



Committee Members Present

Michael Hennessey, Chairman
Richard Murphy, Vice Chairman
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

Andrew Do
Donald P. Wagner

Call to Order

The January 8, 2020, regular meeting of the Finance and Administration Committee (Committee) was called to order by Committee Chairman Hennessey at 10:31 a.m.

Pledge of Allegiance

Director Steel 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 10)

2. Approval of Minutes - November 13, 2019

A motion was made by Committee Vice Chairman R. Murphy, seconded by Committee Chairman Hennessey, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of November 13, 2019.

3. Approval of Minutes - October 23, 2019

A motion was made by Committee Vice Chairman R. Murphy, seconded by Committee Chairman Hennessey, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of October 23, 2019.



4. Corporate Credit Cards, Internal Audit Report No. 20-504

A motion was made by Committee Vice Chairman R. Murphy, seconded by Committee Chairman Hennessey, and declared passed by those present, to direct staff to implement one recommendation provided in Corporate Credit Cards, Internal Audit Report No. 20-504.

5. Bus Marketing, Internal Audit Report No. 19-512

Committee Vice Chairman R. Murphy pulled this item and requested staff provide a brief overview of the audit.

Janet Sutter, Executive Director of Internal Audit, provided an overview of the results of the audit on bus marketing. The focus was primarily on compliance with the Orange County Transportation Authority (OCTA) procurement policy, invoice review procedures, and procedures for developing marketing plans.

Ms. Sutter stated this audit was on the fiscal year 2018-19 audit plan. As a result of the risk assessment meeting between Ms. Sutter and Lance Larson, Executive Director of External Affairs, Mr. Larson suggested that Internal Audit review bus marketing.

Committee Vice Chairman R. Murphy expressed his concern on the audit comments and referenced Attachment A of the Staff Report, Pages 3 and 4.

Committee Chairman Hennessey inquired on what the remedy is for controls.

Ms. Sutter responded that controls improved during the audit, and a project controls staff member was hired to enhance the review of invoices. Ms. Sutter also stated, management would provide training to project managers, to understand all the rules, policies, and procedures governing procurement and invoice oversight.

Committee Chairman Hennessey inquired if any disciplinary actions were needed.

Darrell E. Johnson, Chief Executive Officer (CEO), responded the management response is correct, and project level management should provide training and expectations versus discipline. Mr. Johnson stated he would discuss this audit with Human Resources about potential disciplinary action.



5. (Continued)

Committee Chairman Hennessey inquired on the total amount of the contracts.

Ms. Sutter responded she would need to review the contracts and would provide the information to Committee Chairman Hennessey.

Committee Vice Chairman R. Murphy made a recommendation to revise Attachment A of the Staff Report, Page 3, Recommendation No. 1, of the Internal Audit Report to state "OCTA revised practices to ensure that contracts for similar services are combined." He also recommended that staff review which firms were involved and consolidate the current contracts to ensure no additional issues occur.

A motion was made by Committee Vice Chairman R. Murphy, seconded by Director Hernandez, and declared passed by those present, to direct staff to implement three recommendations provided in Bus Marketing, Internal Audit Report No. 19-512.

6. 91 Express Lanes Master Custodial Account and Revenue Allocation, Internal Audit Report No. 19-514

A motion was made by Committee Vice Chairman R. Murphy, seconded by Committee Chairman Hennessey, and declared passed by those present, to receive and file 91 Express Lanes Master Custodial Account and Revenue Allocation, Internal Audit Report No. 19-514, as an information item.

7. Award of Sole Source Agreement for the Purchase and Maintenance of a Xerox Nuvera 144 EA Production Press

Committee Chairman Hennessey pulled this item to inquire why staff is requesting a sole source agreement with Xerox for the digital press.

Sean Murdock, Director of Finance and Administration, responded that staff is requesting a sole source agreement due to the set up in the print shop. He stated that it would be more productive to manage the workflow by keeping the same system.

A motion was made by Committee Chairman Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-9-1771 between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$175,340, for the purchase of a Xerox Nuvera 144 EA Production Press, training, and maintenance.



8. Agreement for the Purchase of Modular Systems and Ancillary Furniture

A motion was made by Committee Vice Chairman R. Murphy, seconded by Committee Chairman Hennessey, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-9-1652 between the Orange County Transportation Authority and Western Office, in the amount of \$990,000, to provide services for the purchase of modular systems and ancillary furniture for a two-year term.

9. Orange County Transportation Authority Investment and Debt Programs Report - November 2019

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

10. Orange County Transportation Authority Investment and Debt Programs Report - October 2019

This item was pulled by Committee Chairman Hennessey to inquire about the Local Agency Investment Fund (LAIF) balance and requested staff provide a brief overview on the Negative Credit Watch, Attachment A, Page I-II, of the Staff Report.

Sean Murdock, Director of Finance and Administration, responded that the LAIF balance is a scale issue. He also provided a brief overview of the Negative Credit Watch, which shows securities that could potentially be downgraded or upgraded in ratings.

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

Regular Calendar

11. Fiscal Year 2019-20 First Quarter Budget Status Report

Andrew Oftelie, Chief Financial Officer, provided an overview of the new dashboard report in Attachment A of the Staff Report.

Mr. Oftelie referenced Page 3, Sales Tax Receipts section of the Staff Report, which shows revenues were lower than what was budgeted. He stated that staff is working with MuniServices, LLC, OCTA's sales tax consultant, to determine if the sales tax receipts actuals compared to the budget are an underrun or a timing issue from California Department of Tax and Fee Administration (CDTFA).



11. (Continued)

Committee Chairman Hennessey inquired on when staff would receive the final information from the CDTFA. Mr. Oftelie responded the CDTFA is slow at processing the sales tax receipts and is running six to nine months behind.

Victor Velasquez, Department Manager of Financial Planning & Analysis, who provided an overview of the new dashboard report as follows:

- Total Authority;
- Staffing;
- Sales Tax Receipts, and
- Major Operating Programs.

A lengthy discussion ensued regarding the toll lanes capital revenue, services and supplies expense variance, impact on cash flow, and underruns in the Metrolink operating subsidy, and contributions to local agencies based on lower than anticipated project payment requests.

Mr. Johnson, CEO, requested the Committee approve this format going forward. The Committee approved the new reporting format.

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

Discussion Items

12. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

Happy New Year:

- Everyone was wished a happy new year.
- OCTA has a lot to look forward to in 2020, and excited to work with the Committee Members as OCTA advances projects, programs, and services.

New Year's Eve Free Service:

- For the 18th year in a row, OCTA continued the tradition of offering free bus rides on New Year's Eve.
- OCTA recorded more than 7,700 free rides this year, which is up nearly 24 percent compared to last year and a great way to end the year.



12. (Continued)

Hydrogen Event:

- On Friday, January 31st at 10:30 a.m., OCTA will host an event at the Santa Ana Base to celebrate the zero-emission bus fleet and the completion of OCTA's hydrogen fueling station.
- The station would fuel the ten hydrogen fuel cell buses that OCTA has recently added.
- These are battery-electric, zero-emission buses, and the event will commemorate OCTA's continuing efforts to expand an environmentally sustainable transportation system.

13. Committee Members' Reports

There were no Committee Members' reports.

14. Closed Session

There were no Closed Session items scheduled.

15. Adjournment

The meeting adjourned at 11:00 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, January 22, 2020**, 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