



**Committee Members Present**

Andrew Do, Chairman  
Richard Murphy, Vice Chairman  
Michael Hennessey  
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**

Steve Jones  
Todd Spitzer

**Call to Order**

The June 27, 2018 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:32 a.m.

**Pledge of Allegiance**

Director Steel led in the Pledge of Allegiance.

**1. Public Comments**

No public comments were received.

**Special Calendar**

**2. Taxable Sales Forecast - UCLA Anderson Forecast - Jerry Nickelsburg, PhD, Senior Economist, and William Yu, PhD, Economist**

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Dr. Jerry Nickelsburg, PhD, and Dr. William Yu, PhD, from the University of California, Los Angeles Anderson School of Management.

Dr. Nickelsburg presented a PowerPoint presentation on the following:

- U.S. Economy is growing at 3%;
- 3% real Gross Domestic Product growth in 2018 slowing in 2019, and 2020;
- Interest rates on the rise;
- Employment growth remains solid;
- Employee compensation rises with tightened labor markets;
- With higher inflation;
- Where are we in the housing cycle;

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

- Why our forecasts on Orange County taxable sales in the past few years were too optimistic;
- We suggest three reasons;
- Inflation on housing and medical care is higher than that of most taxable sales goods; and
- California Forecast.

A lengthy discussion ensued regarding the following:

- New immigration policy affecting the rate of growth in our population;
- Where housing starts and what happens now with inflation and interest rates going up;
- Population growth before 2010; and
- More people leaving than arriving in California.

Dr. Yu continued the PowerPoint presentation as follows:

- Major metro payroll employment growths;
- Orange County sector payroll job growth;
- Zillow's median home value index;
- Orange County housing market is doing well;
- Forecast risk: full-blown trade wars;
- 2016 Orange County Forecast (Made in April 2016);
- Real Data (2017 estimated);
- Recalculated 2016 Forecast with new Consumer Price Index measurement with forecast of real taxable sale growth made in April 2016; and
- Orange County Nominal Taxable Sales Growth Forecast.

An additional discussion ensued regarding the following:

- Age population impacting healthcare and hospitality (tourism);
- Growing economy means people eat out more;
- Migration to certain cities;
- Growth in North San Diego County increased;
- New York and San Francisco Bay area tech industry has increased; and
- Nominal taxable sales growth historical data.

Dr. Nickelsburg summarized productivity growth and the short-term and long-term forecasts.



**Consent Calendar (Items 3 through 7)**

**3. Approval of Minutes**

A motion was made by Committee Vice Chairman R. Murphy, seconded by, Director Steel, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of June 13, 2018.

**4. Local Agency Investment Fund - May 2018**

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

**5. Orange County Treasurer's Management Report - May 2018**

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

**6. Orange County Transportation Authority Investment and Debt Programs Report - May 2018**

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

**7. Amendment to the 91 Express Lanes Riverside County Transportation Commission / Orange County Transportation Authority Facility Agreement**

A motion was made by Committee Vice Chairman R. Murphy, seconded by, Director Steel, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and 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 \$2,078,750, for the reimbursement of shared operational expenses through June 30, 2019.

## **Regular Calendar**

### **8. 91 Express Lanes Account Plan Changes**

Kirk Avila, General Manager of Express Lanes Programs, provided a condensed version of the PowerPoint on the following:

- 91 Express Lanes Account Plans;
- Account Policy Changes;
- Transition Goals;
- Other Transition Elements; and
- Recommendations and Next Steps.

A lengthy discussion ensued regarding the following:

- Sticker Transponders;
- Different types of transponders;
- Historical data for analysis; and
- Different types of plans and savings.

Committee Chairman Do inquired on the savings that the Orange County Transportation Authority (OCTA) is passing on to the customer.

Ken Phipps, Deputy Chief Executive Officer (DCEO), responded that all customers will save money. If a customer currently has the “convenience” account today, it will be grandfathered in at no cost. New customers will pay \$100 per account, and not \$100 per transponder for the “convenience” account. Additionally, current customers with the “standard” account paying the seven dollars per month fee will automatically get the “convenience” account at no cost. Lastly, he stated that everybody saves money on their monthly fees under this arrangement.

Committee Chairman Do requested that Slide 6 of the PowerPoint be modified to clearly show the cost savings to customers.

Mr. Phipps, DCEO, responded that Slide 6 of the PowerPoint will be revised to reflect the cost savings and included in the July 9, 2018, Board of Directors agenda packet.

A motion was made by Committee Chairman Do, seconded by, Committee Vice Chairman R. Murphy, and declared passed by those present, to adopt changes to the 91 Express Lanes’ account plans and policies.



## **Discussion Items**

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

Ken Phipps, DCEO, reported on the following:

- Ridership on the Angels Express is down about 1 percent so far this year with 19,283 boardings compared to 19,421 boardings last year. Staff is launching a couple of campaigns to promote the service and hopefully boost ridership. In July and August, kids 18 and under can ride the Angels Express for free. Staff is also offering a promotion where people can ride the Angels Express and get 50 percent off the ticket price to certain games.

Director Steel inquired about an Angels Express promotion for seniors.

Mr. Phipps, DCEO, responded that staff will consider this for a future promotion.

- On Saturday, June 30<sup>th</sup> at 8:30 a.m., OCTA will host an equestrian ride at the Trabuco Rose Preserve in Trabuco Canyon to give the horse riding community an opportunity to explore that property.

### **10. Committee Members' Reports**

There were no Committee Member's reports.

### **11. Closed Session**

There were no Closed Session items scheduled.



**12. Adjournment**

The meeting adjourned at 12:00 p.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 11, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

---

Gina Ramirez  
Deputy Clerk of the Board

---

Andrew Do  
Committee Chairman