



Committee Members Present

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

Staff Present

Darrell E. Johnson, Chief Executive Officer
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

None

Call to Order

The January 9, 2019 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:30 a.m.

Pledge of Allegiance

Director Jones 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 14)

2. Approval of Minutes - November 14, 2018

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 November 14, 2018.

3. Approval of Minutes - December 12, 2018

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 December 12, 2018.



4. Audit of Oversight Controls and Contract Compliance Related to the Interstate 5 High-Occupancy Vehicle Improvement Project: Pacific Coast Highway to San Juan Creek Road

This item was pulled by Director Steel who inquired on the how often is follow-up done and what are the consequences.

Janet Sutter, Executive Director of Internal Audit, responded that a follow-up is completed every six months on what corrective actions have been taken.

Director Steel inquired if there are additional issues after the six-month follow-up and what are the consequences.

Darrell E. Johnson, Chief Executive Officer (CEO), stated the policies and procedures are set up to not allow mistakes. If there are wasteful activities, then that would be a different consequence, and, in this instance, the consequences are procedural mistakes and additional staff training is needed.

Director Hennessey inquired if the CEO is comfortable that the standards are at the proper level. Mr. Johnson, CEO, responded the standards are at the proper level.

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to direct staff to implement three recommendations provided in the Audit of Oversight Controls and Contract Compliance Related to the Interstate 5 High-Occupancy Vehicle Improvement Project: Pacific Coast Highway to San Juan Creek Road, Internal Audit Report No. 18-512.

5. State of California, Department of Transportation, Incurred Cost Audit - Orange County Transportation Authority

This item was pulled by Director Steel and Committee Chairman Do who inquired on the rules in place.

James Donich, General Counsel, responded that the Orange County Transportation Authority (OCTA) believes the problem is the Federal rules in place since 2007 have not been modified. He stated that OCTA management and legal counsel disagree with the California Department of Transportation (Caltrans) fundamental interpretation of relocation assistance law with respect to actual, reasonable, and related expenses for business relocations.



5. (Continued)

Jim Beil, Executive Director of Capital Programs, stated Caltrans' interpretation is that Improvements Pertaining to Realty are part of the real estate, and the costs to relocate these businesses are not reasonable and related expenses. He also stated that Caltrans has determined many of the reestablishment expenses should be classified as Improvements Pertaining to Realty, and total reimbursement should have been limited to \$10,000 per business.

Committee Chairman Do expressed concerns on how OCTA will handle future expenses. Mr. Donich responded that OCTA now has a policy in place which requires Caltrans approval before moving forward on any reestablishment expenses.

Mr. Johnson, CEO, commented that staff will continue to work with Caltrans in developing a solution.

A motion was made by Director Hennessey, seconded by Director Steel, and declared passed by those present, to direct staff to work with the California Department of Transportation, Division of Local Assistance, and to address corrective action recommendations.

6. Orange County Employees Retirement System: Audit of Orange County Transportation Authority Payroll Transmittals

A motion was made by Committee Vice Chairman R. Murphy, seconded by Director Steel, and declared passed by those present, to receive and file an audit completed by the Internal Audit Department of the Orange County Employees Retirement System, Audit of Orange County Transportation Authority Payroll Transmittals, Report Date: November 12, 2018, as an information item.

7. Local Agency Investment Fund - October 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.

8. Orange County Treasurer's Management Report - October 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.



9. Orange County Transportation Authority Investment and Debt Programs Report - October 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.

10. Local Agency Investment Fund - November 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.

11. Orange County Treasurer's Management Report - November 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.

12. Orange County Transportation Authority Investment and Debt Programs Report - November 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.

13. Update on the Loan Agreements with the Cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board

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.

14. Fiscal Year 2018-19 First Quarter Grant Reimbursement Status Report

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.



Regular Calendar

15. Fiscal Year 2018-19 First Quarter Budget Status Report

Sean Murdock, Director of Finance and Administration, reported on the following:

- Sales tax receipts reported for the first quarter are not finalized and will continue to be received over the next few months as the California Department of Tax and Fee Administration (CDTFA) continues to process sales tax allocations. Staff is continuing to work with the CDTFA to ensure all sales tax receipts are accounted for and posted against the appropriate quarter.
- Staff has finalized the Fiscal Year (FY) 2018-19 sales tax receipts for the Local Transportation Authority M2 Program and Local Transportation Fund Bus Program. Sales tax revenue for the FY was estimated by MuniServices, LLC, due to many tax payments for the FY that have not been processed by the CDTFA.
- The growth rates for the Local Transportation Authority M2 Program were 4.8 percent and 5.2 percent for the Local Transportation Fund Bus Program for the FY, respectively, compared to the budgeted growth rates of 3.3 percent and 2.4 percent.

Following the discussion, no action was taken on this receive and file information item.

Discussion Items

16. Update on Measure M2 Financing

Andrew Oftelie, Executive Director of Finance and Administration, who provided a PowerPoint presentation on the following:

- Current Plan, and
- Upcoming Activities.

A discussion ensued regarding sales tax exemptions, favorable market conditions, and conservative approach.



17. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- On January 10th, Governor Newsom will release the state budget. Staff will prepare a summary that will be sent out tomorrow afternoon.
- On January 12th, the southbound lanes on the Interstate 405 are expected to close between Warner Avenue and Beach Boulevard starting at 11:00 p.m. on Saturday until 8:00 a.m. on Sunday. The Magnolia Street bridge, along with the freeway on-ramps, will also be closed overnight Friday and Saturday. These closures will allow crews to continue demolishing the Magnolia Street bridge.
- Due to scheduled track work, there will be no weekend train service between Laguna Niguel/Mission Viejo and Oceanside on the Orange County and Inland Empire/Orange County Metrolink lines starting January 12th and 13th, as well as February 9th and 10th, March 2nd and 3rd and March 9th and 10th.

18. Committee Members' Reports

There were no Committee Members' reports.

19. Closed Session

There were no Closed Session items scheduled.

20. Adjournment

The meeting was adjourned at 11:09 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, January 23, 2019**, 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