



Committee Members Present
Via Teleconference:

Michael Hennessey, Chairman
Brian Goodell
Patrick Harper
Gene Hernandez
Steve Jones
Joe Muller

Staff Present

Jennifer L. Bergener, Deputy Chief Executive Officer
Gina Ramirez, Deputy Clerk of the Board
Sahara Meisenheimer, Deputy Clerk of the Board

Via Teleconference:

Darrell E. Johnson, Chief Executive Officer
Andrew Oftelie, Chief Financial Officer
James Donich, General Counsel

Committee Members Absent

None

Call to Order

The January 27, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:31 a.m.

Roll Call

The Deputy Clerk of the Board conducted an attendance Roll Call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Hernandez led in the Pledge of Allegiance.

1. Public Comments

There were no Public Comments.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 5)

2. Approval of Minutes

A motion was made by Director Muller, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of January 13, 2021.



3. Comprehensive Transportation Funding Program, Oversight and Reporting Controls, Internal Audit Report No. 20-512

A motion was made by Director Muller, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to direct staff to implement one recommendation provided in Comprehensive Transportation Funding Program, Oversight and Reporting Controls, Internal Audit Report No. 20-512.

4. Second Quarter Fiscal Year 2020-21 Procurement Status Report

A motion was made by Director Muller, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

5. Orange County Transportation Authority Investment and Debt Programs Report - December 2020

A motion was made by Director Muller, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

Regular Calendar

6. Fiscal Year 2020-21 Proposed Budget Amendment

Andrew Oftelie, Chief Financial Officer (CFO), reported on the following:

- Unusual for the Orange County Transportation Authority (OCTA) to have two formal budget amendments in one year. However, this is an exceptional year.
- OCTA staff assured the Board of Directors (Board) and this Committee to return throughout the year and adjust the budget as necessary, given how uncertain everything was in June 2020.
- For new and returning Board members at OCTA, the fiscal year is from July 1st through June 30th, and staff begins to develop the budget in the April through May time period.

6. (Continued)

- OCTA was running \$1.6 million annual service hours per year, pre-pandemic, equal to about 125,000 passengers per day. When the pandemic hit, ridership dropped immediately down to about 45,000 passengers per day. Ridership went up in the summertime, and OCTA had close to 70,000 boardings per day. As of today, ridership is back down to about 50,000 boardings per day.
- The Board recently reviewed the February service change that did not change for the first part of the fiscal year. The last budget amendment covers the July 1st to February time period. This budget amendment covers the last third of the year from February to the end of the year.
- Staff wanted to bring the budget assumptions item early to this Committee for discussion since OCTA ran about 1.2 million annual service hours for the entire fiscal year and will use that number as the baseline to develop next year's budget in April for the fiscal year 2021-22.
- A budget amendment included adding the cost of getting investment-grade ratings for our Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the federal government to get a rate reset on that loan.
- The current rate that OCTA is paying on that loan is 2.91%. The rate is based on the prevailing 30-year treasury rates, which today was closer to 1.7 at the market's close yesterday. If OCTA successfully gets the tax rate reset, it will lower costs by \$100 million.
- The last recommendation is to reclassify one position that supports the Los Angeles – San Diego, San Luis Obispo Rail Corridor (LOSSAN) agency to move a position from salary rate V to salary grade X.

Committee Chairman Hennessey inquired about the LOSSAN Board approving the salary grade X.

Jennifer Bergener, Deputy Chief Operating Officer, responded that the LOSSAN Board has approved the position upgrade with the State's, authorization to include it in the budget.

Director Harper inquired about the 91 Express Lanes budget amendments.

Mr. Oftelie, CFO, responded that there is no change to the contracts the contract values, or the amount staff expects to spend. It is a matter of getting the expenses used in the appropriate fiscal year.



6. (Continued)

Committee Chairman Hennessy inquired about speeding up the TIFIA process.

Mr. Oftelie stated the Build America Bureau controls the TIFIA process, and OCTA has since submitted a formal loan application. Due to the Administration change, a loan of this amount needs multiple approvals within the agency and then ultimately approved by the Transportation Secretary. Currently, not all of the political appointee positions are filled yet for proper internal authorization.

Director Goodell inquired about the salary grade V to X.

Darrell E. Johnson, Chief Operating Officer (CEO), responded that as part of OCTA's budget process, Directors Goodell and Harper would be asked to consider and approve a Personnel and Salary Resolution covering non-collectively bargained administrative staff.

Additionally, Mr. Johnson, CEO, also stated that in 2012, State Legislation was passed to allow a local agency to manage the State supportive Amtrak service between San Diego, Orange County, Los Angeles, and San Luis Obispo. A Board of eight counties selected OCTA as the Managing Agency, and OCTA provides professional staff, procurement, and legal services. There are 14 employees within the OCTA salary and classification structure. The contract with the State of California reimburses OCTA 100% for the cost incurred on that service plus the appropriate overhead rates.

A motion was made by Director Hernandez, seconded by Director Harper, and following a roll call vote, declared passed 6-0, to:

- A. Amend the Orange County Transportation Authority's Fiscal Year 2020-21 approved budget increasing the revenue and expense budget in the amount of approximately \$4.7 million to accommodate updated budget assumptions for both revenue and expense items.
- B. Amend the Orange County Transportation Authority's Fiscal Year 2020-21 Personnel and Salary Resolution and budget to adjust the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Deputy Managing Director position from a salary grade V to a salary grade X.

Discussion Items

7. Chief Executive Officer's Report

Mr. Johnson, CEO reported on the following:

New Committee Members

- Welcomed Directors Goodell and Harper to the Committee, and to their first F& A Meeting. At the next F&A meeting on February 10th, staff will present the 2021 Committee calendar and the Roles and Responsibilities.

Vaccine Results-

- Administrative staff provided a 72 percent response rate to the survey, with 74 percent willing to take the vaccine, 15 percent are unsure, and 11 percent said no.
- Coach Operators and Maintenance staff provided a 75 percent response rate to the survey, with 53 percent willing to the vaccine, 20 percent are unsure, and 27 percent said no.
- Today, a virtual all-hands meeting will be held with the Administrative staff and the Orange County Health department on facts about the vaccine and distribution.

Director Hernandez inquired about the general sense of why some employees have stated they did not want the vaccine.

Mr. Johnson, CEO, responded that staff did not ask this question; however, OCTA will continue to provide information to employees to make an informed decision.

California Transportation Commission (CTC) Meetings

- On January 27th and 28th, the CTC is hosting its monthly meetings. OCTA staff works closely with CTC staff and monitors these meetings.
- At this month's meetings, the CTC will be kicking off the 2022 State Transportation Improvement Program (STIP) programming cycle, which includes allocating funds for five years.
- OCTA could receive up to approximately \$60 million in new revenue in early 2022. The amount may end up being lower due to a decrease in gas tax revenue during the pandemic.



7. (Continued)

Fitch Rating Agency (Fitch)

Mr. Oftelie (CFO) provided an update on the following:

- \$600 million in Measure M2 sales tax revenue bonds rated in the AA-plus category by all three of the major rating agencies;
- Sales tax lower than what staff anticipated at \$11.6 billion;
- Fitch has reaffirmed the rating of AA-plus despite the reduction in actuals and what OCTA forecasted revenues for the future; and
- Acknowledged Robert Davis, Department Manager of Treasury & Public Finance, and Sean Murdock, Director of Finance & Administration, on dealing with the rating agencies and provided updated information.

8. Committee Members' Reports

Director Harper thanked staff for getting him oriented and looks forward to working with the Board on the various Committees.

Committee Chairman Hennessey stated the Finance and Administration Committee welcomes Directors Goodell and Harper.

9. Closed Session

There were no Closed Session items scheduled.

10. Adjournment

The meeting was adjourned at 11:00 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, February 10, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Gina Ramirez
Deputy Clerk of the Board