



Transportation Corridor Agencies™

September 21, 2020

The Honorable Kirk Nakamura
Presiding Judge
Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: Transportation Corridor Agencies Response to 2019-2020 Grand Jury Report: "The Transportation Corridor Agencies – Are They Taking Their Toll on Orange County?"

Honorable Judge Nakamura:

This letter comprises the formal responses to the 2019-2020 Grand Jury Report titled: "The Transportation Corridor Agencies – Are They Taking Their Toll on Orange County?", published on June 29, 2020, and prepared in response to "three citizen complaints." This response was approved by the San Joaquin Hills Transportation Corridor Agency (SJHTCA) and Foothill/Eastern Transportation Corridor Agency (F/ETCA) Joint Boards of Directors at their regular meeting on September 10, 2020. The Grand Jury report required responses to its Findings F1-F14 and Recommendations R1-R10. The SJHTCA and F/ETCA's responses are included as an attachment to this letter (Attachment 1).

To provide some background, the SJHTCA and F/ETCA (collectively known as The Transportation Corridor Agencies or TCA) were created in 1986 through Joint Powers Agreements that were executed by the County of Orange and 18 member cities, which to this day actively oversee all aspects of TCA. This model of local control by the county and the cities has made significant contributions to the transportation network in Orange County and the entire Southern California region.

TCA has constructed 420 lane miles of roadway in Orange County that include State Routes (SR) 73, 133, 241 and 261. These roads comprise 20 percent of the county's highway network and carry 40 percent of south county traffic during peak travel periods. The projects completed by TCA are of critical importance to the region's transportation network and offer drivers choices.

An example of the importance The Toll Roads play in providing congestion relief for the region was most recently evidenced during the Canyon 2 Fire in October 2017 when large portions of the 241 and 261 Toll Roads were closed for approximately two weeks, causing significant gridlock on local highways and arterials as drivers were forced to find alternative routes.

There were reports that some drivers experienced as many as two additional hours of commute time due to the 241 and 261 Toll Roads' closure. This is just one example of the role The Toll Roads play in relieving congestion and improving mobility in Orange County.

With the growth Orange County has seen over the past 30 years, it is hard to imagine the gridlock the county would be experiencing if not for the unique nature and innovative thinking of the County of

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Orange and member cities that led to the creation of TCA. It is because of this foresight that Orange County is one of the most highly sought-after destinations to work and live. With the growth that is planned throughout the county over the next few decades, it will be important for the county and TCA's member cities to continue utilizing the region's partnership and financial model to deliver the transportation infrastructure Orange County needs to maintain its economic vibrance and quality of life.

TCA will continue to partner with the State of California's Department of Transportation (Caltrans), the Orange County Transportation Authority (OCTA) as the county's transportation commission (CTC) and the County of Orange to support the development and delivery of critically needed transportation projects, including Los Patrones Parkway; the Oso Parkway Bridge and Connector; and the 241/91 Express Connector. Each of these has been made possible by TCA's strong financial management and commitment to improving mobility. It is through these partnerships that Orange County has one of the most successful transportation networks in the state.

While we appreciate the volunteer effort and recognize the challenges faced by members of the Grand Jury, as noted in our initial June 30 response, the SJHTCA and F/ETCA take very seriously the Findings and Recommendations made by the Grand Jury, as the report contains many inaccuracies, misinformation and the appearance of bias.

In reviewing the Grand Jury's report there are several misstatements that TCA would like corrected for the record. These misstatements relate to the inaccurate portrayal of TCA's finances; the measures TCA has taken to ensure transparency and public participation in its Board Committee meetings and at its Board of Directors meetings; the role and oversight of TCA's Board of Directors; TCA's continued compliance with its memorandum of understanding with the Southern California Association of Governments (SCAG); the role of the SJHTCA and F/ETCA Boards in awarding contracts and authorizing contractor activities; and the appearance of a general misunderstanding of federal and state environmental regulations that require project proponents to study a wide range of project alternatives, as seen in the F/ETCA's concluded South County Study. Many of the above highlighted areas and cited in the Grand Jury Report have been responded to in the attached responses.

In addition to the formal attached responses, it is important to note that the Agencies' Boards of elected officials have already authorized and received audits and reports from independent Certified Public Accountant (CPA) firms who conducted comprehensive financial, agreed-upon procedures and performance audits in addition to the close scrutiny of our projected revenues and expenditures by three nationally recognized credit rating agencies. Across this broad spectrum of six independent reviews, the results confirm that TCA's finances are solid and that the necessary internal controls are in place to support the responsible financial management of the Agencies. These audit findings are **consistent with the Grand Jury's finding that there was no evidence of fiscal mismanagement and the determination that TCA is in compliance with state statutes**. We have attached these audits for your review (Attachment 2). Therefore, given these independent reviews along with the Grand Jury's own finding, TCA sees little value in the expenditure of additional funds for yet another audit.

The SJHTCA and F/ETCA Joint Boards of Directors Committee and Board Meetings are available to the public and are broadcast live to ensure transparency in the Boards' decision-making processes and the oversight provided by the Joint Boards of Directors. All materials presented to TCA's Board Committees and Joint Boards of Directors are available to the public in compliance

with the Brown Act. The procedures used by TCA are similar to those implemented by other public agencies throughout the state and are aimed at ensuring public involvement.

There was also a tremendous focus by the Grand Jury on project planning and the roles of SCAG, OCTA, Caltrans and TCA. As noted earlier, the SJHTCA and F/ETCA coordinate with Caltrans, as the owner of state highways, and OCTA, as the CTC, when developing projects, including projects that range from the conceptual, unconstrained phase to projects that are fully funded (constrained) and included in TCA's Capital Improvement Plan that is adopted annually by the SJHTCA and F/ETCA Joint Boards of Directors.

Similar to all other agencies and cities in Orange County that have transportation projects, TCA submits its project information to OCTA for incorporation into the county's long-range transportation plan. Once all projects are submitted to OCTA, OCTA then transmits these projects to SCAG for modeling and incorporation into its regional transportation plan and Sustainable Communities Strategy, which is ultimately approved by the Federal Highway Administration and the Federal Transit Administration. As such, TCA will continue to collaborate with these entities on its projects.

The Grand Jury report also included unsubstantiated and unfounded statements, and referenced incomplete or inaccurate information, including drafts of project schedules, which were updated and available on the Agency's public website prior to the report's issuance. One example relates to the South County project that the F/ETCA concluded in March. In early March, TCA's website was updated to inform the public of the F/ETCA's adoption of Alternative 22, the Los Patrones Parkway Extension, for further study by the County of Orange, three months prior to the Grand Jury report being issued. In other circumstances, the Grand Jury included updated information, specifically its recognition of the positive work TCA's communications staff was conducting during COVID-19, improved transparency and updated information related to the legislative session that included activities in May 2020. The inconsistent use of available information is likely to mislead uninformed members of the public, providing a disservice. The attached formal responses correct the record by providing factual information.

As a final note, our Boards do recognize that the Grand Jury itself may have been misled with the same misinformation campaign that has placed the Agencies under attack. The unsubstantiated accusations and opinions within the report align and reflect an orchestrated campaign to discredit the Agencies. By all appearances, the City of San Clemente has sponsored a multi-year campaign to disparage the Agency and its Boards of elected officials as the City's primary strategy to oppose the study of transportation improvements that concluded in March.

Evidence of this campaign is provided in Attachment 3 to this letter and includes a public relations firm's proposal and subsequent contract award by the City. The Boards of Directors voted to provide this evidence for both the Court's consideration and to provide some clarity to the public as to the impetus for the Grand Jury investigation and other attacks directed towards the Agency.

The City of San Clemente has paid hundreds of thousands of dollars in recent years to this public relations firm who proposed to wage a campaign against TCA with the goal of increasing public antagonism towards the Agencies through litigation, legislation, Public Records Act requests, and a "campaign" designed specifically at moving stakeholder sentiment against TCA.

Excerpts from San Clemente's public relations firm's attached proposal include :

- “the path to success is to increase public antagonism towards the agency; its' Board of Directors within their home cities, taxpayers and even some environmental groups.”
- “We envision running this engagement like a “campaign”, designed specifically at moving stakeholder sentiment against TCA's plans in and around San Clemente so that various projects are studied and litigated for decades.”
- “Based on our campaign and project issues experience, engagement will include several communications tactics such as community meetings and forums, direct mail, social media, paid advertising, third-party validators, editorial board meetings, etc.”

We are deeply concerned about a paid campaign “to increase public antagonism towards the agency”, as evidenced in the attached documents. TCA staff and its Boards of Directors work hard every day to improve the quality of life for Orange County and the entire Southern California region. The use of public dollars to undermine public agencies and our elected officials erodes trust in all our institutions and provides a disservice to the citizens of Orange County and should never be condoned.

Should you have any questions regarding these formal responses, please contact Samuel Johnson, TCA's Chief Executive Officer, at (949) 754-3400.

Sincerely,


Patricia Kelley, Chair
SJHTCA


Christina Shea, Chair
F/ETCA

cc: San Joaquin Hills Transportation Corridor Agency Board of Directors
Foothill/Eastern Transportation Corridor Agency Board of Directors
Samuel Johnson, CEO

Attachments:

1. SJHTCA and F/ETCA Formal Responses to Findings and Recommendations
2. Independent Audit Reports
3. City of San Clemente's Public Relation's Firm Proposal and Contract



Attachment 1:

Responses to the
Findings and
Recommendations of
the Orange County Grand Jury

Responses to Findings

Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 1: The SJHTCA has completely fulfilled its original mandate to plan, finance and build SR 73 yet it continues to involve itself in future planning efforts, some of which are probably outside the purview with its charter.</p>	<p>SJH</p>	<p>The SJH wholly disagrees with this Grand Jury Finding. The implication that the San Joaquin Hills Transportation Corridor Agency (SJHTCA) is involved in planning efforts outside of its scope is unfounded. All projects undertaken by the SJHTCA are well within its legal authority.</p> <p>State law authorizes SJHTCA to fund, plan, acquire and construct major thoroughfares and bridges in Orange County (Government Code section 66484.3). All roads planned or constructed by the SJHTCA to date are major thoroughfares expressly contemplated by the Joint Exercise of Powers governing the SJHTCA. Additional widenings and construction of interchanges along the 73 Toll Road have been and will continue to be implemented based on traffic demands and approval by the Agency's Board of Directors comprised of elected officials.</p> <p>All planning activities undertaken by the SJHTCA are within its legal authority; therefore, the SJHTCA wholly disagrees with the Grand Jury's Finding. (Response Code 2)</p>
<p>Finding 2: Some budget cost allocations burden SJHTCA with costs not associated with an agency that has fulfilled its mandate, such as Strategic Planning and Advocacy. Based on relative road lengths, SJHTCA is allocated more than its share of common TCA costs, reducing its ability to retire its debt.</p>	<p>SJH</p>	<p>The Finding is erroneous and costs should reflect an accounting perspective on appropriate allocations.</p> <p>The length of the road does not always equate to the driver or the benefit associated with the cost and reliance on this basis would ignore reasonable methodologies to allocate costs. Budget allocations are reviewed and adjusted annually based on the costs and associated activities included in the budgets adopted by each Agency's Board of Directors. Costs directly related to each Agency are charged entirely to that Agency and costs incurred on behalf of both Agencies are allocated between the Agencies based on the estimated benefit to each Agency. Depending on the type of activity, allocation factors may be based on the number of transactions and other operational metrics (e.g., number of facilities, equipment components, labor, etc.).</p> <p>The SJHTCA wholly disagrees with this the Grand Jury Finding. (Response Code 2)</p>

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Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 3: The F/ETCA has fulfilled the bulk of its original mandate to plan, finance and build the SR 133, 241, 261 transportation corridor network. Only the SR 91 to SR 241 connector and in compliance with the approved Alternative 22 to the SCTRE report, the termination of the link between SR 241 and I-5 remain to be completed.</p>	F/E	<p>The F/E wholly disagrees with this Grand Jury Finding. Similar to transportation plans throughout the State of California, the bulk of investment is slated for improvements to existing facilities. This is not an undertaking that should be easily dismissed.</p> <p>The design and initial construction of the 133, 241 and 261 Toll Roads was completed to accommodate planned growth and provide alternative routes to existing highways and arterials. Additional widenings and construction of interchanges along The Toll Roads were always contemplated and will be constructed based on traffic demands and subject to approval by the Board of Directors. The absence of these widenings and interchange improvements would 1) necessitate higher toll rates to maintain high levels of service and 2) negatively impact Interstate 5, Interstate 405, State Route 55 and local city roads. Fortunately, the Agency's financial model allows for these improvements to be made without strain on tax dollars or the incurrence of additional debt. Therefore, the F/ETCA wholly disagrees with the Grand Jury's Finding, which implies that there is no merit or effort involved with improving existing facilities. (Response Code 2)</p>
<p>Finding 4: TCA has been and continues to be involved in projects, such as the I-5 HOV and HOT lanes, toll road enhancements, bike lanes, landscape maintenance, which may be considered beyond its original and currently legislated mandate.</p>	Joint	<p>TCA wholly disagrees with this Grand Jury Finding as it is inaccurate in citing the Agencies current efforts and legislative authority. The Grand Jury report contains references to aspects of studies that were completed well in advance of its report being finalized.</p> <p>All projects undertaken by the F/ETCA and SJHTCA were and are well within legal authority and also meet the requirements set forth under state and federal environmental laws. State law authorizes both Agencies to develop major thoroughfares and bridges in Orange County (Government Code section 66484.3).</p> <p>The Grand Jury report does not recognize requirements for analyzing transportation projects. State and federal laws require project proponents (including TCA) to consider and study a wide range of project alternatives, which is evidenced in the many Environmental Impact Reports and Environmental Impact Statements the Agencies' Boards of Directors have undertaken over the years.</p> <p>The SJHTCA and F/ETCA wholly disagree with the Grand Jury's Finding. (Response Code 2)</p>

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Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 5: With the exception of the repayment of its accumulated debt, there appears to be little if anything in the matter of highway planning, construction, or any county transportation activities the TCA can do that is not already being accomplished by OCTA and/or Caltrans.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding. TCA works in close partnership with the Orange County Transportation Authority (OCTA) and the California Department of Transportation (Caltrans) to advance transportation improvements. This is demonstrated by the universal support for Alternative 22 and the advancement of the 241/91 Express Connector Project as part of a suite of projects to improve State Route 91. While the skeletal structure of the 73, 133, 241 and 261 Toll Roads (accounting for 20 percent of Orange County's highway system) has been built, capacity and interchange improvements are still anticipated. TCA's involvement, partnerships and efforts to improve existing facilities and construct new facilities like the 241/91 Express Connector are done in collaboration with OCTA and Caltrans. This model has been hugely successful in delivering regional transportation solutions - part of what makes Orange County a great place to work and live.</p> <p>TCA's management of incurred debt supports delivery of these improvements without the use of federal, state or sales tax funding. The investors who purchased TCA's bonds have no ability to seek repayment from any governmental entity or by assessing taxes; security is solely from toll revenue and Development Impact Fees. TCA's financings are the model for non-recourse start-up toll road financings that have been executed across the country to finance highway infrastructure on both a public and a private basis. Even during times of economic uncertainties – and heightened by the COVID-19 pandemic – TCA remains poised to continue as two of the nation's most successful toll facilities utilizing non-recourse financing.</p> <p>Given the unique contributions, authorities and ability of the SJHTCA and F/ETCA to play an important role in delivering needed transportation projects, the Agencies would cite the opportunity for continued partnership with OCTA and Caltrans and wholly disagree with the Grand Jury's Finding. (Response Code 2)</p>

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Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 6: TCA receives payment of Development Impact Fees for new construction per the Major Thoroughfare and Bridge Fee Program, which remains in effect until all TCA bonds have been fully repaid, requiring Orange County residents and corporations to continue to pay the fees, which increase every year.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding as it misstates readily available information.</p> <p>Development Impact Fees (DIF) are one-time fees paid by developers on new development only in the “areas of benefit” surrounding The Toll Roads.</p> <p>TCA built The Toll Roads in advance of collecting the fees by issuing toll revenue bonds that are paid back with tolls and DIFs. When developers build projects, they have a responsibility to underwrite some of the cost of the infrastructure that is required to support their projects. Water lines, sewer lines, schools and roads are all part of the infrastructure needed. Thus, DIFs are paid by developers to ensure they pay for the infrastructure from which they benefit, and DIFs ensure that developers’ projects have the infrastructure support they need to succeed. TCA’s structure for DIFs and the annual escalation was created in partnership with developers – most notably the Irvine Company – understanding the value transportation infrastructure would have for their business and Orange County’s quality of life.</p> <p>As the Grand Jury’s report incorrectly identifies who pays the fees and ignores TCA’s ability to adjust the fees, TCA wholly disagrees with this Finding. (Response Code 2)</p>
<p>Finding 7: While the idea of using tolls to fund the development of new state highway in California’s historically free highway system enabled construction of the roads, toll lanes are now instead being used to increase the average speed of HOV lanes to meet the federal mandate.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding and it is unclear how it pertains to the TCA’s. However, the Grand Jury’s statement misrepresents the fact there are no “free” roads. The only debate is how best to pay for the cost of constructing, maintaining and improving them.</p> <p>User-based fee models such as tolling have proven extremely effective around the country and the world as a sustainable funding source. Furthermore, the need for user-fee models will undoubtedly grow as vehicles move away from fossil fuels. The report is somewhat accurate in noting the ability of High Occupancy Toll lanes to improve the performance of the entire highway by encouraging carpools through discounts; moving vehicles from the congested general purpose lanes; and improving travel times for transit while also providing funding for the maintenance of the roadway and transit improvements.</p> <p>However, TCA wholly disagrees with the Grand Jury’s Finding as it fails to recognize transportation needs and viable solutions. (Response Code 2)</p>

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Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 8: The TCA employs political and public relations consultants as a promotional tool to help broaden its scope of activities (to include advertising aimed at improving its public image) that would extend beyond its legislated boundary limits.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding. The Grand Jury report contains no evidence to support this and it does not acknowledge TCA's authority and every transportation agency's state and federal obligations to study potential transportation solutions and keep the affected communities informed.</p> <p>Like other agencies and public entities, TCA utilizes contracted services to execute work and directed efforts approved by its two Boards of Directors; and in alignment with the Agencies' authority.</p> <p>Outreach and communications are an essential component of engaging the community and educating drivers and this has been a critical area of work requiring a team of dedicated TCA in-house staff and professional consultants; therefore, TCA wholly disagrees with the Grand Jury's Finding. (Response Code 2)</p>
<p>Finding 9: TCA has a capable in-house communications staff as evidenced by the excellent COVID-19 Communications Plan.</p>	<p>Joint</p>	<p>TCA wholly agrees with this Grand Jury Finding. TCA agrees and thanks the Grand Jury for acknowledging our talented in-house Communications Department. The work highlighted by the Grand Jury is yet one example of all TCA staff and their capabilities to perform and complete the work required and approved by the Joint Boards of Directors.</p> <p>The SJHTCA and F/ETCA agree with the Grand Jury's Finding. (Response Code 1)</p>

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Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 10: Not all material presented in TCA committee meetings is available in the Board Meeting packet, resulting in an incomplete presentation to the Board and public.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding as it is inaccurate and misleading. Its conclusion fails to recognize a common practice used by regional agencies and state/federal legislative bodies.</p> <p>TCA has an extensive and deliberate Board Member Committee structure in place where staff present business items for discussion and consideration in detail. The Board Committee provides thorough oversight through clarifying questions and also provides specific direction on items presented. The Committee then makes the recommendations to bring items to the full Boards of Directors for consideration and voting for approval/denial. As Committees of the Boards are comprised of nearly half of the two Boards of Directors, this provides Board Members a defined and structured process to receive and thoroughly analyze and understand the Agencies' various business items.</p> <p>Staff also offer briefings to all Board Members who have questions about any item. No final decisions are made at the Committee level and all materials presented at Committee and Board Meetings are available to the public per the Brown Act.</p> <p>Furthermore, as noted by the Grand Jury, the Agencies have implemented changes aimed at increasing public involvement in Committee and Board meetings. All Committee and Board Meetings are now broadcast live and allow for the public to submit comments ahead of the meetings for the TCA Clerk of the Board to read aloud. These additional measures are aimed at increasing transparency and public participation. The SJHTCA and F/ETCA wholly disagree with the Grand Jury's Finding, as it does not recognize a well-organized and common practice. (Response Code 2)</p>

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Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 11: Recently, much of the planning is being performed by consultants and TCA staff, who have a financial interest in seeing the TCA continue beyond its original mandate, and out of view of many of the TCA Board Members and the public, thus creating a conflict of interest issue.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding and the report lacks evidence supporting this unfounded accusation. All TCA actions are consistent with its legislative authority and the operable Joint Powers Agreements. Detailed planning work at all government agencies is done by staff and consultants and the results and/or recommendations are presented to the Boards of Directors for consideration and direction. Final reports are made available to Board Members and the public accordingly. The citation that this common practice creates a conflict is without merit.</p> <p>Similar to other agencies and public entities, TCA contracts with professional consultants with expertise to execute specific scopes of work that are approved by its Boards of Directors. During the consultant's term of services, staff provides updates on work product to the applicable Board Committee throughout the fiscal year and to the full Boards of Directors on at least an annual basis. This is evidenced in the robust annual budget planning process the Agencies undertake each year that includes several workshops, Committees and Board of Directors' input on annual initiatives and fiscal year budget.</p> <p>The SJHTCA and F/ETCA wholly disagree with the Grand Jury's Finding. (Response Code 2)</p>
<p>Finding 12: Elected officials who have voiced opposition to the TCA have been subjected to negative information campaigns by TCA proponents.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding. The Grand Jury report includes no evidence supporting this and the Grand Jury's lack of recognition that many who have voiced support of TCA, as well as TCA staff and consultants, have also been subjected to negative information.</p> <p>While the Grand Jury report cites allegations by some who believe they came under attack due to their opposition of TCA, there have been personal attacks on TCA Board Members, staff, consultants and against leaders of trade organizations and business groups that support the Agencies. These attacks appear to relate to a campaign by a contracted consultant citing a strategy to "...increase public antagonism towards the agency; its' Board of Directors within their home cities, taxpayers and even some environmental groups". This statement is supported by the proposal document (attachment 3 to the cover letter) submitted by the City of San Clemente's public relations firm along with posted social media attacks and other visible activities pointing to execution of the proposed plan. Excerpts from the proposal include:</p> <ul style="list-style-type: none"> • "We envision running this engagement like a "campaign", designed specifically at moving stakeholder sentiment against TCA's plans in and around San Clemente so that various projects are studied and litigated for decades." • "Based on our campaign and project issues experience, engagement will include several communications tactics such as community meetings and forums, direct mail, social media, paid advertising, third-party validators, editorial board meetings, etc." <p>The use of negative personal attack tactics is disheartening to the SJHTCA and F/ETCA Boards of Directors and the Boards do not condone this type of activity. Since the SJHTCA and F/ETCA do not authorize the use of such methods, the Agencies wholly disagree with the Grand Jury's Finding. (Response Code 2)</p>

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Grand Jury Finding	Agency	TCA Response and Response Code ¹
<p>Finding 13:</p> <p>It appears that neither the F/ETCA nor the SJHTCA has complied with April 5, 2001 MOU signed by each of these agencies with SCAG regarding their agreement to collectively construct approximately 150 additional lane miles of highway (per section 1.1, 1.2, 1.3 Recitals, and following) over the ensuing span of the agreement.</p>	<p>Joint</p>	<p>This Finding is inaccurate. The Grand Jury report does not contain information supporting this finding and SCAG has not communicated any concerns to TCA regarding the MOU. Such an allegation should be substantiated with fact or at a minimum confirmation by a party to the agreement.</p> <p>Contrary to the Grand Jury's statements, the Agencies' MOU with SCAG requires that it implement an Average Vehicle Occupancy (AVO) Monitoring Program on The Toll Roads and submit that report annually to SCAG for concurrence and identification of the following year's AVO goal.</p> <p>The Agencies have complied with the terms of the MOU and have conducted and submitted annual AVO Monitoring Reports to SCAG. The Agencies are in full compliance with the terms of the MOU; therefore, the SJHTCA and F/ETCA wholly disagree with this Finding. (Response Code 2)</p>
<p>Finding 14:</p> <p>It was observed that some elected BoD members showed limited knowledge of the agreements and codes that govern the creation and operation of their agency possibly contributing to the potential for poor management and/or leadership.</p>	<p>Joint</p>	<p>TCA wholly disagrees with this Grand Jury Finding.</p> <p>TCA provides a New Board Member Orientation to each Director when they are appointed to one of TCA's Boards of Directors. Board Members understand TCA's legislative authority and operable Joint Powers Agreements. They are kept informed about Agency activities, issues and financial standing. This information allows the Boards of Directors to establish policy, exercise appropriate oversight and assign strategic direction while allowing staff management of daily operations.</p> <p>During the New Board Member Orientation, Board Members are presented with a reference binder that contains an introduction to the Agencies and its Boards of Directors; an overview of the Agencies' organization, departments and points of contact; the current Board approved fiscal year initiatives; reference maps that illustrate The Toll Road network within or adjacent to member agency jurisdictions; the Agencies' Joint Exercise of Powers Agreement; a historical timeline of the Agencies since inception; the Boards approved fiscal year budget; independent auditors' financial statements for each of the Agencies; Appendix C of the Agencies' Administrative Code that identifies the Agencies' Board Committees; Appendix F to the Agency Administrative Code of Conduct; and information on the Major Thoroughfare & Bridge Fee Program and Development Impact Fees program. In addition to the New Board Member Orientation, staff continually works with the Boards of Directors through one-on-one briefings, Committee meetings, and input and review of fiscal year initiatives and budgets to complete the required activities.</p> <p>Given the breadth of Board Member education and involvement, the SJHTCA and F/ETCA wholly disagree with the Grand Jury's Finding. (Response Code 2)</p>

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Responses to Recommendations

Grand Jury Recommendation	Agency	TCA Response and Response Code ²
<p>Recommendation 1: Since SR 73 is complete, the SJHTCA should consider refraining from further project planning and construction so that it can focus its entire efforts on paying off the bonds and sun-setting its operations. (F1, F2)</p>	<p>SJH</p>	<p>This Grand Jury Recommendation is not warranted and overlooks the benefits of good transportation development and operation.</p> <p>Part of the Board's financial management strategy includes continually analyzing opportunities to reduce debt as well as considering early retirement of debt, as documented in the Agency's Debt Management Policy. The Board also adopts a Capital Improvement Plan each year to maintain/enhance the operations of SR 73.</p> <p>The Toll Roads system was constructed with the framework to support only the initial regional demand, with planned improvements that would occur over time as/if needed. This is a common transportation practice to minimize initial costs while also planning for future needs. The 73 Toll Road is considered a Regionally Significant Facility providing inter- and intraregional benefits. As the region's population, housing and economy grow, the 73 Toll Road will continue to play a vital role for Southern California.</p> <p>The SJHTCA Board of Directors is responsible for planning and constructing additional widenings and interchange improvements for the 73 Toll Road. As future traffic patterns and system-wide operations dictate, the SJHTCA will continue to provide the necessary and required capital improvements consistent with the approved Capital Improvement Plan and system needs. Therefore, the Grand Jury's Recommendation is not warranted. (Response Code 4)</p>

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Response Code 1 = The recommendation has been implemented. A summary of implemented actions must be provided.

Response Code 2 = The recommendation has not yet been implemented, but will be implemented in the future. A time frame for implementation must be provided.

Response Code 3 = The recommendation requires further analysis. An explanation and scope/parameters of an analysis or study and a time frame (not to exceed six months) must be provided.

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Grand Jury Recommendation	Agency	TCA Response and Response Code ²
<p>Recommendation 2: The SJHTCA Board should task TCA staff to rework budget allocations in a more equitable fashion given the relative length of the single road managed by SJHTCA as compared to F/ETCA as well as the dearth of future SJHTCA projects. (F1, F2)</p>	<p>SJH</p>	<p>This Grand Jury Recommendation is not warranted. As noted in the response to the finding, the Grand Jury's recommendation is without acknowledgment of sound accounting practices and recognition of what activities or needs create costs.</p> <p>In the vast majority of cases, the length of the road does not equate to the driver or benefit of the cost. Therefore, using such a practice would ignore reasonable methodologies to properly allocate costs. TCA budget allocations are reviewed and adjusted annually based on the costs and associated activities included in the budgets approved by each Board. Costs directly related to each Agency are charged entirely to that Agency and costs incurred on behalf of both Agencies are allocated between the Agencies based on the estimated benefit to each Agency or the inherit cost driver, such as transactions or revenue. Depending on the type of activity, allocation factors may be based on the number of transactions and other operational metrics, number of facilities, labor, etc.</p> <p>Therefore, the Grand Jury's Recommendation is not warranted. (Response Code 4)</p>

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Grand Jury Recommendation	Agency	TCA Response and Response Code ²
<p>Recommendation 3: The F/ETCA should consider refraining from further expansion, project planning and construction beyond that required by SCAG so it can focus its entire efforts on completing the SR 241 projects currently underway and paying off its bonds. (F3)</p>	F/E	<p>This Grand Jury Recommendation is not warranted. SCAG, as the federally recognized Metropolitan Planning Organization (MPO) for the Los Angeles basin, does not place project construction requirements on the agencies within its MPO planning boundaries. SCAG develops its regional transportation plan in partnership with local agencies and with a keen focus on air quality improvements that tolled facilities provide.</p> <p>Part of the Board's financial management strategy includes continually analyzing opportunities to reduce debt as well as considering early retirement of debt, as documented in the Agency's Debt Management Policy. The Board also adopts a Capital Improvement Plan each year to maintain/enhance the operations of SRs 133, 241 and 261.</p> <p>The F/ETCA Board of Directors, as the operator of the 133, 241 and 261 Toll Roads, will continue to ensure the facilities operate at acceptable conditions and will implement projects as traffic demands warrant.</p> <p>The F/ETCA will continue to coordinate with OCTA, SCAG and Caltrans to properly incorporate projects into County Transportation Commission, state and federal documents accordingly. As such, the F/ETCA will continue to provide the necessary and required capital improvements consistent with system needs and the Board of Directors' approved Capital Improvement Plan. Therefore, the Grand Jury's Recommendation is not warranted. (Response Code 4)</p>
<p>Recommendation 4: The TCA should consider withdrawal from any involvement in the I-5 HOV and county HOT planning and construction since this is beyond its legislated mandate. (F4, F5)</p>	Joint	<p>The Grand Jury recommendation is misleading and is not warranted. The Grand Jury's statement refers to a compliance aspect of the South County Study that was concluded in March, well in advance of the Grand Jury report being finalized. While, as evidenced by the adopted Capital Improvement Plan, TCA does not have any ongoing involvement in I-5 studies or projects. All projects undertaken by the SJHTCA and F/ETCA are well within their legal authority (Government Code section 66484.3). As noted in the response to the findings, the Grand Jury report falsely claims TCA's continued involvement in completed studies and fails to recognize requirements for analyzing transportation projects.</p> <p>All planning activities undertaken by the SJHTCA and F/ETCA are within their legal authority; therefore, the Grand Jury Recommendation is not warranted. (Response Code 4)</p>

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Grand Jury Recommendation	Agency	TCA Response and Response Code ²
<p>Recommendation 5: Communication efforts should be limited to informing the public about core TCA activities and use of its highway system. (F8)</p>	<p>Joint</p>	<p>This Grand Jury Recommendation is not warranted. The Grand Jury's recommendation to "limit" communications is unclear as TCA does not pursue activities outside its authority and "limiting communications" could hamper transparency and negatively affect public trust, therefore, the Grand Jury Recommendation is not warranted. (Response Code 4)</p>
<p>Recommendation 6: TCA should review its use of political and public relations consultants in an effort to more fully utilize its competent in-house communications staff. (F8, F9)</p>	<p>Joint</p>	<p>This has already been implemented. The SJHTCA and F/ETCA Boards of Directors continually balance the use of staff and consultants through the adoption of the annual budget and approval of the Capital Improvement Plan.</p> <p>The Boards acknowledge the competency of our in-house Communications department. The work highlighted by the Grand Jury is yet one example of all TCA staff and their capabilities to perform and complete the work required and approved by the Joint Boards of Directors.</p> <p>TCA utilizes a two-fold approach of maximizing the use of internal staff resources as appropriate; and conducting procurements that award contracts to firms proposing the best overall value to the Agencies. The Agencies' Boards of Directors authorize consultants through contract awards and review the use of consultants in accordance with Board-approved projects or initiatives.</p> <p>As such, the Grand Jury's Recommendation has already been implemented. (Response Code 1)</p>

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Grand Jury Recommendation	Agency	TCA Response and Response Code ²
<p>Recommendation 7: TCA staff should include in the Board of Directors meeting packets ALL presentation materials discussed in the Board of Directors and Committee meetings. (F10, F11)</p>	<p>Joint</p>	<p>This Grand Jury Recommendation is not warranted. As noted in response to the findings, the Grand Jury's recommendation does not consider well established practices for large legislative bodies.</p> <p>TCA has an extensive and deliberate Board Member Committee structure in place where staff present business items for discussion and consideration in detail. The Board Committee provides thorough oversight through clarifying questions and also provides specific direction on items presented. The Committee then makes the recommendations to bring items to the full Boards of Directors for consideration and voting for approval/ denial. As Committees of the Boards are comprised of nearly half of the two Boards of Directors, this provides Board Members a defined and structured process to receive and thoroughly analyze and understand the Agencies' various business items.</p> <p>Staff also offer briefings to all Board Members who have questions about any item. No final decisions are made at the Committee level and all materials presented at Committee and Board Meetings are available to the public per the Brown Act.</p> <p>Furthermore, as highlighted in the Grand Jury's report, the Agencies have implemented changes aimed at increasing transparency and public involvement in Committee and Board Meetings. All Committee and Board Meetings are now broadcast live and allow for the public to submit comments ahead of the meetings for the TCA Clerk of the Board to read aloud. These additional measures are aimed at increasing transparency.</p> <p>Therefore, the Grand Jury's Recommendation is not warranted. (Response Code 4)</p>

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Grand Jury Recommendation	Agency	TCA Response and Response Code ²
<p>Recommendation 8: Although technically correct, the TCA should no longer use phrases such as “No taxpayer money has been used to construct the toll roads” since taxpayers have paid and are still paying Development Impact Fees and will continue to do so until the bonds are retired. (F6)</p>	<p>Joint</p>	<p>The Grand Jury report’s recommendation is irreconcilable; therefore, is not warranted.</p> <p>As the Grand Jury report acknowledges, DIFs are not taxes. DIFs are one-time fees paid by developers on new development in the “areas of benefit” surrounding The Toll Roads; therefore, TCA will continue to use appropriate and factual language in its communication with the public and its Boards of Directors. As the Grand Jury should be aware, TCA built the roads in advance of collecting the fees by issuing toll revenue bonds that are repaid with tolls and DIFs. When developers build projects, they have a responsibility to underwrite some of the cost of the infrastructure that is required to support their projects. Water lines, sewer lines, schools and roads are all part of the infrastructure needed. Thus, DIFs are paid by developers to ensure they pay for the infrastructure from which they benefit and ensure that developers’ projects have the infrastructure support they need to succeed.</p> <p>Given that TCA is stating the facts correctly, the Grand Jury’s Recommendation is not warranted. (Response Code 4)</p>
<p>Recommendation 9: Every elected member of the BoD of each JPA as a condition of membership on that board should be required to read and acknowledge having done so the three governing documents regarding the creation and operation of the JPAs (as cited in the “Mission Creep” paragraph above). (F1, F2, F3, F4, F5, F11, F13)</p>	<p>Joint</p>	<p>This Grand Jury Recommendation requires further discussion by the Joint Boards of Directors. Based on future TCA Boards discussion, a response will be provided to the Grand Jury by March 26, 2021 on whether this Recommendation warrants implementation.</p> <p>As detailed in the response to Finding 14, a new Board Member Orientation is provided to each Director when they are appointed to the TCA Board of Directors. As such the Boards will consider whether a signed acknowledgement for receipt of the materials is provided during this orientation is necessary. (Response Code 3)</p>

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Grand Jury Recommendation	Agency	TCA Response and Response Code ²
<p>Recommendation 10: The F/ETCA and the SJHTCA should review the April 5, 2001 MOU each signed with SCAG and negotiate a future date for full compliance with the agreement or negotiate an acceptable compromise to all parties in accordance with section 6 (Administrative Dispute Resolution Mechanism) of that document. (F13)</p>	<p>Joint</p>	<p>This Grand Jury Recommendation is not warranted.</p> <p>The SJHTCA and F/ETCA MOU with SCAG requires that the Agencies implement an Average Vehicle Occupancy (AVO) Monitoring Program on The Toll Roads and submit the report annually to SCAG for concurrence and identification of the following year's AVO goal. The Agencies have complied with this MOU requirement and have conducted and submitted annual AVO Monitoring Reports to SCAG. The Agencies are in full compliance with the terms of the MOU. The Grand Jury's reference to Section 6 of the MOU (Administrative Dispute Resolution Mechanism) comes into effect only if the SJHTCA or F/ETCA were unable or unwilling to conduct the annual AVO program.</p> <p>Since the Agencies have and continue to obtain and report on AVO, it is in full compliance with the MOU; therefore, the Grand Jury Recommendation is not warranted. (Response Code 4)</p>
<p>Recommendation 11: While it is recognized that the Orange County Board of Supervisors (BoS) has representatives on the BoD of each of the two JPAs cited herein, the BoS should, as an entire panel, review the findings of this report and take appropriate action to investigate and remediate the issues raised, to include a directive aimed at reducing the total financial burden placed on the county citizenry and the users of the four state highways within Orange County. (F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12, F13, F14)</p>	<p>N/A</p>	<p>Board of Supervisors required response. (Response Code N/A)</p>

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Attachment 2:
Independent Audit Reports

SAN JOAQUIN HILLS TRANSPORTATION CORRIDOR AGENCY

AGENDA ITEM #: **06**

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY



BOARDS OF DIRECTORS

January 9, 2020

FILE NUMBER: 2020J-016

PERFORMANCE AUDIT

RECOMMENDATION

San Joaquin Hills Transportation Corridor Agency Recommendation:

Receive and file.

Foothill/Eastern Transportation Corridor Agency Recommendation:

Receive and file.

SUMMARY

The attached Performance Audit Report includes the additions requested by the Board of Directors at the December 12, 2019 meeting clarifying that both the Agency and Venture Strategic, Inc. (Consultant) complied in all significant respects with the contract and met the audit objectives. The balance of the staff report has not changed other than inserting "and Consultant" in reference to the Performance Audit discussion.

Internal and external audits have always been an integral part of TCA's commitment to its fiduciary responsibility, transparency and continuous improvement. The purpose of our internal audits is to identify and mitigate risk and facilitate process improvement through effective internal controls and efficient management of TCA operations.

Findings and recommendations noted in the internal audits have been addressed. The Crowe performance audit provided an independent review of the Agency's and Consultant's compliance with the Venture Strategic contract requirements and reported that, in all significant respects, the Agency and Consultant met the audit objectives and is in compliance with the requirements set forth in the Contract, similar to results in comparison to the TCA internal audits.

It should be noted that the Venture Strategic contract was a large, comprehensive, multi-task and sub-task effort resulting in a deliberate, detailed, and complex invoicing process with redundant checks intended to monitor, track, and verify time entries and work efforts on a daily basis. However, this type of complex billing format with nearly 12,000 individual lines of entry over the 4-year contract period became susceptible to clerical and input errors. These errors resulted in a net underbilling to the Agency of \$5,761, representing a 0.12% error in total contract amounts paid.

BUDGET

San Joaquin Hills:	N/A
Foothill/Eastern:	N/A
Contractor/Consultant:	N/A

COMMITTEE REVIEW

Kathy Lai, Audit Partner with Crowe, presented the results of the Performance Audit. The Committee discussed the results of the audit with Kathy Lai which concluded that there was no malfeasance by the Agencies or the contractors as related to the billing for the audited contract. The complexity of the contract and the detail provided in the billing led to billing errors that after the audit was completed showed that the Agencies owed the contractor \$5,761.

The Committee unanimously moved the staff's recommendation to forward the item to the Boards of Directors for their consideration on December 12, 2019.

MOTION: Bartlett
SECOND: Muller
VOTE: Unanimous
Director O'Neill was not present for the vote.

BACKGROUND

As part of an overall review of accounts payable processes and controls scheduled in the Fiscal Year 2019 Internal Audit Plan, Internal Audit issued a report dated February 20, 2019 on invoice processes and controls. The report focused on invoices related to contracts K000983, Strategic Research and Stakeholder Outreach Services with Venture Strategic, Inc. (Venture), and K001162, Overall Agency Strategic Planning with Curt Pringle and Associates, LLC (CP&A).

Although the controls, policies and procedures examined were generally adequate for both contracts, some findings were noted related to the Venture contract, resulting in a net underbilling of approximately \$4,599 for the period December 2015 through January 2019. There were no findings reported with respect to the CP&A contract.

As a result of the billing errors noted in the Internal Audit Report, the Agency engaged an external public accounting firm to perform Agreed Upon Procedures (AUP) for the period December 2015 through January 2019 noting additional duplicate billings and billing rate errors resulting in a cumulative net underbilling of \$5,219. The additional identified errors in the AUP were a result of calculating the extended cost (billing rate multiplied by hours) whereas the Internal Audit was scoped primarily to identify billing duplicates and rate errors.

Subsequently, the Agency engaged Crowe to conduct a performance audit to determine whether the Agency and Consultant complied, in all significant respects, with the provisions of the contract for the period covering October 8, 2015 through June 30, 2019, to extend the scope to the end of the contract term.

DISCUSSION

With the exception of certain findings and recommendations described below, the performance audit indicates that, in all significant respects, the Agency and Consultant met the objectives of the audit and is in compliance with the requirements set forth in the Venture contract.

Crowe reviewed all 50 invoices remitted to the Agency for payment. Based on this review, they noted errors in mathematical accuracy, billing rates and possible duplicate entries. Errors in this area resulted in a net underbilling of \$5,761. As a result of this finding, Crowe recommended improvements to the Agency's invoicing procedures.

Other example recommendations for improvement noted by Crowe include improving the Agency's approach to better track and document when billing rates and retention amounts change, improving timeliness of invoice receipt and payment, obtaining documentation to confirm expenses submitted for reimbursement are without mark-up, and enhancing procedures to ensure that the project to date completion percentage and project to date invoice total amounts utilized for project monitoring are calculated accurately.

In response, the Agency has updated the invoice payment processing procedures to better document the Agency's invoicing procedures. Specific roles and responsibilities for those charged with reviewing invoices prior to payment have been clarified through this update.

Changes to billing rates, although not all of them were memorialized through a contract amendment, were directed and approved by the contract Technical Representative prior to payment, through close coordination and verification with Venture representatives. To ensure billing rate changes are adequately documented going forward, the Agency has updated the invoice payment processing procedures.

Regarding other areas noted, this contract encompassed complex invoicing issues such as multiple tasks, subtasks and subcontractors, and operated within a dynamically changing and continuously adjusting work efforts and assignments. This complexity contributed to some late invoices early on in the project, and to some payments being made beyond 30 days. Regarding the missing retention amounts noted, the Agency CEO waived the retention requirement on July 1, 2018 based on a staff review of completed services through June 30, 2018. All direct expenses were substantiated and justified by the Technical Representative prior to payment.

Additionally, the Agency has updated the invoice payment processing procedures to clarify that the Contract Administrator and Technical Representative must confirm all direct costs are properly substantiated per the contract terms and conditions. Despite the calculation errors observed for project completion percentages, the consultant and Technical Representative discussed and monitored the project budget on a regular basis, ensuring no overruns to the budget.

Conclusion:

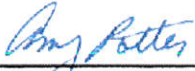
Internal and external audits have always been an integral part of TCA's commitment to its fiduciary responsibility, transparency and continuous improvement. The purpose of our internal audits is to identify and mitigate risk and facilitate process improvement through effective internal controls and efficient management of TCA operations.

Crowe expanded their review of other contract expenditures and did not observe any exceptions similar to the findings reported in the performance audit.

Findings and recommendations noted in the internal audits have been addressed. The Crowe performance audit provided an independent review of the Agency's and Consultant's compliance with the Venture contract requirements and reported a similar result in comparison to the TCA internal audits.

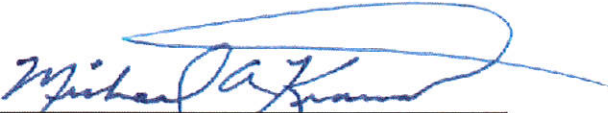
Report Written By: Amy Potter, Chief Financial Officer

REVIEWED BY:



Amy Potter, Chief Financial Officer
(949) 754-3498

APPROVED BY:



Michael A. Kraman, Chief Executive Officer

Attachments:

- Crowe Performance Audit Report
- Hall and Company Report
- TCA Internal Audit Report Dated July 1, 2019
- TCA Internal Audit Report Dated February 20, 2019

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
PERFORMANCE AUDIT

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
PERFORMANCE AUDIT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Transportation Corridor Agencies
Orange County, California

We have conducted a performance audit to determine whether the Foothill/Eastern Transportation Corridor Agency (the "Agency") and Venture Strategic, Inc. (the "Consultant") complied, in all significant respects, with the provisions of contract K000983 (the "Contract"), a contract between the Agency and the Consultant for Strategic Research And Stakeholder Outreach Consulting Services, for the period covering October 8, 2015 through June 30, 2019.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit was limited to the objective of this report which includes determining the compliance with the compliance requirements set forth in the Contract. Agency and Consultant management are responsible for compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the Agency and Consultant to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the Agency's and Consultant's compliance with the requirements of the Contract but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

Except for the matters noted in the Schedule of Audit Findings and Recommendations, the results of our procedures indicated that, in all significant respects, the Agency and Consultant met the audit objective listed on page 5 and is in compliance with the requirements set forth in the Contract.



Crowe LLP

Costa Mesa, California
January 13, 2020

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
BACKGROUND INFORMATION

The Agency was formed in 1986 as a joint powers authority by the County of Orange and cities in Orange County, California to provide traffic relief to Orange County through the construction and operation of toll roads. The Agency was created to plan, design, finance, construct, and operate the Foothill (State Route 241) and Eastern (State Route 241, State Route 261, and State Route 133) toll roads. The Agency's primary focus is the operation of the facilities and collection of tolls to repay the tax-exempt revenue bonds that were issued to construct the toll roads.

Planning began in the 1970s when local transportation studies identified the need for new highways, including the Foothill and Eastern Transportation Corridors (State Route 241, State Route 261, and State Route 133), to serve Orange County's growing population. In the early 1980s, the corridor was envisioned as a free highway funded through state or federal gas-tax revenue, but with a shortage of gas-tax revenue to fund transportation improvements and increasing costs of building new roads, local officials began to study alternative ways to fund road projects.

In the mid-1980s, two state laws were passed authorizing the Agency to collect tolls and development impact fees to fund road construction. With a pledged revenue stream from future tolls and development impact fees, the Agency issued nonrecourse, toll-revenue bonds to fund road construction, rather than relying on the uncertainty of state gas-tax revenue. The Agency also reached an agreement with the California Department of Transportation (Caltrans) for Caltrans to assume ownership, liability, and maintenance of the State Route 241, State Route 261, and State Route 133 toll roads as part of the state highway system. This agreement eliminated the need for the Agency to seek additional funding sources for road maintenance.

In 1993, the first 3.2-mile segment of the Foothill (State Route 241) toll road opened to traffic, the first toll road in Southern California to use FasTrak®, an electronic toll collection system that allowed drivers to pay tolls without stopping at a toll booth. The State Route 241, State Route 261, and State Route 133 toll roads serve as alternative routes to local freeways and arterial roads.

In 2015, the Agency issued a request for proposal for professional strategic research and stakeholder outreach consultant services to assist the Agency in reflecting the positive aspects and benefits of completing the 241 project. The intended audience for the strategic research and stakeholder outreach plan was beyond the Orange County border and includes, but was not limited to key stakeholders in Los Angeles, the Inland Empire, San Diego County, Sacramento legislators and staff, the environmental community and the media.

The Agency awarded and executed Contract K000983 (the "Contract") with Venture Strategic, Inc. (the "Consultant"). The technical scope of services outlined in the Contract is as follows:

"The scope of work will include, but not be limited to, having Consultant to assist with conducting polling, focus groups and other means to develop the correct message and help execute a program to inform the public about the positive aspects and benefits of finding a solution that will help reduce gridlock on our roads, improve air quality, and improve mobility in the region.

As part of this positive messaging, the Consultant will include information about the exceptional mitigation program the TCA has established, and its commitment to build roads in an environmentally responsible manner. In addition, the consultant will share TCA's story with both proponents and opponents in Sacramento that the TCA is not just an agency collecting tolls. The TCA continues the highest standard of environmental stewardship, reducing greenhouse gasses and improving mobility in the region.

(Continued)

TRANSPORTATION CORRIDOR AGENCIES
 COMPLIANCE WITH CONTRACT K000983
 STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
 BACKGROUND INFORMATION

The Consultant will be required to work with other TCA consultants by providing strategic advice including the development of a strategy to build a coalition of supporters for any new solution to improve mobility in the region.

The details in this scope of services are not highly specific by design. TCA seeks a creative, compelling yet metrics-based performance proposal that will educate the public and specified key audiences about the Transportation Corridor Agencies achievements and provide real change in the image and perception of the Agency.”

The Agency appointed the Chief Strategy Officer to serve as the technical representative and liaison to the Consultant regarding the scope of services.

The nature of the Contract is an umbrella arrangement, whereby the Agency may issue task orders where the Consultant performs services for the Agency in accordance with the terms set out in each task order. Each task order is numbered sequentially aligned with the Agency fiscal year and includes a detailed description of the services to be provided, schedule of performance and a not-to-exceed (NTE) amount. Each task order can be further divided into subtasks. There are two subtasks (program management and project planning) that are billed at an equal amount each month, referred to as a lump sum amount. The remainder of the subtasks are billed based on a time and materials basis.

There were four task orders issued during the Contract term. The following is a summary of the task order NTE amount, total amounts paid and remaining budget:

Task Order	Task Order NTE (A)	Total Amounts Paid (B)	Remaining Task Order Budget (C=A-B)
Task Order No. TO-001	\$519,392	519,392	-
Task Order No. TO-002	1,800,000	1,771,583	28,417
Task Order No. TO-003	1,786,712	1,696,099	90,613
Task Order No. TO-004	1,800,000	834,494	965,506

The Contract also included the following Subconsultants to execute the scope of services:

Smith Johnson Research
 Curt Pringle & Associates
 DMI Direct

During the contract period, the Agency and Consultant added two Subconsultants, Kit Cole and Sharon M. Browning and Associates, to the project. However, this was not included through a formal amendment to the contract.

During February 2019, the Agency Internal Auditor issued a report on invoice processes and controls related to the Venture Strategic, Inc. contract and a separate contract with Curt Pringle and Associates, LLC (CP&A) for strategic planning. There were no findings noted related to the Curt Pringle and Associates contract. However, the results of the Internal Audit report noted duplicate billings and billing rate errors that resulted in a cumulative net underbilling of \$4,599 for the period December 2015 through January 2019.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
BACKGROUND INFORMATION

As a result of the billing errors noted in the Internal Audit report, the Agency engaged an external public accounting firm to perform an agreed-upon procedures for the period December 2015 through January 2019 noting additional duplicate billings and billing rate errors resulting in a cumulative net underbilling of \$5,219. The additional identified errors in the agreed-upon procedures were a result of calculating the extended cost (billing rate multiplied by hours), whereas the Internal Audit report focused primarily on verifying billing rate accuracy.

Subsequently, the Agency desired to engage Crowe to conduct a performance audit to determine whether the Agency and the Consultant complied, in all significant respects, with the provisions of the Contract for the period covering October 8, 2015 through June 30, 2019, to extend the scope to the end of the contract term. The performance audit noted duplicate billings, errors in billing rates and extended cost calculations that resulted in a cumulative net underbilling of \$5,761. Other recommendations were noted as summarized in the Schedule of Findings and Recommendations.

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
AUDIT OBJECTIVE, SCOPE, METHODOLOGY AND CONCLUSION

AUDIT OBJECTIVE

The audit objective is to determine whether the Foothill/Eastern Transportation Corridor Agency (Agency) and Venture Strategic, Inc. (the "Consultant") complied, in all significant respects, with the provisions of contract K000983, a contract between the Agency and the Consultant for Strategic Research And Stakeholder Outreach Consulting Services.

SCOPE

The performance audit covers the period of October 8, 2015, the effective date of Contract K000983 for Strategic Research and Stakeholder Outreach Consulting Services, through the contract expiration date of June 30, 2019.

METHODOLOGY AND PROCEDURES PERFORMED

We reviewed contract K000983 and obtained an understanding of the contract provisions contained therein and performed the following procedures:

1. Internal Controls – The Agency's review and approval of Consultant invoices is a control activity that is significant within the context of the audit objective. As such, we selected all 50 monthly invoices remitted by the Consultant/Subconsultant and paid by the Agency and performed the following procedures:
 - a. We obtained an understanding of the invoice review and approval process and conducted a walkthrough with the Consultant and Agency Technical Representative, Contract Administrator and Finance Department Staff. We documented our understanding of the invoicing process as follows:

Consultant Invoice Compilation and Review Process

The Consultant in conjunction with the Agency created a standard template for invoicing. The invoice package includes a summary invoice, an invoice template that monitors the project tasks percentage of completion and a time summary excel spreadsheet that includes individual hourly time entries, related billable rates and a description of the work performed (the "invoice package"). All components of the invoice package are organized by task order and further defined subtasks. The subtasks are either lump sum billings or time and materials, as agreed upon by the Agency and Consultant in the original task order. Consultant invoices included Subconsultant time entries from the effective date of the contract through March 31, 2019. Effective April 1, 2019, Subconsultant invoices were directly billed to the Agency for processing.

The time summaries for the entire contract period contained 11,999 individual hourly time entries and billable rates. The Consultant required three separate Consultant representatives to review each invoice for accuracy prior to submission to the Agency.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
AUDIT OBJECTIVE, SCOPE, METHODOLOGY AND CONCLUSION

Agency Invoice Review and Approval Process

Upon receipt of the Consultant's monthly invoice, the Accounts Payable staff enters the invoice into the Agency's accounting system and verifies whether the invoice amounts are within the approved budget designated in the task order. While the invoices are prepared by task order and further billed by subtasks, the Accounts Payable staff monitors the budget by overall task order. If the invoice does not exceed the task order budget, the Accounts Payable staff prepares an invoice transmittal package to facilitate and document the additional required reviews and approvals from the Technical Representative and Contract Administrator. The Accounts Payable staff also ensures that the expense is charged to the appropriate function, project, program and general ledger account.

The designated Agency Technical Representative is responsible for overseeing the contract and serves as the primary liaison between the Agency and the Consultant. The Technical Representative ensures that the scope of work as outlined in the task order and subtasks are performed and required deliverables are provided within the task order budget. Upon receipt of the Consultant invoice, the Technical Representative reviews the invoice hours for reasonableness given the work performed and also verifies billing rates agree to the approved contract rates on a test basis. The Technical Representative review is evidenced via manual signature on the invoice transmittal package.

The Contract Administrator, also reviews the invoice for approved billing rates on a test basis, as well as verifies that the invoice does not exceed the task order budget. Also, upon execution of the Contract, the Contract Administrator is responsible for ensuring that any required contract retainage is noted within the accounting system so that the Accounts Payable staff can properly withhold contract retention amounts. The Contract Administrator review is evidenced via manual signature on the invoice transmittal package.

Once the invoice transmittal package is reviewed and approved by the Agency Technical Representative, Contract Administrator and Accounts Payable Staff, the invoice is processed for payment. All checks require two authorized signers for payment.

- b. For all 50 monthly invoices, we inspected the invoice transmittal package for evidence of review and approval, via manual signature, of the Agency Technical Representative, Contract Administrator and Accounts Payable Staff. We inspected the warrant copies and verified that two authorized signers had approved all payments.

See Finding 2019-001: Invoice Review Process

TRANSPORTATION CORRIDOR AGENCIES
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AUDIT OBJECTIVE, SCOPE, METHODOLOGY AND CONCLUSION

2. Compliance – We selected all 50 monthly invoices and performed the following procedures:
- a. We recalculated the mathematical accuracy of all components of the invoice package and verified that both amounts and periods of service were articulated throughout. This includes verifying that:
- i. The warrant amount agrees to the amounts noted on the Consultant invoice and invoice template.
 - ii. The description/activity per invoice template agrees to the time summary.
 - iii. The budget per subtask in the invoice template and invoice agrees to the subtasks per the Task Order.
 - iv. The project to date percentage of completion and cumulative total amounts per invoice template recalculates.
 - v. The invoice template beginning balance is consistent with the previous invoice template ending balance.
 - vi. Periods of service per invoice, invoice template, narrative and time summary are consistent.

See Finding 2019-002: Mathematical Accuracy and Articulation of Invoice Amounts and Periods of Service

- b. We reviewed the time summary and determined the following:
- i. Billing rates are consistent with the contract for key personnel. For other personnel, obtained the billing rates from Agency management and corroborated billing rates with the Consultant.
 - ii. The existence of duplicate billing entries.
 - iii. Time entries list one set of hours for an individual.
 - iv. Extended cost was accurately calculated.

See Finding 2019-003: Duplicate Billings, Rate Errors, Extended Cost Calculations

(Continued)

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
AUDIT OBJECTIVE, SCOPE, METHODOLOGY AND CONCLUSION

- c. We reviewed the invoicing and payment instructions and notification requirements noted in the Contract and performed the following:
- i. Determined whether the Consultant invoiced the Agency for the preceding month of services on the first day of each month.
 - ii. Verified the Agency retained 5% of the total approved Consultant or Subconsultant invoice amount for any Task Order until final completion and acceptance by the Agency.
 - iii. Verified through inspection of the check copy and invoice that the Agency paid the Consultant or Subconsultant within 30 days of invoice date.
 - iv. Verified through inspection of the check copy and invoice that all out of pocket expenses incurred by Consultant and paid by the Agency are Agency-Approved and did not include a mark-up.
 - v. Determined whether the Consultant notified the Agency at any time that the sum of the reimbursable costs incurred on the Contract to date plus the projected reimbursable costs to be expended in the next invoicing period exceeded 75% of the Contract NTE Amount.

See Finding 2019-004: Compliance with Invoicing and Payment Instructions and Notification Conditions in the Contract

- d. We verified that any modifications to the contract were made in accordance with the changes provision.

See Finding 2019-005: Contract Modifications

- e. For each task order, we verified that amounts paid to Consultant and/or Subconsultant did not exceed the task order NTE amount, except as agreed in a written document executed by both the agency and Consultant. The NTE amount includes time and material tasks and Agency-approved reimbursable costs.

CONCLUSION

Except for the matters noted in the Schedule of Audit Findings and Recommendations, the results of our procedures indicated that, in all significant respects, the Agency and Consultant met the audit objective and is in compliance with the requirements set forth in the Contract.

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Finding 2019-001: Invoice Review Process

Criteria: An entity's control activities should be designed to provide reasonable assurance of achieving compliance with criteria established by contract provisions with outside vendors.

Condition and Context: We obtained all 50 monthly invoices remitted to the Agency for payment and inspected the invoice transmittal package for evidence of Agency management review and approval, via manual signature, of the Agency Technical Representative, Contract Administrator and Accounts Payable Staff. While all monthly invoices were reviewed and approved by the required parties, we noted that the Agency management review process did not include:

- a. recalculating the mathematical accuracy of the entire invoice,
- b. verifying all billing rates included in the invoice, including verifying billing rates for Subconsultants included in the time summary (Subconsultant rates and personnel were not obtained by the Agency from the Consultant), and
- c. a review for duplicate billings within the time summary.

In addition, four of the 50 invoices did not have approvals by all three signatories prior to the check dates. Approval dates ranged from 1-7 days after the check dates for the four invoices. Per our discussion with Agency management, while their process may create a check prior to obtaining all approval signatures on the invoice transmittal package, Agency management will not mail a check without such approvals. However, we were not able to observe documentation to verify the release dates for the four invoices in question.

Cause: With three individual signatories reviewing invoices, the design of the internal control did not clarify which of the signatories was responsible for verifying the mathematical accuracy and billing rates of the entire invoice. Given the high volume of time entries included on the time summary, certain reviewers were checking billing rates, the existence of duplicate billings and mathematical accuracy of the invoice on a sample basis. Further, Agency management did not obtain billing rates for Subconsultants from the Consultant to verify that the Subconsultant rates included in the time summary were approved. The contract does not list Subconsultant rates by position, only Consultant key personnel. In addition, Agency management did not obtain billing rates for all non-key Consultant personnel. Without such billing rates, the Agency management review of invoices would not have a baseline of comparison as part of their internal control process.

Effect: As a result of the deficiencies in the design of the Agency management review, mathematical errors were noted in eight of the 50 invoices, that resulted in a net underbilling of (\$2,690); billing rate errors were noted in 36 of the 50 invoices, that resulted in a net underbilling of (\$13,232); and duplicate billing errors were noted in 11 of the 50 invoices, that resulted in a net overbilling of \$10,161.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
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Recommendations: We recommend that Agency management amend their policies and procedures to clarify the specific roles and responsibilities of the Agency Technical Representative, Contract Administrator and Accounts Payable Staff when reviewing time and materials contracts. The summation of the individual reviews should be comprehensive enough to ensure that invoices are mathematically accurate, billing rates are supported by agreed upon rates and that invoices are reviewed for potential duplicate billings. The use of excel programs and data analytics may be an efficient and effective means for testing mathematical accuracy and detecting errors in billing rates and duplicate time entries. Also, we recommend the Agency include in the Contract the billing rates and names of all Consultant and Subconsultant personnel (key and non-key personnel) included on monthly invoices.

Views of Responsible Officials and Planned Corrective Actions

The Agency's Payment Processing Overview documentation has been updated to better document the Agency's invoicing procedures. Specific roles and responsibilities of the Technical Representative (TR), Contract Administrator (CA) and Accounts Payable (AP) staff have been clarified through this update. The Agency also has implemented a formal kick-off meeting for contracts that will involve a more complex review for invoices. At minimum, participants will include the TR, CA and AP clerk. It should be noted that most Agency contracts do not encompass complex invoicing issues such as multiple tasks, subtasks and subcontractors.

With respect to the recommendation to include billing rates and names of consultant and subconsultant personnel, Agency contracts include consultant billing rates and classifications for time and material-based contracts, and in some instances the contract may include named personnel per classification. For contracts that include a large number of non-key personnel, including names of those individuals in the contract would require numerous amendments to the contract. The Agency suggests that alternatively, the responsible TR will continue to periodically request a list of relevant personnel and classifications from the consultant and submit the list to the CA for retention within the file. In general, subcontractor billing rates are administered by the prime consultant and not stated in the Agency contract. However, in some instances subcontractor billing rates are stated in the contract. In these occurrences, Agency staff reviews the rates in accordance with the Agency's Payment Processing Overview Procedures.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Finding 2019-002: Mathematical Accuracy and Articulation of Invoice Amounts and Periods of Service

Criteria: Contract No. K000983, Exhibit C, Commercial Terms Sections 5.1 and Section 5.5 state, respectively:

Section 5.1 - On the first day of each month, or the working day closest thereafter, Consultant shall invoice for that portion of the Services performed during the preceding month. All costs, expenses, and other amounts so invoiced shall be substantiated and supported by invoices, timesheets, receipts, and other documents as agreed by the Parties satisfactory to Agency and verified by Agency. Such documentation shall include a narrative of the Services performed by reference to each Task Order.

Section 5.5 - The Consultant shall maintain complete and accurate records with respect to all their performance costs incurred under the Contract. The Consultant shall maintain said records in a manner, which shall indicate actual time and allowable costs with respect to all work performed. Invoicing backup data shall include complete calculations with all information filled in and extended.

Condition and Context: We obtained all 50 monthly invoices remitted to the Agency for payment and recalculated the mathematical accuracy of all components of the invoice package and verified that both amounts and periods of service articulated throughout. We noted the following exceptions:

1. Two of the 50 invoices had time entries from months outside the current period of service. Per our discussion with Agency management, they noted such time entries had errors in the dates of service for the activity performed. These time entries represented recurring monthly tasks and the date was inadvertently carried forward from the prior month rather than updated to the current period of service.
2. The invoice template is designed to monitor project tasks percentage of completion. We noted 16 of the 50 invoices contained calculation errors in the "project to date completion percentage" and/or "project to date invoice total amounts," which are both utilized to assess project progress.

Cause: The design of the internal control did not clarify which of the signatories was responsible for verifying the mathematical accuracy and articulation of amounts and periods of service throughout the invoice package.

Effect: Not verifying the mathematical accuracy and articulation of amounts and periods of service of the invoice package may result in inaccurate billings and/or non-compliance with contract provisions. Further, inaccurate cumulative amounts and related calculations, may undermine the intent of the invoice template which is to facilitate monitoring project tasks percentage of completion and remaining budget by subtask.

Recommendations: We recommend that Agency management amend their policies and procedures to ensure that invoices are mathematically accurate and that amounts and periods of service are articulated. In addition, specific to the invoice template, Agency management should consider including a procedure to verify that the cumulative invoice total amounts agree to underlying payment records.

Views of Responsible Officials and Planned Corrective Actions

The Agency's Payment Processing Overview documentation has been updated to better document the Agency's invoicing procedures. Specific roles and responsibilities of the Technical Representative (TR), Contract Administrator (CA) and Accounts Payable (AP) staff have been clarified through this update. The Agency also has implemented a formal kick-off meeting for contracts that will involve a more complex review for invoices. At minimum, participants will include the TR, CA and AP clerk. It should be noted that most Agency contracts do not encompass complex invoicing issues such as multiple tasks, subtasks and subcontractors. For the invoices noted to have entries outside the period, the entries were valid for the month in which they were entered, but the dates were incorrect due to a typographical cut-and-paste error.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Finding 2019-003: Duplicate Billings, Rate Errors, Extended Cost Calculations

Criteria: Contract No. K000983, Exhibit C, Commercial Terms Sections 5.1 and Section 5.5 state, respectively:

Section 5.1 - On the first day of each month, or the working day closest thereafter, Consultant shall invoice for that portion of the Services performed during the preceding month. All costs, expenses, and other amounts so invoiced shall be substantiated and supported by invoices, timesheets, receipts, and other documents as agreed by the Parties satisfactory to Agency and verified by Agency. Such documentation shall include a narrative of the Services performed by reference to each Task Order.

Section 5.5 - The Consultant shall maintain complete and accurate records with respect to all their performance costs incurred under the Contract. The Consultant shall maintain said records in a manner, which shall indicate actual time and allowable costs with respect to all work performed. Invoicing backup data shall include complete calculations with all information filled in and extended.

Condition and Context: We obtained all 50 monthly invoices remitted to the Agency for payment and reviewed for proper billing rates, the existence of duplicate billings and recalculated the extended cost. We noted the following exceptions:

1. 36 of the 50 invoices utilized billing rates that were different than the agreed upon billing rates by Consultant position. A total of 423 errors of individual time entries were noted on the 36 invoices that resulted in a net underbilling of (\$13,232). This amount included an invoice that contained three time entries with multiple consultants on an individual line item. We confirmed that the Consultant underbilled the Agency for these line items.
2. 20 of the 50 invoices contained 43 daily time entries with identical descriptions for an individual listed twice under the same subtask. Of the 43 daily time entries, we observed the following:
 - a. The Agency noted that 12 of these time entries contained errors in the dates or descriptions of activity or individual billed. In these instances, the Agency noted that such items were not duplicate billings but rather errors in the time entry documentation. However, we were unable to inspect audit evidence to verify the Agency's position.
 - b. The Agency noted that 11 of these time entries were recorded for distinct instances of work related to the same activity but during separate times throughout the day. In these instances, the Agency noted that such items were not duplicate billings. However, we were unable to inspect audit evidence to verify the Agency's position.
 - c. The Agency agreed that 20 of these time entries represented duplicate billings that resulted in a net overbilling of \$10,161 to the Agency.
3. Eight out of the 50 invoices contained formula errors. A total of 36 errors of individual time entries were noted on the eight invoices that resulted in a net underbilling of (\$2,690).

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Cause: With three individual signatories reviewing invoices, the design of the internal control did not clarify which of the signatories was responsible for verifying the mathematical accuracy and billing rates of the entire invoice. Given the high volume of time entries included on the time summary, certain reviewers were checking billing rates, the existence of duplicate billings and mathematical accuracy of the invoice on a sample basis. Further, Agency management did not obtain billing rates for Subconsultants from the Consultant to verify that the Subconsultant rates included in the time summary were approved. The contract does not list Subconsultant rates by position, only Consultant key personnel. In addition, Agency management did not obtain billing rates for all non-key Consultant personnel. Without such billing rates, the Agency management review of invoices would not have a baseline of comparison as part of their internal control process. Lastly, Agency management did not review the invoices for uniformity in presentation of individual time entries.

Effect: As a result of the deficiencies in the design of the Agency management review, extended cost calculation errors were noted in eight of the 50 invoices, that resulted in a net underbilling of (\$2,690); billing rate errors were noted in 36 of the 50 invoices, that resulted in a net underbilling of (\$13,232); and duplicate billing errors were noted in 11 of the 50 invoices, that resulted in a net overbilling of \$10,161. The duplicate billings and errors in billing rates and extended cost calculations resulted in a cumulative net underbilling of \$5,761. Further, without uniformity in presentation of distinct individual time entries, billing errors may occur.

Recommendations: We recommend that Agency management amend their policies and procedures to clarify the specific roles and responsibilities of the Agency Technical Representative, Contract Administrator and Accounts Payable Staff when reviewing time and materials contracts. The summation of the individual reviews should be comprehensive enough to ensure that invoices are mathematically accurate, billing rates are supported by agreed upon rates and that invoices are reviewed for potential duplicate billings. The use of excel programs and data analytics may be an efficient and effective means for testing mathematical accuracy and detecting errors in billing rates and duplicate time entries. Also, we recommend the Agency include in the Contract the billing rates and names of all Consultant and Subconsultant personnel (key and non-key personnel) included on monthly invoices. Lastly, we recommend that Agency management design the time summary such that an individual time entry is unique to one personnel so that Agency management can review the hours for accuracy, verify billings rates, recalculate extended cost and ensure that activities performed are allowable.

Views of Responsible Officials and Planned Corrective Actions

All invoiced hours were clarified and confirmed with the Consultant on a regular basis. Work efforts and tasks were checked and verified with the Consultant to match level of effort with the current work efforts and assignments.

The Agency's Payment Processing Overview documentation has been updated to better document the Agency's invoicing procedures. Specific roles and responsibilities of the Technical Representative (TR), Contract Administrator (CA) and Accounts Payable (AP) staff have been clarified through this update. The Agency also has implemented a formal kick-off meeting for contracts that will involve a more complex review for invoices. At minimum, participants will include the TR, CA and AP clerk. It should be noted that most Agency contracts do not encompass complex invoicing issues such as multiple tasks, subtasks and subcontractors.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Billing rates were set with the original contract beginning in 2015. Some billing rate errors occurred as the result of administrative errors by Consultant staff when compiling entries into the time sheet used to prepare invoices submitted to the Agency. Additionally, some billing rate changes as a result of staff classification adjustments were made by the Consultant and not communicated immediately to the Agency. Following the Agency's own internal audit, modifications were made such that any changes to the billing rates must be communicated timely in writing from the Consultant to the Agency. With respect to the recommendation to include billing rates and names of consultant and subconsultant personnel, Agency contracts include consultant billing rates and classifications for time and material-based contracts, and in some instances the contract may include named personnel per classification. For contracts that include a large number of non-key personnel, including names of those individuals in the contract would require numerous amendments to the contract. The responsible TR will continue to periodically request a list of relevant personnel and classifications from the consultant and submit the list to the CA for retention within the file. In general, subcontractor billing rates are administered by the prime consultant and not stated in the Agency contract. However, in some instances subcontractor billing rates are stated in the contract. In these occurrences Agency staff reviews the rates in accordance with the Agency's Payment Processing Overview Procedures.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Finding 2019-004: Compliance with Invoicing and Payment Instructions and Notification Conditions in the Contract

Criteria: Contract No. K000983, Exhibit C, Commercial Terms Sections 1.2, 5.1 – 5.3, 5.5, and 5.8 state, respectively:

Section 1.2 - Reimbursable Costs - Agency shall reimburse Consultant for Agency-Approved out of pocket expenses incurred by Consultant with no markup.

Section 5.1 - On the first day of each month, or the working day closest thereafter, Consultant shall invoice for that portion of the Services performed during the preceding month. All costs, expenses, and other amounts so invoiced shall be substantiated and supported by invoices, timesheets, receipts, and other documents as agreed by the Parties satisfactory to Agency and verified by Agency. Such documentation shall include a narrative of the Services performed by reference to each Task Order.

Section 5.2 - Such invoice, after receipt in form satisfactory to Agency and verified by Agency, shall be paid within 30 days of the invoice date described in Section 5.1.

Section 5.3 - Agency shall retain 5% of the total approved invoiced amount for any Task Order until final completion and acceptance by Agency of all Services relevant to that Task Order.

Section 5.5 - The Consultant shall maintain complete and accurate records with respect to all their performance costs incurred under the Contract. The Consultant shall maintain said records in a manner, which shall indicate actual time and allowable costs with respect to all work performed. Invoicing backup data shall include complete calculations with all information filled in and extended.

Section 5.8 - Prior to submittal of each invoice, Consultant shall evaluate projected future costs and shall notify Agency if it determines that the sum of the reimbursable costs incurred on the Contract to date plus the projected reimbursable costs to be expended in the next invoicing period shall exceed 75% of the Contract NTE Amount.

Condition and Context: We obtained all 50 monthly invoices remitted to the Agency and performed the following procedures:

1. Determined whether the Consultant invoiced the Agency for the preceding month of services on the first day of each month.
2. Verified the Agency retained 5% of the total approved Consultant or Subconsultant invoice amount for any Task Order until final completion and acceptance by the Agency.
3. Verified that the Agency paid the Consultant or Subconsultant within 30 days of invoice date.
4. Verify that all out of pocket expenses incurred by Consultant and paid by the Agency are Agency-Approved and did not include a mark-up.
5. Determined whether the Consultant notified the Agency at any time that the sum of the reimbursable costs incurred on the Contract to date plus the projected reimbursable costs to be expended in the next invoicing period exceeded 75% of the Contract NTE Amount.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

We noted the following exceptions:

1. 25 of the 50 invoices were not invoiced on the first day of each month for the preceding month of services.
2. 23 of the 50 invoices did not include the required 5% retention. A total of \$75,939 should have been retained by the Agency.
3. 16 of the 50 invoices were not paid to the Consultant or Subconsultant within 30 days of the invoice date.
4. Three of the 50 invoices contained expenses without supporting receipts. Without such receipts, it is uncertain how the Agency verified that expenses did not include markup in costs.
5. The Consultant did not provide notice and the Agency did not monitor when cumulative reimbursed costs incurred and projected costs in the subsequent invoice period will exceed 75% of the contract NTE. The invoice template tracks percentage of completion but not an estimate to complete.

Cause: While the Contract requires invoices to be remitted on the first day of each month, that all invoices be paid within 30 days of the invoice date, expenses should be supported by receipts, and that Consultants should provide notice to the Agency when the cumulative reimbursed amounts and estimates to complete will exceed 75% of the contract NTE, it does not appear that Agency management has designed an internal control to monitor such compliance requirements. Regarding contract retention, based on our inquiry with Agency management, the Contract Administrator inadvertently did not enable the 5% contract retention in the general ledger system so that the Accounts Payable staff would consider such amounts when preparing the invoice transmittal package. We observed that this was corrected during the months of August 2016 through June 2018. However, for all other months during the contract period, there was no contract retention withheld.

Effect: As a result of the deficiencies in the design of the Agency management review, invoices may not be processed and paid timely with appropriate supporting documentation and retention required by the contract. In addition, in the absence of a control activity to monitor Consultant compliance with notice provisions when cumulative reimbursed amounts and estimates to complete will exceed 75% of the contract NTE, this may lead to delays in processing contract amendments, if deemed necessary.

Recommendations: We recommend that Agency management amend their policies and procedures to ensure that control activities are in place to monitor that invoices are processed and paid timely, with appropriate supporting documentation and retention required. Regarding the Consultant's requirement to provide the Agency notice when cumulative reimbursed amounts and estimates to complete will exceed 75% of the contract NTE, Agency management should consider amending the invoice template that was designed to monitor project tasks percentage of completion to also include an estimate to complete. This would better ensure that such compliance requirement is embedded in required forms that accompany Consultant invoices.

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TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
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SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Views of Responsible Officials and Planned Corrective Actions

The Agency's Payment Processing Overview documentation has been updated to better document the Agency's invoicing procedures. Specific roles and responsibilities of the Technical Representative (TR), Contract Administrator (CA) and Accounts Payable (AP) staff have been clarified through this update. The Agency also has implemented a formal kick-off meeting for contracts that will involve a more complex review for invoices. At minimum, participants will include the TR, CA and AP clerk. It should be noted that most Agency contracts do not encompass complex invoicing issues such as multiple tasks, subtasks and subcontractors.

In response to specific items in this finding:

1. The majority of the issues appeared earlier in the contracting period. This contract encompassed complex invoicing issues such as multiple tasks, subtasks and subcontractors, and operated within a dynamically changing and continuously adjusting work efforts and assignments. As the invoicing process improved on both sides, timeliness of invoicing improved considerably.
2. The VSI contract included a retention requirement to safeguard against non-conformance of services by Consultant. Staff reviewed completed services through 6/30/18 and determined Consultant effectively met all performance requirements. This review provided assurances for future performance. Therefore, the Agency CEO approved waiving the retention requirement effective 7/1/18 on 9/18/18. The CA was directed to memorialize this change if and when an amendment was issued. The Director of Contracts noted the CEO directive in the contracting module of the Agency financial software system.
3. This contract encompassed complex invoicing issues such as multiple tasks, subtasks and subcontractors, and operated within a dynamically changing and continuously adjusting work efforts and assignments. The complexity of the contract activities and associated invoicing contributed to some payments being made beyond 30 days.
4. All expenses were verified and confirmed for the specific task, work effort, and cost as agreed to by the parties. All expenses were substantiated and justified per the detailed descriptions provided. However, the Agency has updated the Payment Processing Overview documentation to clarify that the CA and TR must confirm all direct costs are properly substantiated per the contract terms and conditions.
5. The Consultant and TR discussed and monitored the project budget on a regular basis, ensuring no overruns to the budget. Additionally, each subtask within the monthly invoice Time Summary contained a percent complete entry.

(Continued)

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Finding 2019-005: Contract Modifications

Criteria: Contract No. K000983, Exhibit F, General Terms Sections 2.0 Changes states:

Section 2.1 - The Services shall be subject to changes by additions, deletions, or revisions negotiated in a written modification to this Agreement executed by both Parties. The Parties shall negotiate and document their mutual agreement to any such changes by written change orders or other written documents executed by both Parties describing the change(s). Consultant shall promptly perform and strictly comply with each such changes as agreed by both Parties in a written document executed by both Parties. Either Party may request a change to the Services. If the Consultant believes that its performance of any change would justify modification of the price or time for performance of the Services, or both, the Consultant shall provide written notification to the Agency and a mutually agreeable modification of the price or time, or both, to perform the Services shall be made. Notwithstanding the above, for Services to be performed on a unit-priced basis, Agency reserves the right to revise the quantities up or down during the Contract term and any option term without any change in the unit prices.

Section 2.2 - Consultant shall not suspend performance of the Contract during the review and negotiation of any change, except as may be directed by Agency. Consultant shall perform all mutually agreed changes in strict accordance with all terms of the Contract as modified in a written document executed by both Parties, including guarantees and warranties.

Condition and Context: We observed that certain billing rate changes occurred in 25 of the 50 monthly invoices. For example, the Agency approved a Senior Associate listed as key personnel with a fixed hourly rate of \$100 to increase the billing rate to \$125/hour. The difference in billing rate was mutually agreed to by the Agency and Consultant, however, such billing rate changes were not incorporated into the contract through a written modification to the agreement executed by the Agency and the Consultant.

Similarly, we observed five subconsultants paid through the monthly invoices, even though the contract only included three subconsultants. While the Agency and the Consultant agreed to the use of additional subconsultants, such changes were not incorporated into the contract through a written modification to the agreement executed by the Agency and the Consultant.

Cause: While the contract requires all changes to the agreement be memorialized through written modifications executed by both parties, it appears that the Agency would approve of such changes through verbal communications.

Effect: Without written modifications to the agreement executed by both parties to highlight changes, Agency management's comparison of the invoice information to the provisions within the contract may be inaccurate as the contract may not contain the Agency's approved changes.

Recommendations: We recommend that Agency management implement control activities to ensure that all changes to the contract are documented as written modifications to the agreement executed by the Agency and Consultant.

(Continued)

TRANSPORTATION CORRIDOR AGENCIES
COMPLIANCE WITH CONTRACT K000983
STRATEGIC RESEARCH AND STAKEHOLDER OUTREACH CONSULTING SERVICES
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

Views of Responsible Officials and Planned Corrective Actions

The dynamic nature of the VSI contract required immediate attention to matters as they arose. It should be noted that all changes, although not memorialized through a contract amendment, were directed and approved by the TR prior to payment through close coordination and verification with the Consultant. In all other instances, the responsible TR is required to notify the CA of all agreed upon contract modifications (e.g., billing rates, additional subcontractors, etc.) for inclusion in a written modification approved by both parties. The Agency Contracts and Procurement staff will continue to disallow invoiced items not formally incorporated into the contract. In most instances, Agency contracts do not include named personnel in billing rate tables, but instead typically include a table of classifications with billing rates. The responsible TR will continue to periodically request a list of relevant personnel and classifications from the Consultant to validate approved billing rates and classifications, and notify the CA of any changes.

August 29, 2019

Amy Potter
Chief Financial Officer
Transportation Corridor Agencies
125 Pacifica, Suite 100
Irvine, CA 92618-3304

Independent Accountant's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Chief Financial Officer of Transportation Corridor Agencies on the Accounts Payable (AP) information of two independent contracts; Curt Pringle and Associates (K001162) and Venture Strategic, Inc. (K000983) from July 2017 to March 2019 and December 2015 through January 2019 respectively, included in the accompanying information provided to us by management of Transportation Corridor Agencies. Transportation Corridor Agencies is responsible for the AP information of Transportation Corridor Agencies from July 2017 to March 2019 and from December 2015 through January 2019 respectively, included in the accompanying information provided to us by management of Transportation Corridor Agencies. The sufficiency of these procedures is solely the responsibility of the party specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Procedure Performed and Results

Procedures:

1. Walkthrough the invoice review and approval process through inquiry with three separate departments. This includes obtaining an understanding of the process and controls surrounding the review of the invoice and related costs to determine if the invoice amount is in agreement with the approved activities for the vendor. Perform these walkthroughs with:
 - a. Technical Representative from the Strategy Department
 - b. Contract Administrator from the Contracts and Procurement Department
 - c. Assistant Controller, and Accounts Payable staff from the Finance Department
2. Through corroborative inquiry, discuss with the vendor the invoicing process and communication with TCA.
3. Review and document applicable policy and procedures related to TCA disbursements and invoice processing.
4. We will obtain (1) a random sample of five invoices received from CP&A for contract K001162 from July 2017 to March 2019, and (2) all periodic invoices for Venture Strategic, Inc. for contract K000983 from December 2015 through January 2019. For each invoice, we will perform the following:
 - a. Document the following:
 - i. Date
 - ii. Vendor
 - iii. Amount
 - iv. Evidence of approval
 - b. Recalculate the invoice total
 - c. Determine if any duplicate billing entries are included in the invoice support. If duplicate invoices are included perform the following:
 - i. Determine the total impact of the duplicate items included on the invoices selected.
 - d. Agree billing rates for individuals included in the invoice support to their assigned, proper billing rates and calculate any variances
 - e. Review for proper approval from each department; Strategy, Contracts and Procurement, and Finance

Results – Procedures 1 and 3:

1. and 3. Review and document applicable policy and procedures related to TCA disbursements and invoice processing. Walkthrough the invoice review and approval process through inquiry with three separate departments. This includes obtaining an understanding of the process and controls surrounding the review of the invoice and related costs to determine if the invoice amount is in agreement with the approved activities for the vendor. Perform these walkthroughs with:
 - a. Technical Representative from the Strategy Department - Within TCA, the Technical Representative assigned to a contract is responsible for managing the contract and ensuring that the work assigned is performed as directed and that the amounts billed

match the expected work and are within budget. In the case of the contracts at hand, Curt Pringle and Associates (K001162) and Venture Strategic, Inc. (K000983), the chief strategy officer (CSO) was the assigned Technical Representative. The CSO and vendor discussed the specificity of the tasks to be performed on a near daily basis to ensure that they aligned with the board approved subtasks. When reviewing the invoice, the CSO discusses with the vendor any items that appear to be outside of the scope of the work provided by the original contract and amendments. The CSO also reviews the number of hours billed to ensure that they align with the directed work and check rates for reasonableness. Inquiries that arise about invoice items are discussed and adjusted to the satisfaction of the CSO if vendor and CSO are not in agreement. After the CSO validates the invoice, the invoice is approved by providing a signature on an invoice transmittal. Once signed, the transmittal and invoice are sent to the Contracts and Procurement department.

- b. Contract Administrator from the Contracts and Procurement Department (Contracts Administrator) - The Contract Administrator looks at the encumbered balances of the contract and determines the invoice's feasibility to process. The Contract Administrator then determines whether the invoice at hand would exceed the approved values within the vendor contract. If the processing of an invoice would not exceed the approved values of a contract, the Contract Administrator reviews the transmittal and invoice to verify that the correct AP account is being used for the vendor. This is done because TCA contracts can involve multiple deliverable Tasks and Subtasks, thus, this process helps ensure that these items are posted to the correct accounts. The Contract Administrator also reviews the rates included on the invoice to match to rates by employee class specified in the contract. Once all processes are completed, the Contract Administrator signs the transmittal and forwards it to AP for payment.
- c. Assistant Controller and Accounts Payable Staff from the Finance Department - Assistant Controller and Accounts Payable (AP) staff from the Finance Department process and pay invoices that were received by the vendor. Invoices associated with contracts for a variety of services are processed through the AP module by way of extraction from the contracts module of the accounting system (IFAS).

AP receives the invoices via AP designated email, the invoice then gets time stamped and entered into IFAS. IFAS is an Enterprise Resource Planning (ERP) system with security features that allow the AP department only to enter invoices (staff) and post invoices (supervisor). Once entered into the IFAS system, the accounts payable team then checks to see if the invoice amount exceeds the available funds that have been encumbered under the vendor contract, this is done for each respective contract section. If an invoice balance exceeds the contract available funds, the IFAS system will not approve the vendor invoice. Once an invoice is posted and approved, the AP department prints a transmittal document for the respective invoice. This transmittal document and invoice are to be received by the Strategy and Contracts department and then returned to the AP department with approval signatures from the Strategy and Contracts department. AP signature may be provided before or after transmittal is sent to the other departments. Once all three signatures from the respective departments have been signed, the AP department then processes a check to send to the vendor.

Procedure 1 and 3 Conclusion:

The invoice payment approval process is managed by three separate departments, all three departments are required to review the invoice prior to the vendor receiving payment. The AP department puts the invoice into the IFAS system and runs an initial check to see if the contracted invoice exceeds available funds for each contract task. If the approved values of contract tasks are not exceeded in the contract, AP sends the transmittal and invoice to Strategy. Strategy then corroborates with the vendor to confirm that the invoiced items were completed and valid for the period. Once this is done, the transmittal is signed by Strategy and is then sent to Contracts. Once received by contracts, the department searches for Strategy approved signatures and if approved, the invoice is again checked to see if the values contract tasks are exceeded by the invoice amounts. Once the Contracts and Procurement Department completes their processes, the transmittal and invoice are returned to AP. Once AP acknowledges that all three signatures are available, the vendor check is processed and sent out.

Results – Procedure 2:

2. Through corroborative inquiry, discuss with the vendor the invoicing process and communication with TCA:

As a contractor of TCA, Venture Strategic issues invoices to TCA. Within the original contract that was agreed upon by TCA and Venture Strategic, Venture Strategic was granted authority to subcontract some of their contract to other vendors.

Within Venture Strategic's Invoicing process, Venture Strategic would send an invoice to TCA with billable entries from themselves and their subcontractors once a billing period was complete, approximately each month. Knowing that Venture Strategic had multiple subcontractors to carry out the contract tasks agreed on by TCA, Venture Strategic needed to consolidate the billing entries on a single invoice.

To consolidate the billable entries from contractor and subcontractor, a business and finance attorney who represents Venture Strategic was appointed to review all billing submissions for accuracy and appropriateness. The attorney was tasked with reviewing and scrutinizing the billed time and tasks performed by each team member on a monthly basis prior to Venture Strategic finalizing billing submissions. Once the attorney completed the tasks, the final draft billing documents were further reviewed by Venture Strategic's senior business manager. Specificity of the tasks to be performed were discussed with TCA on a near daily basis to ensure that they aligned with the approved subtasks. Within the review of the billing entries the senior business manager would coordinate with individual team members regarding the billing. Once the final draft was completed it was then transferred into an invoicing template, a time summary spreadsheet organized by the approved subtask categories, and a narrative providing a high-level overview of the month's ongoing or new tasks as required by the contract.

After billing documents were reviewed and finalized, Venture Strategic submitted them for review and concurrence by TCA.

Results – Procedure 4:

4. We will obtain (1) a random sample of five invoices received from CP&A for contract K001162 from July 2017 to March 2019, and (2) all periodic invoices for Venture Strategic, Inc. for contract K000983 from December 2015 through January 2019. For each invoice, we will perform the following:
 - a. Document the following:
 - i. Date
 - ii. Vendor
 - iii. Amount
 - iv. Evidence of approval
 - b. Recalculate the invoice total
 - e. Review for proper approval from each department; Strategy, Contracts and Procurement, and Finance

(Note items marked with ✓ were performed without exception)

CP&A						
Invoice	a.i	a.ii	a.iii	a.iv	b	e
5522	8/31/2017	CURT PRINGLE AND ASSOCIATES INCORPORATED	6,000.00	✓	✓	✓
5686	12/1/2017	CURT PRINGLE AND ASSOCIATES INCORPORATED	6,000.00	✓	✓	✓
5847	4/1/2018	CURT PRINGLE AND ASSOCIATES INCORPORATED	6,000.00	✓	✓	✓
5985	8/1/2018	CURT PRINGLE AND ASSOCIATES INCORPORATED	6,000.00	✓	✓	✓
6133	1/1/2019	CURT PRINGLE AND ASSOCIATES INCORPORATED	6,000.00	✓	✓	✓

Venture Strategic

Invoice	ai	aii	aiii	aiv	b	e
1715	1/4/2015	VENTURE STRATEGIC INCORPORATED	53,828.00	✓	✓	✓
1721	2/9/2016	VENTURE STRATEGIC INCORPORATED	48,127.50	✓	✓	✓
1753	4/1/2016	VENTURE STRATEGIC INCORPORATED	65,490.00	✓	✓	✓
1765	4/25/2016	VENTURE STRATEGIC INCORPORATED	130,280.00	✓	✓	✓
1784	5/13/2016	VENTURE STRATEGIC INCORPORATED	104,725.00	✓	✓	✓
1829	7/8/2016	VENTURE STRATEGIC INCORPORATED	69,841.25	✓	✓	✓
1832	7/12/2016	VENTURE STRATEGIC INCORPORATED	47,160.00	✓	✓	✓
1852	8/22/2016	VENTURE STRATEGIC INCORPORATED	160,460.41	✓	✓	✓
1870	9/8/2016	VENTURE STRATEGIC INCORPORATED	79,054.27	✓	✓	✓
1935	10/3/2016	VENTURE STRATEGIC INCORPORATED	77,733.75	✓	✓	✓
2055	9/30/2016	VENTURE STRATEGIC INCORPORATED	91,227.50	✓	✓	✓
2060	10/31/2016	VENTURE STRATEGIC INCORPORATED	94,188.75	✓	✓	✓
2065	12/21/2016	VENTURE STRATEGIC INCORPORATED	82,497.50	✓	✓	✓
2081	1/13/2017	VENTURE STRATEGIC INCORPORATED	104,742.80	✓	✓	✓
2097	2/22/2017	VENTURE STRATEGIC INCORPORATED	165,687.50	✓	✓	✓
2104	3/23/2017	VENTURE STRATEGIC INCORPORATED	86,260.81	✓	✓	✓
2118	4/21/2007	VENTURE STRATEGIC INCORPORATED	116,611.25	✓	✓	✓
2126	5/7/2017	VENTURE STRATEGIC INCORPORATED	153,823.54	✓	✓	✓
2131	5/30/2017	VENTURE STRATEGIC INCORPORATED	198,305.79	✓	✓	✓
2150	6/30/2017	VENTURE STRATEGIC INCORPORATED	250,376.95	✓	✓	✓
2158	7/10/2017	VENTURE STRATEGIC INCORPORATED	177,948.09	✓	✓	✓
2173	8/11/2017	VENTURE STRATEGIC INCORPORATED	327,610.79	✓	✓	✓
2190	9/20/2017	VENTURE STRATEGIC INCORPORATED	152,635.13	✓	✓	✓
2200	10/10/2017	VENTURE STRATEGIC INCORPORATED	150,505.98	✓	✓	✓
2219	11/1/2017	VENTURE STRATEGIC INCORPORATED	136,445.63	✓	✓	✓
2240	12/1/2017	VENTURE STRATEGIC INCORPORATED	156,786.34	✓	✓	✓
2260	1/1/2018	VENTURE STRATEGIC INCORPORATED	128,597.09	✓	✓	✓
2265	1/29/2018	VENTURE STRATEGIC INCORPORATED	38,610.04	✓	✓	✓
2282	2/1/2018	VENTURE STRATEGIC INCORPORATED	129,366.69	✓	✓	✓
2296	3/1/2018	VENTURE STRATEGIC INCORPORATED	164,468.04	✓	✓	✓
2299	3/1/2018	VENTURE STRATEGIC INCORPORATED	119,253.59	✓	✓	✓
2327	4/1/2018	VENTURE STRATEGIC INCORPORATED	86,516.25	✓	✓	✓
2368	5/1/2018	VENTURE STRATEGIC INCORPORATED	76,639.11	✓	✓	✓
2410	6/1/2018	VENTURE STRATEGIC INCORPORATED	71,452.52	✓	✓	✓
2418	7/10/2018	VENTURE STRATEGIC INCORPORATED	90,613.02	✓	✓	✓
2429	7/1/2018	VENTURE STRATEGIC INCORPORATED	73,281.41	✓	✓	✓
2464	8/1/2018	VENTURE STRATEGIC INCORPORATED	88,461.41	✓	✓	✓
2520	9/1/2018	VENTURE STRATEGIC INCORPORATED	80,667.00	✓	✓	✓
2563	10/5/2018	VENTURE STRATEGIC INCORPORATED	4,423.07	✓	✓	✓
2568	10/9/2018	VENTURE STRATEGIC INCORPORATED	113,802.75	✓	✓	✓
2653	11/1/2018	VENTURE STRATEGIC INCORPORATED	97,704.50	✓	✓	✓
2683	12/1/2018	VENTURE STRATEGIC INCORPORATED	79,588.50	✓	✓	✓
2684	12/16/2018	VENTURE STRATEGIC INCORPORATED	51,738.00	✓	✓	✓
2718	1/1/2019	VENTURE STRATEGIC INCORPORATED	87,893.25	✓	✓	✓
2417	6/26/2018	VENTURE STRATEGIC INCORPORATED	(25,545.71)	✓	✓	✓

c. Duplicate Entries

For Venture Strategic we examined the billings for each month of the contract K000983 from December 2015 through January 2019. We made two observations.

- i. Duplicate billing entries were observed for some consultants on the invoice support provided by TCA. Over the span of December 2015 through January 2019, HC notes that we observed 22 duplicate values resulting in \$10,611 in over billing, when applying appropriate billing rates.

For Curt Pringle & Associates we examined five random samples of billings of the contract K001162 from July 2017 through March 2019. We made one observation.

- ii. No duplicate values were noted.

d. Billing Rates

For Venture Strategic we examined the billings for each month of the contract K000983 from December 2015 through January 2019. We made one observation.

- i. Billing entries for some of the consultants had multiple rates thus creating over billing and underbilling. Over the span of December 2015 through January 2019, HC notes that we observed 454 billing entries resulting in a net of \$15,830 in under billing.

For Curt Pringle & Associates we examined five random samples of billings of the contract K001162 from July 2017 through March 2019. We made one observation.

- i. No billing entries with incorrect rates were noted.

Procedure 4 Conclusion:

The total billable time entries subject to the procedures performed above was \$2,933,524. Based on the procedures performed above on the periodic invoices for Venture Strategic, Inc. for contract K000983 from December 2015 through January 2019, we noted a total net underbilling of \$5,219, or approximately 0.18%.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on AP information of two independent contracts; Curt Pringle and Associates (K001162) and Venture Strategic, Inc. (K000983) from July 2017 to March 2019 and from December 2015 through January 2019, respectively. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the Board of Directors of Transportation Corridor Agencies, and is not intended to be, and should not be, used by anyone other than the specified party.

Hall & Company

Irvine, California
August 29, 2019



Transportation Corridor Agencies™

DATE: July 1, 2019

TO: Mike Nika, Coleen Franco, Paula Mertz

CC: Mike Kraman, Amy Potter, David Speirs, Valarie McFall, Mike Chesney, Juliet Su, Doug Feremenga, John Claudi-Magnussen

FROM: Greg Walker

SUBJECT: Internal Audit of Accounts Payable

CONCLUSION

The Internal Audit Department (Internal Audit) has completed a review of the Transportation Corridor Agencies' (TCA) accounts payable (AP) policies, procedures, controls, and selected transactions. The primary purpose of the review was to assess invoice processing, disbursements (including wire transfers and automated clearing house – ACH - payments), vendor database management, and certain aspects of banking system access.

Internal Audit has determined that the controls, policies and procedures examined are adequate, with the exception of the findings listed in the “Findings, Recommendations and Management Responses” section. To a significant extent, the Accounts Payable group employs effective controls and processes. Processes are carried out by experienced management and staff. For the findings noted, we have provided recommendations to mitigate the risk identified. Management has provided a response to each finding and associated recommendation. There also is one business process improvement suggestion that appears in the final section of the report.

AUDIT SUMMARY

To ensure an understanding of the practices in place, we began with a review of existing policies and procedures available for the AP process. We also conducted walkthrough interviews with various AP and Contracts Department staff and management. As applicable, we interviewed a selection of departmental staff responsible for managing vendor contracts that were selected for testing.

To select sample invoices for testing, we first established a population by obtaining a current list of active contracts from the TCA accounting system. From this group, we selected contracts for testing that were representative of, and provided a cross-section of, the population (contract amount, contract date, department responsible, etc.).

Internal Audit of Accounts Payable

For each contract selected, we examined a range of invoices paid during the audit period in scope. For each invoice selected, we examined available documentation and assessed if:

- The invoice references the correct contract and correct scope of work.
- Fixed retainer invoices show consistent values from invoice to invoice.
- An appropriate methodology is used for calculating lump sum billing amounts.
- Hourly rates and classifications match between the invoice and contract.
- Daily billing hours for each consultant on the invoice appear reasonable.
- The invoice payment does not exceed the contract not-to-exceed value.
- There are no duplicate billing entries.
- Inconsistencies are not present in the description of tasks accomplished for any particular line item.

Please note that a portion of the invoices examined for this part of the audit were reviewed earlier, and the results of that review were reported separately in the audit report dated February 20, 2019. Please refer to that separate report for the review of invoices related to contract K000983 with Venture Strategic, Inc. (Venture), and contract K001162 with Curt Pringle and Associates, LLC. However, during this most current portion of the audit, we did perform additional procedures related to the contract and invoices for Venture. This included further review of certain tasks billed by Venture, and participation in discussions with the TCA Technical Representative, and the manager of Venture to better understand these tasks.

In particular, there was a level of public interest associated with two (2) public engagement websites that were developed under the contract. Additionally, there were significant activities related to review, assessment, and analysis of news, information, and other data through traditional print and digital media communication. We requested additional detail about these specific tasks, including their purpose and function with respect to the overall approved contract efforts. Based on these additional details and procedures, it appears that providing a forum for stakeholder engagement via the websites, and monitoring and assessing various forms of communication was integral and fundamental to the project. We did not observe any indication that these activities were inconsistent with the overall approved contract and sub-task efforts, and we did not observe any overbilling other than previously presented in our report dated February 20, 2019.

In addition to reviewing invoices, we also examined and assessed the procedures and controls related to weekly batch check payments and ACH payments used to pay the invoices. Other areas reviewed included: (1) access to the master vendor list and the process for adding a new vendor to the accounting system, (2) weekly and monthly wire transfer payments, (3) check signing authority established with TCA's two banks (City National Bank and Bank of New York), and (4) online access and authority for each bank.

ACCOUNTS PAYABLE PROCESS BACKGROUND

AP management and staff are part of the Finance Department at TCA. The AP team is entrusted to pay the Agencies' bills and invoices that are legitimate and accurate. They are responsible for administering disbursements of funds to third parties, employees, Board members, and other entities, as required. The AP Supervisor reports to the Assistant Controller, who reports to the Controller. Disbursements are completed through a variety of payment methods, including check, wire transfer, and ACH transfer.

Vendor invoices typically are received monthly by AP staff via email or postal mail. After receipt, invoices are processed in accordance with TCA's policies and procedures. The AP staff will create a review package ("invoice transmittal package") that is reviewed by the departmental representative responsible for the vendor (Technical Representative), and the Contract Administrator responsible for administration of the contract. An Accounts Payable Clerk first will check for any past due amounts, late fees, adjustments, or other fees. All amounts are recalculated, and the AP Clerk reviews the prior month's billing to compare to the current invoice.

After their review, the AP clerk routes the invoice transmittal package to the (1) Technical Representative, (2) Departmental Executive Team Member (for invoices over \$25,000), and (3) Contract Administrator for review and signature approval. The Contract Administrator will confirm the invoice does not exceed the contract not-to-exceed value, that funds are properly encumbered to cover the invoice amount, and will verify that the appropriate retention is withheld, as applicable. They also will examine the rates and classifications billed and compare to the contract terms. The Technical Representative will review the rates and hours billed, and the tasks being performed by the vendor to verify that these tasks and rates are appropriate per the contract terms. They also will look for any billing errors. After the last review and signoff, the package is routed back to Accounts Payable for payment.

A good portion of vendor invoices are paid using checks. Payments are centralized from a single operating bank account at City National Bank (CNB) to minimize risk of fraud. Check payments are batched in the accounting system, and then reviewed by the Senior Accountant prior to posting. Each check payment selection report is reviewed by the Assistant Controller, who initials the coding detail for each check in the report upon review of the original supporting documents.

After review and approval of the check batch documentation by the Assistant Controller, the Senior Accountant prints the checks for the check run. Printed checks and associated backup documents are then reviewed by the Controller, who signs for approval. Checks in excess of \$50,000 are reviewed and signed by a third member of the Finance team with authority to sign checks. After final approval, checks are mailed or otherwise processed for vendor payment. TCA uses a Positive Pay system provided by CNB. This is a multi-layered check verification process designed to prevent a fraudulent check from being cashed. Checks that post to TCA's account are verified daily by the Positive Pay system against an authorized issue list provided by TCA to CNB. Any checks not matching the issue list data are marked as exceptions for TCA to review and make a pay or no-pay decision.

OBJECTIVES, SCOPE AND METHODOLOGY

The overall objectives of the audit were to review and assess the following:

- Documentation of policies, procedures and controls related to accounts payable and disbursement activities.
- Design of AP internal controls.
- The level of compliance by staff to existing policies, procedures and controls.
- Review of selected payments or other transactions (invoices for payment, check and ACH payments, wire transfers, new vendor additions) for any irregularities.
- Review of the IFAS accounting system person-entity database (PEID) for any anomalies.
- Banking access and signature card documentation.

The methodology used consisted of:

- Walkthroughs, and inquiry with the Director of Contracts, Assistant Controllers, Senior Accountant responsible for disbursements, the Senior Accounting Clerks responsible for invoice payments and Positive Pay updates, and a representative from Bank of New York (BNY).
- Review of applicable policies and procedures related to TCA accounts payable/disbursement activities.
- Testing of a judgmental sample of check batches issued, invoices reviewed and paid, wire transfers, ACH transfers, and new vendor additions.
- Review of access to the PEID.
- Review of banking system access and signature card documentation.

The audit period in scope was December 2015 through January 2019. Any activities within this period were considered in scope. Any samples selected for testing were from this period.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. **Observation:** Several accounts payable procedures were undergoing periodic review and minor updates during the audit period.

Risks: Documented policies and procedures provide a framework for consistent performance of required processes, and also provide a business continuity function as staff changes. Lack of documented procedures or outdated procedures could lead to inconsistency in performance and/or incorrect performance of tasks.

Recommendations: Complete the minor updates to applicable procedures as soon as feasible and review, approve and publish in PolicyTech.

Management Response: The Assistant Controller will complete the procedure updates no later than October 31, 2019, with Controller review to follow.

Internal Audit of Accounts Payable

2. **Observation:** The level of detail provided in invoices for contracts billed on a time and materials basis varies. Some contracts reviewed had line item billing by individual consultant name, classification, and rate, others only had classifications and rates, and some simply provided a list of tasks completed and a lump sum for monthly fees charged. Also, not all contracts reviewed provided billing rates by classification or consultant.

Risks: If a sufficient level of detail isn't provided for time and material invoicing, then it could be difficult to determine if accurate billing is being provided.

Recommendations: TCA Technical Representatives and Contracts staff should ensure that an appropriate level of detail is provided for contract invoices to allow verification that the correct tasks are performed per the contract scope of work, and that these tasks are billed at the appropriate rates and/or amounts. The appropriate level of detail may vary depending upon the contract scope of work and deliverables. However, if invoices show classifications and rates, the contract should document the most current status for this information, and be appropriately amended when changes occur.

Management Response: Time and material based contracts currently include employee classifications and rates, and may include employee name dependent on the contract. Consultants will be required to include employee name, classification and rate on all invoices. Technical Representatives will be instructed to periodically request a list of relevant employees and classifications from consultant for reference.

3. **Observation:** Based on walkthroughs and processes observed during the audit, accounting and contract staff appear to have a standard list of items that each group reviews prior to an invoice being paid. For the AP staff, these reviews are documented in the AP procedures. A supplement to the contract manual (CAPS Manual) addresses invoice review for Contract Administrators. However, some additional documentation that clarifies the specific items a Contract Administrator should review, would be beneficial. Likewise, additional detail on the invoice review requirements for Technical Representatives should be documented.

Risks: Documented policies and procedures provide a framework for consistent performance of required processes, and also provide a business continuity function as staff changes. Lack of complete procedures or outdated procedures could lead to inconsistency in performance and/or incorrect performance of tasks.

Recommendations: Update applicable procedures to include the specific review steps and review items for Contracts and Procurement Department staff and the Technical Representative when reviewing and approving invoices for payment.

Management Response: The Director of Contracts and Procurement will draft procedures for contract administrators and technical representatives documenting the required steps for reviewing and approving invoices for payment. Procedures will be drafted for review no later than October 31, 2019.

Internal Audit of Accounts Payable

- 4. Observation:** Two billing issues were observed in invoices for an engineering services contract. The issues are associated with two different subcontractors.
- One subcontractor had an employee listed in the contract as “Senior Technologist” but the employee was billed as “Principal” and charged the Principal rate in error (approximately \$55 overcharged).
 - The other subcontractor had an employee listed as “Associate” in the contract but was billed as “Principal”. The contract Technical Representative reported that this change was verbally communicated to TCA, but it was not in writing.

Risks: Lack of documentation of consultant staff classifications and/or billing rates can lead to billing rate errors, or at a minimum, create confusion for TCA staff when reviewing invoices.

Recommendations: For the Senior Technologist billing rate error noted, the contract Technical Representative should ensure a correction is received in the next invoice to credit TCA the amount overcharged. In general, contractors should notify TCA of any changes in consultant status or billing rates, in writing, in a timely manner. Regarding the subcontractor staff that was moved from Associate to Principal, the contract Technical Representative should ensure that the vendor provides written notification of this change to them.

Management Response: In response to item 4.a., the Consultant will provide a credit for the overcharged amount with the next invoice. In response to item 4.b., the Consultant has provided a written notification (by email) indicating the change in the individual’s classification from “Associate” to “Principal” including the effective date of that change.

- 5. Observation:** An invoice for a strategy development services contract charged \$931.54 in expenses for a single month’s billing. The contract has a monthly limit for expenses of \$300.00 per month. The Technical Representative said that the limit on expenses was intended to be an annual limit (i.e., \$3,600 annually), however, the contract does not reflect this.

Risks: Billing errors can lead to overcharging or undercharging TCA for services provided.

Recommendations: TCA should amend the contract to reflect an annual rather than monthly limit for expenses. The Technical Representative should monitor expenses invoiced on the contract to ensure that the annual limit is not exceeded.

Management Response: The contract was amended to specify an annual maximum not to exceed (NTE) amount, inclusive of services and agency-approved expenses. For the remainder of FY19, we monitored expenses invoiced to ensure they remained within budget.

- 6. Observation:** An invoice for a biological support services contract for the month of June 2018 appears to have three duplicate entries (June 18, 19, and 27) under Task 00200 for Foothill/Eastern TCA. Discussion with the Technical Representative indicated that the duplicate entries should have been invoiced under Task 00100 for San Joaquin Hills.

Internal Audit of Accounts Payable

Risks: Billing errors can lead to overcharging or undercharging TCA for services provided.

Recommendations: The underbilling and overbilling for San Joaquin Hills and Foothill/Eastern TCA's, respectively, should be corrected on the next invoice submitted by the vendor, and the Technical Representative should monitor for this type of error moving forward.

Management Response: Vendor attempted to split the billed time on 6/18, 6/19, and 6/27 but actually coded both halves to Task 200 Foothill/Eastern TCA; this was done correctly on 6/25 and 6/26. This resulted in Task 200 being overbilled by \$362.50; however, the total task amount was not exceeded. This splitting error will be corrected on the next invoice from vendor and the Technical Representative will monitor for this type of error moving forward.

7. **Observation:** A review of the PEID ("vendor") database in the IFAS accounting system revealed several instances of apparent duplicate vendor entries, with eight entries verified as actual duplicates.

Risks: Duplicate entries in the vendor database could result in payments to incorrect vendors, or payments mailed to incorrect addresses. Also, it could obfuscate potential fraud.

Recommendations: Inactivate duplicate vendors in the PEID database. Where possible, combine vendor entries if the only difference is mailing address.

Management Response: After review of the historical activity, seven of the vendors identified as duplicates were inactivated. The remaining vendor had its information consolidated under an existing associated vendor number in IFAS.

8. **Observation:** Authorized signer documentation is not completely current for bank accounts. The recently departed Controller is listed as an authorized signer on all of the CNB accounts, and in the TCA authorized signer letter to BNY. In addition, several former employees of TCA or Faneuil are listed on CNB documentation as being authorized signers on accounts. For all of the instances noted, online access is either locked, or does not exist. The accounts in question are:
- a. 023826658 - FE Service Center Refund – former employees on listing.
 - b. 023826666 - SJH Service Center Refund – former employees on listing and misspelled last name for one current employee.
 - c. 023827509 – Violations Refund – former employees on listing.

Risks: Risk of fraud is limited given that these former employees do not have access to the accounts online, and no longer have access to the check stock (unless an existing employee were to provide access to the check stock).

Internal Audit of Accounts Payable

Recommendations: As soon as possible after hiring a replacement for the Controller position, update all signing documentation for both CNB and BNY. Remove former employees from the documentation, and update any misspelled names. Retain all approved signer/access documentation in a centralized location, such as with the Controller.

Management Response: As part of TCA's agreed upon procedures with CNB, TCA's supercedure agreements are updated once multiple employees, deemed authorized signers, have left the company. However, TCA does not notify the bank via email when individuals are removed or added as authorized signers for any TCA bank account, and receives acknowledgement from bank representative. Supercedure agreements for CNB will be updated no later than July 10, 2019. Documentation for BNY was updated on May 28, 2019.

9. **Observation:** There are some inconsistencies in City National Bank online access (CNB Treasury Net) for certain users.
- The Director of Finance has administrative access and does not need this for his role. Administrative access allows a user to modify the profile of other users in areas such as access to reports and transaction activities, and setting limits on certain transactions.
 - The Director of Finance's profile has no entry in the ACH payment limit field.
 - The Manager, Internal Audit has access to enter ACH transactions.
 - The Chief Financial Officer's profile does not show the standard \$10,000,000 daily limit for release of wire transfers.

Risks: Inappropriate access could lead to errors or create opportunities for fraud. This risk is mitigated by the automated controls in the system. All disbursement activity (e.g., ACH and wire transfer) requires one user to enter the transaction and a separate, unique user to release the transaction. Similarly, any changes to a user profile by one system administrator must be approved in the system by a separate, unique system administrator. In addition, regular banking and other reconciliations performed by TCA's Finance Department help mitigate the risk of potential errors or fraud caused by inappropriate access.

Recommendations: Update the CNB Treasury Net profiles for the Director of Finance and the Chief Financial Officer to add limits for ACH and wire transfer payments, respectively. Remove administrative access for the Director of Finance. Remove the ability for the Manager, Internal Audit to enter ACH transactions.

Management Response: The following changes were entered and approved on May 6, 2019: (1) removed system administration capabilities for the Director of Finance, and added \$250,000 limit for ACH transactions, (2) removed access to enter ACH transactions for the Manager, Internal Audit. The following change was entered and approved on August 5, 2019: added a \$10,000,000 limit for the CFO for release of wire transfers.

BUSINESS PROCESS IMPROVEMENT SUGGESTIONS:

A. Observation: The date format currently used in spreadsheets containing void check data for unclaimed property does not work properly in the CNB positive pay system. Consequently, these dates must be manually updated by the Senior Accounting Clerk prior to uploading to CNB.

Recommendations: Prior to sending unclaimed property checks for voiding to the Senior Accounting Clerk, convert the dates in the associated spreadsheets from the current MM/DD/YYYY format to a MM/DD/YY format.

Benefits: By providing dates in a format that can be automatically processed by the CNB Positive Pay system, the risk of errors due to manual entry/update by the Senior Accounting Clerk will be reduced.



Transportation Corridor Agencies™

DATE: February 20, 2019
TO: Mike Chesney
CC: Michael Kraman, Amy Potter
FROM: Greg Walker, Manager of Internal Audit
SUBJECT: **CORRECTED COPY** - Internal Audit of Accounts Payable - Invoice Processing

CONCLUSION

As part of an overall review of accounts payable process and controls scheduled in the Fiscal Year 2019 Internal Audit Plan, the Internal Audit Department (Internal Audit) has completed an audit of invoice processing procedures and controls of the Transportation Corridor Agencies (TCA). This audit was conducted on invoices received for contract K000983, Strategic Research And Stakeholder Outreach Consulting Services with Venture Strategic, Inc. (Venture Strategic), and contract K001162, Overall Agency Strategic Planning with Curt Pringle and Associates, LLC (CP&A). We focused on these contracts due to their importance as high-profile communications contracts.

Curt Pringle and Associates (K001162)

For CP&A, we observed a sample of invoices and determined that the amount and format do not change from month to month. It is a retainer contract with an agreed upon monthly fee. CP&A also is one of several subcontractors on the Venture Strategic contract, K000983 (see below). The services CP&A provides under the Venture Strategic subcontract agreement are distinct from those provided under contract K001162. We did not observe any evidence that would indicate hours billed by CP&A as a subcontractor on the Venture Strategic contract are part of any effort expended under their prime contract (K001162). Internal Audit has determined that the controls, policies and procedures examined for invoice processing and review are adequate for CP&A's contract. Consequently, we do not have any findings or business process improvement suggestions related to the CP&A contract in the sections below.

Internal Audit of Accounts Payable - Invoice Processing

Venture Strategic, Inc. (K000983)

For Venture Strategic, we examined billings for each month of the contract from December 2015 through January 2019. Internal Audit has determined that the controls, policies and procedures examined related to invoice processing and review are generally adequate for Venture Strategic's contract, however, there are exceptions noted below. We made a total of three observations, which appear in the Findings, Recommendations and Management Responses section. The findings all involve errors in billing. For each observation, we provide recommendations to mitigate the risk identified. Management has provided a response to the recommendations we provided. When all over billing and under billing errors we identified are netted, Venture Strategic underbilled TCA by approximately \$4,599.

Following the Findings section, we have provided one suggestion for business process improvement related to Venture Strategic's contract. A formal response from management to this suggestion is not required. It is provided for management's consideration.

BACKGROUND

TCA's Accounts Payable Department processes and pays invoices received from vendors for a variety of services provided under contracts executed by the Agencies. For the scope of this audit, TCA's Internal Audit Department reviewed, tested, and assessed (1) a sample of invoices received from CP&A for contract K001162 from July 2017 to present, and (2) all monthly invoices for Venture Strategic, Inc. for contract K000983 from December 2015 through January 2019.

Curt Pringle and Associates, LLC

CP&A delivers services to both the Foothill/Eastern Transportation Corridor Agency and the San Joaquin Hills Transportation Corridor Agency for strategic visioning and planning under contract K001162. This includes expert advice and experienced strategic planning based on understanding of the stakeholder landscape and constituent concerns within the region to support the Agencies' visioning initiatives.

Invoices are sent monthly from CP&A to TCA's Accounts Payable Department. After TCA's Accounts Payable Department receives invoices from CP&A, they process each invoice in accordance with TCA's Finance Department's policies and procedures. This includes producing a package for review by the departmental Technical Representative and Contract Administrator for the contract ("invoice transmittal package"). The Accounts Payable Clerk also checks for any past due amounts or late fees, and reviews the prior month's billing to compare to the current invoice. Additionally, the Clerk verifies that adequate funds are available on the contract in TCA's accounting system.

Following these checks, the Clerk routes the invoice transmittal package to the Technical Representative, Departmental Executive Team Member (if not the Technical Representative) and Contract Administrator for their approval. When they are satisfied that the invoice is valid and appropriate to pay, they sign for approval and route back to Accounts Payable for payment.

Venture Strategic, Inc.

Venture Strategic, Inc. and their subconsultants provide the Foothill/Eastern Corridor Agency (F/ETCA) with strategic planning services directly addressing regional mobility issues associated with the South Orange County area. Venture Strategic works with F/ETCA on this effort, focusing on communication, outreach, and engagement specifically related to coordination and outreach support required for the formal environmental process. This also includes direct coordination with the Environmental Planning Department to engage stakeholders and coordinate with resource agency representatives. Venture Strategic's contract is task order based, with subtasks divided into a number of areas that depend upon the particular task order being executed. There are two subtasks (program management and project planning) that are billed at a lump sum amount each month. The remainder of the subtasks are billed based on a time and materials basis. Each subtask is defined in the contract as a distinct and defined scope of work effort.

Invoices are emailed monthly from Venture Strategic to TCA's Accounts Payable Department. Within each invoice package there are generally two PDF files and two Microsoft Excel files. The PDF files are: (1) invoice, and (2) a project running narrative of the tasks completed to date. The two Excel files are spreadsheets containing: (1) monthly billing detail by subtask, by date, and by consultant assigned, and (2) a billing summary by subtask. For this audit, we reviewed data in the billing detail and summary spreadsheets.

After TCA's Accounts Payable Department receives invoices from Venture Strategic, it processes each invoice in accordance with TCA's Finance Department's policies and procedures. This includes producing a package for review by the departmental Technical Representative and Contract Administrator for the contract ("invoice transmittal package"). The Accounts Payable Clerk also reviews the supporting documentation to ensure none is missing, investigates any past due amounts, late fees, or adjustments, and reviews the prior month's billing to compare to the current invoice. Additionally, the Clerk verifies that adequate funds are available on the contract in the TCA accounting system.

Following these checks, the Clerk routes the invoice transmittal package to the Technical Representative, Departmental Executive Team Member (if not the Technical Representative) and Contract Administrator for their approval. The Technical Representative reviews the invoice for proper activities, dates, rates and hours, referencing the contract requirements, and recent project activities. When they are satisfied that the invoice is valid and appropriate to pay, they will sign for approval and route back to Accounts Payable for payment.

OBJECTIVES, SCOPE AND METHODOLOGY

The overall objectives of the audit were to review and assess the following:

- Policies and procedures related to invoice processing
- Design of invoice processing internal controls
- Review of invoice line items for any billing irregularities

The methodology used consisted of:

- Walkthroughs, and inquiry with the departmental Technical Representative and Contract Administrator for the contract, vendor representatives, the Assistant Controller, and Accounts Payable staff.
- Review of applicable policy and procedures related to TCA disbursements and invoice processing.
- Testing of a sample of monthly invoices received from each vendor.

The audit period in scope for Venture Strategic was December 2015 through January 2019. The audit period in scope for CP&A was July 2017 (contract start) to present. Any activities within these periods, respectively, were considered in scope. Any samples selected for testing were from each contract's respective period listed above.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Curt Pringle and Associates, LLC

We do not have any findings to report with respect to Curt Pringle and Associates, LLC under contract K001162.

Venture Strategic, Inc.

The following findings apply to Venture Strategic, Inc. under contract K000983.

- 1. Observation:** Duplicate billing entries were observed for some consultants on the invoice support reviewed. Over an approximately three-year period reviewed, we observed 13 duplicate billing entries out of 11,000+ line items reviewed (0.1%), resulting in \$8,336 in over billing.

Risks: Duplicate billing produces inaccurate invoicing for the services provided and results in greater incurred cost for TCA.

Recommendations: A corrected invoice should be produced by Venture Strategic and sent to TCA to correct the duplicate billing errors observed. Venture Strategic and TCA should implement improved invoice review processes that provide reasonable assurance that duplication of hours and other billing errors will be detected and corrected in the future.

Internal Audit of Accounts Payable - Invoice Processing

Management Response: Of the more than 11,000 time sheet entries billed over the course of the last 3.5 years averaging 400-500 entries per month, 13 duplicate entries were incorrectly billed as the result of administrative errors by Venture Strategic staff when compiling entries into the time sheet used to prepare invoices submitted to TCA.

The invoice format will be modified to group the hours charged prior to applying the billing rate one-time on a task-by-task basis. Additionally, all time entries will be verified, and reviewed prior to finalization into the draft monthly invoice. A corrected invoice will be developed to adjust the billings appropriately.

- 2. Observation:** We observed billing rates for individual consultants that were higher or lower than their assigned, proper billing rate. In some cases, this was for a subset of a particular consultant's billings, and in other cases it was for all of them. The contract specifies that billing rates are determined by role (e.g., Senior Associate, Director, Senior Consultant, Managing Director/CEO), not by task. We observed 425 billing rate errors out of the 11,000+ line items reviewed (4%), resulting in a net under billing of \$12,935 for billing rate errors.

Risks: If consultants are not billing at the correct hourly rate, TCA may be under billed or over billed for the services rendered.

Recommendations: A corrected invoice should be produced by Venture Strategic and sent to TCA to correct the duplicate billing errors observed. Additionally, ensure that the billing rate for each consultant is documented and clear to applicable Venture Strategic and TCA staff. Any changes should be documented and communicated timely to TCA and documented in a change order. Lastly, both Venture Strategic and TCA should update their monthly invoice review procedures to ensure that a formal check of billing rates is included.

Management Response: Billing rates were set with the original contract from 2015. Some billing rate errors occurred as the result of administrative errors by Venture Strategic staff when compiling entries into the time sheet used to prepare invoices submitted to TCA. Additionally, some billing rate changes as a result of staff classification adjustments were made by the consultant and not communicated to TCA. Management concurs with the changes, however moving forward, any changes to the billing rates will be submitted as a formal zero-cost change amendment to the contract and current task order to update the billing rates and also to add or subtract employees based on the current company roster.

The invoice format will be modified to group the hours charged prior to applying the billing rate one-time on a task-by-task basis. Additionally, all billing rates will be verified, and reviewed prior to finalization into the draft monthly invoice. A corrected invoice will be developed to adjust the billings appropriately.

- 3. Observation:** Some line item entries observed in the December 2015 invoice listed multiple consultants on the same line for one set of hours. Also, in other instances for other invoices, multiple dates were listed for one set of hours. This makes it difficult to determine the correct rate to be applied or the proper number of hours per date, respectively.

Internal Audit of Accounts Payable - Invoice Processing

Risks: If the invoice support is not distinct and specific for each consultant and/or date, this could lead to billing errors or obfuscation of errors.

Recommendations: Do not combine hours for multiple consultants on the invoice support detail spreadsheet. Have each consultant shown as billing separately from all others when presenting this information. Do not combine dates in one line item for one set of hours on the invoice support detail spreadsheet. Provide only one line item per date per consultant for each entry.

Management Response: The invoice format will be modified to group the hours charged prior to applying the billing rate one-time on a task-by-task basis. Additionally, all time entries and billing rates will be verified, and reviewed prior to finalization into the draft monthly invoice. A corrected invoice will be developed to adjust the billings appropriately.

BUSINESS PROCESS IMPROVEMENT RECOMMENDATION:

Curt Pringle and Associates, LLC

We do not have any business process improvement recommendations for Curt Pringle and Associates, LLC under contract K001162

Venture Strategic, Inc.

The following business process improvement recommendation applies to Venture Strategic, Inc. under contract K000983.

A. Observation: The current invoice “Time Summary” billing detail provides sufficient detail of hourly activities and charges by subtask, but it can be difficult to review efficiently.

Recommendations: Consider adding an additional supplementary spreadsheet file to the monthly invoice package that simplifies the data presentation of hours and charges by consultant, such that non-data rows are removed. This would facilitate more efficient and accurate analysis of areas such as incorrect rates or duplicates.

Benefits: Having billing information in a format that is conducive to accurate and efficient analysis per the contract requirements will facilitate locating billing errors and having them corrected timely.

Internal Audit of Accounts Payable - Invoice Processing

APPENDIX A
Individual Invoice Discrepancies
(see attached)

Internal Audit of Accounts Payable - Invoice Processing
Detail of Duplicate Discrepancies
December 2015 - January 2019
CORRECTED COPY

TASK	DATE	PERSON	HOURS	RATE	COST	DESCRIPTION	CORRECT RATE	CORRECTED COST	TCA PAYABLE(-) or CREDIT (+)	NOTES
Analyze Media Outreach Opportunities	3/21/16	Bereket Kelle	8.0	\$150.00	\$1,200.00	Analyze quantitative survey findings and potential stakeholder outreach	N/A	N/A	\$1,200.00	Duplicate
Prepare information for public outreach	3/21/16	Bereket Kelle	8.0	\$150.00	\$1,200.00	Analyze quantitative survey findings and stakeholder outreach opportunities	N/A	N/A	N/A	Duplicate
Develop Strategic Media Outreach Information	3/22/16	Bereket Kelle	8.0	\$150.00	\$1,200.00	Analyze quantitative survey findings and potential stakeholder outreach	N/A	N/A	\$1,200.00	Duplicate
Develop Strategic Media Outreach Information	3/22/16	Bereket Kelle	8.0	\$150.00	\$1,200.00	Analyze quantitative survey findings and stakeholder outreach opportunities	N/A	N/A	N/A	Duplicate
Analyze Media Outreach Opportunities	3/22/16	Val Smith	3.0	\$175.00	\$525.00	Analyze quantitative survey findings and potential stakeholder outreach	N/A	N/A	\$525.00	Duplicate
Analyze Stakeholder Outreach Opportunities	3/22/16	Val Smith	3.0	\$175.00	\$525.00	Analyze quantitative survey findings and stakeholder outreach opportunities	N/A	N/A	N/A	Duplicate
Analyze Stakeholder Outreach Opportunities	3/22/16	Wayne Johnson	3.0	\$185.00	\$555.00	Analyze quantitative survey findings and potential stakeholder outreach	N/A	N/A	\$555.00	Duplicate
Analyze Stakeholder Outreach Opportunities	3/22/16	Wayne Johnson	3.0	\$185.00	\$555.00	Analyze quantitative survey findings and stakeholder outreach opportunities	N/A	N/A	N/A	Duplicate
Prepare For Public Outreach	6/20/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepared to June 20 public forum	N/A	N/A	\$185.00	Duplicate
Prepare For Public Outreach	6/20/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepare for Public forum	N/A	N/A	N/A	Duplicate
Attend Public & Stakeholder Outreach Meeting	10/5/16	Kate Pringle	14.0	\$125.00	\$1,750.00	Forum preparation, finalization, facilitation, set up and take down	N/A	N/A	\$1,750.00	Duplicate
Attend Public & Stakeholder Outreach Meeting	10/5/16	Kate Pringle	14.0	\$125.00	\$1,750.00	Forum preparation, finalization, facilitation, set up and take down	N/A	N/A	N/A	Duplicate
Prepare For Public Outreach	10/5/16	Jennifer Fitzgerald	7.5	\$175.00	\$1,312.50	Forum set up, facilitation, take down	N/A	N/A	\$1,312.50	Duplicate
Prepare For Public & Media Outreach	10/5/16	Jennifer Fitzgerald	7.5	\$175.00	\$1,312.50	Forum set up, facilitation, take down	N/A	N/A	N/A	Duplicate
Prepare For Public Outreach	10/5/16	Jennifer Fitzgerald	1.0	\$175.00	\$175.00	Training for facilitators	N/A	N/A	\$175.00	Duplicate
Prepare For Public & Media Outreach	10/5/16	Jennifer Fitzgerald	1.0	\$175.00	\$175.00	Training for facilitators	N/A	N/A	N/A	Duplicate
Develop Strategic Communications & Advertising	5/18/17	Jeff Corless	4.75	\$185.00	\$878.75	Review draft communications, stakeholder, media and public outreach information and prepare for public forum	N/A	N/A	\$878.75	Duplicate
Develop Strategic Communications & Advertising	5/18/17	Jeff Corless	4.75	\$185.00	\$878.75	Review draft communications, stakeholder, media and public outreach information and prepare for public forum	N/A	N/A	N/A	Duplicate
Develop Strategic Digital Communication	11/13/17	Jeff Corless	1.0	\$185.00	\$185.00	Meeting with Alex Avetoom to discuss potential strategic communications and outreach	N/A	N/A	\$185.00	Duplicate
Develop Strategic Digital Communication	11/13/17	Jeff Corless	1.0	\$185.00	\$185.00	Meeting with Alex Avetoom to discuss potential strategic communications and outreach	N/A	N/A	N/A	Duplicate
Develop Strategic Digital Communication	11/13/17	Jeff Corless	0.5	\$185.00	\$92.50	Meeting with Kelsey Ebon, Alex Avetoom, Nico Melendez and Trystine Payfer to discuss potential strategic communications and advertising	N/A	N/A	\$92.50	Duplicate
Develop Strategic Digital Communication	11/13/17	Jeff Corless	0.5	\$185.00	\$92.50	Meeting with Kelsey Ebon, Alex Avetoom, Nico Melendez and Trystine Payfer to discuss potential strategic communications and advertising	N/A	N/A	\$92.50	Duplicate
Develop Strategic Digital Communication	11/13/17	Jeff Corless	0.5	\$185.00	\$92.50	Meeting with Kelsey Ebon, Alex Avetoom, Nico Melendez and Trystine Payfer to discuss potential strategic communications and advertising	N/A	N/A	N/A	Duplicate
Develop Strategic Communications & Advertising	12/11/2017	Jeff Corless	1.0	\$185.00	\$185.00	Call with Kate Pringle, Kelsey Ebon, Nico Melendez, Alex Avetoom, Jennifer Fitzgerald and TCA personnel to prepare for stakeholder and public outreach	N/A	N/A	\$185.00	Duplicate
Prepare For Stakeholder & Public Outreach	12/11/2017	Jeff Corless	1.0	\$185.00	\$185.00	Call with Kate Pringle, Nico Melendez, Alex Avetoom, Jennifer Fitzgerald, Kelsey Ebon and TCA personnel to prepare for stakeholder and public outreach	N/A	N/A	N/A	Duplicate

Internal Audit of Accounts Payable - Invoice Processing
Detail of Billing Rate Discrepancies
December 2015 - January 2019
CORRECTED COPY

TASK	DATE	PERSON	HOURS	RATE	COST	DESCRIPTION	CORRECT RATE	CORRECTED COST	TCA PAYABLE(-) or CREDIT (+)	NOTES
	12/16/2015	Anthony Ramirez	2.0	\$150.00	\$300.00	Initial Project Meeting with Jeff Corless, Erik Brown and Ana Ferreira to discuss creative and digital media support	\$175.00	\$350.00	-\$50.00	
	12/16/15	Erik Brown	2.0	\$175.00	\$350.00	Initial Project Meeting with Jeff Corless, Ana Ferreira and Anthony Ramirez to discuss creative and digital media support	\$185.00	\$370.00	-\$20.00	
Develop Technical Fact Sheets	12/18/15	Erik Brown	4.0	\$0.00	\$0.00	Design and revise New Fact Sheet for San Juan Capistrano City Council Members and other business community stakeholders	\$185.00	\$740.00	-\$740.00	Missing entry added
Develop Technical Fact Sheets	12/18/15	Erik Brown & Art Ordiano	4.0	\$150.00	\$600.00	Design and revise New Fact Sheet for San Juan Capistrano City Council Members and other business community stakeholders	\$150.00	\$600.00	\$0.00	Correct number of hours and rate for these three entries for Art Ordiano, but missing entries for other meeting participants.
Develop Technical Fact Sheets	12/23/15	Erik Brown	2.5	\$0.00	\$0.00	Design and revise New Fact Sheet for San Juan Capistrano City Council Members and other business community stakeholders	\$185.00	\$462.50	-\$462.50	Missing entry added
Develop Technical Fact Sheets	12/23/15	Erik Brown & Art Ordiano	2.5	\$150.00	\$375.00	Design and revise New Fact Sheet for San Juan Capistrano City Council Members and other business community stakeholders	\$150.00	\$375.00	\$0.00	Correct number of hours and rate for these three entries for Art Ordiano, but missing entries for other meeting participants.
Analyze existing data and research	12/29/15	Erik Brown	8.0	\$0.00	\$0.00	Review of Community Ascertainment Study and TCA background research and information	\$185.00	\$1,480.00	-\$1,480.00	Missing entry added
Analyze existing data and research	12/29/15	Anthony Ramirez	8.0	\$0.00	\$0.00	Review of Community Ascertainment Study and TCA background research and information	\$175.00	\$1,400.00	-\$1,400.00	Missing entry added
Analyze existing data and research	12/29/15	Ana Ferreira	8.0	\$0.00	\$0.00	Review of Community Ascertainment Study and TCA background research and information	\$150.00	\$1,200.00	-\$1,200.00	Missing entry added
Analyze existing data and research	12/29/15	Erik Brown, Ana Ferreira, Art Ordiano & Anthony Ramirez	6.0	\$150.00	\$1,200.00	Review of Community Ascertainment Study and TCA background research and information	\$150.00	\$1,200.00	\$0.00	Correct number of hours and rate for these three entries for Art Ordiano, but missing entries for other meeting participants.
Conduct Workshops With Key Stakeholders	1/3/2016	Jeff Corless	1.0	\$175.00	\$175.00	Review and edit documents regarding Community Ascertainment Study Presentation; discuss with Sharon Browning	\$185.00	\$185.00	-\$10.00	
Develop Strategic Social Media & Digital Communication	1/5/2016	Anthony Ramirez	1.0	\$150.00	\$150.00	Conference call to discuss digital communications strategies with Kelsey Eiben, Erik Brown, Ana Ferreira and Jeff Corless	\$175.00	\$175.00	-\$25.00	
Develop Strategic Social Media & Digital Communication	1/5/16	Erik Brown	1.0	\$175.00	\$175.00	Conference call to discuss digital communications strategies with Kelsey Eiben, Jeff Corless, Ana Ferreira and Anthony Ramirez	\$185.00	\$185.00	-\$10.00	
Develop Technical Fact Sheets	1/6/2016	Anthony Ramirez	0.5	\$150.00	\$75.00	Work with Jeff Corless to complete final updates to the SR-241 Fact Sheet for San Juan Capistrano	\$175.00	\$87.50	-\$12.50	
Develop Technical Fact Sheets	1/7/2016	Anthony Ramirez	0.5	\$150.00	\$75.00	Work with Jeff Corless to complete final updates to the SR-241 Fact Sheet for San Juan Capistrano	\$175.00	\$87.50	-\$12.50	
Develop Technical Fact Sheets	1/8/2016	Anthony Ramirez	0.5	\$150.00	\$75.00	Work with Jeff Corless to complete final updates to the SR-241 Fact Sheet for San Juan Capistrano	\$175.00	\$87.50	-\$12.50	
Develop Strategic Social Media & Digital Communication	1/9/2016	Anthony Ramirez	2.0	\$150.00	\$300.00	Review Ascertainment Study and begin draft outline of digital communications plan based on CAS	\$175.00	\$350.00	-\$50.00	
Develop Strategic Social Media & Digital Communication	1/9/16	Erik Brown	2.0	\$175.00	\$350.00	Review Ascertainment Study and begin draft outline of digital communications plan based on CAS	\$185.00	\$370.00	-\$20.00	
Develop Strategic Social Media & Digital Communication	1/15/2016	Anthony Ramirez	1.0	\$150.00	\$150.00	Conference call with Ana Ferreira, Anthony Ramirez, Jeff Corless and Kelsey Eiben to discuss process and concepts for digital communications	\$175.00	\$175.00	-\$25.00	

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TASK	DATE	PERSON	HOURS	RATE	COST	DESCRIPTION	CORRECT RATE	CORRECTED COST	TCA PAYABLE(-) or CREDIT (+)	NOTES
Develop Strategic Social Media & Digital Communication	1/15/16	Erik Brown	1.0	\$175.00	\$175.00	Conference call with Ana Ferreira, Anthony Ramirez, Jeff Corless and Kelsey Eiben to discuss process and concepts for digital communications	\$185.00	\$185.00	-\$10.00	
Develop Strategic Social Media & Digital Communication	1/17/2016	Anthony Ramirez	1.5	\$150.00	\$225.00	Meeting with Erik Brown and Ana Ferreira to discuss options for digital communications and messaging formats to be discussed with Venture Strategic on January 28, 2016	\$175.00	\$262.50	-\$37.50	
Develop Strategic Social Media & Digital Communication	1/17/16	Erik Brown	1.5	\$175.00	\$262.50	Meeting with Ana Ferreira and Anthony Ramirez to discuss options for digital communications and messaging formats to be discussed with Venture Strategic on January 28, 2016	\$185.00	\$277.50	-\$15.00	
Conduct Workshops With Key Stakeholders	1/19/2016	Jeff Corless	1.0	\$175.00	\$175.00	Review and Edit Ascertainment Study Presentation	\$185.00	\$185.00	-\$10.00	
Develop Strategic Social Media & Digital Communication	1/26/2016	Kelsey Eiben	2.0	\$185.00	\$370.00	Develop Preliminary Messaging Digital and Media Promotion for 2016	\$150.00	\$300.00	\$70.00	
Develop Strategic Social Media & Digital Communication	1/28/2016	Anthony Ramirez	4.0	\$150.00	\$600.00	Meeting with Erik Brown and Ana Ferreira to discuss options for digital communications and messaging formats to be discussed with Venture Strategic on January 28, 2016	\$175.00	\$700.00	-\$100.00	
Develop Strategic Social Media & Digital Communication	1/28/16	Erik Brown	1.5	\$175.00	\$262.50	Meeting with Ana Ferreira and Anthony Ramirez to discuss options for digital communications and messaging formats to be discussed with Venture Strategic on January 28, 2016	\$185.00	\$277.50	-\$15.00	
Develop Strategic Social Media & Digital Communication	1/29/2016	Anthony Ramirez	4.0	\$150.00	\$600.00	Meeting with Kelsey Eiben, Erik Brown and Ana Ferreira to discuss options for digital communications and messaging formats to be discussed with Venture Strategic on January 28, 2016	\$175.00	\$700.00	-\$100.00	
Develop Strategic Social Media & Digital Communication	1/29/16	Erik Brown	4.0	\$175.00	\$700.00	Meeting with Kelsey Eiben, Ana Ferreira and Anthony Ramirez to review and discuss potential digital strategies including search engine optimization, graphics, and Website issues	\$185.00	\$740.00	-\$40.00	
Develop Strategic Media Outreach Information	1/29/2016	Nico Melendez	1	\$185.00	\$185.00	Review media strategies for releasing Ascertainment Study	\$175.00	\$175.00	\$10.00	
Develop Strategic Social Media & Digital Communication	1/29/2016	Kelsey Eiben	4.0	\$185.00	\$740.00	Meeting with Erik Brown, Ana Ferreira and Anthony Ramirez to review and discuss potential digital strategies including search engine optimization, graphics, and Website issues	\$150.00	\$600.00	\$140.00	
Meeting With Stakeholders	2/2/2016	Erik Brown	3.0	\$175.00	\$525.00	Attend TCA Special Board Meeting: Community Ascertainment Study; analyze potential stakeholder issues	\$185.00	\$555.00	-\$30.00	
Develop Strategic Social Media & Digital Communication	2/2/2016	Erik Brown	3.0	\$175.00	\$525.00	Attend TCA Community Ascertainment Study at TCA headquarters to review to analyze strategic digital media and communications opportunities	\$185.00	\$555.00	-\$30.00	
Meeting With Stakeholders	2/2/2016	Kelsey Eiben	3.0	\$175.00	\$525.00	Attend TCA Special Board Meeting: Community Ascertainment Study; analyze potential stakeholder issues	\$160.00	\$450.00	\$75.00	
Develop Strategic Media Outreach Information	2/3/2016	Jeff Corless	2.5	\$175.00	\$437.50	Review and compile input from consultants, subconsultants, and TCA staff to analyze media outreach issues with first quantitative research study	\$185.00	\$462.50	-\$25.00	
Develop Strategic Social Media & Digital Communication	2/16/2016	Anthony Ramirez	1.5	\$150.00	\$225.00	meeting to review TCA feedback and Venture and DMI suggestions for online positioning	\$175.00	\$262.50	-\$37.50	
Develop Strategic Social Media & Digital Communication	2/16/2016	Erik Brown	1.5	\$175.00	\$262.50	meeting to review TCA feedback and Venture and DMI suggestions for online positioning	\$185.00	\$277.50	-\$15.00	

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Develop Strategic Media Outreach Information	2/19/2016	Kurt English	0.50	\$185.00	\$92.50	Review TCA daily emails to inform potential media strategies	\$175.00	\$87.50	\$5.00	
Develop Strategic Social Media & Digital Communication	2/29/2016	Anthony Ramirez	3.25	\$150.00	\$487.50	meeting with Ana Ferreira and Erik Brown to discuss digital strategy and Media opportunities	\$175.00	\$568.75	-\$81.25	
Develop Strategic Social Media & Digital Communication	2/29/2016	Erik Brown	3.25	\$175.00	\$568.75	meeting with Ana Ferreira and Anthony Ramirez to discuss digital strategy and Media opportunities	\$185.00	\$601.25	-\$32.50	
Develop Strategic Social Media & Digital Communication	2/29/2016	Anthony Ramirez	1.0	\$150.00	\$150.00	conference call with Jeff Corless, Kelsey Eiben, Ana Ferreira and Erik Brown to discuss digital strategy and Media opportunities	\$175.00	\$175.00	-\$25.00	
Develop Strategic Social Media & Digital Communication	2/29/2016	Erik Brown	1.0	\$175.00	\$175.00	conference call with Jeff Corless, Kelsey Eiben, Ana Ferreira and Anthony Ramirez to discuss digital strategy and Media opportunities	\$185.00	\$185.00	-\$10.00	
Advise On Stakeholder Outreach & Communication	2/29/2016	Kelsey Eiben	1.0	\$185.00	\$185.00	conference call with TCA staff re: promotion of 25th anniversary book	\$150.00	\$150.00	\$35.00	
Analyze Stakeholder Outreach Opportunities	3/2/16	Erik Brown	3.0	\$175.00	\$525.00	Attend TCA Community Ascertainment Study at TCA headquarters to review to analyze strategic digital media and communications opportunities	\$185.00	\$555.00	-\$30.00	
Prepare To Conduct Workshops With Key Stakeholders	3/7/16	Anthony Ramirez	2.0	\$150.00	\$300.00	Meeting to discuss on Digital Media Planning and Development for overall communications and outreach with Kelsey Eiben, Jeff Corless and DMI	\$175.00	\$350.00	-\$50.00	
Prepare To Conduct Workshops With Key Stakeholders	3/7/16	Bereket Kellie	1.5	\$120.00	\$180.00	Conference call with TCA Administration and Venture Strategic discussing results of Quantitative Research Results and Analysis and stakeholder issues	\$150.00	\$225.00	-\$45.00	
Analyze Stakeholder Outreach Opportunities	3/7/16	Erik Brown	2.0	\$175.00	\$350.00	Meeting to discuss on Digital Media Planning and Development for overall communications and outreach with Kelsey Eiben, Jeff Corless and DMI	\$185.00	\$370.00	-\$20.00	
Analyze Media Outreach Opportunities	3/23/16	Nico Melendez	2.25	\$150.00	\$337.50	Attend TCA SOCMWVG meeting; consider potential meeting outreach opportunities	\$175.00	\$393.75	-\$56.25	
Develop Strategic Media Outreach Information	3/29/16	Curt Pringle	2.0	\$175.00	\$350.00	prepare for strategic counselors meeting on 4/13/16	\$185.00	\$370.00	-\$20.00	
Develop Strategic Social Media & Digital Communication	3/29/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	review and analyze stakeholder information	\$175.00	\$350.00	\$20.00	
Develop Strategic Social Media & Digital Communication	3/29/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	coordinated with C. Pringle and Daryl Steinberg's office and prepared for Strategic Counselors meeting	\$175.00	\$350.00	\$20.00	
Develop Strategic Social Media & Digital Communication	3/31/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepare for and coordinate Strategic Counselor meeting with Daryl Steinberg	\$175.00	\$175.00	\$10.00	
Meeting With Stakeholders	4/5/16	Erik Brown	3.0	\$175.00	\$525.00	develop digital communications resources, content and media	\$185.00	\$555.00	-\$30.00	
Meeting With Stakeholders	04/05/16	Kelsey Eiben	1.5	\$175.00	\$262.50	Draft Agenda for Group In-Person Strategic Meeting To Consider Options For Phase 2 Scope Of work	\$150.00	\$225.00	\$37.50	
Analyze Stakeholder Outreach Opportunities	04/06/16	Erik Brown	8.5	\$150.00	\$1,275.00	in-person meeting with Curt Pringle, Jennifer Fitzgerald, Kurt English, Kelsey Eiben, Bereket Kellie and rest of DMI team to discuss Phase 2 scope of work	\$185.00	\$1,572.50	-\$297.50	
Prepare To Conduct Workshops With Key Stakeholders	04/06/16	Anthony Ramirez	8.5	\$150.00	\$1,275.00	in-person meeting with Curt Pringle, Jennifer Fitzgerald, Kurt English, Kelsey Eiben, Bereket Kellie and rest of DMI team to discuss Phase 2 scope of work	\$175.00	\$1,487.50	-\$212.50	

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Prepare for stakeholder meetings	04/11/16	Erik Brown	0.75	\$175.00	\$131.25	Receive & read Email, review digital communications ideas, Communicate with VSI	\$185.00	\$138.75	-\$7.50	
Analyze Media Outreach Opportunities	04/13/16	Anthony Ramirez	3.5	\$150.00	\$525.00	meeting at DMI to discuss development of public media imagery development and analysis	\$175.00	\$612.50	-\$87.50	
Develop Strategic Media Outreach Information	04/13/16	Anthony Ramirez	2.0	\$150.00	\$300.00	develop digital communications resources, content and media	\$175.00	\$350.00	-\$50.00	
Analyze Media Outreach Opportunities	04/13/16	Erik Brown	3.5	\$175.00	\$612.50	meeting at DMI to discuss development of public media imagery development and analysis	\$185.00	\$647.50	-\$35.00	
Develop Strategic Media Outreach Information	04/13/16	Erik Brown	3.0	\$175.00	\$525.00	develop digital communications resources, content and media	\$185.00	\$555.00	-\$30.00	
Develop Strategic Media Outreach Information	04/14/16	Anthony Ramirez	1.75	\$150.00	\$262.50	meeting to discuss development of public media imagery development and analysis	\$175.00	\$306.25	-\$43.75	
Develop Strategic Media Outreach Information	04/14/16	Anthony Ramirez	1.0	\$150.00	\$150.00	develop digital communications resources, content and media	\$175.00	\$175.00	-\$25.00	
Analyze Media Outreach Opportunities	04/14/16	Erik Brown	1.75	\$175.00	\$306.25	meeting to discuss development of public media imagery development and analysis	\$185.00	\$323.75	-\$17.50	
Analyze Media Outreach Opportunities	04/14/16	Erik Brown	1.0	\$175.00	\$175.00	develop digital communications resources, content and media	\$185.00	\$185.00	-\$10.00	
Analyze Media Outreach Opportunities	04/15/16	Anthony Ramirez	2.0	\$150.00	\$300.00	develop digital communications resources, content and media	\$175.00	\$350.00	-\$50.00	
Analyze Media Outreach Opportunities	04/15/16	Erik Brown	2.0	\$175.00	\$350.00	develop digital communications resources, content and media	\$185.00	\$370.00	-\$20.00	
Analyze Media Outreach Opportunities	04/18/16	Anthony Ramirez	2.5	\$150.00	\$375.00	meeting to discuss development of public media imagery development and analysis	\$175.00	\$437.50	-\$62.50	
Develop Strategic Social Media & Digital Communication	04/18/16	Anthony Ramirez	2.0	\$150.00	\$300.00	develop digital communications resources, content and media	\$175.00	\$350.00	-\$50.00	
Develop Strategic Social Media & Digital Communication	04/18/16	Erik Brown	4.0	\$175.00	\$700.00	develop digital communications resources, content and media	\$185.00	\$740.00	-\$40.00	
Analyze Media Outreach Opportunities	04/18/16	Erik Brown	2.5	\$175.00	\$437.50	meeting to discuss development of public media imagery development and analysis	\$185.00	\$462.50	-\$25.00	
Develop Strategic Social Media & Digital Communication	04/19/16	Anthony Ramirez	2.5	\$150.00	\$375.00	develop digital communications resources, content and media	\$175.00	\$437.50	-\$62.50	
Develop Strategic Social Media & Digital Communication	04/19/16	Erik Brown	1.5	\$175.00	\$262.50	Review potential digital media messaging with Jeff Corless, Kelsey Eiben and Art Ordiano	\$185.00	\$277.50	-\$15.00	
Develop Strategic Social Media & Digital Communication	04/19/16	Erik Brown	1.0	\$175.00	\$175.00	develop digital communications resources, content and media	\$185.00	\$185.00	-\$10.00	
Develop Strategic Social Media & Digital Communication	04/20/16	Anthony Ramirez	2.5	\$150.00	\$375.00	develop digital communications resources, content and media	\$175.00	\$437.50	-\$62.50	

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Develop Strategic Social Media & Digital Communication	04/20/16	Jeff Corless	4.0	\$175.00	\$700.00	Attend TCA SOCMWVG Meeting with Kelsey Eiben and Jennifer Fitzgerald	\$185.00	\$740.00	-\$40.00	
Develop Strategic Social Media & Digital Communication	04/20/16	Erik Brown	2.5	\$175.00	\$437.50	develop digital communications resources, content and media	\$185.00	\$462.50	-\$25.00	
Develop Strategic Social Media & Digital Communication	04/21/16	Erik Brown	1.0	\$175.00	\$175.00	Conference call with Jeff Corless and Kelsey Eiben to discuss potential digital content development strategies	\$185.00	\$185.00	-\$10.00	
Develop Strategic Social Media & Digital Communication	04/22/16	Erik Brown	2.0	\$175.00	\$350.00	develop digital communications resources, content and media	\$185.00	\$370.00	-\$20.00	
Create Scope Of Work Outline For Proposed Task Order No. 2 (PTO-002)	04/25/16	Erik Brown	2.0	\$175.00	\$350.00	develop digital communications resources, content and media	\$185.00	\$370.00	-\$20.00	
	04/28/16	Kelsey Eiben	0.5	\$185.00	\$92.50	Review potential digital communications with Kelsey Eiben	\$150.00	\$75.00	\$17.50	
Create Scope Of Work Outline For Proposed Task Order No. 2 (PTO-002)	04/29/16	Jennifer Fitzgerald	0.75	\$150.00	\$112.50	conference call with Jeff Corless, Kelsey Eiben and Nico Melendez to discuss media and stakeholder issues	\$175.00	\$131.25	-\$18.75	
Create Scope Of Work Outline For Proposed Task Order No. 2 (PTO-002)	04/29/16	Jeff Corless	1.0	\$175.00	\$175.00	Conference call Re: Community Outreach 101 class w/ Kit Cole Consulting, Kelsey Eiben and Jennifer Fitzgerald	\$185.00	\$185.00	-\$10.00	
Create Scope Of Work Outline For Proposed Task Order No. 2 (PTO-002)	04/30/16	Nico Melendez	0.5	\$150.00	\$75.00	Conference call with Jeff Corless to discuss TCA media outreach strategy and review project documents	\$175.00	\$87.50	-\$12.50	
Prepare for stakeholder outreach	5/1/16	Erik Brown	2.5	\$175.00	\$437.50	Prepare digital and social media information	\$185.00	\$462.50	-\$25.00	
Prepare for stakeholder outreach	5/4/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	Attend Meeting with Secretary Mary Peters TCA Mobility Ad Hoc Committee	\$175.00	\$350.00	\$20.00	
Prepare for stakeholder outreach	5/5/16	Kurt English	0.5	\$185.00	\$277.50	Review Task Order 2 Budget with Jeff Corless and Nico Melendez	\$175.00	\$87.50	\$190.00	
Prepare for stakeholder outreach	5/6/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	conference call with Jeff Corless and Kelsey Eiben to coordinate and review stakeholder outreach issues	\$175.00	\$175.00	\$10.00	
Prepare For Public Outreach	5/16/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	Planning and coordination with Jeff Corless and Kelsey Eiben for 5/25/16 SOCMWVG	\$175.00	\$175.00	\$10.00	
Develop Strategic Social Media & Digital Communication	5/19/16	Kelsey Eiben	1.0	\$185.00	\$185.00	Review digital content with Jeff Corless	\$150.00	\$150.00	\$35.00	
Develop Strategic Social Media & Digital Communication	5/24/16	Jeff Corless	2.0	\$175.00	\$350.00	Prepare presentation for SOCMWVG with Jennifer Fitzgerald and Kelsey Eiben based upon Sharon Browning's feedback and requested edits	\$185.00	\$370.00	-\$20.00	
Develop Strategic Social Media & Digital Communication	5/26/16	Jennifer Fitzgerald	2.0	\$150.00	\$300.00	prepare presentation for Mobility Ad Hoc Committee on scope of work for phase 1 and 2 with J. Corless and K. Eiben	\$175.00	\$350.00	-\$50.00	
Develop Strategic Social Media & Digital Communication	5/26/16	Anthony Ramirez	1.0	\$150.00	\$150.00	review digital content	\$175.00	\$175.00	-\$25.00	
Develop A Detailed Scope Of Work Outline For Proposed Task Order No. 2 (PTO-002)	5/27/16	Anthony Ramirez	4.0	\$150.00	\$600.00	review digital content	\$175.00	\$700.00	-\$100.00	

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Prepare For Stakeholder Outreach	6/1/16	Erik Brown	6.0	\$175.00	\$1,050.00	TCA Strategic Stakeholder Meeting @ TCA HQ, Mobility AD Hoc Committee Meeting and Venture Strategic meeting with TCA staff of inform potential digital initiatives	\$185.00	\$1,110.00	-\$60.00	
Prepare for stakeholder outreach	6/1/16	Curt Pringle	2.5	\$175.00	\$437.50	Presentation to Mobility Ad Hoc Committee on stakeholder and public outreach	\$185.00	\$462.50	-\$25.00	
Prepare for stakeholder outreach	6/2/16	Curt Pringle	2.0	\$175.00	\$350.00	attended South OC Economic Coalition Reception	\$185.00	\$370.00	-\$20.00	
Prepare For Stakeholder Outreach	6/3/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	coordinated with OCTA/TCA on upcoming public meetings	\$175.00	\$350.00	\$20.00	
follow up on stakeholder outreach meeting	6/6/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepare for Public forum	\$175.00	\$175.00	\$10.00	
follow up on stakeholder outreach meeting	6/6/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	coordinated getting commitments from table facilitators for June 20 public forum	\$175.00	\$350.00	\$20.00	
Prepare For Public Outreach	6/7/16	Jennifer Fitzgerald	0.5	\$185.00	\$92.50	public forum and June SOCMWG strategy call with J. Corless	\$175.00	\$87.50	\$5.00	
Prepare For Public Outreach	6/7/16	Jennifer Fitzgerald	0.5	\$185.00	\$92.50	prepare for Public forum	\$175.00	\$87.50	\$5.00	
Prepare For Public Outreach	6/8/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	meeting with Jennifer Fitzgerald, Mike Chesney, Mike Kraman, and Curt Pringle to discuss stakeholder and public outreach	\$175.00	\$350.00	\$20.00	
Prepare For Public Outreach	6/8/16	Jennifer Fitzgerald	3.0	\$185.00	\$555.00	coordinated with OCTA/TCA/CSUF/SCAG on June 20 public forum presentations	\$175.00	\$525.00	\$30.00	
Prepare for public outreach	6/9/16	Erik Brown	1.0	\$150.00	\$150.00	review draft digital content	\$185.00	\$185.00	-\$35.00	
Prepare For Public Outreach	6/14/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	June 20th public forum site walk-thru	\$175.00	\$175.00	\$10.00	
Prepare for public outreach	6/14/16	Jennifer Fitzgerald	1.5	\$185.00	\$277.50	community outreach meeting with Jeff Corless, Kelsey Eiben, Barbara Thomas, Brian Lochrie and Jeff Bott	\$175.00	\$262.50	\$15.00	
Prepare For Public Outreach	6/15/16	Jennifer Fitzgerald	0.5	\$185.00	\$92.50	drafted email to SOCMWG participants detailing agenda for June 22nd SOCMWG	\$175.00	\$87.50	\$5.00	
Prepare for public outreach	6/15/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	prepare for SOCMWG and Public forum	\$175.00	\$350.00	\$20.00	
Prepare For Public Outreach	6/16/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepared for June 20th public forum	\$175.00	\$175.00	\$10.00	
Prepare For Public Outreach	6/16/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepared for June 20th public forum	\$175.00	\$175.00	\$10.00	
Prepare For Public Outreach	6/16/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	prepared for June 20th public forum	\$175.00	\$350.00	\$20.00	
Prepare for public outreach	6/17/16	Jennifer Fitzgerald	0.5	\$185.00	\$92.50	public forum conference call with J. Corless	\$175.00	\$87.50	\$5.00	

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Prepare for public outreach	6/17/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepare for SOCMWg and Public forum	\$175.00	\$175.00	\$10.00	
Prepare for public outreach	6/17/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	conferred with C. Pringle on public forum details/presentations	\$175.00	\$175.00	\$10.00	
Prepare For Public Outreach	6/17/16	Jennifer Fitzgerald	3.0	\$185.00	\$555.00	prepared for June 20th public forum	\$175.00	\$525.00	\$30.00	
public outreach meeting	6/20/16	Jennifer Fitzgerald	6.5	\$185.00	\$1,202.50	set up, conducted June 20th public forum	\$175.00	\$1,137.50	\$65.00	
Prepare For Public Outreach	6/20/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	prepare for Public forum	\$175.00	\$175.00	\$10.00	
Prepare for public outreach	6/21/16	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	reviewed public forum comments and feedback	\$175.00	\$350.00	\$20.00	
Develop Strategic Social Media & Digital Communication	6/23/16	Curt Pringle	2.0	\$175.00	\$350.00	debrief of June 22 SOCMWg with J. Fitzgerald	\$185.00	\$370.00	-\$20.00	
Develop Strategic Social Media & Digital Communication	6/27/16	Jennifer Fitzgerald	1.0	\$185.00	\$185.00	finalized thank you letters to SOCMWg/Public forum presenters and sent in the mail	\$175.00	\$175.00	\$10.00	
Analyze Potential Research Opportunities	7/1/16	Erik Brown	1.0	\$175.00	\$175.00	review draft digital content	\$185.00	\$185.00	-\$10.00	
Prepare For Stakeholder Outreach	7/5/16	Katie Pringle	1.0	\$100.00	\$100.00	Meeting with Curt Pringle and Jennifer Fitzgerald to discuss stakeholder outreach issues	\$125.00	\$125.00	-\$25.00	
Prepare For Stakeholder Outreach	7/5/16	Erik Brown	2.0	\$175.00	\$350.00	review draft digital content	\$185.00	\$370.00	-\$20.00	
Prepare For Stakeholder Outreach	7/6/16	Anthony Ramirez	1.0	\$150.00	\$150.00	review and manage preparation of draft digital content	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder Outreach	7/6/16	Kurt English	1.25	\$185.00	\$231.25	Discussion with Jeff Corless to discuss on stakeholder outreach issues	\$175.00	\$218.75	\$12.50	
Prepare for public and stakeholder outreach	7/8/16	Erik Brown	1.0	\$175.00	\$175.00	review and manage preparation of draft digital content	\$185.00	\$185.00	-\$10.00	
Prepare For Stakeholder Outreach	7/9/16	Anthony Ramirez	1.0	\$150.00	\$150.00	review and manage preparation of draft digital content	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder Outreach	7/9/16	Erik Brown	1.0	\$175.00	\$175.00	review and manage preparation of draft digital content	\$185.00	\$185.00	-\$10.00	
Prepare for public outreach	7/10/16	Erik Brown	1.0	\$150.00	\$150.00	review and manage preparation of draft digital content	\$185.00	\$185.00	-\$35.00	
Review Public Outreach Information	7/11/16	Erik Brown	3.0	\$175.00	\$525.00	review draft digital content	\$185.00	\$555.00	-\$30.00	
Prepare for public and stakeholder outreach	7/11/16	Anthony Ramirez	1.0	\$150.00	\$150.00	review draft digital content	\$175.00	\$175.00	-\$25.00	

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TASK	DATE	PERSON	HOURS	RATE	COST	DESCRIPTION	CORRECT RATE	CORRECTED COST	TCA PAYABLE(-) or CREDIT (+)	NOTES
Develop Strategic Media Outreach Information	7/13/16	Anthony Ramirez	1.0	\$150.00	\$150.00	review draft digital content	\$175.00	\$175.00	-\$25.00	
Develop Strategic Media Outreach Information	7/14/16	Anthony Ramirez	1.0	\$150.00	\$150.00	review draft digital content	\$175.00	\$175.00	-\$25.00	
Prepare for public and stakeholder outreach	7/15/16	Erik Brown	4.0	\$175.00	\$700.00	review and manage preparation of draft digital content	\$185.00	\$740.00	-\$40.00	
Prepare for public and stakeholder outreach	7/15/16	Anthony Ramirez	1.0	\$150.00	\$150.00	meeting to discuss digital content ideas	\$175.00	\$175.00	-\$25.00	
Develop Strategic Media Outreach Information	7/15/16	Erik Brown	1.0	\$175.00	\$175.00	meeting to discuss digital content ideas	\$185.00	\$185.00	-\$10.00	
Prepare for public and media outreach	7/16/16	Erik Brown	4.0	\$175.00	\$700.00	review and manage preparation of draft digital content	\$185.00	\$740.00	-\$40.00	
Prepare For Stakeholder Outreach	7/18/16	Anthony Ramirez	6.0	\$150.00	\$900.00	review and manage preparation of draft digital content	\$175.00	\$1,050.00	-\$150.00	
Develop Strategic Media Outreach Information	7/18/16	Erik Brown	9.25	\$175.00	\$1,618.75	review and manage preparation of draft digital content	\$185.00	\$1,711.25	-\$92.50	
Prepare for Public & Media Outreach	7/19/16	Anthony Ramirez	7.25	\$150.00	\$1,087.50	review and manage preparation of draft digital content	\$175.00	\$1,268.75	-\$181.25	
Prepare for Public Outreach	7/19/16	Erik Brown	9.75	\$175.00	\$1,706.25	review and manage preparation of draft digital content	\$185.00	\$1,803.75	-\$97.50	
Develop Strategic Media Outreach Information	7/20/16	Anthony Ramirez	6.0	\$150.00	\$900.00	review and manage preparation of draft digital content	\$175.00	\$1,050.00	-\$150.00	
Develop Strategic Media Outreach Information	7/20/16	Anthony Ramirez	2.00	\$150.00	\$300.00	Advise and Manage art direction for Ad	\$175.00	\$350.00	-\$50.00	
Develop Strategic Media Outreach Information	7/20/16	Erik Brown	3.25	\$175.00	\$568.75	review and manage preparation of draft digital content	\$185.00	\$601.25	-\$32.50	
Develop Strategic Media Outreach Information	7/21/16	Anthony Ramirez	7.0	\$150.00	\$1,050.00	review and manage preparation of draft digital content	\$175.00	\$1,225.00	-\$175.00	
Develop Strategic Digital Communication	7/21/16	Erik Brown	5.0	\$175.00	\$875.00	review and manage preparation of draft digital content	\$185.00	\$925.00	-\$50.00	
Prepare for Public & Media Outreach	7/21/16	Jeff Corless	0.5	\$150.00	\$75.00	review draft advertising piece	\$185.00	\$92.50	-\$17.50	
Develop Strategic Digital Communication	7/22/16	Anthony Ramirez	4.5	\$150.00	\$675.00	review draft digital content	\$175.00	\$787.50	-\$112.50	
Develop Strategic Digital Communication	7/22/16	Erik Brown	6.5	\$175.00	\$1,137.50	review and manage preparation of draft digital content	\$185.00	\$1,202.50	-\$65.00	
Develop Strategic Digital Communication	7/23/16	Anthony Ramirez	4.0	\$150.00	\$600.00	review draft digital content	\$175.00	\$700.00	-\$100.00	

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Develop Strategic Digital Communication	7/23/16	Erik Brown	9.75	\$175.00	\$1,706.25	review and manage preparation of draft digital content	\$185.00	\$1,803.75	-\$97.50	
Develop Strategic Digital Communication	7/24/16	Anthony Ramirez	10.0	\$150.00	\$1,500.00	review draft digital content	\$175.00	\$1,750.00	-\$250.00	
Develop Strategic Digital Communication	7/24/16	Erik Brown	14.0	\$175.00	\$2,450.00	review and manage preparation of draft digital content	\$185.00	\$2,590.00	-\$140.00	
Develop Strategic Digital Communication	7/25/16	Anthony Ramirez	3.5	\$150.00	\$525.00	review draft digital content	\$175.00	\$612.50	-\$87.50	
Develop Strategic Digital Communication	7/25/16	Erik Brown	7.0	\$175.00	\$1,225.00	review and manage preparation of draft digital content	\$185.00	\$1,295.00	-\$70.00	
Develop Strategic Digital Communication	7/26/16	Erik Brown	8.75	\$175.00	\$1,531.25	review and manage preparation of draft digital content	\$185.00	\$1,618.75	-\$87.50	
Develop Strategic Digital Communication	7/26/16	Anthony Ramirez	3.5	\$150.00	\$525.00	review and manage preparation of draft digital content	\$175.00	\$612.50	-\$87.50	
Develop Strategic Digital Communication	7/27/16	Erik Brown	3.5	\$175.00	\$612.50	review draft digital content	\$185.00	\$647.50	-\$35.00	
Develop Strategic Digital Communication	7/28/16	Erik Brown	1.75	\$175.00	\$306.25	review draft digital content	\$185.00	\$323.75	-\$17.50	
Develop Strategic Digital Communication	7/29/16	Erik Brown	1.5	\$175.00	\$262.50	Conference call to discuss TCA digital communication and outreach with Kelsey Eiben, Art Ordiano, Jeff Corless and Ana Ferreira	\$185.00	\$277.50	-\$15.00	
Prepare for public and stakeholder outreach	08/03/16	Curt Pringle	3.0	\$125.00	\$375.00	Attend meetings with VSI team and TCA staff	\$185.00	\$555.00	-\$180.00	
Prepare For Stakeholder Outreach	08/10/16	Curt Pringle	0.5	\$175.00	\$87.50	Meeting with Jennifer Fitzgerald on stakeholder and public outreach	\$185.00	\$92.50	-\$5.00	
Develop Strategic Media Outreach Information	08/17/16	Zeshaan Younus	1.0	\$125.00	\$125.00	Meeting with Kelsey Eiben to prepare for public forum	\$150.00	\$150.00	-\$25.00	
Develop Strategic Public Outreach	9/14/16	Nico Melendez	1.0	\$150.00	\$150.00	Develop media advisory for public forum with Kelsey Eiben	\$175.00	\$175.00	-\$25.00	
Develop Strategic Media Outreach Information	9/15/16	Kelsey Eiben	1.0	\$185.00	\$185.00	Prepare for public forum	\$150.00	\$150.00	\$35.00	
Prepare for Public & Media Outreach	9/19/16	Art Ordiano	0.5	\$175.00	\$87.50	Prepare promotional information for public forum	\$150.00	\$75.00	\$12.50	
Prepare For Stakeholder & Public Outreach	10/3/16	Jeff Corless	1.0	\$175.00	\$175.00	Conference call with Jennifer Fitzgerald re: public and stakeholder outreach	\$185.00	\$185.00	-\$10.00	
Meeting to Discuss Global Communications	10/31/16	Kelsey Eiben	0.25	\$185.00	\$46.25	Conference call with Nico Melendez and Jeff Corless to discuss media and public outreach issues	\$150.00	\$37.50	\$8.75	

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Develop Strategic Media Outreach Information	11/10/2016	Peter Dorsch	3.5	\$125.00	\$437.50	Attend TCA Board Meeting with Nico Melendez, Kelsey Eiben, Peter Doerstch, Curt Pringle, Katie Pringle, Aexhaan. Prepare for possible Environmental Settlement PublicMedia Announcement, conduct press conference, coordinate release of press kits, joint statement, audio soundbite recordings, and peripherals to print, television, radio and online reporters for announcement; conduct photography and videography for documentation of press conference	\$150.00	\$525.00	-\$87.50	
Develop Strategic Digital Communication	11/14/2016	Kelsey Eiben	1.5	\$175.00	\$262.50	Discussion with Jeff Corfess on OCBC video production	\$150.00	\$225.00	\$37.50	
Develop Strategic Digital Communication	11/14/2016	Kelsey Eiben	1.5	\$175.00	\$262.50	Develop Digital Communications Content	\$150.00	\$225.00	\$37.50	
Prepare for Global Communications Opportunities	11/28/2016	Kelsey Eiben	1.5	\$185.00	\$277.50	Attend 241/91 Outreach Meeting with Jeff Corfess and TCA personnel	\$150.00	\$225.00	\$52.50	
Prepare For Stakeholder & Public Outreach	12/22/16	Jennifer Fitzgerald	1.0	\$125.00	\$125.00	Follow up on city Council Member briefing meetings	\$175.00	\$175.00	-\$50.00	
Develop Strategic Media Outreach Information	12/23/2016	Kurt English	0.25	\$185.00	\$46.25	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$43.75	\$2.50	
Develop Strategic Digital Communication	2/2/2017	Ana Ferreira	1.25	\$185.00	\$231.25	Review digital media accounts and feedback	\$150.00	\$187.50	\$43.75	
Stakeholder Meeting	2/13/2017	Katie Pringle	2.0	\$185.00	\$370.00	Meeting with Councilwoman Tara Campbell	\$125.00	\$250.00	\$120.00	
Develop Strategic Digital Communication	2/17/2017	Ana Ferreira	5.0	\$185.00	\$925.00	Create and manage digital content	\$150.00	\$750.00	\$175.00	
Prepare For Stakeholder & Public Outreach	2/28/2017	Kurt English	0.5	\$185.00	\$92.50	Conference Call with Jeff Corfess on stakeholder and public outreach issues	\$175.00	\$87.50	\$5.00	
Stakeholder Meeting	3/8/17	Curt Pringle	1.0	\$175.00	\$175.00	Meeting with Paul Hernandez of The Irvine Company	\$185.00	\$185.00	-\$10.00	
Develop Strategic Digital Communication & Outreach	3/14/2017	Javier Massai	2.5	\$175.00	\$437.50	Prepare digital content	\$100.00	\$250.00	\$187.50	
Develop Strategic Digital Communication & Outreach	3/14/2017	Ismael Guzman	2.5	\$185.00	\$462.50	Prepare digital content	\$100.00	\$250.00	\$212.50	
Develop Strategic Digital Communication & Outreach	3/30/2017	Ana Ferreira	2.5	\$175.00	\$437.50	Review, revise and create digital content	\$150.00	\$375.00	\$62.50	
Develop Strategic Digital Communication & Outreach	3/30/2017	Art Ordiano	5.5	\$175.00	\$962.50	Review, revise and create digital content	\$150.00	\$825.00	\$137.50	
Prepare For Media & Public Outreach	4/3/2017	Kelsey Eiben	0.5	\$175.00	\$87.50	Conference call with Nico Melendez to discuss media outreach and opportunities	\$150.00	\$75.00	\$12.50	
Prepare For Public & Stakeholder Outreach	4/10/2017	Kelsey Eiben	0.5	\$185.00	\$92.50	Discuss public forum with Anissa Badea and Jeff Corfess	\$150.00	\$75.00	\$17.50	

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Develop Strategic Digital Communication	4/12/2017	Javier Massal	2.25	\$175.00	\$393.75	Review digital content	\$100.00	\$225.00	\$168.75	
Develop Strategic Digital Communication	4/12/2017	Ismael Fernandez	2.25	\$185.00	\$416.25	Review digital content	\$100.00	\$225.00	\$191.25	
Prepare For Stakeholder & Public Outreach	4/13/2017	Jennifer Fitzgerald	4.5	\$125.00	\$562.50	Attend TCA board meeting; make presentation	\$175.00	\$787.50	-\$225.00	
Prepare For Stakeholder & Public Outreach	4/13/2017	Jennifer Fitzgerald	2.0	\$125.00	\$250.00	OCTA meeting with Jeff Corless, Steve Brown, Les Card & Mike Chesney	\$175.00	\$350.00	-\$100.00	
Develop Strategic Digital Communication	4/13/2017	Javier Massal	3.0	\$175.00	\$525.00	Review digital content	\$100.00	\$300.00	\$225.00	
Develop Strategic Digital Communication	4/13/2017	Ismael Fernandez	3.0	\$185.00	\$555.00	Review digital content	\$100.00	\$300.00	\$255.00	
Prepare For Stakeholder & Public Outreach	4/14/2017	Jennifer Fitzgerald	1.5	\$185.00	\$277.50	Attend TCA OCTA meeting with Jeff Corless	\$175.00	\$262.50	\$15.00	
Prepare For Stakeholder & Public Outreach	4/17/17	Jennifer Fitzgerald	0.5	\$125.00	\$62.50	Finalize attendance for SOCMWG meeting	\$175.00	\$87.50	-\$25.00	
Prepare For Stakeholder & Public Outreach	4/20/2017	Katie Pringle	2.0	\$175.00	\$350.00	Meeting to discuss stakeholder outreach with VSI and TCA personnel	\$125.00	\$250.00	\$100.00	
Prepare For Stakeholder & Public Outreach	4/24/2017	Jennifer Fitzgerald	2.0	\$185.00	\$370.00	South County Outreach meeting with TCA personnel and Jeff Corless	\$175.00	\$350.00	\$20.00	
Prepare For Public & Stakeholder Outreach	4/24/2017	Katie Pringle	0.5	\$185.00	\$92.50	Meeting with Curt Pringle to discuss public forums and outreach	\$125.00	\$62.50	\$30.00	
Clarify & Refine Project Objective	4/26/2017	Jeff Corless	2.0	\$175.00	\$350.00	Meeting with Nico Melendez and Kurt English to discuss objectives and work of Phase 3 of project	\$185.00	\$370.00	-\$20.00	
Prepare For Public & Media Outreach	4/26/2017	Jennifer Fitzgerald	0.25	\$185.00	\$46.25	Correspondence with Jeff Corless to follow up on partner agency items for public forum	\$175.00	\$43.75	\$2.50	
Prepare For Stakeholder & Public Outreach	4/27/2017	Jennifer Fitzgerald	1.0	\$125.00	\$125.00	Meeting with Curt Pringle to discuss stakeholder outreach	\$175.00	\$175.00	-\$50.00	
Clarify & Refine Project Objective	4/27/2017	Jeff Corless	2.0	\$175.00	\$350.00	Meeting with Nico Melendez and Kurt English to discuss objectives and work of Phase 3 of project	\$185.00	\$370.00	-\$20.00	
Prepare For Media & Public Outreach	4/27/2017	Kelsey Eiben	1.0	\$175.00	\$175.00	Meeting with Nico Melendez to discuss media outreach and opportunities	\$150.00	\$150.00	\$25.00	
Prepare For Stakeholder & Public Outreach	4/28/2017	Katie Pringle	1.0	\$175.00	\$175.00	Drafting stakeholder outreach invite and coordinate various stakeholder outreach initiatives	\$125.00	\$125.00	\$50.00	
Prepare for Global Communications Opportunities	5/1/17	Kurt English	0.75	\$185.00	\$138.75	Discuss scope of work for Phase 3 of project with Jeff Corless	\$175.00	\$131.25	\$7.50	
Prepare for Global Communications Opportunities	5/2/17	Kurt English	0.25	\$185.00	\$46.25	Discuss scope of work for Phase 3 of project with Jeff Corless	\$175.00	\$43.75	\$2.50	

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Prepare for Global Communications Opportunities	5/3/17	Nico Melendez	0.5	\$185.00	\$92.50	Meeting with Jeff Corless to discuss communications	\$175.00	\$87.50	\$5.00	
Prepare for Global Communications Opportunities	5/8/17	Jennifer Fitzgerald	1.0	\$125.00	\$125.00	Meeting with Jeff Corless and TCA staff on South County outreach at agency	\$175.00	\$175.00	-\$50.00	
Prepare for Global Communications Opportunities	5/9/17	Jennifer Fitzgerald	1.0	\$125.00	\$125.00	Prepare draft materials for public forum	\$175.00	\$175.00	-\$50.00	
Prepare for Global Communications	6/5/17	Lauren Clark	9.0	\$125.00	\$1,125.00	Forum preparation and forum execution	\$150.00	\$1,350.00	-\$225.00	
Prepare for Global Communications Opportunities	6/5/17	Zeshaan Younus	9.0	\$125.00	\$1,125.00	Forum preparation and forum execution	\$150.00	\$1,350.00	-\$225.00	
Prepare for Global Communications Opportunities	6/5/17	Melinda Andrade	6.0	\$125.00	\$750.00	Forum preparation and forum execution	\$150.00	\$900.00	-\$150.00	
Prepare for Global Communications Opportunities	6/5/17	Todd Priest	5.0	\$125.00	\$625.00	Forum preparation and forum execution	\$150.00	\$750.00	-\$125.00	
Prepare for Global Communications Opportunities	6/6/17	Katie Pringle	1.0	\$175.00	\$175.00	Public forum recap with Jennifer Fitzgerald and Curt Pringle	\$125.00	\$125.00	\$50.00	
Develop Strategic Communications & Advertising	6/8/17	Katie Pringle	3.0	\$175.00	\$525.00	Debrief on TCA board meeting and strategy and follow up with Kelsey Eiben and Jeff Corless	\$125.00	\$375.00	\$150.00	
Prepare For Public & Stakeholder Outreach	7/1/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Jeff Corless and Alex Avetoom to discuss stakeholder and public outreach	\$175.00	\$350.00	-\$50.00	Billed at incorrect rate (\$150) from JUL - SEP 2017 (rate should have been \$175)
Develop Strategic Digital Communication	7/1/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Prepare digital content	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder Outreach	7/3/2017	Kelsey Eiben	1.25	\$150.00	\$187.50	Conference call with Nico Melendez, Jeff Corless and Alex Avetoom regarding stakeholder and public outreach issues	\$175.00	\$218.75	-\$31.25	
Develop Strategic Digital Communication	7/4/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Update digital content	\$175.00	\$87.50	-\$12.50	
Develop Strategic Digital Communication	7/5/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Conference call with Jeff Corless and Graphic Footprints to discuss digital content	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder Outreach	7/5/2017	Kelsey Eiben	0.75	\$150.00	\$112.50	Conference call with Alex Avetoom and Nico Melendez regarding stakeholder and public outreach issues	\$175.00	\$131.25	-\$18.75	
Analyze Potential Research Opportunities	7/6/2017	Kelsey Eiben	4.5	\$150.00	\$675.00	Meeting with Wayne Johnson, CPA and VSI personnel to discuss research and communications issues	\$175.00	\$787.50	-\$112.50	
Develop Strategic Media Outreach Information	7/6/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Call with Nico Melendez to discuss outreach issues and opportunities	\$175.00	\$87.50	-\$12.50	
Prepare For Media & Public Outreach	7/7/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Prepare draft public and media outreach information	\$175.00	\$175.00	-\$25.00	
Meeting To Discuss Stakeholder & Public Outreach	7/7/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Conference call to discuss stakeholder and public outreach	\$175.00	\$87.50	-\$12.50	

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Prepare For Public & Stakeholder Outreach	7/10/2017	Kelsey Eiben	3.0	\$150.00	\$450.00	Meeting to discuss stakeholder and public outreach and traffic studies with Jeff Corless	\$175.00	\$525.00	-\$75.00	
Prepare For Public & Stakeholder Outreach	7/10/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting to discuss communications and public outreach with Jeff Corless and Alex Avetoom	\$175.00	\$350.00	-\$50.00	
Prepare For Public & Stakeholder Outreach	7/10/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Outreach meeting with Jeff Corless, Katie Pringle and Barbara Thomas	\$175.00	\$175.00	-\$25.00	
Prepare For Public & Stakeholder Outreach	7/11/2017	Kelsey Eiben	3.0	\$150.00	\$450.00	Meeting with Jeff Corless and Alex Avetoom to discussion communications and outreach	\$175.00	\$525.00	-\$75.00	
Prepare For Public & Stakeholder Outreach	7/11/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Alex Avetoom and Jeff Corless to discussion communications and outreach	\$175.00	\$350.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	7/12/2017	Kelsey Eiben	3.0	\$150.00	\$450.00	Meeting to discuss stakeholder outreach Alex Avetoom, Curt Pringle, Katie Pringle, Jeff Corless and TCA staff	\$175.00	\$525.00	-\$75.00	
Prepare For Public & Stakeholder Outreach	7/12/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Attend TCA communications staff meeting with TCA personnel and Jeff Corless	\$175.00	\$262.50	-\$37.50	
Develop Strategic Media Outreach Information	7/13/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Coordinate public and media outreach	\$175.00	\$262.50	-\$37.50	
Prepare For Media Outreach	7/14/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Nico Melendez to discuss media outreach issues and opportunities	\$175.00	\$262.50	-\$37.50	
Meeting To Discuss Stakeholder & Public Outreach	7/14/2017	Kelsey Eiben	0.75	\$150.00	\$112.50	Conference call with VSI team to discuss stakeholder and public outreach	\$175.00	\$131.25	-\$18.75	
Prepare For Public, Media & Stakeholder Outreach	7/17/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Alex Avetoom to discuss stakeholder, media and public outreach	\$175.00	\$262.50	-\$37.50	
Prepare For Media & Public Outreach	7/17/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Prepare draft public and media outreach information	\$175.00	\$87.50	-\$12.50	
Develop Strategic Media Outreach Information	7/19/2017	Kelsey Eiben	3.0	\$150.00	\$450.00	Meeting with Jeff Corless and Katie Jones to discuss public and media outreach	\$175.00	\$525.00	-\$75.00	
Prepare For Media & Public Outreach	7/19/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Prepare draft information for public outreach	\$175.00	\$437.50	-\$62.50	
Prepare For Stakeholder & Public Outreach	7/19/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Meeting with Jeff Corless about stakeholder outreach	\$175.00	\$87.50	-\$12.50	
Prepare For Public, Media & Stakeholder Outreach	7/20/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Alex Avetoom to discuss stakeholder, media and public outreach	\$175.00	\$175.00	-\$25.00	
Prepare For Media & Public Outreach	7/21/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Conference call with Nico Melendez and Jeff Corless about draft public and media outreach information	\$175.00	\$262.50	-\$37.50	
Prepare For Stakeholder & Public Outreach	7/21/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Conference call with Jeff Corless and Jennifer Fitzgerald to discuss stakeholder and public outreach	\$175.00	\$262.50	-\$37.50	
Prepare For Public & Stakeholder Outreach	7/21/2017	Katie Pringle	0.5	\$185.00	\$92.50	Review communications issues	\$125.00	\$62.50	\$30.00	

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TASK	DATE	PERSON	HOURS	RATE	COST	DESCRIPTION	CORRECT RATE	CORRECTED COST	TCA PAYABLE(-) or CREDIT (+)	NOTES
Develop Strategic Digital Communication	7/22/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Prepare draft digital content	\$175.00	\$87.50	-\$12.50	
Develop Strategic Digital Communication	7/24/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Prepare draft digital content	\$175.00	\$262.50	-\$37.50	
Develop Strategic Media Outreach Information	7/24/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Coordinate public and media outreach	\$175.00	\$262.50	-\$37.50	
Meeting To Discuss Public and Media Outreach	7/24/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Alex Avetoom to discuss stakeholder, media and public outreach	\$175.00	\$262.50	-\$37.50	
Prepare For Media & Public Outreach	7/24/2017	Kelsey Eiben	0.75	\$150.00	\$112.50	Meeting with Anissa Badea to discuss media and public outreach	\$175.00	\$131.25	-\$18.75	
Prepare For Media & Public Outreach	7/24/2017	Kelsey Eiben	0.75	\$150.00	\$112.50	Prepare draft public and media outreach information	\$175.00	\$131.25	-\$18.75	
Prepare For Media & Public Outreach	7/25/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Prepare draft information for public outreach	\$175.00	\$437.50	-\$62.50	
Prepare For Media & Public Outreach	7/25/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Prepare draft information for public outreach for meeting	\$175.00	\$437.50	-\$62.50	
Prepare For Public & Stakeholder Outreach	7/25/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Jennifer Fitzgerald, Anissa Badea and Jeff Corless to discuss public outreach	\$175.00	\$350.00	-\$50.00	
Prepare For Media & Public Outreach	7/26/2017	Jeff Corless	2.0	\$175.00	\$350.00	Discussion with Nico Melendez to discuss public media and stakeholder outreach issues and opportunities	\$185.00	\$370.00	-\$20.00	
Prepare For Media & Public Outreach	7/27/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Prepare draft information for public outreach for meeting	\$175.00	\$437.50	-\$62.50	
Prepare For Stakeholder & Public Outreach	7/27/2017	Jennifer Fitzgerald	1.0	\$125.00	\$125.00	Meeting with Curt Pringle and Katie Pringle to discuss stakeholder outreach	\$175.00	\$175.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	7/27/2017	Katie Pringle	0.5	\$175.00	\$87.50	Review draft stakeholder outreach documents and correspondence	\$125.00	\$62.50	\$25.00	
Prepare For Media & Public Outreach	7/31/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Prepare draft information for public outreach	\$175.00	\$437.50	-\$62.50	
Develop Strategic Digital Communication	7/31/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Review digital information	\$175.00	\$350.00	-\$50.00	
Prepare For Public & Stakeholder Outreach	7/31/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Conference call with Jeff Corless, Jennifer Fitzgerald, Curt Pringle and Anissa Badea to discuss public outreach	\$175.00	\$350.00	-\$50.00	
Prepare for Global Communications Opportunities	8/1/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Alex Avetoom and Jeff Corless to discuss communications issues	\$175.00	\$350.00	-\$50.00	
Develop Strategic Digital Communication	8/1/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review and edit draft digital content	\$175.00	\$175.00	-\$25.00	
Prepare For Media & Public Outreach	8/1/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Meeting with Lisa Telles to discuss media and public outreach	\$175.00	\$87.50	-\$12.50	

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Prepare For Public & Stakeholder Outreach	8/2/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Prepare draft public outreach information	\$175.00	\$350.00	-\$50.00	
Develop Strategic Media Outreach Information	8/2/2017	Jeff Corless	1.0	\$150.00	\$150.00	Meeting with Kelsey Eiben to discuss media outreach	\$185.00	\$185.00	-\$35.00	
Develop Strategic Media Outreach Information	8/2/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Jeff Corless to discuss media outreach	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	8/3/2017	Katie Pringle	1.5	\$175.00	\$262.50	Coordinate stakeholder outreach	\$125.00	\$187.50	\$75.00	
Analyze Research Data	8/4/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review survey draft	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	8/7/2017	Curt Pringle	2.0	\$125.00	\$250.00	Meeting with Chairman Ed Sachs and Jennifer Fitzgerald to discuss stakeholder outreach	\$185.00	\$370.00	-\$120.00	
Prepare For Stakeholder & Public Outreach	8/7/2017	Jennifer Fitzgerald	2.0	\$125.00	\$250.00	Meeting with Chairman Ed Sachs and Curt Pringle to discuss stakeholder outreach	\$175.00	\$350.00	-\$100.00	
Prepare For Stakeholder & Public Outreach	8/7/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Conference call with Alex Avetoom, Jeff Corless, Katie Pringle and TCA staff to discuss stakeholder and public outreach issues and opportunities	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	8/7/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Conference call with VSI team to discuss stakeholder and public outreach issues and opportunities	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	8/7/2017	Katie Pringle	1.0	\$175.00	\$175.00	Coordinate stakeholder outreach	\$125.00	\$125.00	\$50.00	
Prepare For Public & Stakeholder Outreach	8/8/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Prepare draft public outreach information	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	8/9/2017	Kelsey Eiben	3.0	\$150.00	\$450.00	Meeting with Jennifer Fitzgerald, Jeff Corless and Alex Avetoom to discuss stakeholder and public outreach issues	\$175.00	\$525.00	-\$75.00	
Prepare For Stakeholder & Public Outreach	8/9/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Katie Pringle to discuss stakeholder and public outreach	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	8/10/2017	Kelsey Eiben	6.5	\$150.00	\$975.00	Meetings with VSI and TCA personnel to discuss stakeholder and public outreach	\$175.00	\$1,137.50	-\$162.50	
Prepare for Global Communications Opportunities	8/10/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Jeff Corless to discuss global communications	\$175.00	\$350.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	8/10/2017	Katie Pringle	2.0	\$175.00	\$350.00	Review stakeholder outreach issues and opportunities	\$125.00	\$250.00	\$100.00	
Prepare For Stakeholder & Public Outreach	8/11/2017	Kelsey Eiben	3.0	\$150.00	\$450.00	Review draft stakeholder outreach information	\$175.00	\$525.00	-\$75.00	
Develop Strategic Digital Outreach & Communication	8/11/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Review digital and media issues and opportunities	\$175.00	\$350.00	-\$50.00	
Develop Strategic Digital Communication	8/11/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Prepare digital content	\$175.00	\$175.00	-\$25.00	

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Prepare For Stakeholder & Public Outreach	8/11/2017	Katie Pringle	0.5	\$175.00	\$87.50	Coordinate stakeholder outreach	\$125.00	\$62.50	\$25.00	
Prepare For Stakeholder & Public Outreach	8/21/2017	Katie Pringle	1.0	\$185.00	\$185.00	Schedule SCAG briefings and follow up with Primmer	\$125.00	\$125.00	\$60.00	
Prepare For Stakeholder & Public Outreach	8/21/2017	Katie Pringle	2.0	\$185.00	\$370.00	Meeting with Alex Avetoom, Jeff Corless and Jennifer Fitzgerald to discuss stakeholder and public outreach	\$125.00	\$250.00	\$120.00	
Prepare For Media & Public Outreach	8/22/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Prepare draft public and media outreach information	\$175.00	\$87.50	-\$12.50	
Prepare For Stakeholder & Public Outreach	8/22/2017	Katie Pringle	1.0	\$185.00	\$185.00	Schedule SCAG briefings and details for OCCOG meeting	\$125.00	\$125.00	\$60.00	
Prepare For Public Outreach	8/23/2017	Kelsey Eiben	3.5	\$150.00	\$525.00	Meeting with Anissa Badea, Jennifer Fitzgerald and Jeff Corless to discuss public and stakeholder outreach	\$175.00	\$612.50	-\$87.50	
Prepare For Stakeholder & Public Outreach	8/23/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Mike Kraman, Mike Chesney, Anissa Badea, Jennifer Fitzgerald and Jeff Corless to discuss public and stakeholder outreach	\$175.00	\$350.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	8/23/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Anissa Badea, Jennifer Fitzgerald and Jeff Corless to discuss public and stakeholder outreach	\$175.00	\$262.50	-\$37.50	
Prepare For Stakeholder & Public Outreach	8/25/2017	Curt Pringle	5.0	\$125.00	\$625.00	Meeting and tour with Mark Denny	\$185.00	\$925.00	-\$300.00	
Analyze Potential Research Opportunities	8/25/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Jennifer Fitzgerald, Jeff Corless, Nico Melendez and Beret Kelie to discuss research issues	\$175.00	\$175.00	-\$25.00	
Develop Strategic Digital Communication	8/25/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Alex Avetoom to prepare and edit digital communications	\$175.00	\$175.00	-\$25.00	
Coordinate Environmental Outreach	8/25/2017	Jeff Corless	1.0	\$175.00	\$175.00	Conference call with Nico Melendez to discuss environmental outreach	\$185.00	\$185.00	-\$10.00	
Prepare For Media & Public Outreach	8/29/2017	Kelsey Eiben	4.5	\$150.00	\$675.00	Prepare draft information for public outreach	\$175.00	\$787.50	-\$112.50	
Prepare For Stakeholder & Public Outreach	8/29/2017	Jennifer Fitzgerald	1.0	\$125.00	\$125.00	Meeting with Curt Pringle to discuss stakeholder outreach issues and opportunities	\$175.00	\$175.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	8/30/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Review draft stakeholder outreach information	\$175.00	\$437.50	-\$62.50	
Prepare for Global Communications	8/30/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Alex Avetoom and Jeff Corless to discuss communications issues	\$175.00	\$350.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	8/30/2017	Kelsey Eiben	1.75	\$150.00	\$262.50	Prepare draft stakeholder, public and media outreach information	\$175.00	\$306.25	-\$43.75	
Prepare For Stakeholder & Public Outreach	8/30/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Mike Kraman, Mike Chesney, Jeff Corless and Jennifer Fitzgerald to discuss stakeholder outreach issues and opportunities	\$175.00	\$282.50	-\$37.50	
Prepare For Public Outreach	8/30/2017	Nico Melendez	2.0	\$185.00	\$370.00	Conference call with Nico Melendez and TCA personnel to discuss communications issues	\$175.00	\$350.00	\$20.00	

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Prepare For Stakeholder & Public Outreach	8/31/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Work with Jeff Corless and Jennifer Fitzgerald on stakeholder outreach	\$175.00	\$262.50	-\$37.50	
Develop Strategic Outreach Information	9/1/2017	Kelsey Eiben	1.25	\$150.00	\$187.50	Review and edit draft digital content	\$175.00	\$218.75	-\$31.25	
Prepare For Stakeholder & Public Outreach	9/1/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Alex Avetoom and Jeff Corless to discuss stakeholder and public outreach issues	\$175.00	\$175.00	-\$25.00	
Develop Strategic Digital Communication	9/3/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Prepare draft digital content	\$175.00	\$262.50	-\$37.50	
Develop Strategic Digital Communication	9/4/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review and edit draft digital content	\$175.00	\$175.00	-\$25.00	
Prepare for Global Communications Opportunities	9/4/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Jennifer Fitzgerald, David Cordero, Barbara Thomas, Todd Nicholson, Jeff Corless, Martin McIntosh, Katie Pringle and Veronica Davis to discuss global communications and stakeholder outreach	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	9/4/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Jennifer Fitzgerald, Alex Avetoom and Jeff Corless to discuss stakeholder and public outreach issues	\$175.00	\$175.00	-\$25.00	
Develop Strategic Communications & Advertising	9/5/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Review draft strategic communications information with Jeff Corless and Jennifer Fitzgerald	\$175.00	\$437.50	-\$62.50	
Prepare For Stakeholder & Public Outreach	9/6/2017	Kelsey Eiben	3.0	\$150.00	\$450.00	Meeting with TCA, Jennifer Fitzgerald, Jeff Corless, Curt Pringle, Nico Melendez, Katie Pringle and Alex Avetoom to discuss stakeholder and public outreach issues	\$175.00	\$525.00	-\$75.00	
Analyze Potential Research Opportunities	9/6/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Review survey information with Jeff Corless, Curt Pringle, Katie Pringle, Jennifer Fitzgerald and Alex Avetoom	\$175.00	\$437.50	-\$62.50	
Prepare Strategic Communication & Advertising	9/6/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Alex Avetoom to discuss potential advertising	\$175.00	\$175.00	-\$25.00	
Develop Strategic Digital Communication	9/6/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Review and edit draft digital content	\$175.00	\$87.50	-\$12.50	
Develop Strategic Outreach Information	9/6/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Review and edit draft digital content	\$175.00	\$87.50	-\$12.50	
Develop Strategic Communications & Advertising	9/7/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Discussion with Nico Melendez and Jeff Corless on strategic communications	\$175.00	\$87.50	-\$12.50	
Prepare For Stakeholder & Public Outreach	9/7/2017	Katie Pringle	1.5	\$175.00	\$262.50	Coordinate stakeholder outreach, including OCCOG and SCAG	\$125.00	\$187.50	\$75.00	
Develop Strategic Communications & Advertising	9/8/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Conference call with Nico Melendez, Jeff Corless and VSI personnel to discuss strategic communication	\$175.00	\$175.00	-\$25.00	
Prepare for Global Communications	9/8/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Conference call with Jeff Corless and Jennifer Fitzgerald to discuss draft global communications information	\$175.00	\$175.00	-\$25.00	
Develop Strategic Communications & Advertising	9/8/2017	Bereket Kelelo	1.0	\$125.00	\$125.00	Coordinate strategic communications issues and activities	\$180.00	\$150.00	-\$25.00	
Develop Strategic Media Outreach Information	9/8/2017	Kurt English	1.25	\$185.00	\$231.25	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$218.75	\$12.50	

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Prepare For Public & Stakeholder Outreach	9/11/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Meeting with Alex Avetoom and Jeff Corless to discuss public and stakeholder outreach	\$175.00	\$437.50	-\$62.50	
Coordinate Environmental Outreach	9/11/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review background information to support outreach	\$175.00	\$175.00	-\$25.00	
Develop Strategic Digital Communication	9/12/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Prepare draft digital content	\$175.00	\$350.00	-\$50.00	
Develop Strategic Communications & Advertising	9/12/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Mike Kraman and Mike Chesney, Curt Pringle, Jennifer Fitzgerald and Jeff Corless to discuss research results and strategic communications	\$175.00	\$175.00	-\$25.00	
Prepare for Global Communications	9/12/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Nico Melendez, Alex Avetoom and Jeff Corless to discuss global communications	\$175.00	\$175.00	-\$25.00	
Develop Strategic Communications & Advertising	9/13/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Conference call with Jeff Corless and Trystine Payfer to discuss strategic communication	\$175.00	\$175.00	-\$25.00	
Develop Strategic Digital Communication	9/13/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review and edit draft digital content	\$175.00	\$175.00	-\$25.00	
Prepare for Global Communications	9/14/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Alex Avetoom and Jeff Corless to discuss global communications	\$175.00	\$262.50	-\$37.50	
Prepare For Public & Stakeholder Outreach	9/15/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Conference call with Jeff Corless, Curt Pringle and Jennifer Fitzgerald to discuss public and stakeholder outreach	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	9/15/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Alex Avetoom and Jeff Corless to discuss stakeholder and public outreach issues	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	9/15/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review draft stakeholder outreach information	\$175.00	\$175.00	-\$25.00	
Prepare for Global Communications	9/18/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Meeting with Alex Avetoom and Jeff Corless to discuss global communications	\$175.00	\$350.00	-\$50.00	
Develop Strategic Digital Communication	9/18/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Review and edit draft digital content	\$175.00	\$87.50	-\$12.50	
Develop Strategic Outreach Information	9/19/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Review and edit draft digital content	\$175.00	\$350.00	-\$50.00	
Develop Strategic Outreach Information	9/20/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Review and edit draft digital content	\$175.00	\$437.50	-\$62.50	
Develop Strategic Digital Communication	9/21/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Review and edit draft digital content	\$175.00	\$87.50	-\$12.50	
Prepare for Global Communications	9/21/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Meeting with Alex Avetoom and Jeff Corless to discuss global communications	\$175.00	\$87.50	-\$12.50	
Prepare for Global Communications Opportunities	9/22/2017	Kelsey Eiben	0.5	\$150.00	\$75.00	Conference call with Jeff Corless and Jennifer Fitzgerald to discuss global communications	\$175.00	\$87.50	-\$12.50	
Prepare for Global Communications	9/25/2017	Kelsey Eiben	2.5	\$150.00	\$375.00	Meeting with Jennifer Fitzgerald and Jeff Corless to discuss communications issues	\$175.00	\$437.50	-\$62.50	

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Analyze Potential Research Opportunities	9/25/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Jeff Corless and Kelsey Eiben to discuss research issues	\$175.00	\$175.00	-\$25.00	
Prepare For Public & Stakeholder Outreach	9/25/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Alex Avetoom and Jeff Corless to discuss public and stakeholder outreach	\$175.00	\$175.00	-\$25.00	
Prepare For Public & Stakeholder Outreach	9/25/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Meeting with Nico Melendez and Jeff Corless to discuss public and stakeholder outreach	\$175.00	\$175.00	-\$25.00	
Develop Strategic Digital Communication	9/26/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review and edit draft digital content	\$175.00	\$175.00	-\$25.00	
Develop Strategic Digital Outreach & Communication	9/27/2017	Kelsey Eiben	2.0	\$150.00	\$300.00	Review digital and media issues and opportunities	\$175.00	\$350.00	-\$50.00	
Develop Strategic Digital Communication	9/27/2017	Kelsey Eiben	1.0	\$150.00	\$150.00	Review and edit draft digital content	\$175.00	\$175.00	-\$25.00	
Prepare For Stakeholder & Public Outreach	9/28/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Nico Melendez and Jeff Corless to discuss stakeholder and public outreach	\$175.00	\$262.50	-\$37.50	
Analyze Potential Research Opportunities	9/28/2017	Kelsey Eiben	1.5	\$150.00	\$225.00	Meeting with Nico Melendez, Jeff Corless, Brian Lochrie, Barbara Thomas and SJR to discuss research information	\$175.00	\$262.50	-\$37.50	Billed at Incorrect rate (\$150) from JUL - SEP 2017 (rate should have been \$175)
Develop Strategic Communications & Advertising	10/6/2017	Kurt English	1.25	\$160.00	\$200.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$218.75	-\$18.75	
Prepare For Public & Stakeholder Outreach	10/6/2017	Alex Avetoom	1.0	\$185.00	\$185.00	Prepare draft public and stakeholder outreach information	\$175.00	\$175.00	\$10.00	
Develop Strategic Communications & Advertising	10/11/2017	Alex Avetoom	2.5	\$185.00	\$462.50	Meeting with Kelsey Eiben, Nico Melendez and Jeff Corless to discuss strategic communications, media, public and stakeholder outreach	\$175.00	\$437.50	\$25.00	
Prepare Strategic Communications & Advertising	10/12/2017	Kurt English	2.25	\$160.00	\$360.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$393.75	-\$33.75	
Prepare For Stakeholder & Public Outreach	10/12/2017	Katie Pringle	1.0	\$175.00	\$175.00	View portion TCA board meeting to analyze stakeholder and public outreach opportunities	\$125.00	\$125.00	\$50.00	
Develop Strategic Communications & Advertising	10/13/2017	Katie Pringle	0.5	\$185.00	\$92.50	Prepare and advise on strategic communications issues	\$125.00	\$62.50	\$30.00	
Prepare Strategic Communications & Advertising	10/16/2017	Trystine Payfer	0.5	\$175.00	\$87.50	Meeting with Kelsey Eiben, Alex Avetoom, Jeff Corless and Nico Melendez to discuss potential strategic communications and advertising	\$150.00	\$75.00	\$12.50	
Prepare Strategic Communications & Advertising	10/19/2017	Kurt English	2.0	\$160.00	\$320.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$350.00	-\$30.00	
Develop Strategic Communications & Advertising	10/20/2017	Alex Avetoom	2.0	\$185.00	\$370.00	Prepare draft strategic communications information	\$175.00	\$350.00	\$20.00	
Develop Strategic Digital Communication	10/25/2017	Art Ordiano	3.0	\$185.00	\$555.00	Prepare draft digital content	\$150.00	\$450.00	\$105.00	
Prepare Strategic Communications & Advertising	10/27/2017	Kurt English	1.5	\$160.00	\$240.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$262.50	-\$22.50	

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Stakeholder Meeting	10/27/2017	Jennifer Fitzgerald	3.5	\$185.00	\$647.50	Meeting with Curt Pringle, Councilmember Maryott and CCSD	\$175.00	\$612.50	\$35.00	
Prepare For Stakeholder & Public Outreach	11/02/17	Katie Pringle	1.0	\$175.00	\$175.00	Coordinate strategic communications issues and activities	\$125.00	\$125.00	\$50.00	
Develop Strategic Digital Communication	11/10/17	Kurt English	1.0	\$160.00	\$160.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$175.00	-\$15.00	
Develop Strategic Communications & Advertising	11/17/17	Kurt English	1.25	\$160.00	\$200.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$218.75	-\$18.75	
Meeting On Strategic Communications, Advertising & Outreach	11/22/17	Kurt English	1.25	\$160.00	\$200.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$218.75	-\$18.75	
Develop Strategic Communications & Advertising	12/1/2017	Kurt English	0.5	\$160.00	\$80.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$87.50	-\$7.50	
Develop Strategic Communications & Advertising	12/1/2017	Katie Pringle	2.5	\$175.00	\$437.50	Coordinate strategic communications and outreach activities	\$125.00	\$312.50	\$125.00	
Develop Strategic Communications & Advertising	12/4/2017	Katie Pringle	0.5	\$175.00	\$87.50	Coordinate strategic communications and outreach activities	\$125.00	\$62.50	\$25.00	
Develop Strategic Communications & Advertising	12/8/2017	Kurt English	1.0	\$160.00	\$160.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$175.00	-\$15.00	
Clarify & Refine Project Objective	12/8/2017	Kurt English	0.5	\$185.00	\$92.50	Conference call with Jeff Corless about project objectives	\$175.00	\$87.50	\$5.00	
Develop Strategic Communications & Advertising	12/15/17	Kurt English	0.75	\$160.00	\$120.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$131.25	-\$11.25	
Prepare Strategic Communications & Advertising	12/18/2017	Peter Dorsch	1.0	\$175.00	\$175.00	Meeting with Jeff Corless, Alex Avetoom and Kelsey Eiben to discuss potential strategic communications and advertising and opportunities for outreach	\$150.00	\$150.00	\$25.00	
Prepare Strategic Communications & Advertising	1/4/2018	Katie Pringle	0.5	\$175.00	\$87.50	Prepare draft strategic communications information	\$125.00	\$62.50	\$25.00	
Develop Strategic Communications & Advertising	1/5/2018	Kurt English	1.25	\$160.00	\$200.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$218.75	-\$18.75	
Prepare For Stakeholder & Public Outreach	1/8/2018	Curt Pringle	1.5	\$125.00	\$187.50	Meeting with Mayor Farias	\$185.00	\$277.50	-\$90.00	
Prepare Strategic Communications & Advertising	1/8/2018	Jennifer Fitzgerald	0.5	\$185.00	\$92.50	Call with Jeff Corless to discuss strategic communications	\$175.00	\$87.50	\$5.00	
Develop Strategic Communications & Advertising	1/8/2018	Katie Pringle	1.5	\$175.00	\$262.50	Meeting with Kelsey Eiben, Jeff Corless, Alex Avetoom and Brian Lochrie to discuss strategic communications and outreach issues	\$125.00	\$187.50	\$75.00	
Develop Strategic Communications & Advertising	1/11/2018	Kurt English	1.0	\$160.00	\$160.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$175.00	-\$15.00	
Develop Strategic Communications & Advertising	1/18/2018	Kurt English	0.75	\$160.00	\$120.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$131.25	-\$11.25	

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Prepare for Environmental Outreach Opportunities	02/12/18	Val Smith	1.0	\$150.00	\$150.00	Review research data	\$175.00	\$175.00	-\$25.00	
Prepare for Environmental Outreach Opportunities	02/12/18	Wayne Johnson	1.0	\$175.00	\$175.00	Review research data	\$185.00	\$185.00	-\$10.00	
Develop Strategic Communications & Advertising	02/26/18	Ana Ferreira	0.5	\$185.00	\$92.50	Manage production of digital content	\$150.00	\$75.00	\$17.50	
Prepare For Stakeholder & Public Outreach	3/1/2018	Katie Pringle	1.0	\$ 175.00	\$ 175.00	Coordinate stakeholder outreach	\$125.00	\$125.00	\$50.00	
Develop Strategic Digital Communication	3/2/2018	Erik Brown	0.8	\$ 100.00	\$ 75.00	Manage production of digital content	\$185.00	\$138.75	-\$63.75	
Develop Strategic Digital Communication	3/5/2018	Ana Ferreira	1.0	\$ 100.00	\$ 100.00	Prepare draft digital content	\$150.00	\$150.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	3/5/2018	Katie Pringle	1.5	\$ 175.00	\$ 262.50	Meeting with Jeff Corless, Brian Lechrie, Barbara Thomas to discuss stakeholder and public outreach	\$125.00	\$187.50	\$75.00	
Prepare For Stakeholder & Public Outreach	3/7/2018	Curt Pringle	2.5	\$ 125.00	\$ 312.50	Meeting with VSI and TCA personnel to discuss stakeholder outreach	\$185.00	\$462.50	-\$150.00	
Prepare For Stakeholder & Public Outreach	3/7/2018	Curt Pringle	2.0	\$ 125.00	\$ 250.00	Meeting with Jennifer Fitzgerald to discuss stakeholder outreach issues and opportunities	\$185.00	\$370.00	-\$120.00	
Prepare For Stakeholder & Public Outreach	3/7/2018	Katie Pringle	1.0	\$ 175.00	\$ 175.00	Coordinate stakeholder outreach	\$125.00	\$125.00	\$50.00	
Create Scope Of Work Outline For Proposed Task Order No. 4 (PTO-004)	3/9/2018	Bereket Ke'elie	0.50	\$ 175.00	\$ 87.50	Conference call with Jeff Corless and Katie Pringle to discuss outline of work for Phase 4	\$150.00	\$75.00	\$12.50	
Create Scope Of Work Outline For Proposed Task Order No. 4 (PTO-004)	3/23/2018	Bereket Ke'elie	0.50	\$ 175.00	\$ 87.50	Conference call with Jeff Corless and Jennifer Fitzgerald to discuss outline of work for Phase 4	\$150.00	\$75.00	\$12.50	
Prepare For Stakeholder & Public Outreach	3/26/2018	Katie Pringle	0.5	\$ 175.00	\$ 87.50	Coordinate stakeholder outreach	\$125.00	\$62.50	\$25.00	
Prepare For Stakeholder & Public Outreach	3/27/2018	Katie Pringle	0.5	\$ 175.00	\$ 87.50	Coordinate stakeholder outreach	\$125.00	\$62.50	\$25.00	
Prepare For Stakeholder & Public Outreach	3/28/2018	Katie Pringle	0.5	\$ 175.00	\$ 87.50	Coordinate stakeholder outreach	\$125.00	\$62.50	\$25.00	
Prepare For Stakeholder & Public Outreach	4/4/2018	Katie Pringle	0.5	\$ 175.00	\$ 87.50	Meeting with Curt Pringle to discuss stakeholder outreach issues and opportunities	\$125.00	\$62.50	\$25.00	
Analyze Potential Research Opportunities	4/11/2018	Wayne Johnson	1.0	\$ 175.00	\$ 175.00	Review research objectives and opportunities	\$185.00	\$185.00	-\$10.00	
Prepare For Media & Public Outreach	4/18/2018	Kurt English	1.0	\$ 185.00	\$ 185.00	Review TCA emails of news from transportation stories; evaluate reporter perspectives	\$175.00	\$175.00	\$10.00	
Prepare For Stakeholder & Public Outreach	5/7/2018	Katie Pringle	1.0	\$ 175.00	\$ 175.00	Meeting with Jennifer Fitzgerald and TCA staff to discuss stakeholder outreach issues and opportunities	\$125.00	\$125.00	\$50.00	

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Prepare for Global Communications Opportunities	5/9/2018	Jennifer Fitzgerald	2.0	\$ 185.00	\$ 370.00	Prepare draft global communications information	\$175.00	\$350.00	\$20.00	
Create Scope Of Work Outline For Proposed Task Order No. 4 (PTO-004)	5/16/2018	Jeff Corless	0.5	\$ 175.00	\$ 87.50	Call with Nico Melendez to discuss scope of work for Phase 4	\$185.00	\$92.50	-\$5.00	
Prepare For Public & Stakeholder Outreach	6/5/2018	Katie Pringle	0.5	\$ 175.00	\$ 87.50	Coordinate public and stakeholder outreach	\$125.00	\$62.50	\$25.00	
Prepare For Public & Stakeholder Outreach	6/13/2018	Katie Pringle	0.5	\$ 175.00	\$ 87.50	Coordinate public and stakeholder outreach	\$125.00	\$62.50	\$25.00	
Prepare For Stakeholder & Public Outreach	6/14/2018	Katie Pringle	2	\$ 185.00	\$ 370.00	Attend portion of board meeting with Kelsey Eiben and Jeff Corless to analyze stakeholder and public outreach opportunities	\$125.00	\$250.00	\$120.00	
Prepare for Global Communications Opportunities	6/20/2018	Katie Pringle	0.5	\$ 185.00	\$ 92.50	Conference call with Curt Pringle, Mike Chesney and TCA staff to discuss global communications, stakeholder and public outreach	\$125.00	\$62.50	\$30.00	
Prepare For Public & Stakeholder Outreach	6/21/2018	Katie Pringle	1	\$ 185.00	\$ 185.00	Coordinate public and stakeholder outreach	\$125.00	\$125.00	\$60.00	
Prepare For Public & Stakeholder Outreach	6/22/2018	Katie Pringle	0.5	\$ 185.00	\$ 92.50	Coordinate public and stakeholder outreach	\$125.00	\$62.50	\$30.00	
Prepare For Public & Stakeholder Outreach	6/25/2018	Katie Pringle	2	\$ 185.00	\$ 370.00	Coordinate public and stakeholder outreach	\$125.00	\$250.00	\$120.00	
Prepare for Global Communications Opportunities	6/26/2018	Curt Pringle	1.5	\$ 125.00	\$ 187.50	Review global communications, stakeholder and public outreach information	\$185.00	\$277.50	-\$90.00	
Prepare for Global Communications Opportunities	6/26/2018	Katie Pringle	3	\$ 175.00	\$ 525.00	Review global communications, stakeholder and public outreach information	\$125.00	\$375.00	\$150.00	
Prepare For Stakeholder & Public Outreach	6/27/2018	Curt Pringle	1.0	\$ 125.00	\$ 125.00	Review stakeholder and public outreach information	\$185.00	\$185.00	-\$60.00	
Prepare For Public & Stakeholder Outreach	8/13/2018	Katie Pringle	1.0	\$ 175.00	\$ 175.00	Meeting with TCA staff to discuss public and stakeholder outreach	\$125.00	\$125.00	\$50.00	
Prepare For Stakeholder & Public Outreach	8/30/2018	Curt Pringle	1.5	\$ 125.00	\$ 187.50	Stakeholder outreach meeting with Nicolas Melendez, Jeff Corless and Jennifer Fitzgerald	\$185.00	\$277.50	-\$90.00	
Prepare For Public & Stakeholder Outreach	9/18/2018	Alex Avetoom	3.0	\$ 185.00	\$ 555.00	Meeting with Jeff Corless, Curt Pringle, Katie Pringle, Jennifer Fitzgerald, Kelsey Eiben, Nico Melendez, Anthony Ramirez, Ana Ferreira and Kit Cole to discuss communications issues	\$175.00	\$525.00	\$30.00	
Prepare For Public & Stakeholder Outreach	10/4/2018	Peter Dorsch	1.5	\$ 175.00	\$ 262.50	Meeting with Jeff Corless and Kelsey Eiben to discuss public, stakeholder and media outreach	\$150.00	\$225.00	\$37.50	
Prepare For Stakeholder & Public Outreach	10/9/2018	Jennifer Fitzgerald	1.5	\$ 185.00	\$ 277.50	Communication with stakeholders	\$175.00	\$262.50	\$15.00	
Prepare For Stakeholder & Public Outreach	10/10/2018	Jennifer Fitzgerald	1.0	\$ 125.00	\$ 125.00	Meeting with Curt Pringle to discuss stakeholder outreach	\$175.00	\$175.00	-\$50.00	
Prepare For Stakeholder & Public Outreach	10/10/2018	Curt Pringle	1.0	\$ 175.00	\$ 175.00	Meeting with Jennifer Fitzgerald to discuss stakeholder outreach	\$185.00	\$185.00	-\$10.00	

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Prepare For Public Outreach	11/2/2018	Tim Lineberger	3.0	\$ 150.00	\$ 450.00	Prepare draft public outreach information	\$175.00	\$525.00	-\$75.00	
Prepare For Stakeholder & Public Outreach	11/5/2018	Katie Pringle	1.0	\$ 175.00	\$ 175.00	Meeting with Jennifer Fitzgerald and Jeff Corless to discuss stakeholder and public outreach	\$125.00	\$125.00	\$50.00	
Prepare For Stakeholder & Public Outreach	11/14/2018	Curt Pringle	3.0	\$ 175.00	\$ 525.00	Meetings with VSI and TCA staff to discuss stakeholder and public outreach	\$185.00	\$555.00	-\$30.00	
Prepare For Stakeholder & Public Outreach	11/14/2018	Jennifer Fitzgerald	3.0	\$ 185.00	\$ 555.00	Meetings with VSI and TCA staff to discuss stakeholder and public outreach	\$175.00	\$525.00	\$30.00	
Prepare For Stakeholder & Public Outreach	11/15/2018	Curt Pringle	1.0	\$ 175.00	\$ 175.00	Stakeholder outreach discussion with Jennifer Fitzgerald	\$185.00	\$185.00	-\$10.00	
Stakeholder Outreach Meeting	11/15/2018	Jennifer Fitzgerald	1.0	\$ 185.00	\$ 185.00	Stakeholder outreach discussion with Curt Pringle	\$175.00	\$175.00	\$10.00	
Develop Strategic Public & Media Outreach Information	11/21/2018	Nicolas Melendez	0.5	\$ 185.00	\$ 92.50	Call with Jeff Corless to discuss public, media and stakeholder outreach	\$175.00	\$87.50	\$5.00	
Analyze Potential Research Opportunities	12/5/2018	Bereket Kelelie	0.50	\$ 185.00	\$ 92.50	Call with Katie Pringle, Jeff Corless and Alex Avetoom to discuss research, stakeholder and public outreach	\$150.00	\$75.00	\$17.50	
Prepare For Stakeholder Outreach	12/19/2018	Katie Pringle	0.5	\$ 175.00	\$ 87.50	Prepare draft stakeholder outreach information	\$125.00	\$62.50	\$25.00	
Prepare For Stakeholder & Public Outreach	1/3/2019	Jennifer Fitzgerald	4.0	\$ 125.00	\$ 500.00	Prepare draft stakeholder outreach information	\$175.00	\$700.00	-\$200.00	
Stakeholder Outreach Meeting	1/4/2019	Jennifer Fitzgerald	2.5	\$ 125.00	\$ 312.50	Prepare for stakeholder outreach meeting; attend stakeholder outreach meeting	\$175.00	\$437.50	-\$125.00	
Prepare For Stakeholder & Public Outreach	1/7/2019	Jennifer Fitzgerald	1.75	\$ 125.00	\$ 218.75	Prepare draft stakeholder outreach information	\$175.00	\$306.25	-\$87.50	

RatingsDirect®

Foothill-Eastern Transportation Corridor Agency, California; Toll Roads Bridges

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Foothill-Eastern Transportation Corridor Agency, California; Toll Roads Bridges

Credit Profile

US\$890.995 mil toll road rfdg rev bnds (federally taxable) ser 2019A due 01/15/2053

<i>Long Term Rating</i>	A-/Positive	New
Foothill-Eastern Transp Corridor Agy TOLLFAC		
<i>Long Term Rating</i>	A-/Positive	Outlook Revised
Foothill-Eastern Transp Corridor Agy TOLLFAC		
<i>Long Term Rating</i>	BBB+/Positive	Outlook Revised

Rationale

S&P Global Ratings revised its outlook to positive from stable and affirmed its 'A-' and 'BBB+' ratings on Foothill-Eastern Transportation Corridor Agency (F/ETCA), Calif.'s outstanding senior-lien toll road refunding revenue bonds and junior-lien toll road refunding revenue bonds, respectively. In addition, S&P Global Ratings assigned its 'A-' long-term rating to F/ETCA's pro forma \$891 million senior-lien toll road refunding revenue bonds, series 2019A.

The outlook revision reflects financial performance that has exceeded the forecast from the 2013 restructuring and that there is at least a one-in-three chance that we could raise the ratings if traffic demand continues to meet or exceed projections, resulting in sustained debt service coverage (DSC) near current levels.

The ratings reflect our opinion of a strong enterprise risk profile and strong financial risk profile but also the fact that we have not observed the road's performance through a full economic cycle since its debt restructuring in 2013. The strong enterprise risk profile reflects F/ETCA's characteristics as a toll road asset that provides congestion relief almost exclusively to private (noncommercial) vehicles in a wealthy service area. Meanwhile, the strong financial risk profile reflects continued strong DSC, limited additional debt plans, and an escalating debt service schedule.

Bond proceeds will be used to refund a portion of the F/ETCA's outstanding toll road refunding revenue bonds and series 2013A current interest bonds, and to pay certain costs of issuing the series 2019A senior bonds. The refunding will be for interest savings only and will not extend maturities. Additionally, F/ETCA will be contributing \$75 million of its cash toward the refunding transaction to capture additional interest savings and reducing the size of the bond-funded escrow account. Management estimates that the generated savings will allow for a recoupment of the \$75 million in approximately seven years.

The enterprise risk profile reflects our view of F/ETCA's:

- Extremely strong service area economic fundamentals, which include favorable income levels and economic activity as measured by GDP per capita, a good population size, and unemployment levels that are slightly above the national average;
- Low industry risk relative to that of other industries and sectors;

- Strong market position due to its role as a congestion reliever in an area that relies on its highway road network; and
- Very strong management and governance evidenced through an experienced management team with good board oversight.

The financial risk profile reflects our view of the F/ETCA's:

- Strong financial performance, including a three-year average of 1.75x DSC in 2017-2019 (fiscal year June 30);
- Adequate debt and liabilities capacity, given a debt-to-net-revenue ratio near 14x on a three-year average basis; and
- Strong liquidity and financial flexibility due to liquid assets providing over 5,000 days' cash on hand, which includes unrestricted cash and short-term investments as well as long-term investments, and noting that the state's department of transportation pays for maintenance and repair.

Opened in 1997, Foothill-Eastern is a 36-mile, limited-access toll road system comprising three different highways: State Route 241 (SR 241), State Route 261 (SR 261), and a portion of State Route 133 (SR 133). The longest highway segment is SR 241, a 24-mile road extending southeastward from State Route 91 (SR 91) in Anaheim to Oso Parkway in Rancho Santa Margarita. SR 261 connects to SR 241 at Santiago Canyon Road and extends southward to Jamboree Road in Irvine. The toll road portion of SR 133 connects to SR 241 just north of the Tomato Springs toll plaza, and ends just south of Interstate 5 (I-5) in Irvine. SR 133 then continues southward to its terminus at the Pacific Coast Highway. F/ETCA owns and operates the toll collection and revenue management system on the road. The toll road itself is owned by the state department of transportation, which is responsible for maintenance and repairs of the toll road system. It is a sister agency to the San Joaquin Hills Transportation Corridor Agency, which administers another toll facility in the county. The two agencies share staff but are two separate joint-power authorities and have different board members based on the relevant member cities along each road.

Toll revenue from the F/ETCA system, net of operating expenses, secures the bonds; the 2013C bonds are subordinate to all debt. Development impact fees are also pledged to the series 2013 and 2015 bonds, subject to the agency's right to use \$2.5 million of fee revenue for any lawful purpose during each semiannual period ending July 15 or Jan. 15.

F/ETCA's debt is structured with escalating debt service, thus requiring toll revenue growth to provide sufficient coverage under the rate covenant. In 2013, the agency used bond proceeds to restructure debt service and extend the bonds' maturity to 2053 from 2040. Before the restructuring, debt service increased by a 4.4% annual average through 2040 to maximum annual debt service (MADS) of approximately \$298 million. Following the restructuring, total debt service grows at a slower, though still ascending, rate of approximately 3.7% annually through 2038. After that, debt service is level at approximately \$227 million through 2043, and then drops to \$206 million through final maturity in 2053. Total MADS after restructuring is significantly lower than pre-restructuring debt service and ascends at a lower rate. We believe the restructured debt service provides the agency with additional flexibility and better matches the debt service schedule with forecast revenue.

The proposed 2019A bonds will result in a similar annual debt service growth rate through 2038, but the savings from refunding result in a level debt service of approximately \$212 million from 2039 through 2043 that drops to \$202 million through final maturity in 2053.

Post-issuance, the F/ETCA will have approximately \$2.6 billion of toll revenue bonds outstanding, including:

- \$2.4 billion senior-lien toll road revenue bonds, and
- \$198 million junior-lien toll road revenue bonds.

Outlook

The positive outlook reflects our assessment that F/ETCA's traffic levels will continue to produce toll revenues that meet or exceed forecast levels.

Upside scenario

While the road has performed well since its 2013 restructuring, we would consider an upgrade should F/ETCA prove resilient throughout a full economic cycle. We could raise the rating in the two-year outlook period if demand continues to meet or exceed projections, resulting in sustained DSC near current levels.

Downside scenario

A downward rating action would result from flat or declining revenue that indicates sustained DSC that we consider less than strong, given the ascending debt service schedule. We may also take a negative rating action should additional debt plans be more formally considered that would result in projected revenue no longer remaining at a level we consider strong.

Enterprise Risk

The road is within a wealthy service area whose population relies heavily on the local highway network. Specifically, we believe the economic fundamentals are extremely strong using the Los Angeles-Long Beach-Anaheim, Calif., metro area indicating an unemployment level that is slightly above the national average at 4.1%. Furthermore, the estimated 2018 per capita GDP is high, at over \$84,000. Despite projected three-year local population growth of 0.7% (compared with 2.2% nationally), we believe that the existing base will continue to fuel the economy and keep the F/ETCA's specific asset demand high.

Consistent with our criteria, "Methodology: Industry Risk" and "Key Credit Factors For The Transportation Infrastructure Industry" (both published Nov. 19, 2013), we consider the industry risk for the not-for-profit transportation infrastructure enterprise industry to be low compared with that of other industries and sectors.

The road's market position is strong, in our opinion. It operates in an area with a population that is road-network reliant; thus, its role as a congestion reliever with surrounding free alternatives that are among the most heavily trafficked and congested in the country leads us to believe that F/ETCA is becoming a virtual requirement for drivers who depend on time savings. Furthermore, we can assume that the road's historically 98%-plus two-axle vehicle traffic share means that private (noncommercial) vehicles use the road almost exclusively, leading to a traffic base that may prove more resilient during a full economic cycle.

We believe the F/ETCA benefits from very strong management and governance, evidenced through an experienced

management team with good board oversight. Additionally, F/ETCA formalized its toll rate-setting practices into formal policy as of Nov. 14, 2019, that provides annual 2% toll rate increases and subject to board discretion to adjust toll rates annually. While the board maintains ultimate discretion on what the annual adjustment will be, management indicates that the intention is to implement at least 2% annually--as has been the case historically--and if any additional increase is needed, then that would require the board's approval.

Financial Risk

F/ETCA has shown strong DSC metrics in recent years. Specifically, during fiscal years 2017-2019, DSC has averaged 1.75x. These metrics are occurring within the constraints of an ascending debt service schedule, demonstrating that demand is resilient despite rising toll rates. In that regard, we believe that rate-setting flexibility is strong, given free alternatives available for a road that is consistently raising tolls.

Meanwhile, we consider the agency's debt and liabilities capacity adequate. We base this primarily on our analysis of debt-to-net-revenue of 13.5x in the most recent three-year fiscal period. We expect results to remain in this range given that F/ETCA's debt outstanding does rise--albeit modestly on an annual percentage basis--due to the debt's structure, which could pressure this metric. F/ETCA's capital improvement plan (CIP) includes a five-mile extension to south of Oso Parkway, a potential extension leading to I-5 near the San Diego County border from the current Foothill toll-road terminus and a connector between the SR-91 express lanes and Foothill-Eastern. In our view, the agency could issue new debt to finance portions of the CIP. If it moves forward on any CIP items that include additional debt, we will evaluate the associated traffic, revenue study, and financing structure to determine their impact on F/ETCA's finances. We recognize that there is no imminent additional financing with respect to the CIP.

Finally, we believe the road's liquidity and financial flexibility is strong. Unrestricted days' cash on hand, which includes the agency's unrestricted cash and short-term investments as well as its long-term investments as listed on the balance sheet--augmented by artificially low operating expenses due to its agreement with Caltrans--is approximately 5,600 days for fiscal 2019, with a three-year average of about 5,200 days. However, due to the large amount of total debt outstanding, liquidity of \$418 million as of June 30, 2019 constitutes only 16.6% of debt outstanding for the most recent audit (14.5% for the three-year period), which we consider adequate.

Ratings Detail (As Of November 22, 2019)

Foothill-Eastern Transp Corridor Agy sr ln (AGM) <i>Unenhanced Rating</i>	A-(SPUR)/Positive	Outlook Revised
Foothill-Eastern Transp Corridor Agy toll rds br (AGM) (SECMKT) <i>Unenhanced Rating</i>	A-(SPUR)/Positive	Outlook Revised
Foothill-Eastern Transp Corridor Agy toll rds br (AGM) (SECMKT) <i>Unenhanced Rating</i>	A-(SPUR)/Positive	Outlook Revised
Foothill-Eastern Transp Corridor Agy toll rd rev <i>Unenhanced Rating</i>	A-(SPUR)/Positive	Outlook Revised
Foothill-Eastern Transp Corridor Agy TOLLFAC <i>Long Term Rating</i>	A-/Positive	Outlook Revised

Ratings Detail (As Of November 22, 2019) (cont.)

Foothill-Eastern Transp Corridor Agy TOLLFAC

Long Term Rating

A-/Positive

Outlook Revised

Foothill-Eastern Transp Corridor Agy (AGM)

Unenhanced Rating

A-(SPUR)/Positive

Outlook Revised

Foothill-Eastern Transp Corridor Agy (RADIANT) (SEC MKT) (NR)

Unenhanced Rating

A-(SPUR)/Positive

Outlook Revised

Many issues are enhanced by bond insurance.

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22 Nov 2019 | Upgrade

Fitch Upgrades Foothill Eastern Transp. Corridor Agency, CA Sr Revs to 'BBB'; Jr Revs to 'BBB-'

Fitch Ratings-San Francisco-22 November 2019:

Fitch Ratings has upgraded the rating on Foothill Eastern Transportation Corridor Agency's (F/ETCA, or the agency) approximately \$1.4 billion outstanding senior toll revenue bonds to 'BBB' from 'BBB-'. Fitch also assigned a 'BBB' to approximately \$890 million of series 2019A senior toll revenue refunding bonds

In addition, Fitch has upgraded the rating on F/ETCA's approximately \$198 million outstanding junior toll revenue bonds to 'BBB-' from 'BB+'.

The Rating Outlook on all bonds is Stable.

RATING RATIONALE

The upgrade reflects improved financial metrics resulting from the upcoming refunding, as well as increased clarity on sources of funds for the agency's capital plan, which is now expected to be cash-funded. The upgrade also reflects the board's recent adoption of a 2% annual rate hike policy which Fitch views as a prudent move that reduces uncertainty about future rate hikes while also providing the board the ability to modify rates at its discretion if required.

The ratings further reflect the project's role as a stand-alone congestion-relieving facility in a large, growing region with solid legal rate-setting flexibility. These strengths are offset by a history of volatile traffic demand, moderate to high toll rates, escalating debt service, and a sizeable capital plan. Financial metrics are consistent with investment grade for both the senior and junior lien, with rating case 10-year debt service coverage ratios (DSCR) of 1.7x and 1.5x, respectively.

KEY RATING DRIVERS

Growing but Volatile Traffic Base- Revenue Risk (Volume): Midrange

F/ETCA serves as a congestion reliever and commuter route in northeast Orange County, connecting the fast-growing suburban communities of Riverside County and Eastern Orange

County to major employment centers located southwest of the facility. Although the facility was exposed to a deep and prolonged traffic decline during the housing-led recession, growth in recent years has been quite solid. The road has somewhat limited competition for its catchment area and very low truck exposure. Although toll rates per mile are relatively high compared to other Fitch-rated toll roads, this weakness is mitigated by high wealth levels in Orange County.

Robust Rate-Setting Flexibility- Revenue Risk: (Price): Stronger

Legal rate-setting flexibility is high, as the agency can raise rates to any level without voter or regulatory approval. The board has a history of raising rates regularly and incrementally despite political risks that are always present for toll roads. Further, the board recently adopted a 2% rate hike policy, which in Fitch's view reflects a prudent, measured, and transparent path forward for rate hikes.

New Facility, Limited Scope of O&M- Infrastructure Development & Renewal: Midrange

The legal progress is moving forward with a southern extension of the facility, thus far long delayed and projected to cost between \$1.5 billion and \$2.0 billion. Since the project is in its early phases, a plan of finance has yet to be cemented, and borrowing related to the expansion is not included in Fitch's cases; however, the agency may consider a TIFIA loan and parity toll revenue bond issuances. The facility is in good condition and the agency's scope of O&M is limited, since Caltrans is responsible for maintaining the roadway.

Escalating Debt Service Profile - Debt Structure: Senior - Midrange / Junior - Midrange

The debt structure includes fixed-rate and amortizing senior and junior debt with good liquidity support that includes cash-funded debt service reserve accounts sized to the maximum allowed by the IRS and a use and occupancy fund. The debt profile's strengths are offset by escalating debt service and interest accretion resulting in a back-loaded debt profile; as such there is no differentiation in the Debt Structure assessment between Senior and Sub liens.

Financial Profile:

The facility's financial metrics are satisfactory overall for the senior lien, and continue to improve on the junior lien. Rating case projected average 10-year senior and total DSCR equal 1.7x and 1.5x, and year-five leverage (net debt to cash flow) is elevated at 8.6x and 9.6x, respectively. High leverage levels are offset by low breakeven growth rates of 0.6% and 0.8%, respectively, which reflect a significant degree of project liquidity.

PEER GROUP

F/ETCA's closest peers come from Fitch's rated standalone / small network toll roads portfolio with senior debt rated in the 'BBB' category. Its closest peer is its sister agency, San Joaquin Hills Transportation Corridor Agency (SJHTCA), and North Carolina Turnpike Authority (NCTA), both of which face initially high leverage and little dependence on revenue growth. SJHTCA's rating (BBB/BBB-/Positive Outlook) reflects its similar financial metrics with 10-year rating case average senior and subordinate DSCRs of 1.8x and 1.5x. NCTA's rating (BBB/Stable Outlook) also reflects its similar financial metrics, with average rating case DSCR of 1.7x and leverage of 8.7x.

RATING SENSITIVITIES

Developments That May, Individually or Collectively, Lead to Positive Rating Action:

-Traffic and revenue growth leading senior and total rating case DSCRs to remain persistently above 1.9x and 1.7x, respectively.

Developments That May, Individually or Collectively, Lead to Negative Rating Action:

-Traffic and revenue underperformance leading to senior and total average 10-year rating case DSCRs materially below 1.6x and 1.4x, respectively;

-Evidence of inability or unwillingness to implement rate increases over time to support growing debt obligations;

-Meaningful exposure to the South County Mobility Project.

TRANSACTION SUMMARY

F/ETCA expects to issue approximately \$890 million of fixed-rate senior toll revenue bonds to refund a portion the outstanding fixed-rate series 2013A bonds. The authority also expects to contribute \$75 million of cash to enhance the savings associated with the refunding. The amortization structure of the refunding bonds is expected to approximately match that of the refunded bonds and will not extend the final maturity. The refunding is expected to provide approximately \$113 million in debt service savings on a present value basis. The bonds are expected to price by mid-December.

CREDIT UPDATE

Traffic and revenues have performed quite strongly over the past several years, increasing at a

5-year CAGR of 4.1% and 6.7%, respectively. Performance in fiscal 2019 experienced flat traffic growth and revenues gains of 2.0% with expanding populations and employment further buoyed by continued low gas prices and higher toll rates. Fiscal year to date 2020 (three months through September) toll revenues and volume are up roughly 12.6% and 0.1%, respectively. The disparity between traffic and revenues is partially due to a new state law mandating newly purchased vehicles use temporary license plates. Prior motorists without license plates were included in transactions data but did not generate toll revenues. The disparity is also in part the result of a modified discount program that is revenue positive, and only partly offset by elimination of an account maintenance fee.

Fiscal 2019 operating expenses (net of depreciation) increased by 15.8% to \$24 million. This increase mainly reflects additional incurred costs associated with the development of a new customer service center back office system. Expenses have been well managed over the past several years, with a five-year CAGR of 0.6%. The low CAGR is partially due to a realignment of expense allocation methodology between the Agency and the sister agency, San Joaquin Hills Transportation Corridor Agency that shifted costs to SJHTCA in 2017. The expense allocation methodology was adapted to consider several factors, including the shift to electronic tolling and more emphasis on a centralized back-office focus, rather than on-road cash toll collections; both of which are weighted toward costs to support both customers and the Agency's revenue base.

The agency's capital improvement plan (CIP) is sizeable, consisting of multiple core projects. One is an express connector from 241 to Orange County transportation Authority's SR-91. F/ETCA will pay the \$200 million project cost with cash. Net tolls from the connector will not be pledged, but will flow back to the agency to repay the cash outlay with interest, and any subsequent revenues can be used for projects within the corridor. The final design was completed in 2018, and construction will begin in early 2023.

The largest project is the South County Mobility Project. Because the project is in its early stages, cost estimates and traffic studies have not yet been completed and, depending on the ultimate scope of projects chosen for construction, total costs could range as high as \$1.5 billion to \$2.0 billion. One potential project would extend the system from Oso Parkway described above, and would provide an important connection to I-5 at its southern terminus. A portion of the capital costs likely would be debt financed, with options including a TIFIA loan or parity toll revenue bond debt issuances.

The implications of the South County Mobility Project on F/ETCA's debt profile are unclear, and there is a possibility the project may never move forward. For these reasons, at present Fitch's forecasts do not include future borrowing related to the project. However, exposure to expansion projects is likely to remain a constraining factor on overall credit quality. Fitch will continue

monitoring the agency's capital plan as it matures. The authority is currently at the beginning of the project approval and environmental documentation phase. Eight congestion relief ideas submitted through public forums have advanced to receive a project study report.

FINANCIAL ANALYSIS

Fitch's base case applies estimated actual results for fiscal 2019 and budgeted financials for fiscal 2020. Thereafter Fitch assumes 2% inflationary rate increases and traffic growth of 1% annually through 2027 that steps down to 0.5% thereafter. Fitch also assumes O&M increases 3% annually, stepping down to 2.5% in year 2029. The base case results in 10-year average senior and total DSCR of 1.9x and 1.7x and five-year leverage of 7.8x and 8.7x, respectively.

Fitch's rating case conservatively assumes a hypothetical recession leads to moderate 3% traffic losses in fiscal years 2020 and 2021, partially mitigated by inflationary rate hikes. Otherwise, traffic is assumed to grow 0.5% with 2.0% inflationary rate hikes. The rating case further assumes 3.5% O&M growth through 2028 and steps down to 2.5% thereafter. The rating case results in 10-year average senior and total DSCR of 1.7x and 1.5x as well as year five leverage of 8.6x and 9.6x, respectively.

SECURITY

Bonds are secured by net toll revenues and development impact fees, the latter only if certain thresholds are met.

Asset Description

F/ETCA fully opened in 1999, is 36 miles long, and comprises state routes 241, 261 and 133. F/ETCA's staff also manages SJHTCA (a 15 mile SR 73 toll road) but projects are governed by separate boards, are financed independently, and funds cannot be commingled. SJHTCA is a separate and distinct legal entity. F/ETCA has a cooperative agreement with Caltrans extending through 2053.

ESG Considerations

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of Environmental, Social and

Governance (ESG) credit relevance is a score of 3. This signals that ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Foothill/Eastern Trans. Corridor Agency (Orange County) (CA)

----Foothill/Eastern Trans. Corridor Agency (Orange County) (CA) /Toll Revenues - 2nd Senior Lien/1 LT; Long Term Rating; Upgrade; BBB; RO:Sta

----Foothill/Eastern Trans. Corridor Agency (Orange County) (CA) /Toll Revenues - Junior Lien/1 LT; Long Term Rating; Upgrade; BBB-; RO:Sta

----Foothill/Eastern Trans. Corridor Agency (Orange County) (CA) /Toll Revenues/1 LT; Long Term Rating; Upgrade; BBB; RO:Sta

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Applicable Criteria

[Rating Criteria for Infrastructure and Project Finance \(pub. 27 Jul 2018\)](#)

[Toll Roads, Bridges and Tunnels Rating Criteria \(pub. 30 Jul 2018\)](#)

Additional Disclosures

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Rating Action: **Moody's assigns Baa2 to Foothill-Eastern Transportation Corridor Agency, CA's Senior Lien Revenue Refunding Bonds, Series 2019A; outlook stable**

22 Nov 2019

Approximately \$891 million of debt affected

New York, November 22, 2019 -- Moody's Investors Service has assigned a Baa2 rating to Foothill-Eastern Transportation Corridor Agency, CA's (FETCA or agency) \$891.0 million senior lien Toll Road Refunding Revenue Bonds, Series 2019A (Federally Taxable). Proceeds of the 2019A Bonds will be used in combination with \$75 million of internal cash balances to advance refund some of the outstanding Series 2013A bonds for present value cash flow savings of approximately \$113 million, net of cash contributions. The rating outlook is stable.

RATINGS RATIONALE

The Baa2 rating reflects the higher than anticipated revenue growth in the 2014-2018 period, which averaged around 8.9% per year over the period, which has diminished the forecasted rate of required future annual revenue growth to obtain robust debt service coverage ratios, and improved the agency's resiliency to potential downturns or stagnant growth periods. The rating also acknowledges the ongoing growth in the Orange County service area economy albeit at a slower pace, which is expected to continue to contribute to stable traffic and revenue growth, the agency's fully funded required reserve balances in addition to a strong and growing liquidity profile, and ownership and maintenance of the roads by Caltrans.

In November 2019, the agency's Board also approved a toll rate policy that includes an automatic 2% annual rate increase to be included for consent by the board every year, though the board retains the right to adjust such toll rates annually. The adoption of this policy is viewed favorably, especially as the period of high transaction and revenue growth has begun to moderate, with transaction growth being essentially flat in FY 2019 at 0.25%.

The rating on the junior lien bonds is the same as the senior lien bonds given the small percentage of junior lien debt outstanding (~ 8%) of total, leading to a minimal difference between senior and total debt service coverage ratios, providing a thin cushion between revenue pledges.

The credit profile remains constrained by the high leverage ratio, escalating debt service through 2039 which grows at higher than annual inflationary rates, and an accreting debt balance through 2027 due to the deferral of principal repayment in the 2013 debt restructuring. While we note the annual debt service savings provided by the advance refunding of a portion of Series 2013A bonds at a lower interest rate, the debt profile remains back loaded and repayment depends on sustained annual traffic and/or revenue growth supported by continued toll rate increases. Coverage ratios could be pressured in later periods in the absence of continuous growth since the majority of principal (72%) is repaid in the last decade of the Caltrans Cooperative Agreement.

Per Moody's sensitivities, which take in consideration average annual debt service savings of \$11.6 million through 2043 in connection with the current refunding, the agency would still maintain a buffer of about 0.1x above its senior and total rate covenants of 1.30x and 1.15x respectively, in the event of no revenue growth until debt maturity; which we consider to be conservative given recent strong average annual transaction growth of 5.5% from 2014-2018, coupled by expected future annual toll rate increases. Historical performance over the 2001-2018 period show average annual transaction and revenue growth of 2% and 7.2% respectively illustrating transaction and revenue volatility during recessionary periods.

As of September 2019 year-to-date, transactions were 0.1% higher relative to the same period in the prior year, and transactional toll revenue was 12.6% higher. The steeper revenue growth is bolstered by temporary license plate legislation that was enacted in California in January 2019 and requires purchased vehicles to display temporary paper license plates or permanent license plates. The implementation of this law has reduced the number of non-pursuable transactions related to vehicles lacking license plates by 86.9% to levels

of around 0.7% of total transactions by September 2019. For FY 2020, management anticipates transaction and net toll revenue growth of 2.4% and 3.5%, respectively, higher than 2019 transaction and net toll revenue growth of 0.25% and 1.7%, respectively; we continue to expect moderate to flat transaction growth, with revenues growing around the 2% annual increase, given anticipated annual 2% rate increases going forward.

The agency plans to invest approximately \$200 million for the construction of the 241/91 connector in 2023/24, which will be a new tolled connection between OCTA 91 Express Lanes and FETCA, in addition to the existing general purpose lane connector. Although the connector will be a non-system project, and therefore toll revenue will not be pledged to the system, the agency will be repaid over time from toll revenues associated with the connector once it opens. Construction is expected to begin in 2023. FETCA will be working with the Orange County Transportation Commission (OCTA), the Riverside County Transportation Commission (RCTA) and Caltrans on the operating agreement and negotiation of operating costs.

The refunding of the 2013A Bonds will be funded through the issuance of \$891 million Senior Series 2019 A Revenue Refunding Bonds, as well as approximately \$75 million of cash contributions. Management expects cash to be repaid over the next seven years, from annual debt service savings associated with the refunding. The agency estimates net cash flow savings of \$206 million, or \$113 million net present value savings net of cash contributions, and senior lien coverage increases of 0.22x through 2043 which reduces the long-term growth rate required to meet senior and total debt service coverage ratios required per the rate covenants.

RATING OUTLOOK

The stable outlook reflects our expectation for continued revenue and traffic growth in FY 2020, albeit at moderated growth rates compared to what was observed in prior years, aided by the 2% toll rate increase across the board that went into effect on July 1st, 2019 and is expected to continue annually going forward. The outlook also reflects the ongoing growth in the liquidity profile.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Accelerated development in the toll road corridor that generates sustained higher than forecasted growth in traffic and revenues
- More rapid amortization of outstanding debt
- Track record of board policy to provide for 2% annual toll rate increases, set in November 2019, subject to future Board discretion to adjust such toll rates annually

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration of coverage ratios such that DSCR falls below 1.50x for senior and 1.40x for total debt on a sustained basis due to rejection of annual rate increases as needed or lower than forecasted traffic and revenue due to slower than expected growth
- Substantial additional borrowing for and construction of projects not supported by additional traffic and revenue from related projects.

LEGAL SECURITY

The Series 2019A bonds are pari passu with the outstanding senior revenue bonds, secured by net toll revenues and related fees and fines collected on the toll road. Development Impact Fees (DIFs) in excess of \$5 million a year are pledged but not used in the rate covenant or additional bonds tests calculations. The cash funded senior and junior lien debt service reserve funds are sized at the minimum of (i) 10% of the initial principal, (ii) maximum annual debt service, or (iii) 125% of average annual debt service. As of FY 2019, the balance of the senior debt service reserve fund was \$201 million, and \$19.8 million for the junior lien reserve. Additional bondholder security is provided by a \$15 million use and occupancy reserve fund. The rate covenant on the senior bonds is 1.30x and 1.15x on all debt.

USE OF PROCEEDS

Proceeds of the senior Series 2019A Bonds will be used in combination with \$75 million of internal cash balances to advance refund a portion of the outstanding Series 2013A bonds or approximately \$966 million, for present value cash flow savings of approximately \$113 million, net of cash contributions.

PROFILE

The Foothill/Eastern Transportation Corridor consists of 36 miles of high speed, electronically tolled four-to-six lane roads. The two toll roads that make up the corridor were partially opened in 1995 and fully completed in February 1999. In 1999, the agency restructured its debt and extended principal maturities by five years to improve the DSCR due to slower than projected traffic and revenue ramp-up.

In November 2005 the agency entered into a mitigation and loan agreement with the San Joaquin Hills Transportation Corridor Agency (SJHTCA) to offset the forecasted toll revenue diversion impact of the Foothill South extension to complete the 241 toll road and the connection to I-5. To-date, the agency has made \$120 million in mitigation payments to SJHTCA. With the 2014 debt restructuring for SJHTCA, the mitigation agreement has been terminated, and SJHTCA will repay the mitigation payments to F/ETCA beginning in 2025, if surplus funds are available. The mitigation agreement would have allowed F/ETCA to provide up to \$1.04 billion in loans to help SJHTCA meet its rate covenant.

In 2013 the agency restructured nearly all of its then outstanding debt to reduce and level debt structure by extending final maturity by 13 years to 2053 similar to an extension of the Caltrans Cooperative Agreement. Caltrans remains the owner of the toll road asset and pays for all non-toll collection-related operations and maintenance expenses.

METHODOLOGY

The principal methodology used in this rating was Publicly Managed Toll Roads and Parking Facilities published in March 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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San Joaquin Hills Transportation Corridor Agency, California; Toll Roads Bridges

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San Joaquin Hills Transportation Corridor Agency, California; Toll Roads Bridges

Credit Profile

San Joaquin Hills Transp Corridor Agy TOLLFAC <i>Long Term Rating</i>	A-/Stable	Current
San Joaquin Hills Transp Corridor Agy TOLLFAC <i>Long Term Rating</i>	BBB+/Stable	Current

Rationale

S&P Global Ratings' long-term rating on San Joaquin Hills Transportation Corridor Agency (SJHTCA), Calif.'s outstanding senior-lien toll road refunding revenue bonds is 'A-'. S&P Global Ratings' long-term rating on the agency's junior-lien toll road refunding revenue bonds is 'BBB+'. The outlook is stable.

The ratings reflect our opinion of a strong enterprise risk profile and a strong financial risk profile. The strong enterprise risk profile reflects SJHTCA's characteristics as a toll road asset that provides congestion relief almost exclusively to private (noncommercial) vehicles in a wealthy service area. Meanwhile, the strong financial risk profile reflects continued strong debt service coverage (DSC), lack of definitive additional debt plans, and an escalating debt service schedule.

The enterprise risk profile reflects our view of SJHTCA's:

- Extremely strong service area economic fundamentals, which include favorable income levels and economic activity as measured by GDP per capita, a good population size, and unemployment levels that are tracking the national average;
- Low industry risk relative to that of other industries and sectors;
- Strong market position due to its role as a congestion reliever in an area that relies on its highway road network; and
- Very strong management and governance, evidenced through an experienced management team with good board oversight.

The financial risk profile reflects our view of SJHTCA's:

- Strong financial performance, especially as per the last three audits with DSC within a range of 1.7x to 1.9x from 2016 to 2018;
- Strong debt and liabilities capacity, given no definitive additional debt plans measured against the SJHTCA's ascending debt service schedule; and
- Strong liquidity and financial flexibility based on a high level of days' cash on hand, but a very low liquidity-to-debt assessment.

SJHTCA owns and operates the toll collection and revenue management system on a 15-mile, limited-access road

running from Newport Beach to San Juan Capistrano in southwest Orange County. The toll road itself is owned by the state department of transportation (Caltrans). Caltrans is also responsible for maintenance and repairs of the toll road system. It is a sister agency to the Foothill/Eastern Transportation Corridor Agency, which administers another toll facility in the county. The two agencies share staff but are two separate joint-power authorities and have different board members based on the relevant member cities along each road.

The 2014 bonds refunded and restructured debt. SJHTCA has approximately \$2.2 billion of toll revenue bonds outstanding, including:

- \$846.9 million 1997 senior-lien capital appreciation bonds,
- \$1.1 billion series 2014A senior-lien bonds, and
- \$293.9 million of series 2014B junior-lien bonds.

The bonds were issued under the first amended and restated master indenture. A pledge of toll revenue from the San Joaquin toll road, net of operating expenses, secures the bonds. The 2014A bonds are senior-lien bonds and are on par with the 1997 bonds. The 2014B bonds are subordinate to the senior lien. At the time of the series 2014 transaction, the senior-lien and junior-lien bond reserve funds were funded with cash based on the lowest of maximum annual debt service (MADS), 10% of principal, or 125% of average annual debt service. Management had been cash-funding the supplemental reserve fund each year from 50% of surplus revenue until the balance equaled 50% of MADS, which it has reached (\$93.1 million). A use-and-occupancy fund of \$15 million is also pledged to the bonds. Development impact fees are pledged to the bonds as well, subject to the agency's right to use \$2.5 million of fee revenue for any lawful purpose during each semiannual period ending July 15 or Jan. 15.

Outlook

The stable outlook reflects our view of good demand, with strong transaction growth, and our assumption that the agency will be able to continue adjusting rates as needed to maintain strong DSC.

Upside scenario

While the road has performed well since the agency's debt restructuring in 2014, we would consider an upgrade should SJHTCA prove resilient throughout a full economic cycle.

Downside scenario

A downward rating action would result from flat or declining revenue that indicates lower DSC, given the ascending debt service schedule.

Enterprise Risk Profile

The road is within a wealthy service area whose population relies heavily on the local highway network. Specifically, we believe the economic fundamentals are extremely strong using the Los Angeles-Long Beach-Anaheim, Calif., metro area's unemployment level, which is slightly above the national average at 4.1%. Furthermore, the estimated 2018 per

capita GDP is high, at over \$84,000. Despite projected three-year local population growth of 0.7% (compared with 2.2% nationally), we believe that the existing base will continue to fuel the economy and keep the SJHTCA's specific asset demand high.

Consistent with our criteria, "Methodology: Industry Risk" and "Key Credit Factors For The Transportation Infrastructure Industry" (both published Nov. 19, 2013), we consider the industry risk for the not-for-profit transportation infrastructure enterprise industry to be low compared with that of other industries and sectors.

The road's market position is strong, in our opinion. The road operates in an area with a population that is road-network reliant, and is surrounded by free alternatives that are among the most heavily trafficked and congested in the country; thus, its role as a congestion reliever leads us to believe that SJHTCA is becoming a virtual requirement for drivers who depend on time savings. Furthermore, we can assume that its historically 98%-plus two-axle vehicle traffic share means by private (noncommercial) vehicles uses the road almost exclusively, leading to a traffic base that may prove more resilient during a full economic cycle.

We believe the SJHTCA benefits from very strong management and governance, evidenced through an experienced management team with good board oversight.

Financial Risk Profile

The SJHTCA has shown strong and growing DSC metrics since its debt restructuring in 2014. Specifically, from fiscal years 2016 through 2018, DSC was within the range of 1.7x to 1.9x. These increasing metrics are occurring within the constraints of an ascending debt service schedule, demonstrating that demand is resilient despite rising toll rates. In that regard, we believe that rate-setting flexibility is adequate, given free alternatives available for a road that is consistently raising tolls.

We likewise consider the agency's debt and liabilities capacity strong. We base this primarily on our analysis of debt-to-net-revenue of about 13x in the most recent fiscal year, but that has been trending down since the restructuring. We expect this figure to continue declining, but recognize that the increase in SJHTCA's debt outstanding--albeit modest on an annual percentage basis--due to the debt's structure could pressure this metric. Furthermore, while there are no definitive additional debt plans in the next five years, the SJHTCA is largely focusing on the immediate out-year in terms of its capital plan.

We believe the road's liquidity and financial flexibility is strong. It has, in our view, a strong days' cash on hand figure, which includes the agency's unrestricted cash and short-term investments as well as its long-term investments as listed on the balance sheet, and augmented by artificially low operating expenses due to its agreement with Caltrans. However, a very low liquidity-to-debt assessment offsets this. Specific metrics we consider in our analysis include about 2,700 days' cash on hand in the most recent audited fiscal year, and a three-year average exceeding 2,000 days. However, due to the large amount of total debt outstanding, unrestricted liquidity of \$146 million constitutes only 6.1% of debt outstanding in fiscal 2018 (4.7% average from 2016 to 2018).

This report does not constitute a rating action.

Ratings Detail (As Of August 29, 2019)

San Joaquin Hills Transportation Corridor Agency sr lien

Long Term Rating

A-/Stable

Current

San Joaquin Hills Transp Corridor Agy toll rd rfdg & cap apprec rev bnds ser 1997A dtd 09/01/1997 & 10/21/1997 due 01/15/2000-2036

Long Term Rating

A-/Stable

Current

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Fitch Affirms San Joaquin Hills Transp. Corridor Agency, CA Bonds; Senior Lien Outlook Positive

Fitch Ratings-San Francisco-29 August 2019: Fitch Ratings has affirmed San Joaquin Hills Transportation Corridor Agency, CA's (SJHTCA, or the agency) outstanding debt as follows:

- \$2.0 billion senior bonds at 'BBB';
- \$294 million junior bonds at 'BBB-'.

Fitch has revised its Rating Outlook on the senior bonds to Positive from Stable. The Positive Rating Outlook reflects the facility's strong traffic and revenue performance that has outpaced Fitch's initial expectations. The project's performance has led to a stronger financial profile under the Fitch rating case, which is further evidenced by robust CAGR and Shift breakeven results. Should stronger performance persist in the next 1-2 years, positive rating action for the Senior Bonds is likely.

The Rating Outlook for the junior bonds remains Stable given that the lien's higher leverage causes financial metrics to fall below Fitch's threshold for positive rating action at this time.

KEY RATING DRIVERS

The 'BBB' senior rating reflects the project's role as a stand-alone, congestion-relieving facility in a large and growing region with solid legal rate-setting flexibility and limited capital plans moving forward. These strengths are somewhat offset by significant historical traffic volatility and relatively high toll rates that are nonetheless mitigated by strong wealth levels. Current and forecast financial metrics are expected to remain strong, supporting the rating levels.

Growing Traffic Base with Historical Volatility - Revenue Risk (Volume): Midrange

The 15-mile congestion reliever facility benefits from its location within Orange County, which is large, affluent and growing. Fitch expects facility traffic to grow over the long term, buoyed by strong regional characteristics. These strengths are offset by a relatively high toll rate on a per mile basis and a history of significant demand volatility.

Robust Rate-Setting Flexibility- Revenue Risk (Price): Stronger

The agency has unlimited legal rate-setting authority and plans to implement small, regular, inflationary increases going forward. Political freedom to implement toll increases has proven robust. Over the past 10 years, its rate covenant has been well tested and proven to provide creditors with significant protection.

Small Capital Plan, Limited Maintenance Responsibilities- Infrastructure Development & Renewal: Stronger

The authority has limited exposure to maintenance and capital costs as Caltrans owns and maintains the road. The agency has no additional debt plans and its capex plan is both small and cash-funded.

Escalating Debt Service Profile - Debt Structure: Senior - Midrange/Junior- Midrange:

The debt structure includes fixed rate and amortizing senior and junior debt subject to some interest accretion.

Debt service reserve accounts are cash funded and sized to a common three-pronged test that adopts the lesser of average annual debt service, 10% of initial par or 125% of debt service. The debt profile's strengths are offset by escalating debt service and some interest accretion.

Financial Profile:

The facility's financial metrics are sound overall, with Fitch-projected senior and total DSCR in fiscal 2019 of 1.9x and 1.6x, respectively. Rating case projections indicate that metrics will remain consistent with current performance, with average 10-year senior and total DSCR at 1.8x and 1.5x, respectively. Leverage remains somewhat elevated over the next 10 years, with net debt to CFADS falling below 10x in 2026 under the rating case. The senior breakeven results suggest the project can withstand a 51.5% shock to revenues and still meet its debt service obligations, which supports the investment grade ratings and reflects a significant degree of project liquidity.

Peer Group

SJHTCA's closest peers come from Fitch's rated standalone/small network toll roads portfolio with senior debt rated in the 'BBB' category. Its closest peers are its sister agency, Foothill/Eastern Transportation Corridor Agency (F/ETCA), and E-470 Public Highway Authority, both of which face initially high leverage and some dependence on revenue growth. F/ETCA's lower rating (BBB-/BB+/Stable) reflects its weaker financial metrics with 10-year average senior and subordinate DSCR of 1.6x and 1.4x, respectively, and higher leverage. E-470's higher rating (BBB+/Stable), reflects its stronger financial metrics, with average rating case DSCR over 1.9x and leverage of 4.4x.

RATING SENSITIVITIES

Developments That May, Individually or Collectively, Lead to Negative Rating Action:

- Traffic and revenue underperformance leading to senior and total average 10-year rating case DSCRs below 1.6x and 1.4x, respectively;
- Evidence of political unwillingness to implement rate increases over time.

Developments That May, Individually or Collectively, Lead to Positive Rating Action:

- Senior debt: Maintenance of recent traffic and revenue performance leading to sustained senior rating case 10-year average DSCR above 1.7x;
- Subordinate debt: Traffic and revenue outperformance leading to improvement of the total rating case 10-year average DSCR above 1.6x.

Performance Update

SJHTCA saw traffic in 2018 grow 1.1% over the year prior, and gross toll revenues rose 3.6%, consistent with Fitch's expectations. Fiscal 2018 operating revenues increased 5.3% to \$198 million, primarily attributed to increases in traffic volume and inflationary toll increases. For fiscal 2018, the combination of tepid expense growth of 1.4% to \$19.9 million and revenues pledged to debt service needs growing at 6.6% in FY 2018 produced senior and aggregate DSCR of 1.9x and 1.6x, respectively.

Fiscal 2019 year to date (through May) toll revenues are up 1% to approximately \$151.6 million while traffic volume fell slightly by 1% to 29.2 million. Management estimates that traffic volume at FYE 2019 will be 32.2 million, with toll revenues of \$167.3 million. This represents slightly lower volume than management's prior estimate of 32.3 million, but an increase of 1.5% from prior toll revenue expectations of \$164.8 million. Additionally management anticipates that 2019 senior and aggregate DSCR will remain stable at 1.9x and 1.6x, respectively, in-line with 2018 performance and consistent with Fitch's base case expectations.

Because Caltrans has title to the road and is responsible for its upkeep, SJHTCA has limited capital needs. The

agency's FY 2020 capital improvement plan, inclusive of signage, other planning, environmental and general construction projects, is quite limited at \$4.6 million, and is anticipated to be cash funded.

Fitch Cases

Fitch's base case uses projected revenues for 2019. Thereafter Fitch adopts the sponsor's expectations for revenue and expense growth through the debt's tenor, which are viewed as reasonable if not conservative in light of historical growth rates. The case also assumes agency-estimated and budgeted expenditures for fiscal years 2020, after which expenditures are assumed to grow moderately above inflation at 3.0%. The base case results in 10-year average senior and total DSCR of 1.8x and 1.6x and five-year leverage of 9.7x and 11.1x, respectively.

Fitch's rating case conservatively assumes a 50 basis points stress on revenue growth, and a hypothetical recession that leads to a 5.5% loss in revenues in FY 2020 followed by recovery in FY 2021-2023. The rating case further assumes 3.5% O&M growth from 2022 through the debt's tenor. The rating case results in 10-year average senior and total DSCR of 1.8x and 1.5x and year-five leverage of 9.6x and 11.0x, respectively.

Predicated upon the base case assumptions, Fitch performed both a CAGR and shift breakeven to further assess the project's financial resiliency. The results of the CAGR breakeven show that the project could grow its revenues at -0.9% annually, suggesting that the project does not need to grow its revenue base any further to meet its debt service obligations. The shift breakeven demonstrates that the project could endure a one-time revenue shock of 51.5%, effectively depleting its cash position to zero, and still meet its debt service obligations.

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Applicable Criteria
Rating Criteria for Infrastructure and Project Finance (pub. 27 Jul 2018)
Toll Roads, Bridges and Tunnels Rating Criteria (pub. 30 Jul 2018)

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Rating Action: **Moody's affirms Baa2 rating on San Joaquin Hills Transportation Corridor, CA; outlook stable**

28 Jun 2019

Approximately \$846.9 million of rated debt affected

New York, June 28, 2019 -- Moody's Investors Service has affirmed the Baa2 rating on San Joaquin Hills Transportation Corridor Agency, CA's (SJHTCA or agency) Senior Lien Toll Road Revenue Bonds. The outlook is stable.

RATINGS RATIONALE

The rating Baa2 rating affirmation and stable outlook acknowledges a five-year continuous period of stronger traffic and revenue growth compared to forecast amid a slower pace of annual debt service growth due to the debt restructuring in 2014. The higher than anticipated revenue growth in the 2014-2018 period, which averaged around 10.8% per year over the period, has served to significantly diminish the forecasted rate of required future annual revenue growth to obtain robust debt service coverage ratios, and improved the agency's resiliency to potential downturns or stagnant growth periods. The rating also acknowledges the ongoing growth in the Orange County service area economy albeit at a slower pace, which is expected to continue to contribute to stable traffic and revenue growth, the agency's fully funded required reserve balances in addition to a strong and growing liquidity profile, and ownership and maintenance of the road by Caltrans.

The rating considers the high leverage and an escalating debt service profile through 2040, which constrains the toll road's financial flexibility in the event of economic downturns limiting its timeframe for recovery and resiliency. The 2014 debt restructuring eliminated the mitigation payment and loan agreement from Foothill/Eastern Transportation Corridor Agency (F/E TCA) to SJHTCA, and included the expectation that \$134 million in mitigation payments will be reimbursed to F/E TCA in annual installments from 50% of the agency's excess cash flow at the bottom of the flow of funds starting in January 2025.

Per Moody's sensitivities, the agency would still maintain a small buffer above its senior and total rate covenants of 1.30x and 1.10x respectively in the event of only 1% annual revenue growth until debt maturity, which we consider to be conservative given the strong transaction growth of 5.3% on average from 2014-2018, coupled by annual toll rate increases. Historical performance over the 2001-2018 period show average annual transaction and revenue growth of 1.1% and 7.2% respectively illustrating transaction and revenue volatility during recessionary periods.

Although transaction growth has moderated in FY 2018 at 1.1%, and declined by 0.3% in FY 2019, this was expected given the recent period of strong transaction growth. The declines are attributable to weather conditions in February and March as well as December holiday schedules impacting the number of weekdays that month. Annual revenues have grown by 11% on average since 2014 as a result of both transaction growth and implemented toll increases. For FY 2020, management anticipates flat transactions and toll revenue growth of 4.6% respectively.

SJH has a limited capital program which is expected to be funded by internally generated funds.

RATING OUTLOOK

The stable outlook reflects our expectation for continued revenue growth in FY 2020, primarily from the approved 2% toll rate increase, and flat traffic growth for the year relative to the recent high growth observed during the period of 2014-2017.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Continued strong and sustainable growth in traffic and toll revenues that consistently produce DSCRs comfortably above the rate covenant without using reserves could place upward pressure on the rating
- Maintenance of strong liquidity levels

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Recurring weaker than forecasted traffic and revenue growth leading to a total DSCR below 1.5x coverage on a consistent basis
- Toll rate increases that result in traffic diversion and lower than forecasted revenue
- Sustained traffic diversion from competing freeways as a result of expected future widening improvements
- Additional leverage without commensurate revenue generation though none currently expected
- Liquidity deterioration

LEGAL SECURITY

The bonds are secured by net toll revenues and related fees and fines collected on the toll road, and development impact fees (DIFs) in excess of \$5 million a year are pledged but not used in the rate covenant or additional bonds tests calculations. The cash funded senior and junior lien debt service reserve funds are sized at the minimum of (i) 10% of the initial principal, (ii) maximum annual debt service, or (iii) 125% of average annual debt service. As of FY 2018, the balance of the senior debt service reserve fund was \$152.2 million, and \$27.4 million for the junior lien reserve. Additional bondholder security is provided by a supplemental reserve already fully funded from excess revenues to 50% of maximum annual debt service, with a balance of \$93 million as of FY 2018 and a \$15 million use and occupancy reserve fund. We note that annual deposits are being made to a sinking fund for CABs debt service from 2017 through 2031, which helps offset accretion risk. The rate covenant on the senior bonds is 1.30x and 1.10x on all debt.

USE OF PROCEEDS

N/A

PROFILE

San Joaquin Hills Transportation Corridor Authority operates a tolled 15-mile limited access ETC 4-6 lane facility in Orange County, the 3rd largest county in California and the 6th largest county in the US. The toll road opened to traffic in 1996 as the first publicly owned toll road in CA and has undergone three debt restructurings since the initial bond issuance in 1993 to better match the growth of annual debt service to the slower actual than forecasted traffic and revenue growth anticipated at the original financing.

METHODOLOGY

The principal methodology used in this rating was Publicly Managed Toll Roads and Parking Facilities published in March 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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Attachment 3:
City of San Clemente's Public
Relation's Firm Proposal and
Contract

F/ETCA's closest peers come from Fitch's rated standalone / small network toll roads portfolio with senior debt rated in the 'BBB' category. Its closest peer is its sister agency, San Joaquin Hills Transportation Corridor Agency (SJHTCA), and North Carolina Turnpike Authority (NCTA), both of which face initially high leverage and little dependence on revenue growth. SJHTCA's rating (BBB/BBB-/Positive Outlook) reflects its similar financial metrics with 10-year rating case average senior and subordinate DSCRs of 1.8x and 1.5x. NCTA's rating (BBB/Stable Outlook) also reflects its similar financial metrics, with average rating case DSCR of 1.7x and leverage of 8.7x.

RATING SENSITIVITIES

Developments That May, Individually or Collectively, Lead to Positive Rating Action:

-Traffic and revenue growth leading senior and total rating case DSCRs to remain persistently above 1.9x and 1.7x, respectively.

Developments That May, Individually or Collectively, Lead to Negative Rating Action:

-Traffic and revenue underperformance leading to senior and total average 10-year rating case DSCRs materially below 1.6x and 1.4x, respectively;

-Evidence of inability or unwillingness to implement rate increases over time to support growing debt obligations;

-Meaningful exposure to the South County Mobility Project.

TRANSACTION SUMMARY

F/ETCA expects to issue approximately \$890 million of fixed-rate senior toll revenue bonds to refund a portion the outstanding fixed-rate series 2013A bonds. The authority also expects to contribute \$75 million of cash to enhance the savings associated with the refunding. The amortization structure of the refunding bonds is expected to approximately match that of the refunded bonds and will not extend the final maturity. The refunding is expected to provide approximately \$113 million in debt service savings on a present value basis. The bonds are expected to price by mid-December.

CREDIT UPDATE

Traffic and revenues have performed quite strongly over the past several years, increasing at a

5-year CAGR of 4.1% and 6.7%, respectively. Performance in fiscal 2019 experienced flat traffic growth and revenues gains of 2.0% with expanding populations and employment further buoyed by continued low gas prices and higher toll rates. Fiscal year to date 2020 (three months through September) toll revenues and volume are up roughly 12.6% and 0.1%, respectively. The disparity between traffic and revenues is partially due to a new state law mandating newly purchased vehicles use temporary license plates. Prior motorists without license plates were included in transactions data but did not generate toll revenues. The disparity is also in part the result of a modified discount program that is revenue positive, and only partly offset by elimination of an account maintenance fee.

Fiscal 2019 operating expenses (net of depreciation) increased by 15.8% to \$24 million. This increase mainly reflects additional incurred costs associated with the development of a new customer service center back office system. Expenses have been well managed over the past several years, with a five-year CAGR of 0.6%. The low CAGR is partially due to a realignment of expense allocation methodology between the Agency and the sister agency, San Joaquin Hills Transportation Corridor Agency that shifted costs to SJHTCA in 2017. The expense allocation methodology was adapted to consider several factors, including the shift to electronic tolling and more emphasis on a centralized back-office focus, rather than on-road cash toll collections; both of which are weighted toward costs to support both customers and the Agency's revenue base.

The agency's capital improvement plan (CIP) is sizeable, consisting of multiple core projects. One is an express connector from 241 to Orange County transportation Authority's SR-91. F/ETCA will pay the \$200 million project cost with cash. Net tolls from the connector will not be pledged, but will flow back to the agency to repay the cash outlay with interest, and any subsequent revenues can be used for projects within the corridor. The final design was completed in 2018, and construction will begin in early 2023.

The largest project is the South County Mobility Project. Because the project is in its early stages, cost estimates and traffic studies have not yet been completed and, depending on the ultimate scope of projects chosen for construction, total costs could range as high as \$1.5 billion to \$2.0 billion. One potential project would extend the system from Oso Parkway described above, and would provide an important connection to I-5 at its southern terminus. A portion of the capital costs likely would be debt financed, with options including a TIFIA loan or parity toll revenue bond debt issuances.

The implications of the South County Mobility Project on F/ETCA's debt profile are unclear, and there is a possibility the project may never move forward. For these reasons, at present Fitch's forecasts do not include future borrowing related to the project. However, exposure to expansion projects is likely to remain a constraining factor on overall credit quality. Fitch will continue

monitoring the agency's capital plan as it matures. The authority is currently at the beginning of the project approval and environmental documentation phase. Eight congestion relief ideas submitted through public forums have advanced to receive a project study report.

FINANCIAL ANALYSIS

Fitch's base case applies estimated actual results for fiscal 2019 and budgeted financials for fiscal 2020. Thereafter Fitch assumes 2% inflationary rate increases and traffic growth of 1% annually through 2027 that steps down to 0.5% thereafter. Fitch also assumes O&M increases 3% annually, stepping down to 2.5% in year 2029. The base case results in 10-year average senior and total DSCR of 1.9x and 1.7x and five-year leverage of 7.8x and 8.7x, respectively.

Fitch's rating case conservatively assumes a hypothetical recession leads to moderate 3% traffic losses in fiscal years 2020 and 2021, partially mitigated by inflationary rate hikes. Otherwise, traffic is assumed to grow 0.5% with 2.0% inflationary rate hikes. The rating case further assumes 3.5% O&M growth through 2028 and steps down to 2.5% thereafter. The rating case results in 10-year average senior and total DSCR of 1.7x and 1.5x as well as year five leverage of 8.6x and 9.6x, respectively.

SECURITY

Bonds are secured by net toll revenues and development impact fees, the latter only if certain thresholds are met.

Asset Description

F/ETCA fully opened in 1999, is 36 miles long, and comprises state routes 241, 261 and 133. F/ETCA's staff also manages SJHTCA (a 15 mile SR 73 toll road) but projects are governed by separate boards, are financed independently, and funds cannot be commingled. SJHTCA is a separate and distinct legal entity. F/ETCA has a cooperative agreement with Caltrans extending through 2053.

ESG Considerations

ESG CONSIDERATIONS

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Foothill/Eastern Trans. Corridor Agency (Orange County) (CA)

----Foothill/Eastern Trans. Corridor Agency (Orange County) (CA) /Toll Revenues - 2nd Senior Lien/1 LT; Long Term Rating; Upgrade; BBB; RO:Sta

----Foothill/Eastern Trans. Corridor Agency (Orange County) (CA) /Toll Revenues - Junior Lien/1 LT; Long Term Rating; Upgrade; BBB-; RO:Sta

----Foothill/Eastern Trans. Corridor Agency (Orange County) (CA) /Toll Revenues/1 LT; Long Term Rating; Upgrade; BBB; RO:Sta

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Applicable Criteria

[Rating Criteria for Infrastructure and Project Finance \(pub. 27 Jul 2018\)](#)

[Toll Roads, Bridges and Tunnels Rating Criteria \(pub. 30 Jul 2018\)](#)

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Rating Action: **Moody's assigns Baa2 to Foothill-Eastern Transportation Corridor Agency, CA's Senior Lien Revenue Refunding Bonds, Series 2019A; outlook stable**

22 Nov 2019

Approximately \$891 million of debt affected

New York, November 22, 2019 -- Moody's Investors Service has assigned a Baa2 rating to Foothill-Eastern Transportation Corridor Agency, CA's (FETCA or agency) \$891.0 million senior lien Toll Road Refunding Revenue Bonds, Series 2019A (Federally Taxable). Proceeds of the 2019A Bonds will be used in combination with \$75 million of internal cash balances to advance refund some of the outstanding Series 2013A bonds for present value cash flow savings of approximately \$113 million, net of cash contributions. The rating outlook is stable.

RATINGS RATIONALE

The Baa2 rating reflects the higher than anticipated revenue growth in the 2014-2018 period, which averaged around 8.9% per year over the period, which has diminished the forecasted rate of required future annual revenue growth to obtain robust debt service coverage ratios, and improved the agency's resiliency to potential downturns or stagnant growth periods. The rating also acknowledges the ongoing growth in the Orange County service area economy albeit at a slower pace, which is expected to continue to contribute to stable traffic and revenue growth, the agency's fully funded required reserve balances in addition to a strong and growing liquidity profile, and ownership and maintenance of the roads by Caltrans.

In November 2019, the agency's Board also approved a toll rate policy that includes an automatic 2% annual rate increase to be included for consent by the board every year, though the board retains the right to adjust such toll rates annually. The adoption of this policy is viewed favorably, especially as the period of high transaction and revenue growth has begun to moderate, with transaction growth being essentially flat in FY 2019 at 0.25%.

The rating on the junior lien bonds is the same as the senior lien bonds given the small percentage of junior lien debt outstanding (~ 8%) of total, leading to a minimal difference between senior and total debt service coverage ratios, providing a thin cushion between revenue pledges.

The credit profile remains constrained by the high leverage ratio, escalating debt service through 2039 which grows at higher than annual inflationary rates, and an accreting debt balance through 2027 due to the deferral of principal repayment in the 2013 debt restructuring. While we note the annual debt service savings provided by the advance refunding of a portion of Series 2013A bonds at a lower interest rate, the debt profile remains back loaded and repayment depends on sustained annual traffic and/or revenue growth supported by continued toll rate increases. Coverage ratios could be pressured in later periods in the absence of continuous growth since the majority of principal (72%) is repaid in the last decade of the Caltrans Cooperative Agreement.

Per Moody's sensitivities, which take in consideration average annual debt service savings of \$11.6 million through 2043 in connection with the current refunding, the agency would still maintain a buffer of about 0.1x above its senior and total rate covenants of 1.30x and 1.15x respectively, in the event of no revenue growth until debt maturity; which we consider to be conservative given recent strong average annual transaction growth of 5.5% from 2014-2018, coupled by expected future annual toll rate increases. Historical performance over the 2001-2018 period show average annual transaction and revenue growth of 2% and 7.2% respectively illustrating transaction and revenue volatility during recessionary periods.

As of September 2019 year-to-date, transactions were 0.1% higher relative to the same period in the prior year, and transactional toll revenue was 12.6% higher. The steeper revenue growth is bolstered by temporary license plate legislation that was enacted in California in January 2019 and requires purchased vehicles to display temporary paper license plates or permanent license plates. The implementation of this law has reduced the number of non-pursuable transactions related to vehicles lacking license plates by 86.9% to levels

of around 0.7% of total transactions by September 2019. For FY 2020, management anticipates transaction and net toll revenue growth of 2.4% and 3.5%, respectively, higher than 2019 transaction and net toll revenue growth of 0.25% and 1.7%, respectively; we continue to expect moderate to flat transaction growth, with revenues growing around the 2% annual increase, given anticipated annual 2% rate increases going forward.

The agency plans to invest approximately \$200 million for the construction of the 241/91 connector in 2023/24, which will be a new tolled connection between OCTA 91 Express Lanes and FETCA, in addition to the existing general purpose lane connector. Although the connector will be a non-system project, and therefore toll revenue will not be pledged to the system, the agency will be repaid over time from toll revenues associated with the connector once it opens. Construction is expected to begin in 2023. FETCA will be working with the Orange County Transportation Commission (OCTA), the Riverside County Transportation Commission (RCTA) and Caltrans on the operating agreement and negotiation of operating costs.

The refunding of the 2013A Bonds will be funded through the issuance of \$891 million Senior Series 2019 A Revenue Refunding Bonds, as well as approximately \$75 million of cash contributions. Management expects cash to be repaid over the next seven years, from annual debt service savings associated with the refunding. The agency estimates net cash flow savings of \$206 million, or \$113 million net present value savings net of cash contributions, and senior lien coverage increases of 0.22x through 2043 which reduces the long-term growth rate required to meet senior and total debt service coverage ratios required per the rate covenants.

RATING OUTLOOK

The stable outlook reflects our expectation for continued revenue and traffic growth in FY 2020, albeit at moderated growth rates compared to what was observed in prior years, aided by the 2% toll rate increase across the board that went into effect on July 1st, 2019 and is expected to continue annually going forward. The outlook also reflects the ongoing growth in the liquidity profile.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Accelerated development in the toll road corridor that generates sustained higher than forecasted growth in traffic and revenues
- More rapid amortization of outstanding debt
- Track record of board policy to provide for 2% annual toll rate increases, set in November 2019, subject to future Board discretion to adjust such toll rates annually

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration of coverage ratios such that DSCR falls below 1.50x for senior and 1.40x for total debt on a sustained basis due to rejection of annual rate increases as needed or lower than forecasted traffic and revenue due to slower than expected growth
- Substantial additional borrowing for and construction of projects not supported by additional traffic and revenue from related projects.

LEGAL SECURITY

The Series 2019A bonds are pari passu with the outstanding senior revenue bonds, secured by net toll revenues and related fees and fines collected on the toll road. Development Impact Fees (DIFs) in excess of \$5 million a year are pledged but not used in the rate covenant or additional bonds tests calculations. The cash funded senior and junior lien debt service reserve funds are sized at the minimum of (i) 10% of the initial principal, (ii) maximum annual debt service, or (iii) 125% of average annual debt service. As of FY 2019, the balance of the senior debt service reserve fund was \$201 million, and \$19.8 million for the junior lien reserve. Additional bondholder security is provided by a \$15 million use and occupancy reserve fund. The rate covenant on the senior bonds is 1.30x and 1.15x on all debt.

USE OF PROCEEDS

Proceeds of the senior Series 2019A Bonds will be used in combination with \$75 million of internal cash balances to advance refund a portion of the outstanding Series 2013A bonds or approximately \$966 million, for present value cash flow savings of approximately \$113 million, net of cash contributions.

PROFILE

The Foothill/Eastern Transportation Corridor consists of 36 miles of high speed, electronically tolled four-to-six lane roads. The two toll roads that make up the corridor were partially opened in 1995 and fully completed in February 1999. In 1999, the agency restructured its debt and extended principal maturities by five years to improve the DSCR due to slower than projected traffic and revenue ramp-up.

In November 2005 the agency entered into a mitigation and loan agreement with the San Joaquin Hills Transportation Corridor Agency (SJHTCA) to offset the forecasted toll revenue diversion impact of the Foothill South extension to complete the 241 toll road and the connection to I-5. To-date, the agency has made \$120 million in mitigation payments to SJHTCA. With the 2014 debt restructuring for SJHTCA, the mitigation agreement has been terminated, and SJHTCA will repay the mitigation payments to F/ETCA beginning in 2025, if surplus funds are available. The mitigation agreement would have allowed F/ETCA to provide up to \$1.04 billion in loans to help SJHTCA meet its rate covenant.

In 2013 the agency restructured nearly all of its then outstanding debt to reduce and level debt structure by extending final maturity by 13 years to 2053 similar to an extension of the Caltrans Cooperative Agreement. Caltrans remains the owner of the toll road asset and pays for all non-toll collection-related operations and maintenance expenses.

METHODOLOGY

The principal methodology used in this rating was Publicly Managed Toll Roads and Parking Facilities published in March 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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San Joaquin Hills Transportation Corridor Agency, California; Toll Roads Bridges

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San Joaquin Hills Transportation Corridor Agency, California; Toll Roads Bridges

Credit Profile

San Joaquin Hills Transp Corridor Agy TOLLFAC		
<i>Long Term Rating</i>	A-/Stable	Current
San Joaquin Hills Transp Corridor Agy TOLLFAC		
<i>Long Term Rating</i>	BBB+/Stable	Current

Rationale

S&P Global Ratings' long-term rating on San Joaquin Hills Transportation Corridor Agency (SJHTCA), Calif.'s outstanding senior-lien toll road refunding revenue bonds is 'A-'. S&P Global Ratings' long-term rating on the agency's junior-lien toll road refunding revenue bonds is 'BBB+'. The outlook is stable.

The ratings reflect our opinion of a strong enterprise risk profile and a strong financial risk profile. The strong enterprise risk profile reflects SJHTCA's characteristics as a toll road asset that provides congestion relief almost exclusively to private (noncommercial) vehicles in a wealthy service area. Meanwhile, the strong financial risk profile reflects continued strong debt service coverage (DSC), lack of definitive additional debt plans, and an escalating debt service schedule.

The enterprise risk profile reflects our view of SJHTCA's:

- Extremely strong service area economic fundamentals, which include favorable income levels and economic activity as measured by GDP per capita, a good population size, and unemployment levels that are tracking the national average;
- Low industry risk relative to that of other industries and sectors;
- Strong market position due to its role as a congestion reliever in an area that relies on its highway road network; and
- Very strong management and governance, evidenced through an experienced management team with good board oversight.

The financial risk profile reflects our view of SJHTCA's:

- Strong financial performance, especially as per the last three audits with DSC within a range of 1.7x to 1.9x from 2016 to 2018;
- Strong debt and liabilities capacity, given no definitive additional debt plans measured against the SJHTCA's ascending debt service schedule; and
- Strong liquidity and financial flexibility based on a high level of days' cash on hand, but a very low liquidity-to-debt assessment.

SJHTCA owns and operates the toll collection and revenue management system on a 15-mile, limited-access road

running from Newport Beach to San Juan Capistrano in southwest Orange County. The toll road itself is owned by the state department of transportation (Caltrans). Caltrans is also responsible for maintenance and repairs of the toll road system. It is a sister agency to the Foothill/Eastern Transportation Corridor Agency, which administers another toll facility in the county. The two agencies share staff but are two separate joint-power authorities and have different board members based on the relevant member cities along each road.

The 2014 bonds refunded and restructured debt. SJHTCA has approximately \$2.2 billion of toll revenue bonds outstanding, including:

- \$846.9 million 1997 senior-lien capital appreciation bonds,
- \$1.1 billion series 2014A senior-lien bonds, and
- \$293.9 million of series 2014B junior-lien bonds.

The bonds were issued under the first amended and restated master indenture. A pledge of toll revenue from the San Joaquin toll road, net of operating expenses, secures the bonds. The 2014A bonds are senior-lien bonds and are on par with the 1997 bonds. The 2014B bonds are subordinate to the senior lien. At the time of the series 2014 transaction, the senior-lien and junior-lien bond reserve funds were funded with cash based on the lowest of maximum annual debt service (MADS), 10% of principal, or 125% of average annual debt service. Management had been cash-funding the supplemental reserve fund each year from 50% of surplus revenue until the balance equaled 50% of MADS, which it has reached (\$93.1 million). A use-and-occupancy fund of \$15 million is also pledged to the bonds. Development impact fees are pledged to the bonds as well, subject to the agency's right to use \$2.5 million of fee revenue for any lawful purpose during each semiannual period ending July 15 or Jan. 15.

Outlook

The stable outlook reflects our view of good demand, with strong transaction growth, and our assumption that the agency will be able to continue adjusting rates as needed to maintain strong DSC.

Upside scenario

While the road has performed well since the agency's debt restructuring in 2014, we would consider an upgrade should SJHTCA prove resilient throughout a full economic cycle.

Downside scenario

A downward rating action would result from flat or declining revenue that indicates lower DSC, given the ascending debt service schedule.

Enterprise Risk Profile

The road is within a wealthy service area whose population relies heavily on the local highway network. Specifically, we believe the economic fundamentals are extremely strong using the Los Angeles-Long Beach-Anaheim, Calif., metro area's unemployment level, which is slightly above the national average at 4.1%. Furthermore, the estimated 2018 per

capita GDP is high, at over \$84,000. Despite projected three-year local population growth of 0.7% (compared with 2.2% nationally), we believe that the existing base will continue to fuel the economy and keep the SJHTCA's specific asset demand high.

Consistent with our criteria, "Methodology: Industry Risk" and "Key Credit Factors For The Transportation Infrastructure Industry" (both published Nov. 19, 2013), we consider the industry risk for the not-for-profit transportation infrastructure enterprise industry to be low compared with that of other industries and sectors.

The road's market position is strong, in our opinion. The road operates in an area with a population that is road-network reliant, and is surrounded by free alternatives that are among the most heavily trafficked and congested in the country; thus, its role as a congestion reliever leads us to believe that SJHTCA is becoming a virtual requirement for drivers who depend on time savings. Furthermore, we can assume that its historically 98%-plus two-axle vehicle traffic share means by private (noncommercial) vehicles uses the road almost exclusively, leading to a traffic base that may prove more resilient during a full economic cycle.

We believe the SJHTCA benefits from very strong management and governance, evidenced through an experienced management team with good board oversight.

Financial Risk Profile

The SJHTCA has shown strong and growing DSC metrics since its debt restructuring in 2014. Specifically, from fiscal years 2016 through 2018, DSC was within the range of 1.7x to 1.9x. These increasing metrics are occurring within the constraints of an ascending debt service schedule, demonstrating that demand is resilient despite rising toll rates. In that regard, we believe that rate-setting flexibility is adequate, given free alternatives available for a road that is consistently raising tolls.

We likewise consider the agency's debt and liabilities capacity strong. We base this primarily on our analysis of debt-to-net-revenue of about 13x in the most recent fiscal year, but that has been trending down since the restructuring. We expect this figure to continue declining, but recognize that the increase in SJHTCA's debt outstanding--albeit modest on an annual percentage basis--due to the debt's structure could pressure this metric. Furthermore, while there are no definitive additional debt plans in the next five years, the SJHTCA is largely focusing on the immediate out-year in terms of its capital plan.

We believe the road's liquidity and financial flexibility is strong. It has, in our view, a strong days' cash on hand figure, which includes the agency's unrestricted cash and short-term investments as well as its long-term investments as listed on the balance sheet, and augmented by artificially low operating expenses due to its agreement with Caltrans. However, a very low liquidity-to-debt assessment offsets this. Specific metrics we consider in our analysis include about 2,700 days' cash on hand in the most recent audited fiscal year, and a three-year average exceeding 2,000 days. However, due to the large amount of total debt outstanding, unrestricted liquidity of \$146 million constitutes only 6.1% of debt outstanding in fiscal 2018 (4.7% average from 2016 to 2018).

This report does not constitute a rating action.

Ratings Detail (As Of August 29, 2019)

San Joaquin Hills Transportation Corridor Agency sr lien

Long Term Rating

A-/Stable

Current

San Joaquin Hills Transp Corridor Agy toll rd rfdg & cap apprec rev bnds ser 1997A dtd 09/01/1997 & 10/21/1997 due 01/15/2000-2036

Long Term Rating

A-/Stable

Current

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Fitch Affirms San Joaquin Hills Transp. Corridor Agency, CA Bonds; Senior Lien Outlook Positive

Fitch Ratings-San Francisco-29 August 2019: Fitch Ratings has affirmed San Joaquin Hills Transportation Corridor Agency, CA's (SJHTCA, or the agency) outstanding debt as follows:

- \$2.0 billion senior bonds at 'BBB';
- \$294 million junior bonds at 'BBB-'.

Fitch has revised its Rating Outlook on the senior bonds to Positive from Stable. The Positive Rating Outlook reflects the facility's strong traffic and revenue performance that has outpaced Fitch's initial expectations. The project's performance has led to a stronger financial profile under the Fitch rating case, which is further evidenced by robust CAGR and Shift breakeven results. Should stronger performance persist in the next 1-2 years, positive rating action for the Senior Bonds is likely.

The Rating Outlook for the junior bonds remains Stable given that the lien's higher leverage causes financial metrics to fall below Fitch's threshold for positive rating action at this time.

KEY RATING DRIVERS

The 'BBB' senior rating reflects the project's role as a stand-alone, congestion-relieving facility in a large and growing region with solid legal rate-setting flexibility and limited capital plans moving forward. These strengths are somewhat offset by significant historical traffic volatility and relatively high toll rates that are nonetheless mitigated by strong wealth levels. Current and forecast financial metrics are expected to remain strong, supporting the rating levels.

Growing Traffic Base with Historical Volatility - Revenue Risk (Volume): Midrange

The 15-mile congestion reliever facility benefits from its location within Orange County, which is large, affluent and growing. Fitch expects facility traffic to grow over the long term, buoyed by strong regional characteristics. These strengths are offset by a relatively high toll rate on a per mile basis and a history of significant demand volatility.

Robust Rate-Setting Flexibility- Revenue Risk (Price): Stronger

The agency has unlimited legal rate-setting authority and plans to implement small, regular, inflationary increases going forward. Political freedom to implement toll increases has proven robust. Over the past 10 years, its rate covenant has been well tested and proven to provide creditors with significant protection.

Small Capital Plan, Limited Maintenance Responsibilities- Infrastructure Development & Renewal: Stronger

The authority has limited exposure to maintenance and capital costs as Caltrans owns and maintains the road. The agency has no additional debt plans and its capex plan is both small and cash-funded.

Escalating Debt Service Profile - Debt Structure: Senior - Midrange/Junior- Midrange:

The debt structure includes fixed rate and amortizing senior and junior debt subject to some interest accretion.

Debt service reserve accounts are cash funded and sized to a common three-pronged test that adopts the lesser of average annual debt service, 10% of initial par or 125% of debt service. The debt profile's strengths are offset by escalating debt service and some interest accretion.

Financial Profile:

The facility's financial metrics are sound overall, with Fitch-projected senior and total DSCR in fiscal 2019 of 1.9x and 1.6x, respectively. Rating case projections indicate that metrics will remain consistent with current performance, with average 10-year senior and total DSCR at 1.8x and 1.5x, respectively. Leverage remains somewhat elevated over the next 10 years, with net debt to CFADS falling below 10x in 2026 under the rating case. The senior breakeven results suggest the project can withstand a 51.5% shock to revenues and still meet its debt service obligations, which supports the investment grade ratings and reflects a significant degree of project liquidity.

Peer Group

SJHTCA's closest peers come from Fitch's rated standalone/small network toll roads portfolio with senior debt rated in the 'BBB' category. Its closest peers are its sister agency, Foothill/Eastern Transportation Corridor Agency (F/ETCA), and E-470 Public Highway Authority, both of which face initially high leverage and some dependence on revenue growth. F/ETCA's lower rating (BBB-/BB+/Stable) reflects its weaker financial metrics with 10-year average senior and subordinate DSCR of 1.6x and 1.4x, respectively, and higher leverage. E-470's higher rating (BBB+/Stable), reflects its stronger financial metrics, with average rating case DSCR over 1.9x and leverage of 4.4x.

RATING SENSITIVITIES

Developments That May, Individually or Collectively, Lead to Negative Rating Action:

- Traffic and revenue underperformance leading to senior and total average 10-year rating case DSCRs below 1.6x and 1.4x, respectively;
- Evidence of political unwillingness to implement rate increases over time.

Developments That May, Individually or Collectively, Lead to Positive Rating Action:

- Senior debt: Maintenance of recent traffic and revenue performance leading to sustained senior rating case 10-year average DSCR above 1.7x;
- Subordinate debt: Traffic and revenue outperformance leading to improvement of the total rating case 10-year average DSCR above 1.6x.

Performance Update

SJHTCA saw traffic in 2018 grow 1.1% over the year prior, and gross toll revenues rose 3.6%, consistent with Fitch's expectations. Fiscal 2018 operating revenues increased 5.3% to \$198 million, primarily attributed to increases in traffic volume and inflationary toll increases. For fiscal 2018, the combination of tepid expense growth of 1.4% to \$19.9 million and revenues pledged to debt service needs growing at 6.6% in FY 2018 produced senior and aggregate DSCR of 1.9x and 1.6x, respectively.

Fiscal 2019 year to date (through May) toll revenues are up 1% to approximately \$151.6 million while traffic volume fell slightly by 1% to 29.2 million. Management estimates that traffic volume at FYE 2019 will be 32.2 million, with toll revenues of \$167.3 million. This represents slightly lower volume than management's prior estimate of 32.3 million, but an increase of 1.5% from prior toll revenue expectations of \$164.8 million. Additionally management anticipates that 2019 senior and aggregate DSCR will remain stable at 1.9x and 1.6x, respectively, in-line with 2018 performance and consistent with Fitch's base case expectations.

Because Caltrans has title to the road and is responsible for its upkeep, SJHTCA has limited capital needs. The

agency's FY 2020 capital improvement plan, inclusive of signage, other planning, environmental and general construction projects, is quite limited at \$4.6 million, and is anticipated to be cash funded.

Fitch Cases

Fitch's base case uses projected revenues for 2019. Thereafter Fitch adopts the sponsor's expectations for revenue and expense growth through the debt's tenor, which are viewed as reasonable if not conservative in light of historical growth rates. The case also assumes agency-estimated and budgeted expenditures for fiscal years 2020, after which expenditures are assumed to grow moderately above inflation at 3.0%. The base case results in 10-year average senior and total DSCR of 1.8x and 1.6x and five-year leverage of 9.7x and 11.1x, respectively.

Fitch's rating case conservatively assumes a 50 basis points stress on revenue growth, and a hypothetical recession that leads to a 5.5% loss in revenues in FY 2020 followed by recovery in FY 2021-2023. The rating case further assumes 3.5% O&M growth from 2022 through the debt's tenor. The rating case results in 10-year average senior and total DSCR of 1.8x and 1.5x and year-five leverage of 9.6x and 11.0x, respectively.

Predicated upon the base case assumptions, Fitch performed both a CAGR and shift breakeven to further assess the project's financial resiliency. The results of the CAGR breakeven show that the project could grow its revenues at -0.9% annually, suggesting that the project does not need to grow its revenue base any further to meet its debt service obligations. The shift breakeven demonstrates that the project could endure a one-time revenue shock of 51.5%, effectively depleting its cash position to zero, and still meet its debt service obligations.

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Additional information is available on www.fitchratings.com
Applicable Criteria
Rating Criteria for Infrastructure and Project Finance (pub. 27 Jul 2018)
Toll Roads, Bridges and Tunnels Rating Criteria (pub. 30 Jul 2018)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

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Rating Action: **Moody's affirms Baa2 rating on San Joaquin Hills Transportation Corridor, CA; outlook stable**

28 Jun 2019

Approximately \$846.9 million of rated debt affected

New York, June 28, 2019 -- Moody's Investors Service has affirmed the Baa2 rating on San Joaquin Hills Transportation Corridor Agency, CA's (SJHTCA or agency) Senior Lien Toll Road Revenue Bonds. The outlook is stable.

RATINGS RATIONALE

The rating Baa2 rating affirmation and stable outlook acknowledges a five-year continuous period of stronger traffic and revenue growth compared to forecast amid a slower pace of annual debt service growth due to the debt restructuring in 2014. The higher than anticipated revenue growth in the 2014-2018 period, which averaged around 10.8% per year over the period, has served to significantly diminish the forecasted rate of required future annual revenue growth to obtain robust debt service coverage ratios, and improved the agency's resiliency to potential downturns or stagnant growth periods. The rating also acknowledges the ongoing growth in the Orange County service area economy albeit at a slower pace, which is expected to continue to contribute to stable traffic and revenue growth, the agency's fully funded required reserve balances in addition to a strong and growing liquidity profile, and ownership and maintenance of the road by Caltrans.

The rating considers the high leverage and an escalating debt service profile through 2040, which constrains the toll road's financial flexibility in the event of economic downturns limiting its timeframe for recovery and resiliency. The 2014 debt restructuring eliminated the mitigation payment and loan agreement from Foothill/Eastern Transportation Corridor Agency (F/E TCA) to SJHTCA, and included the expectation that \$134 million in mitigation payments will be reimbursed to F/E TCA in annual installments from 50% of the agency's excess cash flow at the bottom of the flow of funds starting in January 2025.

Per Moody's sensitivities, the agency would still maintain a small buffer above its senior and total rate covenants of 1.30x and 1.10x respectively in the event of only 1% annual revenue growth until debt maturity, which we consider to be conservative given the strong transaction growth of 5.3% on average from 2014-2018, coupled by annual toll rate increases. Historical performance over the 2001-2018 period show average annual transaction and revenue growth of 1.1% and 7.2% respectively illustrating transaction and revenue volatility during recessionary periods.

Although transaction growth has moderated in FY 2018 at 1.1%, and declined by 0.3% in FY 2019, this was expected given the recent period of strong transaction growth. The declines are attributable to weather conditions in February and March as well as December holiday schedules impacting the number of weekdays that month. Annual revenues have grown by 11% on average since 2014 as a result of both transaction growth and implemented toll increases. For FY 2020, management anticipates flat transactions and toll revenue growth of 4.6% respectively.

SJH has a limited capital program which is expected to be funded by internally generated funds.

RATING OUTLOOK

The stable outlook reflects our expectation for continued revenue growth in FY 2020, primarily from the approved 2% toll rate increase, and flat traffic growth for the year relative to the recent high growth observed during the period of 2014-2017.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Continued strong and sustainable growth in traffic and toll revenues that consistently produce DSCRs comfortably above the rate covenant without using reserves could place upward pressure on the rating
- Maintenance of strong liquidity levels

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Recurring weaker than forecasted traffic and revenue growth leading to a total DSCR below 1.5x coverage on a consistent basis
- Toll rate increases that result in traffic diversion and lower than forecasted revenue
- Sustained traffic diversion from competing freeways as a result of expected future widening improvements
- Additional leverage without commensurate revenue generation though none currently expected
- Liquidity deterioration

LEGAL SECURITY

The bonds are secured by net toll revenues and related fees and fines collected on the toll road, and development impact fees (DIFs) in excess of \$5 million a year are pledged but not used in the rate covenant or additional bonds tests calculations. The cash funded senior and junior lien debt service reserve funds are sized at the minimum of (i) 10% of the initial principal, (ii) maximum annual debt service, or (iii) 125% of average annual debt service. As of FY 2018, the balance of the senior debt service reserve fund was \$152.2 million, and \$27.4 million for the junior lien reserve. Additional bondholder security is provided by a supplemental reserve already fully funded from excess revenues to 50% of maximum annual debt service, with a balance of \$93 million as of FY 2018 and a \$15 million use and occupancy reserve fund. We note that annual deposits are being made to a sinking fund for CABs debt service from 2017 through 2031, which helps offset accretion risk. The rate covenant on the senior bonds is 1.30x and 1.10x on all debt.

USE OF PROCEEDS

N/A

PROFILE

San Joaquin Hills Transportation Corridor Authority operates a tolled 15-mile limited access ETC 4-6 lane facility in Orange County, the 3rd largest county in California and the 6th largest county in the US. The toll road opened to traffic in 1996 as the first publicly owned toll road in CA and has undergone three debt restructurings since the initial bond issuance in 1993 to better match the growth of annual debt service to the slower actual than forecasted traffic and revenue growth anticipated at the original financing.

METHODOLOGY

The principal methodology used in this rating was Publicly Managed Toll Roads and Parking Facilities published in March 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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Attachment 3:
City of San Clemente's Public
Relation's Firm Proposal and
Contract



STRATEGIC CONSULTING PROPOSAL

Thank you for this opportunity to present a proposal for your consideration. Englander Knabe & Allen (EKA) is uniquely qualified to serve as consultants to the City of San Clemente in its opposition to the proposed Transportation Corridor Agencies (TCA) toll road extension options that will significantly and negatively impact your City.

Preface

Many organizations believe that Sun Tzu's "The Art of War" is the pre-eminent textbook when preparing to go to war. We agree. However, most firms only read Lesson One: "*Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.*" While the senior personnel at EKA strongly believe in this lesson, we also believe that adhering to Sun Tzu's other lessons are critical to success. For example:

Lesson Two: "*If you know the enemy and know yourself, you need not fear the result of a hundred battles.*" At EKA, this means performing research.

Lesson Four: "*The general who wins the battle makes many calculations in his temple before the battle is fought.*" At EKA, this means having contingency plans and understanding that every action we undertake for our clients will have a reaction by our opponents.

Lesson Six: "*The quality of decision is like the well-timed swoop of a falcon which enables it to strike and destroy its victim.*" At EKA, this means that having a well thought out timetable enables us to be offensive in our activities and be prepared to take a "kill-shot" when the opportunity is presented.

Lesson Eight: "*You have to believe in yourself.*" At EKA, this means that we are going to be as committed to our Client's success as they are.

Overview

The over-arching theory of this proposal is to engage in a campaign to educate Orange County citizens about the credibility of the settlement that the Foothill/Eastern Transportation Corridor Agency (TCA) cut with some environmental groups in November 2016 to "save Trestles." In addition, the campaign will also educate Orange County citizens about the TCA itself

with the ultimate goal of either having the TCA agree to a toll road route with minimal if any impact on San Clemente, or in the alternative, to cancel the project.

Greenfield construction of new transportation facilities being pursued by the TCA can be extremely challenging under the best of circumstances for a myriad of reasons. For TCA, this is compounded by what currently appears to be very low public support for their activities combined with high profile and negative media coverage and leadership challenges at TCA itself.

We also recognize that traffic volumes and utilization of TCA's toll roads continue to put financial pressure on its ability to pay off debt and continue to efficiently operate the toll road system.

At a broader level, EKA understands that traffic congestion and congestion relief continue to be among the most important issues for the public throughout the region. We believe there is an opportunity to link the public's dissatisfaction with congestion and with the lack of real benefits to South Orange County residents of the potential toll road routes.

Because the TCA's primary challenge throughout its' history has been earning public support for their activities, the path to success is to increase public antagonism towards the agency; its' Board of Directors within their home cities, taxpayers and even some environmental groups.

Issues

We believe that there are a number of issues that can be raised in various formats that will decrease support for a project that despoils San Clemente and overall reduces support for a toll road in the area. Among the ideas that we would want to consider as strategy is being developed are:

1. **Litigation:** We believe that there may be cause for either a taxpayer or City sponsored lawsuit against the Trestles settlement. Amplifying the litigation will be a lingering question about the TCA's paying \$30 million to settle a lawsuit where the recipients have no financial damages and the funds are a bribe for silencing their opposition to other routes that may be equally or more damaging to the environment than the Trestles plan.
2. **Build a Tunnel:** The tunnel alternative for the 710 North freeway was deemed by the staff following a \$40 million dollar, multi-year study as the best plan for the completion of that route. Demanding a similar study is both time-consuming and a heavy expenditure on an agency that already has financial problems. It also opens the door as a salient point for CEQA litigation that it was not studied.

3. **Potential Legislation:** Research should be conducted as to whether legislation could be introduced to reduce further bonding authority for the TCA.
4. **Cost Benefit Analysis:** Stakeholders should demand a CBA with a shorter time horizon (e.g. 10 years) to justify whether or not the toll road extension makes economic sense given the huge cost.
5. **Independent Traffic Analysis:** TCA's studies show an 8-20% traffic improvement. That is a wide margin and we should demand an independent analysis.
6. **San Diego Challenge:** San Diego County voters have already voted to not fund their share of the toll road expansion. Why should Orange County taxpayers be burdened with building a system that will benefit traffic coming up from San Diego without their participation in financing this regional traffic improvement?
7. **CPRA Requests:** Regular requests under the California Public Records Act should be made for staff and consultant salaries, consulting costs, and other expenditures.
8. **Follow The Money:** Which environmental groups are not receiving a share of the \$30 million dollar settlement who would be willing to step up to oppose any plan that puts a toll road through open space in San Clemente.

Recommended Approach

We envision running this engagement like a “campaign,” designed specifically at moving stakeholder sentiment against TCA’s plans in and around San Clemente so that various projects are studied and litigated for decades in the same type of campaign that was utilized to kill the 710 North freeway completion in Los Angeles County. Our use of the term “campaign” refers to a holistic communications approach with message targeting to educate local and regional audiences

Traditional outreach programs tend to use a universal set of messages across a broad audience. We propose to conduct research that will enable us to communicate messages that will inform and validate how and to what degree conceptual messaging i.e. disturbing valuable open space, continued gridlock, no mobility increase, wasted taxpayer money and reduced air quality versus alternative or complementary messaging such as targeted messaging for specific

constituencies, should be used. Investment in research is essential to understand stakeholder sentiment and tailor messaging.

Team

Englander Knabe & Allen (EKA) proposes that we create a regional team of seasoned firms and professionals in their respective disciplines because the needs of TCA mandate a multidisciplinary and multi-county approach that a single firm simply cannot provide. www.ekapr.com

Mike Roos is the Founder of Mike Roos and Company, a public affairs management firm founded in 1999 specializing in government relations. A political strategist and legislative leader in California, he served as a member of the California State Assembly for 14 years. www.mroosco.com

Probolsky Research specializes in opinion research on public policy. The firm has conducted extensive research in Orange County on issues relating to development, transportation and a host of other issues. www.probolskyresearch.com

EKA also proposes that the City engage a law firm separate and apart from the City Attorney firm who currently represents you. There is no doubt that there will be potential conflicts that your current firm will have which will not allow them to represent the City on this issue and it is important to have a firm who is prepared to litigate immediately. EKA will provide recommendations at the City's request.

EKA will provide overall project management, leadership, and strategic direction on the project and serve as the primary liaison with the City.

Work Plan

EKA's overall approach to developing a work plan for new clients is not to propose a "cookie cutter" process, but instead to sit down with clients to truly understand their needs, their thinking, and to get far deeper insight into the issue than might otherwise be apparent. For that reason, outlined below is the general strategy recommended for this project and the reasoning behind it, but not a detailed plan. This approach has been highly successful with many clients and ensures that the City of San Clemente, as the client, gets the exact services and results they are looking for.

Because we view this engagement differently than a simple public outreach and education effort, the City should expect a fast pace and the need to be dynamic and responsive to new data, media coverage, and even the unexpected. Our firm and the outside consultants who will comprise our team are highly experienced and successful working in high pressure environments including campaigns, crisis management, media engagement, and community outreach.

There are three key phases to our approach:

1. Work Plan Development
2. Research
3. Communications Plan

Work Plan Development

In the first sixty days immediately following our engagement, the EKA team will meet with the City's leadership and subject matter experts, engage in a bilateral conversation, and produce a work plan that details how the project will proceed. Based on experience, the City should expect that the work plan may be fine-tuned over the course of the project and that regular communication with the City's leadership team will occur.

Research

A significant investment in research is needed to make sure that the communications and outreach strategy is well-founded and metrics driven. Specifically, it is important to understand not only what public sentiment is but – more importantly – why the public feels the way they do about the project and how to move constituents to action. Understanding what groups are more or less likely to oppose the project is needed so that we can identify target audiences, develop targeted messages for each, and deliver those messages in a way that will be most compelling and effective in developing opposition. It would be futile to propose specific strategies before this comprehensive research is completed.

The conclusion of the research and analysis will lead to an important strategic conversation. Specifically, an assessment of the project among the region's stakeholders and communities, the likelihood of success given the current timeframe and budget, and recommendations to fine tune the work plan and resource allocation.

Communications Plan

The communications plan will provide a strategic blueprint for how our team will outreach to the general public/community, elected/agency officials and their staff, media, and other stakeholder/decision-makers. Our team will conduct research and provide an analysis to determine overall messaging and as well as targeted messaging necessary for specific subgroups; develop an outreach schedule for all audiences; and identify strategies and tactics for delivery of the public outreach efforts. Based on our campaign and project issues experience,

engagement will include several communications tactics such as community meetings and forums, direct mail, social media, paid advertising, third-party validators, editorial board meetings, etc.

At the conclusion of the research phase, EKA will provide a comprehensive assessment summarizing our outreach efforts and polling data and will provide recommendations to the City on next steps.

Conclusion

EKA believes that success is based upon a collaborative effort that focuses on specific goals with specific deliverables. Because we don't have a plan, we cannot at this time provide a timetable or budget to implement the plan that will be developed beyond the initial strategy development phase.

The Work Plan and Strategy Development Phase will take approximately 60 days. The budget for this activity is as follows:

	<u>Minimum</u>	<u>Maximum</u>
Englander Knabe & Allen	\$45,000	\$45,000
Mike Roos & Co.	\$12,500	\$12,500
Probolsky Research*	\$29,700	\$39,650
5% Contingency/Expenses	<u>\$ 4,360</u>	<u>\$ 4,850</u>
Total	\$91,560	\$102,000

Research Option:

Minimum: Up to 25 questions, 400 Respondents, English, Spanish, Vietnamese (+/-5%)

Maximum: Up to 35 questions, 400 Respondents, English, Spanish, Vietnamese (+/-5%)

We are happy to meet with a sub-committee of the Council and with the entire Council in the appropriate forum.

Thank you for your consideration.

PROFESSIONAL SERVICES AGREEMENT
FOR Englander Knabe & Allen

C17-30
City Copy

THIS PROFESSIONAL SERVICES AGREEMENT (the "Agreement") is made and entered into this 18 day of July, 2017 (the "Effective Date"), by and between the City of San Clemente, a municipal corporation, hereinafter referred to as the "CITY", and Englander Knabe & Allen of 801 S, Figueroa St. Suite 1050 Los Angeles, CA 90017 hereinafter referred to as the "CONTRACTOR".

RECITALS:

- A. CITY requires professional consultant services to be performed at or in connection with Toll Road Expansion Strategic Plan.
- B. CONTRACTOR has represented to CITY that CONTRACTOR is qualified to perform said services and has submitted a proposal to CITY for same.
- C. CITY desires to have CONTRACTOR perform said services on the terms and conditions set forth herein.

COVENANTS:

Based on the foregoing Recitals and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, CITY and CONTRACTOR agree as follows:

ARTICLE 1
RESPONSIBILITIES OF CONTRACTOR

1.1 Term.

The term of this Agreement shall commence on the Effective Date, and shall continue and remain in effect, until **September 30, 2017**, unless terminated earlier pursuant to the terms hereof. Notwithstanding the forgoing, the City Manager or his or her designee shall have the authority on behalf of the City to administratively approve extensions to the term hereof not to exceed a cumulative total of one hundred eighty (180) days.

1.2 Scope of Services.

CONTRACTOR shall perform any and all work necessary for the completion of the tasks and services set forth in the "Scope of Services" attached hereto and incorporated herein as Exhibit "A" in a manner satisfactory to CITY. By execution of this Agreement, CONTRACTOR warrants that (i) it has thoroughly investigated and considered the work to be performed; (ii) it has carefully examined the location or locations at or with respect

to which the work is to be performed, as applicable; and (iii) it fully understands the difficulties and restrictions attending the performance of the work provided for under this Agreement. CONTRACTOR acknowledges that certain refinements to the Scope of Services may, on occasion, be necessary to achieve CITY's goals hereunder, and CONTRACTOR shall cooperate with and assist the CITY to identify and make such refinements prior to undertaking any tasks or services that may require refinement.

1.3 Schedule of Performance.

Prior to the City's execution of this Agreement, and as a condition to the effectiveness hereof, CONTRACTOR shall furnish to CITY proof of insurance coverage as required under Article 5, Insurance. Upon CITY's release to CONTRACTOR of a fully executed copy hereof and issuance of a written Notice to Proceed, CONTRACTOR shall promptly commence performance of the work. Until such time, CONTRACTOR is not authorized to perform and will not be paid for performing any work under this Agreement. CONTRACTOR shall exercise reasonable diligence to have the services as set forth in Exhibit "A" completed and submitted to CITY for final approval as soon as reasonably practicable and in accordance with the schedule of performance attached hereto and incorporated herein as Exhibit "B", provided that CONTRACTOR shall be entitled to an extension of time for any delays caused by events or occurrences beyond CONTRACTOR's reasonable control.

1.4 Identity of Persons Performing Work.

CONTRACTOR represents that it employs or will employ at its own expense all personnel required for the satisfactory performance of any and all tasks and services required hereunder. CONTRACTOR shall not replace any of the principal members of the Project team, including any of the persons listed in Exhibit "A" (if CONTRACTOR'S personnel is listed on Exhibit "A"), or any successors to any of such persons, without CITY's prior written approval.

CONTRACTOR represents that the tasks and services required hereunder will be performed by CONTRACTOR or under its direct supervision, and that all personnel engaged in such work shall be fully qualified and shall be authorized and permitted under applicable State and local law to perform such tasks and services. In carrying out such tasks and services, CONTRACTOR shall not employ any undocumented aliens (i.e., persons who are not citizens or nationals of the United States).

This Agreement contemplates the personal services of CONTRACTOR and CONTRACTOR's employees, and it is recognized by the parties hereto that a substantial inducement to CITY for entering into this Agreement was, and is, the professional reputation and competence of CONTRACTOR and CONTRACTOR's employees. Neither this Agreement nor any interest therein may be assigned by CONTRACTOR, except upon written consent of CITY.

Furthermore, CONTRACTOR shall not subcontract any portion of the performance contemplated and provided for herein without the prior written approval of CITY, except for those subcontractors named in the proposal for the project. Nothing herein contained is intended to or shall be construed as preventing CONTRACTOR from employing or hiring as many employees as CONTRACTOR may deem necessary for the proper and efficient execution of this Agreement.

1.5 Cooperation and Coordination of Work With CITY.

CONTRACTOR shall work closely with CITY's designated representative, either individual or committee, who shall have the principal responsibility for liaison and who shall, on a continuous basis, review and approve CONTRACTOR's work. CONTRACTOR shall ensure that CITY has reviewed and approved all required work as the project progresses.

1.6 Compliance With Laws.

CONTRACTOR shall comply with all applicable Federal, State and local laws, ordinances and regulations, including without limitation all applicable fair labor standards. CONTRACTOR shall not discriminate against any employee or applicant for employment or any approved subcontractor, agent, supplier or other firm or person providing services to CONTRACTOR in connection with this Agreement on the basis of race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, or mental or physical disability. CONTRACTOR shall take affirmative action to ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, and mental or physical disability. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

Prior to execution of this Agreement, CONTRACTOR shall furnish to CITY proof that CONTRACTOR and all of its subcontractors have a current, valid business license issued by CITY.

1.7 Standard of Performance.

CONTRACTOR acknowledges and understands that the services and work contracted for under this Agreement require specialized skills and abilities and that, consistent with this understanding, CONTRACTOR's services and work shall be held to a standard of quality and workmanship prevalent in the industry for such service and work. CONTRACTOR represents to CITY that CONTRACTOR holds the necessary skills and abilities to satisfy the standard of work as set forth in this Agreement. CONTRACTOR shall perform the work and services under this Agreement in accordance with such standard of work and in accordance with the accepted standards of the professional disciplines involved in the project. All work shall be completed to the reasonable satisfaction of CITY. If CITY

reasonably determines that the work is not satisfactory, CITY shall have the right to: (i) meet with CONTRACTOR to review CONTRACTOR's work and resolve matters of concern; and/or (ii) require CONTRACTOR to repeat unsatisfactory work at no additional charge until it is satisfactory.

1.8 Contractor Ethics.

CONTRACTOR represents and warrants that it has not provided or promised to provide any gift or other consideration, directly or indirectly, to any officer, employee, or agent of CITY to obtain CITY's approval of this Agreement. CONTRACTOR shall not, at any time, have any financial interest in this Agreement or the project that is the subject of this Agreement other than the compensation to be paid to CONTRACTOR pursuant to Article 3, Compensation. In the event the work and/or services to be performed hereunder relate to a project and/or application under consideration by or on file with the City, (i) CONTRACTOR shall not possess or maintain any business relationship with the applicant or any other person or entity which CONTRACTOR knows to have a personal stake in said project and/or application, (ii) other than performing its work and/or services to CITY in accordance with this Agreement CONTRACTOR shall not advocate either for or against said project and/or application, and (iii) CONTRACTOR shall immediately notify CITY in the event CONTRACTOR determines that CONTRACTOR has or acquires any such business relationship with the applicant or other person or entity which has a personal stake in said project and/or application. The provisions in this Section 1.8 shall be applicable to all of CONTRACTOR's officers, directors, employees, and agents, and shall survive the termination of this Agreement.

1.9 Changes and Additions to Scope of Services.

CITY may make changes within the general scope of services provided for in this Agreement. CONTRACTOR shall agree to any such changes that are reasonable. CONTRACTOR shall make no change in or addition to the character or extent of the work required by this Agreement except as may be authorized in advance in writing by CITY. Such supplemental authorization shall set forth the specific changes of work to be performed and related extension of time and/or adjustment of fee to be paid to CONTRACTOR by CITY.

1.10 Hiring of Illegal Aliens Prohibited

CONTRACTOR shall not hire or employ any person to perform work within the City of San Clemente or allow any person to perform work required under this Agreement unless such person is a United States citizen or is properly documented and legally entitled to be employed within the United States.

1.11 Endorsement on PS&E/Other Data

CONTRACTOR shall sign all plans, specifications, estimates (PS&E) and engineering data furnished by CONTRACTOR, and where appropriate will indicate CONTRACTOR's authorized signature and professional registration number.

ARTICLE 2
RESPONSIBILITIES OF CITY

2.1 Provision of Information.

CITY shall provide full information regarding its requirements for the project, and it shall furnish, without charge to CONTRACTOR, any and all information, data, plans, maps and records which are available to CITY and are necessary for the provision by CONTRACTOR of the tasks and services set forth herein.

2.2 Cooperation With CONTRACTOR.

CITY shall cooperate with CONTRACTOR in carrying out the work and services required hereunder without undue delay. In this regard, CITY, including any representative thereof, shall examine plans and documents submitted by CONTRACTOR, shall consult with CONTRACTOR regarding any such plans and documents, and shall render any necessary decisions pertaining to such plans and documents as promptly as is practicable.

ARTICLE 3
PAYMENT

3.1 Payment Schedule: Maximum Payment Amount.

Prior to the tenth of the month, CONTRACTOR shall submit to CITY a monthly status report and invoices itemizing the services rendered during the previous month. Within fifteen (15) working days after receipt of an invoice from CONTRACTOR, CITY shall determine whether and to what extent CONTRACTOR has adequately performed the services for which payment is sought. If CITY determines that CONTRACTOR has not adequately performed such services, CITY shall inform CONTRACTOR of those acts which are necessary for satisfactory completion. Subject to the provisions of Section 5.2 below, which provide for the City to withhold payment in the event CONTRACTOR's insurance expires during the term of this Agreement, CITY shall cause payment to be made to CONTRACTOR within fifteen (15) working days from CITY's determination that CONTRACTOR has adequately performed those services for which CITY has been invoiced. In no case shall CITY pay in excess of each line item set forth in Exhibit "A" for any particular task unless approved and authorized by the CITY in writing (applicable only if Exhibit "A" breaks down the Scope of Services on a line item basis). The total compensation for the Scope of Services set forth in Exhibit "A" shall not exceed One Hundred and Two Thousand Dollars (\$102,000.00), including all amounts payable to

CONTRACTOR for its overhead, payroll, profit, and all costs of whatever nature, including without limitation all costs for subcontracts, materials, equipment, supplies, and costs arising from or due to termination of this Agreement (the "Total Compensation").

3.2 Changes in Work.

If CONTRACTOR estimates that any proposed change within the general scope of services set forth in Exhibit "A" causes an increase or decrease in the cost and/or the time required for performance of this Agreement, CONTRACTOR shall so notify CITY of that fact in advance of commencing performance of such work. Any such change, and the cost for such change, shall be agreed upon by CITY and CONTRACTOR, and reduced to a writing that, once signed by both CITY and CONTRACTOR, shall modify this Agreement accordingly. In determining the amount of any cost increase for such change, the value of the incomplete portions of the original tasks and services affected by the change shall be credited back to CITY.

3.3 Additional Work.

CITY may request CONTRACTOR to perform additional services not covered by the specific scope of services set forth in Exhibit "A", and CONTRACTOR shall perform such extra services and will be paid for such extra services when the extra services and the cost thereof are reduced to writing, signed by both CITY and CONTRACTOR, and made a part of this Agreement. CITY shall not be liable for payment of any extra services nor shall CONTRACTOR be obligated to perform any extra services except upon such written amendment. To the extent that the extra services render all or a portion of the original tasks and services unnecessary, the value of the unnecessary and incomplete portions of original tasks and services shall be credited back to CITY.

ARTICLE 4 INDEPENDENT CONTRACTOR

CONTRACTOR is an independent contractor and not an employee of the CITY. Neither the CITY nor any of its employees shall have any control over the conduct of the CONTRACTOR or any of CONTRACTOR's employees, except as herein set forth, and CONTRACTOR expressly warrants not to, at any time or in any manner, represent that CONTRACTOR, or any of CONTRACTOR's agents, servants or employees, are in any manner agents, servants or employees of the CITY, it being distinctly understood that CONTRACTOR is and shall at all times remain as to the CITY a wholly independent contractor and that CONTRACTOR's obligations to the CITY are solely such as are prescribed by this Agreement.

ARTICLE 5
INDEMNITY AND INSURANCE

5.1 Indemnification

FOLLOWING PARAGRAPH APPLICABLE TO AGREEMENTS WHERE CONTRACTOR IS A “LICENSED DESIGN PROFESSIONAL” AND IS PROVIDING DESIGN PROFESSIONAL SERVICES:

To the fullest extent permitted by law (including, without limitation, California Civil Code Sections 2782 and 2782.6), CONTRACTOR shall defend (with legal counsel reasonably acceptable to the CITY), indemnify, and hold free and harmless CITY and CITY's agents, officers, and employees, and the San Clemente Redevelopment Agency and its agents, officers, and employees (collectively, the “Indemnitees”) from and against any and all claims, loss, cost, damage, injury (including, without limitation, injury to or death of CONTRACTOR or any officers, agents, employees, representatives, or subcontractors of CONTRACTOR [collectively, the “CONTRACTOR ENTITIES”]), expense and liability of every kind, nature and description (including, without limitation, incidental and consequential damages, court costs, attorney’s fees, litigation expenses and fees of expert Contractors or expert witnesses incurred in connection therewith and costs of investigation) that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, the negligence, recklessness, or willful misconduct of CONTRACTOR, any of the CONTRACTOR ENTITIES, anyone directly or indirectly employed by any of them, or anyone that they control (collectively, the “Liabilities”). Such obligation to defend, hold harmless and indemnify any Indemnitee shall not apply to the extent that such Liabilities are caused in part by the sole negligence, active negligence, or willful misconduct of such Indemnitee.

FOLLOWING PARAGRAPH APPLICABLE TO AGREEMENTS WHERE CONTRACTOR IS NOT A “LICENSED DESIGN PROFESSIONAL”:

CONTRACTOR shall defend (with legal counsel reasonably acceptable to the CITY), indemnify, and hold free and harmless CITY and CITY's agents, officers, and employees, and the San Clemente Redevelopment Agency and its agents, officers, and employees from and against any and all claims, loss, cost, damage, injury (including, without limitation, injury to or death of an employee of CONTRACTOR or CONTRACTOR’s officers, agents, employees, representatives, or subcontractors [collectively, the “CONTRACTOR ENTITIES”]), expense and liability of every kind, nature and description (including, without limitation, incidental and consequential damages, court costs, attorney’s fees, litigation expenses and fees of expert Contractors or expert witnesses incurred in connection therewith and costs of investigation) that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, the actions or failure to act of CONTRACTOR, any of the CONTRACTOR ENTITIES, anyone directly or indirectly employed by any of them, or anyone that they control, under this Agreement.

For purposes of this Agreement, a "Licensed Design Professional" shall be limited to licensed architects, registered professional engineers, licensed professional land surveyors and landscape architects, all as defined under current law, and as may be amended from time to time by California Civil Code § 2782.8.

5.2 Insurance.

Prior to the City's execution of this Agreement, and as a condition to the effectiveness hereof, CONTRACTOR shall submit certificates and endorsements to CITY indicating compliance with the following minimum insurance requirements, and CONTRACTOR shall maintain such insurance in effect during the entire term of this Agreement:

- A. Workers' Compensation insurance to cover CONTRACTOR's employees as required by the California Labor Code with employer's liability limits not less than One Million Dollars (\$1,000,000) per accident or disease. Before execution of this Agreement by CITY, CONTRACTOR shall file with CITY the attached signed Worker's Compensation Insurance Certification. CONTRACTOR shall require all subcontractors similarly to provide such compensation insurance for the respective employees.

None of the CITY, the San Clemente Redevelopment Agency, or any of their respective officers, employees, and agents will be responsible for any claims in law or equity occasioned by failure of CONTRACTOR to comply with this paragraph.

- B. Commercial General Liability, personal injury and property damage liability, contractual liability, independent contractor's liability, and automobile liability insurance, with minimum combined liability limits of One Million Dollars (\$1,000,000) per occurrence for all covered losses, and Two Million Dollars (\$2,000,000) in the aggregate. Any deductible or self-insured retention in excess of Five Thousand Dollars (\$5,000) shall be declared to the City and requires the prior approval of the City's Risk Manager. Each such policy of insurance shall:

- (1) be issued by companies that hold a current policy holder's alphabetic and financial size category rating of not less than A-VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by CITY's Risk Manager for all coverages except surety.
- (2) name and list as additional insureds CITY, CITY's officers, employees, and agents and, if the CITY's Risk Manager so requires, the City of San Clemente Redevelopment Agency and its officers, employees, and agents. An endorsement shall accompany the insurance certificate naming such additional insureds.

- (3) specify it acts as primary insurance and that no insurance held or owned by CITY (or, if applicable, the San Clemente Redevelopment Agency) shall be called upon to cover a loss under said policy;
- (4) contain a clause substantially in the following words: "it is hereby understood and agreed that this policy may not be canceled or materially changed except upon thirty (30) days prior written notice to CITY of such cancellation or material change as evidenced by a return receipt for a registered letter;"
- (5) cover the operations of CONTRACTOR pursuant to the terms of this Agreement; and
- (6) be written on an occurrence and not a claims made basis.

C. Professional Liability or Errors and Omissions insurance specifically designed to protect against acts, errors or omissions of the CONTRACTOR and "covered professional services" as designated in the policy must specifically include work performed under this Agreement. The policy limit shall be not less than One Million Dollars (\$1,000,000) per claim and One Million Dollars (\$1,000,000) in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

If this box is checked and CITY has initialed below, the requirement for Professional Liability or Errors and Omissions insurance set forth in paragraph C above is hereby waived.

CITY's Initials: _____

Notwithstanding anything herein to the contrary, in the event any of CONTRACTOR's insurance as required pursuant to this Section 5.2 expires during the term of this Agreement, CITY shall withhold any payment due to CONTRACTOR hereunder until such time as CONTRACTOR obtains replacement insurance that meets all of the applicable requirements hereunder and submits certificates and endorsements evidencing such insurance to CITY.

CONTRACTOR shall require all of its subcontractors to procure and maintain during the course of their subcontract work with CONTRACTOR insurance that complies with the foregoing minimum insurance requirements. CONTRACTOR shall obtain from such subcontractors and retain in its files certificates evidencing such compliance.

ARTICLE 6
TERMINATION

This Agreement may be terminated by CITY for any reason, with or without cause, upon written notice to CONTRACTOR. In such event, CONTRACTOR shall be compensated for all services performed and costs incurred up to the date of notification for which CONTRACTOR has not been previously compensated, plus termination expenses reasonably incurred and properly accounted for (but in no event to exceed the amount which, when combined with other amounts paid, exceeds the amount for any uncompleted task set forth in Exhibit "A", as applicable). Upon receipt of notice of termination from CITY, CONTRACTOR shall immediately stop its services, unless otherwise directed, and deliver to CITY all data, drawings, reports, estimates, summaries and such other information and materials as may have been accumulated by CONTRACTOR in the performance of this Agreement, whether completed or in process.

ARTICLE 7
MISCELLANEOUS

7.1 Ownership of Documents.

All reports, software programs, as well as original data collected, original reproducible drawings, plans, studies, memoranda, computation sheets and other documents assembled or prepared by CONTRACTOR or furnished to CONTRACTOR in connection with this Agreement shall be the property of CITY and delivered to CITY at completion of the project or termination of this Agreement, whichever occurs first. Copies of said documents may be retained by CONTRACTOR, but shall not be made available by CONTRACTOR to any individual or organization without the prior written approval of CITY.

Any use of completed documents for projects other than that covered by this Agreement and/or any use of uncompleted documents without specific written authorization from CONTRACTOR will be at CITY's sole risk and without liability or legal exposure to CONTRACTOR.

7.2 Notices.

Any notices to be given under this Agreement shall be given by enclosing the same in a sealed envelope, postage prepaid, and depositing the same in the United States mail, addressed to CONTRACTOR at 801 S, Figueroa St. Suite 1050 Los Angeles, CA 90017, and to the City of San Clemente, _____ 100 Avenida Presidio, San Clemente, California 92672, Attention: Erik Sund.

7.3 Covenant Against Contingent Fees.

CONTRACTOR warrants that it has not employed or retained any company or person to solicit or secure this Agreement and that it has not paid or agreed to pay any company or

person any fee or commission from the award or making of this Agreement. For breach or violation of this warranty, CITY shall have the right to annul this Agreement without liability or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee or commission.

7.4 Liquidated Damages.

_ APPLICABLE ONLY IF THIS BOX HAS BEEN CHECKED AND BOTH PARTIES HAVE INITIALED BELOW.

If CITY seeks monetary damages for CONTRACTOR'S failure to complete all of the services required hereunder by the completion date set forth in Exhibit "B" (the "Completion Date"), CONTRACTOR shall be required to pay to CITY _____ Dollars (\$____) per day for each day beyond the Completion Date that any of such services remain uncompleted; provided, however, that nothing herein shall be deemed to limit CITY's remedy for CONTRACTOR's failure to complete all services required hereunder by the Completion Date to seeking monetary damages, and CITY shall be entitled to pursue any other equitable remedy permitted by law, including, without limitation, specific performance.

THE PARTIES HERETO AGREE THAT THE AMOUNT SET FORTH IN THIS SECTION 7.4 (THE "DAMAGE AMOUNT") CONSTITUTES A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT CITY WOULD SUFFER DUE TO CONTRACTOR'S FAILURE TO COMPLETE ALL OF THE SERVICES REQUIRED HEREUNDER BY THE COMPLETION DATE, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO CITY, THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. THE DAMAGE AMOUNT SET FORTH IN THIS SECTION 7.4 SHALL BE THE SOLE DAMAGES REMEDY FOR CONTRACTOR'S FAILURE TO COMPLETE ALL OF THE SERVICES REQUIRED HEREUNDER BY THE COMPLETION DATE, BUT NOTHING IN THIS SECTION 7.4 SHALL BE INTERPRETED TO LIMIT CITY'S REMEDY FOR CONTRACTOR'S FAILURE TO COMPLETE ALL OF THE SERVICES REQUIRED HEREUNDER BY THE COMPLETION DATE TO SUCH A DAMAGES REMEDY. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY COUNSEL TO EXPLAIN THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

CONTRACTOR'S INITIALS:



CITY'S INITIALS: _____

Notwithstanding any of the above, nothing herein is intended to preclude the CITY's recovery of its attorney's fees and costs incurred to enforce this Section 7.4, as provided in Section 7.10 below.

7.5 Interpretation and Enforcement of Agreement.

This Agreement shall be construed and interpreted both as to validity and performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted and maintained in the Superior Court of the County of Orange, State of California, or in any other appropriate court with jurisdiction in such county, and CONTRACTOR agrees to submit to the personal jurisdiction of such court.

7.6 Disputes.

In the event of any dispute arising under this Agreement, the injured party shall notify the defaulting party in writing of its contentions by submitting a claim therefor. The injured party shall continue performance of its obligations hereunder so long as the defaulting party immediately commences to cure such default and completes the cure of such default with reasonable diligence and in no event to exceed 30 days after service of the notice, or such longer period as may be permitted by the injured party; provided, that if the default results in an immediate danger to the health, safety, and general welfare, CITY may take such immediate action as CITY deems warranted.

7.7 Retention of Funds.

CITY may withhold from any monies payable to CONTRACTOR sufficient funds to compensate CITY for any losses, costs, liabilities or damages suffered by CITY due to default of CONTRACTOR in the performance of the services required by this Agreement.

7.8 Waiver.

No delay or omission in the exercise of any right or remedy by a nondefaulting party shall impair such right or remedy or be construed as a waiver. CITY's consent or waiver of one act or omission by CONTRACTOR shall not be deemed to constitute a consent or waiver of CITY's rights with respect to any subsequent act or omission by CONTRACTOR. Any waiver by either party of any default must be in writing.

7.9 Rights and Remedies are Cumulative.

Except as may be expressly set forth in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies or other rights or remedies as may be permitted by law or in equity shall not preclude the exercise by such party, at the same or different times, of any other rights or remedies to which such party may be entitled.

7.10 Attorneys' Fees.

In the event either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such action shall be entitled to recover its reasonable costs and expenses, including without limitation reasonable attorneys' fees and costs. Attorneys' fees shall include attorneys' fees on any appeal, and in addition, a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, including the taking of depositions and discovery, expert witness fees, and all other necessary costs incurred in the litigation, suit, or other action requiring attorney time. All such fees shall be enforceable whether or not such action is prosecuted to final judgment.

7.11 Integrated Agreement.

This Agreement contains all of the agreements of the parties and cannot be amended or modified except by written agreement. No prior oral or written understanding shall be of any force or effect with respect to those matters covered in this Agreement.

7.12 Authority.

The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties.

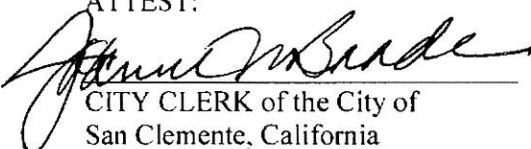
[APPLICABLE TO INDIVIDUAL CONTRACTORS ONLY]

7.13 Compliance with California Unemployment Insurance Code Section 1088.8:

Prior to signing the Contract, CONTRACTOR shall provide to CITY a completed and signed Form W-9, Request for Taxpayer Identification Number and Certification. CONTRACTOR understands that pursuant to California Unemployment Insurance Code Section 1088.8, the CITY will report the information from Form W-9 to the State of California Unemployment Development Department, and that the information may be used for the purposes of establishing, modifying, or enforcing child support obligations, including collections, or reported to the Franchise Tax Board for tax enforcement purposes.

[End – Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the respective dates set forth opposite their signatures.

ATTEST:

CITY CLERK of the City of
San Clemente, California

CITY OF SAN CLEMENTE

By: 

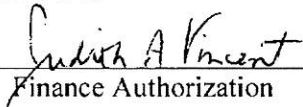
Its: City Manager


Dated: 9/1, 2017

APPROVED AS TO FORM:
BEST BEST & KRIEGER

By: 
City Attorney

APPROVED AS TO AVAILABILITY
OF FUNDING

By: 
Finance Authorization


("CONTRACTOR")

Contractor's License Number _____

By: MARCUS ALLEN

Its: PARTNER

Dated: AUGUST, 2017

EXHIBIT "A"

SCOPE OF SERVICES

EXHIBIT "B"

SCHEDULE OF PERFORMANCE



Work Plan Development

In the first sixty days immediately following our engagement, the EKA team will meet with the City's leadership and subject matter experts, engage in a bilateral conversation, and produce a work plan that details how the project will proceed. Based on experience, the City should expect that the work plan may be fine-tuned over the course of the project and that regular communication with the City's leadership team will occur.

Research

A significant investment in research is needed to make sure that the communications and outreach strategy is well-founded and metrics driven. Specifically, it is important to understand not only what public sentiment is but – more importantly – why the public feels the way they do about the project and how to move constituents to action. Understanding what groups are more or less likely to oppose the project is needed so that we can identify target audiences, develop targeted messages for each, and deliver those messages in a way that will be most compelling and effective in developing opposition. It would be futile to propose specific strategies before this comprehensive research is completed.

The conclusion of the research and analysis will lead to an important strategic conversation. Specifically, an assessment of the project among the region's stakeholders and communities, the likelihood of success given the current timeframe and budget, and recommendations to fine tune the work plan and resource allocation.

Communications Plan

The communications plan will provide a strategic blueprint for how our team will outreach to the general public/community, elected/agency officials and their staff, media, and other stakeholder/decision-makers. Our team will conduct research and provide an analysis to determine overall messaging and as well as targeted messaging necessary for specific subgroups; develop an outreach schedule for all audiences; and identify strategies and tactics for delivery of the public outreach efforts. Based on our campaign and project issues experience, engagement will include several communications tactics such as community meetings and forums, direct mail, social media, paid advertising, third-party validators, editorial board meetings, etc.

At the conclusion of the research phase, EKA will provide a comprehensive assessment summarizing our outreach efforts and polling data and will provide recommendations to the City on next steps.

Henry Knabe
David Knabe August 17

WORKER'S COMPENSATION INSURANCE CERTIFICATION

Englander, Knabe & Allen

Project No. _____

WORKERS' COMPENSATION DECLARATION

I hereby affirm under penalty of perjury one of the following declarations:

(ONE OF THE BOXES BELOW MUST BE CHECKED)



I have and will maintain a certificate of consent from the California Labor Commission to self-insure for workers' compensation, as provided for by Section 3700 of the Labor Code, for the performance of the work to be performed under this contract.



I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work to be performed under this contract. My workers' compensation insurance carrier and policy number are:

Carrier Aon Risk Services, Inc of Florida

Policy Number WC 061141594 CA



I certify that, in the performance of the work under this Agreement, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and I hereby agree to indemnify, defend, and hold harmless the City of San Clemente and all of its officials, employees, and agents from and against any and all claims, liabilities, and losses relating to personal injury or death, economic losses, and property damage arising out of my failure to provide such worker's compensation insurance. I further agree that, if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions.

WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.

Dated: AUGUST, 20 17



Contracting Firm

By: MARCUS ALLEN

PARTNER

Title

801 S. Figueroa St. #1050
Address

LOS ANGELES, CA 90017

Baade, Joanne

*Authorizations to add
Exhibit A to contract*

From: Farrell, Courtney
Sent: Wednesday, August 30, 2017 3:53 PM
To: Baade, Joanne
Subject: FW: Professional Services Agreement
Attachments: City of San Clemente PSA Exhibit A.pdf

From: Farrell, Courtney
Sent: Tuesday, August 29, 2017 11:48 AM
To: Baade, Joanne <BaadeJ@san-clemente.org>
Subject: FW: Professional Services Agreement

Hi Courtney,

Please find the signed attached PSA – Exhibit A to be added to our contract.

Thank you!

Erika Rodriguez
Englander Knabe & Allen
801 South Figueroa St.
Suite 1050
Los Angeles, CA 90017
T: 213-741-1500 Ext. 505
F: 213-747-4900
erodriguez@ekapr.com
www.ekapr.com