



AGENDA

Finance and Administration Committee Meeting

Committee Members

Michael Hennessey, Chairman
Richard Murphy, Vice Chairman
Andrew Do
Gene Hernandez
Steve Jones
Joe Muller
Michelle Steel

Orange County Transportation Authority
Headquarters
Conference Room 07
550 South Main Street
Orange, California

Wednesday, November 11, 2020 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.

Guidance for Public Access to the Board of Directors/Committee Meeting

On March 12, 2020 and March 18, 2020, Governor Gavin Newsom enacted Executive Orders N-25-20 and N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public to promote social distancing due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19).

In accordance with Executive Order N-29-20, and in order to ensure the safety of the Orange County Transportation Authority (OCTA) Board of Directors (Board) and staff and for the purposes of limiting the risk of COVID-19, in-person public participation at public meetings of the OCTA will not be allowed during the time period covered by the above-referenced Executive Orders.

Instead, members of the public can listen to AUDIO live streaming of the Board and Committee meetings by clicking the below link:

<http://www.octa.net/About-OCTA/Who-We-Are/Board-of-Directors/Live-and-Archived-Audio/>



Guidance for Public Access to the Board of Directors/Committee Meeting (Continued)

Public comments may be submitted for the upcoming Board and Committee meetings by emailing them to boardofdirectors@octa.net.

If you wish to comment on a specific agenda Item, please identify the Item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

In order to ensure that staff has the ability to provide comments to the Board Members in a timely manner, please submit your public comments **30 minutes prior to the start time of the Board and Committee meeting date.**



Call to Order

Roll Call

Pledge of Allegiance

Director Do

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Items 2 through 8)

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

2. Approval of Minutes

Approval of the minutes of the Finance and Administration Committee meeting of October 28, 2020.

3. Audit of Banking Services and Agreement with Bank of the West, Internal Audit Report No. 20-507

Ricco Bonelli/Janet Sutter

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of banking services and Agreement No. C-7-2159, with Bank of the West. Based on the audit, controls, policies, and procedures over banking activities are generally adequate and operating, and Bank of the West is in compliance with the agreement. The Internal Audit Department offered two recommendations to further enhance controls related to bank-authorized signers and bank statement analyses.

Recommendation

Direct staff to implement two recommendations provided in the Audit of Banking Services and Agreement with Bank of the West, Internal Audit Report No. 20-507.



4. 91 Express Lanes Update for the Period Ending - September 30, 2020
Kirk Avila

Overview

The Orange County Transportation Authority has owned and managed the operations of the 91 Express Lanes since January 2003. Since that time, traffic volumes and toll revenues have fluctuated with the changes in the economy, additional capacity added to the State Route 91 corridor, and the recent coronavirus pandemic. Over the last quarter, there were approximately 3.4 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending September 30, 2020.

Recommendation

Receive and file as an information item.

5. Fiscal Year 2019-20 Fourth Quarter Budget Status Report
Anthony Baruch/Andrew Oftelie

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2019-20 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the fourth quarter of fiscal year 2019-20.

Recommendation

Receive and file as an information item.

6. Orange County Employees Retirement System Early Payment for Fiscal Year 2021-22
Robert Davis/Andrew Oftelie

Overview

The Orange County Employees Retirement System has offered an early payment discount to member agencies of 5.8 percent if they elect to prepay their contributions for fiscal year 2021-22. Advance payments must be received before January 15, 2021. The estimated savings for the Orange County Transportation Authority over the next year and a half under this payment option will total approximately \$1.3 million. Board of Directors' authorization is requested for the early payment option.



6. (Continued)

Recommendation

Authorize the early payment of approximately \$30.2 million by January 15, 2021, to the Orange County Employees Retirement System, for member contributions for fiscal year 2021-22.

7. Fiscal Year 2020-21 First 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 first quarter of fiscal year 2020-21, covering July through September 2020.

Recommendation

Receive and file as an information item.

8. Property Insurance Policy Renewal
Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority holds a property insurance policy with Zurich Insurance Company. This policy is scheduled to expire on December 1, 2020, and a renewal is necessary to maintain coverage.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A46200 in the amount of \$629,269, to Marsh Risk and Insurance Services, Inc., to purchase property insurance on behalf of the Orange County Transportation Authority with Zurich Insurance Company for the policy period of December 1, 2020 to December 1, 2021.



Regular Calendar

9. Excess Liability Insurance Renewal

Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority currently has excess liability insurance policies with Gemini Insurance Company and Princeton Excess and Surplus Lines Insurance Company. These policies will expire on December 1, 2020.

Recommendation

Authorize the Chief Executive Officer to fully self-insure for liability claims by allowing the excess liability insurance policies with Gemini Insurance Company and Princeton Excess and Surplus Lines Insurance Company to expire until such time the insurance market pricing is more favorable.

Discussion Items

10. Chief Executive Officer's Report

11. Committee Members' Reports

12. Closed Session

There are no Closed Session items scheduled.

13. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, December 9, 2020**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.



MINUTES

Finance and Administration Committee Meeting

Committee Members Present

Michael Hennessey, Chairman

Via Teleconference:

Richard Murphy, Vice Chairman

Andrew Do

Gene Hernandez

Steve Jones

Joe Muller

Michelle Steel

Staff Present

Darrell E. Johnson, Chief Executive Officer (CEO)

Jennifer L. Bergener, Deputy CEO

Andrew Oftelie, Chief Financial Officer

Laurena Weinert, Clerk of the Board

Gina Ramirez, Deputy Clerk of the Board

OCTA Staff

Via Teleconference:

James Donich, General Counsel

Committee Members Absent

None

Call to Order

Roll Call

The October 28, 2020, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:35 a.m.

Pledge of Allegiance

Director Jones led in the Pledge of Allegiance.

1. Public Comments

The Deputy Clerk of the Board stated that a public comment was received by the Clerk of the Board Department from Diana Kotler of Anaheim Transportation Network (ATN) on October 28, 2020, and was emailed to the F&A Committee at 8:51 a.m. The comment will be retained as part of the record for today's F&A Committee meeting.

Special Calendar

2. Investment Management Presentation

Andrew Oftelie, Chief Financial Officer (CFO), provided a brief biography and introduced Jayson Schmitt, Deputy Chief Investment Officer, and Mia Corral, Senior Relationship Manager from Chandler Asset Management, who presented a PowerPoint on the following:

- Economic Update;
- Employment;
- Initial Claims for Unemployment;

2. (Continued)

- Inflation;
- Consumer;
- Economic Activity;
- Housing;
- Manufacturing;
- Gross Domestic Product;
- Federal Reserve;
- Bond Yields;
- Account Profile;
- Objectives;
- Compliance;
- Portfolio Characteristics;
- Sector Distribution;
- Issuers;
- Quality Distribution; and
- Duration Distribution.

No action was taken on this information item.

Consent Calendar (Items 3 through 5)

3. Approval of Minutes

A motion was made by Director Muller, seconded by Committee Vice Chairman R. Murphy, and following a roll call vote, declared passed 7-0, to approve of the minutes of the Finance and Administration Committee meeting of October 14, 2020.

4. Employee Separations, Internal Audit Report No. 21-501

A motion was made by Director Muller, seconded by Committee Vice Chairman R. Murphy, and following a roll call vote, declared passed 7-0, to direct staff to implement the recommendations provided in Employee Separations, Internal Audit Report No. 21-501.

5. Update on the Loan Agreements with the Cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board

Committee Chairman Hennessey pulled this item to thank staff for bringing this item back to the F&A Committee for an update. He commented on how well the loans were performing and wants to ensure staff continues to track the loans as they go forward.

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



Regular Calendar

6. Orange County Transportation Authority Investment and Debt Programs Report - September 2020

Robert Davis, Department Manager of Treasury and Finance, noted at the September 23, 2020 F&A Committee meeting, direction was given to staff to make changes to I-8 and I-9 in Attachment A of the staff report.

Mr. Davis highlighted the two sections where investments had fallen below the Orange County Transportation Authority (OCTA) investment minimum criteria. Staff added language noting the securities that were downgraded or placed on negative credit watch during the period. Mr. Davis stated staff added a reference to Attachment A, Page eight, Rating Downgrades, and Page nine, Negative Credit Watch of the staff report are now within the dashboard and the Safety of Principal section. Staff also expanded Page 2 of the staff report, third paragraph, by adding language noting the debt program is separate from the investment program to differentiate the two programs.

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

Discussion Items

7. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer (CEO), reported on the following:

Silverado and Blue Ridge fires-

- This morning, the Silverado fire comprises more than 13,000 acres and is at 25 percent containment – full containment is not expected until approximately November 10, 2020.
- The Blue Ridge fire comprises more than 14,000 acres and is at 16 percent containment.
- Out of an abundance of caution, OCTA relocated all buses at the Sand Canyon Base in Irvine to the other bases.
- The fire threat is no longer an issue by the Sand Canyon Base, and staff is returning all those buses to Sand Canyon Base and resumed service this morning.
- Mr. Johnson, CEO, thanked all the OCTA and First Transit staff who helped with the efforts to move the buses.
- Staff is continuing to operate bus service throughout Orange County with minor delays, primarily due to detours and street closures.

7. (Continued)

- ACCESS and Same-Day Taxi service are both currently suspended in the affected fire areas. OCTA will resume those services once evacuation orders are lifted.
- The State Route 91 Express Lanes signs going westbound lost power for approximately nine hours on Monday, October 26, 2020. OCTA did not charge a toll for westbound drivers during that time.
- OCTA is monitoring land preserves and restoration projects in coordination with the environmental community and wildlife agencies. Some of OCTA's restoration projects likely incurred fire damage, but the full extent is unclear at this time.
- The Human Resources staff has been in regular contact with several employees who live in the affected areas who have voluntarily evacuated or are under mandatory evacuation.
- OCTA staff continue to stand ready to assist with any transportation needs and are actively involved in discussions in OCTA's role at the Orange County Operational Area Emergency Operations Center.
- OCTA continues to communicate important information to employees and the public by using all OCTA's regular channels per OCTA's Emergency Operations Plan and Crisis Communications Plan.
- OCTA's hearts go out to all who are impacted by these fires, particularly the two firefighters critically injured on Monday.

8. Committee Members' Reports

Committee Chairman Hennessey inquired on the letter OCTA received from ATN under agenda Item 1 that appeared to dispute OCTA's calculations and a portion of the Coronavirus Aid, Relief, and Economic Security Act funding for bus service.

Andrew Oftelie, Chief Financial Officer, responded ATN is making an argument about the methodology OCTA uses to determine the federal funds they receive.

Mr. Oftelie provided background on the following:

- How the Federal Transit Administration (FTA) captures the data.
- Reporting is done by mode of service separately for large bus service, paratransit, vanpools, and commuter rail.
- The FTA takes the money available and gives the funds to the Southern California Association of Governments (SCAG).
- SCAG allocates funds to OCTA who determines how much funding goes to each operator within Orange County.



8. (Continued)

- On May 27, 2020, the Amendment to the Cooperative Agreement with ATN was continued by staff. The F&A Committee directed staff to meet with ATN and return to a future F&A Committee meeting for consideration.
- ATN and OCTA agreed to work on a letter to ask the FTA to be a neutral arbitrator and if the FTA had an opinion on a more appropriate way to calculate the monies.
- The FTA inquired if both OCTA and ATN agreed on the specific question and the letter's content.
- The FTA responded that OCTA was under no obligation to provide any funds or have any formula.
- OCTA believes the methodology used to calculate the funds is fair and reasonable.

Committee Chairman Hennessey inquired if OCTA staff had discussed this matter with SCAG.

Mr. Oftelie stated OCTA staff did speak to SCAG and requested they look at OCTA's calculations. SCAG agreed with the way OCTA calculates the funds. He also said OCTA staff researched other counties' methodology and found not all agencies provide or give a percentage of the funding. Some agencies use a competitive process.

Mr. Johnson, CEO, stated staff would be happy to discuss the outstanding issue with Ms. Kotler at ATN. However, OCTA believes there is no further action required on this issue.

Director Hernandez inquired if OCTA has any obligation to provide any monies to these vendors.

Mr. Oftelie responded that OCTA is under no obligation to provide any of these funds to sub-recipients.

9. Closed Session

There were no Closed Session items scheduled.



10. Adjournment

The meeting was adjourned at 11:13 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, November 11, 2020**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Michael Hennessey
Committee Chairman



November 11, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Audit of Banking Services and Agreement with Bank of the West,
Internal Audit Report No. 20-507

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of banking services and Agreement No. C-7-2159, with Bank of the West. Based on the audit, controls, policies, and procedures over banking activities are generally adequate and operating, and Bank of the West is in compliance with the agreement. The Internal Audit Department offered two recommendations to further enhance controls related to bank-authorized signers and bank statement analyses.

Recommendation

Direct staff to implement two recommendations provided in the Audit of Banking Services and Agreement with Bank of the West, Internal Audit Report No. 20-507.

Background

The Orange County Transportation Authority (OCTA) utilizes Bank of the West (BoW) for daily commercial banking services, under Agreement No. C-7-2159 (Agreement). These services include deposits of 91 Express Lanes receipts, credit sales of bus passes, farebox collection deposits, issuance of employee payroll, payments to vendors, and investment activities. The Agreement, executed on August 31, 2018, is for a five-year period, with a maximum obligation of \$277,000. The Agreement lists specific pricing for each OCTA account, as well as fees for various banking services.

OCTA's control environment related to banking services includes policies and procedures, segregation of duties, and system access controls for banking services.

OCTA policy states that individuals authorizing vendor payments are responsible for ensuring that charges comply with contract terms, such as unit fees. With regard to bank service fees, rather than generate an invoice, BofW provides an Analyzed Business Account Statement (Statement), that lists the fees for services provided. The fees are automatically deducted from OCTA's account balance. The Statements are reviewed and approved by authorized personnel. Bank reconciliations of all BofW accounts are also performed monthly, and variances are investigated.

User access controls are in place to restrict banking services to key personnel based on their job duties. The BofW Deposit Account Signature Card lists the names of OCTA personnel authorized to conduct business on behalf of OCTA. For online banking services, the level of access assigned to each user is based on job duties. Two users are required to execute wire transfer and Automated Clearing House transactions.

Discussion

The current process for reviewing the monthly BofW Statements includes an evaluation of the fees charged to determine whether total fees are consistent from month to month, and variances are investigated. Staff asserted that a detailed review of the unit fees charged, compared to the Agreement, is performed annually, however, these reviews are not documented. The Internal Audit Department (Internal Audit) recommended that management develop procedures to document the monthly and annual review processes. Management agreed and stated they would develop a procedure to document the monthly and annual review processes and include evidence of any investigations conducted.

The BofW Signature Card (Signature Card), that lists the names of personnel authorized to conduct business on behalf of OCTA, was not updated in a timely manner. Per the Signature Card, authorized individuals can conduct transactions on all current and future OCTA accounts, including signing checks, and withdrawal of cash or transfer of funds. The Deputy Chief Executive Officer retired on March 14, 2020; however, the Signature Card was not updated until April 14, 2020. Internal Audit recommended that management implement a procedure to ensure timely updates to the Signature Card and explore options to further enhance the control environment related to cash withdrawals by authorized personnel. Management agreed and indicated they would develop a

procedure to ensure timely update of the Signature Card and would work with BofW to implement tools to further enhance controls over cash withdrawals, if available.


Summary

Internal Audit has completed an audit of banking services and the Agreement with BofW and has made two recommendations to enhance controls.

Attachment

- A. Audit of Banking Services and Agreement with Bank of the West, Internal Audit Report No. 20-507

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



Audit of Banking Services and Agreement with Bank of the West

Internal Audit Report No. 20-507

October 21, 2020



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

RTB

Distributed to: Andrew Oftelie, Chief Financial Officer, Finance & Administration
Sean Murdock, Benjamin Torres

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Audit of Banking Services and Agreement with Bank of the West
October 21, 2020**

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Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of controls related to banking services and Agreement No. C-7-2159 (agreement), with Bank of the West (BofW). Based on the audit, controls, policies, and procedures over banking activities are generally adequate and operating, and BofW is in compliance with the agreement. Two recommendations were offered to further enhance controls related to bank authorized signers and bank statement analyses.

Background

Banking Services

OCTA utilizes BofW for daily commercial banking services, under the agreement. These services include deposits of 91 Express Lanes (91 EL) receipts, credit sales of bus passes, farebox collection deposits, issuance of employee payroll, payments to vendors, and investment activities. OCTA maintains a single concentration account with three zero balance accounts (ZBA) for services related to payroll, accounts payable, and the 91 EL toll revenues. There are also two reserve accounts, the 91 EL Toll Road Revenue Bonds Major Maintenance Reserve Fund and the 91 EL Toll Road Revenue Bonds Operating Reserve Fund. Finally, there is a master custodial account established between OCTA and the Riverside County Transportation Commission designated as the 91 EL Account.

Contract Terms

The agreement, executed on August 31, 2018, is for a five-year period, with an option to extend the agreement for an additional three years. The maximum obligation of the agreement is \$277,000 for the initial five-year term. BofW's fee structure, outlined in the agreement, lists specific pricing for each OCTA account (concentration, ZBAs, reserve, and master custodial) as well as online banking services known as Web Direct.

A BofW Analyzed Business Account Statement (Statement) is utilized to authorize the journal entry to record the banking fees, which are netted against an Earnings Credit, or interest, earned by OCTA during the month. The net fees are automatically deducted by BofW from OCTA's account balance.

Statement Review and Payment Authorization

On a monthly basis, OCTA downloads the BofW Statement for 91 EL operations (91 EL Master Custodial Account and 91 EL Toll Revenues Account). On a quarterly basis, OCTA downloads the BofW Statement for general banking services, which includes the concentration account, Accounts Payable account, Payroll account, Petty Cash account, the 91 EL Toll Road Revenue Bonds Major Maintenance Fund account, and 91 EL Toll

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Road Revenue Bonds Operating Reserve account. The Statements, reflecting all fees applied, are reviewed for reasonableness and approved by authorized personnel.

Bank Reconciliations

Bank reconciliations are performed on all BofW accounts by Accounting and Financial Reporting staff on a monthly basis, and variances between the statements and the general ledger are investigated. OCTA policy requires all reconciliations to be reviewed and approved by the preparer's supervisor and to be completed by the end of the following month.

ACH Payments

Automated Clearing House (ACH) is a United States financial network used for electronic payments and money transfers. Also known as "direct payments," ACH payments are a way to transfer money from one bank account to another without using paper checks, credit card networks, wire transfers, or cash. OCTA utilizes ACH payments for processing payroll payments to employees and members of the Board of Directors (Board) who have elected to receive payment by direct deposit. OCTA has also recently implemented a process to pay vendors and employees/Board members for business reimbursements using ACH payments.

Both processes are similar in nature with controls in place, such as segregation of duties, automated electronic ACH file transmissions, and manual control total checks, to ensure that the payments are accurate. For both processes, notifications are received from BofW when the electronic ACH file is received from OCTA and again when the control total amount is manually submitted into the BofW ACH site matching the ACH file control total.

Authorization and User Access

Banking services, performed on behalf of OCTA, is limited to key personnel based on their job duties. One vehicle of authorization is the BofW Deposit Account Signature Card, which lists the names of OCTA personnel authorized to conduct business on behalf of OCTA. The authorizations granted to the named individuals include authorization to conduct transactions on all current and future accounts, sign checks, withdraw or transfer funds, endorse, and deposit checks. BofW is obliged to honor checks, drafts, or other orders for the payment of money drawn in OCTA's name, including those payable to the individual order of any designated signer.

Web Direct, a service provided by BofW, is an online portal that provides for a range of banking services including ACH payments and wire transfers. The level of user access assigned to each user is based on his or her individual job duties. Access rights to initiate and/or approve wire transfers and ACH payments via the Web Direct portal are limited to five personnel. Each wire transfer or ACH transaction requires two users to perform the

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transaction, with one user required to set-up or initiate the transfer and another user to approve or release the funds.

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Objectives, Scope, and Methodology

The objectives were to assess and test controls, policies, and procedures related to banking services, and to determine compliance with the agreement between OCTA and BofW.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring.¹ The components and principles that were evaluated as part of this audit are:

- Control Environment
 - OCTA demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Risk Assessment
 - OCTA considers the potential for fraud in assessing risks to the achievement of objectives.
- Control Activities
 - OCTA selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
 - OCTA selects and develops general control activities over technology to support the achievement of objectives.
 - OCTA deploys control activities through policies that establish what is expected and procedures that put policies into action.
- Information and Communication
 - OCTA obtains or generates and uses relevant, quality information to support the functioning of internal control.
- Monitoring
 - OCTA evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate.

The methodology consisted of testing a judgmental sample of monthly statements for compliance with invoice review and payment authorization policies and procedures, assessing user access rights to the BofW Web Direct system for appropriateness, testing the adequacy and effectiveness of controls over a judgmental sample of ACH payments, testing a judgmental sample of bank reconciliations for compliance with policies and procedures, assessing whether personnel listed on the BofW Deposit Account Signature Card are appropriate and consistent with OCTA policy, and determining whether

¹ See United States Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

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executive management and members of the Board received communications on the results of the annual Independent Accountant's Report on Applying Agreed-Upon Procedures with Respect to the Treasury Department, Report on Internal Controls, and other required communications.

The scope was limited to compliance with OCTA policies related to banking services and the agreement between OCTA and BofW, and related controls. With respect to banking services related to the 91 EL operations accounts, 91 EL Master Custodial Account, and the 91 EL Toll Revenues Account, which were recently audited in Internal Audit Report No. 19-514, "91 Express Lanes Master Custodial Account and Revenue Allocation", the scope was limited to bank reconciliation and monthly statement testing. Testing of traditional wire transfers and related controls were not included in the scope due to testing performed in the semi-annual Investments: Compliance, Controls, and Reporting audit. The scope included payments for banking services made to BofW, bank reconciliations, and ACH payments from August 2018 to June 2020. For communications to executive management and members of the Board, the scope was limited to communications made for the past two fiscal years ending June 30, 2019. The judgmental samples were selected to provide coverage throughout the period. Since the samples selected were non-statistical, any conclusions are limited to the sample items tested.

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

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Audit Comments, Recommendations, and Management Responses

Monthly Reviews of Bank Statements and Annual Analysis of Bank Fees

There are no procedures in place requiring a detailed review of the fees charged to OCTA by BofW.

The OCTA Payment Authorization Policy states that individuals authorizing payments are responsible for ensuring that payments pursuant to a contract comply with applicable terms, including unit rates, period of performance, contract balance, and receipt of goods and services.

The current process determines whether the available contract balance is sufficient and whether the total fees are consistent from month to month. Any noticeable variances are investigated on a line by line basis. Staff asserted that, on an annual basis, Accounting and Financial Reporting staff perform a line-by-line review confirming each fee to the agreement; however, these reviews are not documented.

Recommendation 1:

Internal Audit recommends that management develop procedures to document the monthly and annual review process and any additional investigations conducted. All documentation should be maintained as evidence of the review performed.

Management Response:

Management concurs. The Accounting Department will develop a procedure to document the monthly and annual review process and any additional investigation conducted. Documentation will be attached to the payment request and to the journal entry used to record the fees to confirm that the review process was completed as required.

Bank of the West Signature Card

OCTA did not update the BofW Signature Card (signature card) in a timely manner. The signature card lists the names of OCTA personnel authorized to conduct business on behalf of OCTA. The authorizations granted to the named individuals include authorization to conduct transactions on all current and future accounts, sign checks, withdraw or transfer funds, endorse, and deposit checks. Per the signature card, BofW is obliged to honor checks, drafts, or other orders for the payment of money drawn in OCTA's name, including those payable to the individual order of any designated signer.

The Deputy Chief Executive Officer retired on March 14, 2020; however, the signature card was not updated until April 14, 2020.

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Recommendation 2:

Management should implement a procedure to ensure timely update to the bank signature card to reflect changes in employment status and/or organizational structure. Management should explore implementing controls to further enhance the control environment related to cash withdrawals by authorized personnel.

Management Response:

Management concurs. The Accounting Department will develop a procedure to ensure timely updates to the bank signature card as required. The goal of this procedure will be to ensure the signature card is updated prior to the effective date of the change to the authorized signers.

The Accounting Department will work with BofW on the implementation of tools and/or procedures to improve controls related to cash withdrawals, if available.



November 11, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending -
September 30, 2020

Overview

The Orange County Transportation Authority has owned and managed the operations of the 91 Express Lanes since January 2003. Since that time, traffic volumes and toll revenues have fluctuated with the changes in the economy, additional capacity added to the State Route 91 corridor, and the recent coronavirus pandemic. Over the last quarter, there were approximately 3.4 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending September 30, 2020.

Recommendation

Receive and file as an information item.

Background

Since January 2003, the Orange County Transportation Authority (OCTA) has owned the 91 Express Lanes (91 EL), which is a two-lane managed lane facility in each direction in the median of the State Route 91 (SR-91) freeway. During OCTA ownership, toll rates have been adjusted up and down, additional capacity has been added to the general-purpose lanes in the SR-91 corridor through various improvement projects, the outstanding debt has been restructured, and an extension of the facility was completed by the Riverside County Transportation Commission (RCTC).

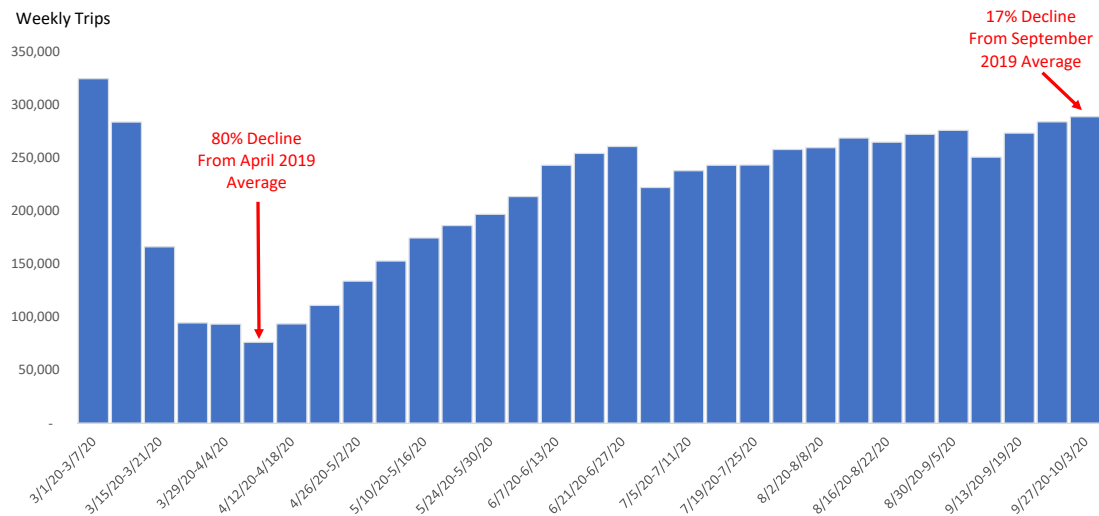
In addition to these events, most recently the 91 EL has experienced the impacts of the coronavirus (COVID-19) pandemic and California Governor Newsom's stay-at-home order. State and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel in an effort to slow the spread of COVID-19. These efforts

91 Express Lanes Update for the Period Ending - Page 2 September 30, 2020

caused the economy to slow and have resulted in decreases in traffic volumes and toll revenues.

Discussion

Since early April 2020, traffic volumes and revenues have been gradually increasing on various managed lane and toll facilities across the Southern California region. At the lowest point in April 2020, traffic volumes on the 91 EL dropped 80 percent from the levels reached in 2019. By the last full week in September, traffic volumes were down only 17 percent from the same period in 2019. The graph below shows the weekly changes in traffic volumes since the beginning of March 2020 through the end of the quarter ending period of September 2020. A graph of toll revenues would show a trend for the seven-month period.



Traffic Volumes

Total traffic volume on the OCTA 91 EL for the month of September 2020 was 1,172,239. This represents a daily average of 39,075. This is a 20.7 percent decrease in total traffic volume from the same period last year when traffic levels totaled 1,477,581. Carpool percentage for the period ending September was 21.6 percent. In looking at the quarter-ending period of September 2020, traffic volumes registered 3.4 million, which was a decrease of 25.2 percent over the same period the prior year. For the 12-month period ending September 2020, traffic volumes totaled 13.8 million and decreased by 21.6 percent over the same period the prior year. The decrease in traffic volumes during the last month, quarter, and 12 months are attributed to the stay-at-home order.

Gross Potential Toll Revenues (GPTR)

GPTR for the month of September 2020 was \$3,823,078, which represents a decrease of 13.9 percent from the prior year's total of \$4,440,347. GPTR is equal to the toll rate times the number of vehicles traveling on the 91 EL (the amount does not consider violations or discounts). In looking at the previous 12 months, GPTR totaled \$44 million and decreased by 15.7 percent over the same period the prior year.

Toll Adjustments

The Board of Directors (Board)-adopted Toll Policy requires staff to review traffic volumes on the Orange County segment of the 91 EL for potential toll adjustments on a quarterly basis. The most recent toll adjustment occurred on July 1, 2020, whereby 16 peak period hours were decreased by \$0.50. In addition, the automatic two percent cost-of-living adjustment that was scheduled for the same date was waived for the fiscal year because of the financial hardships faced by many Southern Californian residents and customers. As of the end of September 2020, toll rates ranged from a minimum of \$1.70 to a maximum of \$8.15. The next scheduled toll adjustment will occur on October 1, 2020.

Number of Accounts and Transponders

The number of active accounts totaled 151,250, and 362,194 transponders were assigned to those accounts as of September 30, 2020. Over the past 12 months, the number of accounts has increased by 1,444, and the number of transponders in circulation has increased by 133,758. The large increase in transponders is due to the distribution of 6C transponders to customers.

Outstanding Debt

During the month of August 2020, a debt service payment for principal was made to investors in the amount of \$6.4 million. As of September 30, 2020, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$85.3 million. The Bonds are rated "AA-" by Standard and Poor's, "A1" by Moody's, and "A+" by Fitch Ratings. The next scheduled debt service payment is on February 15, 2021. There are currently no plans to issue additional debt secured by 91 EL toll revenues.

Reserve Funds

The bond indenture for the 2013 Bonds requires three reserve funds: a major maintenance fund, an operating fund, and a debt service reserve fund. All three funds are fully funded with a total balance of \$25.3 million as of September 30, 2020.

In addition to the required debt reserve funds, the OCTA Board elected to establish two additional reserve funds. An internal capital projects fund has a balance of \$25 million and is used for large capital projects for the 91 EL such as pavement rehabilitation and back-office systems. The other reserve fund was established in 2017 for two future Measure M2 projects on the SR-91 corridor. The balance in that reserve fund is \$57.1 million. Lastly, OCTA has approximately \$99.5 million set aside in excess toll revenues for various other SR-91 corridor projects.

Recent Activities

Last quarter, the Board approved the temporary waiver of monthly account maintenance fees and the temporary modification of the 91 EL Toll Policy, which included the removal of automatic toll rate increases. Both changes ended on September 30, 2020 and effective October 1, 2020, monthly account maintenance fees resumed.

The transition to 6C transponders and account plans continued with multiple emails being sent and phone calls made to convert customers to the new structure and provide them with the new transponders. It is envisioned that the distribution of transponders to all customers will take place over several months.

Upcoming Events

Over the next few months, several activities will be transpiring related to the 91 EL. OCTA will be contracting with the California Department of Transportation to provide construction and construction management services for the 91 EL Toll Entrance Gantries Infrastructure project. This project includes constructing new toll gantry infrastructures at the three entrances of the 91 EL. Construction of the gantries is scheduled to begin early 2021 and is expected to be completed in mid-2021. The schedule has been delayed by a few months as a result of preparing the final design/construction package and awaiting the final comments from our project partners. The new toll gantries will house new electronic toll and traffic management system equipment. Once the toll gantries have been constructed, Kapsch TrafficCom USA (Kapsch) will commence installation of the

new equipment. Kapsch will also begin replacement of the closed-circuit television cameras along the SR-91 corridor.

Additionally, staff will be seeking Board approval for the selection of a provider for roadside services for the 91 EL. The contracted services are anticipated to commence in July 2021.

Summary

An operational report for the 91 EL for the period ending September 30, 2020, is provided for Board review. The report provides a summary of key operational and financial activities.

Attachment

- A. 91 Express Lanes Status Report, September 2020

Prepared by:



Kirk Avila
General Manager,
Express Lanes Programs
(714) 560-5674



**Orange County Transportation Authority
Riverside County Transportation Commission**



Status Report
September 2020

As of September 30, 2020

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OPERATIONS OVERVIEW OCTA

TRAFFIC AND REVENUE STATISTICS FOR OCTA

Total traffic volume on the 91 Express Lanes for September 2020 was 1,172,239. This represents a daily average of 39,075 vehicles. This is a 20.7 percent decrease in total traffic volume from the same period last year, which totaled 1,477,581. Potential toll revenue for September was \$3,823,078, which represents a decrease of 13.9 percent from the prior year's total of \$4,440,347. Carpool percentage for September was 21.6 percent as compared to the previous year's rate of 25.9 percent. The decreases are attributed to the coronavirus (COVID-19) pandemic and California Governor Newsom's orders for residents to stay-at-home and refrain from non-essential travel.

Month-to-date traffic and revenue data is summarized in the table below. The following trip and revenue statistics tables represent all trips taken on the OCTA 91 Express Lanes and associated potential revenue for the month of September 2020.

Current Month-to-Date (MTD) as of September 30, 2020

Trips	Sep-20 MTD Actual	Sep-19 MTD Actual	Yr-to-Yr % Variance
Full Toll Lanes	919,568	1,095,487	(16.1%)
3+ Lanes	252,671	382,094	(33.9%)
Total Gross Trips	1,172,239	1,477,581	(20.7%)
Revenue			
Full Toll Lanes	\$3,770,761	\$4,373,645	(13.8%)
3+ Lanes	\$52,317	\$66,703	(21.6%)
Total Gross Revenue	\$3,823,078	\$4,440,347	(13.9%)
Average Revenue per Trip			
Average Full Toll Lanes	\$4.10	\$3.99	\$0.03
Average 3+ Lanes	\$0.21	\$0.17	\$0.24
Average Gross Revenue	\$3.26	\$3.01	\$0.08

The 2021 fiscal year-to-date traffic volume decreased by 25.2 percent and potential toll revenue decreased by 18.2 percent, when compared with the same period last year. Year-to-date average revenue per trip is \$3.24.

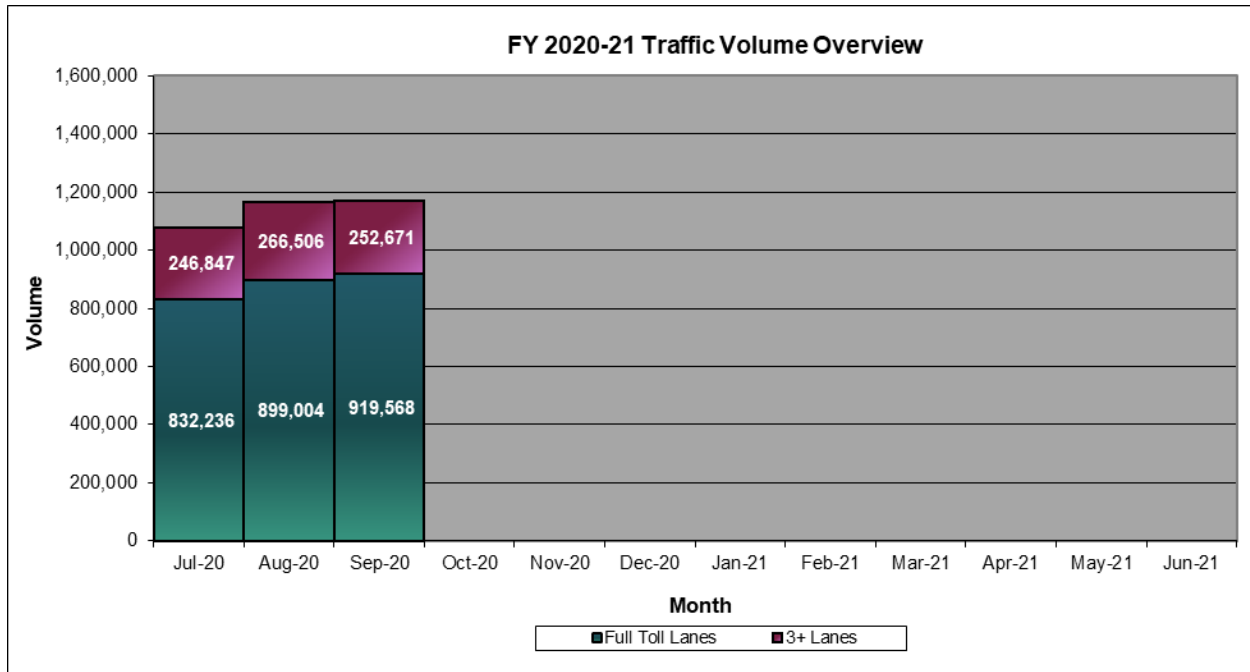
Fiscal year-to-date traffic and revenue data are summarized in the table below. The following trip and revenue statistics tables represent all trips taken on the OCTA 91 Express Lanes and associated potential revenue for the months of July 2020 through September 2020.

Fiscal Year (FY) 2020-21 Year-to-Date (YTD) as of September 30, 2020

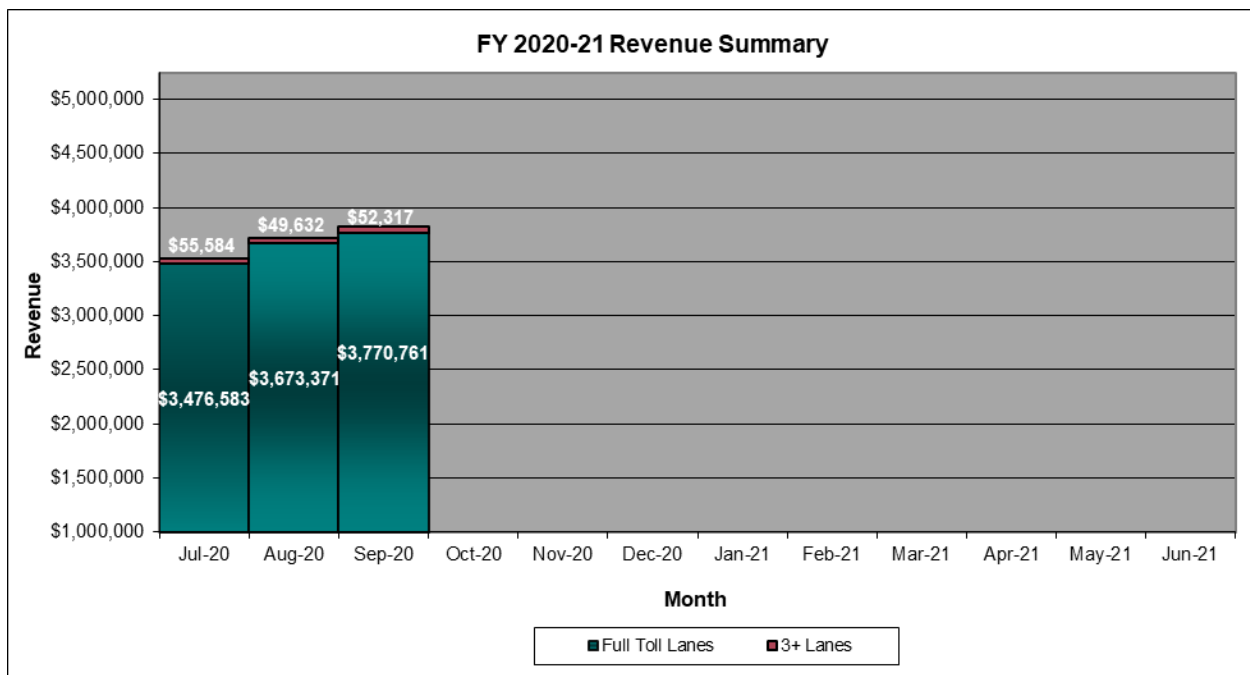
	FY 2020-21 YTD Actual	FY 2019-20 YTD Actual	Yr-to-Yr % Variance
Trips			
Full Toll Lanes	2,650,808	3,332,174	(20.4%)
3+ Lanes	766,024	1,237,000	(38.1%)
Total Gross Trips	3,416,832	4,569,174	(25.2%)
Revenue			
Full Toll Lanes	\$10,920,716	\$13,331,495	(18.1%)
3+ Lanes	\$157,534	\$218,945	(28.0%)
Total Gross Revenue	\$11,078,250	\$13,550,440	(18.2%)
Average Revenue per Trip			
Average Full Toll Lanes	\$4.12	\$4.00	3.0%
Average 3+ Lanes	\$0.21	\$0.18	16.7%
Average Gross Revenue	\$3.24	\$2.97	9.1%

OCTA Traffic and Revenue Summary

The chart below reflects the total trips breakdown between full toll trips and high-occupancy vehicle (HOV3+) trips for FY 2020-21 on a monthly basis.



The chart below reflects the gross potential revenue breakdown between full toll trips and HOV3+ trips for FY 2020-21 on a monthly basis.



OCTA EASTBOUND PEAK-HOUR VOLUMES

Peak-hour traffic in the eastbound direction reached or exceeded 90 percent of defined capacity seven times during the month of September 2020. As demonstrated on the next chart, westbound peak-hour traffic volumes top out at 68 percent of defined capacity.

PM Time	Monday 08/31/20				Tuesday 09/01/20				Wednesday 09/02/20				Thursday 09/03/20				Friday 09/04/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
1400 - 1500					\$5.15	382	2,850	84%	\$5.15	373	2,871	84%	\$6.95	422	2,700	79%	\$7.35	576	3,075	90%
1500 - 1600					\$5.25	522	2,859	84%	\$7.25	508	2,942	87%	\$6.25	526	3,253	96%	\$8.15	659	2,783	82%
1600 - 1700					\$5.00	357	2,976	88%	\$7.00	339	2,802	82%	\$7.30	421	2,958	87%	\$7.95	454	2,766	81%
1700 - 1800					\$4.90	373	2,706	80%	\$5.90	393	2,929	86%	\$7.70	396	2,709	80%	\$6.55	435	2,514	74%
1800 - 1900					\$3.95	328	2,009	59%	\$3.95	364	2,127	63%	\$4.35	452	2,323	68%	\$6.55	517	2,176	64%
1900 - 2000					\$3.85	261	1,059	31%	\$3.85	301	1,288	38%	\$5.60	336	1,424	42%	\$6.05	475	1,703	50%

PM Time	Monday 09/07/20				Tuesday 09/08/20				Wednesday 09/09/20				Thursday 09/10/20				Friday 09/11/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
1400 - 1500	\$5.15	281	816	24%	\$5.15	346	2,594	76%	\$5.15	361	2,799	82%	\$6.95	413	2,810	83%	\$7.35	560	3,272	96%
1500 - 1600	\$5.50	314	802	24%	\$5.25	454	2,642	78%	\$7.25	491	3,014	89%	\$6.25	518	3,530	104%	\$8.15	596	2,683	79%
1600 - 1700	\$4.85	269	776	23%	\$5.00	360	2,918	86%	\$7.00	331	2,865	84%	\$7.30	431	2,959	87%	\$7.95	399	2,781	82%
1700 - 1800	\$4.80	291	769	23%	\$4.90	389	2,734	80%	\$5.90	386	2,875	85%	\$7.70	380	2,662	78%	\$6.55	467	2,841	84%
1800 - 1900	\$5.50	339	707	21%	\$3.95	364	2,004	59%	\$3.95	393	2,138	63%	\$4.35	400	2,150	63%	\$6.55	429	1,994	59%
1900 - 2000	\$3.85	369	748	22%	\$3.85	240	1,003	30%	\$3.85	261	1,156	34%	\$5.60	305	1,181	35%	\$6.05	449	1,579	46%

PM Time	Monday 09/14/20				Tuesday 09/15/20				Wednesday 09/16/20				Thursday 09/17/20				Friday 09/18/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
1400 - 1500	\$5.15	342	2,454	72%	\$5.15	351	2,782	82%	\$5.15	388	2,750	81%	\$6.95	430	2,824	83%	\$7.35	516	3,206	94%
1500 - 1600	\$5.50	486	2,937	86%	\$5.25	508	2,825	83%	\$7.25	511	2,881	85%	\$6.25	529	3,273	96%	\$8.15	578	2,669	79%
1600 - 1700	\$4.85	371	2,923	86%	\$5.00	299	2,870	84%	\$7.00	376	2,894	85%	\$7.30	392	2,848	84%	\$7.95	428	2,774	82%
1700 - 1800	\$4.80	362	2,581	76%	\$4.90	390	2,797	82%	\$5.90	384	2,798	82%	\$7.70	392	2,547	75%	\$6.55	475	2,897	85%
1800 - 1900	\$5.50	338	1,705	50%	\$3.95	356	2,048	60%	\$3.95	422	2,294	67%	\$4.35	428	2,593	76%	\$6.55	502	2,279	67%
1900 - 2000	\$3.85	255	927	27%	\$3.85	237	1,010	30%	\$3.85	325	1,225	36%	\$5.60	362	1,432	42%	\$6.05	476	1,812	53%

PM Time	Monday 09/21/20				Tuesday 09/22/20				Wednesday 09/23/20				Thursday 09/24/20				Friday 09/25/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
1400 - 1500	\$5.15	364	2,497	73%	\$5.15	403	2,843	84%	\$5.15	379	2,750	81%	\$6.95	435	2,997	88%	\$7.35	375	2,108	62%
1500 - 1600	\$5.50	417	2,850	84%	\$5.25	512	2,738	81%	\$7.25	509	2,868	84%	\$6.25	506	3,250	96%	\$8.15	648	2,682	79%
1600 - 1700	\$4.85	257	1,928	57%	\$5.00	360	3,021	89%	\$7.00	374	3,017	89%	\$7.30	402	2,851	84%	\$7.95	449	2,760	81%
1700 - 1800	\$4.80	387	3,002	88%	\$4.90	360	2,755	81%	\$5.90	394	2,656	78%	\$7.70	379	2,427	71%	\$6.55	522	2,924	86%
1800 - 1900	\$5.50	385	1,938	57%	\$3.95	416	2,189	64%	\$3.95	380	2,279	67%	\$4.35	468	2,613	77%	\$6.55	561	2,607	77%
1900 - 2000	\$3.85	262	948	28%	\$3.85	249	1,078	32%	\$3.85	332	1,259	37%	\$5.60	375	1,493	44%	\$6.05	504	1,946	57%

PM Time	Monday 09/28/20				Tuesday 09/29/20				Wednesday 09/30/20				Thursday 10/01/20				Friday 10/02/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
1400 - 1500	\$5.15	348	2,474	73%	\$5.15	375	2,858	84%	\$5.15	420	3,019	89%								
1500 - 1600	\$5.50	487	3,006	88%	\$5.25	498	2,622	77%	\$7.25	518	2,693	79%								
1600 - 1700	\$4.85	334	2,866	84%	\$5.00	361	3,082	91%	\$7.00	326	2,731	80%								
1700 - 1800	\$4.80	381	2,744	81%	\$4.90	376	2,813	83%	\$5.90	394	2,692	79%								
1800 - 1900	\$5.50	348	1,734	51%	\$3.95	378	2,285	67%	\$3.95	453	2,661	78%								
1900 - 2000	\$3.85	253	988	29%	\$3.85	294	1,113	33%	\$3.85	320	1,340	39%								

OCTA WESTBOUND PEAK-HOUR VOLUMES

AM Time	Monday 08/31/20				Tuesday 09/01/20				Wednesday 09/02/20				Thursday 09/03/20				Friday 09/04/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
0400 - 0500					\$3.05	485	1,879	55%	\$3.05	453	1,648	48%	\$3.05	455	1,563	46%	\$3.05	310	1,040	31%
0500 - 0600					\$4.95	567	2,216	65%	\$4.95	543	1,967	58%	\$4.95	532	1,986	58%	\$4.70	443	1,845	54%
0600 - 0700					\$5.15	296	1,805	53%	\$5.15	326	1,946	57%	\$5.15	308	1,829	54%	\$4.95	238	1,577	46%
0700 - 0800					\$5.65	251	1,940	57%	\$5.65	234	1,841	54%	\$5.65	267	1,985	58%	\$5.50	218	1,528	45%
0800 - 0900					\$5.15	135	1,624	48%	\$5.15	143	1,654	49%	\$5.15	188	1,647	48%	\$4.95	158	1,244	37%
0900 - 1000					\$4.10	120	1,165	34%	\$4.10	133	1,274	37%	\$4.10	179	1,597	47%	\$4.10	186	1,273	37%

AM Time	Monday 09/07/20				Tuesday 09/08/20				Wednesday 09/09/20				Thursday 09/10/20				Friday 09/11/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
0400 - 0500	\$3.05	46	98	3%	\$3.05	455	1,600	47%	\$3.05	452	1,630	48%	\$3.05	437	1,480	44%	\$3.05	362	1,265	37%
0500 - 0600	\$4.95	38	104	3%	\$4.95	549	2,125	63%	\$4.95	566	2,024	60%	\$4.95	539	1,993	59%	\$4.70	480	1,907	56%
0600 - 0700	\$5.15	44	117	3%	\$5.15	277	1,748	51%	\$5.15	332	1,971	58%	\$5.15	311	1,888	56%	\$4.95	318	1,689	50%
0700 - 0800	\$5.65	61	177	5%	\$5.65	276	1,895	56%	\$5.65	233	1,950	57%	\$5.65	242	1,863	55%	\$5.50	236	1,610	47%
0800 - 0900	\$5.15	112	368	11%	\$5.15	163	1,712	50%	\$5.15	148	1,622	48%	\$5.15	150	1,505	44%	\$4.95	146	1,267	37%
0900 - 1000	\$4.10	286	753	22%	\$4.10	159	1,296	38%	\$4.10	120	1,268	37%	\$4.10	134	1,225	36%	\$4.10	136	1,171	34%

AM Time	Monday 09/14/20				Tuesday 09/15/20				Wednesday 09/16/20				Thursday 09/17/20				Friday 09/18/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
0400 - 0500	\$3.05	439	1,629	48%	\$3.05	437	1,509	44%	\$3.05	456	1,564	46%	\$3.05	452	1,526	45%	\$3.05	379	1,172	34%
0500 - 0600	\$4.95	530	2,072	61%	\$4.95	612	2,307	68%	\$4.95	553	2,103	62%	\$4.95	561	2,062	61%	\$4.70	506	1,904	56%
0600 - 0700	\$5.15	291	1,855	55%	\$5.15	288	1,801	53%	\$5.15	306	1,965	58%	\$5.15	324	1,890	56%	\$4.95	296	1,771	52%
0700 - 0800	\$5.65	201	1,644	48%	\$5.65	252	2,064	61%	\$5.65	260	1,904	56%	\$5.65	265	1,989	59%	\$5.50	236	1,683	50%
0800 - 0900	\$5.15	134	1,557	46%	\$5.15	153	1,835	54%	\$5.15	172	1,708	50%	\$5.15	165	1,667	49%	\$4.95	150	1,423	42%
0900 - 1000	\$4.10	121	1,045	31%	\$4.10	120	1,358	40%	\$4.10	145	1,249	37%	\$4.10	138	1,278	38%	\$4.10	178	1,194	35%

AM Time	Monday 09/21/20				Tuesday 09/22/20				Wednesday 09/23/20				Thursday 09/24/20				Friday 09/25/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
0400 - 0500	\$3.05	457	1,540	45%	\$3.05	486	1,558	46%	\$3.05	419	1,539	45%	\$3.05	446	1,495	44%	\$3.05	414	1,390	41%
0500 - 0600	\$4.95	547	2,071	61%	\$4.95	591	2,252	66%	\$4.95	566	2,059	61%	\$4.95	546	2,058	61%	\$4.70	491	1,950	57%
0600 - 0700	\$5.15	308	1,829	54%	\$5.15	288	1,869	55%	\$5.15	331	1,939	57%	\$5.15	292	1,852	54%	\$4.95	310	1,845	54%
0700 - 0800	\$5.65	248	1,893	56%	\$5.65	281	2,003	59%	\$5.65	267	1,948	57%	\$5.65	264	1,877	55%	\$5.50	281	1,841	54%
0800 - 0900	\$5.15	164	1,653	49%	\$5.15	156	1,581	47%	\$5.15	154	1,614	47%	\$5.15	168	1,622	48%	\$4.95	192	1,573	46%
0900 - 1000	\$4.10	135	1,198	35%	\$4.10	131	1,231	36%	\$4.10	159	1,499	44%	\$4.10	165	1,289	38%	\$4.10	232	1,615	48%

AM Time	Monday 09/28/20				Tuesday 09/29/20				Wednesday 09/30/20				Thursday 10/01/20				Friday 10/02/20			
	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.	Price	HOV	Vol.	Cap.
0400 - 0500	\$3.05	456	1,566	46%	\$3.05	429	1,560	46%	\$3.05	483	1,652	49%								
0500 - 0600	\$4.95	533	2,078	61%	\$4.95	598	2,206	65%	\$4.95	527	1,992	59%								
0600 - 0700	\$5.15	280	1,913	56%	\$5.15	306	1,828	54%	\$5.15	338	2,069	61%								
0700 - 0800	\$5.65	264	1,951	57%	\$5.65	279	2,025	60%	\$5.65	254	2,047	60%								
0800 - 0900	\$5.15	174	1,820	54%	\$5.15	164	1,822	54%	\$5.15	198	1,911	56%								
0900 - 1000	\$4.10	178	1,433	42%	\$4.10	156	1,416	42%	\$4.10	171	1,526	45%								

OCTA OPERATIONAL HIGHLIGHTS

On-Road Operations

OCTA customer assistance specialists (CAS) responded to 79 calls during the month of September. Of those calls, 61 were to assist disabled vehicles and 15 calls to remove debris. The CAS provided assistance to three accidents in the Express Lanes with one of those accidents originating in the State Route 91 general purpose lanes.

91 Express Lanes Toll Entrance Gantries Infrastructure Project Update

OCTA is contracting with the California Department of Transportation to provide construction and construction management services for the 91 Express Lanes Toll Entrance Gantries Infrastructure Project. This project entails constructing new toll gantries infrastructure at the three entrances of the OCTA 91 Express Lanes. Construction of the gantries is scheduled to begin early 2021 and is expected to be completed in summer 2021. The schedule has been delayed by a few months as a result of preparing the final design/construction package and awaiting the final comments from our project partners.

Electronic Toll and Traffic Management System Project Update

Kapsch TrafficCom USA, Inc., (Kapsch), the toll lanes system integrator for the 91 Express Lanes, completed the replacement of the Electronic Toll and Traffic Management (ETTM) system at the current toll gantries in October 2019. This new lane system is reading both the new 6C transponder protocol as well as the legacy Title 21 protocol. The next steps of the project includes the replacement of the closed-circuit television cameras along the corridor. The new toll gantries infrastructure, as mentioned above, will house the new ETTM equipment. Once the gantries have been constructed, Kapsch will commence installation.

FINANCIAL HIGHLIGHTS OCTA

91 Express Lanes Operating Statement

Description	YTD as of : 9/30/2020		YTD Variance	
	Actual ⁽¹⁾	Budget ⁽¹⁾	Dollar \$	Percent (%)
Operating revenues:				
Toll Revenue	\$ 10,369,223.10	\$ 7,952,758.00	\$ 2,416,465.10	30.4
Fee Revenue	556,407.56	371,464.00	184,943.56	49.8
Total operating revenues	10,925,630.66	8,324,222.00	2,601,408.66	31.3
Operating expenses:				
Contracted Services	1,659,358.52	1,799,280.00	139,921.48	7.8
Administrative Fee	860,670.00	780,438.00	(80,232.00)	(10.3)
Other Professional Services	129,242.73	970,864.00	841,621.27	86.7
Credit Card Processing Fees	216,839.09	237,060.00	20,220.91	8.5
Toll Road Account Servicing ⁽⁵⁾	47,299.42	160,920.00	113,620.58	70.6
Other Insurance Expense	108,987.18	62,475.00	(46,512.18)	(74.4)
Toll Road Maintenance Supply Repairs	27,645.61	1,296,339.00	1,268,693.39	97.9
Patrol Services	111,806.02	277,389.00	165,582.98	59.7
Building Equipment Repairs and Maint	128,455.03	98,592.00	(29,863.03)	(30.3)
6C Transponders	-	62,500.00	62,500.00	100.0
Other Services ⁽⁶⁾	(999,369.26)	15,605.00	1,014,974.26	6,504.2
Utilities	8,008.34	28,740.00	20,731.66	72.1
Office Expense	9,356.40	24,491.00	15,134.60	61.8
Bad Debt Expense	39,324.88	-	(39,324.88)	N/A
Miscellaneous ⁽²⁾	2,042.16	28,348.00	26,305.84	92.8
Leases	41,670.79	121,200.00	79,529.21	65.6
Total operating expenses	2,391,336.91	5,964,241.00	3,572,904.09	59.9
Depreciation and Amortization ⁽³⁾	872,218.40	-	(872,218.40)	N/A
Operating income (loss)	7,662,075.35	2,359,981.00	5,302,094.35	224.7
Nonoperating revenues (expenses):				
Reimbursement from Other Agencies	(22,920.80)	312,500.00	(335,420.80)	(107.3)
Interest Income	1,360,330.33	367,872.00	992,458.33	269.8
Interest Expense	(1,100,174.93)	(2,274,192.50)	1,174,017.57	51.6
Other	-	-	-	N/A
Total nonoperating revenues (expenses)	237,234.60	(1,593,820.50)	1,831,055.10	114.9
Transfers In	-	-	-	N/A
Transfers Out ⁽⁴⁾	(562,559.44)	(27,082,900.00)	26,520,340.56	97.9
Net income (loss)	\$ 7,336,750.51	\$ (26,316,739.50)	\$ 33,653,490.01	(127.9)

¹ Actual amounts are accounted for on the accrual basis of accounting in an enterprise fund. Budget amounts are accounted for on a modified accrual basis of accounting.

² Miscellaneous expenses include: bond insurance costs, bank service charge, transponder materials.

³ Depreciation and amortization are not budgeted items.

⁴ Transfers Out: For M2 Project I and Project J expense reimbursements.

⁵ collection efforts have been paused due to pandemic

⁶ Litigation settlement was accrued, the negative will be offset once the litigation payment is issued.

OPERATIONS OVERVIEW RCTC

TRAFFIC AND REVENUE STATISTICS FOR RCTC

Total traffic volume on the 91 Express Lanes for September 2020 was 989,722. This represents a daily average of 32,991 vehicles. This is a 23.9 percent decrease in total traffic volume from the same period last year, which totaled 1,300,290. Potential toll revenue for September was \$3,486,103, which represents a decrease of 35 percent from the prior year's total of \$5,361,366. Carpool percentage for September was 20.4 percent as compared to the previous year's rate of 24.3 percent. The decreases are attributed to the COVID-19 pandemic and the Governor's orders for residents to self-quarantine and refrain from non-essential travel.

Month-to-date traffic and revenue data is summarized in the table below. The following trip and revenue statistics tables represent all trips taken on the Riverside County Transportation Commission (RCTC) 91 Express Lanes and associated potential revenue for the month of September 2020.

MTD as of September 30, 2020

Trips	SEP-20 MTD Actual	Stantec MTD Projected	# Variance	% Variance	SEP-19 MTD Actual	Yr-to-Yr % Variance
Full Toll Lanes	787,711	1,001,757	(214,046)	(21.4%)	984,484	(20.0%)
3+ Lanes	202,011	314,643	(112,632)	(35.8%)	315,806	(36.0%)
Total Gross Trips	989,722	1,316,400	(326,678)	(24.8%)	1,300,290	(23.9%)
Revenue						
Full Toll Lanes	3,450,193	\$4,229,029	(\$778,835)	(18.4%)	5,326,713	(35.2%)
3+ Lanes	35,910	\$0	\$35,910		34,653	3.6%
Total Gross Revenue	\$3,486,103	\$4,229,029	(\$742,925)	(17.6%)	\$5,361,366	(35.0%)
Average Revenue per Trip						
Average Full Toll Lanes	\$4.38	\$4.22	\$0.16	3.8%	\$5.41	(19.0%)
Average 3+ Lanes	\$0.18	\$0.00	\$0.18		\$0.11	63.6%
Average Gross Revenue	\$3.52	\$3.21	\$0.31	9.7%	\$4.12	(14.6%)

The 2021 fiscal year-to-date traffic volume decreased by 28.1 percent and potential toll revenue decreased by 39 percent, when compared with the same period last year. Year-to-date average revenue per trip is \$3.43.

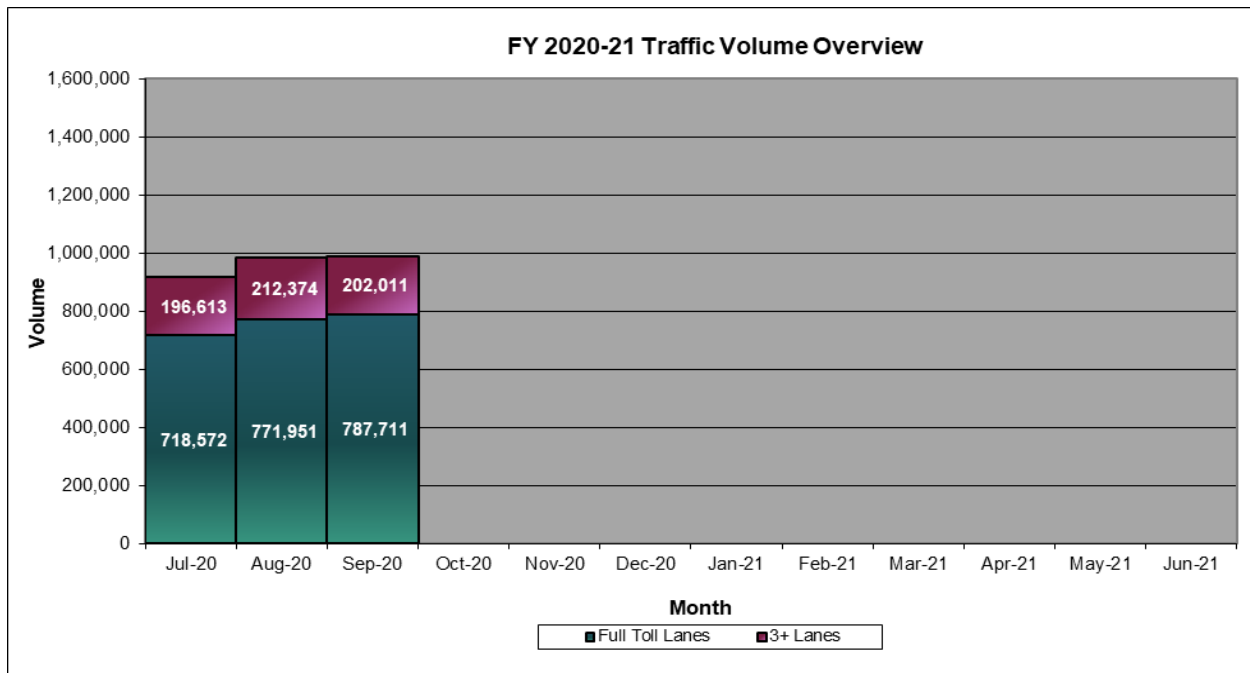
Fiscal year-to-date traffic and revenue data are summarized in the table below. The following trip and revenue statistics tables represent all trips taken on the RCTC 91 Express Lanes and associated potential revenue for the months of July 2020 through September 2020.

FY 2020-21 YTD as of September 30, 2020

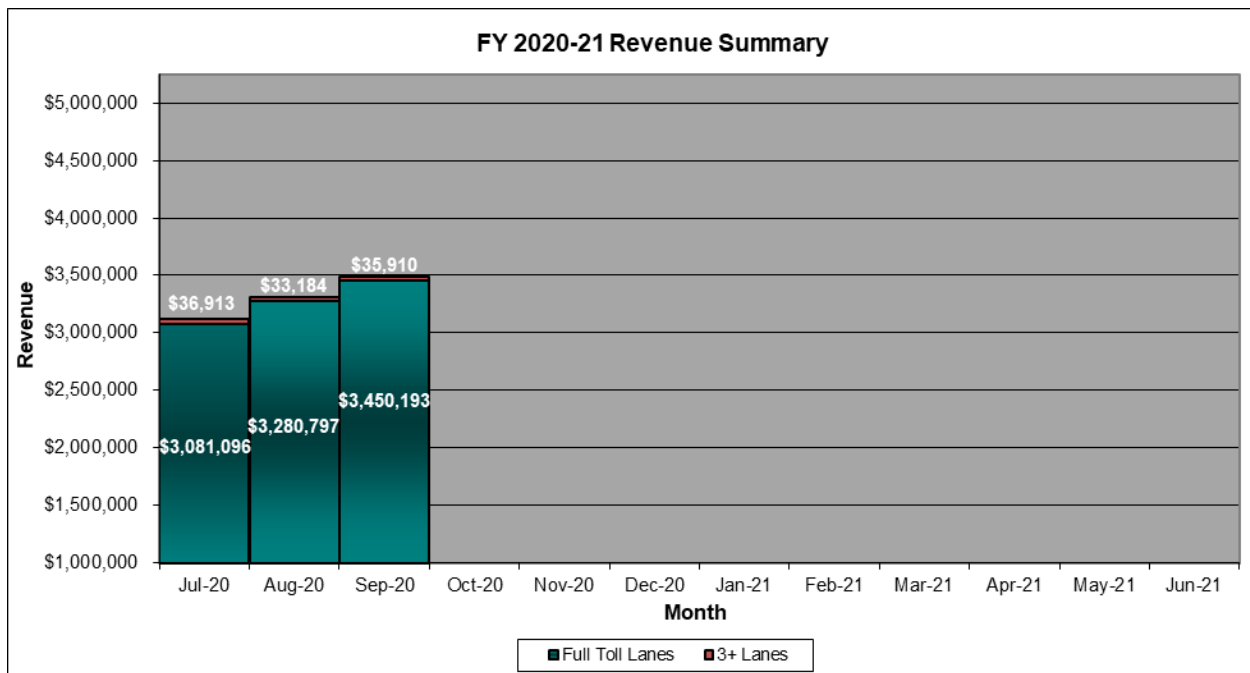
	FY 2020-21 YTD Actual	Stantec YTD Projected	# Variance	% Variance	FY 2019-20 YTD Actual	Yr-to-Yr % Variance
Trips						
Full Toll Lanes	2,278,234	3,100,457	(822,223)	(26.5%)	2,985,890	(23.7%)
3+ Lanes	610,998	1,005,229	(394,231)	(39.2%)	1,031,571	(40.8%)
Total Gross Trips	2,889,232	4,105,686	(1,216,454)	(29.6%)	4,017,461	(28.1%)
Revenue						
Full Toll Lanes	\$9,812,086	\$13,068,386	(\$3,256,300)	(24.9%)	\$16,129,189	(39.2%)
3+ Lanes	\$106,007	\$0	\$106,007		\$123,001	(13.8%)
Total Gross Revenue	\$9,918,092	\$13,068,386	(\$3,150,293)	(24.1%)	\$16,252,190	(39.0%)
Average Revenue per Trip						
Average Full Toll Lanes	\$4.31	\$4.21	\$0.10	2.4%	\$5.40	(20.2%)
Average 3+ Lanes	\$0.17	\$0.00	\$0.17		\$0.12	41.7%
Average Gross Revenue	\$3.43	\$3.18	\$0.25	7.9%	\$4.05	(15.3%)

RCTC Traffic and Revenue Summary

The chart below reflects the total trips broken down between full toll lanes and HOV3+ lanes for FY 2020-21 on a monthly basis.



The chart below reflects the gross potential revenue breakdown between Full Toll lanes and HOV3+ lanes for FY 2020-21 on a monthly basis.



RCTC PEAK-HOUR VOLUMES

In September, peak-hour toll rates were increased for several peak-period hours in response to changes in traffic volume following earlier reductions due to the COVID-19 pandemic. Traffic volumes are being reviewed regularly, and a plan is in place to monitor traffic volumes and adjust toll rates until traffic returns to pre COVID-19 volumes.

RCTC EASTBOUND PEAK-HOUR VOLUMES

Eastbound PM Peak - County Line to McKinley

PM Time	Monday 08/31/20					Tuesday 09/01/20					Wednesday 09/02/20					Thursday 09/03/20					Friday 09/04/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500						\$5.30	208	1094	1,302	F	\$7.95	197	1130	1,327	F	\$9.95	236	1,087	1,323	F	\$17.95	430	1,403	1,833	F
1500 - 1600						\$8.95	243	979	1,222	E	\$12.95	252	1028	1,280	E	\$12.95	301	1,121	1,422	F	\$18.95	512	1,279	1,791	F
1600 - 1700						\$6.95	152	1100	1,252	E	\$6.95	154	1027	1,181	D	\$7.95	225	1,132	1,357	F	\$10.95	298	1,122	1,420	F
1700 - 1800						\$5.30	184	942	1,126	D	\$5.30	188	994	1,182	D	\$5.30	198	1,066	1,264	E	\$6.95	304	1,041	1,345	F
1800 - 1900						\$5.30	144	675	819	C	\$5.30	161	806	967	C	\$5.30	220	877	1,097	D	\$5.30	284	903	1,187	D
1900 - 2000						\$2.25	113	338	451	B	\$2.25	149	438	587	B	\$2.25	194	574	768	B	\$2.25	264	730	994	C

PM Time	Monday 09/07/20					Tuesday 09/08/20					Wednesday 09/09/20					Thursday 09/10/20					Friday 09/11/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	135	258	393	A	\$5.30	184	924	1,108	D	\$7.95	196	1,195	1,391	F	\$9.95	220	1,085	1,305	F	\$17.95	296	1,217	1,513	F
1500 - 1600	\$8.95	146	223	369	A	\$8.95	230	891	1,121	D	\$12.95	264	1,033	1,297	E	\$12.95	270	1,154	1,424	F	\$18.95	317	978	1,295	E
1600 - 1700	\$6.95	123	258	381	A	\$6.95	177	1,048	1,225	E	\$6.95	157	1,054	1,211	E	\$7.95	189	1,043	1,232	E	\$10.95	230	1,145	1,375	F
1700 - 1800	\$5.30	132	253	385	A	\$5.30	166	881	1,047	D	\$5.30	179	1,001	1,180	D	\$5.30	196	965	1,161	D	\$6.95	274	1,062	1,336	F
1800 - 1900	\$5.30	151	199	350	A	\$5.30	155	675	830	C	\$5.30	171	730	901	C	\$5.30	175	762	937	C	\$5.30	230	832	1,062	D
1900 - 2000	\$2.25	176	221	397	A	\$2.25	105	310	415	B	\$2.25	116	356	472	B	\$2.25	148	423	571	B	\$2.25	214	676	890	C

PM Time	Monday 09/14/20					Tuesday 09/15/20					Wednesday 09/16/20					Thursday 09/17/20					Friday 09/18/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	166	920	1,086	D	\$5.30	190	1,019	1,209	E	\$7.95	180	1,027	1,207	E	\$10.95	230	1,001	1,231	E	\$19.95	319	1,282	1,601	F
1500 - 1600	\$8.95	247	944	1,191	D	\$9.95	248	952	1,200	D	\$13.95	277	949	1,226	E	\$13.95	265	1,122	1,387	F	\$20.95	339	958	1,297	E
1600 - 1700	\$6.95	160	981	1,141	D	\$6.95	161	1,011	1,172	D	\$6.95	171	1,065	1,236	E	\$7.95	199	1,109	1,308	F	\$12.95	215	1,053	1,268	E
1700 - 1800	\$5.30	160	856	1,016	D	\$5.30	173	905	1,078	D	\$5.30	184	985	1,169	D	\$5.30	198	1,007	1,205	E	\$6.95	241	1,059	1,300	E
1800 - 1900	\$5.30	134	529	663	B	\$5.30	150	617	767	B	\$5.30	216	767	983	C	\$5.30	202	932	1,134	D	\$5.30	235	889	1,124	D
1900 - 2000	\$2.25	99	265	364	A	\$2.25	105	306	411	B	\$2.25	151	433	584	B	\$2.25	187	574	761	B	\$2.25	239	756	995	C

PM Time	Monday 09/21/20					Tuesday 09/22/20					Wednesday 09/23/20					Thursday 09/24/20					Friday 09/25/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	201	967	1,168	D	\$5.30	203	1,050	1,253	E	\$7.95	203	1,018	1,221	E	\$10.95	224	1,143	1,367	F	\$19.95	249	967	1,216	E
1500 - 1600	\$8.95	202	1,062	1,264	E	\$9.95	260	891	1,151	D	\$13.95	238	966	1,204	E	\$13.95	247	1,138	1,385	F	\$20.95	435	1,121	1,556	F
1600 - 1700	\$6.95	131	771	902	C	\$6.95	182	1,043	1,225	E	\$6.95	171	1,043	1,214	E	\$7.95	217	1,043	1,260	E	\$12.95	322	1,258	1,580	F
1700 - 1800	\$5.30	192	964	1,156	D	\$5.30	141	898	1,039	D	\$5.30	189	927	1,116	D	\$5.30	190	938	1,128	D	\$6.95	320	1,238	1,558	F
1800 - 1900	\$5.30	170	633	803	C	\$5.30	169	705	874	C	\$5.30	156	722	878	C	\$5.30	229	949	1,178	D	\$5.30	341	1,031	1,372	F
1900 - 2000	\$2.25	106	270	376	A	\$2.25	115	356	471	B	\$2.25	142	426	568	B	\$2.25	181	590	771	B	\$2.25	270	818	1,088	D

PM Time	Monday 09/28/20					Tuesday 09/29/20					Wednesday 09/30/20					Thursday 10/01/20					Friday 10/02/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	172	936	1,108	D	\$5.30	186	1,048	1,234	E	\$7.95	220	1,178	1,398	F										
1500 - 1600	\$8.95	249	970	1,219	E	\$9.95	251	879	1,130	D	\$13.95	277	970	1,247	E										
1600 - 1700	\$6.95	161	980	1,141	D	\$6.95	180	1,065	1,245	E	\$6.95	144	1,002	1,146	D										
1700 - 1800	\$5.30	179	875	1,054	D	\$5.30	180	989	1,169	D	\$5.30	210	948	1,158	D										
1800 - 1900	\$5.30	155	582	737	B	\$5.30	169	729	898	C	\$5.30	232	875	1,107	D										
1900 - 2000	\$2.25	100	283	383	A	\$2.25	135	377	512	B	\$2.25	160	481	641	B										

Eastbound PM Peak - County Line to I-15 South

PM Time	Monday 08/31/20					Tuesday 09/01/20					Wednesday 09/02/20					Thursday 09/03/20					Friday 09/04/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500						\$5.30	108	739	847	C	\$5.30	110	734	844	C	\$5.30	117	722	839	C	\$5.30	109	509	618	B
1500 - 1600						\$5.30	131	714	845	C	\$5.30	123	762	885	C	\$5.30	127	811	938	C	\$5.30	76	204	280	A
1600 - 1700						\$2.95	76	763	839	C	\$2.95	85	813	898	C	\$2.95	83	812	895	C	\$2.95	104	518	622	B
1700 - 1800						\$2.95	81	681	762	B	\$2.95	86	721	807	C	\$2.95	98	680	778	B	\$2.95	120	500	620	B
1800 - 1900						\$2.95	62	523	585	B	\$2.95	94	562	656	B	\$2.95	85	614	699	B	\$2.95	146	516	662	B
1900 - 2000						\$2.95	65	271	336	A	\$2.95	86	323	409	B	\$2.95	64	348	412	B	\$2.95	134	493	627	B

PM Time	Monday 09/07/20					Tuesday 09/08/20					Wednesday 09/09/20					Thursday 09/10/20					Friday 09/11/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	74	178	252	A	\$5.30	94	700	794	B	\$5.30	104	882	986	C	\$5.30	124	681	805	C	\$5.30	141	778	919	C
1500 - 1600	\$5.30	79	181	260	A	\$5.30	108	671	779	B	\$5.30	104	798	902	C	\$5.30	109	881	990	C	\$5.30	141	683	824	C
1600 - 1700	\$2.95	66	156	222	A	\$2.95	81	759	840	C	\$2.95	89	814	903	C	\$2.95	84	758	842	C	\$2.95	105	664	769	B
1700 - 1800	\$2.95	76	160	236	A	\$2.95	86	632	718	B	\$2.95	98	759	857	C	\$2.95	95	689	784	B	\$2.95	103	611	714	B
1800 - 1900	\$2.95	76	138	214	A	\$2.95	75	521	596	B	\$2.95	91	548	639	B	\$2.95	101	538	639	B	\$2.95	118	550	668	B
1900 - 2000	\$2.95	91	145	236	A	\$2.95	62	248	310	A	\$2.95	70	280	350	A	\$2.95	63	263	326	A	\$2.95	123	443	566	B

PM Time	Monday 09/14/20					Tuesday 09/15/20					Wednesday 09/16/20					Thursday 09/17/20					Friday 09/18/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	99	638	737	B	\$5.30	88	737	825	C	\$5.30	108	754	862	C	\$5.30	120	733	853	C	\$5.30	136	791	927	C
1500 - 1600	\$5.30	107	748	855	C	\$5.30	120	759	879	C	\$5.30	135	757	892	C	\$5.30	133	878	1,011	D	\$5.30	147	655	802	C
1600 - 1700	\$2.95	87	798	885	C	\$2.95	71	814	885	C	\$2.95	88	787	875	C	\$2.95	79	794	873	C	\$2.95	109	680	789	B
1700 - 1800	\$2.95	96	625	721	B	\$2.95	94	672	766	B	\$2.95	98	715	813	C	\$2.95	107	667	774	B	\$2.95	120	667	787	B
1800 - 1900	\$2.95	67	419	486	B	\$2.95	79	496	575	B	\$2.95	88	581	669	B	\$2.95	96	703	799	B	\$2.95	126	585	711	B
1900 - 2000	\$2.95	61	243	304	A	\$2.95	61	273	334	A	\$2.95	82	293	375	A	\$2.95	92	376	468	B	\$2.95	122	434	556	B

PM Time	Monday 09/21/20					Tuesday 09/22/20					Wednesday 09/23/20					Thursday 09/24/20					Friday 09/25/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	98	622	720	B	\$5.30	112	703	815	C	\$5.30	102	734	836	C	\$5.30	120	789	909	C	\$5.30	106	553	659	B
1500 - 1600	\$5.30	106	760	866	C	\$5.30	125	741	866	C	\$5.30	118	763	881	C	\$5.30	125	880	1,005	D	\$5.30	150	705	855	C
1600 - 1700	\$2.95	61	575	636	B	\$2.95	95	821	916	C	\$2.95	90	815	905	C	\$2.95	100	746	846	C	\$2.95	90	479	569	B
1700 - 1800	\$2.95	109	829	938	C	\$2.95	82	674	756	B	\$2.95	104	673	777	B	\$2.95	99	616	715	B	\$2.95	115	430	545	B
1800 - 1900	\$2.95	92	503	595	B	\$2.95	81	507	588	B	\$2.95	86	587	673	B	\$2.95	97	677	774	B	\$2.95	156	562	718	B
1900 - 2000	\$2.95	64	234	298	A	\$2.95	71	268	339	A	\$2.95	99	290	389	A	\$2.95	100	363	463	B	\$2.95	146	471	617	B

PM Time	Monday 09/28/20					Tuesday 09/29/20					Wednesday 09/30/20					Thursday 10/01/20					Friday 10/02/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
1400 - 1500	\$5.30	96	611	707	B	\$5.30	111	733	844	C	\$5.30	103	760	863	C										
1500 - 1600	\$5.30	96	785	881	C	\$5.30	119	685	804	C	\$5.30	102	639	741	B										
1600 - 1700	\$2.95	83	752	835	C	\$2.95	82	833	915	C	\$2.95	81	781	862	C										
1700 - 1800	\$2.95	78	651	729	B	\$2.95	111	687	798	B	\$2.95	73	673	746	B										
1800 - 1900	\$2.95	76	425	501	B	\$2.95	89	590	679	B	\$2.95	128	662	790	B										
1900 - 2000	\$2.95	63	264	327	A	\$2.95	83	272	355	A	\$2.95	79	344	423	B										

RCTC WESTBOUND PEAK-HOUR VOLUMES

Westbound AM Peak - McKinley to County Line

AM Time	Monday 08/31/20					Tuesday 09/01/20					Wednesday 09/02/20					Thursday 09/03/20					Friday 09/04/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500						\$6.95	230	942	1,172	D	\$6.95	215	789	1,004	D	\$6.95	197	743	940	C	\$4.20	138	377	515	B
0500 - 0600						\$9.95	344	968	1,312	E	\$9.95	284	697	981	C	\$9.95	286	730	1,016	D	\$6.95	238	801	1,039	D
0600 - 0700						\$9.95	143	815	958	C	\$9.95	189	1046	1,235	E	\$9.95	162	928	1,090	D	\$6.95	141	856	997	C
0700 - 0800						\$6.95	154	994	1,148	D	\$6.95	137	986	1,123	D	\$6.95	173	1,013	1,186	D	\$5.30	135	768	903	C
0800 - 0900						\$6.95	71	745	816	C	\$6.95	82	702	784	B	\$6.95	93	720	813	C	\$4.20	76	590	666	B
0900 - 1000						\$6.95	71	435	506	B	\$6.95	91	487	578	B	\$6.95	93	534	627	B	\$4.20	93	498	591	B

AM Time	Monday 09/07/20					Tuesday 09/08/20					Wednesday 09/09/20					Thursday 09/10/20					Friday 09/11/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$6.95	10	32	42	A	\$6.95	188	701	889	C	\$6.95	193	759	952	C	\$6.95	186	684	870	C	\$4.20	174	449	623	B
0500 - 0600	\$9.95	18	24	42	A	\$9.95	296	910	1,206	E	\$9.95	287	671	958	C	\$9.95	308	727	1,035	D	\$6.95	235	858	1,093	D
0600 - 0700	\$9.95	16	58	74	A	\$9.95	137	755	892	C	\$9.95	199	993	1,192	D	\$9.95	188	931	1,119	D	\$6.95	188	836	1,024	D
0700 - 0800	\$6.95	31	68	99	A	\$6.95	167	1,005	1,172	D	\$6.95	152	1,067	1,219	E	\$6.95	162	1,010	1,172	D	\$5.30	155	793	948	C
0800 - 0900	\$6.95	54	156	210	A	\$6.95	87	745	832	C	\$6.95	92	679	771	B	\$6.95	77	697	774	B	\$4.20	66	533	599	B
0900 - 1000	\$6.95	176	277	453	B	\$6.95	72	474	546	B	\$6.95	73	558	631	B	\$6.95	74	494	568	B	\$4.20	77	483	560	B

AM Time	Monday 09/14/20					Tuesday 09/15/20					Wednesday 09/16/20					Thursday 09/17/20					Friday 09/18/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$6.95	178	682	860	C	\$6.95	189	616	805	C	\$6.95	207	703	910	C	\$6.95	201	678	879	C	\$4.20	192	388	580	B
0500 - 0600	\$9.95	294	823	1,117	D	\$9.95	365	971	1,336	E	\$9.95	301	726	1,027	D	\$9.95	315	791	1,106	D	\$6.95	260	823	1,083	D
0600 - 0700	\$9.95	147	862	1,009	D	\$9.95	146	791	937	C	\$9.95	187	1,030	1,217	E	\$9.95	164	919	1,083	D	\$6.95	178	889	1,067	D
0700 - 0800	\$6.95	114	686	800	B	\$6.95	176	1,121	1,297	E	\$6.95	170	1,017	1,187	D	\$6.95	166	1,015	1,181	D	\$5.30	162	830	992	C
0800 - 0900	\$6.95	84	834	918	C	\$6.95	72	842	914	C	\$6.95	90	709	799	B	\$6.95	91	687	778	B	\$4.20	81	616	697	B
0900 - 1000	\$6.95	61	388	449	B	\$6.95	49	488	537	B	\$6.95	87	481	568	B	\$6.95	86	455	541	B	\$4.20	77	422	499	B

AM Time	Monday 09/21/20					Tuesday 09/22/20					Wednesday 09/23/20					Thursday 09/24/20					Friday 09/25/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$6.95	192	636	828	C	\$6.95	208	633	841	C	\$6.95	184	728	912	C	\$6.95	202	631	833	C	\$4.20	180	383	563	B
0500 - 0600	\$9.95	305	822	1,127	D	\$9.95	325	994	1,319	E	\$9.95	298	701	999	C	\$9.95	280	748	1,028	D	\$6.95	262	838	1,100	D
0600 - 0700	\$9.95	162	865	1,027	D	\$9.95	139	812	951	C	\$9.95	175	945	1,120	D	\$9.95	158	885	1,043	D	\$6.95	186	905	1,091	D
0700 - 0800	\$6.95	160	1,020	1,180	D	\$6.95	154	1,020	1,174	D	\$6.95	168	994	1,162	D	\$6.95	164	999	1,163	D	\$5.30	160	947	1,107	D
0800 - 0900	\$6.95	86	691	777	B	\$6.95	79	705	784	B	\$6.95	99	694	793	B	\$6.95	92	704	796	B	\$4.20	99	612	711	B
0900 - 1000	\$6.95	77	465	542	B	\$6.95	65	467	532	B	\$6.95	88	512	600	B	\$6.95	82	488	570	B	\$4.20	105	486	591	B

AM Time	Monday 09/28/20					Tuesday 09/29/20					Wednesday 09/30/20					Thursday 10/01/20					Friday 10/02/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$6.95	198	671	869	C	\$6.95	190	679	869	C	\$6.95	223	750	973	C										
0500 - 0600	\$9.95	292	869	1,161	D	\$9.95	369	953	1,322	E	\$9.95	299	699	998	C										
0600 - 0700	\$9.95	143	971	1,114	D	\$9.95	145	838	983	C	\$9.95	207	1,083	1,290	E										
0700 - 0800	\$6.95	157	1,064	1,221	E	\$6.95	165	1,086	1,251	E	\$6.95	162	1,171	1,333	E										
0800 - 0900	\$6.95	103	839	942	C	\$6.95	101	822	923	C	\$6.95	120	905	1,025	D										
0900 - 1000	\$6.95	86	554	640	B	\$6.95	64	560	624	B	\$6.95	92	612	704	B										

Westbound AM Peak - I-15 North to County Line

AM Time	Monday 08/31/20					Tuesday 09/01/20					Wednesday 09/02/20					Thursday 09/03/20					Friday 09/04/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500						\$5.30	119	447	566	B	\$5.30	100	380	480	B	\$5.30	118	374	492	B	\$2.95	81	305	386	A
0500 - 0600						\$6.85	145	781	926	C	\$6.85	167	734	901	C	\$6.85	160	749	909	C	\$5.30	109	635	744	B
0600 - 0700						\$6.85	125	840	965	C	\$6.85	119	827	946	C	\$6.85	131	812	943	C	\$5.30	70	646	716	B
0700 - 0800						\$6.85	80	773	853	C	\$6.85	91	731	822	C	\$6.85	90	743	833	C	\$2.95	61	593	654	B
0800 - 0900						\$5.30	42	611	653	B	\$5.30	49	644	693	B	\$5.30	53	656	709	B	\$2.95	42	486	528	B
0900 - 1000						\$5.30	44	450	494	B	\$5.30	37	446	483	B	\$5.30	55	491	546	B	\$2.95	73	439	512	B

AM Time	Monday 09/07/20					Tuesday 09/08/20					Wednesday 09/09/20					Thursday 09/10/20					Friday 09/11/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$5.30	21	25	46	A	\$5.30	94	453	547	B	\$5.30	100	418	518	B	\$5.30	111	393	504	B	\$2.95	85	375	460	B
0500 - 0600	\$6.85	15	42	57	A	\$6.85	152	766	918	C	\$6.85	156	761	917	C	\$6.85	141	732	873	C	\$5.30	125	661	786	B
0600 - 0700	\$6.85	13	44	57	A	\$6.85	107	852	959	C	\$6.85	135	888	1,023	D	\$6.85	115	868	983	C	\$5.30	106	675	781	B
0700 - 0800	\$6.85	20	57	77	A	\$6.85	82	704	786	B	\$6.85	76	768	844	C	\$6.85	65	762	827	C	\$2.95	82	627	709	B
0800 - 0900	\$5.30	30	89	119	A	\$5.30	53	709	762	B	\$5.30	43	620	663	B	\$5.30	47	584	631	B	\$2.95	58	481	539	B
0900 - 1000	\$5.30	60	145	205	A	\$5.30	60	487	547	B	\$5.30	45	396	441	B	\$5.30	55	446	501	B	\$2.95	50	393	443	B

AM Time	Monday 09/14/20					Tuesday 09/15/20					Wednesday 09/16/20					Thursday 09/17/20					Friday 09/18/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$5.30	99	433	532	B	\$5.30	97	404	501	B	\$5.30	100	406	506	B	\$5.30	101	380	481	B	\$2.95	104	346	450	B
0500 - 0600	\$6.85	138	726	864	C	\$6.85	174	790	964	C	\$6.85	161	786	947	C	\$6.85	163	755	918	C	\$5.30	144	649	793	B
0600 - 0700	\$6.85	113	856	969	C	\$6.85	125	877	1,002	D	\$6.85	138	882	1,020	D	\$6.85	138	861	999	C	\$5.30	104	742	846	C
0700 - 0800	\$6.85	71	743	814	C	\$6.85	93	837	930	C	\$6.85	76	738	814	C	\$6.85	82	782	864	C	\$2.95	78	658	736	B
0800 - 0900	\$5.30	33	615	648	B	\$5.30	40	673	713	B	\$5.30	55	653	708	B	\$5.30	54	631	685	B	\$2.95	40	536	576	B
0900 - 1000	\$5.30	52	385	437	B	\$5.30	56	457	513	B	\$5.30	43	459	502	B	\$5.30	51	455	506	B	\$2.95	58	397	455	B

AM Time	Monday 09/21/20					Tuesday 09/22/20					Wednesday 09/23/20					Thursday 09/24/20					Friday 09/25/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$5.30	115	412	527	B	\$5.30	120	371	491	B	\$5.30	83	419	502	B	\$5.30	123	364	487	B	\$2.95	98	323	421	B
0500 - 0600	\$6.85	155	751	906	C	\$6.85	166	816	982	C	\$6.85	155	837	992	C	\$6.85	162	781	943	C	\$5.30	140	640	780	B
0600 - 0700	\$6.85	128	838	966	C	\$6.85	110	916	1,026	D	\$6.85	143	837	980	C	\$6.85	106	837	943	C	\$5.30	108	737	845	C
0700 - 0800	\$6.85	92	735	827	C	\$6.85	88	788	876	C	\$6.85	105	781	886	C	\$6.85	102	768	870	C	\$2.95	102	680	782	B
0800 - 0900	\$5.30	47	663	710	B	\$5.30	44	655	699	B	\$5.30	55	645	700	B	\$5.30	64	673	737	B	\$2.95	56	582	638	B
0900 - 1000	\$5.30	52	433	485	B	\$5.30	43	487	530	B	\$5.30	56	470	526	B	\$5.30	56	451	507	B	\$2.95	74	420	494	B

AM Time	Monday 09/28/20					Tuesday 09/29/20					Wednesday 09/30/20					Thursday 10/01/20					Friday 10/02/20				
	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS	Price	HOV	SOV	Vol.	LOS
0400 - 0500	\$5.30	125	405	530	B	\$5.30	110	412	522	B	\$5.30	124	410	534	B										
0500 - 0600	\$6.85	143	748	891	C	\$6.85	155	773	928	C	\$6.85	151	782	933	C										
0600 - 0700	\$6.85	106	844	950	C	\$6.85	127	880	1,007	D	\$6.85	122	918	1,040	D										
0700 - 0800	\$6.85	99	757	856	C	\$6.85	95	792	887	C	\$6.85	100	761	861	C										
0800 - 0900	\$5.30	42	709	751	B	\$5.30	53	750	803	C	\$5.30	43	790	833	C										
0900 - 1000	\$5.30	57	454	511	B	\$5.30	54	534	588	B	\$5.30	52	514	566	B										

RCTC OPERATIONAL HIGHLIGHTS

On-Road Operations

RCTC Freeway Service Patrol responded to 95 calls during the month of September. Of those calls, 56 were to assist disabled vehicles, 13 calls to remove debris, and 26 were in response to accidents in the Express Lanes.

FINANCIAL HIGHLIGHTS RCTC

RCTC 91 Express Lanes Operating Statement

Description	YTD as of : 9/30/2020		YTD Variance	
	Actual ¹	Budget	Dollar \$	Percent (%)
Operating revenues:				
Toll Revenue	\$ 8,893,857.47	\$ 6,438,600.00	\$ 2,455,257.47	38.1
Fee Revenue	729,733.08	612,625.00	117,108.08	19.1
Total operating revenues	9,623,590.55	7,051,225.00	2,572,365.55	36.5
Operating expenses:				
Salaries and Benefits	158,305.33	161,325.00	3,019.67	1.9
Legal Services	16,931.96	87,500.00	70,568.04	80.6
Advisory Services	2,469.14	18,750.00	16,280.86	86.8
Audit and Accounting Fees	-	9,000.00	9,000.00	100.0
Service Fees	(492.50) ²	5,000.00	5,492.50	109.9
Other Professional Services	64,854.44	655,250.00	590,395.56	90.1
Lease Expense	44,926.15	122,550.00	77,623.85	63.3
Operations	285,573.24	746,750.00	461,176.76	61.8
Utilities	1,960.19	20,400.00	18,439.81	90.4
Supplies and Materials	48.48	7,500.00	7,451.52	99.4
Membership and Subscription Fees	6,954.25	7,500.00	545.75	7.3
Office Equipment & Furniture (Non-Capital)	-	3,750.00	3,750.00	100.0
Maintenance/Repairs	15,611.55	91,275.00	75,663.45	82.9
Training Seminars and Conferences	-	575.00	575.00	100.0
Transportation Expenses	-	1,000.00	1,000.00	100.0
Lodging	-	875.00	875.00	100.0
Meals	-	125.00	125.00	100.0
Other Staff Expenses	-	125.00	125.00	100.0
Advertising	-	68,750.00	68,750.00	100.0
Program Management	18,812.24	41,525.00	22,712.76	54.7
Program Operations	1,579,996.09	2,158,925.00	578,928.91	26.8
Litigation Settlement	-	-	-	N/A
Furniture & Equipment	-	76,250.00	76,250.00	100.0
Improvements	-	-	-	N/A
Bad Debt Expense	-	-	-	N/A
Total operating expenses	2,195,950.56	4,284,700.00	2,088,749.44	48.7
Operating income (loss)	7,427,639.99	2,766,525.00	4,661,114.99	168.5
Nonoperating revenues (expenses):				
Interest Revenue	196,885.81	172,975.00	23,910.81	(13.8)
Other Miscellaneous Revenue	4.32	25.00	(20.68)	82.7
Interest Expense	(7,391,059.39)	(1,779,975.00)	(5,611,084.39)	315.2
Total nonoperating revenues (expenses)	(7,194,169.26)	(1,606,975.00)	(5,587,194.26)	(347.7)
Transfers In	-	-	-	N/A
Transfers Out	-	(256,325.00)	256,325.00	(100.0)
Net income (loss)	\$ 233,470.73	\$ 903,225.00	\$ (669,754.27)	(74.2)

¹ Unaudited

² Negatives are the result of FY20 accruals

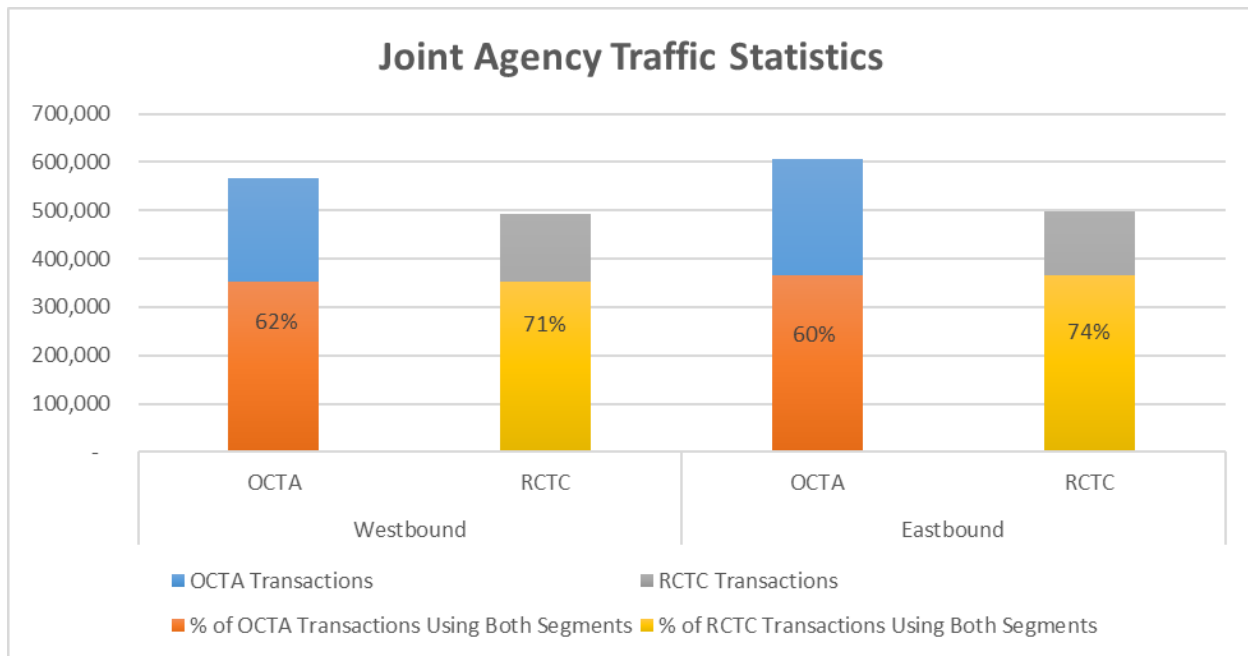
JOINT AGENCY TRIP AND REVENUE STATISTICS

MULTI AGENCY TRIP AND REVENUE STATISTICS

MONTH ENDING September 30, 2020

MTD	Transactions by Agency	Transactions Using Both Segments	% Using Both Segments	Revenue
Westbound				
OCTA	565,994	351,958	62%	\$1,558,367
RCTC	492,726	351,958	71%	\$1,705,880
I-15	202,720	147,825	73%	\$668,409
McKinley	290,006	204,133	70%	\$1,037,472
Eastbound				
OCTA	606,245	365,413	60%	\$2,264,711
RCTC	496,996	365,413	74%	\$1,780,223
I-15	189,193	147,001	78%	\$478,999
McKinley	307,803	218,412	71%	\$1,301,224

JOINT AGENCY TRAFFIC STATISTICS



JOINT AGENCY PERFORMANCE MEASURES

REPORTING REQUIREMENT	Reporting Period	PERFORMANCE STANDARD	Sep-20 Performance
CUSTOMER SERVICE			
Call Wait Time	Monthly	Not to exceed 2 minutes	0:36
Abandon Rate	Monthly	No more than 4.0%	0.6%
Customer Satisfaction	Monthly	At least 75 outbound calls	75
VIOLATION PROCESSING			
Response Time	Monthly	Within 2 business days of receipt	0.5
CUSA Violation Collection Rate	Quarterly	70% or more	104%
CUSA Violation Collection Rate	Annually	74% or more	
TRAFFIC OPERATIONS			
Initial & Secondary Reviews	Monthly	Equal to or less than 15 days	0.8
* Plate Misread Errors	Monthly	Equal to or less than 0.4%	0.01%
CAS Response Time	Monthly	0:20 (minutes) per call	0:11
ACCOUNTING			
OCTA Exceptions	Monthly	No more than 3	0
RCTC Exceptions	Monthly	No more than 3	0
INFORMATION TECHNOLOGY			
Back-office System Uptime	Monthly	99% Availability	100%
Network Uptime	Monthly	99% Availability	100%

CUSA = Co-firoute USA; CAS = OCTA Customer Assistance Specialists

* Plate Misread Error performance is current after a 60-day hold-back period; therefore, percentage reported here is for 2 months prior to the month of this report.

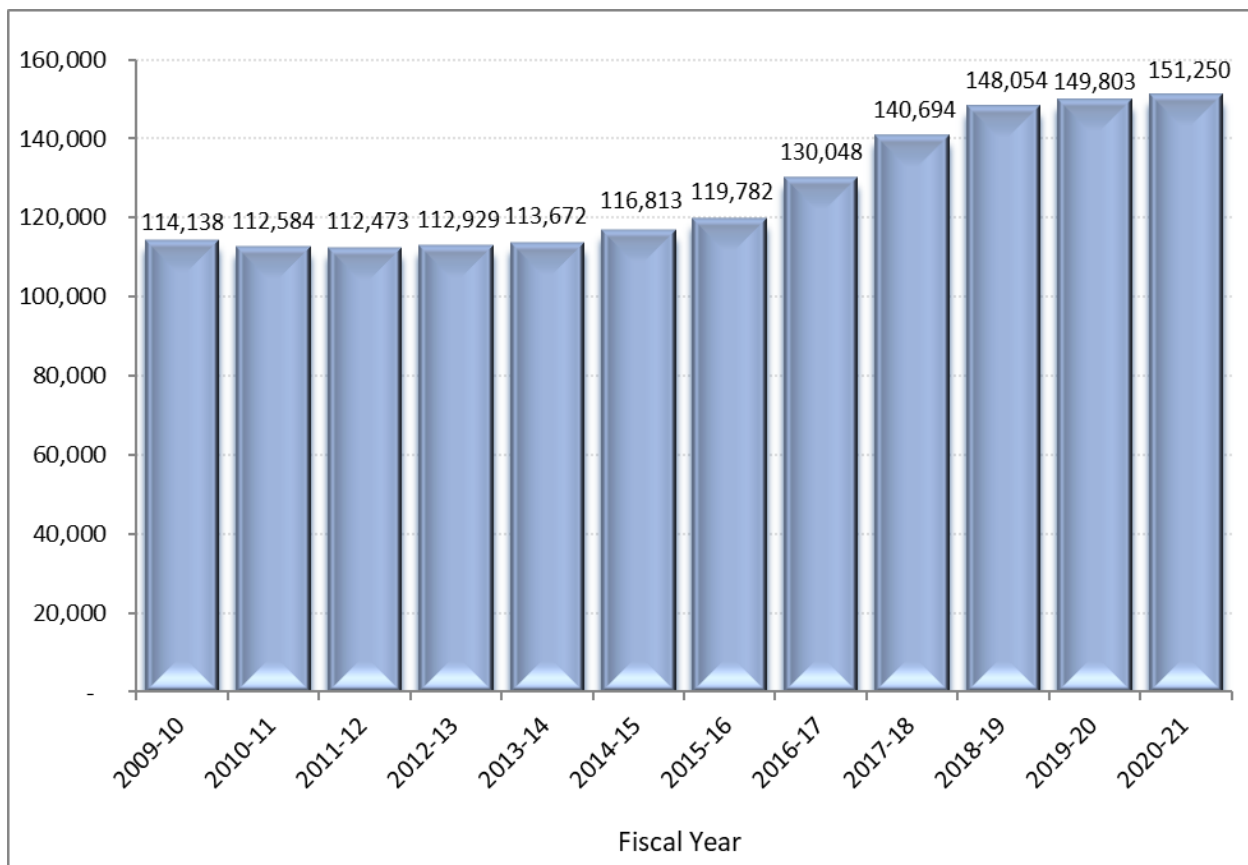
JOINT AGENCY TRANSPONDER DISTRIBUTION

T21 TRANSPONDER DISTRIBUTION	September-20		August-20		FY 2020-21	
	Tags	% of Total	Tags	% of Total	Average To-Date	
Issued						
To New Accounts	865	96.6%	657	96.3%	743	96.2%
Additional Tags to Existing Accounts	18	2.0%	18	2.6%	20	2.6%
Replacement Transponders	12	1.3%	7	1.0%	9	1.2%
Total Issued	895		682		772	
Returned						
Account Closures	28	1.0%	4	0.2%	12	0.4%
Accounts Downsizing	3	0.1%			0	0.0%
Defective Transponders	2,831	98.9%	2,101	99.8%	2,619	99.6%
Total Returned	2,862		2,105		2,631	

6C TRANSPONDER DISTRIBUTION		September-20		August-20		FY 2020-21	
		Tags	% of Total	Tags	% of Total	Average To-Date	
Issued							
To New Accounts	21,312	99.8%	16,116	99.8%	17,036	99.8%	
Additional Tags to Existing Accounts	33	0.2%	28	0.2%	25	0.1%	
Replacement Transponders	3	0.0%	10	0.1%	5	0.0%	
Total Issued	21,348		16,154		17,065		
Returned							
Account Closures							
Accounts Downsizing							
Defective Transponders							
Total Returned							

At the end of September 2020, the 91 Express Lanes had 151,250 active customer accounts and 362,194 transponders classified as assigned.

Number of Accounts by FY As of September 30, 2020



Incoming Email Activity

During September, the Anaheim Processing Center received 2,801 emails.

Operational Activity

Amid concerns about the spread of COVID-19 and following the Governor's guidance to help reduce its spread, the 91 Express Lanes Customer Walk-In Center was closed in March and will remain so until further notice. Operational activities in the Anaheim and Corona locations continued to function with a combination of remote workers and core staff located at the facilities. Core essential functions include aiding stranded motorists, providing incident management services, and dispatching emergency vehicles through the traffic operations center. The call center remains open to respond to customer service and violation calls.



November 11, 2020

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Fiscal Year 2019-20 Fourth Quarter Budget Status Report

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2019-20 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the fourth quarter of fiscal year 2019-20.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2019-20 Budget on June 10, 2019. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and projects.

The balanced budget, as originally approved by the Board in June 2019, was \$1.525 billion. Sources of funds were comprised of \$1.16 billion in current FY revenues and \$365.4 million in use of prior year designations. Uses of funds were comprised of \$1.44 billion of current FY expenditures and \$82.7 million of designations.

The Board has approved three amendments for the FY, increasing the expense budget by \$5.9 million. This increased the budget to \$1.53 billion as summarized on Table 1 on the following page.

Table 1 - Working Budget

Date	Description	Amount*
7/1/2019	Adopted Budget	\$ 1,525,194
7/22/2019	Contracted Fixed-Route Service Agreement	4,521
4/27/2020	Purchase of Paratransit Buses	241
5/11/2020	Mobile Ticketing Application Provider	1,117
Total Working Budget		\$ 1,531,073

*in thousands

Discussion

Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget-to-actual variances within each pertinent OCTA Program. The OCTA programs included are Bus, Commuter Rail, 91 Express Lanes, Motorist and Taxi Services, and Measure M2 (M2). A visual dashboard summary of this report is provided in Attachment A.

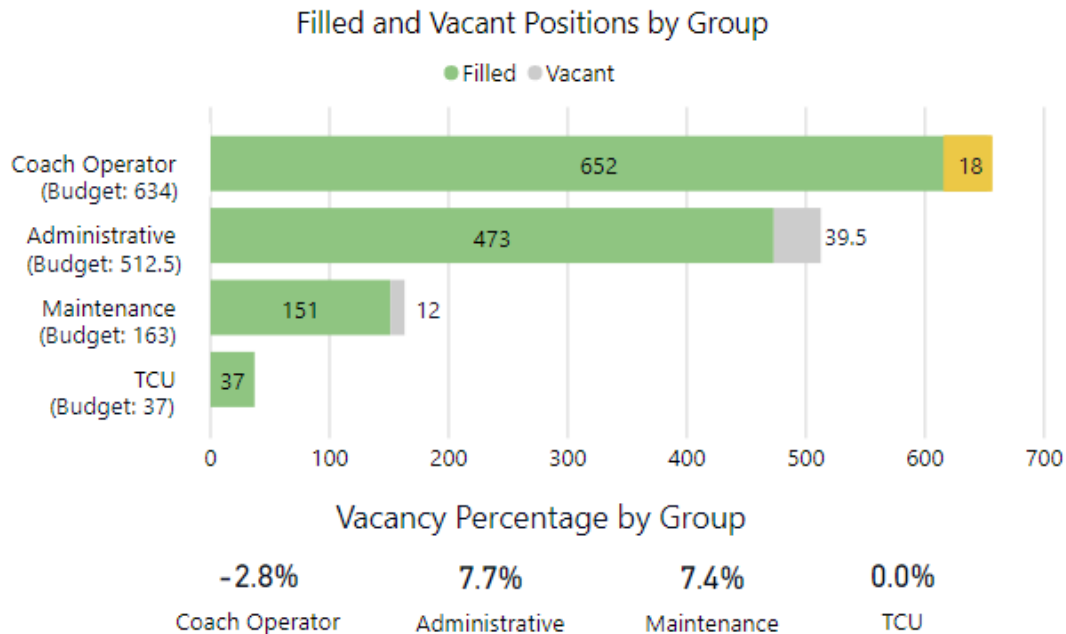
Unless indicated on an individual chart, the general color pattern used is outlined below:

- Gray – Budget
- Green – Within budget
- Yellow – Within five percent variance of budget
- Red – Over five percent variance of budget

Staffing

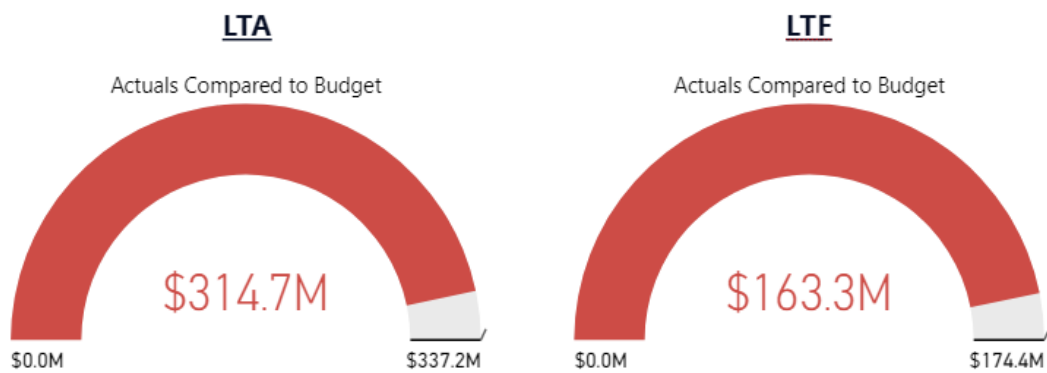
Total salaries and benefits underran the budget by \$5.6 million. This is primarily due to vacancies OCTA-wide, with the largest vacancy percentages in the administrative (7.7 percent) and maintenance (7.4 percent) groups at the end of the FY. There were 652 coach operators employed as of the end of the FY, which exceeded the budgeted number of positions of 634 by 2.8 percent. This was attributed to two factors, which were successful coach operator recruitment efforts prior to the coronavirus (COVID-19) coupled with efforts to effect a reduction in coach operator leave of absences. However, based on the impact of COVID-19, recruitment for coach operators was placed on hold and based on attrition, the number of coach operators reached the budgeted level in July. There are 652 active coach operators, which is not to be confused with the number of coach operators available to operate a bus. The 652 coach operators include 83 COVID-19 age related full-time equivalents (FTE), 18 COVID-19 Family and Medical Leave Act FTEs, and seven COVID-19 sick leave FTEs. This translates into only 544 coach operators actually available to operate a bus, or 90 coach operators less than the budgeted number of 634.

Furthermore, on a financial basis, actual salaries and benefits for coach operator positions underran the budget by \$0.3 million.



Sales Tax Receipts

The charts below provide a FY snapshot for both the Local Transportation Authority (LTA) M2 Program and Local Transportation Fund (LTF) Bus Program sales tax revenues against the budget. LTA sales tax receipts of \$314.7 million were \$22.6 million lower than the budget and LTF sales tax receipts of \$163.3 million were \$11.1 million lower than the budget. The lower-than-anticipated sales tax receipts were due to the dramatic impact of COVID-19 on the Orange County economy during the final four months of the FY.



Major Programs

Bus Program



Operating Revenue

\$342.2M

\$323.9M

Annual Budget

Operating Expense

\$283.7M

\$323.9M

Annual Budget

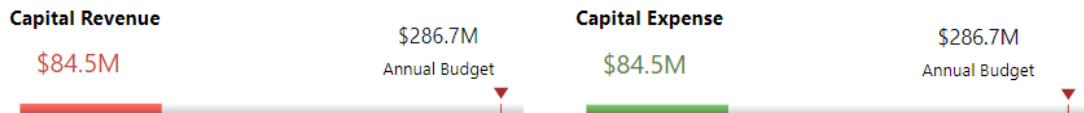
Bus Program operating revenue of \$342.2 million exceeded the budget by \$18.3 million, primarily due to higher-than-anticipated earnings on investments of \$11.1 million. The FY had a more favorable earnings yield on cash and investments of 3.2 percent compared to the budgeted earnings yield of two percent. In addition, there was a \$30.7 million overrun resulting from federal Coronavirus Aid, Relief, and Economic Security Act (CARES) funds not anticipated to be received when the budget was developed a year prior to COVID-19. Also, a portion of the variance of \$5.9 million was the result of a federal tax credit for use of alternative fuels in the prior FY and received as revenue in the current FY. Property tax revenue exceeded the budget by \$1.3 million due to higher-than-anticipated property tax receipts.

These variances were offset by lower-than-anticipated LTF sales tax revenue (\$11.1 million). The lower-than-anticipated sales tax receipts were due to the dramatic impact of COVID-19 on the Orange County economy during the final four months of the FY.

Bus Program operating expenses of \$283.7 million underran the budget by \$40.2 million, primarily due to lower utilization of both fixed-route bus and OC ACCESS paratransit services resulting from COVID-19. On March 23, 2020, OCTA temporarily reduced fixed-route bus service to Sunday service levels – about 60 percent of regular service – seven days per week. In June, service levels increased from approximately one million, Saturday-service level hours, to 1.2 million revenue vehicle hours to accommodate slightly increased ridership and help ensure social distancing onboard.

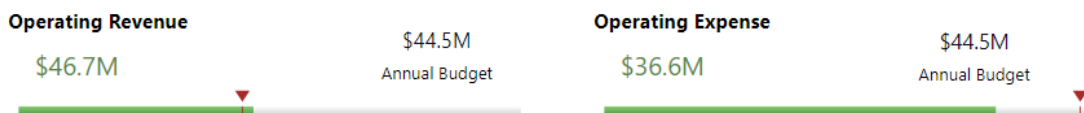
For the first eight months of the FY, revenues were generally tracking with projections and expenses were slightly underrunning the budget. The last four months of the FY changed the entire trajectory of the year when the pandemic started. The receipt of one-time funds from the CARES Act, investment earnings, and the alternative fuel tax credit combined with lower expenses related to lower fixed-route service levels and very low paratransit costs since the onset of the pandemic put the Bus Program in good shape at FY end.

However, lower long-term sales tax projections along with lower boardings and corresponding fare revenues will make it difficult to restore pre-pandemic service levels once the CARES Act funds are depleted.



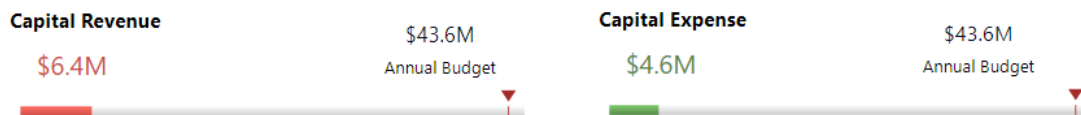
Bus Program capital revenue of \$84.5 million underran the budget by \$202.2 million, primarily due to federal grant revenue, which was not received in the FY for the purchase of 201 40-foot compressed natural gas (CNG)-powered buses and 116 22-foot gasoline-powered cutaway buses. The grant funds were budgeted in their entirety to match the contract executions for the bus purchases. However, expenses must be incurred before the revenue can be received. Staff anticipates receiving revenues as expenditures take place in future years. The primary driver of the underrun is the purchase of 201 40-foot, CNG-powered buses. This procurement was delayed to accommodate bidders request for extensions due to their inability to secure on-time pricing and availability from their suppliers for parts due to COVID-19. The procurement is now anticipated to occur in the first half of next FY and the expense was rebudgeted.

Rail Program



Rail Program operating revenue of \$46.7 million exceeded the budget by \$2.2 million, primarily due to higher-than-anticipated earnings on investments. The FY had a more favorable earnings yield on cash and investments of 3.2 percent compared to the budgeted earnings yield of two percent. Operating expenses of \$36.6 million underran by \$7.9 million, primarily due to on-call consultant planning, environmental, and modeling services. This includes a \$3.4 million underrun for the Irvine Metrolink Station and fourth main project due to design and environmental services. A study was conducted in the FY to look at alternative cost options for the project. As a result, the scope was reduced to only perform environmental review at this time and then evaluate

phasing options. Design services for the Placentia Metrolink Station project contributed \$1.8 million to the underrun as the project awaits a shared-use agreement to be in place with the rail right-of-way (ROW) owner, Burlington Northern Santa Fe (BNSF). The remainder of the underrun (\$2.9 million) was due to the quarterly operating subsidy payment to Southern California Regional Rail Authority (Metrolink) for OCTA's annual portion of the Metrolink operations. This underrun is due to an operating surplus in the previous FY. Therefore, the subsidy provided by OCTA was less than anticipated. The Rail Program finished the FY with a \$10.1 million operating surplus.



Rail Program capital revenue of \$6.4 million underran the budget by \$37.2 million primarily due to funds for construction of the Placentia Metrolink Station project which were not expensed in the FY (\$25.8 million), and grant funds for construction of the Anaheim Canyon Metrolink Station project (\$14.2 million) which were not received in the FY based on corresponding expenses. The underruns were partially offset by the receipt of grant funds and city contributions for construction of the Orange Transportation Center Parking Structure project and the Laguna Niguel to San Juan Capistrano passing siding project. The funds for both of these projects were budgeted last FY but received in the current FY.

Capital expenses of \$4.6 million underran the budget by \$39 million primarily due to the timing of construction phase expenses for the Placentia Metrolink Station project (\$23.9 million) and the Anaheim Canyon Metrolink Station project (\$14.4 million). Construction of the Placentia Metrolink Station project requires BNSF approvals, which are still undergoing negotiations to finalize the shared-use agreement for the ongoing Metrolink use of the BNSF rail corridor in the project location. Construction phase expenses for the Anaheim Canyon Metrolink Station project contributed the remainder of the underrun due to ongoing contract negotiations with property owners adjacent to the project location. These funds have been rebudgeted for the next FY.

91 Express Lanes Program



Operating Revenue

\$34.5M

\$78.1M

Annual Budget

Operating Expense

\$34.5M

\$78.1M

Annual Budget

The 91 Express Lanes Program operating revenue of \$34.5 million underran by \$43.6 million, primarily due to less-than-anticipated funding required to support the State Route 91 (SR-91) Widening project (\$21.2 million) and the Placentia Metrolink Station project (\$14.3 million). Funds are committed for both projects based on expenditures in the M2 Program and the Rail Program. The remainder of the underrun was the result of lower-than-anticipated toll revenue based on utilization of the toll lanes. COVID-19 led to a 29 percent reduction in total traffic volume for the toll lanes in the FY when compared to the prior FY.

Operating expenses of \$34.5 million underran by \$43.6 million, primarily due to less-than-anticipated funding required for the SR-91 Widening project (\$21.2 million) and the Placentia Metrolink Station project (\$14.3 million). The toll road operating contract contributed \$1.1 million to the underrun due to an allotment for potential change orders, which was not utilized. The allotment was budgeted in the event there was new tolling technology or functionality, which needed to be implemented by the contractor. The remainder of the underrun was the result of as-needed expenses associated with toll road account servicing, legal services, and equipment repair/maintenance.

Capital Revenue

\$28.9M

\$38.1M

Annual Budget

Capital Expense

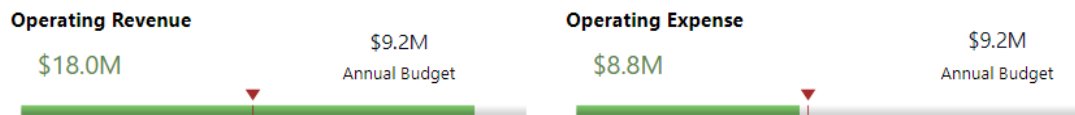
\$28.9M

\$38.1M

Annual Budget

Capital revenue for the 91 Express Lanes of \$28.9 million underran by \$9.2 million due to less-than-anticipated capital expenses. The underrun of \$9.2 million was primarily attributable to a contract for computer equipment for the 91 Express Lanes back-office system (\$8.3 million). The contract was executed in the second half of the FY and only a portion of the expenses took place. Staff anticipates further expenses to occur next FY. The remainder of the underrun was due to invoice timing for improvements to the customer service center. The invoice was paid in the prior FY after work was completed and the budget was not needed this FY.

Motorist Services Program

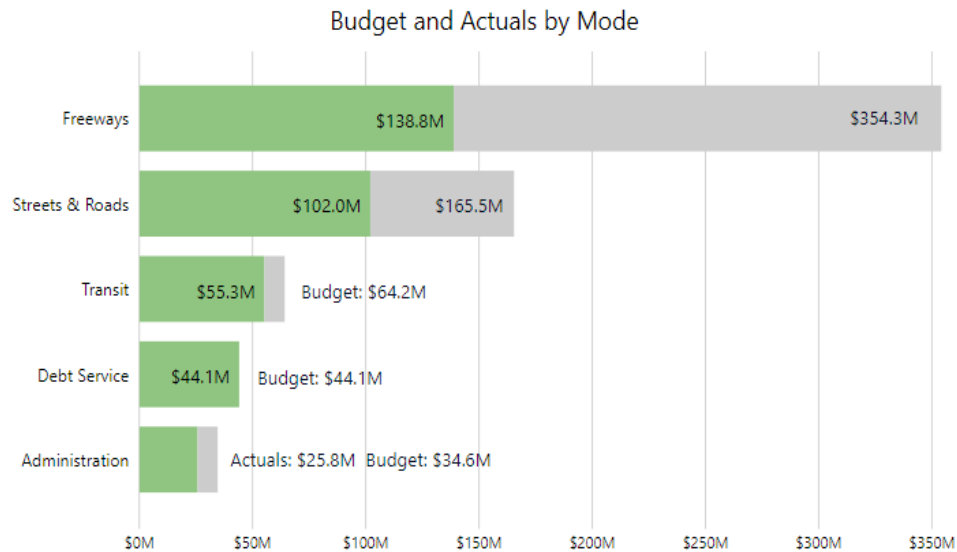


Motorist Services Program revenue of \$18 million exceeded the budget by \$8.8 million, primarily due to state contribution funds for Freeway Service Patrol (FSP). The funds for operating the service were budgeted in the prior two FYs but were received in the current FY. This is primarily due to the time required by California Department of Transportation to determine the process of distributing SB 1 (Chapter 5, Statutes of 2017) funds. Expenses for the program of \$8.8 million underran the budget by \$0.3 million, primarily due to a freeway call box radio upgrade project, which has been rescheduled to next FY. The project was budgeted to facilitate the upgrade from 3G to 4G radio technology, but due to the vendor continuing 3G support for another year, the project was rescheduled to the following FY and the funds were rebudgeted. The remainder of the underrun is due to lower than anticipated fuel prices for contracted tow service for the FSP Program. The Motorist Services Program finished the FY with an operating surplus of \$9.1 million.

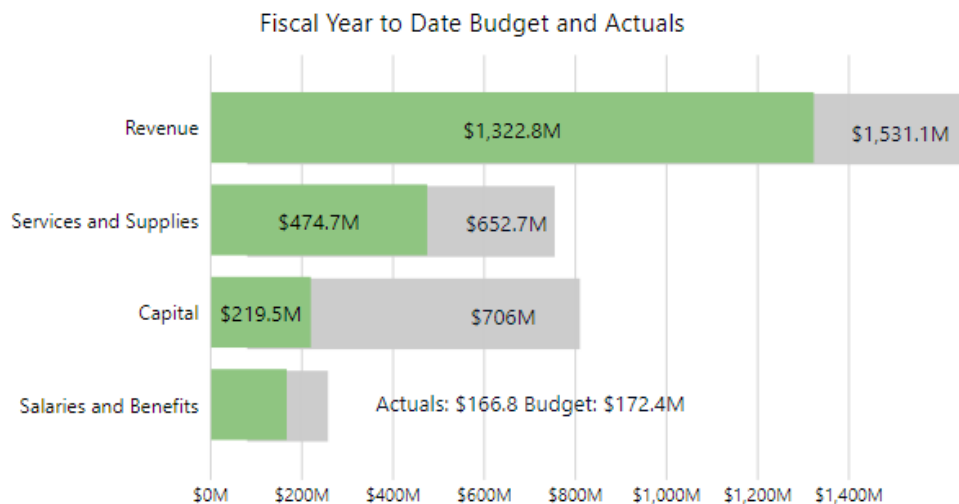
M2 Program



Total expenses for the M2 Program of \$366.1 million underran the budget by \$296.6 million, primarily due to lower utilization of ROW capital and ROW support expenses for the State Route 55 (SR-55) Widening project (\$81 million), the Interstate 5 (I-5) South County Improvement project (\$58 million), and the Interstate 405 Improvement Project (\$34 million). For each of these projects, the underrun is due to the timing and magnitude of ROW phase expenses, which is difficult to forecast due to the complex negotiating process. Most of these expenses have been rebudgeted in the next FY. An additional underrun of \$61.2 million was due to lower-than-anticipated project payment requests from the cities for the Regional Capacity Program, Regional Traffic Signal Synchronization Program, and Environmental Clean-up Program.



Summary



Revenue of \$1.32 billion underran the budget by \$208.3 million, primarily due to less-than-anticipated utilization of prior year reserves to fund capital projects. The majority of the funds were rebudgeted in FY 2020-21 to fund capital projects such as bus purchases and ROW expenditures as needed. Also contributing to the underrun was lower LTA sales tax receipts and LTF sales tax receipts due to the impact of COVID-19 on the Orange County economy.

Services and supplies expenses of \$474.7 million underran the budget by \$178 million, primarily due to less-than-anticipated contributions to local agencies based on lower-than-anticipated project payment requests for

competitive M2 programs. Also contributing to the underrun was lower bus operating expenses based on lower service levels due to COVID-19.

Capital expenses of \$219.5 million underran the budget by \$486.6 million, primarily due to a contract for bus purchases, which was not executed in the FY, and ROW expenditures for the SR-55 Widening project, and the I-5 South County Improvement project.

Salaries and benefits of \$166.8 million underran the budget by \$5.6 million due to vacancies, primarily in the administrative (7.7 percent underrun) and maintenance (7.4 percent underrun) groups.

Attachment

- A. FY 2019-20 Fourth Quarter Budget Status Summary

Prepared by:

Anthony Baruch
Section Manager,
Financial Planning and Analysis
(714) 560-5332

Approved by:

Andrew Oftelie
Chief Financial Officer,
Finance and Administration
(714) 560-5649

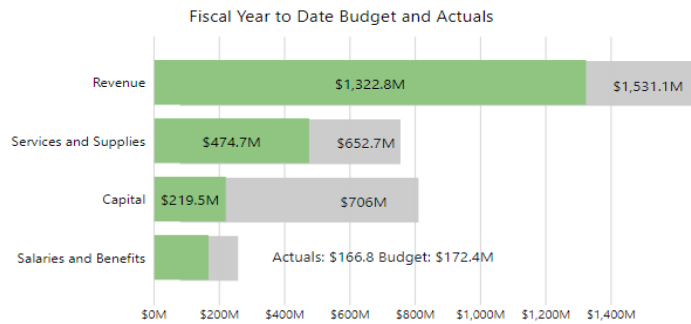


FY 2019-20 Fourth Quarter Budget Status Summary

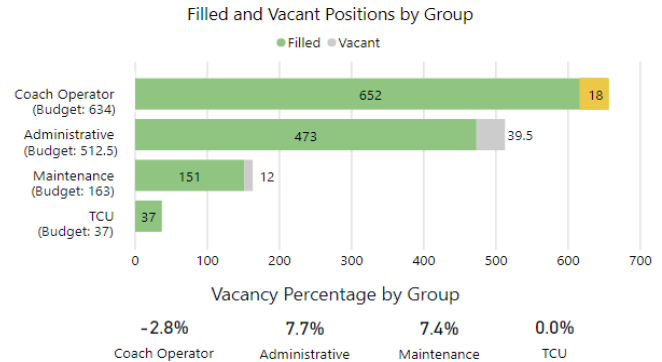
ATTACHMENT A

● Budget ● Within Budget ● Within 5% Variance ● Over 5% Variance

Total Authority

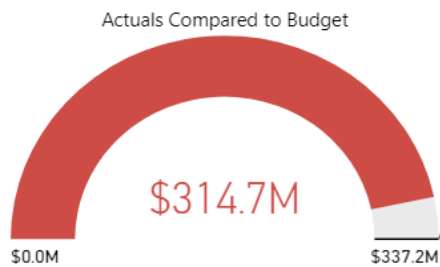


Staffing

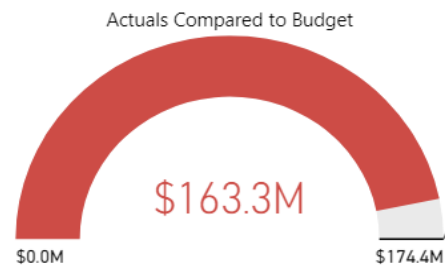


Sales Tax Receipts

LTA

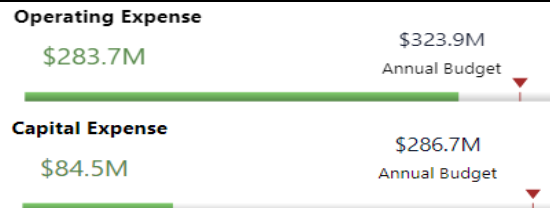
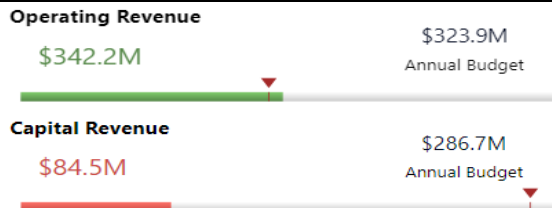


LTF

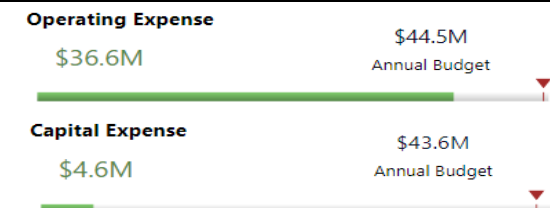
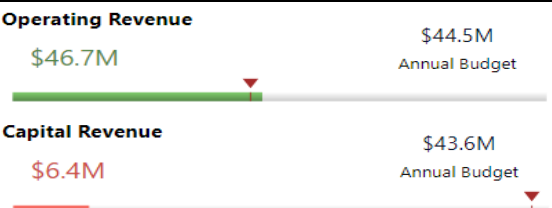


Major Operating Programs

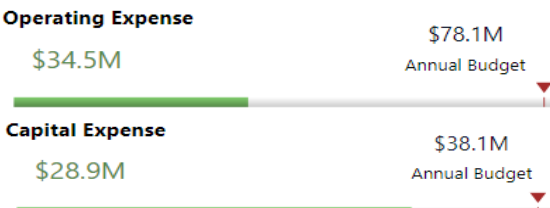
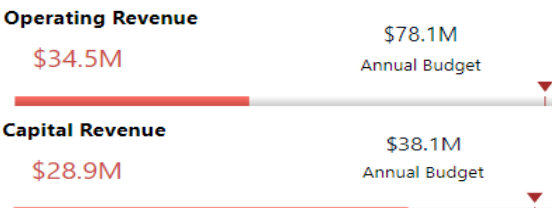
Bus Program



Rail Program



91 Express Lanes Program



Motorist Services Program





November 11, 2020

To: Finance and Administration

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Employees Retirement System Early Payment for Fiscal Year 2021-22

Overview

The Orange County Employees Retirement System has offered an early payment discount to member agencies of 5.8 percent if they elect to prepay their contributions for fiscal year 2021-22. Advance payments must be received before January 15, 2021. The estimated savings for the Orange County Transportation Authority over the next year and a half under this payment option will total approximately \$1.3 million. Board of Directors' authorization is requested for the early payment option.

Recommendation

Authorize the early payment of approximately \$30.2 million by January 15, 2021, to the Orange County Employees Retirement System, for member contributions for fiscal year 2021-22.

Background

The Orange County Employees Retirement System (OCERS) provides retirement benefits to Orange County Transportation Authority (OCTA) employees. The majority of OCTA employees and retirees are covered by the OCERS plan. OCERS is a defined benefit plan with benefits determined by a formula based on years of service, age at retirement, and highest average salary over a consecutive three-year period. OCERS is administered by a ten-member board of retirement. The OCERS Board of Retirement serves as fiduciary and has administrative authority over investments and benefits. As of June 30, 2020, the plan had over \$17.1 billion in assets. OCERS operates under the state statutory requirements of the County Employees Retirement Act of 1937, a section of the California Government Code.

Employer contributions to OCERS are calculated each pay period by OCTA and paid electronically every two weeks. During fiscal year (FY) 2021-22, based on data from the working budget, OCTA will contribute approximately \$32.7 million to OCERS, based upon wages of approximately \$104.1 million. OCTA's employer rate is 31.51 percent, and the Public Employees' Pension Reform Act (PEPRA) contribution rate is 31.13 percent during this time period.

Discussion

July 20, 2020, the OCERS Board of Retirement voted to offer an early payment discount on employer contribution payments made before January 15, 2021, for the succeeding FY. OCERS is offering to discount the contributions for FY 2021-22 by 5.8 percent. If the early payment option is exercised, OCERS will reconcile the projected payroll wages for the FY and collect appropriate additions or provide credits against future payments from OCTA for FY 2021-22.

The OCTA's Board of Directors approved a similar action in previous years where the early payment option was exercised. By using available cash now, OCTA will reduce the overall cost of future budgeted expenditures.

For FY 2021-22, OCERS increased OCTA's employer rates to 31.51 percent from the FY 2020-21 rate of 30.63 percent. The PEPRA contribution rate increased to 31.13 percent for FY 2021-22 from the 29.92 percent rate in FY 2020-21. OCTA's estimated wages for FY 2021-22 are \$104.1 million. Applying the 31.51 percent and 31.13 percent PEPRA employer's rates to the estimated wages for the year translates into an approximate contribution value of \$32.7 million for FY 2021-22. Further, there is a balance from the prepayment contribution for FY 2020-21 of \$676,984.98, which is required to be applied as a credit for this year's prepayment.

Under the early payment option, OCTA has the choice of paying OCERS \$30.2 million (\$32.7 million discounted by 5.8 percent less the credit) by January 15, 2021, or OCTA would make the regular biweekly payments of approximately \$1,257,794 for the employer contribution, (for a total of \$32.7 million) during FY 2021-22. Given these assumptions, OCTA has calculated the savings to equal approximately \$1.3 million (which is the net between the \$1.8 million savings from the OCERS prepayment and \$541,259 estimated interest earnings by OCTA).

Based upon this analysis, it is financially advantageous for OCTA to exercise this early payment option. If this option were to be exercised, these funds would be deposited into OCERS on behalf of OCTA and be credited to OCTA's account. The funds will be paid from the General Fund (36.5 percent),

Orange County Transit District Fund (63.4 percent), and the Orange County Taxi Administration Program (0.1 percent). The funding sources represent the current payroll allocation.

Summary

OCERS has offered an early payment of contributions to member agencies for the upcoming FY. Under this early payment option, a discount of 5.8 percent will be applied to the amounts due for employer contributions. OCTA has calculated the savings to equal approximately \$1.3 million. Staff recommends exercising this early payment option.

Attachment

None.

Prepared by:



Robert Davis
Department Manager
Treasury/Public Finance
714-560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
714-560-5649



November 11, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 First 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 first quarter of fiscal year 2020-21, covering July through September 2020.

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 OCTA's Board of Directors (Board). The Quarterly Grant Reimbursement Status Report summarizes awarded/executed, current, pending close-out, and closed grant agreements.

Awarded/Executed Grant Agreements:

OCTA executed seven formula grants and one discretionary grant during the first quarter, which are summarized below. In addition to these first quarter activities, OCTA executed a Federal Transit Administration (FTA) agreement securing Coronavirus Aid, Relief, and Economic Security Act funding of \$160.4 million on July 6, 2020. These funds will be used to support operating costs for fixed-route and paratransit services and are provided on a reimbursement basis.

Federal Fiscal Year (FFY) 2020 FTA Section 5307 Formula Grant Program

OCTA executed an FTA grant agreement to secure \$52.2 million in FTA Section 5307 formula funds allocated to OCTA for FFY 2020 (Attachment A, Row 6). These funds will be used to provide capital and operating assistance to cover preventative maintenance expenses, capital cost of contracting, and non-fixed-route operating assistance.

FFY 2020 FTA Section 5310 Enhanced Mobility for Seniors and Disabled

OCTA executed an FTA grant agreement to secure \$2.3 million in FTA Section 5310 funds allocated to OCTA for FFY 2020 (Attachment A, Row 12). The funds will be used to support the capital costs of contracting for ACCESS services.

FFY 2020 FTA Section 5337 Formula Grant Program

OCTA executed an FTA grant agreement to secure \$3.5 million in FTA Section 5337 funds allocated to OCTA for FFY 2020 (Attachment A, Row 15). The funds will be used to support preventative maintenance expenses and Fullerton Transportation Center staircase rehab project.

FFY 2020 FTA Section 5339 Formula Grant Program

OCTA executed an FTA grant agreement to secure \$6.8 million in FTA Section 5339 funds allocated to OCTA for FFY 2020 (Attachment A, Row 17). These funds will be used to support the purchase of 55 40-foot paratransit replacement vehicles.

FFY 2018 Federal Highway Administration (FHWA)/FTA Section 5309 Discretionary Flex Funds

OCTA executed an FTA grant agreement securing \$913,116 in FHWA/FTA Section 5309 flex funds (Attachment A, Row 20). These funds will be used to support the replacement of the San Juan Creek Bridge. The new bridge will improve load and storm capacity, increase safety, and reduce maintenance needs.

Fiscal Year (FY) 2019-20 Low Carbon Transit Operations Program (LCTOP)

OCTA executed an agreement to secure \$6.3 million in LCTOP funds for continuation and expansion of the college pass programs (Cypress, Coastline Colleges, Irvine Valley, and Saddleback colleges), and ten battery-electric buses and charging infrastructure (Attachment B, Rows 22-26). On March 23, 2020, the Board approved transferring \$2.9 million from FY 2018-19 LCTOP Bravo!

Main Street Operations to two new LCTOP projects, including the Metrolink Service Expansion (\$2.1 million) and Bravo! 529 Operations (\$812,976).

FY 2020-21 State Transportation Improvement Plan (STIP) – Programming, Planning, and Monitoring (PPM)

The California Department of Transportation approved the funds transfer agreement for the annual STIP allocation for the PPM program in the amount of \$1 million. Reimbursable projects related to this program began in July 2020 (Attachment B, Row 30).

FY 2020-21 SB 1 (Chapter 5, Statutes of 2017) State of Good Repair (SGR) Program

OCTA expects to receive \$6.4 million in SGR funds during FY 2020-21 (Attachment B, Rows 35-36). On October 26, 2020, the Board authorized the use of the FY 2020-21 SB 1 SGR funds for the Power Generator Replacement project at the Anaheim and Irvine Construction Circle bus bases. The remaining funds will be used to support modifications, upgrades, and the replacement of OCTA's existing bus bases and transit facilities. Funds would be utilized for projects, such as, but not limited to, electrical, fire alarm and elevator upgrades, generators, heating ventilation, air conditioning, roof and concrete replacements, lighting and facility modifications, as well as the future construction of transit security operations center.

Current Grant Agreements:

OCTA's FTA formula grant agreements total 17 and FTA discretionary grant agreements total four (Attachment A).

The 17 FTA formula grant agreements have a total federal amount of \$606 million. A total of \$312.9 million has been reimbursed, leaving a balance of approximately \$293.1 million. The balance of these 17 FTA formula grant agreements will primarily fund the OC Streetcar, fixed-route bus procurements, rideshare and vanpool programs, Laguna Niguel/San Juan Capistrano passing siding project, and rail rehabilitation projects.

The four FTA discretionary grant agreements have a total federal amount of \$162.9 million. This includes the full funding grant agreement award of \$148.9 million. A total of \$56.6 million has been reimbursed, leaving a balance of \$106.3 million. The balance of these four FTA discretionary grant agreements will primarily fund the OC Streetcar and slope stabilization improvements on the railroad right-of-way from the City of Laguna Niguel to the City of Lake Forest.

The total FTA formula and discretionary grant agreements amount to \$768.9 million. The total amount reimbursed through the first quarter under these grant agreements is \$369.5 million, leaving a balance of \$399.4 million.

OCTA also has 37 active state and FHWA formula grant agreements (Attachment B) and 12 active state discretionary grant agreements (Attachment C).

The 37 state and FHWA formula grant agreements total \$242.7 million. The total amount reimbursed through the first quarter under these other grant agreements is \$116.2 million, leaving a balance of \$126.5 million.

The 12 state discretionary grant agreements total approximately \$8.6 million. A total of \$573,411 of these discretionary grant agreements has been reimbursed, leaving a balance of \$8.1 million.

This report activity is as of September 30, 2020, and any grants with a deadline between the quarter end and the date this report is published will be fully reimbursed and closed out. This activity will be reflected in next quarter's report. Additionally, for these grants, staff anticipates each of the remaining balances to be fully reimbursed prior to the grant agreement expiration date.

Grant Agreements Pending Close-Out:

There are currently no grant agreements pending close-out in the first quarter of FY 2020-21.

Closed Grant Agreements:

There are three grant agreements totaling \$60.5 million that were closed out in the first quarter of FY 2020-21. These grant agreements are summarized in Attachment D.

Summary

This report provides an update of the grant agreement-funded activities for the first quarter of FY 2020-21, July through September 2020. Staff recommends this report be received and filed as an information item.

Attachments

- A. First Quarter Grant Reimbursement Status Report, July through September 2020, Federal Transit Administration Formula and Discretionary Grant Agreements
- B. First Quarter Grant Reimbursement Status Report, July through September 2020, State and Federal Highway Administration Formula Grant Agreements
- C. First Quarter Grant Reimbursement Status Report, July through September 2020, State Discretionary Grant Agreements
- D. First Quarter Grant Reimbursement Status Report, July through September 2020, Closed Grant Agreements

Prepared by:



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

Approved by:



Andrew Oftelie
Chief Financial Officer,
Finance and Administration
714-560-5649

First Quarter Grant Reimbursement Status Report
July through September 2020

Federal Transit Administration Formula and Discretionary Grant Agreements						
	FEDERAL FISCAL YEAR (FFY)	GRANT NUMBER	FEDERAL AMOUNT	FEDERAL AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
FTA Section 5307 - CARES Act Grant						
1	2020	CA-2020-146	\$ 160,419,003	\$ 31,368,200	\$ 129,050,803	September 2022
FTA Section 5307 CARES Grant Subtotal			\$ 160,419,003	\$ 31,368,200	\$ 129,050,803	
FTA Section 5307 - Urbanized Area Formula Grant Program						
2	2012	CA-90-Y942	\$ 57,746,966	\$ 57,623,333	\$ 123,633	November 2020
3	2013	CA-90-Z027	53,878,508	53,554,939	323,569	June 2021
4	2014	CA-90-Z174	55,129,189	55,095,991	33,198	December 2020
5	2015	CA-2016-032	55,400,721	54,919,692	481,029	September 2021
6	2020	CA-2020-273	52,238,139	0	52,238,139	December 2021
FTA Section 5307 Grant Subtotal			\$ 274,393,523	\$ 221,193,955	\$ 53,199,568	
FTA Section 5307 - Federal Funds flexed from the Federal Highway Administration (FHWA):						
7	2010	CA-95-X131	\$ 2,102,650	\$ 1,870,690	\$ 231,960	September 2020
8	2013	CA-95-X254	5,657,000	5,630,267	26,733	December 2020
9	2014	CA-95-X286	6,621,000	5,248,022	1,372,978	October 2021
10	2017	CA-2017-072	31,567,405	23,704,007	7,863,398	October 2021
11	2019	CA-2020-050	76,843,769	3,928,915	72,914,854	June 2026
FTA Section 5307 Flexed Grant Subtotal			\$ 122,791,824	\$ 40,381,901	\$ 82,409,923	
FTA Section 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities Grant Program						
12	2020	CA-2020-270	\$ 2,255,173	\$ 0	\$ 2,255,173	February 2021
FTA Section 5310 Grant Subtotal			\$ 2,255,173	\$ 0	\$ 2,255,173	
FTA Section 5316 - Jobs Access and Reverse Commute (JARC) Grant Program						
13	2009	CA-37-X113	\$ 13,962,491	\$ 12,512,504	\$ 1,449,987	December 2022
FTA Section 5316 Grant Subtotal			\$ 13,962,491	\$ 12,512,504	\$ 1,449,987	
FTA Section 5337 - State of Good Repair Grant Program						
14	2019	CA-2020-039	\$ 8,349,277	\$ 7,516,277	\$ 833,000	April 2022
15	2020	CA-2020-269	3,470,454	0	3,470,454	September 2021
FTA Section 5337 Grant Subtotal			\$ 11,819,731	\$ 7,516,277	\$ 4,303,454	

First Quarter Grant Reimbursement Status Report
July through September 2020

Federal Transit Administration Formula and Discretionary Grant Agreements									
FTA Section 5339 - Buses andBus Facilities Grant Program									
16	2019	CA-2020-041	\$	13,605,987	\$	0	\$	13,605,987	March 2021
17	2020	CA-2020-276		6,794,700		0		6,794,700	December 2021
FTA Section 5339 Grant Subtotal			\$	20,400,687	\$	0	\$	20,400,687	
Federal Transit Administration Formula Grants Total			\$	606,042,432	\$	312,972,837	\$	293,069,595	
	FEDERAL FISCAL YEAR (FFY)	GRANT NUMBER		FEDERAL AMOUNT		FEDERAL AMOUNT REIMBURSED		REMAINING BALANCE	ANTICIPATED CLOSE-OUT
FTA Section 5309 - Discretionary Capital Grant Program									
18	2008	CA-04-0078	\$	7,021,300	\$	6,302,251	\$	719,049	January 2021
19	2012	CA-05-0269		6,000,000		5,952,588		47,412	October 2020
20	2018	CA-2020-281		913,115		0		913,115	September 2025
FTA Section 5309 Grant Subtotal			\$	13,934,415	\$	12,254,839	\$	1,679,576	
FTA Section 5309 - Discretionary Capital Grant Program (FFGA)									
21	2019	CA-2019-018	\$	148,955,409	\$	44,300,741	\$	104,654,668	June 2023
FTA Section 5309 FFGA Grant Subtotal			\$	148,955,409	\$	44,300,741	\$	104,654,668	
Federal Transit Administration Discretionary Grants Total			\$	162,889,824	\$	56,555,580	\$	106,334,244	
Total Federal Transit Administration Formula and Discretionary Grant Agreements			\$	768,932,256	\$	369,528,417	\$	399,403,839	

Funding Source Notes:

FTA Section 5307 - CARES Act Grant: Federal emergency relief funds in response to COVID-19

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 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 5339 - Buses and Bus Facilities Grant Program: A new formula-based program dedicated to support capital projects such as the replacement, rehabilitation, and purchase of buses, vans, and related equipment.

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

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

First Quarter Grant Reimbursement Status Report
July through September 2020

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
Prop 1B Intercity Rail Improvement (IRI)						
1	2018	Laguna Niguel to SJC Passing Siding (Construction)	\$ 2,000,000	\$ 1,607,222	\$ 392,778	February 2022
PROP 1B IRI Subtotal			\$ 2,000,000	\$ 1,607,222	\$ 392,778	
Federal Highway Administration Grant Program - Congestion Mitigation & Air Quality (CMAQ)						
2	2015	I-5 from the Orange/San Diego County Line to Avenida Pico (PA/ED)	\$ 450,000	\$ 453,710	\$ -3,710	June 2022
3	2015	I-5, SR-55 to SR-57 (PS&E)	2,800,000	2,352,003	447,997	June 2022
CMAQ Subtotal			\$ 3,250,000	\$ 2,805,713	\$ 444,287	
Federal Highway Administration Grant Program - Regional Surface Transportation Program (RSTP)						
4	2013	I-5, I-405 to SR-55 (PA/ED)	\$ 8,000,000	\$ 7,915,878	\$ 84,122	December 2020
5	2014	I-5 Segment 2, Oso Pkwy to Alicia Pkwy (PS&E)	10,000,000	9,763,215	236,785	June 2021
6	2015	I-5 Segment 1, SR-73 to Oso Pkwy (PS&E)	9,101,000	8,773,058	327,942	June 2022
7	2015	I-5 Segment 3, Alicia Pkwy to El Toro Rd (PS&E)	8,044,000	7,611,504	432,496	June 2022
8	2015	SR-91, SR-57 to SR-55 (PA/ED)	7,000,000	4,160,146	2,839,854	June 2022
9	2016	SR-57, Orangewood to Katella Ave (PA/ED)	2,500,000	1,717,037	782,963	June 2021
10	2017	SR-55, I-5 to SR-91 (PA/ED)	5,000,000	3,850,385	1,149,615	June 2022
RSTP Subtotal			\$ 49,645,000	\$ 43,791,223	\$ 5,853,777	
Federal Highway Administration Grant Program - State Transportation Block Grant (STBG)						
11	2016	I-405, SR-73 to I-605 (Construction)	\$ 1,000	\$ 0	\$ 1,000	June 2021
12	2018	I-5, SR-55 to SR-57 (Construction)	1,340,000	3,473	1,336,527	June 2022
13	2018	SR-55, I-405 to I-5 (PS&E)	17,000,000	16,224,155	775,845	June 2023
14	2019	SR-55, I-405 to I-5 (ROW)	79,950,000	0	79,950,000	June 2023
STBG Subtotal			\$ 98,291,000	\$ 16,227,628	\$ 82,063,372	

First Quarter Grant Reimbursement Status Report
July through September 2020

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
Low Carbon Transit Operations Program (LCTOP) - California Department of Transportation (CALTRANS)						
15	2017	Bus Bicycle Racks	\$ 766,345	\$ 376,002	\$ 390,343	May 2021
16	2018	Bravo! Route 529 Start-up & Operations	4,787,534	4,291,737	495,797	July 2021
17	2019	Battery Electric Buses, Bus Depot Upgrades & Charging Infrastructure	2,523,000	0	2,523,000	June 2023
18	2019	College Fare Program for Fullerton	381,523	0	381,523	August 2022
19	2019	College Fare Program for Golden West	215,279	98,952	116,327	August 2022
20	2019	College Fare Program for Santa Ana College	393,198	0	393,198	June 2021
21	2019	Travel Training	685,000	168,240	516,760	July 2022
22	2020	Battery Electric Buses, Bus Depot Upgrades & Charging Infrastructure	2,909,886	0	2,909,886	June 2023
23	2020	Bravo! Route 529 Start-up & Operations	1,470,913	0	1,470,913	January 2021
24	2020	College Fare Program for IVC, Saddleback, Cypress and Coastline College	749,243	0	749,243	December 2023
25	2020	Discounted Age-Based Fare Program	2,000,000	0	2,000,000	September 2024
26	2020	Metrolink Service Expansion	2,100,000	0	2,100,000	September 2023
CAP & TRADE LCTOP Subtotal			\$ 18,981,921	\$ 4,934,931	\$ 14,046,990	
State Proposition 116: Clean Air and Transportation Improvement Act Bond Funds						
27	2019	Laguna Niguel to SJC Passing Siding (Construction)	\$ 4,733,000	\$ 1,010,309	\$ 3,722,691	June 2023
PROP 116 Subtotal			\$ 4,733,000	\$ 1,010,309	\$ 3,722,691	
State Proposition 1B: Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)						
28	2015	Raymond Ave Grade Separation Project (Construction)	\$ 45,159,267	\$ 45,101,382	\$ 57,884	February 2021
PROP 1B PTMISEA Subtotal			\$ 45,159,267	\$ 45,101,382	\$ 57,884	
State Transportation Improvement Plan (STIP) Programming, Planning & Monitoring (PPM)						
29	2019	PPM Program	\$ 1,481,000	\$ 676,623	\$ 804,377	December 2021
30	2021	PPM Program	1,000,000	0	1,000,000	December 2023
STIP PPM Subtotal			\$ 2,481,000	\$ 676,623	\$ 1,804,377	
Senate Bill 1: State of Good Repair						
31	2019	iShuttle Replacement Buses	\$ 5,580,604	\$ 0	\$ 5,580,604	November 2021
32	2020	El Dorado Cutaway Bus Replacement	2,070,281	0	2,070,281	December 2022
33	2020	iShuttle Replacement Buses	3,062,751	0	3,062,751	November 2021
34	2020	Replacement of Emergency Standby Generators	800,000	0	800,000	April 2021
35	2021	Facilities modifications, upgrades and replacement	5,852,278	0	5,852,278	August 2022
36	2021	Replacement of Emergency Standby Generators	574,200	0	574,200	April 2021
SB1 SGR Subtotal			\$ 17,940,114	\$ 0	\$ 17,940,114	

First Quarter Grant Reimbursement Status Report
July through September 2020

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
FTA Section 5304 - Sustainable Communities						
37	2020	Freeway Bus Rapid Transit Concept Study	\$ 210,602	\$ 54,041	\$ 156,562	April 2022
FTA Section 5304 Subtotal						
Total State and Federal Highway Administration Formula Grant Agreements			\$ 242,691,904	\$ 116,209,072	\$ 126,482,832	

First Quarter Grant Reimbursement Status Report
July through September 2020

ATTACHMENT C

State Discretionary Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
Active Transportation Program (ATP)						
1	2020	Safe Travels Education Program (STEP) Campaign	\$ 500,000	\$ 65,249	\$ 434,751	July 2022
ATP Subtotal			\$ 500,000	\$ 65,249	\$ 434,751	
Air Quality Management District (AQMD) Grant Program and Mobile Source Air Pollution Reduction Review Committee (MSRC)						
2	2019	La Habra Union Pacific Rail Bikeway	\$ 91,760	\$ 0	\$ 91,760	November 2023
3	2020	College Fare Program for Fullerton	212,000	165,236	46,764	January 2021
MSRC Subtotal			\$ 303,760	\$ 165,236	\$ 138,524	
Highway Safety Plan (HSP) - California Office of Traffic Safety (OTS)						
4	2020	Bicycle & Pedestrian Facilities Program	\$ 100,000	\$ 11,560	\$ 88,440	December 2020
OTS Subtotal			\$ 100,000	\$ 11,560	\$ 88,440	
Transit Security Grant Program (TSGP) - State Office of Homeland Security						
5	2017	Be The One Campaign	\$ 75,000	\$ 63,764	\$ 11,236	August 2021
TSGP Subtotal			\$ 75,000	\$ 63,764	\$ 11,236	
TSA National Explosives Detection Canine Team Program (NEDCTP) - Department of Homeland Security						
6	2020	Transportation Security Administration Canine	\$ 75,750	\$ 75,258	\$ 492	December 2021
TSA K9 Subtotal			\$ 75,750	\$ 75,258	\$ 492	
Senate Bill 1: Local Partnership Program						
7	2018	Garden Grove Blvd Signal Synchronization (Construction)	\$ 1,353,000	\$ 0	\$ 1,353,000	December 2023
8	2018	Katella Ave Signal Synchronization (Construction)	2,449,000	0	2,449,000	December 2023
9	2018	Los Alisos Blvd Signal Synchronization (Construction)	1,117,000	0	1,117,000	December 2023
10	2018	Main Street Signal Synchronization (Construction)	1,926,000	0	1,926,000	December 2023
SB1 LPP Subtotal			\$ 6,845,000	\$ 0	\$ 6,845,000	
Senate Bill 1: Adaptation Planning Grants						
11	2019	Orange County Rail Infrastructure Defense Against Climate Change	\$ 461,771	\$ 63,801	\$ 397,971	February 2021
SB1 APG Subtotal			\$ 461,771	\$ 63,801	\$ 397,971	
Senate Bill 1: Planning Grants						
12	2019	Safe Routes to School Action Plan	\$ 264,000	\$ 128,543	\$ 135,457	February 2021
SB1 PL Subtotal			\$ 264,000	\$ 128,543	\$ 135,457	
Total State Discretionary Grant Agreements			\$ 8,625,281	\$ 573,411	\$ 8,051,870	

First Quarter Grant Reimbursement Status Report
July through September 2020

Closed Grant Agreements						
	FISCAL YEAR (FY)	FUNDING SOURCE	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE
1	2019	CAP & TRADE LCTOP	Bravo! Main Street Operations	\$ 2,912,976	\$ 0	\$ 2,912,976 ¹
2	2019	FTA Section 5307	FTA CA-2020-038	50,569,169	50,569,169	0
3	2009	FTA Section 5309	FTA CA-04-0122	4,845,999	4,845,999	0
4	2019	FTA Section 5310	FTA CA-2020-037	2,178,051	2,178,051	0
Total Closed Grants				\$ 60,506,195	\$ 57,593,219	\$ 2,912,976

Footnote:

¹ Remaining balance was distributed to FY 2019-20 LCTOP Metrolink Service Expansion (\$2.1 million) and Bravo! 529 Operations (\$812,976) projects.



November 11, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Property Insurance Policy Renewal

Overview

The Orange County Transportation Authority holds a property insurance policy with Zurich Insurance Company. This policy is scheduled to expire on December 1, 2020, and a renewal is necessary to maintain coverage.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A46200 in the amount of \$629,269, to Marsh Risk and Insurance Services, Inc., to purchase property insurance on behalf of the Orange County Transportation Authority with Zurich Insurance Company for the policy period of December 1, 2020 to December 1, 2021.

Discussion

The Orange County Transportation Authority (OCTA) purchases insurance to protect OCTA property, including buildings, contents, and buses from accidental loss. OCTA is currently insured with Zurich Insurance Company for an annual net of commission premium of \$534,429, which is based on property values of \$577,477,554 and includes all OCTA-owned property, except the 91 Express Lanes, which is insured under a separate insurance policy.

Insurance companies determine property insurance quotes based upon current insurance market conditions affecting rates per \$100 in property values. The current policy runs December 1, 2019 to December 1, 2020. The renewal of this policy will be based on updated property values of \$580,397,366, which includes real and business personal property, information system equipment, and directly operated revenue and non-revenue vehicles. Due to the large number of insured buses included in this policy, there is a special insurance condition that OCTA buses are only insured while parked at the bus base. Included in the current policy, OCTA is also insured for active shooter and malicious attack coverage,

which covers damage to property and additional post-event expenses not provided for in a traditional property insurance policy.

Currently, a \$50,000 deductible is applied per occurrence for fire loss or damage to OCTA's bus fleet in this policy. Revenue vehicles are self-insured for property damage while in operation. OCTA's paratransit vehicles are not included in OCTA's insurable values since these vehicles are insured by MV Transportation, Inc., as required in Agreement No. C-2-1865, approved by the Board of Directors (Board) on March 25, 2013. In addition, fixed-route buses operated and insured by First Transit, Inc., as required in Agreement No. C-4-1737, approved by the Board on March 23, 2015, are also not included in OCTA's insurable values.

The property insurance policy limit is currently at \$235,000,000, which provides catastrophic protection equivalent to a total loss just above the current insurable values at OCTA's single largest property value location, the Santa Ana bus base. The insurance provides protection for real and business personal property, improvements and betterments, rolling stock, and extra expenses incurred after a loss. Other coverage includes fire, flood, terrorism, civil authority, ingress/egress, leaks to fire sprinkler pipes caused by earthquakes, valuable papers, and boiler and machinery. Policy deductibles for this policy vary by category of coverage. The policy has a \$50,000 deductible that applies to all losses except:

- \$100,000 deductible for flood, except Flood Zone A
- \$500,000 deductible for flood in Flood Zone A

Flood protection is also provided in the current property insurance policy. Flood is defined in the policy as "surface water, underground water, waves, tides, tidal waves, tsunamis, overflow of any body of water or their spray, all whether driven by wind or not." As with many properties in Orange County, OCTA has buildings that are in areas susceptible to flooding. Flood zones are identified by the National Flood Insurance Program and classified as a special flood hazard area if the area is within a 100-year flood boundary. A "100-year flood" does not refer to a flood that occurs once every 100 years, but refers to a flood level with a one percent or less chance of being equaled or exceeded in any given year. OCTA currently has flood protection included in the current policy with a limit of \$10,000,000. Flood Zone A is an area of increased risk of flooding and carries a \$500,000 deductible. Currently, OCTA's Garden Grove Maintenance, Operations, General Services Warehouse, and Annex buildings are in Flood Zone A. Each of OCTA's other locations have been identified in Flood Zone X, which is defined as a moderate flood area.

Earthquake coverage is also provided in the current property insurance policy. The policy provides a \$15,000,000 limit subject to a five percent deductible of the insurable value per location, with a minimum of \$250,000 damage. Earthquake is defined in the policy “as the shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces, or by breaking or shifting of rock beneath the surface of the ground from natural causes, considering all events within a 168-hour period as one single event.”

OCTA's Broker of Record, Marsh Risk and Insurance Services, Inc. (Marsh), provided marketing and will purchase the property insurance coverage on behalf of OCTA for this renewal. Marsh is paid an annual flat fee of \$105,000 for marketing and placing all property and casualty insurance per Agreement No. C-7-1585, approved by the Board on May 22, 2017. This flat fee paid to Marsh is not part of the \$700,000 Board-approved budget for the renewal of this policy. By agreement, Marsh does not earn any additional compensation or commission for its services. The contract further requires that any commissions offered by insurers will offset OCTA's premiums. In addition, Marsh has been instructed not to disclose broker compensation to prospective insurers to avoid having them net the broker's commission against their quoted premiums.

Marsh has identified a market trend of increased premium rates of 20 to 40 percent for insurance policies renewing this year. Although OCTA has a very favorable loss history, premium rate increases are expected as insurers are experiencing significant losses due to unprecedented fires and an active weather season. Marsh was directed to approach all possible markets to obtain the best coverage and premium options for this renewal. The following insurance carriers with a required AM Best financial rating of A-7 or better listed below were approached for proposals:

- Affiliated FM Insurance Company
- Allianz Insurance Group
- Endurance American Insurance Company
- Liberty Mutual Insurance Company
- XL Insurance Company
- Zurich Insurance Company

Marsh received a response from all of the insurance companies listed above and only one insurer, Zurich Insurance Company, provided a renewal quote. The other insurers declined to provide quotes due to the fact that OCTA requires the inclusion of insuring the bus fleet along with real and business personal property. Zurich Insurance Company quoted a net commission premium of \$629,269 for the policy period of December 1, 2020 to December 1, 2021.

Fiscal Impact

This expenditure was approved in OCTA's Fiscal Year 2020-21 Budget, Human Resources and Organizational Development Division, Risk Management Department, Account No. 0040-7563-A0017-DTS, and is funded through the Internal Service Fund.

Summary

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A46200, in the amount of \$629,269, to Marsh Risk and Insurance Services, Inc., to purchase property insurance on behalf of the Orange County Transportation Authority with Zurich Insurance Company for the policy period of December 1, 2020 to December 1, 2021.

Attachment

- A. OCTA – Property Program Bus Bases, Renewal Proposal Property All Risk, December 1, 2020 - 2021

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Approved by:



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714-560-5824

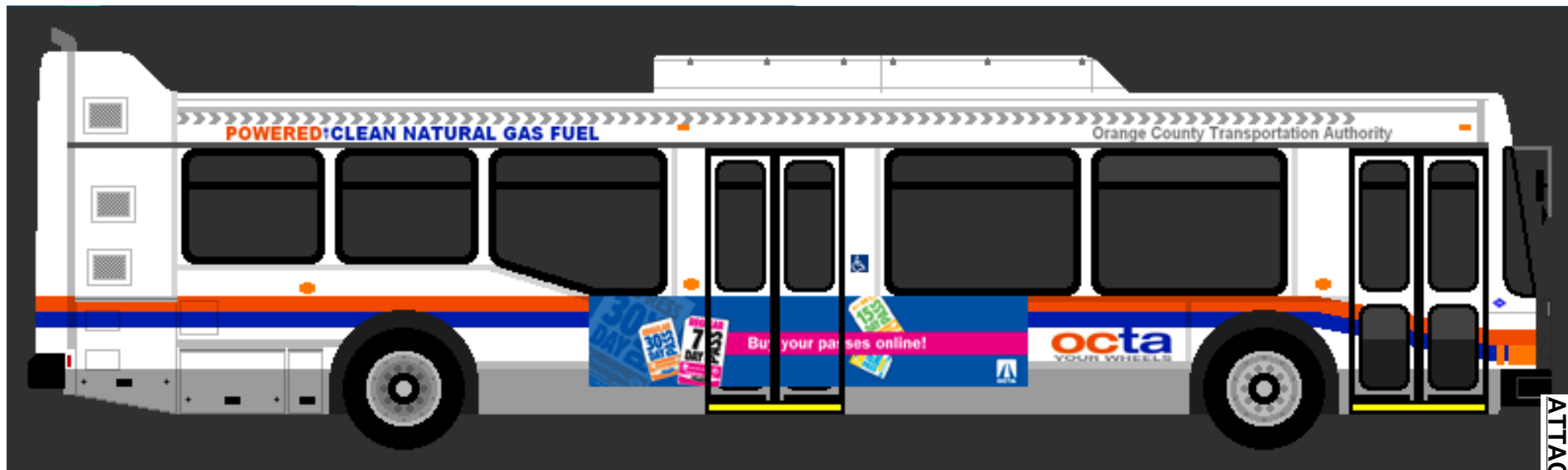


Pia Veasapen
Interim Director, Contracts
Administration and Materials
Management
714-560-5619

OCTA – Property Program Bus Bases

RENEWAL PROPOSAL
PROPERTY ALL RISK

December 1, 2020 – 2021

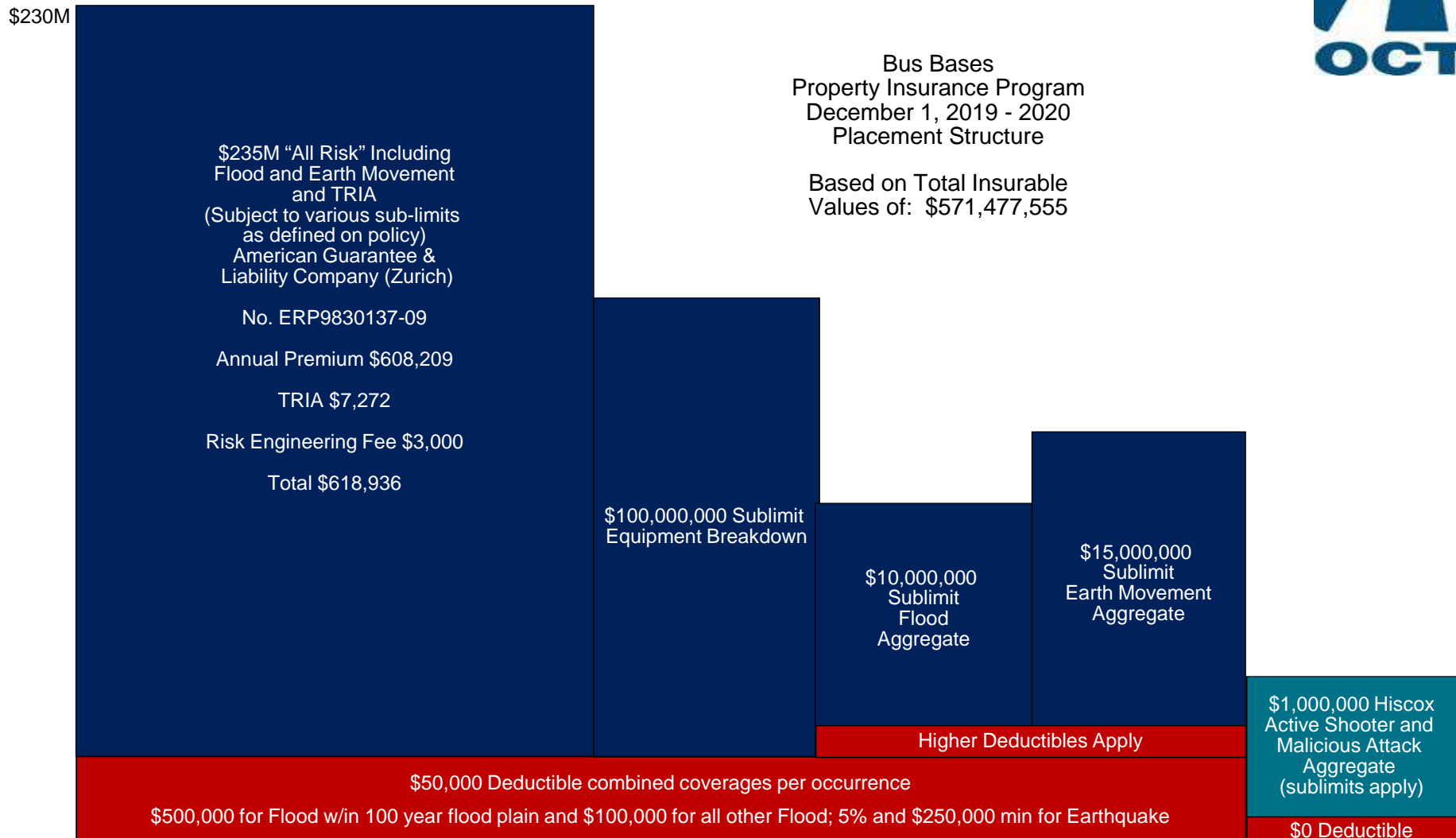


OCTA – Bus Bases Program Summary Chart



Bus Bases
Property Insurance Program
December 1, 2019 - 2020
Placement Structure

Based on Total Insurable
Values of: \$571,477,555



This graphic illustration is an oversimplification and should not be used to verify coverage in force. In addition, limits shown may have been reduced by paid claims. (Not to Scale)

Marketing Summary 2020-2021

- **Zurich** as the incumbent carrier offers a 17% composite rate increase over expiring program which is very competitive compared to the average 20% to 30% rate increases the overall property market is currently offering; however, Zurich needs to reduce some sublimits and add a Cyber Event Coverage endorsement which is now standard in all their policies.
- **AIG** – Pending at the time of this writing

Other responses received at the time of this writing:

- **Liberty** – Chris Yamauchi – Underwriter – Declined – *“We are going to pass on this opportunity again due to occupancy out of appetite”*
- **Allianz** – Ruby Seapno-Burnett – Underwriter – Declined – *“as this risk is all bus exposure, we are unable to consider. Had this been included with a rail system and the buses are in addition to, we would be able to consider”*
- **AXA XL** – Anthony Forester – Underwriter – Declined – *“This account is not in our appetite and will not be a fit for us”*
- **Affiliated FM** – Samuel Mowes – Underwriter – Declined – *“This type of account is outside the AFM risk appetite because of what they do.”*
- **Sompo (Endurance)** – Sarah Maguire – Underwriter - Declined – *“our policy excludes vehicles licensed for road use – so we would not be able to provide coverage for the buses while parked at the bases”*
- **Mitsui** – Robert Merluza – Underwriter – Declined – *“take a pass as this is not a fit for us in Inland Marine. We have entertained Railroad Property within our department, but not buses”*

Renewal Proposal Summary 2020-2021

OCTA - Bus Bases Property Program 2020-2021 Marketing Results

		POLICY YEAR		CHANGES	
		2019-2020	2020-2021	Amount	%
Property All Risk including Boiler and Machinery					
	Gross Premium		Gross Premium		
American Guarantee & Liability Company (Zurich)	\$ 608,209	American Guarantee & Liability Company (Zurich)	\$ 724,611	\$ 116,402	19%
TRIA (Optional)	\$ 7,727	TRIA (Optional)	\$ 7,282	\$ (445)	-6%
Risk Engineering Fee	\$ 3,000	Risk Engineering Fee	\$ 5,025	\$ 2,025	68%
Total	\$ 618,936	Total	\$ 736,918	\$ 117,982	19%
Active Shooter and Malicious Attack					
	Gross Premium		Gross Premium		
Lloyd's Syndicate (33) - Hiscox	\$ 9,475	Lloyd's Syndicate (33) - Hiscox	\$ 10,000	\$ 525	6%
Surplus Lines Taxes/Fees	\$ 303	Surplus Lines Taxes/Fees	\$ 325	\$ 22	7%
Combined Total Gross Premium	\$ 628,714	Combined Total Gross Premium	\$ 747,243	\$ 118,529	19%
Combined Total Net Premium	\$ 534,428	Combined Total Net Premium	\$ 629,269	\$ 94,841	18%
Total Insurable Values					
Revenue Vehicles	\$ 207,428,250		\$ 222,502,064	\$ 15,073,814	7%
All other including non revenue	\$ 364,049,305		\$ 357,895,272	\$ (6,154,033)	-2%
	\$ 571,477,555		\$ 580,397,336	\$ 8,919,781	2%
Overall Composite Program Rates					
American Guarantee & Liability Company (Zurich)	\$ 0.1078	American Guarantee & Liability Company (Zurich)	\$ 0.1261	\$ 0.0183	17%

Renewal Proposal Summary 2020-2021

General Information		EXPIRING PROGRAM ZURICH	RENEWAL PROPOSAL ZURICH
Insurer	A.M. Best's Rating	American Guarantee & Liability Company (Zurich) A+ g XV	American Guarantee & Liability Company (Zurich) A+ g XV
Perils Insured			
All risks direct physical loss or damage		Yes	Yes
Earth Movement		Yes	Yes
Flood		Yes	Yes
Main Sublimits (others apply)			
Any one occurrence		\$235,000,000	\$235,000,000
Civil Authority		90 days/1 Mile/\$5,000,000 limit	90 days/1 Mile/\$2,500,000 limit
Computer Systems Damage		\$250,000	\$100,000
Decontamination Costs		\$1,000,000	\$1,000,000
Expediting Costs		\$2,500,000	\$2,500,000
Extended Period of Liability		60 days	30 days
Extra Expense		\$5,000,000	\$5,000,000
Earth Movement		\$15,000,000 annual aggregate	\$15,000,000 annual aggregate
Equipment Breakdown		\$100,000,000	\$100,000,000
Flood		\$10,000,000 annual aggregate	\$10,000,000 annual aggregate
Impounded Water		60 days/\$1,000,000 limit	30 days/\$500,000 limit
Ingress / Egress		90 days/1 Mile/\$5,000,000 limit	90 days/1 Mile/\$2,500,000 limit
Miscellaneous Unnamed Locations		\$5,000,000	\$5,000,000
Newly Acquired Property		\$10,000,000 270 days reporting	\$5,000,000 270 days reporting
New Construction and Additions		\$5,000,000	\$5,000,000
Ordinary Payroll		90 days	30 days
Protection and Preservation of Property		48 hours / \$1,000,000 limit	48 hours / \$500,000 limit
Research and Development		6 months / \$100,000 limit	No coverage provided
Tenants Prohibited Access		\$250,000	\$250,000 annual aggregate
Sublimit for Railroad Tracks		\$2,500,000	\$2,500,000
Deductibles			
All Perils, except:		\$50,000	\$50,000
Flood		\$100,000 except \$500,000 for Flood Zone A	\$100,000 except \$500,000 for Flood Zone A
Earthquake		5% per unit with a minimum of \$250,000	5% per unit with a minimum of \$250,000
Other			
Commission		15%	15%

Renewal Considerations 2020-2021

- 1.- Savings for increasing deductible for All Other Perils to \$100,000 per occurrence – Savings of \$10,000
- 2.- Savings for increasing deductible for Revenue Vehicles only to \$500,000 per occurrence - Not provided by Zurich at the time of this writing
- 3.- Zurich acknowledges the following locations as High Hazard for Flood (Zone A):
 - 11800 Woodbury Road, Garden Grove, CA
 - 11790 Cardinal Circle, Garden Grove, CA
 - 11911 Woodbury Road, Garden Grove, CA
 - 375 Broadway, Laguna Beach, CA
- 4.- Evaluate if NFIP (National Flood Insurance Program) policies for High Hazard Flood locations should be quoted
- 5.- Revenue Buses for the renewal considered as follows:
 - Articulated 60 footers total 36 with replacement value of \$1,100,000
 - 40 footers total 252 with replacement value of \$623,537
 - 10 Hydrogen Full Cell Electric Buses with a replacement value of \$1,330,000
- 6.- Zurich to continue providing Loss Control services.

Active Shooter and Malicious Attack Coverage Renewal Proposal

- **Hiscox R5 – Lloyd's Syndicate**
- Limit of Liability: \$1,000,000 Per Occurrence / \$1,000,000 Aggregate
- Total Insured Values \$580,397,335
- Sublimits:
 - Additional Security Measures Sublimit \$250,000
 - Counseling Sublimit \$250,000
 - Public Relations Costs Sublimit \$250,000
 - Miscellaneous Crisis Management Expenses Sublimit \$250,000
 - Medical and Funeral Expenses Sublimit \$1,000,000
- Deductible: \$0
- Waiting Period: 0 Hour(s)
- Occurrence 72 hours
- Annual Premium: \$ 10,000
- Commission 20%
- Coverage excludes any exposure in Las Vegas, Nevada

Property Exposure Information – Statement of Values 2020-2021

Orange County Transportation Authority Fixed Asset Property Statement of Values Summary

As of July 31, 2020

Name	Address	City/State	Zip	Sq. Ft	Real	I.S. Equipment	Personal	Revenue Vehicles	Rpt. Total
Brea Park and Ride	Lambert & 57 Freeway	Brea, CA		38,332	886,784				886,784
Fullerton Park and Ride	3000 W. Orangethorpe Avenue	Fullerton, CA	92633	483,516	3,127,703		17,782		3,145,485
Fullerton Transit Center	123 South Pomona	Fullerton, CA	92633	20,908	3,284,499				3,284,499
Laguna Hills Transit Center	24282 Calle De Los Caballeros	Laguna Hills, CA	92653	100,188	5,389,757		34,453		5,424,210
Laguna Beach Transit Center	375 Broadway	Laguna Beach, CA	92651	19,166	444,697				444,697
Goldenwest Transit Center	7301 Center Drive	Huntington Beach, CA	92647	117,612	4,117,838				4,117,838
Newport Beach Transit Center	1550 Avocado Avenue	Newport Beach, CA	92660	121,968	1,979,103				1,979,103
Santa Ana Operations/Maintenance	4301 W. MacArthur	Santa Ana, CA		867,964	75,305,886	239,684	37,598,126	130,218,588	243,362,284
Communication Equipment	various locations	CA					22,875,798		22,875,798
Bus Shelters / Turnouts	various locations	CA					656,522		656,522
Garden Grove Operation Center/Annex	11800/11892 Woodbury Road	Garden Grove, CA	92643	83,116	6,231,899	2,257,254	1,194,498		9,683,651
Garden Grove Maintenance Center	11790 Cardinal Circle	Garden Grove, CA	92643	43,740	22,465,137	225,938	54,437,330	79,812,736	156,941,141
Garden Grove General Svcs Warehouse	11911 Woodbury Road	Garden Grove, CA	92643	8,640			50,613		50,613
Anaheim Operations/Maintenance Center	1717 E. Via Burton	Anaheim, CA	92806	157,746	22,628,361	30,165	4,318,073		26,976,599
Irvine Ops/Maint (Contracted Fixed Route)	14736 Sand Canyon Road	Irvine, CA	92714	67,927	11,880,317		14,208,704		26,089,021
Irvine Ops/Maint Veolia (Dial-A-Ride)	16281 Construction Circle West	Irvine, CA	92602	37,050	5,432,099		603,926		6,036,025
Farebox Equipment (1)							10,099,968		10,099,968
Contingency Revenue Vehicles (2)							1,375,626	12,470,740	13,846,366
Administration Facility	550 / 600 South Main Street	Orange, CA	92863	103,070	3,421,114	19,908,494	3,519,987		26,849,594
Assets used in multiple locations					3,768,060		6,366,489		10,134,549
Assets at Vegas Location						1,512,588			1,512,588
14970 Goldenwest St.(Sporting Goods)	14970 Goldenwest St.	Westminster, CA	92683		1,500,000				1,500,000
Oso Parkway Freeway Widening Project	26242 Avery Parkway	Mission Viejo, CA	92692		1,500,000				1,500,000
Oso Parkway Freeway Widening Project	28692 Camino Capistrano	Laguna Niguel, CA	92675		1,500,000				1,500,000
I-405 Widening Project	16591 & 16595 Magnolia Street	Westminster, CA	92683	25,000	1,500,000				1,500,000
Totals			FY 2020		176,363,255	24,174,122	157,357,895	222,502,064	580,397,336
			FY 2019		178,107,103	19,308,950	172,633,251	207,428,250	577,477,554
			Diff		(1,743,848)	4,865,172	(15,275,356)	15,073,814	2,919,782



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November 11, 2020

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Excess Liability Insurance Renewal

Overview

The Orange County Transportation Authority currently has excess liability insurance policies with Gemini Insurance Company and Princeton Excess and Surplus Lines Insurance Company. These policies will expire on December 1, 2020.

Recommendation

Authorize the Chief Executive Officer to fully self-insure for liability claims by allowing the excess liability insurance policies with Gemini Insurance Company and Princeton Excess and Surplus Lines Insurance Company to expire until such time the insurance market pricing is more favorable.

Discussion

The Orange County Transportation Authority (OCTA) has been self-insured for liability claims since 1977 and currently maintains a self-insured retention (SIR) of \$5 million per claim. In addition, OCTA currently purchases \$7 million in excess liability insurance limits above the current SIR to provide financial protection against catastrophic events and associated losses.

Excess liability insurance is a type of insurance policy purchased by OCTA to protect against liability claims for bodily injury and property damage arising out of premises, all operations (including the 91 Express Lanes), products and completed operations, advertising and personal injury liability, errors and omissions liability (including public official's coverage), employment practices, and employee benefit liability.

The \$7 million in excess liability insurance is currently provided by two insurance carriers, Gemini Insurance Company (Gemini) and Princeton Excess and Surplus Lines Insurance Company (Princeton). Gemini provides coverage

of \$5 million in excess of OCTA's \$5 million SIR, for an annual premium of \$528,234. Princeton provides an additional \$2 million in coverage to OCTA beyond the Gemini policy, for an annual premium of \$206,400. The total annual premiums for the two policies including taxes and fees is \$734,634. These policies are scheduled to expire on December 1, 2020. On September 28, 2020, the Board of Directors (Board) approved a \$1,500,000 budget to renew the current insurance and recommended staff return to the Finance and Administration Committee for direction to bind coverage.

OCTA's Broker of Record, Marsh Risk and Insurance Services, Inc. (Marsh) assists in purchasing excess liability insurance coverage on behalf of OCTA. Marsh is paid a flat fee of \$105,000 for marketing and placing all of OCTA's property and casualty insurance per Agreement No. C-7-1585, approved by the Board on May 22, 2017. This flat fee paid to Marsh is not part of the premium OCTA pays for a renewal of this policy. By agreement, Marsh does not earn any additional compensation or commission for its services. The contract further requires that any commissions offered by insurers will offset OCTA's premiums.

Although OCTA has a very favorable loss history, with an average annual claims payout of \$1,828,000, Marsh has identified a market trend of increased premium rates of 20 to 25 percent for insurance policies renewing this year. Marsh solicited premium quotes for the renewal of the policies approaching insurance companies that currently write public transportation excess liability insurance policies and that also have the financial capacity to hold an AM Best financial rating of A-7 or better. Given the current insurance market, OCTA received only one quote, from incumbent carrier Gemini to provide \$5 million in excess liability coverage for a premium of \$719,077.40.

Considering this single quote and in order to provide the same level of coverage as is in place today, the current \$5 million self-insured retention would need to be increased to \$7.5 million, which is more than the largest claim in OCTA's history. Additionally, if OCTA were to increase the self-insured retention to \$7.5 million and renew the policy as quoted by Gemini, OCTA would essentially be responsible for paying all expected claims in the next year, which have averaged \$1,828,000 per year, while also paying \$719,077.40 to Gemini with a strong unlikelihood that Gemini would pay any claims. Additional quotes may be forthcoming but are unlikely to be more favorable than the quote from Gemini.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2020-21 Budget, Human Resources and Organizational Development Division, Risk Management Department, Account No. 0040-7562-A0017-DTN, and is funded through the Internal Service Fund.

Summary

Based on the information provided, staff recommends the Board of Directors authorize the Chief Executive Officer to fully self-insure for liability claims by allowing the excess liability insurance policies with Gemini Insurance Company and Princeton Excess and Surplus Lines Insurance Company to expire until such time the insurance market pricing is more favorable.

Attachment

None.

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Excess Liability Insurance Renewal

Background



OCTA annually purchases \$7M of liability insurance to protect against catastrophic losses above a \$5M self-insured retention.



OCTA is responsible to pay claims within the \$5M self-insured retention.




Historically, OCTA has a favorable loss history and has the financial ability to fully self-insure for liability claims.

OCTA can continue to explore insurance short- and long-term options when the insurance market improves.

2020 Insurance Market

There are a limited number of liability insurers writing public entity transportation risks;



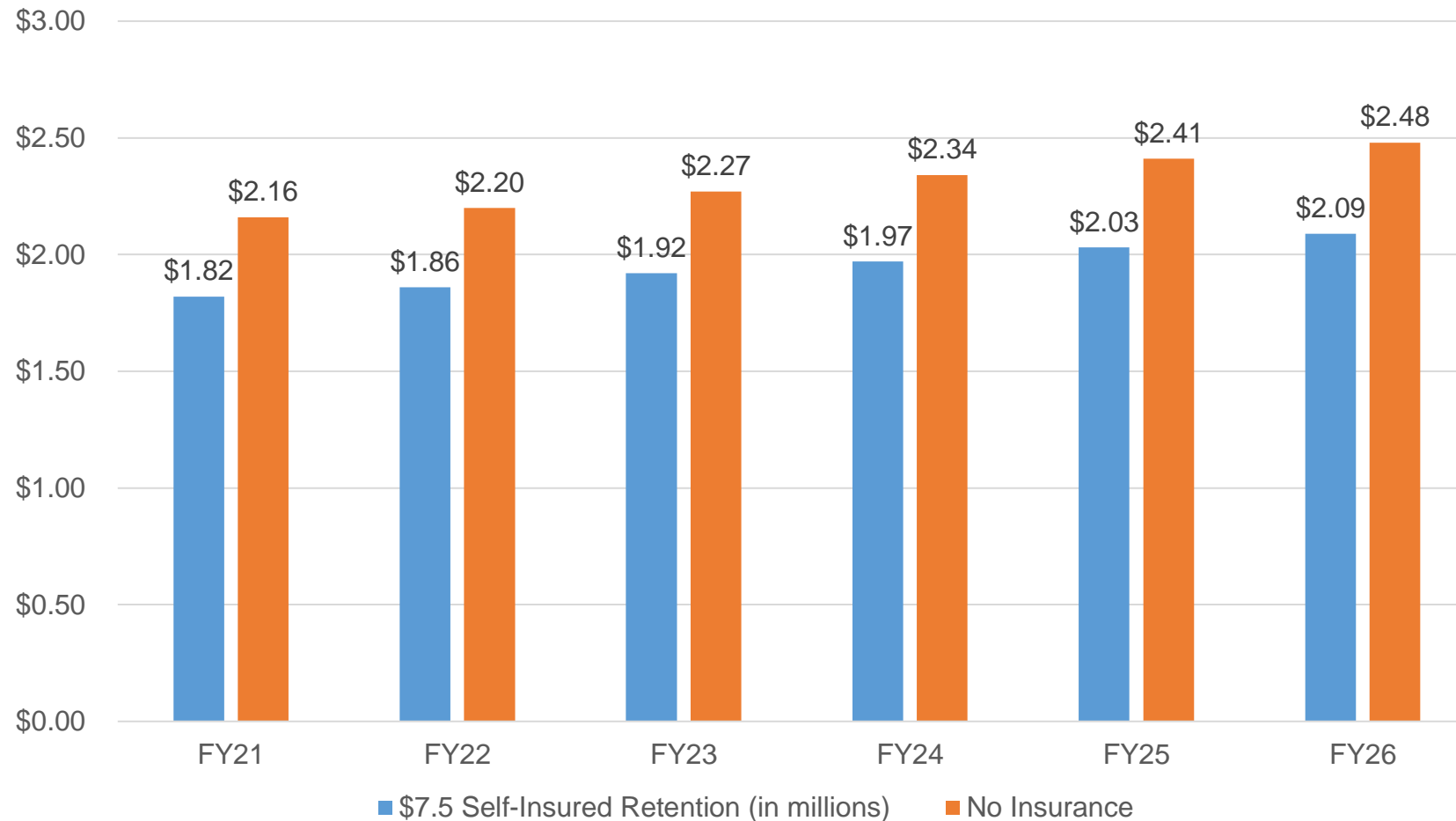
Only one quote was received (\$719,077) with a much higher self-insured retention;



The current insurance market pricing is not favorable to OCTA.

High Retention versus Full Self-Insurance

Projected Average Ultimate Liability Losses
(X1,000,000) 90% Confidence Level



Options and Recommendation

Based on this information, OCTA has two options:

- Pay 27% higher cost for insurance above \$7.5 million.
- Be fully self-insured until the insurance market is more favorable.

Recommendation:

- Fully self-insure for liability claims.
- Current loss potential is within OCTA's ability to manage and finance full self-insurance.
- OCTA can continue to explore short- and long-term insurance options when the insurance market improves.