

Metro

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



Metro

Agenda - Final

Wednesday, November 16, 2016

1:00 PM

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

Finance, Budget and Audit Committee

Jacquelyn Dupont-Walker, Chair

Diane DuBois, Vice Chair

Don Knabe

Ara Najarian

Hilda Solis

Carrie Bowen, non-voting member

Phillip A. Washington, Chief Executive Officer

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

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A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

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

CALL TO ORDER

ROLL CALL

APPROVE Consent Calendar Item: 8.

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

CONSENT CALENDAR

8. RECEIVE AND FILE the **first quarter report of Management Audit Services for the period ending September 30, 2016.** [2016-0843](#)

Attachments: [Attachment A - FY17 Q1 Report](#)

NON-CONSENT

9. ADOPT a resolution, Attachment A, that: [2016-0797](#)

- A. AUTHORIZES the **competitive sale of Prop C Senior Lien Bonds (the “2017 Prop C Bonds”)** to finance capital projects in one or more transactions through June 30, 2017;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Continuing Disclosure Agreement and Preliminary Official Statement, on file with the Board Secretary all subject to modification as set forth in the resolution;
- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the 2017 Prop C Bonds; and
- D. REAFFIRMS AND UPDATES the Reimbursement Resolution approved by the Board on April 26, 2016 to reflect that the amount of the 2017 Prop C Bonds may be up to \$500 million and reaffirms the intention that a portion of the proceeds of the 2017 Prop C Bonds will be used to reimburse expenditures made prior to the issuance of the 2017 Prop C Bonds.

(REQUIRES SIMPLE, SEPARATE MAJORITY VOTE)

Attachments: [2016-0797-AttachmentA](#)

10. AUTHORIZE the Chief Executive Officer to execute a **revenue-neutral fund exchange agreement between Metro, the Ventura County Transportation Commission (VCTC) and the Southern California Regional Rail Authority (SCRRA) to fund FY16 and FY17 SCRRA rehabilitation projects.** [2016-0740](#)

Attachments: [Exchange Attach](#)

39. AUTHORIZE the Chief Executive Officer to provide Metrolink with **“pre-contract award authority” to procure the contracts required for the urgent track and structure rehabilitation work reported by Metrolink** at its Board Meeting on September 23, 2016. [2016-0891](#)

Attachments: [SCRRA BOARD ITEM 092316](#)

43. **MOTION by Antonovich and Najarian** that the CEO be authorized to enter into negotiations with the SCRRA Chief Executive Officer and the Chief Executive Officers of the other Member Agencies to revise the Member Agency formulae for contributions and representation, such that: [2016-0909](#)

- A. Any proposed formula(s) for the allocation of costs and revenues of the Metrolink Commuter Rail system balance both the costs of system operations as well as the benefits received by each of the Member Agencies within their jurisdiction; and
- B. Representation of each Member Agency on the SCRRA Board of Directors is aligned to more closely represent the current and expected future financial contributions to the Metrolink Commuter Rail system; and

FURTHER MOVE THAT the CEO report back to the Metro Board of Directors, as needed, with an update on the status of these negotiations and any preliminary, proposed revisions to the formulas used in Member Agencies' costs, revenues and or representation on the SCRRA Board of Directors, and seek the formal approval of this Board prior to any agreement that would implement such revisions.

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 #: 2016-0843, **File Type:** Informational Report

Agenda Number: 8.

FINANCE, BUDGET AND AUDIT COMMITTEE NOVEMBER 16, 2016

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2017 FIRST QUARTER REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the **first quarter report of Management Audit Services for the period ending September 30, 2016.**

ISSUE

At its January 2005 meeting, the Board designated the Executive Management and Audit Committee (EMAC) as their audit committee. The EMAC requested a quarterly report from Management Audit on its audit activities. In July 2011, the audit responsibilities were transferred to the Finance, Budget and Audit Committee. This report fulfills the requirement for the first quarter of FY 2017.

DISCUSSION

Management Audit provides audit support to the Chief Executive Officer (CEO) and his executive management. The audits we perform are categorized as either internal or external. Internal audits evaluate the processes and controls within the agency. External audits analyze contractors, cities or non-profit organizations that we conduct business with or receive Metro funds.

There are four groups in Management Audit: Performance Audit, Contract Pre-Award Audit, Incurred Cost Audit and Audit Support and Research Services. Performance Audit is primarily responsible for all audits for Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management and Executive Office. Contract Pre-Award and Incurred Cost Audit are responsible for external audits in Planning and Development, Program Management and Vendor/Contract Management. All of these units provide assurance to the public that internal processes are efficiently, economically, effectively, ethically, and equitably performed by conducting audits of program effectiveness and results, economy and efficiency, internal controls, and compliance. Audit Support and Research Services is responsible for administration, financial management, budget coordination, and audit follow-up and resolution tracking.

The summary of Management Audit activity for the quarter ending September 30, 2016 is as follows:

Internal Audits: 2 internal audits were completed; 13 internal audits were in process.

External Audits: 15 contract pre-award audits with a total value of \$4 million and 8 incurred cost audits with a total value of \$82.4 million were completed; 3 contract audits and 48 incurred cost audits were in process.

Audit Follow-up and Resolution: 27 recommendations were closed and 32 recommendations were added during the first quarter. At the end of the quarter, there were 92 open audit recommendations. Details of all open, extended, and closed recommendations can be found in the First Quarter Board Box titled "Status of Audit Recommendations".

Management Audit's FY 2017 first quarter report is included as Attachment A.

NEXT STEPS

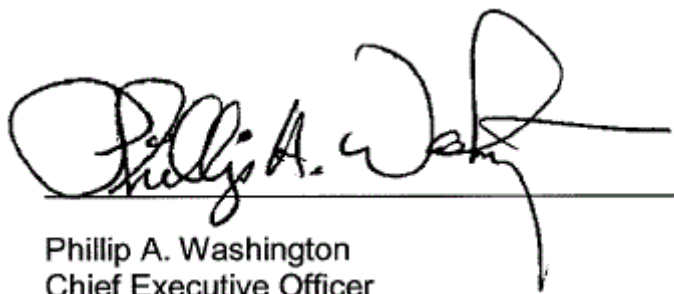
Management Audit will provide the second quarter FY 2017 summary of audit activity to the Board at the February 2017 Finance, Budget and Audit Committee meeting.

ATTACHMENT

A. Management Audit Services Quarterly Report to the Board for the period ending September 30, 2016

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

Reviewed by: Diana Estrada, Chief Auditor
(213) 922-2161



Phillip A. Washington
Chief Executive Officer

**MANAGEMENT AUDIT SERVICES
QUARTERLY REPORT TO THE BOARD**

**Los Angeles County Metropolitan
Transportation Authority**

***First Quarter
FY 2017***



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EXECUTIVE SUMMARY

Summary of Audit Activity

During the first quarter of FY 2017, 25 projects were completed. These include:

Internal Audits

- Performance Audit of Real Estate Property Management Follow-Up
- Performance Audit of Overtime Usage

Pre-Award Audits

- 12 Independent Auditor's Report on Agreed-Upon Procedures for the Cost Proposal for Purple Line Extension Section 2 Project;
- Independent Auditor's Report on Agreed-Upon Procedures for the Cost Proposal for the West Santa Ana Branch Transit Corridor Community Participation Program;
- Independent Auditor's Reports on Agreed-Upon Procedures for the Cost Proposal for West Santa Ana Branch Transit Corridor-Environmental Study; and
- Independent Auditor's Reports on Agreed-Upon Procedures for the Cost Proposal for Master Agreement Countywide Planning Database Software Enhancements;

Incurred Cost Audits

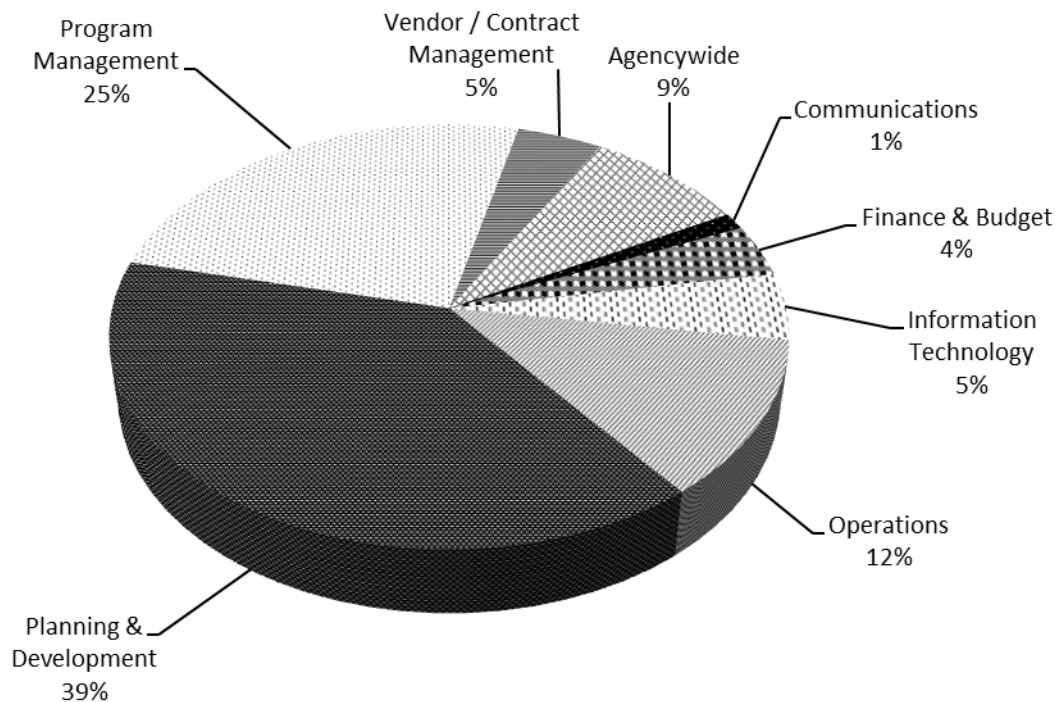
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Glendale's Central Ave. Improvements / Broadway to SR134EB Off-Ramp Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Interim Review of Caltrans' HOV Lanes I-405 from I-105 to SR-90 Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Los Angeles' Overland Avenue Bridge Widening Over I-10 Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Santa Clarita's Sierra Highway over the Railroad Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Glendale's Traffic Signal Sync Brand/Colorado-San Fernando/Glendale-Verdugo Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Glendale's Fiber Optic Communication Gap Closure of IEN Expansion Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Lancaster's – TOD Overlay Zone Project; and
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Long Beach's Ports of Long Beach and Los Angeles ATMIS Project.

The completed external audits are discussed on page 4. Discussions of the internal audits begin on page 5.

EXECUTIVE SUMMARY

Sixty-four projects were in process as of September 30, 2016; these include 13 internal audits, 3 contract pre-award audits, and 48 incurred cost audits.

The following chart identifies the functional areas where Management Audit focused audit staff time and efforts during first quarter FY 2017:



Audit follow-up:

- Twenty-seven recommendations were closed during the first quarter. At the end of the quarter there were 92 open audit recommendations.
- In addition, we closed 11 OIG recommendations. At the end of the quarter there were 23* open audit recommendations.

*This total does not include recommendations included in the Capital Project Construction Management Best Practices Study and Audit of Westside Purple Line Extension Section 2- Modification No. 52, as the management response and/or estimated completion dates are still pending. However, Program Management has hired a consultant to assist in addressing the most critical elements of the Best Practices Study.

EXTERNAL AUDITS

Contract Pre-Award Audit

Contract Pre-Award Audit provides support to the Vendor/Contract Management Department for a wide range of large-dollar procurements and projects. This support is provided throughout the procurement cycle in the form of pre-award, interim, change order, and closeout audits, as well as assistance with contract negotiations.

During first quarter FY 2017, 15 audits were completed, reviewing a net value of \$4 million. Auditors questioned \$630 thousand or 15% of the proposed costs. The 15 audits supported procurements in the following areas:

- 12 Purple Line Extension, Section 2 Project procurements;
- 2 West Santa Ana Branch Transit Corridor Project procurements; and
- 1 Countywide Planning Database, Software Enhancements procurement.

Three contract pre-award audits were in process as of September 30, 2016.

Details on Contract Pre-Award Audits completed during first quarter FY 2017 are in Appendix A.

Incurred Cost Audit

Incurred Cost Audit conducts audits for Planning and Development's Call-for-Projects program, Program Management's highway projects, federally funded transportation programs, and various other transportation related projects, including CalTrans projects. The purpose of the audits is to ensure that funds are spent in accordance with the terms of the grants/contracts and federal cost principles.

Incurred Cost Audit completed eight audits during first quarter FY 2017. We reviewed \$82.4 million of funds and identified \$5.6 million or 7% of unused funds that may be reprogrammed. Forty-eight incurred cost audits were in process as of September 30, 2016.

Details on Incurred Cost Audits completed during first quarter FY 2017 are in Appendix B.

INTERNAL AUDITS

For the first quarter of FY 2017, two internal audits were completed. Thirteen internal audits were in process as of September 30, 2016. The internal audits in process are listed in Appendix C.

The following internal audits were issued in the first quarter FY 2017. The completed reports are listed in order of the magnitude of risks that their findings represent to the agency.

Performance Audit of Overtime Usage for Maintenance Specialists, Mechanics, and Transit Security Officers

The audit objective was to evaluate the adequacy and effectiveness of internal controls over overtime usage and payments.

We found that internal controls over the authorization and approval of overtime are adequate and effective. However, we found that the review of employee time data entries is inadequate, resulting in invalid overtime payments to employees. In addition, we found that overtime is being utilized for routine duties instead of for completing unanticipated workloads or short term special needs. This is due to a combination of inadequate staffing levels and leaves of absence, both scheduled and unscheduled. Management agreed with the recommendations and has already taken steps to correct the issues.

Performance Audit of Real Estate Property Management

The audit objective was to determine whether corrective actions were effectively implemented to address prior findings on MAS report 08-REA-F01. The Real Estate Property Management & Development Department is responsible for the acquisition and management of agency-wide real estate properties.

We found that findings from prior audits remain uncorrected. Both the Office of the Inspector General and MAS have issued reports in prior years noting deficiencies such as incomplete database of all real estate properties, under-performance of property inspections, and inconsistent adjustments of lease amounts for leased properties. Management agreed with the recommendations and has already taken some steps to correct the issues. Implementation of other corrective actions are currently in progress.

AUDIT SUPPORT SERVICES

Audit Follow-Up and Resolution

During the first quarter, 27 recommendations were completed and closed. At the end of this quarter there were 92 outstanding audit recommendations. The table below summarizes the first quarter activity.

Summary of MAS and External Audit Recommendations As of September 30, 2016

Executive Area	Closed	Late	Extended	Not Yet Due/Under Review	Total Open
Program Management				8	8
Labor/Employee Relations	5			3	3
Finance and Budget				1	1
Information Technology			3		3
Metro Operations	15		14	9	23
Planning and Development	5		15	11	26
Communications	1			21	21
Systems Security & Law Enforcement	1			6	6
Congestion Reduction			1		1
Totals	27	0	33	59	92

In addition to the above MAS and external audit recommendations, we closed 11 recommendations for the Office of the Inspector General (OIG). At the end of the quarter there were 23* outstanding OIG audit recommendations.

*This total does not include recommendations included in the Capital Project Construction Management Best Practices Study and Audit of Westside Purple Line Extension Section 2- Modification No. 52, as the management response and/or estimated completion dates are still pending. However, Program Management has hired a consultant to assist in addressing the most critical elements of the Best Practices Study.

Appendix A

Contract Pre-Award Audit FY 2017 - Audits Completed During Fiscal Year				
Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning & Development	16-COM-A01 - Attestation Agreed-upon Procedures	Arellano Associates, LLC	Contractual	8/2016
Program Management	17-CON-A01 - Attestation Agreed-upon Procedures	AECOM Technical Services, Inc.	Contractual	8/2016
Program Management	17-CON-A02 - Attestation Agreed-upon Procedures	Verma Associates, Inc.	Contractual	8/2016
Planning & Development	16-PLN-A35 - Attestation Agreed-upon Procedures	CTG, Inc.dba Novanis	Contractual	8/2016
Program Management	17-CON-A15 - Attestation Agreed-upon Procedures	TEC Management Consultants, Inc.	Contractual	8/2016
Program Management	17-CON-A09 - Attestation Agreed-upon Procedures	McMillen Jacobs Associates	Contractual	8/2016
Program Management	17-CON-A06 - Attestation Agreed-upon Procedures	D'Leon Consulting Engineers	Contractual	8/2016
Planning & Development	17-PLN-A01 - Attestation Agreed-upon Procedures	Terry A. Hayes Associates, Inc.	Contractual	8/2016
Program Management	17-CON-A14 - Attestation Agreed-upon Procedures	Simon Wong Engineering, Inc.	Contractual	8/2016
Program Management	17-CON-A12 - Attestation Agreed-upon Procedures	Ramos Consulting Services, Inc.	Contractual	9/2016
Program Management	17-CON-A13 - Attestation Agreed-upon Procedures	Safework, Inc.	Contractual	9/2016
Program Management	17-CON-A10 -Attestation Agreed-upon Procedures	Morgner Construction Management	Contractual	9/2016

Contract Pre-Award Audit FY 2017 - Audits Completed During Fiscal Year				
Area	Audit Number & Type	Contractor	Requirement	Date Completed
Program Management	17-CON-A08 - Attestation Agreed-upon Procedures	Lenax Construction Services, Inc.	Contractual	9/2016
Program Management	17-CON-A11 - Attestation Agreed-upon Procedures	New York Geomatics	Contractual	9/2016
Program Management	17-CON-A03 - Attestation Agreed-upon Procedures	Auriga Corporation	Contractual	9/2016

Appendix B

Incurred Cost Audit FY 2017 - Audits Completed During Fiscal Year				
Area	Audit Number & Type	Grantee	Requirement	Date Completed
Program Management	16-PLN-A27 - Closeout	City of Glendale	Contractual	8/2016
Planning & Development	12-PLN-A14 - Interim	County of Los Angeles	Contractual	8/2016
Planning & Development	15-PLN-A13 - Closeout	City of Los Angeles	Contractual	8/2016
Program Management	16-PLN-A07 - Closeout	City of Santa Clarita	Contractual	8/2016
Program Management	16-PLN-A20 - Closeout	City of Glendale	Contractual	9/2016
Planning & Development	16-PLN-A23 - Closeout	City of Lancaster	Contractual	9/2016
Program Management	16-PLN-A15 - Closeout	City of Glendale	Contractual	9/2016
Program Management	16-PLN-A10 - Closeout	City of Long Beach	Contractual	9/2016

Appendix C

Internal Audit FY 2017 - In Process as of September 30, 2016			
Area	Audit Number & Title	Description	Estimated Date of Completion
Vendor / Contract Management	13-ADM-O02 - Automated Storage and Retrieval System Phase I & II	Evaluate the adequacy of internal controls over the Automated Storage and Retrieval System (ASRS).	10/2016
Congestion Reduction	16-CEO-P02 - 511 follow-up audit	Follow Up on 511 audit.	11/2016
Finance & Budget	10-ACC-F01 - Accounts Receivable	Validate Accounts Receivable is in compliance with departmental policies and procedures.	11/2016
Metro Operations	16-OPS-P01 - Wayside System	Evaluate effectiveness of maintenance of the Rail track & signaling systems.	11/2016
Information Technology	16-ITS-P02 - Audit of IT Asset Management	Evaluate the effectiveness of management over technology assets.	11/2016
Vendor / Contract Management	16-VCM- P01 - Audit of P-Card	Evaluate compliance to P-card purchase requirements.	11/2016
Program Management	16-CON-P04 - Quality Assurance	Effectiveness and efficiency of quality assurance processes.	12/2016
Program Management	16-CON-P01 - Indefinite Delivery / Indefinite Quantity (IDIQ) Type Contracts	Determine the efficiency and effectiveness of the administration of IDIQ Contracts.	12/2016
Program Management	12-CON-P03 - I-405 Follow-up	Verify if management's corrective actions from the prior audit were implemented and resulting in improvements.	12/2016

Internal Audit FY 2017 - In Process as of September 30, 2016			
Area	Audit Number & Title	Description	Estimated Date of Completion
Program Management	10-CPC-K02 - Third Party Utility Relocation Agreement Efficiency	Assess the adequacy and effectiveness of the Third Party Utility Relocation.	12/2016
Metro Operations	16-OPS-P03 - Accident Prevention Program	Evaluate effectiveness of accident prevention practices	12/2016
Metro Operations	16-OPS-P02 - Rail Overhaul and Maintenance	Evaluate the efficiency and effectiveness of the Rail Overhaul and Refurbishment Program.	1/2017
Metro Operations	16-OPS-P05 - Division Practices	Evaluate effectiveness of Division management practices	2/2017

Appendix D

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	11-OPS-006 - HASTUS	2	We recommend the Chief Operations Officer require the Scheduling department to: Provide training on all ATP features. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
2	Operations	11-OPS-006 - HASTUS	3	We recommend the Chief Operations Officer require the Scheduling department to: Provide training on all AP features. a. Develop the requirements to utilize AVL data to supplement missing data from the APC. b. Customize the current ATP module to improve its functionality until the proposed 2013 upgrade can be accomplished. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
3	Operations	11-OPS-006 - HASTUS	4	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Defining the higher minimum of either 1) the United Transportation Union Labor Agreement, or 2) an operational minimum layover time. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
4	Operations	11-OPS-006 - HASTUS	5	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Looking for opportunities to interline routes as a strategy for achieving a more cost effective solution. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
5	Operations	11-OPS-006 - HASTUS	6	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Developing a more robust, realistic deadhead matrix and use the matrix during the vehicle blocking process to globally optimize its bus system schedules. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
6	Operations	11-OPS-006 - HASTUS	7	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Defining the maximum number of vehicle groups possible for any given trip. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
7	Operations	11-OPS-006 - HASTUS	8	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Training Schedulers to use Minbus advanced features. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
8	Operations	11-OPS-006 - HASTUS	11	We recommend the Chief Operations Officer: Consider multi-division operator run cutting to optimize workforce distribution amongst divisions. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2014	6/30/2017

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
9	Operations	11-OPS-006 - HASTUS	12	We recommend the Chief Operations Officer: Adopt integrated scheduling to improve the efficiency of run cuts. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2014	6/30/2017
10	Operations	11-OPS-006 - HASTUS	13	We recommend the Chief Operations Officer transition to HASTUS for scheduling rail service. The plan should include transition milestones and estimated completion dates. Update: Implementation of this recommendation dependent on upgrade of the HASTUS system. Operations working with vendor, however additional time is needed to complete conversion of the scripts to upgrade the system.	6/30/2016	6/30/2017
11	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	4	Document existing procedures to improve internal control and oversight of grantees/sub-recipients	6/30/2015	12/31/2016
12	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	5	Activities at high risk for error and non-compliance should be identified and procedures documented for consistent implementation across all modes and project managers.	6/30/2015	12/31/2016
13	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	7	Proceed with development of grants management module in the FIS system.	12/31/2015	1/31/2017
14	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	8	Coordinate FIS module development with a more comprehensive grants management database system for tracking grants within the RGM Unit. Consider using a user-friendlier "Windows-based" environment for the grants management database.	12/31/2015	1/31/2017
15	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	9	Inventory and evaluate current "shadow systems" to help determine project manager requirements. This may provide useful information for the creation of a centralized database.	12/31/2015	1/31/2017
16	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	10	Develop protocols on who can update the data and how often.	12/31/2015	1/31/2017
17	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	11	Develop a high-level summary of grants for Metro executive staff and Board members based on their need for that information.	12/31/2015	1/31/2017
18	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	12	Consider revising its organizational structure to provide clearer definition of responsibilities, improved levels of supervision and review, and improved management control and oversight. One possible structure would be around the key functions or elements of grants management.	6/30/2015	12/31/2016
19	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	13	Develop teams around each of these key elements, with a supervisor responsible for managing and directing each team's activities.	6/30/2015	12/31/2016

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
20	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	19	Develop a process to ensure implementation of timely and appropriate corrective actions to address closeout activities such as final reporting, project closeouts and other events that affect the closeout process.	6/30/2015	12/31/2016
21	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	20	Designate an individual to serve as the grant closeout liaison.	6/30/2015	12/31/2016
22	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	21	Create a tool, such as an "Aging Report" to enable the liaison to quickly identify a critical event and to perform necessary updates to close the grant.	6/30/2015	1/31/2017
23	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	26	Inventory individual roles and responsibilities and develop procedures for transfer of knowledge and cross training of other team members.	6/30/2015	12/31/2016
24	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	27	Develop a process focused less on modal specialization and adopt a model whereby a greater number of team members are trained across a wider spectrum of activities and modes.	6/30/2015	12/31/2016
25	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	28	Establish formal training; verify that processes are consistent but sufficiently flexible to accommodate variations in managing grants and projects.	6/30/2015	12/31/2016
26	Congestion Reduction	12-HCP-P01 - Metro Freeway Service Patrol	3	Develop goals and objectives, and reinstitute performance measurements, for the oversight of the Metro Freeway Service Patrol Program. Update: Delay in execution of FSP Communication / Data Collection system contract.	5/30/2016	3/31/2017
27	Information Technology	14-ADM-P01 - Mobile Devices	2	We recommend that the Chief Information Officer implement appropriate Mobile Device Management software to manage all mobile devices and enforce security.	9/30/2015	10/31/2016
28	Information Technology	14-ADM-P01 - Mobile Devices	3	We recommend that the Chief Information Officer expand ITS wireless Device and Service policies and procedures to include written security requirements for mobile devices.	9/30/2015	10/31/2016
29	Information Technology	14-ADM-P01 - Mobile Devices	4	We recommend that the Chief Information Officer implement a device management platform that will provide adequate device level security controls.	9/30/2015	10/31/2016
30	Labor / Employee Relations	13-OPS-P02 - Non-Revenue Vehicle Usage	9	We recommend the Executive Director, Employee and Labor Relations direct General Services to update GEN 17 to provide specific guidelines for the assignment and use of complementary key cards. Update: Closed as of October 2016.	6/30/2016	

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
31	Operations	13-OPS-P06 - Contracted Bus Service	1	We recommend the Executive Director, Transportation, to require Contracted Services to: develop a Contract Monitoring System that includes but is not limited to: a. A Contract Administration Plan that specifies the performance outputs of the statement of work and describes the methodology to conduct monitoring or surveillance. The extent and frequency of monitoring activities should be based on an assessment of risk related to each contractor and the impact if the work is not performed adequately. b. Written policies and procedures that serve as a guide to ensuring consistent, high quality contract monitoring process. c. A centralized location for receiving and maintaining contractors' submittals and reports by utilizing Metro's existing web based SharePoint system.	10/31/2016	
32	Operations	13-OPS-P06 - Contracted Bus Service	3	We recommend the Executive Director, Transportation, to require Contracted Services to include in Policy and Procedures: a statement that documentation of decisions, requiring executive approval and authorization, be maintained. All modifications of contractual terms must be in writing and executed by the Contract Administrator, as the CEO's designee, in compliance with the contract.	10/31/2016	
33	Operations	13-OPS-P06 - Contracted Bus Service	6	procedures for monitoring contractors performance, including, but not limited to, spot checks, periodic inspections, random sampling of routine functions, based on the risk identified in the Contract Administration Plan and the analyses of contractors monthly submittals. Update: Documented procedures for monitoring contract performance will be addressed as part	6/30/2016	2/28/2017
34	Operations	13-OPS-P06 - Contracted Bus Service	12	variances and anomalies in KPI data and results with contractor to determine their cause and ensure that any necessary corrective actions have been implemented. Update: Documented procedures will be addressed as part of development of policies and procedures for Contracted Services Department however, Operations has implemented an	3/31/2016	2/28/2017
35	Operations	13-OPS-P06 - Contracted Bus Service	13	We recommend the Executive Director of Transportation, require that Contracted Services identify KPIs as measurements for contractors' performance within future contracts. Update: KPI measurements will be addressed in future contracts to be executed in late FY17.	6/30/2016	2/28/2017
36	Operations	13-OPS-P06 - Contracted Bus Service	14	We recommend the Executive Director of Transportation, require that Contracted Services document follow-up of exceptions, cited in both CHP and QA inspection reports, and corrective actions taken. Update: Documented procedures for monitoring contract performance will be addressed as part of development of policies and procedures for Contracted Services Department however, Operations has implemented an internal practice for field reps. to use a checklist to document any exceptions and subsequent corrective actions.	5/31/2016	2/28/2017
37	Operations	13-OPS-P04 - Operations Key Performance Indicators	2	We recommend that the Chief Operations Officer works with ITS to determine whether the ATMS incident number can be carried over to the VAMS. Update: Closed as of October 2016.	9/30/2016	
38	Operations	13-OPS-P04 - Operations Key Performance Indicators	3a	automatically, similar to the capture of bus mileage data, Fleetwatch System, by implementing a wireless access point on all rail cars. In the interim, require Rail Operations to fully utilize the ITS developed Web Application to semi-automate the collection of all Rail mileage data. Update: Closed as of October 2016.	8/30/2016	
39	Operations	13-OPS-P04 - Operations Key Performance Indicators	6	We recommend that the Chief Operations Officer requires SPA to continue to work with ITS to develop a Business Intelligence software application that includes a customizable interface with the ability to pull data from multiple sources.	6/30/2017	

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
40	Program Management	13-CEO-P01 - Cost Estimating Process	1	We recommend that Estimating Management develop comprehensive policies and procedures that at a minimum should include: a) Clear definition of the role of the Cost Estimating department in the following areas: preparation of independent cost estimates including thresholds when the estimating department is responsible in preparing the cost estimates, review, validation and approval of cost estimates, involvement in budget planning phase b) Standard process and format including the requirement to use Work Breakdown Structure (WBS) to be used by consultants, contractors and internal staff.	3/31/2017	
41	Program Management	13-CEO-P01 - Cost Estimating Process	2	Communicate the policies and procedures to staff, consultants and users.	3/31/2017	
42	Program Management	13-CEO-P01 - Cost Estimating Process	3	Evaluate resources to meet the role and responsibilities of cost estimating department.	3/31/2017	
43	Program Management	13-CEO-P01 - Cost Estimating Process	4	Collaborate with procurement and program management in revising the naming convention on policies and procedures.	3/31/2017	
44	Program Management	13-CEO-P01 - Cost Estimating Process	5	We recommend that Estimating Management evaluate the training needs for estimating staff based on the changes of agency's risk, and ensure knowledge is transferred as staff retired.	3/31/2017	
45	Program Management	13-CEO-P01 - Cost Estimating Process	6	Based on the training need assessment, evaluate the required resources for training and develop a training program.	3/31/2017	
46	Program Management	13-CEO-P01 - Cost Estimating Process	7	Consider adding the training requirements in the policy and procedures.	3/31/2017	
47	Program Management	13-CEO-P01 - Cost Estimating Process	8	We recommend that Estimating Management provide estimating guidelines and formats when utilizing two independent estimates, so that they may be compared productively. Guidelines should be developed that cover estimating approach, methodology, Work Breakdown Structures (WBS) and cost account structure.	3/31/2017	
48	Communications	16-COM-P01 - Special Fares Programs	2	We recommend that the Customer Programs and Services Department reconcile the number of all issued temporary cards by customer representatives against number of records retained such as applications received for permanent card, temporary card requests, and card replacements on a daily basis.	9/30/2016	
49	Communications	16-COM-P01 - Special Fares Programs	3	We recommend that the Customer Programs and Services Department periodically monitor records of walk-in customers from short forms collected for any potential abuse (i.e. customer seems to be back every few weeks for temporary cards but never turn in application for permanent card).	9/30/2016	
50	Communications	16-COM-P01 - Special Fares Programs	4	We recommend that the Customer Programs and Services Department implement an independent review to reconcile the total processing fees collected and the application forms received on a daily basis by the customer representatives to help ensure all cash collected from the customers are accounted and recorded.	9/30/2016	
51	Communications	16-COM-P01 - Special Fares Programs	5	We recommend that the Customer Programs and Services Department establish a mandatory independent review of Reduced Fare application eligibility approvals processed by the Customer Service Agents.	9/30/2016	

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
52	Communications	16-COM-P01 - Special Fares Programs	6	We recommend that the Customer Programs and Services Department rotate the independent reviewer(s) periodically.	9/30/2016	
53	Communications	16-COM-P01 - Special Fares Programs	7	We recommend that the Customer Programs and Services Department improve the document retention process so the batched eligibility documents are easily accessible.	9/30/2016	
54	Communications	16-COM-P01 - Special Fares Programs	8	We recommend that the Customer Programs and Services Department collaborate with TAP operation to explore feasibility of system enhancement to allow the eligibility supporting documentation along with the application form to be stored electronically.	9/30/2016	
55	Communications	16-COM-P01 - Special Fares Programs	9	We recommend that the Customer Programs and Services Department retain the hardcopy eligibility supporting documentation in storage for minimum of one year until electronic system implementation is completed.	9/30/2016	
56	Labor / Employee Relations	16-COM-P01 - Special Fares Programs	11	We recommend that the HR Department maintain an inventory log to record the receipts and distribution of the Metro employee cards, and perform physical count periodically to ensure the log reconciles with the inventories on hand.	7/31/2016	
57	Finance & Budget	16-COM-P01 - Special Fares Programs	12	We recommend that the TAP Operations retain inventory request forms and receipts issued by HR to establish the accountability for the cards physically transferred to HR.	7/31/2016	
58	Communications	16-COM-P01 - Special Fares Programs	14	We recommend the Communications Department update the B-TAP Program Policy and/or Agreement terms so that the language on these two documents are consistent with the intended pricing level for B-TAP customers.	3/31/2017	
59	Communications	16-COM-P01 - Special Fares Programs	15	We recommend the Communications Department to maintain an accurate count of authorized/issued B-TAP cards, and reconcile the count against the list of active B-TAP cards periodically to help ensure all active B-TAP cards have been paid and authorized for issue.	9/30/2016	
60	Communications	16-COM-P01 - Special Fares Programs	16	We recommend the Communications Department to implement a formal detailed review where the price is recalculated and employment status is verified for accuracy on a sample basis. This review should be performed periodically by individual(s) independent of the sales team to assess the reasonableness, eligibility and accuracy of the customer data and program pricing.	3/31/2017	
61	Communications	16-COM-P01 - Special Fares Programs	17	We recommend the Communication Department to define roles and responsibilities, and implement adequate control to ensure that I-TAP Program meets its purpose and requirements.	9/30/2016	
62	Communications	16-COM-P01 - Special Fares Programs	18	We recommend the Communications Department to report the program performance periodically to the appropriate level of management to support decision making in the continuation of the pilot programs.	9/30/2016	
63	Communications	16-COM-P01 - Special Fares Programs	19	We recommend the Communications Department to define the program ownership, and clarify the roles and responsibilities to ensure the program performance is monitored and evaluated.	3/31/2017	

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
64	Communications	16-COM-P01 - Special Fares Programs	20	We recommend the Communications Department to report the program performance periodically to the appropriate level of management to support decision making.	3/31/2017	
65	Communications	16-COM-P01 - Special Fares Programs	21	We recommend the Communications Department to renew the agreement with the Court to confirm mutual agreement.	3/31/2017	
66	Communications	16-COM-P01 - Special Fares Programs	22	We recommend the Communications Department to revisit the program purpose and guidelines/requirements to assess the current J-TAP Program performance.	3/31/2017	
67	Communications	16-COM-P01 - Special Fares Programs	23	We recommend the Communications Department obtain a written agreement with DCFS to confirm the mutual agreement and to retain the legal rights to enforce DCFS to meet the Program guidelines and requirements.	3/31/2017	
68	Communications	16-COM-P01 - Special Fares Programs	24	We recommend the Communications Department to implement periodic review (at least annually) of YOTM cardholders to ensure their eligibility.	3/31/2017	
69	Communications	16-COM-P01 - Special Fares Programs	25	We recommend the Communications Department to assess the program performance periodically, and report to the appropriate level of management.	3/31/2017	
70	Communications	16-COM-P01 - Special Fares Programs	26	We recommend the Communications Department to revisit the program purpose and assess the pricing model to generate the optimal program revenue.	3/31/2017	
71	Planning & Development	14-EDD-P01 - Real Estate Property	6	We recommend that Real Estate Management review lease agreements and make appropriate CPI and/or FMV adjustments. Document the decisions made on file when FMV and/or CPI adjustments are deemed unnecessary.	6/30/2017	
72	Planning & Development	14-EDD-P01 - Real Estate Property	7	We recommend that Real Estate Management ensure property management system is updated to reflect the appropriate lease amount.	6/30/2017	
73	Planning & Development	14-EDD-P01 - Real Estate Property	8	We recommend that Real Estate Management improve the invoice review process when manual invoices are generated outside the system for accuracy and completeness.	6/30/2017	
74	Planning & Development	14-EDD-P01 - Real Estate Property	9	We recommend that Real Estate Management set dollar threshold levels of approval for credit memos.	6/30/2017	
75	Planning & Development	14-EDD-P01 - Real Estate Property	10	We recommend that Real Estate Management require that all credit memos include a justification and proper documentation.	6/30/2017	

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
76	Planning & Development	14-EDD-P01 - Real Estate Property	11	We recommend that Real Estate Management complete the required inspections and document inspection records on file.	6/30/2017	
77	Planning & Development	14-EDD-P01 - Real Estate Property	12	We recommend that Real Estate complete the write off process for delinquent accounts that are deemed uncollectable in accordance with the policy established for writing off uncollectable amounts.	6/30/2017	
78	Planning & Development	14-EDD-P01 - Real Estate Property	13	We recommend that Real Estate Management develops policies and procedures for collecting and writing off past due accounts including when consultation with County Counsel is required. Policy should include timeframes to ensure timely actions are taken.	6/30/2017	
79	Planning & Development	14-EDD-P01 - Real Estate Property	14	We recommend that Real Estate Management will establish a process for investigating customer's payment that has no invoice reference so proper application of payments received can be made or invoice can be prepared.	6/30/2017	
80	Planning & Development	14-EDD-P01 - Real Estate Property	15	We recommend that the Real Estate management collaborate with IT department to define all functionalities required for a comprehensive IT system that will allow Real Estate to efficiently function and perform its responsibilities. Discussion should include difficulties or limitations encountered with the current system for considerations if a decisions to acquire a new system is reached.	12/31/2016	
81	Planning & Development	14-EDD-P01 - Real Estate Property	16	We recommend that the Real Estate management will implement a system that will enable Real Estate to efficiently and effectively perform its responsibilities.	12/31/2016	
82	Operations	16-AGW-P03 - Overtime Usage	2	We recommend that Bus and Rail Operation Management re-train timekeepers and approvers from all divisions for more through review of timesheets and overtime exception reports.	10/31/2016	
83	Operations	16-AGW-P03 - Overtime Usage	3	We recommend that Bus and Rail Operation Management resolve the issues found in the overtime exception reports prior to finalizing the payroll code data entry and approval process for employee time.	10/31/2016	
84	Operations	16-AGW-P03 - Overtime Usage	4	We recommend that Bus and Rail Operation Management collaborate with ITS and Payroll departments on either developing additional preventive/detective system controls or improving the current system controls in M3 and Payroll to assist timekeepers and approvers to prevent incorrect/invalid overtime payments to employees.	10/31/2016	
85	Operations	16-AGW-P03 - Overtime Usage	5	We recommend that Bus and Rail Operation Management perform periodic review by independent third person who is not involved in routine timesheet data entry and approval process to assess the effectiveness of improvement in the process/ controls in preventing the re-occurrence of invalid overtime payments.	12/31/2016	
86	Safety Security and Law Enforcement	16-AGW-P03 - Overtime Usage	6	We recommend that Transit Security Management collaborate with ITS and Payroll departments on establishing the preventive/detective controls to assist timekeepers and approvers to prevent invalid overtime payments to employees.	10/31/2016	
87	Safety Security and Law Enforcement	16-AGW-P03 - Overtime Usage	7	We recommend that Transit Security Management perform periodic review by independent third person who is not involved in routine timesheet data entry and approval process to assess the effectiveness of improvements made in the process/system controls in preventing the re-occurrence of invalid overtime payments.	10/31/2016	

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
88	Labor / Employee Relations	16-AGW-P03 - Overtime Usage	8	We recommend that Labor Relations Management engage in a dialogue with the Union Representatives for both ATU and Teamsters to discuss the best course of action regarding the amount of inappropriate overtime premium paid to certain employees as a result of payroll coding errors.	10/31/2016	
89	Safety Security and Law Enforcement	16-AGW-P03 - Overtime Usage	9	We recommend that Transit Security Management collaborate with ITS Department to explore the options whether the approval and document retention for justifications in exceeding the 32 hours overtime limitation can be automated.	2/28/2017	
90	Safety Security and Law Enforcement	16-AGW-P03 - Overtime Usage	14	We recommend that Transit Security Department complete resource plan to determine the optimal number of regular employees to perform work requirements.	7/30/2017	
91	Safety Security and Law Enforcement	16-AGW-P03 - Overtime Usage	15	We recommend that Transit Security Department conduct a cost benefit analysis to compare the cost of hiring additional staff versus paying overtime to existing staff or a combination of both to determine the most cost efficient option to meet the work requirements.	7/30/2017	
92	Safety Security and Law Enforcement	16-AGW-P03 - Overtime Usage	16	We recommend that Transit Security Department periodically adjust the plan to reflect changes in work requirements.	7/30/2017	

Appendix E

OIG Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	1	Consider ways to proactively set up a system to identify all employees who require mandatory training, and notify the employees to sign up for the required classes.	3/31/2017	
2	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	2	Update the SharePoint database by: a. Reviewing the mandatory training classes listed in the SharePoint database to ensure that all mandatory training classes are annotated as "mandatory" in the database, and b. Periodic reviewing the database to ensure that the information listed is current and all mandatory training classes are annotated.	3/31/2017	
3	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	3	Update the Metro Policy on Training, HR 8-2, in accordance with General Management Policy GEN 5.	8/31/2016	10/31/2016
4	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	4	Encourage managers and supervisors to review required training with their employees when reviewing the employee's performance and when preparing employee objective for the coming year.	1/31/2016	10/31/2016
5	ITS	15-AUD-01 - Audit of Telephone Usage and Billings	10	Conduct a complete physical inventory of all data and voice circuits to verify the information in VeraSmart is correct.	11/30/2015	11/30/2016
6	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	1	The Metro System Safety and Law Enforcement Division should assist the Transit Policing Working Group established by the Metro Board, to use the information on risks, workload, staffing estimates and options outlined in this report to move forward with implementing staffing and deployment consistent with the goals, key priorities, and key strategies established.	9/30/2016	
7	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	2	The Metro System Safety and Law Enforcement Division should continue to monitor and track the various safety and security risks facing the Metro System, deploy personnel consistent with the information provided in this report, and make revisions in plans and operations as needed including deployment of personnel to mitigate these risks on an ongoing basis.	10/31/2016	
8	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	5	The Metro System Safety and Law Enforcement Division should consider the types of duties described in this report that might be performed by the Metro Security personnel to better define their roles, and work to resolve ongoing questions regarding the authority of Metro Security personnel within their confines, and the entity or agency responsible for granting and overseeing that authority.	12/31/2016	
9	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	6	The Metro System Safety and Law Enforcement Division should continue to work with local law enforcement agencies to identify the potential for no cost basic services. Also consider if paid dedicated service from these agencies is beneficial and manageable, and leverage these services as appropriate. Efforts should also be made to increase regular communication and education to promote collaboration and coordination.	12/31/2016	
10	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	7	The Metro System Safety and Law Enforcement Division should work with Metro Operations to identify the potential use of other Metro employees on the System, define their roles, create a plan of coordination and communication for seamless service, and evaluate the impact of these employees on System safety and security.	N/A	
11	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	8	The Metro System Safety and Law Enforcement Division should consider developing or acquiring and implementing a resource oversight and monitoring application for use on the smartphones currently used by Metro safety and security personnel. Metro should also consider identifying specific reporting requirements as input into the development of the new Computer Aided Dispatch (CAD) system by the LASD.	1/31/2017	
12	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	11	The Metro System Safety and Law Enforcement Division should use the information obtained through the Request for Proposal for law enforcement and security services, and identify the level of and approach to investigative and special operations services as part of the Rail and Bus Safety and Security Plans.	9/30/2016	

OIG Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
13	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	12	The Metro System Safety and Law Enforcement Division should use the information and options outlined in this report to develop a Request for Proposal for law enforcement and security services, and to develop a Critical Infrastructure Protection Plan.	10/31/2016	
14	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	13	The Metro System Safety and Law Enforcement Division should use the information and options outlined in this report to develop a Metro and Operations Security Plan.	10/31/2016	
15	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	14	The Metro System Safety and Law Enforcement Division should use the information obtained through the Transit Policing Division and Metro Security employee surveys to identify and address key issues.	9/30/2016	
16	Vendor / Contract Management	16-AUD-02 - Audit of Procurement Process for the Crenshaw/LAX Transit Corridor Contract	1	The Procurement Department should develop written procedures and process to validate (a) required professional licenses and certifications for "Key Personnel" specified in RFQ and RFP, and (b) document this validation in the contract files. This process should also include periodic validations whenever "Key Personnel" are replaced during the life of the project.	1/31/2017	
17	Vendor / Contract Management	16-AUD-02 - Audit of Procurement Process for the Crenshaw/LAX Transit Corridor Contract	4	The Procurement Department should develop a process that ensures that contractor's work experience and performance has been vetted and documented in the contract files.	9/30/2016	
18	Finance & Budget	16-AUD-04 - Audit of Statutorily Mandated Audit of Miscellaneous Expenses Training and Seminars Accounts	2	The Office of Management and Budget will implement any appropriate revisions to Account 50213 in the Fiscal Year 2017 budget process.	4/31/2017	
19	Labor / Employee Relations	16-AUD-07 - Audit of Metro Business Travel Expenses	1	We recommend that Metro Travel Coordinator Advise Board deputies who travel for Metro business to obtain authorization from the Board Director to whom the deputy reports in accordance with Board of Directors Rules and Procedures. An email attached to the TA would be sufficient if it identifies acknowledgement of the full amount of the estimated travel expenses.	10/31/2016	
20	Labor / Employee Relations	16-AUD-07 - Audit of Metro Business Travel Expenses	2	We recommend that Metro Travel Coordinator ensure all TA Forms are signed by the department heads before employees travel and attached to TBE reports.	10/31/2016	
21	Labor / Employee Relations	16-AUD-07 - Audit of Metro Business Travel Expenses	3	We recommend that Metro Travel Coordinator ensure Board deputies' travels are limited to two round-trips fiscal year per board office in accordance with Board of Directors Rules and Procedures. Provide Board members and deputies a copy of Metro' Board of Director Rules and Procedures relate to travels.	10/31/2016	
22	Labor / Employee Relations	16-AUD-07 - Audit of Metro Business Travel Expenses	4	We recommend that Metro Travel Coordinator require persons requesting travel to submit a detailed justification memo and conference schedule (when applicable) along with Travel Authorization Form in accordance with Metro FIN-14 policy.	10/31/2016	
23	Labor / Employee Relations	16-AUD-07 - Audit of Metro Business Travel Expenses	5	We recommend that Metro Travel Coordinator note on the TA Form any exceptions to Metro travel policy and require travelers to obtain approval from Executive Officer when an exception is requested.	10/31/2016	



Board Report

File #: 2016-0797, **File Type:** Resolution

Agenda Number: 9.

REVISED
FINANCE, BUDGET AND AUDIT COMMITTEE
NOVEMBER 16, 2016

SUBJECT: PROPOSITION C BONDS

ACTION: AUTHORIZE COMPETITIVE SALE OF BONDS

RECOMMENDATION

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the **competitive sale of Prop C Senior Lien Bonds (the “2017 Prop C Bonds”)** to finance capital projects in one or more transactions through June 30, 2017;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Continuing Disclosure Agreement and Preliminary Official Statement, on file with the Board Secretary all subject to modification as set forth in the resolution;
- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the 2017 Prop C Bonds; and
- D. REAFFIRMS AND UPDATES the Reimbursement Resolution approved by the Board on April 26, 2016 to reflect that the amount of the 2017 Prop C Bonds may be up to \$500 million and reaffirms the intention that a portion of the proceeds of the 2017 Prop C Bonds will be used to reimburse expenditures made prior to the issuance of the 2017 Prop C Bonds.

(REQUIRES SIMPLE, SEPARATE MAJORITY VOTE)

ISSUE

The 2017 Prop C Bonds, with a par amount not to exceed \$500 million of fixed rate bonds, will fund or reimburse LACMTA for Prop C eligible capital projects and expenditures and refinance commercial paper, the proceeds of which financed such costs. We want to obtain the funds needed for ongoing, planned and completed transportation projects before interest rates move higher.

DISCUSSION

The Debt Policy provides guidelines for new money financings that may be long-term or short-term. Prop C new money bond issues are permitted to provide funding for eligible expenditures on highway, commuter rail, bus and rail capital projects.

The 2017 Prop C Bonds will be issued using a competitive sale process whereby prospective underwriters bid for the bonds on a selected sale date. The 2017 Prop C Bonds will be sold to the underwriter offering the lowest true interest cost. In the event that bids do not meet our criteria, all bids will be rejected.

The 2017 Prop C Bonds shall not be outstanding for more than 31 years. The 2017 Prop C Bond issue will utilize a cash funded debt service reserve fund (“DSRF”) and will not have any capitalized interest. Under the Supplemental Trust Agreement associated with the recent Proposition C Series 2016-A Bonds (the “2016-A Bonds”), the Trust Agreement was amended to eliminate the DSRF requirement for the 2016-A Bonds and any future Prop C Senior Lien Bonds (including the 2017 Prop C Bonds) once 60% of all of the outstanding Prop C Senior Lien bonds are issued under the Amended Trust Agreement. When the amendment becomes effective, LACMTA can elect to eliminate the DSRF for the Prop C Senior Lien Bonds starting with the 2016-A Bonds. As the DSRF requirement decreases, the cash released from the DSRF will become available to pay for Prop C projects or to pay Prop C debt service as approved in writing by nationally recognized bond counsel. Following issuance of the 2017 Prop C Bonds, an estimated 35% of the outstanding par amount of Prop C Bonds will have been issued under the Amended Trust Agreement.

DETERMINATION OF SAFETY IMPACT

Approval of this report will not impact the safety of Metro’s patrons or employees.

FINANCIAL IMPACT

The costs of issuance for the 2017 Prop C Bonds will be paid from proceeds of the financing and will be budget neutral. Funding for the new money bond principal and interest expense for this financing will be included in future budgets as follows: bond principal, account 51101 and bond interest, account 51121.

ALTERNATIVES CONSIDERED

The Board could defer the issuance of the 2017 Prop C Bonds to a later time or indefinitely. This is not recommended because the bond proceeds are needed to pay or reimburse Project expenses. Additionally, Federal Reserve Bank actions and other market and economic conditions may push interest rates higher thus making it more expensive to complete projects or refinance commercial paper, the proceeds of which were used to pay Project expenses.

NEXT STEPS

- Develop bond issuance documentation
- Obtain credit ratings
- Distribute the preliminary official statement and Notice Inviting Bids to prospective

underwriters and potential investors and publish Notice of Intention to Sell Bonds

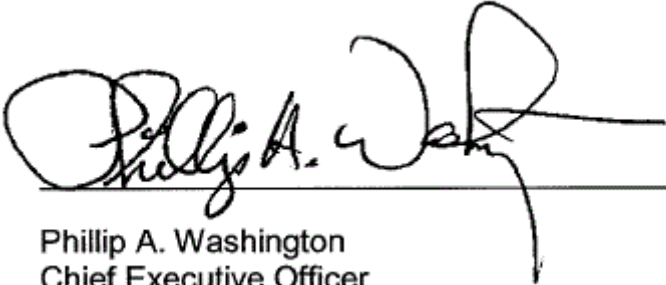
- Receive electronic bids from underwriters
- Finalize bond documentation and deliver the 2017 Prop C Bonds

ATTACHMENTS

Attachment A - Authorizing Resolution

Prepared by: Donna R. Mills, Treasurer, (213) 922-4047
LuAnne Edwards Schurtz, Assistant Treasurer, (213) 922-2554

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



Phillip A. Washington
Chief Executive Officer

Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF PROPOSITION C SALES TAX REVENUE BONDS AND APPROVING OTHER RELATED MATTERS

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transit system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission was authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval by the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a ½ of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA from the imposition of the transactions and use tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payments or provision for the payment of the principal of the bonds and any premium, interest on the bonds and the costs of issuance of the bonds; and

WHEREAS, the LACMTA has and continues to plan, engineer and construct a Countywide rail, bus and highway transit system (the "Rail, Bus and Highway Transit System") to serve the County; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, pursuant to the terms of the Amended and Restated Trust Agreement, dated as of January 1, 2010, as amended and supplemented (the "Trust Agreement"), by and between the LACMTA and U.S. Bank National Association, as trustee (the "Trustee"), the LACMTA has issued several series of bonds, including its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2008-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-D; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-E; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B; Proposition C

Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A; and Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A (collectively, the “Prior Senior Lien Bonds”); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more Series from time to time and in one or more transactions of its Proposition C Sales Tax Revenue Bonds, Senior Bonds (the “Bonds”) (a) to finance or refinance (through the repayment of commercial paper) or reimburse itself for prior expenditures for the development and construction of such projects of the Rail, Bus, and Highway Transit System that constitute eligible uses of the Proposition C Tax pursuant to Ordinance No. 49, including (i) the design, engineering, construction, equipage and acquisition of light rail lines ~~including the Exposition Line Phase II Project and Crenshaw/LAX,~~ (ii) the design, engineering, construction, equipage and acquisitions ~~for the Southwestern Rail Maintenance Yard,~~ (iii) the design, engineering, construction, equipage and acquisitions ~~for the Rail Deferred Maintenance Project,~~ (iv) the design, engineering and other related close out costs of the I-405 Sepulveda Pass Improvement Project, (vii) the engineering, construction, renovation, maintenance, and/or acquisition of various capital facilities and equipment, including buses and rail cars, related to service operation, (viii) design, engineering, construction, equipage and acquisition of various highway projects including soundwalls and carpool lanes, and (ix) other transit related projects (the “Projects”); (b) to fund or make provision for one or more reserve accounts; and (c) to pay the costs of issuance related thereto; and

WHEREAS, the LACMTA expects to expend moneys of the Enterprise Fund (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of the Projects prior to the issuance of the Bonds, which expenditures will be properly chargeable to a capital account under general federal income tax principles and the LACMTA reasonably expects to reimburse certain of such capital expenditures from the proceeds of the Bonds; and

WHEREAS, the LACMTA expects that some of the costs of the Projects might be paid with the proceeds of commercial paper prior to issuance of the Bonds, in which case proceeds of the Bonds could be used to refinance such commercial paper; and

WHEREAS, the LACMTA desires to sell the Bonds on a competitive basis in accordance with the Debt Policy of the LACMTA; and

WHEREAS, the forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”):

- (a) Supplemental Trust Agreement (the “Supplemental Trust Agreement”) by and between the LACMTA and the Trustee, which would supplement the Trust Agreement for purposes of providing the terms and conditions of the Bonds;
- (b) Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offer and sale of the Bonds;

(c) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to be executed by the LACMTA to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and which will provide for the annual and periodic update of certain financial and operating information;

(d) a Notice Inviting Bids (the “Notice Inviting Bids”) setting forth the terms and the manner in which proposals from qualified bidders for the purchase of the Bonds shall be received; and

(e) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”) to be published in connection with any proposed sale of the Bonds; and

WHEREAS, the LACMTA hereby acknowledges that such documents will be modified and amended to reflect the various details applicable to the Bonds, whether the Bonds are issued in a single issuance or multiple issuances and that said documents are subject to completion to reflect the results of the sale of the Bonds, whether in a single issuance or multiple issuances; and

WHEREAS, the LACMTA has pledged the Proposition C Tax (less the 20% local allocation and the State Board of Equalization’s costs of administering such tax) (the “Pledged Taxes”) to secure the Prior Senior Lien Bonds; and

WHEREAS, the LACMTA desires to confirm the designation of the Chief Financial Officer of the LACMTA and any person holding such title or any person holding such other title as may from time to time be assigned to such position, and such officer serving in an acting or interim capacity, as an “Authorized Authority Representative” for all purposes under the Trust Agreement and the Supplemental Trust Agreement; and

WHEREAS, the LACMTA expects that the amount of the Bonds that will be issued to pay costs of the Projects will not exceed \$500,000,000; and

WHEREAS, the Board approved a “Reimbursement Resolution of the Los Angeles County Metropolitan Transportation Authority for Fiscal Year 2017” (the “Original Reimbursement Resolution”) on April 29, 2016 and the Board now desires to modify such Original Reimbursement Resolution to reflect that the amount of the Bonds (which shall constitute the “Debt” secured by Proposition C sales tax revenues referred to in the Original Reimbursement Resolution) may be up to \$500,000,000; and

WHEREAS, the Board finds that the recitals in the Original Reimbursement Resolution remain accurate and the Original Reimbursement Resolution shall remain in full force and effect as modified hereby; and

WHEREAS, this Resolution is intended to be a “declaration of official intent” in accordance with Section 1.150-2 of the Treasury Regulations; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS (THE “BOARD”) OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

1. **Findings.** The LACMTA hereby finds and determines that:

(a) The issuance of the Bonds to finance and refinance (through the repayment of commercial paper) the Projects, to fund or make provision for one or more reserve accounts (as and to the extent determined by a Designated Officer) and to pay the costs of issuance related to such Bonds is in the public interest.

(b) Under the provisions of Ordinance No. 49, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway transit purposes and are available to be and are, by the terms of the resolutions and the Trust Agreement under which the Prior Senior Lien Bonds were issued, pledged to secure the Prior Senior Lien Bonds and are pledged to secure the Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and to be set forth in one or more Supplemental Trust Agreements are reasonable and proper for the security of the holders of the Bonds.

2. **Issuance of Bonds.** The Board of the LACMTA hereby authorizes the issuance of one or more Series of Bonds from time to time for the purpose of (a) financing or refinancing (through the repayment of commercial paper) the Projects; (b) funding or making provision for one or more reserve accounts as and to the extent determined by a Designated Officer; and (c) paying the costs of issuance related to such Bonds; *provided, however*, that the True Interest Cost (as defined below) of each Series of Bonds shall not exceed 5.00% as of the date of sale of such Series of Bonds, as such shall be calculated by the Treasurer of the LACMTA. The LACMTA hereby specifies that the aggregate principal amount of all Series of Bonds shall not exceed \$500,000,000. The LACMTA hereby specifies that each Series of Bonds shall not mature later than 31 years from their date of issuance. The Chief Executive Officer of the LACMTA, any Chief Financial Officer of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving or acting in an interim capacity, or any written designee of any of them (each, a “Designated Officer”), acting in accordance with this Section 2, are each hereby authorized to determine the actual aggregate principal amount of each Series of Bonds to be issued (not in excess of the maximum amount set forth above) and to direct the execution and authentication of each such Series of Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. As used herein, the term “True Interest Cost” of the Bonds shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Bonds and to the principal amount, and premium or discount if any, of the Bonds. For the purpose of calculating the True Interest Cost, the principal amount of Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest Cost shall include such reasonable assumptions and methods as determined by the Treasurer of the LACMTA.

3. **Terms of Bonds.** The Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the applicable Supplemental Trust Agreement. The Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the applicable Supplemental Trust Agreement. Interest on the Bonds shall be paid on the dates set forth in the applicable Supplemental Trust Agreement. The Bonds shall be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the applicable Supplemental Trust Agreement. The Bonds shall also be subject to mandatory sinking fund redemption as and to the extent set forth in the applicable Supplemental Trust Agreement. Payment of principal of, and interest and premium, if any, on the Bonds shall be made at the place or places and in the manner provided in the applicable Supplemental Trust Agreement.

Execution and delivery of one or more Supplemental Trust Agreements, which document contains the maturities, interest rates and the payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA's approval of such maturities, interest rates and payment obligations.

4. **Pledge of Pledged Taxes.** The Pledged Taxes are hereby irrevocably pledged in accordance with the terms of the Trust Agreement to secure the Prior Senior Lien Bonds, the Bonds and any additional bonds which may subsequently be issued under and secured by the terms of the Trust Agreement. Except for the Prior Senior Lien Bonds, the LACMTA hereby confirms that it has not previously granted any prior or parity interest in such Pledged Taxes, and the LACMTA hereby agrees that, except as permitted by the Trust Agreement (as amended, in accordance with its terms), it will not, as long as any of the Bonds remain outstanding, grant or attempt to grant any prior or parity pledge, lien or other interest in the Pledged Taxes to secure any other obligations of the LACMTA.

5. **Special Obligations.** The Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Taxes and from the funds and accounts held by the Trustee under the Trust Agreement. The Bonds shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide.

6. **Form of Bonds.** The Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in the applicable Supplemental Trust Agreement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the applicable Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such Bonds and the obligation represented thereby.

7. **Execution of Bonds.** Each of the Bonds shall be executed on behalf of the LACMTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer(s) shall have the same force and effect as if such officer(s) had manually signed each of such Bonds.

8. **Approval of Documents, Authorization for Execution.** Each of the Designated Officers is hereby authorized and directed to have prepared and to execute, acknowledge and deliver in the name of and on behalf of the LACMTA one or more Supplemental Trust

Agreements, one or more Continuing Disclosure Certificates, one or more Notices Inviting Bids and one or more Notices of Intention to Sell Bonds, all in substantially the forms on file with the Secretary of the Board and made available to the Board and hereby approved, with such changes as any Designated Officer determines are appropriate or necessary, in each case, to the extent, in the form, and with the terms and provisions as the Designated Officer executing the same shall determine are appropriate and necessary for the issuance of the Bonds, including, but not limited to, affirmative and negative covenants relating to the Bonds and the finances and operations of the LACMTA and any amendments, modifications and/or supplements to the Trust Agreement. All Supplemental Trust Agreements, Continuing Disclosure Certificates, Notices Inviting Bids and Notices of Intention to Sell Bonds are collectively referred to herein as the “Related Documents” and each a “Related Document.”

9. Sale of Bonds.

(a) Each Designated Officer is hereby authorized, from time to time, to choose such times and dates as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the Bonds, to receive proposals from qualified bidders for the purchase of the Bonds (through the receipt of sealed written bids and/or the receipt of bids through the use of computerized bidding systems as determined by a Designated Officer) upon the terms and in the manner set forth in the Notice Inviting Bids.

(b) Each Designated Officer is hereby authorized and directed to execute the Notices Inviting Bids, from time to time, in such form as the Designated Officer executing the same shall approve and call for bids for the sale of the Bonds from qualified bidders in accordance with the Notice Inviting Bids.

(c) Each Designated Officer is hereby authorized and directed to cause the Notices of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of the Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer and which is a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the securities), at least five days prior to the sale of the Bonds in accordance with Section 53692 of the Government Code of the State of California and any such action previously taken is hereby confirmed, ratified and approved.

(d) Each Designated Officer is authorized and directed to cause any Notice Inviting Bids and/or Notice of Intention to Sell Bonds to be published in such other publications as such Designated Officer deems necessary or desirable and any such action previously taken is hereby confirmed, ratified and approved.

(e) Each Designated Officer is authorized and directed to distribute (including via electronic methods) any Notice Inviting Bids to such municipal broker-dealers, banking and financial institutions and other persons as the Designated Officer deems

necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(f) Each Designated Officer is hereby authorized and directed for and on behalf of the LACMTA to accept the best bid for the Bonds received from qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the Notice Inviting Bids herein approved and to award the Bonds, from time to time, to such best bidder(s).

(g) Each Designated Officer is hereby authorized and directed to take any other action such Designated Officer determines is necessary or desirable to cause any such competitive sale to comply with the Debt Policy of the LACMTA and applicable law.

(h) Each Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause notice to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Bonds, said notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Bonds, and any prior such notices are hereby ratified, confirmed and approved.

10. **Preliminary Official Statement and Official Statement.** In connection with the issuance of the Bonds, the LACMTA hereby authorizes the circulation in electronic and/or printed form of one or more Preliminary Official Statements. The Preliminary Official Statement(s) shall contain a description of the finances and operations of the LACMTA, a description of the Proposition C Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board and hereby approved, with such changes as any Designated Officer determines are appropriate or necessary. Each Preliminary Official Statement shall also contain a description of the applicable Bonds and the terms and conditions of the applicable Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary. Each Preliminary Official Statement shall be circulated for use in selling the Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect.

Upon the sale of any Series of Bonds, the Designated Officers shall provide for the preparation, publication, execution and delivery in electronic and/or printed form of one or more final Official Statements in substantially the form of the Preliminary Official Statement with such changes as any Designated Officer determines are appropriate or necessary. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered

reflecting updated and revised information as the Designated Officers deem appropriate or necessary. Each Official Statement shall be circulated for use in selling the Bonds at such time or times as a Designated Officer deems appropriate.

11. **Paying Agent and Registrar.** The LACMTA hereby appoints the Trustee as Paying Agent for the Bonds and appoints the Trustee as Registrar for the Bonds. Such appointments shall be effective upon the issuance of the Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

12. **Authorized Authority Representative.** The Board hereby confirms the designation of the Chief Financial Officer of the LACMTA and any person holding such title or any person holding such other title as may from time to time be assigned to such position, and such officer serving in an acting or interim capacity, as an “Authorized Authority Representative” for all purposes under the Trust Agreement, the Supplemental Trust Agreement, and any amendments or supplements to the Trust Agreement or Supplemental Trust Agreement. Such appointment shall remain in effect until modified by resolution. The prior designation of officers, including the Chairperson, the Chief Executive Officer, Treasurer and Assistant Treasurer of the LACMTA, as Authorized Authority Representatives under the Trust Agreement and any amendments or supplements thereto shall continue.

13. **Reimbursement.** (i) All of the foregoing recitals are true and correct and (ii) in accordance with Section 1.150-2 of the Treasury Regulations, the LACMTA declares its intention to issue Bonds in an amount not to exceed \$500,000,000, the proceeds of which will be used to pay for the costs of the Projects, including the reimbursement to the LACMTA for certain capital expenditures relating to the Projects made prior to the issuance of the Bonds.

13. **Additional Authorization.** The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, are each authorized and directed to do any and all things necessary to effect the execution and delivery of the Bonds and the Related Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, each Supplemental Trust Agreement and the Related Documents or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investments in Permitted Investments (defined in the Trust Agreement) of the proceeds of the Bonds and of the Pledged Taxes including the execution and delivery of investment agreements related thereto; the execution by a Designated Officer and the delivery of the Tax Certificate as required by the Supplemental Trust Agreement for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

14. **Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by any Chief Executive Officer, any Chief Financial Officer, any Treasurer, or any Assistant Treasurer shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

15. **Further Actions.** From and after the delivery of the Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify any Related Document at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement or modification, the execution of such amendment, supplement or other modification being conclusive evidence of LACMTA's approval thereof.

16. **Costs of Issuance.** The LACMTA authorizes funds of the LACMTA together with the proceeds of the Bonds to be used to pay costs of issuance of the Bonds, including but not limited to costs of attorneys, accountants, municipal advisors, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses, and any related filing fees.

17. **Severability.** The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

18. **Effective Date.** This Resolution shall be effective upon adoption and shall be effective with respect to Bonds issued on or before June 30, 2017.

19. **Contract.** This Resolution and the pledge of the Pledged Taxes contained herein shall constitute a contract between the LACMTA and the holders of the Bonds.

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CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2016.

LACMTA Board Secretary

DATED: _____

**Board Report**

File #: 2016-0740, **File Type:** Agreement**Agenda Number:** 10.

**FINANCE, BUDGET AND AUDIT COMMITTEE
NOVEMBER 16, 2016****SUBJECT: FUND EXCHANGE IN SUPPORT OF SCRRA ADOPTED WORK PROGRAM****ACTION: APPROVE REVENUE-NEUTRAL FUND EXCHANGE AGREEMENT BETWEEN METRO, VCTC AND SCRRA****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute a **revenue-neutral fund exchange agreement between Metro, the Ventura County Transportation Commission (VCTC) and the Southern California Regional Rail Authority (SCRRA) to fund FY16 and FY17 SCRRA rehabilitation projects.**

ISSUE

Metro and VCTC are among the partner agencies in the Joint Exercise of Powers Authority (JPA) that form the SCRRA, operators of the Metrolink commuter rail system in the Southern California region. VCTC does not have a local transportation sales tax, and, for many years VCTC has funded a portion of its annual Metrolink operating subsidies by exchanging its federal formula funds with Metro local Proposition C10% (PC10) funds within the SCRRA's rehabilitation budgets.

Starting in FY 2015-16, as a result of increases in operating subsidies for Metrolink and reduced availability of Metro's PC10 funding, the previously-utilized funding mix is no longer available for SCRRA Rehabilitation projects to facilitate VCTC's annual operating fund exchange. Metro currently funds SCRRA rehabilitation projects with Measure R3% which are restricted to capital funding and are ineligible for operations. The change in the available funding has left VCTC without a vehicle to meet its operating subsidy obligations for Metrolink.

DISCUSSION

VCTC has placed a proposed transportation sales tax measure on the November ballot and if adopted by Ventura County voters, would provide the majority of funding for their local obligation beginning in FY18. Additionally, the SCRRA, working with the Member Agencies, is also exploring the introduction of federal funding for Preventive Maintenance within the operating program. These two combined actions are expected to provide a long term solution on behalf of VCTC and provide

additional options for our partners within the agency.

However, in order to address the current shortfall resulting from the rapid increase in subsidy requirements, and allow VCTC time to implement these potential alternative and additional sources of Metrolink operating support, Metro agreed to assist VCTC in identifying possible short-term solutions.

Staff, working with our partner agencies and the FTA, have identified two proposed, revenue neutral, multi-agency exchanges of FTA funding that would provide the short term resolution of VCTC's shortfall and ensure the ongoing viability of the partnership. The exchanges are summarized in Attachment A and described below.

The first consists of an exchange of Section 5337 funds between VCTC, the Orange County Transportation Authority (OCTA), and Metro in the amount of \$6,857,000. VCTC would provide federal funding to support SCRRA projects sponsored by OCTA within the SCRRA operating system. OCTA would provide funds to Metro eligible for exchange resulting from Metro and OCTAs sharing the same federally designated Urbanized Area (UZA). These funds are applicable to State of Good Repair projects within the UZA and can be used for Metro Rail's State of Good Repair program.

Secondly, an exchange of FTA Section 5307 funds between VCTC and Metro in the amount of \$5,103,189 is proposed, with funding applied to eligible Metro Rail Preventive Maintenance expenses.

For these fund exchanges, Metro would provide \$11,960,189 of local funds to SCRRA to be applied exclusively to VCTC's operating subsidy obligations. Upon completion of the transfers of funds, Metro is under no further obligation to support future exchanges.

FINANCIAL IMPACT

The proposed actions are revenue neutral to Metro and the transactions are all expected to be completed within the current fiscal year. The result of the exchange is an increase in federal funds for Metro's Rail Preventive Maintenance program offset by a reduction in local funds.

ALTERNATIVES CONSIDERED

The Board could choose to not approve the execution of the proposed fund exchange agreement. This is not recommended as this action is revenue neutral to Metro, supports our partner agency VCTC in the SCRRA JPA, and will ensure current commuter rail operations in Los Angeles County

are not negatively impacted.

NEXT STEPS

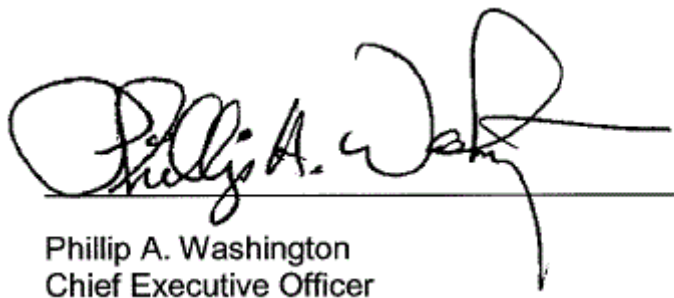
Upon Board approval, staff will execute the Fund Exchange Agreement between the parties and ensure appropriate FTIP revisions are executed.

ATTACHMENTS

Attachment A Summary of Exchanges

Prepared by: Drew Phillips, Director, Budget, (213) 922-2109
Cosette Stark, DEO, Regional Grants Management, (213) 922-2822
Marinela De Castro, Senior Manager, Transportation Planning, (213) 922-6166

Reviewed by: Therese McMillan, Chief Planning Officer, (213) 922-7077
Nalini Ahuja, Chief Financial Officer, (213) 922-3088

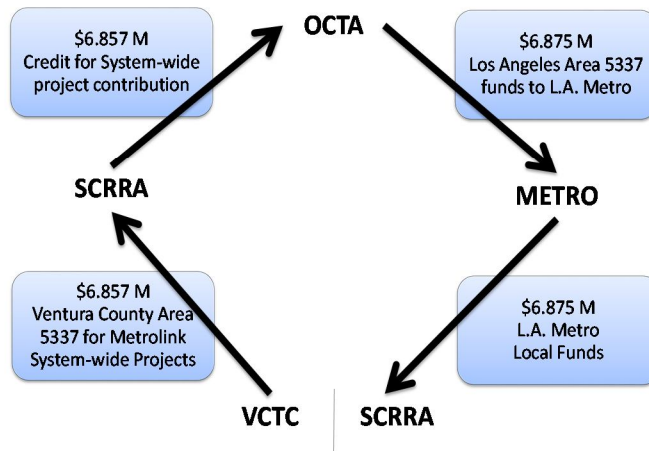


Phillip A. Washington
Chief Executive Officer

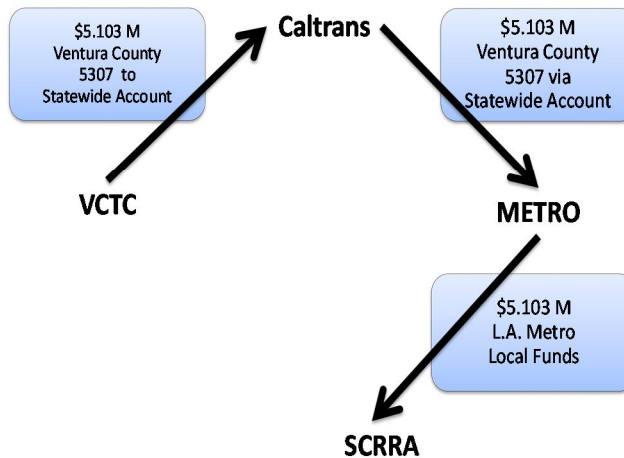
VCTC/ SCRRRA Exchange

Fund Type	VCTC	OCTA	Metro	SCRRRA
VCTC 5337	(\$ 6,857,000)	\$6,857,000		
OCTA 5337		(\$6,857,000)	\$ 6,857,000	
VCTC 5307	(\$ 5,103,189)		\$ 5,103,189	
Metro Local			(\$11,960,189)	\$11,960,189
Total	(\$11,960,189)	0	0	\$11,960,189

Section 5337 Fund Exchange
FY 2015-16 and FY 2016-17



Section 5307 Fund Exchange
FY 2015-16 and FY 2016-17





Board Report

File #: 2016-0891, File Type: Policy

Agenda Number: 39.

FINANCE, BUDGET & AUDIT COMMITTEE
NOVEMBER 16, 2016

SUBJECT: METROLINK REQUEST FOR ADDITIONAL FUNDING FOR TRACK AND STRUCTURE REHABILITATION WORK

ACTION: APPROVE LIMITED PRE-CONTRACT AWARD AUTHORITY TO METROLINK TO INITIATE PROCUREMENT ACTIVITIES

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to provide Metrolink with “**pre-contract award authority**” to procure the contracts required for the urgent track and structure rehabilitation work reported by Metrolink at its Board Meeting on September 23, 2016.

ISSUE

On September 23, 2016, Metrolink staff provided its Board of Directors with a report for track and structure rehabilitation funding that will be required in the next 18 months for track and within 36 months for bridges and culverts totaling approximately \$46.5 million. Metrolink staff has indicated that if funding is not made available by the Member Agencies, Metrolink will need to develop a plan for operations with deferred rehabilitation that will likely result in “slow orders” and service disruptions on the impacted segments beginning June 2017 (Please See Attachment A). A slow order is generally initiated when the railroad agency believes that conditions on or about the Rights of Way (ROW) prevent trains from operating at normally designated speeds which could result in substantial delays to riders or a reduction in service. Metrolink has estimated that Metro’s share of this appropriation is \$32.0 million.

DISCUSSION

In October, Metrolink staff provided the Member Agencies with a report for track and structure rehabilitation funding that will be required in the next 18 months for track and within 36 months for bridges and culverts totaling approximately \$46.5 million that were divided into two sets of priority groupings, A and B. Priority A is comprised of a total of \$29.4 million and is regarded as a higher priority than Priority B projects totaling \$17.1 million. However, Metrolink indicated that both A & B projects are necessary to prevent the imposition of slow orders and service disruptions on the impacted segments beginning as early as June 2017.

While staff agrees that some level of state of good repair is required on the ROW, the prudent

approach is to provide assurance to the Metro Board, prior to any multi-million dollar commitment of funding, that the highest priority rehabilitation projects are addressed in the most expeditious manner, particularly in the event of a risk to the operational safety of our passengers. Therefore, staff has requested Metrolink to provide a prioritized list that identifies the most critical track and structure rehabilitation projects along with a condition assessment rating and provide a detailed project delivery work plan and corresponding cash flow expenditure plan.

Simultaneously, in cooperation with Metrolink, Metro staff is also performing a due diligence review and intends to secure the services of a qualified professional railroad engineering firm from the Regional Rail engineering bench by December 2016 with specialized staffing in railroad track & structures engineering to assist in the verification of project requirements, priorities, current ROW conditions, and validate the estimated costs. However, in the meantime to ensure there is no delay in addressing these potential operational efficiencies or passenger safety issues, staff is proposing a “pre-contract award authority” action plan that authorizes Metrolink to proceed with the development of the necessary scope(s) of work, advertise the contract opportunities, and structure the procurements with a series of options to provide flexibility with respect to the amount of funding available. Metrolink’s actual award of contracts would not be authorized until such time as Metro’s Board approves an appropriation, which is anticipated to occur prior to April 30, 2017.

As reported to the Board previously, Metro continues to work with Metrolink staff to provide an accounting and reconciliation of previously appropriated funding of approximately \$40 million for state of good repair projects dating back to FY11. Finally, in an effort to improve the communication and collaboration between the agencies, a Metrolink/Metro collaborative working group began in May 2016 meeting on a bi-weekly basis to discuss capital project status, agency agreements, risk management, community outreach, funding, operations, planning and performance.

DETERMINATION OF SAFETY IMPACT

The adoption of this recommendation has no safety impact.

FINANCIAL IMPACT

Staff anticipates that an appropriation request with a corresponding work plan could be brought to the Board by April 2017. Funding for the bench consultant is Measure R 3%. These funds are restricted for commuter rail related capital/rehabilitation projects.

ALTERNATIVES CONSIDERED

The Board could chose to not grant “pre-contract award authority” to Metrolink or not engage a consultant to analyze Metrolink’s rehabilitation needs of Metro owned ROW. This is not recommended especially since passenger safety and operational efficiency are among the agency’s highest priorities. The Board could also instruct staff to defer this request until the consideration of the FY18 Budget. This is not recommended as the process outlined above allows Metrolink to proceed with the procurement of the necessary scope(s) of work, advertise the contract opportunities, and

structure the procurements to lead a more efficient and informed FY18 budget development process.

NEXT STEPS

Upon approval of the Board, staff will:

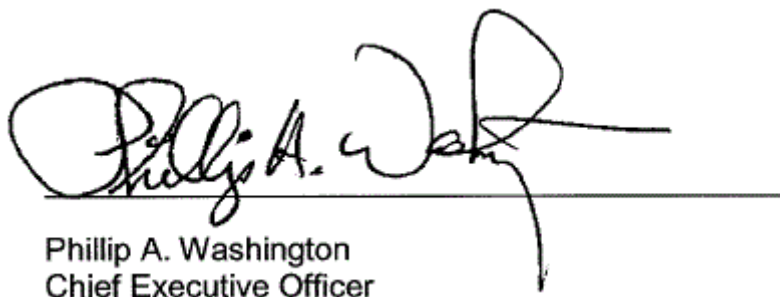
1. Notify Metrolink of the Board's actions.
2. Continue to perform the due diligence review and secure specialized railroad engineering consultant services from the established Regional Rail bench by December 2016 to evaluate Metrolink's track and structure rehabilitation and SOGR projects.
3. Report back to the Board with an appropriate funding recommendation for track and structures rehabilitation work by April 2017 or sooner.

ATTACHMENTS

Attachment A- Metrolink Board Item #22 dated September 23, 2016

Prepared by: Yvette Reeves, Principal Transportation Planner (213) 922-4612
Drew Phillips, Director of Budget (213) 922-2109
Jeanet Owens, Sr. Executive Officer, Program Management
(213) 922-6877

Reviewed by: Nalini Ahuja, Chief Financial Officer (213) 922-3088
Rick Clark, Chief Program Management Officer (213) 922-7557



Phillip A. Washington
Chief Executive Officer

TRANSMITTAL DATE: September 16, 2016

MEETING DATE: September 23, 2016 **ITEM 22**

TO: Board of Directors

FROM: Arthur T. Leahy *ATL*

SUBJECT: Planned Slow Orders Resulting from Deferred Funding for Track and Structures Rehabilitation

Issue

Track and structures rehabilitation funding will be required in the next 18 months for track and within 36 months for bridges and culverts. Bridges and culverts have longer lead times and take longer to get “shovel-ready” than track projects. If additional funding is not approved, slow orders and weight restrictions will be applied to various locations on the system, principally on the Valley, Ventura, River and San Gabriel line segments.

Recommendation

The Board may receive and file this report.

Alternatives

The Board may request additional information.

Background

The Authority is responsible for maintaining rail network assets dispersed over five counties and including nearly 400 miles of track in a State of Good Repair. The breakdown of key track and structure assets on Metrolink property includes 3.8 million feet of rail, 1.1 million concrete or wood ties with fasteners, 285 crossing surfaces, 442 turnouts, 261 bridges, 580 culverts and 6 tunnels. In addition to track and structure assets, various system assets including signals, communications, train control centers, Positive Train Control (PTC) and specialized Maintenance-of-Way (MOW) equipment must be maintained to a State of Good Repair.

The Authority’s Engineering staff utilize various methods for measuring the condition of infrastructure components which is documented in condition reports and databases. Condition reports are used to determine the remaining life on an asset and program its replacement or renewal. The programming for replacement and renewal includes a cost estimate, schedule and funding request to perform the work before the asset reaches a threshold where it could impact rail operations throughput, reliability or safety. These forecasts, schedules and estimates are used to develop annual multi-year rehabilitation funding requests and to plan procurement materials and installation contractors to perform the work.

Funding levels for track and structures have become inadequate to maintain these railroad assets in a State of Good Repair. Funding for overall rehabilitation and replacement has fluctuated between \$18M and \$47M per year during the past 10 years, and has steadily become inadequate to sustain necessary rehabilitation of track, bridges and culverts, specifically for the Valley, Ventura, San Gabriel and River line segments. For FY2016, there was no funding for rehabilitation of track assets on the Ventura (Los Angeles), Valley, River, or Pasadena subdivisions. As a result, the condition of the track, bridge, tunnel and culvert assets continues to steadily degrade as a consequence of the lack of funding. With the recent levels of funding obtained, Metrolink is only addressing projects on a “worst-first” basis, and therefore the assets that also need to be addressed, but are not in the very worst condition, have been deferred. Attachment C provides the historic funding for track and structures over the past five years.

Attachments A and B provide a table and corresponding maps listing the locations and work where funding is required to address immediate needs for rehabilitation or replacement. The amounts requested are in addition to any previously programmed amounts, but were requested in the preliminary FY2016-17 budget. The table and maps are also divided into an “A” and “B” list. The “A” list is for the highest priority and the “B” list is for the next-highest priority work necessary. The lists do not account for other separately programmed or yet-to-be programmed rehabilitation work such as signal, communication, train control system work and work on other line segments. Some critical track and closely related signal work within the Los Angeles Union Station terminal has also not been included in the list and will be added in the near future.

If funding is not be made available, staff will need to develop a plan for operations on the track segments with deferred rehabilitation. This will likely result in slow orders on the impacted segments and will cause significant service impacts. Slow orders would be imposed beginning in June 2017. The corresponding typical increase in run times for a Valley, Ventura or San Bernardino Line train trip could be 10 to 15 minutes. Weight limits on bridges may also need to be imposed, restricting the gross weight for freight cars from 315,000 down to 286,000 pounds. The freight railroads would be very concerned about this course of action and likely reduce their freight revenue contributions to the Authority or take other action.

Budget Impact

There is no budgetary impact in developing this report. However, if the Board directs staff to increase funding for all or some of the rehabilitation work, a mid-year adjustment to the Authority’s FY2016-17 budget will be required.

Prepared by: Aaron Azevedo, Project Engineer I
 Elizabeth Lun, Project Engineer I
 Wayne Mauthe, Asst. Director Track and Structures
 Darrell Maxey, Deputy Chief Operations Officer (PTC and Engineering)



Gary Lettengarver
Chief Operating Officer

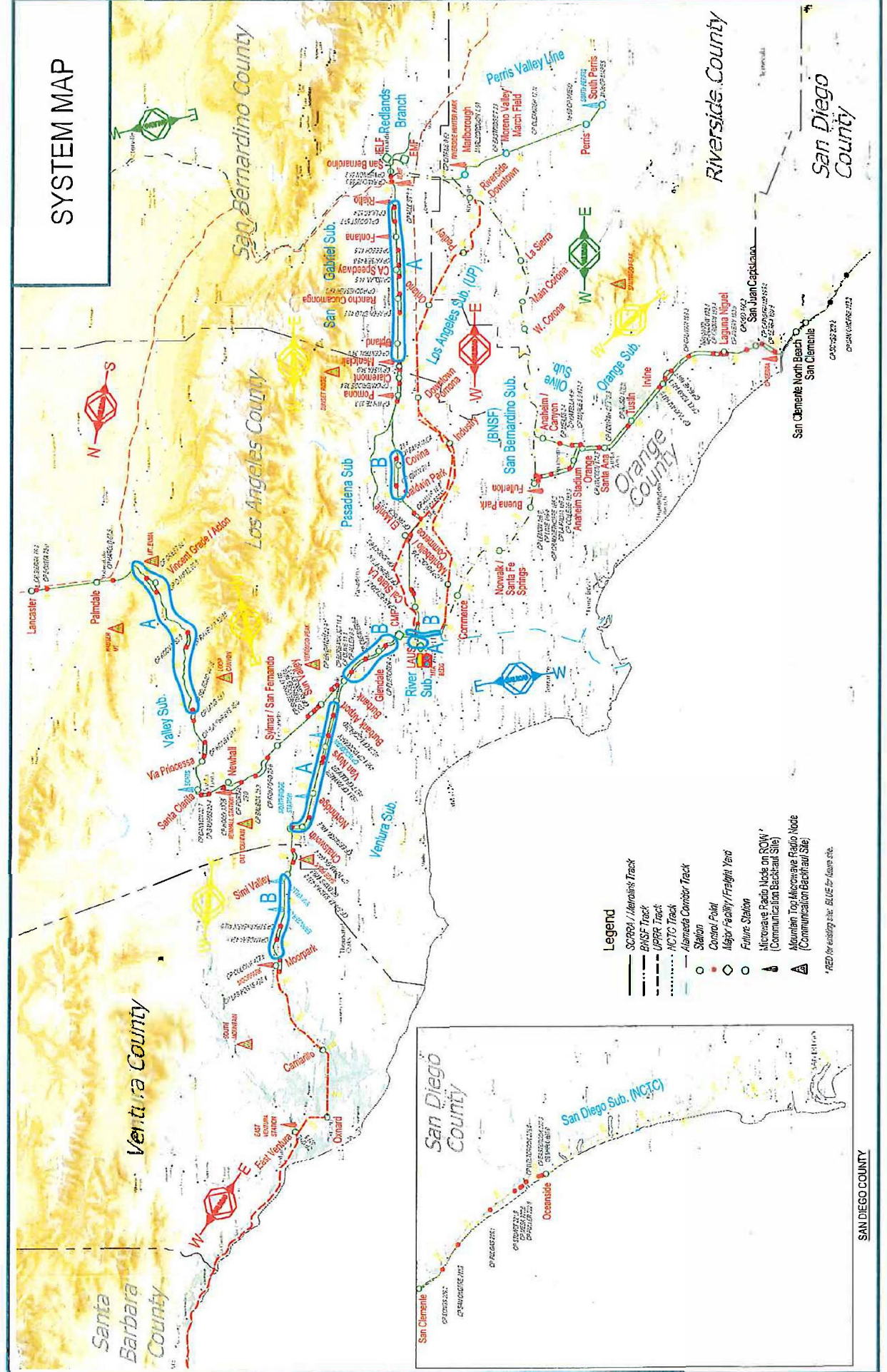
Sub	Location	Quantity/Cost										Speed Reduction/ Weight Limit		
		Rail	Ties	Crossing	Tunnels	Bridge	Culvert	Subtotal						
Valley	A: Santa Clarita to Palmdale		8450	\$2,112,500	1	\$400,000	1	\$500,000	13	\$9,160,000	15	\$5,320,000	\$17,492,500	10 MPH Speed Reduction * Reduce gross weight from 315,000 to 286,000 lbs.
	B: Glendale to Burbank		8000	\$2,000,000					2	\$1,760,000	0	\$0	\$3,760,000	10 MPH Speed Reduction * (see above)
Ventura	A: Chatsworth to Burbank Airport		1200	\$3,000,000			1	\$375,000	2	\$2,800,000	0	\$0	\$6,175,000	10 MPH Speed Reduction * (see above)
	B: Moorpark to Simi Valley	4500	7600	\$1,900,000	2	\$800,000	1	\$375,000	2	\$1,310,400	1	\$150,000	\$5,097,900	10 MPH Speed Reduction * (see above)
San Gabriel	A: Montclair to Rialto		9000	\$2,250,000					1	\$1,400,000	0	\$0	\$3,650,000	10 MPH Speed Reduction * (see above)
	B: Baldwin Park to Covina				1	\$400,000			0	\$0	0	\$0	\$400,000	10 MPH Speed Reduction * (see above)
River	A: LAUS	1800	5300	\$1,325,000			1	\$550,000	0	\$0	0	\$0	\$2,100,000	5 MPH Speed Reduction
	B: East Bank	31680	5000	\$1,250,000			5	\$2,622,400	0	\$0	0	\$0	\$7,832,400	10 MPH Speed Reduction
											TOTAL FUNDING NEED	\$46,507,800		

COST SHARES BY MEMBER AGENCY

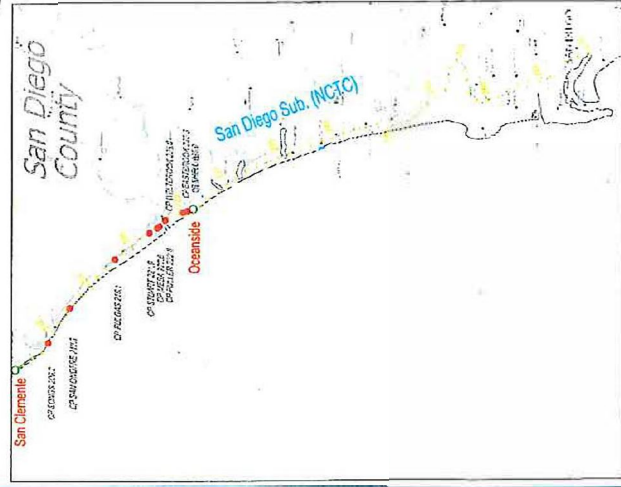
Subdivision	Location	TOTAL	LA	OCTA	RCTC	SANBAG	VCTC	UPRR*
Valley	A SCR to PMD	\$17,492,500	\$17,492,500					
Valley	B GDL to BUR	\$3,760,000	\$3,760,000					
Ventura	A CWT-BBA	\$6,175,000	\$6,175,000					
Ventura	B MPK-SIM	\$5,097,900				\$5,097,900		
San Gabriel	A MCL-RIA	\$3,650,000	\$2,190,000			\$1,460,000		
San Gabriel	B BWP-COV	\$400,000	\$240,000			\$160,000		
River	A LAUS	\$2,100,000	\$997,500	\$415,800	\$233,100	\$302,400	\$151,200	\$0
River EB	B East Bank	\$7,832,400	\$1,157,041	\$482,304	\$270,382	\$350,766	\$175,383	\$5,396,524
Sub-Total (A)	A	\$29,417,500	\$26,855,000	\$415,800	\$233,100	\$1,762,400	\$151,200	\$0
Sub-Total (B)	B	\$17,090,300	\$5,157,041	\$482,304	\$270,382	\$510,766	\$5,273,283	\$5,396,524
GRAND TOTAL		\$46,507,800	\$32,012,041	\$898,104	\$503,482	\$2,273,166	\$5,424,483	\$5,396,524

*For costing purposes, East Bank assumes Zone 2 location and UPRR share of 68.9%

SYSTEM MAP



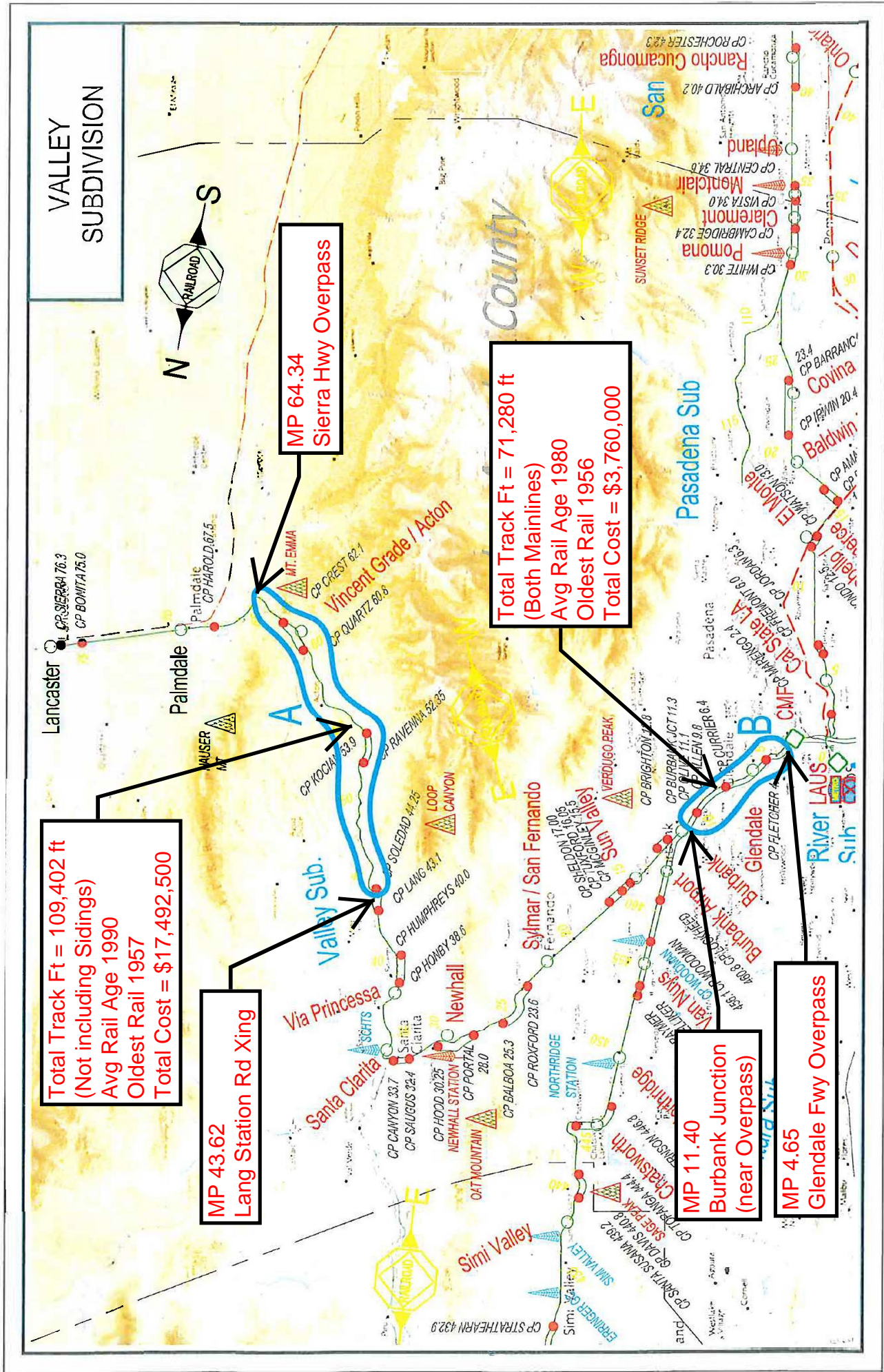
- Legend**
- SCARRA / Lohr's Track
 - BNSF Track
 - UPRR Track
 - NCTC Track
 - Alameda Corridor Track
 - Station
 - Control Point
 - Major Facility / Freight Yard
 - Future Station
 - ▲ Microwave Radio Node on ROW* (Communication Backhaul Site)
 - ▲ Mountain Top Microwave Radio Node (Communication Backhaul Site)
- *RED for existing use. BLUE for future use.



SAN DIEGO COUNTY

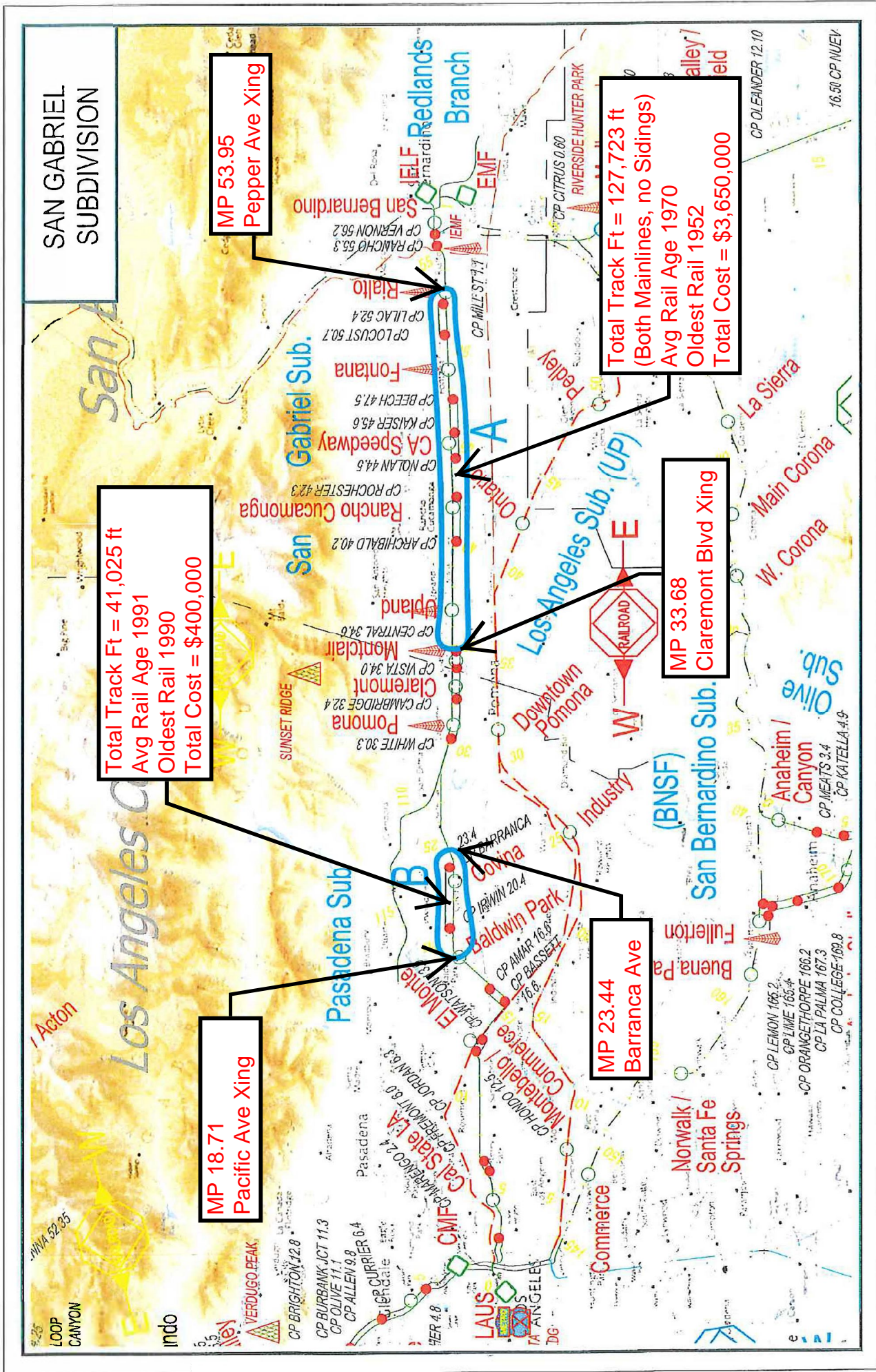
ATTACHMENT B

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ATTACHMENT B

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ATTACHMENT C

Historic Metrolink Rehabilitation Funding for Track and Structures

Row Labels	2012-13	2013-14	2014-15	2015-16	2016-17	Grand Total	Average	# of Bridges	# of Culverts	# of Tunnels	Track Miles
Structures	\$1,986,786	\$545,000	\$11,563,594	\$3,466,107	\$4,060,460	\$21,621,947	\$4,324,389	261	580	6	
Olive			\$693,362			\$693,362	\$138,672	6	13		
Orange	\$1,242,000	\$75,000	\$7,074,482	\$2,725,000	\$485,000	\$11,601,482	\$2,320,296	54	108		
River	\$155,250		\$76,976			\$232,226	\$46,445	14	5		
San Gabriel			\$80,000	\$112,000	\$168,000	\$360,000	\$72,000	33(LA)/ 26(SB)	66(LA)/ 36(SB)		
Valley	\$372,600	\$350,000	\$2,086,056		\$867,860	\$3,676,516	\$735,303	57	207	3	
Ventura (LA)	\$197,032		\$497,941			\$694,973	\$138,995	25	19	3	
Ventura (VC)	\$19,904	\$120,000	\$1,054,777	\$629,107	\$2,539,600	\$4,363,388	\$872,678	18	35		
Track	\$5,449,694	\$10,310,233	\$7,132,621	\$4,910,650	\$14,849,853	\$42,653,050	\$8,530,610				400
Olive		\$397,936	\$6,638	\$318,000		\$722,574	\$144,515				5.98
Orange	\$3,245,916	\$3,643,416	\$462,300	\$2,137,750	\$6,912,120	\$16,401,502	\$3,280,300				78.93
Pasadena		\$745,531	\$375,000			\$1,120,531	\$224,106				16.52
Redlands				\$300,000		\$300,000	\$60,000				
River	\$310,501	\$200,000	\$3,623,024		\$4,899,216	\$9,032,741	\$1,806,548				32.53
San Gabriel	\$496,800	\$1,340,000	\$1,438,000	\$1,640,200	\$1,305,300	\$6,220,300	\$1,244,060				45.60(LA)/ 33.43(SB)
System	\$310,500	\$1,677,000	\$800,000			\$2,787,500	\$557,500				
Valley	\$335,603	\$1,375,000	\$82,228		\$1,400,000	\$3,192,831	\$638,566				98.73
Ventura (LA)	\$543,375	\$178,350	\$25,896			\$747,621	\$149,524				32.85
Ventura (VC)	\$207,000	\$753,000	\$319,535	\$514,700	\$333,217	\$2,127,452	\$425,490				20.06