



Committee Members Present

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

Staff Present

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

Committee Members Absent

Miguel Pulido
Todd Spitzer

Call to Order

The August 23, 2017 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:31 a.m.

Pledge of Allegiance

Director Steel led in the Pledge of Allegiance.

1. Public Comments

There were no public comments received.

Special Calendar

2. Taxable Sales Forecast - California State University, Fullerton - Anil Puri, PhD, Co-Director of the James and Jeanette Woods Center for Economic Analysis and Forecasting

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Dr. Anil Puri, PhD, from California State University, Fullerton.

Dr. Puri presented a comprehensive PowerPoint presentation and highlighted the following areas:

- Consumer Confidence: Off the Charts;
- Market Euphoria;
- Recovery: Subdued but Continued Growth;
- Benign Economic Conditions;
- Healthy Job Growth Continues;
- Wage Growth will Continue to Firm Up;
- Household Balance Sheets are in Pristine Shape;

2. (Continued)

- Strong Rebound in Corporate Profits;
- A Long and Arduous "To Do" List;
- Will the Fed Kill The Expansion;
- Pace of Job Formation Has Edged Down a Bit;
- Moderation in Job Growth Throughout Southern California;
- Orange County Labor Force has Shrunk This Year;
- Diversity of Orange County Economy is Key Factor;
- Home Values: Back At Their Peak;
- Home Price Appreciation has Held Steady;
- Most Significant Concerns Continue to be;
- Concerns on the Economy and Regulations;
- Biggest Threat to the United States Economy;
- Orange County Business Expectations Index; and
- Orange County Taxable Sales.

A lengthy discussion ensued regarding lower labor growth, forecasting models, tax assumptions, and regulation and reform.

Consent Calendar (Items 3 through 10)

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.

3. Approval of Minutes

A motion was made by Director Steel, seconded by Director R. Murphy, and declared passed by those present, to approve the minutes of the July 26, 2017 Finance and Administration Committee meeting.

4. Performance Audit of the Orange County Transportation Authority's Storm Water Pollution Prevention Program

Directory Hennessey pulled this item to inquire on the "Construction General Permit compliance."

Jim Beil, Executive Director of Capital Programs, explained the construction cooperative agreements with agencies are higher level arching and the request was to look at specific individuals. Mr. Beil stated that this varies greatly depending on what project is being reviewed and provided examples. In addition, Mr. Beil reported that the Orange County Transportation Authority (OCTA) wants to use a project level memo which is legally binding and designates specific people as the legally responsible person.



4. (Continued)

Janet Sutter, Executive Director of Internal Audit, stated that OCTA is now in compliance and will review this item in six months.

A motion was made by Director Hennessey, seconded by Director Jones, and declared passed by those present, to direct staff to implement ten recommendations provided in the Orange County Transportation Authority Performance Audit of OCTA's Storm Water Pollution Prevention Program, Internal Audit Report No. 17-505.

5. Local Agency Investment Fund - June 2017

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

6. Orange County Treasurer's Management Report - June 2017

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

7. Orange County Transportation Authority Investment and Debt Programs - July 2017

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

8. Environmental Mitigation Program Endowment Fund Investment Report for June 30, 2017

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

9. Agreements for Health Insurance Services

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

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-5-3649 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Kaiser Permanente Health Plan, Inc., on a cost per employee basis, for prepaid medical services through December 31, 2018. The annual 2018 Kaiser Permanente Health Plan, Inc., premium cost will vary in accordance with actual enrollment.



9. (Continued)

- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-5-3650 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Anthem Blue Cross, on a cost per employee basis, for prepaid medical services through December 31, 2018. The annual 2018 Anthem Blue Cross health maintenance organization premium costs will vary in accordance with actual enrollment.
- C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-5-3651 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Anthem Blue Cross, on a cost per employee basis, for preferred provider organization medical services through December 31, 2018. The annual 2018 Anthem Blue Cross preferred provider organization premium costs will vary in accordance with actual enrollment.
- D. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-5-3652 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Anthem Blue Cross, on a cost per employee basis, for a consumer driven health plan through December 31, 2018. The annual 2018 Anthem Blue Cross consumer driven health plan premium costs and health savings account expenses will vary in accordance with actual enrollment.
- E. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-1-2996 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Delta Dental, on a cost per employee basis, for preferred provider organization dental services through December 31, 2018. The annual 2018 Delta Dental preferred provider organization premium costs will vary in accordance with actual enrollment.
- F. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-1-2995 between the Orange County Transportation Authority and Delta Dental, on a cost per employee basis, for health maintenance organization dental services through December 31, 2018. The annual 2018 Delta Dental health maintenance organization premium costs will vary in accordance with actual enrollment.



9. (Continued)

- G. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-1-2997 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Vision Service Plan, on a cost per employee basis, for vision services through December 31, 2018. The annual 2018 vision services premium costs will vary in accordance with actual enrollment.
- H. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-7-1897 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for VOYA for life and accidental death and dismemberment insurance through December 31, 2018. The annual 2018 life and accidental death and dismemberment premium costs will vary in accordance with actual volume in the plan.
- I. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-7-1898 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for VOYA to provide supplemental life insurance to employees at their own expense through December 31, 2018.
- J. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-7-1899 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for VOYA for short-term and long-term disability insurance through December 31, 2018. The annual 2018 short-term and long-term disability premium costs will vary in accordance with actual volume in the plan.
- K. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-7-1900 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Activity for VOYA with Compsych to provide administrative leave through December 31, 2018 through December 31, 2018.



10. Amendment to the 241/91 Express Lanes Connector Project Peer Review

A motion was made by Director Steel, seconded by Director R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-5-3798 between the Orange County Transportation Authority and CDM Smith, Inc., in an amount not to exceed \$50,000, for further review and analysis. This will increase the maximum obligation of the agreement to a total contract value of \$107,333.20.

Regular Calendar

There were no Regular Calendar items scheduled.

Discussion Items

11. Measure M2 Sales Tax Forecast

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Sean Murdock, Director of Finance and Administration, who presented a PowerPoint on the following:

- Background;
- Historical Measure M Sales Tax Revenues;
- Short Term Growth Rate Forecasts;
- Long Term Growth Rate Forecasts;
- Annual M2 Sales Tax Revenue Forecast;
- Results of Updated Forecasts; and
- Forecast Comparison – 2017 vs 2016;

A discussion ensued regarding:

- Online purchasing.
- Amazon sales tax collection.
- Out of State transactions.
- State audit or reviewing the sales tax distribution.
- People spending more on experience than goods.
- Outdated sales tax laws.

Darrell Johnson, Chief Executive Officer (CEO), reported on slide 9, "Next Steps" which is to incorporate forecast into OCTA's planning documents and determine impacts of the forecast to Measure M2 programs and projects. Staff will return to the Board with options to address the decrease in projected sales tax revenue.



12. Chief Executive Officer's Report

Darrell Johnson, CEO, reported on the following:

- OCTA continues to move forward with the OC Bus 360° plan to improve bus system productivity, efficiency, and better match service delivery with demand.
- Staff has developed the proposed service changes for February 2018, and last night, hosted the first of three community meetings in Westminster to give the public an opportunity to provide feedback on the proposed changes. In addition, tonight it will be in Laguna Hills and tomorrow night in Orange, and all meetings start at 6:00 p.m.
- Staff is collecting all of the feedback and a public hearing will be held at the Board of Directors meeting on September 25th.

13. Committee Members' Reports

There were no Committee Member's reports.

14. Closed Session

There were no Closed Session items scheduled.

15. Adjournment

The meeting adjourned at 11:56 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 13, 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