



Committee Members Present

Michael Hennessey, Chairman
Richard Murphy, Vice Chairman
Andrew Do
Gene Hernandez
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

Donald P. Wagner

Call to Order

The October 23, 2019, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:32 a.m.

Pledge of Allegiance

Committee Vice Chairman R. Murphy 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 11)

2. Approval of Minutes

A motion was made by Committee Vice Chairman R. Murphy, seconded by Director Hernandez, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of September 25, 2019.

3. Fiscal Year 2019-20 Internal Audit Plan, First Quarter Update

Committee Chairman Hennessey pulled this item to inquire if there was anything the F&A Committee needed to be concerned about on the update and if the Internal Audit Department received full cooperation from staff.



3. (Continued)

Janet Sutter, Executive Director of Internal Audit, responded that the Internal Audit department had a good quarter with lots of cooperation. Ms. Sutter stated there is not anything to note in the quarterly update.

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

4. Property Insurance Policy Renewal

Committee Chairman Hennessey and Director Steel pulled this item.

Committee Chairman Hennessey inquired on the market trend of 20 to 40 percent increase for insurance policies renewing this year.

Al Gorski, Department Manager of Risk Management, responded that the Orange County Transportation Authority's (OCTA) Broker of Record is Marsh Risk and Insurance Services, Inc. (Marsh) and introduced Craig Morris, Senior Vice President of Marsh, who discussed the possible trends that are causing the increase in premiums.

Director Steel inquired on what services OCTA receives from Marsh for paying an annual fee of \$100,000.

Mr. Gorski responded there are several points of advice that OCTA receives from Marsh. These include insurance requirements for the contractors, baseline information; the staff also depends on Marsh to provide trends in the market. For example, OCTA staff is currently working on the cyber renewal policy with coverage of \$10 million dollars. Additionally, Marsh has seen the market level increase to \$15 million dollars, and OCTA is considering that amount.

A motion was made by Director Steel, seconded by Director Do, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A44100, in an amount not to exceed \$550,000, to Marsh Risk and Insurance Services, Inc., to purchase property insurance on behalf of the Orange County Transportation Authority for the policy period of December 1, 2019 to December 1, 2020.



5. Fiscal Year 2018-19 Fourth Quarter Budget Status Report

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

6. State Transit Assistance Fund and Senate Bill 1 State of Good Repair Claims for Fiscal Year 2019-20

A motion was made by Committee Vice Chairman R. Murphy, seconded by Director Hernandez, and declared passed by those present, to:

- A. Adopt Resolution No. 2019-079 to authorize the filing of State Transit Assistance Fund claims, in the amount of revised estimate of \$38,396,928, or up to the actual allocation published by the State Controller's Office, to support public transportation.
- B. Authorize the filing of Senate Bill 1 State of Good Repair claims, in the amount of the revised estimate of \$5,933,032, or up to the actual allocation published by the State Controller's Office, to help sustain and upgrade the Orange County Transportation Authority's bus system.

7. 2019 Measure M2 Sales Tax Forecast

Committee Chairman Hennessey pulled this item to inquire on the 2.2 percent increase in Sales Tax.

Andrew Oftelie, Chief Financial Officer (CFO), stated the increase is based on a combination of factors, including the California Department of Tax and Fee Administration's (CDTFA) implementation of Assembly Bill 147 (AB 147). AB 147 provides essential direction to state law for the United States Supreme Court's *Dakota v. Wayfair, Inc.*, decision in California, and this is more attributable to the increase from \$13.1 billion to \$13.4 billion. Additionally, the delay in receipts from the CDTFA last year, at this time, staff showed a negative growth rate based on the actuals that OCTA had received from CDTFA.

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



8. Orange County Transportation Authority Investment and Debt Programs Report - September 2019

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

9. First Quarter Fiscal Year 2019-20 Procurement Status Report

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

10. New York Meetings Update - September 2019

Committee Chairman Hennessey pulled this item to report on the annual New York rating agencies trip and highlighted the compliments received by the rating agencies about the 91 Express Lanes.

Committee Chairman Hennessey inquired if there were any updates from the rating agencies.

Andrew Oftelie, CFO, responded that there had been no official actions by any of the rating agencies. However, Moody's representatives stated they were considering a review of OCTA in the coming months. He stated that OCTA's goal for this trip was to reaffirm or maintain the high ratings that OCTA already had. Also, based on the criteria of the rating agencies, OCTA's ratings are as high as possible for both Measure M and the 91 Express Lanes.

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

11. Agreement for Budget and Forecasting Software

A motion was made by Committee Vice Chairman R. Murphy, seconded by Director Hernandez, and declared passed by those present, to:

- A. Approve the selection of Clarity Partners, LLC, as the firm to provide budget and forecasting software.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-9-1083 between the Orange County Transportation Authority and Clarity Partners, LLC, in the amount of \$536,067, for a term of three years with two, two-year option terms to provide budget and forecasting software.



Regular Calendar

12. Contractor Selection for the Back-Office System and Customer Service Center Operations for the 91 Express Lanes in Orange and Riverside Counties

Kirk Avila, General Manager of the 91 Express Lanes, provided a PowerPoint on the following:

- Background;
- Modernizing the 91 Express Lanes-Toll Lane Systems Integrator Services, Back-Office System/Customer Service Center Procurement, Roadway Services Procurement;
- Procurement Includes: Back-Office System, Customer Service Center, Other Operational Functions;
- Procurement Process;
- Cofiroute USA, LLP Proposed Cost;
- Recommendations, and
- Next Steps.

Committee Chairman Hennessey inquired why only 20 percent of the proposal was the price.

Mr. Avila responded in consultation with OCTA's project management consultant HNTB, the Riverside County Transportation Commission (RCTC), and OCTA's contracts department, staff reviewed the industry standards, and pricing was at the 20 percent level.

Committee Chairman Hennessey inquired what agencies were on the interview panel.

Mr. Avila stated the panel was made up of representatives from OCTA, RCTC, the Los Angeles County Metropolitan Transportation Authority, and San Diego Metropolitan Transit System.

A motion was made by Director Hernandez, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to:

- A. Approve the selection of Cofiroute USA, LLC., as the firm to provide the back-office system and customer service center operations services for the 91 Express Lanes in Orange and Riverside counties.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-9-1177 among the Orange County Transportation Authority, Riverside County Transportation Commission, and Cofiroute USA, LLC., in the amount of \$72,982,804, to provide the back-office system and customer service center operations services for the 91 Express Lanes in Orange and Riverside counties, for an initial term of seven years with two three-year option terms. The designated share for the Orange County Transportation Authority will be \$35,420,566.



Discussion Items

13. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer, reported on the following:

Beach Boulevard Corridor Study (Study):

- OCTA is in the final round of collecting public feedback for the Study.
- Comments can be submitted online now through October 26th at octa.net/beachstudy.
- The Study will be completed in February 2020.

25th Annual Economic Forecast:

- On October 30th, the California State University Fullerton and the Orange County Business Council are hosting their 25th annual Economic Forecast in Irvine.
- He, along with, Andrew Oftelie and Directors Bartlett, Davies, Hennessey, Hernandez, and R. Murphy will be attending.
- The program starts at 11:30 a.m. and registration is at 11:00 a.m.

14. Committee Members' Reports

There were no Committee Members' Reports.

15. Closed Session

There were no Closed Session items scheduled.



16. Adjournment

The meeting adjourned at 11:03 a.m.

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

Michael Hennessey
Committee Chairman