

**Staff Evaluation of Services Provided by
Platinum Advisors, LLC for 2017**

The following narrative provides specific information with respect to major issues addressed by Platinum Advisors, LLC (Platinum) in 2017 and general services provided. Each issue has been evaluated based on effort and outcome using a rating of excellent, very good, good, fair, or poor.

Major Legislation – Joint Legislative Audit Request

Effort: Excellent; Outcome: Excellent

Over the last two years, the Orange County Transportation Authority (OCTA) has engaged with various tax experts and participated in meetings with the Board of Equalization (BOE) to determine why the growth rates associated with the Local Transportation Fund (LTF) have not kept pace with sales tax revenues from other local transportation sales taxes. The LTF has historically funded about 50 percent of OCTA's bus operations, and based on new forecasting is expected to decrease from \$5.4 billion to \$4.4 billion over the next 20 years. While it is believed that this change is largely associated with the proliferation of online sales and sale of nontaxable goods, data provided by the BOE was incomplete as to why these impacts were occurring and where they were being felt most dramatically.

In order to attempt to gather more information on this issue, OCTA sponsored a Joint Legislative Audit Committee (JLAC) request. Platinum worked with OCTA staff to secure Assembly Member Tom Daly (D-Anaheim) as the author of the request. When Assembly Member Daly requested a co-author to demonstrate additional geographic interest in the issue, Platinum was able to secure Assembly Member Todd Gloria (D-San Diego) as a second author, in a very expeditious manner. On March 3, 2017, Assembly Member Tom Daly and Assembly Member Todd Gloria submitted a request to the JLAC to analyze the assessment and distribution of the LTF, including how various exemptions and exclusions may be impacting the distribution of funds. Specifically, the request will also analyze the impact the point-of-sale determination for internet sales is having on LTF revenues and their distribution. The JLAC approved the request unanimously. The State Auditor is expected to release their findings by the end of 2017. Throughout the process, Platinum has been able to keep OCTA engaged, and communicate any updates. This process has set the stage for not only any necessary clean-up legislation, but also provided an opportunity for OCTA to be able to take a leadership role in communicating this issue statewide.

Major Legislation – SB 1 (Chapter 5, Statutes of 2017)

Effort: Excellent; Outcome: Excellent

SB 1 resulted from over three years of efforts by the Administration and Legislature to pass legislation to provide additional transportation funding stability, focusing on fix-it-first priorities. SB 1 is the largest influx of new funding for transportation since the passage of Proposition 1B, and is the first increase in the state gas tax for that purpose in about 30 years. Resulting from these efforts, it is expected that OCTA and other

transportation agencies will see a doubling in funding available for transit and local street and road purposes, increased predictability in funding available for the State Transportation Improvement Program (STIP), additional funding for highway maintenance purposes, and several new competitive programs for transportation purposes which agencies like OCTA are eligible to compete within. In addition, various new reform provisions were included that allow increased transparency in the use of the funds and a proposed constitutional amendment to protect new funding streams from diversion.

While the OCTA Board did not take a position on SB 1, Platinum did communicate OCTA transportation priorities, issues, and potential impacts with delegation members and key members of the Administration and Legislature throughout the process. Through these conversations, it was pointed out that previous iterations of the bill did not authorize new transit funds to be expended for operations purposes. This was ultimately changed in the enacted bill, thereby saving agencies like OCTA from having to enact service cuts and/or fare increases to their transit systems. Platinum also arranged meetings with the Administration and key members of the Legislature to discuss projects OCTA will consider for future grant funding, laying the groundwork for future applications. This work could be invaluable as these processes are implemented.

Major Legislation – AB 28 (Chapter 4, Statutes of 2017)

Effort: Excellent; Outcome: Excellent

Sponsored by the Self-Help Counties Coalition (SHCC), AB 28 authorized the state to continue to perform federal environmental responsibilities for highway projects under National Environmental Policy Act for an additional three years. The authority previously would have expired at the beginning of 2017, threatening to delay implementation of several critical infrastructure projects, including potential impacts to the Interstate 405 Improvement Project and improvements to State Route 55. Recognizing the potential impacts, Platinum remained engaged with the author's office, SHCC, and relevant committee staff to ensure that the bill met all the relevant deadlines to ensure passage by the applicable federal deadline of April 1, 2017. This effort included communicating lists of projects that would be impacted without this authority and past successes in the use of the authority. The expeditious nature with which this bill was able to move through both houses of the Legislature is extremely rare and demonstrates the effectiveness of the communication of Platinum, SHCC, and other stakeholders. This will hopefully also lay the groundwork for further extension of this authority in two years when it once again expires.

Major Legislation – AB 1069 (Chapter 753, Statutes of 2017)

Effort: Excellent; Outcome: Very Good

Sponsored by the Taxicab Paratransit Association of California, in its original form, AB 1069 (Chapter 753, Statutes of 2017) would have mandated county transportation agencies in ten counties, including Orange County, to assume the full regulatory and administrative functions for taxicab services. This would have significantly expanded OCTA's existing responsibilities under the Orange County Taxi Administration Program (OCTAP), and potentially led to increased

liabilities. Originally, the author communicated that this proposal was supposed to be based on the OCTAP model. With this communicated, Platinum, in conjunction with other transportation stakeholders, met very early with the author and sponsor to communicate the deficiencies associated with the bill. This resulted in numerous conference calls with the author's office and other stakeholders to find compromise amendments on key issues associated with the bill. Ultimately, amendments were accepted after these efforts that removed the mandate language on countywide transportation agencies and helped clarify language regarding the formation of a future joint powers authority or countywide administration services. While the final version still has several identified issues that may create hurdles in implementation, the primary issues facing OCTA were removed. With these amendments, OCTA went neutral on the bill. Because of Platinum's efforts on this legislation, and OCTA's commitment to attempt to find a workable solution that suited all parties while trying to save the OCTAP model to the extent possible, as the legislation is implemented, OCTA will continue to be looked at as a key advisor in future implementation and legislative efforts.

Major Legislation – AB 1113 (Chapter 86, Statutes of 2017)

Effort: Excellent; Outcome: Excellent

Sponsored by the California Transit Association (CTA), AB 1113 clarifies several provisions of the existing law that govern the administration and allocation of State Transit Assistance (STA) program funds. The legislation built on SB 838 (Chapter 339, Statutes of 2016), which temporarily put on hold the implementation of several State Controller's Office (SCO) reinterpretations of STA statutes that were released in early 2016, which were done without a public process or consultation with transit agencies. The reinterpretations significantly expanded the scope of STA eligibility and impacted the calculation of STA revenue shares for transit agencies. AB 1113 resulted after extensive collaboration with transit agencies, including OCTA and the SCO office. Platinum helped arrange applicable meetings with SCO and delegation members to understand any Orange County-specific impacts both under SCO's original interpretation and what would occur once AB 1113 was implemented. Through this work, OCTA was able to ensure that there would not be negative impacts, and worked closely with CTA to ensure AB 1113 moved quickly through the Legislature to allow the guidance to become effective with fiscal year 2017-2018 STA allocations.

Major Legislation – SB 150 (Chapter 646, Statutes of 2017)

Effort: Excellent; Outcome: Excellent

In its original form, SB 150 (Chapter 646, Statutes of 2017) would have required a prioritization of projects within each region's sustainable communities strategy (SCS) developed pursuant to SB 375 (Chapter 728, Statutes of 2008) based on a project's ability to reduce emissions and vehicle miles traveled (VMT), aligning this prioritization with funding programming actions. This would have shifted the regional nature of an SCS to a project by project analysis. Furthermore, SB 150 would have put in place a requirement to reduce VMT by 15 percent by 2050, shifting the focus of SB 375 from greenhouse gas emission reductions to VMT reductions. After extensive conversations had by Platinum and OCTA with the author's office, in conjunction with California Association of Councils of Government (CALCOG) and metropolitan planning

organizations throughout the state, amendments were accepted which limited the focus of the bill to facilitating a reporting and assessment process for regional progress in meeting the goals of SB 375, allowing an opportunity to determine what resources are necessary to achieve the overall state goals. With these amendments, OCTA and other transportation agency stakeholders went neutral. In attempting to find amendments to remove transportation stakeholder opposition, the author of the bill specifically acknowledged Platinum and OCTA, and his commitment to resolve those issues, demonstrating the relationship Platinum developed with his office early in the process.

Major Legislation – SB 264 (Nguyen, R-Garden Grove)

Effort: Excellent; Outcome: Excellent

SB 264 would have detailed allocation requirements for the net excess toll revenues from the high-occupancy toll lanes on OCTA's Interstate 405 Improvement Project, superseding the process outlined under AB 194 (Chapter 687, Statutes of 2015). This bill would have significantly infringed upon the local control granted by AB 194 to regional transportation agencies implementing toll facilities, regardless of the fact that these agencies are taking on the risk of investing and operating such a facility. In addition, the bill would have prohibited investment in many multi-modal improvements in the corridor, including transit services and active transportation purposes to further alleviate congestion. Prior to the introduction of the bill, Platinum proactively reached out to the author's office to communicate OCTA's plans for the project, attempting to ensure any concerns by the author were addressed. When the bill was introduced, Platinum repeatedly reached out to the author's office, detailing the impacts the legislation could have on near-term financing of the project, and future financial issues. With the pledge that OCTA would continue to update the author's office on activities related to the project, and discussions with any cities along the corridor, the author removed the bill from consideration for this year.

Other Significant Legislation

Effort: Very Good; Outcome: Very Good

AB 1282 (Chapter 643, Statutes of 2017): AB 1282 creates a Transportation Permitting Task Force (Task Force) to streamline permit approvals for transportation projects. In its original form, the bill would have limited members of the Task Force to state agencies. In adopting a "Support if Amended" position, OCTA requested language to ensure that regional transportation agencies and transit agencies would also be included on the Task Force, since often those agencies are the lead agency for permitting processes. Platinum worked closely with both the author and sponsor of the bill, the California Transportation Commission (CTC), to communicate how this amendment would improve the outcome of the Task Force. While Assembly Member Mullin (D-San Mateo) did include language that would authorize other public entities to be part of the Task Force, there is no language specifically referencing local transportation agencies or transit agencies. In discussing the language with the author, he noted it was the intent of that added language to allow for local transportation and transit agencies to be included, as well as other local permitting agencies. After further discussions with Platinum, he pledged to continue to

work with OCTA and other stakeholders as the Task Force is formed to ensure that intent is met.

AB 179 (Chapter 787, Statutes of 2017): When OCTA first adopted an “oppose” position on AB 179, the bill would have required the vast majority of members of the CTC to have backgrounds in the area of air quality, public health, or experience in disadvantaged communities. It would have also required increased joint meetings between the CTC and the California Air Resources Board, and the formation of an Environmental Justice Advisory Committee. Prior to OCTA’s adoption of an “oppose” position, Platinum met with the author’s office to ensure OCTA’s concerns were communicated, developing an early working relationship. After opposition came forward from multiple transportation agencies, OCTA, SHCC, and the CALCOG, the author worked to craft amendments to address concerns that the CTC would become too focused on specific issue areas, while not allowing for experience in other issues important to the transportation project funding and delivery. In its current form, AB 179 would require the Governor and the Legislature, in appointing members to the CTC, to ensure a diverse membership with experience in transportation issues, taking into consideration factors such as professional experience and socioeconomic background. With these amendments, OCTA withdrew its opposition.

AB 344 (Melendez, R-Lake Elsinore): AB 344 would have required a person contesting a notice of toll evasion violation or notice of delinquent toll evasion to only have to pay the penalty after exhausting all potential forms of appeal. AB 344 would have provided an incentive to challenge the penalty and go to later stages of the appeal process without a deposit, which would have increased associated costs for OCTA and impacted OCTA’s ability to enforce toll policies. Platinum engaged in regular meetings with the author’s office and committee staff, in conjunction with other state toll agencies, to communicate the issues associated with the bill. Through these meetings, the author ultimately appeared open to developing compromise language, but pulled it at the last minute. However, these meetings also led to strong concerns being expressed by committee staff. Ultimately, due to committee opposition to AB 344 in its current form, the author pulled the bill from consideration.

AB 1640 (Garcia, D-Coachella): AB 1640 would have required the STIP and Regional Transportation Improvement Program funding to be prioritized for low-income and transportation disadvantaged communities. While addressing the mobility and safety needs of these communities is important and necessary, AB 1640 would have created arbitrary thresholds of prioritization, potentially jeopardizing currently programmed projects and other funding sources associated with those projects. AB 1640 would have also undermined the discretion of regional transportation agencies and the state to determine the projects necessitating investment to meet regional connectivity and maintenance needs. OCTA was one of the first agencies to oppose the bill. Platinum met with both the author’s office and committee staff early in the process to communicate OCTA’s concerns. With these concerns communicated, it became apparent that policy committee members may not be in favor of the bill, leading to the author pulling the bill from consideration this year.

AB 302 (Gipson, D-Carson): AB 302 would have authorized the Governing Board of the South Coast Air Quality Management District (SCAQMD) to create requirements for the use of zero-and near-zero emission technology in public fleets to the maximum extent feasible in the south coast region. This would have presented significant implications for OCTA's existing transit services and financial plans. Platinum led efforts on behalf of OCTA to communicate these concerns to the author and SCAQMD. OCTA was the first transit agency to do this. Due to these concerns, and others expressed by the League of California Cities and the California Trucking Association, the author pulled the bill before it could be heard in a policy committee.

Project Delivery Issues Affecting Transportation

Effort: Excellent; Outcome: Very Good

While 2017 saw one of the most significant new transportation system investments in decades with the passage of SB 1, project delivery streamlining was not a major part of the discussion. While limited Construction Manager/General Contractor, advanced mitigation, and project delivery tools were passed in conjunction with SB 1, these tools were very limited in scope and often were not eligible for use by all regional transportation agencies. Platinum exhaustively met with key delegation members to seek methods to expedite funding or delivery of Orange County projects as part of the passage of SB 1; however, nothing was ultimately included in the final compromise. Platinum continues, however, to meet and arrange meetings with the delegation and Administration to try to advance projects within the competitive funding programs.

OCTA supported legislation to seek expedited permitting processes for projects under AB 1282. Platinum worked with the author to try to secure amendments to ensure that regional transportation agencies were included in the task force created under the bill to identify streamlining mechanisms. While broader language was eventually included, it was not specific to transportation agencies. Platinum gained assurances by the author's office that as the task force is formed, the author will seek to ensure that regional agencies are included, consistent with legislative intent.

OCTA also again supported legislation to extend public-private partnership authority after its expiration earlier in 2017. Due to opposition from the Professional Engineers in California Government and Administration desire to see any authority granted by a federal infrastructure package, no legislation moved forward. However, Platinum ensured OCTA was at the table for these discussions and will continue to do so next year if these bills are considered again.

Platinum also advanced OCTA's positions on several bills to ensure that OCTA's projects can move forward in a timely, cost-effective manner. This included OCTA's support for AB 28, which continued National Environmental Policy Act delegation for highway projects within the state, and OCTA's opposition to AB 1640, which would have reprioritized STIP funding, and OCTA's opposition to SB 264 which would have reprioritized excess revenues for the Interstate 405 Improvement Project. Platinum will continue to be at the table as AB 1640, SB 264, or similar bills, are considered. Already,

they have maintained contact with the authors of these bills to ensure continued engagement moving forward.

State Budget Issues Affecting Transportation

Effort: Excellent; Outcome: Excellent

Transportation funding was again one of the most discussed issues in 2017, leading to the passage of SB 1, the first significant increase in transportation funding since the passage of Proposition 1B in 2006. The passage of SB 1 provided additional stability to the STIP, allowing for additional capacity to program projects in future years, allowed for an almost doubling in STA funding, with an expanded eligibility for capital and operations purposes, preventing significant decreases in transit service and/or fare increases statewide, and provided for several new grant programs within which OCTA is eligible to compete. With the passage of SB 1, the state budget saw significant new funds for transportation and overall increased program stability. After the passage of SB 1, the focus turned to implementing various programs. Platinum was continuously engaged, seeking trailer bill language to ensure the new programs were implemented consistent with existing programs, and ensuring an equitable distribution of funds. Trailer bill language resulted, allowing clarification of fund allocation for the Local Partnership Program, provided clarification and flexibility for local street and road funding, and allowed for letter of no prejudice authority for new grant programs. Platinum was engaged at each effort. While there are still potential challenges in implementation going forward, Platinum's regular meetings with Orange County delegation members and key Legislators have ensured the engagement of these offices and readiness to act if future issues arise.

In 2017, OCTA continued to see decreases in funding provided by the LTF and sales tax measures, likely due to the increase of online sales and nontaxable goods. By securing Assembly Member Daly and Assembly Member Gloria's sponsorship of an audit request to clarify these issues, groundwork may be created for any potential future legislative or regulatory fix that may be needed to provide increased stability.

Environmental Issues Affecting Transportation

Effort: Excellent; Outcome: Very Good

Cap-and-trade discussions were again paramount among environmental policy issues in 2017. After the passage of SB 1, cap-and-trade became one of the major policy actions taken by the Legislature, with the passage of AB 398 (Chapter 135, Statutes of 2017), that extended the cap-and-trade program until 2030. In addition, to any extended environmental benefits of the program, the extension of the program was sought to allow more legal certainty to the overall program, thus allowing increased stability to the revenues generated after the dramatic decrease in revenue seen over the last year. The extension did not change existing ongoing appropriations of funds, including the five percent directed yearly to the Low Carbon Transit Operations Program (LCTOP) and the ten percent directed to the Transit and Intercity Rail Capital Program (TIRCP). With LCTOP directed to transit agencies such as OCTA by formula, this will lead to additional revenues for OCTA for transit purposes, including student fare passes, increased capacity bike racks on buses, and new Bravo! Service. The

additional funds for the TIRCP will provide more funding for a program that has already been awarded to assist in the delivery of the OC Streetcar.

However, the Legislature has yet to act on a long-term expenditure plan for the cap-and-trade revenues not already subject to ongoing appropriations. Platinum worked closely with transit stakeholders like CTA to advocate for a doubling of the annual appropriations for LCTOP and TIRCP. Unfortunately, the Legislature opted to wait until the 2018 legislative session to discuss a long-term expenditure plan. Instead, one-time appropriations were made, including funding for competitive grant programs administered by the California Air Resources Board and SCAQMD, which OCTA may apply for such projects as zero-emission buses.

Related to cap-and-trade, Platinum also made efforts to begin discussions with the Orange County delegation about the guidelines for demonstrating benefit for disadvantaged communities in various grant programs. This issue has severely limited OCTA's ability to fund projects that provide connectivity options for residents of such communities, instead limiting the expenditure of these funds to projects directly located in a disadvantaged community. While no action was taken to help ensure each region can benefit these communities appropriately, ongoing discussions are likely to take place, with other regions in the state being identified as potential partners in any necessary strategy.

General Services

Effort: Excellent; Outcome: Excellent

Platinum has regularly scheduled meetings with legislators, committee consultants, Administration staff, and staff of various state departments, boards, and commissions to discuss issues of importance to OCTA. Members of the Legislature and the Administration consistently rely on Platinum to discuss and provide recommendations on a number of important transportation issues.

Platinum has been responsive to requests by OCTA staff, provided timely information, advice and reports, and provided testimony in legislative committees that accurately reflected Board positions on legislation and policy issues.

Platinum also worked on a number of other issues on behalf of OCTA that were not necessarily contained in legislation, including setting up meetings with key staff within the Administration and Legislature, promptly responding to questions from state delegation members, and relaying important information related to appointments by the Governor.

Specifically, this year Platinum arranged meetings with key members of the Legislature and Administration when OCTA visited Sacramento in 2017, in addition to assisting the scheduling of meetings for advocacy trips done in coordination with Mobility 21. This included multiple meetings with Brian Kelly, the Secretary of the California State Transportation Agency, and Assembly Member Jim Frazier (D-Oakley), the Chair of the Assembly Transportation Committee. In these meetings, OCTA was able to lay the groundwork for future grant applications for transportation projects within the county. In

addition, meetings were arranged with the offices of Orange County delegation members throughout the year to discuss matters of importance including SB 1 implementation, impacts related to the definition of “disadvantaged communities” and sales tax revenue declines due to online sales and sales of non-taxable goods.

Overall Rating

Effort: Excellent; Outcome: Excellent

Platinum’s efforts overall are rated as excellent based on responsiveness, time dedicated to advocating for and advancing of OCTA’s positions and policies, timeliness of information, assisting in building cooperative relationships with legislators and members of various state departments, boards, and commissions, and availability. Platinum’s outcomes overall are rated as excellent based on the outcomes of the issues discussed.