



AGENDA

Finance and Administration Committee Meeting

Committee Members

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Katrina Foley
Brian Goodell
Patrick Harper
Gene Hernandez
Joe Muller

Orange County Transportation Authority
Headquarters
Conference Room 07
550 South Main Street
Orange, California
Wednesday, July 28, 2021 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 Orange County Transportation Authority (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 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 ClerkOffice@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 **90 minutes prior to the start time of the Board and Committee meeting date.**

Call to Order

Pledge of Allegiance

Director Hernandez

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Items 2 through 10)

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

2. Approval of Minutes - June 23, 2021

Approval of the minutes of the Finance and Administration Committee meeting of June 23, 2021.

3. Approval of Minutes - July 14, 2021

Approval of the minutes of the Finance and Administration Committee meeting of July 14, 2021.



4. Fiscal Year 2020-21 Internal Audit Plan, Fourth Quarter Update
Janet Sutter

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2020-21 Internal Audit Plan on July 27, 2020. This update is for the fourth quarter of the fiscal year.

Recommendation

Receive and file the fourth quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2020-21 Internal Audit Plan as an information item.

5. Orange County Transportation Authority Internal Audit Department Fiscal Year 2021-22 Internal Audit Plan
Janet Sutter

Overview

At the direction of the Orange County Transportation Authority Board of Directors, the Internal Audit Department develops and implements an annual risk-based internal audit plan. Implementation of an annual internal audit plan assists management in evaluating the effectiveness and efficiency of projects, programs, and operations, while ensuring that adequate controls and safeguards are in place to protect the Orange County Transportation Authority's assets and resources.

Recommendations

- A. Approve the Orange County Transportation Authority Internal Audit Department Fiscal Year 2021-22 Internal Audit Plan.
- B. Direct the Executive Director of the Internal Audit Department to provide quarterly updates on the Orange County Transportation Authority Internal Audit Department Fiscal Year 2021-22 Internal Audit Plan.



**6. Orange County Transportation Authority, Proposition 1B
Bond Program, Project Number P2500-0008**

Janet Sutter

Overview

The California Department of Finance has conducted an audit of Proposition 1B funds awarded to the Orange County Transportation Authority for the Lakeview Avenue Grade Separation, Brookhurst Street Improvements, La Pata Avenue Phase 1, and Laguna Niguel to San Juan Capistrano Passing Siding projects. The audit report found that expenditures were generally in compliance with project agreements and program guidelines; however, four observations were made related to unsupported contract change order expenditures, late submission of final delivery reports, reporting of project benefits/outcomes, and oversight of administering agencies' procurement processes. The results of the audit were transmitted to the California Department of Transportation, which will be responsible for developing a corrective action plan for final disposition of these observations and related recommendations.

Recommendation

Direct staff to work, as requested with the California Department of Transportation on appropriate disposition of the observations and recommendations identified through the audit conducted by the California Department of Finance related to Proposition 1B projects.

**7. Administrative Controls Related to Conflict of Interest Code and
California Form 700 Statement of Economic Interests, Internal Audit
Report No. 21-510**

Serena Ng/Janet Sutter

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of administrative controls related to the Conflict of Interest Code and California Form 700 Statement of Economic Interests filing process. Based on the audit, internal controls related to coordination of California Form 700 Statement of Economic Interests by designated employees are in place; however, the Internal Audit Department recommended a process be established for evaluation and identification of contractors as designated filers, and improvements be made in the identification and reporting of designated positions and notification of leaving office filing requirements.



7. (Continued)

Recommendation

Direct staff to implement three recommendations provided in Administrative Controls Related to Conflict of Interest Code and California Form 700 Statement of Economic Interests, Internal Audit Report No. 21-510.

8. Orange County Transportation Authority Investment and Debt Programs Report - June 2021

Robert Davis/Andrew Oftelie

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending June 30, 2021.

Recommendation

Receive and file as an information item.

9. Fiscal Year 2020-21 Third Quarter Budget Status Report

Anthony Baruch/Andrew Oftelie

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2020-21 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the third quarter of fiscal year 2020-21.

Recommendation

Receive and file as an information item.



10 Fourth Quarter Fiscal Year 2020-21 Procurement Status Report

Pia Veessapen/Andrew Oftelie

Overview

The fourth quarter procurement status report summarizes the procurement activities for information purposes to the Orange County Transportation Authority Board of Directors. This report focuses on procurement activity from April 1 through June 30, 2021, that was approved by the Board of Directors during this period. The fourth quarter procurement status report also projects future procurement activity for the first quarter as identified in the fiscal year 2021-22 budget.

Recommendation

Receive and file as an information item.

Regular Calendar

11. Contractor Selection for the Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County

Kirk Avila

Overview

On June 22, 2020, the Orange County Transportation Authority Board of Directors approved the release of a request for proposals to retain contractor services to provide the back-office system and customer service center operations for the 405 Express Lanes in Orange County. Board of Directors' approval is requested for the selection of a firm to perform the required work.

Recommendations

- A. Approve the selection of WSP USA Services Inc., as the firm to provide the back-office system and customer service center operations services for the 405 Express Lanes in Orange County.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-0-2690 between the Orange County Transportation Authority and WSP USA Services Inc., in the amount of \$110,981,893, to provide the back-office system and customer service center operations services for the 405 Express Lanes in Orange County, for an initial term up to eight and a half years, with one three-year, and one two-year option terms.



Discussion Items

12. Chief Executive Officer's Report

13. Committee Members' Reports

14. Closed Session

There are no Closed Session items scheduled.

15. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, August 11, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.



Committee Members Present
Via Teleconference:

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Katrina Foley
Patrick Harper
Joe Muller

Committee Members Absent

Brian Goodell
Gene Hernandez

Staff Present

Allison Cheshire, Interim Deputy Clerk of the Board
Gina Ramirez, Deputy Clerk of the Board

Via Teleconference:

Darrell E. Johnson, Chief Executive Officer
Andrew Oftelie, Chief Financial Officer
James Donich, General Counsel
OCTA Staff Members

Call to Order

The June 23, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:33 a.m.

Roll Call

The Deputy Clerk of the Board conducted an attendance roll call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Foley led in the Pledge of Allegiance.

1. Public Comments

There were no Public Comments received.

Special Calendar

2. Taxable Sales Forecast - University of California, Los Angeles

Sean Murdock, Director of Finance and Administration, provided opening comments and introduced Dr. Jerry Nickelsburg, Ph.D., and Dr. William Yu, Ph.D., from the University of California at Los Angeles Anderson Forecast, who provided a PowerPoint presentation on this item.

A discussion ensued among the Members and staff regarding the following:

- Factors causing inflation;
- Movement of the workforce back into the office; and
- Interest rates and the effect on the housing market.

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



Consent Calendar (Items 3 through 6)

3. Approval of Minutes

A motion was made by Director Muller, seconded by Director Harper, and following a roll call vote, declared passed 5-0, to approve the minutes of the Finance and Administration Committee meeting of June 9, 2021.

4. Amendments to Agreement for Temporary Staffing Services

A motion was made by Director Muller, seconded by Director Harper, and following a roll call vote, declared passed 5-0,:

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement No. C-8-15893 between the Orange County Transportation Authority and APR Consulting, Inc., to exercise the first option term for continued temporary staffing services.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-8-1842 between the Orange County Transportation Authority and ManpowerGroup US to exercise the first option term for continued temporary staffing services.
- C. Approve an increase of \$500,000 to the aggregate amount to be shared by both staffing firms, for a total amount of \$2,450,000 shared between the two contracts.

5. Proposed Overall Disadvantaged Business Enterprise Goal for Federal Transit Administration-Assisted Contracts for Federal Fiscal Years 2022-2024

A motion was made by Director Muller, seconded by director Harper, and following a roll call vote, declared passed 5-0, to adopt the proposed overall Disadvantaged Business Enterprise goal of 11 percent for all Federal Transit Administration-assisted contracts issued during the federal fiscal years 2022 through 2024 in accordance with Title 49 Code of Federal Regulations, Part 26.

6. Orange County Transportation Authority Investment and Debt Programs Report - May 2021

A motion was made by Director Muller, seconded by Director Harper, and following a roll call vote, declared passed 5-0, to receive and file as an information item.



Regular Calendar

There were no Regular Calendar items scheduled.

Discussion Items

7. Update on Transportation Infrastructure Finance and Innovation Act Loan Interest Rate Reset

Andrew Oftelie, Chief Financial Officer, reported that the Transportation Infrastructure Finance and Innovation Act loan interest rate reset has not yet closed as expected. The Orange County Transportation Authority (OCTA) has obtained the approvals needed, and it is expected to close in another two to three weeks. Staff will return with an update as needed.

8. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer, reported the following:

South Orange County Multimodal Transportation Study (SOCMTS)

- Staff is continuing to move forward with the SOCMTS.
- Last week, Directors Bartlett, Chamberlain, Muller, and Mr. Johnson, CEO, engaged with about 40 local officials to get their feedback.
- Nearly 350 residents participated in a telephone town hall also simulcast in Spanish.
- Earlier this morning, a stakeholder roundtable was held via Zoom.
- More than 1,400 online surveys have been received to date.
- OCTA is pleased with the amount of feedback staff have received so far.
- The virtual meeting room will stay open through July 12 to learn more about the study by going to **octa.net/southocstudy**.

OCTA 30th Anniversary

- OCTA celebrated its 30th anniversary on Sunday.
- This is a major milestone for the agency, and staff will be sharing a video at Monday's Board meeting highlighting some of OCTA's accomplishments over the past 30 years.

9. Committee Members' Reports

There were no Committee Members' reports.



10. Closed Session

There were no Closed Session items scheduled.

11. Adjournment

The meeting adjourned at 11:40 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 14, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Allison Cheshire
Interim Deputy Clerk of the Board



Committee Members Present
Via Teleconference:

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Brian Goodell
Katrina Foley
Patrick Harper
Gene Hernandez
Joe Muller

Committee Members Absent
None

Staff Present

Jennifer L. Bergener, Deputy Chief Executive Officer
Allison Cheshire, Interim Deputy Clerk of the Board
Gina Ramirez, Deputy Clerk of the Board

Via Teleconference:

Darrell E. Johnson, Chief Executive Officer
Andrew Oftelie, Chief Financial Officer
Cassie Trapesonian, Assistant General Counsel
OCTA Staff Members

Call to Order

The July 14, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:31 a.m.

Roll Call

The Deputy Clerk of the Board conducted an attendance roll call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Harper led in the Pledge of Allegiance.

1. Public Comments

There were no public comments.

Special Calendar

2. Taxable Sales Forecast - California State University, Fullerton

Andrew Oftelie, Chief Financial Officer, provided a brief biography and introduced Dr. Anil Puri, Provost Emeritus and Director of the Woods Center for Economic Analysis and Forecast at California State University, Fullerton. Dr. Puri presented a portion of his update on the annual forecast and economic outlook for Orange County but due to technical difficulties was unable to complete his presentation.



Consent Calendar (Items 3 through 6)

Due to technical difficulties with the live stream of the meeting to the public, this meeting was adjourned at 11:02 a.m. and none of the following Consent Calendar items were presented to the Committee. The remainder of the Consent Calendar items were deferred to the next regularly scheduled meeting.

- 3. Approval of Minutes – June 23, 2021**
- 4. Orange County Transportation Authority, Proposition 1B Bond Program, Project Number P2500-0008**
- 5. Fiscal Year 2020-21 Internal Audit Plan, Fourth Quarter Update**
- 6. Fiscal Year 2020-21 Third Quarter Budget Status Report**

Regular Calendar

Due to technical difficulties with the live stream of the meeting to the public, this meeting was adjourned at 11:02 a.m. and none of the following Regular Calendar items were presented to the Committee. The remainder of the Regular Calendar items were deferred to the next regularly scheduled meeting.

- 7. Contractor Selection for the Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County**

Discussion Items

Due to technical difficulties with the live stream of the meeting to the public, this meeting was adjourned at 11:02 a.m. and none of the following Discussion items were presented to the Committee.

- 8. Chief Executive Officer's Report**
- 9. Committee Members' Reports**
- 10. Closed Session**



11. Adjournment

Due to technical difficulties with the live stream of the meeting to the public, this meeting was adjourned at 11:02 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 28, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Allison Cheshire
Interim Deputy Clerk of the Board



July 28, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Fiscal Year 2020-21 Internal Audit Plan, Fourth Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2020-21 Internal Audit Plan on July 27, 2020. This update is for the fourth quarter of the fiscal year.

Recommendation

Receive and file the fourth quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2020-21 Internal Audit Plan as an information item.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management in the discharge of its duties and responsibilities.

Internal Audit performs a wide range of auditing services that include overseeing the annual financial and compliance audits, conducting operational and contract compliance reviews, investigations, and agreed-upon procedures reviews. Audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The OCTA Internal Audit Fiscal Year (FY) 2020-21 Internal Audit Plan (Plan), Attachment A, reflects the status of each audit project as of year-end. Staff hours, as reflected in Attachment A, represent total hours available annually for audit activities and are budgeted by project as a preliminary estimate of the effort required to meet the audit objective. Actual hours available for audit activities exceeded budgeted hours by approximately 600 hours due primarily to a decrease in the amount of vacation, sick, and training hours taken by staff during the year.

For the Plan year, Internal Audit completed 44 projects, including 32 price reviews, nine internal audits, one unscheduled agreed-upon procedures review, and two Buy America reviews. As reflected in the Plan, time spent on price reviews was under-estimated, resulting in an overage of approximately 500 hours. As of June 30, 2021, two internal audits are in progress, and one audit has been completed with a draft report in circulation. These audit projects will be carried over to the FY 2021-22 Plan.

During the fourth quarter, Internal Audit issued results of an audit of oversight controls and contract compliance related to the Bridgestone American Tire Operations, LLC (Bridgestone), tire lease and services agreement. Based on the review, the procurement of tire lease and services was handled in accordance with OCTA procurement policies and procedures, and payments are properly reviewed and authorized by staff. However, Bridgestone had not provided minimum staffing levels required by the contract, did not provide documents required to be submitted upon contract award, and was unable to provide certain required documents upon request. Additionally, contract requirements for torque re-check of new tires installed on ACCESS buses had not been implemented. OCTA management had also not implemented monitoring controls to ensure contract compliance. Management agreed and took immediate action to address contract compliance issues and indicated that controls will be implemented to monitor compliance going forward.

An audit of investments for the period July 1 through December 31, 2020, found that OCTA complied with its debt, investment, and reporting policies and procedures; however, one recommendation was made that management reconsider a change in reporting practices to add certain assertions. Management agreed and indicated that recommended assertions would be included in the reports starting in April 2021.

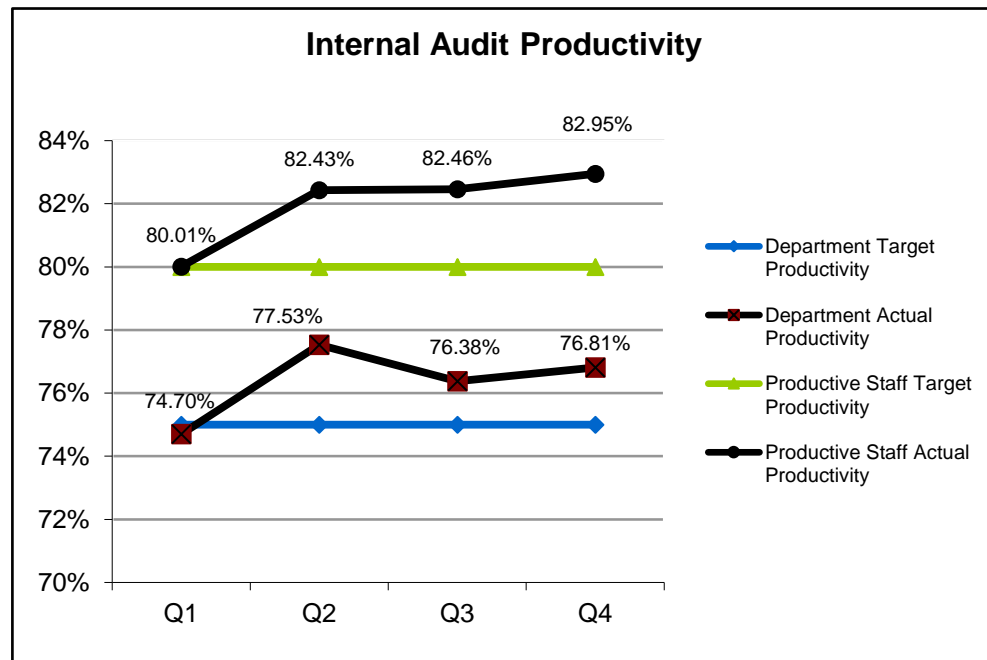
Also, during the quarter, Internal Audit provided results of an audit of the Department of Motor Vehicles (DMV) Employer Pull Notice Program. Based on the audit, controls were in place to ensure compliance with regulatory requirements and policies and procedures; however, recommendations were

made to enhance review controls and documentation, to update policy and job descriptions to reflect current requirements, and to consistently and timely perform monitoring activities. Management agreed and indicated that recommended actions will be implemented.

Internal Audit Department Productivity

Internal Audit measures the productivity of the department by calculating a productivity ratio. The ratio, used broadly throughout the audit industry, measures the amount of time auditors spend on audit projects versus time spent on administrative duties. Productivity goals are established for both the professional staff and for the department as a whole. Because the executive director regularly participates in non-audit management activities such as planning and committee meetings, the department-wide target is set at 75 percent. The target for Internal Audit professional staff, not including the executive director, is 80 percent.

By the quarter ended June 30, 2021, Internal Audit had achieved cumulative productivity of 77 percent, and the professional staff achieved cumulative productivity of 83 percent.



Price Reviews

At the request of the Contracts Administration and Materials Management (Camm) Department, and consistent with OCTA's procurement policy, Internal Audit conducts reviews of single-bid procurements to ensure that Camm handled the procurement in a fair and competitive manner. Internal Audit also reviews prices proposed by architectural and engineering firms and sole source contractors, to ensure that the prices are fair and reasonable. Internal Audit makes recommendations to adjust proposed rates where they exceed the rates per review. During the fourth quarter, Internal Audit completed nine price reviews. For the year ended June 30, 2021, a total of 32 price reviews were issued.

Fraud Hotline

Internal Audit is responsible for administering the OCTA Fraud Hotline. The fraud hotline system allows reporters to file complaints anonymously through the internet or by calling a toll-free phone number. Complaints may also be received in person, by phone, or by mail directly to Internal Audit. To ensure proper recordkeeping, all complaints are recorded in the Ethicspoint system, regardless of how the complaint is received.

During the quarter ended June 30, 2021, Internal Audit received three reports. Two reports were customer complaints and were referred to customer service for disposition, and the third report was referred to Human Resources staff for investigation.

Outstanding Audit Recommendations Tracking

At the request of the Finance and Administration Committee, a listing of outstanding audit recommendations is included with the quarterly updates to the Plan as Attachment B.

For the quarter ended June 30, 2021, Internal Audit completed follow-up reviews of five outstanding audit recommendations. Four of the recommendations were fully implemented by management and were closed out, and one was partially implemented and will be reviewed again in six months.

Eight recommendations were added to the listing based on the audit of the Bridgestone tire lease and services agreement, the semi-annual audit of investments, and the DMV Employer Pull Notice program audit, summarized above.

Summary

The OCTA Internal Audit FY 2020-21 Plan is being closed-out. Two projects that are in process, and one project that being finalized, will be carried forward to the OCTA Internal Audit FY 2021-22 Plan. Internal Audit will continue to perform follow-up of all outstanding findings and recommendations.

Attachments

- A. Orange County Transportation Authority Internal Audit Department Fiscal Year 2020-21 Internal Audit Plan, Fourth Quarter Update
- B. Outstanding Audit Recommendations, Audit Reports Issued through June 30, 2021
- C. Audit Recommendations Closed During Fourth Quarter, Fiscal Year 2020-21

Approved by:



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

**Orange County Transportation Authority
Fiscal Year 2020-21 Internal Audit Plan
Fourth Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Mandatory External Independent Audits							
Annual Financial Audits and Agreed-Upon (AUP) Procedures Reviews	FY21-001 through FY21-004	Coordinate and report on annual financial and AUP reviews for fiscal year 2019-20.	Financial	450	376.5	74	Issued
External Regulatory Audits	FY21-005	Coordinate and report on external audits by regulatory or funding agencies.	Compliance	60	90	(30)	1 Report Issued
Internal Audit Department Projects							
Risk Assessment and Annual Audit Plan	FY21-100	Preparation of the annual audit plan, quarterly updates to the audit plan, and periodic assessment of risk throughout the year, including monitoring the audit results of related entities.	Audit Plan and Updates	180	141	39	
Quality Assurance and Self-Assessment	FY21-101	Update of Internal Audit Policies & Procedures. Annual self assessment of the Internal Audit Department's (Internal Audit) compliance with Generally Accepted Government Auditing Standards.	Quality Assurance	160	101.5	59	Completed
Fraud Hotline Activities	FY21-102	Administrative duties related to maintenance of the Fraud Hotline and work related to investigations of reports of fraud, waste, or abuse.	Fraud Hotline	240	58	182	11 Reports
Automated Workpaper Solution	FY21-103	System updates/training related to automated workpaper solution.	Workpaper System	40	33	7	
Internal Audits							
Security and Emergency Preparedness							
Physical Access Security	FY21-511	Review and test controls in place to ensure physical access security at Orange County Transportation Authority (OCTA) locations.	Internal Control / Operational	240	203	37	In Process
Clerk of the Board							
Form 700 Disclosures	FY21-510	Review and test controls in place related to coordination of Form 700 disclosures by designated employees.	Compliance	240	230.5	10	In Process

**Orange County Transportation Authority
Fiscal Year 2020-21 Internal Audit Plan
Fourth Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Human Resources and Organizational Development							
Department of Motor Vehicles (DMV) Employer Pull Notice Program	FY21-508	Assess controls and test operation of the DMV Employer Pull Notice Program.	Internal Control/ Operational	240	274.5	(35)	Complete 5-19-21
Separations	FY21-501	Assess and test controls related to employee separations.	Operational	220	226.5	(7)	Complete 10-12-20
Capital Programs							
Interstate 5 (I-5) Project: State Route 55 (SR-55) to State Route 57 (SR-57)	FY20-510	Review of the I-5 Project: SR-55 to SR-57, including project administration, oversight controls, and contract compliance.	Internal Control / Compliance	60	57	3	Complete 7-29-20
OC Streetcar Project Management	FY21-503	Review of the OC Streetcar project management controls, including project administration, oversight controls, and contract compliance.	Internal Control / Compliance	320	399.5	(80)	Complete 2-11-21
Planning							
Comprehensive Transportation Funding Programs (CTFP): Oversight and Reporting	FY20-512	Review of OCTA monitoring and reporting controls over CTFP projects.	Internal Control	160	290.5	(131)	Complete 1-13-21
Operations							
Facilities Maintenance	FY21-507	Review of facilities maintenance function within the Operations Division, including oversight controls and contract compliance.	Operational / Compliance	300	531.5	(232)	In Process
Bridgestone/Firestone Tire Lease and Services	FY21-506	Evaluate and test oversight controls and contract compliance related to the agreement with Bridgestone/Firestone for lease of tires and related services.	Internal Controls / Compliance	240	370.5	(131)	Complete 4-27-21
Finance and Accounting							
Treasury	FY21-502, FY21-509	Semi-annual review of investments: compliance, controls, and reporting.	Compliance	200	285	(85)	2 Reports Issued
Banking Services - Bank of the West	FY20-507	Assess and test controls to ensure compliance with the agreement between OCTA and Bank of the West for banking services.	Compliance	100	192.5	(93)	Complete 10-21-20

**Orange County Transportation Authority
Fiscal Year 2020-21 Internal Audit Plan
Fourth Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Contract Administration and Materials Management (CAMM)							
Price Reviews	PR21-XXX	As requested by the CAMM Department, apply AUP to sole source, single bid, and architectural and engineering firm proposals.	Price Review	800	1286.5	(487)	32 Reports Issued
Buy America	FY21-504, FY21-505	As requested by the CAMM Department, apply AUP to determine compliance with Buy America requirements.	Buy America	180	122	58	2 Reports Issued
Unscheduled Reviews and Special Requests							
Unscheduled Reviews and Special Requests	FY21-800, FY21-801	Time allowed for unplanned audits and requests from the Board of Directors (Board) or management.	Varies	240	114.5	126	1 Report Issued
Monitoring Activities							
Measure M Taxpayer Oversight Committee (TOC)	FY21-601	Coordination of audit activities on behalf of the Audit Subcommittee of the TOC.	Administrative Support	60	34	26	
Metrolink Audit Activities	FY21-602	Obtain and review audit results of Metrolink activities	Non-Audit Service	20	49	(29)	
Capital Asset Inventory Observation	FY20-604	At the request of the Finance and Administration Department, observe and apply limited procedures related to the bi-annual capital asset inventory counts.	Non-Audit Service	80	86	(6)	Complete
Bus Base Inspections	FY21-603	At the request of the Transit Division, participation on annual base inspection teams.	Non-Audit Service	40	23	17	Complete
Follow-Up Reviews							
Follow-Up Reviews and Reporting	FY21-700	Follow-up on the status of management's implementation of audit recommendations.	Follow-Up	280	164.5	116	
Total Audit Project Planned Hours (A)				5,150	5,741	(591)	

**Orange County Transportation Authority
Fiscal Year 2020-21 Internal Audit Plan
Fourth Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours To Date	Under (Over)	Status (Date Issued)
Internal Audit Administration							
Board and Committee Meetings				180	171	9	
Executive Steering and Agenda Setting Meetings				180	164.5	16	
Internal Audit Staff Meetings				150	114	36	
Other Administration				1,250	1314	(64)	
Total Hours (B)				6,910	7,504	(594)	
Department Target Efficiency (A/B)				75%	77%		75%
Target Efficiency - Professional Staff				80%	83%		80%

Outstanding Audit Recommendations
Audit Reports Issued through
June 30, 2021

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response and Status	Internal Audit Status
10/12/20	21-501	Human Resources and Organizational Development (HROD)	Employee Separations	The Internal Audit Department (Internal Audit) recommended that the employee off-boarding process be improved and streamlined, with resumption of suspended efforts to automate the employee exit processing form.	Oct-21	Management responded that they would work with other departments to resume efforts to convert the employee exit processing form into an electronic form.	Update May 2021: The recommendation is partially closed, based on the development of an electronic employee exit form and procedures for involuntarily separated employees. The recommendation will remain open until the electronic employee exit form is set up to require digital signoffs from Information Systems (IS), Security and Emergency Preparedness, and General Services.
11/16/20	Not Applicable	Finance and Administration (F&A)	Fiscal Year 2019-20 Management Letter	In connection with the audit of OCTA's financial statements, Crowe LLP, issued a management letter identifying five control deficiencies related to accounting for contingencies, accounting for capital assets, classification of non-recurring revenue, accounts payable accruals, and review of the Service Organization Control report related to worker's compensation.	Nov-21	Management agreed with the recommendations and indicated that corrective actions will be taken.	
1/13/21	20-512	Planning	Comprehensive Transportation Funding Program (CTFP): Oversight and Reporting Controls	Internal Audit recommends management re-evaluate Project V requirements and amend guidelines, cooperative agreements, and monitoring controls to ensure consistency and proper oversight.	Jul-21	Management agreed to amend Project V Guidelines to ensure that requirements in the guidelines are aligned with the type of community-based circulator services that have proven to be successful. Further, staff will amend the cooperative agreements to be consistent with the updated requirements. Staff will also include applicable customer satisfaction and on-time performance elements in the required regular reports, in order to oversee this requirement and confirm compliance.	
2/11/21	21-503	Capital Programs	Oversight Controls and Contract Compliance: OC Streetcar Project Management Consultant	Internal Audit recommends management recover identified double-billings of \$5,857.	Aug-21	Management agreed and indicated that \$5,857 would be deducted from the consultant's current invoice.	

Outstanding Audit Recommendations
Audit Reports Issued through
June 30, 2021

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response and Status	Internal Audit Status
2/11/21	21-503	F&A and Capital Programs	Oversight Controls and Contract Compliance: OC Streetcar Project Management Consultant	Internal Audit recommends that management reconcile differences between the contract and procurement policy requirements for establishing labor rates of staff being moved from labor classifications to named personnel. Additionally, controls should be developed to ensure compliance with these requirements.	Aug-21	Management agreed and indicated they will amend language in the appropriate templates, to ensure consistency with policy. Additionally, clarifying changes will be made to the affected agreements as they come up for amendments. In addition, project manager written approval will be required when proposed labor rates of staff being moved to named personnel exceed the contract escalation. Project managers will also implement additional controls to ensure labor rates of staff being moved to name personnel comply with contract and policy requirements.	
3/24/21	Not Applicable	F&A and Operations	Measure M2 Agreed Upon Procedures: Selected Agencies	In connection with the Local Fair Share program, auditors made observations of ineligible maintenance of effort expenditures, misreporting of direct or indirect costs, misreporting of expenditures, and a funded project not reflected in the city's Seven-Year Capital Improvement Program plan. Senior Mobility Program audits include observations relating to late submission of a monthly report, third-party contracting, misreporting of expenditures, failure to allocate interest, and overcharge of administrative costs.	Mar-22	City management responded to the observations and OCTA staff will monitor implementation of corrective actions proposed.	

Outstanding Audit Recommendations
Audit Reports Issued through
June 30, 2021

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response and Status	Internal Audit Status
4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management strengthen monitoring controls to ensure required staffing and work schedules are provided as required. Management should also consider actions to address violations of contract terms and consider adjustments to invoices to account for staffing shortages. Finally, management should evaluate whether 17-hour shifts worked by contractor staff present safety concerns that should be addressed.	Oct-21	Management agreed and advised that the Contracts Administration and Materials Management (CAMP) Department was engaged to formally address the noted contract violations and to explore adjustments to invoices to account for staffing shortages. Management will continue to closely monitor the contract to ensure proper staffing levels are maintained, work schedules are posted and adhered to, and all employee procedures are followed as specified in the terms of the contract. Management will work with OCTA's Health, Safety, and Environmental Compliance (HSEC) Department to ensure safe work practices are being followed by Bridgestone.	
4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management review and enforce all contract terms. In addition, management should monitor to ensure tire inventories are maintained so that timely service can be provided at each of the bus bases. Finally, management should seek reimbursement from Bridgestone for the damaged equipment.	Oct-21	Management agreed and immediately worked with Bridgestone and HSEC to ensure all required safety documentation was provided. Management has advised Bridgestone of the requirement to maintain all documentation pertaining to safety inspections, training, staffing, and recordable injuries. Management will monitor for compliance. Finally, Bridgestone has committed to provide documented tire inventory levels each month.	
4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management collaborate with Bridgestone and MV Transit to develop a process to ensure that wheel torque is re-checked as specified in the contract.	Oct-21	Management agreed and requested that Bridgestone re-torque the wheels on the entire fleet at the Irvine Construction Circle Base to ensure all wheels are torqued to specification. Management also asked that Bridgestone maintain documentation of all re-torque occurrences at the Irvine Construction Circle Base and provide monthly reports to the project manager.	

Outstanding Audit Recommendations
Audit Reports Issued through
June 30, 2021

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response and Status	Internal Audit Status
4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management implement monitoring controls to ensure Bridgestone complies with contract requirements for employee qualifications and regulations pertaining to a drug and alcohol-free workplace.	Oct-21	Management agreed and indicated that Bridgestone will be required to provide an on-boarding checklist that documents that background checks are conducted and qualifications requirements are met. Management will also implement monitoring controls to ensure Bridgestone complies with regulations pertaining to a drug and alcohol-free workplace.	
4/28/21	21-509	F&A	Investments: Compliance, Controls, and Reporting, July 1, 2020 through December 1, 2020	Internal Audit recommended that Treasury incorporate suggested assertions into monthly debt and investment reports.	Oct-21	Management agreed with the recommendation and will incorporate the assertions beginning with the next monthly report, which will be for the month of April 2021.	
5/19/21	21-508	HROD and Operations	Department of Motor Vehicles (DMV) Employer Pull Notice Program	Internal Audit recommended management improve review controls and documentation of follow-up activities.	Nov-21	Management agreed and indicated that recommended actions will be implemented.	
5/19/21	21-508	HROD	DMV Employer Pull Notice Program	Internal Audit recommended the policy be updated to properly define regulated employees, that evidence of No Drive notices be retained, and that controls for updates to the No Drive listing be enhanced.	Nov-21	Management agreed and indicated that recommendations will be implemented.	
5/19/21	21-508	HROD and Operations	DMV Employer Pull Notice Program	Internal Audit recommended strengthening of Department of Motor Vehicles System (DMVS) controls and consistent performance of mock inspections, which serve as a monitoring control.	Nov-21	Management responded that the DMVS issues will be addressed, and mock inspections will be resumed on an annual basis.	

**Audit Recommendations Closed During
Fourth Quarter, Fiscal Year 2020-21**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Internal Audit Status Comments
10/21/20	20-507	Finance and Administration (F&A)	Audit of Banking Services and Agreement with Bank of the West (BofW)	Internal Audit recommended that management develop procedures to document the monthly and annual review processes for the BofW statements and fees.	A procedure was developed and implemented to document the monthly and annual review of banking fees.
10/21/20	20-507	F&A	Audit of Banking Services and Agreement with BofW	Internal Audit recommended that management implement a procedure to ensure timely updates to the BofW signature card and explore options to further enhance the control environment related to cash withdrawals by authorized personnel.	A procedure was developed to ensure timely updates to the bank signature card as required.
10/12/20	21-501	Human Resources and Organizational Development (HROD)	Employee Separations	Internal Audit recommended that stale account reviews be performed quarterly to ensure that accounts associated with separated employees have been disabled or deleted.	Information Systems completed the stale accounts review in the first quarter of 2021 and is working on the second quarter review.
10/12/20	21-501	HROD	Employee Separations	Internal Audit recommended that invitations to participate in employee exit surveys be documented and that a procedure be developed to analyze and communicate exit survey results to management.	HROD is logging employee exit surveys sent to voluntarily separating employees and presenting the exit survey results at the Division Leads meeting twice a year.



July 28, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Orange County Transportation Authority Internal Audit Department
Fiscal Year 2021-22 Internal Audit Plan

Overview

At the direction of the Orange County Transportation Authority Board of Directors, the Internal Audit Department develops and implements an annual risk-based internal audit plan. Implementation of an annual internal audit plan assists management in evaluating the effectiveness and efficiency of projects, programs, and operations, while ensuring that adequate controls and safeguards are in place to protect the Orange County Transportation Authority's assets and resources.

Recommendations

- A. Approve the Orange County Transportation Authority Internal Audit Department Fiscal Year 2021-22 Internal Audit Plan.
- B. Direct the Executive Director of the Internal Audit Department to provide quarterly updates on the Orange County Transportation Authority Internal Audit Department Fiscal Year 2021-22 Internal Audit Plan.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function whose purpose is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management and the Board of Directors (Board) in the discharge of their duties and responsibilities.

Discussion

Internal Audit is presenting the Orange County Transportation Authority Internal Audit Department Fiscal Year 2021-22 Internal Audit Plan (Audit Plan) for Board approval. The Audit Plan was developed from an enterprise-wide risk assessment. The Audit Plan will be implemented using Internal Audit staff, on-call consultants, an independent financial audit firm, and other firms, as needed.

Fiscal Impact

The Audit Plan has been developed within the resources available in the adopted budget for fiscal year 2021-22.

Summary

The Audit Plan has been developed to support the Board and OCTA management in the discharge of their duties and responsibilities to safeguard assets of OCTA, while ensuring those assets are used in an efficient and effective manner.

Attachment

- A. Orange County Transportation Authority Internal Audit Department Fiscal Year 2021-22 Internal Audit Plan

Authorized by:



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

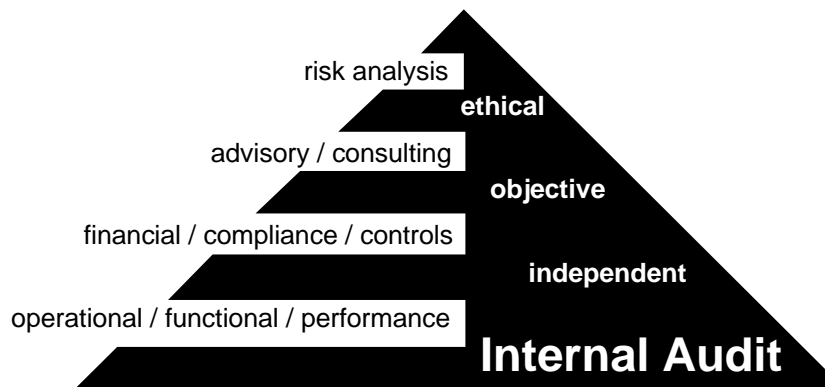
ORANGE COUNTY TRANSPORTATION AUTHORITY

Internal Audit Department



Fiscal Year 2021-22

Internal Audit Plan



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ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Fiscal Year 2021-22
Internal Audit Plan

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

Fiscal Year 2021-22
Internal Audit Plan

Mission of the Internal Audit Department

The mission of the Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) is to assist management and the Board of Directors (Board) in the effective discharge of their duties and responsibilities to safeguard the assets of OCTA, while ensuring those assets are used in an efficient and effective manner. To this end, Internal Audit serves as an independent appraisal function to examine and evaluate OCTA's operations, activities, internal controls, compliance, opportunities, and risks.

Internal Audit Department Activities

Internal Audit is responsible for examining and evaluating financial, administrative, and operational activities of OCTA, and supplying management with information to assist in its control of assets and operations for which it is responsible.

Internal Audit provides a wide range of auditing services, including annual financial and compliance audit oversight, operational reviews, compliance reviews, internal control assessments, investigations, pre-award and post-delivery Buy America reviews, and price reviews. In addition, all audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Internal Audit measures the efficiency of the department by calculating a productivity ratio. The ratio, used broadly throughout the audit industry, measures the amount of time auditors spend on audit projects versus time spent on administrative duties. Productivity goals are established for the professional audit staff and for the department. The department-wide target includes all professional staff and the executive director. For fiscal year (FY) 2021-22, Internal Audit set a department-wide target productivity ratio of 75 percent and a professional audit staff productivity ratio of 80 percent. Because the executive director is required to regularly participate in non-audit management activities such as executive planning and committee meetings, the department ratio is set lower than that of the professional staff.

The Government Accountability Office (GAO) broadly defines audits as financial, attestation, or performance audits. Financial audits, including financial statement audits, are assessments of, and assurance about, an entity's financial condition, operating results, or other defined financial criteria. Attestation engagements are both financial and non-financial, and result in varying degrees of assurances about specific subject matter. Agreed-upon procedures price reviews, performed by Internal Audit, are an example of attestation engagements, whereby Internal Audit applies procedures to specific elements of contractor price proposals.

Internal Audit's efforts, however, are focused primarily on the third category of audits, performance audits, as defined by the GAO. Performance audit objectives vary widely and include review of internal controls, assessment of compliance with laws, regulations, contracts, policies and procedures, and assessments of program effectiveness, economy, and efficiency. To more accurately define the objectives of these performance audits, Internal Audit categorizes audit projects in a more descriptive manner as indicated below. It is important to note, however, that most audit projects include objectives consistent with one or more of these audit types.

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Fiscal Year 2021-22
Internal Audit Plan

Compliance – Compliance audits are performed to ensure that the terms and conditions of contracts, grants, memorandums of understanding, or other agreements are being followed and that there is compliance with Board-adopted policies and procedures, management policies and procedures, and applicable regulatory requirements.

Price Review – Price reviews refer to the agreed-upon procedures reviews performed for architectural and engineering price proposals, or sole source proposals, to determine if proposed pricing is fair and reasonable. Agreed-upon procedure reviews are also performed on single-bid procurements to determine whether the Contracts Administration and Materials Management (Camm) Department complied with policies and procedures to ensure a fair and competitive process. Procedures are performed based on a written agreement with Camm.

Buy America Review – Buy America reviews refer to the pre-award and post-delivery agreed-upon procedures reviews of vehicle purchases in accordance with federal Buy America laws. The procedures are performed based on a written agreement with Camm.

Financial - Financial audits focus on verification of financial transactions and balances. Financial audits include the financial statement audits of OCTA and related legal entities, as well as other attestation audits performed by an independent certified public accounting firm, to ensure compliance with the Measure M2 (M2) Ordinance or other legally mandated requirements.

Internal Control – Internal control reviews are performed to assess whether controls in place are adequate to protect the assets and resources of OCTA and to ensure compliance with laws, regulations, and policies.

Operational - An operational audit is performed to evaluate current operating procedures to determine if they provide for an adequate control environment and to assess whether processes are efficient and effective ways to accomplish the goals of the project, program, or activity. Operational audits generally include elements of both an internal control review and a compliance review.

Internal Audit also performs other activities outlined in the Internal Audit Plan as follows:

Monitoring – These activities include providing information to the Audit Subcommittee of the Taxpayers Oversight Committee (TOC) to assist in their duty to exercise oversight of the expenditure of M2 funds, participation in annual Operations Division bus base inspections, and observation of biennial capital asset inventory counts. Internal Audit also monitors results of audits issued related to Metrolink activities.

Follow-Up Activities – These activities are undertaken to determine whether audit recommendations have been implemented or otherwise satisfactorily addressed.

Investigations – Investigative activities are performed in response to a complaint or allegation received through OCTA's Fraud Hotline.

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Fiscal Year 2021-22
Internal Audit Plan

Fiscal Year 2020-21 Accomplishments

- Completed ten audit projects, resulting in 17 recommendations for improvement to policies, procedures, and/or internal controls. Also, at the request of CAMM, completed 32 agreed-upon procedures reviews of architectural and engineering, sole source, or single bid proposals, and two pre-award Buy America reviews related to the purchase of ten 40-foot battery-electric buses manufactured by New Flyer of America, and 165 40-foot compressed natural gas buses manufactured by Gillig, LLC.
- Exceeded both the department-wide productivity goal of 75 percent and the professional audit staff productivity goal of 80 percent.
- Provided written quarterly updates to the Finance and Administration (F&A) Committee on the status of audit projects and activities and provided these updates no later than 30 days following quarter-end.
- As required by Government Auditing Standards (Standards), performed Internal Audit's annual internal quality assurance and self-assessment review in February 2021, and implemented improvements to Internal Audit practices, policies, and procedures in March 2021.
- Conducted follow-up of management's implementation of audit recommendations within six months of report issuance or earlier.
- Provided administration of OCTA's Fraud Hotline and reviewed 11 complaints received during the FY. Referred complaints to management and/or appropriate outside agencies, and conducted investigations of allegations, where appropriate.
- Provided assistance to the Audit Subcommittee of the TOC including, but not limited to, design of agreed-upon procedures for testing compliance with M2 Local Fair Share, Project U Senior Mobility Program, and Senior Non-Emergency Medical Transportation Program expenditures, and for evaluation of the M2 Status Report. Also, reported results of annual audits and agreed-upon procedures reviews as they relate to M2.
- Provided administration of the OCTA Fraud Hotline with initial contact response to all reports within two business days.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

Fiscal Year 2021-22
Internal Audit Plan

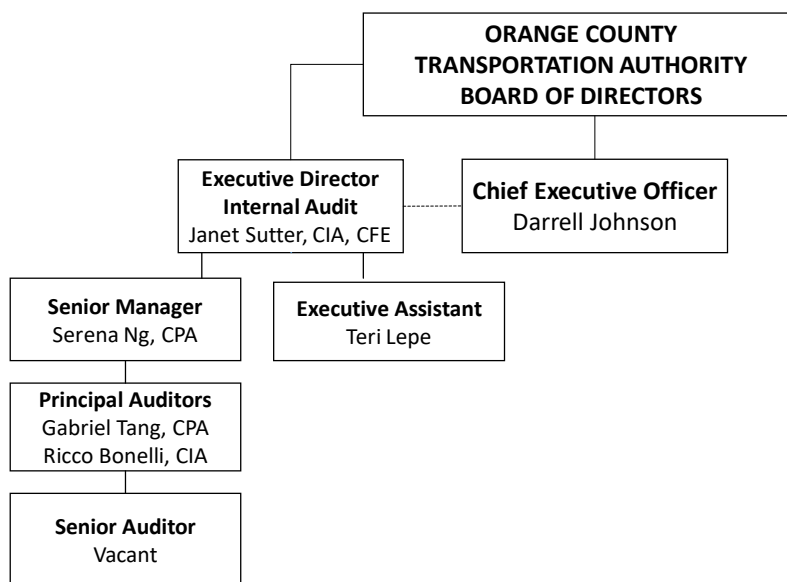
Fiscal Year 2021-22 Goals

- Implement the OCTA FY 2021-22 Internal Audit Plan (Audit Plan) and provide quarterly updates on the status of audit projects and activities no later than 30 days after quarter-end.
- Conduct agreed-upon procedures reviews, at the request of CAMM, of all architectural and engineering price proposals exceeding \$150,000, to establish the reasonableness of proposed rates. Also, apply agreed-upon procedures to sole source proposals exceeding \$50,000, single bid procurements, and vehicle purchases in accordance with Buy America laws.
- Achieve a department-wide productivity ratio of at least 75 percent and professional staff productivity ratio of at least 80 percent.
- Conduct follow-up of management's implementation of audit recommendations within six months of report issuance or earlier, and report results as part of the quarterly updates to the Internal Audit Plan.
- Assist the Audit Subcommittee of the TOC with the design and update of agreed-upon procedures for M2-related audits and provide progress updates and results of all M2-related audits.
- Perform Internal Audit's annual internal quality assurance and self-assessment review by March 31, 2022, and make any noted improvements to Internal Audit's practices, policies, and procedures.
- Provide administration of the OCTA Fraud Hotline; provide initial contact response to all reports within two business days.
- Procure an independent audit firm and coordinate and report results of the FY 2019-21 State Triennial Audit of OCTA, the Orange County Transit District, and Laguna Beach Municipal Transit Lines.
- Participate on Quality Assurance (Peer) Review team(s) and accrue reciprocal credit through the Association of Local Government Auditors and obtain Internal Audit's required Triennial Peer Review in early 2022. Report results of the peer review of the OCTA Internal Audit Department to the F&A Committee and the Board within 30 days of report issuance.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Fiscal Year 2021-22
Internal Audit Plan

Internal Audit Organization

Standards provide a framework for government auditors in the areas of transparency, independence, accountability, and quality. These Standards require that auditors be independent in both mind and appearance with respect to the entities for which they perform audit services. Internal Audit has established policies and procedures to comply with the Standards, and OCTA has established an internal audit function that is organizationally independent. As indicated below, Internal Audit reports functionally to the Board, and administratively to the Chief Executive Officer:



Risk Assessment Process

It is the responsibility of OCTA management to identify, assess, and manage risk. It is Internal Audit's responsibility to facilitate the identification and assessment of risk, and to monitor and report on how well risks are being managed by OCTA. All organizations face risks, which are defined as those events, actions, or inactions that could cause key business objectives not to be achieved. To mitigate and manage these risks, an organization typically implements internal controls, anticipates and plans for disruptions, develops risk management programs, and engages in other risk mitigation activities.

The key business objective of OCTA is imbedded in its mission statement to "*Develop and deliver transportation solutions to enhance quality of life and keep Orange County moving.*" Delivering these "*transportation solutions*" are several core business units of OCTA, including Chief Executive, Operations, Planning, Human Resources and Organizational Development, Government Relations, Express Lanes Programs, and Capital Programs

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Divisions. These business units are supported by administrative functions, and all these services are delivered through a variety of projects, programs, and activities. With a budget exceeding \$1.2 billion, OCTA delivers transportation solutions through numerous channels with a variety of stakeholders, with the assistance of the private sector, and for the benefit of diverse customers.

Recognizing both the number and size of OCTA's projects, programs, and activities, as well as the constraints of Internal Audit resources, Internal Audit maximizes its effectiveness by engaging in an annual risk assessment process to establish the priorities of the department for the upcoming fiscal year.

Risk Assessment Methodology

Internal Audit established the architecture of the risk assessment by first identifying all OCTA projects, programs, contracts, and functions (auditable entities). Internal Audit then identified six categories of risks and assigned weightings as follows:

Financial and Compliance Risks (20 percent) – The magnitude of financial exposure to OCTA and the degree of regulatory oversight and/or the volume of regulation with substantial fines, penalties, or other sanctions for noncompliance.

Security and Safety Risks (15 percent) – The impact of a security breach to OCTA customers, contractors, employees, or the public, and the degree of severity (catastrophic, significant, moderate, or minimal) resulting from incidents or accidents.

Operational and Strategic Risks (15 percent) – The impact severity of a disruption in the operation of this OCTA project or program on Orange County travelers, and the significance of this project or program to OCTA's strategic success.

Image and Reputation Risks (15 percent) – The intensity of public interest and awareness, and the visibility of the project, program, or function to the media.

Complexity of Operations (15 percent) – The number of individuals, departments, contractors, information systems, and manual processes involved in the delivery of this project or program, and the degree to which transactions require professional judgment or technical expertise.

Time Since Last Audit (20 percent) – The length of time since the last audit or review was conducted and the results of that review.

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Internal Audit then developed the following assigned ratings for each risk:

Risk Rating	Description
4.0 – 5.0	High Risk
3.0 – 3.9	Moderate to High Risk
2.1 – 2.9	Moderate Risk
1.6 – 2.0	Low to Moderate Risk
1.0 – 1.5	Low Risk

Following are examples of the risk assessment results for four different auditable entity types:

Auditable Entity	Audit History	Audit Requirement	Time Since & Results of Last Audit	Financial & Compliance Risk	Security & Safety Risk	Operational & Strategic Risk	Image & Reputation Risk	Complexity of Operations	Weighted Average Risk
			20%	20%	15%	15%	15%	15%	
Project Controls	2016	No	1	5	1	4	3	4	3
Purchasing Cards	2018	No	1	1	1	2	4	1	1.6
ACCESS Eligibility	2015	No	1	4	3	4	5	3	3.3
Buy America Compliance	2020	Yes	As Needed						N/A

Following the risk assessment of each of approximately 250 auditable entities within OCTA, Internal Audit summarized the results on the heat chart in Appendix A. The heat chart translates the numerical risk ratings of each auditable entity into a more visually appealing format. Auditable entities that require an audit, either by regulation or at the direction of the Audit Subcommittee of the TOC, are not risk rated, and are reflected as “Required”.

Internal Audit Plan Development

The Audit Plan, Appendix B, calls for approximately 7,900 Internal Audit hours, exclusive of vacation, sick, holiday, and continuing professional education hours. The total hours also reflect an expectation that a vacancy in staffing will be filled by January 2022. Of the 7,900 hours, approximately 1,900 relate to administrative activities, including Board and committee meeting attendance, Internal Audit staff meetings, and other administrative tasks. The purpose of including these hours is to monitor and measure Internal Audit’s productivity.

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The Audit Plan includes 637 hours for mandatory audit activities, including hours anticipated to coordinate, review, and report on the results of the required annual financial statement audits and agreed-upon procedures reviews, and other regulatory agency audits. Approximately 620 hours are anticipated for internal audit projects and non-audit activities, such as the annual risk assessment and audit planning process, required quality assurance and self-assessment activities, administration and investigation of complaints received through OCTA's Fraud Hotline, and updates to audit policies, procedures, and workpaper templates.

The Audit Plan also includes 900 hours for price review services, and 160 hours for Buy America review services. While requests for price reviews are unpredictable, this budget is based on both the extent of current procedures and the volume of requests in prior years. Hours for Buy America services assumes two requests for review will be received during the year.

The risk assessment developed by Internal Audit is the primary, but not absolute, means by which Internal Audit prioritizes and selects audit projects. There remain other factors that are not considered in the risk assessment. For example, some high-risk auditable entities are not selected because the projects and/or contracts are in their infancy, and it would be more suitable to perform an audit after the project and/or contract is better underway. Other high-risk auditable entities are not selected because of Internal Audit's knowledge of a recent or upcoming related review activity, such as audits by the California Department of Transportation and/or the Federal Triennial Review. Other subjective factors that affect the selection of audit projects include knowledge about external or regulatory auditor interest, project or program failures or successes, consideration of the impact to individual departments and/or divisions, and staffing resources.

The proposed Audit Plan includes audits to assess and test oversight, contract compliance, and invoice review controls related to OC Streetcar construction activities, on-call right-of-way and appraisal services, and public outreach activities for the Interstate 405 Improvement Project. Audits of both revenue and non-revenue vehicle purchase activities, preparation of independent cost estimates, and employee incentive programs are also reflected, as well as audits of freeway service patrol activities and contracts for temporary staffing services. The required semi-annual audits of investments and a compliance audit of Public Records Act requests are also planned. Finally, the Audit Plan includes design of a scope of work and procurement of a consultant to perform an audit of OCTA's cybersecurity program.

Each of the planned projects, along with projects carried over from the FY 2020-21 Audit Plan, is reflected at Appendix B, along with a brief description and the estimated staff hours required to perform the audit.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

Fiscal Year 2021-22
Internal Audit Plan

Conclusion

The Audit Plan seeks to align limited audit resources with risk throughout the organization while considering prior audit effort and other factors, as identified in Appendix A. Internal Audit will continue to refine the risk assessment to include emerging OCTA projects, programs, contracts, and functions. Internal Audit will also continue to assess the risk ratings and weightings to best reflect the risk profile of the organization and to allow the greatest coverage of that risk in the annual audit planning process.

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division	RISK ASSESSMENT	7 Year Audit History
Department/Functional Area		
Project/Program/Contract/Function		
Executive		
Clerk of the Board		
Public Records Requests	Low to Moderate	
Form 700 Disclosures	Moderate	2021
Brown Act Compliance	Low to Moderate	2018
Board of Directors Compensation and Ethics Compliance	Moderate	2019
Services of Legal Process	Low to Moderate	
Legal Services		
Woodruff, Spradlin, & Smart	Moderate to High	2015
Security and Emergency Preparedness		
Continuity of Operations/Emergency Response	Moderate to High	
Emergency Operation Plans	Moderate to High	
Physical Access Security - Facilities	Moderate	2021
Security Grants	Low to Moderate	
Transit Police Services	Moderate to High	2017
Express Lanes and Motorist Services Programs		
Master Custodial Agreement	Moderate to High	2019
91 Express Lanes		
Operations and Management	High	
Roadside Services	Moderate	
California Highway Patrol Services	Moderate	
Collections	Moderate	
Building Leases	Low	
Revenue Account Management System	Moderate	
Riverside County Transportation Corridor Agreement	Moderate	
Toll Lanes Integrator Services	Moderate	
405 Express Lanes - Operations and Management	Moderate to High	
Motorist Services		
Freeway Service Patrol	Moderate to High	
Call Box Program	Low to Moderate	
511 Motorist Aid	Low to Moderate	
Ethics Program	Moderate	
COVID-19 Response - Procedures	Moderate	
Public Information Office		
Crisis Communications Plan	Moderate	

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division			
Department/Functional Area			
Project/Program/Contract/Function	RISK ASSESSMENT		7 Year Audit History
Capital Programs			
Highway Projects			
Interstate 5 (I-5) Improvements			
I-5 (between State Route 57 (SR-57) and State Route 55 (SR-55)) - Measure M2 (M2) Project A	Moderate to High		2020
I-5 (between Interstate 405 (I-405) and SR-55) - M2 Project B	Moderate		
I-5 (South of El Toro Road) - M2 Project C			
Pacific Coast Highway (PCH) to San Juan Creek Road	Moderate to High		2018
Avenida Pico to Avenida Vista Hermosa	Moderate		
Avenida Vista Hermosa to PCH	Moderate		
State Route 73 (SR-73) to El Toro Road Landscape	Low to Moderate		
SR-73 to Oso Parkway	Moderate to High		
Oso Parkway to Alicia Parkway	Moderate to High		
Alicia Parkway to El Toro Road	Moderate to High		
I-5 Interchange Projects - M2 Project D			
El Toro Road Interchange	Low to Moderate		
SR-57 Improvements - M2 Project G			
Orangewood Avenue to Katella Avenue	Moderate		
Lambert Road to Tonner Canyon Road	Low to Moderate		
SR-55 Improvements - M2 Project F			
I-405 to I-5	Moderate to High		
I-5 to State Route 91 (SR-91)	Moderate		
SR-91 Improvements			
Improvements from SR-57 to SR-55 - M2 Project I	Moderate		
91 Express Lanes to State Route 241 Toll Connector	Moderate to High		
Interstate 605 (I-605)			
Katella Ave Interchange	Moderate		
I-405 Improvements			
Improvements from I-605 and SR-55 - M2 Project K			
Design-Build Contract Management	High		2017
Right-of-Way (ROW) Activities and Reporting	Moderate		
Program Management Activities	High		2018
I-405 Improvements between SR-55 and I-5 - M2 Project L	Low to Moderate		

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division	Department/Functional Area	RISK ASSESSMENT	7 Year Audit History
Project/Program/Contract/Function			
Highway Project Management			
	Highway Project Management Support	Moderate to High	2018
	Project Controls	Moderate to High	2016
	Real Estate Administration	Moderate	
ROW Operations			
	On-Call ROW Services	Moderate to High	
	On-Call Real Property Appraisals	Moderate to High	
	Excess Land Sales	Moderate	
	Utility Agreements	Moderate	
Facilities Engineering			
	Facilities Project Management	Moderate	2015
	Transit Security Operations Center	Moderate to High	
Transit Project Delivery			
	Program Management Support: Rail Programs	Moderate to High	
	Local Initiatives		
	Project S: Go Local Fixed Guideway Projects		
	OC Streetcar Project Construction		
	Construction Management	High	
	Construction	High	
	OC Streetcar Project Management	High	2021
	OC Streetcar Operations & Maintenance Agreement	Moderate to High	
	Rail Project Delivery		
	City of Orange Parking Expansion	Moderate	2019
	Placentia Metrolink Station Project	Moderate	
	Anaheim Canyon Station Improvements	Moderate	
	San Juan Capistrano Passing Siding	Moderate	
	San Juan Creek Bridge Replacement	Moderate	
	Orange County Metrolink Facility	Low to Moderate	
	Irvine Station Expansion	Low to Moderate	
	Serra Siding Project	Low to Moderate	
	Control Point- Avery to San Onofre	Low to Moderate	
	Replacement - Detectable Tile Replacement - Metrolink Stations	Low to Moderate	
	Fullerton Station Stairs Replacement	Low to Moderate	
	ROW Stabilization Project	Low to Moderate	

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division Department/Functional Area Project/Program/Contract/Function	RISK ASSESSMENT	7 Year Audit History
Planning		
M2 Program Management Office	Moderate	
Strategic Planning		
Transportation Planning		
M2 Environmental Mitigation Program		
Program Administration	Moderate	
Land Security	Moderate	
Property Management	Moderate	
Mitigation Monitoring and Reporting	Moderate	
Transit and Non-Motorized Planning		
Bus Facilities Asset Management / Capital Plan	Moderate	
Fleet Outlook / Rollout Plan	Moderate	
Bikeway Master Plans	Low	
Transit Master Plan	Moderate	
Fullerton Park and Ride - Development Study	Low to Moderate	
Bristol Street Study	Low to Moderate	
Strategic Initiatives		
Strategic Plan - Development and Monitoring	Low to Moderate	
Performance Metrics	Low to Moderate	
Southern California Association of Governments Agreement / Workplan	Low to Moderate	
Geographic Information System Services	Low to Moderate	
State/Federal Programs		
State/Federal Improvement Program Funding Administration	Moderate	
Annual 5307 Program of Projects	Moderate	
Calls for Projects	Low to Moderate	
Local Programs		
Measure M Eligibility	Moderate to High	
Comprehensive Transportation Funding Programs - Agency Audits (CTFP)	Moderate	2018
M2 CTFP Program Eligibility / Call for Projects	Moderate	
Oversight and Reporting: CTFP	Moderate	2021
M2 Local Projects		
Project Q - Local Fair Share	Required	

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division			7 Year Audit History
Department/Functional Area		RISK ASSESSMENT	
Project/Program/Contract/Function			
Operations			
Passenger Rail Operations & Metrolink			
ROW Maintenance - Joshua Grading & Excavating	Moderate		2019
Joint Powers Agreement Allocation Southern California Regional Rail Authority	Moderate to High		
Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency Managing Agency Contract	Moderate		
Transit Project Delivery			
OC Streetcar Operations			
OC Streetcar Vehicles	High		
Operations & Maintenance Contract	Moderate to High		
Service Planning and Scheduling			
Coach Operator Scheduling	Moderate		
Stops & Zones	Low to Moderate		
Schedule Checkers	Low to Moderate		
Service Change Implementation	Moderate		
Bus Operations			
Operator Bidding Process	Moderate to High		2019
Overtime: Scheduled and Unscheduled	Moderate to High		
Operations Training	Moderate		
Field Supervision	Moderate		
Central Communications	Moderate to High		
Timekeeping System	Moderate		
Uniform Allowance	Low		
Contracted Services			
ACCESS Eligibility	Moderate to High		2015
Regional Center Day Programs	Moderate to High		
Adult Day Health Care Program Agreements	Low to Moderate		
Job Access and Reverse Commute and New Freedom Grant Administration	Moderate		
Senior Mobility Program (M2 - Project U & Transportation Development Act-funded)			
Locally-Funded	Low to Moderate		Annual
M2-Funded	Required		
Senior Non-Emergency Medical Transportation (M2 - Project U)	Required		
First Transit - Contracted Fixed Route Operations	High		
ACCESS Service	High		
Same Day Taxi Service - Yellow Cab of North Orange County	Moderate to High		

Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22

Division			
Department/Functional Area			
Project/Program/Contract/Function	RISK ASSESSMENT		7 Year Audit History
EZ Wallet Program	Moderate		
Vanpool Operations	Moderate		
OC Flex Operations	Moderate		
Maintenance			
Maintenance Employee Incentives	Moderate		
Rolling Stock and Inventory Contracts			
Bridgestone/Firestone Tire Lease	Moderate		2021
Trillium USA - Operate & Maintain Compressed Natural Gas Stations	Moderate		
Cummins Cal Pacific	Moderate		
Revenue Vehicle Maintenance	Moderate to High		2020
Specialty Shop Maintenance	Moderate		
Company Assigned Vehicles	Low to Moderate		
Fuel Management	Moderate		2018
Transit Technical Services	Moderate to High		
Revenue Vehicle Purchase / Acceptance	Moderate		
Non-Revenue Vehicle Purchase	Low to Moderate		
Decommission and Auction of Retired Vehicles	Low to Moderate		
Maintenance Resource Management	Moderate to High		
Timekeeping	Low to Moderate		
Equipment Assignments and Tracking	Low		2016
Uniform Rental and Cleaning	Low to Moderate		
Facilities Maintenance	Moderate		2021
Maintenance Training	Low to Moderate		
Electric Vehicle Charging Stations	Moderate		
Finance and Administration			
Project U - Fare Stabilization	Moderate		
Financial Planning and Analysis			
Budget Development and Monitoring	Moderate to High		2017
Comprehensive Business Plan	Moderate		
Transit Performance Metrics	Moderate		2015
Treasury and Public Finance			
Investments			
Investments - Compliance, Controls, and Reporting	Required		Semi-Annual
Investment Management Service Contracts	Moderate to High		2017
Endowment Funds	Moderate		
Transportation Infrastructure Finance and Innovation Act Loan	Moderate		

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division	RISK ASSESSMENT	7 Year Audit History
Department/Functional Area		
Project/Program/Contract/Function		
Accounting and Financial Reporting		
General Accounting	Moderate	Annual
Financial Reporting	Required	
Cost Allocation Plan	Low to Moderate	
M2 Accounting and Reporting	Required	Annual
Sales Tax Revenue Accounting	Low to Moderate	
Accounts Payable	Moderate	2016
Purchasing Cards	Low to Moderate	2018
Corporate Credit Cards	Low to Moderate	
Capital Assets	Moderate	
Pass Sales Program	Low to Moderate	
Payroll Operations	Moderate	
Administrative Employee Overtime	Moderate	
Payroll Garnishments	Low	
Petty Cash Funds Administration	Low	
Banking Services	Moderate	2020
National Transit Database	Required	
General Services		
Printing and Reprographics	Low to Moderate	2017
Records Management	Moderate	
Lease Management	Low to Moderate	
Asset Management and Inventory	Moderate	
OCTA Policies	Low	
OCTA Store	Low to Moderate	
Parking Garage - ABM Parking Services	Low	
Lost and Found	Low	
Revenue Administration		
Farebox Revenue Collections and Armored Car Services	Moderate	2015
Mobile Ticketing Operations	Moderate	2019
Revenue and Revenue Sharing Contracts	Moderate to High	2020
Grant Administration & Accounting	Moderate to High	
Transportation Development Act	Required	Annual
Subrecipient Monitoring	Moderate	
Federal Stimulus Funding	Moderate to High	

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division	Department/Functional Area	RISK ASSESSMENT	7 Year Audit History
Project/Program/Contract/Function			
Contract Administration and Materials Management			
Contract Amendments	Moderate to High	2015	
Independent Cost Estimates	Moderate		
Proposal Evaluations	Low to Moderate		
Protests	Low to Moderate		
Small Purchases	Low to Moderate		
Buy America Compliance	As Required	2018	
Purchase Order and Blanket Purchase Orders	Moderate		
Maintenance Inventory Management	Moderate		
Warranty Administration	Moderate		
Disadvantaged Business Enterprise Program	Moderate		
Inventory Contracts		2019	
Unleaded Fuel	Moderate		
Diesel Fuel	Low to Moderate		
Liquified Natural Gas Contract	Moderate		
Renewable Natural Gas Credits Contract	Low to Moderate		
Information Systems			
Applications		2020	
ITMS Radio System	Moderate to High		
OCTA.net Website	Moderate to High		
Application Infrastructure	Moderate to High		
Database Systems	Moderate		
Vendor Management	Moderate to High		
Information Technology (IT) Systems & Security	Moderate to High		
System Development and Acquisition	Moderate		
Patch Management	Moderate to High		
IT Operations (User Management, Authentication, Access Controls)	Moderate to High		
Technology Project Management	Moderate		
Business Continuity/Disaster Recovery	Moderate		
Change Management	Moderate		
Payment Card Industry Compliance	Moderate		
Incident Response Program	Moderate	2017	
Asset Management	Moderate		
Operating Systems	Moderate		
IT Contract Services	Moderate		
Switch Data Center	Moderate to High		
Enterprise Asset Management System - Implementation	Moderate		
Telecommunications	Low to Moderate		

**Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22**

Division			7 Year
Department/Functional Area		RISK	Audit
Project/Program/Contract/Function		ASSESSMENT	History
Human Resources and Organizational Development			
Risk Management			
Insurance Program Administration		Moderate	
Liability Claims Management and Subrogation		Moderate to High	
Worker's Compensation and Subrogation		Moderate	
Employment & Compensation			
Separations		Low to Moderate	
Extra Help and Contract Staffing		Low to Moderate	
Recruitment and Employment		Moderate	2019
Compensation		Moderate to High	
Benefits			
Healthcare Plans		Moderate to High	2017
Coach Operator Healthcare		Moderate	
Maintenance Employee Healthcare		Moderate	
Protected Leave		Moderate to High	
Flexible Benefits		Low to Moderate	
Health Savings Account		Moderate	2017
Orange County Employees Retirement System		Moderate to High	
Teamsters Pension Fund Trust		Low to Moderate	
Employee Assistance Program		Low	
Deferred Compensation Plans		Moderate	
Wellness Program		Low	
Life Insurance Benefit		Low	
Alternative/Remote Work Program		Low to Moderate	
Benefit Program Incentive		Low to Moderate	
Commuter Club Program		Low to Moderate	
Employee and Labor Relations			
Labor Contracts		Moderate	
Unemployment Claims		Low	
Grievances		Low to Moderate	
Equal Employment Opportunity		Moderate	
Title VI Compliance		Moderate	
Medical Exams		Moderate	2020
Training & Development			
Training (Learning Management System)		Low to Moderate	
Educational Reimbursements		Low	

Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2021-22

Division	RISK ASSESSMENT	7 Year Audit History
Department/Functional Area		
Project/Program/Contract/Function		
Safety and Environmental Compliance		
Drug and Alcohol Program	Moderate	2019
Construction Safety	Moderate to High	
Employee Safety	Moderate to High	
Motor Vehicle and Traffic Safety		2021
Pull Notice Program	Moderate	
Safety Specifications	Moderate	
National Transit Database Accident Reporting	Low to Moderate	
Environmental Compliance Program		2017
Storm Water Pollution Prevention Program	Moderate to High	
Spill Prevention Countermeasure and Control Plan	Moderate to High	
Hazardous Waste Removal	Moderate to High	
Air Quality Management District Permitting and Compliance	Moderate to High	
Underground Storage Tank Removal Program	Moderate to High	
Safety Management Plan	Moderate	
External Affairs		
Marketing and Public Outreach		
Marketing and Customer Engagement		2016
Digital and Creative Services	Low to Moderate	
OCTA Bus Marketing	Moderate	
Bus Advertising Revenue Contracts	Low to Moderate	
Rideshare Program	Moderate	
Customer Engagement & Data Analytics		
Data Analytics / Performance Management	Moderate	2016
In-House Customer Relations	Low to Moderate	
Customer Information Center	Moderate	
Reduced Fare ID Program	Low to Moderate	
Diversity Outreach and Economic Opportunity Programs	Low to Moderate	
Public Outreach		2018
Project Outreach Contract Management		
SR-91	Moderate	
I-5	Moderate	
SR-55	Moderate	
OC Streetcar Project	Moderate to High	
Grade Separation	Moderate	
I-405 Improvement Project	Moderate to High	
Planning Studies Outreach	Low to Moderate	
Government Relations		
State and Federal Relations		
Lobbying Contracts	Low to Moderate	
Subrecipient Monitoring	Moderate to High	

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2021-22 Internal Audit Plan**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Mandatory External Independent Audits				
Annual Financial Audits and Agreed-Upon (AUP) Procedures Reviews	FY22-001 through FY22-004	Coordinate and report on annual financial and AUP reviews for fiscal year 2020-21.	Financial	425
External Regulatory Audits	FY22-005	Coordinate and report on external audits by regulatory or funding agencies.	Compliance	32
State Triennial Review	FY22-006	Procure independent audit firm and coordinate and report on the required State Triennial Performance audits of the Orange County Transportation Authority (OCTA), Orange County Transit District, and Laguna Beach Municipal Transit Lines.	Compliance	180
Internal Audit Department Projects				
Risk Assessment and Annual Audit Plan	FY22-100	Preparation of the annual audit plan, quarterly updates to the audit plan, and periodic assessment of risk throughout the year, including monitoring the audit results of related entities.	Audit Plan and Updates	180
Quality Assurance and Self-Assessment	FY22-101	Update of Internal Audit Policies & Procedures. Annual self assessment of the Internal Audit Department's (Internal Audit) compliance with Generally Accepted Government Auditing Standards.	Quality Assurance	120
Fraud Hotline Activities	FY22-102	Administrative duties related to maintenance of the Fraud Hotline and work related to investigations of reports of fraud, waste, or abuse.	Fraud Hotline	160
Peer Review	FY22-104	Participate in peer reviews of other internal audit agencies in exchange for reciprocal credit towards required peer review of OCTA's Internal Audit. Report results of peer review to the Finance and Administration Committee and the Board of Directors.	Peer Review	120
Automated Workpaper Solution	FY22-103	System updates/training related to automated workpaper solution.	Workpaper System	40

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2021-22 Internal Audit Plan**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Internal Audits				
Security and Emergency Preparedness				
Physical Access Security	FY21-511	Review and test controls in place to ensure adequate physical access security at Orange County Transportation Authority (OCTA) locations.	Internal Control / Operational	140
Clerk of the Board				
Form 700 Disclosures	FY21-510	Review and test controls in place related to coordination of Form 700 disclosures by designated employees.	Compliance	24
Public Records Requests	FY22-5XX	Assess and test controls in place to ensure compliance with regulations, policies and procedures.	Compliance	160
Express Lanes Program and Motorist Services				
Freeway Service Patrol	FY22-5XX	Review and test oversight, compliance, and invoice review controls over freeway service patrol activities and consultants.	Operational/ Compliance	240
Human Resources and Organizational Development				
Benefit Programs: Incentives	FY22-5XX	Assess and test policies, procedures, and controls over employee incentive programs.	Operational	240
Temporary Staffing	FY22-5XX	Assess and test oversight, contract compliance and invoice review controls related to temporary staffing contracts and services.	Operational/ Compliance	240
Capital Programs				
OC Streetcar - Construction	FY22-5XX	Review of oversight controls, contract compliance and invoice review controls related to construction of the OC Streetcar project.	Internal Control / Compliance	320
On Call Right of Way and Appraisal Services	FY22-5XX	Assess and test oversight, contract compliance, and invoice review controls over the use of consultant services for Right of Way and appraisal services.	Internal Control / Compliance	240

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2021-22 Internal Audit Plan**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Operations				
Facilities Maintenance	FY21-507	Review of facilities maintenance function within Operations Division, including oversight controls and contract compliance.	Operational / Compliance	180
Revenue Vehicle Purchases	FY22-5XX	Review revenue vehicle purchase activities to determine compliance with regulations, policies, and procedures.	Internal Control/ Operational	240
Non-Revenue Vehicle Purchases and Assignment	FY22-5XX	Review non-revenue vehicle and accessory purchases and assignments to determine compliance with policies and procedures and evaluate activities to assess economy and efficiency.	Internal Control/ Operational	240
Finance and Accounting				
Treasury	FY22-5XX	Semi-annual review of investments: compliance, controls, and reporting.	Compliance	300
Information Systems				
Cybersecurity	FY22-5XX	Design a scope of work and procure an audit consultant to evaluate OCTA's Cybersecurity program.	Internal Control/ Operational	100
Contract Administration and Materials Management (Camm)				
Independent Cost Estimates	FY22-5XX	Review and test controls to ensure independent cost estimates are properly prepared and in compliance with regulations, policy and procedures.	Internal Control/ Compliance	160
Price Reviews	PR22-XXX	As requested by the Camm Department, apply AUP to sole source, single bid, and architectural and engineering firm proposals.	Price Review	900
Buy America	PR22-XXX	As requested by the Camm Department, apply AUP to determine compliance with Buy America requirements.	Buy America	160

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2021-22 Internal Audit Plan**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
External Affairs				
Public Outreach	FY22-5XX	Assess and test oversight, contract compliance, and invoice review controls related to public outreach activities for the Interstate 405 project.	Internal Control/ Compliance	240
Unscheduled Reviews and Special Requests				
Unscheduled Reviews and Special Requests	FY22-800	Time allowed for unplanned audits and requests from the Board of Directors (Board) or management.	Varies	240
Monitoring Activities				
Measure M Taxpayer Oversight Committee (TOC)	FY22-601	Coordination of audit activities on behalf of the Audit Subcommittee of the TOC.	Administrative Support	60
Metrolink Audit Activities	FY22-602	Review/monitor audit results of Metrolink activities.	Non-Audit Service	20
Capital Asset Inventory Observation	FY22-604	At the request of the Finance and Administration Division, observe and apply limited procedures related to the bi-annual capital asset inventory counts.	Non-Audit Service	80
Bus Base Inspections	FY22-603	At the request of the Operations Division, participate in annual base inspections.	Non-Audit Service	60
Follow-Up Reviews				
Follow-Up Reviews and Reporting	FY21-700	Follow-up on the status of management's implementation of audit recommendations.	Follow-Up	240
Total Audit Project Planned Hours (A)				6,081

**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2021-22 Internal Audit Plan**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Internal Audit Administration				
Board and Committee Meetings				180
Executive Steering and Agenda Setting Meetings				180
Internal Audit Staff Meetings				140
Other Administration				1,375
			Total Hours (B)	7,956
				Department Target Efficiency (A/B) 75%
				Target Efficiency - Professional Staff 80%



July 28, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit

Subject: Orange County Transportation Authority, Proposition 1B Bond Program, Project Number P2500-0008

Overview

The California Department of Finance has conducted an audit of Proposition 1B funds awarded to the Orange County Transportation Authority for the Lakeview Avenue Grade Separation, Brookhurst Street Improvements, La Pata Avenue Phase 1, and Laguna Niguel to San Juan Capistrano Passing Siding projects. The audit report found that expenditures were generally in compliance with project agreements and program guidelines; however, four observations were made related to unsupported contract change order expenditures, late submission of final delivery reports, reporting of project benefits/outcomes, and oversight of administering agencies' procurement processes. The results of the audit were transmitted to the California Department of Transportation, which will be responsible for developing a corrective action plan for final disposition of these observations and related recommendations.

Recommendation

Direct staff to work, as requested, with the California Department of Transportation on appropriate disposition of the observations and recommendations identified through the audit conducted by the California Department of Finance related to Proposition 1B projects.

Background

The Orange County Transportation Authority (OCTA) was awarded \$27.5 million in Proposition (Prop) 1B funds from the Trade Corridor Improvement Fund, \$8.5 million from the Prop 1B State-Local Partnership Program, and \$2 million

from the Prop 1B Intercity Rail Improvement Fund for the four construction projects.

Under an agreement with the California Department of Transportation (Caltrans), the Department of Finance (DOF) performs audits to determine whether expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans program guidelines, and applicable state and federal regulations, whether outputs were consistent with the project scopes and schedules, and whether outcomes were achieved and adequately reported in final delivery reports (FDR).

The audit was conducted virtually beginning in July 2020, and a final report was issued on June 2, 2021.

Discussion

The DOF concluded that expenditures were incurred and reimbursed in compliance with executed agreements, Caltrans guidelines, and applicable state and federal regulations, except for \$250,000 in contract change order expenditures related to flagging services for the Laguna Niguel to San Juan Capistrano Passing Siding (LN-SJC) project. The auditors also recommended OCTA ensure timely submission of FDRs and improve reporting of actual project benefits/outcomes. A final recommendation was made to strengthen oversight controls related to projects administered by local agencies.

OCTA management provided responses to the auditor observations and recommendations, and those responses are incorporated into the final audit report, as Attachment A. As detailed in the response, management is requesting reconsideration of the recommendation to remit \$250,000 to Caltrans for flagging expenditures incurred under the LN-SJC project, as additional documentation has been obtained to support these charges. Management acknowledged late delivery of FDRs for the two agency-administered projects and indicated that, going forward, OCTA does not plan on using state funds to support these types of subrecipient projects. Management disagreed with the auditor's observations related to reporting of project benefits for the Lakeview Grade Separation project and indicated that explanations provided in the FDR were consistent with those provided for other railroad grade separation projects. Regarding oversight of agency-administered projects, management reiterated that, going forward, there are no plans to use state funds to support subrecipient projects. If state funds are used, OCTA will ensure the local agency is the direct recipient of the funding allocation.

Caltrans, Division of Local Assistance, will be responsible for the final disposition of observations and recommendations. OCTA management will work with Caltrans staff, as requested, to assist in this exercise.

Summary

The DOF has conducted an audit of Proposition 1B funds awarded to OCTA for the following projects: Lakeview Avenue Grade Separation, Brookhurst Street Improvements, La Pata Avenue Phase 1, and the LN-SJC project.

Attachment

- A. Department of Finance California, Office of State Audits and Evaluations
Confidential Draft Report, Orange County Transportation Authority
Proposition 1B Bond Program, Project Number P2500-0008, Report
No: 21-2660-025

Approved by:



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



Orange County Transportation Authority

Proposition 1B Bond Program
Project Number P2500-0008

Team Members

Cheryl L. McCormick, CPA, Chief
Rebecca G. McAllister, CPA, Assistant Chief
Chikako Takagi-Galamba, Manager
Anna Kyumba, CPA, Supervisor
Jeffrey Neller, Lead
Michael Painter

Final reports are available on our website at www.dof.ca.gov.

You can contact our office at:

California Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985



Gavin Newsom ■ Governor

915 L Street ■ Sacramento CA ■ 95814-3706 ■ www.dof.ca.gov

Transmitted via e-mail

June 2, 2021

MarSue Morrill, Chief, Planning and Modal Office
Independent Office of Audits and Investigations
California Department of Transportation
1304 O Street, Suite 200
Sacramento, CA 95814

Final Report—Orange County Transportation Authority, Proposition 1B Audit

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Orange County Transportation Authority's (OCTA) Proposition 1B projects listed below:

<u>Project Number</u>	<u>P Number</u>	<u>Project Name</u>
1212000004	P2500-0008	Lakeview Avenue Grade Separation
1213000166	P2500-0008	Brookhurst Street Improvements
1213000167	P2500-0008	La Pata Avenue Phase 1
0019000190	P2500-0008	Laguna Niguel to San Juan Capistrano Passing Siding

The enclosed report is for your information and use. OCTA's response to the report findings is incorporated into this final report. We appreciate OCTA's assistance and cooperation during the engagement. This report will be placed on our website.

If you have any questions regarding this report, please contact Chikako Takagi-Galamba, Manager, or Anna Kyumba, Supervisor, at (916) 322-2985.

Sincerely,

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Nancy Shaul, Audit Manager, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation
Monty Laskosky, Auditor, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation

BACKGROUND, SCOPE, AND METHODOLOGY

BACKGROUND

California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) for \$19.925 billion. These bond proceeds finance a variety of transportation programs. Although the bond funds are made available to the California Transportation Commission (CTC) upon appropriation by the Legislature, CTC allocates these funds to the California Department of Transportation (Caltrans) to implement various programs.¹

CTC awarded the Orange County Transportation Authority (OCTA) \$27.5 million in Proposition 1B funds from the Trade Corridor Improvement Fund (TCIF), \$8.5 million from the State-Local Partnership Program (SLPP), and \$2.0 million from the Intercity Rail Improvement (IRI) funds for the following four construction projects:

- **Lakeview Avenue Grade Separation (1212000004)** – \$27.5 million in TCIF funds to reconstruct Lakeview Avenue as a bridge to allow vehicles to pass over the Burlington Northern Santa Fe Railway.
- **Brookhurst Street Improvements (1213000166)** – \$3.4 million in SLPP funds to widen Brookhurst Street from Ball Street to Katella Avenue, from four lanes to six lanes.
- **La Pata Avenue Phase 1 (1213000167)** – \$5.1 million in SLPP funds to construct a four-lane extension to close a 2.4 mile gap, from Calle Saluda to the existing terminus of La Pata Avenue at the northern boundary of the Prima Deshecha Landfill.
- **Laguna Niguel to San Juan Capistrano Passing Siding (0019000190)** – \$2 million in IRI funds to add 1.8 miles of new passing siding railroad track between the Laguna Niguel/Mission Viejo Metrolink Station and Trabuco Creek in San Juan Capistrano.

OCTA was required to provide dollar-for-dollar match for projects 1212000004, 1213000166, and 1213000167.

PROGRAM DESCRIPTIONS¹

TCIF: \$2 billion of bond proceeds made available to the TCIF to finance infrastructure improvements along corridors that have a high volume of freight movement. This program requires dollar-for-dollar match of local, federal, or private funds.

SLPP: \$1 billion of bond proceeds made available to the SLPP to finance a variety of eligible transportation projects nominated by applicant transportation agencies. For an applicant transportation agency to receive bond funds, Proposition 1B requires a dollar-for-dollar match of local funds.

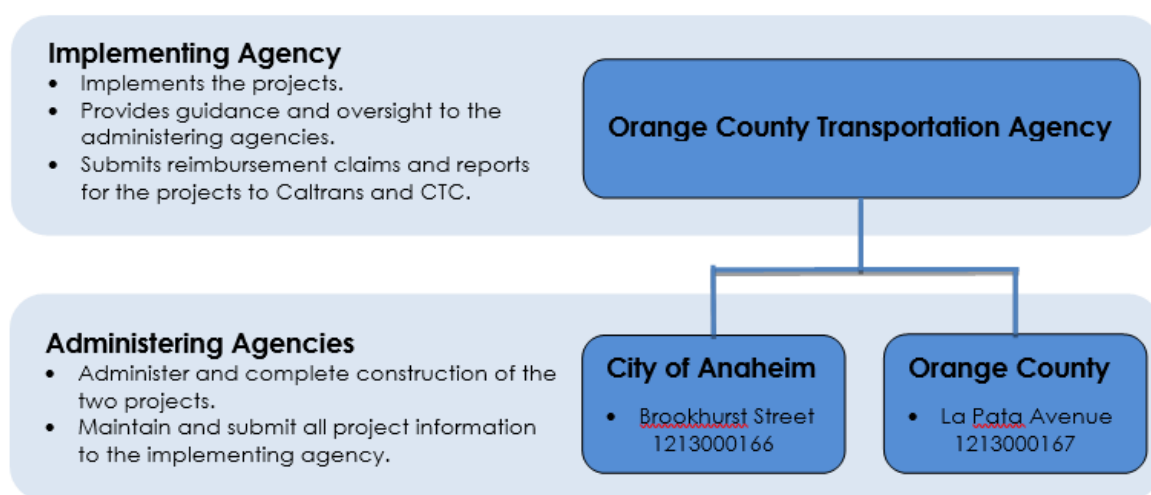
IRI: \$400 million of bond proceeds made available to the IRI for passenger rail improvements, including a minimum of \$125 million for procurement of additional intercity passenger railcars and locomotives.

¹ Excerpts obtained from the bond accountability website <https://bondaccountability.dot.ca.gov/>.

Construction for the projects is complete and the projects are operational, except for project 0019000190.

As the implementing agency, OCTA entered into two separate Master Funding Agreements requiring the City of Anaheim (City) and the County of Orange (County) (administering agencies) to administer and complete construction of projects 1213000166 and 1213000167. The Master Funding Agreements required OCTA to provide guidance and oversight to the administering agencies on local, state, and federal requirements and also to submit reimbursement claims and reports to Caltrans and CTC on their behalf. Figure 1 describes the relationship of OCTA and administering agencies and their projects.

Figure 1: Implementing Agency and Administering Agency Relationship



Source: Discussions with OCTA and Master Funding Agreements

SCOPE

As requested by Caltrans, the California Department of Finance, Office of State Audits and Evaluations, audited the projects described in the Background section of this report. The *Summary of Projects Reviewed*, including the audit period and the reimbursed expenditures, is presented in Appendix A.

The audit objectives were to determine whether:

1. Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC's program guidelines, and applicable state and federal regulations cited in the executed project agreements.
2. Deliverables/outputs were consistent with the project scopes and schedules.
3. Benefits/outcomes, as described in the executed project agreements or approved amendments, were achieved and adequately reported in the Final Delivery Reports (FDR).

At the time of fieldwork in January 2021, construction was not complete for project 019000190. Since OCTA had not yet submitted the FDR and the approved project benefits/outcomes listed in the CTC Financial Vote List were not quantifiable metrics, we confirmed OCTA understood its need to report on the benefits/outcomes as listed in the Vote List.

In performing our audit, we considered internal controls significant to the audit objectives. See Appendix B for a list of significant internal control components and underlying principles.

OCTA's management is responsible for ensuring accurate financial reporting; compliance with executed project agreements, state and federal regulations, and applicable program guidelines; and the adequacy of its job cost system to accumulate and segregate reasonable, allocable, and allowable expenditures. Caltrans and CTC are responsible for the state-level administration of the programs.

METHODOLOGY

In planning the audit, we gained an understanding of the projects and respective programs, and identified relevant criteria, by interviewing Caltrans, OCTA, County, and City personnel, and reviewing the executed project agreements and amendments, Caltrans/CTC's bond program guidelines, and applicable state and federal regulations.

We conducted a risk assessment, including evaluating whether OCTA's, the County's and the City's key internal controls significant to our audit objectives were properly designed, implemented, and operating effectively. Key Internal controls evaluated focused on procurement, progress payment preparation, reimbursement request preparation, review and approval process for expenditures, project deliverables/outputs completion, and project benefits/outcomes reporting. Our assessment included conducting interviews with OCTA, County, and City personnel, observing processes, and testing transactions related to construction phase expenditures, contract procurement, project deliverables/outputs, and project benefits/outcomes. Deficiencies in internal control that were identified during our audit, and determined to be significant within the context of our audit objectives, are included in this report.

Additionally, we assessed the reliability of data from OCTA's financial system, ONESolution, the County's accounting and procurement system, CAPS+, and the City's accounting system, Enterprise Resource Planning. To assess the reliability of data generated by these systems, we interviewed OCTA, County, and City personnel, reviewed information process flows, examined existing reports, reviewed system controls, and performed data testing. We determined the data was sufficiently reliable to address the audit objectives.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. Our methods are detailed in the Table of Methodologies.

Table of Methodologies

Audit Objective	Methods
<p>Objective 1: To determine whether OCTA's Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC's program guidelines, and applicable state and federal regulations cited in the executed project agreements.</p>	<ul style="list-style-type: none"> • For projects 1212000004, 1213000166, and 1213000167, determined whether projects were appropriately advertised, evaluated, and awarded to the lowest, responsible bidder by reviewing construction contractor procurement records, such as project advertisements, bidding documents, and contracts, and comparing to OCTA's, the County's, and the City's policies and procedures and Caltrans Local Assistance Procedures Manual (LAPM) requirements. • For projects 1212000004 and 1213000166, determined whether the projects were appropriately advertised, evaluated, and awarded to the most qualified consultant by reviewing construction engineering procurement records, such as project advertisements, consultant proposals, scoring sheets, and contracts, and comparing to OCTA's and the City's policies and procedures and LAPM requirements. • Selected significant and high-risk cost category expenditures to verify compliance with the selected project requirements. Specifically, we selected expenditures from the Construction and the Construction Engineering categories: <ul style="list-style-type: none"> ○ For all four projects, selected the most quantitatively significant construction progress payments from each project's largest reimbursement claim. Specifically, we selected two items from each progress payment to determine if the reimbursed construction expenditures were allowable, authorized, project-related, incurred within the allowable time frame, and supported, by reviewing accounting records, progress payments, and canceled checks, and comparing to relevant criteria. ○ For projects 1212000004 and 1213000166, selected the most quantitatively significant consultant expenditures from the largest reimbursement claim. Determined if the selected reimbursed consultant expenditures were allowable, authorized, project-related, incurred within the allowable time frame, and supported, by reviewing accounting records, consultant invoices, and canceled checks, and comparing to relevant criteria. ○ For project 1213000166, selected the most quantitatively significant City labor expenditures from the largest reimbursement claim. Determined if the selected reimbursed City labor expenditures were allowable, authorized, project-related, incurred within the allowable time frame, and supported, by recalculating the claimed labor costs using salary rates obtained from the labor reports and hours worked from the approved timesheets. We also verified timesheet hours agreed to labor reports, and labor reports agreed to reimbursement claims.

Audit Objective	Methods
	<ul style="list-style-type: none"> ○ For projects 1212000004, 1213000166, and 1213000167, determined if selected match expenditures were allowable, authorized, project-related, incurred within the allowable time frame, and supported, by reviewing accounting records, progress payments, quantity count sheets, daily engineer logs, engineers' invoices, labor reports, and copies of checks, and comparing project reimbursed amounts with project expenditure reports. In addition, we verified the source of funds used to meet the match requirement complied with TCIF and SLPP guidelines • For projects 1212000004, 1213000166, and 001900190, selected quantitatively significant contract change orders (CCO). Determined if selected CCOs were authorized, within the scope of work, not a contract duplication, completed, and supported, by reviewing the CCOs, daily extra work reports, contractor correspondence, progress payments, and accounting records. • For all four projects, evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the executed project agreements by reviewing a list of other funding sources, project accounting records, vendor activity reports, and the chart of accounts; and performed analytical procedures to identify possible duplicate payments.
<p>Objective 2: To determine whether deliverables/outputs were consistent with the projects' scopes and schedules.</p>	<ul style="list-style-type: none"> • For the three completed projects, 1212000004, 1213000166, and 1213000167, determined whether project deliverables/outputs were consistent with the project scopes by reviewing the Project Programming Requests (PPR), executed project agreements, Notice of Completions, and Google Map images to verify project existence. • For the three completed projects, evaluated whether selected project deliverables/outputs were completed on schedule as described in the PPRs by reviewing the Notice of Completions, FDRs and Caltrans quarterly progress reports. • For the interim project 019000190, determined whether there is a system in place to report actual project deliverables/outputs by reviewing supporting documentation to confirm consistency with the project scope. • For the interim project, determined whether selected project deliverables/outputs were on schedule by reviewing project files, project agreements or approved amendments, and quarterly reports.

Audit Objective	Methods
<p>Objective 3: To determine whether benefits/outcomes, as described in the executed project agreements or approved amendments, were achieved and adequately reported in the FDRs.</p>	<ul style="list-style-type: none"> • For the three completed projects, 1212000004, 1213000166, and 1213000167, determined whether project benefits/outcomes were achieved by comparing actual project benefits/outcomes in the FDRs with the expected project benefits/outcomes described in the executed project agreements or approved amendments. • For project 1212000004 and 121300166, evaluated whether project benefits/outcomes for emissions reductions and a volume to capacity (V/C) ratio described in the executed project agreement or approved amendments were adequately reported and supported in the FDRs by reviewing studies. • For the interim project 019000190, confirmed OCTA understood its need to report on the benefits/outcomes as listed in the Vote List.

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

CONCLUSION

Based on the procedures performed and evidence gathered, we obtained reasonable assurance the Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC's program guidelines, and applicable state and federal regulations cited in the executed agreements, except as noted in Findings 1 and 4.

We also obtained reasonable assurance the completed projects' deliverables/outputs were consistent with the project scopes and schedules. Although projects 1212000004, 1213000166, and 1213000167 were behind schedule, OCTA, appropriately informed Caltrans and CTC of the delays. For the interim project 0019000190, we confirmed OCTA has a system in place to report actual project deliverables/outputs. Additionally, project 0019000190 is expected to be completed on schedule. However, the FDRs for projects 1213000166 and 1213000167 were not submitted timely, as noted in Finding 2.

Additionally, we obtained reasonable assurance the project benefits/outcomes, as described in the executed project agreements or approved amendments, were adequately reported in the FDRs, and OCTA achieved the expected project benefits/outcomes as described in the executed project agreements, except as noted in Finding 3.

For interim project 0019000190, we confirmed OCTA understood its need to report on the benefits/outcomes as listed in the Vote List.

FINDINGS AND RECOMMENDATIONS

Finding 1: Unsupported Contract Change Order Expenditures

OCTA claimed and was reimbursed \$250,000 for unsupported CCO expenditures for project 0019000190. Specifically, CCO expenditures of \$250,000 for flagging services were unsupported. The total approved amount for CCO No. 2 was \$2,300,000; however, only \$250,000 was claimed for reimbursement. According to OCTA, the amount of the CCO reimbursed was an estimate paid in advance, whereby the advance was to be tracked and drawn down on a monthly basis. OCTA maintained a daily flagging log for the flagger services and it also provided five invoices which included other services in addition to the flagging services. However, there was no audit trail to trace the invoiced amounts to the log and to confirm which invoiced amounts were claimed against the advance payment. For instance, there were no reconciliations between the log and the flagging service activities reported on the invoices.

LAPM, Chapter 5, section 5.2, states that amounts claimed must reflect the cost of completed work, and section 5.5, requires all supporting backup documentation to be maintained for costs incurred and claimed for reimbursement in the project files.

Claiming unsupported costs places a greater financial burden on statewide taxpayers for transportation projects that primarily benefit local taxpayers, increases oversight monitoring and post audit resolution costs, and reduces the number of fundable Proposition 1B transportation projects.

Recommendations:

- A. Remit \$250,000 to Caltrans.
- B. Ensure a clear audit trail exists for claimed CCO expenditures. The audit trail should facilitate the tracing of claimed expenditures to the source documents and include clearly documented explanations for corrections and revisions.

Finding 2: Final Delivery Reports Not Submitted Timely

OCTA did not submit FDRs timely. For projects 1213000166 and 1213000167, the FDRs were not submitted to Caltrans within six months of the projects becoming operable. The FDR for project 1213000166 was due in December 2015, but was submitted to Caltrans in March 2018, while the FDR for project 1213000167 was due in July 2017, but was submitted to Caltrans in July 2018. According to OCTA, the FDRs were delayed due to OCTA's definition of when a project is complete and when the FDR should be submitted. OCTA relied on the City and its Comprehensive Transportation Funding Program guidelines rather than Proposition 1B program requirements.

SLPP Guidelines, section 14, require the FDR be submitted within six months of the project becoming operable (Notice of Completion date, excluding segmented projects to where the segment is deemed complete).

Late submission of reports decreases transparency of the status of a project and prevents Caltrans/CTC's ability to timely review the completed project's scope, final costs, project schedule, and performance outcomes/benefits.

Recommendations:

- A. Review project agreements and program guidelines to ensure a clear understanding of the reporting requirements.
- B. Submit FDRs for completed projects to Caltrans within the specified time frames as required by developing and implementing appropriate project reporting processes.

Finding 3: Improvements Needed in Reporting Project Benefits/Outcomes

The project benefits/outcomes approved by Caltrans/CTC were not adequately reported in the FDRs for projects 1212000004 and 1213000166. Specifically:

- For project 1212000004, OCTA reported in the Supplemental FDR that it was not able to provide actual metrics for emissions reductions. According to OCTA, the actual benefits could not be compared to the proposed benefits of the baseline agreement since emissions data from the South Coast Air Quality Management District are based on year 2025 projections and the projections change over time.

- For project 121300166, the FDR indicated a traffic volume of 29,000 vehicles with a capacity of 56,300, which results in a V/C ratio of 0.52. However, the traffic study dated September 2017 indicates a volume of 36,960, resulting in a V/C ratio of 0.656 (36,960/56,300).

TCIF Guidelines, section 17, and SLPP Guidelines, section 14, state within six months of the project becoming operable, the implementing agency will provide a FDR to CTC on the scope of the completed project, including performance outcomes derived from the project as compared to those described in the project baseline agreement.

Additionally, the Proposition 1B Project Close-out Process Update 2016 states benefits not available at the time of the FDR must be reported in the Supplemental FDR.

Inaccurate information on the FDR decreases the transparency of the project outcomes and prevents CTC from reviewing the success of the projects based on the agreed upon projected benefits/outcomes.

Recommendations:

- A. Review project agreement and program guidelines to ensure a clear understanding of the reporting requirements and to ensure data is available to report actual project benefits/outcomes in FDRs.
- B. Report the actual benefits/outcomes based on traffic studies/data in the projects' FDRs.

Finding 4: Oversight of Administering Agency's Contract Procurement Needs Improvement

OCTA should improve its oversight to ensure agencies administering state funds adhere to Caltrans requirements for contract procurement. Specifically, for project 1213000166, the City did not retain sufficient documentation:

- *Construction Contract:* The date and time stamp log to support timeliness of submittals for bid responses were not available for our review of the City's \$7.7 million contract for project construction. Of the \$7.7 million contract, the City was reimbursed \$2,412,562 for contract expenditures with Proposition 1B funds.
- *Consultant Contract:* The scoring sheets illustrating the evaluation of Request for Proposals (RFPs) to established criteria were not available for our review of a \$900 thousand consultant contract for project construction engineering services. Of the \$900 thousand, the City was reimbursed \$173,623 for consultant expenditures with Proposition 1B funds.

According to the City, it was unable to locate the documents from archives.

LAPM, Chapter 10, section 10.1.8, requires project records and documentation be kept for three years after payment of the final federal or state voucher. The records to be retained consist of the RFPs, Request for Qualifications, advertisement records, identification of the selection committee members, evaluation and ranking records, and records of negotiations.

Master Funding Agreements, Article 6, Audit and Inspection, require the implementing and administering agencies to maintain a complete set of records in accordance with generally accepted accounting principles. The implementing agency will inspect and audit all work and records of the administering agencies for a period of four years after final payment or completion of audit, or after final payment of debt service where local fair share revenues were pledged, whichever is longer.

The City may be accepting bids after the bid deadline and may not evaluate bids adequately to ensure a fair and unbiased contract procurement process.

Recommendation:

- A. Strengthen oversight procedures to ensure administering agencies comply with LAPM and applicable laws on procurement document retention, including:
 - Maintain records of negotiations for a minimum of three years after final payment and as required by Master Funding Agreements.
 - Develop and implement procurement policies and procedures to ensure compliance with the LAPM and applicable laws.

The following acronyms are used throughout Appendix A.

- Burlington Northern Santa Fe: BNSF
- California Department of Transportation: Caltrans
- California Transportation Commission: CTC
- City of Anaheim: City
- County of Orange: County
- Final Delivery Report: FDR
- Intercity Rail Improvement: IRI
- Orange County Transportation Authority: OCTA
- State-Local Partnership Program: SLPP
- Trade Corridors Improvement Fund: TCIF
- Union Pacific Railroad: UPRR

Summary of Projects Reviewed

Project Number	Expenditures Reimbursed	Project Status	Expenditures In Compliance	Deliverables/ Outputs Consistent	Benefits/ Outcomes Achieved	Benefits/ Outcomes Adequately Reported	Page
1212000004	\$27,344,133	C	Y	Y	P	P	A-1
1213000166	\$2,963,135	C	Y	Y	N	N	A-2
1213000167	\$5,110,000	C	Y	Y	Y	Y	A-3
0019000190	\$1,607,222	I	P	Y	N/A ¹	N/A ¹	A-4

Legend

C = Construction is complete and the project is operational.

I = Construction is not complete.

N = No

P = Partial

Y = Yes

N/A¹ = Not Applicable; the FDR had not been submitted as of January 2021, the end of our audit fieldwork. The project is still under construction.

Project Number: 1212000004

Project Name: Lakeview Avenue Grade Separation

Program Name: TCIF

Project Description: Raise Lakeview Avenue from grade level to 24 feet above the BNSF rail lines. A bridge will be constructed on Lakeview Avenue that spans the Orangethorpe Avenue, the BNSF rail lines, and the County Flood Control right of way. In addition, a modified loop type connector road will also be constructed to convey vehicles from Lakeview Avenue to Orangethorpe Avenue.

Audit Period: May 7, 2013 to June 30, 2019 for audit objective 1²
May 7, 2013 to October 19, 2017 for audit objectives 2 and 3³

Project Status: Construction is complete and the project is operational.

Schedule of Proposition 1B Expenditures

Category	Reimbursed
Construction	\$ 23,976,425
Construction Engineering	3,367,708
Total Proposition 1B Expenditures	\$ 27,344,133

Results:

Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC's program guidelines, and applicable state and federal regulations cited in the executed project agreements. Additionally, the match requirement was met.

Deliverables/Outputs

The construction phase of the project was completed in June 2017. At the time of our fieldwork in January 2021, project deliverables/outputs were consistent with the project scope and schedule. The FDR was submitted in October 2017 and a supplemental FDR was submitted in March 2020. Additionally, the project was behind schedule and completed 18 months late; however, OCTA appropriately updated Caltrans and CTC of the delay.

Benefits/Outcomes

Actual project benefits/outcomes were adequately reported in the FDR except for emissions reductions as noted in Finding 3.

² The audit period end date reflects the last date costs were incurred per the last reimbursement invoice submitted to and approved by Caltrans.

³ The audit period end date reflects the FDR submission date.

Project Benefits/ Outcomes Category	Expected Benefits/Outcomes Reported in the Project Agreement	Actual Benefits/Outcomes Reported in the Supplemental FDR	Benefits/ Outcomes Achieved
Safety	Grade separations completely separate automobiles and other traffic from trains, eliminating the potential for a grade crossing collision.	By eliminating the at-grade crossing, trains are no longer interacting with vehicles, pedestrians, and bicyclists. The project has eliminated: 1) Pedestrians walking across tracks 2) Emergency vehicle delays 3) Potential for train/vehicle collisions	Yes
Velocity	With the construction of the grade separation, vehicles traveling would be able to maintain a more consistent speed within this segment of the roadway because the delay and conflict associated with the at-grade crossing would be eliminated.	Since trains are no longer interacting with vehicles, railroad and vehicle velocities have improved by eliminating delays and potential train/vehicle collisions.	Yes
Throughput	The Annual Average Daily Traffic will increase from 23,100 to 30,500 in 2030. Current at-grade crossing is forecasted to cause 5.4 hours of daily delay for trucks in 2030 a 141 percent increase of existing condition. Grade separation will eliminate conflict.	Since trains are no longer interacting with vehicles, truck throughput has improved by eliminating delays at grade crossing.	Yes
Reliability	The reliability of travel and goods movement at or near at-grade rail crossings is influenced by two factors: delay and safety. Delay due to the at-grade crossing would be eliminated and the separation of the railway from the roadway would improve safety resulting in increased reliability.	Since trains are no longer interacting with vehicles, goods movement reliability has improved by eliminating delays and potential train/vehicle collisions.	Yes
Congestion Reduction	The existing total traffic delay (vehicle-hours/day) due to the rail crossing is 44.9 hours and this is expected to increase to 108.2 in 2030. The grade separation would eliminate the delay due to the rail crossing.	Since trains are no longer interacting with vehicles, congestion is reduced since vehicle delays at the grade crossing is eliminated.	Yes

Project Benefits/ Outcomes Category	Expected Benefits/Outcomes Reported in the Project Agreement	Actual Benefits/Outcomes Reported in the Supplemental FDR	Benefits/ Outcomes Achieved
Emissions Reductions	ROG Emission Benefits (0.16 kilograms/day) CO Emission Benefits (2.22 kilograms/day) NOx Emission Benefits (0.14 kilograms/day) PM Emission Benefits (0.01 kilograms/day)	Not Adequately Reported.	No

Project Number: 1213000166

Project Name: Brookhurst Street Improvements

Program Name: SLPP

Project Description: The project is located in the City on Brookhurst Street from Ball Road to Katella Avenue. The project will widen Brookhurst Street from a four lane facility to six lanes, including three northbound through lanes and two southbound through lanes transitioning to three southbound through lanes midway between Chanticleer Road and Cerritos Avenue; install six-foot-wide-northbound and southbound Class II bikeways, as well as new raised and landscaped medians along the one-mile segment from Midland Lane to Ball Road.

Audit Period: May 7, 2013 to March 16, 2016 for audit objective 1⁴
May 7, 2013 to March 7, 2018 for audit objectives 2 and 3⁵

Project Status: Construction is complete and the project is operational.

Schedule of Proposition 1B Expenditures

Category	Reimbursed
Construction	\$ 2,412,563
Construction Engineering	550,572
Total Proposition 1B Expenditures	\$ 2,963,135

Results:

Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC program guidelines, and applicable state and federal regulations cited in the executed project agreements. Additionally, the match requirement was met.

Deliverables/Outputs

The construction phase of the project was completed in June 2015. At the time of our fieldwork in January 2021, project deliverables/outputs were consistent with the project scope and schedule. As noted in Finding 2, the FDR was due in December 2015, but was submitted in March 2018, 27 months late. Additionally, the project was behind schedule and completed 22 months late; however, OCTA, appropriately updated Caltrans and CTC of the delay.

⁴ The audit period end date reflects the last date costs were incurred per the last reimbursement invoice submitted to and approved by Caltrans.

⁵ The audit period end date reflects the FDR submission date.

Benefits/Outcomes

Actual project benefits/outcomes were not adequately reported in the FDR. As noted in Finding 3, OCTA could not provide a post-assessment study to support the project benefits/outcomes reported in the FDR.

Expected Benefits/Outcomes Reported in the Project Agreement	Actual Benefits/Outcomes Reported in the Supplemental FDR	Benefits/ Outcomes Achieved
The improvements will add capacity and relieve traffic congestion in this segment. The Level of Service (LOS) is expected to improve to A with a V/C ratio of 0.54. Without the Project, LOS in this segment is expected to remain a D with a V/C ratio of 0.81.	The project improved capacity of the roadway and provided traffic congestion relief. The daily capacity of a six lane facility is 56,300 vehicles. The V/C ratio is 0.52, equaling to a LOS of A.	No

Project Number: 1213000167

Project Name: La Pata Avenue Phase 1

Program Name: SLPP

Project Description: The project is to construct a four-lane extension to close a 2.4 mile gap, from Calle Saluda to the existing terminus of La Pata Avenue at the northern boundary of the Prima Deshecha Landfill.

Audit Period: May 7, 2013 to January 12, 2017 for audit objective 1⁶
May 7, 2013 to July 23, 2018 for audit objectives 2 and 3⁷

Project Status: Construction is complete and the project is operational.

Schedule of Proposition 1B Expenditures

Category	Reimbursed
Construction	\$ 5,110,000
Total Proposition 1B Expenditures	\$ 5,110,000

Results:

Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC's program guidelines, and applicable state and federal regulations cited in the executed project agreements. Additionally, the match requirement was met.

Deliverables/Outputs

The construction phase of the project was completed in January 2017. At the time of our fieldwork in January 2021, project deliverables/outputs were consistent with the project scope and schedule. As noted in Finding 2, the FDR was due in July 2017, but was submitted in July 2018, 12 months late. Additionally, the project was behind schedule and completed 21 months late; however, OCTA appropriately updated Caltrans and CTC of the delay.

Benefits/Outcomes

Actual project benefits/outcomes were adequately reported in the FDR. Additionally, the County achieved the expected project benefits/outcomes as described in the executed project agreement or approved amendments.

⁶ The audit period end date reflects the last date costs were incurred per last reimbursement invoice submitted to and approved by Caltrans.

⁷ The audit period end date reflects the FDR submission date.

Expected Benefits/Outcomes Reported in the Project Agreement	Actual Benefits/Outcomes Reported in the FDR	Benefits/ Outcomes Achieved
<p>Improve region's livability and economic competitiveness by improving the overall traffic circulation for residential and employment centers. Improve congestion on parallel routes and decrease travel time for commuters and residents. Project will include bicycle and pedestrian facilities.</p>	<p>The project improves the overall traffic circulation for residential and employment centers and reduces congestion on parallel routes and decreases travel time for commuters and residents. Project includes bicycle and pedestrian facilities.</p>	<p>Yes</p>

Project Number: 0019000190

Project Name: Laguna Niguel to San Juan Capistrano Passing Siding

Program Name: IRI

Project Description: The project is to add 1.8 miles of new passing siding railroad track between the Laguna Niguel/Mission Viejo Metrolink Station and Trabuco Creek in San Juan Capistrano.

Audit Period: May 7, 2013 to January 31, 2020 for audit objective 1⁸
May 7, 2013 to January 29, 2021 for audit objectives 2 and 3⁹

Project Status: Construction is not complete.

Schedule of Proposition 1B Expenditures

Category	Reimbursed	Unallowable Expenditures
Construction	\$ 1,607,222	\$ 250,000
Total Proposition 1B Expenditures	\$ 1,607,222	\$ 250,000

Results:

Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC program guidelines, and applicable state and federal regulations cited in the executed project agreements, except for \$250,000 in unallowable contract change orders, as noted in Finding 1.

Deliverables/Outputs

Target completion for the construction phase of this project is March 2021 with target close-out in March 2022. At the time of fieldwork in January 2021, project deliverables/outputs were consistent with the project scope and schedule as stated in the fiscal year 2020-21 first quarter progress report submitted to Caltrans and OCTA has a system in place to report actual project deliverables/outputs upon project completion. The project is on schedule and OCTA has appropriately updated Caltrans and CTC of the project status.

Benefits/Outcomes

Actual project benefits/outcomes have not been reported because the project has not been completed and the FDR had not been submitted at the time of our audit fieldwork in January 2021. However, OCTA understands its need to report on the benefits/outcomes as listed in the Vote List.

⁸ The audit period end date reflects the last date costs were incurred per last reimbursement invoice submitted to and approved by Caltrans.

⁹ The audit period end date reflects the end fieldwork date.

We considered the following internal control components and underlying principles significant to the audit objectives:

Internal Control Component	
Control Activities	<ul style="list-style-type: none"> • Management designs control activities to achieve objectives and respond to risks. • Management implements control activities through policies.
Information and Communication	<ul style="list-style-type: none"> • Management uses quality information to achieve the entity's objectives. • Management externally communicates necessary quality information to achieve the entity's objectives.
Monitoring	<ul style="list-style-type: none"> • Management establishes and operates monitoring activities to monitor the internal control system and evaluates the results.



AFFILIATED AGENCIES

*Orange County
Transit District*

*Local Transportation
Authority*

*Service Authority for
Freeway Emergencies*

*Consolidated Transportation
Service Agency*

*Congestion Management
Agency*

April 30, 2021

Ms. Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations
Department of Finance
915 L Street
Sacramento, CA 95814-3706

**Subject: Response to Orange County Transportation Authority,
Proposition 1B Audit**

Dear Ms. McCormick:

On March 23, 2021, the Department of Finance, Office of State Audits and Evaluations conducted a formal exit conference to discuss the Proposition 1B Draft Audit Report findings and recommendations. The draft audit report was received on April 19, 2021.

Enclosed is the Orange County Transportation Authority's (OCTA) response to the Proposition 1B Draft Audit Report. The enclosed document provides responses to each of the following four findings discussed in the draft report:

1. Unsupported Contract Change Order Expenditures
2. Final Delivery Reports Not Submitted Timely
3. Improvements Needed in Reporting Project Benefits/Outcomes
4. Oversight of Administering Agency's Contract Procurement Needs Improvement

I understand that OCTA's response will be incorporated into the final audit report. If you have any questions or need additional information, please contact Janet Sutter, Executive Director, at (714) 560-5591 or jsutter@octa.net.

Sincerely,

Darrell E. Johnson
Chief Executive Officer

DEJ:js
Enclosure

Response to Finding 1 – Unsupported Contract Change Orders (CCO)

Management requests reconsideration of the recommendations based on additional supporting documentation received from Metrolink. Metrolink provided additional supporting documentation with timesheets for both of their flagging services contractors to support the CCO expenditures in question. The supporting documentation from Metrolink's approved invoices clearly identified the flagging support expenditures under their project number "881885 – Laguna Niguel – San Juan Capistrano Passing Siding." The backup invoices provide the staff name, hours worked, billing rate, and other direct costs, totaling \$267,518.17 for the months following the \$250,000 deposit in November 2019. These Metrolink invoices were verified against OCTA's daily flagging log to verify the flagging personnel charged to the project matches the flagger present for the period in question. Due to the volume of documentation, OCTA can provide a link to the information for the California Department of Transportation's (Caltrans) review and reconsideration of the recommendation. OCTA would also like to coordinate with Metrolink and Caltrans to ensure all the parties understand the required documentation to support billing for Metrolink flagging services.

Response to Finding 2 – Final Delivery Reports Not Submitted Timely

Please note that due to the City of Anaheim (City) and the County of Orange being subrecipients of funds, OCTA took the necessary time to ensure expenditures and reimbursement requests from the City complied with all requirements and were eligible expenditures through the State and Local Partnership Program Guidelines and Caltrans Local Assistance Programming Guidelines and Caltrans Local Assistance Procedures Manual. OCTA acknowledges that the report was not submitted timely. In the future, OCTA does not plan on using state funds to support subrecipient projects. If state funds are used, OCTA will work with Caltrans and the California Transportation Commission to make the local agency the direct recipient of the funding allocation and the implementing agency.

Response to Finding 3 – Improvements Needed in Reporting Project Benefits/Outcomes

Project No. 1212000004: Management disagrees with the recommendation and statements contained in Appendix 1. The actual benefit explanation in the Final Delivery Report (FDR) is consistent with other railroad grade separation project FDRs constructed by OCTA, and those FDRs were approved by the Trade Corridors Improvement Fund Program Lead from Caltrans. During the audit, OCTA was able to obtain a memorandum that reported air emissions reductions from the Air Quality Management District (AQMD). The air emissions reductions and AQMD memorandum were included in the Supplemental FDR which was provided to the lead auditor in March 2021, and it is our understanding that no further action is required to address emissions reductions on this project.

Project No. 121300166: OCTA submitted the traffic volume of 29,000, consistent with the information that was provided by the City. The City has since indicated that the 2018 counts they provided to OCTA were collected on Monday May 8, 2018, which was a day in which school was not in session and did not correctly represent the project. Corrected count information was not provided to OCTA to correct the FDR. During the audit, the City indicated that the 2017 count of 36,960 is the correct value that should be used. In the future, OCTA does not plan on using state funds to support subrecipient projects. If state funds are used, OCTA will work with Caltrans and the California Transportation Commission to make the local agency the recipient of the funding allocation and the implementing agency and therefore responsible for reporting on the project directly.

Response to Finding 4 – Oversight of Administering Agency’s Contract Procurement Needs Improvement

OCTA has discussed this finding with the City. The City is aware of this finding and will ensure that it maintains this documentation in the future. Moving forward, OCTA does not plan on using state funds to support subrecipient projects. If state funds are used, OCTA will work with Caltrans and the California Transportation Commission to make the local agency the recipient of the funding allocation and the implementing agency.

OCTA's response to the draft report has been reviewed and incorporated into the final report. We acknowledge OCTA's willingness to implement recommendations. In evaluating OCTA's response, we provide the following comments where OCTA disagrees with our findings:

Finding 1: Unsupported Contract Change Order (CCO) Expenditures

OCTA requested reconsideration of the documentation provided by Metrolink to support costs totaling \$267,518 for the CCO for project 0019000190. The additional documentation referenced in OCTA's response had already been provided and reviewed prior to the draft report issuance. No additional documentation or information was submitted with OCTA's response. Based upon the documentation and information reviewed, there continues to be no audit trail to reconcile the advanced amount of \$250,000 to actual costs incurred; therefore, the finding and recommendations will remain unchanged.

Finding 3: Improvements Needed in Reporting Project Benefits/Outcomes

OCTA disagrees actual metrics for emission reductions for project 1212000004 were not adequately reported as stated in Appendix A-1. Finance acknowledges OCTA provided a Supplemental FDR that included emission reductions data from the Air Quality Management District for year 2019. However, the Supplemental FDR did not mention when the actual benefits will be available. The Proposition 1B Project Close-out Process Update 2016 states that if benefits are not available at the time of the FDR, it should be noted when they will be available, and benefits not available at the time of the FDR must be reported in the Supplemental FDR. Therefore, the finding and recommendations will remain unchanged.



July 28, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

For

Subject: Administrative Controls Related to Conflict of Interest Code and California Form 700 Statement of Economic Interests, Internal Audit Report No. 21-510

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of administrative controls related to the Conflict of Interest Code and California Form 700 Statement of Economic Interests filing process. Based on the audit, internal controls related to coordination of California Form 700 Statement of Economic Interests by designated employees are in place; however, the Internal Audit Department recommended a process be established for evaluation and identification of contractors as designated filers, and improvements be made in the identification and reporting of designated positions and notification of leaving office filing requirements.

Recommendation

Direct staff to implement three recommendations provided in Administrative Controls Related to Conflict of Interest Code and California Form 700 Statement of Economic Interests, Internal Audit Report No. 21-510.

Background

The Political Reform Act prohibits a public official from using his or her official position to influence a governmental decision in which he or she has a financial interest. Every state and local agency must adopt a Conflict of Interest (COI) Code that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. To help identify potential conflicts of interest, the law requires public officials and employees in

designated positions in a COI Code to report their financial interests on a California Form 700 Statement of Economic Interests (Form 700 statement).

The Clerk of the Board utilizes the eDisclosure system to electronically notify designated filers. Once notified, filers are provided a link through which they may file.

Discussion

OCTA does not currently have a process for evaluating whether certain contractors should be required to file Form 700 statements. Currently, general counsel, Transit Police Services, and Real Property consultants are the only consultant groups on the designated positions list; however, none of the Transit Police Services staff or Real Property consultant staff are identified in the eDisclosure system and requested to file. In addition, the COI designated positions list includes several positions that appear equivalent to contracted positions provided by program management consulting firms, as well as Information Systems staff provided under a personnel contract. The Internal Audit Department (Internal Audit) also noted that contracted investment managers and financial advisors are not included. Internal Audit recommended management implement a procedure to identify contractors that should be included in the designated positions list and identify which specific Transit Police Services and Real Property consultant staff should be filing. Management responded that, in coordination with legal counsel and the Contracts Administration and Materials Management Department, a process will be developed.

The designated positions list that is provided to the Board of Directors (Board) each year identifies designated employees at the position title; however, in the Human Resources (HR) system, some position codes with the same position title are associated with different filing requirements. In addition, a Financial Analyst in the Treasury and Public Finance Department, who has the authority to direct investments, is not included as a designated filer. Internal Audit recommended that the designated positions list provided to the Board be reconciled and updated to reflect actual filing requirements, as reflected in the HR system, and that the Financial Analyst be included as a designated filer. Management agreed to review designated position titles, deactivate unused position codes, or add the COI coding requirement, to be consistent with the designated positions list. Management also agreed to attach the COI coding requirement to the entire Financial Analyst job family within Treasury and Public Finance.

Employees terminated involuntarily or without notice are not given notification to file leaving office forms. Notification was also not provided to several voluntarily separated employees. Internal Audit recommended development of a procedure to provide leaving office notifications to employees terminated involuntarily or without notice, as well as enhancement of existing controls for voluntary separations. Management agreed to adjust procedures as necessary, using the separating employee's email and forwarding address from the electronic employee exit form and mailing paper Form 700 statements when notified of the separation after departure.

Summary

Internal Audit made three recommendations to establish a process for evaluation and identification of contractors as designated filers, improve the identification and reporting of designated positions, and improve the notification of leaving office filing requirements.

Attachment

- A. Administrative Controls Related to Conflict of Interest Code and California Form 700 Statement of Economic Interests, Internal Audit Report No. 21-510

Prepared by:



Serena Ng
Senior Manager, Internal Audit
714-560-5938

Approved by:



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

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Administrative Controls Related to Conflict of Interest Code and California Form 700 Statement of Economic Interests

Internal Audit Report No. 21-510

July 15, 2021



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

Serena K. Ng

Distributed to: Jennifer Bergener, Deputy Chief Executive Officer
Maggie McJilton, Andrew Oftelie, Karen DeCrescenzo, Andrea West,
Lynn Huson, Gina Ramirez

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Administrative Controls Related to Conflict of Interest Code and
California Form 700 Statement of Economic Interests
July 15, 2021**

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Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of administrative controls related to OCTA's Conflict of Interest Code and California Form 700 Statement of Economic Interests (Form 700 statement) filing process. Based on the audit, internal controls related to coordination of Form 700 statements by designated employees are in place; however, Internal Audit recommended a process be established for evaluation and identification of contractors as designated filers, and improvements be made in the identification and reporting of designated positions and notification of leaving office filing requirements.

Background

The Political Reform Act prohibits a public official from using his or her official position to influence a governmental decision in which he or she has a financial interest. Every state and local agency must adopt a Conflict of Interest Code (COI Code) that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. The individuals in the designated positions must disclose their financial interests as specified in the agency's COI Code. To help identify potential conflicts of interest, the law requires public officials and employees in designated positions in a COI Code to report their financial interests on a Form 700 statement. OCTA has developed a Statement of Economic Interest Policy (Policy) stating that it is the policy of OCTA, pursuant to OCTA's COI Code, that members of the Board of Directors (Board) and all officers, employees, and/or consultants designated in the COI Code are required to file a Form 700 statement disclosing all applicable interests, as prescribed by the Political Reform Act.

The three components of the COI Code are the incorporation section that designates where the Form 700 statements are filed and retained, the list of designated positions that list all agency positions that involve the making or participation in making of decisions that may foreseeably have a material effect on any financial interest, and the detailed disclosure categories. Designated employees in the OC-02 disclosure category are required to file the Form 700 statements disclosing reportable investments, business positions, and income within 30 days after assuming office, annually, and within 30 days of leaving office. Designated employees in the OC-01 disclosure category are required to disclose interests in real property in addition to requirements for OC-02 disclosure category. Consultants included in the designated positions list are categorized as OC-30.

Around July of every year, Human Resources (HR) updates the designated positions list, obtains general counsel's review of the list, and then submits the list to the Clerk of the Board (COB). The COB updates the listing of designated filers in the eDisclosure system in August. The COI Code is reviewed in October and presented to the Board for approval in November, and the COI Code amendments are presented to the County of Orange Board of Supervisors, the code reviewing body, in January. In February, the COB initiates

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notification of annual filings to employees and consultants with an April 1st deadline. When notified, filers are provided a link to the eDisclosure system where the Form 700 can be filed.

On a weekly basis, HR emails the COB a Position Changes Requiring Form 700 report (weekly report) that identifies employees with their disclosure category with hire, promotion, and termination activity.

The COB reviews all late Form 700 statements and 20 percent of Form 700 statements filed on time by designated employees, at least half of which are selected on a random basis, to determine whether: summary page is completed correctly and all schedules applicable to the filer are either attached or checked "no reportable interests"; attached schedules include all required descriptive information for each financial interest; and information contained on one schedule suggests that required information is omitted on either that schedule or another schedule. The COB notifies the designated employee if the review indicates that the Form 700 statement is incomplete or incorrect in any material aspect or does not satisfy the California Fair Political Practices Commission (FPPC) requirements.

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Objectives, Scope, and Methodology

The objectives were to assess and test controls in place related to designating employees and coordination of Form 700 statements by designated employees.

According to generally accepted government auditing standards, 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.
- Control Activities
 - OCTA selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
 - OCTA deploys control activities through policies that establish what is expected and procedures that put policies into action.
- Information and Communication
 - OCTA internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components 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 review of the Policy to confirm assignment of responsibility and consistency with law, reconciliation of employees with designated position titles in the employee roster to the eDisclosure system, testing the preparation, review, and approval of the COI Code, and assessing the process for determining which contractors are consultants that must file the Form 700 statements as designated employees. The methodology also included testing of the COB's annual review of Form 700 statements for compliance with the Policy and samples of annual filings reviewed, and not reviewed, by the COB. Additionally, Internal Audit tested evidence of HR's weekly reports to confirm timely notification to the COB and a sample of new hires, promotions, transfers, and terminations to determine if assuming office and leaving office Form 700 statements were filed.

¹ See U.S. 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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The scope was limited to internal controls in place related to the coordination of Form 700 statements by designated employees. The audit excluded County of Orange Board of Supervisors' procedures. The scope included the COI in 2019 and 2020, HR's weekly reports in 2020 and the first quarter of 2021, and the COB's annual reviews of 2019 and 2018 filings. The scope included a judgmental sample of 60 new hires, promotions, transfers, and terminations. The scope also included judgmental samples of 20 annual 2019 filings reviewed by the COB and 20 designated employees not reviewed by the COB. The judgmental samples were selected to provide coverage throughout the scope period. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

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

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Audit Comments, Recommendations, and Management Responses

Identification and Notification of Consultants Required to File

OCTA lacks a process for evaluating whether certain contractors, based on their position capacity, should be required to file Form 700 statements. Currently, the designated positions list includes only three consultant groups: general counsel, Transit Police Services, and Real Property consultants; however, only general counsel staff are identified by name and included in the eDisclosure system for notification and filing purposes.

A designated employee is an officer, employee, member, or consultant whose employment position is designated in the COI Code because their position entails the making or participation in the making of governmental decisions which may foreseeably have a material effect on any financial interest. Under FPPC Regulation 18700.3, a consultant means an individual who, pursuant to a contract with a state or local government agency:

1. Makes a government decision whether to:
 - a. Approve a rate, rule, or regulation;
 - b. Adopt or enforce a law;
 - c. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
 - d. Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;
 - e. Grant agency approval to a contract that requires agency approval and to which the agency is a party, or to the specifications for such a contract;
 - f. Grant agency approval to a plan, design, report, study, or similar item;
 - g. Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof; or
2. Serves in a staff capacity with the agency, and in that capacity participates in making a governmental decision or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's COI Code. A public official makes a governmental decision if the official authorizes or directs any action, votes, appoints a person, obligates, or commits his or her agency to any course of action, or enters into any contractual agreement on behalf of his or her agency. A public official participates in a governmental decision if the official provides information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review. In advice letters, FPPC has interpreted "significant intervening substantive review" to require more than the mere review of the

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recommendations by superiors, but rather the independent checking of the results without solely relying on the data of the official.

The COI designated positions list includes project controls analyst positions, project manager positions, and Information Systems (IS) project manager positions. These designated employee positions appear equivalent to contracted project managers and project controls staff provided by program management consulting firms working for OCTA, as well as IS project managers provided under an IS Department personnel contract. In addition, management should evaluate whether contracted investment managers and financial advisors should be designated based on their responsibilities.

Tasks and responsibilities in the program management contracts include: assistance in preparation of policies, procedures, and reports required to manage the overall program of projects; preparation and management of consultant agreements and amendments and cooperative agreements; review of construction change orders for schedule and cost impact; and/or preparation of staff reports and briefing materials for the Board and presentations, as required. Tasks for the investment manager contracts include managing, on a daily basis, the investment of funds pursuant to the specific investment objectives and assisting OCTA in the formulation and execution of an investment strategy for each investment portfolio. Tasks for the financial advisory services include providing advice, written analysis, and assistance regarding the annual adoption of the Investment Policy and assisting staff in soliciting and/or reviewing proposals for bond counsel, underwriters, letter of credit providers, trustees, etc.

Recommendation 1:

Internal Audit recommends management establish and implement a procedure for evaluating and identifying contractors, including those in the roles identified above, that should be included in the designated positions list. Management should also identify those Transit Police Services and Real Property consultant staff that should be filing and include them, by name, in the eDisclosure system so that they may file, as required.

Management Response (Executive Office):

Management agrees and will work with legal counsel and the Contracts Administration and Materials Management Department to develop a process for evaluating and identifying contractors that should be on the designated positions list. Both Transit Police Services and Real Property consultant staff will be included in this process.

Reporting of Designated Positions

Management provides the Board with a designated positions list as part of the annual COI Code adoption. In the HR system, each position title may be associated with multiple

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position codes, some of which have different COI filing requirements. Consequently, there are several position codes in the HR system that are not required to file, even though the position title is a “designated position” in the designated positions list presented to the Board.

Additionally, Internal Audit identified a Financial Analyst position in the Treasury and Public Finance section that has authority to direct investments and is not currently on the designated positions list.

Recommendation 2:

Internal Audit recommends that management reconcile the designated positions list with the COI filing requirements in the HR system.

Additionally, management should consider adding the Financial Analyst in Treasury and Public Finance as a designated position.

Management Response (HR):

There are position codes in the HR system that are not being used but are still active. Some of these are older and do not have COI codes assigned to them. HR will review the active designated position titles and deactivate the position codes when possible or add the COI code identified in the designated positions list.

At the time the audit was conducted, the position in Treasury was at the Financial Analyst, Associate level. COI codes are generally not assigned to the associate positions as they are considered trainee levels and not intended to make any independent decisions or have direct access to affect business operations. The incumbent was reclassified in April 2021 (retroactive back to January) to Financial Analyst. HR will create new position codes for the Financial Analyst job series in Treasury and Public Finance and attach the COI code for the entire job family.

Notification of Leaving Office Filing Requirement

The COB does not send leaving office notifications to employees terminated involuntarily or without notice. Testing also identified several voluntarily separated employees that were not notified of the leaving office filing requirement.

Recommendation 3:

Internal Audit recommends that the COB implement a procedure to send leaving office letter notifications to employees terminated involuntarily or without notice and enhance controls over leaving office notifications for voluntarily separated employees.

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Management Response (COB):

Management agrees and will review and alter as necessary the procedure to send and track leaving office notifications. When an employee separates from OCTA and has previously filed a Form 700, they are required by law to file a Leaving Office Form 700 within 30 days of their last day of work.

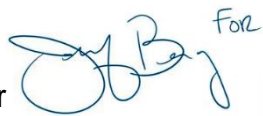
Initial review of the existing process is currently underway in coordination with HR. Through this initial review, it is agreed that HR will notify the COB of the employee's leaving date by sending a workflow notification email. The notification email will state an action is required by the COB on an Employee Exit Process Form and include the employee's email and forwarding address.

In the instance that the COB is not notified in time of the employee's departure, COB staff will log a note in eDisclosure and scan a copy of the notification from HR into the employee's file in eDisclosure. COB staff will mail a manual Form 700 along with a self-addressed stamped envelope to the employee.



July 28, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer  For

Subject: Orange County Transportation Authority Investment and Debt Programs Report – June 2021

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending June 30, 2021.

Recommendation

Receive and file as an information item.

Discussion

As of June 30, 2021, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2 billion. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, the short-term portfolio for future budgeted expenditures, and the bond proceeds portfolio to meet Measure M2 (M2) transportation program needs. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

Portfolio Compliance and Liquidity Requirements for the Next Six Months: The portfolio is in full compliance with OCTA's Investment Policy and the State of California Government Code. Additionally, OCTA has reviewed the liquidity requirements for the next six months and anticipates that OCTA's liquidity will be sufficient to meet projected expenditures during the next six months.

The weighted average book yield for the OCTA portfolio is one percent. The book yield measures the exact income, or interest, on a bond without regard to

market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's month-end balance in the Local Agency Investment Fund was \$70,996,561, with an average monthly effective yield of 0.3 percent. OCTA's month-end balance in the Orange County Investment Pool (OCIP) was \$15,221,463. For the month of May, the monthly gross yield for the OCIP was 0.6 percent. Yields for the month of June will be received in July.

During the month of June, there were no securities held within OCTA's investment portfolio that were downgraded. The total number of securities on the Negative Credit Watch list remained at one security for the month. Please refer to A-8 (Rating Downgrades and Negative Credit Watch) of Attachment A for further details. As of June 30, 2021, the securities reflected on A-8 still meet the minimum ratings requirements set forth by OCTA's Investment Policy.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan. The debt program currently has an outstanding principal balance of \$990 million as of June 30, 2021. Approximately 62 percent of the outstanding balance is comprised of M2 debt, nine percent is associated with the 91 Express Lanes Program, and 29 percent is for the TIFIA Loan.

Summary

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending June 30, 2021.

Attachments

- A. Orange County Transportation Authority Investment and Debt Programs
– For the Period Ending June 30, 2021
- B. Orange County Transportation Authority Portfolio Listing as of
June 30, 2021

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

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

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



**Presented to the
Finance and Administration Committee**

**For The Period Ending
June 30, 2021**

OCTA Investment Dashboard

6/30/2021

Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of June 2021:

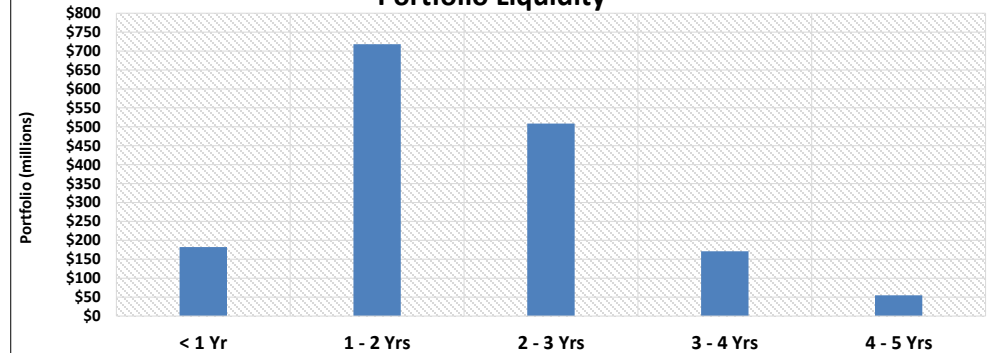
Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:
Not applicable.

Securities downgraded or placed on Negative Credit Watch during the month of June 2021, but remain in compliance with OCTA's Investment Policy:

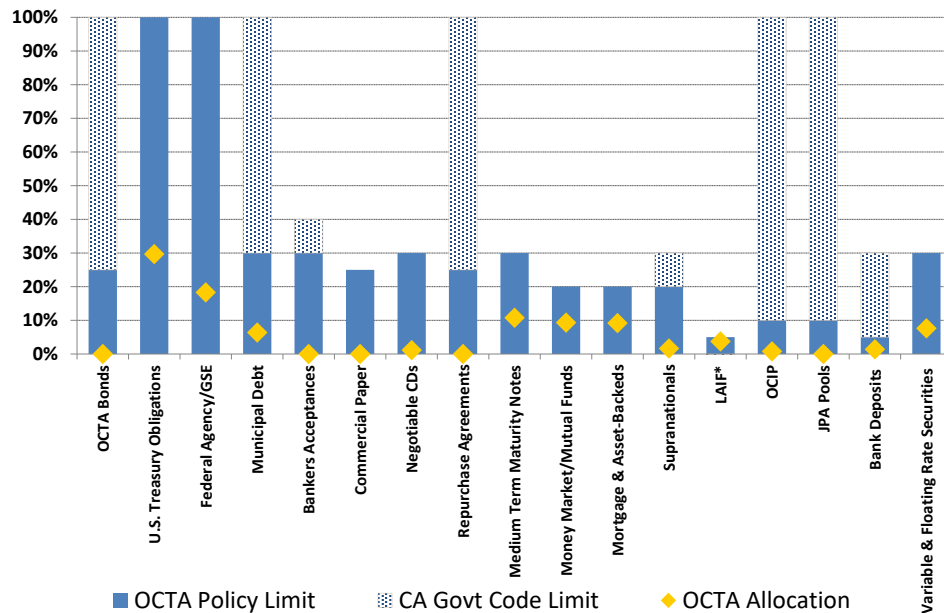
There were no securities held within OCTA's investment portfolio that were downgraded during the month. The total number of securities on the Negative Credit Watch list remained at one security for the month.

For further details please refer to A-8 of this report.

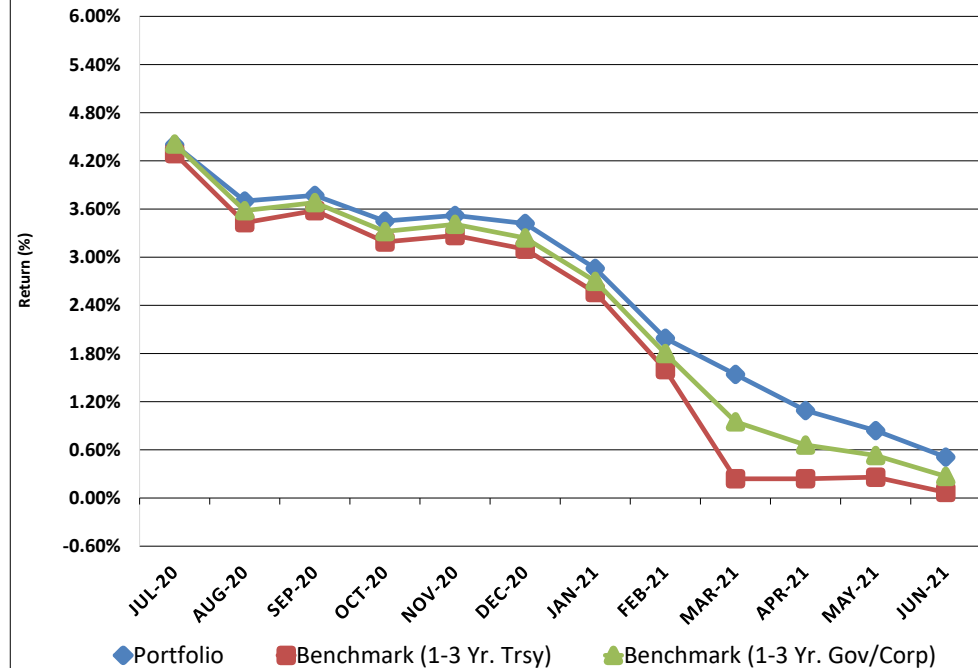
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



*Per CA Government Code LAIF limit is \$75 million

Investment Compliance

6/30/2021

Portfolio Subject to Investment Policy			
	Dollar Amount	Percent Of	Investment Policy
Short-Term/Liquid Portfolio ¹	Invested	Portfolio	Maximum Percentages
U.S. Treasury Obligations	\$ 563,875,544	29.7%	100%
Federal Agency/GSE	347,561,994	18.3%	100%
Municipal Debt	121,392,836	6.4%	30%
Commercial Paper	-	0.0%	25%
Negotiable Certificates of Deposit	21,800,000	1.1%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	204,661,458	10.8%	30%
Money Market/Mutual Funds	177,086,558	9.3%	20%
Mortgage & Asset-Backed	174,466,196	9.2%	20%*
Supranationals	30,904,063	1.6%	20%
Local Agency Investment Fund**	70,996,561	3.7%	\$ 75 Million
Orange County Investment Pool	15,221,463	0.8%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	26,313,126	1.4%	5%
Variable & Floating Rate Securities	145,152,496	7.6%	30%
Total Short-Term/Liquid Portfolio	\$ 1,899,432,295	100.0%	

1. Excludes portion of Liquid Portfolio subject to Indenture

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

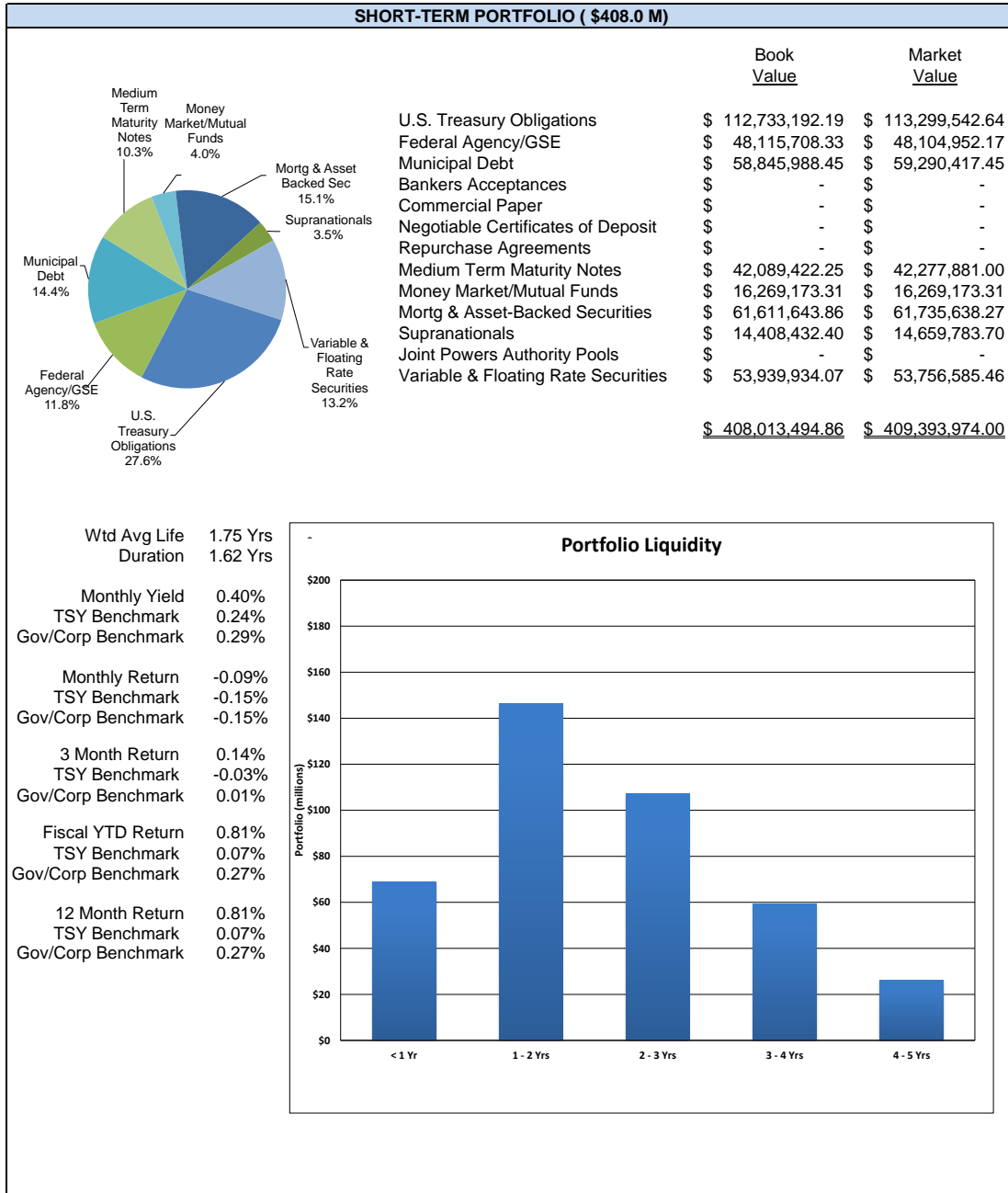
**OCTA increased the balance in the LAIF (Pool) from \$46m to \$71m during the month of February.

Portfolio Subject to Indenture					
	Dollar Amount		OCTA	Indenture Requirements	
	Invested	Credit Quality	Term	Credit Quality	Term
Liquid Portfolio*					
Money Market Funds	\$ 71,423,376	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Total Liquid Portfolio	\$ 71,423,376				
Bond Proceeds Portfolio					
Money Market Funds	\$ 10,553	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Total Bond Proceeds Portfolio	\$ 10,553				
Reserve Funds Portfolio					
Commercial Paper	\$ 25,084,570	P-1/F-1	60-150 days	Min. A-1/P-1	Max. 180 days
Bank Deposits	\$ 218,921				
US Treasuries Obligations	68	AAA/Aaa	30 days	Min. A2/A	Max. 5 years
Total Reserve Funds Portfolio	\$ 25,303,558				
Total Portfolio Subject to Indenture	\$ 25,314,111				
Portfolio Total	\$ 1,996,169,783				

*Reflects portion of Liquid Portfolio subject to Indenture

Investment Manager Diversification and Maturity Schedules

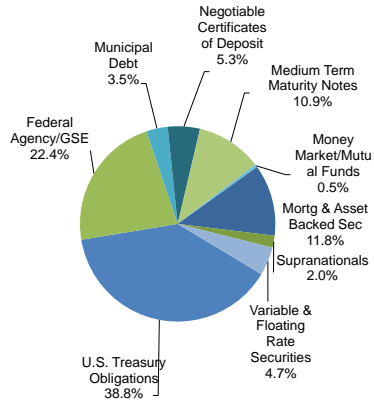
MetLife Investment Management
6/30/2021



Investment Manager Diversification and Maturity Schedules

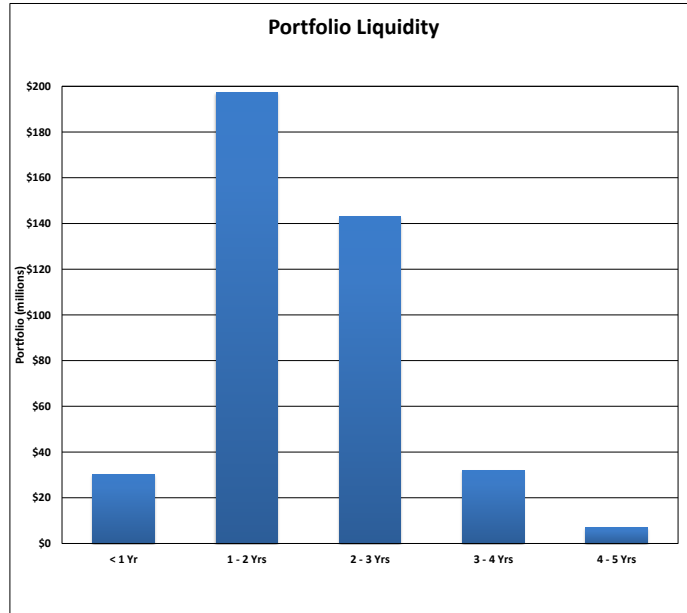
PFM
6/30/2021

SHORT-TERM PORTFOLIO (\$409.7 M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 158,923,371.14	\$ 160,509,803.55
Federal Agency/GSE	\$ 91,870,469.13	\$ 92,028,866.19
Municipal Debt	\$ 14,512,759.95	\$ 14,563,162.35
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 21,800,000.00	\$ 22,093,341.50
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 44,759,067.30	\$ 45,103,387.85
Money Market/Mutual Funds	\$ 2,028,469.70	\$ 2,028,469.70
Mortg & Asset-Backed Securities	\$ 48,483,862.88	\$ 48,960,436.62
Supranationals	\$ 8,102,487.95	\$ 8,110,919.90
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 19,243,588.42	\$ 19,300,346.16
	<u>\$ 409,724,076.47</u>	<u>\$ 412,698,733.82</u>

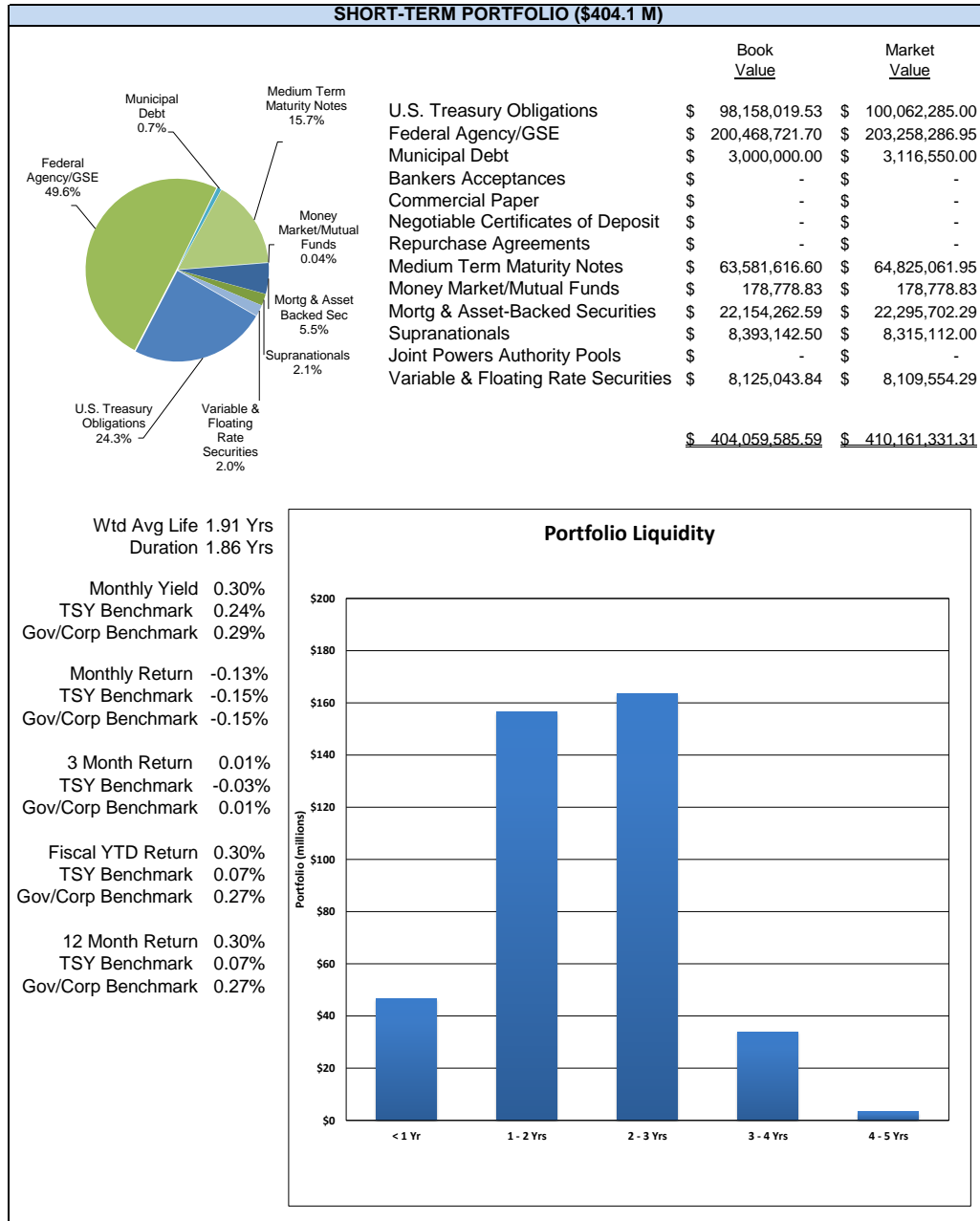
Wtd Avg Life	1.78 Yrs
Duration	1.75 Yrs
Monthly Yield	0.32%
TSY Benchmark	0.24%
Gov/Corp Benchmark	0.29%
Monthly Return	-0.13%
TSY Benchmark	-0.15%
Gov/Corp Benchmark	-0.15%
3 Month Return	0.05%
TSY Benchmark	-0.03%
Gov/Corp Benchmark	0.01%
Fiscal YTD Return	0.43%
TSY Benchmark	0.07%
Gov/Corp Benchmark	0.27%
12 Month Return	0.43%
TSY Benchmark	0.07%
Gov/Corp Benchmark	0.27%



Investment Manager Diversification and Maturity Schedules

Chandler Asset Management

6/30/2021

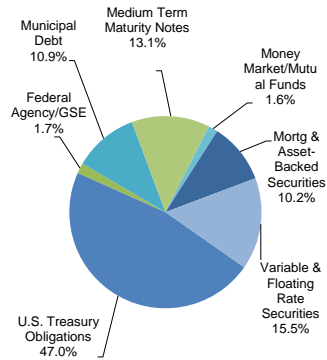


Investment Manager Diversification and Maturity Schedules

Payden & Rygel

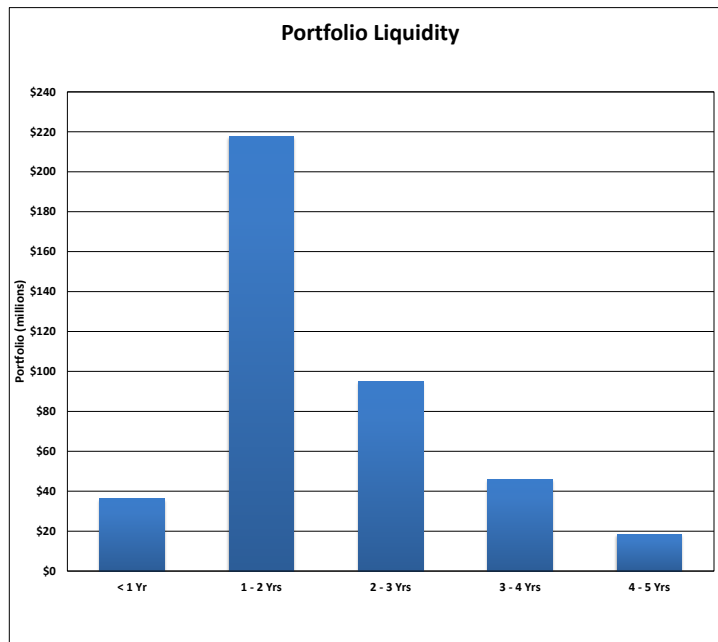
6/30/2021

SHORT-TERM PORTFOLIO (\$413.1 M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 194,060,960.69	\$ 193,736,552.51
Federal Agency/GSE	\$ 7,107,095.00	\$ 7,048,014.00
Municipal Debt	\$ 45,034,088.09	\$ 45,246,490.33
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 54,231,351.91	\$ 54,817,423.03
Money Market/Mutual Funds	\$ 6,564,134.02	\$ 6,564,134.02
Mortg & Asset-Backed Securities	\$ 42,216,426.60	\$ 42,389,198.91
Supranationals	\$ -	\$ -
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 63,843,929.72	\$ 63,840,676.20
	<u>\$ 413,057,986.03</u>	<u>\$ 413,642,489.00</u>

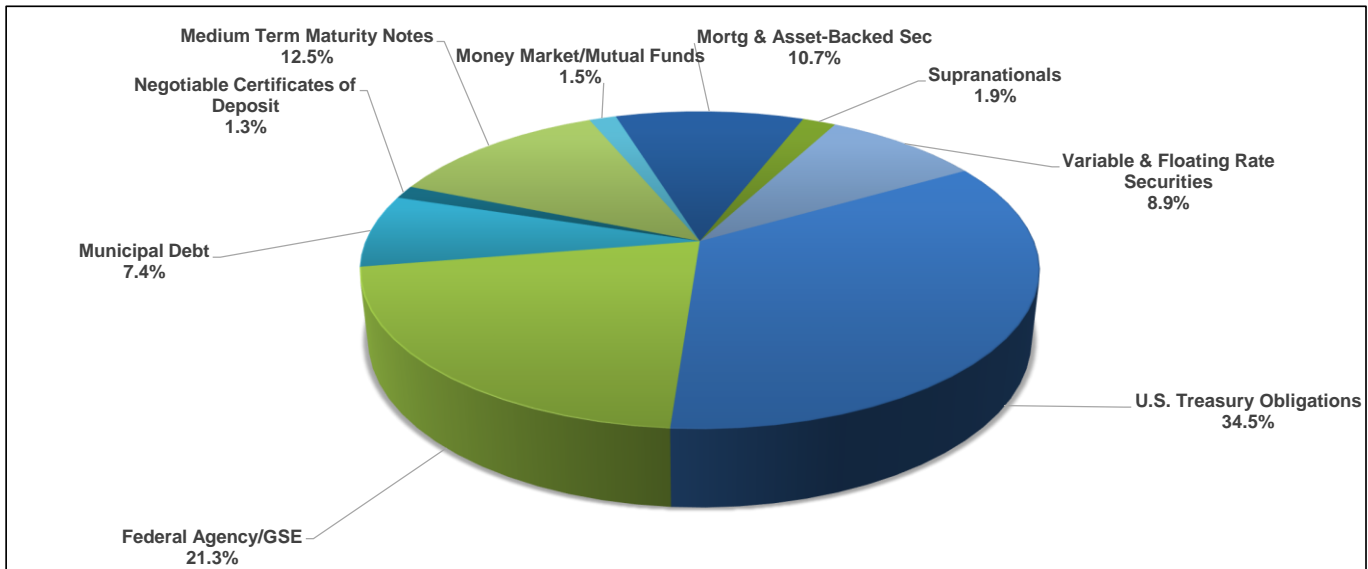
Wtd Avg Life	1.82 Yrs
Duration	1.76 Yrs
Monthly Yield	0.36%
TSY Benchmark	0.24%
Gov/Corp Benchmark	0.29%
Monthly Return	-0.14%
TSY Benchmark	-0.15%
Gov/Corp Benchmark	-0.15%
3 Month Return	0.07%
TSY Benchmark	-0.03%
Gov/Corp Benchmark	0.01%
Fiscal YTD Return	0.50%
TSY Benchmark	0.07%
Gov/Corp Benchmark	0.27%
12 Month Return	0.50%
TSY Benchmark	0.07%
Gov/Corp Benchmark	0.27%



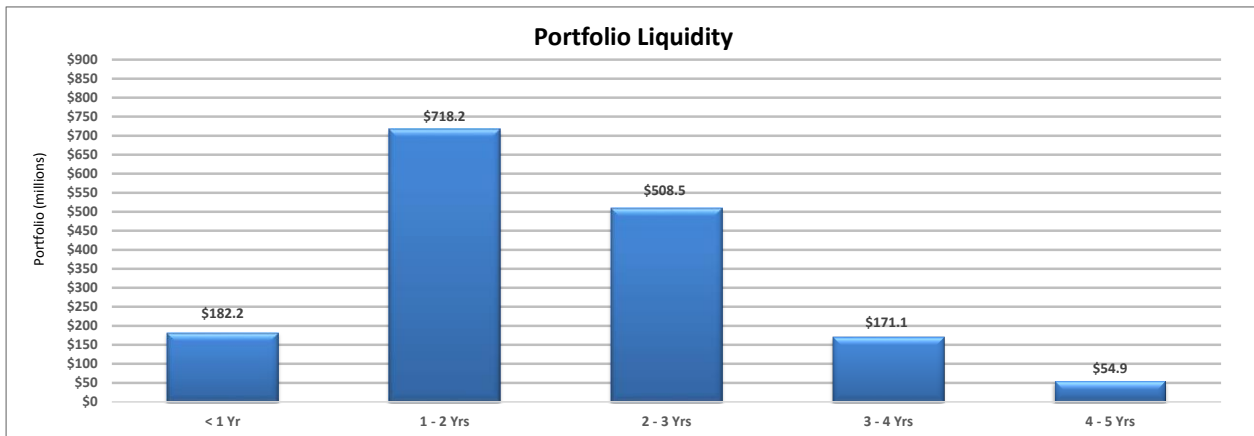
Short-Term Portfolio

6/30/2021

Portfolio Composition



Portfolio Liquidity



Rating Downgrades & Negative Credit Watch

6/30/2021

Investment Manager / Security	Par Amount	Maturity	S&P	Moody's	Fitch Ratings
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Negative Credit Watch:

Chandler Asset Management

US Bancorp

\$ 4,500,000

Various**

A+

A1

A+

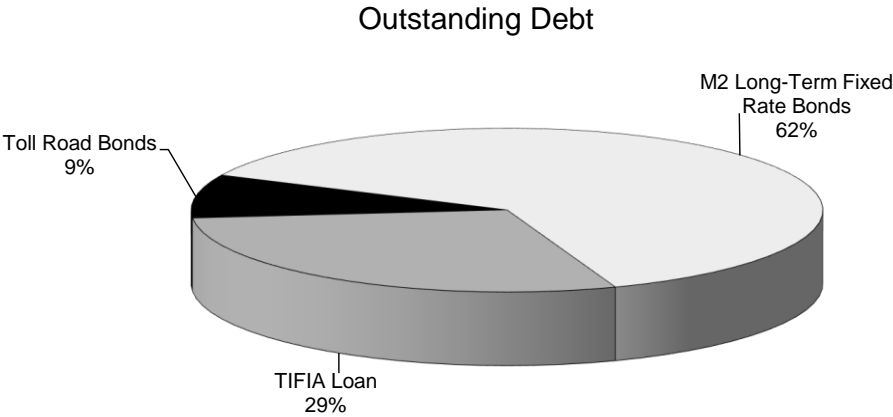
On March 16, 2021, Moody's placed the long-term ratings of US Bancorp (US Bank) under review for possible downgrade. The credit watch placement is due to the narrowing outperformance of US Bank compared to its peers which is currently attributed to coronavirus related struggles. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to US Bank's consistent financial performance and the quality of their balance sheet.

**2/5/24 & 7/30/24

DEBT PROGRAM

(M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2017 TIFIA Loan (I-405))

Total Outstanding Debt*
As of 6/30/21



TOTAL OUTSTANDING DEBT: \$990,890,000

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.

Outstanding Debt*

As of 6/30/21

Orange County Local Transportation Authority (OCLTA-M2)

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

Issued:	\$ 293,540,000
Outstanding:	250,000,000
Debt Service FY 2021:	17,270,000
Pledged Revenue Source:	M2 Sales Tax Revenues
Ratings (Fitch/ Moody's/ S&P):	AA+/Aa2/AA+
Final Maturity:	2041

2019 M2 Sales Tax Bond

Issued:	\$ 376,690,000
Outstanding:	368,625,000
Debt Service FY 2021:	26,569,650
Pledged Revenue Source:	M2 Sales Tax Revenues
Ratings (Fitch/ S&P):	AA+/AA+
Final Maturity:	2041

91 Express Lanes

2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$ 124,415,000
Outstanding:	85,265,000
Debt Service FY 2021:	10,795,075
Pledged Revenue Source:	91 Toll Road Revenues
Ratings (Fitch/ Moody's/ S&P):	A+/A1/AA-
Final Maturity:	2030

405 Express Lanes

2017 TIFIA Loan

Outstanding:	\$ 287,000,000
Accrued Interest:	24,411,073
Pledged Revenue Source:	405 Toll Road Revenues
Ratings (Moody's):	Baa2
Final Maturity:	2058

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.

**Orange County Transportation Authority
Portfolio Listing
As of June 30, 2021**

ATTACHMENT B

LIQUID PORTFOLIO				
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<u>CASH EQUIVALENTS</u>				
BANK DEPOSITS	6/30/2021	26,313,126.00	26,313,126.00	
MONEY MARKET DEMAND ACCOUNT	N/A	152,046,002.39	152,046,002.39	0.10%
FIDELITY TREASURY OBLIGATIONS FUND	N/A	53,160,533.79	53,160,533.79	0.01%
FEDERATED TREASURY OBLIGATIONS FUND	N/A	18,262,842.36	18,262,842.36	0.03%
SUB-TOTAL		249,782,504.54	249,782,504.54	
<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>				
	N/A	70,996,561.09	70,996,561.09	0.26%
<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>				
	N/A	15,221,462.73	15,221,462.73	0.56%
LIQUID PORTFOLIO - TOTAL		\$ 336,000,528.36	\$ 336,000,528.36	
SHORT-TERM PORTFOLIO				
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<u>Money Market Funds</u>				
FIRST AMER.GVT OBLG Z	6/30/2021	178,778.83	178,778.83	0.02
FIRST AMER.GVT OBLG Z	6/30/2021	16,269,173.31	16,269,173.31	0.02
FIRST AMER.GVT OBLG Z	6/30/2021	6,564,134.02	6,564,134.02	0.02
FIRST AMER.GVT OBLG Z	6/30/2021	2,028,469.70	2,028,469.70	0.02
SUB-TOTAL		25,040,555.86	25,040,555.86	
<u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u>				
	3/17/2023	940,000.00	940,272.60	0.57
Credit Suisse AG, New York Branch	3/17/2023	2,160,000.00	2,160,626.40	0.57
Credit Suisse AG, New York Branch	12/2/2022	1,175,000.00	1,202,295.25	0.42
DNB Bank ASA, New York Branch	12/2/2022	2,700,000.00	2,762,721.00	0.42
DNB Bank ASA, New York Branch	8/26/2022	1,175,000.00	1,198,711.50	0.12
Nordea Bank Abp, New York Branch	8/26/2022	2,700,000.00	2,754,486.00	0.12
Nordea Bank Abp, New York Branch	8/26/2022	1,175,000.00	1,198,958.25	0.11
Skandinaviska Enskilda Banken AB (publ)	8/26/2022	2,700,000.00	2,755,053.00	0.11
Skandinaviska Enskilda Banken AB (publ)	2/14/2022	1,215,000.00	1,228,267.80	0.04
Societe Generale, New York Branch	2/14/2022	2,785,000.00	2,815,412.20	0.04
Societe Generale, New York Branch	7/8/2022	930,000.00	930,465.00	0.65
Sumitomo Mitsui Banking Corporation, New York Bra	7/8/2022	2,145,000.00	2,146,072.50	0.65
SUB-TOTAL		21,800,000.00	22,093,341.50	
<u>U.S. TREASURY OBLIGATIONS</u>				
UNITED STATES TREASURY	7/31/2022	5,865,703.12	6,114,360.00	0.12
UNITED STATES TREASURY	8/31/2022	4,470,357.42	4,744,069.50	0.14
UNITED STATES TREASURY	8/31/2022	2,874,960.94	3,060,690.00	0.14
UNITED STATES TREASURY	11/30/2022	7,718,648.44	8,001,708.00	0.17
UNITED STATES TREASURY	4/30/2023	5,234,209.98	5,382,877.50	0.24
UNITED STATES TREASURY	5/31/2023	7,787,187.50	8,211,280.00	0.24
UNITED STATES TREASURY	10/31/2023	8,007,187.50	8,243,120.00	0.32
UNITED STATES TREASURY	8/15/2022	6,983,046.88	7,108,570.00	0.12
UNITED STATES TREASURY	10/15/2022	7,957,187.50	8,126,240.00	0.15
UNITED STATES TREASURY	1/31/2025	8,313,750.00	8,219,680.00	0.60
UNITED STATES TREASURY	3/31/2025	1,989,687.50	1,990,080.00	0.63
UNITED STATES TREASURY	12/15/2023	7,978,437.50	7,957,840.00	0.34
UNITED STATES TREASURY	4/15/2024	8,013,437.50	7,990,640.00	0.42
UNITED STATES TREASURY	5/15/2024	3,988,281.25	3,978,120.00	0.44
UNITED STATES TREASURY	6/15/2024	10,975,937.50	10,933,010.00	0.46
UNITED STATES TREASURY	5/15/2022	7,940,162.11	7,953,012.90	0.11
UNITED STATES TREASURY	5/15/2022	1,979,554.69	1,984,437.00	0.11
UNITED STATES TREASURY	9/30/2022	9,196,083.40	9,329,328.91	0.14
UNITED STATES TREASURY	9/30/2022	3,124,891.41	3,167,585.16	0.14
UNITED STATES TREASURY	9/30/2022	4,574,116.40	4,636,445.40	0.14
UNITED STATES TREASURY	9/30/2022	10,407,680.66	10,532,739.00	0.14
UNITED STATES TREASURY	9/30/2022	4,212,140.63	4,284,504.00	0.14
UNITED STATES TREASURY	10/15/2022	6,859,031.25	7,009,968.75	0.14
UNITED STATES TREASURY	10/15/2022	3,944,908.20	4,012,953.13	0.14
UNITED STATES TREASURY	12/31/2024	4,074,494.92	4,068,863.30	0.58
UNITED STATES TREASURY	12/31/2024	6,095,705.27	6,103,294.95	0.58
UNITED STATES TREASURY	3/15/2023	4,087,313.28	4,075,275.00	0.21
UNITED STATES TREASURY	3/15/2023	5,110,995.70	5,095,350.00	0.21
UNITED STATES TREASURY	3/15/2023	3,678,658.20	3,668,250.00	0.21
UNITED STATES TREASURY	4/13/2023	4,132,031.25	4,120,500.00	0.21
UNITED STATES TREASURY	3/15/2023	2,821,000.00	2,814,000.00	0.21
UNITED STATES TREASURY	3/15/2023	614,622.66	613,050.00	0.21
UNITED STATES TREASURY	5/15/2023	4,098,078.13	4,091,671.88	0.23
UNITED STATES TREASURY	5/15/2023	5,623,022.46	5,613,574.22	0.23
UNITED STATES TREASURY	10/15/2023	4,989,843.75	4,978,906.25	0.31
UNITED STATES TREASURY	10/15/2023	4,096,476.56	4,082,703.13	0.31
UNITED STATES TREASURY	10/15/2023	6,972,656.25	6,970,468.75	0.31
UNITED STATES TREASURY	10/15/2023	4,099,725.00	4,092,660.94	0.31
UNITED STATES TREASURY	12/31/2022	25,519,000.00	25,497,053.66	0.18
UNITED STATES TREASURY	12/31/2022	8,720,000.00	8,712,500.80	0.18
UNITED STATES TREASURY	12/31/2022	549,829.97	549,527.00	0.18
UNITED STATES TREASURY	12/31/2022	36,440,759.77	36,423,648.70	0.18
UNITED STATES TREASURY	12/31/2022	3,749,560.55	3,746,775.00	0.18
UNITED STATES TREASURY	12/31/2022	5,799,668.82	5,795,012.00	0.18
UNITED STATES TREASURY	12/31/2022	3,935,153.71	3,931,615.90	0.18
UNITED STATES TREASURY	1/31/2023	45,000.00	44,955.90	0.19
UNITED STATES TREASURY	1/31/2023	8,817,010.26	8,805,961.69	0.19
UNITED STATES TREASURY	1/31/2023	2,756,099.63	2,752,699.71	0.19
UNITED STATES TREASURY	1/31/2023	6,060,738.49	6,053,261.98	0.19
UNITED STATES TREASURY	1/31/2023	4,417,707.64	4,412,171.83	0.19
UNITED STATES TREASURY	1/31/2023	759,507.62	758,555.89	0.19
UNITED STATES TREASURY	1/31/2023	3,980,777.34	3,976,099.60	0.19
UNITED STATES TREASURY	1/31/2023	910,213.28	909,108.20	0.19
UNITED STATES TREASURY	1/31/2023	2,320,725.00	2,317,726.40	0.19
UNITED STATES TREASURY	1/31/2023	4,351,359.38	4,345,737.00	0.19
UNITED STATES TREASURY	1/31/2023	3,110,242.97	3,106,952.20	0.19
UNITED STATES TREASURY	1/31/2023	1,034,952.57	1,033,985.70	0.19
UNITED STATES TREASURY	3/31/2023	1,604,247.66	1,602,560.40	0.21
UNITED STATES TREASURY	3/31/2023	1,634,233.60	1,632,514.80	0.21
UNITED STATES TREASURY	3/31/2023	2,073,865.23	2,071,846.00	0.21
UNITED STATES TREASURY	4/30/2023	5,008,450.41	5,000,631.30	0.23
UNITED STATES TREASURY	4/30/2023	11,616,405.93	11,598,270.60	0.23
UNITED STATES TREASURY	5/15/2024	14,710,632.73	14,654,399.55	0.44
UNITED STATES TREASURY	5/15/2024	27,629,233.85	27,523,617.75	0.44
UNITED STATES TREASURY	5/15/2024	2,361,089.00	2,352,063.45	0.44
UNITED STATES TREASURY	5/15/2024	4,144,488.28	4,127,299.50	0.44
UNITED STATES TREASURY	7/31/2022	1,342,512.50	1,365,540.40	0.12
UNITED STATES TREASURY	7/31/2022	4,549,843.75	4,713,152.50	0.12
UNITED STATES TREASURY	7/31/2022	2,454,456.25	2,542,554.70	0.12
UNITED STATES TREASURY	7/31/2022	6,005,625.00	6,114,360.00	0.12
UNITED STATES TREASURY	7/31/2022	5,216,656.25	5,299,112.00	0.12
UNITED STATES TREASURY	9/30/2022	2,287,290.25	2,344,663.80	0.14
UNITED STATES TREASURY	9/30/2022	5,247,312.92	5,378,934.60	0.14
UNITED STATES TREASURY	10/31/2022	1,626,122.46	1,675,302.75	0.15
UNITED STATES TREASURY	10/31/2022	3,734,611.51	3,847,560.75	0.15

Orange County Transportation Authority
Portfolio Listing
As of June 30, 2021

DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
UNITED STATES TREASURY	2/28/2023	1,679,409.38	1,747,788.00	0.20
UNITED STATES TREASURY	2/28/2023	3,858,642.98	4,015,751.00	0.20
UNITED STATES TREASURY	12/31/2022	3,302,362.50	3,416,479.20	0.18
UNITED STATES TREASURY	12/31/2022	1,024,528.13	1,059,931.80	0.18
UNITED STATES TREASURY	12/31/2022	6,439,408.22	6,781,505.40	0.18
UNITED STATES TREASURY	1/31/2023	1,253,320.31	1,280,612.50	0.20
UNITED STATES TREASURY	1/31/2023	10,041.02	10,244.90	0.20
UNITED STATES TREASURY	1/31/2023	2,901,853.51	2,960,776.10	0.20
UNITED STATES TREASURY	3/31/2023	4,643,666.01	4,651,510.50	0.22
UNITED STATES TREASURY	3/31/2023	3,546,536.13	3,552,527.25	0.22
UNITED STATES TREASURY	3/31/2023	7,118,586.91	7,130,612.25	0.22
UNITED STATES TREASURY	6/30/2023	1,239,399.22	1,237,176.60	0.25
UNITED STATES TREASURY	6/30/2023	2,857,788.28	2,852,663.40	0.25
UNITED STATES TREASURY	11/15/2022	1,208,771.09	1,234,393.60	0.16
UNITED STATES TREASURY	11/15/2022	2,787,166.41	2,846,246.40	0.16
UNITED STATES TREASURY	4/30/2024	1,352,433.98	1,347,250.20	0.42
UNITED STATES TREASURY	4/30/2024	3,103,259.38	3,091,364.80	0.42
UNITED STATES TREASURY	10/15/2022	223,593.75	228,550.50	0.15
UNITED STATES TREASURY	10/15/2022	521,718.75	533,284.50	0.15
UNITED STATES TREASURY	10/31/2024	1,570,096.29	1,563,298.20	0.53
UNITED STATES TREASURY	10/31/2024	3,611,739.65	3,596,101.80	0.53
UNITED STATES TREASURY	11/30/2024	2,577,022.66	2,564,122.40	0.56
UNITED STATES TREASURY	11/30/2024	1,519,250.78	1,511,645.60	0.56
UNITED STATES TREASURY	11/30/2024	4,402,568.36	4,385,320.00	0.56
UNITED STATES TREASURY	1/15/2023	2,039,991.40	2,071,148.10	0.18
UNITED STATES TREASURY	1/15/2023	673,297.66	683,580.90	0.18
UNITED STATES TREASURY	1/15/2023	4,101,875.00	4,081,080.00	0.18
UNITED STATES TREASURY	5/15/2023	662,610.16	663,756.45	0.22
UNITED STATES TREASURY	5/15/2023	1,529,483.59	1,532,129.55	0.22
UNITED STATES TREASURY	6/15/2023	1,531,255.08	1,530,122.40	0.25
UNITED STATES TREASURY	6/15/2023	2,472,026.17	2,470,197.60	0.25
UNITED STATES TREASURY	6/15/2023	1,051,927.73	1,050,084.00	0.25
UNITED STATES TREASURY	10/15/2023	3,029,190.82	3,021,949.50	0.31
UNITED STATES TREASURY	10/15/2023	6,951,668.56	6,935,050.50	0.31
UNITED STATES TREASURY	11/15/2023	1,250,927.73	1,247,900.00	0.32
UNITED STATES TREASURY	11/15/2023	2,872,130.08	2,865,178.40	0.32
UNITED STATES TREASURY	11/30/2022	264,751.56	264,825.10	0.17
UNITED STATES TREASURY	11/30/2022	609,428.13	609,597.40	0.17
UNITED STATES TREASURY	12/15/2023	1,336,964.06	1,332,938.20	0.34
UNITED STATES TREASURY	12/15/2023	658,504.69	656,521.80	0.34
UNITED STATES TREASURY	12/15/2023	2,418,842.77	2,412,220.25	0.34
UNITED STATES TREASURY	12/31/2022	584,954.30	584,496.90	0.18
UNITED STATES TREASURY	12/31/2022	1,339,895.31	1,338,847.60	0.18
UNITED STATES TREASURY	1/31/2023	2,125,498.05	2,122,917.50	0.19
UNITED STATES TREASURY	1/31/2023	4,876,142.57	4,870,222.50	0.19
UNITED STATES TREASURY	2/15/2024	1,553,235.94	1,549,953.60	0.37
UNITED STATES TREASURY	2/15/2024	3,574,433.98	3,566,880.40	0.37
UNITED STATES TREASURY	3/15/2024	2,547,714.26	2,544,831.10	0.40
UNITED STATES TREASURY	3/15/2024	3,111,103.12	3,107,582.40	0.40
UNITED STATES TREASURY	3/15/2024	2,744,306.64	2,739,055.00	0.40
UNITED STATES TREASURY	3/31/2023	604,645.51	604,080.40	0.21
UNITED STATES TREASURY	3/31/2023	1,394,182.62	1,392,879.60	0.21
UNITED STATES TREASURY	4/15/2024	910,675.39	908,935.30	0.42
UNITED STATES TREASURY	4/15/2024	2,091,551.17	2,087,554.70	0.42
UNITED STATES TREASURY	6/15/2024	852,728.91	849,793.05	0.46
UNITED STATES TREASURY	6/15/2024	1,939,833.59	1,933,154.95	0.46
SUB-TOTAL		563,875,543.54	567,608,183.70	
FEDERAL AGENCY/GSE				
FEDERAL HOME LOAN BANKS	9/8/2023	4,135,800.00	4,181,160.00	0.30
FEDERAL HOME LOAN BANKS	9/8/2023	4,104,600.00	4,181,160.00	0.30
FEDERAL HOME LOAN BANKS	3/8/2024	5,201,750.00	5,193,500.00	0.43
FEDERAL HOME LOAN BANKS	3/10/2023	5,053,550.00	5,214,100.00	0.22
FEDERAL HOME LOAN BANKS	6/10/2022	4,988,900.00	5,124,400.00	0.11
FEDERAL HOME LOAN BANKS	12/9/2022	7,058,660.00	7,283,220.00	0.19
FEDERAL HOME LOAN BANKS	6/9/2023	3,977,720.00	4,134,560.00	0.38
FEDERAL HOME LOAN BANKS	6/9/2023	4,029,880.00	4,134,560.00	0.38
FEDERAL HOME LOAN BANKS	9/9/2022	6,828,560.00	7,042,012.00	0.13
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/17/2021	6,022,920.00	6,074,820.00	0.11
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2021	7,034,930.00	7,077,350.00	0.10
FEDERAL FARM CREDIT BANKS FUNDING CORP	7/17/2023	5,060,200.00	5,263,850.00	0.29
FEDERAL FARM CREDIT BANKS FUNDING CORP	6/26/2023	6,967,450.00	7,207,550.00	0.27
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/1/2023	4,996,450.00	5,132,800.00	0.17
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	4,993,550.00	5,137,350.00	0.30
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	7,983,280.00	7,983,280.00	0.30
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/21/2023	5,000,600.00	5,103,550.00	0.19
FEDERAL FARM CREDIT BANKS FUNDING CORP	5/6/2022	5,627,843.55	5,643,058.05	0.08
FEDERAL FARM CREDIT BANKS FUNDING CORP	10/2/2023	4,994,600.00	4,986,100.00	0.32
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	6,111,548.70	6,130,061.30	0.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	3,203,098.50	3,210,032.10	0.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	5,000,300.00	5,000,050.00	0.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	11/27/2023	1,797,948.00	1,796,778.00	0.32
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	6,815,760.00	7,068,530.00	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	4,411,710.00	4,652,145.00	0.19
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	2,233,875.00	2,377,763.00	0.19
FEDERAL NATIONAL MORTGAGE ASSOCIATION	4/12/2022	6,370,496.00	6,506,240.00	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION	9/6/2022	3,986,080.00	4,058,920.00	0.13
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	8,248,720.00	8,097,920.00	0.09
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	7,621,797.50	7,645,130.00	0.23
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	7,463,143.80	7,484,850.30	0.25
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	8,001,840.00	7,999,120.00	0.26
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	5,098,317.00	5,095,614.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	3,001,860.00	2,997,420.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	6,376,128.00	6,375,680.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	4,705,761.00	4,705,572.60	0.29
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	5,959,094.65	5,958,080.60	0.30
FEDERAL HOME LOAN MORTGAGE CORP	10/20/2022	5,098,470.00	5,100,632.40	0.10
FEDERAL HOME LOAN MORTGAGE CORP	10/20/2022	5,839,084.50	5,835,723.54	0.10
FEDERAL HOME LOAN MORTGAGE CORP	8/12/2025	4,095,490.00	4,067,556.70	0.80
FEDERAL HOME LOAN MORTGAGE CORP	10/13/2023	4,097,950.00	4,095,215.30	0.35
FEDERAL HOME LOAN MORTGAGE CORP	11/24/2023	2,035,000.00	2,033,768.83	0.38
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	3,857,469.00	3,887,972.55	0.08
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	5,677,685.00	5,705,725.95	0.08
FEDERAL NATIONAL MORTGAGE ASSOCIATION	10/27/2023	6,098,475.00	6,091,880.90	0.36
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,652,771.25	5,643,238.00	0.09
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,663,313.58	5,643,238.00	0.09
FEDERAL HOME LOAN BANKS	2/12/2026	1,249,125.00	1,234,587.50	0.87
FEDERAL HOME LOAN BANKS	2/12/2026	2,897,970.00	2,864,243.00	0.87
FEDERAL HOME LOAN MORTGAGE CORP	11/25/2024	680,000.00	676,280.40	0.61
FEDERAL HOME LOAN MORTGAGE CORP	11/25/2024	1,570,000.00	1,561,412.10	0.61
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	8/1/2021	210,000.00	210,441.00	0.13
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	8/1/2021	500,000.00	501,050.00	0.13
FEDERAL HOME LOAN MORTGAGE CORP	6/8/2022	2,098,992.00	2,103,234.00	0.09
FEDERAL HOME LOAN MORTGAGE CORP	6/8/2022	4,822,684.00	4,832,430.50	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	2,472,535.20	2,480,024.80	0.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	5,687,827.95	5,705,057.05	0.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	2,354,926.00	2,360,023.60	0.25
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	5,403,357.75	5,415,054.15	0.25

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DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
FEDERAL HOME LOAN MORTGAGE CORP	4/20/2023	2,284,275.00	2,295,358.60	0.25
FEDERAL HOME LOAN MORTGAGE CORP	4/20/2023	5,241,862.50	5,267,296.70	0.25
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	2,169,088.60	2,175,728.80	0.23
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	4,977,908.40	4,993,147.20	0.23
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	2,238,444.60	2,244,955.10	0.25
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	5,144,932.80	5,159,896.80	0.25
FEDERAL HOME LOAN MORTGAGE CORP	7/25/2022	1,506,587.40	1,510,332.20	0.10
FEDERAL HOME LOAN MORTGAGE CORP	7/25/2022	3,457,169.10	3,465,762.30	0.10
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	2,787,154.20	2,789,693.10	0.26
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	6,403,461.80	6,409,294.90	0.26
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	2,725,497.61	2,722,656.50	0.29
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	2,550,465.66	2,547,807.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	6,997,690.00	6,993,980.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,539,237.15	1,539,123.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,549,199.85	1,549,091.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,991,720.00	1,992,400.00	0.29
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	2,482,763.50	2,482,664.10	0.29
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	5,709,856.50	5,709,627.90	0.29
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	2,097,921.00	2,097,564.00	0.30
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	4,820,223.25	4,819,403.00	0.30
FHMS K-727 A1	10/25/2023	354,687.31	367,253.89	0.43
SUB-TOTAL		347,561,994.16	350,440,119.30	

MEDIUM TERM NOTES

AMAZON.COM INC	5/12/2024	3,265,225.80	3,262,773.30	0.53
AMERICAN HONDA FINANCE CORP	11/16/2022	2,021,300.00	2,064,240.00	0.26
AMERICAN HONDA FINANCE CORP	1/12/2024	1,585,215.00	1,613,100.00	0.55
APPLE INC	5/3/2023	1,977,040.00	2,075,760.00	0.33
APPLE INC	2/23/2023	2,949,060.00	3,115,620.00	0.24
BANK OF AMERICA CORP	1/11/2023	3,034,740.00	3,131,250.00	0.43
BANK OF NEW YORK MELLON CORP	1/29/2023	2,944,320.00	3,118,650.00	0.30
BERKSHIRE HATHAWAY INC	3/15/2023	2,924,460.00	3,113,340.00	0.29
BERKSHIRE HATHAWAY INC	3/15/2023	2,014,300.00	2,075,560.00	0.29
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	5,193,032.00	5,182,736.00	0.57
DEERE & CO	6/8/2022	1,466,700.00	1,524,735.00	0.20
JOHN DEERE CAPITAL CORP	1/17/2024	3,512,504.35	3,511,063.20	0.49
PACCAR FINANCIAL CORP	9/26/2022	1,498,170.00	1,530,600.00	0.35
PACCAR FINANCIAL CORP	2/7/2023	2,274,886.25	2,330,896.75	0.36
PACCAR FINANCIAL CORP	2/2/2024	1,618,120.80	1,611,381.60	0.56
ROYAL BANK OF CANADA	11/1/2024	4,205,160.00	4,191,680.00	0.75
CHARLES SCHWAB CORP	3/18/2024	2,333,832.50	2,348,216.10	0.53
CHARLES SCHWAB CORP	3/18/2024	2,006,720.00	2,011,320.00	0.53
TOYOTA MOTOR CREDIT CORP	4/6/2023	1,798,542.00	1,800,486.00	0.38
TOYOTA MOTOR CREDIT CORP	6/18/2024	3,086,322.90	3,076,404.00	0.65
US BANCORP	2/5/2024	2,107,940.00	2,141,960.00	0.53
US BANCORP	7/30/2024	2,662,075.00	2,629,850.00	0.65
VISA INC	12/14/2022	1,962,480.00	2,066,440.00	0.22
WALMART INC	6/26/2023	3,083,010.00	3,178,200.00	0.27
WALMART INC	6/26/2023	2,056,460.00	2,118,800.00	0.27
ASSOCIATION OF AMERICAN MEDICAL COLLEGES	10/1/2022	2,990,000.00	3,021,395.00	1.08
BAYCARE HEALTH SYSTEM INC	11/15/2022	1,456,344.00	1,480,579.20	0.55
COMCAST CORP	10/15/2025	4,042,256.85	4,050,535.20	0.96
CREDIT SUISSE AG (NEW YORK BRANCH)	2/2/2024	2,655,000.00	2,644,061.40	0.66
GEORGIA-PACIFIC LLC	5/15/2024	3,064,049.85	3,052,402.85	0.77
HORMEL FOODS CORP	6/3/2024	3,344,397.90	3,352,292.10	0.41
HUNTINGTON NATIONAL BANK	8/7/2022	2,024,431.10	2,014,325.00	0.29
MASSMUTUAL GLOBAL FUNDING II	6/9/2023	3,982,648.85	4,025,766.55	0.32
NATIONAL SECURITIES CLEARING CORP	4/23/2023	3,162,024.90	3,214,595.55	0.33
NEW YORK LIFE GLOBAL FUNDING	5/5/2023	2,084,562.15	2,112,209.25	0.39
PACIFIC LIFE GLOBAL FUNDING II	9/23/2023	2,022,468.75	2,027,187.00	0.45
PROTECTIVE LIFE GLOBAL FUNDING	6/9/2023	3,500,000.00	3,541,475.00	0.47
SECURITY BENEFIT GLOBAL FUNDING	5/17/2024	3,128,810.60	3,135,164.50	1.19
TOYOTA MOTOR CREDIT CORP	1/11/2024	2,544,847.30	2,536,652.40	0.58
VIRGINIA ELECTRIC AND POWER CO	3/15/2023	2,087,590.00	2,069,240.00	0.37
ADOBE INC	2/11/2023	334,541.05	342,410.20	0.30
ADOBE INC	2/1/2023	768,945.10	787,032.40	0.30
AMAZON.COM INC	5/12/2024	619,094.80	618,629.80	0.53
AMAZON.COM INC	5/12/2024	1,427,912.20	1,426,839.70	0.53
AMERICAN EXPRESS CO	5/20/2022	469,436.00	479,273.10	0.29
AMERICAN EXPRESS CO	5/20/2022	1,088,692.00	1,111,505.70	0.29
AMERIPRISE FINANCIAL INC	3/22/2022	498,863.00	510,103.00	0.27
AMERIPRISE FINANCIAL INC	3/22/2022	1,037,223.20	1,060,602.40	0.27
AMERIPRISE FINANCIAL INC	3/22/2022	119,679.60	122,179.20	0.27
APPLE INC	5/11/2023	433,816.80	438,801.90	0.28
APPLE INC	5/11/2023	1,007,252.80	1,018,827.40	0.28
TRUIST FINANCIAL CORP	3/16/2023	584,567.10	602,216.55	0.38
TRUIST FINANCIAL CORP	3/16/2023	1,358,993.60	1,400,024.80	0.38
BANK OF NEW YORK MELLON CORP	4/28/2023	404,968.45	411,597.01	0.31
BANK OF NEW YORK MELLON CORP	4/28/2023	947,355.50	962,861.90	0.31
CATERPILLAR FINANCIAL SERVICES CORP	11/29/2022	262,776.80	268,676.20	0.19
CATERPILLAR FINANCIAL SERVICES CORP	11/29/2022	596,301.20	609,688.30	0.19
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	404,437.05	412,452.00	0.34
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	948,679.50	967,480.00	0.34
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	439,797.60	449,671.20	0.36
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	1,029,526.20	1,052,639.40	0.36
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	624,162.50	622,925.00	0.57
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	1,448,057.00	1,445,186.00	0.57
CHEVRON CORP	5/11/2023	135,000.00	137,006.10	0.34
CHEVRON CORP	5/11/2023	320,000.00	324,755.20	0.34
CISCO SYSTEMS INC	9/20/2021	568,272.90	571,311.00	0.19
CISCO SYSTEMS INC	9/20/2021	1,325,970.10	1,333,059.00	0.19
CITIGROUP INC	12/8/2021	303,849.00	302,844.00	0.23
CITIGROUP INC	12/8/2021	708,981.00	706,636.00	0.23
CITIGROUP GLOBAL MARKETS HOLDINGS INC	6/7/2024	600,000.00	597,186.00	0.91
CITIGROUP GLOBAL MARKETS HOLDINGS INC	6/7/2024	1,400,000.00	1,393,434.00	0.91
COMERICA INC	7/31/2023	636,006.00	637,722.00	0.54
COMERICA INC	7/31/2023	1,484,014.00	1,488,018.00	0.54
CONSUMERS ENERGY CO	6/1/2023	169,942.20	169,694.00	0.44
CONSUMERS ENERGY CO	6/1/2023	409,860.60	409,262.00	0.44
JOHN DEERE CAPITAL CORP	6/13/2022	429,445.30	434,563.70	0.16
JOHN DEERE CAPITAL CORP	6/13/2022	1,008,697.10	1,020,761.90	0.16
JOHN DEERE CAPITAL CORP	4/6/2023	159,961.60	162,408.00	0.34
JOHN DEERE CAPITAL CORP	4/6/2023	359,913.60	365,418.00	0.34
DUKE ENERGY CAROLINAS LLC	3/15/2023	753,142.85	770,367.25	0.28
DUKE ENERGY CAROLINAS LLC	3/15/2023	995,766.05	1,018,539.25	0.28
DUKE ENERGY CAROLINAS LLC	3/15/2023	753,142.85	770,367.25	0.28
ERP OPERATING LP	4/15/2023	578,770.40	572,940.82	0.41
ERP OPERATING LP	4/15/2023	1,355,016.00	1,341,367.80	0.41
ENTERGY LOUISIANA LLC	11/17/2023	449,919.00	450,382.50	0.22
ENTERGY LOUISIANA LLC	11/17/2023	759,863.20	761,147.60	0.22
ENTERGY LOUISIANA LLC	11/17/2023	290,436.20	290,734.90	0.22
FIFTH THIRD BANK NA (OHIO)	1/30/2023	444,626.20	454,727.70	0.34
FIFTH THIRD BANK NA (OHIO)	1/30/2023	1,029,134.80	1,052,515.80	0.34
HORMEL FOODS CORP	6/3/2024	104,981.10	105,228.90	0.41
HORMEL FOODS CORP	6/3/2024	259,953.20	260,566.80	0.41
HUNTINGTON NATIONAL BANK	2/3/2023	469,605.20	480,161.40	0.36
HUNTINGTON NATIONAL BANK	2/3/2023	1,099,076.00	1,123,782.00	0.36
KEYBANK NA	3/7/2023	592,902.60	598,893.30	0.36

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KEYBANK NA	3/7/2023	101,937.64	102,967.62	0.36
KEYBANK NA	3/7/2023	311,595.00	315,207.00	0.36
KEYBANK NA	3/7/2023	150,524.50	152,350.05	0.36
KEYBANK NA	3/7/2023	821,620.13	826,893.03	0.36
MORGAN STANLEY	5/19/2022	306,967.25	311,801.50	0.23
MORGAN STANLEY	5/19/2022	724,644.00	736,056.00	0.23
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	4/25/2022	362,415.60	365,738.40	0.23
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	4/25/2022	845,636.40	853,389.60	0.23
NIKE INC	3/27/2025	44,938.80	47,606.40	0.79
NIKE INC	3/27/2025	89,877.60	95,212.80	0.79
OKLAHOMA GAS AND ELECTRIC CO	5/26/2023	190,000.00	190,005.70	0.55
OKLAHOMA GAS AND ELECTRIC CO	5/26/2023	430,000.00	430,012.90	0.55
PNC BANK NA	7/22/2022	575,000.00	575,638.25	0.41
PNC BANK NA	7/22/2022	1,350,000.00	1,351,498.50	0.41
PNC BANK NA	2/24/2023	95,000.00	95,874.95	0.32
PNC BANK NA	2/24/2023	220,000.00	222,026.20	0.32
PACCAR FINANCIAL CORP	9/26/2022	214,737.70	219,386.00	0.35
PACCAR FINANCIAL CORP	9/26/2022	499,390.00	510,200.00	0.35
PACCAR FINANCIAL CORP	2/7/2023	599,970.00	614,742.00	0.36
PACCAR FINANCIAL CORP	2/7/2023	1,399,930.00	1,434,398.00	0.36
PRECISION CASTPARTS CORP	1/15/2023	594,543.00	606,360.70	0.35
PRECISION CASTPARTS CORP	1/15/2023	1,370,472.00	1,397,712.80	0.35
CHARLES SCHWAB CORP	3/18/2024	524,737.50	527,971.50	0.53
CHARLES SCHWAB CORP	3/18/2024	1,229,385.00	1,236,961.80	0.53
UNITEDHEALTH GROUP INC	5/15/2024	514,464.40	514,258.40	0.60
UNITEDHEALTH GROUP INC	5/15/2024	1,188,762.40	1,188,286.40	0.60
WALMART INC	12/15/2022	403,291.20	401,376.30	0.22
WALMART INC	12/15/2022	920,331.20	915,961.30	0.22
WELLS FARGO BANK NA	10/22/2021	399,956.00	403,016.00	0.27
WELLS FARGO BANK NA	10/22/2021	939,896.49	947,087.60	0.27
ADOBE INC	2/1/2023	134,815.05	137,986.20	0.30
ADOBE INC	2/1/2023	314,568.45	321,967.80	0.30
AMAZON.COM INC	6/3/2023	614,139.00	615,559.65	0.35
AMAZON.COM INC	6/3/2023	1,408,026.00	1,411,283.10	0.35
AMAZON.COM INC	5/12/2024	888,700.60	888,033.10	0.53
AMAZON.COM INC	5/12/2024	2,047,007.00	2,045,469.50	0.53
AMERICAN HONDA FINANCE CORP	6/27/2022	1,148,942.00	1,172,034.00	0.26
AMERICAN HONDA FINANCE CORP	6/27/2022	2,647,562.00	2,700,774.00	0.26
APPLE INC	9/11/2022	179,969.40	183,165.20	0.23
APPLE INC	9/11/2022	409,930.30	417,211.90	0.23
APPLE INC	5/11/2023	448,776.00	453,933.00	0.28
APPLE INC	5/11/2023	1,027,198.40	1,039,002.20	0.28
ASTRAZENECA FINANCE LLC	5/28/2024	584,947.35	583,865.10	0.77
ASTRAZENECA FINANCE LLC	5/28/2024	1,339,879.40	1,337,400.40	0.77
BANK OF NEW YORK MELLON CORP	8/23/2022	524,832.00	535,069.50	0.27
BANK OF NEW YORK MELLON CORP	8/23/2022	1,199,616.00	1,223,016.00	0.27
BANK OF NEW YORK MELLON CORP	1/27/2023	334,765.50	342,812.20	0.30
BANK OF NEW YORK MELLON CORP	1/27/2023	764,464.50	782,839.80	0.30
BANK OF NEW YORK MELLON CORP	4/24/2025	389,006.00	390,206.80	0.87
BANK OF NEW YORK MELLON CORP	4/24/2025	890,619.00	893,368.20	0.87
BRISTOL-MYERS SQUIBB CO	11/13/2023	575,000.00	575,690.00	0.21
BRISTOL-MYERS SQUIBB CO	11/13/2023	1,325,000.00	1,326,590.00	0.21
BURLINGTON NORTHERN SANTA FE LLC	4/1/2025	226,092.30	226,104.90	0.78
BURLINGTON NORTHERN SANTA FE LLC	4/1/2025	527,548.70	527,578.10	0.78
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	319,555.20	325,888.00	0.34
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	728,985.30	743,432.00	0.34
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	149,931.00	153,297.00	0.36
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	349,839.00	357,693.00	0.36
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	339,809.60	341,927.80	0.37
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	784,560.40	789,450.95	0.37
CHEVRON CORP	5/11/2023	265,000.00	268,937.90	0.34
JOHN DEERE CAPITAL CORP	5/11/2023	610,000.00	619,064.60	0.34
JOHN DEERE CAPITAL CORP	7/5/2023	119,901.60	120,837.60	0.35
JOHN DEERE CAPITAL CORP	7/5/2023	279,770.40	281,954.40	0.35
JOHN DEERE CAPITAL CORP	1/17/2024	239,829.60	239,731.20	0.49
JOHN DEERE CAPITAL CORP	1/17/2024	554,605.95	554,378.40	0.49
GOLDMAN SACHS GROUP INC	3/3/2024	132,256.80	130,335.60	0.74
GOLDMAN SACHS GROUP INC	3/3/2024	308,599.20	304,116.40	0.74
GOLDMAN SACHS GROUP INC	1/27/2023	300,000.00	300,165.00	0.39
GOLDMAN SACHS GROUP INC	1/27/2023	700,000.00	700,385.00	0.39
HONEYWELL INTERNATIONAL INC	8/8/2022	234,762.65	239,481.45	0.28
HONEYWELL INTERNATIONAL INC	8/8/2022	544,449.55	555,393.15	0.28
HONEYWELL INTERNATIONAL INC	8/19/2022	570,000.00	570,182.40	0.25
HONEYWELL INTERNATIONAL INC	8/19/2022	1,305,000.00	1,305,417.60	0.25
INTERNATIONAL BUSINESS MACHINES CORP	2/12/2024	307,804.00	301,663.60	0.64
INTERNATIONAL BUSINESS MACHINES CORP	2/12/2024	720,041.50	705,677.35	0.64
JPMORGAN CHASE & CO	4/1/2023	305,000.00	311,621.55	0.32
JPMORGAN CHASE & CO	4/1/2023	695,000.00	710,088.45	0.32
MORGAN STANLEY	5/19/2022	149,005.50	153,345.00	0.23
MORGAN STANLEY	5/19/2022	347,679.50	357,805.00	0.23
MORGAN STANLEY	2/25/2023	324,300.40	321,412.05	0.48
MORGAN STANLEY	2/25/2023	738,979.60	732,397.95	0.48
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	1/21/2022	334,705.20	337,847.50	0.23
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	1/21/2022	764,326.80	771,502.50	0.23
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/8/2024	244,830.95	244,061.65	0.50
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/8/2024	564,610.15	562,836.05	0.50
NORTHERN TRUST CORP	8/2/2022	308,702.70	312,072.95	0.24
NORTHERN TRUST CORP	8/2/2022	703,437.30	711,117.05	0.24
PNC BANK NA	2/24/2023	240,000.00	242,210.40	0.32
PNC BANK NA	2/24/2023	560,000.00	565,157.60	0.32
PACCAR FINANCIAL CORP	8/11/2023	134,823.15	134,806.95	0.42
PACCAR FINANCIAL CORP	8/11/2023	314,587.35	314,549.55	0.42
PEPSICO INC	5/1/2023	279,445.60	282,391.20	0.28
PEPSICO INC	5/1/2023	643,722.90	650,508.30	0.28
CHARLES SCHWAB CORP	3/18/2024	389,805.00	392,207.40	0.53
CHARLES SCHWAB CORP	3/18/2024	889,555.00	895,037.40	0.53
TOYOTA MOTOR CREDIT CORP	1/11/2022	575,119.35	592,271.55	0.25
TOYOTA MOTOR CREDIT CORP	1/11/2022	1,317,367.40	1,356,656.20	0.25
TOYOTA MOTOR CREDIT CORP	1/11/2024	649,961.00	647,868.00	0.58
TOYOTA MOTOR CREDIT CORP	1/11/2024	1,499,910.00	1,495,080.00	0.58
TOYOTA MOTOR CREDIT CORP	4/6/2023	174,858.25	175,047.25	0.38
TOYOTA MOTOR CREDIT CORP	4/6/2023	409,667.90	410,110.70	0.38
UNITEDHEALTH GROUP INC	5/15/2024	419,563.20	419,395.20	0.60
UNITEDHEALTH GROUP INC	5/15/2024	963,996.40	963,610.40	0.60
SUB-TOTAL		204,661,458.06	207,023,753.83	
<u>MORTGAGE AND ASSET-BACK SECURITIES</u>				
HAROT 2020-1 A3	4/22/2024	2,939,423.76	2,981,042.40	0.47
HAROT 2019-3 A3	8/15/2023	2,585,910.35	2,609,748.24	0.50
HART 2021-A A3	9/15/2025	1,759,814.85	1,759,489.60	0.39
JDOT 2019-B A3	12/15/2023	1,000,737.14	1,014,022.05	0.31
JDOT 2020 A3	8/15/2024	2,124,870.16	2,141,447.50	0.50
MBALT 2021-B A3	11/15/2024	1,989,849.76	1,989,064.70	0.00
MBALT 2020-A A3	12/15/2022	1,409,814.16	1,420,335.30	0.01
NAROT 2019-C A3	7/15/2024	2,954,843.98	2,991,819.30	0.67
TAOT 2020-D A3	1/15/2025	1,689,685.15	1,691,656.20	0.29
TAOT 2021-A A3	5/15/2025	3,699,313.28	3,697,077.00	0.30
CNH 2020-A A2	7/17/2023	268,064.66	268,534.95	0.44

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<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
CARMX 2020-3 B	3/16/2026	737,328.52	736,759.80	0.83
CARMX 2020-1 A3	12/16/2024	1,024,798.90	1,043,726.75	0.63
CARMX 2020-1 A4	6/16/2025	4,262,480.39	4,251,907.57	0.70
FH G12952	12/1/2022	64,359.35	63,481.31	1.20
FNA 2012-M9 A2	4/25/2022	175,601.90	176,342.22	0.33
FNA 2012-M9 A2	4/25/2022	36,183.23	36,337.19	0.33
FNA 2012-M17 A2	11/25/2022	345,185.78	364,588.79	0.27
FHR 3806 L	2/15/2026	296,469.76	295,657.42	0.32
FHMS K-015 A2	7/25/2021	167,708.62	167,382.69	0.34
FHMS K-015 A2	7/25/2021	45,868.88	45,064.57	0.34
FHMS 2011-K016 A2	10/25/2021	1,140,471.82	1,147,967.16	0.37
FHMS 2011-K016 A2	10/25/2021	329,199.99	325,132.31	0.37
FHMS K-020 A2	5/25/2022	485,946.01	505,313.51	0.22
FHMS K-020 A2	5/25/2022	97,181.42	101,062.70	0.22
FHMS K-020 A2	5/25/2022	193,678.03	202,125.40	0.22
FHMS K-021 A2	6/25/2022	979,257.84	1,002,506.58	0.46
FHMS K-023 A1	4/25/2022	25,127.16	25,979.68	0.24
FHMS K-023 A1	4/25/2022	122,880.53	125,351.94	0.24
FHMS K-025 A1	4/25/2022	60,434.04	61,178.79	0.22
FHMS K-025 A2	10/25/2022	500,603.91	503,421.10	0.28
FHMS K-025 A2	10/25/2022	3,611,499.61	3,631,823.65	0.28
FHMS K-S01 A2	1/25/2023	200,856.07	210,290.94	0.38
FHMS K-027 A1	9/25/2022	27,413.43	28,355.64	0.21
FHMS K-027 A2	1/25/2023	2,101,558.59	2,164,113.00	0.35
FHMS K-027 A2	1/25/2023	1,875,366.21	1,932,243.75	0.35
FHR 4285 BA	12/15/2023	468,669.18	467,628.88	0.56
FHMS K-041 A1	8/25/2024	1,836,372.60	1,820,389.05	0.41
FHMS K-046 A1	1/25/2025	614,772.50	612,959.30	0.30
FHMS K-PLB A1	5/25/2025	2,156,328.13	2,144,720.00	0.84
FHMS K-047 A1	12/25/2024	686,735.59	700,063.23	0.36
FHMS K-050 A1	1/25/2025	2,670,192.01	2,647,065.41	0.37
FHMS K-051 A2	9/25/2025	4,348,857.42	4,324,144.00	0.92
FHMS K-051 A2	9/25/2025	330,046.88	328,416.00	0.92
FHMS K-051 A2	9/25/2025	1,337,686.53	1,330,084.80	0.92
FHMS K-052 A2	11/25/2025	985,992.19	980,730.00	0.94
FN AM0359	8/1/2022	2,647,694.55	2,657,226.50	0.86
FN AM8892	7/1/2025	2,451,471.14	2,437,220.21	1.31
FN AM8730	7/1/2025	1,807,031.98	1,800,454.81	0.91
FN AN0429	1/1/2025	984,938.19	973,196.37	0.78
FNR 0338C MP	5/25/2023	150,533.39	149,703.68	0.73
FNR 0338C MP	5/25/2023	165,695.87	164,387.01	0.73
FNR 0333J LB	5/25/2023	93,941.07	93,397.69	1.15
FNR 0364L HQ	7/25/2023	103,234.42	103,286.78	0.72
FHR 2666 OD	8/15/2023	95,351.59	95,176.23	1.10
FHR 2666 OD	8/15/2023	99,206.75	98,860.47	1.10
FHR 2756 KA	2/15/2024	391,666.93	387,052.68	1.06
FNR 2008-45 DB	6/25/2023	118,103.27	117,774.92	0.53
FN BM6007	5/1/2023	432,872.81	424,742.55	0.91
FORDF 2017-3 A	9/15/2022	776,132.81	770,085.00	0.26
FORDF 2019-2 B	4/15/2024	1,831,369.92	1,827,237.60	0.77
FORDF 2019-3 A1	9/15/2024	4,105,937.50	4,094,600.00	0.27
FORDF 2020-1 A1	9/15/2025	1,007,617.19	1,004,900.00	0.48
MMAF 20B A3	8/14/2025	3,469,950.38	3,469,514.20	0.50
MMAF 20A A2	4/9/2024	1,455,109.57	1,460,658.42	0.17
PFSFC 2019-A A2	4/15/2024	517,893.52	513,145.51	0.31
PFSFC 20B A	6/17/2024	1,564,789.51	1,578,052.10	0.34
PFSFC 20E A	10/15/2025	302,156.25	302,922.00	0.57
PFSFC 20E A	10/15/2025	1,007,421.87	1,009,740.00	0.57
SCART 20A A	10/15/2024	1,420,345.68	1,429,453.48	0.65
BMWLT 2021-1 A4	7/25/2024	409,983.72	408,216.50	0.60
BMWLT 2021-1 A4	7/25/2024	939,962.69	935,911.00	0.60
COPAR 2020-1 A3	11/15/2024	639,863.94	648,633.60	0.57
COPAR 2020-1 A3	11/15/2024	1,489,683.22	1,510,100.10	0.57
CARMX 2021-2 A3	2/17/2026	1,009,782.35	1,010,909.00	0.49
CARMX 2021-2 A3	2/17/2026	2,338,495.73	2,342,106.00	0.49
DRIVE 2020-2 A3	5/15/2024	189,982.74	190,410.40	0.40
DRIVE 2020-2 A3	5/15/2024	439,983.19	440,950.40	0.40
DRIVE 2021-1 A3	11/15/2024	389,977.07	390,815.10	0.29
DRIVE 2021-1 A3	11/15/2024	909,946.49	911,901.90	0.29
EART 2021-2 A3	10/15/2024	509,955.99	509,831.70	0.33
EART 2021-2 A3	10/15/2024	1,189,897.30	1,189,607.30	0.33
FNA 2011-M5 A2	7/25/2021	19,483.44	19,590.33	0.35
FNA 2011-M5 A2	7/25/2021	52,389.11	52,635.77	0.35
FHMS K-SMC A2	1/25/2023	1,175,160.15	1,221,040.40	0.28
FHMS K-SMC A2	1/25/2023	308,728.52	320,781.80	0.28
FHMS K-SMC A2	1/25/2023	2,030,198.44	2,110,951.20	0.28
FHMS K-SMC A2	1/25/2023	410,500.00	413,912.00	0.28
FHMS K-717 A2	9/25/2021	421,804.28	418,164.78	-0.30
FHMS K-717 A2	9/25/2021	834,857.02	827,653.52	-0.30
FHMS K-724 A1	3/25/2023	269,519.10	275,290.08	0.39
FHMS K-724 A1	3/25/2023	231,550.97	236,509.08	0.39
FHMS K-J33 A1	12/25/2025	436,961.54	434,191.99	0.64
FHMS K-J33 A1	12/25/2025	999,855.58	993,518.29	0.64
FHMS K-727 A2	7/25/2024	1,357,699.22	1,329,829.20	0.94
FHMS K-727 A2	7/25/2024	3,135,638.67	3,071,272.20	0.94
FHMS K-J23 A2	12/25/2022	328,044.15	328,372.74	1.03
FHMS K-J23 A2	12/25/2022	698,703.73	699,403.60	1.03
FHMS K-J30 A1	1/25/2025	477,308.90	475,605.94	0.65
FHMS K-J30 A1	1/25/2025	1,096,594.66	1,092,682.18	0.65
FHLMC	5/25/2022	6,677.08	6,777.40	0.02
GMCAR 212 A3	4/16/2026	199,982.42	200,308.00	0.45
GMCAR 212 A3	4/16/2026	449,960.45	450,693.00	0.45
HDMOT 2019-A A3	2/15/2024	761,828.68	768,584.64	0.80
HDMOT 2019-A A3	2/15/2024	1,777,600.24	1,793,364.16	0.80
HAROT 2019-3 A3	8/15/2023	514,376.38	519,118.10	0.50
HAROT 2019-3 A3	8/15/2023	1,178,389.53	1,189,252.36	0.50
JDOT 2019 A3	7/17/2023	278,212.65	281,460.60	0.47
JDOT 2019 A3	7/17/2023	643,517.96	651,030.60	0.47
JDOT 2020 A3	8/15/2024	839,948.68	846,501.60	0.50
JDOT 2020 A3	8/15/2024	1,959,880.24	1,975,170.40	0.50
MBALT 2020-A A3	12/15/2022	309,959.14	312,272.30	0.01
MBALT 2020-A A3	12/15/2022	719,905.11	725,277.60	0.01
SDART 2020-3	7/15/2024	739,929.26	740,747.40	0.37
SDART 2020-3	7/15/2024	1,729,834.61	1,731,747.30	0.37
SDART 2021-1 A3	9/16/2024	889,962.44	890,801.00	0.25
SDART 2021-1 A3	9/16/2024	2,059,913.07	2,061,854.00	0.25
TAOT 2019-C A3	9/15/2023	472,632.23	477,192.32	0.47
TAOT 2019-C A3	9/15/2023	1,099,944.11	1,110,556.68	0.47
VWALT 2019-A A3	11/21/2022	257,078.94	258,682.06	0.11
VWALT 2019-A A3	11/21/2022	583,371.44	587,009.29	0.11
ALLYA 2019-1 A3	9/15/2023	231,439.93	233,974.69	1.07
ALLYA 2019-1 A3	9/15/2023	450,698.83	455,634.94	1.07
BMWLT 2021-1 A3	1/25/2024	234,992.55	235,213.85	0.22
BMWLT 2021-1 A3	1/25/2024	534,983.04	535,486.85	0.22
COPAR 2019-1 A3	11/15/2023	192,839.01	195,192.62	0.82
COPAR 2019-1 A3	11/15/2023	385,678.02	390,385.25	0.82
CARMX 2021-2 A3	2/17/2026	399,913.80	400,360.00	0.49
CARMX 2021-2 A3	2/17/2026	914,802.82	915,823.50	0.49

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CARMX 2020-4 A3	8/15/2025	144,968.08	145,355.25	0.39
CARMX 2020-4 A3	8/15/2025	329,927.37	330,808.50	0.39
CARMX 2021-1 A3	12/15/2025	194,961.47	194,752.35	0.39
CARMX 2021-1 A3	12/15/2025	454,910.09	454,422.15	0.39
DCENT 2019-3 A	10/15/2024	304,934.49	311,374.50	0.28
DCENT 2019-3 A	10/15/2024	694,850.71	709,525.50	0.28
FNA 2012-M5 A2	2/25/2022	113,871.85	115,094.96	1.13
FNA 2012-M5 A2	2/25/2022	265,700.99	268,554.91	1.13
FNA 2013-M1 A2	8/25/2022	223,361.42	225,013.79	0.11
FNA 2013-M1 A2	8/25/2022	521,176.64	525,032.18	0.11
FNA 2013-M7 A2	12/25/2022	187,689.37	189,449.17	0.00
FNA 2013-M7 A2	12/25/2022	457,492.83	461,782.35	0.00
FHMS K-018 A2	1/25/2022	950,977.90	964,321.13	0.34
FHMS K-018 A2	1/25/2022	2,183,385.76	2,214,020.97	0.34
FHMS K-019 A2	3/25/2022	697,087.17	713,979.73	0.22
FHMS K-019 A2	3/25/2022	1,568,533.80	1,606,544.20	0.22
FHMS K-022 A2	7/25/2022	365,034.11	370,496.19	0.28
FHMS K-022 A2	7/25/2022	831,909.81	844,357.83	0.28
FHMS K-023 A1	4/25/2022	252,331.91	259,796.76	0.24
FHMS K-023 A2	8/25/2022	537,825.78	539,587.70	0.48
FHMS K-023 A2	8/25/2022	1,238,014.06	1,242,069.80	0.48
FHMS K-026 A2	11/25/2022	1,201,756.25	1,210,892.40	0.35
FHMS K-026 A2	11/25/2022	2,260,931.25	2,278,119.60	0.35
FHMS K-026 A2	11/25/2022	510,800.78	513,090.00	0.35
FHMS K-029 A1	10/25/2022	162,251.85	163,979.70	0.16
FHMS K-029 A1	10/25/2022	296,418.02	299,950.45	0.16
FHMS K-034 A1	2/25/2023	201,424.52	206,074.47	0.27
FHMS K-034 A1	2/25/2023	440,344.42	450,509.91	0.27
FHMS K-035 A1	3/25/2023	220,833.65	225,731.49	0.20
FHMS K-035 A1	3/25/2023	262,320.48	268,138.45	0.20
FHMS K-717 A2	9/25/2021	208,880.19	209,082.39	-0.30
FHMS K-717 A2	9/25/2021	394,568.79	394,950.73	-0.30
FHMS K-720 A2	6/25/2022	968,370.70	985,248.40	0.39
FHMS K-720 A2	6/25/2022	1,227,933.99	1,249,335.60	0.39
FHMS K-720 A2	6/25/2022	1,005,312.50	1,015,720.00	0.39
FHMS K-P05 A	7/25/2023	135,049.37	137,796.69	1.01
FHMS K-J27 A1	7/25/2024	875,742.64	900,276.29	0.44
FITAT 2019-1 A3	12/15/2023	364,520.75	368,534.93	1.02
FORDO 2021-A A3	8/15/2025	259,978.08	259,794.60	0.34
FORDO 2021-A A3	8/15/2025	599,949.42	599,526.00	0.34
GMCAR 2019-1 A3	11/16/2023	966,620.02	977,100.02	1.07
GMCAR 2020-3 A3	4/16/2025	269,938.22	270,677.70	0.31
GMCAR 2020-3 A3	4/16/2025	629,855.86	631,581.30	0.31
GMCAR 2020-4 A3	8/18/2025	129,972.22	130,046.80	0.36
GMCAR 2020-4 A3	8/18/2025	294,936.96	295,106.20	0.36
GMALT 2021-1 A3	2/20/2024	329,966.21	330,112.20	0.23
GMALT 2021-1 A3	2/20/2024	754,922.69	755,256.70	0.23
GMALT 2019-3 A3	6/20/2022	267,459.77	268,141.95	0.87
HDMOT 2020-A A3	10/15/2024	264,942.20	267,681.80	0.74
HDMOT 2020-A A3	10/15/2024	609,866.96	616,173.20	0.74
HAROT 2018-4 A3	1/15/2023	384,992.15	388,973.37	0.61
HAROT 2018-3 A3	8/22/2022	269,769.25	271,206.56	0.73
HALST 2021-A A3	1/16/2024	149,981.28	150,060.00	0.30
HALST 2021-A A3	1/16/2024	344,956.94	345,138.00	0.30
HART 2019-A A3	6/15/2023	245,927.84	248,488.68	0.62
HART 2021-A A3	9/15/2025	264,972.12	264,923.15	0.39
HART 2021-A A3	9/15/2025	604,936.36	604,824.55	0.39
KCOT 211 A3	8/15/2025	274,943.73	274,672.75	0.67
KCOT 211 A3	8/15/2025	639,869.06	639,238.40	0.67
MBALT 2020-B A3	11/15/2023	79,995.94	80,145.60	0.24
MBALT 2020-B A3	11/15/2023	179,990.88	180,327.60	0.24
MBART 2020-1 A3	2/18/2025	189,985.16	190,769.50	0.28
MBART 2020-1 A3	2/18/2025	434,966.03	436,761.75	0.28
MBART 2018-1 A3	1/15/2023	307,109.81	308,841.49	0.89
NALT 2019-B A3	7/15/2022	207,101.68	207,784.49	0.29
NAROT 2018-C A3	6/15/2023	141,261.38	142,844.04	1.14
NAROT 2018-C A3	6/15/2023	282,522.76	285,688.07	1.14
NAROT 2020-B A3	7/15/2024	349,990.41	351,134.00	0.29
NAROT 2020-B A3	7/15/2024	799,978.08	802,592.00	0.29
NAROT 2018-B A3	3/15/2023	500,106.93	505,614.49	0.37
NAROT 2019-C A3	7/15/2024	269,985.74	273,364.20	0.67
NAROT 2019-C A3	7/15/2024	629,966.74	637,849.80	0.67
NAROT 2019-A A3	10/16/2023	460,913.58	467,174.43	0.85
NAROT 2019-A A3	10/16/2023	936,230.72	948,948.06	0.85
NALT 2019-A A3	3/15/2022	2,148.50	2,150.89	0.26
TAOT 2018-D A3	3/15/2023	172,264.72	174,068.09	0.70
TAOT 2018-D A3	3/15/2023	258,397.08	261,102.13	0.70
TAOT 2018-B A3	9/15/2022	230,485.80	231,408.58	0.62
TAOT 2019-C A3	9/15/2023	300,765.97	303,667.84	0.47
TAOT 2019-C A3	9/15/2023	644,498.50	650,716.80	0.47
VZOT 2020-B A	2/20/2025	239,949.60	240,664.80	0.27
VZOT 2020-B A	2/20/2025	559,882.40	561,551.20	0.27
VZOT 2019-C A1A	4/22/2024	429,966.85	436,084.50	0.17
VZOT 2019-C A1A	4/22/2024	994,923.28	1,009,079.25	0.17
VZOT 2020-A A1A	7/22/2024	299,964.87	305,175.00	0.19
VZOT 2020-A A1A	7/22/2024	699,918.03	712,075.00	0.19
VWALT 2019-A A3	11/21/2022	271,910.42	273,606.02	0.11
VWALT 2019-A A3	11/21/2022	617,978.22	621,831.87	0.11
VALET 2018-2 A3	4/20/2023	260,476.89	263,058.85	0.62
VALET 2018-2 A3	4/20/2023	569,793.20	575,441.22	0.62
WOART 2020-B A3	5/15/2025	299,976.48	301,305.00	0.36
WOART 2020-B A3	5/15/2025	699,945.12	703,045.00	0.36
SUB-TOTAL		174,466,195.92	175,380,976.09	
<u>Municipal Debt</u>				
NEW YORK ST	2/15/2024	3,000,000.00	3,116,550.00	0.52
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	2,865,000.00	2,902,588.80	0.38
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,105,500.00	1,114,432.00	0.38
CALIFORNIA ST	4/1/2024	3,239,373.40	3,288,856.80	0.58
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2024	2,120,000.00	2,115,802.40	0.62
CHAFFEY CMNTY COLLEGE DIST CALIF	6/1/2022	715,000.00	723,358.35	0.33
CONTRA COSTA CALIF CMNTY COLLEGE DIST	8/1/2022	1,000,000.00	1,016,150.00	0.16
COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/12/2024	4,332,008.85	4,317,009.75	0.54
EL CAJON CALIF	4/1/2023	610,000.00	609,542.50	0.69
EL CAJON CALIF	4/1/2024	540,000.00	537,154.20	1.12
EL DORADO CALIF IRR DIST REV	3/1/2023	720,000.00	724,600.80	0.49
EL DORADO CALIF IRR DIST REV	3/1/2024	720,000.00	726,192.00	0.75
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2022	715,000.00	723,515.65	0.63
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2024	715,000.00	733,504.20	1.13
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	1,620,000.00	1,615,545.00	0.53
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	900,000.00	899,856.00	0.53
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2023	720,000.00	718,509.60	0.74
LOS ANGELES CNTY CALIF PUB WKS FING AUTH LEASE REV	12/1/2021	1,537,050.00	1,517,850.00	0.34
MASSACHUSETTS ST WTR RES AUTH IAM COML PAPER NTS 3	8/1/2023	2,365,000.00	2,434,956.70	0.35
MISSISSIPPI ST	11/1/2023	4,540,000.00	4,541,316.60	0.41
NEW YORK STATE DORMITORY AUTHORITY	3/15/2025	2,690,000.00	2,687,713.50	0.91
OHIO ST SPL OBLIG	10/1/2023	1,180,000.00	1,185,097.60	0.37
OHLONE CALIF CMNTY COLLEGE DIST	8/1/2022	800,000.00	812,848.00	0.21
PASADENA CALIF PUB FING AUTH LEASE REV	12/1/2021	400,000.00	404,648.00	0.46

Orange County Transportation Authority
Portfolio Listing
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DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
PENNSYLVANIA ST TPK COMM TPK REV	12/1/2021	876,767.50	882,315.00	0.28
RANCHO SANTIAGO CALIF CMNTY COLLEGE DIST	9/1/2023	865,000.00	864,671.30	0.43
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2021	480,000.00	483,297.60	0.48
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2022	400,000.00	408,716.00	0.62
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2022	2,420,000.00	2,447,951.00	0.41
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2022	1,500,000.00	1,528,650.00	0.18
SAN DIEGO CNTY CALIF WTR AUTH WTR REV	5/1/2024	1,440,000.00	1,440,907.20	0.57
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMM INTL A	5/1/2022	2,138,837.50	2,178,209.35	0.49
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMM INTL A	5/1/2023	1,635,140.00	1,697,103.20	0.47
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2021	290,000.00	290,211.70	0.17
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2022	430,000.00	432,412.30	0.22
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2023	430,000.00	430,726.70	0.42
UPPER SANTA CLARA VY JT PWSR AUTH CALIF REV	8/1/2023	2,590,000.00	2,607,482.50	0.36
UPPER SANTA CLARA VY JT PWSR AUTH CALIF REV	8/1/2024	2,625,000.00	2,643,480.00	0.60
UTAH HSG CORP SINGLE FAMILY MTG REV	1/1/2022	1,300,000.00	1,309,386.00	0.66
UTAH HSG CORP SINGLE FAMILY MTG REV	7/1/2022	545,000.00	552,515.55	0.77
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2022	560,000.00	562,973.60	0.45
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	720,000.00	726,120.00	0.68
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	722,793.60	726,120.00	0.68
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	728,517.60	726,120.00	0.68
ALAMEDA CNTY CALIF JT PWSR AUTH LEASE REV	6/1/2022	387,657.00	389,572.20	0.25
ALAMEDA CNTY CALIF JT PWSR AUTH LEASE REV	6/1/2022	887,530.50	891,915.30	0.25
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	1,110,000.00	1,144,398.90	0.41
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	2,590,000.00	2,670,264.10	0.41
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	460,345.50	455,904.00	0.38
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,074,139.50	1,063,776.00	0.38
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	240,000.00	246,964.80	0.57
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	550,000.00	565,961.00	0.57
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2023	105,000.00	107,025.45	0.51
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2023	260,000.00	265,015.40	0.51
CALIFORNIA ST	3/1/2022	267,579.20	261,565.68	0.21
CALIFORNIA ST	3/1/2022	633,452.80	604,980.60	0.21
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	284,204.69	272,109.68	0.51
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	312,863.98	299,549.31	0.51
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	333,842.71	331,562.16	0.51
CALIFORNIA ST UNIV REV	11/1/2023	330,000.00	329,584.20	0.53
CALIFORNIA ST UNIV REV	11/1/2023	760,000.00	759,042.40	0.53
CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV	2/1/2023	265,000.00	264,769.45	0.40
CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV	2/1/2023	610,000.00	609,469.30	0.40
CONTRA COSTA CALIF CMNTY COLLEGE DIST	8/1/2021	300,000.00	300,381.00	0.23
CONTRA COSTA CALIF CMNTY COLLEGE DIST	8/1/2021	700,000.00	700,889.00	0.23
EL SEGUNDO CALIF PENSION OBLIG	7/1/2023	415,000.00	414,306.95	0.46
EL SEGUNDO CALIF PENSION OBLIG	7/1/2023	970,000.00	968,380.10	0.46
LOS ALTOS CALIF SCH DIST	10/1/2024	1,065,466.50	1,061,025.00	0.67
LOS ALTOS CALIF SCH DIST	10/1/2024	2,486,088.50	2,475,725.00	0.67
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	480,000.00	475,051.20	1.19
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	1,120,000.00	1,108,452.80	1.19
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	305,868.00	309,771.00	0.54
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	713,692.00	722,799.00	0.54
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2022	354,008.00	347,136.60	0.12
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2022	832,960.00	816,792.00	0.12
OAKLAND-ALAMEDA CNTY CALIF COLISEUM AUTH LEASE REV	2/1/2023	317,532.00	312,972.00	0.60
OAKLAND-ALAMEDA CNTY CALIF COLISEUM AUTH LEASE REV	2/1/2023	740,908.00	730,268.00	0.60
PALM DESERT CALIF REDEV AGY SUCCESSOR AGY TAX ALLO	10/1/2022	330,661.50	333,810.75	0.58
PALM DESERT CALIF REDEV AGY SUCCESSOR AGY TAX ALLO	10/1/2022	783,413.40	790,874.70	0.58
RIVERSIDE CALIF UNI SCH DIST	2/1/2022	230,000.00	232,159.70	0.20
RIVERSIDE CALIF UNI SCH DIST	2/1/2022	520,000.00	524,882.80	0.20
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2023	415,000.00	427,263.25	0.53
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2023	960,000.00	988,368.00	0.53
SACRAMENTO CNTY CALIF SANTN DIST FING AUTH REV	12/1/2023	450,000.00	450,981.00	0.67
SACRAMENTO CNTY CALIF SANTN DIST FING AUTH REV	12/1/2023	1,050,000.00	1,052,289.00	0.67
SAN BERNARDINO CALIF CMNTY COLLEGE DIST	8/1/2024	270,000.00	273,094.20	0.57
SAN BERNARDINO CALIF CMNTY COLLEGE DIST	8/1/2024	620,000.00	627,105.20	0.57
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2021	385,000.00	385,558.25	0.25
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2021	900,000.00	901,305.00	0.25
SAN DIEGO CALIF PUB FACS FING AUTH LEASE REV	10/15/2021	395,000.00	397,986.20	0.40
SAN DIEGO CALIF PUB FACS FING AUTH LEASE REV	10/15/2021	930,000.00	937,030.80	0.40
SAN FRANCISCO CALIF CITY & CNTY PUB UTILS COMM WTR	11/1/2022	190,000.00	194,037.50	0.35
SAN FRANCISCO CALIF CITY & CNTY PUB UTILS COMM WTR	11/1/2022	440,000.00	449,350.00	0.35
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMM INTL A	5/1/2022	710,000.00	726,699.20	0.23
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMM INTL A	5/1/2022	1,640,000.00	1,678,572.80	0.23
SANTA BARBARA CNTY CALIF SOLID WASTE SYS REV CTF	12/1/2021	115,000.00	116,358.15	0.48
SANTA BARBARA CNTY CALIF SOLID WASTE SYS REV CTF	12/1/2021	260,000.00	263,070.60	0.48
SEMITROPIC IMPT DIST SEMITROPIC WTR STORAGE DIST C	12/1/2022	497,505.60	491,649.60	0.45
SEMITROPIC IMPT DIST SEMITROPIC WTR STORAGE DIST C	12/1/2022	1,140,117.00	1,126,697.00	0.45
SOUTHERN CALIF PUB PWR AUTH PWR PROJ REV	7/1/2023	825,000.00	825,849.75	0.48
SOUTHERN CALIF PUB PWR AUTH PWR PROJ REV	7/1/2023	1,910,000.00	1,911,967.30	0.48
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2022	478,342.50	476,504.80	0.30
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2022	1,099,170.00	1,094,947.20	0.30
UNIVERSITY CALIF REVS	5/15/2022	582,035.80	595,207.60	0.28
UNIVERSITY CALIF REVS	5/15/2022	1,344,703.40	1,375,134.80	0.28
UPPER SANTA CLARA VY JT PWSR AUTH CALIF REV	8/1/2022	740,000.00	742,871.20	0.17
UPPER SANTA CLARA VY JT PWSR AUTH CALIF REV	8/1/2022	1,720,000.00	1,726,673.60	0.17
VALLEJO CALIF WTR REV	5/1/2023	250,000.00	253,217.50	0.76
VALLEJO CALIF WTR REV	5/1/2023	590,000.00	597,593.30	0.76
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2022	250,000.00	252,482.50	0.33
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2022	565,000.00	570,610.45	0.33
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2022	190,000.00	190,454.10	0.18
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2022	435,000.00	436,039.65	0.18
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2023	70,000.00	70,044.10	0.39
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2023	160,000.00	160,100.80	0.39
CALIFORNIA ST UNIV REV	11/1/2023	300,000.00	299,622.00	0.53
CALIFORNIA ST UNIV REV	11/1/2023	700,000.00	699,118.00	0.53
CONNECTICUT ST	7/1/2023	70,417.90	72,204.30	0.42
CONNECTICUT ST	7/1/2023	155,925.35	159,880.95	0.42
FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	310,000.00	312,979.10	1.01
FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	715,000.00	721,871.15	1.01
LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2023	230,000.00	230,333.50	0.37
LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2023	530,000.00	530,768.50	0.37
MARYLAND ST	8/1/2023	545,000.00	546,084.55	0.31
MARYLAND ST	8/1/2023	1,580,000.00	1,583,144.20	0.31
MISSISSIPPI ST	11/1/2023	280,000.00	280,081.20	0.41
MISSISSIPPI ST	11/1/2023	645,000.00	645,187.05	0.41
NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	255,000.00	255,086.70	0.89
NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	595,000.00	595,202.30	0.89
NEW YORK ST URBAN DEV CORP REV	3/15/2023	275,000.00	275,310.75	0.41
NEW YORK ST URBAN DEV CORP REV	3/15/2023	640,000.00	640,723.20	0.41
NEW YORK ST URBAN DEV CORP REV	3/15/2024	845,000.00	844,264.85	0.65
NEW YORK ST URBAN DEV CORP REV	3/15/2024	1,945,000.00	1,943,307.85	0.65
PORT AUTH N Y & N J	7/1/2023	675,000.00	683,592.75	0.45
PORT AUTH N Y & N J	7/1/2023	450,000.00	455,728.50	0.45
PORT AUTH N Y & N J	7/1/2023	1,101,416.70	1,108,939.35	0.45
SUB-TOTAL		121,392,836.49	122,216,620.13	

Orange County Transportation Authority
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<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<i>Variable & Floating Rate</i>				
JPMORGAN CHASE & CO	6/1/2025	865,000.00	863,339.20	0.79
JPMORGAN CHASE & CO	6/1/2025	2,308,757.15	2,300,574.40	0.79
JPMORGAN CHASE & CO	6/1/2025	1,151,840.00	1,147,792.00	0.79
JDOT 2021 A3	9/15/2025	1,454,720.35	1,453,123.05	0.42
TLOT-21A-A3	4/20/2024	2,344,726.34	2,344,725.64	0.00
BMW US CAPITAL LLC	4/1/2024	2,410,000.00	2,430,629.60	0.27
BANK OF AMERICA CORP	12/20/2023	2,879,411.20	2,839,599.00	0.52
BANK OF AMERICA CORP	10/24/2024	2,256,637.50	2,259,360.00	0.63
BANK OF AMERICA CORP	10/24/2024	802,424.00	803,328.00	0.63
CITIGROUP INC	5/1/2025	2,515,000.00	2,520,985.70	0.85
FHMS K-048 A2	6/25/2025	180,617.00	179,680.05	0.86
FHMS K-730 AM	1/25/2025	3,800,660.16	3,748,942.50	1.05
FN AL3382	3/1/2023	724,279.31	729,228.41	0.78
GOLDMAN SACHS GROUP INC	11/17/2023	3,560,000.00	3,561,068.00	0.60
GOLDMAN SACHS GROUP INC	11/17/2023	3,604,680.00	3,601,080.00	0.60
JPMORGAN CHASE & CO	12/5/2024	964,932.50	944,413.75	0.72
JPMORGAN CHASE & CO	12/5/2024	3,132,832.40	3,065,297.20	0.72
JPMORGAN CHASE & CO	12/5/2024	3,961,872.00	3,885,588.00	0.72
MORGAN STANLEY	11/10/2023	5,725,000.00	5,732,213.50	0.47
MORGAN STANLEY	11/10/2023	1,801,008.00	1,802,268.00	0.47
PNC BANK NA	2/24/2023	4,045,000.00	4,052,564.15	0.20
STATE STREET CORP	3/30/2023	1,750,000.00	1,782,725.00	0.33
TRUIST FINANCIAL CORP	6/9/2025	3,685,000.00	3,689,274.60	0.41
WELLS FARGO & CO	6/2/2024	6,140,580.00	6,128,340.00	0.53
BANK OF AMERICA CORP	10/22/2025	658,281.25	653,812.50	1.03
BANK OF AMERICA CORP	10/22/2025	1,527,212.50	1,516,845.00	1.03
BANK OF AMERICA CORP	10/24/2024	645,000.00	647,683.20	0.63
BANK OF AMERICA CORP	10/24/2024	1,510,000.00	1,516,281.60	0.63
BANK OF AMERICA CORP	4/22/2025	525,000.00	526,685.25	0.83
BANK OF AMERICA CORP	4/22/2025	1,220,000.00	1,223,916.20	0.83
CITIGROUP INC	10/30/2024	625,000.00	626,562.50	0.70
CITIGROUP INC	10/30/2024	1,440,000.00	1,443,600.00	0.70
CITIGROUP INC	5/1/2025	185,000.00	185,440.30	0.85
CITIGROUP INC	5/1/2025	430,000.00	431,023.40	0.85
FNA 2014-M8 A2	6/25/2024	618,911.98	606,481.88	0.55
FNA 2014-M8 A2	6/25/2024	1,425,922.21	1,397,284.30	0.55
FNA 2018-M5 A2	9/25/2021	7,858.93	7,713.82	0.73
FNA 2018-M5 A2	9/25/2021	18,468.48	18,127.49	0.73
FHMS K-029 A2	2/25/2023	1,078,080.08	1,074,650.50	0.37
FHMS K-029 A2	2/25/2023	544,232.81	542,542.00	0.37
FHMS K-029 A2	2/25/2023	1,172,193.75	1,168,552.00	0.37
FHMS K-029 A2	2/25/2023	820,581.64	824,246.50	0.37
FHMS K-029 A2	2/25/2023	1,797,539.45	1,763,261.50	0.37
FHMS K-031 A2	4/25/2023	1,139,967.97	1,122,301.60	0.39
FHMS K-031 A2	4/25/2023	2,631,514.84	2,590,733.60	0.39
FHMS K-032 A2	5/25/2023	1,149,819.14	1,188,093.30	0.42
FHMS K-032 A2	5/25/2023	2,655,776.95	2,744,180.10	0.42
FHMS K-033 A2	7/25/2023	1,143,989.06	1,143,115.70	0.43
FHMS K-033 A2	7/25/2023	2,665,809.38	2,663,774.20	0.43
FHMS K-105 A	7/25/2024	342,963.97	343,523.00	0.22
FHMS K-105 A	7/25/2024	800,249.26	801,553.67	0.22
FHMS Q-015 A	8/25/2024	690,000.00	690,000.00	0.22
FHMS Q-015 A	8/25/2024	1,609,760.34	1,609,760.34	0.22
FIRST REPUBLIC BANK	2/12/2024	150,000.00	153,256.50	0.56
FIRST REPUBLIC BANK	2/12/2024	350,000.00	357,598.50	0.56
GOLDMAN SACHS GROUP INC	6/5/2023	657,292.80	654,208.00	0.51
GOLDMAN SACHS GROUP INC	6/5/2023	1,519,989.60	1,512,856.00	0.51
GOLDMAN SACHS GROUP INC	3/8/2024	635,000.00	636,136.65	0.57
GOLDMAN SACHS GROUP INC	3/8/2024	1,480,000.00	1,482,649.20	0.57
GOLDMAN SACHS GROUP INC	10/31/2022	474,534.50	476,087.75	0.27
GOLDMAN SACHS GROUP INC	10/31/2022	1,098,922.00	1,102,519.00	0.27
JPMORGAN CHASE & CO	9/16/2024	350,000.00	350,203.00	0.65
JPMORGAN CHASE & CO	9/16/2024	810,000.00	810,469.80	0.65
JPMORGAN CHASE & CO	2/16/2025	275,000.00	273,498.50	0.70
JPMORGAN CHASE & CO	2/16/2025	640,000.00	636,505.60	0.70
JPMORGAN CHASE & CO	3/16/2024	640,000.00	641,945.60	0.57
JPMORGAN CHASE & CO	3/16/2024	1,470,000.00	1,474,468.80	0.57
JPMORGAN CHASE & CO	6/1/2025	405,000.00	404,222.40	0.79
JPMORGAN CHASE & CO	6/1/2025	930,000.00	928,214.40	0.79
JDOT 2021 A3	9/15/2025	709,863.54	709,084.10	0.42
JDOT 2021 A3	9/15/2025	1,639,684.79	1,637,884.40	0.42
KEYBANK NA	1/3/2024	440,000.00	440,066.00	0.40
KEYBANK NA	1/3/2024	1,010,000.00	1,010,151.50	0.40
KEYBANK NA	6/14/2024	615,000.00	615,467.40	0.39
KEYBANK NA	6/14/2024	1,430,000.00	1,431,086.80	0.39
MORGAN STANLEY	10/21/2025	185,000.00	184,931.55	0.86
MORGAN STANLEY	10/21/2025	430,000.00	429,840.90	0.86
MORGAN STANLEY	11/10/2023	350,000.00	350,441.00	0.47
MORGAN STANLEY	11/10/2023	810,000.00	811,020.60	0.47
MORGAN STANLEY	1/25/2024	550,000.00	549,719.50	0.54
MORGAN STANLEY	1/25/2024	1,290,000.00	1,289,342.10	0.54
MORGAN STANLEY	4/5/2024	265,000.00	265,556.50	0.61
MORGAN STANLEY	4/5/2024	610,000.00	611,281.00	0.61
PNC BANK NA	12/9/2022	490,000.00	493,542.70	0.39
PNC BANK NA	12/9/2022	1,150,000.00	1,158,314.50	0.39
TRUIST BANK	8/2/2024	1,283,244.00	1,279,416.00	0.50
TRUIST BANK	8/2/2024	2,994,236.00	2,985,304.00	0.50
WELLS FARGO BANK NA	9/9/2022	600,000.00	601,998.00	0.34
WELLS FARGO BANK NA	9/9/2022	1,390,000.00	1,394,628.70	0.34
WELLS FARGO & CO	10/30/2025	657,237.50	653,918.75	0.99
WELLS FARGO & CO	10/30/2025	1,524,791.00	1,517,091.50	0.99
WELLS FARGO & CO	5/19/2025	135,000.00	134,704.35	0.80
WELLS FARGO & CO	5/19/2025	320,000.00	319,299.20	0.80
BANK OF AMERICA CORP	3/5/2024	319,278.00	315,204.00	0.52
BANK OF AMERICA CORP	3/5/2024	744,982.00	735,476.00	0.52
BANK OF AMERICA CORP	5/19/2024	430,000.00	437,340.10	0.57
BANK OF AMERICA CORP	5/19/2024	995,000.00	1,011,984.65	0.57
BANK OF AMERICA CORP	4/22/2025	255,000.00	255,818.55	0.83
BANK OF AMERICA CORP	4/22/2025	595,000.00	596,909.95	0.83
CARMX 2020-3 A3	3/17/2025	234,959.72	236,109.20	0.33
CARMX 2020-3 A3	3/17/2025	539,907.45	542,548.80	0.33
CITIGROUP INC	10/30/2024	760,000.00	761,900.00	0.70
CITIGROUP INC	10/30/2024	1,740,000.00	1,744,350.00	0.70
CITIGROUP INC	5/1/2025	85,000.00	85,202.30	0.85
CITIGROUP INC	5/1/2025	205,000.00	205,487.90	0.85
CITIGROUP INC	11/4/2022	95,000.00	95,596.60	0.48
CITIGROUP INC	11/4/2022	215,000.00	216,350.20	0.48
GMALT 2020-3 A3	8/21/2023	189,981.80	190,410.40	0.21
GMALT 2020-3 A3	8/21/2023	434,958.33	435,939.60	0.21
GMCAR 2021-1 A3	10/16/2025	369,941.10	370,196.10	0.33
GMALT 2021-2 A3	5/20/2024	479,924.64	479,726.40	0.38
GMALT 2021-2 A3	5/20/2024	1,109,825.73	1,109,367.30	0.38

**Orange County Transportation Authority
Portfolio Listing
As of June 30, 2021**

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
GOLDMAN SACHS GROUP INC	11/17/2023	510,000.00	510,153.00	0.60
GOLDMAN SACHS GROUP INC	11/17/2023	1,165,000.00	1,165,349.50	0.60
JPMORGAN CHASE & CO	6/1/2024	475,000.00	484,367.00	0.84
JPMORGAN CHASE & CO	6/1/2024	1,100,000.00	1,121,692.00	0.84
JPMORGAN CHASE & CO	9/16/2024	90,000.00	90,052.20	0.65
JPMORGAN CHASE & CO	9/16/2024	210,000.00	210,121.80	0.65
JPMORGAN CHASE & CO	2/16/2025	245,000.00	243,662.30	0.70
JPMORGAN CHASE & CO	2/16/2025	570,000.00	566,887.80	0.70
JPMORGAN CHASE & CO	3/16/2024	305,000.00	305,927.20	0.57
JPMORGAN CHASE & CO	3/16/2024	695,000.00	697,112.80	0.57
JPMORGAN CHASE & CO	6/1/2025	240,000.00	239,539.20	0.79
JPMORGAN CHASE & CO	6/1/2025	545,000.00	543,953.60	0.79
MORGAN STANLEY	1/25/2024	465,000.00	464,762.85	0.54
MORGAN STANLEY	1/25/2024	1,070,000.00	1,069,454.30	0.54
MORGAN STANLEY	4/5/2024	75,000.00	75,157.50	0.61
MORGAN STANLEY	4/5/2024	175,000.00	175,367.50	0.61
NALT 2020-B A3	10/16/2023	129,986.62	130,304.20	0.21
NALT 2020-B A3	10/16/2023	294,969.65	295,690.30	0.21
TLOT-21A-A3	4/20/2024	329,961.49	329,961.39	0.00
TLOT-21A-A3	4/20/2024	754,911.89	754,911.67	0.00
SUB-TOTAL		145,152,496.06	145,007,162.10	
<i>Supranationals</i>				
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	3/19/2024	5,349,700.00	5,274,750.00	0.46
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	11/24/2023	3,043,442.50	3,040,362.00	0.38
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,934,593.40	1,953,995.69	0.17
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,177,726.00	1,189,608.78	0.17
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	811,863.00	820,070.73	0.17
INTER-AMERICAN DEVELOPMENT BANK	9/14/2022	10,484,250.00	10,696,108.50	0.20
INTER-AMERICAN DEVELOPMENT BANK	5/24/2023	789,731.40	793,341.70	0.28
INTER-AMERICAN DEVELOPMENT BANK	5/24/2023	1,809,384.60	1,817,656.30	0.28
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	11/24/2023	803,269.25	802,456.20	0.38
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	11/24/2023	1,841,033.25	1,839,169.80	0.38
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	4/20/2023	868,199.10	867,964.20	0.25
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	4/20/2023	1,990,870.35	1,990,331.70	0.25
SUB-TOTAL		30,904,062.85	31,085,815.60	
SHORT-TERM PORTFOLIO - TOTAL		\$ 1,634,855,142.94	\$ 1,622,884,441.96	
BOND PROCEEDS PORTFOLIO				
<i>Bond Proceeds</i>				
BNY MELLON-MONEY MARKET FUND	N/A	10,553.08	10,553.08	0.06%
BOND PROCEEDS PORTFOLIO-TOTAL		\$ 10,553.08	\$ 10,553.08	

**Orange County Transportation Authority
Portfolio Listing
As of June 30, 2021**

DEBT SERVICE RESERVE FUNDS				
DESCRIPTION	MATURITY DATE	BOOK VALUE	REQUIRED AMOUNT	YIELD
<i>91 EXPRESS LANES 2013 BONDS</i>	2030		10,799,437.46	
US BANK COMMERCIAL PAPER	7/6/2021	11,490,414.08		0.09%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	67.59		0.01%
<i>91 EXPRESS LANES 2013 BONDS - OPERATING & MAINTENANCE RESERVES</i>			13,000,000.00	
BANK DEPOSITS	N/A	218,920.72		
OPERATING RESERVE	7/13/2021	3,098,667.86		0.13%
MAINTENANCE RESERVE	7/13/2021	10,495,487.92		0.13%
DEBT SERVICE RESERVE FUNDS - TOTAL		<u>\$ 25,303,558.17</u>		
TOTAL PORTFOLIO		<u>Book Value</u> \$ 1,996,169,782.55	<u>Market Value</u> \$ 1,984,199,081.57	



July 28, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 Third Quarter Budget Status Report

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2020-21 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the third quarter of fiscal year 2020-21.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2020-21 Budget on June 8, 2020. 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 2020, was \$1.428 billion. Sources of funds were comprised of \$1.004 billion in current FY revenues and \$423.4 million in use of prior year designations. Uses of funds were comprised of \$1.369 billion of current FY expenditures and \$58.8 million of designations.

The Board approved five amendments through the third quarter, increasing the expense budget by \$113.1 million. This increased the budget to \$1.54 billion as summarized in Table 1 on the following page.

Table 1 - Working Budget

Date	Description	Amount*
7/1/2020	Adopted Budget	\$ 1,427,620
9/14/2020	Anaheim Transit Network - CARES Act ¹	2,355
9/14/2020	Bus Service Levels	(34,120)
9/14/2020	Healthcare	(931)
9/14/2020	LOSSAN Staffing - New Positions ²	533
9/14/2020	Metrolink Service - Operating Subsidy	12,999
9/14/2020	OC Flex Service	(388)
9/14/2020	Designations	(8,438)
11/23/2020	Amendment to Contract for OC ACCESS Service	5,051
12/14/2020	Interstate 405 Improvement Project Construction	127,000
2/8/2021	Bus Service Levels	(5,111)
2/8/2021	91 Express Lanes Back Office System	5,350
2/8/2021	91 Express Lanes System Integrator	3,740
2/8/2021	405 Express Lanes System Integrator	250
2/8/2021	Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Interest Rate Reset	360
2/22/2021	Amendment to Contract for OC Bus Service (First Transit, Inc.)	4,415
	<i>Subtotal Amendments</i>	<i>113,066</i>
	Total Working Budget	\$ 1,540,686

¹CARES - Coronavirus Aid, Relief, and Economic Security

*in thousands

²LOSSAN - Los Angeles - San Diego - San Luis Obispo Rail Corridor

Discussion

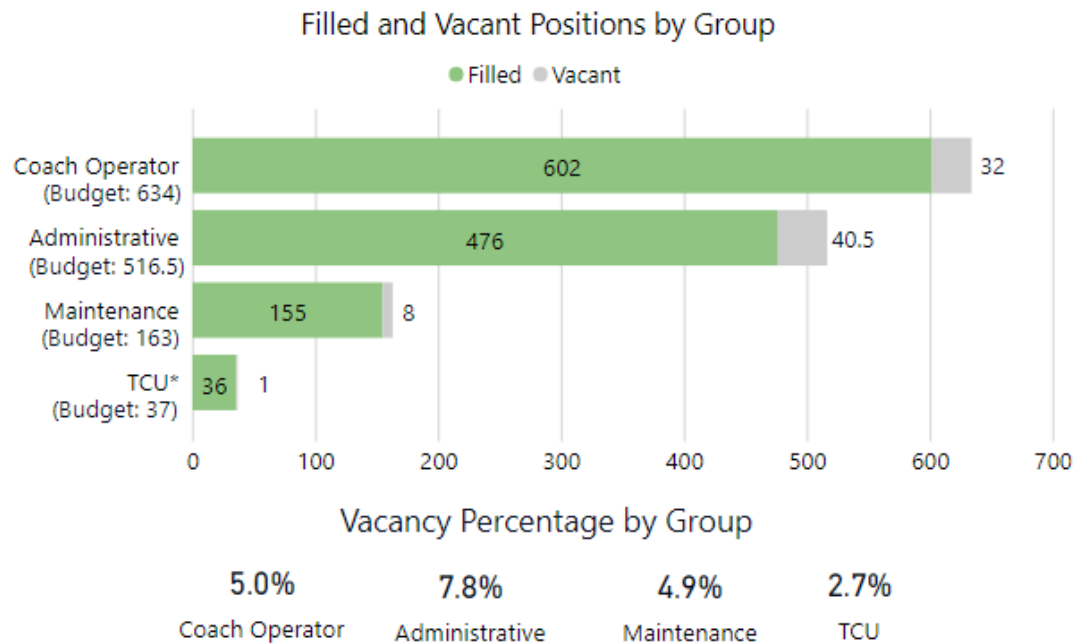
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget-to-actual variances within each pertinent OCTA program. The OCTA programs included are Bus, Commuter Rail, 91 Express 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

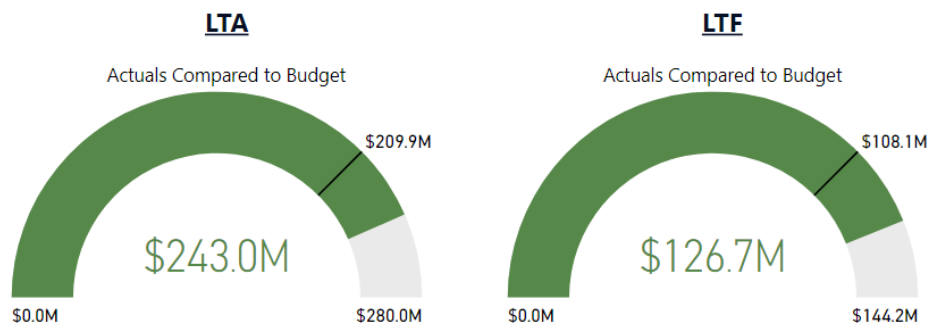
Total salaries and benefits underran the budget by \$5.8 million. This is primarily due to vacancies agency-wide, with the largest vacancy percentage in the administrative group (7.8 percent) at the end of the quarter.



*TCU - Transportation Communications International Union

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 \$243 million are \$33.1 million higher than the budget and LTF sales tax receipts of \$126.7 million are \$18.6 million higher than the budget. Sales tax figures are outperforming the budget because receipts finished stronger than anticipated in the final quarter of FY 2019-20 and although the budget included a forecasted decrease in sales tax due to the coronavirus (COVID-19) pandemic, sales tax receipts are increasing for LTA and Transportation Development Act (TDA) through the third quarter. Year-to-date sales tax receipts are up for LTA (2.3 percent) and TDA (2.5 percent) from the same period last year. The year-to-date growth in sales tax is due to a tremendous increase in third quarter receipts. LTA grew by 28 percent and TDA grew by 27 percent from the same quarter last year.



Major Programs

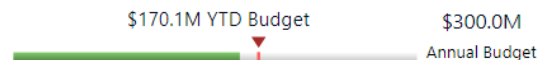
Bus Program



Operating Revenue

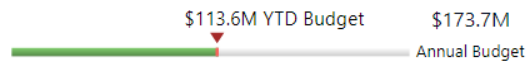


Operating Expense



Bus Program operating revenue of \$276.3 million exceeded the budget by \$86.5 million, primarily due to the timing of CARES Act funds received to support operations in the amount of \$44.4 million. Additionally, higher than anticipated LTF sales tax revenue contributed \$18.6 million to the variance. Federal grant revenue for bus operations exceeded the budget by \$8.3 million due to the ability of staff to seek reimbursement for grant funds earlier than anticipated due to expenditures occurring earlier than anticipated. Lastly, earnings on cash balances exceeded the budget by \$7.2 million due to better than anticipated market performance.

Bus Program operating expenses of \$157.1 million underran the budget by \$13 million, primarily due to vacancies for coach operators, maintenance workers, and bus operations administrative employees totaling \$5.1 million. An underrun of \$2.3 million for OC ACCESS paratransit service was due to lower revenue vehicle hours compared to the budget. Through the end of March, approximately 204,000 hours were provided compared to 307,000 hours budgeted. An underrun of \$1.8 million resulted from emergency COVID-19 vaccine transportation support. OCTA re-allocated budget to support the County of Orange in transporting residents and workers to vaccine sites, but through the third quarter, this service has not been utilized. The remainder of the underrun (\$3.8 million) is the result of as-needed items including the Vanpool Program, marketing efforts, shop supplies, maintenance parts, and on-call consultant services, which vary based on the needs at any time during the FY.

Capital Revenue**Capital Expense**

Bus Program capital revenue of \$114.5 million exceeded the budget by \$0.9 million primarily due to the timing of California State of Good Repair grant funds received for the purchase of battery electric buses. Funds were received earlier in the FY than anticipated based on the timing of expenditures. Capital expenses of \$113.9 million overran the budget by \$0.3 million primarily due to the timing of contract execution for the purchase of 15 coach operator relief vehicles. The purchase agreement was anticipated to be executed in the fourth quarter of the FY but was executed earlier to take advantage of expiring incentives.

Rail Program**Operating Revenue****Operating Expense**

Rail Program operating revenue of \$23.3 million exceeded the budget by \$0.5 million, primarily due to higher than anticipated earnings on cash reserves. Operating expenses of \$24.5 million overran by \$1.7 million due to timing of the Metrolink operating subsidy payment. This variance will be resolved in the fourth quarter when the actuals align with the budget.

Capital Revenue**Capital Expense**

Rail Program capital revenue of \$4.3 million exceeded the budget by \$1.7 million due to prior FY grant revenue received in the current FY for construction of the Laguna Niguel to San Juan Capistrano Passing Siding project. Capital expenses of \$4.5 million overran by \$1.9 million due to the timing of two construction contracts for the rehabilitation of six Orange County Metrolink stations, which occurred earlier in the FY than anticipated. The variance will be resolved in the fourth quarter when the actuals align with the budget.

91 Express Lanes Program



Operating Revenue

\$20.3M YTD Budget

\$75.0M

Annual Budget

Operating Expense

\$17.9M YTD Budget

\$75.0M

Annual Budget

The 91 Express Lanes Program operating revenue of \$31.8 million exceeded the budget by \$11.5 million, primarily due to higher than anticipated traffic volumes (\$9.7 million). After budgeting conservatively due to COVID-19, volumes have rebounded faster than anticipated. The remainder is due to earnings on cash reserves which has benefitted from higher than anticipated performance. Operating expenses of \$12.4 million underran by \$5.6 million, primarily due to as-needed expenses associated with toll road account servicing, project support, marketing, and legal services (\$3.6 million). Additionally, equipment maintenance underran due to the timing of expenses for the Toll Gantry Infrastructure project (\$1.9 million). The project, led by the California Department of Transportation, was anticipated to be expensed throughout the FY. However, it is now anticipated to begin in the fourth quarter of the FY.

Capital Revenue

\$7.3M YTD Budget

\$16.0M

Annual Budget

Capital Expense

\$7.3M YTD Budget

\$16.0M

Annual Budget

Capital revenue for the 91 Express Lanes of \$7.3 million was in line with the budget. Capital expenses of \$0.4 million underran the budget by \$6.9 million primarily due to amendment timing for the new Express Lanes Back-Office System (\$5.3 million). The amendment was executed late in the third quarter, and the variance will be resolved in the fourth quarter when anticipated invoices are paid. The remainder of the underrun was associated with the upgrade to the Electronic Toll and Traffic Management System. An invoice was received late in the third quarter, but will be paid in the fourth quarter, reducing this variance.

Motorist Services Program



Operating Revenue

\$5.6M YTD Budget

\$9.6M

Annual Budget

Operating Expense

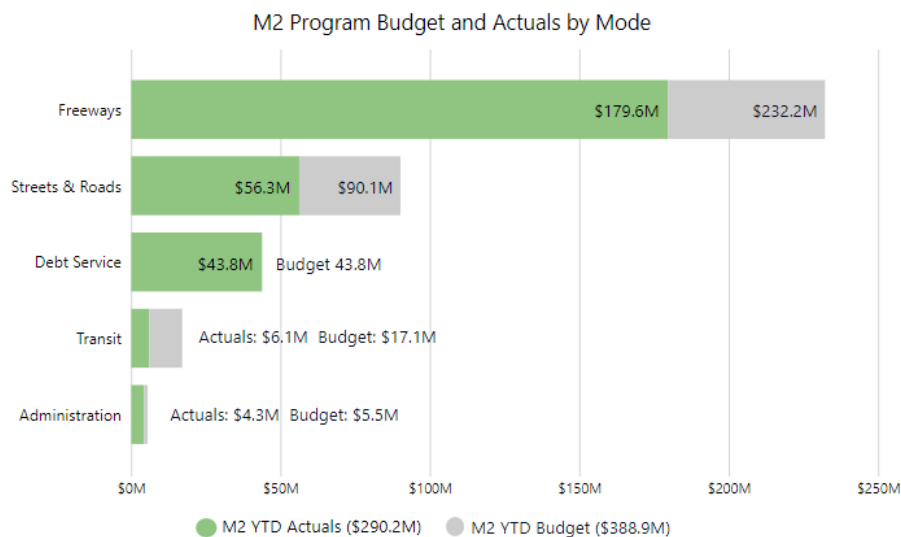
\$5.6M YTD Budget

\$9.6M

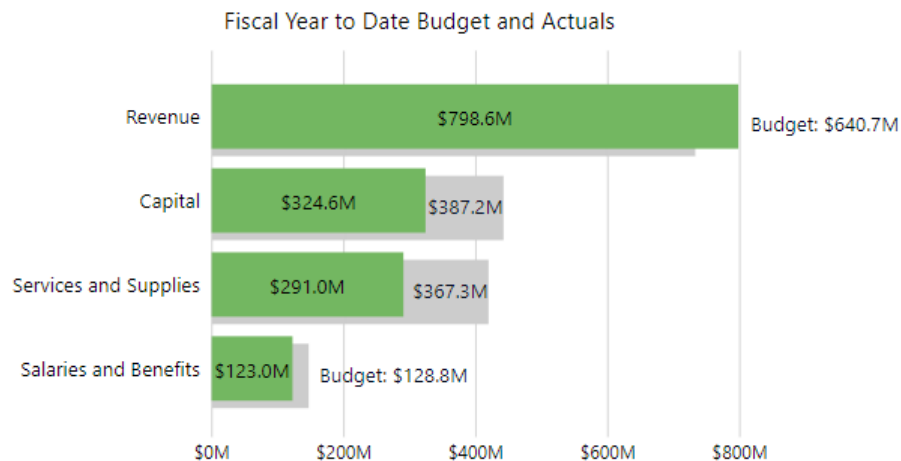
Annual Budget

Motorist Services Program revenue of \$7.7 million exceeded the budget by \$2.1 million, which is the result of prior year operating revenue received in the current FY from the State of California for the Freeway Service Patrol (FSP) Program. Expenses for the program of \$4.5 million underran the budget by \$1.1 million primarily due to lower fuel cost for contracted tow service for the FSP Program (\$0.9 million). Fuel cost for this program is variable, and due to lower fuel costs, invoices received were lower than anticipated. The remainder of the underrun (\$0.2 million) was the result of a California Highway Patrol dispatcher position to support FSP, which will not be paid by OCTA as originally anticipated. Due to availability of California fuel tax funds, the position will be paid for directly by the State.

M2 Program



Total expenses for the M2 Program of \$290.2 million underran the budget by \$98.7 million, primarily due to lower than anticipated project payment requests from local jurisdictions for the Regional Capacity Program (\$30.9 million), Community-Based Transit Circulators Program (\$8 million), Regional Traffic Signal Synchronization Program (\$4.6 million), and Environmental Cleanup Program (\$4.2 million). Additionally, there were less construction and right-of-way (ROW) expenditures compared to the budget through the quarter for the Interstate 405 (I-405) Improvement Project (\$19.5 million), State Route 55 (SR-55) Widening Project from Interstate 5 (I-5) to I-405 (\$17.5 million), and I-5 Widening Project from State Route 73 to El Toro Road (\$8.9 million).

Summary

Overall, revenue of \$798.6 million exceeded the budget by \$157 million, primarily due to the timing of grant revenue including CARES Act funds received based on corresponding expenses (\$75.9 million), greater than anticipated sales tax receipts (\$51.7 million), and earnings on cash reserves (\$23.4 million).

Capital expenses of \$324.6 million underran the budget by \$62.6 million, primarily due to less construction and ROW expenses compared to the budget for the I-405 Improvement Project and the SR-55, I-5, to I-405 project.

Services and supplies expenses of \$291 million underran the budget by \$76.3 million, primarily due to an underrun in contributions to local agencies based on less project payment requests for competitive M2 programs. Additionally, as-needed services and supplies across the programs contributed to the underrun.

Salaries and benefits of \$123 million underran the budget by \$5.8 million, due to vacancies, primarily in the coach operator and administrative groups.

Attachment

A. FY 2020-21 Third Quarter Budget Status Summary

Prepared by:



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

Approved by:

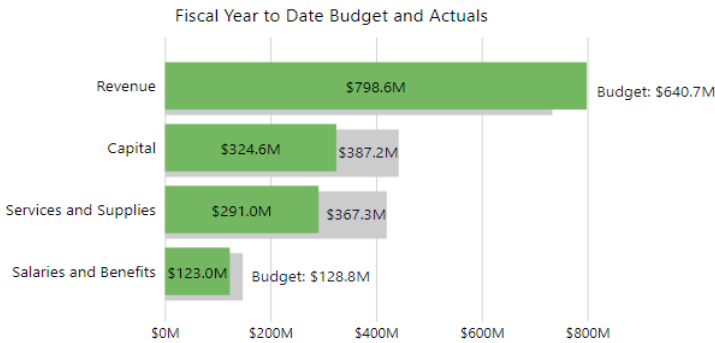
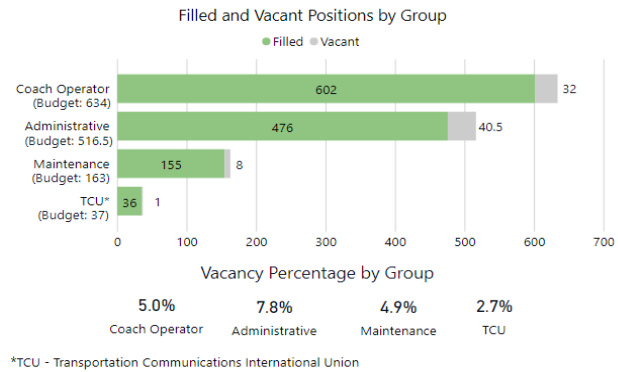
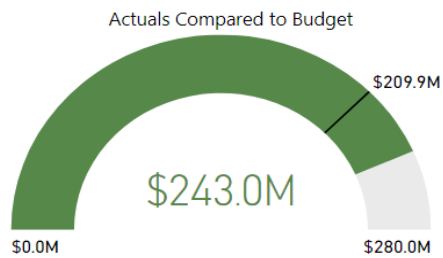
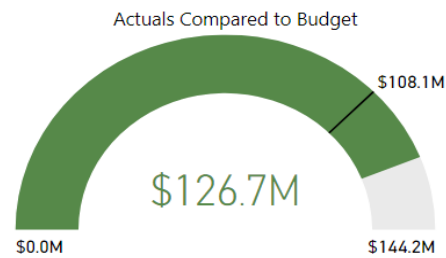
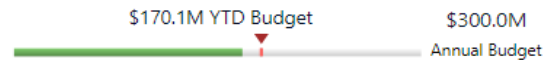
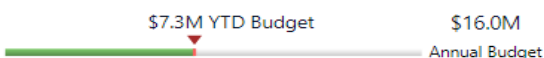
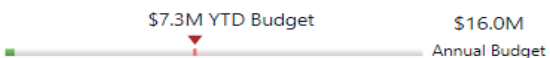
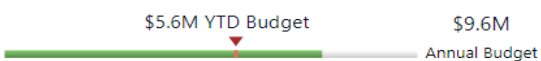
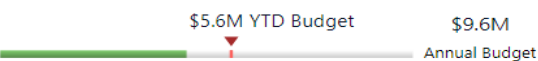


Andrew Oftelie
Chief Financial Officer,
Finance and Administration
(714) 560-5649




FY 2020-21 Third Quarter Budget Status Summary

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

Total Authority**Staffing****Sales Tax Receipts****LTA****LTF****Major Operating Programs****Bus Program****Operating Revenue****Capital Revenue****Operating Expense****Capital Expense****Rail Program****Operating Revenue****Capital Revenue****Operating Expense****Capital Expense****91 Express Lanes Program****Operating Revenue****Capital Revenue****Operating Expense****Capital Expense****Motorist Services Program****Operating Revenue****Operating Expense**



July 28, 2021

To: Finance and Administration Committee  For

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fourth Quarter Fiscal Year 2020-21 Procurement Status Report

Overview

The fourth quarter procurement status report summarizes the procurement activities for information purposes to the Orange County Transportation Authority Board of Directors. This report focuses on procurement activity from April 1 through June 30, 2021, that was approved by the Board of Directors during this period. The fourth quarter procurement status report also projects future procurement activity for the first quarter as identified in the fiscal year 2021-22 budget.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2020-21 Budget on June 8, 2020, which identifies the goods and services that will be purchased during the FY. A quarterly procurement report has been prepared detailing the procurement activity for line items that were approved by the Board during the fourth quarter of FY 2020-21. The report also provides a “look-ahead” of upcoming procurement activity by Board committee. The quarterly procurement report identifies contractual activity, not dollars spent.

Discussion

During the fourth quarter of FY 2020-21, the Contracts Administration and Materials Management Department handled 489 different contractual documents. Of the total, 346 procurements, valued at \$92,877,966, were

completed; the remaining procurements will be executed during the first quarter of FY 2021-22.

In the fourth quarter, the Board acted on 43 procurements. The procurements were split between 12 new agreements valued at \$38,855,184, two amendments valued at \$3,986,105, nine construction change orders valued at \$6,175,155, three cooperative agreements valued at \$21,356,739, nine cooperative amendments valued at \$15,979,411, one sole source agreement valued at \$68,540, and seven option-term amendments valued at \$72,955,463. Not all procurements are completed within the quarter in which they begin. Often, the procurements require cost and price reviews, and negotiations, which can lengthen the procurement process. Procurements not completed within the fourth quarter of FY 2020-21 will be completed in the first quarter of FY 2021-22. Attachment A shows a list of Board-approved procurements during the fourth quarter.

There are several large procurements requiring Board committees' approval throughout the first quarter of FY 2021-22 (July through September 30, 2021) including:

- Consultant selection for the preparation of plans, specifications, and estimates for the State Route 57 Improvement Project from Orangewood Avenue to Katella Avenue
- Consultant selection to provide preliminary engineering and environmental services for the Irvine Station Improvements Project
- Award of sole source agreement for the purchase of bus engines
- Award of agreement for the OC ACCESS and OC Flex Services
- Compressed natural gas fueling facility operations and maintenance
- Contractor selection for back-office system and customer service center operations services for the 405 Express Lanes in Orange County
- Agreements for health insurance services
- Award for public outreach for Interstate 5 Improvements from County Line to Avenida Pico

The estimated value of these first quarter procurements is \$408,596,383. Attachments B through F identify procurement activity anticipated in the first quarter of FY 2021-22 by the committee that will review the items.

Summary

This report provides an update of the procurement activity for the fourth quarter of FY 2020-21, April 2021 through June 2021, as well as a look-ahead at anticipated procurement activity for the first quarter of FY 2021-22. Staff recommends that this report be received and filed as an information item.

Attachments

- A. Board-Approved Contracts – Fourth Quarter FY 2020-2021
- B. Regional Planning and Highways Committee – First Quarter Outlook (July 1, 2021 through September 30, 2021)
- C. Transit Committee – First Quarter Outlook (July 1, 2021 through September 30, 2021)
- D. Finance and Administration Committee – First Quarter Outlook (July 1, 2021 through September 30, 2021)
- E. Legislative and Communications Committee – First Quarter Outlook (July 1, 2021 through September 30, 2021)
- F. Executive Committee – First Quarter Outlook (July 1, 2021 through September 30, 2021)

Prepared by:



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

Approved by:



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

AGREEMENTS

Prime Vendor	Contract #	Contract Description	Eff Date	Exp Date	Amount
Fehr and Peers	C02558	Traffic Simulation Model for Interstate 405 Using the TransModeler Software Platform	6/17/2021	10/31/2022	\$399,887
Transportation Management and Design, Inc.	C02739	Recommendations for Restructuring the OC Bus Fixed-Route Bus System	5/5/2021	4/30/2022	\$549,914
Gamboa Services, Inc. dba Corporate Image Maintenance	C02702	Detail Bus Cleaning and Pesticide Application Services	5/1/2021	4/30/2024	\$1,076,726
AECOM Technical Services, Inc.	C02582	Construction Management Support Services for the SR-55 Improvement Project between I-405 and I-5	9/1/2021	9/30/2025	\$15,000,000
Alta Resources Corp.	C02698	Operate Customer Information Center	7/1/2021	6/30/2024	\$2,980,440
Costin Public Outreach Group	C02104	Public Outreach Consulting Services for the SR-55 Improvement Project between I-405 and I-5	10/1/2021	9/30/2025	\$1,684,990
AECOM Technical Services, Inc.	C02637	Plans, Specifications, and Estimates for the I-5 Widening Project Between I-405 and Yale Avenue	10/1/2021	9/30/2026	\$14,909,950
Golden Gate Construction, Inc.	C13295	Building Repairs at the Garden Grove Bus Base	6/17/2021	9/30/2021	\$222,169
Onyx Paving Company, Inc.	C13294	Disabilities Act-prescribed Access Improvements and Parking Lot Pavement Replacement at the Fullerton Park-and-Ride	6/7/2021	12/7/2021	\$525,000
ADS System Safety Consulting, LLC	C02729	Consulting Services to Review and Update the Current Security Program	6/22/2021	5/31/2023	\$345,692
Kittelson and Associates	C13346	Freeway Chokepoint Improvement Study	7/1/2021	5/31/2023	\$297,337
One Source Distributors	C02731	Ten Battery Chargers for 40-Foot Plug-In Battery-Electric Buses	7/1/2021	12/31/2021	\$863,079
TOTAL NUMBER OF CONTRACTS					12
TOTAL DOLLAR VALUE					\$38,855,184

AMENDMENTS

Prime Vendor	Contract #	Contract Description	Eff Date	Exp Date	Amount
Gillig, LLC	C91836	Amendment No. 1 Configuration Changes on the Up To 165, 40-Foot Compressed Natural Gas-Powered Buses	5/15/2021	12/31/2025	\$1,486,105
HNTB Corporation	C53337	Agreement Term for OC Streetcar Project Design Support Services During Construction	6/14/2021	6/30/2022	\$2,500,000
TOTAL NUMBER OF AMENDMENTS					2
TOTAL DOLLAR VALUE					\$3,986,105

Board-Approved Contracts - Fourth Quarter FY 2020-2021

CONTRACT CHANGE ORDERS

Prime Vendor	Contract #	Contract Description	Eff Date	Exp Date	Amount
OC 405 Partners	C53843	Contract Change Order No. 68.2 Additional Environmental Monitoring Services	5/26/2021	12/31/2025	\$75,000
OC 405 Partners	C53843	Contract Change Order No. 89 Incorporate Lighting Management System Specifications	5/12/2021	12/31/2025	\$578,348
OC 405 Partners	C53843	Contract Change Order No. 90 Construct the Bolsa Chica Road Community Wall	5/12/2021	12/31/2025	\$867,349
OC 405 Partners	C53843	Contract Change Order No. 91 Provide Additional Traffic Signal Equipment at Multiple Intersections	5/12/2021	12/31/2025	\$418,620
OC 405 Partners	C53843	Contract Change Order No. 92 Mitigate a Right-of-Way Encroachment	5/12/2021	12/31/2025	\$995,000
Walsh Construction Company II, LLC	C71904	Contract Change Order No. 52.1 Over-excavation of Unsuitable Soils for the Construction of the OC Streetcar Project	6/21/2021	10/8/2022	\$540,000
Walsh Construction Company II, LLC	C71904	Contract Change Order No. 4.3 Address Utility Conflicts for the Construction of the OC Streetcar Project	6/21/2021	10/8/2022	\$2,000,000
OC 405 Partners	C53843	Contract Change Order No. 99 Design and Construct Intersection and Sidewalk Improvements at Garden Grove Boulevard and I-405 Northbound Off-ramp	8/1/2021	12/31/2025	\$470,000
OC 405 Partners	C53843	Contract Change Order No. 101 Remove an Encroaching Building Overhang Adjacent to the Magnolia Street Northbound On-ramp	8/1/2021	12/31/2025	\$230,838
TOTAL NUMBER OF AMENDMENTS					9
TOTAL DOLLAR VALUE					\$6,175,155

COOPERATIVE AGREEMENTS

Prime Vendor	Contract #	Contract Description	Eff Date	Exp Date	Amount
City of San Juan Capistrano	C13410	Plans, Specifications, and Estimates for the Ortega Highway Widening Improvements from Calle Entradero to Reata Road	5/20/2021	6/30/2024	\$5,250,000
County of Orange	C13446	Senior Non-Emergency Medical Transportation Program	9/1/2021	6/30/2026	\$16,016,424
County of Orange	C13535	Operation, Maintenance, and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System	7/1/2021	6/30/2022	\$90,315
TOTAL NUMBER OF COOPERATIVE AGREEMENTS					3
TOTAL DOLLAR VALUE					\$21,356,739

Board-Approved Contracts - Fourth Quarter FY 2020-2021

COOPERATIVE AMENDMENTS

Prime Vendor	Contract #	Contract Description	Eff Date	Exp Date	Amount
Riverside County Transportation Commission	C53828	Amendment No. 6 Reimbursement of Shared Operation Expenses	7/1/2021	6/30/2022	\$931,300
Anaheim Transportation Network	C71760	Amendment No. 2 Pass Through of American Rescue Plan Act of 2021 Funding	6/8/2021	6/30/2022	\$3,504,231
City of Laguna Beach	C81679	Amendment No. 2 Pass Through of American Rescue Plan Act of 2021 Funding	7/1/2021	6/30/2022	\$430,821
County of Orange, Orange County Sheriff's Department	C02330	Amendment No. 2 Increase Maximum Obligation for Transit Police Services	7/1/2021	6/30/2022	\$11,113,059
North County Senior Services, LLC dba Acacia Adult Day Services	C81917	Amendment No. 2 Adjust the Per Trip Rate for the Provision of Transportation Services	7/1/2021	6/30/2022	\$0
Alzheimer's Family Center	C81918	Amendment No. 2 Adjust the Per Trip Rate for the Provision of Transportation Services	7/1/2021	6/30/2022	\$0
Alzheimer's Orange County	C81919	Amendment No. 2 Adjust the Per Trip Rate for the Provision of Transportation Services	7/1/2021	6/30/2022	\$0
Community SeniorServ dba Meals on Wheels Orange County	C81920	Amendment No. 2 Adjust the Per Trip Rate for the Provision of Transportation Services	7/1/2021	6/30/2022	\$0
Orange County Adult Achievement Center dba My Day Counts	C81921	Amendment No. 2 Adjust the Per Trip Rate for the Provision of Transportation Services	7/1/2021	6/30/2022	\$0
TOTAL NUMBER OF COOPERATIVE AMENDMENTS					9
TOTAL DOLLAR VALUE					\$15,979,411

SOLE SOURCE

Prime Vendor	Contract #	Contract Description	Eff Date	Exp Date	Amount
Power Test, Inc.	A46961	Transmission Dynamometer Upgrade	5/12/2021	10/31/2021	\$68,540
TOTAL NUMBER OF SOLE SOURCE					1
TOTAL DOLLAR VALUE					\$68,540

OPTION YEARS

Prime Vendor	Contract #	Contract Description	Eff Date	Exp Date	Amount
Sperry Capital, Inc.	C72137	Amendment No. 2 Exercise Option Term to Provide Financial Advisory Services	5/21/2021	4/30/2023	\$400,000
Becnel Uniforms	C61442	Amendment No. 2 Exercise Second Option Term for Continued Uniform Supply Services	7/1/2021	6/30/2022	\$50,000
Katz & Associates, Inc.	C61526	Amendment No. 8 Exercise One-Year Option Term for Continued Public Outreach Services	6/1/2021	5/31/2022	\$465,634
Cabco Yellow, Inc.	C81440	Amendment No. 3 Exercise the Second Option Term Continue Providing Same Day Taxi Service	9/1/2021	8/31/2022	\$1,825,309
First Transit, Inc.	C41737	Amendment No. 14 Exercise Second Two Year Option Term to Provide Contracted Fixed-Route Service	6/1/2021	6/10/2023	\$69,714,520
APR Consulting, Inc.	C81593	Amendment No. 1 to Exercise the First Option term for Continued Temporary Staffing Services	11/1/2021	10/31/2023	\$500,000 (Aggregate)
ManpowerGroup US		Amendment No. 2 to Exercise the First Option term for Continued Temporary Staffing Services	11/1/2021	10/31/2023	\$500,000 (Aggregate)
TOTAL NUMBER OF AMENDMENTS					7
TOTAL DOLLAR VALUE					\$72,955,463

REGIONAL PLANNING and HIGHWAYS COMMITTEE - First Quarter Outlook (July 1, 2021 through September 30, 2021)

<u>Committee Date</u>	<u>Item Description</u>	<u>Estimated Value</u>	<u>Division</u>
July 1, 2021	Consultant Selection for the preparation of plans, specifications, and estimates for the State Route 57 Improvement Project from Orangewood Avenue to Katella Avenue	\$5,994,650	Capital Programs
	Contract Change Orders for the Interstate 405 Improvement Project from State Route 73 to Interstate 605	\$470,000	Capital Programs
August 2, 2021	Cooperative Agreement with the California Department of Transportation for the State Route 55 Improvement Project from Interstate 5 to State Route 91	\$450,000	Capital Programs
	Cooperative Agreement for the Alton Parkway for the Regional Traffic Signal Synchronization Project between OCTA and the cities of Irvine and Lake Forest	\$759,557	Planning
	Cooperative Agreement for the First Street/Bolsa for the Regional Traffic Signal Synchronization Project between OCTA and the cities of Santa Ana, Huntington Beach, Tustin, Westminster, County of Orange	\$774,378	Planning
	Cooperative Agreement for Portola Parkway for the Regional Traffic Signal Synchronization Project between OCTA and cities of Lake Forest, Mission Viejo, and Rancho Santa Margarita	\$575,550	Planning
September 2, 2021	None		

TRANSIT COMMITTEE - First Quarter Outlook (July 1, 2021 through September 30, 2021)

<u>Committee Date</u>	<u>Item Description</u>	<u>Estimated Value</u>	<u>Division</u>
July 8, 2021	Consultant Selection to Provide Preliminary Engineering and Environmental Services for the Irvine Station Improvements Project	\$4,499,328	Capital Programs
	Cooperative Agreement with the Southern California Regional Rail Authority for the Irvine Station Improvements Project	\$0	Capital Programs
	Contract Change Orders for Utility Exploratory Potholing for the Construction of the OC Streetcar Project	\$1,100,000	Capital Programs
	Award of Sole Source Agreement for the Purchase of Bus Engines	\$12,552,894	Operations
August 12, 2021	Contract Change Orders for Traction Power Substation, Traffic Signal Interconnects, Maintenance Storage Facility Permit Drawings, Supplemental Hazardous / Contaminated Soils Pacific Electric Right-of-Way & Treated Wood Waste, Utility Exploratory Excavation, Optic Backbone Network System Redundancy for the OC Streetcar Project	\$6,000,000	Capital Programs
	Award of Agreement for the OC ACCESS and OC Flex Services	\$215,038,673	Operations
September 9, 2021	Compressed Natural Gas Fueling Facility Operations and Maintenance	\$5,581,353	Operations

FINANCE AND ADMINISTRATION COMMITTEE - First Quarter Outlook (July 1, 2021 through September 30, 2021)

<u>Committee Date</u>	<u>Item Description</u>	<u>Estimated Value</u>	<u>Division</u>
July 14, 2021	Contractor Selection for Back-office System and Customer Service Center Operations Services for the 405 Express Lanes in Orange County	\$133,000,000	Executive
July 28, 2021	None		
August 11, 2021	Agreements for Health Insurance Services	\$21,500,000	Human Resources & Organizational Development

LEGISLATIVE AND COMMUNICATIONS COMMITTEE - First Quarter Outlook (July 1, 2021 through September 30, 2021)

<u>Committee Date</u>		<u>Item Description</u>	<u>Estimated Value</u>	<u>Division</u>
July 15, 2021	None			
August 19, 2021	None			
September 16, 2021	Award for Public Outreach for Interstate Improvements from County Line to Avenida Pico	5	\$300,000	External Affairs

EXECUTIVE COMMITTEE - First Quarter Outlook (July 1, 2021 through September 30, 2021)

<u>Committee Date</u>	<u>Item Description</u>	<u>Estimated Value</u>	<u>Division</u>
July 1, 2021	None		
August 2, 2021	None		
September 2, 2021	None		



July 28, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Contractor Selection for the Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County

Overview

On June 22, 2020, the Orange County Transportation Authority Board of Directors approved the release of a request for proposals to retain contractor services to provide the back-office system and customer service center operations for the 405 Express Lanes in Orange County. Board of Directors' approval is requested for the selection of a firm to perform the required work.

Recommendations

- A. Approve the selection of WSP USA Services Inc., as the firm to provide the back-office system and customer service center operations services for the 405 Express Lanes in Orange County.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-0-2690 between the Orange County Transportation Authority and WSP USA Services Inc., in the amount of \$110,981,893, to provide the back-office system and customer service center operations services for the 405 Express Lanes in Orange County, for an initial term up to eight and a half years, with one three-year, and one two-year option terms.

Discussion

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation, is implementing the design-build Interstate 405 (I- 405) Improvement Project (DB 405) between State Route 73 (SR-73) and Interstate 605 (I-605). The 405 Improvement Project will add one general purpose lane from Euclid Street to I-605, consistent with Measure M2 Project K, and will add an additional lane in each direction that

would combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction on I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes (405EL). The 405EL is a greenfield toll facility with no existing history.

On October 12, 2015, the OCTA Board of Directors (Board) approved assumptions for the 405EL as described in the 405EL Toll Policy and Finance Plan Decisions Document (Decisions Document). This document identified that the facility would operate in a manner similar to the 91 Express Lanes (91EL) with all-electronic tolling using transponders and with the same account types and violation process. On May 23, 2016, the Board approved the 405EL Toll Policy and Preliminary Finance Plan using the operating assumptions outlined in the Decisions Document.

This project includes the design, development, implementation, and maintenance of the back-office system (BOS) and customer service center (CSC) operations for the 405EL (Project). The BOS retrieves data from the in-lane Electronic Traffic and Toll Management System and charges to the customer account or establishes a violation for the trip, if applicable. In addition, the contractor will be responsible for the day-to-day operations for the 405EL, including the following toll-related services:

- Back-office software system
- Hardware and software monitoring and maintenance
- Telephone system and other customer contact systems
- Customer service
- Violations processing and collections
- Customer account management
- Payments and other mail processing
- Revenue collections and transaction processing
- Financial management, reconciliation, and settlement
- Transponder inventory management

Although the 405EL is not anticipated to go live until calendar year 2023, the contractor will design, develop, install, and test the BOS prior to that time. In addition, contractor efforts for mobilization of the CSC operations, including staff recruitment and training, and all other services required for the opening of the customer service operations, will also be taken into account in the Project schedule.

Procurement Approach

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

The Project had previously been introduced to the tolling industry through an industry forum, held at OCTA's administrative offices to gauge industry interest and gather its input for potential incorporation into the request for proposals (RFP) documents, and inform potential proposers of OCTA's requirements.

On June 22, 2020, the Board authorized the release of RFP 0-2352 which was electronically issued on CAMM NET. Based upon insufficient competition for this procurement, General Counsel notified the Board that after consultation with Executive Management, it would be in the best interest of OCTA to cancel RFP 0-2352 in November 2020. The new approach was to issue a new RFP after conducting additional industry outreach in the hopes of obtaining more participation. After conducting substantial industry outreach, RFP 0-2690 was issued on December 10, 2020. The project was advertised on December 10 and December 17, 2020, in a newspaper of general circulation, and in trade magazines. A pre-proposal conference was held on January 5, 2021, with 47 attendees representing 19 firms. Twelve addenda were issued to make available a copy of the pre-proposal conference registration sheets and presentation, respond to questions received, and handle administrative issues related to the RFP.

On March 22, 2021, three proposals were received. A responsiveness evaluation was conducted on all proposals. As a result, one firm was found to be non-responsive for failure to meet the Disadvantaged Business Enterprise (DBE) participation goal or demonstrate sufficient good faith effort (GFE) as required by the Transportation Infrastructure Finance and Innovation Act, a United States (U.S.) Department of Transportation funding program, which is providing funding for the Project. The DBE goal established for this Project was three percent. The non-responsive firm did not commit to any DBE participation and did not demonstrate GFE, which resulted in the elimination of the firm's proposal from the evaluation process.

An evaluation committee consisting of staff from OCTA's Express Lanes Programs and Highways departments, as well as external representatives from the Metropolitan Transportation Commission, Kansas Turnpike Authority, and Santa Clara Valley Transportation Authority met to review the remaining two proposals.

The proposals were evaluated based on the following Board-approved evaluation criteria and weights.

Qualifications, Related Experience, and References of the Firm	15 percent
Staffing and Project Organization	15 percent
Implementation Work Plan and Technical Approach to BOS	30 percent
CSC Operations Work Plan and Approach	20 percent
Cost and Price	20 percent

Several factors were considered in developing the criteria weights. The criteria for qualifications of the firm, related experience, and references, as well as staff and project organization were assigned a weight of 15 percent each to emphasize the equal importance of the experience of the firm in handling similar work, and the staff's understanding of, and similar experience to, the Project, its challenges, and the approach to implementing the various elements of the scope of work. Implementation work plan and technical approach together were given a combined weight of 30 percent due to the highly technical requirements of the BOS' software and its architecture. CSC operations work plan and approach were given a weight of 20 percent due to the importance of successfully carrying out the day-to-day operations of the toll facility and managing customer services. Cost and price was weighted at 20 percent to ensure competitive price proposals are submitted for the delivery of services over the term of the agreement.

On May 4, 2021, the evaluation committee reviewed the two proposals based on the evaluation criteria and found both firms qualified to perform the required services. The qualified firms are listed below in alphabetical order:

Firm and Location

Cofiroute USA, LLC (CUSA)
Irvine, California

WSP USA Services Inc. (WSP)
Orange, California

On May 19, 2021, the evaluation committee conducted interviews with the two firms. Each firm demonstrated their proposed BOS and had the opportunity to present its approach for accomplishing the requested services and demonstrate the detailed capabilities and various aspects of its BOS solution and approach to CSC operations in supporting the Project's requirements. Each firm presented its key team members, qualifications, and roles on the Project. During the interview, each firm also described its understanding of the requirements of the Project in the areas of design, implementation, operation, and maintenance of its proposed BOS and CSC operations. In addition to answering questions of a general nature, both firms also answered specific clarifying questions related to their respective proposals relative to staffing, the scope of work, and requirements.

After considering the firms' solutions, demonstrations, and responses to the questions asked during the interviews, the evaluation committee adjusted the preliminary scores for the two firms. However, WSP remained as the top-ranked firm with the higher cumulative score.

On May 27, 2021, a request for best and final offer (BAFO) was issued to the firms to secure the best pricing for these services. On June 10, 2021, the evaluation committee reconvened to review the BAFO pricing. As a result of this review, there was no change to the ranking, although both firms lowered their total prices for the initial term of the agreement and the two option terms by approximately three percent each.

Based on the evaluation of written proposals, the information obtained from interviews, and the BAFO, it is recommended that WSP be selected as the top-ranked firm to provide the BOS and CSC operations for the 405EL. The following is a summary of the proposal evaluation results:

Qualifications, Related Experience, and References of the Firm

The two firms were found to be qualified to perform the types of services requested by the RFP. The firms demonstrated experience and understanding of the scope of work and the Project's needs in the areas of BOS development and CSC operations. Both firms are knowledgeable about California tolling laws and environment and have familiarity with the California Toll Operators Committee agencies. Both firms are established with relevant experience and resources.

With over 56,000 employees globally and 150 offices across the U.S., WSP provides the program management expertise for establishing the management, logistics, technology implementation (including performing transitions into live operations), personnel, and operating functions necessary to provide 24-hour operations services for public- and private-sector clients. WSP offers experience gained from more than 80 years of participation in toll road, transportation, and traffic management projects.

WSP's services provided on the E-470 Public Highway Authority project have encompassed the full project lifecycle from planning, design, and construction management of the roadside infrastructure for the initial segment of the E-470 toll road and subsequent expansion of this toll highway around the City of Denver, Colorado. In addition, WSP has been operating the CSC for E-470 since 1997. For the E-470 project, WSP scope of services entails operation of the service center, which handles all customer contacts, consisting of calls, emails, mail, and walk-in customers. WSP also handles violations processing which includes disputes, hearing scheduling, vehicle registration holds, general inquiries, and administrative court processing, as well as managing transponder inventory and fulfillment. For 2019, the service center was supporting over 991,000 active accounts with over 1.8 million active transponders, 90.2 million annual transactions, and servicing over one million calls annually, with customer satisfaction levels at 98.9 percent and first call resolution at 98.8 percent.

WSP operates the Minnesota Department of Transportation (MnPASS) CSC. WSP developed, transitioned, and delivered the new BOS and is currently maintaining and operating the electronic tolling collection account management system for customers of the MnPASS Program, which encompasses toll facilities on Interstate 394, Interstate 35W, Interstate 35E, and future additions to the MnPASS system. WSP also staffs the CSC and provides the image processing for the Northwest Parkway CSC.

WSP has proposed Electronic Transaction Consultants, LLC (ETC) part of its proposed Project team to provide the BOS software solution and related maintenance and support during the Operations and Maintenance (O&M) phase. Founded in 1999, ETC is a provider of electronic toll collection systems and services, including BOS development and implementation. ETC services three of the top 15 toll authorities in North America, with eight active toll systems and five BOS. Since 2001, ETC has been delivering and maintaining the BOS for the Harris County Toll Road Authority (HCTRA) in the City of Houston, Texas. After going through a competitive procurement, ETC was awarded a contract for the design, development, and implementation of the new BOS for which it

received final acceptance from HCTRA in 2018. The International Bridge, Tunnel and Turnpike Association awarded ETC the 2019 Toll Excellence Private Sector Award for the development of a centralized interoperable hub across seven participating toll agencies in three states, paving the way towards national interoperability.

As another key part of the WSP-proposed team, TTEC Government Solutions, LLC (TTEC) will provide the omni-channel communications platform WebEx Contact Center for the customer contact functionality of the BOS. TTEC is a technology innovator with more than 120+ patents for omni-channel communication and customer journey orchestration and specializes in contact center analytics, artificial intelligence and machine learning, bot utilization and learning, and system integration with clients such as the Massachusetts Department of Labor, the Los Angeles Department of Water and Power, and several Fortune 500 companies.

Clients of WSP and ETC provided favorable references and feedback for recent work performed by the firms.

CUSA is part of the VINCI Group, one of the largest concessions and construction groups in the world, which employs more than 220,000 people in more than 100 countries. CUSA is a tolling and express lanes operator specializing in the management, operation, and maintenance of express lanes systems. CUSA brings forth experience in BOS and CSC implementation and operations. CUSA has been the operator for the 91EL since OCTA purchased the franchise rights from the California Private Transportation Company (CPTC) in 2003. Furthermore, CUSA was part of CPTC's consortium in the 1990s that was selected to finance, develop, and operate the 91EL. CUSA currently has 201 employees in California and Texas.

As a major subcontractor to CUSA, TollPlus will be responsible for delivering the BOS for the 405EL. TollPlus, founded in 2009, specializes in BOS deployment and customization for electronic toll collection. CUSA and TollPlus have worked together for over a decade on similar scopes of work, jointly designing, implementing, and maintaining BOS and CSC operations projects, including the current 91EL BOS and CSC operations for both OCTA and the Riverside County Transportation Commission (RCTC) segments. On November 25, 2019, CUSA and TollPlus were selected to provide BOS and CSC operations for the 91EL in Orange and Riverside counties. CUSA and TollPlus have also jointly worked on the design, development, integration, and transition of Pay by Mail BOS and CSC operations for the Central Texas Regional Mobility Authority/Northeast

Texas Regional Mobility Authority. In 2018, TollPlus was selected by North Texas Tollway Authority to design, implement, and maintain a new BOS. The system was deployed in January 2021.

Clients of CUSA and TollPlus provided positive references and feedback for recent work performed by the firms.

Staffing and Project Organization

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

WSP has proposed experienced and qualified teams for both the BOS implementation and O&M phases. WSP brings forth a project team that has direct relevant experience. The proposed project manager has 15 years of wide-ranging experience and knowledge relating to the tolling industry and systems. He served as a project manager for the San Diego Association of Governments Interstate 15 Express Lanes Toll System Implementation and Operations Project. He has detailed knowledge of the DB 405 and a keen awareness of the criticality of project delivery dates. Before his recent hire by WSP, he worked for Parsons Transportation Group, Inc., as a tolling industry expert supporting OCTA on both the 91EL and 405EL projects. The other proposed key personnel also bring extensive experience from similar projects across the U.S. The tolling software technology manager, who will lead the technical team in delivering the BOS application, has delivered 11 major toll projects, ranging from \$10 million to \$100 million. The proposed CSC manager has recent experience as the operations manager for the Los Angeles County Metropolitan Transportation Authority, Express Lanes Electronic Tolling Project, and led the implementation efforts to launch the project and hired a staff of 130 employees. All proposed key personnel from WSP have at least ten years of experience, with six having over 20 years of experience. All of the proposed key personnel from ETC have at least 17 years of experience.

In addition to identifying key personnel in the required area of expertise, WSP proposed other resources, including additional key personnel, helping to ensure the Project will be completed to meet critical deadlines and for overall successful delivery of the Project. WSP's team includes a BOS tolling application quality assurance (QA) manager, who serves as a subject matter expert (SME) and as an accounting system architect to ensure accurate accounting workflow and entries for the BOS for HCTRA. WSP proposes to have a facility design team that will be engaged to assist OCTA with the conceptualization and

implementation of the new CSC to create an effective and efficient workspace that is designed and built to support day-one staffing needs and planned for future growth.

WSP lists availability and time commitment of key personnel proposed to work on the Project in percentage of time, with the vast majority showing 100 percent availability and commitment, including local presence throughout the Project term. WSP team's interview and demonstration supported the team's relevant experience, staffing, technical approach, and project understanding and demonstrated cohesion and clear demarcations of responsibilities.

CUSA has proposed capable teams for both the BOS implementation and O&M phases, with most key personnel having direct relevant experience. The proposed project manager for the BOS implementation and O&M phases has five years of experience in the toll industry and currently serves as the project manager for the 91EL, providing oversight of the day-to-day operations for both the OCTA and RCTC segments. During his tenure as the 91EL operations project manager since 2016, he successfully oversaw the expansion of the CSC operations as a result of the extension of the 91EL into Riverside County and successfully managed the 6C transponder protocol conversion program.

However, some of the proposed key personnel did not demonstrate the required experience. The CSC operations manager in the implementation phase brings forth nearly 30 years of experience in CSC operations; however, she has limited tolling industry experience. The proposed QA manager for both phases currently serves as the roadside coordinator for the 91EL Traffic Operations Center but has limited QA experience. CUSA's interview and demonstration supported the firm's relevant experience, staffing, technical approach, and Project understanding. However, after the interviews, questions remained about the risk involved in CUSA's plan to promote employees from within with limited or no directly-relevant experience for key positions and utilizing employees who are currently supporting the 91EL operations.

Implementation Work Plan and Technical Approach to BOS

Both firms met the requirements of the RFP, and each firm adequately discussed its technical approach and work plan for the delivery of the BOS, including the design, development, installation, operations, and maintenance, and how each firm will accomplish the Project's objectives and overall schedule.

The WSP team proposed a fully cloud-native solution that leverages a tightly integrated BOS, contact center, and business applications residing within a multi-cloud framework, making it highly redundant, secure, and scalable. The BOS is comprised of the underlying technology environments: ETC's tolling software solution, riteHorizon, and the contact center omni-channel solution provided by TTEC. The riteHorizon BOS solution is a unified suite of comprehensive tolling specific modules that is integrated with enterprise resource planning and customer relations management. RiteHorizon has a library of over 136 pre-built report templates and is capable of ad hoc reporting, using drag and drop. In addition, the dashboard provides real-time snapshots of operational statuses. The system supports a variety of prepaid and post-paid account types and provides capability to implement various discount plans at the account or vehicle level. As part of its financial module, the system allows for comprehensive reconciliation and auditability, having multiple reconciliation points to ensure the operating system data reconciles with the financial ledger. Having prior experience of cloud deployments, WSP's team plans to have processes and procedures in place detailing the recurring support and maintenance activities for the cloud environment. During the interview, WSP provided a live system demonstration of certain key components of the BOS, including account opening, transaction workflow and management features, case management, violation dispute, and performance monitoring and reporting, demonstrating the system's capabilities.

With an emphasis on security and disaster recovery (DR), the WSP team plans to develop a detailed System Security Plan and Vulnerability Management Policy, which describes all systems and services that will undergo monthly vulnerability scans and the associated assessments and remediation activities and timelines. WSP proposes to utilize call guard software to ensure that the necessary safeguards around personal cardholder data and live customer service representatives (CSR) handling of the data are in place. This includes dial tone multi-frequency masking and audio redaction capabilities to ensure no cardholder data makes it to the call recordings. In terms of DR, WSP proposes to assign a DR manager to the Project to ensure ownership and coordination of activities across the technical teams and CSC operations staff. The DR manager will be responsible for maintaining the DR plan and executing quarterly DR tests.

CUSA's proposed system is an end-to-end toll management solution with Customer Relationship Management (CRM) capabilities, which integrates with the interactive voice response system (IVR), interoperable agencies, and other third-party interfaces. The solution will be hosted on the cloud and be highly redundant, secure, and scalable. Its modular architecture allows components to

be changed independently without adversely affecting another component. During the interview, CUSA provided a live system demonstration of certain key components of the BOS, including account opening, transaction workflow, case management, violation dispute, and performance monitoring and reporting, demonstrating the system's capabilities.

CUSA provided a comprehensive BOS implementation work plan and technical approach, which incorporates management of key project activities and deliverables to ensure on-time delivery of the BOS. Its detailed narrative demonstrated a clear understanding of the Project's requirements. Since the requirements of the 405EL BOS are similar to the 91EL BOS, CUSA will not need to make major modifications to the BOS to deploy it on the 405EL. CUSA knows OCTA's business rules gained through its experience operating the 91EL. As a result, CUSA proposes to address any existing business rules that differ from the 91EL, or any new rules that need to be adopted specifically for the 405EL.

CSC Operations Work Plan and Approach

Both firms discussed their work plans and approaches to CSC operations in meeting the Project's requirements. The firms identified approaches to continuous improvement through the term of the agreement. Both firms understand the California tolling environment and can incorporate their knowledge and experience into the CSC operations.

WSP's approach to CSC operations is customer centric, focusing on creating the best experience for the customer. WSP proposes to use a variety of platforms, e.g., chat, chatbots, SMS text, email, social media, and phone for customer engagement leveraging proven systems and technology and using artificial intelligence to improve the customer experience. During the interview as part of the violation dispute demonstration, WSP presented its IVR System. By using voice and chat artificial intelligence and integration to the BOS, it can direct callers to the website or escalate to a live agent for more challenging tasks resulting in faster resolution of customer issues. WSP proposes to actively monitor all interactions for predictive insights and use speech analytics to identify solutions to improve efficiencies and optimize customer satisfaction. Due to the ease of transferring between the different omni-channel platforms, WSP proposes to have CSRs be cross-trained to interact through the various platforms. WSP proposes to deploy technology which will allow customers to sign up for appointment and services online, via text message or electronic registration. Call and text alerts can be sent to customers reminding them of their

appointment and customers will be able to see wait times at the walk-in center in advance of their arrival.

In addition to using technology to optimize the customer experience, WSP plans to adopt best practices to maintain a high-quality customer experience and evaluate the CSRs performance daily and in many cases, intraday. WSP plans to use the Knowledge Management System (KMS) so that the CSRs are providing uniform information and processes and are relying on the KMS for the most current information. Demonstrating an understanding of the demographic area of the 405EL, WSP has set a goal for the CSR workforce to be bilingual with about 20 percent with high proficiency in Spanish and about seven percent with high proficiency in Vietnamese for the CSC, in addition to the availability of third-party live translation services. WSP proposes to implement a Key Performance Indicators (KPI) / Service Level Agreements (SLA) dashboard to track its operational performance and its ability to meet the KPIs. Having deployed this dashboard on another project, WSP proposes to utilize the dashboard to improve performance on this Project. WSP further proposes to employ innovative incentives to motivate the CSRs.

As part of the risk mitigation strategies, WSP proposes to create a “hyper-care” team to implement and exercise detailed checklists of all ramp-up activities to ensure readiness of go-live. This hyper-care team will continue after go-live to validate processes, assess BOS functionality and stability, and to reconcile the data to ensure the protection of the revenue stream. In addition, WSP proposes to deploy additional SMEs on the floor to support the customer service staff during initial go-live.

CUSA’s approach to project management and planning of CSC operations proposes to utilize project management plan, operations plan, and other process controls to ensure effective project management, a seamless transition from the implementation phase, and support to ongoing project management during the O&M phase. CSC SMEs are proposed to be involved with the design of the BOS and in reviewing business rules and performing system walk-throughs, allowing for potential opportunities for system improvements. CUSA proposes to conduct multiple workshops, prepare comprehensive plans and documentation, and perform testing and validation to ensure operational readiness of the system. CUSA proposes to implement best practices for security policies and procedures to adhere to Personally Identifiable Information and PCI regulations and standards. CUSA, in its role as the current 91EL operator, has a proven history of strong internal control processes related to financial management.

CUSA proposes all staff at all levels of the organization undergo a Lean Six Sigma (LSS) white belt course and certification so that the team member is equipped with a basic understanding of LSS principles. In addition, CUSA proposes the creation of an LSS process team, where the team is made up of representatives from each functional group, as well as management and an LSS leadership team to discuss process for improvements.

Cost and Price

Cost was weighted at 20 percent of the overall score. Both firms submitted the detailed price proposals as requested for the initial and option terms of the contract, as required by the terms of the RFP. However, contract award is for the price of the initial term only. Option terms will be exercised with Board approval at a future date.

Pricing scores were based on a formula which assigned the higher score to the firm with the lower total price and scored the other proposal's total price based on its relation to the lower total price. The total price was solicited separately from the firm's technical proposal, evaluated, and scored. The pricing received for the initial term was reviewed relative to OCTA's independent cost estimate (ICE) for the same term. Total price is summarized below:

Firm	Initial Term	Option Term 1	Option Term 2	Total Price
CUSA	\$102,895,469	\$51,106,537	\$38,402,200	\$192,404,206
WSP	\$110,981,893	\$50,267,417	\$36,556,251	\$197,805,561
OCTA ICE	\$105,510,100	N/A	N/A	

While the price proposed for the initial term, after the BAFO, by WSP was \$8,086,424 higher than CUSA's price, the firm's qualifications in the planning, technical, and operational aspects of the work, and on-site staff availability of experts support the higher price. WSP's proposed price for the initial term was about five percent above OCTA's ICE of \$105,510,100, and is inclusive of all requirements of the RFP and thus considered fair and reasonable.

Procurement Summary

Based on the evaluation of the written proposals, the firm's experience, the team's qualifications, the BOS implementation and technical approach, CSC operation work plan, cost and price, information obtained from the interviews, and the BAFO, the evaluation committee recommends the selection of WSP as

the top-ranked firm to provide the BOS and CSC operations services for the 405EL in Orange County.

Although WSP's pricing was higher than CUSA's, the evaluation committee recommends WSP as the top-ranked firm for the following reasons:

- WSP and ETC have a larger and more diversified portfolio of BOS tolling deployments and customer service center operations.
- WSP and ETC proposed staff that are highly qualified and have more relevant experience with the Project's requirements.
- WSP's team highlighted their integrated BOS solution and its experience deploying cloud-based solutions.
- WSP's team emphasized the innovation and robustness of the proposed BOS solution.
- WSP's BOS and CSC approach is customer centric, emphasizing optimization of the customer experience and satisfaction.

Fiscal Impact

Funding of the first year of BOS implementation is included in OCTA Fiscal Year 2021-22 Budget, 405EL Account No. 0037-9028-A9510-1GO and will be budgeted in the following year. Funding for the O&M phase will be included in the 405EL budget for the subsequent years.

Summary

Staff recommends Board of Directors approve the Chief Executive Officer to negotiate and execute Agreement No. C-0-2690 between the Orange County Transportation Authority and WSP USA Services Inc., in the total amount of \$110,981,893, to provide the back-office system and customer service center operations services for the 405 EL in Orange County, for an initial term of up to eight and a half years, with one three-year, and one two-year option terms.

Attachments

- A. Review of Proposals, RFP 0-2690 Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County
- B. Proposal Evaluation Criteria Matrix, RFP 0-2690 Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County
- C. Contract History for the Past Two Years, RFP 0-2690 Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County

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Review of Proposals

RFP 0-2690 Back-Office System and Customer Service Center Operation Services for the 405 Express Lane in Orange County

Presented to the Finance and Administration Committee on July 14, 2021

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

Overall Ranking	Overall Score	Firm & Location	Subcontractors	Evaluation Committee Comments	Price for Initial Term
1	83	WSP USA Services, Inc. Orange, California	Electronic Transaction Consultants, LLC (ETC) TTEC Government Solutions, LLC (TTEC) Douglas Stuart, LLC TransPerfect International, LLC Greystone Technology Group, LLC GCM Consulting, Inc.	Firm has experience with customer service center for tolling on well-regarded E-470 toll project. Subconsultant ETC has recent experience with Harris County Toll Road Authority back-office system (BOS) implementation in a complex tolling environment. Considered all aspects of the requirements in selecting its listed subcontractors and providers including TTEC's omni-channel customer contact solution. Qualified staff with required experience or certification including project manager who oversaw Interstate 15 Express Lane Toll System Implementation and Operations project. Recently developed BOS allows for customization, development, and new technology to meet OCTA's needs. Firm was able to quickly adjust to changes in law on Harris County, Texas project. Availability and commitment of experienced key personnel exceeds scope of work requirements, with local presence throughout project term. Detailed approach to customer service center (CSC) operations. Thorough project schedule that meets project's go-live date. Comprehensive interview and demonstration of BOS system and CSC experience employing leading edge technology. Favorable reference for recent relevant experience.	\$110,981,893
2	77	Cofiroute USA, LLC Irvine, California	TollPlus Larson Consulting Associates, LLC Two Roads Professional Resources Modern Times, Inc. Proponisi Duncan Solutions Elavon Bank of the West Alliance JP Morgan Chase Paymentech Infosend, Inc. David Cyprien Avtex LA Federal Armored Service Coresivity Unity Courier Service One Nine Architecture Worksters Millennium Franchise Group, LLC DBA Hacking Solutions Peacock Enterprises, Inc.	Firm and major subcontractor TollPlus working together since 2011. TollPlus worked on the legacy BOS for OCTA's 91 Express Lanes (91EL). Considered all aspects of the requirements in selecting its comprehensive list of subcontractors and providers. Qualified staff with experience; however, several key personnel are being promoted to new responsibilities in which staff has no demonstrated experience. BOS allows for customization and new development to meet OCTA's needs. Availability and commitment of key personnel is unclear given current commitments to 91EL project. Several identified personnel also are committed to the 91 toll project. Detailed approach to CSC operations with cross-functionally trained staff. Thorough project schedule that meets project's go-live date. Comprehensive interview and demonstration of BOS system and CSC operations. Positive references from recent clients.	\$102,895,469

Evaluation Panel: Six Members

Internal:

Express Lanes Programs (2)
Highway Programs (1)

External:

Metropolitan Transportation Commission (1)
Kansas Turnpike Authority (1)
Santa Clara Valley Transportation Authority (1)

Evaluation Criteria:

Qualifications of the Firm
Staffing/Project Organization
Implementation Work Plan and Technical Approach to BOS
CSC Operations Work Plan and Approach
Cost and Price

Weight

15 percent
15 percent
30 percent
20 percent
20 percent

PROPOSAL EVALUATION CRITERIA MATRIX

**RFP 0-2690 Back-Office System and Customer Service Center Operations
for the 405 Express Lanes in Orange County**

FIRM: WSP USA Services Inc.							Weights	Overall Score
Evaluator Number	1	2	3	4	5	6		
Qualifications, Related Experience, and References of Firm	4.00	4.50	4.00	4.50	4.00	3.50	3.00	12.25
Staffing/Project Organization	4.00	4.00	4.00	3.50	4.00	4.00	3.00	11.75
Implementation Work Plan and Technical Approach to BOS*	4.00	4.00	4.00	3.50	3.50	4.00	6.00	23.00
CSC** Operations Work Plan and Approach	4.00	4.00	4.00	4.50	4.50	4.00	4.00	16.67
Cost and Price	4.86	4.86	4.86	4.86	4.86	4.86	4.00	19.44
Overall Score	83.4	84.9	83.4	82.4	82.4	81.9		83
FIRM: Cofiroute USA, LLC							Weights	Overall Score
Evaluator Number	1	2	3	4	5	6		
Qualifications, Related Experience, and References of Firm	4.00	4.50	3.50	4.00	4.50	4.00	3.00	12.25
Staffing/Project Organization	3.50	3.00	2.50	3.00	3.50	3.50	3.00	9.50
Implementation Work Plan and Technical Approach to BOS*	3.50	3.50	3.00	3.00	4.00	3.50	6.00	20.50
CSC** Operations Work Plan and Approach	3.50	4.00	3.50	4.50	3.00	3.50	4.00	14.67
Cost and Price	5.00	5.00	5.00	5.00	5.00	5.00	4.00	20.00
Overall Score	77.5	79.5	70.0	77.0	80.0	77.5		77

CONTRACT HISTORY FOR THE PAST TWO YEARS

RFP 0-2690 Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County

ATTACHMENT C

Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
Cofiroute USA, LLC						
Contract Type: Contract Task Order	C-9-1177	Back-Office System and Customer Services Center Operations for the 91 Express Lanes in Orange and Riverside Counties	January 28, 2020	January 21, 2027		\$ 35,420,566 (OCTA share)
Subconsultants:						
TollPlus						
Proponisi						
Penn Credit						
SWC Group						
Elavon Bank of the West Alliance						
Chase Paymentech						
InfoSend, Inc.						
David Cyprien						
Avtex Solutions, LLC						
LA Federal Armored Service						
Kinsbursky Brothers International (KBI)						
USA Waste of California , Inc. dba Enviroserv						
Iron Mountain						
Unity Courier Service						
MailFinance Inc.						
Cell Buisness Equipment/De Lage						
Landen Financial Services, Inc.						
Johnson Controls, Inc.						
American Alarm Systems						
DialogTech Inc.						
Contract Type: Contract Task Order	C-5-0300	Management and Operational Services for the 91 Express Lanes	October 24, 2005	June 30, 2021		\$ 82,552,604
Subconsultants:						
IBI Group					\$ -	
SIRIT Corporation US					\$ -	
Frank Wilson & Associates, Inc.					\$ -	



Contractor Selection for the Back-Office System and Customer Service Center Operations for the 405 Express Lanes in Orange County

Background

- Board of Directors (Board) approved the release of a request for proposals (RFP) for BOS/CSC* operations services for the 405 Express Lanes in June 2020
- Utilized 91 Express Lanes BOS/CSC Operations Services procurement documents as a base for this procurement
- Scope of work developed with the assistance of a project management consultant with tolling experience
- 405 Express Lanes are anticipated to open in October 2023

Procurements



Design-Build
Selection
November
2016



Toll Lane Systems
Integrator
Selection
February 2018



BOS/CSC Operations
Procurement
2020-2021



Roadway
Services
Procurement
2022

Procurement Includes

- BOS software
- Hardware and software maintenance
- CSC staffing and activities
- Customer account management
- Payments and other mail processing
- Violations processing and collections
- Revenue collections and transaction processing
- Financial management, reconciliation, and settlement
- Transponder inventory management
- Telephone system

Procurement Process

- RFPs released on December 10, 2020
- Evaluation team established from four tolling/transportation agencies
- Received three proposals
- Two firms were interviewed on May 19, 2021
 - Cofiroute USA, LLC
 - WSP USA Services Inc.
- Evaluation committee recommends the selection of WSP USA Services Inc.

Proposed Costs

INITIAL TERM		CUSA		WSP		Independent Cost Estimate
1) BOS Implementation Phase	\$	15,039,465	\$	16,639,099	\$	14,250,000
2) BOS Operations and Maintenance Phase (Years 1-6)	\$	50,617,762	\$	18,551,490	\$	29,750,784
3) CSC Operations and Maintenance Phase (Years 1-6) *	\$	33,554,241	\$	71,145,257	\$	57,750,664
4) Transition/Additional Services	\$	3,684,001	\$	4,646,047	\$	3,758,651
TOTAL BASE CONTRACT		\$ 102,895,469	\$	110,981,893	\$	105,510,099
OPTION TERM 1						
Operations and Maintenance Phase (Years 7-9)	\$	51,106,537	\$	50,267,417		
OPTION TERM 2						
Operations and Maintenance Phase (Years 10-11)	\$	38,402,200	\$	36,556,251		
TOTAL		\$ 192,404,206	\$	197,805,561		

CUSA – Cofiroute USA, LLC

WSP – WSP USA Services Inc.

* CSC Operations and Maintenance Phase (Years 1-6) based upon 61 FTEs (\$32 hourly rate) for CUSA and 89 FTEs (\$46 hourly rate) for WSP

Staff Recommendations

- Approve the selection of WSP USA Services Inc., as the firm to provide the BOS and CSC operations services for the 405 Express Lanes in Orange County.
- Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-0-2690 between the Orange County Transportation Authority and WSP Services USA Inc. in the amount of \$110,981,893, to provide the BOS and CSC operations services for the 405 Express Lanes in Orange County, for an initial term up to eight and a half years with one three-year and one two-year option terms.

Next Steps

- Finalize contract and issue notice to proceed
- Work with selected firm on the design, development, and implementation of the BOS/CSC operations systems
- Seek Board approval on a customer service and operations center location
- Seek Board approval for release of roadside services RFP's in Spring 2022