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Agenda - Final

Wednesday, October 20, 2021

1:30 PM

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Finance, Budget and Audit Committee

Kathryn Barger, Chair

Paul Krekorian, Vice Chair

Mike Bonin

Fernando Dutra

Holly Mitchell

Tony Tavares, non-voting member

Stephanie Wiggins, Chief Executive Officer

METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES
(ALSO APPLIES TO BOARD COMMITTEES)

PUBLIC INPUT

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

The public may also address the Board on non agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for one (1) minute during this Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

CONDUCT IN THE BOARD ROOM - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

REMOVAL FROM THE BOARD ROOM The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD

Agendas for the Regular MTA Board meetings are prepared by the Board Secretary and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded and is available at www.metro.net or on CD's and as MP3's for a nominal charge.

DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency, additionally PUC Code Sec. 130051.20 requires that no member accept a contribution of over ten dollars (\$10) in value or amount from a construction company, engineering firm, consultant, legal firm, or any company, vendor, or business entity that has contracted with the authority in the preceding four years. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the LACMTA Board and Committee Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

ADA REQUIREMENTS

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A Spanish language interpreter is available at all Committee and Board Meetings. All other languages must be requested 72 hours in advance of the meeting by calling (213) 922-4600 or (323) 466-3876. Live Public Comment Instructions can also be translated if requested 72 hours in advance.



323.466.3876

x2 *Español (Spanish)*

x3 *中文 (Chinese)*

x4 *한국어 (Korean)*

x5 *Tiếng Việt (Vietnamese)*

x6 *日本語 (Japanese)*

x7 *русский (Russian)*

x8 *Հայերէն (Armenian)*

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TDD line (800) 252-9040

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The Committee Meeting begins at 1:30 PM Pacific Time on October 20, 2021; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-251-2949 and enter
English Access Code: 8231160#
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Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.

Instrucciones para comentarios publicos en vivo:

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La Reunion de la Junta comienza a las 1:30 PM, hora del Pacifico, el 20 de Octubre de 2021. Puedes unirse a la llamada 5 minutos antes del comienzo de la junta.

Marque: 888-251-2949 y ingrese el codigo
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Los comentarios del público se tomaran cuando se toma cada tema. Para dar un comentario público sobre una tema ingrese # 2 (Tecla de numero y dos) cuando se le solicite. Tenga en cuenta que la transmisión de video en vivo se retrasa unos 30 segundos con respecto a la reunión real. No hay retraso en la línea de acceso telefónico para comentarios públicos.

Written Public Comment Instructions:

Written public comments must be received by 5PM the day before the meeting.
Please include the Item # in your comment and your position of "FOR," "AGAINST," "GENERAL COMMENT," or "ITEM NEEDS MORE CONSIDERATION."
Email: BoardClerk@metro.net
Post Office Mail:
Board Administration
One Gateway Plaza
MS: 99-3-1
Los Angeles, CA 90012

CALL TO ORDER

ROLL CALL

APPROVE Consent Calendar Items: 12 and 13.

Consent Calendar items are approved by one vote unless held by a Director for discussion and/or separate action.

CONSENT CALENDAR

12. **SUBJECT: EIGHTH AMENDMENT TO LEASE AGREEMENT WITH DOWNTOWN PROPERTIES, LLC FOR THE OFFICE OF INSPECTOR GENERAL** [2021-0518](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer or their designee to execute a 65-month (5 years, 5 months) lease amendment commencing March 1, 2022 with Downtown Properties, LLC (“Lessor”), for the Office of the Inspector General (“OIG”) located at 818 West 7th Street in Los Angeles at a rate of \$38,736 per month with 3% annual escalations for a total of \$2,486,730 over the 65-month term.

Attachments: [Attachment A - Lease Location](#)
[Attachment B - Deal Points](#)
[Attachment C - Rent Comparison](#)

13. **SUBJECT: FIRST LEASE AMENDMENT AGREEMENT WITH THE STATE OF CALIFORNIA** [2021-0619](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO), or their designee, to execute a five (5) year First Lease Amendment commencing October 1, 2021 with the State of California, (“Lessor”) for the Division 2 Employee Parking Lot (“Location 403”) located at 17th Street and Griffith Avenue in Los Angeles at a rate of \$13,447.00 per month with annual increases of three percent (3%) for a total of \$858,192.00 over the five (5) year term.

Attachments: [Attachment A - Plot Plan for Location 403](#)
[Attachment B - Deal Points](#)

NON-CONSENT

14. SUBJECT: CALIFORNIA SB1 STATE OF GOOD REPAIR PROGRAM

[2021-0579](#)

RECOMMENDATION

APPROVE the Resolution in Attachment A to:

- A. AUTHORIZE the Chief Executive Officer (CEO) or designee to claim \$30,484,780 in fiscal year (FY) 2021-22 State of Good Repair Program (SGR) grant funds as the Regional Entity for Los Angeles County for this program;
- B. APPROVE the regional SGR Project List for FY2021-22; and
- C. CERTIFY that Metro will comply with all conditions and requirements set forth in the SGR Certification and Assurances document and applicable statutes, regulations and guidelines.

Attachments: [Attachment A - Resolution to Accept & Distribute LA County SGR Funds](#)
 [Attachment B - Submitted Project Listing From Metro & Municipal Operators](#)

15. SUBJECT: AUDIT SERVICES BENCH AMENDMENT

[2021-0594](#)

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to execute Modification No. 4 to Contract Nos. PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018 to exercise the second, one-year option, extending the contract term from January 1, 2022 to December 31, 2022; and increasing the total authorized not-to-exceed amount by \$2,288,000 from \$9,152,000 to \$11,440,000; and
- B. AWARDING AND EXECUTING task orders for an aggregate not-to-exceed amount of \$11,440,000.

Attachments: [Attachment A - Procurement Summary](#)
 [Attachment B - Contract Mod](#)
 [Attachment C - Firms on the Audit Services Bench](#)
 [Attachment D - Task Order List](#)
 [Attachment E - DEOD Summary](#)

16. SUBJECT: SUPPORT FOR I-710 CLEAN TRUCK PROGRAM

[2021-0687](#)

RECOMMENDATION

APPROVE Motion by Directors Dutra and Hahn that directs the CEO to consider the following actions as part of the I-710 Metro Task Force:

- A. Pursue an I-710 Clean Truck Program that prioritizes the elimination of all diesel truck operations in the I-710 Corridor as soon as possible to reduce public health impacts on local communities caused by Diesel Particulate Matter and other diesel truck-related emissions. Metro should consider the following goals:
1. Seek the deployment of zero emission trucks and infrastructure to the greatest extent feasible.
 2. Where not yet feasible due to constraints of fueling/charging infrastructure, commercial viability, or other reasons, deploy the cleanest possible trucks available in the I-710 Corridor to ensure that community health needs are met through the immediate removal of diesel trucks from the corridor.
- B. In partnership with the Gateway Cities COG, Port of Long Beach, Port of Los Angeles, and regional stakeholders, conduct aggressive federal and state advocacy to secure funding for an I-710 Clean Truck Program.
- C. Pursue an agreement with the State of California to ensure that a share of the 1,000 zero emission trucks included in the FY 21-22 California State budget be deployed along the I-710 corridor, commensurate with the region's needs for equity, public health, air quality, and freight outcomes.
- D. Recommit the \$50 million from I-710 South Corridor Project funds (as provided in the response to April 23, 2020 Agenda Item 10. Response to Motion 8.1 - 710 Clean Truck Program) as initial Metro "seed funding" for a \$200 million 710 Clean Truck Program.
- E. Report back to the Board in February 2022 and April 2022 with progress.

Additionally, consider the following tasks as part of the I-710 Metro Task Force:

- F. Seek collection of data and research that will provide information on truck ownership and opportunity to convert to ZE/near zero emissions (NZE) technology, origin and destination of truck movements, and the status of ZE/NZE technology including barriers to implementation;

- G. Consider the timetables for truck fleet turnover that are established by CARB's Advanced Clean Truck Rule;
- H. Explore a cooperative arrangement with CARB, AQMD, Port of Long Beach, Port of Los Angeles, and other organizations for truck GPS data, information sharing, and scaling associated with JETSI and other zero emission and battery electric trucks pilot projects;
- I. Identify equity and workforce development needs of owner-operators and related businesses in the Gateway Cities subregion and prioritize the needs of those that are individual owner-operators and small businesses and those that are minority and/or women-owned; and
- J. Explore a Memorandum of Understanding including, but not limited to, Metro, Gateway Cities COG, the Port of Long Beach, the Port of Los Angeles, SCAG, and the South Coast Air Quality Management District in order to secure funding to incentivize the transition from diesel to zero emission trucks.

**17. SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE
 PERIOD OF JANUARY 1, 2021 TO MARCH 31, 2021**

[2021-0553](#)

RECOMMENDATION

RECEIVE AND FILE Office of Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period of January 1, 2021 to March 31, 2021.

Attachments: [Attachment A - Audit of Misc. Expenses for the Period 1/1/21 to 3/31/21
Presentation](#)

18. SUBJECT: ACCESS SERVICES - QUARTERLY UPDATE

[2021-0605](#)

RECOMMENDATION

RECEIVE AND FILE status report on Access Services - ADA Paratransit.

Attachments: [Presentation](#)

SUBJECT: GENERAL PUBLIC COMMENT

[2021-0641](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S
SUBJECT MATTER JURISDICTION

Adjournment



Board Report

File #: 2021-0518, File Type: Agreement

Agenda Number: 12.

FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 20, 2021

SUBJECT: EIGHTH AMENDMENT TO LEASE AGREEMENT WITH DOWNTOWN PROPERTIES, LLC FOR THE OFFICE OF INSPECTOR GENERAL

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer or their designee to execute a 65-month (5 years, 5 months) lease amendment commencing March 1, 2022 with Downtown Properties, LLC (“Lessor”), for the Office of the Inspector General (“OIG”) located at 818 West 7th Street in Los Angeles at a rate of \$38,736 per month with 3% annual escalations for a total of \$2,486,730 over the 65-month term.

ISSUE

The current lease term pursuant to the Seventh Amendment to Lease, will expire on February 28, 2022 unless the term is extended. The Office of the Inspector General (“OIG”) has a continued need for space at 818 West 7th Street in Los Angeles (“OIG Office”) to provide ongoing oversight duties. OIG continues to need offices separate from Gateway Headquarters in order to maintain oversight independence and avoid outside influence.

BACKGROUND

The OIG has occupied office space at 818 West 7th Street in Los Angeles since 1998. The original lease was for 55,560 square feet (SF), but has been reduced 77% over time to the current size of 12,912 SF. The space is used by OIG staff and OIG consultants. It is strategically located directly across from the Metro 7th Street subway station. The lease term under the current amendment covers the use of 12,912 SF for a term of five (5) years and was extended commencing March 1, 2017 and will expire on February 28, 2022. Real Estate staff has negotiated new lease terms effective March 1, 2022, which included a new rental rate lower than the previous rate, upgrades including a security system and CAT6 cabling with the Lessor reimbursing Metro for all costs incurred and five months of free rent.

DISCUSSION

Findings

The current OIG Office location has adequately served the needs of the OIG since 1998. It is ideal to continue operations at the OIG Office to provide the least interruption to OIG services. The Lessor has shown a willingness to work with Metro to reduce costs. For example, in 2020, the Inspector General negotiated a temporary rent reduction of 30% for four months. This laid the groundwork for current negotiations. The Lessor has now agreed to further concessions accepting a rental rate of \$36 per SF (\$33 effective rate after taking into consideration free rent) which is below the average fair market rental rate of \$41.59 per SF based on a survey of recent activity in 21 other similar Downtown Los Angeles office buildings. Metro's new rental rate represents an almost 20% savings from the current rental rate, which does not take into consideration the additional savings from avoiding moving costs (i.e. new furniture, fixtures and IT installation and phone equipment) and service interruption by extending the current lease.

Considerations

The OIG Office required some upgrades to restore functionality and comfort for optimal working conditions. Real Estate staff was able to negotiate with the Lessor to make needed improvements while also providing a substantial reduction in the rental rate. This was the optimal outcome and will allow Metro to reevaluate the market again in five years at the expiration of the proposed term.

DETERMINATION OF SAFETY IMPACT

This Board Action will not have an impact on safety standards for Metro operations.

FINANCIAL IMPACT

The proposed rent for FY22 lease obligations is \$116,206 (\$38,736 per month for three months April 1, 2022- June 30, 2022 with March 2022 rent-free) which is currently budgeted in 0651.100002.01.51201 Rent Property/Facilities. The total cost of this lease amendment is \$2,486,730 over the 65-month term. Future lease obligations will be included in annual budget preparation by Real Estate staff.

Impact to Budget

The funding for the proposed lease is the general fund, right of way. The funding source is eligible for bus & rail operations and capital projects.

EQUITY PLATFORM

There are no anticipated equity impacts identified as a result of this action.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This recommendation supports the following Metro strategic plan goals:

5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

If the Board chooses not to extend the term, the time and resources required to select another downtown office location, negotiate a favorable lease rate, construct tenant improvements, communications facilities and relocate the OIG staff from the existing space would far exceed the rental payment required to remain in the existing location. This alternative is not cost effective or recommended.

There is no available space at Gateway Headquarters that would insure complete and separate operations of the OIG.

NEXT STEPS

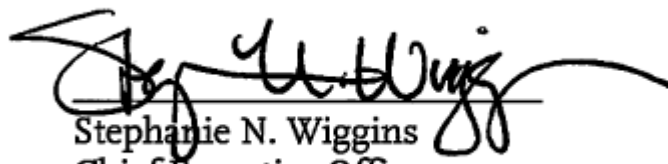
Execute the Eighth Amendment to Lease Agreement with Downtown Properties, LLC for the Office of Inspector General located at 818 West 7th Street in Los Angeles as reviewed and approved by County Counsel.

ATTACHMENTS

Attachment A - Location Map
Attachment B - Deal Points
Attachment C - Rent Comparison

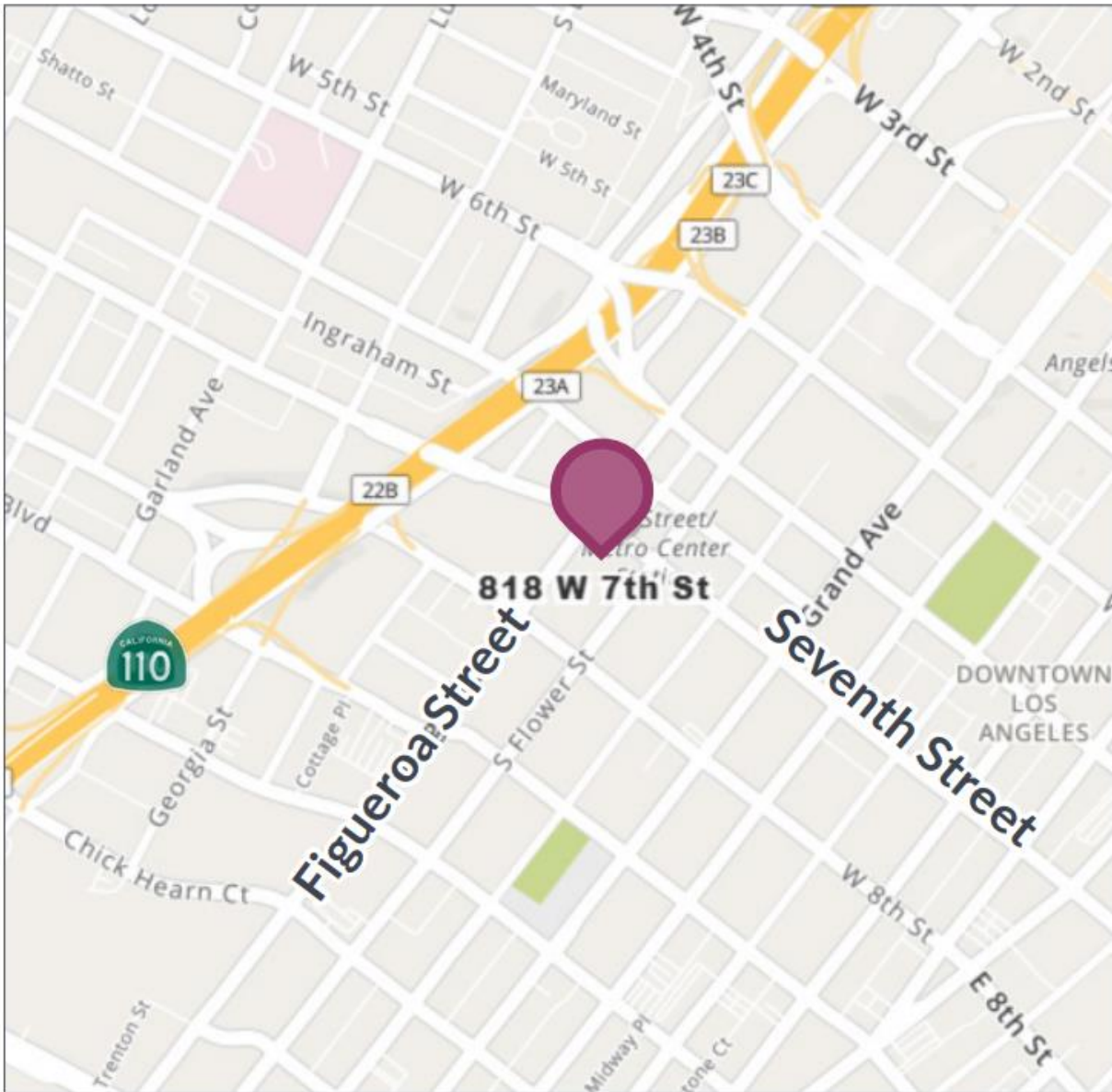
Prepared by: John Beck, Principal Real Estate Officer, Countywide Planning & Development, (213) 922-4435
John Potts, Executive Officer, Countywide Planning & Development, (213) 928-3397
Holly Rockwell, SEO - Real Estate, Transit Oriented Communities and Transportation Demand Management, (213) 922-5585

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920
Karen Gorman, Inspector General, (213) 922-2975


Stephanie N. Wiggins
Chief Executive Officer

Attachment A –Lease Location

Location Map



818 W. 7th Street, Suite 500, Los Angeles

Attachment B – Deal Points

New or renewal	Eighth Amendment to Lease
Landlord/Owner	Downtown Properties, LLC
Location	818 W. 7th Street, Los Angeles
Premises	12,912 square feet of office space
Purpose	Office of the Inspector General.
Commencement and Duration (note any extensions)	65 months commencing March 1, 2022.
Total Cost	The total lease value is \$2,486,730 over the 65-month term.
Early Termination Clauses	None.
Determination of Lease Value	Professional real estate brokerage Savills.
Background with this Landlord	This will be the eighth transaction with the landlord at this location.
Special Provisions	Five months of free rent (March of each year).

Lease Comparables

Downtown Los Angeles

Prepared For



September 2021

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SAVILLS
DTLA Office Lease Comparables
January 2020 - Present

Lease Date	Building Photo	Tenant	Building Address	Building Class	Submarket	Transaction Type	Lease Size (SF)	Lease Term (Months)	Lease Start Rate	Lease Rate Type	Escalations
Aug-21		Webcor Builders	333 S Grand Ave	A	Bunker Hill	New Lease	14,172	144	\$49.50	FSG	4.0%
Jul-21		LACMTA	818 W 7th Street	B	Financial District	Renewal	12,912	65	\$36.00	FSG	3.0%
Jun-21		Anderson McPharlin	707 Wilshire Blvd	B	Financial District	Renewal	18,738	53	\$45.00	FSG	3.5%
May-21		Buro Happold Consulting Engineers	800 Wilshire Blvd	B	Financial District	Renewal	12,500	39	\$42.00	FSG	3.0%
Apr-21		Freeman & Mills	626 Wilshire Blvd	B	Financial District	New Lease	3,421	72	\$38.50	FSG	3.0%
Apr-21		Ignition Creative	1201 W 5th St	B	City West	New Lease	5,000	60	\$38.16	FSG	3.0%
Mar-21		Fidelity National Law	601 S Figueroa St	A	Financial District	New Lease	16,222	65	\$51.50	FSG	4.0%
Mar-21		DBS Bank	300 S Grand Ave	A	Bunker Hill	New Lease	11,314	120	\$46.00	FSG	3.5%
Mar-21		Israel Discount Bank	888 S Figueroa St	B	Financial District	Renewal	8,371	65	\$38.75	FSG	3.0%
Feb-21		Syska Hennessy	444 S Flower St	A	Financial District	New Lease	13,750	180	\$44.50	FSG	4.0%
Jan-21		Broad Foundation	300 S Grand Ave	A	Bunker Hill	New Lease	13,082	91	\$46.00	FSG	4.0%
Dec-20		Custodio & Dubey LLP	445 S Figueroa St	B	Financial District	New Lease	4,464	70	\$42.96	FSG	3.0%
Oct-20		Klawiter & Associates	626 Wilshire Blvd	B	Financial District	Renewal	3,909	13	\$38.00	FSG	Flat
Sep-20		James G Elliott Company	626 Wilshire Blvd	B	Financial District	Renewal	1,815	60	\$42.00	FSG	3.0%
Aug-20		Alvarez Law	445 S Figueroa St	B	Financial District	Renewal	1,359	60	\$44.00	FSG	3.0%
May-20		Michael Baker International	801 S Grand Ave	B	Financial District	Expansion	4,946	26	\$39.00	FSG	3.0%
Apr-20		Borton Petriani Law	626 Wilshire Blvd	B	Financial District	Renewal	5,836	39	\$38.00	FSG	3.0%
Mar-20		City of Los Angeles	350 S Figueroa St	B	Financial District	New Lease	15,601	96	\$39.00	FSG	4.0%
Mar-20		City of Los Angeles	350 S Figueroa St	B	Financial District	New Lease	25,854	96	\$39.00	FSG	4.0%
Feb-20		Clean Power Alliance	801 S Grand Ave	B	Financial District	New Lease	11,241	96	\$38.50	FSG	3.0%
Jan-20		Atkins North America	801 S Grand Ave	B	Financial District	New Lease	4,098	38	\$37.00	FSG	3.0%



Board Report

File #: 2021-0619, File Type: Agreement

Agenda Number: 13.

FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 20, 2021

SUBJECT: FIRST LEASE AMENDMENT AGREEMENT WITH THE STATE OF CALIFORNIA

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO), or their designee, to execute a five (5) year First Lease Amendment commencing October 1, 2021 with the State of California, (“Lessor”) for the Division 2 Employee Parking Lot (“Location 403”) located at 17th Street and Griffith Avenue in Los Angeles at a rate of \$13,447.00 per month with annual increases of three percent (3%) for a total of \$858,192.00 over the five (5) year term.

ISSUE

Metro leases Location 403, a parking lot for Division 2 employee parking, which expired on September 30, 2021. It is necessary to renew this lease for the continued use by employees or there will be not be a permanent parking option, which will limit the ability of Metro employees to park near their assigned work location.

BACKGROUND

Metro has leased Location 403 from the State of California since 1999. The current five (5) year lease commenced on October 1, 2016 and expired on September 30, 2021 at a monthly rental rate of \$13,055. This site is located under the Santa Monica Freeway at the intersection of 17th Street and Griffith Avenue and consists of approximately 72,825 square feet (200 parking spaces) of secure parking for Metro employees.

DISCUSSION

Findings

The lease expired on September 30, 2021 and is currently in a month-to-month holdover. The State of California cannot sell this property because it is airspace under the freeway. This First Lease Amendment will extend the lease so employees will continue to have a place to park their vehicles. After reviewing seven comparable properties provided by Metro Transportation Demand Management Programs, it was determined that the new rental rate for the subject lease is

reasonable.

Considerations

The parking lot is located next to Division 2 and provides the most convenient and safe option for employee parking at a highly economical rate.

DETERMINATION OF SAFETY IMPACT

This Board Action will not have an impact on safety standards for Metro operations.

FINANCIAL IMPACT

The proposed rent for FY22 is \$121,023 (\$13,447 monthly), which is currently budgeted in 0651.306006.01.001.51201 Rent Property/Facilities. Future lease obligations will be included in annual budget preparation by Real Estate staff.

Impact to Budget

The funding for the proposed lease will come from Federal, State and Local sources that are eligible for Operating projects.

EQUITY PLATFORM

This lease amendment will not have any direct equity impacts. This agreement will continue to provide parking for Metro employees at Division 2.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This recommendation supports strategic plan goals

2: Deliver outstanding trip experiences for all users of the transportation system.

5: Provide responsive, accountable, and trustworthy governance with the Metro organization.

ALTERNATIVES CONSIDERED

The alternative is for the Board to not approve the First Lease Amendment. This alternative is not recommended because Location 403 provides employee parking for staff at Division 2. The location is paved and fenced. In addition, there are no available properties in the area that could replace this location without implementing a shuttle service to and from an alternative location resulting in an increase to operating expenses for a transport shuttle.

NEXT STEPS

Execute the First Lease Amendment with the State of California subject to County Counsel approval as to form.

ATTACHMENTS

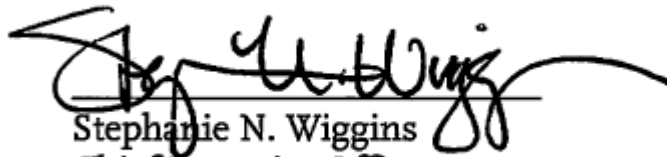
Attachment A - Plot Plan for Location 403

Attachment B - Deal Points

Prepared by: John Beck, Principal Real Estate Officer, Countywide Planning & Development, (213) 922-4435

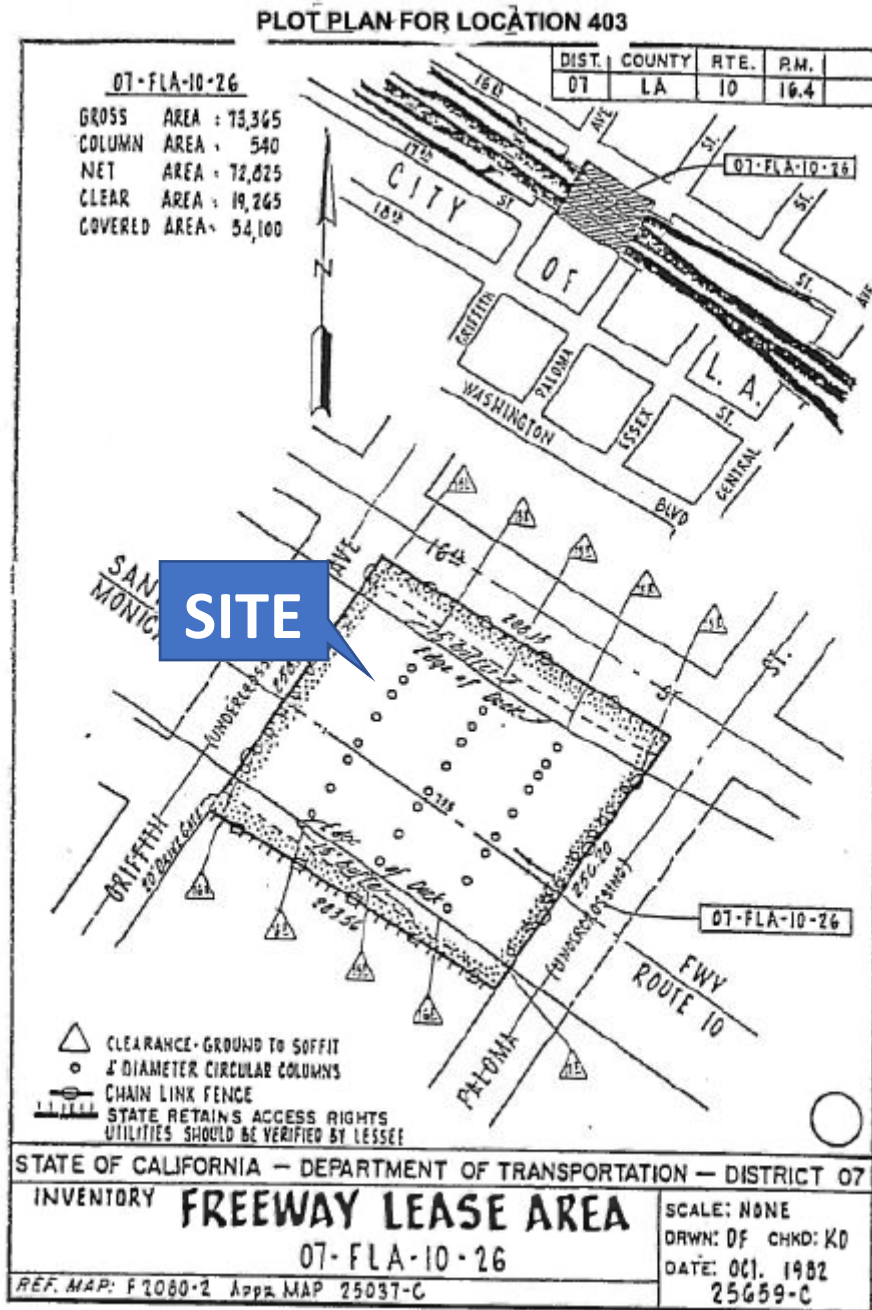
John Potts, Executive Officer, Countywide Planning & Development, (213) 928-3397
Holly Rockwell, SEO - Real Estate, Transit Oriented Communities and Transportation
Demand Management, (213) 922-5585

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



Stephanie N. Wiggins
Chief Executive Officer

Attachment A



Location 403

Attachment B – Deal Points

New or renewal	First Amendment to Lease
Landlord/Owner	State of California (Caltrans)
Location	Intersection of 17th Street and Griffith Avenue, Los Angeles
Premises	Approximately 72,825 square feet of land
Purpose	Employee parking for Division 2
Commencement and Duration (note any extensions)	5-years commencing October 1, 2021.
Total Cost	The total lease value is \$858,192 over the five (5)-year term.
Early Termination Clauses	Either party can terminate with 90 days written notice.
Determination of Lease Value	Broker Opinion of Value.
Background with this Landlord	This will be the second transaction with the landlord at this location.
Special Provisions	None.



Board Report

File #: 2021-0579, File Type: Informational Report

Agenda Number: 14.

FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 20, 2021

SUBJECT: CALIFORNIA SB1 STATE OF GOOD REPAIR PROGRAM

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE the Resolution in Attachment A to:

- A. AUTHORIZE the Chief Executive Officer (CEO) or designee to claim \$30,484,780 in fiscal year (FY) 2021-22 State of Good Repair Program (SGR) grant funds as the Regional Entity for Los Angeles County for this program;
- B. APPROVE the regional SGR Project List for FY2021-22; and
- C. CERTIFY that Metro will comply with all conditions and requirements set forth in the SGR Certification and Assurances document and applicable statutes, regulations and guidelines.

ISSUE

As the Regional Entity for the SGR program in Los Angeles County, Metro is required to submit a combined SGR project list to Caltrans in September, 2021 to claim funding for FY2021-22. The submittal package must include an adopted Board resolution approving the Project List and certifying that Metro will comply with all conditions and requirements set forth in the certifications and assurances documents.

BACKGROUND

The SGR Program Guidelines state that eligible transit operators shall provide a proposed list of projects to Caltrans and their Regional Entity, as defined by Public Utilities Code (PUC) Sections 99313 and 99314. The Regional Entity is required to approve the list of projects and agree to comply with the program requirements. For Los Angeles County, Metro is the Regional Entity. Since the required documentation was not ready until September, Caltrans has accepted a draft resolution with the project list submittal pending receipt of a Board-adopted resolution. Therefore, staff is seeking Board approval of the resolution contained in Attachment A.

DISCUSSION

As defined in The Road Repair and Accountability Act of 2017, commonly known as Senate Bill 1 (SB1), the SGR Program provides approximately \$105 million annually to transit operators in California for eligible transit maintenance, rehabilitation and capital projects to help keep transit systems in a state of good repair. Pursuant to PUC Section 99312.1, the funds are distributed to eligible agencies using the State Transit Assistance Program (STA) formula. This formula distributes half of the funds according to population and half according to transit operator revenues. Similar to STA, within Los Angeles County, the revenue portion will be distributed according to the Metro Board-adopted FAP.

Metro and the Municipal Operators select projects individually, work with Caltrans to ensure eligibility and apply directly to Caltrans. As the Regional Entity, Metro reviews the applications and prepares a resolution with the list of projects for Board adoption. These new investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions throughout Los Angeles County.

DETERMINATION OF SAFETY IMPACT

The requested actions will have no impact on the safety of our customers or employees.

FINANCIAL IMPACT

Adoption of the SGR resolution would positively impact the region by making an estimated \$30.5 million available to support state of good repair efforts for Metro and the Municipal Operators. The actual amount is dependent upon SB1 revenues received during the year.

Impact to Budget

Claiming SGR funds will have a positive impact to the FY22 budget, as Metro is one of the regional recipients of these funds.

EQUITY PLATFORM

This program helps fund preventive maintenance and state of good repair activities for Metro and the Municipal Operators throughout Los Angeles County. By providing additional resources for transit service, this program will benefit existing and potential Metro riders. There are no equity concerns anticipated as a result of this action.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendations support Metro Vision 2028 Strategic Goal 1.2: Optimize the speed, reliability and performance of the existing system by revitalizing and upgrading Metro's transit assets.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the resolution in Attachment A. Staff does not recommend this alternative because it would risk the loss of the region's FY21-22 SGR fund allocation.

NEXT STEPS

October 2021: Metro submits Board-adopted Resolution to Caltrans.

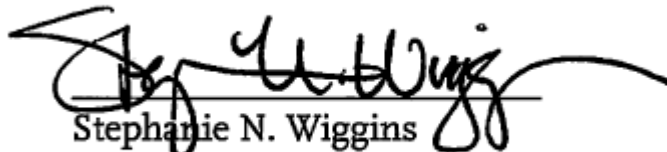
ATTACHMENTS

Attachment A - Resolution to Accept and Distribute Los Angeles County SGR Funds

Attachment B - Submitted Project Listing From Metro and Municipal Operators

Prepared by: Timothy Mengle, Deputy Executive Officer, Finance, (213) 922-7665

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Stephanie N. Wiggins
Chief Executive Officer

ATTACHMENT A
RESOLUTION TO ACCEPT AND DISTRIBUTE LOS ANGELES COUNTY SGR FUNDS

RESOLUTION # _____

APPROVING THE PROJECT LIST FOR FY 2021-22
FOR THE CALIFORNIA STATE OF GOOD REPAIR PROGRAM

WHEREAS, Senate Bill 1 (SB1), the Road Repair and Accountability Act 2017, establishing the State of Good Repair (SGR) program to fund eligible transit maintenance, rehabilitation and capital project activities that maintain the public transit system in a state of good repair; and

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (Metro) is an eligible project sponsor and may receive and distribute State Transit Assistance – State of Good Repair funds to eligible project sponsors (local agencies) for eligible transit capital projects;

WHEREAS, Metro will be distributing SGR funds to eligible project sponsors (local agencies) under its regional jurisdiction; and

WHEREAS, Metro concurs with and approves the attached project list for the State of Good Repair Program funds:

NOW, THEREFORE, BE IT RESOLVED, that Metro hereby approves the SB1 State of Good Repair Project List for FY 2021-22; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Metro that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances document and applicable statutes, regulations and guidelines for all SGR funded transit capital projects.

NOW, THEREFORE, BE IT RESOLVED, that the CEO is hereby authorized to submit a request for Scheduled Allocation of the SB1 State of Good Repair funds and to execute the related grant applications, forms and agreements.

AGENCY BOARD DESIGNEE:

BY: _____

Attachment B

**Submitted Project Listing From Metro and Municipal Operators
SB1 State of Good Repair Program, Fiscal Year 2021-22 Cycle**

Agency	Project Title	Project Description	Estimated 99313 Costs	Estimated 99314 Costs	Total Project Costs
Antelope Valley Transit Authority	Purchase Replacement Commuter Buses	Funds toward the purchase 2 replacement commuter buses. Size – 45 foot commuter, Passenger count – 53 sitting + 10 standing, Accessibility – ADA, Fuel type = battery electric	\$ -	\$ 247,889	\$ 752,259
City of Arcadia	Purchase Ten Replacement Transit Vehicles	Purchase ten CNG powered cutaway vehicles to replace the existing aging gasoline-powered vehicles. The new vehicles will be wheelchair accessible and ADA equipped.		\$ 13,307	\$ 27,466
City of Commerce	Tire Replacement Transit Fleet	The SGR Funds shall be used to replace bus tires within the City's transit fleet, up to 20 vehicles.		\$ 15,212	\$ 15,212
City of Culver City	FY21-22 Transit Vehicle Repair	Repair of heavy-duty transit bus vehicle fleet. Does not include oil changes and other activities associated with the standard preventive maintenance checklist.		\$ 206,082	\$ 422,605
City of Gardena	Capital Bus Components and facility equipment	Replacement bus components and facility equipment		\$ 206,082	\$ 206,082
City of Los Angeles	Electrification of LADOT Commercial Street Bus Maintenance Facility	LADOT will use funds to purchase and install the necessary infrastructure to charge battery electric buses at the Commercial Street bus yard. This proposal fulfills the Mayor's and City Council's mandate to have a fully electric transit fleet by 2028 for the LA Green New Deal.		\$ 487,016	\$ 487,016
City of Montebello	Transportation Facility Improvements	Including but not limited to workspace furniture, lighting, carpeting, and other long-term maintenance designed to extend the life of the facility.		\$ 200,000	\$ 559,478
City of Montebello	Money Room Rehabilitation	The Money Room Rehabilitation will include upgrades to financial equipment, HVAC upgrade and any additional materials required to improve operational use of facility.		\$ 114,214	\$ 114,214
City of Norwalk	Revenue Vehicle Purchase	Revenue Vehicle Purchase Norwalk Transit System (NTS) will purchase four (4) CNG buses to replace vehicles that have reached the end of their useful life. The SGR funds will be used as a match source for the federal funds also being used to fulfill this purchase.	\$ -	\$ 123,216	\$ 2,565,876
City of Redondo Beach	Transit Operations Facility Improvements	Transit Operations facility improvements that may include interior improvements to the general office space, bathroom, and storage space for use by Transit Operations. The project may also include exterior improvements to the facility.		\$ 28,820	\$ 157,878
City of Santa Clarita	Transit Maintenance Facility Hydrogen Fueling Station	Replace and/or upgrade the existing fueling station to accommodate Hydrogen fuel to meet the California 100% Zero Emission Bus (ZEB) rule.		\$ 217,512	\$ 4,465,538
City of Santa Monica	Bus Replacement	Purchase Zero-Emission Vehicles to replace CNG buses that have reached it's useful life of 12 years.		\$ 769,336	\$ 4,241,406
City of Torrance	Torrance Transit SB1 State of Good Repair Rehab & Repair Vehicles FY2020	Repair and maintenance of the vehicles, including ZEB, after an accident or through wear and tear during prolonged service. Funds will also be used to maintain the physical exterior of the buses such as decals, paint, molding, etc. to ensure protection from the elements and maximum usage during the vehicles expected useful operating life.		\$ 243,430	\$ 825,943
Foothill Transit	Bus Repair and Rehabilitation	Activities, supplies, materials, labor, services, and associated costs required to repair and rehabilitate the rolling stock to preserve or extend the functionality and serviceability of the buses.		\$ 1,068,407	\$ 1,068,407
Long Beach Public Transportation Company	Bus Replacement	Replace buses that have met their useful life. Request funding to support the purchase of up to one 40 ft. Battery-electric buses that are fully ADA compliant with a passenger count of up to 38 passengers.		\$ 463,084	\$ 3,495,676
Long Beach Public Transportation Company	LBT1 Facility Rehabilitation	The project will support the rehabilitation of LBT's operating and maintenance facility (LBT1) in support of the agency's transitioning facility needs as it grows to be a zero-emissions hub. LBT's recent facility assessment identified inefficiencies at the LBT1 property that makes it difficult to increase the zero-emission bus fleet and infrastructure. The 50-year old facility needs a full rehabilitation as it currently holds equipment that is over 20 years old. LBT will accrue funds over 4 yrs.		\$ 435,000	\$ 1,459,004
Los Angeles County	Charter Oak - Arrow Highway Bus Stop Improvments	Replace bus shelter, bench, trash receptacle, and illumination		\$ 65,143	\$ 65,143
Los Angeles County Metropolitan Transportation Authority	Metro Rail Vehicle and Wayside Rehabilitation and Repair	Rehabilitation and repair expenses of Metro Light and Heavy Rail rolling stock and wayside facilities. This is non-routine maintenance to maintain safety and reliability of the system.	\$ 14,950,689		\$ 43,202,178
Los Angeles County Metropolitan Transportation Authority	Metro Bus Vehicle Repair and Rehabilitation	Repair and Rehabilitation expenses at all Metro Bus Operating Divisions and the Central Maintenance Facility. *Formerly Preventive Maintenance*		\$ 10,630,341	\$ 22,634,812
Total			\$ 14,950,689	\$ 15,534,091	\$ 86,766,193
Total SB1 SGR funding requested in FY2021-22 Cycle			\$	30,484,780	



Board Report

File #: 2021-0594, File Type: Contract

Agenda Number: 15.

FINANCE, BUDGET, AND AUDIT COMMITTEE OCTOBER 20, 2021

SUBJECT: AUDIT SERVICES BENCH AMENDMENT

ACTION: APPROVE CONTRACT MODIFICATION

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to execute Modification No. 4 to Contract Nos. PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018 to exercise the second, one-year option, extending the contract term from January 1, 2022 to December 31, 2022; and increasing the total authorized not-to-exceed amount by \$2,288,000 from \$9,152,000 to \$11,440,000; and
- B. AWARDING AND EXECUTING task orders for an aggregate not-to-exceed amount of \$11,440,000.

ISSUE

In May 2017, Metro Board of Directors (Board) approved the establishment of Audit Services Bench contracts (Bench) for a combined total amount not-to-exceed \$11,440,000 for a 3-year base term, plus two, one-year options. The Bench provides Management Audit Services (MAS) with consulting and assurance services relating to a broad range of audits and reviews including staffing augmentation support as-needed; and provides supports for specialized audits.

Board authorization is requested to exercise the second one-year option to continue to provide specialized expertise and augmented audit services.

DISCUSSION

MAS is required to comply with Generally Accepted Government Auditing Standards (GAGAS). GAGAS has a due professional care standard which requires MAS to bring in outside experts to supplement staff when the area being audited requires technical or specialized skills that are not available within the department. Co-sourcing is typically used to supplement staff expertise with highly specialized audits which exceeds internal capacity and/or resources. Outsourcing is used depending on the complexity of the audit or if the specialized skillsets and/or capacity is not available

in-house. Specialized audits that generally fall under this requirement include information technology projects, including construction or operations projects, programs and/or processes. Other areas of work outsourced or co-sourced to expert firms include Call-for-Projects closeout audits, grant audits such as State Transportation Improvement Program including financial, compliance and external audits of subrecipients, Metro, and others.

To date, a total of 66 task orders have been issued against the Bench, for a cumulative total value of \$6,636,575.04, or 72.5% of the total not to exceed amount of \$9,152,000 for the initial 3-year base term and first year option. Currently, 11 of the 16 firms on the Bench are certified as disadvantage business enterprises (DBE) and small business enterprises (SBE) and task orders have been awarded to the firms in a cumulative amount of \$4,873,075.50 or 73.4% of the total awarded value. A list of the awarded task orders is provided as Attachment D.

DETERMINATION OF SAFETY IMPACT

The recommendation does not impact the safety of Metro employees, passengers and/or customers.

EQUITY PLATFORM

Metro is committed to small business successes and strives to provide a direct route for small businesses to work and grow with Metro. The Bench contract consists of 16 firms, 11 of which are SBEs, which supports Metro's Small Business (SB) Prime Program by providing opportunities for small businesses to perform work with Metro.

Work under the bench is authorized through the issuance of individual task orders. Task orders are competed among firms under the bench subject to the Small Business (SB) Prime (Set-Aside) Program requirements.

To date, sixty-six (66) Task Orders have been awarded to ten (10) out of the 16 primes on the bench. Sixty-one (61) of the Task Orders were awarded to self-performing SB Primes (Set-Aside). Task orders have been primarily awarded to the DBE and SBE firms. Each bench participant exceeded the 27% SBE and 30% DBE commitment (currently 70.2% SBE and 89.1% DBE participation). Please refer to Attachment E for additional details

FINANCIAL IMPACT

Funding for FY22 is included in the department cost center budgets. Each task order awarded to a Contractor will be funded with the source of funds identified for the specific project. Recognizing the Bench option will continue into FY2023, the cost center manager(s) will be accountable for budgeting future costs.

Impact to Budget

The funding for the task orders is dependent upon the specific project.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

Two alternatives were considered. One alternative would be to hire additional full-time staff to perform the specialized audits. However, this alternative is not considered cost effective, because the volume of work is constantly changing making this activity subject to peak periods alternating with periods of low activity. Furthermore, some projects require various technical or specialized skills that are not available since it is not practical to hire staff for each of the particular skillsets. Another alternative would be to obtain the audit services as separate procurements. This also is not recommended, as this would prolong the procurement process making it difficult to complete time-sensitive audits within the planned timeframe.

NEXT STEPS

Upon approval by the Board, staff will execute Contract Modification No. 4 to the Audit Service Bench contracts and continue to award individual task orders for audit services.

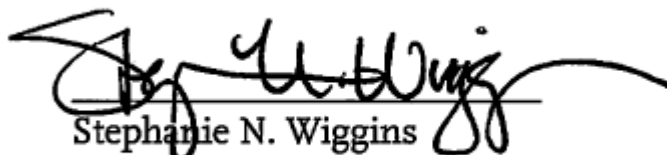
ATTACHMENT

- A. Procurement Summary
- B. Contract Modification/Change Order Log
- C. Firms on Audit Services Bench
- D. List of Task Orders and Values
- E. DEOD Summary

Prepared by: Monica Del Toro, Audit Support Manager, (213) 922-7494

Reviewed by: Shalonda Baldwin, Executive Officer, Administration, (213) 418-3265

Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

AUDIT SERVICES BENCH FY2018 TO FY2022/PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018

1.	Contract Number: PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018		
2.	Contractor: See Attachment C		
3.	Mod. Work Description: Exercise the second, one-year option		
4.	Contract Work Description: To provide audit services		
5.	The following data is current as of: 9/1/21		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	5/17/17	Contract Award Amount: \$6,864,000
	Notice to Proceed (NTP):	N/A	Total of Modifications Approved: \$2,288,000
	Original Complete Date:	6/30/20	Pending Modifications (including this action): \$2,288,000
	Current Est. Complete Date:	12/31/21	Current Contract Value (with this action): \$11,440,000
7.	Contract Administrator: Antonio Monreal		Telephone Number: (213) 922-4679
8.	Project Manager: Monica Del Toro		Telephone Number: (213) 922-7494

A. Procurement Background

This Board Action is to approve Contract Modification No. 4 to the Audit Services Bench Contract Numbers PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, and PS36627011 through PS36627018 to exercise the second, one-year option to continue to perform audit services, which increases the total cumulative not-to-exceed amount by \$2,288,000 and extends the contract term to December 31, 2022.

This Contract Modification and future Task Orders will be processed in accordance with Metro's Acquisition Policy and the contract type is task order based, firm fixed unit rate.

On May 17, 2017, the Board of Directors authorized the Chief Executive Officer to award audit bench contracts to the firms listed in Attachment C to provide audit support services to Management Audit Services for a period of three years with two, one-year options. The current Audit Services Bench contracts will expire on December 31, 2021.

Refer to Attachment B – Contract Modification/Change Order Log.

B. Cost/Price Analysis

All future task orders and modifications will be determined to be fair and reasonable in accordance with Metro's Acquisition Policy at the time of issuance and award.

CONTRACT MODIFICATION/CHANGE ORDER LOG

AUDIT SERVICES BENCH FY2018 TO FY2022/PS36627000 through PS36627004,
PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018

Mod. No.	Description	Status (approved or pending)	Date	\$ Amount
1	Add the Disadvantaged Business Enterprise (DBE) Participation requirement of 30%	Approved	10/31/2018	\$0
2	Extended the contract base period of performance by six months from July 1, 2020 through December 31, 2020	Approved	6/17/2020	\$0
3	Exercise Option 1	Approved	10/22/2020	\$2,288,000
4	Exercise Option 2	Pending	Pending	\$2,288,000
	Modification Total:			\$4,576,000
	Original Contract:			\$6,864,000
	Total:			\$11,440,000

ATTACHMENT C – FIRMS ON THE AUDIT SERVICES BENCH

Contract No.	Consultant	Certifications
PS36627000	BCA Watson Rice, LLP	SBE
PS36627001	Choi Hong Lee & Kang, LLP	NONE
PS36627002	Chung & Chung Accountancy Corporation, CPAS	DBE / SBE
PS36627003	Conrad, LLP	SBE
PS36627004	CPC Financial Services, Inc.	SBE
PS36627006	KNL Support Services	DBE / SBE
PS36627008	Lopez and Company, LLP	DBE / SBE
PS36627009	MACIAS, Gini & Co.	NONE
PS36627011	Qiu Accountancy Corp.	SBE
PS36627012	RTJ CPA, P.C.	SBE
PS36627013	Simpson & Simpson CPAS	NONE
PS36627014	Susan Hum, CPA	DBE / SBE
PS36627015	Talson Solutions, LLC.	DBE / SBE
PS36627016	David M. Lewis Company, LLC.	NONE
PS36627017	Tap International, Inc.	SBE
PS36627018	Vasquez and Company, LLP.	NONE

ATTACHMENT D – LIST OF TASK ORDERS AND VALUES

DBE / SBE Awards (Table 1 of 2)			
Contract No.	Company Name	Task Orders Awarded to Date	Task Order Award Amount
PS36627000	BCA Watson Rice, LLP	24	\$1,877,046
PS36627002	Chung & Chung Accountancy Corporation, CPAS	0	\$0
PS36627003	Conrad, LLP	0	\$0
PS36627004	CPC Financial Services, Inc.	16	\$850,920.00
PS36627006	KNL Support Services	2	\$191,965.68
PS36627008	Lopez and Company, LLP	10	\$1,286,008.82
PS36627011	Qiu Accountancy Corp.	3	\$112,080
PS36627012	RTJ CPA, P.C.	0	\$0
PS36627014	Susan Hum, CPA	1	\$71,808
PS36627015	Talson Solutions, LLC.	4	\$463,247
PS36627017	Tap International, Inc.	1	\$20,000
Total Awarded Task Order Subtotal		61	\$4,873,075.50
Total Task Order Value			

Non-DBE / SBE Awards (Table 2 of 2)			
Contract No.	Company Name	Task Orders Awarded to Date	Task Order Award Amount
PS36627001	Choi Hong Lee & Kang, LLP	0	\$0
PS36627009	MACIAS, Gini & Co.	0	\$0
PS36627013	Simpson & Simpson CPAS	4	\$1,734,840
PS36627016	David M. Lewis Company, LLC.	0	\$0
PS36627018	Vasquez and Company, LLP.	1	\$28,659.54
Total Awarded Task Order Subtotal		5	\$1,763,499.54
Total Task Order Value			

Total Task Orders Awarded (Tables 1 and 2)	66	Amount Awarded
DBE / SBE Task Order Value (Table 1)		\$4,873,075.50
Non DBE / SBE Task Order Value (Table 2)		\$1,763,499.54
Total Task Order Value		\$6,636,575.04

DEOD SUMMARY

AUDIT SERVICES BENCH FY2018 TO FY2022/PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018

A. Small Business Participation

Each bench participant committed to meet or exceed the 27% SBE / 3% DVBE or 30% DBE goals for the project. The Audit Services Bench is subject to the Small Business (SB) Prime (Set-Aside) Program requirements. Eleven of the sixteen bench participants are SBE primes. The overall SBE/DVBE/DBE participation is based on the aggregate of all Task Orders awarded through the bench.

To date, sixty-six (66) Task Orders have been awarded to ten (10) primes on the bench. Sixty (60) Task Orders that were non-federally funded fell within the set-aside threshold, and given there were at least 3 (three) certified SBEs on the bench, were awarded to self-performing SBE Primes. One (1) Task Order was a federally funded set-aside and awarded to an SB Prime that is also DBE certified. In compliance with the Board-approved SB Prime (Set-Aside) Program policy, Task Orders that are set-aside shall not be subject to the SBE/DVBE Program. Five (5) non-federally funded Task Orders were awarded to non-certified primes that did not make an SBE/DVBE commitment. Based on payments to-date, the contract is 76.14% complete and the current level of participation is 70.15% SBE, 89.11% DBE and 0% DVBE.

Metro Project Managers and Contract Administrators will continue to work in conjunction with DEOD to monitor SBE/DVBE and DBE commitments via the web-based tracking system to ensure that they are met or exceeded by Task Order completion.

Small Business Commitment	27% SBE 3% DVBE 30% DBE	Small Business Participation	70.15% SBE 0% DVBE 89.11% DBE
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DBE/SBE Primes & Subcontractors		Current Participation		
		DBE	SBE	DVBE
1	BCA Watson Rice (SBE Prime)	-	100%	-
Total		-	100%	-
2	CPC Financial Services, Inc. (SBE Prime)	-	100%	-
Total		-	100%	-

3	KNL Support Services (SBE Prime)	-	100%	-
Total		-	100%	-
4	Lopez.and Associates, LLC (SBE Prime)	-	96.98%	-
Total		-	96.98%	-
5	Qiu Accountancy Corporation (SBE Prime)	-	100%	-
Total		-	100%	-
6	Simpson and Simpson, LLP	-	0.00%	0.00%
Total		-	0.00%	0.00%
7	Susan Hum, CPA (SBE Prime)	-	100%	-
Total		-	100%	-
8	Talson Solutions, LLP (DBE/SBE Prime)	89.11%	97.55%	-
Total		89.11%	97.55%	-
9	TAP International, Inc. (SBE Prime)	-	100%	-
Total		-	100%	-
10	Vasquez and Company, LLP	-	0.00%	0.00%
Total		-	0.00%	0.00%

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.



Board Report

File #: 2021-0553, **File Type:** Informational Report

Agenda Number: 17.

FINANCE, BUDGET, AND AUDIT COMMITTEE OCTOBER 20, 2021

SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE PERIOD OF JANUARY 1, 2021 TO MARCH 31, 2021

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE Office of Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period of January 1, 2021 to March 31, 2021.

ISSUE

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from January 1, 2021 to March 31, 2021. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable Section is responsible for the accurate and timely processing of payment for miscellaneous expenses.

This audit covered a review of Metro miscellaneous expenses for the period of January 1, 2021 to March 31, 2021. For this period, miscellaneous expenses totaled \$1,309,650 with 312 transactions. We selected 48 expense transactions totaling \$748,237 for detail testing.

DISCUSSION

Findings

The miscellaneous expenses we reviewed for the period of January 1, 2021 to March 31, 2021

generally complied with policies, were reasonable, and adequately supported by required documents. However, we found that for eight of the expenses reviewed, requirements were not followed regarding policies on Purchase Card use and professional memberships, and some payments were recorded to incorrect accounts. All were due to inattention of some staff to thoroughly review the transactions, understand the Chart of Accounts, or faithfully observe deadlines in policies.

Recommendations

We recommend that:

System Security and Law Enforcement

1. Instruct the staff and approving official to verify the billings and check all details for accuracy.

Operations

2. Remind staff to comply with Corporate and Professional Membership (HR 6) policy; prepare, submit, and obtain completed and approved forms before payment is made.
3. Instruct the Purchase Cardholder to observe their cost center's single purchase limit or request an adjustment in advance in writing from the Procurement P Card Administrator.
4. Check all invoices for accuracy before payment.
5. Require the Purchase Cardholder and Approving Official to comply with the pre-approval policy; the Cardholder should only make purchases which are pre-approved in writing.
6. Instruct all Purchase Card program participants involved in the reconciliation process to submit and approve the monthly statements in a timely manner.
7. Remind the Cardholder and Approving Official to charge P-Card purchases to the proper account.

Program Management and Information Technology Services

8. Ensure that correct accounts are used in all transactions. Remind staff to check the Chart of Accounts or consult with Accounting Department.

FINANCIAL IMPACT

There is no financial or budgetary impact by accepting the report, but compliance with the recommendations would contribute in minor respects to cost savings and controls.

EQUITY PLATFORM

There is no equity consideration or impact in this audit.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendations support strategic plan goal no. 5.2: Metro will exercise good public policy judgment and sound fiscal stewardship.

NEXT STEPS

Metro management will implement corrective action plans.

ATTACHMENTS

Attachment A: Final Report on Statutorily Mandated Audit of Miscellaneous Expenses for the Period January 1, 2021 to March 31, 2021 (Report No. 22-AUD-01)

Prepared by: Lorena Martinez, Assistant Auditor (Interim), (213) 244-7345
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Yvonne Zheng, Senior Manager, Audit, (213) 244-7301
George Maycott, Sr. Director, Special Projects (Interim), (213) 244-7310

Reviewed by: Karen Gorman, Inspector General, (213) 922-2975

**Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General**

**Statutorily Mandated Audit
of Miscellaneous Expenses
January 1, 2021 to March 31, 2021**

Report No. 22-AUD-01

September 07, 2021



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Metro

DATE: September 7, 2021

TO: Metro Board of Directors
Metro Chief Executive Officer

FROM: Yvonne Zheng, Senior Manager, Audit
Office of the Inspector General

SUBJECT: Final Report on Statutorily Mandated Audit of Metro Miscellaneous Expenses
January 1, 2021 to March 31, 2021 (Report No. 22-AUD-01)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from January 1, 2021 to March 31, 2021. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

We found that the transactions reviewed generally complied with Metro policies, were reasonable, and adequately supported by required documents. However, we noted the following issues on eight of the 48 expenses reviewed:

- Vendor charged Metro with incorrect sales tax
- Metro purchased same products but paid different prices
- Non-compliance with Purchase Card policy
- Non-compliance with Corporate & Professional Membership policy
- Purchase Card transactions were recorded to incorrect accounts

OBJECTIVES, METHODOLOGY AND SCOPE OF AUDIT

The objectives of the audit were to determine whether:

- Expenses charged were proper, reasonable, and in accordance with Metro policies and procedures
- Expenses had proper approval, receipts, and other supporting documentation
- Policies and procedures were adequate and followed to ensure that expenses were documented and accounted for properly

Statutorily Mandated Audit of Miscellaneous Expenses

January 1, 2021 to March 31, 2021

Office of the Inspector General

Report No. 22-AUD-01

To achieve the audit objectives, we performed the following procedures:

- Obtained and reviewed applicable policies and procedures
- Interviewed Metro personnel including staff in Accounting, Information Technology Services, Program Management, System Security and Law Enforcement, Vendor/Contract Management, and Operations
- Reviewed invoices, receipts, justification memos, and other supporting documents

This audit covered a review of Metro miscellaneous expenses for the period of January 1, 2021 to March 31, 2021. For this period, miscellaneous expenses totaled \$1,309,650¹ with 312 transactions. We selected 48 expense transactions totaling \$748,237 for detail testing. Twenty-nine of the expense transactions were randomly selected, six were selected due to their large dollar amounts, and 13 were selected to add more samples for Conferences/Seminars (Account 50915) and to sample other accounts. See Attachment A for details.

This audit was conducted in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable section is responsible for the accurate and timely processing of payment for miscellaneous expenses.

RESULTS OF AUDIT

The audit found that the transactions reviewed generally complied with policies, were reasonable, and adequately supported by required documents. However, we noted issues on the following eight transactions:

1. Vendor Charged Metro with Incorrect Sales Tax

In March 2019, Metro entered into a contract with Proforce Law Enforcement (Proforce) who provided firearms, accessories, and ammunition for the Agency's Transit Security Department.

¹ This total does not include transactions that were \$200 or less, offsetting debits/credits, and transactions from the OIG and Transit Court Departments.

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The contractor is based in Arizona but they have a local store in Brea, California where Metro Security Officers can pick up the items upon completion of registration.

The Contract No. DR128764000-60772/PO No. DR60772000 Modification No. 3 effective September 2, 2020 had a contract price of \$76,901. Proforce billed Metro each time Metro's Transit Security Officer picked up firearms, accessories, or ammunition. Our examination of randomly selected invoices found that three out of nine invoices applied sales tax incorrectly which resulted from the vendor's computation based on the old invoices. We expanded our testing to include all invoices paid to Proforce from the beginning of the contract through May 2021. We found that 24 out of 140 invoices had an incorrect computation of sales tax. The vendor calculated the sales tax based on the old invoices with a higher price; some invoices also had higher sales tax rate. Proforce agreed to refund Metro \$311 for the difference in sales tax. We informed Accounting, Vendor/Contract Management, and System Security and Law Enforcement about this matter.

It is important for the staff to check the invoices for all details to ensure that Metro pays the correct amount. The Project Manager stated that going forward, they will check the invoices for accuracy before submitting them for payment.

2. Metro Purchased Same Products but Paid Different Prices

Maintenance Instruction contracted with a vendor, Swagelok, to hold a "Train the Trainer" virtual training course in October 2020 for the proper installation of tube fittings for use in fueling the buses. As such, the department purchased materials from the same vendor which were used in training mechanics in Division 1, Division 5, and Central Maintenance Facility. The P-Card approving official asked the vendor to submit three separate quotes; thus, the vendor issued three invoices for a total amount of \$7,903 which were paid through Purchase Card.

The quotes for the training materials given by the vendor for the three divisions had the same unit price of \$6.80; however, when the vendor billed Metro, the invoice for Division 1 indicated a unit price of \$7.63 – a difference of \$0.83 per unit or \$249 for 300 units of tube fittings. The vendor explained that their system did not automatically update the price to reflect the quantity discount and the prices had to be entered in manually. They missed updating the price manually on the invoice for Division 1. The cost center will coordinate with the vendor for the credit in the price difference.

The staff and the Approving Official should verify all transactions charged to their P-Card for accuracy and validity.

3. Non-Compliance with Purchase Card Policy

All of the issues below (a to c) pertain to the same transaction charged to the P-Card of the Maintenance Instruction Department.

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a. Purchases in Excess of Limit

As discussed above, Maintenance Instruction purchased training materials from the same vendor who conducted the virtual training. The total purchase price of the training materials/supplies amounted to \$7,903; the cost center's single purchase limit, however, was only \$5,000.

While the training materials were ordered and used for three different divisions, this was still considered one transaction since the same type of product was ordered for the same business purpose and they were all charged to Cost Center 3250 – Maintenance Instruction. The P-Card approving official stated that they were unaware that they exceeded their single purchase limit since they were under the impression that purchases for separate locations were considered separate transactions.

Based on the P-Card policy, a written justification for increases on Single Purchase Limits and/or Monthly Cycle Limits must be submitted to the P-Card Program Administrator for approval before exceeding the purchase limit.

b. No Written Pre-Approval of P-Card Purchases

The Senior Bus Equipment Maintenance Instructor instructed the P-Cardholder to process the payment for virtual training and the training materials; however, we did not find any written pre-approval authorizing the transaction, or a written request and confirmation such as by email.

The P-Card policy requires that the “Approving Official must explicitly pre-approve all purchases made by Cardholders in writing. This may be done individually before each purchase, or by providing precise guidelines concerning types or categories of items, and/or by specifying the supplier(s) allowed, etc.”

The Approving Official stated that he will prepare a written pre-approval request form and send an email to the P-Cardholder to specify what purchases are routinely authorized. Thus, only “exception” purchases would need individual written pre-approval.

The P-Cardholder should only make purchases which are pre-approved in writing.

c. Late Submission and Approval of Purchase Card Reconciliation Package

The P-Cardholder submitted the November 2020 Purchase Card log and supporting documents for \$15,526.98 on December 17, 2020. It was electronically approved by the Senior Bus Equipment Maintenance Instructor on January 15, 2021.

The P-Card policy requires that the P-Card log/package should be approved and forwarded to Accounting by the 15th of the following month (i.e., December 15, 2020). Not turning in monthly statements on time is a violation of the policy.

Statutorily Mandated Audit of Miscellaneous Expenses

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The P-Cardholder explained that he had questions on some invoices and it took some time to receive the responses from the vendors and staff since some people were out of the office because of COVID-19. He added that the holiday season also contributed to the delay in the submission and approval of the P-Card statement.

The cost center requested that the approval notification be sent a second time to the approver a few days before the approval deadline. Accounting advised us that as they have completed the P-Card enhancements, starting with July 2021 statements, they are implementing courtesy reminder notices prior to statement due date/deadline and notices of delinquency after the due date/deadline. The request to approve will have a link for the approver and a delinquent notice will have a link for the approver again if the statement has already been submitted by the P-Card holder but has not yet been approved.

It is important that the P-Card summary and reconciliation package are submitted and approved in a timely manner to closely monitor the department's expenditures and budgets. If P-Cardholders are delinquent with their P-Card logs, their cost center's account balances are not current because they do not reflect all the purchases made. In addition, prompt submission of the P-Card statement and reconciliation package will give Accounting more time to review the transactions and ensure that purchases are made in accordance with Metro policy. All program participants involved in the reconciliation process should be reminded of the importance of ensuring a timely submittal and approval of the monthly statement.

4. Non-Compliance with Corporate & Professional Membership Policy

In February 2021, the P-Cardholder of Central Instruction - Maintenance paid the National Fire Protection Association (NFPA) \$996.99 for an employee's membership and for the NFPA Link Team Plan where Metro staff can access online seminars, among other benefits. However, the professional membership form was not submitted for management approval and documentation to the Training and Development Department.

Section 2.2 of the Corporate and Professional Membership (HR6) policy states "*The requesting employee must complete and submit to Training and Development (T&D) the Corporate and Professional Membership Information form, membership application or renewal notice, and method of payment (electronic check request or Purchase Card).*"

Corporate and Professional memberships benefit the Agency from participation in technical or industry trade organizations whose goals and objective are agency-related or a requirement for professional certification. Professional membership promotes professional development and helps the staff remain current with industry practices and business standards.

The approving official of the P-Card, who was also the NFPA member, stated that their non-compliance with the policy was "mainly due to oversight".

Statutorily Mandated Audit of Miscellaneous Expenses

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It is important to submit the required form to secure the approval of the member's supervisor and T&D. Each fiscal year, T&D makes the list of membership and in reviewing the number of requests for individual memberships, T&D can assist in obtaining group membership discount rates within the professional organization if they are available. It can also avoid paying for duplicate corporate memberships by multiple departments.

5. Purchase Card Transactions Were Recorded to Incorrect Accounts

a. Corporate membership recorded to different accounts

In February 2021, the P-Cardholder of Highway Capital (Cost Center 4710) renewed the Agency's membership with the Institute of Transportation Engineers (ITE) for 2021. The total cost of the public agency membership was \$4,000 for 38 current members across different cost centers.

The corporate membership fee was charged to nine cost centers; however, the transaction was recorded in eight cost centers to incorrect accounts: Professional Membership (50912) and Miscellaneous Expenses – Others (50999), instead of recording it to Corporate Membership (50905).

The P-Cardholder explained that she used different accounts because those were the account codes given to her by the cost centers.

b. Software license recorded as Miscellaneous Expenses – Others

The P-Cardholder of Information Management (Cost Center 9210) paid \$1,790 for a software license and erroneously recorded it as Miscellaneous Expenses – Others (50999), instead of Material and Supplies – Computer Equipment and Supplies (account 50432).

The P-Cardholder stated that he used account 50999 because it was a software license, and not tangible computer equipment. We explained to him that based on the Metro Chart of Accounts, account number 50432 is described as *“payment for computer equipment such as CPUs, monitors, printers, drives, modems, plotters, text scanners, software, and peripherals below the capitalization threshold and for computer expendable supplies, such as printer ink, ribbons, computer papers, green bar forms, and other computer forms.”*

c. Professional membership recorded as seminars

The membership to National Fire Protection Association (NFPA) for \$475.00 as mentioned in section number 4 above was erroneously recorded as Seminars/Conferences (account number 50915), instead of Professional Membership (account number 50912).

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The P-Cardholder recorded the transaction to the incorrect account because the payment for both membership and the NFPA link for online seminars was made at the same time.

It is important that transactions are recorded to the correct accounts for budget and monitoring purposes.

The staff and Approving Official should check the Chart of Accounts posted in Metro's intranet or consult with Accounting Department if they have questions regarding which expense account to use.

OBSERVATIONS

In the course of our audit, we made some observations when comparing the miscellaneous expenses for this quarter with the prior period and prior year as well as pre-pandemic vs. pandemic periods. (Note: All amounts were based on audit population.)

a. Current Quarter vs. Last Quarter Miscellaneous Expenses

Miscellaneous expenses increased from \$797,703 last quarter to \$1.31 million this quarter, an increase of almost \$512,000 or 64% over the prior quarter. This was mainly due to the following: (a) \$339,895 increase in advertising expense which includes almost a \$300,000 payment for "Metro's COVID-19 Response and "Return to Service" campaigns; and (b) increase in miscellaneous expense (account 50999) due to 30,000 TAP cards with two-day passes worth \$270,000 given to seniors to help them get to vaccine centers. Corporate membership decreased by \$124,645 but this was only due to a timing difference; Metro made payments after the temporary moratorium on miscellaneous expenses ended on October 1, 2020, including payment to APTA for \$146,500 for the period July 1, 2020 to June 30, 2021. Other accounts posted a minimal decrease compared to the prior quarter. See Table 1 below:

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January 1, 2021 to March 31, 2021**

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Table 1: Current Quarter vs. Last Quarter

Account	Jan-Mar 2021	Oct-Dec 2020	Increase (Decrease)
Advertising	\$ 572,451	\$ 232,556	\$ 339,895
Corporate Membership	79,779	204,424	(124,645)
Seminar and Conference Fee	32,170	(12,636) **	44,806
Miscellaneous *	596,972	304,156	292,816
Others (Business meals, travel, etc.)	28,278	69,203	(40,925)
Total	\$ 1,309,650	\$ 797,703	\$ 511,947
Increase over Prior Quarter			64%

*Miscellaneous (account number 50999) is used for miscellaneous expenses incurred that cannot be classified under accounts 50901 to 50940, including payments made to cover the expenditure of fines and penalties incurred by Metro, books and periodicals used in the normal operation of Metro's business, recruitment expenses, community outreach, postage, and others.

** Credit balance due to refund and other adjustments.

b. Current Quarter vs. Same Quarter of Last Year Miscellaneous Expenses

Miscellaneous expenses from January to March 2021 decreased by \$773,536 or 37% lower than the same quarter of last year. Except for miscellaneous expense (account # 50999), all expenses decreased in the current period. Significant decreases were seen in business travel which amounted to \$3,000 only for the current quarter, down by 99% from \$345,006 for the period of January to March 2020 (pre-pandemic); advertising decreased by \$353,608 or 38%. Miscellaneous expense (account # 50999) increased mainly due to the reason stated in the prior subsection a. See Table 2 below:

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Report No. 22-AUD-01

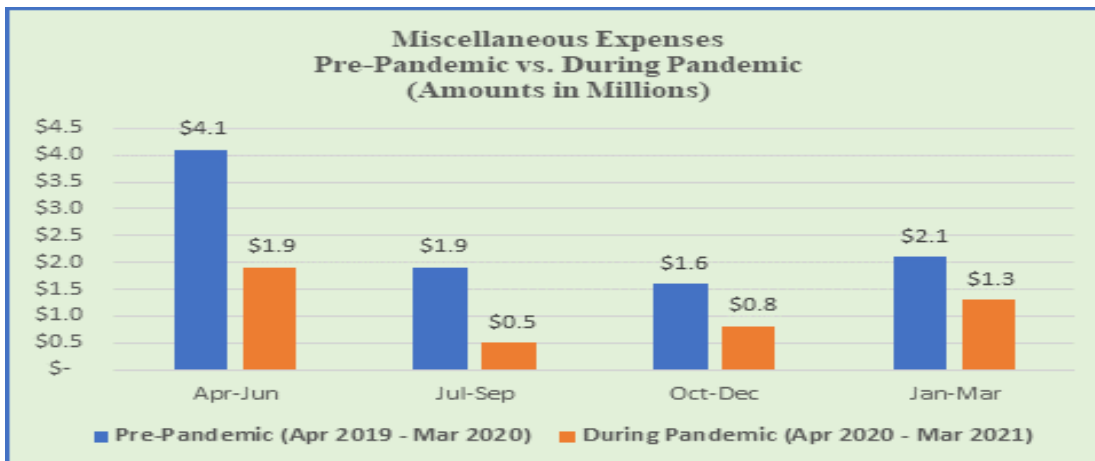
Table 2: Current Quarter vs. Same Quarter of Last Year

Account	Jan-Mar 2021	Jan-Mar 2020	Increase (Decrease)
Advertising	\$ 572,451	\$ 926,059	\$ (353,608)
Business Meals	2,912	46,842	(43,930)
Business Travel	2,730	345,006	(342,276)
Corporate Membership	79,779	152,433	(72,654)
FB Training	9,520	78,972	(69,452)
Professional Membership	10,435	32,656	(22,221)
Seminar and Conference Fee	32,170	130,014	(97,844)
Miscellaneous	596,972	341,659	255,313
Others (Employee activities, etc.)	2,681	29,545	(26,864)
Total	\$ 1,309,650	\$ 2,083,186	\$ (773,536)
Decrease from Same Quarter of Last Year			-37%

**c. Before Pandemic vs. During Pandemic Miscellaneous Expenses
(April 2020 to March 2021 vs. April 2019 to March 2020)**

Miscellaneous expenses for the period of April 2020 to March 2021 amounted to \$4.5 million or an average of \$1.1 million per quarter – with amounts ranging from \$484,000 to \$1.9 million per quarter. In contrast, prior to pandemic, total miscellaneous expenses from April 2019 to March 2020 amounted to almost \$10 million or an average of \$2.5 million per quarter. For the said period, miscellaneous expenses ranged from \$1.6 million to \$4 million per quarter. See Figure 1 below:

Figure 1: Miscellaneous Expenses Pre-Pandemic vs. During Pandemic



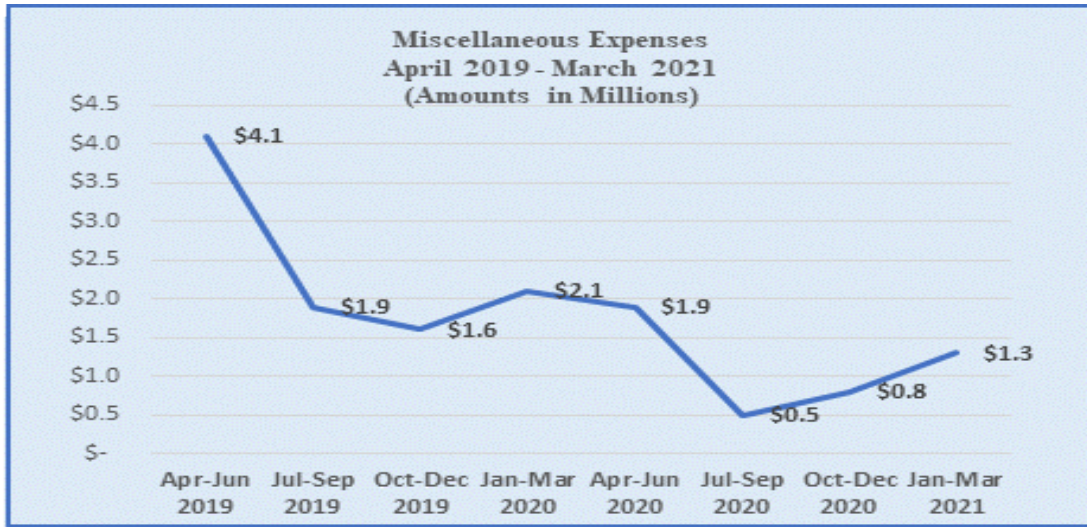
**Statutorily Mandated Audit of Miscellaneous Expenses
January 1, 2021 to March 31, 2021**

Office of the Inspector General

Report No. 22-AUD-01

Figure 2 below shows the spending trend for miscellaneous expenses from April 2019 to March 2021:

Figure 2: Miscellaneous Expenses Spending Trend April 2019 to March 2021



The significant reduction in spending during the pandemic period was mainly due to the employees' compliance with the former Chief Executive Officer's mandate for cost savings actions from April 20 to October 1, 2020. One of them was to cease expenditure in travel, seminar, business meals, training, membership, advertising, and other miscellaneous expenses. However, after the moratorium ended in October 2020, miscellaneous expenses have been trending upward.

We encourage everyone to continue to be diligent in modest spending especially with the current financial situation of the Agency.

CONCLUSION

The miscellaneous expenses we reviewed for the period of January 1, 2021 to March 31, 2021 generally complied with policies, were reasonable, and adequately supported by required documents. However, we found that for eight of the expenses reviewed, requirements were not followed regarding policies on Purchase Card use and professional memberships, and some payments were recorded to incorrect accounts. All were due to inattention of some staff to thoroughly review the transactions, understand the Chart of Accounts, or faithfully observe deadlines in policies.

Statutorily Mandated Audit of Miscellaneous Expenses

January 1, 2021 to March 31, 2021

Office of the Inspector General

Report No. 22-AUD-01

RECOMMENDATIONS

We recommend that:

System Security and Law Enforcement

1. Instruct the staff and approving official to verify the billings and check all details for accuracy.

Operations

2. Remind staff to comply with Corporate and Professional Membership (HR 6) policy; prepare, submit, and obtain completed and approved forms before payment is made.
3. Instruct the Purchase Cardholder to observe their cost center's single purchase limit or request an adjustment in advance in writing from the Procurement P Card Administrator.
4. Check all invoices for accuracy before payment.
5. Require the Purchase Cardholder and Approving Official to comply with the pre-approval policy; the Cardholder should only make purchases which are pre-approved in writing.
6. Instruct all Purchase Card program participants involved in the reconciliation process to submit and approve the monthly statements in a timely manner.
7. Remind the Cardholder and Approving Official to charge P-Card purchases to the proper account.

Program Management and Information Technology Services

8. Ensure that correct accounts are used in all transactions. Remind staff to check the Chart of Accounts or consult with Accounting Department.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On August 20, 2021, we provided Metro Management a draft report. On September 3, 2021, the management completed their responses that summarized their corrective actions, as shown in Attachment B.

**Statutorily Mandated Audit of Miscellaneous Expenses
January 1, 2021 to March 31, 2021**

Office of the Inspector General

Report No. 22-AUD-01

OIG EVALUATION OF MANAGEMENT RESPONSE

Metro Management's responses and corrective actions taken are responsive to the findings and recommendations in the report. Therefore, we consider all issues related to the recommendations resolved and closed based on the corrective actions taken.

Summary of Sampled Expenses Audited January 1, 2021 to March 31, 2021

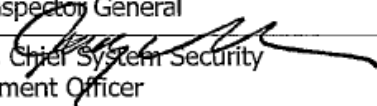
<i>Account</i>	<i>Account Description</i>	<i>Total Amount</i>	<i>Sample Amount</i>
50213	Training Program	\$ 9,520	\$ 7,568
50903	Business Meals	2,912	1,072
50905	Corporate Membership	79,779	300
50908	Employee Relocation	1,700	1,700
50910	Mileage and Parking	981	760
50912	Professional Membership	10,435	1,432
50914	Schedule Checkers Travel	0	0
50915	Seminar and Conference Fee	32,170	23,375
50917	Business Travel	2,730	1,053
50918	Advertising	572,451	294,925
50930	Employee Activities and Recreation	0	0
50999	Other Miscellaneous Expenses	<u>596,972</u>	<u>416,052</u>
	<i>Total</i>	<u>\$1,309,650</u>	<u>\$748,237</u>

Management Comments to Draft Report



Metro

Interoffice Memo

Date	August 31, 2021
To	Yvonne Zheng, Senior Manager, Audit Office of the Inspector General
From	Judy Gerhardt, Chief System Security & Law Enforcement Officer 
Subject	Statutorily Mandated Audit of Metro Miscellaneous Expenses – Report No. 22-AUD-01

OVERVIEW:

I have reviewed the results of the subject draft report and I concur with the recommendation. Specific response and corrective action to recommendation is provided below.

FINDING #1: Vendor Charged Metro with Incorrect Sales Tax

Recommendation:

1) Instruct the staff and approving official to verify the billings and check all details for accuracy.

Response: Agree – Transit Security Management has placed new processes and procedures in place to help eliminate the inadequate review of invoices. Two separate staff members will review invoices for accuracy prior to approving for payment.


Date of completion: On-going; reviews will be conducted with each invoice received.

Management Comments to Draft Report



Metro

Interoffice Memo

Date	September 3, 2021
To	Karen Gorman Inspector General
From	James T. Gallagher  Chief Operations Officer
Subject	Management Response to the Audit of Metro Miscellaneous Expenses (Report # 22- AUD-01)

Operations Management has received and reviewed the Audit of Metro Miscellaneous Expenses for transactions processed from January 2021 – March 2021 in the Bus Maintenance unit within Operations. The report includes the following recommendation:

- Remind staff to comply with Corporate and Professional Membership (HR 6) policy; prepare, submit, and obtain completed and approved forms before payment is made.

Response: Agree; Bus Maintenance has reminded staff to comply with our Corporate and Professional Membership (HR 6) policy. They understand that they must submit the required form to secure the approval of the member's supervisor and Talent & Development before paying any memberships on a P-card.

- Instruct the Purchase Cardholder to observe their cost center's single purchase limit or request an adjustment in advance in writing from the Procurement P Card Administrator.

Response: Agree; all Bus Maintenance Instruction p-card program participants have been advised that although they may be purchasing items for various divisions necessary for training, they must still comply with current p-card single purchase limits.

- Check all invoices for accuracy before payment.

Response: Agree; the department will remind P-card holders and approvers to check all invoices for accuracy before payment. Bus Maintenance Division 1 & Bus Maintenance Instruction has coordinated with the vendor for the credit in the price difference for training materials for tube fitting installation.

- Require the Purchase Cardholder and Approving Official to comply with the pre-approval policy; the Cardholder should only make purchases which are pre-approved in writing.

Response: Agree; The Cardholder and Approving Official are aware of routine purchases and have been advised that any exception purchases should only be made with pre-approvals in writing, in advance of such purchases.

Management Comments to Draft Report

6. Instruct all Purchase Card program participants involved in the reconciliation process to submit and approve the monthly statements in a timely manner.

Response: Agree; P-card program participants involved in the reconciliation process will be advised to submit and approve monthly statements in a timely manner. Specifically, this requires P-Card logs/packages to be approved and forwarded to Accounting by the 15th of the following month.

7. Remind the Cardholder and Approving Official to charge P-Card purchases to the proper account.

Response: Agree; P-Card program participants have been advised to ensure transactions are recorded to the correct accounts for budget and monitoring purposes.

CC: Yvonne Zheng, Sr. Mgr., Audit
Asuncion (Susie) Dimaculangan, Senior Auditor
Diane Corral-Lopez, EO, Operations Administration
James Pachan, Sr. EO, Bus Maintenance (Interim)
Nancy Alberto-Saravia, Director, Finance & Administration

Management Comments to Draft Report



Metro

Interoffice Memo

Date	August 31, 2021
To	Yvonne Zheng Sr Manager, Audit
From	Bryan Pennington <i>BWP</i> Chief Program Mgmt Officer (Interim)
Subject	Response to OIG Audit No. 22-AUD-01

This memo is in response to the Office of the Inspector General audit, 22-AUD-01, which found Program Management Purchase Card transactions were recorded to the incorrect account. Program Management agrees with the Office of the Inspector General (OIG) recommendation to remind staff to check the Descriptive Chart of Accounts or consult with the Accounting Department when allocating purchase card charges.

Program Management's corrective action:

An interoffice memo was sent via email on August 31, 2021, reminding all Program Management purchase card holders to refer to the Descriptive Chart of Accounts when preparing purchase card logs, and to contact Metro's Accounting Department for questions regarding account descriptions.

Please contact me at x27449 if you would like to discuss or require additional information.

Attachment:

August 31, 2021 Interoffice Memo to Program Management Purchase Card Holders

Management Comments to Draft Report


Metro

Interoffice Memo

Date	August 31, 2021
To	Program Management Purchase Card Holders
From	Bryan Pennington <i>BNP</i> Chief Program Mgmt Officer (Interim)
Subject	Descriptive Chart of Accounts

Metro's Office of the Inspector General recently conducted an audit and found Program Management charged the incorrect accounts in processing a Purchase Card transaction. I am reminding Program Management Purchase Card holders to refer to and follow the attached Descriptive Chart of Accounts. For questions regarding account descriptions, contact Metro's Accounting Department.

Attachement:
Descriptive Chart of Accounts – updated June 26, 2017

Management Comments to Draft Report


Metro

Interoffice Memo


Date	August 31, 2021
To	Yvonne Zheng, Senior Manager, Audit Office of the Inspector General
From	Bryan M. Sastokas, Chief Information Technology Officer
Subject	Audit of Metro Miscellaneous Expenses January 1, 2021 to March 31, 2021 (Report No. 22-AUD-01)

This memo is written in response to the recommendation addressed to ITS in the Audit of Metro Miscellaneous Expenses (Report No. 22-AUD-01).

Recommendation #8: Ensure that correct accounts are used in all transactions. Remind staff to check the Chart of Accounts or consult with Accounting Department.

Management's Response: We concur with your recommendation.

CC: Medik Ghazikhanian
Bill Balter
Joseph Hernandez
Al Martinez


 Bryan M. Sastokas
Digitally signed by Bryan M. Sastokas
Date: 2021.09.03 08:58:35 -0700

Final Report Distribution

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Metro

Chief Executive Officer
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Board Clerk
Inspector General
Chief Finance Officer
Chief Information Technology Officer
Chief Operations Officer
Chief Program Management Officer (Interim)
Chief System Security and Law Enforcement Officer
Chief Vendor/Contract Management Officer
Executive Officer, Finance/Controller
Executive Officer, Administration
Audit Support Manager
Manager, Records & Information Management

Audit of Miscellaneous Expenses
January to March 2021
OIG Report No. 22-AUD-01

Karen Gorman, Inspector General

October 20, 2021



Objectives

The objectives of the audit were to determine whether:

- Expenses charged were proper, reasonable, and in accordance with Metro policies and procedures
- Expenses had proper approval, receipts, and other supporting documentation
- Policies and procedures are adequate to ensure that expenses are documented and accounted for properly

Results

- Staff generally complied with Metro policies
 - Few exceptions on Purchase Card usage and payment of professional membership
- ❖ **OIG provided eight recommendations**





Board Report

File #: 2021-0605, **File Type:** Informational Report

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**FINANCE, BUDGET AND AUDIT COMMITTEE
OCTOBER 20, 2021**

SUBJECT: ACCESS SERVICES - QUARTERLY UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on Access Services - ADA Paratransit.

ISSUE

This is a quarterly update on Access Services (Access).

BACKGROUND

Access is the Los Angeles County transit agency that provides paratransit services on behalf of Metro and 45 other fixed route operators, as mandated by the Americans with Disabilities Act (ADA). Eligibility for Access is based on a person’s ability to utilize accessible fixed-route buses and trains in Los Angeles County; Access currently has 124,000 registered riders. Access’ paratransit service is a next-day, shared-ride, curb-to-curb service with additional assistance available to qualified individuals. The service operates throughout most of the County of Los Angeles and is operated by six contractors in the following regions: Eastern, Southern, West Central, Northern, Santa Clarita and Antelope Valley. Access provides service to customers who are traveling between locations that are located within 3/4 of a mile of local bus routes and rail lines. Customers call Access’ service providers directly to make trip reservations or can book trips online.

DISCUSSION

Recovering from the COVID-19 Pandemic

In FY22, Access has been operating its pre-pandemic, next-day, shared-ride service model. Access is also planning for the restart of its in-person eligibility process on December 1st.

The COVID-19 pandemic has led to some challenges in the transportation market. Qualified vehicle operators and other personnel are in short supply and the taxi industry, which provided 50 percent of Access’ trips pre-pandemic, has been slow to recover. Despite these headwinds, Access’ contractors

have been trying their best to recruit and retain qualified employees and, as of this writing, are meeting most operational KPIs.

FY22 Operational Performance

In FY22, through August 15th, Access has provided 267,010 trips, which is approximately 6 percent more than projected. This is about 60 percent of the number of trips provided during the same pre-pandemic period in 2019.

In FY18, the Access Board of Directors adopted additional key performance indicators (KPIs) to ensure that optimal and equitable levels of service are provided throughout the region. Overall system statistics are published monthly in a Board Box report. A comparison summary of the main KPIs is provided below through mid-August 2021:

Key Performance Indicator	Goal	FY21	FY22 (YTD)
On Time Performance (Next Day Trips)	≥ 91%	92.60%	91.5%
Excessively Late Trips (45+ min late)	≤ 0.10%	0.07%	0.05%
Excessively Long Trips	≤ 5%	0.50%	2.60%
Missed Trips	≤ 0.75%	0.36%	0.36%
Denials	≤ 0	4	1
On Time Performance (Access to Work)	≥ 94%	97.80%	96.10%
Average Initial Hold Time (Reservations)	≤ 120 sec	52	49
Calls On Hold > 5 Minutes (Reservations)	≤ 5%	2.20%	1.90%
Calls On Hold > 5 Minutes (ETA)	≤ 10%	1.50%	1.20%
Complaints Per 1,000 Trips	≤ 4.0	2.5	3.3
Preventable Incidents Per 100,000 Miles	≤ 0.25	0.15	0.29
Preventable Collisions Per 100,000 Miles	≤ 0.50	0.5	0.70
Miles Between Road Calls	≥ 25,000	64,040	59,930

Overall, despite the challenges mentioned above, service remains strong. The increase in Excessively Long Trips, while well below standard, reflects the reintroduction of shared rides and increased traffic congestion. The increase in preventable incidents and collisions reflects an increase in passengers and traffic. Contractors who do not meet certain KPIs must provide a service improvement plan and are also assessed liquidated damages.

Working with Community Partners

Parents with Disabilities Implementation: With the beginning of the school year, Access has launched the Parents with Disabilities program countywide. The program, originally a pilot program in the Northern Region (San Fernando Valley), is specifically designed for Access customers who are parents or guardians to help get their children to school on time in the mornings and pick their children up from school in the afternoon. After the first few weeks of operation, the program is running well with high customer satisfaction. Currently, there are twenty-seven Access customers qualified for the program.

Virtual Community Meeting: On Saturday, July 30, Access staff hosted two virtual community meetings via Zoom. Both Spanish and English language meetings were held. The agenda included an operations update and overview; information on Eligibility and Renewals; updates on the Where's My Ride App, and a Customer Service presentation. At the same time, Access riders were given the opportunity to ask questions of Access staff. More than eighty members of the public participated. Another community meeting is planned for the November/December timeframe.

Metro Micro Meeting: A number of Access staff joined staff from Metro's Office of Civil Rights and Inclusion on a tour of the new Metro Micro service. After a briefing and Q & A session, staff were able to book a trip and ride the service. Access staff believes Metro Micro could provide many Access customers with an accessible, convenient transit option and looks forward to working with Metro Micro staff on marketing this service to their customers.

Access continues to consult on a variety of issues with its community and public agency partners, including the Aging and Disability Transportation Network (ADTN), the Los Angeles City and County Commissions on Disabilities, Rancho Los Amigos National Rehabilitation Center and various Metro departments. Feedback and suggestions from these groups and Access' own Community Advisory Committee (CAC) and Transportation Professionals Advisory Committee continue to inform the Agency's policies.

FINANCIAL IMPACT

There is no financial impact.

EQUITY PLATFORM

By federal mandate, Access paratransit exclusively serves people with disabilities so decisions made about its services will have an equity impact. In general, decisions by the Access Services Board of Directors to enhance Key Performance Indicators (KPI) and technology offerings have improved services to Access customers thus improving equity outcomes for people with disabilities in Los Angeles County, many of whom are minority and low-income individuals. The enhanced KPIs are included in every Access operations contract to ensure equitable service throughout the County. The enhanced technology, which includes online reservations and the Where's My Ride application (real-time trip information/trip rating/customer comments via smartphone), are now available to most Access customers and Access is working to expand access to all customers by the end of this year. Riders who do not have access to technology like a smart phone or the internet can call the reservation line to get the same information regarding their trips. More recently, the decision to expand the Parents with Disabilities program to the entire county will also improve equity outcomes. Access customers who need assistance to transport their child to and from school or school activities can now utilize this program to ensure equitable educational opportunities for their children.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Goal 2: Deliver outstanding trip experiences for all users of the transportation system
Goal 3: Enhance communities and lives through mobility and access to opportunity

NEXT STEPS

Access is in the process of completing the following:

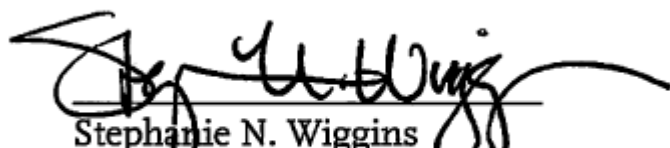
- A restart of its in-person eligibility process;
- An Agency strategic plan and Diversity, Equity and Inclusion plan;
- An analysis of the impact of Metro's NextGen plan on the Access service area;
- Enhancements to the *Where's My Ride* (WMR) app using \$330,000 Mobility for All federal grant funds;
- Beta testing online reservations in the Northern region (San Fernando Valley);
- Awarding a paratransit operations contract for the Antelope Valley operational region;
- Implementation of a recently-awarded paratransit operations contract in the Southern operational region.

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QUARTERLY UPDATE

Finance, Budget & Audit Committee
October 20, 2021

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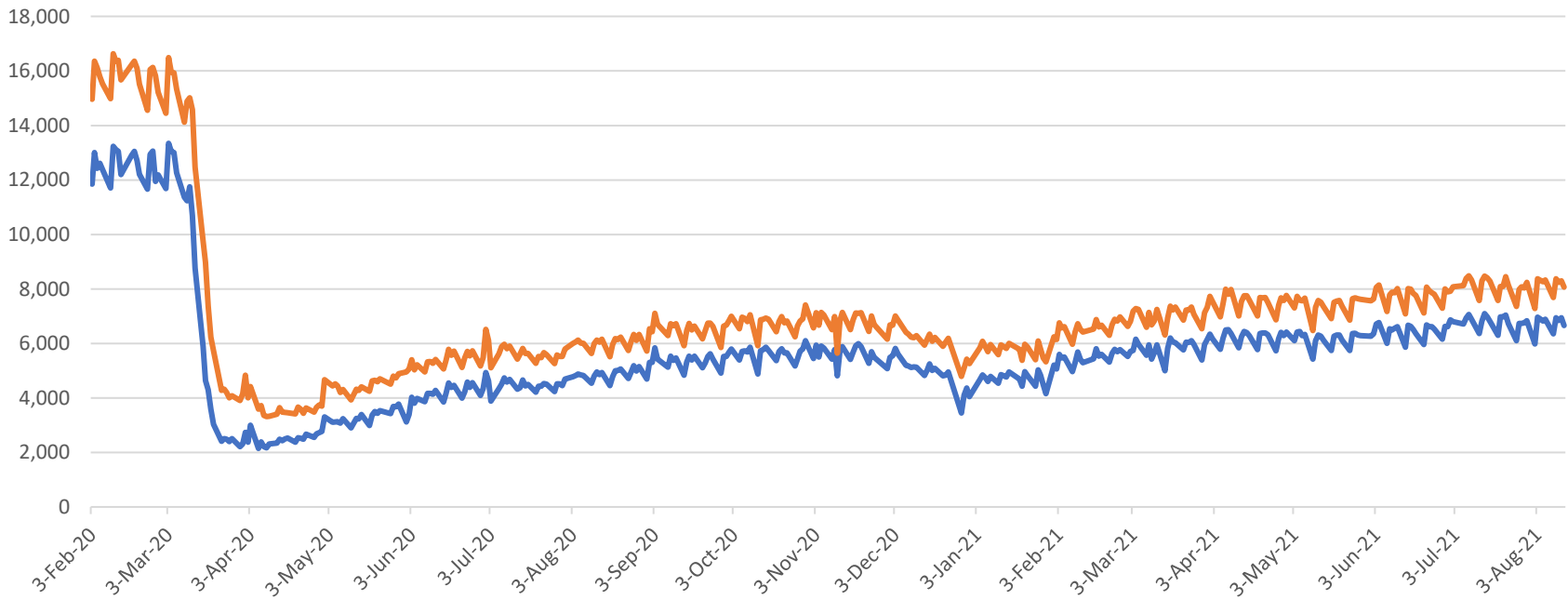
RESPONSE to COVID-19 Pandemic

- > Operating pre-pandemic, next-day, shared-ride service model
 - > Face coverings required for all riders and drivers
- > Qualified vehicle operators and other personnel are in short supply
 - > Taxi industry has been slow to recover
- > Initial service decline from 11,600 to 2,500 trips/day
 - > Ridership has recovered to 60% of normal

IMPACTS **On Ridership**

Weekday Trip Volume

Completed Booked



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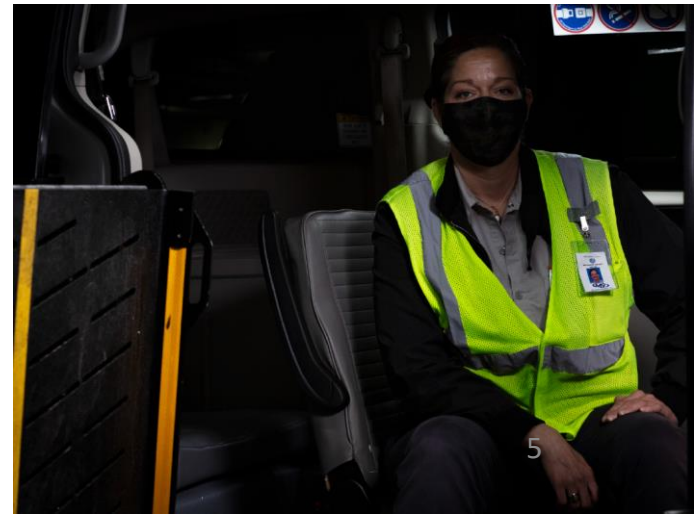
AGENCY Performance Goals

Key Performance Indicator	Goal	FY21	FY22 (YTD)
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SERVING the Community

- > Parents with Disabilities Implementation
 - > Launched with the beginning of the school year, designed to help Access customers who are parents or guardians get their children to school on time in the mornings and pick their children up from school in the afternoon.
- > Virtual Community Meetings
 - > Hosted via Zoom on July 30, over 80 members of the public participated.

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AGENCY Update / Next Steps

- > Analyze impact of Metro's NextGen plan on Access' service area.
- > Enhancements to the Where's My Ride (WMR) app using \$330,000 Mobility for All federal grant funds.
- > Beta testing online reservations in the Northern region (San Fernando Valley).
- > Restart of the in-person eligibility process.
- > Award a paratransit operations contract for the Antelope Valley operational region.

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