



AGENDA

Finance and Administration Committee Meeting

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, May 24, 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 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 Pulido

1. Public Comments

Special Calendar

2. Taxable Sales Forecast - MuniServices - Doug Jensen, Senior Vice President, Client Services

Orange County Transportation Authority contracts with several economic specialists to provide an annual 30-year taxable sales forecast for Measure M2. The latest forecasts were received in Spring 2017. Doug Jensen, from MuniServices will provide an update on the annual forecast and economic outlook for Orange County to the Finance and Administration Committee.



Consent Calendar (Items 3 through 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.

3. Approval of Minutes

Approval of the minutes of the May 10, 2017 Finance and Administration Committee meeting.

4. Relocation of West Orange County Water Board Water Line for the Interstate 405 Improvement Project

Jeff Mills/James G. Beil

Overview

The Orange County Transportation Authority is proposing to enter into a reimbursement loan agreement to advance funds to the West Orange County Water Board for the relocation of its 33-inch pipeline currently located within the Interstate 405 Improvement Project area by permit. The relocation of the 33-inch pipeline will be conducted in accordance with state and federal laws.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Reimbursement Agreement No. UK151087 with the West Orange County Water Board, in an amount not to exceed \$4.7 million, for the relocation of the 33-inch pipeline that must be moved to accommodate the Interstate 405 Improvement Project.

5. Local Agency Investment Fund - April 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 April 30, 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.



6. Orange County Treasurer's Management Report - April 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 April 30, 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.

7. Orange County Transportation Authority Investment and Debt Programs Report - April 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 April 30, 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.

8. Resolution to Establish the Orange County Local Transportation Authority/Measure M2 Appropriations Limitation for Fiscal Year 2017-18
Rene Vega/Andrew Oftelie

Overview

The State Constitution requires that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following year pursuant to Article XIII B.



8. (Continued)

Recommendation

Adopt Orange County Local Transportation Authority/Measure M2 Resolution No. 2017-028 to establish the Orange County Local Transportation Authority/Measure M2 appropriations limit at \$1,675,556,032 for fiscal year 2017-18.

9. Resolution to Establish the Orange County Transportation Authority General Fund Appropriations Limitation for Fiscal Year 2017-18

Rene Vega/Andrew Oftelie

Overview

The State Constitution requires that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following year pursuant to Article XIII B.

Recommendation

Adopt Orange County Transportation Authority Resolution No. 2017-029 to establish the Orange County Transportation Authority General Fund appropriations limit at \$11,087,013 for fiscal year 2017-18.

10. Annual Update to Investment Policy

Rodney Johnson/Andrew Oftelie

Overview

The Treasurer is presenting the Orange County Transportation Authority's Investment Policy for 2017. The Investment Policy sets forth the investment guidelines for all funds invested on and after June 12, 2017. As recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Investment Policy to be reviewed at a public meeting. Further, the governing body of a local agency has the authorization to appoint, for a period of one year, a Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds.

Recommendations

- A. Adopt the 2017 Investment Policy.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2017-18.



Regular Calendar

11. Preview to the Public Hearing on Orange County Transportation Authority's Fiscal Year 2017-18 Budget and Personnel and Salary Resolution

Victor Velasquez/Andrew Oftelie

Overview

The Orange County Transportation Authority Fiscal Year 2017-18 Budget presents a balanced plan of sources and uses of funds while providing for the current and future transportation needs of Orange County. The Board of Directors may approve the fiscal year 2017-18 budget following the public hearing to be held at the Board of Director's Meeting on June 12, 2017, at the following Board of Directors' meeting on June 26, 2017, or in a special meeting convened at their discretion. The Board of Directors are also asked to approve changes to the Personnel and Salary Resolution as part of the budget approval process.

Recommendations

- A. Approve by Resolution the Orange County Transportation Authority's Fiscal Year 2017-18 Budget.
- B. Approve the Personnel and Salary Resolution for Fiscal Year 2017-18.
- C. Authorize the Chief Executive Officer to negotiate and execute the software and hardware licensing, maintenance, and emergency support purchase orders and/or agreements.
- D. Approve fiscal year 2017-18 Orange County Transportation Authority member agency contribution to the Southern California Regional Rail Authority in an amount up to \$28,238,881, including authorization of Federal Transit Administration funds, in the amount of \$6,000,000, to be drawn down directly by Southern California Regional Rail Authority. In addition, approve capital rehabilitation in the amount of \$7,344,982, offset by \$6,059,016 in Rotem repayment, with the balance paid by Federal Transit Administration funds that will be drawn down directly by Southern California Regional Rail Authority.



Discussion Items

12. Update on Metrolink Internal Audit Peer Review

Janet Sutter

Staff will provide a summary of the results and recommendations of the Association of Local Government Auditors in connection with the External Quality Control Review of Metrolink's Internal Audit Department.

13. 91 Express Lanes Corona Customer Service Center Lease

Christina Runge/Andrew Oftelie

The current lease for the 91 Express Lanes Customer Service Center in Corona expires September 30, 2018. The leased space accommodates the walk-in customer service center and the call center, and the space is shared with the Riverside County Transportation Commission. Staff has retained the brokerage services of CBRE, Inc. to assist the Orange County Transportation Authority (OCTA) in analyzing options for the future of the location of the customer service center.

CBRE, Inc. has conducted a property search along the State Route 91 corridor to determine properties available for lease that meet the OCTA's needs. Potential lease properties have been identified and analyzed from both a cost and location perspective.

14. Chief Executive Officer's Report

15. Committee Members' Reports

16. Closed Session

There are no Closed Session items scheduled.

17. Adjournment

The 10:30 a.m., Wednesday, June 14, 2017, Finance and Administration Committee meeting has been cancelled.

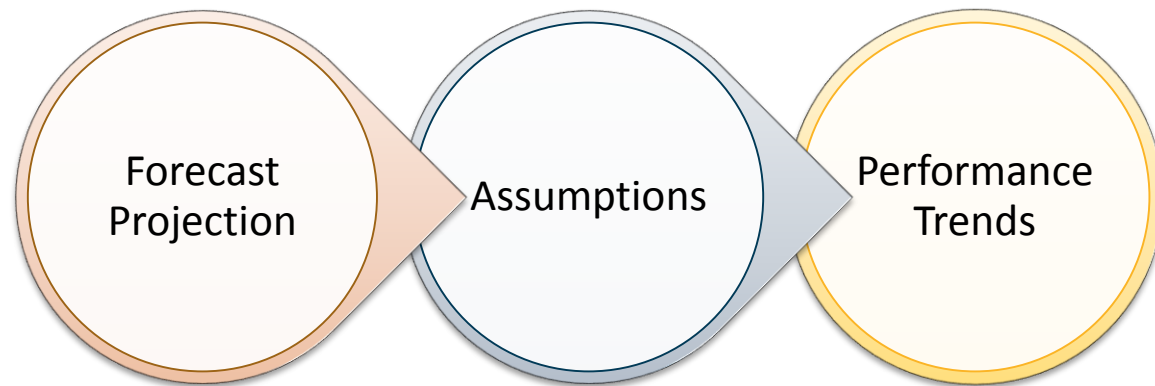
The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, June 28, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

Orange County Transportation Authority

TDA & Measure M2 Forecast Overview

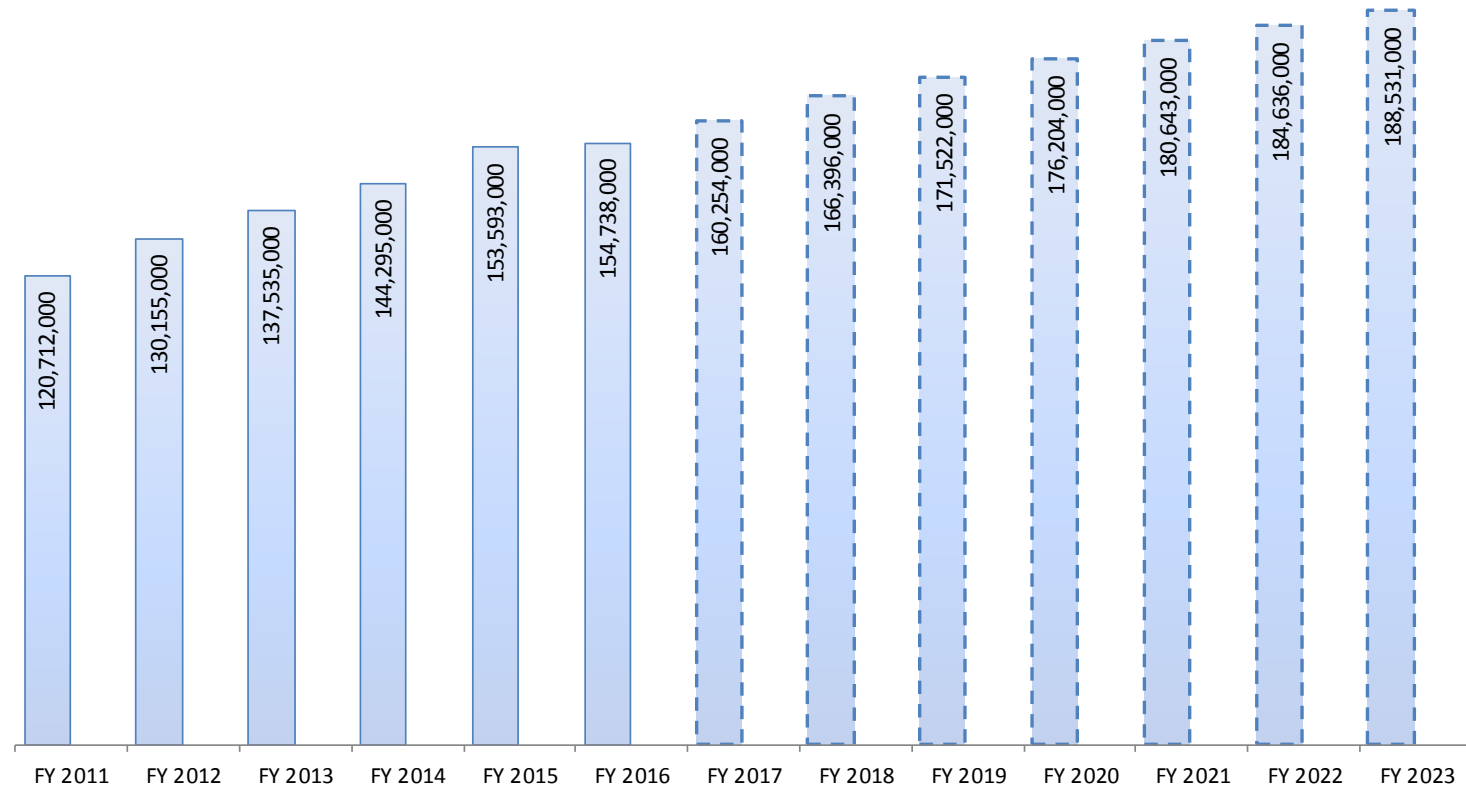
May 2017





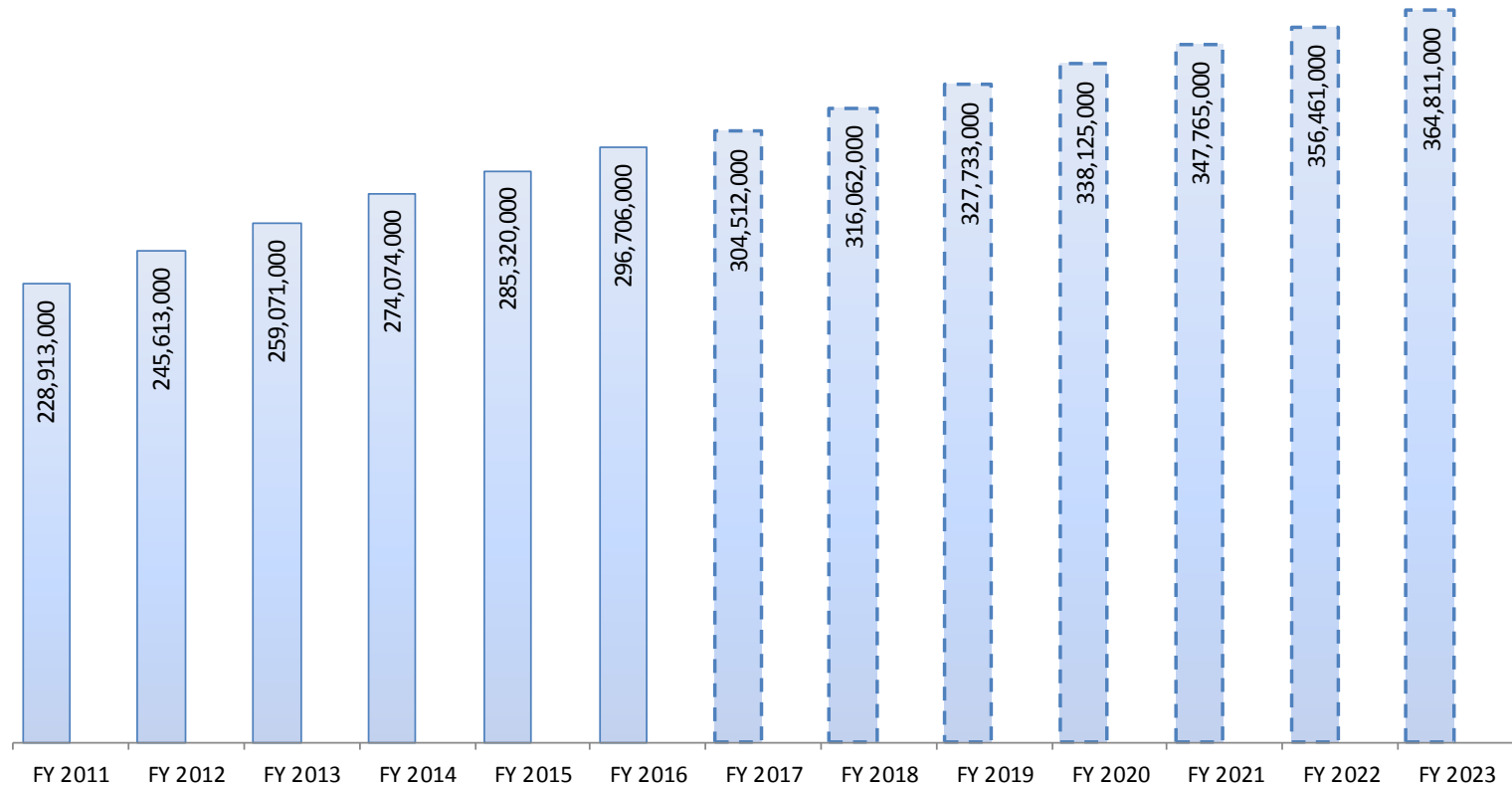
TDA (LTF) Forecast Projection

Voter Approved	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projection	154,738,000	160,254,000	166,396,000	171,522,000	176,204,000	180,643,000	184,636,000	188,531,000
Percent Change	0.7%	3.6%	3.8%	3.1%	2.7%	2.5%	2.2%	2.1%



Measure M2 Forecast Projection

Voter Approved	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projection	296,706,000	304,512,000	316,062,000	327,733,000	338,125,000	347,765,000	356,461,000	364,811,000
Percent Change	4.0%	2.6%	3.8%	3.7%	3.2%	2.9%	2.5%	2.3%

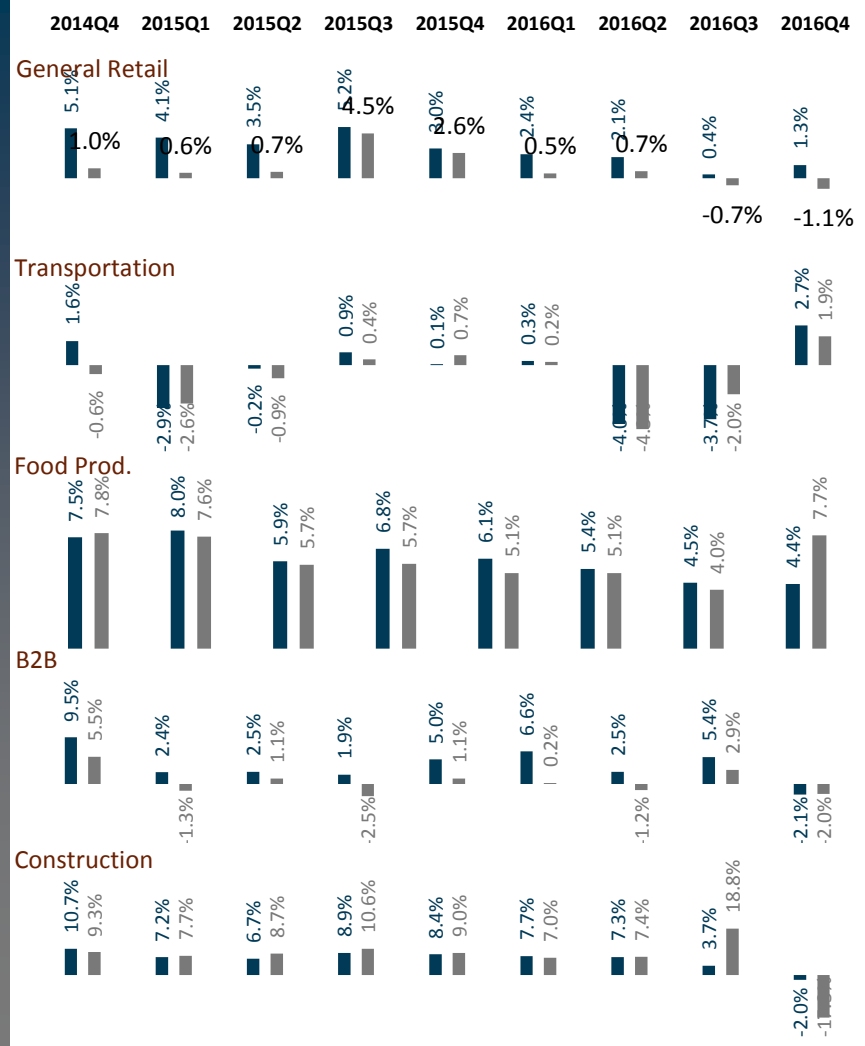
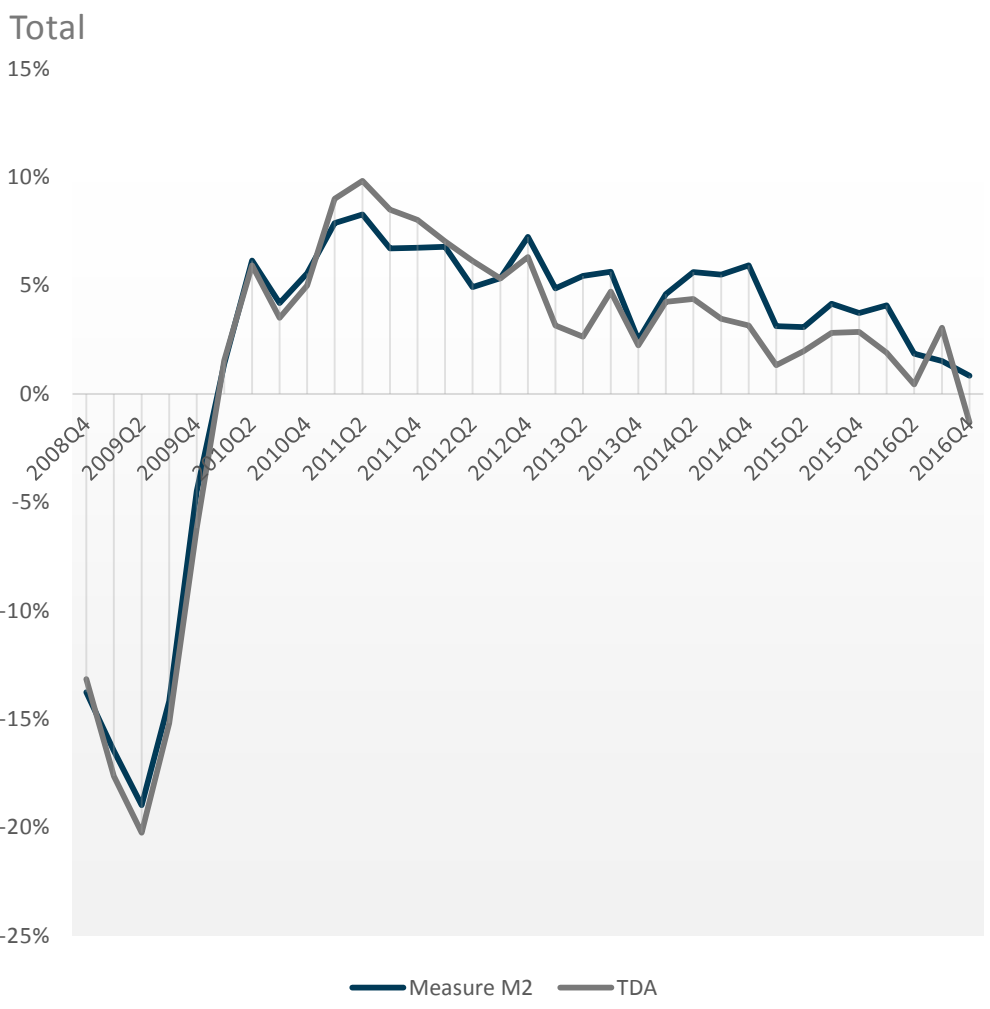


Assumptions

TDA	M2
<ul style="list-style-type: none"> General Retail expected to have lower growth overall as online retail grows 	<ul style="list-style-type: none"> While brick and mortar stores see higher competition from internet, direct allocation of district tax offsets
<ul style="list-style-type: none"> Food Products (markets & restaurants) continue to have robust growth 	<ul style="list-style-type: none"> Food Products for district tax will also see same robust growth
<ul style="list-style-type: none"> Transportation: fuel prices return higher sales tax revenue while new auto sales taper off from 5% to 2.5% overall 	<ul style="list-style-type: none"> Transportation: same results in fuel prices leading to higher sales tax revenue. Auto sales should have slightly higher growth as OCTA captures revenue from all residents.
<ul style="list-style-type: none"> Construction: New construction to slow into 2019-2020 with tapering growth. Retail construction expected to maintain 3% growth as consumers benefit from strong employment growth. 	<ul style="list-style-type: none"> Construction: While new construction slows in the region, construction specific to Orange county jobsites should see slightly higher growth.
<ul style="list-style-type: none"> Business to Business: trend toward cloud as well as software applications replacing hardware, IT infrastructure spending is expected to decline – in particular from a taxable sales perspective. 	<ul style="list-style-type: none"> Business to Business: same trend will impact M2 revenues in a similar manner

Historical and Recent Trends in Total and by Category

Change from Prior Year Same Quarter



Questions



Committee Members Present

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

Staff Present

Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Clerk of the Board
Sahara Meisenheimer, Board Specialist
James Donich, General Counsel
OCTA Staff and Members of the General Public

Committee Members Absent

Steve Jones, Vice Chairman

Call to Order

The May 10, 2017 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:33 a.m.

Pledge of Allegiance

Director Spitzer led in the Pledge of Allegiance

1. Public Comments

There were no Public Comments.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 6)

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

2. Approval of Minutes

A motion was made by Director R. Murphy, seconded by Director Steel, and declared passed by those present, to approve the minutes of the April 26, 2017 Finance and Administration Committee meeting.

Director Pulido was not present to vote on this item.



3. Agreements for On-Call General Auditing Services

A motion was made by Director R. Murphy, seconded by Director Steel, and declared passed by those present, to:

- A. Approve the selections of BCA Watson Rice LLP; Conrad LLP; Vavrinek, Trine, Day & Company LLP; and KNL Support Services, as the firms to provide on-call general auditing services in an aggregate amount of \$450,000.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1569 between the Orange County Transportation Authority and BCA Watson Rice LLP, to provide on-call general auditing services for a three-year initial term effective through June 30, 2020, with two, two-year option terms.
- C. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1703 between the Orange County Transportation Authority and Conrad LLP, to provide on-call general auditing services for a three-year initial term effective through June 30, 2020, with two, two-year option terms.
- D. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1704 between the Orange County Transportation Authority and KNL Support Services, to provide on-call general auditing services for a three-year initial term effective through June 30, 2020, with two, two-year option terms.
- E. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1705 between the Orange County Transportation Authority and Vavrinek, Trine, Day & Company LLP, to provide on-call general auditing services for a three-year initial term effective through June 30, 2020, with two, two-year option terms.

Director Pulido was not present to vote on this item.

4. Approval of the Fiscal Year 2017-18 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

A motion was made by Director R. Murphy, seconded by Director Steel, and declared passed by those present, to approve the Laguna Beach Municipal Transit Lines Fiscal Year 2017-18 Local Transportation Fund Claim for public transportation services in the amount of \$1,096,021, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.



4. (Continued)

Director Pulido was not present to vote on this item.

5. Approval of the Fiscal Year 2017-18 Local Transportation Fund Claim for Public Transportation and Community Transit Services

Committee Chairman Do pulled this item to inquire about the bus system and what is included in the community transit services.

Andrew Oftelie, Executive Director of Finance and Administration, responded that the community transit service is similar to the Orange County Transportation Authority (OCTA) Access service. Mr. Oftelie stated that Article 4.5 of the Transportation Development Act requires a portion of the service to go towards Paratransit services and also pays for the fixed-route bus service.

A motion was made by Director Do, seconded by Director Spitzer, and declared passed by those present, to approve the Orange County Transit District Fiscal Year 2017-18 Local Transportation Fund Claim for public transportation services in the amount of \$146,621,592, and for community transit services in the amount of \$7,774,611, for a total claim amount of \$154,396,203, and authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

Director Pulido was not present to vote on this item.

6. Agreement for Insurance Brokerage Services

A motion was made by Director R. Murphy, seconded by Director Steel, and declared passed by those present, to:

- A. Approve the selection of Marsh USA, Inc., as the firm to provide insurance brokerage services.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1585 between the Orange County Transportation Authority and Marsh USA, Inc., in the amount of \$520,000, to provide insurance brokerage services for a five-year term, effective July 1, 2017 through June 30, 2022.

Director Spitzer did not vote or participate on this item.

Director Pulido was not present to vote on this item.



Regular Calendar

There were no Regular Calendar items scheduled.

Discussion Items

7. Interstate 405 Improvement Project Financing Update

Kirk Avila, Treasurer and General Manager, the 91 Express Lanes, reported that the Build America Bureau Credit Programs Office (Bureau) asked the Orange County Transportation Authority (OCTA) to submit an application to receive the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan on the Interstate 405 (I-405) Improvement Project.

Mr. Avila stated that staff has been working on the application and will be submitted to the Bureau by Monday, May 15, 2017. He also reported the next steps would be for the Department of Transportation Credit Review Team to review the application and make a formal recommendation to the Secretary of Transportation for approval.

Mr. Avila also reported that the Request for Proposal (RFP) regarding the Letter of Credit is out for bid and the responses are due on Friday, May 12, 2017. Staff will provide a recommendation to the Board of Directors (Board) at the May 22nd, Board meeting.

Committee Chairman Do inquired on the Line of Credit requirement on whether it is final or is staff working on multiple fronts to remove the requirement. Andrew Oftelie, Executive Director of Finance and Administration, responded that staff is continuing to work on multiple fronts to remove the requirement, as well as work within the timeframes.

A discussion ensued regarding:

- OCTA is required to use two rating agencies for the Letter of Credit;
- The rating agencies price are Moody's is \$160,000, Standard and Poor's is \$145,000, and Kross is \$45,000;
- OCTA is concerned about one of the rating agencies not being able to meet OCTA's timelines;
- OCTA is working on a "Plan B" to get the toll revenue bonds through the private sector;
- OCTA has concerns with using "Plan B"; and
- The TIFIA loan interest rate is determined by one basis point above the Treasury rate at the time of closing.



7. (Continued)

Darrell Johnson, Chief Executive Officer (CEO), stated that staff has not seen any indication that OCTA would not receive the TIFIA loan. Mr. Johnson also stated that "Plan B" is under development and will be activated, if needed.

8. Fiscal Year 2017-18 Budget Workshop Follow-up

Andrew Oftelie, Executive Director of Finance and Administration, provided opening remarks and introduced Victor Velasquez, Manager of Finance and Administration, who provided a handout listing questions and answers that resulted from the May 8, 2017 Board budget workshop.

Mr. Velasquez announced that OCTA staff will be available at each Committee meeting and available for one-on-one meetings to answer any questions that come up before the proposed Fiscal Year 2017-18 Budget Public Hearing scheduled on June 12, 2017. He stated that staff will return to the May 24, 2017 Finance and Administration Committee with a preview of the public hearing.

Director Spitzer inquired on how the Senate Bill 1 funding will impact OCTA.

Mr. Johnson, CEO, stated that staff has relied on the California Transit Association for the impacts to transit and the calculation for OCTA is approximately \$244 million over a ten-year period. The California Transit Association provided that level of estimate to all transit recipients in the state.

Mr. Oftelie stated that OCTA would receive \$13 million for next year.

Director Spitzer requested an overview of Senate Bill 1. Mr. Johnson, CEO, responded staff will provide the overview to the Board Members.

9. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- On May 17th, OCTA is hosting an elected officials' workshop to discuss OCTA's Long-Range Transportation Plan and to acquire feedback on the Transit Master Plan, which includes our vision for the future of transportation in Orange County. The workshop will take place from 8:30 a.m. to 10:30 a.m. at the OCTA Headquarters.



9. (Continued)

Director Spitzer inquired on how the Association of California Cities – Orange County (ACC-OC) members can weigh-in on the Long-Range Transportation Plan.

Mr. Johnson, CEO, responded that there will be multiple opportunities for ACC-OC members to weigh-in and participate through their own workshops, Board meetings, infrastructure committee meetings, along with a workshop in the fall hosted by OCTA.

- On May 9th, OCTA hosted the first of two open houses to provide the public with information on the OC Streetcar project. The next open house will take place this Saturday, May 13th, at Lydia Romero-Cruz Elementary in Santa Ana from 10:00 a.m. to 11:30 a.m.
- OCTA is also promoting a series of upcoming bike events to celebrate Bike Month.
 - Today is Bike to School Day to celebrate the benefits of biking and walking to school.
 - Bike to Work Week starts next Monday, May 15th.
 - Caltrans is hosting a group ride on Tuesday, May 16th. Riders will depart from the new Caltrans District 12 offices at 7:30 a.m. and ride to the Tustin Train Station.
 - Several Ride of Silence events are being held on May 17th to honor those who have lost their lives or been seriously injured while bicycling.
 - OCTA Bike Rally will be held next Thursday, May 18th. This includes a ride from the Orange Metrolink Station to the OCTA Headquarters departing from the station at 7:30 a.m.

10. Committee Members' Reports

Director Spitzer requested that Mr. Johnson, CEO, organize Board Member support for the fallen Caltrans workers memorial mentioned by Director Chamberlain at the May 8th Board meeting.

Mr. Johnson, CEO, stated that staff is researching some scholarships, rewards, and recognitions for the Board to consider.

Committee Chairman Do cautioned staff on how to proceed when making recommendations for Board Members to contribute funds for specific causes.

Committee Chairman Do suggested that staff provide more detailed information on legislative history, acronyms, and funding sources to help all Committee Members understand all the information provided in staff reports.



11. Closed Session

There were no Closed Session items scheduled.

12. Adjournment

The meeting adjourned at 11:07 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, May 24, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Gina Claridge
Deputy Clerk of the Board

Andrew Do
Committee Chairman



May 24, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Relocation of West Orange County Water Board Water Line for the Interstate 405 Improvement Project

Overview

The Orange County Transportation Authority is proposing to enter into a reimbursement loan agreement to advance funds to the West Orange County Water Board for the relocation of its 33-inch pipeline currently located within the Interstate 405 Improvement Project area by permit. The relocation of the 33-inch pipeline will be conducted in accordance with state and federal laws.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Reimbursement Agreement No. UK151087 with the West Orange County Water Board, in an amount not to exceed \$4.7 million, for the relocation of the 33-inch pipeline that must be moved to accommodate the Interstate 405 Improvement Project.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation (Caltrans), and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, is implementing the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) (Project). The Project will add one general purpose lane from Euclid Street to I-605, consistent with Measure M2 Project K, and will add an additional lane in each direction that would combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605.

The West Orange County Water Board (WOCWB) is a joint powers authority (JPA). City members of the JPA are the cities of Garden Grove, Huntington Beach, Seal Beach, and Westminster, each with representatives on the WOCWB Board of Directors. The purpose of the JPA, which is a public

entity separate from the member cities, is to own and operate waterlines and other facilities for distributing water to the member agencies. The WOCWB owns and operates a 33-inch pipeline which provides treated potable water to portions of the member cities. The segment of existing pipeline to be relocated runs parallel to Westminster Boulevard where it crosses I-405 from east of Willow Lane to Springdale Street.

On December 5, 2016, staff provided the OCTA Board of Directors (Board) an overview of liability for the cost of relocation of the 33-inch pipeline and noted that WOCWB may request a loan pursuant to Streets and Highways Code (SHC) Section 706.

Discussion

The Project will require the WOCWB to relocate approximately 2,400 feet of its 33-inch pipeline where it traverses the I-405 immediately to the south of Westminster Boulevard. An investigation into what rights were acquired by WOCWB when placing this pipeline facility resulted in a finding that if the I-405 freeway was ever widened, 100 percent of the resulting relocation costs of the pipeline would be borne by WOCWB. A utility agreement between OCTA and WOCWB will be executed, agreeing that WOCWB will pay the costs of this estimated \$4.7 million relocation. The relocation of the pipeline work will be performed by a contractor competitively bid by the WOCWB.

The WOCWB budget for fiscal year 2016-17 is \$293,000 for all agency facilities, and the annual budget has historically been about \$225,000. In addition, the WOCWB reserves are currently just under \$400,000. Financing an estimated and unanticipated \$4.7 million expense within two years would require a significant increase in capital expenditure for WOCWB. The amount of funds required to relocate the pipeline and the timeframe needed for the relocation to occur represents a hardship to the WOCWB. Therefore, the WOCWB requests OCTA approve a loan in order for the WOCWB to be able to finance the timely relocation of the pipeline (Attachment A). Pursuant to SHC Section 706, OCTA can agree to loan funds for a period not to exceed ten years from the date of deposit of funds into a WOCWB account for the relocation work (Attachment B). In accordance with the Caltrans utility relocation guidance for advancing cost of relocation to owner, the interest rate for the loan would be charged to WOCWB at the rate of earnings equal to the State of California Surplus Money Investment Fund and shall be accrued daily based on this rate (Attachment C). A loan repayment plan would be developed which includes standard payments to establish a not-to-exceed ten-year repayment structure.

If this reimbursement agreement is approved by the OCTA Board, WOCWB would be able to finance the pipeline relocation over a more reasonable timeframe and avoid possible construction delays for OCTA's design-build team.

Staff recommends entering into this reimbursement agreement, in an amount not to exceed \$4.7 million, in accordance with SHC Section 706. Funds advanced under the reimbursement agreement shall be exclusively used by WOCWB for the relocation work. This amount is based on a cost estimate set forth in a utility agreement. A reconciliation of the actual bid price shall be performed upon receipt of bids by WOCWB for the relocation and shall provide the basis for the actual loan amount. WOCWB represents that it has the present and future ability to repay the funds advanced under the terms and conditions set forth in the reimbursement agreement and that it will take any and all actions required, including, if necessary and lawful, raising rates, fees, or charges to those served by WOCWB and/or raising contributions from its member agencies to pay off the loan in a timely manner. The member cities of WOCWB are not co-signers on the loan.

The WOCWB has been diligently working with OCTA staff in the development of Reimbursement Agreement No. UK151087, which is expected to be signed by the WOCWB following approval of a loan by the OCTA Board. The construction plans for the pipeline relocation project are expected to be completed and issued for competitive bid in the third quarter of 2017.

Summary

Staff requests the OCTA Board to authorize the Chief Executive Officer, pursuant to SHC Section 706, to negotiate and execute Reimbursement Agreement No. UK151087 with the WOCWB, in an amount not to exceed \$4.7 million, for the relocation of the WOCWB 33-inch pipeline that is in conflict with the Project.

Attachments

- A. Letter from Brian A. Ragland, P.E., General Manager, West Orange County Water Board, to Joe Gallardo, Real Property Manager, Orange County Transportation Authority, Dated March 28, 2017
- B. Streets and Highways Code Section 706
- C. California Department of Transportation Right of Way Manual, 13.01.02.09, Advancing Cost of Relocation to Owner

Prepared by:



Jeff Mills, P.E.
Program Manager
(714) 560-5925

Approved by:



James G. Beil, P.E.
Executive Director, Capital Programs
(714) 560-5646

West Orange County Water Board

General Manager, Engineer, Secretary, Fiscal Agent
City of Huntington Beach
19001 Huntington Street
Huntington Beach, California 92648
(714) 536-5921 FAX (714) 847-1067

Bowie, Ameson, Wiles and Giannone
4920 Campus Drive, Suite A
Newport Beach, California 92660

March 28, 2017

Mr. Joe Gallardo
Manager, Real Property
Orange County Transportation Authority
550 S. Main Street
Orange, CA 92868

Subject: Pipeline Relocation Hardship Due to I-405 Widening Project

Mr. Gallardo,

The West Orange County Water Board (WOCWB) is a Joint Powers Agency whose mission is to transport imported potable water to its member agencies via two large-capacity potable water pipelines. The members of the WOCWB are the Cities of Garden Grove, Huntington Beach, Seal Beach and Westminster.

Treated potable drinking water is delivered to the WOCWB from a Metropolitan Water District of Southern California (MET) connection located at the intersection of Katella Avenue and Dale Street in the City of Stanton. The OC-9 pipeline extends to the intersection of Newland Street and the I-405 Freeway and the OC-35 pipeline extends to the intersection of Springdale Street and Glenwood Drive in the City of Huntington Beach.

OCTA's I-405 Freeway Widening Project will require the WOCWB to relocate approximately 2,400 feet of its 33-inch OC-35 pipeline where it traverses the freeway immediately to the south of Westminster Boulevard. As WOCWB does not have prior rights to the pipeline crossing, WOCWB will be signing Utility Agreement No. UK151001 with OCTA, agreeing that WOCWB will pay the costs of this relocation. These costs are estimated to be \$4.7 million.

The WOCWB budget for Fiscal Year 2016-17 is \$293,000. This is the largest budget in the history of WOCWB, and the budget is historically around \$225,000 annually.

Likewise, the WOCWB reserves are currently just under \$400,000. Financing a \$4.7 million unanticipated expense within two years would require an over tenfold increase in capital. This presents a serious hardship to the WOCWB. Securing a ten-year low interest, adjustable rate loan from OCTA would allow the WOCWB to finance the project over a more reasonable timeframe.

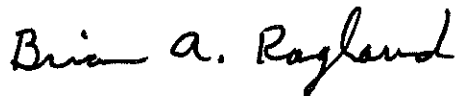
The WOCWB has been working with OCTA staff in the development of Reimbursement Agreement No. UK151087 which is expected to be signed by the WOCWB following approval by the OCTA Board. The construction plans for the pipeline relocation project are expected to be completed and out for competitive bid in the third quarter of 2017.

The WOCWB requests that the OCTA Board approve the loan in order for the WOCWB to be able to finance the project.

Copies of the five most recent WOCWB budgets are attached for your review. We appreciate your consideration of this matter.

If you have any questions or require additional information, please don't hesitate to contact me.

Sincerely,



Brian A. Ragland, P.E.
General Manager
West Orange County Water Board

CC: Jeff Mills, OCTA Program Manager
Joe Toolson, OCTA Project Manager
Kendall Zirkel, OCTA Senior Project Manager
Jill Hardy, City of Huntington Beach, WOCWB Chair
Kris Beard, City of Garden Grove, WOCWB Vice Chair
Mike Posey, City of Huntington Beach, WOCWB Board Member
Schelly Sustarsic, City of Seal Beach, WOCWB Board Member
Margie Rice, City of Westminster, WOCWB Board Member
Mayor Barbara Delgleize, City of Huntington Beach, OCTA City Member, 2nd District
Mayor Steve Jones, City of Garden Grove, OCTA City Member, 1st District
Travis K. Hopkins, P.E., Director of Public Works
Lori Ann Farrell, Director of Finance
Sunny Han, Project Manager

Att.: FY 2011/2012 Through FY 2016/2017 WOCWB Budgets

WEST ORANGE COUNTY WATER BOARD - 2012-13 BUDGET

revised 3/28/2017

FY 11-12

EXPENDITURES:	Actual FY 10/11	Budget FY11/12	Estimated FY 11/12	Total Requested FY 12/13	Huntington Beach 56.1%	Garden Grove 4.2%	Seal Beach 14.3%	Westminster 25.4%
OPERATING EXPENSE								
Utilities Expenses, Electricity	\$4,830	\$4,000	\$4,000	\$4,000	\$2,244	\$168	\$572	\$1,016
HB O&M and GM	\$21,323	\$60,000	\$60,000	\$60,000	\$33,660	\$2,520	\$8,580	\$15,240
Audit Fees	\$3,894	\$3,500	\$5,000	\$5,000	\$2,805	\$210	\$715	\$1,270
Contractual Services, Legal	\$1,829	\$3,000	\$2,500	\$3,000	\$1,683	\$126	\$429	\$762
Meeting, Board Members	\$1,600	\$2,000	\$1,800	\$2,000	\$1,122	\$84	\$286	\$508
Liability Ins., Transmission Lines	\$8,739	\$8,000	\$7,500	\$8,000	\$4,488	\$336	\$1,144	\$2,032
Other Contract Services	\$9,635	\$2,000	\$3,000	\$2,500	\$1,403	\$105	\$358	\$635
Total Operating Expense	\$51,850	\$82,500	\$83,800	\$84,500	\$47,405	\$3,549	\$12,084	\$21,463
CAPITAL COSTS								
Rebuild isolation valves OC-35			\$35,000	\$35,000				
Rebuild isolation valves OC-9			\$25,000	\$20,000				
Total Capital Costs	\$46,021	\$84,000	\$60,000	\$55,000	\$30,855	\$2,310	\$7,865	\$13,970
GROSS PROGRAM COST	\$97,871	\$166,500	\$143,800	\$139,500	\$78,260	\$5,859	\$19,949	\$35,433
Funded by reserves	(\$7,664)	(\$20,544)	\$1,531	\$1,454	\$816	\$61	\$208	\$369
NET PROGRAM COST	\$90,207	\$145,956	\$145,331	\$138,046	\$77,444	\$5,798	\$19,741	\$35,064
REVENUE:								
Huntington Beach - 56.1%	\$49,933	\$81,040	\$81,040	\$76,939				
Garden Grove - 4.2%	\$3,738	\$6,067	\$6,067	\$5,760				
Seal Beach - 14.3%	\$12,728	\$20,657	\$20,657	\$19,612				
Westminster - 25.4%	\$22,608	\$36,692	\$36,692	\$34,835				
Interest on reserves	\$1,200	\$1,500	\$875	\$900				
Other Revenue								
TOTAL REVENUE	\$90,207	\$145,956	\$145,331	\$138,046				

WEST ORANGE COUNTY WATER BOARD

FISCAL YEAR 2013-2014 BUDGET

EXPENDITURES:	Actual FY 11/12	Budget FY12/13	Estimated FY 12/13	Total Requested FY 13/14
<u>OPERATING EXPENSE</u>				
Utilities Expenses, Electricity	\$4,400	\$4,000	\$4,500	\$4,500
Repair and Maintenance Expense	\$17,736	\$60,000	\$60,000	\$60,000
Audit Fees	\$5,000	\$5,000	\$5,000	\$5,000
Contractual Services, Legal	\$429	\$3,000	\$3,000	\$3,000
Meeting, Board Members	\$2,100	\$2,000	\$2,000	\$2,000
Liability Ins., Transmission Lines	\$8,106	\$8,000	\$8,000	\$8,000
Other Contract Services	\$2,366	\$2,500	\$0	\$2,500
Total Operating Expense	\$40,137	\$84,500	\$82,500	\$85,000
<u>CAPITAL COSTS</u>				
Fiscal Year 2013-14 Capital projects:				
Replace one 16" line valve on Dale & Twana	\$80,175	\$105,000	\$105,000	\$20,000
Replace air-vac on Dale and Barr				\$20,000
Replace air-vac on Garden Grove and Newland				\$20,000
Replace air-vac on Trask and Newland				\$20,000
Total Capital Costs	\$80,175	\$105,000	\$105,000	\$80,000
TOTAL BUDGET	\$120,312	\$189,500	\$187,500	\$165,000

**WEST ORANGE COUNTY WATER BOARD
ADOPTED FISCAL YEAR 2014-2015 BUDGET**

EXPENDITURES:	Actual FY 12/13	Budget FY13/14	Estimated FY 13/14	Total Requested FY 14/15
<u>OPERATING EXPENSE</u>				
Utilities Expenses, Electricity	\$4,030	\$4,500	\$4,500	\$4,500
Repair and Maintenance Expense	\$87,285	\$60,000	\$60,000	\$72,500
Audit Fees	\$5,000	\$5,000	\$4,990	\$5,000
Contractual Services, Legal	\$2,966	\$3,000	\$3,000	\$5,000
Meeting, Board Members	\$1,400	\$2,000	\$1,900	\$2,000
Liability Ins., Transmission Lines	\$8,649	\$8,000	\$8,000	\$8,000
Other Contract Services	\$209	\$2,500	\$0	\$2,500
Total Operating Expense	\$109,539	\$84,500	\$82,390	\$99,500
<u>CAPITAL COSTS</u>				
Fiscal Year 2014-15 Capital projects:				
Entrance to OC-9 vault, at Newland and Bolsa, is in the street. FY14/15 budget would fund design to relocate access point to parkway; construction funds would be requested for FY15/16	\$101,220	\$80,000	\$80,000	\$75,000
Total Capital Costs	\$101,220	\$80,000	\$80,000	\$75,000
TOTAL BUDGET	\$210,759	\$164,500	\$162,390	\$174,500

**WEST ORANGE COUNTY WATER BOARD
PROPOSED FISCAL YEAR 2015-16 BUDGET**

Account Description	FY 13-14 Actual	FY 14-15 Approved	FY 15-16 Proposed
OPERATING EXPENSES			
Electricity	\$4,385	\$4,500	\$4,500
Contracts for Repairs and Maintenance	\$58,057	\$72,500	\$60,000
Auditing	\$4,990	\$5,000	\$5,000
Attorney Fees	\$441	\$5,000	\$3,000
Other Contract Services	\$1,817	\$2,000	\$2,000
OC-9 and OC-35 Replacement Evaluation	\$0	\$0	\$40,000
General/Liability Insurance	\$8,996	\$8,000	\$9,000
Board Stipend Expense	\$1,800	\$2,500	\$2,500
OPERATING EXPENSES	\$80,486	\$99,500	\$126,000
CAPITAL EXPENDITURES			
Valve and Air-vac Replacement	\$75,731	\$0	\$0
Relocation of Vault at OC-9	\$0	\$75,000	\$30,000
I-405 Widening Facilities Relocation	\$0	\$0	\$40,000
CAPITAL EXPENDITURES	\$75,731	\$75,000	\$70,000
TOTAL PROPOSED BUDGET	\$156,217	\$174,500	\$196,000

WEST ORANGE COUNTY WATER BOARD
FISCAL YEAR 2016-17 BUDGET

Account Description	FY 14-15 Actual	FY 15-16 Approved	FY 15-16 Revised	FY 16-17 Proposed
OPERATING EXPENSES				
Electricity	\$4,253	\$4,500	\$4,500	\$4,500
Contracts for Repairs and Maintenance	\$18,437	\$60,000	\$10,000	\$30,000
Auditing	\$4,990	\$5,000	\$5,000	\$5,000
Attorney Fees	\$306	\$3,000	\$3,000	\$5,000
Other Contract Services	\$1,249	\$2,000	\$2,000	\$2,000
OC-9 and OC-35 Replacement Evaluation	\$0	\$40,000	\$0	\$0
I 405 Widening Facilities Relocation - Design	\$0	\$0	\$90,000	\$235,000
General/Liability Insurance	\$9,324	\$9,000	\$9,000	\$9,500
Board Stipend Expense	\$1,800	\$2,500	\$2,500	\$2,500
OPERATING EXPENSES	\$40,359	\$126,000	\$126,000	\$293,500
CAPITAL EXPENDITURES				
Relocation of Vault at OC-9	\$0	\$70,000	\$70,000	\$0
CAPITAL EXPENDITURES	\$0	\$70,000	\$70,000	\$0
TOTAL PROPOSED BUDGET	\$179,000	\$196,000	\$196,000	\$293,500

Current Budgetary Fund Balance	\$ 339,309
Reserve Policy Level	\$ 200,000
Undesignated Fund Balance	\$ 139,309

Expenditures

STREETS AND HIGHWAYS CODE SECTION 706

DIVISION 1. STATE HIGHWAYS [50 - 897] (*Division 1 enacted by Stats. 1935, Ch. 29.*)

CHAPTER 3. The Care and Protection of State Highways [660 - 759.3] (*Chapter 3 enacted by Stats. 1935, Ch. 29.*)

ARTICLE 2.5. Special Provisions re Utilities in Freeways [700 - 711] (*Article 2.5 added by Stats. 1947, 1st Ex. Sess., Ch. 11.*)

706. The department and any utility required to remove a utility facility or to relocate any utility facility may, by agreement, provide for the respective amounts of the cost to be borne by each. The department may, without prejudice to its rights under Section 707, advance the cost of removal or relocation and if the department advances such cost, it is the duty of the utility to move its facilities as soon as reasonably possible so as not to delay freeway construction. In the case of any utility which is not financially able to bear the costs of removal or relocation, the department may by agreement provide for the work to be done on condition that the utility's portion of the costs be repaid to the department over a period of time not exceeding 10 years.

Either party may maintain an action in a court of competent jurisdiction for an adjudication as to the obligations and costs to be borne by each party under such provisions of said contract at any time within four years after the cause of action first arose thereunder. Such a cause of action shall be deemed to arise upon and at the time of the completion by the utility of the removal or relocation in question, or at the time of breach of the agreement by either party. The filing of a claim with any state agency shall not be deemed a condition precedent to the maintenance by the utility of any such action.

(Amended by Stats. 1957, Ch. 2355.)

CALIFORNIA DEPARTMENT OF TRANSPORTATION RIGHT OF WAY MANUAL, 13.01.02.09, ADVANCING COST OF RELOCATION TO OWNER

13.01.02.06 Work Before Environmental Approval

Pursuant to California Public Resources Code Sections 21102 and 21150, environmental approval shall be received prior to any expenditure of capital funds for detailed design or relocation of utility facilities. This does not preclude an expenditure of funds for the Owner's preliminary engineering or State's positive location work in support of the environmental document.

The Department has established a process to order an Owner to commence design activities prior to the approval of the environmental document but after the selection of the preferred alternative.

If, at any time during the project, an environmental reevaluation is required, no work other than studies or positive location work should proceed outside of the "area of potential effect" (APE) evaluated and approved in the original environmental document until the reevaluation is completed.

13.01.02.07 Verification of Utility Facilities

Pursuant to Government Code Section 4215, governmental agencies shall make every reasonable effort to locate all existing utility facilities within the right of way of a proposed construction project and to identify the facilities on construction contract plans. Failure to identify utility facilities on plans may make the State liable for damages to the facilities resulting from planned construction.

13.01.02.08 Policy on High and Low Risk Underground Facilities Within Highway Rights of Way

The Department is responsible to provide a safe environment for employees of the Department and its contractors, as well as the traveling public. An important element of the safe environment is providing a clear and safe right of way through the proper placement, protection, relocation, or removal of utility facilities that may pose a safety risk to the highway worker or user when the utility is excavated, cut, or penetrated. Toward this end, the Department shall establish and enforce mandatory standards and procedures for the placement and protection of underground utility facilities within highway rights of way and for the safety of highway workers involved in maintenance or construction operations in proximity to underground utility facilities. These mandatory standards and procedures are known as the Policy on High and Low Risk Underground Facilities Within Highway Rights of Way. For a copy of this policy, refer to Appendix LL of the Project Development Procedures Manual.

13.01.02.09 Advancing Cost of Relocation to Owner

Streets and Highways (S&H) Code Section 706 provides criteria for the advancement of funds for utility relocations.

Subject to S&H Code Section 706, the Owner's pro rata share of the relocation costs can only be advanced after it has been conclusively shown that the owner is financially unable to bear the cost of relocation and is unable to secure other financing for the work. To meet this test, the Owner shall provide a signed statement to that effect and provide documentation that they have attempted to secure other financing and have been denied.

When an advancement of the Owner's pro rata share of the relocation costs is made in accordance with Section 706, interest shall be charged at the rate of earnings of the Surplus Money Investment Fund (SMIF) and must be repaid within ten (10) years. See Region/District P&M or the State's Web site at <http://www.sco.ca.gov> for current SMIF rates.

Funds shall not be advanced to cover any Owner requested betterments to the facility.



May 24, 2017

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Local Agency Investment Fund - April 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 April 30, 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 April 30, 2017, the fair value including accrued interest of the Pooled Money Investment Account (PMIA) was \$75,921,969,077 with a month-average yield of 0.88 percent and a month-end weighted average maturity of 195 days. The Local Agency Investment Fund (LAIF) is a component of the State of California PMIA. The month-end balance of LAIF was \$22,561,836,709. The Orange County Transportation Authority's month-end balance in LAIF was \$10,253,754.

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 April 30, 2017.

Attachment

A. Local Agency Investment Fund – As of April 30, 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

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

www.treasurer.ca.gov/dmha-laif/laif.asp
May 10, 2017

ORANGE COUNTY TRANSPORTATION AUTHORITY

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

PVMA Average Monthly Yields

Account Number:
80-30-001

Tran Type Definitions

April 2017 Statement

Effective Date	Transaction Date	Tran Type	Tran Confirm Number	Authorized Caller	Amount
4/14/2017	4/13/2017	QRD	1533213	SYSTEM	19,579.42

Account Summary

Total Deposit:	19,579.42	Beginning Balance:	10,234,174.50
Total Withdrawal:	0.00	Ending Balance:	10,253,753.92



JOHN CHIANG
TREASURER
STATE OF CALIFORNIA



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
04/05/17	0.86	0.86	184
04/06/17	0.87	0.86	181
04/07/17	0.87	0.86	181
04/08/17	0.87	0.86	181
04/09/17	0.87	0.86	181
04/10/17	0.87	0.86	181
04/11/17	0.87	0.87	181
04/12/17	0.87	0.87	183
04/13/17	0.88	0.87	182
04/14/17	0.88	0.87	182
04/15/17	0.88	0.87	182
04/16/17	0.88	0.87	182
04/17/17	0.88	0.87	181
04/18/17	0.89	0.87	183
04/19/17	0.89	0.87	183
04/20/17	0.90	0.87	186
04/21/17	0.90	0.88	191
04/22/17	0.90	0.88	191
04/23/17	0.90	0.88	191
04/24/17	0.90	0.88	192
04/25/17	0.90	0.88	193
04/26/17	0.90	0.88	194
04/27/17	0.91	0.88	195
05/01/17	0.92	0.89	189
05/02/17	0.92	0.89	191
05/03/17	0.92	0.89	193
05/04/17	0.92	0.89	193
05/05/17	0.92	0.89	195
05/06/17	0.92	0.89	195
05/07/17	0.92	0.89	195
05/08/17	0.92	0.89	195

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

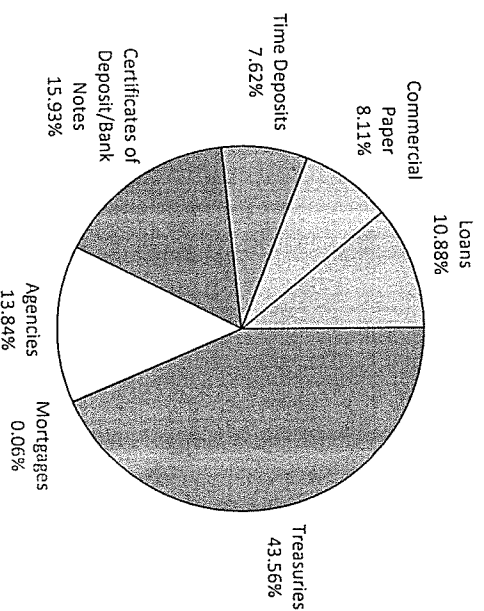
Quarter Ending 03/31/17

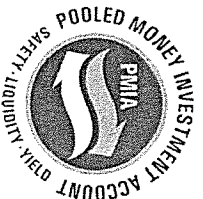
Apportionment Rate: 0.78%
Earnings Ratio: 0.00002126194403179
Fair Value Factor: 0.999175951
Daily: 0.85%
Quarter to Date: 0.78%
Average Life: 180

PMIA Average Monthly
Effective Yields

Apr 2017 0.884%
Mar 2017 0.821%
Feb 2017 0.777%

Pooled Money Investment Account
Portfolio Composition
03/31/17
\$71.9 billion





State of California

Pooled Money Investment Account

Market Valuation

4/30/2017

Description		Carrying Cost Plus Accrued Interest Purch.	Fair Value	Accrued Interest
United States Treasury:				
Bills	\$	12,568,310,007.36	\$	12,590,842,500.00
Notes	\$	20,582,690,306.48	\$	20,546,868,500.00
				NA
				40,739,891.50
Federal Agency:				
SBA	\$	881,842,061.69	\$	874,466,758.91
MBS-REMICs	\$	42,640,487.54	\$	44,742,903.01
Debentures	\$	1,134,994,079.97	\$	1,131,081,850.00
Debentures FR	\$	-	\$	-
Debentures CL	\$	50,000,000.00	\$	49,993,000.00
Discount Notes	\$	8,763,375,861.04	\$	8,774,503,000.00
GNMA	\$	-	\$	-
				NA
Supranational Debentures	\$	349,846,813.04	\$	348,449,500.00
Supranational Debentures FR	\$	50,000,000.00	\$	50,085,000.00
				483,646.00
				31,377.75
CDS and YCDs FR	\$	500,000,000.00	\$	500,000,000.00
				463,715.11
Bank Notes	\$	700,000,000.00	\$	699,591,868.82
CDS and YCDs	\$	13,150,000,000.00	\$	13,145,100,317.70
				1,519,444.43
Commercial Paper	\$	8,575,964,277.82	\$	8,584,981,013.84
				25,734,111.12
				NA
Corporate:				
Bonds FR	\$	-	\$	-
Bonds	\$	-	\$	-
				-
Repurchase Agreements	\$	-	\$	-
Reverse Repurchase	\$	-	\$	-
				-
Time Deposits	\$	5,515,240,000.00	\$	5,515,240,000.00
				NA
AB 55 & GF Loans	\$	2,993,582,000.00	\$	2,993,582,000.00
				NA
TOTAL	\$	75,858,485,894.94	\$	75,849,528,212.28
				72,440,864.86

Fair Value Including Accrued Interest \$ 75,921,969,077.14

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



May 24, 2017

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Orange County Treasurer's Management Report - April 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 April 30, 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 April 30, 2017, the book value of the Orange County Investment Pool (OCIP) Money Market Fund was \$1,928,799,524 with a monthly gross yield of 0.72 percent and a month-end average days to maturity of 55 days. The OCIP Extended Fund book value was \$5,897,082,173 with a monthly gross yield of 1.11 percent and a month-end average days to maturity of 488 days. The Orange County Transportation Authority's month-end balance in the OCIP was \$38,104; the combined pool had a monthly gross yield of 0.93 percent and month-end average days to maturity of 315 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 26 through 98 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 April 30, 2017.

Attachment

A. Treasurer's Monthly Investment Report – April 30, 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** APRIL 2017 **REPORT**

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



COUNTY OF ORANGE

**TREASURER'S INVESTMENT REPORT
For April 30, 2017**

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



INTERDEPARTMENTAL COMMUNICATION

Date: May 15, 2017

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

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

Subject: Treasurer's Investment Report for the Month Ended April 30, 2017

Attached, please find the Treasurer's Investment Report for the County of Orange for the month ended April 30, 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.

INVESTMENT POOL COMPOSITION

The investments contained within this report are as of April 30, 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 March 6, 2017, 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 55 and 56, 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 67. 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), and the duration is currently at 1.33. 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 April, the job market added 211,000 new jobs, and March's job numbers were revised downwards by 19,000 to 79,000. The U.S. unemployment rate for April fell to 4.4%, down from 4.5% in March. The Empire State Manufacturing Index fell to 5.2 from 16.4 in March, while the Philadelphia Fed Index decreased to 22.0 from 32.8 in March. 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 U.S. Index reported that housing prices continue to show positive momentum as year-over-year prices increased for the fifty-eighth consecutive month in February, up 5.76% from a year ago. The index for pending home sales increased 0.51% on a year-over-year basis in March. The 10-year Treasury rate fell from 2.40% in March to 2.29% in April.

The short-term 90-day T-bill ended the month at 0.80%, up from 0.76% in March. The rate on the 2-year Treasury note was 1.28% at the end of April, up from 1.27% in March.

INVESTMENT INTEREST YIELDS AND FORECAST

The current gross interest yield year-to-date for fiscal year 2016/2017 is 0.83% for the OCIP and 0.84% for the OCEIP. The current net yield for fiscal year 2016/2017 is 0.78% and 0.79% respectively. The forecasted net yield for fiscal year 2016/2017 for both OCIP and OCEIP will exceed the net forecasted yield of .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 April 2017 interest apportionment is expected to be paid by May 31, 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 April 30, 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 \$442.6 million in County of Orange debt, which represents approximately 4.6% of pooled assets. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

COMPLIANCE SUMMARY

The IPS had one compliance exception for the month of April 2017, caused when a designated employee filed a Form 700 Assuming Office Statement late. The investment portfolios had no compliance exceptions for the month of April 2017.

CREDIT UPDATE

During April, 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 April 30, 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

	APRIL 2017	MARCH 2017	INCREASE (DECREASE)	NET CHANGE %	APRIL 2016	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ^{1,2}	\$ 4,813,646,800	\$ 4,618,257,699	\$ 195,389,101	4.23%	\$ 4,355,799,839	\$ 457,846,961	10.51%
End Of Month Book Value ²	\$ 4,819,878,734	\$ 4,625,013,477	\$ 194,865,257	4.21%	\$ 4,350,591,265	\$ 469,287,469	10.79%
Monthly Average Balance ²	\$ 5,311,881,303	\$ 4,268,775,988	\$ 1,043,105,315	24.44%	\$ 4,826,146,042	\$ 485,735,261	10.06%
Year-To-Date Average Balance	\$ 4,147,335,065	\$ 4,017,941,038	\$ 129,394,027	3.22%	\$ 3,774,340,142	\$ 372,994,923	9.88%
Monthly Accrued Earnings ³	\$ 4,074,936	\$ 3,303,437	\$ 771,499	23.35%	\$ 2,767,578	\$ 1,307,357	47.24%
Monthly Net Yield ³	0.86%	0.85%	0.02%	2.25%	0.63%	0.23%	37.23%
Year-To-Date Net Yield ³	0.78%	0.76%	0.02%	3.17%	0.55%	0.23%	41.82%
Annual Estimated Gross Yield ⁴	0.84%	0.84%	0.00%	0.00%	0.64%	0.20%	30.43%
Weighted Average Maturity (WAM)	315	333	(18)	-5.41%	345	(30)	-8.72%
Orange County Educational Investment Pool (OCEIP)							
End Of Month Market Value ^{1,2}	\$ 4,809,479,447	\$ 4,277,435,171	\$ 532,044,276	12.44%	\$ 4,420,717,012	\$ 388,762,435	8.79%
End Of Month Book Value ²	\$ 4,816,002,165	\$ 4,284,742,978	\$ 531,259,187	12.40%	\$ 4,415,593,418	\$ 400,408,747	9.07%
Monthly Average Balance ²	\$ 4,495,979,203	\$ 4,072,422,938	\$ 423,556,265	10.40%	\$ 4,100,626,924	\$ 395,352,279	9.64%
Year-To-Date Average Balance	\$ 4,049,742,814	\$ 4,000,160,993	\$ 49,581,821	1.24%	\$ 3,757,822,619	\$ 291,920,195	7.77%
Monthly Accrued Earnings ³	\$ 3,695,190	\$ 3,296,030	\$ 399,160	12.11%	\$ 2,656,317	\$ 1,038,873	39.11%
Monthly Net Yield ³	0.93%	0.89%	0.05%	5.07%	0.72%	0.21%	29.39%
Year-To-Date Net Yield ³	0.79%	0.76%	0.03%	3.56%	0.57%	0.22%	38.87%
Annual Estimated Gross Yield ⁴	0.84%	0.84%	0.00%	0.00%	0.65%	0.19%	28.64%
Weighted Average Maturity (WAM) ⁵	326	375	(49)	-13.07%	337	(11)	-3.30%

¹ Market values provided by Bloomberg and Northern Trust. The OCIP and OCEIP market values in March and April 2017 are slightly lower than book values due to the Federal Reserve short-term rate increase, but both have a net asset value of 1.00 and have sufficient liquidity to meet projected cash flow needs.

² In April 2017, OCIP and OCEIP market values, book values and monthly average balances increased from March 2017 primarily due to incoming secured property tax receipts. OCIP and OCEIP market values, book values and monthly average balances were higher than April 2016 primarily due to higher secured property tax receipts.

³ In April 2017, OCIP and OCEIP monthly accrued earnings, monthly and year-to-date net yields were higher than April 2016 due to an increase in the Federal Reserve short-term rate of 25 basis points and investments in higher yielding securities, and higher average pool balances. OCIP and OCEIP monthly accrued earnings increased from March 2017 due to higher investment balances.

⁴ The OCIP and OCEIP Annual Estimated Gross Yield for April 2016 is reported at the actual annual gross yield for FY15/16, and their Annual Estimated Gross Yield for April 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.

⁵ OCEIP WAM was lower due to an increase in shorter-term maturities related to the April receipt of secured property tax.

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH ENDED: APRIL 30, 2017

INVESTMENT STATISTICS - By Investment Pool*						
DESCRIPTION	CURRENT BALANCES		Average Days to Maturity	Daily Yield as of 04/30/17	MONTHLY Gross Yield	Current NAV
COMBINED POOL BALANCES (Includes the Extended Fund)						
	MARKET Value \$	4,813,646,800	315	0.96%	0.93%	1.00
	COST (Capital) \$	4,827,119,290				
	MONTHLY AVG Balance \$	5,311,881,303				
	BOOK Value \$	4,819,878,734				
Orange County Investment Pool (OCIP)						
	MARKET Value \$	4,809,479,447	326	1.00%	1.00%	1.00
	COST (Capital) \$	4,823,659,028				
	MONTHLY AVG Balance \$	4,495,979,203				
	BOOK Value \$	4,816,002,165				
Orange County Educational Investment Pool (OCEIP)						
	MARKET Value \$	4,809,479,447	326	1.00%	1.00%	1.00
	COST (Capital) \$	4,823,659,028				
	MONTHLY AVG Balance \$	4,495,979,203				
	BOOK Value \$	4,816,002,165				
INVESTMENT STATISTICS - Non Pooled Investments **						
DESCRIPTION	CURRENT BALANCE		INVESTMENT BALANCES AT COST			
Specific Investment Funds: 100, 283, 505, 650 FVSD	MARKET Value \$	150,758,241	General Fund - Non AMT Restricted		\$	67,458,736
	COST (Capital) \$	150,811,492	John Wayne Airport Investment Fund			47,406,399
	MONTHLY AVG Balance \$	153,678,990	Repurchase Agreement			1,081,500
	BOOK Value \$	150,773,448	Fountain Valley School District Fund 40			34,864,857
					\$	150,811,492
MONTH END TOTALS						
INVESTMENTS & CASH			INVESTMENTS & CASH			
COUNTY MONEY MARKET FUND (OCMMF)						
County Money Market Fund	\$	1,928,777,372	OCIP		\$	4,827,902,801
County Cash		783,511	OCEIP			4,830,033,134
EXTENDED FUND		5,911,881,918	Specific Investment Funds			150,811,492
EDUCATIONAL MONEY MARKET FUND (OCEMMF)			Non Pooled Cash			20,861,294
Educational Money Market Fund		1,810,119,028				
Educational Cash		6,374,106				
NON POOLED INVESTMENTS & CASH						
Non Pooled Investments		150,811,492				
Non Pooled Cash		20,861,294				
	\$	9,829,608,721			\$	9,829,608,721
KEY POOL STATISTICS						
INTEREST RATE YIELD			WEIGHTED AVERAGE MATURITY (WAM)			
OCMMF - MONTHLY GROSS YIELD		0.72%	OCMMF			55
OCEMMF - MONTHLY GROSS YIELD		0.78%	OCEMMF			56
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD		0.67%	JOHN WAYNE AIRPORT WAM			67
OCIP - YTD NET YIELD***		0.78%	LGIP WAM (Standard & Poors)			45
OCEIP - YTD NET YIELD***		0.79%				
90-DAY T-BILL YIELD - MONTHLY AVERAGE		0.80%				

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH ENDED: APRIL 30, 2017

INVESTMENT STATISTICS - By Investment Fund****

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 04/30/17	MONTHLY Gross Yield	Current NAV
<u>County Money Market Fund (OCMMF)</u>	MARKET Value \$ 1,928,898,078 COST (Capital) \$ 1,928,777,372 MONTHLY AVG Balance \$ 2,409,261,334 BOOK Value \$ 1,928,799,524	55	0.77%	0.72%	1.00
<u>Educational Money Market Fund (OCEMMF)</u>	MARKET Value \$ 1,810,058,617 COST (Capital) \$ 1,810,119,028 MONTHLY AVG Balance \$ 1,482,439,203 BOOK Value \$ 1,809,999,202	56	0.77%	0.78%	1.00
<u>Extended Fund</u>	MARKET Value \$ 5,884,169,552 COST (Capital) \$ 5,911,881,918 MONTHLY AVG Balance \$ 5,916,159,969 BOOK Value \$ 5,897,082,173	488	1.11%	1.11%	1.00
ALLOCATION OF EXTENDED FUND					
<u>Extended Fund</u> <u>OCIP Share</u>	MARKET Value \$ 2,884,749,722 COST (Capital) \$ 2,898,341,918 MONTHLY AVG Balance \$ 2,902,619,969 BOOK Value \$ 2,891,079,210	488	1.11%	1.11%	1.00
<u>OCEIP Share</u>	MARKET Value \$ 2,999,420,830 COST (Capital) \$ 3,013,540,000 MONTHLY AVG Balance \$ 3,013,540,000 BOOK Value \$ 3,006,002,963	488	1.11%	1.11%	1.00
<u>Modified Duration</u>		1.33			

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

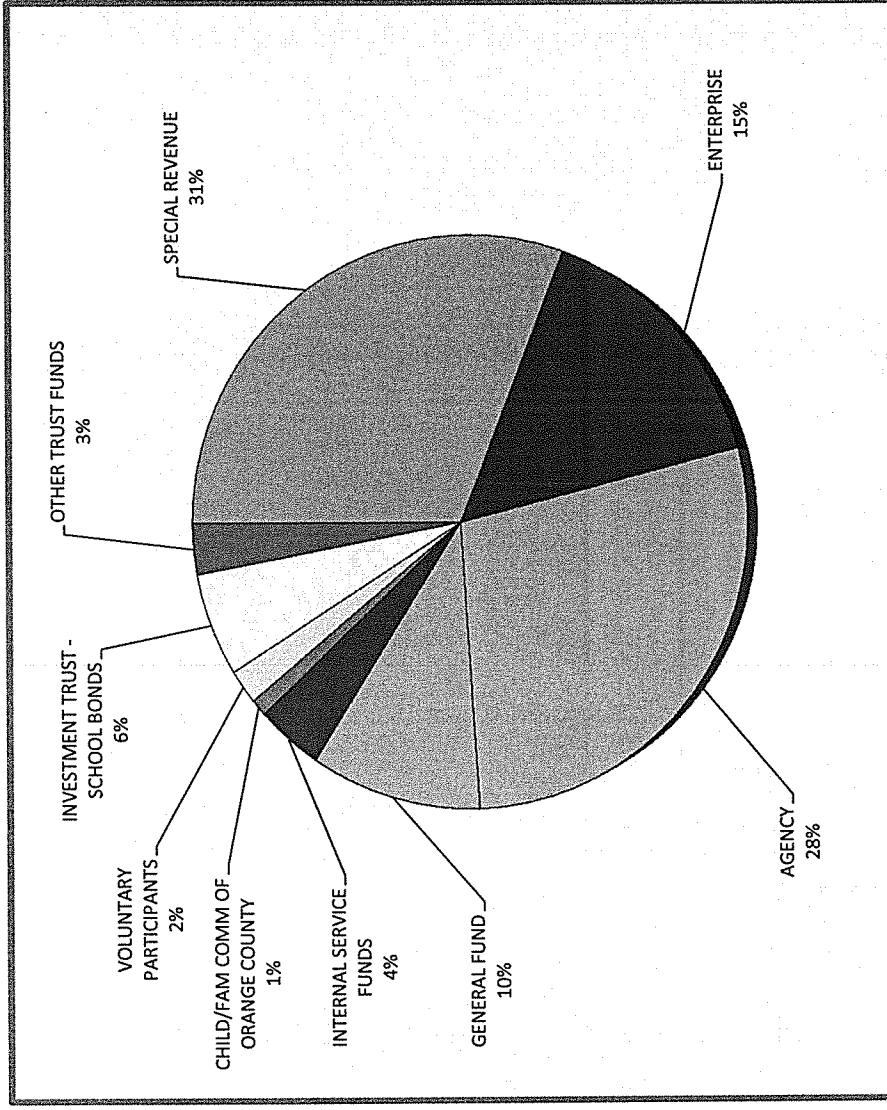
** Specific non pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.

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

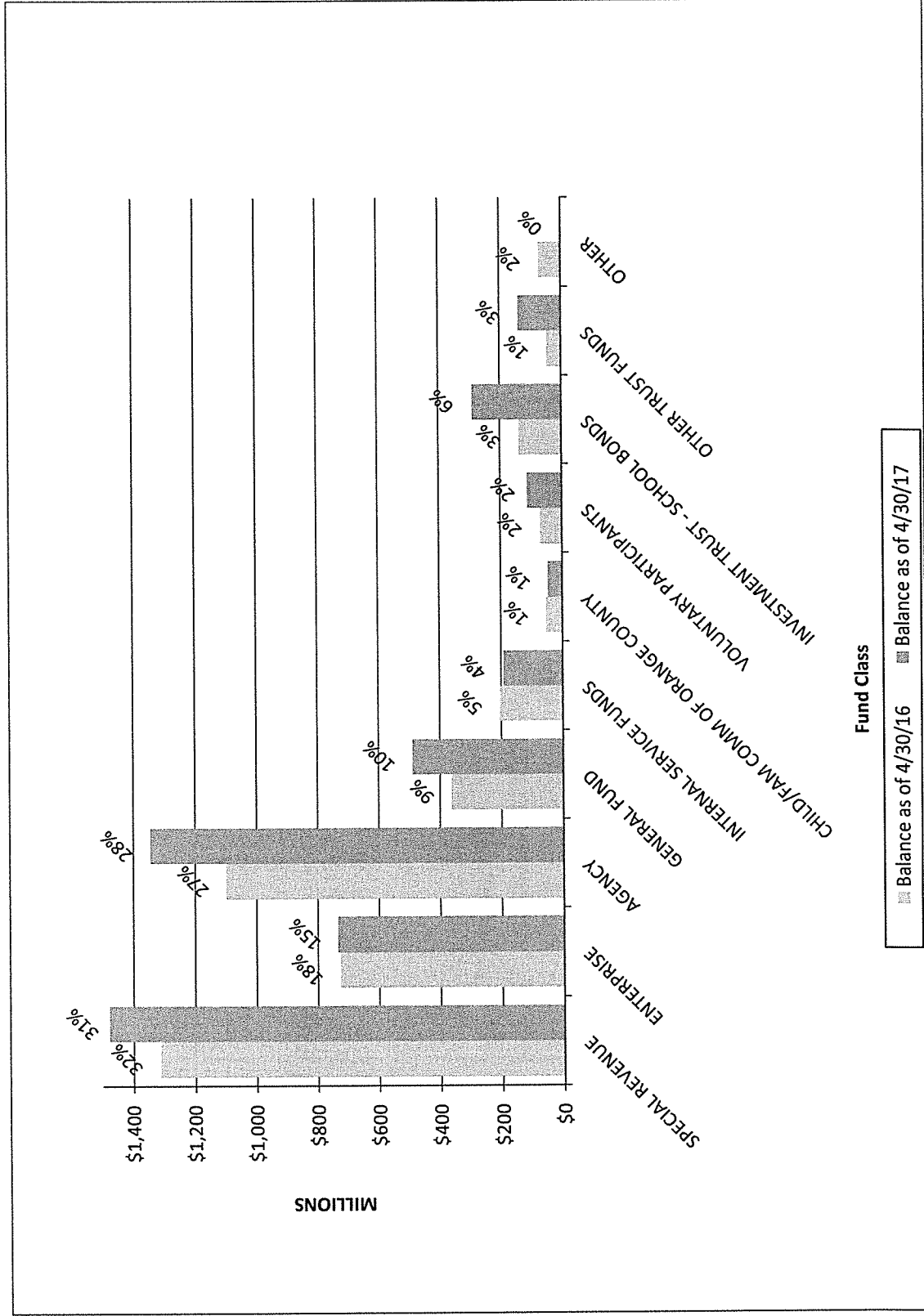
**** Book Value is computed as Cost reduced by amortization of premium and increased by the accretion of discount of the Investment Portfolio. Net Asset Value (NAV) is equal to Market Value divided by Book Value.

ORANGE COUNTY INVESTMENT POOL COMPOSITION BY FUND AS OF APRIL 30, 2017

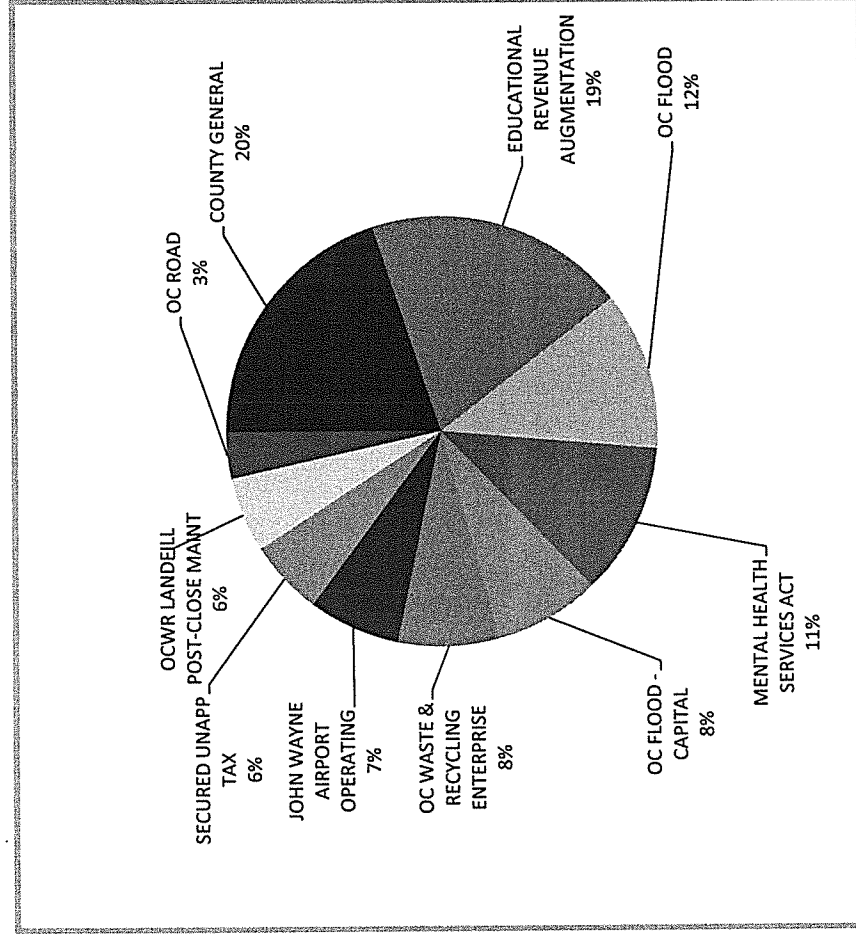
FUNDS	BALANCE
SPECIAL REVENUE	\$ 1,476,937,926
AGENCY	1,345,170,415
ENTERPRISE	734,513,524
GENERAL FUND	489,231,071
INVESTMENT TRUST - SCHOOL BONDS	290,606,089
INTERNAL SERVICE FUNDS	192,739,616
VOLUNTARY PARTICIPANTS	112,229,521
CHILD/FAM COMM OF ORANGE COUNTY	46,773,734
OTHER TRUST FUNDS	139,700,905
TOTAL	\$ 4,827,902,801



ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY FUND
AS OF APRIL 30



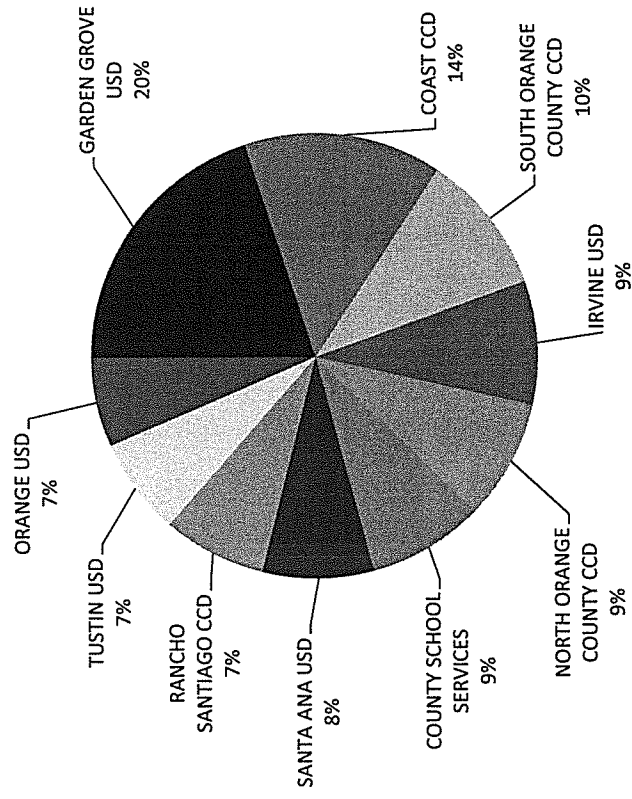
ORANGE COUNTY INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF APRIL 30, 2017



FUND #	FUND NAME	BALANCE
100	COUNTY GENERAL	\$ 469,807,860
664	EDUCATIONAL REVENUE AUGMENTATION	458,911,274
400	OC FLOOD	279,694,225
13Y	MENTAL HEALTH SERVICES ACT	268,654,325
404	OC FLOOD - CAPITAL	186,619,532
299	OC WASTE & RECYCLING ENTERPRISE	177,767,803
280	JOHN WAYNE AIRPORT OPERATING	162,621,248
673	SECURED UNAPP TAX	133,531,662
279	OCWR LANDFILL POST-CLOSE MAINT	132,196,676
115	OC ROAD	81,957,325
TOTAL		\$ 2,351,561,730

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF APRIL 30, 2017

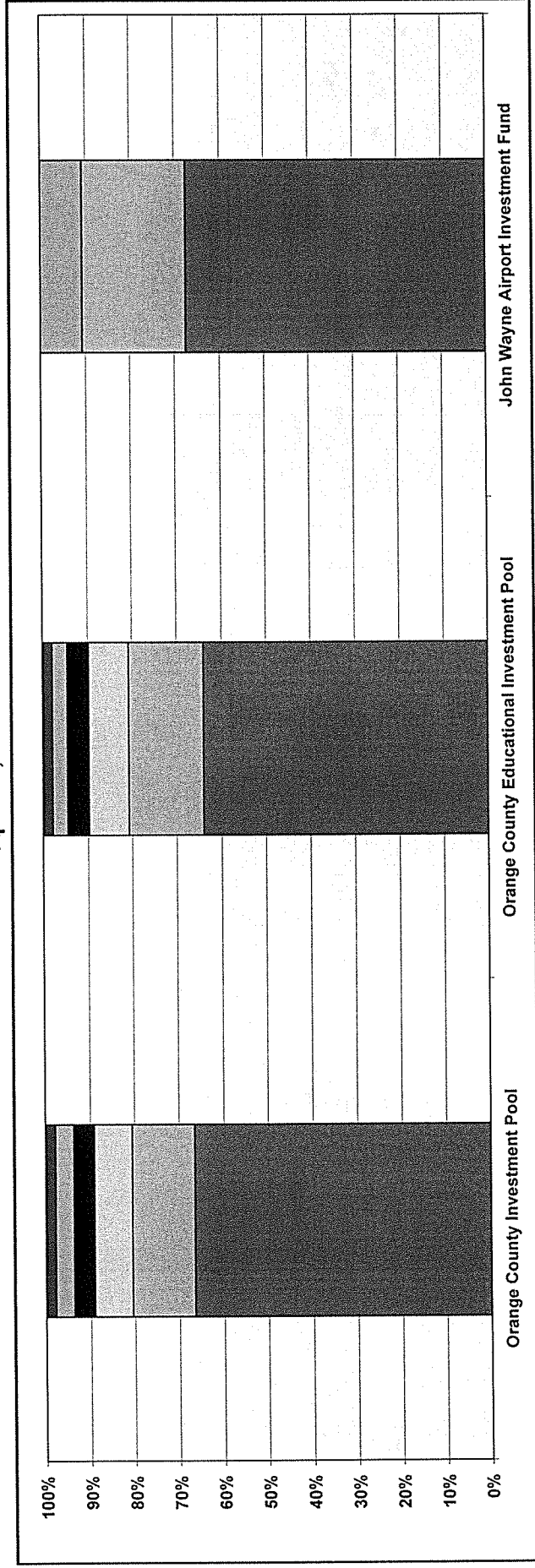
DISTRICT #	SCHOOL DISTRICT	BALANCE
72	GARDEN GROVE USD	\$ 625,914,320
90	COAST CCD	451,340,967
96	SOUTH ORANGE COUNTY CCD	321,620,798
75	IRVINE USD	281,474,437
88	NORTH ORANGE COUNTY CCD	274,923,284
94	COUNTY SCHOOL SERVICES	267,146,145
84	SANTA ANA USD	253,205,101
92	RANCHO SANTIAGO CCD	234,735,870
87	TUSTIN USD	220,693,711
80	ORANGE USD	205,425,054
TOTAL		\$ 3,136,479,687



ORANGE COUNTY TREASURER - TAX COLLECTOR

BY INVESTMENT TYPE - By Percentage Holdings

April 30, 2017



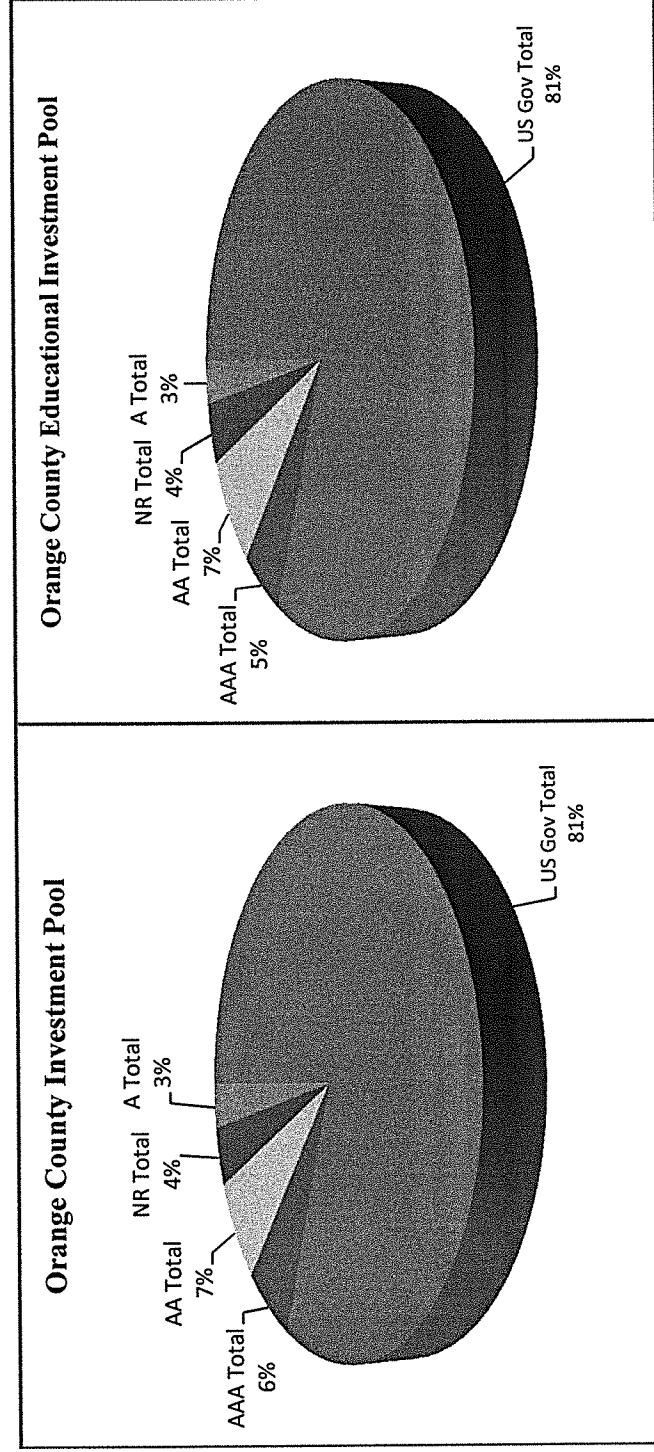
Orange County Investment Pool		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 3,200,818	68.49%
U. S. TREASURIES	677,465	14.07%
MEDIUM - TERM NOTES	407,302	8.46%
MUNICIPAL DEBT	216,967	4.51%
MONEY MARKET MUTUAL FUNDS	203,153	4.22%
CERTIFICATES OF DEPOSIT	104,314	2.17%
LOCAL AGENCY INVESTMENT FUND	3,628	0.08%
	<u>\$ 4,813,647</u>	<u>100.00%</u>

Orange County Educational Investment Pool		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 3,077,238	63.98%
U. S. TREASURIES	804,363	16.72%
MEDIUM-TERM NOTES	432,806	9.01%
MUNICIPAL DEBT	225,592	4.65%
CERTIFICATES OF DEPOSIT	101,597	2.11%
MONEY MARKET MUTUAL FUNDS	164,111	3.41%
LOCAL AGENCY INVESTMENT FUND	3,772	0.08%
	<u>\$ 4,809,479</u>	<u>100.00%</u>

John Wayne Airport Investment Fund		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 31,980	67.48%
U. S. TREASURIES	10,992	23.19%
MONEY MARKET MUTUAL FUNDS	4,422	9.33%
	<u>\$ 47,394</u>	<u>100.00%</u>

Calculated Using Market Value at 4/30/2017

ORANGE COUNTY TREASURER - TAX COLLECTOR **CREDIT QUALITY BY MARKET VALUE** **April 30, 2017**



US GOV Includes Agency & Treasury Debt

AA includes AA+, AA-, & AA

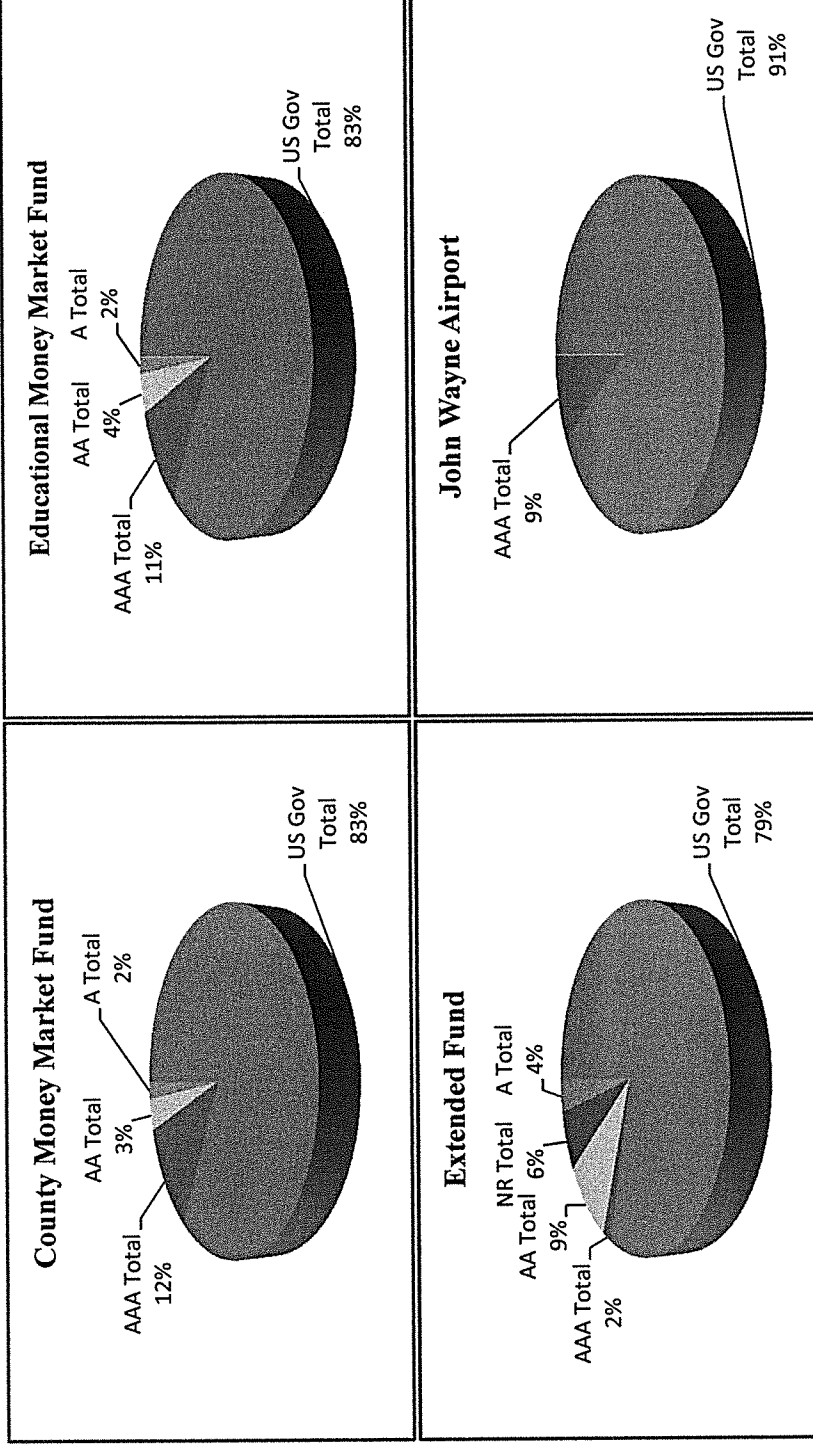
A includes A+, A-, & A

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

ORANGE COUNTY TREASURER - TAX COLLECTOR

CREDIT QUALITY BY MARKET VALUE

April 30, 2017



US GOV Includes Agency & Treasury Debt

AA includes AA+, AA-, & AA

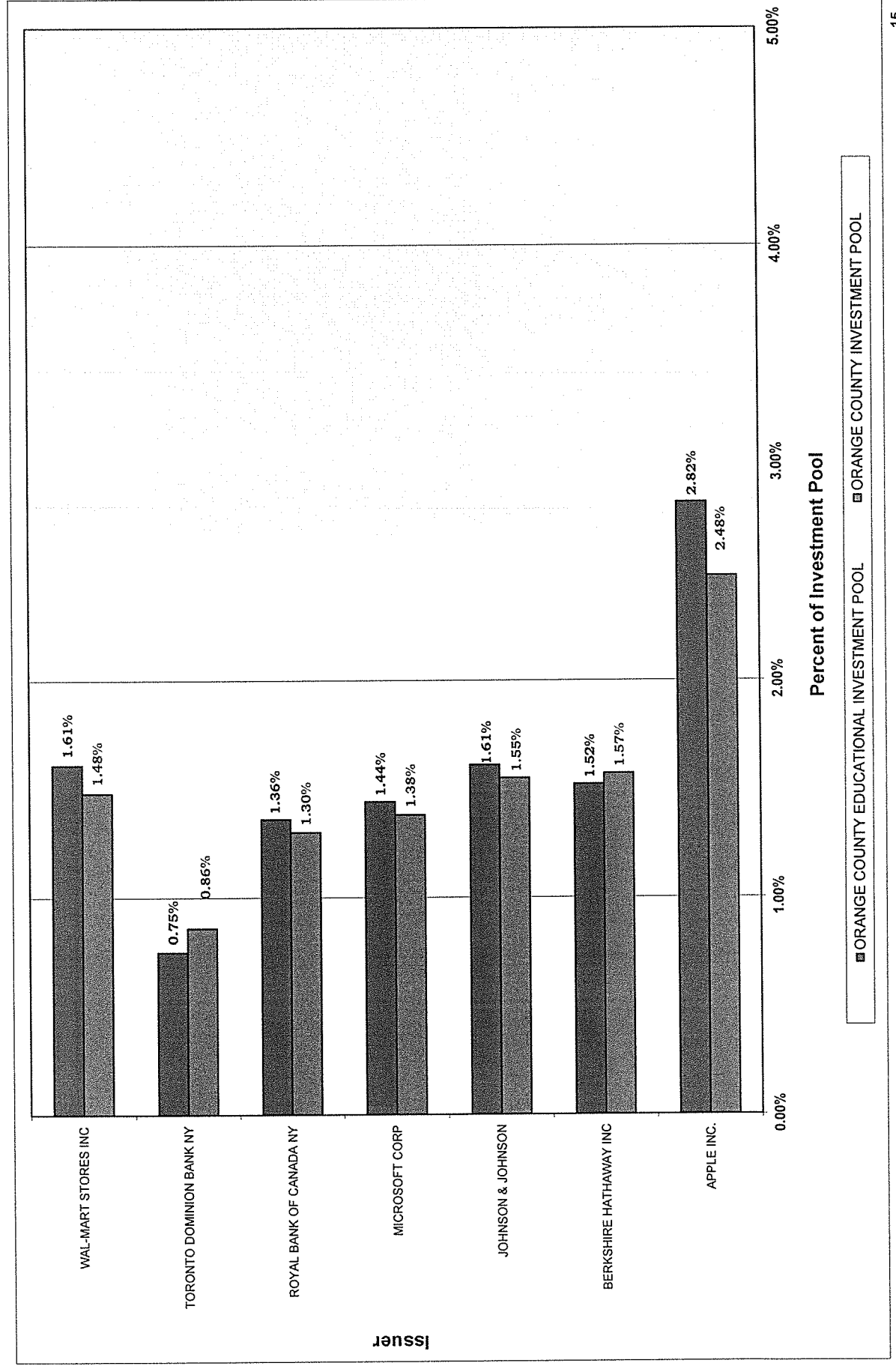
A includes A+, A-, & A

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

ORANGE COUNTY TREASURER - TAX COLLECTOR

ISSUER CONCENTRATION-By Investment Pool

April 30, 2017



ORANGE COUNTY TREASURER-TAX COLLECTOR
APPROVED ISSUER LIST - OCIP, OCEIP, and JWA
 April 30, 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
MICROSOFT CORPORATION **	A-1+	P-1	F1+	AAA	Aaa	AA+
WAL-MART STORES INC	A-1+	P-1	F1+	AA	Aa2	AA
ISSUERS ON HOLD						
ROYAL BANK OF CANADA NY (MARCH 13, 2017) ***	A-1+	P-1	F1+	AA-	Aa3	AA
TORONTO DOMINION BANK NY (MARCH 13, 2017) ****	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	AAAmf			
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			

* 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).

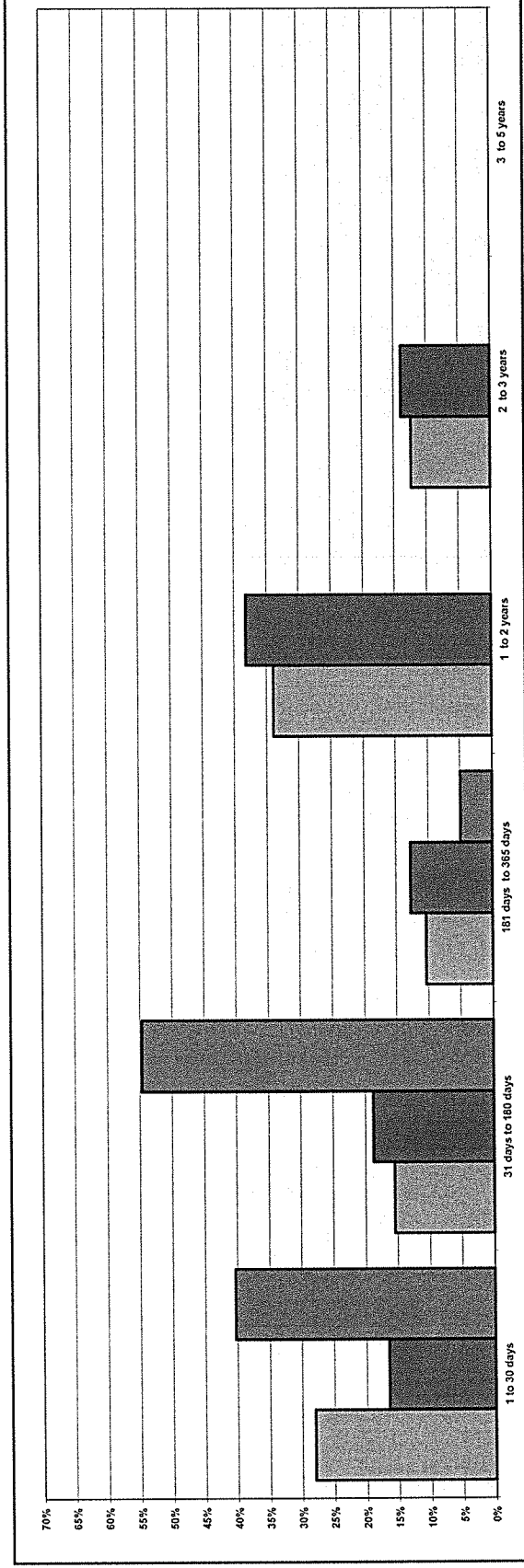
*** Moody's downgraded its L/T Rating from Aa3 to A1 on May 10, 2017 and kept the issuer rating Outlook on Negative.
 On Negative Outlook (S&P - June 6, 2016; Fitch - January 25, 2016, Moody's - June 11, 2014).

**** Moody's downgraded its L/T Rating from Aa1 to Aa2 on May 10, 2017 and kept the issuer rating Outlook on Negative.
 On Negative Outlook (Moody's - June 11, 2014).

**Orange County Treasurer-Tax Collector
Changes in Approved Issuer's List
For the Month Ended April 30, 2017**

During April, 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
March 31, 2017

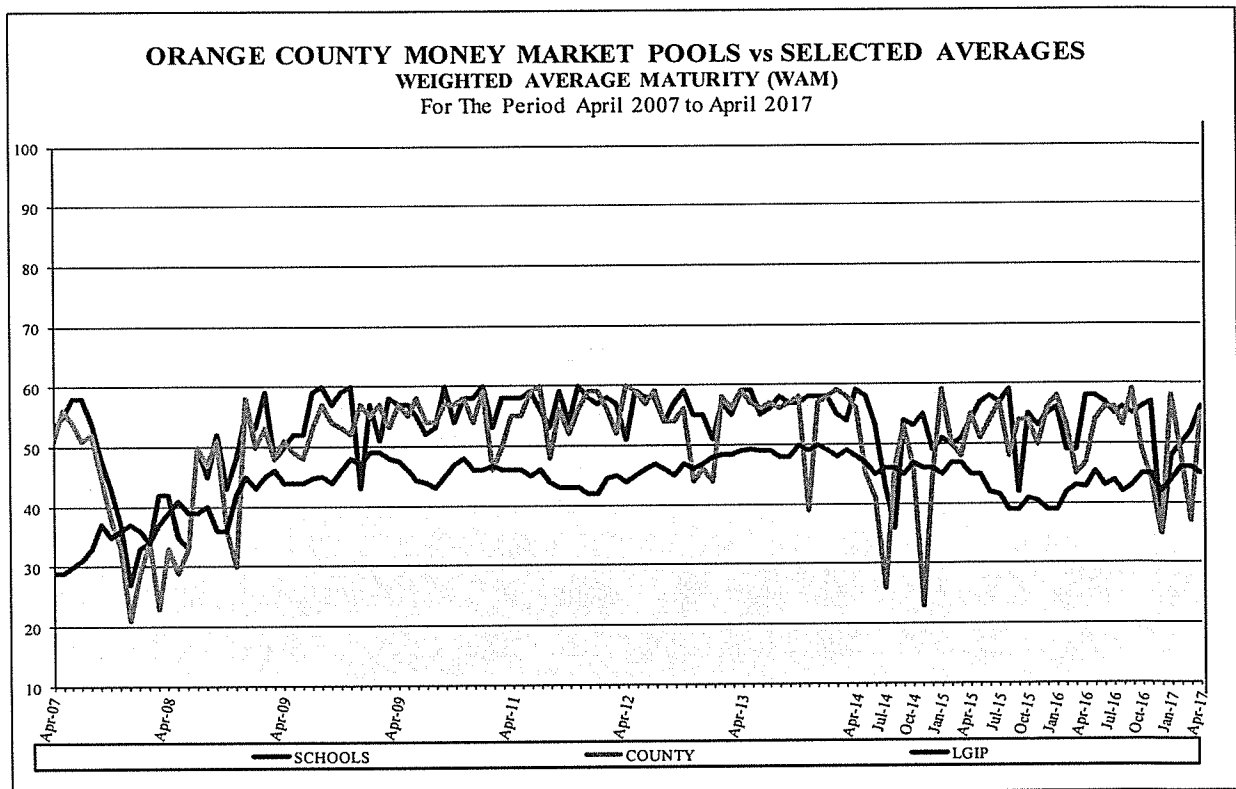
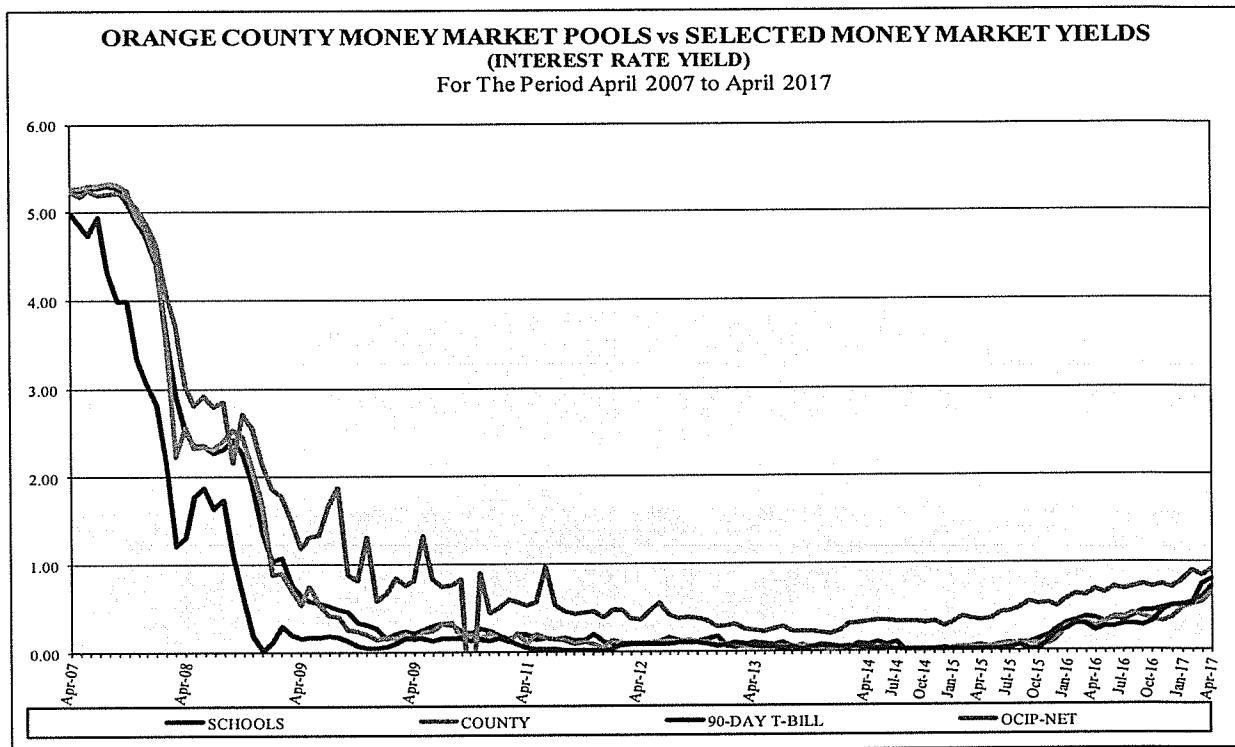


ORANGE COUNTY INVESTMENT POOL				
	In Thousands ^{1,2}			%
1 TO 30 DAYS	\$ 1,294,480			28.01%
31 TO 180 DAYS	713,027			15.43%
181 TO 365 DAYS	477,808			10.34%
1 YEAR TO 2 YEARS	1,567,011			33.92%
2 YEARS TO 3 YEARS	568,459			12.30%
3 YEARS TO 5 YEARS	-			0.00%
TOTAL	\$ 4,620,785			100.00%

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL				
	In Thousands ^{1,2}			%
1 TO 30 DAYS	\$ 705,417			16.48%
31 TO 180 DAYS	801,829			18.74%
181 TO 365 DAYS	545,507			12.75%
1 YEAR TO 2 YEARS	1,634,128			38.18%
2 YEARS TO 3 YEARS	592,861			13.85%
3 YEARS TO 5 YEARS	-			0.00%
TOTAL	\$ 4,279,742			100.00%

JOHN WAYNE AIRPORT INVESTMENT FUND				
	In Thousands ^{1,2}			%
1 TO 30 DAYS	\$ 20,316			40.34%
31 TO 180 DAYS	27,542			54.69%
181 TO 365 DAYS	2,500			4.97%
1 YEAR TO 2 YEARS	-			0.00%
TOTAL	\$ 50,358			100.00%

¹ Maturity Limits are calculated using face value. All final maturities are in compliance with the IPS during March.
² Floating Rate Notes are deemed to have a maturity date equal to their next interest reset date. At 3/31/2017, Floating Rate Notes comprise 0.48%, 0.99%, and 0.00% of the Orange County Investment Pool, Orange County Educational Investment Pool, and JWA Investment Fund respectively.



•As of April 30, 2017, S&P LGIP – 0.76; S&P LGIP WAM -45; 90-Day T-Bill – 0.80; OCIP – Net – 0.78

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL YIELDS
May 1, 2016 - April 30, 2017

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
<i>Current Month - April 2017</i>				
County Pool - Money Market Fund	\$ 1,928,898,078	\$ 1,427,058	0.72%	55
Educational Pool - Money Market Fund	\$ 1,810,058,617	\$ 946,118	0.78%	56
Extended Fund	\$ 5,884,169,552	\$ 5,396,950	1.11%	488
<i>March 2017</i>				
County Pool - Money Market Fund	\$ 1,742,756,895	\$ 707,012	0.60%	37
Educational Pool - Money Market Fund	\$ 1,278,498,097	\$ 590,948	0.66%	52
Extended Fund	\$ 5,874,437,878	\$ 5,301,507	1.06%	511
<i>February 2017</i>				
County Pool - Money Market Fund	\$ 1,420,356,645	\$ 588,259	0.58%	48
Educational Pool - Money Market Fund	\$ 1,036,250,434	\$ 539,611	0.60%	50
Extended Fund	\$ 5,876,196,444	\$ 5,010,710	1.11%	511
<i>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
Fiscal Year July 1, 2016 - June 30, 2017				
	Average Month End Market Value Balance	YTD Interest Income	YTD Gross Yield	YTD Average
Orange County Investment Pool	\$ 4,143,139,498	\$ 29,028,177	0.83%	365
Orange County Educational Investment Pool	\$ 4,117,975,783	\$ 28,647,183	0.84%	357

ORANGE COUNTY TREASURER-TAX COLLECTOR

CASH AVAILABILITY PROJECTION

FOR THE SIX MONTHS ENDING OCTOBER 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 October 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
April 2017 - Ending Cash				\$ 783,511
May	\$ 1,193,224,452	\$ 279,787,180	\$ 669,824,453	803,970,690
June	660,999,835	279,622,691	796,361,570	948,231,646
July	273,331,033	260,440,708	583,554,984	898,448,403
August	113,355,060	436,879,658	363,542,939	1,085,140,182
September	69,472,318	447,979,753	418,851,494	1,183,740,759
October	4,499,779	921,680,990	305,580,632	1,804,340,896

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
April 2017 - Ending Cash				\$ 6,734,106
May	\$ 1,052,424,858	\$ 398,881,570	\$ 709,242,480	748,798,054
June	533,921,092	520,190,865	730,371,284	1,072,538,727
July	239,933,862	286,371,297	467,457,907	1,131,385,979
August	105,208,691	263,417,878	509,317,746	990,694,802
September	115,876,557	538,741,729	624,874,456	1,020,438,632
October	16,037,391	349,436,683	653,162,723	732,749,983

ORANGE COUNTY TREASURER-TAX COLLECTOR
STATEMENT OF ACCOUNTABILITY
For the Month Ended April 30, 2017

	<u>Month</u>
Treasurer's Accountability at the Beginning of the Period:	<u>\$9,115,669,385</u>
Cash Receipts:	
County	1,988,817,433
School and Community College Districts	1,192,853,106
Total Cash Receipts	<u>3,181,670,539</u>
Cash Disbursements:	
County	1,806,048,100
School and Community College Districts	658,083,446
Total Cash Disbursements	<u>2,464,131,546</u>
Net Change in Book Value of Pooled Assets	<u>717,538,993</u>
Net Decrease in Non Pooled Investments	<u>(2,961,902)</u>
Net Decrease in Non Pooled Cash	<u>(637,755)</u>
Treasurer's Accountability at the End of the Period:	<u>\$9,829,608,721</u>
Assets in the Treasury at the End of the Period (at Book Value):	
Pooled Investments:	
O.C. Investment Pool	\$ 4,827,119,290
O.C. Educational Investment Pool	4,823,659,028
Total Orange County Investment Pools	<u>9,650,778,318</u>
Non Pooled Investments:	
Non Pooled Investments - John Wayne Airport	47,406,399
Non Pooled Investments - General Fund – Non AMT Restricted	67,458,736
Non Pooled Investments - Fountain Valley School District Fund 40	34,864,857
Non Pooled Investments - Other	1,081,500
Total Non Pooled Investments	<u>150,811,492</u>
Cash:	
Cash in banks - County	749,334
Cash in banks - Schools	6,374,106
Cash in banks - OC Sheriff	14,510,274
Cash in banks - John Wayne Airport	6,351,020
Cash - Other	34,177
Total Cash	<u>28,018,911</u>
Total Assets in the Treasury at the End of the Period:	<u>\$ 9,829,608,721</u>

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
April 30, 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)	December 31, 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	March 31, 2017 in progress.
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 2016 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2017 IPS certifications received for active approved brokers (one broker removed).
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 16/17 identified one compliance incident as of April 30, 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 2016 Annual Report was presented to BOS 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 and designated employees in compliance for Calendar Year 2016. One designated employee submitted late for Calendar Year 2017.

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
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
April 30, 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)	December 31, 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	March 31, 2017 in progress.
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 2016 in progress.
IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2017 IPS certifications received for active approved brokers (one broker removed).
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions/Form 700	FY 16/17 identified one compliance incident as of April 30, 2017 (see Conflict of Interest below)
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 2016 Annual Report was presented to BOS 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	All TOC members and designated employees are in compliance for calendar year 2016. A designated employee submitted an Assuming Office Statement in calendar year 2017 late.

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 April 30, 2017**

During April, the IPS had one compliance exception, caused when a designated employee filed a Form 700 Assuming Office Statement late. The Orange County Investment Pool (OCIP), the Orange County Educational Investment Pool (OCEIP), and the John Wayne Airport Investment Fund had no investment compliance exceptions.

MONTHLY TREASURER'S INVESTMENT REPORT

Distribution List

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)
City of Laguna Woods (5-10-17)



May 24, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report - April 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 April 30, 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 April 30, 2017, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$1.45 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 book yield for the OCTA portfolio is 1.23 percent.

OCTA's debt portfolio had an outstanding principal balance of \$427 million as of April 30, 2017. Approximately 74 percent of the outstanding balance is comprised of Measure M2 debt and 26 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 April 30, 2017.

Attachment

- A. Orange County Transportation Authority Investment and Debt Programs
– For the Period Ending April 30, 2017.

Prepared by:



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

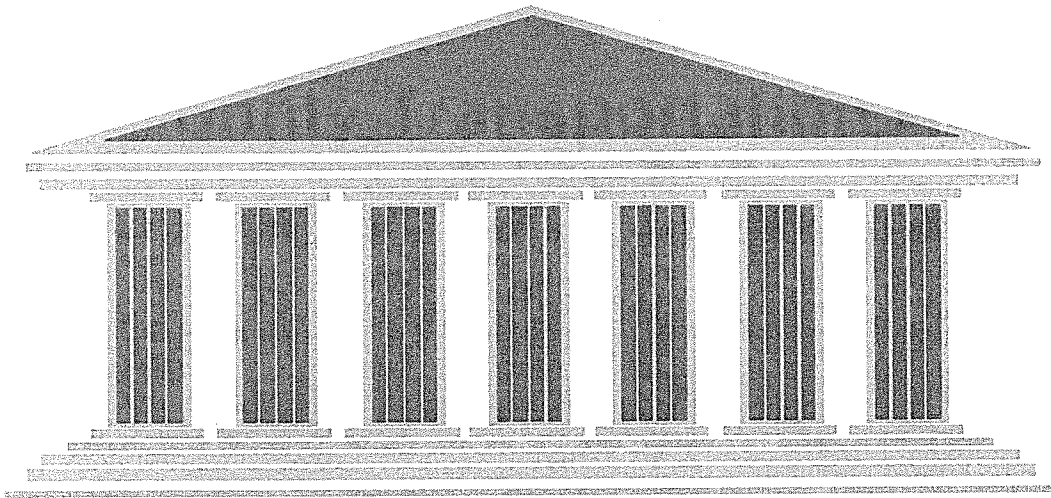
Approved by:



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
April 30, 2017**

INVESTMENT PROGRAM

Investment Profile

As of 4/30/17

<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	324.9
State Street Global Advisors	Union Bank	Custodian	Short-Term Operating	325.0
Payden & Rygel Investment Counsel	Union Bank	Custodian	Short-Term Operating	325.3
Western Asset Management	Union Bank	Custodian	Short-Term Operating	324.3
<i>POOLED INVESTMENTS</i>				
California State Treasurer	LAIF	Custodian	Liquid	10.3
Orange County Treasurer	OCIP	Custodian	Legal Requirement	0.0
<i>CASH INVESTMENTS</i>				
OCTA	BNY Mellon	Trustee	Liquid	79.1
OCTA	Bank of the West	Broker	Liquid	43.9
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
TOTAL				\$1,456.7

Short-Term Portfolio - \$1.3 Billion

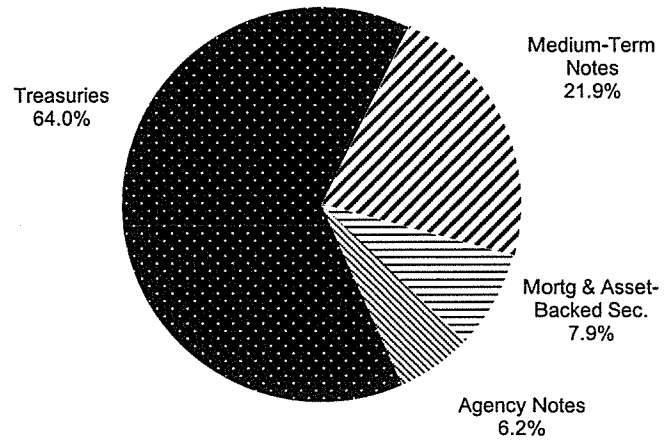
As of 4/30/17

Part 1 of 2

JP Morgan

Book Value \$ 324,904,398

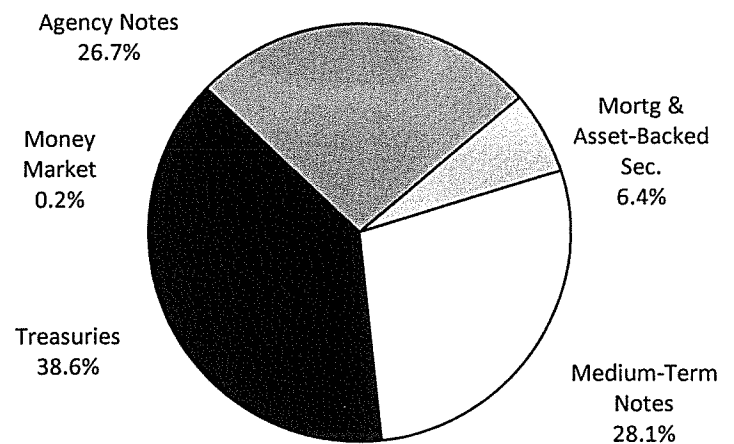
Market Value \$ 322,565,609



State Street Global

Book Value \$ 325,001,663

Market Value \$ 324,146,675



Market Value Reported By Custodial Bank

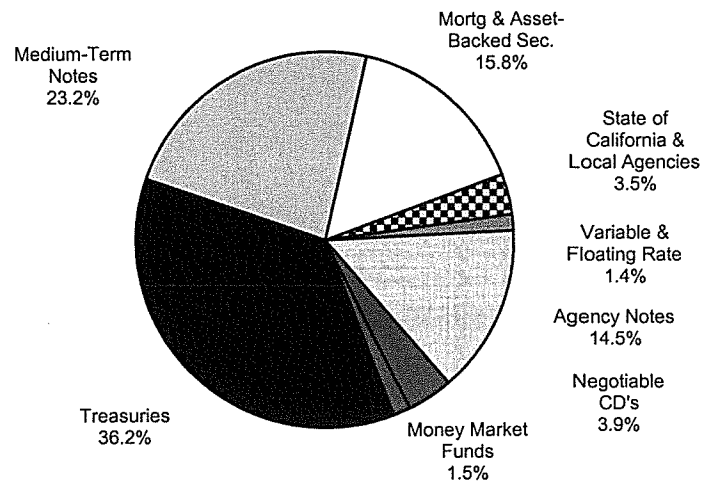
Short-Term Portfolio - \$1.3 Billion

As of 4/30/17

Part 2 of 2

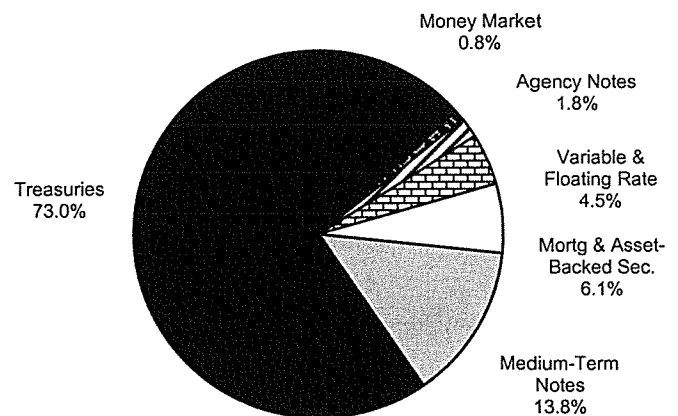
Payden & Rygel

Book Value	\$	325,306,363
Market Value	\$	324,451,687



Western Asset Management

Book Value	\$	324,339,284
Market Value	\$	324,412,176

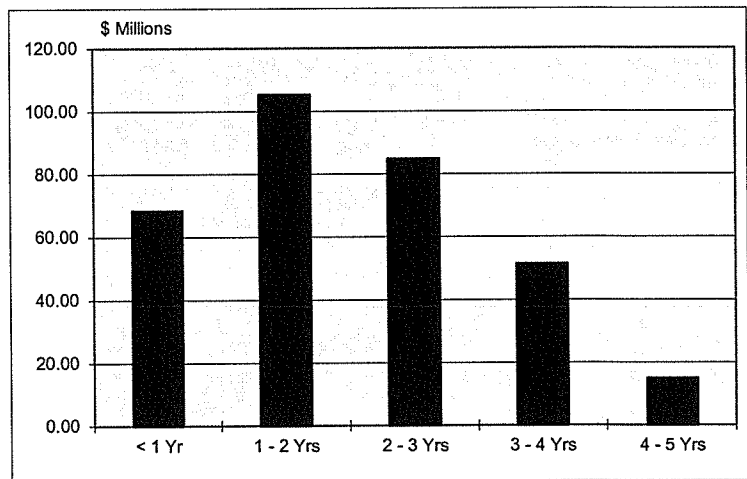


Short-Term Portfolio Maturity Schedule

As of 4/30/17

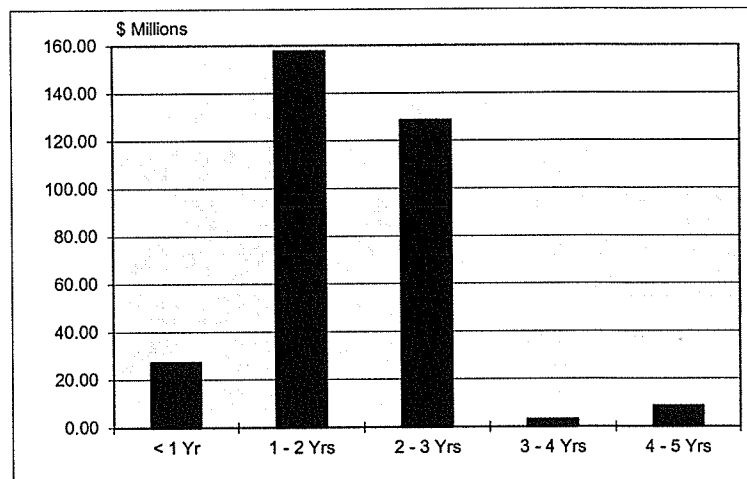
JP Morgan (\$324.9 M)

Monthly Return	0.19%
TSY Benchmark	0.14%
Gov/Corp Benchmark	0.16%
Fiscal YTD Return	0.04%
TSY Benchmark	-0.14%
Gov/Corp Benchmark	0.05%
12 Month Return	0.51%
TSY Benchmark	0.35%
Gov/Corp Benchmark	0.55%



State Street Global (\$325.0 M)

Monthly Return	0.15%
Benchmark Comparison	0.14%
Gov/Corp Benchmark	0.16%
Fiscal YTD Return	0.06%
TSY Benchmark	-0.14%
Gov/Corp Benchmark	0.05%
12 Month Return	0.54%
TSY Benchmark	0.35%
Gov/Corp Benchmark	0.55%



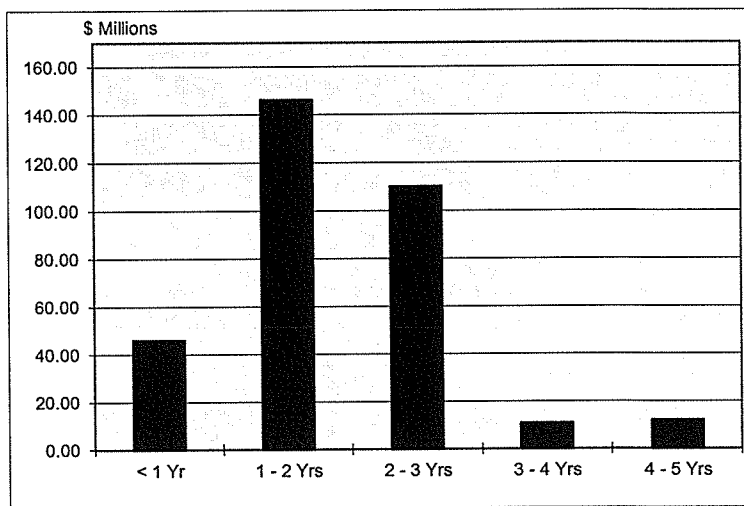
Yield Curve Change From 3/31/17 to 4/30/17			
	3/31/17	4/30/17	Change
1 Year	1.019%	1.063%	0.0440%
2 Year	1.256%	1.264%	0.0080%
3 Year	1.490%	1.444%	-0.0460%
5 Year	1.922%	1.815%	-0.1070%
30 Year	3.010%	2.952%	-0.0580%

Short-Term Portfolio Maturity Schedule

As of 4/30/17

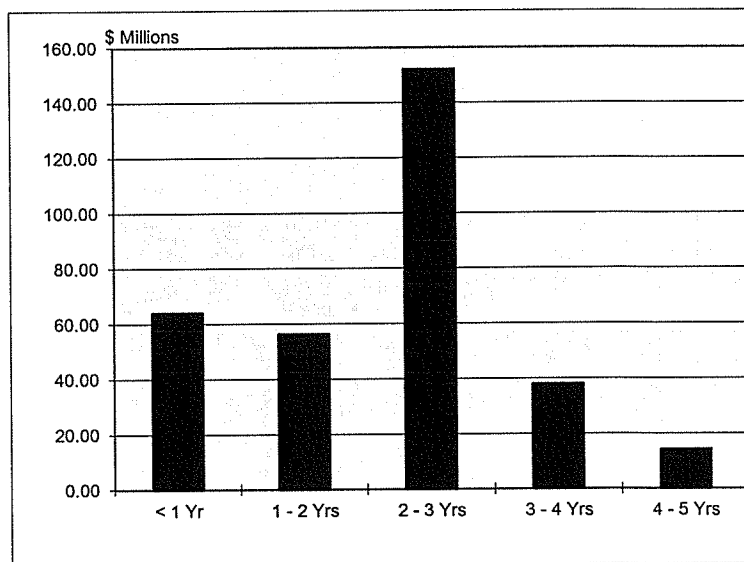
Payden & Rygel (\$325.3 M)

Monthly Return	0.16%
TSY Benchmark	0.14%
Gov/Corp Benchmark	0.16%
Fiscal YTD Return	0.33%
TSY Benchmark	-0.14%
Gov/Corp Benchmark	0.05%
12 Month Return	0.71%
TSY Benchmark	0.35%
Gov/Corp Benchmark	0.55%



Western Asset Management (\$324.3 M)

Monthly Return	0.22%
TSY Benchmark	0.14%
Gov/Corp Benchmark	0.16%
Fiscal YTD Return	0.05%
TSY Benchmark	-0.14%
Gov/Corp Benchmark	0.05%
12 Month Return	0.62%
TSY Benchmark	0.35%
Gov/Corp Benchmark	0.55%

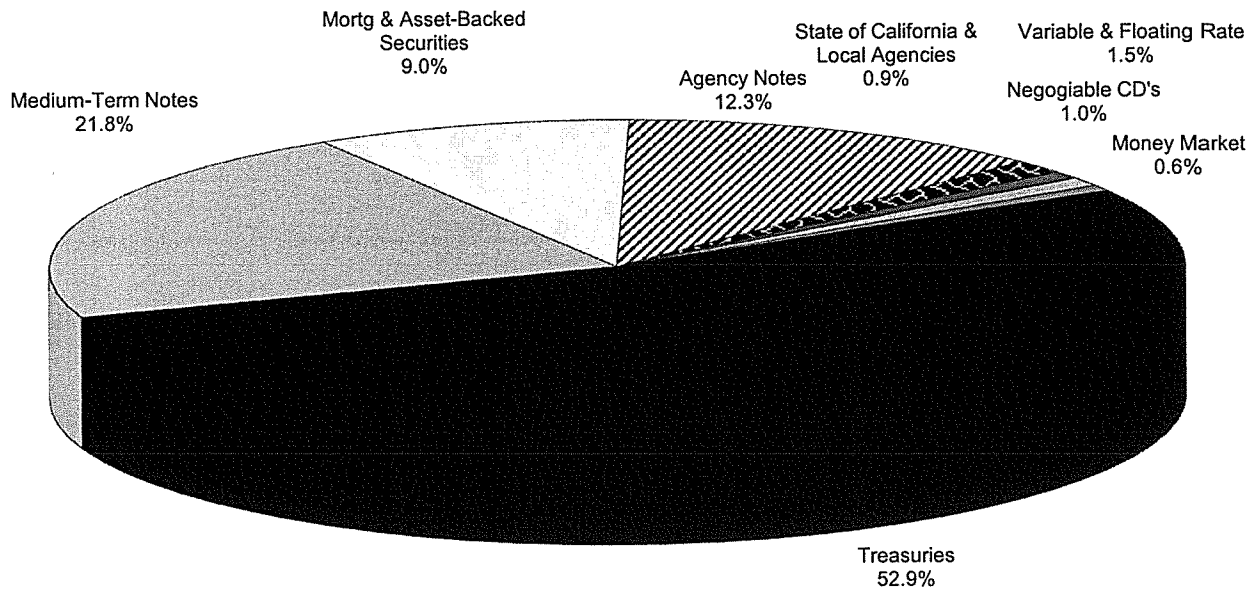


Yield Curve Change From 3/31/17 to 4/30/17			
	<u>3/31/17</u>	<u>4/30/17</u>	<u>Change</u>
1 Year	1.019%	1.063%	0.0440%
2 Year	1.256%	1.264%	0.0080%
3 Year	1.490%	1.444%	-0.0460%
5 Year	1.922%	1.815%	-0.1070%
30 Year	3.010%	2.952%	-0.0580%

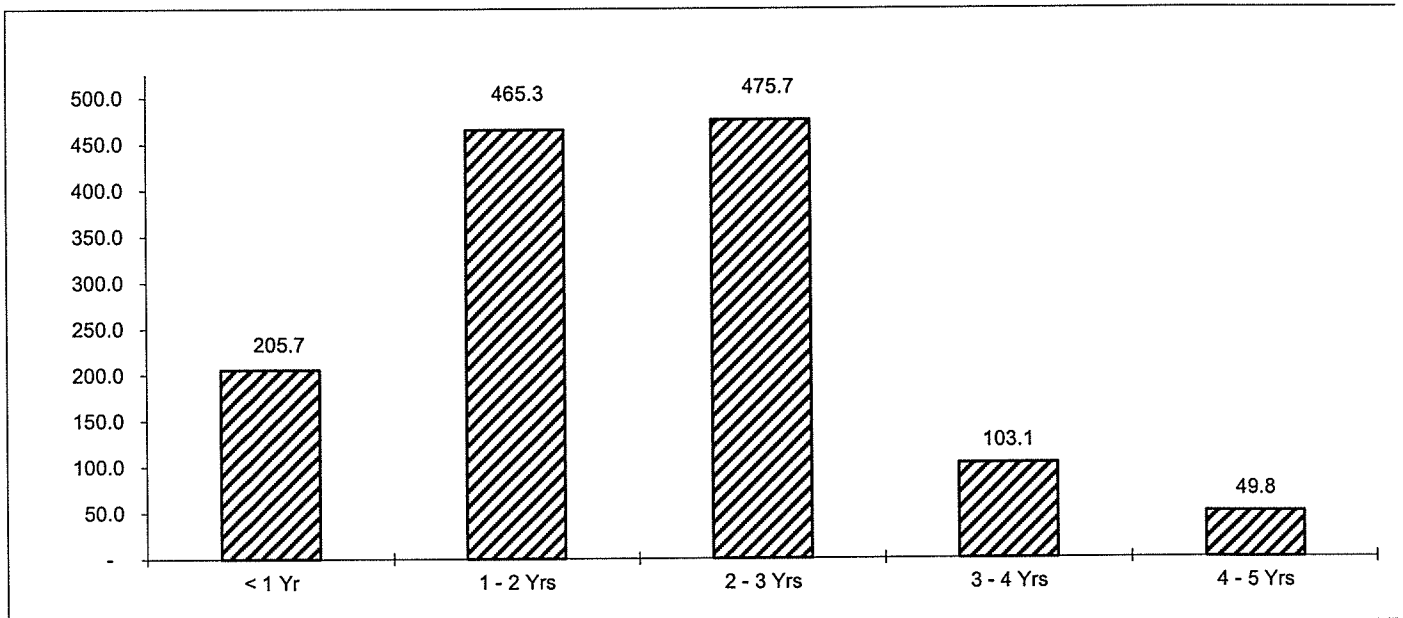
Short-Term Portfolio

As of 4/30/17

Total Portfolio Composition



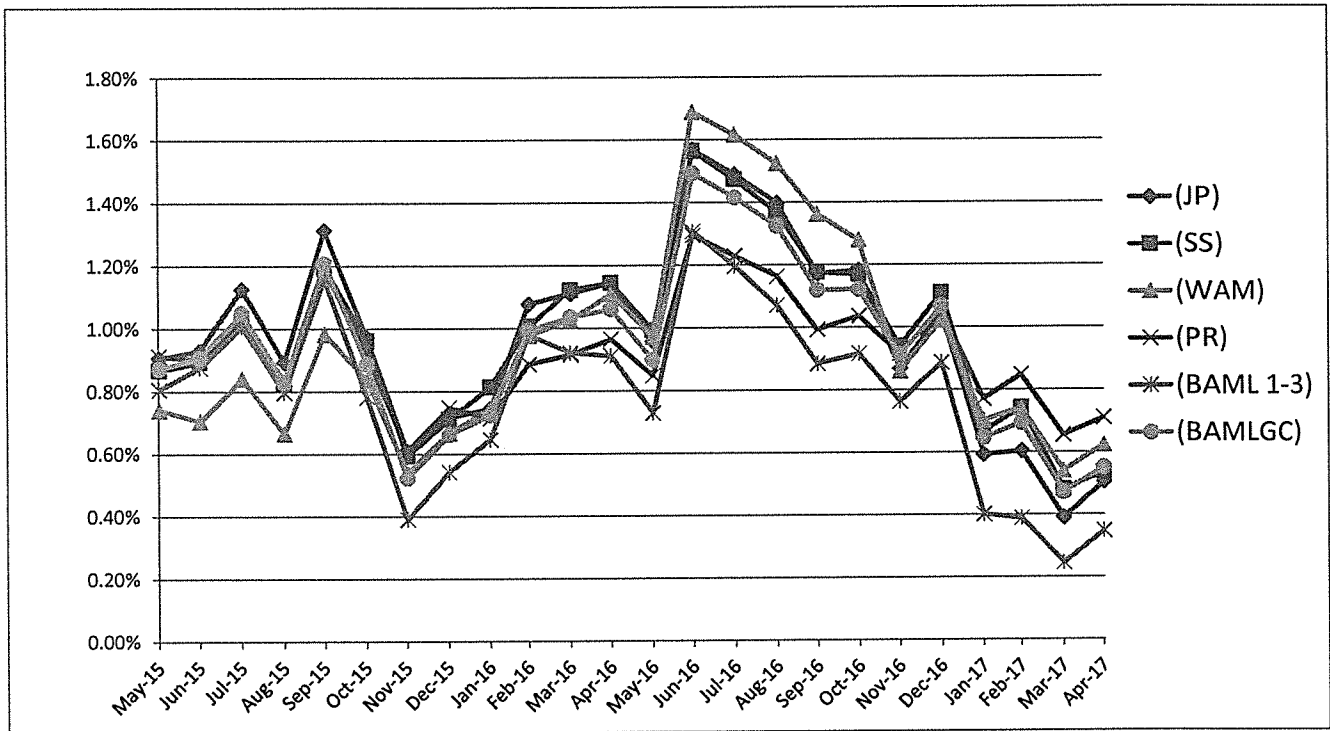
Total Portfolio Maturity Schedule



Short-Term Portfolio Performance

As of 4/30/17

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

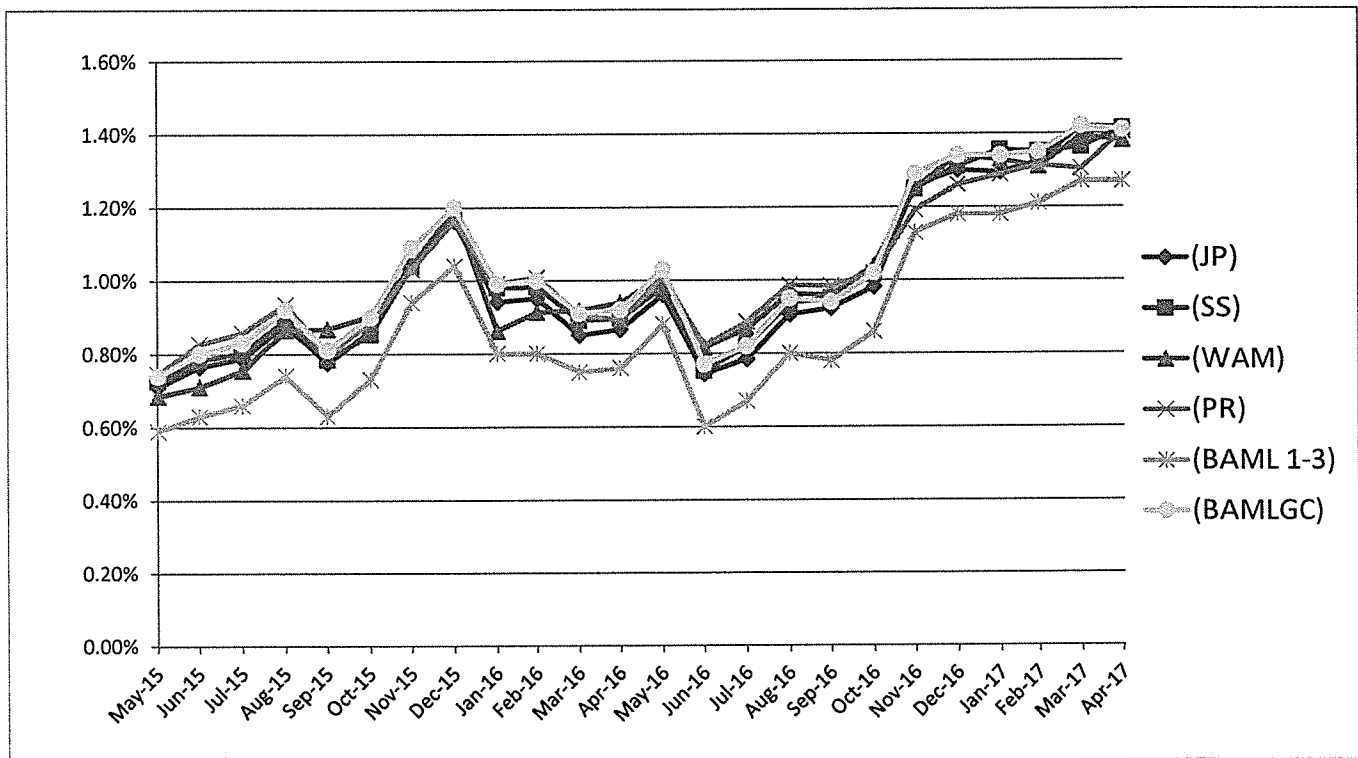


	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden & Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
May-15	0.91%	0.87%	0.74%	0.91%	0.81%	0.87%
Jun-15	0.93%	0.89%	0.70%	0.90%	0.88%	0.91%
Jul-15	1.13%	1.03%	0.84%	1.04%	1.01%	1.05%
Aug-15	0.89%	0.83%	0.66%	0.83%	0.80%	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%
Feb-17	0.60%	0.74%	0.74%	0.85%	0.39%	0.69%
Mar-17	0.39%	0.48%	0.54%	0.65%	0.25%	0.47%
Apr-17	0.51%	0.54%	0.62%	0.71%	0.35%	0.55%

Comparative Yield Performance

As of 4/30/17

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



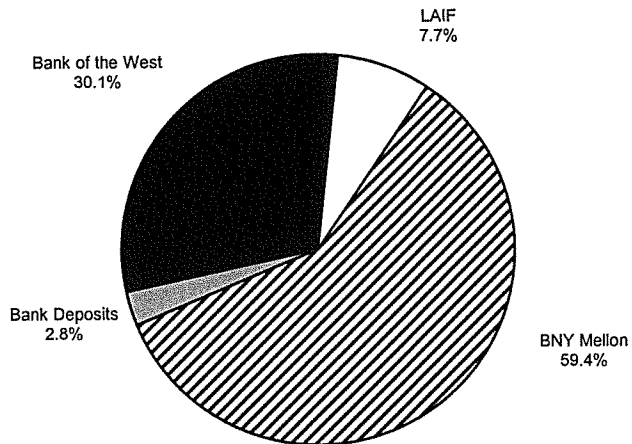
	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
May-15	0.71%	0.73%	0.69%	0.75%	0.59%	0.74%
Jun-15	0.77%	0.78%	0.71%	0.83%	0.63%	0.80%
Jul-15	0.79%	0.80%	0.76%	0.86%	0.66%	0.83%
Aug-15	0.88%	0.89%	0.87%	0.94%	0.74%	0.92%
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%
Feb-17	1.32%	1.35%	1.31%	1.31%	1.21%	1.35%
Mar-17	1.42%	1.36%	1.39%	1.30%	1.27%	1.42%
Apr-17	1.42%	1.41%	1.38%	1.41%	1.27%	1.41%

Liquid Funds Portfolio - \$129.8 M

As of 4/30/17

Other Liquid Funds

Book Value	\$	133,245,967
Market Value	\$	133,245,967



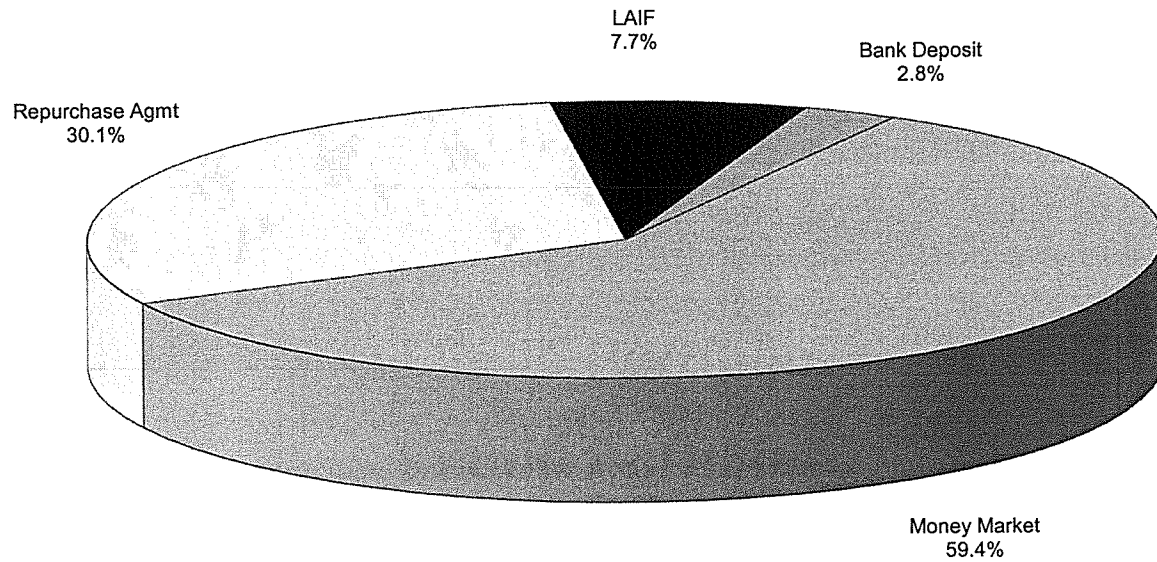
Yield Curve Change From 3/31/17 to 4/30/17			
	<u>3/31/17</u>	<u>4/30/17</u>	<u>Change</u>
1 Month	0.728%	0.662%	-0.0660%
3 Month	0.754%	0.795%	0.0410%
6 Month	0.899%	0.970%	0.0710%

Market Value Reported By Custodial Bank

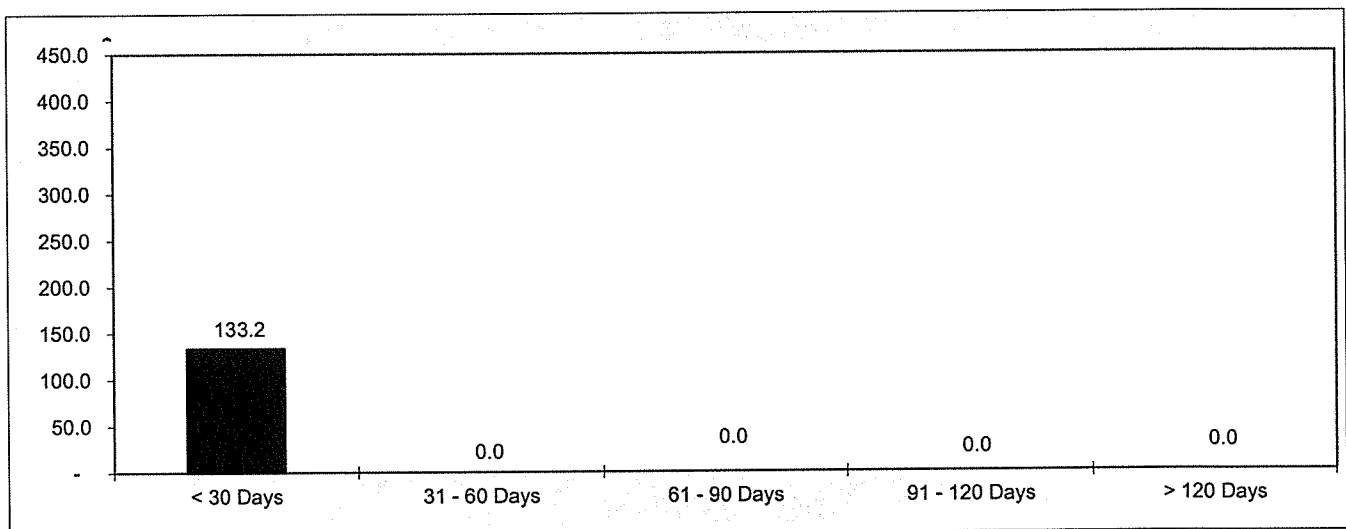
Liquid Portfolio

As of 4/30/17

Total Portfolio Composition



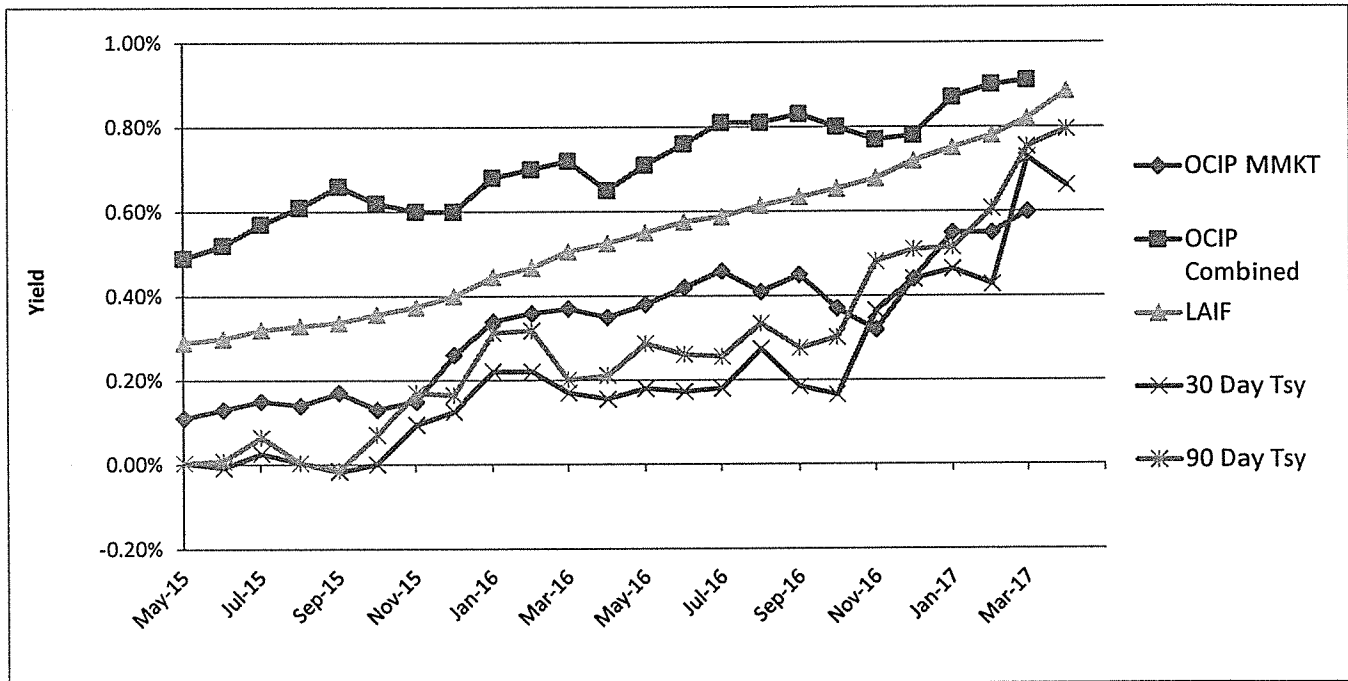
Maturity Schedule For Liquid Portfolio



Liquid Portfolio Performance

As of 4/30/17

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>
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%
Feb-17	0.55%	0.90%	0.78%	0.43%	0.61%
Mar-17	0.60%	0.91%	0.82%	0.73%	0.75%
Apr-17	N/A	N/A	0.88%	0.66%	0.80%

Investment Policy Compliance

As of 4/30/17

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	687,610,066	47.2%	100%
Federal Agencies & U.S. Government Sponsored *	160,109,402	11.0%	100%
State of California & Local Agencies	11,246,645	0.8%	25%
Money Market Funds & Mutual Funds	87,436,919	6.0%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	12,708,238	0.9%	30%
Commercial Paper	23,863,363	1.6%	25%
Medium Term Maturity Corporate Securities	282,672,388	19.4%	30%
Mortgage and Asset-backed Securities	117,587,468	8.1%	10%
Repurchase Agreements	40,068,395	2.8%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,253,754	0.7%	\$ 40 Million
Orange County Investment Pool (OCIP)	38,104	0.0%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	19,269,038	1.3%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	3,892,689	0.3%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	1,456,756,468	100.0%	

* See attached page for a detailed listing of this category

Investment Policy Compliance

As of 4/30/17

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 & U.S. Government Sponsored</u>			
Federal Home Loan Bank (FHLB)	44,500,695	3.1%	35%
Federal Home Loan Mortgage Corporation (FHLMC)	62,506,559	4.3%	35%
Federal National Mortgage Association (FNMA)	84,489,234	5.8%	35%
Federal Housing and Urban Development	<u>1,000,000</u>	0.1%	35%
	192,496,489 *	13.2%	

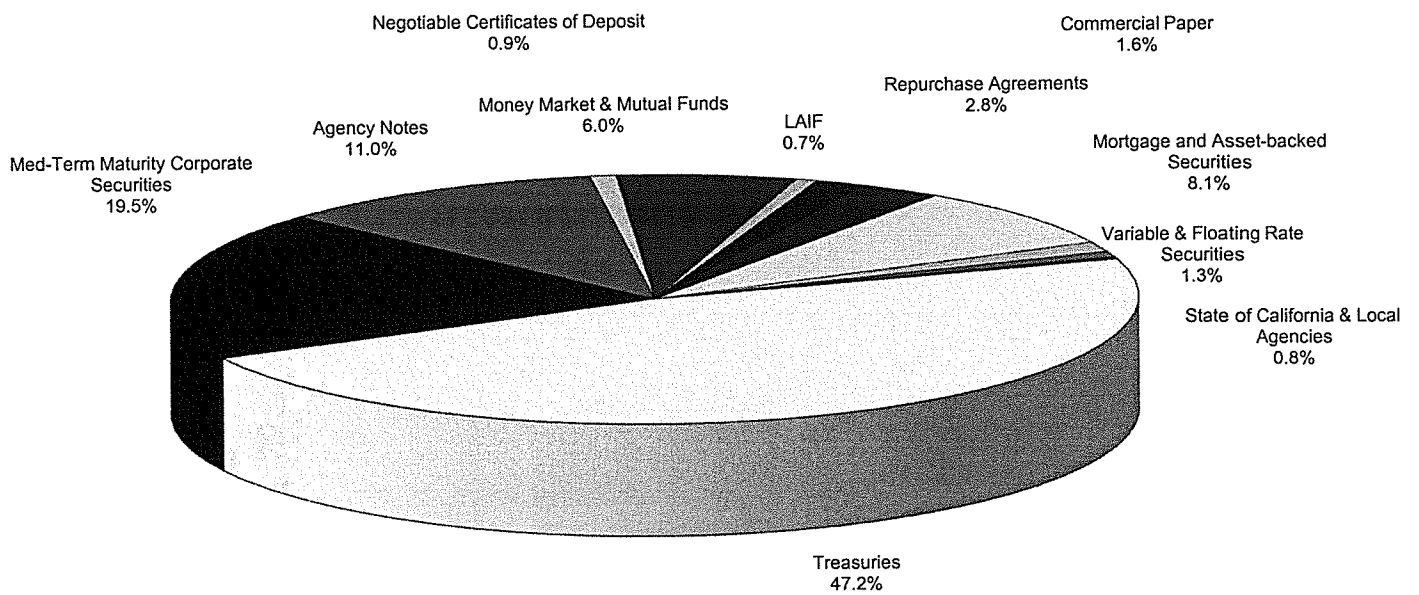
* The Total Dollar Amount Invested Equals The Dollar Amount Invested For Federal Agency Securities, Variable & Floating Rate (Agency) Securities, And A Portion Of Mortgage (Agency) & Asset-back Securities.

Money Market Funds (MMF) & Mutual Funds

First American Obligations Treasury Fund	124	0.0%
Goldman Sach Fin. Square Govt. MMF	0	0.0%
Blackrock Institutional T-Fund	8,348,465	0.6%
Fidelity Treasury Obligations MMF	73,469,248	5.0%
Federated Treasury Obligations Fund	<u>5,619,082</u>	<u>0.4%</u>
	87,436,919	6.0%

Investment Allocation

As of 4/30/17



Negative Credit Watch

As of 4/30/17

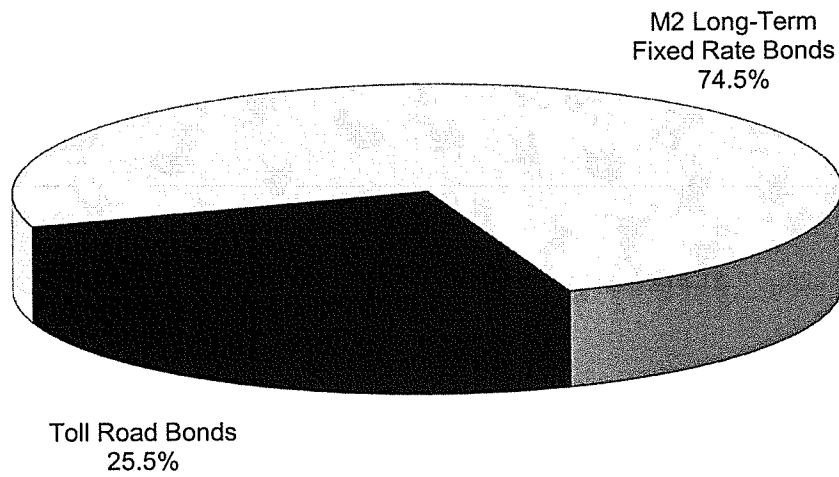
<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
JPM					
<i>McDonalds</i>	250,000	10/15/2017	BBB+	Baa1	BBB+
Removed from negative credit watch, but no longer within Investment Policy guidelines.					
<i>Bayer US Financial</i>	200,000	10/8/2019	A-	A3	NA
During May 2016, Standard & Poor's and Moody's placed the long-term ratings of Bayer Financial under review for possible downgrade.					
<i>Georgia Power Company</i>	150,000	6/1/2017	A3	A-	A+
During March 2017, Fitch placed the long-term ratings of Georgia Power Co. under review for possible downgrade.					
Payden & Rygel					
<i>Qualcom</i>	915,000	5/18/2018	A+	A1	NR
During October 2016, Standard and Poor's and Moody's placed the long-term ratings of Qualcom under review for possible downgrade.					
Western Asset					
<i>Qualcom</i>	1,250,000	5/20/2020	A+	A1	NR
During October 2016, 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 4/30/17

Outstanding Debt



TOTAL OUTSTANDING DEBT: \$427,140,000

Outstanding Debt

As of 4/30/17

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:	\$	24,470,000
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



May 24, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Resolution to Establish the Orange County Local Transportation Authority/Measure M2 Appropriations Limitation for Fiscal Year 2017-18

Overview

The State Constitution requires that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following year pursuant to Article XIII B.

Recommendation

Adopt Orange County Local Transportation Authority/Measure M2 Resolution No. 2017-028 to establish the Orange County Local Transportation Authority/Measure M2 appropriations limit at \$1,675,556,032 for fiscal year 2017-18.

Background

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The proposition created Article XIII B of the California Constitution, which is also known as the Gann Appropriations Limitation.

Both the Article XIII B appropriations limit and its implementing legislation were modified by Proposition 111, approved by voters in 1990. The law specifies that the appropriations of revenues, "proceeds of taxes" by state and local governments, may only increase annually by a limit based on a factor comprised of the change in population and the change in California per capita personal income. The appropriation limit includes any interest earned from the investment of the proceeds of taxes and must be reviewed during the annual financial audit.

Discussion

In accordance with the requirements of Article XIII B, a resolution has been prepared and is attached for review (Attachment A). The resolution establishes the Orange County Local Transportation Authority (LTA)/Measure M2 (M2) appropriations limit for fiscal year (FY) 2017-18 at \$1,675,556,032, excluding federal grant funds and other funds to be received from sources not subject to the appropriations limitation. Appropriations subject to limitation do not include appropriations for debt service, costs of complying with the mandates of the courts, federal government, or capital outlay projects.

Based on the FY 2017-18 budget for the Orange County LTA/M2 Fund, appropriations subject to limitation equal \$322,954,296. This amount consists of \$313,970,822 in M2 ½ cent sales taxes, \$3,453,679 in State Board of Equalization fees, and \$5,529,795 in interest estimated to be received in FY 2017-18. Attachment B shows the calculation of the FY 2017-18 Orange County LTA/M2 appropriations limit. The change in population and change in California per capita personal income rates were obtained from the State of California, Department of Finance.

Summary

Staff recommends adoption of the Orange County Local Transportation Authority/Measure M2 Resolution No. 2017-028, which will establish the fiscal year 2017-18 appropriation limit at \$1,675,556,032 for the Orange County Local Transportation Authority.

Attachments

- A. Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2017-18
- B. Orange County Local Transportation Authority/Measure M2 Fiscal Year 2017-18 Gann Appropriations Limitation
- C. Orange County Local Transportation Authority/Measure M2 Fiscal Year 2017-18 Gann Appropriations Limitation Detail Calculation

Prepared by:



Rene Vega
Section Manager, Grants and Revenue
Financial Planning and Analysis
(714) 560-5702

Approved by:



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

**RESOLUTION OF THE
ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY/MEASURE M2
ESTABLISHING APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2017-18**

WHEREAS, Article XIII B of the California constitution and Sections 7900 through 7913 of the California Government Code require the establishment of an appropriations limit; and

WHEREAS, appropriations limits are applicable to funds received from the proceeds of taxes and interest earned on such proceeds.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Orange County Local Transportation Authority/Measure M2 hereby determines that pursuant to Section 7902b of the California Government Code, the appropriations limit for the Orange County Local Transportation Authority/Measure M2 for Fiscal Year 2017-18 is \$1,675,556,032.
2. The total amount authorized to be expended by the Orange County Local Transportation Authority/Measure M2 during the Fiscal Year 2017-18 from the proceeds of taxes, including interest earned from the investment of the proceeds of taxes, is \$322,954,296.
3. The appropriations limit for Fiscal Year 2017-18 exceeds proceeds of taxes for Fiscal Year 2017-18 by \$1,352,601,736.

ADOPTED SIGNED AND APPROVED this 12th day of June 2017.

AYES:

NOES:

ABSENT:

ATTEST:

Laurena Weinert
Clerk of the Board

Michael Hennessey, Chair
Orange County Local Transportation Authority

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY/MEASURE M2
FISCAL YEAR 2017-18
GANN APPROPRIATIONS LIMITATION**

A. PER CAPITA CHANGE

California per capita personal income change*	3.69%
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B. POPULATION CHANGE

County of Orange*	0.69%
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C: GANN CALCULATION

Per capita change:	3.69%	Converted to ratio:	1.0369
Population change:	0.69%	Converted to ratio:	1.0069

Gann factor for FY 2017-18	1.0369 x 1.0069 =	1.0441
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FY 2016-17 APPROPRIATIONS LIMIT (PRIOR YEAR)	\$ 1,604,785,013
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Ratio of change (rounded)	1.0441
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<u>FY 2017-18 APPROPRIATIONS LIMIT</u>	<u>\$ 1,675,556,032</u>
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*Information provided by California Department of Finance

**ORANGE COUNTY TRANSPORTATION AUTHORITY/MEASURE M2
FISCAL YEAR 2017-18
GANN APPROPRIATION DETAIL CALCULATION**

Measure M2 Line Items - Subject to Gann Limit

1/2 cent Renewed Measure M sales tax*	\$ 313,970,822
SBOE fees (gross-up)*	3,453,679
Interest revenue*	5,529,795
Total	\$ 322,954,296

Gann Appropriations Limitation - FY 2017-18 **\$ 1,675,556,032**

The appropriations limit for Fiscal Year 2017-18 that exceeds the proceeds of taxes: **\$ 1,352,601,736**

*Information based on OCTA fiscal year 2017-18 budget



May 24, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Resolution to Establish the Orange County Transportation Authority General Fund Appropriations Limitation for Fiscal Year 2017-18

Overview

The State Constitution requires that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following year pursuant to Article XIII B.

Recommendation

Adopt Orange County Transportation Authority Resolution No. 2017-029 to establish the Orange County Transportation Authority General Fund appropriations limit at \$11,087,013 for fiscal year 2017-18.

Background

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The proposition created Article XIII B of the California Constitution, which is also known as the Gann appropriations limitation.

Both the Article XIII B appropriations limit and its implementing legislation were modified by Proposition 111, approved by voters in 1990. The law specifies that the appropriations of revenues, "proceeds of taxes" by state and local governments, may only increase annually by a limit based on a factor comprised of the change in population and the change in California per capita personal income. The appropriation limit includes any interest earned from the investment of the proceeds of taxes and must be reviewed during the annual financial audit.

Discussion

In accordance with the requirements of Article XIII B, a resolution has been prepared and is attached for review (Attachment A). The resolution establishes the Orange County Transportation Authority (OCTA) General Fund appropriations limit for fiscal year (FY) 2017-18 at \$11,087,013, excluding federal grant funds and other funds to be received from sources not subject to the appropriations limitation. Appropriations subject to limitation do not include appropriations for debt service, costs of complying with the mandates of the courts or the federal government, or capital outlay projects.

Based on the FY 2017-18 budget for the General Fund, appropriations subject to limitation equal \$4,199,261. Proceeds of taxes subject to the appropriations limitation consist of a transfer of \$3,751,502 in ¼ cent sales tax revenues from the Orange County Local Transportation Fund to the General Fund for administration, planning and programming of the Local Transportation Fund, plus \$447,759 in interest earned on the proceeds of these taxes. Attachment B shows the calculation of the FY 2017-18 OCTA General Fund appropriations limit. The change in population and change in California per capita personal income rates were obtained from the State of California, Department of Finance.

Summary

Staff recommends adoption of the Orange County Transportation Authority General Fund Resolution No. 2017-029, which will establish the fiscal year 2017-18 appropriation limit at \$11,087,013.

Attachments

- A. Resolution of the Orange County Transportation Authority General Fund Establishing Appropriations Limit for Fiscal Year 2017-18
- B. Orange County Transportation Authority General Fund Fiscal Year 2017-18 Gann Appropriations Limitation
- C. Orange County Transportation Authority General Fund Fiscal Year 2017-18 Gann Appropriations Limitation Detail Calculation

Prepared by:



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

Approved by:



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

**RESOLUTION OF THE
ORANGE COUNTY TRANSPORTATION AUTHORITY - GENERAL FUND
ESTABLISHING APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2017-18**

WHEREAS, Article XIII B of the California Constitution and Sections 7900 through 7913 of the California Government Code require the establishment of an appropriations limit; and

WHEREAS, appropriations limits are applicable to funds received from the proceeds of taxes and interest earned on such proceeds.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Orange County Transportation Authority/General Fund hereby determines that pursuant to Section 7902b of the California Government Code, the appropriations limit for the Orange County Transportation Authority/General Fund for Fiscal Year 2017-18 is \$11,087,013.
2. The total amount authorized to be expended by the Orange County Transportation Authority/General Fund during Fiscal Year 2017-18 from the proceeds of taxes, including interest earned from the investment of the proceeds of taxes, is \$4,199,261.
3. The appropriations limit for Fiscal Year 2017-18 exceeds proceeds of taxes for Fiscal Year 2017-18 by \$6,887,752.

ADOPTED, SIGNED, AND APPROVED this 12th day of June 2017.

AYES:

NOES:

ABSENT:

ATTEST:

Laurena Weinert
Clerk of the Board

Michael Hennessey, Chair
Orange County Transportation Authority

**ORANGE COUNTY TRANSPORTATION AUTHORITY / GENERAL FUND
FISCAL YEAR 2017-18
GANN APPROPRIATIONS LIMITATION**

A. PER CAPITA CHANGE

California per capita personal income change*	3.69%
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B. POPULATION CHANGE

County of Orange*	0.69%
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C: GANN CALCULATION

Per capita change:	3.69%	Converted to ratio:	1.0369
Population change:	0.69%	Converted to ratio:	1.0069

Gann factor for FY 2016-17	1.0369 x 1.0069	1.0441
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FY 2016-17 APPROPRIATIONS LIMIT (PRIOR YEAR)	\$ 10,618,727
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Ratio of change (rounded)	1.0441
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<u>FY 2017-18 APPROPRIATIONS LIMIT</u>	<u>\$ 11,087,013</u>
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*Information provided by California Department of Finance

**ORANGE COUNTY TRANSPORTATION AUTHORITY / GENERAL FUND
FISCAL YEAR 2017-18
GANN APPROPRIATION DETAIL CALCULATION**

General Fund Line Items - Subject to Gann Limit

Transfers in from LTF (CTC Administration and Planning)*	\$ 3,751,502
Interest revenue*	447,759
Total	\$ 4,199,261
Gann Appropriations Limitation - FY 2017-18	\$ 11,087,013
The appropriations limit for Fiscal Year 2017-18 that exceeds the proceeds of taxes:	\$ 6,887,752

*Information based on OCTA's fiscal year 2017-18 budget



May 24, 2017

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Annual Update to Investment Policy

Overview

The Treasurer is presenting the Orange County Transportation Authority's Investment Policy for 2017. The Investment Policy sets forth the investment guidelines for all funds invested on and after June 12, 2017. As recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Investment Policy to be reviewed at a public meeting. Further, the governing body of a local agency has the authorization to appoint, for a period of one year, a Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds.

Recommendations

- A. Adopt the 2017 Investment Policy.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2017-18.

Background

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

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

Discussion

The 2017 Policy is being submitted for review and adoption by the Board. Treasury/Toll Roads Department staff met with representatives from OCTA's investment advisory firm and investment management firms to evaluate the effectiveness of the Policy and address any potential changes for 2017. There was no new legislation affecting the Code or strategic changes requiring updates to the Policy.

Next Steps

If the Board approves the 2017 Policy, a copy of the final Policy will be provided to each portfolio manager. Each portfolio manager will be required to sign an acknowledgement letter confirming their receipt and understanding of the Policy. OCTA currently uses four portfolio managers to actively manage the short-term portfolio.

Summary

California Government Code Section 53646(a)(2) recommends that local agencies annually review their Investment Policy at a public meeting. The Treasurer is submitting the Orange County Transportation Authority's 2017 Investment Policy for approval by the Board of Directors. Further, the Orange County Transportation Authority requests approval by the Board of Directors, authorizing the Treasurer, for a period of one year, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2017-18.

Attachments

- A. Orange County Transportation Authority 2017 Investment Policy
June 12, 2017
- B. Black-line Copy of Orange County Transportation Authority 2017
Investment Policy June 12, 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

Orange County Transportation Authority
2017 Investment Policy
June 12, 2017

I. PURPOSE

This Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after June 12, 2017. The objective of this Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

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

II. OBJECTIVES

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

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Investment Policy. However, bond proceeds may be invested in approved short-term investments without regard to diversification limits. This may occur during the initial deposit of the bond proceeds portfolio, the final drawdown of the portfolio, or other times in between when appropriate due to drawdown requirements as requested by OCTA's Treasurer. When diversification limits are exceeded by a portfolio manager, the Treasurer will document the situation and report the circumstances to the Finance and Administration Committee monthly and include a write-up in the quarterly Debt and Investment report to the Board of Directors.

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

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

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

IV. PRUDENCE

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

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

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

V. DELEGATION OF AUTHORITY

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

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

VI. ETHICS AND CONFLICTS OF INTEREST

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

VII. RESPONSIBILITIES

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

The Treasurer is responsible for making investments and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities and shall make a quarterly report to the Board of Directors in accordance with Section 53646 (b) of the Code. Under Section 53646 (b) the Code states that the Treasurer may make a quarterly report to the Board of Directors. OCTA policy is to provide a monthly report to the Finance and Administration Committee and provide copies to the Board of Directors. In addition, the Treasurer will prepare a quarterly report to the Board of Directors.

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

VIII. FINANCIAL BENCHMARKS

In order to establish a basis for evaluating investment results, the Authority uses four nationally recognized fixed income security performance benchmarks to evaluate return on investments. The BofA Merrill Lynch 1-3 year Treasury Index and the BofA Merrill Lynch 1-3 year AAA-A U.S. Corporate and Government Index benchmarks are used for OCTA's short-term portfolios, the BofA Merrill Lynch 1-5 year Treasury Index and the BofA Merrill Lynch 1-5 year AAA-A U.S. Corporate and Government Index benchmarks are used for the extended fund, while a customized performance benchmark may be used for the bond proceeds portfolios.

IX. BOND PROCEEDS INVESTMENTS

Bond proceeds from OCTA's capital project financing programs are to be invested in accordance with the provisions of their specific indenture and are further limited by the maturity and diversification guidelines of this Investment Policy. Debt service reserve funds of bond proceeds are to be invested in accordance with the maturity provision of their specific indenture.

X. INVESTMENT AGREEMENTS – BOND PROCEEDS

Investment agreements must be approved and signed by OCTA's Treasurer. Investment agreements are permitted with any bank, insurance company or broker/dealer, or any corporation if:

A. At the time of such investment,

- such bank has an unsecured, uninsured and unguaranteed obligation rated long-term Aa2 or better by Moody's and AA or better by Standard & Poor's, or
- such insurance company or corporation has an unsecured, uninsured and unguaranteed claims paying ability rated long-term Aaa by Moody's and AAA by Standard & Poor's, or
- such bank or broker/dealer has an unsecured, uninsured and unguaranteed obligation rated long-term A2 or better by Moody's and A or better by Standard & Poor's (and with respect to such broker/dealer rated short-term P-1 by Moody's and A-1 by Standard & Poor's); provided, that such broker/dealer or A2/A rated bank also collateralize the obligation under the investing agreement with U.S. Treasuries, Government National Mortgage Association securities, Federal National Mortgage Association securities or Federal Home Loan Mortgage Association securities meeting the following requirements:
 1. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
 2. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
 3. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

B. The agreement shall include a provision to the effect that if any rating of any such bank, insurance, broker-dealer or corporation is downgraded below a minimum rating to be established at the time the agreement is executed, OCTA shall have the right to terminate such agreement.

XI. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

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

The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Investment Policy. If an eligible security already contained in the Authority's portfolio is subsequently placed on "Negative Credit Watch" by any of the three Nationally Recognized Statistical Rating Organizations (NRSROs), then the security will be handled under the provisions of Rating Downgrades.

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate. Investments in tax-exempt notes and bonds issued by OCTA are only allowable when authorized by the Internal Revenue Service.

2) U.S. Treasuries

Direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Treasury coupon and principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and TIPS (Treasury Inflation Protected Securities) are permitted investments pursuant to the Investment Policy.

3) Federal Instrumentality Securities (Government Sponsored Enterprises)

Debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)

4) Federal Agencies

Mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States (EXIMBANK)
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

5) State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency, other than OCTA, of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated at least A-1 or better by two of the three NRSROs for short-term obligations, or A or the equivalent for long-term debt.

OCTA may also purchase defeased state and local obligations as long as the obligations have been legally defeased with U.S. Treasury securities and such obligations mature or otherwise terminate within five years of the date of purchase.

Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

6) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the NRSROs with at least A-1 or the equivalent for short-term deposits, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

7) Commercial Paper

Commercial Paper must :

- A. be rated at least A-1 or the equivalent by two of the three NRSRO's, and
- B. be issued by corporations rated at least A- or the equivalent rating by a NRSRO for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than 10 percent of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

8) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the NRSRO's with at least A-1 or the equivalent for short-term deposits.

Maximum Term: 270 days

9) Repurchase Agreements

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Investment Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

- A. a Public Securities Association (PSA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and

- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

Maximum Term: 30 days (Code 1 year)

Reverse repurchase agreements are not permitted unless used as a permitted investment in the Local Agency Investment Fund

10) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by two of the three NRSRO's, and
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, and
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5 percent of the portfolio.

Maximum Term: Five (5) years. (Code)

11) Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the money market fund's assets.

12) Other Mutual Funds

Shares of beneficial interest issued by diversified management companies (commonly called mutual funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the fund's or pool's assets.

13) Mortgage or Asset-backed Securities

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

- A. is rated AAA or equivalent (excluding US Government/Agency/Instrumentality backed structured product which will be permitted with their prevailing ratings even if those ratings are below AAA) by a NRSRO, or be rated at least A-1 or the equivalent by two of the three NRSRO's for money-market asset-backed securities, and
- B. is issued by an issuer having at least an A or equivalent rating by a NRSRO for its long-term debt.

Maximum Term: Five year stated final maturity. (Code)

Asset-backed securities, excluding mortgages, may not exceed 10 percent of the allocation

14) State of California Local Agency Investment Fund (LAIF)

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

15) Orange County Treasury Investment Pool (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities and is based on the investment guidelines detailed in the Code section 53601.7, which parallels Rule 2a-7. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635.

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three NRSRO's.

17) Variable and Floating Rate Securities

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

18) Bank Deposits

Bank deposits in California banks which have a minimum short-term rating of A-1 by Standard and Poor's and a minimum short-term rating of P-1 by Moody's. The Treasurer shall draft and execute a contract describing provisions for bank deposits.

19) Derivatives

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation.

Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the Finance and Administration Committee prior to entering into such investment.

No investments shall be permitted that have the possibility of returning a zero or negative yield if held to maturity. In addition, the investment in inverse floaters, range notes, strips derived from mortgage obligations, step-up notes and dual index notes are not permitted investments.

Rating Downgrades

OCTA may from time to time be invested in a security whose rating is down-graded below the quality criteria permitted by this Investment Policy.

Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade shall be immediately reviewed by the Treasurer for action, and notification shall be made to the Board of Directors in writing as soon as practical and/or included in the monthly Orange County Transportation Authority Investment and Debt Programs report. The decision to retain the security until maturity, sell (or put) the security, or other action shall be approved by the Treasurer.

Diversification Guidelines

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

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS).....	100%
3) Federal Instrumentality Securities.....	100%
4) Federal Agencies	100%
5) State of California and Local Agencies	25%
6) Bankers Acceptances	30% (Code 40%)

7) Commercial Paper	25% (Code)
8) Negotiable CDs	30% (Code)
9) Repurchase Agreements	75%
10) Medium Term Maturity Corporate Securities	30% (Code)
11) Money Market Funds and 12) Other Mutual Funds (in total).....	20% (Code)
13) Mortgage and Asset-backed Securities	20% (Code)
14) LAIF	\$40mm maximum per entity
15) OCIP	\$40mm maximum per entity
16) CAMP	10%
17) Variable and Floating Rate Securities	30%
18) Bank Deposits	5%
19) Derivatives (hedging transactions only) and subject to prior approval	5%
20) Investment Agreements pursuant to indenture.....	100%

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

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Federal Instrumentalities, Investment Agreements, Repurchase Agreements and OCTA Debt

Any one corporation, bank, local agency, special purpose vehicle or other corporate name for one or more series of securities. 5%

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Federal Instrumentalities and Repurchase Agreements

Any one Federal Agency or Federal Instrumentalities 35%
Any one repurchase agreement counter-party name

If maturity/term is ≤ 7 days 50%
If maturity/term is > 7 days 35%

Issuer/Counter-Party Diversification Guidelines For OCTA's Debt

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

XII SECURITIES SAFE KEEPING

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

XIII. BROKER DEALERS

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

Outside portfolio managers must certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Investment Policy.

XIV. INVESTMENT POLICY REVIEW

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

XV. DEFINITION OF TERMS

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

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

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

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

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

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

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

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

BOOK VALUE: The original cost of the investment.

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

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

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

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

COMMERCIAL PAPER (CP): Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

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

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

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

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

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

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

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

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

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

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

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

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 3,000 member banks.

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

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

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

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

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

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

MARKET VALUE: The current market price of a security.

MATURITY: The date that the principal or stated value of an investment becomes due and payable.

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

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

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

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

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

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

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSRO's): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc. and Fitch Ratings.

NEGOTIABLE CD: (See Certificates of Deposit)

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

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

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

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

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

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

PORTFOLIO: A group of securities held by an investor.

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

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

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

PURCHASE DATE: See (Trade Date)

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

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

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

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

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

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

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

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio.

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES AND U.S. FEDERAL INSTRUMENTALITIES: U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", they include:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest bearing discount securities of the U.S. Treasury with maturities under one year.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

Treasury bond: interest-bearing obligations issued by the U.S. Treasury with maturities ranging from ten to thirty years from the date of issue.

Treasury STRIPS: U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

Treasury TIPS: U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.

VARIABLE AND FLOATING RATE SECURITIES: Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

For the purposes of this Investment Policy, a Variable Rate Security, where the variable rate of interest is readjusted no less frequently than every 762 calendar days, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest. A Floating Rate Security shall be deemed to have a remaining maturity of one day.

VOLITILITY: The degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

ZERO COUPON SECURITIES: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

Orange County Transportation Authority

201~~67~~¹² Investment Policy

June 13¹², 201~~67~~¹²

I. PURPOSE

This Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after June 13¹², 201~~67~~¹². The objective of this Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

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

II. OBJECTIVES

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

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Investment Policy. However, bond proceeds may be invested in approved short-term investments without regard to diversification limits. This may occur during the initial deposit of the bond proceeds portfolio, the final drawdown of the portfolio, or other times in between when appropriate due to drawdown requirements as requested by OCTA's Treasurer. When diversification limits are exceeded by a portfolio manager, the Treasurer will document the situation and report the circumstances to the Finance and Administration Committee monthly and include a write-up in the quarterly Debt and Investment report to the Board of Directors.

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

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

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

IV. PRUDENCE

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

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

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

V. DELEGATION OF AUTHORITY

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

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

VI. ETHICS AND CONFLICTS OF INTEREST

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

VII. RESPONSIBILITIES

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

The Treasurer is responsible for making investments and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities and shall make a quarterly report to the Board of Directors in accordance with Section 53646 (b) of the Code. Under Section 53646 (b) the Code states that the Treasurer may make a quarterly report to the Board of Directors. OCTA policy is to provide a monthly report to the Finance and Administration Committee and provide copies to the Board of Directors. In addition, the Treasurer will prepare a quarterly report to the Board of Directors.

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

VIII. FINANCIAL BENCHMARKS

In order to establish a basis for evaluating investment results, the Authority uses four nationally recognized fixed income security performance benchmarks to evaluate return on investments. The BofA Merrill Lynch 1-3 year Treasury Index and the BofA Merrill Lynch 1-3 year AAA-A U.S. Corporate and Government Index benchmarks are used for OCTA's short-term portfolios, the BofA Merrill Lynch 1-5 year Treasury Index and the BofA Merrill Lynch 1-5 year AAA-A U.S. Corporate and Government Index benchmarks are used for the extended fund, while a customized performance benchmark may be used for the bond proceeds portfolios.

IX. BOND PROCEEDS INVESTMENTS

Bond proceeds from OCTA's capital project financing programs are to be invested in accordance with the provisions of their specific indenture and are further limited by the maturity and diversification guidelines of this Investment Policy. Debt service reserve funds of bond proceeds are to be invested in accordance with the maturity provision of their specific indenture.

X. INVESTMENT AGREEMENTS – BOND PROCEEDS

Investment agreements must be approved and signed by OCTA's Treasurer. Investment agreements are permitted with any bank, insurance company or broker/dealer, or any corporation if:

A. At the time of such investment,

- such bank has an unsecured, uninsured and unguaranteed obligation rated long-term Aa2 or better by Moody's and AA or better by Standard & Poor's, or
- such insurance company or corporation has an unsecured, uninsured and unguaranteed claims paying ability rated long-term Aaa by Moody's and AAA by Standard & Poor's, or
- such bank or broker/dealer has an unsecured, uninsured and unguaranteed obligation rated long-term A2 or better by Moody's and A or better by Standard & Poor's (and with respect to such broker/dealer rated short-term P-1 by Moody's and A-1 by Standard & Poor's); provided, that such broker/dealer or A2/A rated bank also collateralize the obligation under the investing agreement with U.S. Treasuries, Government National Mortgage Association securities, Federal National Mortgage Association securities or Federal Home Loan Mortgage Association securities meeting the following requirements:
 1. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
 2. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
 3. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

B. The agreement shall include a provision to the effect that if any rating of any such bank, insurance, broker-dealer or corporation is downgraded below a minimum rating to be established at the time the agreement is executed, OCTA shall have the right to terminate such agreement.

XI. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

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

The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Investment Policy. If an eligible security already contained in the Authority's portfolio is subsequently placed on "Negative Credit Watch" by any of the three Nationally Recognized Statistical Rating Organizations (NRSROs), then the security will be handled under the provisions of Rating Downgrades.

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate. Investments in tax-exempt notes and bonds issued by OCTA are only allowable when authorized by the Internal Revenue Service.

2) U.S. Treasuries

Direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Treasury coupon and principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and TIPS (Treasury Inflation Protected Securities) are permitted investments pursuant to the Investment Policy.

3) Federal Instrumentality Securities (Government Sponsored Enterprises)

Debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)

4) Federal Agencies

Mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States (EXIMBANK)
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

5) State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency, other than OCTA, of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated at least A-1 or better by two of the three NRSROs for short-term obligations, or A or the equivalent for long-term debt.

OCTA may also purchase defeased state and local obligations as long as the obligations have been legally defeased with U.S. Treasury securities and such obligations mature or otherwise terminate within five years of the date of purchase.

Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

6) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the NRSROs with at least A-1 or the equivalent for short-term deposits, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

7) Commercial Paper

Commercial Paper must :

- A. be rated at least A-1 or the equivalent by two of the three NRSRO's, and
- B. be issued by corporations rated at least A- or the equivalent rating by a NRSRO for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than 10 percent of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

8) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the NRSRO's with at least A-1 or the equivalent for short-term deposits.

Maximum Term: 270 days

9) Repurchase Agreements

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Investment Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

- A. a Public Securities Association (PSA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and

- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

Maximum Term: 30 days (Code 1 year)

Reverse repurchase agreements are not permitted unless used as a permitted investment in the Local Agency Investment Fund

10) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by two of the three NRSRO's, and
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, and
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5 percent of the portfolio.

Maximum Term: Five (5) years. (Code)

11) Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the money market fund's assets.

12) Other Mutual Funds

Shares of beneficial interest issued by diversified management companies (commonly called mutual funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the fund's or pool's assets.

13) Mortgage or Asset-backed Securities

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

- A. is rated AAA or equivalent (excluding US Government/Agency/Instrumentality backed structured product which will be permitted with their prevailing ratings even if those ratings are below AAA) by a NRSRO, or be rated at least A-1 or the equivalent by two of the three NRSRO's for money-market asset-backed securities, and
- B. is issued by an issuer having at least an A or equivalent rating by a NRSRO for its long-term debt.

Maximum Term: Five year stated final maturity. (Code)

Asset-backed securities, excluding mortgages, may not exceed 10 percent of the allocation

14) State of California Local Agency Investment Fund (LAIF)

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

15) Orange County Treasury Investment Pool (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities and is based on the investment guidelines detailed in the Code section 53601.7, which parallels Rule 2a-7. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635.

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three NRSRO's.

17) Variable and Floating Rate Securities

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

18) Bank Deposits

Bank deposits in California banks which have a minimum short-term rating of A-1 by Standard and Poor's and a minimum short-term rating of P-1 by Moody's. The Treasurer shall draft and execute a contract describing provisions for bank deposits.

19) Derivatives

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation.

Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the Finance and Administration Committee prior to entering into such investment.

No investments shall be permitted that have the possibility of returning a zero or negative yield if held to maturity. In addition, the investment in inverse floaters, range notes, strips derived from mortgage obligations, step-up notes and dual index notes are not permitted investments.

Rating Downgrades

OCTA may from time to time be invested in a security whose rating is down-graded below the quality criteria permitted by this Investment Policy.

Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade shall be immediately reviewed by the Treasurer for action, and notification shall be made to the Board of Directors in writing as soon as practical and/or included in the monthly Orange County Transportation Authority Investment and Debt Programs report. The decision to retain the security until maturity, sell (or put) the security, or other action shall be approved by the Treasurer.

Diversification Guidelines

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

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS).....	100%
3) Federal Instrumentality Securities.....	100%
4) Federal Agencies	100%
5) State of California and Local Agencies	25%
6) Bankers Acceptances	30% (Code 40%)

7) Commercial Paper	25% (Code)
8) Negotiable CDs	30% (Code)
9) Repurchase Agreements	75%
10) Medium Term Maturity Corporate Securities	30% (Code)
11) Money Market Funds and 12) Other Mutual Funds (in total).....	20% (Code)
13) Mortgage and Asset-backed Securities	20% (Code)
14) LAIF	\$40mm maximum per entity
15) OCIP	\$40mm maximum per entity
16) CAMP	10%
17) Variable and Floating Rate Securities	30%
18) Bank Deposits	5%
19) Derivatives (hedging transactions only) and subject to prior approval	5%
20) Investment Agreements pursuant to indenture.....	100%

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

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Federal Instrumentalities, Investment Agreements, Repurchase Agreements and OCTA Debt

Any one corporation, bank, local agency, special purpose vehicle or other corporate name for one or more series of securities. 5%

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Federal Instrumentalities and Repurchase Agreements

Any one Federal Agency or Federal Instrumentalities 35%
Any one repurchase agreement counter-party name

If maturity/term is ≤ 7 days 50%
If maturity/term is > 7 days 35%

Issuer/Counter-Party Diversification Guidelines For OCTA's Debt

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

XII SECURITIES SAFE KEEPING

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

XIII. BROKER DEALERS

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

Outside portfolio managers must certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Investment Policy.

XIV. INVESTMENT POLICY REVIEW

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

XV. DEFINITION OF TERMS

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

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

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

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

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

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

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

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

BOOK VALUE: The original cost of the investment.

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

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

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

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

COMMERCIAL PAPER (CP): Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

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

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

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

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

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

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

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

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

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

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

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

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 3,000 member banks.

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

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

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

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

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

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

MARKET VALUE: The current market price of a security.

MATURITY: The date that the principal or stated value of an investment becomes due and payable.

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

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

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

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

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

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

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSRO's): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc. and Fitch Ratings.

NEGOTIABLE CD: (See Certificates of Deposit)

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

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

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

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

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

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

PORTFOLIO: A group of securities held by an investor.

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

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

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

PURCHASE DATE: See (Trade Date)

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

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

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

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

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

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

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

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio.

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES AND U.S. FEDERAL INSTRUMENTALITIES: U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", they include:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest bearing discount securities of the U.S. Treasury with maturities under one year.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

Treasury bond: interest-bearing obligations issued by the U.S. Treasury with maturities ranging from ten to thirty years from the date of issue.

Treasury STRIPS: U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

Treasury TIPS: U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.

VARIABLE AND FLOATING RATE SECURITIES: Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

For the purposes of this Investment Policy, a Variable Rate Security, where the variable rate of interest is readjusted no less frequently than every 762 calendar days, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest. A Floating Rate Security shall be deemed to have a remaining maturity of one day.

VOLITILITY: The degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

ZERO COUPON SECURITIES: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



May 24, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Preview to the Public Hearing on Orange County Transportation Authority's Fiscal Year 2017-18 Budget and Personnel and Salary Resolution

Overview

The Orange County Transportation Authority Fiscal Year 2017-18 Budget presents a balanced plan of sources and uses of funds while providing for the current and future transportation needs of Orange County. The Board of Directors may approve the fiscal year 2017-18 budget following the public hearing to be held at the Board of Director's Meeting on June 12, 2017, at the following Board of Directors' meeting on June 26, 2017, or in a special meeting convened at their discretion. The Board of Directors are also asked to approve changes to the Personnel and Salary Resolution as part of the budget approval process.

Recommendations

- A. Approve by Resolution the Orange County Transportation Authority's Fiscal Year 2017-18 Budget.
- B. Approve the Personnel and Salary Resolution for Fiscal Year 2017-18.
- C. Authorize the Chief Executive Officer to negotiate and execute the software and hardware licensing, maintenance, and emergency support purchase orders and/or agreements.
- D. Approve fiscal year 2017-18 Orange County Transportation Authority member agency contribution to the Southern California Regional Rail Authority in an amount up to \$28,238,881, including authorization of Federal Transit Administration funds, in the amount of \$6,000,000, to be drawn down directly by Southern California Regional Rail Authority. In addition, approve capital rehabilitation in the amount of \$7,344,982, offset by \$6,059,016 in Rotem repayment, with the balance paid by Federal Transit Administration funds that will be drawn down directly by Southern California Regional Rail Authority.

Background

The Orange County Transportation Authority (OCTA) staff has developed a balanced budget for fiscal year (FY) 2017-18 that defines the financial resources required to provide a broad spectrum of multi-modal transportation services.

A budget workshop was conducted with the Board of Directors (Board) on Monday, May 8, 2017, during which staff made a presentation covering plans for each of OCTA's programs and services, and its associated revenues and expenses.

Discussion

The preparation of OCTA's annual budget began in December 2016 with the development of preliminary revenue projections, a service plan, and program goals and objectives for the upcoming FY. The service plan and program goals were developed in accordance with the Board Strategic Initiatives and Chief Executive Officer (CEO) Initiatives. The budget is within the financial constraints of the Comprehensive Business Plan (CBP), and also incorporates the Board approved sales tax forecasting methodology, as well as California's Senate Bill 1 (SB-1).

Each division developed and submitted its budget requests in January, which were subject to successive internal reviews to ensure conformance set by executive management. The budget was reviewed by a CEO-appointed internal budget review committee, consisting of the Deputy CEO, Executive Director of Finance and Administration, and Executive Director of Human Resources and Organizational Development, to ensure a balanced and fiscally responsible budget is delivered consistent with the Board's goals, CEO's goals, CBP, and Next 10 Plan.

The development of the FY 2017-18 budget was based on a series of programmatic assumptions that have been presented to the Finance and Administration Committee over the course of the last two months. The presentations have covered the guiding principles and assumptions used to develop the budgets for OCTA's major programs, including Measure M2 (M2), bus operations, rail, and 91 Express Lanes.

The budget represents a balanced plan of sources and uses of funds. Sources of funds include new revenues received within the year, as well as planned use of prior year designations. Expenditures include current year expenditures, as

well as funds designated in the current FY to be used in a future FY. The combination of revenues and planned use of prior year designations produces available funding of \$1,289.8 million, while expenditures and designations yield a total use of funds of \$1,289.8 million. On a year-over-year comparison, the FY 2017-18 budget is 11 percent, or \$128.3 million, higher than the FY 2016-17 budget. The increase is primarily driven by increased capital expenditures for freeway improvements and the OC Streetcar.

The available funding includes revenues of \$1,057.2 million and a use of prior year designations of \$232.6 million. In the next year, it is anticipated that sales tax will increase by 3.3 and 2.4 percent for M2 and Local Transportation Fund, respectively. The FY 2017-18 budget incorporates the passage of SB-1, and it is estimated that \$28.9 million will be received in State Transit Assistance funding from the State of California to support the bus transit program. Passenger fares are budgeted at \$47.9 million. Furthermore, it is anticipated that toll revenue for the 91 Express Lanes will increase slightly, by \$3.2 million on a budget-to-budget basis.

The planned use of prior year designations is comprised of funds previously designated or reserved for future operating or capital expenditures. The largest draw on prior year designations will be from M2, with \$194.8 million planned for expenditures for the freeway improvements, OC Streetcar, OC Bridges, and Placentia Metrolink Station.

The use of funds consists of salaries and benefits of \$160.2 million, services and supplies of \$294.7 million, contributions to other agencies of \$185.9 million, debt service of \$34.6 million, capital expenditures of \$471.7 million, and designations for future operating and capital requirements of \$142.7 million.

OCTA will continue to honor the commitment made to the residents of Orange County when they approved the renewal of Measure M. Approximately \$513.1 million in M2 related expenditures are budgeted for projects to improve transportation within Orange County. These funds will pay for improvements to freeways and streets and roads throughout Orange County, as well as fund rail and transit programs.

Of the \$513.1 million in M2 related expenditures, the funds will be utilized for improvements to freeways (\$170.4 million), streets and roads (\$156.8 million), rail (\$109.2), transit (\$37.3 million), environmental cleanup (\$10.6 million), and to cover the net cost of debt service (\$28.8 million).

OCTA's efforts to increase bus ridership include the implementation of OC Bus 360°, and no fare increase in FY 2017-18. Fixed-route service will continue with 40 percent of contracted revenue hours during the FY. It is anticipated that total expenditures for the countywide bus system will be \$349.4 million. Approximately \$274.1 million is budgeted for operations, \$8.6 million is budgeted for capital expenditures, and \$7.3 million will be utilized for special programs. An additional \$59.4 million will be designated to the capital replacement fund for future capital requirements.

Designated funds consist of funds being set aside for future year expenditures. Approximately \$142.7 million is being designated in the FY 2017-18 budget for future capital expenditures. The largest designations are in the M2 Fund (\$59.4 million) for future capital projects throughout Orange County, Orange County Transit District Fund (\$59.4 million) for future fixed asset purchases, and the 91 Express Lanes Fund (\$19.2 million) for future capital improvements along the State Route 91 corridor.

Staff was available to present, review, or answer questions about the budget at the following committees, as well as to individual Board Members upon request.

Committee	Date
Finance and Administration	May 10 & 24
Legislative and Communications	May 18
Transit	May 11 & June 8
Executive Committee	June 5
Regional Planning and Highways	June 5

Personnel and Salary Resolution

The FY 2017-18 Personnel and Salary Resolution (PSR) (Attachment C) governs administrative employees and is approved annually as part of the budget. Changes have been made to the PSR to include minor clarifications where necessary.

The PSR includes a 3.5 percent merit pool and 3 percent special performance award pool. The PSR also includes a salary structure adjustment of 2 percent. Salary structure adjustments do not automatically increase employee salaries unless they are below the minimum of the new range. Additionally, there is an

increase in the number of personal paid holidays from five to six, notwithstanding the six fixed holidays bringing the total number of paid holidays to 12. Employees that are non-exempt on an alternate work schedule will receive the equivalent of one work day per scheduled holiday or personal paid holiday, adding an additional cost of \$5,376. Currently, non-exempt employees are paid eight hours for a holiday regardless of their schedule. As part of the deferred compensation benefit program, the employer match would change to 1 percent upon hire and increase to 2 percent at five years of service and 3 percent at ten years of service. Also included in the PSR is a change to employee tuition reimbursement. This benefit is not automatic, an employee must meet specific requirements to be eligible. The current maximum reimbursement amount remains at \$3,500 per year, but any future increase will be indexed to the California State University tuition, up to the maximum nontaxable Internal Revenue Service limit of \$5,250.

Information Systems Licensing and Maintenance Agreements

Each year, in conjunction with approving the budget, the Board approves OCTA's software and hardware licensing and maintenance agreements. OCTA follows industry practice to ensure proper maintenance and to receive critical product upgrades of its licensed software and purchased hardware. The annual licensing and maintenance agreements are executed with each hardware and software developer on a sole source basis, for an amount not to exceed the contracted value for each vendor. The sole source list includes licensing and maintenance agreements, as well as emergency support after hours, weekends, and holidays. On a cumulative basis, the software and hardware licensing, maintenance, and emergency support agreements will not exceed \$4.8 million. A list of the agreements is included as Attachment D.

Southern California Regional Rail Authority (SCRRA) Budget

Under the Joint Powers Agreement that governs the SCRRA, each member agency must approve its financial contribution to the SCRRA budget. The FY 2017-18 SCRRA budget estimates the OCTA operating funding allocation to be \$28,238,881, including authorization of Federal Transit Administration (FTA) funds, in the amount of \$6,000,000, to be drawn down directly by SCRRA.

In addition to the annual operating funding allocation, OCTA is also responsible for a portion of the costs for rehabilitation projects. These projects are typically led by the SCRRA, and the grant funds to pay for them are drawn down directly by the SCRRA. As a result, these projects are not typically included in OCTA's budget. The SCRRA budget (Attachment E) provides a detailed list of projects and the associated costs by member agency. OCTA's portion of the costs for

FY 2017-18 is \$7,344,982, which is partially offset by the fifth Rotem railcar credit in the amount of \$6,059,016. The net cost to OCTA for rehabilitation projects for FY 2017-18 is \$1,285,966. OCTA will utilize FTA funds for rehab projects that will be drawn down directly by SCRRA.

Summary

The Orange County Transportation Authority Fiscal Year 2017-18 Budget was reviewed by the Board of Directors in a workshop setting on May 8, 2017. The Board of Directors may approve the FY 2017-18 budget following the public hearing on June 12, 2017, at the regularly scheduled meeting on June 26, 2017, or in a special meeting convened at their discretion.

Attachments

- A. Resolution of the Board of Directors for the Orange County Transportation Authority Approving an Operating and Capital Budget Fiscal Year 2017-18
- B. Orange County Transportation Authority Budget Summary Fiscal Year 2017-18
- C. Proposed Changes for the Personnel and Salary Resolution FY 2017 -18
- D. Orange County Transportation Authority Licensing and Maintenance Agreements Sole Source List Fiscal Year 2017-18
- E. Transmittal of the Preliminary Fiscal Year 2017-18 SCRRA Budget

Prepared by:



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Approved by:



Andrew Oftelie
Executive Director,
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**RESOLUTION OF THE BOARD OF DIRECTORS FOR
THE ORANGE COUNTY TRANSPORTATION AUTHORITY
APPROVING AN OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2017-18**

WHEREAS, the Chief Executive Officer and staff have prepared and presented to the Board of Directors a proposed operating and capital budget in the amount of \$1,289.8 million for Fiscal Year 2017-18;

WHEREAS, said Chief Executive Officer and staff did conduct a public workshop before the Board of Directors on May 8, 2017, in the Board Chambers, at which time the proposed budget was considered;

WHEREAS, a public hearing was conducted on June 12, 2017, at which the public was invited to express its views and objections to said budget; and;

WHEREAS, the original of said proposed budget will be revised to reflect each and all of the amendments, changes, and modifications which the Board of Directors, up to the time of the approval of this resolution, believes should be made in said proposed budget as so submitted and to correct any non-substantive errors or omissions.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Orange County Transportation Authority as follows:

1. The operating and capital budget of the Orange County Transportation Authority and all affiliated agencies for the Fiscal Year July 1, 2017 through June 30, 2018, is hereby approved, a copy of which is on file with the Clerk of the Board.
2. The Clerk of the Board shall certify to the passage and approval of this resolution, and it shall thereupon be in full force and effect.

ADOPTED SIGNED AND APPROVED this 12th day of June 2017.

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Laurena Weinert
Clerk of the Board

Michael Hennessey, Chairman
Orange County Transportation Authority



Orange County Transportation Authority
Budget Summary
Fiscal Year 2017-18

\$ in millions

Estimated Revenues	\$ 1,057.2
Use of Prior Year Designations	<u>232.6</u>
Total Sources of Funds	<u>\$ 1,289.8</u>

Appropriate Funds to:

Salaries & Benefits	\$ 160.2
Services & Supplies	294.7
Contributions to Other Agencies	185.9
Debt Service	34.6
Capital / Fixed Assets	<u>471.7</u>
Total Expenses	\$ 1,147.1
 Designation of Funds	 <u>\$ 142.7</u>
Total Uses of Funds	<u>\$ 1,289.8</u>

**Proposed Changes for the
Personnel and Salary Resolution (PSR) FY 2017-18**

ATTACHMENT C

Subject	Page	Section	Proposed Change	Reason
Various grammatical & formatting changes				Throughout document
Purpose of Personnel and Salary Resolution	1	1.1	Move language	Language from section 1.2 moved to section 1.1
Human Resources Policies and Procedures	1	1.2	Move Language	Language from section 1.2 moved to section 1.1
At-Will Employment	2	2.1	Add language	Employees are not required to give notice to terminate employment
Relocation Expenses	3	2.7	Policy Change	No change to PSR language, however the eligibility for reimbursement will shrink from 100 miles outside OCTA HQ to 75. Also, CEO will be given the discretion to make exceptions to the policy. In addition, any expenses beyond \$20,000 will be brought to F&A Committee. Note: this is a discretionary benefit
Exempt and Non-Exempt Employee, Workweek, Schedules, Overtime and Make-up Time	5	3.0	Change title of section to incorporate new sections	Added new sections
Exempt Employees	5	3.1	Add section	Added definition from Workweek and Overtime Policy (this section was moved in a previous version of the draft after the section was added)
Non-Exempt Employees	5	3.2	Add section	Added definition from Workweek and Overtime Policy (this section was moved in a previous version of the draft after the section was added)
Workweek	6	3.3	Separate Overtime section from Workweek section and add definition of workweek	Added definition of Workweek from Workweek and Overtime Policy and create separate section for Overtime
Alternative Work Schedules	6	3.4	Move section; add language	Moved from section 3.1
Overtime	7	3.5	Move section; add language	Moved from section 3.2 and added language from Overtime and Workweek Policy. Deleted repetitive language
Make-up Time	8	3.6	Add section	Make-up time already allowed under state law
Grandfathered Retirement	10	4.2B	Delete language	Change has already occurred and historical language is being deleted
Health Insurance	11	4.3A	Reorganize section; add language	Reorganized and added language to clarify existing policy

**Proposed Changes for the
Personnel and Salary Resolution (PSR) FY 2017-18**

Subject	Page	Section	Proposed Change	Reason
Continuation of Health Benefits for Retirees	13	4.3F	Rename section and add language	Renamed the section for accuracy and clarified percentage of premium
Employee Recreation Association	13	4.4A	Add language	Added an explanation of the ERA and their purpose
Employee Use of Transportation System	13	4.4B	Add reference to policy	Added reference to relevant policy
Personal Leave	15	4.5A	Add and delete language	Added, deleted and moved language to clarify existing policies
Educational Reimbursement Program	16	4.6B	Add language	Added language to clarify existing policy; added language that benefit will be indexed to CSUF tuition up to the IRS tax free amount, consistent with Board approval in Fiscal Year 2016 budget
Tablet Purchase Reimbursement Program	17	4.6C	Add reference to policy	Added reference to relevant policy
Uniforms	18	4.6D	Add language	Added language to clarify existing policy
Deferred Compensation	18	4.7A	Add language; change schedule for matching contributions	Added language as a result of internal audit; changed matching schedule so employees receive 1% match at new hire, 2% at the beginning of 5 years and 3% at the beginning of 10 years
Retirement	20	4.7B	Delete language	Change has already occurred and historical language is being deleted
Accruals	21	4.8A	Add language	Added language to clarify existing policy
Bereavement Leave	21	4.8B	Add language	Added language to clarify existing policy
Catastrophic Leave	21	4.8C	Add/delete language	Added and deleted language to clarify upcoming policy change
Holidays and Personal Paid Holidays	21	4.8D	Add 1 PPH; add language for non-exempt employees on alternate works schedules	Proposal to add 1 additional Personal Paid Holiday for a total of 12 holidays. Non-exempt employees who work an alternate work schedule (not a standard 8 hour day) would no longer be required to supplement their holiday with vacation time
Sick Leave – Full-Time and Part-Time Employees	22	4.8F	Add language	Added language to comply with state law

**Proposed Changes for the
Personnel and Salary Resolution (PSR) FY 2017-18**

Subject	Page	Section	Proposed Change	Reason
Sick Leave Sellback	24	4.8G	Add language	Added language to clarify existing policy
Administration of Compensation	28	5.2	Delete language	Deleted language for consistency with Deferred Compensation Plan document
Newly Hired/Promoted Employees	28	5.3	Add/consolidate language	Added language to clarify/memorialize existing policy; Consolidated section 5.6 on promotions with this section
Merit Adjustments	29	5.6	3.5% merit increase	Proposed 3.5% merit increase
Special Performance Awards	30	5.7	3% Special Performance Award; add language	Proposed 3% Special Performance Award; add language to clarify/memorialize existing policy that no employee will receive over 6% of their total salary in Special Performance Awards, per fiscal year
Changes to Salary Grades Min/Mid/Max	32		2% Salary Range Increase	Proposed 2% salary range adjustment
Job Classifications Moving to Different Salary Grades	32			Human Resources compensation market review and analysis recommended specific classifications be moved to different salary grade; others are new titles proposed in the budget

PERSONNEL AND SALARY RESOLUTION

FISCAL YEAR 201~~7~~⁶-201~~8~~⁷

Effective: June ~~25~~²⁶, 201~~7~~⁶

This document provides information on general policies regarding employment practices, employee benefits, compensation and salary structure for administrative employees at the Orange County Transportation Authority and was approved by the Orange County Transportation Authority Board of Directors on June ~~12~~¹³, 201~~7~~⁶

Prepared by:

Human Resources ~~Department~~ and Organizational Development Division



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SECTION 1 PURPOSE AND PROCEDURES

1.1 PURPOSE OF PERSONNEL AND SALARY RESOLUTION

In an effort to establish an equitable and consistent plan for managing Human Resources matters, to attract, develop and retain top talent, and to ensure consistent selection, promotion, and compensation practices based on merit, ability, and performance, the following Human Resources policies for administrative employees are hereby adopted.

The Orange County Transportation Authority (OCTA) reserves and maintains the right to eliminate, modify or otherwise change, at any time, for any reason, any provision(s) of this Personnel and Salary Resolution (PSR), as established and approved by the Board of Directors, including, but not limited to, any employee benefit or right provided in this PSR Personnel and Salary Resolution.

1.2 HUMAN RESOURCES POLICIES AND PROCEDURES

The Chief Executive Officer (CEO), acting as the Appointing Authority (AA), may elect to delegate certain responsibilities. The CEO is charged with ensuring OCTA Human Resources policies and procedures provide for an effective and efficient organization, staffed with qualified employees receiving fair and equitable treatment. The Executive Director of Human Resources and Organizational Development (HROD) is responsible for managing the Human Resources functions and is responsible for developing and administering Human Resources policies and procedures that are in the best interest of OCTA and its employees.

The CEO makes the final determination on the interpretation of OCTA Human Resources policies ~~as established by the Board of Directors~~ and is authorized to establish and maintain Human Resources procedures that are consistent with those policies.

Exceptions to the ~~PSR Personnel and Salary Resolution~~ may be authorized in writing by the CEO. This exception authority may not be delegated.

Please refer to specific policies and procedures for additional information.

SECTION 2 EMPLOYMENT

2.1 AT-WILL EMPLOYMENT

OCTA employees whose employment is governed by the provisions of this ~~PSR~~Personnel and Salary Resolution are at-will. The ~~Appointing Authority~~AA has the right to reassign, dismiss, reduce pay, or suspend without pay any employee, at any time, for any reason. Similarly, OCTA employees may terminate their employment at any time without prior notice.

2.2 APPROVAL AUTHORITY FOR EMPLOYEE ACTIONS

The CEO is the ~~Appointing Authority~~AA for the selection and termination of all employees in all positions except those reporting directly to the Board. The CEO is authorized to approve revisions in classification titles and grades, provided that any such changes are in accordance with established OCTA Policies and Procedures and the Board-adopted fiscal year budget.

2.3 COMPENSATION

OCTA will maintain a compensation philosophy and salary structure for full-time and part-time employees as stated in the ~~PSR~~Personnel and Salary Resolution.

Salary ranges, rates, and employee benefits are reviewed and considered for adjustment not less often than annually. This permits OCTA an opportunity to periodically assess the competitiveness of the compensation plan, including the salary structure, and make necessary adjustments to reflect changes in internal equity and labor market conditions.

2.4 INTERNSHIPS

A person employed in a College Intern position is considered an employee in an extra-help classification and will be compensated at an hourly rate to be determined by the ~~Appointing Authority~~AA. A College Intern is not eligible for employee benefits paid by OCTA, except as required by law.

2.5 OUTSIDE EMPLOYMENT ACTIVITIES

An administrative employee may not engage in outside employment or other outside activities incompatible with the full and proper discharge of the duties and responsibilities

of his/her OCTA employment. Before accepting or engaging in any outside employment, an employee must obtain written permission from the Appointing AuthorityAA.

2.6 PERFORMANCE PLANNING AND REVIEW PROGRAM

The Appointing AuthorityAA is responsible for developing and administering a formal performance planning and review program for all full-time and part-time administrative employees.

2.7 RELOCATION EXPENSES

OCTA may provide relocation assistance as defined in the “Reimbursement of Relocation Expenses Policy.”

2.8 ELIMINATION OF POSITIONS AND WORKFORCE REDUCTIONS

Whenever it becomes necessary, the CEO may eliminate any position. The CEO has the authority to reduce the workforce and to layoff full-time or part-time employees because of the elimination of a position, lack of funds, lack of work, or for operational efficiencies. An employee who is laid-off because of the elimination of a position or reduction in the workforce may be placed in another position for which the employee is qualified at the same level or below, provided an opening exists. Workforce reductions may allow for the position to remain vacant until the Appointing AuthorityAA finds it necessary to fill the position.

2.8A LAYOFF BENEFITS

An employee recalled within six ~~(6)~~ months may be reinstated to the same position if the position is available. For purposes of this section, benefits based on length of service will be reinstated to the level prior to layoff if an employee is reinstated to the same or a different position within six ~~(6)~~ months following the date of layoff.

An employee placed on layoff may be granted paid health insurance in accordance with the following schedule:

Years of Service	Length of Coverage
Less than 3	1 month
3 but less than 5	2 months
5 but less than 10	3 months
10 or more	4 months

Upon termination from OCTA due to layoff, all unused or unpaid vacation, personal paid holidays, and sick leave will be paid to the affected employee.

2.8B LAYOFF SEVERANCE PAY

The CEO may authorize the payment of severance pay to full-time and part-time employees in accordance with the following schedule:

Years of Service	Weeks of Severance Pay
Less than 3	2 weeks
3 but less than 5	3 weeks
5 but less than 10	4 weeks
10 or more	5 weeks

Severance pay for part-time employees is prorated ~~calculated~~ in accordance with their regularly scheduled ~~ds~~ pay.

2.9 GRIEVANCE PROCEDURE

The ~~Appointing Authority~~ AA may establish and be responsible for the maintenance of a grievance procedure for use by administrative employees.

SECTION 3

EXEMPT AND NON-EXEMPT EMPLOYEE-, WORKWEEK, SCHEDULES, -AND OVERTIME AND MAKE-UP TIME

3.13 EXEMPT EMPLOYEES

Those employees in positions that are not covered under the provisions of the Fair Labor Standards Act (FLSA) regarding minimum wage, overtime, maximum hours and recordkeeping.

An exempt employee, either part-time or full-time, is not eligible for overtime payment, compensatory time or any additional compensation for time worked in excess of eight hours per day or 40 hours per workweek or time worked in excess of his/her regular schedule.

Sick leave and vacation accruals, as well as retirement service credits, accrue on paid hours excluding overtime.

3.24 NON-EXEMPT EMPLOYEES

Those employees in positions that are covered under the provisions of the Fair Labor Standards Act (FLSA) regarding minimum wage, overtime, maximum hours and recordkeeping. All hours worked, holidays, and benefit time taken must be accurately recorded on a timesheet and approved by the supervisor. Sick leave and vacation accruals, as well as retirement service credits, accrue on paid hours excluding overtime.

Non-exempt employees are strictly prohibited from volunteering or donating their time to OCTA by performing any work or function that is the same or similar to their regularly scheduled duties while in an unpaid status.

.1 — ALTERNATIVE WORK SCHEDULES

~~The Appointing AuthorityAA has the authority to designate flexible starting, ending, and core times for the performance of work during the standard workday consistent with OCTA's "Workweek and Overtime Policy."~~

~~The Appointing AuthorityAA also has the authority to designate alternative workweek schedules, such as 4/10 or 9/80, provided the administration of such schedules is consistent with OCTA policy and any applicable state and federal laws.~~

~~The Appointing AuthorityAA may establish necessary guidelines to administer alternative workweek schedules at the department and section level.~~

3.312 WORKWEEK AND OVERTIME

The Fair Labor Standards Act (FLSA) defines workweek as a period of 168 hours consisting of seven (7) consecutive 24 hour periods. The employer can determine the day and hour that the workweek begins. Each workweek is considered on its own to determine minimum wage and overtime payments: there is no averaging of two (2) or more workweeks. The Department of Labor uses workweek to determine compliance with federal regulations such as requirements for wage payments and overtime. Workweek and overtime will be administered consistent with any applicable state and federal laws.

The regular work ~~week period~~ for a full-time OCTA employee is 40 hours per week, ~~Sunday through Saturday, unless otherwise established with an alternative work schedule. The workweek does not need to coincide with the calendar week.~~

3.42 ALTERNATIVE WORK SCHEDULES

~~The AA has the authority to designate flexible starting, ending, and core times for the performance of work during the standard workday consistent with OCTA's "Workweek and Overtime Policy."~~

~~The AA also has the authority to designate alternative workweek schedules, such as 4/10 or 9/80, provided the administration of such schedules is consistent with OCTA policy and any applicable state and federal laws.~~

~~The AA may establish necessary guidelines to administer alternative workweek schedules at the department and section level.~~

3.3 EXEMPT EMPLOYEES

~~Those employees in positions that are not covered under the provisions of the Fair Labor Standards Act (FLSA) regarding minimum wage, overtime, maximum hours and recordkeeping.~~

~~An exempt employee, either part time or full time, is not eligible for overtime payment, compensatory time or any additional compensation for time worked in excess of eight hours per day or 40 hours per workweek or time worked in excess of his/her regular schedule.~~

~~Sick leave and vacation accruals, as well as retirement service credits, accrue on paid hours excluding overtime.~~

~~3.4 NON-EXEMPT EMPLOYEES~~

~~These employees in positions that are covered under the provisions of the Fair Labor Standards Act (FLSA) regarding minimum wage, overtime, maximum hours and recordkeeping. All hours worked, holidays, and benefit time taken must be accurately recorded on a timesheet and approved by the supervisor. Sick leave and vacation accruals, as well as retirement service credits, accrue on paid hours excluding overtime.~~

~~Non-exempt employees are strictly prohibited from volunteering or donating their time to OCTA by performing any work or function that is the same or similar to their regularly scheduled duties while in an unpaid status.~~

3.5 OVERTIME

Overtime must be authorized prior to performance of such work. Authorized work performed in excess of eight ~~(8)~~ hours per day or in excess of 40 hours per workweek by a full-time or part-time non-exempt employee is considered overtime.

This ~~definition~~ does not apply to a non-exempt employee who regularly works a 9/80 work schedule or who regularly works any other work schedule totaling 40 hours per workweek. All paid hours except sick time will be considered hours worked.

~~For a non-exempt employee on an alternative work schedule, authorized work performed in excess of the regularly scheduled hours per day or in excess of 40 hours per workweek is considered overtime.~~

Excluding employees on an alternative work schedule, non-exempt employees will be paid 1-1/2 times their regular rate for all time worked in excess of eight ~~(8)~~ hours in a workday or 40 hours in a workweek. Non-exempt employees on alternative work schedules will be eligible for daily overtime for hours worked in excess of their regular schedule or 40 hours in a workweek.

For purposes of calculating overtime compensation, paid holidays not worked and pre-approved vacation not worked are treated as authorized work performed. If a designated holiday occurs on a regularly scheduled day off, these hours are not considered hours worked. Hours away from work due to illness, even when compensated, are not included in overtime calculations. ~~Overtime must be authorized prior to performance of such work.~~

A non-exempt employee who is required to work on a designated holiday will be paid 1-1/2 times his/her regular rate for authorized work performed, in addition to regular holiday pay. Added pay for holiday hours worked will not be considered when calculating overtime on more than 40 hours in a workweek.

OCTA does not permit the accrual of compensatory time in lieu of payment of overtime.

In no case may a non-exempt employee's work-week be changed when the purpose of the change is to avoid compensating the employee at 1-1/2 times his/her regular rate for work performed in excess of his/her regular work schedule.

If, in the judgment of the ~~employee's supervisor, Appointing AuthorityAA, w~~Work beyond the normal workday, workweek, or work period is required, such work may be authorized.

3.6 MAKE-UP TIME

~~Consistent with OCTA policy, w~~When a non-exempt employee requests to leave or miss certain hours of a day and then to make it up by working longer hours on another day, it is called make-up time.- Make-up time is permitted when requested by the employee due to the employee's personal obligation. The employee must request to use make-up time in writing before taking the time off or working the make-up hours, and the supervisor must approve it. The time must be made up within the same workweek as the time that was taken off. The made-up time cannot cause the employee to work more than eleven (11) hours in a day or more than forty (40) hours in a workweek, as this will require overtime to be paid. EmployersManagers and/or Supervisors are prohibited from encouraging or soliciting an employee to request make-up time.

~~An exempt employee, either part time or full time, is not eligible for overtime payment, compensatory time or any additional compensation for time worked in excess of eight (8) hours per day or 40 hours per workweek or time worked in excess of his/her regular schedule.~~

~~Sick leave and vacation accruals, as well as retirement service credits, accrue on paid hours excluding overtime.~~

SECTION 4 EMPLOYEE BENEFITS

4.1 BOARD MEMBER BENEFITS

The Appointing Authority may establish and be responsible for health (medical, dental, and vision), and life (life and accidental death and dismemberment) insurance benefits for Board Members at a cost not to exceed the amount established by the Board in the annual budget.

4.1A BENEFITS ELIGIBILITY

For Public Board Members and for Board Members who do not receive health benefits from the public entity they are elected to serve: The Board Members will have the same premium cost and the same health benefits as full-time employees paid by OCTA, which may change to reflect the current programs offered.

For Board Members who receive health benefits from the public entity they are elected to serve: The Board Members may choose to receive the same health benefits as full-time employees, provided the Board Member pays 100 percent of the OCTA premium, which may change to reflect the current programs offered.

4.1B DEFERRED COMPENSATION

Board Members may participate in OCTA's Deferred Compensation Program.

4.1C RETIREMENT PLAN

Board Members are required to participate in the 3121 Federal Insurance Contributions Act (FICA) Alternative plan, because they are not eligible to participate in the Orange County Employee Retirement System. Board Members contribute 7.50 percent of OCTA pay. The 3121 FICA Alternative plan is required under the Omnibus Budget Reconciliation Act (OBRA) and is administered by a third party administrator.

4.1D LIFE INSURANCE AND SUPPLEMENTAL LIFE INSURANCE

Life Insurance will be provided by OCTA in the amount of \$50,000 coverage for each Board Member.

Voluntary Board Member-paid supplemental life insurance may be offered by OCTA for Board Members and/or their dependents.

4.1E REIMBURSEMENT OF EXPENSES

OCTA will reimburse Board Members for actual and necessary expenses incurred in the performance of their duties, as provided in the “Policy for Compensation, Reimbursement of Expenses and Mandatory Ethics Training for Members of the Board of Directors.”

4.2 GRANDFATHERED BENEFITS

The following exceptions to policy as otherwise outlined in this ~~Personnel and Salary Resolution~~PSR result from the consolidation of the Orange County Transit District and the Orange County Transportation Commission.

The following benefits apply only to those employees who were employees of the Orange County Transportation Commission, as of June 19, 1991.

4.2A GRANDFATHERED LEAVE

Each non-exempt employee covered under this section will be entitled to 16 hours of paid Administrative Leave per fiscal year. Each exempt employee covered under this section will be entitled to 32 hours of paid Administrative Leave per fiscal year.

Approval will be by the ~~appointing Authority~~AA. Any unused Administrative Leave for the current fiscal year will be paid to the employee in the event of termination or retirement. The maximum accrual amount for non-exempt employees will be 24 hours. The maximum accrual amount for exempt employees will be 48 hours.

4.2B GRANDFATHERED RETIREMENT

An employee covered under this section may continue to participate in the California Public Employees’ Retirement System and shall be governed by its rules and regulations.

~~Commencing January 1, 2016, employees shall pay 75 percent of the employee contribution. OCTA will pay the share of the employee contribution that is not paid by the employee.~~ Commencing January 1, 2017, employees shall pay 100 percent of the employee contribution.

4.3 HEALTH, LIFE, AND DISABILITY INSURANCE BENEFITS

4.3A HEALTH INSURANCE

The ~~Appointing Authority~~^{AA} will offer health (medical, dental, and vision), life (life and accidental death and dismemberment), and disability insurance programs for all full-time and part-time employees as determined by the Board.

4.3A FULL-TIME EMPLOYEES

~~Full time~~ ~~Employees~~ who are scheduled to work a minimum of ~~30-20~~ hours per week or more and meet the criteria under the Affordable Care Act, are eligible to participate in the health, life and disability insurance programs on the first day of the month following 30 days of employment. Employees may be required to pay a portion of the premiums. Part-time employees will pay the same portion of the premiums as full-time employees.

Full-time Administrative and TCU employees who elect to waive an OCTA medical, dental and vision plan are eligible to receive an employer contribution of \$92.31 per pay period into a 401(a) deferred compensation plan, not to exceed the annual IRS maximum contribution. The employee must provide verification annually from the employer or the insurance carrier which verifies proof of other medical plan coverage in order to receive a contribution into the 401(a) plan. An employee who is a spouse, child or any other dependent of an OCTA Administrative/TCU employee is not eligible if he/she is covered under an OCTA medical, dental or vision plan.

4.3B PART-TIME EMPLOYEES

~~Part-time employees who are scheduled to work less than 30 hours per week are eligible to participate in the health, life, and disability insurance programs on the first day of the month following 30 days of the employment. Part-time employees will pay the same portion of the premiums as full-time employees.~~

4.3~~BC~~ LIFE INSURANCE AND SUPPLEMENTAL LIFE INSURANCE

Life insurance will be provided by OCTA to full-time and part-time employees in the amount of two ~~(2)~~ times the annual salary. Voluntary employee-paid supplemental life insurance may be offered by OCTA for employees and/or eligible dependents (IRS).

4.3~~CD~~ DISABILITY INSURANCE

Employer-paid short-term disability ~~(STD)~~ and long-term disability ~~(LTD)~~ insurance programs will be provided to full-time and part-time employees. Employees may be

eligible for benefits under short-term disability~~STD~~ and/or long-term disability~~LTD~~ once sick leave is exhausted. Coordination of state provided disability payments may be required.

4.3~~D~~E SURVIVOR BENEFIT

When OCTA is notified of the death of an employee, his/her dependents will be covered under the group insurances offered by OCTA at time of death, OCTA will continue the health benefits at no cost to the dependent(s) for a maximum of three ~~(3)~~ months. After that time, dependents may be eligible for coverage in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA).

4.3~~EF~~ COBRA AND CONTINUED COVERAGE

All full-time or part-time employees terminating employment may ~~elect have~~ continuing health (medical, dental, and vision) insurance pursuant to the governing provisions of the program in which they are enrolled. The employee will be required to pay the premium for the coverage selected in accordance with the provisions of COBRA, except as provided in the "Layoff and Workforce Reduction Policy". Health coverage ends the last day of the month in which the employee terminates.

4.3~~FG~~ CONTINUATION OF RETIREE HEALTH BENEFITS FOR RETIREES

An employee who retires from OCTA is eligible to continue medical, dental, and/or vision coverage, provided the retiree continues to pay 100% of the full monthly premium. Current group health benefits may continue up to age 65.

An employee who defers retirement or receives disability retirement is not eligible for this benefit.

For additional information regarding retiree health benefits that may apply under the Additional Retiree Benefit Account Plan (ARBA) please refer to section 4.7C

4.4 MISCELLANEOUS BENEFITS

4.4A EMPLOYEE RECREATION ASSOCIATION

The ~~Appointing Authority~~AA will be responsible for monitoring the Employee Recreation Association (ERA), which is administered by the Finance and Administration Division. The ERA is a council of 11 members who meet to discuss various employee recognition activities and events and how best to fund them.

4.4B EMPLOYEE USE OF TRANSPORTATION SYSTEM

The ~~Appointing Authority~~AA has established policies and procedures regarding employees and eligible dependents' free transportation on OCTA's transportation services. See "Employee Identification Cards and Dependent Transportation Passes Policy".

4.4C MILEAGE REIMBURSEMENT

An employee will be reimbursed for use of his/her private automobile for official business of OCTA at the rate established by the Internal Revenue Service (IRS).

The Appointing AuthorityAA will determine what constitutes official OCTA business, which would require use of an employee's private automobile. Local travel for mileage reimbursement purposes will include travel in Los Angeles, Orange, San Bernardino, Riverside, and San Diego counties. Executive employees are referenced in section 4.6A.

4.4D OUT-OF-POCKET EXPENSES

OCTA will reimburse its employees for out-of-pocket expenses incurred while conducting official business for OCTA as provided in the policies regarding travel and conference expenses.

4.4E PROFESSIONAL LICENSES AND CERTIFICATES

OCTA will pay for any work-related professional licenses, certificates, or renewal fees as approved by the Appointing AuthorityAA.

4.4F RECOGNITION AND AWARD PROGRAMS

The Appointing AuthorityAA may establish and maintain an employee service award program and employee appreciation programs to provide recognition to employees for performance, continuous service, safety, and commitment to public transportation.

4.5 LEAVES OF ABSENCE

Leaves of absence may be granted by the Appointing AuthorityAA to employees with or without pay. This policy will be interpreted and applied in accordance with all applicable state and federal laws. For a detailed description of the various leaves of absence, please refer to the "Leave of Absence Policy" and the "Military Leave Policy."

4.5A PERSONAL LEAVE

When requested, the ~~Appointing Authority~~AA may grant a personal leave of absence without pay for an initial period of 30 calendar days and extensions may be granted to a maximum of six ~~(6)~~ months from the beginning date of the personal leave.

A personal leave of absence may be granted once all accrued/benefit hours have been exhausted, including vacation hours, sick hours, and Personal Paid Holiday (PPH) hours.

If the personal leave of absence extends for 30 calendar days or less, an employee will be returned to his/her original classification. If the personal leave of absence extends for more than 30 calendar days, OCTA will not guarantee the employee's classification or employment with OCTA, but will attempt to reinstate the employee to a like or similar classification.

~~The employee will have continuing life insurance, medical, dental, and vision benefits for 30 calendar days following the date on which the personal leave of absence begins. An employee will be responsible for the monthly cost of the group insurance premiums for the month in which the employee returns to work.~~

~~During the initial 30 calendar-days following the date on which the personal leave of absence begins, period covered under Personal Leave, OCTA will continue to offer provide life insurance, medical, dental and vision benefits at the same employee coverage cost and the same contribution for dependent premiums at the applicable current rate. To continue health coverage, employees on an unpaid status are responsible for submitting health insurance contributions, at the same rate and frequency as active employees. Failure to pay the employee's contribution may result in a lapse of coverage.~~

~~To continue health coverage, employees on an unpaid status are responsible for submitting health insurance contributions, at the same rate and frequency as active employees. Failure to pay the employee's contribution may result in a lapse of coverage.~~

After the initial 30 day period, the employee will be required to remit in advance each month, 100% of the monthly cost of the group insurance premiums incurred during the remainder of the leave of absence in order to continue group insurance. Non-receipt of premium reimbursements will result in the termination of the employee's insurance.

If an employee returns to work from a personal leave of absence, the employee will be responsible for 100% of the monthly cost of the group insurance premiums for the month in which the employee returns to work.

4.6 REIMBURSEMENTS AND ALLOWANCES

4.6A AUTOMOBILE ALLOWANCES AND ASSIGNMENT OF AUTOMOBILES

OCTA may elect to provide both an assigned automobile and all related expenses, or to provide a monthly automobile allowance to Executive employees. The monthly allowance will be in lieu of the IRS standard mileage reimbursement rate that would otherwise apply in the use of his/her personal automobile in the performance of his/her duties. An Executive employee may not receive the automobile allowance for any month during which the employee's driver license has expired, been revoked, or suspended for a moving violation while operating an automobile.

The automobile allowance will be in the same amount as is provided to the County of Orange managers at the department head or agency head level as determined by the Orange County Board of Supervisors.

OCTA may assign an automobile for each employee in the following positions: Base Manager, Bus Operations; Section Manager/Supervisor, Operations Support; Base Manager, Maintenance; Department Manager, Health, Safety and Environmental Compliance; Department Manager, Bus Operations; Department Manager, Contracted Services; Department Manager, Security and Emergency Preparedness; Emergency Management Specialist, and Department Manager, Maintenance. All related expenses are paid by OCTA. The automobile assigned to an employee may be used by other employees during regular working hours.

When needed, the Appointing AuthorityAA is authorized to assign an automobile on a 24 hour (overnight) basis to an employee as required to conduct OCTA business.

4.6B EDUCATIONAL REIMBURSEMENT PROGRAM

OCTA may provide an Educational Reimbursement Program to reimburse a full-time employee for reasonable educational expenses for work-related courses. The Appointing AuthorityAA will be responsible for developing, administering, and maintaining the program.

As authorized by the "Educational Reimbursement Plan Policy", aA full-time employee who satisfactorily completed approved, work-related educational courses as defined in the Educational Reimbursement Program Policy, a work-related course with a grade of "C" or better at an accredited trade school, community college, college, or university listed within the six regional associations, will be reimbursed in full for eligible expenses up to a maximum of \$3,500 per calendar fiscal year, not to exceed the Internal Revenue Service (IRS) tax free amount (currently \$5250). Increases to the tuition reimbursement

amount will be indexed to California State University Fullerton's (CSUF) tuition rates not to exceed the Internal Revenue Service (IRS) tax-free amount (currently \$5250). If an employee terminates employment, or gives notice of termination prior to completion of the course, no reimbursement will be made. Newly hired employees may be eligible for educational reimbursement after six ~~(6)~~ months of employment.

4.6C TABLET PURCHASE REIMBURSEMENT PROGRAM

OCTA may reimburse an employee for up to \$400 or 50 percent whichever is less, of actual expenditures for the cost of a personal tablet as authorized by the "Business Equipment Use PolicyOCTA Policy".

An employee may not receive more than \$400 during any 24 month period. Newly hired employees may be eligible for tablet reimbursement after six ~~(6)~~ months of employment.

4.6D UNIFORMS

An ~~Administrative~~ employee ~~in the Transit Division~~ who is required to wear a uniform on the job will be granted an allowance up to \$500 per year for the purchase of uniforms at OCTA's authorized uniform supplier. Uniform purchases must comply with the guidelines established by the ~~appropriate Transit d~~Division.

4.6E SAFETY SHOES

Executive Directors are authorized to approve the cost of a pair of work-required safety shoes approved by the employee's manager.

4.7 RETIREMENT AND DEFERRED COMPENSATION

4.7A DEFERRED COMPENSATION

OCTA may provide all full-time, part-time, and extra-help employees, including those covered by a collective bargaining agreement, with a deferred compensation program. The Deferred Compensation program is a benefit available to eligible employees to help them to save for retirement. The ~~Appointing Authority~~AA will be responsible for the establishment and administration of this program, utilizing the services of an outside administrator. This service will be provided at no cost to OCTA.

The Deferred Compensation Program is overseen by the Deferred Compensation Plan Committee. The Charter of the Deferred Compensation Plan Committee for the Orange County Transportation Authority Retirement Plan Program constitutes the articles governing the operation of the Committee. The Authority has delegated to the CEO the responsibility of determining the Committee members which comprise the Deferred Compensation Plan Committee, as well as the duties and responsibilities of the Committee Members.

Enrollment in this program will be offered to employees on a voluntary basis, unless mandated by state or federal law. Employee contributions to the program will be made by a payroll deduction. The CEO may authorize OCTA to pay all or part of the employee contribution for designated ~~classes of~~ employees.

Administrative employees will receive OCTA-paid matching contributions to 401 (a) plans based on years of service as set forth below, provided employees are making contributions of at least that amount to the OCTA 457 (b) plan:

Years of Service	Percent of Base Pay
<u>New Hire</u> 5 or more years	1%
<u>At the Beginning of Year 5</u> 10 or more years	2%
<u>At the beginning of Year 10</u> 20 or more years	3%

In addition to the above scale, employees in Salary Grade V and above will receive an employer-paid matching contribution of up to two percent of base salary to the 401 (a) plan upon hire or promotion, provided employees are making contributions of at least that amount to the OCTA 457 (b) plan.

4.7B RETIREMENT

All full-time and part-time employees of OCTA will participate in the Orange County Employees Retirement System (OCERS) and will be governed by its rules and regulations.

~~Any employee hired on or after January 1, 2013,~~ All employees shall pay 100 percent of the OCERS employee contribution rate each pay period.

~~For employees not covered by paragraph 1 above, commencing January 1, 2016, employees shall pay 75 percent of the employee contribution, and OCTA will pay the share of the employee contribution that is not paid by the employee. Commencing January 1, 2017, employees shall pay 100 percent of the employee contribution.~~

- ~~1. Any employee hired on or after January 1, 2013, and who has established reciprocity, will pay the OCERS employee contribution rate according to paragraph 2.~~

4.7C ADDITIONAL RETIREE BENEFIT ACCOUNT PLAN

An employee who retires from OCTA after January 1, 1995 may be eligible for a benefit under the Additional Retiree Benefit Account Plan (ARBA) Plan. The retiring employee is eligible if the following conditions are met:

- at least ten ~~(10)~~ years of service and at least 50 years of age at retirement, and
- receives a service retirement benefit under OCERS within 30 days from the date of separation.

The benefit amount represents \$10.00 per month per year of service, not to exceed a monthly benefit of \$150.00

OCTA reserves the right to modify or terminate this plan at any time by action of the Board. Administration of the ARBA Plan will be in accordance with the plan document.

Exceptions to the above policy resulting from the consolidation of the Orange County Transit District and the Orange County Transportation Commission are addressed in Grandfathered Benefits referenced in section 4.2.

4.8 TIME OFF BENEFITS

4.8A ACCRUALS

All paid time-off benefits will accrue during a leave of absence for only the period during which the employee is paid. An employee on unpaid leave of absence does not earn service credit for purposes of retirement benefits. An employee who returns to work from a leave of absence retains all accumulated service credit. Service credit for retirement benefits will be based on the specifications of the retirement system.

4.8B BEREAVEMENT LEAVE

In accordance with the "Bereavement Leave Policy", a full-time or part-time employee will be granted paid bereavement leave for time actually lost, up to three ~~(3)~~ regularly-scheduled workdays, to arrange for and/or attend the funeral, cremation, or memorial service of an immediate family member.

Immediate family member includes: spouse, parent, child, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepchild, stepparent, stepbrother, stepsister, grandparent, grandchild, legal guardian/ward, or registered domestic partner. Bereavement leave may be granted for each occurrence.

An eligible employee who attends the funeral, cremation, or memorial service of an immediate family member outside a 350-mile radius from the OCTA Headquarters will be granted up to five ~~(5)~~ days paid bereavement leave.

The paid bereavement leave will not be chargeable to sick leave or vacation. The ~~Appointing Authority~~AA will authorize such absence from work.

Additional leave, if required, to make arrangements and/or attend the funeral, cremation, or memorial service of an immediate family member may be approved by the ~~Appointing Authority~~AA and will be charged against accrued sick or vacation leave.

4.8C CATASTROPHIC LEAVE DONATIONS

Employees may elect to donate accrued sick and/or vacation leave ~~to a Catastrophic Leave Bank for use by another~~ employee who has met the eligibility requirements under the Catastrophic Leave policy. For a detailed description, please refer to the "Catastrophic Leave Donation Policy."

4.8D HOLIDAYS AND PERSONAL PAID HOLIDAYS

OCTA will observe ~~124~~ paid holidays consisting of designated holidays and PPHs as determined by the CEO.

A full-time, non-exempt employee will receive the equivalent of 12 days up to 9688 hours of holiday pay at his/her regular rate during the calendar year. A full-time non-exempt employee who works an alternate work schedule will receive holiday pay for each of the above holidays based on his/her normally scheduled workday.

When a holiday falls on a Saturday, the previous day will be observed as the holiday, and when a holiday falls on a Sunday, the next day will be observed as the holiday, unless otherwise designated by the CEO. When a holiday falls on an employee's scheduled day off, either the previous working day or the next scheduled working day will be observed by the employee as the holiday.

A full-time or part-time non-exempt employee who is required to work on a holiday will be paid at 1-1/2 times his/her regular hourly rate for all hours worked in addition to pay for his/her regularly-scheduled workday. An exempt employee will receive no premium pay for work on a scheduled OCTA holiday.

A full-time, exempt employee will receive holiday pay for each of the above holidays and will be paid based on his/her normally scheduled workday.

All part-time employees will receive holiday pay for each holiday at his/her regular rate on a pro-rated basis.

PPHs are taken at an employee's discretion following supervisory approval. An employee will be paid for any unused PPHs for the current calendar year in the event of termination or retirement. The maximum number of PPHs that an employee may accrue will be two (2) days over the current calendar year's entitlement.

4.8E JURY DUTY

A full-time or part-time employee who is called for jury duty or for examination for jury duty will receive compensation at his/her regular rate of pay for those days that coincide with the employee's regularly-scheduled workdays.

Full-time and part-time employees are not eligible to receive additional compensation from the court system.

4.8F SICK LEAVE – FULL-TIME AND PART-TIME EMPLOYEES

OCTA provides a plan for full-time and part-time employees to accrue sick leave.

Sick leave may be used for an absence from employment for any of the following reasons:

- the employee is physically or mentally unable to perform his/her duties due to illness, injury, or medical condition of the employee, and
- the absence is for the purpose of obtaining professional diagnosis or treatment for a medical condition of the employee.
- The employee is a victim of domestic abuse, sexual assault and/or stalking.
- The absence is to care for a qualified family member. A qualified family member is defined as a spouse, registered domestic partner, parent, child, grandparent, grandchild, or sibling

~~For leaves other than the employee's own serious illness, the employee may use accrued vacation leave, and leave in excess of accrued vacation will be unpaid unless the employee desires to use accrued sick leave.~~

An employee will accrue sick leave with pay for each paid hour in a regularly scheduled workweek at the rates as provided in the following table:

Years of Service	Accrual Rates	Approximate Accrual
Less than 3 years	.0347 Hours	9 days per year
3 years or more	.0462 Hours	12 days per year

Sick leave will be paid consistent with an employee's regularly scheduled workday. Accrued sick leave will be added to the employee's sick leave accumulation account upon the completion of the pay period, with no credit to be applied during the progress of the pay period or for a fraction of the pay period during which an employee's service is terminated.

An employee who terminates from OCTA with ten ~~(10)~~ years or more of continuous service and who is in good standing with OCTA will receive payment of any earned but unused sick leave up to a maximum of 160 hours.

Upon termination from OCTA due to death, an employee's estate will be paid 100 percent of the employee's unused or unpaid sick leave.

Upon retirement from OCTA, provided the employee has ten ~~(10)~~ years or more of continuous service, the employee will be paid a maximum of 240 hours of his/her unused sick leave. An employee is considered retired if he/she begins receiving a retirement

benefit from OCERS ~~at the time within 30 days~~ of his/her termination. This benefit does not apply to ~~deferred~~ retirement.

Upon termination from OCTA due to layoff, all unused or unpaid sick leave will be paid to the affected employee.

An employee, who is injured on the job, resulting in loss of time, will be paid for the balance of the assignment on the day of injury at the regular rate of pay. The employee will also be paid for the time lost during the waiting period (first three ~~(3)~~ days following date of injury, for which no Workers' Compensation benefits are provided). This payment will be at benefit rates provided under the Workers' Compensation Act. Payments under this section will not be charged against the employee's accumulated sick leave. Vacation and sick leave accruals will continue during the three ~~(3)~~ day period and the employee will be credited as if he/she had worked his/her regularly scheduled hours each day.

For group insurance purposes only, time lost due to an on-the-job injury will not be considered an unpaid leave of absence. OCTA will continue to maintain and pay for the employee's group health coverage at the same level as active employees. To continue health coverage, an employee will be responsible for submitting health insurance contributions at the same rate and frequency as active employees. Failure to pay the employee's contribution may result in a lapse of coverage.

Extra-Help Employees

OCTA provides a plan for extra-help employees, including interns to accrue sick leave. The employee will be eligible to use their sick leave on the 90th day of employment.

Sick leave may be used for an absence from employment for any of the following reasons:

- The employee is physically or mentally unable to perform his/her duties due to illness, injury or medical condition of the employee.
- The employee is a victim of domestic violence, sexual assault, and/or stalking.
- The absence is to care for a qualified family member. A qualified family member is defined as a spouse, registered domestic partner, parent, child, grandparent, grandchild, or sibling.

An employee will accrue sick leave with pay for each paid hour in a regularly scheduled workweek at the rate as provided in the following table:

Accrual Rate	Approximate Accrual
.0334 Hours	3 days per year

4.8G SICK LEAVE SELLBACK

An employee who has accumulated sick leave in excess of 120 hours, as of the close of the first pay period ending in November, may choose to retain all unused accumulated sick leave and continue to accrue sick leave or to receive a single payment at his/her current rate of pay for any amount in excess of 120 hours. If the employee elects to receive payment, ~~it will be paid no later than the pay date of the final payroll of that year; it will be paid prior to December 31 of that year.~~

4.8H VACATION

OCTA provides vacation leave with pay for full-time and part-time employees. Vacation leave is differentiated from other types of leave because it is intended for the rest, relaxation, and renewal of employees.

Accrued vacation leave will be applied to the employee's vacation accumulation account only upon completion of each pay period, except when an employee terminates.

Upon termination, all unused vacation leave accrued through the employee's termination date will be paid.

An employee with less than two ~~(2)~~ years of service will earn .0385 hours of vacation leave for each straight time hour of pay in a regularly scheduled workweek, unless otherwise approved by the ~~Appointing Authority~~AA and authorized by the Department Manager, Human Resources.

Accrual rates change beginning with the pay period following the pay period that begins the next year of service.

At the Beginning of Year:	The Employee Shall Earn:	To a Maximum of:
3	.0577 hrs.	120
10	.0770 hrs.	160
15	.0808 hrs.	168
16	.0847 hrs.	176
17	.0885 hrs.	184
18	.0924 hrs.	192
19 or more	.0962 hrs.	200

The maximum allowable accrued vacation leave at any time for full-time or part-time employees is as follows:

Years of Service	Maximum Accrued Vacation Leave
Less than 2	160 Hours

Less than 3	240 Hours
Less than 10	300 Hours
Less than 19	390 Hours
19 or more	440 Hours

An employee will not accrue vacation leave in excess of the maximum amount unless authorized by the CEO. The CEO is exempt from a maximum accrual. Vacations will be scheduled consistent with efficient OCTA operations.

4.8I VACATION SELLBACK

An employee has the option of selling back up to 200 hours of vacation pay each calendar year for accrued but unused vacation. An employee must use at least 40 hours of vacation during the previous 12 months before exercising the sellback option.

The sellback option may be exercised twice in any given calendar year and may not exceed 200 hours.

Under unusual circumstances involving verifiable emergencies, the ~~Appointing Authority~~AA may authorize a cash value payment to an employee for an amount up to the total amount of accrued vacation.

An employee terminating from OCTA will be paid, in a lump sum payment, for all unused vacation leave accrued through his/her termination date at his/her current rate of pay.

SECTION 5 COMPENSATION

5.1 PHILOSOPHY

OCTA's objective is to provide competitive wages based on the market value for comparable work. Human Resources strives to administer the compensation program in a flexible but consistent manner. The purpose of the compensation program is to attract, retain, and motivate employees.

Employees are recognized for their contributions through performance-based merit increases.

5.1A SALARY RESOLUTION

The purpose of the Salary Resolution is to:

- attract and retain a workforce dedicated to excellence, thereby ensuring OCTA's ability to meet the present and future business objectives of the organization,
- maintain a salary program that will give maximum incentive to real accomplishments and compensate individuals on the basis of merit without discrimination, while providing necessary administrative control of salary costs, and
- provide salary structures that are internally equitable and externally competitive.

5.1B SALARY STRUCTURE

The Salary Structure is designed to provide:

- salary grade ranges for classifications based upon the scope and level of responsibility of work performed in comparison to other work performed within OCTA and in comparison to the external market, and
- salaries paid to employees that reflect the level of responsibilities of the classification and the performance of the individual.

5.2 ADMINISTRATION OF COMPENSATION

The ~~Appointing Authority~~AA is responsible for the establishment of definitive guidelines for adjusting individual salaries and salary ranges. The development and administration of these guidelines may be delegated to appropriate staff.

Within guidelines established by the ~~Appointing Authority~~AA, compensation adjustments may be given:

- as an increase to base pay,
- in a lump sum payment; ~~and/or~~
~~as deferred compensation.~~

The ~~Appointing Authority~~AA is authorized to adjust an incumbent's salary. The salary of each Executive employee will be determined by the CEO.

5.3 NEWLY HIRED/PROMOTED EMPLOYEES

An employee may be hired or promoted into a position at any salary within the range for the classification; such salary is to be determined based on individual qualifications. Approval by the Division Executive Director is required for starting salaries at or above the midpoint of the salary grade for external hires. Approval by the CEO is required for starting salaries at or above the midpoint of the salary grade for external hires in salary grade V or for employee salary increases over ten ~~(10)~~ percent.

~~For new hires, A~~fter six ~~(6)~~ months of employment, the employee's performance will be evaluated and the employee may be eligible for an increase based on the employee's performance level.

The performance of promoted employees may be evaluated after six months, as determined by the hiring manager prior to the job offer. The six month review date is calculated from the beginning of the pay period in which they were promoted. At the end of six months, the promoted employee may be eligible for an increase based on their performance. All promotions and salary increases must have an effective date that is the first day of a pay period.

Subsequent performance reviews will be conducted annually on a common review date and merit increases may be authorized at that time.

5.4 RECLASSIFICATIONS

When a position is changed to a different classification in a higher salary grade, a lower salary grade, or in the same salary grade, it will be considered a reclassification. This action is based on substantial changes in the kind, difficulty, and/or responsibility level of the duties performed.

Any employee in a position that is reclassified to a higher salary grade will be paid at least the minimum of the new salary grade. An employee in a position that is reclassified to a lower salary grade may have his/her salary reduced to the maximum of the new salary grade or with approval of the Appointing Authority, may retain his/her salary paid prior to the reclassification.

5.5 CLASSIFICATION TITLES

All filled positions must have classification titles that are included in the Personnel and Salary Resolution. The CEO or the Board may authorize the addition of new classification titles to the PSR and assign or authorize changes to classification salary grade assignments at any time during the year.

5.6 PROMOTIONS

~~A promoted employee may have a six (6) month performance review which is computed from the beginning of the pay period in which the employee was promoted. A merit increase may be authorized at this time.~~

5.6.7 MERIT ADJUSTMENTS

An employee may receive a merit increase based on his/her performance evaluation rating at the time of the common review unless the overall rating is "Does Not Meet Expectations."

For fiscal year 201~~7~~6-18, the total dollar amount of all merit increases granted pursuant to the provisions above shall not exceed three and a half ~~four (4)~~ percent of the total budgeted salaries for administrative positions authorized by the Board.

Individual merit increases may vary in amount depending on performance.

An employee's performance may be reviewed at any time during the year as appropriate, but his/her salary may not be adjusted other than as provided in this ~~Personnel and Salary Resolution~~PSR.

5.78 SPECIAL PERFORMANCE AWARDS

The ~~Appointing Authority~~AA may authorize special performance awards for full-time and part-time employees based on individual employee performance. Each award will be a single lump sum payment and will not increase an employee's base salary. Employees who have not completed six ~~(6)~~ months of employment, are not eligible to receive a Special Performance Award. An employee may not receive over 6% of their total salary in Special Performance Awards per fiscal year.

For fiscal year 201~~7~~6-18~~7~~, the total dollar amount for all special performance awards granted pursuant to the provisions above shall not exceed three ~~(3)~~ percent of the total budgeted salaries for positions authorized by the Board.

5.89 TEMPORARY ASSIGNMENTS

When an employee is temporarily assigned duties of a different position with the same or higher salary grade, the employee's salary may be increased by an amount not to exceed five ~~(5)~~ percent per salary grade for the difference between the employee's current classification and the temporary assignment. Such increases may be made only in those instances where the assignment will last at least 30 days and will not, in any event, be paid for a period in excess of 180 days, without written authorization by the CEO. Temporary increases must be effective the first day of a pay period.

5.910 EQUITY ADJUSTMENTS

The ~~Appointing Authority~~AA is authorized to adjust an incumbent's base salary to resolve a significant salary disparity manifested by internal salary compression, external market pressure(s), or both, whereby the individual is no longer appropriately compensated and a base salary adjustment is appropriate.

Equity adjustments should be used sparingly and should not be done in lieu of or in combination with, a promotion, reclassification, transfer, or merit adjustment. The types of situations in which an equity adjustment is appropriate include, but are not limited to:

- a. Retention of critical staff,
- b. Salary compression issues,
- c. Impact of new hires whose hiring rate exceeds those of current staff,
- d. Offer from another employer,
- e. Assignment of more complex duties that do not meet the criteria for reclassification, and

- f. Equity with peers in the same classification with similar education and experience levels.

Equity adjustments may not increase an incumbent's salary outside the specified salary range. Additionally, equity adjustments do not affect any established merit pool approved by the Board.

Equity adjustments may only be approved by the CEO.

SALARY GRADE STRUCTURE

Grade	Period	Minimum	Midpoint	Maximum
C	Hourly	13.00 <u>14.00</u>	14.00 <u>15.00</u>	16.00 <u>17.00</u>
	Intern			

Grade	Period	Minimum	Midpoint	Maximum
F	Hourly	16.50 <u>16.98</u>	20.12 <u>20.60</u>	23.73 <u>24.21</u>
	Monthly	2,860.00 <u>2,943.20</u>	3,487.46 <u>3,570.67</u>	4,113.20 <u>4,196.40</u>
	Annual	34,320.00 <u>35,318.40</u>	41,849.60 <u>42,848.00</u>	49,358.40 <u>50,356.80</u>
	Customer Relations Representative General Services Specialist, Assistant Office Specialist, Assistant On-Board Evaluator			

Grade	Period	Minimum	Midpoint	Maximum
G	Hourly	17.44 <u>17.95</u>	21.36 <u>21.87</u>	25.28 <u>25.79</u>
	Monthly	3,022.93 <u>3,111.33</u>	3,702.40 <u>3,790.80</u>	4,381.86 <u>4,470.27</u>
	Annual	36,275.20 <u>37,336.00</u>	44,428.80 <u>45,489.60</u>	52,582.40 <u>53,643.20</u>
	Customer Relations Representative Schedule Checker			

Grade	Period	Minimum	Midpoint	Maximum
H	Hourly	18.54 <u>19.09</u>	22.78 <u>23.33</u>	27.04 <u>27.56</u>
	Monthly	3,213.60 <u>3,308.93</u>	3,948.53 <u>4,043.87</u>	4,681.73 <u>4,777.07</u>
	Annual	38,563.20 <u>39,707.20</u>	47,382.40 <u>48,526.40</u>	56,180.80 <u>57,324.80</u>
	Accounting Specialist, Associate Customer Relations Representative, Senior General Services Specialist Office Specialist Schedule Checker, Senior Warranty Coordinator, Associate			

Grade	Period	Minimum	Midpoint	Maximum
J	Hourly	19,652 <u>20,23</u>	24,252 <u>24,83</u>	28,852 <u>29,43</u>
	Monthly	3,406.00 <u>3,506.53</u>	4,203.33 <u>4,303.87</u>	5,000.66 <u>5,101.20</u>
	Annual	40,872.00 <u>42,078.40</u>	50,440.00 <u>51,646.40</u>	60,008.00 <u>61,214.40</u>
<u>Customer Relations Representative, Senior</u> Digital/Reprographic Specialist General Services Specialist, Senior <u>Help Desk Technician, Associate</u> Marketing Specialist, Assistant Office Specialist, Senior Schedule Analyst, Associate				

Grade	Period	Minimum	Midpoint	Maximum
K	Hourly	20,932 <u>21,55</u>	25,942 <u>26,56</u>	30,953 <u>31,57</u>
	Monthly	3,627.86 <u>3,735.33</u>	4,496.26 <u>4,603.73</u>	5,364.66 <u>5,472.13</u>
	Annual	43,534.40 <u>44,824.00</u>	53,955.20 <u>55,244.80</u>	64,376.00 <u>65,665.60</u>
Accounting Specialist <u>Administrative Specialist</u> Asset Management Administrator Buyer, Associate Digital/Reprographic Specialist, Senior Grants Technician <u>Help Desk Technician, Associate</u> <u>Help Desk Technician</u> HR Assistant Strategic Communications Coordinator Warranty Coordinator				

Grade	Period	Minimum	Midpoint	Maximum
L	Hourly	22,622 <u>23.30</u>	28,202 <u>28.88</u>	33,773 <u>34.45</u>
	Monthly	3,920.80 <u>4,038.67</u>	4,888.00 <u>5,005.87</u>	5,853.46 <u>5,971.33</u>
	Annual	47,049.60 <u>48,464.00</u>	58,656.00 <u>60,070.40</u>	70,241.60 <u>71,656.00</u>
	Accountant, Associate Administrative Specialist Benefits Analyst, Associate Board Specialist Business Unit Analyst, Associate Claims Representative, Associate Code Administrator Community Relations Specialist, Associate Contract Administrator, Associate Customer Relations Specialist, Associate Executive Assistant I External Affairs, Administrator Financial Analyst, Associate Fleet Analyst, Associate Government Relations Representative, Associate Health, Safety & Compliance Specialist, Associate Help Desk Technician Help Desk Technician, Senior Human Resources Representative, Associate Intranet/Multimedia Specialist, Associate Learning and Development Administrator, Associate Marketing Specialist, Associate Media Relations Specialist, Associate Public Information Specialist, Associate Records Administrator Schedule Analyst Service Planning Analyst, Associate Stops and Zones Analyst, Associate Stops and Zones Planner, Associate Section Supervisor I Talent Specialist, Associate Transportation Funding Specialist Warranty Coordinator, Senior Web Data Analyst, Associate			

Grade	Period	Minimum	Midpoint	Maximum
M	Hourly	24,842 <u>25.59</u>	30,973 <u>31.72</u>	37,093 <u>37.84</u>
	Monthly	4,305,604 <u>4,356.60</u>	5,368,135 <u>5,498.13</u>	6,428,936 <u>6,558.93</u>
	Annual	51,667,205 <u>53,227.20</u>	64,417,606 <u>65,977.60</u>	77,147,207 <u>78,707.20</u>
	Accountant			
	Bus Operations Supervisor			
	Business Systems Analyst, Associate			
	Business Unit Analyst			
	Buyer			
	Claims Representative			
	Coach Operations Instructor			
	Code Administrator, Senior			
	Community Relations Specialist			
	Compensation Analyst, Associate			
	Customer Relations Specialist			
	Desktop Support Technician, Associate			
	Employee Programs Specialist			
	Employee Relations Representative, Associate			
	Executive Assistant II			
	External Affairs Administrator, Senior			
	Financial Analyst, Associate			
	GIS Analyst, Associate			
	Help Desk Technician, Senior			
	Internal Auditor, Associate			
	Intranet/Multimedia Specialist			
	Learning and Development Administrator, Associate			
	Marketing Program Administrator, Associate			
	Marketing Specialist			
	Media Relations Specialist			
	Payroll Administrator			
	Program Management Analyst, Associate			
	Programmer Analyst, Associate			
	Public Information Specialist			
	Rail Maintenance-of-Way Administrator			
	Real Property Agent, Associate			
	Section Supervisor II			
	Stops and Zones Analyst			
	Stops and Zones Planner			
	Transportation Analyst, Associate			
	Transportation Funding Analyst, Associate			
	Transportation Modeling Analyst, Associate			
	Web Data Analyst			

Grade	Period	Minimum	Midpoint	Maximum
N	Hourly	27,342 <u>28,16</u>	34,083 <u>4,91</u>	40,834 <u>1,65</u>
	Monthly	4,738.93 <u>4,881.07</u>	5,907.20 <u>6,051.07</u>	7,077.20 <u>7,219.33</u>
	Annual	56,867.20 <u>58,572.80</u>	70,886.40 <u>72,612.80</u>	84,926.40 <u>86,632.00</u>
	Benefits Analyst			
	Business Relations Administrator			
	Business Unit Analyst, Senior			
	Clerk of the Board, Assistant			
	Compensation Analyst			
	Contract Administrator			
	Desktop Support Technician			
	Employee Relations Representative			
	Employee Relations Representative, Associate			
	Executive Assistant III			
	Field Administrator			
	Financial Analyst			
	Fleet Analyst			
	GIS Analyst			
	GIS Analyst, Associate			
	Government Relations Representative, Associate			
	Government Relations Representative			
	HR Business Partner, Associate			
	Human Resources Representative			
	Internal Auditor			
	Intranet/Multimedia Specialist, Senior			
	IS Security Analyst, Associate			
	Learning and Development Administrator			
	LOSSAN Executive Administrative Assistant			
	LOSSAN Marketing Specialist, Senior			
	Marketing Specialist, Senior			
	Media Relations Specialist, Senior			
	Network Analyst, Associate			
	Programmer Analyst			
	Project Controls Analyst			
	Public Information Specialist, Senior			
	Rail Maintenance-of-Way Administrator, Senior			
	Real Property Agent, Associate			
	Real Property Agent			
	Schedule Analyst, Senior			
	Section Supervisor III			
	Security Access Administrator			
	Service Planning Analyst			
	Stops and Zones Analyst, Senior			
	Stops and Zones Planner, Senior			
	Talent Specialist			
	Transportation Analyst, Associate			
	Transportation Funding Analyst, Associate			
	Transportation Modeling Analyst, Associate			
	Transportation Analyst			
	Transportation Funding Analyst			
	Transportation Modeling Analyst			
	Web Data Analyst, Senior			

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Grade	Period	Minimum	Midpoint	Maximum
P	Hourly	30,333.23	37,653.56	44,984.88
	Monthly	5,257.205,413.20	6,526.006,683.73	7,796.537,952.53
	Annual	63,086.4064,958.40	78,312.0080,204.80	93,558.4095,430.40
	Accountant, Senior Business Computing Solutions Specialist, Associate Business Intelligence Analyst, Associate Business Systems Analyst Business Unit Analyst, Principal Buyer, Senior Civil Engineer Claims Representative, Senior Community Relations Specialist, Senior Community Transportation Coordinator Customer Relations Specialist, Senior Desktop Support Technician, Senior Employee Programs Administrator Employee Relations Representative Executive Assistant IV Field Administrator, Senior Financial Analyst GIS Analyst Government Relations Representative Health, Safety & Environmental Compliance Specialist Human Resources Business Partner Human Resources Representative, Senior Learning & Development Administrator, Senior Maintenance Field Administrator Maintenance Resource Analyst Maintenance Instructor Marketing Production Administrator Marketing Program Administrator Program Management Analyst Real Property Agent Section Supervisor IV Stops and Zones Analyst, Principal Strategic Communications Specialist, Senior Systems Software Analyst, Associate Talent Specialist, Senior Telecommunications Administrator Telecommunications Technician Transportation Analyst Transportation Funding Analyst Transportation Modeling Analyst Web Developer Wellness Coordinator Worker's Compensation Program Specialist			

Grade	Period	Minimum	Midpoint	Maximum
R	Hourly	33,593 <u>34,600</u>	41,924 <u>42,920</u>	50,235 <u>51,240</u>
	Monthly	5,822.26 <u>5,997.33</u>	7,266.13 <u>7,439.47</u>	8,706.53 <u>8,881.60</u>
	Annual	69,867.20 <u>71,968.00</u>	87,193.60 <u>89,273.60</u>	104,478.40 <u>106,579.20</u>
	Assistant Base Manager Benefits Analyst, Senior Business Computing Solutions Specialist Business Intelligence Analyst Business Systems Analyst, Senior Community Relations Officer Community Transportation Coordinator, Senior Compensation Analyst, Senior Contract Administrator, Senior Database Administrator Employee Relations Representative, Senior Executive Assistant V Facilities Maintenance Supervisor Financial Analyst, Senior Fleet Analyst, Senior GIS Analyst, Senior Government Relations Representative, Senior Health, Safety & Environmental Compliance Specialist, Senior Human Resources Business Partner, Senior Inventory Analyst IS Project Manager I IS Security Analyst LOSSAN Marketing and Communications Officer Maintenance Field Administrator, Senior Maintenance Instructor, Senior Maintenance Planner Maintenance Supervisor Materials Management Planner Network Analyst OCTAP Administrator Operations Analyst, Principal Program Management Analyst, Senior Project Controls Analyst, Senior Project Manager I Real Property Agent, Senior Section Manager I Service Planning Analyst, Senior Strategic Communications Officer Transit Project Manager I Transportation Analyst, Senior Transportation Funding Analyst, Senior Transportation Modeling Analyst, Senior Web Developer, Senior			

Grade	Period	Minimum	Midpoint	Maximum
S	Hourly	37,733.86	47,064.19	56,385.51
	Monthly	6,539,866.73	8,157,068.35	9,772,539.96
	Annual	78,478.40	97,884.80	117,270.40
	Accountant, Principal Benefits Analyst, Principal Business Computing Solutions Specialist, Senior Business Intelligence Analyst, Senior Business Systems Analyst, Principal Civil Engineer, Senior Claims Manager Compensation Analyst, Principal Construction Safety Officer Data Warehouse Architect Database Administrator, Senior Emergency Management Specialist Employee Relations Representative, Principal Financial Analyst, Principal Government Relations Representative, Principal GIS Analyst, Principal Health, Safety & Environmental Compliance Specialist, Principal Internal Auditor, Senior IS Project Manager II Learning & Development Administrator, Principal LOSSAN Transportation Analyst, Principal Maintenance Field Administrator, Principal Media Relations Officer Network Analyst, Senior Program Management Analyst, Principal Programmer Analyst, Senior Project Controls Analyst, Principal Project Manager II Real Property Agent, Principal Real Property Agent, Senior Section Manager II SharePoint System Architect Systems Software Analyst Transit Project Manager II Transportation Analyst, Principal Transportation Funding Analyst, Principal Transportation Modeling Analyst, Principal Web Developer, Principal			

Grade	Period	Minimum	Midpoint	Maximum
T	Hourly	43,682.41	54,052.78	64,413.14
	Monthly	7,571.20351.06	9,368.67148.53	11,164.400,944.26
	Annual	88,212.8090,854.40	112,424.0009,782.40	133,972.801,331.20
Analysis Project Manager Base Manager Business Computing Solutions Specialist, Lead Civil Engineer, Principal <u>Construction Safety Section Manager</u> Contract Administrator, Principal Data Warehouse Architect, Senior Database Administrator, Principal Deputy Treasurer Internal Auditor, Principal IS Business Strategist IS Enterprise Architect IS Project Manager III IS Security Analyst, Senior LOSSAN Deputy Director/Rail Operations Manager LOSSAN Finance and Administration Manager LOSSAN Mechanical Compliance Officer Project Manager III Rail Systems Safety Specialist, Principal <u>Real Property Agent, Principal</u> Section Manager III Service Planning Analyst, Principal Systems Software Analyst, Senior Transit Project Manager III				

Grade	Period	Minimum	Midpoint	Maximum
U	Hourly	50,084.61	62,290.82	74,503.03
	Monthly	8,680.53425.73	10,796.93542.13	12,913.33658.53
	Annual	104,166.401,108.80	129,563.206,505.60	154,960.001,902.40
Data Warehouse Architect, Principal Internal Audit, Senior Manager <u>Project Manager, Senior</u> Section Manager, Senior Strategic Plan Officer				

Grade	Period	Minimum	Midpoint	Maximum
V	Hourly	54,172.59	67,375.79	80,577.99
	Monthly	9,389.47	11,677.47	13,965.47
	Annual	112,673.60	140,129.60	167,585.60
Department Manager LOSSAN Deputy Managing Director LOSSAN Operations Compliance and Safety Manager Program Manager Strategic Communications Manager				

GLOSSARY OF TERMS

ADMINISTRATIVE EMPLOYEE	Any employee of OCTA not covered by a collective bargaining agreement.
APPOINTING AUTHORITY	The Chief Executive Officer (CEO); he/she may delegate this responsibility.
AT-WILL EMPLOYMENT	An employee's employment status may be changed, including, but not limited to, termination of employment, by OCTA or the employee, at any time for any reason.
BOARD	The Board of Directors of the Orange County Transportation Authority.
CATASTROPHIC LEAVE	An extended leave due to an employee's <u>own</u> serious illness or medical condition, <u>or that of an immediate family member where the employee is the primary caregiver</u> , that incapacitates the employee and where the employee is expected to use up his/her entire accrued leave.
CLASSIFICATION OR CLASSIFICATION TITLE	The title that identifies the type of work being performed by one or more incumbents in a position.
DOMESTIC PARTNER	A domestic partnership is established in California when both persons file a Declaration of Domestic Partnership with the Secretary of State. A domestic partner is further defined by California's Family Code, Section 297-297.5.
ELIGIBLE DEPENDENT	Spouse, registered domestic partner, and dependent children up to the age 26.
EQUITY INCREASE	An adjustment to an employee's base salary to resolve a significant salary disparity manifested by internal salary compression, external market pressure(s), or both, whereby the individual is no longer appropriately compensated and a base salary adjustment is appropriate.

EXECUTIVE EMPLOYEE	An employee classified as Chief Executive Officer, Deputy Chief Executive Officer, Executive Director, Division Director, General <u>General</u> Manager, or Assistant General Manager .
EXEMPT EMPLOYEE	An employee in a position that is not covered under the provisions of the Fair Labor Standards Act (FLSA) regarding minimum wage, overtime, maximum hours, and recordkeeping.
EXTRA-HELP EMPLOYEE	An employee hired to serve as part-time augmentation of staff in which the duty or task defined generally requires less than 20 hours of work per week and no more than 1,000 work hours within a continuous 12-month period. An extra-help employee is not eligible for employee benefits.
FULL-TIME EMPLOYEE	An administrative employee in a position with a normal workweek that totals at least 40 hours.
INTERN	An intern is a type of extra-help employee enrolled as a full-time student at a two or four year college or university pursuing a course of study that will lead to an undergraduate or graduate degree, or a recent graduate, in a field of study applicable to the hiring department's specialty. The intern provides assistance to departments by performing a variety of duties related to the intern's career field. Guidelines for extra-help employees also apply to interns.
NON-EXEMPT EMPLOYEE	An employee in a position that is covered under the provisions of the Fair Labor Standards Act regarding minimum wage, overtime, maximum hours, and record keeping.
PART-TIME EMPLOYEE	An administrative employee in a position with a normal workweek that totals at least 20 hours but not more than 39 hours, and not more than 1040 hours annually .
POSITION	Full-time and part-time positions in the Board-approved fiscal year budget.
PROMOTION	Movement of an employee from one position to a different position in a higher salary grade <u>through the recruitment process</u> .
PROMOTION – "IN-FAMILY"	Movement of an employee through recruitment or reclassification to a similar position within the same specialty or "family" series. The duties performed are similar in nature and they continue to be reviewed during the Annual Performance Review Cycle.

RECLASSIFICATION	When a position is changed to a different classification in a higher, lower or the same salary grade, as a result of an evaluation process.
REHIRE	To employ someone who previously terminated his/her employment with OCTA (normally following a voluntary resignation) without restoring prior service.
REINSTATE	To return, within 6 months, an employee, previously terminated due to layoff, to active employment with OCTA and to restore prior service and benefit eligibility, with no formal break in service. Vacation, sick, and holiday hours for which the employee was paid at the time of termination are not restored. (This action is unrelated to retirement service credit).
SALARY RANGE	The minimum and maximum of the salary grade for a position. It is based upon the scope and responsibility of work performed in comparison with other work performed within OCTA and in comparison with the competitive labor market.
TEMPORARY HELP	A person acquired through a temporary help agency to perform work on a limited term basis, not an OCTA employee.
TRANSFER	When an employee retains the same job title and work responsibilities but is moved from one location or section/department to a different location or section/department. Compensation adjustments shall not be granted as a result of an employee transfer unless the criteria for an equity adjustment are met.

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
LICENSING AND MAINTENANCE AGREEMENTS
SOLE SOURCE LIST - FISCAL YEAR 2017-18**

The Standard Contracts			
Vendor Name	Software / Hardware Product	Sole Source Amount	Budget Amount
Anderson Howard	AV Maintenance and Support	\$ 30,000	\$ 10,000
Ciber	Lawson Custom Interfaces & Modifications Support	55,000	52,000
Citrix	XenDesktop, XenApp, Access Gateway, Citrix Repeater Plug-in, Premier Support	50,000	47,710
Clever Devices	Ridecheck Plus, Replaced PCR	70,000	70,000
Dell SecureWorks	Security Information and Event Management Services (SIEM)	265,000	265,000
Dun & Bradstreet, Inc.	Business Credit Reporting	58,922	58,922
EcoInteractive	OCfundTrAcker Subscription Service	100,000	100,000
Giro	Map / HASTUS / Vehicle/ Crew/ Crew Opt/ Roster/ Minibus/ ATP/ Interface Program/ Geo Hastus Map/ Hastinfo/ Hastinfo - Web/DailyVehicle/DailyCrew/Bid/BidWeb/ SelfService/EPM/Bing/ plus annual hosting fees.	170,000	170,000
Granicus	Hosting Services for Granicus Board and Committee meeting webcasts for OCTA and LOSSAN	75,000	75,000
Halogen	Performance Management Application and e-Compensation	100,000	100,000
Harris	ITMS Fixed Radio Components	50,000	50,000
Informatica	PowerCenter SE (4-7) & Partitioning Option (4-7)	95,000	95,000
ICIMS	Applicant Tracking Application	40,000	40,000
Konica Minolta	All Covered IT Services	63,000	60,000
Kronos	Workforce Connect Software & Hardware	37,000	35,000
Lawson Software Inc. A.K.A Infor US	Lawson HR/Payroll Software - and Lawson Business Intelligence	140,000	130,000
Los Alamos Technical Associates (LATA) / XenaTech Software Integration Service LLC	Hosting and maintenance for Freeway Service Patrol's LATATrax / IntelliTraxx system	36,000	36,000
Oniqua	Oniqua Software License for OAS	50,000	50,000
Oracle	Oracle Annual Software Support and Maintenance & Training	220,000	200,000
Salesforce AKA ExactTarget	Proprietary Platform for Email and Text Messaging Services	275,000	275,000
SAP America, Inc. (Previously Business Objects)	Annual Maint & Support for Crystal and BO WEBI	60,000	50,000
Trapeze Software Group	Trapeze EZ Wallet, Trapeze Pass 4, IVR Confirm/Cancel & Real-time & Call back & Trip booking & Gateway & Viewpoint & Map Maker & Pass-Cert & Pass-SUS & 2 MDT-MON/MDC Software & Hardware with Map Maker and VoiceGenie, PASS-MON-SPV up to 12 Paratransit vehicles, Trapeze 14 ODB & DCC 14 Units, ViewPoint for PASS, SUS -Trip Broker Trip Licensing; PASS-MON Vehicle (MDT); PASS Trapeze User Licenses - Work Stations; Maps & Service Area Polygons; Trapeze Web - Online Booking; Trapeze Viewpoint – Dashboard.	550,000	550,000
Trinet	CAMMNET Support	70,000	70,000
Virtual Consulting	Crystal, Business Objects, and Java support for DataWarehouse and OTS systems. Annual maintenance and support for Qlikview licenses.	75,000	75,000
Conduent (aka Xerox Corporation)	Annual Maint & Support for ITMS	520,000	500,000
Xerox Corporation	Xerox 6135 and Xerox P120 Hardware Maintenance	250,000	250,000
Subtotal		\$ 3,504,922	\$ 3,414,632

**ORANGE COUNTY TRANSPORTATION AUTHORITY
LICENSING AND MAINTENANCE AGREEMENTS
SOLE SOURCE LIST - FISCAL YEAR 2017-18**

With Emergency Support

(The vendors listed below have been detailed to reflect the cost of the emergency support that is required for these vendors. This support is not covered in the basic contract. It will be used for emergency support during after hours, weekends & holidays.)

Vendor Name	Software / Hardware Product	Sole Source Amount	Budget Amount
Atomic AKA UC4 Software, Inc.	UC4 Software	\$ 15,000	\$ 15,000
	Emergency Support	12,000	12,000
ABB/Ventyx	Ellipse Software Hosting	250,000	250,000
	Maintenance	128,500	128,500
	Ellipse Emergency Support	25,000	25,000
Sungard	IFAS Maintenance	123,000	123,000
	Ellipse Interface Support	20,000	20,000
Coastline Consulting Services AKA CISOShare	Emergency Support. Malware.	50,000	50,000
Database Systems Corp.	(2) TRANSACT - (2) PRILIB - (2) FAST - Tranview / Tranwriter / Easytran	30,000	25,000
	Emergency Support	8,000	8,000
Hewlett-Packard	Hewlett-Packard Computers Maintenance	180,000	97,400
	Emergency Support	20,000	20,000
Konica Minolta	Nintex, Collabware and Kofax maintenance	85,000	85,000
	Emergency Support	100,000	100,000
Micro Focus	Micro Focus Cobol / Net & Server Express	15,000	15,000
	Emergency Support	15,000	15,000
Microsoft AKA CompuCom	Emergency Support. Malware.	150,000	150,000
On Group	MVON & Blacksmith Maintenance	60,000	60,000
	Emergency Support	12,000	12,000
Expanded Apps - VanPool	Mobile Application	15,000	15,000
	Emergency Support		
Subtotal		\$ 1,313,500	\$ 1,225,900
Grand Total of Contracts		\$ 4,818,422	\$ 4,640,532



METROLINK.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

One Gateway Plaza Twelfth Floor Los Angeles, CA 90012

metrolinktrains.com

May 16, 2017

SENT VIA EMAIL

TO: Darrell Johnson, *Chief Executive Officer, OCTA*
Darren Kettle, *Executive Director, VCTC*
Anne Mayer, *Executive Director, RCTC*
Phil Washington, *Chief Executive Officer, Metro*
Dr. Raymond Wolfe, *Executive Director, SBCTA*

FROM: Arthur T. Leahy, *Chief Executive Officer, SCRRA*

SUBJECT: SCRRA Revised Preliminary FY2018 Budget

On May 1, 2017, we transmitted to each of you a Preliminary FY 2017-18 (FY18) SCRRA Budget for Operations and Rehabilitation/New Capital. This was later revised on May 4, 2017 to include the proposed R2R Increase from LOSSAN as directed by our Board of Directors on April 21, 2017.

At the May 12, 2017, Board Meeting, the Directors voted to include two more items in the FY18 Preliminary Budget. These two items are a one-year Pilot Sunday Service on the Holidays, net cost of \$72k, and a few critical IT Projects designed to enhance customer communication and operational efficiency totaling \$350k.

The attached Revised Preliminary FY18 Budget and accompanying attachments reflects those two additional items. The Budget Summary, Operating Revenues and Operating Expenditure sections have all been revised for this adjustment as well.

Budget Priorities for FY18

The FY18 Preliminary Budget as proposed reflects priorities consistent with the “back to basics” approach outlined in the Strategic Plan, adopted in March 2016. The budget provides funding in alignment with the Authority’s strategic goals and includes the following priorities for the upcoming fiscal year:

- Continued emphasis on safe operations, with the full implementation of Positive Train Control (PTC) as the centerpiece of our efforts.
- Improved reliability and on-time performance, by putting Tier 4 locomotives into service and

providing funding necessary for required equipment maintenance, consistent with the Fleet Management Plan.

- Enhanced customer experience, by implementing upgrades to the mobile ticketing application and a modernized ticket vending system.
- Investment in existing assets to maintain a state of good repair, by funding critical rehabilitation projects and improving processes to accelerate project delivery.
- Ongoing workforce development, by training and engaging employees.

Overall Summary

The FY18 Preliminary Budget as proposed includes new budgetary authority of \$337.9 million. The Preliminary Budget consists of Operating Budget authority of \$243.0 million, a decrease of 0.3% as compared to the FY17 Adopted Budget. New capital authority totals \$94.9 million, \$89.6 million for Rehabilitation Projects and \$5.3 million for New Capital Projects. Carryover of New Capital Projects approved in prior years is \$264.4 million, and carryover of Rehabilitation Projects approved in prior years is \$52.5 million.

Revised Preliminary Operating Budget for FY18

((\$000s))	TOTAL FY17-18	Metro Share	OCTA Share	RCTC Share	SBCTA Share	VCTC Share
Revenues						
Gross Farebox	\$85,159	\$42,031	\$22,453	\$7,759	\$10,512	2,404
Dispatching	2,125	1,130	684	6	55	250
Other Operating	12	6	3	1	2	-
Maintenance-of-Way	13,350	8,052	2,531	667	1,556	544
Total Revenues FY18 Budget	\$100,646	\$51,219	\$25,671	\$8,433	\$12,124	\$3,199
Expenses						
Train Operations & Services	\$143,486	\$72,153	\$33,859	\$15,860	\$15,429	6,185
Maintenance-of-Way	41,607	22,046	8,446	3,200	5,458	2,458
Administration & Services	40,289	19,261	7,314	5,736	4,172	3,806
Insurance	17,663	9,418	4,290	1,342	2,026	586
Total Expense FY18 Budget	\$243,045	\$122,877	\$53,910	\$26,139	\$27,084	\$13,035
Total FY18 Budget Subsidy by Member	\$142,399	\$71,659	\$28,239	\$17,705	\$14,960	\$9,836
FY 2016-17 Budget Subsidy by Member	\$141,989	\$71,998	\$28,294	\$17,345	\$14,841	\$9,511
Over/(Under) Last Year Budget	410	(340)	(56)	361	119	325
Percent of Change	0.3%	(0.5%)	(0.2%)	2.1%	0.8%	3.4%

Numbers may not foot due to rounding.

Major Assumptions for FY18 Preliminary Operating Budget

- No fare increase.
- A slight increase (0.7%) of Farebox Revenues.
- Reflects the implementation of a Fuel Hedging Program purchase fuel for efficiently and stabilize the fuel budget from year to year.
- Reflects the reduction of 2.0 FTE positions.
- Reflects a 2.0% Cost of Living Adjustment, and a 3.0% Pool for Performance Based Merit Adjustment.
- Reflects the final portion of \$3.0m for the reservation of the insurance deductible related to the Oxnard incident.
- Assumes the operation of a total of 2.8 million revenue service miles through the operation of 172 weekday trains and 90 weekend trains.
- Adds Sunday Service on Holidays
- No incremental regular services were requested for FY18.

All operational budget description below refers to attached detailed Attachments A through D.

Operating Revenues

Operating revenues include farebox, dispatching revenues, maintenance-of-way revenues, interest, other minor miscellaneous revenues, which are estimated to total \$100.6 million for FY18, a decrease of \$1.2 million or 1.2% compared to the FY17 Adopted Budget.

Farebox Revenues, the largest operating revenue of the budget, are projected to increase \$0.6 million or 0.7% compared to the FY17 Adopted Budget to a total of \$85.2 million.

Dispatching and Maintenance of Way (MOW) revenues from the freight railroads and Amtrak are estimated from existing agreements based on projections of current usage. The FY18 Preliminary Revenue projection estimates a decrease of 18.0% in Dispatch Revenues from the FY17 Adopted Budget to a total of \$2.1 million. This decrease is primarily the result of lower on time bonuses from Amtrak based on lower on time performance as a result of scheduled track closures or non-running Amtrak trains on weekends. This reduces the number of trains and the number of train miles which reduces the calculation for Amtrak Intercity revenues. The FY18 proposed MOW Revenues are projected to decrease 8.8% to \$13.4 million. Reduced rail freight traffic for the largest segment of our MOW Revenue (Saugus-UPRR) translates to a reduction of our revenue which is calculated based on 'car miles'. We are currently in negotiation with Union Pacific to review this and other reciprocal agreements with that Freight Line. Our goal with both Union Pacific and the other Freight Rail Roads is to receive an amount for Maintenance of Way commensurate with our current costs, and more reflective of the additional wear on our system for the heavier loads carried by the transport of freight.

Operating Expenditures

Train Operations, Maintenance-of-Way (MOW), Administration, and Insurance

The Train Operations component of the budget consists of those costs necessary to provide Metrolink commuter rail services across the six-county service area, including the direct costs of railroad operations, equipment maintenance, required support costs, and other administrative and operating costs. The FY18 Revised Preliminary Budget for expenditures related to Train Operations is \$143.5 million.

Ordinary MOW expenditures are those costs necessary to perform the inspections and repairs needed to assure the reliable, safe operation of trains and safety of the public. The FY18 budgeted amount for expenditures related to MOW is \$41.6 million.

The FY18 Preliminary Budget for expenditures related to Administration & Services is \$40.3 million and Insurance/Claims \$17.7 million.

Overall, the total FY18 preliminary budgeted expenditures have decreased from the FY17 Adopted Budget by \$0.8m or 0.3%. The components of this change are as described below.

- Total Train operations have decreased by \$1.2 million. The primary reasons for the \$1.2 million decrease are: Amtrak increase \$0.3m (Holiday service); Fuel costs have reduced by \$3.1m due to a combination of Fuel hedging and lower diesel prices; Equipment maintenance is down \$0.9m, a combination of an increase of \$2.5m in the Bombardier equipment Maintenance agreement (which increased in this year to provide an agreement for a lower (3.5%) increase fixed for the next eight year and a decrease of \$2.7m in material issues for rolling stock repairs and a decrease in Other Mechanical Services of \$0.7m; offset by increases in Sheriffs of \$0.3m and increases in Guards of \$0.8m. (Guards are up as a result of a very low bid for 1st year services in a multi-year agreement. The bid is still the lowest overall); Utilities/Leases increase of \$0.5m; Amtrak Transfers have increased by \$0.8m as a result of a transfer price increase by LOSSAN.
- Maintenance of Way has increased by \$2.0 million. The primary reasons for the increase are Track maintenance, up \$0.4m; Signal/Communications maintenance \$1.2m (as a result of the necessity to focus recent rehabilitation efforts on Track and Structures); Overhead allocation \$0.5m; Labor & fringe \$0.6m; all other categories total increase of \$0.8m offset by decrease in Extraordinary Maintenance \$0.4m, PTC \$1.1M.
- Administration and Services have increased by \$3.6 million. The primary reasons for the increase include \$2.0m in the Ops Non Labor Category as a result of a PTC WABTEC license maintenance fee. (The original contract which was negotiated to include maintenance and was included in Capital, has now expired. In FY18, this becomes an operating cost for the Authority.) Indirect Administrative Expense as a result of \$0.4 in IT projects. Operations Professional Services increased by \$1.3m due to the combination of a consultant to monitor the new Bombardier Contract, \$0.6m and CFR training to comply with FRA regulations \$0.3m, and a consultant to establish a ticket sales system at retail stores, \$0.4m.
- Total Insurance expense increased by \$0.9m. The primary reason for the increase is the incremental increase of \$1.0m to provide a reserve for insurance deductible related to the Oxnard Incident, offset by an insurance premium decrease of \$0.1m.

The attachments as listed below provide additional detail on the FY18 Preliminary Operating Budget as described.

- Attachment A: Presents a summary of the Revenues, Expenses and Subsidy proposed for FY18. This attachment also shows a comparison to the FY17 Adopted Budget.
- Attachment B: Presents the Historical Detailed Annual Operating Budget by Cost Component. The attachment provides Actual expense for FY14, FY15 & FY16, Adopted Budget for FY17 and Preliminary Budget for FY18, with a variance comparison between FY17 Adopted Budget and FY18 Preliminary Budget.
- Attachment C: Presents the Detailed FY18 Preliminary Annual Operating Budget by Cost Component by Member Agency.
- Attachment D: Presents an analysis of the elements of change (as described above) between the FY17 Adopted Budget and the FY18 Preliminary Budget.
- Attachment E (NEW): Presents the Net Local Subsidy by Member at full dollar amount with comparisons to prior years. This was a request from Members who require full dollar amounts for the construction of their Board requests.

Capital Budget

Carryforward from prior years

Capital Projects are frequently multi-year endeavors. Unexpended project balances are referred to as “Carryovers” because their uncompleted balance moves forward to the following year. Projects authorized in prior years but “carried over” total \$52.5 million for Rehabilitation and \$264.4 million for New Capital. They are shown in detail on Attachments O and P respectively.

Preliminary Capital Rehabilitation Request for FY18

FY18 Rehab Project Allocation by Funding Source (Includes Other Funding Sources)							(000s)
Asset / Funding Source	Metro	OCTA	RCTC	SBCTA	VCTC	Other	Total
Business Systems	\$ 864	\$ 360	\$ 202	\$ 262	\$ 131		\$ 1,819
Communications	\$ 303	\$ 170	\$ 61	\$ 84	\$ 57		\$ 675
Facilities	\$ 1,140	\$ 79	\$ 44	\$ 58	\$ 29		\$ 1,349
Grade Crossing	\$ 6,501	\$ 666	\$ 59	\$ 1,286	\$ 930		\$ 9,442
Non-Revenue Fleet	\$ 552	\$ 230	\$ 129	\$ 167	\$ 84		\$ 1,163
Rolling Stock	\$ 7,342	\$ 3,060	\$ 1,716	\$ 2,226	\$ 1,113	\$ 26,144	\$ 41,600
Signals	\$ 6,049	\$ 1,015	\$ 569	\$ 943	\$ 883		\$ 9,460
Structures	\$ 4,089	\$ 1,225					\$ 5,314
Track	\$ 12,939	\$ 539	\$ 302	\$ 2,248	\$ 1,896	\$ 812	\$ 18,736
Total All-Share	\$ 12,977	\$ 5,409	\$ 3,033	\$ 3,934	\$ 1,967	\$ 26,144	\$ 53,464
Total Line-Specific	\$ 26,802	\$ 1,936	\$ 50	\$ 3,340	\$ 3,155	\$ 812	\$ 36,095
Proposed Rotem Repayments	\$ 5,409	\$ (6,059)		\$ 650			\$ -
Grand Total	\$ 45,189	\$ 1,286	\$ 3,083	\$ 7,924	\$ 5,122	\$ 26,956	\$ 89,559

The Capital Rehabilitation authorization request for FY18 was identified as necessary investments to maintain a state of good repair. These projects total \$89.6 million and are represented in summary in Attachment F, and in detail in Attachment G.

Additional Capital Rehabilitation projects shown for FY19 and FY20 cover many other projects critical to the safe operation of the railroad. Over a number of years, a significant backlog of deferred maintenance has accrued, creating the large numbers shown in the FY19 Rehabilitation Project Listing (Attachment K) and FY20 Rehabilitation (Attachment L) project listing.

Preliminary New Capital Request for FY18

FY18 Capital Project Allocation by Funding Source							(000s)
Asset / Funding Source	Metro	OCTA	RCTC	SBCTA	VCTC	Other	Total
Business Systems	\$ 99	\$ 41	\$ 23	\$ 30	\$ 15		\$ 208
Track	\$ 950	\$ 396	\$ 222	\$ 288	\$ 144		\$ 2,000
PTC Systems	\$ 1,458	\$ 608	\$ 341	\$ 442	\$ 221		\$ 3,070
Total All-Share	\$ 2,507	\$ 1,045	\$ 586	\$ 760	\$ 380		\$ 5,278
Grand Total	\$ 2,507	\$ 1,045	\$ 586	\$ 760	\$ 380		\$ 5,278

The New Capital authorization request for FY18 was identified as necessary for safe and efficient rail operations. These projects total \$5.3 million and are represented in summary in Attachment F, and in detail in Attachment H.

New Capital projects in FY19 and FY20 are shown on Attachments M and N.

The attachments as listed below provide additional detail on the FY18 Preliminary Capital Budget request.

- Attachment F (NEW): Presents a new Project Request Summary Dashboard displaying a summary of requests by asset type, funding by type and by Member Agency, a visual depiction of the Request Refinement Process, and a map showing the effected lines.
- Attachment G: Presents the Detailed FY18 Preliminary Rehabilitation Request, listing each project by Sub Division, showing condition, system impact, asset type, with a description and requested funding by Member Agency.
- Attachment H: Presents the Detailed FY18 Preliminary New Capital Request listing each Project and requested funding by Member Agency.
- Attachment O: Presents the Detailed listing of projects of Rehabilitation projects authorized in previous years which are still in process, and thus Carried Forward.
- Attachment P: Presents the Detailed listing of projects of New Capital projects authorized in previous years which are still in process, and thus Carried Forward.

Operating and Capital Budget Projections for FY19 and FY20

The FY18 Preliminary Budget will be transmitted to Member Agencies for consideration. The FY19 and FY20 projected budgets are included in this report for informational purposes only. The FY19 and FY20 Projected Operating Budgets are based upon known contractual changes in combination


with a projected inflation factor (3%) applied to all other costs. FY19 and FY20 Capital Projects are based on specific projects, identified, but beyond our capacity to initiate in FY18. Attachments for FY19 and FY20 Projections are as listed below:

- Attachment I: Presents the Detailed FY19 Forecasted Annual Operating Budget by Cost Component.
- Attachment J: Presents the Detailed FY20 Forecasted Annual Operating Budget by Cost Component.
- Attachment K: Presents the Detailed FY19 Forecasted Rehabilitation Project Listing.
- Attachment L: Presents the Detailed FY20 Forecasted Rehabilitation Project Listing
- Attachment M: Presents the Detailed FY19 Forecasted New Capital Project Listing
- Attachment N: Presents the Detailed FY20 Forecasted New Capital Project Listing

Next Steps

- May/June: Staff present to Member Agencies Committee and Boards as requested
- June: FY18 Proposed Budget to SCRRA Board for Adoption

Thank you for your ongoing support and active participation in the development of the FY18 Preliminary Budget. SCRRA staff remain available to address any questions or concerns you have as we anticipate adoption of the budget by the SCRRA Board of Directors in June 2017. If you have any comments or concerns, please do not hesitate to contact me directly at (213) 452-0269. You may also contact Ronnie Campbell, Chief Financial Officer at 213-452-0285.



PROJECT PROPOSALS FOR FY2018 REHABILITATION BUDGET - TIER A

Attachment G

PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC ⁽²⁾	OTHER ⁽¹⁾
1231	Olive	Marginal	High	Communications	Wayside Communication System Replacment Parts - Olive	\$75,000		\$75,000				
	Olive Total					\$75,000	\$0	\$75,000	\$0	\$0	\$0	\$0

1229	Orange	Marginal	High	Communications	Wayside Communication System Replacement Parts - Orange	\$75,000		\$75,000				
1115	Orange	Worn	High	Structures	Orange Sub Struct	\$1,225,000		\$1,225,000				
334	Orange	Worn	High	Grade Crossing	Grade Crossing Rehab - Rehab 2 Locations per Year - Orange Sub	\$560,560		\$560,560				
	Orange Total					\$1,860,560	\$0	\$1,860,560	\$0	\$0	\$0	\$0
1164	San Gabriel 60 / 40	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - SG Sub	\$548,600	\$329,160			\$219,440		
1217	San Gabriel 60 / 40	Worn	High	Track	San Gabriel Track Rehabilitation	\$2,110,250	\$1,266,150			\$844,100		
1287	San Gabriel 60 / 40	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the San Gabriel Subdivision in Los Angeles County	\$1,965,220	\$1,179,132			\$786,088		
1235	San Gabriel 60 / 40	Marginal	High	Communications	Wayside Communication System Replacement Parts - San Gabriel - LA County	\$100,000	\$60,000			\$40,000		
1233	San Gabriel 60 / 40	Marginal	High	Communications	Wayside Communication System Replacement Parts - San Gabriel - SB County	\$75,000	\$45,000			\$30,000		
308	San Gabriel 60 / 40	Worn	High	Grade Crossing	Grade Crossing Rehab - SG Sub	\$509,600	\$305,760			\$203,840		
178	San Gabriel 60 / 40	Worn	High	Track	Replacement of the turnouts on the San Gabriel Subdivision in San Bernardino County (see note 1)	\$2,341,900	\$878,940			\$585,960		\$844,000
317	San Gabriel 60 / 40	Worn	High	Signals	Rehab Worn or Defective Cables - SG Sub	\$511,940	\$307,164			\$204,776		
162	San Gabriel 60 / 40	Worn	High	Track	Replacement of the turnouts on the San Gabriel Subdivision in Los Angeles County	\$1,000,324	\$600,194			\$400,130		
	San Gabriel 60 / 40 Total					\$9,162,834	\$4,971,500	\$0	\$0	\$3,314,334	\$0	\$844,000
1228	San Jacinto (PVL)	Marginal	High	Communications	Wayside Communication System Replacement Parts - PVL	\$50,000			\$50,000			
	San Jacinto (PVL) Total					\$50,000	\$0	\$0	\$50,000	\$0	\$0	\$0
319	Valley	Worn	High	Signals	Signal System Rehab - Rehab Logic Controllors and Supporting Equipment - Valley Sub	\$1,131,460	\$1,131,460					
1216	Valley	Worn	High	Track	Valley Track Rehabilitation	\$4,065,250	\$4,065,250					
1162	Valley	Worn	High	Signals	Signal System Rehab - Replace EL1A Logic Controller at CP Harold	\$335,940	\$335,940					
1276	Valley	Worn	High	Structures	Valley Sub Structctures (bridge 25.71 & 8 culverts)	\$3,638,713	\$3,638,713					
1288	Valley	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the Valley Subdivision in Los Angeles County	\$1,048,700	\$1,048,700					
352	Valley	Worn	High	Signals	Rehab Worn or Defective Cables - Valley Sub	\$511,940	\$511,940					
1055	Valley	Marginal	High	Facilities	Replace Expand Lancaster Crew Base	\$950,000	\$950,000					
1240	Valley	Marginal	High	Communications	Wayside Communication System Replacement Parts - Valley	\$100,000	\$100,000					
1161	Valley	Worn	High	Signals	Replace Temporary AC Power Feed with Permanent Solar System - Valley Sub	\$307,560	\$307,560					
1163	Valley	Worn	High	Signals	Signal System Rehab - Replace Track Turnout and Power Switch at CP Harold	\$505,560	\$505,560					
318	Valley	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - Valley Sub	\$557,480	\$557,480					
	Valley Total					\$13,152,603	\$13,152,603	\$0	\$0	\$0	\$0	\$0



PROJECT PROPOSALS FOR FY2018 REHABILITATION BUDGET - TIER A

Attachment G

PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC ⁽²⁾	OTHER ⁽¹⁾
1099	Valley, Ventura - LA County	Worn	High	Track	Station Pedestrian Crossing Rehab	\$250,800	\$250,800					
	Valley, Ventura - LA County Total					\$250,800	\$250,800	\$0	\$0	\$0	\$0	\$0
305	Ventura - LA County	Worn	High	Grade Crossing	Grade Crossing Rehab 2 Locations per Year	\$531,800	\$531,800					
1218	Ventura - LA County	Worn	High	Track	Ventura (LA) Track Rehabilitation	\$1,535,250	\$1,535,250					
1278	Ventura - LA County	Worn	Low	Structures	Ventura Sub (LA CO) Struct	\$450,360	\$450,360					
1160	Ventura - LA County	Worn	High	Signals	Rehab Signal and Grade Crossing Cables - Ven Sub	\$513,480	\$513,480					
1283	Ventura - LA County	Worn	High	Track	Ventura (LA) Tie Rehabilitation	\$3,010,440	\$3,010,440					
1244	Ventura - LA County	Marginal	High	Communications	Wayside Communication System Replacement Parts - Ventura - LA County	\$50,000	\$50,000					
164	Ventura - LA County	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the Ventura Subdivision in Los Angeles County	\$2,296,800	\$2,296,800					
	Ventura - LA County Total					\$8,388,130	\$8,388,130	\$0	\$0	\$0	\$0	\$0
1159	Ventura - VC County	Worn	High	Signals	Rehab Signal and Grade Crossing Cables - Ven Sub	\$513,480					\$513,480	
212	Ventura - VC County	Marginal	High	Track	Replace Ties Arroyo Simi Bridges - Ventura Sub VN Cty - FY17	\$1,025,750					\$1,025,750	
1282	Ventura - VC County	Worn	High	Track	Ventura (VC) Tie Rehabilitation	\$674,000					\$674,000	
1246	Ventura - VC County	Marginal	High	Communications	Wayside Communication System Replacement Parts - Ventura - Ventura County	\$50,000					\$50,000	
307	Ventura - VC County	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - Ven Sub	\$548,600					\$548,600	
165	Ventura - VC County	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the Ventura Subdivision in Ventura County	\$342,980					\$342,980	
	Ventura - VC County Total					\$3,154,810	\$0	\$0	\$0	\$0	\$3,154,810	\$0
1274	All	Worn	High	Business Systems	Perform State of Good Repair Engineering, Track Measurements, and Prioritization to support and populate the annual SOGR/Rehab/TAM Program.	\$750,000	\$356,250	\$148,500	\$83,250	\$108,000	\$54,000	
247	All	Worn	High	Track	Rail Grinding Systemwide	\$840,400	\$399,190	\$166,399	\$93,284	\$121,018	\$60,509	
1223	All	Worn	High	Signals	SCRRA Production Backoffice Systems Upgrades and Testing Support	\$597,500	\$283,813	\$118,305	\$66,323	\$86,040	\$43,020	
485	All	Worn	High	Non-Revenue Fleet	MOW VEHICLE REPLACEMENT	\$1,163,100	\$552,473	\$230,294	\$129,104	\$167,486	\$83,743	
1058	All	Worn	High	Facilities	Replace Car shop Jacks at CMF	\$279,620	\$132,820	\$55,365	\$31,038	\$40,265	\$20,133	
1039	All	Worn	Low	Facilities	REPLACE PUBLIC ADDRESS SYSTEM	\$119,700	\$56,858	\$23,701	\$13,287	\$17,237	\$8,618	
1222	All	Worn	High	Signals	Backoffice Hardware & Software Replacement (DOC & MOC)	\$1,130,000	\$536,750	\$223,740	\$125,430	\$162,720	\$81,360	
1247	All	Worn	High	Rolling Stock	PTC On-Board Software updates, hardware repairs PTC on-board equipment Systems on 57 cab cars and 52 locomotives.	\$1,100,000	\$522,500	\$217,800	\$122,100	\$158,400	\$79,200	
1221	All	Worn	High	Signals	SCRRA Positive Train Control Lab Systems Support and Testing	\$947,500	\$450,063	\$187,605	\$105,173	\$136,440	\$68,220	
254 ⁽³⁾	All	Marginal	High	Rolling Stock	Bombardier (Sentinel) passenger rail cars Midlife Overhaul on 28 cars (see note 3)	\$40,500,000	\$6,819,206	\$2,842,532	\$1,593,541	\$2,067,296	\$1,033,648	\$26,143,776
1041	All	Marginal	High	Business Systems	Trapeze Maintenance Management System Software Upgrade	\$992,775	\$471,568	\$196,569	\$110,198	\$142,960	\$71,480	
1091	All	Worn	High	Business Systems	Condition Based Maintenance Tools, PC and Analysis Software	\$76,125	\$36,159	\$15,073	\$8,450	\$10,962	\$5,481	

PROJECT PROPOSALS FOR FY2018 REHABILITATION BUDGET - TIER A												Attachment G
PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC ⁽²⁾	OTHER ⁽¹⁾
	All Total					\$48,496,720	\$10,617,648	\$4,425,883	\$2,481,177	\$3,218,824	\$1,609,412	\$26,143,776
1155	River	Worn	High	Signals	Replace Worn Electric Switch Lock at 140.80 West Bank	\$100,600	\$47,785	\$19,919	\$11,167	\$14,486	\$7,243	
312	River	Worn	High	Signals	Phase 1 - Signal System Rehab - CP Terminal Rehab Turnouts 3X, 5, 5X, 7, 7X and Power Switch Machines	\$1,000,000	\$475,000	\$198,000	\$111,000	\$144,000	\$72,000	
1167	River	Worn	High	Signals	Signal System Rehab - Replace EL1A Logic Controller at CP Capital	\$335,940	\$159,572	\$66,516	\$37,289	\$48,375	\$24,188	
1285	River	Worn	High	Track	LA Union Station Track Rehabilitation	\$1,882,000	\$893,950	\$372,636	\$208,902	\$271,008	\$135,504	
311	River	Worn	High	Signals	Signal System Rehab - River Sub	\$1,017,030	\$483,089	\$201,372	\$112,890	\$146,452	\$73,226	
1237	River	Marginal	High	Communications	Wayside Communication System Replacement Parts - River	\$100,000	\$47,500	\$19,800	\$11,100	\$14,400	\$7,200	
310	River	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 grade crossings - River Sub	\$531,800	\$252,605	\$105,296	\$59,030	\$76,579	\$38,290	
	River Total					\$4,967,370	\$2,359,501	\$983,539	\$551,378	\$715,301	\$357,651	\$0
					TOTAL ALL-SHARE	\$53,464,090	\$12,977,149	\$5,409,422	\$3,032,555	\$3,934,125	\$1,967,063	\$26,143,776
					TOTAL LINE-SPECIFIC	\$36,094,737	\$26,763,033	\$1,935,560	\$50,000	\$3,314,334	\$3,154,810	\$844,000
					TIER A TOTAL	\$89,558,827	\$39,740,183	\$7,344,982	\$3,082,555	\$7,248,459	\$5,121,873	\$26,987,776
					Proposed Rotem Repayments ⁽⁴⁾	\$0	\$5,409,422	(\$6,059,016)	\$0	\$649,594	\$0	\$0
					NEW TIER A TOTAL	\$89,558,827	\$45,149,605	\$1,285,966	\$3,082,555	\$7,898,053	\$5,121,873	\$26,987,776

BUDGET & FUNDING NOTES:

- (1) San Gabriel sub turnout replacement project # 178 contains \$812K of State TCRP funds that SCRRA plans to apply for. If the funds are not awarded, LA Metro's funding requirement increases by \$487,200 and SBCTA's funding requirement increases by \$324,800.
- (2) VCTC is likely to have approximately \$2.5M available for FY 2018 Rehabilitation projects. If that is the case, \$2.6M will have be be cut from VCTC's share of the budget.
- (3) Other funds for Project # 254 (Bombardier Sentinel Car Overhaul) consist of \$20.2M of Prop 1A, \$4.77M of PTMISEA funds and \$1.163M of insurance settlement funds.
- (4) Systemwide projects are needed for the Rotem repayments to take place. OCTA's share of Systemwide projects proposed to be paid by LA Metro under the Rotem Settlement MOU.
- (5) \$200,000 in funds have been identified on existing FTA grant 5309 for OCTA

Summary of the Revenues, Expenses, and Subsidy

(\$000s)	TOTAL FY17-18	Metro Share	OCTA Share	RCTC Share	SBCTA Share	VCTC Share
Revenues						
Gross Farebox	\$85,159	\$42,031	\$22,453	\$7,759	\$10,512	2,404
Dispatching	2,125	1,130	684	6	55	250
Other Operating	12	6	3	1	2	-
Maintenance-of-Way	13,350	8,052	2,531	667	1,556	544
Total Revenues FY18 Budget	\$100,646	\$51,219	\$25,671	\$8,433	\$12,124	\$3,199
Expenses						
Train Operations & Services	\$143,486	\$72,153	\$33,859	\$15,860	\$15,429	6,185
Maintenance-of-Way	41,607	22,046	8,446	3,200	5,458	2,458
Administration & Services	40,289	19,261	7,314	5,736	4,172	3,806
Insurance	17,663	9,418	4,290	1,342	2,026	586
Total Expense FY18 Budget	\$243,045	\$122,877	\$53,910	\$26,139	\$27,084	\$13,035
Total FY18 Budget Subsidy by Member	\$142,399	\$71,659	\$28,239	\$17,705	\$14,960	\$9,836
FY 2016-17 Budget Subsidy by Member	\$141,989	\$71,998	\$28,294	\$17,345	\$14,841	\$9,511
Over/(Under) Last Year Budget	410	(340)	(56)	361	119	325
Percent of Change	0.3%	(0.5%)	(0.2%)	2.1%	0.8%	3.4%

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FISCAL YEAR 2017-18 REVISED PRELIMINARY BUDGET**

Attachment B

**Comparative Annual Operating Budget
by Cost Component by Year**

(\$000s)	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18 Preliminary Budget	FY16-17 Budget vs FY17-18 Budget	
	Actual	Actual	Actual	Budget		Change	%
Operating Revenue							
Farebox Revenue	85,673	83,134	83,652	83,556	83,897	341	0.4%
Metro Fare Reduction Subsidy			873	1,025	1,262	236	23.0%
Subtotal-Pro Forma FareBox	85,673	83,134	84,524	84,582	85,159	577	0.7%
Dispatching	2,480	2,493	2,120	2,590	2,125	(465)	(18.0%)
Other Revenues	319	372	429	12	12	-	0.0%
MOW Revenues	12,922	13,207	12,434	14,641	13,350	(1,291)	(8.8%)
Subtotal Operating Revenue	101,394	99,207	99,507	101,825	100,646	(1,179)	(1.2%)
Operating Expenses							
<u>Operations & Services</u>							
Train Operations	37,043	40,569	41,887	43,942	44,642	701	1.6%
Equipment Maintenance	28,542	32,649	33,751	37,581	36,691	(890)	(2.4%)
Fuel	26,161	24,454	17,381	22,772	19,656	(3,116)	(13.7%)
Non-Scheduled Rolling Stock Repairs	2	2	136	100	100	-	0.0%
Operating Facilities Maintenance	1,056	1,120	1,149	1,418	1,652	234	16.5%
Other Operating Train Services	264	293	239	496	470	(26)	(5.3%)
Rolling Stock Lease	-	105	638	370	151	(219)	(59.2%)
Security - Sheriff	4,482	5,136	4,912	5,511	5,845	334	6.1%
Security - Guards	2,170	1,591	1,685	2,000	2,837	837	41.9%
Supplemental Additional Security	763	81	-	690	690	-	0.0%
Public Safety Program	157	177	217	320	277	(44)	(13.6%)
Passenger Relations	1,622	1,639	1,748	2,069	1,795	(274)	(13.2%)
TVM Maintenance/Revenue Collection	5,343	5,984	6,554	7,495	7,510	15	0.2%
Marketing	949	949	1,137	1,220	1,364	144	11.8%
Media & External Communications	226	234	343	396	443	47	11.9%
Utilities/Leases	3,180	2,622	2,046	2,778	3,289	512	18.4%
Transfers to Other Operators	6,469	7,081	6,488	6,577	6,592	14	0.2%
Amtrak Transfers	917	800	1,287	1,400	2,177	777	55.5%
Station Maintenance	1,190	1,121	1,418	1,640	1,687	47	2.9%
Rail Agreements	4,992	4,997	5,207	5,379	5,366	(12)	(0.2%)
Subtotal Operations & Services	125,528	131,602	128,223	144,153	143,234	(919)	(0.6%)
<u>Maintenance-of-Way</u>							
MoW - Line Segments	28,152	33,043	37,936	38,102	40,606	2,504	6.6%
MoW - Extraordinary Maintenance	1,322	1,235	1,518	1,490	1,001	(489)	(32.8%)
Subtotal Maintenance-of-Way	29,475	34,278	39,453	39,592	41,607	2,015	5.1%
<u>Administration & Services</u>							
Ops Salaries & Fringe Benefits	11,127	11,535	12,892	14,019	13,961	(59)	(0.4%)
Ops Non-Labor Expenses	3,424	3,651	5,322	5,384	7,374	1,990	37.0%
Indirect Administrative Expenses	12,679	11,791	12,417	15,507	15,870	364	2.3%
Ops Professional Services	464	969	2,019	1,816	3,084	1,268	69.9%
Subtotal Admin & Services	27,694	27,946	32,651	36,726	40,289	3,563	9.7%
Contingency (Non-Train Ops)	21	14	47	502	252	(250)	(49.8%)
Total Operating Expenses	182,718	193,839	200,374	220,973	225,382	4,409	2.0%

Insurance Expense/(Revenue)

Liability/Property/Auto	14,252	12,597	11,634	12,588	12,475	(113)	(0.9%)
Claims / SI	1,457	1,884	3,876	3,000	4,000	1,000	33.3%
Claims Administration	743	1,145	421	1,198	1,187	(11)	(0.9%)
PLPD Revenue	(178)	(1)	(22)	-	-	-	N/A
Net Insurance Expense	16,273	15,625	15,909	16,787	17,663	876	5.2%
Total Expense Before BNSF	198,991	209,464	216,283	237,760	243,045	5,285	2.2%
Loss Before BNSF	(97,598)	(110,257)	(116,776)	(135,934)	(142,399)	(6,465)	4.8%

Member Subsidies

Operations	83,052	92,252	109,003	119,148	124,736	5,589	4.7%
Insurance	17,302	17,678	18,079	16,787	17,663	876	5.2%
Member Subsidies - Normal Ops	100,354	109,930	127,082	135,934	142,399	6,465	4.8%
Surplus / (Deficit) Before BNSF	2,757	(328)	10,306	-	-	-	N/A

(\$000s)						FY16-17 Budget vs FY17-18	
	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18 Preliminary	Budget	
	Actual	Actual	Actual	Budget	Budget	Change	%

BNSF LEASED LOCOMOTIVE COSTS

Lease cost Inc. ship	-	-	4,449	2,525	-	(2,525)	(100.0%)
Major Component Parts	-	-	720	-	-	-	N/A
Labor for Maintenance	-	-	2,597	900	-	(900)	(100.0%)
Additional Fuel	-	-	1,341	1,230	-	(1,230)	(100.0%)
Wheel truing, Software Mods, Brakes	-	-	37	-	-	-	N/A
Temp Facility Mods	-	-	136	-	-	-	N/A
PTC Costs	-	-	1,116	1,399	-	(1,399)	(100.0%)
Contingency	-	-	-	-	-	-	N/A
Total BNSF Lease Loco Expenses	-	-	10,397	6,055	-	(6,055)	(100.0%)
Member Subsidies - BNSF Lease	-	-	11,545	6,055	-	(6,055)	(100.0%)
Surplus / (Deficit) - BNSF Lease	-	-	1,148	-	-	-	N/A

Total Expenses	198,991	209,464	226,680	243,814	243,045	(769)	(0.3%)
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Net Loss	(97,598)	(110,257)	(127,173)	(141,989)	(142,399)	(410)	0.3%
All Member Subsidies	100,354	109,930	138,627	141,989	142,399	410	0.3%
Surplus / (Deficit)	2,757	(328)	11,454	-	-	-	N/A

Numbers may not foot due to rounding.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FISCAL YEAR 2017-2018 REVISED PRELIMINARY BUDGET

ATTACHMENT C

FY18 Annual Operating Budget
by Cost Component By Member Agency

(\$000s)	Total FY17-18	Metro	OCTA	RCTC	SBCTA	VCTC
Operating Revenue						
Farebox Revenue	83,897	40,769	22,453	7,759	10,512	2,404
Metro Fare Reduction Subsidy	1,262	1,262	-	-	-	-
Subtotal-Pro Forma FareBox	85,159	42,031	22,453	7,759	10,512	2,404
Dispatching	2,125	1,130	684	6	55	250
Other Revenues	12	6	3	1	2	
MOW Revenues	13,350	8,052	2,531	667	1,556	544
Subtotal Operating Revenue	100,646	51,219	25,671	8,433	12,124	3,199
Operating Expenses						
<u>Operations & Services</u>						
Train Operations	44,642	23,764	10,028	4,546	4,683	1,622
Equipment Maintenance	36,691	18,385	8,591	3,799	4,300	1,616
Fuel	19,656	10,094	4,951	1,960	2,020	631
Non-Scheduled Rolling Stock Repairs	100	53	24	8	11	3
Operating Facilities Maintenance	1,652	881	401	126	189	55
Other Operating Train Services	470	222	81	70	48	49
Rolling Stock Lease	151	72	30	17	22	11
Security - Sheriff	5,845	3,098	1,180	843	601	122
Security - Guards	2,837	1,338	489	424	290	296
Supplemental Additional Security	690	341	182	63	85	19
Public Safety Program	277	130	48	41	28	29
Passenger Relations	1,795	899	461	146	230	58
TVM Maintenance/Revenue Collection	7,510	3,129	1,650	1,252	1,024	454
Marketing	1,364	703	330	109	176	45
Media & External Communications	443	209	76	66	45	46
Utilities/Leases	3,289	1,551	567	492	336	343
Transfers to Other Operators	6,592	3,535	1,577	521	731	228
Amtrak Transfers	2,177	694	1,375	-	-	108
Station Maintenance	1,687	1,036	240	108	226	78
Rail Agreements	5,366	1,902	1,533	1,231	356	344
Subtotal Operations & Services	143,234	72,034	33,816	15,823	15,403	6,159
<u>Maintenance-of-Way</u>						
MoW - Line Segments	40,606	21,458	8,317	3,103	5,350	2,378
MoW - Extraordinary Maintenance	1,001	587	129	97	108	80
Subtotal Maintenance-of-Way	41,607	22,046	8,446	3,200	5,458	2,458
<u>Administration & Services</u>						
Ops Salaries & Fringe Benefits	13,961	6,581	2,417	2,082	1,428	1,452
Ops Non-Labor Expenses	7,374	3,745	1,630	818	806	375
Indirect Administrative Expenses	15,870	7,481	2,736	2,374	1,622	1,657
Ops Professional Services	3,084	1,454	532	461	315	322
Subtotal Admin & Services	40,289	19,261	7,314	5,736	4,172	3,806
<u>Contingency (Non-Train Ops)</u>	252	119	43	38	26	26
Total Operating Expenses	225,382	113,460	49,620	24,796	25,058	12,448
Insurance Expense/(Revenue)						
Liability/Property/Auto	12,475	6,652	3,030	948	1,431	414
Claims / SI	4,000	2,133	972	304	459	133
Claims Administration	1,187	633	288	90	136	39
PLPD Revenue	-	-	-	-	-	-
Net Insurance Expense	17,663	9,418	4,290	1,342	2,026	586
Total Expense Before BNSF	243,045	122,877	53,910	26,139	27,084	13,035
Loss Before BNSF	(142,399)	(71,659)	(28,239)	(17,705)	(14,960)	(9,836)

FY18 Annual Operating Budget
by Cost Component By Member Agency

(\$000s)	Total FY17-18	Metro	OCTA	RCTC	SBCTA	VCTC
Member Subsidies						
Operations	124,736	62,241	23,949	16,363	12,934	9,250
Insurance	17,663	9,418	4,290	1,342	2,026	586
Member Subsidies - Normal Ops	142,399	71,659	28,239	17,705	14,960	9,836
Surplus / (Deficit) Before BNSF	-	-	-	-	-	-

TOTAL EXPENSE	243,045	122,877	53,910	26,139	27,084	13,035
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Net Loss	(142,399)	(71,659)	(28,239)	(17,705)	(14,960)	(9,836)
Total Member Subsidies	142,399	71,659	28,239	17,705	14,960	9,836
Surplus / (Deficit)	-	-	-	-	-	-

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY
FISCAL YEAR 2017-18 PRELIMINARY BUDGET**

Attachment D

Change Drivers

FY17 Adopted Budget vs. FY18 REVISED Preliminary Budget

(millions')

FY 2017 Amended Adopted Budget	\$	243.8	
FY 2018 Preliminary Budget	\$	<u>243.0</u>	
Total Operational Expense Budget Increase	\$	<u>(0.8)</u>	(0.3%)

CHANGE DRIVERS:

Parts for Rolling Stock Repair	\$	(2.7)
Fuel	\$	(3.1)
Big Five Train Operations	\$	2.8
Guards	\$	0.8
Big Five MOW	\$	1.5
WABTEC License	\$	2.0
IT Projects	\$	0.4
Contract & FRA Training Require	\$	0.9
Retail Ticket Consult	\$	0.4
Insurance Deductible (Oxnard incident)	\$	1.0
BNSF decrease	\$	(6.1)
Position reduction	\$	(0.3)
2% COLA/ 3% Merit (Operations only)	\$	0.8
LOSSAN Increase	\$	<u>0.8</u>
	\$	<u>(0.8)</u>

Numbers may not foot due to rounding.

Net Local Subsidy by Member Agency

	Total Net Local Subsidy	Metro Share	OCTA share	RCTC Share	SBCTA Share	VCTC Share
FY 15 ACTUAL	\$110,257,381	\$59,029,731	\$22,251,609	\$9,387,630	\$11,605,317	\$7,983,094
FY16 ACTUAL	\$127,172,992	\$66,468,865	\$24,974,739	\$13,799,263	\$13,057,846	\$8,872,279
FY17 BUDGET	\$141,989,009	\$71,998,203	\$28,294,475	\$17,344,511	\$14,840,903	\$9,510,917
FY18 BUDGET	\$142,399,000	\$71,658,558	\$28,238,881	\$17,705,400	\$14,959,772	\$9,836,207

YEAR OVER YEAR CHANGE

	Total Net Local Subsidy	Metro Share	OCTA share	RCTC Share	SBCTA Share	VCTC Share
FY15 vs FY16						
\$ Increase	\$16,915,611	\$7,439,134	\$2,723,130	\$4,411,633	\$1,452,529	\$889,185
% Increase	15.3%	12.6%	12.2%	47.0%	12.5%	11.1%
FY16 vs FY17						
\$ Increase	\$14,816,017	\$5,529,338	\$3,319,736	\$3,545,248	\$1,783,057	\$638,638
% Increase	11.7%	8.3%	13.3%	25.7%	13.7%	7.2%
FY17 vs FY18						
\$ Increase	\$409,809	(\$339,645)	(\$55,594)	\$360,888	\$118,869	\$325,291
% Increase	0.3%	(0.5%)	(0.2%)	2.1%	0.8%	3.4%

Analysis of 17 vs 18 variance:

(millions')

Revenue	Decrease in Revenue (Primarily Saugus MOW Revenue from UPRR)	\$	1.5
	Increase -Sunday Service on Holidays	\$	(0.3)
Expense	Parts for Rolling Stock Repair	\$	(2.7)
	Fuel	\$	(3.1)
	Big Five Train Operations	\$	2.8
	Guards	\$	0.8
	Big Five MOW	\$	1.5
	WABTEC License	\$	2.0
	IT Projects	\$	0.4
	Contract & FRA Training Require	\$	0.9
	Retail Ticket Consult	\$	0.4
	Insurance Deductible (Oxnard incident)	\$	1.0
	BNSF decrease	\$	(6.1)
	Position reduction	\$	(0.3)
	2% COLA/ 3% Merit (Operations only)	\$	0.8
	LOSSAN Increase	\$	0.8
		\$	0.4

SCRR FY18 Project Request Summary

Project Request Refinement Process

The FY18 Project Request initially began as an Unconstrained list of needed projects. This list was constrained by selecting critical projects that must be included in the FY18 Project Request by primarily focusing on Safety, Rail Operations and Regulatory Requirements. This document provides an overview of the Constrained list of projects and Member Agency shares. The Project Request List attachment has further details.

Unconstrained Project Request Totals

- 114 Rehab Projects at \$197,694,504
- 4 Capital Projects at \$15,976,400

\$213,670,904

Constrained Project Request Totals

- 49 FY18 Rehab Projects at \$38,196,753
- 9 FY17 Intended Rehab Projects at \$51,362,074
- 2 FY18 Capital Projects at \$3,277,900
- 1 FY17 Intended Capital Project at \$2,000,000 (Phase 1 only)

\$94,836,727

Adjusted Project Request Totals

(Less Alternate Funding Sources)

- 57 FY17+FY18 Rehab Projects at \$62,603,051
- 3 FY17+FY18 Capital Projects at \$5,277,900

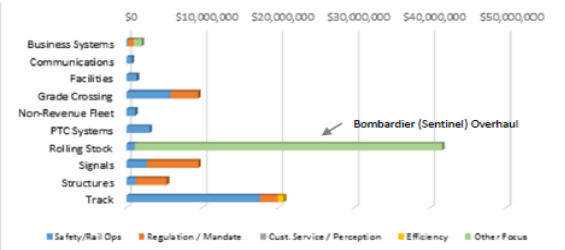
\$67,880,951

Other Funding Sources

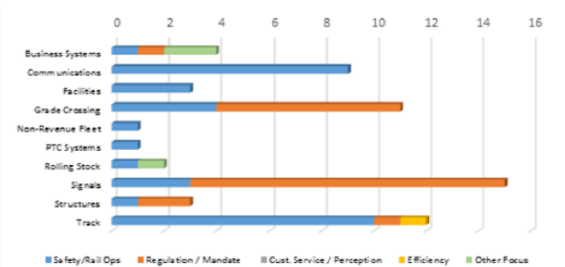
- \$26,143,776 Sentinel Rehab Project
 - \$20,207M Prop 1A (1:1 matching funds required)
 - Note: Prop 1A funds are in danger of becoming unavailable if this project does not proceed in the near term
- \$4,774M PTMISEA
- \$1,162,776M Insurance Settlement
- \$812,000 San Gabriel Turnout Project
- \$812,000 of State TCRR funds
- If funds are not awarded LACMTA's funding requirement increases by \$487,200 and SBCTA's funding requirement increases by \$324,800

FY2018 Rehab Projects					
Asset Type	# of Critical Projects	Intended FY17	Estimated FY18 Funding	Adjust. for Other Funding Sources	Adjusted Project FY18 Funds Requested
Business Systems	3	-	\$1,818,900		\$1,818,900
Communications	9	-	\$675,000		\$675,000
Facilities	3	-	\$1,349,320		\$1,349,320
Grade Crossing (FY17)	4	\$5,653,700			\$5,653,700
Grade Crossing (new)	7	-	\$3,788,440		\$3,788,440
Non-Revenue Fleet	1	-	\$1,163,100		\$1,163,100
Rolling Stock (FY17)	1	\$40,500,000		(\$26,143,776)	\$14,356,224
Rolling Stock (new)	1	-	\$1,100,000		\$1,100,000
Signals	15	-	\$9,459,930		\$9,459,930
Structures	4	-	\$5,314,073		\$5,314,073
Track (FY17)	4	\$5,208,374		(\$812,000)	\$4,396,374
Track (new)	7	-	\$13,527,990		\$13,527,990
Totals	58 (49 new)	\$51,362,074	\$38,196,753		
Total FY18 Rehab (FY17+FY18)			\$89,558,827	(\$26,955,776)	\$62,603,051

FY2018 Capital Projects					
Asset Type	# of Critical Projects	Intended from FY17	Estimated FY18 Funding	Adjust. for Other Funding Sources	Adjusted Project FY18 Funds Requested
Business Systems	1		\$207,900		\$207,900
PTC Systems	1		\$3,070,000		\$3,070,000
Track (FY17 – Phase 1 only)	1	\$2,000,000			\$2,000,000
Totals	3 (2 new)	\$2,000,000	\$3,277,900		\$5,277,900
Total FY18 Capital (FY17+FY18)			\$5,277,900	\$0	\$5,277,900
Grand Total			\$94,836,727	(\$26,955,776)	\$67,880,951

FY18 Project Rehab & Capital Funding by Primary Area of Focus
(Unadjusted FY18 plus FY17 Intended)

Other includes: Reduce Expenses or Mitigation of Major Future Cost Increases, Improved Working Conditions, etc.

FY18 Project Rehab & Capital Projects by Primary Area of Focus
(Unadjusted FY18 plus FY17 Intended)

Other includes: Reduce Expenses or Mitigation of Major Future Cost Increases, Improved Working Conditions, etc.

FY18 Rehab Project Allocation by Funding Source (includes Other Funding Sources)

Asset / Funding Source	Los Angeles County Transportation Authority (LACMTA)	Orange County Transportation Authority (OCTA)	Riverside County Transportation Commission (RCTC)	San Bernardino Associated Governments (SANBAG)	Ventura County Transportation Commission (VCTC)	Other Funding Sources	Totals
Business Systems	\$863,978	\$360,142	\$201,898	\$261,922	\$130,961		\$1,818,900
Communications	\$302,500	\$169,800	\$61,100	\$84,400	\$57,200		\$675,000
Facilities	\$1,139,677	\$79,065	\$44,325	\$57,502	\$28,751		\$1,349,320
Grade Crossing	\$6,501,437	\$665,856	\$59,030	\$1,285,947	\$929,870		\$9,442,140
Non-Revenue Fleet	\$552,473	\$230,294	\$129,104	\$167,486	\$83,743		\$1,163,100
Rolling Stock	\$7,341,706	\$3,060,332	\$1,715,641	\$2,225,696	\$1,112,848	\$26,143,776	\$41,600,000
Signals	\$6,049,175	\$1,015,457	\$569,271	\$943,290	\$882,737		\$9,459,930
Structures	\$4,089,073	\$1,225,000					\$5,314,073
Track	\$12,939,164	\$539,035	\$302,186	\$2,248,215	\$1,895,763	\$812,000	\$18,736,364
Total All-Share	\$12,977,149	\$5,409,422	\$3,032,555	\$3,934,125	\$1,967,063	\$26,143,776	\$53,464,090
Total Line-Specific	\$26,802,033	\$1,935,560	\$50,000	\$3,340,334	\$3,154,810	\$812,000	\$36,094,737
Proposed Rotem Repayments	\$5,409,422	(\$6,059,016)		\$649,594			\$0
Grand Total	\$45,188,605	\$1,285,966	\$3,082,555	\$7,924,053	\$5,121,873	\$26,955,776	\$89,558,827

FY18 Capital Project Allocation by Funding Source

Asset / Funding Source	Los Angeles County Transportation Authority (LACMTA)	Orange County Transportation Authority (OCTA)	Riverside County Transportation Commission (RCTC)	San Bernardino Associated Governments (SANBAG)	Ventura County Transportation Commission (VCTC)	Totals
Business Systems	\$98,753	\$41,164	\$23,077	\$29,938	\$14,969	\$207,900
Track	\$950,000	\$396,000	\$222,000	\$288,000	\$144,000	\$2,000,000
PTC Systems	\$1,458,250	\$607,860	\$340,770	\$442,080	\$221,040	\$3,070,000
Total All-Share	\$2,507,003	\$1,045,024	\$585,847	\$760,018	\$380,009	\$5,277,900
Grand Total	\$2,507,003	\$1,045,024	\$585,847	\$760,018	\$380,009	\$5,277,900



FY18 Project Request Dashboard as of April 7, 2017

Funding Trends

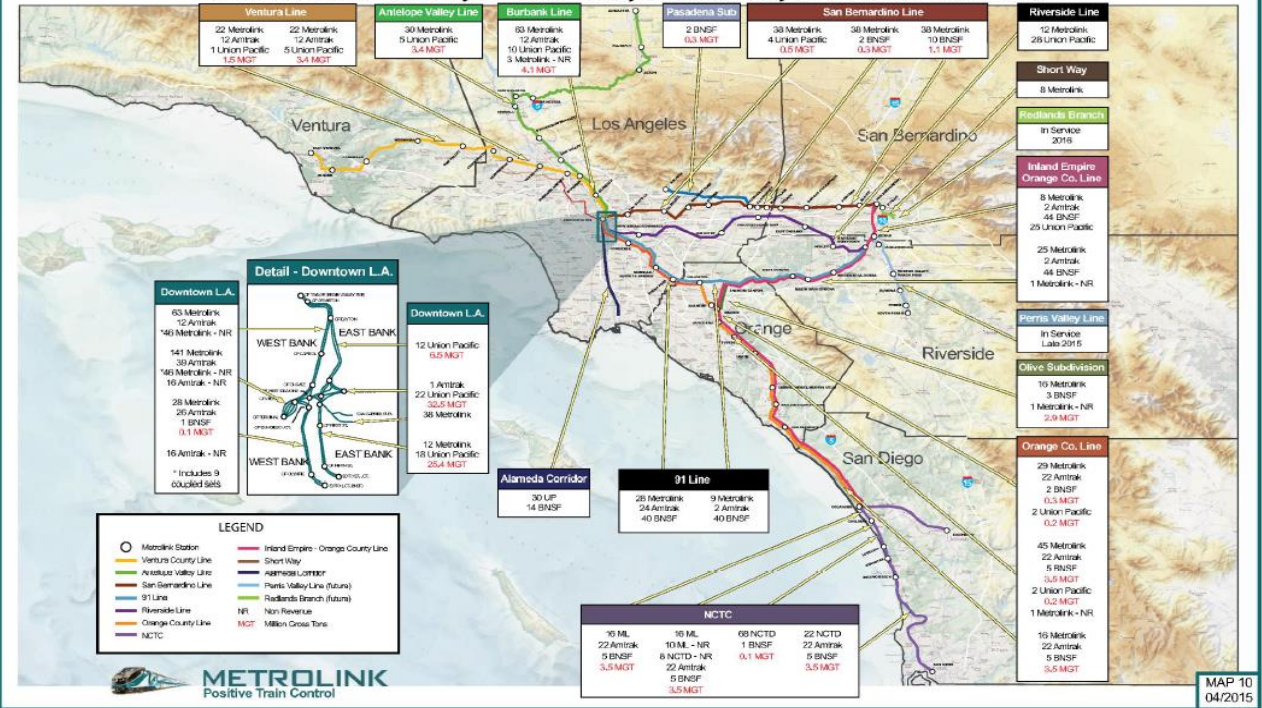
Rehabilitation and Capital Funding per Fiscal Year
FY2011 to FY2017
(\$ millions)



Standard Project Allocations

Sub Division List	LACMTA	OCTA	RCTC	SBCTA	VTCTC
All	47.50%	19.80%	11.10%	14.40%	7.20%
Montalvo	0.00%	0.00%	0.00%	0.00%	100.00%
Olive	0.00%	100.00%	0.00%	0.00%	0.00%
Orange	0.00%	100.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%
Pasadena	100.00%	0.00%	0.00%	0.00%	0.00%
Redlands	0.00%	0.00%	0.00%	100.00%	0.00%
Rialto	0.00%	0.00%	0.00%	100.00%	0.00%
River	47.50%	19.80%	11.10%	14.40%	7.20%
River Sub - East Bank	47.50%	19.80%	11.10%	14.40%	7.20%
River Sub - West Bank	47.50%	19.80%	11.10%	14.40%	7.20%
Riverside	0.00%	0.00%	100.00%	0.00%	0.00%
San Gabriel - LA County	100.00%	0.00%	0.00%	0.00%	0.00%
San Gabriel - SB County	0.00%	0.00%	0.00%	100.00%	0.00%
San Gabriel 60 / 40	60.00%	0.00%	0.00%	40.00%	0.00%
San Jacinto (PVL)	0.00%	0.00%	100.00%	0.00%	0.00%
SB Shortway	0.00%	0.00%	0.00%	100.00%	0.00%
Valley	100.00%	0.00%	0.00%	0.00%	0.00%
Ventura - LA County	100.00%	0.00%	0.00%	0.00%	0.00%
Ventura - VC County	0.00%	0.00%	0.00%	0.00%	100.00%

SCRRA Service Territory 2015 Weekday Train Density and Million Gross Tons



FY18 Rehab Projects by Subdivision (includes Other Funding Sources)

Asset	Allocated Across All Counties (includes San Bernardino)	Olive	Orange	Orange County Total	Riverside County including San Jacinto (PVL)	San Gabriel 60 / 40	Antelope Valley	Antelope Valley/Ventura Line within LA County	Ventura Line within LA County	Los Angeles County Total	Ventura County Total	Grand Total
Business Systems	\$1,818,900											\$1,818,900
Communications	\$100,000	\$75,000	\$75,000	\$150,000	\$50,000	\$175,000	\$100,000		\$50,000	\$325,000	\$50,000	\$675,000
Facilities	\$399,320						\$950,000			\$950,000		\$1,349,320
Grade Crossing	\$531,800		\$560,560	\$560,560		\$3,023,420	\$1,606,180		\$2,828,600	\$7,458,200	\$891,580	\$9,442,140
Non-Revenue Fleet	\$1,163,100											\$1,163,100
Rolling Stock*	\$41,600,000											\$41,600,000
Signals	\$5,128,570					\$511,940	\$2,792,460		\$513,480	\$3,817,880	\$513,480	\$9,459,930
Structures	\$2,722,400		\$1,225,000	\$1,225,000			\$3,638,713		\$450,360	\$4,089,073		\$5,314,073
Track*	\$53,464,090	\$75,000	\$1,860,560	\$1,935,560	\$50,000	\$5,452,474	\$4,065,250	\$250,800	\$4,545,690	\$14,314,214	\$1,699,750	\$18,736,364
Total by Subdivision	\$53,464,090	\$75,000	\$1,860,560	\$1,935,560	\$50,000	\$9,162,834	\$13,152,603	\$250,800	\$8,388,130	\$30,954,367	\$3,154,810	\$89,558,827

*Other Funding Sources included in the subdivision allocation for Rolling Stock and Track

Numbers may not foot due to rounding.



PROJECT PROPOSALS FOR FY2018 REHABILITATION BUDGET - TIER A

Attachment G

PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC ⁽²⁾	OTHER ⁽¹⁾
1231	Olive	Marginal	High	Communications	Wayside Communication System Replacment Parts - Olive	\$75,000		\$75,000				
	Olive Total					\$75,000	\$0	\$75,000	\$0	\$0	\$0	\$0
1229	Orange	Marginal	High	Communications	Wayside Communication System Replacement Parts - Orange	\$75,000		\$75,000				
1115	Orange	Worn	High	Structures	Orange Sub Struct	\$1,225,000		\$1,225,000				
334	Orange	Worn	High	Grade Crossing	Grade Crossing Rehab - Rehab 2 Locations per Year - Orange Sub	\$560,560		\$560,560				
	Orange Total					\$1,860,560	\$0	\$1,860,560	\$0	\$0	\$0	\$0
1164	San Gabriel 60 / 40	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - SG Sub	\$548,600	\$329,160			\$219,440		
1217	San Gabriel 60 / 40	Worn	High	Track	San Gabriel Track Rehabilitation	\$2,110,250	\$1,266,150			\$844,100		
1287	San Gabriel 60 / 40	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the San Gabriel Subdivision in Los Angeles County	\$1,965,220	\$1,179,132			\$786,088		
1235	San Gabriel 60 / 40	Marginal	High	Communications	Wayside Communication System Replacement Parts - San Gabriel - LA County	\$100,000	\$60,000			\$40,000		
1233	San Gabriel 60 / 40	Marginal	High	Communications	Wayside Communication System Replacement Parts - San Gabriel - SB County	\$75,000	\$45,000			\$30,000		
308	San Gabriel 60 / 40	Worn	High	Grade Crossing	Grade Crossing Rehab - SG Sub	\$509,600	\$305,760			\$203,840		
178	San Gabriel 60 / 40	Worn	High	Track	Replacement of the turnouts on the San Gabriel Subdivision in San Bernardino County (see note 1)	\$2,341,900	\$878,940			\$585,960		\$844,000
317	San Gabriel 60 / 40	Worn	High	Signals	Rehab Worn or Defective Cables - SG Sub	\$511,940	\$307,164			\$204,776		
162	San Gabriel 60 / 40	Worn	High	Track	Replacement of the turnouts on the San Gabriel Subdivision in Los Angeles County	\$1,000,324	\$600,194			\$400,130		
	San Gabriel 60 / 40 Total					\$9,162,834	\$4,971,500	\$0	\$0	\$3,314,334	\$0	\$844,000
1228	San Jacinto (PVL)	Marginal	High	Communications	Wayside Communication System Replacement Parts - PVL	\$50,000			\$50,000			
	San Jacinto (PVL) Total					\$50,000	\$0	\$0	\$50,000	\$0	\$0	\$0
319	Valley	Worn	High	Signals	Signal System Rehab - Rehab Logic Controllers and Supporting Equipment - Valley Sub	\$1,131,460	\$1,131,460					
1216	Valley	Worn	High	Track	Valley Track Rehabilitation	\$4,065,250	\$4,065,250					
1162	Valley	Worn	High	Signals	Signal System Rehab - Replace EL1A Logic Controller at CP Harold	\$335,940	\$335,940					
1276	Valley	Worn	High	Structures	Valley Sub Structctures (bridge 25.71 & 8 culverts)	\$3,638,713	\$3,638,713					
1288	Valley	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the Valley Subdivision in Los Angeles County	\$1,048,700	\$1,048,700					
352	Valley	Worn	High	Signals	Rehab Worn or Defective Cables - Valley Sub	\$511,940	\$511,940					
1055	Valley	Marginal	High	Facilities	Replace Expand Lancaster Crew Base	\$950,000	\$950,000					
1240	Valley	Marginal	High	Communications	Wayside Communication System Replacement Parts - Valley	\$100,000	\$100,000					
1161	Valley	Worn	High	Signals	Replace Temporary AC Power Feed with Permanent Solar System - Valley Sub	\$307,560	\$307,560					
1163	Valley	Worn	High	Signals	Signal System Rehab - Replace Track Turnout and Power Switch at CP Harold	\$505,560	\$505,560					
318	Valley	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - Valley Sub	\$557,480	\$557,480					



PROJECT PROPOSALS FOR FY2018 REHABILITATION BUDGET - TIER A

Attachment G

PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC ⁽²⁾	OTHER ⁽¹⁾
	Valley Total					\$13,152,603	\$13,152,603	\$0	\$0	\$0	\$0	\$0
1099	Valley, Ventura - LA County	Worn	High	Track	Station Pedestrian Crossing Rehab	\$250,800	\$250,800					
	Valley, Ventura - LA County Total					\$250,800	\$250,800	\$0	\$0	\$0	\$0	\$0
305	Ventura - LA County	Worn	High	Grade Crossing	Grade Crossing Rehab 2 Locations per Year	\$531,800	\$531,800					
1218	Ventura - LA County	Worn	High	Track	Ventura (LA) Track Rehabilitation	\$1,535,250	\$1,535,250					
1278	Ventura - LA County	Worn	Low	Structures	Ventura Sub (LA CO) Struct	\$450,360	\$450,360					
1160	Ventura - LA County	Worn	High	Signals	Rehab Signal and Grade Crossing Cables - Ven Sub	\$513,480	\$513,480					
1283	Ventura - LA County	Worn	High	Track	Ventura (LA) Tie Rehabilitation	\$3,010,440	\$3,010,440					
1244	Ventura - LA County	Marginal	High	Communications	Wayside Communication System Replacement Parts - Ventura - LA County	\$50,000	\$50,000					
164	Ventura - LA County	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the Ventura Subdivision in Los Angeles County	\$2,296,800	\$2,296,800					
	Ventura - LA County Total					\$8,388,130	\$8,388,130	\$0	\$0	\$0	\$0	\$0
1159	Ventura - VC County	Worn	High	Signals	Rehab Signal and Grade Crossing Cables - Ven Sub	\$513,480					\$513,480	
212	Ventura - VC County	Marginal	High	Track	Replace Ties Arroyo Simi Bridges - Ventura Sub VN Cty - FY17	\$1,025,750					\$1,025,750	
1282	Ventura - VC County	Worn	High	Track	Ventura (VC) Tie Rehabilitation	\$674,000					\$674,000	
1246	Ventura - VC County	Marginal	High	Communications	Wayside Communication System Replacement Parts - Ventura - Ventura County	\$50,000					\$50,000	
307	Ventura - VC County	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - Ven Sub	\$548,600					\$548,600	
165	Ventura - VC County	Worn	High	Grade Crossing	Rehabilitation of grade crossings on the Ventura Subdivision in Ventura County	\$342,980					\$342,980	
	Ventura - VC County Total					\$3,154,810	\$0	\$0	\$0	\$0	\$3,154,810	\$0
1274	All	Worn	High	Business Systems	Perform State of Good Repair Engineering, Track Measurements, and Prioritization to support and populate the annual SQGR/Rehab/TAM Program.	\$750,000	\$356,250	\$148,500	\$83,250	\$108,000	\$54,000	
247	All	Worn	High	Track	Rail Grinding Systemwide	\$840,400	\$399,190	\$166,399	\$93,284	\$121,018	\$60,509	
1223	All	Worn	High	Signals	SCRRA Production Backoffice Systems Upgrades and Testing Support	\$597,500	\$283,813	\$118,305	\$66,323	\$86,040	\$43,020	
485	All	Worn	High	Non-Revenue Fleet	MOW VEHICLE REPLACEMENT	\$1,163,100	\$552,473	\$230,294	\$129,104	\$167,486	\$83,743	
1058	All	Worn	High	Facilities	Replace Car shop Jacks at CMF	\$279,620	\$132,820	\$55,365	\$31,038	\$40,265	\$20,133	
1039	All	Worn	Low	Facilities	REPLACE PUBLIC ADDRESS SYSTEM	\$119,700	\$56,858	\$23,701	\$13,287	\$17,237	\$8,618	
1222	All	Worn	High	Signals	Backoffice Hardware & Software Replacement (DOC & MOC)	\$1,130,000	\$536,750	\$223,740	\$125,430	\$162,720	\$81,360	
1247	All	Worn	High	Rolling Stock	PTC On-Board Software updates, hardware repairs PTC on-board equipment Systems on 57 cab cars and 52 locomotives.	\$1,100,000	\$522,500	\$217,800	\$122,100	\$158,400	\$79,200	
1221	All	Worn	High	Signals	SCRRA Positive Train Control Lab Systems Support and Testing	\$947,500	\$450,063	\$187,605	\$105,173	\$136,440	\$68,220	
254 ⁽³⁾	All	Marginal	High	Rolling Stock	Bombardier (Sentinel) passenger rail cars Midlife Overhaul on 28 cars (see note 3)	\$40,500,000	\$6,819,206	\$2,842,532	\$1,593,541	\$2,067,296	\$1,033,648	\$26,143,776



PROJECT PROPOSALS FOR FY2018 REHABILITATION BUDGET - TIER A

Attachment G

PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC ⁽²⁾	OTHER ⁽¹⁾
1041	All	Marginal	High	Business Systems	Trapeze Maintenance Management System Software Upgrade	\$992,775	\$471,568	\$196,569	\$110,198	\$142,960	\$71,480	
1091	All	Worn	High	Business Systems	Condition Based Maintenance Tools, PC and Analysis Software	\$76,125	\$36,159	\$15,073	\$8,450	\$10,962	\$5,481	
	All Total					\$48,496,720	\$10,617,648	\$4,425,883	\$2,481,177	\$3,218,824	\$1,609,412	\$26,143,776
1155	River	Worn	High	Signals	Replace Worn Electric Switch Lock at 140.80 West Bank	\$100,600	\$47,785	\$19,919	\$11,167	\$14,486	\$7,243	
312	River	Worn	High	Signals	Phase 1 - Signal System Rehab - CP Terminal Rehab Turnouts 3X, 5, 5X, 7, 7X and Power Switch Machines	\$1,000,000	\$475,000	\$198,000	\$111,000	\$144,000	\$72,000	
1167	River	Worn	High	Signals	Signal System Rehab - Replace EL1A Logic Controller at CP Capital	\$335,940	\$159,572	\$66,516	\$37,289	\$48,375	\$24,188	
1285	River	Worn	High	Track	LA Union Station Track Rehabilitation	\$1,882,000	\$893,950	\$372,636	\$208,902	\$271,008	\$135,504	
311	River	Worn	High	Signals	Signal System Rehab - River Sub	\$1,017,030	\$483,089	\$201,372	\$112,890	\$146,452	\$73,226	
1237	River	Marginal	High	Communications	Wayside Communication System Replacement Parts - River	\$100,000	\$47,500	\$19,800	\$11,100	\$14,400	\$7,200	
310	River	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 grade crossings - River Sub	\$531,800	\$252,605	\$105,296	\$59,030	\$76,579	\$38,290	
	River Total					\$4,967,370	\$2,359,501	\$983,539	\$551,378	\$715,301	\$357,651	\$0
					TOTAL ALL-SHARE	\$53,464,090	\$12,977,149	\$5,409,422	\$3,032,555	\$3,934,125	\$1,967,063	\$26,143,776
					TOTAL LINE-SPECIFIC	\$36,094,737	\$26,763,033	\$1,935,560	\$50,000	\$3,314,334	\$3,154,810	\$844,000
					TIER A TOTAL	\$89,558,827	\$39,740,183	\$7,344,982	\$3,082,555	\$7,248,459	\$5,121,873	\$26,987,776
					Proposed Rotem Repayments ⁽⁴⁾	\$0	\$5,409,422	(\$6,059,016)	\$0	\$649,594	\$0	\$0
					NEW TIER A TOTAL	\$89,558,827	\$45,149,605	\$1,285,966	\$3,082,555	\$7,898,053	\$5,121,873	\$26,987,776

BUDGET & FUNDING NOTES:

- (1) San Gabriel sub turnout replacement project # 178 contains \$812K of State TCRP funds that SCRRRA plans to apply for. If the funds are not awarded, LA Metro's funding requirement increases by \$487,200 and SBCTA's funding requirement increases by \$324,800.
- (2) VCTC is likely to have approximately \$2.5M available for FY 2018 Rehabilitation projects. If that is the case, \$2.6M will have be cut from VCTC's share of the budget.
- (3) Other funds for Project # 254 (Bombardier Sentinel Car Overhaul) consist of \$20.2M of Prop 1A, \$4.77M of PTMISEA funds and \$1.163M of insurance settlement funds.
- (4) Systemwide projects are needed for the Rotem repayments to take place. OCTA's share of Systemwide projects proposed to be paid by LA Metro under the Rotem Settlement MOU.
- (5) \$200,000 in funds have been identified on existing FTA grant 5309 for OCTA

**PROJECT PROPOSALS FOR FY2018 CAPITAL BUDGET - TIER A****Attachment H**

RANK	PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SANBAG	VCTC	OTHER
1	1119	All	n/a	n/a	Business Systems	Laptop and Server Upgrade	\$207,900	\$98,753	\$41,164	\$23,077	\$29,938	\$14,969	
2	219A	All	n/a	n/a	Track	Central Maintenance Facility West Entrance Phase A - focused on Design, Engineering, & putting together contract documents of the CMF West Entrance Project with estimated cost is \$2M and would last 4 quarters (1 year)	\$2,000,000	\$950,000	\$396,000	\$222,000	\$288,000	\$144,000	
3	1238	All	n/a	n/a	PTC Systems	Interoperable Positive Train Control Rung II Non-Vital to Vital System Upgrade	\$3,070,000	\$1,458,250	\$607,860	\$340,770	\$442,080	\$221,040	
TOTAL							\$5,277,900	\$2,507,003	\$1,045,024	\$585,847	\$760,018	\$380,009	\$0

BUDGET & FUNDING NOTES:

(1) Project 219A - Central Maintenance Facility West Entrance - is the first of two phases. Phase A focuses on design and engineering, while Phase B focuses on Construction. Phase B is anticipated for FY19 at approximately \$9.6M

FY19 Forecast Operating Budget
by Cost Component By Member Agency

(\$000s)	Total FY18-19	Metro	OCTA	RCTC	SBCTA	VCTC
Operating Revenue						
Farebox Revenue	83,897	40,769	22,453	7,759	10,512	2,404
Metro Fare Reduction Subsidy	1,262	1,262	-	-	-	-
Subtotal-Pro Forma FareBox	85,159	42,031	22,453	7,759	10,512	2,404
Dispatching	2,128	1,130	685	6	57	250
Other Revenues	12	6	3	1	1	0
MOW Revenues	13,431	8,120	2,537	670	1,560	544
Subtotal Operating Revenue	100,730	51,287	25,678	8,436	12,130	3,199
Operating Expenses						
<u>Operations & Services</u>						
Train Operations	46,097	24,559	10,331	4,679	4,842	1,685
Equipment Maintenance	37,530	18,449	8,637	4,476	4,334	1,633
Fuel	18,751	9,579	4,794	1,878	1,912	588
Non-Scheduled Rolling Stock Repairs	100	52	24	10	11	3
Operating Facilities Maintenance	1,690	879	401	166	190	55
Other Operating Train Services	482	227	83	72	49	50
Rolling Stock Lease	-	-	-	-	-	-
Security - Sheriff	6,040	3,150	1,206	943	614	126
Security - Guards	2,889	1,362	498	432	295	302
Supplemental Additional Security	690	341	182	63	85	19
Public Safety Program	275	130	47	41	28	29
Passenger Relations	1,740	871	451	151	213	53
TVM Maintenance/Revenue Collection	6,019	2,508	1,322	1,003	821	364
Marketing	1,085	556	263	96	134	35
Media & External Communications	408	192	70	61	42	43
Utilities/Leases	3,309	1,560	570	495	338	345
Transfers to Other Operators	6,789	3,641	1,624	536	753	235
Amtrak Transfers	2,219	707	1,402	-	-	110
Station Maintenance	1,720	1,046	248	115	230	81
Rail Agreements	5,466	1,926	1,579	1,257	358	347
Subtotal Operations & Services	143,300	71,736	33,735	16,475	15,251	6,102
<u>Maintenance-of-Way</u>						
MoW - Line Segments	42,177	22,291	8,651	3,245	5,527	2,463
MoW - Extraordinary Maintenance	1,044	612	134	101	113	84
Subtotal Maintenance-of-Way	43,221	22,903	8,785	3,346	5,640	2,546
<u>Administration & Services</u>						
Ops Salaries & Fringe Benefits	14,541	6,855	2,517	2,169	1,487	1,513
Ops Non-Labor Expenses	7,658	3,895	1,701	844	839	380
Indirect Administrative Expenses	15,807	7,452	2,725	2,365	1,616	1,650
Ops Professional Services	2,689	1,268	464	402	275	281
Subtotal Admin & Services	40,695	19,469	7,407	5,779	4,216	3,824
<u>Contingency (Non-Train Ops)</u>	252	119	43	38	26	26
Total Operating Expenses	227,468	114,227	49,971	25,638	25,133	12,499
Insurance Expense/(Revenue)						
Liability/Property/Auto	13,099	6,809	3,110	1,284	1,471	426
Claims / SI	1,050	546	249	103	118	34
Claims Administration	1,191	619	283	117	134	39
PLPD Revenue	-	-	-	-	-	-
Net Insurance Expense	15,341	7,974	3,642	1,503	1,723	499
Total Expenses	242,808	122,201	53,613	27,142	26,856	12,997
Total Loss	(142,079)	(70,914)	(27,935)	(18,706)	(14,726)	(9,799)
Member Subsidies						
Operations	126,738	62,940	24,293	17,202	13,003	9,300
Insurance	15,341	7,974	3,642	1,503	1,723	499
Member Subsidies	142,079	70,914	27,935	18,706	14,726	9,799
Surplus / (Deficit)	-	-	-	-	-	-

FY20 Forecast Operating Budget
by Cost Component By Member Agency

(\$000s)	Total FY19-20	Metro	OCTA	RCTC	SBCTA	VCTC
Operating Revenue						
Farebox Revenue	83,897	40,769	22,453	7,759	10,512	2,404
Metro Fare Reduction Subsidy	1,262	1,262	-	-	-	-
Subtotal-Pro Forma FareBox	85,159	42,031	22,453	7,759	10,512	2,404
Dispatching	2,128	1,130	685	6	57	250
Other Revenues	12	6	3	1	1	0
MOW Revenues	13,431	8,120	2,537	670	1,560	544
Subtotal Operating Revenue	100,730	51,287	25,678	8,436	12,130	3,199
Operating Expenses						
<u>Operations & Services</u>						
Train Operations	47,600	25,382	10,644	4,817	5,006	1,750
Equipment Maintenance	38,847	19,120	8,942	4,619	4,474	1,692
Fuel	19,361	9,894	4,946	1,939	1,975	608
Non-Scheduled Rolling Stock Repairs	100	52	24	10	11	3
Operating Facilities Maintenance	1,530	796	364	150	171	50
Other Operating Train Services	495	233	85	74	51	52
Rolling Stock Lease	-	-	-	-	-	-
Security - Sheriff	6,241	3,257	1,255	962	635	132
Security - Guards	2,942	1,387	507	440	301	307
Supplemental Additional Security	690	341	182	63	85	19
Public Safety Program	275	130	47	41	28	29
Passenger Relations	1,746	826	492	167	203	57
TVM Maintenance/Revenue Collection	6,264	2,610	1,376	1,044	854	379
Marketing	1,085	523	291	107	126	39
Media & External Communications	408	192	70	61	42	43
Utilities/Leases	3,329	1,569	574	498	340	348
Transfers to Other Operators	6,993	3,751	1,673	552	776	242
Amtrak Transfers	2,262	721	1,429	-	-	112
Station Maintenance	1,800	1,096	259	119	241	85
Rail Agreements	5,569	1,950	1,626	1,283	361	349
Subtotal Operations & Services	147,536	73,829	34,786	16,945	15,681	6,295
<u>Maintenance-of-Way</u>						
MoW - Line Segments	44,071	23,309	9,017	3,408	5,759	2,577
MoW - Extraordinary Maintenance	1,090	639	140	106	117	87
Subtotal Maintenance-of-Way	45,160	23,948	9,157	3,514	5,877	2,664
<u>Administration & Services</u>						
Ops Salaries & Fringe Benefits	15,277	7,202	2,645	2,279	1,563	1,589
Ops Non-Labor Expenses	7,888	4,014	1,753	867	864	390
Indirect Administrative Expenses	16,273	7,671	2,805	2,434	1,663	1,699
Ops Professional Services	2,694	1,270	464	403	275	281
Subtotal Admin & Services	42,132	20,156	7,668	5,983	4,365	3,959
Contingency (Non-Train Ops)	252	119	43	38	26	26
Total Operating Expenses	235,080	118,052	51,655	26,480	25,949	12,944
Insurance Expense/(Revenue)						
Liability/Property/Auto	13,885	7,224	3,299	1,358	1,552	451
Claims / SI	1,113	579	264	109	124	36
Claims Administration	1,197	623	285	117	134	39
PLPD Revenue	-	-	-	-	-	-
Net Insurance Expense	16,196	8,427	3,848	1,584	1,811	526
Total Expenses	251,276	126,479	55,503	28,064	27,759	13,470
Total Loss	(150,546)	(75,192)	(29,825)	(19,628)	(15,629)	(10,271)
Member Subsidies						
Operations	134,350	66,765	25,977	18,044	13,819	9,745
Insurance	16,196	8,427	3,848	1,584	1,811	526
Member Subsidies	150,546	75,192	29,825	19,628	15,629	10,271
Surplus / (Deficit)	-	-	-	-	-	-

PROJECT PROPOSALS FOR FY2019 REHABILITATION BUDGET
Attachment K

ORIGINALLY INTENDED	PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC	OTHER (1)
FY18	1158	River	Worn	High	Signals	Rehab Signal System - Replace worn signals: 2W, 4WA, 4WB, 6W - CP Dayton	\$151,800	\$72,105	\$30,056	\$16,850	\$21,859	\$10,930	
FY18	1108	All	Worn	High	Stations	Station Platform Detectable Warning Panel and Pavement Marking Rehab	\$242,000	\$114,950	\$47,916	\$26,862	\$34,848	\$17,424	
FY18	1166	River	Worn	High	Signals	Rehab Worn and/or Defective Battery Cells - River Sub	\$64,240	\$30,514	\$12,720	\$7,131	\$9,251	\$4,625	
FY18	1151	San Gabriel 60 / 40	Worn	High	Signals	Signal System Rehab - Replace EC4 Unit with EC5 at Int Signal 81/82 - SG Sub	\$335,940	\$201,564			\$134,376		
FY18	322	Ventura - LA County	Worn	High	Signals	Signal System Rehab - Rehab Logic Controllers at Signal Locations - Ven Sub	\$329,560	\$329,560					
FY18	1051	All	Good	Low	Rolling Stock	Rotem Bi-Level Rail-car Progressive Overhaul Program Phase 1	\$11,933,250	\$5,668,294	\$2,362,784	\$1,324,591	\$1,718,388	\$859,194	
FY18	1057	All	Worn	Low	Facilities	Replace fencing and gates at MOC	\$149,050	\$70,799	\$29,512	\$16,545	\$21,463	\$10,732	
FY18	1054	All	Marginal	Low	Facilities	Renovate restrooms at CMF and MOC	\$756,800	\$359,480	\$149,846	\$84,005	\$108,979	\$54,490	
FY18	1203	Orange	Worn	High	Structures	Orange Sub Struct - San Juan Creek Bridge	\$38,261,522		\$38,261,522				
FY18	159	San Gabriel 60 / 40	Marginal	High	Track	San Gabriel Subdivision Rail Rehab Program	\$6,268,800	\$3,761,280			\$2,507,520		
FY18	320	Pasadena	Worn	High	Grade Crossing	Rehab Worn Signal and Grade Crossing Cables - Pasadena Sub	\$557,480	\$557,480					
FY18	1272	River	Worn	High	Track	Replace turnouts on the River Subdivision	\$1,830,840	\$869,649	\$362,506	\$203,223	\$263,641	\$131,820	
FY18	1289	Ventura - LA County	Marginal	High	Track	Replacement of turnouts on the Ventura Subdivision in Los Angeles County	\$525,000	\$525,000					
FY18	1154	River	Worn	High	Signals	Replace AC Meter Service @ N. Main Street - East Bank	\$130,600	\$2,741	\$1,143	\$641	\$831	\$416	\$124,829
FY18	1117	River	Worn	Low	Structures	River Sub Struct	\$299,600	\$142,310	\$59,321	\$33,256	\$43,142	\$21,571	
FY18	1280	San Gabriel 60 / 40	Worn	High	Track	San Gabriel Tie Rehabilitation	\$2,815,500	\$1,689,300			\$1,126,200		
FY18	1281	Valley	Worn	High	Track	Valley Tie Rehabilitation	\$11,110,940	\$11,110,940					
FY18	1165	River	Worn	High	Signals	Rehab Signal and Grade Crossing Cables - River Sub	\$513,480	\$243,903	\$101,669	\$56,996	\$73,941	\$36,971	
FY18	181	River Sub - West Bank	Marginal	High	Track	Replacement of turnouts on the River Subdivision West Bank line in Los Angeles County	\$540,980	\$256,966	\$107,114	\$60,049	\$77,901	\$38,951	
FY18	336	Olive	Worn	High	Signals	Rehab Worn or Defective Cables - Olive Sub	\$513,480		\$513,480				
FY18	347	River	Worn	High	Signals	Signal System Rehab - Replace EC4 Unit at CP Mission	\$346,940	\$164,797	\$68,694	\$38,510	\$49,959	\$24,980	
FY18	1241	Valley	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - Valley	\$75,000	\$75,000					
FY18	1239	River	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - River	\$75,000	\$35,625	\$14,850	\$8,325	\$10,800	\$5,400	
FY18	1243	Ventura - VC County	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - Ventura - Ventura County	\$37,500					\$37,500	
FY18	1245	Ventura - LA County	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - Ventura - LA County	\$37,500	\$37,500					
FY18	1255	San Gabriel 60 / 40	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - San Gabriel - SB County	\$37,500	\$22,500			\$15,000		
FY18	1227	San Jacinto (PVL)	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - PVL	\$75,000			\$75,000			
FY18	1254	San Gabriel 60 / 40	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - San Gabriel - LA County	\$37,500	\$22,500			\$15,000		
FY18	1230	Orange	Marginal	High	Communications	Wayside Communication System Design, slot planning, interference mitigation - Orange	\$125,000		\$125,000				
FY18	313	River	Worn	High	Signals	CP Dayton Signal Sys Rehab - Replace Relay Logic with Electrologixs Units	\$1,534,320	\$728,802	\$303,795	\$170,310	\$220,942	\$110,471	
FY18	191	All	Worn	High	Stations	Station Signage Rehab	\$310,500	\$147,488	\$61,479	\$34,466	\$44,712	\$22,356	
FY18	326	All	Worn	High	Signals	Rehab AC Units	\$236,940	\$112,547	\$46,914	\$26,300	\$34,119	\$17,060	
FY18	1113	Ventura - VC County	Worn	High	Structures	Ventura Sub (Ven CO) Struct - Arroyo Simi Bridge	\$13,999,650					\$13,999,650	
FY18	306	San Gabriel 60 / 40	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - SG Sub	\$548,600	\$329,160			\$219,440		
FY18	1153	Montalvo	Worn	High	Signals	Rehab Worn or Defective Cables - Montalvo Sub	\$566,940					\$566,940	

PROJECT PROPOSALS FOR FY2019 REHABILITATION BUDGET
Attachment K

ORIGINALLY INTENDED	PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC	OTHER (1)
FY18	1219	Ventura - VC County	Worn	High	Track	Ventura (VC) Track Rehabilitation	\$781,000					\$781,000	
FY18	1152	San Gabriel 60 / 40	Worn	High	Signals	Signal System Rehab - Replace EC4 Unit with EC5 at Int Signal 111/112 - SG Sub	\$335,940	\$201,564			\$134,376		
FY18	266	Orange	Worn	High	Signals	Rehab Worn or Defective Cables - Orange Sub	\$566,940		\$366,940				\$200,000
FY18	1207	Orange	Worn	High	Track	Orange Subdivision Rail Rehab Program	\$942,000		\$942,000				
FY18	340	San Gabriel 60 / 40	Worn	High	Signals	Signal System Rehab - Replace EC4 Unit with EC5 at Int Signal 41/42 - SG Sub	\$335,940	\$201,564			\$134,376		
FY18	1208	Orange	Marginal	High	Track	Orange Subdivision Tie Rehab	\$2,920,500		\$2,920,500				
FY18	1157	River	Worn	High	Signals	Area lighting and fencing around houses - River Sub	\$536,800	\$254,980	\$106,286	\$59,585	\$77,299	\$38,650	
FY18	250	Valley	Marginal	High	Track	Replacement of turnouts on the Valley Subdivision in Los Angeles County	\$400,000	\$400,000					
FY18	1305	San Gabriel 60 / 40	Worn	High	Grade Crossing	Rehabilitation of Beech Ave crossing on the San Gabriel Subdivision	\$462,000	\$277,200			\$184,800		
FY18	1215	Valley	Marginal	High	Track	Valley Sub Rail Rehabilitation	\$2,296,250	\$2,296,250					
FY18	277	San Gabriel 60 / 40	Worn	High	Signals	Rehab Worn or Defective Cables - SG Sub	\$566,940	\$340,164			\$226,776		
FY18	263	Orange	Worn	High	Signals	C&S Corrosion Mitigation	\$216,615		\$216,615				
FY18	196	River	Worn	Low	Track	Rehabilitation of the North lead to CMF	\$750,000	\$356,250	\$148,500	\$83,250	\$108,000	\$54,000	
FY18	154	Pasadena	Worn	Low	Grade Crossing	Phase 1 - Rehabilitation of grade crossings on the Pasadena Subdivision	\$500,000	\$500,000					
FY18	155	Rialto	Worn	High	Grade Crossing	Phase 1 - Rehabilitation of grade crossings on the Rialto Industrial Track	\$250,000				\$250,000		
FY18	1252	San Gabriel 60 / 40	Marginal	Low	Communications	Rehab Update CIS at Stations - San Gabriel (SB County)	\$150,000	\$90,000			\$60,000		
FY18	1248	Valley	Marginal	Low	Communications	Rehab Update CIS at Stations - Valley	\$150,000	\$150,000					
FY18	1250	Orange	Marginal	Low	Communications	Rehab Update CIS at Stations - Orange	\$150,000		\$150,000				
FY18	1251	San Gabriel 60 / 40	Marginal	Low	Communications	Rehab Update CIS at Stations - San Gabriel (LA County)	\$150,000	\$90,000			\$60,000		
FY18	1249	Ventura - VC County	Marginal	Low	Communications	Rehab Update CIS at Stations - Ventura - Ventura County	\$150,000					\$150,000	
FY18	1253	Ventura - LA County	Marginal	Low	Communications	Rehab Update CIS at Stations - Ventura - LA County	\$150,000	\$150,000					
FY19	239	All	Worn	High	Stations	Station Signage Rehab	\$310,500	\$147,488	\$61,479	\$34,466	\$44,712	\$22,356	
FY19	1120	All	Marginal	High	Rolling Stock	Bombardier (Sentinel) passenger rail cars Midlife Overhaul	\$40,500,000	\$19,237,500	\$8,019,000	\$4,495,500	\$5,832,000	\$2,916,000	
FY19	1109	All	Worn	High	Stations	Station Platform Detectable Warning Panel and Pavement Marking Rehab	\$297,000	\$141,075	\$58,806	\$32,967	\$42,768	\$21,384	
FY19	1060	Ventura - VC County	Worn	Low	Facilities	Replace Moorpark Trailer (Crew Base)	\$1,474,000					\$1,474,000	
FY19	1062	All	Worn	High	Facilities	Replace yard and progressive track lighting at CMF	\$933,020	\$443,185	\$184,738	\$103,565	\$134,355	\$67,177	
FY19	1170	Orange	Worn	High	Signals	C&S Corrosion Mitigation	\$216,615		\$216,615				
FY19	1168	Montalvo	Worn	High	Signals	Rehab Worn or Defective Cables - Montalvo Sub	\$566,940					\$566,940	
FY19	1061	All	Worn	Low	Rolling Stock	Locomotive and Cab Car Camera & DVR replacements	\$1,099,875	\$522,441	\$217,775	\$122,086	\$158,382	\$79,191	
FY19	197	River	Worn	Low	Facilities	Spot Track Facility Modifications	\$1,638,750	\$778,406	\$324,473	\$181,901	\$235,980	\$117,990	
FY19	1313	All	Worn	High	Facilities	Phase 2 - Replace Car shop Jacks at CMF	\$279,620	\$132,820	\$55,365	\$31,038	\$40,265	\$20,133	
FY19	1226	All	Worn	High	Labratory Testing	SCRRA Positive Train Control Lab Systems Support and Testing	\$847,500	\$402,563	\$167,805	\$94,073	\$122,040	\$61,020	
FY19	1225	All	Worn	High	Signals	SCRRA Production Backoffice Systems Upgrades and Testing Support	\$547,000	\$259,825	\$108,306	\$60,717	\$78,768	\$39,384	
FY19	1056	All	Marginal	Low	Facilities	Employee Communications System Upgrade	\$228,375	\$108,478	\$45,218	\$25,350	\$32,886	\$16,443	
FY19	1224	All	Marginal	High	Signals	Backoffice Hardware & Software Replacement (DOC & MOC)	\$1,020,000	\$484,500	\$201,960	\$113,220	\$146,880	\$73,440	
FY19	1212	Valley	Worn	High	Track	Tunnel 25 Track Rennovation	\$10,792,750	\$10,792,750					
FY19	235	Valley	Worn	High	Structures	Verdugo Wash (8.12) Bridge Deck Replacement	\$1,484,725	\$1,484,725					

PROJECT PROPOSALS FOR FY2019 REHABILITATION BUDGET
Attachment K

ORIGINALLY INTENDED	PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC	OTHER (1)
FY19	1213	Valley	Marginal	High	Track	Valley Sub Track Renewal Train	\$70,000,000	\$70,000,000					
FY19	1127	All	Worn	High	Signals	Remove Unnecessary iiATS instructors from RR Right of Way	\$667,800	\$317,205	\$132,224	\$74,126	\$96,163	\$48,082	
FY19	325	Pasadena	Worn	Low	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - Pasadena Sub	\$557,480	\$557,480					
FY19	1199	Pasadena	Worn	Low	Track	Pasadena Tie Rehabilitation	\$1,000,450	\$1,000,450					
FY19	1123	All	Worn	High	Signals	Rehab C&S Maintenance Vehicles (2 Sig vehicles)	\$150,000	\$71,250	\$29,700	\$16,650	\$21,600	\$10,800	
FY19	1209	San Jacinto (PVL)	Worn	Low	Track	Perris Valley Subdivision Rail Rehab Program	\$3,256,250			\$3,256,250			
FY19	1198	Pasadena	Worn	High	Track	Pasadena Subdivision Rail Rehab Program	\$738,240	\$738,240					
FY19	1308	Rialto	Worn	High	Grade Crossing	Phase 2 - Rehabilitation of grade crossings on the Rialto Industrial Track	\$250,000				\$250,000		
FY19	1310	River	Worn	High	Signals	Phase 2 - Signal System Rehab - CP Terminal Rehab Turnouts 3X, 5, 5X, 7, 7X and Power Switch Machines	\$1,000,000	\$475,000	\$198,000	\$111,000	\$144,000	\$72,000	
FY19	1306	Pasadena	Worn	Low	Grade Crossing	Phase 2 - Rehabilitation of grade crossings on the Pasadena Subdivision	\$1,000,000	\$1,000,000					
TOTAL							\$248,992,567	\$142,086,103	\$57,532,627	\$11,078,800	\$15,368,740	\$22,601,468	\$324,829

PROJECT PROPOSALS FOR FY2020 REHABILITATION BUDGET

Attachment L

ORIGINALLY INTENDED	PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC	OTHER (1)
FY20	240	All	Worn	High	Stations	Station Signage Rehab	\$310,500	\$147,488	\$61,479	\$34,466	\$44,712	\$22,356	
FY20	1063	All	Worn	Low	Non-Revenue Fleet	Vehicle Replacement	\$0	\$0	\$0	\$0	\$0	\$0	
FY20	1110	All	Worn	High	Stations	Station Platform Detectable Warning Panel and Pavement Marking Rehab	\$352,000	\$167,200	\$69,696	\$39,072	\$50,688	\$25,344	
FY20	1064	SB Shortway	Worn	Low	Facilities	Purchase electric train car mover for EMF	\$889,240				\$889,240		
FY20	1185	San Gabriel - SB County	Worn	High	Signals	Rehab Worn or Defective Cables	\$566,940				\$566,940		
FY20	1176	Orange	Worn	High	Signals	Rehab Worn or Defective Cables	\$566,940		\$566,940				
FY20	1191	Ventura - LA County	Worn	High	Signals	Rehab Worn or Defective Cables	\$513,480	\$513,480					
FY20	1121	All	Marginal	High	Rolling Stock	Bombardier (Sentinel) passenger rail cars Midlife Overhaul	\$40,500,000	\$19,237,500	\$8,019,000	\$4,495,500	\$5,832,000	\$2,916,000	
FY20	1182	River	Worn	High	Signals	Rehab Worn or Defective Cables	\$513,480	\$243,903	\$101,669	\$56,996	\$73,941	\$36,971	
FY20	1173	Montalvo	Worn	High	Signals	Rehab Worn or Defective Cables - Montalvo Sub	\$566,940					\$566,940	
FY20	1179	Pasadena	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year	\$557,480	\$557,480					
FY20	1186	San Gabriel - SB County	Worn	High	Signals	Rehab Worn or Defective Cables	\$566,940				\$566,940		
FY20	1180	Rialto	Worn	High	Signals	Rehab Signal and Grade Crossing Cables	\$513,480				\$513,480		
FY20	1175	Orange	Worn	High	Signals	C&S Corrosion Mitigation	\$216,615		\$216,615				
FY20	1178	Pasadena	Worn	High	Grade Crossing	Rehab Worn Signal and Grade Crossing Cables	\$557,480	\$557,480					
FY20	1181	River	Worn	High	Signals	Signal System Rehab - Replace EC4 Unit at CP Mission	\$346,940	\$164,797	\$68,694	\$38,510	\$49,959	\$24,980	
FY20	1192	Ventura - VC County	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year	\$548,600					\$548,600	
FY20	1171	All	Worn	High	Signals	Rehab C&S Maintenance Vehicles (2 Sig Vehicles)	\$150,000	\$71,250	\$29,700	\$16,650	\$21,600	\$10,800	
FY20	1187	San Gabriel - SB County	Worn	High	Grade Crossing	Grade Crossing Rehab	\$509,600				\$509,600		
FY20	1177	Orange	Worn	High	Grade Crossing	Grade Crossing Rehab - Rehab 2 Locations per Year	\$560,560		\$560,560				
FY20	1194	Ventura - VC County	Worn	High	Signals	Rehab Signal and Grade Crossing Cables	\$513,480					\$513,480	
FY20	1184	San Gabriel 60 / 40	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year - SG Sub	\$548,600	\$329,160			\$219,440		
FY20	1193	Ventura - VC County	Worn	High	Signals	Rehab Signal and Grade Crossing Cables -Ven Sub	\$513,480					\$513,480	
FY20	1169	Olive	Worn	High	Signals	Rehab Worn or Defective Cables	\$513,480		\$513,480				
FY20	1190	Ventura - LA County	Worn	High	Grade Crossing	Grade Crossing Rehab 2 Locations per Year	\$531,800	\$531,800					
FY20	1189	Valley	Worn	High	Grade Crossing	Grade Crossing Rehab - 2 Locations per Year	\$557,480	\$557,480					
FY20	1174	Olive	Worn	High	Signals	Rehab Worn or Defective Cables - Olive Sub	\$513,480		\$513,480				
FY20	1183	San Gabriel - LA County	Worn	High	Signals	Rehab Worn or Defective Cables	\$511,940	\$511,940					
FY20	1188	Valley	Worn	High	Signals	Rehab Worn or Defective Cables	\$511,940	\$511,940					
FY20	1236	All	Worn	High	Labratory Testing	SCRRA Positive Train Control Lab Systems Support and Testing	\$1,360,000	\$646,000	\$269,280	\$150,960	\$195,840	\$97,920	
FY20	1234	All	Worn	High	Signals	SCRRA Production Backoffice Systems Upgrades and Testing Support	\$815,000	\$387,125	\$161,370	\$90,465	\$117,360	\$58,680	
FY20	1232	All	Marginal	High	Signals	Backoffice Hardware & Software Replacement (DOC & MOC)	\$553,500	\$262,913	\$109,593	\$61,439	\$79,704	\$39,852	
FY20	1309	Rialto	Worn	High	Grade Crossing	Phase 3 - Rehabilitation of grade crossings on the Rialto Industrial Track	\$250,000				\$250,000		
FY20	1311	River	Worn	High	Signals	Phase 3 - Signal System Rehab - CP Terminal Rehab Turnouts 3X, 5, 5X, 7, 7X and Power Switch Machines	\$1,000,000	\$475,000	\$198,000	\$111,000	\$144,000	\$72,000	
FY20	1314	All	Worn	High	Facilities	Phase 3 - Replace Car shop Jacks at CMF	\$279,620	\$132,820	\$55,365	\$31,038	\$40,265	\$20,133	
FY20	1307	Pasadena	Worn	Low	Grade Crossing	Phase 3 - Rehabilitation of grade crossings on the Pasadena Subdivision	\$1,000,000	\$1,000,000					
TOTAL							\$59,281,015	\$27,006,754	\$11,514,921	\$5,126,095	\$10,165,710	\$5,467,535	

PROJECT PROPOSALS FOR FY2019 CAPITAL BUDGET

Attachment M

ORIGINALLY INTENDED	PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC	OTHER (1)
FY18	219	All	n/a	n/a	Track	Central Maintenance Facility West Entrance - Phase 2	\$9,698,500	\$4,606,788	\$1,920,303	\$1,076,534	\$1,396,584	\$698,292	
FY18	1220	All	n/a	n/a		Project Study Reports and Initial Design for Capital Projects	\$1,000,000	\$475,000	\$198,000	\$111,000	\$144,000	\$72,000	
FY19	1079	All	n/a	n/a	Facilities	Electric Vehicle Charging Stations	\$461,380	\$219,156	\$91,353	\$51,213	\$66,439	\$33,219	
FY19	215	Valley	n/a	n/a	Track	Palmdale Passing Siding	\$9,380,400	\$9,380,400					
TOTAL							\$20,540,280	\$14,681,343	\$2,209,656	\$1,238,747	\$1,607,023	\$803,511	

PROJECT PROPOSALS FOR FY2020 CAPITAL BUDGET

Attachment N

ORIGINALLY INTENDED	PROJECT #	SUBDIVISION	CONDITION	IMPACT	ASSET TYPE	PROJECT	TOTAL	Metro	OCTA	RCTC	SBCTA	VCTC	OTHER (1)
FY20	398	SB Shortway	n/a	n/a	Facilities	EMF ADDITIONAL UNDERGROUND FUEL STORAGE TANKS	\$2,608,200				\$2,608,200		
FY20	1065	All	n/a	n/a	Facilities	Locomotive Test Facility CMF and EMF	\$2,298,450	\$1,091,764	\$455,093	\$255,128	\$330,977	\$165,488	
TOTAL							\$4,906,650	\$1,091,764	\$455,093	\$255,128	\$2,939,177	\$165,488	

REHABILITATION PROJECT BALANCES CARRIED INTO FISCAL YEAR 2018
Attachment O

(\$000s)

Sum of Carryover

Proj #	Subdivision	Category	Project Name	Member					UPRR\PTMISEA	OTHER	Total Carryover
				Metro	OCTA	RCTC	SBCTA	VCTC			
450097	Systemwide	PTC, C+S	Customer Information System (CIS)	17	1	1	2				21
510084	Systemwide	Facilities	Facilities Design/Outfit Melbourne MoW Facility	89	40	23	30	15			197
513006	Ventura - VC	Track	Rehab turnout @ Strathern					3			3
513007	Ventura - VC	Structures	Capacity ratings on bridges/culverts (5)					15			15
513008	Ventura - VC	Signal	Rehab/replace crossing gates, gate savers, predictors, batteries and other equipment					9			9
513009	Ventura - VC	Communication	Upgrade/Replace Wayside Communications and Remote Monitors - Ventura Subdivision (Ventura Co.)					8			8
513010	Ventura LA	Track	Rehab turnouts @ Woodman, Bernson & Rayer.	7							7
513011	Ventura LA	Structures	ROW grading and tunnel vacuuming.	3							3
513015	Valley	Structures	Determine capacity ratings on bridges/culverts.	12							12
513016	Valley	Signal	Rehab 4 M23A switches at CP Taylor.	66							66
513017	San Gabriel	Track	Transition Rails & Insulated Joints. Rehab turnouts @ Irwin, CP Bassett, CP Barranca,	21			14				35
513018	San Gabriel	Signal	Rehab Electrologic CP Marengo & CP Vista	9			6				15
513019	San Gabriel	Communication	Upgrade/Replace Comm Equipment and Wayside Comm Sites - San Gabriel Sub	119			79				198
513021	Rialto	Signal	Rialto Industry Track Grade Crossing Rehabilitation				7				7
513022	Orange	Track	Transition Rails & Insulated Joints.		128						128
513023	Orange	Structures	Rehab design analysis - San Juan Creek Bridge (Design Only)		14						14
513024	Orange	Structures	Capacity Ratings on Bridges/Culverts, ROW Grading, & Hydrology Design		28						28
513025	Orange	Signal	Rehab electrologic CP Capistrano.		212						212
513026	Orange/Olive	Signage	Rehab faded and damaged signage at 4 Stations		261						261
513027	River	Track	Transition Rails & Insulated Joints. Rehab turnouts.	28	14	8	10	5			65
513028	River	Structures	Capacity Ratings on Bridges/Culverts, ROW Grading	17	7	4	5	3			36
513029	River	Signal	Battery replace CP Terminal & CP Mission.	16	7	4	5	2			33
513030	River	Communication	Establish Comm Path Diversity at CP Locations	3	3		1				7
513031	Systemwide	Facilities	Upgrade Ground Power and Fuel Management System at CMF	27	11	6	8	4			57
513038	Systemwide	IT	Enterprise project mgmt, tracking, scheduling solution	10							10
513039	Systemwide	Sig/Veh	F550 Hyrail bucket trucks, renew brush truck generators	13	6	3	4	2			29
513040	Systemwide	MoW	Melbourne Maintenance Support Facility	10	1						11
513042	Systemwide	Signal	Install additional signal heads and signal equipment.	6	2	1	2				11
513043	Systemwide	Vehicles	Replacement of rubber-tire vehicles for field operations	6	2	1	3				12
513044	Systemwide	Vehicles	Replace rail car mover	3	1	12	15				31
513045	Systemwide	TVM	TVM Upgrades	12	5	3					20
513048	Systemwide	IT	SCRRA Fleet Plan	2							2
514001	91-LA	Signage	CMS & PA System Rehabilitation at Montebello/Commerce & Norwalk/SF Springs. I	26							26
514002	Olive	Track	Rehabilitate Wood Cross Ties on the Olive Subdivision (Quantity 1400)		84						84
514003	Orange	Communication	Communication System Upgrade from OC Sub to TCOSF or MOC		8						8
514004	Orange	Safety	Fencing Installation at San Clemente Park		10						10
514007	Orange	Track	Rehabilitate Wood Cross-Ties on Orange Sub, Split FY12-13 and FY13-14 (21,400 ties)		151						151
514008	Orange	Track	Rehabilitate Curves 17 (MT 1 & 2), 39, 40, 46 & 53 on Orange Sub.		51						51
514009	Orange/Olive	CIS/Signage	Rehab CMS & PA Systems at High Priority Stations on Orange County line. Integrate with back office :		25						25
514010	Orange/Olive	Signal	Rehabilitate /Replace/Add Crossing Gates/Gatesavers, Predictors, Batteries, Other Crossing Equipme		54						54
514012	PASADENA	Track	Pasadena Sub: Replace Timber Crossties.	5							5
514013	San Gabriel	Communication	San Gabriel Sub: PTC Communications Systems Remote Monitoring & Access Control	12			8				20
514014	San Gabriel	Safety	Fencing Installation Fontana-Beech MP 47.6. ROW Grading, Ditching and Fencing.	13			9				22
514015	San Gabriel	Signage	Rehabilitate CMS & PA at 4 Stations on the San Gabriel Subdivision. Integrate with B	9			6				15
514017	San Gabriel	Track	Rehabilitate Curves at Various Locations on the San Gabriel Subdivision.	69			46				115

514018	Valley	Communication	Valley Sub Communications Backhaul Rehabilitation	15						15
514020	Valley	Safety	Fencing Installation MP 14.7 & MP 31. Vacuum Tunnels, ROW Grading, Ditching & F	6						6
514021	Valley	Signage	CMS & PA Systems Rehabilitation on the Antelope Valley Line stations. Integrate wit	98						98
514022	Valley	Signal	Valley Sub Signal Rehab: 1 Electrologic Location and Other Crossing Work	26						26
514024	Valley	Track	Rail Replacement and Rehab Curves at Various Locations on Valley Sub	166						166
514026	Ventura LA	Signage	Rehabilitate CMS System & PA System at the Northridge Station. Integrate with Bacl	30						30
514027	Ventura LA	Signal	Ventura Sub Signal Rehab (LA Co.)- Replace GCP4000 (2 loc.) and Replacement of 3 c	118						118
514030	Ventura LA	Track	Replace Rail on Curve 130, (MT 2) on Ventura Sub (LA County)	684						684
514031	Ventura - VC	Communication	Rehabilitate Communication Systems Ventura Sub (Ventura Co), Including TCOSF and MOC Pathways.					11		11
514032	Ventura - VC	Facilities	Replace Light Fixtures and Ground Power Cables at Moorpark Layover					13		13
514033	Ventura - VC	Signage	Rehabilitate CMS & PA Systems at 3 Ventura County Stations. Integrate with Back Office Server.					41		41
514036	Ventura - VC	Track	Rehabilitate Crossing at Tapo Street in Ventura County					48		48
514038	River	Safety	Fencing Installation near 9th Street on the River Subdivision. ROW Grading, Ditching	47	20	11	14	7		99
514039	River	Signal	River Sub Signal Rehabilitation	12	5	3	4	2		25
514042	Systemwide	Facilities	Rehabilitate Drop Table and Wheel True Machine at CMF.	29	12	7	9	4		62
514043	Systemwide	Facilities	Replace Fuel Tanker Truck	82	29	16	21	11		160
514044	Systemwide	Facilities	Fueling System Improvement	10	4	2	3			20
514045	Systemwide	Facilities	Melbourne C&S Material Relocation Program (MSF Phase 3)	2						2
514046	Systemwide	IT	Electronic Ticketing System	5	2	1				8
514047	Systemwide	IT	FIS Phase 2 & Business Intelligence Solution Data Warehouse.	24	10	6	7	4		50
514048	Systemwide	IT	TAM Plan and System for FTA MAP-21 Compliance.	1						1
514049	Systemwide	IT	Design/Analysis for Replacement of Current TVM System	9	4	2	13	1		30
514055	Systemwide	Signal	System Signal: Replace Dwarf Signal Heads and Install Remote Card Readers and Vid	3	1					4
514056	Systemwide	Track	Rehabilitate CMF West Access, Tail Track and Crossing.	2						2
514057	Systemwide	Track	Systemwide Rail Grinding and Ultrasonic Rail Testing	54	23	13	16	8		114
514058	Systemwide	Vehicles	Rubber Tire Vehicle Replacement (Non-Fed) - 3 Pool Vehicles	3						3
514059	Systemwide	Vehicles	Rubber Tire Vehicle Replacement (Fed) - (3) MoW Trucks, (Approx 18) PTC Vehicles	2						2
514061	San Gabriel	Track	Rehabilitate Transition Rails & Insulated Joints on the San Gabriel Subdivision	2			2			4
514062	River	Track	Rehabilitate Insulated Joints and Replace Turnout on the River Subdivision	17	6	3	5	3		33
514063	Valley	Fencing	Lancaster Layover and Station Safety/Security Improvements	64						64
514065	Systemwide	Track	FY14 Track Measurement Systems	60	25	14	18	9		127
514066	Ventura LA VC	Structures	Tunnel 26 Drainage	121				93		214
515100	Olive	Structures	Olive Sub Culvert & Bridge Rehab at MP 3.8, 5.01 and 1.70		21					21
515102	Orange	Communication	Orange/Olive Sub: PTC Communications Systems Remote Monitoring & Access Control		11					11
515104	Orange	Structures	Orange Subdivision ROW Grading, Ditching, & Hydrology Design		13					13
515105	Orange	Structures	Orange Subdivision Culvert & Bridge Rehabilitation (9 Structures)		2,762					2,762
515106	Orange	Structures	Orange Subdivision Bridge Repair (San Juan Creek Bridge Design) and Slope Stabilization/Grading		25					25
515107	Orange	Track	Orange Subdivision Ground Penetrating Radar		14					14
515108	Orange	Track	Orange Subdivision Tie Replacement - 1,077 Spot Ties		31					31
515109	Pasadena	Signal	Pasadena Subdivision Signal Rehabilitation	4						4
515113	Riverside	Facilities	Riverside Layover Facility Improvements - DESIGN			522				522
515114	San Gabriel	Communication	San Gabriel Subdivision Communication System Rehabilitation	8			5			13
515115	San Gabriel	Signal	San Gabriel Sub Signal Rehabilitation - Upgrade 28 EC5 Units and 2 ElectroLogix	3			2			5
515117	San Gabriel	Track	San Gabriel Subdivision Ground Penetrating Radar	6			4			10
515118	San Gabriel	Track	San Gabriel Subdivision Track Rehabilitation	26			17			44
515122	Valley	Signal	Valley Subdivision Signal Rehabilitation - Crossing Cables Replacement Sierra Hwy	22						22
515123	Valley	Structures	Valley Subdivision Bridge & Culvert Replacement - Design & Construction (4 structur	675						675
515126	Valley	Track	Valley Subdivision Ground Penetrating Radar	3						3
515127	Ventura LA	Communication	Oat Mountain ATCS/VHF Relocation & Consolidation and Remote Monitors/VHF Rad	6						6
515128	Ventura LA	Signal	Ventura Sub (LA Co) Signal Rehabilitation - Upgrade GCP at Tujunga and Clybourn	94						94
515129	Ventura LA	Structures	Ventura Sub (LA Co) Bridge Repair - Design & Construction MP 461.65 Replacement :	351						351

515131	Ventura LA	Structures	Ventura Subdivision (LA Co ROW Maintenance)	71							71
515133	Ventura - VC	Communication	Tunnel 26VHF / CP Davis Communication Backhaul (Ventura - VN Co)					14			14
515134	Ventura - VC	Signal	Ventura Sub (Ven Co) Cable Replacement					6			6
515135	Ventura - VC	Structures	Ventura Sub (Ven Co) Bridge Replacement - Construction at MP 438.62					357			357
515137	Ventura - VC	Track	Rehabilitate Sequoia Street Crossing					9			9
515139	River	Signal	River Subdivision Signal Rehabilitation - Dwarf Signal Replacement	4	2		1				6
515142	River	Track	River Subdivision Ground Penetrating Radar	6	3	1	2				12
515143	River	Track	River Subdivision Rail Replacement	1							1
515144	River	Track	Rehab Rail & Ties on River Subdivision East Bank	483	201	113	146	73	2,392		3,409
515145	Systemwide	Facilities	Upgrade Sanding System at CMF	10	4	2	3	2			21
515146	Systemwide	IT	Financial Planning & Forecasting Solution - Phase 2	121	51	28	37	18			255
515148	Systemwide	Mechanical	Battery Change Out on Gen 3 Cars	30	7						37
515151	Systemwide	Mechanical	Gen 1 Rail Car Overhaul	138	166	149	193	96			742
515152	Systemwide	PTC, C+S	PTC Communication and Signal Systemwide Rehab	1							1
515154	Systemwide	Track	Track Measurement & Testing - Machine Vision & Track Infrastructure Report	6	2	1	2				11
515155	Systemwide	Track	Systemwide Rail Grinding	4	2		1				7
515159	Valley	Valley	Tunnel 25 Drainage	2							2
516050	Systemwide	Rolling Stock	Rail Car Restoration							595	595
516069	Systemwide	Facilities	Replace NOX2 Monitoring System			3	4				7
516110	Ventura - VC	Track	Ventura Sub (Ven Co) Rail Grinding					4			4
516111	Ventura - VC	Track	Ventura Sub (Ven Co) Rail Replacement					429			429
516120	Ventura - VC	Structures	Ventura Sub (Ven Co) Bridge & Culvert Rehab					468			468
516130	Ventura - VC	Signal	Ventura Sub (Ven Co) Signal Rehabilitation					76			76
516410	San Gabriel	Track	San Gabriel Sub Track Rehab				762				762
516511	Olive	Track	Olive Sub Replace Track Panels -		22						22
516530	Olive	Signal	Orange/Olive Sub Signal Engineering		209						209
516610	Orange	Track	Orange Sub Rail Grinding		189						189
516611	Orange	Track	Orange Sub Rail Replacement		1,617						1,617
516612	Orange	Track	Orange Sub Replace Track Panels		300						300
516620	Orange	Structures	Orange Sub ROW Grading/Ditching		206						206
516621	Orange	Structures	Orange Sub - San Juan Creek Bridge Design		1,891						1,891
516631	Orange/Olive	Signal	Orange/Olive Sub Signal Rehabilitation - GCP4000 (5 EA) and Gate Mechanisms (5 tot)		177						177
516640	Orange	Communication	Orange Sub Communication Rehabilitation		133						133
516819	Redlands	Track & Signal	VALLEY SUB TIE REPLACEMENT				63				63
516820	Riverside	Facilities	Downtown Riverside Layover Improvements			15					15
516930	PVL /former San Jacinto	Signal	PVL Signal Engineering			10					10
516931	PVL /former San Jacinto	Signal	PVL Signal Rehabilitation			689					689
516940	PVL /former San Jacinto	Communication	PVL Communication Rehabilitation - Remote Network Monitors at 19 Locations			31					31
517030	Systemwide	Signal	Replace Signal Maintenance Vehicles	36	15	8	11	5			75
517040	Systemwide	Comm & PTC	Back Office & PTC Lab Upgrades	1,234	514	288	374	187			2,598
517050	Systemwide	Rolling Stock	Gen 1 HVAC Overhaul (20 Bombardier Coach Cars)	152	63	36	46	23			320
517051	Systemwide	Facilities	CMF Elevator Modernization	62	26	14	19	9			130
517052	Systemwide	Facilities	CMF Drainage Redirection	757	316	177	230	115			1,594
517053	Systemwide	Facilities	EMF Parking and Track Lighting	300	125	70	91				587
517054	Systemwide	Facilities	Stabilize Canopies and Platforms at LAUS	473	197	111	143	72	265		1,261
517110	Ventura - VC	Track	Rehab 2,100 Ft Rail - Ventura Sub (Ven Co)					333			333
517120	Ventura - VC	Structures	Bridge Rehab MP 438.89 Ventura Sub (Ven Co)					138	291		429
517121	Ventura - VC	Structures	Design Bridge/Culvert MP 434.12 & 436.96					277			277
517122	Ventura - VC	Structures	Culvert Rehab MP 436.56 Ventura Sub (Ven Co)					368			368
517130	Ventura - VC	Signal	Replace Back-Up Battery Banks & Worn Underground Cables					200			200
517140	Ventura - VC	Comm & PTC	Communications Rehab - Ventura (Ven Co)					238			238

517310	Valley	Track	Tie Rehabilitation - Valley Subdivision	1,400								1,400
517320	Valley	Structures	Culvert Rehab - Valley Subdivision	673								673
517330	Valley	Signal	Rehab Train Control & Grade Crossing Signal Equipment - Valley Sub	350								350
517410	San Gabriel	Track	Rehab Ties, Turnout, Track Panels	1,186			790					1,976
517411	San Gabriel	Track	Rail Grinding - San Gabriel Sub	120			80					200
517420	San Gabriel	Structures	Replace Culvert & ROW Grading/Ditching - San Gabriel Sub	123			82					205
517430	San Gabriel	Signal	Replace Signal and Grade Crossing Components - San Gabriel Sub	240			160					400
517431	San Gabriel	Signal	Signal Rehab - San Gabriel Sub	585			390					975
517440	San Gabriel	Communication	Communications Rehab - San Gabriel Sub	105			70					175
517530	Olive	Signal	Replace Signal and Grade Crossing System Cables - Olive Sub		450							450
517610	Orange	Track	Upgrade 115 lb Rail with 136 lb Rail - Orange Subdivision		6,912							6,912
517620	Orange	Structures	Rehab Culvert / ROW Grading - Orange Sub		485							485
517640	Olive	Comm & PTC	Wayside Comm & CIS Rehab - Orange/Olive Sub		300							300
517710	River*	Track	Tie Rehabilitation - River Sub (East Bank)	943	393	220	286	143	1,913			3,899
517711	River	Track	Replace Turnouts - River Subdivision	475	198	111	144	72				1,000
517730	River	Signal	Replace Batteries, Gate Mechanisms & Install Gate Savers - River	119	50	28	36	18				250
517731	East Bank	Signal	Rehab Power Switch Machines and Cables - River (East Bank)	74	31	17	22	11	344			500
517740	East Bank	Comm & PTC	Wayside Comm & CIS Rehab - River (East Bank)	18	8	4	6	3	85			123
517940	PVL	Comm & PTC	Wayside Comm & CIS Rehab - PVL			125						125
591705	Systemwide	Vehicles	CMF Material Handling Equipment	192	80	45	58	29				405
591706	Systemwide	Vehicles	3 Hy-Rail MOW Trucks, 2 Bridge & Building Trucks and 1 MOW Gang Truck	318	133	74	97	48				670
591707	Systemwide	Communication	Rehabilitate Systemwide Network Infrastructure	116	48	27	35	18				245
591709	Systemwide	Rolling Stock	Sentinel LED Lighting Replacement	220	92	51	67	33				464
TOTAL				14,672	19,761	3,118	4,853	4,215	4,734	1,151		52,504

NEW CAPITAL PROJECT BALANCES CARRIED INTO FISCAL YEAR 2018

Attachment P

(\$000s)

Subdivision	Category	Projects	Total	Metro	OCTA	RCTC	SBCTA	VCTC	Lease\ Other	State
San Gabriel	Track	860892, 417002	2,725	1,425						1,300
San Gabriel	Track	860885	2,100				334		100	1,666
San Gabriel	Track	860893, 417003	3,076	1,776						1,300
Valley	Structures	414002	670	369						301
Valley	Structures	409006	1,325							1,325
Valley	Track	417004	5,110	2,555						2,555
Systemwide	IT	TVM Project	30,488	12,985	6,857	4,822	4,024	1,800		
Systemwide	Rolling Stock	604001, 608004	4,881	4,096			785			
Systemwide	Rolling Stock	Tier 4 Projects	204,368	4,329	479		24	247	109,100	90,189
Systemwide	Other	Project Studies FY 15-16, 860900 for MTA	520	250	198			72		
Systemwide	Other	Project Studies FY 16-17, Reprogrammed to 517020 for LACMTA (\$475K)	1275	593	257	144	187	94		
Systemwide	Security	416001, 416002	2,150							2,150
Systemwide	Security	417001	5,700							5,700
TOTALS			264,388	28,378	7,791	4,966	5,354	2,213	109,200	106,486

Preview to the Public Hearing on Orange County Transportation Authority's Fiscal Year 2017-18 Budget and Personnel and Salary Resolution

Budget Themes



- Budget in accordance with the Chair and CEO goals
- Sales tax revenue assumption consistent with Board-approved sales tax forecasting methodology
- Incorporate impacts of transportation Senate Bill 1 (SB-1)
- Budget in accordance with the objectives of Next 10 Plan
- Bus program budget is consistent with objectives of OC Bus 360°
- OCTAP model is unsustainable
- Budget is balanced

Budget Initiatives & Challenges



Initiatives

- Measure M2
 - Continued funding for project delivery of the freeway, streets and roads, and transit modes
 - Major Capital projects include
 - OC Streetcar
 - 405 Improvement Project
 - I-5 Improvement Project
 - SR-55 Improvement Project
- Bus Program
 - OC Bus 360° is ongoing
 - Bus system productivity improvements
 - Transit Master Plan

Challenges

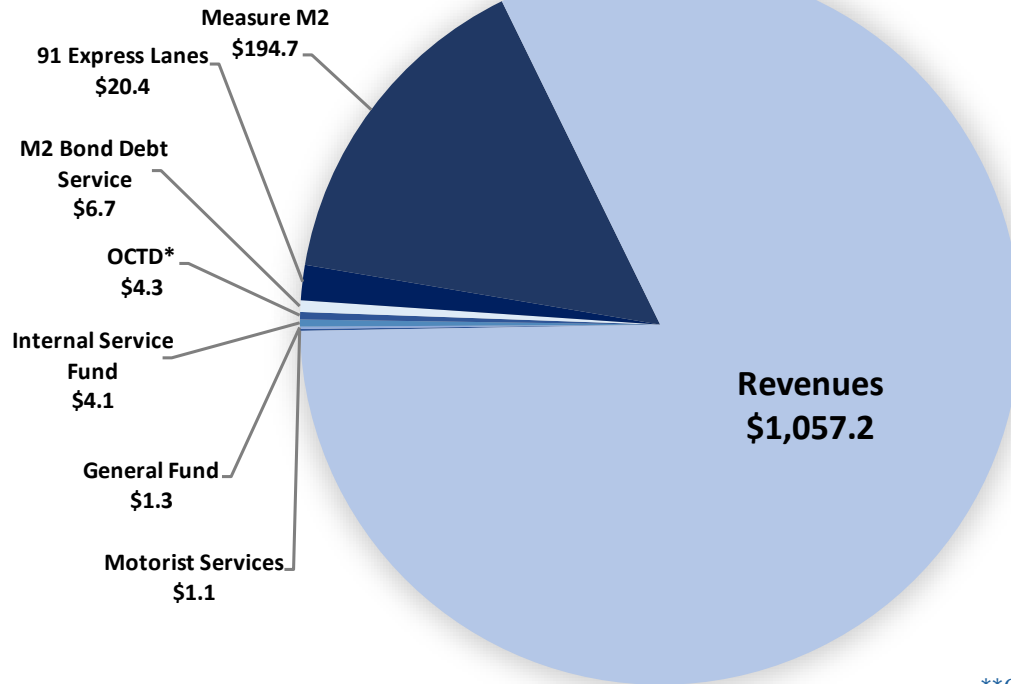
- Measure M2
 - External funding uncertainties
 - Continued pressure on costs
 - LTA not meeting projections
- Bus Program
 - \$20 million funding gap erased by the impacts of SB-1
 - Assumes current ridership trends and a corresponding decrease in fare revenues
 - LTF not meeting projections

Budget Overview



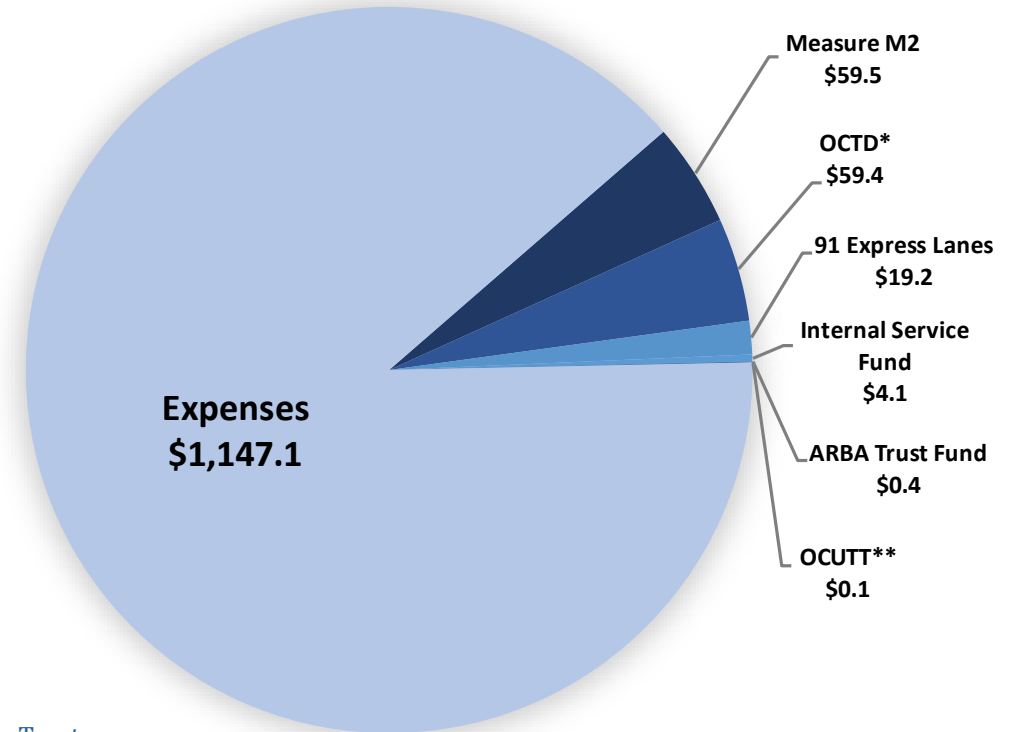
Source of Funds \$1,289.8 million

Use of Prior Year
Designations
\$232.6 million



Use of Funds \$1,289.8 million

Designations
\$142.7 million



*Orange County Transit District

**Orange County Unified Transportation Trust

Budget Sources & Uses



In Millions	FY 2016-17	FY 2017-18	Change	
Sources	Approved Budget	Proposed Budget	\$	%
Revenues	\$ 972.2	\$ 1,057.2	\$ 85.0	8.7%
Use of Prior Year Designations	189.3	232.6	43.3	22.9%
Total Revenue / Use of Designations	\$ 1,161.5	\$ 1,289.8	\$ 128.3	11.0%
Uses				
Salaries and Benefits	\$ 157.1	\$ 158.8	\$ 1.7	1.1%
LOSSAN Salaries and Benefits	1.5	1.4	(0.1)	-6.7%
Services and Supplies	330.9	294.7	(36.2)	-10.9%
Contributions to Other Agencies	203.4	185.9	(17.5)	-8.6%
Interest/Debt Service	34.3	34.6	0.3	0.9%
Capital	365.5	471.7	106.2	29.1%
Designations	68.8	142.7	73.9	107.4%
Total Expenditures / Designations	\$ 1,161.5	\$ 1,289.8	\$ 128.3	11.0%

Budget Adjustments - Uses



In Millions

Uses

Amount

Services and Supplies

Metrolink Operating Subsidy	\$ 0.6
405 Improvement Project TIFIA Letter of Credit	2.9
405 Improvement Project Construction Management	(11.7)
405 Improvement Project (Express Lanes) Construction Management	(3.9)

Capital

405 Improvement Project Construction Management	11.7
405 Improvement Project (Express Lanes) Construction Management	3.9

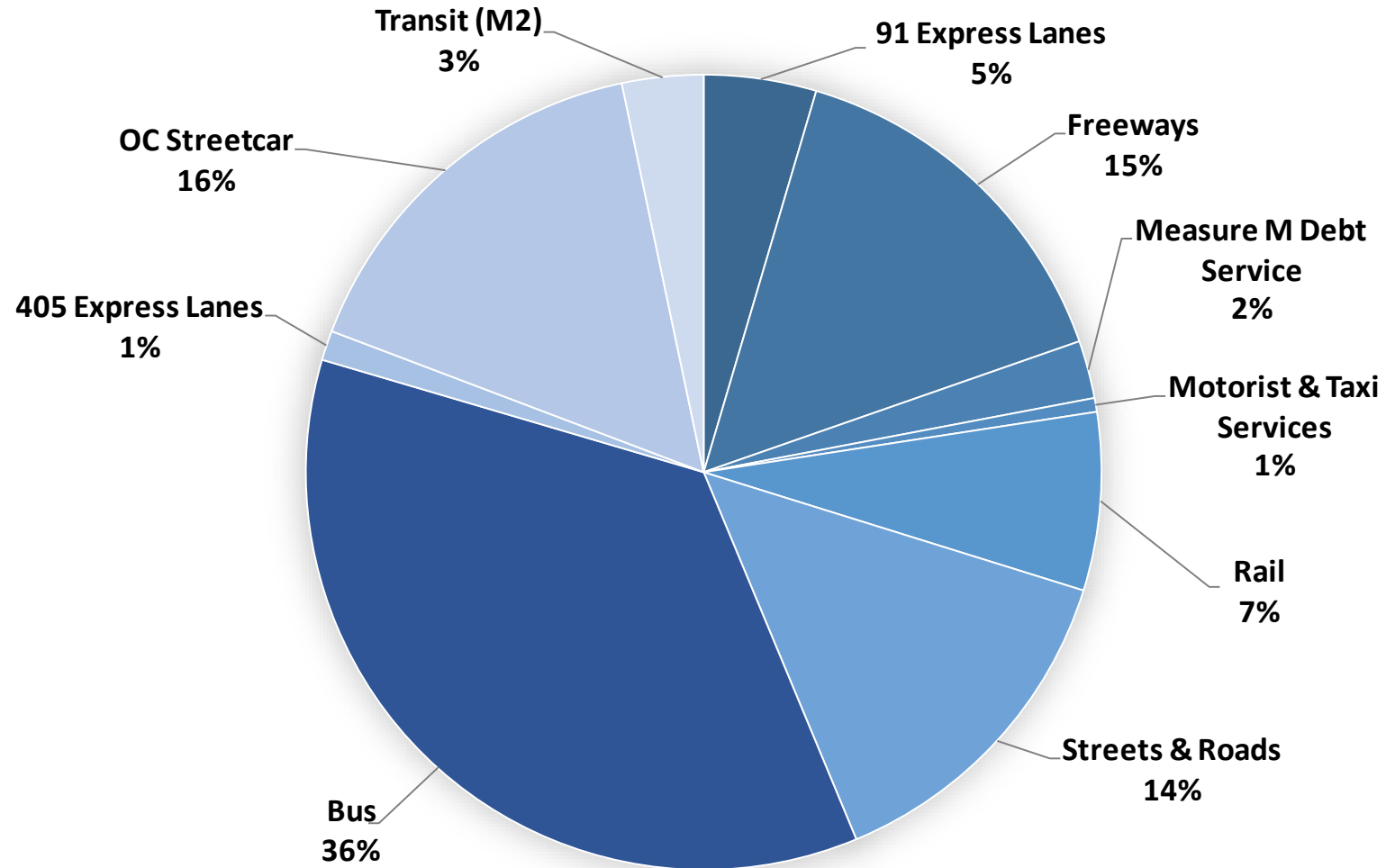
Designations

Measure M2	(2.9)
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Total Expenditures / Designations

\$ 0.6

Total Budget by Program



Staffing Levels



OCTA Staffing	FY 2016-17 FTE	FY 2017-18 FTE	FY 2017-18 New Hires	FY 2017-18 Reductions	Difference
Administrative	489.5	486.5	1.0	(4.0)	(3.0)
Union	888.0	851.0	-	(37.0)	(37.0)
Coach Operators	680.0	643.0	-	(37.0)	(37.0)
Maintenance	171.0	171.0	-	-	-
Facility Technicians and Parts Clerks	37.0	37.0	-	-	-
OCTA Positions	1,377.5	1,337.5	1.0	(41.0)	(40.0)
LOSSAN	9.0	9.0			-
Total Authority Positions	1,386.5	1,346.5	1.0	(41.0)	(40.0)

Employee Compensation Assumptions



- Administrative Employees
 - Non-represented employees
 - Employees governed by the Personnel and Salary Resolution, which is approved annually as part of the budget
 - Continue pay-for-performance program
 - No automatic step increases or Cost-of-Living Adjustments (COLA)
 - Subject to annual performance review

Personnel and Salary Resolution



- Board-approved action for administrative employees to pay 100 percent of employee share of OCERS began January 1, 2017
 - This provides an estimated savings of \$5 million per year
- Salary range adjustment of 2 percent
 - 3 employees would receive salary increases
- Position reclassifications based on market analysis
- Deferred compensation employer-paid matching contribution adjustments
- Personal paid holidays to change from 5 days to 6 days, with no change to fixed holidays
- Special performance award pool of 3 percent
- Merit pool of 3.5 percent

Recommendations



- Approve by Resolution the Orange County Transportation Authority's Fiscal Year 2017-18 budget
- Approve the Personnel and Salary Resolution for Fiscal Year 2017-18
- Authorize the Chief Executive Officer to negotiate and execute the software and hardware licensing, maintenance, and emergency support purchase orders and/or agreements
- Approve fiscal year 2017-18 Orange County Transportation Authority member agency contribution to the Southern California Regional Rail Authority in an amount up to \$28,238,881, including authorization of Federal Transit Administration funds, in the amount of \$6,000,000 to be drawn down directly by SCRRA. In addition, capital rehabilitation in the amount of \$7,344,982, offset by \$6,059,016 in Rotem repayment, the balance includes Federal Transit Administration authorization and will be drawn down directly by SCRRA

Next Steps



- Public Hearing – Board (Public Hearing and approval) June 12
- Back-up Public Hearing – Board (Public Hearing and approval) June 26

91 Express Lanes Corona Customer Service Center

Background on Current Location

- Since April 2003, the customer service center has been located on the first floor of an office building in the City of Corona
- Currently leasing 4,285 square feet
- Existing lease expires September 30, 2018
- Location houses 29 representatives who handle customer service issues both in person and by phone/internet
- Prior to expansion, approximately 44 customers visited the customer service center per day, now it is approximately 71 per day
- Ideal proximity to 91 Freeway

Location Options

- Corona has the largest population of transponder account holders
- OCTA and RCTC are now co-located in the same space
- New location should be at least 5,000 square feet
- OCTA's real estate broker CBRE, Inc.:
 - Conducted a property search along the 91 Express Lanes corridor
 - Identified potential properties available for lease
 - Gave OCTA staff tours of four potential locations
 - All located in Corona
 - Two were identified as potential options

Options for the future

- Stay – status quo
- Move – lease at a new location
- Move – lease at RCTC-owned location

Current and Potential Locations



Discuss Options

- Stay – status quo
 - Potentially lowest cost option
 - Lease costs for 2016 were \$83,000 (\$1.64/square foot)
- Move – lease at a new location
 - Potentially higher cost
 - Convenient for customer base
- Move – lease at RCTC-owned location
 - Potentially lower cost
 - Less desirable location

Next Steps

- Receive direction from Finance and Administration Committee
- Concurrence from RCTC on preferred option
- Finalize lease proposal
- Return to Finance and Administration Committee and Board of Directors for approval