



**Committee Members Present**  
**Via Teleconference:**

Michael Hennessey, Chairman  
Steve Jones, Vice Chairman  
Brian Goodell  
Patrick Harper  
Gene Hernandez  
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 March 24, 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 Muller 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 7)**

**2. Approval of Minutes**

A motion was made by Director Hernandez, seconded by Director Jones and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of March 10, 2021.



**3. Orange County Local Transportation Authority Measure M2 Maintenance of Effort, Agreed-Upon Procedures Report, City of Santa Ana, Year Ended June 30, 2020**

Committee Chairman Hennessey pulled this item to inquire about the cities not using their funds for the maintenance of effort (MOE).

Janet Sutter, Executive Director of Internal Audit, provided background on the audit of local fair share funding in fiscal year (FY) 2017-18. The auditors identified some unallowable MOE expenditures in the City of Santa Ana (City) that resulted in the City meeting its benchmarks for that year. Subsequently, the Board of Directors (Board) found the City ineligible to receive local fair share funds until they could demonstrate that they had met the benchmark for FY 2018-19 and made up the shortfall from the prior year. At that time, the Board also requested that the City's MOE expenditures be audited for FY 2018-19 and 2019-20 to ensure ongoing compliance. The fiscal year 2018-19 found the City had met their benchmark and their shortfall resulting in re-establishing eligibility to receive funds. The item today represents the results of the second-year audit for FY 2019-20.

Committee Chairman Hennessey inquired about funds not being in the appropriate category and the difficulty in training new people from the City.

Ms. Sutter responded that some cities are confused about classifying the allowable expenditures for overhead-type activities correctly. Every year the cities get more educated on how to organize those expenditures accurately.

A motion was made by Committee Chairman Hennessey, seconded by Director Harper and following a roll call vote, declared passed 6-0, to direct staff to monitor implementation of corrective action by the City of Santa Ana.

**4. Orange County Local Transportation Authority Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2020**

Committee Chairman Hennessey pulled this item to inquire about the MOE being a dollar requirement for a city. Committee Chairman Hennessey asked if it is a percentage of the city's budget, or is it based on the two funds allocated to them.

#### **4. (Continued)**

A discussion ensued regarding the following:

- General ideas of what falls in that category and why a city would not spend money on these programs.
- Maintenance of effort expenditures is defined through the state controller's office gas tax guidelines and local street and road expenditures.
- Some direct expenditures that the cities have labor that performs street maintenance.
- Eligible expenditures where the cities sometimes confuse how and when the City allocates indirect costs for overhead-type activities tied to streets and roads but are eligible.
- MOE dollar requirement for a city and a percent of their budget is based on the Measure M2 (M2) funds allocated to them.
- MOE benchmark amounts were set when the Orange County Transportation Authority (OCTA) passed Measure M. The amounts are raised every five years based on the percentage of general funds that the City had spent on streets and roads before Measure M.

Darrell E. Johnson, Chief Executive Officer (CEO), stated the local sales tax Measure M baseline concept in 1991, and M2 again in 2006, are new funds generated for streets and roads, particularly on the maintenance side, cities should not replace existing city commitments and investment into public works. Each year, the cities have to prove to OCTA that they have continued to meet that investment level known as the MOE to remain eligible to receive the M2 funds.

A motion was made by Committee Chairman Hennessey, seconded by Director Harper and following a roll call vote, declared passed 6-0, to direct staff to monitor implementation of corrective actions proposed by the cities.

#### **5. Amendment to Agreement for Financial Advisory Services**

A motion was made by Director Hernandez, seconded by Director Jones and following a roll call vote, declared passed 6-0, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Agreement No. C-7-2137 between the Orange County Transportation Authority and Sperry Capital, Inc., to exercise the option term of the agreement, to extend the term through April 30, 2023 and increase the amount by \$400,000, for a total contract value of \$1,065,000, to provide continued financial advisory services.



**6. Orange County Transportation Authority Investment and Debt Programs Report - February 2021**

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

**7. Approval to Sell Surplus Land**

Director Muller pulled this item to inquire about why OCTA is selling the property.

Mr. Johnson, CEO, responded that part of the property owner's structure is encroaching upon OCTA's actual property. This encroachment goes back several years on the property that OCTA had purchased. Instead of asking the property owner to remove and/or tear down the structure while making sure the biological value wasn't impacted, OCTA went through a process of selling the property and realigning property lines with the infrastructure.

Director Muller expressed his concerns about the owner's building on OCTA property and then selling it back to the current owner.

Mr. Johnson, CEO, responded this is a new property owner, and what he purchased already had an encroachment upon it when he bought the property in 2018.

James Donich, General Counsel, stated the encroachment was existing when OCTA acquired the property. OCTA does not allow any property owner to build on OCTA property. The property itself has zero biological value to OCTA and does not in any way impact the mitigation credits.

Director Muller inquired why this was not caught before OCTA purchased the property.

Director Goodell inquired if OCTA did an American Land Title Association (ALTA) survey before the property was purchased.

Kia Mortazavi, Executive Director of Planning, stated OCTA performed due diligence when the property was purchased. This issue only surfaced recently.

Dan Phu, Program Manager of Project Development, stated that an ALTA survey was performed in 2011 as part of the acquisition process. This issue did not surface as part of the survey. In 2018, the current property owner decided to do a property survey and discovered that a portion of his corral was encroaching on OCTA's property; he approached OCTA to discuss the resolution process.



**7. (Continued)**

Mr. Phu discussed that according to the Orange County Fire Authority, a portion of the property where there is rural development must be cleared of any brush within 100-feet from the habitable structure. Also, there is no biological value because it is within the 100-foot buffer of the current owners' habitable structure. In this particular case, if OCTA successfully sold this property, the current property owner would be responsible for maintaining and clearing off the brushes for the entire area, essentially a 100-foot site, and OCTA would not be liable for maintaining and clearing the brushes in that area.

Mr. Johnson, CEO, noted that if there are more questions that the Committee needs answers, the staff is happy to return in two weeks.

Committee Chairman Hennessey requested that staff provide additional information on the history of the Trabuco Rose Preserve purchase and the survey completed by the American Land Title Association.

A motion was made by Committee Chairman Hennessey, seconded by Director Hernandez and following a roll call vote, declared passed 5-1, to:

- A. Declare the 0.36-acre parcel located within the Trabuco Rose Preserve as surplus land, pursuant to Government Code Section 54221(b), that is no longer necessary for the Orange County Transportation Authority's use.
- B. Direct staff to sell the surplus land parcel located within the Trabuco Rose Preserve.
- C. Authorize the Chief Executive Officer to execute the necessary documents to complete the sale of the surplus land for the offer price of \$13,400.

Director Muller voted in opposition on this item.

## **Regular Calendar**

**8. Annual Insurance Program Review**

Al Gorski, Manager of Risk Management, and Craig Morris of Marsh Risk and Insurance Services co-presented a PowerPoint presentation.

**8. (Continued)**

A discussion ensued regarding:

- Lack of capacity;
- Supply and demand;
- Soft markets; and
- Property insurance for buses depending on the type of the bus.

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

**Discussion Items**

**9. Fiscal Year 2021-22 Budget Assumptions**

Victor Velasquez, Department Manager of Financial Planning and Analysis, presented a PowerPoint presentation.

A discussion ensued regarding:

- Placentia Metrolink Station and continual conflicts with owners;
- Various sources for both federal, state, and local to cover the expenses associated with freeway projects;
- Paratransit being doubled in the number of trips; and
- Clarification on Slide 8 of the PowerPoint presentation on Capital Improvement Grants.

**10. Chief Executive Officer's Report**

Mr. Johnson, CEO, reported on the following:

- On March 25<sup>th</sup> at 4:00 p.m., OCTA staff will host a meeting via Zoom with residents of the College Park West community to update the Interstate 405 Improvement Project and the long-term closure of Old Ranch Parkway.
- Mr. Johnson, CEO, continues to meet with elected officials to update OCTA's projects and programs. The following upcoming meetings are scheduled:
  - Thursday, March 25<sup>th</sup> – Meetings with Congresswoman Katie Porter, representing the 45<sup>th</sup> Congressional District, and Congressman Lou Correa, representing the 46<sup>th</sup> Congressional District.
  - Friday, March 26<sup>th</sup> – Meetings with United States Senators Alex Padilla and Dianne Feinstein's offices.



**11. Committee Members' Reports**

There were no Committee Members' Reports.

**12. Closed Session**

There were no Closed Session items scheduled.

**13. Adjournment**

The meeting adjourned at 11:34 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, April 14, 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