



**Committee Members Present**

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

**Staff Present**

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

**Committee Members Absent**

Todd Spitzer

**Call to Order**

**Pledge of Allegiance**

Committee Vice Chairman R. Murphy

**1. Public Comments**

No public comments were received.

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

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

**Special Calendar**

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

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

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

### **2. (Continued)**

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

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

A lengthy discussion ensued regarding the following:

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

### **Consent Calendar (Items 3 through 17)**

#### **3. Approval of Minutes**

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of April 25, 2018.

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

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to direct staff to implement one recommendation provided in Brown Act Compliance, Internal Audit Report No.18-508.



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

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

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

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

Director Hennessey was not present to vote on this item.

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

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

**7. Annual Update to Investment Policy**

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

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



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

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

**9. Local Agency Investment Fund - April 2018**

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

**10. Orange County Treasurer's Management Report - April 2018**

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

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

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

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

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



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

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

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

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

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

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



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

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

**17. Fiscal Year 2017-18 Third Quarter Grant Reimbursement Status Report**

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

**Regular Calendar**

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

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

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



**18. (Continued)**

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

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

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

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

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

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



## **Discussion Items**

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

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

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

### **20. Committee Members' Reports**

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

### **21. Closed Session**

There were no Closed Session items scheduled.





**22. Adjournment**

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

ATTEST

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Gina Ramirez  
Deputy Clerk of the Board

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Andrew Do  
Committee Chairman