



MINUTES

Finance and Administration Committee Meeting

Committee Members Present

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

Staff Present

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

Committee Members Absent

Miguel Pulido

Call to Order

The March 22, 2017 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:32 a.m.

Pledge of Allegiance

Committee Chairman Do led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 9)

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

A motion was made by Director Steel, seconded by Director Murphy, and declared passed by those present, to approve the minutes of the March 8, 2017 Finance and Administration Committee meeting.

Directors Hennessey and Jones were not present to vote on this item.



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3. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2016

A motion was made by Director Steel, seconded by Director Murphy, and declared passed by those present, to:

- A. Direct staff to monitor implementation of recommendations by the County of Orange and all cities.
- B. Receive and file the Orange County Local Transportation Authority Measure M2 Senior Non-Emergency Medical Transportation Program Agreed-Upon Procedures Report Fiscal Year Ended June 30, 2016, the Orange County Local Transportation Authority Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2016, and the Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2016, as information items.

Directors Hennessey and Jones were not present to vote on this item.

4. Orange County Transportation Authority Policies and Procedures, Internal Audit Report No. 17-507

A motion was made by Director Steel, seconded by Director Murphy, and declared passed by those present, to direct staff to implement three recommendations provided in Orange County Transportation Authority Policies and Procedures, Internal Audit Report No. 17-507.

Directors Hennessey and Jones were not present to vote on this item.

5. Award of Sole Source Agreement with Xerox Corporation for Ink, Parts, Supplies, Printing, Equipment Repair, and Maintenance

A motion was made by Director Steel, seconded by Director Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A37076 between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$95,000, for printing costs, equipment repair, and maintenance of the Xerox 800 color press through June 30, 2017.

Directors Hennessey and Jones were not present to vote on this item.



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6. Orange County Transportation Authority Investment and Debt Programs Report - February 2017

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

Directors Hennessey and Jones were not present to vote on this item.

7. Local Transportation Fund Claims for Fiscal Year 2017-18

A motion was made by Director Steel, seconded by Director Murphy, and declared passed by those present, to adopt Orange County Transit District Resolution No. 2017-013 authorizing the filing of Local Transportation Fund claims, in the amounts of \$146,621,592, to support public transportation and \$7,774,611 for community transit services.

Directors Hennessey and Jones were not present to vote on this item.

8. Amendments to the 91 Express Lanes Three-Party Operating Agreement and Facility Agreement

A motion was made by Director Jones, seconded by Director Spitzer, and declared passed by those present, to:

- A. Authorize the Chief Executive Officer to execute Amendment No. 2 to Agreement No. C-3-1529 among the Orange County Transportation Authority, Riverside County Transportation Commission and Cofiroute USA, LLC., for the inclusion of the joint software license, software maintenance and escrow agreements.
- B. Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-3-1529 among the Orange County Transportation Authority, Riverside County Transportation Commission and Cofiroute USA, LLC., in the amount of \$1,302,562, for maintenance and support services for the 91 Express Lanes Electronic Toll and Traffic Management systems.
- C. Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-5-3828 between the Orange County Transportation Authority and Riverside County Transportation Commission, in the amount of \$431,308, for the reimbursement of shared operational expenses through June 30, 2018.



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8. (Continued)

Director Hennessey was not present to vote on this item.

Committee Chairman Do did not participate or vote on this item.

9. Security and Privacy Liability Insurance Coverage

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

Directors Hennessey and Jones were not present to vote on this item.

Regular Calendar

10. Update on the Day Pass Promotion

Sean Murdock, Director of Finance and Administration, provided an update on the day pass promotion and reported that the Board of Directors approved a six-month promotional reduction in the price of the day pass from \$5.00 to \$4.00 effective October 9, 2016. Staff evaluated the initiative and determined that it did not meet its objective of attracting new riders which also resulted in significant impacts to the fare revenue.

A lengthy discussion ensued regarding, quarterly performance, loss of ridership, price sensitivity, and future trends on ridership.

Committee Chairman Do inquired on the marketing efforts for this promotion.

Stella Lin, Manager of Marketing, stated that the marketing efforts for this promotional period were bus ads, direct mail, and social media campaigns.

Darrell Johnson, Chief Executive Officer (CEO), stated that staff is working with the colleges and noted there is an increase traffic on the mobile ticketing app.

A motion was made by Director Spitzer, seconded by Director Murphy, and declared passed by those present, to direct staff to end the promotional reduction in the price of the day pass on April 9, 2017, and return with options to utilize remaining Low Carbon Transit Operations Program funds.



Discussion Items

11. Review of Policy on Unsolicited Proposals

Virginia Abadessa, Director of Contracts Administration & Materials Management, provided a PowerPoint presentation on the following:

- Background;
- Policy;
- What is an Unsolicited Proposal;
- Unsolicited Proposal Criteria;
- Orange County Transportation Authority's (OCTA's) Role in the Process;
- Proposer's Role in the Process;
- Process Overview; and
- Next Steps.

Committee Chairman Do asked what an unsolicited proposal is.

Ms. Abadessa responded that unsolicited proposals are innovative and unique ideas that are not developed programs with OCTA.

Mr. Johnson, CEO, stated that staff wanted to make sure the Finance and Administration Committee knew this policy was in place in case constituents inquired on this topic.

12. Delivering Transportation Solutions in a Changing Market

Darrell Johnson, CEO, provided a PowerPoint presentation for this item as follows:

- Planning Efforts Underway;
- OCTA Core Functions;
- Background – Measure M;
- Next 10 Delivery Plan;
- Background – Bus Transit;
- Trends;
- OC Bus 360° - Reinventing Bus Service;
- Efficiency Measures/Cost Savings;
- Staff Levels and Service Hours;
- Other OCTA Programs; and
- Next Steps.



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12. (Continued)

Director Spitzer expressed concern that OCTA's labor contracts are not locking OCTA into employee numbers, especially with potential changes to the system.

Mr. Johnson, CEO, stated that staff has flexibility to adjust OCTA's workforce size based on OCTA business needs.

Director Spitzer inquired on the status of the peer review for Metrolink.

Janet Sutter, Executive Director of Internal Audit, responded that the peer review is tentatively scheduled for the month of April.

Director Spitzer inquired if the feedback from the peer review will return back to the Finance and Administration Committee before approval of the final budget.

Mr. Johnson, CEO, stated that feedback from the peer review will return to the Finance and Administration Committee before the approval of the final budget.

Director Spitzer inquired about the amendment designation of air quality conformity from the southbound 241 Toll Road to the State Route 241/91 Express Connector Project.

Kia Mortazavi, Executive Director of Planning, responded that the formal amendment to change the air quality conformity was completed last month while the environmental work is still pending.

Mr. Johnson, CEO, responded that staff will follow-up on the construction activity schedule and report back to the Finance and Administration Committee at a later date.



13. Fiscal Year 2017 - 18 Budget Assumptions

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Victor Velasquez, Manager, Financial Planning & Analysis, who reported the following:

- Key Issues;
- Measure M2 Program Assumptions;
- Rail Program Assumptions;
- 91 Express Lanes Program Assumptions;
- Motorist Services Program Assumptions;
- Bus Program Assumptions;
- Bus Program Revenue Assumptions;
- Bus Operations Service Assumptions, and
- Next Steps.

Director Spitzer asked what the net would be for the excess toll revenues on the 91 Express Lanes and what part of the excess toll revenues would go to the State Route 241/91 Express Connector Project.

Kirk Avila, General Manager, Treasurer and Toll Roads responded that the net for excess revenues is 25 percent.

Mr. Johnson, CEO, commented that staff has set a high-level number for an assumed cash flow for the excess toll revenues during the next ten years. He also stated that the opening of the extension of the 91 Express Lanes will feed into the full discussion on what part of the excess toll revenues will go for the State Route 241/91 Express Connector Project.

A lengthy discussion ensued regarding, bus assumptions, reduction of service hours, and the preview of the budget workshop.

Director Spitzer inquired on the additional \$14.5 million revenue source.

Mr. Johnson, CEO, responded that the \$14.5 million revenue source is an option that would be a one-time infusion from another transit agency that has federal bus funds for a one-year period. He also stated there could be other pilot programs which require longer lead time for future service modifications.



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14. Chief Executive Officer's Report

- The extension of the 91 Express Lanes opened earlier this week. The Riverside County Transportation Commission will be hosting a grand-opening ceremony on Friday, March 31st, at 11:00 a.m., at the North Main Corona Metrolink Station.
- Through sponsorship by Assembly Members Tom Daly and Todd Gloria, the Joint Legislature and Audit Committee will conduct a hearing on Tuesday, March 28th to seek an audit of the distribution and collection of the Transportation Development Act sales tax.

15. Committee Members' Reports

Board Chairman Hennessey requested that Joel Kotkin, Chapman University, present to the Finance and Administration Committee his long-range study given to the Orange County Council of Governments General Assembly on March 16th.

Board Chairman Hennessey requested that the University of California, Los Angeles (UCLA) long-range study presentation be forwarded on to the full board.

Mr. Johnson, CEO, responded that the UCLA presentation was forwarded to the Board for review.

Committee Chairman Do expressed concerns on how staff views bus ridership demographics and would like to see an increase to the frequency of segments in the bus routes, service cuts for routes that are not productive, and a different pricing model.

16. Closed Session

A Closed Session was held for the following:

Pursuant to Government Code Section 54946.9 (c) - One matter

There was no report out for the Closed Session item.



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17. Adjournment

The meeting adjourned at 12:14 p.m.

The next regularly scheduled meeting will be held at **10:30 a.m. on Wednesday, April 12, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Gina Claridge
Deputy Clerk of the Board

Andrew Do
Committee Chairman