



# **Orange County Transportation Authority**

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## **Triennial Performance Audit of OCTA as the Regional Transportation Planning Entity FY 2022 to FY 2024**

**April 2025**

**FINAL REPORT**

*Submitted by*  
**BCA Watson Rice, LLP**  
in association with  
**Altmayer Consulting, Inc.**



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## 1. Executive Summary

The California Public Utilities Code requires all Regional Transportation Planning Entities (RTPE) to conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding. The Orange County Transportation Authority (OCTA) selected BCA Watson Rice LLP to conduct a Triennial Performance Audit of itself as the RTPE and operator, as well as the Laguna Beach Municipal Transit Lines (LBMTL) to which OCTA allocates funding. This Triennial Performance Audit covers a three-year period beginning July 1, 2021 through June 30, 2024.

This Triennial Performance Audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The scope for this Triennial Performance Audit of OCTA as the RTPE included four tasks:

- Project Initiation
- Initial Review
- Detailed Review
- Documentation of Performance Audit Results

This Triennial Performance Audit included the following elements:

- Compliance Requirements
- Follow-up of Prior Recommendations
- Review of OCTA Functions
- Findings and Recommendations

### Compliance Requirements

To determine OCTA's compliance with requirements of the Public Utilities Code, the audit team identified key compliance requirements, discussed compliance requirements with OCTA representatives, and gathered and reviewed evidence of compliance. OCTA was found to be in compliance with all applicable requirements evaluated as part of this Triennial Performance Audit.



## **Follow-Up of Prior Recommendations**

The prior TDA Triennial Performance Audit completed in 2022 did not include any recommendations related to OCTA's function as the RTPE.

## **Review of OCTA Functions**

We reviewed the following OCTA core functions:

- RTPE Administration and Management
- Transportation Planning and Regional Coordination
- Claimant Relationships and Oversight
- Marketing and Transportation Alternatives
- Grant Application and Management

## **Overall Conclusions**

We find OCTA, as the RTPE, to be in compliance with the requirements of the Transportation Development Act and have generally operated in an efficient, effective, and economical manner during the triennial audit period.



## 2. Background

The Orange County Transportation Authority (OCTA) was created in 1991 to consolidate the transportation planning and operating agencies within the County of Orange. OCTA performs two major functions which are subject to Caltrans Triennial Performance Audit requirements: regional transportation planning and the operation of a mass transit system.

This Triennial Performance Audit covers a three-year period beginning July 1, 2022 and ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Entities (RTPE) to conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding. In 2024, OCTA selected BCA Watson Rice LLP to conduct a Triennial Performance Audit of itself as the RTPE and operator, as well as the Laguna Beach Municipal Transit Lines (LBMTL).

This Triennial Performance Audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This Triennial Performance Audit was also conducted in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

### 3. Objectives, Scope and Methodology

The primary objectives of this Triennial Performance Audit were to determine whether OCTA as the RTPE was in compliance with the requirements of the Transportation Development Act and to determine whether OCTA operated in an efficient, effective, and economical manner during the triennial audit period. The scope of the audit covered the three-year period from July 1, 2022, through June 30, 2024.

The methodology for this Triennial Performance Audit of OCTA as the RTPE includes the following tasks:

- Project Initiation
  - Project Kickoff Meeting
- Initial Review
  - Follow-up on Prior Performance Audit Recommendations
  - Determine Compliance with Legal and Regulatory Requirements
  - Initial Review of RTPE Functions
- Detailed Review
  - Review OCTA Functions
  - Review Management Performance
  - Review Internal Administration
- Documentation of Performance Audit Results
  - Discuss Interim Findings
  - Prepare Draft Audit Report
  - Conduct Exit Interview
  - Present Results to OCTA Board and Policy Committees
  - Prepare and Deliver Final Report and Executive Summary

The following OCTA management team members were interviewed as part of the Triennial Performance Audit:

- Jennifer Bergener, Deputy CEO
- James Beil, Executive Director, Capital Programs
- Kirk Avila, General Manager, Express Lanes
- Maggie McJilton, Executive Director, People & Community Engagement
- Kristin Jacinto, Executive Director, Government Relations
- Ryan Armstrong, Marketing Manager
- Matt Ankley, Department Manager, Security and Emergency Preparedness
- Sean Murdock, Director, Finance and Administration



- Greg Bych, Department Manager, Risk Management
- Ric Teano, Section Manager, Grants Development and Compliance
- Kia Mortazavi, Executive Director, Planning
- Charlie Larwood, Department Manager, Planning & Analysis
- Adriann Cardoso, Department Manager, Programming

OCTA Board members were given the opportunity to be interviewed as part of the Triennial Performance Audit. The following Board member was interviewed:

- Katrina Foley, 5<sup>th</sup> District Supervisor



## 4. Audit Results

The following sections provide information on the results of this OCTA Triennial Performance Audit.

### Key Challenges and Accomplishments

Some of the key challenges faced by OCTA during the triennium include:

- Changes in significant trends, including remote work and changes in commutes and commute patterns, policy changes moving away from highway and street expansion to focus on increasing the efficiency of the existing system, and Orange County becoming denser and more urban.
- Metrolink significantly impacted by changes in work and commute patterns, requiring additional efforts to help Metrolink regain lost ground and grow ridership.
- Fluctuations within economy and impact on revenues coupled with increasing inflation and an increase in cost of projects.
- The Los Angeles San Diego San Luis Obispo (LOSSAN) Rail Corridor experienced significant mudslides and erosion with rails being pushed toward the ocean requiring major improvements.
- Orange County experienced significant wildfires over the last few years impacting the transportation system.

It is also important to consider the accomplishments achieved by OCTA during the same three-year period. OCTA's accomplishments include:

- Restored bus service and regained ridership to pre-pandemic levels.
- Completed and opened improvements in the San Diego Freeway (I-405) between State Route 73 (SR-73) and Interstate 605 (I-605) including new express lanes with two lanes in each direction.
- Made progress on the construction of the OC Streetcar which will operate along a 4.15-mile route that connects the Santa Ana Regional Transportation Center (SARTC) and a new transit hub at Harbor Boulevard and Westminster Avenue in Garden Grove.
- Developed the 2024 OC Transit Vision Master Plan (OC Transit Vision), which aims to integrate, enhance, and expand multimodal transportation services in





Orange County and establish a framework for future transit investments to include bus, streetcar, microtransit, first/last mile options, and other mobility services for the County.

- Completed and gained approval for the “Directions 2045” Long-Range Transportation Plan outlining sustainable, equitable, and innovative transportation solutions.
- Completed *Making Better Connections Study* to more effectively align transit services with the new post-pandemic demands.
- Expanded Active Transportation including the Bicycle Gap Closure Feasibility Study providing an updated vision for regional bikeway connectivity and the Safe Travels Education Program (STEP) Campaign which delivered Safe Routes to School (SRTS) education and encouragement activities to 25 schools servicing disadvantaged communities.
- Improved access to the transit system by permanently offering free bus rides to all youth ages 6 to 18 and expanding access to College Pass Programs.
- Completed the Human Services Transportation Coordinated Plan to address the needs of individuals with disabilities, seniors, low-income populations, and other Orange County residents with enhanced mobility needs.
- Entered into a new agreement with the union that represents operators to provide higher compensation levels. Additionally, OCTD collaborated with the union to address scheduling and other issues of concern to operators.
- Installed driver protection barriers in over 200 buses contributing to an approximately 50% reduction in operator assaults.
- Reached an agreement with outside contractors to continue contracted fixed route services for lower density routes and for paratransit services.
- Developed an alert system for paratransit riders to provide text notices about arrival times.



## A. Program Compliance

This section of the report presents the results of the compliance review of OCTA as the RTPE. The following tasks were performed to complete the compliance review.

- **Identified Key Compliance Requirements** for OCTA as defined in the Public Utilities Code, the California Code of Regulations, and other relevant state and federal laws and compliance requirements.
- **Discussed Compliance Requirements with OCTA Representatives** to determine if identified requirements are a direct responsibility of OCTA, and to gain an understanding of compliance systems and procedures.
- **Gathered and Reviewed Evidence of Compliance** to provide objective evidence of compliance.

The exhibit on the following pages shows the key compliance requirements identified, the results of our compliance review, and comments including how compliance was reviewed and determined.

**Conclusion** – OCTA is in compliance with all applicable requirements evaluated as part of this Triennial Performance Audit.



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
99231	1. All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	In Compliance	<p>OCTA updates its TDA Guidelines for the Administration of the Act &amp; Preparation of Local Transportation Fund (LTF) and State Transit Assistance (STA) Fund Claims (TDA Guidelines) annually. These guidelines are part of the guidelines established in the OCTA Comprehensive Transportation Funding Program (CTFP). The CTFP Guidelines provides guidelines and procedures necessary for Orange County agencies to apply for funding of transportation projects contained within the CTFP through a simplified and consistent process. Each program has a specific objective, funding source and set of selection criteria detailed in separate chapters contained within these guidelines.</p> <p>Guidelines are updated on a periodic basis in coordination with local agencies working through the Technical Steering Committee (TSC) and Technical Advisory Committee (TAC). Modifications to the guidelines are discussed in detail with the local agency representatives during the TSC and TAC meetings held to review and approve the updated guidelines.</p>
99233 and 99234	2. The RTPE has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	In Compliance	<p>OCTA updates its CTFP guidelines annually. Included in the CTFP selection criteria are projects that incorporate features that are approved in an active transportation plan or if very focused, in active transportation focused sections of other types of plans that improve mobility.</p>



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
			These elements can include bike infrastructure and pedestrian elements.
99238 and 99238.5	3. The RTPE has established a social services transportation advisory council (SSTAC). The RTPE must ensure that there is a citizen participation process which includes at least an annual public hearing.	Not Applicable	PUC Section 99232 and PUC 99238 provide that a SSTAC is not required in a county that had a population of 500,000 or more as of 1970. OCTA does maintain an Accessible Transit Advisory Committee that advises OCTA about issues that relate to OCTA's fixed-route and paratransit services for customers with special transportation needs. This function is managed by Public Outreach within OCTA.
99244	4. The RTPE has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPE's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit. <ul style="list-style-type: none"><li>• A committee for the purpose of providing advice on productivity improvements may be formed.</li><li>• The operator has made a reasonable effort to implement improvements recommended by the RTPE, as determined by the RTPE, or else the operator has not received an allocation which exceeds its prior year allocation.</li></ul>	In Compliance	<p>OCTA's TDA Guidelines requires each operator to submit actions taken to address triennial performance audit recommendations as part of their annual TDA claim submittals. In addition, operators must submit performance measures separated by mode of service to evidence key performance trends. This data allows OCTA to conduct a trend analysis to evaluate the efficiency and effectiveness of each operator.</p> <p>In addition, each year within its Comprehensive Business Plan, OCTA provides an evaluation and analysis of fixed-route and paratransit services.</p> <p>OCTA also includes public participation as part of its analytical obligations. OCTA has two committees that focus on transit issues:</p> <p><b>Accessible Transit Advisory Committee</b> – This committee advises on transit issues that relate to</p>



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
			fixed-route and paratransit services for customers with special transportation needs.  <b>Citizens Advisory Committee</b> – This committee participates in helping examine traffic solutions, providing input to transportation studies and communicating with their constituencies.
99245	5. The RTPE has ensured that all claimants to whom it allocates TDA funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	In Compliance	As part of its TDA Guidelines, OCTA requires claimants to submit annual fiscal and compliance audits within 180 days after the end of the fiscal year.
99246 and 99248	6. The RTPE has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennial). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, and to the RTPE within 12 months after the end of the triennium. If the operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.	In Compliance	Previous Triennial Performance Audit by an independent entity of OCTA and the operators was completed and calculated the required performance indicators, and the audit report was transmitted to OCTA within 12 months after the end of the triennium.  Current triennial audit by an independent entity of OCTA and the operators in process and will include calculations of the required performance indicators, and the audit report will be transmitted to OCTA within 12 months after the end of the triennium.
99246(c)	7. The RTPE has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPE has certified in writing to the Director that	In Compliance	Previous triennial audit by an independent entity of OCTA and the operators was completed and reports transmitted to the California Department of Transportation prior to June 30, 2022.



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
	the performance audits of operators located in the area under its jurisdiction have been completed.		Current triennial audit by an independent entity of OCTA and the operators are in process and expected to be completed and submitted to the California Department of Transportation prior to June 30, 2025.
99246(d)	8. The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2.	In Compliance	<p>Previous triennial audit of operators included a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee; and consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours.</p> <p>Current triennial audit of operators will include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee; and consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours.</p>
99270.1 and 99270.2	9. The RTPE has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	Not Applicable	Requirements related to farebox ratios and revenues were exempted through FY2025-26 by SB125.



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
99275.5	10.The RTPE has adopted criteria, rules and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	In Compliance	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. OCTD filed claims with OCTA, with approval by the Board for each of the fiscal years during the triennium.
99310.5 and 99313.3 and Proposition 116	11.State transit assistance funds received by the RTPE are allocated only for transportation planning and mass transportation purposes. (Since the 1990 passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain classes under PUC Section 99313.3.)	In Compliance	<p>OCTA is the sole recipient of State Transit Assistance (STA) funding in the County. OCTD is eligible to receive funding from the STA Fund for providing public transportation services throughout Orange County. In order to receive these funds, OCTD, as the public transit and community transit services operator, files claims with the OCTA.</p> <p>The claim filing process for the STA Fund consists of completing the STA Fund Certification, and preparing a staff report and resolution that must be approved by the OCTA Board of Directors.</p> <p>Previous State legislation granted transit operators temporary exemption from meeting efficiency standards for FY's 2019 through 2023. SB125 extended this exemption through FY2025-26.</p>
99314.3	12.The amount received pursuant to Public Utilities Code, Section 99314.3; by each RTPE for state	In Compliance	OCTD is the only recipient of STA revenue in the County. STA funds are included in the Formula



Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
	transit assistance (STA) is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.		Allocation process (FAP) for distribution to OCTD. OCTA and the City of Laguna Beach have agreed that Laguna Beach Municipal Transit Lines will receive local funding assistance in lieu of STA funds.
99401.5	<p>13.If TDA funds are allocated to purposes not directly related to public or specialized transportation services or facilities for exclusive use of pedestrian and bicycles, the transit-planning agency has annually:</p> <ul style="list-style-type: none"><li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to the Public Utilities Code Section 99238;</li><li>• Identified transit needs, including:</li><li>• Groups who are transit-dependent or transit-disadvantaged;</li><li>• Adequacy of existing transit services to meet the needs of groups identified; and</li><li>• Analysis of potential alternatives to provide transportation services.</li><li>• Adopted or re-affirmed definition of "unmet transit needs" and "reasonable to meet".</li><li>• Identified the unmet transit needs or there are no unmet transit needs, or there are unmet transit needs that are reasonable to meet.</li><li>• If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</li></ul>	Not Applicable	PUC Section 99232 and PUC 99238 provide that a SSTAC is not required in a county that had a population of 500,000 or more as of 1970. OCTA does maintain an Accessible Transit Advisory Committee that advises OCTA about issues that relate to OCTA's fixed-route and paratransit services for customers with special transportation needs. This function is managed by Public Outreach within OCTA.





Exhibit 1: Compliance Requirements and Compliance Review Results			
PUC Code Section	Requirement	Compliance	Comments
California Code of Regulations, Section 6642	14. The RTPE has caused an audit of its account and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPE must transmit the audit report to the State Controller within 12 months of the end of the fiscal year in accordance with the Basic Audit Program and Report Guidelines for the California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPE must maintain fiscal and accounting records and supporting paper's for at least four years following fiscal year close.	In Compliance	Crowe LLP, a firm of licensed Certified Public Accountants, conducted the audit of OCTA's financial statements for FYs 2022, 2023 and 2024. The Comprehensive Annual Financial Report was submitted to the State Controller within 12 months of the end of each fiscal year.  FY 2022: November 16, 2022  FY 2023: November 2, 2023  FY 2024: October 31, 2024  OCTA also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.



## **B. Follow-up of Prior Recommendations**

As part of this Triennial Performance Audit, we reviewed the FY 2016-2019 Triennial Performance Audit Report. The prior Triennial Performance Audit completed in June 2022 did not include any recommendations.



## C. Review of OCTA Functions

The following OCTA functions were included as part of this Triennial Performance Audit:

1. RTPE Administration and Management
2. Transportation Planning and Regional Coordination
3. Claimant Relationships and Oversight
4. Marketing and Transportation Alternatives
5. Grant Application and Management

For each function, the team:

- **Reviewed Key Documents** for each major functional area including organization charts, mission objectives, goals, policy and procedures manuals, operating budgets, any internal or outside reports or studies related to the areas under review, and other pertinent documents related to the organization and operations of the functional area. In addition, the team reviewed Board of Director and applicable committee meeting agendas and minutes, annual budgets, annual reports, Comprehensive Business Plans and other planning documents, and regulatory reporting documents.
- **Identified Organizational Changes** to determine whether any significant changes to OCTA's organizational structure have occurred in the three years under review. If significant changes have occurred, the team assessed the effects and determined the impact on the major functional areas under review during the current audit period.
- **Interviewed Pertinent OCTA Officials** relevant to each major functional area and identify the goals and objectives of each major functional area. These interviews included discussing accomplishments made over the past three years towards achieving stated goals and objectives, identifying opportunities for improved economy and efficiency in operations, status of prior audit findings and recommendations and other compliance information as appropriate to the interviewee.

The following sections provide the results for each of the functional review areas.



## 1. RTPE Administration and Management

This section presents the results of the review of OCTA's administration and management functions.

### Budget Formulation

Budget formulation is the process of determining the resources necessary for OCTA to carry out its programs, perform its mission and achieve its strategic objectives and goals. The process is more than the preparation of a legal document that appropriates funds for a series of line items, it also has political, managerial, planning, communication, and financial dimensions. A good budget process:

- Incorporates a long-term perspective.
- Establishes linkages to the authority's mission and its organizational goals.
- Focuses budget decisions on results and outcomes and aids in operational planning.
- Involves input from the Board, management, key stakeholder, and the public and communicates the priorities of the authority.

These key characteristics of good budgeting make clear that the budget process is not simply an exercise in balancing revenues and expenditures one year at a time but is strategic in nature. The budget process should encompass a multi-year financial and operating plan that allocates resources based on identified goals. A good budget process moves beyond the traditional concept of line-item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

The following sections provide an overview of OCTA's budget development process relative to each of the elements identified as part of a good budget process.

#### ***Long-Term Perspective***

Long-term financial planning is accomplished in three stages at OCTA: (1) the Long-Range Transportation Plan (LRTP), (2) the Comprehensive Business Plan (CBP) and (3) a near term financial outlook.

OCTA's LRTP is updated every four years. The most recent LRTP, titled Directions 2045, was adopted in May 2023. This plan looks out to the year 2045 to identify strategies that it can begin developing today to meet Orange County's transportation challenges



anticipated for tomorrow. These strategies chart the path that will improve mobility, protect transportation resources, and enhance the quality of life for all Orange County travelers.

The CBP is a financially constrained business-planning tool designed to assist OCTA in implementing its strategic goals and objectives. The CBP encapsulates OCTA's major programs and outlines goals and objectives over the next 20 years, as articulated by the Board. This is accomplished within the framework of sound business practices to provide an effective and efficient multimodal transportation network to the residents of Orange County. Through the use of financial modeling and divisional input and review, a comprehensive study of economic influences and programmatic needs and objectives are incorporated into a business-planning document.

OCTA's financial outlook includes analysis of the economic and financial condition of Orange County, including the employment and real estate outlook, as well as expected sales tax revenues. Detailed economic outlook and sales tax revenue forecasts are obtained from California State University at Fullerton, the University of California at Los Angeles and Chapman University. Detailed revenue forecasts for the Measure M2 and for TDA are also prepared for OCTA by MuniServices/ Avenulnsights. Based on this information, as well as past revenues and trends, the amount of funds from various sources, including local, federal and state sources; as well as farebox and express lane revenue and interest are estimated.

The OCTA Board of Directors (Board) is comprised of 18 individuals that represent Orange County and is responsible for directing and overseeing OCTA. The Board approves the budget by June 30 of each fiscal year. The annual budget establishes the legal level of appropriation for OCTA and includes operating, capital, regional funding, and other components necessary to implement the policy directions contained in previously Board adopted long-term plans such as the LRTP.

### ***Linkages to Organizational Goals***

At the beginning of its budget, OCTA sets forth its strategic planning framework that provides a detailed approach to address the needs of the County's transportation system. This framework provides the structure used for the development of the annual budget. These documents include the Long-Range Transportation Plan, the Comprehensive Business Plan, and the Transit Master Plan. Additionally, at the beginning of the calendar year, the Board and CEO develop a list of key initiatives that prioritize what the Authority will focus on in the coming fiscal year.



### ***Focus on Results and Outcomes***

Service and program policies and plans translate broad goals into strategies for achieving goals. These policies and plans provide the basis for designing specific programs and services. The FY2024 budget included a focus on the following key results for its programs:

- Measure M2 Transit Program
  - Allocate funds to support Metrolink service in Orange County.
  - Continue the construction of the OC Streetcar Project including a new maintenance and storage facility.
  - Allocate M2 funds and facilitate successful community transit/circulators to offer expanded service in local communities of Orange County.
  - Expand Mobility Choices for Seniors and Persons with Disabilities Program (Project U).
- Transit
  - Implement bus improvements from the Making Better Connections plan.
  - Evaluate non-ADA Transit Network Company pilot program for OC ACCESS eligible customers.
  - Install new hydrogen fueling station at the Garden Grove bus base.
  - Purchase 40, 40-foot FCEB and 10, 40-foot BEB fixed-route buses as well as 112, 20-foot vans, 13, 22-foot cutaway, and 10, 22-foot BEB paratransit vehicles as the current respective fleets reach their useful life.
- Metrolink Rail Program
  - Complete phase 1 Southern California Optimized Rail Expansion (SCORE) projects including the Burbank Junction Speed Improvement, Chatsworth Station Improvements, Marengo Siding Extension, and Rancho Cucamonga Siding Extension projects. These projects will help to upgrade the Metrolink system before the Los Angeles 2028 Summer Olympic and Paralympic Games.
  - Continue commitment to Metrolink's long term Climate Action Plan that addresses climate change, air quality, and other pressing sustainability issues to help advance our aggressive goal for zero emissions by FY 2027-28.
  - Meet Metrolink's Disadvantaged Business Enterprise (DBE) Program overall goal of 14% of contracted business to create a level playing field on which disadvantaged businesses can compete fairly.

- Local Rail Program / OC Streetcar
  - Continue construction of the remaining track, along with installation of street pavements, curbs, gutters and traffic signal poles, Santa Ana Regional Transportation Center tracks, platform station, and station canopies.
  - Finalize equipping, dynamic testing, and inspection for eight vehicles.
  - Continue to evaluate and modify the Eat Shop Play program to expand its impact and increase awareness from the local community through a reallocation of resources.
- Express Lanes
  - Install new Electronic Toll and Traffic Management system equipment onto the new gantries.
  - Maintain customer safety through keeping assistance patrols at current levels to provide the safety support our travelers rely on and expect.
  - Maintain financial stability by continuing OCTA's history of conservative investments, proactive management, and forward-thinking improvements that will allow the 91 Express Lanes to continue offering the dependable, predictable, safe travel alternative that customers have relied on since 2003.
  - Begin the construction phase of the State Route 91 – State Route 55 to Lakeview Ave (Segment 1) project.
- Motorist Services
  - Transition FSP service for four FSP Service Areas to new contracts and contractors.
  - Start new FSP services on the 405 Express Lanes.
  - Migrate the FSP radio system from its current low-band system to OCTA's more reliable cellular-based Open Sky radio system.
  - Issue an RFP or exercise an option term for Call Box and 511 Call Center Services.
  - Continue to work with OCTA's Public section to develop 511 outreach materials and increase 511 outreach through joint public outreach efforts.

### ***Communication with Stakeholders***

OCTA's annual budget development process includes opportunities for public input at various stages. Initial opportunities for public comment occur early in the process when the proposed budget is presented to Executive Management and a Board Workshop presentation and draft documents are prepared in April. In May, the proposed budget is

distributed to Board Committee Members and members of the press and public and staff conducts a Budget Workshop with the Board where public feedback and comment are again sought and the budget is further refined. In June the Board conducts a Public Hearing related to the proposed budget. After public comments have occurred, the public hearing is closed and the budget is presented for final approval by the Board.

## Internal Controls

Internal controls are processes and structures instituted by an agency to safeguard an organization and minimize risk to its objectives. Internal controls attempt to minimize and mitigate risks and protect assets, ensure accuracy of financial and operational records, promote organizational efficiency, and encourage compliance with policies, rules, regulations, and laws. The internal control environment of an organization is established by top management and includes factors such as management's commitment to structure, accountability, ethical values, and well-documented policies and procedures. The internal control environment is the foundation for all other components of internal control, and it provides discipline and structure for an organization.

Effective programs of internal controls provide reasonable assurance that these objectives are met consistently. Internal controls play an important role in preventing and detecting fraud and protecting the organization's resources. Instituting and applying an effective internal control environment is a sign of proper governance and proactive management.

OCTA utilizes an Internal Audit Department to help ensure the success of operations at the Authority. The Internal Audit Department is responsible for examining and evaluating the Authority's financial, administrative, and operational activities. To ensure independence, the Internal Audit Department reports directly to the Board of Directors but also works with the Chief Executive Officer on administrative matters. The Internal Audit Department develops an annual audit plan and provides quarterly updates on the plan to the Board of Directors. The plan includes a wide variety of auditing services including annual financial and compliance audit oversight, operational reviews, compliance reviews, internal control assessments, investigations, pre-award and post-delivery Buy America reviews, and price reviews.

The Internal Audit Department also works with the Financial and Administration Committee of the Board (Committee). This Committee reviews the annual audit plan and quarterly reports of audit activity, reviews the effectiveness of the internal audit function,





reviews all audit reports, and ensures there are not unjustified restrictions or limitations placed on the Internal Audit Department.

During the triennium the Internal Audit Department completed an external quality assurance, or peer review completed by the Association of Local Government Auditors. The peer review found that the Internal Audit Department's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Generally Accepted Government Auditing Standards. The peer review team also identified areas in which the Internal Audit Department excels. These include:

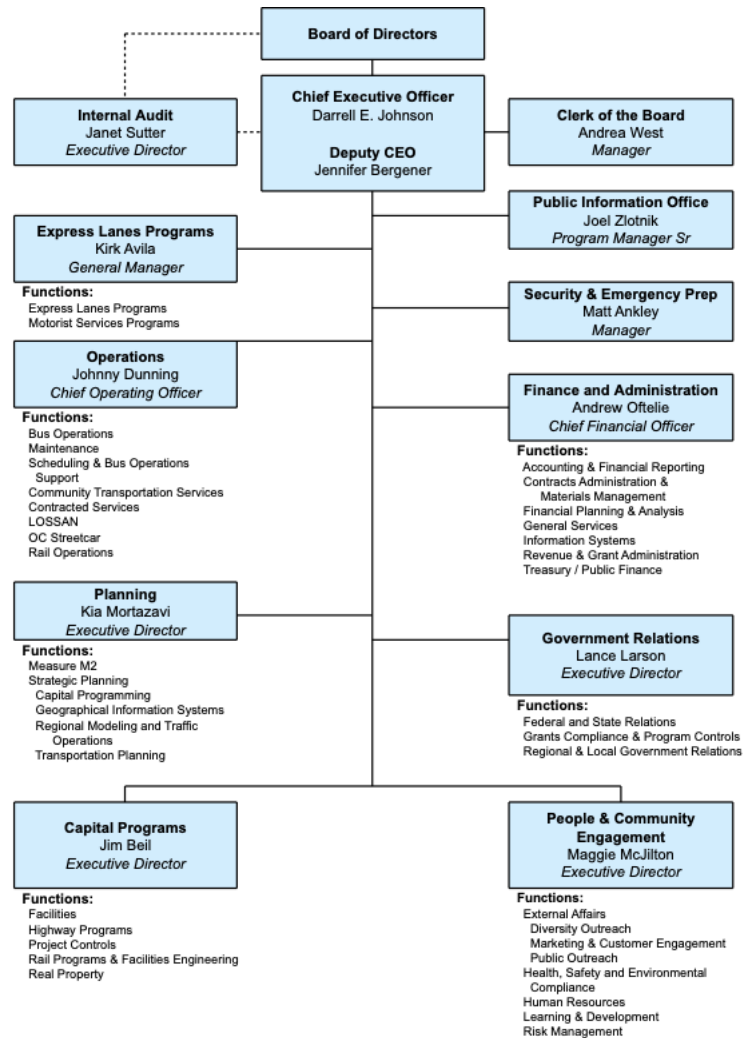
- The internal annual quality control monitoring to evaluate compliance with professional standards is comprehensive and well executed.
- The department is staffed with highly qualified professionals holding a variety of certifications and have a clear commitment to providing continuous professional training and staff development.
- The policies and procedures, templates, engagement programs and workpapers were well organized and designed to help demonstrate compliance with the applicable professional standards.

## Organization and Reporting Structure

An organization's structure should be aligned to focus on its core functions and strive to reduce organizational inefficiencies. The structure should reflect the priorities of the organization, facilitate effective service delivery, promote proactive problem solving, ensure consistency of direction and management control, minimize obstacles and barriers to performance, and stimulate a culture of shared accomplishment and teamwork.

OCTA is a multi-dimensional organization responsible for serving the transportation and transit needs for the entire County. The legislation creating OCTA gives it the authority to establish the organizational structure but requires OCTA to have a transit construction unit for public mass transit guideway projects (construction role), an operating unit responsible for the operation of bus and public mass transit guideway routes (operations role), and a transportation planning and programming unit (RTPE role). The following exhibit shows OCTA's organization structure for FY 2024.

## Exhibit 2: FY 2024 OCTA Organization Chart



Source: OCTA Comprehensive Annual Financial Report FY2024

Organizational stability is important for OCTA to maintain the appropriate focus on achieving its mission and key goals. Major reorganizations can be disruptive and detract from this focus as energy and effort and, in general, should occur infrequently and be supported by very clear analysis and rational for the changes. Over the course of the triennium, OCTA did not have any major changes to its structure.

## Management Controls over the Expenditure of Funds

It is critical for management to implement controls over the expenditure of funds to provide reasonable assurance that the objectives of the Authority will be achieved. Effective controls can include ensuring the budgets are linked to short- and long-term planning goals, and diligent budget monitoring.

OCTA has developed a series of planning tools to ensure its objectives are clearly defined. Through the LRTP, the CBP, and the Board and CEO Initiatives and Action Plan (more fully described below), the Authority sets forth short and long-term objectives that are connected to key funding sources. These tools allow for the development of a budget that is linked directly to the Authority's goals.

Once the budget is developed and approved, OCTA utilizes a series of internal tools to ensure that monies allocated to specific programs and departments is spent accordingly:

- On a monthly basis, the Finance and Administration Department (F&A) conducts a budget-to-actuals analysis for departmental and major project expenses. The goal is to identify unexpected levels of spending. Where the potential for overspending is identified, F&A works with the applicable project manager to evaluate the cause and if any corrective action is required.
- F&A also provides contract oversight of any operator contracts more than \$1 million to ensure that burn rates and overall contract expenditures are within the expected level of expenses over the life of the contract.
- On a quarterly basis, both the Finance and Administration Committee and the Board is presented with a budget-to-actuals report. The intent is to provide transparency and accountability for budgetary expenditures with a focus on ensuring major projects and categories of expenses are being spent according to budget. If necessary, the Authority will present to the Board for approval a mid-year budget adjustment to allocate additional monies to a project, allowing the Board and the public an opportunity to provide input.

The foregoing structure is well designed to ensure that the expenditure of funds is used consistent with the goals and long-term objectives of the Authority as well as the restrictions set forth in various types of funds (e.g., State Transit Assistance Program, Orange County Unified Transportation Trust, and Measure M).

**Conclusion:** OCTA's administrative and management structure and processes provide an effective framework for the Authority to achieve its organization's goals.

## Transportation Planning and Regional Coordination

The planning and programming needs related to transportation in the County are unique and diverse. The County's transportation system includes a vast freeway network, high occupancy vehicle and toll/express lanes, a Master Plan of Arterial Highways, extensive fixed-route and demand response bus services, commuter rail, and active transportation including bicycle and pedestrian facilities. OCTA is responsible for the planning and coordination of the County transportation system as well as linkages with other regional systems.

Successfully planning and programming transportation funds requires several key elements including accurately forecasting available funds, developing criteria for evaluating funding options, evaluating capital funding requests, and balancing revenue and expenditures. To facilitate these efforts, OCTA develops both short and long-range planning tools including the following:

### Long-Range Transportation Plan (LRTP)

OCTA's LRTP is updated every four years. The most recent LRTP, titled Directions 2045, was adopted in May 2023. This plan looks out to the year 2045 to identify strategies that it can begin developing today to meet Orange County's transportation challenges anticipated for tomorrow. These strategies chart the path that will improve mobility, protect transportation resources, and enhance the quality of life for all Orange County travelers.

The Directions 2045 LRTP identified five key factors that would impact transportation in Orange County and influenced the development of the Plan. These are:

- ***Growing Travel Demand and a Built-Out Roadway System*** – As population, housing and employment grow, so do daily trips and congestion. Road and freeway widening opportunities are limited by land availability and potential community impacts.
- ***Evolving Travel Trends*** – Long-term implications of COVID-19 on travel patterns will take time to understand. Transit ridership has declined nationwide since the Great Recession. Emerging technologies and services are changing travel behaviors. With years of jobs outpacing housing availability, more people are commuting into Orange County.
- ***Increasing Climate-Related Risks*** – Orange County residents and infrastructure are impacted by high heat, wildfires, drought, coastal flooding, and inland flooding.

State and regional plans and policies include strategies to meet ambitious greenhouse gas emissions reduction goals.

- ***Changing Funding Outlook*** – Orange County’s local transportation sales tax is set to end in 2041. The state is leveraging its more than \$5 billion transportation budget to reduce greenhouse gas emissions and address inequities in transportation.
- ***Diversity, Equity, and Inclusion*** – Nationwide, disadvantaged populations have historically been disproportionately burdened by transportation inequities that have limited access to opportunities. Policies and practices need to be considered to make transportation options more equitable for all.

The Directions 2045 LRTP also outlined four ongoing goals. These are:

***Goal 1: Deliver on Commitments*** - Prioritize the voter-approved OC Go programs and fulfill OCTA’s responsibility for providing safe and reliable transit service.

***Goal 2: Improve System Performance*** - Improve overall travel conditions with conventional and innovative solutions that respond to Orange County’s growing travel demand.

***Goal 3: Expand System Choices*** - Provide travelers with convenient and equitable travel options and reduce the number of single occupant vehicle (SOV) trips.

***Goal 4: Support Sustainability*** - Include adaptation and resiliency strategies that reduce climate-related risks, while also supporting Orange County’s economy, infrastructure maintenance, and environmental health.

While the LRTP has a 20-year outlook, the plan also includes a Short-Term Action Plan focused on Orange County Planning Activities (e.g. coordination with local partner agencies, South Orange County mobility, corridor studies and improvements, etc.), Regional Planning Activities (e.g. trade corridors/goods movement, countywide Express Lanes Strategic Plan, etc.), Emerging Issues (e.g. monitor new technology, connected infrastructure needs assessment, etc.) and Transportation Outreach and Education (e.g. active transportation safety, transit use and trip planning, etc.).

## **Comprehensive Business Plan (CBP)**

The CBP is a financially constrained business-planning tool designed to assist OCTA in implementing its strategic goals and objectives. The CBP encapsulates OCTA’s major programs and outlines goals and objectives over the next 20 years, as articulated by the

Board. This is accomplished within the framework of sound business practices to provide an effective and efficient multimodal transportation network to the residents of Orange County. Through the use of financial modeling and divisional input and review, a comprehensive study of economic influences and programmatic needs and objectives are incorporated into a business-planning document.

## Board and CEO Initiatives and Action Plan

At the beginning of each year, the OCTA Board of Directors, working with the CEO's Office, develops the key initiatives and actions for the following fiscal year. The document prioritizes the Authority's strategic direction to allow for a budget that is aligned with the Authority's near-term goals and objectives. The following exhibit shows the Board and CEO initiatives for 2024.





## Detailed Plans and Studies

In addition to the LRTP, the CPB and Board and CEO Initiatives, OCTA routinely develops more detailed plans and studies related to individual issues within the County. These more specific plans and studies set forth the next steps in a series of key operational and capital plans.

The following are some of the plans and studies completed or underway during the triennium.

### Completed Studies and Plans

- ***SR-91 Comprehensive Multimodal Corridor Plan Study*** - Studied a 23-mile stretch of SR-91, located in the County of Orange from the Los Angeles to Riverside county lines.
- ***Mobility Hubs Study*** - Studied mobility hubs as a potential strategy for bringing together various mobility services, amenities, and technologies all in one place to connect travelers more conveniently to their destinations.
- ***South County Multimodal Transportation Study*** - Over the next 25 years, the population in south Orange County is anticipated to grow by 16 percent (about 170,000 residents), and employment is expected to grow by 18 percent (about 130,000 jobs). This study addressed south Orange County's mobility needs through the year 2045.
- ***Beach Boulevard Corridor Study*** - Completed a study to analyze and develop options to improve Beach Boulevard mobility options from Pacific Coast Highway in Huntington Beach to Whittier Boulevard in La Habra; and to evaluate possible improvements necessary to support local land use visions.
- ***Rail Infrastructure Plan*** - Conducting a study about how climate change effects the Orange County rail corridor. The study will identify opportunities and challenges to improve service, operation, and infrastructure to better withstand severe weather conditions.
- ***Hazard Mitigation Plan*** - Developing a hazard mitigation plan designed to support current OCTA emergency and crisis management plans and to strengthen the organization's preparedness to natural hazards. Examples of natural hazards include flooding, earthquakes, and wildfires.

- **Connect OC-LA Transit Study** - Studying existing and future transit connections between Orange and Los Angeles Counties. The Connect OC-LA Transit Study will identify both short and long-term improvements to the transit infrastructure and services between the two counties.
- **Bus Rapid Transit on Freeways Study** - Studying the development of two Freeway Bus Rapid Transit (BRT) routes on Interstate 5 (I-5) and State Route 55 (SR-55). The Freeway Bus Rapid Transit Concept Study will identify improvements to infrastructure and transportation solutions for potential Bus Rapid Transit (BRT) routes and identify stops along each corridor.
- **Bristol Street Transit Corridor Study** - Initiated a study to analyze and develop options to improve Bristol Street mobility options from West 17th Street to Sunflower Avenue; and to evaluate possible transit connections between this corridor and the John Wayne Airport.
- **PCH Corridor Study** - Pacific Coast Highway (PCH) is a major corridor that links Orange County's six coastal cities—Seal Beach, Huntington Beach, Newport Beach, Laguna Beach, Dana Point, and San Clemente. The goal of the study was to identify, evaluate, and recommend long-term multimodal improvement recommendations both on a corridor-wide and subarea-wide basis.
- **Central Harbor Boulevard Transit Corridor Study** - Study to analyze and develop options to improve Harbor Boulevard's transit systems from Westminster Boulevard in Santa Ana to Chapman Avenue in Fullerton.
- **Irvine-Corona Expressway** - SR-91 is a transportation corridor with strategic value and local, regional and national significance. Every day, the SR-91 connects hundreds of thousands of commuters living in Riverside County with employment centers in Orange County, and vice-versa.
- **South County Major Investment Study** - The ability to efficiently move people, goods and services is critical for the sustained economic growth and quality of life in Orange County. Due to rapid growth in both residential development and employment, south Orange County residents are finding it increasingly difficult to avoid traffic congestion. I-5 is the main transportation corridor in the South County area. It is an eight-lane highway with traffic volumes as high as 350,000 vehicle trips per day.



- ***Pacific Electric Right of Way Study*** - Follow up to the Orange and Los Angeles Intercounty Transportation Study that was completed in July 2008, the Southern California Association of Governments (SCAG), in coordination with OCTA and Los Angeles County Metropolitan Transportation Authority (METRO), is conducting a study to assess the feasibility of transit service along the Pacific Electric Right of Way connecting Orange and Los Angeles counties.
- ***LOSSAN Grade Separations*** - OCTA owns over 40 miles of operating railroad right-of-way in Orange County along the LOSSAN rail corridor. In 2005, OCTA completed the Orange/Olive Grade Crossing Study, which presented a ranking of 51 at-grade rail-highway crossings (grade crossings) along the LOSSAN rail corridor, including both the Orange and Olive subdivisions.
- ***55 Newport Blvd Study*** - The City of Costa Mesa identified congestion on SR-55/Newport Boulevard as a significant quality of life issue for adjacent residential and business communities. As a result, the City of Costa Mesa requested that OCTA partner with the City of Newport Beach to study alternative improvements to the extension of SR-55 in the City of Costa Mesa.

#### **Plans and Studies Initiated and Underway**

- ***Bus Stop Safety and Accessibility Plan*** - A collaborative study to identify safety and access improvements near some of the highest ridership bus stops in Orange County. The Bus Stop Safety and Accessibility Plan will leverage community engagement with comprehensive technical analysis to recommend safety enhancements and access improvements for pedestrians accessing OC Bus transit stops.
- ***Orangethorpe Transit Village Study*** - In partnership with the City of Fullerton, the study will explore the potential for transit-supportive development at the Fullerton Park and Ride Facility.
- ***Harbor Boulevard Transit Signal Priority Study*** – A study to enhance bus travel times and reliability by implementing technology that would prioritize buses at signalized intersections.
- ***Bikeways Connectivity Study*** - To identify streets on the Master Plan of Arterial Highways (MPAH) that are forecasted to have excess roadway capacity and can potentially accommodate Class IV bikeways.



- ***Transit Optimization Study*** - Identifying where transit operating speeds are slower than expected, often referred to as 'chokepoints' and developing strategies to improve transit travel times.
- ***Orange County Coastal Rail Resiliency Study*** - Studying rail challenges in south Orange County to assess existing and future environmental risks and issues with operations and maintenance along the LOSSAN Rail Corridor.
- ***OC Connect*** - Studying the development of a biking and walking trail connection along the former Pacific Electric Right-of-Way (PE ROW) corridor in Santa Ana and Garden Grove.
- ***A Transit Master Plan for Orange County*** - A 30-year plan for enhancing and expanding public transit service in Orange County.
- ***Orange County Transportation Demand Management Plan*** - Will provide recommendations that shift trips away from those driving alone and expand access to alternative travel options.
- ***Bike Gap Closure Study*** - To create seamless connections for people to bike, walk, and connect to some of California's most scenic beaches and inland reaches.
- ***Making Better Connections Study*** - Will examine ways to redesign the bus service to increase focus on the evolving needs of customers.
- ***OC Active Report*** - First countywide Active Transportation Plan for Orange County that addresses both bicycle and pedestrian networks. OCTA has developed this plan to provide a framework for bikeway and pedestrian planning across the county, and to be compliant with the Caltrans Active Transportation Program guidelines.
- ***Congestion Management Program*** - Proposition 111 made additional funding available for transportation projects through a nine cent increase in the state gas tax and mandated that each county with 50,000 or more residents develop a Congestion Management Program.
- ***Human Services Transportation Coordinated Plan 2024*** - Transportation plays a critical role in providing access to employment, medical and health care, education and other community services and amenities.

- **State Route 91 Implementation Plan** - Annually prepares a long-range plan for improvement along the SR-91 corridor between SR-57 in Orange County and I-15 in Riverside County.

**Conclusion:** OCTA has planned and programmed transportation funds and addressed the challenges faced methodically, effectively, and efficiently over the triennial audit period.

## 2. Claimant Relationships and Oversight

As the RTPE, OCTA is responsible for programming local, federal, and state-sourced funds towards projects that will improve transportation in Orange County. These include:

- **Measure M Funding Programs** - Cities and the County of Orange are eligible to receive local sales tax net revenues for projects through competitive calls for projects.
- **Federal Funding** - Federal dollars are available for projects meeting certain criteria, through various calls for projects.
- **State Funding** - State dollars are available for projects meeting certain criteria, through various calls for projects.
- **Call for Projects** - OCTA's calls for projects allocate available local, federal, and state funds through a competitive process to improve all modes of surface transportation.

Each of Orange County's 34 cities, as well as the County of Orange, are eligible to receive transportation funds. To allocate funds, OCTA develops specific eligibility requirements, holds workshops to explain the requirements and the allocation process, develops guidelines for specific elements of various funding programs, develops forms and templates for submitting claims and reporting expenditures, and manages and tracks payments to each eligible agency.

### Fund Allocation Input, Advice and Technical Assistance

OCTA has established a series of committees to provide input, advice and technical assistance into issues affecting transportation within the County and the allocation of transportation funding. These include:



### **Technical Advisory Committee (TAC)**

The TAC provides OCTA staff with technical advice on issues primarily related to M2 competitive grant programs that serve to improve capacity on local streets and roads. The TAC is comprised of 35 representatives, one from each Orange County city as well as the County of Orange. Each local agency is responsible for nominating a member that will represent their community's interests in these discussions. In addition to the 35 voting members, the California Department of Transportation, and the Transportation Corridor Agencies have non-voting members who also attend and provide input.

### **Technical Steering Committee (TSC)**

The TAC uses a TSC to review programming recommendations and provide policy direction on major technical issues prior to submittal to the full TAC. The TSC consists of nine voting members nominated by the TAC and ultimately approved by the OCTA Board of Directors. Additionally, there is one Caltrans ex-officio member appointed by the Caltrans District Director. The nine voting member positions are comprised of one position for each of Orange County's five supervisorial districts, two at-large positions, and the TAC chairman and vice-chairman.

### **Citizen Advisory Committee (CAC)**

The CAC actively participates in helping examine traffic solutions, providing input to OCTA's transportation studies and communicating with their constituencies. During the year, committee members are asked to participate in roundtable discussions and hear special presentations on various transportation projects, programs and services. The CAC has 34 members and meets quarterly. The CAC also has a Bicycle and Pedestrian Active Transportation subcommittee as a permanent subcommittee which provides input and advice on projects, studies and outreach regarding bicyclists and pedestrians. Major responsibilities include:

- Identifying opportunities for community input.
- Recommending mechanisms and methodologies for obtaining public opinion on specific transportation issues.
- Serving as a liaison between the public and OCTA.
- Commenting on significant transportation issues and suggesting possible solutions.



### **Accessible Transit Advisory Committee (ATAC)**

ATAC advises OCTA about issues that relate to OCTA fixed-route transit and paratransit services for customers with special transportation needs. The ATAC was originally formed in 1992 in response to the Americans with Disabilities Act and formalized the predecessor “504 Committee.” The ATAC is composed of 34 members representing a broad base of individuals with disabilities and senior citizens in the county. The ATAC meets quarterly, and major responsibilities include:

- Advising OCTA about issues that relate to OCTA transit and paratransit services.
- Recommending the appropriate mechanism for obtaining disabled and senior service users’ input on issues, i.e., focus groups, surveys, public meetings, et cetera.
- Communicating with care providers and agency clients regarding service-related information.
- Assisting with special needs service evaluations.

### **Taxpayer Oversight Committee (TOC)**

The TOC is an independent committee formed after the passage of Measure M in 1990. The committee upholds the integrity of the measure by monitoring the use of OC Go (formerly Measure M) funds and ensuring that all revenue collected from OC Go is spent on voter-approved transportation projects. The TOC meets quarterly. Responsibilities of the 11-member committee include:

- Ensure all transportation revenue collected from Measure M2 (also known as OC Go) is spent on the projects approved by the voters as part of the Transportation Investment Plan (TIP).
- Participate in ensuring that all jurisdictions in Orange County conform with the eligibility requirements of Measure M2 prior to receiving sales tax monies.
- Review yearly independent audits and hold annual public meetings to determine annually whether the Authority is proceeding in accordance with the TIP.
- Receive and review triennial performance assessments of the Orange County Local Transportation Authority regarding the performance of the Authority in carrying out the purposes of the Measure M2 Ordinance.



- Approve by a 2/3 vote any amendment to the Plan proposed by the Authority which changes funding categories, programs or projects identified in the TIP.
- In addition, any proposed change in allocations among the four funding categories of the TIP must be approved by a 2/3 vote of the TOC as well as the OCTA Board of Directors and approved by a simple majority vote of the electors.

The TOC has two subcommittees, the Audit Subcommittee and the Annual Eligibility Review Subcommittee. The Audit Subcommittee reviews the OC Go (formerly Measure M) Revenue and Expenditure Quarterly Report to track the financial progress of OCTA in the implementation of OC Go. It also reviews the results of the annual LTA audit and uses the results of both tools to determine if the Authority is proceeding in accordance with the OC Go Ordinance on an annual basis. The Annual Eligibility Review Subcommittee reviews each local jurisdiction's documents submitted for the Congestion Management Program, Mitigation Fee Program, jurisdiction expenditure reports, Local Traffic Signal Synchronization Plan and Pavement Management Plan.

## Transportation Funding Oversight

OCTA is responsible for ensuring that each of the County's operators submit annual audited financial statements and monthly operating statistics. OCTA reviews the productivity of its operators monthly. Additionally, OCTA is responsible for ensuring that both OCTD and LBMTL participate in the TDA Triennial Performance Audit every three years.

## TDA Claims Processing

In the County, OCTA is responsible for administering TDA funds which includes LTF and State Transit Assistance Fund (STAF) revenues. This includes the authorization to instruct the County's Auditor-Controller to disburse funds for claims approved by OCTA. OCTA's Board of Directors has directed the use of LTF revenues for operating expenditures and STAF revenues for capital and operations expenditures. OCTA has developed processes for the submission of TDA claims to ensure the efficient and timely distribution of funds to claimants monthly.

**Conclusion:** OCTA has effectively carried out its responsibilities for claimant relationships and oversight during the triennial audit period.

### 3. Marketing and Public Relations

OCTA is responsible for promoting public transportation and transportation alternatives within the County. OCTA has two functions focused on marketing and public relations – Marketing and Customer Engagement and Public Outreach.

Marketing and Customer Engagement is OCTA's promotions and customer relations group. It is responsible for providing customer feedback for OCTA bus, local rail, and ACCESS paratransit services. This includes gathering customer feedback through customer roundtables and the Accessible Transit Advisory Committee. Staff also provide technical expertise and tools to support communication and marketing goals as well as produce public information materials in support of OCTA's internal and service communication programs. This group also administers OCTA's rideshare and vanpool programs, promote usage including bus, local rail, and 91 Express Lanes and oversees the operation of the customer information center, assisting customers with trip planning and general information to transit riders.

Public Outreach focuses on public communications in support of all phases of capital project development, planning, and construction for OCTA's projects, programs, and services. This includes implementing public outreach and involvement programs to inform any affected parties and advance the development of transportation projects. Working with stakeholders, Public Outreach ensures that the planning and environmental review process reflects a diverse range of positions, opinions, and concerns. In addition, outreach staff inform the public about upcoming construction activities and help to mitigate construction impacts. Public Outreach also assists other OCTA departments and divisions to communicate effectively to the diverse stakeholder audiences and customers of OCTA's projects, programs, and services.

During the triennium OCTA has also completed a number of surveys to gauge the public's perception of key OCTA programs as well as key trends that could impact its services. These include the M2 Comprehensive Review Quantitative Survey, the 2022 Employment and Travel Survey, and the 2024 Rider Safety Perception Study.

The M2 Comprehensive Review Quantitative Survey was designed to provide OCTA with an objective, statistically reliable assessment of Orange County voters' awareness, perceptions, opinions, and priorities as they pertain to OCTA and the many projects, programs, and services provided by the Authority under the M2 Investment Plan. More specifically, the study was designed to measure and track perceptions of OCTA and the agency's role in implementing safe, equitable, and efficient transportation solutions,



explore how the public prioritizes among key transportation projects, programs, and capital investments that are part of the M2 Investment Plan, and gather feedback on important issues and policy decisions that OCTA faces in an environment characterized by declining revenues, increasing costs, shifting demand, and emerging technologies. The 2024 survey also presents an opportunity to identify the extent to which Orange County residents' views on transportation issues and priorities may have shifted since the first M2 Comprehensive Review was completed in 2015. Key conclusions from the survey results include:

- There is clear evidence that voters support nearly all of the projects and services that are funded by Measure M—as well as those that could receive funding in the future. Moreover, the relative priority they assign to specific projects and improvements has remained quite stable over the past decade.
- Voters gave highest overall quality and condition ratings to the 405 Express Lanes (54% excellent or good), followed by ACCESS paratransit service (51%), the overall quality and condition of freeways (47%), overall quality and condition of the 91 Express Lanes toll road (46%), and the overall quality and condition of city streets (43%). All of the remaining items were rated similarly, with a combined excellent or good rating between 36% and 40%.
- Among those with an opinion of OCTA, views were generally positive. Those with favorable opinions of OCTA in 2024 (59%) outnumbered those with unfavorable opinions (20%) by nearly 3 to 1. The percentage of respondents with a favorable opinion of OCTA has steadily increased over time, from 42% in 2011 to 59% in 2024.

The 2022 Employment and Travel Survey was completed to measure how the coronavirus (COVID-19) pandemic altered public attitudes, working arrangements, travel behaviors, mode choice, rideshare, and trips in short-term (three months into the pandemic). It was also intended to identify the degree to which changes have endured since the pandemic, profile pros/cons of remote work from employees' perspectives and explore employees' expectations regarding future work arrangements and commutes.

Key conclusions from the survey results include:

- The COVID-19 pandemic has had dramatic impacts on employment, working arrangements, and travel behavior in Orange County in early months.



- Orange County appears to have reached a new normal for remote work, double pre-pandemic levels.
- Travel and activity patterns stabilized between August 2021 and August 2022, except for commute driving.

The 2024 Rider Safety Perception Survey focuses on passengers' perception of personal safety on the bus, without experiencing harassment. The survey was completed by sampling passengers from the entire system by different routes and times. The survey was available in English, Spanish, Vietnamese, Mandarin, and Korean. Five Focus Groups sessions were also held, including women only, LGBTQIA+, Spanish language speakers, Vietnamese language speakers and Persons with Disabilities. Key findings from the survey include:

- More than three-quarters of OC Bus riders frequently or always felt safe using OC Bus during the past year.
- Roughly half of OC Bus riders have seen and/or experienced some form of harassment on OC Bus but rarely report it.
- Demographic characteristics play a role in the perception of safety on OC Bus.
- Most riders feel safe and do not take any additional safety precautions when using OC Bus (60%), but some riders reported not traveling at night (26%).

Through this research, OCTA is both using market research and voter and rider surveys to communicate more effectively with the public and evaluate transportation needs moving forward.

**Conclusion:** OCTA has adequately promoted public transportation and transportation alternatives within the County over the triennial audit period.

#### 4. Grant Applications and Management

As the RTPE, OCTA is responsible for programming local, state, and federal source funds towards projects that will improve transportation in the County. Through various calls for projects, OCTA makes state, federal, and local funding available to the 34 incorporated cities and the County of Orange. Depending on eligibility, local agencies and organizations are also welcomed to apply but must go through one of the 34 incorporated cities or county. The different calls for programs include:



- Comprehensive Transportation Funding Program (OCGo / Measure M2)
- Enhanced Mobility for Seniors and Disabled Grant Program
- Bicycle Corridor Improvement Program
- Pavement Management Relief Funding Program
- 2023 Orange County Complete Streets Program
- Surface Transportation Block Grant / Congestion Mitigation and Air Quality Program

OCTA has established guidelines which detail the competitive process for each of the calls for projects (CFP) programs and manages each CFP individually. Information is provided to potential applicants through OCTA's website and includes:

- Purpose and authority for the program
- Eligible applicants
- Implementation timeline
- State-Local Partnership Program Formula Grant Details
- Measure M2 fair share match requirements
- Compliance monitoring unit requirements
- State-local partnership program formula grant program eligible projects
- Minimum information for nomination of projects
- Eligible expenditures
- Provisions of use
- Timely use of funds requirements
- OCTA contacts to obtain additional information

A grant application workshop is held to assist applicants in the development of their applications and a workshop on how to manage the grant process for applicants awarded grants. A detailed schedule that includes when the applications open, the application deadline and approval of projects is also provided.

**Conclusion:** OCTA has adequately carried out its responsibilities for programming local, state, and federal source funds towards programs and projects that will improve transportation in the County over the triennial audit period.



## D. Overall Conclusions

We find OCTA, as the RTPE, to be in compliance with the requirements of the Transportation Development Act and have generally operated in an efficient, effective, and economical manner during the triennial audit period.