u>Orange County Educational Investment Pool (OCEIP)</u>							
End Of Month Market Value <sup>1</sup>	\$ 4,309,364,542	\$ 4,619,949,126	\$ (310,584,584)	-6.72%	\$ 4,264,725,927	\$ 44,638,615	1.05%
End Of Month Book Value	\$ 4,315,817,312	\$ 4,626,143,249	\$ (310,325,937)	-6.71%	\$ 4,262,849,047	\$ 52,968,265	1.24%
Monthly Average Balance <sup>2</sup>	\$ 4,476,491,493	\$ 3,963,915,696	\$ 512,575,797	12.93%	\$ 4,347,461,145	\$ 129,030,348	2.97%
Year-To-Date Average Balance	\$ 3,963,418,140	\$ 3,877,905,914	\$ 85,512,226	2.21%	\$ 3,638,436,040	\$ 324,982,100	8.93%
Monthly Accrued Earnings <sup>3</sup>	\$ 3,188,254	\$ 2,781,536	\$ 406,718	14.62%	\$ 2,347,473	\$ 840,782	35.82%
Monthly Net Yield <sup>3</sup>	0.76%	0.75%	0.02%	2.15%	0.56%	0.20%	35.65%
Year-To-Date Net Yield <sup>3</sup>	0.72%	0.71%	0.01%	1.13%	0.52%	0.19%	36.83%
Annual Estimated Gross Yield <sup>4</sup>	0.84%	0.84%	0.00%	0.00%	0.65%	0.19%	28.64%
Weighted Average Maturity (WAM) <sup>5</sup>	360	305	55	18.03%	321	39	12.15%

<sup>1</sup> Market values provided by Bloomberg and Northern Trust. Market values are slightly lower than book values due to the recent Federal Reserve short-term rate increase, but both pools have a net asset value of 1.00 and have sufficient liquidity to meet projected cash flow needs.

<sup>2</sup> In January 2017, OCIP market and book values were lower than December 2016 primarily due to distributions of secured property tax receipts, but higher than January 2016 due to higher incoming secured property tax receipts. The January 2017 OCEIP monthly average balance increased from the prior month due to the receipt of secured property tax revenues in early January.

<sup>3</sup> In January 2017, OCIP monthly accrued earnings were higher than January 2016 and monthly and year-to-date net yields were higher than December 2016 primarily due to an increase in the Federal Reserve short-term rate of 25 basis points in mid-December. OCEIP monthly accrued earnings were higher than December 2016 and monthly and year-to-date net yields were higher than January 2016, primarily due to an increase of the Federal Reserve short-term rate of 25 basis points in mid-December.

<sup>4</sup> The OCIP and OCEIP Annual Estimated Gross Yield for January 2016 is reported at the actual annual gross yield for FY15/16, and their Annual Estimated Gross Yield for January 2017 is reported at the latest forecasted gross yields of 0.84%. The Annual Estimated Gross Yield for FY 16/17 is higher than FY 15/16 due to an increase of the Federal Reserve short-term rate of 25 basis points, reductions in excess liquidity, and improved cash management while maintaining the same high credit quality of securities.

<sup>5</sup> The OCIP and OCEIP WAM were higher than December 2016 and the OCEIP was higher than in January 2016 due to investments in longer-term securities.

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**INVESTMENT POOL STATISTICS**  
**FOR THE MONTH ENDED: JANUARY 31, 2017**

**INVESTMENT STATISTICS - By Investment Pool\***

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 1/31/17	MONTHLY Gross Yield	Current NAV
<b>COMBINED POOL BALANCES</b> <b>(includes the Extended Fund)</b>					
Orange County Investment Pool (OCIP)	MARKET Value \$ 4,115,913,802 COST (Capital) \$ 4,129,618,492 MONTHLY AVG Balance \$ 4,265,192,160 BOOK Value \$ 4,122,022,500	364	0.87%	0.85%	1.00
Orange County Educational Investment Pool (OCEIP)	MARKET Value \$ 4,309,364,542 COST (Capital) \$ 4,323,552,970 MONTHLY AVG Balance \$ 4,476,491,493 BOOK Value \$ 4,315,817,312	360	0.86%	0.83%	1.00

**INVESTMENT STATISTICS - Non Pooled Investments \*\***

DESCRIPTION	CURRENT BALANCE	INVESTMENT BALANCES AT COST
Specific Investment Funds:		
100, 283, 505, 650 FVSD	MARKET Value \$ 153,569,786 COST (Capital) \$ 153,710,709 MONTHLY AVG Balance \$ 153,781,169 BOOK Value \$ 153,639,235	General Fund - Non AMT Restricted \$ 67,424,593 John Wayne Airport Investment Fund 50,339,759 Repurchase Agreement 1,081,500 Fountain Valley School District Fund 40 34,864,857
		<b>\$ 153,710,709</b>

**MONTH END TOTALS**

INVESTMENTS & CASH	INVESTMENTS & CASH
<b>COUNTY MONEY MARKET FUND (OCMMF)</b>	
County Money Market Fund \$ 1,243,228,363	OCIP \$ 4,141,089,568
County Cash 11,471,076	OCEIP 4,324,379,186
<b>EXTENDED FUND</b> 5,899,930,130	Specific Investment Funds 153,710,709
<b>EDUCATIONAL MONEY MARKET FUND (OCEMMF)</b>	Non Pooled Cash 17,109,258
Educational Money Market Fund 1,310,012,970	
Educational Cash 826,215	
<b>NON POOLED INVESTMENTS &amp; CASH</b>	
Non Pooled Investments 153,710,709	
Non Pooled Cash 17,109,258	
<b>\$ 8,636,288,721</b>	<b>\$ 8,636,288,721</b>

**KEY POOL STATISTICS**

INTEREST RATE YIELD	WEIGHTED AVERAGE MATURITY (WAM)
OCMMF - MONTHLY GROSS YIELD 0.53%	OCMMF 58
OCEMMF - MONTHLY GROSS YIELD 0.57%	OCEMMF 48
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD 0.53%	JOHN WAYNE AIRPORT WAM 83
OCIP - YTD NET YIELD*** 0.73%	LGIP WAM (Standard & Poors) 44
OCEIP - YTD NET YIELD*** 0.72%	
90-DAY T-BILL YIELD - MONTHLY AVERAGE 0.51%	

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**INVESTMENT POOL STATISTICS**  
**FOR THE MONTH ENDED: JANUARY 31, 2017**

**INVESTMENT STATISTICS - By Investment Fund\*\*\*\***

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 1/31/17	MONTHLY Gross Yield	Current NAV
<u>County Money Market Fund (OCMMF)</u>	MARKET Value \$ 1,243,000,623 COST (Capital) \$ 1,243,228,363 MONTHLY AVG Balance \$ 1,380,543,180 BOOK Value \$ 1,242,747,022	58	0.55%	0.53%	1.00
<u>Educational Money Market Fund (OCEMMF)</u>	MARKET Value \$ 1,309,895,173 COST (Capital) \$ 1,310,012,970 MONTHLY AVG Balance \$ 1,608,321,816 BOOK Value \$ 1,309,705,374	48	0.54%	0.57%	1.00
<u>Extended Fund</u>	MARKET Value \$ 5,872,382,548 COST (Capital) \$ 5,899,930,130 MONTHLY AVG Balance \$ 5,752,818,657 BOOK Value \$ 5,885,387,416	496	1.03%	0.99%	1.00
<b>ALLOCATION OF EXTENDED FUND</b>					
<u>Extended Fund</u> <i>OCIP Share</i>	MARKET Value \$ 2,872,913,179 COST (Capital) \$ 2,886,390,130 MONTHLY AVG Balance \$ 2,884,648,980 BOOK Value \$ 2,879,275,479	496	1.03%	0.99%	1.00
<i>OCEIP Share</i>	MARKET Value \$ 2,999,469,369 COST (Capital) \$ 3,013,540,000 MONTHLY AVG Balance \$ 2,868,169,677 BOOK Value \$ 3,006,111,938	496	1.03%	0.99%	1.00
<i>Modified Duration</i>	1.35				

\* The Combined Pool Balances include the County and Educational Money Market Funds and their respective portions of the Extended Fund.

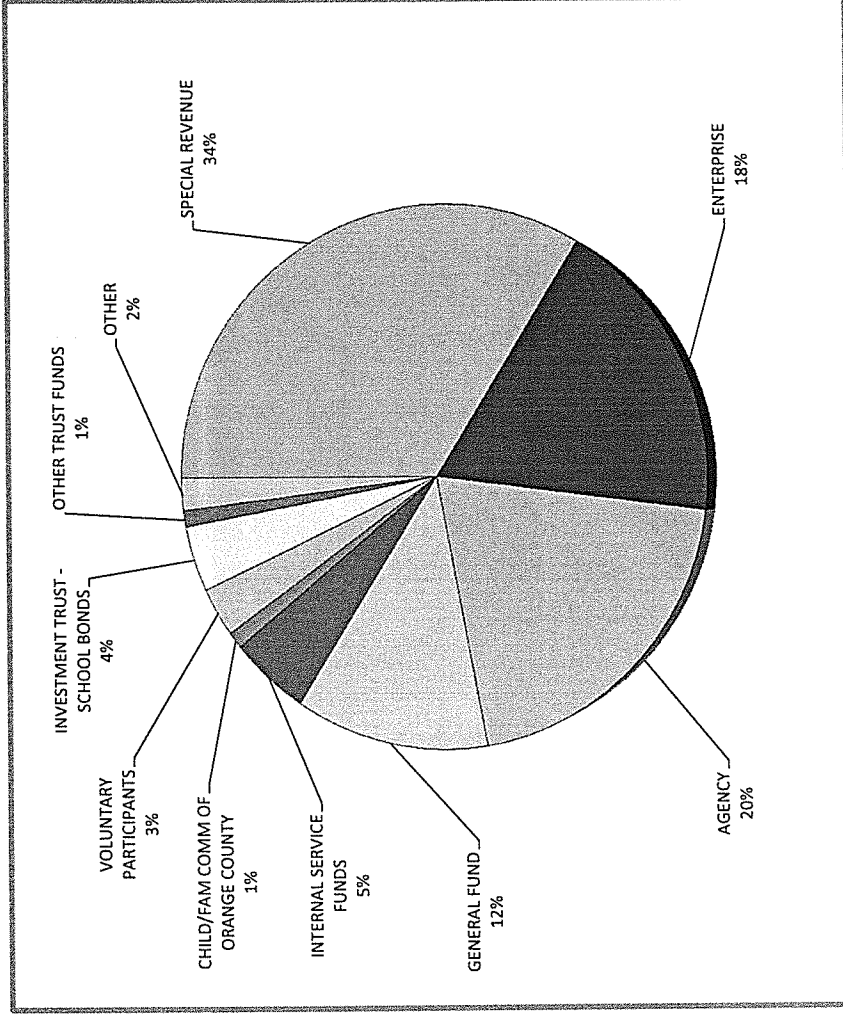
\*\* Specific non pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.

\*\*\* The Net Yield differs from the monthly average yield as it includes the Treasury administrative fees.

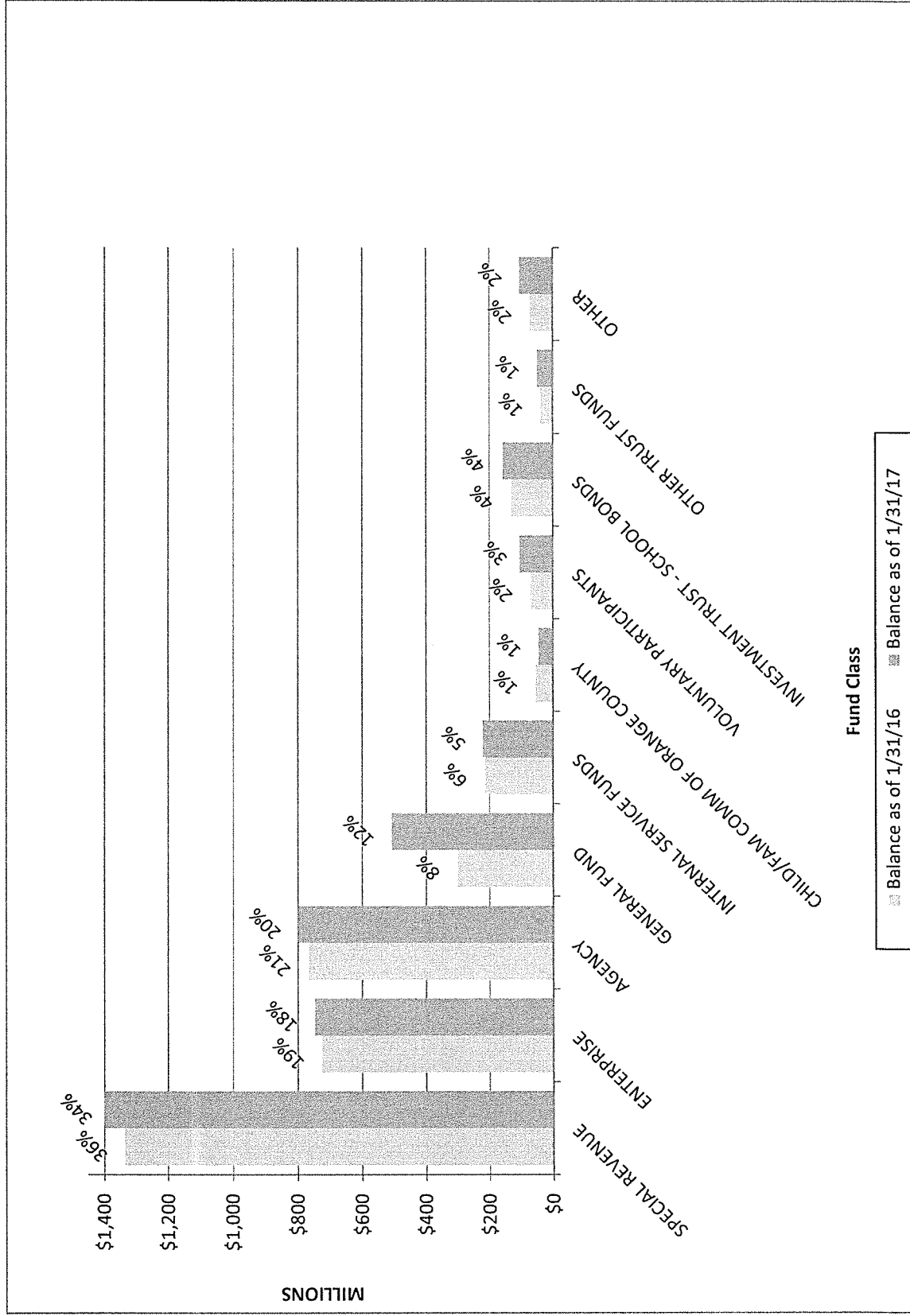
\*\*\*\* Book Value is computed as Cost reduced by amortization of premium and increased by the accretion of discount of the Investment Portfolio. Net Asset Value (NAV) is equal to Market Value divided by Book Value.

ORANGE COUNTY INVESTMENT POOL  
COMPOSITION BY FUND  
AS OF JANUARY 31, 2017

FUNDS	BALANCE
SPECIAL REVENUE	\$ 1,402,397,607
ENTERPRISE	747,438,048
AGENCY	797,453,220
GENERAL FUND	507,986,592
INVESTMENT TRUST - SCHOOL BONDS	158,153,337
INTERNAL SERVICE FUNDS	221,182,272
CHILD/FAM COMM OF ORANGE COUNTY	45,902,151
VOLUNTARY PARTICIPANTS	105,883,808
OTHER TRUST FUNDS	49,624,910
OTHER	105,067,623
<b>TOTAL</b>	<b>\$ 4,141,089,568</b>



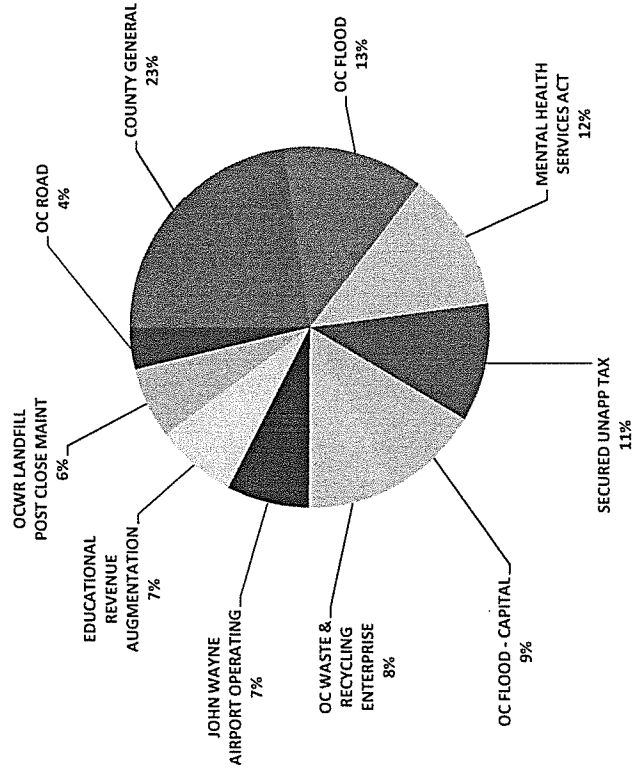
# ORANGE COUNTY INVESTMENT POOL COMPOSITION BY FUND AS OF JANUARY 31





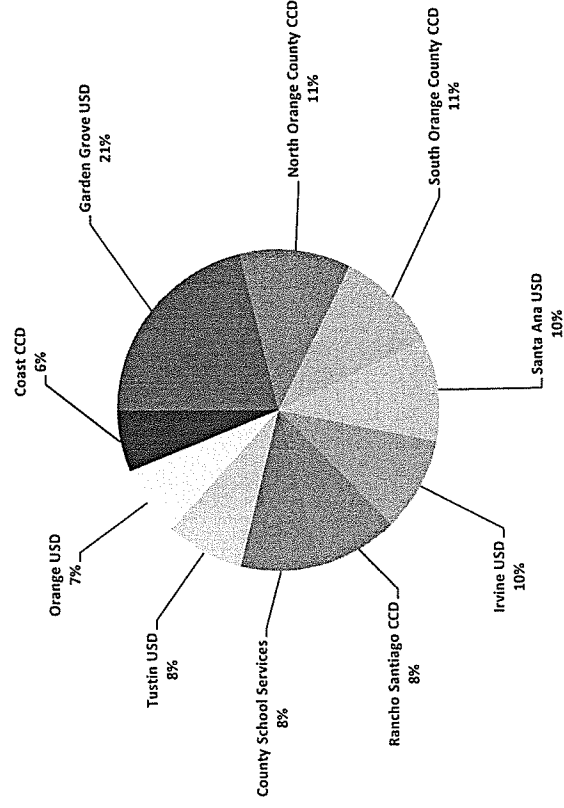
ORANGE COUNTY INVESTMENT POOL  
TOP TEN POOL PARTICIPANTS  
AS OF JANUARY 31, 2017

FUND #	FUND NAME	BALANCE
100	COUNTY GENERAL	\$ 484,271,702
400	OC FLOOD	272,014,731
13Y	MENTAL HEALTH SERVICES ACT	266,030,188
673	SECURED UNAPP TAX	227,641,002
404	OC FLOOD - CAPITAL	188,032,766
299	OC WASTE & RECYCLING ENTERPRISE	166,215,917
280	JOHN WAYNE AIRPORT OPERATING	159,177,877
664	EDUCATIONAL REVENUE AUGMENTATION	155,649,123
279	OCWR LANDFILL POST-CLOSE MAINT	136,197,535
115	OC ROAD	80,267,835
<b>TOTAL</b>		<b>\$ 2,135,498,676</b>



ORANGE COUNTY EDUCATIONAL INVESTMENT POOL  
TOP TEN POOL PARTICIPANTS  
AS OF JANUARY 31, 2017

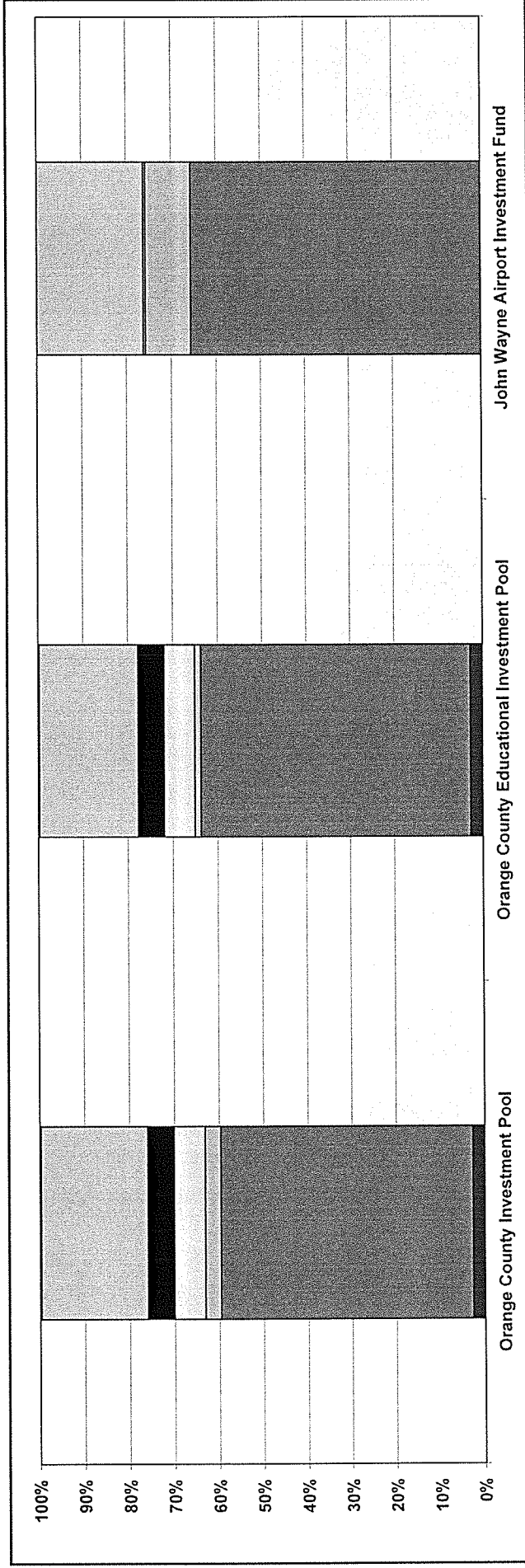
DISTRICT #	SCHOOL DISTRICT	BALANCE
72	Garden Grove USD	\$ 586,978,466
88	North Orange County CCD	310,105,711
96	South Orange County CCD	291,078,371
84	Santa Ana USD	282,787,003
75	Irvine USD	263,565,817
92	Rancho Santiago CCD	227,197,245
94	County School Services	220,518,731
87	Tustin USD	219,015,974
80	Orange USD	194,611,166
90	Coast CCD	172,317,268
TOTAL		\$ 2,768,175,752



# ORANGE COUNTY TREASURER - TAX COLLECTOR

## BY INVESTMENT TYPE - By Percentage Holdings

January 31, 2017



Orange County Investment Pool		
	In Thousands	%
U.S. GOVERNMENT AGENCIES	\$ 2,346,387	57.01%
U.S. TREASURIES	981,174	23.84%
LOCAL AGENCY INVESTMENT FUND	8,213	0.20%
MEDIUM - TERM NOTES	284,255	6.90%
MONEY MARKET MUTUAL FUNDS	144,333	3.51%
MUNICIPAL DEBT	242,448	5.89%
CERTIFICATES OF DEPOSIT	109,104	2.65%
	<u>\$ 4,115,914</u>	<u>100.00%</u>

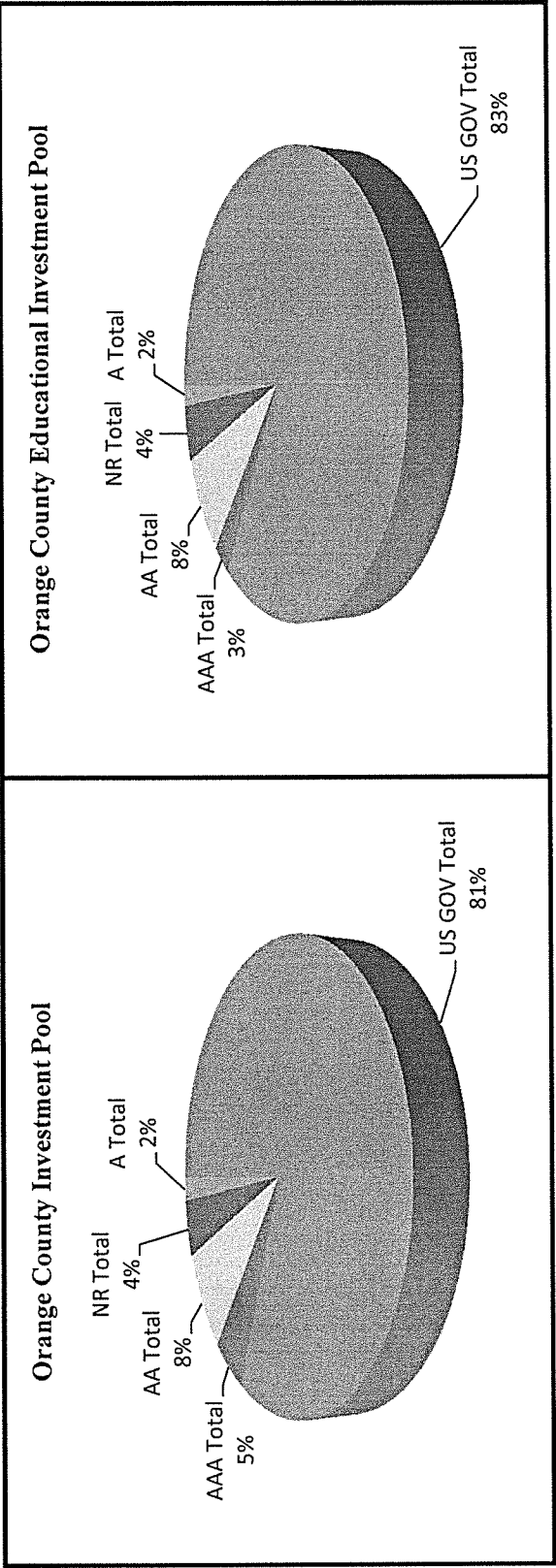
Orange County Educational Investment Pool		
	In Thousands	%
U.S. GOVERNMENT AGENCIES	\$ 2,628,545	61.00%
U.S. TREASURIES	952,373	22.10%
LOCAL AGENCY INVESTMENT FUND	8,575	0.20%
MEDIUM - TERM NOTES	290,830	6.75%
MONEY MARKET MUTUAL FUNDS	59,615	1.38%
MUNICIPAL DEBT	252,621	5.86%
CERTIFICATES OF DEPOSIT	116,806	2.71%
	<u>\$ 4,309,365</u>	<u>100.00%</u>

John Wayne Airport Investment Fund		
	In Thousands	%
U.S. GOVERNMENT AGENCIES	\$ 33,001	65.61%
MEDIUM - TERM NOTES	218	0.43%
MONEY MARKET MUTUAL FUNDS	5,083	10.11%
U.S. TREASURIES	12,000	23.85%
	<u>\$ 50,302</u>	<u>100.00%</u>

Calculated Using Market Value at 1/31/2017

**ORANGE COUNTY TREASURER - TAX COLLECTOR**  
**CREDIT QUALITY BY MARKET VALUE**

January 31, 2017



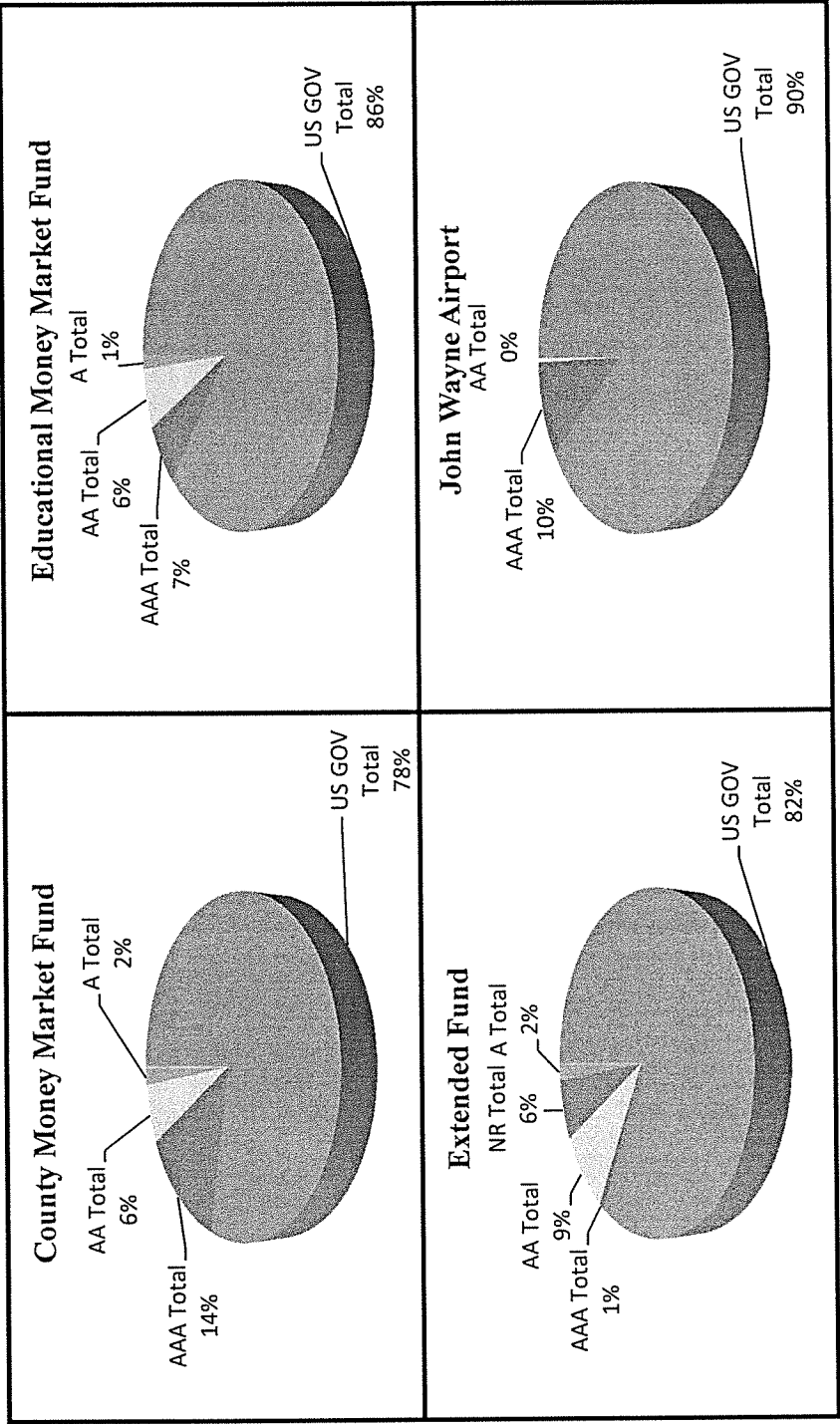
US GOV Includes Agency & Treasury Debt

AA Includes AA+, AA- & AA

A Includes A+, A- & A

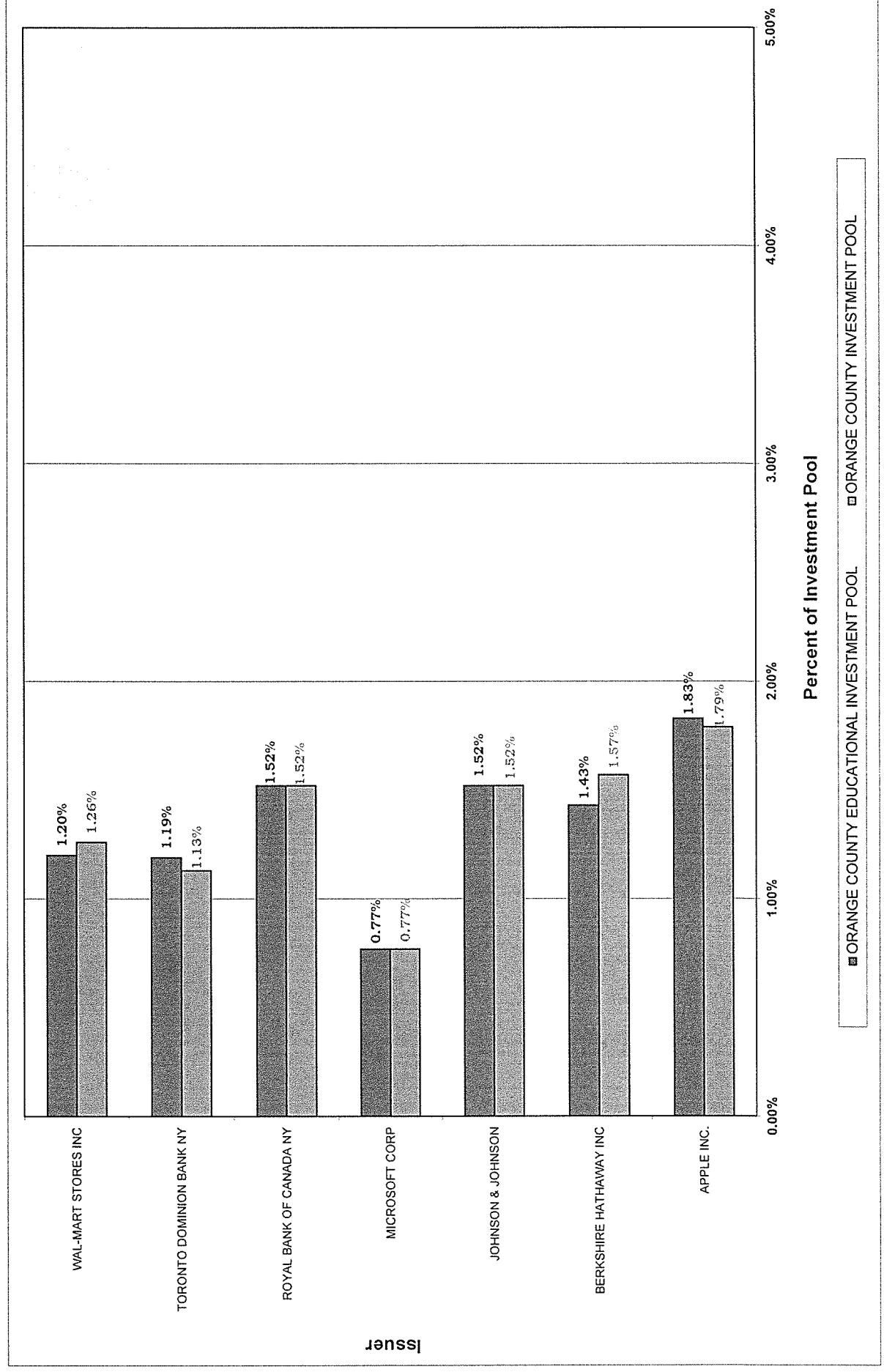
NR Includes LAIF and Orange County Pension Obligation Bonds Series 2017 A

# ORANGE COUNTY TREASURER - TAX COLLECTOR CREDIT QUALITY BY MARKET VALUE January 31, 2017

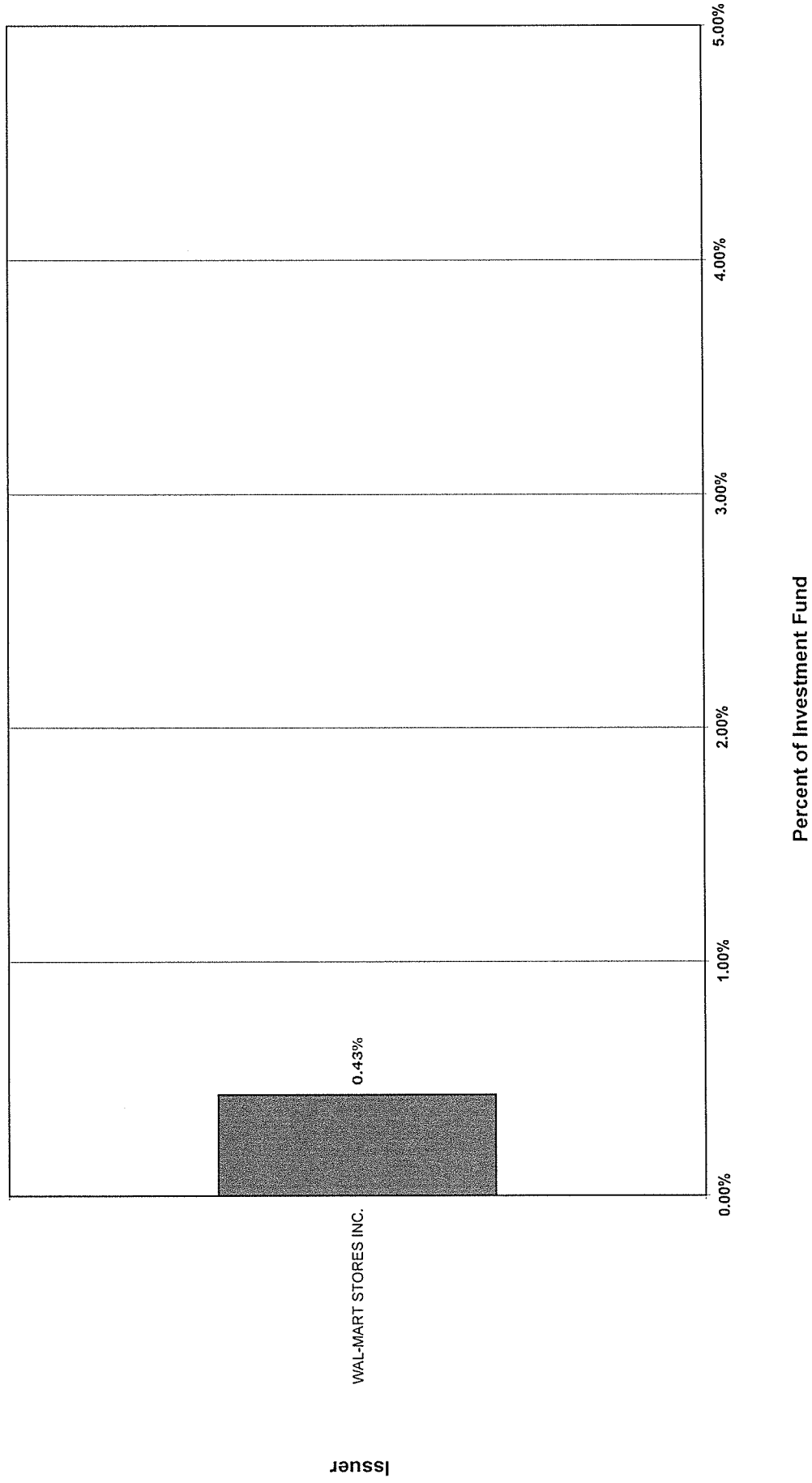


US GOV Includes Agency & Treasury Debt  
 AA Includes AA+, AA- & AA  
 A Includes A+,A- & A  
 NR Includes LAIF and Orange County Pension Obligation Bonds Series 2017 A

# ORANGE COUNTY TREASURER - TAX COLLECTOR ISSUER CONCENTRATION-By Investment Pool January 31, 2017



**ORANGE COUNTY TREASURER - TAX COLLECTOR**  
**ISSUER CONCENTRATION - JOHN WAYNE AIRPORT INVESTMENT FUND**  
 January 31, 2017



# ORANGE COUNTY TREASURER-TAX COLLECTOR

## APPROVED ISSUER LIST - OCIP, OCEIP, and JWA

January 31, 2017

ISSUER	S/T RATINGS			L/T RATINGS		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch
U.S. TREASURY SECURITIES						
U.S. GOVERNMENT	A-1+	P-1	F1+	AA+	Aaa	AAA
U.S. GOVERNMENT AGENCY SECURITIES						
FEDERAL NATIONAL MORTGAGE ASSOCIATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN MORTGAGE CORPORATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN BANKS	A-1+	P-1	NR	AA+	Aaa	NR
FEDERAL FARM CREDIT BANKS	A-1+	P-1	F1+	AA+	Aaa	AAA
MEDIUM-TERM NOTES						
APPLE INC	A-1+	P-1	NR	AA+	Aa1	NR
BERKSHIRE HATHAWAY INC	A-1+	P-1	NR	AA	Aa2	A+
BERKSHIRE HATHAWAY FINANCE	NR	P-1	NR	NR	Aa2	A+
JOHNSON & JOHNSON	A-1+	P-1	F1+	AAA	Aaa	AAA
WAL-MART STORES INC	A-1+	P-1	F1+	AA	Aa2	AA
ISSUERS ON HOLD						
MICROSOFT CORPORATION ***	A-1+	P-1	F1+	AAA	Aaa	AA+
ROYAL BANK OF CANADA NY ****	A-1+	P-1	F1+	AA-	Aa3	AA
STATE OR NATIONALLY CHARTERED BANKS *						
TORONTO DOMINION BANK NY *****	A-1+	P-1	F1+	AA-	Aa1	AA-
MUNICIPAL BONDS						
ORANGE CNTY CA PENSION OBLG 2016 A	NR	NR	F1+	AA	NR	AA
ORANGE CNTY CA PENSION OBLG 2017 A	NR	NR	NR	NR	NR	NR
STATE POOL - LOCAL AGENCY INVESTMENT FUND						
LOCAL AGENCY INVESTMENT FUND	NR	NR	NR	NR	NR	NR
MONEY MARKET MUTUAL FUNDS **						
NAME OF FUND	S & P	Moody's	Fitch			
INVESCO GOVERNMENT & AGENCY SHORT-TERM INVESTMENTS TRUST (AIM)	AAAm	Aaa-mf	AAAmmf			
GOLDMAN SACHS FINANCIAL SQUARE GOVT FUND	AAAm	Aaa-mf	NR			
MORGAN STANLEY INSTITUTIONAL LIQUIDITY FUNDS - GOVT	AAAm	Aaa-mf	NR			
NORTHERN INSTITUTIONAL TREASURY PORTFOLIO	AAAm	NR	NR			

\* Further purchase restrictions apply due to additional trading limits.

\*\* All money market funds are institutional money market funds investing in debt issued or guaranteed by the U.S. Government and its agencies.

\*\*\* On Negative Outlook (Moody's L/T rating - July 25, 2016); on Negative Watch (Fitch L/T rating - June 15, 2016)

\*\*\*\* On Negative Outlook (S&P - June 6, 2016; Fitch - January 25, 2016; Moody's - June 11, 2014)

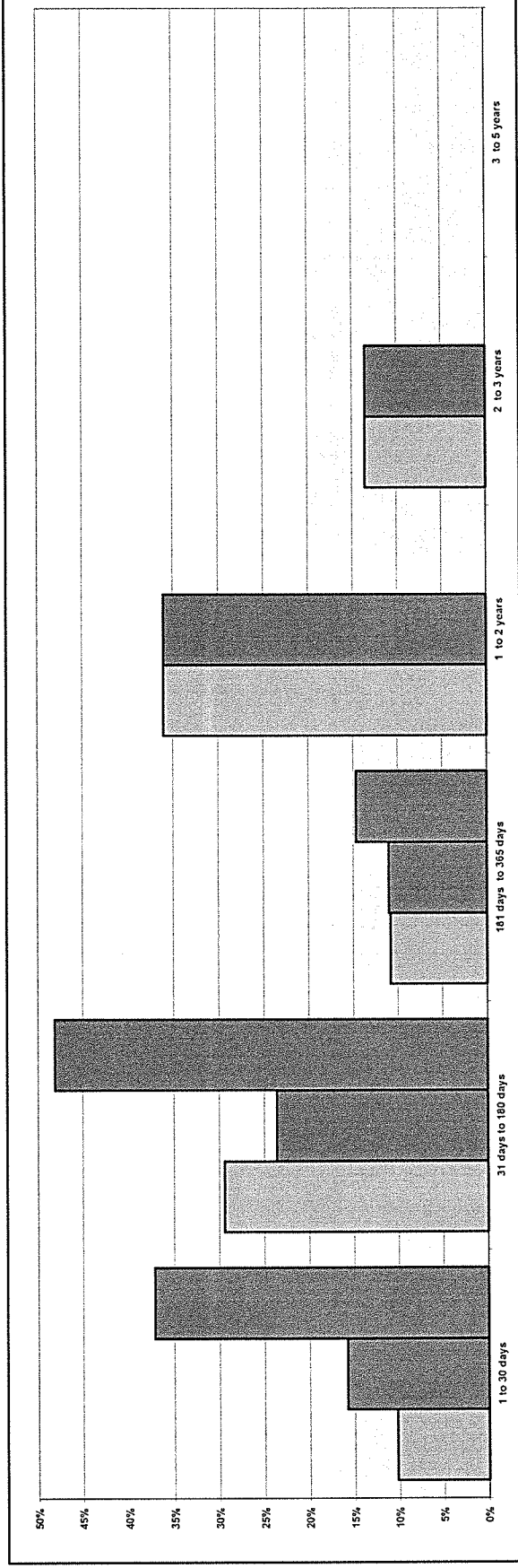
\*\*\*\*\* On Negative Outlook (Moody's - June 11, 2014)



**Orange County Treasurer-Tax Collector  
Changes in Approved Issuer's List  
For the Month Ended January 31, 2017**

During January, there were no changes to the Treasurer's Approved Issuer List. An ongoing credit analysis of all issuers owned in the Investment Pools is reviewed on a daily, monthly, quarterly, and annual basis.

# ORANGE COUNTY TREASURER - TAX COLLECTOR MATURITIES DISTRIBUTION January 31, 2017



ORANGE COUNTY INVESTMENT POOL			
	In Thousands		%
1 TO 30 DAYS	\$ 420,410		10.21%
31 TO 180 DAYS	1,210,735		29.41%
181 TO 365 DAYS	446,406		10.84%
1 YEAR TO 2 YEARS	1,482,727		36.02%
2 YEARS TO 3 YEARS	556,657		13.52%
3 YEARS TO 5 YEARS	-		0.00%
<b>TOTAL</b>	<b>\$ 4,116,935</b>		<b>100.00%</b>

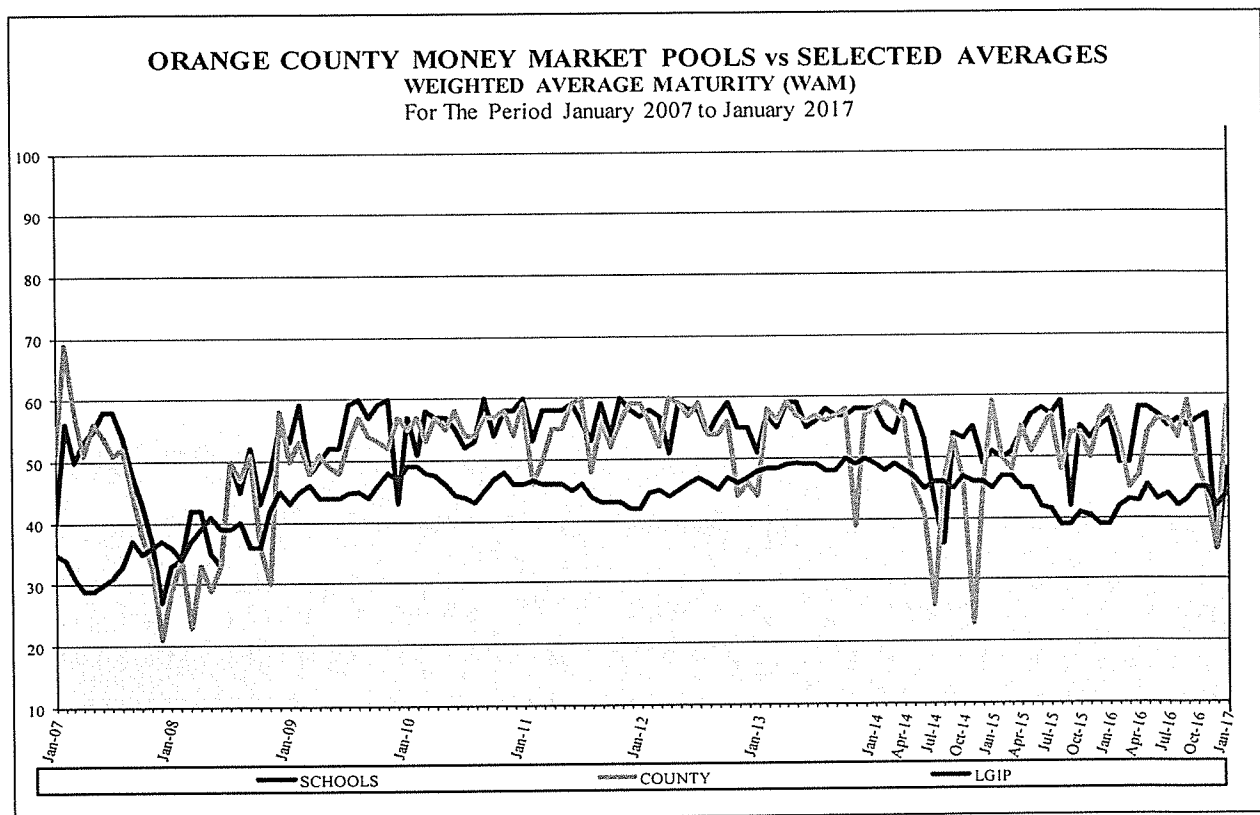
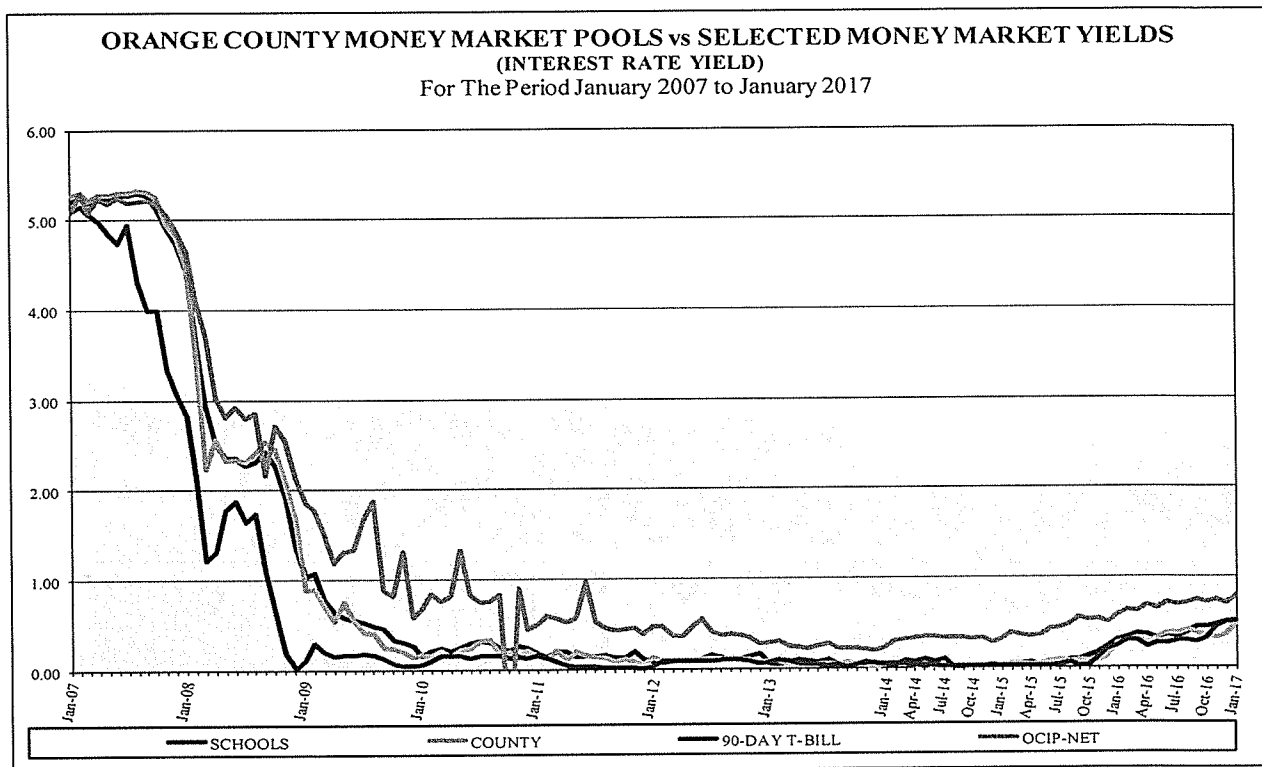
ORANGE COUNTY EDUCATIONAL INVESTMENT POOL			
	In Thousands		%
1 TO 30 DAYS	\$ 682,287		15.83%
31 TO 180 DAYS	1,018,647		23.63%
181 TO 365 DAYS	475,117		11.03%
1 YEAR TO 2 YEARS	1,552,845		36.03%
2 YEARS TO 3 YEARS	581,179		13.48%
3 YEARS TO 5 YEARS	-		0.00%
<b>TOTAL</b>	<b>\$ 4,310,075</b>		<b>100.00%</b>

JOHN WAYNE AIRPORT INVESTMENT FUND			
	In Thousands		%
1 TO 30 DAYS	\$ 18,683		37.16%
31 TO 180 DAYS	24,216		48.17%
181 TO 365 DAYS	7,375		14.67%
1 YEAR TO 2 YEARS	-		0.00%
<b>TOTAL</b>	<b>\$ 50,274</b>		<b>100.00%</b>

Maturity Limits Are In Compliance With The Orange County Treasurer's Investment Policy Statement  
Calculated using Face Value

Floating Rate Notes are deemed to have a maturity date equal to their next interest reset date.

At 1/31/2017, Floating Rate Notes comprise 1.23%, 1.74%, and 0.00% of the Orange County Investment Pool, Orange County Educational Investment Pool, and JWA Investment Fund respectively.



•As of January 31, 2017, S&P LGIP - 0.61; S&P LGIP WAM -44; 90-Day T-Bill - 0.51; OCIP - Net - 0.73

**ORANGE COUNTY TREASURER-TAX COLLECTOR**

**INVESTMENT POOL YIELDS**

**February 1, 2016 - January 31, 2017**

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
<i>Current Month - January 2017</i>				
County Pool - Money Market Fund	\$ 1,243,000,623	\$ 626,367	0.53%	58
Educational Pool - Money Market Fund	\$ 1,309,895,173	\$ 772,307	0.57%	48
Extended Fund	\$ 5,872,382,548	\$ 4,846,757	0.99%	496
<i>December 2016</i>				
County Pool - Money Market Fund	\$ 1,787,873,393	\$ 656,440	0.43%	35
Educational Pool - Money Market Fund	\$ 1,995,546,428	\$ 627,945	0.56%	35
Extended Fund	\$ 5,491,524,471	\$ 4,550,093	0.96%	510
<i>November 2016</i>				
County Pool - Money Market Fund	\$ 1,263,748,930	\$ 397,303	0.38%	44
Educational Pool - Money Market Fund	\$ 1,123,417,366	\$ 433,001	0.53%	57
Extended Fund	\$ 5,538,702,888	\$ 4,384,832	0.96%	515
<i>October 2016</i>				
County Pool - Money Market Fund	\$ 1,262,431,238	\$ 351,585	0.41%	49
Educational Pool - Money Market Fund	\$ 978,305,500	\$ 469,767	0.51%	56
Extended Fund	\$ 5,497,309,348	\$ 4,298,117	0.92%	504
<i>September 2016</i>				
County Pool - Money Market Fund	\$ 751,801,815	\$ 278,284	0.46%	59
Educational Pool - Money Market Fund	\$ 1,220,526,096	\$ 498,234	0.46%	55
Extended Fund	\$ 5,494,463,600	\$ 4,191,758	0.93%	501
<i>August 2016</i>				
County Pool - Money Market Fund	\$ 800,306,654	\$ 295,786	0.49%	53
Educational Pool - Money Market Fund	\$ 1,221,174,892	\$ 516,653	0.46%	56
Extended Fund	\$ 5,459,349,411	\$ 4,074,594	0.90%	484
<i>July 2016</i>				
County Pool - Money Market Fund	\$ 686,861,455	\$ 325,471	0.45%	56
Educational Pool - Money Market Fund	\$ 1,433,126,604	\$ 519,773	0.41%	55
Extended Fund	\$ 5,327,781,739	\$ 4,052,122	0.89%	501
<i>June 2016</i>				
County Pool - Money Market Fund	\$ 928,467,500	\$ 418,507	0.44%	56
Educational Pool - Money Market Fund	\$ 1,611,309,522	\$ 519,651	0.43%	57
Extended Fund	\$ 5,387,530,673	\$ 4,192,339	0.95%	512
<i>May 2016</i>				
County Pool - Money Market Fund	\$ 1,345,822,973	\$ 487,226	0.39%	54
Educational Pool - Money Market Fund	\$ 1,550,458,922	\$ 554,610	0.39%	58
Extended Fund	\$ 5,364,702,464	\$ 4,084,932	0.90%	532
<i>April 2016</i>				
County Pool - Money Market Fund	\$ 1,650,959,211	\$ 611,665	0.34%	47
Educational Pool - Money Market Fund	\$ 1,789,408,388	\$ 534,423	0.43%	58
Extended Fund	\$ 5,336,146,252	\$ 4,277,809	1.00%	526
<i>March 2016</i>				
County Pool - Money Market Fund	\$ 1,530,995,992	\$ 435,530	0.38%	45
Educational Pool - Money Market Fund	\$ 1,327,818,642	\$ 514,646	0.44%	49
Extended Fund	\$ 5,066,946,597	\$ 3,687,551	0.86%	507
<i>February 2016</i>				
County Pool - Money Market Fund	\$ 1,356,697,509	\$ 358,060	0.36%	53
Educational Pool - Money Market Fund	\$ 1,418,948,794	\$ 502,610	0.41%	49
Extended Fund	\$ 5,055,918,854	\$ 3,563,588	0.89%	501
<i>Fiscal Year July 1, 2016 - June 30, 2017</i>				
	<b>Average Month End Market Value Balance</b>	<b>YTD Interest Income</b>	<b>YTD Gross Yield</b>	<b>YTD Average</b>
Orange County Investment Pool	\$ 3,957,364,270	\$ 18,609,462	0.79%	377
Orange County Educational Investment Pool	\$ 4,008,282,897	\$ 18,557,724	0.78%	354

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## CASH AVAILABILITY PROJECTION

### FOR THE SIX MONTHS ENDING JULY 31, 2017

Government Code Section 53646 (b) (3), effective on January 1, 1996, requires the Treasurer-Tax Collector to include a statement in the investment report, denoting the ability of the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP) to meet their expenditure requirements for the next six months.

The OCIP and OCEIP consist of funds in the treasury deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with Government Code Section 53684.

The Treasurer-Tax Collector is required to disburse monies placed in the treasury as directed by the Auditor-Controller and the Department of Education, except for the making of legal investments, to the extent funds are transferred to one or more clearing funds in accordance with Government Code Section 29808.

The Treasurer-Tax Collector, in her projection of cash availability to disburse funds as directed by the Auditor-Controller and the Department of Education, is relying exclusively on historical activity involving deposits and disbursements and future cash flow projections. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

The Cash Availability Projection for the six months ending July 31, 2017, indicates the ability of the pools to meet projected cash flow requirements. However, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

ORANGE COUNTY INVESTMENT POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
January 2017 - Ending Cash				\$ 11,471,076
February	\$ 428,353,088	\$ 406,833,391	\$ 320,484,178	526,173,377
March	452,542,109	737,333,209	592,769,257	1,123,279,438
April	483,256,444	2,040,131,589	1,786,910,013	1,859,757,458
May	167,900,759	287,524,611	671,773,527	1,643,409,302
June	74,804,165	279,622,691	796,361,570	1,201,474,589
July	56,763,157	260,440,708	582,056,875	936,621,579

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
January 2017 - Ending Cash				\$ 826,215
February	\$ 643,388,409	\$ 288,337,465	\$ 664,152,992	268,399,098
March	624,777,752	523,643,460	705,195,720	711,624,589
April	148,912,037	1,136,356,689	689,471,299	1,307,422,016
May	172,303,689	398,881,570	709,242,480	1,169,364,795
June	74,440,266	520,190,865	730,371,284	1,033,624,642
July	48,797,044	286,371,297	467,457,907	901,335,077

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**STATEMENT OF ACCOUNTABILITY**  
**For the Month Ended January 31, 2017**

	<u>Month</u>
<b>Treasurer's Accountability at the Beginning of the Period:</b>	<b><u>\$9,486,775,469</u></b>
<b>Cash Receipts:</b>	
County	545,853,313
School and Community College Districts	570,314,013
<b>Total Cash Receipts</b>	<b><u>1,116,167,326</u></b>
<b>Cash Disbursements:</b>	
County	1,081,099,712
School and Community College Districts	879,940,136
<b>Total Cash Disbursements</b>	<b><u>1,961,039,848</u></b>
<b>Net Change in Book Value of Pooled Assets</b>	<b><u>(844,872,522)</u></b>
<b>Net Increase in Non Pooled Investments</b>	<b>5,313</b>
<b>Net Decrease in Non Pooled Cash</b>	<b><u>(5,619,539)</u></b>
<b>Treasurer's Accountability at the End of the Period:</b>	<b><u><u>\$8,636,288,721</u></u></b>
<b>Assets in the Treasury at the End of the Period (at Book Value):</b>	
<b>Pooled Investments:</b>	
O.C. Investment Pool	\$ 4,129,618,493
O.C. Educational Investment Pool	4,323,552,970
<b>Total Orange County Investment Pools</b>	<b><u>8,453,171,463</u></b>
<b>Non Pooled Investments:</b>	
Non Pooled Investments - John Wayne Airport	50,339,759
Non Pooled Investments - General Fund – Non AMT Restricted	67,424,593
Non Pooled Investments - Fountain Valley School District Fund 40	34,864,857
Non Pooled Investments - Other	1,081,500
<b>Total Non Pooled Investments</b>	<b><u>153,710,709</u></b>
<b>Cash:</b>	
Cash in banks - County	11,404,339
Cash in banks - Schools	826,215
Cash in banks - OC Sheriff	14,857,218
Cash in banks - John Wayne Airport	2,252,040
Cash - Other	66,737
<b>Total Cash</b>	<b><u>29,406,549</u></b>
<b>Total Assets in the Treasury at the End of the Period:</b>	<b><u><u>\$ 8,636,288,721</u></u></b>

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) COMPLIANCE SUMMARY  
January 31, 2017**

Investment Policy (IPS) Guidelines	Investment Type	County Money Market Fund		Extended Fund		Educational Money Market Fund		John Wayne Airport Investment Fund	
		Market Value of Investments <sup>(1)</sup>	Percent of Portfolio	Market Value of Investments <sup>(1)</sup>	Percent of Portfolio	Market Value of Investments <sup>(1)</sup>	Percent of Portfolio	Market Value of Investments <sup>(1)</sup>	Percent of Portfolio
30%	Negotiable Certificates of Deposit	\$ 11,605,468	0.93%	\$ 199,292,362	3.39%	\$ 15,012,000	1.15%	\$ -	0.00%
40%	Commercial Paper	-	0.00%	-	0.00%	-	0.00%	-	0.00%
100%	U.S. Government Agencies	646,963,624	52.05%	3,473,708,219	59.15%	854,260,194	65.22%	33,000,919	65.60%
\$50MM	LAIF	-	0.00%	16,787,261	0.29%	-	0.00%	-	0.00%
30%	Medium-Term Notes	103,876,038	8.36%	368,704,014	6.28%	102,505,457	7.82%	218,092	0.43%
20%	Money Market Mutual Funds	144,333,333	11.61%	-	0.00%	59,614,718	4.55%	5,083,203	10.11%
30%	Municipal Debt	11,500,000	0.93%	472,068,625	8.04%	11,500,000	0.88%	-	0.00%
20%	Repurchase Agreement	-	0.00%	-	0.00%	-	0.00%	-	0.00%
30%	Supranationals	-	0.00%	-	0.00%	-	0.00%	-	0.00%
100%	U.S. Treasuries	324,722,160	26.12%	1,341,822,067	22.85%	267,002,804	20.38%	11,999,937	23.86%
		\$ 1,243,000,623	100.00%	\$ 5,872,382,548	100.00%	\$ 1,309,895,173	100.00%	\$ 50,302,151	100.00%

Investment Policy Guidelines	Compliance Category (Yes/No)	County Money Market Fund		Extended Fund		Educational Money Market Fund		John Wayne Airport Investment Fund	
		Market Value of Investments <sup>(1)</sup>	Percent of Portfolio	Market Value of Investments <sup>(1)</sup>	Percent of Portfolio	Market Value of Investments <sup>(1)</sup>	Percent of Portfolio	Market Value of Investments <sup>(1)</sup>	Percent of Portfolio
5%	Percentage Limits	Yes		Yes		Yes		Yes	
20%	Issuer Limit	Yes <sup>(2)</sup>		N/A		Yes <sup>(2)</sup>		Yes	
50% <sup>(4)</sup>	Money Market Mutual Fund Issuer	Yes		Yes		Yes		Yes	
See Above	Government Agencies Issuer	Yes		Yes		Yes		Yes	
	Diversification Limit								
60 Days	Maturity/Duration Limits	Yes/58.32		N/A		Yes/47.83		N/A	
90 Days	Weighted Average Maturity - Money Market Fund	N/A		N/A		N/A		Yes/82.83	
>Merrill 1-3 Year Index+25% (2.34)	Weighted Average Maturity - John Wayne Airport Investment Fund (JWA)	N/A		N/A		N/A		N/A	
13 Months/397 days	Duration <sup>(3)</sup>	N/A		Yes/1.35		N/A		N/A	
15 Months/456 days	Final Maturity - Money Market Fund	Yes/380		N/A		Yes/392		N/A	
	Final Maturity - John Wayne Airport Investment Fund	N/A		N/A		N/A		Yes/273	
	Final Maturity - Extended Fund	N/A		Yes/1018		N/A		N/A	
A-1/≥ A	Quality Limits	Yes		N/A		Yes		Yes	
≥ A-1/P-1/P2	MMF Short Term/Long Term	Yes		N/A		Yes		Yes	
A-1/≥ AA <sup>(2)</sup>	Short Term Debt/No Split Ratings	N/A		N/A		N/A		N/A	
Approved Issuer List	Extended Fund Short Term/Long Term	Yes		Yes		N/A		N/A	
Broker/Dealer List	Authorized Issuer	Yes		Yes		Yes		Yes	
	Authorized Financial Dealer/Institution	Yes		Yes		Yes		Yes	
0.995 - 1.005	Net Asset Value - Money Market Fund and JWA	Yes/1.0002		N/A		Yes/7.0001		Yes/7.0001	

(1) All investments are marked to market in compliance with the narrow valuation range prescribed by the IPS and market values are provided by Bloomberg Professional Services and Northern Trust.

(2) Excludes US Government Debt per IPS policy approved by the Board of Supervisors on November 22, 2016.

(3) Rating Agency requirements limit investment in each Money Market Mutual Fund to 10%.

(4) GSE issuers rated 'AA-' or higher with final maturities of 30 days or less are excluded from the calculation of the 50% limit.

(5) IPS states all pools, except short-term pools, shall have an effective duration not to exceed a leading 1-3 year index +25%. Duration provided above (1.35) is a modified duration which does not take into consideration all embedded options such as callable bonds or mortgage backed bonds. This presentation is not considered materially different from the effective duration requirement specified in IPS.

NA Not applicable

Note: Compliance exceptions, if any, are noted by red shading for the specific IPS guideline and investment pool.

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY**  
**January 31, 2017**

COMPLIANCE CATEGORY	PERFORMED BY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	ACIA	Performance Evaluation-Cal Govt. Code 27134	Annual audit of calendar year 2015 completed.
Quarterly Schedule of Assets Review	ACIA	Performance Evaluation-Cal Govt. Code 26920(a)	Quarter ended September 30, 2016 in progress.
Annual Schedule of Assets Audit	ACIA	Performance Evaluation-Cal Govt. Code 26920(b)	Annual audit as of June 30, 2016 in progress.
Quarterly Continuous Compliance Auditing	ACIA	TOC Directive	Quarter ended September 30, 2016 completed.
Treasury Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	Annual review of fees for FY 14/15 and FY 15/16 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Annual review of calendar year 2015 completed.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2016 IPS certifications received.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 16/17 identified zero compliance incidents as of January 31, 2017.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made one change at the October 19, 2016 meeting. The BOS approved on November 22, 2016.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 19, 2016 meeting and did not make any additional changes. The BOS approved on November 22, 2016.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2015 Annual Report was presented to BOS on February 9, 2016. The TOC 2016 Annual Report is scheduled for the BOS meeting on February 28, 2017.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	The TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on October 19, 2016.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for Calendar Year 2017.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for Calendar Year 2016 (one submitted in January 2017).
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	The TOC members are in compliance for Calendar Year 2016.

LEGEND	
Auditor-Controller Internal Audit	ACIA
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC



**Orange County Treasurer-Tax Collector  
Noncompliance Detail  
For the Month Ended January 31, 2017**

During January, the Orange County Investment Pool (OCIP), the Orange County Educational Investment Pool (OCEIP), and the John Wayne Airport Investment Fund were all free of noncompliance incidents.

# MONTHLY TREASURER'S INVESTMENT REPORT

## Distribution List

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### County of Orange Elected Officials

Honorable Sandra Hutchens, Sheriff-Coroner  
Honorable Hugh Nguyen, Clerk-Recorder  
Honorable Claude Parrish, Assessor  
Honorable Anthony J. Rackauckas, Jr., District  
Attorney/Public Administrator  
Honorable Eric Woolery, Auditor-Controller

### Treasury Oversight Committee

Gary Capata  
William "Andy" Dunn  
Frank Kim  
Al Mijares  
Laura Parisi  
Richard Rohm  
Eric Woolery

### County of Orange Departments

Assessor  
Auditor-Controller  
Child Support Services  
Clerk of the Board  
Clerk-Recorder  
County Counsel  
County Executive Office  
District Attorney/Public Administrator  
Health Care Agency  
Human Resources Services  
John Wayne Airport  
OC Community Resources  
OC Dana Point Harbor  
OC Public Works  
OC Waste & Recycling  
Independent Review  
Performance Audit  
Probation  
Public Defender  
Registrar of Voters  
Sheriff-Coroner  
Social Services Agency

### County Agencies

Children & Families Commission  
Civic Center Commission  
Law Library  
Orange County Employees Retirement System  
Orange County Cemetery District  
Orange County Fire Authority  
Orange County Transportation Authority  
Transportation Corridor Agencies

### State of California

CDIAC  
Superior Court

### Orange County School Districts

Orange County Department of Education  
Anaheim City School District  
Anaheim Union High School District

Brea-Olinda Unified School District  
Buena Park School District  
Capistrano Unified School District  
Centralia School District  
Cypress School District  
Fountain Valley School District  
Fullerton School District  
Fullerton Joint Union High School District  
Garden Grove Unified School District  
Huntington Beach City School District  
Huntington Beach Union High School District  
Irvine Unified School District  
Laguna Beach Unified School District  
La Habra City School District  
Los Alamitos Unified School District  
Lowell Joint School District  
Magnolia School District  
Newport-Mesa Unified School District  
Ocean View School District  
Orange Unified School District  
Placentia-Yorba Linda Unified School District  
Saddleback Valley Unified School District  
Santa Ana Unified School District  
Savanna School District  
Tustin Unified School District  
Westminster School District

### Orange County Community College Districts (CCD)

Coast Community CCD  
North Orange County CCD  
Rancho-Santiago CCD  
South Orange County CCD

### Orange County Regional Occupational Programs (ROP)

Capistrano-Laguna Beach ROP  
Coastline ROP  
North Orange County ROP

### Voluntary Pool Participants (date approved)

Serrano Water District (6-22-99)  
City of Villa Park (10-2-01)  
City of Tustin (5-21-02)  
Mesa Water District (8-9-02)  
Orange County Water District (3-30-04)  
Municipal Water District of OC (7-27-04)  
Orange County Mosquito and Vector Control District (11-14-06)  
Buena Park Library District (2-9-10)  
Local Agency Formation Commission (10-5-10)  
Villa Park Community Services Foundation (4-5-11)  
City of Laguna Niguel (3-13-14)  
City of Lake Forest (12-16-15)  
Foothill/Eastern TCA (10-14-16)  
San Joaquin Hills TCA (10-14-16)  
Foothill/Eastern TCA/RCC (11-17-16)



**March 8, 2017**

**To:** Finance and Administration Committee

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

**Subject:** Orange County Transportation Authority Investment and Debt Programs Report - January 2017

### **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 January 31, 2017. 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 January 31, 2017, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$1.4 billion. The portfolio is divided into two managed portfolios: the liquid portfolio for immediate cash needs and the short-term 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. The weighted average yield for the OCTA portfolio is 1.24 percent.

OCTA's debt portfolio had an outstanding principal balance of \$435 million as of January 31, 2017. Approximately 75 percent of the outstanding balance is comprised of Measure M2 debt and 25 percent is associated with the 91 Express Lanes Program.

***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 January 31, 2017.

***Attachment***

- A. Orange County Transportation Authority Investment and Debt Programs  
– For the Period Ending January 31, 2017.

**Prepared by:**



Rodney Johnson  
Deputy Treasurer  
Treasury/Toll Roads  
(714) 560-5675

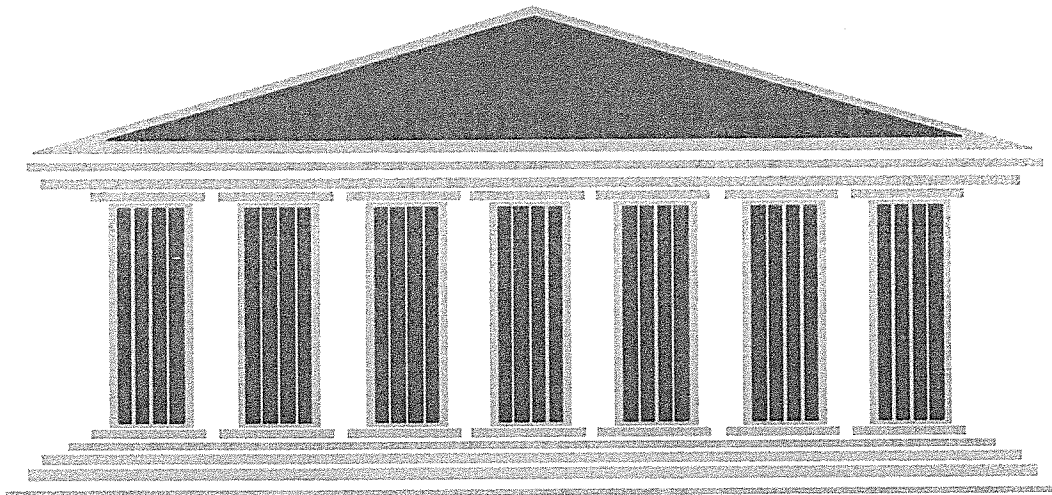
**Approved by:**



Andrew Oftelie  
Executive Director,  
Finance and Administration  
(714) 560-5649

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

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



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
January 31, 2017**

# INVESTMENT PROGRAM

# Investment Profile

## As of 1/31/17

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<u>Portfolio Manager</u>	<u>Depository</u>	<u>Role</u>	<u>Type of Investment</u>	<u>Amount (\$ Millions)</u>
<i>ACTIVELY MANAGED INVESTMENTS</i>				
JP Morgan	Union Bank	Custodian	Short-Term Operating	324.6
State Street Global Advisors	Union Bank	Custodian	Short-Term Operating	324.2
Payden & Rygel Investment Counsel	Union Bank	Custodian	Short-Term Operating	324.7
Western Asset Management	Union Bank	Custodian	Short-Term Operating	323.5
<i>POOLED INVESTMENTS</i>				
California State Treasurer	LAIF	Custodian	Liquid	10.2
Orange County Treasurer	OCIP	Custodian	Legal Requirement	0.0
<i>CASH INVESTMENTS</i>				
OCTA	BNY Mellon	Trustee	Liquid	84.3
OCTA	Bank of the West	Broker	Liquid	25.4
OCTA	U.S Bank	Trustee	Liquid	0.0
<i>DEBT SERVICE RESERVE FUNDS</i>				
91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Commercial Paper	10.9
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Negotiable CD	10.0
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Negotiable CD	3.0
Bank Deposits/Cash				0.1
<b>TOTAL</b>				<b>\$1,440.8</b>

# Short-Term Portfolio - \$1.3 Billion

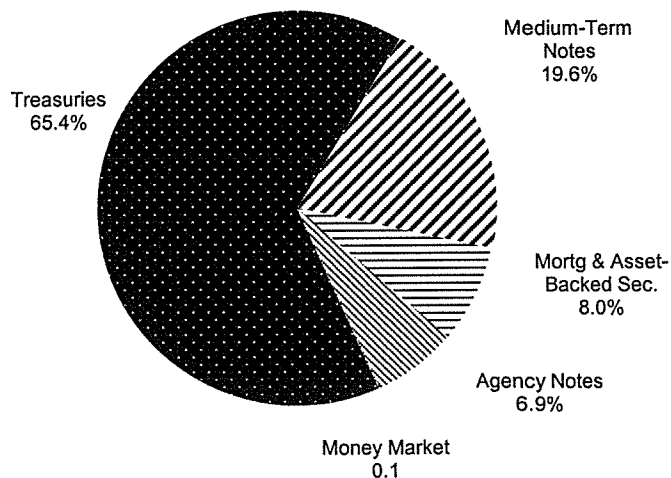
As of 1/31/17

Part 1 of 2

## JP Morgan

Book Value           \$   324,572,610

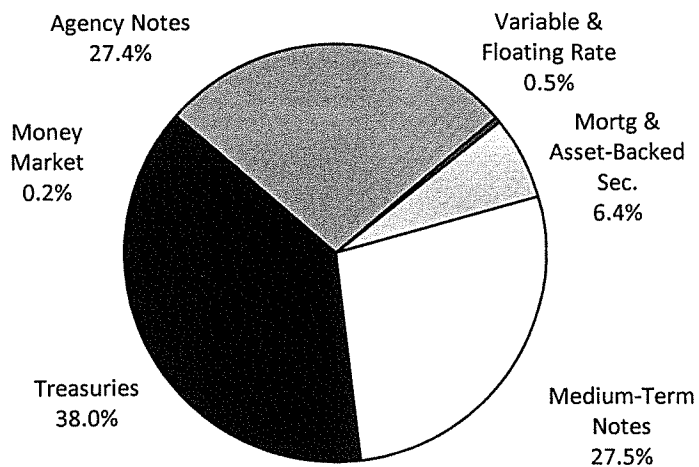
Market Value         \$   321,590,221



## State Street Global

Book Value           \$   324,230,480

Market Value         \$   323,096,702



*Market Value Reported By Custodial Bank*



# Short-Term Portfolio - \$1.3 Billion

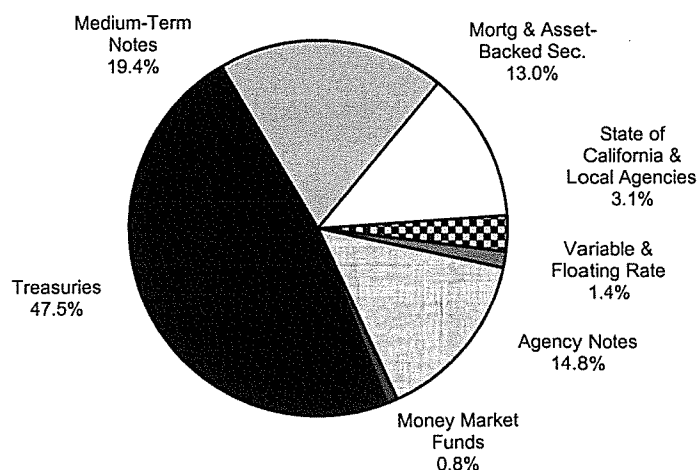
As of 1/31/17

Part 2 of 2

## Payden & Rygel

Book Value \$ 324,706,191

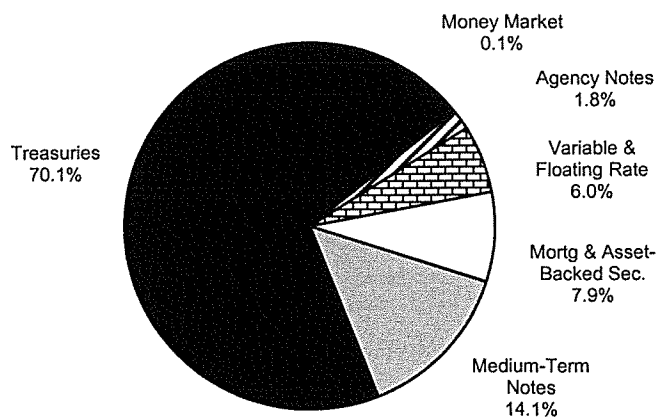
Market Value \$ 323,555,774



## Western Asset Management

Book Value \$ 323,509,233

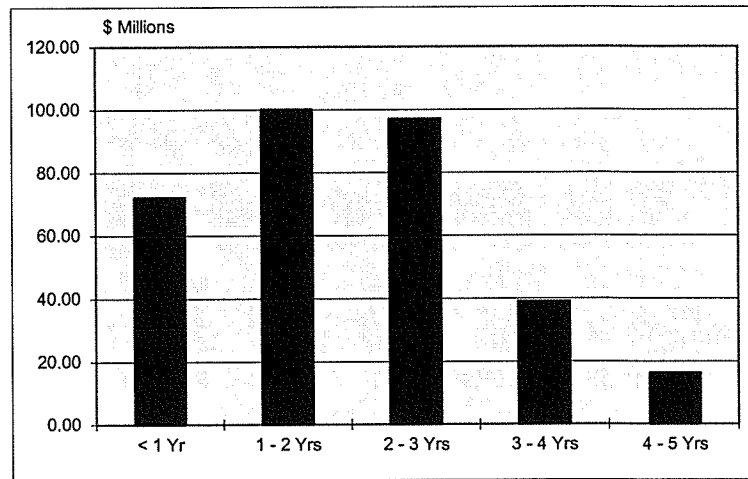
Market Value \$ 323,104,904



# Short-Term Portfolio Maturity Schedule As of 1/31/17

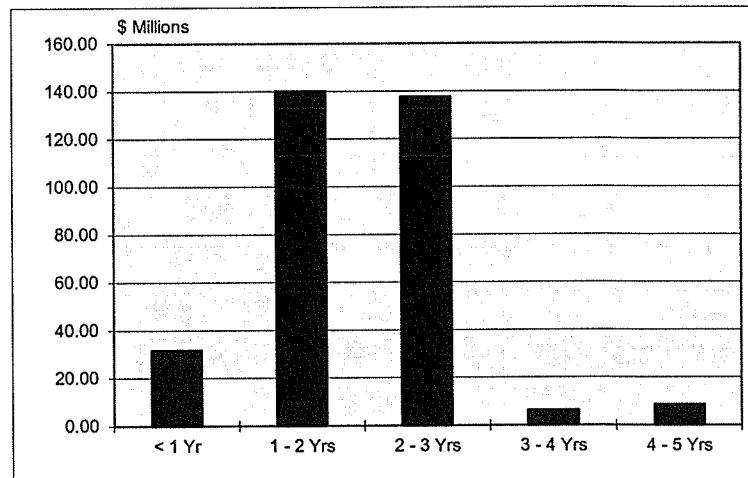
## **JP Morgan (\$324.6 M)**

Monthly Return	0.14%
TSY Benchmark	0.13%
Gov/Corp Benchmark	0.15%
Fiscal YTD Return	-0.34%
TSY Benchmark	-0.42%
Gov/Corp Benchmark	-0.30%
12 Month Return	0.59%
TSY Benchmark	0.40%
Gov/Corp Benchmark	0.65%



## **State Street Global (\$324.2 M)**

Monthly Return	0.12%
Benchmark Comparison	0.13%
Gov/Corp Benchmark	0.15%
Fiscal YTD Return	-0.29%
TSY Benchmark	-0.42%
Gov/Corp Benchmark	-0.30%
12 Month Return	0.67%
TSY Benchmark	0.40%
Gov/Corp Benchmark	0.65%

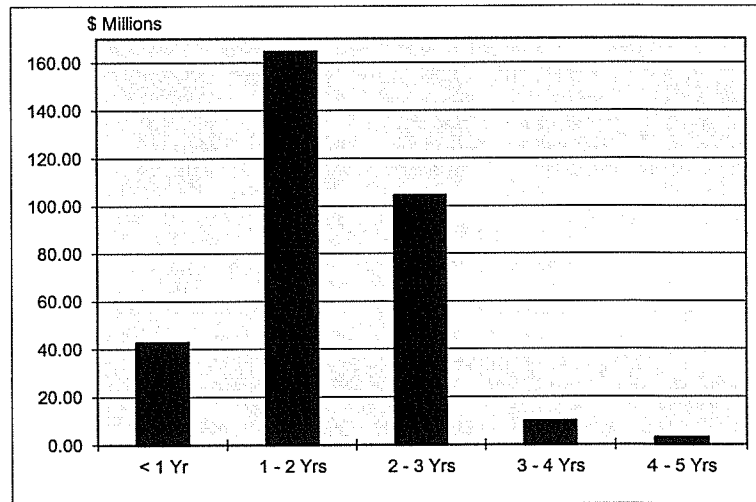


Yield Curve Change From 12/31/16 to 1/31/17			
	<u>12/31/16</u>	<u>1/31/17</u>	<u>Change</u>
1 Year	0.850%	0.762%	-0.0880%
2 Year	1.200%	1.206%	0.0060%
3 Year	1.470%	1.463%	-0.0070%
5 Year	1.930%	1.914%	-0.0160%
30 Year	3.060%	3.062%	0.0020%

# Short-Term Portfolio Maturity Schedule As of 1/31/17

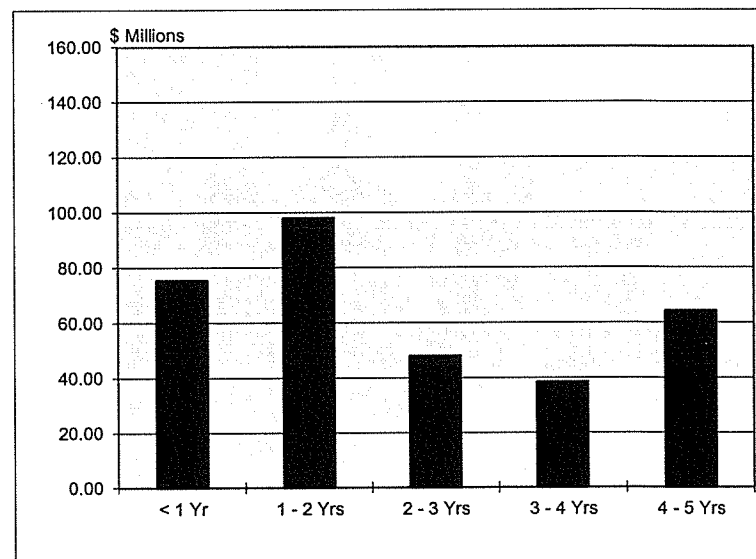
## **Payden & Rygel (\$324.7 M)**

Monthly Return	0.14%
TSY Benchmark	0.13%
Gov/Corp Benchmark	0.15%
Fiscal YTD Return	-0.03%
TSY Benchmark	-0.42%
Gov/Corp Benchmark	-0.30%
12 Month Return	0.77%
TSY Benchmark	0.40%
Gov/Corp Benchmark	0.65%



## **Western Asset Management (\$323.5 M)**

Monthly Return	0.17%
TSY Benchmark	0.13%
Gov/Corp Benchmark	0.15%
Fiscal YTD Return	-0.37%
TSY Benchmark	-0.42%
Gov/Corp Benchmark	-0.30%
12 Month Return	0.70%
TSY Benchmark	0.40%
Gov/Corp Benchmark	0.65%



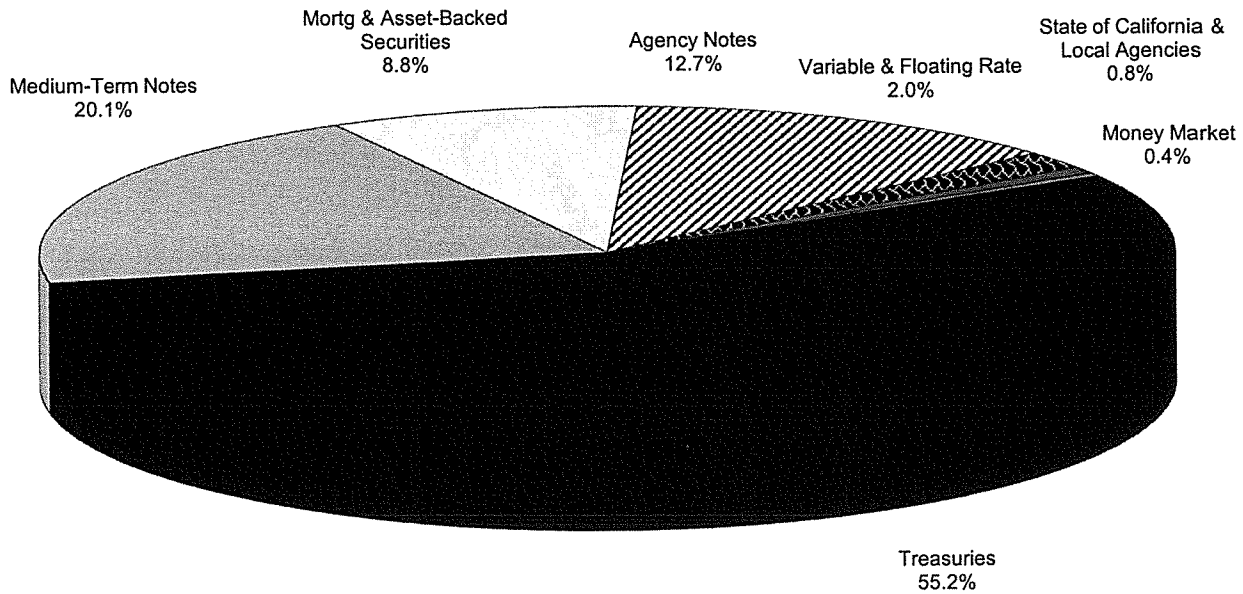
Yield Curve Change From 12/31/16 to 1/31/17			
	12/31/16	1/31/17	Change
1 Year	0.850%	0.762%	-0.0880%
2 Year	1.200%	1.206%	0.0060%
3 Year	1.470%	1.463%	-0.0070%
5 Year	1.930%	1.914%	-0.0160%
30 Year	3.060%	3.062%	0.0020%

# Short-Term Portfolio

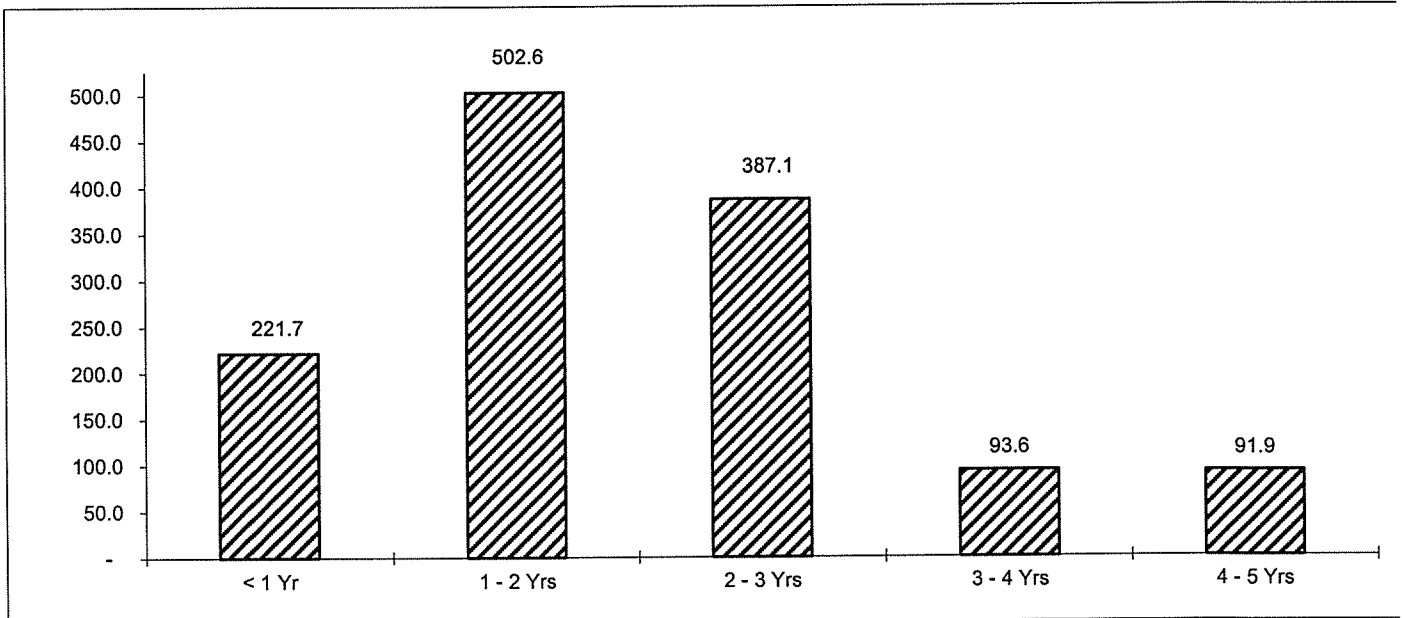
## As of 1/31/17

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### Total Portfolio Composition



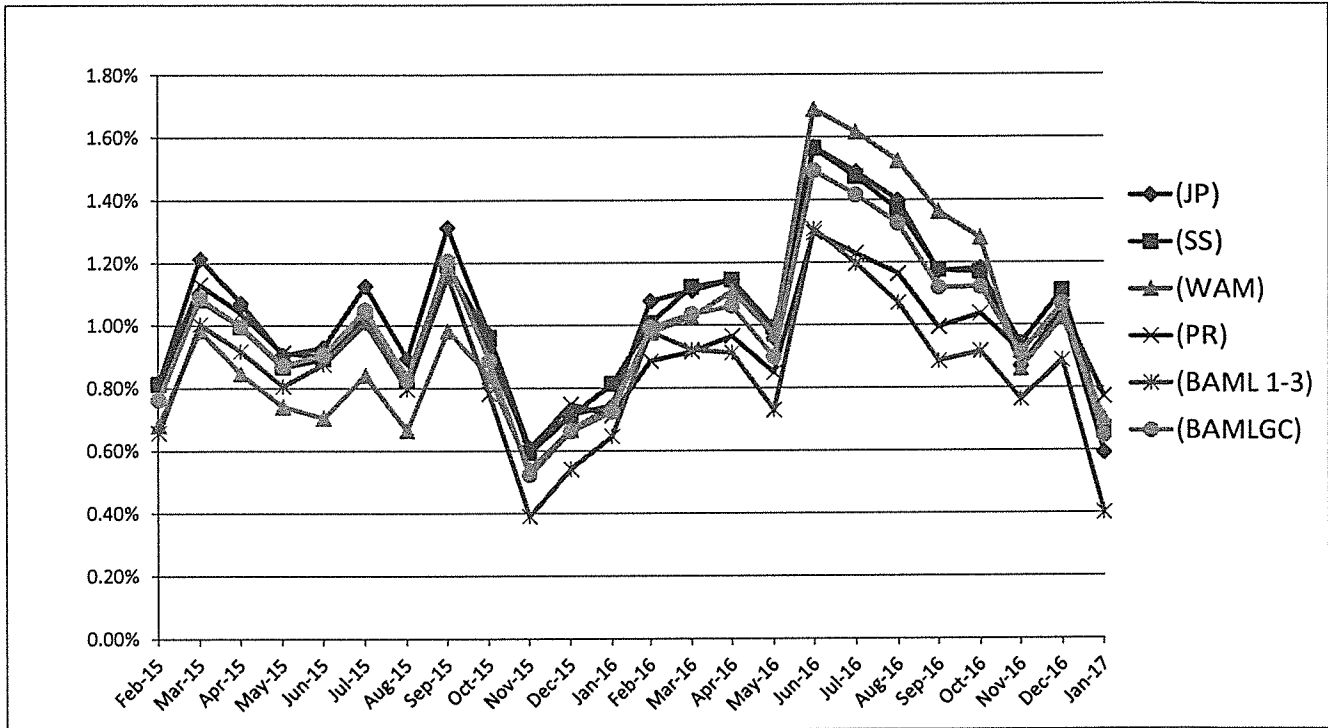
### Total Portfolio Maturity Schedule



# Short-Term Portfolio Performance

## As of 1/31/17

Trailing 1-Year Total Return  
Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks

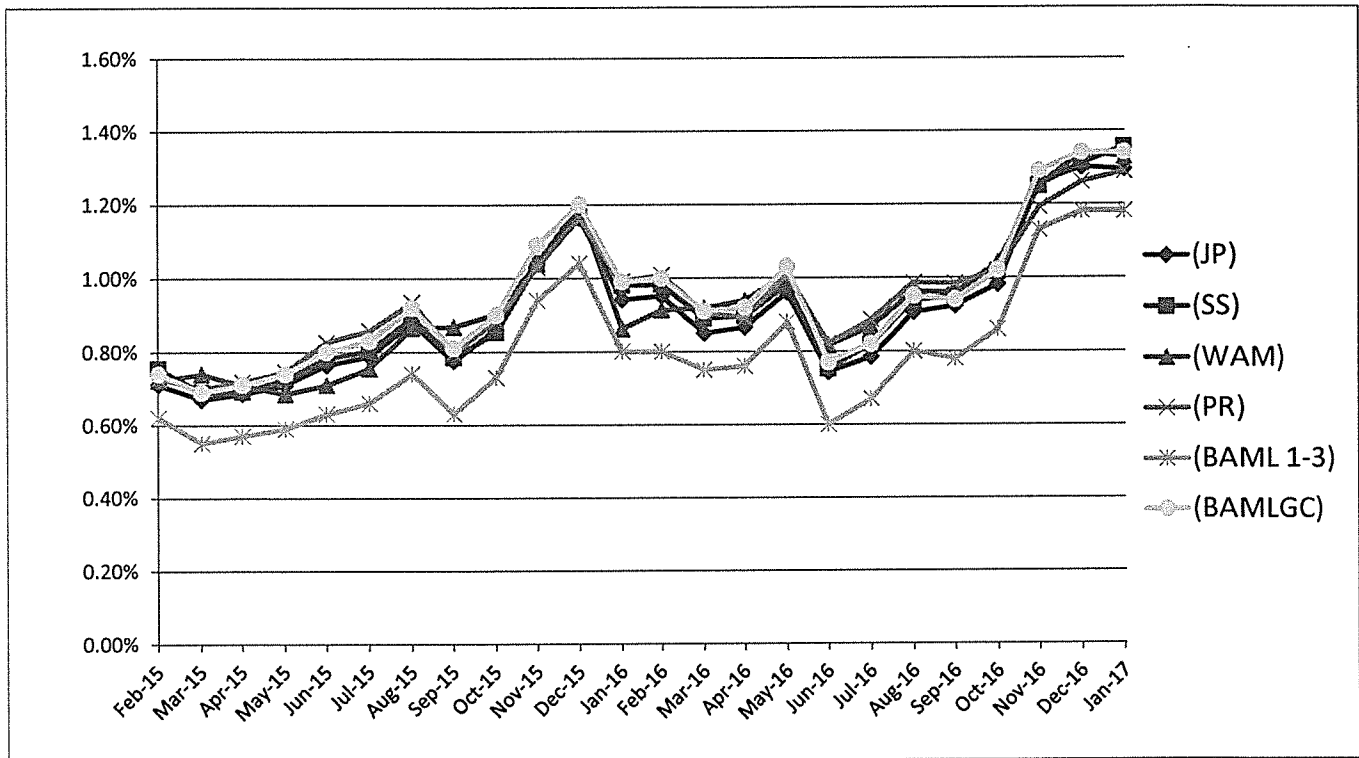


	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden & Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Feb-15	0.82%	0.81%	0.68%	0.81%	0.66%	0.76%
Mar-15	1.21%	1.08%	0.98%	1.13%	1.00%	1.09%
Apr-15	1.07%	1.00%	0.85%	1.04%	0.92%	1.00%
May-15	0.91%	0.87%	0.74%	0.91%	0.81%	0.87%
Jun-15	0.93%	0.89%	0.70%	0.90%	0.88%	0.91%
Jul-15	1.13%	1.03%	0.84%	1.04%	1.01%	1.05%
Aug-15	0.89%	0.83%	0.66%	0.83%	0.80%	0.83%
Sep-15	1.31%	1.20%	0.98%	1.19%	1.16%	1.21%
Oct-15	0.97%	0.96%	0.84%	0.91%	0.78%	0.89%
Nov-15	0.61%	0.59%	0.54%	0.61%	0.39%	0.52%
Dec-15	0.72%	0.71%	0.67%	0.75%	0.54%	0.66%
Jan-16	0.74%	0.81%	0.74%	0.71%	0.65%	0.72%
Feb-16	1.08%	1.01%	0.98%	0.89%	0.98%	0.99%
Mar-16	1.11%	1.12%	1.03%	0.92%	0.92%	1.04%
Apr-16	1.15%	1.14%	1.11%	0.96%	0.91%	1.06%
May-16	0.96%	0.99%	0.97%	0.85%	0.73%	0.90%
Jun-16	1.57%	1.56%	1.69%	1.30%	1.31%	1.49%
Jul-16	1.49%	1.47%	1.62%	1.23%	1.20%	1.42%
Aug-16	1.40%	1.37%	1.52%	1.16%	1.07%	1.32%
Sep-16	1.17%	1.18%	1.36%	0.99%	0.88%	1.12%
Oct-16	1.18%	1.17%	1.28%	1.04%	0.92%	1.12%
Nov-16	0.87%	0.94%	0.86%	0.92%	0.76%	0.91%
Dec-16	1.04%	1.11%	1.02%	1.05%	0.89%	1.07%
Jan-17	0.59%	0.67%	0.70%	0.77%	0.40%	0.65%

# Comparative Yield Performance

## As of 1/31/17

### Historical Yields Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks



	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Feb-15	0.71%	0.76%	0.72%	0.73%	0.62%	0.74%
Mar-15	0.67%	0.69%	0.74%	0.70%	0.55%	0.69%
Apr-15	0.69%	0.69%	0.71%	0.72%	0.57%	0.71%
May-15	0.71%	0.73%	0.69%	0.75%	0.59%	0.74%
Jun-15	0.77%	0.78%	0.71%	0.83%	0.63%	0.80%
Jul-15	0.79%	0.80%	0.76%	0.86%	0.66%	0.83%
Aug-15	0.88%	0.89%	0.87%	0.94%	0.74%	0.92%
Sep-15	0.78%	0.79%	0.87%	0.80%	0.63%	0.81%
Oct-15	0.86%	0.85%	0.90%	0.89%	0.73%	0.90%
Nov-15	1.04%	1.04%	1.04%	1.03%	0.94%	1.09%
Dec-15	1.16%	1.17%	1.19%	1.16%	1.04%	1.20%
Jan-16	0.94%	0.98%	0.86%	0.99%	0.80%	0.99%
Feb-16	0.95%	0.98%	0.91%	1.01%	0.80%	1.00%
Mar-16	0.85%	0.89%	0.92%	0.91%	0.75%	0.91%
Apr-16	0.87%	0.90%	0.94%	0.89%	0.76%	0.92%
May-16	0.96%	0.98%	1.01%	1.01%	0.88%	1.03%
Jun-16	0.74%	0.75%	0.82%	0.82%	0.60%	0.77%
Jul-16	0.79%	0.82%	0.87%	0.89%	0.67%	0.82%
Aug-16	0.91%	0.94%	0.96%	0.99%	0.80%	0.95%
Sep-16	0.92%	0.95%	0.96%	0.98%	0.78%	0.94%
Oct-16	0.98%	1.02%	1.04%	1.02%	0.86%	1.02%
Nov-16	1.26%	1.25%	1.25%	1.19%	1.13%	1.29%
Dec-16	1.30%	1.31%	1.34%	1.26%	1.18%	1.34%
Jan-17	1.29%	1.36%	1.33%	1.29%	1.18%	1.34%

# Liquid Funds Portfolio - \$119.9 M

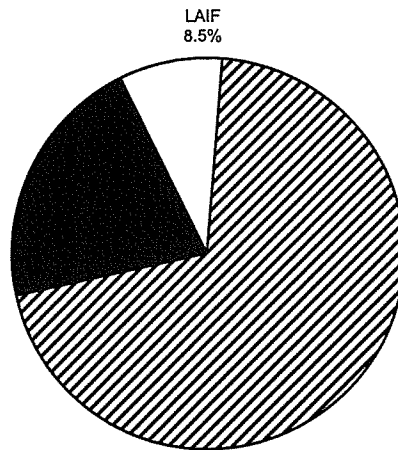
## As of 1/31/17

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### Other Liquid Funds

Book Value	\$	119,897,603
Market Value	\$	119,897,603

Bank of the West  
21.2%



BNY Mellon  
70.3%

Yield Curve Change From 12/31/16 to 1/31/17			
	12/31/16	1/31/17	Change
1 Month	0.440%	0.464%	0.0240%
3 Month	0.510%	0.515%	0.0050%
6 Month	0.620%	0.633%	0.0130%

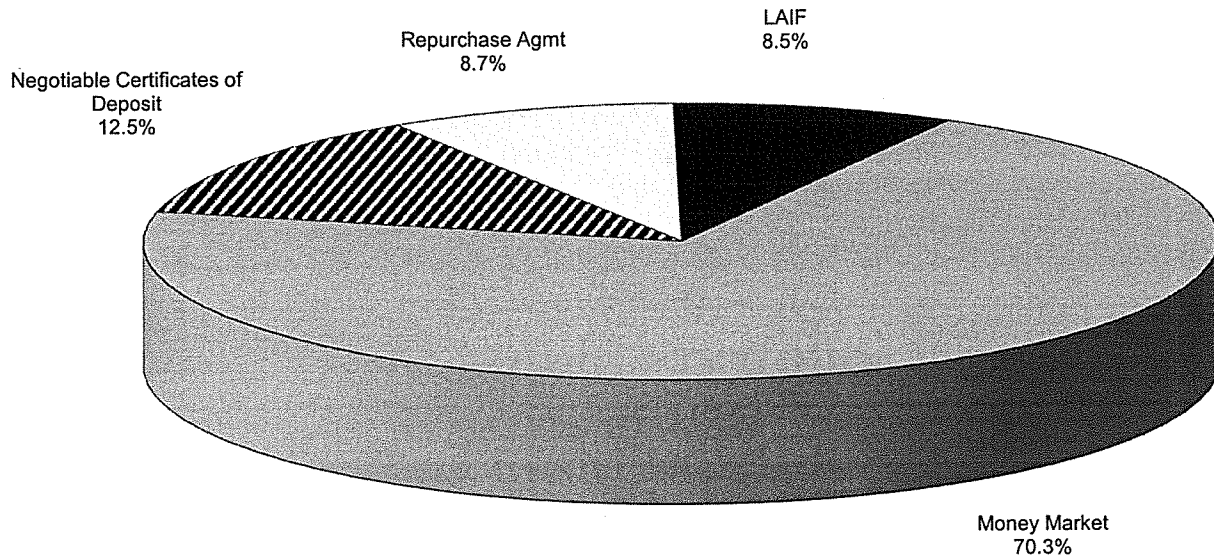
Market Value Reported By Custodial Bank

# Liquid Portfolio

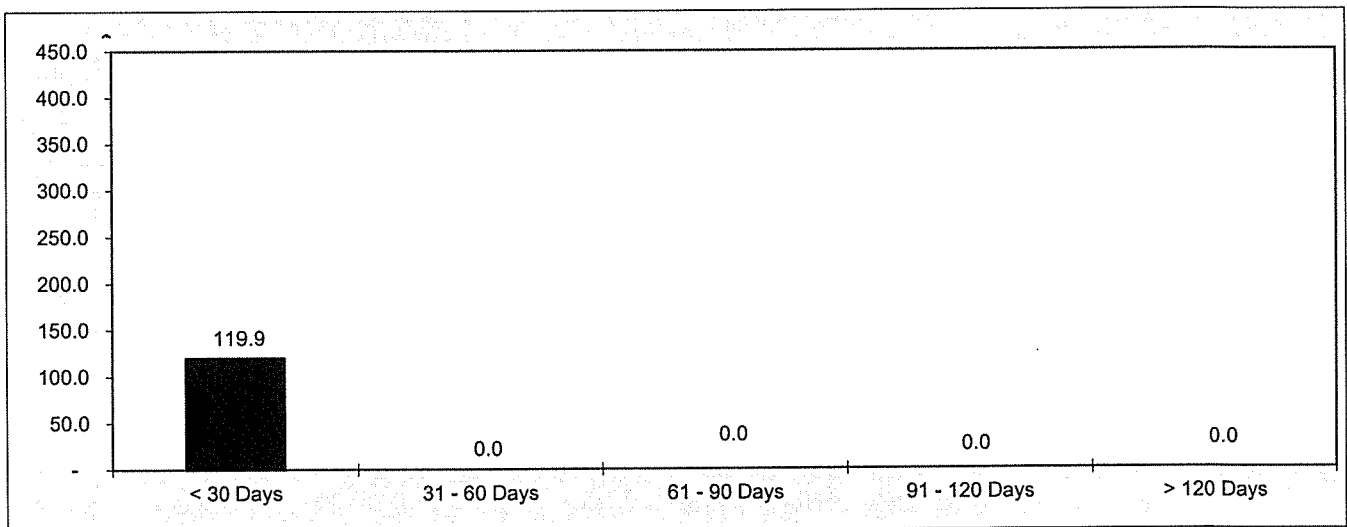
## As of 1/31/17

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### Total Portfolio Composition



### Maturity Schedule For Liquid Portfolio

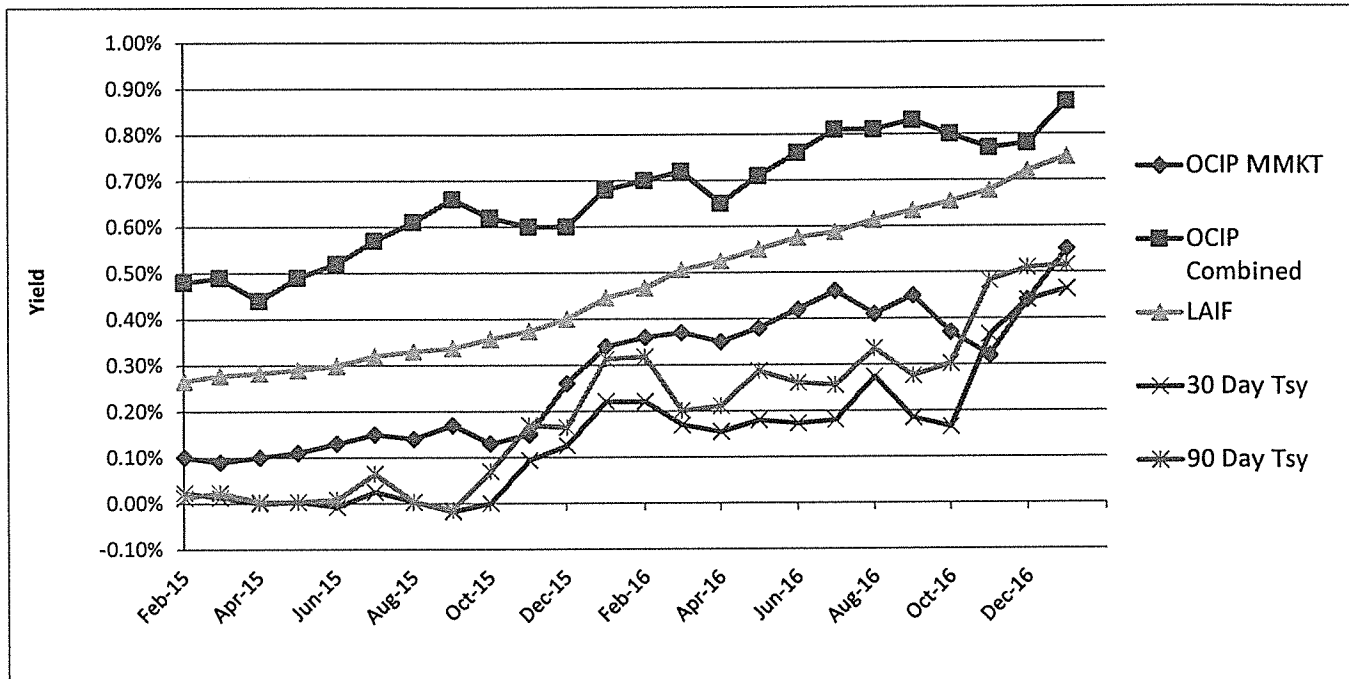




# Liquid Portfolio Performance

## As of 1/31/17

### Trailing 2-Year Yield OCIP, LAIF, 30 & 90 Day Treasury Bills



	<u>OCIP MMKT</u>	<u>OCIP Combined</u>	<u>LAIF</u>	<u>30 Day Tsy</u>	<u>90 Day Tsy</u>
Feb-15	0.10%	0.48%	0.27%	0.02%	0.01%
Mar-15	0.09%	0.49%	0.28%	0.01%	0.02%
Apr-15	0.10%	0.44%	0.28%	0.00%	0.00%
May-15	0.11%	0.49%	0.29%	0.00%	0.00%
Jun-15	0.13%	0.52%	0.30%	-0.01%	0.01%
Jul-15	0.15%	0.57%	0.32%	0.03%	0.06%
Aug-15	0.14%	0.61%	0.33%	0.00%	0.00%
Sep-15	0.17%	0.66%	0.34%	-0.02%	-0.02%
Oct-15	0.13%	0.62%	0.36%	0.00%	0.07%
Nov-15	0.15%	0.60%	0.37%	0.09%	0.17%
Dec-15	0.26%	0.60%	0.40%	0.13%	0.17%
Jan-16	0.34%	0.68%	0.45%	0.22%	0.31%
Feb-16	0.36%	0.70%	0.47%	0.22%	0.32%
Mar-16	0.37%	0.72%	0.51%	0.17%	0.20%
Apr-16	0.35%	0.65%	0.53%	0.16%	0.21%
May-16	0.38%	0.71%	0.55%	0.18%	0.29%
Jun-16	0.42%	0.76%	0.58%	0.17%	0.26%
Jul-16	0.46%	0.81%	0.59%	0.18%	0.26%
Aug-16	0.41%	0.81%	0.61%	0.27%	0.34%
Sep-16	0.45%	0.83%	0.63%	0.19%	0.28%
Oct-16	0.37%	0.80%	0.65%	0.17%	0.30%
Nov-16	0.32%	0.77%	0.68%	0.37%	0.48%
Dec-16	0.44%	0.78%	0.72%	0.44%	0.51%
Jan-17	0.55%	0.87%	0.75%	0.46%	0.52%

# Investment Policy Compliance

## As of 1/31/17

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	716,394,816	49.7%	100%
Federal Agencies & U.S. Government Sponsored *	164,926,908	11.4%	100%
State of California & Local Agencies	10,036,645	0.7%	25%
Money Market Funds & Mutual Funds	88,811,390	6.2%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	15,000,000	1.0%	30%
Commercial Paper	23,854,580	1.7%	25%
Medium Term Maturity Corporate Securities	261,133,601	18.1%	30%
Mortgage and Asset-backed Securities	114,613,400	8.0%	10%
Repurchase Agreements	10,374,346	0.7%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,234,175	0.7%	\$ 40 Million
Orange County Investment Pool (OCIP)	31,324	0.0%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	25,360,162	1.8%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	72,563	0.0%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
<b>TOTAL</b>	<b>1,440,843,909</b>	<b>100.0%</b>	

\* See attached page for a detailed listing of this category

# Investment Policy Compliance

## As of 1/31/17

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### Detail Composition

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Total Portfolio</u>	<u>Investment Policy Guidelines</u>
<u>Federal Agencies &amp; U.S. Government Sponsored</u>			
Federal Home Loan Bank (FHLB)	35,974,443	2.5%	35%
Federal Home Loan Mortgage Corporation (FHLMC)	69,308,516	4.8%	35%
Federal National Mortgage Association (FNMA)	89,283,110	6.2%	35%
Federal Housing and Urban Development	<u>1,000,000</u>	0.1%	35%
	195,566,069 *	13.6%	

\* The Total Dollar Amount Invested Equals The Dollar Amount Invested For Federal Agency Securities, Variable & Floating Rate (Agency) Securities, And A Portion Of Mortgage (Agency) & Asset-back Securities.

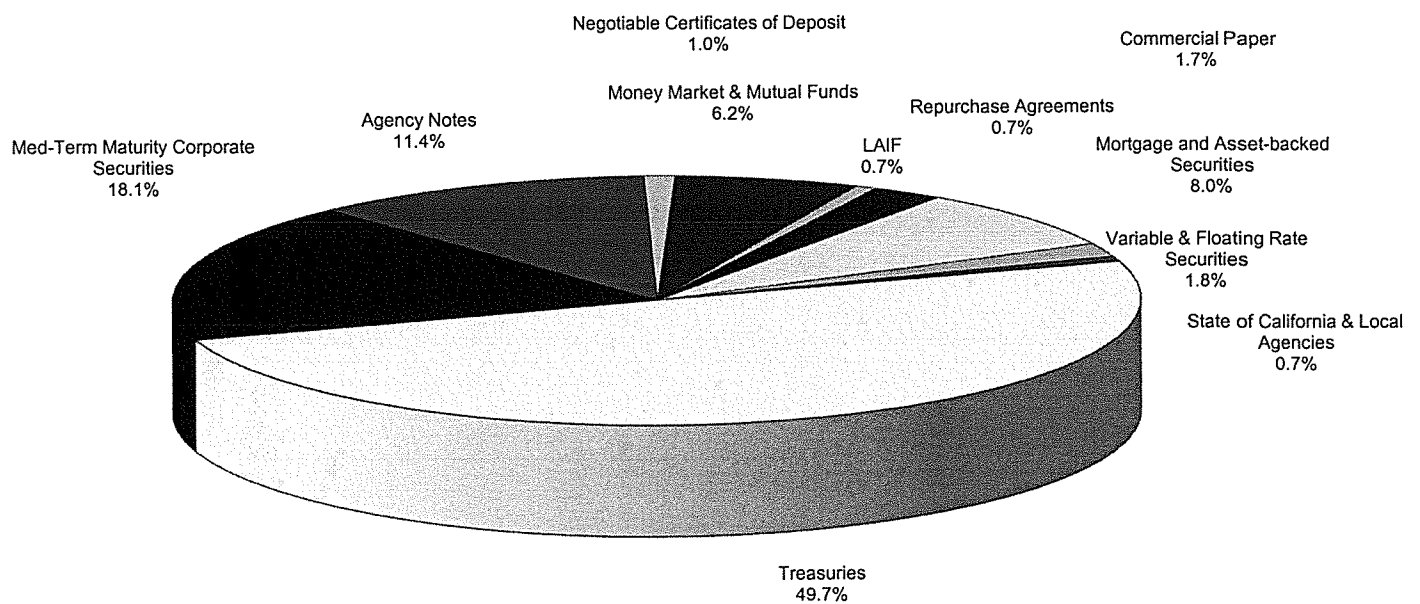
### Money Market Funds (MMF) & Mutual Funds

First American Obligations Treasury Fund	654	0.0%
Goldman Sach Fin. Square Govt. MMF	0	0.0%
Blackrock Institutional T-Fund	4,552,983	0.3%
Fidelity Treasury Obligations MMF	62,865,390	4.4%
Federated Treasury Obligations Fund	<u>21,392,363</u>	<u>1.5%</u>
	88,811,390	6.2%

# Investment Allocation

## As of 1/31/17

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## Negative Credit Watch

### As of 1/31/17

<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
<b>JPM</b>					
<i>McDonalds</i>	250,000	Various	BBB+	Baa1	BBB+
Removed from negative credit watch, but no longer within Investment Policy guidelines.					
<i>Bayer US Financial</i>	200,000	10/8/2019	A-	A3	NA
During May, Standard & Poor's and Moody's placed the long-term ratings of Bayer Financial under review for possible downgrade.					
<i>Microsoft</i>	550,000	Various	AAA	Aaa	AA+
During June, Fitch placed the long-term ratings of Microsoft under review for possible downgrade.					
<b>Payden &amp; Rygel</b>					
<i>Microsoft</i>	1,440,000	11/3/2018	AAA	Aaa	AA+
During June, Fitch placed the long-term ratings of Microsoft under review for possible downgrade.					
<i>Qualcom</i>	915,000	5/18/2018	A+	A1	NR
During October, Standard and Poor's and Moody's placed the long-term ratings of Qualcom under review for possible downgrade.					
<b>State Street</b>					
<i>Microsoft</i>	5,815,000	11/3/2018	AAA	Aaa	AA+
During June, Fitch placed the long-term ratings of Microsoft under review for possible downgrade.					
<b>Western Asset</b>					
<i>Qualcom</i>	1,250,000	Various	A+	A1	NR
During October, Standard and Poor's and Moody's placed the long-term ratings of Qualcom under review for possible downgrade.					

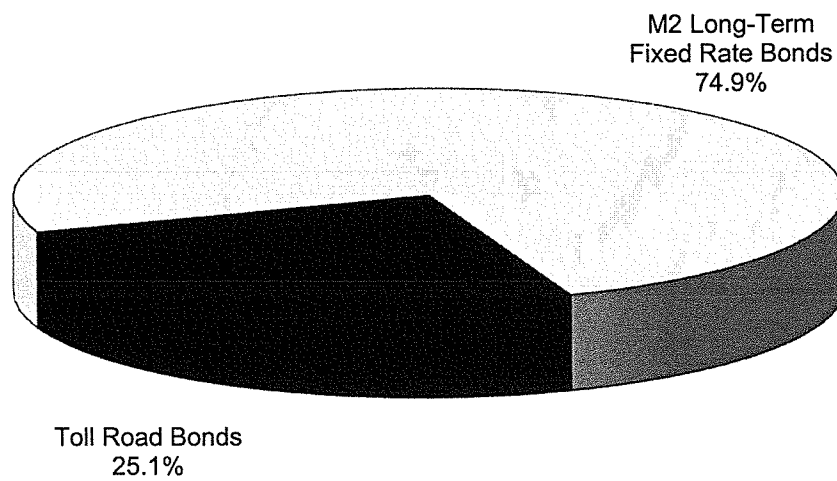
# DEBT PROGRAM

# Total Outstanding Debt

## As of 1/31/17

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### Outstanding Debt



**TOTAL OUTSTANDING DEBT:     \$434,615,000**

# Outstanding Debt

## As of 1/31/17

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

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

Issued:	\$	293,540,000
Outstanding:	\$	293,540,000
Debt Service FY 2017:		13,409,389
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings	Aa2/AA+/AA+	
Final Maturity		2041

#### 2010 Series B Tax-Exempt Sales Tax Revenue Bonds

Issued:	\$	59,030,000
Outstanding:	\$	31,945,000
Debt Service FY 2017:		8,912,100
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings	Aa2/AA+/AA+	
Final Maturity		2020

### 91 Express Lanes

#### 2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	124,415,000
Outstanding:		109,130,000
Debt Service FY 2017:		10,798,525
Pledged Revenue Source:	Toll Road Revenues	
Underlying Ratings	A1/AA-/A	
Final Maturity		2030





**March 8, 2017**

**To:** Finance and Administration Committee

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

**Subject:** Approval of Local Transportation Fund Fiscal Year 2017-18 Apportionment Estimates

### **Overview**

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2017-18 be determined and prospective claimants be advised of the amounts.

### **Recommendation**

Approve the Local Transportation Fund Fiscal Year 2017-18 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund for the following fiscal year.

### **Background**

The Transportation Development Act of 1971 established a funding source dedicated to transit and transit-related projects. The funding source consists of two parts: the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STAF). The LTF is derived from 1/4 cent of the 7.75 percent sales tax in Orange County. LTF revenues are collected by the State Board of Equalization and returned monthly to the local jurisdictions based on the volume of sales during each month. The STAF is generated from the sales tax on diesel and funded through the Public Transportation Account. STAF revenues are continuously appropriated to local agencies by formula on a quarterly basis.

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***Discussion***

The estimate of LTF revenues for fiscal year (FY) 2017-18 has been calculated by the Orange County Auditor Controller at \$160,450,225. The forecast was based on FY 2016-17 estimated actuals and increased by 2.40 percent, which is the forecasted growth rate for FY 2017-18.

The FY 2017-18 apportionment is summarized in the following table:

<b>LTF Revenues</b>	
Estimated FY 2017-18 Sales and Use Tax Receipts	\$ 160,450,225
<b>Article 3 payments:</b>	
Orange County Auditor-Controller – Administration	\$ 3,122
Orange County Transportation Authority – County Transportation Commission Administration	141,372
Orange County Transportation Authority – County Transportation Commission Planning	3,610,130
Southern California Association of Governments – regional planning	1,203,377
<b>Sub-total - Article 3 funding</b>	<b>\$ 4,958,001</b>
<b>Articles 4 and 4.5 payments:</b>	
Orange County Transit District - Consolidated Transportation Service Agency Funding - Article 4.5	\$ 7,774,611
Orange County Transit District - Public Transit Funding - Article 4	146,621,592
Laguna Beach Municipal Transit Lines – Public Transit Funding – Article 4	1,096,021
<b>Sub-total - Articles 4 and 4.5 funding</b>	<b>\$ 155,492,224</b>
<b>Total funds apportioned</b>	<b>\$ 160,450,225</b>

***Summary***

Staff recommends approval of the LTF FY 2017-18 apportionment estimates. Staff also recommends authorizing the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County LTF for FY 2017-18.

***Attachment***

None.

**Prepared by:**



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Grants and Revenues Manager  
Financial Planning & Analysis  
(714) 560-5702

**Approved by:**



Andrew Oftelie  
Executive Director,  
Finance and Administration  
(714) 560-5649



**March 8, 2017**

**To:** Finance and Administration Committee

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

**Subject:** Fiscal Year 2016-17 Second Quarter Grant Reimbursement Status Report

### **Overview**

The Quarterly Grant Reimbursement Status Report summarizes grant activities for information purposes for the Orange County Transportation Authority Board of Directors. This report focuses on activity for the period of October through December 2016.

### **Recommendation**

Receive and file as an information item.

### **Discussion**

The Orange County Transportation Authority (OCTA) has secured grant funding from federal, state, and local grant agencies to deliver programs, projects, and services to improve mobility in Orange County. The use of these funds is consistent with OCTA's Board of Directors (Board) approved capital programming policies. The Quarterly Grant Reimbursement Status Report summarizes awarded/executed, current, and closed grant agreements.

#### **Awarded/Executed Grant Agreements:**

During the second quarter, OCTA was awarded and executed three discretionary grants which are summarized below.

#### **Fiscal Year (FY) 2016 California Office of Traffic Safety: National Highway Safety Administration**

- OCTA executed a grant agreement with the California Office of Traffic Safety to secure \$0.05 million in competitive funds from the National Highway Safety Administration. The funds will be used to develop and distribute safety videos that will raise public awareness of safe bicycling and pedestrian practices. The project is expected to take approximately 12 months to complete.

FY 2016 Transit Security Grant Program (TSGP): Federal Emergency Management Agency (FEMA), Department of Homeland Security

- OCTA executed an agreement with FEMA to secure \$0.14 million in nationally competitive TSGP funds. The awarded funds will support two security initiatives intended to ensure the safety and security of the transit system in Orange County. The awarded projects include \$0.07 million to update the agency's security and emergency preparedness plans, and \$0.07 million to sustain counter terrorism patrols of the Orange County transit system. The grant awards do not require a local match.

FY 2015 Active Transportation Program (ATP): California Department of Transportation

- OCTA executed a grant agreement with the California Department of Transportation to secure \$0.35 million in ATP grant funds to complete a countywide Orange County Active Transportation Plan. The awarded funds will be used to establish a broad-based strategic planning document that will help ensure local and regional bicycle and pedestrian improvement efforts are well coordinated. The countywide plan will also allow local jurisdictions to be eligible for ongoing ATP funding. The grant funds require a 20 percent local match contribution which will be provided using formula State Transportation Improvement Program funds previously authorized by the OCTA Board on February 22, 2016, for use towards planning study purposes.

**Current Grant Agreements:**

OCTA's Federal Transit Administration (FTA) formula grant agreements total 19, and FTA discretionary grant agreements total three. The total FTA formula and discretionary grant agreements amount to \$464.1 million. The total amount reimbursed through the second quarter under these grant agreements is \$348.7 million, leaving a balance of \$115.4 million (Attachment A).

The balance (\$107.6 million) of the 19 FTA formula grant agreements will primarily fund fixed-route bus procurements, engine repowers, rideshare and vanpool programs, design and engineering for the Laguna Niguel/San Juan Capistrano passing siding project, preliminary engineering for the OC Streetcar Project, and rail rehabilitation projects.

The balance (\$7.8 million) of the three FTA discretionary grant agreements will primarily fund a new control point at 4<sup>th</sup> Street on the OCTA-owned railroad right-of-way (ROW), as well as slope stabilization improvements on the railroad ROW from the City of Laguna Niguel to the City of Lake Forest. The balance will

also fund security camera surveillance systems for commuter rail stations located in the cities of Anaheim, Laguna Niguel/Mission Viejo, Orange, and Placentia.

OCTA also has a combined 43 other formula grant agreements (Attachment B) and 11 other discretionary grant agreements (Attachment C).

The 43 other formula grant agreements total \$429.9 million. The total amount reimbursed through the second quarter under these other grant agreements is \$272.9 million, leaving a balance of \$157 million.

The 11 other discretionary grant agreements total \$8.5 million. A total of \$0.5 million of these discretionary grant agreements has been reimbursed, leaving a balance of \$8 million. These other discretionary grant agreements have a defined grant expiration date. Project expenses must be fully paid and reimbursed prior to the grant agreement expiration date. Staff anticipates each of the remaining balances to be fully reimbursed prior to the grant agreement expiration date.

Combined, the FTA and other formula and discretionary grants total \$902.5 million. The total amount reimbursed across all these grant agreements equals \$622.1 million, leaving a remaining balance of \$280.4 million.

**Closed Grant Agreements:**

There were five grant agreements totaling \$8.3 million that were closed out in the second quarter of FY 2016-17. These grant agreements are summarized in Attachment D.

***Summary***

This report provides an update of the grant agreement funded activities for the second quarter of FY 2016-17, October through December 2016. Staff recommends this report be received and filed as an information item.

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***Attachments***

- A. Second Quarter Grant Reimbursement Status Report, October through December 2016, Federal Transit Administration Formula and Discretionary Grant Agreements
- B. Second Quarter Grant Reimbursement Status Report, October through December 2016, Other Formula Grant Agreements
- C. Second Quarter Grant Reimbursement Status Report, October through December 2016, Other Discretionary Grant Agreements
- D. Second Quarter Grant Reimbursement Status Report, October through December 2016, Closed Grant Agreements

**Prepared by:**



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Rene I. Vega  
Section Manager, Grants and Revenue  
Financial Planning & Analysis  
714-560-5702

**Approved by:**



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Andrew Oftelie  
Executive Director,  
Finance and Administration  
714-560-5649

**Second Quarter Grant Reimbursement Status Report  
October through December 2016**

**Federal Transit Administration Formula and Discretionary Grant Agreements**

	<b>FEDERAL FISCAL YEAR (FFY)</b>	<b>GRANT NUMBER</b>	<b>FEDERAL GRANT AMOUNT</b>	<b>LOCAL MATCH AMOUNT</b>	<b>TOTAL GRANT AMOUNT</b>	<b>FEDERAL GRANT AMOUNT REIMBURSED</b>	<b>REMAINING BALANCE</b>	<b>ANTICIPATED CLOSE OUT DATE</b>
<b>FTA Section 5307 - Urbanized Area Formula Grant Program:</b>								
1	2011	CA-90-Y860	\$ 58,821,054	\$ 23,654,886	\$ 82,475,940	\$ 53,322,497	\$ 5,498,557	March 2018
2	2012	CA-90-Y942	57,746,965	26,365,936	84,112,901	33,022,471	24,724,494	December 2017
3	2013	CA-90-Z027	53,878,508	23,835,557	77,714,065	45,225,634	8,652,874	December 2017
4	2014	CA-90-Z174	55,129,189	60,687,809	115,816,998	54,578,137	551,052	September 2017
5	2015	CA-2016-032	55,400,721	57,746,581	113,147,302	52,537,940	2,862,781	December 2017
6	2016	CA-2016-116	56,269,958	58,602,920	114,872,878	27,271,120	28,998,838	June 2018
<b>Formula Grants Sub-Total</b>			<b>\$ 337,246,395</b>	<b>\$ 250,893,689</b>	<b>\$ 588,140,084</b>	<b>\$ 265,957,799</b>	<b>\$ 71,288,596</b>	
<b>FTA Section 5307 - Federal Funds flexed from the Federal Highway Administration (FHWA):</b>								
7	2010	CA-95-X131	\$ 2,102,650	\$ 272,350	\$ 2,375,000	\$ 1,149,621	\$ 953,029	April 2018
8	2011	CA-95-X180	4,260,000	-	4,260,000	3,461,500	798,500	June 2017
9	2012	CA-95-X188	29,198,000	3,782,910	32,980,910	27,986,659	1,211,341	December 2017
10	2012	CA-95-X195	2,244,000	-	2,244,000	2,127,331	116,669	June 2017
11	2012	CA-95-X210	12,669,000	-	12,669,000	6,550,072	6,118,928	October 2018
12	2012	CA-95-X213	6,000,000	-	6,000,000	4,121,974	1,878,026	June 2019
13	2012	CA-95-X254	5,657,000	151,456	5,808,456	2,530,069	3,126,931	June 2018
14	2014	CA-95-X286	6,621,000	-	6,621,000	2,226,584	4,394,416	August 2017
<b>Formula Grants Sub-Total</b>			<b>\$ 68,751,650</b>	<b>\$ 4,206,716</b>	<b>\$ 72,958,366</b>	<b>\$ 50,153,810</b>	<b>\$ 18,597,840</b>	
<b>FTA Section 5310 - Enhanced Mobility of Seniors &amp; Individuals with Disabilities Grant Program:</b>								
15	2015 & 2016	CA-2016-151	\$ 4,011,574	\$ -	\$ 4,011,574	\$ 1,311,266	\$ 2,700,308	June 2018
<b>Formula Grant Sub-Total</b>			<b>\$ 4,011,574</b>	<b>\$ -</b>	<b>\$ 4,011,574</b>	<b>\$ 1,311,266</b>	<b>\$ 2,700,308</b>	
<b>FTA Section 5316 - Jobs Access and Reverse Commute (JARC) Grant Program:</b>								
16	2009	CA-37-X113	\$ 13,962,492	\$ 9,179,853	\$ 23,142,345	\$ 7,957,053	\$ 6,005,439	September 2019
<b>Formula Grant Sub-Total</b>			<b>\$ 13,962,492</b>	<b>\$ 9,179,853</b>	<b>\$ 23,142,345</b>	<b>\$ 7,957,053</b>	<b>\$ 6,005,439</b>	
<b>FTA Section 5317 - New Freedoms Grant Program:</b>								
17	2009	CA-57-X038	\$ 6,387,803	\$ 4,297,327	\$ 10,685,130	\$ 6,213,029	\$ 174,774	September 2017
<b>Formula Grant Sub-Total</b>			<b>\$ 6,387,803</b>	<b>\$ 4,297,327</b>	<b>\$ 10,685,130</b>	<b>\$ 6,213,029</b>	<b>\$ 174,774</b>	
<b>FTA Section 5337 - State of Good Repair Grant Program:</b>								
18	2015 & 2016	CA-2016-096	\$ 5,261,812	\$ -	\$ 5,261,812	\$ 1,043,511	\$ 4,218,301	December 2018
<b>Formula Grant Sub-Total</b>			<b>\$ 5,261,812</b>	<b>\$ -</b>	<b>\$ 5,261,812</b>	<b>\$ 1,043,511</b>	<b>\$ 4,218,301</b>	
<b>FTA Section 5339 - Buses and Bus Facilities Grant Program:</b>								
19	2015 & 2016	CA-2016-031	\$ 10,591,955	\$ -	\$ 10,591,955	\$ 5,986,240	\$ 4,605,715	April 2018
<b>Formula Grant Sub-Total</b>			<b>\$ 10,591,955</b>	<b>\$ -</b>	<b>\$ 10,591,955</b>	<b>\$ 5,986,240</b>	<b>\$ 4,605,715</b>	
<b>Formula Grants Total</b>			<b>\$ 446,213,681</b>	<b>\$ 268,577,585</b>	<b>\$ 714,791,266</b>	<b>\$ 338,622,708</b>	<b>\$ 107,590,973</b>	

ATTACHMENT A



**Second Quarter Grant Reimbursement Status Report  
October through December 2016**

**Federal Transit Administration Formula and Discretionary Grant Agreements**

	<b>FEDERAL FISCAL YEAR (FFY)</b>	<b>GRANT NUMBER</b>	<b>FEDERAL GRANT AMOUNT</b>	<b>LOCAL MATCH AMOUNT</b>	<b>TOTAL GRANT AMOUNT</b>	<b>FEDERAL GRANT AMOUNT REIMBURSED</b>	<b>REMAINING BALANCE</b>	<b>ANTICIPATED CLOSE OUT DATE</b>
<b>FTA Section 5309 - Discretionary Capital Grant Program:</b>								
1	2008	CA-04-0078	\$ 7,021,300	\$ 1,686,933	\$ 8,708,233	\$ 5,380,761	\$ 1,640,539	December 2018
2	2012	CA-05-0269	6,000,000	-	6,000,000	706,850	5,293,150	March 2020
3	2013	CA-04-0122	4,845,999	1,201,302	6,047,301	3,934,803	911,196	December 2020
<b>Discretionary Grants Sub-Total</b>			<b>\$ 17,867,299</b>	<b>\$ 2,888,235</b>	<b>\$ 20,755,534</b>	<b>\$ 10,022,414</b>	<b>\$ 7,844,885</b>	
<b>Discretionary Grants Total</b>			<b>\$ 17,867,299</b>	<b>\$ 2,888,235</b>	<b>\$ 20,755,534</b>	<b>\$ 10,022,414</b>	<b>\$ 7,844,885</b>	
<b>Formula and Discretionary Grants Total</b>			<b>\$ 464,080,980</b>	<b>\$ 271,465,820</b>	<b>\$ 735,546,800</b>	<b>\$ 348,645,122</b>	<b>\$ 115,435,858</b>	

Note:

FTA Section 5307 - Urbanized Area Formula Grant Program: Funds are used to fund preventative 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 purposes of assisting private nonprofit groups in meeting transportation needs of the elderly and persons with disabilities.

FTA Section 5316 - Jobs Access and Reverse Commute (JARC) Grant Program: Grants provide funds to support new transit services and establish mobility management programs to assist low-income individuals.

FTA Section 5317 - New Freedoms Grant Program: Grants provide funds to support new transit services and establish mobility management programs to enhance access for 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 nations 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 new formula-based program dedicated to support capital projects such as 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.

**Second Quarter Grant Reimbursement Status Report  
October through December 2016**

**Other Formula Grant Agreements**

	FISCAL YEAR (FY)	GRANT PROJECT	GRANT AMOUNT	MATCH AMOUNT	TOTAL GRANT AMOUNT	GRANT AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE OUT/DUE DATE
<b>Active Transportation Program (ATP)</b>								
1	2016	Orange County Active Transportation Plan	\$ 280,000	\$ 70,000	\$ 350,000	\$ -	\$ 280,000	April 2019
		<b>Total - ATP</b>	<b>\$ 280,000</b>	<b>\$ 70,000</b>	<b>\$ 350,000</b>	<b>\$ -</b>	<b>\$ 280,000</b>	
<b>State Transportation Improvement Plan (STIP): Programming, Planning, Monitoring (PPM)</b>								
2	2015	PPM Program	\$ 1,445,000	\$ -	\$ 1,445,000	\$ -	\$ 1,445,000	December 2017
3	2016	PPM Program	831,000	-	831,000	-	831,000	December 2018
		<b>Total - STIP PPM</b>	<b>\$ 2,276,000</b>	<b>\$ -</b>	<b>\$ 2,276,000</b>	<b>\$ -</b>	<b>\$ 2,276,000</b>	
<b>State Proposition 1B: Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)</b>								
4	2012	Raymond Avenue Grade Separation Project Right-of-Way (ROW)	\$ 25,172,000	\$ -	\$ 25,172,000	\$ 24,711,625	\$ 460,375	August 2020
5	2015	Raymond Avenue Grade Separation Project (Construction)	43,008,102	-	43,008,102	19,104,243	23,903,859	August 2020
6	2015	Fullerton Transportation Center Elevator Project (Construction)	500,000	-	500,000	-	500,000	August 2017
		<b>Subtotal - Proposition 1B (PTMISEA)</b>	<b>\$ 68,680,102</b>	<b>\$ -</b>	<b>\$ 68,680,102</b>	<b>\$ 43,815,868</b>	<b>\$ 24,864,234</b>	
<b>State Proposition 1B California Transit Security Grant Program (CTSGP): Transit System Safety, Security, and Disaster Response Account (TSSSDRA)</b>								
7	2012	Video Surveillance System Upgrades	\$ 100,000	\$ -	\$ 100,000	\$ 48,408	\$ 51,592	September 2017
8	2013	Raymond Avenue Grade Separation Project (Construction)	1,680,495	-	1,680,495	147,495	1,533,000	September 2017
9	2014	State College Boulevard Grade Separation Project (Construction)	1,506,069	-	1,506,069	-	1,506,069	September 2017
		<b>Subtotal - Proposition 1B (TSSSDRA)</b>	<b>\$ 3,286,564</b>	<b>\$ -</b>	<b>\$ 3,286,564</b>	<b>\$ 195,903</b>	<b>\$ 3,090,661</b>	
<b>State Proposition 1B: Trade Corridors Improvement Fund Program (TCIF)</b>								
10	2011	Placentia Avenue Grade Separation Project (Construction)	\$ 9,550,000	\$ -	\$ 9,550,000	\$ 9,299,039	\$ 250,961	June 2017
11	2011	Kraemer Boulevard Grade Separation Project (Construction)	15,513,000	-	15,513,000	14,632,720	880,280	June 2017
12	2012	Orangethorpe Boulevard Grade Separation Project (Construction)	41,632,000	-	41,632,000	24,080,769	17,551,231	June 2019
13	2012	Tustin Avenue / Rose Drive Grade Separation Project (Construction)	30,862,000	-	30,862,000	18,245,597	12,616,403	June 2019
14	2013	Lakeview Boulevard Grade Separation Project (Construction)	27,628,157	-	27,628,157	11,721,158	15,906,999	June 2019
		<b>Subtotal - Proposition 1B (TCIF)</b>	<b>\$ 125,185,157</b>	<b>\$ -</b>	<b>\$ 125,185,157</b>	<b>\$ 77,979,282</b>	<b>\$ 47,205,875</b>	
<b>State Proposition 1B: Highway Railroad Crossing Safety Account (HRCSA)</b>								
15	2010	Sand Canyon Avenue Grade Separation Project (Construction)	\$ 6,618,000	\$ -	\$ 6,618,000	\$ 6,457,051	\$ 160,949	June 2017
		<b>Subtotal - Proposition 1B (HRCSA)</b>	<b>\$ 6,618,000</b>	<b>\$ -</b>	<b>\$ 6,618,000</b>	<b>\$ 6,457,051</b>	<b>\$ 160,949</b>	
<b>State Proposition 1B: State-Local Partnership Program (SLPP)</b>								
16	2012	Bristol Street Widening - Third Street to Civic Center (Construction)	\$ 3,120,000	\$ 3,120,000	\$ 6,240,000	\$ 1,873,586	\$ 1,246,414	June 2017
17	2013	Brookhurst Street Improvements, Ball Road to Katella Avenue (Construction)	3,393,000	3,393,000	6,786,000	1,246,233	2,146,767	June 2018
18	2013	Cow Camp Road - Segment 1 (Construction)	4,160,000	4,160,000	8,320,000	537,955	3,622,045	June 2018
19	2013	Harbor Boulevard and Adams Street Improvements (Construction)	1,482,000	1,482,000	2,964,000	260,929	1,221,071	June 2018
20	2013	La Pata Avenue - Phase 1 (Construction)	5,110,000	5,110,000	10,220,000	994,059	4,115,941	June 2018
		<b>Subtotal - Proposition 1B (SLPP)</b>	<b>\$ 17,265,000</b>	<b>\$ 17,265,000</b>	<b>\$ 34,530,000</b>	<b>\$ 4,912,762</b>	<b>\$ 12,352,238</b>	
		<b>Total - Proposition 1B</b>	<b>\$ 221,034,823</b>	<b>\$ 17,265,000</b>	<b>\$ 238,299,823</b>	<b>\$ 133,360,866</b>	<b>\$ 87,673,957</b>	

**Second Quarter Grant Reimbursement Status Report  
October through December 2016**

**Other Formula Grant Agreements**

	FISCAL YEAR (FY)	GRANT PROJECT	GRANT AMOUNT	MATCH AMOUNT	TOTAL GRANT AMOUNT	GRANT AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE OUT/DUE DATE
<b>State Proposition 116: Clean Air and Transportation Improvement Act Bond Funds</b>								
21	2010	Sand Canyon Avenue Grade Separation Project (Construction)	\$ 22,004,000	\$ -	\$ 22,004,000	\$ 21,324,663	\$ 679,337	June 2017
		<b>Total - Proposition 116</b>	<b>\$ 22,004,000</b>	<b>\$ -</b>	<b>\$ 22,004,000</b>	<b>\$ 21,324,663</b>	<b>\$ 679,337</b>	
<b>Federal Highway Administration Grant Program - Congestion Mitigation Air Quality (CMAQ)</b>								
22	2010	Orangethorpe Avenue Grade Separation Project (ROW)	\$ 27,504,000	\$ -	\$ 27,504,000	\$ 23,588,900	\$ 3,915,100	June 2019
23	2011	Lakeview Avenue Grade Separation Project (ROW Utility Relocation)	3,135,862	-	3,135,862	60,901	3,074,961	June 2019
24	2015	I-5, SR-55 to SR-57 (PS&E)	2,800,000	1,492,000	4,292,000	2,437,991	362,009	June 2020
25	2015	I-5 from the Orange/San Diego County Line to Avenida Pico (PA/ED)	450,000	-	450,000	39,567	410,433	June 2020
26	2012	I-5 HOV: Segment 1 Ave Pico to Vista Hermosa (Preliminary Engineering)	4,246,000	1,819,996	6,065,996	3,080,185	1,165,815	June 2019
27	2012	I-5 HOV: Segment 1 Ave Pico to Vista Hermosa (ROW)	8,000,000	1,057,788	9,057,788	4,009,067	3,990,933	June 2019
28	2012	I-5 HOV: Segment 2 Vista Hermosa to Pacific Coast Highway (PS&E)	3,687,000	1,438,939	5,125,939	1,929,651	1,757,349	June 2019
29	2012	I-5 HOV: Segment 3 PCH to San Juan Creek Road (PS&E)	2,067,000	2,731,249	4,798,249	1,522,143	544,857	June 2019
		<b>Total - CMAQ</b>	<b>\$ 51,889,862</b>	<b>\$ 8,539,972</b>	<b>\$ 60,429,834</b>	<b>\$ 36,668,405</b>	<b>\$ 15,221,457</b>	
<b>Federal Highway Administration Grant Program - Regional Surface Transportation Program (RSTP)</b>								
30	2010	Tustin Avenue / Rose Drive Grade Separation Project (ROW)	\$ 23,748,000	\$ -	\$ 23,748,000	\$ 19,594,689	\$ 4,153,311	July 2019
31	2010	Sand Canyon Avenue Grade Separation Project (Construction)	8,665,741	-	8,665,741	8,422,209	243,532	June 2017
32	2012	Tustin Avenue / Rose Drive Grade Separation Project (Construction)	8,700,440	-	8,700,440	7,263,025	1,437,415	June 2019
33	2012	I-5 Segment 1 SR-73 to Oso Parkway (PS&E)	9,101,000	1,199,000	10,300,000	4,719,904	4,381,096	June 2020
34	2012	I-5 Segment 2 Oso Creek to Alicia Parkway (PS&E)	10,000,000	1,501,000	11,501,000	6,533,302	3,466,698	June 2019
35	2012	I-5 Segment 3 Alicia Parkway to El Toro Road (PS&E)	8,044,000	1,056,000	9,100,000	3,576,932	4,467,068	June 2020
36	2013	I-5, I-405 to SR-55 (PA&ED)	8,000,000	-	8,000,000	2,703,577	5,296,423	June 2018
37	2015	SR-91, SR-57 to SR-55 (PA&ED)	7,000,000	2,000,000	9,000,000	989,698	6,010,302	June 2020
38	2015	I-405 from I-5 to SR-55 in Irvine (PA&ED)	8,000,000	-	8,000,000	3,096,384	4,903,616	June 2020
39	2016	SR-57, Orangewood to Katella Avenue (PS&E)	2,500,000	-	2,500,000	-	2,500,000	June 2021
		<b>Total - RSTP</b>	<b>\$ 93,759,181</b>	<b>\$ 5,756,000</b>	<b>\$ 99,515,181</b>	<b>\$ 56,899,721</b>	<b>\$ 36,859,460</b>	
<b>Federal Highway Administration Grant Program - Traffic Congestion Relief Program (TCRP)</b>								
40	2011	Kraemer Boulevard Grade Separation Project (Construction)	1,462,000	-	1,462,000	-	1,462,000	June 2017
		<b>Total - TCRP</b>	<b>\$ 1,462,000</b>	<b>\$ -</b>	<b>\$ 1,462,000</b>	<b>\$ -</b>	<b>\$ 1,462,000</b>	
<b>Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Demonstration Funds</b>								
41	2008	I-405, I-605 to SR-73 (PS&E)	\$ 8,860,764	\$ -	\$ 8,860,764	\$ 5,376,508	\$ 3,484,256	December 2017
42	2012	Orangethorpe Boulevard Grade Separation Project (Construction)	18,600,000	-	18,600,000	14,696,659	3,903,341	June 2019
		<b>Total - SAFETEA-LU Demo</b>	<b>\$ 27,460,764</b>	<b>\$ -</b>	<b>\$ 27,460,764</b>	<b>\$ 20,073,167</b>	<b>\$ 7,387,597</b>	
<b>SAFETEA-LU: Projects of National and Regional Significance (PNRS)</b>								
43	2013	Lakeview Boulevard Grade Separation Project (Construction)	9,709,030	-	9,709,030	4,612,469	5,096,561	June 2019
		<b>Total - SAFETEA-LU PNRS</b>	<b>\$ 9,709,030</b>	<b>\$ -</b>	<b>\$ 9,709,030</b>	<b>\$ 4,612,469</b>	<b>\$ 5,096,561</b>	
		<b>Total Other Formula</b>	<b>\$ 429,875,660</b>	<b>\$ 31,630,972</b>	<b>\$ 461,506,632</b>	<b>\$ 272,939,291</b>	<b>\$ 156,936,369</b>	

**Second Quarter Grant Reimbursement Status Report  
October through December 2016**

**Other Discretionary Grant Agreements**

	FISCAL YEAR (FY)	GRANT YEAR / PROJECT	GRANT AMOUNT	MATCH AMOUNT	TOTAL GRANT AMOUNT	GRANT AMOUNT REIMBURSED	REMAINING BALANCE	PROJECT COMPLETION DATE	GRANT EXPIRATION DATE
<b>Air Quality Management District (AQMD) Grant Program and Mobile Source Air Pollution Reduction Review Committee (MSRC) / Transportation Control Measure Partnership Program:</b>									
1	2014	Signal Synchronization	\$ 1,250,000	\$ 4,202,200	\$ 5,452,200	\$ -	\$ 1,250,000	April 2017	April 2017
2	2015	Mobile Ticketing	1,553,657	3,011,752	4,565,409	-	1,553,657	January 2018	January 2018
3	2016	Angels Express Bus Service from Goldenwest Terminal	128,500	13,000	141,500	-	128,500	September 2016	April 2017
<b>Total - AQMD / MSRC</b>			<b>\$ 2,932,157</b>	<b>\$ 7,226,952</b>	<b>\$ 10,159,109</b>	<b>\$ -</b>	<b>\$ 2,932,157</b>		
<b>Transit Security Grant Program (TSGP) - State Office of Homeland Security:</b>									
4	2015	Vulnerability Assessments of OCTA's Industrial Control and Communications	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ 300,000	July 2017	August 2018
5	2015	VIPR and Counter Terrorism Team Operations	115,000	-	115,000	31,418	83,582	July 2017	August 2018
6	2015	Update OCTA's Security and Emergency Plans	100,000	-	100,000	-	100,000	July 2017	August 2018
7	2016	Update OCTA's Security and Emergency Plans	70,000	-	70,000	-	70,000	July 2018	August 2019
8	2016	VIPR and Counter Terrorism Team Operations	70,000	-	70,000	-	70,000	July 2018	August 2019
<b>Total - TSGP</b>			<b>\$ 655,000</b>	<b>\$ -</b>	<b>\$ 655,000</b>	<b>\$ 31,418</b>	<b>\$ 623,582</b>		
<b>Low Carbon Transit Operations Program (LCTOP) - California Department of Transportation (CALTRANS):</b>									
9	2015	Fare Discount	\$ 1,346,536	\$ -	\$ 1,346,536	\$ 513,780	\$ 832,756	June 2018	June 2018
10	2016	Fare Discount	3,588,424	-	3,588,424	-	3,588,424	June 2019	June 2019
<b>Total - LCTOP</b>			<b>\$ 4,934,960</b>	<b>\$ -</b>	<b>\$ 4,934,960</b>	<b>\$ 513,780</b>	<b>\$ 4,421,180</b>		
<b>Highway Safety Plan (HSP) - California Office of Traffic Safety (OTS):</b>									
11	2016	Active Transportation Video Series	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000	September 2017	September 2017
<b>Total - OTS</b>			<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ 50,000</b>		
<b>Total Other Discretionary</b>			<b>\$ 8,572,117</b>	<b>\$ 7,226,952</b>	<b>\$ 15,799,069</b>	<b>\$ 545,198</b>	<b>\$ 8,026,919</b>		
<b>Formula and Discretionary Grants Total</b>			<b>\$ 438,447,777</b>	<b>\$ 38,857,924</b>	<b>\$ 477,305,701</b>	<b>\$ 273,484,489</b>	<b>\$ 164,963,288</b>		

**Second Quarter Grant Reimbursement Status Report  
October through December 2016  
Closed Grant Agreements**

	<b>FISCAL YEAR (FY)</b>	<b>CLOSED GRANTS</b>	<b>GRANT AMOUNT</b>	<b>MATCH AMOUNT</b>	<b>TOTAL GRANT AMOUNT</b>	<b>AMOUNT REIMBURSED</b>	<b>REMAINING BALANCE</b>
1	2012	FTA CA-95-X242	\$ 5,250,000	\$ -	\$ 5,250,000	\$ 5,250,000	\$ -
2	2012	FTA CA-55-0003	1,042,928	269,947	1,312,875	1,042,928	-
3	2014	ATP Orange County Sidewalk Inventory Project	163,000	-	163,000	163,000	-
4	2013	Prop 1B SLPP Oso Parkway Widening	1,204,000	1,204,000	2,408,000	1,204,000	-
5	2016	AQMD MSRC OC Fair Express	672,864		672,864	672,864	-
		<b>Total - Closed Grants</b>	<b>\$ 8,332,792</b>	<b>\$ 1,473,947</b>	<b>\$ 9,806,739</b>	<b>\$ 8,332,792</b>	<b>\$ -</b>

Note:

Federal Transit Administration (FTA)

Active Transportation Program (ATP)

Proposition 1B State Local Partnership Program (SLPP)

Air Quality Management District and Mobile Source Air Pollution Reduction Review Committee (AQMD MSRC)



**March 8, 2017**

**To:** Finance and Administration Committee  
**From:** Darrell Johnson, Chief Executive Officer  
**Subject:** Agreement for Cyber Security Assessment

### **Overview**

Consultant services are needed to perform a cyber security assessment of the Orange County Transportation Authority's industrial control systems and related networks. Proposals were received and evaluated in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Approval is requested to execute a new agreement for these services.

### **Recommendations**

- A. Approve the selection of Ankura Consulting Group, LLC, as the firm to provide cyber security assessment services for the Orange County Transportation Authority's industrial control systems and related networks.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-6-1489 between the Orange County Transportation Authority and Ankura Consulting Group, LLC, in the amount of \$300,000, to provide cyber security assessment services for the Orange County Transportation Authority's industrial control systems and related networks for a one-year term.

### **Discussion**

As part of ongoing security assessments and improvements, the Orange County Transportation Authority's (OCTA) Information Systems Department is seeking a consultant to perform a cyber security assessment of OCTA's industrial control systems (ICS). An ICS is integrated hardware and software designed to monitor and control the operation of machinery and associated devices. Examples of ICS at OCTA include fluid management at the bases, safety systems such as methane detectors, as well as heating, ventilation, and air conditioning systems.

The assessment will include a review of cyber security for technology where a failure could endanger life, property, or physically impact transit service, including communication, fluid management, vehicle management, safety and monitoring, environmental, and on-board transportation systems. This assessment will allow OCTA to identify unknown vulnerabilities and identify ways to mitigate those vulnerabilities. The result of the assessment will include a summary of findings, a prioritized ranking of the vulnerabilities, and suggested mitigation steps.

In order to adequately prioritize future risk remediation, OCTA needs a clear understanding of the risks faced. This assessment will provide a detailed view of the vulnerabilities in OCTA's current transit technical infrastructure. The assessment will also include probability, impact, and suggested remediation steps for each vulnerability, and will be used to prioritize vulnerability remediation. Upon completion, the assessment will include a table-top exercise simulating a cyber-attack on OCTA's ICS, which will identify possible gaps in OCTA's cyber defenses.

### ***Procurement Approach***

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

On December 8, 2016, Request for Proposals (RFP) 6-1489 was issued electronically on CAMM NET. The project was advertised in a newspaper of general circulation on December 8 and 15, 2016. One addendum was issued to provide responses to questions received.

On January 10, 2017, 11 proposals were received; however, six were deemed non-responsive as they were unable to meet the federally required Disadvantaged Business Enterprise requirements established for this project.

An evaluation committee consisting of OCTA staff from Contracts Administration and Materials Management, Information Systems, Bus Operations, as well as Security and Emergency Preparedness departments, met to review the five responsive proposals received. The proposals were evaluated based on the following evaluation criteria and weights:

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

Several factors were considered in developing the criteria weights. Qualifications of the firm, as well as staffing and project organization, were both weighted highest at 30 percent due to the importance of the consultant's experience and staff expertise in completing the work on time and within budget. Work plan and cost were both weighted 20 percent to ensure the consultant can demonstrate their understanding of the scope of work, and OCTA receives competitive pricing.

On January 19, 2017, the evaluation committee reviewed the five responsive proposals based on the evaluation criteria and short-listed the two most qualified firms listed below in alphabetical order:

Firm and Location

Ankura Consulting Group, LLC (Ankura)  
New York, New York

Michael Baker International, Inc. (Michael Baker)  
Irvine, California

On January 26, 2017, the evaluation committee interviewed the two short-listed firms. The interviews consisted of a presentation to demonstrate the firms' understanding of OCTA's requirements for this project. The firms' project managers and key team members had an opportunity to present qualifications and respond to the evaluation committee's questions. Questions were asked relative to the firms' experience performing similar services, understanding of the scope of work, and approach to mitigating the challenges of this project. Finally, each team was asked specific clarification questions related to their proposal. After considering the responses to the questions asked during the interviews, the evaluation committee adjusted the preliminary scores for both firms; however, the overall ranking of the firms did not change as a result of the interviews.

Based on the evaluation of the written proposals, the firms' qualifications, the proposed project budget, and the information obtained from the interviews, the evaluation committee recommends Ankura as the firm to provide cyber security



assessment services for OCTA's ICS and related networks. The following is a brief summary of the proposal evaluation results.

#### Qualifications of the Firm

Both firms demonstrated a comprehensive understanding and experience in providing cyber security assessment services of ICS and related networks.

Ankura's proposal and interview demonstrated relevant project experience in providing cyber security assessment services for several public agencies, including the Los Angeles Metropolitan Transportation Authority, Atlanta Gas & Light, and Los Angeles World Airports. Ankura's references reported that they were satisfied with Ankura's performance, and the proposal highlights the firm's proven ability and capacity to provide cyber security assessment services of ICS and related networks. During the interview, Ankura highlighted its experience with the Federal Emergency Management Agency's National Preparedness Goals.

Michael Baker's proposal and interview demonstrated relevant project experience in providing cyber security assessment services for several public agencies, including the General Services Administration and United States Department of Transportation. Michael Baker's references reported that they were satisfied with Michael Baker's performance, and the proposal highlights the firm's proven ability and capacity to provide cyber security assessment services of ICS and related networks.

#### Staffing and Project Organization

Both firms proposed qualified staff to adequately handle the work described in the scope of work and meet the RFP requirements.

Ankura proposed a well-rounded project team with extensive experience performing similar projects. The proposed project manager has over 13 years of experience with a focus on cyber security. The project team provided excellent responses to interview questions that demonstrated a high level of competency and a commitment to completing the project on schedule. In addition, the firm's staff demonstrated its knowledge of the Homeland Security Exercise and Evaluation Program for the development of the table-top exercise.

Michael Baker proposed staff with extensive experience in similar projects. During the interview, the firm's representatives elaborated on their proposed staffing's experience; however, not all key personnel were present during the

interview. Therefore, the evaluation committee was unable to obtain responses from staff that were proposed to perform the work.

#### Work Plan

Both firms met the requirements of the RFP by describing their individualized approach to providing a cyber security assessment and meeting the requirements of OCTA.

Ankura's work plan demonstrated an excellent understanding of the project requirements. The project approach was thorough and methodical in its level of detail and process for planning and implementing the cyber security assessment. During the interview, Ankura's responses demonstrated greater depth of understanding of the project requirements and deliverables.

Michael Baker's work plan demonstrated a good understanding of the project. The project approach was satisfactory in its level of detail and process for planning and implementing the cyber security assessment.

#### Cost and Price

Pricing scores were based on a formula which assigns the highest score to the lowest total firm-fixed price for the tasks to be completed, and scores the other proposals' total firm-fixed prices based on their relation to the lowest total firm-fixed price. Ankura's proposed price was slightly lower than that of Michael Baker.

#### Procurement Summary

Based on the evaluation of the written proposals, the firms' qualifications, and the information obtained from the interviews, the evaluation committee recommends the selection of Ankura as the top-ranked firm to provide cyber security assessment services of OCTA's ICS and related networks. Ankura delivered a comprehensive proposal and an interview that was responsive to all requirements of the RFP.

**Fiscal Impact**

The project was approved in OCTA's Fiscal Year 2016-17 Budget, CEO/Security and Emergency Preparedness Account 1316-7519-D4825-0KT, and is funded through Grant No. EMW-2015-RA00012.

**Summary**

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Agreement No. C-6-1489 between the OCTA and Ankura Consulting Group, LLC, in the amount of \$300,000, to provide cyber security assessment services for the OCTA's ICS and related networks for a one-year term.

**Attachments**

- A. Review of Proposals - RFP 6-1489, Cyber Security Assessment
- B. Proposal Evaluation Criteria Matrix (Short-Listed Firms) - RFP 6-1489, Cyber Security Assessment
- C. Contract History for the Past Two Years - RFP 6-1489, Cyber Security Assessment

**Prepared by:**

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**Approved by:**

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Andrew Oftelie  
Executive Director,  
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714-560-5649



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Virginia Abadessa  
Director, Contracts Administration and  
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**Review of Proposals**  
**RFP 6-1489 Cyber Security Assessment**  
Presented to Finance and Administration Committee - March 8, 2017  
**11 proposals were received, 2 firms were interviewed, 1 firm is being recommended.**

Overall Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Total Firm Fixed Price
1	86	<b>Ankura Consulting Group, LLC</b> New York, New York	Clarix Strategy, Inc. Applied Control Solutions, LLC	Extensive qualifications and experience providing cyber security assessments. Demonstrated an excellent understanding of project requirements. Proposed a well-rounded and experienced project team. Comprehensive work plan addressing all the elements of the scope of work. Very good references. Comprehensive responses to interview questions reflecting depth of experience and knowledge. Proposed competitive pricing.	\$300,000
2	79	<b>Michael Baker International, Inc.</b> Irvine, California	Advantec Consulting Engineers, Inc.	Extensive qualifications and experience providing cyber security assessments. Demonstrated a good understanding of project requirements. Proposed an experienced project team. Good work plan addressing all the elements of the scope of work. Very good references. Relevant responses to interview questions. Proposed competitive pricing.	\$300,273

**Evaluation Panel:**

Contracts Administration and Materials Management (1)  
Information Systems (2)  
Bus Operations (1)  
Security and Emergency Preparedness (1)

**Proposal Criteria**

Qualifications of the Firm  
Staffing and Project Organization  
Work Plan  
Price

**Weight Factors**

30%  
30%  
20%  
20%

**ATTACHMENT B****PROPOSAL EVALUATION CRITERIA MATRIX (Short-Listed Firms)  
RFP 6-1489 CYBER SECURITY ASSESSMENT**

<b>FIRM: ANKURA CONSULTING GROUP, LLC</b>						<b>Weights</b>	<b>Overall Score</b>
<b>Evaluator Number</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>		
Qualifications of Firm	4.0	4.5	4.0	4.5	4.0	6	25.2
Staffing/Project Organization	4.0	4.5	4.5	4.0	4.0	6	25.2
Work Plan	4.5	5.0	4.5	4.5	4.5	4	18.4
Cost and Price	4.3	4.3	4.3	4.3	4.3	4	17.2
<b>Overall Score</b>	<b>83.2</b>	<b>91.2</b>	<b>86.2</b>	<b>86.2</b>	<b>83.2</b>		<b>86</b>

<b>FIRM: MICHAEL BAKER INTERNATIONAL, INC.</b>						<b>Weights</b>	<b>Overall Score</b>
<b>Evaluator Number</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>		
Qualifications of Firm	4.0	3.5	4.0	4.0	4.0	6	23.4
Staffing/Project Organization	4.0	3.5	4.0	3.0	4.0	6	22.2
Work Plan	4.0	4.0	4.0	4.0	4.0	4	16.0
Cost and Price	4.3	4.3	4.3	4.3	4.3	4	17.2
<b>Overall Score</b>	<b>81.2</b>	<b>75.2</b>	<b>81.2</b>	<b>75.2</b>	<b>81.2</b>		<b>79</b>

The range of scores for the non-short-listed firms was 62-64.

## CONTRACT HISTORY FOR THE PAST TWO YEARS

## RFP 6-1489 CYBER SECURITY ASSESSMENT

Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
<b>Ankura Consulting Group, LLC</b>						
	None	No contracts awarded	N/A	N/A	N/A	\$ -
Subconsultant: N/A						
						<b>Subtotal: \$ -</b>
<b>Michael Baker International, Inc.</b>						
Contract Type: Time and Expense	A25974	Engineering Services for State Route 22 Close-out Project	June 17, 2013	June 30, 2015	N/A	\$ 8,598
Subconsultant: N/A						
Contract Type: Firm-Fixed Price	C-1-3130	Consultant Services to Update the State Route 91 Implementation Plan	March 29, 2012	February 28, 2015	N/A	\$ 150,000
Subconsultant: N/A						
Contract Type: Firm-Fixed Price	C-2-1967	Project Study Report/Project Development Support (PSR/PDS) document for the Interstate 605 and Katella Avenue Interchange Improvement Project	June 19, 2013	June 30, 2015		\$ 482,748
Subconsultants:						
Iteris, Inc.					\$ 47,504.00	
Overland, Pacific, & Cutler, Inc.					\$ 6,650.00	
Cogstone Resource Management, Inc.					\$ 3,992.00	
Contract Type: Time and Expense	C-3-1520	On-Call Transportation Planning and Support Services	September 3, 2013	June 30, 2017	N/A	\$ 600,000
Subconsultant:						
System Metrics Group, Inc.						
Contract Type: Firm-Fixed Price	C-3-1701	Project Report and Environmental Document for the State Route 91 Widening Project Between State Route 57 and State Route 55	January 19, 2015	July 31, 2017		\$ 4,963,330
Subconsultants:						
TranSystems Corporation					\$ 835,133	
ICF Jones & Stokes					\$ 893,774	
Systems Metrics Group, Inc.					\$ 359,623	
CLR Analytics, Inc.					\$ 139,812	
Earth Mechanics, Inc.					\$ 139,664	
GEOspatial Professional Solutions, Inc.					\$ 31,406	
Kleinfelder					\$ 86,346	
MARRS Services, Inc.					\$ 198,378	
Value Management Strategies, Inc.					\$ 95,862	
Overland, Pacific & Cutler					\$ 4,323	
Contract Type: Firm-Fixed Price	C-3-2105	Consultant Services for Measure M2 Freeway Plan	February 5, 2014	January 31, 2016	N/A	\$ 66,000
Subconsultant: N/A						
Contract Type:	C-4-1928	Consultant Services to Prepare the State Route 91 Implementation Plan	January 29, 2016	February 28, 2016	N/A	\$ 154,500
Subconsultant:						
Austin Transportation Consulting, LLC						
Contract Type: Firm-Fixed Price	C-5-3729	Consultant Services to Prepare the PR/ED for I-605/Katella Avenue Interchange	August 18, 2016	August 31, 2018		\$ 977,733
Subconsultant:						
Advanced Civil Technologies					\$ 179,848.69	
Iteris, Inc.					\$ 115,543.09	
Cogstone Resource Management, Inc.					\$ 23,522.82	
Earth Mechanics, Inc.					\$ 28,961.44	
Contract Type: Firm-Fixed Price	C-7-0887	Plans, Specifications and Estimates (P&S&E) for northbound Orange Freeway (State Route 57) widening improvements on the northbound Orange Freeway (State Route 57) from Orangethorpe Avenue to Yorba Linda Boulevard	June 25, 2009	February 28, 2018		\$ 6,745,815
Subconsultant:						
PBS&J					\$ 972,518.00	
Earth Mechanics, Inc.					\$ 530,056.00	
RMC, Inc.					\$ 155,198.00	
RailPros					\$ 58,245.00	
WKE, Inc.					\$ 100,370.00	
Contract Type: Firm-Fixed Price	C-9-0244	Plans, Specifications, and Estimates for the Westbound State Route 91 between Interstate 5 and State Route 57	April 12, 2010	December 31, 2016		\$ 6,142,176
Subconsultant:						
T.Y. Lin International					\$ 370,103.00	
PacRim Engineering					\$ 147,000.00	
Civil Works Engineers					\$ 155,000.00	
Overland, Pacific and Cutler					\$ 7,500.00	
Kleinfelder West, Inc.					\$ 21,117.00	
VA Consulting					\$ 100,000.00	
						<b>Subtotal: \$ 20,282,302</b>



**March 8, 2017**

**To:** Finance and Administration Committee  
**From:** Darrell Johnson, Chief Executive Officer  
**Subject:** Agreement for Treasury Management Software System

### **Overview**

Consultant services are needed to provide a treasury management software system to assist in the compliance monitoring, performance measurement, audit, and reporting of the Orange County Transportation Authority's investment portfolio. One proposal was received and evaluated in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Director's approval is requested to execute an agreement for these services.

### **Recommendations**

- A. Approve the selection of Clearwater Analytics, LLC, as the firm to provide a treasury management software system.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-6-1547 between the Orange County Transportation Authority and Clearwater Analytics, LLC, in the amount of \$588,306, for a five-year term, effective April 1, 2017 through March 31, 2022, to provide a treasury management software system.

### **Discussion**

As of January 31, 2017, the Orange County Transportation Authority's (OCTA) Treasurer is currently managing an investment portfolio totaling \$1.5 billion. The investment portfolio is divided into two managed portfolios: the liquid portfolio for immediate cash needs and the short-term portfolio for future budgeted expenditures.

To assist in managing high volumes of data and to provide a transparent format from which to manage the investment portfolio, a treasury management software system (system) is essential to perform reporting and compliance-related tasks.

Staff can use the system to monitor all trading activity performed by the external investment managers, which comprises the majority of the investment portfolio transactions. Furthermore, the system calculates performance for each of the four external investment managers within the respective portfolios. The performance reports calculate monthly total rates of return based upon the market value and yield of the portfolios they manage. The securities are marked-to-market daily based on pricing data provided to Union Bank, BNY Mellon, US Bank, and Bank of the West.

Staff submits investment reports to the Finance and Administration Committee on a monthly basis, with a quarterly report to the Board of Directors (Board) each quarter-end. The system has been a valuable tool to monitor the daily activity of the portfolio while providing a very efficient platform for data management, audit, and reporting.

OCTA has an existing agreement with Clearwater Analytics, LLC (Clearwater Analytics) for an internet-based system that provides accurate and timely investment data to OCTA. Fees charged are based on the size of OCTA's portfolio, which has continued to grow in the past and experienced increased diversification. Based on data in OCTA's Comprehensive Business Plan, the portfolio balance will remain above \$1 billion during the next five years, thereby increasing the need for a system that will assist in managing, reporting, and auditing OCTA's investment portfolio.

The current agreement with Clearwater Analytics expires on March 31, 2017.

### ***Procurement Approach***

This procurement was handled in accordance with OCTA's Board-approved procedures for professional and technical services. In addition to cost, many other factors are considered in an award for professional and technical services.

On November 23, 2016, Request for Proposals (RFP) 6-1547 was issued electronically on CAMM NET. The project was advertised in a newspaper of general circulation on November 23 and 30, 2016. Three addenda were issued to provide responses to questions received and extend the proposal due date.

On the proposal due date of January 3, 2017, only one proposal was received from Clearwater Analytics. As per OCTA's policies and procedures for a single proposal, staff contacted five firms who received the RFP to inquire why they did not submit a proposal. Three firms indicated that they did not consider this project to be in line with their service offerings and, therefore, chose not to submit a



proposal. Two other firms indicated that they had other commitments that prevented them from submitting a proposal.

Procurement documents and feedback received from the seven out of ten firms was forwarded to the Internal Audit (IA) Department so that agreed-upon procedures could be applied to determine whether adequate outreach was conducted to stimulate competition. IA's report indicated no findings in the procurement process that would have hindered competition.

On January 24, 2017, the Treasury/Toll Roads and Contracts Administration and Materials Management (CAMM) departments reviewed the proposal received from Clearwater Analytics and determined that it meets the qualifications and requirements of the scope of work for this project.

In accordance with OCTA's procurement policies and procedures, CAMM has conducted a price review of the price proposed by Clearwater Analytics, which are fees charged based on the size of OCTA's projected investment portfolio. The fee structure includes fees of 0.6 basis points (0.006 percent) of the market value of the investment portfolio for the first three years of the contract term and 0.8 basis points (0.008 percent) of the market value of the investment portfolio for the remaining two years of the contract term. The proposed fee structure from Clearwater Analytics is the same as those in the existing agreement between OCTA and Clearwater Analytics for the same services and, therefore, it is deemed fair and reasonable.

#### **Fiscal Impact**

The project was approved in OCTA's Fiscal Year 2016-17 Budget, Treasury/Toll Roads Department, Account 1230-A5400-F01-7669, and is funded through the general fund.

#### **Summary**

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Agreement No. C-6-1547 between the Orange County Transportation Authority and Clearwater Analytics, LLC, in the amount of \$588,306, for a five-year term to provide a treasury management software system.

**Attachment**

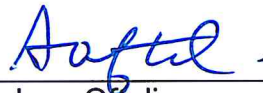
- A. Contract History for the Past Two Years - RFP 6-1547, Treasury Management Software System

**Prepared by:**

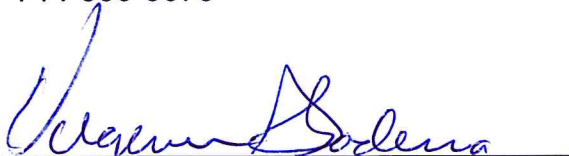


Rodney Johnson  
Deputy Treasurer  
Treasury/Toll Roads  
714-560-5675

**Approved by:**



Andrew Otelie  
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Virginia Abadessa  
Director, Contracts Administration and  
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## CONTRACT HISTORY FOR THE PAST TWO YEARS

## RFP 6-1547 TREASURY MANAGEMENT SOFTWARE

Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
Clearwater Analytics, LLC						
	C-1-2926	Treasury Management Software	April 11, 2012	March 31, 2017	N/A	\$ 409,500
Subconsultant: N/A						
					Subtotal:	\$ 409,500



**March 8, 2017**

**To:** Finance and Administration Committee  
**From:** Darrell Johnson, Chief Executive Officer  
**Subject:** Fiscal Year 2016-17 Second Quarter Budget Status Report

### **Overview**

The Orange County Transportation Authority's staff has implemented the fiscal year 2016-17 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the second quarter of fiscal year 2016-17.

### **Recommendation**

Receive and file as an information item.

### **Background**

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2016-17 Budget on June 13, 2016. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and projects. The OCTA budget is a compilation of individual budgets for each of OCTA's funds, including the General Fund; five enterprise funds; five special revenue funds; two capital project funds; one debt service fund; four trust funds; and two internal service funds.

The balanced budget as originally approved by the Board in June was \$1.16 billion. Sources of funds were comprised of \$972.2 million in current year revenues and \$189.3 million in use of prior year designations. Uses of funds were comprised of \$1.09 billion of current year expenditures and \$68.8 million of designations.

During the second quarter, the Board approved two amendments increasing both expense and revenue budgets by \$1.15 billion. The first amendment approved on September 26, 2016, increased the maximum obligation for two Job Access and Reverse Commute agreements by \$0.3 million. The second was approved on November 14, 2016, for Agreement No. C-5-3843,

design-build costs for the I-405 Improvement Project totaling \$1.15 billion. These amendments increased the total FY 2016-17 working budget to \$2.31 billion.

### ***Discussion***

Staff monitors and analyzes revenues and expenditures versus the working budget. The Quarterly Budget Status Report (Attachment A) provides a summary level overview of amendments, staffing levels, and provides explanations for any material budget-to-actual variances within each pertinent OCTA program or fund. The OCTA programs and funds included are the Measure M2 (M2) Program, Transit Program, 91 Express Lanes Program, Commuter and Urban Rail Endowment Fund, and General Fund.

Attachment A is comprised of two sections. The first section covers total OCTA information, amendments, staffing, revenues, operating, and capital expenditures. The second section focuses on variance explanations by program or fund.

Through the second quarter, actual M2 sales tax revenues underran the budget by \$2.3 million, and Transit Program sales tax revenue underran by \$0.8 million. Sales tax revenue advances for the M2 and Transit programs grew by 1.93 percent and 1.30 percent year-over-year through the second quarter. Although the growth rates for advances for the second quarter are below the budgeted growth rates of 4.4 percent for M2 and 2.8 percent for Transit, the actual amount of sales tax receipts for the second quarter will not be finalized until mid-March when OCTA receives the second quarter “true-up” payment.

Fare revenue for Transit Operations underran by approximately \$1 million, primarily due to a year-over-year decrease in fixed-route boardings of 9.2 percent. Although operating revenues are underrunning, Transit Program operating expenditures are also underrunning by \$5.3 million. These underruns are discussed further in Attachment A.

The majority of variance explanations were due to timing issues for both revenues and expenses. In areas where expenditures underran the budget, the primary cause was timing issues related to capital projects. Often these same projects have external funding that cannot be sought for reimbursement until expenditures are incurred, thus creating underruns in revenues as well.

***Summary***

Through the second quarter, actual M2 sales tax revenues underran the budget by \$2.3 million and Transit Program sales tax revenue underran by \$0.8 million. Sales tax revenue advances for the M2 and Transit programs experienced year-over-year growth of 1.93 percent and 1.30 percent through the second quarter of FY 2016-17. Although the growth rates for advances for the second quarter are below the budgeted growth rates of 4.4 percent and 2.8 percent, the actual amount of sales tax receipts for the second quarter will not be finalized until mid-March when OCTA receives the second quarter “true-up” payment. Fare revenue underran by approximately \$1.0 million, primarily due to a year-over-year decrease in fixed-route boardings of 9.2 percent. Although operating revenues are underrunning, Transit Program operating expenditures are also underrunning by \$5.3 million.

***Attachment***

- A. Quarterly Budget Status Report Second Quarter of Fiscal Year 2016-17

**Prepared by:**



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**Approved by:**

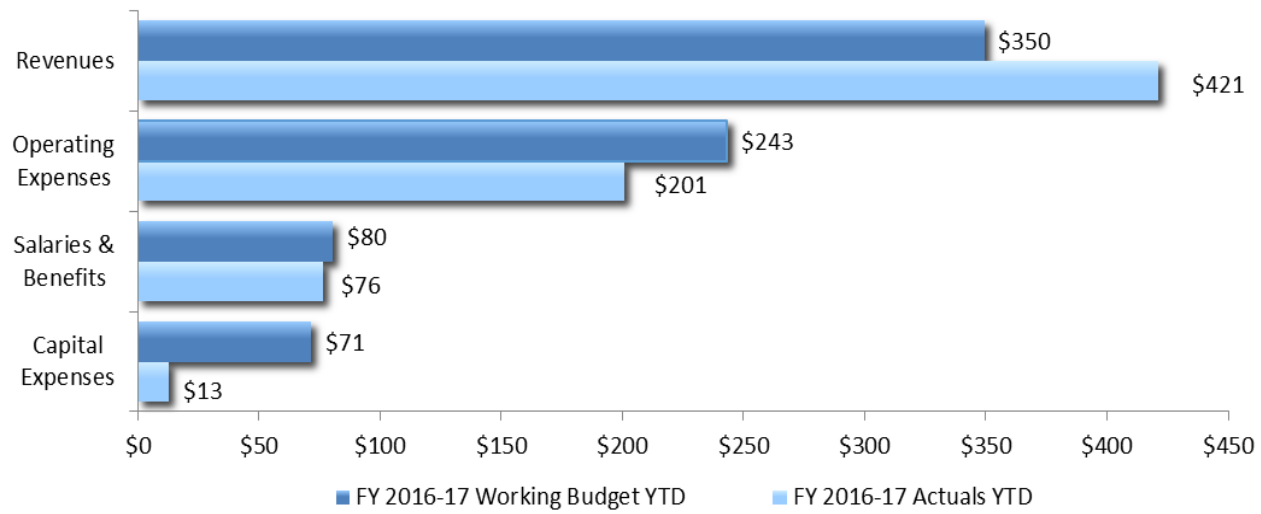


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# Quarterly Budget Status Report

Second Quarter of Fiscal Year 2016-17



## OVERVIEW

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2016-17 budget on June 13, 2016. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and meet service commitments.

Through the second quarter, actual Measure M2 (M2) sales tax revenues underran the budget by \$2.3 million and Transit Program sales tax revenue underran by \$0.8 million. Sales tax revenue advances for the M2 and Transit programs grew by 1.93 percent and 1.30 percent year-over-year through the second quarter. Although the growth rates for advances for the second quarter are below the budgeted growth rates of 4.4 percent for M2 and 2.8 percent for Transit, the actual amount of sales tax receipts for the second quarter will not be finalized until mid-March when OCTA receives the second quarter "true-up" payment. Fare revenue for Transit Operations underran by approximately \$1 million, primarily due to a year-over-year decrease in fixed-route boardings of 9.2 percent. Although operating revenues are underrunning, Transit Program operating expenditures are also underrunning by \$5.3 million.

The majority of variance explanations are due to timing issues for both revenues and expenses. In areas where expenditures underrun the budget, the primary cause is timing issues related to capital projects. Often these same projects have

external funding that cannot be sought for reimbursement until expenditures are incurred, creating underruns in revenues as well.

This report summarizes the material variances between the budget plan and actual revenues and expenses for the FY.

## AMENDMENTS

In the second quarter, the OCTA Board approved two budget amendments in the amount of \$1.15 billion.

Description (in millions)	Amount
Adopted Budget	\$ 1,161,476
Increase of Job Access and Reverse Commute Funding	313
Design-Build I-405 Improvement Project	1,147,065
<b>Total Working Budget</b>	<b>\$ 2,308,854</b>





## STAFFING

A staffing plan of 1,386.5 full-time equivalent positions was approved for FY 2016-17. At the end of the second quarter 1,309.5 of these positions were filled.

Staffing Description	Budget	Filled	Vacant	% Vacancy
Coach Operators	680.0	644.0	36.0	5.3%
Maintenance	171.0	159.0	12.0	7.0%
TCU	37.0	34.0	3.0	8.1%
<i>Union Subtotal</i>	888.0	837.0	51.0	5.7%
Transit Operations Support	176.5	166.5	10.0	5.7%
Other Administrative	322.0	306.0	16.0	5.0%
<i>Administrative Subtotal</i>	498.5	472.5	26.0	5.2%
<b>Total OCTA</b>	<b>1,386.5</b>	<b>1,309.5</b>	<b>77.0</b>	<b>5.6%</b>

## TOTAL SALARIES AND BENEFITS

At the end of the second quarter, actual salaries and benefits of \$76.4 million were \$3.8 million under the budget of \$80.3 million. This variance is due to a \$1.1 million underrun in General Fund salaries and benefits and a \$2.7 million underrun in Transit Program salaries and benefits. In both cases, the underruns are primarily driven by vacant administrative positions.

Total Salaries and Benefits Expenses				
	Budget	Actual	\$ Variance	% Variance
Transit	\$ 54,036	\$ 51,335	\$ 2,701	5.0%
General Fund	\$ 26,240	\$ 25,103	\$ 1,137	4.3%
<b>Total</b>	<b>\$ 80,276</b>	<b>\$ 76,438</b>	<b>\$ 3,838</b>	<b>4.8%</b>

## PROGRAM AND FUND VARIANCES

Year-to-date material variances are listed by program or fund group in thousands.

General Fund				
	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 2,635	\$ 2,612	\$ (23)	-0.9%
Expenses	\$ 36,652	\$ 36,338	\$ 314	0.9%

**Expenses:** General Fund expenses underran the budget by \$0.3 million. This variance is primarily attributed to the underrun of \$1.1 million in salaries and benefits. The underrun in salaries and benefits is partially offset by general and administrative costs. General and administrative costs consist of time and expense based line items generally associated with recurring operational costs such as

administrative salaries and benefits, office supplies, software, hardware, training, consulting services, etc. The majority of time and expense based services are utilized on an as-needed basis.



Measure M2 Program				
	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 174,017	\$ 193,231	\$ 19,214	11.0%
Expenses	\$ 141,463	\$ 79,378	\$ 62,085	43.9%

**Revenues:** Within the M2 Program, there are net overruns in revenue of \$19.2 million. This is primarily due to overruns in OC Bridges (\$11.4 million), and Regional Capacity Program revenues (\$8.9 million). These overruns are due to prior year revenue reimbursements received in the current FY. However, the net overruns are partially offset by an underrun in sales tax revenue of \$2.3 million. Through the second quarter, Local Transportation Authority (LTA) sales tax revenue advances grew by 1.93 percent year-over-year. Although sales tax growth for the second quarter is below the budgeted growth rate of 4.4 percent, the amount of sales tax receipts for the second quarter will not be finalized until mid-March when OCTA receives the "true-up" payment.

**Expenses:** M2 expenses are underrunning by \$62.1 million. The variance can be attributed to Interstate 405 (I-405) Freeway improvements (\$24.5 million), OC Bridges (\$10 million), Regional Traffic Signal Synchronization (\$7.4 million), State Route 57 (SR-57) Freeway Improvements (\$5.2 million), and the Regional Capacity Program (\$3.5 million).

The primary drivers behind the \$24.5 million variance relating to the I-405 Improvement Project are project development, Right-of-Way (ROW) acquisition, construction design/build work in process, and professional services. The variance



within ROW acquisition (\$11 million) is due to the long lead time required to extend offers to land owners, and the difficulty of predicting the acceptance rate among property owners. The variance (\$8.4 million) associated with project development is primarily due to invoices running one to two months in arrears. Expenses within project design consulting services underran by \$3.1 million through the second quarter. Due to the size, scope, and complexity of the I-405 project, the efforts to develop and finalize the construction contract took longer than anticipated.

The \$10.0 million underrun pertaining to OC Bridges can be attributed to several grade separation projects. The State College and Raymond Grade Separation projects are contributing \$6.3 million to the underrun. This underrun is primarily due to the cooperative agreement with the city of Fullerton. Approval of an amendment to the cooperative agreement is required by the Fullerton City Council before additional payments can be provided to the city. Approval is expected late in the third quarter. The Tustin Avenue Grade Separation project is contributing \$2.4 million to the underrun. Invoices related to this project are currently running one to two months in arrears. ROW land acquisition underran by \$1.0 million due to a lower than expected cost to acquire necessary properties.

The Regional Traffic Signal Synchronization Program underran by \$7.4 million through the second quarter. This is due to the collaboration process with consultants, local agencies, and California Department of Transportation (Caltrans). A large collaborative effort is required due to the scope of the projects, as such, the projects are taking longer than originally anticipated.

The \$5.2 million variance pertaining to SR-57 project can primarily be attributed to delays in the project. The complete design and construction ready milestones were missed on the SR-57 post-widening replacement planting between Orangethorpe Avenue and Lambert Road. The design consultant made a tardy submittal of the 95 percent plans to Caltrans for review in late December 2016, and Caltrans has provided extensive markups and comments, and has expressed concerns regarding quality of the consultant submittal. Staff and Caltrans are working with the consultant to address the quality issues to complete the design, and achieve construction ready in the fourth quarter of FY 2016-17.

The construction ready milestone was missed on the SR-57 post-widening replacement planting between Katella Avenue and Lincoln Avenue. Caltrans delayed the required safety review of the 95 percent plans until January 2017. Pending Caltrans final review and resolution of comments, the construction ready milestone is anticipated in April 2017.

Approximately \$3.5 million of the variance is associated with the Regional Capacity Program. The billing cycles and the magnitude of expenses are dependent upon the cities progress/completion of their individual projects, making billing cycles difficult to forecast. This program will continue to be monitored throughout the fiscal year.



Transit Program				
	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 139,088	\$ 174,318	\$ 35,230	25.3%
Expenses	\$ 121,451	\$ 109,062	\$ 12,389	10.2%

**Revenues:** Transit revenues have overrun by \$35.2 million. The variance is primarily related to the receipt of federal grant funds for the purchase of buses from the prior year. (\$38.2 million). However, this overrun was partially offset by an underrun in fare revenues (\$1 million) and sales tax revenues (\$0.8 million).

An overrun of \$35.2 million within revenue was related to a bus procurement. Federal grant funds received through the second quarter were a partial reimbursement from a prior year bus procurement. Additional federal grant funds are likely to be received as the fiscal year continues.

Fare revenues underran by \$1 million. This is primarily due to lower than anticipated utilization of fixed-route bus services.

Year-over-year fixed-route boardings have decreased by 9.2 percent.

Transportation Development Act (TDA) sales tax revenues are currently \$0.8 million under budget. Through the second quarter, TDA sales tax revenue advances grew by 1.30 percent year-over-year. Although sales tax growth through the second quarter is below the budgeted growth rate of 2.80 percent, the amount of sales tax receipts for the second quarter will not be finalized until mid-March when OCTA receives the "true-up" payment.

**Expenses:** The \$12.4 million underrun in Transit expenditures is primarily attributed to bus capital projects and procurement (\$6.1 million), salaries and benefits (\$2.7 million), bus base and transit center projects (\$1.4 million), fuels (\$0.8 million), and equipment maintenance (\$0.5 million).

Expenses related to bus capital projects and procurement underran through the second quarter by \$6.1 million. Approximately \$3.4 million of the underrun is due to the mid-life engine campaign on 97 compressed natural gas buses. Maintenance staff was required by Cummins to establish Installation Quality Assurance Approval (IQA) before the first set of engines could be delivered. The IQA was recently completed and project has continued. The remaining \$2.6 million variance can be attributed to the procurement of buses for community based circulator service. This procurement has been placed on hold, due to the performance of other previously procured midsize buses.

Labor costs underran by approximately \$2.7 million primarily due to vacant positions. The current vacancy rate for both the administrative and union groups is 5.7 percent.

Projects related to bus base improvements have contributed \$1.4 million to the variance. This underrun is primarily due to the project to improve security cameras at the Santa Ana and Garden Grove bases. This project is anticipated to begin in FY 2017-18 and has been re-budgeted.

The underruns in fuel (\$0.8 million) and equipment maintenance (\$0.5 million) can be attributed to the timing of invoicing from the vendors. Several accounts within these categories are billing two to three months in arrears. These underruns will diminish as the FY continues.



91 Express Lanes Program

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 21,129	\$ 25,974	\$ 4,845	22.9%
Expenses	\$ 28,692	\$ 19,404	\$ 9,287	32.4%

**Revenues:** The 91 Express Lanes revenues are overrunning by \$4.9 million. Approximately \$2.3 million of the overrun is related to more actual trips than originally anticipated through the second quarter. When forecasting trips, a conservative approach was taken due to the repaving project that resulted in weekend closures earlier in the fiscal year. It was anticipated that the weekend closures that would occur during the project would lead to a significant decrease in trips. The weekend closures related to the project did not have the projected negative effect and trips exceeded expectations through the second quarter. An additional \$2.3 million of the overrun is related to more than anticipated non-toll revenues. These revenues are due to a higher number of toll violations having been processed through the second quarter and a larger number of account minimum fees has been collected than originally anticipated.

**Expenses:** 91 Express Lanes expenses are underrunning by \$9.3 million primarily due to the pavement rehabilitation project. This project began later than expected due to scheduling requirements and weather conditions. The paving project is contributing \$7 million to the underrun and should be completed in the third quarter. Operational costs related to the toll road are also contributing to the underrun. The contract for toll road operations was negotiated at a lower than expected rate leading to an underrun of \$0.8 million.



#### Commuter and Urban Rail Endowment Fund (CURE)

	Budget	Actual	\$ Variance	% Variance
Revenues	\$ 3,385	\$ 3,692	\$ 307	9.1%
Expenses	\$ 51,480	\$ 19,094	\$ 32,386	62.9%

**Revenues:** CURE revenues overran by \$0.3 million. The overrun is primarily due to grants revenue associated with the Laguna Niguel/Mission Viejo parking project. The Federal Transit Administration grant revenue related to this project was received earlier than expected.

**Expenses:** CURE expenses are underrunning by \$32.4 million. The underrun is primarily due to the Orange Transportation Center Parking Expansion project (\$23.3 million), the Metrolink operating subsidy (\$5.7 million), and Metrolink Service Expansion Project Management Services (\$2.3 million). The underrun related to the Orange Transportation Center Parking project is due to the change in scope and construction schedule for the project. Procurement for this project is currently in process, and construction should begin in the fourth quarter. Expenses for the Metrolink operating subsidy are currently running a month in arrears for the second quarter payment. The remaining underrun of \$2.3 million is related to a Rotem car payment. During FY 2014-15, OCTA received two invoices related to the purchase of Rotem cars by Metrolink. The processing of these invoices took longer than anticipated due to a request for additional back up information and a subsequent financial review. After extensive review of the invoices and additional information, the process has moved forward and the payment will be made by the fourth quarter.