



AGENDA

Finance and Administration Committee Meeting

Committee Members

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

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

Wednesday, February 14, 2018 at 10:30 a.m.

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

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

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

Call to Order

Pledge of Allegiance

Director Jones

1. Public Comments

Special Calendar

2. Committee Meeting 2018 Schedule

Andrew Do, Committee Chairman

Committee Chairman Do will lead a discussion regarding the 2018 meeting schedule for the Finance and Administration Committee. The proposed 2018 dates and time for this Committee is provided in Attachment A.



3. Roles and Responsibilities of the Finance and Administration Committee

Darrell Johnson, Chief Executive Officer

Roles and responsibilities for the Finance and Administration Committee are reviewed periodically for any appropriate changes or additions. These roles and responsibilities are presented in Attachment A for discussion.

Consent Calendar (Items 4 through 11)

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

4. Approval of Minutes

Approval of the minutes of the Finance and Administration Committee of January 24, 2018.

5. Audit Responsibilities of the Finance and Administration Committee
Janet Sutter

Overview

The Finance and Administration Committee of the Board of Directors of the Orange County Transportation Authority serves as an audit committee in its oversight of audit activities. Annually, the Board of Directors approves the Audit Responsibilities of the Finance and Administration Committee to reaffirm the responsibilities of the Finance and Administration Committee with regard to audits.

Recommendation

Approve the Audit Responsibilities of the Finance and Administration Committee.

6. Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2017

Ricco Bonelli/Janet Sutter

Overview

The Internal Audit Department has completed an audit of investments for the period July 1 through December 31, 2017. Based on the audit, the Orange County Transportation Authority complied with its debt, investment, and reporting policies and procedures.



6. (Continued)

Recommendation

Receive and file Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2017, Internal Audit Report No. 18-509, as an information item.

7. Orange County Treasurer's Management Report - December 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 December 31, 2017. The report has been reviewed and is consistent with the investment practices of the Orange County Treasurer.

Recommendation

Receive and file as an information item.

8. Approval of Local Transportation Fund Fiscal Year 2018-19 Apportionment Estimates
Sam Kaur/Andrew Oftelie

Overview

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2018-19 be determined and prospective claimants be advised of the amounts.

Recommendation

Approve the Local Transportation Fund fiscal year 2018-19 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund for the following fiscal year.



- 9. Environmental Mitigation Program Endowment Fund Investment Report For December 31, 2017**
Rodney Johnson/Andrew Oftelie

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan; acquired conservation properties; and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and the performance. Attached is the quarterly investment report for the Endowment Pool for the period ending December 31, 2017. The report has been reviewed and is consistent with the pool objectives.

Recommendation

Receive and file as an information item.

- 10. Fiscal Year 2017-18 Second Quarter Grant Reimbursement Status Report**
Sam Kaur/Andrew Oftelie

Overview

The Quarterly Grant Reimbursement Status Report summarizes grant activities for the Orange County Transportation Authority Board of Directors. This report focuses on activity for the period of October through December 2017.

Recommendation

Receive and file as an information item.



11. Amendments to Agreements for Temporary Staffing Services
Karen DeCrescenzo /Maggie McJilton

Overview

On September 28, 2015, the Orange County Transportation Authority Board of Directors approved agreements with Trust Temporary Services, Inc., doing business as Helpmates Staffing Services, and Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services, to provide temporary staffing services for a three-year initial term and two, two-year option terms. To continue services, amendments are required to increase the initial term maximum cumulative payment obligation.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3372 between the Orange County Transportation Authority and Trust Temporary Services, Inc., doing business as Helpmates Staffing Services, in the amount of \$77,500, to continue providing temporary staffing services. This will increase the maximum obligation of the agreement to a total contract value of \$454,405.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-5-3658 between the Orange County Transportation Authority and Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services, in the amount of \$77,500, to continue providing temporary staffing services. This will increase the maximum obligation of the agreement to a total contract value of \$405,244.



Regular Calendar

- 12. Contractor Selection for the Toll Lanes System Integrator Services for the 405 Express Lanes and 91 Express Lanes**
Kirk Avila/Kenneth Phipps

Overview

On August 28, 2017, the Orange County Transportation Authority Board of Directors approved the release of a request for proposals to retain a contractor to provide toll lane system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes. Board of Directors' approval is requested for the selection of a firm to perform the required work, and to amend the fiscal year 2017-18 budget to accommodate for the toll lanes system integrator services.

Recommendations

- A. Approve the selection of Kapsch TrafficCom USA, Inc., as the firm to provide toll system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1911 between the Orange County Transportation Authority and Kapsch TrafficCom USA, Inc., in the amount of \$42,309,259, to provide toll lanes system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes.
- C. Approve an amendment to the Orange County Transportation Authority's Fiscal Year 2017-18 Budget, in the amount of \$32,309,259, to accommodate for the toll lanes system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes.



Discussion Items

13. Chief Executive Officer's Report

14. Committee Members' Reports

15. Closed Session

There are no Closed Session items scheduled.

16. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on February 28, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.



ORANGE COUNTY TRANSPORTATION AUTHORITY

2018 Finance and Administration Committee Meetings

JANUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
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DECEMBER						
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11.1.17

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

Finance and Administration Committee
10:30 a.m.

OCTA Holidays

2018 OCTA Proposed Committee Meeting Calendar Finance and Administration Committee

Month	2018 Proposed Changes - Comparison with 2017 Calendar
January	Add a second Finance and Administration Committee meeting of Wednesday, January 24 th .
February	No change
March	No change
April	No change
May	Delete the first Finance and Administration Committee meeting of Wednesday, May 9 th .
June	No change
July	No change
August	No change
September	No change
October	No change
November	No change
December	No change

**Proposed Roles and Responsibilities
of the Board Committees for 2018
(02.14.18)**

Finance and Administration Committee

- Reviews and provides recommendations to the Board of Directors on matters related to the development of the annual OCTA budget and long-term financial planning;
- Reviews and provides recommendations to the Board of Directors on matters of treasury investments and operations, debt financing, financial operations, and financial reporting;
- Reviews and provides recommendations to the Board of Directors pertaining to the general administration of OCTA;
- Reviews and provides recommendations to the Board of Directors regarding human resources and risk management matters;
- Reviews and provides recommendations to the Board of Directors regarding administrative policies and procedures;
- Reviews and provides recommendations to the Board of Directors on operational matters pertaining to the 91 Express Lanes and the I-405 Express Lanes;
- Fulfills the functions of an audit committee as prescribed in the “Audit Responsibilities of the Finance and Administration Committee”;
- Reviews and provides recommendations to the Board of Directors on other issues and projects, as deemed appropriate by the Chairman of the Board of Directors;
- Reviews and provides recommendations to the Board of Directors relative to the selection, implementation, and maintenance and security of information systems;
- Reviews and provides recommendations to the Board of Directors regarding procurement policies; and
- Reviews and provides recommendations to the Board of Directors on all matters related to the fare policy, toll policy and other fees charged by OCTA.



Committee Members Present

Andrew Do, Chairman
Richard Murphy, Vice Chairman
Michael Hennessey
Michelle Steel

Committee Members Absent

Lori Donchak
Steve Jones
Todd Spitzer

Staff Present

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

Call to Order

The January 24, 2018 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:35 a.m.

Pledge of Allegiance

Committee Vice Chairman R. Murphy

1. Public Comments

No Public Comments were received.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 11)

2. Approval of Minutes

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to approve the minutes of the Finance and Administration Committee of January 10, 2018.

3. Fiscal Year 2016-17 Auditor's Communication to Those Charged with Governance

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



4. Fiscal Year 2016-17 Annual Financial and Agreed-Upon Procedures Reports

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

- A. Receive and file the fiscal year 2016-17 annual financial statement audits and agreed-upon procedures reports as information items.
- B. Direct staff to implement two auditor recommendations related to procurement and subrecipient monitoring.

5. Fiscal Year 2016-17 Management Letter

This item was pulled by Committee Chairman Do who asked for clarification on the findings in the external auditor's management letter recommendations related to the information technology environment.

Janet Sutter, Executive Director of Internal Audit, introduced Roger Alfaro, Partner of Vavrinek, Trine, Day & Company, LLP, who reported on the findings in the management letter as follows:

- Identifying a formal implementation plan related to server and desktop patches,
- Frequency of external penetration testing, and
- Disaster recovery testing documentation.

Darrell Johnson, Chief Executive Officer (CEO), responded that management letter is separate from cyber security. Mr. Johnson also stated that the management letter is focused on five findings on internal controls associated with information technology, and a full update on cyber security activities will be provided under item 13.

Committee Vice Chairman R. Murphy inquired if item 13 will discuss the need for a more sustainable patch management framework. Mr. Johnson, CEO, responded this will be covered during item 13.

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to:

- A. Receive and file the Orange County Transportation Authority Management Letter June 30, 2017, as an information item.
- B. Direct staff to implement auditor recommendations related to the information technology environment and procurement.



6. Fiscal Year 2017-18 Internal Audit Plan, Second Quarter Update

Committee Chairman Do pulled this item to request that staff incorporate all closed audits in the reports.

A motion was made by Committee Chairman Do, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2017-18 Internal Audit Plan as an information item.

7. Purchasing Cards, Internal Audit Report No. 18-503

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to direct staff to implement the three recommendations provided in Purchasing Cards, Internal Audit Report No. 18-503.

8. Local Agency Investment Fund - December 2017

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

9. Orange County Transportation Authority Investment and Debt Programs Report - December 2017

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

10. Second Quarter Fiscal Year 2017-18 Procurement Status Report

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

11. 91 Express Lanes Property Insurance Renewal

Committee Vice Chairman R. Murphy pulled this item to inquire on the financial difference and why OCTA is changing.

Al Gorski, Manager of Risk Management, explained the process of the property, flood, and earthquake insurance renewal for the 91 Express Lanes.

A motion was made by Committee Vice Chairman R. Murphy, seconded by Committee Chairman Do, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A38806, in the amount of \$500,000, to Marsh USA, Inc., to purchase the 91 Express Lanes' property, flood, and earthquake insurance on behalf of the Orange County Transportation Authority for the policy period of March 1, 2018 to March 1, 2019.

Regular Calendar

12. Investigation and Limited Scope Review of the Senior Mobility Program Operated by the Korean American Senior Association

Committee Chairman Do inquired if there is any change to staff's recommendation.

Janet Sutter, Executive Director of Internal Audit, responded that there have been discussions to change the recommendation since the issuance.

Mr. Johnson, CEO, stated that the Korean American Senior Association (KASA) would like to seek corrective action and work through the deficiencies in OCTA's findings. Staff suggested that OCTA extend the program with KASA through the end fiscal year and return to the Finance and Administration Committee with a status on compliance by June 1, 2018.

Director Steel stated that her staff has been working with KASA to correct the findings.

A motion was made by Committee Chairman Director Do, seconded by Director Steel, and declared passed by those present, direct staff to implement recommendations to enhance oversight of the Senior Mobility Program operated by the Korean American Senior Association of Orange County and return to the Finance and Administration Committee with a status on compliance by June 1, 2018.

Discussion Items

13. Orange County Transportation Authority Cyber-Security Update

Andrew Oftelie, Executive Director of Finance and Administration, provided opening remarks and introduced Bill Mao, Chief Information Officer of Information Systems, and Mike Bosche, Senior Information Systems Security Analyst.

Committee Chairman Do asked for clarification on OCTA's responses to the external auditor's management letter recommendations for improvement to internal controls related to cyber security.

Bill Mao, Chief Information Officer of Information Systems, provided an overview of the cyber incident that occurred on February 4, 2016 and the status on the internal controls related to cyber security.

Committee Chairman Do was concerned that management's response did not demonstrate a firm enough commitment to rectifying the penetration test issues outlined in the report, especially in light of the cyber incident that occurred in February 2016.

Committee Chairman Do requested a report outlining the timelines regarding of the audit.

Mr. Mao, presented a PowerPoint presentation as follows:

- Security Program Remediation Plan,
- Progress-to-Date,
- Recent Threats – Meltdown and Spectre,
- Industrial Controls Review, and
- Next Steps.

A lengthy discussion ensued on the patch cycle process and management, mandatory cyber security training for administrative staff, future internal phishing tests, daily intrusions, and data loss prevention insurance.

Committee Vice Chairman R. Murphy requested a report on the history of the patch cycle process and management.



14. Chief Executive Officer's Report

Mr. Johnson, CEO, reported that:

- On January 23rd, he was in Sacramento to meet with the California Transit Association officials to discuss Local Transportation Fund revenues. Additionally, he met with the Acting Secretary of Transportation to discuss current OCTA activities.
- In a December Board memo, staff shared that OCTA would be asking the public to help rename the seven open space preserves. The survey was launched this week and staff is inviting the public to pick their favorite names by going online to octa.net/preservation. The survey closes on February 16th and the winning names will be unveiled at OCTA's next hike on February 24th at the O'Neill Oaks Preserve in Trabuco Canyon at 9:00 a.m.
- On January 26th, the groundbreaking event for the Interstate 405 Improvement Project is at 9:00 a.m. in the Ikea parking lot in Costa Mesa.

15. Committee Members' Reports

Committee Vice Chairman R. Murphy referenced item 12 and stated that he is glad staff could work with the community to address the deficiencies.

Mr. Johnson, CEO, acknowledged that staff will continue to help the community ensure compliance with the program.

16. Closed Session

There were no Closed Session items scheduled.



17. Adjournment

The meeting was adjourned at 11:45 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, February 14, 2018**, 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



February 14, 2018

To: Finance and Administration Committee

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

Subject: Audit Responsibilities of the Finance and Administration Committee

Overview

The Finance and Administration Committee of the Board of Directors of the Orange County Transportation Authority serves as an audit committee in its oversight of audit activities. Annually, the Board of Directors approves the Audit Responsibilities of the Finance and Administration Committee to reaffirm the responsibilities of the Finance and Administration Committee with regard to audits.

Recommendation

Approve the Audit Responsibilities of the Finance and Administration Committee.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities. Internal Audit also coordinates and monitors the activities of external auditors, including the independent financial statement auditors. The Finance and Administration Committee (Committee) serves as OCTA's audit committee, having primary responsibility for the oversight of all audit activities.

Discussion

The Committee receives and reviews the annual Internal Audit Plan (Plan), all audit reports and management responses, and quarterly updates to the Plan.

The Committee reviews the independently audited financial statements of OCTA and its related entities, as well as the external auditor's required communications, including the management letter.

The Board of Directors originally adopted the Audit Responsibilities of the Finance and Administration Committee to establish responsibilities of the Committee with regard to audit. The responsibilities include an annual affirmation of the roles and responsibilities of the Committee in fulfilling this role.

Summary

Audit responsibilities of the Committee include Committee review of OCTA's audited financial statements, oversight of its Internal Audit function, and communication with its external auditors. These responsibilities are presented for Committee approval.

Attachment

- A. Orange County Transportation Authority, Audit Responsibilities of the Finance and Administration Committee

Prepared by:



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

**Orange County Transportation Authority
Audit Responsibilities of the Finance and Administration Committee**

The Finance and Administration Committee (Committee) of the Board of Directors (Board) of the Orange County Transportation Authority (OCTA) will assist the Board in fulfilling its audit oversight responsibilities with regard to (1) the integrity of OCTA's financial statements, (2) OCTA's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of OCTA's internal audit function. In providing this assistance to the Board, the Committee will assume audit responsibilities as provided herein and recommend action on all audit matters to the full Board.

All Committee members will participate in fulfilling these responsibilities. At least one of the Committee members will have financial experience sufficient to provide guidance and assistance to other Committee members on matters related to accounting, auditing, budgeting, and finance.

Audit responsibilities of the Committee will include, but not be limited to, the following:

Financial Statements

- Review with management and the external auditors:
 - The annual financial audit reports and related footnotes, schedules, unadjusted differences, and management letter, including OCTA accounting principles and significant estimates or judgments impacting the financial statements.
 - Any serious difficulties or disputes with management encountered during the audit.
 - Matters required to be discussed by Statements on Auditing Standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants or other state or federal agencies.
- Inquire of the Chief Executive Officer and the Executive Director of Finance and Administration regarding the fiscal health of OCTA as well as the financial status of OCTA in relation to its adopted budget.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the Internal Audit Department (Internal Audit).
- Inquire of the external auditors, internal auditors, and management about significant risks or exposures facing OCTA and assess the steps management has taken or proposes to take to minimize such risks.
- Review the performance of the external auditors, including any issues arising during their most recent quality control or peer review, their independence as it relates to OCTA and recommend to the Board the appointment or discharge of the external auditors.
- Make recommendations to the Board on procurement of the external auditors and ensure compliance with Government Code Section 12410.6 with regard to assignment of partners.

Orange County Transportation Authority
Audit Responsibilities of the Finance and Administration Committee

Internal Audit

- Review with management and the Executive Director of Internal Audit the annual audit plan and quarterly reports of audit activity.
- Review the activities, staffing, budget, independence, and organizational structure of the internal audit function, including the effectiveness of the function and its compliance with the Government Accountability Office's *Government Auditing Standards* (Yellow Book).
- Review all internal audit reports, including management responses thereto.
- Ensure there are no unjustified restrictions or limitations placed upon Internal Audit.
- Review and concur in the appointment, replacement, or dismissal of the Executive Director of Internal Audit.

Internal Control

- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Consider the effectiveness of OCTA's internal control system, including information technology security and control.

Other

- Review the Audit Responsibilities of the Finance and Administration Committee annually to reassess their adequacy and recommend any proposed changes.
- Review the Committee's effectiveness in carrying out its responsibilities.
- Other matters deemed appropriate by the Committee Chairman or as directed by the Chairman of the Board.



February 14, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit

Subject: Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2017

Overview

The Internal Audit Department has completed an audit of investments for the period July 1 through December 31, 2017. Based on the audit, the Orange County Transportation Authority complied with its debt, investment, and reporting policies and procedures.

Recommendation

Receive and file Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2017, Internal Audit Report No. 18-509, as an information item.

Background

The Treasury Department is responsible for the management of the Orange County Transportation Authority's (OCTA's) investment portfolio (portfolio). On December 31, 2017, the investment portfolio's book value was approximately \$1.4 billion. The portfolio consists of two managed portfolios: liquid assets for OCTA's daily operations and a short-term portfolio for future budgeted expenditures. External investment managers administer the short-term portfolio, and OCTA's Treasurer manages the liquid assets portfolio.

The Investment Policy (Policy) sets forth guidelines for all OCTA investments to ensure conformance with the California Government Code. The Policy outlines permitted investments as well as diversification guidelines. The diversification limits ensure the portfolio is not unduly concentrated in securities of one type,

industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

Discussion

OCTA's investment activities are reviewed on a semi-annual basis by the Internal Audit Department. The objective of the audit was to determine if OCTA complies with its debt, investment, and reporting policies and procedures for the period July 1 through December 31, 2017.

Summary

Based on the audit, OCTA complied with its debt, investment, and reporting policies and procedures.

Attachment

- A. Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2017, Internal Audit Report No. 18-509

Prepared by:



Ricco Bonelli
Principal Internal Auditor
714-560-5384

Approved by:



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

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Investments: Compliance, Controls, and Reporting July 1 through December 31, 2017

Internal Audit Report No. 18-509

February 1, 2018



Performed by: Janet Sutter, CIA, Executive Director
Ricco Bonelli, CIA, Principal Internal Auditor
Gabriel Tang, CPA, Principal Internal Auditor

RTB

Distributed to: Andrew Oftelie, Executive Director, Finance and Administration
Kirk Avila, Vicki Austin, Rodney Johnson

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investments: Compliance, Controls, and Reporting
July 1 through December 31, 2017
February 1, 2018**

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ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investments: Compliance, Controls, and Reporting
July 1 through December 31, 2017
February 1, 2018

Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of investments for the period July 1 through December 31, 2017. Based on the audit, the Orange County Transportation Authority (OCTA) complied with its debt, investment, and reporting policies and procedures.

Background

Portfolio Management

The Treasury Department (Treasury) is responsible for the management of OCTA's investment portfolio (portfolio). On December 31, 2017, the portfolio's book value was approximately \$1.4 billion. The portfolio consists of two managed portfolios: liquid assets for OCTA's daily operations and a short-term portfolio for future budgeted expenditures. External investment managers administer the short-term portfolio and OCTA's Treasurer manages the liquid assets portfolio. OCTA also has investments in debt service reserve funds for various outstanding debt obligations. OCTA's Accounting Department (Accounting) is responsible for recording all debt and investment transactions and for reconciling all bank and custodial accounts monthly.

Investment Policy

The Investment Policy (Policy) sets forth guidelines for all OCTA investments to ensure conformance with the California Government Code (CGC). The Policy outlines permitted investments as well as diversification guidelines. The diversification limits ensure the portfolio is not unduly concentrated in securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

OCTA has provided the investment managers with a copy of the Policy and requires investment managers to invest their portfolios in accordance with the provisions of the Policy.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Investments: Compliance, Controls, and Reporting
July 1 through December 31, 2017
February 1, 2018

Objectives, Scope, and Methodology

The primary objective was to determine if OCTA complied with its debt, investment, and reporting policies and procedures.

Audit objectives included determining if:

- Internal controls over OCTA's investment activities were adequately designed;
- OCTA was in compliance with the CGC;
- Investment transactions were adequately supported; and
- OCTA was in compliance with investment requirements of debt issuances.

The scope included investment transactions and investment-related controls for the period July 1 through December 31, 2017.

The methodology consisted of reviewing the most current Investment Policy and Debt and Investment Management Manual, reviewing any personnel changes and corresponding updates to bank authorization signature cards, reviewing a judgmental sample of daily cash worksheets prepared by Accounting and Treasury staff, reviewing a judgmental sample of repo-sweeps, verifying a judgmental sample of wire transfers to source documents, reviewing judgmental samples of securities for Treasury software and computer data testing, and reviewing the quarterly debt and investment reports provided to OCTA's Board of Directors for accuracy. For daily cash report testing, repo-sweep testing, and wire transfer testing, Internal Audit judgmentally selected one transaction per month during the scope period. For Treasury software and computer data testing, Internal Audit haphazardly selected five securities per trustee per quarter, resulting in a sample of 40 securities, and traced the securities from the statements to the Clearwater Daily Holding Reports. For quarterly report transaction testing, Internal Audit haphazardly selected 40 investments per quarter for coverage over different types of securities. Since the samples are non-statistical, any conclusions are limited to the sample items tested. The methodology also included testing the Deputy Treasurer's monitoring of the investment managers' compliance with the Policy, including obtaining acknowledgement of receipt of OCTA's Policy, and obtaining written descriptions of the compliance and control environment of the investment managers.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



February 14, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Orange County Treasurer's Management Report – December 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 December 31, 2017. The report has been reviewed and is consistent with the investment practices of the Orange County Treasurer.

Recommendation

Receive and file as an information item.

Discussion

As of December 31, 2017, the book value of the Orange County Investment Pool (OCIP) Money Market Fund was \$2,128,515,078 with a monthly gross yield of 1.10 percent and a month-end average days to maturity of 43 days. The OCIP Extended Fund book value was \$5,940,129,638 with a monthly gross yield of 1.18 percent and a month-end average days to maturity of 375 days. The Orange County Transportation Authority's month-end balance in the OCIP was \$15,514,598; the combined pool had a monthly gross yield of 1.13 percent and month-end average days to maturity of 236 days.

During December there were two changes to the Treasurer's Approved Issuer List. On December 7, 2017, Moody's changed the Microsoft Corporation outlook from Negative to Stable. Further, the Credit Investment Committee approved the addition of the Orange County Pension Obligation Bonds, 2018 Series A. Both the Money Market Fund and the Extended Fund were in compliance at month-end. Pages 26 through 104 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 December 31, 2017.

Attachment

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

Prepared by:



Rodney Johnson
Deputy Treasurer
Treasury/Public Finance
(714) 560-5675

Approved by:



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

Treasurer's Monthly **INVESTMENT** DECEMBER 2017 **REPORT**

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



COUNTY OF ORANGE

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

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



INTERDEPARTMENTAL COMMUNICATION

Date: January 17, 2018

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

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

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

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

INVESTMENT POOL COMPOSITION

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

The County Treasurer established three Money Market Funds, the Orange County Money Market Fund, the Orange County Educational Money Market Fund, and the John Wayne Airport Investment Fund, which all are invested in cash-equivalent securities and provide liquidity for immediate cash needs. Standard & Poor's, on 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 43 and 42, respectively. The maximum maturity of investments for the John Wayne Airport Investment Fund is 15 months, with a maximum WAM of 90 days, and a current WAM of 76. The maximum maturity of the Extended Fund is five years, with duration not to exceed the Merrill Lynch 1-3 Year index +25% (2.33), and the duration is currently at 1.0. 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 December the job market added 148,000 new jobs, and November's job numbers were revised upward by 24,000 to 252,000. The U.S. unemployment rate for December was unchanged at 4.1%. The U.S. Gross Domestic Product

third quarter rate decreased from the prior reported rate of 3.3% to 3.2%. The Empire State Manufacturing Index fell to 18.0 from 19.4 in November, while the Philadelphia Fed Index increased to 26.2 from 22.7 in November. The Federal Reserve uses these indexes as regional economic gauges, and a reading above zero signals economic expansion. With respect to housing, S&P/CaseShiller reported that housing prices continue to show positive momentum as year-over-year prices increased for the sixty-sixth consecutive month in October, up 6.17% from a year ago. The index for pending home sales increased 0.6% on a year-over-year basis in November. On December 13, 2017, the Federal Open Markets Committee (FOMC) raised the benchmark Federal Funds rate by 0.25 percent resulting in a new target range of 1.25 percent to 1.50 percent.

The 10-year Treasury rate decreased from 2.42% in November to 2.40% in December. The short-term 90-day T-bill ended the month at 1.39%, up from 1.27% in November. The rate on the 2-year Treasury note was 1.89% at the end of December, up from 1.78% in November.

INVESTMENT INTEREST YIELDS AND FORECAST

The current gross interest yield year-to-date for fiscal year 2017/2018 is 1.12% for the OCIP and 1.12% for the OCEIP. The current net yield for fiscal year 2017/2018 for both OCIP and OCEIP is 1.06%. The forecasted gross and net yields for fiscal year 2017/2018 have been revised to 1.24% from 1.14% and 1.18% from 1.08% respectively for both OCIP and OCEIP based on the recent .25% increase in the benchmark Federal Funds rate.

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 following month. The December 2017 interest apportionment is expected to be paid by January 31, 2018. The investment administrative fee for fiscal year 2017/2018 is estimated at 6.0 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. Temporary transfers from the OCEIP totaled \$60 million and will be repaid by January 31, 2018.

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 \$269 million in County of Orange debt, which represents approximately 2.6% of pooled assets. On January 12, 2018, the Investment Pools purchased \$375 million of unrated County of Orange Taxable Pension Obligation Bonds Series 2018 A debt in a private placement. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

COMPLIANCE SUMMARY

In December 2017, the IPS had one compliance exception from newly hired investment staff executing trades while in training, prior to receiving explicit delegation of trading authority, which has since been corrected.

CREDIT UPDATE

During December, there were two changes to the Treasurer's Approved Issuer List. Moody's changed the Microsoft Corporation Outlook from Negative to Stable, and the Credit Investment Committee approved the addition of the Orange County Pension Obligation Bonds, 2018 Series A. 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 December 31, 2017 and is in conformity with all State laws and the IPS approved by the Board of Supervisors on November 22, 2016. The investments herein shown provide adequate liquidity to meet the next six months of projected cash flow requirements. I am available if you have any questions on this Investment Report at (714) 834-7625.

Enclosures

cc: Distribution List

ORANGE COUNTY TREASURER-TAX COLLECTOR

SUMMARY OF INVESTMENT DATA

INVESTMENT TRENDS

	DECEMBER 2017	NOVEMBER 2017	INCREASE (DECREASE)	NET CHANGE %	DECEMBER 2016	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ^{1,2}	\$ 5,051,177,152	\$ 4,467,156,195	\$ 584,020,957	13.07%	\$ 4,654,995,166	\$ 396,181,986	8.51%
End Of Month Book Value ^{1,2}	\$ 5,067,583,251	\$ 4,483,174,377	\$ 584,408,874	13.04%	\$ 4,661,792,839	\$ 405,790,412	8.70%
Monthly Average Balance ²	\$ 5,364,747,174	\$ 4,354,824,066	\$ 1,009,923,108	23.19%	\$ 4,729,129,292	\$ 635,617,882	13.44%
Year-To-Date Average Balance	\$ 4,247,353,852	\$ 4,023,875,188	\$ 223,478,664	5.55%	\$ 3,901,686,236	\$ 345,667,616	8.86%
Monthly Accrued Earnings ³	\$ 5,218,424	\$ 4,078,272	\$ 1,140,152	27.96%	\$ 3,052,942	\$ 2,165,482	70.93%
Monthly Net Yield ^{3,4}	1.07%	1.07%	0.00%	0.00%	0.85%	0.42%	63.61%
Year-To-Date Net Yield ³	1.06%	1.06%	0.00%	0.25%	0.72%	0.34%	48.11%
Annual Estimated Gross Yield ⁵	1.24%	1.14%	0.10%	8.77%	0.87%	0.37%	42.86%
Weighted Average Maturity (WAM) ⁶	236	281	(46)	-16.19%	328	(93)	-28.20%
Orange County Educational Investment Pool (OCEIP)							
End Of Month Market Value ^{1,2}	\$ 5,120,285,071	\$ 4,144,138,945	\$ 976,146,126	23.55%	\$ 4,619,949,126	\$ 500,335,945	10.83%
End Of Month Book Value ^{1,2}	\$ 5,137,293,954	\$ 4,159,948,762	\$ 977,345,192	23.49%	\$ 4,626,143,249	\$ 511,150,705	11.05%
Monthly Average Balance ²	\$ 4,467,819,643	\$ 4,059,141,042	\$ 408,678,601	10.07%	\$ 3,963,915,696	\$ 503,903,947	12.71%
Year-To-Date Average Balance ²	\$ 4,377,344,352	\$ 4,359,249,294	\$ 18,095,058	0.42%	\$ 3,877,905,914	\$ 499,438,438	12.88%
Monthly Accrued Earnings ³	\$ 4,461,667	\$ 3,845,386	\$ 616,280	16.03%	\$ 2,781,536	\$ 1,680,131	60.40%
Monthly Net Yield ³	1.10%	1.07%	0.02%	2.24%	0.75%	0.35%	47.11%
Year-To-Date Net Yield ³	1.06%	1.05%	0.01%	0.69%	0.71%	0.35%	49.37%
Annual Estimated Gross Yield ⁵	1.24%	1.14%	0.10%	8.77%	0.87%	0.37%	41.76%
Weighted Average Maturity (WAM) ⁶	237	301	(64)	-21.35%	305	(68)	-22.38%

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

² In December 2017, OCIP market value, book value and monthly average balance increased from November 2017 and December 2016 primarily due to an increase of \$303M of second installment payments received due to the new Federal tax law limiting 2018 state and local tax deduction to \$10,000. OCEIP market value, book value, and monthly average balance increased from November 2017 primarily due to the receipt of property tax apportionments on December 18, 2017 for \$930 million. OCEIP market value, book value, monthly and year-to-date average balances were higher than the prior year primarily due to a net increase in investments of \$438 million from school and community college districts issuing bonds in 2017 and the increase in apportionment of \$112 million in December 2017.

³ In December 2017, OCIP and OCEIP monthly accrued earnings were higher than November 2017 due to the Federal Reserve short-term rate increase of 0.25% in December and higher pool balance from incoming property tax receipts. The OCIP and OCEIP monthly and year-to-date net yields were higher than the prior year primarily due to the three 2017 increases in the Federal Reserve short-term rates of 0.75% offset by shorter maturities of investment purchases due to rates in the two to three year period.

⁴ The OCIP monthly net yield did not change from the prior month due to the fact that the liquidity needs for the October apportionment lowering rates were offset by the mid-month Federal Reserve short-term rate increase of 0.25%.

⁵ The OCIP and OCEIP annual estimated gross yields for December 2016 are reported at the actual annual gross yields for FY 16/17, and their Annual Estimated Gross yields for December 2017 are reported at the latest forecasted gross yield of 1.24%. The OCIP and OCEIP annual estimated gross yields for FY 17/18 are higher than FY 16/17 primarily due to increases in the Federal Reserve short-term rate of 0.75% offset slightly by lower WAMs.

⁶ In December 2017, OCIP WAM was lower than in November 2017 primarily due to incoming property tax dollars deposited and invested in shorter maturities until distribution to County Agencies, Cities, and School and Community College Districts consistent with prior years' WAM trends. The OCEIP WAM was lower due to a temporary increase in shorter term maturities related to the December receipt of secured property tax. The OCIP and OCEIP WAMs in December 2017 were lower than in 2016 primarily from purchases of shorter-term securities that added more value due to the flattening of the yield curve.

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH AND QUARTER ENDED: December 31, 2017

INVESTMENT STATISTICS - By Investment Pool⁽¹⁾

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 12/31/17	MONTHLY Gross Yield	QUARTER Gross Yield	Current NAV
COMBINED POOL BALANCES (includes the Extended Fund)						
Orange County Investment Pool (OCIP)	MARKET Value \$ 5,051,177,152	236	1.21%	1.13%	1.13%	1.00
	COST (Capital) \$ 5,073,077,292					
	MONTHLY AVG Balance \$ 5,364,747,174					
	QUARTERLY AVG Balance \$ 4,246,115,142					
	BOOK Value \$ 5,067,583,251					
Orange County Educational Investment Pool (OCEIP)	MARKET Value \$ 5,120,285,071	237	1.22%	1.16%	1.15%	1.00
	COST (Capital) \$ 5,143,697,341					
	MONTHLY AVG Balance \$ 4,467,819,643					
	QUARTERLY AVG Balance \$ 4,124,057,013					
	BOOK Value \$ 5,137,293,954					

INVESTMENT STATISTICS - Non Pooled Investments⁽²⁾

DESCRIPTION	CURRENT BALANCE	BOOK BALANCE BY INVESTMENT TYPE
Specific Investment		
Funds:	MARKET Value \$ 88,224,022	John Wayne Airport Investment Fund 50,633,089
283, 505, FVSD, CCCD	COST (Capital) \$ 88,565,918	Fountain Valley School District Fund 40 34,848,650
	MONTHLY AVG Balance \$ 86,420,874	Repurchase Agreement 1,081,500
	QUARTERLY AVG Balance \$ 86,437,861	CCCD Series 2017E Bonds 2,002,679
	BOOK Value \$ 88,519,391	
		\$ 88,565,918

MONTH END TOTALS

INVESTMENTS & CASH		FUND ACCOUNTING & SPECIFIC INVESTMENTS	
COUNTY MONEY MARKET FUND (OCMMF)			
County Money Market Fund	\$ 2,127,283,101	OCIP	\$ 5,139,092,525
County Cash	66,015,233	OCEIP	5,143,737,341
EXTENDED FUND	5,953,723,544	Specific Investment Funds	88,565,918
EDUCATIONAL MONEY MARKET FUND (OCEMMF)		Non Pooled Cash	14,880,011
Educational Money Market Fund	2,135,767,988		
Educational Cash	40,000		
NON POOLED INVESTMENTS			
Non Pooled Investments @ Cost	88,565,918		
Non Pooled Cash	14,880,011		
	\$ 10,386,275,795		\$ 10,386,275,795

KEY POOL STATISTICS

INTEREST RATE YIELD		WEIGHTED AVERAGE MATURITY (WAM)	
OCMMF - MONTHLY GROSS YIELD	1.10%	OCMMF	43
OCEMMF - MONTHLY GROSS YIELD	1.17%	OCEMMF	42
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD	1.18%	JOHN WAYNE AIRPORT WAM	76
OCIP - YTD NET YIELD ⁽³⁾	1.06%	LGIP WAM (Standard & Poors)	38
OCEIP - YTD NET YIELD ⁽³⁾	1.06%		
90-DAY T-BILL YIELD - MONTHLY AVERAGE	1.31%		

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH AND QUARTER ENDED: December 31, 2017

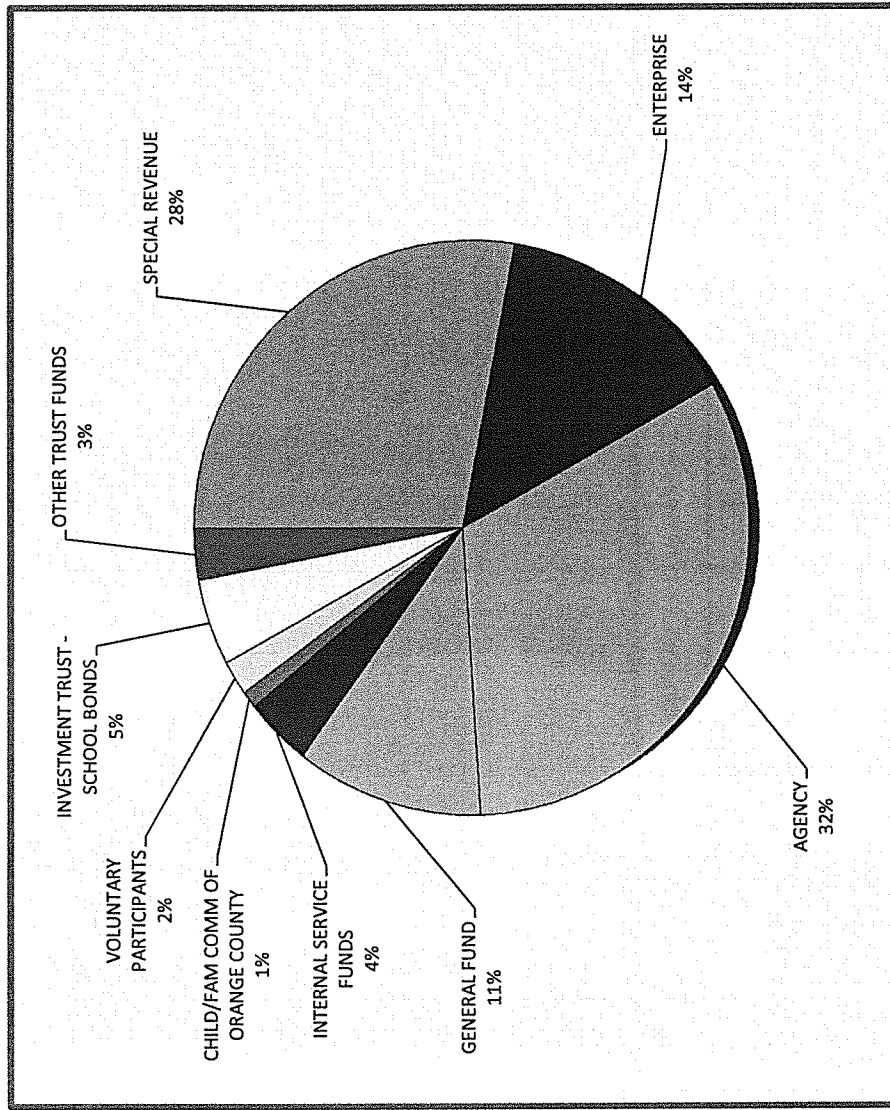
INVESTMENT STATISTICS - By Investment Fund⁽⁴⁾

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 12/31/17	MONTHLY Gross Yield	QUARTER Gross Yield	Current NAV
<u>County Money Market Fund (OCMMF)</u>	MARKET Value \$ 2,128,947,374 COST (Capital) \$ 2,127,283,101 MONTHLY AVG Balance \$ 2,332,906,767 QUARTERLY AVG Balance \$ 1,605,387,619 BOOK Value \$ 2,128,515,078	43	1.23%	1.10%	1.03%	1.00
<u>Educational Money Market Fund (OCEMMF)</u>	MARKET Value \$ 2,136,417,171 COST (Capital) \$ 2,135,767,988 MONTHLY AVG Balance \$ 1,454,822,609 QUARTERLY AVG Balance \$ 1,225,285,545 BOOK Value \$ 2,136,232,489	42	1.24%	1.17%	1.08%	1.00
<u>Extended Fund</u>	MARKET Value \$ 5,906,097,678 COST (Capital) \$ 5,953,723,544 MONTHLY AVG Balance \$ 6,044,837,441 QUARTERLY AVG Balance \$ 6,026,963,878 BOOK Value \$ 5,940,129,638	375	1.21%	1.18%	1.18%	0.99
ALLOCATION OF EXTENDED FUND						
<u>Extended Fund</u> <u>OCIP Share</u>	MARKET Value \$ 2,922,229,778 COST (Capital) \$ 2,945,794,191 MONTHLY AVG Balance \$ 3,031,840,407 QUARTERLY AVG Balance \$ 3,004,487,096 BOOK Value \$ 2,939,068,173	375	1.21%	1.18%	1.18%	0.99
<u>OCEIP Share</u>	MARKET Value \$ 2,983,867,900 COST (Capital) \$ 3,007,929,353 MONTHLY AVG Balance \$ 3,012,997,034 QUARTERLY AVG Balance \$ 3,013,359,011 BOOK Value \$ 3,001,061,465	375	1.21%	1.18%	1.18%	0.99
<u>Modified Duration</u>	1.00					

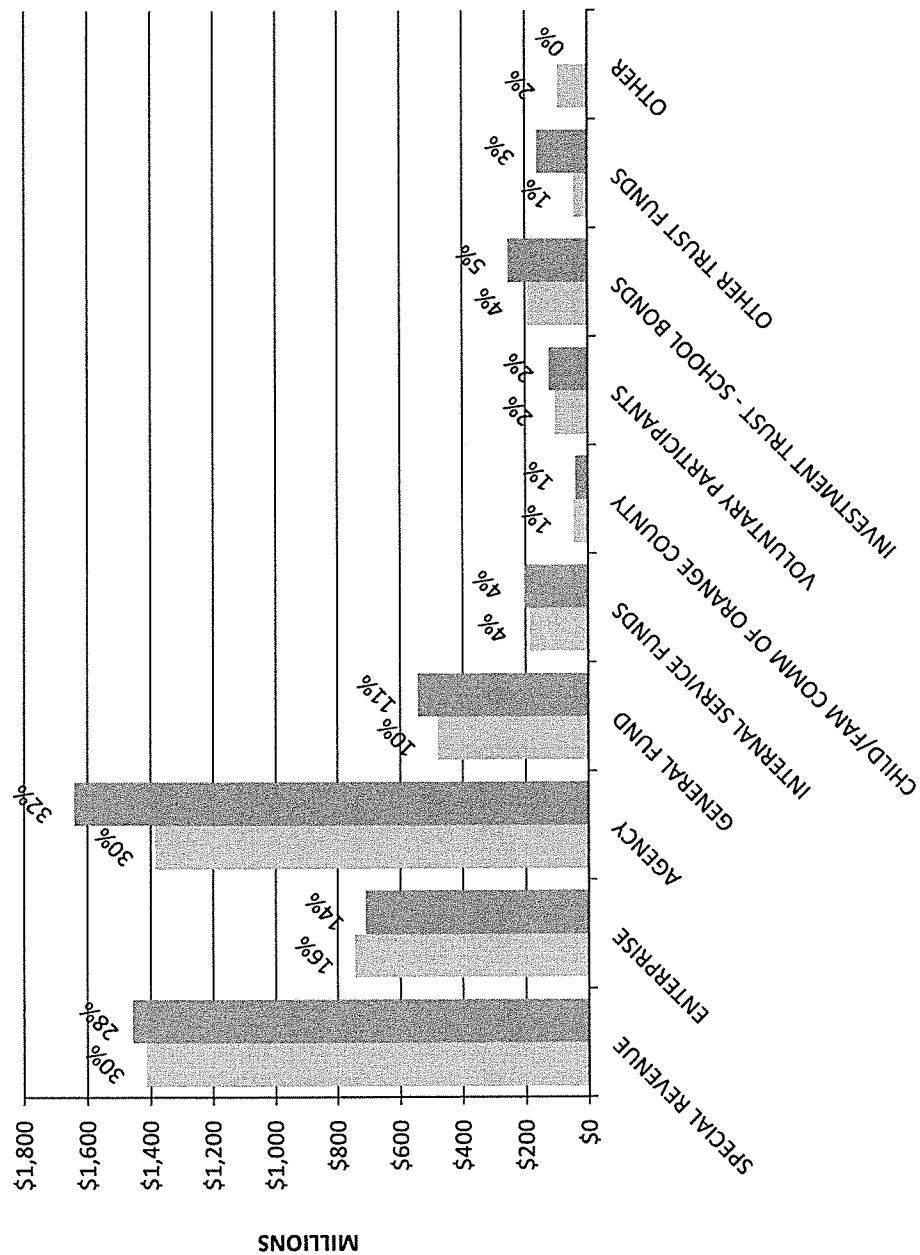
- (1) The Combined Pool Balances include the County and Educational Money Market Funds and their respective portions of the Extended Fund.
- (2) Specific non-pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.
- (3) The Net Yield differs from the Monthly Gross Yield as it includes the Treasury administrative fees.
- (4) 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. The Extended Fund Market Value is lower than Book Value causing the NAV to be lower than 1.00 due to the three Federal Reserve short-term rate increases of 0.75% in 2017. When the Extended Fund is combined with the OCMMF and OCEMMF, both OCIP and OCEIP have a NAV of 1.00.

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

FUNDS	BALANCE
AGENCY	1,643,362,145
SPECIAL REVENUE	1,458,155,466
ENTERPRISE	711,291,096
GENERAL FUND	544,138,492
INVESTMENT TRUST - SCHOOL BONDS	253,457,175
INTERNAL SERVICE FUNDS	202,192,245
OTHER TRUST FUNDS	161,797,757
VOLUNTARY PARTICIPANTS	123,637,418
CHILD/FAM COMM OF ORANGE COUNTY	41,060,731
TOTAL	\$ 5,139,092,525



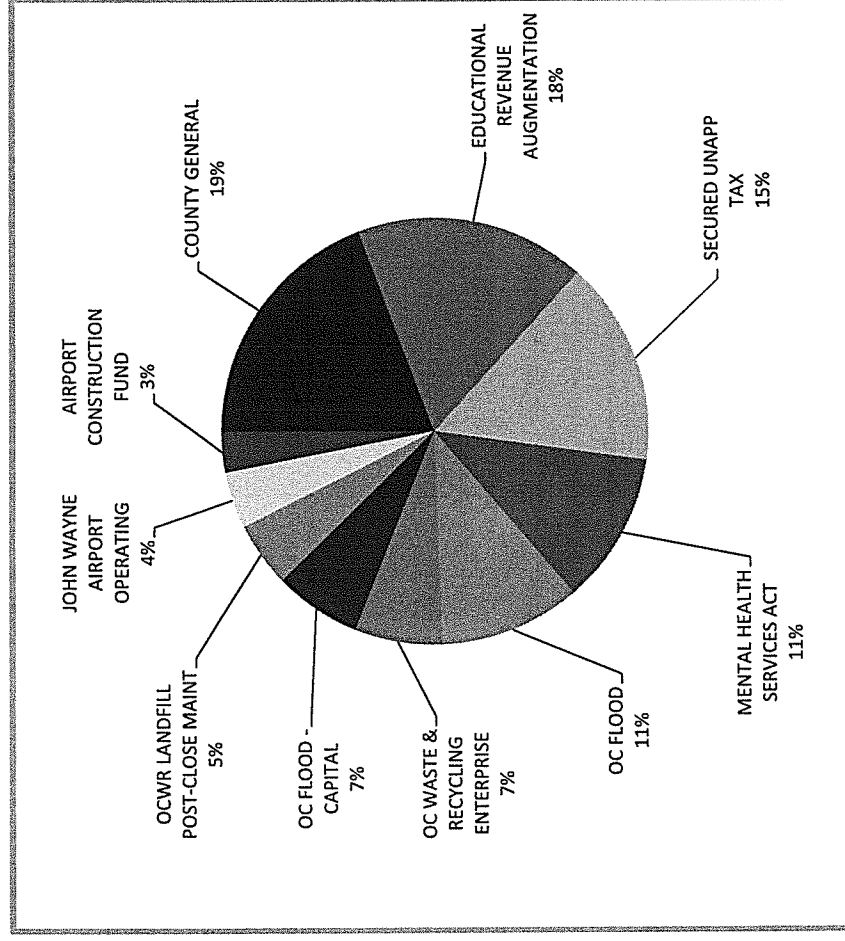
ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY FUND
AS OF DECEMBER 31



Fund Class

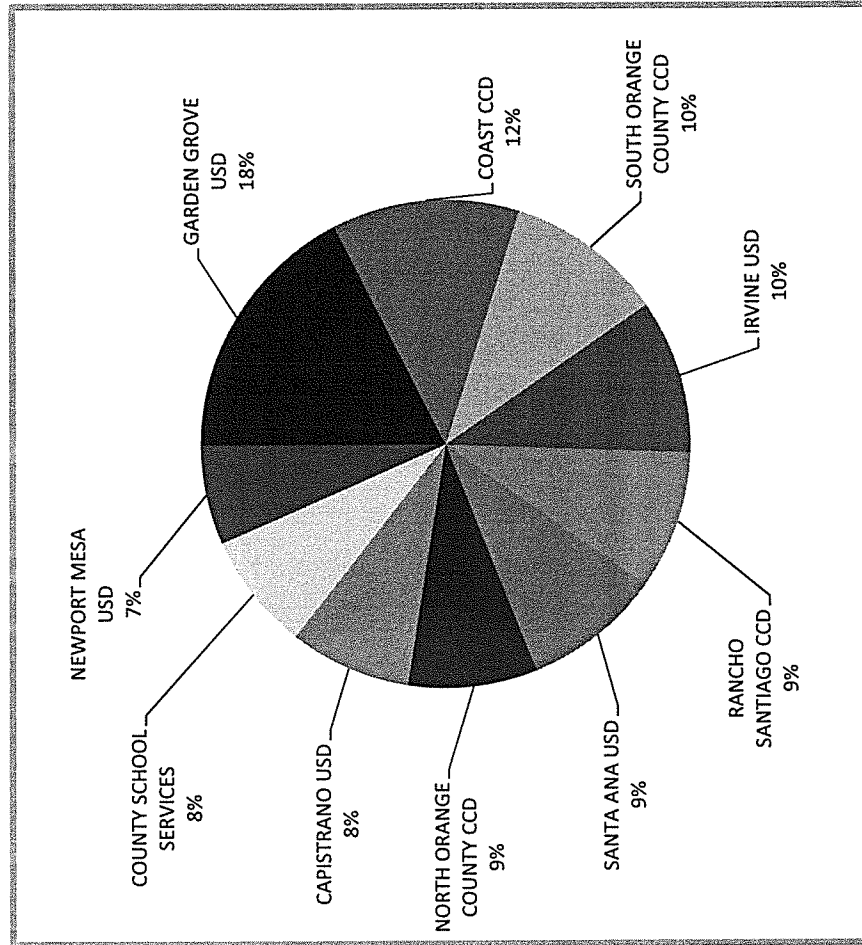
Balance as of 12/31/2016 Balance as of 12/31/2017

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



FUND #	FUND NAME	BALANCE
100	COUNTY GENERAL	497,649,195
664	EDUCATIONAL REVENUE AUGMENTATION	452,579,238
673	SECURED UNAPP TAX	399,642,624
13Y	MENTAL HEALTH SERVICES ACT	296,669,639
400	OC FLOOD	276,737,659
299	OC WASTE & RECYCLING ENTERPRISE	172,464,169
404	OC FLOOD - CAPITAL	171,719,694
279	OCWR LANDFILL POST-CLOSE MAINT	127,999,560
280	JOHN WAYNE AIRPORT OPERATING	109,929,408
281	AIRPORT CONSTRUCTION FUND	79,885,890
TOTAL		\$ 2,585,277,076

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

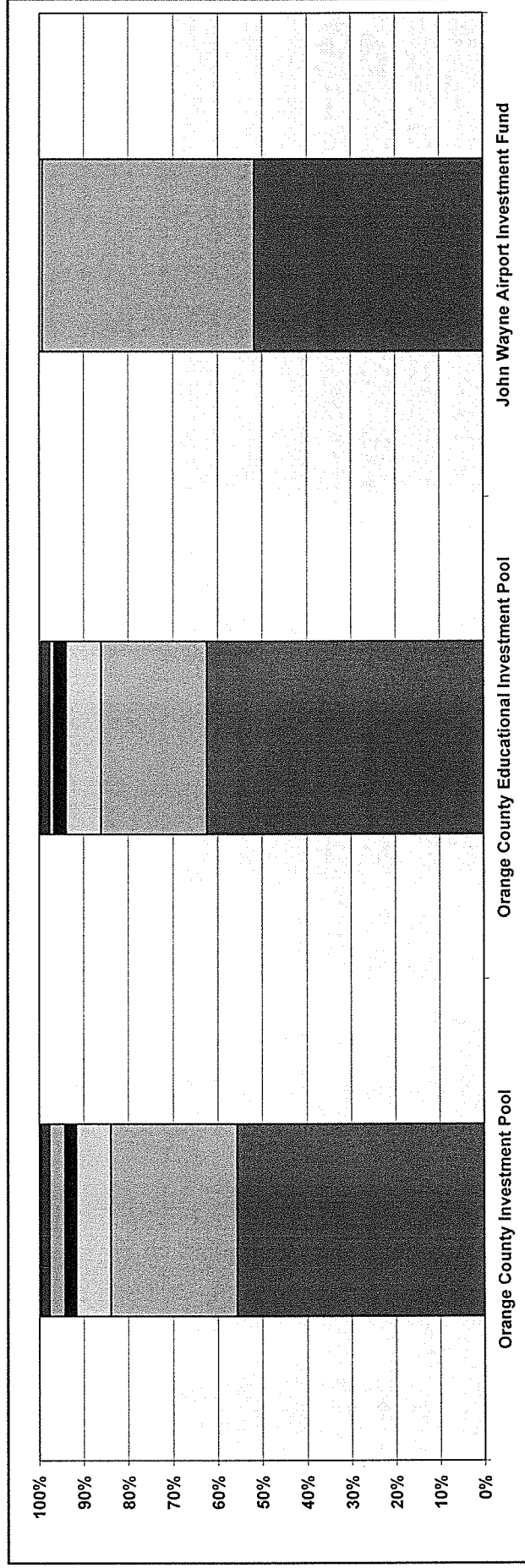


DISTRICT #	SCHOOL DISTRICT	BALANCE
72	GARDEN GROVE USD	\$ 573,580,395
90	COAST CCD	408,218,344
96	SOUTH ORANGE COUNTY CCD	341,649,840
75	IRVINE USD	334,314,509
92	RANCHO SANTIAGO CCD	302,308,601
84	SANTA ANA USD	299,384,047
88	NORTH ORANGE COUNTY CCD	281,650,427
68	CAPISTRANO USD	264,697,983
94	COUNTY SCHOOL SERVICES	254,390,708
78	NEWPORT MESA USD	217,509,333
TOTAL		\$ 3,277,704,187

ORANGE COUNTY TREASURER - TAX COLLECTOR

BY INVESTMENT TYPE - By Percentage Holdings

December 31, 2017



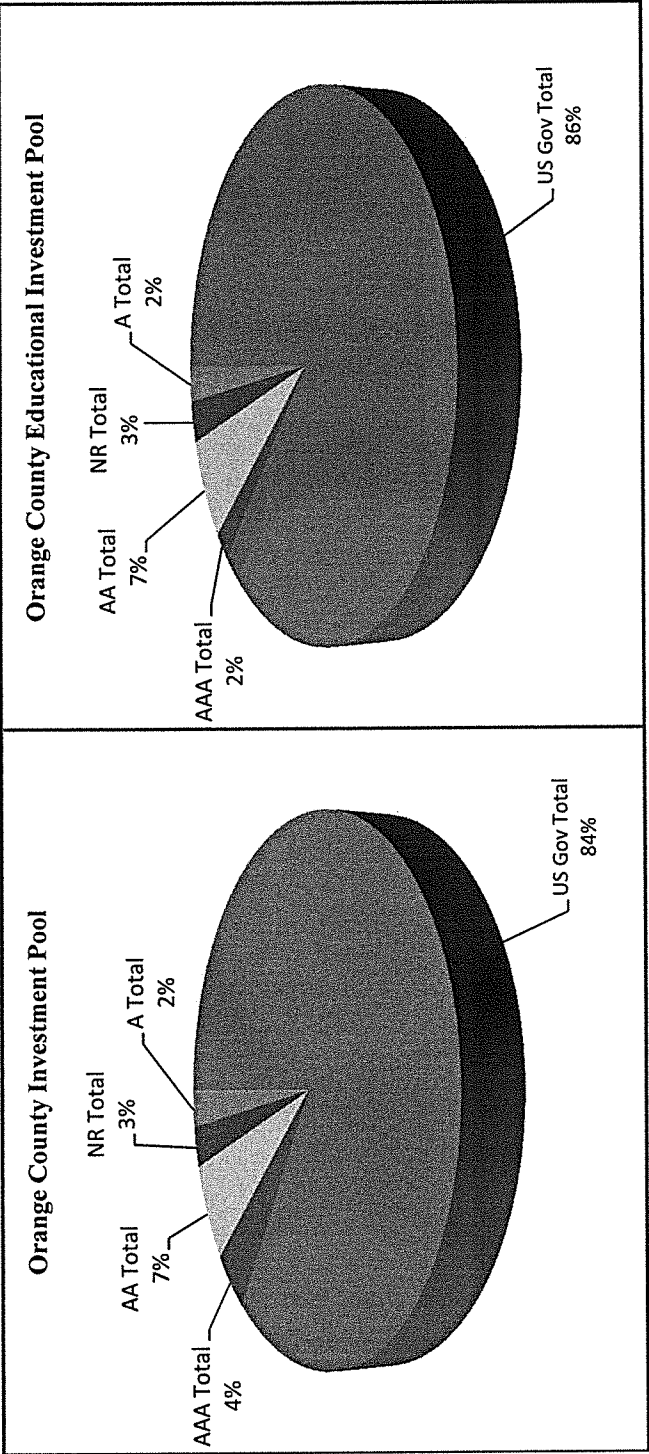
Orange County Investment Pool		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 2,815,599	55.74%
U. S. TREASURIES	1,423,859	28.19%
MEDIUM - TERM NOTES	387,897	7.68%
MONEY MARKET MUTUAL FUNDS	170,396	3.37%
MUNICIPAL DEBT	133,078	2.63%
CERTIFICATES OF DEPOSIT	98,470	1.96%
LOCAL AGENCY INVESTMENT FUND	21,878	0.43%
	<u>\$ 5,051,177</u>	<u>100.00%</u>

Orange County Educational Investment Pool		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 3,199,172	62.48%
U. S. TREASURIES	1,208,448	23.60%
MEDIUM-TERM NOTES	402,263	7.86%
MONEY MARKET MUTUAL FUNDS	51,631	1.01%
MUNICIPAL DEBT	135,885	2.65%
CERTIFICATES OF DEPOSIT	100,547	1.96%
LOCAL AGENCY INVESTMENT FUND	22,339	0.44%
	<u>\$ 5,120,285</u>	<u>100.00%</u>

John Wayne Airport Investment Fund		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 26,266	51.87%
U. S. TREASURIES	23,980	47.37%
MONEY MARKET MUTUAL FUNDS	382	0.76%
	<u>\$ 50,628</u>	<u>100.00%</u>

Calculated Using Market Value at 12/31/2017

ORANGE COUNTY TREASURER - TAX COLLECTOR **CREDIT QUALITY BY MARKET VALUE** **December 31, 2017**



US GOV Includes Agency & Treasury Debt

AA includes AA+, AA-, & AA

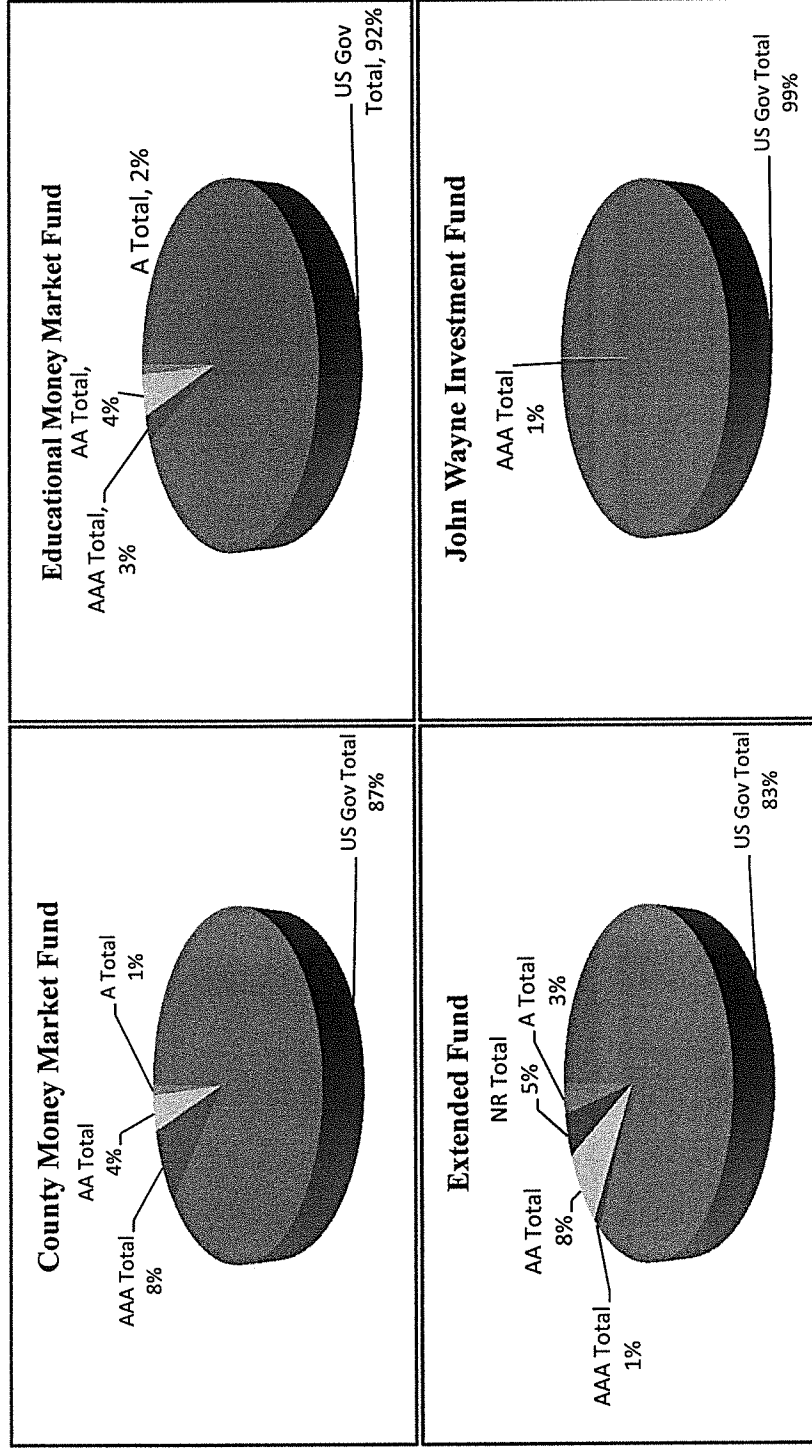
A includes A+, A-, & A

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

ORANGE COUNTY TREASURER - TAX COLLECTOR

CREDIT QUALITY BY MARKET VALUE

December 31, 2017



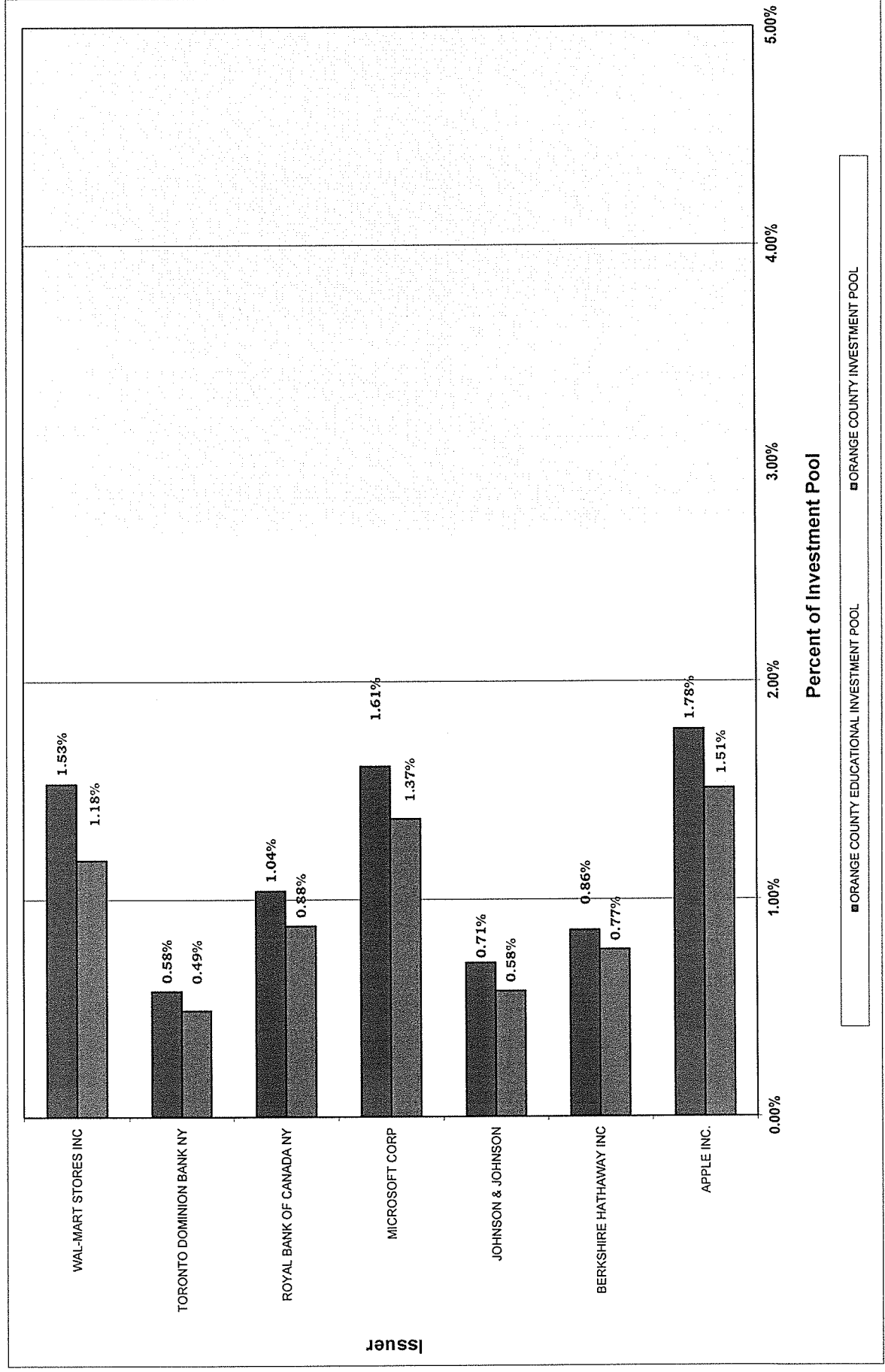
US GOV Includes Agency & Treasury Debt

AA includes AA+, AA-, & AA

A includes A+, A-, & A

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

ORANGE COUNTY TREASURER - TAX COLLECTOR **ISSUER CONCENTRATION-By Investment Pool** December 31, 2017



ORANGE COUNTY TREASURER-TAX COLLECTOR
APPROVED ISSUER LIST - OCIP, OCEIP, and JWA
December 31, 2017

ISSUER	S/T RATINGS			L/T RATINGS		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch
U.S. TREASURY SECURITIES						
U.S. GOVERNMENT	A-1+	P-1	F1+	AA+	Aaa	AAA
U.S. GOVERNMENT AGENCY SECURITIES						
FEDERAL NATIONAL MORTGAGE ASSOCIATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN MORTGAGE CORPORATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN BANKS	A-1+	P-1	NR	AA+	Aaa	NR
FEDERAL FARM CREDIT BANKS	A-1+	P-1	F1+	AA+	Aaa	AAA
MEDIUM-TERM NOTES						
APPLE INC	A-1+	P-1	NR	AA+	Aa1	NR
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
BERKSHIRE HATHAWAY INC **	A-1+	P-1	NR	AA	Aa2	A+
BERKSHIRE HATHAWAY FINANCE **	NR	NR	NR	NR	Aa2	A+
ISSUERS ON HOLD						
ROYAL BANK OF CANADA NY (JULY, 2016) ***	A-1+	P-1	F1+	AA-	A1	AA
TORONTO DOMINION BANK NY (MARCH, 2017) ****	A-1+	P-1	F1+	AA-	Aa2	AA-
MUNICIPAL BONDS						
ORANGE CNTY CA PENSION OBLG 2017 A	NR	NR	NR	NR	NR	NR
ORANGE CNTY CA PENSION OBLG 2018 A	NR	NR	NR	NR	NR	NR
STATE POOL - LOCAL AGENCY INVESTMENT FUND						
LOCAL AGENCY INVESTMENT FUND	NR	NR	NR	NR	NR	NR
MONEY MARKET MUTUAL FUNDS *****						
NAME OF FUND	S & P	Moody's	Fitch			
INVESCO GOVERNMENT & AGENCY SHORT-TERM INVESTMENTS TRUST (AIM)	AAAm	Aaa-mf	AAAmmf			
GOLDMAN SACHS FINANCIAL SQUARE GOVT FUND	AAAm	Aaa-mf	NR			
MORGAN STANLEY INSTITUTIONAL LIQUIDITY FUNDS - GOVT	AAAm	Aaa-mf	NR			
NORTHERN INSTITUTIONAL TREASURY PORTFOLIO	AAAm	NR	NR			

* Moody's changed the Microsoft Corporation Outlook from Negative to Stable on December 7, 2017.

** Further purchase restrictions apply due to Investment Policy Statement rating limits.

*** 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.

**** 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).

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

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

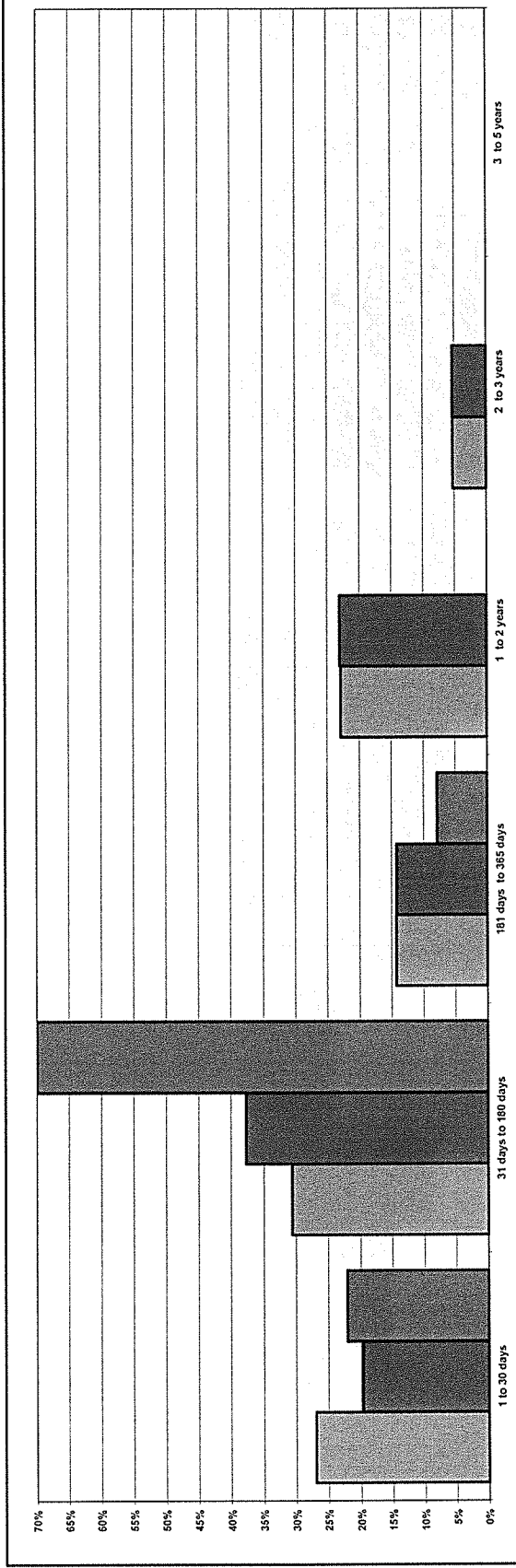
During December, there were two changes to the Treasurer's Approved Issuer List:

- On December 7, 2017, Moody's changed the Microsoft Corp. Outlook from Negative to Stable.
- In December, the Credit Investment Committee approved the addition of the Orange County Pension Obligation Bonds, 2018 Series A.

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

December 31, 2017



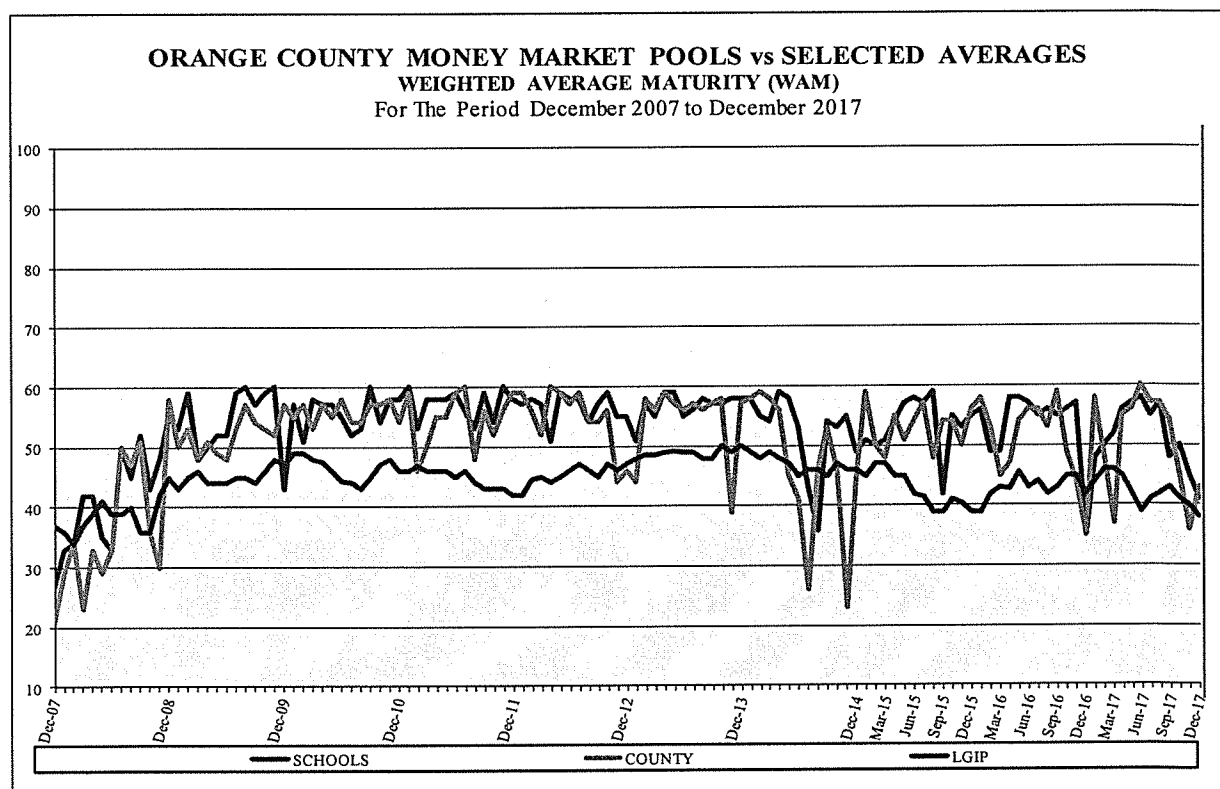
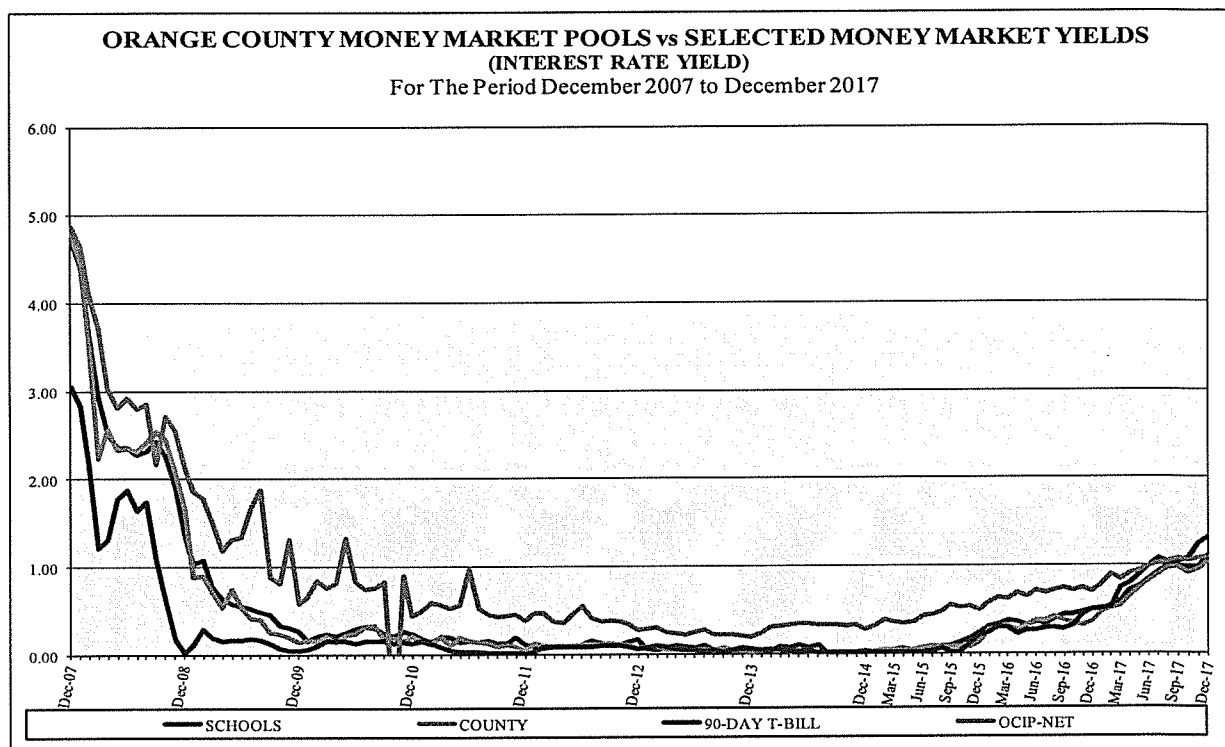
ORANGE COUNTY INVESTMENT POOL			
	In Thousands ^{1,2}		%
1 TO 30 DAYS	\$ 1,365,953		26.96%
31 TO 180 DAYS	1,551,281		30.60%
181 TO 365 DAYS	723,540		14.27%
1 YEAR TO 2 YEARS	1,159,961		22.88%
2 YEARS TO 3 YEARS	268,317		5.29%
3 YEARS TO 5 YEARS	-		0.00%
TOTAL	\$ 5,069,052		100.00%

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL			
	In Thousands ^{1,2}		%
1 TO 30 DAYS	\$ 1,011,225		19.68%
31 TO 180 DAYS	1,938,691		37.73%
181 TO 365 DAYS	729,460		14.20%
1 YEAR TO 2 YEARS	1,184,428		23.06%
2 YEARS TO 3 YEARS	273,977		5.33%
3 YEARS TO 5 YEARS	-		0.00%
TOTAL	\$ 5,137,781		100.00%

JOHN WAYNE AIRPORT INVESTMENT FUND			
	In Thousands ^{1,2}		%
1 TO 30 DAYS	\$ 11,182		22.09%
31 TO 180 DAYS	35,436		70.01%
181 TO 365 DAYS	4,000		7.90%
1 YEAR TO 2 YEARS	-		0.00%
TOTAL	\$ 50,618		100.00%

¹ Maturity Limits are calculated using face value. All final maturities are in compliance with the IPS during December

² Floating Rate Notes are deemed to have a maturity date equal to their next interest reset date. The Orange County Investment Pool, Orange County Educational Investment Pool and JWA Investment Fund did not hold any Floating Rate Notes as of 12/31/2017



•For the Month Ended December 31, 2017, S&P LGIP – 1.12; S&P LGIP WAM -38; 90-Day T-Bill – 1.31; OCIP – Net – 1.07

ORANGE COUNTY TREASURER-TAX COLLECTOR

INVESTMENT POOL YIELDS

January 1, 2017 - December 31, 2017

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
<i>Current Month - December 2017</i>				
County Pool - Money Market Fund	\$ 2,128,947,374	\$ 2,182,701	1.10%	43
Educational Pool - Money Market Fund	\$ 2,136,417,171	\$ 1,446,683	1.17%	42
Extended Fund	\$ 5,906,097,678	\$ 6,050,707	1.18%	375
<i>November 2017</i>				
County Pool - Money Market Fund	\$ 1,459,897,098	\$ 1,124,024	1.02%	36
Educational Pool - Money Market Fund	\$ 1,154,471,530	\$ 889,369	1.03%	45
Extended Fund	\$ 5,996,926,512	\$ 5,910,266	1.19%	399
<i>October 2017</i>				
County Pool - Money Market Fund	\$ 1,387,117,541	\$ 938,038	0.97%	45
Educational Pool - Money Market Fund	\$ 1,008,484,106	\$ 1,026,340	1.03%	50
Extended Fund	\$ 5,975,091,002	\$ 5,972,076	1.17%	416
<i>September 2017</i>				
County Pool - Money Market Fund	\$ 885,572,484	\$ 752,100	1.05%	54
Educational Pool - Money Market Fund	\$ 1,319,525,808	\$ 1,129,853	1.06%	48
Extended Fund	\$ 5,974,063,472	\$ 5,798,039	1.18%	443
<i>August 2017</i>				
County Pool - Money Market Fund	\$ 912,746,691	\$ 748,603	1.03%	57
Educational Pool - Money Market Fund	\$ 1,342,259,072	\$ 1,320,805	1.04%	57
Extended Fund	\$ 5,975,786,893	\$ 5,754,302	1.13%	454
<i>July 2017</i>				
County Pool - Money Market Fund	\$ 925,588,577	\$ 869,951	0.96%	57
Educational Pool - Money Market Fund	\$ 1,625,874,675	\$ 1,449,778	0.99%	55
Extended Fund	\$ 5,820,623,739	\$ 5,661,871	1.13%	464
<i>June 2017</i>				
County Pool - Money Market Fund	\$ 1,127,901,842	\$ 1,015,069	0.90%	60
Educational Pool - Money Market Fund	\$ 1,821,324,948	\$ 1,188,057	0.91%	58
Extended Fund	\$ 5,876,238,402	\$ 5,545,780	1.14%	487
<i>May 2017</i>				
County Pool - Money Market Fund	\$ 1,559,912,721	\$ 1,190,993	0.81%	56
Educational Pool - Money Market Fund	\$ 1,631,429,543	\$ 1,157,267	0.82%	57
Extended Fund	\$ 5,888,812,000	\$ 5,545,463	1.10%	494
<i>April 2017</i>				
County Pool - Money Market Fund	\$ 1,928,898,078	\$ 1,427,058	0.72%	56
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>Fiscal Year July 1, 2017 - June 30, 2018</i>	Average Month End Market Value Balance	YTD Interest Income	YTD Gross Yield	YTD Average
Orange County Investment Pool	\$ 4,230,507,723	\$ 24,095,115	1.12%	316
Orange County Educational Investment Pool	\$ 4,425,407,514	\$ 24,930,391	1.12%	306

ORANGE COUNTY TREASURER-TAX COLLECTOR

CASH AVAILABILITY PROJECTION

FOR THE SIX MONTHS ENDING JUNE 31, 2018

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 primarily relying on historical trends involving deposits and withdrawals and known future cash flows. 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 June 30, 2018, 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
December 2017 - Ending Cash				\$ 66,015,233
January	\$ 1,450,117,448	\$ 433,623,044	\$ 1,231,060,659	718,695,066
February	305,596,715	386,052,093	291,517,378	1,118,826,496
March	467,109,751	743,731,315	595,935,119	1,733,732,443
April	268,902,140	2,116,088,092	1,881,364,876	2,237,357,799
May	303,901,108	314,052,928	788,898,862	2,066,412,973
June 2018	197,983,449	325,117,184	713,887,741	1,875,625,865

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
December 2017 - Ending Cash				\$ 40,000
January	\$ 1,338,815,664	\$ 618,665,754	\$ 927,037,502	1,030,483,916
February	639,387,411	248,607,550	670,872,842	1,247,606,035
March	508,898,685	563,456,545	730,405,350	1,589,555,915
April	93,790,140	1,148,017,727	715,149,074	2,116,214,708
May	278,466,025	414,489,506	718,490,829	2,090,679,410
June 2018	207,421,234	701,515,298	672,813,841	2,326,802,101

ORANGE COUNTY TREASURER-TAX COLLECTOR

STATEMENT OF ACCOUNTABILITY

For the Month and Quarter Ended December 31, 2017

	Month	Quarter
Treasurer's Accountability at the Beginning of the Period:	\$ 8,810,834,826	\$ 8,343,600,035
Cash Receipts:		
County	2,542,067,283	4,797,362,172
School and Community College Districts	1,436,857,840	2,649,986,521
Total Cash Receipts	3,978,925,123	7,447,348,693
Cash Disbursements:		
County	1,936,009,972	3,560,093,671
School and Community College Districts	465,243,828	1,842,611,445
Total Cash Disbursements	2,401,253,800	5,402,705,116
Net Change in Cost Value of Pooled Assets	1,577,671,323	2,044,643,577
Net Increase in Non-Pooled Investments	2,038,816	4,102,722
Net (Decrease) in Non-Pooled Cash	(4,269,170)	(6,070,539)
Treasurer's Accountability at the End of the Period:	\$10,386,275,795	\$10,386,275,795
Assets in the Treasury at the End of the Period (at Cost Value):		
Pooled Investments:		
O.C. Investment Pool		\$ 5,073,077,292
O.C. Educational Investment Pool		5,143,697,341
Total Orange County Investment Pools		10,216,774,633
Non-Pooled Investments:		
Non-Pooled Investments - John Wayne Airport		50,633,089
Non-Pooled Investments - Fountain Valley School District Fund 40		34,848,650
Non-Pooled Investments - CCCD Series 2017E Bonds		2,002,679
Non-Pooled Investments - Other		1,081,500
Total Non-Pooled Investments		88,565,918
Cash:		
Cash in banks - County		65,815,792
Cash in banks - Schools		40,000
Cash in banks - OC Sheriff		11,731,987
Cash in banks - John Wayne Airport		3,148,024
Cash - Other		199,441
Total Cash		80,935,244
Total Assets in the Treasury at the End of the Period:		\$ 10,386,275,795

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

Investment Policy (IPS) Guidelines	Investment Type	County Money Market Fund		Extended Fund		Educational Money Market Fund		John Wayne Airport Investment Fund	
Diversification Limit		Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio
30%	Negotiable Certificates of Deposit	\$ -	0.00%	\$ 199,016,404	3.37%	\$ -	0.00%	\$ -	0.00%
40%	Commercial Paper	-	0.00%	-	0.00%	-	0.00%	-	0.00%
100%	U.S. Government Agencies	1,081,219,837	50.79%	3,505,342,248	59.35%	1,428,209,227	66.85%	26,265,817	51.87%
\$50MM	LAIF	-	0.00%	44,217,197	0.75%	-	0.00%	-	0.00%
30%	Medium-Term Notes	108,574,620	5.10%	564,536,226	9.56%	117,048,970	5.48%	-	0.00%
20%	Money Market Mutual Funds	170,395,532	8.00%	-	0.00%	51,630,897	2.42%	382,264	0.76%
30%	Municipal Debt	-	0.00%	268,964,005	4.55%	-	0.00%	-	0.00%
20%	Repurchase Agreement	-	0.00%	-	0.00%	-	0.00%	-	0.00%
30%	Supranationals	-	0.00%	-	0.00%	-	0.00%	-	0.00%
100%	U.S. Treasuries	768,757,385	36.11%	1,324,021,598	22.42%	539,528,077	25.25%	23,980,027	47.37%
		\$ 2,128,947,374	100.00%	\$ 5,906,097,678	100.00%	\$ 2,136,417,171	100.00%	\$ 50,528,108	100.00%

Investment Policy (IPS) Guidelines	Compliance Category (Yes/No)	County Money Market Fund		Extended Fund		Educational Money Market Fund		John Wayne Airport Investment Fund	
5%	Percentage Limits	Yes		Yes		Yes		Yes	
20%	Issuer Limit	Yes ⁽²⁾		N/A		Yes ⁽²⁾		Yes	
50%	Money Market Mutual Fund Issuer	Yes ⁽⁴⁾		Yes ⁽⁴⁾		Yes ⁽⁴⁾		Yes ⁽⁴⁾	
See Above	Government Agencies Issuer	Yes		Yes		Yes		Yes	
	Diversification Limit								
60 Days	Maturity/Duration Limits	Yes/42.58		N/A		Yes/42.24		N/A	
90 Days	Weighted Average Maturity - Money Market Fund	N/A		N/A		N/A		Yes/75.80	
>Merrill 1-3 Year Index+25% (2.33)	Weighted Average Maturity - JWA Investment Fund	N/A		Yes/1.00		N/A		N/A	
13 Months/397 days	Duration ⁽⁵⁾	N/A		N/A		Yes/307		N/A	
15 Months/458 days	Final Maturity - Money Market Fund	Yes/307		N/A		N/A		Yes/212	
5 Years/1826 days	Final Maturity - John Wayne Airport Investment Fund	N/A		N/A		N/A		N/A	
	Final Maturity - Extended Fund	N/A		Yes/1,062		N/A		N/A	
A-1/≥ A	Quality Limits	Yes		N/A		Yes		Yes	
≥ A-1/P-1/F2	MMF Short Term/Long Term	Yes		N/A		Yes		Yes	
A-1/≥ AA ⁽³⁾	Short Term Debt/No Split Ratings	Yes		N/A		N/A		N/A	
Approved Issuer List	Extended Fund Short Term/Long Term	N/A		Yes ⁽⁶⁾		N/A		Yes	
Broker/Dealer List	Authorized Issuer	Yes		Yes		Yes		Yes	
0.995 - 1.005	Authorized Financial Dealer/Institution	Yes		Yes		Yes		Yes	
	Net Asset Value - Money Market Fund and JWA	Yes/1.0002		N/A		Yes/1.0001		Yes/1.0000	

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

(2) Excludes US Government Debt per the 2017 IPS policy approved by the Board of Supervisors on November 22, 2016 effective on January 1, 2017.

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

(4) GSE issuers rated 'AA-' or higher with final maturities of 30 days or less are excluded from the calculation of the 50% limit per IPS for the Extended Fund and the JWA Investment Fund and from the Rating Agency limit of 33% for the two Money Market Funds.

(5) IPS states all pools, except short-term pools, shall have an effective duration not to exceed a leading 1-3 year index +25%. Duration provided above (1.00) is a modified duration, which does not take into consideration all embedded options such as callable bonds or mortgage backed bonds. This presentation is not considered materially different from the effective duration requirement specified in IPS.

(6) Securities issued by Royal Bank of Canada NY were rated above 'AA' at the time of purchase and are in compliance with IPS.

NA Not applicable

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

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

COMPLIANCE CATEGORY	PERFORMED BY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	ACIA	Performance Evaluation-Cal Govt. Code 27134	Annual audit of calendar year 2015 completed.
Quarterly Schedule of Assets Review	ACIA	Performance Evaluation-Cal Govt. Code 26920(a)	September 30, 2017 in progress.
Annual Schedule of Assets Audit	ACIA	Performance Evaluation-Cal Govt. Code 26920(b)	Annual audit as of June 30, 2017 in progress.
Quarterly Continuous Compliance Auditing	ACIA	TOC Directive	September 30, 2017 completed.
Treasury Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	Annual review of fees for FY 14/15, FY 15/16 and FY 16/17 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Annual review of calendar year 2016 completed.
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/Form 700	FY 17/18 identified one compliance incident as of December 31, 2017.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made one change at the October 18, 2017 meeting. The BOS approved on November 14, 2017.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 18, 2017 meeting and did not make any additional changes. The BOS approved on November 14, 2017.
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 18, 2017.
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 December 31, 2017**

As reported also in November, newly hired investment staff in training executed an additional 11 trades in December (eight trades in November) prior to receiving explicit delegation of authority to be an authorized trader per the 2017 Investment Policy Statement. This has been identified as a single compliance exception, self-identified by the Department and was corrected on December 6.

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)
City of Mission Viejo (10-2-17)
Placentia Library District (10-16-17)



February 14, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer 

Subject: Approval of Local Transportation Fund Fiscal Year 2018-19 Apportionment Estimates

Overview

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2018-19 be determined and prospective claimants be advised of the amounts.

Recommendation

Approve the Local Transportation Fund fiscal year 2018-19 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund for the following fiscal year.

Background

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

Discussion

The estimate of LTF revenues for fiscal year (FY) 2018-19 has been calculated by the Orange County Auditor Controller at \$168,674,043. The forecast was based on FY 2017-18 estimated actuals and adjusted by a 3.1 percent growth rate.

The FY 2018-19 apportionment is summarized in the following table:

LTF Revenues	
Estimated Fiscal Year 2018-19 Sales and Use Tax Receipts	\$ 168,674,043
Article 3 payments:	
Orange County Auditor-Controller – Administration	\$ 7,804
Orange County Transportation Authority – County Transportation Commission Administration	144,425
Orange County Transportation Authority – County Transportation Commission Planning	3,795,166
Southern California Association of Governments – regional planning	1,265,055
Sub-total - Article 3 funding	\$ 5,212,450
Articles 4 and 4.5 payments:	
Orange County Transit District - Consolidated Transportation Service Agency Funding - Article 4.5	\$ 8,173,080
Orange County Transit District - Public Transit Funding - Article 4	154,145,736
Laguna Beach Municipal Transit Lines – Public Transit Funding – Article 4	1,142,777
Sub-total - Articles 4 and 4.5 funding	\$ 163,461,593
Total funds apportioned	\$ 168,674,043

Summary

Staff recommends approval of the LTF FY 2018-19 apportionment estimates. Staff also recommends authorizing the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County LTF for FY 2018-19.

Attachment

None.

Prepared by:



Sam Kaur
Department Manager,
Revenue Administration
(714) 560-5889

Approved by:



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



February 14, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report For December 31, 2017

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan; acquired conservation properties; and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and the performance. Attached is the quarterly investment report for the Endowment Pool for the period ending December 31, 2017. The report has been reviewed and is consistent with the pool objectives.

Recommendation

Receive and file as an information item.

Background

On September 26, 2016, the Board of Directors approved the selection of the California Community Foundation (CCF) as an endowment fund manager for the Measure M2 Freeway Environmental Mitigation Program. Approximately \$2.9 million on an annual basis will be deposited in the endowment. On March 1, 2017, the Orange County Transportation Authority wired \$2,877,000 to CCF to be deposited in the Endowment Pool. These annual deposits are expected to continue for ten to 12 years or until the fund totals approximately \$46.2 million.

Discussion

The second scheduled deposit for the program was made on August 31, 2017 for fiscal year 2017-18. As of December 31, 2017, total pool assets in the CCF Endowment Pool were \$1.06 billion. Total foundation assets were \$1.79 billion. Performance for the Endowment Pool was 1.2 percent for the month, in line with the benchmark; 4.1 percent for the quarter, exceeding the customized benchmark by 0.5 percent. The one year return was 15.7 percent, exceeding the benchmark by 2.6 percent.

The balance as of December 31, 2017, is \$6,220,553. The number exceeds the projected balance of \$5,934,232 due to higher than projected investment earnings and lower than projected fees. The projected annualized cost for endowment services was 0.75 percent based on indications received during the due diligence process. The program is currently paying 0.35 percent fee on a sliding scale. That fee will continue to be reduced as assets grow.

Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment Report to the Board of Directors. The report is for the quarter ending December 31, 2017.

Attachments

- A. California Community Foundation Fund Statement - December 31, 2017
- B. California Community Foundation Endowment Pool Investments – December 31, 2017

Prepared by:



Rodney Johnson
Deputy Treasurer
Treasury/Public Finance
714-560-5675

Approved by:



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



ATTACHMENT A

Fund Name OCTA - Measure M2 Environmental Mitigation Program Fund
Fund Start Date 2/28/2017
Investment Pool(s) Endowment Pool

FUND STATEMENT

OCTA - Measure M2 Environmental Mitigation Program Fund (V398)

10/1/2017 - 12/31/2017

Fund Summary

	Report Period 10/1/2017 - 12/31/2017	Calendar YTD 1/1/2017 - 12/31/2017
Opening Fund Balance	\$5,985,257.25	\$0.00
Contributions	0.00	5,754,000.00
Investment Activity, net	235,295.89	466,553.14
Net Changes to Fund	235,295.89	6,220,553.14
Ending Balance	\$6,220,553.14	\$6,220,553.14

Investment Pool Performance as of 9/30/2017

	This Qtr.	1-Year	3-Years	5-Years	10-Years
Endowment Pool	3.5%	12.6%	4.6%	7.1%	4.3%
Social Impact Endowment Pool	2.9%	9.3%	5.8%	7.6%	4.6%
Conservative Balanced Pool	1.6%	5.7%	4.3%	n/a	n/a
Short Duration Bond Pool	0.4%	0.4%	1.5%	n/a	n/a
Capital Preservation Pool	0.3%	0.7%	0.4%	0.3%	0.8%

Endowment Pool - invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps pace with inflation over time. The target asset allocation is 50% equities, 14% hedge funds, 22% fixed income and 14% real assets. Investment management fees are 66 basis points.

Social Impact Endowment Pool - invested in a diversified pool aiming for capital growth for long-term grantmaking; underlying instruments undergo rigorous environmental and social analysis, with an asset allocation of approximately 60%-75% equities and 25%-40% fixed income. Investment management fees are 68 basis points.

Conservative Balanced Pool - designed to aim for moderate growth and to offer diversified exposure to the U.S. equity market and to investment grade fixed income with maturities from one to five years and an asset allocation of 70% fixed income and 30% equities investments. Investment management fees are 9 basis points.

Short Duration Bond Pool - invested to offer diversified exposure to investment grade fixed income with maturities from one to five years for the purposes of grants over a near-term one to four year horizon. Investment management fees are 5 basis points.

Capital Preservation Pool - designed to preserve principal and provide liquidity for present grantmaking needs through investment in short-term fixed income and cash instruments. Investment management fees are 10 basis points.



Endowment Pool

December 2017

INVESTMENTS

The Endowment Pool returned 1.2% for the month of December 2017, in line with its benchmark. For the trailing year, the pool returned 15.7%, 260 basis points ahead of its benchmark.

Total Pool Assets

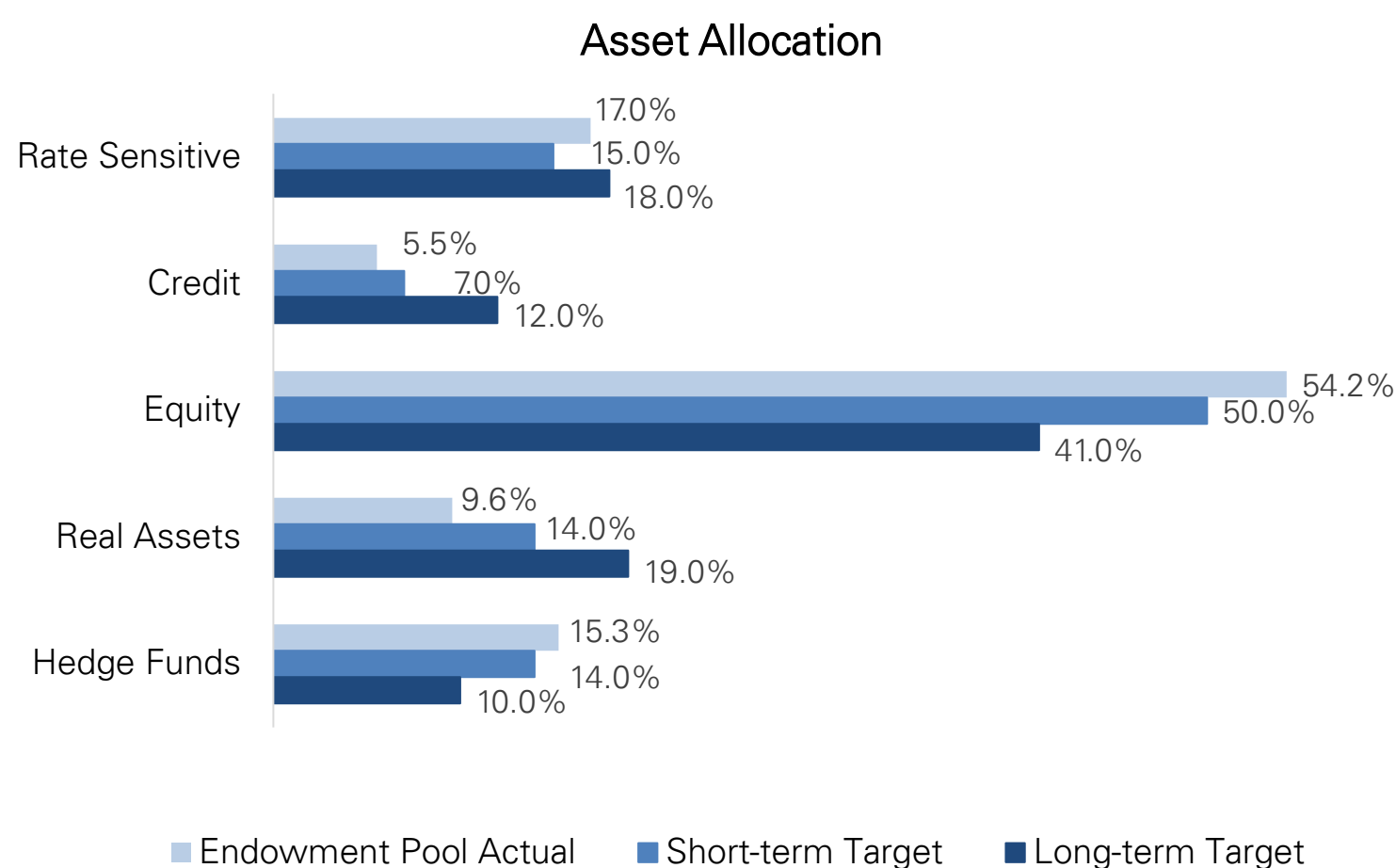
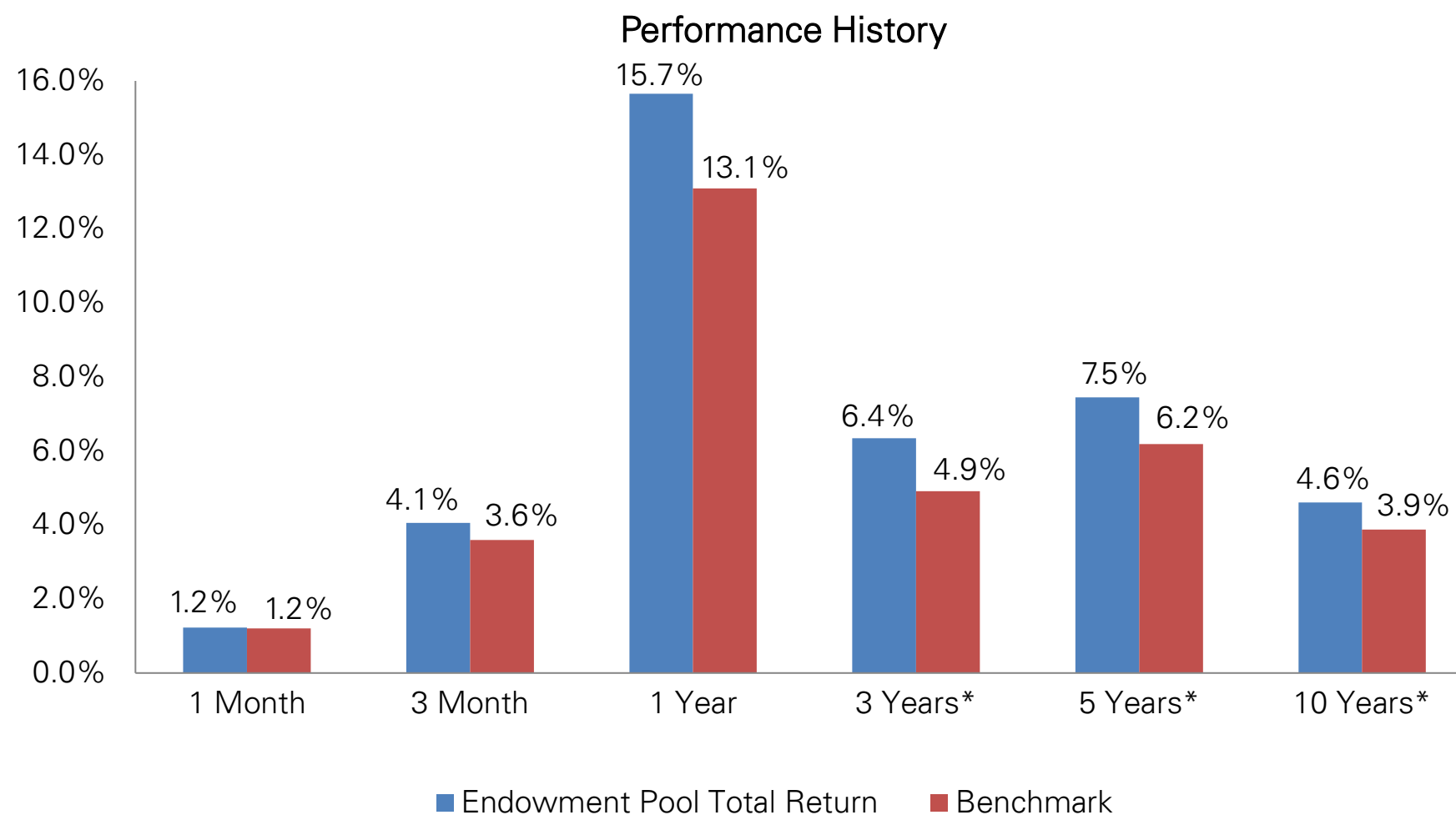
\$1.059 billion (Endowment Pool), \$1.79 billion (total foundation assets) as of December 31, 2017.

Pool Objective

Preserve the real (i.e., inflation-adjusted) purchasing power of the investment pool net of annual distributions for grants and expenses. An additional objective is to provide a relatively predictable, stable stream of distributions for grants and expenses that keep pace with inflation over time.

Investment Consultant

Meketa Investment Group



*Represents annualized returns.

1) Annual investment management fees approximate 0.66%, excluding manager incentive fees.

2) Investment performance is presented net of investment management fees, including manager incentive fees.

3) Total Fund Benchmark is a combination of: 50% MSCI ACWI / 14% HFR FOF / 14% S&P Real Assets Indx / 15% Barc Agg. / 7% Barc High Yield.

4) Short-term target allocation is over 2-5 years, long-term target allocation is over 5-10 years.



February 14, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Fiscal Year 2017-18 Second Quarter Grant Reimbursement Status Report

Overview

The Quarterly Grant Reimbursement Status Report summarizes grant activities for the Orange County Transportation Authority Board of Directors. This report focuses on activity for the period of October through December 2017.

Recommendation

Receive and file as an information item.

Discussion

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

Awarded/Executed Grant Agreements:

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

Fiscal Year (FY) 2017 Office of Traffic Safety (OTS) – Safety Education Classes

OCTA secured \$75,000 in Pedestrian and Bicycle Safety Program funds from the OTS for safety education classes. Best practice strategies will be conducted to reduce the number of persons killed and injured in crashes involving pedestrians and bicyclists. The funded strategies may include classroom education, bicycle rodeos, community events, presentations, and workshops. These countermeasures will be conducted in communities with high numbers of

pedestrian and/or bicycle related collisions, including underserved communities, older adults, and school-aged children.

FY 2016 Transit and Intercity Rail Capital Program (TIRCP) – Mobile Ticketing

OCTA has secured \$2.5 million in TIRCP funds from the California Department of Transportation, which will be used for the implementation of a system-wide mobile ticketing system. The grant funds will be used to purchase stand-beside readers that will be installed on OCTA's fixed-route bus system, which accommodates over 48 million boardings along 77 routes.

FY 2017 Transit Security Grant Program (TSGP) – Be the One Campaign

OCTA executed an agreement with the Federal Emergency Management Agency, a component of the Department of Homeland Security, to secure \$0.08 million in TSGP funds. These funds will be utilized for the Be the One (BT1) Public Awareness Campaign, which is intended to prevent and deter criminal and terrorist acts, and educate the public on reporting suspicious activity, incidents, and crimes. The BT1 campaign will address the following three areas: anti-crime/anti-terrorism, human trafficking, and emergency preparedness.

Current Grant Agreements:

OCTA's Federal Transit Administration (FTA) formula grant agreements total 14, and FTA discretionary grant agreements total three. The total FTA formula and discretionary grant agreements amount to \$329.2 million. The total amount reimbursed through the second quarter under these grant agreements is \$274 million, leaving a balance of \$55.2 million (Attachment A).

The 14 FTA formula grant agreements have a total federal amount of \$311.3 million. A total of \$263.1 million has been reimbursed, leaving a balance of \$48.2 million. The balance of these 14 FTA formula grant agreements will primarily fund the OC Streetcar, Orange Parking Structure, fixed-route bus procurements, rideshare and vanpool programs, the Laguna Niguel/San Juan Capistrano passing siding project, and rail rehabilitation projects.

The three FTA discretionary grant agreements have a total federal amount of \$17.9 million. A total of \$10.9 million has been reimbursed, leaving a balance of \$7 million. The balance of these three FTA discretionary grant agreements will primarily fund a new control point at 4th Street on the OCTA-owned railroad right-of-way (ROW), as well as slope stabilization improvements on the railroad ROW from the City of Laguna Niguel to the City of Lake Forest. The balance will also fund security camera surveillance systems for commuter rail stations located in the cities of Anaheim, Laguna Niguel/Mission Viejo, Orange, and Placentia.

In November 2017, OCTA was informed that the FTA Region IX office had placed grant CA-04-0122 on the FTA inactive list. These grant funds are programmed for the installation of the video surveillance system (VSS) at the Santa Ana/Garden Grove bus bases and have been identified as inactive due to a lack of reimbursement activity for a 12-month period. On January 22, 2018, the Board approved to release request for proposals for the installation/construction of the VSS project. OCTA anticipates executing the contract in June 2018 which will enable staff to post reimbursement activity in August 2018. Based on the guidance received from FTA, the grant will become active after the reimbursement is processed for the installation/construction elements of the project.

OCTA also has 45 state and Federal Highway Administration (FHWA) formula grant agreements (Attachment B) and 13 state discretionary grant agreements (Attachment C).

The 45 state and FHWA formula grant agreements total \$381.2 million. The total amount reimbursed through the second quarter under these other grant agreements is \$268.8 million, leaving a balance of \$112.4 million.

The 13 state discretionary grant agreements total \$7.3 million. A total of \$0.3 million of these discretionary grant agreements has been reimbursed, leaving a balance of \$7 million. These state discretionary grant agreements have a defined grant expiration date. Project expenses must be fully paid and reimbursed prior to the grant agreement expiration date. Staff anticipates each of the remaining balances to be fully reimbursed prior to the grant agreement expiration date.

Combined, the state and FHWA formula and discretionary grants total \$388.5 million. The total amount reimbursed across all these grant agreements equals \$269.1 million, leaving a remaining balance of \$119.4 million.

Grant Agreements Pending Close-out:

There are eight grant agreements totaling \$99.5 million which are pending close-out in the second quarter of FY 2017-18. All invoices for these grant agreements have been submitted to the external funding agency for reimbursement, and OCTA is pending final payment and/or approval of close-out documentation. These grant agreements are summarized in Attachment D.

Closed Grant Agreements:

There are two grant agreements totaling \$1.6 million that were closed out in the second quarter of FY 2017-18. These grant agreements are summarized in Attachment E.

Summary

This report provides an update of the grant agreement funded activities for the second quarter of FY 2017-18, October through December 2017. Staff recommends this report be received and filed as an information item.

Attachments

- A. Second Quarter Grant Reimbursement Status Report, October through December 2017, Federal Transit Administration Formula and Discretionary Grant Agreements
- B. Second Quarter Grant Reimbursement Status Report, October through December 2017, State and Federal Highway Administration Formula Grant Agreements
- C. Second Quarter Grant Reimbursement Status Report, October through December 2017, State Discretionary Grant Agreements
- D. Second Quarter Grant Reimbursement Status Report, October through December 2017, Grant Agreements Pending Close-out
- E. Second Quarter Grant Reimbursement Status Report, October through December 2017, Closed Grant Agreements

Prepared by:



Sam Kaur
Department Manager,
Revenue and Grants Administration
714-560-5889

Approved by:



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

**Second Quarter Grant Reimbursement Status Report
October through December 2017**

Federal Transit Administration Formula and Discretionary Grant Agreements						
	FEDERAL FISCAL YEAR (FFY)	GRANT NUMBER	FEDERAL AMOUNT	FEDERAL AMOUNT REIMBURSED	REMAINING BALANCE	EXPIRATION DATE
FTA Section 5307 - Urbanized Area Formula Grant Program						
1	2012	CA-90-Y942	\$ 57,746,965	\$ 55,286,541	\$ 2,460,424	June 2019
2	2013	CA-90-Z027	53,878,507	53,383,725	494,782	June 2018
3	2014	CA-90-Z174	55,129,189	54,867,711	261,478	June 2018
4	2015	CA-2016-032	55,400,721	53,099,176	2,301,545	December 2018
FTA Section 5307 Grant Subtotal			\$ 222,155,382	\$ 216,637,153	\$ 5,518,229	
FTA Section 5307 - Federal Funds flexed from the Federal Highway Administration (FHWA):						
5	2010	CA-95-X131	\$ 2,102,650	\$ 1,394,222	\$ 708,428	December 2019
6	2011	CA-95-X180	4,260,000	3,780,113	479,887	December 2018
7	2013	CA-95-X210	12,669,000	8,752,713	3,916,287	June 2019
8	2013	CA-95-X254	5,657,000	3,303,351	2,353,649	June 2019
9	2014	CA-95-X286	6,621,000	4,554,965	2,066,035	September 2018
10	2017	CA-2017-072	31,567,405	5,057,911	26,509,494	June 2021
FTA Section 5307 Flexed Grant Subtotal			\$ 62,877,055	\$ 26,843,275	\$ 36,033,780	
FTA Section 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities Grant Program						
11	2013	64AM16-00157	\$ 630,416	\$ 0	\$ 630,416	March 2019
FTA Section 5310 Grant Subtotal			\$ 630,416	\$ 0	\$ 630,416	
FTA Section 5316 - Jobs Access and Reverse Commute (JARC) Grant Program						
12	2008	CA-37-X113	\$ 13,962,488	\$ 9,450,193	\$ 4,512,295	September 2019
FTA Section 5316 Grant Subtotal			\$ 13,962,488	\$ 9,450,193	\$ 4,512,295	
FTA Section 5317 - New Freedoms Grant Program						
13	2009	CA-57-X038	\$ 6,387,801	\$ 6,316,568	\$ 71,233	September 2018
FTA Section 5317 Grant Subtotal			\$ 6,387,801	\$ 6,316,568	\$ 71,233	
FTA Section 5337 - State of Good Repair Grant Program						
14	2016	CA-2016-096	\$ 5,261,812	\$ 3,872,245	\$ 1,389,567	December 2018
FTA Section 5337 Grant Subtotal			\$ 5,261,812	\$ 3,872,245	\$ 1,389,567	
Federal Transit Administration Formula Grants Total			\$ 311,274,954	\$ 263,119,434	\$ 48,155,520	

**Second Quarter Grant Reimbursement Status Report
October through December 2017**

Federal Transit Administration Formula and Discretionary Grant Agreements						
	FEDERAL FISCAL YEAR (FFY)	GRANT NUMBER	FEDERAL AMOUNT	FEDERAL AMOUNT REIMBURSED	REMAINING BALANCE	EXPIRATION DATE
FTA Section 5309 - Discretionary Capital Grant Program						
15	2008	CA-04-0078	\$ 7,021,300	\$ 5,730,472	\$ 1,290,828	December 2018
16	2009	CA-04-0122	4,845,999	3,934,803	911,196	December 2020
17	2012	CA-05-0269	6,000,000	1,196,720	4,803,280	March 2020
FTA Section 5309 Grant Subtotal			\$ 17,867,299	\$ 10,861,995	\$ 7,005,304	
Federal Transit Administration Discretionary Grants Total			\$ 17,867,299	\$ 10,861,995	\$ 7,005,304	
Total Federal Transit Administration Formula and Discretionary Grant Agreements			\$ 329,142,253	\$ 273,981,429	\$ 55,160,824	

Funding Source Notes

FTA Section 5307 - Urbanized Area Formula Grant Program: Funds are used to fund preventive maintenance, capital cost of contracting, and to purchase revenue vehicles, facility modifications, and bus-related equipment.

FTA Section 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities Grant Program: Formula funding to states for the purpose of assisting nonprofit groups in meeting the transportation needs of the elderly and persons with disabilities.

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

FTA Section 5317 - New Freedoms Grant Program: Grants provide funds to support new transit services and establish mobility management programs to enhance access for persons with disabilities.

FTA Section 5337 - State of Good Repair Grant Program: A formula-based State of Good Repair program dedicated to repairing and upgrading the nation's rail transit systems along with high-intensity motor bus systems that use high-occupancy lanes.

FTA Section 5309 - Discretionary Capital Grant Program: Grants provide for projects that improve efficiency and coordination of transportation systems.

Second Quarter Grant Reimbursement Status Report

October through December 2017

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	EXPIRATION DATE
Active Transportation Program (ATP)						
1	2017	Orange County Active Transportation Plan	\$ 280,000	\$ 47,752	\$ 232,248	April 2019
ATP Subtotal			\$ 280,000	\$ 47,752	\$ 232,248	
Federal Highway Administration Grant Program - Congestion Mitigation & Air Quality (CMAQ)						
2	2010	Orangethorpe Ave Grade Separation (ROW)	\$ 27,504,000	\$ 23,605,790	\$ 3,898,210	June 2019
3	2011	Lakeview Ave Grade Separation (ROW)	6,532,000	6,532,000	0	June 2019
4	2012	I-5 HOV Segment 1, Ave Pico to Vista Hermosa (PS&E)	4,246,000	3,371,787	874,213	June 2018
5	2012	I-5 HOV Segment 2, Vista Hermosa to PCH (PS&E)	3,687,000	2,011,992	1,675,008	June 2019
6	2012	I-5 HOV Segment 3, PCH to San Juan Creek Rd (PS&E)	2,067,000	1,542,356	524,644	June 2019
7	2012	Lakeview Ave Grade Separation (ROW Utility Relocation)	3,135,862	60,901	3,074,961	June 2019
8	2013	I-5 HOV Segment 1, Ave Pico to Vista Hermosa (ROW)	8,000,000	4,009,067	3,990,933	June 2018
9	2015	I-5 from the Orange/San Diego County Line to Avenida Pico (PA/ED)	450,000	98,344	351,656	June 2020
10	2015	I-5, SR-55 to SR-57 (PS&E)	2,800,000	1,988,933	811,067	June 2020
CMAQ Subtotal			\$ 58,421,862	\$ 43,221,169	\$ 15,200,693	
Federal Highway Administration Grant Program - Regional Surface Transportation Program (RSTP)						
11	2011	Tustin Ave / Rose Dr Grade Separation Project (ROW Utility Relocation)	\$ 2,254,000	\$ 0	\$ 2,254,000	June 2019
12	2011	Tustin Ave / Rose Dr Grade Separation Project (ROW)	21,494,000	19,594,690	1,899,310	June 2019
13	2012	Lakeview Ave Grade Separation (ROW)	11,527,563	11,527,563	0	June 2019
14	2012	Tustin Ave / Rose Dr Grade Separation Project (Construction)	8,700,440	7,941,426	759,014	June 2019
15	2013	I-5, I-405 to SR-55 (PA/ED)	8,000,000	4,298,998	3,701,002	June 2018
16	2014	I-5 Segment 2, Oso Pkwy to Alicia Pkwy (PS&E)	10,000,000	8,831,179	1,168,821	June 2019
17	2015	I-405, I-5 to SR-55 (PA/ED)	8,000,000	4,320,528	3,679,472	June 2020
18	2015	I-5 Segment 1, SR-73 to Oso Pkwy (PS&E)	9,101,000	6,971,873	2,129,127	June 2020
19	2015	I-5 Segment 3, Alicia Pkwy to El Toro Rd (PS&E)	8,044,000	4,957,652	3,086,348	June 2020
20	2015	SR-91, SR-57 to SR-55 (PA/ED)	7,000,000	1,477,392	5,522,608	June 2020
21	2016	SR-57, Orangewood to Katella Ave (PA/ED)	2,500,000	788,563	1,711,437	June 2021
22	2017	SR-55, I-5 to SR-91 (PS&E)	5,000,000	321,107	4,678,893	June 2022
RSTP Subtotal			\$ 101,621,003	\$ 71,030,970	\$ 30,590,033	
Federal Highway Administration Grant Program - State Transportation Block Grant (STBG)						
23	2016	I-405, SR-73 to I-605 (Construction)	\$ 1,000	\$ 0	\$ 1,000	June 2021
STBG Subtotal			\$ 1,000	\$ 0	\$ 1,000	

ATTACHMENT B

Second Quarter Grant Reimbursement Status Report

October through December 2017

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	EXPIRATION DATE
Federal Highway Administration Grant Program - Traffic Congestion Relief Program (TCRP)						
24	2011	Kraemer Blvd Grade Separation (Construction)	\$ 1,462,000	\$ 0	\$ 1,462,000	June 2019
TCRP Subtotal			\$ 1,462,000	\$ 0	\$ 1,462,000	
Low Carbon Transit Operations Program (LCTOP) - California Department of Transportation (CALTRANS)						
25	2016	Bus Buy - 40' buses for Bravo!	\$ 3,046,000	\$ 0	\$ 3,046,000	June 2019
26	2017	Bus Bicycle Racks	752,825	0	752,825	June 2019
27	2017	Fare Discount - Fixed Route	900,000	414,131	485,869	June 2019
CAP & TRADE LCTOP Subtotal			\$ 4,698,825	\$ 414,131	\$ 4,284,694	
Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Demonstration Funds						
28	2009	I-405, SR-73 to I-605 (PS&E)	\$ 439,371	\$ 439,371	\$ 0	June 2018
29	2012	Orangethorpe Ave Grade Separation (Construction)	18,600,000	16,270,618	2,329,382	June 2019
30	2013	I-405, SR-73 to I-605 (PS&E)	1,871,573	1,871,573	0	June 2018
SAFETEA-LU Demo Subtotal			\$ 20,910,944	\$ 18,581,562	\$ 2,329,382	
Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Demonstration Funds						
31	2013	I-405, SR-73 to I-605 (PS&E)	\$ 6,549,820	\$ 6,499,820	\$ 50,000	June 2018
SAFETEA-LU Demo Subtotal			\$ 6,549,820	\$ 6,499,820	\$ 50,000	
SAFETEA-LU: Projects of National and Regional Significance (PNRS)						
32	2013	Lakeview Ave Grade Separation (Construction)	\$ 9,709,030	\$ 6,954,405	\$ 2,754,625	June 2019
SAFETEA-LU-PNRS Subtotal			\$ 9,709,030	\$ 6,954,405	\$ 2,754,625	
State Proposition 1B California Transit Security Grant Program (CTSGP): Transit System Safety, Security & Disaster Response Account (TSSSDRA)						
33	2015	Transit Security Operation Center (PS&E)	\$ 2,741,643	\$ 151,731	\$ 2,589,912	March 2019
34	2015	Video Surveillance System Upgrades (Construction)	100,000	0	100,000	March 2019
35	2016	Transit Security Operation Center (PA/ED)	3,180,574	0	3,180,574	March 2019
36	2016	Video Surveillance System Upgrades (Construction)	140,000	0	140,000	March 2019
PROP 1B TSSSDRA Subtotal			\$ 6,162,217	\$ 151,731	\$ 6,010,486	
State Proposition 1B: Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)						
37	2015	Fullerton Transportation Center Elevator Project (Construction)	\$ 500,000	\$ 393,537	\$ 106,463	August 2020
38	2015	Raymond Ave Grade Separation Project (Construction)	43,008,102	31,848,167	11,159,935	August 2020
PROP 1B PTMISEA Subtotal			\$ 43,508,102	\$ 32,241,705	\$ 11,266,397	

Second Quarter Grant Reimbursement Status Report

October through December 2017

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	EXPIRATION DATE
State Proposition 1B: Trade Corridor Improvement Fund (TCIF)						
39	2011	Kraemer Blvd Grade Separation (Construction)	\$ 15,513,000	\$ 14,632,720	\$ 880,280	June 2019
40	2011	Placentia Ave Grade Separation (Construction)	9,550,000	9,299,039	250,961	June 2019
41	2012	Orangethorpe Ave Grade Separation (Construction)	41,632,000	26,613,098	15,018,902	June 2019
42	2012	Tustin Ave / Rose Dr Grade Separation Project (Construction)	30,862,000	21,455,738	9,406,262	June 2019
43	2013	Lakeview Ave Grade Separation (Construction)	27,628,157	17,713,988	9,914,169	June 2019
PROP 1B TCIF Subtotal			\$ 125,185,157	\$ 89,714,583	\$ 35,470,574	
State Transportation Improvement Plan (STIP) Programming, Planning & Monitoring (PPM)						
44	2016	PPM Program	\$ 831,000	\$ 0	\$ 831,000	December 2018
45	2017	PPM Program	1,899,000	0	1,899,000	December 2019
STIP PPM Subtotal			\$ 2,730,000	\$ 0	\$ 2,730,000	
Total State and Federal Highway Administration Formula Grant Agreements			\$ 381,239,960	\$ 268,857,829	\$ 112,382,131	

Second Quarter Grant Reimbursement Status Report
October through December 2017

State Discretionary Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	EXPIRATION DATE
Air Quality Management District (AQMD) Grant Program and Mobile Source Air Pollution Reduction Review Committee (MSRC) / Transportation Control Measure Partner						
1	2015	Mobile Ticketing	\$ 1,553,657	\$ 0	\$ 1,553,657	December 2018
2	2016	Bus Rehab & Repower - 40' buses	1,470,000	0	1,470,000	March 2019
3	2017	Angels Express Train Service	503,272	0	503,272	April 2019
MSRC Subtotal			\$ 3,526,929	\$ 0	\$ 3,526,929	
Highway Safety Plan (HSP) - California Office of Traffic Safety (OTS)						
4	2017	Pedestrian and Bicycle Safety	\$ 75,000	\$ 0	\$ 75,000	October 2018
OTS Subtotal			\$ 75,000	\$ 0	\$ 75,000	
State Highway Account - Sustainable Communities						
5	2017	Active Transportation Count	\$ 177,000	\$ 0	\$ 177,000	February 2019
SHA-SC Subtotal			\$ 177,000	\$ 0	\$ 177,000	
Systemic Safety Analysis Reporting Program						
6	2016	Systemic Safety Analysis Report	\$ 315,000	\$ 0	\$ 315,000	September 2021
SSARP Subtotal			\$ 315,000	\$ 0	\$ 315,000	
Transit and Intercity Rail Capital Program						
7	2017	Mobile Ticketing (Construction)	\$ 2,482,000	\$ 0	\$ 2,482,000	December 2018
CAP & TRADE TIRCP Subtotal			\$ 2,482,000	\$ 0	\$ 2,482,000	
Transit Security Grant Program (TSGP) - State Office of Homeland Security						
8	2015	Update OCTA's Security and Emergency Plans	\$ 100,000	\$ 27,871	\$ 72,129	August 2018
9	2015	VIPR and Counter Terrorism Team Operations	115,500	115,500	0	August 2018
10	2015	Vulnerability Assessment of OCTA's Industrial Control and Communication	300,000	115,200	184,800	August 2018
11	2016	Update OCTA's Security and Emergency Plans	70,000	46,462	23,538	August 2019
12	2016	VIPR and Counter Terrorism Team Operations	70,000	39,945	30,055	August 2019
13	2017	Be The One Campaign	75,000	0	75,000	August 2020
TSGP Subtotal			\$ 730,500	\$ 344,978	\$ 385,522	
Total State Discretionary Grant Agreements			\$ 7,306,429	\$ 344,978	\$ 6,961,451	

ATTACHMENT C

Second Quarter Grant Reimbursement Status Report
October through December 2017

Grant Agreements Pending Close-out						
	FISCAL YEAR (FY)	FUNDING SOURCE	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE
1	2016	FTA Section 5307	FTA CA-2016-116	\$ 56,269,958	\$ 56,269,955	\$ 3
2	2010	PROP 116	Sand Canyon Ave Grade Separation (Construction)	22,004,000	21,574,222	429,778
3	2010	PROP 1B HRCSA	Sand Canyon Ave Grade Separation (Construction)	6,618,000	6,618,000	0
4	2013	PROP 1B SLPP	La Pata Ave. Phase 1 (Construction)	5,110,000	5,110,000	0
5	2015	PROP 1B TSSSDRA	Raymond Ave Grade Separation Project (Construction)	200,000	200,000	0
6	2015	PROP 1B TSSSDRA	State College Blvd Grade Separation (Construction)	478,931	478,931	0
7	2016	PROP 1B TSSSDRA	Raymond Ave Grade Separation Project (Construction)	200,000	200,000	0
8	2010	RSTP	Sand Canyon Ave Grade Separation (Construction)	8,665,741	8,665,741	0
Total Grant Agreements Pending Close-out				\$ 99,546,630	\$ 99,116,849	\$ 429,781

Second Quarter Grant Reimbursement Status Report
October through December 2017

Closed Grant Agreements						
	FISCAL YEAR (FY)	FUNDING SOURCE	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE
1	2017	OTS	Active Transportation Video Series	\$ 50,000	\$ 50,000	\$ 0
2	2014	PROP 1B TSSSDRA	State College Blvd Grade Separation (Construction)	1,506,069	1,506,069	0
Total Closed Grants				\$ 1,556,069	\$ 1,556,069	\$ 0



February 14, 2018

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer *Y. Kenneth Rizzo for*
Subject: Amendments to Agreements for Temporary Staffing Services

Overview

On September 28, 2015, the Orange County Transportation Authority Board of Directors approved agreements with Trust Temporary Services, Inc., doing business as Helpmates Staffing Services, and Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services, to provide temporary staffing services for a three-year initial term and two, two-year option terms. To continue services, amendments are required to increase the initial term maximum cumulative payment obligation.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3372 between the Orange County Transportation Authority and Trust Temporary Services, Inc., doing business as Helpmates Staffing Services, in the amount of \$77,500, to continue providing temporary staffing services. This will increase the maximum obligation of the agreement to a total contract value of \$454,405.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-5-3658 between the Orange County Transportation Authority and Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services, in the amount of \$77,500, to continue providing temporary staffing services. This will increase the maximum obligation of the agreement to a total contract value of \$405,244.

Discussion

Temporary staffing services are required to cover unforeseen shortfalls in staff, which, if left unsupported, would have a negative impact on a department's

workload. While some temporary staffing needs can be anticipated, the primary reasons for fluctuations include, but are not limited to, unexpected leaves of absence, employee resignations, and staffing support for special projects that were unanticipated in the early planning stages of the budget process. The Human Resources Department oversees and manages all aspects of the temporary staffing services, including contract compliance and oversight of budget dollar expenditures.

This request is for an increase in the maximum obligation by \$155,000 which amounts to \$77,500 to be allocated to each temporary staffing agreement with Trust Temporary Services, Inc., doing business as Helpmates Staffing Services (Helpmates), and Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services (AppleOne). The increase is necessary to continue services provided by Helpmates and AppleOne during the initial contract term. Since the agreements were awarded, an increased demand for temporary staff support has accelerated requests to fill temporary staffing positions in the last year.

Procurement Approach

The procurement was originally handled in accordance with the Orange County Transportation Authority's (OCTA) Board of Directors' (Board)-approved procedures for professional and technical services. On September 28, 2015, the OCTA Board approved the award of two agreements with Helpmates and AppleOne. The original agreements were awarded on a competitive basis and include a three-year initial term and two, two-year option terms, in the amount of \$327,744 allocated to each agreement. The Contracts Administration and Materials Management Department has issued two contract amendments for Helpmates and one contract amendment for AppleOne (Attachments A and B).

The initial term of both agreements is through October 31, 2018. Amending the agreements will increase the maximum cumulative payment obligation by \$77,500 for each agreement, bringing the total contract value to \$454,405 with Helpmates and \$405,244 with AppleOne, which will allow both firms to continue providing temporary staffing services.

Fiscal Impact

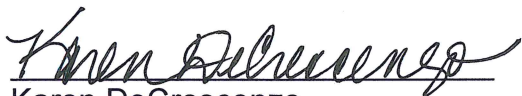
Temporary staffing services are included in the OCTA Fiscal Year 2017-18 Budget and are funded through local funds. These services are utilized on an as-needed basis in response to the individual needs of each department. As such, anticipated expenditures for these services are budgeted as part of each department's budget. The increase of \$155.00 in temporary staffing services can be accommodated within the existing budget authorization.

Summary

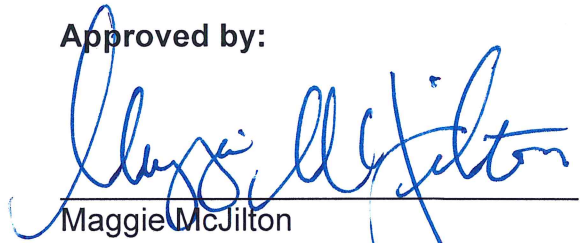
Staff is recommending the Board authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3372 with Trust Temporary Services, Inc., doing business as Helpmates Staffing Services, and Amendment No. 2 to Agreement No. C-5-3658 with Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services, to increase the initial term maximum obligation by \$77,500 allocated to each agreement, for a total increase of \$155,000, to continue providing temporary staffing services.

Attachments

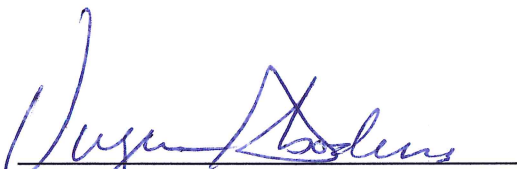
- A. Trust Temporary Services, Inc., doing business as Helpmates Staffing Services Agreement No. C-5-3372 Fact Sheet
- B. Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services Agreement No. C-5-3658 Fact Sheet

Prepared by:

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Department Manager, Human Resources
714-560-5547

Approved by:

Maggie McJilton
Executive Director, Human Resources and
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Virginia Abadessa
Director, Contracts Administration and
Materials Management
714-560-5623

**Trust Temporary Services, Inc., Doing Business as Helpmates Staffing Services
Agreement No. C-5-3372 Fact Sheet**

1. On September 28, 2015, Agreement No. C-5-3372, \$327,744, was approved by the Board of Directors (Board).
 - Agreement to provide temporary staffing services
 - The initial term of the agreement is effective November 1, 2015 through October 31, 2018, with two, two-year option terms.
2. On July 20, 2016, Amendment No. 1 to Agreement No. C-5-3372, \$0.00, was approved by the Contracts Administration and Materials Management (CAMM) Department.
 - Amendment to add language to the Scope of Work
3. On January 29, 2018, Amendment No. 2 to Agreement No. C-5-3372, \$49,161, was approved by CAMM.
 - Increase the maximum cumulative payment obligation
4. As of February 26, 2018, Amendment No. 3 to Agreement No. C-5-3372, \$77,500, is pending Board approval.
 - Increase the maximum cumulative payment obligation to continue services through October 31, 2018.

The total committed to Trust Temporary Services, Inc., doing business as Helpmates Staffing Services, Agreement No. C-5-3372, is in the amount of \$454,405.

**Howroyd Wright Employment Agency, Inc., Doing Business As
AppleOne Employment Services
Agreement No. C-5-3658 Fact Sheet**

1. On September 28, 2015, Agreement No. C-5-3658, \$327,744, was approved by the Board of Directors (Board).
 - Agreement to provide temporary staffing services
 - The initial term of the agreement is effective November 1, 2015 through October 31, 2018, with two, two-year option terms.
2. On July 21, 2016, Amendment No. 1 to Agreement No. C-5-3658, \$0.00, was approved by Contracts Administration and Materials Management Department.
 - Amendment to add language to the Scope of Work
3. As of February 26, 2018, Amendment No. 2 to Agreement No. C-5-3658, \$77,500, is pending Board approval.
 - Increase the maximum cumulative payment obligation to continue services through October 31, 2018.

The total committed to Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services, Agreement No. C-5-3658, is in the amount of \$405,244.



February 14, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Contractor Selection for the Toll Lanes System Integrator Services for the 405 Express Lanes and 91 Express Lanes

Overview

On August 28, 2017, the Orange County Transportation Authority Board of Directors approved the release of a request for proposals to retain a contractor to provide toll lane system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes. Board of Directors' approval is requested for the selection of a firm to perform the required work, and to amend the fiscal year 2017-18 budget to accommodate for the toll lanes system integrator services.

Recommendations

- A. Approve the selection of Kapsch TrafficCom USA, Inc., as the firm to provide toll system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1911 between the Orange County Transportation Authority and Kapsch TrafficCom USA, Inc., in the amount of \$42,309,259, to provide toll lanes system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes.
- C. Approve an amendment to the Orange County Transportation Authority's Fiscal Year 2017-18 Budget, in the amount of \$32,309,259, to accommodate for the toll lanes system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 405 Express Lanes and 91 Express Lanes.

Discussion

The 91 Express Lanes has been operational for the past 22 years, and the 405 Express Lanes is anticipated to open in 2023. Both facilities comprise the Orange County Transportation Authority (OCTA) Express Lanes Program. The Express Lanes Electronic Toll and Traffic Management (ETTM) System Project (Project) is for the replacement of the existing 91 Express Lanes ETTM System and the implementation of a new ETTM System on the 405 Express Lanes, as part of the design-build Interstate 405 (I-405) Improvement Project from Euclid Street to Interstate 605 (I-605).

The current 91 Express Lanes ETTM System has been in place since 2004, with an upgrade completed in 2010. Sirit Corporation, which later became 3M Company (3M), was the firm responsible for the original development of the system design, integration, construction, installation, and maintenance of the ETTM System. As a result of 3M notifying OCTA in 2016 of their intent to no longer provide the existing level of maintenance support for the 91 Express Lanes, OCTA contracted with Cofiroute USA, LLC, to assume responsibility for the maintenance and support of the ETTM System.

In January 2017, OCTA entered into a design-build contract with OC 405 Partners for the design and construction of the I-405 Improvement Project, to be completed and open to the public in 2023. The I-405 Improvement Project will add one general purpose lane from Euclid Street to I-605 and will add an additional lane in each direction that would combine with the existing high-occupancy vehicle (HOV) lane to provide dual express lanes in each direction on the I-405 from State Route 73 (SR-73) to I-605, otherwise known as the 405 Express Lanes.

On October 12, 2015, the OCTA Board of Directors (Board) approved the operating assumptions for the 405 Express Lanes in which the 405 Express Lanes will operate in a manner similar to the existing 91 Express Lanes with all-electronic tolling using transponders (or future non-cash/electronic tolling) and with the same account types and violation processing.

On August 28, 2017, the Board approved the release of a request for proposals (RFP) to retain contractor services to provide toll lanes system integrator services for both the 405 Express Lanes and 91 Express Lanes. The Project includes the design, development, testing, installation, and maintenance of a complete and integrated ETTM System, which will be comprised of several subsystems that capture and transmit fully-formed trips to the back office system for customer account billing or violation processing. In addition, the selected

contractor will provide and maintain the roadside systems, including the nine variable message signs for the 405 Express Lanes, as well as the closed circuit television cameras for both express lanes facilities. The contractor will also establish and operate a traffic operations center and provide staff to monitor incidents and traffic conditions on the 405 Express Lanes facility.

Procurement Approach

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

On August 28, 2017, RFP 7-1911 was issued electronically on CAMM NET. The procurement was advertised on August 28 and September 5, 2017, in a newspaper of general circulation. A pre-proposal conference was held on September 14, 2017, with 11 attendees representing nine firms. Nine addenda were issued to make available a copy of the pre-proposal presentation and conference registration sheets, provide responses to questions received, and handle administrative issues related to the RFP.

On October 31, 2017, four proposals were received. An evaluation committee consisting of staff from Contracts Administration and Materials Management, Highway Programs, and Express Lanes Programs departments, representatives from California Department of Transportation (Caltrans) District 12, San Diego Association of Governments, Alameda County Transportation Commission, and the Transportation Corridor Agencies, met to review all submitted technical proposals. The proposals were evaluated based on the following Board-approved evaluation criteria and weights:

- | | |
|-------------------------------------|------------|
| • Qualifications of the firm | 15 percent |
| • Staffing and Project Organization | 25 percent |
| • Work Plan | 15 percent |
| • Technical Approach | 25 percent |
| • Cost and Price | 20 percent |

Several factors were considered in developing the criteria weights. Work plan and technical approach together were given a combined weight of 40 percent due to the technical nature of the deliverables and the Offeror's proposed application of current available technology to OCTA's project demonstrating

substantial experience in the required scope of work and industry practices. Staffing and project organization was assigned a weight of 25 percent to emphasize the team's understanding of and experience with the Project and its challenges and the approach to implementing the various elements of the scope of work. The qualifications of the firm criterion was assigned a lesser weight, since it is the individuals' experiences that are of great significance on this type of Project. Cost and price was weighted at 20 percent to ensure delivery of a cost-effective implementation, operation, and maintenance of the Project.

On December 4, 2017, the evaluation committee reviewed the four proposals based on the evaluation criteria and short-listed the two firms most qualified to perform the required services. The most qualified firms are listed below in alphabetical order:

Firm and Location

Kapsch TrafficCom USA, Inc. (Kapsch)
McLean, Virginia

TransCore, LP (TransCore)
Nashville, Tennessee

On December 13, 2017, the evaluation committee conducted interviews with the two short-listed firms. Each firm had the opportunity to present its approach for accomplishing the requested services, demonstrate their technical approach, various aspects of their proposed solutions and systems, project team qualifications, and respond to evaluation committee questions. During the interview, each firm described its understanding of the requirements of this Project in the design, implementation, and maintenance and operation of the toll system, performance requirements, necessary coordination with the design-build contractor on the Project, and the transition from legacy to new toll system for the 91 Express Lanes. Each firm demonstrated the capabilities of its' proposed toll systems and technology in supporting the Project's requirements. In addition to answering questions of a general nature, both firms also answered specific clarifying questions related to each firm's proposal relative to the scope of work and requirements.

After considering the firms' demonstrations and responses to the questions asked during the interviews, the evaluation committee adjusted the preliminary scores for the two-shortlisted firms. However, the ranking of the firms remained unchanged.

Based on the evaluation of written proposals and the information obtained from interviews, it is recommended that Kapsch be selected to provide toll lanes system integration services for the 405 Express Lanes and 91 Express Lanes. The following is a brief summary of the proposal evaluation results.

Qualifications of the Firm

The two short-listed firms were found to be qualified to perform the types of services requested by the RFP. Both firms are established with highly relevant experience and resources.

The firms demonstrated experience and understanding of the scope of work and the Project's needs in the areas of coordination with the design-builder for the 405 Express Lanes, transition from legacy to new toll system for the 91 Express Lanes. Both firms demonstrated the depth of their firms' resources and extensive experience in toll systems and technology.

Kapsch has been in business for 125 years, offering worldwide services in the tolling and transportation industries. Kapsch has extensive experience in Open Road Tolling (ORT) / All Electronic Tolling (AET) collection systems, operations and integrations, supplying approximately 80 percent of all ORT/AET systems worldwide. In the United States, Kapsch was the toll systems integrator for several tolling projects for the Washington Department of Transportation, including the I-405 Express Lanes project in Seattle, Washington as well as several tolling projects in Austin, Texas for the Central Texas Regional Mobility Authority. Kapsch has an established presence in California being recently awarded the toll system integrator contracts for the Alameda County Transportation Commission Express Lanes and the Riverside County Transportation Commission I-15 Express Lanes projects. In addition, Kapsch has strong experience transitioning from legacy system to new lane system, including the Rhode Island Bridge Toll System and will be replacing the toll collection system for the Golden Gate Bridge in Northern California. Kapsch also has comprehensive industry experience working with and assisting agencies with transitioning between the different tolling protocols, most importantly 6C, as they have performed numerous multi-protocol deployments in the industry. This is extremely important as all California toll agencies are required to implement the new 6C protocol by January 2019 and continue to use the existing Title 21 protocol until it sunsets in December 2023.

TransCore has been in business for over 80 years deploying and supporting tolling and transportation systems worldwide. TransCore has solid experience in ORT/AET deployments with the first ORT system deployment in the country

along the Oklahoma Turnpike for the Oklahoma Turnpike Authority (OTA) in 2002. The firm was the toll system integrator for Phase I of the SR 237 Express Lanes for the Santa Clara Valley Transportation Authority and the Metro HOV to high-occupancy toll lanes conversion project for the Houston Metropolitan Transit Authority for Harris County. TransCore is assisting OTA with the migration from their legacy system to the new lane system technology. The proposal was very well written and organized with attention to detail.

Staffing and Project Organization

Both short-listed firms proposed highly qualified and diversified staff to adequately handle the work described in the scope of work and meet the RFP requirements.

Kapsch has about 3,500 employees worldwide with over 500 employees in the United States and offers a reliable depth in resources, which allows for quick mobilization to support the launch and delivery of the Project. Kapsch designated key personnel in each required area of expertise, with all key staff being direct Kapsch employees. The Project team is extremely qualified and has worked together on several relevant and recent tolling projects of similar scope to the Project. The project manager has 20 years of direct electronic toll collection experience, including project management, system engineering, and maintenance. The deputy project manager also has over 20 years' experience managing toll collection systems integration. Both of these individuals have had prior working experience with other key personnel identified on the team. Kapsch's team demonstrated the depth of the firm's resources, including availability of all key personnel and subject matter experts, and extensive experience in toll systems integration. During the interview and demonstration, Kapsch's team was very well-prepared, exhibited a strong team cohesion, and successfully responded to all questions raised by the evaluation panel.

TransCore has about 2,200 employees worldwide who provide a deep bench strength and wide range of skill sets when needed to support any project or customer. TransCore proposed a well-balanced team that is highly experienced with TransCore's proprietary lane solution that is to be deployed on the Project, the Infinity Digital Lane System. All key personnel listed have been with the firm for more than ten years each, and are experienced in all aspects of the Project's scope of work and requirements. The project manager has over 15 years of experience in the development and project management of toll collection system deployments. The availability of key personnel is good.

Work Plan

Both firms met the requirements of the RFP, and each firm adequately discussed its approach to toll systems design, development, installation, operations, and maintenance to accomplishing the Project's objectives and overall schedule.

Kapsch demonstrated a thorough understanding of the Project's requirements in their proposal, as well as during the interview. Their work plan addressed all requirements of the scope of work, as well as meeting key performance indicators and system security. Evident in their work plan and addressed during the interview is their position of transparency to the agency, where metrics and reports, associated risks and analyses are available at any level and at any time. The operations and maintenance team is involved during the onset of the design of the toll system in order to ensure ease of use and serviceability of the end product. Kapsch employs a multi-level review process, that includes peer reviews, and gate reviews with senior leadership, to ensure that all the scope of work requirements are met.

Kapsch understands the need to collaborate with the design-builder, OC 405 Partners, and is committed to working closely with them to ensure an efficient and integrated delivery of all required ETTM system for the Project. Kapsch will develop a detailed infrastructure requirements document that sets the level of understanding and expectations between Kapsch and OC 405 Partners and will provide the baseline for the civil site acceptance checklist.

In the work plan and during the interview, the Kapsch team demonstrated the robustness of their Remote Operations and Maintenance System (ROMS), which will provide 24 hours, 7 days per week monitoring and notifications, distribute all maintenance events, alarms, and assigned work. ROMS will immediately create service tickets and notify the assigned field or software technician of any equipment failure. Dashboards and reports are customizable and highly configurable to OCTA's needs. ROMS will provide OCTA with a complete, transparent, easy to use reporting, operations management, maintenance, and inventory control tool.

TransCore offered a detailed and easy to follow work plan, addressing the requirements of the RFP. A roles and responsibilities table was provided showing key personnel involvement during key activities throughout the Project's phases. The firm also provided a very detailed and complete project schedule. TransCore offered a detailed description of the quality process that will be implemented on the Project as well as a risk mitigation plan identifying some of the perceived risks with mitigation measures.

Technical Approach

Both firms discussed their technical systems and processes approach in meeting the Project's requirements. The firms described unique design or operational features of their systems that will benefit OCTA.

Kapsch proposed a fully integrated, transparent, easy to maintain, and scalable lane solution that provides high accuracy vehicle detection, image capture, and transponder association. Kapsch's ETTM system is comprised of field-proven components that allows for system redundancy. All end devices are addressable to support remote troubleshooting and reset, which minimizes the need for roadway closures.

As presented in Kapsch's demonstration during the interview, Kapsch's proposed automatic vehicle detection system, the Next-Gen Vehicle Detection System (nVDC), tracks all vehicles entering the toll zone until they leave the tolling region, ensuring all vehicles are detected, thus minimizing revenue leakage. It performs in all-weather conditions, regardless of speed or location within the zone. There are no gaps in detection.

Kapsch's lane solution is adaptable for both single and dual-gantry sites, such as the 405 Express Lanes and the 91 Express Lanes, respectively. Their proposed technical approach does not utilize in-pavement loops but rather uses fully overhead roadside redundant sensors and lasers for vehicle detection. This solution will not require replacement of the recently repaved lanes on the 91 Express Lanes, or close the express lanes to repair or replace the loops.

TransCore proposed a fully-functional, redundant, highly accurate and scalable solution system highlighting TransCore's Infinity Roadside system, and other roadway support systems that are proprietary to TransCore and altogether comprise the ETTM system. Their proposed lane system is easily upgradeable and maintained, which would significantly reduce lane down time and revenue leakage. Additionally, TransCore is proposing to use a test track facility to install new ETTM equipment and perform all required testing prior to installation for both the 91 and the 405 Express Lanes.

Cost and Price

Pricing scores were based on a formula which assigns the highest score to the firm with the lowest total price and scores the other proposals' total prices based on their relation to the lowest total price. Kapsch received the highest score based on the initial and option term pricing of \$57,115,492. This contract

authorization request is for the initial term in the amount of \$42,309,259. The total price proposed by Kapsch was the lowest of all the firms' proposed prices, and is under the budgeted amount for the Project.

Proposers were requested to provide cost and price information for the 405 Express Lanes separate from that information for the 91 Express Lanes, to allow for proper financial tracking on both facilities over the duration of the Project. The price breakdown, by Express Lanes facility, proposed by the recommended firm covering the initial term, is as follows:

Price for the 91 Express Lanes	\$13,726,604
Price for the 405 Express Lanes	\$28,582,655
Total Price for both Express Lanes Facilities	\$42,309,259

The costs include not only design and implementation of the ETTM systems for both facilities, but also the maintenance of both systems until the expiration of the contract in 2028. The initial term of the contract is for a period of ten years. The price for the 405 Express Lanes facility is higher than that of the 91 Express Lanes facility because the implementation work is significantly more involved on the 405 Express Lanes as it is a brand new express lanes facility, with twelve toll zones compared to the 91 Express Lane's five toll zones, in addition to the nine variable message signs and traffic operations center required for the 405 Express Lanes.

Procurement Summary

Based on the evaluation of the written proposals, the teams' qualifications, the work plan, technical approach, cost and price, and information obtained from the interviews, the evaluation committee recommends the selection of Kapsch TrafficCom USA, Inc. as the top-ranked firm. The Kapsch team's qualifications and their understanding of the Project's implementation and organization, work plan, technical approach, and Caltrans' and Federal Highways Administration's requirements are excellent.

Fiscal Impact

The approved OCTA FY 2017-18 Budget included \$10 million for the toll lanes system integrator for the 91 Express Lanes. A budget amendment of \$32,309,259 is required to award the encumbered contract for the toll lanes system integrator and consists of \$28,582,655 for the 405 Express Lanes and \$3,726,604 for the 91 Express Lanes, with the revenue sources to cover the

amendment comprising of Transportation Infrastructure Finance and Innovation Act funds and 91 Express Lanes funds, respectively.

Summary

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1911 with Kapsch TrafficCom USA, Inc., in the amount of \$42,309,259, to provide toll lanes integration services for the 405 Express Lanes and 91 Express Lanes, and to approve the amendment to the Orange County Transportation Authority's Fiscal Year 2017-18 Budget, in the amount of \$32,309,259, to accommodate for the toll lanes integration services for the 405 Express Lanes and 91 Express Lanes services.

Attachments

- A. Review of Proposals, RFP 7-1911 Toll Lanes System Integrator Services for the 405 Express Lanes and the 91 Express Lanes.
- B. Proposal Evaluation Criteria Matrix (Short-listed), RFP 7-1911 Toll Lanes System Integrator Services for the 405 Express Lanes and the 91 Express Lanes.
- C. Contract History for the Past Two Years, RFP 7-1911 Toll Lanes System Integrator Services for the 405 Express Lanes and the 91 Express Lanes.

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Review of Proposals

RFP 7-1911 Toll Lanes System Integrator Services for the 405 Express Lanes and 91 Express Lanes

(Presented to Finance And Administration Committee - February 14, 2018)

4 proposals were received, 2 firms were interviewed, 1 firm is being recommended

Overall Ranking	Overall Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Total Price
1	83	Kapsch TrafficCom USA, Inc. McLean, Virginia	Gannet Fleming, Inc. E-Squared Engineering, Inc. Reyes & Sons Electric, Inc.	Highest-ranked proposal Firm is a leader in the development and deployment of express lane systems Highly qualified project manager and proposed key personnel Excellent labor resources dedicated for the duration of the project Firm has excellent understanding of project, and has recent relevant express lanes project experience Comprehensive work plan and technical approach addressing all the elements of the scope of work and requirements Contractor. Solution encompasses overhead installation of all toll equipment minimizing the need for lane closures. Excellent interview with a comprehensive demonstration of the firm's solution and detailed responses to questions	\$42,309,259
2	77	TransCore, LP Nashville, Tennessee	Dimension Data North America Kambrian Corporation TJKM Transportation Global Electric Statewide Traffic Safety and Signs, Inc. Yale Chase MSL Electric, Inc. Safety Dynamics Group	Second-ranked firm overall Firm is a leader in the development and deployment of express lane systems Highly qualified project manager and proposed key personnel Very good labor resources dedicated for the duration of the project Firm has very good understanding of project, and has recent relevant express lanes project experience Very good work plan and technical approach addressing all the elements of the scope of work and requirements Excellent discussion on design, and integration with I-405 design-build Contractor. Solution encompasses in-pavement loops, which requires disruption to the newly paved 91 Lanes Express facility Good interview, demonstration of the firm's solution, and responses to questions	\$52,760,262

Evaluation Panel: Eight Members

From OCTA:

Contract Administration and

Materials Management (1)

Express Lanes (2)

Highway Projects (1)

External Members:

Caltrans (1)

Alameda County Transportation

Commission (1)

Transportation Corridors

Agencies (1)

San Diego Association of Governments (1)

Criterion

Qualifications of the Firm

Staffing/Project Organization

Work Plan

Technical Approach

Cost & Price

Weight

15%

25%

15%

25%

20%

PROPOSAL EVALUATION CRITERIA MATRIX

RFP 7-1911 Toll Lanes System Integrator Services for the 405 Express Lanes and 91 Express Lanes

FIRM: Kapsch TrafficCom USA, Inc.									Weights	Criteria Score
Evaluator Number	1	2	3	4	5	6	7	8		
Qualifications of Firm	4.00	4.00	4.00	4.00	4.00	3.50	4.00	4.00	3.00	11.81
Staffing/Project Organization	4.00	4.00	4.00	4.00	4.00	3.50	4.00	3.50	5.00	19.38
Work Plan	4.00	4.50	3.50	3.50	4.00	3.50	4.00	4.00	3.00	11.63
Technical Approach	4.00	4.50	4.00	4.50	4.50	3.50	4.00	4.00	5.00	20.63
Cost	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	20.00
Overall Score	84.00	88.00	82.50	85.00	86.50	76.00	84.00	81.50		83
FIRM: TransCore, LP									Weights	Criteria Score
Evaluator Number	1	2	3	4	5	6	7	8		
Qualifications of Firm	4.00	4.00	4.00	4.00	4.00	4.00	3.50	4.00	3.00	11.81
Staffing/Project Organization	4.00	4.00	4.00	3.00	3.50	3.50	3.50	3.50	5.00	18.13
Work Plan	4.00	4.00	4.00	3.50	4.00	3.50	3.50	4.00	3.00	11.44
Technical Approach	4.00	3.50	4.00	4.00	3.50	4.00	3.50	4.00	5.00	19.06
Cost	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.00	16.28
Overall Score	80.28	77.78	80.28	73.78	75.28	76.28	72.28	77.78		77
Range of scores for non-shortlisted firms is 53.11 to 61.95										

CONTRACT HISTORY FOR THE PAST TWO YEARS

RFP 7-1911 Toll Lanes System Integrator Services for the 405 Express Lanes and 91 Express Lanes

Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subcontractor Amount	Total Contract Amount
Kapsch TrafficCom USA, Inc.						
Contract Type: N/A	None	N/A				\$ -
Subcontractors: None					\$ -	
Sub Total						\$ -
TransCore LP						
Contract Type: Firm Fixed-Price	C-6-1365	Sole source contract for the supply of the 91 Express Lanes with Title 21-compliant transponders.	November 11, 2016	November 30, 2018		\$ 1,902,500
Subcontractors: None					\$ -	
Sub Total						\$ 1,902,500



Contractor Selection for the Toll Lanes System Integrator Services for the 405 Express Lanes and 91 Express Lanes

Procurements



Design-Build
Selection

November
2016

Procurements



Design-Build
Selection

November
2016



Toll Lane Systems
Integrator Services
February 2018

Procurements

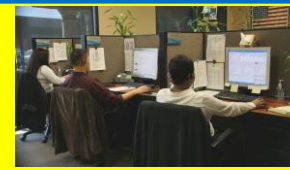


Design-Build
Selection

November
2016



Toll Lane Systems
Integrator Services
February 2018



Operating
Services /
Back-Office
Procurement
Mid-2019

Procurements



Design-Build
Selection

November
2016



Toll Lane Systems
Integrator Services
February 2018



Operating
Services /
Back-Office
Procurement
Mid-2019

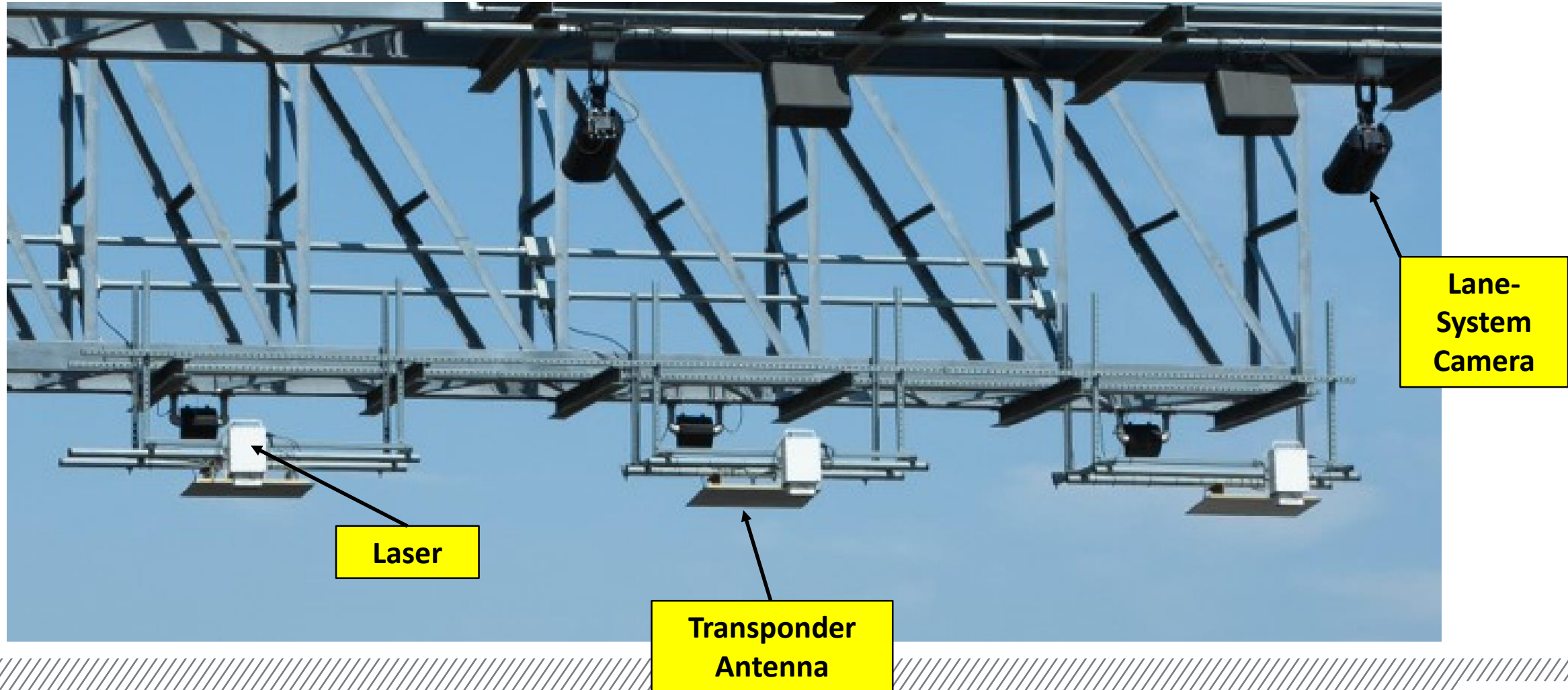


Roadway
Services
Procurement
2020

Procurement Includes

- Services for both the 91 and 405 Express Lanes for an initial term of 10 years
- Design, development, testing, installation of a complete electronic toll and traffic management system (lasers, antennas, readers, lane system cameras, servers, entrance readers)
- Roadway systems including changeable message signs for the 405 Express Lanes
- Traffic operations center equipment and staffing for the 405 Express Lanes
- Video cameras along the corridor for both the 91 and 405 Express Lanes
- Maintenance service for the term of the agreement

Electronic Toll and Traffic Management System



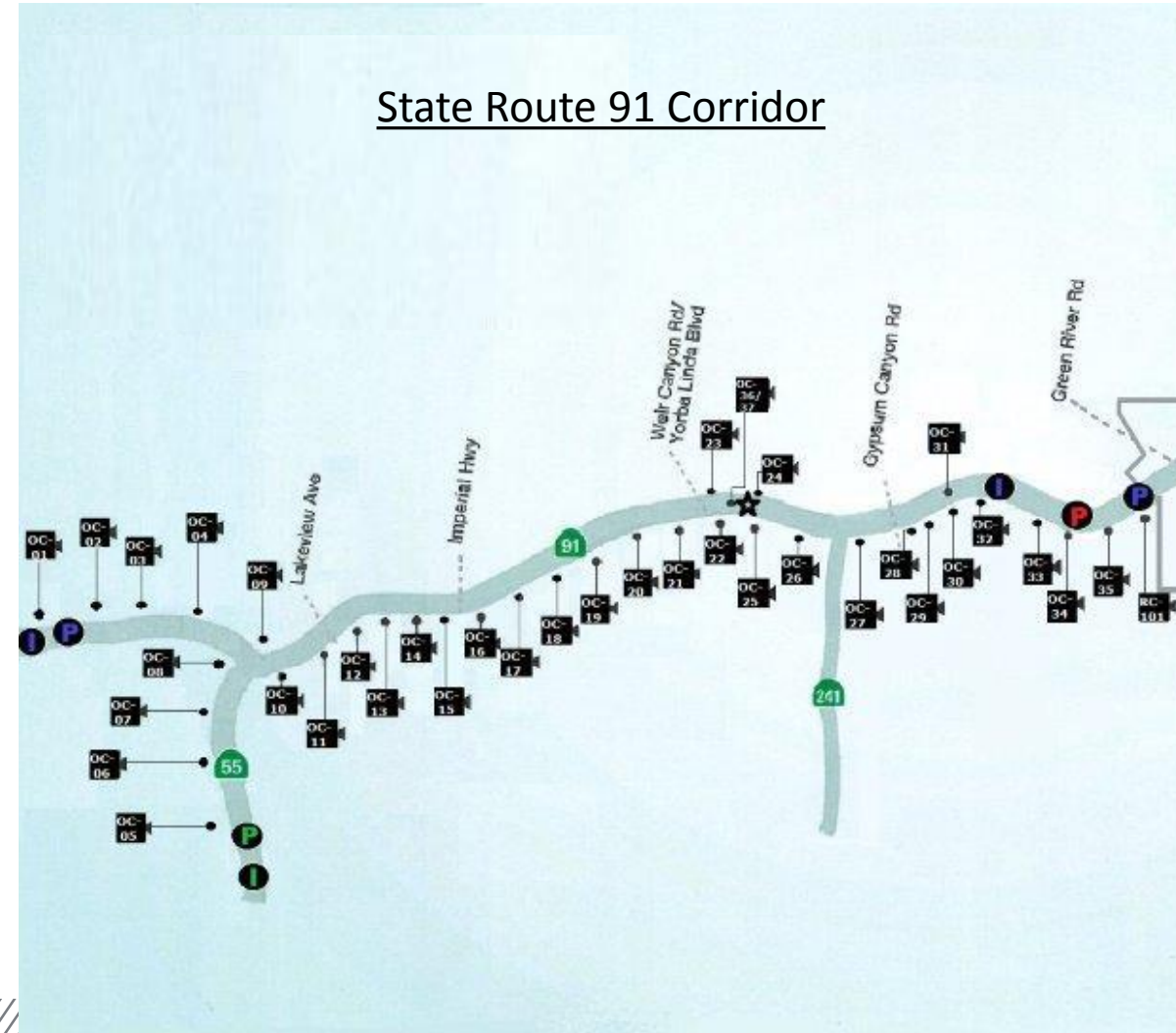
Changeable Message Signs



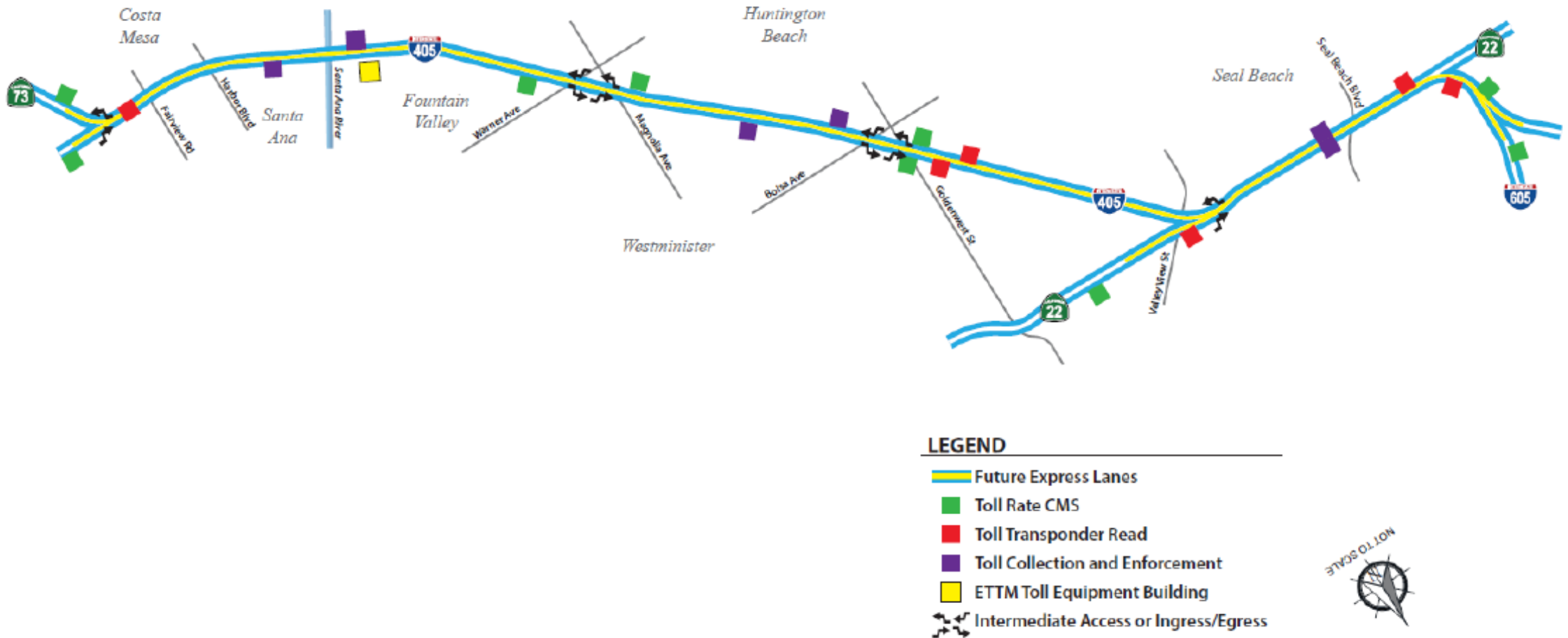
Traffic Operations Center



Video Cameras Along the Corridor



405 Express Lanes Conceptual Tolling Layout



Procurement Process

- Request for Proposals released on August 28, 2017
- Evaluation team included eight individuals
- Received four proposals
- Short-listed two firms and interviewed on December 13, 2017
 - Kapsch TrafficCom USA, Inc.
 - TransCore, LP
- Evaluation team recommends the selection of Kapsch TrafficCom USA, Inc.

Kapsch's Proposed Cost

	91 Express Lanes	405 Express Lanes	Total
Implementation Phase	\$7,549,831	\$15,007,250	\$22,557,081
Operations and Maintenance Phase	\$6,176,773	\$13,575,405	\$19,752,178
Total	\$13,726,604	\$28,582,655	\$42,309,259

Recommendations

- Approve the selection of Kapsch TrafficCom USA, Inc., as the firm to provide toll system integrator services for the design, installation, operations, and maintenance of the electronic toll and traffic management system for the 91 and 405 Express Lanes
- Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1911 between OCTA and Kapsch TrafficCom USA, Inc., in the amount of \$42,309,259
- Approve an amendment to OCTA's Fiscal Year 2017-18 Budget, in the amount of \$32,309,259 to accommodate for the toll lanes system integrator services

Next Steps

- Finalize contract and issue notice to proceed
- Selected firm would start on the replacement of the existing tolling equipment on the 91 Express Lanes
- Selected firm will work closely with the Design-Builder for the Interstate 405 Improvement Project to plan the installation of the tolling equipment
- Seek Board of Directors approval for release of Operating Services / Back-Office Request for Proposals in Fall 2018