

Minutes of the
Orange County Transportation Authority
Orange County Transit District
Orange County Local Transportation Authority
Orange County Service Authority for Freeway Emergencies
Board of Directors Meeting

Call to Order

The January 23, 2017 regular meeting of the Orange County Transportation Authority (OCTA) and affiliated agencies was called to order by Vice Chair Bartlett at 9:02 a.m. at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room – Conference Room 07-08, Orange, California.

Roll Call

Following the Invocation and Pledge of Allegiance, the Clerk of the Board noted a quorum was present, with the following Directors in attendance:

Directors Present: Michael Hennessey, Chairman
Lisa A. Bartlett, Vice Chair
Laurie Davies
Barbara Delgleize
Andrew Do
Lori Donchak
Steve Jones
Mark A. Murphy
Richard Murphy
Al Murray
Shawn Nelson
Miguel Pulido
Tim Shaw
Todd Spitzer
Michelle Steel
Tom Tait
Gregory T. Winterbottom
Ryan Chamberlain, Governor's Ex-Officio Member

Directors Absent: None

Also Present: Darrell Johnson, Chief Executive Officer
Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Clerk of the Board
Olga Prado, Assistant Clerk of the Board
James Donich, General Counsel
Members of the Press and the General Public

Special Calendar

Orange County Transportation Authority Special Calendar Matters

1. Presentation of Resolutions of Appreciation for Employees of the Month for January 2017

Darrell Johnson, Chief Executive Officer (CEO), presented the Orange County Transportation Authority Resolutions of Appreciation Nos. 2017-04, 2017-05, 2017-06 to Richard Wong, Coach Operator; Ivan Velarde, Maintenance; and Nicolette La Piana, Administration, as Employees of the Month for January 2017.

2. 2017 Orange County Transportation Authority Board Strategic Initiatives

Chairman Hennessey summarized the five 2017 Board Strategic Initiatives as follows:

- Break Ground on the Interstate 405 Improvement Project;
- Continue OC Bus 360^o Implementation;
- Advance the OC Streetcar Project;
- Integrate Technology Solutions; and
- Ensure Fiscal Sustainability.

Chairman Hennessey requested that OCTA and the California Department of Transportation staff seek opportunities to accelerate the State Route 55 Project.

Director Pulido offered the Board of Directors (Board) a tour of the OC Streetcar Project.

Consent Calendar (Items 3 through 19)

Chairman Hennessey stated that all matters on the Consent Calendar are to be approved in one motion unless a Board Member or a member of the public requests separate action on a specific item.

Orange County Transportation Authority Consent Calendar Matters

3. Approval of Minutes

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to approve the Orange County Transportation Authority and affiliated agencies' regular meeting minutes of January 9, 2017.

Directors Nelson and Tait were not present to vote on this item.

4. Approval of 2017 Orange County Transportation Authority Board Committees and External Agencies' Assignments

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to:

- A. Approve the Chairman's assignments for the 2017 Orange County Transportation Authority Board Committees comprised of the Executive, Finance and Administration, Legislative and Communications, Regional Planning and Highways, State Route 91 Advisory, Transit, and Environmental Oversight Committees.
- B. Receive the Chairman's assignments for 2017 external agencies comprised of the California Association of Councils of Governments, Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency, Mobile Source Air Pollution Reduction Review Committee, Southern California Association of Governments' Regional Council, and Southern California Regional Rail Authority.

Directors Nelson and Tait were not present to vote on this item.

5. Rail Programs and Facilities Engineering Quarterly Report

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to receive and file as an information item.

Directors Nelson and Tait were not present to vote on this item.

6. Cooperative Agreement with the Southern California Regional Rail Authority for the Laguna Niguel to San Juan Capistrano Passing Siding Project

Director Davies pulled this item and inquired about the construction start and completion dates for the Laguna Niguel to San Juan Capistrano Passing Siding Project.

Jennifer Bergener, Director of Rail Programs and Facilities Engineering, responded that construction will begin later this year and conclude in two years.

A motion was made by Director Donchak, seconded by Director Pulido, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-6-1615 between the Orange County Transportation Authority and Southern California Regional Rail Authority, in the amount of \$5,507,000, for the construction of rail signals, communications, and wayside positive train control installations and modifications for the Laguna Niguel to San Juan Capistrano Passing Siding Project.

Directors Nelson and Tait were not present to vote on this item.

7. Fourth Quarter 2016 Debt and Investment Report

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.

Directors Nelson and Tait were not present to vote on this item.

8. Fiscal Year 2016-17 First Quarter Grant Reimbursement Status Report

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to receive and file as an information item.

Directors Nelson and Tait were not present to vote on this item.

9. State Legislative Status Report

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to receive and file as an information item.

Directors Nelson and Tait were not present to vote on this item.

10. Federal Legislative Status Report

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to adopt the 2017 Federal Legislative Advocacy Goals and direct staff to take necessary and appropriate actions in furtherance of these goals in Washington.

Directors Nelson and Tait were not present to vote on this item.

11. Proposition 1B California Transit Security Grant Program Authorization for 2015 and 2016

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to:

- A. Adopt Orange County Transportation Authority Resolution No. 2017-003 authorizing the Chief Executive Officer, or designee, to file and execute grant-related agreements with the California Governor's Office of Emergency Services as the designated administrative agency of the California Transit Security Grant Program.
- B. Approve the candidate project list and authorize staff to amend the Federal Transportation Improvement Program to accommodate grant revenues.

Directors Nelson and Tait were not present to vote on this item.

12. Fiscal Year 2015-16 Annual Financial and Agreed-Upon Procedures Reports

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to receive and file the fiscal year 2015-16 annual financial and agreed-upon procedures reports as an information item.

Directors Nelson and Tait were not present to vote on this item.

13. Fiscal Year 2015-16 Auditor's Communication to Those Charged with Governance

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to receive and file as an information item.

Directors Nelson and Tait were not present to vote on this item.

14. Laguna Beach Municipal Transit Lines, Annual Transportation Development Act Program Audit for Fiscal Year 2015-16

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to receive and file the Laguna Beach Municipal Transit Lines, Transportation Development Act Program audit for fiscal year 2015-16, as an information item.

Directors Nelson and Tait were not present to vote on this item.

15. Payment Card Industry Data Security Standard Compliance, Internal Audit Report No. 17-502

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to direct staff to implement two recommendations provided in Payment Card Industry Data Security Standard Compliance, Internal Audit Report No. 17-502.

Directors Nelson and Tait were not present to vote on this item.

16. Transit Projects Programming Revisions

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to:

- A. Authorize an overall increase in project funding from \$34.2 million to \$39.756 million for the Laguna Niguel to San Juan Capistrano Passing Siding Project, which includes the following funding:
 - Use of \$3 million in Transit Intercity Rail Capital Program funds.
 - Use of \$2.556 million in additional Congestion Mitigation and Air Quality Improvement Program funds.
- B. Approve Resolution 2017-001, authorizing the Chief Executive Officer to file and execute agreements, certifications and assurances for the Laguna Niguel to San Juan Capistrano passing siding, consistent with the Transit Intercity Rail Capital Program Guidelines.
- C. Authorize the following changes for Federal Transit Administration funding:
 - Use of \$1.348 million in additional Federal Transit Administration Section 5337 State of Good Repair funds towards the Southern California Regional Rail Authority rehabilitation budget.
 - Reprogram up to \$22.786 million of Federal Transit Administration Section 5307 Urbanized Area Formula Program funds from Preventive Maintenance to purchase 40-foot alternative fuel replacement buses in federal fiscal year 2016-17 to offset local transit funds.
 - Reprogram up to \$6.086 million in Federal Transit Administration Section 5307 Urbanized Area Formula Program funds from Preventive Maintenance to Capital Cost of Contracting in federal fiscal year 2016-17 to cover increases due to annual inflation built into the contract.
 - Reprogram up to \$0.960 million in Federal Transit Administration Section 5309 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users Earmark funds from video surveillance systems at Metrolink Stations to video surveillance systems upgrades at Santa Ana and Garden Grove bases.

16. (Continued)

- D. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program, and execute or amend all necessary agreements to facilitate the above actions.

Directors Nelson and Tait were not present to vote on this item.

17. Approval to Release Invitation for Bids for Engine Installation Kits

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to approve the release of Invitation for Bids 7-1507 for the procurement of 97 engine installation kits to support the engine repower program.

Directors Nelson and Tait were not present to vote on this item.

Orange County Transit District Consent Calendar Matters

18. Agreement for Replacement of Heating and Ventilation Units at Garden Grove Bus Base Maintenance Building Shop

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to:

- A. Find K & J Air Conditioning Incorporated, the apparent low bidder, as non-responsive due to the failure to meet the federal requirement for Disadvantaged Business Enterprise participation.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-6-1399 between the Orange County Transportation Authority and Western Air Conditioning Company Incorporated, the lowest responsive, responsible bidder, in the amount of \$290,000, for replacement of heating and ventilation units at Garden Grove Bus Base maintenance building shop.

Directors Nelson and Tait were not present to vote on this item.

Orange County Local Transportation Authority Consent Calendar Matters

19. Cooperative Agreement with the City of Santa Ana for the Use of Right-of-Way for the OC Streetcar Project

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-6-1433 between the Orange County Transportation Authority and the City of Santa Ana for use of public right-of-way for the construction, operations, and maintenance of the OC Streetcar project.

Directors Nelson and Tait were not present to vote on this item.

Director Spitzer voted in opposition.

Regular Calendar

Orange County Transportation Authority Regular Calendar Matters

20. Fiscal Year 2015-16 Management Letter

Andy Oftelie, Executive Director of Finance and Administration, provided opening comments that this item is about the management letter issued by OCTA's external auditors Vavrinek, Trine, Day and Company, LLP (VTD) which includes four recommendations for improvements to internal controls of the Information Systems (IS) environment.

Mr. Oftelie also reported that last year, OCTA experienced a cyber incident, and the IS Department is committed to taking action on VTD's recommendations. He also stated that at the January 11, 2017 Finance and Administration (F&A) Committee meeting, the Committee had a robust discussion about this item.

Bill Mao, Chief Information Officer, highlighted the IS Department's actions to VTD's four recommendations.

F&A Committee Chairman Spitzer referenced the "Committee Transmittal" for this item and highlighted the discussion at the January 11th F&A Committee meeting. He also recommended ongoing updates from the IS Department.

Director Murray asked if OCTA staff will receive annual training on IS cyber security risks. Mr. Mao responded that there will be mandatory employee training.

20. (Continued)

Director Murray also reported that there will be county-wide cyber security meetings with the Association of California Cities – Orange County and several other groups. He encouraged OCTA to participate in those meetings, as well as requested an annual update to the Board regarding cyber security.

Director Donchak requested that the next update include the cyber security insurance coverage information, as well as provide the best practices. In addition, Director Donchak requested that staff review the cyber security insurance coverage to ensure it's a "ironclad" contract.

Mr. Johnson, CEO, reported that after last year's cyber incident, staff has made changes to the cyber security insurance renewal. In addition, he stated that staff would provide an update on the insurance coverage and action plan as a stand-alone agenda item.

A motion was made by Director Donchak, seconded by Director Murray, and declared passed by those present, to:

- A. Receive and file the Orange County Transportation Authority Management Letter June 30, 2016.
- B. Direct staff to implement auditor recommendations related to the information technology environment.

Directors Nelson, Pulido, and Tait were not present to vote on this item.

21. Fiscal Year 2016-17 First Quarter Budget Status Report

Andy Oftelie, Executive Director of F&A, stated that this item's staff report details major budget variances by program, which was discussed in lengthy at January 11, 2017, F&A Committee meeting.

Mr. Oftelie reported that for the past three years, OCTA has been dealing with the bus ridership decline by implementing OC Bus 360°. In addition, sales tax collections receipts have increased at less than forecasted, and highlighted how OCTA forecasts sales tax revenues.

Mr. Oftelie stated that in September 2016, the Board was presented options on how to address the lower than expected revenues and staff was asked by the Board to return with recommendations, which will be presented in the next few months to the F&A Committee and Board.

21. (Continued)

A discussion ensued regarding:

- There is a multi-strategy approach with the F&A Committee, Legislative and Communications Committee, and OCTA's lobbyist;
- OCTA needs to demonstrate cuts in all areas;
- Transportation Development Act redistribution support will be a challenge to obtain from other counties;
- At the February 8th F&A Committee meeting, staff will outline all the cuts in both operating and efficiencies in the bus system that have taken place in the last 24 months;
- OCTA needs to continue to rethink the future of the bus system;
- Concerns about the State increasing the gasoline excise tax and potential additional \$65.00 fee for vehicle registration; and
- The sales tax forecast revision that was approved by the Board was to the five-year forecasting which is provided by Muni Services. In addition, OCTA uses the three universities averages for long-range forecasting.

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

Orange County Transit District Regular Calendar Matters

22. OC Bus 360 Update and Next Steps

Darrell Johnson, CEO, provided opening comments that OCTA has been working on the declining bus ridership and has taken a number actions under OC Bus 360°. Staff has been working through the Transit Committee, and staff has been asked to return with an update.

Kurt Brotcke, Director of Strategic Planning, provided a PowerPoint presentation for this item as follows:

- Fixed-Route Boardings and Revenue Hours;
- Background and Framework;
- Efforts to Date;
- Trends;
- Average Weekday Results (November to November); and
- Next Steps.

Director Shaw asked if the Project V status will be included in the March 2017 State of the Transit Report, as well as inquired about the Project V applications to be launched. Mr. Brotcke responded that staff presents periodic reports on Project V to the Transit Committee and the Board. In addition, the Project V applications to be launched are focused on special event services that are tied to specific months of the year.

22. (Continued)

Director Donchak requested the bus route level ridership summary be sorted by usage, as well as asked for staff's perspective if the summary should be used as a tool to consider routes that might not be financially sensible.

Director Tait asked that when the University of California, Los Angeles, speaker presents this item, to focus on pricing in order to assist OCTA with a comprehensive pricing strategy.

Mr. Johnson, CEO, responded and summarized Attachment C of the Staff Report, reporting that external factors are influencing the decline of bus ridership, and OCTA is engaging with regional partners to review the issue in a comprehensive manner.

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

Discussion Items

23. Public Comments

There were no public comments.

24. Chief Executive Officer's Report

Mr. Johnson, CEO, reported that:

- On Wednesday, February 1st, at 5:00 p.m., Chairman Hennessey will be the guest speaker at the Women in Transportation Seminar – Orange County Chapter meeting.
- On Saturday, February 4th, at 8:00 a.m., OCTA will host a Lunar New Year event at the Irvine Metrolink Station. This is also a kick-off event for the 117th Golden Dragon Parade in Los Angeles.
- On Sunday, February 5th, at 9:00 a.m., OCTA will host the first equestrian ride of the year to give the public an opportunity to see OCTA's open space properties. The equestrian ride will take place at the Ferber Ranch Preserve in Trabuco Canyon.
- With the New Year, OCTA has changed from an in-house agenda management system to an off-the-shelf system called Granicus Legistar. He stated that IS staff was available, after the Board meeting, to assist Board Members.

25. Directors' Reports

Director Chamberlain reported that there were public service announcements, over the weekend due to the rain, regarding the state highway system. He stated that all the state highways are open except for the Carbon Canyon at Valencia north to the County line, which will be closed until the p.m. rush hours.

Director Shaw asked about state and federal infrastructure funding opportunities for streets and roads and inquired if OCTA or the Technical Advisory Committee (TAC) assist the smaller cities with the process.

Mr. Johnson, CEO, responded that state and federal discretionary grant opportunities tend to flow through OCTA and are incorporated into OCTA's calls for projects. Mr. Johnson stated that proposed Assembly Bill 1 and Senate Bill 1 direct formula-based funds would flow to the cities for fix-it first type of options. In addition, he stated that if there are new funding opportunities, OCTA would assist the cities through the TAC.

Director Spitzer reported he was at the Emergency Operations Center (EOC), yesterday, due to the rain. In addition, he stated that the EOC is still assessing private property and city damage through web EOC. He also reported that OCTA is part of the EOC and offered to give any Board Member a tour of the EOC.

Director Murray reported that the rail ridership has increased by 3.6 percent on the Los Angeles – San Diego – San Luis Obispo Rail Agency's corridor over the prior year.

Chairman Hennessey announced that the Board group photo will be continued to the next Board meeting.

26. Closed Session

Closed Session items were held for the following:

- A. Pursuant to Government Code Section 54957.6 to discuss negotiations with Teamsters Local 952 regarding the maintenance unit. The lead negotiator for the Orange County Transportation Authority is Maggie McJilton, Executive Director of Human Resources and Organizational Development and for Teamsters Local 952 is Patrick Kelly or his designee.

26. (Continued)

- B. Pursuant to Government Code 54957.6 to discuss collective bargaining agreement negotiations with the Transportation Communications International Union (TCU) regarding the parts/stock room clerks and facilities maintenance employee unit. The lead negotiator for the Orange County Transportation Authority is Maggie McJilton, Executive Director of Human Resources and Organizational Development, and for TCU is Robert Ragland or his designee.
- C. Pursuant to Government Code Section 54956.9(d)(1) to discuss William Bryan v. Orange County Transportation Authority; Thuong Van Hoang, OCSC Case No. 30-2014-00763385.
- D. Pursuant to Government Code Section 54956.9(d)(1) to discuss Gabriela Mojica, Gilbert Valadez, as Guardian Ad Litem for Seth Valadez v. Orange County Transportation Authority; Marshall William Ham; Veolia Transportation Services, OCSC Case No. 30-2016-00840941.

There was no report out for the above Closed Session items.

27. Adjournment

The meeting was adjourned at 10:08 a.m.

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, February 13, 2017**, at Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room – Conference Room 07 - 08, Orange, California.

ATTEST:

Laurena Weinert
Clerk of the Board

Michael Hennessey
OCTA Chairman