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Agenda - Final

Wednesday, October 19, 2022

1:30 PM

To give written or live public comment, please see the top of page 4

Finance, Budget and Audit Committee

Kathryn Barger, Chair
Holly J. Mitchell, Vice Chair
Paul Krekorian
Tim Sandoval
Gloria Roberts (Interim), 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.

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Upon request, sign language interpretation, materials in alternative formats and other accommodations are available to the public for MTA-sponsored meetings and events. All requests for reasonable accommodations must be made at least three working days (72 hours) in advance of the scheduled meeting date. Please telephone (213) 922-4600 between 8 a.m. and 5 p.m., Monday through Friday. Our TDD line is (800) 252-9040.

LIMITED ENGLISH PROFICIENCY

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

NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

Live Public Comment Instructions:

Live public comment can only be given by telephone.

The Committee Meeting begins at 1:30 PM Pacific Time on October 19, 2022; 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#
Spanish Access Code: 4544724#

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:

Los comentarios publicos en vivo solo se pueden dar por telefono.

La Reunion de la Junta comienza a las 1:30 PM, hora del Pacifico, el 19 de Octubre de 2022. Puedes unirte a la llamada 5 minutos antes del comienso de la junta.

Marque: 888-251-2949 y ingrese el codigo
Codigo de acceso en ingles: 8231160#
Codigo de acceso en espanol: 4544724#

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 Instruction:

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, 13, and 14.

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

CONSENT CALENDAR

12. SUBJECT: MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE SELECTION 2022-0688

RECOMMENDATION

APPROVE Paul Rajmaira, the recommended nominee for the Measure M Independent Taxpayer Oversight Committee for area of expertise E, management of large-scale construction projects.

Attachments: Attachment A - Committee Membership Requirements
Attachment B - Selection Panel Guidelines
Attachment C - Biography

13. SUBJECT: AUDIT SERVICES BENCH 2022-0641

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. AWARD eight (8) task order-based bench Contract Nos. PS86611000 through PS86611007, for Audit Support Services to the firms listed below, for a total not-to-exceed amount of $7,142,240 for the initial three-year base term, plus $2,476,605 for the first, one-year option and $2,526,140 for the second, one-year option for a total not-to-exceed cumulative amount of $12,144,985, effective January 1, 2023, subject to resolution of protest(s), if any; and

Discipline 1: Staff Augmentation

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. Talson Solutions, LLC
5. TAP International, Inc.
6. The Lopez Group, LLP
7. Vasquez & Company, LLP

B. EXECUTE or DELEGATE the execution of Task Orders under these contracts within the approved not-to-exceed cumulative value of $12,144,985.

Attachments: Attachment A - Procurement Summary
Attachment B - List of Recommended Contractors
Attachment C - DEOD Summary

14. SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE PERIOD OF APRIL 1, 2022 TO JUNE 30, 2022 2022-0681

RECOMMENDATION

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period of April 1, 2022 to June 30, 2022.

Attachments: Attachment A - Final Report on Misc. Expenses April - June 2022
Presentation

NON-CONSENT

15. SUBJECT: CALIFORNIA SB1 STATE OF GOOD REPAIR PROGRAM 2022-0667

RECOMMENDATION

APPROVE the Resolution in Attachment A to:

A. AUTHORIZE the Chief Executive Officer (CEO) or designee to claim $36,485,158 in fiscal year (FY) 2022-23 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 FY22-23 (Attachment B); 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 and Distribute LA County SGR Funds
Attachment B - Submitted Project Listing From Metro and Municipal Operators

16. SUBJECT: ACCESS SERVICES - QUARTERLY UPDATE 2022-0666

RECOMMENDATION

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

Attachments: Presentation

SUBJECT: GENERAL PUBLIC COMMENT 2022-0711

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

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2022-0688, **File Type:** Appointment **Agenda Number:** 12.

FINANCE, BUDGET AND AUDIT COMMITTEE
OCTOBER 19, 2022

SUBJECT: MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE SELECTION

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

APPROVE Paul Rajmaira, the recommended nominee for the Measure M Independent Taxpayer Oversight Committee for area of expertise E, management of large-scale construction projects.

ISSUE

The Measure M Committee consists of seven members representing various areas of expertise. In April 2022, the professional in the Area of expertise E - management of large-scale construction projects resigned due to a change in residence. This action seeks to fill the resulting vacancy.

BACKGROUND

The Measure M Ordinance (Ordinance), approved by voters in November 2016, requires the establishment of a Measure M Independent Taxpayer Oversight Committee of Metro ("Committee") to provide an enhanced level of accountability for expenditures of sales tax revenues made under the Expenditure Plan. The Committee carries out the responsibilities laid out in the Ordinance and plays a valuable and constructive role in the ongoing improvement and enhancement of project delivery contemplated under the Measure M Ordinance. See Attachment A for Committee requirements.

The Committee is comprised of seven members representing the following areas of expertise:

A. A retired Federal or State judge;

B. A professional from the field of municipal/public finance and/or budgeting with a minimum of ten (10) years of relevant experience;

C. A transit professional with a minimum of ten (10) years of experience in senior-level decision making in transit operations and labor practices;

D. A professional with a minimum of ten (10) years of experience in management and administration of financial policies, performance measurements, and reviews;

E. A professional with demonstrated experience of ten (10) years or more in the management of large-scale construction projects;

F. A licensed architect or engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten (10) years of relevant experience; and

G. A regional association of business representative with at least ten (10) years of senior-level decision making experience in the private sector.

The Measure M Ordinance states that the Selection Panel consisting of Metro's Board Chair, Vice Chair, and Second Vice Chair or their designees shall select the Committee Members for approval. The Selection Panel developed guidelines to solicit, collect, and review applications of potential candidates for membership on the Committee.

The Metro Board shall approve the recommended candidates for Independent Taxpayer Oversight Committee Membership by a simple majority per the selection panel guidelines (Attachment B).

DISCUSSION

As stipulated in the guidelines, in September 2022, staff presented the candidate to the Selection Panel for review and approval. The Selection Panel reviewed the candidate's qualifications and recommended that the candidate be approved for the Committee. The candidate is an engineering and construction executive with experience in leading teams across multiple disciplines in the construction field. See Attachment C for additional details on the candidate's qualifications and background.

Currently, there are three vacant positions on the Committee. Approval of the staff recommendation will result in two vacant positions. Staff has also continued efforts to fill the remaining vacancies in specialty area A and B, retired federal or state judge and professional in municipal/public finance and/or budgeting, respectively. Public Relations staff recently released a press release to hundreds of media outlets and issued a Source article on Metro.net. informing the public that Metro is currently recruiting members to serve on the Committee.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not negatively impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Approving the recommended action brings no financial impact to the agency.

EQUITY PLATFORM

Responsible and transparent stewardship of taxpayer dollars is an important component of equitable governance. This action will fill a vacant position on this oversight committee. There is no adverse equity impact anticipated with this action.

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 as the Committee was established to ensure that Metro and local sub-recipients comply with the terms of the Ordinance.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the recommended member for the Committee and re-solicit applications. This is not recommended as it would limit the number of members on the Committee and increase the likelihood of not obtaining the quorum necessary to review and discuss important Measure M matters. This may impact the ability to provide an enhanced level of accountability for expenditures of sales tax revenues made under the Expenditure Plan.

NEXT STEPS

Upon approval, staff will schedule an orientation session for the selected member. In addition, staff will continue recruitment efforts to fill vacancies in the areas of expertise A, a retired federal or state judge, and expertise B, a municipal financial/budget professional.

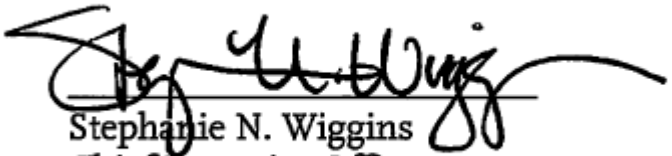
ATTACHMENTS

Attachment A - Committee Membership Requirements
Attachment B - Selection Panel Guidelines
Attachment C - Candidate Bio

Prepared by: Lauren Choi, Deputy Executive Officer, Administration (Interim), (213) 922-3926

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

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101



Stephanie N. Wiggins
Chief Executive Officer

ATTACHMENT A

Measure M Independent Taxpayer Oversight Committee Membership

Requirements:

Committee Members shall be comprised of seven (7) voting members representing the following professions or areas of expertise:

A. A retired Federal or State judge
B. A professional from the field of municipal/public finance and/or budgeting with a minimum of ten (10) years of relevant experience
C. A transit professional with a minimum of ten (10) years of experience in senior-level decision making in transit operations and labor practices
D. A professional with a minimum of ten (10) years of experience in management and administration of financial policies, performance measurements, and reviews
E. A professional with demonstrated experience of ten (10) years or more in the management of large-scale construction projects
F. A licensed architect or engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten (10) years of relevant experience
G. A regional association of businesses representative with at least ten (10) years of senior-level decision making experience in the private sector

The intent is to have one member representing each of the specified areas of expertise. If, however, after a good faith effort, qualified individuals have not been identified for one (1) or more of the areas of expertise, then no more than two (2) members from one (1) or more of the remaining areas of expertise may be selected.

The members of the Committee must reside in Los Angeles County and be subject to conflict of interest provisions. No person currently serving as an elected or appointed city, county, special district, state, or federal public officeholder shall be eligible to serve as a member of the Committee.

The Committee members shall be subject to Metro's conflict of interest policies. The members shall have no legal action pending against Metro and are prohibited from acting in any commercial activity directly or indirectly involving Metro, such as being a consultant to Metro or to any party with pending legal actions against Metro during their tenure on this Committee. Committee members shall not have direct commercial interest

Measure M Independent Taxpayer Oversight Committee Membership

or employment with any public or private entity, which receives sales tax funds authorized by this Ordinance.

Each member of the Committee shall serve for a term of five (5) years, and until a successor is appointed, except that initial appointments may be staggered with terms of three (3) years. A Committee member may be removed at any time by the appointing authority. Term limits for Committee members will be staggered to prevent significant turnover at any one time. There is no limit as to the number of terms that a Committee member may serve. Members will be compensated through a stipend and they may choose to waive.

Any member may, at any time, resign from the Committee upon written notice delivered to the Metro Board. Acceptance of any public office, the filing of intent to seek public office, including a filing under California Government Code Section 85200, or change of residence to outside the County shall constitute a Member's automatic resignation.

ATTACHMENT B

Selection Panel Guideline
Measure M Independent Taxpayer Oversight Committee

Independent Taxpayer Oversight Committee Selection

I. Solicitation/Outreach

Metro's Communications Department will be responsible for developing an outreach plan to solicit applicants for the Measure M Independent Taxpayer Oversight Committee which requires the following seven (7) areas of expertise:

A. A retired federal or state judge.
B. A professional from the field of municipal/public finance and/or budgeting with a minimum of ten (10) years of relevant experience.
C. A transit professional with a minimum of ten (10) years of experience in senior-level decision making in transit operations and labor practices.
D. A professional with a minimum of ten (10) years of experience in management and administration of financial policies, performance measurements, and reviews
E. A professional with demonstrated experience of ten (10) years or more in the management of large-scale construction projects.
F. A licensed architect or engineer with appropriate credentials in the field of transportation project design or construction and a minimum of ten (10) years of relevant experience.
G. A regional association of businesses representative with at least ten (10) years of senior-level decision making experience in the private sector.

Management Audit Services will partner with Information Technology Services and Communications in the maintenance and update of the Independent Taxpayer Oversight Committee Webpage that links to the Measure M website. The Independent Taxpayer Oversight Committee Webpage will include the purpose, responsibilities, membership of the Committee including eligibility requirements as stipulated in the Ordinance, vacancies and recruitment information at a minimum. The website will also include links to the full Ordinance and online application; as well as a centralized email address for applicant inquiries. Inquiries on the application will be forwarded to the respective department or personnel and response time will be within three to five business days.

II. Application Process

Management Audit Services in partnership with various business units within Metro will develop the draft application questions for the Selection Panel's input and approval. Once approved, the questions will be converted to an online application. The online application and bulletin will be approved by the Selection Panel prior to posting on the Independent Taxpayer Oversight Committee Webpage which links to the Measure M website. The application will be open to the public for at least sixty (60) days to allow for adequate outreach.

III. Collection of Applications

Submitted application forms will be collected using the online application process approved by the Selection Panel. At the end of at least the 60 day period of online application process, a summary of applications received together with the completed

applications and associated attachments will be turned in to the Selection Panel within seven business days after the online application closes. The summary will include but will not be limited to:

1. Total applicants received including areas of expertise that they applied for,
2. Total applicants that meet the eligibility requirements per area of expertise applied for, and
3. Total applicants that did not meet the eligibility requirements per area of expertise applied for.

IV. Selection Panel's Review of Applications

The Selection Panel, which will consist of Metro's Board Chair, Vice Chair, and second Vice Chair or designees, will be responsible for reviewing applications received from eligible applicants and for screening the applicants. The Panel shall recommend potential candidates for the Independent Taxpayer Oversight Committee membership to the Metro Board for approval. The successful candidates will receive notification from the Selection Panel at least three weeks prior to Metro Board Meeting.

V. Board Approval

Once the Selection Panel recommends the final candidates, it will be added as an agenda item for the Metro Board Meeting. The recommended candidates for Independent Taxpayer Oversight Committee Membership shall be approved by the Metro Board by a simple majority.

VI. Term

Each member of the Independent Taxpayer Oversight Committee shall serve for a term of five (5) years, and until a successor is appointed, except that initial appointments may be staggered with terms of three (3) years. A Committee member may be removed at any time by the appointing authority. Term limits for Committee members will be staggered to prevent significant turnover at any one time. There is no limit as to the number of terms that a Committee member may serve.

Six (6) months prior to expiration of term, the Selection Panel will convene to determine if there is any need to replace any of the Committee members. The Selection Panel will also confirm whether the incumbent Committee members still wish to serve for additional term(s).

VII. Compensation

Members will be compensated through a stipend, the amount of which is approved by the Metro Board. Members may choose to waive stipend.

VIII. Resignation/Replacement of Committee Members

Any member may, at any time, resign from the Committee upon written notice delivered to the Metro Board. Acceptance of any public office, the filing of intent to seek public office,

including a filing under California Government Code Section 85200, or change of residence to outside Los Angeles County shall constitute a Member's automatic resignation.

The filling of membership vacancies, due to removals and reappointments will follow the above procedures in this Guideline.

IX. Committee Orientation

Management Audit Services will work with various departments to prepare an orientation handbook and presentation will conduct the orientation at least one month prior to the first scheduled Independent Taxpayer's Oversight Committee.

X. Establishment of Committee Officers and Bylaws

Subsequent to the orientation, the Independent Taxpayer's Oversight Committee may elect to develop their own bylaws including rules for the establishment of Committee Officers (e.g. Chair, Vice Chair, etc.) including a rotation schedule for these positions.

Paul Rajmaira

Paul Rajmaira is Commercial Manager on the LAX Automated People Mover (APM) project within Fluor's Infrastructure business line. The APM project is a $2B lump-sum design-build public-private partnership (P3) that will connect the Los Angeles Airport central terminal area with two intermodal transit facilities and a consolidated rental car center. In his role, Paul oversees the Project Controls, Supply Chain, Finance, Document Control, and Information Technology functions.

Paul has 22 years of diverse experience in project management, operations, sales, contract management, finance, and risk management. His design-build and EPC experience spans the Energy & Chemicals, Operations & Maintenance, and Infrastructure businesses.

Prior to joining Fluor, Paul served in various roles overseeing shipboard operations and engineering as a surface warfare officer in the US Navy stationed in San Diego.

Paul has a bachelor's degree in Electrical Engineering from the United States Naval Academy and a MBA from the University of Illinois at Urbana-Champaign.

Paul and his family reside in Los Angeles, California. In their free time, they enjoy the outdoors, cooking, and traveling.

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Project Leadership Challenge

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2022-0641, **File Type:** Contract **Agenda Number:** 13.

FINANCE, BUDGET, AND AUDIT COMMITTEE
OCTOBER 19, 2022

SUBJECT: AUDIT SERVICES BENCH

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. AWARD eight (8) task order-based bench Contract Nos. PS86611000 through PS86611007, for Audit Support Services to the firms listed below, for a total not-to-exceed amount of $7,142,240 for the initial three-year base term, plus $2,476,605 for the first, one-year option and $2,526,140 for the second, one-year option for a total not-to-exceed cumulative amount of $12,144,985, effective January 1, 2023, subject to resolution of protest(s), if any; and

Discipline 1: Staff Augmentation

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise

1. BCA Watson Rice, LLP
2. Qiu Accountancy Corporation
3. Simpson and Simpson, LLP
4. Talson Solutions, LLC
5. TAP International, Inc.
6. The Lopez Group, LLP
7. Vasquez & Company, LLP

B. EXECUTE or DELEGATE the execution of Task Orders under these contracts within the approved not-to-exceed cumulative value of $12,144,985.

ISSUE

Management Audit Services Department (Management Audit) has a recurring need for consulting and assurance services

provided by certified public accounting (CPA) firms and other specialty firms. They provide consulting services relating to a broad range of audits and reviews, including: complete the Board approved annual audit plan, assist with management requested assignments, support fluctuating workload requirements, and conduct large and/or complex audits. The multiple award agreement (bench) is necessary for two primary reasons: to provide specialized expertise and to augment staff.

Staff recommends awarding contracts to eight (8) firms to serve this bench contract under two disciplines: Staff Augmentation and Subject Matter Expertise. These services will be performed on an as-needed basis for which task orders will be issued.

DISCUSSION

Metro is required to comply with Generally Accepted Government Auditing Standards (GAGAS). GAGAS has a due professional care standard which requires Management Audit 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 when a sudden influx of time sensitive audits exceeds available resources. Outsourcing can be used depending on the complexity of the audit, if the specialized skillset is not available in-house or independence is required by laws and regulations including the Measure M annual financial and compliance audits. Audits that normally fall under this requirement include information technology audits and specialized audits such as construction projects and processes including cost estimating.

Since this is a multiple award agreement, no firm has been guaranteed any work. The recommended not to exceed amount of $12,144,985 is estimated for work needed in the next three years and two, one-year options. The projected services are based upon historical work outsourced for audit services and identified for outsourcing in the FY23 audit plan, in addition to utilization of the bench by other departments.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Management Audit has requested $502,506 for this agreement in the proposed mid-year FY23 budget in cost center 2510 - Management Audit, under project 100001 - General Overhead. Since this is a multi-year agreement, the cost center managers and other Executive Officers will be accountable for budgeting future costs.

Impact to Budget

The source of funds for Project 100001 is General Overhead funds, comprised of Federal, State and local funds. This fund is eligible for bus and rail operating costs.

EQUITY PLATFORM

The Audit Services Bench contracts provide business opportunities for eight firms. The Diversity and Economic Opportunity Department (DEOD) established a 30% Disadvantaged Business Enterprise (DBE), 27% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. All Primes met or exceeded the DBE/SBE/DVBE goals.

To ensure maximum opportunity for participation in this contract, this solicitation was advertised through periodicals of general circulation, posted on Metro's Vendor Portal, and an e-mail notice to

SBE firms with applicable NAICS codes. The Proposal Evaluation Team (PET) was diverse and comprised of different department personnel with various backgrounds to comprehensively evaluate proposers and subconsultants to determine the most qualified teams.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support the Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization as the Audit Services Bench will allow the MAS to conduct specialized and time sensitive audits in a responsive manner in support of the agency's projects, programs, and initiatives.

ALTERNATIVES CONSIDERED

Two alternatives were considered. One alternative would be to hire additional full-time staff to perform the 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. Further, 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. In addition, because of the frequency of task orders typically issued, this would require a substantial amount of procurement processing time.

NEXT STEPS

Upon Board approval, staff will execute the bench contracts.

ATTACHMENT

A. Procurement Summary
B. List of Recommended Contractors
C. DEOD Summary

Prepared by: Lauren Choi, Sr. Director, Audit, (213) 922-3926
Debra Avila, Deputy Chief Vendor/Contract Management Officer, (213) 418-3051

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101

Stephanie N. Wiggins
Chief Executive Officer

ATTACHMENT A

PROCUREMENT SUMMARY

AUDIT SERVICES BENCH / PS86611000 - PS86611007

1.	**Contract Number**: PS86611000 through PS86611007	
2.	**Recommended Vendors**: See Attachment B	
3.	**Type of Procurement (check one):** ☐ **IFB** ☒ **RFP** ☐ **RFP–A&E** ☐ **Non-Competitive** ☐ **Modification** ☐ **Task Order**	
4.	**Procurement Dates**:	
	A. Issued: April 29, 2022	
	B. Advertised/Publicized: April 29, 2022	
	C. Pre-Proposal Conference: May 10, 2022	
	D. Proposals Due: June 9, 2022	
	E. Pre-Qualification Completed: September 19, 2022	
	F. Conflict of Interest Form Submitted to Ethics: July 7, 2022	
	G. Protest Period End Date: October 24, 2022	
5.	**Solicitations Picked up/Downloaded**: 41	**Bids/Proposals Received**: 13
6.	**Contract Administrator**: **Antonio Monreal**	**Telephone Number**: **(213) 922-4679**
7.	**Project Manager**: **Monica Del Toro**	**Telephone Number**: **(213) 922-7494**

A. Procurement Background

This Board Action is to establish the audit services bench contracts for a five-year term, inclusive of a three-year base term and two, one-year option terms. The contracts shall be effective January 1, 2023, with a cumulative total amount not-to-exceed $12,144,985. The bench is intended to provide audit services involving two disciplines: (1) staff augmentation and (2) subject matter expertise services. Board approval of contract award is subject to resolution of any properly submitted protest.

Audit services shall be performed on an “as-needed” basis and work shall be authorized through the issuance of task orders for either staff augmentation or subject matter expertise.

On April 29, 2022, Request for Proposals (RFP) No. PS86611 was issued as a competitive procurement in accordance with Metro’s Acquisition Policy and the contract type is a firm-fixed unit rate.

A virtual pre-proposal conference was held on May 10, 2022. Seven questions were received, and Metro provided responses prior to the proposal due date.

One amendment was issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on May 27, 2022, extended the proposal due date.

A total of 41 firms downloaded the RFP and were included on Metro's planholders' list. A total of 13 proposals from eight firms were received by the due date of June 9, 2022, and are listed below in alphabetical order, per discipline:

Discipline 1: Staff Augmentation
1. BCA Watson Rice Western Region, LLP
2. Qiu Accountancy Corporation
3. Simpson & Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise
1. BCA Watson Rice Western Region, LLP
2. CPC Financial Services
3. Qiu Accountancy Corporation
4. Simpson & Simpson, LLP
5. Talson Solutions, LLC
6. TAP International, Inc
7. The Lopez Group, LLP
8. Vasquez & Company LLP

B. Evaluation of Proposals

Discipline 1: Staff Augmentation

A Proposal Evaluation Team (PET) consisting of staff from Management Audit Services and Office of Inspector General was convened and conducted a comprehensive technical evaluation of the proposals received. The proposals were evaluated based on the following:

Phase I Evaluation – Minimum Qualification Review: This is a pass/fail criteria. The criteria focused on the proposer's license to practice public accounting in California and experience in providing auditing and accounting services, and the Prime contractor's compliance with Generally Accepted Government Auditing Standards (GAGAS) within the last three years as determined through latest Peer Review Reports.

On July 6, 2022, the PET met to review the evaluation criteria package, process confidentiality and conflict of interest forms, and take receipt of the five proposals to initiate the evaluation phase.

On July 29, 2022, the PET reconvened and determined that all proposals received met the minimum qualification requirements and proceeded with Phase II- Technical Evaluation based on the following criteria and weights:

- Proposer's Qualifications and Experience 20 percent

- Management Plan and Understanding of Work 30 percent
- Experience and Qualifications of Key Personnel 30 percent
- Cost Proposal 20 percent

The evaluation criteria are appropriate and consistent with criteria developed for similar audit services. Several factors were considered in developing these weights, giving the greatest importance to management plan and understanding of work and experience and qualifications of key personnel.

Evaluations were conducted from July 6, 2022, through July 29, 2022. At the conclusion of the evaluations, the PET determined that all five firms met the competitive range and were determined to be responsive, responsible, and qualified to perform the services based on the RFP's requirements. The five firms are listed below in alphabetical order.

1. BCA Watson Rice Western Region, LLP
2. Qiu Accountancy Corporation
3. Simpson & Simpson, LLP
4. TAP Financials, LLP
5. The Lopez Group, LLP

Discipline 2: Subject Matter Expertise

A Proposal Evaluation Team (PET) consisting of staff from Management Audit Services and Office of Inspector General was convened and conducted a comprehensive technical evaluation of the proposals received.

Proposals were evaluated based on the following criteria stated in the RFP:

- Proposer's Qualifications and Experience 50 percent
- Experience and Qualifications of Key Personnel 20 percent
- Management Plan and Understanding of Work 30 percent

The evaluation criteria are appropriate and consistent with criteria developed for similar services. Several factors were considered in developing these weights, giving the greatest importance to Proposer's qualification and experience.

On July 6, 2022, the PET met to review the evaluation criteria package, process confidentiality and conflict of interest forms, and take receipt of the eight proposals to initiate the evaluation phase. Evaluations were conducted from July 6, 2022, through August 17, 2022.

On August 17, the PET reconvened and determined that of the eight proposals received, one firm was outside of the competitive range and was not included for further consideration. The seven firms within the competitive range are listed below in alphabetical order.

1. BCA Watson Rice Western Region, LLP
2. Qiu Accountancy Corporation
3. Simpson & Simpson, LLP
4. Talson Solutions, LLC
5. TAP International, Inc
6. The Lopez Group, LLP
7. Vasquez & Company LLP

Following the conclusion of the evaluations for both disciplines, staff conducted negotiations and fact finding for various cost elements with all of the recommended firms.

C. Cost/Price Analysis

Each proposer submitted fully burdened hourly rates for labor classifications necessary to perform staff augmentation and subject matter expertise services, respectively. The negotiated rates have been determined to be fair and reasonable based on price analysis, cost analysis, technical evaluation, fact-finding, and negotiations.

Work for this Bench Contract will be authorized through the issuance of individual task orders. Task orders for each discipline will contain a specific scope of service and will be competed among the firms on the bench.

D. Background on Recommended Contractors

BCA Watson Rice Western Region, LLP

BCA Watson Rice Western Region, LLP (BCA) is a certified public accounting partnership formed in 2013 and is located in Torrance, CA. BCA provides performance, contract, grant and compliance audit services. BCA predominantly services state, local, regional, and federal government agencies, including Orange County Transportation Authority, Riverside County Transportation Commission, Alameda Corridor Transportation Authority and Metrolink. BCA has been on Metro's audit services bench since 2008, under the name of Thompson, Cobb, Bazilio, Inc., and performance has been satisfactory.

BCA is a Metro-certified small business enterprise.

Qiu Accountancy Corporation

Qiu Accountancy Corporation (Qiu), located in Pasadena, CA, has been providing performance, financial and compliance audits for more than 25 years. Government clients include the City of Los Angeles, County of Los Angeles and California Department of Transportation (CALTRANS). Qiu has been on Metro's audit services bench since 2001 and performance has been satisfactory.

Qiu is a Metro-certified small business enterprise.

Simpson & Simpson, LLP

Simpson & Simpson LLP (Simpson & Simpson) was founded in 1976 and is headquartered in Los Angeles, CA. It is a local public accounting firm providing auditing, accounting, management consulting, and tax services to local government and nonprofit organizations. Clients include the Los Angeles Unified School District, City of Los Angeles Department of Water and Power, and South Coast Air Quality Management District. Simpson & Simpson has been on Metro's audit services bench since 2001 and performance has been satisfactory.

Talson Solutions, LLC

Talson Solutions, LLC (Talson) is headquartered in Philadelphia, PA and has been in business for over ten years. It specializes in capital project consulting, construction audit, advisory and compliance services, and quality management and assurance reviews. Clients include Denver International Airport, Central Puget Sound Regional Transit Authority (Sound Transit), New Orleans Regional Transit Authority, and Federal Transit Administration (FTA). Talson has been on Metro's audit services bench since 2017 and performance has been satisfactory.

Talson is a disadvantaged business enterprise (DBE).

TAP Financials, LLP

TAP Financials LLP (TAP Financials), located in Pasadena, CA, was established in 2016. It is a certified public accounting company, specializing in compliance and contract auditing. Clients include City of Santa Clara Tourism Improvement District, City of Beverly Hills, Bay Area Rapid Transit District, and San Diego Gas & Electric. TAP Financials is new to Metro but its subcontractor, Tap International, Inc., has been on Metro's audit service bench since 2014 and performance has been satisfactory.

TAP Financials is a disadvantaged business enterprise (DBE).

TAP International, Inc.

TAP International, Inc (TAP International) was established in 2011 and is located in Pasadena, CA. It specializes in providing performance audits, internal audits, compliance audits, and management consulting. Clients include Metro, Santa Clara Valley Water District, City of Santa Clara, City of Pasadena, and Bay Area Rapid Transit District. TAP International has been on Metro's audit services bench since 2014 and performance has been satisfactory.

TAP International is a Metro-certified small business enterprise and a disadvantaged business enterprise (DBE).

The Lopez Group, LLP

The Lopez Group, LLP (The Lopez Group), headquartered in Temecula, CA, is a full-service accounting, auditing, tax, consulting and management firm. It brings over 65 years of public practice experience. It conducts financial audits, performance audits, attestation, staff augmentation, and consulting services. Government clients include Department of Labor, Office of Inspector General, Department of Energy, and Federal Transit Administration. The Lopez Group has been providing audit services to Metro since 1996 and performance has been satisfactory.

The Lopez Group is a Metro-certified small business enterprise.

Vasquez & Company LLP

Vasquez & Company is located in Glendale, CA and has been in business since 1969. It specializes in indirect cost rate audits, incurred cost audits, revenue, and general audit service. Clients include Alameda Corridor Transportation Authority, Los Angeles World Airports, Pomona Valley Transportation Authority, and Sunline Transit Agency. Vasquez & Company has been on Metro's audit services bench since 2003 and performance has been satisfactory.

ATTACHMENT B

LIST OF RECOMMENDED CONTRACTORS

AUDIT SERVICES BENCH / PS86611000- PS86611007

CONTRACT NO.	FIRM	DISCIPLINES	
		STAFF AUGMENTATION	SUBJECT MATTER EXPERTISE
PS86611000	BCA Watson Rice Western Region, LLP	Y	Y
PS86611001	Qiu Accountancy Corporation	Y	Y
PS86611002	Simpson & Simpson, LLP	Y	Y
PS86611003	Talson Solutions, LLC		Y
PS86611004	TAP Financials, LLP	Y	
PS86611005	TAP International, Inc.		Y
PS86611006	The Lopez Group, LLP	Y	Y
PS86611007	Vasquez & Company LLP		Y

DEOD SUMMARY

AUDIT SERVICES BENCH / PS86611000 - PS86611007

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 30% Disadvantaged Business Enterprise (DBE), 27% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. DBE, SBE, and DVBE participation will be based on the aggregate value of all task orders issued.

There are eight Primes on the bench. Three of the eight Primes are both DBE and SBE certified. One Prime is SBE certified only, and one Prime is DBE certified only. All Primes met or exceeded the DBE/SBE/DVBE goals. The commitments for each Bench participant are provided below.

Prime: BCA Watson Rice (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE* Commitment	DVBE* Commitment
1.	BCA Watson Rice (SBE Prime)		-	97%	-
2.	Williams Adley & Company LLP	African American	30%	-	-
3.	Logic Technology Group LLC	-	-	-	3%
	Total Commitment		**30%**	**97%**	**3%**

Prime: Qui Accountancy (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	QIU Accountancy (SBE/DBE Prime)	Asian Pacific American	100%	97%	-
2.	JGTaxPro	-	-	-	3%
	Total Commitment		**100%**	**97%**	**3%**

Prime: Simpson and Simpson LLP (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	QIU Accountancy	Asian Pacific American	30%	30%	-
2.	Dennis Nelson CPA APC	-	-	-	3%
	Total Commitment		**30%**	**30%**	**3%**

Prime: Talson Solutions, LLC (Discipline 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	Talson Solutions, LLC (DBE Prime)	African American	30%	90%	3%
	Total Commitment		**30%**	**90%**	**3%**

Prime: TAP International (Discipline 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	TAP International (SBE/DBE Prime)	Caucasian Female	30%	27%	-
2.	DVBE Technology Group	-	-	-	3%
	Total Commitment		**30%**	**27%**	**3%**

Prime: TAP Financial (Discipline 1)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	TAP International	Caucasian Female	30%	30%	-
2.	DVBE Technology Group	-	-	-	3%
	Total Commitment		**30%**	**30%**	**3%**

Prime: The Lopez Group (Discipline 1 & 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	The Lopez Group (SBE/DBE Prime)	Hispanic American	100%	97%	3%
	Total Commitment		**100%**	**97%**	**3%**

Prime: Vasquez Company (Discipline 2)

	DBE/SBE/DVBE Subcontractors	Ethnicity	DBE Commitment	SBE Commitment	DVBE Commitment
1.	BCA Watson Rice		-	27%	-
2.	Amerit Consulting	-	-	-	3%
3.	Williams Adley & Company LLP	African American	30%	-	-
	Total Commitment		**30%**	**27%**	**3%**

***The SBE/DVBE program is race and gender neutral.**

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. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2022-0681, **File Type:** Informational Report **Agenda Number:** 14.

FINANCE, BUDGET, AND AUDIT COMMITTEE
OCTOBER 19, 2022

SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE PERIOD OF APRIL 1, 2022 TO JUNE 30, 2022

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period of April 1, 2022 to June 30, 2022.

ISSUE

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from April 1, 2022 to June 30, 2022. 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 April 1, 2022 to June 30, 2022. For this period, miscellaneous expenses totaled $4,154,394 with 879 transactions. We selected 55 expense transactions totaling $719,687 for detail testing.

DISCUSSION

Findings

The miscellaneous expenses we reviewed for the quarter of April 1 to June 30, 2022 generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we found three issues during the audit: (1) Goods were delivered to employee's home address, (2) incorrect meal per diem was inadvertently reported on Travel and Business Expense (TBE) Report, and (3) a late submission of TBE Report.

The staff explained that their non-compliance with the policy was due to oversight and staff turnover.

The Office of the Inspector General provided recommendations to address the issues.

Recommendations

We recommend the following:

Accounting

1. Update Travel and Business Expense (FIN 14) policy to limit goods eligible for reimbursement through Travel and Business Expense Report to be delivered to a Metro business address unless prior written approval is received from the approving official.

County Counsel

2. Ensure administrative staff leaving the department complete or transfer to replacement staff the processing of Travel and Business Expense Report in a timely manner.

Human Capital and Development (Workforce Services) and Operations (Expresslanes)

3. Remind staff to thoroughly review the Travel and Business Expense (TBE) Report for accuracy to ensure that the traveler is reimbursed correctly for legitimate business expense.

4. Confirm the newly implemented electronic notification process to notify travelers who have not submitted their TBE reports is working.

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

It is OIG's opinion that 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 April 1, 2022 to June

30, 2022 (Report No. 23-AUD-02)

Attachment B: PowerPoint Presentation

Prepared by: Asuncion Dimaculangan, Senior Auditor, (213) 244-7311
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Reviewed by: Karen Gorman, Inspector General, (213) 922-2975

ATTACHMENT A
LEGISTAR FILE # 2022-0681

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

Statutorily Mandated Audit of Miscellaneous Expenses April 1, 2022 to June 30, 2022

Report No. 23-AUD-02

September 28, 2022

Metro

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Los Angeles County
Metropolitan Transportation Authority

Metro

Office of the Inspector General
818 West 7th Street, Suite 500
Los Angeles, CA 90017

213.244.7300 Tel
213.244.7318 Fax

DATE: September 28, 2022

TO: Metro Board of Directors
Metro Chief Executive Officer

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

E-SIGNED by Yvonne Zheng
on 2022-09-28 09:25:40 PDT

SUBJECT: Final Report: Statutorily Mandated Audit of Metro Miscellaneous Expenses
April 1, 2022 to June 30, 2022 (Report No. 23-AUD-02)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from April 1, 2022 to June 30, 2022. 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 were adequately supported by required documents. However, we noted the following issues on three of the sampled expenses reviewed:

- Goods delivered to employee's home address
- Incorrect meal per diem on Travel and Business Expense (TBE) Report
- Late submission of TBE Report

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; and
- Policies and procedures were adequate and followed to ensure that expenses were documented and accounted for properly.

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

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel including staff in Accounting, County Counsel, Communications, Human Capital and Development, Operations, Program Management, System Security and Law Enforcement, and Vendor/Contract Management; and
- Reviewed invoices, receipts, justification memos, and other supporting documents.

This audit covered a review of Metro miscellaneous expenses for the period of April 1, 2022 to June 30, 2022. For this period, miscellaneous expenses totaled $4,154,394[1] with 879 transactions. We selected 55 expense transactions totaling $719,687 for detail testing. Thirty-one (31) of the expense transactions were randomly selected, seven (7) were selected due to their large dollar amounts, and seventeen (17) were selected to add more samples for seminars and conference fees 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 transactions:

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

1. Goods Delivered to Employee's Home Address

In June 2022, the Manager of Cost Center 5110 (Accounting) used her personal credit card to purchase materials and supplies, mostly from Amazon, which would be used for the department's Year End Retreat/Team Building on September 29, 2022. She was reimbursed $2,719.80 upon submission of a Travel and Business Expense Report. Some items were shipped to Gateway; however, most items were shipped to the employee's home address.

The employee explained that "*the purchases were shipped to my billing address as my team and I were teleworking or out of the office during the estimated delivery dates and not in the office to receive the goods."* She said that all items have been received and stowed in their storage room at Gateway. She added that prior to the audit, she had been advised by her Management that all items must be sent directly to Metro offices and will ensure that all future purchases are coordinated accordingly.

While there is no specific provision in the Travel and Business Expense (FIN 14) and Teleworking (HR 19) policies prohibiting delivery of goods to non-Metro address, Metro's Purchase Card program does. The Purchase Card Program policy states that when placing an order, staff should "*arrange to have the packages delivered to the Cardholder's Metro business location only."* The employee did not violate those policies.

However, Metro should consider if it is prudent to indicate in FIN14 and/or HR19 whether it will impose restrictions or procedures for TBA reimbursements similar to the P-Card policy. The most secure method is to follow the same procedures as the P-Card policy requires which is for all such items to be delivered to Metro business locations only to ensure purchases are accounted for and are safe, secured and controlled in a Metro business location. However, based on modern telecommuting practices, some additional flexibility might be considered.

2. Incorrect Meal per Diem on Travel and Business Expense Report

Metro's Deputy Chief Operations Officer attended the Intelligent Transportation Society of California Annual Conference in Burlingame, California from May 15 to 18, 2022. She submitted her Travel and Business Expense (TBE) report with a total reimbursable amount of $703.30, which included $172.00 for meals.

During the conference, breakfast and lunch were provided to the attendees. The Travel and Business Expense (FIN 14) policy states that meals included in conference registration fees occurring while on travel status will reduce the total daily meal reimbursement.

However, we found that the TBE Report erroneously included a meal per diem of $38.50 on May 18, 2022, instead of $20.50, to reduce the amount for lunch provided in the conference. The current per diem for lunch in California as provided by the U.S. General Services Administration is $18.00.

The Senior Administrative Analyst informed us that she completed the TBE report on behalf of the traveler and inadvertently included the per diem for lunch. Upon our request, the traveler paid back $18.00 to Metro and stated that they will more closely review the guidelines and their submission in the future.

The traveler, the preparer and the Travel Program Administrator should thoroughly review the TBE Report for accuracy to ensure that the traveler is reimbursed correctly for business expenses in accordance with Metro's policies.

3. Late Submission of Travel and Business Expense Report

Metro's Deputy County Counsel attended the Southern California Eminent Domain Conference in San Diego, California from March 3 to 4, 2022. However, Accounting did not receive her Travel and Business Expense (TBE) Report with reimbursable expenses of $1,409.93 until June 21, 2022, which was more than three months after the date of returning from the travel.

The Travel and Business Expense (FIN 14) policy requires that the "*TBE Report must be completed, approved and delivered to the Travel Program Administrator within 30 calendar days of the date of returning from travel, or from date of credit card statement.*"

The Deputy County Counsel explained *"I submitted all of my travel documents to my administrative assistant by 3/21/22 and was under the impression it had all been submitted timely until I sent a follow up email to check the status and found out it was not yet submitted."* She stated that the delay was due to staff turnover during that time. She also said the administrative assistant was reassigned to another division and there were complications in finding out how the new staff could submit the report.

In our prior audit report, Audit of Miscellaneous Expenses, January 1 to March 31, 2020, (Report No. 21-AUD-01), we recommended that Human Capital and Development coordinate with Information Technology Services for the implementation of the electronic notification process so travelers who have not submitted their TBE reports are notified. We reiterated this recommendation in our Audit of Miscellaneous Expenses, April 1 to June 30, 2021 (Report No. 22-AUD-03). The Manager of Workforce Services informed us that the electronic notification process is now implemented in August of this year. The manager stated, "*With the implementation of notifications and the Executive Directive by the CEO memo, that TBEs submitted over 30 days require CEO approval, I am certain we will see more [timely submittal of TBEs] come through in the next coming weeks.*"

To ensure financial accountability and accuracy for Metro employee travel, Metro's Chief Financial Officer issued an agency-wide memo on July 21, 2022, revising the Travel & Business Expense (FIN 14) policy so that all TBE reports must be approved by the Chief Executive Officer (CEO) or designee if they have not been submitted within 30 days after travel.

This amendment to the FIN 14 policy should result in a more timely submission of TBE Reports to ensure accountability of travel expenses. This will promote expenses being recorded in the proper accounting period in order for the department's budget balances to be updated.

OBSERVATION

Comparison of Miscellaneous Expenses for the Current Period with Prior Period/Year

In the course of our audit, we noted the following when comparing the miscellaneous expenses for prior quarters and fiscal years. (Note: All amounts were based on audit population.)

a. Current Quarter (FY22 Q4) vs. Prior Quarter (FY22 Q3) Miscellaneous Expenses

Miscellaneous expenses this quarter increased by $3.4 million or more than four times as compared to the prior quarter. This was mainly attributed to the increase of almost $3 million in advertising expenses for Metro Micro, Bus Operator Recruitment Campaign, Transit Watch, Rail Safety Programs Campaign, and others. In June, the end of Metro's fiscal year (FY), the cost centers accrued advertising expenses budgeted for FY 2022.

Account # 50999 (miscellaneous) which is also a component of Miscellaneous expenses, also increased by $281,134 due to payments for various subscriptions as well as sponsorship in various events such as Leimert Park Juneteenth Festival, Long Beach Juneteenth Celebration, and others. See Table 1 below.

Table 1: Current Quarter vs. Prior Quarter

Account	Apr-Jun 2022	Jan-Mar 2022	Increase (Decrease)
Advertising	$ 3,014,383	$ 172,558	$ 2,841,825
Business Meals	53,894	18,883	35,011
Business Travel	183,540	22,014	161,526
Corporate Membership	184,048	192,334	(8,286)
Professional Membership	14,673	12,483	2,190
Seminar and Conference Fee	133,625	64,788	68,837
Miscellaneous (50999) *	537,924	256,790	281,134
Others (Mileage and Parking, etc.)	32,307	19,538	12,769
Total	**$ 4,154,394**	**$ 759,388**	**$ 3,395,006**
Increase Over Prior Quarter			**447%**

*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. (Source: Metro's Descriptive Chart of Accounts)

b. Current Quarter (FY22 Q4) vs. Same Quarter of Prior Year (FY21 Q4) Miscellaneous Expenses

Miscellaneous expenses for the current quarter posted an increase of about $200,000 or 5% as compared to the same quarter of FY 21. This was brought about by an increase in Business Travel and account # 50999 (miscellaneous). See Table 2 below.

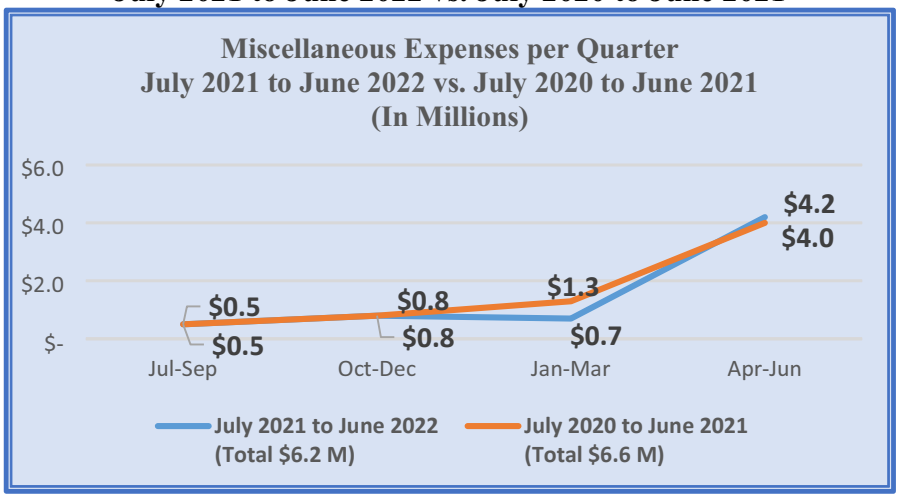
Table 2: Current Quarter vs. Same Quarter of Prior Year

Account	Apr-Jun 2022	Apr-Jun 2021	Increase (Decrease)
Advertising	$ 3,014,383	$ 3,162,947	$ (148,564)
Business Meals	53,894	2,446	51,448
Business Travel	183,540	17,476	166,064
Corporate Membership	184,048	298,579	(114,531)
Professional Membership	14,673	18,625	(3,952)
Seminar and Conference Fee	133,625	59,466	74,159
Miscellaneous (50999) *	537,924	385,221	152,703
Others (Mileage & Parking, etc.)	32,307	16,346	15,961
Total	**$ 4,154,394**	**$ 3,961,106**	**$ 193,288**
Increase Over Same Quarter of Prior Year			**5%**

c. July 2021 to June 2022 (FY 22) vs. July 2020 to June 2021 (FY 21)

Miscellaneous expenses of $6.2 million for FY 22 posted a decrease of $400,000 or 6% as compared with $6.6 million in FY 21. This was mainly due to lower advertising expenses of $3.5 million in the current fiscal year as compared with $4 million in the prior fiscal year. See Figure 1.

Figure 1: Miscellaneous Expenses per Quarter
July 2021 to June 2022 vs. July 2020 to June 2021

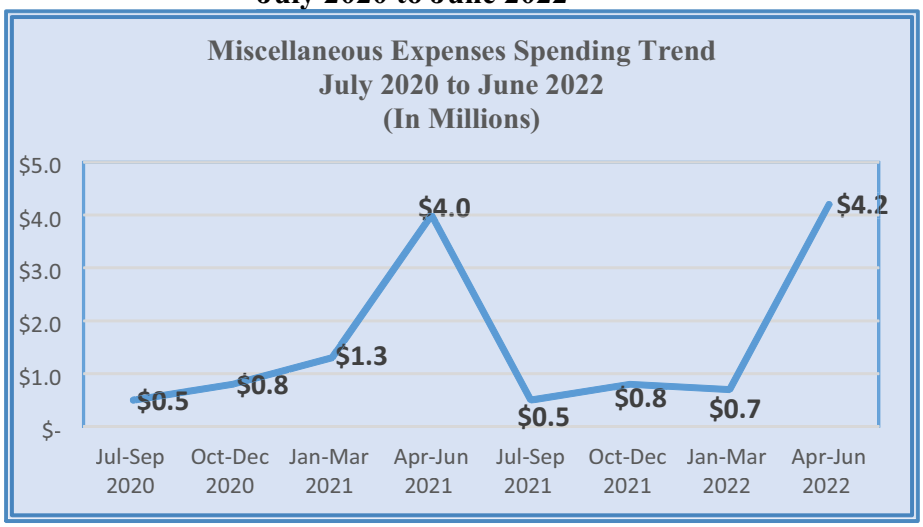


Miscellaneous expenses for the first two quarters in FY 21 and FY 22 (i.e. quarters ended September 30 and December 31) posted the same amounts at approximately $500,000 and $800,000, respectively.

As shown in Figure 1, miscellaneous expenses increased significantly at the end of each fiscal year due to accruals made in June to record expenses, especially advertising, which were budgeted in respective years.

Figure 2 shows the spending trend for miscellaneous expenses for the last two years:

Figure 2: Miscellaneous Expenses Spending Trend
July 2020 to June 2022



As discussed in the section Observation (a**)** above, out of $4.2 million expenses for the quarter ended June 30, 2022, $3 million or 71% was spent for advertising on media campaigns on Metro Micro, Bus Operator Recruitment Campaign, Transit Watch, Rail Safety Programs campaign, and others. Similarly, for the quarter ended June 30, 2021, out of $4 million miscellaneous expenses, $3.2 million or 80% was spent on advertising.

CONCLUSION

The miscellaneous expenses we reviewed for the quarter of April 1 to June 30, 2022 generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we found three issues during the audit: (1) Goods were delivered to an employee's home address, (2) incorrect meal per diem was inadvertently reported on Travel and Business Expense (TBE) Report, and (3) a late submission of TBE Report.

The staff explained that their non-compliance with the policy was due to oversight and staff turnover.

The Office of the Inspector General provided recommendations to address the issues.

RECOMMENDATIONS

We recommend the following:

Accounting

1. Update Travel and Business Expense (FIN 14) policy to limit goods eligible for reimbursement through Travel and Business Expense Report to be delivered to a Metro business address unless prior written approval is received from the approving official.

County Counsel

2. Ensure administrative staff leaving the department complete or transfer to replacement staff the processing of Travel and Business Expense Report in a timely manner.

Human Capital and Development (Workforce Services) and Operations (Expresslanes)

3. Remind staff to thoroughly review the Travel and Business Expense (TBE) Report for accuracy to ensure that the traveler is reimbursed correctly for legitimate business expenses.

4. Confirm the newly implemented electronic notification process to notify travelers who have not submitted their TBE reports is working.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On September 20, 2022, we provided Metro Management a draft report. By September 27, 2022, Metro Management had submitted their responses summarizing their corrective actions as shown in Attachment B.

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
April 1, 2022 to June 30, 2022

Account	*Account Description*	*Audit Population*		*Sample Amount*
50213	Training Program	$ 18,140		$ 7,154
50903	Business Meals	53,894		37,931
50905	Corporate Membership	184,048		139,768
50908	Employee Relocation	9,996		9,996
50910	Mileage and Parking	4,171		363
50912	Professional Membership	14,673		1,727
50914	Schedule Checkers Travel <a>	0		0
50915	Seminar and Conference Fee	133,625		31,511
50917	Business Travel	183,540		7,821
50918	Advertising	3,014,383		390,037
50930	Employee Activities & Recreation <b>	0		0
50999	Other Miscellaneous Expenses	537,924		93,379
	Total	**$4,154,394**	<c>	**$719,687**

<a> Excluded from audit population; transactions were less than $200.
<b> No expenses incurred for this quarter.
<c> This total does not include transactions that were less than $200, offsetting debits/credits, and transactions from the OIG and Transit Court Departments.

Management Comments to Draft Report

Metro Interoffice Memo

Date	October 3, 2022
To	Yvonne Zheng Senior Manager Audit Office Inspector General
Through	Nalini Ahuja Chief Financial Officer
From	Jesse Soto Jesse Soto SR. Executive Officer. Finance/Controller
Subject	Response to OIG Draft Report on Statutorily Mandated Audit of Micellaneous Expenses April 1, 2022 to June 30, 2022 (Report No. 23-AUD-02)

OVERVIEW

I have reviewed the results of the subject draft report, and I concur with your recommendation.

PROPOSED CORRECTIVE ACTIONS

I recognize that the Travel and Business Expense (FIN #14) policy be updated to limit goods eligible for reimbursement through the Travel and Business Expense report to be delivered to a Metro business address. The update will be like the P-Card policy that requires for all such items to be delivered to Metro business locations to ensure purchases are accounted for and safe, secured and controlled in a Metro business location.

- In response to the recommendation, the update to the FIN #14 policy will be done by December 31, 2022. The Senior Director of Accounting, Accounting Operations section will oversee the implementation.

Should you have any questions, please feel free to call me.

Thank you.

CC: Juan Cordero, SR. Director, Accounting
Alice Tran, MGR, Administration & Finance Services
Ernest Ruben, Principal Transportation Planner
Don Howey, EO Administration (Interim)

Management Comments to Draft Report

Metro

Interoffice Memo

Date	**September 27, 2022**
To	**Karen Gorman** **Inspector General**
From	**Charles M. Safer** CMS **Assistant County Counsel**
Subject	**Management Response to the Audit of Metro Miscellaneous Expenses April 1, 2022 to June 30, 2022 (Report No. 23-AUD-02)**

County Counsel has received and reviewed the Audit of Metro Miscellaneous Expenses for transactions processed from April 2022 – June 2022. The report includes the following recommendation for County Counsel.

Recommendation: Ensure administrative staff leaving the department complete or transfer to replacement staff the processing of Travel and Business Expense Report in a timely manner.

Response: Agree with recommendation: As of the date of this memo, County Counsel staff have been reminded to submit Travel and Business Expense Reports ("TBE Reports") in a timely manner to the Travel Program Administrator, and no later than 30 days of the date returning from travel or from date of the credit card statement. In addition, County Counsel administrative staff have been instructed to complete or transfer to other staff, the processing of TBE Reports prior to leaving the department.

CC: Yvonne Zheng, Sr. Mgr., Audit
Asuncion Dimaculangan, Sr. Auditor, Inspector General
George Maycott, Sr. Director, Special Projects

Management Comments to Draft Report

Metro Interoffice Memo

Date	September 23, 2022
To	Yvonne Zheng Senior Manager, Audit Office of the Inspector General
From	Robert Bonner Chief People Officer Bryan M. Sastokas Deputy Chief Information Technology Officer
Subject	Statutorily Mandated Audit of Metro Miscellaneous Expenses April 1, 2022 to June 30,2022 (Report No. 23-AUD-02)

Thank you for the opportunity to respond to the findings and recommendations prior to the final release of the Audit Report. It is our understanding that 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 for miscellaneous expenses such as travel, meals, refreshments, and memberships. Please see below our responses to the Recommendation.

Recommendation

1. Remind staff to thoroughly review the Travel and Business Expense (TBE) Report for accuracy to ensure that the traveler is reimbursed correctly for legitimate business expense.

   Response: Staff concurs with the recommendation and will ensure that the Travel Program Administrator (TPA) will verify the accuracy of the calculations, check for the completeness of the documentation, including the necessary and appropriate approval before approving an expense report, to proceed with approval hierarchy and final processing by the Accounting Department.

2. Confirm the newly implemented electronic notification process to notify travelers who have not submitted their TBE reports is working.

   Response: The electronic notification process was implemented in August 2022, and travelers are receiving their reminder notifications as scheduled.

Management Comments to Draft Report

Metro Interoffice Memo

Date	**September 27, 2022**
To	**Karen Gorman** **Inspector General**
From	**Conan Cheung** **Chief Operations Officer** CC
Subject	**Operations Management Response to the Audit of Metro Miscellaneous Expenses (Report # 23-AUD-02)**

Operations Management has received and reviewed the Audit of Metro Miscellaneous Expenses for transactions processed from April 1, 2022, to June 30, 2022, in Expresslanes, a unit within Operations. The report includes the following recommendations for Operations:

3. Remind staff to thoroughly review the Travel and Business Expense (TBE) Report for accuracy to ensure that the traveler is reimbursed correctly for legitimate business expense.

4. Confirm the newly implemented electronic notification process to notify travelers who have not submitted their TBE reports is working.

Response: Agree; Expresslanes staff have been advised that they must review and comply with the Travel and Business Expense (TBE) policies to ensure that the traveler is reimbursed correctly. As the audit states, the Senior Administrative Analyst informed the Los Angeles Metro Office of Inspector General (OIG), that the TBE report was completed on behalf of the traveler and inadvertently included the per diem for lunch. Upon OIG's request, the traveler paid back $18.00 to Metro and moving forward the traveler, the preparer and the Travel Program Administrator will thoroughly review the TBE Report for accuracy and will more closely review the guidelines and their submissions.

Operations has verified with Workforce Services, and it has been confirmed that the automated email notification system was released in mid-August and is working. In addition, Workforce Services provided Operations a sample email notification that a traveler received in early September. These actions comply with recommendations three (3) and Four (4) above.

CC: Yvonne Zheng, Sr. Mgr., Audit
Lilia Montoya, DCOO, Operations Administration & Development
Shahrzad Amiri, DCOO, Expresslanes

Final Report Distribution

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Chief Financial Officer
Chief Operations Officer
Chief People Officer
County Counsel
Deputy Chief Vendor/Contract Management Officer

Audit of Miscellaneous Expenses April to June 2022

OIG Report No. 23-AUD-02
Karen Gorman, Inspector General

October 19, 2022

Metro

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; and
- Policies and procedures are adequate to ensure that expenses are documented and accounted for properly.

Metro

Results

- Staff generally complied with Metro policies but we found the following issues:

  - Goods delivered to an employee's home address
  - Incorrect meal per diem on Travel and Business Expense Report
  - Late submission of TBE Report

  Non-compliance was due to oversight and staff turnover.

- OIG provided four recommendations.

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Metro

Board Report

File #: 2022-0667, **File Type:** Informational Report **Agenda Number:** 15.

FINANCE, BUDGET AND AUDIT COMMITTEE
OCTOBER 19, 2022

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 $36,485,158 in fiscal year (FY) 2022-23 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 FY22-23 (Attachment B); 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

The California Department of Transportation (Caltrans) guidelines for the FY 2022-23 SGR Program state that eligible transit operators shall provide a proposed list of projects to their Regional Entity, as defined by Public Utilities Code (PUC) Sections 99313 and 99314. For Los Angeles County, Metro is the Regional Entity. Metro is required to submit a combined project list to Caltrans by September 2, 2022. 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 assurance documents. Since the required documentation was not ready until August, 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 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 repair, rehabilitation, and capital projects to help keep transit systems in a state of good repair. These new investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions.

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Pursuant to PUC Section 99312.1, the funds for the SGR Program are distributed to eligible agencies using the State Transit Assistance Program formula. This formula distributes half of the funds according to population and half according to transit operator revenues. The revenues will be distributed within Los Angeles County according to the Metro Board-adopted FAP.

DETERMINATION OF SAFETY IMPACT

The requested actions will not impact the safety of our customers or employees.

FINANCIAL IMPACT

Adoption of the SGR resolution would positively impact the region by making an estimated $36.5 million available to support the 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 positively impact the FY23 budget, as Metro is one of the regional recipients of these funds.

EQUITY PLATFORM

This program helps fund rehabilitation and state of good repair activities for Metro and the Municipal Operators throughout Los Angeles County. This program will benefit existing and potential Metro riders by providing additional resources for transit service. 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 FY22-23 SGR fund allocation.

NEXT STEPS

October 2022: 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, DEO Finance, OMB, (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 2022-23

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 2022-23; 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 2022-23 Cycle

Agency	Project Title	Project Description	Estimated 99313 Costs	Estimated 99314 Costs	Total Project Costs
Antelope Valley Transit Authority	Purchase Commuter Bus	*Add 21/22 funds back on to project. Funds toward the purchase 1 replacement commuter bus. Size – 45 foot commuter, Passenger count – 53 sitting + 10 standing, Accessibility – ADA, Fuel type = battery electric Placed remaining 18/19 funds on this project, but haven't received as of 2021 reporting period.		$ 350,597	$ 2,246,458
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. New project for each Funding FY.		$ 16,168	$ 16,168
City of Culver City	FY22-23 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.		$ 306,003	$ 306,003
City of Gardena	Capital Bus Components and facility equipement	Replacement bus components and facility equipment		$ 280,695	$ 280,695
City of Los Angeles	Electrification of LADOT Washington Ave Bus Maintenance Facility	LADOT seeks funding to electrify the Washington Ave. Bus Maintenance Facility to support an all-electric bus fleet. SGR funding directly supports the purchase of two 3750kVa transformers, conduits and power supply to power the electric chargers.		$ 749,297	$ 1,306,904
City of Montebello	Preventive Maintenance	Purchase equipment for preventive maintenance of the City's hybrid and CNG bus fleet.			$ 691,618
City of Montebello	Transit Center Upgrades	Replace HVAC on Transit buildings and conduct roofing repairs. Additional upgrades will include tenant improvements including paint, flooring, furniture and office space reconfiguration. Project will also include the updating of Transit's money room equipment including new counting machines, furniture, paint and flooring. (Combined four projects into one)		$ 450,129	$ 764,343
City of Norwalk	Revenue Vehicle Purchase	Norwalk Transit System (NTS) will purchase 5 ZEBs to replace revenue vehicles that have reached the end of their useful life. The SGR funds will be used as gap funding for this purchase.		$ 175,088	$ 5,847,325
City of Norwalk	Transit Facility Improvements	Repurposing a portion of FY19/20 funding toward operational and pedestrian safety improvements. The pedestrian safety walkway will extend from the Transit Center's MetroLink platform around the existing parking lots/bus route to avoid any accidents. In addition, the southend access gate will be replaced with a functional RFID gate as the current gate is broken and can only be operated by hand.		$ -	$ 400,000
City of Norwalk	Bus Wash Components	Repurposing FY 19/20 funds towards the purchase of Bus Wash Components to maintain the state of good repair of NTS's Maintenance Facility and Rolling Stock.			$ -
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.	$ -	$ 40,465	$ 169,523
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.		$ 293,172	$ 541,198
City of Santa Monica	Bus Replacement	Purchase approximately 36 Zero-Emission Vehicles to replace CNG buses that have reached it's useful life of 12 years.		$ 1,117,249	$ 4,589,319
City of Torrance	Solar-powered Battery Replacement	Replacing 348 solar-powered batteries at bus stops.		$ 25,000	$ 25,000
City of Torrance	Transit facility upgrade	Upgrading maintenance facility in preparation for electric bus operation this will include items to allow staff to maintain all electric vehicles.		$ 338,303	$ 338,303
Foothill Transit	Bus Repair and Rehabilitation	Activities, supplies, materials, services, and associated costs required to repair and rehabilitate the rolling stock to preserve or extend the functionality and serviceability of the buses.		$ 1,630,253	$ 2,698,660
Long Beach Public Transportation Company	Bus Replacement	Replace buses that have met their useful life. Request funding to support the purchase of up to (10) 40 ft. Battery-electric buses that are fully ADA compliant with a passenger count of up to 38 passengers.		$ 1,267,781	$ 4,300,373
Los Angeles County	Bus Stop Shelters Replacement Throughout LA County	*Combined all Bus stop shelter projects into one, need to cancel other projects next reporting. Replace up to 62 bus stop shelters located throughout the Los Angeles area. Each bus stop shelter will consists of a bench, a trash receptacle and illumination from dusk to dawn.		$ 67,097	$ 305,168
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.	$ 15,226,717		$ 58,428,895
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*		$ 14,151,144	$ 36,785,956
Total			**$ 15,226,717**	**$ 21,258,441**	**$ 120,041,909**
	Total SB1 SGR funding requested in FY2022-23 Cycle		**$**	**36,485,158**	

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File #: 2022-0666, **File Type:** Informational Report **Agenda Number:** 16.

FINANCE, BUDGET AND AUDIT COMMITTEE
October 19, 2022

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 112,000 registered riders. Access' paratransit service is a next-day, shared-ride, curb-to-curb service with additional assistance available to qualified individuals. The service is operated by six contractors in the following regions: Eastern, Southern, West Central, Northern, Santa Clarita, and Antelope Valley. Access provides service to customers traveling between locations 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

COVID-19 Service Restoration

As the region emerges from the COVID-19 pandemic, Access is making progress in addressing operational challenges as outlined below:

- **Continuing shortages of qualified drivers and key personnel:** Like other transit systems in Los Angeles County and nationwide, Access' contractors are having difficulty hiring and retaining qualified drivers and other key personnel, which affected some Key Performance Indicators in FY22. However, recent funding in the FY23 budget, including wages combined with other efforts, including a social media advertising campaign, has improved driver hiring and retention. Since May, Access' contractors' have added a net of 129 drivers to the system,

and four (Northern, Southern, Santa Clarita & Antelope Valley) of the six operating regions are fully staffed with drivers.

- **Continuing shortages of taxi subcontractor capacity:** Prior to the pandemic, approximately 50 percent of Access' trips were serviced by taxicabs, which enhanced system performance and overall cost efficiency. The pandemic has reduced available taxicabs in the region and, as a result, 32 percent of Access' trips are currently serviced by taxicabs. The proposed FY23 budget also included funding to compensate taxi drivers for significantly increased costs to encourage them to continue serving Access' clients. In addition, Access' staff has been working with the taxi industry to determine if other barriers prevent additional taxis from performing trips. This effort will be helped by the recent appointment of Access' Executive Director, Andre Colaiace, to the City of Los Angeles Board of Taxicab Commissioners by Los Angeles Mayor Eric Garcetti.

- **Continuing shortages of replacement vehicles:** The FY23 budget contained funding for 363 replacement vehicles. At this time, Access expects production of 103 vehicles to start later this year, with potential delivery in early 2023. Access staff is working with suppliers to get a delivery timeline on the remaining vehicles. As detailed in prior reports, the timing on vehicle deliveries remains uncertain due to supply/chain issues.

FY22 and FY23 Operational Performance

In FY22, Access provided 2,339,891 trips, which is approximately 8 percent less than projected. This is about 61 percent of the trips provided during the same pre-pandemic period in FY19.

The following Key Performance Indicators (KPIs) are in place to ensure optimal and equitable service levels are provided throughout the region. Overall system statistics are published monthly in Access' Board Box report. After an internal review and consultation with its stakeholder committees and its Board, Access recently modified two of its KPIs. The KPI for preventable collisions was changed from .50 collisions per 100,000 miles to .75 collisions per 100,000 miles to reflect the operational environment better while still emphasizing safety. The new KPI is more realistic but still aggressive compared to peer agencies. Secondly, Access modified its "Denial" KPI to conform to federal regulations and exclude denials due to call taker error. These errors, while rare, will still result in additional training of the call taker and possible liquidated damages for the contractor.

A comparison summary of the main KPIs is provided below:

Key Performance Indicators	**Standard**	**FY22**	**FY23 YTD***
On Time Performance	≥ 91%	89.8%	92.5%

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Excessively Late Trips	≤ 0.10%	0.14%	0.03%
Excessively Long Trips	≤ 5.0%	3.6%	3.6%
Missed Trips	≤ 0.75%	0.59%	0.41%
Denials	0	6	0
Access to Work On Time Performance	≥ 94%	95.8%	97.1%
Average Initial Hold Time (Reservations)	≤ 120	66	63
Calls On Hold > 5 Min (Reservations)	≤ 5%	3.2%	2.6%
Calls On Hold > 5 Min (ETA)	≤ 10%	2.8%	1.7%
Complaints Per 1,000 Trips	≤ 4.0	3.2	3.0
Preventable Incidents per 100,000 miles	≤ 0.25	0.20	0.32
Preventable Collisions per 100,000 miles	≤ 0.75	0.74	0.84
Miles Between Road Calls	≥ 25,000	58,746	54,212

* Statistical data through August 15, 2022

Overall, while most KPIs were met or close to being met in FY22, it was a more challenging year due to increased demand, traffic along with driver and other staff shortages. FY23 is off to a strong start, but the start of school in mid-August signals the start of a more difficult operating environment characterized by increased demand and substantially more traffic. Contractors who do not meet KPIs must provide a service improvement plan and are also assessed liquidated damages.

Other Operational Initiatives

Analyzing the use of Transportation Network Companies (TNCs): Access staff has proposed a pilot project that would allow its contractors to provide a limited number of ADA trips utilizing TNCs like Uber, as well as non-Access certified taxicabs. The proposal, which was developed to provide additional operational capacity to Access' contractors during peak times, envisioned a "rider choice" program whereby TNCs and taxis would only be sent to customers who opt into the program. Anecdotally, Access knows that many of its customers use TNCs and will be conducting a survey to obtain additional insight into this issue. After consultation with its Board and stakeholders, a Working Group has been formed and will further analyze this proposal.

Facilities Plan: Access relies on its contractors to provide suitable operating facilities to perform ADA paratransit services. While this has generally worked for Access since its inception, staff believes, for both economic and operational reasons, that they should control, and ideally own their own operating facilities to ensure that quality, consistent ADA paratransit services are provided over the coming decades.

Access has submitted its Facilities Plan to Metro for consideration as Metro develops the Mobility Concept Plan in support of the 2028 Olympic and Paralympic games. Access will seek other outside grant funding opportunities going forward as it develops projects. More information on this project will be provided in future reports.

Working with Community Partners

Community Meeting: On Saturday, August 6th, Access hosted a virtual community meeting via Zoom. The meeting was available in English and Spanish with closed captioning. Almost 90 members of the public participated. The agenda included a Customer Relations update about the Operations Monitoring Center (OMC) and Access' new coupons. Staff also provided a technology update on the Where's My Ride application (app); information on Eligibility and Renewals; and an Operations update. After the presentations, riders were given the opportunity to ask questions of Access staff.

Access Community Advisory Committee (CAC): Access staff continuously works with CAC members to discuss initiatives and ideas to improve service. Recently, the following three (3) CAC Subcommittees were established to work on a variety of issues:

- The Operations Subcommittee completed a thorough review of KPIs and service standards and a revamping of lost & found procedures;
- The Communications Subcommittee has developed an outline for a rider-facing video to provide tips on making reservations (new);
- The Eligibility Subcommittee will focus on reviewing the eligibility and certification process (new).

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 committees continue to inform Access' policies. As the pandemic recedes, Access anticipates increased attendance at community events.

EQUITY PLATFORM

By federal mandate, Access paratransit exclusively serves people with disabilities. As detailed in prior reports, Access' most recent Customer Satisfaction Survey collected a wealth of demographic data and can be found on the Access website www.accessla.org. The survey showed high satisfaction (85 percent) with Access' paratransit services. Staff is in the process of analyzing the results to determine potential initiatives to enhance the service. Enhanced technology, which includes online reservations and the Where's My Ride application (real-time trip information/trip rating/customer comments via smartphone), is now available and accessible to all Access customers. Access is planning a systemwide marketing campaign to increase awareness of these options. According to Access' recent survey, 74 percent of customers have access to the internet and of those, 75 percent have a smart phone. 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.

Access is forming a Working Group comprised of transit professionals, customers, and Board

members to discuss and analyze opportunities to add operational capacity by potentially including TNCs and non-certified taxis in Access' service model. Access countywide community meetings are held via Zoom and designed to allow any customer to both receive information about Access and to ask staff direct questions about their service experience. Closed captioning, translation services, and braille and large print materials are available upon request to ensure all customers throughout Los Angeles County can participate.

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:

- Forming a Working Group made up of transit professionals, customers, and Board members to discuss and analyze other ways of increasing operational capacity, such as the use of TNCs and non-certified taxis

- Initiating pilot program for accessible electric paratransit vehicles

- Continuing to assist Access contractors through Access' Contractor Hiring Assistance Program

- Seeking other grant funding for Access' operating facilities

- Enhancing *Where's My Ride* (WMR) app using $330,000 Mobility for All federal grant funds (anticipated completion by November 2022)

- Launching marketing campaign to raise awareness of Where's My Ride and online reservations

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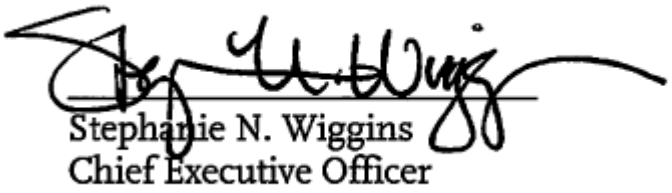


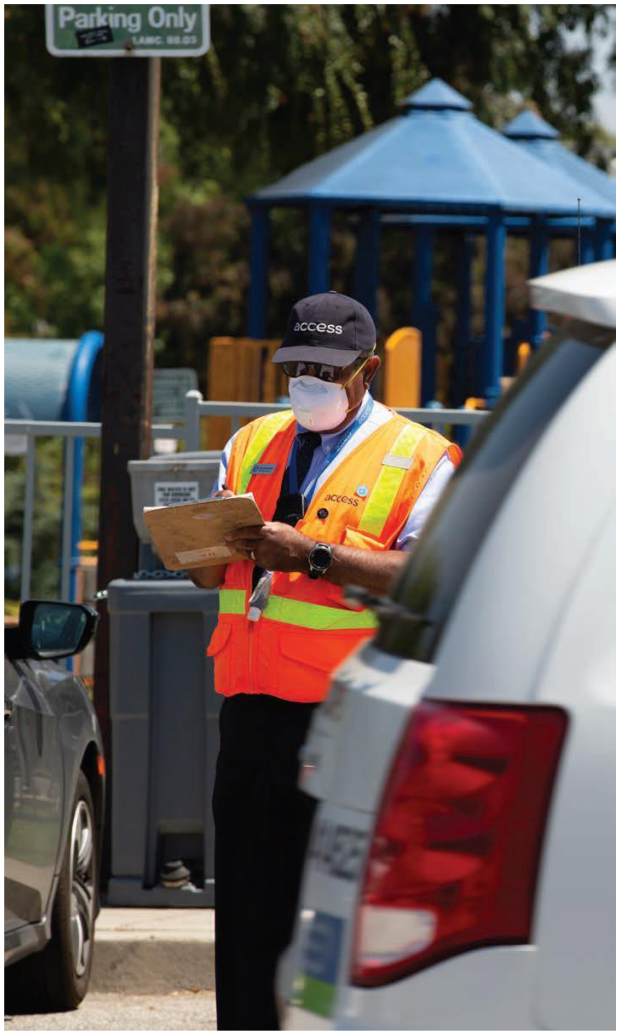
Quarterly Update

Finance, Budget & Audit Committee

October 2022

Emerging from the COVID-19 Pandemic

- Qualified vehicle operators and other personnel are in short supply, but situation is improving
  - Increase in FY23 funding for contractor wages
  - 129 drivers added since May 2022
- Taxi subcontractor usage at 32% vs normal 50%
  - Increase in FY23 funding for taxi reimbursement
  - Working with taxi industry
- Fleet replacement significantly impacted
  - 103 vehicles to be replaced later this year
  - Additional 260 vehicles need to be replaced by end of FY23



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Key Performance Goals

Key Performance Indicator	Standard	FY22	FY23 YTD*
On Time Performance	≥ 91%	89.8%	92.5%
Excessively Late Trips	≤ 0.10%	0.14%	0.03%
Excessively Long Trips	≤ 5.0%	3.6%	3.6%
Missed Trips	≤ 0.75%	0.59%	0.41%
Denials	0	6	0
Access to Work On Time Performance	≥ 94%	95.8%	97.1%
Average Hold Time (Reservations)	≤ 120	66	63
Calls On Hold > 5 Min (Reservations)	≤ 5%	3.2%	2.6%
Calls On Hold > 5 Min (ETA)	≤ 10%	2.8%	1.7%
Complaints Per 1,000 Trips	≤ 4.0	3.2	3.0
Preventable Incidents per 100,000 miles	≤ 0.25	0.20	0.32
Preventable Collisions per 100,000 miles	≤ 0.75	0.74	0.84
Miles Between Road Calls	≥ 25,000	58,746	54,212

*Statistical data through August 15, 2022

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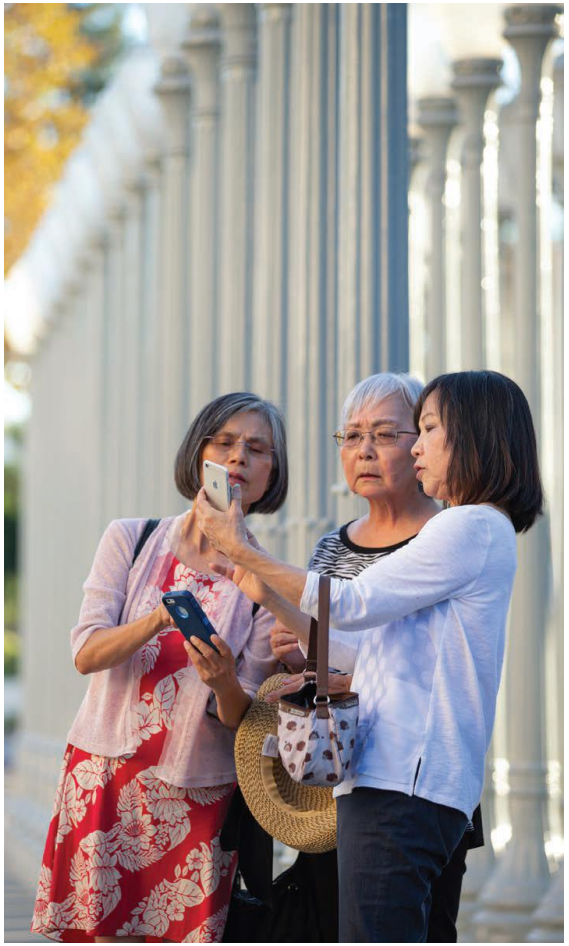
Working with the Community

- Community Meeting
  - Held virtually on August 6, 2022
    - 90 attendees
- Access Community Advisory Committee (CAC)
  - New subcommittees focusing on review of KPIs, service standards, and development of how-to videos for riders



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Operational Initiatives

- Analyzing the use of Transportation Network Companies (TNCs)
  - “Rider choice” pilot proposal
  - Allow contractors to provide limited number of TNC ADA trips like Uber & non-Access certified taxicabs
- Facilities Plan
  - Ownership of facilities
  - Enhance competition of bids
  - Lower long-term operating costs & providing operational stability

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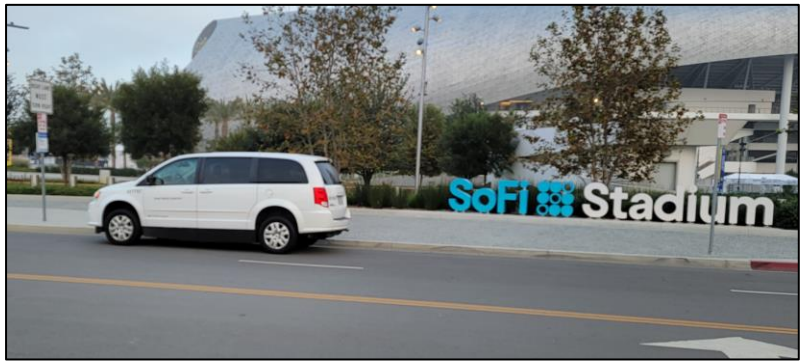
Access Update/Next Steps

- Forming a Working Group to analyze increasing operational capacity through TNCs and non-certified taxis
- Initiating pilot program for accessible electric paratransit vehicles
- Continuing to assist Access contractors through Access' Contractor Hiring Assistance Program
- Seeking other outside grant funding for operating facilities
- Enhancing Where's My Ride (WMR) app using (Mobility for All) federal grant funds - $330K
- Launching marketing campaign to raise awareness of Where's My Ride app and online reservations



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