

Metro

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



Metro

Agenda - Canceled

Wednesday, July 15, 2015

1:00 PM

**One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room**

Finance, Budget and Audit Committee

Paul Krekorian, Chair

James Butts, Vice Chair

Diane DuBois

Mark Ridley-Thomas

Hilda Solis

Carrie Bowen, non-voting member

Phillip A. Washington, Chief Executive Officer

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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 up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant 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.

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- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
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- d. Any other unlawful interference with the due and orderly course of said meeting.

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

CALL TO ORDER

ROLL CALL

10. RECEIVE report from the Chief Executive Officer. [2015-1050](#)

11. ADOPT the **FY16 Proposed Audit Plan**. [2015-1042](#)

Attachments: [FY16 Audit Plan final](#)

12. CONSIDER: [2015-0737](#)

- A. supporting the establishment of the **proposed Central Avenue Historic Business Improvement District (“BID”) in the City of Los Angeles** and the resulting assessments on properties within the District boundaries owned by LACMTA; and
- B. authorizing the Chief Executive Officer or his delegate to sign any necessary petition and cast any subsequent ballots in support of the BID and property assessments.

Attachments: [Attachment A -Central Avenue Management District Plan](#)
[Attachment B- Evaluation of Central Avenue Historic District Business Improver](#)

13. AUTHORIZE the Chief Executive Officer to: [2015-0310](#)

- A. **establish an IT Services Bench**, through (RFIQ) No. PS92403383, consisting solely of vendors who have been deemed qualified to participate in future IT task order work for technical disciplines 1 through 16 below. The qualified vendors recommended in Attachment B for a five-year period will openly compete to perform individual professional service task orders for a cumulative total value of \$17 million. Individual task orders will be awarded based on a competition via the Request for Proposal (RFP) process.
 - 1. Platform / End User Computing Systems
 - 2. Database Services / Data Management
 - 3. Storage Services
 - 4. Telecom and Network Communication Services
 - 5. Applications and Web Development
 - 6. Business Intelligence and Analytics
 - 7. Content Management
 - 8. Mobile Solutions
 - 9. Oracle E-business Suite

-
10. Transit Operations and Automated Fare Collection Systems
 11. Asset Material and Management Systems
 12. Intelligent Transportation/Transit services
 13. Project/Program Management
 14. IT Strategy Planning / Enterprise Architecture / Governance
 15. Agency-Wide Information Security and Compliance
 16. SCADA Control Systems Cyber Security

B. execute individual task orders under the ITS Services Bench Contract for up to \$1,000,000 per task order.

Attachments: [ATTACHMENT A Procurement Summary Amended](#)
[Attachment B-Recommended List of Firms Amended](#)

14. AUTHORIZE the Chief Executive Officer to **negotiate and award excess liability insurance policies** with up to \$250 million in limits at a cost not to exceed \$3.65 million for the 12-month period effective August 1, 2015 to August 1, 2016. [2015-0801](#)

Attachments: [Attachment A - Options, Premiums and Loss History.pdf](#)
[Attachment B - 2015 2016 Pricing and Carriers.pdf](#)

15. AUTHORIZE the Chief Executive Officer to award a one year Firm Fixed Price Contract No. PS1544301142 to Ma and Associates to conduct the fiscal year **FY 2013-2015 independent performance review of all the Los Angeles County transit operators receiving state Transportation Development Act (TDA) Article 4**, and operators receiving Proposition A funds in lieu of TDA funds and Metro as the Regional Transportation Planning Entity (RTPE), for the fixed price of \$588,192. [2015-0693](#)

Attachments: [Attachment A - Procurement Summary](#)
[Attachment B - State requirement to conduct the TPR](#)
[Attachment C - Listing of Operator and RTPE Compliance Requirements include](#)
[Attachment D - Summary of Progress Made by the operators and Metro as the f](#)

16. ~~WITHDRAWN: RECEIVE report from the Executive Director, Finance and Budget.~~ [2015-1049](#)

Adjournment

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.



Board Report

File #: 2015-1042, **File Type:** Policy

Agenda Number: 11.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 15, 2015**

SUBJECT: FY16 AUDIT PLAN

ACTION: APPROVE ADOPTION OF THE FY16 PROPOSED AUDIT PLAN

RECOMMENDATION

ADOPT the **FY16 Proposed Audit Plan**.

ISSUE

At its January 2008 meeting, the Board adopted modifications to the FY07 Financial Stability Policy. The Financial Stability Policy requires Management Audit Services (Management Audit) to develop a risk assessment and an audit plan each year and present it to the Board. It also requires that the Finance, Budget and Audit Committee, as the audit committee for the agency, provide input and approval of the audit plan.

DISCUSSION

Instrumental to the development of the FY16 Audit Plan was completion of the FY15 agency-wide risk assessment. The agency-wide risk assessment is continually being refined and adjusted based upon events, issues identified during audits and agency priorities. The risk assessment continues to place a strong emphasis on the agency's internal control framework and vulnerability to fraud. We believe this year's risk assessment portrays the agency's risks in light of the changes to our risk environment and the challenges the agency faces in the next few years. The result is the FY16 Proposed Audit Plan (Attachment A).

This is the eleventh year an audit plan has been developed and presented to the Board for input and adoption.

Policy Implications

An audit plan defines the work that will be completed or directed by Management Audit each fiscal year. It indicates both the depth and breadth of audit activities addressing financial, operational and compliance risks for the agency. The audit plan also identifies the extent to which controls are being assessed by routine audit activities, addressed proactively through advisory services, or as a result of concerns from management.

The annual audit plan is driven by two key factors: (1) risk assessment results, and (2) audit resources. The goal in drafting the audit plan is to address the highest risk areas at the agency given the resources available to complete the audits.

In developing the plan, the hours included for each audit are an estimate. There are occasions where some reviews may take longer and therefore absorb more hours than proposed and in other cases, the audit will be completed in fewer hours than estimated. In addition, urgent requests arise that need audit support. When this occurs, the plan must be reassessed and Management Audit may supplement internal resources with outside consultants as long as there is funding and consultants available for the task. Therefore, not all planned audit work may be completed and the audit plan may be reassessed and adjusted during the year for unanticipated risks and work.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding for the annual audit plan will be included in the FY16 budget in Management Audit's cost centers and the appropriate projects throughout the agency.

ALTERNATIVES CONSIDERED

One option would be not to complete an annual audit plan. This is not recommended since the audit plan is a management tool to systematically assign resources to areas that are a concern or high risk to the agency. Communicating the audit plan to the Board is required by audit standards.

NEXT STEPS

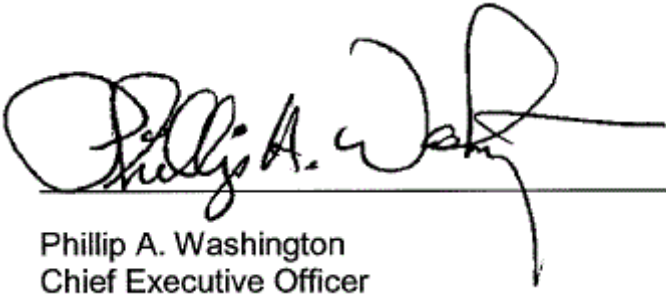
Once the Board adopts the annual audit plan, Management Audit will develop the audit schedule for FY16. Management Audit will report to the Board quarterly on its progress in completing the annual audit plan.

ATTACHMENTS

Attachment A - FY16 Annual Business Plan and Proposed Audit Plan

Prepared by: Yvette Suarez, Interim Chief Auditor, (213) 922-1096

Reviewed by: Yvette Suarez, Interim Chief Auditor, (213) 922-1096



Phillip A. Washington
Chief Executive Officer

**FISCAL YEAR 2016
ANNUAL BUSINESS PLAN
AND
PROPOSED AUDIT PLAN**



Metro

Management Audit Services

Fiscal Year 2016 Annual Business Plan
And Proposed Audit Plan

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Executive Summary

OVERVIEW

Annually, the Board requires Management Audit Services (Management Audit) to complete an agency-wide risk assessment and submit an audit plan to the Board for its input and approval.

An agency-wide risk assessment is the process of understanding an organization's strategic, operational, compliance and financial objectives to identify and prioritize threats/risks that could inhibit successful completion of these objectives. Risk assessments provide management with meaningful information needed to understand factors that can negatively influence operations and outcomes.

An audit plan is driven by two key factors: 1) risk assessment results, and 2) audit resources. The goal of preparing an audit plan is to address the highest risk areas at the agency given the resources available to complete the audits.

RISK ASSESSMENT

Instrumental to the development of the FY16 Audit Plan was completion of the FY15 agency-wide risk assessment. The agency-wide risk assessment is continually being refined and adjusted based upon events, issues identified during audits and agency priorities. The categorization of risks used corresponds with the current nine key imperatives identified in the Budget document:

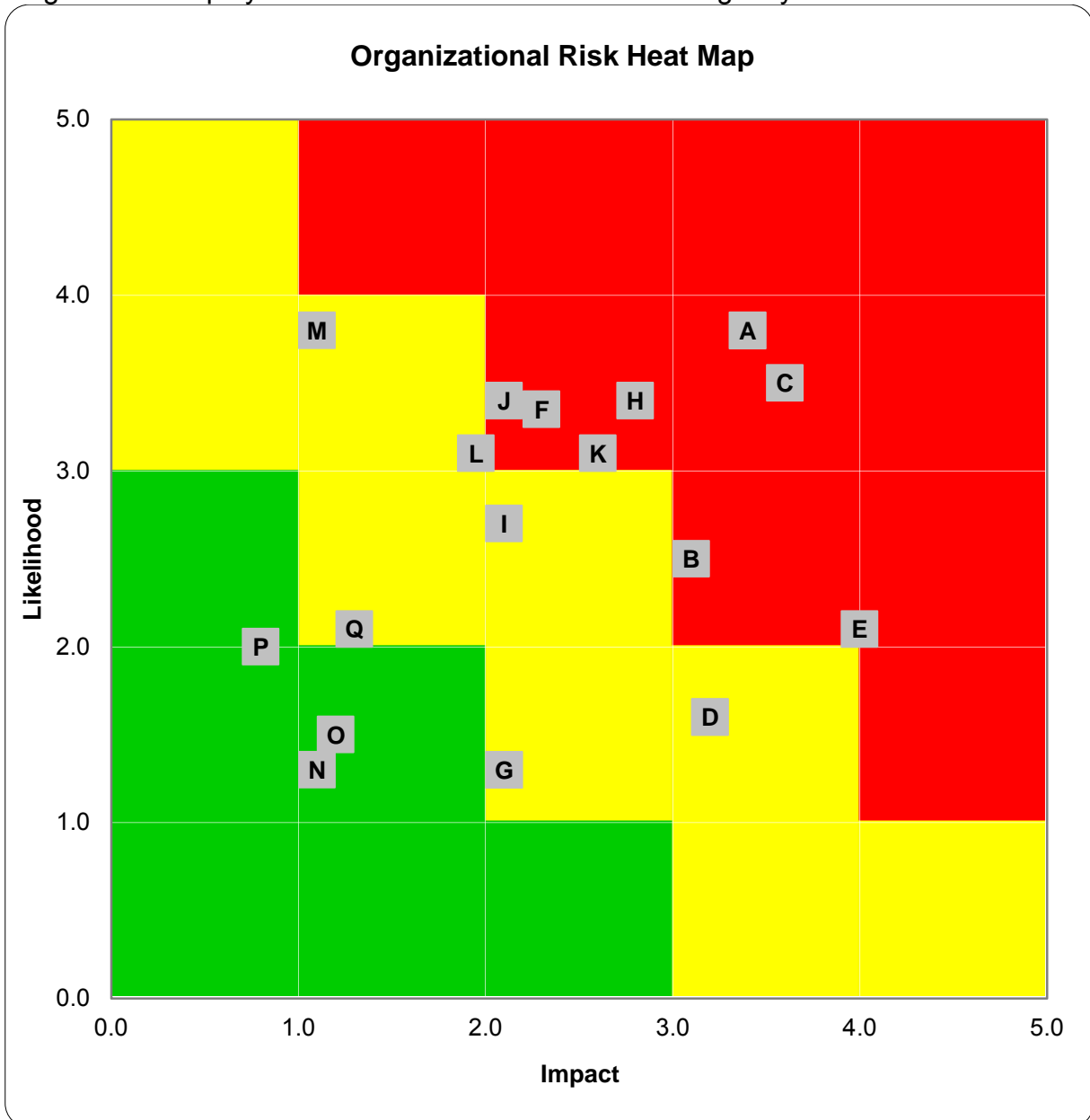
1. Improve Transit Services,
2. Deliver quality capital projects on time and within budget,
3. Exercise fiscal responsibility,
4. Provide leadership for the region's mobility agenda,
5. Develop an effective and efficient workforce,
6. Secure local, state and federal funding,
7. Maintain open communication,
8. Enhance safety conscious culture with employees, contractors and customers,
9. Sustain the environment with energy efficiency and reduced greenhouse emissions.

The risk assessment continues to place a strong emphasis on the agency's internal control framework and vulnerability to fraud. We believe this year's risk assessment portrays the agency's risks in light of the changes to our risk environment and the challenges the agency faces in the next few years.

The risk environment continues to evolve with the focus this year on capital projects, internal controls, and the agency's ability to achieve all of its goals successfully with available staffing.

The agency-wide risk assessment process began by reviewing and analyzing key documents such as the annual budget, the Basic Financial Statements, status reports on major projects, past audit reports, open and late corrective actions to prior audit findings, and the transportation plans. We then completed an extensive assessment of

the different areas within the agency. We supplemented this assessment by interviewing key personnel to obtain additional information. All of this information was used to identify risks and concerns specific to individual cost centers as well as risks impacting the entire agency. In addition, similar to last year we evaluated risks related to five outside agencies that receive significant funding from MTA: Access Services, Metrolink, Exposition Authority (Expo), Pasadena Foothill Extension Authority (Foothill), and Alameda Corridor East (ACE). Risks were then scored using two factors, magnitude of impact and likelihood of occurrence. As in prior years, a heat map is still being used to display the overall risk assessment of the agency.



A. Engineering & Construction	I. Program Management
B. Planning & Development	J. Enterprise Risk & Safety Management
C. Metro Operations	K. LA Metro Protective Services
D. Finance & Budget	L. Access Services
E. Information Technology	M. Metrolink
F. Vendor/Contract Management	N. Pasadena Foothill Authority
G. Communications	O. Expo Authority
H. Labor/Employee Relations	P. Alameda Corridor East
	Q. Congestion Reduction

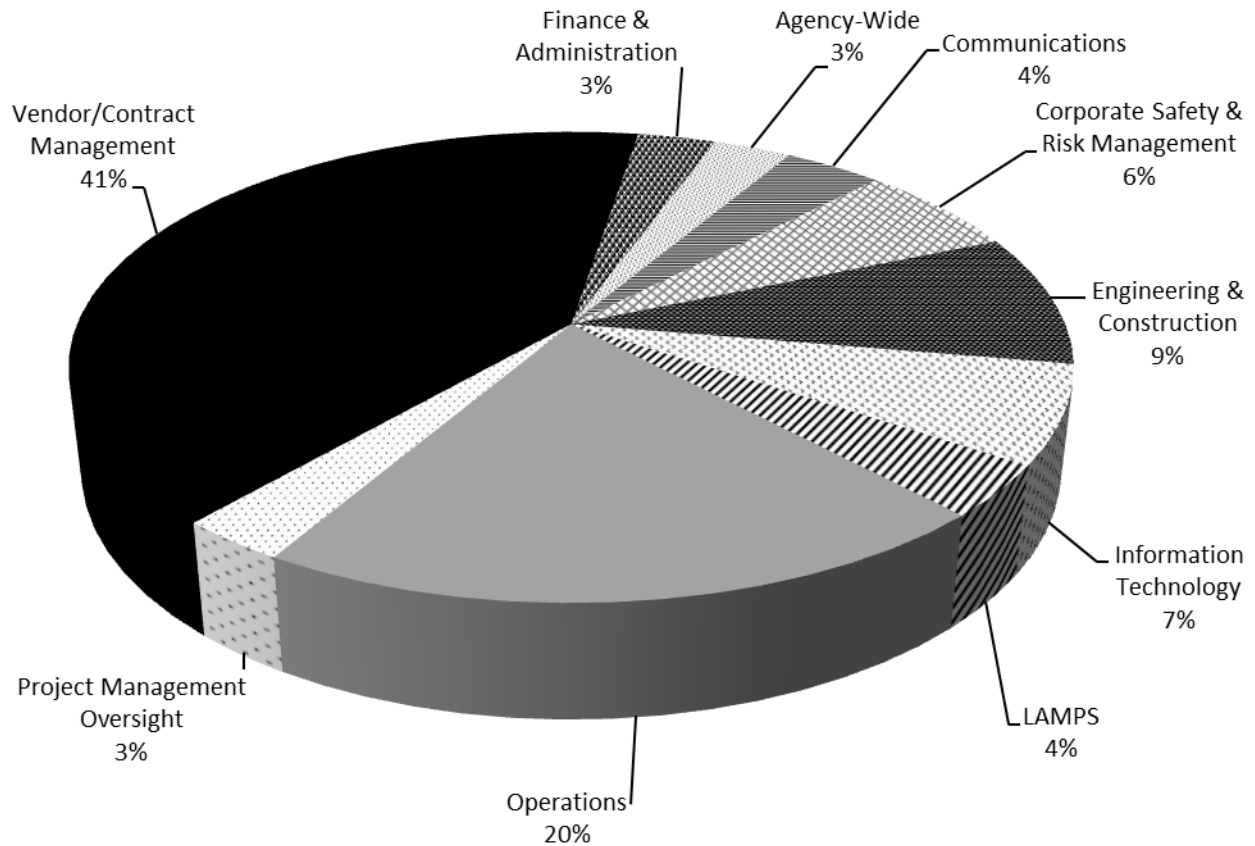
High Risk Areas

The top internal risks include aging infrastructure, key information systems and completion of multiple corridor projects within the same timeframe. The top external risks include Metrolink and Access Services.

- 1) Ability to hire qualified technical staff, minimal increase in support staffing and increased efforts needed for multiple major capital projects are pervasive concerns that surfaced in most of the risk assessment discussions. Lean support staffing combined with multiple complex Measure R funded projects is one of the key risks the agency still faces. This risk is higher because multiple, major rail transit projects such as Crenshaw/LAX, Westside Subway Extension and Regional Connector will be competing for services from a limited pool of project support staff. There have been ongoing discussions with Senior Management to address these concerns and to shift available resources to key risk areas, but the ability of the support staff to provide oversight to these projects is still considered a significant risk.
- 2) Operations' overall risk score is impacted by aging infrastructure coupled with a significant amount of deferred maintenance that is being addressed and is still considered a risk to achieving some of the agency's key goals.
- 3) The interrelationship of key information systems and increased reliance on data generated from systems to manage daily systems continues to impact the overall technology risk scoring. In addition, lean staffing in the support areas is also seen in Information Technology Services. Several key information systems have been identified with "single points of failure", meaning some systems have only a single individual with extensive knowledge of that system. This impacts coordination of services, disaster recovery planning, backup and strong central internal controls.
- 4) Access Services' risk ranking increased because of increased costs in their current budget, and projected increases in passengers that will need to use Access Services in the future as the baby boomers continue to age.
- 5) Metrolink's risk ranking is based upon reports that cite concerns regarding availability of financial information, Metrolink's struggle to complete their required financial statement and A-133 audits on time and a prior OCTA review of Metrolink's Internal Audit function.
- 6) Management has identified an issue in the architecture and engineering area of procurement regarding project management oversight. As a result, Engineering and Construction and Project Management Oversight are working on developing a plan to expand the current process for oversight of major construction projects to all projects. We will review the efficiency and effectiveness of this in FY16, once the plan has been developed. In addition, we have included 750 hours in the proposed audit plan to assess the administration of indefinite delivery, indefinite quantity contracts including the appropriateness of consultant hours and tasks.

AUDIT PLAN

For purposes of the audit plan, the agency has been organized into 11 departmental functions and 5 other agencies funded by MTA. The FY16 audit plan is summarized as follows:



A detailed list of audits is included in Appendix A.

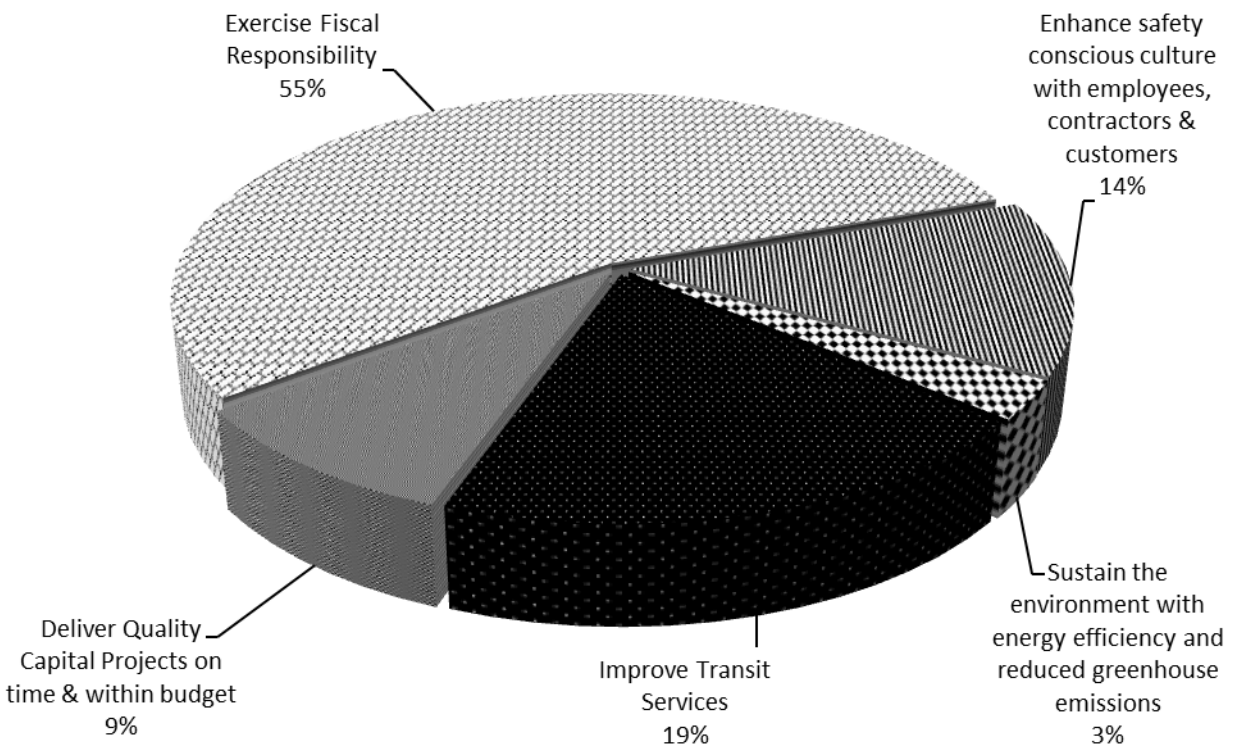
Audit Plan Strategy

The audit plan leveraged the information obtained during the agency-wide risk assessment process and included audits in those areas identified as critical or high risk to the agency.

The projects proposed in the audit plan correlate to the 9 agency strategic goals:

1. Improve Transit Services,
2. Deliver quality capital projects on time and within budget,
3. Exercise fiscal responsibility,
4. Provide leadership for the region's mobility agenda,
5. Develop an effective and efficient workforce,
6. Secure local, state and federal funding,
7. Maintain open communication,
8. Enhance safety conscious culture with employees, contractors and customers,
9. Sustain the environment with energy efficiency and reduced greenhouse emissions.

The following chart summarizes the audits by the primary agency strategic goal.



Audit Resources

Management Audit is constrained by available staff resources and budgeted professional services dollars. In FY16, the audit plan is based on budgeted staffing and resources.

In developing the plan, the hours included for each audit are an estimate. There are occasions where some audits may take longer and therefore absorb more hours than proposed and in other cases; the audit will be completed in fewer hours than estimated.

In addition, urgent requests arise that need audit support. When this occurs, the plan must be reassessed and Management Audit may supplement internal resources with outside consultants as long as there is funding and consultants available for the task. Therefore, all planned audit work may not be completed and the audit plan may be reassessed and adjusted during the year for unanticipated risks and work.

AUDIT PLAN AREAS

Internal Audits

The internal audits were selected based on the results of the FY15 agency-wide risk assessment. Areas identified as critical or high risk during the agency-wide risk assessment were given priority when identifying potential audits for the FY16 audit plan. Since there are more risks than available resources, resources were the key factor in selecting the number of risks and areas to audit. The audits identified for the FY16 proposed audit plan were selected based on one of the following four strategic audit objectives:

1. Support agency-wide goals and objectives
2. Evaluate governance, risk and internal control environment
3. Review efficiency and effectiveness of operations
4. Validate compliance to regulatory requirements

Beginning in FY09, Management Audit started focusing audit resources on information systems identified as critical to agency operations. Audit resources will continue to be focused on information technology controls in FY16. In selecting potential FY16 audits, Management Audit identified areas that would provide assurance that the critical system's internal controls are adequate and working effectively and that the system is providing timely and accurate information to management.

The majority of Management Audit's projects are focused on completing assurance work on "hard controls", such as segregation of duties, safeguarding agency assets, accurate original entries and transactions, and compliance with regulations, contracts, and memorandums of understanding (MOUs). However, business process improvement is also an important focus for the agency. Therefore, the FY16 audit plan contains projects that assess whether greater efficiencies can be achieved and where appropriate provide recommendations for business process improvements.

Contract Pre-Award & Incurred Cost Audits

Incurred Cost Audits review costs associated with MOU's issued under the Call for Projects program or contract incurred costs and Contract Pre-award Audits review costs proposed for contracts and change orders issued by Procurement. The planned audits were identified based on discussions with project managers and contract administration staff, analysis of Call for Project's audit universe and Financial Information Systems' (FIS) data for contract audits. The universe of audits was balanced against the associated budget authorized to complete the work. Any additional work required beyond what is planned in the FY16 audit plan or unplanned audits requested will need to be outsourced to consultant firms and funded by the project. The grant audit work was completely outsourced in FY15 and will continue to be outsourced in FY16 because of audit staff reductions. The MOU's selected for grant audit work are either projects that expect to be finished next fiscal year or in the case of longer term projects whether

an audit has been completed in the last few years.

Currently, contract audits requested for large construction projects, Corridor Projects, and rolling stock regulatory projects are the highest priority. The next highest priority is pre-award audits for all other projects, and incurred cost and closeout audits have the lowest priority when assigning work. Because staffing in Management Audit is limited, external resources will be used if there are available funds to meet critical project deadlines.

Special Request Audits

The FY16 plan also includes 3,000 hours or approximately 10% of available hours for special projects requested by the CEO. These hours provide some flexibility in the audit plan to respond to emerging issues where the CEO needs audit resources to review and provide recommendations to correct a problem or to provide information about a specific issue.

Also, in order to comply with Government Accountability Office's Generally Accepted Government Auditing Standards and Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing (Standards), this year the self-assessment will be completed with audit management and external sources. The Standards require the audit activity adopt a process to monitor and assess the overall effectiveness of the audit quality process. The work will assess compliance to the Standards and to Management Audit's Charter, mission statement, objectives, audit policy manual, supervision, and staff development. In addition, the internal quality assurance review assesses our effectiveness and promotes continuous improvement within Management Audit. This internal review will also help prepare Management Audit for the external quality assurance review mandated by the Standards that is scheduled for Fall of 2016.

OTHER PLANNED ACTIVITIES

Audit Tracking and Follow-up

For all external audit findings (OIG, State of California, FTA etc.), Management Audit is required to track and follow-up on all audit recommendations until the audit finding is closed. In addition, Management Audit tracks and follows up on internal audit findings in compliance with the Standards. To do this, Management Audit maintains an audit database which staff uses to manage, track and follow-up on all recommendations.

Beginning in March 2005, Management Audit assumed responsibility to report to the Board on all outstanding audit issues. These reports include all outstanding audit findings and a summary of the findings closed. Both the CEO and Management Audit continue to focus on this area to ensure that any significant risks to the agency are addressed in a timely manner.

MANAGEMENT AUDIT SERVICES FRAMEWORK

Metro's vision is to provide excellence in service and support. Management Audit is committed to providing essential support to achieve this vision. To do this we have developed our department vision which is to deliver value by driving positive change

through partnership and trust. In order to ensure our work is consistently reliable, independent and objective, Management Audit completes work under the framework of our Board approved Audit Charter. The Audit Charter includes Management Audit's mission, the standards we must comply with, and our department's objectives and core function.

Mission

Our mission is to provide highly reliable, independent, objective assurance and consulting services designed to add value and improve operations. The department accomplishes this by bringing a systematic, disciplined approach to evaluating and recommending improvements to the effectiveness of risk management, controls and governance processes.

Standards

To meet our client's expectations and for us to function with reliability and credibility, Management Audit must ensure our audits are independent, objective and accurate. Therefore, Management Audit follows the ethical and professional standards promulgated by the Government Accountability Office, Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditors International Professional Practices Framework. Depending on the type of audit being done, Management Audit also follows the standards promulgated by the American Institute of Certified Public Accountants (AICPA) and by the Information Systems Audit and Control Association (ISACA).

Objectives and Core Functions

As summarized in our Audit Charter, the primary objective of Management Audit is to assist the CEO and his management team with their important business and financial decisions by:

- Monitor and verify key regulatory and legislative compliance;
- Assess internal controls effectiveness and fiscal responsibility;
- Evaluate cost reasonableness of contracts and grants;
- Identify and recommend business process improvements;
- Evaluate and recommend efficiencies and effectiveness of programs and functions;
- Evaluate safety and security of agency systems, programs and initiatives; and
- Track and report on all outstanding external and internal audit findings.

In addition, Management Audit's objective is to foster a system and environment that supports the highest level of integrity and ethical conduct and provides assurance of an acceptable level of risk to management for all key business processes.

INTRODUCTION

The Institute of Internal Auditors (IIA) defines internal auditing as:

“...an independent, objective, assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.”

The FY16 audit plan included in Appendix A is based on IIA’s definition and attempts to provide a balanced and effective review of the entire agency constrained by Management Audit resource limitations. Our FY16 plan is based on 29,750 direct audit hours to be provided by 13 budgeted audit professionals, 4 entry-level trainees and 1 intern. The audit hours for the Chief Auditor and her management team are not included in the direct audit hours.

This is the CEO's audit plan being presented to the Board for approval. The CEO has the discretion based on agency need or Board direction to reprioritize audit resources. We are dedicated to completing our audit plan while continuing to be flexible and responsive to the agency’s needs.

ALLOCATION OF AUDIT RESOURCES

The direct audit hours are allocated as follows:

- 22,900 hours (77%) for new audits,
- 3,000 hours (10%) for CEO requested projects, and
- 3,850 hours (13%) for audits which are still in process.

OUTSOURCED & CO-SOURCED AUDITS

Based on industry best practices, we outsource some of the audits. On some of the work that we outsource, Management Audit now includes at least one staff auditor on the contracted work (co-sourcing) so that information is transferred internally. In addition, on some audits, staff auditors manage the work and external consultants are added to provide subject matter expertise.

This methodology trains internal auditors in specialized areas and ensures Management Audit receives the specialized expertise needed at the most economical price. The audits that we plan on either outsourcing or co-sourcing have been identified in the FY16 detailed listing of audits.

APPENDIX A

DETAILED LISTING OF AUDITS

Strategic Goal #1 – Improve transit services

	Title	Objective	Area
1.	Buy America Post Award	Post award audit for Kinkisharyo and New Flyer Bus.	Vendor/Contract Management
2.	Rail Overhaul and Maintenance Audit	Efficiency and effectiveness of the rail overhaul and Refurbishment Projects programs. Operations	
3.	Audit of Wayside System	Evaluate effectiveness of maintenance of the rail traction, track and signals.	Operations
4.	Performance Audit of SCADA	Evaluate system-wide security of SCADA.	Operations
5.	Performance Audit of M3	Evaluate reliability of data in M3 system.	Operations
6.	Performance Audit of Power Maintenance & Usage	Evaluate efficiency and effectiveness of rail operations power maintenance and usage.	Operations
7.	Performance Audit of Division Practices	Evaluate efficiency and effectiveness of Division practices and processes.	Operations

Strategic Goal #2 – Deliver quality capital projects on-time and within budget

	Title	Objective	Area
1.	Audit of Contract Information Management System (CIMS) Phase I & II DEOD	Evaluate efficiency and effectiveness of system implementation success.	Vendor/Contract Management
2.	Performance Audit of Project Control Practices	Evaluate accuracy and completeness of project information.	Project Management Oversight
3.	Performance Audit of Effectiveness of Quality Assurance processes	Evaluate effectiveness of quality assurance practices and processes.	Engineering & Construction

Strategic Goal #3 – Exercise fiscal responsibility

	Title	Objective	Area
1.	Pre-award audits	Pre-award for procurements and modifications.	Vendor/Contract Management
2.	Incurred Cost Contract Audits	Verify costs are reasonable, allowable and allocable on cost reimbursable contracts for Contractors.	Vendor/Contract Management
3.	Incurred Cost Grant Audits	Verify costs are reasonable, allowable and allocable on cost reimbursable contracts for Cities & County MOUs.	Planning & Development
4.	Incurred Cost Grant Audits	Verify costs are reasonable, allowable and allocable on cost reimbursable contracts for Caltrans MOUs.	Engineering & Construction
5.	Audit of agency-wide IT Security	Evaluate effectiveness of internal controls for cyber security.	Information Technology
6.	Audit of Accounts Receivable	Validate adequacy of current policies and procedures; compliance with policies and procedures; and appropriate segregation of duties exists.	Finance & Administration
7.	Performance Audit of Request for Proposal Process	Evaluate efficiency and effectiveness of RFP process and risk of non-compliance with FTA funding requirements.	Vendor/Contract Management
8.	Audit of P-card Purchases	Evaluate compliance to P-card purchase requirements.	Vendor/Contract Management
9.	Performance Audit of Overtime Usage	Evaluate the use of Overtime.	Agency-Wide
10.	Performance Audit of IT Asset Management	Evaluate effective management of technology asset process.	Information Technology
11.	Performance Audit of Special Fare Programs	Audit of effectiveness of internal controls of A-TAP, B-TAP, I-TAP, YOTM, LACTOA and other special fare programs.	Communications
12.	Performance Audit of IDIQ type contracts	Evaluate efficiency and administration of Indefinite delivery, indefinite quantity (IDIQ) type contracts including appropriateness of consultant hours/tasks.	Engineering & Construction
13.	Annual Business Interruption Fund Audit	Annual required audit of Business Interruption Fund program.	Vendor/Contract Management

	Title	Objective	Area
14.	Annual Access Services Audit	Required annual audit of Access Services.	Finance & Administration
15.	External Audits	Outsourced audits of Measure R, Prop A&C, Consolidated, EZ pass, Metrolink, non-profits, STIP, Express Lanes, Metro Financial Audit and PRMA	Finance & Administration

Strategic Goal #8 – Enhance safety conscious culture with employees, contractors and customers

	Title	Objective	Area
1.	Annual Audit of Sheriff’s Contract	Verify contract compliance and performance requirements of LASD contract.	LAMPS
2.	Performance Audit of Business Continuity Program	Evaluate efficiency and effectiveness of the plan to restore essential operations and functions after an emergency.	Corporate Safety & Risk Management
3.	Performance Audit of Safety Program	Evaluate efficiency and effectiveness of the agency wide safety program including the accuracy of reported metrics.	Corporate Safety & Risk Management
4.	Performance Audit of Accident Prevention Practices	Evaluate efficiency and effectiveness of accident prevention practices. Operations	

Strategic Goal #9 – Sustain the environment with energy and reduced greenhouse emissions

	Title	Objective	Area
1.	Performance Audit of Management of Environmental Compliance	Evaluate the effectiveness of agency’s environmental compliance program.	Engineering & Construction



Board Report

File #: 2015-0737, File Type: Policy

Agenda Number: 12.

FINANCE, BUDGET & AUDIT COMMITTEE JULY 15, 2015

SUBJECT: CENTRAL AVENUE HISTORIC BUSINESS IMPROVEMENT DISTRICT

ACTION: AUTHORIZE PARTICIPATION IN THE CENTRAL AVENUE HISTORIC BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

CONSIDER:

- A. supporting the establishment of the **proposed Central Avenue Historic Business Improvement District (“BID”) in the City of Los Angeles** and the resulting assessments on properties within the District boundaries owned by LACMTA; and
- B. authorizing the Chief Executive Officer or his delegate to sign any necessary petition and cast any subsequent ballots in support of the BID and property assessments.

ISSUE

The MTA Board adopted Guidelines on LACMTA Participation in Proposed Assessment Districts (“Guidelines”) in June 1998 (See Attachment A). The Guidelines require staff to analyze each assessment district and/or improvement based on whether they improve MTA property or facility, benefit MTA employees, benefit Metro’s passengers, or reduce costs for the agency. Staff is to provide the Board with an analysis, on a case by case basis, that determines whether MTA property benefits from the proposed services or improvements; and whether the benefit to the property exceeds the cost of the assessment. Based on the guidelines, the Board must determine whether or not to participate in the proposed district.

POLICY IMPLICATIONS

Proposition 218, which was approved in November 1996, requires that all public property previously exempted from business improvement district assessments be assessed, unless the public agency can demonstrate that the property will receive no benefit.

DISCUSSION

The Central Avenue Historic BID is a property-based benefit assessment type district being established for a five (5) year term pursuant to the California Street and Highway Code (as

amended). The BID is proposed to improve and convey special benefits to assessed properties located within the District area. The District will provide continued improvements and activities, including streetscape services, enhanced safety, parking demand management, branding, and district management. Each of the programs is designed to meet the goals of the District; to improve safety and cleanliness and increase building occupancy within the District, to attract more customers to District businesses, to encourage new business development and attract ancillary businesses and services for parcels within the District and to promote cultural events in the District.

The LACMTA has four properties located in the proposed District which is generally located along Central Avenue between Washington Blvd and Vernon Avenue. The properties are former railroad right of way and are currently leased to adjacent property owners for parking and storage. A map showing the BID Boundary is attached as Attachment A.

The project properties are currently on a month-to-month rental as they are holdovers from expired leases. The annual lease revenue from the four properties is \$42,000.

Pursuant to the existing Guidelines on MTA Participation in Proposed Assessment District ("Guidelines), it is necessary for the Board to authorize LACMTA's support of the establishment of a new BID and to authorize the signing of any necessary petitions and ballots to participate in the BID. The Guidelines requires staff to analyze each new assessment district services and/or improvements based on whether it (1) improve MTA property or facility; (2) benefits MTA employees; (3) benefit the riding public; or (4) reduce costs for the MTA. The anticipated annual assessment to MTA is expected to be approximately \$10,139.76 which represents 2.34% the BID. An evaluation of the benefits that the Central Avenue BID will provide to the LACMTA Property is included in Attachment B.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

LACMTA's estimated annual assessment for the Year 2016 under the proposed BID is \$10,139.76. The funding to participate in this BID was not included in the FY16 budget in Cost Center 0651, Account No. 50799 (Taxes) as the establishment of the BID was not known at the time the budget was developed. The properties that are included in the BID are leased to adjacent property owner who are also included in the BID area. The MTA leases require the lessee pay the assessments stating that "Tenant shall be liable for all taxes levied or assessed against real property, personal property, furniture, fixtures, and equipment located or placed on the Premises, whether owned by the Tenant, or otherwise. The possessory interest created by the Lease may be subject to property taxation so that Tenant may be subject to the payment of property taxes levied on the interest and Tenant also agrees to pay before delinquency any and all possessory interest taxes due and arising from the Lease". Funds will be included in the FY17 Budget in Cost Center 0651, Account No. 50799 (Taxes), Project 610061 budget if the BID is approved and any of the leases are terminated. This activity will increase ongoing operating costs.

ALTERNATIVES CONSIDERED

The formation of the BID requires favorable petitions from property owners representing more than 50% of total assessments to be paid and the return of mail ballots evidencing a majority of ballots cast in favor of the assessment. Ballots are weighted by each property owner's assessment as proportionate to the total proposed District assessment amount. The Property owned by LACMTA represents 2.34% of the total Bid. If MTA does not support the BID by signing the petition and casting a ballot, it possible that the BID will not be established. It will take more individual private property owners to support the BID, if public agencies do not vote to participate in the BID.

NEXT STEPS

If the recommendation is approved, staff will sign the petition and subsequently cast a ballot for the establishment of the BID.

ATTACHMENTS

Attachment A - Map of BID's Boundary

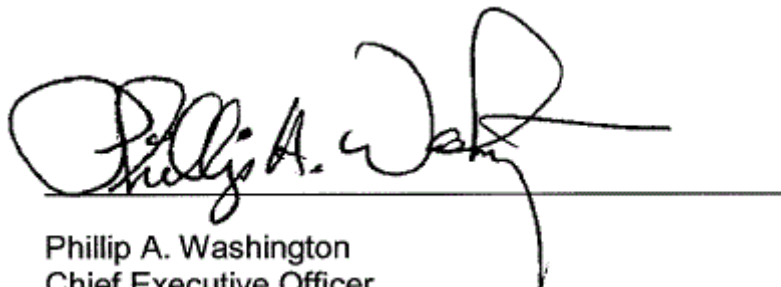
Attachment B - Evaluation of Fashion District Benefit of LACMTA

Prepared by: Velma C. Marshall, Deputy Executive Officer- Real Estate, (213) 922-2415

Dave Means, Executive Officer, (213) 922-2225

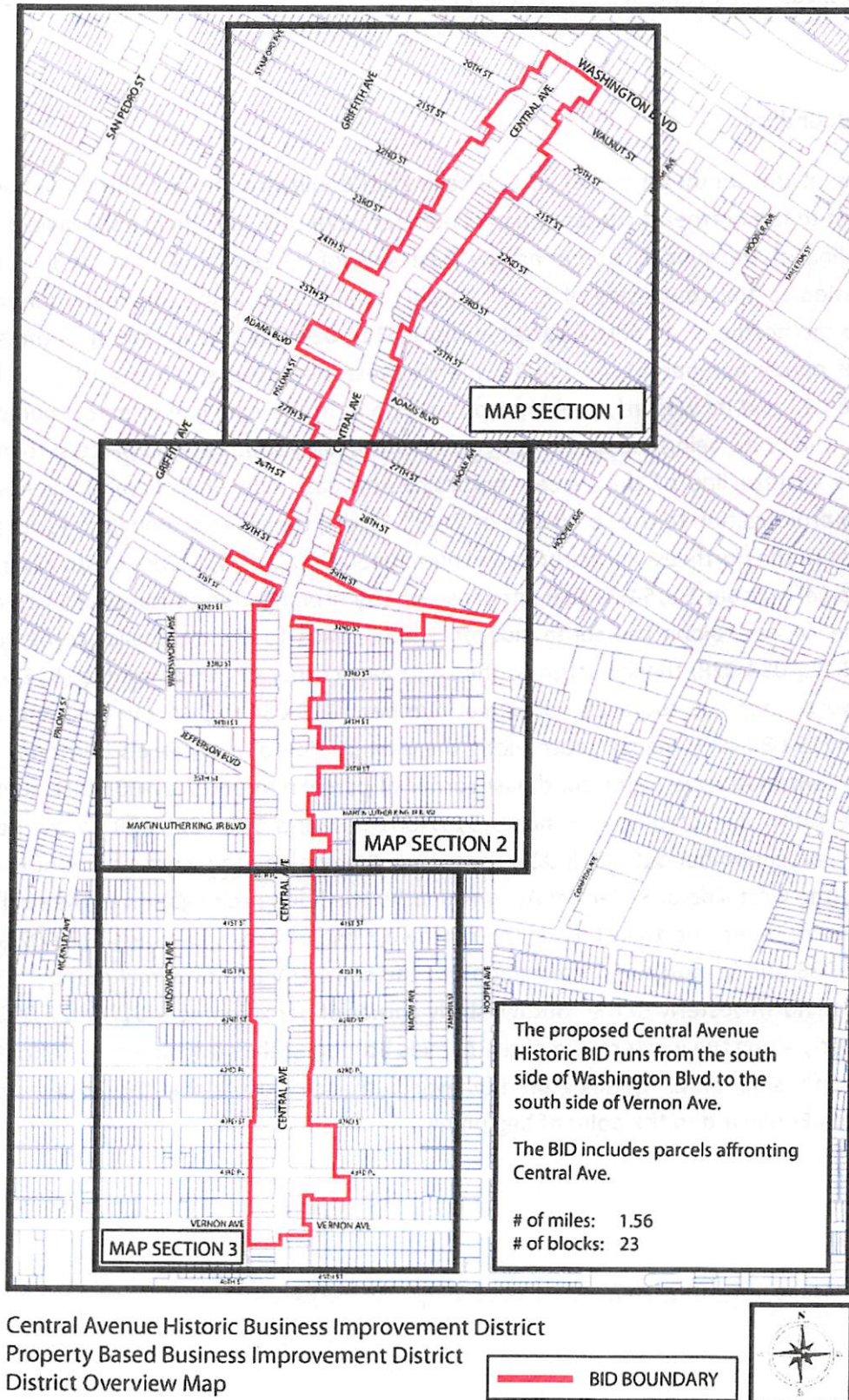
Calvin E. Hollis, Managing Executive Officer, (213) 922-7319

Reviewed By: Martha Welborne, FAIA, Chief Planning Officer, (213) 922-7267



Phillip A. Washington
Chief Executive Officer

CENTRAL AVENUE HISTORIC BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN



Central Avenue Historic Business Improvement District
Property Based Business Improvement District
District Overview Map

— BID BOUNDARY



**EVALUATION OF CENTRAL AVENUE HISTORIC DISTRICT BUSINESS
IMPROVEMENT DISTRICT
BENEFITS TO MTA**

Evaluation of Benefits to MTA

The proposed BID includes two (2) parcels owned by MTA. Both parcels are former railroad right of way and have been leased to adjacent property owners. The combined total area of the two parcels is 101,679 square feet.

The total proposed District budget for the 2016 year of operation is approximately \$438,475. Assessments will be subject to annual increases not to exceed 4% each year if implemented. The budget will cover improvements, activities and services which include (1) streetscape services which include sidewalk and gutter cleaning, graffiti removal, trash collection and removal and other cleaning as necessary; (2) enhanced safety including Community Safety Ambassadors to assist visitors and employees, pass out information about local businesses and programs, and report concerns to the local police and other security services. Enhanced safety also includes security monitoring involving a security camera system with an online monitoring program which the Safety Ambassador can access through cell phones; (3) parking demand management which will consist of a parking demand analysis report in the first year only; (4) branding which will tell the story of the District, its history, its cultural attractions, and its ongoing improvement through a website, social media sites, video promoting the district, a newsletter, flyers and brochures promoting the district and (5) district management which oversees the BID contracts, facilitate community development and public p[olicy] efforts and promote the District. The proposed Central Avenue Historic District BID assessment to MTA over the five year period is estimated to be \$44,780.44.

Analysis of Benefit to MTA

The Guidelines on MTA Participation in Proposed Assessment Districts (“Guidelines”) established general guidelines for determining benefits to MTA properties as outlined below. A list of MTA properties included in the proposed BID is attached, with an indication of the assessment to each parcel. The guidelines requires an analysis of each new assessment district service and/or improvement based on whether it improves MTA property or facility, benefit MTA employees, benefit the MTA riding public or reduce costs for the MTA.

Following is the analysis of benefits to MTA from the Central Avenue Historical District Business Improvement District based on the Guidelines.

TIER 1 – NO BENEFIT

- Subsurface easement – Not Applicable

- Aerial easements – Not Applicable
- Right of Way
 - The right of way located in the BID area is currently leased to adjacent property owners who have the responsibility for maintaining the leased right of way.

TIER 2 – MINOR OR NO POTENTIAL BENEFIT

- Vacant Land
- Parking Lots
 - The right of way is basically vacant and is leased to adjacent property owners for use as storage and parking

TIER 3 – MINOR OR SOME POTENTIAL BENEFIT

- Bus Operating and Maintenance Facility – Not Applicable
- Bus Terminals – Not Applicable
- Customer Service Centers – Not Applicable
- USG Headquarters Building – Not Applicable
- Maintenance Facilities – Not Applicable
- Rail Division – Not Applicable
- Rail Terminus – Not Applicable
- Stations – Not Applicable

TIER 4 – ACTUAL BENEFITS

The properties within the boundaries of the District will receive special benefits from the establishment and services provided by the District. Since MTA's properties are leased to adjacent property owners, the services will benefit from the District's streetscape services program which will create a cleaner and more welcoming environment for their customers, patrons, tenants, visitors and employees. The program will improve aesthetic appeal for patrons, visitors and employees of the area by reducing litter and debris which are detractors to commerce and commercial occupancy rates if not contained and properly managed. The MTA tenants are more likely to remain in the area and continue to occupy the MTA owned parcels if the area is improved. The safety program is designed to improve security for patrons, visitors and employees of the assessed parcels by reducing crime in the area. All of the programs that will be funded through the BID are designed to improve the conditions of the area and to provide supplemental programs, services and improvements that are not currently provided by the City of Los Angeles.

The MTA tenants will benefit from these programs. The lease between MTA and the tenants require the tenants to be liable for all taxes levied or assessed against the property.

**Board Report**

File #: 2015-0310, **File Type:** Contract

Agenda Number: 13.

**REVISED
FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 15, 2015**

SUBJECT: INFORMATION TECHNOLOGY (IT) SERVICES BENCH

ACTION: ESTABLISH AN IT SERVICES BENCH

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. **establish an IT Services Bench**, through (RFIQ) No. PS92403383, consisting solely of vendors who have been deemed qualified to participate in future IT task order work for technical disciplines 1 through 16 below. The qualified vendors recommended in Attachment B for a five-year period will openly compete to perform individual professional service task orders for a cumulative total value of \$17 million. Individual task orders will be awarded based on a competition via the Request for Proposal (RFP) process.

1. Platform / End User Computing Systems

ISSUE

The Information and Technology Services Department (ITS) manages multiple programs to support the Agency's technology goals and objectives. Each program utilizes specialized technical services to maintain, plan, and enhance Metro's vast array of technology services.

Many of the Agency's technology projects require substantial support from various technical disciplines through all phases of the project lifecycle and, based on project schedule needs, the number of concurrent resources required for limited durations may exceed the number of available budgeted full time equivalents in the Information and Technology Services (ITS) department. Use of contracted resources on an as-needed basis is the most cost-effective method to address the varied project support requirements in a timely manner.

The IT Services Bench will enable many small/mid-scale task orders to be awarded more efficiently since the initial qualification reviews have been completed. All the recommended firms for the proposed IT Services Bench have been determined to have the skills and experience needed to provide the required services identified for their respective technical disciplines.

DISCUSSION

The IT Services Bench model has proven to be a very successful method for the procurement of these services and has allowed for projects to be completed in a more efficient manner.

Thirty-four (34) firms are recommended, of which 13 are SBEs and/or DBEs. The scope for the bench consists of 16 technical disciplines. The Diversity and Economic Opportunity Department (DEOD) has recommended a 12% overall SBE/DBE goal and requirements will be established in the competition for the task orders. Source Selection Committees (SSCs) were established for each discipline and were comprised of technically qualified staff. All SSC members have experience in their respective disciplines and were qualified to perform the evaluations. In addition, the stated evaluation criteria were included in the solicitation package to afford interested proposers the opportunity to review them prior to submitting proposal. The submitted Qualification Statements were rated strictly on the basis of the evaluation criteria and scored accordingly.

THE BENCH EXPANSION IS DIRECTLY RELATED TO THE EXPANDING ROLE OF ITS

ITS has been utilizing Technology Services benches since 2003. The first bench was established in 2003 and expired in 2008. It consisted of 3 vendors with one discipline.

The past IT Service Bench was established in 2008. It expired in 2014 and consisted of 10 vendors with 6 disciplines. The current bench will have 34 vendors with 16 disciplines. The increased number of disciplines is a direct relationship to both the expanding role of ITS and the increasing technology needs of the Agency.

ITS consists of seven major program areas: Business Application Services, IT Operations and Service Delivery, Information Security Services, Systems Architecture and Technology Integration, IT Project Management Office, Research and Records Information Management, and Digital Strategy and Innovation Services. As the agency expands its initiatives and projects, the roles and functions of the ITS department have also increased. ITS' expanded responsibilities since the previous 2008 bench are detailed below:

- **Digital Strategy and Innovative Services** - The goal of this new program is to coordinate and contribute efforts to transform the Metro customer experience through the use of technology and innovation. Among other objectives, the program keeps a pulse on emerging trends, developing and implementing a roadmap for investments in technology to enhance mobility in the region.
- **Business Application Services (BAS)** program provides functional, business and technical programming services to support approximately 125 business applications used daily for Transit Operations, Finance, Vendor and Contract Management and other business units in Metro. ITS now provides system support services for the Advanced Transportation Management Systems (ATMS) and HASTUS systems that were previously managed outside the ITS department.

- **Operations and Service Delivery (OSD)** program provides 24x7 installation and maintenance services for Metro's enterprise technology infrastructure including over 4,000 desktop/laptop/kiosk computers, 45 telephone PBX systems, 8,000 phone devices, 2,100 telecommunications data lines and audio-visual services covering the USG facility and over 35 divisions and other Metro locations. With the increase in Measure R construction projects, ITS is responsible for supporting all the technology growth to support this program.
- **Information Security Services** program provides the Agency's cyber security activities protection and ensures the confidentiality, integrity and availability of the agency's critical information assets while ensuring its goals and objectives are being met. ITS now provides cyber security oversight services to Metro's operational and business systems (SCADA, TAP, Express Lanes, and the Project Management Information System) that are managed outside of the ITS department.
- **Systems Architecture and Technology Integration** program provides system administration, 24/7 data center operations, and disaster recovery services for Metro's enterprise technology network communications and database infrastructure. This includes over 350 physical and virtual servers, more than a petabyte of data, 4,500 network accounts and over 500 leased line circuits. ITS now provides data center and infrastructure support services to TAP operations that were traditionally outsourced.
- **IT Project Management Office** provides ITS strategic program/project planning, IT support for construction projects, financial administration, and policy & audit administration services. ITS has developed this departmental PMO to better support the technology expansion requirements for the new Measure R projects as well as for strategic planning.
- **Research and Records Information Management** program administers the well-regarded transportation research library, as well as creates and governs policy on storage of Metro records. ITS now provides management support for this program that was previously managed outside the ITS department.

DETERMINATION OF SAFETY IMPACT

The approval of this recommended action will not have any direct impact on the safety of our customers and employees.

FINANCIAL IMPACT

Funding for FY16 is included in the department, cost center budgets. Each task order awarded to a Contractor will be funded with the source of funds identified for that project. Since this is a multi-year contract, the departmental cost center managers will be responsible for budgeting costs in future years.

Impact to Budget

The funding for these task orders is dependent upon the specific projects.

ALTERNATIVES CONSIDERED

1. Solicit competitive proposals to contract for each individual task as it becomes due. This is not recommended as it would require extensive additional staff time to process each request and result in project delays due to the lead time required to complete each procurement cycle. Additionally, contracting for these services on a per assignment basis does not provide opportunities for economies of scale. Additionally, the Board could elect not to increase the CEO's administrative authority to award individual task orders up to \$1 million. This is not recommended as our experience has shown that the requested task order threshold is needed as it will allow for many mid-scale project procurements to be expedited.
2. Utilize existing Information & Technology Services staff to provide the required technical support. This is not feasible as the current budgeted ITS capacity is fully utilized to maintain Metro's existing computer and network systems. There would not be sufficient existing staff to re-assign to provide technical support to the various ITS capital projects.

NEXT STEPS

Upon Board approval, we will notify successful proposers and establish the IT Services Bench. As needed, we will solicit responses to individual task orders from specific disciplines.

ATTACHMENTS

Attachment A -Procurement Summary

Attachment B -Recommended Firms by Disciplines

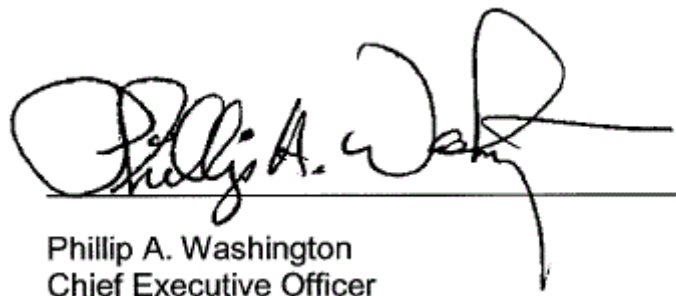
Prepared by: William Balter, Director, ITS Administration/PMO (213) 922-4511

Reviewed by:

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Ivan Page, Interim-Executive Director, Vendor/Contract Management - (213) 922-6383

Nalini Ahuja, Executive Director/Chief Financial Officer - (213) 922-3088



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

IT SERVICES BENCH

1.	Contract Number: PS92403883 (Task orders will be identified by sequential numbers)	
2.	Recommended Vendor: 34 Contractors (see Attachment B).	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input checked="" type="checkbox"/> RFIQ <input type="checkbox"/> Non-Competitive X Modification	
4.	Procurement Dates:	
	A. Issued: August 28, 2014	
	B. Advertised/Publicized: in the following eight (8) publications: LA Opinion (8/30/2014), Rafu Shimpo (9/3/2014), LA Watts Times (9/4/2014), Daily News Los Angeles (8/30/2014), Los Angeles Times (8/29/2014), Govtech website (8/28/2014), Silicon Beach Tech website (8/28/2014), Passenger Transport C/O America (9/8/2014)	
	C. Pre-proposal/Pre-Bid Conference: September 8, 2014	
	D. Proposals/Bids Due: October 2, 2014	
	E. Pre-Qualification Completed: In process	
	F. Conflict of Interest Form Submitted to Ethics: Yes	
	G. Protest Period End Date: July 22, 2015	
5.	Solicitations Picked up/Downloaded: 143	Bids/Proposals Received: 41
6.	Contract Administrator: Terry Schaefer	Telephone Number: 213-922-2613
7.	Project Manager: Bill Balter	Telephone Number: 213-922-4511

A. Procurement Background

This Board Action is to establish a pool of qualified vendors to be on a Task Order Bench (Bench) to support the Information Technology Services (ITS) Department in 16 ITS disciplines.

A Request for Information and Qualifications (RFIQ) was issued in accordance with Metro's Acquisition Policy and Procedures.

Four amendments were issued during the solicitation phase as follows:

- Amendment No. 1, issued August 29, 2014, provided clarification on the Pre-Proposal Conference date;
- Amendment No. 2 issued September 18, 2014, provided due date for questions pertaining to the RFIQ;
- Amendment No. 3 issued September 24, 2014, changed the proposal due date; provided documentation related to the Pre-Proposal conference; and responses to questions received; and
- Amendment No. 4 issued October 6, 2014, provided responses to questions received.

All firms listed have previously conducted work for Metro and have performed satisfactorily.

This professional services Bench is anticipated to have a cumulative total of \$17,000,000 in task orders over the five year life of the Bench. Individual task orders will be issued for each IT Statement of Work requirement and will be competed via a Request for Proposal (RFP). The RFP will only be released to those qualified vendors under the Bench within the designated IT discipline area.

The Task Order performance period may exceed the five year Bench period of performance provided that the Task Order is fully executed and performance started prior to expiration of the Bench.

Task Order requirements will be competed among Bench firms qualified for that skill set and each of the qualified firms will be sent an RFP for that specific Task Order requirement. The proposal must be compliant with any small business requirements set forth in the RFP. Additionally, price fair and reasonableness determination will be made for each Task Order at the time of Task Order award.

Due to unforeseeable circumstances, such as loss of contracted for technical skills, change of ownership, bankruptcy, cessation of business, or similar kind of change of business circumstance, of any of the selected Bench Contractors during the active period of performance of the Bench, Metro reserves the right to replace such Contractor (s) through a competitive procurement process. Any Contractor replaced as a result of this process shall not be permitted to participate in the replacement solicitation process.

B. Evaluations of Proposals

Qualification Statements were sought and reviewed by the Source Selection Committee (SSC). They were evaluated for qualification content and technical competency to perform the required work in the specific disciplines proposed.

The RFIQ contained neither price nor a specific Statement of Work. Each future contract/Task Order will contain a specific Statement of Work which will be sent to all qualified vendors under the Bench in the specific discipline area. The qualified vendors will propose according to the requirements of the RFP.

Placement on the Bench will not guarantee an award of any contract/Task Order.

- A total of 41 proposals were received on October 15, 2014, covering sixteen (16) disciplines. Source Selection Committees (SSC) were established for each discipline consisting of staff from the following departments: Information and Technology Services and the TAP Departments. Each SSC conducted an independent, comprehensive technical evaluation on the qualification statements received for each designated disciplines.

The proposals were evaluated based on the following evaluation criteria:

- o Contractor’s Business Profile 10%
- o Technical Discipline Qualifications 30%
- o Technical Discipline Experience 60%

The evaluation criteria are appropriate and consistent with criteria developed for other, similar professional services Bench procurements. The intent of the Bench is to have a pool of qualified contractors’ pre-qualified/pre-screened in one or more disciplines that will compete for task orders. Placement on the Bench will not guarantee an award of any task order.

Of the 41 proposals received, 34 proposals were determined to be qualified and are listed in Attachment B. Of the 34 proposals 13 proposals came from certified Metro Small Business Enterprises (SBE) and/or Disadvantaged Business Enterprises (DBE). Several of the SBE/DBE firms have been qualified for one or more disciplines.

C. Cost/Price Analysis Explanation of Variances

This Section is not applicable to the Bench. Cost/Price analysis will be performed, as appropriate, on resultant Task Order.

D. Qualifications Summary of Firms Within the Competitive Range:

22nd Century Technologies, Inc.

22nd Century Technologies, Inc. (TSCTI) is a large, well-developed and matured IT consulting and staffing company incorporated in 1997 and headquartered in Somerset, New Jersey. TSCTI is government focused and has a strong presence in 37 states. They are CMMI Level 3, ISO 9001, and have established many state and federal contracts, multiple CA awards, with 263 employees, and \$25M in revenues.

Accenture LLP

Accenture LLP (Accenture) is a multinational management consulting, technology services and outsourcing company established in 1989 and is headquartered in Dublin, Ireland. Accenture operates in a matrix structure and has five Operating Groups (Communications, Media & Technology, Financial Services, Products, Resources, and Health & Public Service). Accenture has experience working with similar projects to those identified under the discipline for which they have qualified. Accenture has previously worked with Metro and has performed satisfactorily.

Accuvant

Accuvant delivers comprehensive suite of solutions and services for enterprise–class businesses, government agencies and educational institutions to successfully plan, build and operate their security systems and programs. Accuvant is headquartered in Denver, CO, incorporated in 2002 and has 652 employees.

Accuvant has previously worked with Metro and is currently performing circuit board engineering work.

Aeon Group, LLC

The AEON Group, LLC (AEON) is a women-owned, small business and disadvantaged enterprise established in 2001 and based in Los Angeles, CA. They have two (2) employees and earned \$1.5M in revenue over 5 years. AEON is a management and technology consulting company that specializes in staffing. AEON's team has a history in providing consulting services covering the technical disciplines applied for in both government and commercial sectors including transit providers, regional planning organizations, cities, and other like organizations. AEON is very familiar with Metro's culture and requirements and is currently engaged on multiple projects with Metro.

ALINC Consulting, Inc.

ALINC Consulting, Inc. (ALINC) founded in 2003 is based in California (Daly City and Del Mar). ALINC provides technical, payment systems consulting, bank card industry expertise, "installation-to-operations" solutions, and program management assistance to transit agencies, in the areas related to fare collection, fare technology, fare policy, revenue tracking, credit/debit card payment processing, financial clearing, settlement and reconciliation, inter-agency revenue agreements, complete card procurement and card services management, sales device (point of sales) installation oversight and operations management, bank-card technology, and program integration. The principals and staff at ALINC have collectively over 30+ years of experience in Electronic Fare Collection Systems, Program Management, Planning, Technology Evaluation, and Operational Support and are currently engaged with Metro.

AST Corporation

Application Software Technology Corporation (AST) founded in July, 1995 specializes in Oracle systems integration. AST's headquarters are located in Naperville, IL. They are a well-developed and mature business with \$50M in annual revenues in 2013. AST works exclusively with Oracle software and is one of the largest providers of ERP software in the industry and have a working track record with Metro ITS on large scale Oracle upgrade projects.

AT&T

AT&T Consulting, a wholly owned subsidiary of AT&T, is a strategic IT consulting firm that focuses on assisting business and government customers with some of their most complex IT challenges. AT&T has been in business for more than 138 years and continues to show positive growth in total operating revenues. AT&T serves 110 million wireless subscribers and is a premier provider of broadband, long distance and local voice services.

Auriga Corporation

The Auriga Corporation, a certified "Small Business" was established in 1990 and is located in Milpitas, California. Auriga provides management and technical consulting services to federal, state and local agencies. Auriga has a proven track

record of providing services to rail and transit agencies in the Bay Area and other parts of the US for the past 24 years. They have offices in LA, have worked with LACMTA on projects, and are on the current IT Services Bench working with another firm, Capgemini, to support them with IT consulting services. Auriga has experience with Transit agencies and their core service is in infrastructure and construction startup.

Birdi & Associates, Inc.

Birdi & Associates, Inc. (B&A) was established in 2006, are headquartered in Los Angeles, CA and is a certified Small Business and Disadvantaged Business. B&A has a staff of 45 members and has provided services to government agencies throughout Los Angeles. B&A has successfully provided On-Call and task-based Information Technology Services to several agencies including the Port of LA, LA World Airports, LA Department of Transportation and LA Department of Building and Safety. B&A's core services are aligned with the disciplines they subscribed to.

Black Box Network Services

Black Box was founded in 1976 and is a publicly traded organization with a large client base and 4,000 Team Members worldwide. Black Box claims that it's the world's largest technical services company that is dedicated to designing, building and maintaining data and voice infrastructure systems. Black Box is a well-developed and mature company that has previously provided work for LA Metro. Black Box's core services are aligned with the disciplines they subscribe to.

CH2M HILL

CH2M HILL, founded in 1946, provides consulting, design, design-build, operations and program management services. They are headquartered in Englewood, Colorado with offices and staff worldwide including Los Angeles. CH2M HILL offers a wide spectrum of expertise, knowledge, and services across various industries and government agencies. CH2M HILL has provided Metro with many of the technical services including Fare Collection, Geology, Communications, Train Control Engineer, Civil Engineering, Testing/Commissioning, Electrical Engineering, Structural Engineering, Vehicle Integration, Traffic Engineering, CADD, ITS System, and other engineering disciplines. CH2M HILL has worked on several Metro projects and has performed satisfactorily.

CIVIC RESOURCE GROUP

Located in Los Angeles, California, Civic Resource Group (CRG) was founded in 2002 and provides services in technology and programming. They specialize in software and Web development coupled with analytics, research and optimization solutions. CRG has worked on several Metro projects and has performed satisfactorily.

DIGITAL SCEPTER

Digital Scepter was established in 2007 and is a leading provider of robust and reliable information security systems. Digital Scepter has seven (7) years of experience implementing and integrating a variety of technologies to enable

security programs. Digital Scepter has experience working with LA Metro on the ASA/PIX firewall conversion project and has performed satisfactorily.

E DEMAND INC

E Demand established in 2004 is a small boutique transit technology consulting practice that is a Small Business Entity. E Demand is incorporated and is headquartered in Georgia. The company's core competencies are aligned with the disciplines they subscribed to and they have ample resources for the specialized services they provide, UFS/TAP and PCI compliance, and security.

ECO & ASSOCIATES

Eco & Associates (Eco) was founded in June, 2001 and is a Women-owned Business Enterprise (WBE) and Disadvantaged Business Enterprise (DBE) business. Eco's core service competencies include environmental services as well as IT services that are focused on application development, GIS, trip Master, and large scale hosting support expertise. Eco is headquartered in Orange, California and the company's core services are aligned to the IT disciplines.

EPLUS TECHNOLOGY INC

ePlus Technology, Inc. was founded in 1990 and is a publically reporting entity with annual revenues totaling \$1.057 Billion fiscal ending March 31, 2014. ePlus is headquartered in Herndon, VA and has a local office in Irvine, CA. The company is an enterprise solutions integrator that can design, implement, and manage an IT infrastructure throughout its complete lifecycle. ePlus has more than 900 associates serving federal, state, municipal and commercial customers nationally. The company's core services are aligned to the IT disciplines.

HERSHEY TECHNOLOGIES

Hershey Technologies was founded in 1991 is based in San Diego, CA with consultants located in Los Angeles, Orange and Riverside Counties. Hershey has 20 full-time employees and is a certified Small Business and a Disadvantaged Business Enterprise. Hershey specializes in document management and its core service is aligned to the IT discipline.

HUB COMPANIES LLC

Hub Companies, LLC founded in 2011 is a mobile development organization and marketing company. Hub Company develops mobile applications for governments and municipalities with a focus on Transportation Agencies and Organizations. Hub Companies' core services are aligned to the IT discipline.

INFORMATION MANAGEMENT RESOURCES INC

Information Management Resources, Inc. (IMRI) was established in California in 1986. On April 1, 1992, the company was acquired by the present owner, and sole shareholder. IMRI provides business and technology consulting services to public and private sector clients, state and local and federal agencies. IMRI core competencies include; computer operation support, data center/cloud computing, cyber security, software development and they are ISO certified. The company's core services are aligned to the IT disciplines.

INTRATEK COMPUTER INC

Intratek Computer, Inc. (Intratek) was founded in 1989 and initially focused on hardware maintenance and support. In 1991, Intratek began providing outsourced IT professionals to government entities. Intratek's annual service revenue in 2013 was \$17 Million. They have 333 employees with 103 in California. Intratek is headquartered in Irvine, CA.

INTUEOR CONSULTING INC

Intueor Consulting, Inc. (Intueor) was incorporated in June, 2005 and is headquartered in Irvine, CA. Intueor is a strategy, operations and business technology consulting firm that specialized in the Public Sector Transit and Transportation agencies. The company has a well-developed subcontractor relationship. The company showed positive financial growth to \$8M in FY13 and its core services are aligned to the IT disciplines.

MYTHICS

Mythics, Inc. was founded and incorporated in 2000 and is based in Virginia with a focus of helping Oracle government and commercial customers. Mythics will provide their Oracle expertise across the full range of Oracle cloud, software, hardware, storage and engineered systems. Mythics is a medium size company with staff of 178 and revenues of \$187M in the past five years and growing. Its core services are aligned to the IT disciplines.

PI TECHNOLOGY INC

PI Technology (PI) was founded in February, 1986 and has been providing Information Technology consulting, integration, and project management services since its inception. PI's staff is well seasoned in the implementation of large systems and has experience with most development environments. PI is currently working with METRO ITS with several projects and is also participating in the METRO's 2002 IT Master Agreement. PI's core services are aligned to the IT disciplines.

PLANTE MORAN PLLC

Plante & Moran, PLLC (Plante Moran) was founded in 1924 and is the thirteenth largest management consulting and public accounting firm in the US. Over the past several years, Plante Moran has expanded their scope and experiences of its Management Consulting Services into all major aspects of government addressing their client's unique needs related to information technology, security, compliance and policy. Plante Moran is large and well established with net revenues of \$412M fiscal year ending June 30, 2014. The company's core services are aligned to the IT disciplines.

SIDEPATH INC

Sidepath, Inc. (Sidepath) was founded in 2002 and is headquartered in Irvine, CA. Sidepath's Core Competency is based around Dell's Data Center Enterprise Stack. This includes Dell Storage, Dell Servers and Dell Networking Devices. One of the focus areas for Sidepath is on the Dell Compellent platform. Sidepath has been providing professional services for the Compellent (SAN) data storage solution

since 2007 and Compellent is one of our lead practice areas. The company's average annual service revenue is \$0.5M/annually and a staff of about 24.

SIERRA CEDAR INC

Sierra-Cedar, Inc. (Sierra-Cedar) was formed as a result of a July, 2014 merger combining the operations of Sierra Systems US, Inc., CedarCrestone, Inc., and Analytic Vision, Inc. Sierra-Cedar is a Delaware corporation registered to do business in all US States. Sierra-Cedar has been in the consulting market dating back to 1981. The company's core services are aligned to the IT disciplines.

SIERRA CYBERNETICS INC

Sierra Cybernetics, Inc. (Sierra) was incorporated in 1981 and is based and operated from Orange County, CA. Sierra's primary services include IT services, software, and engineering-oriented personnel and solutions. Sierra has successfully demonstrated relationship and experience with government companies with 30 staff and revenues between \$1.7M to \$2.7M in the last five (5) years. The company's core services are aligned to the IT disciplines.

T-KARTOR

T-Kartor has been in business for nearly 30 years and primarily focuses on developing geospatial IT solutions for the transit industry such as large transportation city signage maps and geography. T-Kartor is an international group of companies and is represented in six countries with it's headquarters in Sweden. The company's core services are aligned to the IT disciplines.

TSTREET SOLUTIONS LLC

tStreet Solutions, LLC was organized and formed in May, 2014. The Georgia based company was a result of a merger of five separate companies with some of the original employees that existed since 2010. tStreet specializes in transit market and asset management. They currently have six (6) employees and estimate \$1.5M in revenues. The company's core services are aligned to the IT disciplines.

VAN & ASSOCIATES INC

Van & Associates has been providing IT consulting services to clients in the Los Angeles County over the past 10 years. Van & Associates has a working relationship with MTA, has completed four major projects and is currently working on the fifth project. The company's core services are aligned to the IT disciplines.

VISION TECHNOLOGIES INC

Vision Technologies, Inc. dba in CA as Vision Interconnect, Inc. (Vision) organized in the state of Maryland on May 5, 2000 is a Service-Disabled Veteran-Owned professional IT services company that provides a suite of solutions for both government and commercial customers. Vision's core competencies include network, telecom, security, and staff augmentation. The company's revenues average over \$75M annually. The company's core services are aligned to the IT disciplines.

VIVA USA INC

VIVA USA Inc. (VIVA) started in 1996 and is a full IT consulting company based in Illinois. VIVA has over 18 years of experience in providing IT and related services including Systems Integration and IT staffing and software consulting to large clients and government agencies. VIVA specializes in providing IT professionals in areas of software developers, testers, business analysts, architects, project managers and database/system administrators. The company’s core services are aligned to the IT disciplines.

WEST COAST CABLE INC

West Coast Cable, Inc. (West Coast Cable) established in 2003 specializes in the design, installation and maintenance of cost effective network cabling. West Coast Cable has over 40 years of combined leadership experience and 35 employees. West Coast Cable has performed multiple projects for METRO and has provided excellent services. The company’s core services are aligned to the IT disciplines.

ZENSAR TECHNOLOGIES INC

Zensar Technologies, Inc. has been in business for 13 years and is based in San Jose, CA. Zensar provides software and infrastructure services and solutions for manufacturing, retail, insurance, utilities, banking, financial services and government agencies. Zensar is a \$390 Million organization and is a part of the \$3 billion company RPG Group. The company’s core services are aligned to the IT disciplines.

E. Small Business Participation

IT Services Bench Proposers were encouraged to form teams that included DBE and SBE firms without schedules or specific dollar commitments prior to the establishment of the Bench. The IT Services Bench is subject to the Small Business Prime Program. If there are at least three certified small businesses within a bench discipline, the task order solicitation shall be set aside for small businesses only. ~~Eight Six~~ Disciplines currently have at least 3 SBE firms: B – Database, E - Applications, H - Mobile Solutions, J – Transit Operations, L – Intelligent Transit, M – Program Management, N – IT Strategy, and P. SCADA.

If a task order solicitation is not issued through the Small Business Prime Program, participants on the Bench will be required to meet the 12% DBE or SBE contract-specific goal by obtaining enough DBE or SBE participation to meet the goal or by successfully demonstrating Good Faith Efforts. DBE and SBE commitments will be determined based on the aggregate of all Task Orders issued.

SMALL BUSINESS GOAL	12% SBE and 12% DBE	SMALL BUSINESS COMMITMENT	12% SBE and 12% DBE
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F. Living Wage Service Contract Worker Policy

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

ATTACHMENT B

**RECOMMENDED FIRMS BY DISCIPLINE
IT SERVICES BENCH**

A. Platform
EPLUS TECHNOLOY INC
ACCENTURE
INTRATEK COMPUTER INC
SIERRA CYBERNETICS INC
22nd CENTURY TECHNOLOGIES INC (DBE)
INTUEOR CONSULTING INC (DBE/SBE)
ZENSAR TECHNOLOGIES INC
VISION TECHNOLOGIES INC

B. Database
AST CORPORATION
ACCENTURE
ZENSAR TECHNOLOGIES INC
AURIGA CORPORATION (DBE/SBE)
MYTHICS
PI TECHNOLOGY INC (SBE)
INTRATEK COMPUTER INC
INFORMATION MANAGEMENT RESOURCES (DBE/SBE)

C. Storage
SIDEPATH INC
AT&T
EPLUS TECHNOLOY INC
22nd CENTURY TECHNOLOGIES INC (DBE)
ZENSAR TECHNOLOGIES INC
INTUEOR CONSULTING INC (DBE/SBE)
BIRDI & ASSOCIATES INC (DBE/SBE)

D. Telecom
EPLUS TECHNOLOY INC
AT&T
BLACK BOX NETWORK SERVICES
ACCUVANT
ACCENTURE
CH2M HILL INC
WEST COAST CABLE INC (SBE)
AURIGA CORPORATION (DBE/SBE)

E. Applications
ACCENTURE
INTRATEK COMPUTER INC
INTUEOR CONSULTING INC (DBE/SBE)
ECO & ASSOCIATES (DBE/SBE)
ZENSAR TECHNOLOGIES INC
PI TECHNOLOGY INC (SBE)
T-KARTOR
22nd CENTURY TECHNOLOGIES INC (DBE)

F. Business Intel
ZENSAR TECHNOLOGIES INC
AST CORPORATION
ACCENTURE
SIERRA CEDAR INC
AURIGA CORPORATION (DBE/SBE)
22nd CENTURY TECHNOLOGIES INC (DBE)
INTRATEK COMPUTER INC
VIVA USA INC (DBE)

G. Content Mgmt
ZENSAR TECHNOLOGIES INC
ACCENTURE
HERSHEY TECHNOLOGIES
AST CORPORATION
MYTHICS
PI TECHNOLOGY INC (SBE)
INTRATEK COMPUTER INC
INFORMATION MANAGEMENT RESOURCES (DBE/SBE)

H. Mobile Solutions
ACCENTURE
CIVIC RESOURCE GROUP (CRG)
HUB COMPANIES LLC
ZENSAR TECHNOLOGIES INC
ALINC CONSULTING INC (DBE/SBE)
PI TECHNOLOGY INC (SBE)
AEON GROUP LLC (DBE/SBE)
BIRDI & ASSOCIATES INC (DBE/SBE)

I. Oracle
ACCENTURE

J. Transit Ops & AFC
E DEMAND INC (SBE)

ZENSAR TECHNOLOGIES INC
AST CORPORATION
SIERRA CEDAR INC
PI TECHNOLOGY INC (SBE)
MYTHICS
INTRATEK COMPUTER INC
AURIGA CORPORATION (DBE/SBE)

CH2M HILL INC
ALINC CONSULTING INC (DBE/SBE)
ACCENTURE
AST CORPORATION
AURIGA CORPORATION (DBE/SBE)
INFORMATION MANAGEMENT RESOURCES (DBE/SBE)

K. Asset Material
ACCENTURE
CH2M HILL INC
TSTREET SOLUTIONS LLC
INTUEOR CONSULTING INC (DBE/SBE)
PI TECHNOLOGY INC (SBE)
22nd CENTURY TECHNOLOGIES INC (DBE)

L. Intelligent Transit
CH2M HILL INC
INTUEOR CONSULTING INC (DBE/SBE)
INFORMATION MANAGEMENT RESOURCES (DBE/SBE)
AURIGA CORPORATION (DBE/SBE)
AEON GROUP LLC (DBE/SBE)

M. Program /Prj Mgmt
ACCENTURE
ZENSAR TECHNOLOGIES INC
PLANTE MORAN PLLC
E DEMAND INC (SBE)
INTUEOR CONSULTING INC (DBE/SBE)
PI TECHNOLOGY INC (SBE)
SIERRA CEDAR INC
AEON GROUP LLC (DBE/SBE)

N. IT Strategy
PLANTE MORAN PLLC
ACCENTURE
INTUEOR CONSULTING INC (DBE/SBE)
AEON GROUP LLC (DBE/SBE)
INFORMATION MANAGEMENT RESOURCES (DBE/SBE)
CH2M HILL INC
AST CORPORATION
E DEMAND INC (SBE)

O. Agency-Wide Info
ACCUVANT
DIGITAL SCEPTER (SBE)
ACCENTURE
PLANTE MORAN PLLC
EPLUS TECHNOLOY INC
PI TECHNOLOGY INC (SBE)
AT&T
22nd CENTURY TECHNOLOGIES INC (DBE)

P. SCADA
AURIGA CORPORATION (DBE/SBE)
INFORMATION MANAGEMENT RESOURCES (DBE/SBE)
EPLUS TECHNOLOY INC
DIGITAL SCEPTER (SBE)
VAN ASSOCIATES
AT&T

**Board Report**

File #: 2015-0801, **File Type:** Program

Agenda Number: 14.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 15, 2015**

SUBJECT: EXCESS LIABILITY INSURANCE PROGRAM

ACTION: PURCHASE EXCESS LIABILITY INSURANCE

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to **negotiate and award excess liability insurance policies** with up to \$250 million in limits at a cost not to exceed \$3.65 million for the 12-month period effective August 1, 2015 to August 1, 2016.

ISSUE

The excess liability insurance policies expire August 1, 2015. Metro is required by some agreements (e.g., shared use agreements with the freight railroads) to carry excess liability insurance. Without this insurance, Metro would be subject to unlimited liability for bodily injury and property damage claims resulting from, primarily, bus and rail operations.

DISCUSSION

Our insurance broker, Wells Fargo Insurance Services (“Wells”), is responsible for marketing the excess liability insurance program to qualified insurance carriers. Quotes were received from carriers with A.M. Best ratings indicative of acceptable financial soundness and ability to pay claims.

High profile transportation related fatality accidents including the February 2015 Metrolink truck/train collision, January 2015 Washington Metropolitan Area Transit Authority subway fire, December 2013 Metro North high speed derailment in New York, April 2014 FedEx truck/bus collision in Northern California and, most recent, May 2015 Amtrak high speed derailment in Philadelphia, are proving problematic for the transportation sector. After years of positive acceptance, the casualty insurance market for the transportation sector is undergoing change with insurers revisiting their underwriting methods. Negative nationwide transportation risk perception is increasing the difficulty in placing primary insurance coverage with the domestic markets.

To complicate the marketing of Metro’s excess liability program this year, our incumbent carrier on the lead \$10 million layer for the last seven years, Starr Indemnity, withdrew from Public Entity business in California and transit business nation-wide this year, necessitating replacing them on our lead insurance layer. Starr has been involved in high value claims in California. They participated in the excess liability program procured by the Los Angeles Unified School District and is currently a

party in a lawsuit regarding the \$30 million settlement to 58 plaintiffs in the Miramonte abuse case. Roughly 130 additional claims have yet to be resolved.

Staff and Wells developed a 2015/2016 excess liability insurance renewal strategy with the following objectives. First, our insurance underwriter marketing presentations emphasized the low risk of light rail and bus rapid transit services added over the past years in order to mitigate insurer's concerns with increased operating exposures. Second, we wanted to maintain a diversified mix of international and domestic insurers to maintain competition and reduce our dependence on any single insurance carrier. Third, we desired to maintain total limits of \$250 million and \$7.5 million retention but considering additional levels of self-insured retention to obtain competitive pricing at the primary layer and maintain flat premiums over the primary layer of coverage.

We conducted a global search to replace Starr Indemnity on the lead layer, meeting with all markets including personal meetings with the London markets in April. Insurance executives both nationally and internationally expressed that increased underwriting discipline was returning to the market in particular for transportation risks. In that context, more insurers asked for detailed loss information on Metro risks than last year. Insurers perform detailed actuarial valuations on our book of business to set their premiums. Because of the scope and size of Metro's operations, only four markets agreed to offer terms on the lead layer. The London markets required a self-insured retention of \$10 million at nearly double the current premium indicating a low tolerance for transportation risks. Only domestic carrier Alteris quoted a program comparable to our current program with a premium decrease. Should Alteris exit the transportation sector, we would be left with higher future pricing and retention options.

We have been a beneficiary of very soft pricing for several years. Last year, we obtained \$250 million in coverage with a \$7.5 million retention for \$3.8 million. This year's recommended program maintains the prior year coverage and retention for \$3.65 million. The premium decrease in the first layer of coverage results in a premium savings of over 4% from the prior year renewal. To put this renewal in perspective, \$100 million in limits with a \$4.5 million retention cost \$5.1 million in 2005-2006. The cost was \$1.45 million more than we propose with this renewal with much higher limits.

Attachment A provides an overview of the current program, renewal options and associated premiums, and the agency's loss history. The Recommended Program, Option A, maintains total limits of \$250 million and \$7.5 million retention with terrorism coverage at all levels.

Attachment B shows the final carriers selected and pricing.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The funding for eleven months of \$3.4 million for this action is included in the FY16 budget in cost center 0531, Risk Management - Non Departmental Costs, under projects 300022 - Rail Operations - Blue Line, 300033 - Rail Operations - Green Line, 300044 - Rail Operations - Red Line, 300055 -

Gold Line, 300066 - Rail Operations - Expo Line, 301012 - Metro Orange Line, 306001 - Operations Transportation, 320011 - Union Station, and 405533 - Commuter Rail in account 50602 (Ins Prem For Gen Liability). The remaining month of premiums will be included in the FY16 budget, cost center 0531, Risk Management - Non Departmental Costs, under projects under projects 300022 - Rail Operations - Blue Line, 300033 - Rail Operations - Green Line, 300044 - Rail Operations - Red Line, 300055 - Gold Line, 300066 - Rail Operations - Expo Line, 301012 - Metro Orange Line, 306001 - Operations Transportation, 320011 - Union Station, and 405533 - Commuter Rail in account 50602 (Ins Prem For Gen Liability). In FY15, an estimated \$3.8 million will be expensed for excess liability insurance.

Impact to Budget

Approval of this action has no impact on the FY16 budget. The sources of funds for this action are bus and rail operations eligible. No other sources of funds were considered because these are the activities that benefit from the insurance coverage.

ALTERNATIVES CONSIDERED

Various deductibles and limits of coverage options were considered as described in Attachment A. Our estimated penetration of the excess layer and premium history is also shown in this attachment. The recommended Option A maintains \$250 million limits with a SIR of \$7.5 million. Option B keeps \$250 million limits and increases the SIR to \$10 million. Option B is not recommended because the estimated cost of retaining a loss exceeds the cost benefit of decreasing the total premium.

NEXT STEPS

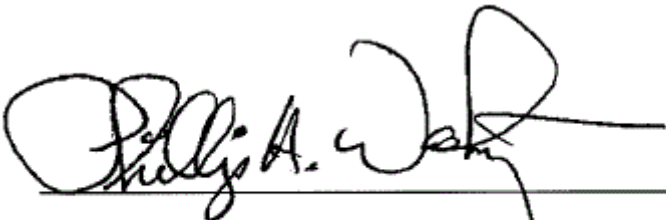
Upon Board approval of this action, we will advise Wells to proceed with placement of the excess liability insurance program outlined herein effective August 1, 2015.

ATTACHMENTS

Attachment A - Options, Premiums and Loss History
Attachment B - 2015/2016 Pricing and Carriers

Prepared by: Tim Rosevear, Risk Financing Manager, (213) 922-6354

Reviewed by: Greg Kildare, Executive Director, Enterprise Risk and Safety Management, (213) 922-4971
Nalini Ahuja, Executive Director, Finance and Budget, (213) 922-3088



Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

Options, Premiums and Loss History

	CURRENT PROGRAM	OPTIONS (Estimated)	
		A	B
Self-Insured Retention	\$7.5 mil	\$7.5 mil	\$10.0 mil
Limit of Coverage	\$250 mil	\$250 mil	\$250 mil
Terrorism Coverage	Yes	Yes	Yes
Not to Exceed Premium	\$3.8 mil	\$3.65 mil	\$3.4 mil

**Premium History for Excess Liability Policies
Ending in the Following Policy Periods**

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Self-Insured Retention	\$4.5 mil	\$4.5 mil	\$4.5 mil	\$4.5 mil	\$4.5 mil	\$5.0 mil	\$5.0 mil	\$7.5 mil	\$7.5 mil
Insurance Premium	\$5 mil	\$4.9 mil	\$4.3 mil	\$3.8 mil	\$3.8 mil	\$3.9 mil	\$3.9 mil	\$3.6 mil	\$3.7 mil
Claims in Excess of Retention	0	0	3	1	0	0 (est.)	1	0 (est.)	0 (est.)
Estimated Amount in Excess of Retention	0	0	\$14.8 mil	\$1.0 mil	0	unknown	\$0.5 mil	unknown	unknown

ATTACHMENT B

2015/2016 Pricing and Carriers

**Excess Liability Insurance Quotes
Policy Term: August 1, 2015 to August 1, 2016**

Excess Limit		Layer(s)	Participation	Carrier	Pricing	A.M. Best Rating
\$250M	Excess Liability	\$50M xs \$200M	\$35,000,000 \$15,000,000	Argo Re Swiss Re	\$140,000	A XII
					\$61,920	A XV
					\$201,920	
\$200M	Excess Liability	\$100M xs \$100M	\$40,000,000 \$25,000,000 \$12,500,000 \$12,500,000 \$10,000,000	Aspen IronStarr Endurance Canopus Argo Re	\$227,040	A XV
					\$137,500	A XIV/A XIV
					\$68,750	A XV
					\$68,750	A- VII
					\$55,000	A XII
					\$557,040	
\$100M	Excess Liability	\$50M xs \$50M	\$15,000,000 \$15,000,000 \$10,000,000 \$10,000,000	Great American Allied World XL Specialty Ironshore	\$150,000	A+ XIII
					\$150,000	A XV
					\$100,000	A XV
					\$103,200	A XIV
					\$503,200	
\$50M	Excess Liability	\$10M xs \$40M	\$10,000,000	XL Specialty	\$157,500	A XV
\$40M	Excess Liability	\$10M xs \$30M	\$10,000,000	Great American	\$195,000	A+ XIII
\$30M	Excess Liability	\$10M xs \$20M	\$10,000,000	Endurance	\$239,424	A XV
\$20M	Excess Liability	\$10M xs \$10M	\$10,000,000	National Casualty	\$309,000	A+ XV
\$10M	Primary Liability	\$10M	\$10,000,000	Alteris	\$1,430,000	A XII
		Total Limits:	\$250,000,000	Total Pricing:	\$3,593,084	
				Less Rebate:	-\$4,500	
				Final Pricing:	\$3,588,584	

Pricing includes premium, stamping fees, taxes and commission as applicable.

**Board Report**

File #: 2015-0693, **File Type:** Contract

Agenda Number: 15.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 15, 2015**

SUBJECT: CONTRACT FOR FISCAL YEAR 2013-2015 TRANSPORTATION DEVELOPMENT ACT (TDA) TRIENNIAL PERFORMANCE REVIEWS OF LOS ANGELES COUNTY TRANSIT OPERATORS, INCLUDING METRO OPERATIONS, AND METRO AS THE REGIONAL TRANSPORTATION PLANNING ENTITY

ACTION: AWARD CONTRACT TO MA AND ASSOCIATES

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a one year Firm Fixed Price Contract No. PS1544301142 to Ma and Associates to conduct the fiscal year **FY 2013-2015 independent performance review of all the Los Angeles County transit operators receiving state Transportation Development Act (TDA) Article 4**, and operators receiving Proposition A funds in lieu of TDA funds and Metro as the Regional Transportation Planning Entity (RTPE), for the fixed price of \$588,192.

ISSUE

Public Utilities Code (PUC) Section 99246 requires that Metro conduct an independent performance review of all Los Angeles County transit operators, including Metro Operations, eligible to receive state TDA Article 4 funds. The same requirement also calls for an independent performance review of the activities of Metro as the RTPE for Los Angeles County. Attachment B describes the performance review requirements.

In addition, the State gives Metro the authority to withhold allocations in excess of prior year allocations if the performance review finds that the operator has not made reasonable progress on implementing prior review recommendations. State law also stipulates that the Planning agency prior to determining the allocation to an operator for the next fiscal year, annually review and evaluate the efforts made by the operator to implement changes recommended by the performance review.

DISCUSSION

The performance reviews for Los Angeles County transit operators and for Metro as the RTPE are required every three years. All Los Angeles County transit operators who receive TDA Article 4 funds

must be audited as prescribed in the PUC. The present schedule calls for the FY13-15 Triennial Performance Review to be completed and forwarded to the State of California by the end of FY16.

State law requires that Metro hire an independent contractor to perform the review and submit the findings and recommendations for each operator including Metro to the State in a timely manner. The State's approval will ensure that disbursements of the funds for allocation to the eligible jurisdictions. Any delay in submission of the review report might delay the allocation of the TDA Article 4 funds to Metro and the local jurisdictions.

Background

As the Programming agency of TDA funds, Metro has the responsibility to conduct and transmit to the State a Triennial Performance Review of all the operators under its jurisdiction and Metro as an Operator as well as the RTPE. The scope has two categories - Review (Part A) and Compliance (Part B).

Part A1, Operator Performance Review - TDA requires that an operator receiving TDA funds be audited for efficiency, effectiveness and economy of the operation. To perform this function, the consultant reviews the performance indicators including;

- Operating cost per passenger;
- Operating cost per vehicle service hour;
- Passengers per vehicle service hour;
- Passengers per vehicle service mile; and
- Vehicle service hours per employee.

The Consultant is also required to follow-up on prior performance review recommendation and assess the progress made on the implementation of this recommendation(s). In addition, TDA requires that the following functions are reviewed:

- General Management and Organization
- Service Planning
- Scheduling, Dispatch and Operations
- Personnel Management and Training
- Administration & Budget
- Marketing and Public Information
- Maintenance

Part A2, Regional Transportation Planning Entity Performance Review - TDA also requires that the

RTPE also be reviewed for their functions performed and compliance with TDA statutes. The RTPE functions that are reviewed are:

- RTPE Administration and Management
- Transportation Planning and Regional Coordination
- Claimant Relationship and Oversight
- Marketing and Transportation Alternatives
- Grant Applications and Management

Part B, Compliance with TDA Statutes - The consultant reviews each operator and Metro as RTPE for compliance with all the relevant statutes stated in TDA law as described in Attachment C. A summary of the sample findings and progress made on implementation of some past findings is shown in Attachment D.

DETERMINATION OF SAFETY IMPACT

Approval of this project will have no impact on Safety.

FINANCIAL IMPACT

The funding of \$588,192 for this service is included in the FY16 Budget in Cost Center 4430, Project 405511, Task 001.22, Line item 50316, Professional Services. As the cost of the Triennial Performance Review is an eligible TDA expense, funds to pay for the reviews are deducted from Metro's TDA administration apportionment.

ALTERNATIVES CONSIDERED

The Board of Directors may choose not to award the contract as recommended, and may choose instead to direct us to seek another contractor. However, we do not recommend this alternative action, as we believe that the recommended contractor is qualified and capable of helping us stay on schedule for completing and forwarding the required FY13-15 Triennial Performance Reviews to the State of California by the end of fourth Quarter FY16. The State of California requires that an independent contractor conduct the Triennial Performance Reviews in a timely fashion, so that Los Angeles County, Metro and the transit operators continue to receive TDA funding.

NEXT STEPS

At the completion of the reviews, the Consultant will present the reports, including the findings and recommendations, to the Board.

ATTACHMENTS

Attachment A - Procurement Summary

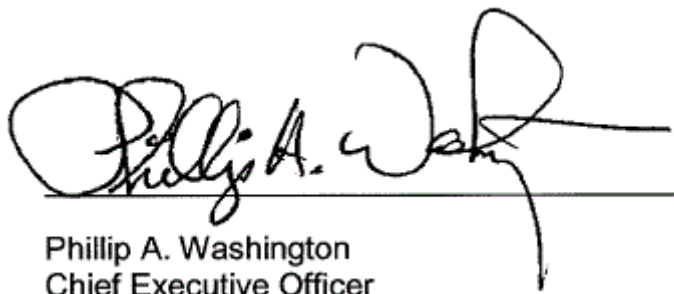
Attachment B - State Requirement to Conduct the Triennial Performance Reviews

Attachment C - Listing of Operator and RTPe Compliance Requirements included in the Scope

Attachment D - Summary of Progress made by the Operators and Metro as the RTPe on the Implementation of 2010-12 Triennial Review Recommendations

Prepared by: Kelly Hines, Deputy Executive Officer, Finance, (213) 922-4569
Armineh Saint, Program Manager, (213) 922-2369

Reviewed by: Nalini Ahuja, Executive Director, Finance and Budget, (213) 922-3088
Ivan Page, Interim Executive Director, Vendor/ Contract Management, (213) 922-6383



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

**TRIENNIAL PERFORMANCE REVIEWS OF LOS ANGELES COUNTY TRANSIT
OPERATORS, INCLUDING METRO OPERATIONS, AND METRO AS
THE REGIONAL TRANSPORTATION PLANNING ENTITY
PS1544301142**

1.	Contract Number: PS1544301142	
2.	Recommended Vendor: Ma and Associates	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 3/25/15	
	B. Advertised/Publicized: 3/25/2015	
	C. Pre-proposal/Pre-Bid Conference: 4/8/2015	
	D. Proposals/Bids Due: 4/23/2015	
	E. Pre-Qualification Completed: 5/28/15	
	F. Conflict of Interest Form Submitted to Ethics: 5/14/2015	
	G. Protest Period End Date: July 28, 2015	
5.	Solicitations Picked up/Downloaded: 43	Bids/Proposals Received: 3
6.	Contract Administrator: Linda Rickert	Telephone Number: (213) 922-4186
7.	Project Manager: Armineh Saint	Telephone Number: (213) 922-2369

A. Procurement Background

This Board Action is for a procurement issued in support of finding a contractor for the required Triennial Review through the small business set aside program.

The RFP was issued in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Price.

A total of three proposals were received on April 23, 2015.

B. Evaluation of Proposals/Bids

A Proposal Evaluation Team (PET) consisting of staff from local programming and from Long Beach Transit was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

- | | |
|--|------------|
| • Qualifications of the Firm | 20 percent |
| • Experience of the Team | 20 percent |
| • Understanding of Statement of Work and Work Plan | 45 percent |
| • Price | 15 percent |

The evaluation criteria are appropriate and consistent with criteria developed for other historical reviews. Several factors were considered when developing these weights, giving the greatest importance to the Understanding of the Statement of Work and the Work Plan.

The three proposals received were determined to be within the competitive range. The three firms within the competitive range are listed below in alphabetical order:

1. BCA Watson
2. LVR International
3. Ma and Associates

The PET met twice. It was determined, based on the above explicit factors, that Ma and Associates offered the best proposal of the three firms. The PET expressed knowledge of all the proposers and staff as some had retired from other agencies. Each proposer was asked questions to clarify parts of their proposals.

Qualifications Summary of Firms Within the Competitive Range:

BCA WATSON RICE LLP

BCA Watson Rice LLP is a firm of certified public accountants that has performed audits for the LACMTA. In business since 2013, BCA Watson Rice LLP has an office in Torrance. Their team for this review includes the Franklin Hill Group, Altmayer Consulting, Inc. and SGN and Associates. The team includes the services of Dr. Cheryl Stecher, Tom Altmayer and Stephanie Negriff which are three sub-contractors with long histories of planning, design and operations support in transportation service.

LVR INTERNATIONAL

LVR has been in business since 1994 to address planning, design and operations solutions in transportation. They have provided guidance in parking to the Atlanta Airport and for robot parking in Tokyo, Japan. LVR has been the Project Manager for TDA Triennial Performance Audits in Orange County, San Francisco, San Mateo and other areas.

MA AND ASSOCIATES

Ma and Associates with Moore and Associates has performed two prior reviews. Ma and Associates has provided 20 years of certified public accounting services in transportation to cities such as Irwindale, La Habra Heights, La Puente, San Dimas and others. Moore and Associates, their sub-contractor, is a firm established in 1991 and is a public transportation specialist.

1	FIRM	Average Score	Factor Weight	Weighted Average Score	Rank
2	BCA Watson				
3	Degree of Prime's Skill	47.50	20.00%	9.50	
4	Experience of the Team	68.75	20.00%	13.75	
5	Understanding of Work and Plan	68.75	45.00%	30.93	
6	Price		15.00%	15.00	
7	Total		100.00%	69.18	2
8	LVR International				
9	Degree of Prime's Skill	47.50	20.00%	9.50	
10	Experience of the Team	62.50	20.00%	12.50	
11	Understanding of Work and Plan	73.75	45.00%	33.18	
12	Price		15.00%	12.78	
13	Total		100.00%	67.96	3
14	Ma and Associates				
15	Degree of Prime's Skill	56.25	20.00%	11.25	
16	Experience of the Team	90.00	20.00%	18.00	
17	Understanding of Work and Plan	91.25	45.00%	41.06	
18	Price		15.00%	13.10	
19	Total		100.00%	83.41	1

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon: price analysis, historical experience, technical evaluation and fact finding.

	Bidder/Proposer Name	Proposal Amount	Independent Cost Estimate	Negotiated Amount
1.	Ma and Associates	\$588,192	\$800,000	\$588,192

D. Background on Recommended Contractor

The recommended firm, Ma and Associates, located in Los Angeles, has been in business for more than 20 years, and has experience in the field of public transportation. Ma and Associates is a LACMTA certified small business. Ma and Associates has worked with the City of Irwindale, City of South El Monte, City of Santa Fe Springs and other area municipalities.

Teamed with Moore and Associates (office in Valencia), the two firms offer more than 50 years total experience of staff in transportation issues and reviews. Moore and Associates has worked with the Sacramento Area Council of Governments, Kern Council of Governments, the Transportation Agency for Monterey County and others.

Together, the team has performed the last two performance reviews for the LACMTA.

E. Small Business Participation

Effective June 2, 2014, per Metro’s Board-approved policy, competitive acquisitions with three or more Small Business Enterprise (SBE) certified firms within the specified North American Industry Classification System (NAICS) as identified for the project scope shall constitute a Small Business Set-Aside procurement. Accordingly, the Contract Administrator advanced the solicitation, including posting the solicitation on Metro’s website, advertising, and notifying certified small businesses as identified by NAICS code(s) that this solicitation was open to SBE Certified Small Businesses Only.

Ma and Associates is an SBE Prime that is performing 35% of the work with its own workforce.

SMALL BUSINESS SET-ASIDE

	SBE Prime Contractor	SBE % Committed
1.	Ma and Associates (Prime)	35%
	Total	35%

**State Law Requirement to Conduct the Triennial
Performance Review**

State Law Provisions	Description
State Law - PUC 99246	<p>State Law requires that Metro conduct an independent performance review of the Los Angeles County operators including Metro as an operator as well as Metro as the Regional Transportation Planning Entity (RTPE). In addition to meeting the legal requirements, a performance audit also provides an opportunity for an independent, objective and comprehensive review of the efficiency and effectiveness of the entity being reviewed. The review has other benefits, including:</p> <ul style="list-style-type: none">• Provides management with useful information to assess past activities and provides insight for future planning efforts;• Provides management with a review and evaluation of an agency's organization and operations;• Presents an opportunity to utilize consultant expertise which can supplement staff work; and• Assures accountability for the use of public funds.
State Law - PUC 99248	<p>This code states that no operator is eligible to receive an allocation of TDA funds for any fiscal year until the transmittal of its performance review report to the State and Metro as the RTPE for Los Angeles County.</p>
State Law – PUC 99244	<p>Each transportation planning agency shall annually identify, analyze and recommend potential productivity improvements. Prior to determining the allocation to an operator for the next fiscal year, the responsible entity shall review and evaluate the efforts made by the operator to implement such recommended improvements.</p>

OPERATOR COMPLIANCE REQUIREMENTS

OPERATOR COMPLIANCE REQUIREMENTS	REFERENCE
1. The transit operator submitted annual reports to the RTPE based upon the Uniform System of Accounts and Records established by the State Controller.	Public Utilities Code, Section 99243
2. The operator has submitted annual fiscal and compliance audits to its RTPE and to the State Controller within 180 days following the end of the fiscal year, or has received the 90 day extension allowed by law.	Public Utilities Code, Section 99245
3. The CHP has, within 13 months prior to each TDA claim submitted by an operator certified the operator's compliance with Vehicle Code Section 1808.1 following CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251 B
4. The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPE for such claims.	Public Utilities Code, Section 99261
5. If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1
6. The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the changes(s)	Public Utilities Code, Section 99266
7. The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passenger per vehicle service hour, (h) vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service per employee.	Public Utilities Code, Section 99247
8. If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenue to operating cost at least three-twentieths (15 percent), if so determined by the RTPE.	Public Utilities Code, Section 99268.2, 99268.3 & 99268.1
9. If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Section 99268.2,
10. The current cost of operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPE, which will fully fund the retirement system for 40 years.	99268.4 & 99268.5 Public Utilities Code, Section 99271
11. If the operator receives state transit assistance funds, the operator makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754 (a) (3)

RTPE COMPLIANCE REQUIREMENTS

RTPE COMPLIANCE REQUIREMENTS	REFERENCES
<p>1. All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area.</p>	<p>Public Utilities Code, Section 99231</p>
<p>2. The RTPE has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.</p>	<p>Public Utilities Code, Section 99233 and 99234</p>
<p>3. The RTPE has established a social services transportation advisory council. The RTPE must ensure that there is a citizen participation process that includes at least an annual public hearing.</p>	<p>Public Utilities Code, Section 99238 and 99238.5</p>
<p>4. The RTPE has annually identified, analyzed and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPE’s jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> • A committee for the purpose of providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPE, as determined by the RTPE, or else the operator has not received an allocation that exceeds its prior year allocation. 	<p>Public Utilities Code, Section 99244</p>
<p>5. The RTPE has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.</p>	<p>Public Utilities Code, Section 99245</p>
<p>6. The RTPE has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator’s TDA money and to the RTPE within 12 months after the end of the triennium. If an operator’s audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>	<p>Public Utilities Code, Section 99246, and 99248</p>

**Implementation Plan for the FY 2010-2012 Triennial Review
Of the Los Angeles County Transit Operators**

ANTELOPE VALLEY TRANSIT AUTHORITY

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Submit all Transit Operator Financial Transaction Reports to the State Controller within the PUC-established timeframe.	Rong Fitzgibbons / Colby Konisek	We have submitted all State Controllers Reports by the PUC-established timeframe for the past 3 fiscal years.	FY 2011
2	Submit all financial audits within the PUC-established timeframe.	Colby Konisek	We have submitted all audits by the PUC-established timeframe for the past 3 fiscal years.	FY 2011
3	Calculate the Full-Time Equivalents metric according to PUC definition (labor hours divided by 2,000) for reporting on Transit Operators Financial Transaction Report fillings to the State Controller.	Rong Fitzgibbons / Colby Konisek	In FY 2010, we incorrectly used the federal definition of 2,080 labor hours for reporting, however, the last 2 fiscal years we have used the state law definition of 2,000 for reporting on Transit Operators Financial Transaction Report fillings to the State Controller.	FY 2012

Arcadia Transit

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Redesign the City's service delivery model as a traditional two-tiered (fixed route and demand-response) transit system.	City of Arcadia	Conduct Needs Assessment and Restructuring Plan (RFP in process) Implement recommended service delivery modes	9/30/15 7/1/16
2	Develop and implement a formal marketing program to support the new service delivery model.	City of Arcadia	Develop and implement marketing program as part of the Restructuring Plan	4/1/16
3	Enhance security measures at operations contractor's counting room.	Contractor	The Fare Counting Room is a locked room with very limited access only by the fare counting personnel and the Vice President/COO. The	May 2013

			room is also equipped with a money counter and has a continuously recording camera to observe all activities taking place inside the room.	
4	Develop a formal customer feedback/complaint process.	City of Arcadia/ Contractor	A complaint form and a formal process have long been established. The City and the contractor continue to follow the procedure for complaints that are significant.	On-going
5	Work with the operations contractor to ensure inspections and vehicle maintenance of its fleet are systematically conducted at regular intervals and vehicle records are signed and include necessary vehicle information	Contactar/City of Arcadia	This program has been implemented as of July 1, 2014 with the award of our new contract.	7/1/14

CLAREMONT DIAL-A-RIDE

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Develop and implement a formal marketing program.	George Sparks/Cari Sneed	The City reviewed the impact of the fare increase on DAR. Staff will be evaluating the development of recommendations for a targeted marketing effort to increase productivity and utilization of the Group service.	Fall 2014
2	Hire an outside consultant to conduct performance assessments.	George Sparks/Cari Sneed	Claremont will hire a consultant to prepare an overall service assessment that will be incorporated into the FY2016 SRTP.	Fall 2015
3	Secure cash-handling facility when counting group-ride fares.	George Sparks/Cari Sneed	This recommendation was satisfied with the relocation of the DAR operations facility. The new facility provides a safe cash-handling facility.	Completed January 2014
4	Invest in data management software to compile all performance data reported within Transit Performance Measurement, National Transit Database, and Transit Operators Financial Transaction Reports.	George Sparks/Cari Sneed	The consultant that will assist with the preparation of the 2016 SRTP will also provide recommendations to satisfy this recommendation.	Fall 2015

commerce municipal bus lines

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Submit fiscal audits in a timely manner.	Loan Le & Josh Brooks	Recommendations were implemented to ensure timely reporting.	July 2012 Achieved
2	Properly calculate FTE for inclusion in the Transit Operators Financial Transaction Report.	Loan Le & Josh Brooks	Steps are being taken to implement the recommended FTE calculation method for State Controller reporting purposes.	July 2013 Achieved
3	Enhance program promotion through development of a strategic marketing plan with a five-year horizon.	Claude McFerguson	The City is currently installing a brand new ITS System, which the capabilities of "real time" arrival times, bus routing information and interactive website to help better market system.	The ITS RFP is currently posted with a bid deadline of 7/29/2015. Contract award to proceed immediately
4	Identify sustainable program with a five-year horizon.	Claude McFerguson	The City is currently implementing its five year horizon plan. Completion date approximately December 2014.	December 2014 Achieved
5	Improve the consistency of data reported to each external entity.	Claude McFerguson, Loan Le & Josh Brooks	Recommendations were implemented to ensure timely reporting.	July 2012

CULVER CITY MUNICIPAL BUS LINES

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Properly calculate FTE for inclusion in the Transit Operators Financial Transaction Report.	D. Chang and J. Leonard	Report FTE by calculating employee hours divided by 2,000, rather than using actual person count.	FY12-13

FOOTHILL TRANSIT

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Improve the consistency of		The financial information contained in the TPM is in	April 2013

	performance data reported within the National Transit Database (NTD), Transit Performance Measurement (TPM), and Transit Operators Financial Transaction (TOR) Reports.	Michelle Caldwell/Gil Victorio	agreement with the annual financial audit (AKA General Ledger/State Controller's report). This will ensure Foothill Transit achieves consistency in reporting.	
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GARDENA MUNICIPAL BUS LINES

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Work with auditor so that CAFRs are submitted within the PUC-established timeframe.	Raphael Guillen	Submittals have been prepared on-time and within PUC-established timeframe	Completed
2	Maintain documentation regarding requests for extensions when CAFRs must be submitted late.	Raphael Guillen	Submittals have been prepared on-time; CAFR has been submitted on time per reporting requirements and extensions are no longer being requested	Completed
	The City should strive to improve its fixed-route farebox recovery to the point where auxiliary revenue is not necessary to meet the TDA minimum standard.	Raphael Guillen	In an effort to increase the farebox recovery rate, a fare increase is being considered by GMBL for possible FY 2016 implementation. A comprehensive marketing campaign was implemented in January 2015 including a full system rebrand with a goal of 5% ridership increase by year end 2016. GMBL continues to strive to reduce operating costs including overhead, overtime, spread time, etc.	2015
	Improve the consistency of data reported to each external entity.	Raphael Guillen	GMBL is exploring the acquisition of a statistical software application to assist with data collection and reporting requirements	Winter 2014
	Develop and implement marketing plan to reverse declining ridership trend.	Raphael Guillen	A marketing plan has been developed to celebrate the 75th anniversary of GMBL; implementation started in Fall 2014 and will carry into 2015	Marketing plan completed. Implementation strategies underway; Full launch in January 2015; soft launch starts Fall 2014.

LA MIRADA TRANSIT

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Include accurate FTE data within Transit Operators Financial Transaction Reports.	Tony Moreno	The City will submit Full Time Equivalent (FTE) data based on 2,000 hours equaling 1 FTE staff in the Transit Operators Financial Transaction Report for FY 2013/14. FTE calculations for TPM reports in 2012/13 will include contractor hours in the FTE calculation.	October 2014
2	Improve the accuracy of data included within the Transit Operations Financial Transaction Reports.	Judy Quinonez	<p>The Transit Operations Final Transaction report is now reviewed jointly by the Transit administration and finance staff prior to submission to the State Controller's Office to ensure the correct data is accurate. Additionally, previous inconsistencies in reporting have been corrected and submitted to the State Controller's office.</p> <p>Inconsistencies specific to Vehicle Service Hours were correctly entered in the FY 12/13 Transit Operations Financial Transaction Report. Vehicle Service Miles and Full-Time Equivalent consistent indicators will be included in the FY 13/14 Transit Operations Financial Transaction Report consistent with PUC guidelines.</p>	October 2014
3	Implement a fare increase	Tony Moreno	Staff is hiring a consultant to analyze the impacts of a fare increase. Staff plans to bring a recommendation to City Council in late 2015 for a fare increase.	To Be Determined
4	Develop and implement an 18-to 24- month marketing plan to support increase in ridership and fare revenue	Tony Moreno	Staff is hiring a consultant to review the effectiveness and make recommendations on implementation of a marketing plan.	February 2015
5	Install fareboxes and revise fare collection policies.	Tony Moreno	Farebox quotes have been obtained. Staff plans to purchase diamond fare boxes in the near future.	November 2014

LONG BEACH TRANSIT

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	No findings			

ladot

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Submit all Transit Operator Financial Transaction Reports to the State Controller within the PUC-established timeframe.	LADOT	State Controller reports (inclusive of correct FTE data) should be filed prior to the submittal deadline stipulated by the PUC. FTE data, calculated correctly, should be included.	FY 12/13
2	Submit all financial audits within the PUC-established timeframe.	LADOT	Submit all compliance audits (CAFRS) to the State Controller within the PUC-established time frame. (180 days after end of fiscal year) PFP is to work with independent auditor to ensure they are aware of the (differing) TDA deadline. If deadline cannot be met, LADOT will request 90-day extensions and document whether the request was granted so that we can be found in compliance in the next review.	FY 12/13
3	Ensure data reported to external entities are accurately calculated and reported, as well as includes all required performance—related data.	LADOT	The PFP is to keep track of when various reports are filed, to submit them on time (with unaudited or incomplete data) and amend them as necessary once the data is finalized. Both original State Controller filings as well as revised data pages should be provided in entirety, including all pages and data not usually reported to Metro.	FY 12/13

METRo

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Properly calculate FTE data for inclusion in the Transit Operators Financial Transaction Report.	Alex Perez	All subsequent reports will include the purchase transportation data.	7/1/14
2	Include representation from metro's Accounting staff in	Alex Perez	An Accounting staff representative will be available for future Triennial Performance Reviews.	7/1/14

	subsequent Triennial Performance Review			
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montebello bus lines

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Submit all Transit Fund financial audit reports prior to the deadline established by PUC guidelines.	David Kim	Montebello Bus Lines will continue to submit the Transit Financial Audit Report and the State Controller's Report to the appropriate agencies within the established timeframe. Should there be any delays in reporting, a prior extension or approval will be requested from the agency.	Effective FY 2012/2013 reporting period
2	Include contractor hours when reporting FTE employee data to the State Controller.	Robert Portillo	The city will continue to calculate the Full-Time Equivalent using all employee hours when reporting to State Controller.	Effective FY 2012/2013 reporting period
	Utilize a single database for the collection of data and cross-check reports to all three entities (LACMA,NTD, and the State Controller) to ensure they are consistently reported.	Robert Portillo	Montebello Bus Lines will verify and ensure all future data reporting are consistent with the three reporting entities. Furthermore, we will improve our process by consistently verifying our data in our current database, TransTrack.	Effective FY 2012/2013 reporting period

norwalk transit

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Include contractor hours when calculating FTE employee data	Theresa Clark	Established a separate spreadsheet to track contractor hours which is linked to the Master FTE File used for populating data for TPM, NTD, etc.	July 1, 2012
2	Develop and implement a five-year marketing plan focused on expanding the traditional transit rider customer base as part of an effort to increase ridership and fare revenue.	Theresa Clark/Graham Ridley	Developing student customer focus strategies with local Community Colleges including on-going Go Rio Student Pass MOU with Rio Hondo College and implementation of FY2015 Student Pass Program with Cerritos Community College. NTS utilizes the Comprehensive Operational Analysis on a triennial basis to evaluate its performance. Recommendations from the 2012 COA	November 20, 2011 and September 9, 2012 and November 17, 2013 and ongoing

			<p>were implemented to restore mid-day service on segment(s) for Route 3 allowing the service to be more utilized by dependent riders.</p> <p>Additionally, NTS is developing an Intelligent Transportation System to improve customer service, overall bus efficiency and identify potential unmet rider needs. The system will include: Automatic Vehicle Location; Automated Passenger Count with real-time reporting; GPS based Computer Automated Dispatch system; Automated Vehicle Annunciator System and Automated Travel Information System. Lastly, NTS developed a new fare structure for its Fixed-Route and Dial-A-Ride services. The new fare structure was implemented in (2) phases; effective 11/20/2011, and 11/17/2013.</p>	
	Improve the accuracy of performance data reported within the Transit Operators Financial Transaction Reports (TOR).	Theresa Clark/Sudesh Paul	Adherence to consistent cut-off dates for financial reporting and cross-reference reconciliation performed through use of spreadsheets.	July 1, 2013
	Track trip denials for Norwalk Transit System's Dial-A-Ride service.	Theresa Clark/Maria Corona	Trip denials are recorded by Contractor utilizing Computer Aided Dispatch. Also, Customer Service Representatives (Lobby Staff) receives calls from patrons that were unable to receive DAR service for specific pick-up time and are entered into database (Access) for tracking, then a customer comment report is generated and followed up for appropriate action and/or resolution by Staff/Management	July 1, 2013
	Streamline the definition of "senior" so the same metric applies to both fixed-route and demand-response services.	Graham Ridley	<p>The "senior" age requirement for demand-response was formerly consistent with Fixed Route at 62 yrs of age. However, local policy administered by the City reduced the "senior" age requirement to 60 yrs of age in support of Senior Center/Social Services Programs; thus NTS' demand-response service (age requirement) is compatible with the eligibility age requirements for various Senior Community Services Programs.</p> <p>NTS' next COA is scheduled for September 2015. At which time, the scope of services will cover a cost analysis to determine potential impacts to fare revenue if "senior" age for fixed route is reduced to 60 yrs of age.</p>	FY 2014/15

city of redondo beach

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Implement the Beach Cities Transit marketing plan developed in November 2011	Joyce Rooney/Diane Amaya	Hired a transit consultant to assist with Transit Marketing. Implementing new brochures, and new transit signage. Other items are in the planning phase.	In progress
2	File a separate Transit Operators Financial Transaction Report (TOR) for the City's Specialized Service (demand-response taxi program).	Joyce Rooney/Diane Amaya	The separate FY13 TOR demand response dial a ride service report was submitted in October 2013. Separate reports will be submitted in the future.	Completed TOR is due to the State in October 2015.
3	Report data consistently on all filings with reporting entities.	Joyce Rooney/Diane Amaya	Staff reviews all reporting statistics for consistency.	On-going
4	Improve security at the City's transit maintenance and storage facility.	Joyce Rooney	<p>The facility driveway gate is locked by closing supervisor leaving the premises after everyone leaves. The lead mechanic unlocks the gate in the morning. The gate is left open during the day due to the number of vehicles entering and exiting the yard.</p> <p>The office door is locked after hours, and only 7 personnel have keys. The maintenance doors are locked when there is no mechanic on duty. The gate between the office and shop is also locked during these times.</p> <p>There is one camera outside the front office door that captures anyone entering the office, driver's area and maintenance / supervisor and securement area. There are three cameras inside the office area, and one in the Dispatch office to monitor the counting of the fare revenue is counted.</p> <p>Blinds were installed in the Dispatch area and are these closed during the money counting process. All blinds are closed and doors and windows are secured during this process.</p>	Completed

santa clarita transit

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Submit all Transit Operator Financial Transaction Reports to the State Controller within the PUC-established timeframe.	Susan Lipman and Brittany Houston	The final report indicated that no further action was required as the City continues to submit all SCO Reports on time.	On-going
	Submit all financial audits within the PUC-established timeframe.	Susan Lipman and Brittany Houston	City staff continues to work with annual audit team to complete the Transit portion of the audit in a timely manner.	On-going
	Ensure data is reported accurately and consistently to all reporting entities.	Susan Lipman	Staff continues to work with city financial staff and annual auditors to help make sure that data is 100% accurate and not subject to change when staff prepares and submits reports due with different deadlines. Staff will continue to review reports for consistency and if changes are made staff will work more diligently to submit revised reports.	On-going

SANTA MONICA'S big blue bus

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	Ensure FTE reporting complies with PUC 99247(j)	Enny Chung	Policy created to ensure FTE reporting complies with PUC 99247(j)	7/1/2013

torrance transIt

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date
1	The City should strive to improve its fixed-route farebox recovery to the point where auxiliary revenue is not necessary to meet the TDA	Jim Mills	The City will strive to improve its fixed route farebox recovery with the following strategies: 1) Reduce its operating cost as much as possible	07/01/14

	minimum standard.		<ul style="list-style-type: none"> 2) Increase its marketing efforts to increase ridership 3) Consider a fare increase. 	
	Improve the consistency of performance data reported within the National Transit Database (NTD), Transit Performance Measurement (TPM), and Transit Operators Financial Transaction (TOR) Reports.	Jim Mills	All data has been incorporated into a central file (spreadsheet). Data is compared and reviewed by relevant section to ensure accuracy and consistency.	07/01/13

FY 2010-2012 Triennial Review Implementation Plan for Los Angeles County Metropolitan Authority (LACMTA) as Regional Transportation Planning Entity (RTPE)

Ref No.	Audit Recommendation	Responsibility Lead/Support	Plan for Progress Implementation Instruments	Implementation Date

1	Monitor operators to ensure future fiscal audits are submitted by the stipulated deadline.	MASD	MASD monitors and work with Project Manager and SCO to ensure timely submittal of fiscal audits.	2014
2	Provide a higher level of administrative support for operators regarding annual and required reporting.	Local Programming	Annually, Metro submits a consolidated NTD report to Federal Transit Administration (FTA) on behalf of Los Angeles county transit operators. This report is coordinated with approximately 48 jurisdictions. Throughout the year, NTD training workshops are conducted to train new reporters/staff and provide updates on reporting requirements to existing reporters and prepare the reporters for their annual audit. At the end of fiscal year each jurisdictions' annual NTD reports is collected which include their ridership, financial, fuel consumption and inventory data to ensure and validate the consistency of the reported data with NTD reporting requirements.	On-going
3	Provide a higher level of support for operators in advance of the next Triennial Performance Review cycle.	Local Programming	To be implemented during the 2013-2015 Triennial Review cycle	July/Sept 2015
4	Enhance coordination between the Office of Management and Budget (OMB) and Planning departments.	Regional Transit Planning	Regional Transit Planning is currently working with the municipal operators and a consultant team on the development of a Regional Short Range Transit Plan (RSRTP). As part of this effort, one of the findings and/or recommendations is looking at streamlining the annual individual Short Range Transit Plan submittal process. As part of this, Metro would supply the operators with improved templates/guidelines for developing their SRTPS in order to improve on the consistency and quality of the contents. It is also being recommended that annual SRTP training be provided for newer staff at the various agencies.	To be determined based on discussions and approval by BOS. It most likely would not be implemented until late 2016.