



Orange County Transportation Authority

Finance and Administration Committee Agenda

Wednesday, February 14, 2024 at 10:30 a.m.

Board Room, 550 South Main Street, Orange, California

Committee Members

Michael Hennessey, Chair

Patrick Harper, Vice Chair

Andrew Do

Jamey Federico

Stephanie Klopfenstein

Tam T. Nguyen

Vicente Sarmiento

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the Orange County Transportation Authority (OCTA) Clerk of the Board's office at (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda Descriptions

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Public Availability of Agenda Materials

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Meeting Access and Public Comments on Agenda Items

Members of the public can either attend in-person or listen to audio live streaming of the Board and Committee meetings by clicking this link: <https://octa.legistar.com/Calendar.aspx>

In-Person Comment

Members of the public may attend in-person and address the Board regarding any item within the subject matter jurisdiction of the Orange County Transportation Authority. Please complete a speaker's card and submit it to the Clerk of the Board and notify the Clerk regarding the agenda item number on which you wish to speak. Speakers will be recognized by the Chair at the time of the agenda item is to be considered by the Board. Comments will be limited to three minutes. The Brown Act prohibits the Board from either discussing or taking action on any non-agendized items.

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

Written Comment

Written public comments may also be submitted by emailing them to ClerkOffice@octa.net, and must be sent by 5:00 p.m. the day prior to the meeting. If you wish to comment on a specific agenda item, please identify the item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

Call to Order

Pledge of Allegiance

Director Federico

Closed Session

There are no Closed Session items scheduled.

Special Calendar

1. Investment Management Presentation - Payden & Rygel

Robert Davis/Andrew Oftelie

Overview

Payden & Rygel Investment Management is one of four firms Orange County Transportation Authority contracts with to actively manage the Short-term Investment Portfolio. Jim Sarni with Payden & Rygel will present an introduction to their firm and provide commentary on the market and the Orange County Transportation Authority's portfolio.

Attachments:

[Presentation](#)

Consent Calendar (Items 2 through 5)

2. Approval of Minutes

Recommendation

Approve the minutes of the January 24, 2024 Finance and Administrative Committee meeting.

Attachments:

[Minutes](#)

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

3. OC Vanpool Program, Internal Audit Report No. 24-505

Jonathan Thompson/Janet Sutter

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of the OC Vanpool Program. Based on the audit, controls are adequate and operating.

Recommendation

Receive and file OC Vanpool Program, Internal Audit Report No. 24-505, as an information item.

Attachments:

[Staff Report](#)

[Attachment A](#)

4. Approval of Local Transportation Fund Fiscal Year 2024-25 Apportionment Estimates

Sam Kaur/Andrew Oftelie

Overview

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2024-25 be determined, and prospective claimants be advised of the amounts.

Recommendation

Approve the Local Transportation Fund fiscal year 2024-25 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund.

Attachments:

[Staff Report](#)

5. Change in Classification of Salary Grade Assignment

Karen DeCrescenzo/Maggie McJilton

Overview

The evolving landscape of project management and delivery methods necessitates a dedicated leadership role to oversee and implement alternative project delivery approaches. Staff proposes to change the salary grade assignment of the Senior Program Manager, Project Management position in the Capital Programs division to allow for the creation of a new executive-level position to oversee and implement alternative project delivery approaches in the Capital Programs division. This change will help ensure retention and better align organizational needs. Board of Directors' approval is required to make this change.

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

Recommendation

Direct staff to create a new executive-level, grade X position, titled Director, Alternative Project Delivery and Construction, from one of the existing Senior Program Manager positions within the Capital Programs Division.

Attachments:

[Staff Report](#)

Regular Calendar

There are no Regular Calendar items scheduled.

Discussion Items

6. **Public Comments**

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

8. **Committee Members' Reports**

9. **Adjournment**

The next regularly scheduled meeting of this Committee will be held:

10:30 a.m. on Wednesday, February 28, 2024

OCTA Headquarters

Board Room

550 South Main Street

Orange, California



Payden & Rygel

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**ORANGE COUNTY
TRANSPORTATION AUTHORITY**

Economic and Market
Update

February 14, 2024



James P. Sarni, CFA

Managing Director – Joined 1991

James Sarni is a Managing Director at Payden & Rygel. James serves as a Senior Portfolio Manager advising pension funds, insurance companies, corporations, health care organizations, Taft-Hartley plans, universities and endowments.

Prior to joining Payden & Rygel, James was a Vice President and senior portfolio manager at First Interstate Bank where he managed the trust department's commingled bond funds as well as institutional client portfolios.

James is a member of the University of Southern California's Marshall School of Business Board of Leaders, the Board of Directors of USC's Center for Investment Studies, Mount Saint Mary's University Board of Trustees, the Pasadena City College Foundation and Legatus International. He is past president of the Washington, DC-based Investment Adviser Association, Pasadena City College Foundation, CFA Society of Los Angeles and St. Philip the Apostle School board of trustees.

James earned an MBA with an emphasis in finance and a BS from the University of Southern California.



Siddharth Saravat

Vice President – Economist – Joined 2014

Siddharth Saravat is a Vice President and Economist at Payden & Rygel. As part of the economics team, he is responsible for researching and developing views on the US and global economy. He focuses on global economic growth drivers, the visualization of data, the US labor market, and new approaches to economic activity tracking through high-frequency data.

Born in India and raised in Thailand, Siddharth brings a global perspective to Payden & Rygel. Before joining the firm, he also spent time as a diplomatic attaché at the United Kingdom Mission to the United Nations, focusing on economic and financial issues. He serves as a Vice Chair on the Occidental College Fund Executive Council, encouraging fundraising from young alumni.

Siddharth earned a Master's in Financial Engineering (MFE) from the UCLA Anderson School of Business and a BA in Economics from Occidental College in Los Angeles, graduating cum laude. He is a CFA Level II candidate.



Orange County Transportation Authority Executive Summary – As of 1/30/2024

Portfolio Characteristics

Mandate: Short maturity bond portfolios subject to California Government Code
Total OCTA Assets Under Management: \$506 million

	OCTA	OCTA – 405 Imp. Project
Inception Date	February 2000	June 2021
Portfolio Market Value	\$372 Million	\$134 Million
Average Portfolio Credit Quality	AA	AA
Average Duration	1.8	1.8
Average Yield-to-Maturity	4.8%	4.8%

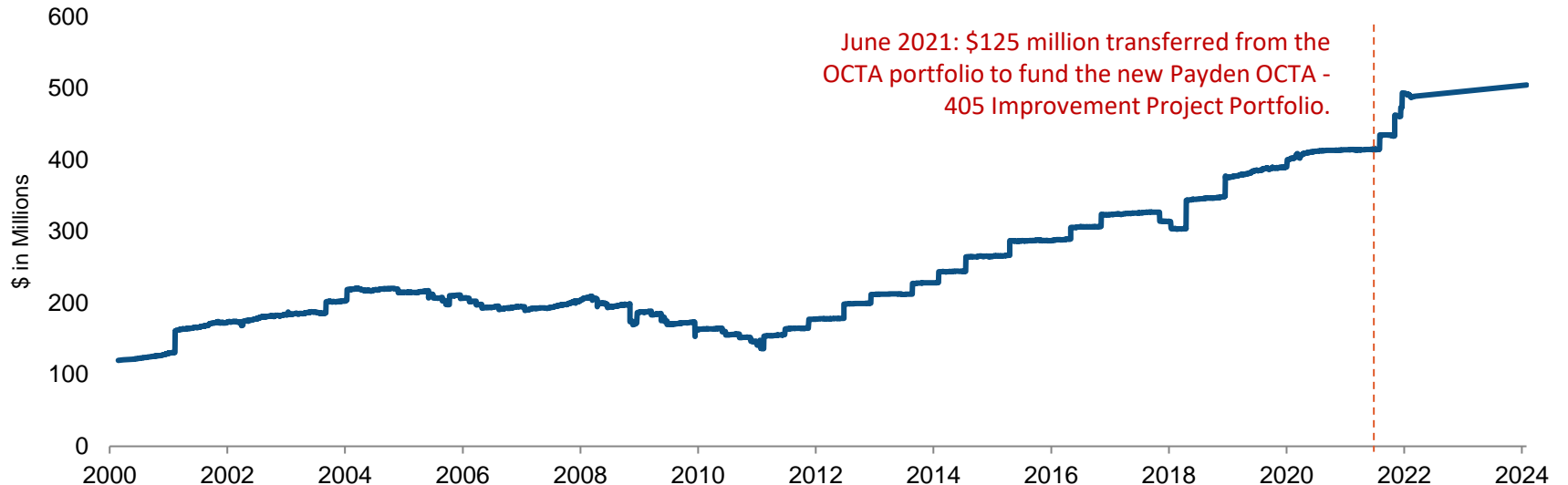
Objectives

- Safety of Principal
- Liquidity
- Total return consistent with the above objectives
- Diversification

Benchmarks

- Bank of America Merrill Lynch 1-3 Year Treasury
- Bank of America Merrill Lynch 1-3 Year Government/Corporate AAA-A

Market Value History Since Inception





Payden: Who We Are

OUR FIRM

ESTABLISHED IN 1983

Los Angeles-based, offices in Boston, London, Milan

\$151 BILLION AUM

A fully-resourced and flexible firm

ONE GOVERNANCE CENTER

Clients have direct access to business owners

100% EMPLOYEE OWNED

OUR CULTURE

GLOBAL PERSPECTIVE ON INVESTING

Regardless of benchmark

COLLABORATIVE APPROACH

Sharing best ideas, constructive debate

EXCEPTIONAL RETENTION

of talented people and clients

ALIGNMENT OF INTERESTS

Fully focused on our clients

OUR GLOBAL REACH

★ PAYDEN & RYGEL OFFICES



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Economic and Market Update



I Portfolio Review

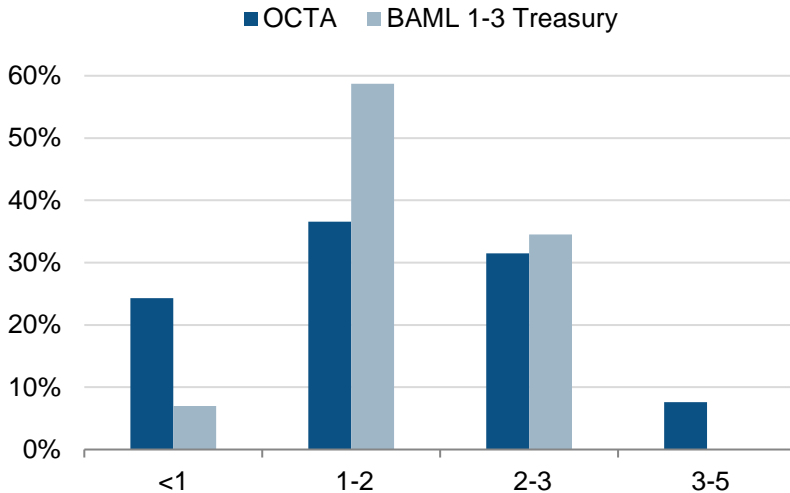


OCTA Portfolio Characteristics as of January 30, 2024

OCTA Portfolio and Benchmark Characteristics

	Portfolio Market Value	Average Duration	YTM
OCTA	\$372M	1.8	4.8%
OCTA 405 Imp. Project³	\$134M	1.8	4.8%
BAML 1-3 Treasury	-	1.8	4.4%
BAML 1-3 Govt/Corp AAA-A	-	1.7	4.6%

Duration Distribution



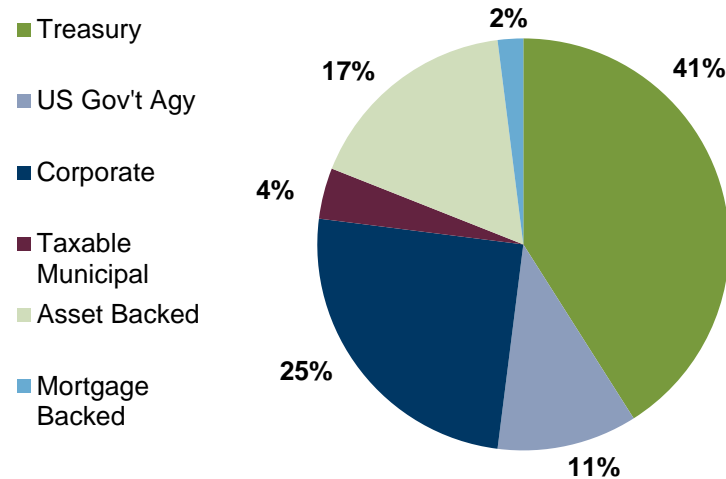
Strategy Themes

- Maintain neutral duration to reduce interest rate exposure
- Overweight to diversified mix of credit sectors for income generation
- Allocate to high-quality asset-backed and mortgage-backed securities for their added yield and diversification benefits

Portfolio Return (12/31/2023) – Periods Over One Year Annualized

	1 Year	3 Years	5 Years	July 1, 2021	March 1, 2000
OCTA	4.9%	0.6%	1.8%	0.7%	2.8%
OCTA 405 Imp. Project³	4.9%	-	-	0.7%	-
BAML 1-3 Treasury	4.3%	0.0%	1.3%	0.0%	2.5%
BAML 1-3 Govt/Corp AAA-A	4.5%	0.1%	1.4%	0.1%	2.7%

Sector Allocation



¹Bank of America Merrill Lynch 1-3 year Treasury

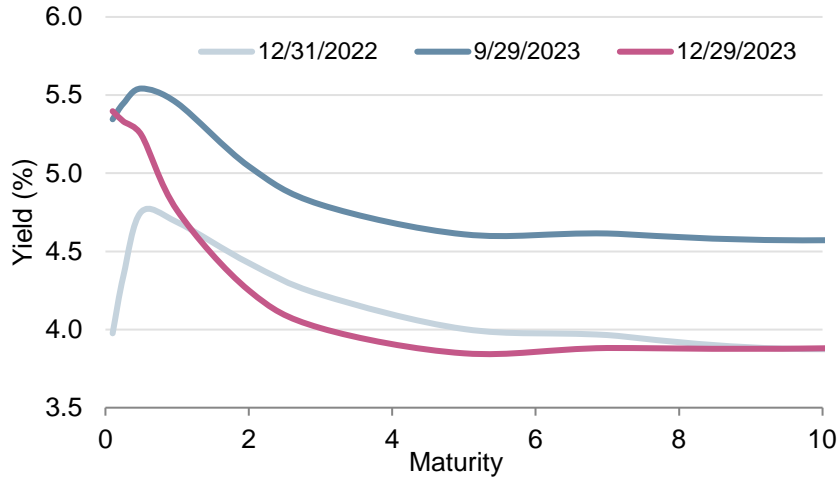
²Bank of America Merrill Lynch 1-3 Government/Corporate, AAA-A

³OCTA 405 Imp. Project performance start date is July 1, 2021



U.S. Treasury Rate Environment

As of December 31, 2023



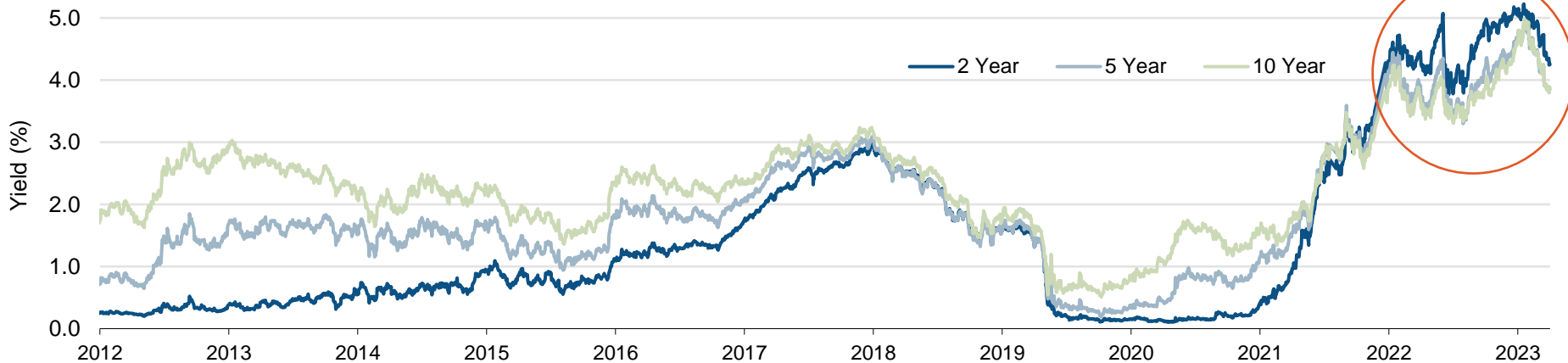
U.S. Treasury Yields

UST Tenor	Yields (%) 12/31/2022	Yields (%) 12/29/2023	Bps ▲ YTD
1-month	3.98	5.40	+142
3-month	4.34	5.33	+99
6-month	4.75	5.25	+49
1-year	4.69	4.76	+8
2-year	4.43	4.25	-18
3-year	4.22	4.01	-22
5-year	4.00	3.85	-16
7-year	3.97	3.88	-8
10-year	3.87	3.88	+0
30-year	3.96	4.03	+7

Source: Bloomberg. Figures in percent unless indicated otherwise. Bps: basis points

Treasury Yields – December 2013 through December 2023

Treasury yields have spiked



Source: Bloomberg. Past results are not indicative of future performance.



II Economic and Market Update



2024 U.S. Macroeconomic Outlook: GDP Growth Defying Expectations Again!?

Our base case for 2024 is for GDP growth at or near trend (2%), a sub-4% unemployment rate, and moderating core inflation. In short, a “soft landing.” And, if core inflation descends below 3% year-over-year in 2024, the Fed will likely reduce rates to avoid “overtightening.”

Indicators	Payden 2024 Forecast	Bloomberg Consensus*	Median FOMC Projection ⁺
Economic Growth Q4/Q4 Real GDP % Change	2.0%	1.0%	1.4%
Labor Markets Unemployment Rate Level at Year End	3.9%	4.2%	4.1%
U.S. Inflation % Change Year-Over-Year by Year-End, Core PCE	2.4%	2.3%	2.4%
Policy Rate (Fed Funds Rate)	4.50-4.75%	4.25-4.50%	4.50-4.75%

Consensus implies a sharper slowdown.

Fed will likely cut 3 times in 2024 if our inflation forecast is correct

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Payden Calculations

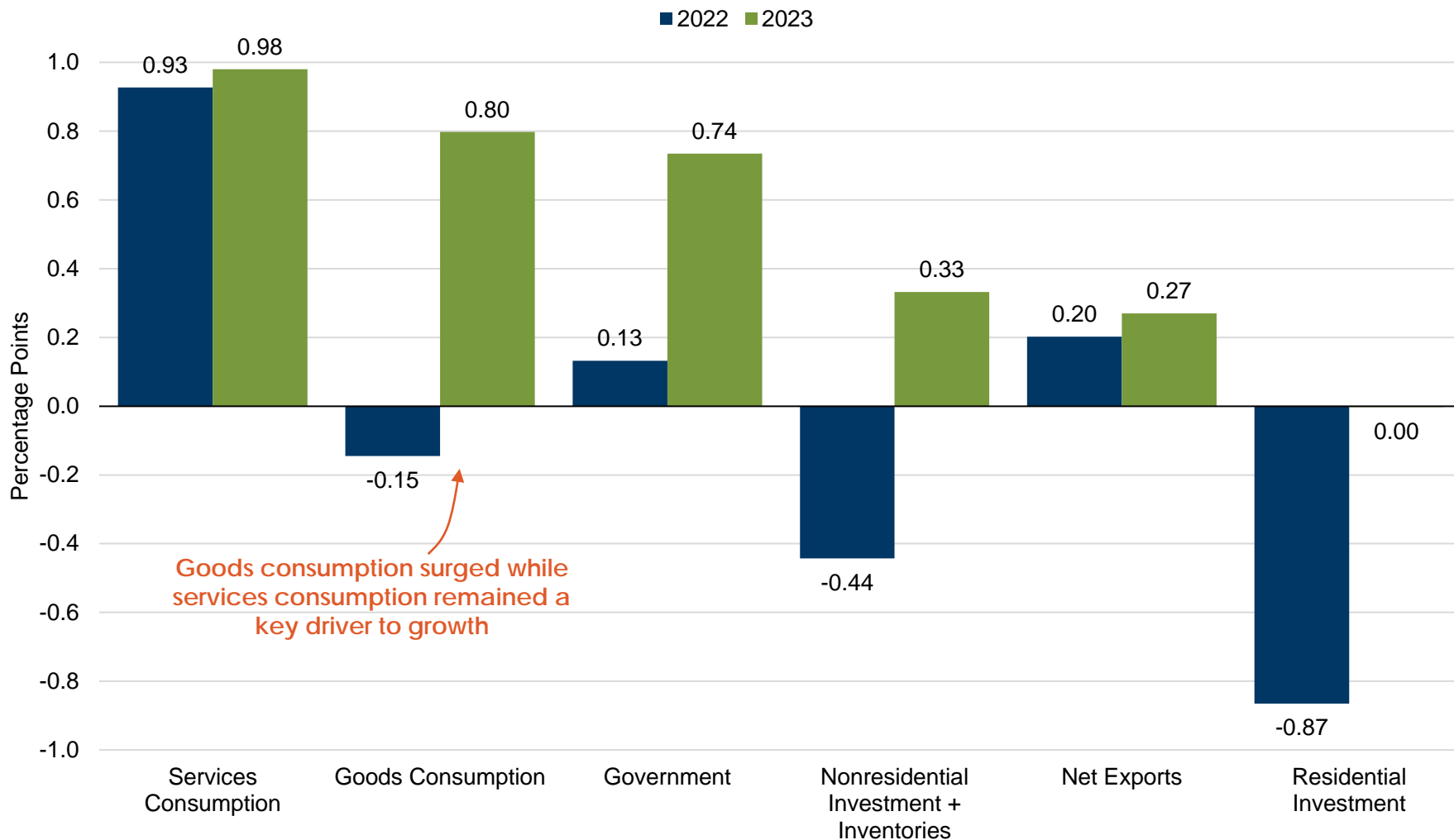
*Bloomberg surveys estimate quarterly averages

⁺As of the December 2023 Meeting



What Improved Over 2023? In Two Words, Consumers & Housing!

Average Contribution to Real GDP Growth In 2022 and 2023

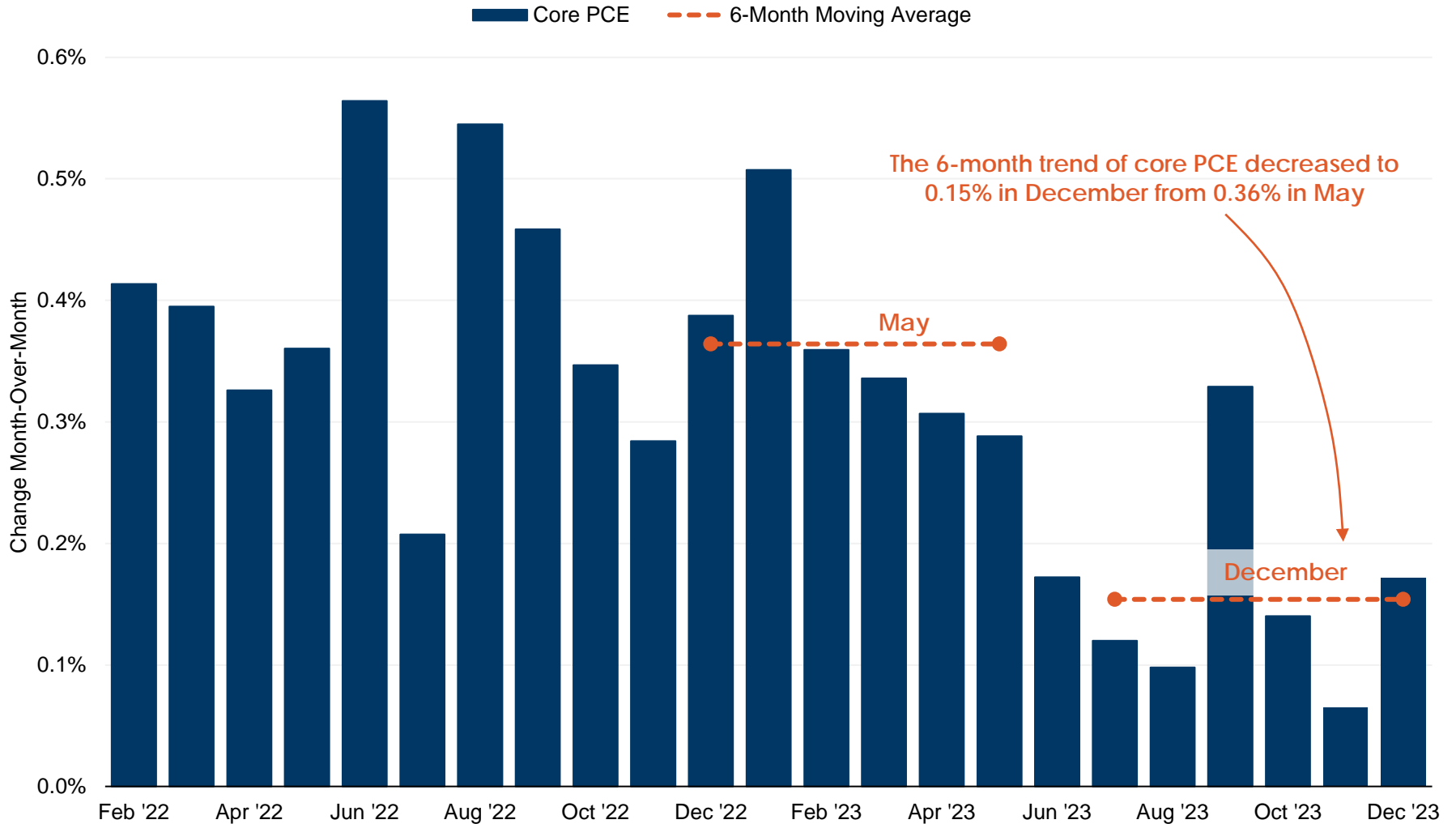


Source: Bureau of Economic Analysis, Payden Calculations



Fed Mind Changer? 6-Month Trend In Core PCE Remained At 0.15% In December

Core PCE* Month-Over-Month Change Versus 6-Month Moving Average Trend



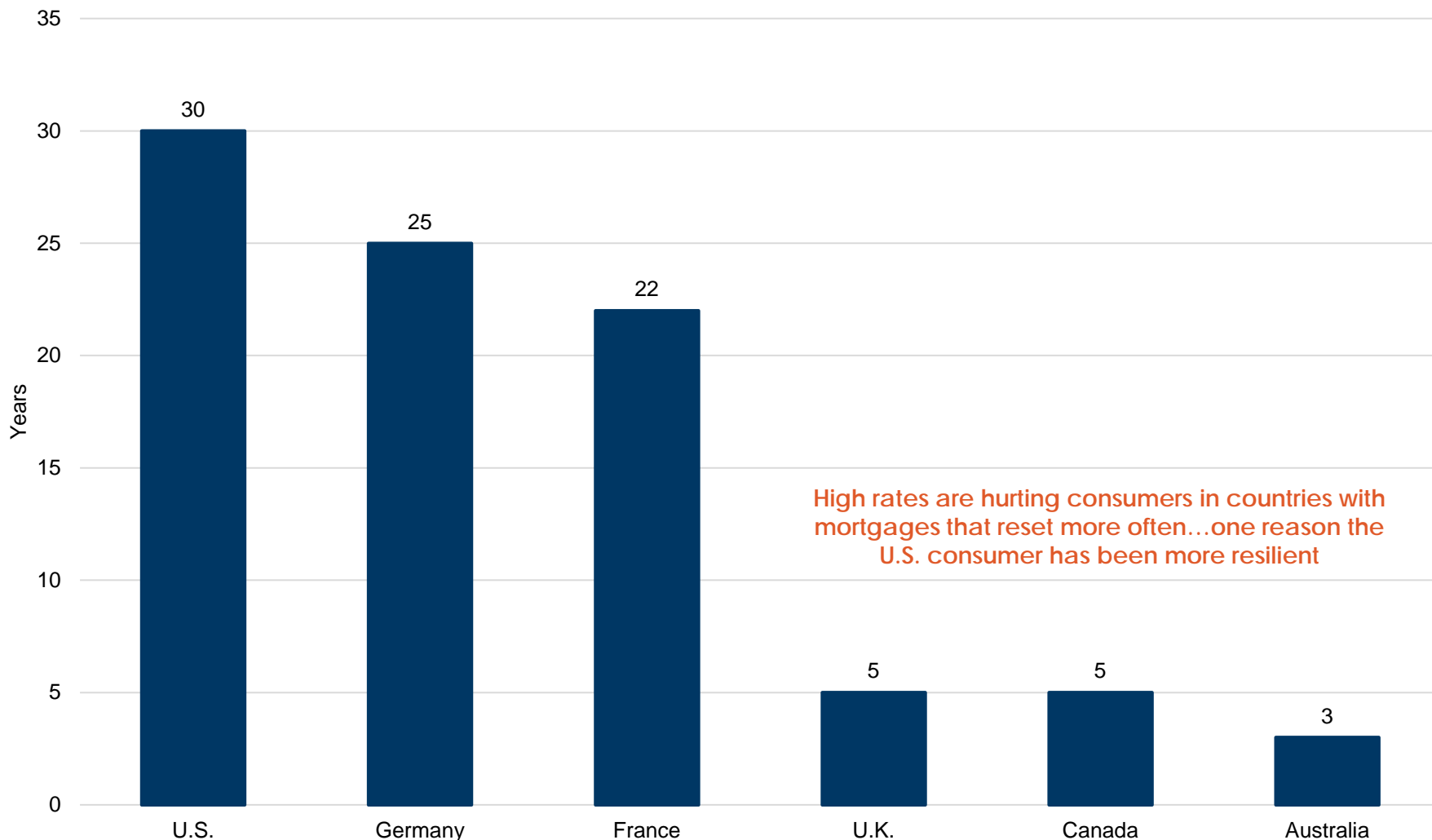
Source: Bureau of Economic Analysis, Payden Calculations

*Personal Consumption and Expenditures (PCE) Index



Fixed-Rate Loan Terms Might Explain The Divergence In Consumer Spending

Most Common Fixed-Rate Mortgage Loan Terms In Various Countries

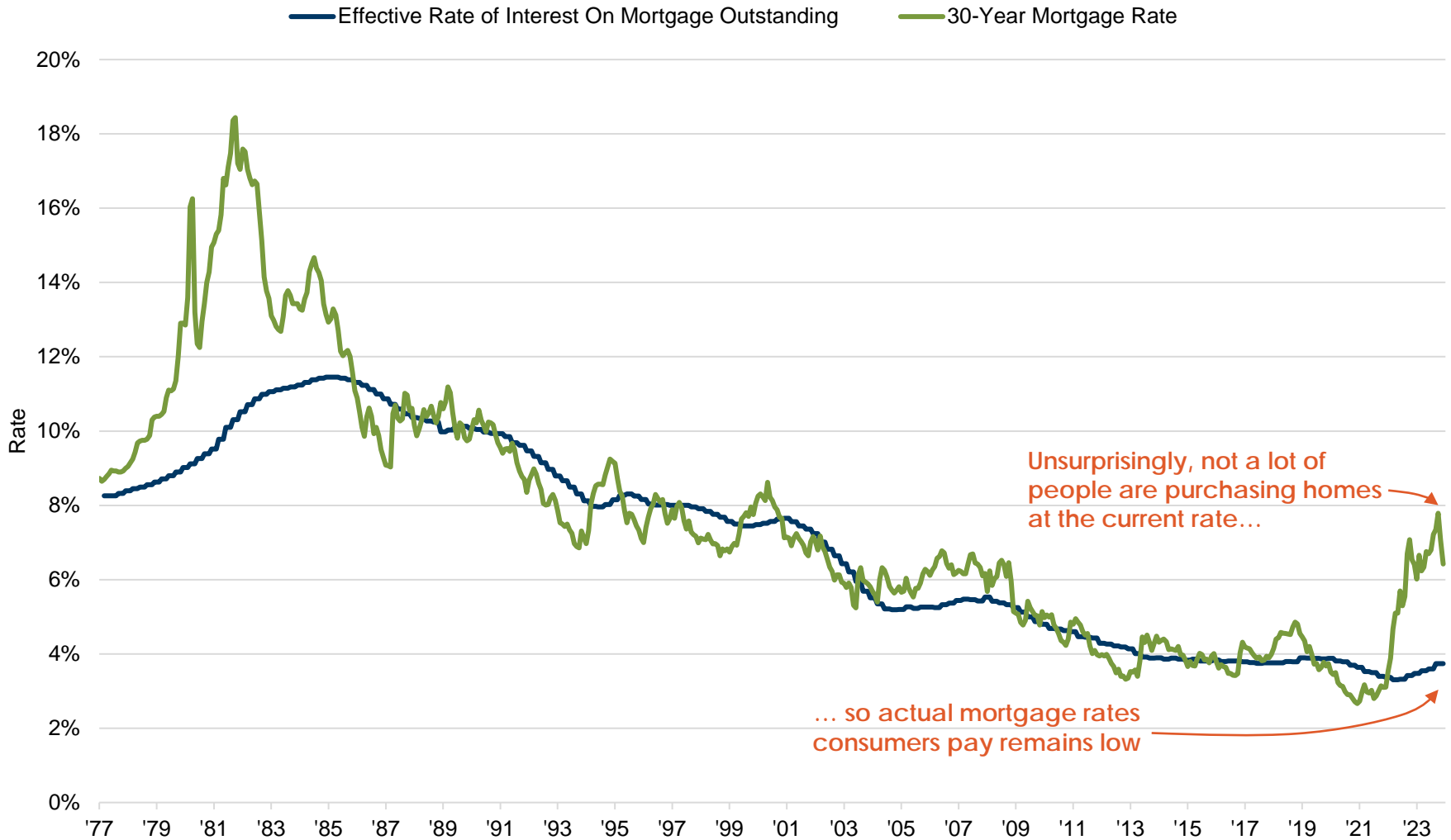


Source: Truist Bank



Rising Mortgage Rates Have Yet To Affect Consumer Budgets

Effective Versus Actual Mortgage Rate

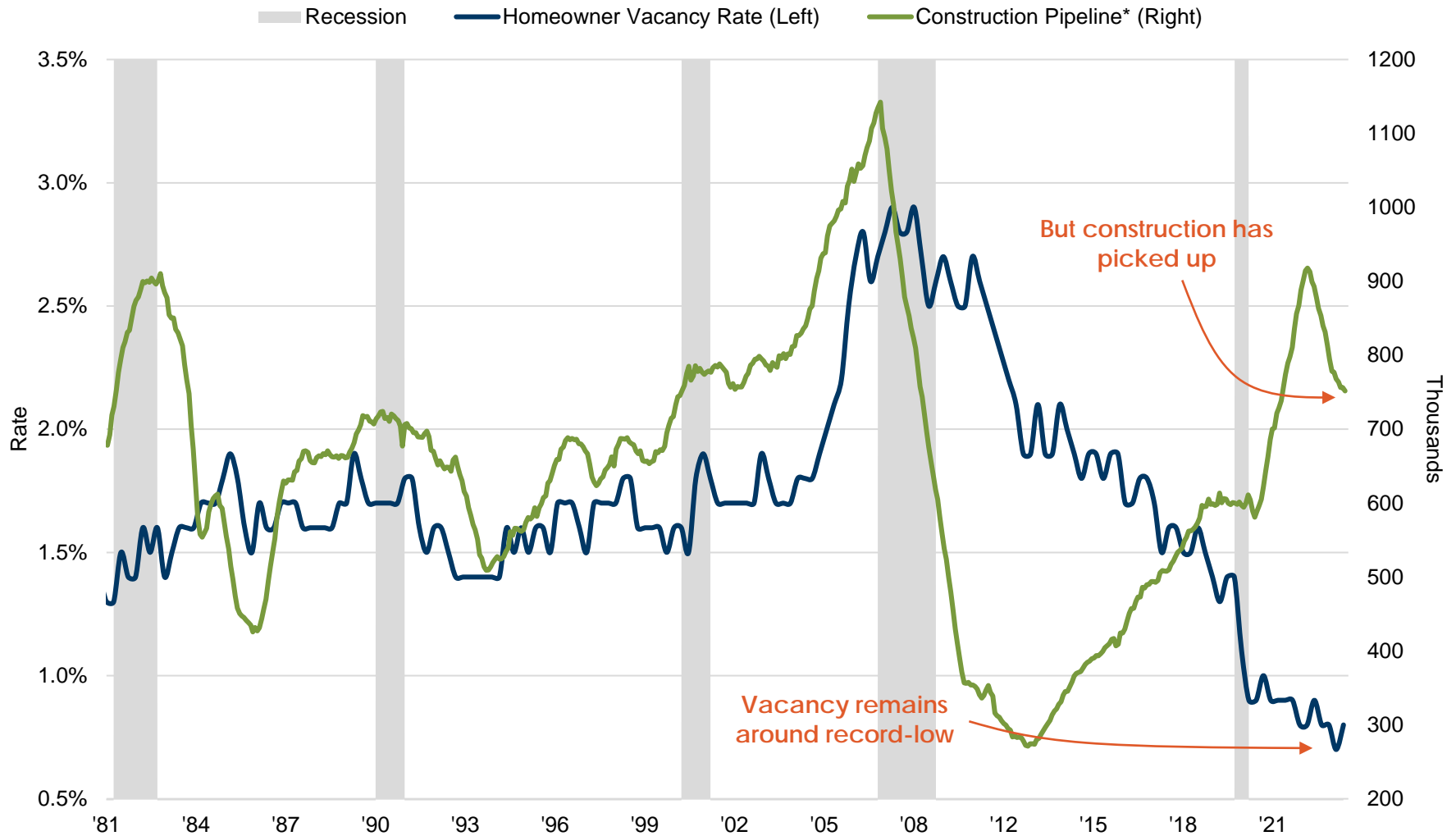


Source: Federal Reserve, Bloomberg, Payden Calculations



Homeowner Vacancy Is At Record-Low, But A Lot Is In The Supply Pipeline

Homeowner Vacancy Rate Versus Construction Pipeline*



Source: U.S. Census Bureau, Payden Calculations

*Construction pipeline is measured as the sum of all single units completed but not sold and under construction, at seasonally adjusted monthly levels

Payden & Rygel

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**Committee Members Present**

Michael Hennessey, Chair
Patrick Harper, Vice Chair
Andrew Do
Jamey Federico
Vicente Sarmiento

Staff Present

Darrell E. Johnson, Chief Executive Officer
Jennifer L. Bergener, Deputy Chief Executive Officer
Sahara Meisenheimer, Clerk of the Board Specialist
Gina Ramirez, Assistant Clerk of the Board
Michael Cardozo, Employee Rotation Program
James Donich, General Counsel
OCTA Staff

Committee Members Absent

Tam T. Nguyen

Call to Order

The January 24, 2024, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Vice Chair Harper at 10:30 a.m.

Special Calendar**1. Investment Management Presentation**

Andrew Oftelie, Chief Financial Officer, provided opening comments and introduced Scott Pavlak and Erin Klepper of MetLife Investment Management, who provided a PowerPoint presentation.

Following the discussion, no action was taken on this item.

2. Committee Meeting 2024 Schedule

Darrell E. Johnson, Chief Executive Officer (CEO), gave an overview of the F&A Committee meeting calendar and noted this is the one committee that meets twice a month except for May, September, October, November, and December of this year.

A motion was made by Committee Vice Chair Harper, seconded by Director Sarmiento, and declared by those present to approve the 2024 Finance and Administration Committee meeting calendar.

3. Roles and Responsibilities of the Finance and Administration Committee

Mr. Johnson, CEO, provided an overview of the roles and responsibilities of the F&A Committee and noted there was one administrative change to remove the word, "and," from responsibility number six.

A motion was made by Committee Vice Chair Harper, seconded by Director Sarmiento, and declared by those present to approve the 2024 Finance and Administration Committee Roles and Responsibilities.



Consent Calendar (Items 4 through 9)

4. Approval of Minutes - January 10, 2024

A motion was made by Director Sarmiento, seconded by Director Do, and declared by those present to approve the minutes of the January 10, 2024, Finance and Administration Committee meeting.,

5. Approval of Minutes - November 29, 2023

A motion was made by Director Sarmiento, seconded by Director Do, and declared by those present to approve the November 29, 2023 minutes of the Finance and Administration Committee meeting.

6. Audit Responsibilities of the Finance and Administration Committee

A motion was made by Director Sarmiento, seconded by Director Do, and declared by those present to approve the audit responsibilities of the Finance and Administration Committee.

7. Fiscal Year 2023-24 Internal Audit Plan, Second Quarter Update

A motion was made by Director Sarmiento, seconded by Director Do, and declared by those present to receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2023-24 Internal Audit Plan as an information item.

8. Accounts Payable Operations, Internal Audit Report No. 23-504

A motion was made by Director Sarmiento, seconded by Director Do, and declared by those present to direct staff to implement two recommendations provided in Accounts Payable Operations, Internal Audit Report No. 23-504.

9. Orange County Transportation Authority Investment and Debt Programs Report - December 2023

Committee Chair Hennessey inquired about one security that fell below the minimal standards. Mr. Oftelie responded that nothing has changed and that they will keep monitoring it to make sure it is still appropriate.

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

Regular Calendar

There were no Regular Calendar items scheduled.



Discussion Items

10. 405 Express Lanes Operational Update

Darrell E. Johnson, CEO, provided opening comments and introduced Kirk Avila, General Manager of Express Lanes, who provided an update on this item.

11. Public Comments

There were no public comments received.

12. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- The Orange County Transportation Authority and Metrolink will be providing free bus and train rides for Transit Equity Day on Sunday, February 4th.
- A Lunar New Year event will be held on Saturday, February 17th at the Irvine Metrolink station.

13. Committee Members' Reports

There were no Committee Members' reports.

14. Adjournment

The meeting adjourned at 11:22 a.m.

The next regularly scheduled meeting of this Committee will be held:

10:30 a.m. on Wednesday, February 14, 2024

OCTA Headquarters

Board Room

550 South Main Street

Orange, California

ATTEST:

Sahara Meisenheimer
Clerk of the Board Specialist



February 14, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit

Subject: OC Vanpool Program, Internal Audit Report 24-505

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of the OC Vanpool Program. Based on the audit, controls are adequate and operating.

Recommendation

Receive and file OC Vanpool Program, Internal Audit Report No. 24-505, as an information item.

Background

The purpose of the OC Vanpool Program (program) is to provide commuters with a convenient and cost-effective transportation option. The program offers a monthly incentive of \$400 to \$500 to qualified vanpool groups to offset vanpool expenses. There are currently 137 active vanpools and 37 employers participating in the program.

The Orange County Transportation Authority (OCTA) is responsible for program implementation, including contracting with the vanpool providers, and providing a subsidy to offset vehicle costs for qualified vanpools.

Discussion

Program staff has developed, documented, and implemented standard operating procedures to ensure program requirements are met and vanpool providers comply with their agreements. Program staff perform quarterly reviews to ensure vanpool providers comply with vehicle and maintenance requirements,

verify that vanpools qualify to participate in the program, and exercise controls to ensure the accuracy of subsidy amounts. These activities demonstrate a commitment to integrity and customer focus.

Summary

The Internal Audit Department has completed an audit of the OC Vanpool Program.

Attachment

- A. OC Vanpool Program, Internal Audit Report No. 24-505

Prepared by:


Jonathan Thompson
Internal Auditor
(714) 560-5930

Approved by:


Janet Sutter
Executive Director, Internal Audit
(714) 560-5591

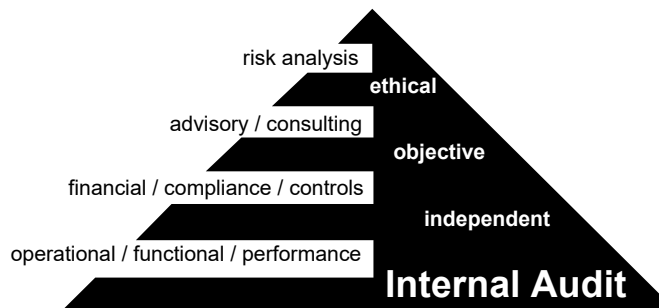
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



OC Vanpool Program

Internal Audit Report No. 24-505

January 18, 2024



Audit Team: Jonathan Thompson, Internal Auditor *Jonathan Thompson*
Janet Sutter, CIA, Executive Director

Distributed to: Johnny Dunning, Chief Operating Officer
Damon Blythe, Jack Garate, Allison Kale

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
OC Vanpool Program
January 18, 2024**

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
OC Vanpool Program
January 18, 2024**

Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of the OC Vanpool Program (program). Based on the audit, controls are adequate and operating. Program staff has developed, documented, and implemented standard operating procedures to ensure program requirements are met and vanpool providers comply with their agreements.

Background

The purpose of the program is to provide commuters with a convenient and cost-effective transportation option. There are currently 137 active vanpools and 37 employers participating in the program. The program offers a monthly incentive of \$400 to qualified vanpool groups to offset vanpool expenses. Vanpools that seat eight to 15 passengers and achieve an 85 percent or higher monthly occupancy qualify for a \$500 subsidy. Program participants share the costs of the vehicle rental, fuel, and parking costs. OC Vanpool Program Guidelines (Guidelines) outline qualifications of the program, including worksite destination, occupancy, and monthly usage requirements. Each passenger of a vanpool must sign an electronic Participation Agreement (PA), agreeing to abide by the Guidelines. OCTA program staff, within the Operations Division, have developed standard operating procedures to ensure program requirements are met and vanpool providers comply with their agreements.

OCTA utilizes TripSpark RidePro (system), a web-based tracking system, for recording, tracking, and reporting vanpool activities, as well as vanpool vehicle information. The system enables the ongoing exchange of information between vanpool groups, vehicle providers, and employers. Vanpool vehicle providers record information about assigned program vehicles, and vanpool drivers/coordinators record ridership and expense data in the system. For a vanpool to remain qualified they must submit ridership and expense reports into the system by the 10th of every month and achieve a monthly seat occupancy of at least 50 percent. If the monthly seat occupancy drops below the 50 percent requirement for three consecutive months, the vanpool becomes ineligible for a subsidy in the following month. The subsidy is suspended until the 50 percent occupancy requirement is achieved.

OCTA is responsible for program implementation, including contracting with the vanpool providers, and providing a subsidy to offset vehicle costs for qualified vanpools. OCTA utilizes Section 5307 funds from the Federal Transit Administration to cover the subsidy payments by collecting and reporting annual passenger and vehicle miles traveled and expenses incurred in the operation of each vanpool.

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
OC Vanpool Program
January 18, 2024

On April 13, 2020, the Board of Directors authorized the Chief Executive Officer to negotiate and execute Agreement No. C-9-1698 with Enterprise, Agreement No. C-0-2156 with AVR Vanpool, and Agreement No. C-0-2157 with Green Commuter, to provide vanpool program services, in an aggregate amount of \$12,923,121, for a five-year initial term, with two, two-year option terms. The agreements include invoice requirements, vehicle requirements, and maintenance plan requirements.

Objectives, Scope, and Methodology

The objectives were to assess and test controls over program subsidy payments and compliance with contract terms, and program Guidelines.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring.¹ The components and principles that were evaluated as part of this audit are:

- Control Environment
 - OCTA demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Control Activities
 - OCTA selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

The methodology consisted of testing a haphazard sample of invoices for compliance with selected key contract terms and evidence of review and approval by program staff, reviewing a haphazard sample of system occupancy reports to confirm that vanpools not meeting the occupancy requirement were not paid the subsidy, and testing a haphazard sample of vanpools to ensure subsidy requirements were met, amounts paid were accurate, and lease costs complied with vanpool provider agreements. Internal Audit tested a haphazard sample of vanpools at start-up to ensure compliance with Guidelines and to verify passengers had signed a PA. Internal Audit also tested a haphazard sample of Quarterly Maintenance and Vehicle Mileage and Model Year Program Reviews with supporting documentation to ensure compliance with contract terms and evidence of appropriate monitoring by OCTA program staff. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

¹ See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
OC Vanpool Program
January 18, 2024**

The scope was limited to program activities during the period September 1, 2021 through October 31, 2023, and did not include information for use in the monthly and annual reporting to the National Transit Database (NTD). The NTD data, including data from the vanpool system, is reviewed annually by OCTA's independent financial statement auditor when applying agreed-upon procedures to NTD reporting.

Internal Audit conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
OC Vanpool Program
January 18, 2024**

Noteworthy Accomplishments

Program staff has developed, documented, and implemented standard operating procedures to ensure program requirements are met and vanpool providers comply with their agreements. Program staff perform quarterly reviews to ensure vanpool providers comply with vehicle and maintenance requirements, verify that vanpools qualify to participate in the program, and exercise controls to ensure the accuracy of subsidy amounts. These activities demonstrate a commitment to integrity and customer focus.



February 14, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Approval of Local Transportation Fund Fiscal Year 2024-25 Apportionment Estimates

Overview

The Orange County Transportation Authority, as the transportation planning agency and county transportation commission for Orange County, is responsible for developing estimates used in apportioning revenues earned and deposited in the Orange County Local Transportation Fund. Transportation Development Act regulations require that the apportionments for fiscal year 2024-25 be determined, and prospective claimants be advised of the amounts.

Recommendation

Approve the Local Transportation Fund fiscal year 2024-25 apportionment estimates and authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County Local Transportation Fund.

Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to transit and non-transit-related projects. The funding source consists of two parts: the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STAF). The LTF is derived from a one-quarter cent general sales tax collected statewide. LTF revenues are collected by the California Department of Tax and Fee Administration and returned monthly to the local jurisdictions, such as Orange County, based on the volume of sales during each month. The STAF is generated from the sales tax on diesel and funded through the Public Transportation Account. STAF revenues are appropriated to local agencies by formula on a quarterly basis. The Orange County Transportation Authority (OCTA) is the Transportation Planning Agency

responsible for the allocation of the LTF within Orange County. The LTF funds are deposited in the Orange County LTF account at the Orange County Treasury and administered by the Orange County Auditor-Controller (OCAC). Upon instructions from OCTA, LTF funds are distributed by the OCAC among the various administrative, planning, and program apportionments as specified in the TDA.

Discussion

The TDA Statutes and California Code of Regulations guidelines provide instructions on how apportionments should be calculated and allocated. Prior to March 1 of each year, OCTA must determine and advise all prospective claims of their apportionments from the LTF for the following fiscal year (FY). OCTA makes this determination by using the estimate of funds available for apportionment and allocation furnished by the OCAC.

In Orange County, OCTA has designated the Orange County Transit District (OCTD) as the public transportation services operator and the Consolidated Transportation Services Agency. Therefore, OCTD is the claimant for Article 4 and 4.5 funds, which are used primarily to fund bus operations.

OCTA provides LTF funds to other claimants including the Southern California Association of Governments (SCAG) and Laguna Beach Municipal Transit Lines (LBMTL). SCAG is eligible to receive up to three-fourths of one percent of annual revenues for transportation planning. The LBMTL, a department within the City of Laguna Beach, is eligible to receive funding from the LTF in Orange County for providing public transportation services throughout the City of Laguna Beach. The estimate of LTF revenues for FY 2024-25 has been estimated by the OCAC at \$232,624,566.

The FY 2024-25 apportionment is summarized in the following table on the next page:

LTF Revenues	
Estimated FY 2024-25 Sales and Use Tax Receipts	\$232,624,566.00
Article 3 payments:	
Orange County Auditor-Controller – Administration	\$6,198.86
Orange County Transportation Authority – County Transportation Commission Administration	165,916.00
Orange County Transportation Authority – County Transportation Commission Planning	5,234,052.73
Southern California Association of Governments – Regional Planning	1,744,684.25
Subtotal – Article 3 funding	\$7,150,851.84
Articles 4 and 4.5 payments:	
Orange County Transit District – Consolidated Transportation Service Agency Funding – Article 4.5	\$11,273,685.71
Orange County Transit District – Public Transit Funding – Article 4	214,076,564.37
Laguna Beach Municipal Transit Lines – Public Transit Funding – Article 4	123,464.08
Subtotal – Articles 4 and 4.5 funding	\$225,473,714.16
Total funds apportioned	\$232,624,566.00

Summary

Staff recommends approval of the LTF FY 2024-25 apportionment estimates. Staff also recommends the Board of Directors authorize the Chief Executive Officer to advise all prospective claimants of the amounts of all area apportionments from the Orange County LTF for FY 2024-25.

Attachment

None.

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Finance and Administration
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February 14, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Change in Classification of Salary Grade Assignment

Overview

The evolving landscape of project management and delivery methods necessitates a dedicated leadership role to oversee and implement alternative project delivery approaches. Staff proposes to change the salary grade assignment of the Senior Program Manager, Project Management position in the Capital Programs division to allow for the creation of a new executive-level position to oversee and implement alternative project delivery approaches in the Capital Programs division. This change will help ensure retention and better align organizational needs. Board of Directors' approval is required to make this change.

Recommendation

Direct staff to create a new executive-level, grade X position, titled Director, Alternative Project Delivery and Construction, from one of the existing Senior Program Manager positions within the Capital Programs Division.

Background

The Orange County Transportation Authority's (OCTA's) Position Control Policy, Section V. C., states that any position changes resulting in an X salary grade assignment will be approved by the Board of Directors (Board). The Senior Program Manager, Project Management positions in the Capital Programs Division are currently classified at a salary grade W. Staff proposes to change the salary grade assignment of one of the positions, to a salary grade X, to allow for the creation of a new executive-level position, entitled Alternative Project Delivery and Construction, to help OCTA to address the growing needs and strategic initiatives within our organization.

Discussion

Staff is requesting the Board authorize the change of the salary grade assignment of one of the Senior Program Manager, Project Management positions, in the Capital Programs Division from salary grade W to salary grade X to allow for the creation of a new executive-level position, entitled Director, Alternative Project Delivery and Construction.

The evolving landscape of project management and delivery methods necessitates a dedicated leadership role to oversee and implement alternative project delivery approaches. The Director of Alternative Project Delivery and Construction will lead, plan, manage, and oversee the planning, development, design, and construction implementation of complex capital projects in the areas of highways, rail, transit systems and facilities, and other transportation projects as assigned. This position will play a crucial role in enhancing efficiency, reducing costs, and ensuring the successful execution of projects through innovative methods. Alternative project delivery methods, such as variations of Design-Build and Construction Manager at Risk, where applicable, require a unique set of skills and expertise. Having a dedicated director will ensure that OCTA capitalizes on these methods effectively. This position will be instrumental in identifying opportunities for cost optimization and it will be responsible for evaluating and mitigating risks associated with alternative project delivery, ensuring that OCTA remains resilient in the face of challenges.

The financial impact of this request can be accommodated within the current year's budget.

Summary

The proposed change in the salary grade assignment of one of the Senior Program Manager, Project Management positions, in the Capital Programs Division, from salary grade W to salary grade X, will allow OCTA to address the growing needs and strategic initiatives within our organization. The financial impact of this request can be accommodated within the current year's budget.

Attachment

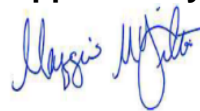
None.

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