



AGENDA

Finance and Administration Committee Meeting

Committee Members

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

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

Wednesday, July 11, 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 Hennessey

1. Public Comments

Special Calendar

2. Taxable Sales Forecast - California State University Fullerton - Anil Puri, Provost Emeritus and Director of the Woods Center for Economic Analysis

Sam Kaur/Andrew Oftelie

Orange County Transportation Authority contracts with several economic specialists to provide an annual 30-year taxable sales forecast for Measure M2. The latest forecasts were received in spring 2018. Anil Puri, Provost Emeritus and Director of the Woods Center for Economic Analysis from California State University Fullerton will provide an update on the annual forecast and economic outlook for Orange County to the Finance and Administration Committee.



Consent Calendar (Items 3 through 5)

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

3. Approval of Minutes - May 23, 2018

Approval of the minutes of the Finance and Administration Committee meeting of May 23, 2018.

4. Approval of Minutes - June 27, 2018

Approval of the minutes of the Finance and Administration Committee meeting of June 27, 2018.

5. California Governor's Office of Emergency Services, Grant Monitoring Review, Fiscal Year 2014-15 California Transit Security Grant Program, Award No. 67610002

Janet Sutter

Overview

The California Governor's Office of Emergency Services has conducted a review of the Orange County Transportation Authority's grant processes and documentation related to a Fiscal Year 2014-15 California Transit Security Grant Program Award No. 67610002. No findings resulted from the review.

Recommendation

Receive and file as an information item.

Regular Calendar

There are no Regular Calendar Matters.

Discussion Items

6. Measure M2 Sales Tax Forecast

Sam Kaur/Andrew Oftelie

Staff will provide an update to the Measure M2 Sales Tax Forecast.



AGENDA

Finance and Administration Committee Meeting

7. Chief Executive Officer's Report

8. Committee Members' Reports

9. Closed Session

There are no Closed Session items scheduled.

10. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 25, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.



Economic Update and Forecasts

Anil Puri, Ph.D.

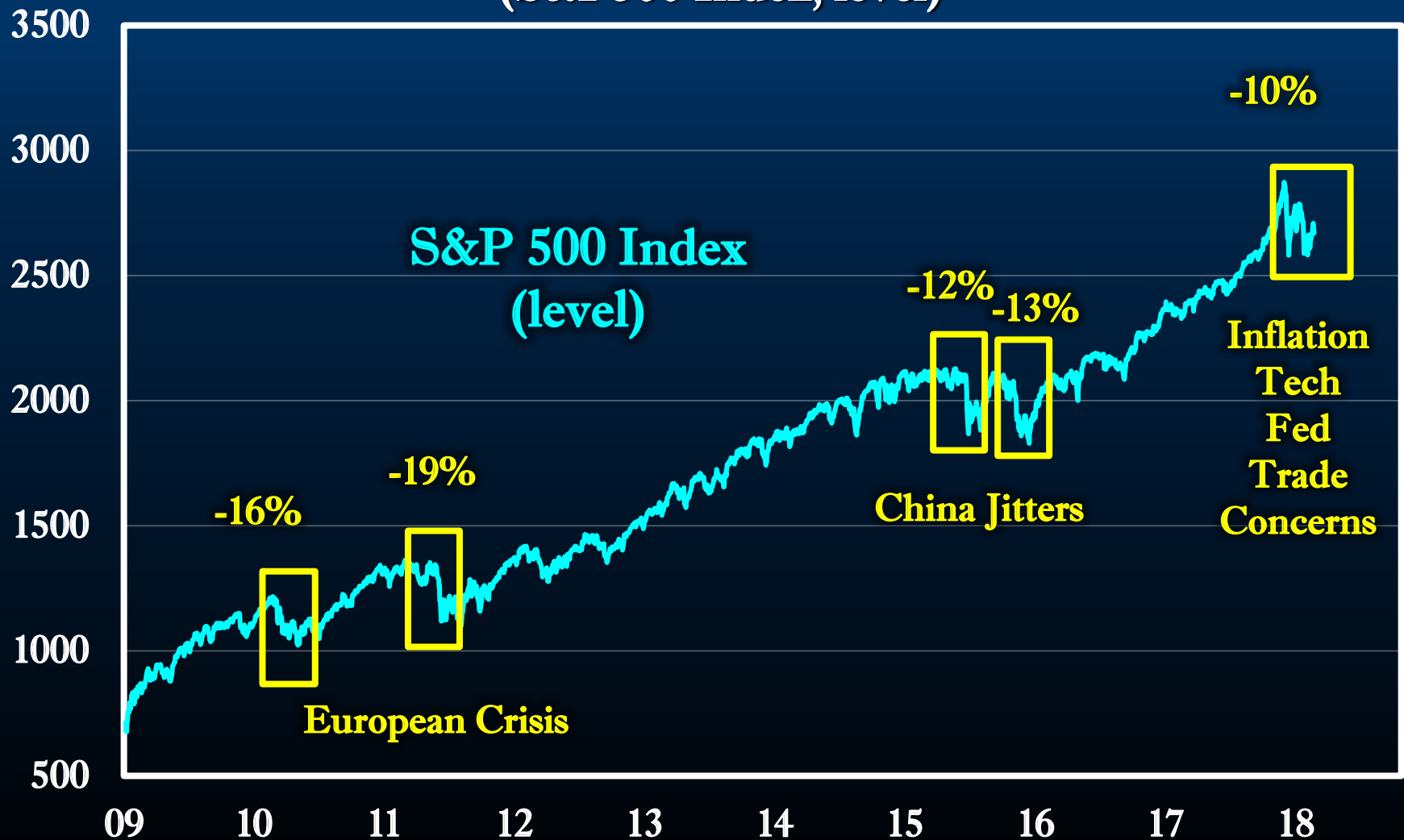
**Mihaylo College of Business and Economics
California State University, Fullerton**

**OCTA
July 11, 2018**

2018 Stock Market at its Highest But Jittery

The Most Volatile Year for Stocks Since 2011

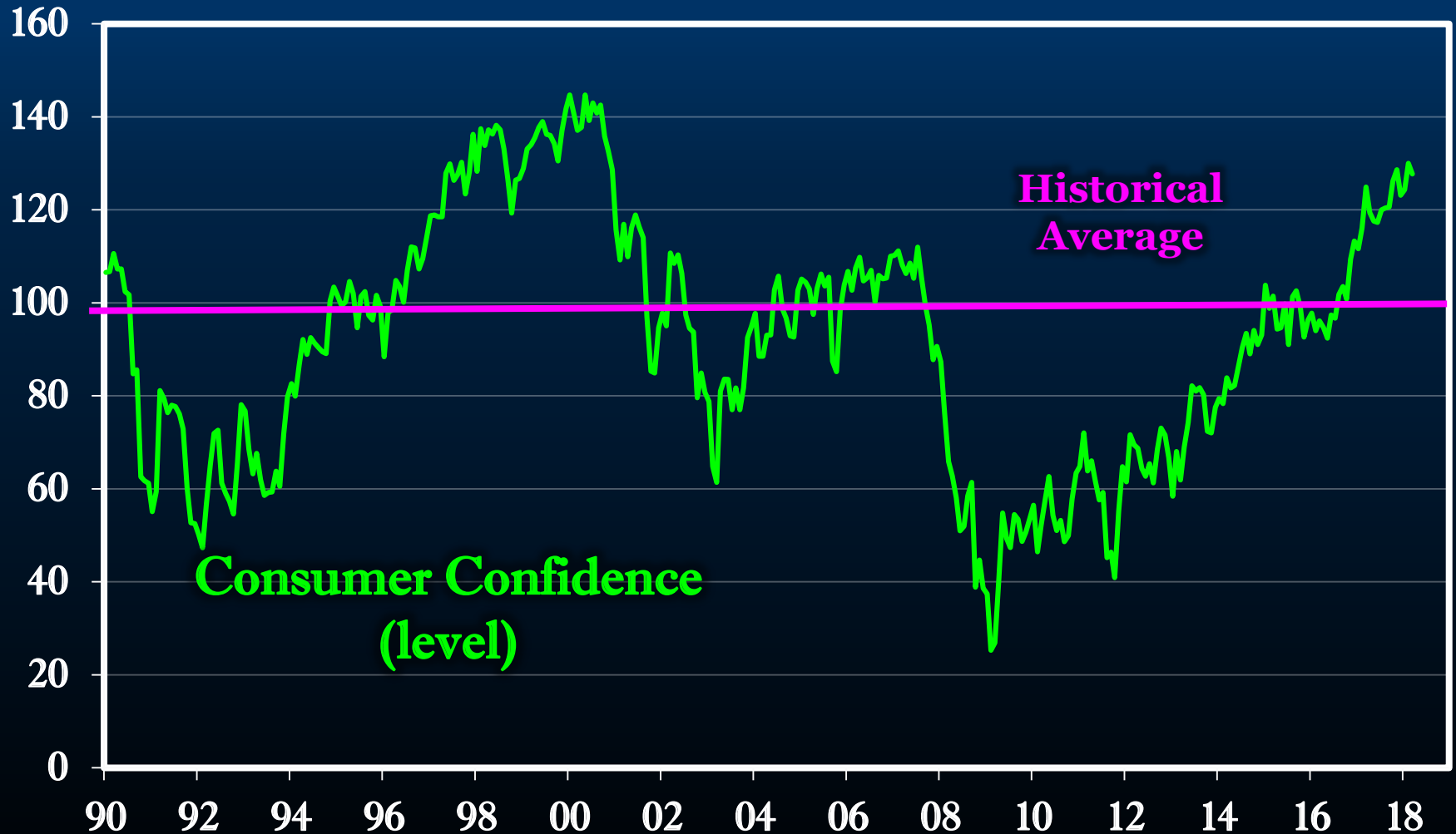
(S&P500 Index, level)



Consumer Confidence: Off the Charts

Confidence Highest since 2000

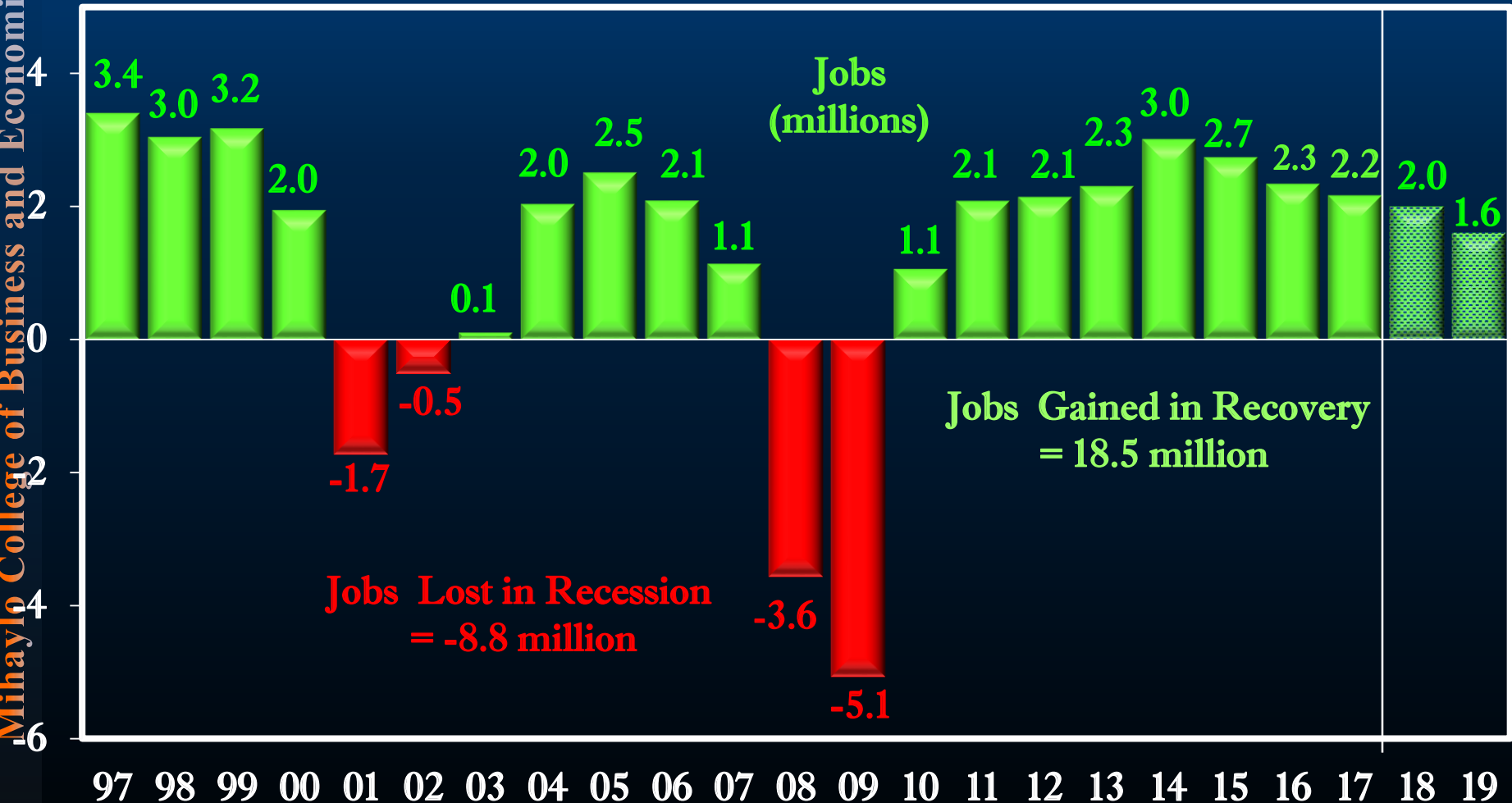
(Conference Board, Index Level)



Solid Job Growth As Expansion Matures

Job Growth at a Slightly Lower but Robust Pace

(millions of employees)



Labor Market is Tightening Up

Ratio of Unemployed to Job Openings at Historical Levels
(unemployed to job opening, ratio)



**Unemployed + Marginally
Attached per Job Opening
(ratio)**



Outlook Juiced Up!

Strong Fundamentals Amped Up by a Strong Dose of Fiscal Support

Consumers

Job Growth
Higher Income
Higher Net Wealth
Healthy Balance Sheets

Business

Sky-High Optimism
Investment Turnaround
Stronger Global Growth
Tax Cuts

Policy

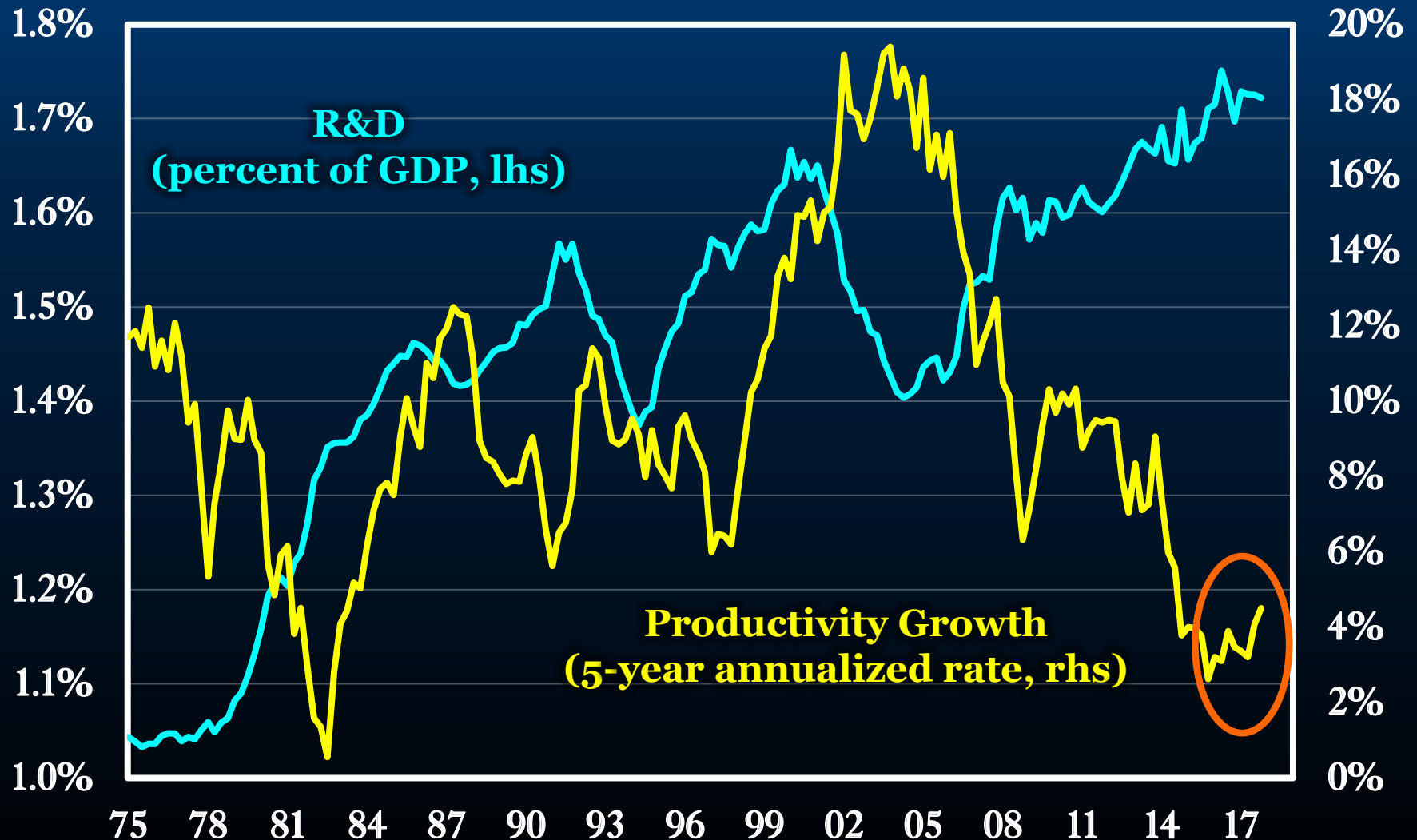
Tax Cuts
Fiscal Stimulus
Lighter Regulations

But Vulnerabilities and Risks Have Risen

Productivity Growth

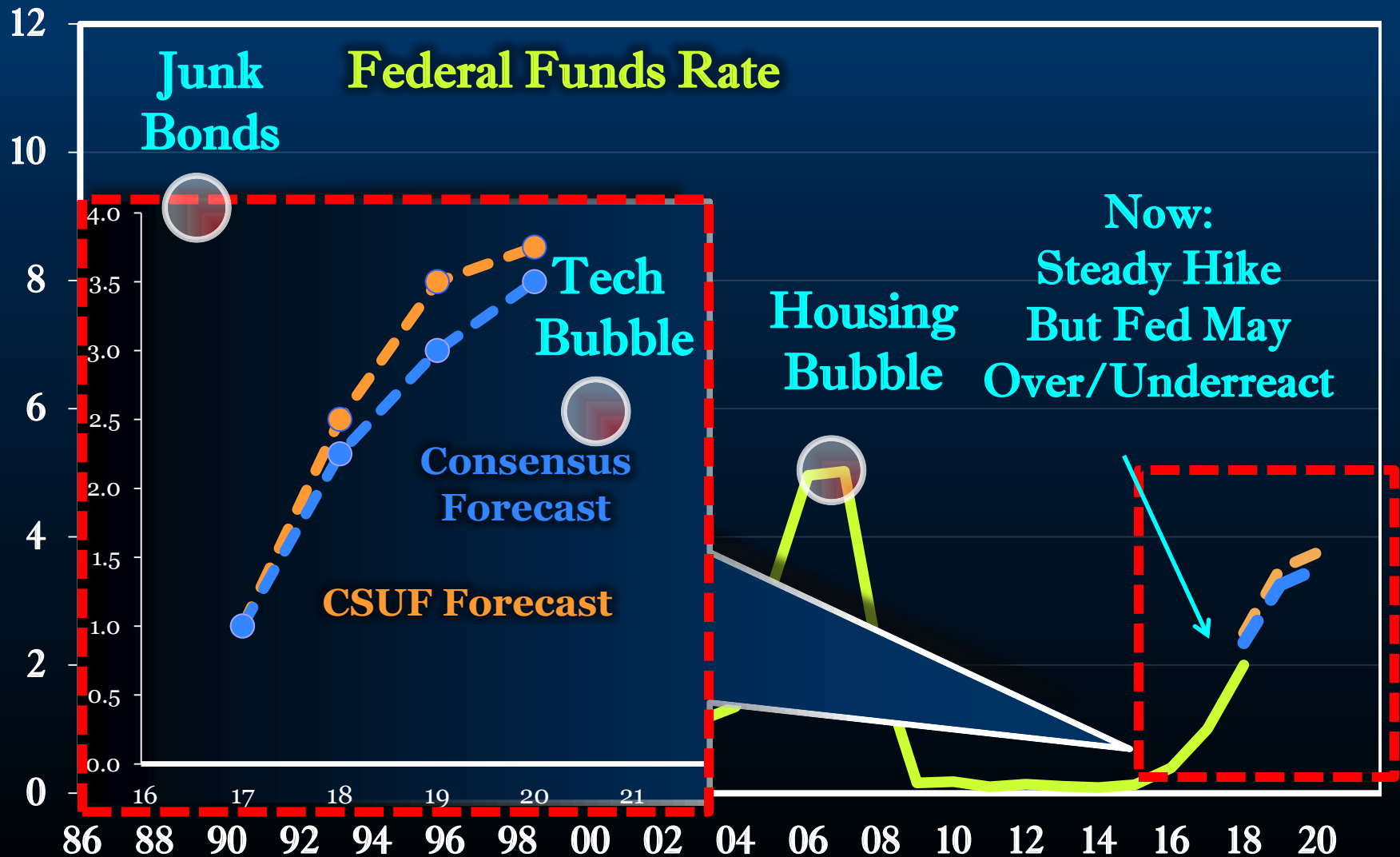
Key for the Longevity of Expansion

(R&D as percent of GDP, productivity growth, 5-year annualized rate)



Fed Policy

Fed Hiking has Tipped the Economy into Recession Before



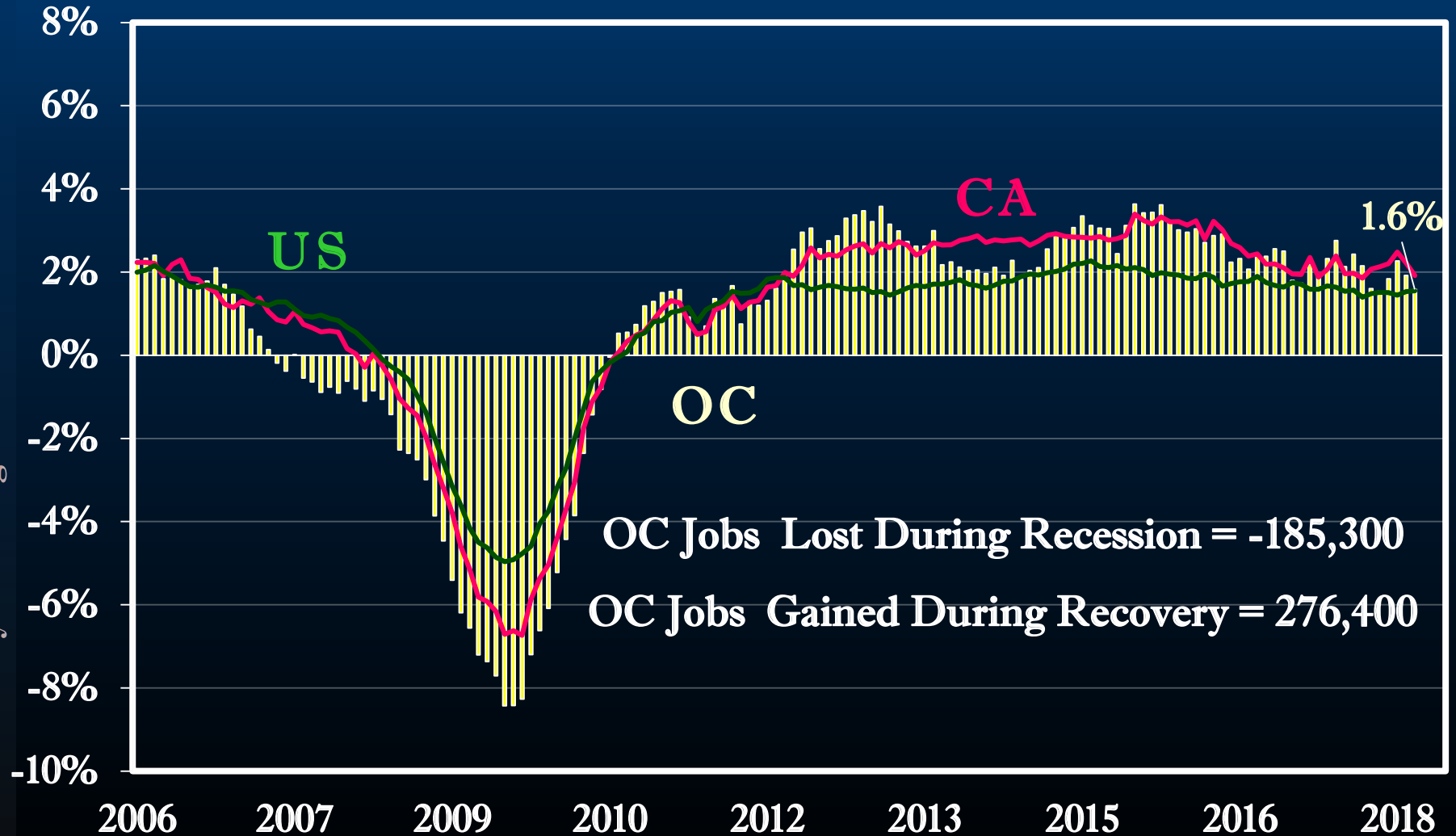
Orange County

Orange County

Employment Growth Has Edged Down a Bit

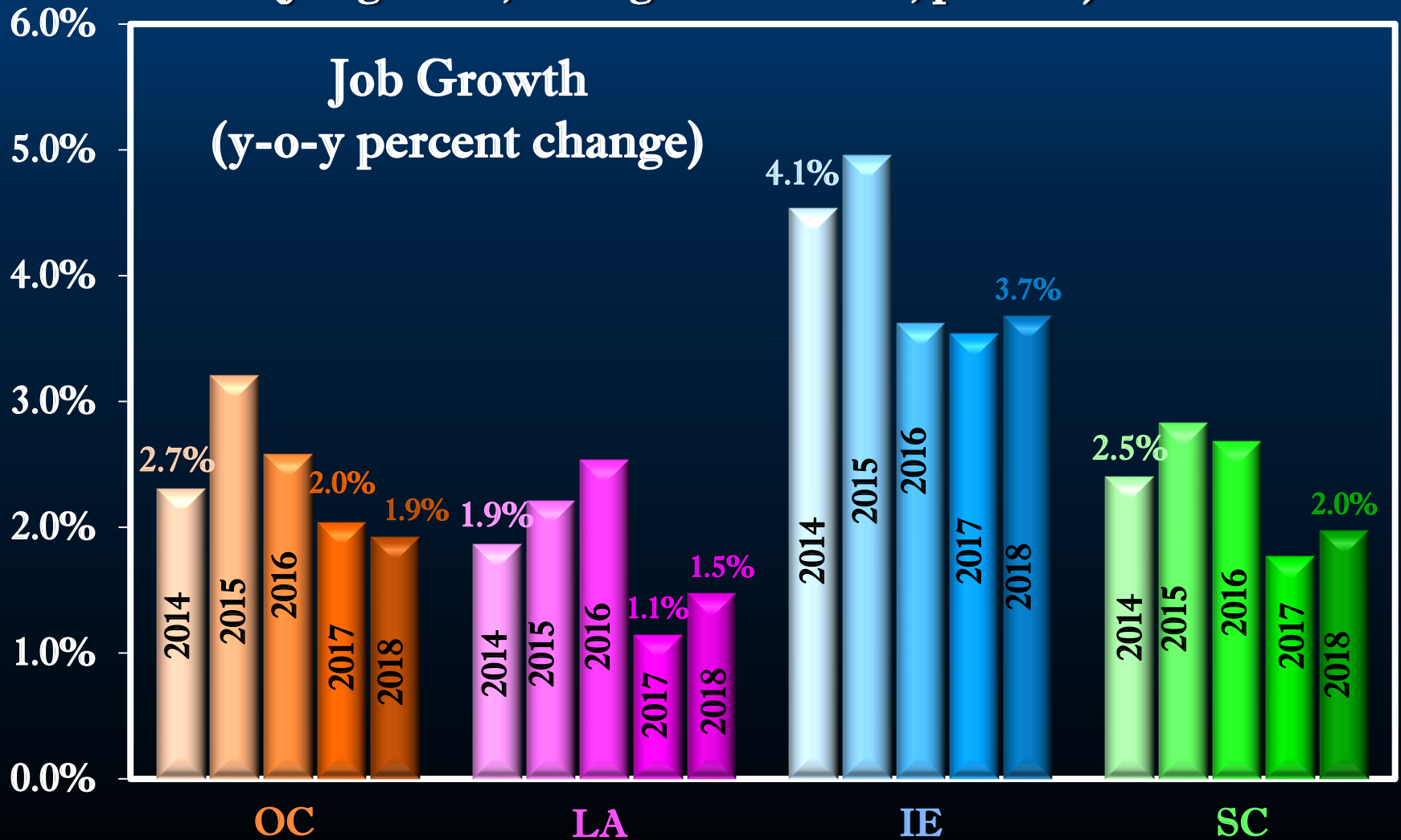
OC Job at Pace with CA but above US

(payroll employment, year-over-year percent change)



Job Growth Has Held Steady Throughout SoCal

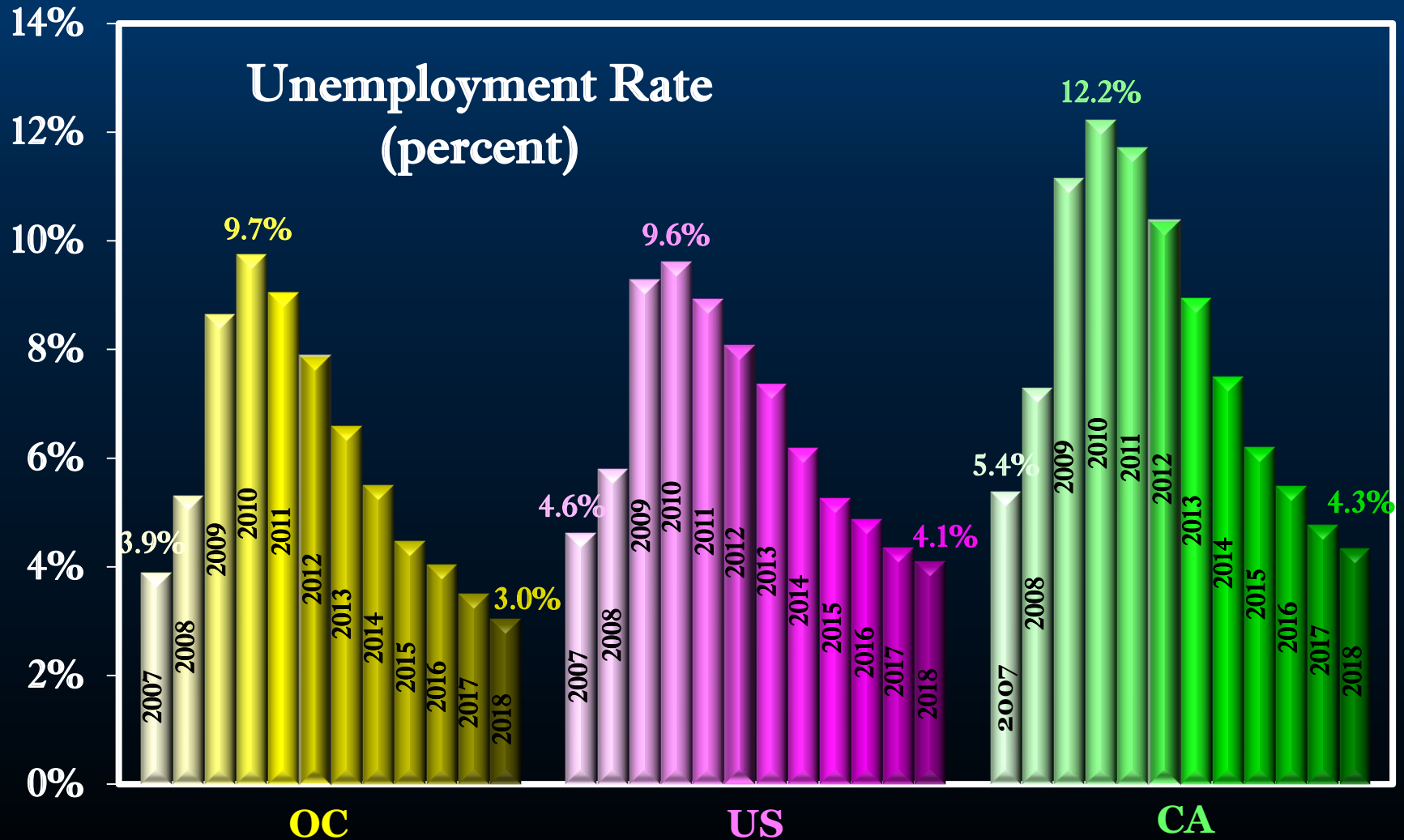
(job growth, average annual rate, percent)



Tight Labor Market Will Get Even Tighter

OC Unemployment Rate at 2.8%; Lowest since 1999

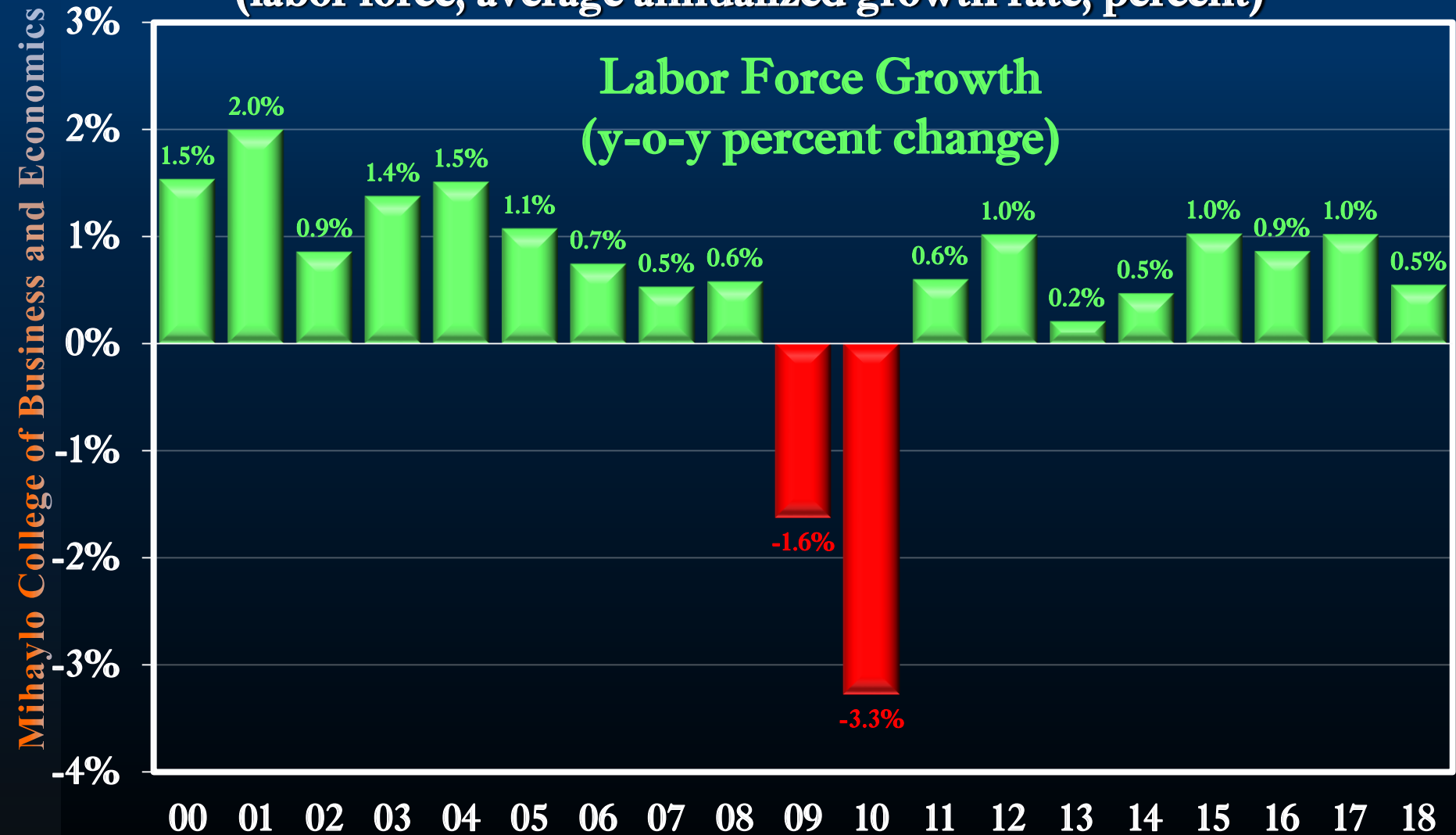
(unemployment rates, percent)



Healthy Pace of Labor Force Expansion

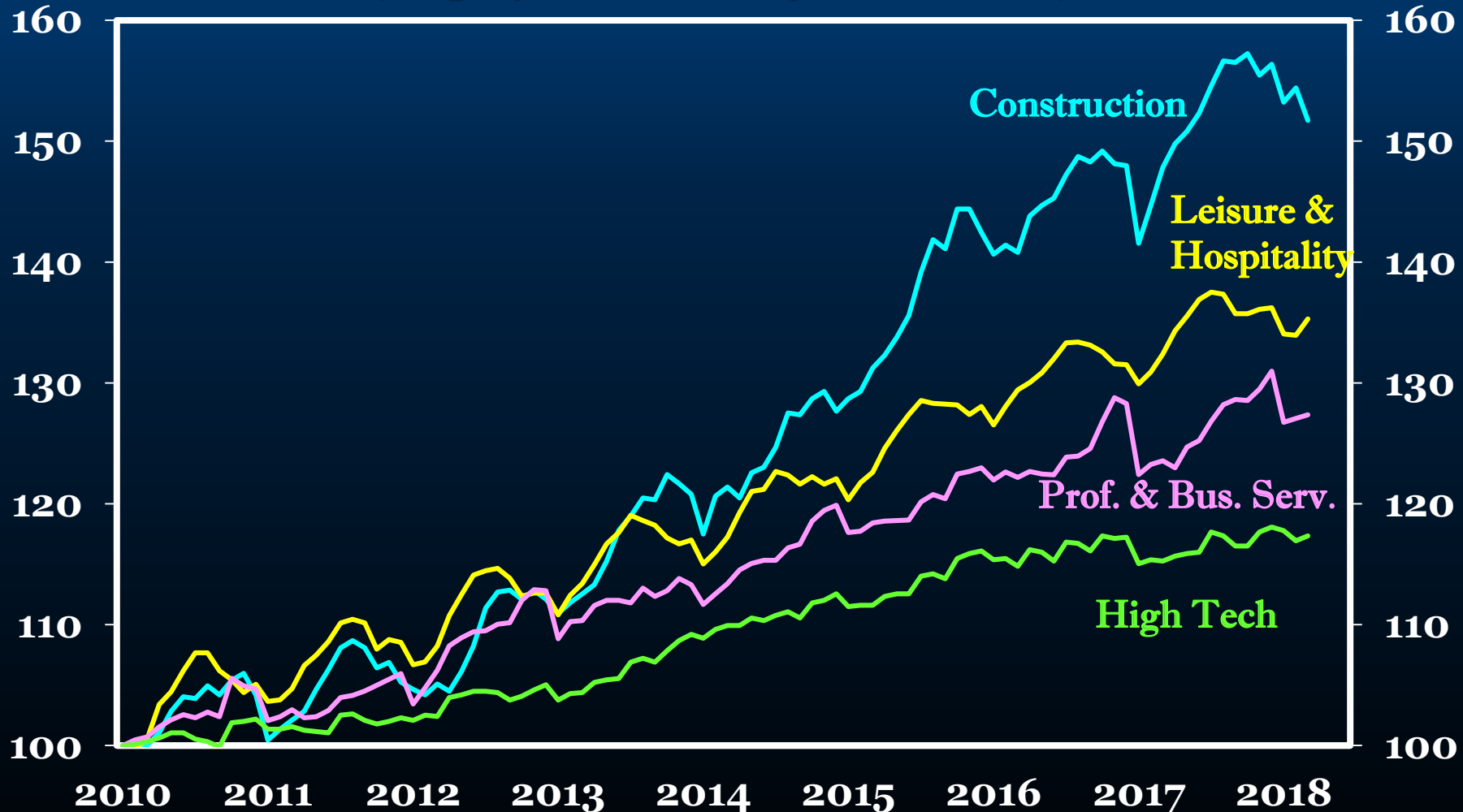
OC Labor Force Has Expanded for Seven Straight Years

(labor force, average annualized growth rate, percent)



OC Economy Strength: It's Diversity

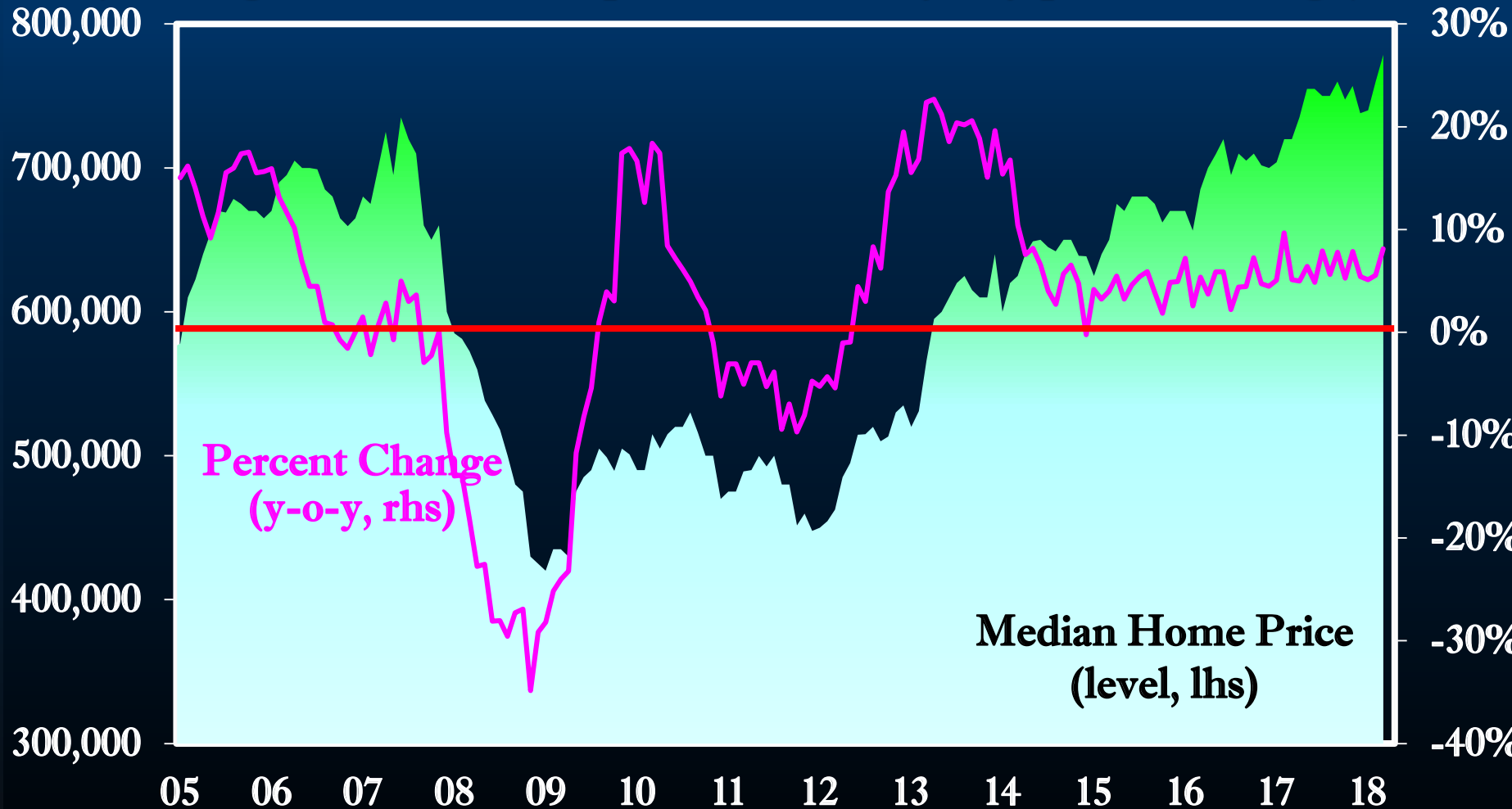
Construction and Leisure & Hospitality are Fastest Growing Sectors
(employment levels, Jan 2010=100)



Home Values: Exceeding Their 2006 Peaks

Home Price Appreciation has Remained Robust

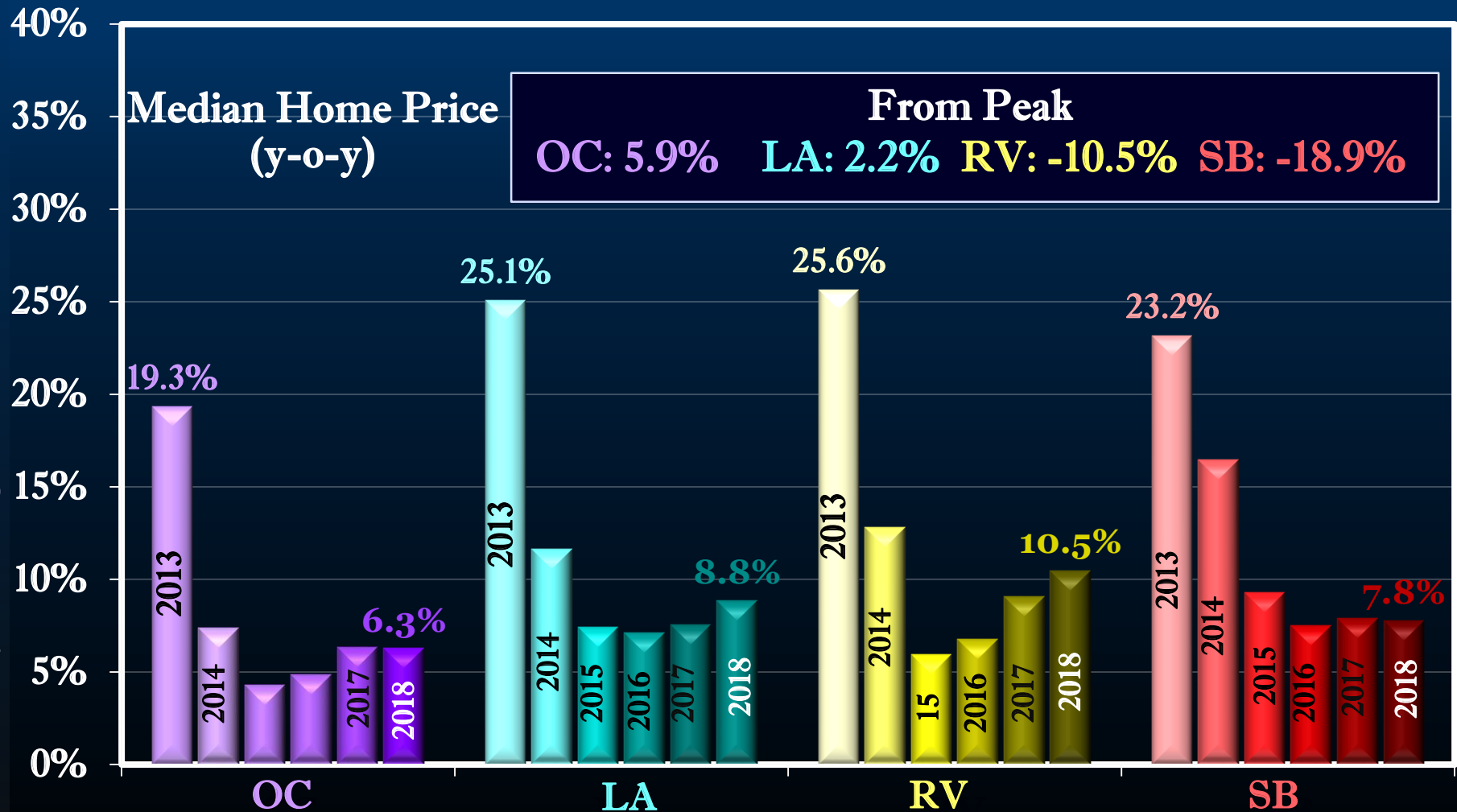
(Corelogic median home price, level and y-o-y percent change)



Home Price Appreciation has Held Steady

LA and OC Home Values Have Fully Recovered

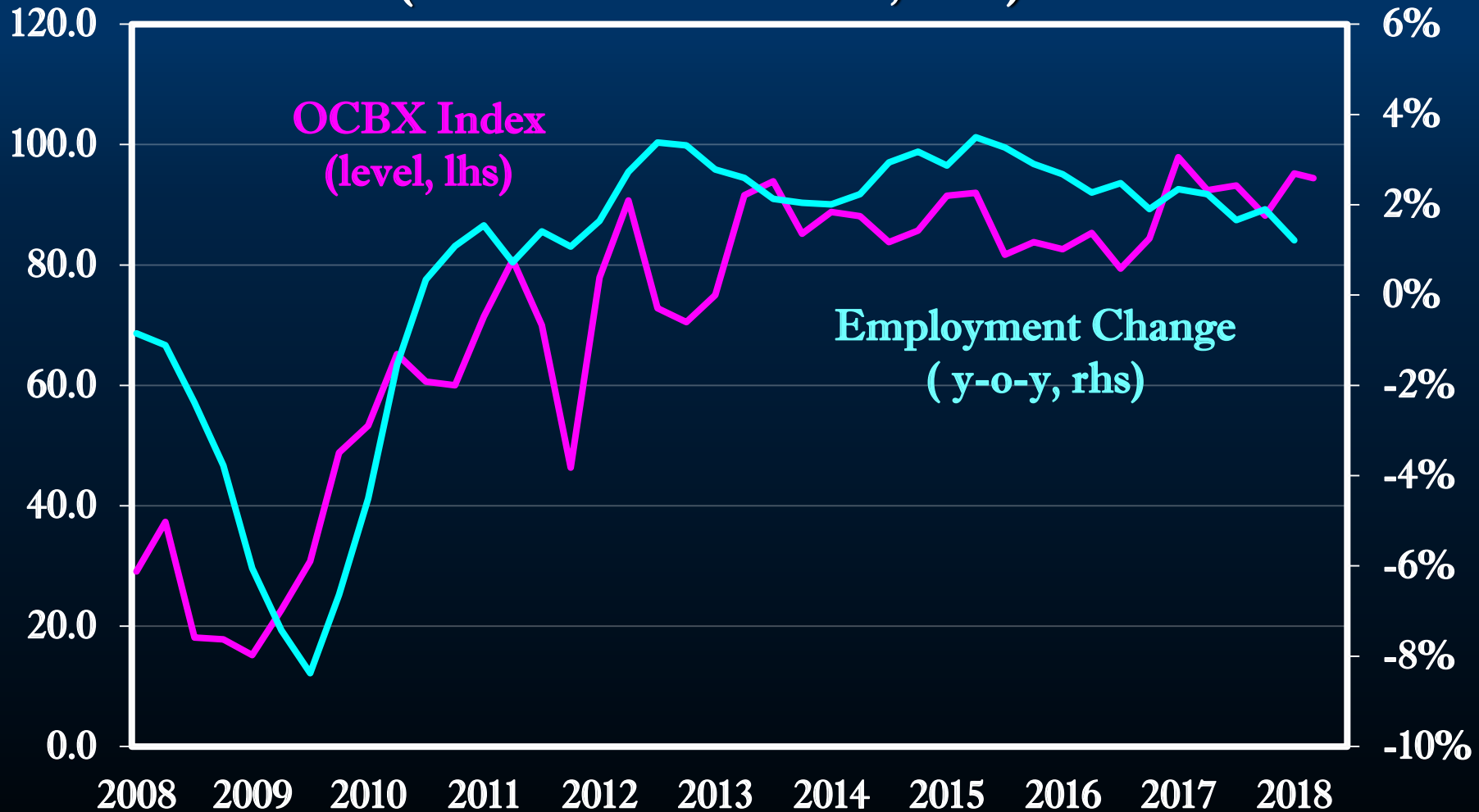
(Corelogic, annualized average growth in median prices, percent)



Business Expectations: At Cycle Highs

OC Businesses Continue to Remain Optimistic

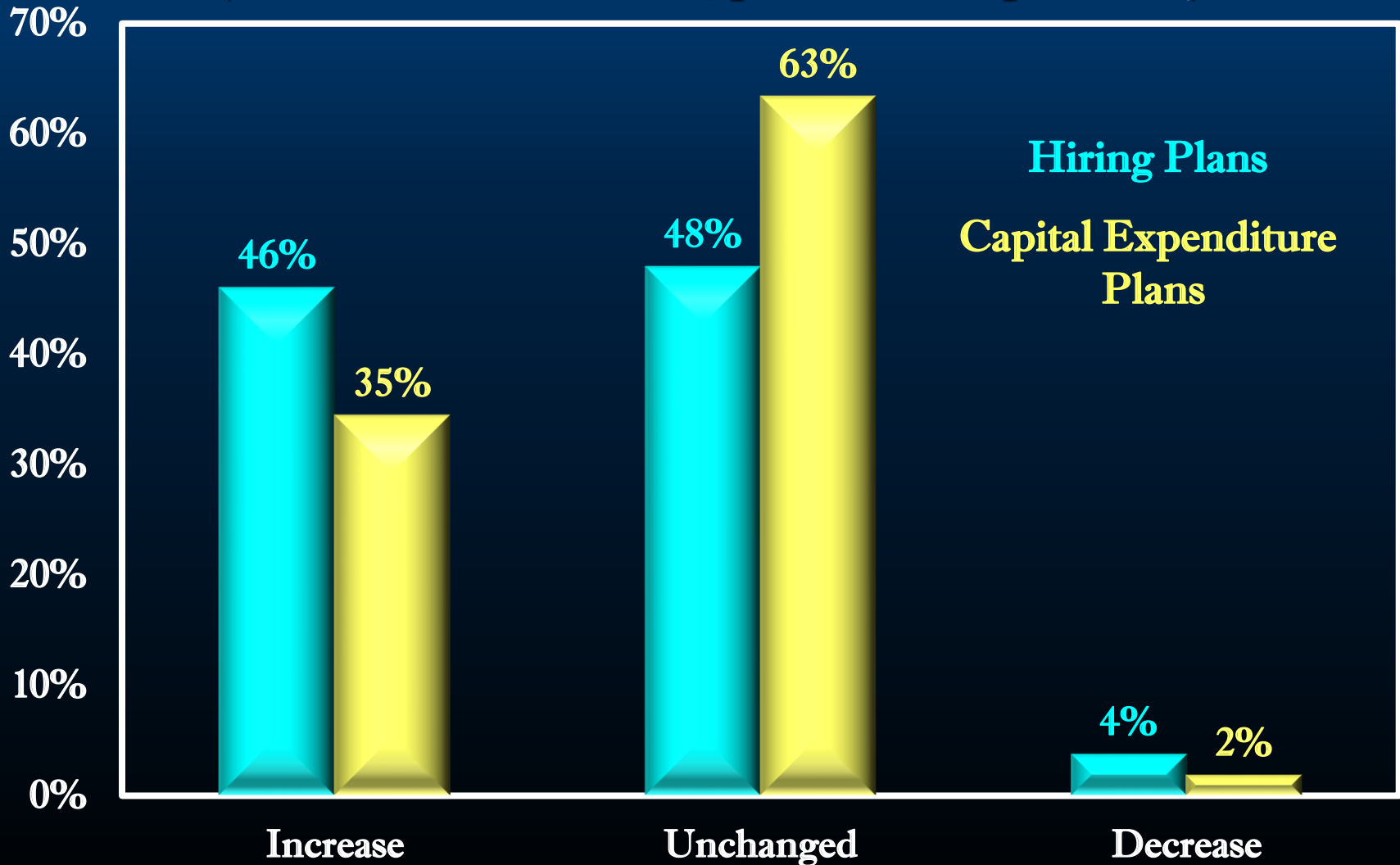
(WCEAF OCBX Index, level)



Bright Outlook for the Local Economy

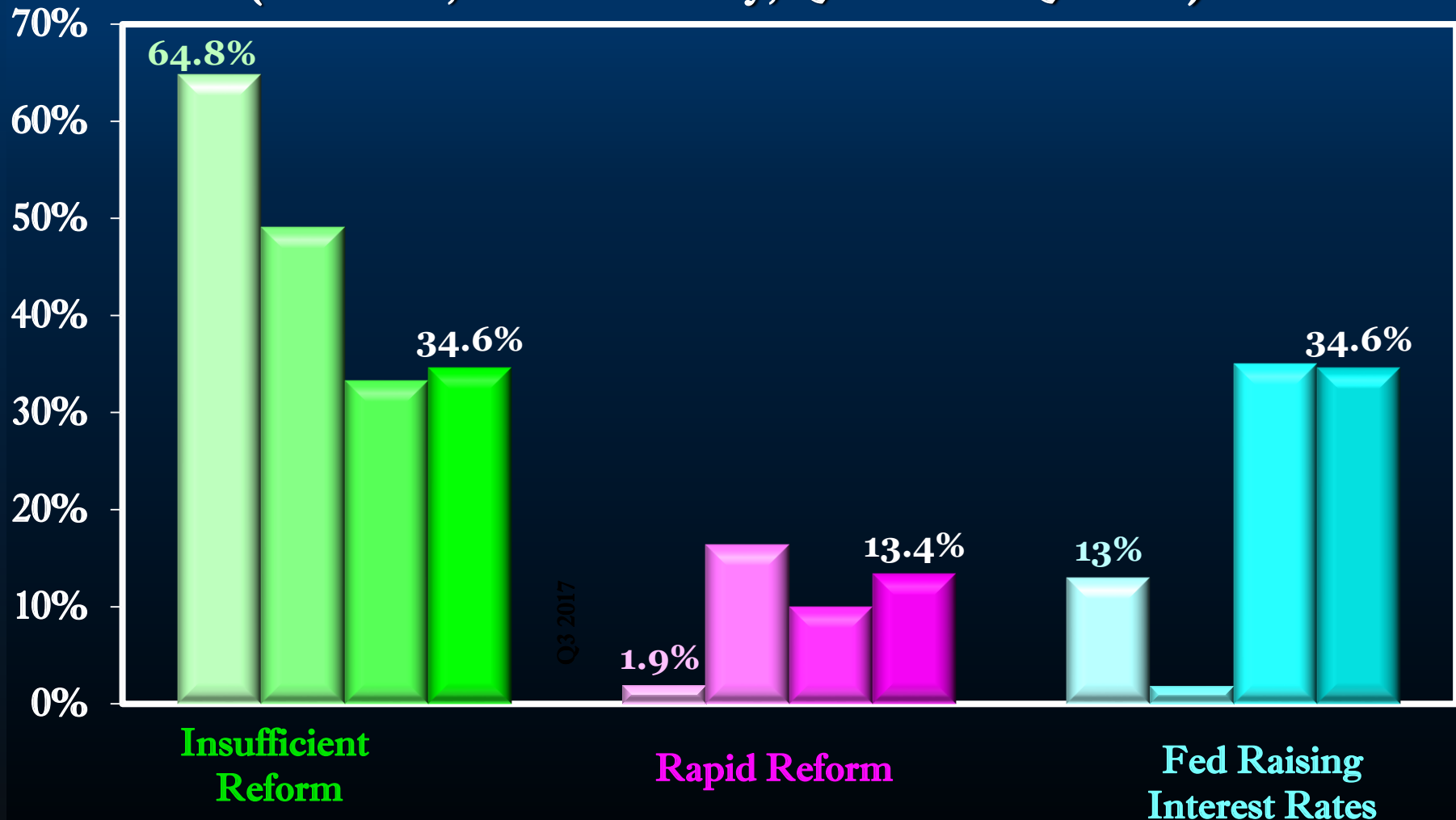
More Hiring and More Capital Spending

(WCEAF OCBX Index, percent of respondents)



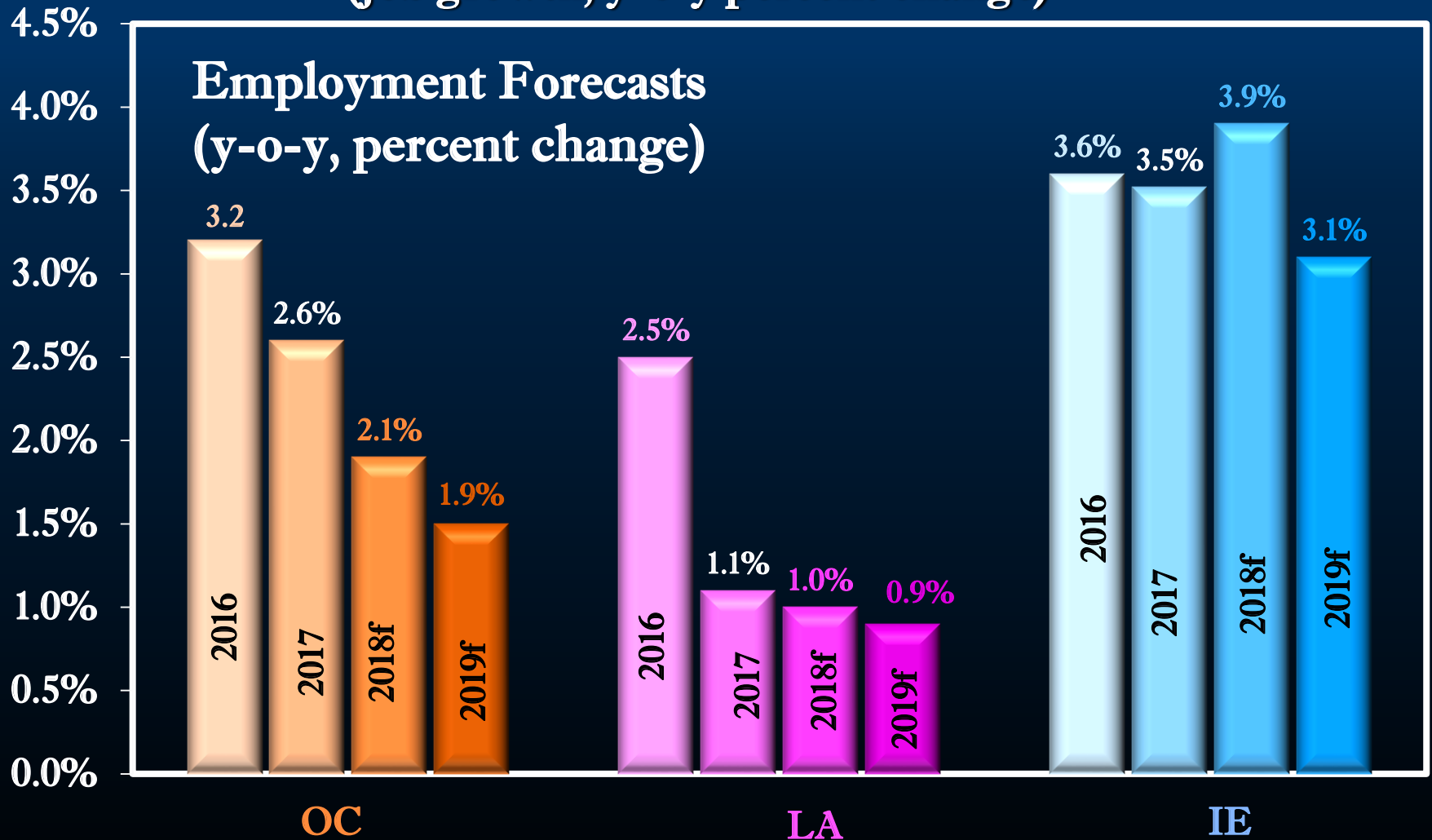
Fed Policy: Biggest Threat to US Economy

(WCEAF, OCBX Survey, Q3 2017 to Q3 2018)

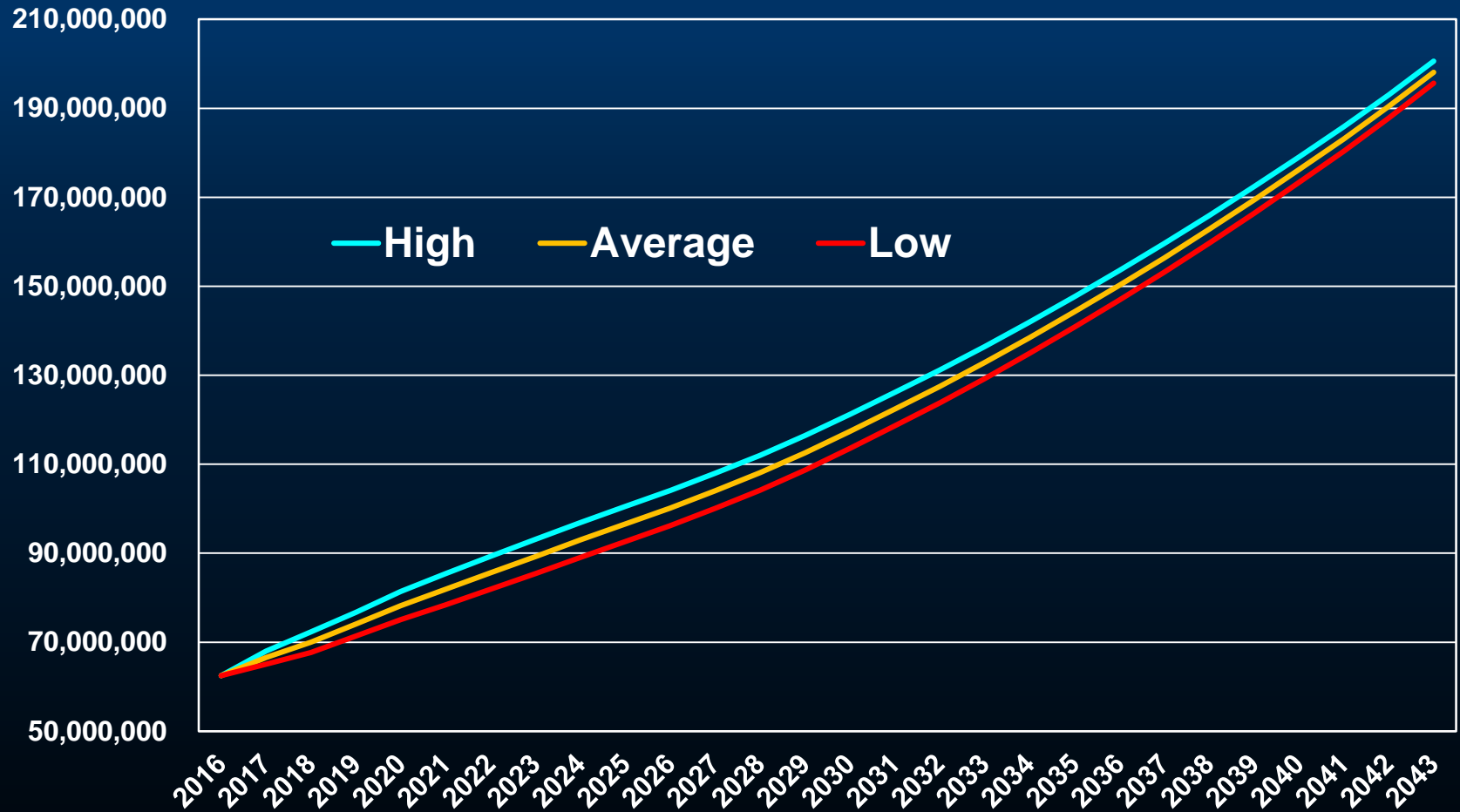


Forecasts

Continued Employment Growth, Though at Slower Clip (job growth, y-o-y percent change)



OC Taxable Sales





Q & A



Committee Members Present

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

Staff Present

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

Committee Members Absent

Todd Spitzer

Call to Order

The May 23, 2018 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:30 a.m.

Pledge of Allegiance

Committee Vice Chairman R. Murphy

1. Public Comments

No public comments were received.

Director Steel introduced college intern Austin Sechrest, a sophomore from Harvard University who will be working in her office as summer interns.

Committee Chairman Do introduced college interns Bobby Surridge and Madeline Frank from the University of California, Berkeley who will be working in his office as summer interns.

Special Calendar

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

Andrew Oftelie, Executive Director of Finance and Administration, made opening comments and introduced Doug Jensen, Senior Vice President for MuniServices. Mr. Jensen presented a PowerPoint presentation and highlighted the following areas:

- Current Sales Tax Performance,
- Estimated Annualized Employment and Gross Sales Tax Per Capita by Benchmark Year,
- Historical and Recent Trends in Total and by Category,
- Transportation Development Act (Long-Term Forecast) Projection,
- Measure M2 Forecast Projection,



2. (Continued)

- Assumptions, and
- Questions.

Committee Chairman Do referenced a staff report dated March 28, 2016, which noted the projection for sales tax for 2016 through 2021 was 4.3 percent each year, and he inquired on the drop in growth projection to 2.1 percent from the 2016 report.

Mr. Jensen responded that the sales tax assumptions were lowered; yet still projecting growth due to many industries changing.

A lengthy discussion ensued regarding the following:

- Shrinking labor,
- Interest rates,
- Weighted average for next recession costs-watching,
- Consumer spending habits,
- Auto sales and retail industries,
- Internet retail sales,
- Changing the sales tax sourcing to destination,
- Consumer decisions shifting over to experiential shopping, which does not generate sales tax,
- MuniServices is confident about the five year forecast, and
- How the Orange County Transportation Authority (OCTA) will translate the forecasts from MuniServices and the three universities into the OCTA sales tax forecast.

Consent Calendar (Items 3 through 17)

3. 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 meeting of April 25, 2018.

4. Brown Act Compliance, Internal Audit Report No. 18-508

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 one recommendation provided in Brown Act Compliance, Internal Audit Report No.18-508.



5. Cooperative Agreement with Metrolink for the Control Point Fourth Project, Internal Audit Report No. 18-504

Committee Vice Chairman R. Murphy pulled this item and referenced Page 3 of the Staff Report, under Management Response, and asked how a Contract Task Order is determined to be the most appropriate procurement method.

Janet Sutter, Executive Director of Internal Audit, responded that the management response in the report is from OCTA management. Ms. Sutter stated Metrolink management is responsible for selecting a contractor from a bench without competition. In addition, the recommendation was for OCTA management to exercise additional oversight to ensure that Metrolink is following their own procedures.

A motion was made by Committee Vice Chairman R. Murphy, seconded by Committee Chairman Do, and declared passed by those present, to direct staff to implement one recommendation provided in the Cooperative Agreement with Metrolink for the Control Point Fourth Project, Internal Audit Report No. 18-504.

Director Hennessey was not present to vote on this item.

6. Environmental Mitigation Program Endowment Fund Investment Report for March 31, 2018

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.

7. Annual Update to Investment Policy

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

- A. Adopt the 2018 Investment Policy.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2018-19.



8. Proposed Overall Disadvantaged Business Enterprise Goal for Federal Transit Administration-Assisted Contracts for Federal Fiscal Years 2019-2021

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to adopt the proposed overall Disadvantaged Business Enterprise goal of 11 percent for all Federal Transit Administration-assisted contracts issued during the federal fiscal years 2019-21, in accordance with Title 49 Code of Federal Regulations, Part 26.

9. Local Agency Investment Fund - April 2018

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. Orange County Treasurer's Management Report - April 2018

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. Orange County Transportation Authority Investment and Debt Programs Report - April 2018

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.

12. Resolution to Establish the Orange County Local Transportation Authority/Measure M2 Appropriations Limitation for Fiscal Year 2018-19

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to adopt Orange County Local Transportation Authority/Measure M2 Resolution No. 2018-055 to establish the Orange County Local Transportation Authority/Measure M2 appropriations limit at \$1,749,112,942 for fiscal year 2018-19.



13. Resolution to Establish the Orange County Transportation Authority General Fund Appropriations Limitation for Fiscal Year 2018-19

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to adopt Orange County Transportation Authority Resolution No. 2018-056 to establish the Orange County Transportation Authority General Fund appropriations limit at \$11,573,733 for fiscal year 2018-19.

14. Approval of the Fiscal Year 2018-19 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to approve the Laguna Beach Municipal Transit Lines Fiscal Year 2018-19 Local Transportation Fund Claim for public transportation services, in the amount of \$1,142,777, and authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

15. Approval of the Fiscal Year 2018-19 Local Transportation Fund Claim for Public Transportation and Community Transit Services

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to approve the Orange County Transit District Fiscal Year 2018-19 Local Transportation Fund Claim for public transportation services, in the amount of \$154,145,736, and for community transit services, in the amount of \$8,173,080, for a total claim amount of \$162,318,816, and authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.



16. Cooperative Agreement with the City of Laguna Beach for Federal Transit Administration, State Transit Administration, Senate Bill 1 State of Good Repair, and Cap and Trade Funds for Public Transit Services

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to authorize the Orange County Transportation Authority Chief Executive Officer to execute Cooperative Agreement No. C-8-1679 between the Orange County Transportation Authority and the City of Laguna Beach, for a maximum cumulative amount not to exceed \$950,000, for Federal Transit Administration funding, \$1,200,000 for State Transit Assistance funding, including Senate Bill 1 augmentation, \$250,000 for State of Good Repair funds provided through Senate Bill 1, and \$200,000 for Cap and Trade funds for the next five years commencing fiscal year 2018-19, for providing public transit services and operating assistance.

17. Fiscal Year 2017-18 Third Quarter Grant Reimbursement 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.

Regular Calendar

18. Preview to the Public Hearing on Orange County Transportation Authority's Fiscal Year 2018-19 Budget and Personnel and Salary Resolution

Victor Velasquez, Manager of Financial Planning & Analysis, referenced a handout listing questions and answers that resulted from the May 14, 2018 Board budget workshop and recent committee meetings. Mr. Velazquez provided a PowerPoint presentation for this item as follows:

- Budget Themes,
- Budget Overview,
- Budget Adjustments – Uses,
- Budget Sources and Uses,
- Staffing Levels,
- Employee Compensation Assumptions,
- Personnel and Salary Resolution,
- Pay for Performance,
- Recommendations, and
- Next Steps.



18. (Continued)

Director Steel referenced the handout and inquired on the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency (LOSSAN) positions.

Mr. Velasquez responded that the LOSSAN positions are fully reimbursable by the LOSSAN agency.

Director Do inquired on the Take Home Vehicle Assignment policy, if it will address all the findings identified in the report discussed at the May 23, 2018 Finance and Administration Committee meeting.

Janet Sutter, Executive Director of Internal Audit, responded the policy is still outstanding and staff will provide an update at a future Finance and Administration Committee meeting.

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

- A. Approve by Resolution the Orange County Transportation Authority's Fiscal Year 2018-19 Budget.
- B. Approve the Personnel and Salary Resolution for Fiscal Year 2018-19.
- C. Authorize the Chief Executive Officer to negotiate and execute the software and hardware licensing, maintenance, and emergency support purchase orders and/or agreements.
- D. Approval of fiscal year 2018-19 Orange County Transportation Authority member agency contribution to the Southern California Regional Rail Authority in an amount up to \$29,403,103, including authorization of Federal Transit Administration funds, in an amount up to \$8,374,341, to be drawn down directly by Southern California Regional Rail Authority. In addition, approve capital and rehabilitation, expenditure budget contingent upon all member agencies approval of their respective capital and rehabilitation budgets. Orange County Transportation Authority portion of the costs for capital is \$2,378,558 and \$56,369,426 for rehabilitation.



Discussion Items

19. Chief Executive Officer's Report

Ken Phipps, Deputy Chief Executive Officer, reported on the following:

- The Angels Express service is doing well with nearly 15,000 boardings to date and 13 percent higher than last year at this time.
- On Thursday, May 24th, OCTA is hosting the second of six open houses to provide information and answer questions about the Interstate 405 Improvement Project from 6:00 p.m. to 8:00 p.m. at the Long Beach Veterans Administration Hospital.
- Additionally on Thursday, May 24th, OCTA is hosting the first of two public hearings for the Interstate 5 project from the Interstate 405 to the State Route 55 (Project B) from 5:30 p.m. to 8:00 p.m. at Tustin High School. The second public hearing will be held next Wednesday, May 30th at the Lakeview Senior Center in Irvine from 5:30 p.m. to 8:00 p.m.
- Introduced Jen Matano, who started on Monday, May 7th as OCTA's new Department Manager of Treasury and Public Finance. Ms. Matano has more than eight years of experience in public finance and infrastructure banking where she executed more than 30 transactions totaling over \$15 billion. Prior to her employment in public finance, Ms. Matano worked in a large portfolio management firm devising strategies on achieving competitive investment returns.

20. Committee Members' Reports

Committee Chairman Do thanked staff for inviting MuniServices to present the Taxable Sales Forecast under Item 2.

21. Closed Session

There were no Closed Session items scheduled.



22. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, June 13, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Andrew Do
Committee Chairman



Committee Members Present

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

Staff Present

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

Committee Members Absent

Steve Jones
Todd Spitzer

Call to Order

The June 27, 2018 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:32 a.m.

Pledge of Allegiance

Director Steel led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Special Calendar

2. Taxable Sales Forecast - UCLA Anderson Forecast - Jerry Nickelsburg, PhD, Senior Economist, and William Yu, PhD, Economist

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Dr. Jerry Nickelsburg, PhD, and Dr. William Yu, PhD, from the University of California, Los Angeles Anderson School of Management.

Dr. Nickelsburg presented a PowerPoint presentation on the following:

- U.S. Economy is growing at 3%;
- 3% real Gross Domestic Product growth in 2018 slowing in 2019, and 2020;
- Interest rates on the rise;
- Employment growth remains solid;
- Employee compensation rises with tightened labor markets;
- With higher inflation;
- Where are we in the housing cycle;

2. (Continued)

- Why our forecasts on Orange County taxable sales in the past few years were too optimistic;
- We suggest three reasons;
- Inflation on housing and medical care is higher than that of most taxable sales goods; and
- California Forecast.

A lengthy discussion ensued regarding the following:

- New immigration policy affecting the rate of growth in our population;
- Where housing starts and what happens now with inflation and interest rates going up;
- Population growth before 2010; and
- More people leaving than arriving in California.

Dr. Yu continued the PowerPoint presentation as follows:

- Major metro payroll employment growths;
- Orange County sector payroll job growth;
- Zillow's median home value index;
- Orange County housing market is doing well;
- Forecast risk: full-blown trade wars;
- 2016 Orange County Forecast (Made in April 2016);
- Real Data (2017 estimated);
- Recalculated 2016 Forecast with new Consumer Price Index measurement with forecast of real taxable sale growth made in April 2016; and
- Orange County Nominal Taxable Sales Growth Forecast.

An additional discussion ensued regarding the following:

- Age population impacting healthcare and hospitality (tourism);
- Growing economy means people eat out more;
- Migration to certain cities;
- Growth in North San Diego County increased;
- New York and San Francisco Bay area tech industry has increased; and
- Nominal taxable sales growth historical data.

Dr. Nickelsburg summarized productivity growth and the short-term and long-term forecasts.



Consent Calendar (Items 3 through 7)

3. Approval of Minutes

A motion was made by Committee Vice Chairman R. Murphy, seconded by, Director Steel, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of June 13, 2018.

4. Local Agency Investment Fund - May 2018

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

5. Orange County Treasurer's Management Report - May 2018

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

6. Orange County Transportation Authority Investment and Debt Programs Report - May 2018

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

7. Amendment to the 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement

A motion was made by Committee Vice Chairman R. Murphy, seconded by, Director Steel, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3828 between the Orange County Transportation Authority and Riverside County Transportation Commission, in the amount of \$2,078,750, for the reimbursement of shared operational expenses through June 30, 2019.

Regular Calendar

8. 91 Express Lanes Account Plan Changes

Kirk Avila, General Manager of Express Lanes Programs, provided a condensed version of the PowerPoint on the following:

- 91 Express Lanes Account Plans;
- Account Policy Changes;
- Transition Goals;
- Other Transition Elements; and
- Recommendations and Next Steps.

A lengthy discussion ensued regarding the following:

- Sticker Transponders;
- Different types of transponders;
- Historical data for analysis; and
- Different types of plans and savings.

Committee Chairman Do inquired on the savings that the Orange County Transportation Authority (OCTA) is passing on to the customer.

Ken Phipps, Deputy Chief Executive Officer (DCEO), responded that all customers will save money. If a customer currently has the “convenience” account today, it will be grandfathered in at no cost. New customers will pay \$100 per account, and not \$100 per transponder for the “convenience” account. Additionally, current customers with the “standard” account paying the seven dollars per month fee will automatically get the “convenience” account at no cost. Lastly, he stated that everybody saves money on their monthly fees under this arrangement.

Committee Chairman Do requested that Slide 6 of the PowerPoint be modified to clearly show the cost savings to customers.

Mr. Phipps, DCEO, responded that Slide 6 of the PowerPoint will be revised to reflect the cost savings and included in the July 9, 2018, Board of Directors agenda packet.

A motion was made by Committee Chairman Do, seconded by, Committee Vice Chairman R. Murphy, and declared passed by those present, to adopt changes to the 91 Express Lanes’ account plans and policies.



Discussion Items

9. Chief Executive Officer's Report

Ken Phipps, DCEO, reported on the following:

- Ridership on the Angels Express is down about 1 percent so far this year with 19,283 boardings compared to 19,421 boardings last year. Staff is launching a couple of campaigns to promote the service and hopefully boost ridership. In July and August, kids 18 and under can ride the Angels Express for free. Staff is also offering a promotion where people can ride the Angels Express and get 50 percent off the ticket price to certain games.

Director Steel inquired about an Angels Express promotion for seniors.

Mr. Phipps, DCEO, responded that staff will consider this for a future promotion.

- On Saturday, June 30th at 8:30 a.m., OCTA will host an equestrian ride at the Trabuco Rose Preserve in Trabuco Canyon to give the horse riding community an opportunity to explore that property.

10. Committee Members' Reports

There were no Committee Member's reports.

11. Closed Session

There were no Closed Session items scheduled.



12. Adjournment

The meeting adjourned at 12:00 p.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 11, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Andrew Do
Committee Chairman



July 11, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: California Governor's Office of Emergency Services, Grant Monitoring Review, Fiscal Year 2014-15 California Transit Security Grant Program, Award No. 67610002

Overview

The California Governor's Office of Emergency Services has conducted a review of the Orange County Transportation Authority's grant processes and documentation related to a Fiscal Year 2014-15 California Transit Security Grant Program Award No. 67610002. No findings resulted from the review.

Recommendation

Receive and file as an information item.

Background

The California Governor's Office of Emergency Services (CalOES) conducted an on-site grant monitoring review covering \$3,520,574 in California Transit Security Grant Program (CTSGP) expenditures. The review was conducted in May 2018, and the results were provided in a letter dated May 23, 2018 (Attachment A).

Discussion

CalOES performed a field review for the purpose of determining whether the Orange County Transportation Authority (OCTA) complied with applicable laws, regulations, guidelines, and policies related to CTSGP funding. The CalOES grants monitor reported no findings as a result of this review.

Summary

CalOES has conducted a grant monitoring review of CTSGP funds awarded to OCTA. There were no findings resulting from this review.

Attachment

- A. Letter to Darrell Johnson from Gina Buccieri-Harrington, Assistant Director, Grants Management, CalOES, Dated May 23, 2018, Subject: Compliance Review #18-2373, FIPS #059-91032

Prepared by:



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

EDMUND G. BROWN, JR.
GOVERNOR

MARK S. GHILARDUCCI
DIRECTOR



May 23, 2018

Darrell Johnson
Chief Executive Officer
Orange County Transit Authority
P.O. Box 14184
Orange, CA 92863-1584

Subject: Compliance Review #18-2373, FIPS #059-91032

Dear Mr. Johnson:


The California Governor's Office of Emergency Services (Cal OES) has concluded its review conducted during the week of May 7, 2018, on the Cal OES Grant Subaward noted below. Our review included examining selected documentation that supported your expenditures and performing procedures as necessary to determine compliance with the California Government Code and grant guidelines.

<u>Program Name</u>	<u>Subaward Number</u>	<u>Subaward Date</u>
FY 2014-15 Prop 1B, CA Transit Security Grant Program	6761-0002	12/6/16 - present

Cal OES did not identify any instances of non-compliance with applicable laws, regulations, guidelines and policies. Thank you for the courtesy and cooperation you extended Cal OES in completing this review.

If you have any questions or concerns, please contact Jose Martinez, Grants Monitoring Supervisor, at (916) 845-8178 or by email at jose.martinez@caloes.ca.gov.

Sincerely,



GINA BUCCIERI-HARRINGTON
Assistant Director, Grants Management

cc: Sonia Banales, Chief, Victim Services and Public Safety Branch

3650 SCHRIEVER AVENUE • MATHER, CA 95655
ATTN: GRANTS MANAGEMENT
(916) 845-8120

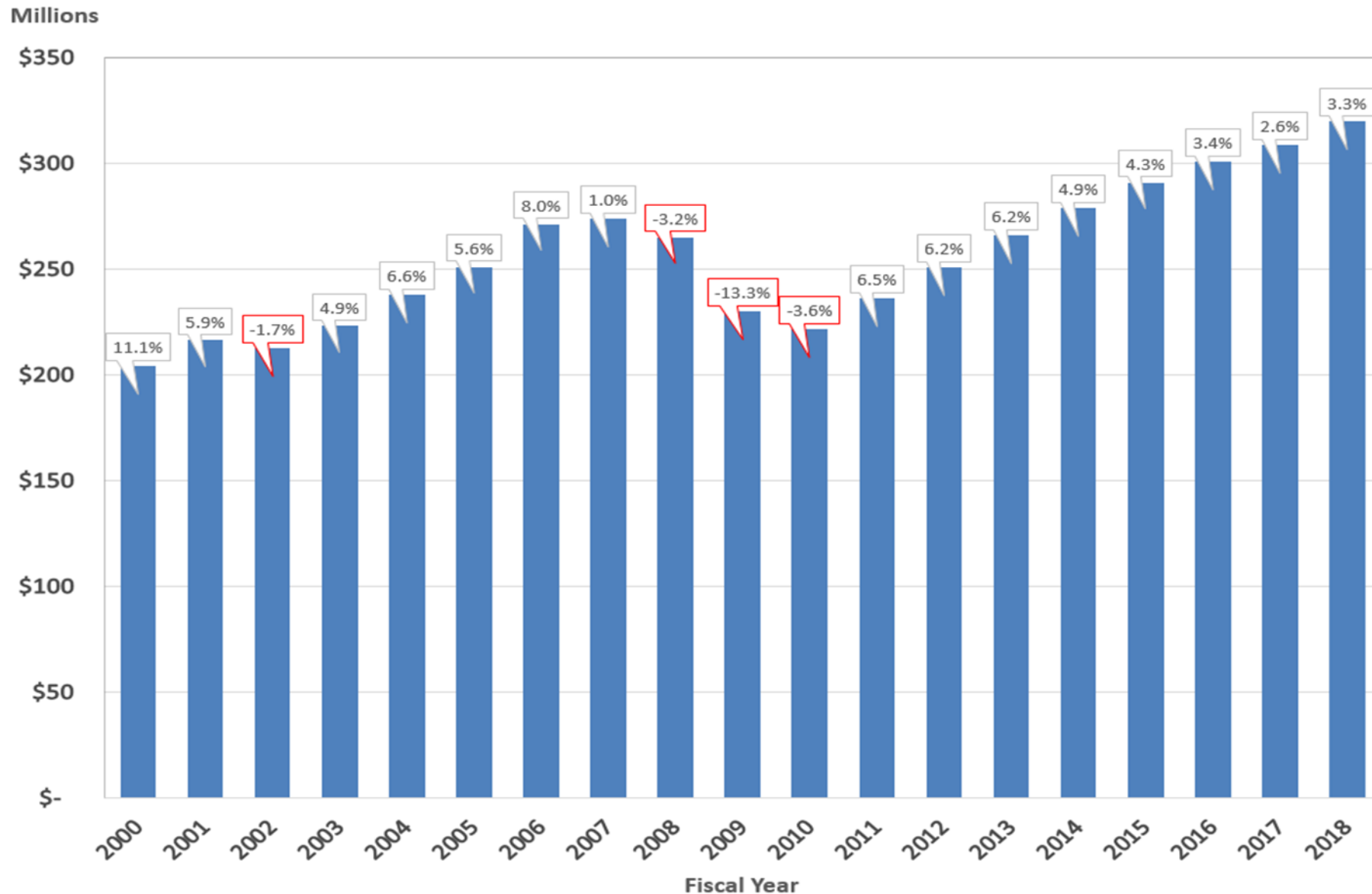
Measure M2 Sales Tax Forecast

Background

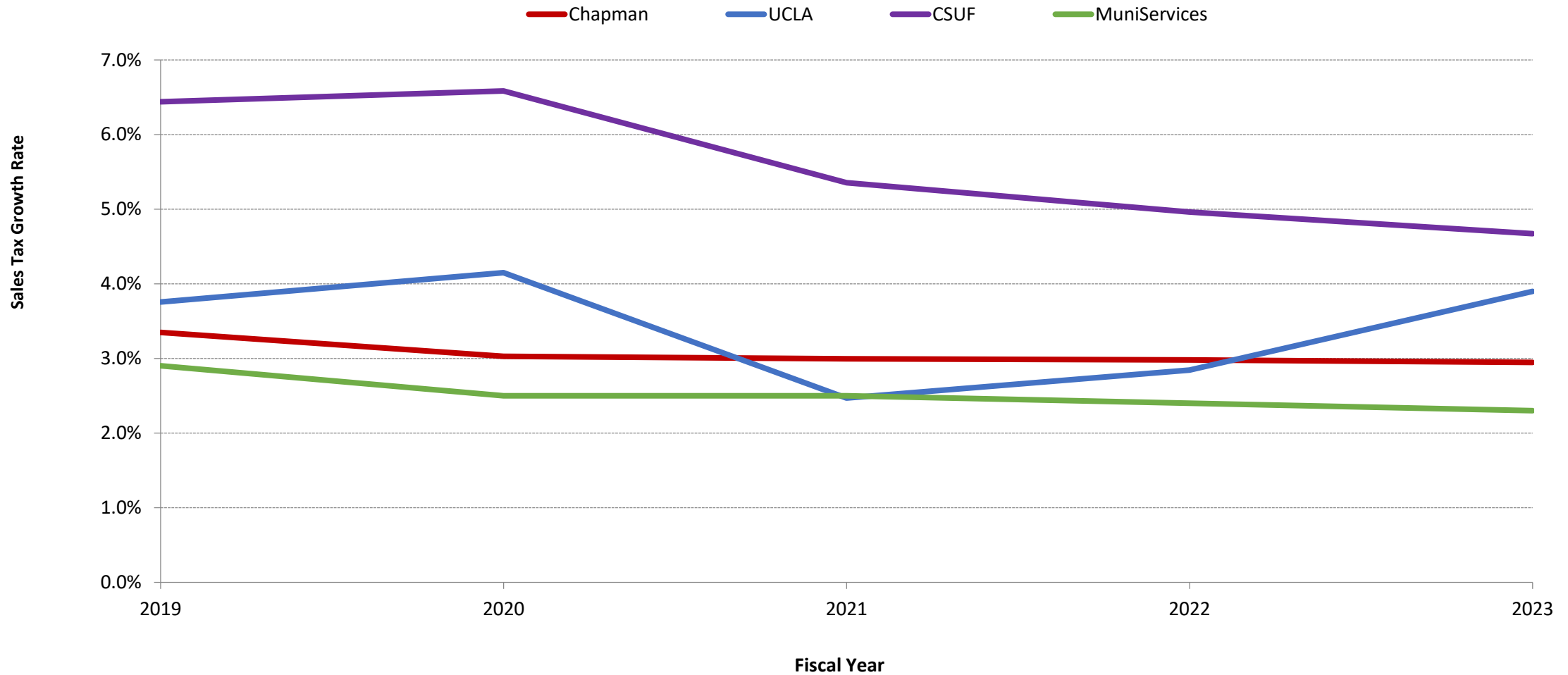
- Methodology uses MuniServices, LLC forecast for the first five years and the three university average for the remaining years
 - MuniServices, LLC forecasts for fiscal years 2019 – 2023
 - Three universities forecasts for fiscal years 2024 - 2041



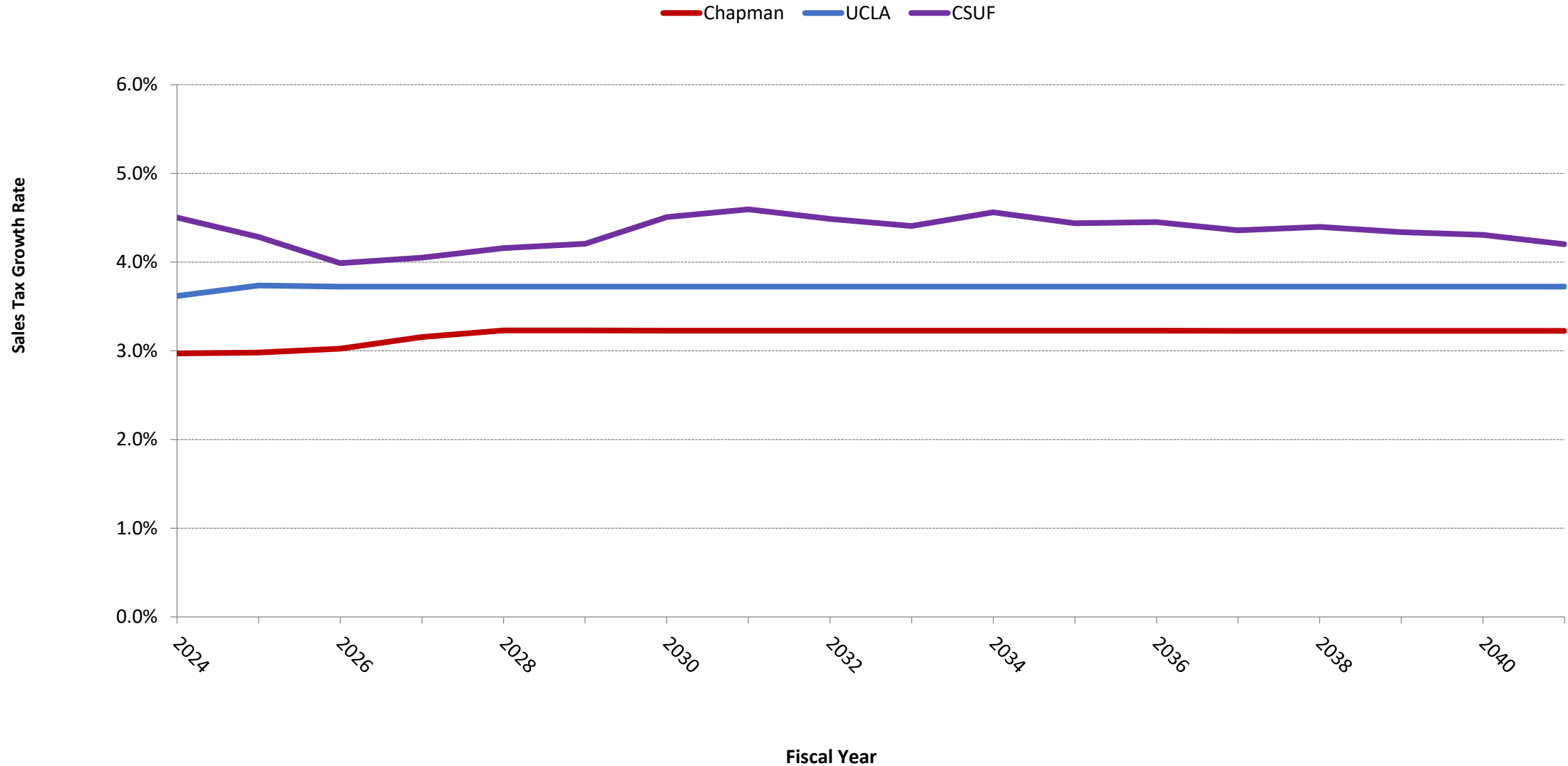
Historical Measure M Sales Tax Revenues



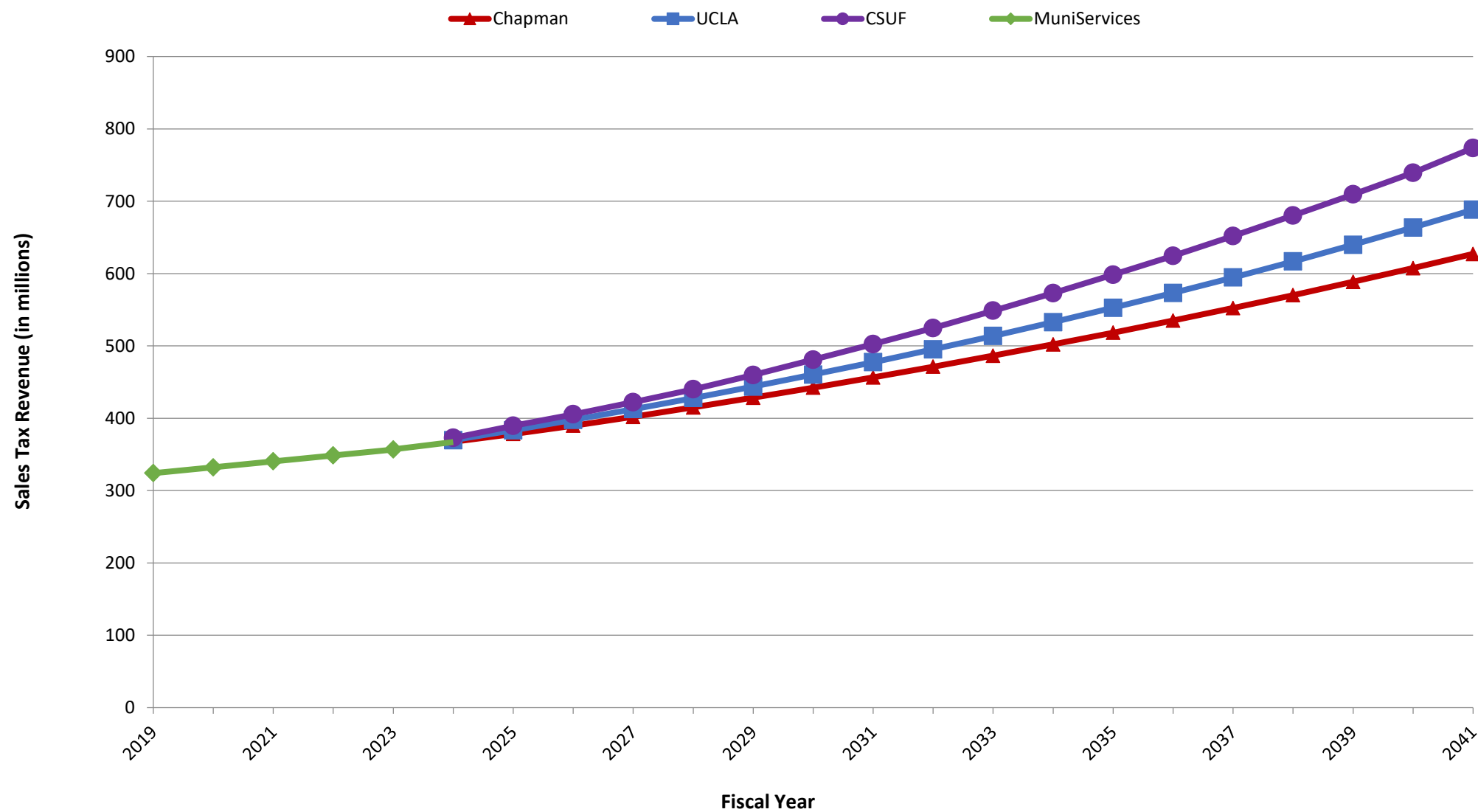
Short-Term Growth Rate Forecasts



Long-Term Growth Rate Forecasts



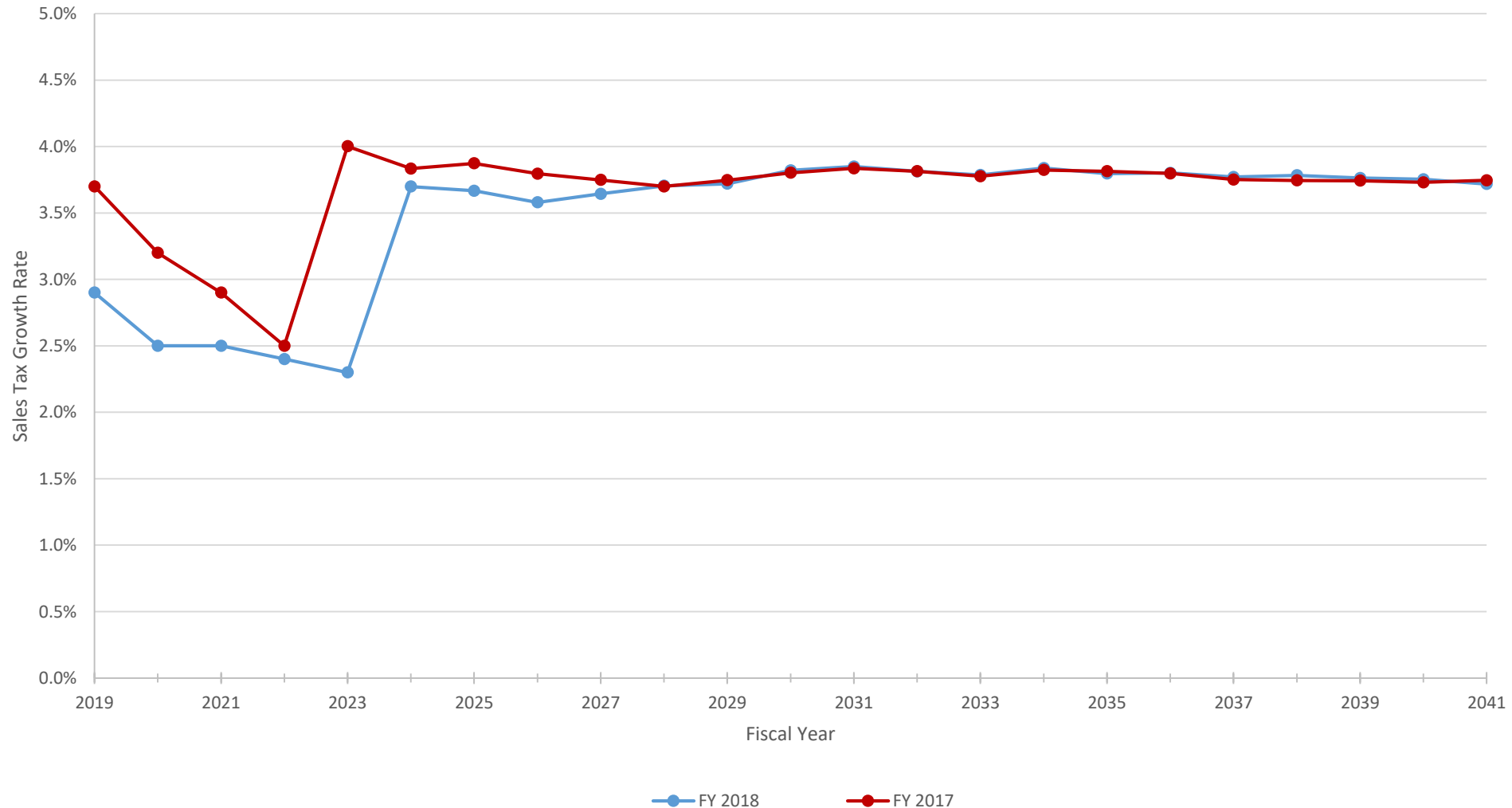
Annual M2 Sales Tax Revenue Forecast



Results of Updated Forecasts

- Sales tax for the M2 Program is forecasted to be \$13.1 billion
- Represents a decrease of \$0.4 billion compared to last year's forecasts of \$13.5 billion
- MuniServices average annual short term growth rate decreased by 0.7 percent
- Average universities growth rates also decreased

Forecast Comparison – 2018 vs 2017

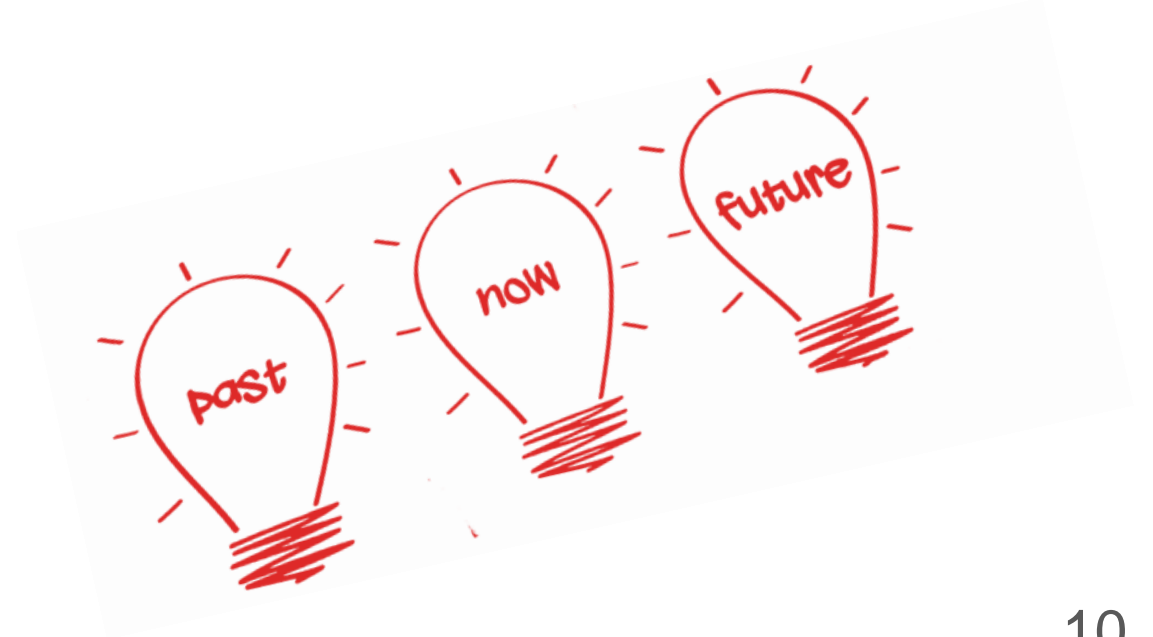


Reasons for anticipated decline in short-term

- Lower growth in general retail as online sales grow
- Growth in new auto sales to taper off
- New construction to taper off
- Information Technology infrastructure spending to decline from trend toward cloud and software applications

Reasons for anticipated decline in long-term

- Lower inflation
- Lower payroll job growth
- Lower population growth
- Higher migration outside of Orange County



Next Steps

- Incorporate forecast into OCTA's planning documents
 - Comprehensive Business Plan
 - Next 10 Update
- Determine impacts of forecast to M2 programs and projects
- Finalize forecast after remaining university presentations and after receiving final year-end actuals