



# **AGENDA**

## ***Finance and Administration Committee Agenda***

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### **Committee Members**

Michael Hennessey, Chairman  
Brian Goodell, Vice Chairman  
Patrick Harper  
Gene Hernandez  
Steve Jones  
Joseph Muller  
Vicente Sarmiento

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

**Wednesday, September 14, 2022 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's office at (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

### **Agenda Descriptions**

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.

### **Public Availability of Agenda Materials**

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

### **Meeting Access and Public Comments on Agenda Items**

Members of the public can either attend in-person (subject to OCTA's Coronavirus (COVID-19) safety protocols) or 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/>

Members of the public may address the Board of Directors regarding any item two ways:

### **In-Person Comment**

Members of the public may attend in-person (subject to OCTA's COVID-19 safety protocols) and address the Board regarding any item. Members of the public will be required to complete a COVID-19 symptom and temperature screening.



Please complete a speaker's card and submit it to the Clerk of the Board (or notify the Clerk of the Board the item number on which you wish to speak). Speakers will be recognized by the Chairman at the time the agenda item is to be considered. A speaker's comments shall be limited to three minutes.

### **Written Comment**

Written public comments may also be submitted by emailing them to [ClerkOffice@octa.net](mailto:ClerkOffice@octa.net), and must be sent by 5:00 p.m. the day prior to the meeting. 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.

### **Call to Order**

### **Pledge of Allegiance**

Director Hernandez

### **Special Calendar**

- 1. Metrolink Fiscal Year 2022-23 Budget Update**  
Johnny Dunning, Jr.

#### **Overview**

The Southern California Regional Rail Authority is a five-member joint powers authority that operates the 400-mile commuter rail system known as Metrolink. An update on Metrolink's Fiscal Year 2022-23 budget is provided for Board of Directors' information.

### **Consent Calendar (Items 2 through 5)**

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

- 2. Approval of Minutes**

#### **Recommendation**

Approve the August 24, 2022 minutes of the Finance and Administration Committee meeting.



- 3. Non-Revenue Vehicle Purchases and Assignment, Internal Audit Report No. 22-512**  
Serena Ng/Janet Sutter

**Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of non-revenue vehicle and accessory purchases and assignment. Based on the audit, purchases complied with most policies and procedures; however, recommendations have been made to improve controls related to invoice review, ensure motor pool vehicle reservations comply with all policy requirements, and ensure documentation is obtained to verify pricing when utilizing state contracts.

**Recommendation**

Direct staff to implement three recommendations provided in Non-Revenue Vehicle Purchases and Assignment, Internal Audit Report No. 22-512.

- 4. Cooperative Agreement with the Anaheim Transportation Network for Transit Services**  
Sam Kaur/Andrew Oftelie

**Overview**

The Anaheim Transportation Network first entered into an agreement with the Orange County Transportation Authority in 2005 to establish roles and responsibilities regarding the collection of transit data and sub-allocation of Federal Transit Administration grant funds. The existing agreement expired on August 31, 2022. Approval is requested to enter into a new cooperative agreement for the distribution of Federal Transit Administration Section 5307 and Section 5339 funds.

**Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-2-2777 between the Orange County Transportation Authority and Anaheim Transportation Network, in the amount of \$5,713,000, for a term of five years, to establish roles and responsibilities for the distribution of Federal Transit Administration Section 5307 and Section 5339 funds.



**5. Amendment to Agreement for System Manager and Business Analyst Support Services**

Victor Velasquez/Andrew Oftelie

**Overview**

On October 4, 2021, the Orange County Transportation Authority entered into an agreement with Carpe Datum for a one-year term to provide system manager and business analyst support services for various financial systems used by the Financial Planning and Analysis Department. An amendment is needed for continued system manager and business analyst support services.

**Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement No. C-1-3495 between the Orange County Transportation Authority and Carpe Datum, in the amount of \$158,380, to provide continued system manager and business analyst support services through March 31, 2023. This will increase the maximum obligation of the agreement to a total contract value of \$397,340.

**Regular Calendar**

**6. 2022 Measure M2 Sales Tax Forecast**

Sam Kaur/Andrew Oftelie

**Overview**

The Orange County Transportation Authority contracts with MuniServices, LLC and three universities to forecast Measure M2 taxable sales. MuniServices, LLC and the three universities have provided updated forecasts and staff has incorporated the new information into the annual update for the long-range forecast of Measure M2 taxable sales.

**Recommendation**

Receive and file as an information item.



## **Discussion Items**

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

There are no Closed Session items scheduled.

- 11. Adjournment**

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 28, 2022**, at the OCTA Headquarters, Board Room, 550 South Main Street, Orange, California.

# Metrolink Fiscal Year 2022-23 Budget Update

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September 14, 2022



**METROLINK**

# Setting the Table

## **Revenue & Ridership:**

- Ridership Recovery Forecast Scenario – Developed in November 2021
  - End of Q1 of FY 23 - 53% of Pre-Pandemic Ridership
  - End of Q4 of FY 23 – 67% of Pre-Pandemic Ridership
- No Fare Increases

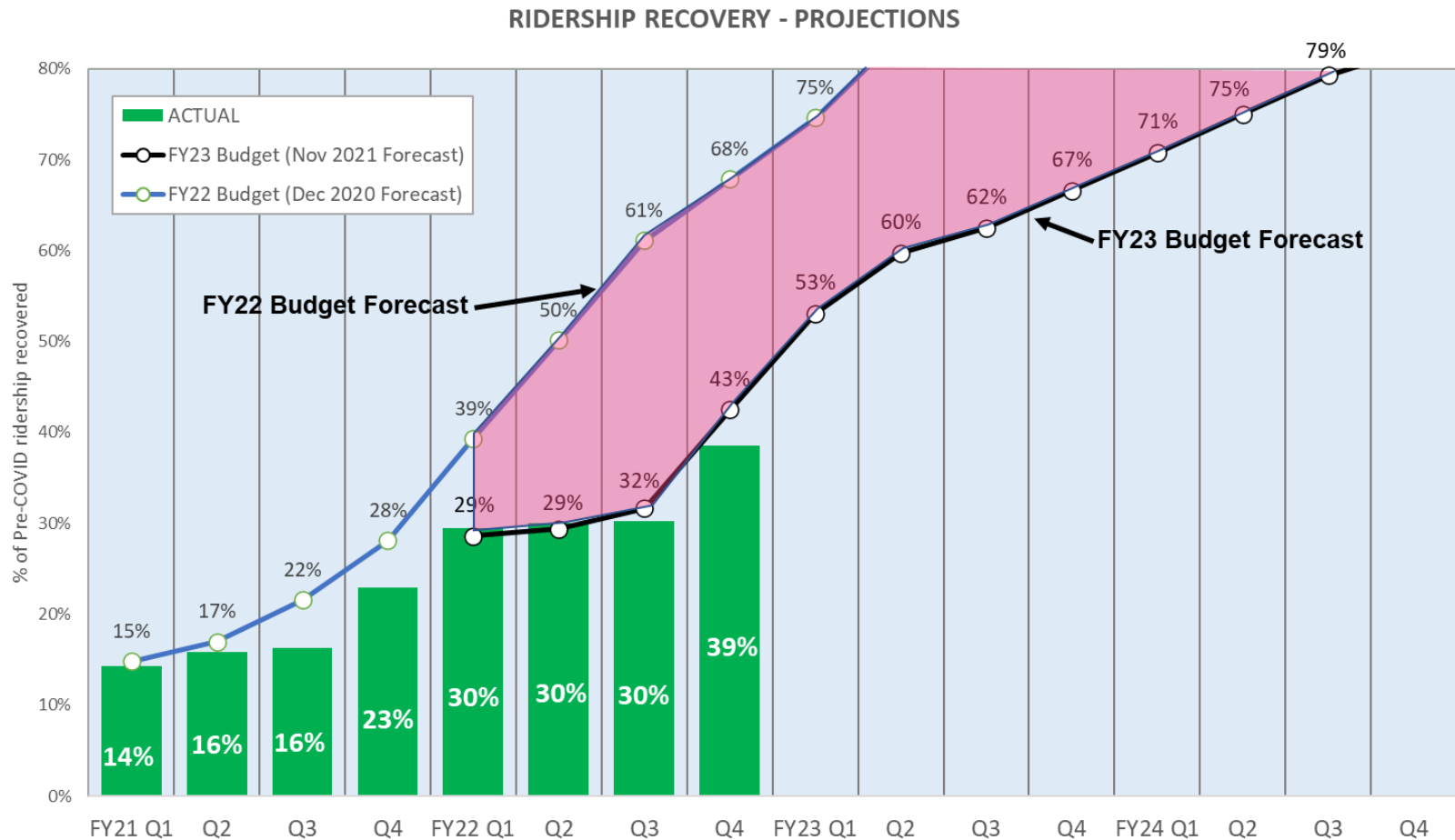
## **Service:**

- 100% Service Restoration in October 2022
- No Special Trains

## **Expenses:**

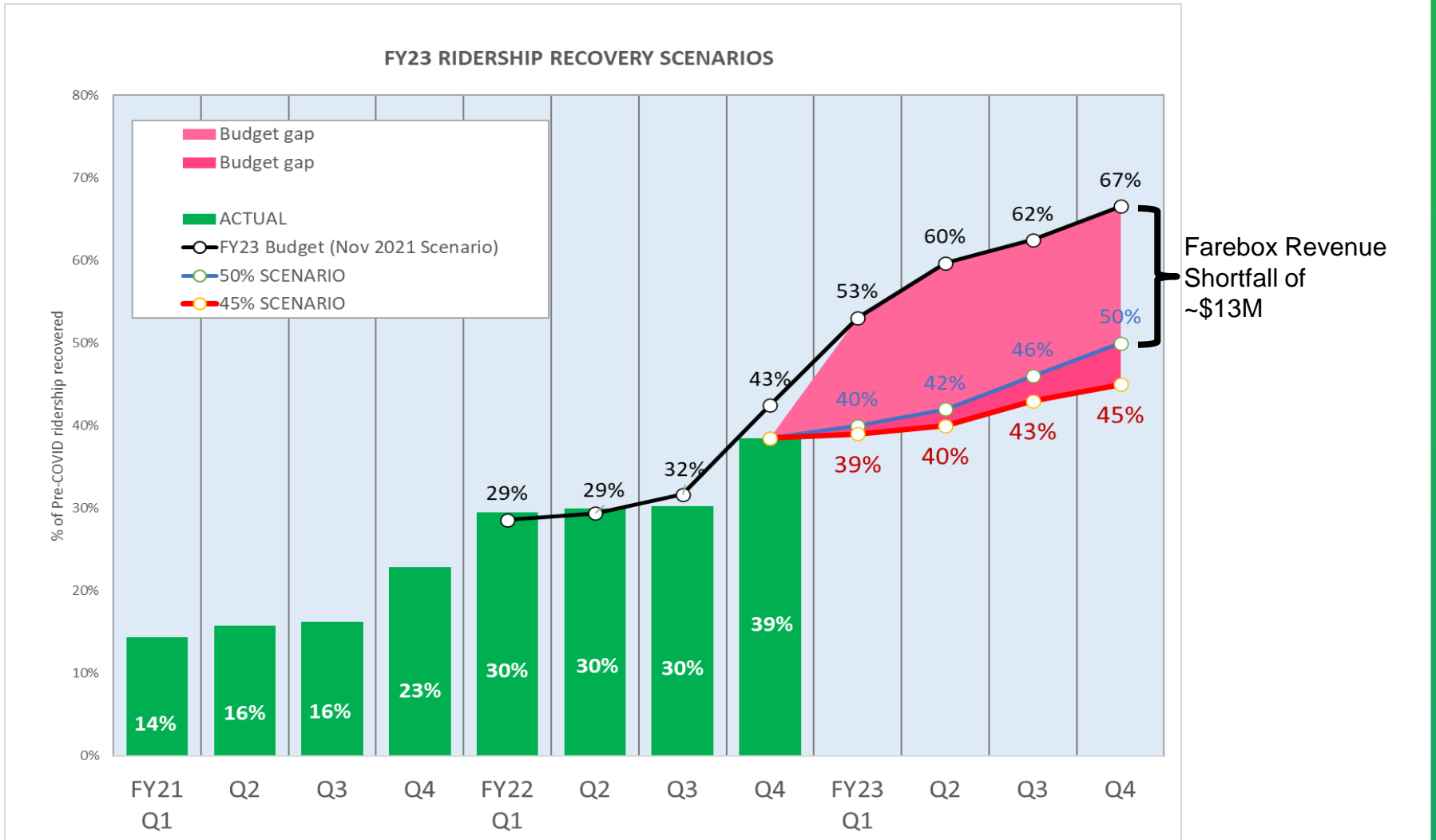
- Contractor Increases Only as allowed by existing Agreements
- No New FTE headcount

# Actual vs. Forecast (FY 22 and FY 23)



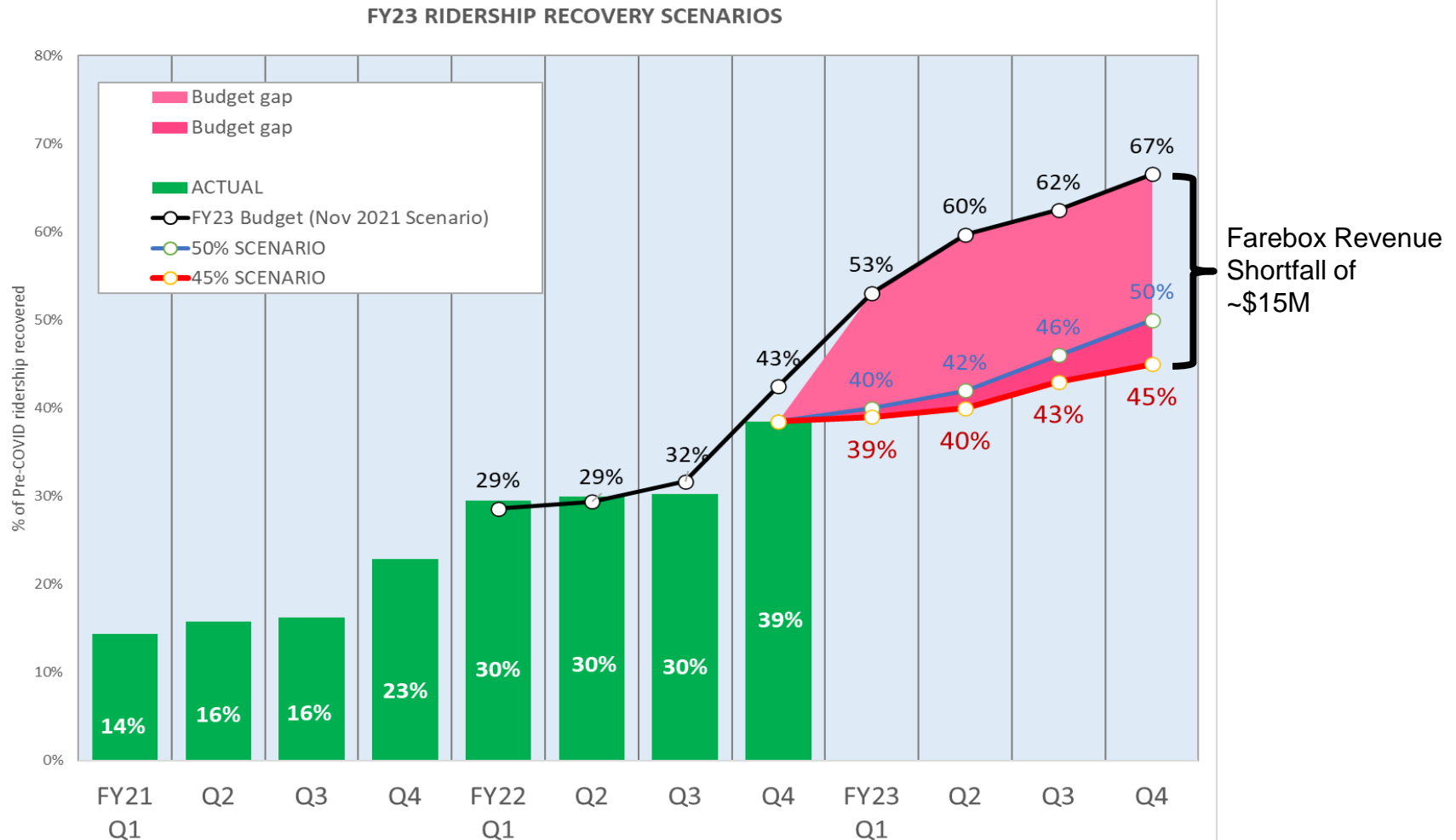


# Updated Ridership Forecast FY 23 – 50% Recovery



Includes October 2022 Service Restoration

# Updated Ridership Forecast FY 23 - 45% Recovery



Includes October 2022 Service Restoration

# Mind The Gap!

- CEO Direction to Department Chiefs to find 10% Savings from Adopted FY 2022-23 Budget
- Implementation of new Fare Products designed for new Markets
  - 5 Day Flex Pass
  - 10 Day Flex Pass
  - Summer Adventure Day Pass
- Back to School/Back to Work Campaign
  - Launched August 15 to regain ridership amongst faculty, staff and students returning to in-person learning and employees returning to the office.
- Low-Income Fare Discount Program - EBT card holders to receive 50% discount but Metrolink kept whole with LCTOP grant funds.
- Metrolink 30<sup>th</sup> Anniversary Sale
  - 30% off purchase of Monthly Pass in October, November, & December
- Postpone final 1/3<sup>rd</sup> Service Restoration scheduled for October 2022 (Cost Avoidance Estimated at \$7.5 million)

# Thank you.





**Committee Members Present**

Michael Hennessey, Chairman  
Brian Goodell, Vice Chairman  
Patrick Harper  
Steve Jones  
Joseph Muller  
Vicente Sarmiento

**Staff Present**

Jennifer L. Bergener, Deputy Chief Executive Officer  
Gina Ramirez, Clerk of the Board Specialist, Senior  
Allison Cheshire, Clerk of the Board Specialist, Senior  
James Donich, General Counsel  
OCTA Staff

**Committee Members Absent**

Gene Hernandez

**Call to Order**

The August 24, 2022, regular Finance and Administration Committee meeting was called to order by Committee Chairman Hennessey at 10:32 a.m.

**Pledge of Allegiance**

Director Harper led in the Pledge of Allegiance.

**Consent Calendar (Items 1 through 5)**

**1. Approval of Minutes**

A motion was made by Director Jones, seconded by Committee Vice Chairman Goodell, and declared passed by those present to approve the minutes of the August 10, 2022 Finance and Administration Committee meeting.

Director Muller was not present to vote on this item.

**2. Administration of Public Record Act Requests, Internal Audit Report**

A motion was made by Director Jones, seconded by Committee Vice Chairman Goodell, and declared passed by those present to direct staff to implement one recommendation related to the Administration of Public Record Act Requests, Internal Audit Report No. 22 510.

Director Muller was not present to vote on this item.



**3. Orange County Transportation Authority Investment and Debt Programs Report - July 2022**

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

Director Muller was not present to vote on this item.

**4. Environmental Mitigation Program Endowment Fund Investment Report for June 30, 2022**

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

Director Muller was not present to vote on this item.

**5. Excess Workers' Compensation Insurance Policy**

A motion was made by Director Jones, seconded by Committee Vice Chairman Goodell, and declared passed by those present to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A51659, in an amount not to exceed \$600,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of October 1, 2022, to October 1, 2023.

Director Muller was not present to vote on this item.

**Regular Calendar**

**6. 91 Express Lanes Update for the Period Ending - June 30, 2022**

Kirk Avila, General Manager of 91 Express Lanes, provided a PowerPoint presentation on this item.

A discussion ensued between Committee members and staff.

The Clerk of the Board stated that a public comment was received on August 22, 2022 at 8:19 p.m. from Glen Cole. The comment was emailed to the F&A Committee members on August 23, 2022 at 8:35 p.m. and will be retained as a part of the Committee meeting's record.

No action was taken on this receive and file information item.





## **Discussion Items**

### **7. Public Comments**

No public comments were received.

### **8. Chief Executive Officer's Report**

Jennifer L. Bergener, Deputy Chief Executive Officer, reported on the following:

- Acknowledgement of Committee Vice Chairman Goodell and other Board members who attended last week's Mobility 21 Transportation Summit. This summit is California's largest one day transportation conference with more than 1,000 attendees.
- The 50<sup>th</sup> Anniversary Celebration event is being moved to Monday, September 26<sup>th</sup> following the Board meeting.

### **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 11:17 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 14, 2022**, at the Orange County Transportation Authority Headquarters, Board Room, 500 South Main Street, Orange, California.

ATTEST:

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Gina Ramirez  
Clerk of the Board Specialist, Senior



**September 14, 2022**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director  
Internal Audit Department

**Subject:** Non-Revenue Vehicle Purchases and Assignment, Internal Audit Report No. 22-512

### **Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of non-revenue vehicle and accessory purchases and assignment. Based on the audit, purchases complied with most policies and procedures; however, recommendations have been made to improve controls related to invoice review, ensure motor pool vehicle reservations comply with all policy requirements, and ensure documentation is obtained to verify pricing when utilizing state contracts.

### **Recommendation**

Direct staff to implement three recommendations provided in Non-Revenue Vehicle Purchases and Assignment, Internal Audit Report No. 22-512.

### **Background**

The non-revenue vehicle fleet consists of vehicles that are required to conduct the business of the Orange County Transportation Authority (OCTA). The fleet includes operator relief vehicles, special purpose vehicles, motor pool vehicles, and 24-hour assigned vehicles, as well as utility vehicles used at operating bases.

A fleet of motor pool vehicles are assigned to the administrative office and the directly operated base locations for employees to use for business purposes. In order to use a motor pool vehicle, employees must possess a valid driver's license and be enrolled in the Department of Motor Vehicles' Employer Pull Notice Program. At the administrative office, the General Services section



(General Services) grants an employee's access to the reservation system after verifying the employee's eligibility to drive. Once access is granted, employees can make reservations directly through the system. At the bus bases, maintenance supervisors make the reservations in the system on behalf of staff requesting use of a vehicle. All employees using the motor pool vehicles must complete a travel sheet, indicating mileage and fuel levels.

Recently, OCTA has been purchasing vehicles using State of California contracts. The purchased vehicles are delivered to the maintenance specialty shop at the Santa Ana Bus Base. If equipment needs to be added to the vehicles, a vehicle upfitting vendor performs the work.

### ***Discussion***

Two invoices from the vehicle upfitting vendor included charges higher than allowed by contract, and one invoice, for \$6,623.86, was mistakenly paid twice. Additionally, while the contract allows for items not specifically listed to be billed at cost plus markup as well as labor charges, none of the invoices including such charges were accompanied by cost documentation and detail sufficient to validate contract compliance. Non-revenue vehicles ordered through a purchase order are paid after a three-way system match of the purchase order, receipt, and invoice; however, the invoice review policy does not specifically allow this process. Clerks are being instructed to receive the vehicles in the system without actually seeing the vehicles, and two vehicles were paid for without being received in the system. Management agreed to enhance invoice review, update the invoice review policy, require staff receiving vehicles to physically verify receipt, consistently confirm the three-way match prior to invoice payment, and to recover the identified duplicate payment.

Verification of an employee's eligibility to drive motor pool vehicles is not performed in accordance with the policy, which requires verification of eligibility prior to allowing a reservation. In addition, instances were identified where employees were allowed to reserve vehicles for multiple days or weeks at a time, contrary to policy, which states that motor pool vehicles are intended for same-day use. Finally, the bases enter data from the travel sheets into the system and discard the sheets; however, review found that all data, including the identity of the employee that reserved the vehicle, is not always reflected in the system. The Internal Audit Department (Internal Audit) recommended controls be enhanced to ensure that an employee's eligibility to drive is verified prior to granting a reservation and that all reservation information is reflected in the system prior to discarding travel sheets. In addition, management should re-evaluate whether employees should be allowed to reserve motor pool

vehicles for weeks at a time. Management agreed to implement enhancements and indicated that multi-day reservations will no longer be allowed.

For several purchases made using State of California contract pricing, the agreement files did not contain documentation evidencing that the price obtained matched the State of California contract terms. While the State of California contract allows for options to be added at dealer cost plus ten percent, cost documentation needed to verify the accuracy of these charges is not obtained, and options were actually priced higher than, or at, the manufacturer's suggested retail price in several instances. For one purchase, the dealer did not submit a vendor quote to support significant charges related to upfitting a vehicle. Internal Audit recommended that CAMM obtain all needed documentation for non-revenue vehicles purchased using State of California contracts and consider negotiating option pricing with the dealers. Management agreed to include all required support and documentation in the agreement file and negotiate option pricing for future procurements.

### ***Summary***

Internal Audit has completed an audit of non-revenue vehicle purchases and assignment and has offered three recommendations, which management agreed to implement or otherwise address.

### ***Attachment***

- A. Non-Revenue Vehicle Purchases and Assignment, Internal Audit Report No. 22-512

**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



## Non-Revenue Vehicle Purchases and Assignment

### Internal Audit Report No. 22-512

August 23, 2022



**Audit Team:** Serena Ng, CPA, Senior Manager *Serena K Ng*  
Janet Sutter, CIA, Executive Director, Internal Audit

**Distributed to:** Johnny Dunning, Chief Operating Officer  
Andrew Oftelie, Chief Financial Officer  
Cliff Thorne, Pia Veesapen, Sean Murdock, Sara Belovsky

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Non-Revenue Vehicle Purchases and Assignment  
August 23, 2022**

**Table of Contents**

Conclusion .....	1
Background .....	1
Objectives, Scope, and Methodology .....	3
Audit Comments, Recommendations and Management Responses .....	5
Invoice Review and Payment .....	5
Compliance with Motor Pool Vehicle Policy .....	6
Purchase Support and Documentation of Pricing .....	6

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Non-Revenue Vehicle Purchases and Assignment  
August 23, 2022**

## **Conclusion**

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of non-revenue vehicle and accessory purchases and assignment. Based on the audit, purchases complied with most policies and procedures; however, recommendations have been made to improve controls related to invoice review, ensure motor pool vehicle reservations comply with all policy requirements, and ensure documentation is obtained to verify pricing when utilizing state contracts.

## **Background**

The non-revenue vehicle fleet consists of vehicles that are required to conduct the business of OCTA. The fleet includes operator relief vehicles, special purpose vehicles, motor pool vehicles, and 24-hour assigned vehicles, as well as utility vehicles used at operating bases. The number of operator relief vehicles is calculated based on bus service levels and scheduling. Special purpose vehicles are assigned to certain groups based on business need. For example, the facilities maintenance group, responsible for maintenance at all bus bases and transit centers, is assigned special purpose work trucks. A fleet of motor pool vehicles is assigned to the administrative office and the directly operated base locations for employees to use for business purposes. In order to use a motor pool vehicle, employees must possess a valid State of California driver's license and be enrolled in the Department of Motor Vehicles' Employer Pull Notice Program. At the administrative office, the General Services section (General Services) grants employees' access to the Fleet Commander reservation system after verifying the employees' eligibility to drive an OCTA vehicle. Once access is granted, employees can make reservations directly through the system. At the directly operated bases, maintenance supervisors make the reservations in the system on behalf of staff requesting use of a vehicle. All employees using the motor pool vehicles must complete a travel sheet, indicating mileage and fuel levels. Currently, there are ten designated positions that are assigned a vehicle on a 24-hour basis. Employees who are assigned the 24-hour vehicles are required to track commute trips and report annually to the Maintenance Resources Management (MRM) section, who sends the reports to the Accounting and Financial Reporting (Accounting) Department for payroll processing as required for Internal Revenue Service reporting purposes. A non-revenue vehicle fleet listing is reviewed annually by the Director of Maintenance and the Director of Finance and Administration and updated as business needs change, with the annual review documented in a memo.

Every year, the Director of Maintenance and the MRM manager review the fleet and determine which vehicles need to be replaced, based on the years, miles, and use of the vehicles. Purchases are then budgeted to ensure that replacement vehicles are delivered and ready for use when the useful life of the vehicle being replaced is reached. MRM works with the Contracts Administration and Materials Management (CAMM) Department

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**INTERNAL AUDIT DEPARTMENT**  
**Non-Revenue Vehicle Purchases and Assignment**  
**August 23, 2022**

to procure non-revenue vehicles for replacement. Recently, MRM has been purchasing vehicles using State of California contracts. MRM maintains a purchase tracking schedule, which identifies purchases each fiscal year with purchase and status information, including purchase date, post-delivery steps, and in-service date. The purchased vehicles are delivered to the Maintenance Specialty Shops Administration at the Santa Ana bus base. If equipment needs to be added to the vehicles, as is the case for Transit Police Services and field supervisor vehicles, the vehicle upfitting vendor performs such work.

Non-revenue vehicles can be purchased through a purchase order (PO) or a contract. MRM instructs Parts staff to receive vehicles in the Ellipse system when they are purchased through a PO, and the receiving records in the Ellipse system interface with the Central Square accounting system. The Accounts Payable section (Accounts Payable) enters the invoice information into the Central Square system, which matches the invoice with the PO and receiving records.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**INTERNAL AUDIT DEPARTMENT**  
**Non-Revenue Vehicle Purchases and Assignment**  
**August 23, 2022**

## **Objectives, Scope, and Methodology**

The objectives were to review non-revenue vehicle and accessory purchases and assignments for compliance with policies and procedures and assess activities for economy and efficiency.

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

The methodology consisted of reviewing the Non-Revenue Vehicle Fleet Policy, confirming that management performed both the annual determination of non-revenue vehicle replacements and the annual review of non-revenue fleet listing, reconciling the purchase tracking schedule with payments, testing compliance with selected procurement policies and procedures, assessing invoice review procedures and testing invoice payments for compliance with policies and contract provisions, confirming eligibility of employees assigned the 24-hour vehicles and testing their annual reporting, and testing a sample of motor pool vehicle reservations for compliance with policy and procedures.

The scope is limited to non-revenue vehicle purchases and assignment and excluded revenue vehicles. The audit also excluded the maintenance and disposal of non-revenue vehicles. The scope included the most recent annual determination of non-revenue vehicle replacements, the 2020 and 2021 annual reviews of non-revenue fleet listing, purchases from 2020 through May 2022 and all payments made on such purchases through May 2022, the 2021 annual reporting by employees assigned the 24-hour vehicles, and a judgmental sample of 40 motor pool vehicle reservations made from July 2021 through June 2022. The judgmental sample of motor pool vehicle reservations was selected to provide even coverage of reservations made at the administrative office and the bases. Since the sample is non-statistical, any conclusions are limited to the sample items tested.

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<sup>1</sup> 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Non-Revenue Vehicle Purchases and Assignment  
August 23, 2022**

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



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Non-Revenue Vehicle Purchases and Assignment  
August 23, 2022**

**Audit Comments, Recommendations, and Management Responses**

**Invoice Review and Payment**

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Two invoices from the vendor responsible for upfitting vehicles included charges higher than the amounts allowed by the contract. The contract also allows for items not specifically listed to be billed at cost plus a 15 percent markup, as well as labor charges; however, none of the invoices are accompanied by cost documentation and detail sufficient to allow for validation that charges comply with contract terms. In addition, one invoice for \$6,623.86 was inadvertently paid twice.

The Accounts Payable Invoice Review Policy allows payments to be processed for inventory items without an authorized signature if the purchase order, receipt, and invoice records in the system all match. The policy does not indicate this process is allowable for the purchase of non-revenue vehicles; however, this is the practice. Testing of this process identified two non-revenue vehicles that were paid for, despite the lack of evidence of receipt in the system. In addition, parts clerks are being instructed to receive non-revenue vehicles in the system without physically verifying receipt of the vehicles.

**Recommendation 1:**

Internal Audit recommends that MRM's invoice review procedures be enhanced to include validation of all charges, including items not specifically listed in the contract. Accounts Payable should recover the duplicated payment. In addition, the policy should be updated to reflect whether a three-way match process is allowable for payment of non-revenue vehicles. If the three-way match process is to be used, staff that physically verify receipt of the vehicles should be responsible for receiving the vehicles in the system, and Accounts Payable should consistently confirm the three-way match prior to payment of an invoice.

**Management Response (Maintenance and Accounting):**

Management agrees with the recommendation. Management is in the process of implementing an invoice cover page to include a checklist that will require acknowledgement of review for sufficient detail pertaining to quantity and rates of costs and justification. This enhancement will also be applied to the vehicle upfitting contract.

The invoice review policy will be updated to allow for the three-way match process to be used for these items, and Accounts Payable will consistently confirm the information prior to payment of an invoice. Furthermore, staff receiving vehicles in the system will be required to physically verify receipt of the vehicle before accepting it in the system. In addition, Accounting will pursue recovering the duplicate payment.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Non-Revenue Vehicle Purchases and Assignment  
August 23, 2022**

**Compliance with Motor Pool Vehicle Policy**

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Verification of employees' eligibility to drive is not performed in accordance with the policy, which requires verification of eligibility prior to allowing reservation of a motor pool vehicle. The administrative office only verifies employee eligibility at the time the employee requests access to reserve vehicles in the Fleet Commander system, and the bases do not have a process to verify employee eligibility prior to a reservation.

In addition, a few employees have been allowed to reserve vehicles for weeks at a time, contrary to policy, that indicates motor pool vehicles are intended for same day use.

Finally, policy requires employees that reserve motor pool vehicles to complete a travel sheet, documenting details of the reservation, mileage, and fuel level. Maintenance supervisors at the bases enter data from the travel sheets into the Fleet Commander system and discard the sheets. Review found that all data, including the identity of the employee that reserved the vehicle, is not always reflected in the system.

**Recommendation 2:**

Internal Audit recommends management enhance controls to ensure employees' eligibility to drive prior to granting a reservation. In addition, management should re-evaluate whether employees should be allowed to reserve motor pool vehicles for weeks at a time. Finally, all relevant reservation information should be reflected in the system prior to discarding the supporting travel sheets.

**Management Response (General Services and Maintenance):**

Management agrees with the recommendation. Staff will work with the vendor to see if an automated solution for determining eligibility each time a vehicle is checked out is possible. If the system cannot be modified, staff will develop an internal solution that can be used at both the Orange Administration building and the operating bus bases. Once the solution is identified, policies will be updated as appropriate. Also, multi-day reservations will no longer be allowed, and necessary information will be retained in the system before trip sheets are discarded.

**Purchase Support and Documentation of Pricing**

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For several purchases made using State of California contract pricing, the agreement files did not contain documentation evidencing that the price obtained matched the State of California contract terms. Agreement files did not include the State of California contract pricing attachment and/or break-out of the quoted pricing by base price and options.

The State of California contract also allows for options to be added at dealer cost plus ten percent; however, cost documentation needed to verify the accuracy of these charges

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Non-Revenue Vehicle Purchases and Assignment  
August 23, 2022**

is not obtained. Options, in several instances, were priced higher than, or at, the manufacturer's suggested retail price.

For one purchase, the dealer did not submit a vendor quote to support significant charges related to upfitting a vehicle.

**Recommendation 3:**

Internal Audit recommends CAMM obtain all needed support and documentation for non-revenue vehicles purchased using State of California contracts and retain them in the agreement files. CAMM should also consider negotiating option pricing with the dealers.

**Management Response (CAMM):**

Management agrees with the recommendation and will include all required support and documentation in the contract file for future non-revenue vehicle purchases using State of California contracts. CAMM staff has obtained the missing State of California pricing attachments for the audited files and will make sure to negotiate option pricing prior to contract award, as well as document negotiation efforts.



**September 14, 2022**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Cooperative Agreement with the Anaheim Transportation Network for Transit Services

### **Overview**

The Anaheim Transportation Network first entered into an agreement with the Orange County Transportation Authority in 2005 to establish roles and responsibilities regarding the collection of transit data and sub-allocation of Federal Transit Administration grant funds. The existing agreement expired on August 31, 2022. Approval is requested to enter into a new cooperative agreement for the distribution of Federal Transit Administration Section 5307 and Section 5339 funds.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-2-2777 between the Orange County Transportation Authority and Anaheim Transportation Network, in the amount of \$5,713,000, for a term of five years, to establish roles and responsibilities for the distribution of Federal Transit Administration Section 5307 and Section 5339 funds.

### **Background**

The Anaheim Transportation Network (ATN) was established in 1995 as a non-profit public benefit corporation to develop and provide fixed-route service for the Anaheim Resort and Convention area. ATN is governed by a Board of Directors consisting of resort hoteliers, Disneyland, Angels Baseball and other hospitality organizations. The City of Anaheim has a seat on the Board of Directors, currently held by the City's Deputy Director of Convention, Sports & Entertainment. In 2002, ATN began operating a 28-vehicle fixed-route service known as the Anaheim Resort Transportation. The service is fixed route, open to the public, and fully accessible for persons with disabilities. Currently, ATN operates a fleet of 82 buses in various capacities ranging from 30-60 feet and ten microtransit vehicles.

ATN provides transportation services that generate federal funding. As a result, ATN is an eligible sub-recipient of funding for the Federal Transit Administration (FTA) Section 5307 Urbanized Area and FTA Section 5339 Bus and Bus Facilities Programs. The Orange County Transportation Authority (OCTA), as the direct FTA grant recipient, has the option to utilize these funds for OCTA-related transportation services or may choose to allocate funds to ATN to provide transportation services in the Anaheim Resort and Convention area.

OCTA has entered into three cooperative agreements with ATN starting in 2005, and subsequently in 2011, and 2017, which set forth the roles and responsibilities of OCTA and ATN for the pass-through of FTA grant funds. The most current agreement expired on August 31, 2022.

### ***Discussion***

FTA Section 5307 and Section 5339 funds are distributed through a formula primarily based on population, the type of service being provided, revenue vehicle miles, passenger miles, and operating costs, as reported to the National Transit Database (NTD). The draft Cooperative Agreement, No. C-2-2777, includes the following main provisions:

- ATN to comply with all FTA requirements and to report NTD data.
- ATN shall contract with OCTA to provide the complementary paratransit (OC ACCESS) service. This is recommended to ensure OC ACCESS service is provided within federal requirements and to ensure a centralized, coordinated, and cost-effective paratransit service is provided in Orange County. The cost will be on a per-trip fee basis for a proportionate share of trips that originate and terminate within three-quarter miles of ATN's operating area.
- OCTA will deduct the cost of the OC ACCESS service from ATN's annual reimbursement invoice.
- ATN to reimburse OCTA for administrative costs associated with grant administration, processing payments, and ensuring compliance with federal requirements.
- OCTA to assist ATN in compliance with federal requirements.
- OCTA to include ATN's projects in the Federal Transportation Improvement Program.
- OCTA to apply for FTA Section 5307 and Section 5339 grants on behalf of ATN following FTA grant procedures.

- ATN may request reimbursement of federal funds for eligible expenses per the FTA guidelines following the notice from OCTA that the federal grant has been executed.

In accordance with the terms of the agreement, OCTA will provide FTA Section 5307 and Section 5339 funds to ATN based on information retrieved from the NTD reports for modes of service operated by ATN, unit values distributed by FTA for the respective fiscal year and based on annual congressional apportionments. In the event additional funds are available above the \$5,713,000 threshold, staff will return to the OCTA Board of Directors (Board) to consider allocation of additional FTA funds as appropriate.

This agreement is strictly limited to the distribution of FTA Section 5307 and Section 5339 funds and does not address the ongoing discussions between OCTA and ATN related to State Transit Assistance (STA) funds. OCTA staff is in discussions with ATN staff regarding STA funds and is currently awaiting action from ATN before additional steps can be taken. A separate agreement between ATN and OCTA will be presented to the Board if ATN becomes eligible for STA funds in the future.

#### **Fiscal Impact**

There is no fiscal impact to OCTA by providing the federal funds to ATN. ATN provides transportation service that generates the federal funding and OCTA is allocating the funds to them as a sub-recipient. OCTA as the direct recipient of the FTA Section 5307 and Section 5339 funds could elect to use these funds to support OCTA fixed-route bus service and bus capital needs but is recommending allocating the funds to ATN given their service generated the funds. OCTA would work with ATN to facilitate the drawdown of the funds based on eligible expenses.

#### **Summary**

Staff requests Board approval to authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-2-2777 between OCTA and ATN, in the amount of \$5,713,000, to provide FTA Section 5307 and Section 5339 funds.

***Attachment***

- A. Cooperative Agreement No. C-2-2777 between Orange County Transportation Authority and Anaheim Transportation Network for Public Transit Services

**Prepared by:**

A handwritten signature in blue ink that reads "S. Kaur".

Sam Kaur  
Department Manager  
Revenue Administration  
714-560-5889

**Approved by:**

A handwritten signature in blue ink that reads "A. Oftelie".

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

**COOPERATIVE AGREEMENT NO. C-2-2777**  
**BETWEEN**  
**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**AND**  
**ANAHEIM TRANSPORTATION NETWORK**  
**FOR**  
**PUBLIC TRANSIT SERVICES**

**THIS AGREEMENT** is effective this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by and between the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584, a public corporation of the State of California (hereinafter referred to as "AUTHORITY"), and the Anaheim Transportation Network, 1354 South Anaheim Boulevard, Anaheim, California 92805, a nonprofit public benefit corporation (hereinafter referred to as "NETWORK"). Herein, AUTHORITY and NETWORK are sometimes individually referred to as the "PARTY" and collectively as the "PARTIES."

**RECITALS**

**WHEREAS**, NETWORK was established in 1995 as a nonprofit public benefit corporation to develop and provide clean-fuel shuttle service for the Anaheim Resort and Convention area in an effort to meet air quality and rideshare requirements associated with the planned development; and

**WHEREAS**, in 2002, NETWORK began operating a clean-fuel shuttle service known as the Anaheim Resort Transit Service; and

**WHEREAS**, the NETWORK provides fixed-route service, open to the general public, and fully accessible for persons with disabilities; and

**WHEREAS**, AUTHORITY is the designated grant recipient for Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Grant funds and FTA 5339 Bus and Bus Facilities Formula Grant funds for Orange County, and will secure equivalent grant funds on behalf of NETWORK; and

**WHEREAS**, NETWORK is an eligible subrecipient to receive FTA Section 5307 Urbanized Area Formula Grant funds and FTA 5339 Bus and Bus Facilities Formula Grant funds; and



**WHEREAS**, AUTHORITY and NETWORK agree to enter into this Cooperative Agreement so AUTHORITY may pass along FTA Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Bus and Bus Facilities Formula Grant funds; and

**WHEREAS**, AUTHORITY and NETWORK are legally required to provide a complementary paratransit service (ACCESS) that complies with the Americans with Disabilities Act (ADA) guidelines; and

**WHEREAS**, NETWORK's ACCESS service area is within the confines of AUTHORITY's ACCESS service area; and

**WHEREAS**, NETWORK must be in compliance with the FTA laws, regulations, and guidelines and is held responsible for required sub-recipient reporting documents provided to AUTHORITY;

**NOW, THEREFORE**, it is mutually understood and agreed by AUTHORITY and NETWORK as follows:

**ARTICLE 1. COMPLETE COOPERATIVE AGREEMENT**

A. This Agreement, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the term(s) and condition(s) of the Agreement between AUTHORITY and NETWORK and it supersedes all prior representations, understandings and communications. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other term(s) or condition(s).

B. AUTHORITY's failure to insist in any one or more instances upon NETWORK's performance of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such term(s) or condition(s), and NETWORK's obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon AUTHORITY except when specifically confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

## **ARTICLE 2. SCOPE OF AGREEMENT**

This Agreement specifies the roles and responsibilities of the PARTIES as they pertain to the subjects and projects addressed herein. Both AUTHORITY and NETWORK agree that each will cooperate and coordinate with the other in all activities covered by this Agreement and any other supplemental agreements that may be required to facilitate purposes thereof.

## **ARTICLE 3. RESPONSIBILITIES OF AUTHORITY**

AUTHORITY agrees to the following responsibilities:

A. AUTHORITY shall pay NETWORK a sum to be determined by the AUTHORITY based on information retrieved from the National Transit Database (NTD) reports for modes of services operated by NETWORK, unit values distributed by FTA for the respective Fiscal Year (FY) and based on the annual congressional appropriations. AUTHORITY and NETWORK mutually agree that AUTHORITY's obligation shall vary annually; however, the maximum obligation shall not exceed Five Million Seven Hundred Thirteen Thousand Dollars (\$5,713,000).

B. AUTHORITY shall pay NETWORK the difference remaining after AUTHORITY's administrative expenses and other agreed upon costs are subtracted from the FTA Section 5307 Urbanized Area Formula Grant funds. The annual administrative expenses and FTA Section 5307 Urbanized Area Formula Grant funds are stated below.

1. AUTHORITY shall retain up to ten percent (10%) of the FTA Section 5307 Urbanized Area Formula Grant funds to cover administrative and direct costs associated with applying for grant funds, processing payments, and ensuring compliance with federal requirements. AUTHORITY shall also retain the actual cost to perform periodic desk and on-site reviews utilizing a consultant, not to exceed once every thirty-six (36) months. The retention shall be calculated each year by AUTHORITY based on actual costs to AUTHORITY and adjusted accordingly in the next FY allocation.

2. FTA Section 5307 Urbanized Area Formula Grant funds – Grant funds are determined in the grant year in which funds are allocated and by a formula based on information retrieved from the National Transit Database (NTD) report for modes of services operated by NETWORK, unit values distributed by FTA for the respective Fiscal Year (FY) commencing in Fiscal Year 2022 and continuing through Fiscal Year 2026 and based on the annual congressional appropriations.

. AUTHORITY and NETWORK mutually agree that AUTHORITY's maximum obligation shall not exceed the amount of Five Million Eighty eight Thousand Dollars (\$5,088,000) for FTA Section 5307 Urbanized Area Formula Grant funds.

3. FTA Section 5339 Bus and Bus Facilities Formula Grant funds are determined in the grant year in which funds are allocated and by a formula based on information retrieved from the National Transit Database (NTD) report for modes of services operated by NETWORK, unit values distributed by FTA for the respective Fiscal Year (FY) commencing in the Fiscal Year 2022 and continuing through the Fiscal Year 2026 and based on the annual congressional appropriations. .

AUTHORITY's maximum obligation shall not exceed the amount of Six Hundred Twenty-Five Thousand Dollars (\$625,000) for FTA Section 5339 Bus and Bus Facilities Formula Grant funds.

4. AUTHORITY shall retain up to ten percent (10%) of the FTA Section 5339 Bus and Bus Facilities Grant funds to cover administrative and direct costs associated with applying for grant funds, processing payments, and ensuring compliance with federal requirements. AUTHORITY shall also retain the actual cost to perform periodic desk and on-site reviews utilizing a consultant, not to exceed once every thirty-six (36) months. The retention shall be calculated each year by AUTHORITY based on actual costs to AUTHORITY and adjusted accordingly in the next FY allocation.

C. AUTHORITY shall notify NETWORK when FTA Section 5307 Urbanized Area Formula Grant funds are available following execution of the federal grant. At no time, shall AUTHORITY be responsible for paying NETWORK FTA funding prior to the execution of the federal grant agreement. NETWORK shall provide required invoices, and backup documentation in accordance with the Award Management Procedures identified by FTA in FTA C 5010.E.

AUTHORITY shall process payment for NETWORK within 30 days upon receipt of reimbursement from FTA.

D. At the end of the Fiscal Year, AUTHORITY shall calculate the actual costs of the complementary paratransit services provided in NETWORK's service area and deduct the respective costs from the next Fiscal Year's allocation to NETWORK.

E. Compliance with FTA Subrecipient Monitoring – AUTHORITY shall provide NETWORK with a subrecipient compliance monitoring plan, provide consultation in the development of required FTA documents, policies, and procedures, and send notifications of onsite visits including time, date, and compliance components to be reviewed. The notice shall be sent at least thirty (30) calendar days prior to the on-site visit. A full federal compliance review shall be conducted not more than once every thirty-six (36) months and notice of the visit shall be provided at least forty-five (45) calendar days prior to the on-site visit.

F. Compliance with FTA Subrecipient Reporting – AUTHORITY shall provide NETWORK with the required subrecipient reporting documents and hold NETWORK responsible for the completion, submission, and/or retention of subrecipient documents to ensure compliance with the FTA guidelines.

G. FTA Section 5307 and FTA Section 5339 Grant Application – AUTHORITY agrees to include NETWORK's Program of Projects for each fiscal year commencing in Fiscal Year 2022 and continuing to Fiscal Year 2026 in AUTHORITY's FTA Section 5307 Urbanized Area Formula Grant and 5339 Bus and Bus Facilities Grant application that shall be submitted to the FTA in a timely manner.

H. Federal Transportation Improvement Program – AUTHORITY agrees to include NETWORK's Program of Projects in the Federal Transportation Improvement Program.

I. AUTHORITY shall indemnify, defend and hold harmless NETWORK, its officers, directors, employees and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by AUTHORITY, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

J. For the purposes of this Agreement, AUTHORITY'S payment obligations, if any, shall survive the expiration of this Agreement.

#### **ARTICLE 4. RESPONSIBILITIES OF NETWORK**

NETWORK agrees to the following responsibilities:

A. National Transit Database Collection and Reporting – NETWORK shall submit, on or before October 31<sup>st</sup> of each year, a fiscal year-end National Transit Database (NTD) report covering the period from July 1st of the previous year through June 30th of the report year as required by the Federal Department of Transportation (DOT) and AUTHORITY. In the event that NETWORK fails to submit the NTD base report in a timely manner, AUTHORITY has the option to withhold the maximum cumulative obligations that are identified in this Cooperative Agreement, for each year in which the NTD base has not been submitted.

B. Program of Projects – NETWORK shall adopt an annual Program of Projects and submit it to AUTHORITY on or before July 1st of each year. Only projects eligible under the FTA Section 5307 Urbanized Area Formula Grant program and FTA Section 5339 Bus and Bus Facilities Grant program may be included in the Program of Projects. NETWORK agrees that if NETWORK cannot develop a Program of Projects that expends all grant funding apportioned, AUTHORITY will provide NETWORK with a list of eligible projects that would be mutually beneficial to NETWORK and AUTHORITY.

C. Compliance with FTA Subrecipient Reporting – NETWORK agrees to provide the following required subrecipient reporting documents to AUTHORITY:

1. Reimbursement Invoice – NETWORK agrees to invoice AUTHORITY for eligible FTA Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Bus and Bus Facilities grant funds. NETWORK shall submit reimbursement request to AUTHORITY in accordance with the Award Management Procedures identified by FTA in FTA C 5010.E.
2. Quarterly Progress Report – NETWORK agrees to provide AUTHORITY with quarterly progress reports in accordance with the FTA reporting requirements. This includes quarterly Milestone Progress Reports (MPR) and Federal Financial Reports (FFR). Progress reports shall be provided by NETWORK to AUTHORITY on a quarterly basis on or before the fifteenth of the month following the quarter ending;
3. On-site Visits – NETWORK agrees with performance of onsite visits by AUTHORITY to ensure NETWORK is in compliance with all FTA requirements. Onsite visits by AUTHORITY to NETWORK shall be scheduled in advance. NETWORK shall provide all documentation necessary to AUTHORITY to ensure compliance with all FTA requirements;
4. Annual FTA Compliance Self-Certification – NETWORK agrees to provide AUTHORITY with the FTA Compliance Self Certification Forms on an annual basis on or before the fifteenth of the month following fiscal year ending;
5. NETWORK shall provide AUTHORITY with a copy of NETWORK's annual audit, which includes the Single Audit Report, A-133 and the Management Letter prepared by NETWORK's independent auditor.
6. NETWORK shall provide such other information as requested by AUTHORITY, including information to ensure compliance with federal regulations and as required for the FTA Triennial Review.

D. If NETWORK contracts for consultant services to perform any or all services, then NETWORK shall be responsible for payment to the consultant for services rendered and then seek reimbursement for eligible expenses from AUTHORITY as part of this Agreement. NETWORK shall procure consultant services in compliance with federal requirements and shall be responsible for reviewing the consultant's invoice for accuracy, terms, and completeness.

E. Compliance with Americans with Disabilities Act – NETWORK agrees to certify annually that the transportation system is in full compliance with the Americans with Disabilities Act. The certification must include a complementary paratransit service plan. NETWORK shall contract with AUTHORITY to provide this complementary paratransit service on a per-trip fee basis. The cost will be on a per-trip fee basis for a proportionate share of trips that originate and terminate within three-quarter miles of NETWORK's operating area. The number of complementary paratransit trips billed to NETWORK will be equal to the total number of complementary paratransit trips in NETWORK's operating area times the percentage of NETWORK's revenue vehicle miles traveled as compared to AUTHORITY's revenue vehicle miles traveled in NETWORK's operating area. NETWORK will be billed on an annual basis in October following the close of the fiscal year. NETWORK agrees that the cost of the complementary paratransit service shall be deducted from its annual reimbursement invoice. AUTHORITY shall notify NETWORK of the budgeted cost per trip within two weeks following the adoption of the AUTHORITY's budget.

F. Local Match – NETWORK agrees to provide the local match required by the FTA. The Program of Projects must identify the source of NETWORK's local match.

G. Exchange of Funds – NETWORK shall not make a request to AUTHORITY to exchange federal funds for local funds, nor exchange capital funds for operating assistance; however, AUTHORITY reserves the right to exchange federal funds for local funds. NETWORK agrees to execute all applicable documents necessary to exchange local funds for federal funds as may be required.

H. Timing of National Transit Database Reporting, ACCESS Expenses, and Federal Budget – NETWORK recognizes that there is at least a two (2) year delay when NTD reporting is submitted before the corresponding FTA Section 5307 Urbanized Area Formula Grant funds can be allocated. NETWORK also recognizes that FTA Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Bus and Bus Facilities Formula Grant funds are not available until such time that the federal budget is adopted, FTA publishes apportionments, and AUTHORITY has executed a grant agreement with FTA. FTA may issue exceptions to the NTD reporting and allocations accordingly. AUTHORITY and NETWORK shall follow directives issued by FTA for NTD reporting and calculation of annual allocations accordingly.

I. Maintenance Record Reporting – NETWORK shall provide AUTHORITY with a report disclosing any federalized capital assets and records pertaining to its vehicle maintenance data. NETWORK shall submit report to AUTHORITY on an annual basis no later than sixty (60) days following the close of the fiscal year.

J. NETWORK shall indemnify, defend and hold harmless AUTHORITY, its officers, directors, employees and agents from and against any and all claims (including attorney's fees and reasonable expenses for litigation or settlement) for any loss or damages, bodily injuries, including death, damage to or loss of use of property caused by the negligent acts, omissions or willful misconduct by NETWORK, its officers, directors, employees or agents in connection with or arising out of the performance of this Agreement.

**ARTICLE 5. REQUEST FOR REIMBURSEMENT:**

A. NETWORK shall prepare and submit to AUTHORITY an invoice as specified in the subrecipient section Article 4, Paragraph C, Section 1, entitled "Reimbursement Invoice," included in this Agreement. NETWORK's Reimbursement Invoice shall include allowable project costs incurred and paid for by NETWORK consistent with the Project's Scope of Work and Activity Line Items (ALI) identified in the FTA grant application. The Reimbursement Invoice submitted by NETWORK shall be signed by an authorized agent who can duly certify the accuracy of the



included information. Advance payments by AUTHORITY are not allowed.

B. Each Reimbursement Invoice will report the total of Project expenditures and will specify the percent and amount of Federal Funds to be reimbursed. The Reimbursement Invoice shall be accompanied by a detailed invoice describing all invoiced work completed and supporting documentation.

C. If applicable, the first Reimbursement Invoice shall also be accompanied by a report describing any tasks specified in the Scope of Work document which were accomplished prior to the effective date of this Agreement, which costs could be credited toward the required Local Match provided that AUTHORITY has provided prior written approval for such expenditures to NETWORK.

D. Eligible Project costs are described in the Federal Grant and in the FTA guidelines.

E. The Reimbursement Invoice must be submitted on NETWORK's letterhead.

F. NETWORK should consult with AUTHORITY's Project Manager for questions regarding non-reimbursable expenses.

G. Total payments shall not exceed Five Million, Seven Hundred Thirteen Thousand Dollars(\$5,713,000).

H. If any amounts requested by NETWORK are disallowed or not reimbursed by the FTA for any reason, NETWORK may submit other eligible expenses for reimbursement to AUTHORITY in accordance with the ALIs identified in the FTA grant application. All payments made by AUTHORITY hereunder are subject to the audit provisions contained herein and within the Federal Grant.

I. NETWORK shall comply with and ensure that work performed under this Agreement is done in compliance with all applicable provisions of federal, state and local laws, statutes, ordinances, rules, regulations and procedural requirements, including without limitation, Federal Acquisition Regulations (FAR) and the applicable requirements and regulations of AUTHORITY. NETWORK acknowledges responsibility for obtaining copies of and complying with

the terms of the most recent federal, state or local laws and regulations and AUTHORITY requirements, including any amendments thereto.

**ARTICLE 6. IT IS MUTUALLY UNDERSTOOD AND AGREED:**

All PARTIES agree to the following responsibilities:

A. This Agreement shall commence upon execution by both PARTIES and shall continue in full force and effect through June 30, 2027. This Agreement may only be extended upon mutual agreement by both PARTIES. The amount of funding assistance to be provided by AUTHORITY will be based on information retrieved from the National Transit Database (NTD) reporting for modes of services operated by NETWORK, unit values distributed by FTA for the respective Fiscal Year (FY), and based on the annual congressional appropriations.

B. This Agreement supersedes Cooperative Agreement No. C-7-1760 between AUTHORITY and NETWORK. Any funds distributed under Cooperative Agreement No. C-7-1760 shall be deducted from the obligation under this Agreement.

C. This Agreement may be terminated by either PARTY after giving ninety (90) days written notice. If NETWORK becomes a direct recipient of federal funds at any time during the term of this Agreement, NETWORK may terminate this Agreement after giving AUTHORITY ninety (90) days written notice.

D. This Agreement may be amended in writing at any time by the mutual consent of both PARTIES. No amendment shall have any force or effect unless executed in writing by both PARTIES.

E. The persons executing this Agreement on behalf of the PARTIES hereto warrant that they are duly authorized to execute this Agreement on behalf of said PARTIES and that, by so executing this Agreement, the PARTIES hereto are formally bound to the provisions of this Agreement.

F. All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of said notices in person or

by depositing said notices in the U.S. mail, registered, or certified mail and addressed as follows:

To NETWORK:

Anaheim Transportation Network  
1354 South Anaheim Boulevard  
Anaheim, California 92805

Attention: Diana Kotler  
Executive Director  
(714) 563-5287  
dkotler@atnetwork.org

To AUTHORITY:

Orange County Transportation Authority  
550 South Main Street  
P. O. Box 14184  
Orange, CA 92863-1584

Attention: Luis Martinez  
Contract Administrator  
(714) 560-5767  
Lmartinez1@octa.net

C: P. Sam Kaur, Department Manager,  
Revenue and Grants Administration

G. The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not part of and not intended to govern, limit or aid in the construction or interpretation of any terms or provision thereof.

H. The provision of this Agreement shall bind and inure to the benefit of each of the PARTIES hereto and all successors or assigns of the PARTIES hereto.

I. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

J. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

K. Either PARTY shall be excused from performing its obligations under this

Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control, including but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act or omission by the other PARTY; when satisfactory evidence of such cause is presented to the other PARTY, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the PARTY not performing.

#### **ARTICLE 7. PROMPT PAYMENT CLAUSE**

A. NETWORK agrees to pay any expenses related to reimbursement request such as, but not limited to, each contractor and subcontractors for the satisfactory work performed under this Agreement prior to submitting the Request for Reimbursement to AUTHORITY. , NETWORK agrees further to return retainage payments to each subcontractor within thirty (30) calendar days after the subcontractor's work is satisfactorily completed. AUTHORITY reserves the right to request the appropriate documentation from NETWORK showing payment has been made to the subcontractors. Any delay or postponement of payment from the above referenced time frames may occur only for good cause following written approval by AUTHORITY. NETWORK agrees further to provide proof of payment documentation to AUTHORITY as part of the Request for Reimbursement.

B. Failure to comply with this provision or delay in payment without prior written approval from AUTHORITY will constitute noncompliance, which may result in appropriate administrative sanctions, including, but not limited to a penalty of two percent (2%) of the invoice amount due per month for every month that payment is not made.

C. These prompt payment provisions must be incorporated in all subcontract agreements issued by NETWORK under this Agreement.

#### **ARTICLE 8. INDEPENDENT CONTRACTOR**

NETWORK's relationship to AUTHORITY in the performance of this Agreement is that of an independent contractor. NETWORK's personnel performing services under this Agreement shall at

all times be under NETWORK's exclusive direction and control and shall be employees of NETWORK and not employees of AUTHORITY. NETWORK shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

#### **ARTICLE 9. CONFLICT OF INTEREST**

NETWORK agrees to avoid organizational conflicts of interest. An organizational conflict of interest means that due to other activities, relationships or contracts, NETWORK is unable, or potentially unable to render impartial assistance or advice to AUTHORITY; NETWORK's objectivity in performing the work identified in the Scope of Work is or might be otherwise impaired; or NETWORK has an unfair competitive advantage. NETWORK is obligated to fully disclose to AUTHORITY in writing Conflict of Interest issues as soon as they are known to NETWORK. All disclosures must be submitted in writing to AUTHORITY pursuant to the Notice provision herein. This disclosure requirement is for the entire term of this Agreement.

#### **ARTICLE 10. CODE OF CONDUCT**

NETWORK agrees to comply with AUTHORITY's Code of Conduct as it relates to Third-Party contracts, which is hereby referenced and by this reference is incorporated herein. NETWORK agrees to include these requirements in all of its subcontracts.

#### **ARTICLE 11. ACCESS TO RECORDS AND REPORTS**

Upon reasonable notice, NETWORK shall permit authorized personnel of the AUTHORITY, the U.S. Department of Transportation (DOT), the Comptroller General of the United States, or other agents of AUTHORITY, such access to NETWORK's accounting books, records, payroll documents and facilities of the NETWORK which are directly pertinent to this Agreement for the purposes of examining, auditing and inspecting all accounting books, records, work data, documents and activities related hereto. NETWORK shall maintain such books, records; data and documents in accordance with generally accepted accounting principles and shall clearly identify and make such

items readily accessible to such parties during NETWORK's performance hereunder and for a period of four (4) years from the date of final payment by AUTHORITY. AUTHORITY's right to audit books and records directly related to this Agreement shall also extend to all first-tier subcontractors. NETWORK shall permit any of the foregoing parties to reproduce documents by any means whatsoever or to copy excerpts and transcriptions as reasonably necessary.

**ARTICLE 12. PROHIBITION ON PROVIDING ADVOCACY SERVICES**

NETWORK and all subcontractors performing work under this Agreement, shall be prohibited from concurrently representing or lobbying for any other party competing for a contract with AUTHORITY, either as a prime NETWORK or subcontractor. Failure to refrain from such representation may result in termination of this Agreement after 15 days written notice is provided by AUTHORITY to NETWORK.

**ARTICLE 13. FEDERAL, STATE AND LOCAL LAWS**

NETWORK warrants that in the performance of this Agreement, it shall comply with all applicable federal, state and local laws, statutes and ordinances and all lawful orders, rules and regulations promulgated thereunder.

**ARTICLE 14. EQUAL EMPLOYMENT OPPORTUNITY**

In connection with its performance under this Agreement, NETWORK shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. NETWORK shall take affirmative action to ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

**ARTICLE 15. CIVIL RIGHTS ASSURANCE**

During the performance of this Agreement, NETWORK, for itself, its assignees and successors in interest agree as follows:

A. Compliance with Regulations: NETWORK shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this Agreement.

B. Nondiscrimination: NETWORK, with regard to the work performed by it during the Agreement, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The NETWORK shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the Agreement covers a program set forth in Appendix B of the Regulations.

C. Solicitations for Subcontracts, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the NETWORK for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the NETWORK of the NETWORK's obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.

D. Information and Reports: NETWORK shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the AUTHORITY to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of a NETWORK is in the exclusive possession of another who fails or refuses to furnish this information the NETWORK shall so certify to the AUTHORITY as appropriate, and shall set forth what efforts it has made to obtain the information.

E. Sanctions for Noncompliance: In the event of the NETWORK's noncompliance with nondiscrimination provisions of this Agreement, the AUTHORITY shall impose Agreement sanctions

as it may determine to be appropriate, including, but not limited to:

1. Withholding of payments to the NETWORK under the Agreement until the NETWORK complies; and/or

2. Cancellation, termination, or suspension of the Agreement, in whole or in part.

F. Title VI of the Civil Rights Act: In determining the types of property or services to acquire, no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity receiving Federal financial assistance in violation of Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. Sections 2000d et seq. and DOT regulations, “Nondiscrimination in Federally Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964,” 49 CFR Part 21. In addition, FTA Circular 4702.1, “Title VI and Title VI-Dependent Guidelines for FTA Recipients,” 05-13-07, provides FTA guidance and instructions for implementing DOT’s Title VI regulations.

G. The Americans with Disabilities Act of 1990, as amended (ADA), 42 U.S.C. Sections 12101 et seq., prohibits discrimination against qualified individuals with disabilities in all programs, activities, and services of public entities, as well as imposes specific requirements on public and private providers of transportation.

H. Incorporation of Provisions: NETWORK shall include the provisions of paragraphs (A) through (H) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The NETWORK shall take such action with respect to any subcontract or procurement as the AUTHORITY may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event a NETWORK becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the NETWORK may request the AUTHORITY to enter into such litigation to protect the interests of the AUTHORITY, and, in addition, the NETWORK may request the United States to enter into such litigation to protect the interests of the United States.



#### **ARTICLE 16. PROHIBITED INTERESTS**

A. NETWORK covenants that, for the term of this Agreement, no director, member, officer or employee of AUTHORITY during his/her tenure in office or for one (1) year thereafter, shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.

B. No member of or delegate to, the Congress of the United States shall have any interest, direct or indirect, in this Agreement or to the benefits thereof.

#### **ARTICLE 17. PRIVACY ACT**

NETWORK shall comply with, and assures the compliance of its employees with, the information restrictions and other applicable requirements of the Privacy Act of 1974, 5 U.S.C. §552a. Among other things, NETWORK agrees to obtain the express consent of the Federal Government before NETWORK or its employees operate a system of records on behalf of the Federal Government. NETWORK understands that the requirements of the Privacy Act, including the civil and criminal penalties for violation of that Act, apply to those individuals involved, and that failure to comply with the terms of the Privacy Act may result in termination of the underlying Agreement.

#### **ARTICLE 18. INCORPORATION OF FTA TERMS:**

All provisions required by DOT, whether or not expressly set forth in this document, as set forth in FTA Circular's 9030.1D, 4220.1F, and 5010.1D, as amended and FTA's Master Cooperative Agreement are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Cooperative Agreement. NETWORK shall not perform any act, fail to perform any act, or refuse to comply with any requests, which cause AUTHORITY to be in violation of the FTA terms or conditions.

#### **ARTICLE 19. FEDERAL CHANGES**

NETWORK shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the agreement between AUTHORITY and FTA , as they may be amended or promulgated from time to time during

this Agreement. NETWORK's failure to comply shall constitute a material breach of contract.

**ARTICLE 20. ALCOHOL AND DRUG POLICY**

A. NETWORK agrees to establish and implement an alcohol and drug program that complies with 49 Code of Federal Regulations Part 655, produce any documentation necessary to establish its compliance with Part 655, and permit any authorized representative of the United States Department of Transportation or its operating administrations, the State Oversight Agency of California, or AUTHORITY, to inspect the facilities and records associated with the implementation of the alcohol and drug testing program as required under 49 CFR Part 655 and review the testing process.

B. NETWORK agrees further to certify annually its compliance with Part 655 and to submit the Management Information System reports to, and when requested by, AUTHORITY's Project Manager and AUTHORITY's Alcohol and Drug Program Manager. To certify compliance NETWORK shall use the "Substance Abuse Certifications" and the "Annual List of Certifications and Assurances for Federal Transit Administration (FTA) Grants and Cooperative Agreements," which is published annually in the Federal Register.

C. On an annual basis, and no later than February 15 of each year, NETWORK shall submit to AUTHORITY's People and Community Engagement Division annual drug and alcohol testing data using the appropriate FTA prescribed forms. The report shall cover testing conducted during the previous calendar year. It shall be addressed as follows:

OCTA People and Community Engagement

Attn: Alcohol and Drug Program Manager

550 South Main Street

P. O. Box 14184

Orange, CA 92863-1584

D. Using the EZ format prescribed by the FTA for the annual report, NETWORK shall send a quarterly drug and alcohol testing report to the Project Manager, with a copy to the Alcohol and Drug Program Manager in People and Community Engagement Division. The quarterly report must

be submitted no later than the 15<sup>th</sup> of the month following the close of each quarter (April, July, October, January).

E. NETWORK agrees further to submit upon request a copy of the Policy Statement developed to implement its alcohol and drug testing program.

F. Failure to comply with this Article may result in nonpayment or termination of this Cooperative Agreement.

#### **ARTICLE 21. NO GOVERNMENT OBLIGATION TO THIRD PARTIES**

AUTHORITY and NETWORK acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying Agreement, absent the express written consent by the Federal Government, the Federal Government is not a party to this Agreement and shall not be subject to any obligations or liabilities to AUTHORITY, NETWORK, or any other party (whether or not a party to this Agreement) pertaining to any matter resulting from the underlying Agreement. NETWORK agrees to include these requirements in all of its subcontracts.

#### **ARTICLE 22. PROGRAM FRAUD AND FALSE OR FRAUDULENT STATEMENTS AND RELATED ACTS**

A. NETWORK acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. §§3801 et seq. and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. Part 31, apply to its actions pertaining to this project. Accordingly, by signing this Agreement, NETWORK certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying Agreement of the FTA assisted project for which this Agreement's work is being performed. NETWORK also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose penalties of the Program Fraud Civil Remedies Act of 1986 on NETWORK to the extent the Federal Government deems appropriate.

B. NETWORK also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under an agreement connected with a project that is financed in whole or part with Federal assistance awarded by FTA under the authority of 49 U.S.C. §§5316/5317, the Government reserves the right to impose the penalties of 18 U.S.C. §§1001 et seq. and 49 U.S.C. §§5316/5317 on NETWORK, to the extent the Federal Government deems appropriate. NETWORK agrees to include this requirement in all of its subcontracts.

#### **ARTICLE 23. RECYCLED PRODUCTS**

NETWORK shall comply with all the requirements of Section 6002 of the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. §6962), including but not limited to the regulatory provisions of 40 CFR Part 247, and Executive Order 12873, as they apply to the procurement of the items designated in subpart B of 40 CFR Part 247. NETWORK agrees to include this requirement in all of its subcontracts.

#### **ARTICLE 24. LOBBYING**

NETWORK who applies or bids for an award of \$100,000 or more shall file the certification required by 49 CFR part 20, "New Restrictions on Lobbying". Each tier certifies to the above that it will not or has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose the name of any registrant under the Lobbying Disclosure Act of 1995 who has made lobbying contacts on its behalf with non-Federal funds with respect to that Federal contract, grant or award covered by 31 U.S.C. 1352. Such disclosures are forwarded from tier to tier up to the recipient.

#### **ARTICLE 25. ENERGY CONSERVATION REQUIREMENTS**

NETWORK shall comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy

Policy Conservation Act.

**ARTICLE 26. CLEAN AIR**

NETWORK shall comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq. NETWORK shall report each violation to AUTHORITY, who will in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office. NETWORK agrees to include this requirement in all of its subcontracts.

**ARTICLE 27. CLEAN WATER REQUIREMENTS**

NETWORK shall comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§1251 et seq. NETWORK shall report each violation to AUTHORITY and understands and agrees that AUTHORITY who will in turn, report each violation as required to assure notification to FTA and appropriate EPA Regional Office. NETWORK agrees to include this requirement in all of its subcontracts.

**ARTICLE 28. DEBARMENT AND SUSPENSION**

NETWORK shall not do business with a subcontractor or other participant who is debarred, suspended or otherwise disqualified. NETWORK shall comply with 2 CFR Part 180, as adopted and supplemented by 2 CFR Part 1200. NETWORK shall include these requirements in any lower tier covered transaction it enters into.

**ARTICLE 29. NEW FEDERAL FUNDING NOT COVERED BY THIS AGREEMENT**

AUTHORITY and NETWORK agree that should a new source of federal funding for transportation purposes become available to AUTHORITY, AUTHORITY shall, at NETWORK's request, agree to engage in good faith discussions with NETWORK regarding NETWORK's eligibility for such federal funding. In no event shall this ARTICLE be read to require AUTHORITY to allocate any such funding to NETWORK and AUTHORITY shall retain full discretion as to the allocation and use of such federal funds. It is intended that the ARTICLE shall only apply to funding not covered under this Agreement.

This Cooperative Agreement shall be made effective upon execution by both PARTIES.

**IN WITNESS WHEREOF**, the PARTIES hereto have caused this Cooperative Agreement No. C-2-2777 to be executed on the date first above written.

**ANAHEIM TRANSPORTATION  
NETWORK**

By: \_\_\_\_\_  
Diana Kotler  
Executive Director

**ORANGE COUNTY TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_  
Darrell Johnson  
Chief Executive Officer

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
James Donich  
General Counsel

**APPROVED:**

By: \_\_\_\_\_  
Andrew Oftelie  
Chief Financial Officer



**September 14, 2022**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Amendment to Agreement for System Manager and Business Analyst Support Services

### **Overview**

On October 4, 2021, the Orange County Transportation Authority entered into an agreement with Carpe Datum for a one-year term to provide system manager and business analyst support services for various financial systems used by the Financial Planning and Analysis Department. An amendment is needed for continued system manager and business analyst support services.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement No. C-1-3495 between the Orange County Transportation Authority and Carpe Datum, in the amount of \$158,380, to provide continued system manager and business analyst support services through March 31, 2023. This will increase the maximum obligation of the agreement to a total contract value of \$397,340.

### **Discussion**

The Orange County Transportation Authority's (OCTA) Financial Planning and Analysis (FP&A) Department contracts with Carpe Datum to provide system development, ongoing systems maintenance, verification of data integrity, training for newly developed workspaces, as well as for recommendations to FP&A management regarding the impact of future improvement of financial models and technology trends.

FP&A is in the process of migrating from a custom, in-house built application called BUDBAR, that was used for budgeting, budget maintenance, variance reporting, and ad hoc analysis, to Oracle's Enterprise Planning and Budgeting Cloud Services (PBCS), which is a cloud-based off-the-shelf application. OCTA has already migrated budget development, budget reporting and ad hoc analysis

functions to the PBCS system. Given the versatility of the PBCS system, OCTA has also begun the process of migrating its long-range planning and forecasting, contract oversight, and performance measurement functions to the PBCS system with the goal of having all of the areas tied together through workspaces and dashboards in lieu of separate Excel files tied together with manual processes. Additional hours not originally anticipated are being invested to build these workspaces and dashboards for the additional functionality.

In order to accommodate the inclusion of the additional functionality provided by the workspaces and dashboards, the timeline of migrating BUDBAR to PBCS has been revised. Additional funds are needed to accommodate additional workload for ongoing system manager and business analyst support services provided by Carpe Datum.

Carpe Datum is responsible for ensuring the stability of FP&A's systems and integrity of the data during the migration, as well as ensuring the system operates efficiently and interfaces properly with other financial systems, including accounting, procurement, and payroll. Carpe Datum is also responsible for working with FP&A staff to develop new systems, workspaces, reports, improve work efficiency and quality of reporting within the FP&A Department. Furthermore, Carpe Datum provides technical leadership in the development of financial and business planning models for grant reimbursement, labor reporting, and cost-benefit analyses.

### ***Procurement Approach***

The procurement was originally handled in accordance with OCTA's Board of Directors-approved policies and procedures for professional and technical services. On October 4, 2021, OCTA entered into an agreement with Carpe Datum in the amount of \$238,960 for a one-year term effective through September 30, 2022.

An amendment is needed to extend the term of the agreement an additional six months through March 31, 2023 and increase the maximum obligation in the amount of \$158,380, bringing the total contract value to \$397,340. This increase will allow Carpe Datum to continue providing services to accomodate additional workload. The extension will also allow sufficient time to complete a new procurement for system manager and business anlaysis support services and establish a new agreement.

The budget for this amendment is deemed fair and reasonable as it takes into consideration the increased level of effort. Additionally, effective October 1, 2022



the fully-burdened labor rate will increase from \$120 per hour to \$125 per hour, which represents a 4.2 percent increase. This percentage increase is less than the consumer price index increase used in the independent cost estimate from the OCTA project manager and therefore deemed fair and reasonable.

**Fiscal Impact**

The local funds allocated for this agreement are included in OCTA's Finance and Administration Division Fiscal Year 2022-23 Budget; Financial Planning and Analysis Account No. 1250-7519-A5266-CAV.

**Summary**

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement No. C-1-3495 with Carpe Datum, in the amount of \$158,380, to provide continued system manager and business analyst support services through March 31, 2023.

**Attachment**

A. Carpe Datum, Agreement No. C-1-3495 Fact Sheet

**Prepared by:**



Victor Velasquez  
Department Manager, Financial  
Planning and Analysis  
(714) 560-5592

**Approved by:**



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



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

**Carpe Datum  
Agreement No. C-1-3495  
Fact Sheet**

1. October 4, 2021, Agreement No. C-1-3495, \$238,960, approved by the Contracts Administration and Materials Management Department.
  - Agreement to provide a system manager and business analyst to support various systems related to the Orange County Transportation Authority's financial functions.
  - One-year term effective October 4, 2021 through September 30, 2022.
2. September 26, 2022, Amendment No. 1 to Agreement No. C-1-3495, \$158,380, pending approval by the Board of Directors.
  - Increase maximum cumulative obligation for additional system manager and business analyst support services through March 31, 2023.

Total committed to Carpe Datum under Agreement No. C-1-3495: \$397,340.



**September 14, 2022**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** 2022 Measure M2 Sales Tax Forecast

### **Overview**

The Orange County Transportation Authority contracts with MuniServices, LLC and three universities to forecast Measure M2 taxable sales. MuniServices, LLC and the three universities have provided updated forecasts and staff has incorporated the new information into the annual update for the long-range forecast of Measure M2 taxable sales.

### **Recommendation**

Receive and file as an information item.

### **Background**

On March 28, 2016, the Orange County Transportation Authority (OCTA) Board of Directors (Board) directed staff to forecast Measure M2 (M2) taxable sales utilizing MuniServices, LLC (MuniServices) forecasted taxable sales growth rates for the first five years of the forecast period, and average growth rates based on forecasted taxable sales from three universities: Chapman University (Chapman), California State University, Fullerton (CSUF), and University of California, Los Angeles (UCLA), for the remaining years.

OCTA received final tax receipts for fiscal year (FY) 2021-22 on August 24, 2022, and has prepared the final 2022 M2 sales tax forecast.

### **Discussion**

Orange County's economy continued to emerge strongly in FY 2021-22 from the pandemic. The unemployment rate in Orange County decreased to 2.9 percent in June 2022, compared to 6.9 percent in June 2021. Between June 2021 and June 2022, the total non-farm employment increased by 78,800 jobs, or 4.9 percent. The most substantial increase in Orange County was in the leisure

and hospitality sector adding 37,600 jobs followed by professional and business services sector adding 10,600 jobs.

Orange County continued to make a corresponding strong bounce back in sales tax receipts as well. Final M2 sales tax receipts for FY 2021-22 reached \$425 million, which is the highest amount of M2 sales tax receipts received in any FY. The 2022 M2 sales tax forecast was completed incorporating the final sales tax receipts for FY 2021-22 and the updated sales tax forecasts provided by MuniServices, CSUF, Chapman, and UCLA. The new forecast projects sales tax available to support the M2 Program to be \$15 billion over the 30-year period. This represents a year-over-year increase of \$1.8 billion (13.6 percent) in forecasted sales tax when compared to last year's forecast of \$13.2 billion.

The MuniServices forecast includes the period from FY 2022-23 through FY 2026-27. The average annual sales tax growth rate over that period based on the MuniServices forecast is 4.1 percent. The three-university average annual growth rate for the remaining years (FY 2027-28 through FY 2040-41) is 3.3 percent and the average annual growth rate over the entire forecast period is 3.5 percent.

While the economy continues to improve, there are other variables that must be continuously monitored including other coronavirus variants, gas prices, inflation, interest rates, supply chains, and the Ukraine war impact. Staff will continue to monitor the short- and long-term impacts of these variables on M2 sales tax revenues. Staff will also determine the impacts of the updated M2 sales tax forecast to M2 programs and projects and return to the Board in November 2022 with an updated Next 10 Delivery Plan and Comprehensive Business Plan.

### ***Summary***

OCTA has finalized the 2022 M2 sales tax forecast. The 2022 M2 sales tax forecast incorporates final sales tax receipts for FY 2021-22 and updated sales tax forecasts from MuniServices, CSUF, Chapman, and UCLA. It is anticipated that total sales tax available to support the M2 Program will be \$15 billion. This represents a year-over-year increase of \$1.8 billion (13.6 percent) in sales tax when compared to last year's forecast of \$13.2 billion. Staff will determine the impacts of the forecast to M2 programs and projects and return to the Board in November 2022 with an updated Next 10 Delivery Plan and Comprehensive Business Plan.

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**Attachment**

- A. Orange County Transportation Authority M2 Sales Tax Revenue Forecast – 2022

**Prepared by:**



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

**Approved by:**



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



**Orange County Transportation Authority**  
**M2 Sales Tax Revenue Forecast - 2022**  
*In Nominal Dollars*

	Fiscal Year	Actual Growth	Chapman		UCLA		CSUF		MuniServices		Board-Approved Forecast	
			Gross Sales Tax*	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Blended Growth Rate
Actuals	2011 **	6.50%	61,756,868	-	61,756,868	-	61,756,868	-	61,756,868	-	61,756,868	-
	2012	6.20%	250,892,931	-	250,892,931	-	250,892,931	-	250,892,931	-	250,892,931	-
	2013	6.17%	266,384,076	-	266,384,076	-	266,384,076	-	266,384,076	-	266,384,076	-
	2014	4.96%	279,599,946	-	279,599,946	-	279,599,946	-	279,599,946	-	279,599,946	-
	2015	4.30%	291,615,675	-	291,615,675	-	291,615,675	-	291,615,675	-	291,615,675	-
	2016	3.20%	300,944,523	-	300,944,523	-	300,944,523	-	300,944,523	-	300,944,523	-
	2017	2.60%	308,768,664	-	308,768,664	-	308,768,664	-	308,768,664	-	308,768,664	-
	2018	4.12%	321,480,529	-	321,480,529	-	321,480,529	-	321,480,529	-	321,480,529	-
	2019	3.38%	332,358,188	-	332,358,188	-	332,358,188	-	332,358,188	-	332,358,188	-
	2020	-4.33%	317,963,821	-	317,963,821	-	317,963,821	-	317,963,821	-	317,963,821	-
	2021	8.61%	345,345,181	-	345,345,181	-	345,345,181	-	345,345,181	-	345,345,181	-
	2022	23.04%	424,896,566	-	424,896,566	-	424,896,566	-	424,896,566	-	424,896,566	-
Short-Term	2023		458,706,371	7.96%	439,070,719	3.34%	447,250,819	5.26%	453,364,636	6.70%	453,364,636	6.70%
	2024		472,264,497	2.96%	457,916,636	4.29%	468,128,187	4.67%	468,779,034	3.40%	468,779,034	3.40%
	2025		495,152,140	4.85%	474,553,537	3.63%	486,131,202	3.85%	487,530,195	4.00%	487,530,195	4.00%
	2026		513,148,228	3.63%	491,204,718	3.51%	501,703,485	3.20%	504,106,222	3.40%	504,106,222	3.40%
	2027		535,130,146	4.28%	507,884,724	3.40%	514,785,231	2.61%	518,725,302	2.90%	518,725,302	2.90%
Long-Term	2028		553,694,808	3.47%	525,389,854	3.45%	526,862,466	2.35%			534,739,964	3.09%
	2029		576,169,827	4.06%	543,787,532	3.50%	539,368,640	2.37%			552,447,924	3.31%
	2030		597,607,606	3.72%	562,900,204	3.51%	552,282,789	2.39%			570,181,097	3.21%
	2031		620,034,229	3.75%	582,727,083	3.52%	565,756,540	2.44%			588,644,802	3.24%
	2032		646,010,695	4.19%	603,142,712	3.50%	580,187,113	2.55%			608,744,379	3.41%
	2033		670,980,854	3.87%	624,426,738	3.53%	595,322,081	2.61%			629,041,490	3.33%
	2034		696,689,658	3.83%	646,628,928	3.56%	611,016,038	2.64%			650,058,500	3.34%
	2035		723,819,025	3.89%	669,398,452	3.52%	626,808,141	2.58%			671,726,834	3.33%
	2036		751,335,535	3.80%	692,786,248	3.49%	642,700,105	2.54%			693,738,887	3.28%
	2037		779,542,659	3.75%	716,807,359	3.47%	658,464,038	2.45%			716,110,463	3.22%
	2038		809,067,762	3.79%	741,472,444	3.44%	674,144,451	2.38%			739,049,431	3.20%
	2039		839,594,694	3.77%	766,877,911	3.43%	689,879,836	2.33%			762,535,386	3.18%
	2040		871,542,475	3.81%	792,726,177	3.37%	705,814,310	2.31%			786,645,418	3.16%
	2041 **		678,765,204	3.84%	614,096,318	3.29%	541,400,023	2.27%			608,478,164	3.13%
Total			\$ 15,791,263,381	4.06%	\$ 14,955,805,263	3.51%	\$ 14,430,012,464	2.83%			\$ 15,046,655,095	3.29%

\*Fiscal years 2011 through 2017, 2020 through 2022 represent actual sales tax receipts.

\*\* Fiscal year 2011 includes sales tax receipts for one quarter and fiscal year 2041 represents forecasted sales tax receipts for three quarters.

Chapman - Chapman University

UCLA - University of California, Los Angeles

CSUF - California State University, Fullerton

MuniServices - MuniServices, LLC

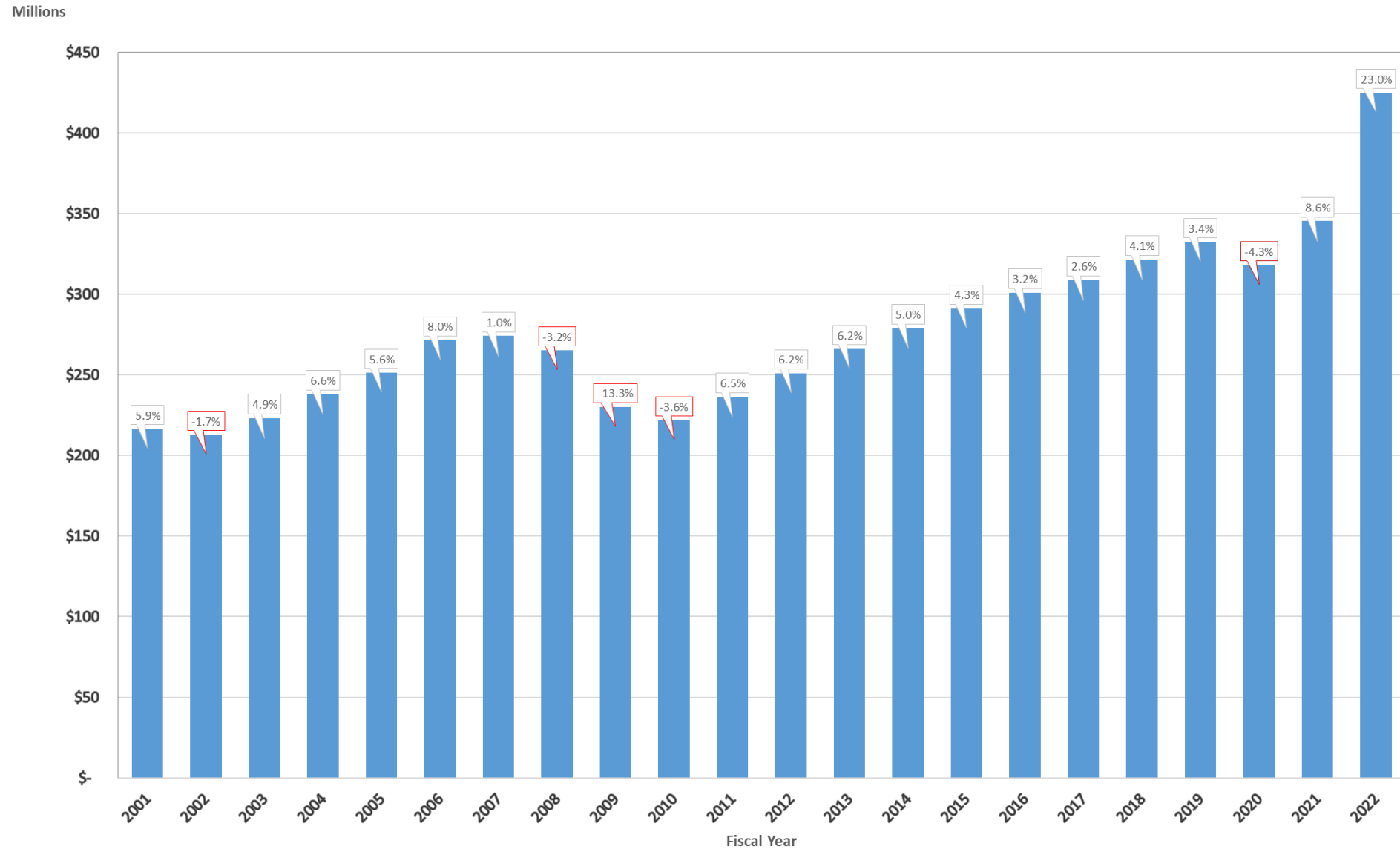
# 2022 Measure M2 Sales Tax Forecast

# Background

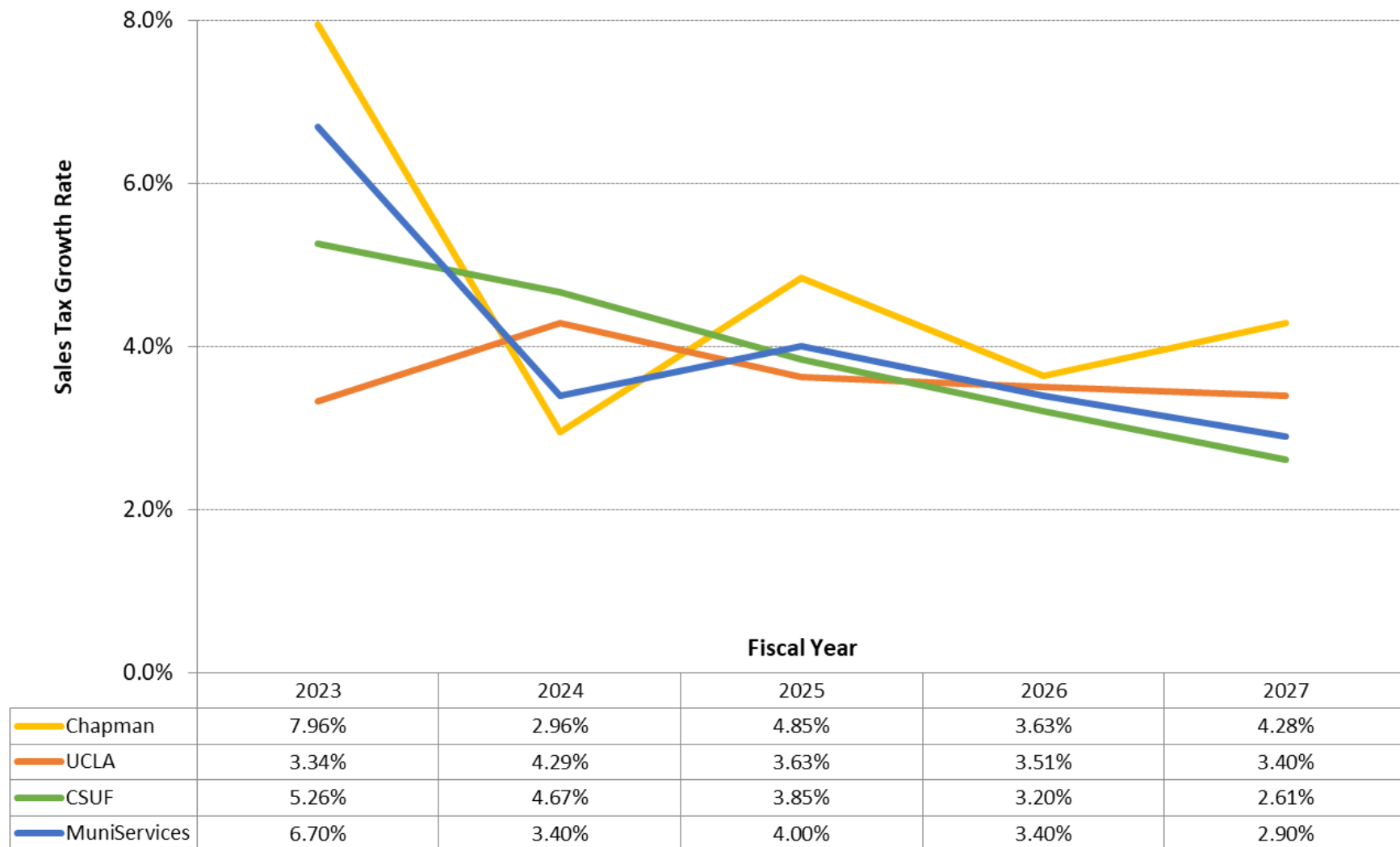
- Methodology uses MuniServices, LLC (Muniservices) forecast for the first five years and the three-university average for the remaining years
  - MuniServices forecasts for fiscal years (FY) 2023 – 2027
  - Three universities' forecasts for FYs 2028 – 2041
    - The universities include Chapman University (Chapman), University of California, Los Angeles (UCLA), and California State University, Fullerton (CSUF)



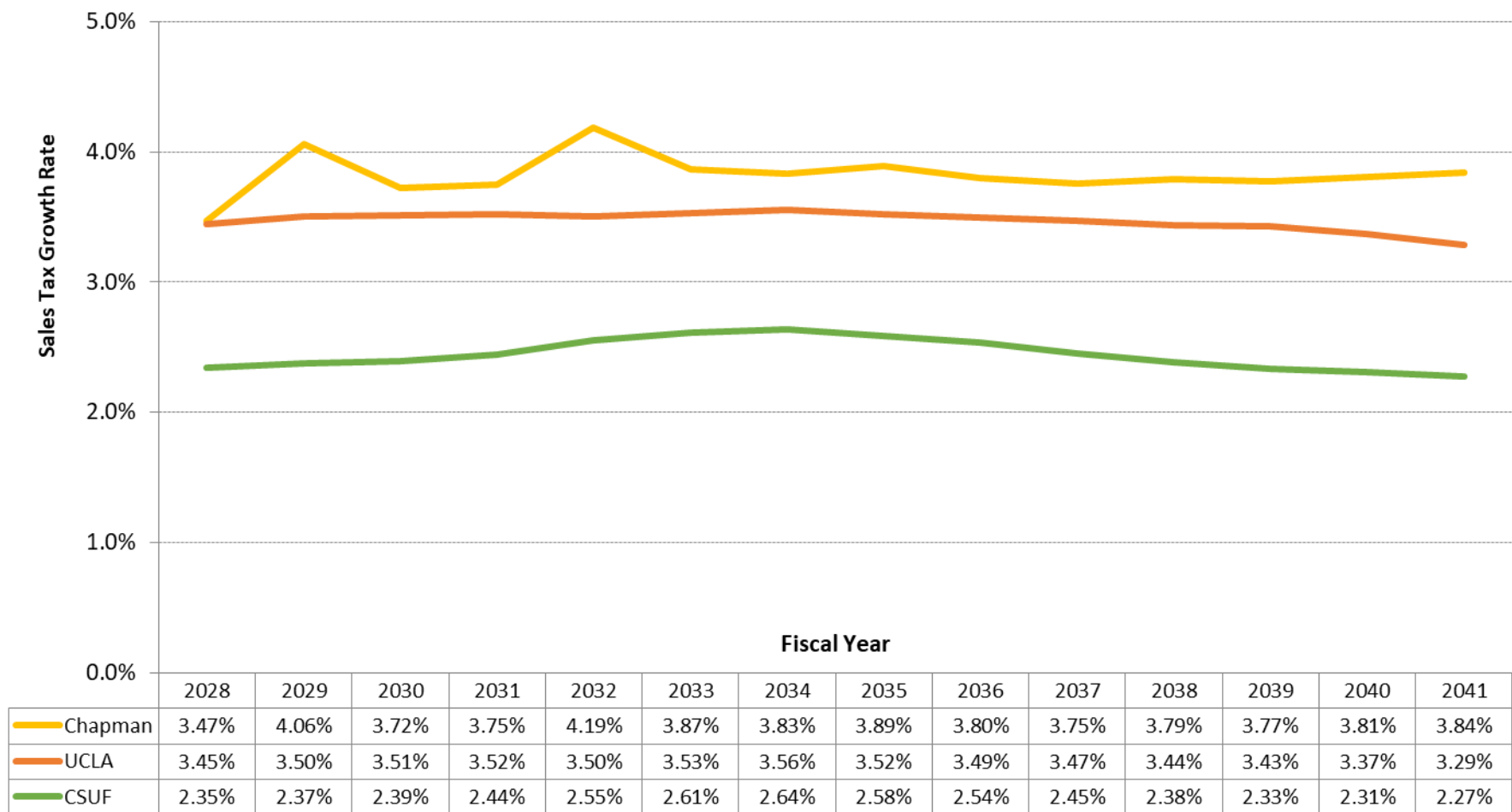
# Historical Measure M Sales Tax Revenues



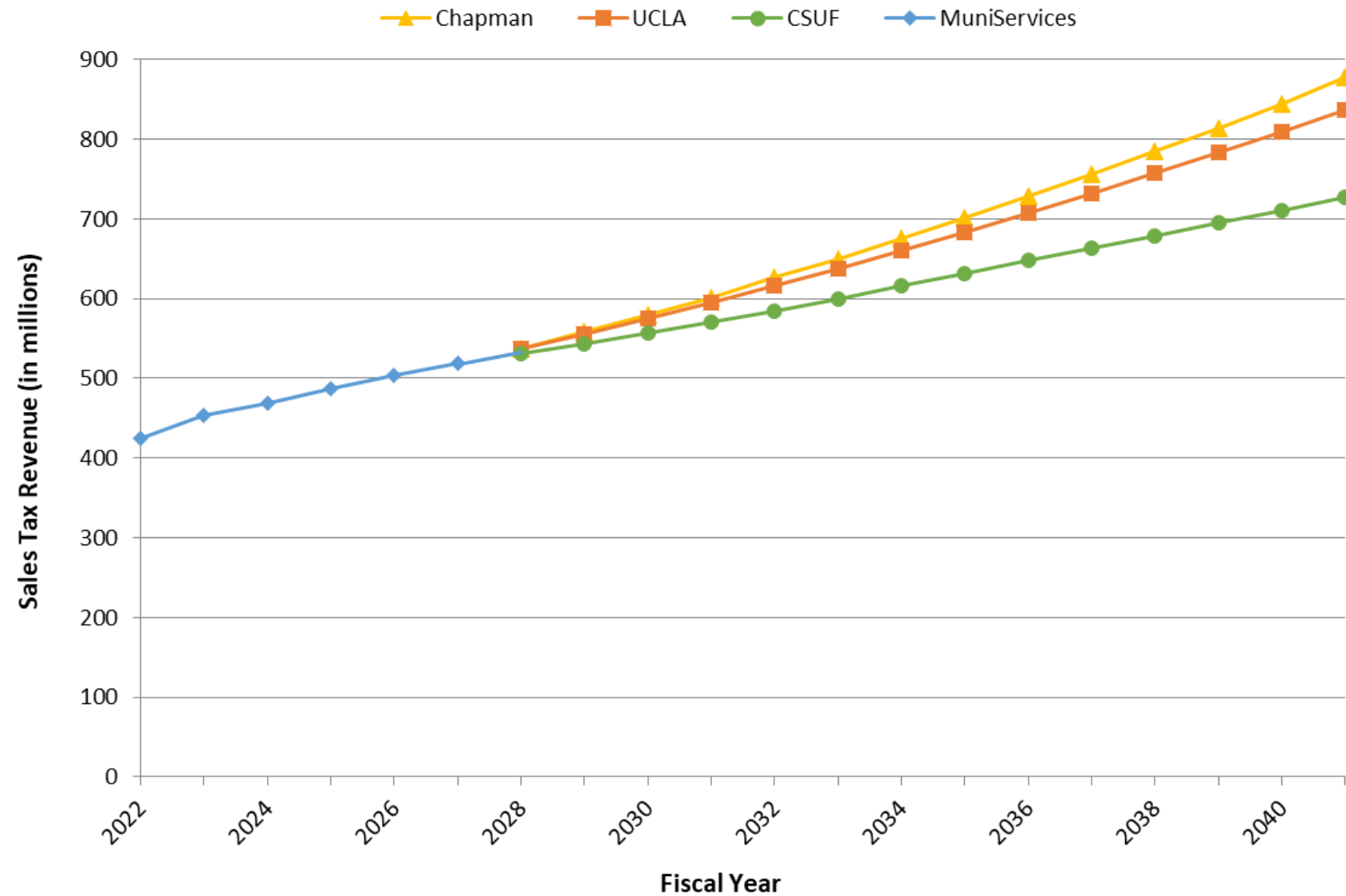
# Short-Term Growth Rate Forecasts



# Long-Term Growth Rate Forecasts



# Annual Measure M2 (M2) Sales Tax Revenue Forecast



# Results of Updated Forecasts



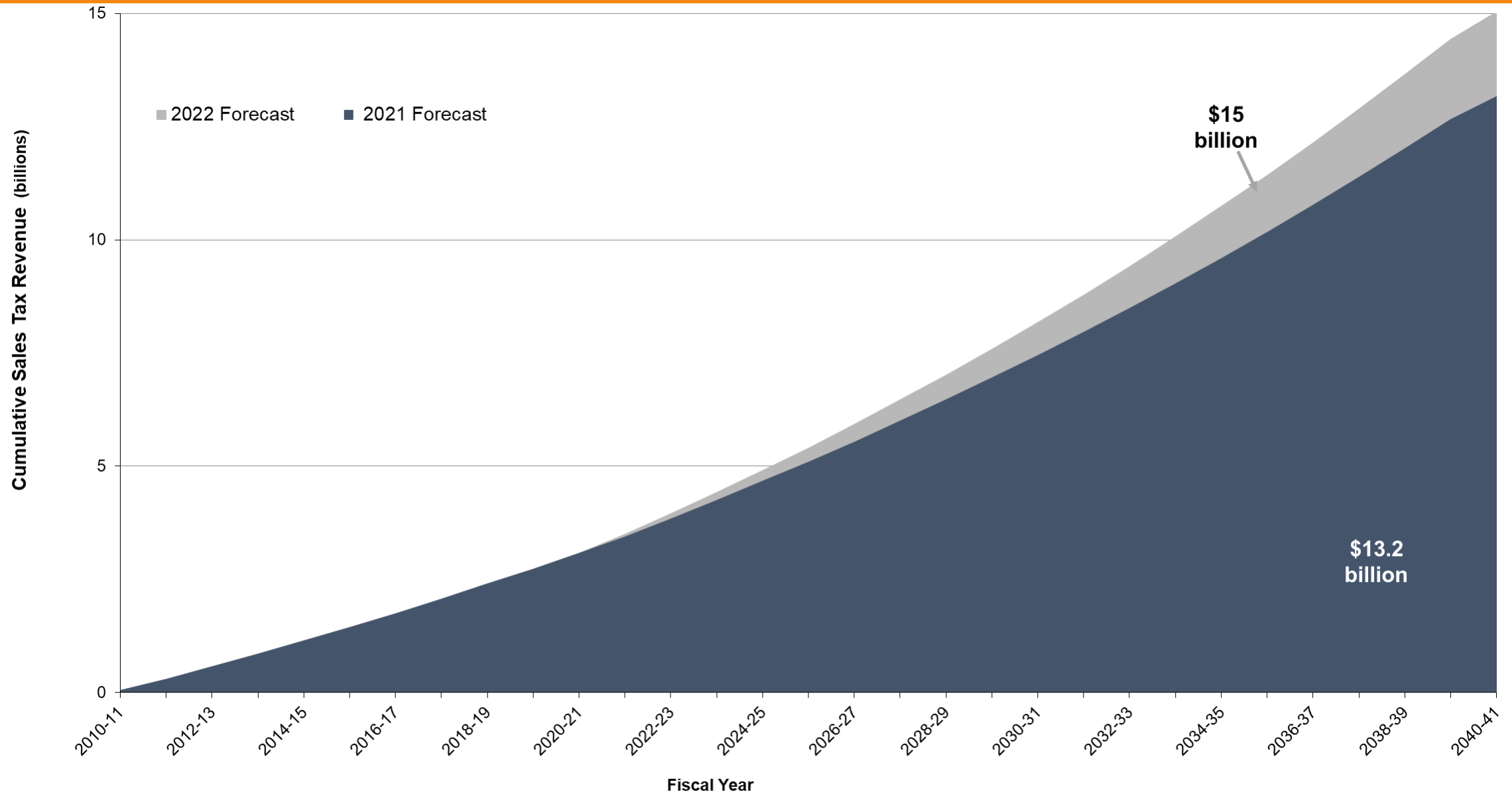
**Orange County Transportation Authority**  
**M2 Sales Tax Revenue Forecast - 2022**  
*In Nominal Dollars*

	Fiscal Year	Actual Growth	Chapman		UCLA		CSUF		MuniServices		Board Approved Forecast	
			Gross Sales Tax*	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Blended Growth Rate
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	2012	6.20%	250,892,931	-	250,892,931	-	250,892,931	-	250,892,931	-	250,892,931	-
	2013	6.17%	266,384,076	-	266,384,076	-	266,384,076	-	266,384,076	-	266,384,076	-
	2014	4.96%	279,599,946	-	279,599,946	-	279,599,946	-	279,599,946	-	279,599,946	-
	2015	4.30%	291,615,675	-	291,615,675	-	291,615,675	-	291,615,675	-	291,615,675	-
	2016	3.20%	300,944,523	-	300,944,523	-	300,944,523	-	300,944,523	-	300,944,523	-
	2017	2.60%	308,768,664	-	308,768,664	-	308,768,664	-	308,768,664	-	308,768,664	-
	2018	4.12%	321,480,529	-	321,480,529	-	321,480,529	-	321,480,529	-	321,480,529	-
	2019	3.38%	332,358,188	-	332,358,188	-	332,358,188	-	332,358,188	-	332,358,188	-
	2020	-4.33%	317,963,821	-	317,963,821	-	317,963,821	-	317,963,821	-	317,963,821	-
	2021	8.61%	345,345,181	-	345,345,181	-	345,345,181	-	345,345,181	-	345,345,181	-
	2022	23.04%	424,896,566	-	424,896,566	-	424,896,566	-	424,896,566	-	424,896,566	-
Short-Term	2023		458,706,371	7.96%	439,070,719	3.34%	447,250,819	5.26%	453,364,636	6.70%	453,364,636	6.70%
	2024		472,264,497	2.96%	457,916,636	4.29%	468,128,187	4.67%	468,779,034	3.40%	468,779,034	3.40%
	2025		495,152,140	4.85%	474,553,537	3.63%	486,131,202	3.85%	487,530,195	4.00%	487,530,195	4.00%
	2026		513,148,228	3.63%	491,204,718	3.51%	501,703,485	3.20%	504,106,222	3.40%	504,106,222	3.40%
	2027		535,130,146	4.28%	507,884,724	3.40%	514,785,231	2.61%	518,725,302	2.90%	518,725,302	2.90%
Long-Term	2028		553,694,808	3.47%	525,389,854	3.45%	526,862,466	2.35%			534,739,964	3.09%
	2029		576,169,827	4.06%	543,787,532	3.50%	539,368,640	2.37%			552,447,924	3.31%
	2030		597,607,606	3.72%	562,900,204	3.51%	552,282,789	2.39%			570,181,097	3.21%
	2031		620,034,229	3.75%	582,727,083	3.52%	565,756,540	2.44%			588,644,802	3.24%
	2032		646,010,695	4.19%	603,142,712	3.50%	580,187,113	2.55%			608,744,379	3.41%
	2033		670,980,854	3.87%	624,426,738	3.53%	595,322,081	2.61%			629,041,490	3.33%
	2034		696,689,658	3.83%	646,628,928	3.56%	611,016,038	2.64%			650,058,500	3.34%
	2035		723,819,025	3.89%	669,398,452	3.52%	626,808,141	2.58%			671,726,834	3.33%
	2036		751,335,535	3.80%	692,786,248	3.49%	642,700,105	2.54%			693,738,887	3.28%
	2037		779,542,659	3.75%	716,807,359	3.47%	658,464,038	2.45%			716,110,463	3.22%
	2038		809,067,762	3.79%	741,472,444	3.44%	674,144,451	2.38%			739,049,431	3.20%
	2039		839,594,694	3.77%	766,877,911	3.43%	689,879,836	2.33%			762,535,386	3.18%
	2040		871,542,475	3.81%	792,726,177	3.37%	705,814,310	2.31%			786,645,418	3.16%
	2041 **		678,765,204	3.84%	614,096,318	3.29%	541,400,023	2.27%			608,478,164	3.13%
Total			\$ 15,791,263,381	4.06%	\$ 14,955,805,263	3.51%	\$ 14,430,012,464	2.83%			\$ 15,046,655,095	3.29%

\*Fiscal years 2011 through 2017, 2020 through 2022 represent actual sales tax receipts. Fiscal Year 2018 is based on estimated sales tax revenues from MuniServices, LLC. Fiscal Year 2019 represent actual sales tax receipts plus \$1.58 million additional revenues received for Fiscal Year 2018 above MuniServices Fiscal Year 2018 estimate.

\*\* Fiscal year 2011 includes sales tax receipts for one quarter and fiscal year 2041 represents forecasted sales tax receipts for three quarters.

# Forecast Comparison – 2021 vs 2020



# Next Steps



Incorporate forecast into Orange County Transportation Authority's (OCTA) planning documents



M2 Next 10 Plan  
Comprehensive Business Plan



Determine impacts of the updated forecast to M2 programs and projects



OCTA staff will continue to monitor the short-term and long-term impacts on M2 sales tax revenues